

# ANALYST PRESENTATION H1 2019 RESULTS & BUSINESS UPDATE



71 86 100 118 154<sub>2018</sub> 220<sub>2020</sub> 500<sub>2025</sub>

# COMPANY OVERVIEW



**BUSINESS MODEL & PORTFOLIO**



**FINANCIAL POSITION**



**CAPACITY & MARKET CAP**

# Business Model & Portfolio

Pure-play German PV operator with 187 MW own assets, and 77 MW external management contracts



CASH FLOWS
Acquire assets
Develop new projects
(Re-) finance
Optimise & operate

**187 MW**

SYNERGIES
Recurring fees from external investors
Economies of scale
M&A potential

**77 MW**

TERMINAL VALUE
No land lease costs
Repowering potential for PV parks already in use
Development potential for unused land

**129 HECTAR**

*Acquired from Ernst Russ AG  
on 19.02.2019*

# Business Model & Portfolio

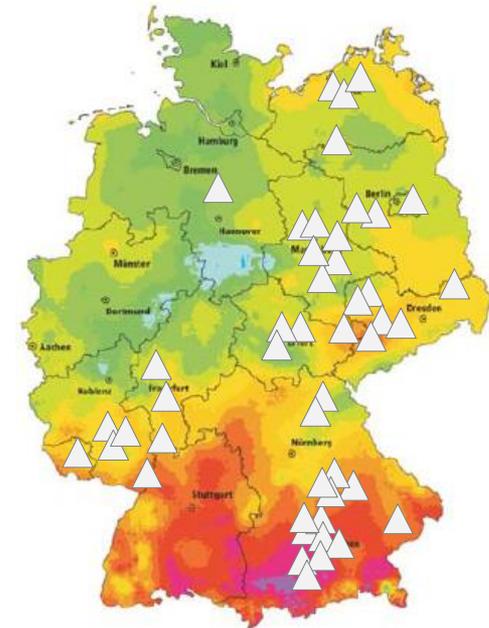
Current IPP portfolio generates annual EBITDA of at least EUR 36.5 Mio.

## Portfolio characteristics

	CAPACITY <i>MWp</i>	TARIFF <i>EUR/MWh</i>	YIELD <i>kWh/kWp</i>	REVENUES <i>EUR Mio</i>	EBITDA <i>EUR Mio</i>
Freefield PV	100	230	1,018	23.3	20.7
Rooftop PV	82	237	908	17.8	14.9
Onshore wind	6	86	2,400	1.2	0.8
<b>IPP PORTFOLIO</b>	<b>187</b>	<b>222</b>	<b>1,013</b>	<b>42.2</b>	<b>36.5</b>

- PV assets concentrated in Bavaria, Eastern Germany, and Rhineland-Palatinate
- Average plant size: 1.2 MWp
- Average year of commissioning: 2012
- Average feed-in-tariff: EUR 222/MWh.
- Tariffs are state-guaranteed and fixed for 20 years + year of commissioning
- Rooftop and land lease contracts usually running 20 years + at least 5 years extension option
- Small diversification into onshore wind (up to max. 10% of portfolio)

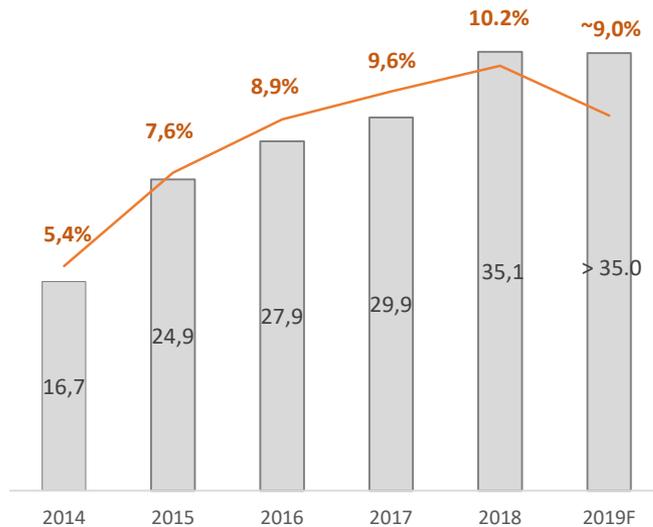
LOCATIONS > 1 MW



# Financial Position

Robust financials with latest dividend of EUR 0.11/share

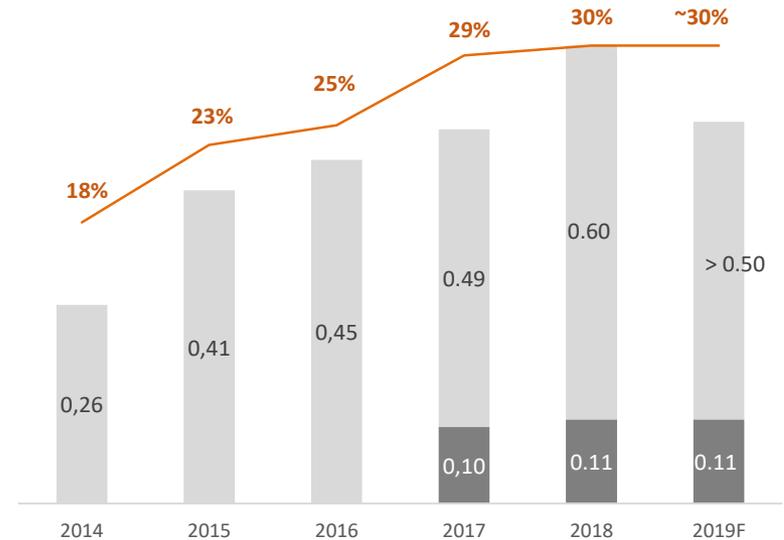
EBITDA EVOLUTION AND RETURN



EBITDA in EUR Mio.

Return (clean EBITDA/total assets until 2017, EBITDA/total assets for 2018)

CASH FLOW PER SHARE AND EQUITY RATIO



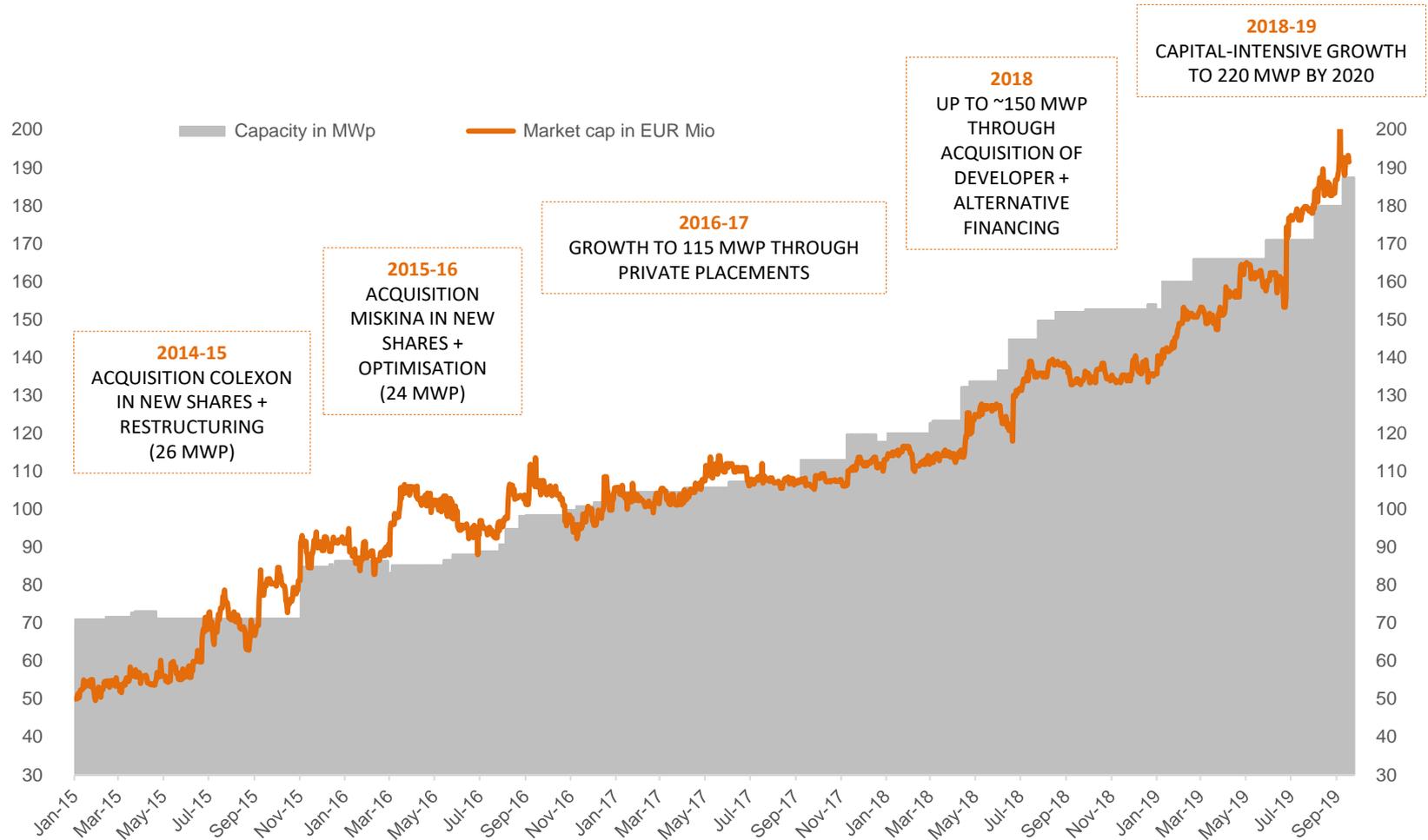
Dividend per share

Cash Flow per share

Equity ratio

# Capacity and Market Cap

## Track record of growth and capital appreciation



# STRATEGIC PLAN



**TIER-TWO**



**TARGET 2020: 220 MWP**

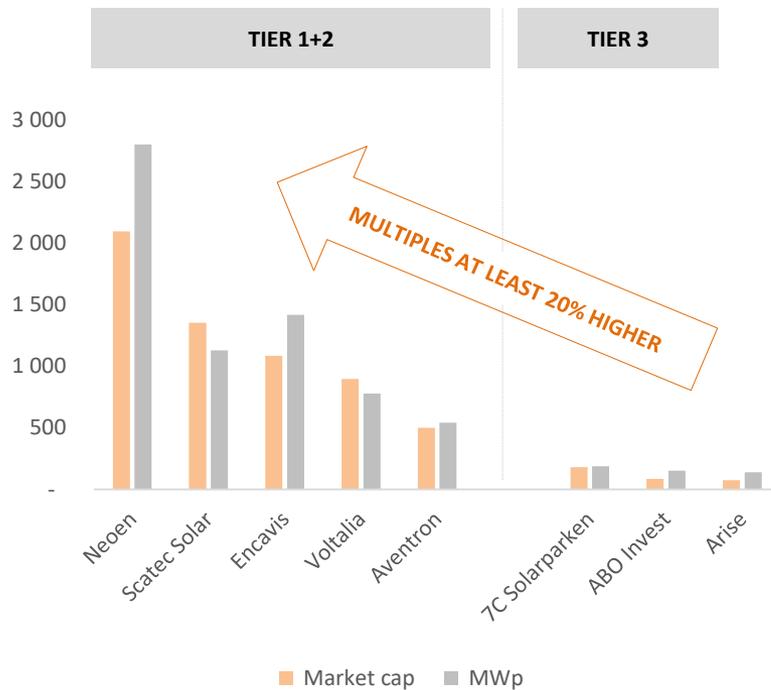


**VISION 2025: 500 MWP**

# Tier-Two

Target: Tier-2 player to benefit from improved valuation and cost of capital

RENEWABLES IPP'S IN WESTERN EUROPE



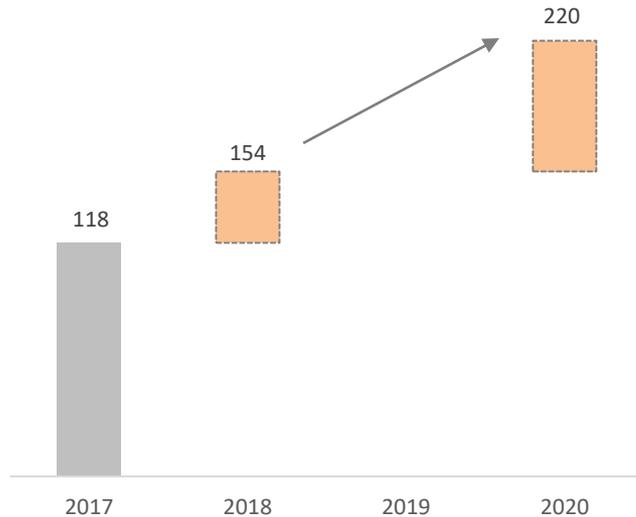
## MANAGEMENT COMMENT

- Tier 1+2 companies have potential for higher leverage and attract cheaper debt due to their size.
- Management's observation is that valuation multiples (EV/EBITDA and P/CF) rise with (i) portfolio size and/or (ii) market cap reflecting improved access to larger investors / utilities.
- Ambition of 7C Solarparken is to grow to 500 MWp by 2025 including asset management

# Target 2020: 220 MWp

## Continuation of growth acceleration to meet 220 MWp

### BREAKDOWN OF BUILD UP PLAN TO 220 MW (STATUS NOV'18)



### MANAGEMENT INDICATION

- **66 MWp planned additions:** through own development and acquisition of operating parks
- **Budget: EUR 107 Mio.**
- **Project financing:** EUR 72 Mio.
- **Equity financing: EUR 35 Mio.** (of which EUR 15 Mio from capital increase in June '19, the remainder from liquidity and cash flow generation 2019-20)
- **EBITDA contribution: at least EUR 9 Mio.** The 66 MWp new investments assume an average specific yield of 965 kWh/kWp and an average FIT of EUR 170/MWh (mix of old parks and new-build).
- **Net cash flow contribution:** at least EUR 7 Mio.

OBJECTIVE TO ALLOCATE EQUITY OF EUR 35 MIO.

YIELDING NET CASH FLOW OF > EUR 7 MIO.

# Vision 2025: 500 MW

Capturing future opportunities once the Tier-2 status is reached

## POTENTIAL POOL OF LARGER SCALE ACQUISITIONS & DEVELOPMENT

**CONSOLIDATION:** 15 GWp existing PV installations > 1 MWp in Germany

**AUCTIONS:** Special rounds in 2019-21, including innovative auctions

**PPA:** Large scale opportunities > 10 MWp upon further LCOE improvement

**REPOWERING:** 4 GWp runs out of the tariff by 2025

**EXPLORE OPPORTUNITIES:** in other stable and mature EU countries



500 MW

## IPP PORTFOLIO

### 200 MWP IPP AND 200 MIO EUR CAP IS AN ENABLER

- An improved / cheaper access to debt
- Attract large institutional investors as new shareholders, mainly those who reallocate funds out of conventional utilities into green energy

## ASSET & FUND MANAGEMENT

### LEADING & DRIVING THIRD-PARTY INVESTORS

- Identify the right investment that fits in their sustainability agenda
- Monetize expertise
- Financial flexibility between IPP and asset management

# H1 2019 RESULTS



2019 JOURNEY SO FAR



MARKET CONDITIONS

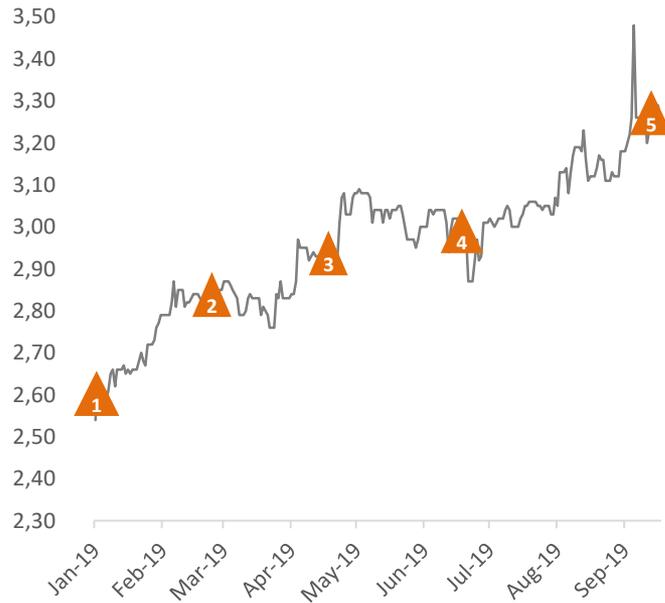


H1 2019 FIGURES

# 2019 Journey so far

Total return to shareholders +/- 25% driven by capacity expansion to 187 MWp

SHARE PRICE 2019



## KEY MILESTONES ATTAINED

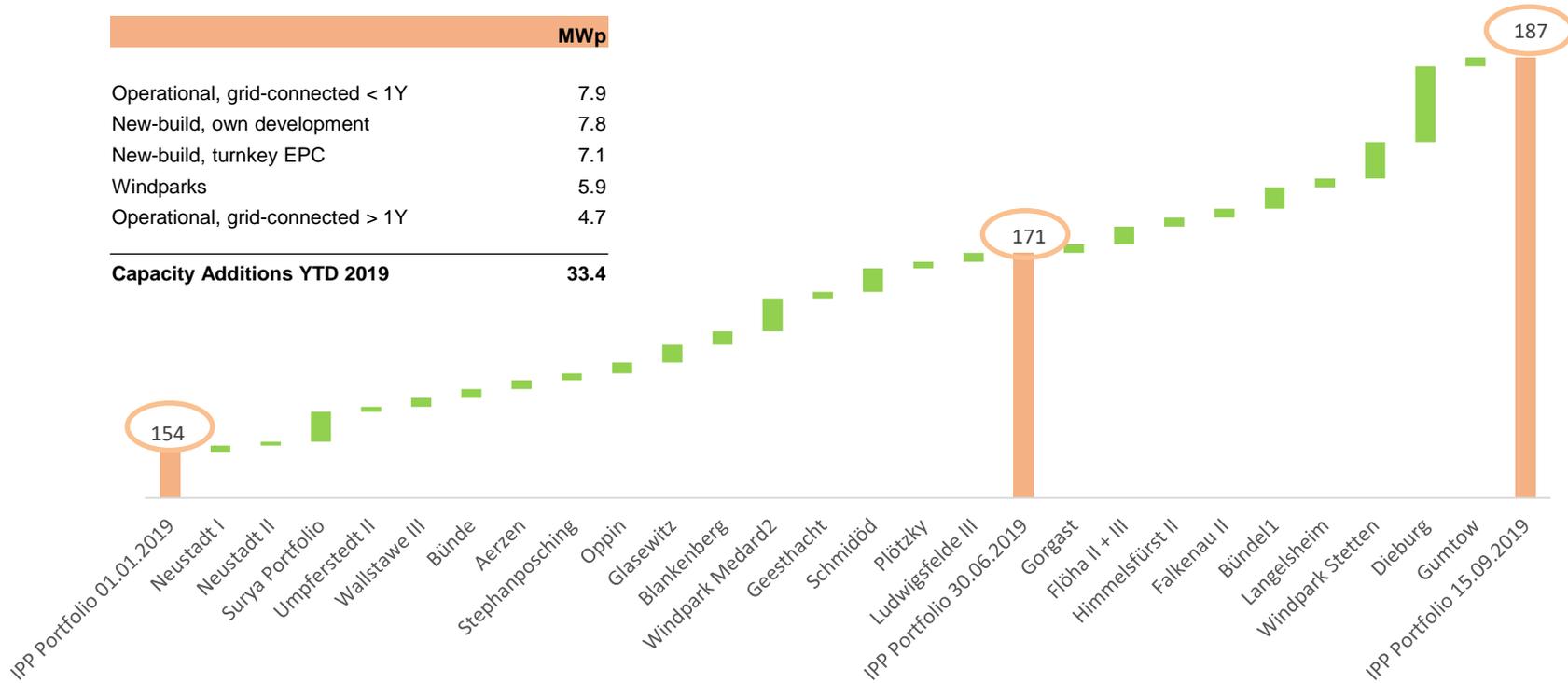
1. Portfolio raised from 154 MWp to 160 MWp
2. Acquisition of 77 MWp "Asset & Fund Management" business from Ernst Russ AG.
3. Record EBITDA of EUR 35.1 Mio in 2018 announced, with dividend increase to 11ct/share
4. Private placement of ca. EUR 15 Mio. well over-subscribed
5. Portfolio climbs to 187 MWp, reaching already the linear target for 2019 (2020: 220 MWp)

# 2019 Journey so far

17 MW added in the first-half, 33 MW on year-to-date basis

## GROWTH IN INSTALLED CAPACITY DURING 2019 (MWp)

	MWp
Operational, grid-connected < 1Y	7.9
New-build, own development	7.8
New-build, turnkey EPC	7.1
Windparks	5.9
Operational, grid-connected > 1Y	4.7
<b>Capacity Additions YTD 2019</b>	<b>33.4</b>



# 2019 Journey so far

PV Estate expanded by ca. 20% to 129 ha

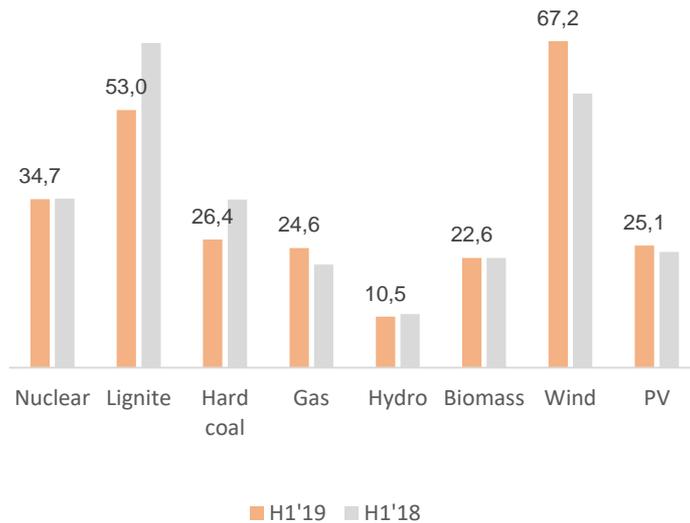
## PORTFOLIO OVERVIEW 30.06.2019

LOCATION	TYPE	REGION	SIZE HA	MWP	PV OWNER
Sandersdorf	Conversion land	Sachsen-Anhalt	9.7	5.1	7C Solarparken
Zerre	Conversion land	Sachsen	28.5	8.0	70% external
Hausen	Logistics	Bayern	0.4	0.1	external
Bayreuth	Office	Bayern	0.2	0.1	7C Solarparken
Pflugdorf	Agricultural land	Bayern	16.5	4.4	7C Solarparken
Ketershausen	Agricultural land	Bayern	5.1	2.4	7C Solarparken
Stolberg	Conversion land	Nordrhein-Westfalen	1.0	0.6	7C Solarparken
Grafentraubach	Industrial land & logistics	Bayern	9.4	2.7	7C Solarparken
Grube Warndt	Conversion land	Saarland	6.8	3.8	7C Solarparken
Großfurra	Conversion land	Thüringen	6.9	4.0	7C Solarparken
Mühlgrün	Conversion land	Sachsen	1.5	1.0	7C Solarparken
Bitterfeld	Conversion land	Sachsen-Anhalt	12.4	4.6	7C Solarparken
Umpferstedt	Industrial land	Thüringen	2.8	1.4	7C Solarparken
Calbe	Industrial land	Sachsen-Anhalt	1.8	0.7	7C Solarparken
Demmin	Industrial land	Mecklenburg-Vorpommern	2.2	0.6	7C Solarparken
Weißenfels	Industrial land	Sachsen-Anhalt	1.1	0.6	7C Solarparken
Zschörnwitz	Industrial land	Sachsen	4.1	2.6	7C Solarparken
<i>NEW IN 2019:</i>					
<i>Brandenburg a.d. Havel</i>	<i>Industrial land</i>	<i>Brandenburg</i>	<i>5.0</i>	<i>2.4</i>	<i>7C Solarparken</i>
<i>Osterode</i>	<i>Agricultural land</i>	<i>Niedersachsen</i>	<i>10.3</i>	<i>4.0</i>	<i>external</i>
<i>Henschleben</i>	<i>Alongside motorway</i>	<i>Thüringen</i>	<i>4.0</i>		<i>in development</i>
			<b>129.4</b>	<b>49.4</b>	

# Market conditions

## PV and wind gain strength at the expense of coal in Germany's H1'19 production mix

BREAKDOWN BY SOURCE IN TWH



### MANAGEMENT COMMENT

- Net PV output in Germany rose by 5.6% to 25.1 TWh, mainly reflecting growth in installed capacity from 44.3 GWp at the end of June 2018 to 48.0 GWp at the end of H1'19.
- Weather conditions for PV were in line with last year and thus slightly better than normal thanks to a very sunny month of June.
- PV accounted for 9.5% of the entire electricity mix during the first half of 2019, but has been the major source of production during the month of June (7.2 TWh out of 37.3 TWh for the entire market).

# Output conditions

Slightly better weather than long-term average during H1'19, in line with last year

## GLOBAL HORIZONTAL IRRADIATION IN GERMANY (DWD)

kWh/m <sup>2</sup>	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	H1	Year
2019	21	52	75	138	146	200	170	147					632	
2018	19	49	75	137	186	168	198	155	109	67	29	14	634	1,207
2017	27	37	87	116	164	176	156	139	87	53	22	15	607	1,079
2016	22	36	72	118	160	160	161	147	112	45	26	19	568	1,078
2015	19	42	81	138	151	163	174	150	91	54	28	20	594	1,111

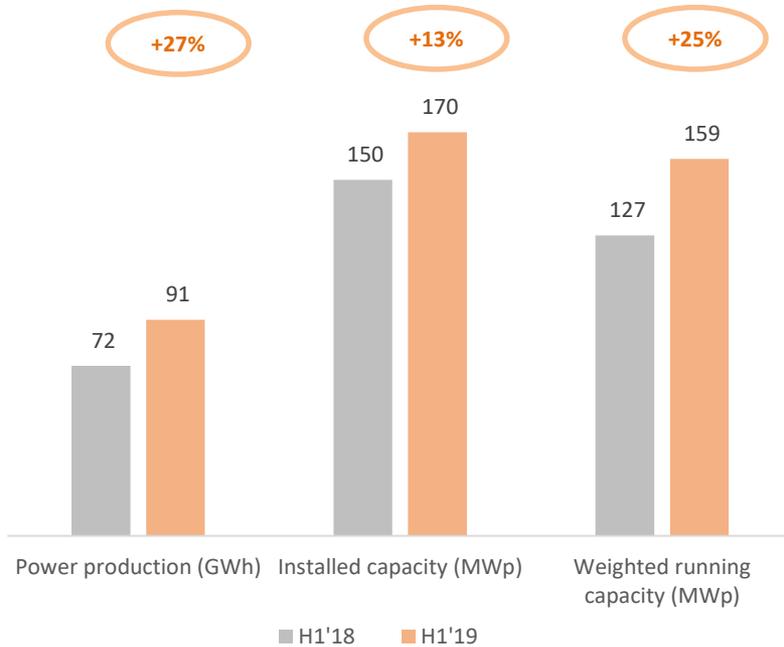
## SPECIFIC YIELD IN GERMANY (PV-ERTRAEGE.DE)

kWh/kWp	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	H1	Year
2019	21	61	77	119	117	145	132	122					540	
2018	20	53	74	122	143	128	147	126	104	74	34	15	540	1,040
2017	28	43	90	104	130	134	122	114	81	58	23	13	529	940
2016	22	38	72	105	127	119	127	125	106	49	30	25	483	945
2015	18	44	86	127	124	129	136	126	87	55	34	28	528	994

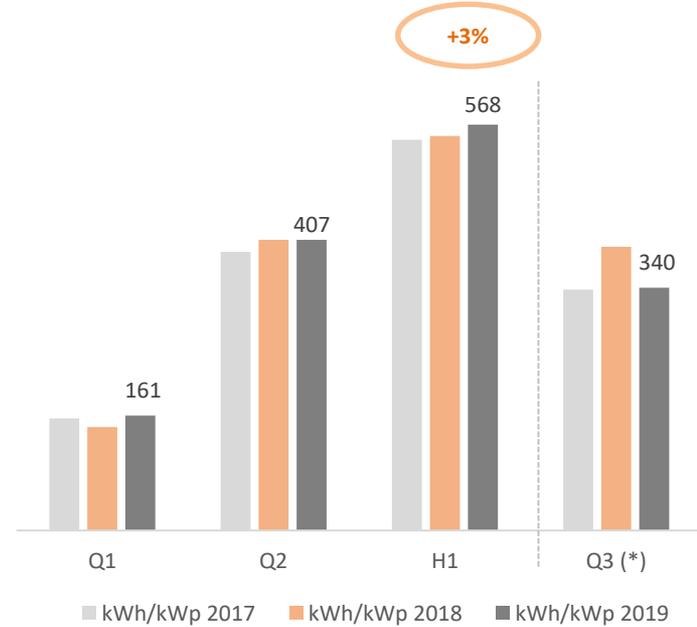
# H1 2019 Figures

Our installations produced 91 GWh (+21%) or 568 kWh/kWp (+3%)-

## PRODUCTION OUTPUT +27%



## SPECIFIC YIELD +3%

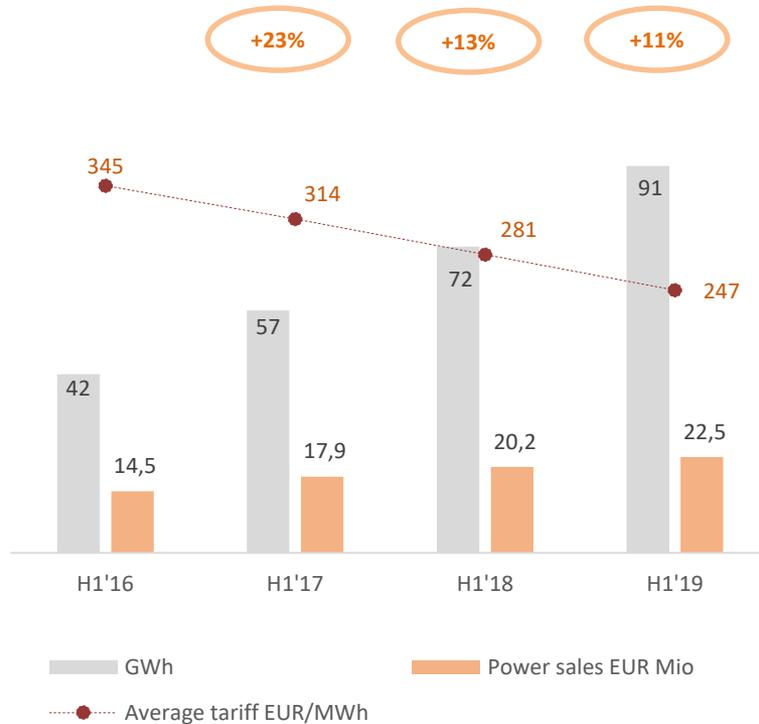


(\*) Q3'19 includes real data for July and August, "normal" value for September

# H1 2019 Figures

11% increase in Power Sales to EUR 22.5 Mio

## YEAR-ON-YEAR GROWTH IN POWER SALES



## MANAGEMENT COMMENT

- Portfolio power sales rose to EUR 22.5 Mio in H1'19 (+11%) on the back of higher production (+27%). The increasing level of new-build installations is however causing an ongoing decline in average fixed tariff across the portfolio from EUR 281/MWh (H1'18) to EUR 247/MWh (H1'19)
- Power sales continue to represent 99% of Group's total revenues. The remainder comes from the management of external parks and rental fees from land and buildings

# H1 2019 Figures

**EBITDA +19% to EUR 21.5 Mio. boosted by power sales and accounting impact (IFRS 16) on lease**

In Mio EUR	H1'19	H1'18	COMMENT
<b>Revenues</b>	<b>22.8</b>	<b>20.4</b>	99% from power sales (+11%)
Other income	1.9	1.0	
o/w compensation for damage	0.9	0.1	Settlement with module supplier in Q1'19
o/w gain on bargain purchase	0.8	0.8	
<b>EBITDA</b>	<b>21.5</b>	<b>18.0</b>	
D&A	-11.2	-9.6	
<b>EBIT</b>	<b>10.3</b>	<b>8.4</b>	
Financial result	-3.0	-4.0	
o/w financial income	0.3	0.0	Gains on financial products
o/w financial expenses	-3.3	-4.0	
_ interest on debt	-2.8	-3.7	H1'18 included EUR 0.8 Mio early-redemption penalty
_ other	-0.5	-0.3	Unwinding of provisions and lease liabilities
<b>Pre-tax profit</b>	<b>7.3</b>	<b>4.5</b>	
Tax	-1.8	-0.5	
o/w current taxes	-0.4	-0.3	Remainder is deferred
Consolidated profit	5.5	3.9	
Net profit, group	5.5	3.9	
Minorities	0.1	0.0	

# H1 2019 Figures

Impact of IFRS 16: EBITDA EUR +0.5 Mio, bottom-line EUR -0.2 Mio.

in TEUR	H1 2019		H1 2018
	<i>as reported</i>	<i>w/o IFRS 16</i>	<i>as reported</i>
Other operating expenses	-2.507	-2.986	-2.752
<i>due to Rental Expenses</i>	<i>-44</i>	<i>-523</i>	<i>-414</i>
<b>EBITDA</b>	<b>21.468</b>	<b>20.990</b>	<b>17.990</b>
Depreciations, amortizations and impairments	-11.157	-10.600	-9.566
<i>due to Depreciation Right of Use Assets</i>	<i>-557</i>	<i>0</i>	<i>0</i>
<b>EBIT</b>	<b>10.311</b>	<b>10.390</b>	<b>8.424</b>
Financial result	-3.002	-2.868	-3.974
<i>due to Discounting Lease Liabilities</i>	<i>-134</i>		
<b>EBT</b>	<b>7.310</b>	<b>7.522</b>	<b>4.450</b>

# H1 2019 Figures

Balance sheet longer due to IFRS 16, Equity Ratio still > 30%

In Mio. EUR	H1'19	31.12.2018	COMMENT
<b>ASSETS</b>	<b>389.3</b>	<b>345.0</b>	
Land & Property	10.2	9.6	New investments in PV Estate have lifted portfolio to 137 ha
Solar- and Windparks	277.9	269.6	Includes installations under construction
Right-of-use Asset (IFRS 16)	17.1	-	Lease contracts accounted for as an asset
Financial investment	0.8	0.5	
Inventory	1.5	0.9	Mainly modules for projects to be constructed in Q3'19
Cash & cash equivalents	44.7	49.5	Includes restricted cash of EUR 14.5 Mio
Others	37.2	14.8	Money from capital increase (EUR 15 Mio.) in "transfer" on 30.06.2019
<b>LIABILITIES</b>	<b>389.3</b>	<b>345.0</b>	
Equity	118.8	104.2	Reflects capital increase
Minority interest	0.6	0.5	
Financial debt	224.5	210.1	Mainly the effect of capacity expansion
Long-term provisions	11.4	10.7	Additional capacity raises the decommissioning provisions
Leasing (incl. IFRS 16)	13.8	1.2	
Others	20.1	18.3	
<b>KEY RATIOS</b>			
Net financial debt	181.0	161.8	
Equity ratio	<b>30.7%</b>	30.4%	Covenant from Schuldschein: minimum 25%

# H1 2019 Figures

## IFRS 16 impact on Balance Sheet: reducing Equity Ratio by 100 bps

in TEUR	31.12.2018	Change	01.01.2019
	<i>as reported</i>		<i>after first adoption IFRS 16</i>
Solar installations	266.234	-3.447	262.787
Right of use Assets	0	16.087	16.087
Long term receivables	1.145	-876	269
Other amounts receivable	2.351	-15	2.336
Lease Liabilities	1.239	11.796	13.035
Other payables	1.077	-46	1.031
<b>Total assets</b>	<b>344.955</b>	<b>11.750</b>	<b>356.704</b>
<b>Total equity</b>	<b>104.735</b>	<b>0</b>	<b>104.735</b>
<i>Equity Ratio</i>	<i>30,4%</i>		<i>29,4%</i>

Under the new IFRS 16 standard, all leases are comparable to finance lease and therefore have to be recognised on the balance sheet in the form of a right-of-use asset and a lease liability

# H1 2019 Figures

## Risks from “Colexon” legacy unchanged at EUR 2.0 Mio

In Mio EUR	H1'19	31.12.2018	COMMENT
<b>LONG TERM PROVISIONS</b>	<b>11.4</b>	<b>10.7</b>	
Decommissioning	9.3	8.5	Normal provisions increasing with capacity
Technical warranties	1.3	1.3	EPC risks
Contingent liabilities	0.7	0.7	Mainly litigation and claims outside EPC contracts
Others	0.1	0.2	

### MANAGEMENT COMMENT

- All historical EPC guarantees provided by “Colexon” expired prior to the end of 2016, so no additional provisions are necessary
- The outstanding risks are not expected to exceed EUR 2.0 Mio.

# H1 2019 Figures

## Cash Flow Per Share at record level of EUR 0.33/share

In Mio EUR	H1'19	H1'18	COMMENT
<b>EBITDA</b>	<b>21.5</b>	<b>18.0</b>	
- Lease expenses (IFRS 16)	- 0.5	-	
- Cash Interest paid	-3.2	-2.7	H1'19 includes already annual cash interest payment on Schuldschein
- Cash tax paid	-0.3	-0.1	
<b>= Net Cash Flow</b>	<b>17.5</b>	<b>15.2</b>	
Number of shares in Mio.	53.4	46.9	
<b>CFPS</b>	<b>0.33</b>	<b>0.32</b>	

### MANAGEMENT COMMENT

- Due to the IFRS 16 adoption, the definition of net cash flow takes into account the rental/lease expenses which previously were accounted as operating expenses (EBITDA)
- H1'19 includes, as anticipated, tax and interest payment deferrals from 2018
- High confort to meet or exceed full-year guidance of > EUR 35 Mio EBITDA and > EUR 0.50/share CFPS

# VIEW ON GERMAN PV MARKET



PV COMPETITIVENESS



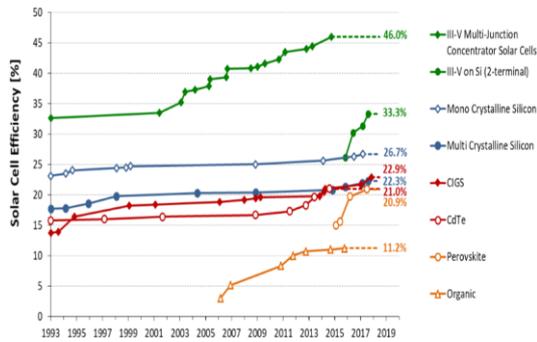
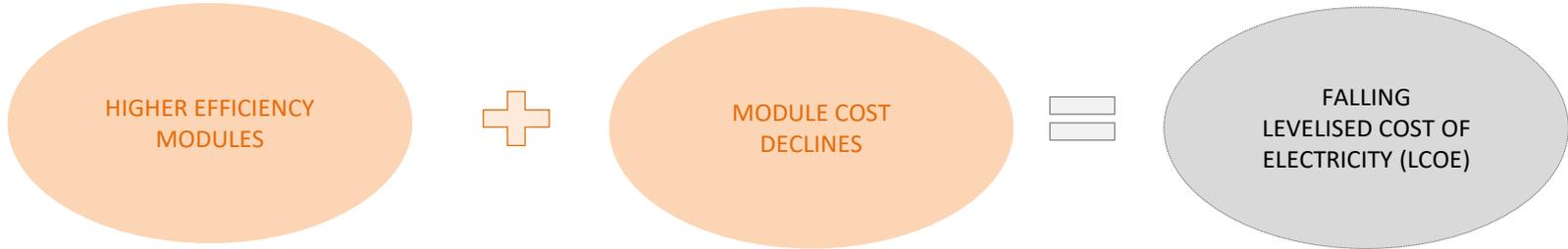
20 YEARS FEED-IN TARIFFS



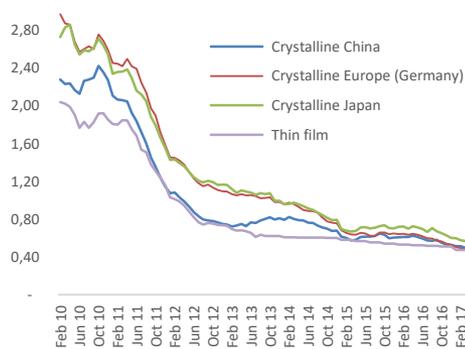
PARITY & PPA

# PV Competitiveness

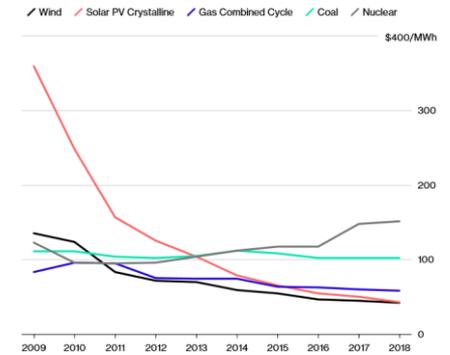
Solar PV now the lowest-cost power generator, even cheaper than conventional power



Source: IRENA



Source: IRENA

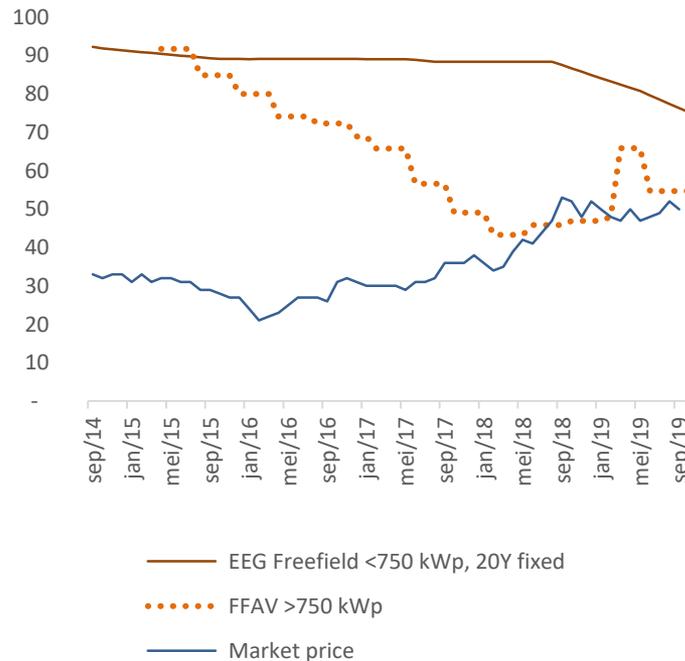


Source: Lazard

# 20 Years feed-in tariffs

FITs tariffs progressively dropping to wholesale price, but with 20 years certainty

FIT AS PER EEG TABLE, FFAV AND MARKET PRICE EUR/MWH



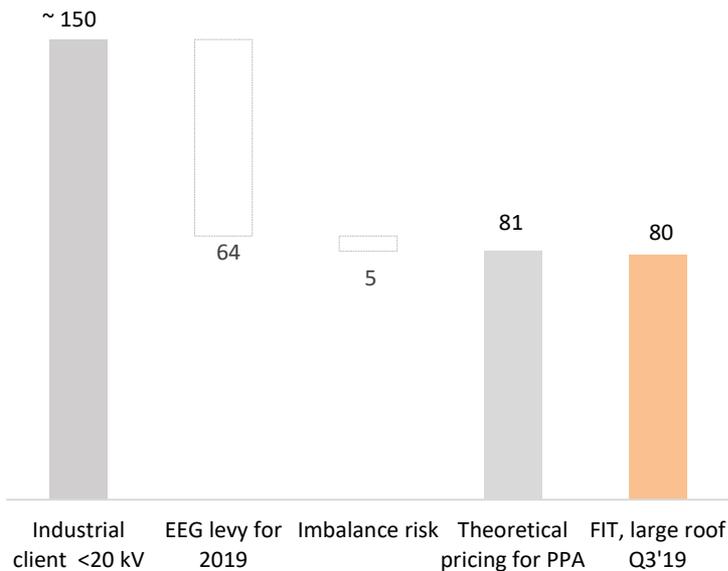
## MANAGEMENT COMMENT

- Wholesale market price currently around EUR 50/MWh, very close to auction tariffs for freefield PV (FFAV). Market prices positively impacted by nuclear phase-out (2022-23) and progressive exit from hard-coal.
- Fixed feed-in tariffs according to the EEG table currently dropping at a monthly rate of over 1.4% due to strong capacity build-up rates in Germany above the 2.5 GWp annual objective.
- The overall PV market in Germany is ca. 48 GWp, and close to the 52 GWp cap which would lead to an end of the EEG system for new-build. The new Climate Package in Germany however foresees a removal to the cap, prioritising further the PV segment for projects < 750 kWp.
- FITs are remunerated as market price plus market premium so that market price upside can be captured during the 20 years remuneration period

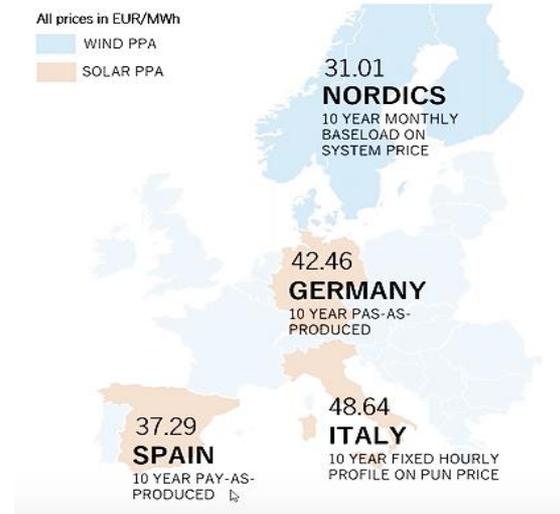
# Parity & PPA

Fashion words, but still inadequate returns particularly after the new Climate Package

DISTRIBUTED GENERATION PARITY AT MEDIUM-VOLTAGE



FREEFIELD PPA AT TARGET SCALE



Source: PexaQuant Model

### Climate Package:

Agreed CO<sub>2</sub> price path from EUR 10/t in 2021 up to EUR 35/t in 2025 will slow down the breakthrough of the PPA business



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