

# PNE WIND AG

Presentation | September 2012



Buchholz wind farm

# Agenda



## 1. PNE WIND AG at a glance

2. Business model

3. Market and strategy

4. Financials

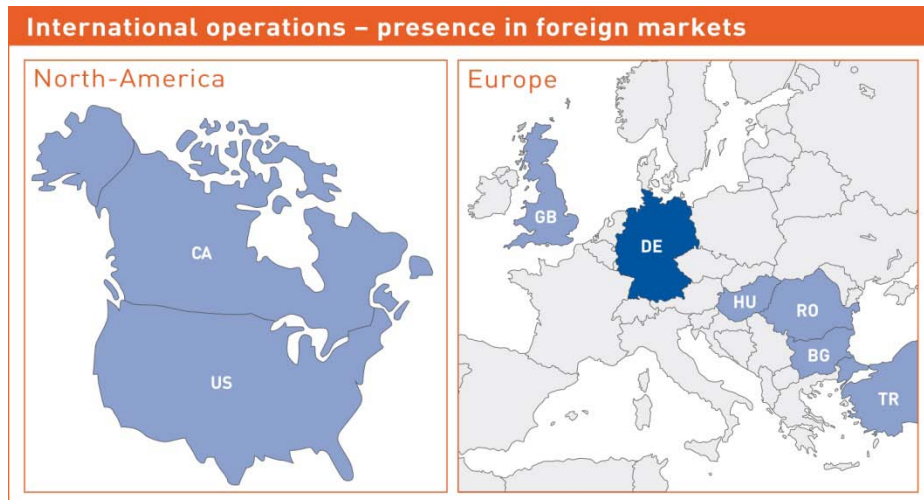
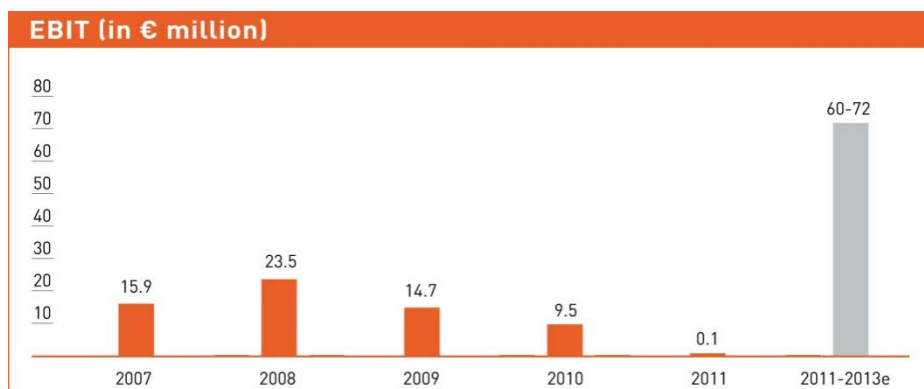
5. PNE WIND AG share

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# PNE WIND AG at a glance

## Overview



- Development and implementation of wind farm projects in Germany and abroad, both onshore and offshore
- Core competence: development, project planning, implementation and financing of wind farms
- Sale of wind farms with after-sales technical and commercial support service
- Company based in Cuxhaven, 180 employees as at June 30, 2012
- Guidance: cumulative EBIT of at least €60 to 72 million for fiscal years 2011 to 2013 expected

# PNE WIND AG at a glance

## Management



**Martin Billhardt**  
**Chief Executive Officer (CEO)**

- Industry experience since 1995
- CEO since June 2008
- Areas of responsibility: strategy, investor relations, acquisitions, sales, human resources, legal affairs, investment



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

- Working for PNE WIND AG since 1999
- CFO since April 2011
- Areas of responsibility: finance and accounting, controlling, risk management

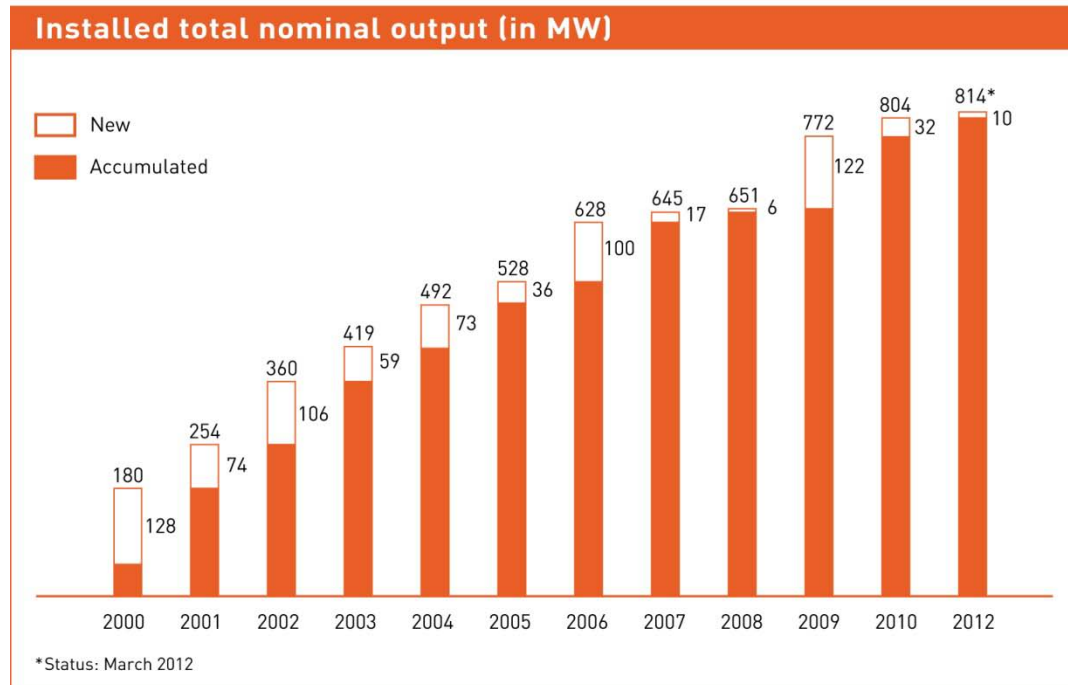


**Markus Lesser**  
**Chief Operating Officer (COO)**

- Over 10 years experience in the Renewable Energy project planning industry
- COO since May 2011
- Areas of responsibility: project development and wind farm implementation onshore and offshore

# PNE WIND AG at a glance

## References

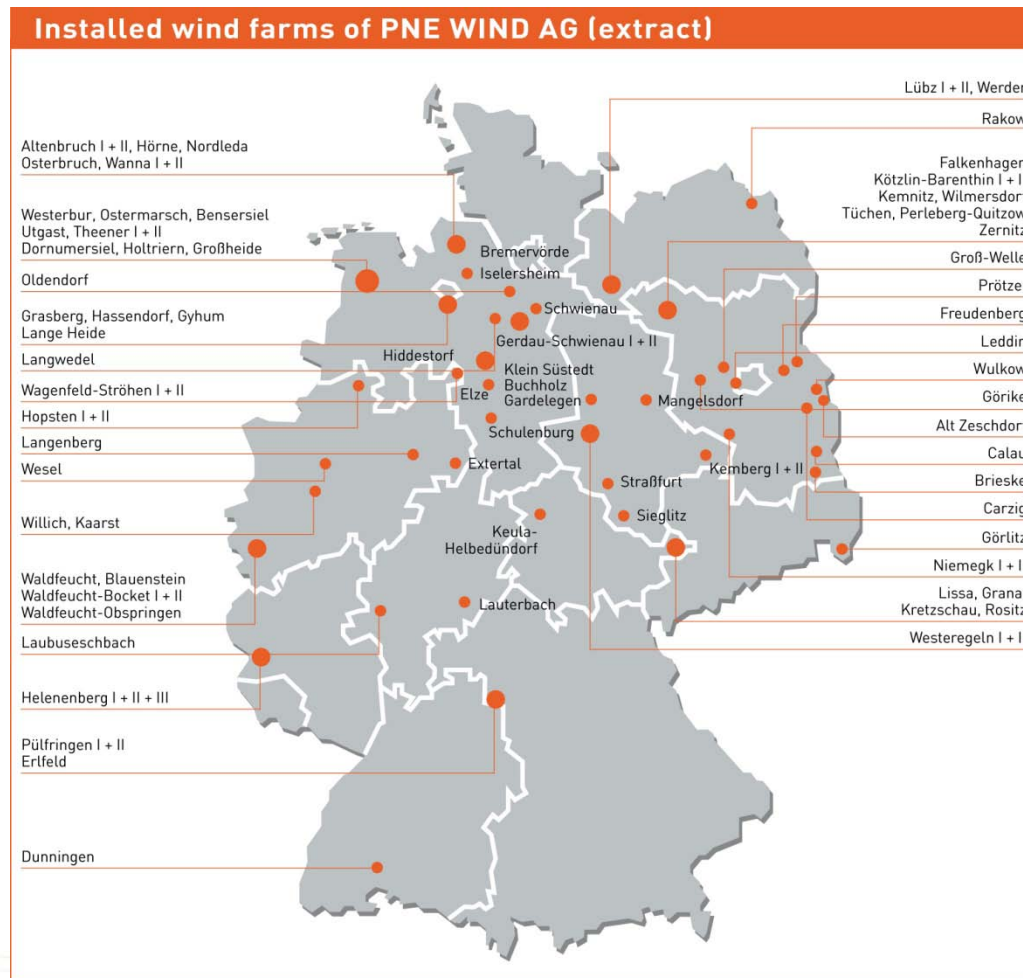


- Since foundation in 1995 development of onshore wind farms
- Offshore: Approvals granted for four projects
- Reference list onshore: 98 wind farms
- 568 wind turbines (WT) with a total output of 814 MW installed
- PNE WIND AG is therefore one of the most experienced wind farm developers



# PNE WIND AG at a glance

## Installed wind farms



- Extensive know-how upon site acquisition, wind analysis and erection of wind farms all over Germany
- Long-term partner for wind farm operators with comprehensive network to decision makers
- Trustful cooperation with leading manufacturers such as Siemens, Vestas, Nordex, Enercon and REpower

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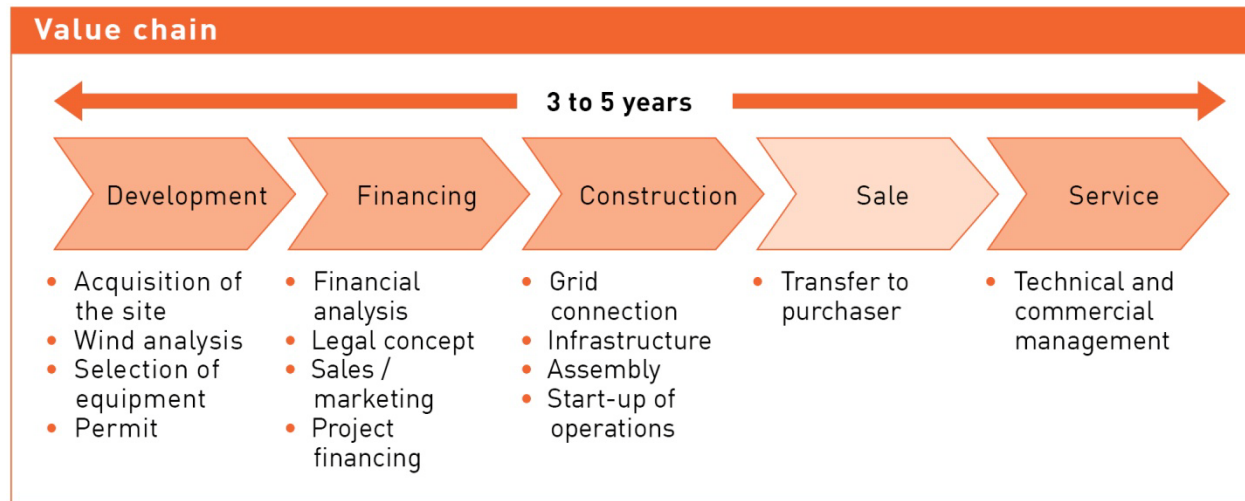
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Langwedel wind farm

# Business model

## Value chain

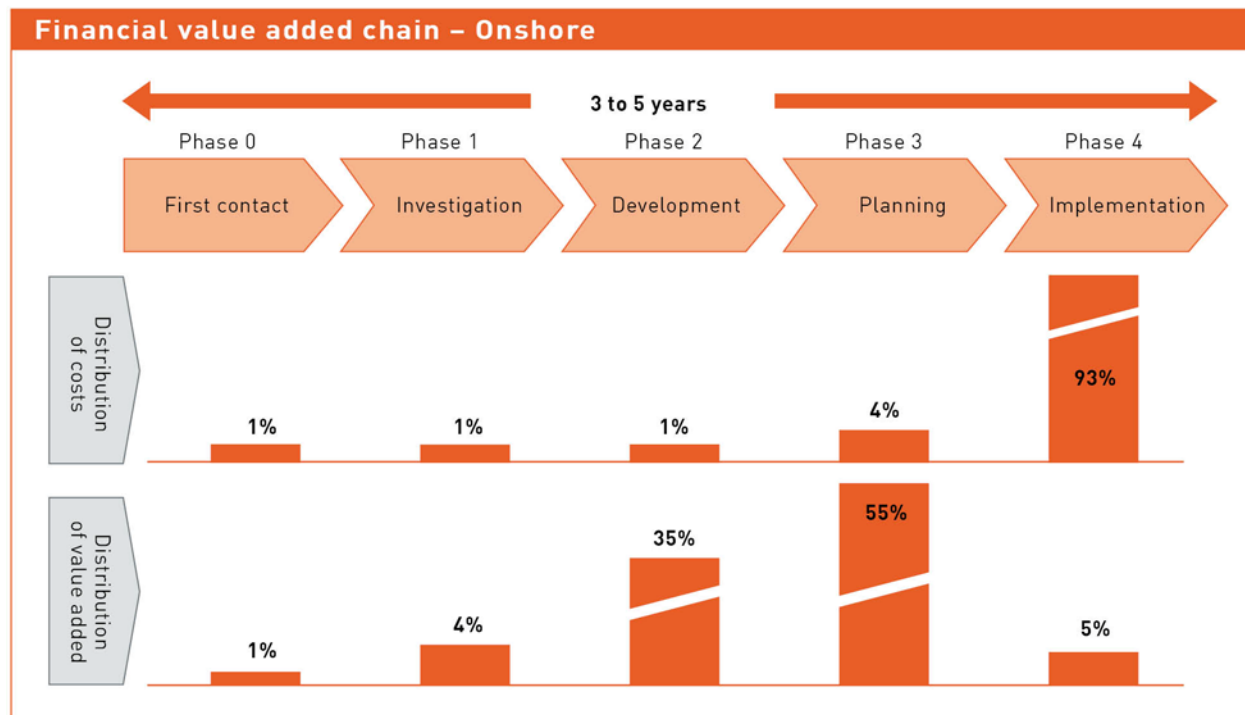


- Development, financing and construction of wind farms through to commissioning
- Criteria for wind farm development: Wind in m/sec, probability of approval, assured grid connection
- After completion: complete handover to buyer
- After-sales support service in the management ensures customer retention and guarantees recurring revenues



# Business model

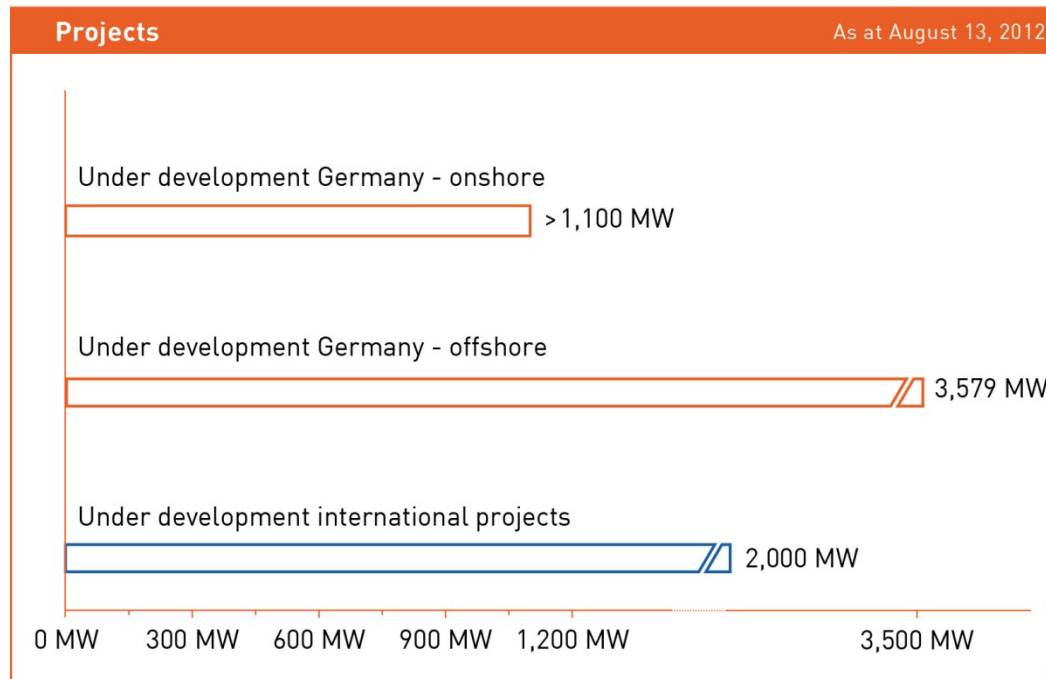
## Financial value chain



- PNE WIND AG generates value especially ahead of implementation phase
- When selling the project right after obtaining approval: attractive returns combined with low revenues and very limited capital requirements
- When selling wind farms after completion: attractive returns and high revenues, but yet much higher capital requirements
- Project business: successive invoicing after construction progress (milestone payments)

# Business model

## Project pipeline



### Onshore

- National and international total of around 3,200 MW under development

### Offshore

- Projects with total of 3,579 MW currently under development – including three self-owned projects, the others as service provider
- Approvals have been achieved for four offshore wind farms
- Offshore business is growth driver of the future

# Business model

## Current onshore projects – Germany

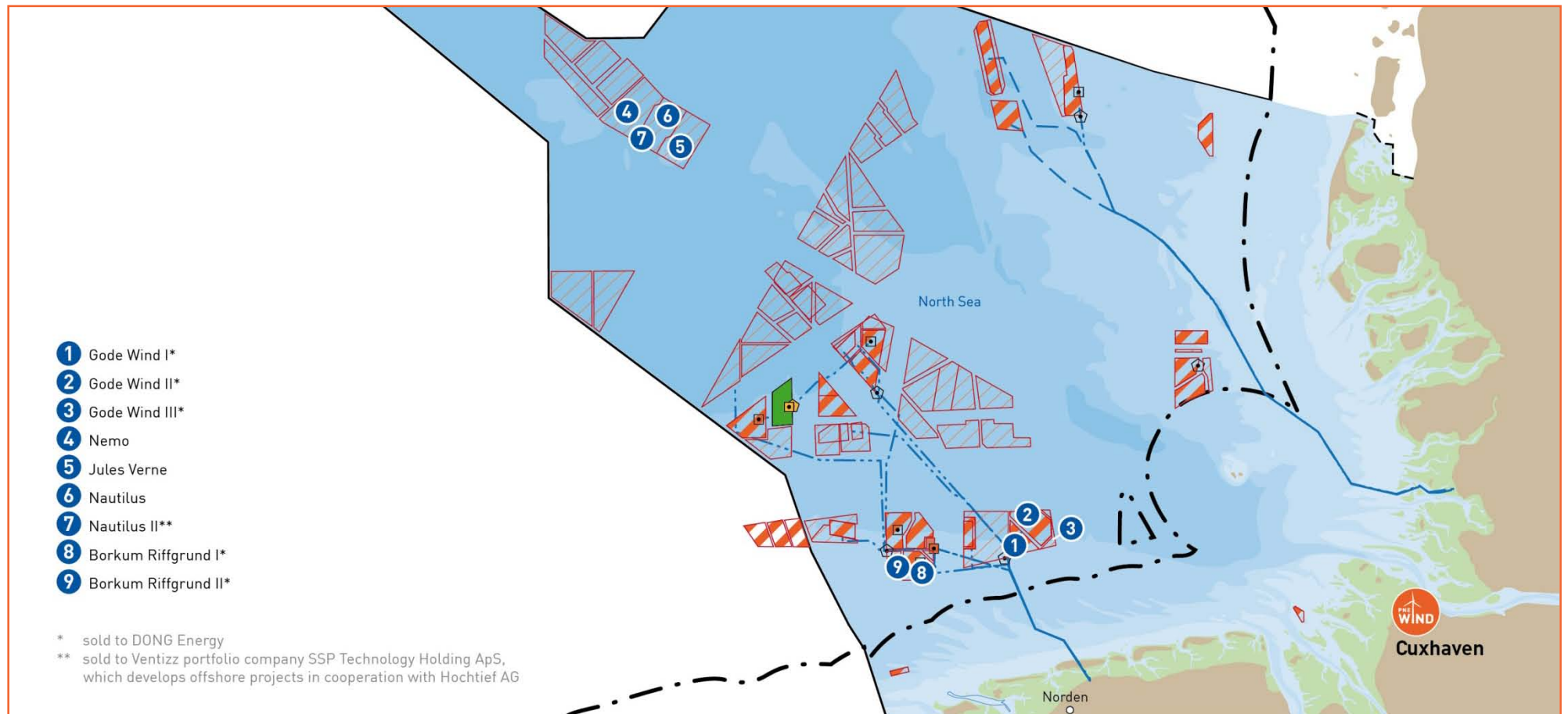
### Onshore projects – Germany

- More than 800 MW completed
- Overall above 1,100 MW under development as at June 30, 2012
- Wind farm “Kemberg II” with 10 MW completed in 2012
- Construction approval for two wind farms with a nominal output of 14 MW obtained
- Additional approvals for construction of onshore wind farms in Germany are expected on short notice



# Business model

## Current offshore projects – Germany



# Business model

## Current offshore projects – Germany



### Offshore pipeline

Project	Phase	Location	WT up to	Total MW (up to)	Nominal capacity per turbine**
Borkum Riffgrund I *	6	North Sea	77	277	3.6 MW
Borkum Riffgrund II *	4	North Sea	97	349	3.6 MW
Gode Wind I *	5	North Sea	54	332	6.15 MW
Gode Wind II *	5	North Sea	84	516	6.15 MW
Gode Wind III *	1	North Sea	15	105	7.0 MW
Nautilus II *	2	North Sea	80	560	7.0 MW
Nemo	2	North Sea	80	480	6.0 MW
Jules Vernes	2	North Sea	80	480	6.0 MW
Nautilus I	2	North Sea	80	480	6.0 MW
<b>Total:</b>			<b>647</b>	<b>3,579</b>	

Phase 1 = Project identification phase

Phase 2 = Application conference held

Phase 3 = Hearing held

Phase 4 = Approval granted

Phase 5 = Grid connection guaranteed

Phase 6 = Final investment decision (FID)

\* PNE WIND AG acts as service provider

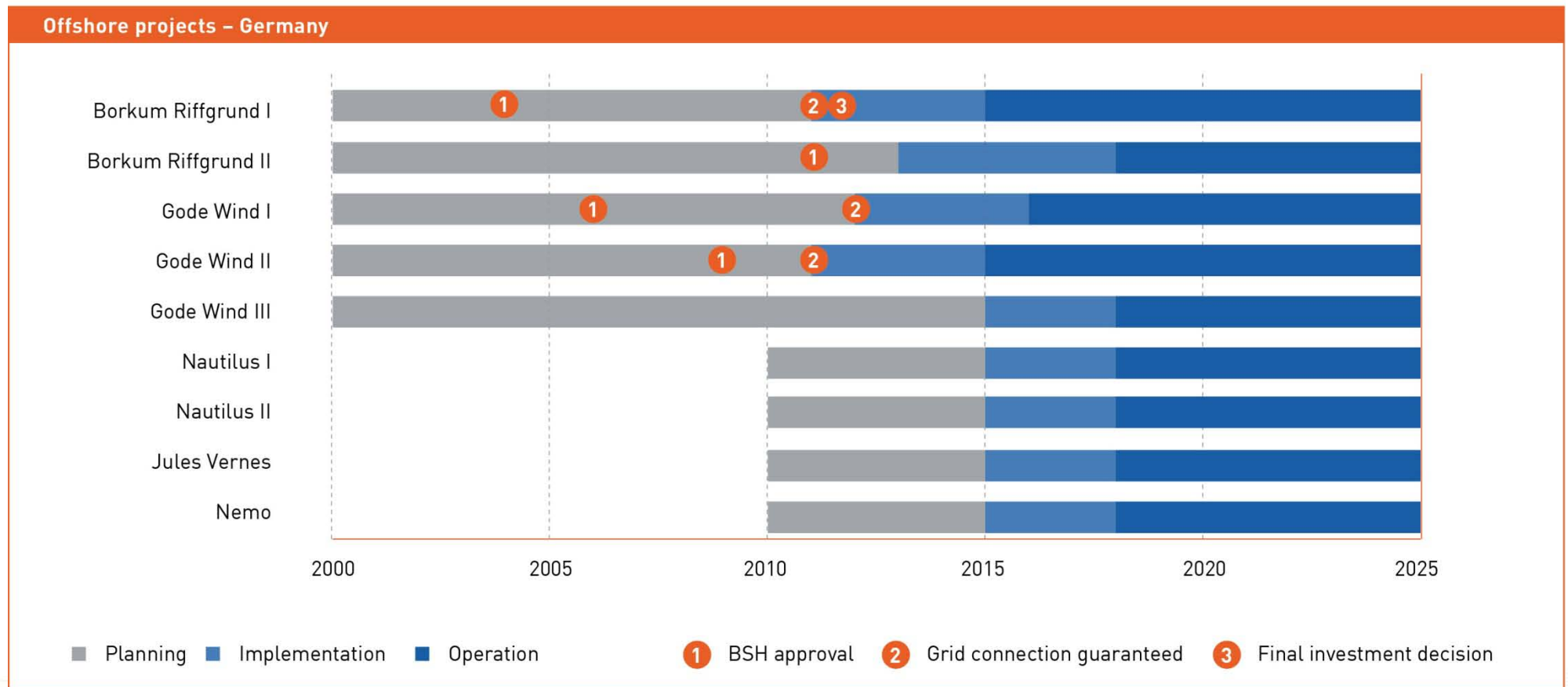
\*\* expected

# Offshore project overview

## Offshore timeline – Germany



### Planning, implementation and operation overview





# Business model

## Gode Wind offshore projects

### Gode Wind I and II

- Building permits from the Federal Office for Shipping and Hydrographics (BSH) secured
- Unconditional grid connection commitments from the transmission network operator TenneT has been issued
- Grid connection is secured through the 900 MW “DoIWin2” transformer station, which will be delivered by ABB and is scheduled to be commissioned in 2015

### Gode Wind III

- The project is in the planning and application stage of development
- When successfully completed there will be 15 wind power turbines
- PNE WIND AG expects the BSH permit to be issued in 2013



# Business model

## Gode Wind projects sold to DONG Energy



### The transaction:

The “Gode Wind” I, II and III projects sold for approximately €157 million to DONG Energy

- First payment of €57 million already received
- Additional milestones totalling approximately €100 million to be received
- “Gode Wind” I and II are now 100% owned by DONG Energy
- The shares in “Gode Wind III” will be transferred, once permission is granted by BSH
- The deal builds on the excellent relationship which began with the “Borkum Riffgrund” projects and provides significant cash flow through forecast period and beyond for PNE WIND AG
- Moreover the sale is linked to future milestone payments to PNE WIND AG – until the end of the current forecast period and beyond



Offshore wind farm

# Business model

## Effect on financial position and group earnings

### 1. Cash effect:

- Upfront payment of €57m less transaction costs and deferred purchase price liabilities totalling €7m results in a net cash inflow of €50m

### 2. Balance sheet and income statement effects:

- Assets, intangible assets and capitalised expenses total approx. €43.5m
- Future milestone payments of €100m become earning effective when triggered, expected during the 2012-14 timeframe.

### 3. Main milestones:

- Offshore studies: expected 2012/13
- Permit Gode Wind III: expected 2013
- FID Gode Wind I: expected 2013/14
- FID Gode Wind II: expected 2013/14
- Service related fees expected during 2012-17 timeframe: up to €8.5m



Offshore wind farm

# Business model

## Borkum Riffgrund projects sold to DONG Energy

### Borkum Riffgrund I and II

- DONG Energy has reached final investment decision for “Borkum Riffgrund I” and construction is expected to start in 2013 with the wind farm first supplying power in 2014
- The 800 MW grid transmission link named the “DoIWin1”, is being completed by ABB and is expected to be commissioned in 2013
- The BSH issued the building permit for “Riffgrund II” in December 2011 which triggered a milestone payment
- DONG Energy sold 50 percent of “Borkum Riffgrund I” to KIRKBI A/S, and the Oticon Foundation
- PNE WIND AG remains active as a service provider and expects further milestone payments in the mid single digit million range



Offshore wind farm

# Business model

## Other offshore projects – Germany

### Nautilus II

- Project sold to Ventizz portfolio company SSP Technology Holding ApS
- PNE WIND AG acting as service provider: “Nautilus II” will be jointly developed
- PNE WIND AG expects further milestone payments as the project progresses through development stages
- The building permit is expected from the BSH in 2013
- Ventizz and Hochtief’s form a Joint Venture to realise offshore projects

### Nautilus I, Nemo & Jules Vernes

- Projects in the building application stage



Offshore wind farm



# Business model

## Current projects – international

### Opportunities in Germany, Eastern Europe, North America and the UK

Country	Number of projects	MW up to
USA	10	352
Canada	7	575
UK	21	591
Turkey	2	93
Hungary	2	78
Romania	2	159
Bulgaria	7	121
<b>Total:</b>	<b>51</b>	<b>1,969</b>

### Investment criteria:

- Country credit rating
- Attractive, reliable feed-in system
- Local JV-partner



# Business model

## Current projects – international



## Onshore projects USA



### USA

- Foundation of US subsidiary PNE WIND USA, Inc. in October 2008 (based in Chicago)
- Progress in the development of wind farms in Belle Fourche (South Dakota), project with 20 MW planned, Austin (Minnesota), project with 30 MW planned and Johnson County (Iowa), project with 30 MW planned
- Currently 352 MW under development
- Objective: active development of further wind farm projects for approval and realization

# Business model

## Current projects – international



### Onshore projects UK



- PNE WIND UK founded as Joint Venture with New Energy Developments Limited (PNE WIND AG holds a majority interest of 67.5%)
- Offices in Brighton and Edinburgh
- Appointed as a preferred development partner to the Forestry Commission Scotland
- Wind farm sites on the National Forest Estate in Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus in Scottish national forest with potential of 100-200 MW
- Development and implementation of wind farm projects for up to 591 MW

# Business model

## Current projects – international



### Onshore projects – Southeast Europe

#### Hungary

- PNE WIND AG holds 100% of interests in Hungarian company
- First successes: Two wind farms with 32 wind turbines and 78 MW approved
- Both wind farm projects for implementation by 2012/2013 planned

#### Bulgaria

- Joint Venture with several partners
- Projects with up to 121 MW under development

#### Romania

- Joint venture with local partner in Bucharest
- Projects with up to 160 MW under development

#### Turkey

- Cooperation with Türkwind Energie Ltd.
- Development and realization of wind park projects of up to 93 MW planned

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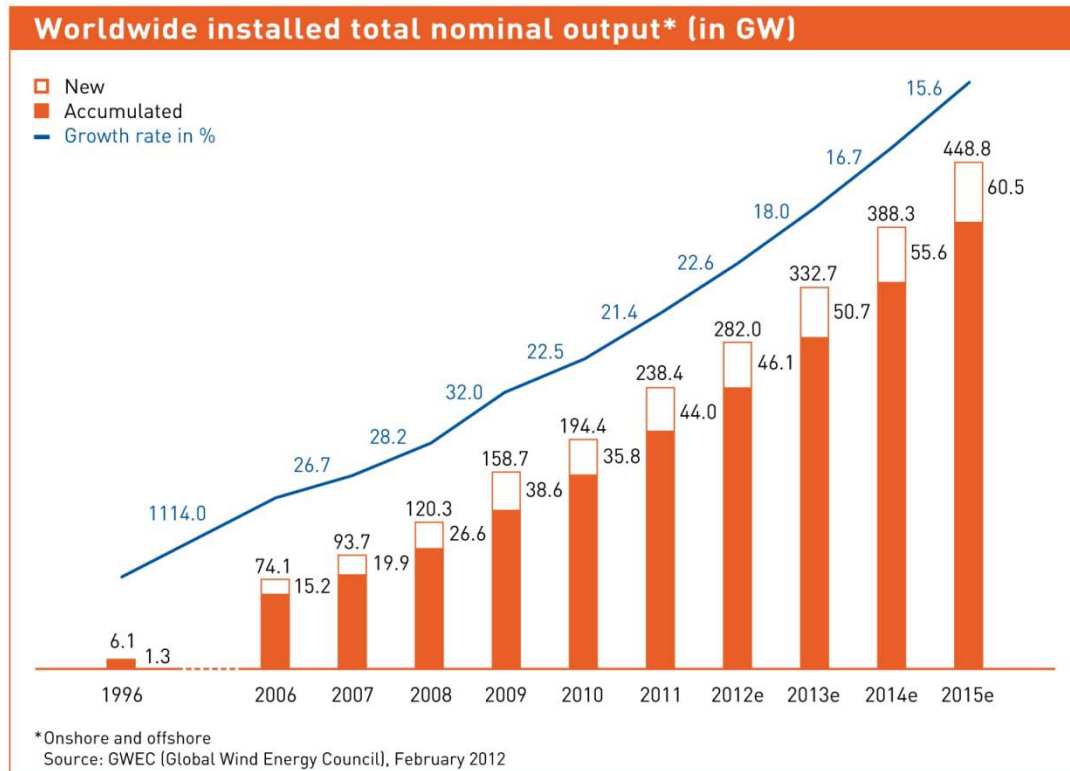
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# Market and strategy

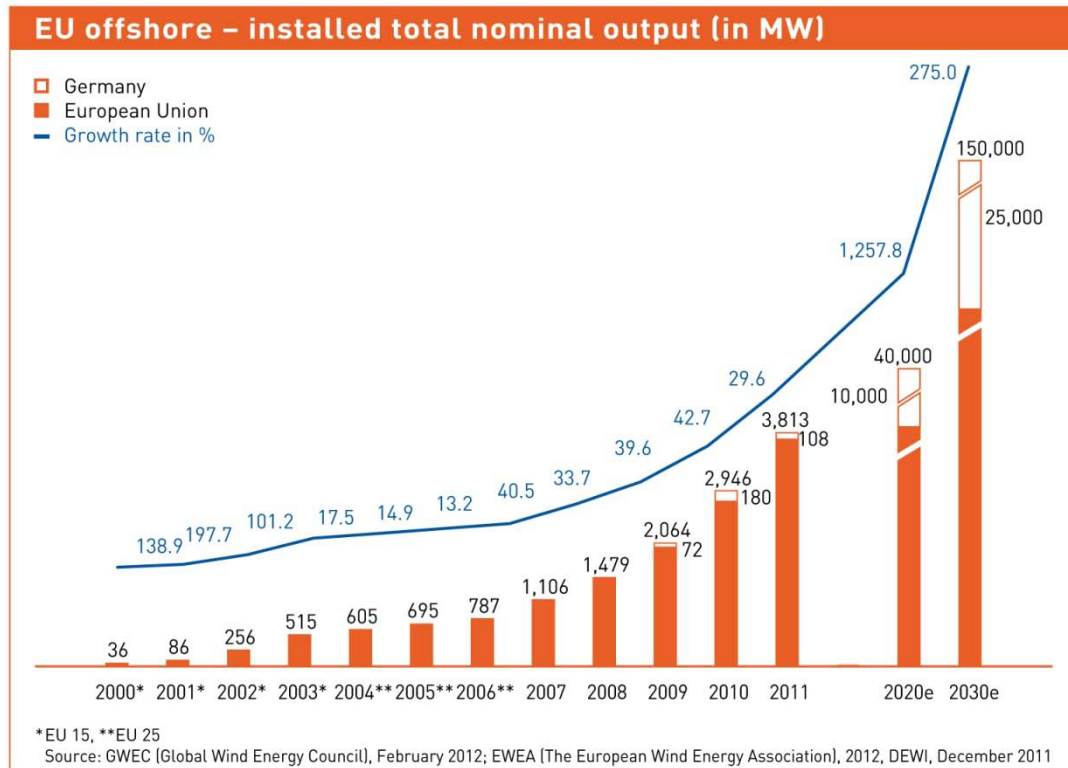
## Global development of wind power



- Increased international demand for renewable energy is based on:
  - Growing population = Increasing demand for energy
  - Scarcity of fossil fuels
  - Prevention of CO<sub>2</sub> emissions
  - Security of supply
- Wind energy is the most technologically advanced of these and the most economically efficient technology
- Double-digit growth rates forecasted until 2015 (CAGR 2010-2015: 18.2%)

# Market and strategy

## Offshore Europe and Germany



- Offshore wind energy as a key growth driver for national and international wind energy markets
- 40,000 MW installed wind power capacity by 2020 as a target to achieve climate objectives of the EU
- Objective of the German Federal Government: installed offshore capacity of 20,000 to 25,000 MW by the year 2030



# Market and strategy

## Wind power in Germany: Status quo and forecast



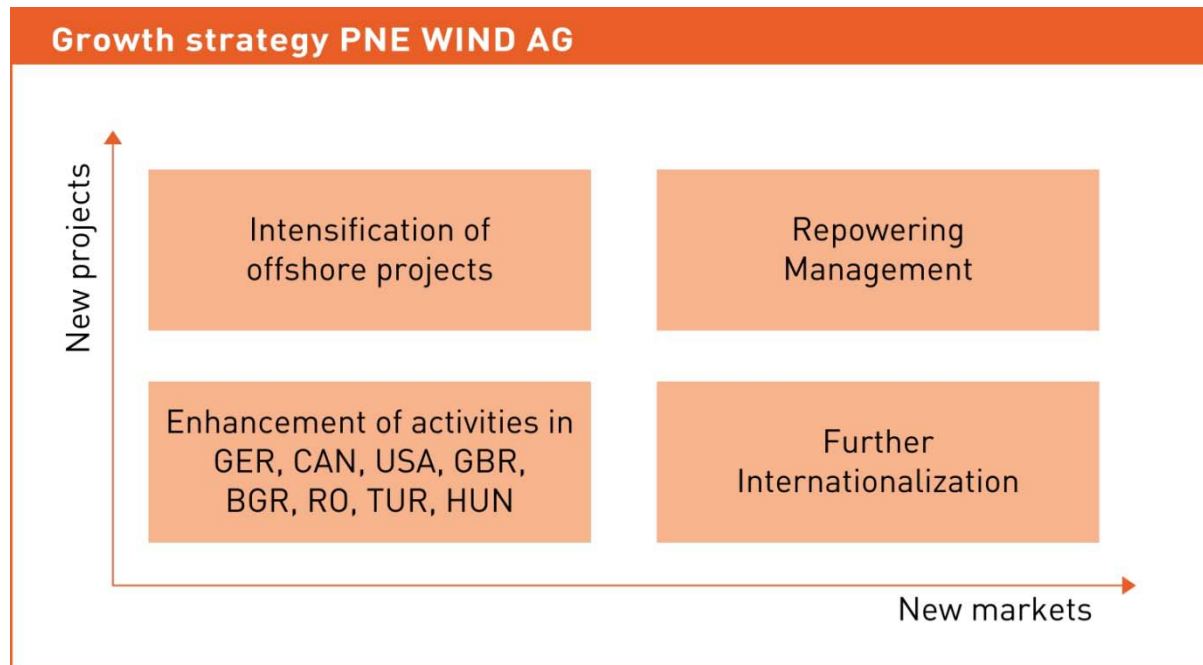
### Energy Concept 2050

- The German Federal Government adopted the “Energy Concept 2050” in September 2010
- Key points of the Energy Concept:
  1. Promotion of offshore wind energy by special credit program with a volume of €5 billion
  2. Identification of additional sites to be designated for onshore wind farm construction and operation
  3. The expansion of onshore wind through adopting more favourable terms for extending the lives of existing wind farms (repowering):
    - Essential factor for the further development of wind energy and increased energy output
    - By the end of 2011, 979 old plants with 450 MW capacity were removed and replaced with 541 modern units with a total nominal output of 1,163 MW
    - For repowering experts predict a potential total installed capacity of around 30,000 MW by 2020

Source: BMU (Energy Concept 2050); DEWI, 2012; KPMG study, 2009

# Market and strategy

## Growth strategy PNE WIND AG



- Growth through development of new markets and new projects
- Expansion abroad into selected countries with a basic legal framework in place (comparable with the EEG) and attractive prospects
- Consistent exploitation of market opportunities in all areas of wind power

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# Financials

## Key performance indicators



### Fiscal Year 2011

in €million	Jan. 1 to Dec. 31, 2011	Jan. 1 to Dec. 31, 2010
Revenue	48.6	65.6
<b>Total operating revenue</b>	<b>53.9</b>	<b>80.0</b>
Cost of materials	-28.7	-42.7
Personnel expenses	-11.5	-10.2
Other	-8.5	-12.7
<b>EBIT</b>	<b>0.1</b>	<b>9.5</b>
Interest income	0.9	0.5
Interest and similar expenses	-5.8	-4.6
<b>EBT</b>	<b>-4.9</b>	<b>5.4</b>
<b>Net income</b>	<b>-3.9</b>	<b>7.9</b>
<b>EPS (in €)</b>	<b>-0.09</b>	<b>0.17</b>

- Revenues from wind farm development lower due to 10 MW under construction in 2011 vs. 32 MW erected in 2010
- Milestone payments of €12.7m for offshore wind project “Riffgrund” I and II
- Electricity sales up by 9.6% to €9.1m
- Cost control keeps EBIT positive despite lower revenues
- Onshore and offshore projects are expected to positively contribute to EBIT in short and mid-term

# Financials

## Key performance indicators



### First half year 2012

in €million	Jan. 1 to June 30, 2012	Jan. 1 to June 30, 2011
Revenue	12.3	16.6
<b>Total operating revenue</b>	<b>15.0</b>	<b>19.9</b>
Cost of materials	-7.1	-5.7
Personnel expenses	-6.5	-6.2
Other	-7.8	-7.0
<b>EBIT</b>	<b>-6.3</b>	<b>0.9</b>
Interest and similar income	0.1	0.7
Interest and similar expenses	-2.7	-2.7
<b>EBT</b>	<b>-8.8</b>	<b>-1.2</b>
<b>Net income</b>	<b>-7.9</b>	<b>-0.8</b>
<b>EPS (undiluted, in €)</b>	<b>-0.17</b>	<b>-0.02</b>

- Revenues from wind farm development lower due to fewer projects being completed
- Personnel expenses slightly higher due to increase in employee count
- Upfront payment from DONG (€57m) and further milestone payments are expected to positively contribute to EBIT from Q3 2012

# Financials

## Key balance sheet ratios



### First half year 2012

Balance sheet in € million as at June 30, 2012 (as at December 31, 2011)

	Assets	Equity and liabilities
Intangible assets	22.3 (39.8)	
Property, plant and equipment		64.1 (74.7)
Altenbruch II: 32.7	66.3 (93.8)	
Silbitz: 6.5		
Land and Buildings: 13.4		
Transformer Stations: 7.4		
Other: 6.3		
Assets held for sale	43.5 (0.0)	
Other	1.1 (0.9)	
Current assets	33.0 (57.8)	
	<b>166.1</b> (192.3)	<b>166.1</b> (192.3)

Equity and liabilities breakdown	
Equity	64.1 (74.7)
Non-Current debt	
Altenbruch II:	26.5
Silbitz:	3.7
Building Finance:	3.0
Convertible Bond:	28.7
Other:	10.2
Liabilities held for sale	
Provisions	5.1 (0.0)
Current debt	1.8 (1.9)

Differences from rounding off possible

- Major changes in several balance sheet positions due to preparations for sale of “Gode Wind” projects
- “Gode Wind” projects reclassified as “Assets held for sale”
- PP&E primarily represents existing wind farms and investments in offshore and international projects
- Equity ratio still high at around 39%



# Financials

## Cash flow



### First half year 2012

in €million	Jan. 1 to June 30, 2012	Jan. 1 to June 30, 2011
Consolidated net loss for the period	-8.8	-1.2
Amortization/Depreciation	2.8	2.5
Δ Provisions	0.7	-0.8
Δ Non-cash effective expenses/income	-0.3	-0.2
Δ Working capital	6.7	6.3
Cash flow from operating activities	1.1	6.6
Cash flow from investing activities	-16.8	-4.9
Cash flow from financing activities	6.0	-4.6
Cash and cash equivalents – end of period	9.8	36.2

- Cash flow from operations positively influenced by the decrease in long term construction contract receivables in connection with “Kemberg II” as well as received payments from “Riffgrund II”
- Cash flow from investing activities illustrates continued investments in wind farm activities (onshore and offshore)
- Cash flow from financing mainly driven by loans taken to finance “Kemberg II”

# Financials

## Forecast

## Financials

- In the short and medium term, significant income from offshore projects positively affecting EBIT
- Cumulative EBIT guidance for fiscal years 2011 to 2013 of at least € 60 to 72 million confirmed

## Operative

- Further operational improvement planned in coming years due to extensive pipeline
- Onshore outlook: National and international medium term target of 10,000 MW
- Offshore outlook: medium term target 5,000 MW



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# PNE WIND AG share

## Price and key data



### Price performance since Jan. 3, 2011



**PNE WIND AG is the largest listed wind farm developer in Germany**

### Key data

WKN (German Securities Code Number)	AOJBPG
ISIN	DE000A0JBPG2
Number of shares	45,785,869
Market capitalization as per August 28, 2012	€75.2 million
Free float	97%
Market segment	Prime Standard
Indices	CDAX Technology, ÖkoDAX
Designated Sponsors/ Market Maker	Commerzbank VEM Aktienbank Close Brother Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

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# Investment Highlights



- Successful project developer of wind farms onshore and offshore, nationally and internationally
- Attractive growth opportunity through strong starting position taken in the repowering sector as well as excellent positioning in the offshore sector
- Cooperation with leading manufacturers of wind turbines
- Increased expansion of international business activities, particularly in Eastern Europe, the UK and North America
- Preferred development partner to the Forestry Commission Scotland for the development of wind power schemes in Central Scotland
- “Gode Wind” sales transaction is linked to future milestone payments
- Guidance: cumulative EBIT of at least € 60 to 72 million for fiscal years 2011 to 2013



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