Half-Year Report

Q2/6M 2020

Foreword of the Management Board

Dear Shareholders,
Ladies and Gentlemen,

After the first six months of this year, the operating performance of the Encavis Group is very good – with very little negative affects to date as a result of the Covid-19 pandemic. After starting the year on the right foot in the first quarter, we generated significant increases in revenue and cash flow compared to the previous year.

We managed to once again increase revenue compared to the same period of the previous year. The increase of 7.5 % to EUR 154.8 million is influenced by the aquisiton of the danish wind portfolio at the end of 2019. Altogether, the Group generated revenue in the first half of 2020 due to positive meteorological effects of EUR 8.2 million (previous year: EUR +11.3 million). The difference of EUR -3.1 million compared to the comparative period in 2019 – which experienced extraordinarily strong meteorological effects – is due only to the lower levels of sunshine in France and Italy to date in 2020. Without these meteorological effects, the revenue in the first half of 2020 would have been 11 % higher than the previous year.

Operating earnings before interest, tax, depreciation and amortisation (operating EBITDA) in the amount of EUR 119.6 million is EUR 1.2 million below the level of the previous year. To begin with, this is due to the above-mentioned negative meteorological effects. Without this effect, the operating EBITDA in the first half of 2020 would have been 2 % higher than the previous year. There are two reasons why the previous year’s figure was not exceeded to an even greater extent: on the one hand, the previous year’s figure included the positive amount resulting from the sale of minority interests in a wind park portfolio in the amount of some EUR 5.9 million, while the first half of 2020 merely includes the proceeds from the sale of Stern Energy GmbH to Stern Energy S.p.A. (EUR 1.9 million). On the other hand, expenses for the virtual share option programme as a result of the significant increase in the share price in the preceding 12 months had a more pronounced negative impact on the earnings indicators from the first half of 2020 than in the previous-year period. Whereas expenses for share options in the first half of 2019 came in at EUR 0.5 million, that figure for the first half of 2020 amounts to EUR 2.8 million. Without these effects, the operating EBITDA in the first two quarters of 2020 would have been 8 % higher than the comparative figure from the previous year. Operating earnings before interest and taxes (operating EBIT) amounted to EUR 74.5 million. This figure must also be considered in the context of the meteorological effects, the sales of minority interests in the previous year and the increased negative effects from the virtual share option programme in 2020. Without these effects, the operating EBIT would have been 9 % higher than the previous year’s figure. The 191 solar parks and 85 wind parks parks in the company’s portfolio and under asset management continued generating green electricity in spite of the coronavirus pandemic. At EUR 115.2 million, the operating cash flow remains well above the comparative figure from the previous year (up 51 %).

Completion of our major projects Talayuela and La Cabrera in Spain – contrary to our initial fears following the lockdown in Spain and the accompanying temporary stop in construction – was once again able to be ramped up. Today, we once again expect connection to the grid for the parks to be able to be carried out on schedule. For both parks, total additional costs of approximately EUR 0.5 million have been incurred for the catch up in construction, representing some 0.1% of the total investment amount of around EUR 393 million. These costs are therefore well below our initial calculations.

We were able to refinance ten solar parks in Italy during July, with the financing volume amounting to some EUR 64 million, thus significantly reducing the financing costs for the coming years.

Thanks to our cutting-edge IT equipment, all departments of the company were able to accomplish their tasks even during the lockdown, with work being done from home. In addition to the Supervisory Board meetings and roadshows, we hosted our Capital Markets Day event on 22 April 2020 as an online-based webcast. The response to this informational event was exceedingly positive – with regard to the number of registered investors and analysts, as well as the feedback provided after the event. Additionally, we successfully held our virtual Annual General Meeting on 13 May 2020. The clear majority (61.5 %) of our shareholders opted to receive the dividend in the form of shares.

Additionally, we continued our acquisition activities in spite of the crisis associated with the coronavirus. In the company's own portfolio, we continued to implement our strategy of increasing our share in solar installations when the opportunities present themselves: in the past two months, for example, we increased the respective participating interest to 100 % in our parks in Bitterfeld, Brandenburg and La Cabrera. We also managed to do this for a few parks in France in the month of July, and we now as well own 100 % of shares in all of our solar parks in France. We also were able to acquire a wind park in Germany which was connected to the grid between December 2019 and February 2020. The conclusion of additional development partnerships for a solar park portfolio in Denmark of more than 500 megawatts (MW) as well as a solar park portfolio in Germany of more than 200 MW ensure the further growth of Group's own portfolio.

Our subsidiary Encavis Asset Management AG in Neubiberg, near Munich, was also successfully active. The Encavis Infrastructure II special fund received an additional EUR 74.5 million in equity, taking the volume of the fund over the mark of EUR 200 million. We acquired, among other assets, an additional wind park in France for this special fund.

The Encavis AG share continues to undergo positive development. During the coronavirus crisis, we managed to demonstrate to the capital market that our business model and our business operations are nearly unaffected by the other uncertainties of the pandemic. The share price was EUR 11 at the beginning of March 2020; it dropped briefly to its low for the year of EUR 7 in mid March as a result of the general trend of selling on the market, but quickly recovered and reached its pre-pandemic level of EUR 11 by mid April. On 24 August 2020, the share reached its absolute high point for the year at EUR 14.62 as well as its highest closing price to date at EUR 14.62 the very same day. Ladies and Gentlemen, the share price increased by around 91 % within a year – and we are happy that the successful development of Encavis AG is also reflected in our share price.

At the same time, this is motivation for us to expand our position as one of the largest independent power producers in Europe in the renewable energy sector. In doing so, we consistently follow our >> Fast Forward 2025 growth strategy. By the end of 2025, we plan to expand our generation capacity in the renewable energy installations in our possession, with it doubling to then 3.4 GW, and increase the weather-adjusted revenue from its current figure of EUR 260 million to approximately EUR 440 million. What is more, we have put together a comprehensive packet of measures with which we intend to reduce costs and increase efficiency within the Group over the next five years. Potential savings can be realised, for instance, as part of the financing for our solar and wind parks via the cash-pooling system of the companies. This and other measures will contribute to keeping our operating EBITDA margin at a level of 75 % over the long term and to maintaining our equity ratio above 24 %. We also do not exclude the possibility of inorganic growth, for example through company acquisitions – but only when favourable opportunities arise on the market.

In accordance with the forecast published in March and confirmed in May 2020, we still expect to generate a moderate increase in revenue during the current financial year to more than EUR 280 million. Additionally, we expect to achieve an operating EBITDA of more than EUR 220 million and, on a Group level, to generate an operating EBIT of some EUR 130 million. This would result in an operating earnings per share of EUR 0.41. Operating cash flow is expected to exceed EUR 200 million. The basis of these calculations is the existing portfolio of solar and wind parks as it stands on 31 March 2020.

We would be very pleased if you, as shareholders in Encavis AG, would continue to place your trust in us and accompany us on our path towards further growth.

Hamburg, August 2020

Dr Dierk Paskert	Dr Christoph Husmann
CEO	CFO

Dr Dierk Paskert
Chief Executive Officer (CEO)

Dr Christoph Husmann
Chief Financial Officer (CFO)

Group operating KPIs*

In EUR million	01.01.–30.06.2020	01.01.–30.06.2019
Revenue	154.8	143.9
Operating EBITDA	119.6	120.8
Operating EBIT	74.5	78.2
Operating EBT	46.3	50.4
Operating EAT	40.9	43.3
Operating cash flow	115.2	76.4
Operating earnings per share (undiluted, in EUR)	0.27	0.30

	30.06.2020	31.12.2019
Equity	754	723
Liabilities	2,267	2,137
Total assets	3,021	2,860
Equity ratio in %	25.0	25.3

* 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 half-yearly financial report

The accounting policies applied are the same as those used for the last year-end consolidated financial statements.

Contents

The Encavis share

Share's key figures

Listed since	28.07.1998
Subscribed capital	138.437.234,00 EUR
Number of shares	138,44 Mio.
Stock exchange segment	Prime Standard
Dividend 2017 per share	0,22 EUR
Dividend 2018 per share	0,24 EUR
Dividend 2019 per share	0,26 EUR
52-week high	14,62 EUR
52-week low	6,76 EUR
Share price (24 August 2020)	14,62 EUR
Market capitalisation (24 August 2020)	2.024 Mio. EUR
Indexes	SDAX, HASPAX, PPVX, Solar Energy Stock Index
Trading centres	Regulated market in Frankfurt am Main (Prime Standard) and Hamburg; over-the-counter market in Berlin, Düsseldorf, Munich and Stuttgart; Tradegate Exchange
ISIN	DE 0006095003
Designated sponsor	HSBC Trinkhaus & Burkhardt AG, MainFirst Bank AG
Payment office	DZ Bank

Strong upwards trend for the Encavis share since mid 2019 and brief "panic attack" caused by the Covid-19 pandemic

Sustainable development of the Encavis share

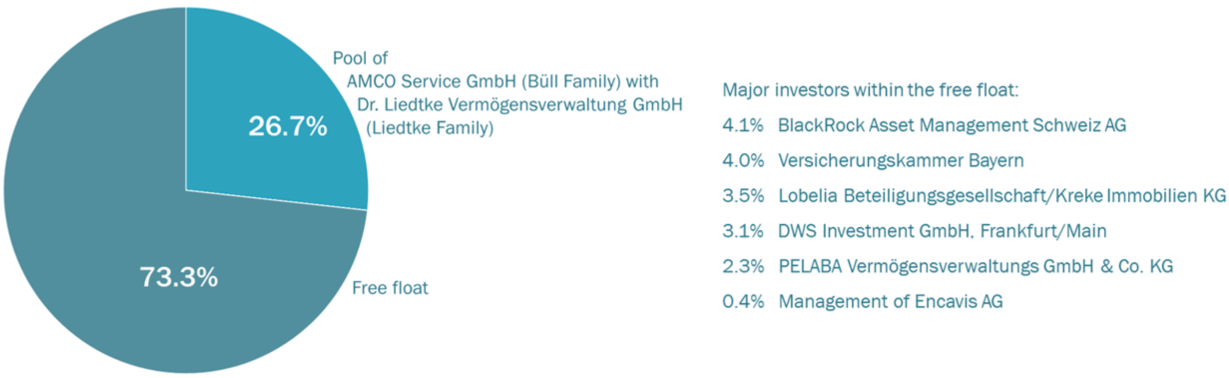
During the first few weeks of the reporting period, the Encavis share price rose to more than EUR 11.00 within a short time and held steady at the two-digit level until the end of February. In March of this year, the bear market caused by the coronavirus also left its mark on Encavis shares, with the share price falling back below EUR 10.00 per share. However, thanks to the business model of Encavis AG which is hardly impacted by the coronavirus crisis, the share recovered as early as the beginning of April and reached its absolute high point and its highest closing price for the year of EUR 14.62 on 24 August 2020.

Shareholder structure

There were a few changes to the shareholder structure in the first half of 2020. After the conclusion of a voting rights pooling agreement in January 2020, AMCO Service GmbH and Dr. Liedtke Vermögensverwaltung GmbH of the two Büll and Liedtke families of entrepreneurs now jointly hold 26.7 % of shares. During the reporting period, PELABA Anlageverwaltungs GmbH & Co. KG (Heidecker family) sold 2.15 % of its shares. The shares sold were previously allocated to members of the family who wanted to restructure their assets. The Heidecker family still holds around 2.26 % of Encavis AG via PELABA Vermögensverwaltungs GmbH & Co. KG.

BlackRock Asset Management Schweiz AG (4.1 %) and DWS Investment GmbH (3.1 %) invested in and became major shareholders in Encavis AG.

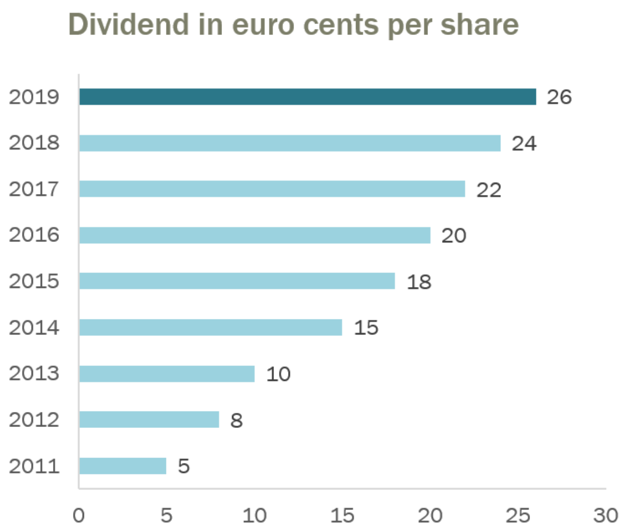
As of August 2020, the shareholdings in Encavis AG broke down as follows:



Encavis AG hosts its first virtual annual shareholders' meeting

Encavis AG's annual shareholders' meeting was held for the first time as an entirely virtual event on 13 May 2020. This year's presence of voting share capital of approximately 61.6 % significantly exceeded the previous-year figure of some 56.2 %.

The Annual General Meeting once again concluded an increase of the cash dividend to EUR 0.26 (previous year: EUR 0.24) per share with an acceptance rate of 88.71%. This increase – the eighth consecutive increase in the dividend – brings the dividend closer to the target mark of EUR 0.30 per share for the year 2021. As in previous years, the shareholders were able to choose between having their dividend paid out as a cash dividend and a dividend in kind in the form of shares in Encavis AG. The clear majority (61.5 %) of shareholders opted to receive the dividend in the form of shares.



Encavis AG financial calendar

Date	Financial Event
2020	
26 August 2020	Interim financial report for Q2/first half of 2020
27 to 28 August 2020	Stifel MainFirst Online Investors' Days – Amsterdam, Netherlands; Brussels, Belgium; and Luxembourg
2 to 3 September 2020	Commerzbank Virtual Sector Conference – Frankfurt am Main, Germany
9 September 2020	DSM TechTalk on retrofit AR coating, repowering solar parks – webinar
12 September 2020	Interest payment on the 2018 Green Schuldschein bond
13 September 2020	Interest payment on hybrid convertible bond
16 September 2020	Raiffeisen Centrobank Virtual Investors' Day – Zagreb, Croatia
18 September 2020	Citi Small/Mid-Cap & Growth Conference *VIRTUAL* 2020 – London, United Kingdom
21 to 22 September 2020	Ninth German Corporate Virtual Conference 2020 (Berenberg and Goldman Sachs) – Munich, Germany
28 to 30 September 2020	Stifel MainFirst Online Investors' Days – Canada and US West Coast
1 October 2020	Kempen Virtual Renewable Energy Conference – Amsterdam, Netherlands
14 October 2020	Jefferies Virtual European Mid-Cap Industrial Forum 2020 – London, United Kingdom
15 to 16 October 2020	Jefferies Online Investors' Days – Dublin, Ireland, and Edinburgh, Scotland
19 to 23 October 2020	Jefferies Online Investors' Days – US East Coast and Midwest
26 to 29 October 2020	Jefferies Investors' Days – Scandinavia and Europe
9 to 10 November 2020	Crédit Mutuel-CIC Conference – Market Solutions Forum by ESN – Paris, France
11 to 12 November 2020	Solar Asset Management Europe – Frankfurt am Main, Germany
16 November 2020	Quarterly report for Q3/first nine months of 2020
16 to 18 November 2020	German Online Equity Forum (Deutsche Börse) – Frankfurt am Main, Germany
23 to 24 November 2020	Commerzbank Online Investors' Days – Zurich and Geneva, Switzerland
24 November 2020	DZ Bank Equity Conference – Frankfurt am Main, Germany
25 to 26 November 2020	16th Structured FINANCE – Stuttgart, Germany
30 November 2020	Berenberg European Conference 2020 – Pennyhill Park, Surrey/London, United Kingdom
11 December 2020	Interest payment on 2015 debenture bond
2021	
13 March 2021	Interest payment on hybrid convertible bond
24 March 2021	Publication of the consolidated financial statements/2020 annual financial statements
25 March 2021	Analyst conference call (8.30 a.m.) on the consolidated financial statements/2020 annual financial statements
20 May 2021	Quarterly report for Q1/first three months of 2021, incl. conference call
27 May 2021	Annual shareholders' meeting of Encavis AG
19 August 2021	Half-yearly financial report for Q2/first six months of 2021, incl. conference call
12 September 2021	Interest payment on the 2018 Green Schuldschein bond
13 September 2021	Interest payment on hybrid convertible bond
15 November 2021	Quarterly report for Q3/first nine months of 2021, incl. conference call
11 December 2021	Interest payment on 2015 debenture bond

Interim Group management report

General information

The Encavis Group (hereafter known as “the Group” or “Encavis”) prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The interim consolidated financial statements were prepared in accordance with IAS 34. The parent company is Encavis AG, whose place of business is Hamburg. It is responsible for corporate strategy, portfolio and risk management and financing. The company’s share capital is EUR 138,437,234.00, divided into 138,437,234 shares with no par value.

The average number of shares in circulation (undiluted) in the reporting period was 137,154,374 (previous year: 129,987,264).

Business activities

Business model

Encavis AG, which is listed on the SDAX of the German stock exchange, makes use of the various opportunities to generate power using renewable energy. As an independent operator of environmentally friendly and emission-free power plant capacities, Encavis has continued to expand its generation portfolio since 2009. The company’s core business is the acquisition and operation of solar parks and onshore wind parks. In the acquisition of new installations, the company generally focuses on construction-ready projects or existing installations that have guaranteed feed-in tariffs or long-term power purchase agreements and that are in geographic regions that offer a stable economic environment and reliable framework and investment conditions.

Encavis also offers attractive opportunities to institutional investors through its subsidiary Encavis Asset Management AG to invest in installations that generate renewable energy. The Asset Management field covers all services in this area, i.e. the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors.

The Encavis portfolio is currently comprised of a total of 191 solar parks and 85 wind parks with a capacity of around 2.5 GW in Germany, Italy, France, the United Kingdom, Austria, Finland, Sweden, Denmark, the Netherlands and Spain. Of these, the Group operates 25 solar parks and 43 wind parks for third parties in the Asset Management segment.

Economic framework conditions

Global economy undergoes slower-than-expected recovery

The global economy will contract by 4.9 % in the year 2020 according to the most recent estimate published by the International Monetary Fund (IMF) on 24 June 2020. In April 2020, the analysts of the IMF had forecast a contraction of 3.0 %. The Covid-19 pandemic has had a more dramatic impact on the economies of the world than they originally anticipated in the spring. Additionally, the recovery has progressed more slowly than expected, as indicated by the lower levels of consumption and the higher levels of savings. However, IMF experts emphasise that both forecasts for 2020 are clouded by greater uncertainty than the forecasts of previous years. For 2021, the IMF experts expect growth in the global economy of 5.4 % – 0.4 percentage points less than the forecast from April.

According to Eurostat, in the second quarter of 2020, economic output in the eurozone dropped more starkly than ever before since the beginning of data collection in 1995. From April to June, gross domestic product (GDP) in the eurozone as a whole contracted by 12.1 % compared to the previous quarter, with Spain, Italy and France recording significant decreases in economic activity. In the second quarter of 2020, the GDP of Germany dropped by 10.1 % compared to the same period in the previous year according to the Federal Statistical Office of Germany.

The IMF forecasts a decrease in economic output for the world’s largest economy, the United States, of 8.0 %. The situation is even more dire for Europe’s established industrialised nations which were hurt particularly badly by the Covid-19 pandemic. The IMF expects the United Kingdom’s drop in GDP to amount to 10.2 %, for France a decrease of 12.5 % and for Italy and Spain a decrease of 12.8 % respectively.

IMF issues the economies in China and Germany comparatively positive growth outlooks

For Germany, the analysts of the IMF forecast a decrease in GDP of 7.8 % for the current year. In addition, they expect the German economy to recover quickly, which is why a growth rate in the range of around 5.4 % should be possible in the coming year – 0.2 percentage points more than in the previous growth forecast from April 2020.

The IMF is the most optimistic with regard to China, where the pandemic first made itself known and was brought under control earlier. According to the forecasts, the second-largest economy in the world will grow by 1.0 % in 2020 and 8.2 % in the coming year.

The ECB keeps prime interest rate stable for now

The European Central Bank (ECB) will not be changing interest rates in the eurozone for the time being. The key rate for supplying commercial banks with money remains at 0.0 % for the time being. The prime rate has been at this record low since March 2016. The ECB is maintaining the so-called deposit rate at the previous level of 0.5 %. The loose monetary policy is intended to implement an inflation rate of 2.0 % in Europe over the medium term. Additionally, the ECB is planning further bond purchasing by the end of 2020 with a volume of up to EUR 120 million.

Underlying conditions for renewable energies

The market for renewable energy

The global energy revolution

The growth of renewable energy continued in 2020. Energy markets worldwide are in the midst of transformation as conventional sources of energy and fossil fuels are increasingly being supplemented or replaced by the growth and use of regenerative energy sources. In many regions today, renewable energy installations are economical even without the support of government subsidies.

This is favourable with regard to the willingness of governments around the world to approve renewable energy installations. Global capacity newly installed in 2019 amounted to 184 GW, which is the highest figure ever achieved within one year. This represents growth of 12 %, or 20 GW, compared to the previous year. At the same time, investment costs increased by a mere 1 % to USD 282.2 billion. This was reported at the beginning of June 2020 by the UNEP Collaborating Centre of the Frankfurt School of Finance & Management in their study titled “Global Trends in Renewable Energy Investments 2020”, which was presented together with the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

With some 118 GW, photovoltaic installations made up the largest proportion of the newly installed capacity. The decrease in power generation costs has been especially pronounced in the solar sector, decreasing by 83 % over the past ten years; this decrease was 49 % and 51 % for onshore and offshore wind installations, respectively.

Within Europe, Spain, the Netherlands and the United Kingdom are making the most significant investments in renewable energy. Germany came in fourth with the equivalent of USD 4.4 billion.

According to the study “Global Trends in Renewable Energy Investments 2020”, the proportion of renewable energy in the energy mix increased by one percentage point to 13.4 % within the year. Each year, some 2.2 billion tonnes of CO_2 emissions are now saved through the use of photovoltaic, wind power and other renewable energy sources.

Renewable energy is holding its own during the coronavirus crisis. In its Global Energy Review 2020 report, which was published at the end of April 2020, the International Energy Agency (IEA) announced a worldwide decrease in energy demand of 3.8 % in the first quarter of 2020 compared to the same quarter in 2019. The decrease is primarily due to the lockdown measures aimed at slowing the Covid-19 pandemic (coronavirus crisis). While global demand for coal suffered the most significant loss with a nearly 8 % decrease and oil demand sunk by almost 5 %, renewable energy sources were less impacted and increased by 1.5 %. One reason for this is the construction of new solar, wind and hydroelectric installations, which leads the IEA market experts to expect a 5 % increase in electricity production from renewable sources for 2020.

Interest in PPAs continues to increase

The increasing profitability of renewable energies compared to conventional forms of energy production and the clear commitment of companies to achieving a climate-friendly energy balance – for example, as expressed in the RE100 initiative – are providing increasing momentum in the market for private power purchase agreements (PPAs). According to information from Bloomberg New Energy Finance (BNEF), the total generation capacity concluded via PPAs has more than doubled, from around 5.6 GW in 2017 to some 12.8 GW in 2018. The trend continues: At the beginning 2020, total global capacity was around 51.5 GW, of which some 36.2 MW were contracted in the United States; second-place Australia accounted for a mere 2.1 GW.

In Europe, the PPA market is relatively small; however, interest in photovoltaic and wind installations with PPAs increased significantly in 2019. This is the result of the recent analysis “Status Quo: Market Parity of PV and Onshore Wind in Europe” published by Enervis Energy Advisors, who included data from 25 countries in the analysis. According to the analysis, a Europe-wide pipeline of photovoltaic and wind installations existed in 2019 with a generation capacity of some 21 GW that were announced as PPA projects, i.e. projects without the benefit of government subsidies.

In the solar sector, the PPA market in Spain has made particular advances: in Spain alone, photovoltaic installations with a capacity of 4,396 MW were announced in 2019. Italy and Germany come next with 1,913 MW and 1,057 MW respectively, and the demand is beginning to rise in Portugal (444 MW), Denmark (338 MW) and France (158 MW) as well. With regard to both onshore and offshore wind installations, Sweden is leading the way with 3,995 MW, ahead of the United Kingdom (2,711 MW) and the Netherlands (1,176 MW).

The five most important electricity buyers via such PPAs in the world are Google (6.0 GW), Facebook (5.0 GW), AT&T and Amazon (2.2 GW each) and Microsoft (2.1 GW).

Developments in European core markets

The economists of the German Institute for Economic Research (DIW) and Technische Universität (TU) Berlin evaluated under which conditions the targets of the European Green Deal could be achieved and with which costs this would be associated. In order to reach climate-neutrality over the next 30 years, the EU plan considers it sufficient to reduce CO_2 emissions by 40 % by 2030 compared to the 1990 levels. This is disputed by the researchers from the DIW and TU Berlin, as they claim that a reduction of 65 % is necessary. Additionally, energy production would have to be completely converted to renewable sources by the year 2040 as well, which is possible if the corresponding investments are made in renewable energy installations. Costs for these investments would amount to some EUR 3,000 billion, but these costs would be offset by savings in the range of EUR 2,000 billion due to no longer having to import fossil fuels.

The majority of EU member states have fallen behind with regard to targets for the expansion of renewable energies, as determined by the evaluation of Eurostat – the statistical office of the European Union – for the year 2018, which was published in January 2020. By the year 2030, the proportion of energy from renewable sources in the gross final energy consumption in the EU is to be increased to at least 30 % – and 12 of the 28 EU member states are well on their way to achieving this goal. The intermediate goal along this path was at 18 % across the EU for 2018, which was to be achieved with the help of individual targets for each member state. These national target values are calculated from various factors such as the status quo, the potential in the field of renewable energies and the economic productivity of the respective country.

In 2018, the level of expansion already achieved within the European Union varied greatly: Sweden led the way, for example, by producing more than 54.6 % of its energy consumption from renewable sources, followed by Finland (41.2 %), Latvia (40.3 %), Denmark (36.1 %) and Austria (33.4 %). Other countries were well behind the leaders and remained below the threshold of 10 %, including the Netherlands (7.4 %), Malta (8.0 %) Luxembourg (9.1 %) and Belgium (9.4 %).

Germany

According to information from the Fraunhofer Institute for Solar Energy Systems ISE from 1 July 2020, electricity production from renewable sources in Germany has reached a new record level. During the first half of 2020, renewable energies made up 55.8 % of net electricity production, with the proportion even reaching 61.8 % in February. Solar and wind energy installations fed a total of 102.9 TWh into the public grid, compared to 92.3 TWh in the first half of 2019. Photovoltaic installations fed approximately 11.2 % more electricity into the grid than in the previous year, and wind power installations recorded growth of some 11.7 %. In contrast, electricity production from coal experienced a stark downturn: the share of lignite dropped to 13.7 % and black coal managed a mere 6 %. Wind energy held its own and was once again the most important energy source with a share of 30.6 %. In the previous year, the proportion of fossil and renewable power plant generation were still reversed.

Germany presented its national energy and climate plan in mid June 2020, shortly before beginning its term presiding over the Council of the European Union. In this plan, the government affirms the objective from the coalition agreement and the climate programme of the major coalition of covering approximately 65 % of total energy consumption from renewable sources by 2030. The proportion is currently some 17 %, so the need for expansion is correspondingly high. An additional target is to decrease emissions by at least 55 % compared to 1990 by the year 2030; this figure was around 36 % in 2019. The climate plan also includes the objective of decreasing primary energy consumption by 30 % compared to the reference year 2008.

However, a series of scientific studies – among them one from the Institute of Energy Economics at the University of Cologne (EWI) from the beginning of 2020 – forecasts that the gross energy consumption will climb to 748 TWh by the year 2030. At the same time, energy production from renewable sources would rise to 345 TWh. The proportion of renewable energies would therefore only be 46 % rather than the target of 65 %.

Denmark

The Danish government is pursuing the long-term strategic objective of Denmark's independence from fossil fuels by 2050. To this end, Denmark's government last raised its expansion target for renewable energies by five percentage points by 2030. The share of renewable energies in the overall energy mix is to be increased to 55 % by then. Denmark hopes to have a complete supply of renewable energies by 2050. The proportion of green electricity there is already a good 53 % – mainly thanks to wind power, which alone contributes some 43 %. This means that Denmark has the highest share of wind energy in total electricity consumption in the world.

France

In early 2019, France's minister of the environment presented an energy and climate strategy designed for the years 2019 through 2028. Among other things, it is comprised of a six-year programme for tendering for photovoltaic installations. As part of this programme, some 2.7 GW in 2019 and 2.9 GW in each of the next five years are to be awarded. The total installed photovoltaic capacity in France is to reach the 20 GW mark by 2024. For onshore wind installations, a total capacity of 11.4 GW will be tendered by 2025.

In mid June 2019, Prime Minister Édouard Philippe announced in a policy statement that he would speed up change in ecological aspects over the next 12 months and, among other things, begin the process for a new energy and climate law. The goal remains to reduce the proportion of nuclear energy in France to 50 % by 2035, with a massive expansion of renewable energies and offshore wind energy in particular. The closure of coal-fired power plants in France is planned by 2022.

However, the expansion of renewable energies is developing too slowly to make up for these closures. In the first nine months of 2019, for example, solar installations with a capacity of 707 MW were commissioned; the cumulative installed photovoltaic capacity thus amounts to 9.6 GW. By comparison, to achieve the medium-term goal of 18.2 GW of installed photovoltaic capacity by the end of 2023, more than 500 MW of new capacity would need to be created per quarter in France.

The power supply in France is still based on atomic energy, with a total of 56 nuclear reactors still in operation. France generates around 71 % of its electricity from nuclear power – more than any other country in the world. President Emmanuel Macron of France considers atomic energy to be essential for climate protection, as it does not produce any greenhouse gases. Nevertheless, by 2035, he plans to shut down another 12 reactors and limit the proportion of atomic energy to 50 %. Renewable energy installations contribute approximately 22 % to France's energy production.

United Kingdom

The United Kingdom has steadily increased the proportion of renewable energies in electricity generation and, with the Climate Change Act 2008, laid a solid legislative foundation for its ambitious objectives. Since completing its withdrawal from the European Union, the United Kingdom no longer contributes its better-than-average figures to the climate balance of the European Union.

For the first time in the United Kingdom, more electricity was produced from renewable sources than from fossil fuels in the third quarter of 2019. Solar and wind parks, as well as biomass and hydroelectric plants, generated an estimated 29.5 TWh in England. Green energy in the United Kingdom has more than quadrupled since 2010, while energy production from fossil fuels has been cut in half in the last 12 months from 288 to 142 TWh.

Additionally, the United Kingdom is relying on the establishment of a comprehensive network of battery storage facilities with an output of more than 2 GW.

Italy

With the announcement of a new comprehensive 2030 climate and energy strategy, the Ministry of Economic Development has finalised the planned energy policies of Italy's national energy strategy (*Strategia Energetica Nazionale*) from the end of 2017. Among other plans, the strategy calls for Italy's departure from coal power by the year 2025. Additionally, renewable energies are supposed to make up around 27 % of total energy consumption by the year 2030. To achieve this, the energy generation capacities are to be expanded to 50 GW in the photovoltaic sector and to 18.4 GW in the wind sector. Photovoltaics would then make up more than 50 % of the total generation capacity in the renewable energy sector in Italy, followed by hydroelectricity and wind power. Around EUR 35 billion are planned for the expansion of renewable energies.

Italy plans to have an installed photovoltaic capacity of around 50 GW by 2030. According to preliminary figures of the national association for renewable energy (Anie Rinnovabili) and information from the grid operator Terna, around 737 MW of new photovoltaic installations were added last year. This marks the largest increase in six years and corresponds to a jump of nearly 69 % compared to 2018. As of year's end, the largest share of these new photovoltaic installations were attributable to major projects with direct power supply contracts with customers – that is, installations that get by without government subsidies.

Netherlands

The Netherlands has committed itself to more climate protection as part of a cross-party initiative. The climate law adopted at the end of June 2019 provides for greenhouse gas emissions to be reduced by 49 % by 2030 and 95 % by 2050 compared to the reference year 1990. All coal power plants in the Netherlands are to be closed by 2030.

Austria

At the beginning of 2020, the coalition federal government of Austria made up of the Austrian People's Party (ÖVP) and the Green Party presented the basic points of their climate programme, which is based on an aggressive schedule: by the year 2030, all of the energy needs are to be covered using renewable sources. According to Eurostat, the statistical office of the European Union, Austria covers 32.6 % of its gross energy consumption with renewable energy sources. Austria plans to have achieved climate-neutrality by the year 2030. To this end, the vice chancellor from the Green Party hopes to implement either CO_2 pricing or an eco-socialist tax reform package by 2022. A new energy expansion law is intended to specify clear expansion targets and create suitable framework conditions for environmentally friendly expansion. The coalition agreement provides for a "one million roofs" photovoltaic programme. In May 2020, Austria sealed the fate of coal-powered electricity and shut down all coal plants in the country.

Spain

The renewable energy market in Spain experienced a significant upsurge in 2019 – particularly in the photovoltaic sector: at the end of the year, solar installations with a total generation capacity of some 8.7 GW were installed. According to the grid operator Red Eléctrica de España (REE), nearly half of the capacities (3,975 GW) was newly installed over the course of the year. Looking at the expansion figures from the previous year make it clear how enormous this growth really is: according to information from REE, capacities of a mere 261.7 MW in 2018, 135 MW in 2017 and 55 and 49 MW in 2016 and 2015, respectively, were newly installed.

Behind Germany and Italy, Spain comes in third place in Europe with regard to total generation capacity.

As part of its Climate Change and Energy Transition Act, the Spanish government set itself the goal of completely covering the country's energy needs via renewable sources by the year 2050. The last coal and nuclear power plants are to be closed by 2030, which would reduce Spain's greenhouse gas emissions by around 90 % compared to 1990 levels. In order to achieve this goal, at least 3 GW of new solar and wind capacities are to be installed each year over a period of ten years. At the end of June 2020, Spain disconnected half of its coal power plants from the grid. The increased prices for emissions rights which must be paid for particularly high levels of harmful emissions made operating the old power plants less and less profitable.

Spain benefits in particular from the growing market for power purchase agreements (PPAs), i.e. long-term private-sector power purchase contracts that do not require and government subsidies. The combination of a drastic decrease in costs of photovoltaic technology, the high levels of sunshine and a low population density in the country make the Spanish market particularly attractive.

Asset Management segment

Via Encavis Asset Management AG, the Encavis Group offers institutional investors the opportunity to invest in assets in the renewable energy sector through various investment vehicles. In addition to individually tailored investment strategies and direct investments, Asset Management enables institutional investors – through the use of funds structured in accordance with Luxembourg law – to invest in a highly diversified portfolio of solar and wind parks. Institutional investors can place their trust in the many years of experience in renewable energy of the entire Encavis Group.

Renewable energy installations offer reliable and attractive returns on investment and stable cash flows which are in large part government-guaranteed or secured by creditworthy customers. Long terms and a low correlation to other asset classes or to economic fluctuations make these types of investment particularly suited for pension funds and insurance products, for example, which invest over the long term and must diversify very large portfolios. In addition, the decarbonisation of investment portfolios has established itself as a trend internationally. Institutional investors are increasingly reducing their investments in fossil fuels like coal and oil in favour of new investments in the renewable energy sector.

Course of business

Encavis AG plans to double its own generation capacity by 2025

On 8 January 2020, Encavis announced that – on the basis of detailed planning and internal measures, as well as comprehensive market analyses – the Management Board of Encavis AG has decided on a strategic growth plan for the next six years. You can find further details on this in the future outlook beginning on page 23.

Encavis Asset Management: New subscriptions enable investments of more than EUR 300 million

On 16 January 2020, Encavis Asset Management AG announced that, in the fourth quarter of 2019, it had invested in more than 173 MW in solar and wind installations in Europe for institutional investors.

On the one hand, additional building societies and cooperative banks made extensive investments in the special fund Encavis Infrastructure II Renewables Europe II, which is exclusively sold by BayernLB. Due to the market price model developed and tested specifically for financial institutions, this fund is particularly attractive for this group of investors for risk management in accordance with the minimum requirements. The special fund is managed by HANSAINVEST Lux S.A.

The new funds were used to acquire eight renewable energy parks over a short period of time: two wind parks in Germany (Brandenburg) with a total generation capacity of 22 MW as well as solar parks in Mecklenburg-West Pomerania, Brandenburg and Bavaria with a generation capacity totalling 81 MW. Additionally, four solar parks in the Netherlands with a total generation capacity of 53 MW were acquired.

On the other hand, a renowned insurance company has considerably increased its current commitment level to its Encavis special fund. The BayWa r.e. wind park in Fürstkogel was recently acquired using a portion of these funds. This wind park in Austria has a nominal output of some 17 MW and is situated in a mountainous location in the Austrian state of Styria.

Scope Ratings confirms its investment-grade issuer rating of BBB– with stable outlook for Encavis AG

On 10 March 2020, Encavis AG announced that it had again been evaluated by the rating agency Scope Ratings in an updated analysis confirming the Encavis issuer rating in the investment-grade range (BBB–); the outlook for the rating is stable. Scope has updated both the rating and the financial outlook of Encavis AG. The update underscores the previous BBB–/“stable outlook”/S-2 issuer rating of Encavis AG and its financing subsidiary Encavis Finance B.V. as well as the BBB– rating for the unsecured bonds and the BB grade for subordinated hybrid liabilities such as the hybrid convertible bond.

The issuer rating of BBB–/“stable outlook” is largely supported by the company’s secure business model, both through the priority feed-in of generated electricity under availability-based remuneration systems (FIT) and through risk mitigation through long-term power purchase agreements. The company’s >> Fast Forward 2025 growth strategy, which provides for a doubling of capacity to 3.4 GW by 2025, is expected to further stabilise the business profile as an independent power producer by reducing the incremental effects of certain generation installations or regions.

Encavis Asset Management AG acquires further solar and wind parks with a total capacity of 55.4 MW for a special fund

On 21 April 2020, Encavis Asset Management AG announced that it had recently acquired three solar parks in the Netherlands and a wind park in Germany with a total generation capacity of more than 55 MW on behalf of institutional investors. The installations acquired were included in Encavis Infrastructure II Renewables Europe II (EIF II), a special fund established by Encavis Asset Management AG. The investment offering is directed towards banks that want to invest in a diversified portfolio of solar and wind parks in Europe. The special fund is managed by HANSAINVEST Lux S.A.

The portfolio now includes the Gieboldehausen wind park in the Göttingen district of Lower Saxony. The eight wind turbines from the manufacturer Vestas have a total nominal output of 28.5 MW and were built and commissioned between 2016 and 2019. The installations were planned by the energy park developer UKA, which will continue to handle technical management of the wind park via the company UKB Umweltgerechte Kraftanlagen Betriebsführung GmbH.

The three solar parks are in different locations throughout the Netherlands. Since the beginning of March 2020, the Flierbelten solar park in the Overijssel province has been feeding up to 5.7 MW into the electricity grid. The photovoltaic installations of the Jumaheerd solar park, which have a capacity of 6.7 MWp, will be connected to the grid in September 2020. The Sekdoorn solar park, near the city of Zwolle, was constructed adjacent to a quarry lake. The installations, some of which are floating on the lake, have provided a total generation capacity of 14.5 MW since their connection to the grid in June 2020. The PV installations were developed and realised by Munich-based project developer and energy service provider BayWa r.e.

Each year, these solar and wind installations save around 57 tonnes of harmful CO_2 emissions.

Encavis AG: Annual General Meeting concludes increase in the dividend

The first virtual Annual General Meeting of Encavis AG once again concluded an increase of the cash dividend to EUR 0.26 (previous year: EUR 0.24) per share with an acceptance rate of 88.71 %. This increase – the eighth consecutive increase in the dividend – brings the dividend closer to the target mark of EUR 0.30 per share for the year 2021. For the seventh time in a row, shareholders were able to choose whether to subscribe to the cash dividend of EUR 0.26 per share or to subscribe to new shares at a ratio of 60.25:1 (for a calculated 60.25 existing shares, the shareholder receives one additional new share) at a calculated subscription price or EUR 10.845 per share, or a combination of both options. The clear majority of shareholders (61.5 %) opted to receive the dividend as new shares rather than a cash dividend. In total, 1,398,087 new shares were issued and a cash dividend of EUR 20,467,924.71 was distributed to the shareholders. The cash dividend was paid out on 16 June 2020, and the new shares were recorded in shareholders' securities accounts on 24 June 2020.

For the first virtual Annual General Meeting of Encavis AG, which took place as planned on 13 May 2020, a little more than 200 shareholders joined via the internet. Some 220 shareholders and guests were on hand in person for the previous year's Annual General Meeting. This year's presence of voting share capital of approximately 61.6 % significantly exceeded the previous-year figure of some 56.2 %.

Encavis AG completely takes over La Cabrera solar park and acquires further shares in a series of solar parks already fully consolidated

Encavis AG consistently pursues its strategy of being the 100 % owner of all solar parks in its portfolio. The most recent acquisition of the remaining shares (20 %) in the major Spanish project La Cabrera (generation capacity of 200 MW) from development partner Solarcentury was carried out on 7 April 2020 (10 %) and 19 May 2020 (10 %). Prior to that, Encavis acquired the remaining 49 % of shares in the Brandenburg/Havel solar park (generation capacity of 18.7 MW). The majority interest of 64 % in the Bitterfeld solar park (generation capacity of 6 MW), which is already fully consolidated, was also acquired. Additionally, Encavis acquired the remaining shares in its own solar parks in France in July 2020, so that now as well all solar parks in France are under 100 % ownership of Encavis AG.

Encavis AG concludes development partnership with GreenGo for a portfolio of solar parks in Denmark of more than 500 MW

On 26 May 2020, Encavis AG announced a development partnership with the GreenGo Energy Group A/S for the development and financing of a portfolio of subsidy-free solar parks in Denmark with a generation capacity of more than 500 MW. Encavis has thus secured exclusive access to a development portfolio which is diversified throughout Denmark. Now that the schedule has been approved and the construction permit has been obtained for the major project in Ringkøbing-Skjern on the west coast of Jutland, construction is scheduled to begin over the course of this year. The partnership with GreenGo supplements the existing portfolio of strategic development partnerships which Encavis recently concluded with regard to PV in Denmark.

Encavis AG: Successful placement of shares under family ownership

In May 2020, Encavis AG was informed that the Heidecker family sold a total of 2,950,903 shares – corresponding to around 2.15 % – in Encavis AG on 28 May 2020. PELABA Anlageverwaltungs GmbH & Co. KG was the seller in the transaction. The shares sold were previously allocated to members of the family who wanted to restructure their assets.

The Heidecker family will continue to hold some 3.1 million shares, corresponding to around 2.26 %, in Encavis AG via PELABA Anlageverwaltungs GmbH & Co. KG. Additionally, the Heidecker family signed a lock-up agreement for 180 days regarding the remaining shares still under family ownership. Berenberg Bank was tasked as the sole book-runner for the placement of the shares.

Encavis AG and Sunovis conclude cooperation agreement for solar portfolio in Germany of more than 200 MW

On 4 June 2020, Encavis AG announced that it had concluded a cooperation agreement with Sunovis GmbH for a portfolio subsidy-free solar projects in Germany with a capacity of more than 200 MW. Construction of two high-capacity photovoltaic installations with a total capacity of approximately 130 MW is expected to begin within a year at two different locations in Germany. Per year, the photovoltaic power plants save some 65,000 tonnes of CO_2 emissions through the production of green electricity.

As part of this innovative partnership, Encavis takes on construction-ready installations and is responsible for financing the projects, as well as the structuring, negotiation and conclusion of the long-term power purchase agreements. Encavis thus secures itself additional subsidy-free ground-mounted photovoltaic installations in Germany, one of Europe’s most sought-after locations for solar energy. As the general contractor, Sunovis is responsible for the professional realisation of the photovoltaic power plants and provides the entire range of project development services, as well as construction and maintenance of the installations.

This is not the first cooperation for these two companies: in 2017 and 2019, Sunovis GmbH built two installations with a total capacity of 14.3 MW which were acquired by Encavis.

Encavis Asset Management AG: The Encavis Infrastructure II special fund receives an additional EUR 74.5 million in equity – fund volume exceeds EUR 200 million

On 16 June 2020, Encavis Asset Management AG announced that an additional EUR 74.5 million in equity had been accepted for the Encavis Infrastructure Fund II (EIF II) special fund, which is sold exclusively for BayernLB. After the successful placement, the fund – which is administered by HANSAINVEST Lux S.A. – has an investment volume of more than EUR 200 million.

Encavis purchases wind park in Germany with a total of 14.4 MW in generation capacity

On 29 June 2020, Encavis AG announced that it had acquired four of the five wind installations of the Viertkamp wind park in the Stade district in the north of Lower Saxony. The four installations were connected to the grid between December 2019 and February 2020. The fifth and identical wind installation belongs to local residents and was commissioned in 2018. This Vestas V126/3.6 turbine, with a hub height of 137 metres, already produced significantly more green electricity in 2019 than expected. Encavis expects electricity production of 12.45 GWp annually per installation – so a total of 49.8 GWh per year for the remaining 24.5 years of the entire project term of 25 years. The land is leased for a period of 20 years, with two extension options of five years each. A fixed price is paid for the green electricity in accordance with the German Renewable Energy Sources Act (EEG) for a total of 20 years after initial commissioning until the end of 2039. Each year, these wind installations alone save around 30,000 tonnes of harmful CO_2 emissions.

Segment development

PV Parks segment

As of 30 June 2020, the solar parks in the portfolio of Encavis comprised a total of 166 solar parks with a total generation capacity of 1.3 GW, with parks located in the countries of Germany, Italy, France, the United Kingdom, the Netherlands and Spain.

The Group’s business activities are subject to seasonal influences, which leads to fluctuations in revenue and earnings during the course of the year. In terms of the PV Parks segment, which comprises all solar parks in the Group’s own portfolio, the months from April to September tend to generate more revenue than the autumn and winter months.

In the first half of 2020, the solar park portfolio was able to exceed its budget by around 10 % in relation to the kilowatt-hours produced due to an above-average number of hours of sunshine in total. Actual fed-in power in the first half of 2020 came to 540,486 MWh (previous year: 532,848 MWh). The solar parks in Germany accounted for around 30 % of the fed-in power (previous year: 30 %), those in Italy for 21 % (previous year: 21 %), those in the United Kingdom for 14 % (previous year: 13 %), those in France for 23 % (previous year: 25 %) and those in the Netherlands for 12 % (previous year: 11 %).

Solar parks acquired in the first half of the 2020 financial year:

- Cabrera Energia Solar S.L., Spain, Group share: 100 % (increase by 20 %)

With a Group share of 80 %, Cabrera Energia Solar S.L. was previously reported under associates, but has been fully consolidated since the acquisition of the remaining 20 %. The four solar parks Desarrollos Empresariales Luanda S.L.U., Narges Develops S.L.U., Navid Enterprise S.L.U. and Neftis Business S.L.U. are each wholly owned subsidiaries of Cabrera Energia Solar S.L., as well as the associated infrastructure company Griffin Develops S.L.

Wind Parks segment

As of 30 June 2020, the wind parks in the portfolio of Encavis comprised a total of 42 wind parks with a total generation capacity of 427 MW, with parks located in the countries of Germany, Italy, France, Austria and Denmark.

Due to weather conditions, the wind parks generate more revenue in the autumn and winter months than they do in summer.

In the first half of the 2020 financial year, the wind park portfolio was 5 % above target in terms of the kilowatt-hours produced due to above-average wind levels. Actual power fed into the grid by the Wind Parks segment in the first half of the 2020 financial year came to 579,019 MWh (previous year: 406,449 MWh). Of this figure, some 49 % (previous year: 62 %) is attributable to wind parks in Germany, 34 % (previous year: 14 %) to wind parks in Denmark, 9 % (previous year: 10 %) to wind parks in France, 7 % (previous year: 12 %) to wind parks in Austria and around 1 % (previous year: 2 %) to the wind park in Italy.

Wind park acquired in the first half of the 2020 financial year:

- Windpark Viertkamp GmbH & Co. KG, Germany, Group share: 100 %

PV Service segment

Going forward, this segment only includes the wholly owned subsidiary Encavis Technical Services GmbH. The company assumes technical management for many German and Italian solar parks in the Encavis Group. The volume managed within the Group was some 280 MWp as of 30 June 2020.

Encavis Technical Services GmbH also took over contracts in 2012 for the technical management of parks that are not part of the Encavis Group. The parks are in Thuringia and northern Italy. The volume of non-Group assets managed was around 9 MWp.

In the 2019 financial year, the company founded Stern Energy GmbH and transferred all of its property, plant and equipment as well as a portion of its agency agreements as part of an asset deal. The shareholding in Stern Energy GmbH was sold to the associate Stern Energy S.p.A. in the first quarter of the 2020 financial year.

Asset Management segment

The Asset Management segment covers all services for third-party investors, such as the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors. As of 30 June 2020, the portfolio comprises a total of 25 solar parks and 42 wind parks in the countries of Germany, Italy, France, the United Kingdom, Finland, Sweden, Austria and the Netherlands.

Segment reporting

The following table contains information about the business segments of the Group for the first two quarters of 2020 and 2019:

In TEUR

	Wind Parks	PV Parks	PV Services	Asset Management
Revenue	43,626	105,914	2,456	4,969
(previous year)	(34,236)	(106,870)	(2,320)	(3,914)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	33,031	87,093	2,736	1,785
(previous year)	(31,669)	(91,466)	(670)	(1,159)
EBITDA margin (%)	75.71%	82.23%	111.41%	35.93%
(previous year)	(92,50%)	(85,59%)	(28,89%)	(29,62%)
Depreciation and amortisation	-13,033	-31,437	-5	-290
(previous year)	(-10,711)	(-31,035)	(-33)	(-346)
Earnings before interest and taxes (EBIT)	19,998	55,656	2,731	1,495
(previous year)	(20,958)	(60,431)	(637)	(814)

In TEUR

	Total of reportable operating segments	Other companies and Group functions	Reconciliation	Total
Revenue	156.964	0	-2.189	154.775
(previous year)	(147.340)	(0)	(-3.426)	(143.914)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	124.644	-5.053	23	119.615
(previous year)	(124.965)	(-4.207)	(57)	(120.815)
EBITDA margin (%)	79,41%	-	-	77,28%
(previous year)	(84,81%)	-	-	(83,95%)
Depreciation and amortisation	-44.764	-323	7	-45.080
(previous year)	(-42.125)	(-530)	(7)	(-42.647)
Earnings before interest and taxes (EBIT)	79.880	-5.375	30	74.535
(previous year)	(82.840)	(-4.737)	(65)	(78.168)

From the 2019 annual report, management has decided to further align the presentation of segment reporting with the internal reporting system. The segment report in the half-yearly financial report for Q2/first six months of 2020 therefore does not contain all the information published in the half-yearly financial report for Q2/first six months of 2019.

The timing of the recognition of the revenue presented in the segment reporting is carried out in relation to the period.

Financial performance, financial position and net assets

Operating earnings (non-IFRS)

In the first half of the 2020 financial year, the Group generated revenue of TEUR 154,775 (previous year: TEUR 143,914). This represents an increase of some 7.5 %. Although the wind park portfolio managed growth in the amount of TEUR 9,390, revenue of the solar park portfolio decreased by TEUR 956 compared to the same period in the previous year. The increase in revenue for the wind park portfolio is primarily due to the addition of multiple installations in Denmark to the portfolio. In total, higher levels of wind in Germany and France had a positive effect on revenue development. The lower levels of sunshine in France and Italy compared to the previous year led to revenue of the solar park portfolio decreasing as a whole in comparison.

The Group generated other operating income of TEUR 5,362 (previous year: TEUR 8,813). This includes income from the sale of Stern Energy GmbH in the amount of TEUR 1,921 as well as non-period income in the amount of TEUR 1,989 (previous year: TEUR 1,298).

Operating personnel expenses came to TEUR 10,191 (previous year: TEUR 7,108). The increase primarily resulted from the expansion of the team of Encavis AG as well as the higher expenses for the share option programme.

Other operating expenses of TEUR 29,300 were incurred (previous year: TEUR 23,760). This includes in particular the costs of operating solar and wind parks in the amount of TEUR 22,114 (previous year: TEUR 17,115). Other expenses also include TEUR 7,172 in costs of current operations (previous year: TEUR 6,635). The increase in costs can be attributed to the wind parks newly acquired in the past few quarters as well as various one-time expenses for repairs and maintenance of solar parks.

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 119,615 in the first half of the 2020 financial year (previous year: TEUR 120,815). This corresponds to a decrease of some TEUR 1,200. The EBITDA margin was around 77 % (previous year: 84 %).

The operating EBITDA in the first half of 2020 is characterised by a positive meteorological effect (EUR +8.2 million); however, this effect is negative compared to the effect from same period in the previous year (EUR +11.3 million), which was very favourable in meteorological terms. The difference of EUR 3.1 million compared to the comparative period in 2019 – which experienced extraordinarily strong meteorological effects – is due only to the lower levels of sunshine in France and Italy to date in 2020. Without this effect, the operating EBITDA in the first half of 2020 would have been 2 % higher than the previous year. There are two reasons why the previous year’s figure was not exceeded to an even greater extent: on the one hand, the previous year’s figure included the positive amount resulting from the sale of minority interests in a wind park portfolio in the amount of some EUR 5.9 million, while the first half of 2020 merely includes the proceeds from the sale of Stern Energy GmbH to Stern Energy S.p.A. (EUR 1.9 million). On the other hand, expenses for the virtual share option programme as a result of the significant increase in the share price in the preceding 12 months had a more pronounced negative impact on the earnings indicators from the first half of 2020 than in the previous-year period. Whereas expenses for share options in the first half of 2019 came in at EUR 0.5 million, that figure for the first half of 2020 amounts to EUR 2.8 million. Without these effects, the operating EBITDA in the first two quarters of 2020 would have been 8 % higher than the comparative figure from the previous year. These three effects must be taken into account when comparing all earnings indicators to the previous year.

Operating depreciation and amortisation of TEUR 45,079 (previous year: TEUR 42,647) chiefly comprises scheduled depreciation of the photovoltaic and wind power installations as well as amortisation of rights of use from lease agreements capitalised in accordance with IFRS 16.

Operating earnings before interest and taxes (EBIT) amounts to TEUR 74,535 and thus decreased by some 5 %, or TEUR 3,633, compared to the previous year (previous year: TEUR 78,168). The EBIT margin is approximately 48 % (previous year: 54 %).

Operating financial earnings in the amount of TEUR -28,219 (previous year: TEUR -27,785) result primarily from interest expenses for the non-recourse loans for solar and wind parks. Additionally, interest income from loans to affiliates, the result of financial assets accounted for using the equity method and interest expenses on the lease liabilities carried as liabilities in the frames of IFRS 16 are reported in the financial result.

Operating earnings before taxes (EBT) therefore came to TEUR 46,316 (previous year: TEUR 50,382). The EBT margin amounts to approximately 30 % (previous year: 35 %).

The consolidated statement of comprehensive income shows operating tax expenses for the first half of the 2020 financial year of TEUR 5,378 (previous year: TEUR 7,067), mainly for effective tax payments in connection with solar and wind parks.

Altogether, this resulted in consolidated operating earnings of TEUR 40,938 (previous year: TEUR 43,316). The EAT margin is approximately 26 % (previous year: 30 %).

Calculating operating KPIs (adjusted for IFRS effects)

As outlined in the “Internal management system of Encavis” section of the 2019 annual report, Group IFRS accounting is influenced by non-cash measurement effects and the resulting depreciation and amortisation. Non-cash interest effects and deferred taxes also hamper a transparent assessment of the operating income situation pursuant to IFRS.

In TEUR	01.01.–30.06.2020	01.01–30.06.2019
Revenue	154,775	143,914
Other income	12,602	6,021
Cost of materials	-1,032	-1,044
Personnel expenses, of which TEUR –2,771 (previous year: TEUR –511) in share-based remuneration	-10,200	-7,133
Other expenses	-29,387	-25,097
Adjusted for the following effects:		
Income resulting from the disposal of financial assets and other non-operating income	-4,851	-33
Other non-cash income (mainly gains from business combinations [badwill], reversal of the interest advantage from subsidised loans [government grants] and non-cash income from other periods)	-2,389	2,825
Other non-operating expenses	87	1,337
Share-based remuneration (non-cash)	9	25
Adjusted operating EBITDA	**119,615**	**120,815**
Depreciation and amortisation	-67,011	-62,256
Adjusted for the following effects:		
Amortisation of intangible assets (electricity feed-in contracts) acquired as part of business combinations	25,353	23,084
Subsequent measurement of uncovered hidden reserves and liabilities on step-ups for property, plant and equipment acquired as part of business combinations	-3,421	-3,475
Adjusted operating EBIT	**74,535**	**78,168**
Financial result	-34,441	-26,323
Adjusted for the following effects:		
Other non-cash interest and similar expenses and income (mainly resulting from effects from currency translation, calculation of the effective rate, swap valuation and interest expenses from subsidised loans [government grants])	6,222	-1,462
Adjusted operating EBT	**46,316**	**50,382**
Tax expenses	-7,109	-8,115
Adjusted for the following effects:		
Deferred taxes (non-cash items) and other non-cash tax effects	1,731	1,048
Adjusted operating EAT	**40,938**	**43,316**

The following IFRS KPIs deviate from the operating earnings position:

The Group generated other income in the amount of TEUR 12,602 (previous year: TEUR 6,021). This figure includes TEUR 4,851 in one-time income in conjunction with the initial consolidation of a solar park in Spain from transitional accounting which was previously accounted for using the equity method.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 126,758 in the first half of the 2020 financial year (previous year: TEUR 116,661). The EBITDA margin amounts to approximately 82 % (previous year: 81 %).

Depreciation and amortisation of TEUR 67,011 (previous year: TEUR 62,256) mainly comprises depreciation of the photovoltaic plants and wind power installations as well as amortisation of intangible assets (electricity feed-in contracts and exclusive licences). The increase stems mainly from the newly acquired solar and wind parks and those only consolidated *pro rata temporis* the previous year.

Earnings before interest and tax (EBIT) totalled TEUR 59,747 (previous year: TEUR 54,405). The EBIT margin was around 39 % (previous year: 38 %).

Operating financial result totalled TEUR -34,441 (previous year: TEUR -26,323). Financial income amounts to TEUR 10,440 (previous year: TEUR 5,800). With income of TEUR 5,388 (previous year: TEUR 0), this interest income stems from loans to affiliates. This also includes interest income from the reversal of step-ups on bank loans and lease liabilities in the amount of TEUR 3,928 (previous year: TEUR 4,243) as well as income in connection with the changes in the market values of interest rate swaps in the amount of TEUR 822 (previous year: TEUR 701). Financial expenses of TEUR 37,869 were incurred (previous year: TEUR 31,970). This includes in particular the interest expenses for the non-recourse loans to finance installations in the park companies and interest expenses in connection with the mezzanine capital of Gothaer Versicherungen, as well as various non-cash expenses. Additionally, financial earnings include earnings from financial assets accounted for using the equity method in the amount of TEUR -7,012 (previous year: TEUR -154).

Earnings before taxes (EBT) therefore came to TEUR 25,306 (previous year: TEUR 28,082).

The consolidated statement of comprehensive income shows tax expenses for the first half of the 2020 financial year of TEUR 7,109 (previous year: TEUR 8,115) and is comprised of effective tax payments and deferred taxes. Quarterly taxes are calculated in accordance with IAS 34.

Altogether, this resulted in consolidated earnings of TEUR 18,197 (previous year: TEUR 19,967).

Consolidated earnings are made up of earnings attributable to shareholders of the parent company of TEUR 13,959 (previous year: TEUR 16,538), earnings attributable to non-controlling interests of TEUR 286 (previous year: TEUR 889) and earnings attributable to the hybrid bondholders of TEUR 3,952 (previous year: TEUR 2,540). Consolidated comprehensive income of TEUR 63,833 (previous year: TEUR 11,826) is made up of consolidated earnings and changes in other reserves shown in equity. A total of TEUR 34,762 of the changes in other reserves is the result of the recognition of expenses and income from participating interests valued according to the equity method with no effect on profit or loss. Additionally, in connection with the initial consolidation of the participating interest in the Spanish La Cabrera project – which was previously accounted for using the equity method – the pro rata earnings (TEUR 13,623), which were recognised in equity with no effect on profit or loss until initial consolidation, were reclassified to the comprehensive income after the participating interest was increased to 100 %. In addition to the currency translation reserve in the amount of TEUR 620 (previous year: TEUR 121), other reserves contain hedge reserves in the amount of TEUR –4,205 (previous year: TEUR -10,840), which also contain amounts to be recognised in profit or loss in future over the remaining term of the respective underlying items for interest rate swaps previously held in a hedging relationship, as well as well as costs of hedging in the amount of TEUR 2 (previous year: TEUR 1). Amounts recognised in equity will be reclassified in full to consolidated earnings once the corresponding hedged items have expired. In the first half of 2020, TEUR 0 was reclassified (previous year: TEUR 1) from the currency translation reserve to consolidated earnings. On the other hand, there were corresponding deferred tax effects in the amount of TEUR 834 (previous year: TEUR 2,576). Undiluted earnings per share (after non-controlling interests) amounted to EUR 0.10 (previous year: EUR 0.13). The average number of shares on issue in the reporting period amounted to 137,154,374 (previous year: 129,987,264). Diluted earnings per share were EUR 0.10 (previous year: EUR 0.13).

Financial position and cash flow

The change in cash and cash equivalents in the first half of 2020 came to TEUR 21,213 (previous year: TEUR -50,407). This broke down as follows:

Cash flow from operating activities amounts to TEUR 115,183 (previous year: TEUR 76,360). This consists largely of cash inflows from the operating activities of the solar and wind parks and the resulting proceeds. The aforementioned changes also included changes in assets and liabilities not counted as investment or financing activities. During the reporting period, a capital gains tax refund from 2018 in the amount of EUR 9.0 million, among other items, had a positive effect on the operating cash flow.

Cash flow from investing activities amounted to TEUR -75,170 (previous year: TEUR -46,480) was mainly the result of payments related to investments in financial assets for financial investments recognised using the equity method and/or loans to them; payments for investments in property, plant and equipment for the construction of a solar park in Spain; and payments for the acquisition of a wind park in Germany.

Cash flow from financing activities amounted to TEUR -18,801 (previous year: TEUR -80,287) and results chiefly from regular loan repayments and interest paid less newly paid out loans. In addition, this includes the change in restricted cash and cash equivalents, the payment of the cash dividend to the shareholders of Encavis AG and the dividend payment to the hybrid bondholders. During the reporting period, a credit line with Agricultural Bank of China in the amount of TEUR 50,000 was utilised. Payments are also reported here for the acquisition of company shares that do not lead to a change in the control relationship (TEUR 13,049).

As of 30 June 2020, the Group has cash and cash equivalents amounting to TEUR 181,892 (30 June 2019: TEUR 121,219), under consideration of the current account liabilities in the amount of TEUR 34 (previous year: TEUR 21,772).

Net assets

As of 30 June 2020, equity amounted to TEUR 753,903 (31 December 2019: TEUR 722,713). The change in the amount of TEUR 31,190, or 4.3 %, is primarily due to the issue of new shares as a result of the share dividend chosen by the majority of shareholders, various value changes accounted for in equity with no effect on profit or loss and the positive result for the period under IFRS. Offsetting this increase was the payment of the dividend. Share capital increased by TEUR 1,398 through contributions in kind. The equity ratio is 25.0 % (31 December 2019: 25.3 %).

Total assets rose from TEUR 2,859,938 as of 31 December 2019 to TEUR 3,020,499.

Goodwill stood at TEUR 27,002 as of 30 June 2020 (31 December 2019: TEUR 26,569).

As of 30 June 2020, the Group has bank and lease liabilities amounting to TEUR 1,848,807 (31 December 2019: TEUR 1,750,678). These comprised loans and lease agreements for the financing of solar parks and wind parks and the mezzanine capital provided by Gothaer Versicherungen in November 2014. They also contained liabilities from listed notes from the Grid Essence portfolio (United Kingdom), including accrued interest in the amount of TEUR 35,023, as well as liabilities from debenture bonds and/or registered bonds including accrued interest in the amount of TEUR 135,160. This does not include amounts recognised under other liabilities totalling TEUR 7,497 (31 December 2019: TEUR 8,833), which comprises interest advantages from low-interest government loans (KfW) and is to be accounted for in accordance with IAS 20 and shown separately. Liabilities from lease obligations in the amount of TEUR 195,573 are recognised (31 December 2019: TEUR 188,952). Non-current liabilities from the mezzanine capital amounted to TEUR 150,000 as of 30 June 2020 and as of 31 December 2019. In almost all debt financing, the liability risk relating to the parks is limited (non-recourse financing).

Events after the balance sheet date

Encavis expands participating interest in solar park portfolio in France

On 6 July 2020, Encavis AG announced that it had expanded its portfolio of solar parks in France as part of the >> Fast Forward 2025 strategy, and that it now was the sole owner of 12 additional solar parks in France with a total capacity of 75 MW. The acquisition of the remaining shares (15 % respectively) now means that Encavis AG holds 100 % ownership of all its solar parks in France.

In the first half of 2020, Encavis increased its participating interests to 100 % in the La Cabrera major solar project in Spain (total capacity of 200 MW), the Brandenburg/Havel solar park (total capacity of 18.7 MW) and the Bitterfeld solar park (total capacity of 6 MW).

Encavis Asset Management AG acquires additional wind park in France for the Encavis Infrastructure Fund II special fund

On 20 July 2020, Encavis Asset Management AG announced that it had acquired from Energiequelle GmbH an additional wind park already in operation in France. The installations will be incorporated into the portfolio of the Encavis Infrastructure Fund II special fund (EIF II), which is sold exclusively sold for BayernLB. The fund is administered by the service capital management company HANSAINVEST Lux S.A. and is open to participation by institutional investors. The acquired Senonnes wind park is located in the Pays de la Loire in the north-west of France and was connected to the grid in May 2019. The five Enercon E-82 wind turbines have a total generation capacity of some 11.5 MW.

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 2019 financial year. There were no significant changes in this regard during the reporting period. As can be seen in our fact book, the Covid-19 pandemic has no serious impact on our business model. With regard to a potential delay in completion of our major projects in Spain currently under construction, we assume that the risks of a delay extending past the completion deadline of two to three months following grid connection would be evaluated as low. The financial risk would only amount to a potential reduction of the budgeted operating earnings per share by EUR 0.01.

Future outlook

The statements below include projections and assumptions which 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.

Macroeconomic developments

The Covid-19 pandemic has had the global economy firmly in its grasp since the first quarter of 2020 and is making its significant mark on worldwide economic growth.

In its summer forecast, the EU Commission expects the economy in the eurozone to retract by 8.7 % in 2020 and thus more significantly than ever before. For the European Union, a decrease in gross domestic product of 8.3 % is expected.

Underlying conditions for renewable energies

Consistent growth market

Global investments in renewable energy rose to USD 363 billion during 2019, with continued growth forecast for 2020 as determined by an analysis of Bloomberg New Energy Finance (BNEF). The experts are also very optimistic with regard to the long-term development: electricity from solar and wind parks is expected to amount to nearly half of the global energy supply by 2050. In Germany, the proportion of electricity from renewable energy sources is now around 40 %. In light of the fact that EU Commission is striving towards a new EU strategy to adapt to climate change, this proportion can be expected to increase further.

The increasing demand for private-sector power purchase agreements (PPAs) also fits this trend. According to information from BNEF, the total generation capacity of PPAs has more than doubled, from around 5.6 GW in 2017 to some 12.8 GW in 2018. The trend continues: for 2019, BNEF forecasts that, around the world, PPAs for an installed solar and wind capacity of more than 18.6 GW will be concluded. At the end of January 2020, the total capacity was already at around 51.5 GW.

Encavis on a clear course for growth with >> Fast Forward 2025

Today, Encavis is one of the largest independent power producers in the field of renewable energy in Europe. The positive framework conditions and the successful economic development of the company are the perfect prerequisites for further strengthening this position. In order to always make use of growth opportunities that present themselves and to further increase the efficiency of the company, Encavis introduced the strategy package “>> Fast Forward 2025” on 8 January 2020. The plan for the next six years is focused on five areas:

1. Further investments in ready-to-build wind and solar parks as well as securing projects in earlier phases of development in coordination with strategic development partners while maintaining a long-term equity ratio of around 25 %

2. Disposal of minority interests in wind and individual selected solar parks of up to 49 % to free up liquidity for investments in additional solar and wind parks

3. Reduction and continued optimisation of costs related to the operation and maintenance of solar parks

4. Optimisation and refinancing of SPV project financing

5. Introduction of Group-wide cash pooling, including all single entities

Within the framework of >> Fast Forward 2025, Encavis is focusing on the following target figures on the basis of the values for the year 2019:

1. Doubling the company’s own contractually secured generation capacity from 1.7 to 3.4 GW

2. Increasing the weather-adjusted revenue (wa) from EUR 260 million to EUR 440 million

3. Growing the weather-adjusted operating EBITDA (wa) from EUR 210 million to EUR 330 million

4. A margin of the weather-adjusted operating EBITDA (wa) of 75 %

5. Increasing the operating earnings per share (EPS) (wa) from EUR 0.40 to EUR 0.70

The expected dynamic growth of Encavis can be seen not least in consideration of the corresponding annual growth rates (CAGR): the generation capacity is to increase by some 12 % annually to the year 2025. In the same period, revenue is to increase by approximately 9 % per annum, and an annual increase in operating EBITDA (wa) of 8 % is expected. Annual growth of the operating earnings per share (EPS) (wa) amounts to around 10 %.

These assumptions are a basis case; additional opportunities for growth may arise inorganically from mergers and acquisition transactions and potential equity transactions. Future opportunities could also present themselves from profitable business models in association with battery storage capacities at the solar and wind parks. A possible expansion into regions outside of Europe offers additional potential for growth.

Overall assessment of future development

In light of the Encavis Group's business strategy, which is geared towards qualitative growth, the Management Board expects moderate growth for the 2020 financial year. This can be explained above all by the strategic transformation of the company. While, in the past, Encavis AG has purchased solar and wind parks with a fixed feed-in tariff, the course was set for expanding to the PPA business in the 2019 financial year.

The Talayuela and La Cabrera solar parks in Spain, which Encavis has acquired to date, are each bound by a power purchase agreement with well-known companies such as Amazon. Since these types of parks are usually acquired before construction begins, the two PPA solar parks are currently still in the construction phase. Therefore, as planned, only La Cabrera will contribute marginally to revenue and consolidated income in the current financial year from the third quarter of 2020. After completion and the connection of both parks to the grid, these investments will then have a more noticeable impact in the 2021 financial year.

Global pandemics – like the current Covid-19 pandemic – have no direct economic impact on the operating activities of the Encavis Group. The solar and wind parks in ten countries in western Europe produce electricity from renewable energy sources predominantly on their own and fully automatically. Due to the minimal maintenance needs of the installations, practically no staff are required on-site. If the current spread of the coronavirus continues for an extended period or worsens in the coming months, limitations in the on-site maintenance of the solar and wind parks due to individual technicians cannot be excluded; however, these could be replaced by alternative service providers. At the present time, it is not possible to evaluate – and therefore cannot be quantified conclusively – whether the completion of parks under construction will be delayed as a whole as a result of illnesses of third parties or interruptions in the supply chains, which would in turn reduce the number of parks available for acquisitions. In its worst case, an initial analysis of the scenario involving grid connection delayed by two to three months caused by the Covid-19 pandemic for the two solar parks currently under construction in Spain results in a negative impact of EUR 0.01 on budgeted operating earnings per share for 2020.

If grid connection for the Talayuela solar park is delayed by three months after the agreed deadline of 1 January 2021, this would result in additional costs of TEUR 800 payable to the power purchaser. A delay of another three months would once again result in additional costs of EUR 1.5 million in 2021. However, these amounts can be significantly reduced by a corresponding hedging strategy on the Spanish electricity market. A delayed grid connection for the La Cabrera solar park would not result in any additional costs in the event of *force majeure*. Otherwise, the additional costs – payable to the power purchaser Amazon – would amount to a maximum of EUR 9 million; this, however, would be more than compensated for by the contractual penalty owed to Encavis by the construction company of up to EUR 11 million.

The Management Board has confirmed the revenue and income forecast of an increase in revenue to more than EUR 280 million for the current 2020e financial year based on the portfolio as it stands on 31 March 2020 and under the assumption of standard weather conditions for the 2020 financial year (2019: EUR 273.8 million, weather-adjusted EUR 263.3 million). Operating EBITDA is expected to increase to more than EUR 220 million (2019: EUR 217.6 million, weather-adjusted EUR 210.6 million). The Group anticipates growth in operating EBIT to more than EUR 130 million (2019: EUR 132.2 million, weather-adjusted EUR 125.2 million). The Group expects operating cash flow of over EUR 200 million (2019: EUR 189.3 million). An operating earnings per share of EUR 0.41 is also expected (2019: EUR 0.43, weather-adjusted EUR 0.40). Earnings per share will initially undergo disproportionately low growth, as the number of shares will increase but the investments made with the funds will only fully realise their contribution to revenue in subsequent years, as explained in the text above.

In EUR million	2020e (AR 2019)	2019 (actual)
Revenue	>280	273,8
Operating EBITDA*	>220	217,6
Operating EBIT*	>130	132,2
Operating cash flow*	>200	189,3
Operating earnings per share in EUR*	0.41	0,43

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

Dividend policy

The Management and Supervisory Boards of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. At the annual shareholders' meeting on 13 May 2020, they therefore proposed the payment of a dividend in the amount of EUR 0.26 for each dividend-entitled share. The Annual General Meeting approved the recommendation of the company by a large majority. In addition, the dividend was again offered as an optional dividend, which offers shareholders the greatest possible freedom of choice and, with an acceptance rate of 61.5 %, was very well received. In total, 1,398,087 new shares were issued and a cash dividend of EUR 20,467,924.71 was distributed to the shareholders. The cash dividend was paid out on 16 June 2020, and the new shares were recorded in shareholders' securities accounts on 24 June 2020.

Hamburg, August 2020

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

Condensed consolidated statement of comprehensive income (IFRS)

In TEUR

	01.01.–30.06.2020	01.01.–30.06.2019	Q2/2020	Q2/2019
Revenue	154,775	143,914	89,565	84,450
Other income	12,602	6,021	6,735	1,418
Of which income from the reversal of impairments for expected credit losses	*879*	*0*	*879*	*0*
Cost of materials	-1,032	-1,044	-544	-481
Personnel expenses	-10,200	-7,133	-5,725	-3,317
Of which in share-based remuneration	*-2,771*	*-511*	*-2,120*	*-452*
Other expenses	-29,387	-25,097	-12,855	-12,952
Of which impairment for expected credit losses	*-87*	*-1,337*	*1,692*	*-952*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**126,758**	**116,661**	**77,176**	**69,118**
Depreciation and amortisation	-67,011	-62,256	-33,499	-31,083
Earnings before interest and taxes (EBIT)	**59,747**	**54,405**	**43,677**	**38,035**
Financial income	10,440	5,800	4,793	-132
Financial expenses	-37,869	-31,970	-18,617	-14,662
Earnings from financial assets accounted for using the equity method	-7,012	-154	-2,772	-73
Earnings before taxes on income (EBT)	**25,306**	**28,082**	**27,081**	**23,168**
Taxes on income	-7,109	-8,115	-6,483	-7,028
Consolidated earnings	**18,197**	**19,967**	**20,599**	**16,140**
Items which can be reclassified to profit or loss				
Currency translation differences	620	122	399	274
Cash flow hedges – effective portion of changes in fair value	-4,205	-10,840	-3,257	-4,323
Cost of hedging measures	2	1	1	-4
Income and expenses from participating interests valued according to the equity method with no effect on profit or loss	34,762	0	17,024	0
Income tax relating to items that may be reclassified to profit or loss	834	2,576	747	1,067
Reclassifications	13,623	1	13,623	0
Other comprehensive income	**45,636**	**-8,140**	**28,536**	**-2,986**
Consolidated comprehensive income	**63,833**	**11,826**	**49,136**	**13,154**
Additions to consolidated earnings for the period				
Encavis AG shareholders	13,959	16,538	18,232	13,905
Non-controlling interests	286	889	405	962
Hybrid bondholders	3,952	2,540	1,962	1,274
Additions to consolidated comprehensive income for the period				
Encavis AG shareholders	59,669	8,396	46,814	10,918
Non-controlling interests	212	890	360	962
Hybrid bondholders	3,952	2,540	1,962	1,274
Earnings per share				
Average number of shares on issue in the reporting period				
Undiluted	137,154,374	129,987,264	137,269,601	129,987,264
Diluted	137,204,302	129,987,264	137,327,290	129,987,264
Undiluted/diluted earnings per share (in EUR)	0.10	0.13	0.13	0.11

Condensed consolidated financial statements (IFRS)

Assets in TEUR	30.06.2020	31.12.2019
Intangible assets	519,626	547,168
Goodwill	27,002	26,569
Property, plant and equipment	1,915,482	1,749,657
Financial assets accounted for using the equity method	13,633	9,590
Financial investments	73,289	104,830
Other receivables	5,982	3,650
Deferred tax assets	140,633	116,892
Total non-current assets	**2,695,648**	**2,558,356**
Inventories	308	412
Trade receivables	55,238	45,283
Non-financial assets	6,069	5,340
Receivables from income taxes	6,835	15,703
Other current receivables	10,129	12,361
Liquid assets	246,272	222,481
Cash and cash equivalents	*181,926*	*164,501*
Liquid assets with restrictions on disposition	*64,345*	*57,980*
Total current assets	**324,852**	**301,582**
Total assets	**3,020,499**	**2,859,938**

Liabilities in TEUR	30.06.2020	31.12.2019
Subscribed capital	138,437	137,039
Capital reserves	481,470	468,873
Reserve for equity-settled employee remuneration	152	143
Other reserves	-29,649	-75,358
Net earnings	11,759	33,430
Equity attributable to Encavis AG shareholders	**602,170**	**564,127**
Equity attributable to non-controlling interests	3,150	10,009
Equity attributable to hybrid bondholders	148,583	148,577
Total equity	**753,903**	**722,713**
Non-current liabilities to non-controlling interests	40,235	40,122
Non-current financial liabilities	1,490,101	1,366,789
Non-current lease liabilities	183,914	178,092
Other non-current liabilities	6,658	7,945
Non-current provisions	63,193	50,388
Deferred tax liabilities	272,703	248,498
Total non-current liabilities	**2,056,805**	**1,891,834**
Current liabilities to non-controlling interests	17	2,971
Liabilities from income taxes	8,924	7,681
Current financial liabilities	163,134	194,937
Current lease liabilities	11,658	10,860
Trade payables	12,527	10,738
Other current liabilities	5,081	8,560
Current provisions	8,449	9,646
Total current liabilities	**209,791**	**245,392**
Total equity and liabilities	**3,020,499**	**2,859,938**

Condensed consolidated cash flow statement (IFRS)

In TEUR	01.01.–30.06.2020	01.01–30.06.2019
Net income for the period	18,197	19,967
Depreciation and amortisation of fixed assets	67,011	62,256
Other non-cash income and expenses	79	-1,621
Financial income/financial expenses	27,429	26,170
Taxes on income recognised in the income statement	7,109	8,115
Non-cash taxes on income	5,068	-15,481
Earnings from deconsolidation	-2,138	0
Increase/decrease in other assets/liabilities not attributable to investment or financing activities	-7,572	-23,046
Cash flow from operating activities	**115,183**	**76,360**
Payments for the acquisition of consolidated entities, net of cash acquired	-3,874	-2,956
Proceeds from the sale of consolidated entities	2,832	0
Payments for investments in property, plant and equipment	-14,747	-2,013
Payments for investments in intangible assets	-13	-139
Payments related to investments in financial assets	-59,828	-41,714
Proceeds from the sale of financial assets	454	331
Dividends received	6	12
Cash flow from investing activities	**-75,170**	**-46,480**
Loan proceeds	109,834	11,705
Loan repayments	-58,442	-65,283
Repayment of lease liabilities	-4,875	-6,196
Interest received	24	177
Interest paid	-29,596	-32,821
Proceeds from capital increases	25	0
Payments for issuance costs	-117	-122
Payments received from the sale of shares without change of control	0	24,855
Payments for the acquisition of shares without change of control	-13,049	0
Dividends paid to Encavis AG shareholders	-20,468	-19,113
Dividend payments to hybrid capital investors	-3,945	-2,554
Payments to non-controlling interests	-370	-771
Change in restricted cash	2,179	9,836
Cash flow from financing activities	**-18,801**	**-80,287**
Change in cash and cash equivalents	21,213	-50,407
Changes in cash due to exchange rate changes	-518	93
Change in cash and cash equivalents	**20,695**	**-50,313**
Cash and cash equivalents		
As at 01.01.2020 (01.01.2019)	161,196	171,533
As at 30.06.2020 (30.06.2019)	181,892	121,219

Condensed consolidated statement of changes in equity (IFRS)

in TEUR	Subscribed capital	Capital reserve	Other reserves			
			Currency reserve	Hedge reserve	Cost of hedging measures	Reserve from equity valuation
As at 01.01.2019	**129,487**	**413,104**	**1,010**	**-2,700**	**-28**	
Consolidated earnings						
Other income recognised in equity*			121	-8,264	1	
Reclassifications to profit/loss			1			
Consolidated comprehensive income for the period			**122**	**-8,264**	**1**	
Dividend						
Income and expenses recognised directly in equity						
Changes from capital measures	2,011	9,953				
Issuance costs		-122				
Acquisition of shares from non-controlling interests						
As at 30.06.2019	**131,498**	**422,935**	**1,131**	**-10,964**	**-27**	
As at 01.01.2020	**137,039**	**468,873**	**961**	**-10,529**	**-22**	**-65,769**
Consolidated earnings						
Other income recognised in equity*			615	-3,291	1	34,762
Reclassifications to profit/loss						13,623
Consolidated comprehensive income for the period			**615**	**-3,291**	**1**	**48,385**
Dividends						
Income and expenses recognised directly in equity						
Transactions with shareholders recognised directly in equity		-1,075				
Changes from capital measures	1,398	13,789				
Issuance costs		-117				
As at 30.06.2020	**138,437**	**481,470**	**1,576**	**-13,820**	**-21**	**-17,384**

* Excluding separately recognised effects from reclassifications.

in TEUR	Reserve for equity-based employee remuneration	Net retained profit	Equity attributable to Encavis AG shareholders	Equity attributable to non-controlling interests	Equity attributable to hybrid bondholders	Total
As at 01.01.2019	383	41,200	582,456	9,145	95,456	687,057
Consolidated earnings		16,538	16,538	889	2,540	19,967
Other income recognised in equity*			-8,142	1		-8,141
Reclassifications to profit/loss			1			1
Consolidated comprehensive income for the period		16,538	8,396	890	2,540	11,825
Dividends		-31,077	-31,077	-256	-2,554	-33,887
Income and expenses recognised directly in equity	-50		-50			-50
Changes from capital measures			11,964			11,964
Issuance costs			-122			-122
Acquisition of shares from non-controlling interests				463		463
As at 30.06.2019	333	26,661	571,567	10,242	95,442	677,249
As at 01.01.2020	143	33,430	564,127	10,009	148,577	722,713
Consolidated earnings		13,959	13,959	286	3,952	18,197
Other income recognised in equity*			32,087	-74		32,013
Reclassifications to profit/loss			13,623			13,623
Consolidated comprehensive income for the period		13,959	59,669	212	3,952	63,833
Dividends		-35,630	-35,630	-188	-3,945	-39,763
Income and expenses recognised directly in equity	9		9			9
Transactions with shareholders recognised directly in equity			-1,075	-6,883		-7,958
Changes from capital measures			15,187			15,187
Issuance costs			-117			-117
As at 30.06.2020	152	11,759	602,170	3,150	148,583	753,903

* Excluding separately recognised effects from reclassifications.

Notes to the condensed interim consolidated financial statements

General information

These condensed and unaudited interim consolidated financial statements have been prepared in accordance with section 37w, paragraph 3, of the German Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG) and with IAS 34 “Interim Financial Reporting”. They do not include all the information that is required under IFRS for the consolidated financial statements as of the end of a financial year and should therefore only be read in conjunction with the consolidated financial statements as of 31 December 2019.

The interim financial statements and the interim management report have not been audited in accordance with section 317 of the German Commercial Code (*Handelsgesetzbuch* – HGB) nor reviewed by an auditor.

The condensed consolidated statement of comprehensive income and the condensed consolidated cash flow statement contain comparative figures for the first half of the previous year. The condensed consolidated financial statements include comparative figures as of the end of the previous financial year.

The interim financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as applicable within the European Union.

The accounting policies applied are 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 2019. If there are any amendments to accounting policies, they will be explained in the individual notes.

The reporting company

Encavis AG (hereafter known as “company” or together with its subsidiaries as “Group”) is a German joint stock company based in Hamburg. The Group’s main areas of activity are described in chapter 1 of the notes to the consolidated financial statements for the financial year ended 31 December 2019.

Subject to the interim consolidated financial statements are Encavis AG and its affiliates. For the group of consolidated companies, the reader is referred to section 18 of the notes to the consolidated financial statements as of 31 December 2019 and, with regard to the amendments in the first half of 2020, to the notes in the following section. The parent company of the Group, Encavis AG, was entered in the commercial register of Hamburg district court on 18 January 2002 under HRB 63197 and has its place of business in Grosse Elbstrasse 59, 22767 Hamburg.

Intra-Group transactions are conducted on arm’s-length terms.

Significant accounting policies and consolidation principles

Seasonal influences

The business activities of the Group are subject to seasonal influences, leading to fluctuations in revenue and results throughout the course of the year. Due to seasonal factors, revenue in the PV Parks segment is usually higher in the second and third quarters than in the first and fourth quarters of the financial year, while revenue and earnings in the Wind Parks segment are generally higher in the first and fourth quarters than in the second and third quarters of the financial year.

New standards and amendments to standards and interpretations

In the first half of 2020, the Group applied the following new and/or revised IFRS standards and interpretations:

New and amended standards and interpretations

		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at: 30.06.2020)	Status of application at Encavis
Conceptual Framework	Amendment – References to the Conceptual Framework in IFRS	01.01.2020	Adopted	Applied
IAS 1, IAS 8	Amendment – Definition of Material	01.01.2020	Adopted	Applied
IFRS 9, IAS 39, IFRS 7	Amendment – Interest Rate Benchmark Reform	01.01.2020	Adopted	Applied prematurely
IFRS 3	Amendment – Definition of a Business	01.01.2020	Adopted	Applied

The new and amended standards/interpretations have no significant impact on these interim consolidated financial statements.

In 2019, Encavis AG opted for early application of the amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”. This affects hedging relationships that existed at the beginning of the reporting period or were designated thereafter. On the basis of the associated simplifications, Encavis assumes that the effectiveness of the hedges carried on the balance sheet will not be impaired by the IBOR reform and that no hedges will have to be terminated.

The change in the definition of materiality according to IAS 1 and IAS 8 is generally relevant to Encavis, but is not reflected in the Group’s earnings, net assets and financial position.

The amendment to IFRS 3 defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities. The business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. For the acquisition of solar and wind park companies, this definition generally means that these are no longer considered business combinations, but rather as acquisitions of assets. In this context, the difference between the purchase price and the revaluation of the asset is no longer recognised as goodwill (balance sheet item) or badwill (in profit or loss), but rather allocated to the individual material assets and capitalised.

Status of amended IFRS and interpretations which are not yet obligatory and which the Group has not applied before the effective date

In addition to the information contained in the consolidated financial statements as of 31 December 2019, the IASB or IFRS IC has published or amended the following new standards and interpretations which will either not be applicable until a later date or which have not yet been endorsed by the European Commission.

New and amended standards and interpretations

		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at: 30.06.2020)	Status of application at Encavis
IFRS 16	Amendment – Covid-19 - related rent concessions	01.06.2020	Not yet adopted	Not applied
IFRS 4	Amendment – Extension of the Temporary Exemption from Applying IFRS 9 for Certain Insurance Companies	01.01.2021	Not yet adopted	Not applied
IFRS 3	Amendment – References to the Conceptual Framework in IFRS 3	01.01.2022	Not yet adopted	Not applied
IAS 16	Amendment – Offsetting Proceeds against Construction Costs before Intended Use	01.01.2022	Not yet adopted	Not applied
IAS 37	Amendment – Definition of Costs of Fulfilling a Contract	01.01.2022	Not yet adopted	Not applied
AIP	Annual Improvement Programme for IFRS: 2018–2020 cycle	01.01.2022	Not yet adopted	Not applied
IAS 1	Amendment – Classification of Liabilities as Current or Non-Current	01.01.2022 (draft in May 2020 for delay to 01.01.2023)	Not yet adopted	Not applied
IFRS 17	New standard – Insurance Contracts	01.01.2023	Not yet adopted	Not applied

In spite of the newly published adjustments with regard to the new and amended standards/interpretations, whose application is not yet obligatory and which were not applied early within the Group, Encavis AG does not expect these to have a significant impact on the Group.

At Encavis, no concessions – such as rent forbearance or rent price discounts – were granted in direct connection with the coronavirus, which is why the amendment to IFRS 16 has no effect on accounting at Encavis.

Group of consolidated companies

In the first six months of 2020, the following companies were included in the consolidated financial statements in addition to those mentioned in note 18 to the consolidated financial statements as of 31 December 2019.

Companies additionally included in the group of consolidated companies in the first half of 2020

	Registered office	Share in %
Fully consolidated Group companies		
Cabrera Energia Solar S.L.	Valencia, Spain	100.00
Desarrollos Empresariales Luanda S.L.U.	Valencia, Spain	100.00
Encavis AM Komplementär GmbH	Neubiberg, Germany	100.00
GreenGo Energy M01a K/S	Roskilde, Danmark	100.00
GreenGo Energy M30 K/S	Roskilde, Danmark	100.00
Griffin Develops S.L.	Valencia, Spain	100.00
LT01 S.r.l.	Bolzano, Italy	100.00
Narges Develops S.L.U.	Valencia, Spain	100.00
Navid Enterprise S.L.U.	Valencia, Spain	100.00
Neftis Business S.L.U.	Valencia, Spain	100.00
Windpark Viertkamp GmbH & Co. KG	Hamburg, Germany	100.00
Associates		
Sisteme Electrico Conexion Nudo Don Rodrigo 220 KV S.L.	Valencia, Spain	40.30

The shareholdings in the fully consolidated Group companies correspond to the proportion of voting rights.

As of the acquisition date, the shareholding in Sisteme Electrico Conexion Nudo Don Rodrigo 220 KV S.L. was 50 %, of which 9.7 % was then sold to a third party.

In February 2020, Stern Energy GmbH – which was part of the PV Service segment – was sold to the associate Stern Energy S.p.A as planned. As a result of the transaction, the Group received cash and cash equivalents of TEUR 2,832.

In the first half of 2020, Danish intermediate holding company Norhede-Hjortmose Vind 12 ApS was renamed Mermaid Solar Komplementar ApS. Although the company was previously allocated to the Wind Parks segment, it will belong to the Solar Parks segment going forward.

Thöringswerder GmbH & Co. KG was consolidated into the parent company Encavis Real Estate GmbH.

Business combinations

In the first half of 2020, thanks to a number of purchases, Encavis was able to significantly expand its international portfolio of solar and wind installations. Under the amendment to IFRS 3 described above, which entered into force during the financial year, none of the following transactions match the definition of a business acquisition. All acquisitions were therefore accounted for as acquisitions of assets in the consolidated financial statements – regardless of when the installation was commissioned.

Finalisation of the purchase price allocation for Encavis Nordbrise A/S

During the measurement period as per IFRS 3.45, the company adjusted the purchase price allocation in the first half of 2020 due to the now finalised measurement of the intangible assets and property, plant and equipment. The main changes to the provisional price allocation and the figures presented in the 2019 annual report are decreases in intangible assets of TEUR 292, property, plant and equipment of TEUR 413 and deferred tax assets of TEUR 155. This resulted in a decrease in goodwill of TEUR 550.

Overall impact of the business combinations on the Group result

The decrease in goodwill from the adjustments of the provisional purchase price allocation for the company Nordbrise A/S from the 2019 financial year amounts to TEUR 550. No other adjustments were made in the first half of 2020.

Acquisition that do not meet the definition of a business

On 7 April 2020, the 80 % shareholding in Cabrera Energia Solar S. L. held by Encavis was increased by 10 % initially, and by a further 10 % on 19 May 2020, resulting in a 100 % shareholding. Within the Encavis Group, Cabrera Energia was treated as an associate until 18 May 2020 due to a lack of control and was therefore accounted for using the equity method. With the acquisition of all shares, Cabrera Energia – as the parent company with its four wholly owned subsidiaries Narges Develops S.L.U., Navid Enterprise S.L.U., Neftis Business S.L.U. and Desarrollos Empresariales Luanda S.L.U. – now represents a sub-Group within the Encavis Group going forward. The four previously mentioned subsidiaries each operate a 49.99 MW photovoltaic installation in the south of Spain in the direct vicinity of Seville, and each have a 25 % shareholding in the infrastructure company Griffin Develops S.L., which is also included as a subsidiary in the consolidated financial statements. In addition, the four above-mentioned solar park companies each hold 12.5 % of shares in the second infrastructure company Sisteme Electrico Conexion Nudo Don Rodrigo 220 KV S.L. On 11 May 2020, the amount of the shareholdings was decreased by 2.425 % to 10.075 % respectively. These shares in the four park companies are valued using the equity method; they are recognised as associates.

On 26 June 2020, Encavis acquired 100 % of shares in the German wind park Viertkamp GmbH & Co. KG, which is located in the Stade district. The company comprises four wind installations with a total generation capacity of 14.4 MW. The four installations were commissioned between December 2019 and February 2020.

Additionally, GreenGo Energy M01a K/S and GreenGo Energy M30 K/S in Denmark and LT01 S.r.l. in Italy were also acquired via the development partnerships concluded in the previous year. All three companies currently represent energy installations in the very early stages of development which do not yet have significant impact on the consolidated financial statements.

Additionally, Encavis acquired Encavis AM Komplementär GmbH, headquartered in Neubiberg, which acts as general partner within the framework of asset management activities. This company has no significant transactions.

Increase in shareholding in two solar parks in Germany

In the first quarter of 2020, Encavis increased its shareholdings in two German solar parks – CHORUS CleanTech GmbH & Co. Solarpark Bitterfeld KG (previously 36 %) and Solarpark Brandenburg (Havel) GmbH (previously 51 %) – to 100 % respectively, as planned. Neither of the two transactions had an effect on profit or loss for the Group during the financial year.

Critical accounting judgements and key sources of estimation uncertainties

Within the scope of preparing the consolidated financial statements, in certain cases estimates and assumptions are made that affect how accounting methods are applied as well as which amount of assets, liabilities, income and expenses are recorded. The actual values may differ from these estimates. The estimates and underlying assumptions undergo continuous reviews. The adapted estimates are accounted for on a prospective basis.

In the following section, the main assumptions for the future and other key sources of estimate uncertainties at the end of the reporting period will be listed which may give rise to a significant risk that calls for a material adjustment to assets and liabilities in the next financial year.

Economic life of property, plant and equipment and intangible assets

When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated; in doing so, we take into account contractual agreements, knowledge of the industry and management estimates. Further disclosures can be found in the notes to the consolidated financial statements as of 31 December 2019.

Impairment of goodwill

In order to determine whether goodwill is impaired, it is necessary to calculate the value in use of the Group’s cash-generating units that are allocated to goodwill. Calculating the value in use requires an estimate of future cash flows from the Group’s cash-generating units as well as an appropriate capitalisation interest rate for the calculation of the present value. A material impairment may result if the actual expected future cash flows are less than previously estimated.

Business combinations

All identifiable assets and liabilities are recognised at their fair values at the time of initial consolidation within the scope of business combinations. The recognised fair values are subject to estimation uncertainties. If intangible assets are identified, the fair value must be estimated using generally accepted valuation methods. The valuations are based on the company’s plans, which are based on estimates by management while taking contractual agreements into account. The discount rates (WACC) applied in connection with the valuation of intangible assets are between 2.39 % and 2.56 % (previous year: 2.78 % and 3.85 %).

The reader is referred to the discussion in note 8 of the notes to the consolidated financial statements as of 31 December 2019 for details of the assumptions made when determining the fair value of financial assets. The measurement methods and input factors applied have not changed since 31 December 2019.

Additional disclosures related to financial assets and liabilities

Carrying amounts, recognised amounts and fair value according to classes and valuation categories under IFRS 9

Classes of financial instruments in TEUR			Carrying amount under IFRS 9				
	Measurement category under IFRS 9*	Carrying amount as at 30.06.2020 (31.12.2019)	Amortised cost	Fair value not recognised through profit or loss	Fair value recognised through profit or loss	Carrying amount under IAS 28	Fair value as at 30.06.2020 (31.12.2019)
Financial assets							
Non-current financial assets	FVPL	4,371			4,371		4,371
(31.12.2019)		(4,353)			(4,353)		(4,353)
Financial assets accounted for using the equity method	n.a.	13,633				13,633	13,633
(31.12.2019)		(9,590)				(9,590)	(9,590)
Non-current receivables from contingent considerations	FVPL	449			449		449
(31.12.2019)		(135)			(135)		(135)
Trade receivables	AC	55,238	55,238				55,238
(31.12.2019)		(45,283)	(45,283)				(45,283)
Other current receivables	AC	3,628	3,628				3,628
(31.12.2019)		(7,383)	(7,383)				(7,383)
Loans to associates and other loans	AC	68,919	68,919				68,919
(31.12.2019)		(100,477)	(100,477)				(100,477)
Liquid assets	AC	246,272	246,272				246,272
(31.12.2019)		(222,481)	(222,481)				(222,481)
Derivative financial assets							
Derivatives in a hedging relationship	FVOCI	2,908		2,908			2,908
(31.12.2019)		(971)		(971)			(971)
Derivatives not in a hedging relationship	FVPL	87			87		87
(31.12.2019)		(0)			(0)		(0)

* FVPL: fair value through profit or loss; AC: amortised cost (financial assets/liabilities recognised at amortised cost); FVOCI: derivative financial instruments measured as part of hedging relationships (presented in other non-current receivables and/or non-current financial liabilities). Non-current financial assets, loans to associates and other loans have been aggregated and presented under the line item for financial assets in the balance sheet. In comparison to the balance sheet, financial liabilities are shown separately in the following categories: financial liabilities, liabilities from contingent consideration, other financial liabilities, derivatives with a hedging relationship and derivatives without a hedging relationship.

Classes of financial instruments in TEUR	Measurement category under IFRS 9*	Carrying amount as at 30.06.2020 (31.12.2019)	Carrying amount under IFRS 9: Amortised cost	Carrying amount under IFRS 9: Fair value not recognised through profit or loss	Carrying amount under IFRS 9: Fair value recognised through profit or loss	Carrying amount under IFRS 16	Fair value as at 30.06.2020 (31.12.2019)
Financial liabilities							
Trade payables	AC	12,527	12,527				12,527
(31.12.2019)		(10,738)	(10,738)				(10,738)
Financial liabilities	AC	1,590,269	1,590,269				1,681,893
(31.12.2019)		(1,529,112)	(1,529,112)				(1,681,034)
Lease liabilities**	n/a	195,573				195,573	-
(31.12.2019)		(188,952)				(188,952)	-
Liabilities to non-controlling shareholders	AC	40,252	40,252				40,252
(31.12.2019)		(43,093)	(43,093)				(43,093)
Non-current liabilities from contingent considerations	FVPL	0			0		0
(31.12.2019)		(604)			(604)		(604)
Current liabilities from contingent considerations	FVPL	609			609		609
(31.12.2019)		(0)			(0)		(0)
Other financial liabilities	AC	464	464				464
(31.12.2019)		(488)	(488)				(488)
Derivative financial liabilities							
Derivatives in a hedging relationship	FVOCI	35,280		35,280			35,280
(31.12.2019)		(28,776)		(28,776)			(28,776)
Derivatives not in a hedging relationship	FVPL	3,720			3,720		3,720
(31.12.2019)		(2,745)			(2,745)		(2,745)
Of which aggregated by valuation categories as per IFRS 9							
Financial assets measured at amortised cost	AC	374,057	374,057				374,057
(31.12.2019)		(375,625)	(375,625)				(375,625)
Financial assets measured at fair value through profit or loss	FVPL	4,906			4,906		4,906
(31.12.2019)		(4,488)			(4,488)		(4,488)
Financial liabilities measured at amortised cost	AC	1,643,512	1,643,512				1,735,136
(31.12.2019)		(1,583,432)	(1,583,432)				(1,735,354)
Financial liabilities measured at fair value through profit or loss	FVPL	4,329			4,329		4,329
(31.12.2019)		(3,350)			(3,350)		(3,350)

** The relief provision of IFRS 7.29 was applied to the disclosures on the fair values of lease liabilities.

Fair value hierarchy

Fair value hierarchy in TEUR as at 30.06.2020 (31.12.2019)		Level	
	1	2	3
Assets			
Non-current financial assets			4,371
(31.12.2019)			(4,353)
Non-current receivables from contingent considerations			449
(31.12.2019)			(135)
Derivative financial assets:			
Derivatives in a hedging relationship		2,908	
(31.12.2019)		(971)	
Derivatives in a hedging relationship		87	
(31.12.2019)		(0)	
Liabilities			
Non-current liabilities from contingent considerations			0
(31.12.2019)			(604)
Current liabilities from contingent considerations			609
(31.12.2019)			(0)
Derivative financial liabilities:			
Derivatives in a hedging relationship		35,280	
(31.12.2019)		(28,776)	
Derivatives not in a hedging relationship		3,720	
(31.12.2019)		(2,745)	

Interest rate and currency hedges are measured using market-yield and foreign exchange (FX) forward curves on the basis of recognised mathematical models (present value calculations). The market values recognised in the balance sheet thus correspond to level 2 of the IFRS 13 fair value hierarchy.

The receivables from contingent considerations as well as the financial investments and liabilities from contingent considerations carried at fair value in the consolidated financial statements are based on level 3 information and input factors.

Changes between levels occurred in neither the current nor previous financial year.

The following table shows the level of the fair value hierarchy to which the measurement of fair value has been assigned in its entirety for each class of asset and liability not measured at fair value in the balance sheet and for which fair value does not approximate the carrying amount.

Fair value hierarchy in TEUR as at 30.06.2020 (31.12.2019)		Level	
	1	2	3
Liabilities			
Financial liabilities measured at amortised cost			
Financial liabilities		1,681,893	
(31.12.2019)		(1,681,034)	

The following tables show the valuation methods that were used to determine fair values.

Financial instruments measured at fair value

Type	Valuation method	Significant, unobservable input factors
Non-current financial assets: Investment funds	The financial investments are measured using one of the following methods or a combination of more than one of the following methods: acquisition costs relating to the most recent financial investments, valuation standards within the industry, standing offers, contractual obligations. The relative weighting of each valuation method reflects a judgement as to the appropriateness of each valuation method for the respective non-realised financial investment.	Risk premium The estimated fair value of the financial investments available for sale would increase (decrease) if the risk premium were lower (higher).
Non-current financial assets: Mezzanine capital	Discounted cash flows: The fair values are determined using the future expected cash flows discounted using the standard observable market data of the corresponding interest structure curves.	Expected distributions The estimated fair value of the mezzanine capital would increase (decrease) if the distributions would be higher (lower) and/or would be made at an earlier (later) date.
Interest rate swaps	Discounted cash flows: The fair values are determined using the future expected cash flows discounted using the standard observable market data of the corresponding interest structure curves.	Not applicable
Receivables from contingent considerations	Discounted cash flows on the basis of contractually fixed mechanisms	Date of the addition of the other wind parks The estimated fair value of the receivables from contingent consideration would increase (decrease) if the additional wind parks were added at an earlier (later) date. Tax benefit The assessed fair value of the receivables from contingent considerations would increase (fall) were the tax benefit higher (lower).
Liabilities from contingent considerations	Discounted cash flows on the basis of contractually fixed mechanisms	Performance of the installations The estimated fair value of liabilities from contingent consideration would increase (decrease) if the solar park's performance were higher (lower).

Financial instruments not measured at fair value

Type	Valuation method	Significant, unobservable input factors
Financial liabilities	Discounted cash flows: The fair values are determined using the future expected cash flows discounted with equivalent terms using the standard observable market interest rates and taking an appropriate risk premium into account.	Not applicable

For financial instruments with short-term maturities, including cash and cash equivalents, trade receivables, trade payables and other current receivables and current liabilities, it is assumed that their fair values approximate their carrying amounts. The relief provision of IFRS 7.29 was applied to the disclosures relating to the fair values of lease liabilities, on the basis of which the fair value was not determined.

The following overview shows a detailed reconciliation of assets and liabilities in level 3 regularly measured at fair value.

	2020	2019
Non-current financial assets		
As at 01.01	4,353	5,245
Purchases (including additions)	343	105
Sales (including disposals)	-142	-380
Unrealised profit (+)/loss (–) in consolidated earnings	-172	130
Realised profit (+)/loss (–) in consolidated earnings	-11	0
As at 30.06	**4,371**	**5,100**
Non-current receivables from contingent considerations		
As at 01.01	135	0
Purchases (including additions)	311	0
Unrealised profit (+)/loss (–) in consolidated earnings	3	0
As at 30.06	**449**	**0**
Current receivables from contingent considerations		
As at 01.01	0	305
Unrealised profit (+)/loss (–) in consolidated earnings	0	2
As at 30.06	**0**	**307**
Non-current liabilities from contingent considerations		
As at 01.01	604	596
Unrealised profit (–)/loss (+) in consolidated earnings	3	4
Maturity of reclassifications	-607	0
As at 30.06	**0**	**600**
Current liabilities from contingent considerations		
As at 01.01	0	775
Unrealised profit (–)/loss (+) in consolidated earnings	2	0
Maturity of reclassifications	607	0
As at 30.06	**609**	**775**

The non-current earn-out liability was recognised with the acquisition of the solar park in Boizenburg during the 2018 financial year. The payment is mainly related to the performance of the park after planned repairs. Due to the estimated payment date, the liability was reclassified to current liabilities from contingent considerations. Interest of TEUR 5 was accrued for the liability in the first half of 2020.

The current liabilities from contingent considerations recognised as part of the Rindum Enge 1 and 5, as well as 2 and 3, asset deals were settled during the second half of 2019.

The non-current receivables in the amount of TEUR 135 relate to the acquisition of the wind park UGE Markendorf Eins GmbH & Co. KG from the 2017 financial year, which were previously reported as current. In the first quarter of 2020, non-current receivables from contingent consideration increased in connection with the sale of Stern Energy GmbH. This increase relates to a subsequent purchase price adjustment for tax purposes; interest of TEUR 3 was accrued for the amount during the first half of 2020.

The following interest income and interest expenses originate from financial instruments not measured at fair value through profit or loss:

In TEUR	01.01.-30.06.2020	01.01.-30.06.2019
Interest income	9,319	4,533
Interest expenses	-29,250	-29,287
Total	**-19,931**	**-24,754**

Not included, in particular, are interest income and interest expenses from derivatives and interest income and interest expenses from assets and liabilities outside of the scope of IFRS 7. In accordance with IFRS 7.20 (b), interest expenses include interest expenses in connection with IFRS 16, as the lease liabilities are classified as financial liabilities not measured at fair value through profit or loss.

Interest rate swaps

The fair value of interest rate swaps on the balance sheet date is determined by discounting future cash flows using the yield curves on the balance sheet date and the credit risk associated with the contracts.

As of the balance sheet date, the Group held a total of 100 (31 December 2019: 97) interest rates swaps, under which the Group receives interest at a variable rate and pays interest at a fixed rate. As a general rule, these are amortising interest rate swaps, whose nominal volume is reduced at regular, defined intervals. The following table shows the nominal volumes as of the balance sheet date, the average (volume-weighted) fixed interest rate and the fair value. It differentiates between interest rate swaps that are part of an effective hedging relationship pursuant to IFRS 9 and those that are not.

In TEUR	30.06.2020	31.12.2019
Nominal volume in TEUR	527,943	442,540
Of which in a hedging relationship	*424,571*	*391,873*
Of which not in a hedging relationship	*103,372*	*50,667*
Average interest rate in %	1.93	2.17
Average remaining term in years	8.84	9.32
Fair value in TEUR	-36,092	-30,487
Of which in a hedging relationship	*-32,372*	*-27,806*
Of which not in a hedging relationship	*-3,720*	*-2,681*

The ineffective portion of the swaps in a hedging relationship was recognised as income of TEUR 330 through profit and loss (previous year: expenses in the amount of TEUR 56). The change in the market value of swaps that are not in a hedging relationship was recognised as expenses of TEUR 1,039 through profit or loss (previous year: TEUR 529). The effective portion in the current financial year of TEUR –3,472 (previous year: TEUR –11,305) was adjusted for deferred tax effects in the amount of TEUR 633 (previous year: TEUR 2,705) and recognised in equity. For the interest rate swaps for which no more evidence of their effectiveness pursuant to IAS 39 could be provided prior to 1 January 2018 (applicable period of IAS 39), the changes in value formerly recognised in the hedge accounting reserves with no effect on profit or loss in the amount of TEUR 12 (previous year: TEUR 12), taking into account the deferred tax liabilities in the amount of TEUR –4 (previous year: TEUR –3), were amortised on schedule with effect on profit or loss.

Principles of risk management

With regard to its financial assets and liabilities and planned transactions, Encavis is mainly exposed to risk from interest rate changes. The aim of financial risk management is to limit this market risk by means of ongoing activities. Derivative hedging instruments are used to this end, depending on the risk assessment. In order to minimise default risk, interest rate hedging instruments are only concluded with renowned banks with corresponding credit ratings. As a general rule, only risks that impact the Group’s cash flow are hedged.

The risks facing the Encavis Group, as well as the extent of these risks, have either not changed or not changed significantly compared with the 2019 consolidated financial statements.

Equity

As of 30 June 2020, equity amounted to TEUR 753,903 (31 December 2019: TEUR 722,713). The increase in the amount of TEUR 31,190, or 4.3 %, results primarily from the issue of new shares, from the valuation effects for equity investments of the Group recognised in the equity reserve and from the positive result for the reporting period. The payment of the dividend for the previous financial year as well as the valuation effects for the derivative financial instruments of the Group recognised in the hedge reserve had the opposite effect. Share capital increased by TEUR 1,398 through contributions in kind. The equity ratio is 25.0 % (31 December 2019: 25.3 %).

The Management Board and Supervisory Board 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 13 May 2020, to pay out a dividend of EUR 0.26 for each dividend-entitled share. This represents a year-on-year increase of 8.3 % (dividend for the 2018 financial year: EUR 0.24). The proposal by the Management Board and Supervisory Board was approved by a clear majority.

The Management Board and Supervisory Board wish to give Encavis AG 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. As such, the company's shareholders had the choice of receiving the dividend entirely in cash or a portion of the dividend in cash for payment of the tax liability and the remaining portion of the dividend in the form of shares in the company.

The dividend was paid on 16 June 2020. Encavis AG gave the option of receiving the dividend either wholly or partially in cash or in the form of shares. The acceptance rate of 61.6 % is seen as a sign of the shareholders' confidence in the company and is well above the level of the previous year. In total, 1,398,087 new bearer shares were issued. The new shares have dividend rights from 1 January 2020 onwards. Share capital increased from EUR 137,039,147.00 to EUR 138,437,234.00.

As of the reporting date, share capital therefore comes to EUR 138,437,234.00, divided into 138,437,234 shares with a nominal value of EUR 1.00 per share.

Related-party disclosures

In the course of normal business, the parent company Encavis AG maintains relationships with subsidiaries and with other related companies (associates and companies with the same staff in key positions) and individuals (majority shareholders and members of the Supervisory Board and Management Board as well as their relatives).

Associates

Transactions with associates are carried out under the same conditions as those with independent business partners. Outstanding items as of the reporting date are unsecured and (with the exception of loans) interest-free, and settlement is made in cash. No guarantees were provided to or by related parties with regard to receivables or liabilities.

In TEUR	Services provided	Services received	Receivables	Liabilities	Loans issued incl. Interest
Cabrera Energia Solar S.L.*	3,053				
CHORUS IPP Europe GmbH	261		255		
Genia Extremadura Solar S.L.	2,328				69,725
Gnannenweiler Windnetz GmbH & Co. KG		19			
Pexapark AG		151		78	
Stern Energy S.p.A.	6	794		29	786
Total	**5,648**	**964**	**255**	**107**	**70,511**
(30.06.2019)	(525)	(41)			
(31.12.2019)			(139)	(129)	(147,266)

* Because Cabrera Energia Solar S.L. has been fully consolidated since 19 May 2020, only the business relationships up to this point in time are reported.

In February 2020, Encavis sold Stern Energy GmbH to the associate Stern Energy S.p.A. as planned, resulting in an inflow of liquid funds to the Group totalling TEUR 2,832. A loan granted in the amount of TEUR 900 had the opposite effect.

On 19 May 2020, Encavis acquired the remaining shares in the company Cabrera Energia Solar S.L. in Spain, which was previously reported under associates. From this point forward, the company along with its subsidiaries are included in the consolidated financial statements within the framework of full consolidation. At the same time, the participating interest in Sisteme Electrico Conexion Nudo Don Rodrigo 220 KV S.L. was acquired, which has been recognised as an associate since then and is valued according to the equity method. There were no transactions to report between the acquisition date and 30 June 2020, other than that the shareholding was reduced by 9.70 % to 40.30 %. Additional details on the acquisition can be found in the information on the scope of consolidation in these notes.

As part of a capital increase for Pexapark AG, the shareholding was increased by TEUR 1,935 in June 2020, now totalling 22.37 % as of 30 June 2020.

Joint arrangements

The participating interest in Richelbach Solar GbR in the amount of TEUR 120 as of 30 June 2020 (31 December 2019: TEUR 120) is classified as a joint operation pursuant to IFRS 11. Encavis recognises its interest in the joint operation through the recognition of its share in the assets, liabilities, income and expenses in accordance with its contractually assumed rights and obligations.

Other related companies and individuals

As of the reporting date, rental contracts at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG, a company allocated to Supervisory Board members Albert Büll and Dr Cornelius Liedtke, for office space for Encavis AG. In the first half of 2020, the sum of the transactions with B&L Holzhafen West GmbH & Co. KG amounts to TEUR 398 (previous year: TEUR 358). As of the balance sheet date, there were no outstanding balances from transactions with B&L Holzhafen West GmbH & Co. KG.

For the company Encavis GmbH, there is a rental agreement regarding the Asset Management segment's office space in Neubiberg with PELABA Vermögensverwaltungs GmbH & Co. KG, a company related to Supervisory Board member Peter Heidecker. The rental agreement has a fixed term until the end of 2019 and has renewed automatically by one year each year since then unless either of the parties terminates it with a notice period of six months. The contract thus runs until at least the end of 2021. The monthly rent is based on customary market conditions. In the first half of 2020, the sum of the transactions with PELABA Vermögensverwaltung GmbH & Co. KG amounts to TEUR 74 (previous year: TEUR 79). As of the balance sheet date, there were no outstanding balances from transactions with PELABA Vermögensverwaltungs GmbH & Co. KG.

Other information

Employees

In the first half of 2020, apart from the Management Board members, the Group had 125 employees on average (previous year: 119), determined on the basis of the figures on the respective reporting dates. The average number of employees is shown below broken down by function:

Average number of employees per function

	Encavis AG	Stern Energy GmbH respectively Encavis Technical Services GmbH	Encavis Asset Management AG	Encavis GmbH	Total
Finance	19				19
(Previous year)	(19)				(19)
Operations	27				27
(Previous year)	(29)				(29)
Staff	22				22
(Previous year)	(19)				(19)
Investment	7				7
(Previous year)	(6)				(6)
Corporate Finance/Project Finance	6				6
(Previous year)	(3)				(3)
Asset Management			32	13	45
(Previous year)			(26)	(9)	(35)
Technology/Administration		0			0
(Previous year)		(10)			(10)
Total	80	0	32	13	125
(Previous year)	(75)	(10)	(26)	(9)	(119)

Leases

The following table provides an overview of the capitalised rights of use per asset class recognised under property, plant and equipment as of 30 June 2020:

Right of use in TEUR

	30.06.2020	31.12.2019
Land	191,535	171,052
Buildings	5,447	5,806
Power generation installations	36,334	37,398
Vehicles	138	88
Total	233,454	214,343

As of 30 June 2020, lease liabilities are comprised as follows:

Lease liabilities in TEUR

	30.06.2020	31.12.2019
Non-current	183,914	178,092
Current	11,658	10,860
Total	195,573	188,952

The increase in rights of use and lease liabilities is primarily attributable to the company acquisitions.

Events after the balance sheet date

For the significant events after the end of the reporting period, the reader is referred to the section "Events after the reporting date" in the interim Group management report.

Notification requirements

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

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 development differ from the estimates provided here. We assume no obligation to update the forward-looking statements made in this report.

Rounding differences may occur in percentages and figures in this report.

Contact

All relevant information relating to Encavis AG is published and provided on the company's website www.encavis.com under "Investor Relations" in the interest of transparent capital market communication.

Encavis AG has also been using social media such as LinkedIn (https://de.linkedin.com/company/encavis-ag) and Twitter (https://twitter.com/encavis) to share company news and information quickly and transparently.

The Investor Relations department is at the disposal of all existing and potential shareholders at any time for questions and suggestions on the share and the company.

We look forward to hearing from you!

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Assurance of the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the half-yearly financial reporting as of 30 June 2020, in connection with the annual report for 2019, gives a true and fair view of the earnings, net assets and financial 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, August 2020

Encavis AG

Management Board

Dr Dierk Paskert	Dr Christoph Husmann
CEO	CFO

ENCAVIS

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