

# 5 MAY THE WIND BE WITH YOU

“We aim to take a leading position also in sustainability.”

Dr. Dierk Paskert, Chief Executive Officer (CEO)



“We are ready to invest in the future.”

Dr. Christoph Husmann, Chief Financial Officer (CFO)

## 02

## Corporate Reporting 2021 – Interview Executive Board

**Dr Dierk Paskert (DP):** Ladies and Gentlemen, in our first digital interview concerning our reporting for 2021, which has been transcribed, my Management Board colleague Christoph Husmann and I would like to answer some of the questions we are frequently asked by our stakeholders during the year.

This format is new to us and will hopefully meet your interest. So, Christoph let's get started right away.

**Dr Christoph Husmann (CH):** Thank you, Dierk for your opening remarks. Encavis – being a growth company – the first question is, in which regions do we intend to grow?

**DP:** Our core markets are the European markets and especially the Western European markets where we have liberalized energy markets. Definitely in Germany, our home market, but also Scandinavia, Denmark, Spain, and Italy play an important role in our portfolio.

**DP:** Our market is not defined by geographies only, it's also about technology. So which kind of technology will be important to us in the future?

**CH:** Well, firstly, we will invest in our core technologies, which are ground-mounted solar and onshore wind farms. Hence, with the growing importance of Renewable Energies for the energy markets in Europe, I think the volatility of the electricity production of renewables will be a challenge. Therefore, we will have to consider storage technologies. So, I think that there will be a parallel

growth of the renewables and storage technology investments. In addition to that, we might consider certain technologies which are close to the core of our today's technologies, be it rooftop PV or floating PV.

**CH:** Discussing the growth of our company, we also need to have a closer look on the challenges we are facing. Which challenges do you see there?

**DP:** So first of all, the biggest challenge is definitely building a solid and robust portfolio out of solar and wind. But it is also coping with the ever-growing demand in Green Energy from customers, which we see growing over the next years and with a sustained growth, but also the timing issue getting all the plants, which we have in mind and which we would like to build timely connected to the grid so that we can deliver in time to bring power to our customers. So, these are definitely the biggest challenges we are currently facing.

**DP:** But it's not just about timing in these markets. It's also about volatility. We see a lot of volatility in the European power price markets. So how can we cope with these challenges?

**CH:** Well, first of all, the European energy markets are not so well integrated. So, we see different market price zones for energy, for power. And I think it is key to diversify our portfolio at its best and being the only pan-European platform for renewables. I think we're very well suited for that because we currently operate Renewable Energy plants in eleven different countries. In addition to that, we follow a strategy of long-term price-fixing mechanisms for our parks, through feed-in-tariffs or long-term private offtake agreements.

## 03

Furthermore, I think that with this long-term price-fixing mechanism, we are well protected against price volatility. But price volatility does not mean only minor risks. It means chances as well. So, we need to skim these chances while not taking any risk for our company. For this, I think we are very well suited with our in-house competence centers, which we build up in the past year for PPA origination, energy trading, as well as for risk management. All these new departments help us to utilize price volatility.

**CH:** How do these competence centers help us to skim the higher market prices which we currently see in the market?

**DP:** First of all, on the long term, we think that the higher prices which we see at the shorter end will also be reflected in higher PPA prices. So that is definitely the largest benefit we are currently having. On the other hand, we can also make use of short-term effects we see in the markets, by using liquid energy products to fix our prices on a short- and mid-term basis. So that's how we address these challenges and how we try to make use of the price volatility in the markets.

**DP:** With that having said, the question is, will we remain in long-term price hedging in PPAs, or will we see a different corporate strategy in the future?

**CH:** We are a company which is a reliable and our profits and cash flows are easy to forecast. All of that is based on the long-term price-fixing mechanism we have in place. And I think it is good to go along with that strategy of hedging 95% of our revenues year after year, most of it long term. On the other hand, I think we also have all the measures and instruments in place for short-term hedging.

**CH:** Before we talked about the 95% of revenues which are fixed. How do we manage the remaining 5% available on the spot market?

**DP:** First of all, we are well prepared for this. We have built up and expanded our in-house competences in energy trading, energy risk management and in portfolio management. Hence, we have in-house competences to really make use of the price volatility in the markets. As already said, we will use all the instruments available in the market and we can already use all these components to also handle the remaining, non-fixed 5%.

**DP:** But all of this is not just about organizational issues, it's also about people. What about the people at Encavis? Do we have the right people on board? Do we address the right customers? Will that be a challenge for us in the future?

**CH:** Our business model is mainly long-term. In our investment calculations, we have a timeframe of 25 to 30 years and in our PPAs ten years. Most feed-in-tariffs come with a duration of 20 years. These are all long-term businesses. I think such a business model foremost needs one thing: trust. Trustful relationships with all our suppliers, our partners, our customers, our PPA partners, our banks, and our investors are key to our success. But all of that wouldn't be possible without the right employees. And yes, we do have the right employees who are motivated and give their very best. So, I think now is a good time to thank all our customers, partners, subcontractors, and most of all: our employees for their daily motivation and inspiration.

Thank you very much.