

ENCAVIS

**Welcome to the world of Encavis –
Strategic Outlook >> Fast Forward 2025**

Encavis AG, Conference Call 08 January 2020

The use of
infinite resources –
this is our future

ENCAVIS





New era – Growing PPA market

Encavis is a European first mover

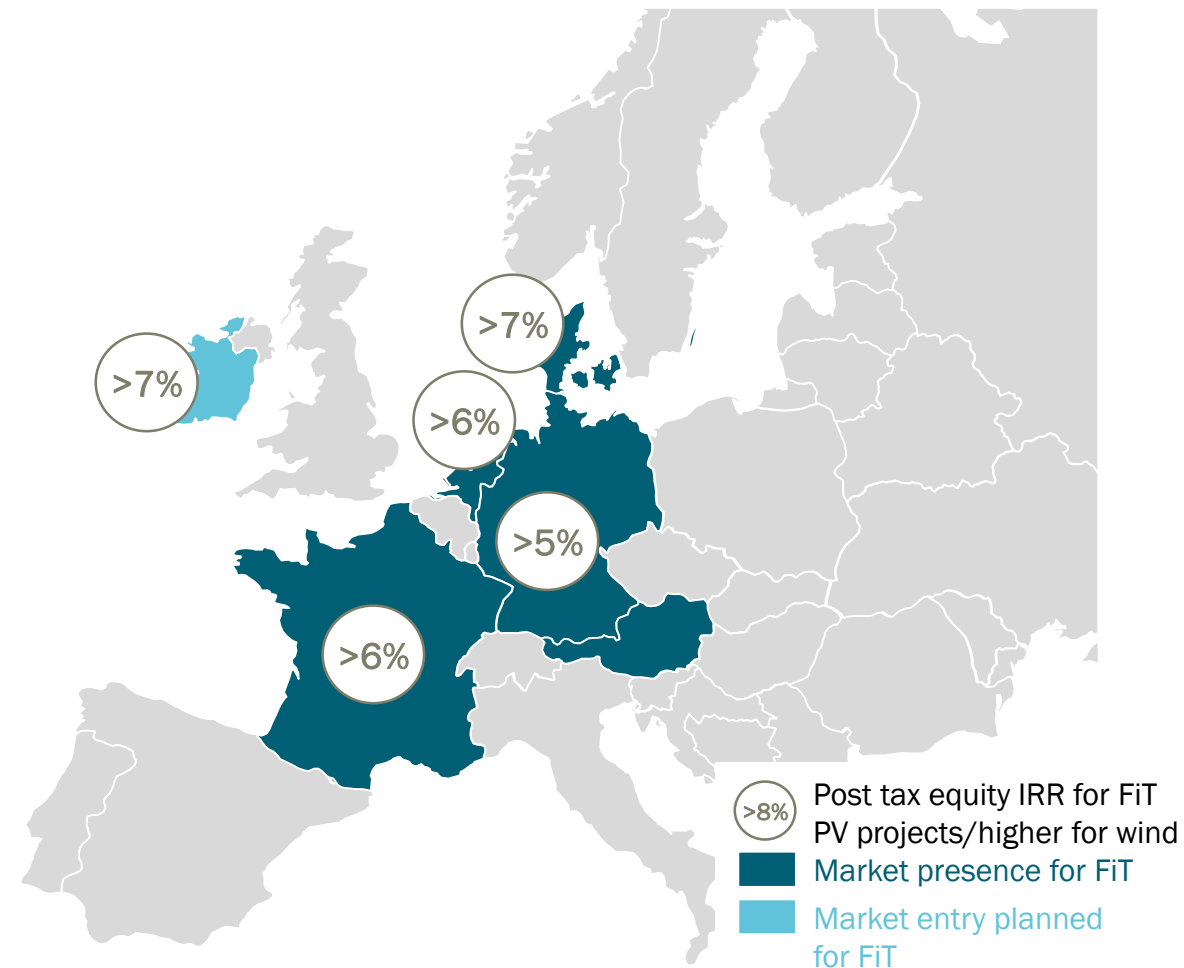
Conservative acquisition strategy for markets with FiT (Feed-in-Tariffs) will be pursued as in the past

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

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

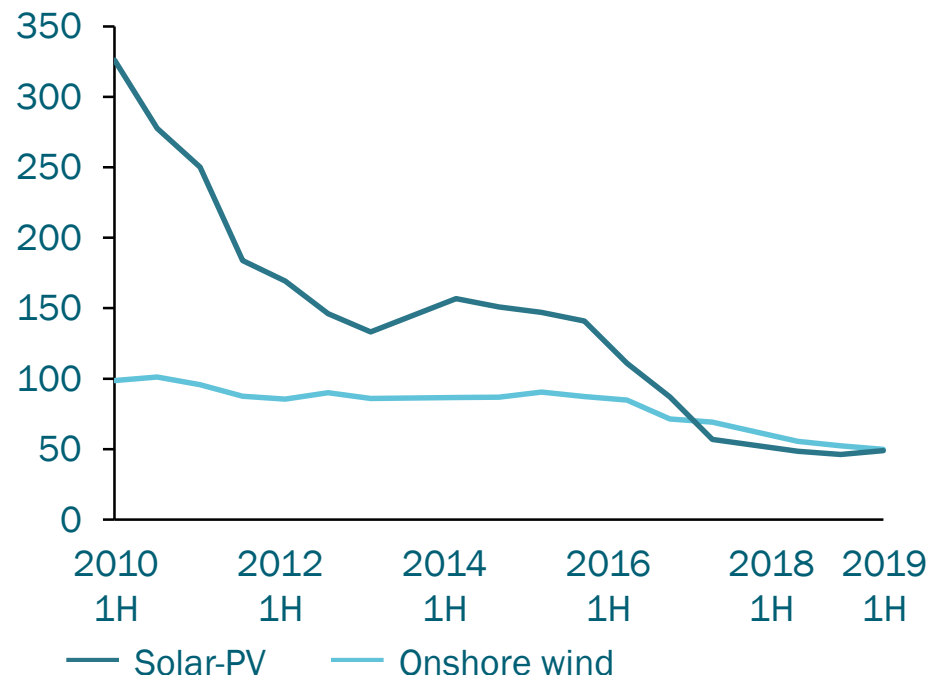
Falling interest rates create an increasing competition for FiT projects

However, Encavis reiterates its commitment to stated IRR expectations

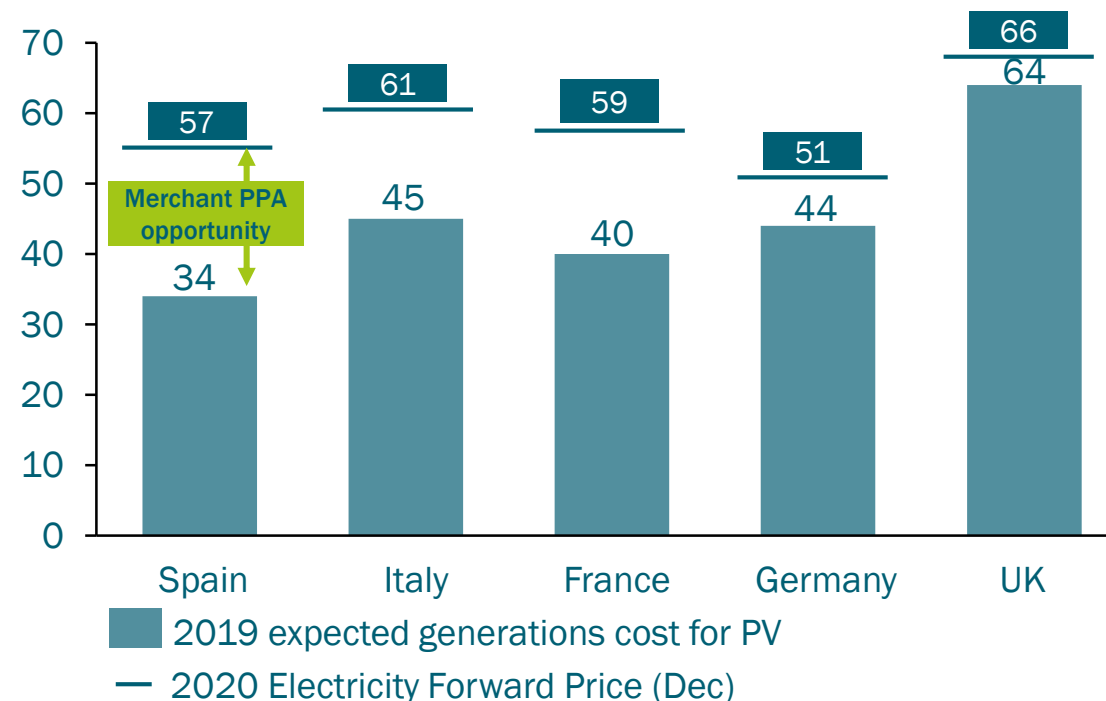


Competitive generation costs of PV & wind projects opens new business opportunities

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



Forecasted generation costs for large-scale PV and 2020 Forward Prices¹ (EUR/MWh)



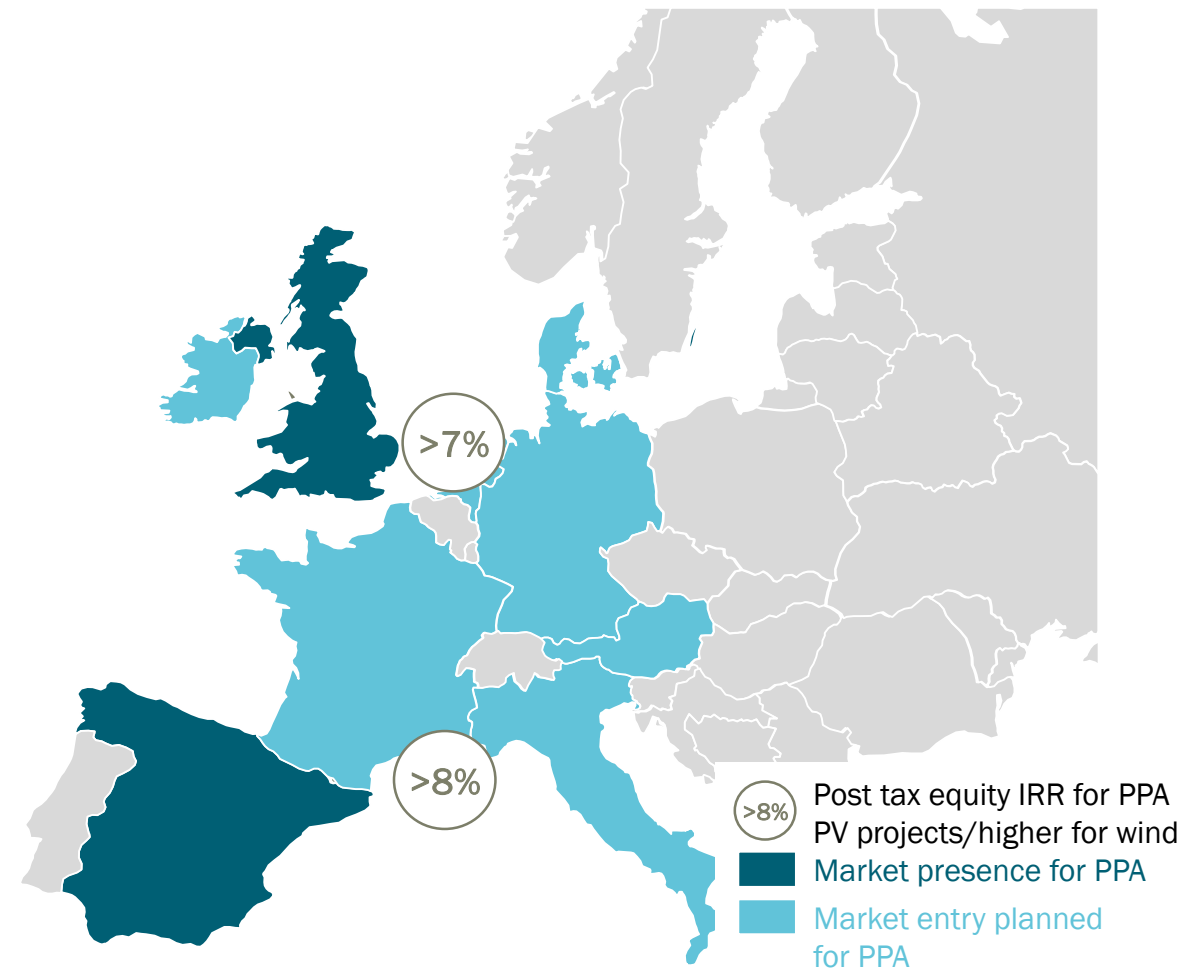
In Southern-European markets the generation costs of renewables are already below prices of 2019 Electricity Forwards. This boosts PPA-Markets in countries such as Spain and Italy.

Conservative acquisition strategy for markets with PPA projects with increasing importance

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

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

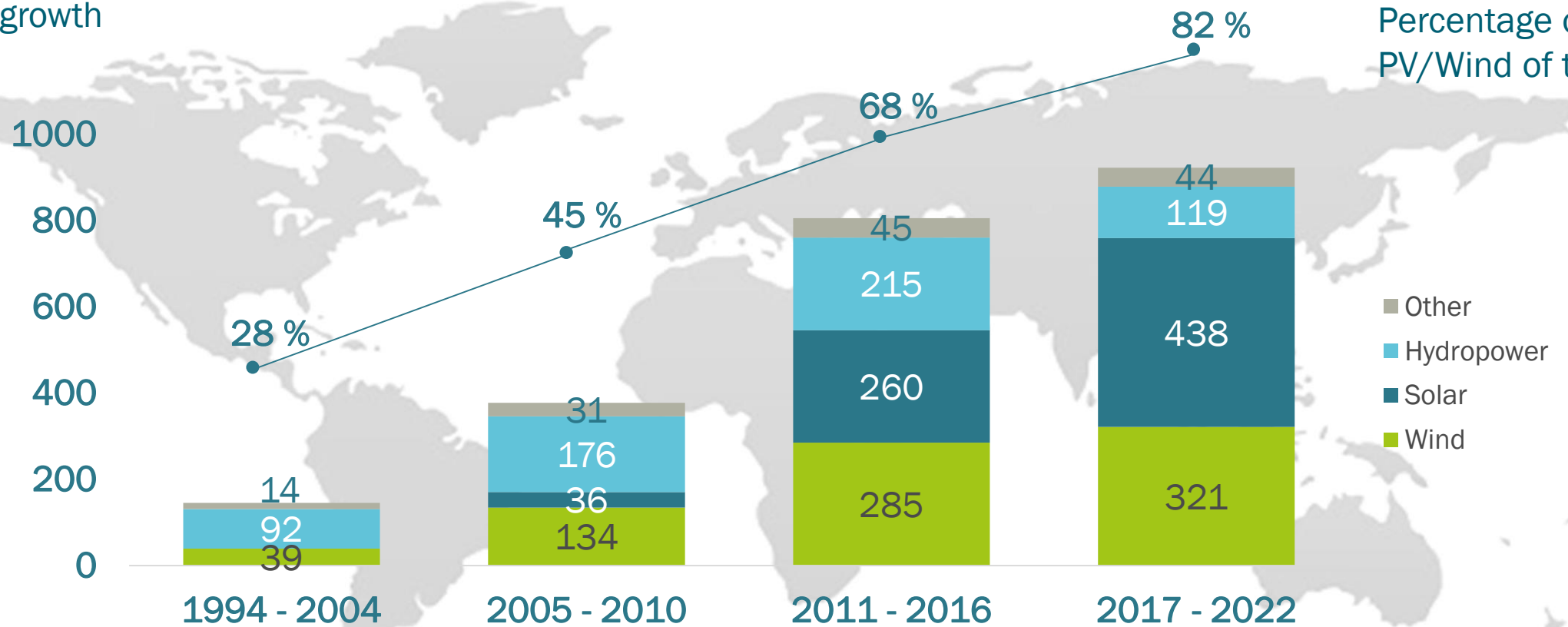
IRR minimum requirement depends more on risk distribution and rating of the off-taker, to a lesser extent on regulatory risk



Worldwide growth in generating capacity of renewables by technology – mostly driven by PPAs

Capacity growth in GW

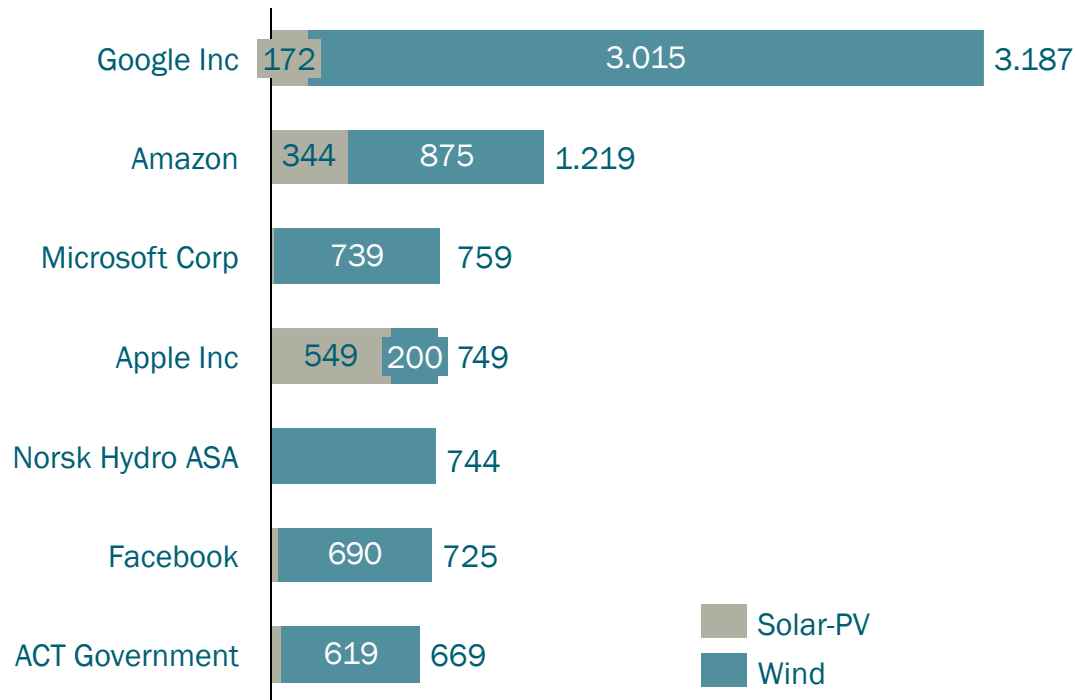
Percentage of PV/Wind of total



Source: International Energy Agency 2017

The need for green energy supply is driving PPA markets

Top oftakers by capacity and source



Market developments

North American market with pioneering role

US companies search partners for PPAs in Europe

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

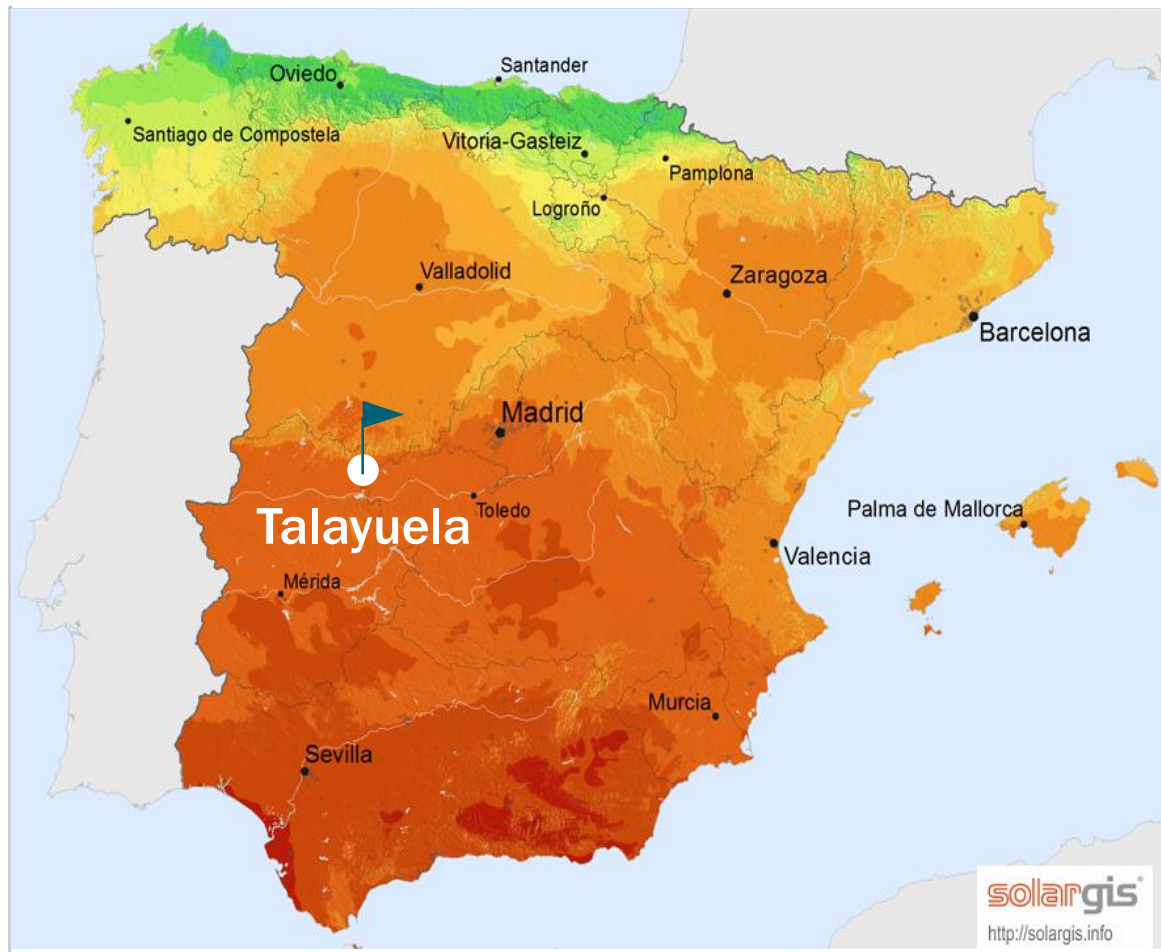
Major PPA deal in Europe in 2017:

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

PPAs are contracted for time periods from 6 – 20 years



Market entry in Spanish PPA market with 300 MW PV park “Talayuela” in realization

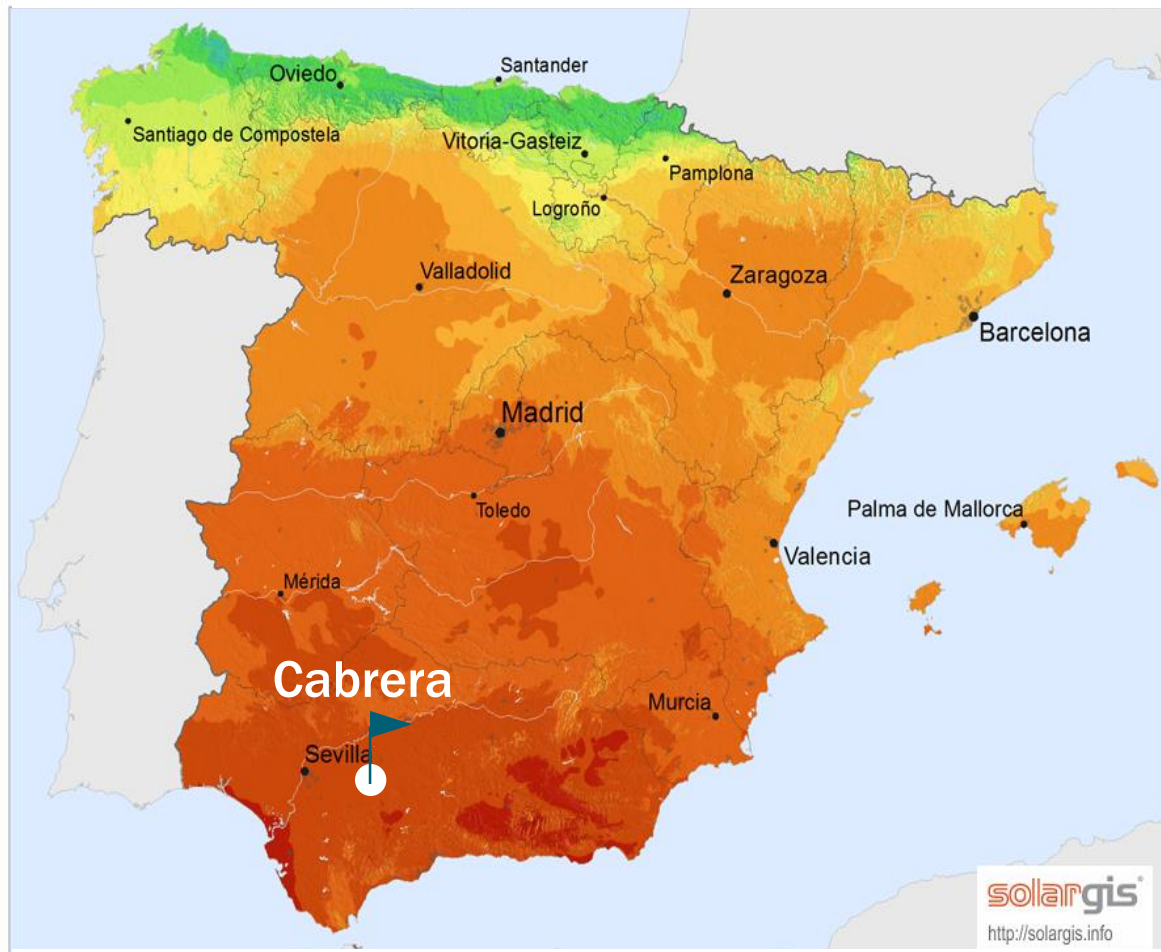


Highlights:

- > Generation capacity: 300 MW
- > Total investment volume in EUR: ~225 m
- Equity/project debt finance level: 43:57
- Full loan repayment within PPA runtime of 10 years
- > Co-investor: Solarcentury with ~20%
- > Long-term PPA contract with fixed price for 10 years
- > Revenues 1st year of full operation in EUR: ~25 m
- > Post-tax IRR: >8%
- > Connected to the grid late 2020



Entering the Spanish Corporate PPA market with 200 MW PV park “Cabrera” in realization



Highlights:

- > Generation capacity: ~200 MW
- > Total investment volume in EUR: ~158 m
- Equity/project debt finance level: ca. 50:50
- Full loan repayment within PPA runtime of 10 years
- > Co-investor: Solarcentury with ~20%
- > Long-term PPA contract (149 MW) with Amazon with fixed price for 10 years
- > Revenues 1st year of full operation in EUR: ~16.4 m
- > Post-tax IRR: ~ 8%
- > Connected to the grid late 2020

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

Pillars of the Encavis Growth Strategy >> Fast Forward 2025

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



Strategic outlook:

>> Fast Forward 2025

ENCAVIS Growth Programme: >> Fast Forward 2025

Growth Initiative

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

Economies of Scale and Scope

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

ENCAVIS Growth Strategy: >> Fast Forward 2025

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

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

Selected measures to fulfill >> Fast Forward 2025

Pipeline	<ul style="list-style-type: none"> > Currently five strategic partnerships with developers signed > Pipeline of 2.0 Gigawatt (GW) minimum secured
Capacity Growth	<ul style="list-style-type: none"> > 1.7 GW of signed own capacity end of 2019 will be doubled to 3.4 GW end of 2025 > Thereof currently 1.2 GW connected to the grid, end of 2020 1.7 GW and approx. 3.0 GW end of 2025
Recycling of Cash	<ul style="list-style-type: none"> > Sale of minority stakes up to 49% will be continued > Doubled capacity incl. diversified local wind risks
Recycling of Debt	<ul style="list-style-type: none"> > Shifting EUR ~100 million of debt p.a. from SPV to corporate level

Growth strategy based on 2019 fundamentals only

Profitable growth outside Europe

Profitable business models in storage technology

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

Further opportunities in Mergers & Acquisitions

Base case scenario:

>> Fast Forward 2025

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January 2020

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