

ENCAVIS

Conference Call

Encavis AG – Bold move into the PPA market

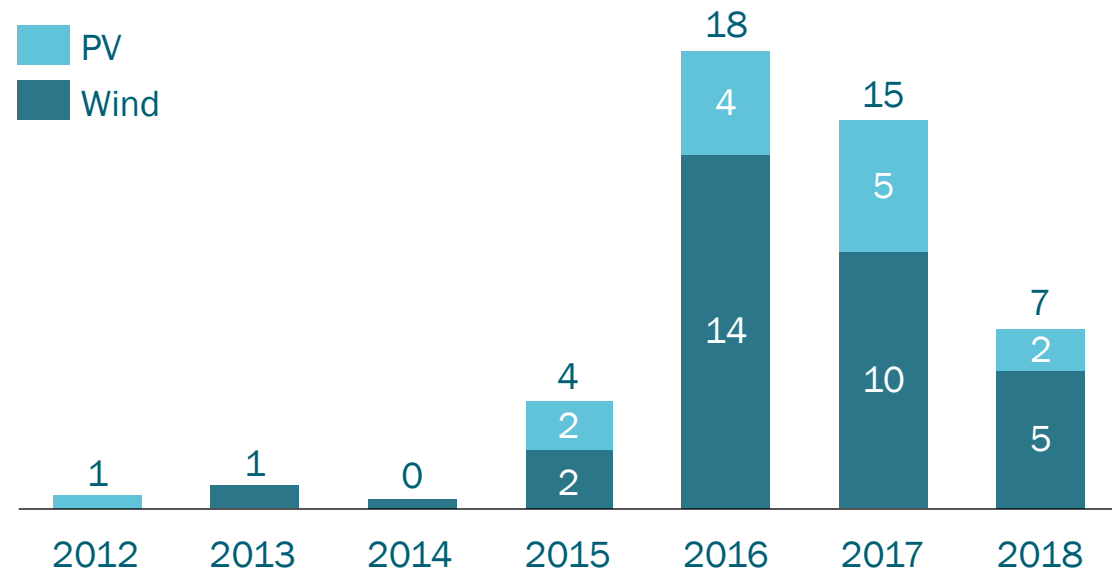
October 9, 2018

BOLD MOVE INTO FAST GROWING PPA MARKET BY ACQUISITION OF GIGANTIC SOLARPARK „TALAYUELA“

- > Successful expansion of the business model into the growing PPA market
- > Promised and delivered: Acquisition is part of the 1.1 GW pipeline with Solarcentury
- > With 300MW one of largest solar parks in Europe and biggest acquisition in the history of the company
- > Further diversification of portfolio by market entry into Spain
- > Unprecedented portfolio growth for Encavis by ~19% from 1.6 GW to 1.9 GW
- > Shaping the future of Encavis into an enhanced entrepreneurial business model allowing to take full advantage of a booming subsidy free green energy market

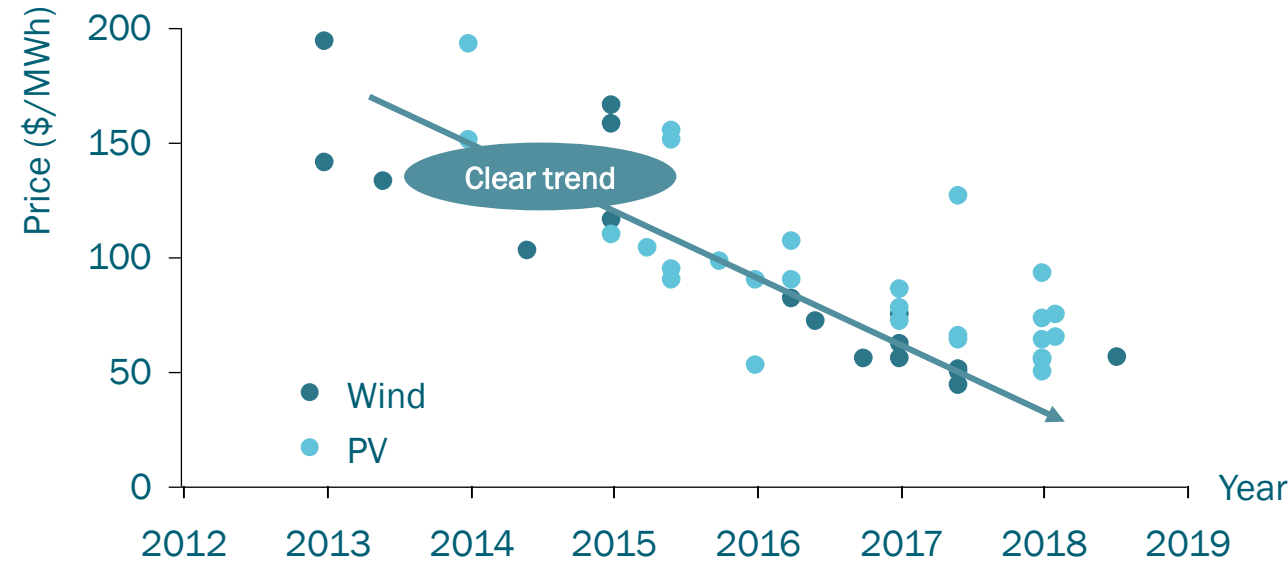
MARKETS FOR AUCTIONED TARIFFS IN EUROPE IN DECLINE

Auctioned renewable capacity in Europe (in GW)



Since 2016, the market for auctioned volumes in Europe is steadily decreasing

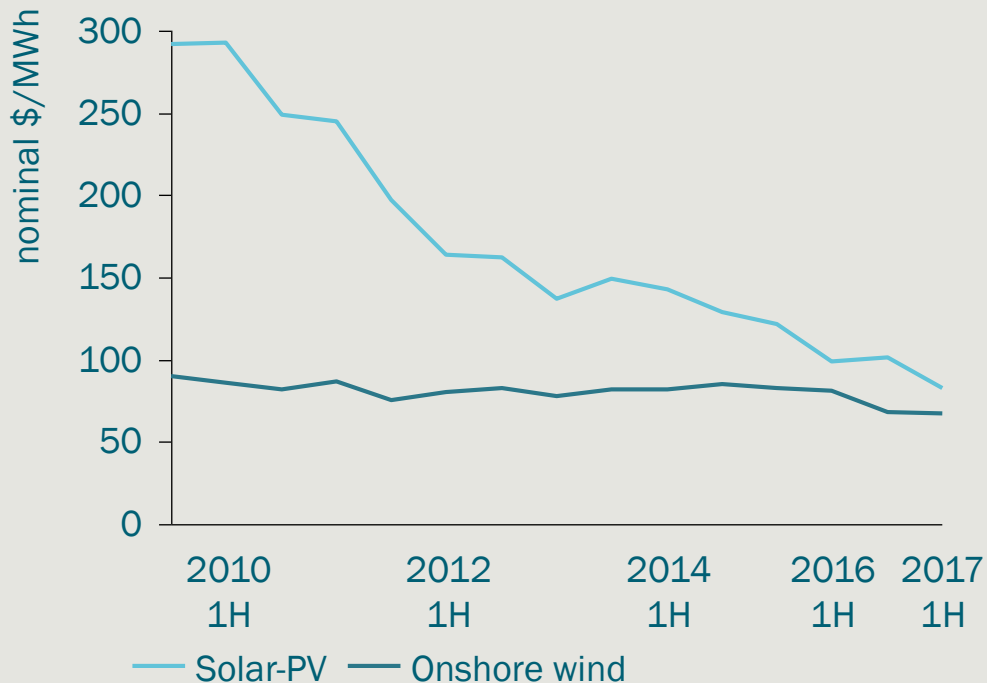
Average auction winning bid in Europe (\$/MWh)



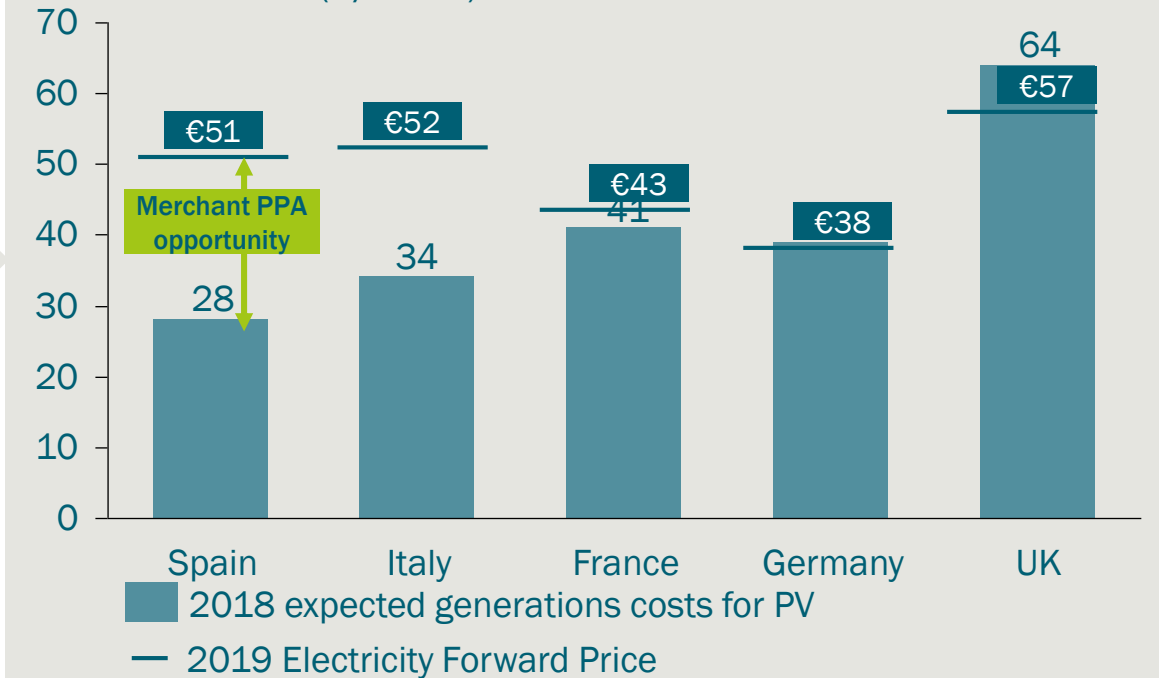
Auctioned tariffs are on a record low level providing little upside for investment cases

COMPETITIVE GENERATION COSTS OF PV- & WIND PROJECTS OPEN NEW BUSINESS OPPORTUNITIES

Development of global levelized costs of electricity (\$/MWh)



Forecasted generation costs for large-scale PV and 2019 Forward Prices¹ (€/MWh)

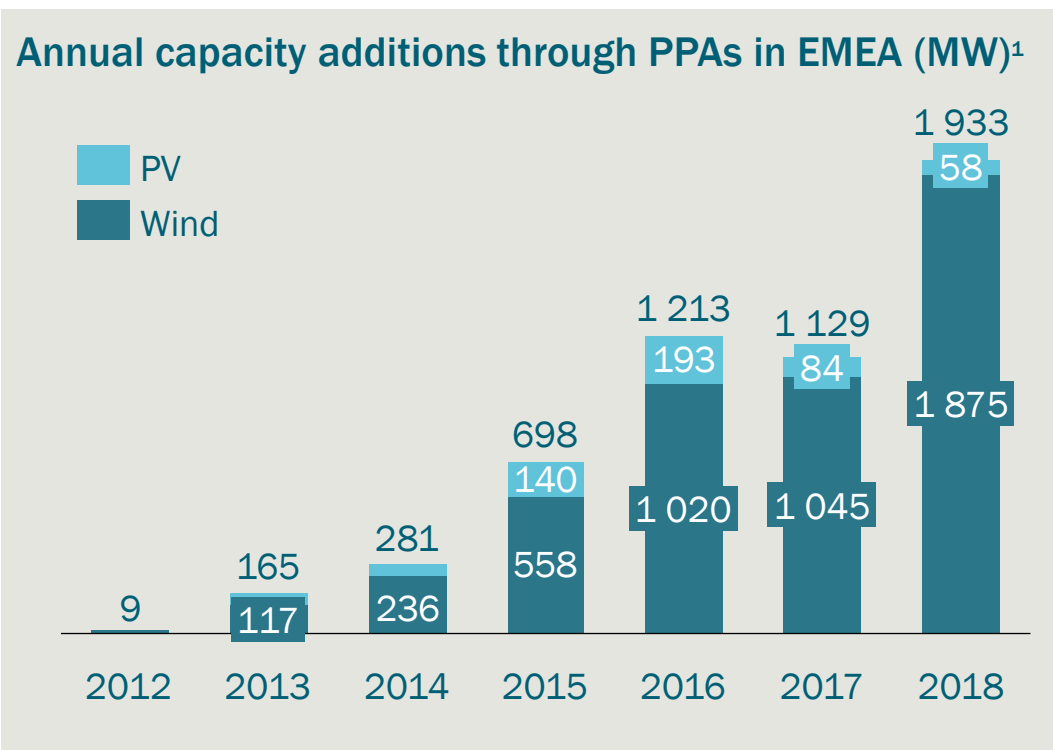


In Southern-European markets the generation costs of renewables are already below prices of 2019 Electricity Forwards. This boosts PPA-Markets in countries such as Spain and Italy.

Source: BNEF, Fraunhofer ISE, Fraunhofer ISE Energy Charts, Goldman Sachs

1. 1Q 2018

STRONG GROWING PPA-MARKETS - ENCAVIS IS AN EUROPEAN FIRST MOVER IN SOLAR



> Three pillars of the Encavis PPA Strategy

- 1 Encavis has secured preferred access to dedicated IP for PPA related risks by cooperating with market leading competence platform
- 2 Founding investor in a newly created fund, targeting to satisfy the demand of leading global corporates for green energy through customized wind- and PV-projects and attractive PPAs.
- 3 Leveraging our knowledge and network as experienced investor with various potential offtakers.

Source: IEA, BNEF

1. 05.10.2018; signing date estimated by Bloomberg

PROMISED & DELIVERED ✓: SUCCESSFUL REALIZATION OF 1.1 GW PIPELINE WITH SOLARCENTURY

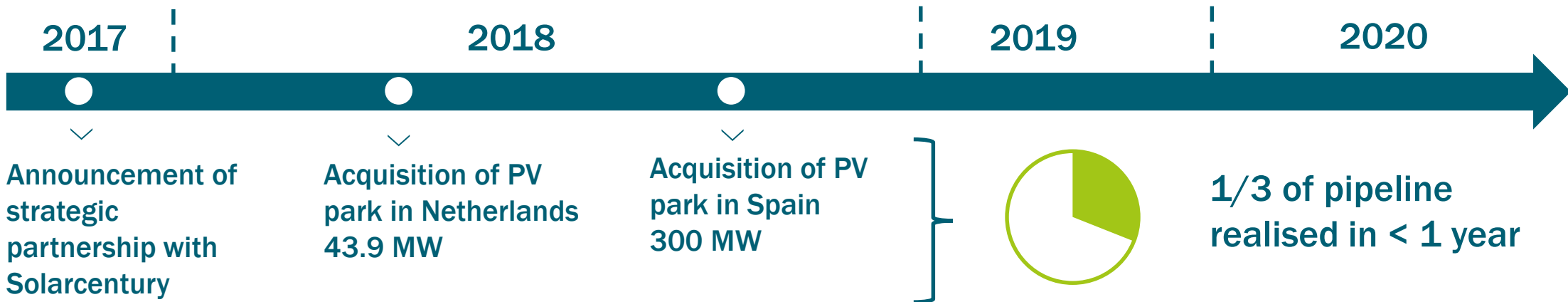
Spain – 530 MW in the pipeline*

- Late-stage development: 300 MW ✓
- Late-stage development: 180 MW
- Early-stage development: 50 MW



Netherlands – 119 MW in the pipeline*

- Late-stage development: 46 MW ✓
- Mid-stage development: 35 MW
- Early Stage development: 38 MW



* Announced in November 2017

MARKET ENTRY SPAIN: DIVERSIFICATION OF PORTFOLIO INTO BOOMING PPA MARKET AT AN EARLY STAGE



Investment criteria Spain

- > No Feed-in-tariffs, only PPA contracts ✓
- > PPA with strong (tier-1) offtakers ✓
- > Functional and stable market environment ✓
- > Partner with strong local network as co-investor ✓
- > Post-tax IRR >8% ✓

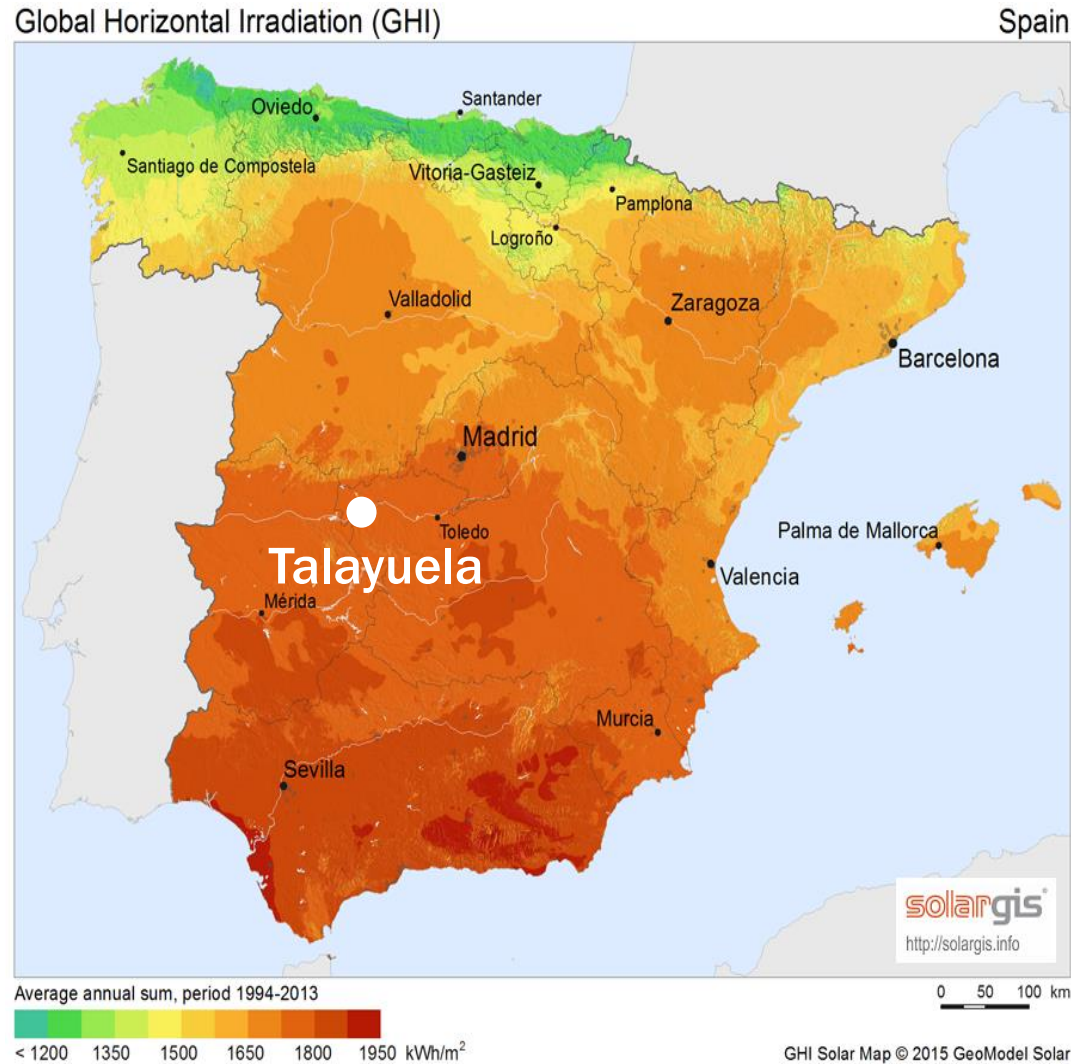
TALAYUELA – LARGEST SINGLE PV PARK IN THE HISTORY OF ENCAVIS

Generating capacity of 300 MW

- > Land plot of ~800 HA
- > PV site equals > 1,100 soccer fields
- > Over 970,000 solar modules will be installed
- > Sufficient energy to supply ~150,000 households with energy p.a.
- > 0% emissions
- > 100% renewable



THE PV PARK „TALAYUELA“ – KEY INVESTMENT HIGHLIGHTS



- > **Generation capacity: 300 MW**
- > **Total investment volume: EUR ~225 Mio.**
 - > Equity/project debt finance level: ~45:55
 - > Full loan repayment within PPA runtime
- > **Co-investor: Solarcentury with ~20%**
- > **PPA:**
 - > Long-term contract of 10 yrs
 - > Fixed price
- > **Additional income from Guarantees of Origin**
- > **Grid connection: End of Q1/2020**
- > **Additional land plot for possible battery storage**
- > **Revenues 1st year of full operation: ~EUR 25 Mio.**
- > **Post-tax IRR >8%**

TALAYUELA – FINANCIALS

Total investment volume ~EUR 225 Mio.

- > **Equity Finance ~EUR 100 Mio.**
 - Solarcentury co-investor 20 %
 - Encavis 80 %
- > Sufficient funds available from placement of „green bond“ and cash on hand
- > Equity ratio will remain >25%
- > **Project Finance ~EUR 125 Mio.**
 - > Exclusive and final negotiations with renown banking consortium
 - > Financing on SPV level, non-recourse
 - > Maturity of debt financing matches PPA runtime of ten years
 - > SPV free of debt after ten years allows full flexibility for 2nd PPA

Talayuella - Financials in 2021 (in TEUR)	
Revenues (€)	~25,000
Oper. EBITDA	~18,000
Oper. EBIT	~11,000



Equity finance from funds available and attractive non-recourse debt financing structure on SPV level

PROMISED & DELIVERED ✓: SUCCESSFUL REALIZATION OF THE 1.1 GW PIPELINE WITH SOLARCENTURY

> Announced in November 2017 – Guidance FY2017 and impact from European projects out of Solarcentury pipeline

Group Guidance 2017	
Revenues (€)	215,000 ✓
Oper. EBITDA	160,000 ✓
Oper. EBIT	97,000 ✓
Operating Cash-Flow	150,000 ✓

Impact 2021 – European projects	
Revenues (€)	30,000 ✓
Oper. EBITDA	21,000 ✓
Oper. EBIT	10,000 ✓

> Delivered and realized – FY2017 and European PV projects of our Solarcentury pipeline

FY 2017	
Revenues (€)	222,400
Oper. EBITDA	166,800
Oper. EBIT	100,400
Operating Cash-Flow	153,000

Impact 2021 – 300 MW Spain	
Revenues (€)	25,000
Oper. EBITDA	18,000
Oper. EBIT	11,000

Impact 2021 – NL 43,9 MW	
Revenues (€)	4,500
Oper. EBITDA	3,800
Oper. EBIT	750

NEXT STEPS – PROJECT TALAYUELA (IN SHORT)



- > Solarcentury will coordinate and control construction phase on-site as responsible EPC contractor
- > Encavis as majority owner to closely monitor construction phase with dedicated team on site
- > Solarcentury will take over technical and operational management of the park once in operation

* subject to the usual market conditions precedent

OUTLOOK 2018/2019 – FURTHER REALIZATION OF EXCLUSIVE PROJECT PIPELINE TARGETED

Spain – 530 MW in the pipeline*

- Late-stage development: 300 MW ✓
- Late-stage development: 180 MW
- Early-stage development: 50 MW



Ireland – >120 MW in the pipeline

- Projects of some >120 MW with ISIF and power Capital

Netherlands – 119 MW in the pipeline*

- Late-stage development: 46 MW ✓
- Mid-stage development: 35 MW
- Early Stage development: 38 MW

Realization of Talayuela with 10 year PPA and renowned Banking consortium will attract other project developers in Europe to offer projects to Encavis, i.e Italy.

- > **Additional acquisitions on attractive FIT markets**
 - > e.g. Sep. 2018: Solar PV Germany and Wind DK: 23 MW
- > **Growth in the Asset Management segment**



Q&As

ENCAVIS

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