ENCAVIS

Interim Release Q1

2018

Dear Shareholders, Ladies and Gentlemen,

We can look back on a successful and eventful opening quarter of 2018. We are delighted that we have been able to vigorously continue the growth trajectory of the 2017 financial year in the first three months of 2018.

During the first quarter of 2018, we acquired a solar park with a capacity of 43.9 megawatts (MW), which now represents the largest park in our portfolio. Due to adverse weather conditions, we were only partly able to exceed our prior-year figures. For example, the Encavis Group increased revenue by some 9.4 per cent to EUR 45.9 million, even though revenue growth was adversely impacted by the fact that the number of hours of sunshine was well below expectations compared to the long-term average, as well as by a below-average wind level. Therefore, revenues attributable to solar parks were below those of the prior-year period despite the expansion of the solar portfolio. Especially in Italy and Germany, the number of hours of sunshine was, depending on the region, between 12 and 18 per cent below prior year's level. Without these meteorological effects, an additional growth in revenue of more than three million euros would have been possible. The weather conditions were also reflected in earnings indicators. Operating earnings before interest, tax, depreciation and amortization (EBITDA) came to some EUR 31.5 million. This only equates to an increase of around 1.6 per cent on the prior-year period (EUR 31.0 million). Operating earnings before interest and taxes (EBIT) amounted to EUR 13.5 million, which is around EUR 1.5 million below the prior-year figure. If sunshine and wind levels had been at the level of the long-term average, EBIT would have increased by some 10 per cent year-on-year. Pleasingly, cash flow from operating activities rose sharply by around 29 per cent year-on-year, coming in at EUR 27.4 million as of the end of the reporting period. The equity ratio remains solid at 27.04 per cent (31 December 2017: 27.73 per cent).

A milestone in the history of the company was recorded on 26 February 2018, when the new name of "Encavis AG" was entered into the commercial register. This also marked the successful takeover and integration of CHORUS Clean Energy AG and its employees. Alongside Encavis AG and Encavis Asset Management AG in Neubiberg, which offers institutional investors a comprehensive range of services, the Encavis Group includes Encavis Technical Services GmbH in Halle an der Saale. The employees there handle the technical management of solar and wind parks.

We currently operate 171 solar parks and 65 wind parks in nine European countries, with a total generation capacity of more than 1.5 gigawatts (GW). As a result, Encavis is one of the leading listed independent power producers (IPPs) in Europe. Our new brand, "Encavis", symbolises the three pillars on which our company is built. It stands for "energy" – the product on which our investments and operating activities focus – and "capital", which represents the financial aspect of our business model. It also stands for "vision", as we are committed to the energy system of the future and make renewable energies economically viable.

We further expanded our portfolio of solar and wind parks during the reporting period, having already laid the foundation in December 2017 by entering into a strategic partnership with British project developer Solarcentury, based in London. The agreement grants us exclusive access over the next three years to solar parks in Europe and overseas with a total generation capacity of around 1.1 GW.

We implemented the first joint project with Solarcentury in mid-March 2018. The newly acquired, ready-to-build solar park close to the Dutch city of Eindhoven boasts a generation capacity of some 43.9 MW. As a result, the capacity of Encavis parks in the Netherlands has risen to some 100 MW, just three months after entering the Dutch market.

January 2018 saw us sign another agreement that offers the prospect of further growth in another market. The strategic partnership with Irish sovereign development fund "Ireland Strategic Investment Fund" envisages joint investments in the renewable energy installations of project developer Power Capital in Ireland. Power Capital already boasts a pipeline of more than 20 parks, with a total generation capacity of 140 MW. The Irish renewable energy market harbours considerable potential, especially in terms of concluding private-sector power purchase agreements with energy-intensive companies that wish to meet the bulk of their electricity demand with renewable energies in the future.

Dear shareholders, we firmly believe that renewable energies will remain a key growth market in the future. On the basis of our current portfolio (as of March 2018) as well as a very favourable meteorological start into the second quarter, we continue to expect an increase in revenue to more than EUR 240 million for the current 2018 financial year. Furthermore, we expect to be able to generate an operating EBITDA of more than EUR 175 million. At Group level, we anticipate additional growth in operating EBIT to more than EUR 105 million. We expect to be able to achieve cash flow from operating activities of more than EUR 163 million. We also expect to achieve operating earnings of EUR 0.30 per share, which would represent a considerable increase on the 2017 figure.

The composition of the Encavis AG Management Board changed in the first quarter of 2018. Once CHORUS AG had been integrated into Encavis AG, the members of the Supervisory Board and Mr Götze reached amicable and mutual agreement regarding the early termination of his Management Board tenure as of 26 April 2018. We would like to take this opportunity to once again thank Mr Götze for his dedication and wish him all the best for his future career.

Ladies and gentlemen, it goes without saying that we want to once again see you share in the successful growth of the company witnessed in the previous year. The Annual General Meeting held on 8 May 2018 followed our recommendation of paying a dividend in the amount of EUR 0.22 per voting share for the 2017 financial year, which, as in years past, will be granted as an optional dividend. Furthermore, we stand by the dividend policy announced in 2017. Therefore, you can expect a dividend that is higher by a nominal measure of 50 per cent by 2021, taking 2016 as the base year. This corresponds to a dividend of EUR 0.30.

The Management Board of Encavis AG will resolutely press ahead with the sustainable growth trajectory already embarked upon and regards the achievements of previous years as a benchmark and commitment for the future. We would be delighted if you were to continue to put your trust in Encavis AG and accompany us on this journey for a long time to come.

Hamburg, May 2018

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

Dr Dierk Paskert
Chief Executive Officer (CEO)

Dr Christoph Husmann
Chief Financial Officer (CFO)

Group operating KPIs*

In EUR million	01.01.-31.03.2018	01.01.-31.03.2017
Revenue	45.9	41.9
EBITDA	31.5	31.0
EBIT	13.5	15.0
EBT	0.5	2.4
EAT	-0.1	1.6
Operating cash flow	27.4	21.3
Earnings per share (undiluted / in EUR)	0.00	0.01

	31.03.2018	31.12.2017
Equity	692	699
Liabilities	1,868	1,821
Total assets	2,560	2,520
Equity ratio in %	27.0	27.7

* The Group operating KPIs are based solely on the company's operating profitability and do not take any IFRS-related valuation effects into account.

Note on the quarterly figures

The publication of the results was prepared pursuant to the amended exchange rules for the Frankfurt Stock Exchange from 12 November 2015. This interim statement does not contain a complete interim financial report in accordance with International Accounting Standard (IAS) 34 and should therefore only be read in conjunction with the consolidated financial statements as of 31 December 2017 and subsequent publications.

The quarterly figures on the asset, financial and earnings position have been prepared in conformity with International Financial Reporting Standards (IFRS) as applicable within the European Union.

The accounting policies applied are in principle the same as those used for the last year-end consolidated financial statements. We published a detailed description of the methods applied in the notes to the consolidated financial statements for 2017. Additionally, the group applies 'IFRS 9 – Financial instruments' as well as 'IFRS 15 – Revenue from contracts with customers' since 1 January 2018. No material changes on the assets, financial and earnings position of the group arise from the application of these new standards.

Business activities

Business model

Encavis AG is listed in the SDAX segment of Deutsche Börse and makes use of the various opportunities offered by the generation of power from renewable energy sources. As an independent operator of environmentally friendly and emission-free power plant capacities, Encavis has continued to expand its generation portfolio since 2009 and is one of Europe’s largest independent power producers (IPPs) in the renewable energy sector. The Group’s core business is the acquisition and operation of solar parks and onshore wind parks. When acquiring new installations, the Group generally focuses on turnkey projects or existing installations with guaranteed feed-in tariffs or long-term power purchase agreements and which are built in geographical regions that stand out due to a stable economic environment and reliable investment and operating conditions. Solar parks and wind parks can therefore generate reliable returns and predictable cash flows.

Moreover, Encavis – through its subsidiary Encavis Asset Management AG – offers attractive opportunities for institutional investors to invest in facilities for the production of renewable energies. Asset Management includes all services in this business segment – that is, the initiation of funds and/or the individual design and structuring of other investments for professional investors within the renewable energies sector as well as the operation of the facilities owned by these investors.

Encavis currently operates a total of 171 solar parks and 65 wind parks with a capacity of more than 1.5 GW in Germany, Italy, France, the United Kingdom, Austria, Finland, Sweden, Denmark and the Netherlands. Of those, the Group operates eight solar parks and 34 wind parks for third parties as part of their third-party Asset Management segment.

Industry-specific underlying conditions

Expansion of renewable energies continues following a record year in 2017

The global energy markets are in a period of flux, with conventional energy sources and fossil fuels increasingly being replaced with, and supplemented by, the expansion and use of renewable energies. Following a record year in 2017, it is anticipated that the expansion of renewable energies will continue in 2018.

In the photovoltaic sector, 2017 saw the installation of new facilities around the globe with generation capacity of almost 100 GW according to the German Solar Association. Installed generation capacity therefore almost reached the 400 GW mark.

According to calculations of the Global Wind Energy Council, some 53 GW of new wind capacity were installed worldwide in 2017. At the end of 2017, the worldwide installed generation capacity in the wind sector therefore amounted to some 540 GW (2016: 487 GW). It is estimated that this figure will reach 840 GW by 2022.

Developments in European core markets

During the reporting period, there were no material changes to the legislative framework for renewable energies that adversely affect the business model of Encavis AG itself or its portfolio of solar and wind parks.

When acquiring new installations, Encavis AG generally focuses on projects in advanced stages of construction as well as turnkey projects and existing installations with guaranteed feed-in tariffs or long-term power purchase agreements. Furthermore, as part of its Asset Management segment, the Encavis Group offers institutional investors – both via various investment vehicles as well as direct investments – the opportunity to invest in attractive renewable energy installations.

Any changes to the future structuring of subsidy systems and mechanisms for renewable energies are accounted for within the return calculations for new investments and have no influence on the company’s existing portfolio.

Course of business and development of the segments

Encavis and Irish sovereign development fund ISIF conclude partnership in order to make joint investments in the Irish solar market via projects of Irish project developer Power Capital

On 18 January 2018, Encavis AG concluded a partnership with Irish sovereign development fund “Ireland Strategic Investment Fund“ (ISIF) in order to make joint investments in a solar park portfolio belonging to Irish project developer

Power Capital comprising more than 20 parks with a total generation capacity in excess of 140 MW. By virtue of the partnership, the Irish sovereign development fund will be investing in the solar energy sector in Ireland for the first time, thus developing the country's solar market in conjunction with Encavis. The partnership envisages that ISIF, as a silent partner, will acquire 25 per cent of the equity for each of the projects in which Encavis AG invests in Ireland.

It is planned to build solar parks on the east and south-west coasts of Ireland, from the region of Louth to the region of West Cork. The individual parks will measure between 5 MW and 25 MW in scale. All necessary permits were obtained at the end of 2017 for parks with a generation capacity totalling 110 MW.

The Irish government has set a target of meeting some 40 per cent of Irish electricity demand with renewable energies by 2020. In order to meet this target, it is expected that Ireland will introduce a new system of government subsidies for renewable energies. A study published by consultancy firm KPMG estimates that generation capacity of more than 3,750 MW would have to be installed by 2030 in order to meet the demand and potential within the Irish solar market.

Renaming to "Encavis"

On 27 February 2018, the company announced its new name of "Encavis AG". Following the merger of former Capital Stage AG (as was) and CHORUS Clean Energy AG in 2016, both companies are now publicly pooling their strength and expertise in the renewable energy sector under a new name. Our new brand, "Encavis", symbolises the three pillars on which our company is built. It stands for "energy" – the product on which our investments and operating activities focus – and "capital", which represents the financial aspect of our business model. It also stands for "vision", as we are committed to the energy system of the future and make renewable energies economically viable. The new name also applies to the companies Encavis Asset Management AG (formerly CHORUS Clean Energy AG) and Encavis Technical Services GmbH (formerly Capital Stage Solar Service GmbH).

Encavis AG acquires solar park with capacity of 43.9 MW in the Netherlands, thus implementing first project with Solarcentury

On 12 March 2018, Encavis announced the acquisition of a ready-to-build solar park with a total generation capacity of 43.9 MW close to the Dutch city of Eindhoven, in the province of North Brabant. The project developer for the park is British company Solarcentury, with whom Encavis AG entered into a strategic partnership in December 2017. This partnership concerns access to solar parks with a total generation capacity of some 1.1 GW over the next three years. Grid connection is planned for the fourth quarter of 2018. The total investment volume, including project-related debt financing, is around EUR 44 million. Solarcentury will provide almost 20 per cent of the equity share of the investment. A guaranteed feed-in tariff of 10.4 Eurocent per kilowatt-hour has been secured for the first 15 years following grid connection as part of an auction process. The company expects the solar park to generate annual revenue of almost EUR 4.5 million from the first year of full operation onwards. Commercial and technical operation will be handled by Solarcentury.

Segment development

The business activities of the Group are subject to seasonal influences, leading to fluctuations in revenue and results throughout the course of the year. In terms of the PV Parks segment, the months from April to September generate more revenue than the autumn and winter months.

Actual power fed into the grid by the PV Parks segment in the first three months of 2018 came to 123,021 megawatt-hours (MWh) (previous year: 126,999 MWh). Of the power fed in, around 33 per cent (previous year: 32 per cent) is attributable to solar parks in Germany, 24 per cent (previous year: 26 per cent) to solar parks in France, 28 per cent (previous year: 33 per cent) to solar parks in Italy and 15 per cent (previous year: 9 per cent) to solar parks in the United Kingdom. In total, due to a below-average number of hours of sunshine, the solar park portfolio underperformed in the first quarter of 2018, especially in the Italian market.

Actual power fed into the grid by the Wind Parks segment in the first three months of 2018 came to 202,829 MWh (previous year: 142,287 MWh). Around 71 per cent (previous year: 75 per cent) of this figure is attributable to wind parks in Germany, 15 per cent (previous year: 16 per cent) to wind parks in France, 8 per cent (previous year: 6 per cent) to wind parks in Austria, around 2 per cent (previous year: 3 per cent) to the wind park in Italy and 4 per cent (previous year: 0 per cent) to a wind park in Denmark. Wind speeds were below the long-term average, so on a cumulative basis the wind park portfolio was below plan as of 31 March 2018.

Operating earnings (non-IFRS)

Explanation of the earnings

Revenue and other income

During the first three months of 2018, the Group generated revenues of TEUR 45,881 (previous year: TEUR 41,940). This represents an increase of some 9 % and is due to the wind park portfolio. The revenue increase is based on the expansion of the wind park portfolio, even though overall wind levels were below the long-term average. Due to the expansion of the solar park portfolio, revenues attributable to solar parks were only down slightly on the prior-year level despite the fact that the number of sunshine hours was significantly below the long-term average. In Italy and Germany, in particular, the amount of sunshine in some regions was between 12 per cent and 18 per cent down on the prior-year period in the first quarter of 2018. Without these meteorological effects, additional revenue growth of over EUR 3 million would have been recorded.

Sales revenues are made up of revenue from feeding electricity into the grid, from the operation of parks owned by third parties and from Asset Management revenue.

The Group generated other operating income of TEUR 1,488 (previous year: TEUR 1,113). This includes income from other periods in the amount of TEUR 898 (previous year: TEUR 666).

Personnel expenses and other expenses

Operating personnel expenses came to TEUR 2,743 (previous year: TEUR 1,701). Other operating expenses of TEUR 12,688 were incurred (previous year: TEUR 10,061). This mainly consists of costs of TEUR 9,604 for operating solar and wind parks. Other expenses also include TEUR 3,048 in costs of current operations. The increase is primarily due to the solar and wind parks newly acquired in the previous four quarters.

EBITDA

Operating earnings before interest, taxes, depreciation and amortization (EBITDA) were TEUR 31,489 in the first three months of 2018 (previous year: TEUR 31,006). The EBITDA margin was around 69 % (previous year: 74 %). Depreciation and amortisation of TEUR 18,023 (previous year: TEUR 15,987) are primarily depreciation and amortization on solar and wind parks.

EBIT

Operating earnings before interest and taxes (EBIT) totalled TEUR 13,466 (previous year: TEUR 15,019). The EBIT margin was around 29 % (previous year: 36 %). If weather conditions had been at the level of the long-term average, operating EBIT would have risen by some 10 % year-on-year.

Financial result

Operating financial earnings totalled TEUR -12,928 (previous year: TEUR -12,590). This results primarily from interest on the non-recourse loans for solar and wind parks.

EBT

Operating earnings before taxes (EBT) therefore came to TEUR 538 (previous year: TEUR 2,429). Due to seasonal factors, the PV Parks segment made a negative contribution amounting to TEUR -6,908, while the seasonally more independent Wind Parks segment generated a positive earnings contribution in the amount of TEUR 6,848.

Taxes

The consolidated statement of comprehensive operating income shows operating tax expenses of TEUR 665 (previous year: TEUR 804), mainly for effective tax payments in connection with solar and wind parks.

Consolidated earnings

Altogether, this resulted in consolidated operating earnings of TEUR -126 (previous year: TEUR 1,625).

Determining the operating KPIs (adjusted for IFRS effects)

As outlined in the “Internal management system at Encavis” section of the 2017 annual report, Group IFRS accounting is influenced by non-cash measurement effects and the resulting write-downs. In addition, non-cash interest effects and deferred taxes impair a transparent view of the operating earnings situation as per IFRS.

In TEUR	01.01.-31.03.2018	01.01.-31.03.2017
Revenue	45,881	41,940
Other income	3,310	12,789
Cost of materials	-449	-284
Personnel expenses of which TEUR -121 (previous year: EUR -33) in share-based remuneration	-2,775	-1,734
Other expenses	-12,681	-10,066
Adjusted for the following effects:		
Income from the disposal of financial investments and other non-operating income	0	-6
Other non-cash income (primarily profit from business combinations [badwill] and the reversal of interest rate advantages from subsidised loans [government grants] as well as non-cash non-period income)	-1,822	-11,670
Other non-operating expenses	-7	5
Share-based remuneration (non-cash)	32	33
Adjusted operating EBITDA	**31,489**	**31,006**
Depreciation and amortization	-27,386	-24,667
Adjusted for the following effects:		
Amortisation of intangible assets (electricity feed-in contracts) acquired as part of business combinations	11,097	10,356
Depreciation of step-ups on property, plant and equipment acquired as part of business combinations	-1,734	-1,676
Adjusted operating EBIT	**13,466**	**15,019**
Financial result	-9,714	-11,100
Adjusted for the following effects:		
Other non-cash interest and similar expenses and income (primarily arising from effects of currency translation, effective interest rate calculation, swap valuation and interest cost from subsidised loans [government grants])	-3,214	-1,490
Adjusted operating EBT	**538**	**2,429**
Tax expenses	-893	-2,383
Adjusted for the following effects:		
Deferred taxes (non-cash items)	228	1,579
Adjusted operating consolidated earnings	**-126**	**1,625**

Net assets and financial position

Financial position and cash flow

The change in cash and cash equivalents in the first quarter of 2018 was TEUR -18,182 (previous year: TEUR -13,021) and is made up as follows:

Cash flow from operating activities amounts to TEUR 27,440 (previous year: TEUR 21,264). This consists largely of cash inflows from the operating business of the solar and wind parks. Also included here are changes in assets and liabilities not attributable to investing or financing activities.

Cash flow from investing activities of TEUR -21,713 (previous year: TEUR -15,564) is mainly related to payments for the acquisition of a solar park in the Netherlands and wind parks in Germany, as well as payments related to investments in property, plant and equipment for the construction of solar and wind parks in France, the Netherlands and Austria.

Cash flow from financing activities of TEUR -23,908 (previous year: TEUR -18,721) results chiefly from regular loan repayments and interest paid less newly paid out loans. Additionally, this includes the change in cash and cash equivalents with limited availability. Moreover, cash flow from financing activities was affected for the first time in this quarter by a dividend payment to hybrid capital investors.

Assets position

As of 31 March 2018, equity amounted to TEUR 692,366 (31 December 2017: TEUR 698,594). The change of TEUR -6,228, or some -1 %, is principally due to earnings for the period. The equity ratio is 27.04 % (31 December 2017: 27.73 %). Total assets increased from TEUR 2,519,698 as of 31 December 2017 to TEUR 2,560,240.

Liabilities

As of 31 March 2018, the Group has bank and leasing liabilities amounting to TEUR 1,522,726 (31 December 2017: TEUR 1,487,365). These loan and lease agreements relate to funding for solar parks and wind parks and the mezzanine capital provided by Gothaer Versicherungen in November 2014. This also includes liabilities from listed notes for the Grid Essence portfolio as well as liabilities from debenture bonds.

As of 31 March 2018, liabilities to non-controlling shareholders amounted to TEUR 23,164 (31 December 2017: TEUR 20,496).

The value of provisions as of 31 March 2018 amounts to TEUR 40,420 (31 December 2017: TEUR 32,621). This comprises provisions for restoration obligations (TEUR 34,734) and other provisions (TEUR 5,687).

Trade liabilities decreased from TEUR 20,261 as of 31 December 2017 to TEUR 19,815 as of 31 March 2018.

Events after the balance sheet date

Changes in the Management Board of Encavis AG

On 27 April 2018, Encavis AG announced that Holger Götze had, by mutual and amicable agreement, stepped down from the Management Board as of 26 April 2018,

Due to the acquisition of CHORUS Clean Energy AG, Holger Götze had served on the Management Board of Encavis AG since October 2016. During this period, he played, for example, a crucial role in the successful integration of CHORUS, now Encavis Asset Management AG, within Encavis AG. In this regard, he was particularly influential in developing the asset management business for institutional investors and establishing it as an independent business segment within the Encavis Group.

Once CHORUS had been integrated within Encavis AG, Holger Götze and the Supervisory Board agreed that he would terminate his Management Board contract, which was due to run until 18 October 2019, early. Dr Dierk Paskert, CEO of Encavis AG since 1 September 2017, and Dr Christoph Husmann, CFO of Encavis AG since 1 October 2014, will take over the duties of Holger Götze.

Opportunities and risks

The material opportunities and risks to which the Encavis Group is exposed were described in detail in the consolidated management report for the 2017 financial year. There were no significant changes in this regard during the reporting period.

Forecast

The following statements include forecasts and assumptions that are not certain to materialise. If one or more of these forecasts or assumptions do not materialise, actual results and developments may differ substantially from those outlined.

Underlying conditions for renewable energies

Renewable energies: a megatrend

The expansion of renewable energies continues to go from strength to strength around the world – the aim being to achieve a secure, sustainable and climate-friendly energy supply. Emerging and developing countries in particular are currently leading the way for this global dynamic of capacity expansion.

Solar Power Europe (SPE), the association of Europe's solar industry, has published its most recent expectations of capacity expansion in the photovoltaic sector under the title "Global Market Outlook 2017–2021". In the optimistic scenario in its report, SPE expects the global photovoltaic generation capacity to climb to more than 900 GW by 2021; in its pessimistic scenario, it predicts that this figure will rise to more than 600 GW.

The wind power sector will also witness significant expansion over the next few years. According to the forecasts of the Global Wind Energy Council ("Market Forecast for 2018–2022"), generation capacities in the wind energy sector could rise to nearly 840 GW by the year 2022.

Overview of expected development

Encavis generally invests in turnkey or existing (onshore) solar and wind parks, as well as installations in the later stages of construction, and generally takes over their commercial and technical management. The company's course of business is therefore not directly linked to the future expansion of renewable energies; instead it relies on a growing secondary market. However, the company does also benefit in the medium term from a major and rapid expansion of capacity, since this increases the available investment opportunities. Furthermore, there continues to be great demand for investment opportunities – in particular amongst pension funds and insurance companies. With their long-term and stable cash flows and attractive returns on investment, renewable energy installations are a suitable investment class in this case. As part of the Asset Management segment, Encavis offers institutional investors a wide variety of opportunities to invest in renewable energies or renewable energy installations.

Both the existing and future expectations surrounding the underlying industry-specific conditions as well as the consistently low interest rates provide Encavis with the ideal environment for further qualitative growth. Encavis is also focusing increasingly on the conclusion of strategic partnerships with leading project developers. At the end of 2017, for example, the company announced a strategic partnership with British project developer Solarcentury in respect of a project pipeline of some 1.1 GW over the next three years. In March this year, Encavis already implemented the first joint project, acquiring a ready-to-build solar park in the Netherlands with a total generation capacity of 43.9 MW. Grid connection is scheduled for the fourth quarter of 2018. In January 2018, Encavis entered into a further strategic partnership with Irish sovereign development fund ISIF (Ireland Strategic Investment Fund) and Irish project developer Power Capital. Initially, the aim is to invest in a solar park portfolio with a generation capacity of some 140 MW.

In addition to a comprehensive investment pipeline in the core regions and the asset pipeline from the strategic partnerships with Solarcentury and the Irish sovereign development fund, Encavis AG also reviews further regions on an ongoing basis for potential attractive market entry opportunities.

The Management Board of Encavis confirms its guidance for the 2018 financial year published in March 2018. The earnings forecast issued by Encavis for the 2018 financial year is based solely on the portfolio of solar and wind parks as of 16 March 2018, as well as the assumption of average meteorological conditions.

In EUR million	2018
Revenue	>240
Operating EBITDA*	>175
Operating EBIT*	>105
Operating cash flow*	>163

* Operating; contains no IFRS-related, non-cash valuation effects.

Other information

Employees

The Group had 115 employees (previous year: 91) on 31 March 2018. Excluding members of the Management Board, 60 of these employees (previous year: 48) were employed at Encavis AG, 41 employees (previous year: 32) were employed at Encavis Asset Management AG, ten employees (previous year: eleven) were employed at Encavis Technical Services GmbH and four employees were employed at TC Wind Management GmbH (formerly TC Asset Management GmbH). The increase in headcount is chiefly due to growth-driven team expansion, as well as the takeover of TC Wind Management GmbH midway through 2017.

Dividends

The Management and Supervisory Boards of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. With this in mind, the Supervisory and Management Boards of Encavis AG proposed, at the annual shareholders' meeting on 8 May 2018, to pay out a dividend of EUR 0.22 for each dividend-entitled share. This represents a year-on-year increase of 10 % (2017: EUR 0.20). The proposal by the Management and Supervisory Boards was approved by a clear majority.

The Management and Supervisory Boards wish to give Encavis shareholders the greatest possible freedom of choice in connection with the dividend. As a result, the dividend issued by Encavis AG was once again structured as an optional dividend. The shareholders were therefore able to choose whether they wanted to receive the dividend in cash or in the form of shares. Furthermore, the dividend is partially tax-free in accordance with section 27, paragraph 1, of the German corporation tax act (*Körperschaftssteuergesetz* – KStG).

Related-party disclosures (IAS 24)

Rental contracts at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG for office space for Encavis AG. The company is allocated to the two Supervisory Board members Mr Albert Büll and Dr Cornelius Liedtke.

As of the reporting date, rental contracts at arm's-length terms exist with PELABA Vermögensverwaltung GmbH & Co. KG; this company is allocated to Supervisory Board member Mr Peter Heidecker.

Notification requirements

Notifications in accordance with section 21, paragraph 1, or paragraph 1a, of the Securities Trading Act (WpHG) are shown on the website of Encavis AG at https://www.encavis.com/en/investor-relations/corporate-governance/.

Condensed consolidated statement of comprehensive income (IFRS)

In TEUR	01.01.-31.03.2018	01.01.-31.03.2017
Revenue	45,881	41,940
Other income	3,310	12,789
Cost of materials	-449	-284
Personnel expenses	-2,775	-1,734
of which in share-based remuneration	*-121*	*-33*
Other expenses	-12,681	-10,066
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**33,286**	**42,644**
Depreciation and amortization	-27,386	-24,667
Earnings before interest and taxes (EBIT)	**5,901**	**17,977**
Financial income	4,741	2,566
Financial expenses	-14,456	-13,667
Earnings before taxes on income (EBT)	**-3,813**	**6,877**
Taxes on income	-893	-2,383
Consolidated earnings	**-4,706**	**4,493**
Items which can be reclassified to profit or loss		
Currency translation differences	303	-36
Hedging of cash flows – effective part of the change in fair value	756	902
Change in the market value of available-for-sale financial assets	0	19
Income taxes on items which can be reclassified to profit or loss	-188	-289
Consolidated comprehensive income	**-3,834**	**5,089**
Consolidated earnings for the period attributable to		
Encavis AG shareholders	-5,831	4,770
Non-controlling interests	-142	-276
Hybrid capital investors	1,267	0
Cconsolidated comprehensive income for the period attributable to		
Encavis AG shareholders	-4,959	5,365
Non-controlling interests	-142	-276
Hybrid capital investors	1,267	0
Earnings per share		
Average number of shares in circulation in the reporting period		
Undiluted	128,252,214	126,463,569
Diluted	128,274,665	126,483,933
Undiluted earnings per share (in EUR)	-0.05	0.04
Diluted earnings per share (in EUR)	-0.05	0.04

Condensed consolidated balance sheet (IFRS)

Assets in TEUR	31.03.2018	31.12.2017
Intangible assets	603,047	609,482
Goodwill	32,548	32,405
Property, plant and equipment	1,504,255	1,455,168
Financial investments recognised using the equity method	690	690
Financial investments	7,190	11,071
Other accounts receivable	14,557	14,558
Deferred tax assets	120,193	118,896
Total non-current assets	**2,282,481**	**2,242,271**
Inventories	324	339
Trade receivables	38,872	40,146
Non-financial assets	13,112	8,585
Receivables from income taxes	21,004	21,471
Other current receivables	14,556	11,311
Cash and cash equivalents	189,890	195,577
Cash and cash equivalents	*111,409*	*124,388*
Restricted cash and cash equivalents	*78,481*	*71,188*
Total current assets	**277,760**	**277,428**
Total assets	**2,560,240**	**2,519,698**

Equity and liabilities in TEUR	31.03.2018	31.12.2017
Subscribed capital	128,252	128,252
Capital reserve	406,741	406,834
Reserve for equity-settled employee remuneration	489	458
Other reserves	-1,881	-2,753
Net retained profit	57,748	63,737
Equity attributable to Encavis AG shareholders	**591,350**	**596,528**
Equity attributable to non-controlling interests	6,820	6,582
Equity attributable to hybrid capital investors	94,196	95,484
Total equity	**692,366**	**698,594**
Non-current liabilities to non-controlling shareholders	5,155	2,791
Non-current financial liabilities	1,308,689	1,284,199
Non-current leasing liabilities	78,905	80,578
Other non-current liabilities	11,227	11,078
Non-current provisions	34,859	26,089
Deferred tax liabilities	236,468	233,548
Total non-current liabilities	**1,675,303**	**1,638,283**
Current liabilities to non-controlling shareholders	18,009	17,705
Liabilities from income taxes	4,349	7,027
Current financial liabilities	129,313	117,996
Current leasing liabilities	6,638	6,612
Trade payables	19,815	20,261
Other current debt	8,886	6,689
Current provisions	5,561	6,532
Total current liabilities	**192,571**	**182,821**
Total equity and liabilities	**2,560,240**	**2,519,698**

Condensed consolidated cash flow statement (IFRS)

In TEUR	01.01.-31.03.2018	01.01.-31.03.2017
Net profit/loss for the period	-4,706	4,493
Cash flow from operating activities	**27,440**	**21,264**
Cash flow from investing activities	**-21,713**	**-15,564**
Cash flow from financing activities	**-23,908**	**-18,721**
Change in cash and cash equivalents	**-18,182**	**-13,021**
Change in cash due to exchange rate changes	160	18
Cash and cash equivalents		
As of 01.01.2018 (01.01.2017)	119,984	125,698
As of 31.03.2018 (31.03.2017)	101,963	112,695

Condensed consolidated statement of changes in equity (IFRS)

In TEUR	Sub-scribed capital	Capital reserve	Currency trans-lation reserve	Hedge reserve	Reserve from changes in fair value	Reserve for equity-settled employee remuner-ation
As of 01.01.2017	**126,432**	**399,559**	**1,062**	**-4,887**	**-142**	**344**
Consolidated earnings						
Other comprehensive income			-36	804	14	
Consolidated comprehensive income for the period			**-36**	**804**	**14**	
Income and expenses recorded directly in equity						33
Changes from capital measures	92	589				
Transactions with shareholders recognised directly in equity		-248				
Issue costs		-49				
Acquisition of shares from non-controlling interests						
As of 31.03.2017	**126,524**	**399,851**	**1,026**	**-4,083**	**-128**	**377**
As of 01.01.2018	**128,252**	**406,834**	**1,176**	**-3,630**	**-298**	**458**
Effect from the first-time application of IFRS 9						
As of 01.01.2018 (adjusted for IFRS 9)	**128,252**	**406,834**	**1,176**	**-3,630**	**-298**	**458**
Consolidated earnings						
Other comprehensive income			303	568		
Consolidated comprehensive income for the period			**303**	**568**		
Dividends						
Income and expenses recorded directly in equity						31
Transactions with shareholders recognised directly in equity		22				
Issue costs		-115				
Acquisition of shares from non-controlling interests						
As of 31.03.2018	**128,252**	**406,741**	**1,479**	**-3,062**	**-298**	**489**

In TEUR		Net retained profit	Equity attributable to Encavis AG shareholders	Equity attributable to non-controlling interests	Equity attributable to hybrid capital investors	Total
As of 01.01.2017		**63,342**	**585,710**	**22,846**		**608,556**
Consolidated earnings		2,621	2,621	-276		2,345
Other comprehensive income			782			782
Consolidated comprehensive income for the period		**2,621**	**3,403**	**-276**		**3,126**
Income and expenses recorded directly in equity			33			33
Changes from capital measures			681			681
Transactions with shareholders recognised directly in equity			-248			-248
Issue costs			-49			-49
Acquisition of shares from non-controlling interests				-966		-966
As of 31.03.2017		**65,962**	**589,530**	**21,603**		**611,132**
As of 01.01.2018		**63,737**	**596,528**	**6,582**	**95,484**	**698,594**
Effect from the first-time application of IFRS 9		-158	-158			-158
As of 01.01.2018 (adjusted for IFRS 9)		**63,579**	**596,370**	**6,582**	**95,484**	**698,436**
Consolidated earnings		-5,831	-5,831	-142	1,267	-4,706
Other comprehensive income			872			872
Consolidated comprehensive income for the period		**-5,831**	**-4,959**	**-142**	**1,267**	**-3,834**
Dividends					-2,554	-2,554
Income and expenses recorded directly in equity			31			31
Transactions with shareholders recognised directly in equity			22	-22		
Issue costs			-115			-115
Acquisition of shares from non-controlling interests				401		401
As of 31.03.2018		**57,748**	**591,350**	**6,820**	**94,196**	**692,366**

Condensed Group segment reporting (IFRS)[1]

In TEUR	Administration	PV Parks	PV Services	Asset Management
Revenue	603	27,675	854	670
(previous year)	(260)	(28,289)	(777)	(750)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-2,284	20,621	382	-610
(previous year)	(-1,977)	(33,499)	(355)	(115)
Earnings before interest and taxes (EBIT)	-2,400	486	371	-850
(previous year)	(-2,047)	(14,773)	(341)	(-90)
Financial result	233	-7,395	0	27
(previous year)	(-483)	(-10,353)	(0)	(-1)
Earnings before taxes on income (EBT)	-2,168	-6,908	371	-823
(previous year)	(-2,530)	(4,420)	(341)	(-91)
Consolidated earnings (EAT)	-2,117	-7,704	394	-965
(previous year)	(-2,086)	(2,676)	(277)	(-249)
Earnings per share, undiluted	-0.03	-0.06	0.00	-0.01
(previous year)	(-0.02)	(0.02)	(0.00)	(0.00)
Assets including investments	615,052	2,061,067	7,049	38,773
(As of 31.12.2017)	(630,416)	(2,015,637)	(6,732)	(39,266)
Capital expenditures (net)	-2,235	-16,488	0	-188
(previous year)	(-2,627)	(-23,695)	(8)	(-3)
Debt	74,087	1,677,310	1,385	3,876
(As of 31.12.2017)	(70,679)	(1,636,933)	(1,464)	(6,844)

[1] Some of the prior-year figures have been adjusted due to changes in the composition of the segments (cf. note 3.24 in the 2017 annual report).

Declaration by the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the report for the first quarter of 2018 as of 31 March 2018, in connection with the annual report for 2017, gives a true and fair view of the net assets and financial and earnings positions of the Group, and that the situation of the Group is presented in a true and fair way as to suitably describe the principal opportunities and risks associated with the expected development of the Group.

Hamburg, May 2018

Encavis AG

Management Board

Dr Dierk Paskert

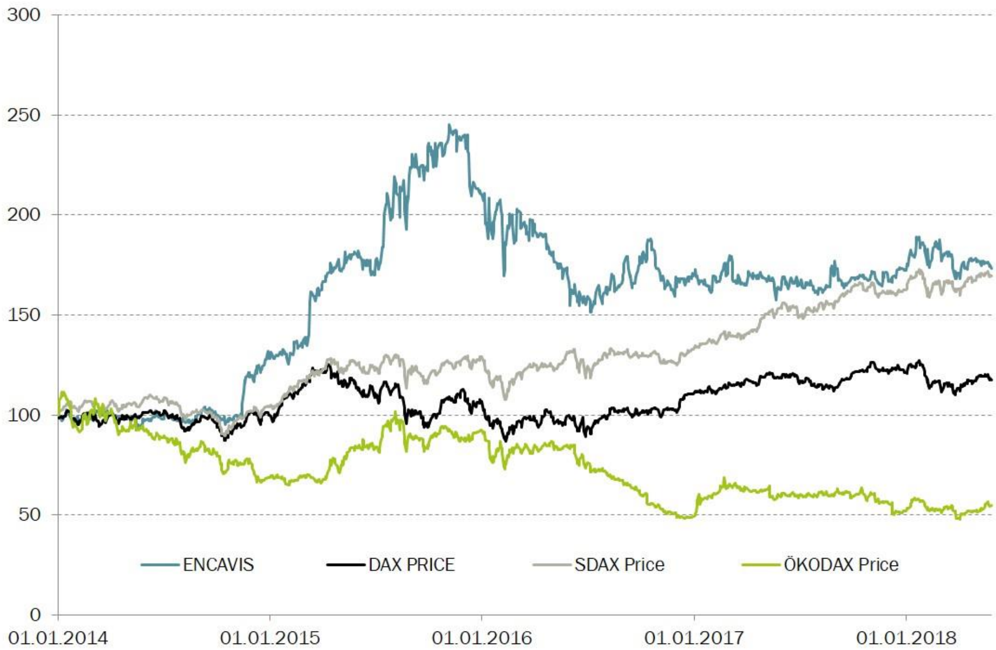
CEO

Dr Christoph Husmann

CFO

The Encavis share

Key financial figures	
Listed since	28.07.1998
Subscribed capital	128,252,214 EUR
Number of shares	128.25 Mio.
Stock market segment	Prime Standard
Dividend 2016 per share	0.20 EUR
Dividend 2017 per share	0.22 EUR
52-week high	7.02 EUR
52-week low	5.82 EUR
Share price (May 29, 2018)	6.45 EUR
Market capitalisation (May 29, 2018)	830 Mio. EUR
Indexes	SDAX, HASPAX, PPVX, Solar Energy Stock Index
Trading centres	Xetra, Frankfurt am Main, Hamburg
ISIN	DE 0006095003
Designated Sponsor	Oddo Seydler Bank AG



Encavis AG financial calendar 2018	
Date	**Financial Event**
30 August 2018	Semi-annual financial report 2018
31 August 2018	Analysts' earnings call, first half of 2018
30 November 2018	Interim report for the third quarter of 2018

Forward-looking statements and forecasts

This report includes forward-looking statements based on current expectations, assumptions and forecasts by the Management Board and the information available to it. Known or unknown risks, uncertainties and influences may mean that the actual results, the financial position or the company's performance differ from the estimates provided here. We assume no obligation to update the forward-looking statements made in this report.

Differences may arise in percentages and figures quoted in this report due to rounding.

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