PNE WIND AG

Presentation | May 2011

Buchholz wind farm

Agenda

1. PNE WIND AG at a glance

2. Business model

3. Market and strategy

4. Financials

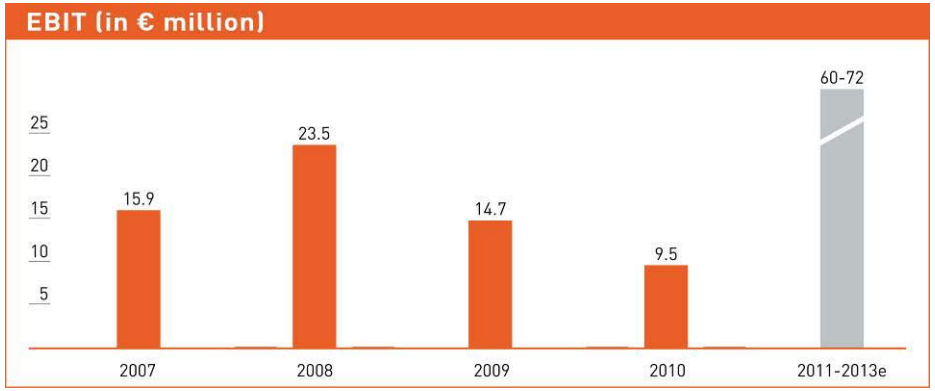
5. PNE WIND AG share

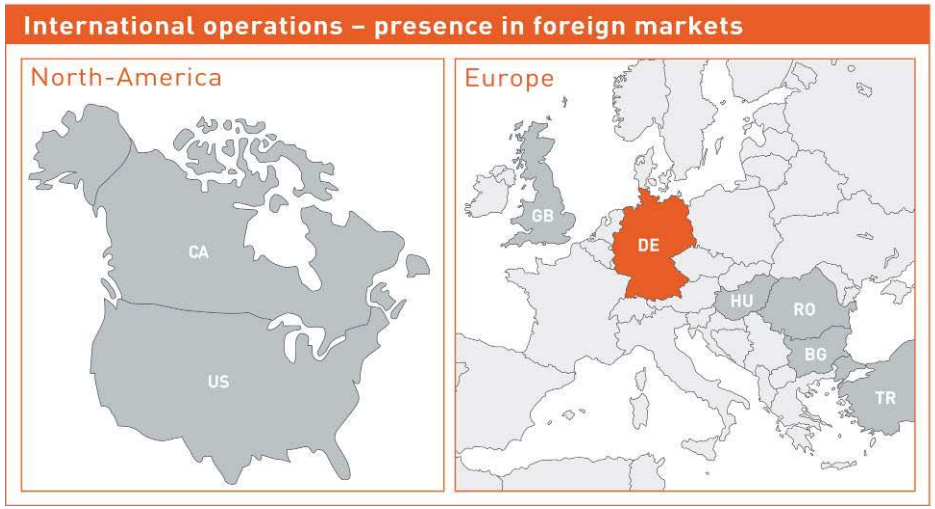
6. Investment highlights

Langwedel wind farm

PNE WIND AG at a glance

Overview





- Development and implementation of wind farm projects in Germany and abroad, both onshore and offshore
- Core competence: development, project planning, implementation and financing of wind farms
- Sale with after-sales technical and commercial support service
- Company based in Cuxhaven, 164 employees as at March 31, 2011
- Cumulative EBIT forecast increased to at least € 60 to 72 million for fiscal years 2011 to 2013

PNE WIND AG at a glance

Management

Martin Billhardt

Chief Executive Officer (CEO)

- Industry experience since 1995
- CEO since June 2008
- Areas of responsibility: strategy, investor relations, acquisitions, sales, human resources, legal affairs, investment

Jörg Klowat

Chief Financial Officer (CFO)

- Working for PNE WIND AG since 1999
- CFO since April 2011
- Areas of responsibility: finance and accounting, controlling, risk management

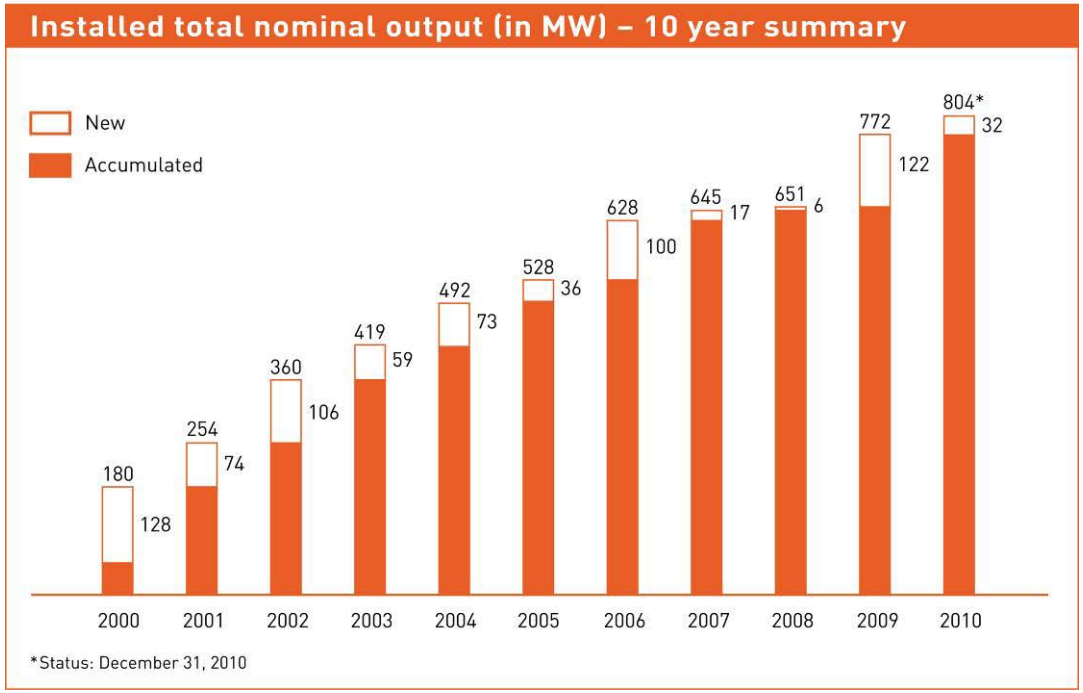
Markus Lesser

Chief Operating Officer (COO)

- Over 10 years experience in the Renewable Energy Industry
- COO since May 2011
- Areas of responsibility: project development and project implementation onshore and offshore

PNE WIND AG at a glance

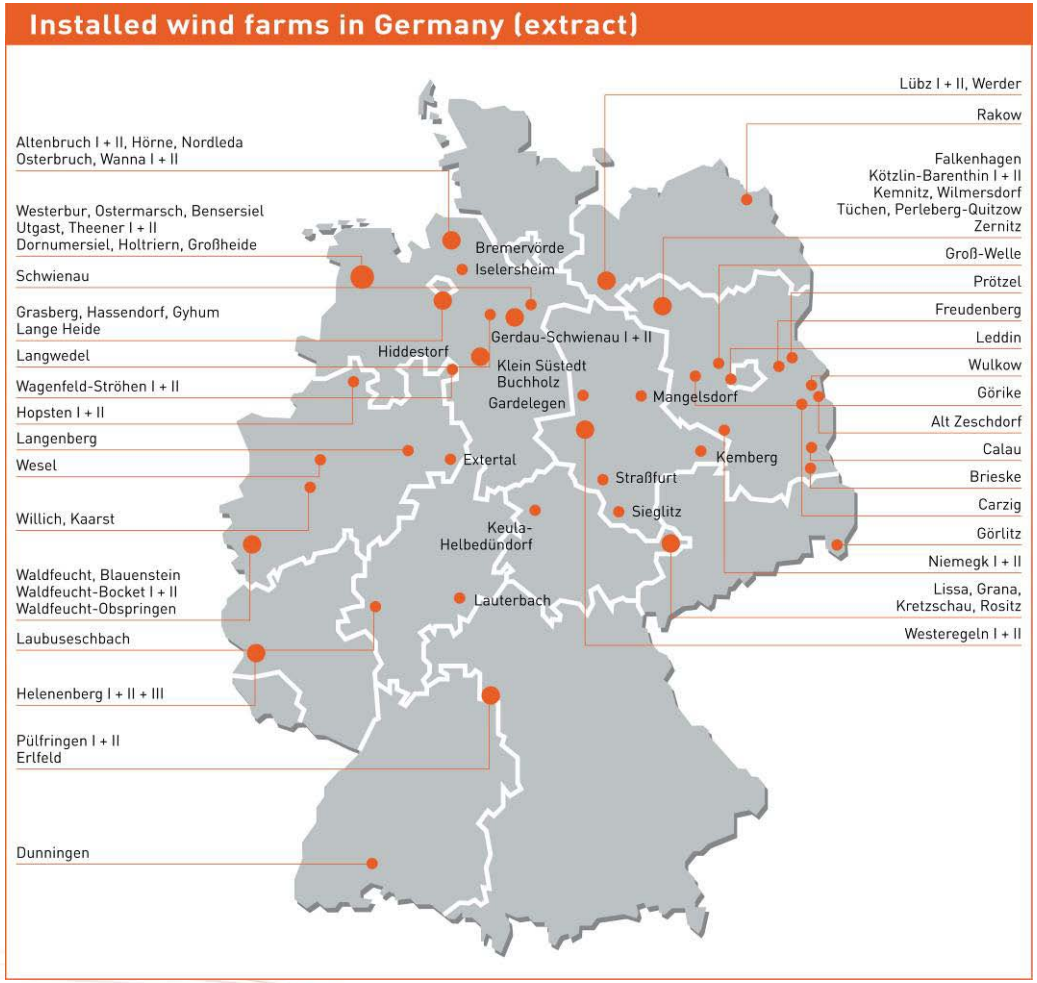
Installed capacity



- Since foundation in 1995 development of onshore wind farms
- Reference list: 97 wind farms
- 563 wind turbines (WT) with a total output of 804 MW installed
- PNE WIND AG is therefore one of the most experienced wind farm developers – worldwide!

PNE WIND AG at a glance

Installed wind farms



- Extensive know-how upon site acquisition, wind analysis and erection of wind farms all over Germany
- Long-term partner for wind farm operators with comprehensive network to decision makers
- Trustful cooperation with leading manufacturers such as Siemens, Vestas, Nordex and Enercon

PNE WIND AG at a glance

Wind farm development in Germany (onshore)

Wind farms with total capacity of 1,300 MW under development

- In 2010, wind farms “Görike”, “Schulenburg”, “Elze” and “Oldendorf“ (altogether with a total nominal output of 31.2 MW) completed and handed over to EnBW
- Wind farm „Leddin II“ already completed in December 2009 and handed over to EnBW in the first quarter 2010
- According to contract PNE WIND AG conducts operational management of the wind farms sold to EnBW for next 10 years
- Additional approvals for construction of onshore-wind farms in Germany are expected on short notice
- Overall 1,300 MW under development

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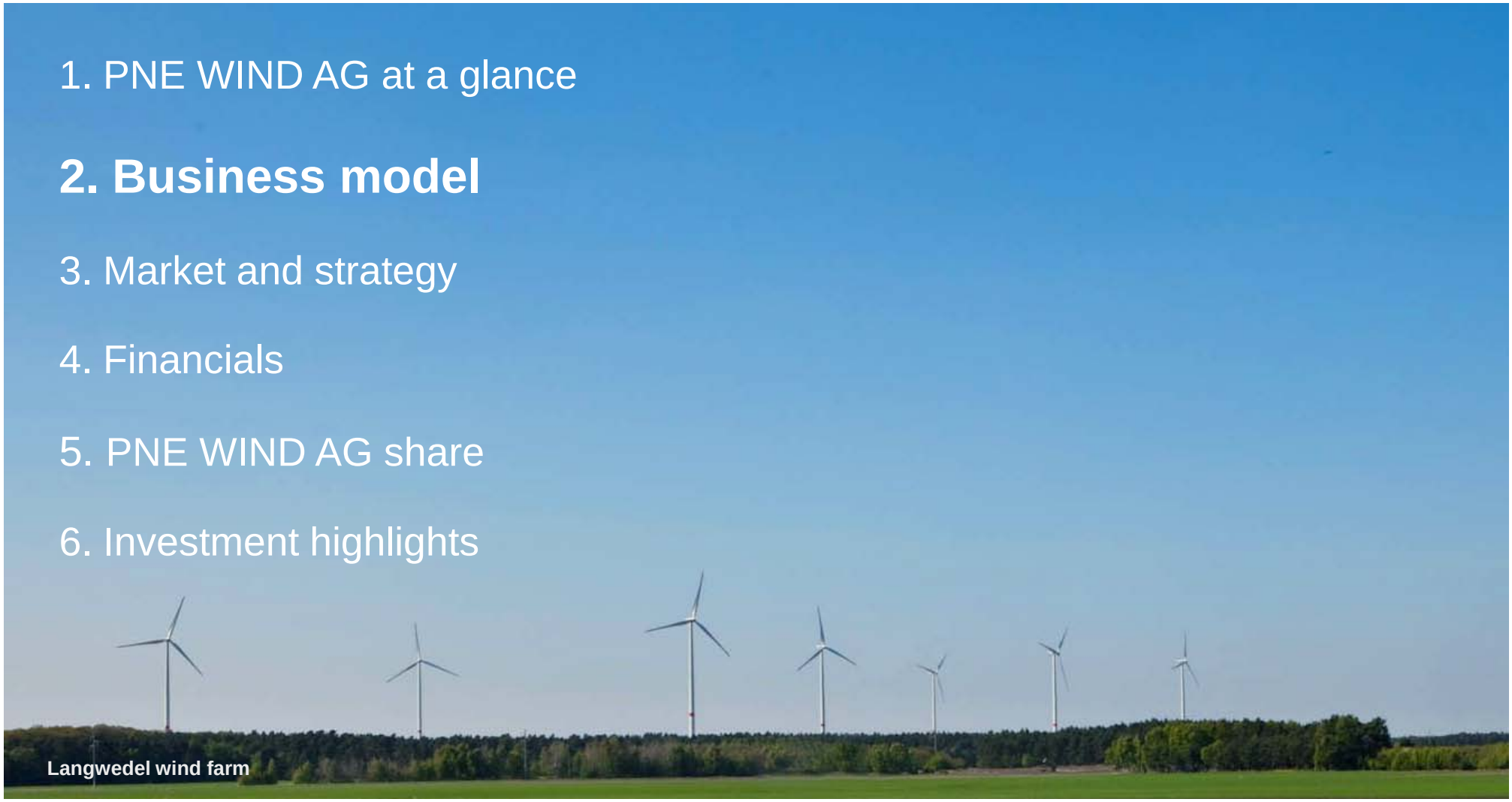
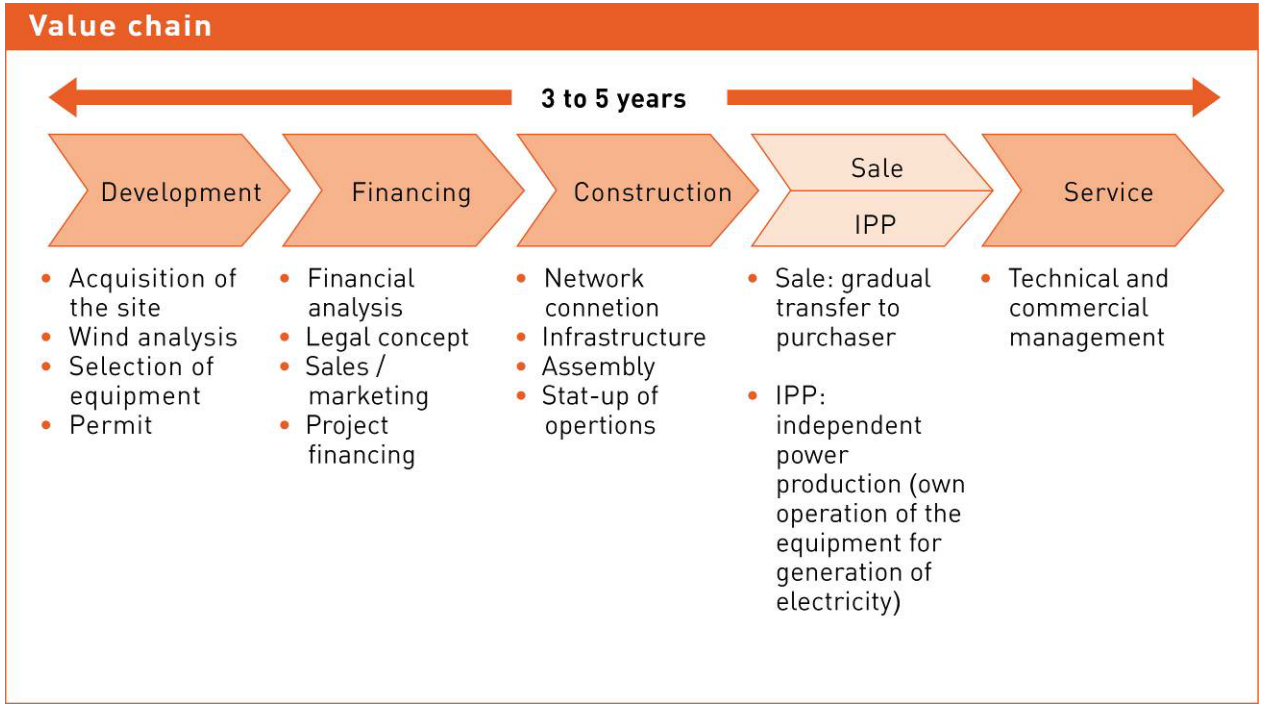


Langwedel wind farm

Business model

Value chain



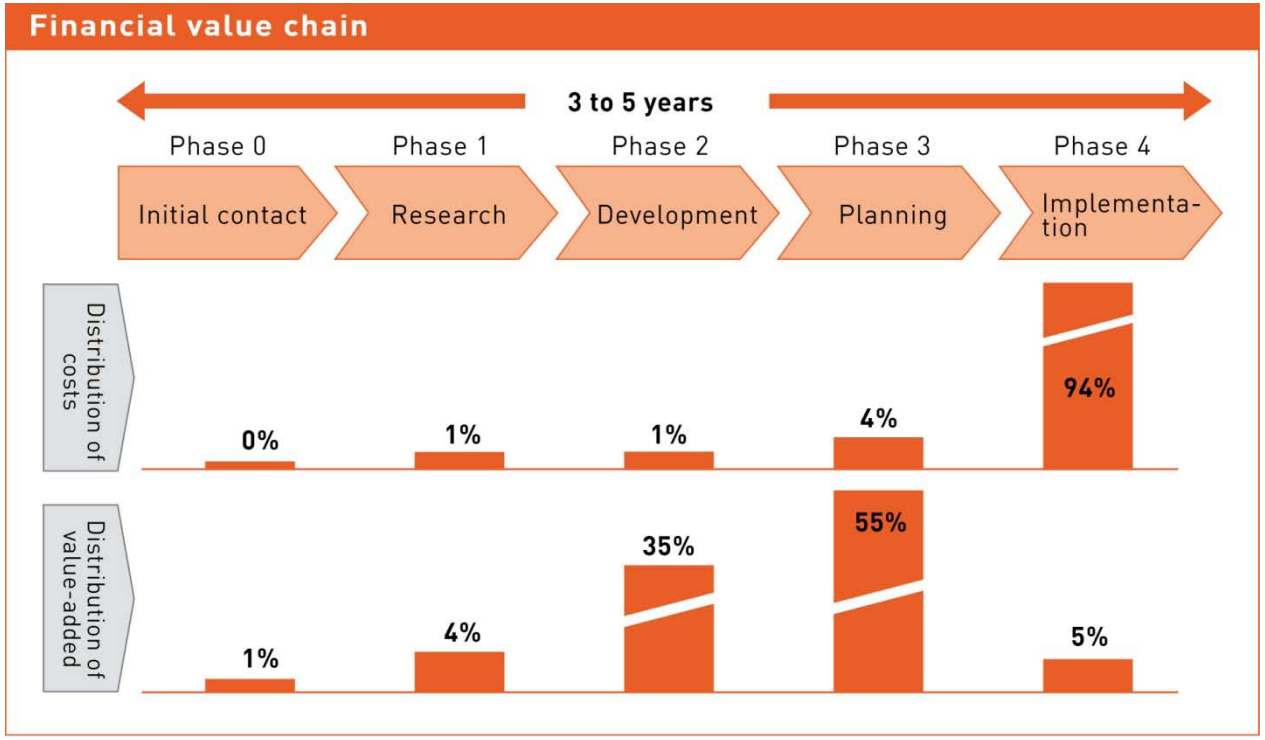
- Development, financing and construction of wind farms through to commissioning
- After completion: complete handover to buyer or takeover for independent power production (IPP)
- After-sales support service ensures customer retention and guarantees recurring revenues
- Full coverage of the entire value chain

Criteria for successful wind farm development:

- **Wind in m/sec**
- **Probability of approval**
- **Grid connection**

Business model

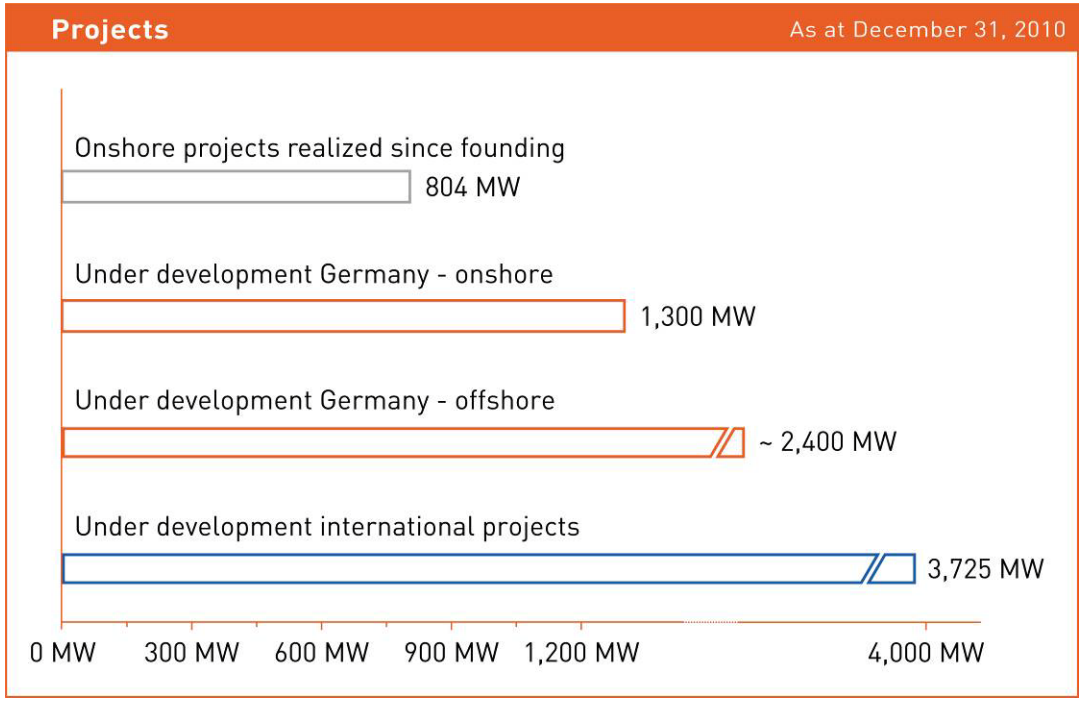
Financial value chain



- PNE WIND AG generates value especially ahead of implementation phase
- When selling the project right after obtaining approval: attractive returns combined with low revenues and very limited capital requirements
- When selling wind farms after completion: attractive returns and high revenues, but yet much higher capital requirements
- Project business: successive invoicing after construction progress (milestone payments)

Business model

Project pipeline



Onshore

- National and international total of around 5,000 MW under development

Offshore

- Projects with total of around 2,400 MW currently under development
- Approvals have been granted for around 800 MW
- Offshore business is growth driver of the future

Business model

Current projects – Germany

Offshore projects – Germany

Project	Phase	Location	WT up to	Total MW (up to)	Nominal capacity per turbine
Borkum Riffgrund I *	4	North Sea	77-89 Siemens	277-320	3.6 MW
Borkum Riffgrund II *	3	North Sea	84-96 Siemens	302-346	3.6 MW
Gode Wind I	4	North Sea	77 Vestas	231	3.0 MW
Gode Wind II	4	North Sea	84 Vestas	252	3.0 MW
Gode Wind III	1	North Sea	15 Vestas	105	7.0 MW**
Nemo	2	North Sea	80	400	5.0 MW
Nautilus	2	North Sea	80	400	5.0 MW
Jules Vernes	2	North Sea	80	400	5.0 MW
Total:			**601**	**2,439**	

Phase 1 = Project identification phase
Phase 2 = Application conference held
Phase 3 = Hearing held
Phase 4 = Approval granted

* PNE WIND AG acts as service provider
** expected

Business model

Current offshore projects in Germany

Borkum Riffgrund I + II

- PNE WIND AG receives next milestone payment of € 6.4 million by DONG Energy for further development of “Riffgrund I”
- Construction of “Riffgrund I” will begin 2013 with PNE WIND AG acting as service provider
- “Riffgrund II” will be jointly developed

Gode Wind I + II

- PNE WIND AG holds 100% interest in both projects
- Building permit granted by German authorities in August 2006 (Gode Wind I) and July 2009 (Gode Wind II)
- Seabed foundations inspection for all planned wind energy turbines and the transformer station of “Gode Wind II” completed in 2010

Offshore wind farm

Business model

Current offshore projects in Germany

Gode Wind II

- Project Management
  - Financing: Green Giraffe Energy Bankers (debt advisors), Augusta & Co. (equity placement advisors)
  - Other providers: K2 Management A/S (technical advisors), NW Assekuranz (insurance), Watson, Farley & Williams (legal advisors)
- The documentation required for the binding agreement to the grid connection has been submitted to the transmission grid operator TenneT:
  - Supply contract for 84 Vestas type V112 wind energy systems
  - Preliminary contract for the supply of 84 monopile foundations by MT Højgaard A/S
  - Preliminary contract for the supply of the internal wind farm cabling by Draka Norsk Kabel AS
  - Preliminary contract for the supply of the wind farm's transformer station by ALSTOM Grid GmbH

Business model

Current offshore projects in Germany

Gode Wind I

- Project
  - Approval granted, further technical development
  - Vestas: wind turbine supplier
  - PNE WIND: Components, transformer station, park design, financing strategy

Gode Wind III

- Project
  - Project identification phase
  - 15 wind turbines possible
  - Reference area for new Vestas offshore turbine (expected: 7 MW)

- Development partnership Vestas / PNE WIND for both projects
  - Based on the successful development of the offshore wind farm “Gode Wind II”
  - Exclusive partnership

Business model

Current projects – international

Projects – international

No.	Country	Number of projects	Area already secured (in ha)	MW up to
1	USA	24	5,671	1,835
2	Canada	7	7,857	525
3	UK	14	5,172	408
4	Turkey	3	---	204
5	Hungary	2	477	84
6	Romania	3	333	244
7	Bulgaria	9	966	425
Total:		62	20,476	3,725

Investment criteria:

- Country credit rating
- Attractive, reliable feed-in system
- Local JV-partner

Business model

Current projects – international

Onshore projects – international

USA

- Foundation of US subsidiary PNE WIND USA, Inc. in October 2008 (based in Chicago)
- Good wind potential and large number of attractive wind farm sites on offer
- Strategy: Greenfield development in close cooperation with local partners
- First joint venture: Renewable Solutions
- Already area of approx. 5,671 ha secured and 1,835 MW under development
- Objective: medium-term development of up to 2,500 MW wind farm projects

Joint Venture – USA

- September 2009: PNE WIND USA, Inc. and Renewable Solutions sign joint venture agreement
- Objective: Development of wind farms with more than 300 MW in the states of Minnesota, North Dakota and South Dakota
- Start of construction of the first wind farm (30 MW) scheduled for 2011
- Sales-options: “Asset Sales Agreement“ (ASA) or “Build Transfer Agreement” (BTA)

Business model

Internationalization

Experienced partners gained in the USA

- Kelly Lloyd appointed General Manager of PNE WIND USA, Inc. in January 2009
  - Expert with more than ten years of experience in US wind market through engagement with enXco, Inc. (today‘s US-subsidiary of EDF Energies Nouvelles)
  - Most recently acted as CFO, assured financing in excess of US$ 500 million for the development and construction of projects
- Mark Eilers, President of Renewable Solutions
  - Considered one of the pioneers in the US wind industry; 15 years experience; previously President of wind farm developer Clear Wind LLC
  - Former Director of Origination at GE Energy; responsible for the development of regional sales strategies and for the sale of wind and gas turbines (volume of $ 3 billion successfully managed)

Business model

Current projects – international

Onshore projects – international

Canada

- Joint Venture with BCP Renewable Energy Ltd. (PNE WIND AG holds 75% of the company's shares)
- Canadian wind market at early stage of development, significant growth within next years to be expected
- Participations in requests for tender for wind farms in the Canadian province of Saskatchewan, later nationwide activity planned
- Development and implementation of wind farm projects for up to 525 MW with an area of approx. 7,857 ha already secured

Onshore projects – international

UK

- PNE WIND UK founded as Joint Venture with New Energy Developments Limited (PNE WIND AG holds a majority interest of 67.5%)
- Development and implementation of wind farm projects for up to 408 MW with an area of approx. 5,172 ha already secured
- Appointed as a preferred development partner to the Forestry Commission Scotland
- Wind farm sites on the National Forest Estate in Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus with potential of 100-200 MW

Business model

Current projects – international

Onshore projects – international

Turkey

- Cooperation with Türkwind Energie Ltd.
- PNE WIND AG holds 99% of interests in Turkish company
- Development and implementation of wind farm projects comprising up to 204 MW
- Area dependents on ongoing licensing

Onshore projects – international

Hungary

- PNE WIND AG holds 100% of interests in Hungarian company
- 2 wind farm projects for implementation by 2012/2013 with up to 84 MW total output
- Already area of approx. 477 ha secured

Business model

Current projects – international

Onshore projects – international

Romania

- Joint venture with local partner in Bucharest
- PNE WIND AG holds a majority interest (80%) in Romanian joint venture company
- Development and implementation of wind farm projects comprising up to 244 MW
- Already area of approx. 333 ha secured

Onshore projects – international

Bulgaria

- Joint Venture with several partners
- PNE WIND AG holds a majority interest in each joint venture company
- Development and implementation of wind farm projects comprising up to 425 MW
- Already area of approx. 966 ha secured

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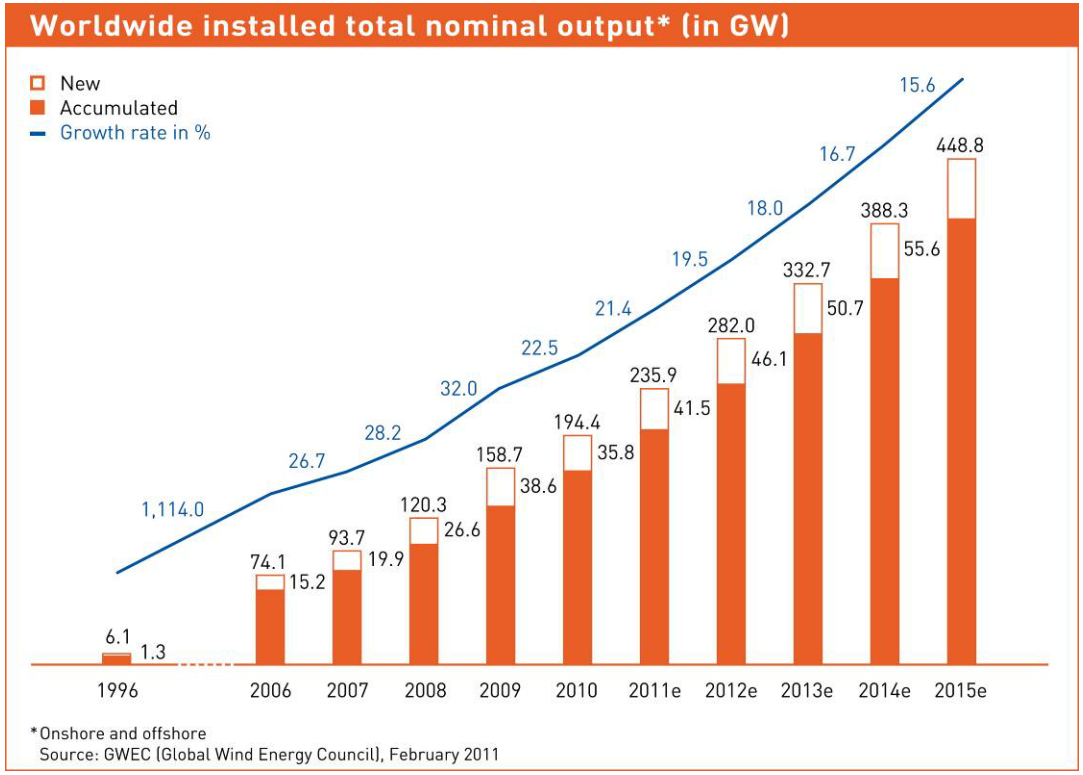
Langwedel wind farm

Market and strategy

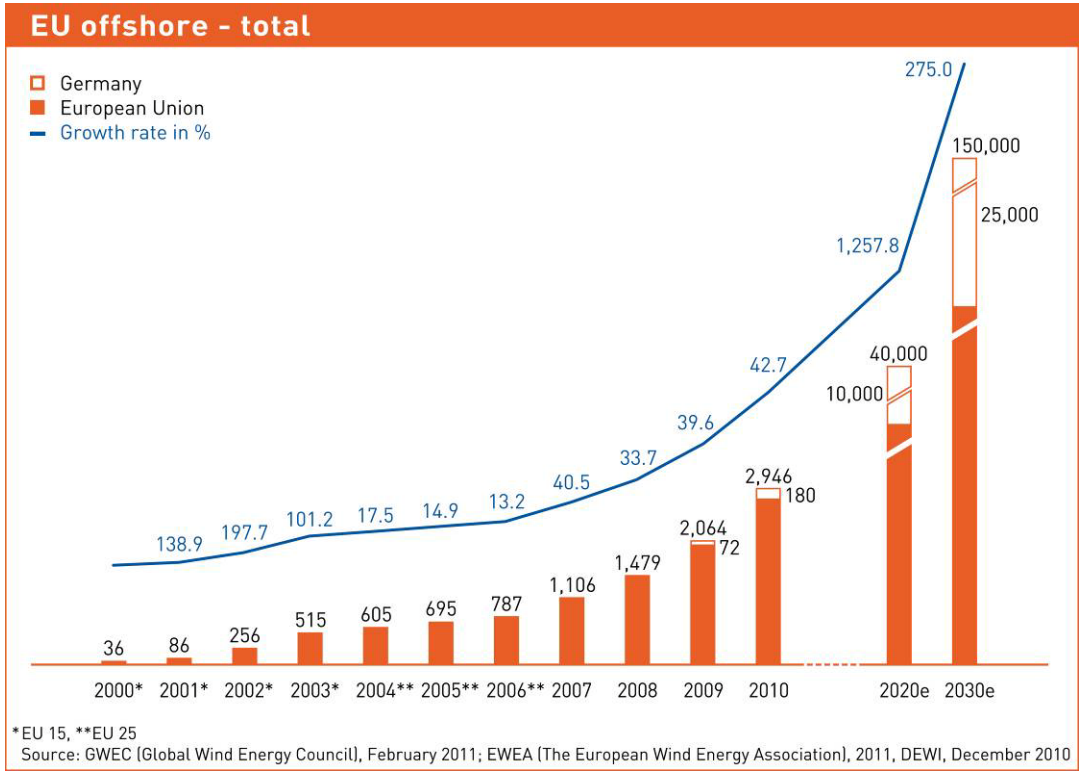
Global development of wind power



- Increased international demand for renewable energy is based on:
  - Growing population = Increasing demand for energy
  - Scarcity of fossil fuels
  - Prevention of CO_2 emissions
  - Security of supply
- Wind energy is the most technologically advanced of these and the most economically efficient technology
- Double-digit growth rates forecasted until 2015 (CAGR 2010-2015: 18.2%)

Market and strategy

Offshore Europe and Germany



- Offshore wind energy as a key growth driver for national and international wind energy markets
- 40,000 MW installed wind power capacity by 2020 as a target to achieve climate objectives of the EU
- Objective of the German Federal Government: installed offshore capacity of 25,000 MW by the year 2030

Market and strategy

Wind power in Germany: Status quo and forecast

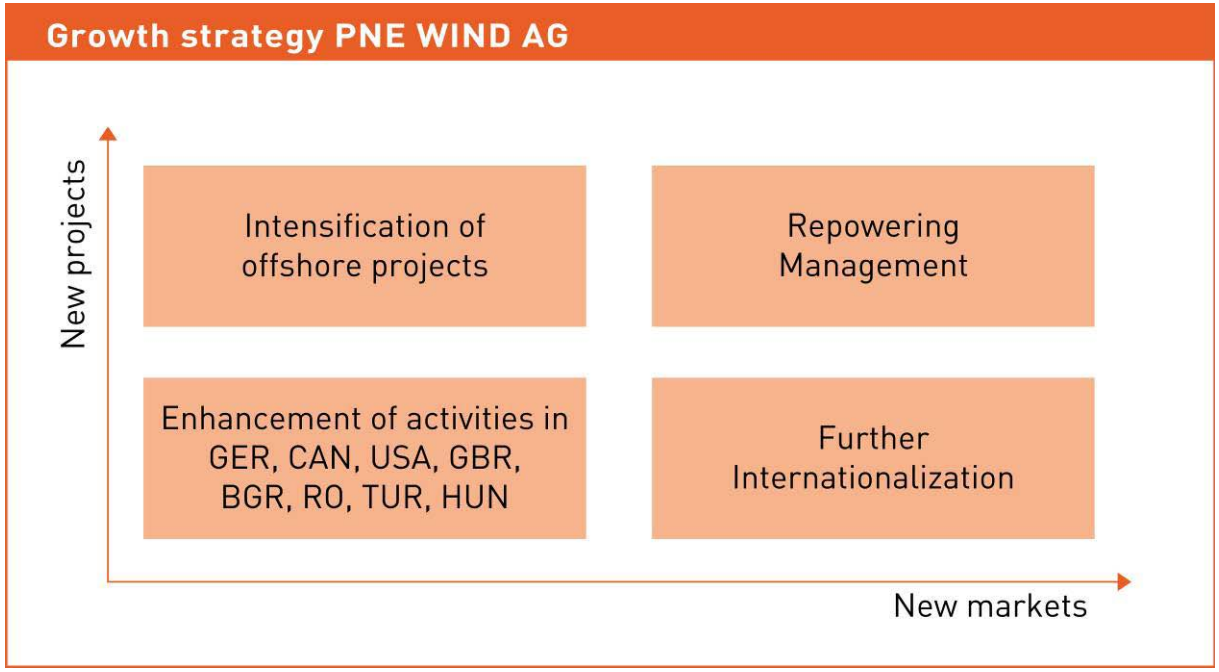
Energy Concept 2050

- The German Federal Government adopted the “Energy Concept 2050” in September 2010
- Key points of the Energy Concept:
  - Promotion of offshore wind energy by special credit program with a volume of € 5 billion
  - Identification of additional sites to be designated for onshore wind farm construction and operation
  - The expansion of onshore wind through adopting more favourable terms for extending the lives of existing wind farms (repowering):
    - Essential factor for the further development of wind energy
    - By the end of 2010, 779 old plants with 331 MW capacity removed and replaced with 431 modern units with a total nominal output of 896 MW
    - Experts predict a potential total installed capacity of around 30,990 MW by 2020

Source: BMU (Energy Concept 2050); DEWI, 2011; KPMG study, 2009

Market and strategy

Growth strategy PNE WIND AG



- Growth through development of new markets and new projects
- Expansion abroad into selected countries with a basic legal framework in place (comparable with the EEG) and attractive prospects
- Consistent exploitation of market opportunities in all areas of wind power

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Langwedel wind farm

Financials

Key performance indicators

Fiscal year 2010

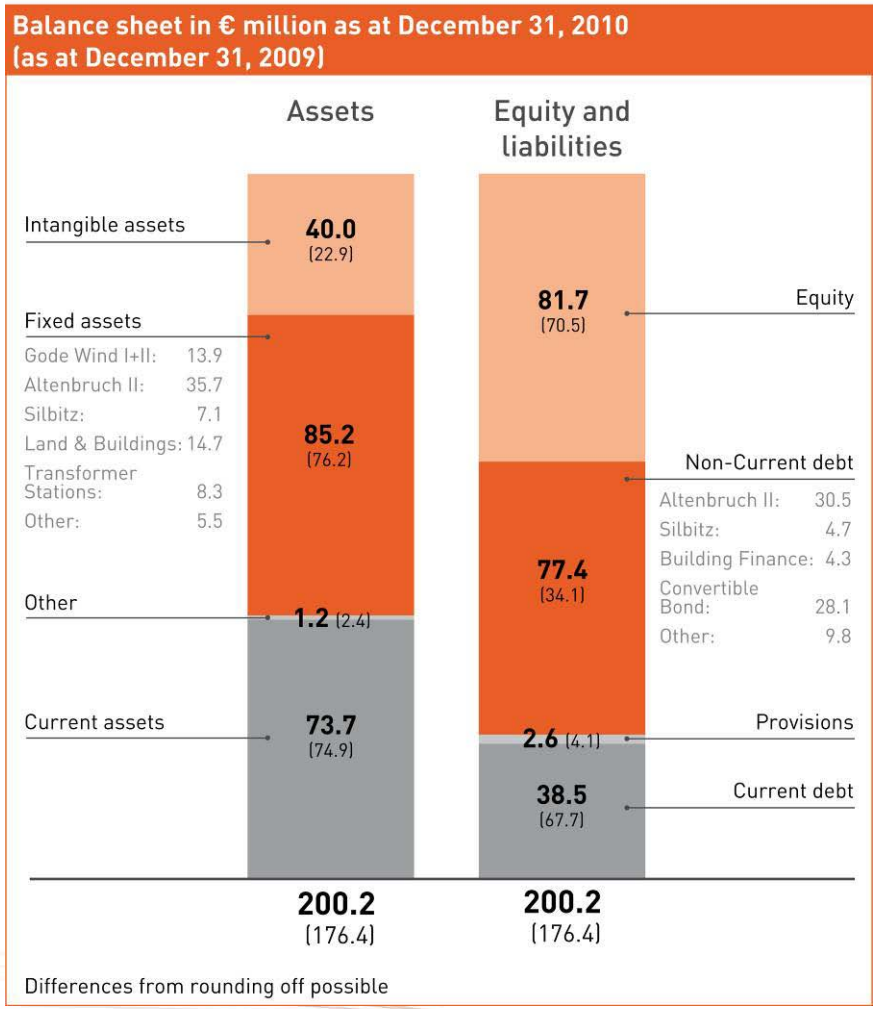
in € million	Jan. 1 to Dec. 31 2010	Jan. 1 to Dec. 31 2009
Revenue	65.6	137.3
Total operating revenue	**80.0**	**133.6**
Cost of materials	-42.7	-95.6
Personnel expenses	-10.2	-8.9
Other	-17.6	-14.4
EBIT	**9.5**	**14.7**
Interest income	0.5	0.5
Interest and similar expenses	-4.6	-5.3
EBT	**5.4**	**9.9**
Net income	**7.9**	**10.1**
EPS* (in €)	**0.17**	**0.24**

* undiluted earnings per share from continuing operations

- Cumulative EBIT of at least € 60 to 72 million expected for fiscal years 2011 to 2013
- Confirmed: cumulative EBIT of € 42 to 54 million for fiscal years 2010 to 2012
- Fiscal year 2010 underlines operative success and profitability of business model
- Successful placement of a capital increase and a convertible bond secured € 28.5 million, thereof € 18.7 million by Luxempart S.A.
- Net income of € 7.9 million

Financials

Key balance sheet ratios



- Intangible assets of € 40.0 million mainly consist of company value for the segment wind farm projecting and first consolidation of project right from PNE Gode Wind I GmbH
- Successful capital increase leads to rise in equity
- Equity ratio of about 40.8% and strong cash position (€ 39.2 million) form solid foundation for further growth and internationalization

Financials

Cash flow

Fiscal year 2010

in € million	Jan. 1 to Dec. 31 2010	Jan. 1 to Dec. 31 2009
Consolidated net loss/income for the period	7.1	10.1
Amortization/Depreciation	5.0	4.1
Δ Provisions	-1.6	-1.8
Δ Non-cash expenses/income	-10.7	-11.1
Δ Working capital	-7.5	84.3
Cash flow from operating activities	-7.7	85.6
Cash flow from investing activities	-16.6	-25.5
Cash flow from financing activities	21.9	-48.7
Cash and cash equivalents – end of period	39.2	41.5

- Operating cash flow characterized by consolidation of PNE Gode Wind I GmbH resulting from income effects of other non-cash expenses of € -10.8 million
- The strong fluctuation in working capital is standard for wind farm developers, it varies in relation to project realization and handover of a completed wind farm
- Investments in the buy-back of the offshore-wind farm “Gode Wind I” and the further development of the other five offshore-projects were financed from PNE WIND AG´s own funds
- Cash flow from financing activities displays successful capital increase and placement of convertible bond
- Cash and cash equivalents remain high

Financials

Forecast 2011 until 2013

Forecast for fiscal years 2011 until 2013

- Sustainable level of EBIT anticipated (most relevant indicator for projecting business)
- Confirmation of previous EBIT forecast of € 42 to 54 million for the period 2010 to 2012
- Cumulative EBIT of at least € 60 to 72 million expected for fiscal years 2011 to 2013
- Further operational improvement planned in 2011 due to extensive pipeline
- Onshore outlook: overall medium term target of 10,000 MW; 2,500 MW expected medium term from US-Business alone
- Offshore outlook: medium term target 5,000 MW

Buchholz wind farm

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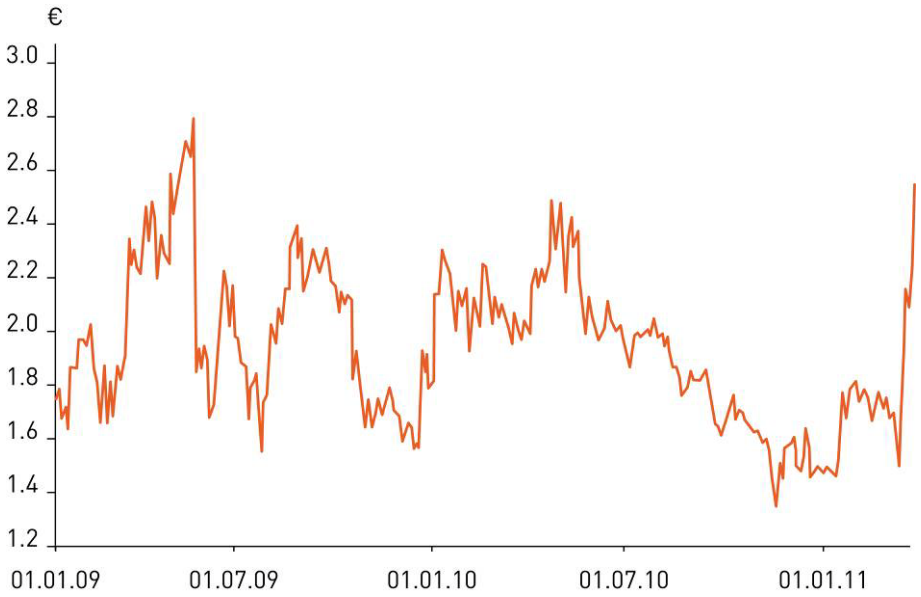
PNE WIND AG share

Price and key data

Price performance since Jan. 1, 2009



PNE WIND AG is the largest listed wind-farm developer in Germany

Key data

WKN (German Securities Code Number)	AOJBPG
ISIN	DE000A0JBPG2
Number of shares	45,775,826
Market capitalization as at March 28, 2011	€ 118.51 million
Free float	100 %
Market segment	Prime Standard
Indices	HDax, Mid-Cap-Market-Index, CDAX Technology, ÖkoDAX
Designated Sponsors/ Market Maker	Commerzbank VEM Aktienbank Close Brother Seydler Bank
Reuters	PNEGn
Bloomberg	PNE3

Major investor

Luxempart S.A.

- Luxempart S.A. is an investment company listed on the Luxembourg stock exchange
- Partners: institutional and private investors
- Investment strategy: mostly minority interests in national and international (both public and private) companies
- Objective: long-term, cooperative partnerships (lock-up period of up to 3 years)
- Luxempart S.A. invested € 18.7 million into PNE WIND AG (approximately 15% of nominal capital after exercising of the convertible bonds)
- Advantage: Financial resources generated by capital measures enable PNE WIND AG to accelerate growth

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Langwedel wind farm

Investment Highlights

- Successful project developer of wind farms onshore and offshore, nationally and internationally
- Attractive growth opportunity through strong starting position taken in the repowering sector as well as excellent positioning in the offshore sector
- Exclusive partnership with Vestas to realize three offshore wind farms
- Cumulative EBIT of at least € 60 to 72 million expected for fiscal years 2011 to 2013
- Confirmed: cumulative EBIT of € 42 to 54 million for fiscal years 2010 to 2012
- Increased expansion of international business activities, particularly in Eastern Europe, the UK and North America
- Preferred development partner to the Forestry Commission Scotland for the development of wind power schemes in Central Scotland

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