

# ENCAVIS

**Welcome address and ENCAVIS growth strategy**

**>> Fast Forward 2025 in detail**

Encavis AG, Online Capital Markets Day 2020, [www.encavis.de](http://www.encavis.de), April 22, 2020

A pair of hands is raised in a gesture of hope or prayer against a sunset sky with clouds. The hands are silhouetted against the bright sun, which is partially obscured by the hands. The sky is filled with soft, golden light and scattered clouds. The overall mood is one of optimism and aspiration.

The use of  
infinite resources –  
this is our future

**ENCAVIS**

02:00 pm	Welcome address	Jörg Peters / Head of IR & PR
02:05 pm	ENCAVIS growth strategy >> Fast Forward 2025 in detail	Dr. Dierk Paskert / CEO Dr. Christoph Husmann / CFO
02:25 pm	Consolidated Financial Statements 2019 incl. Outlook 2020e and beyond	Dr. Christoph Husmann / CFO
02:45 pm	Q&A session regarding growth strategy and financial outlook 2020e	Jörg Peters / Head of IR & PR
03:00 pm	Virtual site visit and status update of the Spanish solar parks Talayuela & La Cabrera incl. the impact of CoVid-19 epidemic on the progress of construction	Dr. Dierk Paskert / CEO
03:30 pm	Q&A session regarding Spanish solar parks	Jörg Peters / Head of IR & PR
03:45 pm	Characteristics of Infrastructure Funds incl. Q&A session	Alexander Stütz / Encavis AM Member of the Management Board
04:15 – 04:45 pm	Management summary incl. final Q&A session	Dr. Dierk Paskert / CEO Dr. Christoph Husmann / CFO



# New era – Growing PPA market

ENCAVIS is a European first mover

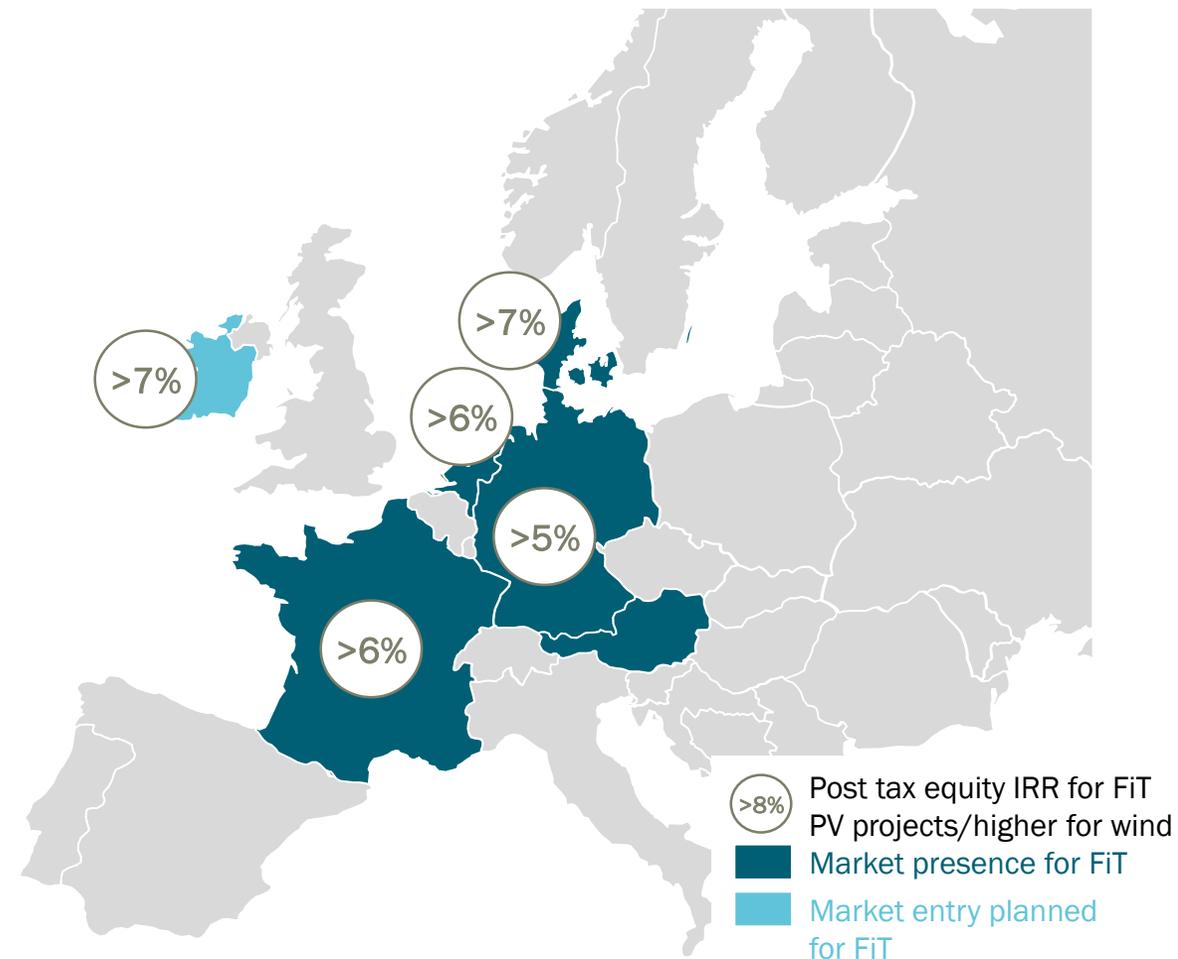
Conservative acquisition strategy for markets with FiT (Feed-in-Tariffs) will be pursued as in the past

We acquire ready-to-build, turnkey-projects or existing parks with Feed-in-Tariffs and operate them over their technical and commercial life time

>10 years of experience in these markets still allow for numerous acquisition opportunities in established markets with satisfying IRRs

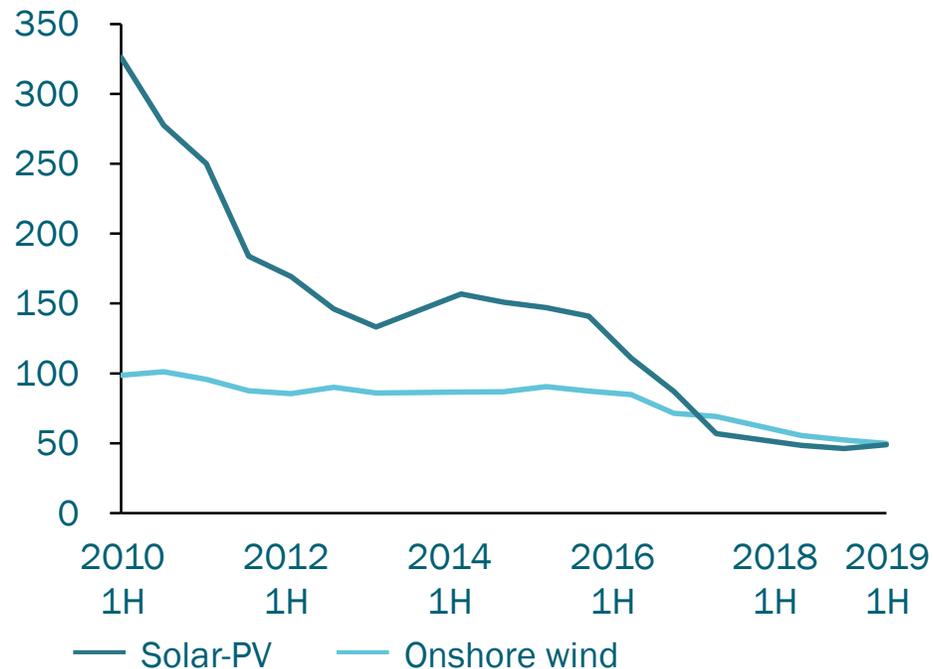
Falling interest rates create an increasing competition for FiT projects

However, Encavis reiterates its commitment to stated IRR expectations

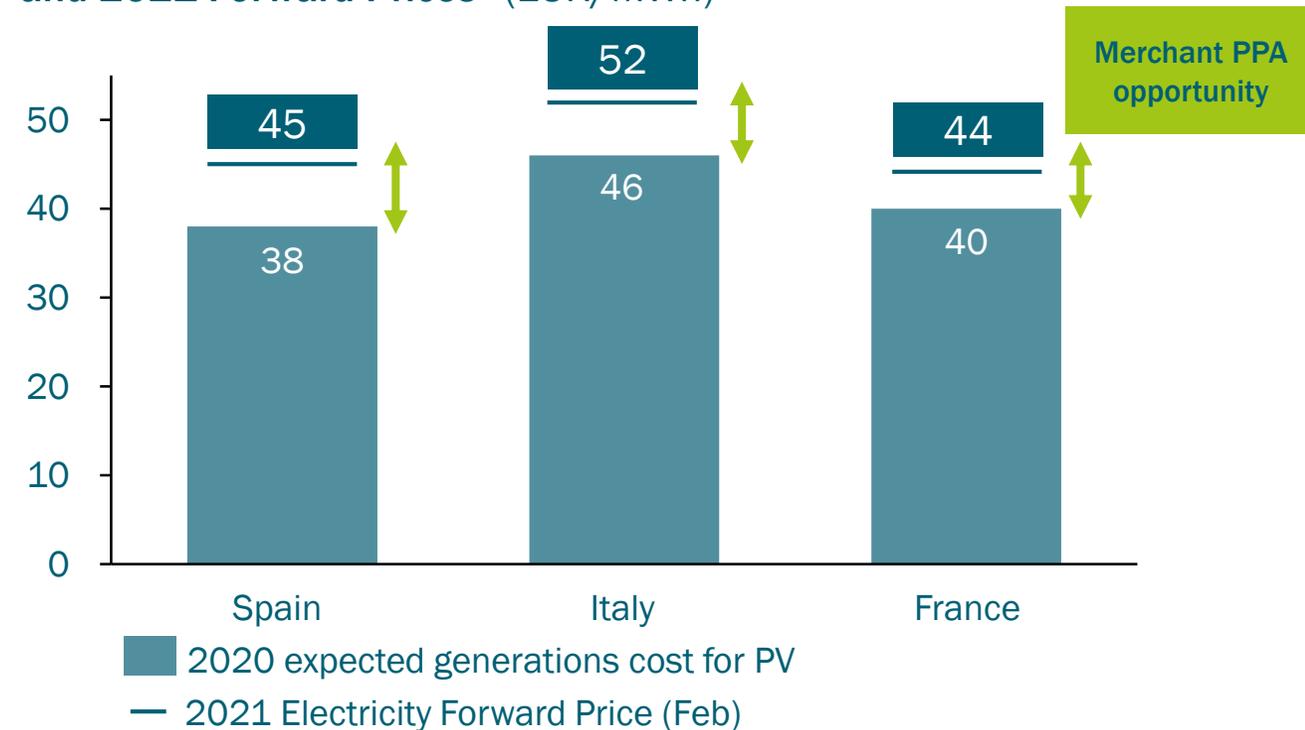


## Competitive generation costs of PV & wind projects opens new business opportunities

Development of global levelized costs of electricity (USD real 2018 /MWh)



Forecasted generation costs for large-scale PV and 2021 Forward Prices<sup>1</sup> (EUR/MWh)



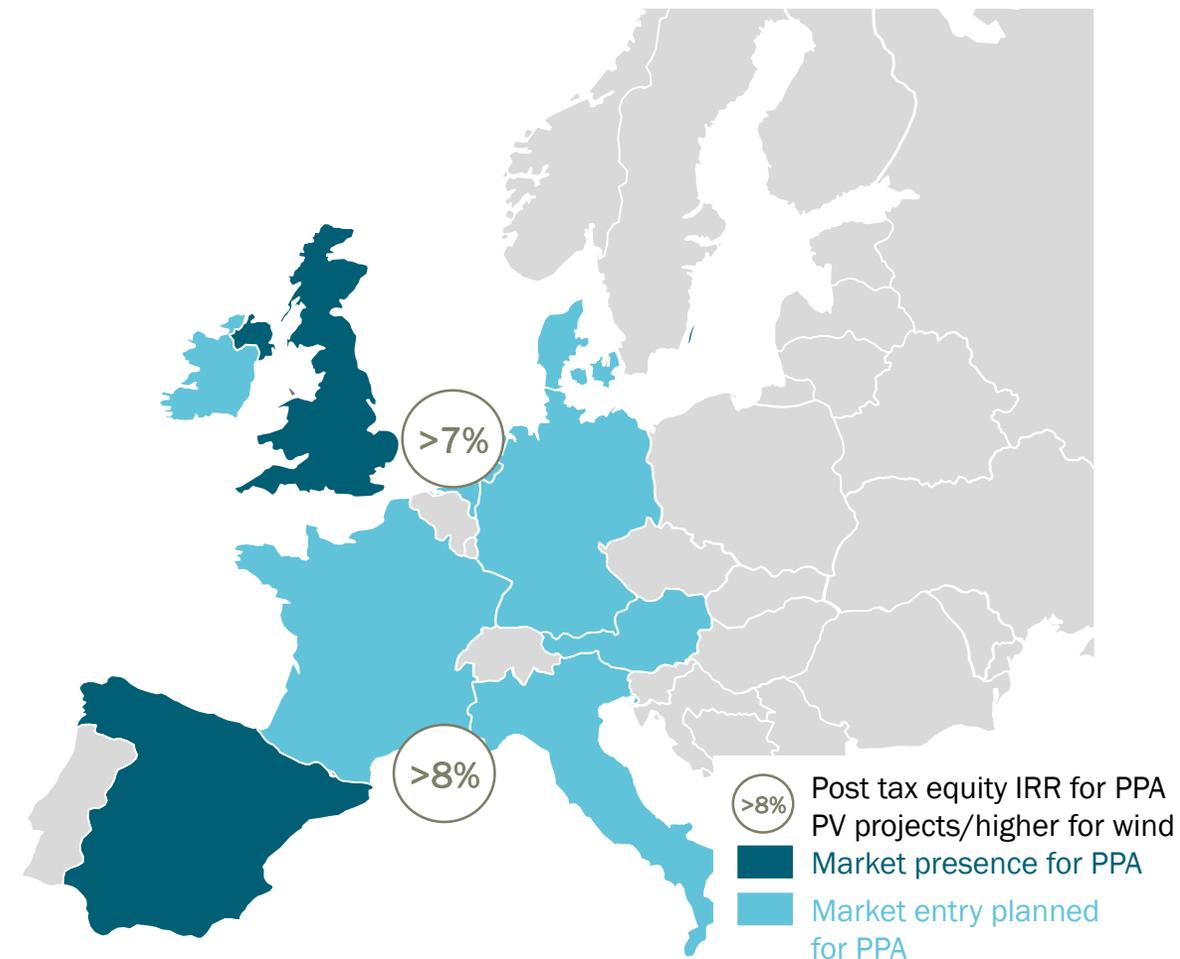
**In Southern-European markets the generation costs of renewables are already below prices of 2019 Electricity Forwards. This boosts PPA-Markets in countries such as Spain and Italy.**

## Conservative acquisition strategy for markets with PPA projects with increasing importance

We acquire ready-to-build, turnkey-projects or existing parks and negotiate Power Purchase Agreements with companies with very good ratings and operate them over their technical and commercial life time

Our experience from PPA negotiations in Spain (500 MW PV) and UK (40 MW PV) enables Encavis to move to emerging PPA markets like Italy and – in time to come – Germany and France

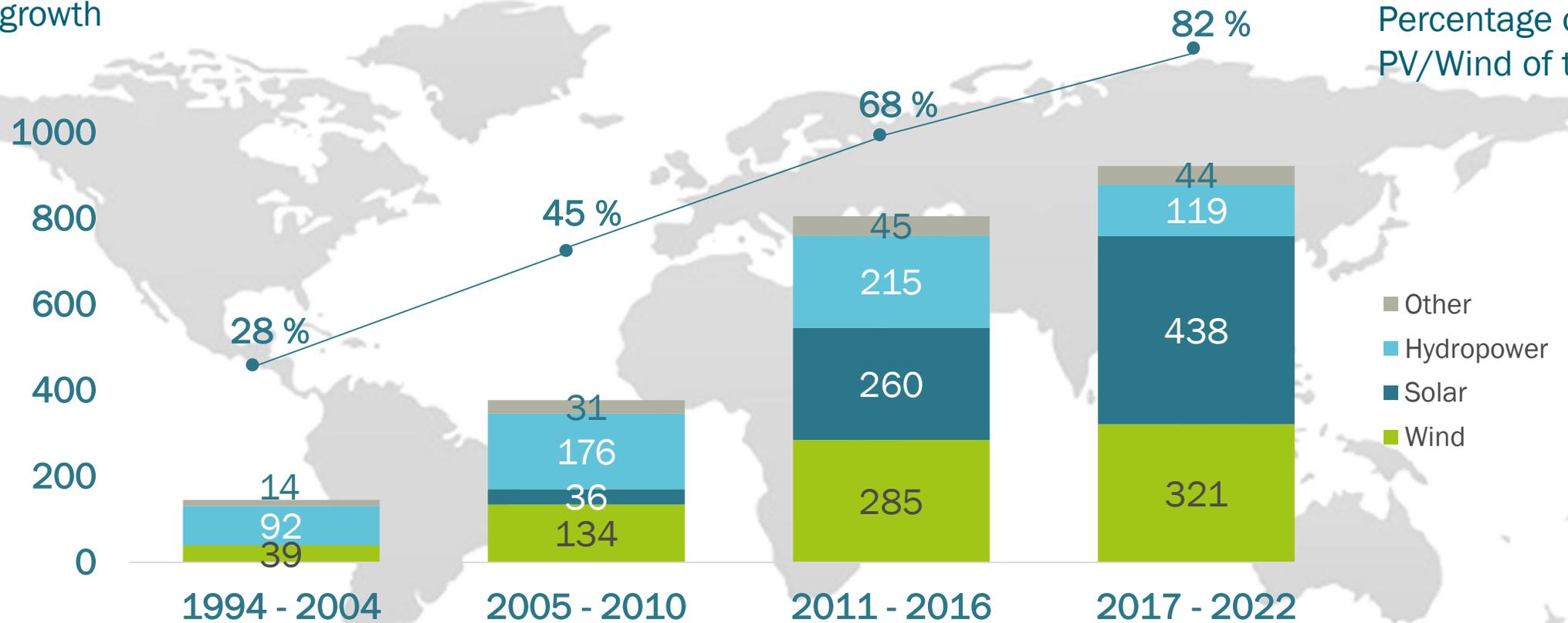
IRR minimum requirement depends more on risk distribution and rating of the off-taker, to a lesser extent on regulatory risk



## Worldwide growth in generating capacity of renewables by technology

Capacity growth  
in GW

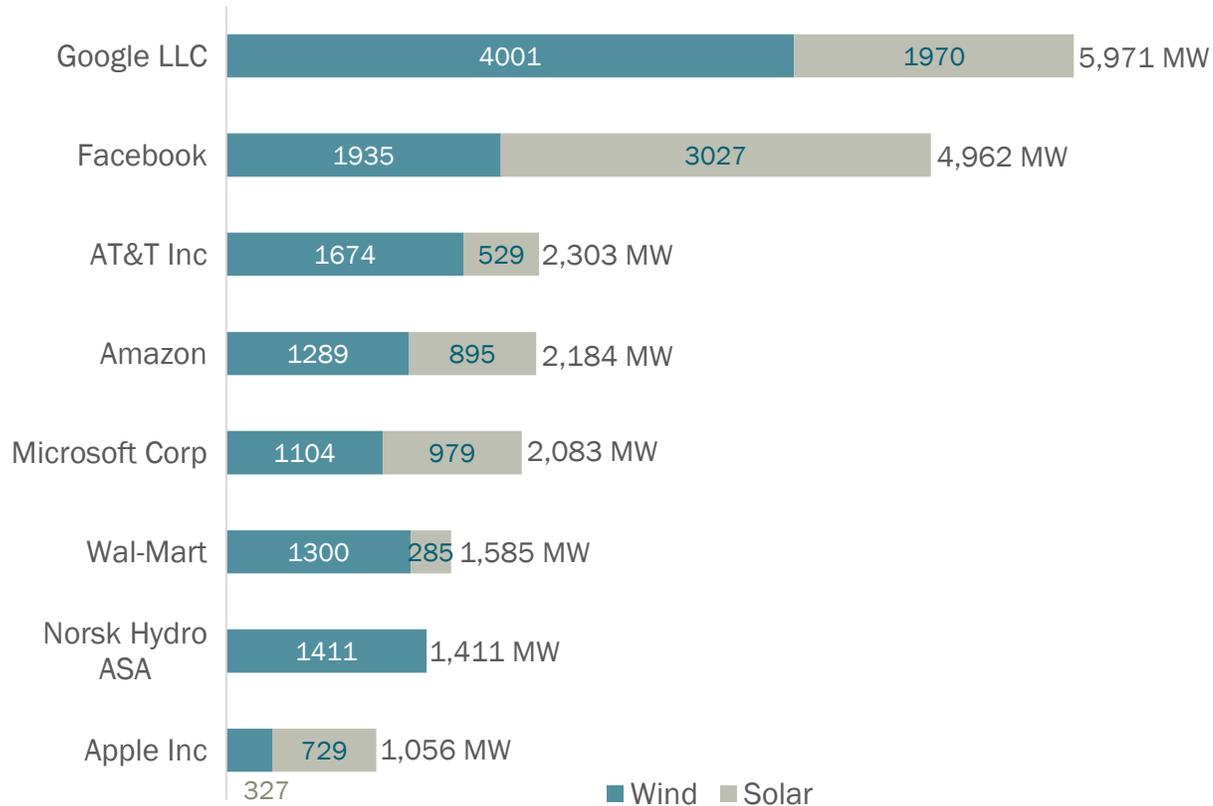
Percentage of  
PV/Wind of total



Source: International Energy Agency 2017

## The need for green energy supply is driving PPA markets

### Top oftakers by capacity and source



Source: Bloomberg NEF, 2020

### Market developments

North American market with pioneering role

US companies search partners for PPAs in Europe

ENCAVIS registers increasing demand for PPAs also in Europe (Nordics, Spain, Italy, Ireland, Germany)

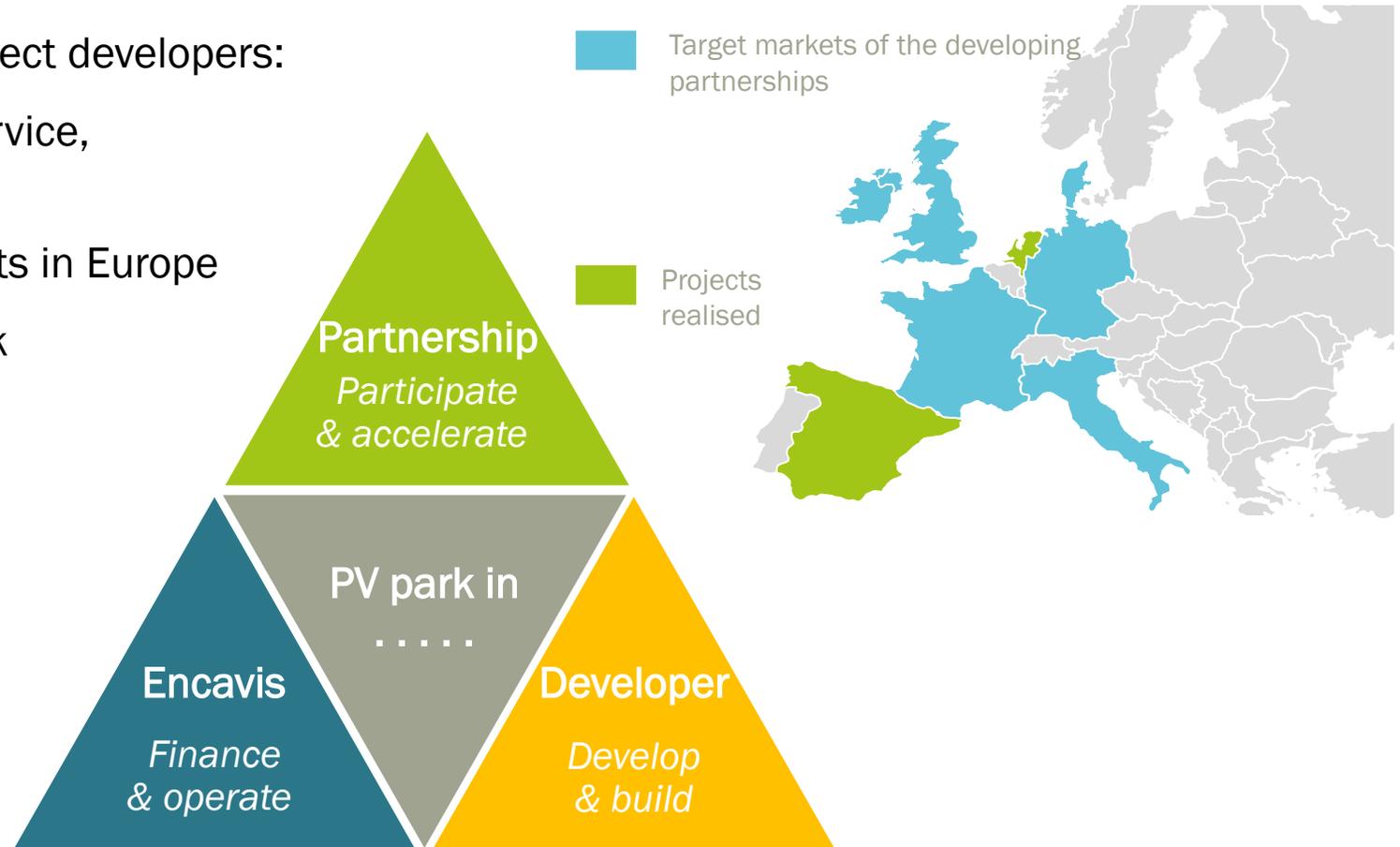
Major PPA deal in Europe in 2017:

Norsk Hydro signed PPA until 2039 for 650 MW wind park in Sweden

PPAs are contracted for time periods from 6 – 20 years

## Strategic Partnerships secure future growth with a pipeline volume ~2.5 GW over three years

- > Strategic partnerships with several project developers:
  - > Aurora, GreenGo, Greifensolar, LTService, Psai.Energies, Solarcentury, . . .
- > Pipeline of ~2.5 GW in total with projects in Europe
- > Projects realised in Spain and Denmark
- > More than 580 MW of pipeline volume realised in less than one year
- > Standardisation of processes reduces transaction costs





Strategic outlook:  
>> Fast Forward 2025

## ENCAVIS Growth Programme: >> Fast Forward 2025

### Growth Initiative

- > Investment in RTB and securing early-stage projects primarily focused on PPA markets
- > Ongoing opportunistic acquisitions in FiT markets
- > European focus for the time being
- > Disposal of minority participations in projects (mainly wind farms) to diversify local wind risk and to recycle cash

### Economies of Scale and Scope

- > Optimisation of O&M cost
- > Optimisation of SPV-financing
- > Cash pooling

Strong growing PPA-markets – ENCAVIS is a European first mover in solar

## Pillars of the Encavis Growth Strategy >> Fast Forward 2025

- > Encavis has secured preferred access to know-how for PPA by establishing a dedicated in-house competence team and by investing in market leading competence platform Pexapark (CH)
- > Leveraging knowledge and network as experienced investor based on recently signed PPAs with a leading European Utility and Amazon for in total 500 MW of Spanish solar parks
- > Strong Balance Sheet with equity ratio > 24% giving corporates adequate comfort to handle risks from long-term PPA contracts
- > Access to early stage projects without taking direct development risk by signing numerous partnership agreements with exclusive rights in Italy, France, Spain, Netherlands, Denmark and Germany

## ENCAVIS Growth Strategy: >> Fast Forward 2025

- > Doubling of signed own capacity of 1.7 GW (2019) to 3.4 GW
- > Increasing revenue (wa) from 260 to 440 million EUR
- > Increasing oper. EBITDA (wa) from 210 to 330 million EUR
- > Oper. EBITDA margin of 75%
- > Increasing oper. EPS (wa) from 0.40 EUR to 0.70 EUR

- > Growth rate of signed own capacity of 12% CAGR
- > Revenue (wa) growth rate of 9% CAGR
- > Oper. EBITDA (wa) growth rate of 8% CAGR
- > Oper. EPS (wa) growth rate of 10% CAGR
- > Solid equity ratio of 24% or more

## Selected measures to fulfill >> Fast Forward 2025

<b>Pipeline</b>	<ul style="list-style-type: none"> <li>&gt; Currently several strategic partnerships with developers signed</li> <li>&gt; Pipeline of more than 2.5 Gigawatt (GW) minimum secured</li> </ul>
<b>Capacity Growth</b>	<ul style="list-style-type: none"> <li>&gt; 1.7 GW of signed own capacity end of 2019 will be doubled to 3.4 GW end of 2025</li> <li>&gt; Thereof currently 1.2 GW connected to the grid, end of 2020 1.7 GW and approx. 3.0 GW end of 2025</li> </ul>
<b>Recycling of Cash</b>	<ul style="list-style-type: none"> <li>&gt; Sale of minority stakes up to 49% will be continued</li> <li>&gt; Doubled capacity incl. diversified local wind risks</li> </ul>
<b>Recycling of Debt</b>	<ul style="list-style-type: none"> <li>&gt; Reduction of EUR ~100 million of debt p.a. at SPV level offers headroom for new debt in the same amount at corporate level at better conditions</li> </ul>

## Growth strategy based on 2019 fundamentals only

Profitable growth outside Europe

Profitable business models in storage technology

Potential reserves in equity capital market transactions  
and dividend policy post 2021

Further opportunities in  
Mergers & Acquisitions

Base case scenario:

>> Fast Forward 2025



ENCAVIS

Together we strive  
to improve each and every day

## Speaker

Dr. Dierk Paskert  
Chief Executive Officer

CEO since Sep 2017  
Reappointed until Aug 2025



CEO Rohstoffallianz GmbH  
Member of the Management Board of E.ON-Energie AG  
SVP Corporate Development of E.ON AG  
Member of the Management Board of Schenker AG

Dr Christoph Husmann  
Chief Financial Officer

CFO since Oct 2014  
Reappointed until Sep 2025



Member (CFO) and later CEO of the Management Board of HOCHTIEF Projekt Entwicklung GmbH  
Head of Corporate Controlling and M&A of STINNES AG and HOCHTIEF AG,  
Controlling of VEBA AG

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