

Annual Report 2015  
Extract from the German  
original version

EnergieKontor  
since 1990



RETHINK - IT'S WORTH IT



## »» CONSOLIDATED KEY FIGURES

### Income statement

in EUR million	2015	2014	Change
Revenue	191.3	153.3	+25 %
Total output	210.1	160.5	+31 %
EBITDA (EBIT plus depreciation and amortisation)	66.1	54.9	+20 %
EBIT (EBT plus financial result)	49.7	40.7	+22 %
EBT (earnings from ordinary activities before tax)	29.7	21.8	+36 %
Consolidated net income	20.9	14.1	+48 %
Earnings per share (EPS) in EUR	1.43	0.96	+49 %

### Balance sheet

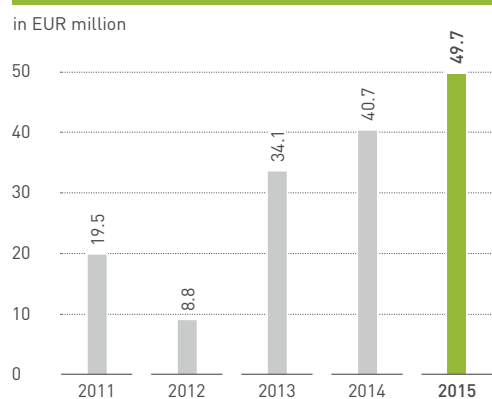
in EUR million	2015	2014	Change
Plant and equipment (wind farms)	222.7	185.9	+20 %
Equity	50.5	40.2	+26 %
Total assets	399.1	355.2	+12 %
Equity ratio	12.6 %	11.3 %	
Notional equity ratio (see also explanation in Management Report, page 33)	14.9 %	13.5 %	

### Cash flow

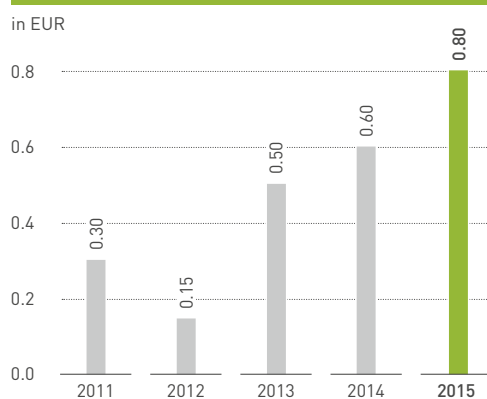
in EUR million	2015	2014	Change
Cash flow from operating activities (operating cash flow)	91.4	55.8 *	+64 %
Cash and cash equivalents at end of period	104.0	81.6	+27 %

\* Adjustment of previous year's figures.

### EBIT



### Dividend per share



Please see note on page 63 regarding pro-forma figures

## »» SHORT PORTRAIT OF ENERGIEKONTOR AG

For the last 25 years, Energiekontor has stood for a sound approach to business and a wealth of experience in wind power. Formed in Bremerhaven in 1990, the Company was one of the pioneers in the industry and is now one of the leading German project developers. The Company's core business covers the planning, construction and operational management of wind farms in Germany and abroad, and was expanded to include solar power in 2010. In addition, Energiekontor also currently owns and operates 33 wind farms with a total rated power of around 269 megawatts (as of April 2016).

In addition to its headquarters in Bremen, Energiekontor also maintains offices in Bremerhaven, Hagen im Bremischen, Aachen, Bernau (near Berlin), Dortmund and Neubrandenburg. The Company also has subsidiaries in England (Leeds), Scotland (Glasgow) and Portugal (Lisbon). Our track record speaks for itself: 101 wind farms completed with around 580 turbines and a total rated power of more than 840 MW. This corresponds to an investment volume of over EUR 1.3 billion.

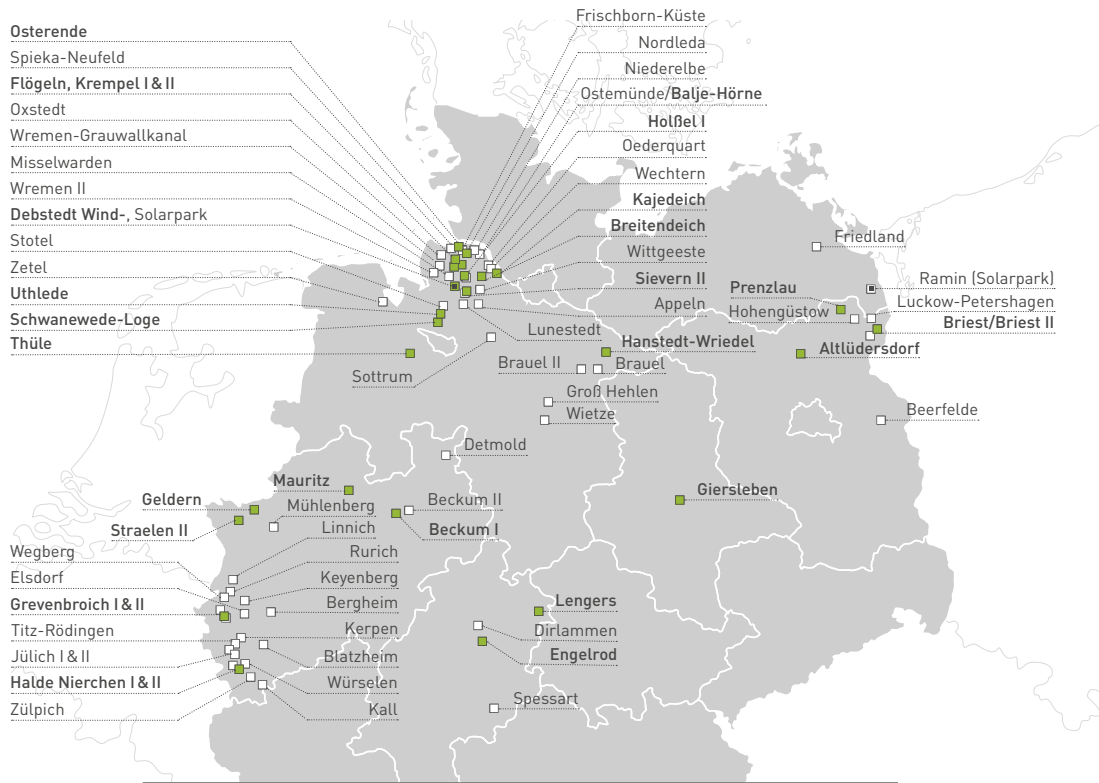
The Company went public on 25 May 2000. Energiekontor AG (WKN 531350/ISIN DE0005313506) is listed in the General Standard segment of the Frankfurt Stock Exchange and the Energiekontor shares can be traded on all German stock exchanges.

## »» INVESTOR INFORMATION (OVERVIEW)

Stock exchange listing:	Deutsche Börse, Frankfurt (traded on the Frankfurt Stock Exchange, Xetra and all other German trading venues)
Market segment:	General Standard
Class of shares:	Bearer shares
Sector:	Renewable Energy
Initial listing (IPO):	25 May 2000
WKN (German securities identification number):	531350
ISIN:	DE0005313506
Reuters:	EKT
Shareholder structure:	71.2% management and supervisory bodies; 28.8% free float
Research:	Dr Karsten von Blumenthal, First Berlin
Designated Sponsor:	Odco Seydler Bank AG
Financial calendar:	11 April 2016: Publication of 2015 Annual Report 28 April 2016: 21st Munich Capital Market Conference, Munich 13 May 2016: Publication of Q1/2016 Interim Report 26 May 2016: Annual General Meeting of Energiekontor AG 31 August 2016: Publication of H1/2016 Interim Report 15 November 2016: Publication of Q3/2016 Interim Report 21–23 November 2016: German Equity Forum, Frankfurt a. M.
Investor Relations:	Dr Stefan Eckhoff; phone: +49 (0)421-3304-0 e-mail: IR@energiekontor.de; website: www.energiekontor.de

## » REALISED WIND FARMS AND SOLAR PARKS

### Germany



### Great Britain



### Portugal



■ Group-owned    □ Sold    ■ Solar    ■ both Group-owned and third-party-owned

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Legal information

Please note that this report is an excerpt of the German Annual Report 2015. The complete, genuine and legally binding version of the Annual Report is the German "Geschäftsbericht 2015".

## »» LETTER TO OUR SHAREHOLDERS



*Dear shareholders, business partners,  
investors and employees,*

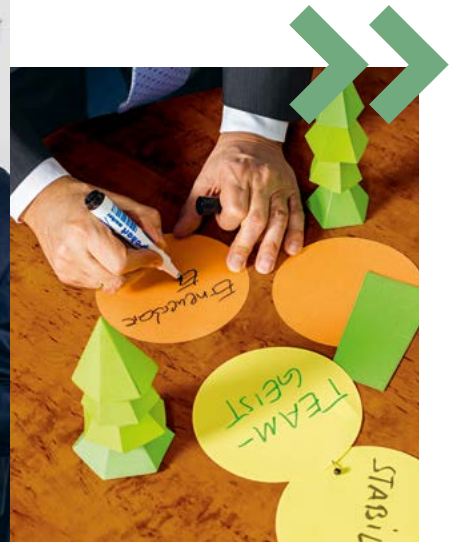
Energiekontor AG is maintaining its growth trajectory and once again posted record profits to close the 2015 financial year. Gross revenue for the Group rose 31 % year-on-year to EUR 210.1 million (previous year: EUR 160.5 million), while consolidated operating profit (EBIT) rose by 22 % to EUR 49.7 million (previous year: EUR 40.7 million). Consolidated net income was EUR 20.9 million, which represents a year-on-year increase of 48 % (previous year: EUR 14.1 million).

With the commissioning and disposal of all projects according to plan during 2015, the past financial year was marked by a string of successes for Energiekontor AG. Good overall levels of wind during the year and the transfer of other wind farms such as the UK wind farm Gayton le Marsh (total rated power 16.4 MW) to Group ownership also meant that earnings from electricity sales made a decisive contribution to the positive performance of the Group in 2015.

While the year-end result for 2015 means that we have made significant progress towards our growth target, we are also well aware that we cannot rest on our laurels in terms of business development. Key changes are affecting the regulatory environments in our primary markets of Germany and the UK. Subsidies are being cut and auctioning systems will now be used to "outsource" the expansion of renewable energy sources to the free market. In Germany, a revision of the Renewable Energy Sources Act (EEG) has been announced for 2016. Although the award for the Nadrensee solar project means initial experience with the auctioning model has been positive for Energiekontor, it is clear that the focus of competition will start shifting from the acquisition of potential sites to the costs of electricity generation.

In the UK, onshore wind is now viewed as a "mature technology" by the Conservative Government elected in May 2015. It is therefore possible that new UK onshore wind power projects will actually be excluded from the auctioning processes. Even under these conditions, however, we can continue to implement profitable projects in the United Kingdom by means of direct power purchase agreements (PPAs). This will depend on us being able to locate large-scale sites with high wind levels, such as can be found in Scotland, for example, where Energiekontor has secured sites with the potential for several hundred MW.

But the dynamic nature of the renewable energy sector also offers major opportunities. After all, guarantees on climate targets have been secured from most of the developed countries. At the end of 2015, the participating countries at the United Nations Climate Change Conference in Paris agreed for the first time in the history of humankind that steps must be taken to curb global warming due to the release of climate-damaging emissions and signed the groundbreaking Paris Agreement. The French Government also passed its own Energy Transition bill in 2015, and increasing numbers of countries are expanding their renewable generation capacities. In Germany, the proportion of renewable energy sources in energy generation is now at 30%.



If Energiekontor wishes to both grow and help promote the expansion of renewable energy sources in a more competitive market, the Company needs to reassert its position as a pioneer in the era of energy transformation and transition. Over the last few years, we have therefore been involving the entire workforce in a series of consultations, seminars and workshops to develop a mission statement that defines our corporate core values: what Energiekontor stands for, what is important to the people who work here, what motivates them, what they are proud of, and what they value in Energiekontor.

We present the four elements of our mission statement and the growth strategy we have derived from them at various points in this Annual Report. Essentially, both statement and strategy are a guiding theme for the entire Report. Indeed, they were instrumental for ensuring the successes of recent years, again reflected in the solid figures for the 2015 financial year. Our positioning for the next few years – which involves us applying proven methods to strike out along new paths – is also oriented closely on our mission statement. Based on our successful approach of working from a strong regional presence, Energiekontor will use innovation and efficiency to implement the most cost-effective wind and solar power projects, thus making an important contribution to the goal of 100% energy from renewable energy sources.





Alongside technical innovations such as rotor blade extension, this will also require lean, decentralised decision-making structures within a flat organisation. We actively motivate our employees to take responsibility for their work and thus make the best-possible decisions for the Company. In this way, Energiekontor avoids unnecessary bureaucracy while remaining quick and flexible as its workforce grows in size. We promote a culture of creative teamwork and development, and establish the environment needed for this to flourish.

To exploit additional potential for growth, we are pursuing a greater degree of diversification than before for our key regions and domestic markets. As one aspect, this involves Energiekontor engaging in new cooperative ventures granting access to new key regions in Germany. The most recent example is our co-operation with Thüga Erneuerbare Energien on wind farm development and construction projects, with a focus on the Lippe district in North Rhine-Westphalia. The Company is also exploring new target markets such as France and the Netherlands, however, as well as other larger markets – including the USA. This work not only involves the development of turnkey wind farm projects but will also see the further expansion of solar business.

Our growth strategy is anchored on the financial stability of Energiekontor as a company, which is, in turn, crucially dependent on stable cash surpluses from power generation in Group-owned wind farms, and the activities of commercial and technical operational management. Today, Energiekontor AG is already generating around half of its earnings before tax (EBT) in these segments. Our goal is to pursue the successive further expansion of Group-owned assets, which will enable us to safeguard other activities such as project development, rotor blade extension and analysis of other markets. While this involves Energiekontor ploughing profits back into the Company, it also creates the space needed to foster sustainable, organic growth.

With this coherent overall strategy, we believe we are very well prepared to face the challenges of the future. We would like to thank our employees and all of those involved either directly or indirectly with Energiekontor AG for the results and successes of our mutual development work, and we look forward to continuing to turn our mission statement and its associated growth strategy into reality.

Bremen, April 2016

Management Board



**Peter Szabo**  
Chairman of the  
Management Board



**Günter Eschen**  
Member of the  
Management Board



Peter Szabo and Günter Eschen, Management Board of Energiekontor AG

# Our mission statement

## 100 % RENEWABLE ENERGY

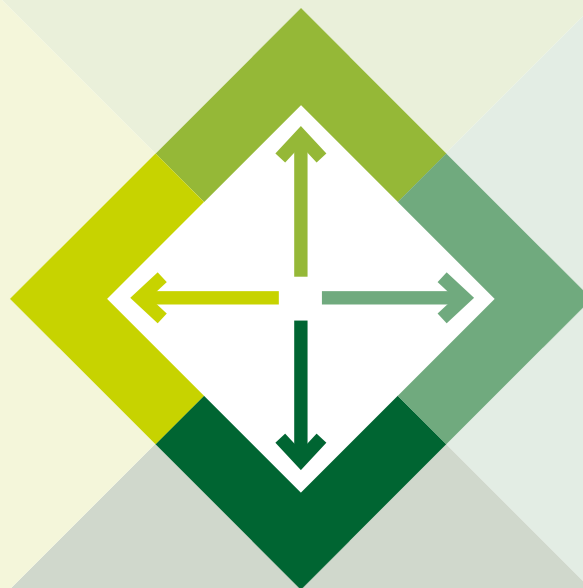
As a pioneer of renewable energy, Energiekontor is actively shaping the transition to 100% renewables. Concentration on our core competences and innovation will drive our business to a successful future.

## INDIVIDUAL RESPONSIBILITY AND AUTONOMY

We support a high level of individual responsibility and create room for autonomy at all levels as they are the precondition for creativity, flexibility and achieving our goals.

## TEAM SPIRIT AND COLLEGIALITY

We encourage team spirit and collegiality as they are the key to our success.



## FINANCIAL STABILITY AND SUSTAINABLE GROWTH

The financial stability of our Company is the basis for sustainable growth and plays a key role in our long-term strategy.

## »» THE ENERGIEKONTOR SHARES

For a summary of key investor information, please also see the table in the cover of the Annual Report.

### General information on the shares

#### a) Name and registered office of the Company

Energiekontor AG, Mary-Somerville-Strasse 5  
28359 Bremen, Telephone: +49 421-3304-0

Energiekontor AG also maintains offices in Bremerhaven, Hagen im Bremischen, Aachen, Dortmund, Bernau (near Berlin) and Neubrandenburg. The Company also has branch offices in England (Leeds), Scotland (Glasgow) and Portugal (Lisbon).

#### b) Company objects

(1) The Company's object is to plan, develop, construct, sell and operate turbines and projects in the field of energy and environment and to sell electrical power, all including the corresponding financing and trading activities.

(2) The Company is entitled to expand its activities to other branches of trading and to acquire similar enterprises or enterprises of the same type in Germany and abroad, to acquire interests in such enterprises and to establish branch offices and subsidiaries.

(3) Furthermore, the Company is entitled to get involved in similar business areas and to conduct all business activities that are suited to directly or indirectly promote the Company purposes or any business activities in connection with these purposes.

#### c) Share capital

The Company's subscribed capital (share capital) as entered in the commercial register amounts to EUR 14,653,160 as of 31 December 2015 and is divided into 14,653,160 bearer ordinary shares.

#### d) Financial year

The Company's financial year is the calendar year.

### Authorised capital

The Annual General Meeting of Energiekontor AG on 25 May 2012 cancelled the previously authorised capital to the extent that it had not yet been utilised at that time and created new authorised capital. Subject to the consent of the Supervisory Board, the Management Board was authorised to issue up to 7,388,805 new no-par value bearer shares with a notional value of EUR 1.00 each for cash and/or contributions in kind on one or several occasions until 24 May 2016 and to thus increase the Company's share capital by up to a total of EUR 7,388,805.00 (authorised capital 2012).

Here, the shareholders must generally be granted a subscription right. The new shares may also be acquired by one or several financial institutions subject to the condition that they be offered to the shareholders for subscription. However, the Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the shareholder's statutory subscription right (the exact conditions are stated in the Notes to the separate financial statements of the AG in the equity section of the original German Annual Report).

The authorisations were used neither in the 2015 financial years nor in the three preceding financial years.

### Contingent capital

The General Meeting on 28 May 2014 resolved to grant options for a total of 500,000 new bearer ordinary shares and to thus increase the Company's contingent share capital by a total of EUR 500,000.00 (contingent capital 2014 I). The contingent capital increase will only be realised to the extent that holders of subscription rights granted by the Company under the 2014 stock option plan actually exercise their subscription rights and the Company does not use treasury shares to fulfil such subscription

rights. The new shares start participating in the Company's profits from the start of the financial year in which the corresponding option is exercised. Pursuant to the 2014 stock option plan, subscription rights for up to 500,000 Company shares may be issued exclusively to members of the Management Board until 31 December 2018. Subject to the subscription right conditions issued by the Supervisory Board, each subscription right entitles its holder to acquire one bearer ordinary share of Energiekontor AG.

The authorisation as resolved is subject to the more detailed conditions stated in item 7 of the agenda of the General Meeting of Energiekontor AG that was published in the German Federal Gazette on the occasion of convening the General Meeting on 16 April 2014.

The resolution regarding contingent capital 2014 I and the corresponding amendment to its statutes were registered in the Company's commercial register on 1 July 2014 (Art. 4 (6) of the Company's statutes).

100,000 subscription rights were issued to the Management Board under the stock option plan in 2014.

## Share buy-back programme

In line with the resolution of the General Meeting on 25 May 2011, a total of 165,370 shares were repurchased by Energiekontor AG between the date the resolution was passed and 31 December 2015, 36,920 thereof in the 2015 financial year; the purpose was to retire treasury shares and thus reduce share capital. After the reduction of share capital in September 2014, Energiekontor AG held 40,920 shares at the end of the 2015 reporting period.

## Directors' dealings

The management and supervisory bodies of the Company did not carry out any share transactions in the 2015 financial year.

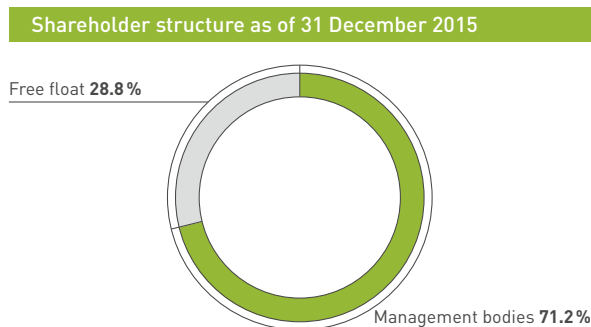
The member of the Supervisory Board Darius Oliver Kianzad and the members of the Management Board Peter Szabo (Chairman) and Günter Eschen did not hold any shares of the Company in the period under review.

## Shareholder structure

The Management Board is not aware of any direct or indirect shareholdings (Sec. 315 (4) No. 3 German Commercial Code (HGB)) in excess of ten percent, with the exception of the shareholdings stated below:

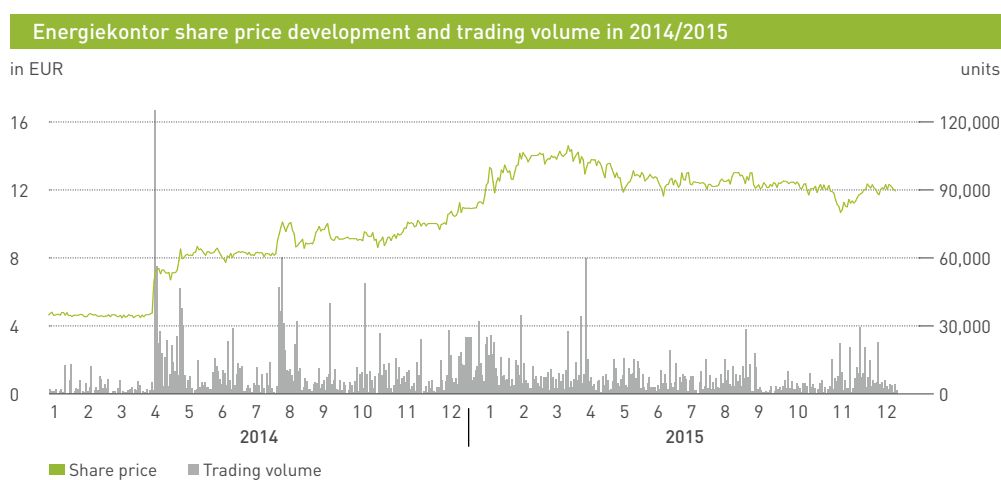
Name, function	Number of shares
Dr. Bodo Wilkens (Chairman of the Supervisory Board)	5,214,335
Günter Lammers (Deputy Chairman of the Supervisory Board)	5,217,974

Energiekontor AG therefore had the following shareholder structure at the end of the 2015 financial year:



## Share price development and trading volume of Energiekontor AG in 2014/2015

The following chart shows the development of the closing price of the shares in Frankfurt (green) as well as the total daily stock trading volume of Energiekontor AG at all German exchanges (grey) from 1 January 2014 until 31 December 2015.



## Share trading and market capitalisation in the 2015 financial year

The following table shows the highs and lows per month as well as the average closing prices (Frankfurt) of the Energiekontor shares in the 2015 financial year. The average market capitalisation per month was then determined based on the average total trading volume and the average closing prices.

**Share trading and average market capitalisation of Energiekontor AG**

2015 Month	High (EUR)	Low (EUR)	Average closing price (EUR)	Average trading volume per day (units)	Average market capitalisation (EUR m)
January	13.47	<b>10.44</b>	12.24	<b>13,995</b>	179.4
February	14.26	12.60	13.69	8,111	200.6
March	<b>14.71</b>	13.48	14.00	7,436	<b>205.1</b>
April	14.10	12.00	13.47	9,609	197.3
May	13.20	11.85	12.64	8,464	185.3
June	12.90	11.62	12.43	5,356	182.2
July	13.00	12.02	12.41	5,077	181.9
August	13.10	11.89	12.69	8,691	185.9
September	12.64	11.16	12.29	3,037	180.1
October	12.44	11.68	12.15	3,010	178.0
November	12.23	10.65	11.39	8,678	166.9
December	12.43	11.58	12.07	6,258	176.9

Source: Oddo Seydler/Bloomberg



# 2015 MANAGEMENT REPORT

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<b>The foundations of the Group</b>	<b>Economic report</b>	<b>Post-closing events</b>	<b>Forecast report</b>

Pursuant to Section 315 [3] German Commercial Code (HGB) together with Section 298 [3] HGB, the Management Report of Energiekontor AG, Bremen, as the parent company of Energiekontor Group, and the Management Report of the Energiekontor Group have been combined. Provided that no further restrictive information is given, the following statements apply to both Energiekontor AG and the Group.

## » THE FOUNDATIONS OF THE GROUP

### The Energiekontor AG business model

Energiekontor AG specialises in wind power project development and wind farm operation in both Germany and abroad. As one of the pioneers in this area, the Company can call on 25 years of experience and covers the entire value chain in the onshore wind farm segment, from business and project development over financing and turbine installation to operational management of the completed facility.

Concerning offshore wind farms, the management decided that the potential income generated in offshore projects is not high enough to offset potential risks for a medium-sized project developer such as Energiekontor. As a consequence, all activities in the area of offshore project development were discontinued at the beginning of 2015 and the segment was disbanded.

A few years ago, the Company's business model was also expanded to include the project development of solar parks. Energiekontor is currently reviewing the markets in the UK and France for potential acquisition of project rights for photovoltaic (PV) ground-mounted solar plants.

At the time of publication of the present annual financial statements (April 2016), the Energiekontor Group had developed and installed a total of 580 wind turbines with a total rated power of over 840 MW in 101 wind farms in Germany, Portugal and the UK, as well as one ground-mounted solar array with a capacity of around 9 MW in Germany. Total capital spending on these projects amounts to over EUR 1.3 billion.

Complementing the sale of turnkey projects, the Energiekontor Group also operates a steadily increasing number of Group-owned wind farms as an independent power producer. Owner-operated facilities currently (as of April 2016) amount to around 269 MW.

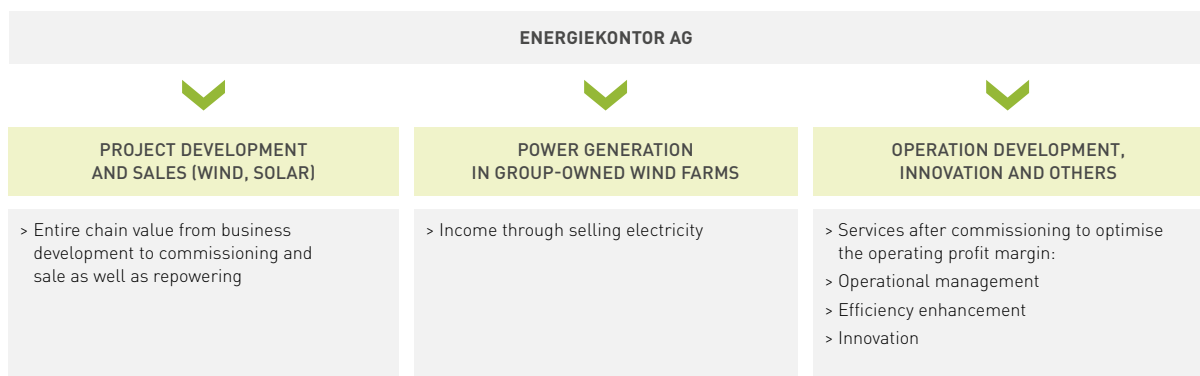
Business operations of the Energiekontor Group are handled by three divisions. Segment reporting also follows this same structural model:

- > a) Project Development and Sales (Wind, Solar)
- > b) Power Generation in Group-owned Wind Farms
- > c) Operation Development, Innovation and Others

#### a) Project Development and Sales (Wind, Solar)

The Project Development and Sales (Wind, Solar) segment comprises project development for onshore wind farms and solar parks for sale outside the Group. This division handles the entire value chain from business development, planning and financing through to construction and/or repowering and the final sale of the plants. It also covers the solar power project development business. Buyers for wind farms and solar parks include domestic and international institutional investors, private turnkey system buyers and members of local communities. An independent project company is formed for each wind farm or solar park project.

The repowering of old sites – i.e. the replacement of old facilities with new, more powerful turbines – is a key part of project development for the Energiekontor Group. The Group completed its first repowering projects as early as 2001/2002.





## b) Power Generation in Group-owned Wind Farms

This segment comprises the generation of power in Group-owned wind farms. In expanding its portfolio of owner-operated wind farms, the Group is seeking to increase its independence from government policy and changes in interest rates or the prices of raw materials, while generating income to cover ongoing business costs if individual projects are delayed. The Group's owner-operated turbines also constitute hidden reserves. If required, these turbines could be sold, thus releasing the respective tied-up financial resources plus the associated hidden reserves. Additional potential lies in the possibility of upgrading the Group-owned wind farms, for example through repowering or efficiency increasing measures such as the rotor blade extension classified in the third segment and described under item c).

The first addition to the Energiekontor Group's wind farm portfolio was made in 2002. Since then, the portfolio has seen regular expansion. On the one hand, this is done by assuming final ownership of projects that the Group has developed itself. Another strategy is to acquire attractive business propositions offered by operational wind farms. Such wind farms may either be projects that Energiekontor developed itself and sold at an earlier point in time or projects developed and operated by other companies. The total rated power of the wind farms operated by Energiekontor in Germany, the UK and Portugal amounted to 264.85 MW at the end of the financial year 2015.

### Group-owned wind farms (reference date: 31 December 2015)

Name of the wind farm	Total rated power/MW
Debstedt (Tandem I)	11.0
Breitendeich (Tandem I)	7.5
Sievern (Tandem II)	2.0
Briest (Tandem II)	7.5
Briest II	1.5
Geldern	3.0
Mauritz-Wegberg (Energiekontor holds 88.52 percent)	7.5
Halde Nierchen I	5.0
Halde Nierchen II	4.0
Grevenbroich II (Energiekontor holds 96.2 percent)	5.0
Osterende	3.0
Nordleda (Energiekontor holds 51 percent)	6.0
Kajedeich	4.1
Engelrod	5.2
Krempel	14.3
Schwanewede	3.0
Giersleben	11.25
Beckum	1.3
Balje-Hörne	3.9
Hanstedt-Wriedel	16.5
Lengers	4.5
Krempel II	6.5
Prenzlau	1.5
Flögeln	9.0
Altlüdersdorf	13.5
Thüle	14.0
Marão	10.4
Montemuro	10.4
Penedo Ruivo	13.0
Hyndburn	24.6
Withernwick	18.5
Gayton le Marsh	16.4
<i>Wind farms in Germany</i>	<i>171.55</i>
<i>Wind farms in Portugal</i>	<i>33.8</i>
<i>Wind farms in the UK</i>	<i>59.5</i>
<b>Total</b>	<b>264.85</b>

### c) Operation Development, Innovation and Others

The Operation Development, Innovation and Others segment brings together all of the various activities aimed at improving the operating profit margin following the commissioning of the wind farm or solar park. Such activities include in particular:

- › Operational management of wind farms (technical and commercial)
- › All activities aimed at reducing costs, extending service life and increasing yields, e. g.
  - › predictive, preventive maintenance
  - › direct marketing of the generated power
  - › rotor blade extension

Regardless of whether the developed projects are sold or remain in the Group's portfolio, Energiekontor typically assumes responsibility for commercial and technical operational management, thus generating an ongoing cash flow for the Company.

Commercial activities include in particular the settlement of accounts with the energy supplier, the service/maintenance companies and the facility lessors. Other activities include communicating with banks, insurance companies and investors.

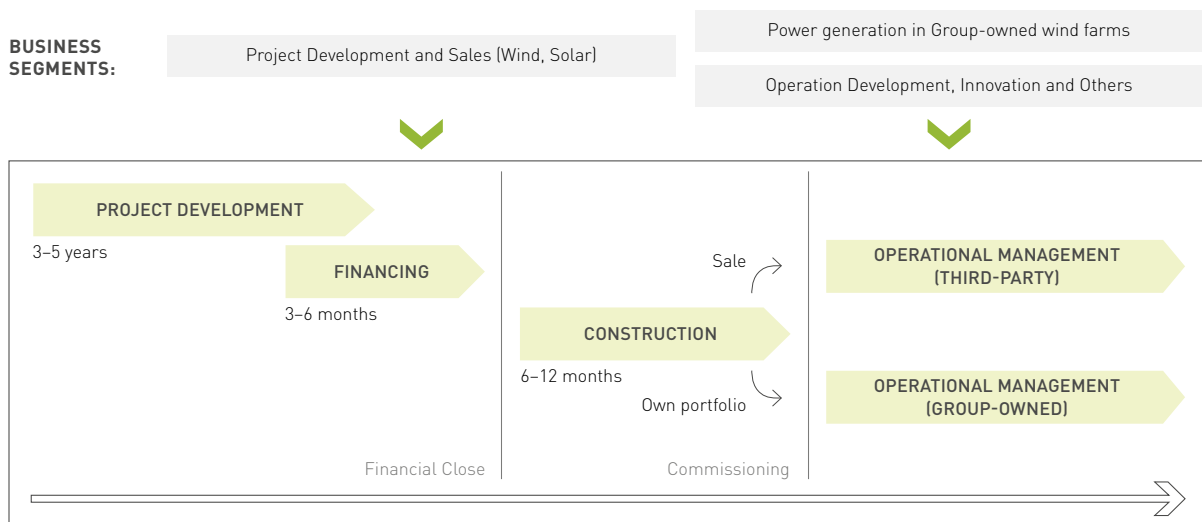
Apart from wind turbine monitoring and data reporting and analysis, the technical services provided mostly involve the coordination of repairs and servicing teams working on-site,

as well as the planning and implementation of preventive maintenance work. This preventive maintenance work can substantially extend the service life of both individual turbines and the overall site, while simultaneously achieving considerable savings in costs for repairs of primary components.

Another key topic within operational management is direct power marketing, which has become legally binding for all new wind farms in Germany since the amended German Renewable Energy Sources Act (EEG) was passed in mid-2014. Unlike the previous market bonus scheme, no bonuses (management bonus or remote control bonus) are now paid for new power systems. These bonuses are now rolled up into the payment of the current German Renewable Energy Sources Act (EEG) tariff (refer also to the chapter "Macroeconomic and industry-specific environment" from page 22).

Technical innovations such as rotor blade extension also form part of activities designed to optimise performance, yield and cost savings. This extension process invented and patented by Energiekontor is a technique for lengthening the rotor diameter that has now been tested and implemented successfully in the field for some four years. Installation is carried out with the blade attached, i. e. without dismantling the blade. This concept allows crane costs and downtimes to be kept at a minimum. Currently, manufacturing of the rotor blade extension for serial operation is being prepared.

#### Energiekontor's activities taking onshore wind farms as an example (simplified)



## Goals and strategy

In the 25 years since the formation of our Company, the renewable energy market has undergone ongoing change and continuous development. Back in 1990 when the first Electricity Feed-in Act (StrEG) was introduced, renewable energies were still widely regarded as a rather crazy eco-idealist idea. Especially the large power companies that now play a major role in renewable energies were initially highly critical of these modern technologies. Today, a quarter of a century later, renewable energies have evolved into sophisticated, established and recognised technologies, making a significant contribution to energy production in many industrial nations. In Germany alone, the share of renewable energies accounted for 30 percent of the total energy produced in 2015. The higher the share of renewable energies in meeting demand, the more sustainable and environmentally friendly the entire energy supply.

### New self-perception of the pioneering role

Energiekontor's vision is to generate all the energy we need from renewable resources. In order for this to become reality and for renewable energies to gradually and sustainably attain stronger market penetration, they have to be economically comparable with conventional energy production. This requires further developments concerning technology and efficiency. As was the case when renewable energies were launched in the predominately fossil technological landscape of the early 1990s, Energiekontor is once again aware of its pioneering role and wants to realise the most efficient projects in the area of wind and solar in its industry, thus making a substantial contribution on the path to 100% renewable energy.

### A solid foundation for sustainable growth

The growth model of Energiekontor AG is closely linked to the Company's mission statement. The intensified regional approach and the diversification to new markets is aimed at strengthening organic company growth in order to continue actively accelerating the expansion of renewable energies, also in a more intense competitive environment. The management believes in employee involvement and development and creates the organisational framework required for achieving this goal. Basis and foundation of Energiekontor's growth strategy is its financial stability. This stability is predominately based on the steady surplus cash from power generation in group-owned wind farms and from commercial and technical operation management activities.

### Innovation and efficiency measures

Energiekontor intends to realise the most economically viable projects in its industry, thus contributing to the 100% renewables vision. At the same time, this ensures the Company's competitive position in an increasingly market-oriented environment. Energiekontor will continue to strengthen its measures to increase innovation and efficiency in this environment. Innovation may refer to technical in-house developments such as rotor blade extension. However, innovation mostly refers to the fastest possible adaptation of new technologies and methods to benefit Energiekontor's projects. There are three approaches: increasing the economic viability of projects planned by Energiekontor, increasing profits of Group-owned wind farms and accelerating project development solution finding. These measures are closely linked to broadening

### A solid foundation for sustainable growth



the decentralised organisation, the decentralised project organisation led by employees and creating a culture of development.

### Intensifying the regional approach

Energiekontor has always emphasised the importance of the regional approach. This allows close collaboration with local authorities and regions as well as a bespoke regional approach with a high level of local acceptance. At the same time, it generates a competitive advantage in each region and accelerates project development. In terms of organisation, the regional approach is implemented by local Energiekontor teams with far-reaching discretionary powers. This principle shall continue to be intensified by increasing the number of regions in Germany and also extending the regions abroad. Falling costs in the solar industry mean that solar power generation should soon be on an economic par with conventional energy sources.

### Exploring foreign markets

One major element of the Energiekontor growth strategy is the gradual expansion of the existing portfolio of countries (Germany, UK, Portugal) through increased internationalisation and diversification to new foreign markets in order to develop additional growth potential for the coming years. Simultaneously, the expansion of the solar area is to be driven, especially in countries with favourable irradiation conditions and the correspondingly low electricity generation costs.

The countries, which we are currently exploring

- › the Netherlands (wind)
- › France (wind, solar)
- › and the US (wind, solar),

whereby this country preselection may be extended or reduced within the course of the further market review process.

There is no direct market entry and cost-intensive project development planned in the individual countries; instead, a systematic review, analysis and selection process is being carried out to analyse and evaluate the specific conditions for wind and solar projects in these countries (legal, political, subsidy systems, grid connection regulations, authorisation etc.). Furthermore, the intention is to identify and, if suitable, take under contract the first partners for site acquisitions and further market development in order to create the structural prerequisites for a possible market

entry at an early stage. The aim of this gradual and inexpensive review process – which can mainly be carried out by existing employees – is to identify the foreign markets that are best suited for market entry. Setting up local branches, employing own local staff and local project development will only begin once the final market entry decision has been made. This approach will improve the chances of success for developing the market while reducing the risk of misallocating resources.

### Room for initiative and organisational decentralisation

Innovation and efficiency are not necessarily restricted to technical innovations. For Energiekontor, broadening the decentralised organisational structure also contributes to increasing the Company's efficiency. Thus, the management deliberately focuses on a strong decentralisation of the working and decision-making processes with flat hierarchies in order to avoid unnecessary bureaucratisation and to ensure flexibility and fast decisions, even with a growing number of employees. At the same time, the Company creates room for creative and flexible problem-solving approaches and motivates each individual employee to act autonomously to establish an environment in which economic, legal and technical innovations can evolve.

### Owner-operated wind farms as a reliable growth driver

Expansion of power generation from Group-owned wind farms is the driving power behind and the central element of the growth model. Steady income is generated by selling the power generated on our own wind farms. Another source of steady income is the provision of management services for completed and operational wind farms by specialised teams from the Energiekontor Group – possibly extending to solar parks in the future. This applies not only to the wind farms owned by the Group but also to turnkey facilities that have been sold to energy suppliers, strategic investors or financial investors. The provision of operational management services to the Company's facility buyers ensures that Energiekontor AG can retain the majority as customers, thus securing regular income from these wind farms well beyond their project completion dates.

Together with the steady income from the operational management of own and third-party farms, the income from selling electricity ensures financial stability and builds the basis for the Company's sustainable growth. Energiekontor covers most of the costs of project

development including Group-wide personnel and overhead costs with the surplus cash generated by its own farms and operational management. Income from selling in-house developed wind farms and solar parks drive net income and are used to pay taxes and dividends and as liquidity reserves.

Our strategy of expanding power generation in Group-owned wind farms includes

- › retaining projects we have developed and completed within the Group;
- › acquiring operational wind farms and solar parks;
- › repowering Group-owned facilities; and
- › optimising and increasing the efficiency.

We intend to transfer around half of the projects that we develop to Group ownership. The other half is earmarked for sale. The management reserves the right to adjust this ratio depending on the Company's business situation.

### Varying growth dynamics

Company growth varies in the individual segments. In the area of project development, Energiekontor drives growth by increasing site acquisitions and the regional approach as well as by expanding to new markets. In contrast, growth in the Power Generation in Group-owned Wind Farms division is based on the incorporation of projects from project development into Company ownership and/or acquisition of external operational wind farms. The more wind farms become Group-owned wind farms, the higher the surplus cash that is generated by the Group's own wind farms and operational management. Thus, more funds are available for project development in order to promote growth. Further growth is thus mainly supported by additional

expansion of the Group-owned farm portfolio and the increase in surplus cash by the operation of own wind farms and operational management. This organic growth process is supported by accompanying innovation and efficiency measures that lead to further rises in profits and that further increase the surplus cash from power generation in Group-owned wind farms.

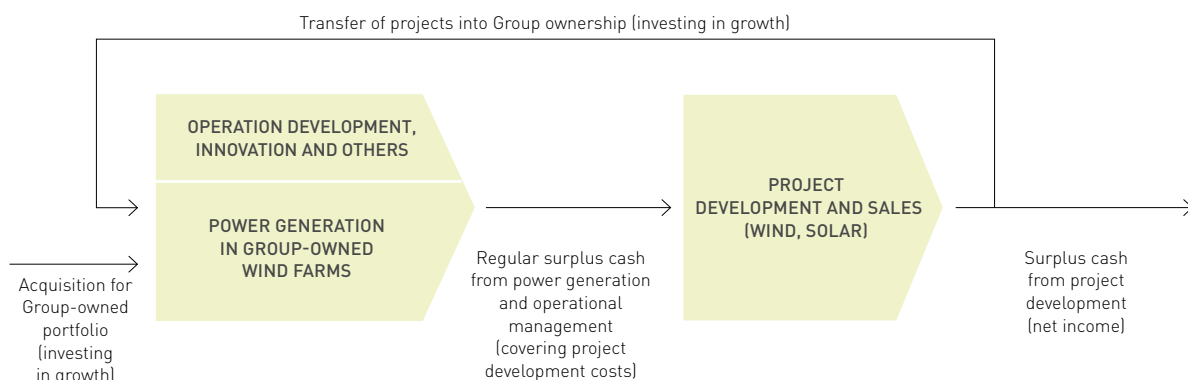
One positive side effect of this growth strategy is the fact that it reduces dependency on project selling and proceeds from project sales. Even if it were not possible to generate income from project sales, the Group's liquidity and the financing of the project development (including the Group-wide personnel and overhead costs) is covered by the surplus cash generated from power generation in Group-owned wind farms and operational management. Financial risk is thus minimised to the greatest possible extent. The Energiekontor growth model thus differs from many competitors' business models in the industry that do not have a comparable portfolio of Group-owned wind farms.

### Business objectives

Energiekontor plans to use this strategy to increase project development EBIT in a stable and sustainable manner to around EUR 30 million per year in the medium term. This figure already accounts for the elimination of profit from the construction of wind farms intended for Group ownership arising from Group consolidation; it is therefore not recognised in Group profit.

The intention behind expanding the portfolio of Group-owned wind farms is to establish Energiekontor as a medium-sized producer of renewable energy while effectively minimising dependency on general developments in the

### Growth model of Energiekontor AG



market. In the medium term, the Company plans to expand its wind farm portfolio to around 500 MW, so as to ensure long-term EBITDA of EUR 70–80 million in this segment. This is equivalent to a segment EBT of some EUR 25 million.

The expansion of the Group-owned wind farm portfolio will be sourced from the Company's own projects, the repowering of existing portfolio assets and the acquisition of third-party facilities. The Company will finance this new tranche of capital spending with project financing loans, project-related bonds, equity capital and regular surplus cash from existing portfolio wind farm operations.

Energiekontor has spent the last few years creating an environment that favours a stable and sustainable growth trajectory, and is extremely well placed to face the challenges of the future in a highly competitive market.

## Innovation (research and development)

While the Company does not conduct R&D in the conventional sense of the term, the various activities handled by the Operation Development, Innovation and Others division are, on the whole, nonetheless designed to improve the operational performance and efficiency of wind farms and solar parks. These activities include the repowering of Group-owned wind farms and the preventive maintenance of turbines as well as technical innovations such as rotor blade extension.

The latter involves the invention of a procedure for increasing the rotor diameter, for which Energiekontor AG holds a patent. A 1 MW-class prototype in Germany has successfully tested the procedure for the last four years; three other turbines were retrofitted in 2014. An evaluation of the test results suggests facility earnings can be boosted by around 7 percent. In 2013, permissions were granted in Portugal for 26 turbines in the 1.3 MW class: of these, two have been equipped with lengthened rotor blades to date. Preparation to equip further turbine types is currently underway. The deployment of this procedure is always advisable if the facility cannot be repowered in the short to medium term. The Company intends to step up rotor blade extension work both in its own wind farms and at third-party sites. Testing of the system will be expanded in Portugal and Spain before transitioning to regular operation and market launch.

## Management system

Internal management at the Energiekontor Group is based on regular communication between Company management and the individual business units. Weekly meetings and, if necessary, incident-related special meetings take place. The internal control system covers all business units. This enables the Group to respond quickly to changes in all units and at all management levels within the Energiekontor Group.

The starting point for the management of the overall Group and its individual business units is the set of sustainable strategic targets adopted by Company management, which are in turn derived from the overall strategy. These are supported by internal guidelines on processes, cost structures and risk assessment.

The individual business units provide monthly, quarterly and weekly reports on current developments and possible or potential deviations from strategic targets. Alongside these operational indicators, the market situation and upcoming regulatory, legal and political changes in individual countries are analysed and evaluated on a regular basis, so as to enable internal committees to decide on the appropriate strategies and measures.

The management of business activities in the operating units is based on selected performance indicators. The most important performance indicators are business development, gross margin and surplus cash targets in the individual business units and segments. Each business unit and segment has its own specific targets, which are used to measure the success of the business performance.

In this case, the gross margins are defined as the difference between the expected sales revenue and the external production costs of the wind farms and solar parks at the time of the financial close. The financial close is equivalent to the point in time when the equity is made available, the first call from the project financing is paid out and the conditions precedent in the construction and supply contracts are abolished. The expected sales revenue is determined based on the target returns of the investor market and the parameters from project financing. The customary target returns of the investor market serve as guidance and are known from current price indications and past transactions.

The sustainable gross margin targets are the main basis for budget planning and allocating resources. The business development targets of the individual project development areas (Germany, abroad, solar, repowering) also play a major

role in allocating resources, as project and site acquisitions lay the foundations for sustainable Company growth in the future. Already in the early phase before the site option agreements are concluded, profitability and sensitivity analyses with fixed profitability parameters are carried out in order to set up a resilient project pipeline through the business development activities that also withstands possible changes in regulatory or other economic conditions (feed-in tariffs, turbine purchase prices, interest levels etc.)

Certain business units with regular income such as operational management or the sales divisions are run as a profit centre. Surplus cash targets are defined for these units, surplus cash being the planned excess liquidity from cash inflow and outflow within a planning period. The aim of the profit centres is to generate surplus cash and/or to run the profit centre at least with break-even liquidity.

EBT (earnings before taxes) is the primary performance indicator for Energiekontor AG and the Group, and is broken down to various gross margin and surplus cash targets for the individual operating units. EBT is equivalent to the income from ordinary activities before tax. The difference between EBT and EBIT (earnings before interest and taxes) is that the interest result is already taken into consideration; EBIT is determined as follows:

<b>Revenue</b>	
+/- Changes in inventories and work performed and capitalised	
<b>= Total output</b>	
+ Other operating income	
<b>= Total operating output</b>	} <b>= Operating expenses</b>
- Cost of raw materials and supplies	
- Personnel expenses	
- Depreciation and amortisation	
- Other operating expenses	
<b>= Operating profit (EBIT)</b>	
+/- Interest result	
<b>= EBT (earnings from ordinary activities before tax)</b>	

Overall, planning, budget and management of the Energiekontor Group is based on a distinct liquidity-oriented target and management system, which makes it relatively easy to determine and measure the business success of individual business units as well as the entire Company.

## » ECONOMIC REPORT

### Macroeconomic and industry-specific environment

According to the International Monetary Fund (IMF), the 2015 global economic climate and the economic forecast for the upcoming two years can be assessed as positive. Leading economies such as the US (1.9%) and Germany (1.5%) each recorded steady economic growth with a rising trend, which, according to the German Institute for Economic Research (DIW), is also due to higher domestic demand.

The economic growth trend in China is slowing down as the focus is shifting from investments in infrastructure towards a consumer and service-oriented society. Yet, at more than 6%, the expected increase in the gross domestic product in this country is still considerably higher than the global average estimated at 3.1% (2015) and 3.4% (2016)<sup>1</sup>.

In light of this and despite the falling oil prices, the renewable energies industry generally recorded growth. However, industry growth again varied widely across technologies and countries in 2015. Whilst the expansion of renewable energies in Asian industrial countries, predominately China, continued to receive support, cuts in the subsidy systems in some European industrial countries brought slight declines in the number of new installations and uncertainties concerning investments.

The international goals for environmental protection and sustainable energy production are the main drivers for the continued industry growth. The countries within the EU have undertaken to meet mandatory expansion targets. Germany, for instance, is – in the course of its energy transition scheme – planning to generate 40–45 percent of its required power from renewable energy sources by 2025; by 2035 this figure is supposed to reach 55 to 60 percent. By 2050, the share of electricity generated from renewable energy sources in gross electricity consumption will even be increased to a minimum of 80 percent<sup>2</sup>.

The international agreement resulting from the UN climate conference in Paris at the end of 2015 showed that climate protection and the corresponding containment of carbon emissions are meanwhile globally accepted. Even leading managers of the major utilities have had to admit that renewable energies are here to stay.

The German Renewable Energy Sources Act (EEG) forms the framework for the expansion of renewable energies. Since the EEG was introduced, the share of renewable energies has increased from 6 percent of gross electricity consumption in 2000 to exceed 30 percent in 2015.

The competitive conditions for profitable implementation of renewable energy projects have become much harder since the revision of the EEG in 2014. The aim is to bring the technologies in line with the conditions of the free market. According to the Federal Ministry for Economic Affairs and Energy (BMWi), the new EEG focuses on cost-efficient technologies such as wind energy and solar power for the efficient expansion of renewable energy sources.

One central aspect of the revised German Renewable Energy Sources Act (EEG) is the introduction of an auctioning procedure to determine the amount of subsidies that will be granted. The amended EEG stipulates that the average tariffs for new plants from 2015 are reduced from approximately 0.17 EUR/kWh to an average of 0.12 EUR/kWh across all types of renewable technologies.

Details of the design of the auctioning procedure were discussed in 2015 in various internal committees and associations and brought to the attention of the BMWi, which is the competent authority in the matter. This consultation procedure was completed at the end of 2015. Meanwhile, an initial draft bill of the revised German Renewable Energy Sources Act (EEG) exists. The new legislation is expected to become effective during the course of 2016.

While the auctioning model for wind in Germany is to become effective from 2017, Germany's first auction round for PV systems took place at the beginning of 2015. The first auction in the UK for all power generation technologies already took place at the end of 2014. There has been uncertainty concerning the future developments of the legal framework since the UK parliamentary election took place in May 2015. Initially the newly elected conservative government announced it would move the expiry of the current ROC regime forward (see below) to April 2016. Meanwhile, there is also a statement where the competent minister says that onshore wind energy is seen as a "mature technology" and thus will not be eligible for subsidies in future auction rounds. However, both positions in London have opposite opinions. The auction planned for 2015, which is not to include onshore wind for the time being,

1) International Monetary Fund (IMF): World Economic Outlook, Update from 19 January 2016

2) Website of the Federal Ministry for Economic Affairs and Energy (BMWi)



was postponed until 2016. We assume that there will be more clarity concerning the future statutory framework for subsidising photovoltaics and wind energy in the UK as the year progresses.

## Wind

Following 50 GW in new installations in the previous year, the wind energy industry experienced a record high in terms of newly installed capacity in 2015 with some 63 GW worldwide. Most of the new wind farms were again built in China, which, at 30.5 GW, represented almost half of the new installations. The next highest increase in wind power was recorded by the US, where turbines with a total rated power of 8.6 GW were set up, followed by the European frontrunner Germany with 6.0 GW newly installed capacity, of which 3.7 GW is onshore<sup>3)</sup>. With new installations of just under 1 GW, the UK was just behind Poland (+1.3 GW) and France (+1.1 GW) in 2015.

With an accumulated total rated power of 145 GW, China thus has by far the most wind turbine systems in the world, equivalent to one third of the worldwide installed capacity. Capacity in the US was expanded to just under 75 GW and in Germany, capacity at the end of 2015 amounted to some 45 GW (of which 41.7 GW onshore). Worldwide installed power climbed to a total of 432.4 GW<sup>4)</sup> in 2015.

Further expansion of onshore wind energy in **Germany** strongly depends on the design of the auctioning model that is supposed to be determined in 2016 in a further revision of the German Renewable Energy Sources Act (EEG). Since the last amendment of the EEG in summer 2014, subsidies for wind energy have been cut significantly (e.g. direct marketing obligation, elimination of system services and repowering bonus, remote control capability as a prerequisite for remuneration). The reference yield model is now at the centre of the design of the auctioning procedure.

The two-stage reference yield model has already been a component of the EEG for many years and is to ensure that locations with weak winds are roughly as profitable as locations with strong winds. The power generated in the wind farms is remunerated in two steps. A higher initial tariff reverts to the so-called basic subsidy after at least five years. The duration of the period in which the higher initial tariff is paid (max. 20 years) depends on the quality of the site; the weaker the wind at the site, the longer the period with a higher initial tariff.

Depending on the location, the new EEG from 2014 stipulates a reduction in initial tariffs, which is substantial in some cases, as well as in the duration of the remuneration for wind-strong onshore wind farms. This shifts profitability significantly in favour of locations with weaker winds, which pays heed to the desire of expanding wind energy to southern Germany.

The BMWi's key issues paper on the amendment of the EEG 2016 contains a proposal from December 2015 to base the auctioning procedure on a single-tier reference yield model. According to this, a single subsidy rate is to apply for a period of 20 years. The bids will relate to a 100% reference site that is defined via the average expected wind speeds. Depending on the concrete project's site quality, the actual tariff amount results from the adjustment factors along the reference yield curve. According to the suggestions in the key issues paper at hand, a maximum price of 7 cent/kWh will be determined for the 100% reference site in the initial auction round expected in May 2017.

The requirements for successful project realisation already increased with the 2014 EEG amendment for many sites, especially for places with very strong winds. The economic implementation of repowering projects in particular has become more difficult at certain locations.

The industry generally has concerns with respect to the auctioning procedure, after such models have already been launched in other European countries in the past, with the result that, e.g. in Portugal, the number of new installations has fallen dramatically because the prices that were paid for an award did not allow for an economically viable project.

From the point of view of Energiekontor and other leading representatives of the wind energy sector, determining a price ceiling would stand the entire auctioning procedure on its head as it would prevent free competition on prices. Energiekontor is thus campaigning for more flexible pricing options provided by the German Federal Network Agency (Bundesnetzagentur).

Another restriction that was introduced already with the 2014 EEG amendment is the determination of an expansion corridor. This has since been determining the degeneration of the remuneration rate that is fixed as of commissioning and that was already included in the old EEG. New installations of 2,500 MW p.a. was set as the target. The more this target amount is exceeded by actual installed wind turbine system

3) German WindGuard: The status of onshore wind energy expansion in Germany, in 2015

4) Global Wind Energy Council (GWEC): Global Wind Statistics 2015 from 10 February 2016

capacity, the more drastic the degeneration of the remuneration rate (so-called "flexible cap"). In the case of repowering projects, only the gains will be taken into account that exceed the original capacity of the relevant site for the intended trajectory of 2,500 MW.

The BMWi's key issues paper stipulates that compliance with the expansion corridor is to be controlled via the auctioning volume of onshore wind energy: based on the future target amount of electricity from renewable energies less the electricity already generated from renewable energy, new installations in all other renewable generating plants will be thus taken into account before the remaining demand determines the desired expansion of onshore wind energy. In other words, new installations of onshore wind turbine systems shall only serve to produce what the other renewable energies cannot yield.

Energiekontor takes a highly critical viewpoint on this plan because first estimates suggest that this would not only restrict the expansion corridor, but would also impair planning security for project development and for the construction of onshore wind energy plants.

On the other hand, Energiekontor looks positively at the prerequisites for participating in auctions that are suggested in the key issues paper. According to this, only approved projects may participate and a financial security amounting to EUR 30,000 per megawatt installed rated power is required. Energiekontor welcomes this condition as it prevents strategic bidding and secures project realisation.

In the overall evaluation, Energiekontor comes to the conclusion for its projects that the changes made to date with the EEG amendment 2014, especially concerning the remuneration levels, the mandatory direct marketing and expansion corridor, should not have a considerable impact on the continued sustainable Company development. The new challenge – especially for repowering projects – is surely the reduction in tariffs for strong wind sites and durations based on the change of the reference yield model. According to the Company's assessment, this effect is largely offset by an intelligent configuration of the projects and a consistent selection of wind turbines that are ideally suited to the location. The biggest challenge is the economic optimisation of the existing sites taking into consideration the reduction in tariffs associated with the single-tier reference yield model.

The legislation on subsidies for renewable energies in the UK is in the throes of upheaval after the parliamentary elections in May 2015. The aim of the new government is to restrict the expansion of onshore wind power. This mainly affects England, as Scotland insists on its own independent planning rights and can determine its own targets for the expansion of renewable energies. In Scotland, wind energy is still being supported, despite the fact that the remuneration system for the whole of the UK is determined in London.

Originally, a transition to a new remuneration system, also with auctions, was planned for the period between 2015 and 2017. It was based on so-called Contracts for Difference (CFD), a structure similar to the German market bonus scheme that remunerates the differential value between the market price and a fixed cap (award price). The difference amounts are to be determined in an auctioning procedure, which increases competitive pressure and is also likely to lead to lower feed-in tariffs.

The previous system was far more complex than the German EEG and also contains many remuneration elements that take into account the environmental benefits of renewable energy sources. In the UK, it is still customary to conclude power purchase agreements (PPAs) that usually form the contractual basis for transactions between operators and energy suppliers. In the case of the Energiekontor projects, however, PPAs are negotiated directly by operators and end users, usually large industrial conglomerates. The PPA determines the basic remuneration for the electricity generated over a certain period of time. In addition, the project company used to receive the certificates commonly awarded to renewable energy plants, i.e. renewable obligation certificates (ROCs) and embedded benefits, a financial bonus for power plants not feeding electricity to a high voltage transmission network but only using the medium-voltage grid. The so-called levy exemption certificates (LECs) were generally abolished in the summer of 2015. On balance, the resulting remuneration per kWh thus used to be considerably higher than in Germany, for example.

The new conservative government moved the cancellation of this ROC system forward by one year. Accordingly, this also includes projects that received a permission, a grid connection and an option agreement before June this year and will commence operations before the end of the first quarter of 2016 – although a final decision regarding this arrangement is still outstanding. Furthermore, the provisions for obtaining a planning permission have become

stricter in the UK. In the future, projects will apparently only receive permission if they are located in an area that is designated as wind area in the development plan. This does not apply to Scotland, though. Moreover, the newly elected British government is planning to involve local communities more strongly in the permitting process (community backing). As is also the case in Germany, the aim is to raise the attractiveness of wind farms for the local population and municipalities, for instance by opening up the possibility to invest. In addition, subsidies in the form of feed-in tariffs are to be cancelled for projects with more than 1.5 MW rated power.

The CFD model with all the limitations described above is only relevant for Energiekontor if onshore wind projects are also admitted to future auction rounds. It is as yet unclear, though, in how far this will be the case. It has, however, become clear in the meantime that onshore wind will not be included in the 2016 auction round, although parliament is discussing whether onshore wind farms are to be admitted to the auctions again as early as 2017 in the scope of so-called market stabilisation CFD projects.

Otherwise, in addition to selling the power at the electricity exchange at the respective market price, there would still be the possibility of concluding PPAs with terms of several years directly with the electricity user, albeit without the previously granted certificates (ROC). This business model requires the concentration on large project locations with strong wind.

The effects of the economic and financial crisis are still felt in **Portugal**. While there are first indications of an improvement of the conditions for promoting wind power, investment activity continues to be slow. As in Germany, energy suppliers in Portugal are legally obliged to purchase wind energy. New tendering procedures for the allocation of network licenses have not yet been announced. One option for expanding wind energy in Portugal is the use of so-called overcapacities. Under certain conditions, the legislator allows the addition of a certain number of wind turbines to grid connection points already approved.

## Solar

While the PV sector is growing at a global scale, annual new installations of PV plants in **Germany** have been constantly decreasing since 2013. Following new installations with a capacity of nearly 1.9 GW in 2014, the Fraunhofer Institute for Solar Energy Systems ISE states that new installations

amounted to a mere 1.4 GW in 2015. This took total capacity of installed PV plants in Germany up to around 40 GW at the end of 2015<sup>5)</sup>.

As is the case in wind power, China also dominates the global market for new PV installations. By installing at least 15 GW, China was able to lift its total capacity of accumulated PV power to 43 GW and thus replaced Germany on the first rank. Japan increased new installations to about 10 GW of PV power in 2015. The newly installed PV power in the US even amounted to 9.8 GW in 2015, outperforming the previous year's value by 56%.

Total new installations of at least 51 GW took total capacity worldwide in the field of photovoltaics up to around 230 GW<sup>6)</sup>.

The strong deceleration of growth dynamics in Germany is still due to the amendment of the German Renewable Energy Sources Act (EEG) that came into effect on 1 January 2012 (monthly reduction in electricity remuneration) together with punitive tariffs on cheaper solar modules from China. Although the new auctioning procedures open up new possibilities for developing ground-mounted solar arrays, the potential locations are limited basically to conversion areas and areas along highways and railway tracks. One of the essential factors in calculating profitability is the distance to the nearest grid connection point.

The new EEG of 2014 has a crucial influence on the further development of the PV industry in Germany. Comparable to the situation in the wind energy market, direct marketing for solar power is to become obligatory in several steps based on the size of the plant between 2015 and 2017. The management bonus is also abolished and will be incorporated in the tariff. All new solar power plants are to be equipped with remote control to further market integration.

The corridor for new installations per year according to the flexible cap principle will be reduced from previously 3,500 MW to 2,500 MW, the same level as for wind energy.

Since 2015, subsidies for ground-mounted solar arrays are determined based on auctions. In 2015, three test auction rounds were conducted with a total capacity of 500 MW. Three auction rounds per year are planned until 2017, with an additional capacity of 400 MW (2016) and 300 MW (2017).

5) Fraunhofer Institute for Solar Energy Systems (ISE): 2015 Photovoltaics Report from 13 January 2016

6) PV Market Alliance: Press release from 18 January 2016

Larger companies such as Energiekontor AG can actually benefit from the new auctioning system, as they have more flexibility compared to smaller developers. Subject to the remuneration amounts resulting from the auctions, the procedure in combination with the expansion of solar power generation abroad could lead to a slight revival of the German PV market.

The top European country for new PV installations in 2015 was the **UK** again with approximately 4 GW. New installations were driven by the expiry of the attractive ROC subsidy system at the end of March 2015, which is based on the use of renewable obligation certificates (cf. chapter on Wind). In analogy to wind energy and similar to Germany, the ROC system is replaced by the auction-based contracts for difference (CFD) procedure. All of the solar parks that go into operations after this report has been published will already fall under the new CFD system. As expected, the first auction round produced lower electricity tariffs.

**Portugal** also regulates feed-in tariffs, but only for small and medium-sized PV plants. Feed-in tariffs for larger plants in particular are determined here in tender procedures, in which participants bid for apportioned grid connections. Given Portugal's high irradiation values, it can be assumed that in principle the PV market would even be competitive here without government subsidies. However, there are currently no tenders for available grid capacities. The euro debt crisis still hampers investment in renewable energy sources on the Iberian Peninsula. In view of mixed economic prospects, it is difficult to project how the situation will change in the next few years.

Certain developments in both the wind energy and solar industry are likely to have varying impact in the future, depending on the size and location of the plants:

- Own consumption
- Direct marketing
- Power purchase agreements (PPAs)
- Regional/municipal development concepts

All of these developments and trends have the objective of using direct contracts to make electricity providers independent of levies and subsidies. The successful implementation of these concepts essentially depends on the medium to long-term development of electricity prices, but also on the utilisation of further cost reduction potential as well as the risk tolerance of financing banks and other financing partners/financial backers.

## Business development by segment

### a) Project Development and Sales (Wind, Solar)

As planned, project development and the sale of wind farms and solar parks was highly successful in 2015. In total, six wind farms with a total output of about 85 MW were completed. Five of those projects (about 68 MW) were sold to investors and one English wind farm was added to Energiekontor's own portfolio. Additionally, one ground-mounted solar array with rated power of some 9 MW won the first auction round for solar projects in Germany.

A detailed account of this business performance by region is given in the following. In the **wind** business, five sold wind farms were completed in **Germany** in the 2015 financial year.

In the key region of **Lower Saxony**, this refers to the Lunestedt and Appeln projects, both located in the district of Cuxhaven. In Lunestedt, Energiekontor completed one of the largest wind farms in company history with 14 wind turbine systems and total rated power of 38.5 MW. Each of the turbines produced by GE has a total height of 150 metres and a rotor diameter of 103 metres. The expected output of the wind farm that is located about 15 kilometres off the coast to the southeast of Bremerhaven is more than 89 million kWh per year. In theory, this would suffice to cover the need of roughly 25,000 households. Part of the value creation during construction of the wind farm remained in the region. Local companies were involved mainly in laying cables and road construction.

In the autumn of 2015, the purchase contract for the Lunestedt wind farm was signed with the Hamburg solar park and wind farm operator Capital Stage that is listed on the SDAX. The handover to the buyer was effected after commissioning in mid-December. The commercial and technical management of the farm remains with Energiekontor AG.

In the spring of 2015, the Appeln wind farm was granted planning permission. In the second half of the year, four GE turbines with a total output of 11.4 MW were erected at this location. The expected annual output amounts to approximately 26 million kWh. The contract was signed only a few days after the sale of the Lunestedt wind farm that is located in the direct vicinity to Appeln. In this case, the buyer is the listed wind farm and solar park operator Chorus

Clean Energy AG from Neubiberg near Munich. Energiekontor will also be in charge of the technical management of the Appeln wind farm.

The regional planning programme was still on the top of the agenda in the district of Cuxhaven in 2015. Following the successful avoidance of the old regional plan and the dismissal of the notice of appeal filed in 2014, parts of the regional planning programme from 2012 became void.

The second draft lifted the restrictions for repowering projects in so far that Energiekontor was finally able to obtain the planning permission and financial close for the Debstedt project in December 2015. In the course of 2016, eight of the total of eleven existing 1 MW wind turbine systems are to be replaced by three new turbines with rated power of 4.5 MW each at this coastal location in the district of Cuxhaven.

The Krempel repowering project (13.5 MW), which is located in the same region, was rejected at the beginning of 2015 due to safety concerns at the military airport Nordholz. The original concept is currently under review and project development may continue with an amended site installation concept.

Another planning application for a repowering project was filed in the district of Cuxhaven in 2015 for the Breitendeich project (6.4 MW).

Three additional projects with a total output of about 30 MW underwent the permitting process at the end of 2015 after having completed the area development planning.

In the key region of **North Rhine-Westphalia**, the repowering projects Rurich and the Linnich plant were completed and sold in 2015. The old turbines at the Rurich location were already dismantled in 2014 and transported to Elsdorf in the direct vicinity. The two new wind turbine systems with joint rated power of 4.1 MW that were erected in Rurich were sold to an investor at the end of the first half of the year. Commissioning and thus the final handover to the new owner were effected in October 2015.

Another planning application was submitted for the Grevenbroich repowering project (7.5 MW) in 2015.

The contract for selling the individual turbine in Linnich-Körrenzig was also signed in the first half of 2015. The 3.2 MW turbine manufactured by Senvion has a rotor

diameter of 114 metres and is located near the Dutch border in the Lower Rhine Embayment between Jülich and Heinsberg. With annual average wind speeds of nearly 7 metres per second at a hub height of 123 metres, the expected electricity output is nearly 7.5 million kWh. This would theoretically suffice to supply half the households in Linnich with environmentally friendly power. The turbine was erected in the second half of the year and commissioned at the end of December, as agreed in the supply contract.

The permission for the Hürth project (8.55 MW) was granted just before the end of 2015 and the construction works commenced. Further projects with around 25 MW were in the permitting process in North Rhine-Westphalia at year-end.

The cooperation agreement with the Trianel public utilities network concluded in 2013 was cancelled in the course of 2015 due to differing objectives and expectations. The projects that have already been acquired or are in the planning process will be divided between the parties and, depending on the project status, might even be jointly realised in the future. In addition, the Company commenced promising negotiations with other potential cooperation partners in North Rhine-Westphalia. These are coordinated under the new leadership of the Energiekontor office in Dortmund.

In the key region of **Brandenburg**, the Luckow-Petershagen wind farm was built in 2015 and sold after the planning permission had been obtained at the end of 2014. Four GE turbines with 11.0 MW total rated power were erected at this location in the Uckermark region. The turbines have a rotor diameter of 120 metres and a hub height of 139 metres. The annual average wind speed amounts to about 6.6 metres per second, leading us to expect an annual net energy output of about 26 million kWh; this would theoretically suffice to cover the electricity demand of approximately 7,500 households. The wind farm became operational in late autumn.

The regulatory authority formally denied construction of the 2.4 MW turbine in Beerfelde in 2015, reasoning that no agreement had been found with the air traffic control authority, but Energiekontor has appealed against this decision.

The permission for the Klein Woltersdorf project (ca. 3 MW), in turn, was obtained at the end of 2015.

The cooperation with EnBW in the new key region of **Mecklenburg-Western Pomerania** did not come to pass as planned either due to different expectations of the contracting parties. However, similar to North Rhine-Westphalia, it cannot be completely ruled out here that the parties might jointly develop individual projects after all. Moreover, we are conducting talks with other potential partners in this region.

The pipeline for the development of new projects in Germany was further expanded in 2015. Including the repowering projects, sites for a total of approximately 300 MW of wind energy power were acquired until the end of the reporting period.

The situation in the **UK** in 2015 was marked by the planned change in tariff systems from the certificate-based ROC regime to the CFD auctioning system, and the elections in May that led to a conservative majority government. According to its own statements, this government intends to restrain the development of renewable energy, especially onshore wind energy. This was first noticeable in delays in permitting processes and then the statement that onshore wind energy would no longer be admitted at auctions. This, however, has not been confirmed to date.

Nevertheless, the Gayton le Marsh wind farm was completed in 2015 and commissioned just before the end of the year. The wind farm that is located in Lincolnshire on the east coast of England consists of eight Senvion MM 92 turbines. With total rated power of 16.4 MW, the expected annual output in this region with strong winds is 49 million kWh.

At the end of June 2015, the Hyndburn II wind farm, i.e. an expansion of the already existing Hyndburn wind farm, received permission. Four wind turbine systems with rated power of 2 MW each are to be erected in Hyndburn II. It is still unclear, though, whether this wind farm will be entitled to remuneration under the expiring ROC regime. The legislator has not yet finally clarified the requirements for being able to make use of a transitional provision (grace period).

Other projects had to be abandoned in 2015, because either the planning requirements were tightened, the projects were rendered economically unfeasible without being eligible for contracts for difference, were refused permission or the permitting procedure was delayed excessively.

Nevertheless, a number of projects were still undergoing the permitting process in the UK in 2015. The total rated power of the projects for which the Energiekontor Group

had obtained exclusivity in England and Scotland by the end of 2015 has risen to more than 1,000 MW, including contractually fixed option agreements covering about 190 MW. The majority of these sites is located in Scotland and the Group is currently preparing the planning application for one of these projects.

In **Portugal**, the activities of the Energiekontor Group are still basically limited to rotor blade extension on existing turbines (see item c) Operation Development, Innovation and Others).

In the field of **Solar**, the Nadrensee project (about 9 MW) emerged as one of the winners from the first **German** auction round for PV ground-mounted solar arrays in the spring of 2015. Furthermore, the activities to acquire and secure sites for ground-mounted solar arrays were enhanced to be able to submit more projects to the auctions in 2016. In addition to the ongoing solar activities in Germany, the acquisition of projects in neighbouring countries that have already received permission has become an option.

The Company placed a corporate bond in the amount of EUR 6 million in 2015 to secure interim financing for its projects.

## b) Power Generation in Group-owned Wind Farms

Another office in Hagen im Bremischen was set up and equipped with staff in 2015 to support the office in Neubrandenburg. This office will mainly be responsible for the operational management of the Group's own wind turbines.

By acquiring the existing wind farms in Altlüdersdorf (13.5 MW), Thüle (14 MW) and by taking over the Gayton le Marsh project that was implemented by the Energiekontor Group in the UK (16.4 MW), the number of wind farms operated by Energiekontor AG increased to 32 by the end of the 2015 financial year. The total output of the Group's own wind farms thus climbed to nearly 265 MW as of 31 December 2015.

The wind situation was highly satisfactory for Energiekontor in 2015. In Germany especially, the months of January, November and December saw exceptionally strong winds, meaning the year was a so-called 100% year: the average winds across all the Energiekontor locations corresponded more or less exactly to the average wind level between 1996 and 2009.

The output of the British wind farms even exceeded expectations based on the average across the entire year. Only in Portugal, the output was slightly below expectations.

Irrespective of the wind situation, measures to optimise rotor blades brought increased performance at the Krempel, Debstedt and Penedo Ruivo wind farms.

Several wind farms on the market were assessed based on technological, economical and legal considerations to evaluate their eligibility for the further expansion of the portfolio.

### c) Operation Development, Innovation and Others

Income from ongoing operational management has continuously increased in recent years thanks to the constant expansion of the Group-owned wind farm portfolio. Efficient market observation and the resulting agreements for direct power marketing under the German Renewable Energy Sources Act (EEG) contributed to improving the income situation. It was possible to place almost the entire German wind farm portfolio with reputable direct power marketers. Energiekontor also achieved attractive marketing bonuses for 2015. Direct power marketing and the remuneration regulations incorporated therein were introduced in the amended EEG as of 1 January 2012; the latest amendment of the EEG made direct marketing obligatory as from August 2014.

The innovative rotor blade extension method is gaining significance within the segment. To date, this technology is being used in the Debstedt wind farm as well as in Portuguese wind farms. In addition to the extension of the AN Bonus turbine model (1 MW), further development for the 1.3 MW class has meanwhile been completed and certified.

Permission for converting 26 wind turbines in Portugal was already granted in November 2013. Following a successful initial test phase, two turbines have been equipped with even more sophisticated rotor blade extensions. The remaining 24 turbines are supposed to gradually follow in the course of 2016.

At present, Energiekontor is developing two new prototypes that are intended for the rotor blade extension of other turbines. So far, this technology has been well received by the European wind energy market since its launch and the corresponding marketing measures.

### Overall Conclusion

Thanks in particular to the commissioning and disposal of all projects according to plan during 2015, the past financial year was highly successful for Energiekontor AG. Both the earnings and the surplus cash targets were achieved and partly even outperformed in all of the three business segments.

The revenue, total output and EBIT figures were well beyond target in the Project Development and Sales segment. The financial close targets in the different project development areas were the only ones that were not reached entirely (Germany, UK, Solar, Repowering). This was due in particular to various project deferrals resulting from delays in the permitting processes in connection with rotating beacons and radio systems or environmental protection or the change in tariff system in the UK.

Good overall levels of wind during the year 2015 and the transfer of additional wind farms to Group ownership also meant that earnings from electricity sales from Group-owned wind farms made a decisive contribution to the positive performance of the Group. Revenue and EBIT in the Power Generation in Group-owned Wind Farms segment were increased over the previous year as planned.

The Operation Development, Innovation and Others segment showed a similar performance. Here, too, the revenue and EBIT increases year-on-year were in line with forecasts.

All in all, the EBIT targets of Energiekontor AG and of the Group as well as the business development, sales and surplus cash targets of the operating segments and the profit centres were reached in 2015. The Company's growth path thus continued as anticipated in 2015. Furthermore, thanks to the financial closes reached at the end of 2015 for projects in Lower Saxony and North Rhine-Westphalia, the foundation was laid for the successful continuation of the positive Company performance in the current 2016 financial year.

## Financial position, financial performance and results of Group operations

### Results of Group operations

The 2015 financial year was again very positive for the Energiekontor Group. The expansion of Group-owned wind farms has been proceeding as planned with the completion of an English wind farm and the acquisition of two additional wind farms in Germany in the year under review. The sale of shares in five wind farm operators with wind farms in Germany also had a positive effect on the consolidated balance sheet and income statement. Moreover, a wide range of potential opportunities in Germany and abroad were further developed in the financial year, which are expected to drive the successful profit development in the future.

The Group reports the below-stated positive results in comparison with the previous year:

in EUR thousand	2015	2014
<b>Consolidated net income</b>	<b>20,911</b>	<b>14,132</b>
plus tax expenses	8,751	7,623
<b>EBT</b>	<b>29,662</b>	<b>21,756</b>
plus financial result	20,006	18,962
<b>EBIT</b>	<b>49,668</b>	<b>40,718</b>
plus depreciation and amortisation	16,424	14,183
<b>EBITDA</b>	<b>66,092</b>	<b>54,901</b>

For the pro forma key figures shown above and used in this report (EBIT, EBITDA, etc.), please refer to the explanation on page 63.

Group revenue increased to EUR 191,329 thousand (previous year: EUR 153,280 thousand) due to projects implemented in the field of wind energy and the expansion of Group-owned wind farms and related proceeds from the sale of electricity. Consolidated revenue in the financial year comprised in particular revenue in the Project Development and Sales (Wind, Solar) segment in the amount of EUR 132,936 thousand (previous year: EUR 101,481 thousand) and the Power Generation in Group-owned Wind Farms segment in the amount of EUR 55,260 thousand (previous year: EUR 45,244 thousand). Activities classified as Operation Development, Innovation and Others, especially operational management services, generated revenue of EUR 3,133 thousand (previous year: EUR 2,555 thousand).

The **Project Development and Sales (Wind, Solar)** segment includes proceeds from the sale of wind farms after their initial construction or repowering as well as proceeds from services rendered in connection with economic planning and the contractual and legal implementation, project management, company management in the foundation phase, sales and marketing measures and the procurement of own and external funds for the wind farm operators in the amount of EUR 132,936 thousand (previous year: EUR 101,481 thousand).

Revenue in the **Power Generation in Group-owned Wind Farms** segment increased to EUR 55,260 thousand (previous year: EUR 45,244 thousand), mainly due to the wind farms constructed by us or acquired in the financial year and in the year before. The better wind levels in the financial year also made a positive contribution to the rise in revenue.

Revenue in the **Operation Development, Innovation and Others** segment was mainly driven by revenue from operational management services and amounted to EUR 3,133 thousand (previous year: EUR 2,555 thousand).

The item **Changes in inventories and other work performed and capitalised** amounted to EUR 18,808 thousand (previous year: EUR 7,171 thousand), resulting for example from the completion of the Gayton le Marsh wind farm in the UK, which has been added to Group inventory.

**Other operating income** declined compared to the previous year, because the previous year's figures included gains on disposals and write-ups that did not occur again in 2015.

in EUR thousand	2015	2014
Reversal of provisions	890	158
Misc. other operating income	469	366
Compensation of damages/ insurance settlement	214	152
Gains on disposals	0	1,151
Income from foreign currency translation	0	22
Write-ups property, plant and equipment (value recovery)	0	1,720
<b>Other operating income total</b>	<b>1,574</b>	<b>3,569</b>

**Cost of raw materials and supplies and of purchased services** rose to EUR 116,590 thousand, up from EUR 82,431 thousand in the previous year; **Personnel expenses** increased slightly to EUR 10,476 thousand (previous year: EUR 10,043 thousand) due to the rise in headcount.



in EUR thousand	2015	2014
Wages and salaries	8,884	8,651
Social security contributions and benefit expenses	1,592	1,391
<b>Total personnel expenses</b>	<b>10,476</b>	<b>10,043</b>

The reported **Depreciation and amortisation of property, plant and equipment and intangible assets** in the amount of EUR 16,424 thousand (previous year: EUR 14,183 thousand) pertains mainly to the scheduled, prorated depreciation of plant and equipment of the Group-owned wind farms.

in EUR thousand	2015	2014
Amortisation of intangible assets	13	32
Depreciation of buildings	9	9
Depreciation of wind farms and plant and equipment	16,360	14,108
Depreciation of operational and office equipment	42	34
<b>Total depreciation and amortisation</b>	<b>16,424</b>	<b>14,183</b>

The year-on-year increase in Depreciation of property, plant and equipment was mainly the result of the full-year depreciation of wind parks added to the Group inventory in the previous year as well as additional depreciation of the Alt-lüdersdorf and Thüle wind farms acquired in the year under review and of the Gayton le Marsh wind farm in the UK, which became operational at the end of the reporting year.

Repair, maintenance and lease expenses for Group-owned wind farms, selling expenses in connection with the issuance of bonds, expenses from currency translation as well as legal and consultancy fees contributed to **Other operating expenses** of EUR 18,553 thousand (previous year: EUR 16,646 thousand).

in EUR thousand	2015	2014
Repair and maintenance expenses wind farms	5,909	5,465
Lease payments for wind farms	2,711	2,378
Expense from foreign currency translation	2,048	1,636
Legal, tax, audit and other consultancy fees, litigation expenses	1,630	1,474
Project-related expenses (incl. planning, travel costs, etc.)	1,331	901
Insurance	1,239	1,135
Fees, dues and contributions	1,076	1,249
Administrative expenses	1,011	951
Electricity procurement from wind power plants	552	425
Occupancy expenses	508	434
Advertising and selling expenses	332	406
Misc. other operating expenses	206	192
<b>Total other operating expenses</b>	<b>18,553</b>	<b>16,646</b>

The **Financial result** of EUR –20,006 thousand (previous year: EUR –18,962 thousand) was mainly influenced by long-term expenses related to bank financing of wind farms, interest expenses for the issued bond capital as well as operating loans and construction period interest. **Interest income** continues to be low due to the historically low interest level on the capital market. Scheduled interest expenses for long-term financing of Group-owned wind farms, construction period interest expenses for the large number of wind farms constructed in the reporting year and expenses related to operating loans and bond capital together generated **Interest expenses** with a total volume of EUR 20,508 thousand (previous year: EUR 19,891 thousand).

in EUR thousand	2015	2014
<b>Total interest and other income</b>	<b>474</b>	<b>929</b>
Interest expenses to banks for capex loans	9,184	8,910
Interest expenses for bond capital	6,197	5,513
Financing expenses for other debt capital (external limited partners)	304	318
Other interest expenses	4,824	5,150
<b>Total interest expenses</b>	<b>20,508</b>	<b>19,891</b>
<b>Interest result</b>	<b>-20,035</b>	<b>-18,962</b>
<b>Income from investments</b>	<b>28</b>	<b>0</b>
<b>Financial result</b>	<b>-20,006</b>	<b>-18,962</b>

### Financial performance of the Group

Financial management of the Energiekontor Group continues to be based on the efficient and sustainable use of existing financial resources and liquidity reserves, taking into account the expected development of the sector.

The Energiekontor Group's financial policy will continue to pursue the strategy successfully applied in past financial years. With the issuance of corporate bonds, which has been successful throughout, the Company managed to become relatively independent from banks' loan policies and thus created an important foundation for the Group's future growth.

Against the backdrop of the project volume currently planned to be realised in 2016 and 2017, another two corporate bonds were issued successfully by Energiekontor AG and Energiekontor Finanzanlagen II GmbH & Co KG in the year under review to complement the bonds already placed.

Credit lines with financial institutions amount to EUR 21,500 thousand (previous year: EUR 20,000 thousand) and a framework agreement for the granting of subordinate credit tranches for project financing ensure that short-term operating resources are available for the interim financing of wind farm projects.

Long-term bank financing, pertaining mainly to the financing of investments in the Group's own wind farms, amounted to EUR 128,762 thousand at the end of the financial year (previous year: EUR 143,181 thousand).

Cash and cash equivalents increased to EUR 103,957 thousand at the reporting date (previous year: EUR 81,594 thousand). Due to the acquisition of German federal bonds in the period under review, the Other securities portfolio also increased to EUR 10,278 thousand in the financial year (previous year: EUR 39 thousand).

**Liabilities to financial institutions** fell to EUR 154,032 thousand as of the reporting date (previous year: EUR 159,821 thousand). Redemption payments for borrowings by project companies were in line with the schedule, both in the financial year and in previous years.

in EUR thousand	2015	2014
Non-current liabilities to financial institutions	128,762	143,181
Current liabilities to financial institutions	25,271	16,641
<b>Total liabilities to financial institutions</b>	<b>154,032</b>	<b>159,821</b>

**Non-current loans and borrowings** pertain mainly to investments in Group-owned wind farm operators for the construction and acquisition of wind farms.

**Current loans and borrowings** comprise mainly operating loans for interim financing provided to wind farm operators, accrued interest from financing Group-owned wind farms as well as redemption payments for long-term loans that are due within the time frame of one year.

**Total financial liabilities** amount to EUR 280,769 thousand (previous year: EUR 268,302 thousand) and break down as follows:

in EUR thousand	2015	2014
<b>Non-current financial liabilities</b>		
Liabilities to financial institutions	128,762	143,181
Liabilities from bond capital	105,077	93,316
Other financial liabilities	13,423	11,002
Liabilities to external limited partners	1,637	1,637
<b>Total non-current financial liabilities</b>	<b>248,898</b>	<b>249,136</b>
<b>Current financial liabilities</b>		
Liabilities to financial institutions	25,271	16,641
Liabilities from bond capital	6,600	2,525
<b>Total current financial liabilities</b>	<b>31,871</b>	<b>19,166</b>
<b>Total financial liabilities</b>	<b>280,769</b>	<b>268,302</b>

**Liabilities to external limited partners** stated above under **Non-current** financial liabilities also include limited partner shares (minorities) in wind farm operators, which are designated to remain in the Company for the long term, as these are classified as borrowings in accordance with IAS 32.

Due to the low level of capital market interest rates, **Other financial liabilities** include substantial negative fair values of interest swaps, which were entered into as long-term cash flow hedges, of EUR –12,439 thousand (previous year: EUR –10,442 thousand).

### Financial position of the Group

Equity increased due to the positive net income for the year and, after set-off against negative fair values of interest and currency swaps as well as the dividend distribution, amounts to EUR 50,460 thousand (previous year: EUR 40,154 thousand). Together with the rise in total assets to EUR 399,118 thousand (previous year: EUR 355,198 thousand), the arithmetic equity ratio also climbed to 12.6% (previous year: 11.3%).

Compared to German commercial law, the application of the International Financial Reporting Standards (IFRS) involves certain conventions that have a negative effect on the Group's equity ratio.

At Energiekontor, hedging interest and currency risks, especially with regard to the interest and redemption plan of Group-owned wind farms, is a priority; this pays heed to economic considerations and disregards potential effects on the balance sheet. Increasingly, Energiekontor takes out loans with variable terms to finance its wind farms in order to hedge terms and conditions for the long term; these loans are already hedged with interest swaps (cash flow hedges) at closing. In IAS 39, IFRS requires that derivatives (interest swaps with a fixed interest rate) are accounted for separately from the underlying transaction (loans with variable terms) and requires that the derivative is recognised in the balance sheet. The derivatives, which are contracted throughout along with the financing agreements, are always fully effective as interest hedges and therefore fully linked to the financing structure, as their sole economic purpose is to convert a variable interest loan into a synthetic fixed interest loan. According to German commercial law, which is known to maintain very strict principles of prudence when assessing liabilities, these loan contracts are not classified as liabilities that need to be recognised based on the available valuation units (Sec. 254 HGB); therefore,

these would not be included in the balance sheet, if the consolidated financial statements had been prepared according to the principles of the German Commercial Code (HGB). In a situation of falling interest rates on the capital market, IFRS requires the recognition of liabilities that are not actually existent, however, which leads to a lower equity ratio (compared to HGB).

The negative fair values of interest and currency swaps are calculated based on mathematical simulation models that forecast currency and interest developments; for the Energiekontor Group; these calculations are purely arithmetic, especially since a sale or the realisation of the fair values before the scheduled expiry of the interest contract hedged with the derivatives is not an option. If loans that are linked to interest swaps are refinanced, it is always ensured that full effectiveness is maintained.

Economically, the negative fair values in the case of such synthetic fixed-interest loans compare to prepayment penalties for conventional fixed-interest loans, which are not included in the balance sheet under IFRS either. The fair values are therefore no longer included in segment reporting (segment liabilities) as debts (management approach); instead, their balance sheet values are neutralised when the net assets for the segment are calculated.

Moreover, the implementation of IAS 32, which is also controversial, stipulates that limited partner capital is usually not classified as equity but as borrowed capital, which means for the Group that minorities in wind farm operators, which are designated to remain in the Company for the long term, as well as in project companies held for sale must be classified as borrowings.

If the equity ratio were adjusted for these two IFRS specialities, the (notional) equity ratio at the reporting date would be 14.9% (previous year: 13.5%).

When looking at the equity ratio, not only IFRS characteristics but an even more significant issue needs to be taken into account, which distorts the ratios compared to the actual equity position of the Group. This is the issue that substantial assets related to Group-owned wind farms, which the Group constructed itself, are not recognised at their fair values but only at external construction costs. In addition to several wind farm projects that have been acquired or not yet realised, which will also only be recognised at cost in the inventory, the Property, plant and equipment item in the consolidated balance sheet therefore contains considerable hidden reserves.

**Non-current assets** increased to EUR 232,263 thousand (previous year: EUR 195,309 thousand) as a result of the further expansion, as planned, of the Power Generation in Group-owned Wind Farms segment. These break down to the following balance sheet items and are explained below.

in EUR thousand	2015	2014
Property, plant and equipment	223,789	187,241
Deferred tax assets	8,327	7,577
Receivables and other financial assets	70	261
Investments	53	71
Other intangible assets	23	37
Income tax receivables	0	123
<b>Total non-current assets</b>	<b>232,263</b>	<b>195,309</b>

**Other intangible assets** include software licences for on-going business operations.

**Property, plant and equipment** is recognised at cost of acquisition or production less depreciation and includes the complete plant and equipment of the wind farm operators to be consolidated in the year under review, operational and office equipment of the office locations in Germany and abroad as well as the wind farm sites and compensatory land, and the real estate portfolio of Energiekontor Umwelt GmbH & Co. Ökologische Wohn-Immobilien KG in the amount of EUR 233 thousand, which has decreased significantly compared to the previous year (EUR 554 thousand) due to the sale of residential real estate.

New additions to property, plant and equipment were a new, self-constructed wind farm that went operational in the year under review and two newly acquired additional wind farms; the additions totalled EUR 53,647 thousand (previous year: EUR 24,778 thousand) in the year under review. Taking into account scheduled depreciation in the period under review of EUR 16,360 thousand (previous year: EUR 14,108 thousand), the balance sheet item Plant and equipment of the wind farm operators amounts to EUR 222,745 thousand (previous year: EUR 185,867 thousand). Provisions for decommissioning and restoration included in the balance sheet increase as planned in the period under review due to accumulation and the expected cost increases.

In the Non-current **receivables and financial assets** item, **Receivables from affiliated companies** include minority interests in wind farm operators. **Other non-current assets** mainly include deferred items in the amount of EUR 38 thousand as of the balance-sheet date (previous year: EUR 45 thousand).

Deferred tax assets of the Group are recognised at EUR 8,327 thousand (previous year: EUR 7,577 thousand) and explained in detail in the Notes (in the original German Annual Report). Deferred tax liabilities of EUR 4,670 thousand (previous year: EUR 4,641 thousand) eligible for netting pursuant to IAS 12 were deducted.

Current assets less cash and cash equivalents and other securities already explained in the report on the financial performance amount to EUR 52,620 thousand (previous year: EUR 78,256 thousand).

**Inventory** reported in this item of EUR 32,871 thousand (previous year: EUR 50,858 thousand) includes capitalised services related to construction projects currently in process as well as planning services for new projects to be realised, especially pre-production costs related to planning activities in Germany and the UK.

**Current receivables and other financial assets** fell from EUR 27,193 thousand to EUR 18,124 thousand in the year under review.

**Income tax receivables** (current) in the amount of EUR 1.624 thousand (previous year: EUR 204 thousand) include creditable withholding taxes as well as corporation tax and trade tax refunds.

**Non-current liabilities** amount to EUR 272,495 thousand (previous year: EUR 269,778 thousand). In addition to the Non-current financial liabilities and Deferred tax liabilities already explained in the report on the Group's financial performance, this item also includes Provisions for decommissioning and restoration at the Group-owned wind farm operators.

in EUR thousand	2015	2014
Provisions for decommissioning and restoration	12,861	11,033
Non-current financial liabilities	248,898	249,136
Other non-current liabilities	2,821	2,943
Deferred tax liabilities	7,914	6,666
<b>Non-current liabilities</b>	<b>272,495</b>	<b>269,778</b>

Provisions for the decommissioning of Group-owned wind farms and the restoration of the corresponding sites listed at present values have developed as follows:

in EUR thousand	2015	2014
Total provisions for decommissioning and restoration as of 1 January	11,033	10,484
Additions and depreciation from accumulation of interest in the current year	480	363
Additions and depreciation of present values (changes in production costs, interest rate)	-71	1,029
Additions related to completion/acquisitions	1,633	1,137
Additions and depreciation of present values (changes in production/decommissioning costs)	-215	-1,981
<b>Total provisions for decommissioning and restoration as of 31 December</b>	<b>12,861</b>	<b>11,033</b>

Provisions and accounts payable, especially those related to wind farm construction, other liabilities and tax liabilities plus the current financial liabilities already stated in the report on the financial performance together produce current liabilities of EUR 76,163 thousand (previous year: EUR 45,266 thousand).

**Provisions for taxes** were made for expected additional trade and corporation tax payments for past tax periods.

**Other provisions** break down as follows.

in EUR thousand	2015	2014
Project-related provisions	12,205	7,727
Personnel-related provisions	1,805	1,598
Provisions for legal disputes	50	105
Legal, tax and other consultancy fees	723	646
Misc. other provisions	1,499	1,266
<b>Total other provisions</b>	<b>16,282</b>	<b>11,342</b>

**Current accounts payable** fell from EUR 5,947 thousand in the previous year to EUR 4,480 thousand in the year under review. Additional liabilities include current tax liabilities for wage and church taxes as well as other miscellaneous liabilities.

## Employees

A total of 129 permanent employees were working for the Energiekontor Group as of 31 December 2015 (previous year: 116), with an additional 16 temporary employees, students and interns (previous year: 20). The Company also employs 32 freelancers (previous year: 31). The workforce thus increased moderately. Employees are predominantly engineers, economists, business experts and administrative staff. The subsidiaries in the UK and Portugal employ only local staff who are familiar with local business requirements and have knowledge of German practices. In addition to a monthly basic salary, the majority of the employees receive a performance-related bonus. This aims at raising motivation and ensuring the employees identify strongly with the Company. The Management Board and the Supervisory Board would like to thank the employees for their outstanding commitment and high motivation.

## Changes to the Management Board

On 1 July 2015, the Supervisory Board of Energiekontor AG appointed Günter Eschen, who has been in charge of project development in Germany for many years, as the second member of the Management Board in addition to the Chairman Peter Szabo. As announced at the General Meeting in May 2015, the Supervisory Board intends to increase the members of the Management Board to three persons, all from within the Company's management.

Günter Eschen joined Energiekontor AG in mid-2011 and has since then been successfully heading project development within Germany. In addition to general Board duties, Mr Eschen will also be in charge initially of the fields of project development including construction and service for the key regions of Lower Saxony, North Rhine-Westphalia and Brandenburg in his capacity as a Board member. The aim is to further expand domestic activities, to significantly increase regional business development and to prepare carefully for the upcoming auctioning system.

## »» POST-CLOSING EVENTS    »» FORECAST REPORT

In the first quarter of 2016, Energiekontor was able to successfully place the step-up bond IX with a volume of nearly EUR 12 million. This bond was issued to finance the acquisition of the Portuguese Mafomedes wind farm and to refinance the Breitendeich wind farm in Lower Saxony. As agreed in the contract, the Mafomedes wind farm (4.2 MW) was incorporated into the Group's own portfolio on 1 January 2016.

In February 2016, we concluded a new cooperation agreement with Thüga Erneuerbare Energien GmbH & Co. KG (THEE) on wind farm development and construction projects, with a focus on the Lippe district in North Rhine-Westphalia. Currently, projects with a total volume of about 50 MW are being examined. The first permissions are expected to be granted in 2017. Construction is not expected to commence before early 2018.

Moreover, we are currently conducting advanced negotiations with potential cooperation partners for the market entry in France (solar) and the further market penetration in Scotland.

The forecast for the current financial year takes into account Energiekontor AG's growth plans based on a solid business model, with a view to the upcoming regulatory changes in the remuneration of electricity from renewable sources.

### a) Project Development and Sales (Wind, Solar)

The Management Board of Energiekontor AG continues to expect a positive performance of the Project Development and Sales (Wind, Solar) segment in the 2016 financial year. This is to be supported by the implementation of wind farm and solar park projects in Germany and the UK, which have already reached the permit stage or financial close, which are currently under construction or which are in the final pre-construction stages.

Since the beginning of the year 2016, the Debstedt repowering projects (ca. 13.5 MW) with three turbines of 4.5 MW has been under construction in Lower Saxony. At present, we are expecting permission for a fourth 4.5 MW turbine to be granted. Another repowering project is in the permitting process in the district of Cuxhaven (the Breitendeich projects). The construction of both wind farms is to be completed before the end of 2016.

Moreover, applications for another four projects with total rated power of about 46 MW are to be submitted in the region of Lower Saxony and Bremen in 2016. One of the projects could still be completed before the end of 2016.

In **North Rhine-Westphalia**, the Hürth wind farm (8.55 MW), which is currently still under construction, is to be commissioned before mid-year. In addition, the Energiekontor Group has started the permitting process for several other smaller and medium-sized wind farms in this key region. All in all, the Group is planning to receive planning permission for projects totalling more than 40 MW in the course of 2016; commissioning is scheduled in 2017.

Following the successful commissioning and sale of the Luckow-Petershagen wind farm (11.0 MW) in the key region of **Brandenburg** at the end of 2015, we are still awaiting a decision by the regulatory authority regarding the application for a fifth 2.75 MW turbine. This is expected in the autumn of 2016.

The approval of the 2.4 MW turbine in Klein Woltersdorf was followed by the financial close in February 2016. Taking account of the environmental requirements, construction is supposed to commence in the late summer of 2016.

In addition, two other projects with a joint capacity of about 16 MW are currently undergoing the permitting process in Brandenburg, another three projects with total power of 30 MW are to enter the permitting process in the course of the year.

Several scenarios are conceivable for 2016 after Energiekontor AG filed an appeal against the rejection of the Beerfelde II permission (2.4 MW). These include a new application, compensation for lost profit and the option of reaching an agreement with the air traffic authority.

The acquisition of new sites is also crucial for the Energiekontor Group's long-term expansion of wind power. Germany, however, is starting to show signs of excessive lease charges, which could prove a heavy burden for future projects. However, the **cooperation** between the Energiekontor Group and Thüga AG is bound to have a positive effect. The first planning permissions for projects under this cooperation that initially targets projects in the range of about 50 MW in the Lippe district in **North Rhine-Westphalia** are expected to be obtained in 2017. Energiekontor is currently negotiating with other potential partners. Energiekontor expects that these cooperations will not only bring an expansion of the project pipeline because of joint investment and the might of a strong group with common interest, but also create stronger regional ties and cooperation with the municipalities and their inhabitants.

The total pipeline of the Energiekontor Group for projects in Germany covers nearly 1,000 MW, including all project phases. Option agreements were concluded for all of these projects. Some of the projects have already entered the planning permission or permitting process, while others have already been approved or are under construction. Even though some of these projects will not be completed in the 2016 financial year, the Company has thus paved the way for its medium-term growth targets in Germany.

Project development in the **UK** was rendered more difficult in 2015 by the uncertainty regarding subsidies following the elections in May. First, the expiry of the currently applicable ROC system was moved forward to April 2016, as announced early on. However, it was not foreseeable that the government would actually question the general

eligibility of onshore wind projects for the auctioning procedure (CFD system). Until publication of this report it is as yet unclear to what extent the government in London will continue to promote onshore wind energy.

After the successful commissioning of the Gayton le Marsh farm at the end of 2015, the implementation of the Energiekontor Group's other UK projects in their various development stages is currently uncertain. With regard to the Hyndburn wind farm expansion (approximately 8 MW), for instance, it is still unclear whether the old ROC or the new CFD system will apply. Therefore, Energiekontor is currently focusing on Scotland and maybe Wales where the development of onshore wind farms is clearly welcome and receives political support. The Scottish government has expressed its commitment to the expansion targets for renewable energy previously defined. Here, Energiekontor secured locations for a total of about 1,000 MW by means of exclusivity agreements and option agreements with landowners. Given the excellent wind conditions, wind farm projects in Scotland and, in select cases, in England can even be economically feasible without a tariff system and auctioning procedure by concluding direct power purchase agreements with the respective contracting partners.

Energiekontor further assumes that there will be further possibilities for successfully implementing wind projects in the future. Even if onshore wind projects will not be included in the auction round planned in 2016, onshore wind farms might be readmitted to the auctions again as early as in 2017, in the scope of so-called market stabilisation CFD projects. Parliament is currently discussing a corresponding proposal.

The situation in **Portugal** has not changed materially. There are first signs of an improvement in the business environment, but the government has not announced any new procedures for tendering grid capacities as yet. However, there might be a possibility of expanding existing facilities and to thus receive remuneration for additionally generated electricity. This is due to the overcapacities compared to the volumes approved in the license, which were previously not paid for when fed into the grid. It is still being reviewed whether the use of these overcapacities is economically feasible.

In the **Solar** market, both Germany and the UK introduced an auctioning system. In **Germany**, the Company is concentrating on the key regions of Brandenburg and Mecklenburg-Western Pomerania. Following Energiekontor's

successful entry in the first auction round in Germany with the Nadrensee project (approx. 9 MW), the permission for this project was procured in January 2016. The financial close is expected to take place before the end of the spring 2016. The plant is in the process of being sold and is supposed to start operations in the summer of 2016. In addition, Energiekontor intends to participate in the next auctions with other projects that are in the planning stage, starting with the next auction round in April 2016.

In the **UK**, Energiekontor is contemplating to expand its position by acquiring project rights or developing its own projects in 2016. However, the remuneration tariffs levelled out at such a low level in the last auction rounds that the prospects for economically feasible projects are rather dismal at present.

Furthermore, the Company also intends to intensify its efforts to sound out the French market with regard to project rights for approved solar projects. In both the UK and France Energiekontor is currently negotiating with potential cooperation partners.

The general objective of the Energiekontor Group is to stabilise and sustainably increase the level of project realisations, which has been varying from year to year in the past. Roughly half of revenue and earnings are to be generated abroad in the future.

## b) Power Generation in Group-owned Wind Farms

The Power Generation in Group-owned Wind Farms segment is to be further expanded systematically in order to decrease the Group's dependence on the volatile project development market. In addition to the acquisition of external wind farms and the inclusion of Energiekontor projects in the Group's own portfolio, the option of repowering Group-owned wind farms is also reviewed regularly. The objective is to optimise the use of current locations and boost profits by exchanging existing turbines for modern, more powerful wind turbines.

Since the repowering bonus was abolished in the amendment to the German Renewable Energy Sources Act (EEG) in August 2014 and the reference yield model was adapted with the consequence that locations with strong winds receive lower remuneration, this way of enhancing the efficiency of Group-owned wind farms was further restricted.

Therefore, Energiekontor has decided to focus more strongly on innovative technologies like the in-house developed rotor blade extension. The management expects that the output can thus be increased by several percent at comparably low cost.

The expansion of Energiekontor's own wind farm portfolio is based half on the takeover of own-developed projects and half on the acquisition of externally constructed wind farms. The acquisition in 2015 of the Altlüdersdorf (13.5 MW) and Thüle (14.0 MW) wind farms that were financed by means of the step-up bonds VII and VIII, and the inclusion of the British Gayton le Marsh (16.4 MW) wind farm built by Energiekontor into the Group portfolio at the end of 2015, were followed very closely by the placement of the step-up bond IX and the acquisition of the Mafomedes wind farm (4.2 MW) in Portugal at the beginning of 2016. Experienced Energiekontor teams constantly monitor the markets in Germany and abroad to identify acquisition opportunities in order to expand the Group's own portfolio by further wind farms.

## c) Operation Development, Innovation and Others

Despite fluctuating income due to changing wind years, the coming years should see a rising liquidity and earnings trend. This is supported by the continuously climbing number of wind farms under operational management. Even operations of wind farms sold are usually still managed by the Energiekontor Group. It is also conceivable that this will be expanded by taking over operational management of external wind farms.

One of the focal areas in expanding the technological innovations area is the patented rotor blade extension process for existing wind turbines. Based on the successful development for a 1 MW wind turbine, additional promising turbine types will be adapted in the future. Based on the conversion of two 1.3 MW wind turbines in Portugal, the remaining 24 of 26 approved turbines are to be equipped with rotor blade extensions in the next few months. Moreover, market research and feasibility studies support the development of rotor blade extensions for additional turbine types. However, it is becoming increasingly difficult to equip new turbines with extended rotor blades in Germany because of regulatory height limits that apply to many locations and concerns of the financing banks.



The Portuguese and Spanish markets still appear to offer the largest implementation potential for rotor blade extensions, as these regions have more of the relevant wind turbines in place than Germany, where in most cases profitability of existing systems cannot be enhanced substantially by repowering. On the Iberian Peninsula, on the other hand, it is usually not profitable to replace existing turbines with more powerful ones, as in most cases the grid capacity required to feed in all electricity generated cannot be expanded. This means that income improvements can only be achieved through better utilisation of the wind farms, supported by technical optimisation such as rotor blade extension.

## Group-level

A sustainable and reliable regulatory environment for wind and solar power in our current target markets is essential for the further growth of the Group. The amendment to the EEG in Germany has created investment security until 2016. This should continue beyond 2017, as the current remuneration structure applies to all projects approved until the end of 2016 and implemented by the end of 2018. The management expects significant economic effects of the auctioning system as from 2018, for which Energiekontor is already preparing intensively today.

The situation in the UK has changed substantially. As explained above, it is unclear since the parliamentary elections in May 2015 to what extent onshore wind projects will receive support in the future. By concentrating on regions with very strong winds in Scotland, England and Wales, Energiekontor is already set to continue planning and constructing wind farms in the UK without subsidies on a market price basis (electricity exchange, PPAs).

Portugal is also facing further amendments that will increasingly involve direct marketing and tariff auctions – comparable to Germany and the UK. Thanks to many years of diversification of its activities across different countries, key regions and energy carriers as well as the portfolio of Group-owned wind farms, the Energiekontor Group has a solid base for continued success in coming years, despite changes in the regulatory environment and the downward feed-in tariff trend.

The continuation of the Group's integrated and proven structures and work processes such as flat hierarchies and cost-conscious management as well as the utilisation of diverse banks, financial instruments, turbine manufacturers, service providers and consultants contribute to the Group's sustainable and long-term future success. In addition, the strong liquidity position of the Group creates room for flexible actions in order to operate successfully in the market.

Wide-ranging project-pipelines have been established in recent years in order to generate stable and sustainable future company growth. In addition to regulatory uncertainty, project-specific or situation-specific issues can lead to delays, however – as has been the case in the past – with regard to permit approvals, financing of already approved projects and commissioning. The main risks and critical external factors are delays in permitting processes and in project implementation (e. g. for weather reasons, delays in supply or insufficient availability of erection devices). These types of external developments cannot be ruled out for the future either.

In the Solar division, in-house development and turnkey implementation of projects in Germany has considerably lost appeal in recent years due to decreasing feed-in tariffs and fixed module prices in the Far East because of punitive tariffs. The auctioning system will bring new opportunities in both Germany and the UK. Moreover, the management plans to expand the scope for the further implementation of PV projects by reviewing opportunities to take over project rights from third parties in the UK as well as in new markets such as France. The Group is also investigating the possibilities of working together with potential cooperation partners from within the industry.

The Power Generation in Group-owned Wind Farms segment is of crucial importance for the further growth path of the Energiekontor Group. Despite wind-related fluctuations in income, revenue generated in this segment is easier to forecast than revenue generated in project development. Income from the sale of energy is generally a stable foundation for liquidity planning in the Group. Even in times of economic difficulties, overall operations could be covered by such income. As a consequence, the portfolio of Group-owned wind farms is a strategic key element at Energiekontor AG. Surplus liquidity generated in the operations of Group-owned wind farms is to be steadily increased in coming years by expanding the existing portfolio of own facilities. Both the purchase of existing wind farms and the takeover of new development projects carry potential here.

The prerequisite in both cases is that the turbines can be operated profitably and sustainably in the long term. The decision to take over wind farms into the Group's own portfolio always depends on situational and project parameters.

The management's objective is to continue improving the basis for sustainable company growth by gradually increasing total output and Group EBIT in the coming years. The planned measures include intensifying the acquisition efforts in all planning areas (Germany, Solar, Repowering, UK), gaining a foothold in new foreign markets (other larger markets are also being investigated in addition to France and the Netherlands) and increasing efficiency by implementing commercial and technical optimisation measures, especially in the field of electricity generation in Group-owned wind farms and operational management. At the same time, headcount is to be gradually expanded in the key growth areas in a targeted fashion. Even though the growth process will not follow a straight line in the next few years due to policy changes and the conversion of the remuneration systems in all the relevant target markets, and income fluctuations cannot be ruled out either, Energiekontor is pursuing a growth strategy that enables the Company to gradually and sustainably reach its growth targets, thereby maintaining a solid financial basis.

All in all, the Management Board expects a positive business performance and net income in the 2016 financial year, at the AG level as well as for the Group. The course set in the last few years will also be adhered to in the 2016 financial year. The top objective is to maintain the income level of 2015 despite the imminent changes to the regulatory environment in Germany and the unclear remuneration situation in the UK or to even to achieve a slight improvement. The Group confirms that it has the relevant projects and potential needed to achieve these objectives. Risks are mainly related to potential project delays that could have a negative effect on commissioning and the sales of the projects planned for 2016.

Expectations for the individual segments can be summarised as follows:

Total output and EBIT of the Project Development and Sales (Wind, Solar) segment are to reach the previous year's level. This does not take account of potential earn-out proceeds from the 2013 sale of the last offshore project Borkum Riffgrund West II. In total and depending on the achievement of certain milestones (construction license, grid connection approval, financial close), Energiekontor is still entitled to earn-out proceeds of up to EUR 8 million that must be paid incrementally to the buyer of the project rights for this offshore wind farm.

Revenue and EBIT are expected to increase slightly compared to the previous year in the Power Generation in Group-owned Wind Farms segment, driven by the further expansion of the Group-owned wind farm portfolio. Furthermore, the British Gayton le Marsh wind farm that was added to the Group's own portfolio as of 31 December 2015 is for the first time included in the earnings of this segment on the basis of a full operating year.

The Operation Development, Innovation and Others segment is also expected to show a slight increase in revenue and EBIT. As the operational management remuneration is linked to the electricity production in all wind farms positive earnings effects of the planned portfolio expansion could however be offset by negative effects of a below-average wind year.



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## » CONSOLIDATED INCOME STATEMENT (IFRS)

1 January 2015 to 31 December 2015

EUR thousand	Item in the Notes Sec. V	2015	2014
<b>1. Revenue</b>	<b>(1.)</b>	<b>191,329</b>	<b>153,280</b>
2. Changes in inventories and other work performed and capitalised	(2.)	18,808	7,171
<b>3. Total output</b>		<b>210,137</b>	<b>160,451</b>
4. Other operating income	(3.)	1,574	3,569
<b>5. Total operating output</b>		<b>211,711</b>	<b>164,021</b>
6. Cost of raw materials and supplies and purchased services	(4.)	-116,590	-82,431
7. Personnel expenses	(5.)	-10,476	-10,043
8. Depreciation and amortisation	(6.)	-16,424	-14,183
9. Other operating expenses	(7.)	-18,553	-16,646
10. <i>Operating expenses</i>		-162,043	-123,303
<b>11. Operating profit (EBIT)</b>		<b>49,668</b>	<b>40,718</b>
12. Income from investments in associates		28	0
13. <i>Income from investments</i>		28	0
14. Interest and similar income		474	929
15. Interest and similar expenses		-20,508	-19,891
16. <i>Interest result</i>	(8.)	-20,035	-18,962
<b>17. Earnings from ordinary activities before tax (EBT)</b>		<b>29,662</b>	<b>21,756</b>
18. Income tax expense	(9.)	-8,751	-7,623
<b>19. Consolidated net income</b>		<b>20,911</b>	<b>14,132</b>
<b>Disclosure of earnings per share (EPS), in accordance with IAS 33*</b>	<b>(10.)</b>		
Undiluted number of shares (weighted)		14,632,849	14,659,939
<i>Diluted number of shares (weighted)</i>		14,632,849	14,659,939
Basic earnings per share		1.43	0.96
Diluted earnings per share		1.43	0.96

\* Dilution would occur if EPS were reduced through the issuance of potential shares, for example from option rights. Potential shares are only dilutive, however, if exercising them would lead to the issuance of shares below their average stock market price. As in the previous year, there was no dilutive effect on EPS in 2015.

## »» CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January 2015 to 31 December 2015

EUR thousand	2015	2014
<b>Consolidated net income</b>	<b>20,911</b>	<b>14,132</b>
<b>Unrealised losses from derivative financial instruments</b>		
Unrealised losses from derivative financial instruments (before taxes)	-2,880	-8,772
Reclassified to profit or loss (before taxes)	882	119
Deferred taxes on unrealised losses and reclassifications	596	2,584
Unrealised losses from derivative financial instruments (after taxes)	-1,402	-6,069
<b>Unrealised gains from available-for-sale financial assets</b>		
Unrealised gains (before taxes)	55	0
Taxes on unrealised gains and reclassifications	-16	0
Unrealised gains from available-for-sale financial assets (after taxes)	38	0
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-1,363</b>	<b>-6,069</b>
<b>Total comprehensive income</b>	<b>19,548</b>	<b>8,063</b>
Shares attributable to Energiekontor AG's shareholders	19,548	8,063

## » CONSOLIDATED BALANCE SHEET (IFRS) as of 31 December 2015

ASSETS	Item in the Notes Sec. VI	31.12.2015 EUR thousand	31.12.2014 EUR thousand
<b>A. Non-current assets</b>	<b>(1.)</b>		
I. Other intangible assets	(1.1.)	23	37
II. Property, plant and equipment			
1. Land, land improvements and buildings	(1.2.)	926	1,291
2. Plant and equipment (wind farms)	(1.3.)	222,745	185,867
3. Other equipment, operational and office equipment	(1.4.)	118	82
		223,789	187,241
III. Investments		53	71
IV. Receivables and other financial assets			
1. Receivables from associates	(3.)	32	216
2. Other receivables and financial assets	(4.)	38	45
		70	261
V. Income tax receivables		0	123
VI. Deferred tax assets	(5. and V.9.2)	8,327	7,577
<b>Total non-current assets</b>		<b>232,263</b>	<b>195,309</b>
<b>B. Current assets</b>			
I. Inventory	(6.)		
Unfinished goods and work in process		32,871	50,858
II. Receivables and other financial assets			
1. Accounts receivable	(7.)	16,932	23,781
2. Other receivables and financial assets	(8.)	1,192	3,412
		18,124	27,193
III. Income tax receivables	(9.)	1,624	204
IV. Securities		10,278	39
V. Cash and cash equivalents	(10.)	103,957	81,594
<b>Total current assets</b>		<b>166,855</b>	<b>159,889</b>
<b>Total assets</b>		<b>399,118</b>	<b>355,198</b>

EQUITY AND LIABILITIES	Item in the Notes Sec. VI	31.12.2015 EUR thousand	31.12.2014 EUR thousand
<b>A. Equity</b>	<b>(11.–17.)</b>		
I. Issued capital			
1. Issued capital	(11.)	14,653	14,653
2. Treasury shares (to be retired)	(12.)	-41	-4
		<u>14,612</u>	<u>14,649</u>
II. Capital reserves	(13.)	40,308	40,293
III. Other reserves (not affecting earnings)			
1. Foreign currency translation	(15.1.)	-61	-61
2. Fair value measurement (IAS 39)	(15.2.)	-8,691	-7,327
		<u>-8,751</u>	<u>-7,388</u>
IV. Retained earnings	(16.)		
1. Legal reserves		15	15
2. Other retained earnings		16,406	10,097
		<u>16,421</u>	<u>10,112</u>
V. Accumulated income	(17.)	-12,130	-17,511
<b>Total equity</b>		<b>50,460</b>	<b>40,154</b>
<b>B. Non-current liabilities</b>			
I. Other provisions	(18.)		
Provisions for decommissioning and restoration		12,861	11,033
II. Financial liabilities			
1. Bond capital	(19.)	105,077	93,316
2. Liabilities to financial institutions	(20.)	128,762	143,181
3. Liabilities to external limited partners	(21.)	1,637	1,637
4. Other financial liabilities	(22.)	13,423	11,002
		<u>248,898</u>	<u>249,136</u>
III. Other liabilities	(23.)	2,821	2,943
IV. Deferred tax liabilities		7,914	6,666
<b>Total non-current liabilities</b>		<b>272,495</b>	<b>269,778</b>
<b>C. Current liabilities</b>			
I. Provisions for taxes	(24.)	6,915	4,123
II. Other provisions	(25.)		
Misc. Other provisions		16,282	11,342
III. Financial liabilities			
1. Bond capital	(19.)	6,600	2,525
2. Liabilities to financial institutions	(20.)	25,271	16,641
		<u>31,871</u>	<u>19,166</u>
IV. Accounts payable		4,480	5,947
V. Other liabilities		16,492	4,564
VI. Income tax liabilities		123	124
<b>Total current liabilities</b>		<b>76,163</b>	<b>45,266</b>
<b>Total equity and liabilities</b>		<b>399,118</b>	<b>355,198</b>

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) 2015

EUR thousand	Share capital outstanding	Capital reserves	Foreign currency translation reserve
<b>as of 31.12.2013</b>	<b>14,676</b>	<b>40,278</b>	<b>-61</b>
<b>Appropriation of retained earnings</b>			
Allocations to retained earnings			
Dividend distribution			
Repurchase of treasury shares	-27		
Differences from stock option plan measurement		15	
Differences from fair value measurement			
Differences from deferred taxes on fair value measurement			
Consolidated net income			
<b>as of 31.12.2014</b>	<b>14,649</b>	<b>40,293</b>	<b>-61</b>
<b>Changes in 2015 financial year</b>			
Allocations to retained earnings			
Dividend distribution			
Repurchase of treasury shares/retirement	-37		
Differences from stock option plan measurement		15	
Differences from fair value measurement			
Differences from deferred taxes on fair value measurement			
Consolidated net income			
<b>as of 31.12.2015</b>	<b>14,612</b>	<b>40,308</b>	<b>-61</b>

1) From fair-value measurement of securities

2) From unrealised gains/losses of cash flow hedges



	Fair value reserve (available for sale) <sup>1)</sup>	Fair value reserve (cash flow hedges) <sup>2)</sup>	Retained earnings	Accumulated income	Total	Number of shares in thousand units
	0	-1,258	6,122	-20,159	39,597	14,676
			4,154	-4,154		
				-7,331	-7,331	
			-164		-191	-27
					15	
		-8,653			-8,653	
		2,584			2,584	
				14,132	14,132	
	0	-7,327	10,112	-17,511	40,154	14,649
			6,748	-6,748		
				-8,781	-8,781	
			-438		-475	-37
					15	
		-1,943			-1,943	
		579			579	
				20,911	20,911	
	0	-8,691	16,421	-12,130	50,460	14,612

## » CONSOLIDATED CASH FLOW STATEMENT

1 January to 31 December 2015 (IFRS)

EUR thousand	2015	2014
<b>1. Cash flow from operating activities *</b>		
Net income before interest and taxes	49,696	40,718
Non-cash expenses and income		
Write-downs on intangible assets and property, plant and equipment	16,424	12,463
Adjustment of non-cash currency losses	2,048	1,636
Non-cash measurement (write-downs on inventories)	2,591	0
Non-cash adjustments due to effective interest method taken to profit or loss	-1,527	-479
Gains/losses on disposals	120	-1,151
Other non-cash expenses/income in equity	15	15
<b>Operating profit before changes in net working capital</b>	<b>69,367</b>	<b>53,202</b>
Changes in net working capital		
Accounts receivable and other assets	8,755	2,930
Work in progress and transfer of wind farms to Group ownership	3,781	6,546
Accounts payable	-1,467	-2,161
Other current liabilities and provisions	16,868	-2,984
Other non-current liabilities and provisions	301	2,114
Income taxes paid	-6,180	-3,869
<b>Cash flow from operating activities</b>	<b>91,426</b>	<b>55,778</b>

\*Adjustment of previous year's figures

EUR thousand	2015	2014
<b>2. Cash flow from investing activities</b>		
Payments for investments in intangible assets	0	-12
Payments for investments in property, plant and equipment	-40,205	-20,149
Proceeds from sale of property, plant and equipment	300	5,062
Proceeds from sale of securities	0	1,332
Payments for purchase of securities	-10,184	0
Interest expense for the production of qualifying assets (IAS 23.8)	-1,432	-1,953
Interest received	474	929
<b>Cash flow from investing activities</b>	<b>-51,048</b>	<b>-14,792</b>
<b>3. Cash flow from financing activities *</b>		
Interest expenditure	-18,284	-17,938
Proceeds related to bonds	19,285	8,389
Payments related to bonds	-2,525	0
Proceeds from taking out loans	75,930	136,923
Payments for redeeming loans	-81,116	-149,021
Dividends paid	-8,781	-7,331
Payments for repurchase of treasury shares	-475	-191
<b>Payments for repurchase of treasury shares</b>	<b>-15,967</b>	<b>-29,168</b>
<b>4. Total cash flow</b>	<b>24,410</b>	<b>11,818</b>
Currency-related changes to cash and cash equivalents (valuation)	-2,048	-1,636
<b>5. Net change in cash and cash equivalents</b>	<b>22,362</b>	<b>10,182</b>
Cash and cash equivalents at beginning of period	81,594	71,413
<b>Cash and cash equivalents at end of period</b>	<b>103,957</b>	<b>81,594</b>
<b>6. Components of cash and cash equivalents</b>		
Cash	103,957	81,594
<b>Cash and cash equivalents at end of period</b>	<b>103,957</b>	<b>81,594</b>

\*Adjustment of previous year's figures

## Segment report 2015 (IFRS)

### 1. Principles of segment reporting

Based on the organisational and reporting structures at Energiekontor, business activities are organised in the business segments Project Development and Sales (Wind, Solar) (or, in short, Project Development and Sales), Power Generation in Group-owned Wind Farms (or, in short, Power Generation) and Operation Development, Innovation and Others (or, in short, Others) since the start of the year.

The allocation to these segments depends on the different product groups on offer.

As project activities with regard to offshore wind farms have largely been terminated, the Project Development and Sales Offshore segment (or, in short, Offshore Projects) is no longer presented separately, but from now on included in the Project Development and Sales (Wind, Solar) segment.

The commercial and technical operational management services offered are reported in the Operation Development, Innovation and Others segment, as are services in connection with repowering of third-party wind farms.

Financial information derived from the internal control system is reported separately for these Group units to the Management Board, who regularly reviews this information to be able to assess the business performance and decides on the allocation of resources.

As the data reported regularly to the management is compiled using pre-tax data (up to the EBT level), the income statements at segment level do not include expenses and income from income taxes.

The fair values of interest hedging instruments (interest swaps) that are based on mathematical simulation models and take into account forecasts of currency and interest developments are purely arithmetic and are not shown in segment reporting as they are not relevant to Company management and segment reporting.

### 2. Group segments

#### a) Project Development and Sales (Wind, Solar)

The Project Development and Sales (Wind, Solar) segment includes all stages of the value chain that finally lead to the sale of wind farms and solar parks developed by the Group itself, i.e. the development, project development, realisation

and sale of wind farms and solar parks in Germany, the UK and Portugal as well as the sale of shares in operating companies founded by the Group and repowering of Group-owned wind turbines. Usually wind farms and solar parks are sold in the way that a separate company is incorporated for each farm or park as a German GmbH & Co. KG (limited partnership with a limited liability company as sole general partner), which enters into all legal relationships required to construct and operate the farm or park (farm or park operator).

The sale of the wind farm or solar park by the Group is then effected via the sale of shares in the corresponding limited partnership.

All services rendered by Group companies in connection with the project development and sale of solar parks or onshore wind farms are also included in this segment. Specifically, this refers to the services that are required for the construction and sale of projects in connection with economic planning and the contractual and legal implementation, project management, company management in the foundation phase, sales and marketing measures and the procurement of own and external funds for the wind farm operators.

Since these services are directly related to the sale of the wind farm or solar park and are therefore an inseparable element of the project development and sales stage of the value chain, the management always assesses these services in connection with the construction and sale of the corresponding wind farm or solar park.

As such, these services do not constitute an independent operating segment in terms of IFRS 8, the financial information of which must be reported separately from the construction and sale and reviewed and assessed separately by the chief operating decision makers with regard to business performance criteria.

#### Power Generation in Group-owned Wind Farms

In recent years, more and more shares in wind farm operators have not been sold to third parties, but remain in the Group to secure reliable income from these wind farms in the long term. In addition to self-constructed wind farms, third-party facilities are also acquired to expand the wind farm portfolio. The corresponding Power Generation segment now includes the generation of energy in Group-owned wind farms and the sale of electricity to regional energy suppliers.

### Operation Development, Innovation and Others

This segment includes all services rendered after the wind farms and solar parks are completed that aim to optimise the operating profit margin as from the time of commissioning. This comprises, in particular, technical and commercial operational management as well as services in connection with the replacement of facilities for power generation with new and more efficient facilities (repowering), measures to reduce costs, extend the service life (e.g. by way of preventive maintenance) and increase earnings (e.g. by direct marketing of electricity, rotor blade extension, etc.).

### 3. Transfers between segments

There are regular transfers between the individual segments of the Group. These transactions between segments, which are regularly invoiced and recognised at general market prices, are consolidated and fully eliminated in Group accounting.

#### 3.1 Transfers between Project Development and Sales (Wind, Solar) and Power Generation

Transfers between the Project Development and Sales (Wind, Solar) and the Power Generation in Group-owned Wind Farms segments refer to wind farms that are developed and constructed without being sold to third parties but, instead, to a Group subsidiary that uses the wind farm to generate and sell energy in the long term. The actual acquisition cost is recognised and depreciated at the level of the separate financial statements.

At the level of the consolidated financial statements, the profits of the involved Group companies pertaining to the construction price and the other fees are fully eliminated, so that only the production costs are capitalised and depreciated in the consolidated financial statements.

As the internally generated hidden reserves in wind farms (difference between fair values and carrying amounts) may not be recognised in the consolidated financial statements, they have to be eliminated again for Group accounting purposes. The segment report only contains the figures that were adjusted accordingly.

#### 3.2. Transfers between Operation Development, Innovation and Others and Power Generation

Transfers between the Operation Development, Innovation and Others and the Power Generation in Group-owned Wind Farms segments refer to optimisation and innovation services as well as commercial and technical operational management services rendered by Group subsidiaries to wind farm operators.

Income and expenses recognised in the relevant segments are also eliminated in the scope of reconciliation to Group income in the Reconciliation and consolidation item.

### 4. Reconciliation of segment assets and liabilities

Segment assets and liabilities that are broken down in the following segment report relate to gross assets and liabilities as follows:

in EUR thousand	2015	2014
Gross assets as per the balance sheet	399,118	355,198
Deferred and current tax assets	-9,952	-7,905
<b>Segment assets</b>	<b>389,166</b>	<b>347,294</b>
Gross liabilities as per the balance sheet	348,657	315,044
Neutralisation of cash flow hedges from wind farm financing (interest and interest/currency hedges)	-12,439	-10,442
Deferred and current tax liabilities	-14,952	-10,913
<b>Segment liabilities</b>	<b>321,267</b>	<b>293,689</b>
Gross net assets as per the balance sheet	50,460	40,154
Neutralisation of cash flow hedges from wind farm financing (interest and interest/currency hedges)	12,439	10,442
Deferred and current net taxes	5,000	3,009
<b>Net segment assets</b>	<b>67,899</b>	<b>53,604</b>

The figures pertaining to assets and liabilities allocated to the segments were also adjusted for tax items as adjusted in internal reporting and the mathematical fair values of cash flow hedges.

Where bank balances and liabilities eligible for netting were netted in the previous year and are attributable to the Power Generation segment, the prior-year figure has been adjusted accordingly.

## 5. Income statement by segment

in EUR thousand	Onshore Project Development and Sales (Wind, Solar)		Offshore Project Development and Sales (Wind) (until 2014)		Power Generation in Group-owned Wind Farms	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
Revenue	132,936	101,481	0	4,000	55,260	45,244
Revenue with other segments	0	0	0	0	129	128
<b>Total revenue</b>	<b>132,936</b>	<b>101,481</b>	<b>0</b>	<b>4,000</b>	<b>55,389</b>	<b>45,372</b>
Changes in inventories and other work performed and capitalised	18,831	7,448	0	-576	-6	7
<b>Total output</b>	<b>151,767</b>	<b>108,929</b>	<b>0</b>	<b>3,424</b>	<b>55,383</b>	<b>45,379</b>
Other operating income	506	270	0	0	1,057	3,300
<b>Total operating output</b>	<b>152,273</b>	<b>109,199</b>	<b>0</b>	<b>3,424</b>	<b>56,440</b>	<b>48,678</b>
Cost of raw materials and supplies and purchased services	-115,991	-80,954	0	-1,318	0	0
Personnel expenses	-8,897	-8,235	0	-469	-652	-594
Other operating expenses	-6,040	-5,386	0	-224	-13,712	-11,706
<b>EBITDA</b>	<b>21,345</b>	<b>14,624</b>	<b>0</b>	<b>1,414</b>	<b>42,077</b>	<b>36,378</b>
Depreciation and amortisation of intangible assets and property, plant and equipment	-52	-66	0	0	-16,360	-14,108
<b>EBIT</b>	<b>21,293</b>	<b>14,558</b>	<b>0</b>	<b>1,414</b>	<b>25,717</b>	<b>22,270</b>
Income from investments	0	0	0	0	0	0
Interest and similar income	465	913	0	0	7	13
Interest and similar expenses	-5,684	-7,100	0	-191	-14,801	-12,575
<b>EBT</b>	<b>16,075</b>	<b>8,370</b>	<b>0</b>	<b>1,223</b>	<b>10,923</b>	<b>9,709</b>

Operation Development, Innovation and Others		Total before reconciliation/ consolidation		Reconciliation		Energiekontor Group	
2015	2014	2015	2014	2015	2014	2015	2014
3,133	2,555	191,329	153,280	0	0	191,329	153,280
2,154	1,869	2,283	1,998	-2,283	-1,998	0	0
<b>5,287</b>	<b>4,425</b>	<b>193,612</b>	<b>155,277</b>	<b>-2,283</b>	<b>-1,998</b>	<b>191,329</b>	<b>153,280</b>
-17	292	18,808	7,171	0	0	18,808	7,171
<b>5,269</b>	<b>4,717</b>	<b>212,420</b>	<b>162,449</b>	<b>-2,283</b>	<b>-1,998</b>	<b>210,137</b>	<b>160,451</b>
11	0	1,574	3,569	0	0	1,574	3,569
<b>5,281</b>	<b>4,717</b>	<b>213,994</b>	<b>166,018</b>	<b>-2,283</b>	<b>-1,998</b>	<b>211,711</b>	<b>164,021</b>
-599	-159	-116,590	-82,431	0	0	-116,590	-82,431
-927	-744	-10,476	-10,043	0	0	-10,476	-10,043
-1,084	-1,328	-20,836	-18,644	2,283	1,998	-18,553	-16,646
<b>2,670</b>	<b>2,486</b>	<b>66,092</b>	<b>54,901</b>	<b>0</b>	<b>0</b>	<b>66,092</b>	<b>54,901</b>
-12	-9	-16,424	-14,183	0	0	-16,424	-14,183
<b>2,658</b>	<b>2,477</b>	<b>49,668</b>	<b>40,718</b>	<b>0</b>	<b>0</b>	<b>49,668</b>	<b>40,718</b>
28	0	28	0	0	0	28	0
2	2	474	929	0	0	474	929
-24	-25	-20,508	-19,891	0	0	-20,508	-19,891
<b>2,665</b>	<b>2,454</b>	<b>29,662</b>	<b>21,756</b>	<b>0</b>	<b>0</b>	<b>29,662</b>	<b>21,756</b>

## 6. Assets by segment

in EUR thousand	Onshore Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms		Operation Development, Innovation and Others	
	2015	2014	2015	2014	2015	2014
<b>SEGMENT ASSETS</b>						
<b>Non-current segment assets</b>						
Other intangible assets	23	37	0	0	0	0
Property, plant and equipment						
Land, land improvements and buildings	0	0	693	738	233	554
Plant and equipment (wind farms)	0	0	222,745	185,867	0	0
Other equipment, operational and office equipment	117	80	1	2	0	0
Investments	53	71	0	0	0	0
Receivables and financial assets	47	37	23	224	0	0
<b>Total non-current segment assets</b>	<b>240</b>	<b>224</b>	<b>223,462</b>	<b>186,831</b>	<b>233</b>	<b>554</b>
<b>Current segment assets</b>						
Inventory	32,365	50,329	122	127	385	402
Receivables and financial assets	2,576	14,168	14,947	12,906	601	120
Securities classified as current assets	10,278	7	0	32	0	0
Cash and cash equivalents	99,979	71,601	3,711	8,618	267	1,375
<b>Total current segment assets</b>	<b>145,198</b>	<b>136,104</b>	<b>18,780</b>	<b>21,683</b>	<b>1,253</b>	<b>1,897</b>
<b>Total segment assets</b>	<b>145,438</b>	<b>136,329</b>	<b>242,242</b>	<b>208,515</b>	<b>1,486</b>	<b>2,450</b>



**Energiekontor Group**

	2015	2014
	23	37
	926	1,291
	222,745	185,867
	118	82
	53	71
	70	261
	<b>223,935</b>	<b>187,609</b>
	32,871	50,858
	18,124	27,193
	10,278	39
	103,957	81,594
	<b>165,231</b>	<b>159,685</b>
	<b>389,166</b>	<b>347,294</b>

## 7. Liabilities and net assets by segment

in EUR thousand	Onshore Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms		Operation Development, Innovation and Others	
	2015	2014	2015	2014	2015	2014
<b>SEGMENT LIABILITIES</b>						
<b>Non-current segment liabilities</b>						
Provisions for decommissioning and restoration	0	0	12,861	11,033	0	0
Financial liabilities	35,147	58,461	199,441	177,964	234	633
Liabilities to external limited partners	0	0	1,637	1,637	0	0
Other liabilities	0	0	2,821	2,943	0	0
<b>Total non-current segment liabilities</b>	<b>35,147</b>	<b>58,461</b>	<b>216,760</b>	<b>193,576</b>	<b>234</b>	<b>633</b>
<b>Current segment liabilities</b>						
Provisions	14,728	9,997	1,533	1,341	22	4
Financial liabilities	16,991	8,310	14,880	10,854	0	2
Liabilities to external limited partners	3,692	5,222	774	651	14	74
Other liabilities	16,492	4,564	0	0	0	0
<b>Total current segment liabilities</b>	<b>51,902</b>	<b>28,093</b>	<b>17,186</b>	<b>12,845</b>	<b>36</b>	<b>80</b>
<b>Total segment liabilities</b>	<b>87,050</b>	<b>86,555</b>	<b>233,946</b>	<b>206,422</b>	<b>270</b>	<b>713</b>
<b>Net segment assets</b>	<b>58,388</b>	<b>49,774</b>	<b>8,296</b>	<b>2,093</b>	<b>1,216</b>	<b>1,737</b>

## 8. Capital expenditure by segment

in EUR thousand	Onshore Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms		Operation Development, Innovation and Others	
	2015	2014	2015	2014	2015	2014
<b>SEGMENT CAPITAL EXPENDITURE</b>						
<b>Segment capital expenditure</b>	<b>98</b>	<b>57</b>	<b>53,524</b>	<b>24,167</b>	<b>24</b>	<b>566</b>

**Energiekontor Group**

2015	2014
12,861	11,033
234,823	237,058
1,637	1,637
2,821	2,943
<b>252,141</b>	<b>252,671</b>
16,282	11,342
31,871	19,166
4,480	5,947
16,492	4,564
<b>69,125</b>	<b>41,019</b>
<b>321,267</b>	<b>293,689</b>
<b>67,899</b>	<b>53,604</b>

**Energiekontor Group**

2015	2014
<b>53,647</b>	<b>24,790</b>

## 9. Additional geographical information

The Group does not prepare geographical segment reporting.

The buyers of the domestic and foreign wind farms and solar parks realised by the Company all are German companies, even if the wind farms are located abroad; therefore, no geographical information is disclosed with regard to the Project Development and Sales (Wind, Solar) segment.

Likewise, the operational management services allocated to the Other operating segments are all rendered in Germany.

Additional information on geographical segments is only relevant in the Power Generation segment, as this segment deals with foreign markets in that the Group earns electricity income from Portuguese utilities as well as British electricity buyers.

Therefore, electricity income is broken down in accordance with the wind farm location as follows:

in EUR thousand	2015	2014
<b>Country where the wind farm is located</b>		
Germany	26,008	20,219
Portugal	7,820	8,013
UK	21,432	17,012
<b>Total electricity income</b>	<b>55,260</b>	<b>45,244</b>

The carrying amounts of property, plant and equipment are broken down to geographical regions as follows:

in EUR thousand	2015	2014
<b>Country where the wind farm is located</b>		
Germany	98,767	92,662
Portugal	23,630	26,040
UK	100,348	67,165
<b>Carrying amounts of the wind farms</b>	<b>222,745</b>	<b>185,867</b>



# SEPARATE FINANCIAL STATEMENTS OF THE AG (GERMAN GAAP: HGB)

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Balance sheet

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Profit and  
loss statement

## BALANCE SHEET (HGB)

as of 31 December 2015

ASSETS	Item in the Notes for the AG, Sec. III.	31.12.15 EUR	31.12.14 EUR thousand
<b>A. Fixed assets</b>	<b>(1.)</b>		
I. Intangible assets			
Purchased concessions, patents, licenses, trademarks and similar rights and assets	(1.1.)	23,461	37
II. Tangible assets			
Fixtures, fittings, tool and equipment	(1.2.)	112,046	71
III. Financial assets	(1.3.)		
1. Shares in affiliated companies	(1.3.1.)	40,344,235	29,928
2. Loans to affiliated companies	(1.3.2.)	7,883,439	21,082
3. Investments		84,594	93
		<b>48,312,268</b>	<b>51,102</b>
<b>B. Current assets</b>	<b>(2.)</b>		
I. Inventories	(2.1.)		
1. Unfinished goods and work in process		11,395,714	9,177
2. Payments received on account		-40,000	-273
		<b>11,355,714</b>	<b>8,904</b>
II. Payments received on account	(2.2.)		
1. Trade receivables		963,859	7,514
2. Receivables from affiliated companies		22,815,440	12,678
3. Other assets		281,108	1,405
		<b>24,060,407</b>	<b>21,596</b>
III. Securities			
Other securities		10,223,871	7
IV. Cash in hand and bank balances	(2.3.)	62,042,589	48,371
<b>C. Prepaid expenses</b>	<b>(2.4.)</b>	<b>29,972</b>	<b>24</b>
<b>Total assets</b>		<b>156,160,327</b>	<b>130,111</b>

LIABILITIES	Item in the Notes for the AG, Sec. III.	31.12.15 EUR	31.12.14 EUR thousand
<b>A. Equity</b>	<b>(3.)</b>		
I. Issued capital			
1. Subscribed capital	(3.1.)	14,653,160	14,653
2. Nominal amounts/arithmetic value for retirement of purchased shares	(3.2.)	-40,920	-4
		<u>14,612,240</u>	<u>14,649</u>
II. Capital reserves	(3.5.)	41,237,445	41,237
III. Retained earnings	(3.6.)		
1. Statutory reserve		15,000	15
2. Other retained earnings		15,924,821	9,615
		<u>15,939,821</u>	<u>9,630</u>
IV. Net income	(3.7.)	11,722,528	8,792
<b>Total equity</b>		<b>83,512,034</b>	<b>74,308</b>
<b>B. Provisions</b>	<b>(4.)</b>		
1. Provisions for taxes		6,484,487	2,635
2. Other provisions		4,708,610	4,225
		<u>11,193,097</u>	<u>6,860</u>
<b>C. Liabilities</b>	<b>(5.,6.,7.)</b>		
1. Bonds		27,530,000	21,600
2. Liabilities to banks		6,439	3,275
3. Trade payables		1,004,350	1,758
4. Liabilities to affiliated companies		13,817,665	11,622
5. Other liabilities		11,922,379	4,838
		<u>54,280,833</u>	<u>43,093</u>
<b>D. Deferred tax liabilities</b>	<b>(8.)</b>	7,174,363	5,850
<b>Total liabilities</b>		<b>156,160,327</b>	<b>130,111</b>

## PROFIT AND LOSS STATEMENT (HGB)

1 January 2015 to 31 December 2015

	Item in the Notes for the AG, Sec. IV.	2015 EUR	2014 EUR thousand
1. Revenue	(1.)	29,056,398	24,381
2. Increase in inventories of finished goods and work in progress		2,218,436	1,512
3. Total output		31,274,834	25,894
4. Other operating income	(2.)	286,461	3,819
5. Cost of materials	(3.)		
Expenses for purchased services		5,317,655	5,851
6. Gross result		26,243,640	23,862
7. Personnel expenses			
a) Wages and salaries		7,991,327	7,277
b) Social security, pension and other benefits <i>of which EUR 91,960.00 (previous year: EUR 80 thousand)     relating to pensions</i>		1,176,689	1,021
		9,168,017	8,298
8. Depreciation and amortisation			
Depreciation and amortisation of intangible and tangible assets		48,391	61
9. Other operating expenses	(4.)	4,866,904	3,747
10. Income from investments <i>of which EUR 534 (previous year: EUR 0 thousand)     from affiliated companies</i>		533,967	0
11. Income from profit and loss transfer agreements with affiliated companies	(5.)	15,338,101	7,253
12. Income from other long-term securities and loans <i>of which EUR 728.082 (previous year: EUR 799 thousand)     from affiliated companies</i>	(6.)	728,082	799
13. Interest and similar income <i>of which EUR 55.972 (previous year: EUR 135 thousand)     from affiliated companies</i>	(8.)	550,218	952
14. Depreciation and amortisation of financial assets and securities classified as current assets	(7.)	0	919
15. Interest and similar expenses <i>of which EUR 116,430 (previous year: EUR 164 thousand)     to affiliated companies</i>	(8.)	1,695,977	1,852
16. Net operating income		27,614,719	17,990
17. Tax on profit	(9.)	9,154,307	5,102
18. Profit or loss for the year		18,460,413	12,887
19. Profit carried forward			
a) Profit carried forward before appropriation		8,791,896	7,389
b) Dividend payments		-8,781,455	-7,331
		10,441	58
20. Allocations to retained earnings		-6,748,325	-4,154
21. Net income		11,722,528	8,792



## »» LEGAL INFORMATION

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### Note on pro-forma key figures (EBIT, EBITDA, cash flow)

The EBIT and EBITDA figures used in this report as well as the cash flow figures are examples of so-called pro-forma key figures. Pro-forma key figures are not governed by national accounting rules, the German Commercial Code (HGB) or the international financial reporting requirements pursuant to the International Financial Reporting Standards (IFRS). As this terminology is not legally defined, other companies may not calculate pro-forma key figures in the same way as the Energiekontor Group; therefore, the Energiekontor Group's pro-forma key figures are only comparable to a limited extent with such or similarly named information from other companies. The pro-forma key figures stated in the Annual Report should, therefore, not be considered in isolation or as an alternative to operating profit, net income, consolidated net income or other Energiekontor Group figures presented in the financial statements.

### Forward-looking statements

This report contains forward-looking statements. These statements are not historical facts and include information regarding the expectations and opinions of Energiekontor AG's management. The statements are based on current plans, assessments and forecasts by the Company's management. Investors are advised not to place undue reliance on these statements. Forward-looking statements must be understood in connection with the context at the time they were written. The Company is under no obligation to update the forward-looking statements in this report based on new information or future events. The Company's obligation to comply with the statutory duty to inform and report remains unaffected. Forward-looking statements always contain risks and uncertainty. Due to a multitude of factors, actual occurrences may differ significantly from the forward-looking statements contained in this report.

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