



**Clean Energy Solutions**  
**Report on the third**  
**quarter of 2018**



## Key Share Figures

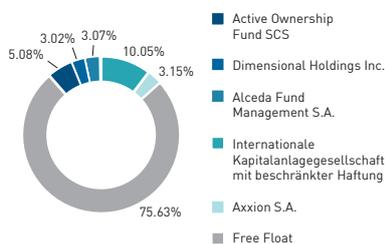
Ticker/ISIN	PNE3/ DE000A0JBPG2
Number of shares	76,556,026
Closing price [28/9/2018]*	2.78 EUR
Highest / lowest price* [1/1/-28/9/2018]	3.175 EUR / 2.245 EUR
Market capitalisation [28/9/2018]	212.8 EUR million
Corporate Bond 2018 / 2023** (WKN: A2LQ3M)	100.80 %
Convertible Bond 2014 / 2019** (WKN: A12UMG)	3.40 EUR

\*Closing prices on Xetra trading system  
at Deutsche Börse AG  
\*\*Closing prices of Deutsche Börse AG

## Share price chart



## Shareholder structure



## Financial calendar

November 2018	Analysts conference, Frankfurt
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# FOREWORD

## Dear Shareholders

The combination of clean energies with storage technologies is becoming more and more important and is increasingly in demand internationally. This has led to the development of solutions such as power to gas, which can also be applied in the traffic and heating sectors. This assessment, which we have already taken account of by implementing our expanded strategic orientation, was impressively confirmed at the "WindEnergy 2018" trade fair in Hamburg at the end of September 2018. The world's leading trade fair for clean energy concluded that advanced solutions for the use and storage of clean energy are required worldwide.

Both in Germany and in the international markets, we are working intensively on implementing this expanded orientation of our proven business model. Potential new markets are examined to see whether the framework conditions match our requirements for market entry. New products and services are developed and proven components of our business model – such as the purchase of projects at various stages of development or partnership-based solutions for the repowering of wind farms – are increasingly introduced in the market. In this way, PNE also reacts to regulatory uncertainties and continues to evolve.

### *Ongoing operative development*

In its core business, the project planning and realisation of wind farms, PNE is well on its way, both nationally and internationally, as expected. In the first nine months of 2018, wind farms with a nominal output of around 37.4 MW have already been completed and commissioned in Germany and France – including projects with around 27.2 MW managed by us as a service provider.

As at September 30, 2018, further wind farm projects with a nominal output of approx. 93.2 MW were under construction in Germany, France and Sweden. Of these, one project with 25.2 MW will be built by us in the form of a service project.

In addition, a wind farm project with a nominal output of 12 MW was sold in France in the first nine months of 2018.

### *Tenders won for onshore and offshore projects*

In Germany, new approvals for wind farms are currently being granted only slowly and the duration of the approval procedures has become noticeably longer. Nevertheless, in 2018 we successfully competed in tenders with our onshore wind farm projects. Projects for which we were awarded contracts in the tenders are already under construction. The "Gode Wind 4" offshore

project developed by us was awarded a contract in the second German tender for offshore wind farms in 2018 as one of six projects. For the "Gode Wind 3" project, which successfully participated in the first German tender for offshore wind energy in 2017, a further milestone payment of around euro 4 million was received in the second quarter 2018 as the project progressed.

Ørsted (formerly DONG Energy) started construction on the "Borkum Riffgrund 2" project, which was also developed and sold by PNE. In this connection, we received a milestone payment of approx. euro 4 million in the third quarter.

#### *The implementation of the "Scale up" strategy is proceeding according to plan*

The current operational successes confirm our strategy of using our recognised qualifications in wind energy as the basis of our further development. This takes place in established but also in new markets as well as regarding technologies. We have already provided the first services to customers as part of "Scale up". An example is the "Wangerland" project, where we were responsible for construction management and financing. With the implementation of our expanded strategic orientation, we will develop into a "clean energy solution provider". In the first half of 2018, we laid the foundations for the successful implementation of our strategy by restructuring our corporate financing and thereby significantly reducing future interest charges.

#### *Stake in WKN increased to 100 percent*

A further milestone achieved as part of the implementation of the "Scale up" strategy was the increase in the stake in our Husum-based subsidiary WKN from 83.1 percent to 100 percent, which took place in the reporting period. This strengthens the existing operational integration of the two companies and enables us to leverage additional synergies and increase productivity by further optimising processes and procedures.

#### *Results for the first nine months on target*

Both the implementation of the strategy and the realisation of ongoing projects are initially linked to upfront expenditure. However, we assume that we will be able to realise and sell a significant volume of projects in the fourth quarter.

The key figures of the first nine months of 2018 must also be seen in the context of these general conditions. During this period, the Group generated sales of euro 39.9 million (prior year: euro 81.2 million), total aggregate output of euro 57.7 million (prior year: euro 101.8 million) and earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 10.6 million (prior year: euro 28.2 million), operating profit (EBIT) of euro 3.7 million (prior year: euro 23.7 million) and undiluted earnings per share of euro -0.03 (prior year: euro 0.21).

#### *Unrealised gains from the 2020 wind farm portfolio are growing continuously*

Since 2017, we have created values that are not readily apparent. This relates to the establishment of our "2020 wind farm portfolio", which is owned by the Company. The earnings before tax accrued in this portfolio to date – not yet realised at the Group level – amount to approx. euro 20.9 million since 2017 (of which approx. euro 8.5 million in the first nine months of 2018). With a portfolio of company-owned projects, complete or partial sales to third parties outside the Group are postponed, and thus also the Group's earnings from these sales. The fixed assets and the liabilities to banks from project financing within the Group will increase up to the complete or partial sale of the "2020 wind farm portfolio".

### *Outlook confirmed*

The key indicators of the first nine months of the year are on target and show that we can also achieve positive results during the investment phase. In addition, various national and international projects are due for implementation in the fourth quarter. We therefore reaffirm our guidance of generating clearly positive EBIT in the range of euro 10 to 16 million and EBITDA in the range of euro 20 to 26 million within the Group in 2018.

PNE is well on track. And we are optimistic about the future. We would like to express our very sincere gratitude – including on behalf of our employees – for your support to date. Please maintain your confidence in us in the future!

PNE AG

The Board of Management

### *At a glance – PNE AG*

<b>Group figures, in TEUR</b>	<b>01.01 – 30.09.2018</b>	<b>01.01 – 30.09.2017</b>	<b>01.01 – 30.09.2016</b>
<b>Total aggregate output</b>	<b>57,666</b>	<b>101,803</b>	<b>101,868</b>
Revenues	39,861	81,236	77,091
Earnings before interest, taxes and depreciation and amortisation (EBITDA)	10,576	28,209	16,169
Operating profit (EBIT)	3,717	23,655	7,183
Earnings before taxes (EBT)	-3,757	16,083	-4,723
Net income	-1,979	16,324	-2,756
Basic earnings per share (euro)	-0.03	0.21	-0.04
Average number of shares (million)	76.6	76.6	76.6

<b>Group figures, in TEUR</b>	<b>30.09.2018</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Equity on the reporting date	221,734	235,220	229,388
Equity ratio on the reporting date (%)	50.07	47.68	53.10
Balance sheet total on the reporting date	442,855	493,285	431,994

## 1. Overview of business activity

### Summary

The operational business of the PNE Group during the first nine months of 2018 was characterised by the development and realisation of onshore wind farms. In Germany, France and Sweden, wind farms with approx. 93.2 MW were under construction on September 30, 2018, including a project (25.2 MW) which is managed by the PNE Group as a service provider.

In the period under review, wind farms in Germany and France with a nominal output of approx. 37.4 MW were completed and commissioned, including two wind farms (27.2 MW), which were managed by the PNE Group as a service provider.

In June 2018, PNE received a further milestone payment of approx. euro 4 million based on the project progress for the "Gode Wind 3" project, which had already successfully taken part in the first German tender for offshore wind energy in April 2017.

Furthermore, the "Gode Wind 4" project developed by PNE was also awarded a contract in the second German tender for offshore wind farms in 2018 as one of six projects.

Ørsted (formerly DONG Energy) started construction on the "Borkum Riffgrund 2" project, which was also developed and sold by PNE. In this connection, PNE received a milestone payment of approx. euro 4 million in September 2018.

### Segment: projecting of wind power turbines

#### Wind power onshore sub-division

The development and realisation of onshore wind farms have been continued consistently in the first three quarters of 2018, both in Germany and in the foreign markets.

Overview of the onshore project activities of the PNE Group as at September 30, 2018 in MW:

Country	I-II	III	IV	Total MW
Germany	1,368	142	49	1,559
Bulgaria	121	0	0	121
France	312	133	19	464
United Kingdom	43	0	0	43
Italy	102	14	0	116
Canada	505	0	0	505
Poland	92	173	0	265
Romania	54	102	0	156
South Africa	230	30	0	260
Sweden	0	158	0	158
Turkey	629	71	0	700
Hungary	0	42	0	42
USA	232	200	0	432
<b>Total</b>	<b>3,688</b>	<b>1,065</b>	<b>68</b>	<b>4,821</b>

Phase I-II = Exploration & Development

Phase III = Planning

Phase IV = Implementation

## **GERMANY**

In Germany, the PNE Group worked on wind farms with a nominal output of approx. 1,559 MW in the various phases of project development as at September 30, 2018.

Three wind farm projects with a total nominal output of 48.8 MW were under construction in Germany as of September 30, 2018. These include the repowering project "Gerdau-Schwiebau" (Lower Saxony) with a nominal output of 21.6 MW, the wind farm "Schlenzer" (Brandenburg) with 6.5 MW and the wind farm "Kittlitz" (Schleswig-Holstein) with 20.7 MW. The completion of these projects is planned for the coming months.

In the first nine months of 2018, two projects were completed in Germany. On the one hand, the "Looft" repowering project (Schleswig-Holstein), in which PNE was active as a service provider. Five wind power turbines with a total nominal output of 16.5 MW were erected and commissioned in this project. On the other hand, the PNE Group managed the "Wangerland" wind farm project (10.7 MW), which was built in the form of a community wind farm, as a service provider. In this context, the PNE Group provided services in the areas of project development, construction management and financing. This is part of the PNE strategy of further increasing the proportion of services. The project was commissioned in the first half of 2018.

### *Foreign markets*

The PNE Group also continued to carry out its core business of project development abroad. Compared to the presentation in the 2017 annual report, there were the following changes in the foreign markets:

## **FRANCE**

The PNE Group is increasingly successful in the French market with its own project pipeline of approx. 464 MW. The permit for the Daméroucourt project (14.1 MW) was issued in the second quarter of 2018. In the St. Martin-L'Ars wind farm, which has already been sold, five wind power turbines with a total nominal output of approx. 10.2 MW were put into operation. Another wind farm with eight wind power turbines with a total nominal capacity of 19.2 MW is under construction. In addition, a wind farm project with a nominal output of 12 MW was sold in France in the first nine months of 2018.

## **SWEDEN**

In Sweden, the Laxaskogen project (25.2 MW) developed by the PNE Group and sold in 2017 is under construction. The construction phase is supervised by PNE within the framework of a service contract. Start of operation is scheduled for the first quarter of 2019. With this project, PNE is also pursuing its strategy of further increasing the share of services.

### *Wind energy offshore sub-division*

## **GERMANY**

PNE's high level of competence in the offshore segment is reflected by visible successes: In recent years, PNE has sold eight offshore wind farm projects after their development was completed. Apart from "Atlantis I", these are the projects "Borkum Riffgrund" and "Gode Wind". PNE will continue to operate as a service provider for the latter projects.

Three offshore wind farms, which were developed by PNE and sold after approval was granted, have already been erected and put into operation by the purchasers: "Borkum Riffgrund 1" as well as "Gode Wind 1" and "Gode Wind 2" with a total nominal output of 894 MW. For the "Borkum Riffgrund 2" project, also developed and sold by PNE, Ørsted (formerly DONG Energy) has almost completed construction work. The full start of operation is scheduled for 2019. In this connection, PNE received a milestone payment of approx. euro 4 million in the third quarter.

In the first German tender for offshore wind farms in 2017, the "Gode Wind 3" project developed by PNE was one of four projects that received an award. In the second quarter of 2018, PNE received a further milestone payment of around euro 4 million as part of the project progress for the "Gode Wind 3" project. Furthermore, the "Gode Wind 4" project developed by PNE was also awarded a contract in the second German tender for offshore wind farms in 2018 as one of six projects.

In the offshore wind energy segment, PNE also examines opportunities of generating electricity from other energy carriers such as hydrogen. Fundamental calculations and examinations are carried out for this purpose, which, if positive, can form the basis of further project activities in this respect.

#### *Offshore wind energy – international*

PNE continues to examine the possibility of developing marine wind farms off the US coasts. The United States Bureau of Ocean Energy Management (BOEM) is currently in the process of leasing additional sites for offshore wind farms in state-controlled coastal waters. PNE has applied to BOEM for five offshore wind farm sites and expects to receive feedback from BOEM in 2018/2019 as to whether these sites can be developed further by PNE. The fact that the first US offshore wind farm (30 MW) was put into operation in July 2017 demonstrates that wind farms off the coasts of the USA are possible.

#### *Electricity generation segment*

The electricity generation segment combines all activities of the Group companies, which are engaged directly in the production of electricity from clean energies. This division includes primarily the wind farms "Laubuseschbach", "Gerdau-Schwienau" (currently being repowered), "Pülfringen/Erfeld" and "Kührstedt-Alfstedt" with a total nominal capacity of 55.3 MW, which are operated by PNE itself, as well as the Silbitz timber biomass power plant. Due to the dismantling of old wind power turbines as part of the ongoing repowering of the "Gerdau-Schwienau" wind farm, the MW volume of PNE-owned wind farms has temporarily decreased compared to the previous quarters, but will increase again, once the new wind turbines in this wind farm are put into operation. Furthermore, the segment includes shares in limited partnerships, in which future onshore wind farms shall be realised.

Until the successful sale and the delivery of wind farms to the operators, the electricity generation segment will include the revenues of these wind farms as part of segment reporting.

In the first nine months of 2018, the electricity generation segment achieved EBITDA of euro 9.1 million (prior year: euro 2.4 million) and EBIT of euro 3.6 million (prior year: euro 0.4 million).

### *Changes*

Compared to December 31, 2017, there were no other significant changes in the area of operations.

### *Major events after the reporting period*

There were no major events after the end of the reporting period.

### *Outlook / Forecast*

As one of the most experienced and internationally operating project planners of onshore and off-shore wind farms, PNE combines economic success with ecological responsibility and continues to develop into a "clean energy solution provider".

The Group offers services covering the entire value-added chain, ranging from the development, planning, realisation, sales and operation of wind farms and transformer stations to repowering – i.e. the replacement of older wind power turbines by new modern equipment.

PNE develops premium projects of high quality, which meets international standards and allows for secure project financing at an international level. Such a project quality is made possible by ensuring compliance with the project schedule and the cost framework from the development to the start of operation.

We intend to realise a new European wind farm portfolio with a total output of approx. 200 MW by 2020, mainly in Germany and France ("2020 wind farm portfolio"). The portfolio can be realised through internally developed wind farm projects, the acquisition of obsolete wind farms for subsequent repowering and the increased acquisition of partially developed projects. Wind farms with a total output of 43 MW, which are intended for this portfolio, are already in operation. The wind farms "Gerdau-Schwienau" and "Schlenzer" with a total capacity of 28.1 MW are currently under construction. Further projects for the 2020 wind farm portfolio are already at an advanced stage of development. Until the establishment of the new portfolio has been finalised, completed wind farms will be bundled in a subsidiary to generate income from the sale of electricity on an ongoing basis.

In addition, the combination of power plants with clean energies and storage technologies is an issue of the future. We have therefore expanded the Group's strategic orientation. The objective of PNE is to develop from a wind farm specialist to a clean energy solution provider. The fundamentals of this expanded strategy are the expansion of our range of services and the development of new markets and technologies.

With this new strategic orientation, we are responding to changes in the clean energy markets. While clean energies will grow dynamically worldwide in the coming years, countervailing trends can be observed in individual established markets.

By expanding our operative business, we want to seize the opportunities arising from the transformation of the markets. Based on the extensive experience gained from the successful project planning and operation of wind farms, projects and solutions for the planning, construction and operation of clean energy power plants will also be developed and implemented in the future.

In this way, we are minimising market risks, opening up new potentials and markets for PNE and, in the medium term, we will stabilise primarily the, to date, volatile results. After a transitional phase, in which investments will pave the way for the implementation of the (Scale up) strategy, this is expected to lead to an increase in average operating results (EBIT) by 2023.

Despite planned upfront expenditure of around euro 3 million for the strategic expansion of the business model and the preparations for entering new markets, we continue to expect a clearly positive Group EBIT in the range of euro 10 to 16 million in fiscal year 2018. According to the forecast, the Group's EBITDA is expected to range between euro 20 and 26 million. These results do not take account of the profits from projects to be built in 2018 for the 2020 wind farm portfolio, which is currently under construction.

## 2. Organisation and employees

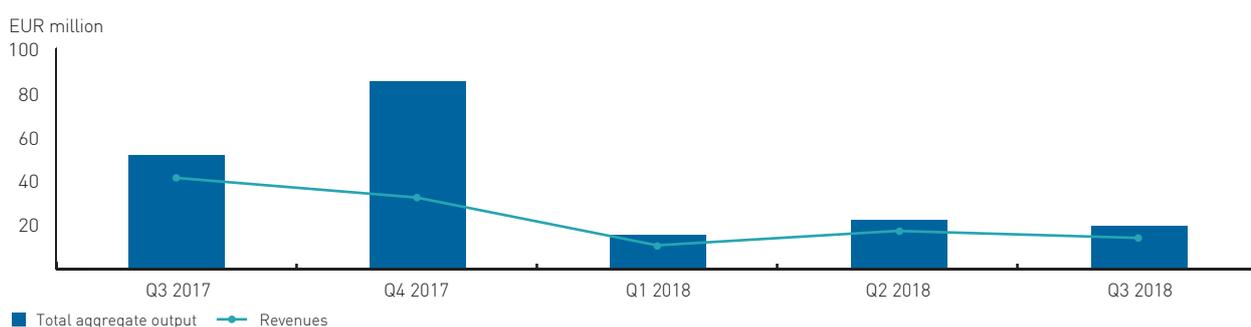
On September 30, 2018, the PNE AG Group employed 375 people in total (previous year: 368). The employees of the subsidiaries are included in this number. As part of the implementation of the expanded strategy, the number of employees increased.

## 3. Financial situation/business results

The figures shown below were determined and presented in accordance with IFRS for the Group. The figures in the text and in the tables were rounded, and small rounding differences are possible.

### a. Revenues and earnings

#### Total aggregate output / Revenues



In the first nine months of 2018, the PNE AG Group achieved a total aggregate output of euro 57.7 million (prior year: euro 101.8 million). Of this, euro 39.9 million was attributable to revenues (prior year: euro 81.2 million), euro 13.8 million to changes in inventories (prior year: euro 11.5 million), and euro 4.0 million to other operating income (prior year: euro 9.0 million). In the previous year, total aggregate output and revenues were higher than in the first nine months of 2018. The MW volume of wind farms commissioned, under construction or sold, for which the Group companies also acted as a general contractor, was higher in the previous year. In addition, in 2017, a subsequent purchase price payment of around euro 21 million was recognised due to the optimisation of the financing of projects in the Group's first large wind farm portfolio.

The activities of the Group in the area of project development in Germany and abroad, both onshore and offshore, are reflected in the expense items. The share of cost of materials in the consolidated aggregate output amounts to euro 13.5 million (prior year: euro 40.1 million). The Group's improved cost of materials ratio (cost of materials in relation to aggregate output) results from the fact that, in the previous year, the volume of general contractor activities was higher than in the 2018 reporting period and that total output from the "electricity generation" segment (PNE-owned wind farms and the Silbitz heat and power plant) totalling approx. euro 13.0 million (prior year: approx. euro 5.5 million) are, in part, not offset by cost of materials, but by expense items in the form of depreciation or other operating expenses (leases, etc.). Furthermore, the offshore milestone payments for Gode Wind 3 (approx. euro 4 million) and for Borkum Riffgrund 2 (approx. euro 4.1 million) are offset by no or only minor other operating expenses.

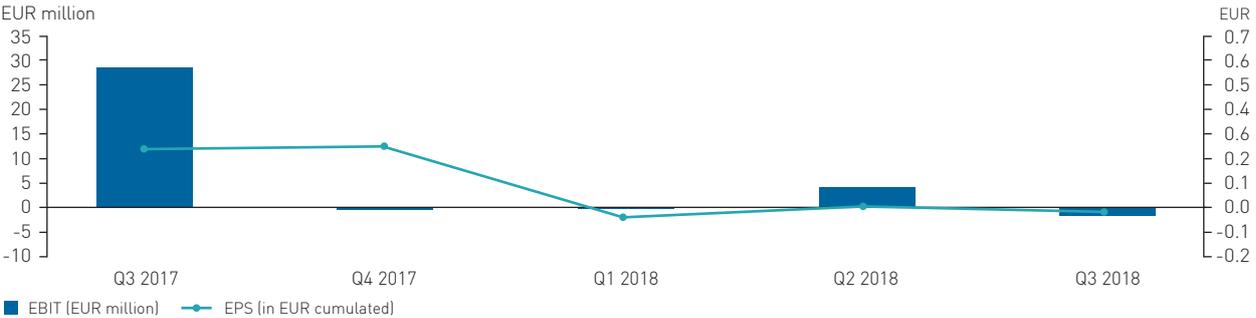
In the period under review, the personnel expenses amounted to euro 19.3 million in the Group and thus increased in comparison to the amount of the prior year period (euro 17.8 million). The number of employees in the Group as at September 30, 2018 amounted to 375 people (as at September 30, 2017: 368 employees). This figure has increased in the course of the implementation of our expanded strategy. A major reason for the increase in personnel costs compared with the previous year's figure is the fact that provisions for variable remuneration were recognised more recently during the year.

The other operating expenses in the Group totalling euro 14.3 million (prior year: euro 15.7 million) remained on previous year's level and can be generally divided into expenses for legal and consultancy costs, advertisement and travel costs, insurance premiums and contributions, repair and maintenance costs (predominantly relating to the "Silbitz" timber biomass power plant and the "Kührstedt-Alfstedt", "Gerdau-Schwiebau" and "Pülfringen" wind farms) as well as rental and leasing expenses.

Depreciation charges increased year-on-year by euro 2.3 million to euro 6.9 million (previous year: euro 4.6 million). This increase compared to the previous year resulted primarily from regular depreciation incurred by the Group for the "Kührstedt-Alfstedt" portfolio projects, which were not put into operation until the end of 2017.

A reduction in the previous annual interest expense is already evident in the third quarter of 2018, since the euro 100 million bond (8 percent interest per year) was redeemed in the second quarter of 2018 and a new bond (bond 2018/2023) with a volume of euro 50 million and a lower interest rate (4 percent per year) was issued. A comparison of the third quarters of 2017 and 2018 shows that the interest expense fell by approx. euro 1 million in 2018.

**EBIT and EPS per quarter**



In the period (January, 1 – September, 30) under review, the following results were achieved at the Group level:

- earnings before interest, taxes, depreciation and amortisation (EBITDA = EBIT plus depreciation and amortisation) totalling euro 10.6 million (prior year: euro 28.2 million),
- operating profit (EBIT = corresponds to the value of the total Group result in the line "Operating result") of euro 3.7 million (prior year: euro 23.7 million) and
- earnings before taxes (EBT = corresponds to the value shown in the Group's statement of total comprehensive income in the line "Income before taxes") of euro –3.8 million (prior year: euro 16.1 million).

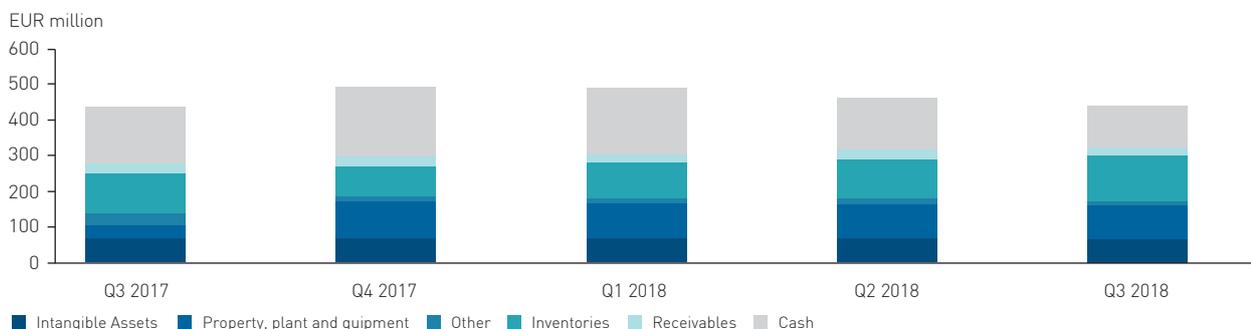
The positive results (EBITDA and EBIT) in the first nine months of 2018 are mainly related to the milestone payments received for "Gode Wind 3" and "Borkum Riffgrund 2" as well as the development of the European "2020 wind farm portfolio", which is owned by PNE. The higher earnings in the 2017 reporting period were generated primarily by a subsequent purchase price payment due to the optimisation of the financing of projects in the Group's first large wind farm portfolio.

The pre-tax profits accumulated in the "2020 wind farm portfolio" in the first nine months of 2018 – eliminated at Group level – amounted to approx. euro 8.5 million (the pre-tax profits eliminated at Group level in the same period of the previous year amounted to approx. euro 3.3 million for the "2020 wind farm portfolio"). Since the start of construction of the "2020 wind farm portfolio", the accumulated pre-tax profits – eliminated at Group level – amounted to approx. euro 20.9 million as of the reporting date September 30, 2018. These profits are to be realised in the statement of consolidated income at the time of the sale of the "2020 wind farm portfolio".

The consolidated net income after minority interests amounted to euro –2.0 million (prior year: euro 16.3 million). The basic earnings per share for the Group amounted to euro –0.03 (prior year: euro 0.21) and the diluted earnings per share for the Group amounted to euro –0.02 (prior year: euro 0.21).

## *b. Asset and financial situation*

### *Balance sheet Assets*



On the reporting date, the consolidated total assets of PNE AG amounted to euro 442.9 million. This is a decrease of approximately – 10.2 percent in comparison with December 31, 2017.

Total long-term assets decreased from euro 184.9 million at the end of 2017 to euro 174.7 million on the reporting date. As at September 30, 2018, intangible assets totalled euro 65.2 million. By far the major individual elements in this item are the goodwill of the segment "Projecting of wind power turbines" totalling euro 63.4 million (of which projecting of wind power turbines PNE is valued at euro 23.0 million and projecting of wind power turbines WKN is valued at euro 40.2 million). In the same period, property, plant and equipment decreased by euro 10.7 million to euro 93.2 million (December 31, 2017: euro 103.9 million). This item primarily includes land and buildings (euro 11.4 million without the land and buildings of "Silbitz"), transformer stations owned or under construction (euro 12.1 million) as well as the technical equipment and machinery of the Silbitz timber biomass power plant (euro 3.0 million including land and buildings of euro 2.7 million), of the "Pülfringen" wind farm (euro 1.1 million) as well as the "Kührstedt-Alfstedt" projects of the "2020 wind farm portfolio" (euro 60.4 million).

During the period under review, short term assets decreased from euro 308.4 million as at December 31, 2017 to euro 268.1 million on September 30, 2018. This change is mainly attributable to the decrease in cash and cash equivalents (euro –76.7 million) and to the increase in inventories (euro +41.4 million). Of the short-term assets, euro 3.1 million is attributable to trade receivables (December 31, 2017: euro 5.1 million).

The work in progress shown under the inventories increased from euro 83.4 million as at December 31, 2017 to euro 107.9 million.

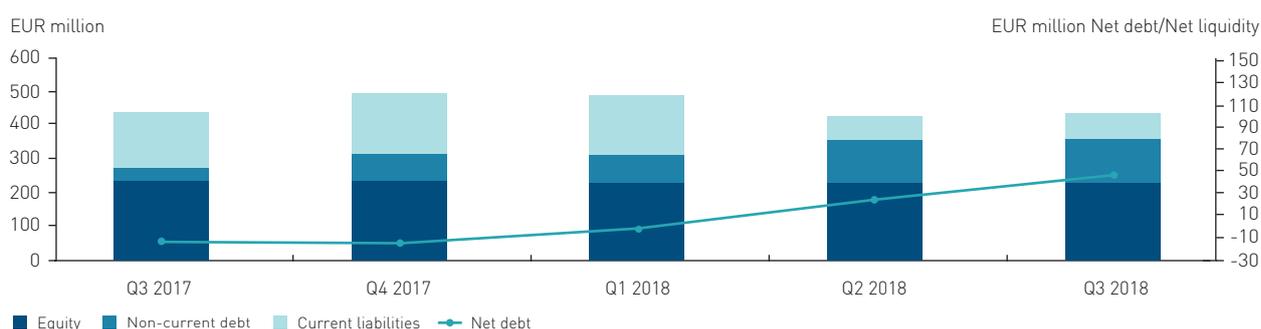
Work in progress is divided as follows:

- offshore projects (euro 25.1 million),
- onshore projects in Germany (euro 38.8 million), and
- onshore projects abroad (euro 44.0 million).

The advance payments in connection with onshore projects under construction, which are included in the inventories item, increased by euro 16.9 million from euro 2.9 million to euro 19.8 million.

As at September 30, 2018, cash and cash equivalents amounted to euro 117.3 million (on December 31, 2017: euro 194.0 million).

### Balance sheet Liabilities



Group equity decreased from euro 235.2 million (December 31, 2017) to euro 221.7 million as at September 30, 2018. This development was mainly due to the Group's earnings, the dividend payment in June 2018 and the disposal of minority interests as part of the increase in the interest in WKN AG (now WKN GmbH). The acquisition of the remaining ca. 17% of the shares in WKN AG represents an increase in the shareholding without a loss of control. According to IFRS 10.23, this transaction between owners only affects the allocation of residual claims of the owner groups, which results in a shift in value between majority shareholders and minority interests in equity. The amounts of the assets and liabilities in equity remain unchanged. The Group's equity ratio was 50.0 percent as at September 30, 2018 (December 31, 2017: 48 percent).

The long-term liabilities/assets increased from euro 78.9 million at the end of 2017 to euro 128.5 million. This item consists mainly of financial liabilities totalling euro 121.9 million (as at December 31, 2017: euro 72.8 million). The long-term financial liabilities include the bond issued in May 2018 (euro 50 million at an interest rate of 4 percent per year) with a carrying amount of euro 48.5 million. The difference of approx. euro 1.5 million (as at September 30, 2018) to the value of the bond issued is attributable to the transaction costs incurred for the bond. Pursuant to IFRS, the transaction costs are offset against the liabilities resulting from the bond and recognised as "interest expense" over the term of the bond. The long-term financial liabilities also include the 2014/2019 convertible bond issued in the 2014 fiscal year in an amount of euro 6.5 million. In addition, long-term liabilities to banks amounting to euro 66.3 million (December 31, 2017: euro 66.0 million) are recognised in this item. The most significant portion of long-term liabilities to banks relate to the project financing of the "2020 wind farm portfolio".

On September 30, 2018, the total number of shares issued by PNE AG amounted to 76,556,026. There was no change in the number of shares compared with December 31, 2017 (76,556,026 shares).

The short-term liabilities decreased from euro 179.2 million (December 31, 2017) to euro 92.7 million in the first nine months of 2018. The change is mainly due to the fact that the euro 100 million bond 2013/2018, which was still reported under short-term liabilities at the end of 2017, was repaid in the second quarter of 2018. The trade liabilities decreased from euro 25.3 million (December 31, 2017) to euro 13.0 million.

Including cash and cash equivalents, net debt (short-term and long-term financial liabilities less cash and cash equivalents) amounted to euro 44.3 million as at September 30, 2018 (December 31, 2017: net liquidity of euro -14.1 million).

#### 4. Report on opportunities and risks

For information about the opportunities and risks of PNE AG, refer to the section "Report on opportunities and risks" in the 2017 management report, which is available on the Company's website at [www.pne-ag.com](http://www.pne-ag.com).

During the first nine months of the 2018 fiscal year, the Board of Management has not identified any other significant additions or changes to the risks described in the 2017 management report.

# CONS. COMPREHENSIVE INCOME STATEMENT (IFRS)

of PNE AG, Cuxhaven, for the third Quarter 2018

All figures in TEUR (differences due to rounding possible)	III. Quarter 01.07.2018- 30.09.2018	III. Quarter 01.07.2017- 30.09.2017	Periode 01.01.2018- 30.09.2018	Periode 01.01.2017- 30.09.2017
1. Revenues	11,448	41,785	39,861	81,236
2. Changes in inventories of finished goods and work in process	7,576	3,273	13,799	11,540
3. Other operating income	483	6,792	4,006	9,027
<b>4. Total aggregate output</b>	<b>19,507</b>	<b>51,850</b>	<b>57,666</b>	<b>101,803</b>
5. Cost of materials / cost of purchased services	-5,689	-11,397	-13,488	-40,074
6. Personnel expenses	-5,969	-5,710	-19,315	-17,792
7. Amortisation of intangible assets and depreciation of property, plant and equipment	-2,175	-1,362	-6,859	-4,553
8. Other operating expenses	-6,010	-4,772	-14,287	-15,728
<b>9. Operating profit</b>	<b>-336</b>	<b>28,609</b>	<b>3,717</b>	<b>23,656</b>
10. Income from participations and associated companies	12	-228	19	391
11. Other interest and similar income	117	74	280	285
12. Expenses from assumption of losses	1	-25	-21	-379
13. Interest and similar expenses	-1,642	-2,615	-7,752	-7,870
<b>14. Result before taxes</b>	<b>-1,848</b>	<b>25,815</b>	<b>-3,757</b>	<b>16,083</b>
15. Taxes on income	-385	-3,064	1,192	-1,397
16. Other taxes	-100	-27	-243	-78
<b>17. Profit / loss before non-controlling interests</b>	<b>-2,333</b>	<b>22,724</b>	<b>-2,808</b>	<b>14,608</b>
18. Non-controlling interests	-627	-74	-828	-1,716
<b>19. Consolidated profit / loss</b>	<b>-1,706</b>	<b>22,798</b>	<b>-1,979</b>	<b>16,324</b>
Earnings per share (undiluted), in EUR	-0.02	0.30	-0.03	0.21
Earnings per share (diluted), in EUR	-0.02	0.29	-0.02	0.21
Weighted average number of shares in circulation (undiluted) in million	76.6	76.6	76.6	76.6
Weighted average number of shares in circulation (diluted) in million	78.7	78.7	78.7	78.7
<b>All figures in TEUR (differences due to rounding possible)</b>	<b>III. Quarter 01.07.2018- 30.09.2018</b>	<b>III. Quarter 01.07.2017- 30.09.2017</b>	<b>Periode 01.01.2018- 30.09.2018</b>	<b>Periode 01.01.2017- 30.09.2017</b>
<b>19. Consolidated profit / loss</b>	<b>-1,706</b>	<b>22,798</b>	<b>-1,979</b>	<b>16,324</b>
Other income / items that may be reclassified in the future in the profit and loss account				
20. Foreign currency translation differences	578	-299	595	-290
21. Others	0	0	0	0
<b>22. Other comprehensive income for the period (net of tax)</b>	<b>578</b>	<b>-299</b>	<b>595</b>	<b>-290</b>
<b>23. Total comprehensive income for the period</b>	<b>-1,755</b>	<b>22,425</b>	<b>-2,213</b>	<b>14,318</b>
<b>Consolidated profit / loss for the period attributable to:</b>	<b>-2,333</b>	<b>22,724</b>	<b>-2,808</b>	<b>14,608</b>
Owners of the parent company	-1,706	22,798	-1,980	16,324
Non-controlling interests	-627	-74	-828	-1,716
<b>Total comprehensive income for the period attributable to:</b>	<b>-1,755</b>	<b>22,425</b>	<b>-2,213</b>	<b>14,318</b>
Owners of the parent company	-1,128	22,499	-1,385	16,034
Non-controlling interests	-627	-74	-828	-1,716

# GROUP BALANCE SHEET (IFRS)

of PNE AG, Cuxhaven, as at September 30, 2018

## Assets

All figures in TEUR (differences due to rounding possible)	per 30.09.2018	per 31.12.2017
Intangible assets	65,200	66,825
Property, plant and equipment	93,189	103,872
Long term financial assets	2,531	2,490
Deferred tax assets	13,819	11,718
<b>Total long term assets</b>	<b>174,739</b>	<b>184,905</b>
Inventories	127,800	86,361
Receivables and other assets	23,021	28,035
Cash and cash equivalents	117,295	193,984
<b>Total current assets</b>	<b>268,116</b>	<b>308,380</b>
<b>Assets total</b>	<b>442,855</b>	<b>493,285</b>

## Liabilities

All figures in TEUR (differences due to rounding possible)	per 30.09.2018	per 31.12.2017
Subscribed capital	76,556	76,556
Capital reserve	82,288	82,288
Retained earnings	51	51
Foreign currency provision	-312	-908
Retained profit / loss	76,557	84,911
Non-controlling interests	-13,406	-7,679
<b>Total shareholders equity</b>	<b>221,734</b>	<b>235,220</b>
Other provisions	1,060	1,060
Deferred subsidies from public authorities	820	855
Long term financial liabilities	121,886	72,751
Deferred tax liabilities	4,696	4,247
<b>Total long term liabilities</b>	<b>128,462</b>	<b>78,913</b>
Provisions for taxes	1,169	2,154
Other provisions	1,660	2,704
Short term financial liabilities	39,690	107,109
Trade liabilities	12,967	25,295
Other liabilities	37,173	41,890
<b>Total short term liabilities</b>	<b>92,659</b>	<b>179,152</b>
<b>Liabilities total</b>	<b>442,855</b>	<b>493,285</b>

# CONSOLIDATED CASH FLOW STATEMENT (IFRS)

of PNE AG, Cuxhaven, from January 1 until September 30, 2018

All figures in TEUR (differences due to rounding possible)	2018	2017
<b>Consolidated net result</b>	<b>-2,808</b>	<b>14,608</b>
- /+ Income tax benefit / expense	- 1,192	1,397
- /+ Income tax paid / received	- 1,444	- 1,390
- /+ Interest income and expense	7,472	7,584
- Interest paid	- 5,804	- 4,534
+ Interest received	280	409
+/- Amortisation and depreciation of disposal of fixed assets	6,859	4,553
+/- Increase / decrease in provisions	- 2,028	231
+/- Non-cash effective income / expenses	584	4,567
- Profit from the disposal of fixed assets and from final consolidation	0	- 26,033
+/- Increase of inventories and other assets	- 36,816	- 28,363
+/- Decrease / increase of trade receivables and stage of completion accounting	4,688	7,806
+/- Increase / decrease of trade liabilities and other liabilities	- 17,599	- 14,639
<b>Cash flow from operating activities</b>	<b>-47,808</b>	<b>-33,805</b>
+ Inflow of funds from disposal of intangible assets	0	3
+ Inflow of funds from disposal of items of property, plant, equipment	281	21
- Outflow of funds for investments in property, plant, equipment and intangible assets	- 2,595	- 2,301
+ Inflow of funds from disposal of financial assets	0	91
- Outflow of funds for investment in financial assets	- 72	- 1,009
+ Inflow of funds from disposal of consolidated entities	0	39,563
- Outflow of funds for investment in consolidated entities	- 8,221	- 7,535
<b>Cash flow from investing activities</b>	<b>- 10,606</b>	<b>28,833</b>
+ Inflow of funds from financial loan	46,554	30,460
+ Inflow from the issue of bonds	50,000	0
- Outflow from the redemption of bonds	- 1,649	0
- Outflow of funds from the redemption of financial loans	- 10,119	- 1,397
- Outflow from transaction costs incurred for the issue of bonds	- 100,000	0
- Outflow of funds for dividend	- 3,062	- 9,187
<b>Cash flow from financing activities</b>	<b>- 18,276</b>	<b>19,876</b>
Cash effective change in liquid funds	- 76,690	14,904
+ Change in liquid funds due to changes in scope of consolidation	0	- 1
+ Liquid funds at the beginning of the period	193,985	147,686
<b>Liquid funds at the end of the period *</b>	<b>117,295</b>	<b>162,590</b>
* of which are pledged to a bank as security	2,804	98

Supplementary information: The value of liquid funds corresponds to the „Cash and cash equivalents“ item on the balance sheet as at September 30.

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY (IFRS)

of PNE AG, Cuxhaven

<b>All figures in TEUR</b> (differences due to rounding possible)	<b>Capital subscri- bed</b>	<b>Capital reserve</b>	<b>Profit reserves</b>	<b>Foreign exchange reserve</b>	<b>Retained earnings</b>	<b>Share- holders' equity before noncont- rolling interests</b>	<b>Noncont- rolling interests</b>	<b>Total sharehol- ders' equity</b>
<b>Status as per January 1, 2017</b>	<b>76,556</b>	<b>82,288</b>	<b>51</b>	<b>-997</b>	<b>76,883</b>	<b>234,781</b>	<b>-5,393</b>	<b>229,388</b>
<b>Group result 01-09/2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,324</b>	<b>16,324</b>	<b>-1,716</b>	<b>14,608</b>
Dividend	0	0	0	0	-9,187	-9,187	0	-9,187
Other items	0	0	0	-290	-601	-891	554	-337
<b>Status as per September 30, 2017</b>	<b>76,556</b>	<b>82,288</b>	<b>51</b>	<b>-1,288</b>	<b>83,419</b>	<b>241,027</b>	<b>-6,555</b>	<b>234,471</b>
<b>Status as per January 1, 2018</b>	<b>76,556</b>	<b>82,288</b>	<b>51</b>	<b>-908</b>	<b>84,911</b>	<b>242,899</b>	<b>-7,679</b>	<b>235,220</b>
<b>Group result 01-09/2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,979</b>	<b>-1,979</b>	<b>-828</b>	<b>-2,807</b>
Dividend	0	0	0	0	-3,062	-3,062	0	-3,062
Other items	0	0	0	595	-3,313	-2,718	-4,898	-7,616
<b>Status as per September 30, 2018</b>	<b>76,556</b>	<b>82,288</b>	<b>51</b>	<b>-312</b>	<b>76,557</b>	<b>235,139</b>	<b>-13,406</b>	<b>221,734</b>

## Segment reporting

The determination and presentation of segment reporting as at September 30, 2018 changed only in respect of the composition of the individual segments.

The segment "Projecting of wind power turbines" was expanded by the initially consolidated companies PNE Central America I GmbH, PNE Americas I GmbH, Wertewind GmbH, PNE WIND Park Schlenzer GmbH & Co. KG, PNE WIND Park Wahlsdorf GmbH & Co. KG and PNE WIND Park XIX GmbH & Co. KG.

For further details on segment reporting, refer to the notes to the 2017 consolidated financial statements.

The figures as at September 30, 2018 are compared with the figures as at September 30, 2017 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2017.

(differences due to rounding possible) in TEUR	Projecting of wind power turbines	Electricity generation	Consolidation	PNE AG Group
	2018 2017	2018 2017	2018 2017	2018 2017
External sales	<b>31,260</b> 76,390	<b>8,601</b> 4,846	<b>0</b> 0	<b>39,861</b> 81,236
Sales in other segments	<b>14,234</b> 16,633	<b>421</b> 446	<b>-14,655</b> -17,079	<b>0</b> 0
Change in inventories	<b>10,532</b> 2,792	<b>0</b> 0	<b>3,267</b> 8,748	<b>13,799</b> 11,540
Other operating income	<b>3,122</b> 8,903	<b>3,935</b> 180	<b>-3,051</b> -57	<b>4,006</b> 9,027
<b>Total aggregate output</b>	<b>59,148</b> 104,718	<b>12,957</b> 5,472	<b>-14,439</b> -8,388	<b>57,666</b> 101,803
Depreciation	<b>-2,071</b> -2,517	<b>-5,536</b> -2,036	<b>747</b> 0	<b>-6,859</b> -4,553
Operating income	<b>8,664</b> 23,189	<b>3,563</b> 362	<b>-8,510</b> 104	<b>3,717</b> 23,655
Interest and similar income	<b>4,457</b> 4,113	<b>0</b> 0	<b>-4,177</b> -3,828	<b>280</b> 286
Interest and similar expenses	<b>-9,610</b> -11,269	<b>-2,319</b> -429	<b>4,177</b> 3,828	<b>-7,752</b> -7,870
Taxes	<b>-1,542</b> -1,373	<b>181</b> 4	<b>2,553</b> -28	<b>1,192</b> -1,397
Investments	<b>10,404</b> 3,218	<b>483</b> 7,628	<b>0</b> 0	<b>10,887</b> 10,846
Segment assets	<b>532,720</b> 599,187	<b>127,430</b> 115,249	<b>-217,294</b> -221,152	<b>442,855</b> 493,285
Segment liabilities	<b>356,074</b> 401,001	<b>115,517</b> 116,670	<b>-250,469</b> -259,606	<b>221,121</b> 258,065
<b>Segment shareholders' equity</b>	<b>176,646</b> 198,186	<b>11,913</b> -1,420	<b>33,175</b> 38,453	<b>221,734</b> 235,220

## Imprint

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## Draft, Editing, Layout & Typesetting

### *cometis AG*

The quarterly statement is also available in german. In case of discrepancies the german version is decisive. The digitalversion of the annual report and the quarterly statements of PNE AG are available online at [www.pnewind.com](http://www.pnewind.com) in the section "Investor Relations / Financial reports".

## Disclaimer

This report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as "expect", "estimate", "intend", "can", "will" and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.