Transcript Conference Call Encavis AG
Q2/6M Interim Report 2021
August 13th, 2021, 08.30 a.m. CEST
File Length: 53:51

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PC Peter Crampton, Barclays
JB Jan Bauer, M.M. Warburg
TS Teresa Schinwald, Raiffeisen Bank International
MT Martin Tessier, Stifel

M: Good morning ladies and gentlemen, and welcome to the Encavis AG conference call regarding Encavis AG's Interim Report Q2/6M 2021. At this time, all participants have been placed on a listen-only mode. The floor will be open for questions following the presentation. Let me now turn the floor over to your host, Dr Christoph Husmann, CFO.

CH: Good morning ladies and gentlemen, and a warm welcome to our conference call of the first half-year 2021 figures. Thank you very much for dialling-in on this very special day in the summer season. Why is it a special day? It looks to be the only day this year which could be called summer in Germany, so thank you very much for taking this time on this very special day to dial-in. On the very first page here, we show you today a photo of our Solar Park Talayuela. Why is that? [01:00] Because, in the first half-year figures, we see the impact of the capacity increase in Spain, which we enjoy and we will see in detail later-on what that means to our business. So, let's have a look on the highlights in 2021. Most of these highlights are known which I already stated to during Q1, but we have two further developments, so in June, Raiffeisen Bank International published its first full research coverage on Encavis and Pareto Securities on July 2nd, both with a BUY rating and a target price of 20 EUR (RBI) and 19 EUR (ParetoSec) respectively. In total now, we have 14 active coverages with an average target price of EUR 18.86. [02:00] One thing I would like to highlight is that we have two changes in the number of shares since our last call, which is not relevant for the first half year, but for the future reports. Firstly, on our Annual General Shareholder Meeting, we had the approval for the dividend and 43% of our Encavis shareholders chose the scrip dividend instead of the cash dividend. By that we created 814,031 new shares, increasing our number of outstanding shares to 139,251,265 shares. In addition to that, the first owner of a hybrid convertible bond with a nominal value of EUR 800,000, converted his hybrid convertible, into 112,936 new shares [03:00], so in total now we have 139,364,201 shares. Well, on our acquisition side, we were quite active, specifically Encavis Asset Management acquired in the last two months two new portfolios for the Encavis Infrastructure Fund II. One is a 43 megawatts (MW) park, Warnsdorf, which is a wind farm in the district of Prignitz in Brandenburg and a 45.5 megawatts (MW) photovoltaic park in Brandenburg and Mecklenburg-Western Pomerania together with the investment partner badenova. We were quite active on our own portfolio's pipeline as well, but I would not like to line that out but would leave that to my colleague Dierk Paskert who will give you more insight into the pipeline at the end of this presentation. [04:00] Regarding financing, there were over the summertime no major movements. We still have some firepower for investments, but what we have seen during the course of this year is that cyber-attacks are a relevant topic for many companies. There are a lot of companies who suffer from cyber-attacks, and therefore, we invested some time and effort into the strengthening of our defence systems and independent back-up solutions at all IT levels of the Company to protect the operations of our Company. Therefore, we can sustainably produce electricity and sell it to our customers. For that we empowered our data protection system and the security of information system and to be sure that we did everything which is state of the art, we got a certification of a group-wide data protection management system, [05:00] and this defence system done. Ladies and gentlemen, let's have now a look into the isolated Q2 figures, so before we go to the full first half year, I think it is better to understand the development after the very weak Q1 due to weather conditions and now understand what happened in Q2. If we have a look at the first line, the energy production, we see that in Q2 2021, we produced 875 gigawatt hours of energy compared to 563 gigawatt hours in Q2 2020. This is an up of 312 gigawatt hours, or a plus of 55%. This is mainly driven by our new acquisitions. If we take out the new acquisitions, which is not only the 500 megawatt [06:00] Spanish solar farm, but wind farms in Germany, Denmark and Finland as well, then we see that the electricity production of Q2 2020 from 515 was reduced to 483 gigawatt hours, which is a down of 32 gigawatt hours, or minus 6%. Now, that is somewhat a positive news. Why? Firstly, Q2 had not really weak weather - as was Q1 - but Q1 of previous year and Q2 of previous year were extraordinarily good weather. But, while we had a shortfall of 100 gigawatt hours in the first quarter last year to this year, now that boils down to a shortfall of 32 gigawatt only, so therefore [07:00] closing the gap. But that 32 gigawatt hours shortfall due to weather was easily overcompensated by the new acquisitions. And new to that, in the isolated Q2, we enjoyed an increase in our revenues from EUR 89.6 million in Q2 2020 to EUR 103.3 million in 2021. This is an up of EUR 13.7 million or a plus of 15%. What we see here now that EBITDA, EBIT and EPS, we can see a strong increase by 20% compared to previous year's Q2. That is positive news because I would like to recall the reduced revenue due to weak weather conditions drops down to the bottom line of the P&L one to one, while the compensating revenues [08:00] of new parks are accompanied by cost and so therefore only the margin gets down to the profit line. So, it shows you the commercial soundness of our new acquisitions that they could compensate for the shortfall of the weather in Q2.

Let's now look at the half-year figures. Both quarters were weak in weather compared to the extraordinary previous year, if we then have a look in the full half year we see that the very weak Q1 is more or less compensated by the much stronger Q2. In total, we could generate 1,411 gigawatt hours of electricity compared to 1,120 of previous year's first half which is still an up of 26%, or 291 gigawatt hours [09:00]. By that was a negative deviation Q1, there was a major impact from Q2, and therefore comes out with positive change in the energy production. Without the new acquisitions, so only for the existing portfolio of last year's first quarter and the energy production of this year's first quarter, we see still a reduction in the energy production and there still is the weak weather… comparably weak weather. But in revenue and EBITDA, we already see a positive development where this shortfall of the weather is overcompensated by the Spanish parks and the new wind farms, so we could generate EUR 162.2 million of revenue compared to EUR 154.8 in last year. The same applies not only to the P&L, only we have a slight shortfall in EBIT and EPS [10:00] but are quite positive that, with the further contribution of the Spanish parks and new wind farms during the course of this year, this will be further compensated. And we see that the operating cash flow is EUR 109.4 million, slightly below last year's six months. Please have in mind that in the operating cash flow, we not only have the impact of the very weak Q1 2021 compared to previous first quarter, but we have the impact of the very weak Q4 2020 in here as well. Please recall that the cash flow and EBITDA are the same in our Company but with a quarter of deviation. So, the EBITDA of Q4 more or less was cashed in in Q1 this year and the weak cash of Q1 this year was cashed in in the Q2, so there is always a delay. Therefore, there is some [11:00] negative impact in the cash flow.

If we then have a look into the consensus and we see that, in the Q2, we exceeded on the average of the analysts' consensus and for the half year as well. So, the impact of the new Spanish parks can be very well seen in the segment report. Here, we do see an increase of the revenues of EUR 118.5 million compared to EUR 105.9 in the previous half year. Here we do have a positive impact by the Spanish parks of EUR 16.6 million of contribution of revenue. That falls down to the EBITDA and EBIT. Here we could keep up our high margin and have a positive impact on our profit figures. [12:00] And that, although even in solar we have a negative impact from the weather compared to previous first half years, we have the EUR 4 million negative revenue and profit impact from very weak weather conditions. Not only in Germany but in UK as well. In both countries, we are 12% below the energy production of last year in solar stand alone. And in The Netherlands, 9%. In the wind farms we see a reduced revenue. Here we have now revenue of almost EUR 36 million compared to EUR 43.6 million of previous years. Here we do have a negative weather impact of EUR 8.2 million and positive impact of the wind farms. That looks to be small, but please have in mind this is specifically [13:00] the big Danish wind farms where we were partially connected to the grid in the first quarter of the last year and therefore contributed already to last year's profit line. Wind is pretty weak this year compared to previous first half years. So, in Denmark and Germany, the biggest markets we have, we have a shortfall of 22% and 25% respectively in the electricity production.

Technical service is running the same like last year. If we have a slump in the EBITDA, then this is due to the last year's reflection of the Stern Energy sale to Stern S.P.A., EUR 1.9 million profit was in the first half-year's line. Therefore the special effect cannot be repeated.

The asset management is running very well. While they were very active [14:00] in the third and fourth quarter last year, they are better off running in the first half this year and therefore could already realise EUR 6.8 million of revenue compared to EUR 5 million in the first half of last year. If we then have a short look on our balance sheet, and the balance sheet total there is not a big movement. We have a slight increase in our retained equity and therefore do have now an equity ratio of 25.9% which is up 0.4% compared to last quarter. Have we looked into the guidance? Well we had a look into the guidance and with most of our KPIs already fulfilling 50% or slightly more of our full-year guidance in the midst of the year, we are positive that we will realise this year's guidance [15:00]. The meteorological effect for us is not really a reason to discuss or to refuse our guidance, the reason for that is, yes, we see in specific markets harsh negative deviations in the meteorological effect, but here I think you see the beauty of our business, because we are the only pan-European platform out there with two technologies. And that gives us the chance to diversify even that meteorological risk over the two technologies and over very many different meteorological regions where we have positive and negative developments and that pays off here.

Ladies and gentlemen, I thank you very much for listening and now I would like to hand over to my colleague, Dierk Paskert.

DP: Thank you, Christoph, [16:00] for the explanation of our half-year figures, also welcome from my side to the audience. Happy to give you now a few views on our strategic outlook. You know that we have found already two or three years ago a certain way for Encavis to secure projects at an early stage which we then can bring to the market at later stages. I would like to reiterate a little bit that approach to you and also give you more details of the pipeline ahead of us. We know, and we have been asked many times from various market participants, why we are taking this specific approach. We think for Encavis that's the right way to develop its [17:00] business. It on the one hand gives us growth or delivers the growth we need. On the other hand, it keeps somehow the specific development risks to a certain level which we do not want to exceed, so therefore, we stay with our strategy that we are not a developer, we do not want to acquire development companies, but we want to go into partnership agreements with development companies. Last time we spoke, we had ten of them, now we are more heading to the 12 partnership agreements. For the first time we are also now looking at Sweden, not yet secured the project, but in very - let's say - detailed discussions and so therefore we are extending this approach into the market day by day. [18:00] If you look at the timeline and you have seen that we have been relatively silent on the market this year, not adding to much to our asset portfolio in the first half of the year. Why is that? Because there is a certain time lag in the development with strategic development partnerships. And you know that it is always only a rough guess when projects come to the next level, so from mid stage to late stage and then to ready to build. We have seen that COVID-19 had a certain effect there, simply because people were not available and permissions were not granted. Not because the projects were not good, because people were simply not available to take decisions. So therefore, that has slowed down a little bit the development process [19:00], at least compared to what we would have seen 18 months ago, but this is not significant and we are pretty confident that we will show some of the projects in the nearest future. If we have a look at this and divide a portfolio in these three different stages – late stage, mid stage, early stage – we stick to our promise that, with the strategic development partnerships and with a very prudent approach, that we are not counting every project which we are currently seeing, but only take 30-50% realisation of these projects, then we still can see a solid growth ahead of us which will fulfil our strategic plan until 2025. If we look at the [20:00] early-stage projects which we would see 2024, 2025 on our balance sheet, it is roughly around the two-gigawatt numbers. If we then move up to the mid stage projects, we can already see slightly below the one-gigawatt line with a higher probability to be realised and they would come 2023… between 2023 and 2025. And the ones which we have definitely most in focus is late stage and close to ready to build, and there we can see half a gigawatt coming within next year. A time frame of next year, so 2022, latest 2023. So, that gives you a little bit more a feeling on the timeline. So, we are pretty confident that these strategic development partnerships [21:00] will pay off, that projects will come. We have a certain delay due to corona, but nothing let's say which is… related to the projects as such. It's simply the timeline we had to look at. So, with that I would close and give you from management team the confidence that we are well on track also for our longer-term targets until 2025 and I would hand over back to the operator who will now take your questions. Thank you very much.

M: Okay, ladies and gentlemen, if you would like to ask a question, please press 9 star on your telephone keypad. Please press 9 star on your telephone keypad if you would like to ask a question. [22:00]. The first question comes from Martin Comtesse from Jefferies. Your line is open.

MC: Yes, good morning everyone. Thanks for taking my question. I would like to start with three if that's okay, and then go back to the queue. First one is, could you remind us of the cash reserves that you currently have for acquisitions, because you were just referring to the half gigawatt that you expect to basically materialise within the next year or 18 months. So, would that be enough, or how do you think about financing these acquisitions? The second question would be on current sourcing. Do you see any type of price changes, cost pressure because of the abundance of capital that is in the market? We see that with all real assets at the moment basically, that [23:00] prices are going up. Is that something that you see too? Lastly, any additions that you would announce in the second half, because you are referring to that in the press release today. Additions that are already grid-connected. Would they come on top of this year's guidance or is that already implied? Thank you.

CH: I would like to take the questions one and three and then Dierk I would like to ask you to take question two. So, first of all the firepower is as we started already in the last call, we have EUR 80 million of firepower available and also for the equity ticket. And in addition to that, as you might recall, this is part of our >> Fast Forward 2025 programme, we see that with the ongoing amortisation of the debt on SPV levels, we create headroom for further debt take-up on corporate level [24:00] to pay for the equity ticket. So, overall, this operational growth will be financed by using that headroom we have in our Group. So no equity issuance for the ordinary growth is planned. We are confident that we are successful on that and the negotiations with the banks are very positive. The second question is whether new acquisitions will be on top of the guidance. Well, in fact, if we buy parks in a substantial way which are already connected to the grid, this is not included in the guidance we have currently out there which we have seen during this presentation again was based on the capacities which we had on our hands in March this year. Dierk, would you take question two?

DP: Yes, thank you, Christoph. [25:00] With regard to prices in the market, yes, definitely, we see also that the effect that above all EPC costs have gone up significantly over the last months and that is a headache to everybody who develops and builds projects currently, so that's not just on our side, so that's a headache for everybody in the market. We foresee this trend until the … might be end of next year, so that is a challenge which we face and which we have to manage over the next year, but that is for everybody in the market. This is not just due to increased cost in modules and other equipment, a big portion of that is transport costs. If you look at transport costs for instance for a container, at least for a container, it moved up from not far ago [26:00] EUR 4,000 up to EUR 20,000 now. So it's five times the transport cost and that is a very hefty burden for everything which comes, especially from China. If I look at recent … yesterday news from the closedown of harbours in China, that's probably something which doesn't make things better currently, so therefore that is a challenge we face which we have to manage, we will manage. But as always, we will stay prudent and will only do projects which deliver and have the potential deliver finally the expected returns. So that's the best way to mitigate this challenge. But it is there, so nothing which we can deny. [27:00]

MC: If you don't mind just following up very briefly, are you able to quantify that sort of cost increase currently? Is it like 10% on a new build?

DP: Yeah… in EPC it is I would say it is roughly at least 20% and more just on the EPC cost compared to levels 12 months ago. If not more, it depends always… so when you have secured your EPC, but it's definitely 20% which you can see there.

MC: Thank you.

M: And the next question comes from Charlotte Friedrichs from Berenberg. Your line is open.

CF: Hello, also three questions please. The first one, picking up from the previous topic on cost inflation, can you give us an overview of how [28:00] the allocation process basically works with your development partnerships. Does the developer bear the increased cost to you, is there a sharing mechanism for the development projects that you do have? Second question would be if you can give us an update on PPA pricing environment that you see for instance in Germany or in Spain, how that has been developing if you have become more keen or less keen on any particular regions. Thirdly, on the development partnerships, are you seeing more competitions for these types of partnerships? Or how is that developing? Thank you.

DP: Christoph, I will take those questions if ok and you… let's say flip in. On cost sharing, yes, there is a certain flexibility built into the partnerships because… these movements in the markets are hard to predict but you know [29:00] that they will come. So therefore, we have minimum IRR targets and a certain level of margin which we then share if we surpass a certain IRR target. Therefore, in a certain way, we take half, the developer takes half. It gets more difficult if we come to the minimum IRR line and then we simply have to negotiate and that is something which we would then also do. Not every project is already down to the minimum IRR line, so that is not the message, but if we would come to that level then we would simply have to sit down with the developer and see whether first… so first reaction could be we simply postpone the project [30:00] and say, 'It's not worthwhile to build it with current EPC costs, we move it 12 months ahead of us'. Now, you have to look if you lose any permits, that is always something to bear in mind. The other way is the developer cuts its development fee to a certain extent because it wants to build now. That is the kind of negotiation we will be having. PPA pricing, that is the good news actually. Whereas we see increasing EPC costs, we also see strong markets in terms of PPA pricing. That is the good news. Not only the short-term energy prices have risen significantly over the last months, also the outlook for PPA pricing is very promising [31:00] also if we look above all into the years 2022, 2023. They stay at a comparatively high level. That is very good. That can offset a little the increased costs. Where we do not see so much movement yet is at the longer end, so 20 years ahead of us. As you know, we have to calculate 20 to up to 30 years. So, there we do not see yet that effect, but we are pretty confident that this effect also with increased CO_2 costs in Europe will be also shown and reflected into the price curves with the longer outlook, 10 years, 20 years or even longer. On the competition for partnerships, yes, this approach is not unique to Encavis. [32:00] Sorry. It's not unique to Encavis, also other companies are trying to find their way and copying it or doing it their way but not too different from Encavis, so therefore, yes, there is always competition. However what is appealing for counter parties is that we come with a certain package. First of all, we have all the documentation available in terms of contract and so on, so we are experienced in this way, so therefore I would say that is definitely a plus on our side. Secondly, we also bring to the table financing plus the PPA offtake. That is a package that is appealing for a partner. If you just would buy the project and leave the PPA to the developer, [33:00] leave financing to the developer, that's probably something which is very competitive. However, if you take PPA and financing on your part, then that's becoming appealing because the developer can really concentrate 100% on the development of the project, and once it is ready, it simply transfers it on to us. So, that is our approach and we see there is appetite also in the market for that approach. Although, yes, there is also competition, but we are still increasing our numbers of strategic partnerships.

CF: Has a meaningful impact from your merchant exposed part of the Spanish portfolio in the second quarter?

DP: Christoph, would you like to take that, or should I take that?

CH: So, [34:00] I will answer the question quickly. So, what the commercial impact of our Spanish parks–

DP: Of the merchant part.

CH: I think that's your turn, isn't it? You take it.

DP: Okay. So, you know that we left open 25% of the energy volume in Spain and we have a hedging policy for that also in place, so that's not just at the day ahead market, so we are hedging, but currently we are definitely enjoying the very high market pricing in Spain and that helps definitely also within the numbers. But please bear in mind what Christoph said with regard to the weather, that's also with regard to pricing. [35:00] We always have a portfolio approach. And whereas in certain countries we might keep certain positions open, we close them 100% in other markets, so therefore that is always looked at from the portfolio perspective and that's not that this is one size fits all, that we have the same hedging policy in every market. What is important for us is that overall the hedging fits and that we do not keep too many positions completely open in the market. But currently, we are definitely enjoying the high pricing, not only in Spain, also in Italy and the UK where prices exceed the EUR 100 line at the day ahead markets, so that is definitely something which helps currently.

CF: Thank you very much.

M: The next question comes from Peter Crampton [36:00] from Barclay's, your line is open.

PC: Thank you for taking my questions. We've got a very big event coming up with the German elections on the 26th of September and obviously a lot of movement in the polls, but it does look very likely you'll get the Green party in the next government. I was wondering what your expectations were in the next government. Obviously, there are some big CO_2 reduction targets for Germany in the 2030s. Big historic issue, quite difficult, building onshore wind and solar on the scale that's needed and whether there was an opportunity here for Encavis of maybe doing even more in Germany?

DP: Yeah, thank you for that question. I think first of all, the scene has been set by the European Commission already and now member states have to follow, so that is only a reaction then [37:00] to what has already been discussed in Europe and there are ambitious targets. I could even think of more ambitious targets if we look at climate change. I think over time we might even see more ambitious targets in the years to come and that will be definitely supported by the Green party if it becomes part of the next German government, so therefore, it only can from that perspective, from my expectation, it only can get better and so therefore I do not see any significant downside from that, but it is hard to predict what the specific impact from the Green government on the business would be. You know also that we are less relying on political movement in Europe or in Germany. We would like to really go into the free and open energy markets [38:00] for green energy and there we see the biggest effect. The demand for originally produced green energy will boost over the next years, and we see that in the PPA markets for everybody. ESG topics with everybody. That is something which will significantly boost the market and that is above all the market trends we are expecting and which will help us. It will be, then, coupled with political moves and regulatory moves but the free and open market, that is something we are looking at most and which will help us probably most.

PC: Okay, makes good sense, thanks for your answer.

M: The next question comes from Jan Bauer, [39:00] your line is open.

JB: Hello, I hope you can hear me. Thanks for taking my question, I have three. So, first of all, can you give us a volume indication for when do you expect the first parts from your pipeline to be ready to build? Can you give us a close feeling of how much in megawatts this will be? Secondly, regarding the pressure on prices on your side, can you give us a feeling of how much of this price pressure on the cost side will be offset by probably higher or the current level of PPA prices? And the last question would be, valuations for most IPPs in Europe have come down a lot since the end of last year, so would maybe be an M&A option at the end of the year? Thank you. [40:00]

DP: Yeah, thank you. Christoph also… or if I ask first for the question, volume expectation, you mean for Q4?

JB: Yes, yes.

DP: Including new projects?

JB: Yes, exactly.

DP: To be honest, that is really hard to predict because I would now have to figure out which projects still will come in Q4 and which might come only in Q1, so therefore I wouldn't from top of my head give you any number that is something we might figure out and where… I would like to give the answer a little bit later. Because it's a little bit speculative. Also, with regard to M&A activities of [41:00] already ready to build parks, already connected to the grid parks which we are also looking at, but to give you the number, whether that's 100 megawatts (MW) and then it's always a question is it wind or is it solar? Wind would have a completely different impact on the energy impact compared to solar. So, therefore, forgive me, but I don't want to give that answer now from the top of my head. But we will look whether we can give you a certain guidance on that. The pricing of that with regard to PPAs and increased costs and then increased prices for the PPA, as I already said in my previous answer, it is… to a certain extent offset on the short-term end, so, yes, we see for the next two, three, four years significantly higher prices on the PPA side, [42:00] but not yet at the longer end, and that is all to be take into the IRR calculation. So, therefore, we expect that this will be reflected in PPA prices longer term also and also then in the price curve longer term, but not yet, so therefore… we are expecting the next outlooks in autumn and I would expect at least that some of that price increase is then reflected at the longer end in price curves, but still to be seen. On the M&A side, there is nothing new to be reported but you are certainly right. The market always offers opportunities, above all in times where prices have come down [43:00] or where certain players have disappointed the market, so that is definitely always something that we are mindful of and we are carefully always looking on the M&A side and we have never excluded M&A opportunities, but this will always be on an opportunistic basis and we can only talk about this once it's done. But you are certainly right, there might be opportunities for the market.

JB: Okay, thank you.

M: And the last question comes from Teresa Schinwald. Your line is open.

TS: Good morning everyone. I have two questions remaining, they are rather general and concerning the market rather than your strategy. The first one is on short-term pricing [44:00]. What's the extent of the impact you serve on the strong day ahead prices all over Europe? And in connection with that, is there an increasing tendency you can observe on merchant-only projects? What's your view on the developments on that side? The second one is also a general take on how many projects could be abandoned given increasing cost on the supply, PPA, year's last auctions, still very competitive… just to give us a better feeling of what is happening there on the realisation side.

DP: Yeah, thank you for those [45:00] two questions. On short-term pricing, yes, always when prices short term are rising, then you are inclined to look more on the merchant side because it gives you a certain uplift, however we have to be mindful that we are in really long-term investments and the day ahead market and the next one or two years is only a snapshot in the lifetime of such efforts, so therefore we wouldn't change just due to rising short-term energy prices our overall strategy, so therefore we stay prudent also for project financing and leveraging the projects. We stay with our basic idea of securing [46:00] on a long-term end with the PPA or with the feed in tariff there's roughly 75% of the energy volume and then leaving 20-25% open at the day ahead market. But then also with a certain hedging strategy so that doesn't mean that these volumes are completely open. We try only to leave maximum 5% of our yearly turnover open, the rest will be hedged shorter-term basis, and that can be in the yearly hedges, quarterly hedges, whatever. That is something we are building up, so this competence, we are already into that. Our partnership agreement with Pexapark helps us very much in that respect, but also other partners we are onboarding, so therefore we do not change just due to rising [47:00] energy prices our overall investment strategy, but we are trying to make benefit out of the bullish pricing in the markets. With regard to abundance of complete projects, I don't see that we would skip any project completely currently. Maximum we would move it by a couple of months, but also that is nothing we have decided yet and we are not yet there. If we would see further cost increase on the EPC side, that could… we could come to that stage, but we are not yet there, so there is a certain stress on the margins but it's not to an extent that we would skip complete projects.

TS: Okay, great, thank you. [48:00]

M: And the next question comes from Martin Tessier. Your line is open.

MT: Yes, hi, good morning, thank you for taking my question. Two questions. The first one relates to your pipeline, you mentioned that you have around 500 megawatt that could come in 2022 or 2023 with a 60-90% probability but is this an exclusive access that you have to these megawatts (MW), or other competitors could also buy these projects? Second question is regarding the return that you observe currently on the ready to build parks or on the already operating parks. Could you elaborate a bit more on the difference of returns because, on the one side, you have higher EPC costs like 20% increase you mentioned [49:00] for the RTB parks and on the other side, we have a high amount of capital with high valuations for the already operating parks. So what is the most attractive market today? Thank you.

DP: On pipeline, yes, these are exclusive pipelines, so only if we say no, the developer is free to sell it to somebody else, so therefore it first has to be evaluated by us, and therefore if we don't take the project, then the developer can sell it to somebody else. I would say from today's perspective, I don't see any reason why we shouldn't take those projects. Financing is there, so therefore we are looking for further growth above all as we haven't done too much in the first half-year, so I don't see that we would leave too much for other parties, so that probably [50:00] will be absorbed 100% by us. On the return expectations, actually, no, no news really there. We have built in our return expectations in the partnership agreements already 12, 18 or 24 months ago with a certain flexibility. We are not aware… as in Spain, for instance, where we announced that the two big projects we just connected to the grid came with… around the 8% IRR, I would definitely say that in current markets it's not available anymore, so we were very lucky that we secured those very big projects at these levels at that time. That is currently not available and you would definitely have to [51:00] go a little bit lower, but it is not that this is a complete margin erosion, we would still foresee IRR levels which might be 100 basis points below, but not 200 or 300 as some market participants contemplate, so therefore we think it is in the current market still a valid investment. There is competition, definitely, but it's not a complete margin erosion.

CH: This is different probably, if I can add that, you have always to compare apples and apples. For strategic development partnerships, you build in a certain flexibility and you give security also on [52:00] the offtake so therefore you can also expect a slightly higher margin. If the developer would take that project simply in an auction in current markets, then you are absolutely right, we are significantly down in the margins. If everything wasn't auctioned, and you have not secured in earlier stages, there you definitely see a high margin erosion. That is definitely the case.

MT: Thank you.

M: There are no more questions. Ladies and gentlemen, if you would like to ask a question, please press 9 star on the telephone keypad. Please press 9 star if you'd like to ask a question. [53:00]

DP: If there are no further questions, I would say thank you, also Christoph on your behalf. Thank you for participating in today's call and thank you for all your questions. We hope we have satisfied at least your expectations with our numbers and we will be out with further news in the months to come on any new projects and definitely also then with updates on our quarterly results. Thank you very much for participating today and enjoy the rest of the summer.