

QUARTERLY STATEMENT

PNE AG

3 | 2019

PNE
pure new energy

THE PNE GROUP AT A GLANCE

The PNE Group is a leading wind energy project developer based in northern Germany. From this strong position, the PNE Group continues to develop into a Clean Energy Solution Provider.

PNE Group key figures

in million EUR	1.1. – 30.9. 2019	1.1. – 30.9. 2018	1.1. – 30.9. 2017
Total aggregate output	98.7	57.7	101.8
Revenues	72.6	39.9	81.2
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	19.1	10.6	28.2
Operating profit (EBIT)	9.9	3.7	23.6
Earnings before taxes (EBT)	-1.8	-3.8	16.1
Result for the period	-5.5	-2.0	16.3
Basic earnings per share (euro)	-0.07	-0.03	0.21
Average number of shares (million)	74.6	76.6	76.6

in million EUR	30.9.2019	31.12.2018	31.12.2017
Equity on the reporting date	212.6	216.3	235.2
Equity ratio on the reporting date (%)	38.5	47.8	47.7
Balance sheet total on the reporting date	552.4	452.6	493.3

FOREWORD OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS

We have further developed the PNE Group, both operationally and strategically, and have achieved remarkable successes both abroad and in our domestic market in Germany. These are reflected in our excellent results. Accordingly, PNE is in a very good position in the markets, which is also demonstrated by the takeover offer from Morgan Stanley Infrastructure Partners.

Following intensive talks, we signed an investment agreement with Photon Management GmbH ("Bidder") on October 10, 2019, with the approval of the Supervisory Board. Photon Management is an indirect, wholly owned subsidiary of funds managed and advised by Morgan Stanley Infrastructure Inc. and part of Morgan Stanley's global private infrastructure investment platform, Morgan Stanley Infrastructure Partners ("MSIP"). According to the agreement, Photon Management announced its intention to make a voluntary public takeover offer at a price of euro 4.00 per PNE share in cash. The investment agreement contains the terms and conditions of the Bidder's strategic investment in PNE AG, including commitments regarding the workforce and existing business units as well as regarding its strong support of the business strategy, in particular with respect to financing.

The Management Board and Supervisory Board did not actively solicit offers for the shareholders. MSIP has made an offer to the shareholders of PNE. We were asked by MSIP in advance about a possible offer to our shareholders. In the interest of the enterprise and in particular its shareholders and other stakeholders, the Management Board and the Supervisory Board subsequently entered into discussions with MSIP in order to negotiate the terms of a takeover offer at the most favourable conditions. The Management Board and the Supervisory Board have fully complied with their duties towards the company, PNE's shareholders and other stakeholders. PNE has also sought external advice from experts specialising in takeover transactions. In this context, the Management Board and the Supervisory Board have set up a structured process in which confidential discussions were also held with other potential parties interested in PNE. Furthermore, the Board of Management tested the interest in a takeover bid among private equity companies that were named in press articles following the ad-hoc release. Overall, these have not resulted in any offers competitive to that of MSIP.

Subject to the final statement issued by the Management Board and the Supervisory Board on MSIP's offer document pursuant to Section 27 of the German Securities Acquisition and Takeover Act (WpÜG), we consider the offered price of euro 4.00 per PNE share to be appropriate on the basis of current information. We would like to note that the price originally offered by MSIP was euro 3.50. Only in the course of the negotiations with PNE was the offer price increased to the range of euro 3.50 to euro 3.80 per PNE share. After the company provided further value-added information, the offer was last increased to euro 4.00 per PNE share. In addition, we have based our preliminary opinion regarding the adequacy of the price on the analyses of our external financial advisor, which have been made to date, but which are not yet completed. After a careful examination of the offer document, we will submit a final opinion on the adequacy of the price offered in our statement pursuant to Section 27 of the WpÜG.

Subject to this statement provided by the Management Board and the Supervisory Board, we consider the offer to our shareholders and other stakeholders to be sensible and favourable, as expressed in the Investor Agreement negotiated with MSIP. MSIP has assured us of a clear and strong commitment to our strategy and has committed itself not only to continue to focus the strategy with us, but also to accelerate its implementation. We can thus strengthen our planning security as an enterprise. This enables us to align our business model more strongly and sustainably, with longer-term planning periods and independent of the short-term fluctuations that are typical of the project business. According to the investment agreement negotiated by us, there are no explicit plans to charge the Company with debts or to withdraw financial resources from the Company. In addition, we have requested and received commitments from MSIP regarding our employees, locations and existing business units.

Further up-to-date information on the takeover offer can be found on the Photon Management website (www.photon-angebot.de) and on our IR website (www.ir.pne-ag.com).

Following the acceptance of the offer and subject to the acquisition of more than 50 percent of the voting rights, it is intended to pursue the withdrawal of admission for trading of the PNE AG shares from the regulated market in accordance with the rules of the WpÜG and the German Stock Exchange Act (BörsG).

Operational progress

A brief summary of the operating performance in the first nine months of 2019: While the first two quarters of the year were marked by major sales successes, the focus in the third quarter was on implementing the projects. We commissioned wind farms with a capacity of approx. 404 megawatt (MW) or we have started their construction. This is a tremendous achievement. Four wind farm projects in Germany, France and Sweden with a total capacity of 72.5 MW (prior year: 37.5 MW) were completed and put into operation in the reporting period. At present, seven wind farm projects are under construction in Germany, Poland and Sweden with 92 wind power turbines and a total nominal capacity of 331.7 MW (prior year: 93.2 MW). Four of these projects (290.4 MW) have already been sold. PNE remains active in these projects as a service provider as part of construction management. With an expected investment volume of around euro 1.4 to 1.8 million per MW of installed nominal capacity, PNE has initiated investments of approx. euro 565 to 727 million (prior year: approx. euro 183 to 235 million) with these 404 MW.

Despite considerable delays in the approval process in Germany, we were able to successfully realise four projects with a total capacity of 37.5 MW in 2019 at attractive prices through tenders for wind energy projects.

Furthermore, we acquired the assets for a repowering project ("Papenrode" in Lower Saxony) as part of our "Scale up" concept in the first nine months of 2019. PNE will provide the project development services for the repowering project (project development segment) until the time of realisation. By this time, the existing wind power turbines (22.3 MW) will continue to be operated by the Group (electricity generation segment) and the associated services will be provided (service products segment).

Wind farm portfolio is being established

We have also made progress in setting up our "wind farm portfolio 2020", in which wind farms with a nominal capacity of up to 200 MW will be bundled. In the current year, the projects "Gerdau-Repowering" (21.6 MW, Lower Saxony) and "Schlenzer" (6.5 MW, Brandenburg) were commissioned for this portfolio. This means that wind farms with a capacity of 95.7 MW are already in operation (71.3 MW) or under construction ("Neuenwalde" wind farm, 7.2 MW, Lower Saxony, and "Kittlitz" wind farm, 17.2 MW, Brandenburg). Additional projects are at the approval stage at present.

The photovoltaics pipeline is growing rapidly

As part of the strategic expansion of our business model, we are focusing more intensively on the project development of photovoltaic systems. In recent years, photovoltaic installations have become increasingly cost-effective and thus more marketable in the area of electricity generation.

Numerous markets are currently being examined in detail. Particular attention will initially be paid to Germany, France, Romania and Italy as well as other international markets.

International progress

We already entered another international market in the first quarter of 2019: Panama. Five partially developed projects were taken over there, which are being further managed and optimised by us. We have opened an office in Panama for this purpose. Starting from Panama, we also see good opportunities to enter into additional markets in Latin America.

Service business is making international headway

By concluding the first contracts for operational management of wind farms in France, Sweden and Poland, "energy consult", which is part of the PNE Group, succeeded in opening up new markets within a very short time. The PNE Group is thus significantly expanding its international business as a service provider. In total, PNE currently manages wind farms with a nominal capacity of more than 1,600 MW.

In addition to the German market, "energy consult" is active in Italy, where it provides services for wind farms with a total nominal capacity of 122 MW. In France and Sweden, the enterprise has been managing wind power turbines with a total nominal capacity of 44.4 MW since the beginning of the year. At the end of the year, "energy consult" will also take over operational management of a further capacity of 52 MW in Poland. After the start of operation in 2020, an additional capacity of 138.6 MW is planned to be realised in Sweden.

Structures adapted

We have reorganised our internal structures. Segment reporting has also changed in line with this restructuring. Since January 1, 2019, the Group is based on the segments “project development”, “service products” and “electricity generation”. This is intended to present the new structures of the Group more clearly. The strategic re-orientation based on the “Scale up” concept is progressing further.

This is initially connected with financial input – however, success requires investment.

Sales successes reflected in the results of the first nine months

On the basis of these business developments, the Group generated in the reporting period sales revenues of euro 72.6 million (prior year: euro 39.9 million), total aggregate output of euro 98.7 million (prior year: euro 57.7 million), earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 19.1 million (prior year: euro 10.6 million), operating profit (EBIT) of euro 9.9 million (prior year: euro 3.7 million) and undiluted earnings per share of euro -0.07 (prior year: euro -0.03). With these results, we are well on schedule for the year as a whole. Accordingly, we also confirm our goal of generating clearly positive EBITDA in the range of euro 25 to 30 million and EBIT in the range of euro 15 to 20 million within the Group in the entire year. These values do not include any profits from projects to be built in 2019 for the “wind farm portfolio 2020”, which is currently being established.

PNE is well on track. And we are optimistic about our future developments.

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

PNE AG
The Board of Management

1. OVERVIEW OF BUSINESS ACTIVITY

Summary of operating performance

The operational business of the PNE Group during the first nine months of 2019 was characterised mainly by the development of wind farms and the strategic further development, including the photovoltaics area, and the further expansion of services. The focus of its operational business is still on the development, realisation and sale of onshore wind farm projects.

Particularly noteworthy at the beginning of the reporting period was the sale of projects in Sweden and Poland with a total output of 245 MW, for which PNE took over construction management on behalf of the purchasers and will later support them in the operating phase. Moreover, the rights to projects with a total nominal capacity of 44.4 MW were sold in Italy.

Four wind farm projects with a total capacity of 72.5 MW were completed and commissioned in Germany, France and Sweden in the first nine months of 2019.

As a result of the completion of projects in the reporting period, the nominal capacity of the wind farms operated by the Company increased to 83.4 MW. Of these, wind farms with a total capacity of 71.3 MW will be included in the "wind farm portfolio 2020", which is currently being established. Other wind farms for this portfolio are under construction and in the approval process.

Seven wind farms were under construction in Germany, Poland and Sweden as at September 30, 2019. 92 wind power turbines with a total nominal capacity of 331.7 MW will be erected there. Four of these projects (290.4 MW) have already been sold. PNE remains active in these projects as a service provider as part of construction management.

Already in the first quarter of 2019, PNE has expanded its business activities by entering the Panamanian market. Starting from Panama, PNE sees good opportunities of becoming active in other markets in Central and South America.

The Company has further expanded its expertise in services relating to wind power turbines. In the reporting period, the group company "MEB Safety Services GmbH" took over material stocks and personnel from "argus GmbH", which has specialised in services for aviation obstruction markers for wind power turbines.

Restructuring of segments

The strategic expansion of the business model by means of the "Scale up" concept has also affected the segments and segment reporting. The previous two segments "projecting of wind power turbines" and "electricity generation" have now been expanded to three: "project development", "service products" and "electricity generation". The previous segment "projecting of wind power turbines" was split, and the two new segments "project development" and "service products" were created.

Due to the reorganisation of the Group's segment structure, the figures of the segments (see also segment reporting) are only partially comparable with those of the previous year.

Project development segment

Wind energy onshore sub-division

The development and realisation of onshore wind farms have been continued consistently in the first nine months of 2019, both in Germany and in the foreign markets.

Overview of the status of onshore wind energy project activities of the PNE Group as at September 30, 2019 in MW:

Country	Phase I – II	Phase III	Phase IV	Total MW
Germany	1,330	302	41	1,673
Bulgaria	121	0	0	121
France	300	232	0	532
United Kingdom	43	0	0	43
Italy	40	0	0	40
Canada	505	0	0	505
Panama	352	0	0	352
Poland	92	0	0	92
Romania	54	102	0	156
South Africa	220	30	0	250
Sweden	0	59	0	59
Turkey	629	71	0	700
Hungary	0	42	0	42
USA	266	166	0	432
Total	3,952	999	41	4,997

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

Germany

In Germany, the PNE Group worked on wind farms with a nominal output of approx. 1,673 MW in the various phases of project development as at September 30, 2019. Of these, projects with a total capacity of 44.7 MW, i.e. the wind farms "Kittlitz" (20.7 MW), "Neuenwalde" (7.2 MW) and "Wölsickendorf" (16.8 MW) were under construction at the end of the reporting period. In the "Kittlitz" project, one of the wind power turbines that we are erecting for the purchaser was sold. The wind farms under construction have previously successfully passed the tender stages.

Two projects were completed and put into operation during the reporting period. These are the wind farms "Gerdau-Repowering" (Lower Saxony) with six wind power turbines (21.6 MW) and "Schlenzer" (Brandenburg) with two wind power turbines (6.5 MW). Since then, these wind farms have been operated by the Company as part of the "wind farm portfolio 2020".

Foreign markets

The PNE Group has also continued to pursue its core business of project development abroad. Compared to the presentation in the 2018 annual report, there were the following changes in the foreign markets:

Panama

In February 2019, PNE entered the Latin American renewable energy markets. Panama is to become the gateway of the PNE Group for the development of business in this region. As part of the strategic expansion of the business model via the "Scale up" concept, PNE has defined the development of foreign markets as one of the important cornerstones of future economic progress.

Via subsidiaries, five projects in Panama have been taken over from innoVent Central America S.A., Panama, which is a subsidiary of innoVent GmbH in Varel, Germany. Some of the projects are already at a very advanced stage of development. They are now being optimised and further developed by us.

In Panama, PNE is focusing on the emerging market for renewable energies. The electricity generated in the projects after commissioning will be marketed via direct power purchase agreements (PPAs) under private law.

France

In addition, the PNE Group is successful in the French market with its own project pipeline of approx. 532 MW. The construction of the previously sold "Laperrière" wind farm with eight wind power turbines (19.2 MW) was completed.

Sweden

In Sweden, the "Laxaskogen" wind farm project (25.2 MW) developed by the PNE Group and sold in 2017 was completed and commissioned in the first quarter of 2019. The construction phase was managed by PNE under a service agreement with the purchaser of the wind farm.

The "Malarberget" project (113 MW) was sold in the second quarter. This project is currently under construction. PNE has taken over the construction management of the wind farm on behalf of the purchaser and will continue to support it during the operating phase.

Poland

After the "Barwice" project (42 MW) had been sold at the end of 2018, the construction of this wind farm was started in the reporting period. In the reporting period, the "Jasna" wind farm project (132 MW) was sold and its construction was started. For this project as well, PNE has taken over construction management on behalf of the purchaser and will continue to manage the wind farm during the operating phase.

USA

In the USA, the rights to the "Burleigh" wind farm project developed by PNE were sold. The "Burleigh" project is in the US state of North Dakota. It comprises land lease agreements for over 15,000 hectares with private landowners. The project was also in the waiting position for the 298 MW grid connection.

Wind energy offshore sub-division

PNE's high level of competence in offshore project development has resulted in visible successes: In recent years, PNE has sold eight offshore wind farm projects after their development was completed. These include the projects "Atlantis I", "Borkum Riffgrund" and "Gode Wind". PNE continues to act as a service provider for the divested projects.

Four offshore wind farms, which were developed by PNE and sold after approval was granted, have already been erected and put into operation by the purchasers: "Borkum Riffgrund 1", "Gode Wind 1" and "Gode Wind 2" and finally in 2019 "Borkum Riffgrund 2" with a total nominal capacity of 1,344 MW.

In the offshore wind energy segment, PNE also examines opportunities of generating electricity from other energy carriers such as hydrogen.

PNE continues to evaluate the possibility of starting the development of marine wind farms off the US coasts. The United States Bureau of Ocean Energy Management (BOEM) is currently in the process of leasing additional sites for offshore wind farms in state-controlled coastal waters. In 2018, a tender was launched for three sites off the US east coast (Massachusetts). In this context, contracts for a total volume of USD 405 million were awarded. This demonstrates the value of offshore wind projects off the US coast and shows that this market will continue to develop in the future. PNE participated in the tender as one of eleven companies after successfully completing the prequalification process. PNE is currently preparing for future tenders.

Photovoltaics sub-division

In recent years, photovoltaic installations have become increasingly cost-effective and thus more marketable in the area of electricity generation.

In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic expansion of the business model. Numerous markets are currently being examined in detail. Particular attention will initially be paid to Germany, France, Romania and Italy as well as other international markets.

Segment results

In the first nine months of 2019, the "project development" segment achieved EBITDA of euro 12.7 million (prior year: euro 7.0 million) and EBIT of euro 11.2 million (prior year: euro 6.0 million).

Service products segment

The "service products" segment will report in summary on services. These include technical and commercial operations management, construction management, transformer station services, wind measurements, financing and electricity marketing services.

The international business of operations management was expanded in the reporting period by activities in France, Sweden and Poland.

In the Swedish wind farm "Laxaskogen", developed and sold by PNE, Group companies provided construction management services until the start of operation. With this project, PNE once again successfully implemented its strategy of increasing the share of services. This is also the case in the Swedish "Malarberget" project, which was sold in the second quarter of 2019 and is currently under construction. The Polish projects "Barwice" and "Jasna", which were developed, successfully tendered for, and sold by Group companies ("Barwice" at the end of 2018, "Jasna" in April 2019), are also in the construction phase. The Company also provided services for these projects during the construction and operating phases.

Segment results

In the first nine months of 2019, the "service products" segment achieved EBITDA of euro 3.1 million (prior year: euro 3.8 million) and EBIT of euro 1.1 million (prior year: euro 2.7 million).

The investments in and the reorganisation of the "service products" segment have led to changed results in the 2019 reporting period compared to the 2018 reporting period.

Electricity generation segment

The electricity generation segment combines all activities of the Group companies that are engaged directly in the production of electricity from clean energies. This area mainly comprises the self-hosted wind farms "Laubuseschbach", "Gerdau-Repowering", "Pülfringen", "Erfeld", "Kührstedt-Alfstedt" and "Schlenzer" with a total nominal capacity of approx. 83.4 MW, the "Papenrode" repowering project with approx. 22.3 MW and the Silbitz biomass cogeneration plant with approx. 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future.

Until the successful sale and delivery of wind farms to the operators, the "electricity generation" segment will include the revenues of these projects as part of segment reporting.

Segment results

In the first nine months of 2019, the "electricity generation" segment achieved EBITDA of euro 8.1 million (prior year: euro 8.8 million) and EBIT of euro 2.5 million (prior year: euro 4.0 million).

In the previous year, the results included the sale of the "Gerdau-Schwiebau" project rights (around euro 3.1 million) within the Group. This wind farm was allocated to the "electricity generation" segment and, therefore, the results from the sale of the project rights were reported in the "electricity generation" segment. Despite the higher MW capacity of self-hosted projects, the segment's results were lower than in the prior-year reporting period.

Changes

Compared to December 31, 2018, there were no other significant changes in the area of operations.

2. ORGANISATION AND EMPLOYEES

On September 30, 2019, the PNE AG Group employed 386 people in total (prior year: 375), including the members of the Board of Management.

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 three quarters of the 2019 fiscal year as at September 30, 2019 was based on the same accounting and valuation methods as the consolidated financial statements as at December 31, 2018, except for the first-time application of the following IFRS standard.

The figures in the text and in the graphic illustrations were rounded, and small rounding differences are possible. Due to the reorganisation of the segments, the information and figures for the segments are only partially comparable with those of the previous year.

IFRS 16 Leases

IFRS 16 specifies how to recognise leases and replaces the previous standard IAS 17. The new standard requires the general recognition of rights and obligations under leases by the lessee.

As a result, lessees will in future recognise the right to use the leased asset (so-called right-of-use asset) and a corresponding lease liability. The "leases" in the PNE Group include leasing contracts (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease agreements (e.g. in connection with the "wind farm portfolio 2020").

The PNE Group has accounted for leases in accordance with IFRS 16 for the first time as of January 1, 2019 using the modified retrospective transition method. Due to the initial recognition of rights of use and lease liabilities, which are reported in the balance sheet items "short-term and long-term financial liabilities", to the same amount, the balance sheet total has increased by approx. euro 43.2 million as at September 30, 2019. The increase in financial liabilities has a negative effect on the net liquidity of the PNE Group. As a result of the increase in the balance sheet total due to the first-time application of IFRS 16, with equity remaining almost unchanged compared with December 31, 2018, the Group's equity ratio fell by approx. 3 to 4 percent. In contrast to the previous approach, under which expenses for operating leases were shown in full in the operating result (in the reporting period: approx. euro 2.9 million), under IFRS 16 only the depreciation charges for rights of use are allocated to the operating result (in the reporting period: approx. euro 2.3 million). Interest expenses incurred for interest accrued on lease liabilities are reported in the financial result (in the reporting period: approx. euro 0.7 million). On the basis of the leases existing as of January 1, 2019, the operating result (Group EBIT) for the reporting period improved by approx. euro 0.6 million. Earnings before taxes (EBT) declined by approx. euro -0.1 million. A comparison with the previous year is therefore only partially possible in these items of the statement of comprehensive income.

Modified segment reporting

The determination and presentation of segment reporting as at September 30, 2019 has changed versus December 31, 2018.

The strategic expansion of the business model by means of the "Scale up" concept has also affected the segments and segment reporting. The segments have been expanded to three: "project development", "service products" and "electricity generation".

The “project development” segment will report on the following sub-divisions: onshore wind power – national and international, offshore wind power – national and international, photovoltaic projects – national and international, as well as other projects.

The “service products” segment will report in summary on services. These include technical and commercial operations management, construction management, transformer station services, wind measurements, financing and electricity marketing services.

As before, the “electricity generation” segment combines all activities of the Group companies which are engaged directly in the production of electricity from clean energies.

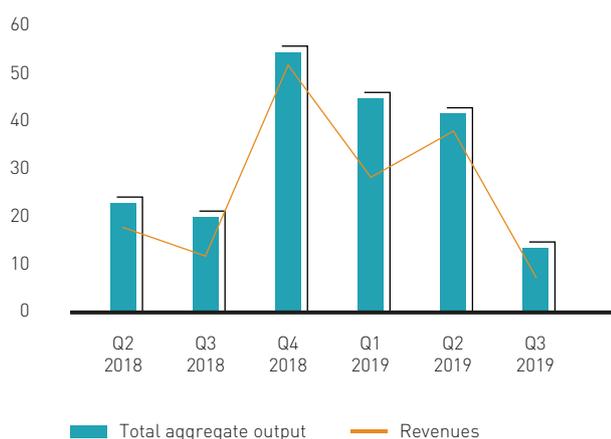
a. Results of operations

In the first nine months of 2019, the PNE Group achieved a total aggregate output of euro 98.7 million (prior year: euro 57.7 million). Of this, euro 72.6 million was attributable to revenues (prior year: euro 39.9 million), euro 24.2 million to changes in inventories (prior year: euro 13.8 million), and euro 1.9 million to other operating income (prior year: euro 4.0 million).

Compared with the first nine months of 2018, projects with higher MW capacities were sold in the 2019 reporting period, which essentially led to an increase in sales in the Group.

Total aggregate output/Revenues

million EUR



In the first nine months of 2019:

- » In the “project development” segment, the Company invoiced internal revenues of euro 37.0 million, including for general contractor and project development services for its own wind farms “Gerdau-Repowering”, “Schlenzer” “Kittlitz” and “Neuenwalde” as well as external revenues of euro 52.5 million, including from project sales in Poland, Sweden and the USA, from contract milestone payments for wind farm projects sold in 2018 in Germany and abroad, e.g. in France, as well as for project development and general contractor services provided to current wind farm projects in Germany (e.g. “Wölsickendorf”) and abroad. The “real” performance of the “project development” segment can be seen by looking at the nominal capacity of the projects that have been completed, sold or started to be built. In 2019, this capacity totalled approx. 404 MW (prior year: approx. 130 MW). With an expected investment volume of around euro 1.4 to 1.8 million per MW of installed nominal capacity for wind energy projects, the Company has initiated investments of around euro 565 to 727 million (prior year: euro 183 to 235 million).
- » In the “service products” segment, external revenues of euro 9.2 million (prior year: euro 9.0 million) were billed. The main revenues were generated from commercial and technical operations management and from transformer station services.
- » In the “electricity generation” segment, external revenues of approx. euro 10.8 million (prior year: euro 8.6 million) and internal revenues of euro 0.0 million (prior year: euro 3.1 million) were generated in the reporting period. The external revenues were mainly attributable to the electricity income from the “wind farm portfolio 2020” owned by the Company (euro 6.6 million), the revenues of HKW “Silbitz” (euro 2.8 million) and the revenues from the “Papenrode” wind farm project (euro 0.5 million). The main reason for the higher external revenues compared to the prior-year period is that the number of wind power turbines operated by the Group as at January 1, 2019 was higher than in the prior-year period and therefore a larger amount of electricity could be produced in 2019. The internal sales of the previous year resulted from the sale of the project rights of the “Gerdau-Schwienau” wind farm to realise the repowering project “Gerdau-Repowering”.

In the first nine months, the services rendered for the wind farm projects “Gerdau-Repowering”, “Schlenzer” and “Neuenwalde”, which are owned by the Group, were shown under changes in inventories, which explains the increase in changes in inventories of finished goods and work in progress.

The Group's personnel expenses rose year-on-year due to the comparatively higher number of employees (386 employees, including members of the Board of Management, as at September 30, 2019 versus 375 employees, including members of the Board of Management as at September 30, 2018) and due to the higher salaries for qualified personnel. The increase in the number of employees is part of the organisational adjustment to the new strategy that the Group is pursuing with the "Scale up" concept.

The first-time application of "IFRS 16 Leases" has an impact on the values of depreciation, amortisation, other operating expenses and interest expense in the statement of comprehensive income. In the first nine months of 2019, other operating expenses of around euro 2.9 million in leasing expenses were not recognised due to the IFRS 16 standard, but around euro 2.3 million in depreciation and around euro 0.7 million in interest expenses were reported in the statement of comprehensive income.

Other operating expenses totalling euro 12.6 million (prior year: euro 14.3 million) in the Group are below the previous year's level (mainly due to the application of IFRS 16) and can be generally divided into expenses resulting from legal and consultancy costs, advertisement and travel expenses, insurance premiums and contributions, repair and maintenance costs (predominantly relating to the "Silbitz" timber biomass power plant and the two wind farms of the "wind farm portfolio 2020").

The write-downs increased on a year-on-year basis by euro 2.3 million to euro 9.2 million (prior year: euro 6.9 million). The main items of depreciation and amortisation in the electricity generation segment (euro 5.6 million) related to the "Silbitz" timber biomass power plant and the projects in the "wind farm portfolio 2020", which are consolidated in the Group. The higher figure compared with the previous year's value is due, among others, to the application of "IFRS 16 Leases" (see explanation in the introduction to the section "Net assets, financial position and results of operations") and the depreciation items for investments in the "service products" segment (e.g. wind measurement stations).

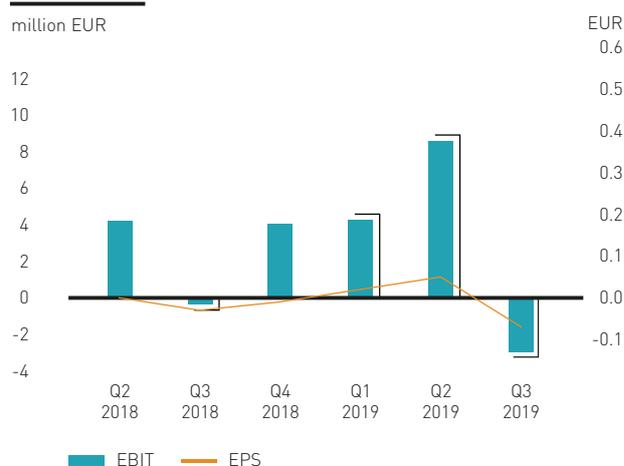
The Group's operating performance and results of operations were influenced by the development of the "wind farm portfolio 2020", since complete or partial sales to third parties outside the Group will be postponed due to the expansion of the portfolio, and thus also the Group's earnings from these sales.

The earnings before taxes accrued to date in the "wind farm portfolio 2020" – eliminated at the Group level – amounted to euro 28.0 million according to our previous calculations, when accumulated since 2017. These profits will be realised in the statement of comprehensive income at the time of the sale of the "wind farm portfolio 2020".

At Group level, the following results were achieved in the reporting period, excluding the results from the build-up of the "wind farm portfolio 2020", which were postponed:

- » earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus amortisation and depreciation of intangible assets and property, plant and equipment, rights of use as well as goodwill) of euro 19.1 million (prior year: euro 10.6 million),
- » operating profit (EBIT = corresponds to the value of the total Group result in the line "Operating result") of euro 9.9 million (prior year: euro 3.7 million).

EBIT and EPS



The consolidated net result after non-controlling interests amounted to euro -5.5 million (prior year: euro -2.0 million). The Group's undiluted earnings per share amounted to euro -0.07 (prior year: euro -0.03) and the Group's diluted earnings per share amounted to euro -0.07 (prior year: euro -0.02).

Based on the nine-month results of approx. euro -5.5 million and the dividend payment of approx. euro 3.0 million made in the reporting period, the Group's retained earnings at the end of the reporting period amounted to approx. euro 69.0 million (December 31, 2018: euro 77.5 million).

b. Net assets and financial position

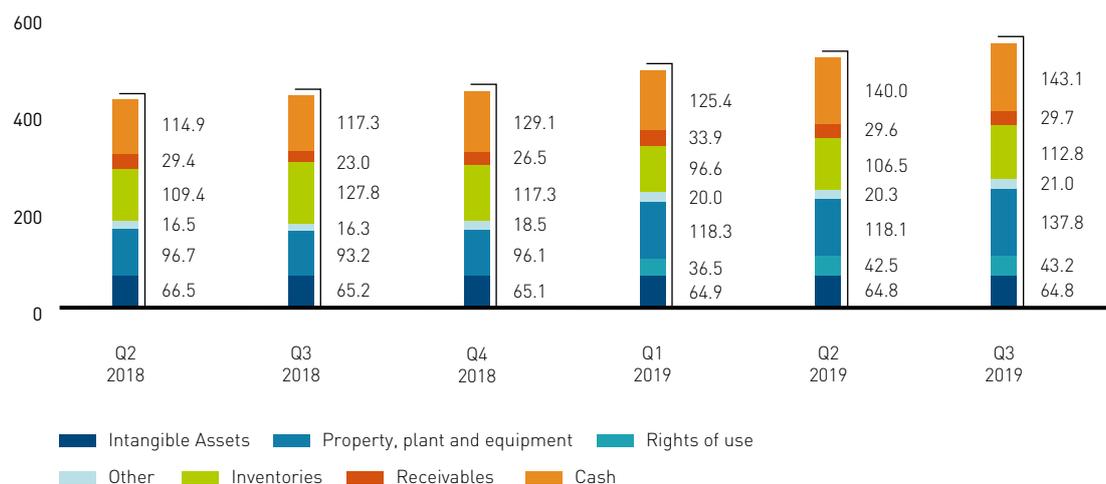
Assets

EUR million	30.9.2019	31.12.2018
Total long-term assets	266.8	179.7
Intangible assets	64.8	65.1
Property, plant and equipment	137.8	96.1
Rights of use	43.2	0.0
Long-term financial assets	2.0	2.0
Deferred taxes	19.0	16.5
Total short-term assets	285.6	272.9
Inventories	112.8	117.3
Receivables, other assets and tax claims	29.7	26.5
Cash and cash equivalents	143.1	129.1
Total assets	552.4	452.6

On the reporting date, the consolidated total assets of PNE AG amounted to euro 552.4 million. This is an increase of approximately 22.0 percent in comparison with December 31, 2018.

Assets

million EUR



Total long-term assets increased from euro 179.7 million at the end of 2018 to euro 266.8 million. The main reason for the increase is the first-time application of "IFRS 16 Leases". As at September 30, 2019, approx. euro 43.2 million (December 31, 2018: euro 0.0 million) for rights of use were reported under long-term assets due to the application of IFRS 16.

As at September 30, 2019, intangible assets totalled euro 64.8 million, including goodwill, and thus remained approximately at the same level as at December 31, 2018.

In the same period, property, plant and equipment increased by euro 41.7 million to euro 137.8 million (December 31, 2018: euro 96.1 million). The change is mainly attributable to the reclassification of inventories of the wind farm projects "Gerdau-Repowering" and "Schlenzer" to property, plant and equipment upon completion.

Explanation:

As the wind farms owned by the Group were operated and used to generate electricity independently of their current or future shareholder structure, they were reported as fixed assets in the Group from the time of their sale. The reclassification from Group inventories to Group fixed assets was carried out without affecting the statement of comprehensive income and, therefore, has not resulted in a reduction in the "change of inventories" item.

The item "Property, plant and equipment" mainly includes:

- » land and buildings (euro 11.2 million, excluding the "Silbitz" land and buildings),
- » transformer stations owned or under construction (euro 12.9 million),
- » the technical equipment and machinery of the self-hosted wind farms "Pülfringen" and "Erfeld" (euro 0.8 million), "Gerdau-Repowering" (euro 29.3 million), "Kührstedt-Alfstedt" (euro 57.5 million), "Schlenzer" (euro 11.1 million), "Papenrode" (euro 8.9 million) and of HKW "Silbitz" (euro 3.1 million, including land and buildings of euro 2.6 million).

The long-term financial assets changed insignificantly in the reporting period and amounted to euro 2.0 million on September 30, 2019 (December 31, 2018: euro 2.0 million).

During the period under review, short-term assets increased from euro 272.9 million on December 31, 2018 to euro 285.6 million on September 30, 2019. This change is mainly attributable to the decrease in inventories (euro -4.5 million) and the simultaneous increase in receivables and other assets (euro +3.2 million) as well as in cash and cash equivalents (euro +14.0 million). Of the short-term assets, euro 17.3 million is attributable to trade receivables (December 31, 2018: euro 6.4 million).

The work in progress shown in the inventories decreased from euro 90.0 million (December 31, 2018) to euro 81.2 million. The reduction in inventories is mainly due to the reclassification of the inventories of the "Gerdau-Repowering" wind farm to fixed assets. The investments made by the Group for the onshore projects under construction and for the further development of onshore and offshore project pipelines in Germany and abroad have resulted in a reduction of work in progress by only around euro 8.2 million.

Work in progress is divided as follows:

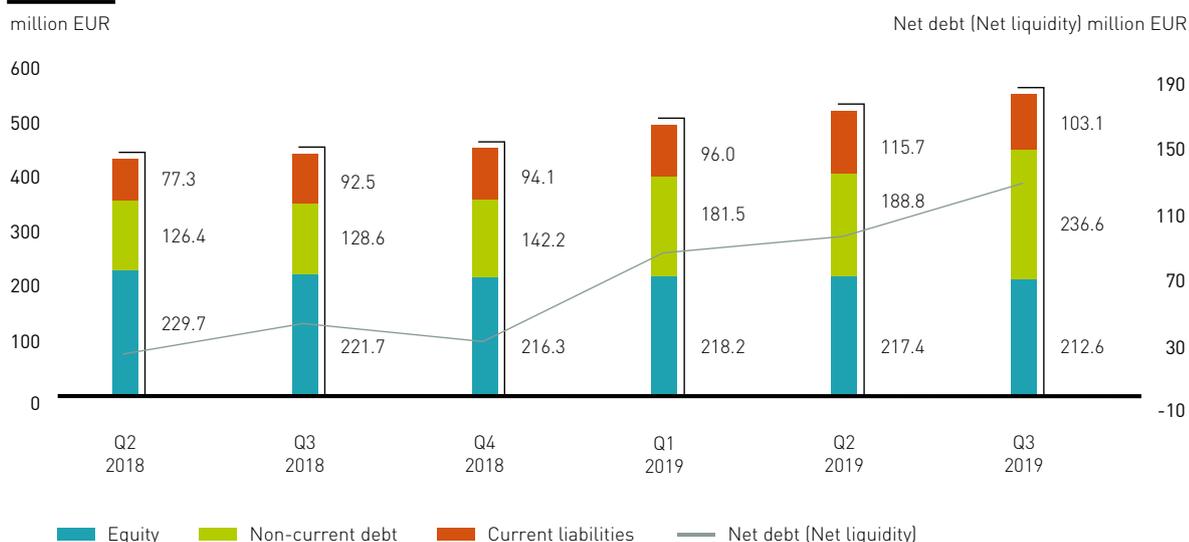
- » offshore projects (euro 16.2 million),
- » onshore projects/Germany (euro 42.2 million),
- » onshore projects/abroad (euro 22.8 million).

In addition, the advance payments made for onshore projects under construction reported under inventories changed by euro 4.2 million from euro 27.2 million to euro 31.4 million.

Cash and cash equivalents amounted to euro 143.1 million as at September 30, 2019, of which euro 9.6 million was pledged to banks (as at December 31, 2018: euro 129.1 million, of which euro 10.0 million pledged).

Liabilities

EUR million	30.9.2019	31.12.2018
Equity capital	212.6	216.3
Deferred subsidies from public authorities	0.8	0.8
Provisions	7.0	9.2
Long-term liabilities	234.3	140.1
Short-term liabilities	77.8	67.7
Deferred revenues	19.9	18.5
Liabilities and shareholders' equity	552.4	452.6

Liabilities

Group equity increased slightly from euro 216.3 million (December 31, 2018) to euro 212.6 million on September 30, 2019. The equity ratio of the Group was approx. 39 percent as at September 30, 2019 (December 31, 2018: approx. 48 percent). Apart from the effect of the negative consolidated results, the deterioration of the equity ratio is mainly attributable to an increase in the balance sheet total due to the first-time application of "IFRS 16 Leases" (impact of approx. 3–4 percentage points). The conversion of the 2014/2019 bond, which was mainly serviced by treasury shares, had a positive effect on the equity ratio. As a result of the conversions, the treasury stock was reduced by 1,006,451 shares from 2,189,853 shares to 1,183,402 shares by September 30, 2019.

On September 30, 2019, the share capital of PNE AG amounted to euro 76,603,334.00 (divided into 76,603,334 shares). The share capital changed by euro 45,531.00 compared with December 31, 2018 (euro 76,557,803.00) due to the conversion of individual bonds from the 2014/2019 convertible bond.

The long-term liabilities changed from euro 140.1 million (December 31, 2018) to euro 234.3 million. This item consists mainly of long-term financial liabilities totalling euro 229.1 million (as at December 31, 2018: euro 136.7 million). The change is mainly attributable to the first-time application of "IFRS 16 Leases". Due

to the application of IFRS 16, approx. euro 42.6 million in liabilities from leases are reported under long-term liabilities and approx. euro 0.7 million under short-term liabilities as at September 30, 2019 (December 31, 2018: euro 0.0 million each).

In addition to the above-mentioned liabilities from leases, long-term financial liabilities include the 2018/2023 bond placed in 2018 with a carrying amount of euro 48.8 million. Pursuant to IFRS, the transaction costs are offset against the liabilities resulting from the bond and recognised as "interest expense" over the term of the bond. The item also includes long-term liabilities to banks of euro 130.5 million (as at December 31, 2018: euro 86.1 million). The most significant long-term liabilities to banks relate to the "non-recourse" project financing of the "wind farm portfolio 2020".

In the first nine months of the 2019 fiscal year, the short-term liabilities changed from euro 67.7 million (December 31, 2018) to euro 77.8 million. The short-term liabilities to banks, included in this item, increased from euro 18.3 million (December 31, 2018) to euro 37.8 million due to interim financing raised for onshore wind farms. In the reporting period, the trade liabilities in the context of normal operating business changed from euro 14.9 million (December 31, 2018) to euro 12.8 million.

The Company raised "non-recourse" funds of approx. euro 57.8 million and approx. euro 8.0 million from the available project equity interim financing line in the first nine months of 2019, which contributed to the above-mentioned changes in short-term and long-term liabilities to banks.

The liabilities to banks (long-term and short-term) mainly include:

- » the financing of the building of PNE AG at the headquarters in Cuxhaven (value as at September 30, 2019: euro 2.2 million, of which long-term euro 2.1 million),
- » the "non-recourse" project financing of the "Pülfringen" wind farm (value as at September 30, 2019: euro 1.6 million, of which long-term euro 1.2 million),
- » the "non-recourse" project financing of the "Gerdau-Repowering" wind farm (value as at September 30, 2019: euro 22.7 million, of which long-term euro 20.6 million),
- » the "non-recourse" project financing of the wind farms "Kührstedt-Alfstedt", "Kührstedt-Alfstedt A" and "Kührstedt-Alfstedt B" (value as at September 30, 2019: euro 60.1 million, of which long-term euro 54.1 million),
- » the "non-recourse" project financing of the "Schlenzer" wind farm (value as at September 30, 2019: euro 11.3 million, of which long-term euro 10.7 million),
- » the proportionate equity interim financing for the wind farms in the "portfolio 2020" (value as at September 30, 2019: euro 12.1 million, of which long-term euro 12.1 million),
- » the proportionate project interim financing of PNE Power Generation (project rights and the wind turbines of the "Papenrode" project) (value as at September 30, 2019: euro 4.5 million, of which long-term euro 3.7 million),
- » the "non-recourse" project interim financing for the "Kitlitz III" wind farm (value as at September 30, 2019: euro 17.0 million, of which long-term euro 0.0 million),
- » the "non-recourse" project interim financing for the "Wölsickendorf" wind farm (value as at September 30, 2019: euro 28.1 million, of which long-term euro 0.0 million), and
- » the "non-recourse" project interim financing for the "Neuenwalde" wind farm (value as at September 30, 2019: euro 10.6 million, of which long-term euro 0.0 million).

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at September 30, 2019 amounted to approx. euro -129.7 million

(December 31, 2018: euro -33.7 million). The first-time application of "IFRS 16 Leases" led to a deterioration in net debt of approx. euro 43.6 million as at September 30, 2019.

The statement of cash flow provides information on the liquidity situation and the financial position of the Group. As at September 30, 2019, the group companies had liquidity and credit facilities for interim project financing in the total amount of euro 172.2 million, of which euro 9.6 million was pledged to banks (prior year: euro 117.7 million, of which euro 2.1 million pledged).

Cash and cash equivalents amounted to euro 143.1 million as at September 30, 2019, of which euro 9.6 million was pledged to banks (as at December 31, 2018: euro 129.1 million, of which euro 10.0 million pledged).

In addition, the group companies had available liquidity from unused

- » working capital lines of euro 2.5 million,
- » project equity interim financing lines of euro 5.9 million, and
- » external project interim financing of euro 20.7 million,

as at September 30, 2019.

As at September 30, 2019, PNE AG and WKN GmbH had credit lines for guarantee and contract fulfilment totalling euro 23.3 million (as at December 31, 2018: euro 23.3 million). The Group had used euro 3.6 million of the credit lines for guarantee and contract fulfilment as at September 30, 2019 (as at December 31, 2018: euro 3.9 million).

The cash flow from ordinary activities shown in the statement of cash flows amounts to euro -17.6 million (prior year: euro -47.8 million) and was primarily attributable to

- » the Group result of the reporting period,
- » the expenses for the implementation of the portfolio projects, the further development of the project pipeline and the realisation of the wind farm projects, which are reflected in the inventories and were primarily financed by project financing (see cash flow from financing activities).

The cash flow from investing activities in the reporting period includes incoming and outgoing payments for investments in property, plant and equipment of the Group totalling euro -27.3 million (prior year: euro -2.4 million). The investments in property, plant and equipment mainly related to investments in transformer stations for the wind farm projects currently being implemented, the wind farm projects themselves and the purchase of the property, plant and equipment for the "Papenrode wind farm".

During the reporting period, the cash flow from financing activities of euro 58.9 million (prior year: euro -26.5 million) was influenced primarily by

- » the use of bank loans of euro 65.9 million, which were mainly used for the funding of wind farm projects,
- » the repayment of credit liabilities of euro -1.7 million,
- » lease payments totalling euro -2.3 million, and
- » the payment of the dividend of euro -3.0 million.

4. MAJOR EVENTS AFTER THE REPORTING PERIOD

Convertible bond

The convertible bond issued by PNE in 2014 has expired on October 10, 2019. When it was issued in 2014, the convertible bond was subscribed for in the amount of euro 6,565,132.20. By the end of the term of the 2014/2019 convertible bond on October 10, 2019, a total of 1,762,653 convertible bonds with a total nominal value of euro 5,816,754.90 were converted into shares of the Company, of which 1,758,469 partial bonds with a total nominal value of euro 5,802,947.70 in the 2019 fiscal year. The majority of the conversions were serviced by treasury shares that PNE AG repurchased at the end of 2018. By repurchasing the shares and using them for conversions, an increase in the number of shares and thus a dilution of the shareholders could be largely avoided. In total, 1,923,050 treasury shares were used for conversions; the remaining conversions were serviced with 49,895 new shares. Convertible bonds not converted into shares were repaid at the end of the term with a volume of euro 748,377.30 at par value.

Takeover offer

Following extensive negotiations, the Board of Management of PNE AG, with the approval of the Supervisory Board, signed on October 10, 2019 an investment agreement with Photon Management GmbH ("Bidder"), an indirect, wholly owned subsidiary of funds managed and advised by Morgan Stanley Infrastructure Inc. and part of Morgan Stanley's global private infrastructure investment platform, Morgan Stanley Infrastructure Partners ("MSIP"), according to which the Bidder announced its intention to make a public takeover offer at a price of euro 4.00 per PNE share in cash. The investment agreement contains the terms and conditions of the Bidder's strategic investment in PNE AG, including commitments regarding the workforce and existing business units as well as regarding its strong support of the business strategy, in particular with respect to financing.

The offer price communicated by the Bidder to PNE AG corresponds to a premium of approx. 31 percent on the unaffected share price on August 26, 2019 (euro 3.05), the price before the publication of the ad-hoc announcement regarding the initial confirmation of talks between the Company and MSIP, and a premium of approx. 21 percent on the volume-weighted average price over the past three months (as at October 9: euro 3.30). The offer values PNE AG with an equity value of approx. euro 300 million. The offer will provide for a minimum acceptance threshold of 50 percent plus one share and further customary offer conditions. The acceptance threshold does not include the treasury shares of PNE AG.

Following a thorough review of the transaction offer, the Board of Management and the Supervisory Board of PNE AG have come to the conclusion that it would be in the best interest of the enterprise and in the interest of the shareholders and other stakeholders of PNE AG to support the Bidder's offer.

Following the acceptance of the offer and subject to the acquisition of more than 50 percent of the voting rights, the parties will pursue the withdrawal of admission for trading of the PNE AG shares from the regulated market in accordance with the rules of the German Securities Acquisition and Transfer Act (WpÜG) and the German Stock Exchange Act (BörsG).

In accordance with the provisions of the WpÜG, the offer document was published by the Bidder after approval by the German Federal Financial Supervisory Authority (BaFin) on October 31, 2019. The

Board of Management and the Supervisory Board will also thoroughly review the offer document and issue a reasoned statement pursuant to Section 27 of the WpÜG. From today's perspective, PNE AG's Board of Management and Supervisory Board assume that they both will recommend to the shareholders to accept the offer.

5. OPPORTUNITIES AND RISKS

For information about the opportunities and risks of PNE AG, refer to the chapter "Report on opportunities and risks" in the group management report of the 2018 annual report, which is available on the Company's website at www.pne-ag.com.

During the first nine months of the 2019 fiscal year, the Board of Management has not identified any significant additions or changes to the risks presented in the group management report of the 2018 annual report.

6. OUTLOOK/FORECAST

As an internationally operating company and one of the most experienced project developers of wind farms on land and at sea, the PNE Group combines economic success with ecological responsibility. We offer services covering the entire value-added chain, ranging from the development, planning, realisation, sale and operation of wind farms and transformer stations to re-powering – i.e. the replacement of older wind power turbines by new modern equipment. We also offer our skills acquired in this context as a service provider to third parties. This extended approach towards customers is part of the strategic orientation to develop into a "Clean Energy Solution Provider".

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

After having successfully established and sold a first wind farm portfolio, we are pursuing the goal of realising a new European wind farm portfolio with up to 200 MW by 2020 ("wind farm portfolio 2020"). Until the finalisation of the new portfolio, completed wind farms will be bundled in a subsidiary to generate income from the sale of electricity on an ongoing basis.

In addition, the combination of power plants with clean energies and storage technologies is an issue of the future. We have therefore expanded the strategic orientation of the Group via the "Scale up" concept. The operative business will be realigned, and the activities will be placed on a significantly broader basis, both nationally and internationally. Our objective is to develop PNE from a wind farm specialist into a broad-based provider of clean energy solutions. The fundamentals of this expanded strategy of a "Clean Energy Solution Provider" are the expansion of our range of services and the development of new markets and technologies.

With this new strategic orientation, we are responding to changes in the clean energy markets. While clean energies will grow dynamically worldwide in the coming years, countervailing trends can be observed in individual established markets. Subsidies for wind energy are being reduced, remuneration systems are being converted to tenders (more electricity purchase agreements are being put out to tender by individual companies) or other market mechanisms, and the expansion of wind energy in some countries is being limited as a result. This increases competitive pressure. The optimisation of the costs associated with a project is therefore becoming increasingly important. We will also focus on photovoltaic projects and hybrid solutions as well as storage technologies.

Based on this broader position, we are minimising market risks, opening up new potentials and markets for PNE and, in the medium term, we will stabilise primarily the, to date, volatile results.

We confirm our guidance for the 2019 fiscal year: Although we have incurred and will incur further upfront expenditure in the low single-digit million range for the strategic expansion of the business model and the preparations for entry into new markets, we nevertheless expect a clearly positive Group EBITDA of euro 25 to 30 million and EBIT of euro 15 to 20 million. These values do not include any profits from projects to be built in 2019 for the "wind farm portfolio 2020", which is currently being established.

Cuxhaven, November 6, 2019

PNE AG, Board of Management

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in TEUR (differences due to rounding possible)	3rd Quarter 1.7.2019 – 30.9.2019	3rd Quarter 1.7.2018 – 30.9.2018	Period 1.1.2019 – 30.9.2019	Period 1.1.2018 – 30.9.2018
1. Revenues	6,940	11,448	72,576	39,861
2. Changes in inventories of finished goods and work in progress	5,374	7,576	24,201	13,799
3. Other operating income	750	483	1,916	4,006
4. Total aggregate output	13,064	19,507	98,694	57,666
5. Cost of materials and purchased services	-928	-5,689	-45,462	-13,488
6. Personnel expenses	-7,170	-5,969	-21,577	-19,315
7. Write-downs of intangible fixed assets, property, plant and equipment, rights of use and long-term financial assets	-3,609	-2,175	-9,206	-6,859
8. Other operating expenses	-4,349	-6,010	-12,560	-14,287
9. Operating result	-2,992	-336	9,889	3,717
10. Income from participations and associated companies	20	12	38	19
11. Other interest and similar income	126	117	256	280
12. Expenses from assumption of losses of associated companies	-2	1	-15	-21
13. Interest and similar expenses	-5,210	-1,642	-11,986	-7,752
14. Result before taxes	-8,058	-1,848	-1,818	-3,757
15. Taxes on income	-777	-385	-2,541	1,192
16. Other taxes	-145	-100	-322	-243
17. Result before non-controlling interests	-8,980	-2,333	-4,682	-2,808
18. Share of non-controlling interests in the result	-129	-627	818	-828
19. Consolidated net result	-8,851	-1,706	-5,500	-1,980
Undiluted earnings per share in EUR	-0.12	-0.02	-0.07	-0.03
Diluted earnings per share in EUR	-0.12	-0.02	-0.07	-0.02
Weighted average of shares in circulation (undiluted), in million	74.6	76.6	74.6	76.6
Weighted average of shares in circulation (diluted), in million	75.8	78.7	75.8	78.7
19. Consolidated net result	-8,851	-1,706	-5,500	-1,980
Other comprehensive income/items that may be reclassified in the future in the profit and loss account				
20. Currency translation differences	1,183	578	932	595
21. Others	0	0	0	0
22. Other comprehensive income for the period (after tax)	1,183	578	932	595
23. Total comprehensive result for the period	-7,797	-1,755	-3,750	-2,213
Consolidated profit/loss for the period attributable to				
Owners of the parent company	-8,851	-1,706	-5,500	-1,980
Non-controlling interests	-129	-627	818	-828
	-8,980	-2,333	-4,682	-2,808
Total comprehensive income for the period attributable to				
Owners of the parent company	-7,668	-1,128	-4,568	-1,385
Non-controlling interests	-129	-627	818	-828
	-7,797	-1,755	-3,750	-2,213

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

Assets

in TEUR (differences due to rounding possible)	as per 30.9.2019	as per 31.12.2018
Intangible assets	64,785	65,053
Property, plant and equipment	137,812	96,130
Rights of use	43,180	0
Long-term financial assets	1,966	1,991
Deferred taxes	18,985	16,549
Total long-term assets	266,728	179,723
Inventories	112,830	117,343
Receivables, other assets and tax claims	29,691	26,469
Cash and cash equivalents	143,110	129,071
Total short-term assets	285,631	272,883
Total assets	552,359	452,606

Shareholders' equity and liabilities

in TEUR (differences due to rounding possible)	as per 30.9.2019	as per 31.12.2018
Subscribed capital	76,603	76,558
Capital reserve	82,680	82,292
Treasury shares	-3,136	-5,803
Retained earnings	51	51
Foreign currency reserve	547	-385
Consolidated profit	69,024	77,499
Non-controlling interests	-13,120	-13,938
Total equity	212,649	216,275
Other provisions	1,060	1,060
Deferred subsidies from public authorities	773	808
Long-term financial liabilities	229,073	136,655
Deferred tax liabilities	5,242	3,464
Total long-term liabilities	236,148	141,987
Provisions for taxes	2,387	5,306
Other provisions	3,552	2,828
Short-term financial liabilities	43,779	26,131
Trade liabilities	12,812	14,945
Other liabilities and tax liabilities	41,032	45,133
Total short-term liabilities	103,562	94,343
Total shareholders' equity and liabilities	552,359	452,606

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30

in TEUR	2019	2018
Consolidated net result	-4,682	-2,808
-/+ Income tax benefit/expense	2,541	-1,192
-/+ Income tax paid/received	-6,119	-1,444
-/+ Interest income and expense	11,730	7,472
- Interest paid	-5,119	-5,804
+ Interest received	256	280
+/- Write-downs/write-ups of intangible fixed assets, property, plant and equipment, rights of use and long-term financial assets	9,206	6,859
+/- Increase/decrease in provisions	-2,195	-2,028
+/- Non-cash effective expenses and income	922	584
-/+ Profit/loss from the disposal of fixed assets and from final consolidation	350	0
+/- Decrease/increase in inventories and other assets	-13,049	-36,816
+/- Decrease/increase in trade receivables and stage of completion accounting	-7,384	4,688
+/- Increase/decrease in trade liabilities and other liabilities	-4,025	-17,599
Cash flow from operating activities	-17,569	-47,808
+ Inflow of funds from disposal of intangible assets	0	0
+ Inflow of funds from disposal of items of property, plant and equipment	211	281
- Outflow of funds for investments in property, plant and equipment and intangible assets	-27,510	-2,594
+ Inflow of funds from disposal of financial assets	4	0
- Outflow of funds for investments in financial assets	-1	-72
Cash flow from investing activities	-27,296	-2,385
+ Inflow of funds from the issue of bonds	0	50,000
+ Inflow of funds from financial loans	65,897	46,554
- Outflow of funds from the redemption of bonds	0	-100,000
- Outflow of funds from bond transaction costs	0	-1,649
- Acquisition of non-controlling interests	0	-8,221
- Outflow of funds for the redemption of financial loans	-1,742	-10,119
- Outflow of funds for the redemption of lease liabilities	-2,279	0
- Outflow of funds for dividend payment	-2,975	-3,062
Cash flow from financing activities	58,901	-26,497
Cash-effective change in liquid funds	14,037	-76,690
+ Change in liquid funds due to changes in scope of consolidation	2	0
+ Liquid funds at the beginning of the period	129,071	193,985
Liquid funds at the end of the period*	143,110	117,295
* of which are pledged to a bank as security	9,562	2,804

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

in TEUR (differences due to rounding possible)	Subscribed capital	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained earnings	Shareholders' equity before non-con- trolling interests	Non- controlling interests	Total share- holder's equity
Balance on 1.1.2018	76,556	82,288	0	51	-908	84,911	242,898	-7,679	235,219
Result for the period	0	0	0	0	0	-1,979	-1,979	-828	-2,807
Other result	0	0	0	0	595	0	595	0	595
Total result for the period 1-9.2018	0	0	0	0	595	-1,979	-1,384	-828	-2,212
Dividend	0	0	0	0	0	-3,062	-3,062	0	-3,062
Change in the context of the increased interest in WKN GmbH	0	0	0	0	0	-3,313	-3,313	-4,898	-8,211
Balance on 30.9.2018	76,556	82,288	0	51	-313	76,557	235,139	-13,405	221,734
Balance on 1.1.2019	76,558	82,292	-5,803	51	-385	77,499	230,211	-13,938	216,273
Result for the period	0	0	0	0	0	-5,500	-5,500	818	-4,682
Other result	0	0	0	0	932	0	932	0	932
Total result for the period 1-9.2019	0	0	0	0	932	-5,500	-4,568	818	-3,750
Dividend	0	0	0	0	0	-2,975	-2,975	0	-2,975
Conversion of the convertible bond 2014/2019	46	388	2,667	0	0	0	3,101	0	3,101
Other changes	0	0	0	0	0	0	0	0	0
Balance on 30.9.2019	76,603	82,680	-3,136	51	547	69,024	225,769	-13,120	212,649

CONSOLIDATED SEGMENT REPORTING (IFRS)

	Project development		Service products	
in TEUR (differences due to rounding possible)	2019	2018	2019	2018
External sales	52,547	22,237	9,244	9,023
Inter-segment sales	36,975	13,433	1,903	801
Changes in inventories	-6,916	10,532	0	0
Other operating income	309	2,612	437	510
Total aggregate output	82,915	48,814	11,583	10,334
Depreciation and amortisation	-1,525	-984	-2,072	-1,087
Operating result	11,209	5,988	1,072	2,676
Interest and similar income	3,892	4,276	350	181
Interest and similar expenses	-6,135	-9,550	-349	-60
Tax expense and income	-5,124	-1,436	-65	-106
Investments	610	8,728	172	1,676
Segment assets	463,179	506,216	35,982	28,140
Segment liabilities	301,055	326,738	31,755	23,298
Segment equity	162,124	179,478	4,227	4,842

Since January 1, 2019, the Group is based on the segments "project development", "service products" and "electricity generation". This is intended to present the new structures of the Group more clearly.

During the reporting period, the following companies were included in the scope of consolidation for the first time:

- » Pure New Energy LATAM S.A., Panama City, Panama (100 percent), "project development" segment, (established),
- » WKN Windpark Wölsickendorf GmbH & Co. KG, Husum (100 percent), "project development" segment, (established),
- » PNE Windpark XVI GmbH & Co. KG, Cuxhaven (100 percent), "project development" segment, (established),
- » PNE Power Generation, Cuxhaven (100 percent), "electricity generation" segment, (established).

In the reporting period, the following company, i.e. interest in the company, was sold:

- » Aero-Tanna s.r.l., Catania/Sicily, Italy, (100 percent), divested from the "project development" segment

The figures as at September 30, 2019 are compared with the figures as at September 30, 2018 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2018. Due to the reorganisation of the Group's segment structure, the figures are only partially comparable with those of the previous year.

Cuxhaven, November 6, 2019

PNE AG, Board of Management

Electricity generation		Consolidation		PNE AG Group	
2019	2018	2019	2018	2019	2018
10,786	8,601	0	0	72,576	39,861
0	3,051	-38,878	-17,285	0	0
0	0	31,117	3,267	24,201	13,799
1,170	884	0	0	1,916	4,006
11,956	12,536	-7,761	-14,017	98,694	57,666
-5,609	-4,788	0	0	-9,206	-6,859
2,464	3,984	-4,857	-8,931	9,889	3,717
11	0	-3,997	-4,177	256	280
-9,499	-2,319	3,997	4,177	-11,987	-7,752
1,190	181	1,457	2,553	-2,541	1,192
166	483	0	0	948	10,887
256,553	112,260	-203,355	-213,238	552,359	433,378
237,597	101,656	-230,698	-248,013	339,710	203,679
18,957	10,604	27,342	34,775	212,649	229,699

FINANCIAL CALENDAR

25.–27.11.2019 Analyst Conference/Frankfurt

IMPRINT

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As per: September 2019

The quarterly statement is also available in German. In case of discrepancies the German version is decisive. The digital version of the annual report and the quarterly statements of PNE AG are available online at www.pne-ag.com in the section "Investor Relations/Financial reports".

This quarterly statement includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE 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 AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.

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