



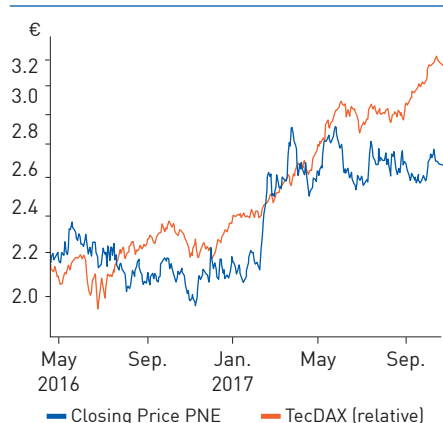
WINDPOWER
Quarterly Statement 3-2017

Key Share Figures

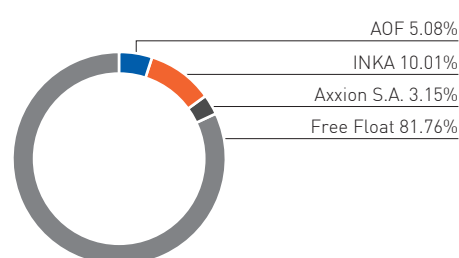
Ticker/ISIN	PNE3/ DE000A0JBP62
Number of shares	76,556,026
Closing price (30/9/2017)*	2.55 EUR
Highest/lowest price* (1/1/ – 30/9/2017)	2.84 EUR/2.06 EUR
Market capitalisation (30/9/2017)	195 Mio. EUR
Corporate Bond 2013/ 2018** (WKN: A1R074)	103.25 %
Convertible Bond 2014/ 2019** (WKN: A12UMG)	3.42 EUR

* Closing prices on Xetra trading system at Deutsche Börse AG
 ** Closing prices „Frankfurt“ at Deutsche Börse AG

Share price chart



Shareholder structure



Financial calendar

27/ – 29/11/2017	Analysts' conference, Frankfurt
28/03/2018	Publication of annual report
09/05/2018	Publication of quarterly statement Q1 2018
09/08/2018	Publication of financial report Q2 2018
08/11/2018	Publication of quarterly statement Q3 2018

Dear Shareholders

PNE WIND completed the first nine months of the current financial year very successfully, both operationally and financially. In the first nine months of 2017, the Group generated an EBIT of euro 23.7 million (prior year: euro 7.2 million).

The reporting period was characterised by further operational success both in Germany and abroad. Projects developed by us were sold in Sweden and in the USA. In France and in Germany, wind farms with an output of 94 MW are under construction. They are built both for customers and for our new European wind farm portfolio. Wind farms with a total output of approx. 200 MW are planned to be bundled in this portfolio. International business is developing into another pillar of our enterprise.

Substantial profit contribution from the portfolio sale in 2016

Subsequently, PNE WIND benefitted again from the sale of an 80 percent stake in the 142 MW wind farm portfolio, which took place at the end of 2016. Among others, the sales contract provided for a subsequent purchase price payment for the optimisation of project financing. This optimisation was achieved by an increase in the debt ratio and cost reductions. With a constant return for the purchaser of the shares, this led to a subsequent increase in the enterprise value of the portfolio company from approx. euro 330 million to approx. euro 360 million. Due to the increase in the enterprise value, PNE WIND AG received a subsequent purchase price payment of approx. euro 21.4 million in the third quarter of 2017. In addition, the revaluation of the twenty percent stake in PNE WIND Partners Deutschland GmbH was adjusted in accordance with IFRS, which led to an additional EBIT effect at Group level of around euro 5.4 million.

Positive development in the operational business - national and international

The positive trend in international business continued: In July 2017, our subsidiary WKN was successful in the USA. It sold the project rights in the „Vivaldi Springtime“ 80 MW wind farm, including the power purchase agreement and grid connection, ready for construction to Pattern Energy Group 2 LP („Pattern Development“). The purchaser intends to commence construction works as quickly as possible so that commissioning might take place as early as mid-2018. With the start of construction and completion of the wind farm, milestone payments become due to WKN in the USA.

In Sweden, the „Laxaskogen“ wind farm project (25.2 MW), which is ready for construction, was sold to an investor in September 2017. The wind farm will be built in the South of Sweden. Commissioning is scheduled to take place in the first quarter of 2019. WKN AG, a member of the PNE WIND Group, has developed the project in cooperation and is responsible for construction management of the wind farm.

Successes with offshore projects

As early as in January this year, the Company sold the North Sea-based „Atlantis I“ project to Vattenfall. PNE WIND continues to work for the project as a service provider and will benefit from further milestone payments in the future. This also applies to the „Gode Wind 3“ offshore project, which was sold to DONG Energy in 2012. This was one of four offshore wind farm projects that had been awarded a contract within the framework of the first state offshore auction - proof of the high quality and competitiveness of the projects developed by PNE WIND AG.

Achievements and advance payments are reflected in the operating results

The proceeds from the subsequent purchase price payment, the successful sales transactions and the ongoing operational business have an impact on the nine-month results, as do the expenses associated with the construction of the wind farms. However, the wind farms under construction for the new portfolio created values in the first nine months, which will only later have a positive impact on earnings. The pre-tax profits accumulated in this portfolio in the first nine months of 2017 - eliminated at Group level - amount to approx. euro 3.3 million. These profits are eliminated at Group level because they have not yet been realised by a sale to third parties. In the previous year, consolidated profits before taxes in the first nine months in relation to the wind farm portfolio at that time amounted to approx. euro 6.1 million.

In the reporting period up to September 30, 2017, the PNE WIND Group recorded revenues of euro 81.2 million (prior year: euro 77.1 million), total aggregate output of euro 101.8 million (prior year: euro 101.9 million), operating profit (EBIT) of euro 23.7 million (prior year: euro 7.2 million) and undiluted earnings per share of euro 0.21 (prior year: euro -0.04). With a strong equity ratio of 53.4 percent (as at December 31, 2016: 53.1 percent) and a high level of liquidity of euro 162.6 million as at September 30, 2017 (as at December 31, 2016: euro 147.7 million), the PNE WIND Group continues to be in a very good position in the market. And we are thus on plan.

After the first nine months, the Group EBIT was above the maximum of the EBIT guidance of euro 15 million for the fiscal year. Based on its previous course of business during the first nine months of 2017, PNE WIND AG increases its EBIT guidance for the consolidated results in the entire year of 2017 from previously euro 0 to 15 million to euro 17 to 23 million.

This all shows: PNE WIND is well on track. However, the markets and the general conditions are undergoing changes. Subsidies for wind energy are being cut back and converted to calls for tenders. In some markets, the expansion of wind energy is being restricted. This increases competitive pressure. The optimisation of earnings and costs associated with a wind farm project is therefore becoming increasingly important and corporate strategies need to be adapted. Although we have been operating successfully in this difficult environment so far, we are responding to this. We are examining investments in additional services and in the optimisation of wind farms as well as entry into new markets. To this end, a group of specialised employees was put together in Hamburg to develop and implement business opportunities with new products as well as in new markets. We call this Smart Development. Here, we work on the foundations for the further development of the PNE WIND Group.

We also see opportunities in the area of additional services for wind power plants in operation.

In order to respond to changes in the markets, we are working on an expansion of the strategy for the Group, which we will present soon. However, this is initially connected with financial input, since success requires investment. This is why we are currently in a transitional phase - although operationally and economically successful.

We would like to express our very sincere thanks - including on behalf of our employees - for your support to date.

Please continue to maintain your confidence in us in the future!

PNE WIND AG

The Board of Management

PNE WIND AG Group figures – At a glance

In TEUR	1/1/2017 – 30/9/2017	1/1/2016 – 30/9/2016	1/1/2015 – 30/9/2015
Total aggregate output	101,803	101,868	189,546
Revenues	81,236	77,091	80,458
Operating profit (EBIT)	23,655	7,183	16,700
Earnings before taxes (EBT)	16,083	-4,723	7,300
Net income	16,324	-2,756	9,765
Basic earnings per share (euro)	0.21	-0.04	0.13
Average number of shares (million)	76.6	76.6	74.9

In TEUR	30/9/2017	31/12/2016	31/12/2015
Equity capital	234,471	229,388	165,928
Equity ratio in %	53.42	53.10	33.98
Total assets	438,948	431,994	488,262

1. Overview of business activity

Summary

The operational business of the PNE WIND Group during the first nine months of 2017 was characterised by the development and realisation of onshore wind farm projects, project sales and business success in the offshore area. As at September 30, 2017, wind farms with a total nominal output of 94 MW were under construction in Germany and France, of which 43 MW for the new wind farm portfolio being established, in which more than 200 MW will be bundled.

The last two wind power turbines for the „Windpark Altenbruch“ repowering project (6 MW), which belongs to the 142 MW portfolio sold at the end of 2016, were completed and put into operation.

In the period under review, the Company sold the „Vivaldi Springtime“ wind farm (80 MW) in Montana, USA and the Swedish wind farm project „Laxaskogen“ (25.2 MW).

The „Atlantis I“ offshore project was sold to Vattenfall during the reporting period. The „Gode Wind 3“ offshore project which was developed and already sold by PNE WIND was one of four projects being awarded a contract within the framework of the first German offshore call for tenders.

For the 142 MW project portfolio, of which an 80 percent stake was sold at the end of 2016, an optimisation of the project financing of the wind farms was carried out in the third quarter of 2017. PNE WIND AG was able to generate considerable added value for the enterprise value of the portfolio on the basis of fixed regulations in the purchase agreement and was thus able to receive a subsequent purchase price payment.

Segment: projecting of wind power turbines

Wind power onshore sub-division

The development and realisation of onshore wind farms have been continued consistently in the first three months of 2017, both in Germany and in the foreign markets.

Overview of the onshore project activities of the PNE WIND Group as at September 30, 2017 in MW:

Country	I – II	III	IV	Total MW
Germany	1,347	88	53	1,488
Bulgaria	121	0	0	121
France	292	82	41	415
United Kingdom	43	0	0	43
Italy	102	14	0	116
Canada	555	0	0	555
Poland	223	42	0	265
Romania	54	102	0	156
South Africa	170	30	0	200
Sweden	99	59	0	158
Turkey	700	0	0	700
Hungary	0	42	0	42
USA	232	200	0	432
Total	3,938	659	94	4,691

Phase I – II = Exploration & Development | Phase III = Planning | Phase IV = Implementation

GERMANY:

At the end of the third quarter of 2017, the PNE WIND Group was working on wind farm projects with a nominal output of approx. 1,488 MW in various phases of project development.

Of these, wind farms with a nominal output of approx. 53 MW were under construction as at September 30, 2017. These are wind farm projects that received the necessary approvals in 2016 and, therefore, were not required to take part in tender procedures. The Company intends to complete and commission the wind farms „Kührstedt-Alfstedt“ (approx. 43 MW) based in Lower Saxony and „Kirchengel“ (9.9 MW) in Thuringia in 2017. It is planned to include the „Kührstedt-Alfstedt“ wind farm being established in the new portfolio.

The construction of the repowering project „Windpark Altenbruch“ (Lower Saxony), where the two last wind power turbines with a total nominal output of 6 MW commissioned, was completed in the first quarter of 2017.

Project rights with 17.4 MW were sold to project partners in the reporting period. PNE WIND purchased project rights to the amount of 8 MW from project partners.

Foreign markets

The PNE WIND Group also continued to carry out its core business of project development abroad. In the USA and in Sweden, the rights in wind farm projects were successfully sold during the reporting period. As a result, the wind farm project planning business in foreign markets is becoming increasingly important.

Compared to the presentation in the 2016 annual report, there were the following changes in the foreign markets:

USA:

In the USA, Windkraft Nord USA Inc., a subsidiary of WKN AG, which is also a member of the PNE WIND Group, sold the project rights of „Vivaldi Springtime“ to Pattern Energy Group 2 LP („Pattern Development“). Pattern Development is one of the leading companies in the development of renewable energy and electricity grid networks and has so far developed, financed and commissioned more than 4,000 MW of wind power projects.

The rights to the 80 MW „Vivaldi Springtime“ project located in the state of Montana, USA, have been sold to Pattern Development ready to build, including the power purchase agreement (PPA) and grid connection. Start of construction is scheduled to begin in 2017, with commissioning expected from mid-2018. The parties have also agreed on an option for an extension of the project.

SWEDEN:

At the end of September, the Swedish wind energy project „Laxaskogen“ was sold to a German private investment Group. The wind farm consisting of seven turbines and a total nominal output of 25.2 MW will be built in the South of Sweden. Construction is expected to be completed within the first quarter of 2019. WKN AG, a subsidiary of the PNE WIND Group, will be responsible for the construction of the wind farm, which has been developed by the Swedish WKN cooperation VKS Vindkraft Sverige AB.

FRANCE:

In France, three wind farms with a nominal output of approx. 41 MW were under construction as at September 30, 2017. The construction of one of these projects with a nominal output of 9 MW was started in the second quarter. The sale of this project is scheduled for the fourth quarter of 2017. The two other wind farms are part of a framework agreement concerning wind farms in France, which was concluded with John Laing Investments Ltd. at the beginning of 2016.

Wind power offshore sub-division

In January 2017, the „Atlantis I“ wind farm project, located in the North Sea, was sold to the Swedish energy group Vattenfall. The „Atlantis I“ project was handed over to the buyer after receipt of a payment in a lower double-digit million euro amount. PNE WIND will also participate in the project's further value increase achieved by developments by Vattenfall through milestone payments. As this was the case with the previous sale of the offshore projects „Borkum Riffgrund“ and „Gode Wind“, PNE WIND is supposed to remain involved in the further development of „Atlantis I“ as a service provider in the long term.

In the first German tender for offshore wind farms, the „Gode Wind 3“ project developed by PNE WIND AG was one of four projects that received an award.

Three offshore wind farms, which were developed by PNE WIND and sold after approval was granted, have been erected and put into operation by the purchasers in the meantime: „Borkum Riffgrund 1“ and „Gode Wind“ 1 and 2 with a total nominal output of 894 MW. For the „Borkum Riffgrund 2“ project, which was also developed and which has already been sold by PNE WIND, the purchaser DONG Energy decided in 2016 to finance and, if possible, to construct the project in 2019.

PNE WIND AG: Overview of the offshore project references as at September 30, 2017:

Sold projects

Zone	Project	Phase	WPT	Total MW
1	Borkum Riffgrund 1	8	78	312
1	Borkum Riffgrund 2	6	56	448
1	Gode Wind 1 & 2	8/8	55 + 42	582
1	Gode Wind 3 & 4	5/4	14 + 42	450
2	Atlantis I	3	73	584
4	HTOD5 (Nautilus II)	2	68	476
Total			428	2,852

Phase 1 = Project identification | Phase 2 = Application conference | Phase 3 = Hearing | Phase 4 = Approval granted | Phase 5 = Grid connection | Phase 6 = Investment decisions | Phase 7 = Under construction | Phase 8 = In Operation

Of which projects already completed

Zone	Project	Phase	WPT	Total MW
1	Borkum Riffgrund 1	Commissioned	78	312
1	Gode Wind 1	Commissioned	55	330
1	Gode Wind 2	Commissioned	42	252
Total			175	894

Due to the EEG amendments adopted in 2016 and the new Offshore Wind Energy Act (WindSeeG), the risks for other offshore projects developed by PNE WIND AG have increased significantly at the end of 2016. There have been no further changes since then. As a result of the above-mentioned amendments to the law, the implementation of the projects can be significantly delayed or completely prevented. Pursuant to two legal opinions, parts of the WindSeeG are unconstitutional. The main reason is that this Act invalidates bonafide investments which the Company had already made in the past, without any provisions concerning compensation payments, based on retrospective effect which is not admissible on the basis of German constitutional law. On the basis of this assessment, the Board of Management of PNE WIND AG is of the opinion that these parts of the legislation are unconstitutional and will ultimately not last. In addition, the Board of Management expects that a constitutional complaint might very likely result, as a minimum, in the replacement of the damages incurred by PNE WIND AG and, thus, reimbursement of the costs already incurred. At the end of July 2017, PNE WIND AG, Zweite Nordsee Offshore Holding GmbH (STRABAG Group) and International Mainstream Renewable Power Limited submitted a joint constitutional complaint to the Federal Constitutional Court via their respective project companies against some of the new legal regulations.

Independent of the WindSeeG as well as possible claims for damages and unconstitutionality of the legislation, PNE WIND AG has been developing solutions for an alternative use of the offshore regions in the North Sea for some time now.

In the offshore segment, PNE WIND AG also examines opportunities of generating electricity from other energy carriers such as hydrogen at sea. Fundamental calculations and examinations are carried out for this purpose, which, if positive, can form the basis of further project activities in this respect.

Electricity generation segment

The electricity generation segment combines all activities of the Group companies, which are engaged directly in the production of electricity from renewable energy. This division includes the „Laubuseschbach“, „Gerdau-Schwienau“ and „Pülfringen“ wind farms operated by PNE WIND AG, the 142 MW wind farm portfolio (recognised at equity or via the investment results) as well as PNE Biomasse GmbH, which provides staff for the „Silbitz“ timber biomass power plant under a business supply contract, which is also included in this segment. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects are to be implemented.

Until the sale and delivery of wind farms to the operators, the electricity generation segment includes the revenues of these wind farms within the context of segment reporting.

PNE WIND AG gave a contractual commitment to the limited partners participating in the operating company of the Silbitz biomass power station to repurchase their limited partnership shares at the beginning of 2017 at a price of 110 percent of the nominal value. In January 2017, PNE WIND AG fulfilled this contractual commitment and acquired the shares in HKW Silbitz GmbH & Co. KG at a price of about euro 7.5 million.

In the first nine months of 2017, the electricity generation segment achieved an EBIT of euro 0.4 million (previous year: euro 2.9 million). In the previous year, the 142 MW wind farm portfolio with its earnings contributions had still been included in the electricity generation segment at the end of the third quarter and, as a consequence, represents the decisive difference compared to the EBIT results of this year's reporting period.

Changes

Compared to December 31, 2016, there were no other significant changes in the area of operations.

Major events after the reporting date

There were no major events after the end of the reporting period.

Outlook/Forecast

The PNE Wind Group is an internationally operating wind power pioneer from Germany and one of the most experienced developers of onshore and offshore wind farms, combining economic success with ecological responsibility. It offers services covering the entire value added chain around wind farms, ranging from the development, planning, realisation and distribution to the operation of wind farms and transformer stations up to repowering - i.e. the replacement of older wind power turbines by new up-to-date equipment.

We want to develop high quality projects which meet international standards and allow for secure project financing at the international level. Such a project quality can be achieved by ensuring the forecast for the project schedule and the cost framework from the development to the start of operation.

However, the effectiveness of the entire value added chain should be increased further in order to achieve a reduction of the project costs. Another objective is to develop new markets of the future in growing regions and to optimise the entire value added chain, especially in the services area, i.e. the operational management of wind farms and transformer stations. In addition, the combination of renewable energies, power plants and storage technologies is an issue of the future. PNE WIND is therefore working on an expansion of its strategy for the Group, which will be presented soon in November 2017.

After successfully establishing and selling a wind farm portfolio last year, the Company pursues the goal to realise a new European wind farm portfolio by 2019/2020 with a total output of more than 200 MW. The portfolio will comprise primarily wind farms in Germany and France, which are in the development phase and, in part, under construction. The new portfolio can be realised through internally developed wind farm projects, the acquisition of obsolete wind farms for subsequent repowering and the increased acquisition of partially developed projects.

After the first nine months, the Group EBIT was above the maximum of the EBIT guidance of euro 15 million for the fiscal year. Based on its previous course of business during the first nine months of 2017, PNE WIND AG increases its EBIT guidance for the consolidated results in the entire year of 2017 from previously euro 0 to 15 million to euro 17 to 23 million.

2. Organisation and employees

On September 30, 2017, the PNE WIND AG Group employed 368 people in total (previous year: 357). The employees of the subsidiaries are included in this number.

3. Financial situation/business results

The figures shown below were determined and presented in accordance with IFRS for the Group. The consolidated financial information for the first nine months of the 2017 fiscal year as at September 30, 2017 was based on the same accounting and valuation methods as the consolidated financial statements as at December 31, 2016.

The figures in the text and in the graphics were rounded, and small rounding differences are possible.

Explanation

Under the agreement of December 9, 2016, PNE WIND AG sold an 80 percent shareholding in PNE WIND Partners Deutschland GmbH to AREF II Wind Germany I GmbH. The closing took place on December 29, 2016. In the relevant share purchase agreement, an earn-out for optimising project financing was also agreed upon. The probability of the earn-out was initially estimated by management in the consolidated financial statements as at December 31, 2016 to be 0 percent due to uncertainties about the development of the financial markets with regard to maturities and interest rates.

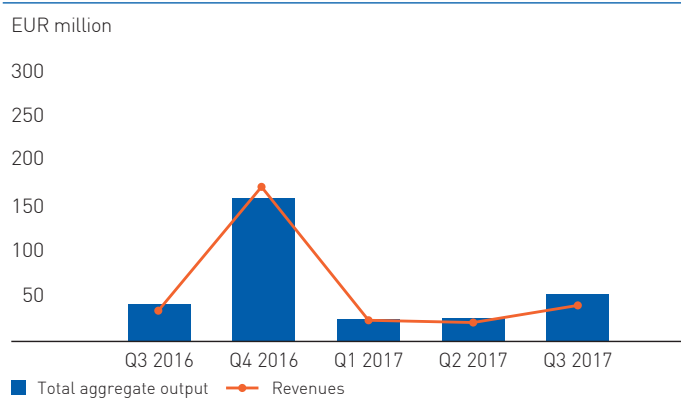
In the consolidated financial statements as at December 31, 2016, this transaction resulted in a transitional consolidation from full consolidation to the at-equity inclusion of PNE WIND Partners Deutschland GmbH. In this connection, the shares retained were measured in accordance with IFRS 10.25 at fair value, which was derived from the selling price - without taking into account the earn-out component - for the 80 percent of the shares sold, and the corresponding income from the revaluation was recorded under other income.

The refinancing was completed successfully in the 2017 reporting period. The optimisation of the financing structure included an increase in the debt ratio and cost reductions in the portfolio and, with a constant return for the purchaser of the shares before and after the optimisation, led to a subsequent increase in last year's enterprise value from approx. euro 330 million to an enterprise value of approx. euro 360 million. Due to the increase in enterprise value, PNE WIND AG received a subsequent purchase price payment of approx. euro 21.4 million in the third quarter of 2017, which is included in revenues.

The adjusted fair value of the shares retained represents a change in accounting estimates in accordance with IAS 8.34, which is to be recognised in profit or loss of the 2017 reporting period in accordance with IAS 8.36. In line with the procedure followed for the original accounting treatment in the 2016 fiscal year, the income of approx. euro 5.4 million is to be recognised in other income.

a. Revenues and earnings

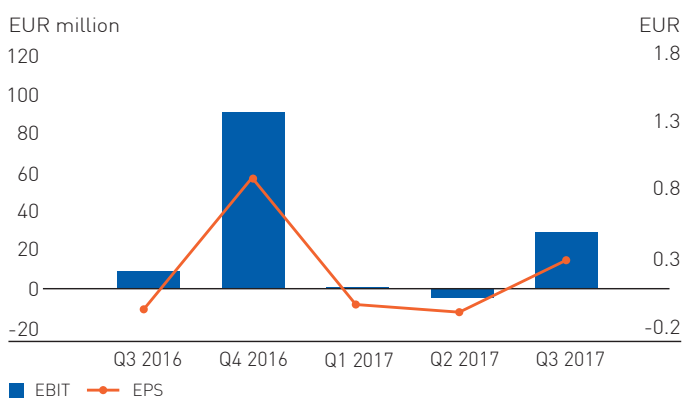
Total aggregate output/Revenues



In the first nine months of 2017, the PNE WIND AG Group achieved a total aggregate output of euro 101.8 million (prior year: euro 101.9 million). Of this, euro 81.2 million was attributable to revenues (prior year: euro 77.1 million), euro 11.5 million to changes in inventories (prior year: euro 19.5 million), and euro 9.0 million to other operating income (prior year: euro 5.3 million).

Revenues include the profit from the sale of the shares in PNE WIND Atlantis I GmbH totalling euro 3.3 million and the profit from deconsolidation of this company of euro 1.3 million. In addition, revenues from the subsequent proceeds from the sale of the shares in PNE WIND Partners Deutschland GmbH resulting from the financing optimisation of the project portfolio in the amount of approx. euro 21.4 million were recorded in revenues in accordance with IFRS.

EBIT and EPS

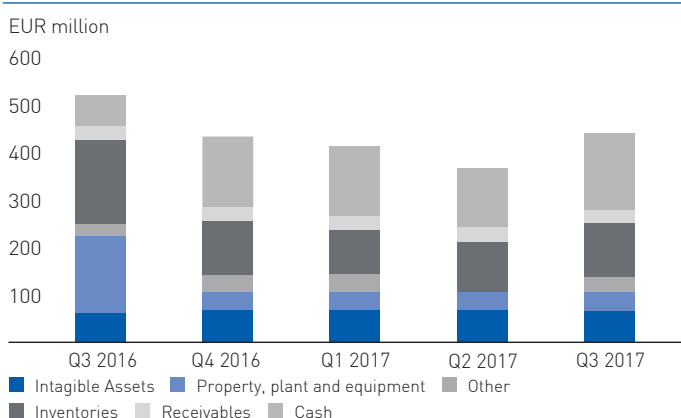


The income from the twenty percent interest in PNE WIND Partners GmbH, resulting from the change in the fair value estimate and amounting to approx. euro 5.4 million, is reported under other operating income.

In the period under review, the Group generated an operating profit (EBIT) of euro 23.7 million (prior year: euro 7.2 million) and earnings before tax (EBT) of euro 16.1 million (prior year: euro -4.7 million). The consolidated net income after non-controlling interests amounted to euro 16.3 million (prior year: euro -2.8 million). The basic earnings per share for the Group amounted to euro 0.21 (prior year: euro -0.04) and the diluted earnings per share for the Group amounted to euro 0.21 (prior year: euro -0.03).

b. Asset and financial situation

Assets



Total long term assets decreased from euro 142.2 million at the end of 2016 to euro 137.2 million on the reporting date.

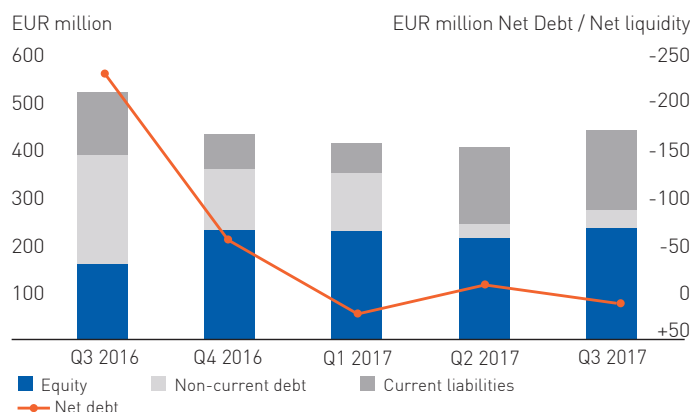
As at September 30, 2017, intangible assets totalled euro 67.0 million, representing a similar amount as recorded on December 31, 2016. The most important element of this item is the goodwill of the segment „Projecting of wind power turbines“ in the amount of euro 63.4 million (of which projecting of wind power turbines PNE is valued at euro 23.0 million and projecting of wind power turbines WKN is valued at euro 40.2 million).

In the same period, property, plant and equipment decreased by euro 1.3 million to euro 37.9 million (December 31, 2016: euro 39.2 million). This item primarily includes land and buildings (euro 11.7 million without the land and buildings of „Silbitz“), transformer stations owned or under construction (euro 12.6 million) and the technical equipment and

machinery of the Company's own wind farms Gerdau Schwienau and Pülfringen (euro 6.4 million) and HKW Silbitz (euro 3.6 million, including land and buildings in the amount of euro 2.8 million).

The long term financial assets changed from euro 28.5 million to euro 24.0 million in the period under review. The change is due primarily to payments from the equity of PNE WIND Partners Deutschland GmbH and the revaluation of the twenty percent stake in PNE WIND Partners Deutschland GmbH. Due to the increase in the debt ratio of the wind farm companies of the PNE WIND Partners Deutschland Group, the company was able to return equity to the shareholders (PNE received approx. euro 10.8 million), which, in connection with the revaluation of the shares in the amount of approx. euro 5.4 million, led to a reduction in the at-equity value based on the twenty percent stake in PNE WIND Partners Deutschland GmbH.

Liabilities



During the period under review, short term assets increased from euro 289.8 million (December 31, 2016) to euro 301.7 million on September 30, 2017. This change is mainly attributable to the higher level of liquidity (euro +14.9 million). Of the short term assets, euro 5.3 million is attributable to trade receivables (December 31, 2016: euro 13.2 million).

The work in progress recognised under the inventories decreased from euro 105.0 million as at December 31, 2016 to euro 98.2 million. The decrease is due primarily to the sale of the Atlantis I off-shore project and the sale and related deconsolidation of PNE WIND Atlantis I GmbH. As at December 31, 2016, the Group recorded inventories of euro 21.9 million in relation to the Atlantis I project. In addition, the Group's investments for onshore projects under construction in Germany and for the further development of the onshore and offshore project pipelines in Germany and abroad have led to an increase in inventories in individual countries.

Work in progress is divided as follows:

- offshore projects (euro 23.6 million),
- onshore projects in Germany (euro 29.6 million),
- onshore projects in Poland (euro 12.5 million),
- onshore projects in Italy (euro 8.5 million),
- onshore projects in France (euro 9.3 million),
- onshore projects in Sweden (euro 3.1 million),
- onshore projects in Romania (euro 1.2 million),
- onshore projects in the USA (euro 4.6 million),
- an onshore WKN project in the United Kingdom (euro 2.6 million) and
- onshore projects in South Africa (euro 3.1 million).

Under the inventories item, advance payments in connection with onshore projects under construction increased by euro 7.0 million from euro 7.9 million to euro 14.9 million.

As at September 30, 2017, cash and cash equivalents amounted to euro 162.6 million (as at December 31, 2016: euro 147.7 million).

On the liability side, consolidated shareholders' equity increased from euro 229.4 million (December 31, 2016) to euro 234.5 million as at September 30, 2017. This development was mainly due to the Group's earnings, taking into account the dividend paid in the amount of approx. euro 9.2 million. The equity ratio of the Group was 53 percent as at September 30, 2017 (December 31, 2016: 53 percent) and the debt ratio was 47 percent (December 31, 2016: 47 percent).

The decrease in provisions is attributable primarily to the sale of the „Atlantis I“ project and the associated elimination of the provision for a variable purchase price obligation.

The long term liabilities decreased from euro 119.9 million at the end of 2016 to euro 34.1 million. This item consists mainly of financial liabilities totalling euro 29.7 million (as at December 31, 2016: euro 116.5 million). As at December 31, 2016, the „Long term liabilities“ item still included the liability under the corporate bond issued in May and in September 2013 to the total amount of euro 100.0 million. Due to maturity at the end of May 2018, this is now accounted for under the „Short term liabilities“. The long term financial liabilities include the 2014/2019 convertible bond issued in the 2014 fiscal year in an amount of euro 6.6 million. The item also includes long term liabilities to banks in the amount of euro 22.6 million (as at December 31, 2016: euro 11.3 million).

During the first nine months of the 2017 fiscal year, the short term liabilities increased from euro 53.6 million (December 31, 2016) to euro 149.5 million, predominantly as a result of the euro 100 million corporate bond now being accounted for under the „Short term liabilities“ item. The short term liabilities to banks, included in this item, increased from euro 2.2 million (December 31, 2016) to euro 19.8 million due to borrowings for interim financing of the onshore wind farms under construction. In the reporting period, the trade liabilities decreased from euro 15.7 million (December 31, 2016) to euro 11.4 million.

Taking the liquid funds into account, the net liquidity on September 30, 2017 was euro 12.9 million (December 31, 2016: euro 20.1 million) in accordance with DVFA – German Association for Financial Analysis and Asset Management.

4. Opportunities and risks

For information about the opportunities and risks of PNE WIND AG, refer to the section „Report on opportunities and risks“ in the 2016 annual report, which is available on the Company’s website at www.pnewind.com.

During the first nine months of the 2017 fiscal year, the Board of Management has not identified any significant additions or changes to the risks presented in the 2016 annual report, except for the risk set forth below.

In the 2016 annual report, PNE WIND AG referred to the tax risks of the corporate, trade and sales tax field audit at WKN AG for the years from 2010 – 2013. As at that time, this audit has not yet been completed finally and there are no tax audit reports or drafts of tax audit reports available to date. Accordingly, no adjusted tax assessments have been issued as yet. Based on the discussions between the Board of Management of WKN AG and its tax advisors on the one hand and the tax authorities on the other, there are different views regarding the tax treatment of individual facts. Possible findings of the tax audit might have an impact on the net assets, financial position and results of operations of WKN AG and the PNE WIND Group in the single-digit to a low double-digit million range. Based on the current state of knowledge, the Board of Management continues to assume that the tax presentation of the facts is accurate. Accordingly, no provision for these risks was recorded in the consolidated balance sheet as at September 30, 2017. An impact on the published guidance would not occur if the results of the tax audit were negative, as possible effects on earnings would be reported under tax expense and thus under the EBIT.

Segment reporting

The determination and presentation of segment reporting as at September 30, 2017 changed only in respect of the composition of the individual segments.

The segment „Projecting of wind power turbines“ was expanded by the initially consolidated companies PNE WIND Middle East GmbH, PNE WIND Middle East Verwaltungs GmbH, PNE WIND Middle East Alpha I GmbH & Co. KG, PNE WIND Middle East Alpha II GmbH & Co. KG, PNE WIND Middle East Beta I GmbH & Co. KG, PNE WIND Middle East Beta II GmbH & Co. KG, PNE WIND Middle East RE One GmbH & Co. KG, PNE WIND Middle East RE Two GmbH & Co. KG, PNE WIND Middle East Service GmbH & Co. KG, PNE WIND West Europe GmbH, PNE WIND West Europe Verwaltungs GmbH, PNE WIND Türkei HoldCo I GmbH, Pavanna GmbH, energy consult Prüfgesellschaft GmbH, SAS Parc Eolien de Longèves and Parc Eolien de Haie de Useroles S.A.S.U. Furthermore, due the sale of the shares, PNE WIND Atlantis I GmbH and, due to their now minor importance, Ukrainische Windenergie Management GmbH and New Energy Association International GmbH (previously included in the segment „Projecting of wind power turbines“) were deconsolidated.

For further details on segment reporting, refer to the 2016 annual report.

The figures as at September 30, 2017 are compared with the figures as at September 30, 2016 or, in the case of segment assets/liabilities, with the figures as at December 31, 2016.

Consolidated Statement of comprehensive income (IFRS)

All figures in TEUR (differences due to rounding possible)	3rd Quarter 1/7/2017 – 30/9/2017	3rd Quarter 1/7/2016 – 30/9/2016	Period 1/1/2017 – 30/9/2017	Period 1/1/2016 – 30/9/2016
1. Revenues	41,785	32,287	81,236	77,091
2. Increase in finished goods and work in process	3,273	7,290	11,540	19,459
3. Other Operating Income	6,792	1,230	9,027	5,318
4. Total aggregate output	51,850	40,807	101,803	101,868
5. Cost of materials/Cost of purchased services	- 11,397	- 18,745	- 40,074	- 51,106
6. Personnel expenses	- 5,710	- 5,561	- 17,792	- 18,682
7. Amortisation of intangible assets and depreciation of property, plant and equipment	- 1,362	- 2,997	- 4,553	- 8,986
8. Other Operating expenses	- 4,772	- 4,882	- 15,728	- 15,911
9. Operating Profit	28,609	8,622	23,656	7,183
10. Income from participations	- 228	4	391	12
11. Other interest and similar income	74	233	285	612
12. Expenses from assumption of losses of associates	- 25	- 28	- 379	- 80
13. Interest and similar expenses	- 2,615	- 4,094	- 7,870	- 12,451
14. Profit before taxes	25,815	4,737	16,083	- 4,724
15. Taxes on Income	- 3,064	691	- 1,397	707
16. Other taxes	- 27	- 16	- 78	- 97
17. Consolidated net income before minority interests	22,724	5,412	14,608	- 4,114
18. Minority interests	- 74	398	- 1,716	- 1,358
19. Consolidated net income	22,798	5,014	16,324	- 2,756
Earnings per share (undiluted), in EUR	0.30	0.07	0.21	- 0.04
Earnings per share (diluted), in EUR	0.29	0.07	0.21	- 0.03
Weighted average of shares in circulation (undiluted), in Mio.	76.6	76.6	76.6	76.6
Weighted average of shares in circulation (diluted), in Mio.	78.7	78.6	78.7	78.6

All figures in TEUR (differences due to rounding possible)	3rd Quarter 1/7/2017 – 30/9/2017	3rd Quarter 1/7/2016 – 30/9/2016	Period 1/1/2017 – 30/9/2017	Period 1/1/2016 – 30/9/2016
19. Consolidated net income	22,798	5,014	16,324	- 2,756
Other comprehensive income/ items that may be reclassified in the future in the profit and loss account				
20. Foreign currency translation differences	- 299	- 53	- 290	- 628
21. Others	0	0	0	0
22. Other comprehensive income for the period (after tax)	- 299	- 53	- 290	- 628
23. Total comprehensive income for the period	22,425	5,359	14,318	- 4,742
Consolidated profit/loss for the period attributable to	22,724	5,412	14,608	- 4,114
Owners of the parent company	22,798	5,014	16,324	- 2,756
Non-controlling interests	- 74	398	- 1,716	- 1,358
Total comprehensive income for the period attributable to	22,425	5,359	14,318	- 4,742
Owners of the parent company	22,499	4,961	16,034	- 3,384
Non-controlling interests	- 74	398	- 1,716	- 1,358

Balance Sheets (IFRS) Assets

All figures in TEUR (differences due to rounding possible)	as per 30/9/2017	as per 31/12/2016
Intangible assets	66,965	67,400
Property, plant and equipment	37,852	39,230
Long term financial assets	24,004	28,452
Deferred tax assets	8,454	7,136
Total long term assets	137,275	142,218
Inventories	113,305	112,946
Receivables and other assets	25,779	29,144
Cash and cash equivalents	162,589	147,686
Total current assets	301,673	289,776
Assets total	438,948	431,994

Balance Sheet (IFRS) Liabilities

All figures in TEUR (differences due to rounding possible)	as per 30/9/2017	as per 31/12/2016
Subscribed capital	76,556	76,556
Capital reserve	82,288	82,288
Retained earnings	51	51
Foreign currency provision	-1,288	-997
Retained profit/loss	83,419	76,883
Minority interests	-6,555	-5,393
Total shareholders equity	234,471	229,388
Other provisions	1,060	7,945
Deferred subsidies from public authorities	867	902
Long term financial liabilities	29,691	116,491
Deferred tax liabilities	4,518	3,347
Total long term liabilities	36,136	128,685
Provisions for taxes	340	1,565
Other provisions	2,164	2,403
Short term financial liabilities	119,972	11,131
Trade liabilities	11,404	15,692
Other liabilities	34,461	43,130
Total short term liabilities	168,341	73,921
Liabilities total	438,948	431,994

Consolidated Statement of Cash Flows (IFRS)

All figures in TEUR (differences due to rounding possible)	1/1/2017 – 30/9/2017	1/1/2016 – 30/9/2016
Consolidated net result	14,608	-4,113
-/+ Income tax benefit/expense	1,397	-707
-/+ Interest income and expense	-1,390	-1,776
-/+ Income tax paid/received	7,584	11,839
- Interest paid	-4,534	-7,680
+ Interest received	409	567
+/- Amortisation and depreciation of intangible assets and property, plant and equipment	4,553	8,986
+/- Increase/decrease in provisions	231	-1,461
+/- Non-cash effective income and expenses	4,567	-644
- Gain on disposal of fixed assets and from the deconsolidation	-26,033	0
+/- Increase/decrease of inventories and other assets	-28,363	-59,590
+/- Increase/decrease of trade receivables and stage of completion accounting	7,806	4,572
+/- Increase/decrease of trade liabilities and other liabilities	-14,639	93
Cash flow from operating activities	-33,805	-49,914
+ Inflow of funds from disposal of items of property, plant and equipment	21	30
+ Inflow of funds from disposal of intangible assets	3	0
- Outflow of funds for investments in property, plant and equipment and intangible assets	-2,301	-2,260
+ Inflow of funds from disposal of financial assets	91	377
- Outflow of funds from investments in financial assets	-1,009	-111
+ Inflow of funds from disposal of consolidated entities	39,563	0
- Outflow of funds from investments of consolidated entities	-7,535	0
Cash flow from investing activities	28,833	-1,964
+ Inflow of funds from financial loans	30,460	64,702
- Outflow of funds from the redemption of bonds	-1,397	-29,478
- Outflow of funds for dividend	-9,187	-3,062
Cash flow from financing activities	19,876	32,162
Cash effective change in liquid funds	14,904	-19,716
+ Change in liquid funds due to changes in scope of consolidation	-1	0
+ Liquid funds at the beginning of the period	147,686	86,076
Liquid funds at the end of the period *	162,590	66,360
* of which are pledged to a bank as security	98	2,362

Supplementary information: The value of liquid funds corresponds to the "Cash and cash equivalents" item on the balance sheet as at September 30.

Consolidated Statement of change in Equity (IFRS)

All figures in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Profit reserves	Foreign exchange reserve	Retained earnings	Shareholders' equity before minority	Minority interests	Total shareholders' equity
Status as per January 1, 2016	76,555	82,287	51	- 775	10,912	169,030	- 3,102	165,928
Group result 1 - 09/2016	0	0	0	0	- 2,756	- 2,756	- 1,358	- 4,114
Dividend	0	0	0	0	- 3,062	- 3,062	0	- 3,062
Conversion of convertible bond 2014/2019	1	1	0	0	0	2	0	2
Other items	0	0	0	- 628	0	- 628	0	- 628
Status as per September 30, 2016	76,557	82,288	51	- 1,403	5,094	162,586	- 4,460	158,127
Status as per January 1, 2017	76,556	82,288	51	- 997	76,883	234,781	- 5,393	229,388
Group result 01 - 09/2017	0	0	0	0	16,324	16,324	- 1,716	14,608
Dividend	0	0	0	0	- 9,187	- 9,187	0	- 9,187
Other items	0	0	0	- 290	- 601	- 891	554	- 337
Status as per September 30, 2017	76,556	82,288	51	- 1,288	83,419	241,027	- 6,555	234,471

Segment Reporting

All figures in TEUR (differences due to rounding possible)	Projecting of wind power turbines		Electricity generation		Consolidation		PNE WIND AG Group	
	2017	2016	2017	2016	2017	2016	2017	2016
External Sales	76,390	60,958	4,846	16,133	0	0	81,236	77,091
Sales in other segments	16,633	24,563	446	421	-17,079	-24,984	0	0
Change in inventories	2,792	3,355	0	0	8,748	16,104	11,540	19,459
Other operating income	8,903	6,250	180	-683	-57	-249	9,027	5,318
Total aggregate output	104,718	95,126	5,472	15,871	-8,388	-9,129	101,803	101,868
Depreciation and amortisation	-2,517	-2,166	-2,036	-6,820	0	0	-4,553	-8,986
Operating result	23,189	11,313	362	2,937	104	-7,067	23,655	7,183
Interest and similar income	4,113	4,455	0	286	-3,828	-4,129	286	612
Interest and similar expenses	-11,269	-12,449	-429	-4,130	3,828	4,129	-7,870	-12,451
Tax on income	-1,373	251	4	-1,683	-28	2,139	-1,397	707
Investments	3,218	2,365	7,628	6	0	0	10,846	2,371
Segment assets	592,971	584,535	58,135	24,925	-212,158	-177,466	438,948	431,994
Segment liabilities	400,886	391,258	60,726	35,190	-257,136	-223,841	204,477	202,606
Segment equity	192,085	193,277	-2,591	-10,265	44,978	46,375	234,471	229,388

The values as of September 30, 2017 are comparable with values of September 30, 2016. For the segment assets/segment debts, the values are comparable with the figures as of December 31, 2016.

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Disclaimer

This report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE WIND AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE WIND AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.