

QUARTERLY STATEMENT

PNE AG

1 | 2019

PNE
pure new energy

THE PNE GROUP AT A GLANCE

The PNE Group consists of the companies PNE AG and WKN GmbH and is a leading wind farm developer located in Northern Germany. From this strong position the PNE Group continues to develop into a Clean Energy Solution Provider.

PNE Group key figures

in million EUR	1.1. – 31.3. 2019	1.1. – 31.3. 2018	1.1. – 31.3. 2017
Total aggregate output	44.4	15.7	24.6
Revenues	28.0	10.9	20.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	6.9	2.1	1.7
Operating profit (EBIT)	4.3	-0.2	0.3
Earnings before taxes (EBT)	2.3	-3.9	-2.0
Net income	1.6	-3.0	-2.0
Basic earnings per share (euro)	0.02	-0.04	-0.03
Average number of shares (million)	74.4	76.6	76.6

in million EUR	31.3.2019	31.12.2018	31.12.2017
Equity on the reporting date	218.2	216.3	235.2
Equity ratio on the reporting date (%)	44.0	47.8	47.7
Balance sheet total on the reporting date	495.8	452.6	493.3

FOREWORD OF THE BOARD OF MANAGEMENT

DEAR SHAREHOLDERS

In the first quarter of 2019, we further developed the PNE Group both operationally and strategically, achieving our best result in years in what is usually a weak quarter.

In short: We achieved good operational success with our projects, both on the German market and internationally. We entered the Latin and South American markets and have taken over five partially developed projects in Panama. Internally, our structures have been reorganised. Segment reporting has also changed in line with this restructuring. As of January 1, 2019, the Group's activities are based on the segments "project development", "services" and "electricity generation". This will enable us to present the new structures of the Group more clearly. The strategic re-orientation based on the "Scale up" concept is progressing further.

On course in Germany

We have taken a further step in building up our "portfolio 2020", in which wind farms with a nominal capacity of up to 200 MW are to be bundled, with the full commissioning of the "Gerdau-Repowering" project (21.6 MW, Lower Saxony). This means that 71.3 MW are already in operation (64.8 MW) or under construction ("Schlenzer" wind farm, 6.5 MW, Brandenburg) for the portfolio.

Another wind farm in Germany is under construction: the "Kittlitz" wind farm (20.7 MW, Brandenburg).

International progresses

International project development progressed positively. Projects developed by us were completed in Sweden and France (44.4 MW). In Poland, construction began on a wind farm developed by us (42 MW). We accompany the construction phase on behalf of the owner.

In the first quarter of 2019, we entered another international market: Panama. There, we have taken over five partially developed projects, which we are now managing and optimising. We have opened an office in Panama for this purpose. Starting from Panama, we also see good opportunities to enter into additional Latin and South American markets.

Development into a Clean Energy Solution Provider

The current successes confirm our strategy of further expanding our recognised qualifications in wind energy in various countries as well as in new markets. On this successful foundation, we continue to develop. As a Clean Energy Solution Provider, we want to extend our expertise to other international markets in the future.

This is initially connected with financial input – since success requires investment. Our next goal is to consolidate our earnings, to consistently increase the value of the enterprise and to achieve a sustainable increase in shareholder value.

First quarter results on target

The results for the first quarter of 2019, which are the best results achieved in any first quarter of recent years, should also be assessed against the backdrop of these general conditions. During this period, the Group generated sales of euro 28.0 million (prior year: euro 10.9 million), total aggregate output of euro 44.4 million (prior year: euro 15.7 million) and earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 6.9 million (prior year: euro 2.1 million), operating profit (EBIT) of euro 4.3 million (prior year: euro -0.2 million) and undiluted earnings per share of euro 0.02 (prior year: euro -0.04). The results of the first quarter are on target. Accordingly, we also confirm our goal of generating clearly positive EBITDA in the range of euro 25 to 30 million and EBIT in the range of euro 15 to 20 million within the Group in the entire year.

PNE is well on track. And we are optimistic about the future. We will be pleased to present to you, our dear shareholders, the perspectives of the Company at our general meeting of shareholders on May 22, 2019 in Cuxhaven.

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

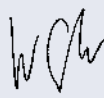
The Board of Management



Markus Lesser
CEO



Jörg Klawat
CFO



Kurt Stürken
COO

IMPORTANT ANNOUNCEMENT

At the general meeting of shareholders of PNE AG, which will take place on May 22, 2019 in Cuxhaven, the Board of Management will speak in detail about the most recent developments and the outlook for the current fiscal year. We would be pleased if many of our shareholders were to take part in this general meeting. If you are unable to attend, please use any of the opportunities to have yourself represented by way of voting instructions, voting via the internet, postal vote or voting proxies.

On the basis of the annual financial statements for the 2018 fiscal year, the Supervisory Board examined and concurred with the Management Board's proposal on the appropriation of profits, taking into account the interests of the Company and its shareholders. The Board of Management and the Supervisory Board will propose to the general meeting of shareholders on May 22, 2019 that a dividend of euro 0.04 per eligible share shall be distributed.

1. OVERVIEW OF BUSINESS ACTIVITY

Summary

The operational business of the PNE Group during the first quarter of 2019 was characterised by the development and realisation of onshore wind farms in Germany and in France. The "Gerdau-Repowering" project (21.6 MW), which was built for the "wind farm portfolio 2020", was completed in the first quarter. The "Laxaskogen" wind farm (25.2 MW) in Sweden was also completed and commissioned. The wind farm, which was also developed and sold by PNE, was built on behalf of the owner. In addition, a 19.2 MW project in France was completed and put into operation.

In the first quarter of 2019, PNE has expanded its business activities by entering the Panamanian market. In Panama, five projects were taken over, some of which are already in a very advanced development phase. Important steps towards obtaining the approvals have already been completed for the majority of projects. Starting from Panama, PNE sees good opportunities to become active in other markets in Central and South America.

As at March 31, 2019, wind farms with a nominal capacity of approx. 27.2 MW were under construction in Germany.

For the Polish project "Barwice" (44.0 MW), the PNE Group has taken over construction management and started work.

Moreover, the rights to two projects with a total nominal capacity of 44.4 MW were sold in Italy.

The Company further expanded its expertise in services relating to wind power turbines. In the first quarter, the Group company "MEB Safety Services GmbH" took over material stocks and personnel from "argus GmbH", which has specialised in services for aviation obstruction markers for wind power turbines.

Restructuring of segments

The strategic expansion of the business model by means of the "Scale up" concept also affects the segments and segment reporting. The previous two segments "projecting of wind power turbines" and "electricity generation" have now been expanded to three: "project development", "services" and "electricity generation". The previous segment "projecting of wind power turbines" was split, and the two new segments "project development" and "services" were created.

The "project development" segment will report on the following sub-divisions: onshore wind power – national and international, offshore wind power – national and international, photovoltaic projects – national and international, as well as other projects.

In future, the "services" segment will report in summary on services. These include technical and commercial management, construction management, transformer station services, wind measurements and similar services.

As before, the "electricity generation" segment combines all activities of the Group companies, which are engaged directly in the production of electricity from clean energies.

"Project development" segment

Wind energy onshore sub-division

The development and realisation of onshore wind farms have been continued consistently in the first quarter of 2019, both in Germany and in the foreign markets.

Overview of the status of onshore wind energy project activities of the PNE Group as at March 31, 2019 in MW:

Country	Phase I – II	Phase III	Phase IV	Total MW
Germany	1,402	208	27	1,637
Bulgaria	121	0	0	121
France	373	149	0	522
United Kingdom	43	0	0	43
Italy	40	0	0	40
Canada	505	0	0	505
Panama	352	0	0	352
Poland	92	132	0	224
Romania	54	102	0	156
South Africa	230	30	0	260
Sweden	0	170	0	170
Turkey	629	71	0	700
Hungary	0	42	0	42
USA	232	200	0	432
Total	4,073	1,104	27	5,204

Phase I – II = Exploration & Development
Phase III = Planning
Phase IV = Implementation

Germany

At the end of the first quarter of 2019, the PNE Group was working on wind farm projects with a nominal output of approx. 1,637 MW in various phases of project development.

In January 2019, the construction and commissioning of the wind farm "Gerdau-Repowering" (Lower Saxony) with six wind power turbines with a total nominal output of 21.6 MW was completed. Since then, the wind farm has been operated as part of the "wind farm portfolio 2020".

The "Kittlitz" (20.7 MW) and "Schlenzer" (6.5 MW) wind farms were under construction at the end of the reporting period.

Foreign markets

The PNE Group also continued to carry out its core business of project development abroad. Compared to the presentation in the 2018 annual report, there were the following changes in the foreign markets:

Panama

In February 2019, PNE entered the Latin and South American renewable energy markets. Panama is to become the gateway of the PNE Group for the development of business in this region. As part of the strategic expansion of the business model via the "Scale up" concept, PNE has defined the development of foreign markets as one of the important cornerstones of future economic development.

Via subsidiaries, five projects in Panama have been taken over from innoVent Central America S.A., Panama, which is a subsidiary of innoVent GmbH in Varel, Germany. Some of the projects are already at a very advanced stage of development. They are now being optimised and further developed by us.

In Panama, PNE is focusing on the emerging market for renewable energies. The electricity generated in the projects after commissioning will be marketed via direct power purchase agreements (PPAs) under private law.

France

The PNE Group has also been successful in the French market with its own project pipeline of approx. 522 MW. The Company completed the construction of a wind farm, in which eight wind power turbines with a total nominal output of 19.2 MW were erected.

Sweden

In Sweden, the "Laxaskogen" wind farm project (25.2 MW) developed by the PNE Group and sold in 2017 was completed and commissioned in the reporting period. The construction phase was managed by PNE under a service agreement with the buyer of the wind farm.

Wind energy offshore sub-division

Summary

PNE's high level of competence in offshore project development has resulted in visible successes: In recent years, PNE has sold eight offshore wind farm projects after their development was completed. These include the projects "Atlantis I", "Borkum Riffgrund" and "Gode Wind". PNE will continue to operate as a service provider for the latter projects.

Four 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", "Gode Wind 1" and "Gode Wind 2" and in 2019 "Borkum Riffgrund 2" with a total nominal output of 1,344 MW.

In the offshore wind energy segment, PNE also examines opportunities of generating electricity from other energy carriers such as hydrogen.

Offshore wind energy – international

PNE continues to examine the possibility of starting the development of 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. In 2018, a tender was launched for three sites off the US east coast (Massachusetts). In this context, contracts for a total volume of US dollar 405 million were awarded. This demonstrates the value of offshore wind projects off the US coast and shows that this market will continue to develop in the future. PNE was one of eleven companies to take part in the tender, but was not awarded a contract.

Photovoltaics sub-division

In recent years, photovoltaics has become increasingly cost-effective and thus more marketable in the area of electricity generation. In addition, the legal and economic framework conditions for the development of photovoltaic projects are in place in many countries. The development of photovoltaic projects is therefore part of the strategic expansion of the business model. Numerous markets are currently being examined in detail. Particular attention will initially be paid to Germany, France and Romania as well as other international markets.

In the first quarter of 2019, the "project development" segment achieved EBITDA of euro 5.2 million (prior year: euro 1.8 million) and EBIT of euro 4.6 million (prior year: euro 1.4 million).

"Services" segment

In future, the "services" segment will report in summary on services. These include technical and commercial management, construction management, transformer station services, wind measurements, electricity marketing management, and similar services.

The international business of operations management was expanded in the first quarter of 2019 by activities in France and Poland.

In the Swedish wind farm "Laxaskogen", developed and sold by PNE, Group companies provided construction management services until the start of operation. With this project, PNE once again successfully implemented its strategy to increase the share of services.

For the Polish projects "Barwice" and "Jasna", which were developed, successfully tendered for, and sold by Group companies ("Barwice" at the end of 2018, "Jasna" in April 2019), the Company plans to provide services during the construction phase and thereafter during the operating phase.

In the first quarter of 2019, the "services" segment achieved EBITDA of euro 1.1 million (prior year: euro 1.4 million) and EBIT of euro 0.5 million (prior year: euro 1.1 million).

"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-Repowering", "Pülfringen", "Erfeld" and "Kührstedt-Alfstedt" with a total nominal capacity of approx. 76.9 MW, which are operated by PNE, and the Silbitz biomass cogeneration plant with approx. 5.6 MW. Furthermore, the segment includes shares in limited partnerships, in which wind farm projects will be realised in the future.

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

In the first quarter of 2019, the "electricity generation" segment achieved EBITDA of euro 4.1 million (prior year: euro 2.9 million) and EBIT of euro 2.8 million (prior year: euro 1.2 million).

Changes

Compared to December 31, 2018, there were no other significant changes in the area of operations.

Major events after the reporting period

There were no significant events with an impact on the earnings, financial and asset situation.

Outlook/forecast

As an internationally operating and one of the most experienced project planners of wind farms on land and at sea, the PNE Group combines economic success with ecological responsibility. We offer services covering the entire value added chain, ranging from the development, planning, realisation, sale and operation of wind farms and transformer stations to repowering – i.e. the replacement of older wind power turbines by new modern equipment. We also offer our skills acquired in this context as a service provider to third parties. This extended approach towards customers is also part of the strategic orientation to develop into a "Clean Energy Solution Provider".

We want to develop high quality projects which meet international standards and allow for secure project financing at the international level. Such a project quality can be achieved by ensuring compliance with the project schedule and the cost framework from the development to the start of operation.

After having successfully established and sold a first wind farm portfolio, we are pursuing the goal of realising a new European wind farm portfolio with a total output of up to 200 MW by 2020 ("wind farm portfolio 2020"). In the portfolio (previously 71.3 MW), wind farms with a rated output of 64.8 MW are already in operation or under construction (6.5 MW). Until the finalisation of the new portfolio, 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 strategic orientation of the Group as part of the implementation of our strategy via the "Scale up" concept. The operative business will be realigned and the activities will be placed on a significantly broader basis, both nationally and internationally. The objective is to develop PNE from a wind farm specialist into a broad-based provider of clean energy solutions. The fundamentals of this expanded strategy of a "Clean Energy Solution Provider" 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. Subsidies for wind energy are being reduced, remuneration systems are being converted to tenders (more electricity purchase agreements are being put out to tender by individual companies) or other market mechanisms, and the expansion of wind energy in some countries is being limited as a result. This increases competitive pressure. The optimisation of the costs associated with a project is therefore becoming increasingly important. We will also focus on photovoltaic projects and hybrid solutions as well as storage technologies.

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" concept, this is expected to lead to an increase in average operating results (EBIT) by 2023.

We confirm our guidance for the 2019 fiscal year: Although we will incur further upfront expenditure in the low single-digit million range for the strategic expansion of the business model and the preparations for the entry into new markets, we nevertheless expect a clearly positive Group EBITDA of euro 25 to 30 million and EBIT of euro 15 to 20 million. These results do not include any profits from projects to be built in 2019 for the "wind farm portfolio 2020", which is currently being set up.

2. ORGANISATION AND EMPLOYEES

On March 31, 2019, the PNE AG Group employed 387 people in total (prior year: 364), including the members of the Board of Management. The employees of the subsidiaries are included in this number.

3. FINANCIAL SITUATION/BUSINESS RESULTS

The figures shown below were determined and presented in accordance with IFRS for the Group. The consolidated financial information for the first three months of the 2019 fiscal year as at March 31, 2019 was based on the same accounting and valuation methods as the consolidated financial statements as at December 31, 2018, except for the first-time application of the following IFRS standard.

IFRS 16 Leases

IFRS 16 specifies how to recognise leases and replaces the previous standard IAS 17. The new standard requires the general recognition of rights and duties under leases by the lessee. In the future, a lessee has to recognise a right-of-use asset and a corresponding lease liability. The "lease relationships" in the PNE Group include leasing agreements (e.g. car leasing), rental agreements (e.g. for the building in Husum) and lease agreements (e.g. in connection with the "wind farm portfolio 2020").

The PNE Group has accounted for leases in accordance with IFRS 16 for the first time as of January 1, 2019 using the modified retrospective transition method. Due to the initial recognition of rights of use and lease liabilities to the same amount, the balance sheet total has increased by approx. euro 37.2 million. The increase in financial liabilities has a negative effect on the net liquidity of the PNE Group. As a result of the increase in the balance sheet total due to the first-time application of IFRS 16, with equity remaining almost unchanged compared with December 31, 2018, the Group's equity ratio fell by approx. 3 to 4 percent. In contrast to the previous approach, under which expenses for operating leases were shown in full in the operating result, under IFRS 16 only the amortisation charges for rights of use are allocated to the operating result (euro 0.6 million in the period under review). Interest expenses incurred for interest accrued on lease liabilities are reported in the financial result (euro 0.3 million in the period under review). On the basis of the leases existing as of January 1, 2019, the operating result (Group EBIT) for the reporting period improved by around euro 0.2 million. Earnings before taxes (EBT) declined by euro -0.1 million. A comparison with the previous year is therefore only partially possible in these items of the statement of comprehensive income.

The figures in the text and in the graphic illustrations were rounded, and small rounding differences are possible. Due to the reorganisation of the segments, the information and figures for the segments are only partially comparable with those of the previous year.

Modified segment reporting

The determination and presentation of segment reporting as at March 31, 2019 has changed versus December 31, 2018.

The strategic expansion of the business model by means of the "Scale up" concept also affects the segments and segment reporting. The segments have been expanded to three: "project development", "services" and "electricity generation".

The "project development" segment will report on the following sub-divisions: onshore wind power – national and international, offshore wind power – national and international, photovoltaic projects – national and international, as well as other projects.

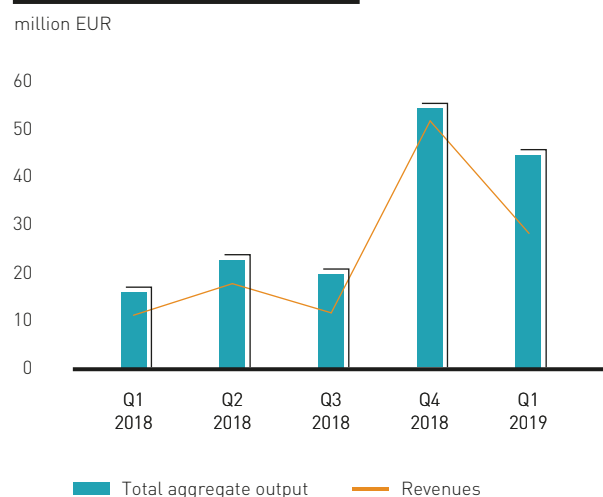
In future, the "services" segment will report in summary on services. These include technical and commercial management, construction management, transformer station services, wind measurements, electricity marketing management, and similar services.

As before, the "electricity generation" segment combines all activities of the Group companies which are engaged directly in the production of electricity from clean energies.

a. Revenues and earnings

In the first three months of 2019, the PNE Group achieved a total aggregate output of euro 44.4 million (prior year: euro 15.7 million). Of this, euro 28.0 million was attributable to revenues (prior year: euro 10.9 million), euro 15.1 million to changes in inventories (prior year: euro 4.2 million), and euro 1.4 million to other operating income (prior year: euro 0.6 million).

Total aggregate output/Revenues



In the first three months of 2019:

- » in the "project development" segment, the Company billed internal revenues of euro 20.5 million, including for the general contractor and project development services for the "Gerdau-Repowering" wind farm, as well as external revenues of euro 20.0 million, including from contractual milestone payments for wind farm projects sold in 2018 in Germany and abroad as well as for project development and general contractor services for current wind farm projects were invoiced.
- » in the "services" segment, external revenues of euro 3.3 million were invoiced (prior year: euro 2.4 million). Most revenues were generated with commercial and technical management services (euro 1.8 million) and with transformer station services (euro 0.9 million).
- » in the "electricity generation" segment, external revenues of approx. euro 4.7 million were achieved. These revenues were mainly attributable to the electricity proceeds from the "wind farm portfolio 2020" owned by the Company (approx. euro 3.3 million) and to the revenues of the Silbitz biomass cogeneration plant (approx. euro 0.9 million).

In the first quarter of 2019, the services rendered for the "Gerdau-Repowering" wind farm project owned by the Group were shown under changes in inventories, which explains the increase in changes in inventories of finished goods and work in progress.

Personnel expenses in the Group rose year-on-year due to the comparatively higher number of employees and higher salaries for qualified personnel.

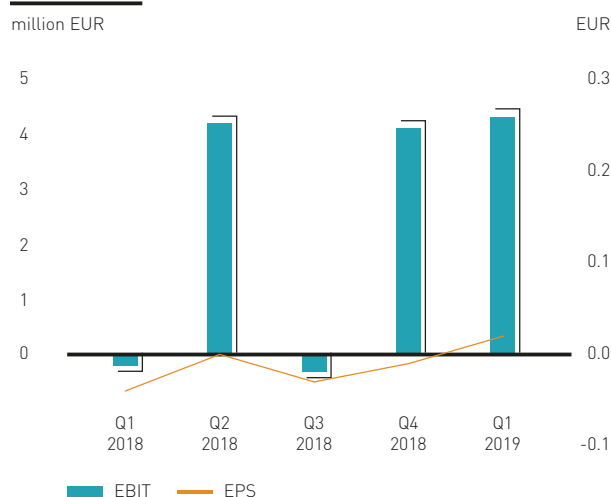
The first-time application of "IFRS 16 Leases" has an impact on the values of depreciation, amortisation, other operating expenses and interest expense in the statement of comprehensive income. In the first quarter of 2019, other operating expenses of around euro 0.8 million in leasing expenses were not recognised due to the IFRS 16 standard, but around euro 0.6 million in depreciation and around euro 0.3 million in interest expenses were recognised in the statement of comprehensive income.

Interest expenses fell by around euro 1.8 million compared with the previous year. The refinancing carried out in the second quarter of 2018 (repayment of the existing euro 100 million bond and raising of a euro 50 million bond) contributed significantly to the reduction in interest expenses compared with the previous year.

The Group's operating performance and earnings situation were influenced by the development of the "wind farm portfolio 2020", since complete or partial sales to third parties outside the Group will be postponed due to the expansion of the portfolio, and thus also the Group's earnings from these sales. The earnings before taxes accrued in the "wind farm portfolio 2020" to date – eliminated at the Group level – amount to approx. euro 3.6 million in the first quarter of 2019 (prior year: euro 3.7 million; accumulated since 2017: approx. euro 24.6 million).

In the reporting period, the Group generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of euro 6.9 million (prior year: euro 2.1 million), operating profit (EBIT) of euro 4.3 million (prior year: euro -0.2 million) and earnings before taxes (EBT) of euro 2.3 million (prior year: euro -3.9 million). The consolidated net income after non-controlling interests amounted to euro 1.6 million (prior year: euro -3.0 million). The Group's undiluted earnings per share amounted to euro 0.02 (prior year: euro -0.04) and the Group's diluted earnings per share amounted to euro 0.02 (prior year: euro -0.04).

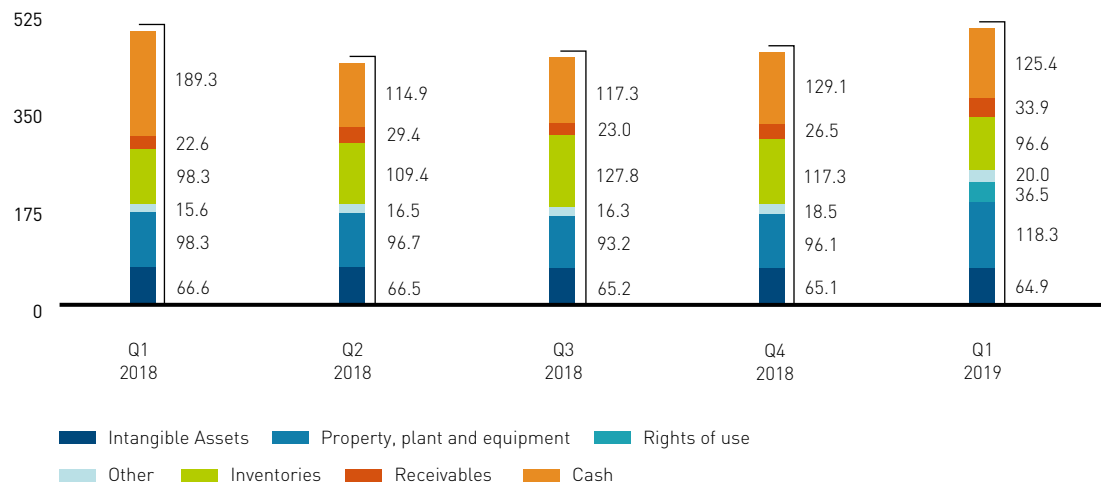
EBIT and EPS



b. Asset and financial situation

Assets

million EUR



Total long term assets increased from euro 179.7 million at the end of 2018 to euro 239.9 million. The main reason for the increase is the first-time application of "IFRS 16 Leases". As at March 31, 2019, approx. euro 36.5 million (December 31, 2018: euro 0.0 million) for rights of use were reported under long-term assets due to the application of IFRS 16.

As at March 31, 2019, intangible assets totalled euro 64.9 million, including goodwill, and thus remained approximately at the same level as at December 31, 2018.

In the same period, property, plant and equipment increased by euro 22.2 million to euro 118.3 million (December 31, 2018: euro 96.1 million). The change is mainly attributable to the reclassification of inventories of the "Gerdau-Repowering" wind farm project to property, plant and equipment upon completion.

Explanation

As the wind farms owned by the Group were operated and used to generate electricity independently of their current or future shareholder structure, they were reported as fixed assets in the Group from the time of their sale. The reclassification from Group inventories to Group fixed assets was carried out without affecting the profit and loss account and, therefore, has not resulted in a reduction in the "change of inventories" item.

Property, plant and equipment mainly includes:

- » land and buildings (euro 11.3 million, excluding the "Silbitz" land and buildings),
- » transformer stations owned or under construction (euro 13.4 million),
- » the technical equipment and machinery of the wind farms "Pülfringen" and "Erfeld" (euro 1.0 million), "Gerdau-Repowering" (euro 27.1 million), "Kührstedt-Alfstedt" (euro 59.0 million) and the HKW Silbitz (euro 3.0 million, including land and buildings amounting to euro 2.7 million).

The long-term financial assets changed insignificantly during the reporting period and amounted to euro 2.0 million at the end of the first quarter of 2019 (December 31, 2018: euro 2.0 million).

During the period under review, short-term assets fell from euro 272.9 million as at December 31, 2018 to euro 255.9 million on March 31, 2019. This change is mainly attributable to the decrease in inventories (euro -20.8 million) and the simultaneous increase in receivables and other assets (euro +7.4 million). Of the short-term assets, euro 16.4 million is attributable to trade receivables (December 31, 2018: euro 6.4 million).

The work in progress shown in the inventories decreased from euro 90.0 million as at December 31, 2018 to euro 81.1 million. The reduction in inventories is mainly due to the reclassification of the inventories of the "Gerdau-Repowering" wind farm to fixed assets. The investments made by the Group for the onshore projects under construction and for the further development of onshore and offshore project pipelines in Germany and abroad have resulted in a reduction of work in progress by approx. euro 8.9 million.

Work in progress is divided as follows:

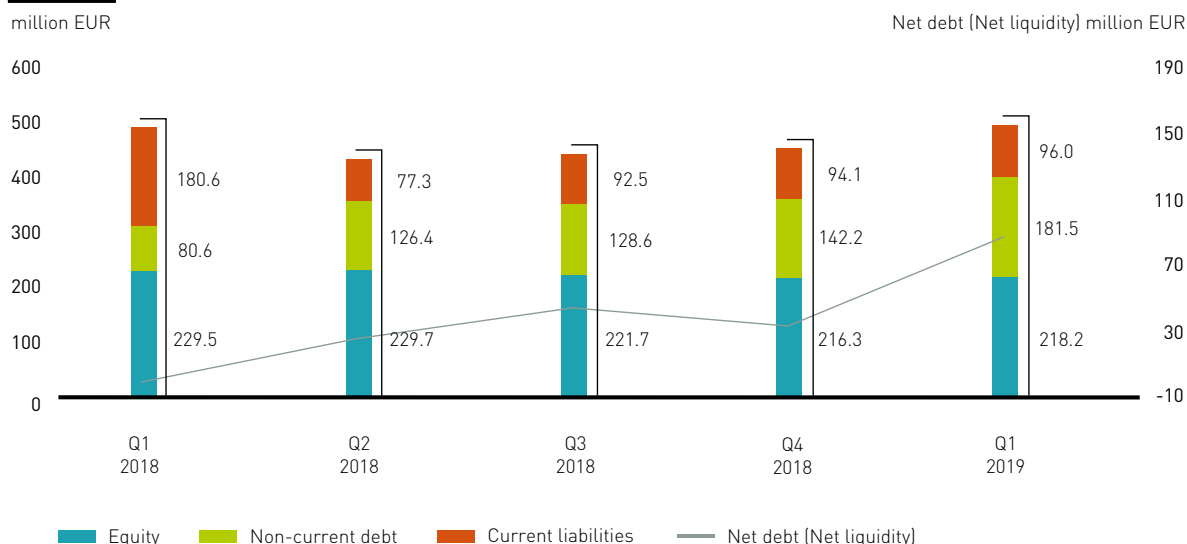
- » offshore projects (euro 15.4 million),
- » onshore projects/national (euro 32.5 million),
- » onshore projects/international (euro 33.1 million).

In addition, the advance payments made for onshore projects under construction reported under inventories changed by euro -11.9 million from euro 27.2 million to euro 15.3 million.

Cash and cash equivalents amounted to euro 125.4 million as at March 31, 2019, of which euro 10.6 million was pledged to banks (as at December 31, 2018: euro 129.1 million, of which euro 10.0 million pledged).

Liabilities

million EUR



Group equity increased from euro 216.3 million (December 31, 2018) to euro 218.2 million on March 31, 2019. This development was primarily attributable to the result of the Group. The equity ratio of the Group was approx. 44 percent as at March 31, 2019 (December 31, 2018: approx. 48 percent). The deterioration of the equity ratio with a positive consolidated result is mainly attributable to an increase in the balance sheet total due to the first-time application of "IFRS 16 Leases".

The long-term liabilities changed from euro 142.0 million (December 31, 2018) to euro 181.1 million. This item consists mainly of long-term financial liabilities totalling euro 175.2 million (as at December 31, 2018: euro 136.7 million). The change is mainly attributable to the first-time application of "IFRS 16 Leases". Due to the application of IFRS 16, approx. euro 34.6 million in liabilities from leases are reported under long-term liabilities and approx. euro 2.0 million under short-term liabilities as at March 31, 2019 (December 31, 2018: euro 0.0 million each).

In addition to the above-mentioned liabilities from leases, long-term financial liabilities include the 2018/2023 bond placed in 2018 with a carrying amount of euro 48.6 million. 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 item also includes long-term liabilities to banks of euro 89.0 million (as at December 31, 2018: euro 86.1 million). The most significant portion of long-term liabilities to banks relate to the "non-recourse" project financing of the "wind farm portfolio 2020".

In the first three months of the 2019 fiscal year, the short-term liabilities changed from euro 94.3 million (December 31, 2018) to euro 96.4 million. The short-term liabilities to banks, included in this item, increased from euro 18.3 million (December 31, 2018) to euro 27.6 million due to interim financing raised for onshore wind farms. In the reporting period, the trade liabilities in the context of normal operating business changed from euro 14.9 million (December 31, 2018) to euro 11.2 million.

Taking the liquid funds into account, the net debt (cash and cash equivalents less the short-term and long-term financial liabilities) as at March 31, 2019 amounted to euro -87.3 million (December 31, 2018: euro -33.7 million). The first-time application of "IFRS 16 Leases" led to a deterioration in net debt of approx. euro 36.6 million as at March 31, 2019.

4. OPPORTUNITIES AND RISKS

For information about the opportunities and risks of PNE AG, refer to the chapter "Report on opportunities and risks" in the 2018 annual report, which is available on the Company's website at www.pne-ag.com.

During the first three months of the 2019 fiscal year, the Board of Management did not identify any other significant additions or changes to the risks presented in the annual report for the 2018 fiscal year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in TEUR (differences due to rounding possible)	Period 1.1.2019 – 31.3.2019	Period 1.1.2018 – 31.3.2018
1. Revenues	27,967	10,944
2. Changes in inventories of finished goods and work in progress	15,059	4,181
3. Other operating income	1,370	577
4. Total aggregate output	44,395	15,702
5. Cost of materials and purchased services	-26,909	-3,747
6. Personnel expenses	-6,464	-5,591
7. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	-2,599	-2,318
8. Other operating expenses	-4,162	-4,237
9. Operating result	4,261	-191
10. Income from participations and associated companies	13	11
11. Other interest and similar income	72	81
12. Expenses from assumption of losses of associated companies	-58	-13
13. Interest and similar expenses	-1,969	-3,809
14. Result before taxes	2,319	-3,921
15. Taxes on income	-570	545
16. Other taxes	-92	-22
17. Result before non-controlling interests	1,657	-3,398
18. Share of non-controlling interests in the result	50	-424
19. Consolidated net income	1,607	-2,974
Undiluted earnings per share in EUR	0.02	-0.04
Diluted earnings per share in EUR	0.02	-0.04
Weighted average of shares in circulation (undiluted), in million	74.4	76.6
Weighted average of shares in circulation (diluted), in million	76.6	78.7
19. Consolidated net income	1,607	-2,974
Other comprehensive income/items that may be reclassified in the future in the profit and loss account		
20. Currency translation differences	309	-336
21. Others	0	0
22. Other comprehensive income for the period (after tax)	309	-336
23. Total comprehensive income for the period	1,966	-3,734
Consolidated profit/loss for the period attributable to		
Owners of the parent company	1,607	-2,974
Non-controlling interests	50	-424
	1,657	-3,398
Total comprehensive income for the period attributable to		
Owners of the parent company	1,916	-3,310
Non-controlling interests	50	-424
	1,966	-3,734

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

Assets

in TEUR (differences due to rounding possible)	as per 31.3.2019	as per 31.12.2018
Intangible assets	64,946	65,053
Property, plant and equipment	118,341	96,130
Rights of use	36,540	0
Long-term financial assets	1,963	1,991
Deferred taxes	18,073	16,549
Total long-term assets	239,863	179,723
Inventories	96,582	117,343
Receivables and other assets	33,874	26,469
Cash and cash equivalents	125,447	129,071
Total short-term assets	255,903	272,883
Total assets	495,766	452,606

Liabilities

in TEUR (differences due to rounding possible)	as per 31.3.2019	as per 31.12.2018
Subscribed capital	76,558	76,558
Capital reserve	82,292	82,292
Treasury shares	-5,803	-5,803
Retained earnings	51	51
Foreign currency reserve	-76	-385
Consolidated profit	79,106	77,499
Non-controlling interests	-13,888	-13,938
Total equity	218,239	216,275
Other provisions	1,060	1,060
Deferred subsidies from public authorities	796	808
Long-term financial liabilities	175,182	136,655
Deferred tax liabilities	4,096	3,464
Total long-term liabilities	181,134	141,987
Provisions for taxes	5,800	5,306
Other provisions	2,139	2,828
Short-term financial liabilities	37,584	26,131
Trade liabilities	11,163	14,945
Other liabilities	39,707	45,133
Total short-term liabilities	96,393	94,343
Total liabilities	495,766	452,606

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

CONSOLIDATED FINANCIAL STATEMENTS FROM JANUARY 1 TO MARCH 31

in TEUR	2019	2018
Consolidated net result	1,657	-3,398
-/+ Income tax benefit/expense	570	-545
-/+ Income tax paid/received	-967	-933
-/+ Interest income and expense	1,898	3,728
- Interest paid	-621	-1,027
+ Interest received	72	81
+/- Write-downs/write-ups of intangible fixed assets, property, plant and equipment, rights of use and long-term financial assets	2,599	2,318
+/- Increase/decrease in provisions	-195	-261
+/- Non-cash effective expenses and income	304	-334
+/- Decrease/increase in inventories and other assets	-1,485	-8,546
+/- Decrease/increase in trade receivables and stage of completion accounting	-9,695	2,238
+/- Increase/decrease in trade liabilities and other liabilities	-9,146	-8,006
Cash flow from operating activities	-15,010	-14,685
+ Inflow of funds from disposal of intangible assets	0	0
+ Inflow of funds from disposal of items of property, plant and equipment	40	1
- Outflow of funds for investments in property, plant and equipment and intangible assets	-667	-829
+ Inflow of funds from disposal of financial assets	0	0
- Outflow of funds for investments in financial assets	-1	-10
Cash flow from investing activities	-627	-838
+ Inflow of funds from financial loans	14,352	18,152
- Acquisition of non-controlling interests	0	-2,000
- Outflow of funds for the redemption of financial loans	-1,704	-5,323
- Outflow of funds for the redemption of lease liabilities	-634	0
Cash flow from financing activities	12,014	10,829
Cash-effective change in liquid funds	-3,623	-4,694
+ Change in liquid funds due to changes in scope of consolidation	0	0
+ Liquid funds at the beginning of the period	129,071	193,985
Liquid funds at the end of the period*	125,448	189,291
* of which are pledged to a bank as security	10,614	1,968

Supplementary information: The value of liquid funds on March 31 corresponds to the "Cash and cash equivalents" item in the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

in TEUR (differences due to rounding possible)	Capital subscribed	Capital reserve	Treasury shares	Profit reserves	Foreign exchange reserve	Retained results	Share- holders' equity before non- controlling interests	Non- controlling interests	Total share- holder's equity
Balance on 1.1.2018	76,556	82,288	0	51	-908	84,911	242,898	-7,679	235,219
Result for the period	0	0	0	0	0	-2,974	-2,974	-424	-3,398
Other result	0	0	0	0	-336	0	-336	0	-336
Total result for the period 1.3.2018	0	0	0	0	-336	-2,974	-3,310	-424	-3,734
Change in the context of the increased interest in WKN GmbH	0	0	0	0	0	0	0	-2,000	-2,000
Balance on 31.3.2018	76,556	82,288	0	51	-1,244	81,937	239,588	-10,103	229,485
Balance on 1.1.2019	76,558	82,292	-5,803	51	-385	77,499	230,211	-13,938	216,273
Result for the period	0	0	0	0	0	1,607	1,607	50	1,657
Other result	0	0	0	0	309	0	309	0	309
Total result for the period 1.3.2019	0	0	0	0	309	1,607	1,916	50	1,966
Other changes	0	0	0	0	0	0	0	0	0
Balance on 31.3.2019	76,558	82,292	-5,803	51	-76	79,106	232,127	-13,888	218,239

CONSOLIDATED SEGMENT REPORTING (IFRS)

	Project development		Services	
in TEUR (differences due to rounding possible)	2019	2018	2019	2018
External sales	19,965	4,592	3,289	2,417
Inter-segment sales	20,455	4,981	104	397
Changes in inventories	-1,083	3,624	0	0
Other own work capitalised	0	0	0	0
Other operating income	819	364	109	32
Total aggregate output	40,156	13,561	3,501	2,847
Depreciation and amortisation	-561	-388	-651	-304
Operating result	4,638	1,389	465	1,141
Interest and similar income	1,290	1,412	118	54
Interest and similar expenses	-2,381	-4,103	-121	-9
Tax expense and income	-1,622	-698	-20	-33
Investments	370	2,164	61	116
Segment assets	494,447	563,168	37,028	25,497
Segment liabilities	329,237	383,569	34,561	23,079
Segment equity	165,210	179,598	2,468	2,418

The figures as at March 31, 2019 are compared with the figures as at March 31, 2018 or, in the case of segment assets/segment liabilities, with the figures as at December 31, 2018. Due to the reorganisation of the Group's segment structure, the figures are only partially comparable with those of the previous year.

Electricity generation		Consolidation		PNE AG Group	
2019	2018	2019	2018	2019	2018
4,714	3,935	0	0	27,967	10,944
257	140	-20,817	-5,519	0	0
0	0	16,142	557	15,059	4,181
0	0	0	0	0	0
442	180	0	0	1,370	577
5,413	4,255	-4,675	-4,962	44,395	15,702
-1,387	-1,625	0	0	-2,599	-2,318
2,754	1,239	-3,595	-3,960	4,261	-191
4	0	-1,340	-1,385	71	81
-807	-1,081	1,340	1,385	-1,969	-3,808
-6	158	1,079	1,118	-570	545
237	557	0	0	668	2,837
163,180	104,760	-198,890	-202,801	495,766	490,624
142,346	94,141	-228,617	-239,651	277,527	261,139
20,835	10,619	29,727	36,850	218,239	229,485

FINANCIAL CALENDAR

22.5.2019	Annual General Meeting, Cuxhaven
8.8.2019	Publication Q2 report 2019
7.11.2019	Publication quarterly statement Q3 2019
25.–27.11.2019	Analyst Conference/Frankfurt

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As per: March 2019

The quarterly statement is also available in German. In case of discrepancies the German version is decisive. The digital version of the annual report and the quarterly statements of PNE AG are available online at www.pne-ag.com in the section "Investor Relations/Financial reports".

This quarterly statement 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.