ENCAVIS

Half-Year Report

2019

Foreword from the Management Board

Dear Shareholders,
Ladies and Gentlemen,

In the first half of 2019, we at the Encavis Group were able to achieve the targets set with regard to operating KPIs – and in some cases even exceed them. We managed to once again increase revenue, generating a total of EUR 143.9 million. This represents an increase of some 17 % compared to the previous year. The increase is due to both the favourable meteorological conditions – primarily the high levels of sunshine in Germany and Italy – as well as the expansion of our portfolio during the reporting period. As of 30 June 2019, our portfolio comprised 175 solar parks and 69 wind parks in ten European countries and has a generation capacity of some 2 gigawatts (GW). Therefore, Encavis AG is already the largest independent and publicly traded electricity producers in the field of renewable energies in Europe.

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 29 % to approximately EUR 120.8 million. Operating earnings before interest and taxes (EBIT) came to EUR 78.2 million – an increase of 35 % compared to the previous year. Due to a delayed tax payment that was actually expected in the previous year as well as a delayed payment which was received by our Italian parks shortly after the end of the first half-year, the cash flow from operating activities decreased by approximately 2 % to some EUR 76.4 million. Delayed payments of feed-in tariffs for Italian solar parks received shortly after the end of the first half of the year had a negative impact on the cash flow from operating activities as well as a tax payment on capital gains. In the previous year, this tax payment was not made in the first quarter, but already in the fourth quarter of 2017.

During the reporting period, we also paved the way for further growth: for example, we took a decisive step with regard to our major project, the Talayuela solar park in Spain. We now have all necessary approvals so that construction of the installation on the grounds, covering an area of around 790 hectares, can begin. Following completion, which is scheduled for the end of 2020, the park will have a total generation capacity of 300 megawatts (MW). This makes it not only the largest solar park in the history of our company, but also one of the largest in Europe. From the first full year of operation, the installation will thus provide a revenue contribution of around EUR 25 million annually. A private power purchase agreement (PPA) forms the basis of this contribution. In this regard, we were able to advance contract negotiations with a very well-known buyer to a stage where they were ready to make a decision. At the same time, we will of course also continue to expand our current core business with renewable energy installations that sell the energy produced at rates of remuneration guaranteed by governments.

In order to increase the necessary financing strength of Encavis AG using our own means, we sold a 49 % respective shareholding in four wind parks in Germany on 28 May 2019, thereby realising an increase in value through significant accounting profits. The purchaser was a special fund managed in Luxembourg of an institutional client of our subsidiary Encavis Asset Management AG. This transaction resulted in cash inflows of approximately EUR 24 million, which we can use to finance new projects. Furthermore, the financing strength of the Group for future investments was further increased through loans in a volume of EUR 105 million at very favourable interest conditions with terms of up to 15 years.

Another strategic measure is the investment in the Italian service provider Stern Energy S.p.A., which specialises rather successfully in the technical operation of solar installations with a current generation capacity of around 500 MW in select markets throughout Europe. The company already operates a few solar parks from our portfolio in Italy and the United Kingdom. With this transaction, we are continuing expansion in the field of technical services. Shareholding in this entity currently amounts to 30 %.

The positive development within the Encavis Group is also reflected in the share price. Since the beginning of the year, it has climbed relatively steadily by around 27 % from EUR 5.49 on 2 January 2019 to a high point of EUR 7.82 on 26 August 2019, a level which had not been reached since December 2015.

Honoured Shareholders, when going about our daily business, we always have the goal in mind of making “our Encavis AG” a little bit better each and every day. We are making very good progress in this regard. Due to the continued positive meteorological conditions in the first half of 2019, we are once again raising our guidance from end of May 2019, which was only recently adjusted upward. For the current financial year, we now expect an increase in revenue to more than EUR 270 million (previously EUR 260 million) as well as an increase of the operating EBITDA to more than EUR 218 million, rather than the previous forecast of more than EUR 210 million. On a Group level, we expect an increase in operating EBIT to more than EUR 132 million, rather than the previously announced EUR 125 million. We expect to be able to achieve cash flow from operating activities of more than EUR 198 million (previous forecast: more than

EUR 190 million). This means that the forecast for the operating earnings per share (EPS) for 2019 as a whole has increased from EUR 0.40 to now EUR 0.42. Based on the original guidance for 2019 of EUR 0.35 published in the 2018 annual report, we have therefore adjusted our guidance upward by 20 %.

Ladies and Gentlemen, Encavis AG continues to undergo successful development, and we would be pleased if you accompany us as shareholders on this path in future as well.

Hamburg, August 2019

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

Dr Dierk Paskert
Chief Executive Officer (CEO)

Dr Christoph Husmann
Chief Financial Officer (CFO)

Group operating KPIs*

In EUR million	01.01.–30.06.2019	01.01.–30.06.2018
Revenue	143.9	122.8
Operating EBITDA	120.8	94.0
Operating EBIT	78.2	57.8
Operating EBT	50.4	31.2
Operating EAT	43.3	27.8
Cashflow from operating activities	76.4	78.3
Earnings per share (undiluted, in EUR)	0.30	0.19
	30.06.2019	**31.12.2018**
Equity	677	687
Liabilities	2,065	1,962
Balance sheet total	2,742	2,649
Equity ratio in %	24.7	25.9

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

Note on the quarterly figures

The accounting policies applied are the same as those used for the last year-end consolidated financial statements. We published a detailed description of the methods applied in the notes to this semi-annual financial report. Additionally, the Group has applied IFRS 16 – Leases since 1 January 2019. This conversion led to a significant increase in total assets due to the capitalisation of rights of use as well as the recognition of lease liabilities as liabilities. At the time of initial application, the equity ratio decreased accordingly by around one percentage point. Depreciation and amortisation as well as interest expenses are recognised for the first half of 2019, rather than ongoing lease expenses as before. This results in a reduction in other expenses and a burden on depreciation and amortisation as well as the financial result. There is also a positive effect on the operating cash flow, while the cash flow from financing activities is reduced due to the recognised interest and principal payments. Further detailed information on the effect from the first-time application of IFRS 16 can be found in the notes to this semi-annual financial report.

Contents

The Encavis share

Share's key figures

Listed since	28.07.1998
Subscribed capital	131,498,147 EUR
Number of shares	131.50
Stock exchange segment	Prime Standard
Dividend 2016 per share	0.20 EUR
Dividend 2017 per share	0.22 EUR
Dividend 2018 per share	0.24 EUR
52-week high	7.82 EUR
52-week low	4.98 EUR
Share price (26 August 2019)	7.82 EUR
Market capitalisation (26 August 2019)	1,028.32 Mio. EUR
Indexes	SDAX, HASPAX, PPVX, Solar Energy Stock Index
Trading centres	Xetra, Frankfurt am Main, Hamburg
ISIN	DE 0006095003
Designated sponsor	Oddo Seydler Bank AG, HSBC Trinkhaus & Burkhardt AG
Payment office	DZ BANK

Share prices were volatile but positive on the markets during the first half of 2019

German stock markets started 2019 with a share price rally. In January, the DAX, the primary German index, recorded significant price increases. The DAX closed at 12,417 points on 28 June 2019, the last trading day of the first half-year, thus closing at around 17.4 % higher than the last trading day of 2018. This positive development was interrupted by occasional price drops in the second half of March and in May, so share prices were very volatile. Development in the SDAX small-cap index, where the Encavis share is listed, followed a similar path. Compared to the close on 28 December 2018, the SDAX increased by 19.7 % and ended the first half of 2019 at 11,377 points. The MDAX grew in the same period as well by some 18.7 % and the ÖKODAX closed 21.8 % higher.

In particular the continued low interest rates had a favourable effect on the clearly positive development on the German stock markets, with interest rates for ten-year German government bonds at –0.3 %, the lowest rate ever. At the same time, concerns grew about a recession in Germany. As in the second half of 2018, many companies corrected their earnings and revenue forecasts downward in the first half of 2019. In May 2019, the EU Commission lowered its growth forecast for GDP to 1.2 % in the eurozone and a mere 0.5 % for Germany. International trade conflicts are still smouldering that could have a negative impact on economic development.

Capital markets in other major economies also recorded stock price increases in the first six months of 2019. The Dow Jones in the United States closed on 28 June 2019 with a plus of 15.3 % compared to the final trading day of 2018. During the same period, stocks in the United Kingdom in the FTSE 100 Index gained some 10.4 %, with the lower increase being primarily due to risks associated with Brexit. The MSCI Emerging Markets Index followed a similar course, closing the first half-year with an increase of around 9.2 %. On the other hand, shares on the Chinese stock market rose by 27.1 % and developed most dynamically in spite of weaker growth rates of GDP.

The Encavis share soars

The Encavis share underwent very positive development in the first half of 2019. In a market environment where prices were rising in general, the Encavis share recorded price gains of some 25 % and therefore outperformed the German DAX, MDAX, SDAX and ÖKODAX indexes. Following a difficult market year in 2018, the Encavis share began 2019 at a price of EUR 5.46. As part of the share rally on the stock markets, the price increased to EUR 6.69 per share by mid April. The share then relinquished a portion of this increase in the following weeks, dropping to EUR 6.05 at the end of May. However, the share quickly recovered and reached its high mark for the first half of 2019 on 25 June at EUR 6.89. On 28 June, the final trade date of the reporting period, the Encavis share closed at EUR 6.86. This development was supported by a series of positive news from business operations: this included the acquisition of further solar and wind parks for the company's own portfolio as well as for the portfolios of various institutional clients. The interim reports for the first quarter were so good that they exceeded our own expectations. The announcements about raising the dividend and the guidance for the year as a whole and receiving an investment-grade issuer rating from Scope Ratings were also met with a positive response.

Shortly after the end of the reporting period on 3 July, the share cracked EUR 7.00 for the first time, and has been above that level since. At the close of trading on 26 August, the share reached a price of EUR 7.82.

Market capitalisation increases, trading volume also increases greatly

Encavis's market capitalisation on 28 June 2019 was some EUR 902 million (28 December 2018: EUR 712 million). There were 131,498,147 shares at the end of the reporting period. Compared to the first quarter of 2019, the liquidity of the share increased from 70,999 shares on the XETRA electronic trading platform to an average of 110,782 shares in the second quarter of 2019. Current (26 August 2019) market capitalisation amounts to more than EUR 1,000 million and the average daily trading volume, calculated over the last 12 months, is approximately 167,000 shares. If calculations of the average trading volume (XETRA) are based on the last two months of July and August 2019, the average daily trading volume comes to some 229,441 shares (1 July to 26 August 2019).

Coverage – Encavis share evaluated once again predominantly as a "buy"

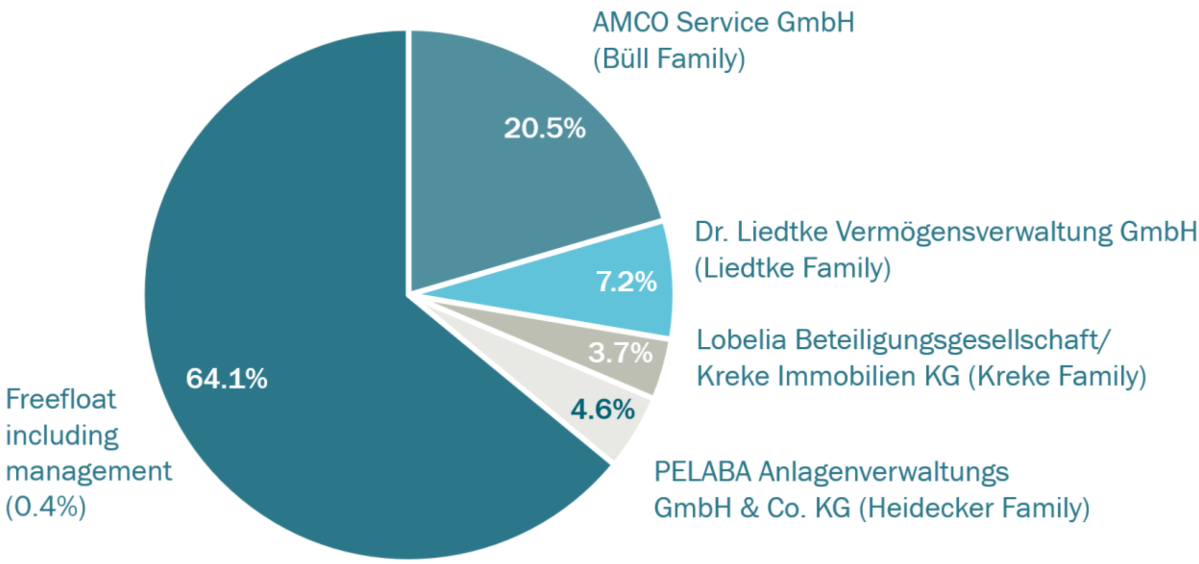
In the first half of 2019, a total of eight financial institutions and analysts published research reports on the Encavis AG share. The seven institution of Baader Bank, Bankhaus Lampe, Berenberg Equity Research, DZ BANK, M.M. Warburg & Co., Quirin Privatbank Equity Research and ODDO BHF recommend the share as a "buy" or "outperform" in their reports. Commerzbank evaluated it as a "hold". On average, the analysts indicated a share price target of EUR 7.78, with targets of individual institutions ranging from EUR 6.60 to EUR 8.80.

Encavis AG publishes the latest target share prices issued by analysts in the Investor Relations section of its website under "Research".

Stable shareholder structure with high level of free float ensures trading liquidity

Encavis AG's shareholder structure did not change significantly in the first half of 2019. At 64 %, free float is still at a high level, thereby ensuring the liquidity of trading of the share. There were hardly any changes amongst the major shareholders. AMCO Service GmbH of the Büll family of entrepreneurs increased its shareholding slightly by 0.3 percentage points to 20.5 %, while Lobelia Beteiligungsgesellschaft/Kreke Immobilien KG of the Kreke family also purchased shares and now holds 3.7 % (+0.1 percentage points).

As of August 2019, the shareholdings in Encavis AG broke down as follows:



Ordinary shareholders' meeting confirms shareholders' trust in Encavis AG

Encavis AG's annual shareholders' meeting was held in Hamburg on 15 May 2019. The shareholders and shareholder representatives in attendance represented around 56 % of the share capital, The shareholders approved all of the items on the agenda by large majorities.

In particular, at the Annual General Meeting, the shareholders and their representatives approved with a significant majority the recommendation of the Management Board to pay out a share dividend from a portion of net earnings from the 2018 financial year. This was increased to EUR 0.24 per share. As in previous years, the shareholders were able to choose between having their dividend paid out as a cash dividend or a dividend in kind in the form of shares in Encavis AG.

Information on the annual shareholders' meetings of Encavis AG can be found in the Investor Relations section of the company website under "Annual shareholders' meeting".

Questions and information

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

Encavis AG has also been actively using social media such as Twitter (https://twitter.com/encavis) since June 2015 to share company news and information quickly and transparently.

The Investor Relations department is always at your disposal for questions and suggestions on the share and the company.

We look forward to hearing from you!

Encavis AG

Grosse Elbstrasse 59
22767 Hamburg, Germany
Tel.: +49 (0)40 3785 620
Email: ir@encavis.com

Encavis AG financial calendar 2019

Date	Financial Event
2019	
28 August 2019	Commerzbank sector conference – Frankfurt am Main, Germany
9 September 2019	Montega roadshow – Luxembourg
10 September 2019	HSBC roadshow – London, United Kingdom
11 September 2019	Deutsche Börse Investor Targeting – Dublin, Ireland
12 September 2019	Interest payment on 2018 debenture bond
13 September 2019	Interest payment on hybrid convertible bond
18 to 19 September 2019	Encavis Capital Markets Day – Berlin/Solarpark Brandenburg, Germany
24 September 2019	German Corporate Conference 2019 (Berenberg and Goldman Sachs) – Munich, Germany
10 October 2019	BNP Paribas roadshow – Paris, France
25 November 2019	Quarterly report for Q3 2019
25 to 27 November 2019	German Equity Forum (Deutsche Börse) – Frankfurt am Main, Germany
11 December 2019	Interest payment on 2015 debenture bond
2020	
9 to 10 January 2020	23rd ODDO BHF Forum – Lyons, France
16 January 2020	Pareto Securities' Power & Renewable Energy Conference – Oslo, Norway
20 to 22 January 2020	UniCredit/Kepler Cheuvreux German Corporate Conference – Frankfurt am Main, Germany
4 to 5 February 2020	HSBC ESG conference – Frankfurt am Main, Germany
13 March 2020	Interest payment on hybrid convertible bond
20 March 2020	CM-CIC Market Solutions Forum by ESN – Paris, France
24 to 26 March 2020	Bankhaus Lampe German Conference – Baden-Baden, Germany

Interim Group management report

General information

The Encavis Group (hereafter known as “the Group” or “Encavis”) prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The interim consolidated financial statements were prepared in accordance with IAS 34. The parent company is Encavis AG, whose place of business is Hamburg. It is responsible for corporate strategy, portfolio and risk management and financing. The company’s share capital is EUR 131,498,147.00, divided into 131,498,147 shares with no par value.

The average number of shares in circulation (undiluted) in the reporting period was 129,987,264 (previous year: 128,687,085).

Business activities

Business model

Encavis AG, which is listed on the SDAX of the German stock exchange, makes use of the various opportunities to generate power using renewable energy. As an independent operator of environmentally friendly, emission-free power plants, Encavis has continuously developed its generation portfolio since 2009 and is one of the largest independent power producers (IPP) of renewable energy in Europe. The company’s core business is the acquisition and operation of solar parks and onshore wind parks. In the acquisition of new installations, the company generally focuses on turnkey projects or existing installations that have guaranteed feed-in tariffs or long-term power purchase agreements and that are in geographic regions that offer a stable economic environment and reliable framework and investment conditions. The solar and wind parks can therefore generate reliable, attractive returns and predictable cash flows.

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

The Encavis portfolio is currently comprised of a total of 177 solar parks and 70 wind parks with a capacity of more than 2 GW in Germany, Italy, France, the United Kingdom, Austria, Finland, Sweden, Denmark, the Netherlands and Spain. Of these, the Group operates 12 solar parks and 37 wind parks for third parties in the Asset Management segment.

Economic framework conditions

Global economic growth loses momentum

Following dynamic momentum in recent years, global economic growth has slowed tangibly in 2019. In particular trade and investing activities are weakening, especially in Europe and China. This economic development has continued in the second quarter of 2019. The International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) agree in their expectation that economic growth will remain comparatively weak over the course of the rest of the year. According to the OECD, the greatest risks to future development include further potential trade hindrances, in particular between the United States and China. In addition, the IMF points to the negative effects that a no-deal Brexit would have on the economies within and outside of the eurozone as well as the uncertainties in relation to tensions in the Persian Gulf region.

The analysts at the IMF have once again lowered their forecasts accordingly and, in their outlook from the end of July 2019, expect that global economic output for the current year will only increase by 3.2 %. They expect moderate improvement in the succeeding year to 3.5 %.

Compared to the previous year, growth in nearly all economies has slowed down. In industrialised nations, GDP is expected to increase by 1.9 % for the whole of 2019 and by a mere 1.7 % in the subsequent year. The United States is a different story: the IMF sees its economic growth being as high as 2.6 % – an increase of 0.3 percentage points compared to the spring forecast from April 2019. For the coming year, IMF analysts expect a decrease of 1.9 % due to dwindling economic programmes. In light of the contentious trade relations, the IMF assumes that China's economic dynamic will also continue to slow down compared to the previous year, with forecast growth of 6.2 % (2018: 6.6 %).

For emerging and developing countries, the IMF's economic experts expect growth of 4.1 % for the current year and an increase to 4.7 % in 2020.

Economic areas undergoing very inconsistent development

For the eurozone, analysts expect economic output to rise by 1.3 % (2018: 1.9 %), with the development of the individual countries expected to be very heterogeneous. Economic growth in Germany, for example, is expected to be cut in half to 0.7 % compared to the previous year, in particular due to weaker foreign demand and the resulting lower level of investment (2018: 1.4 %). Economic output is expected to rise to 1.7 % in 2020.

In contrast, France's growth in the current year will be supported by fiscal measures and, according to IMF forecasts, is expected to reach a level of 1.3 % for the current year and 1.4 % in 2020. Spain is expected to see economic growth of 2.3 % this year and 1.9 % next year.

In Italy, investment and domestic demand are being adversely affected primarily by the persistently uncertain financial outlook. The IMF is therefore forecasting a minimal increase in economic output of 0.1 % in 2019, which is expected to rise to only 0.8 % in the following year.

Overall, IMF analysts expect growth in the eurozone to accelerate in 2020 if foreign demand recovers and temporary factors, such as the decline in car registrations from Germany or the street protests in France, lose influence.

The ECB keeps prime interest rate stable for now

The European Central Bank (ECB) will not be changing interest rates in the eurozone for the time being. The key rate for supplying commercial banks with money remains at 0.0 % for the time being, the ECB Governing Council announced on 25 July 2019. It has been at this record low since March 2016. The ECB also maintained the so-called deposit rate at the previous level of –0.4 %, which means that banks will still have to pay penalty interest if they have excess money on deposit at the ECB. In its outlook, the Governing Council also hinted at the possibility of even lower key interest rates by mid 2020. To date, it had assumed that it would not want to change anything.

Underlying conditions for renewable energies

The market for renewable energy

The global energy revolution

The growth of renewable energy continued in 2019. Energy markets worldwide are in the midst of transformation as conventional sources of energy and fossil fuels are increasingly being supplemented or replaced by the growth and use of regenerative energy sources.

The following factors play a key role in shaping the global energy revolution and growth in the renewable energy sector:

- The negative effects of climate change come with new, stronger international agreements on climate protection and fighting global warming, including the global Paris Agreement that entered into force in 2016, which involves the expansion of renewable energy installations. There are also numerous other national and supranational initiatives and measures to achieve climate targets, to stop using nuclear power and to create a carbon-free economy.
- The steadily growing climate protection awareness among the population worldwide is giving solar and wind power installations a boost. The importance of technologies in energy and heat generation, for mobility and as an economic factor is undisputed. According to a recent survey conducted by the opinion research institute Yougov on behalf of the German Solar Association (BSW) in April 2019, one in two homeowners in Germany, for example, would like solar power on their roof and one in four would like their own electric charging station. According to the association, a total of four million solar installations for electricity and heat generation and more than 130,000 solar power storage units are already in operation throughout Germany.
- Private initiatives such as "RE100" show that not only governments but also businesses are increasingly interested in covering a large part of their energy needs with renewable energy and are therefore making corresponding commitments to meet 100 % of their energy needs with renewable energy. In addition to

sustainability aspects and a boosted image and reputation, in particular the increasing efficiency of renewable energy and the ability to plan energy costs in the long term as a result of long-term power purchase agreements play a major role.

- The significant decline in power generation costs – especially for photovoltaics and wind energy – has led to a drastic increase in competitiveness and in the efficiency of power generation from renewable sources. In many regions today, renewable energy installations are economical even without the support of government subsidies. Thanks to a significant decrease in costs for photovoltaics in recent years, newly constructed solar installations in certain locations can offer electricity at competitive prices even below the wholesale market price. The same goes for wind installations in Nordic countries, for instance.
- This greater efficiency is also due to the rapid technical development and significant price decline of modern storage capacities. Battery storage will in future allow for energy to be supplied more independently of weather conditions based on the use of renewable energy sources. The future linking of renewable energy and storage systems offers high security of supply and has the potential to become the superior energy system of the future.
- Energy requirements are also increasing worldwide. The digitisation of the economy, the progressing urbanisation of society and electromobility will only increase global energy requirements. For example, by 2040, an increase of some 30 % is expected in global energy requirements compared to 2015.

The total worldwide installed generation capacity had exceeded the one-terawatt (1 TW) mark already by mid 2018. According to the 2019 Global Status Report of the Renewable Energy Policy Network for the 21st Century (REN21) published in mid June 2019, more than one-fifth of the world's energy needs is already covered by renewable energies. The estimates assume that this proportion will increase to one-third by 2023. In the electricity sector alone, more renewable energy sources were installed than fossil and nuclear energy sources combined for the fourth year in succession in 2018. The photovoltaic and wind sectors are experiencing particularly strong growth. As REN21 indicates in its report, there are now nine countries that cover more than 20 % of their electricity through solar and wind energy, namely Denmark, Uruguay, Ireland, Germany, Portugal, Spain, Greece, the United Kingdom and Honduras.

According to information from the German Solar Association, new photovoltaic installations with a generation capacity of some 100 GW were installed worldwide in 2018. The generation capacity installed thus reached the milestone of 500 GW. No figures are available yet for the first half of 2019; however, according to a study conducted at the beginning of April, experts from IHS Markit, for example, expect the worldwide expansion of photovoltaic installations to increase by around 25 % to some 129 GW in the current year. With a share of 19 GW, Europe will again be the region with the highest growth rates.

Based on surveys by the Global Wind Energy Council, new wind installations with a total generation capacity of 51.3 GW were installed worldwide in the wind energy sector in 2018. The generation capacity installed worldwide for wind energy thus amounted to some 591 GW at the end of 2018 (2017: 540 GW). The analysts at the US consulting firm Wood Mackenzie assume that the growth rates for wind capacities worldwide will gain considerable momentum in the coming years. In the report "Global Wind Power Market Outlook Update: Q2 2019" published at the beginning of July 2019, they forecast an annual increase of around 71 GW for the years 2019 to 2023, which is to rise to 76 GW by 2028.

PPA market growing strong

The increasing profitability of renewable energies compared to conventional forms of energy production and the clear commitment of companies to achieving a climate-friendly energy balance – for example, as expressed in the RE100 initiative – are providing increasing momentum in the market for private power purchase agreements (PPA). According to information from Bloomberg New Energy Finance, the total generation capacity concluded via PPAs has more than doubled, from around 6.1 GW in 2017 to some 13.4 GW in 2018. The trend continues: between the beginning of January and the end of May 2019, companies concluded PPA contracts for generation capacities of 2.8 GW each for solar and wind parks. Approximately 69 % of all contracts since Bloomberg NEF began monitoring in 2008 have been concluded in the United States.

Political framework conditions

International UN Paris Agreement

As part of the UN Climate Change Conference in Paris in 2015, nearly 200 countries signed a climate protection agreement – the Paris Agreement –which provides for the limitation of global warming to well under 2°C, or 1.5°C if possible, compared to the pre-industrial level. This target can only be achieved if global climate protection policies effective and immediate. The further implementation of the Paris Agreement was determined at the UN Climate Change Conference in Katowice in 2018.

Climate researchers believe the main reason for global warming is the emission of greenhouse gases such as CO_2. Therefore, the volume of emitted greenhouse gases should be reduced to a level that the environment can absorb in the second half of the century at the latest.

Climate policy within the European Union
In line with the Paris Agreement on climate protection, the European Union also follows energy and climate policies that are aimed at the reduction of harmful greenhouse gases. For example, the short-term 2020 climate and energy package of the European Union calls for a reduction of greenhouse gas emissions by 20 % compared to 1990 levels, covering 20 % of energy consumption in the European Union through renewable sources and an increase in energy efficiency by 20 %. In the medium term through 2030, greenhouse gases are to be reduced by at least 40 % compared to 1990 levels, renewable energy is to account for at least 27 % of total energy consumption and energy efficiency is to be increased by at least 27 %. These figures are in line with the long-term aim of reducing climate-harmful emissions in the European Union significantly by 2050 – by 80 to 95 % compared to 1990 levels.

Ursula von der Leyen had made this goal even stricter in her campaign speech to the European Parliament for the office of President of the Commission: she intends to work for Europe to be climate-neutral as early as 2050. She also intends to increase the target set by the European Parliament to reduce greenhouse gases to 55 % by 2030.

Political framework conditions in core regions

When acquiring new installations, Encavis primarily focuses on ready-to-build or turnkey projects, or existing installations with guaranteed feed-in tariffs or long-term power purchase agreements. Any already-known future changes to the structuring of subsidy systems and mechanisms for renewable energies will be accounted for within the return calculations for new investments and have no influence on the company’s existing portfolio. Furthermore, as part of its Asset Management segment, Encavis offers institutional investors – both via various investment vehicles as well as direct investments – the opportunity to invest in attractive renewable energy installations. Encavis Asset Management AG, a wholly owned subsidiary of Encavis AG, is responsible for business with institutional investors within the Encavis Group.

Germany
In Germany, the 2017 Renewable Energy Sources Act (EEG 2017) has been in effect since 1 January 2017. Its aim is to increase the amount of renewable energy used to 30 to 45 % of gross power consumption by 2025. The agreement of the major coalition stipulates that this share is to rise to 65 % by 2030. In a comprehensive study conducted in May 2019, the German Renewable Energy Federation (BEE) examined the conditions under which this target can be achieved in Germany. The basis is the calculation of gross electricity consumption in 2030, which will be around 740 terawatt-hours (TWh), taking into account all foreseeable savings potential up to then. In order to generate the relevant proportion of 481 TWh from the various renewable energy technologies, the association’s experts have calculated that capacities must be significantly increased:

what is required is the addition of 4,700 MW of wind energy on land, 1,200 MW of wind energy offshore, photovoltaic installations with an output of 10,000 MW and 600 MW in the field of bioenergy. In addition, hydroelectric power plants with a capacity of 50 MW and geothermal plants with the same capacity are required. Representatives of the association recommend that the necessary capacities be distributed among the various types of generation.

The new EEG will rely on more competition to accomplish this; for all significant technologies in the renewable energies sector, the subsidy amounts will be determined through tendering processes in future.

Since 1 January 2018, the utilisation and the amount of a state-guaranteed feed-in tariff for electricity from newly commissioned solar installations of 750 kilowatts peak or more has thus only been determined by successful participation in tenders. There were three tendering rounds in 2018. The lowest value of a bid that was accepted as part of the third tendering round in October 2018 was EUR 0.0386 per kilowatt-hour (kWh). The first tendering round in 2019 was concluded with a slight increase of the bid values, with an average bid of EUR 0.0480. The lowest bid value reached EUR 0.0411 on 1 February, followed by EUR 0.039 on 1 March up to EUR 0.0497 per kWh on 1 June. The other tendering rounds will take place on 1 October and 1 December 2019.

Since 1 May 2017, the German Federal Network Agency has also been organising tender rounds for onshore wind energy in Germany. There were four rounds of bidding in 2018. At the last tendering round in October 2018, the lowest bid was EUR 0.050 per kWh compared to EUR 0.038 per kWh in February 2018. The increase in the feed-in tariff for onshore wind parks can also be attributed to, among other things, the suspension of the EEG special rules for public wind parks. The special rules for public wind parks had led to significant price declines in the first tender rounds. In June 2018, the legislature stopped this distortion by suspending the special rule until 1 June 2020. Six tendering rounds are scheduled to take place in 2019. Three of these took place in February, May and August and achieved lowest bid values with approvals of between EUR 0.0524 and EUR 0.0594 per kWh.

In addition, a cross-technology tender for onshore wind turbines and solar installations was launched on 1 April. An additional round is scheduled for 1 October.

Denmark

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

Similar to the German EEG, the Denmark grants a fixed feed-in tariff for onshore wind parks of EUR 0.0335 (DKK 0.25) per kWh. What is more, all revenue generated beyond EUR 0.0335 per kWh by electricity sold in the open market represents additional revenue. Unlike with the German EEG, the feed-in tariff is not valid for a fixed period, but rather for the first 22,000 full-load hours per megawatt.

In 2017, the Danish government decided to gradually phase out the Public Service Obligation, which is comparable to the German EEG levy, by 2021. Instead, the energy transition is to be financed by public budgets.

France

In January of this year, France's minister of the environment presented an energy and climate strategy designed for the years 2019 through 2028. Among other things, it is comprised of a six-year programme for tendering for photovoltaic installations. As part of this programme, 2.7 GW in 2019 and 2.9 GW in each of the next five years are to be awarded. The total installed photovoltaic capacity in France is to reach the 20-gigawatt mark by 2024. For onshore wind installations, a total capacity of 11.4 GW is to be tendered by 2025. In mid June 2019, Prime Minister Édouard Philippe announced in a policy statement that he would speed up change in ecological aspects over the next 12 months and, among other things, begin the process for a new energy and climate law. The goal remains to reduce the proportion of nuclear energy in France to 50 % by 2035, with a massive expansion of renewable energies and offshore wind energy in particular. The closure of coal-fired power plants in France is already planned by 2022.

United Kingdom

With its withdrawal from the European Union, the United Kingdom is no longer subject to the regulations and requirements of European climate policies. However, in 2008, the United Kingdom had already established its own targets for a low-carbon economy by 2050 in the form of the British Climate Change Act. The primary aim is to decarbonise the economy, which is why the United Kingdom continues to rely on low-carbon energy sources, including nuclear energy. In this respect, the United Kingdom remains officially committed to the completion of the Hinkley Point C nuclear power plant, which is scheduled to be connected to the grid in 2024. Nevertheless, there have already been considerable delays in this regard.

The United Kingdom has steadily increased the proportion of renewable energies in electricity generation, particularly in the wind and biomass sectors. At the end of the first quarter of 2019, renewable energies accounted for just under 36 % of total generation. The options for government subsidies which apply in particular to smaller wind and ground-mounted PV installations expired in April 2019. Whether and in what form any further subsidisation will be planned and pursued will not be made known until the weeks and months after the implementation of Brexit.

Additionally, the United Kingdom is also relying on the expansion of a comprehensive network of battery storage, with the goal of establishing a national network of battery storage facilities with an output of more than 2 GW. A total of 45 battery storage facilities in England, Wales and Scotland are planned, each with a capacity of 50 MW. The largest battery storage facility in the United Kingdom with a capacity of some 50 MW in Bishop's Stortford in the county of Hertfordshire was already successfully realised in 2018. The first ten battery storage facilities are scheduled to by installed by the end of 2019. The installation of battery storage capacities should make more than 2 GW available, which approximately corresponds to the capacity of two small nuclear power plants.

Italy

With the announcement of a new, comprehensive 2030 climate and energy strategy, the Ministry of Economic Development has finalised the planned energy policies of Italy's national energy strategy (*Strategia Energetica Nazionale*) from the end of 2017. Among other plans, the strategy calls for Italy's departure from coal power by the year 2025. Additionally, renewable energies are supposed to make up around 27 % of total energy consumption by the year 2030.

To achieve this, the energy generation capacities are to be expanded to 50 GW in the photovoltaic (PV) sector and to 18.4 GW in the wind sector. Photovoltaics would then make up more than 50 % of the total generation capacity in the renewable energy sector in Italy, followed by hydroelectricity and wind power. Around EUR 35 billion are planned for the expansion of renewable energies.

For the targeted expansion, there will be annual technology-independent tendering rounds for photovoltaic and wind projects of more than a megawatt. In total, some 4.8 GW in renewable energy installations will be approved along the way. The first two rounds will each have a volume of 500 MW, the third through fifth rounds then 700 MW and the last two rounds 800 MW each. The European Commission approved the new auction and incentive scheme on 14 June 2019. Originally, the first tendering rounds were to take place in November 2018 and January 2019.

It is to be expected that larger solar installations in particular will benefit from the new regulations. Italy plans to have an installed photovoltaic capacity of around 50 GW by 2030. At the same time, the increasing economic competitiveness of photovoltaic installations is showing itself in Italy – in recent months, numerous large projects were concluded with long-term power purchase agreements (PPAs).

Netherlands

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

In the Netherlands, tendering procedures for large solar installations have also been used for several years. Under the name SDE+ (“Stimulering Duurzame Energieproductie”), subsidies for renewable energies are set annually in two rounds. For projects of over a megawatt, a preliminary base tariff of approximately EUR 0.084 per kWh is planned for 2019. The subsidy is approved for a period of 15 years.

Austria

In December 2018, the federal government of Austria established key points for a law governing the expansion of renewable energy. The country is still adhering to the target set out in 2017 of covering 100 % of energy needs with renewable sources by 2030. According to Eurostat, the statistical office of the European Union, Austria covers 32.6 % of its gross energy consumption with renewable energy sources. That puts Austria in fifth place in Europe.

The government plans to fundamentally change the subsidy system for green electricity from 2020, with the aim of easing the market integration of renewable energy. Furthermore, administrative barriers are to be eliminated and a legally secure and predictable investment climate is to be ensured.

Spain

In recent months, the renewable energy market in Spain has undergone very positive development. Behind Germany and Italy, Spain comes in third place in Europe with regard to total generation capacity; at the same time, the severe economic and financial crisis has lead to Spain significantly as well as retroactively cutting subsidies for renewable energy since 2010. In 2012 they were nearly dispensed with entirely. As a result, Spain fell behind the rest of Europe in the expansion of renewable energy and, today, will have to make particular efforts to achieve the European climate targets for 2020. These include, among others, increasing the share of renewable energy in primary energy consumption to 20 %. In 2016, for example, the first tendering rounds since 2012 for photovoltaic and onshore-wind projects were held that offered a guaranteed minimum price per kilowatt-hour and that benefit from preferred grid connection.

In addition, the Spanish government set itself ambitious goals in the form of its law on climate change and energy transition: by the year 2050, it hopes to cover the energy needs of Spain entirely from renewable sources. The last coal and nuclear power plants are to be closed by 2030, which would reduce Spain’s greenhouse gas emissions by around 90 % compared to 1990 levels. In order to achieve this goal, each year over a period of ten years at least 3 GW of new solar and wind capacities are to be installed.

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

Asset Management segment

With its Asset Management segment the Encavis Group offers – via Encavis Asset Management AG – institutional investors the opportunity to invest in assets in the renewable energy sector through various investment vehicles. In addition to individually tailored investment strategies and direct investments, Asset Management enables institutional investors – through the use of funds structured in accordance with Luxembourg law – to invest in a highly diversified portfolio of wind and solar parks. Institutional investors can place their trust in the many years of experience in renewable energy of the entire Encavis Group, with its 177 solar and 70 wind parks and a total generation capacity of approximately 2 GW.

Renewable energy installations offer reliable and attractive returns on investment and stable cash flows which are in large part government-guaranteed or secured by creditworthy customers. With their long terms and a low correlation to other asset classes or to economic fluctuations, these types of investment are particularly suited for pension funds and insurance products, for example, which invest over the long term and must diversify very large portfolios. In addition, the decarbonisation of investment portfolios has established itself as a trend internationally. Institutional investors are increasingly reducing their investments in fossil fuels like coal and oil in favour of new investments in the renewable energy sector. According to the Renewable Global Status Report, institutional investors invested approximately a combined USD 9.9 billion in renewable energies in 2017, which is an increase of 42 % compared to the previous year.

Course of business

Encavis AG acquires additional solar park in the Netherlands and expands the generation capacity on the Dutch market to more than 100 MW

On 14 January 2019, Encavis AG announced that it had acquired an additional solar park in the Netherlands with a generation capacity of more than 14 MW. The Zierikzee solar park in the Zeeland province, which was acquired in January 2019, was connected to the grid at the end of 2018 and has a generation capacity of 14.1 MW. Over the first 15 years, the solar park will receive a feed-in tariff of nearly EUR 0.11 per kWh; the park will then receive the market price. From the first full year of operation onward, Encavis expects the Zierikzee solar park to make annual revenue contributions of some EUR 1.4 million. The investment volume, including project-related debt financing costs, amounts to EUR 10.6 million. The sellers retain a total participating interest of 10 % in the solar park. With this newly acquired solar park, the active generation capacity of Encavis AG in the Netherlands increases to some 106 MW. Encavis is therefore contributing to a sustainable supply of green electricity in the Netherlands.

Encavis AG receives investment-grade rating from Scope Ratings

On 19 March 2019, Encavis was rated for the first time by the rating agency Scope and received an issuer rating in the investment-grade range (BBB–); the outlook for the rating is stable.

Scope’s rating assessment takes into account, among other things, the risk-averse business model from the operation of solar and wind installations with long-term and government-guaranteed feed-in tariffs. In addition, the consistently expanded regional diversification of the portfolio and the high share of non-recourse financing in Encavis’s growth financing contribute to this good valuation. The rating agency Scope thus attests Encavis a very good and sustainable credit rating, as expected.

With the issuer rating, Scope provides market participants on the international financial markets with a clear orientation and independent assessment of the company’s current and medium-term creditworthiness, thus ensuring greater security and transparency. The investment-grade rating by a recognised rating agency should not only broaden Encavis’s range of options for future growth financing, but also reduce the cost of raising these funds.

Encavis Asset Management AG acquires wind park for institutional investors

With the acquisition of the Gussenstadt wind park, the Encavis infrastructure fund SICAV-RAIF Renewables Europe II (Renewables Europe II) has further expanded its fund portfolio. The wind park, with a total generation capacity of 14.4 MW, is comprised of four N117 turbines from the manufacturer Nordex.. The turbines each have a nominal output of 3.6 MW and a hub height of 140.6 metres.

Additionally, the solar park in Friedmannsdorf, in the Bavarian administrative district of Hof, was completely connected to the grid in mid May 2019. This solar park was acquired during the construction phase at the end of February 2019 by the above-mentioned fund.

Encavis Group releases cash reserves through sale of minority interest in wind parks

On behalf of Encavis AG, Encavis Asset Management AG sold 49 % of the shares in each of the four German wind parks Briest, Breitendeich, Debstedt and Lunestedt to an institutional client’s special fund managed in Luxembourg. This fund made the most impressive offer compared to the two other interested parties. As a result of the transaction, the Group received cash and cash equivalents of around EUR 24 million. The strategic decision of the Encavis Group to sell minority interests of up to 49 % in selected wind and solar parks to institutional investors in the future releases existing cash reserves for investment in further projects, confirms the portfolio asset valuations recognised in the balance sheet (according to IFRS) and results in accounting profits in the separate financial statements (according to the HGB).

Segment development

Adjustment to the previous year's figures

Management has decided to base the presentation of segment reporting on operating figures in line with internal reporting. This presentation was applied for the first time in the 2018 annual report. In the following, all information that deviates from the figures published in the 2018 semi-annual financial report due to these adjustments have been marked with a superscript 1 ([1]). In tables, the superscript 1 has been placed next to the year (column heading); in text blocks, the superscript 1 has been placed directly behind the corresponding figure.

PV Parks segment

As of 30 June 2019, the solar parks in the portfolio of Encavis comprised a total of 165 solar parks with a total generation capacity of 1.3 %, with parks located in the countries of Germany, Italy, France, the United Kingdom, the Netherlands and Spain.

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

In the first half of 2019, the solar park portfolio was able to exceed its budget by around 9 % in relation to the kilowatt-hours produced due to an above-average number of hours of sunshine across all portfolios. Actual fed-in power in the first half of 2019 came to 532,848 megawatt-hours (previous year: 432,808 megawatt-hours). The solar parks in Germany accounted for around 30 % of the fed-in power (previous year: 35 %), those in Italy for 21 % (previous year: 24 %), those in the United Kingdom for 13 % (previous year: 15 %), those in France for 25 % (previous year: 26 %) and those in the Netherlands for 11 % (previous year: 0 %).

Solar parks acquired in the first half of the 2019 financial year:

- Zonnepark Zierikzee B.V., Netherlands, Group share: 90 %

Wind Parks segment

As of 30 June 2019, the wind parks in the portfolio of Encavis comprised a total of 33 wind parks with a total generation capacity of 331 megawatts, with parks located in the countries of Germany, Italy, France, Austria and Denmark.

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

In the first half of the 2019 financial year, the wind park portfolio was on target in terms of the kilowatt-hours produced. Actual power fed into the grid by the Wind Parks segment in the first half of the 2019 financial year came to 406,449 megawatt-hours (previous year: 335,610 megawatt-hours). Of this figure, some 62 % (previous year: 70 %) is attributable to wind parks in Germany, 10 % (previous year: 14 %) to wind parks in France, 12 % (previous year: 10 %) to wind parks in Austria, 14 % (previous year: 4 %) to wind parks in Denmark and around 2 % (previous year: 2 %) to the wind park in Italy.

PV Service segment

Encavis Technical Services GmbH, Group share: 100 %

Earnings of Encavis Technical Services GmbH after taxes in the first half of 2019 were TEUR 679 and therefore TEUR 58 lower than in the previous year (TEUR 737). While revenue and other income recorded an increase of TEUR 282, depreciation and amortisation, expenses for materials and personnel and other expenses increased in total by TEUR 341. As in the previous year, the financial result for the first half of 2019 was TEUR 0. The company assumes technical management for many German and Italian solar parks in the Encavis Group. The volume managed within the Group was some 277 megawatts peak as of 30 June 2019.

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

Asset Management segment

The Asset Management segment covers all services for third-party investors, such as the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors. As of 30 June 2019, the portfolio comprises a total of nine solar parks and 36 wind parks in the countries of Germany, Italy, France, the United Kingdom, Finland and Sweden.

Earnings, net assets and financial position

Operating earnings (non-IFRS)

The first-time application of IFRS 16 has a significant impact on the operating earnings, net assets and financial position as well as those figures according to IFRS. The notes contain detailed information on the transition as well as on the current valuations and influences the standard has on earnings.

In the first half of the 2019 financial year, the Group generated revenue of TEUR 143,914 (previous year: TEUR 122,757). This represents an increase of some 17 %. The growth is supported by the solar park portfolio in the amount of TEUR 14,542 and the wind park portfolio in the amount of TEUR 5,279. About half of the increase in revenue in the solar park portfolio is attributable to the solar parks newly acquired as part of business operations or newly connected to the grid in the preceding four quarters. The other half is attributable to a higher level of sunshine across countries compared with the same period of the previous year. The increase in revenue in the wind park portfolio is largely attributable to the expansion of the portfolio in Denmark and, to a lesser extent, to higher wind levels in Austria and Germany compared with the same period of the previous year.

The Group generated other operating income of TEUR 8,813 (previous year: TEUR 4,756). Income from the disposal of minority interests in four wind farms to a special fund of an institutional client contributed TEUR 5,858 to the increase. In the previous year, non-recurring income of TEUR 2,096 from the derecognition of liabilities recognised in the past for potential repayment claims of grid operators was still included. Other operating income also includes non-period income in the amount of TEUR 1,298 (previous year: TEUR 1,428).

Operating personnel expenses came to TEUR 7,108 (previous year: TEUR 6,449). The increase is primarily due to the expansion of the teams within various functional areas of the Group.

Other operating expenses of TEUR 23,760 were incurred (previous year: TEUR 26,210). This includes in particular the costs of operating solar and wind parks in the amount of TEUR 17,115 (previous year: TEUR 19,267). Other expenses also include TEUR 6,635 in costs of current operations (previous year: TEUR 6,794). The decline in other operating expenses is due primarily to the first-time application of IFRS 16, as the majority of the rental and lease expenses previously reported under other operating expenses no longer apply. Instead, depreciation is recognised on the rights of use newly recognised in fixed assets under the lease agreements as well as interest expenses on the corresponding liabilities recognised as such.

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 120,815 in the first half of the 2019 financial year (previous year: TEUR 93,986). This represents an increase of some 29 %. The EBITDA margin amounts to approximately 84 % (previous year: 77 %). The increase in EBITDA is the result of the increase in revenue stemming from positive meteorological conditions and the expansion of the portfolio, the income from the disposal of minority interests in four wind parks and the simultaneous decline in other operating expenses, mainly due to the first-time application of IFRS 16.

The depreciation and amortisation of TEUR 42,647 (previous year: TEUR 36,172) chiefly comprises scheduled depreciation of the photovoltaic and wind power installations. Due to the first-time application of IFRS 16, depreciation on the capitalised rights of use from the lease agreements is also included. The increase in depreciation and amortisation also stems from the solar and wind parks acquired or newly constructed in 2018 and in the first half of 2019.

Operating earnings before interest and taxes (EBIT) amounts to TEUR 78,168 and thus increased by some 35 %, or TEUR 20,354, compared to the previous year (previous year: TEUR 57,814). The EBIT margin is approximately 54 % (previous year: 47 %).

Operating financial earnings amount to TEUR -27,785 (previous year: TEUR -26,580). This results primarily from interest on the non-recourse loans for solar and wind parks. In addition, interest expenses on the lease liabilities carried as liabilities in connection with the first-time application of IFRS 16 are reported in the financial result for the first time.

Operating earnings before taxes (EBT) therefore came to TEUR 50,382 (previous year: TEUR 31,234). The EBT margin amounts to approximately 35 % (previous year: 25 %).

The consolidated statement of comprehensive income shows operating tax expenses for the first half of the 2019 financial year of TEUR 7,067 (previous year: TEUR 3,422), mainly for effective tax payments in connection with solar and wind parks.

Altogether, this resulted in consolidated operating earnings of TEUR 43,316 (previous year: TEUR 27,811). The EAT margin is approximately 30 % (previous year: 23 %).

Calculating operating KPIs (adjusted for IFRS effects)

As outlined in the “Internal management system of Encavis” section of the 2018 annual report, Group IFRS accounting is influenced by non-cash measurement effects and the resulting depreciation and amortisation. Non-cash interest effects and deferred taxes also hamper a transparent assessment of the operating income situation pursuant to IFRS.

In TEUR	01.01.–30.06.2019	01.01.–30.06.2018
Revenue	143,914	122,757
Other income	6,021	10,669
Cost of materials	-1,044	-870
Personnel expenses, of which TEUR –511 (previous year: TEUR –245) in share-based remuneration	-7,133	-6,512
Other expenses	-25,097	-26,414
Adjusted for the following effects:		
Income from the disposal of financial investments and other non-operating income	-33	0
Other non-cash income (primarily profit from business combinations [badwill] and the reversal of interest rate advantages from subsidised loans [government grants] as well as non-cash non-period income)	2,825	-5,913
Other non-operating expenses	1,337	205
Share-based remuneration (non-cash)	25	63
Adjusted operating EBITDA	**120,815**	**93,986**
Depreciation and amortisation	-62,256	-54,949
Adjusted for the following effects:		
Amortisation of intangible assets (electricity feed-in contracts) acquired as part of business combinations	23,084	22,224
Subsequent measurement of uncovered hidden reserves and liabilities on step-ups for property, plant and equipment acquired as part of business combinations	-3,475	-3,447
Adjusted operating EBIT	**78,168**	**57,814**
Financial result	-26,323	-24,161
Adjusted for the following effects:		
Other non-cash interest and similar expenses and income (primarily arising from effects of currency translation, effective interest rate calculation, swap valuation and interest cost from subsidised loans [government grants])	-1,462	-2,419
Adjusted operating EBT	**50,382**	**31,234**
Tax expenses	-8,115	-2,326
Adjusted for the following effects:		
Deferred taxes and other non-cash tax effects	1,048	-1,096
Adjusted operating EAT	**43,316**	**27,811**

The following IFRS KPIs deviate from the operating earnings position:

The Group generated other income of TEUR 6,021 (previous year: TEUR 10,669). In relation to the provisional purchase price allocations pursuant to IFRS 3, a difference was recognised in the amount of TEUR 1,876 (previous year: TEUR 4,838) through profit or loss in the reporting period.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) were TEUR 116,661 in the first half of the 2019 financial year (previous year: TEUR 99,631). The EBITDA margin amounts to approximately 81 % (previous year: 81 %).

Depreciation and amortisation of TEUR 62,256 (previous year: TEUR 54,949) mainly comprises depreciation of the photovoltaic plants and wind power installations as well as amortisation of intangible assets (electricity feed-in contracts and exclusive licences). The increase stems mainly from the newly acquired solar and wind parks and those only consolidated *pro rata temporis* the previous year as well as the first-time application of IFRS 16.

Earnings before interest and tax (EBIT) totalled TEUR 54,405 (previous year: TEUR 44,681). The EBIT margin was around 38 % (previous year: 36 %).

Operating financial result totalled TEUR -26,323 (previous year: TEUR -24,161). Financial income amounts to TEUR 5,800 (previous year: TEUR 7,732). With income of TEUR 4,243 (previous year: TEUR 4,569), this interest income stems from the reversal of step-ups on bank loans and lease liabilities. This includes income of TEUR 701 (previous year: TEUR 1,822) from changes in the market values of interest rate swaps. Financial expenses of TEUR 31,970 were incurred (previous year: TEUR 31,893). This includes in particular the interest expenses for the non-recourse loans to finance installations in the park companies and interest expenses in connection with the mezzanine capital of Gothaer Versicherungen, as well as various non-cash expenses. In addition, interest expenses on the lease liabilities carried as liabilities in connection with the first-time application of IFRS 16 are reported in the financial result for the first time.

Earnings before taxes (EBT) therefore came to TEUR 28,082 (previous year: TEUR 20,520).

The consolidated statement of comprehensive income shows tax expenses for the first half of the 2019 financial year of TEUR 8,115 (previous year: TEUR 2,326) and is comprised of effective tax payments and deferred taxes. Quarterly taxes are calculated in accordance with IAS 34.

Altogether, this resulted in consolidated earnings of TEUR 19,967 (previous year: TEUR 18,194).

Consolidated earnings are made up of earnings attributable to shareholders of the parent company of TEUR 16,538 (previous year: TEUR 15,209), earnings attributable to non-controlling interests of TEUR 889 (previous year: TEUR 445) and earnings attributable to the hybrid bondholders of TEUR 2,540 (previous year: TEUR 2,540). Consolidated comprehensive income of TEUR 11,826 (previous year: TEUR 19,592) is made up of consolidated earnings and changes in other reserves shown in equity. In addition to the currency translation reserve in the amount of TEUR 121 (previous year: TEUR 149), other reserves also contain hedge reserves in the amount of TEUR -10,840 (previous year: TEUR 1,695), which also contain amounts to be recognised in profit or loss in future over the remaining term of the respective underlying items for interest rate swaps previously held in a hedging relationship, as well as well as costs of hedging in the amount of TEUR 1 (previous year: TEUR -42). Amounts recognised in equity will be reclassified in full to consolidated earnings once the corresponding hedged items have expired. On the other hand, there were corresponding deferred tax effects in the amount of TEUR 2,576 (previous year: TEUR -404). In the first half of 2019, TEUR 1 was reclassified from the currency translation reserve to consolidated earnings. Basic earnings per share (after non-controlling interests) were 0.13 Euro (previous year: 0.12 Euro). The average number of shares in circulation in the reporting period was 129,987,264 (previous year: 128,687,085). Diluted earnings per share were 0.13 Euro (previous year: 0.12 Euro).

Financial position and cash flow

The change in cash and cash equivalents in the first half of 2019 came to TEUR -50,407 (previous year: TEUR 8,154). This broke down as follows:

Cash flow from operating activities amounts to TEUR 76,360 (previous year: TEUR 78,258). This consists largely of cash inflows from the operating activities of the solar and wind parks and the resulting proceeds. The aforementioned changes also included changes in assets and liabilities not counted as investment or financing activities. During the reporting period, cash flow from operating activities was negatively affected by a payment of capital gains tax in the amount of EUR 9.0 million; this payment was not made during the first quarter of the previous year, but rather in the fourth quarter of 2017. Reimbursement from the tax office is expected during the 2019 financial year. Delayed payments of feed-in tariffs for Italian solar parks in the amount of EUR 7.7 million, which for the most part were only received after the reporting date, also had a negative impact. The changed recognition of expenses from lease agreements in connection with the first-time application of IFRS 16, which are now part of the cash flow from financing activities, had a positive effect.

Cash flow from investing activities of TEUR -46,480 (previous year: TEUR -54,047) was mainly the result of payments related to investments in financial assets for financial investments recognised using the equity method and/or loans to them as well as payments for the acquisition of a solar park in the Netherlands.

Cash flow from financing activities of TEUR -80,287 (previous year: TEUR -16,057) results primarily from the regular loan repayments and interest paid less the loans for newly acquired solar and wind parks paid out after the dates of initial consolidation. In addition, payments from the sale of minority interests in four wind parks amounting to TEUR 24,855 and, conversely, the payment of the dividend for the 2018 financial year amounting to TEUR 19,113 as well as the dividend payment to the hybrid bondholders amounting to TEUR 2,554 are included. The changed recognition of expenses from lease agreements in connection with the first-time application of IFRS 16 had a negative impact in this regard. In the first half of 2018, a money market loan of TEUR 28,000 was included in the cash flow from financing activities.

As of 30 June 2019, the Group has cash and cash equivalents amounting to TEUR 121,219 (30 June 2018: TEUR 128,142), under consideration of the current account liabilities in the amount of TEUR 21,772 (previous year: TEUR 1,065).

Net assets

As of 30 June 2019, equity amounted to TEUR 676,950 (31 December 2018: TEUR 687,057). The decrease in the amount of TEUR 10,107, or 1.5 %, results primarily from the payment of the dividends. The issue of new shares as a result of the share dividend, which was chosen by the majority of shareholders, and the positive earnings for the period had the opposite effect. Share capital increased by TEUR 2,011 through contributions in kind. The equity ratio is 24.69 % (31 December 2018: 25.94 %).

Total assets rose from TEUR 2,649,065 as of 31 December 2018 to TEUR 2,741,517.

Goodwill stood at TEUR 19,985 as of 30 June 2019 (31 December 2018: TEUR 19,989).

As a result of the application of IFRS 16, rights of use amounting to TEUR 209,542 were reported in the Group's fixed assets for the first time as of 30 June 2019. A portion of this results from reclassifications and a portion from new capitalisations as of 1 January 2019. More detailed information can be found in the notes.

As of 30 June 2019, the Group has bank and lease liabilities amounting to TEUR 1,689,422 (31 December 2018: TEUR 1,602,631). These comprised loans and lease agreements for the financing of solar parks and wind parks and the mezzanine capital provided by Gothaer Versicherungen in November 2014. This also includes liabilities from listed notes for the Grid Essence portfolio including accrued interest in the amount of TEUR 38,095 as well as liabilities from debenture bonds in the amount of TEUR 73,000. This does not include amounts recognised under other liabilities totalling TEUR 9,833 (31 December 2018: TEUR 10,625), which comprises interest advantages from low-interest government loans (KfW) and is to be accounted for in accordance with IAS 20 and shown separately. As a result of the first-time application of IFRS 16, additional liabilities from lease obligations amounting to TEUR 113,495 were reported as of the balance sheet date. Non-current liabilities from the mezzanine capital amounted to TEUR 150,000 as of 30 June 2019 and as of 31 December 2018. In almost all debt financing, the liability risk relating to the parks is limited (non-recourse financing).

Events after the balance sheet date

Encavis Asset Management AG further expands portfolio of wind and solar parks in Germany and France

Encavis Asset Management AG has advised two Luxembourg special funds on investments in renewable energies. The total generation capacity of the installations is around 36 MW.

In cooperation with Bayerische Landesbank, the company served as investment adviser to Encavis Infrastructure Fund II S.A. (SICAV-RAIF), a special fund established for banks, insurance companies and pension funds, for the purchase of a wind park in southern Germany. The Gussenstadt wind park in the Baden-Württemberg district of Heidenheim commenced operations in April of last year. Four Nordex turbines at a hub height of over 140 metres provide a total generation capacity of around 14 MW. This special fund is managed by HANSAINVEST LUX.

CHORUS Infrastructure Fund S.A. (SICAV-SIF), a special fund managed by Hauck&Aufhäuser, was established in 2014 and has since financed solar and wind installations in Germany and Finland. Recently, an institutional investor significantly increased its exposure. Those funds have now been used to purchase two ground-mounted photovoltaic installations in sunny regions of southern France. Together, the two solar parks have a nominal output of around 22 MW and benefit from long-term feed-in tariffs.

Encavis Asset Management AG: Banks and building societies subscribe to special funds and facilitate investments of over EUR 100 million

Encavis Asset Management AG has again received extensive subscriptions. Building societies and cooperative banks have subscribed to the special fund Encavis Infrastructure II Renewables Europe II. With the newly acquired funds, Encavis can invest more than EUR 100 million in renewable energy installations as part of its asset management. This is already the third closing for the SICAV special fund in accordance with Luxembourg law with an investment focus on ready-to-build solar and wind parks in Germany, the Netherlands, Austria and France. The current portfolio consists of German solar and wind parks and is to be rapidly supplemented by investments in the Netherlands and France.

Encavis AG acquired 30 % stake in Stern Energy S.p.A. - Strategic step forward to strengthen Technical Services

Encavis AG acquired a minority stake of 30 % in its long-term Operation and Management (O&M) partner, Stern Energy S.p.A., in order to strengthen its technical solar services business.

The investment in Stern is an important strategic step forward for Encavis to build-up a significant Europe-wide presence in the technical solar services business. The competitive advantage in serving all segments of the value chain will strengthen the already existing O&M business platform. Encavis counts on several years of successful collaboration with Stern who is already responsible for the technical operations of a major part of the Italian and UK portfolio of Encavis as well as parts of the Dutch portfolio. Encavis and Stern will strive together to build further value on this well-functioning partnership by extending joint business activities in O&M solar services across the entire Encavis portfolio. The choice to appoint Stern as preferred O&M contractor in all existing solar plants, reduces costs and offers additional economies of scope in Encavis technical services business.

Revenue of the combined O&M business and the O&M additional services business of Stern grew in the past five years (2012 – 2017) with a CAGR of more than 35 %. A further increase of this growth is expected for 2019 with estimated revenue of approx. EUR 12.5 million.

Opportunities and risks

There were no material changes in the reporting period to the opportunities and risks outlined in the consolidated financial statements for the 2018 financial year.

Furthermore, the Management Board of Encavis AG is, at the time of preparing the 2019 semi-annual financial report, not aware of any risks that would jeopardise the continued existence of the company or the Group.

Future outlook

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

Underlying conditions for renewable energies

Consistent growth market

The expansion of renewable energies is continuing at a highly dynamic pace worldwide. In addition to political climate targets such as those agreed in the Paris Agreement, more and more companies are making a voluntary commitment to cover 100 % of their electricity needs from renewable energies.

At the same time, the cost-effectiveness of photovoltaic installations has increased significantly in recent years, not least due to the significant drop in prices for technical components. In many regions, they are already competitive with conventional forms of energy generation, even without state support.

SolarPower Europe (SPE), the association of Europe’s solar industry, has published its expectations of capacity expansion in the photovoltaic sector under the title “Global Market Outlook 2018–2022”. In the optimistic scenario in its report, SPE expects that global photovoltaic generation capacity will climb to more than 1,200 GW by 2022; in its pessimistic scenario, it predicts that this figure will rise to more than 800 GW.

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

Overall assessment of future development

When acquiring new installations, Encavis primarily focuses on ready-to-build or turnkey projects, or existing installations with guaranteed feed-in tariffs or long-term power purchase agreements. Any already-known future changes to the structuring of subsidy systems and mechanisms for renewable energies would be accounted for within the return calculations for new investments and have no influence on the company's existing portfolio.

The economic and sociopolitical environment, combined with a persistently low level of interest rates, continues to provide Encavis with an ideal environment for further qualitative growth of the company. Today Encavis is one of the largest independent power producers in the field of renewable energy in Europe.

In addition to an excellent and broad network on the market, Encavis has also secured long-term exclusive access to an attractive acquisition pipeline through various strategic partnerships with leading project developers and financing partners. Strategic partners include, among others, the British project developer Solarcentury, the Irish project developer Power Capital and the Irish sovereign development fund Ireland Strategic Investment Fund (ISIF). To secure this exclusive access, Encavis will increasingly, and earlier than before, enter the construction phase of various projects. In addition, all installations taken over by Encavis have long-term government-guaranteed feed-in tariffs or private-sector power purchase agreements with customers with strong credit ratings.

Additionally, the conclusion of strategic partnerships with an exclusive acquisition pipeline results in significantly greater transparency and planning reliability for Encavis's future growth course, and the further expansion of the portfolio can also be managed and scheduled in a more targeted manner.

In addition to its own business, Encavis also makes its many years of expertise and market knowledge in the field of renewable energies available to institutional investors. Encavis Asset Management AG is the Group's specialist for institutional investors. As a one-stop shop for institutional investors, Encavis Asset Management AG plans and builds a portfolio of renewable energy assets tailored to the needs of its clients. This can be done individually or as part of fund solutions based on Luxembourg special funds (SICAV/SICAF).

The earnings forecast issued by Encavis AG for the 2019 financial year is based solely on the portfolio of solar and wind parks as of 30 June 2019, as well as the assumption of average meteorological conditions. In light of the first-time application of IFRS 16, the guidance, which was published in March 2019, was initially adjusted for the resulting purely technical effects. IFRS 16 stipulates a change in the accounting for lease agreements, which results in a positive effect on the earnings indicators operating EBITDA, operating EBIT and operating cash flow. Due to the increase in total assets, the equity ratio decreased by around one percentage point from the time of first-time application of the standard. With this in mind, the long-term target for the equity ratio has been reduced from 25 to 24 %.

This guidance was increased in May 2019 due to efficiency gains achieved within the Group and the successful entry into the sale of minority interests in fully consolidated parks. Favourable meteorological effects were not taken into account.

In light of the Group's qualitative-growth-oriented strategy and the fact that economic as well as meteorological conditions continued to be very favourable in the first half of 2019, the Management Board of Encavis AG is once again increasing its earnings expectations for the 2019 financial year.

In EUR million

	2019 (AR 2018)	2019 (incl. IFRS 16 effects)	2019 (PR 28 May 2019)	**2019 (Q2 2019)**
Revenue	>255	>255	>260	>270
Operating EBITDA*	>190	>199	>210	>218
Operating EBIT*	>112	>114	>125	>132
Operating cash flow*	>180	>188	>190	>198
Operating earnings per share in EUR*	0.35	0.35	0.40	0.42

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

Dividend policy

The Management and Supervisory Boards of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. At the annual shareholders' meeting on 15 May 2019, they therefore proposed the payment of a dividend in the amount of EUR 0.24 for each dividend-entitled share. The Annual General Meeting approved the recommendation of the company by a large majority. In addition, the dividend was again offered as an optional dividend, which offers shareholders the greatest possible freedom of choice and, with an acceptance rate of 54.4 %, was very well received. In total, 2,010,807 new shares were issued and a cash dividend of EUR 19,112,659.95 was distributed to the shareholders. The cash dividend was paid out on 18 June 2019, and the new shares were recorded in shareholders' securities accounts on 26 June 2019.

Hamburg, August 2019

Dr Dierk Paskert

CEO

Dr Christoph Husmann

CFO

Condensed consolidated statement of comprehensive income (IFRS)

In TEUR	01.01.–30.06.2019	01.01.–30.06.2018	Q2/2019	Q2/2018
Revenue	143,914	122,757	84,450	76,876
Other income	6,021	10,669	1,418	7,359
Cost of materials	-1,044	-870	-481	-421
Personnel expenses	-7,133	-6,512	-3,317	-3,737
of which in share-based remuneration	*-511*	*-245*	*-452*	*-124*
Other expenses	-25,097	-26,414	-12,952	-13,733
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**116,661**	**99,631**	**69,118**	**66,344**
Depreciation and amortisation	-62,256	-54,949	-31,083	-27,564
Earnings before interest and taxes (EBIT)	**54,405**	**44,681**	**38,035**	**38,781**
Financial income	5,800	7,732	-132	2,990
Financial expenses	-31,970	-31,893	-14,662	-17,437
Earnings from financial assets accounted for using the equity method	-154	0	-73	0
Earnings before taxes on income (EBT)	**28,082**	**20,520**	**23,168**	**24,334**
Taxes on income	-8,115	-2,326	-7,028	-1,434
Consolidated earnings	**19,967**	**18,194**	**16,140**	**22,900**
Items which can be reclassified to profit or loss				
Currency translation differences	122	149	274	-155
Hedging of cash flows – effective part of the change in fair value	-10,840	1,695	-4,323	889
Cost of hedging measures	1	-42	-4	8
Income taxes relating to items which can be reclassified to profit or loss	2,576	-404	1,067	-216
Reclassifications	1	0	0	0
Other comprehensive income	**-8,140**	**1,398**	**-2,986**	**526**
Consolidated comprehensive income	**11,826**	**19,592**	**13,154**	**23,426**
Consolidated earnings for the period				
Attributable to Encavis AG shareholders	16,538	15,209	13,905	21,040
Attributable to non-controlling interests	889	445	962	587
Attributable to hybrid capital investors	2,540	2,540	1,274	1,274
Consolidated comprehensive income for the period				
Attributable to Encavis AG shareholders	8,396	16,606	10,918	21,566
Attributable to non-controlling interests	890	445	962	587
Attributable to hybrid capital investors	2,540	2,540	1,274	1,274
Earnings per share				
Average number of shares in circulation in the reporting period				
Undiluted	129,987,264	128,687,085	129,987,264	129,117,177
Diluted	129,987,264	128,748,420	129,987,264	129,174,384
Undiluted/diluted earnings per share (in EUR)	0.13	0.12	0.11	0.16

Condensed consolidated balance sheet (IFRS)

Assets in TEUR	30.06.2019	31.12.2018
Intangible assets	561,189	579,950
Goodwill	19,985	19,989
Property, plant and equipment	1,660,957	1,548,639
Financial assets accounted for using the equity method	20,814	14,514
Financial assets	40,425	6,474
Other receivables	4,719	19,518
Deferred tax assets	120,775	118,169
Total long-term assets	**2,428,863**	**2,307,252**
Inventories	406	422
Trade receivables	57,029	36,178
Non-financial assets	4,884	9,714
Receivables from income taxes	25,728	29,269
Other current receivables	12,932	13,738
Liquid assets	211,675	252,491
Cash and cash equivalents	*142,991*	*175,564*
Restricted cash and cash equivalents	*68,684*	*76,927*
Total short-term assets	**312,654**	**341,812**
Total assets	**2,741,517**	**2,649,065**

Equity and liabilities in TEUR	30.06.2019	31.12.2018
Subscribed capital	131,498	129,487
Capital reserve	422,935	413,104
Reserve for equity-based employee remuneration	333	383
Other reserves	-9,861	-1,718
Net retained profit	26,360	41,200
Equity attributable to Encavis AG shareholders	**571,266**	**582,456**
Equity attributable to non-controlling interests	10,242	9,145
Equity attributable to hybrid capital investors	95,442	95,456
Total equity	**676,950**	**687,057**
Non-current liabilities to non-controlling interests	5,380	5,264
Non-current financial liabilities	1,323,696	1,349,602
Non-current leasing liabilities	176,229	73,933
Other non-current liabilities	8,932	10,764
Non-current provisions	46,400	39,724
Deferred tax liabilities	234,590	234,540
Total long-term liabilities	**1,795,227**	**1,713,827**
Current liabilities to non-controlling Interests	23,160	17,140
Liabilities from income taxes	6,866	7,694
Current financial liabilities	176,647	174,420
Current lease liabilities	14,623	6,764
Trade payables	13,767	16,784
Other current liabilities	28,227	18,756
Current provisions	6,050	6,623
Total short-term liabilities	**269,340**	**248,181**
Total equity and liabilities	**2,741,517**	**2,649,065**

Condensed consolidated cash flow statement (IFRS)

In TEUR	01.01.–30.06.2019	01.01-30.06.2018
Net profit/loss for the period	19,967	18,194
Depreciation and amortisation of fixed assets	62,256	54,949
Profit/loss from the disposal of fixed assets	0	4
Other non-cash income and expenses	-1,621	-5,476
Financial income/financial expenses	26,170	24,157
Taxes on income	8,115	2,326
Taxes paid	-15,481	-3,534
Increase/decrease in other assets/liabilities not attributable to investment or financing activities	-23,046	-12,362
Cash flow from operating activities	**76,360**	**78,258**
Payments made for acquisition of consolidated companies less acquired cash/proceeds from the sale of consolidated companies	-2,956	-12,623
Payments related to investments in property, plant and equipment/proceeds from the disposal of assets in property, plant and equipment	-2,013	-41,236
Payments for investments in intangible assets	-139	-219
Payments related to investments in financial assets/proceeds from the sale of financial assets	-41,383	24
Dividends received	12	7
Cash flow from investing activities	**-46,480**	**-54,047**
Loans proceeds and repayments	-53,578	42,441
Repayment of lease liabilities	-6,196	0
Interest received/paid	-32,644	-25,173
Proceeds from capital increases/payment for issue costs	-122	-119
Payments received from the sale of shares without change of control	24,855	0
Change in restricted cash and cash equivalents	9,836	-9,555
Dividends paid to Encavis AG shareholders	-19,113	-20,838
Dividend payments to hybrid capital investors	-2,554	-2,554
Payments to non-controlling interests	-771	-259
Cash flow from financing activities	**-80,287**	**-16,057**
Change in cash and cash equivalents	-50,407	8,154
Changes in cash due to exchange rate changes	93	5
Cash and cash equivalents		
As at 01.01.2019 (01.01.2018)	171,533	119,984
As at 30.06.2019 (30.06.2018)	121,219	128,142

Condensed consolidated statement of changes in equity (IFRS)

In TEUR	Subscribed capital	Capital reserve	Other reserves			
			Currency reserve	Hedge reserve	Costs of hedging measures	Reserve from changes in fair value
As at 01.01.2018	128,252	406,834	1,176	-3,630		-298
Effect from the first-time application of IFRS 9						298
As at 01.01.2018 (adjusted for IFRS 9)	128,252	406,834	1,176	-3,630		
Consolidated earnings						
Other income recognised in equity			149	1,284	-35	
Consolidated comprehensive income for the period			149	1,284	-35	
Dividends						
Income and expenses recognised directly in equity						
Changes from capital measures	1,185	6,192				
Transactions with shareholders recognised directly in equity		22				
Issuance costs		-121				
Acquisition of shares from non-controlling interests						
As at 30.06.2018	129,437	412,927	1,324	-2,346	-35	
As at 01.01.2019	129,487	413,104	1,010	-2,700	-28	
Effect from the first-time application of IFRS 16						
As at 01.01.2019 (adjusted for IFRS 16)	129,487	413,104	1,010	-2,700	-28	
Consolidated earnings						
Other income recognised in equity*			121	-8,264	1	
Reclassifications to profit/loss			1			
Consolidated comprehensive income for the period			122	-8,264	1	
Dividends						
Income and expenses recognised directly in equity						
Changes from capital measures	2,011	9,953				
Issuance costs		-122				
Acquisition of shares from non-controlling interests						
As at 30.06.2019	131,498	422,935	1,131	-10,964	-27	

* Excluding separately recognised effects from reclassifications.

In TEUR	Reserve for equity-settled employee remuner-ation	Net retained earnings	Equity attributable to Encavis AG shareholders	Equity attributable to non-controlling interests	Equity attri-butable to hybrid capital investors	Total
As at 01.01.2018	**458**	**63,737**	**596,528**	**6,582**	**95,484**	**698,594**
Effect from the first-time application of IFRS 9		-456	-158			-158
As at 01.01.2018 (adjusted for IFRS 9)	**458**	**63,281**	**596,370**	**6,582**	**95,484**	**698,436**
Consolidated earnings		15,209	15,209	445	2,540	18,194
Other income recognised in equity			1,398			1,398
Consolidated comprehensive income for the period		**15,209**	**16,607**	**445**	**2,540**	**19,592**
Dividends		-28,215	-28,215		-2,554	-30,769
Income and expenses recognised directly in equity	63		63			63
Changes from capital measures			7,377	30		7,407
Transactions with shareholders recognised directly in equity			22	-22		0
Issuance costs			-121		-28	-149
Acquisition of shares from non-controlling interests				401		401
As at 30.06.2018	**521**	**50,274**	**592,102**	**7,437**	**95,442**	**694,981**
As at 01.01.2019	**383**	**41,200**	**582,456**	**9,145**	**95,456**	**687,057**
Effect from the first-time application of IFRS 16		-301	-301			-301
As at 01.01.2019 (adjusted for IFRS 16)	**383**	**40,899**	**582,155**	**9,145**	**95,456**	**686,756**
Consolidated earnings		16,538	16,538	889	2,540	19,967
Other income recognised in equity*			-8,142	1		-8,142
Reclassifications to profit/loss			1			1
Consolidated comprehensive income for the period		**16,538**	**8,396**	**890**	**2,540**	**11,826**
Dividends		-31,077	-31,077	-256	-2,554	-33,887
Income and expenses recognised directly in equity	-50		-50			-50
Changes from capital measures			11,964			11,964
Issuance costs			-122			-122
Acquisition of shares from non-controlling interests				463		463
As at 30.06.2019	**333**	**26,360**	**571,266**	**10,242**	**95,442**	**676,950**

* Excluding separately recognised effects from reclassifications.

Notes to the condensed interim consolidated financial statements

General information

These condensed and unaudited interim consolidated financial statements have been prepared in accordance with section 37w, paragraph 3, of the German Securities Trading Act (*Wertpapierhandelsgesetz* – WpHG) and with IAS 34 “Interim Financial Reporting”. They do not include all the information that is required under IFRS for the consolidated financial statements as of the end of a financial year and should therefore only be read in conjunction with the consolidated financial statements as of 31 December 2018.

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

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

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

The accounting policies applied are the same as those used for the last year-end consolidated financial statements. We published a detailed description of the methods applied in the notes to the consolidated financial statements for 2018. If there are any amendments to accounting policies, they will be explained in the individual notes.

The reporting company

Encavis AG (hereafter known as “company” or together with its subsidiaries as “Group”) is a German joint stock company based in Hamburg. The Group’s main areas of activity are described in chapter 1 of the notes to the consolidated financial statements for the financial year ended 31 December 2018.

Subject to the interim consolidated financial statements are Encavis AG and its affiliates. For the group of consolidated companies, the reader is referred to section 18 of the notes to the consolidated financial statements as of 31 December 2018 and, with regard to the amendments in the first half of 2019, to the notes in the following section. The parent company of the Group, Encavis AG, was entered in the commercial register of Hamburg district court on 18 January 2002 under HRB 63197 and has its place of business in Grosse Elbstrasse 59, 22767 Hamburg.

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

Significant accounting policies and consolidation principles

Seasonal influences

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

New standards and amendments to standards and interpretations

In the first half of 2019, the Group applied the following new and revised IFRS standards and interpretations:

New and amended standards and interpretations

		Required to be applied for financial years beginning on or after the specified date	EU endorsement status (as at: 30.06.2019)
IFRS 16	New standard – Leases	01.01.2019	Adopted
IFRS 9	Amendment – Prepayment Features with Negative Compensation	01.01.2019	Adopted
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019	Adopted
IAS 28	Amendment – Long-term Interests in Associates and Joint Ventures	01.01.2019	Adopted
IAS 19	Amendment – Plan Amendment, Curtailment or Settlement	01.01.2019	Adopted
AIP	Annual Improvement Programme for IFRS: 2015–2017 cycle	01.01.2019	Adopted

The new and amended standards/interpretations – with one exception – have no significant impact on these interim consolidated financial statements. With regard to IFRS 16 “Leases”, the effects on the presentation and measurement in the consolidated financial statements are explained below, in addition to the comments in the consolidated financial statements as of 31 December 2018.

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

There are no significant new findings regarding the new and amended standards/interpretations that are not yet mandatory and for which no early application has taken place in the Group, which is why reference is made to the explanations in the consolidated financial statements as of 31 December 2018.

IFRS 16 - Leases

IFRS 16 was published in January 2016 and adopted into European law on 31 October 2017, and its application is not obligatory until financial years that begin on or after 1 January 2019. The new standard governs how leases are recognised, measured, presented and disclosed in the financial statements of enterprises reporting in accordance with IFRS. For the lessee, the standard provides for a single accounting model, the right-of-use model, which eliminates the distinction between finance and operating leases made under IAS 17. This model results in the lessee, as a rule, having to recognise in the balance sheet all assets and liabilities arising from lease agreements. In contrast, the introduction of the new standard does not lead to any significant changes for the lessor.

Encavis applied the modified retrospective method when IFRS 16 was first applied on 1 January 2019. Accordingly, the comparative figures for 2018 have not been restated retrospectively, but are still presented in accordance with IAS 17.

First-time application of IFRS 16 at Encavis

Encavis leases include leases of both movable assets (e.g. company cars, photocopiers) and immovable property (e.g. office space, land, power generation installations).

Until the 2018 financial year, these leases were classified as either operating or finance leases. At the beginning of the lease term, finance leases were recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments. Operating leases were not recognised in the balance sheet; instead, the lease payments were recognised as expenses in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

At the time of the transition to IFRS 16 as of 1 January 2019, all previous operating leases were recognised in the balance sheet as rights of use and lease liabilities. Exceptions to this were short-term leases with a term of up to 12 months and leases with low-value underlying assets for which the accounting option was exercised. The rights of use were recognised in the amount of the respective lease liabilities, adjusted for all advance payments already made and deferred lease payments presented in the balance sheet as of 31 December 2018. There were no leases with a negative impact at Encavis at the time of first-time application that would have required an impairment of the initial rights of use.

Encavis also has a number of contracts already classified as finance leases in accordance with IAS 17. For this purpose, the carrying amounts of assets and liabilities recognised immediately before the first-time application of IFRS 16 were recognised in accordance with IAS 17.

Encavis has made use of the following simplifications permitted by the standard in connection with the first-time application of IFRS 16:

- Due to their short-term nature, leases with a remaining term of less than 12 months as of 1 January 2019 were generally not accounted for in accordance with IFRS 16.
- Earlier estimates of whether a lease with a negative impact exists have been adopted.

Encavis has also made use of its right to not carry out a reassessment regarding the existence of a lease for existing contracts at the date of first-time application. For contracts that were already classified as leases in accordance with IAS 17 and IFRIC 4 prior to 1 January 2019, the existence of a lease was therefore assumed.

Effects on the consolidated balance sheet, consolidated statement of comprehensive income and the consolidated cash flow statement

The quantitative effects related to the implementation of IFRS 16 on the consolidated balance sheet as of 1 January 2019 are as follows:

Change in assets in TEUR	01.01.2019
Change in long-term assets	
Property, plant and equipment	131,473
Assets related to asset retirement obligations	*-37,547*
Power generation installations previously recognized as finance leases	*-39,129*
Right-of-Use Assets	*208,149*
Total long-term assets	-16,171
Change in short-term assets	
Other current receivables	-1,499
Total change in assets	**113,803**

Change in equity and liabilities in TEUR	01.01.2019
Net change in equity	-301
Change in long-term liabilities	
Change in long-term lease liabilities	111,176
Change in short-term liabilities	
Change in short-term lease liabilities	4,000
Change in other liabilities	-1,072
Total change in equity and liabilities	**113,803**

Due to the capitalisation of rights of use, property, plant and equipment increased as of 1 January 2019 to a total of TEUR 131,473. Within property, plant and equipment, assets from retirement obligations in connection with leased land in the amount of TEUR 37,547 as well as finance lease assets in accordance with IAS 17 in the amount of TEUR 39,129 were reclassified to rights of use. All advance payments for operating leases reported in other receivables in the amount of TEUR 16,171 as well as the other current receivables in the amount of TEUR 1,499 have also been reported under rights of use since 1 January 2019. Correspondingly, other liabilities for operating leases in the amount of TEUR 1,072, which had previously been reported as other liabilities, were reclassified as lease liabilities. A partial revaluation of the reclassified other receivables and liabilities resulted in a reduction of equity in the amount of TEUR 301.

The capitalised rights of use can be broken down into the following asset classes:

Right-of-Use assets per asset class in TEUR	30.06.2019	01.01.2019
Land	165,327	162,265
Buildings	5,986	6,527
Power generation installations	38,075	39,129
Automobiles	154	228
Total Right-of-Use Assets	**209,542**	**208,149**

The following table shows the reconciliation of the lease obligations as of 31 December 2018 to lease liabilities as of 1 January 2019:

Reconciliation of lease commitments as of 31.12.2018 to lease liabilities as at 01.01.2019 in TEUR	2019
Operating lease commitments according to IAS 17.35 as at 31.12.2018	168,467
Minimum finance lease commitments as at 31.12.2018	90,524
Short-term lease commitments	0
Low-value lease commitments	-37
Gross lease commitments as at 01.01.2019	**258,954**
Present value of operating lease liabilities	115,175
Present value of minimum finance lease commitments	80,697
Total lease liabilities as at 01.01.2019	**195,872**

Liabilities from operating leases correspond to the present value of the outstanding payments that were discounted at the incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied was 3.66 %.

The effects related to the implementation of IFRS 16 on the consolidated statement of comprehensive income for the first half of 2019 are as follows:

Effects on consolidated statement of comprehensive income in TEUR	01.01.-30.06.2019
Other income	15
Other expenses	4,297
Impact on earnings before interest, taxes, depreciation and amortisation (EBITDA)	**4,312**
Depreciation and amortisation	-3,443
Impact on earnings before interest and taxes (EBIT)	**869**
Financial expenses	-2,090
Impact on earnings before taxes on income (EBT)	**-1,221**
Impact on consolidated income	**-1,221**
Impact on consolidated comprehensive income	**-1,221**

In the first half of 2019, amortisation of the rights of use in the amount of TEUR 3,443 and interest expenses for the accretion of lease liabilities in the amount of TEUR 2,090 were recognised instead of the previous rental and lease expenses. There is therefore a significant improvement in the KPIs EBITDA – in the amount of TEUR 4,312 – and EBIT – in the amount of TEUR 869 – compared to the previous accounting according to IAS 17. In contrast, consolidated earnings shows a decline in the amount of TEUR 1,221, as the accretion of lease liabilities results in a time shift of expenses over the total period with the same total expenses.

Due to the change in presentation under IFRS 16, there is a shift in the consolidated cash flow statement between the operating cash flow in the amount of TEUR 4,518 and the cash flow from financing activities in the amount of TEUR -4,518.

Effects on Group segment reporting

As a result of the implementation of IFRS 16, assets, liabilities and EBITDA increased across all segments. The quantitative operating effects in the individual segments as of 30 June 2019 are shown in the following table:

Effect on consolidated segment reporting (operating) as at 30.06.2019 in TEUR	EBITDA	Assets	Liabilities
Administration	413	6,109	6,154
PV Parks	2,244	48,794	49,470
Wind Parks	1,640	56,009	56,353
Total	**4,297**	**110,912**	**111,977**

Summary of new accounting standards

The new accounting standards which have been applied at Encavis since the date of first-time application of IFRS 16 have been explained below.

On the provision date, i.e. the date on which asset is available for use by Encavis, a right of use is to be capitalised in an amount equal to the acquisition cost. The acquisition cost includes:

- The amount recognised as a lease liability at initial valuation
- All initial direct costs incurred
- All lease payments already made before or as of the provision date less lease incentives received
- All estimated asset retirement and comparable obligations

Subsequent valuation is carried out at acquisition cost less any depreciation, amortisation and impairment losses, and adjusted for revaluations of the lease liability. The depreciation period is defined as the shorter of the useful life and the lease term.

On the provision date, a lease liability is to be recognised as a liability in the amount of the present value of the outstanding lease payments over the term of the lease. Encavis uses the marginal borrowing rate as the basis for discounting, provided that the interest rate implicit in the lease cannot otherwise be readily determined.

The lease liabilities include:

- Fixed payments (including de facto fixed payments) less lease incentives to be received
- Variable lease payments linked to an index or interest rate
- Amounts expected to be paid as part of residual value guarantees
- Exercise prices for call options, provided that their exercise is sufficiently probable
- Penalty payments for terminations of the lease, provided that these were taken into account during the term

In many contracts, the lease payments are pegged to indexes (e.g. the consumer price index). The cash flows used to determine the lease liability always include only adjustments that have already been carried out, not any estimates of future adjustments due to the development of the index.

Variable lease payments not pegged to an index or interest rate are still recognised in the statement of comprehensive income as per IAS 17. At Encavis, these include payment components in lease agreements which are calculated on the basis of the electricity output.

The lease term consists of the binding term plus any extension options whose exercise is sufficiently likely as well as periods during which a termination option is granted, provided that this option is sufficiently unlikely to be exercised. Extension options are a significant component at Encavis, in particular within the context of rental and lease contracts. Encavis assesses at its own discretion whether the exercise of the option is probable by considering all relevant factors that provide an economic incentive to exercise the option. In the event of subsequent material events or changes in circumstances that have an impact on the assessment, the term will be reassessed if Encavis has control over this. Encavis largely included extension options within the context of lease contracts in the calculation of the lease term. This is due to the fact that the planned operating life of the power generation installations erected on the land often exceeds the basic rental period and that exercising the option therefore makes economic sense.

The lease liability is compounded over the term and reduced by the payments made. In the event of any changes in the lease that affect future lease payments, the lease must be revalued. These changes include, for example, revised estimates of the exercise of extension and termination options or adjustments to the amount of the lease payments.

Encavis makes use of its right granted by the standard to not recognise short-term leases with a term of up to 12 months and leases with low-value underlying assets (i.e. with an original value of up to USD 5,000) as assets and/or liabilities in the balance sheet. All related payments will continue to be recognised in the statement of comprehensive income on a straight-line basis over the term of the lease in accordance with IAS 17. Expenses for these leases at Encavis are classified as insignificant overall.

Group of consolidated companies

In the first six months of 2019, the following companies were included in the consolidated financial statements in addition to those mentioned in note 18 to the consolidated financial statements as of 31 December 2018.

Companies additionally included in the group of consolidated companies in the first half of 2019	Registered office	Share in %
Fully consolidated Group companies		
Toolestown Solar DAC	Dublin, Ireland	75.00
Zonnepark Zierikzee B.V.	Zierikzee, Netherlands	90.00
Associates		
Cabrera Energia Solar S. L. U.	Valencia, Spain	80.00
Stern Energy S.p.A., including subsidiaries	Parma, Italy	30.00

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

The following companies were renamed and/or converted in the first half of 2019:

Companies renamed in the first half of 2019

Former company name	New company name
CHORUS GmbH, Neubiberg	Encavis Asset Management AG, Neubiberg, Germany
CHORUS Solar S.r.l. & Co. Foggia Cinque S.a.s., Bruneck, Italy	CHORUS Solar Foggia 5 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Due S.a.s., Bruneck, Italy	CHORUS Solar Foggia 2 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Nove S.a.s., Bruneck, Italy	CHORUS Solar Foggia 9 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Otto S.a.s., Bruneck, Italy	CHORUS Solar Foggia 8 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Quattro S.a.s., Bruneck, Italy	CHORUS Solar Foggia 4 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Sei S.a.s., Bruneck, Italy	CHORUS Solar Foggia 6 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Sette S.a.s., Bruneck, Italy	CHORUS Solar Foggia 7 S.r.l., Bruneck, Italy
CHORUS Solar S.r.l. & Co. Foggia Tre S.a.s., Bruneck, Italy	CHORUS Solar Foggia 3 S.r.l., Bruneck, Italy
Encavis Asset Management AG, Neubiberg, Germany	Encavis GmbH, Neubiberg, Germany

The British intermediate holding companies PJC Renewable Energy Ltd., London, and Freshpower Ltd., London, which were presented in the 2018 annual report as being in dissolution, have now been deleted (PV Parks segment). The two Danish companies Norhede-Hjortmose Vind 12 K/S, Ringkøbing, and Norhede-Hjortmose Vind 19 I/S, Ringkøbing, were merged at the beginning of the year into Encavis Wind Danmark ApS, Roskilde (Wind Parks segment). The two Italian intermediate holding companies CHORUS Solar S.r.l. & Co. S.a.s., Bruneck, and CHORUS Solar S.r.l., Bruneck, were also merged within the Group at the beginning of the year (PV Parks segment). All organisational changes have no significant effects on the consolidated financial statements, but rather serve to consolidate the Group’s structure.

Business combinations

Business combinations are accounted for as described in the notes to the consolidated financial statements as of 31 December 2018.

The purchase price allocations (PPA) used for initial consolidation are only provisional, because in some cases facts may come to light after the PPA has been completed that result in subsequent changes up to one year after the acquisition. Changes are particularly likely to arise through the valuation of intangible assets, property, plant and equipment and financial liabilities. Furthermore, the temporary nature of the purchase price allocation is due to the fact that the technical assessments and the corresponding final version of the planning calculations that form the basis for the valuation of intangible assets are not yet complete.

In addition to the operation of installations, the acquisition of existing solar parks and wind parks, as well as those currently under construction, is part of the business activities of the Group and therefore represents the primary reason for the acquisitions.

Business combinations in the first half of 2019

Zonnepark Zierikzee B.V. – PV Parks segment

In TEUR	Carrying amount before PPA	Fair value according to preliminiary PPA
Intangible assets	0	5,873
Property, plant and equipment	8,456	8,957
Current assets	798	798
Cash and cash equivalents	1,330	1,330
Liquid assets with restrictions on disposition	192	192
Liabilities and provisions	10,818	11,319
Deferred tax assets	0	103
Deferred tax liabilities	0	1,307
Identified acquired net assets	**-41**	**4,627**
Determining the amount of the difference		
Purchase price for 90 % of shares		1,536
Purchase price for acquired financial liabilities		1,452
Total purchase price		**2,988**
Identified acquired net assets (90 %)		4,165
Non-controlling interests (10 %)		462
Acquired financial liabilities (shareholder loans)		1,452
Badwill		**-2,629**
Net cash outflow from the acquisition		1,658

This transaction refers to the 90 % acquisition of a solar park in the Zeeland province of the Netherlands. The park was consolidated for the first time as of 9 January 2019. The business combination was carried out by applying the purchase (partial goodwill) method. The value of the revalued equity capital as of the date of initial consolidation was TEUR 4,627. The current receivables assumed as a result of the transaction, which are made up of tax receivables, have a fair value of TEUR 798. The best estimate, carried out on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. Moreover, there were no contingent assets or liabilities. The incidental transaction costs were TEUR 118. Revenue of TEUR 801 and profit of TEUR 119 have been recognised from the acquired entity since the date of initial consolidation. Had the company been included in the Group since the beginning of 2019, projections would not have had a material impact on revenue or consolidated earnings. The purchase price for the shares acquired and a shareholder loan assumed was TEUR 2,988 and was paid entirely in cash.

Finalisation of the purchase price allocation for the companies Solarpark Boizenburg I GmbH & Co. KG and Solarpark Boizenburg II GmbH & Co. KG

During the measurement period as per IFRS 3.45, the company adjusted the purchase price allocation in the first half of 2019 due to the now finalised measurement of the intangible assets. The main changes to the provisional price allocation and the figures presented in the 2018 annual report are a decrease in intangible assets of TEUR 1,054 and an increase in deferred tax liabilities of TEUR 301. This resulted in a reduction in badwill of TEUR 753.

Overall impact of the business combinations on the Group result

The negative difference (badwill) for the business acquisitions in the first six months of the 2019 financial year and adjustments to provisional purchase price allocations made in the 2019 financial year come to TEUR 1,876 in total and are shown in other income. The other effects on the consolidated financial statements, which are listed above, result only from the initial consolidation of Zonnepark Zierikzee B.V.

Reasons for the realisation of badwill

The badwill was largely realised through the benefits that Encavis boasts compared to other potential buyers. In particular, these include very good liquidity and the associated opportunity to repay the seller’s existing interim financing promptly.

Business combinations often require participation in a public sale process whereby the purchase price is significantly influenced by the bids made by competitors. However, the Group acquisitions result only from exclusive negotiations with the seller, which has a significant influence on the realisation of badwill. In addition, public structured sales processes take longer than exclusive negotiations. Many sellers prefer the quick and foreseeable completion of the transaction with Encavis – where closing, i.e. purchase price payment, rapidly follows signature of the contract – to a long, protracted structured sales process. This is because, at the end of it, although the purchaser is often the highest bidder, they are frequently unknown and possibly not able to pay immediately and ensure prompt closing.

Another aspect in the generation of badwill is the discount that can be obtained when a portfolio of assets is acquired. This discount when a portfolio is sold compared to individual sales reflects the greater speed of the sale and the resulting savings in staff, administration and transaction costs that would occur if selling each of the assets individually.

A large number of solar parks and wind parks are presented to the Group for scrutiny each year. As part of a clearly defined filtering process, the most attractive projects are selected from these offers in the short term and scrutinised more closely. Many years of experience and knowledgeable employees mean the Group is in a position to review and carry out acquisitions in a very short period of time. As the business relationships go back a long way in some cases, the sellers also have a high degree of trust in Encavis. Experience shows that this filtering process leads to approximately eight to ten transactions during the year. Since several solar parks and wind parks can be acquired in a single transaction, this corresponds to the acquisition of around 20 installations per year.

Acquisition that do not meet the definition of a business

Encavis continues to expand its pipeline in Ireland. To this end, project rights already acquired in 2018 were transferred to the self-founded company Toolestown Solar DAC, based in Ireland.

On 20 June 2019, Encavis acquired a 30 % shareholding in the Italian company Stern Energy S.p.A. for TEUR 6,446. Due to its significant influence on the company, the participating interest is reported as an associated company according to the equity method. The investment is intended to strengthen the PV Service segment as well as lay the foundation for the cooperation of the two groups in the field of technical operations management.

Majority-preserving reduction of the share capital by 49 % for six companies (Wind Parks segment)

On 28 June 2019, Encavis disposed of shareholdings in the amount of 49 % respectively in the five park companies Energiepark Breitendeich RE WP BD GmbH & Co. KG, Energiepark Passow WP Briest III GmbH & Co. KG, Energiepark Debstedt GmbH & Co. RE WP DE KG, Energiepark Lunestedt GmbH & Co. WP HEE KG and Energiepark Lunestedt GmbH & Co. WP LUN KG, as well as the company Energiekontor Windstrom GmbH & Co. UW Lunestedt, to the Luxembourg special fund of an institutional investor. The disposal was carried out without effect on the status of control over the subsidiaries. The inflow of funds from the majority-preserving reduction of the share capital is recognised in the cash flow from financing activities and amounts to TEUR 24,855, of which a total of TEUR 5,916 is attributable to the acquisition of shares; current liabilities to non-controlling shareholders have been recognised in the corresponding amount. Additionally, a total of loan and interest receivables in the amount of TEUR 18,939 was transferred to the buyer as part of the transaction.

Critical accounting judgements and key sources of estimation uncertainties

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

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

Economic life of property, plant and equipment and intangible assets

When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated; in doing so, we take into account contractual agreements, knowledge of the industry and management estimates. Further disclosures can be found in the notes to the consolidated financial statements as of 31 December 2018.

Impairment of goodwill

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

Business combinations

All identifiable assets and liabilities are recognised at their fair values at the time of initial consolidation within the scope of business combinations. The recognised fair values are subject to estimation uncertainties. If intangible assets are identified, the fair value must be estimated using generally accepted valuation methods. The valuations are based on the company's plans, which are based on estimates by management while taking contractual agreements into account. The discount rates (WACC) applied in connection with the valuation of intangible assets are between 2.78 % and 3.85 % (previous year: 1.99 % and 3.53 %).

The acquisition of solar and wind parks already connected to the grid is treated like a business combination because, in the opinion of the Group, the requirements of an existing business operation exist.

The reader is referred to the discussion in note 8 of the notes to the consolidated financial statements as of 31 December 2018 for details of the assumptions made when determining the fair value of financial assets. The measurement methods and input factors applied have not changed since 31 December 2018.

Additional disclosures related to financial assets and liabilities

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

Classes of financial instruments in TEUR			Carrying amount under IFRS 9*				
	Measurement category under IFRS 9*	Carrying amount as at 30.06.2019 (31.12.2018)	Amortised cost	Fair value not recognised through profit or loss	Fair value recognised through profit or loss	Carrying amount under IFRS 16 (IAS 17)	Fair value as at 30.06.2019 (31.12.2018)
Financial assets							
Non-current financial assets	FVPL	5,100			5,100		5,100
(31.12.2018)		(5,245)			(5,245)		(5,245)
Current receivables from contingent considerations	n/a	307			307		307
(31.12.2018)		(305)			(305)		(305)
Trade receivables	AC	57,029	57,029				57,029
(31.12.2018)		(36,178)	(36,178)				(36,178)
Other current receivables	AC	4,815	4,815				4,815
(31.12.2018)		(6,129)	(6,129)				(6,129)
Loans to associates and other loans	AC	35,325	35,325				35,325
(31.12.2018)		(1,229)	(1,229)				(1,229)
Liquid assets	AC	211,675	211,675				211,675
(31.12.2018)		(252,491)	(252,491)				(252,491)
Derivative financial assets							
Derivatives in a hedging relationship	Hedge Accounting	1,963		1,963			1,963
(31.12.2018)		(2,006)		(2,006)			(2,006)

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

Classes of financial instruments in TEUR		Carrying amount under IFRS 9*					
	Measurement category under IFRS 9*	Carrying amount as at 30.06.2019 (31.12.2018)	Amortised cost	Fair value not recognised through profit or loss	Fair value recognised through profit or loss	Carrying amount under IFRS 16 (IAS 17)	Fair value as at 30.06.2019 (31.12.2018)
Financial liabilities							
Trade payables	AC	13,767	13,767				13,767
(31.12.2018)		(16,784)	(16,784)				(16,784)
Financial liabilities	AC	1,464,918	1,464,918				1,626,668
(31.12.2018)		(1,499,651)	(1,499,651)				(1,595,363)
Lease liabilities**	n/a	190,852				190,852	-
(31.12.2018)		(80,697)				(80,697)	(80,036)
Liabilities to non-controlling shareholders	AC	28,540	28,540				28,540
(31.12.2018)		(22,404)	(22,404)				(22,404)
Non-current liabilities from contingent considerations	n/a	600			600		600
(31.12.2018)		(596)			(596)		(596)
Current liabilities from contingent considerations	n/a	775			775		775
(31.12.2018)		(775)			(775)		(775)
Other financial liabilities	AC	397	397				397
(31.12.2018)		(717)	(717)				(717)
Derivative financial liabilities							
Derivatives in a hedging relationship	Hedge Accounting	30,468		30,468			30,468
(31.12.2018)		(19,644)		(19,644)			(19,644)
Derivatives not in a hedging relationship	FVPL	3,185			3,185		3,185
(31.12.2018)		(2,639)			(2,639)		(2,639)
Of which aggregated by valuation categories as per IFRS 9							
Financial assets measured at amortised cost	AC	308,845	308,845				308,845
(31.12.2018)		(296,028)	(296,028)				(296,028)
Financial assets measured at fair value through profit or loss	FVPL	5,100			5,100		5,100
(31.12.2018)		(5,245)			(5,245)		(5,245)
Financial liabilities measured at amortised cost	AC	1,507,622	1,507,622				1,669,372
(31.12.2018)		(1,539,556)	(1,539,556)				(1,635,268)
Financial liabilities measured at fair value through profit or loss	FVPL	3,185			3,185		3,185
(31.12.2018)		(2,639)			(2,639)		(2,639)

** The relief provision of IFRS 7.29 was applied to the disclosures on the fair values of lease liabilities. The values under this line item as of 31 December 2018 only contain liabilities from finance leases pursuant to IAS 17.

Fair value hierarchy

Fair value hierarchy in TEUR as at 30.06.2019 (31.12.2018)	Level		
	1	2	3
Assets			
Non-current financial assets			5,100
(31.12.2018)			(5,245)
Non-current receivables from contingent considerations			307
(31.12.2018)			(305)
Derivative financial assets:			
Derivatives in a hedging relationship		1,963	
(31.12.2018)		(2,006)	
Liabilities			
Non-current liabilities from contingent considerations			600
(31.12.2018)			(596)
Current liabilities from contingent considerations			775
(31.12.2018)			(775)
Derivative financial liabilities:			
Derivatives in a hedging relationship		30,468	
(31.12.2018)		(19,644)	
Derivatives not in a hedging relationship		3,185	
(31.12.2018)		(2,639)	

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

The non-current and current receivables from contingent considerations recognised in the consolidated balance sheet at fair value as well as the liabilities from contingent considerations are based on level 3 information and input factors.

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

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

Fair value hierarchy in TEUR as at 30.06.2019 (31.12.2018)	Level		
	1	2	3
Liabilities			
Financial liabilities measured at amortised cost			
Financial liabilities		1,626,668	
(31.12.2018)		(1,595,363)	
Lease liabilities		-	
(31.12.2018)		(80,036)	

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

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

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

	2019	2018
Non-current financial assets		
As at 01.01	5,245	5,825
Purchases (including additions)	105	102
Sales (including disposals)	-380	-33
Profit (+)/loss (–) in the consolidated earnings of the period	130	-97
As at 30.06	**5,100**	**5,796**
Non-current receivables from contingent considerations		
As at 01.01	0	301
Profit (+)/loss (-) in the consolidated earnings of the period	0	2
As at 30.06	**0**	**303**
Current receivables from contingent considerations		
As at 01.01	305	552
Profit (+)/loss (-) in the consolidated earnings of the period	2	0
Sales (including disposals)	0	-552
As at 30.06	**307**	**0**
Non-current liabilities from contingent considerations		
As at 01.01	596	0
Profit (-)/loss (+) in the consolidated earnings of the period	4	0
As at 30.06	**600**	**0**
Current liabilities from contingent considerations		
As at 01.01	775	79
As at 30.06	**775**	**79**

The non-current earn-out liability was recognised with the acquisition of the solar park in Boizenburg during the 2018 financial year. The payment is mainly related to the performance of the park after planned repairs. During the financial year, the liability was compounded by TEUR 4.

In the course of the asset deals for Rindum Enge 1 and 5, as well as 2 and 3, agreements on contingent consideration were concluded. Due to a noise reduction measure, the wind turbines run in a reduced operating mode. If an increase in production can be achieved through contractually agreed technical adjustments to the wind turbines, this will result in an increase in the purchase price (current liabilities from contingent considerations). A corresponding evaluation is due to take place over the course of the 2019 financial year.

The non-current earn-out receivable from the acquisition of the wind park UGE Markendorf Eins GmbH & Co. KG Umweltgerechte Energie in the 2017 financial year was reclassified to current receivables in the second half of 2018 due to the estimated payment date at the end of 2019. It was compounded by TEUR 2 during the financial year. The current earn-out receivable from the acquisition of the wind park portfolio UGE Malterhausen GmbH & Co. KG Umweltgerechte Energie was offset at the beginning of the 2018 financial year.

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

In TEUR	01.01.-30.06.2019	01.01.-30.06.2018
Interest income	4,533	4,630
Interest expenses	-29,287	-26,789
Total	-24,754	-22,159

Not included, in particular, are interest income and interest expenses from derivatives and interest income and interest expenses from assets and liabilities outside of the scope of IFRS 7.

Interest rate swaps

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

As of the balance sheet date, the Group held a total of 96 (31 December 2018: 96) interest rates swaps, under which the Group receives interest at a variable rate and pays interest at a fixed rate. As a general rule, these are amortising interest rate swaps, whose nominal volume is reduced at regular, defined intervals. The following table shows the nominal volumes as of the balance sheet date, the average (volume-weighted) fixed interest rate and the fair value. It differentiates between interest rate swaps that are part of an effective hedging relationship pursuant to IFRS 9 and those that are not.

In TEUR	30.06.2019	31.12.2018
Nominal volume in TEUR	444,108	454,015
Of which in a hedging relationship	392,560	*401,185*
Of which not in a hedging relationship	51,748	*52,830*
Average interest rate in %	2.27	2.26
Average remaining term in years	9.40	9.89
Fair value in TEUR	-31,672	-20,277
Of which in a hedging relationship	-28,505	*-17,638*
Of which not in a hedging relationship	-3,167	*-2,639*

The ineffective portion of the swaps in a hedging relationship was recognised as expenses of TEUR 56 through profit and loss (previous year: income in the amount of TEUR 791). The change in the market value of swaps that are not in a hedging relationship was recognised as expenses of TEUR 529 through profit or loss (previous year: TEUR 161). The effective portion in the current financial year of TEUR –11,305 (previous year: TEUR –862) was adjusted for deferred tax effects in the amount of TEUR 2,705 (previous year: TEUR –64) and recognised in equity. For the interest rate swaps for which no more evidence of their effectiveness pursuant to IAS 39 could be provided prior to 1 January 2018 (applicable period of IAS 39), the changes in value formerly recognised in the hedge accounting reserves with no effect on profit or loss in the amount of TEUR 12 (previous year: TEUR 12), taking into account the deferred tax liabilities in the amount of TEUR –3 (previous year: TEUR –3), were amortised on schedule with effect on profit or loss.

Principles of risk management

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

The risks facing the Encavis Group, as well as the extent of these risks, have either not changed or not changed significantly compared with the 2018 consolidated financial statements.

Equity

As of 30 June 2019, equity amounted to TEUR 676,950 (31 December 2018: TEUR 687,057). The decrease in the amount of TEUR 10,107, or 1 %, results primarily from the payment of the dividends for the previous financial year as well as from the valuation effects recognised in the hedge reserve for the derivative financial instruments of the Group. The issue of new shares and the positive earnings for the reporting period had the opposite effect. Share capital increased by TEUR 2,011 through contributions in kind. The equity ratio is 24.7 % (31 December 2018: 25.9 %).

The Management Board and Supervisory Board of Encavis AG want the shareholders to share in the success of the company to an appropriate extent. With this in mind, the Supervisory and Management Boards of Encavis AG proposed, at the annual shareholders' meeting on 15 May 2019, to pay out a dividend of EUR 0.24 for each dividend-entitled share. This represents a year-on-year increase of 9 % (dividend for the 2017 financial year: EUR 0.22). The proposal by the Management Board and Supervisory Board was approved by a clear majority.

The Management Board and Supervisory Board wish to give Encavis AG shareholders the greatest possible freedom of choice in connection with the dividend. As a result, the dividend issued by Encavis AG was once again structured as an optional dividend. As such, the company's shareholders had the choice of receiving the dividend entirely in cash or a portion of the dividend in cash for payment of the tax liability and the remaining portion of the dividend in the form of shares in the company. Furthermore, the dividend is partially tax-free in accordance with section 27, paragraph 1, of the German corporation tax act (*Körperschaftssteuergesetz* – KStG).

The dividend was paid on 18 June 2019. Encavis AG gave the option of receiving the dividend either wholly or partially in cash or in the form of shares. The acceptance rate of almost 55 % is seen as a sign of the shareholders' confidence in the company and is well above the level of the previous year. In total, 2,010,807 new bearer shares were issued. The new shares have dividend rights from 1 January 2019 onwards. Share capital increased from EUR 129,437,340.00 to EUR 131,498,147.00.

As of the reporting date, share capital therefore comes to EUR 131,498,147.00, divided into 131,498,147 shares with a nominal value of EUR 1.00 per share.

Related-party disclosures

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

Associates

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

Transactions with associates in TEUR

	Services provided	Services received	Receivables	Liabilities	Loans issued incl. Interest
Cabrera Energia Solar S. L. U.*	228				33,645
CHORUS IPP Europe GmbH	232		97		
Energiepark Debstedt 2 RE WP DE GmbH & Co. KG					1,000
Talayuela	65		33		1,772
Gnannenweiler Windnetz GmbH & Co. KG		20		4	
Pexapark AG		21			
Total	**525**	**41**	**130**	**4**	**36,417**
(Previous year)	(738)	(30)	(489)	(5)	(1,000)

* Cabrera Energia Solar S. L. U. was founded in February 2019.

On 15 February 2019, Encavis founded Cabrera Energia Solar S. L. U., which is headquartered in Valencia, Spain. Encavis also granted Cabrera Energia Solar S. L. U. a loan of TEUR 33,417.

The participating interest in Stern Energy S.p.A. was acquired on 20 June 2019. There were no transactions to be reported that occurred between the acquisition date and 30 June 2019.

During the financial year, the Group received TEUR 5 from dividends from CHORUS IPP Europe GmbH and TEUR 49 from mezzanine capital held.

Joint arrangements

The participating interest in Richelbach Solar GbR in the amount of TEUR 120 as of 30 June 2019 (31 December 2018: TEUR 120) is classified as a joint operation pursuant to IFRS 11. Encavis recognises its interest in the joint operation through the recognition of its share in the assets, liabilities, income and expenses in accordance with its contractually assumed rights and obligations.

Other related companies and individuals

As of the reporting date, rental contracts at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG, a company allocated to Supervisory Board members Albert Büll and Dr Cornelius Liedtke, for office space for Encavis AG. In the first half of 2019, the sum of the transactions with B&L Holzhafen West GmbH & Co. KG amounts to TEUR 358 (previous year: TEUR 276). As of the balance sheet date, there were no outstanding balances from transactions with B&L Holzhafen West GmbH & Co. KG.

For the company Encavis GmbH, there is a rental agreement regarding the Asset Management segment's office space in Neubiberg with PELABA Vermögensverwaltungs GmbH & Co. KG, a company related to Supervisory Board member Peter Heidecker. The rental agreement has a fixed term until the end of 2019 and renews automatically by one year each year unless either of the parties terminates it with a notice period of six months. The contract runs until at least the end of 2020. The monthly rent is based on customary market conditions. In the first half of 2019, the sum of the transactions with PELABA Vermögensverwaltung GmbH & Co. KG amounts to TEUR 79 (previous year: TEUR 82). As of the balance sheet date, there were no outstanding balances from transactions with PELABA Vermögensverwaltungs GmbH & Co. KG.

Other information

Employees

In the first half of 2019, apart from the Management Board members, the Group had 119 employees on average (previous year: 117), determined on the basis of the figures on the respective reporting dates. The average number of employees is shown below broken down by function:

Average number of employees per function	Encavis AG	Encavis Technical Services GmbH	Encavis Asset Management AG (formerly: CHORUS GmbH)	Encavis GmbH (formerly: Encavis Asset Management AG)	TC Wind Management GmbH	Total
Finance	19.00		6.00			25.00
(Previous year)	(20.00)		(7.50)			(27.50)
Operations	28.50		0.00	8.50		37.00
(Previous year)	(23.00)		(12.00)	(0.00)		(35.00)
Staff	18.50		4.50			23.00
(Previous year)	(9.00)		(12.00)			(21.00)
Investment	6.00		8.00			14.00
(Previous year)	(8.00)		(6.00)			(14.00)
Corporate Finance	2.50					2.50
(Previous year)	(2.50)					(2.50)
Asset Management			7.50		0.00	7.50
(Previous year)			(3.00)		(3.00)	(6.00)
Technology/Administration		10.00			0.00	10.00
(Previous year)		(10.00)			(1.00)	(11.00)
Total	**74.50**	**10.00**	**26.00**	**8.50**	**0.00**	**119.00**
(Previous year)	(62.50)	(10.00)	(40.50)	(0.00)	(4.00)	(117.00)

Events after the balance sheet date

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

Notification requirements

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

Forward-looking statements and forecasts

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

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

Contact

Encavis AG
Investor Relations
Grosse Elbstrasse 59
22767 Hamburg, Germany

Tel.: +49 (0)40 378 562 242
Email: ir@encavis.com

Assurance of the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the half-yearly financial reporting as of 30 June 2019, in connection with the annual report for 2018, gives a true and fair view of the net assets and financial and earnings positions of the Group, and that the situation of the Group is presented in a true and fair way as to suitably describe the principal opportunities and risks associated with the expected development of the Group.

Hamburg, August 2019

Encavis AG

Management Board

Dr Dierk Paskert	Dr Christoph Husmann
CEO	CFO

Condensed consolidated segment reporting (operating)[1]

In TEUR	Administration	PV Parks	PV Service	Asset Management
Revenue	0	106,870	2,320	3,914
(Previous year)	(0)	(92,327)	(1,993)	(1,330)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-4,207	91,466	670	1,159
(Previous year)	(-3,625)	(76,349)	(743)	(-1,114)
Earnings before interest and taxes (EBIT)	-4,737	60,431	637	814
(Previous year)	(-3,687)	(49,282)	(720)	(-1,448)
Financial result	-1,494	-21,265	0	0
(Previous year)	(-684)	(-21,330)	(0)	(9)
Earnings before taxes on income (EBT)	-6,231	39,166	637	814
(Previous year)	(-4,371)	(27,952)	(720)	(-1,439)
Net profit/loss for the period (EAT)	-6,441	33,233	637	581
(Previous year)	(-5,273)	(26,088)	(720)	(-1,623)
Earnings per share, undiluted	-0.07	0.25	0.00	0.00
(Previous year)	(-0.06)	(0.20)	(0.01)	(-0.01)
Assets including participating interests	557,654	2,196,826	19,123	40,642
(As at 31.12.2018)	(621,521)	(2,122,300)	(3,938)	(35,178)
Investing activities (net)	-285	-38,203	-6,464	297
(Previous year)	(-3,264)	(-14,518)	(898)	(-160)
Liabilities	162,073	1,699,448	1,797	7,286
(As at 31.12.2018)	(138,260)	(1,685,093)	(1,743)	(3,742)

In TEUR	Wind Parks	Reconciliation	Total
Revenue	34,236	-3,426	143,914
(Previous year)	(28,956)	(-1,849)	(122,757)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	31,669	57	120,815
(Previous year)	(21,678)	(-44)	(93,986)
Earnings before interest and taxes (EBIT)	20,958	65	78,168
(Previous year)	(12,984)	(-37)	(57,814)
Financial result	-5,026	0	-27,785
(Previous year)	(-4,576)	(0)	(-26,580)
Earnings before taxes on income (EBT)	15,932	65	50,382
(Previous year)	(8,408)	(-37)	(31,234)
Net profit/loss for the period (EAT)	15,241	65	43,316
(Previous year)	(7,936)	(-37)	(27,811)
Earnings per share, undiluted	0.12	0.00	0.30
(Previous year)	(0.06)	(0.00)	(0.19)
Assets including participating interests	943,579	-1,016,307	2,741,517
(As at 31.12.2018)	(869,625)	(-1,003,497)	(2,649,065)
Investing activities (net)	-105	-1,720	-46,480
(Previous year)	(-16,384)	(-20,620)	(-54,047)
Liabilities	688,525	-494,562	2,064,567
(As at 31.12.2018)	(616,455)	(-483,285)	(1,962,008)

[1] Some of the previous-year figures are not reconcilable with the figures stated in the interim report for the first half of 2018, as the presentation of the segment report is based on operating figures in line with internal reporting and not on IFRS figures as in the previous year.

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

ENCAVIS
renewable energy

www.encavis.com

Encavis AG
Große Elbstraße 59
22767 Hamburg, Germany
T +49 40 3785 620
F +49 40 3785 62 129
info@encavis.com

Encavis Asset Management AG
Professor-Messerschmitt-Straße 3
85579 Neubiberg, Germany
T +49 89 44230 600
F +49 89 44230 6011
assetmanagement@encavis.com

Encavis Technical Services GmbH
Magdeburger Straße 19
06112 Halle (Saale), Germany
T +49 345 68579 060
F +49 345 68579 069
technicalservices@encavis.com