

European Energy A/S

Interim financial report Third quarter 2016

European Energy A/S
Gyngemose Parkvej 50 – 2860 Søborg – Denmark
Company Reg. No. 18351331

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Contact details

European Energy A/S
Knud-Erik Andersen, CEO
Tel: +45 40 30 84 63
KEA@europeanenergy.dk

European Energy A/S
Gyngemose Parkvej 50
2860 Søborg
Denmark

Company reg. No. 18351331

Highlights for European Energy Group

EUR '000	Q3 2016	Q3 2015	Q3 2016 YTD	Q3 2015 YTD	2015
Key figures					
Revenue	27.770	5.402	69.797	18.269	58.799
Direct costs	-21.294	-4.125	-53.275	-10.613	-37.975
Gross profit	6.366	1.209	15.796	8.704	22.806
EBITDA	4.351	-126	9.047	4.306	14.955
Operating profit (EBIT)	3.970	-512	7.713	3.173	13.460
Financial income and expense, net	-1.397	-125	-5.034	-1.483	-2.904
Profit/loss before tax	2.573	-637	2.679	1.690	10.556
Tax	-861	81	-458	-1.787	-4.301
The Group's share of profit for the year	1.712	-556	2.221	-97	6.255
Total assets	233.729	182.579	233.729	182.579	234.522
Equity	68.438	57.426	68.438	57.426	63.810
Cash flow from operating activities	2.420	-2.775	15.443	-6.265	-7.017
Cash flow from investing activities	10.789	-970	-4.179	-4.850	-20.736
Cash flow from financing activities	-9.760	11.170	-7.490	14.092	26.750
Change in cash and cash equivalents	3.449	7.425	3.774	2.977	-1.003
Financial ratios					
Gross margin	22,9%	22,4%	22,6%	47,6%	38,8%
EBITDA margin	15,7%	-2,3%	13,0%	23,6%	25,4%
EBIT margin	14,3%	-9,5%	11,1%	17,4%	22,9%
Solvency ratio	29,3%	31,5%	29,3%	31,5%	27,2%
Net interest-bearing debt/EBITDA	20,5	-703,1	9,9	20,6	6,8
Return on equity	2,7%	-1,0%	3,5%	-0,2%	10,3%
Share Ratios					
Earning per share	0,2	-0,1	0,2	0,0	0,6
Book value per share	6,8	5,7	6,8	5,7	6,4
Cash flow from operating activities per share	0,2	-0,3	1,5	-0,6	-0,7
Number of shares at the end of the year	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000
Average number of full-time employees	62	53	62	52	53

The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society.

Management Review

Development in financials for the Group in Q3 2016

In the third quarter of 2016, the high level of activity continued. European Energy has signed and closed the sale of four wind turbines in the Danish wind farm Rødby. In addition, European Energy closed the sale of four turbines in the wind farm Rødby that were signed already in the first quarter of 2016. This has resulted in a positive cash flow from the sale of companies of EUR 26,4m.

The Gross profit amounted to EUR 6,4m for the third quarter of 2016 compared to EUR 1,2m in the third quarter of 2015.

EBITDA for the quarter came in at EUR 4,4m compared to EUR -0,1m in the third quarter of 2015.

The net financial expense was EUR 1,4m, EUR 1,3m higher than the same period last year. Last year the financial expenses in the third quarter result included a currency exchange gain of EUR 0,8m. The third quarter of 2016 includes a net financial loss on currency exchange of EUR 0,3m.

Profit before tax ended up at EUR 2,6m. The tax for the period ended with a tax expense of EUR 0,9m.

The change in cash and cash equivalents has been positive with EUR 3,4m for the period. The hand-over of companies sold in this quarter and in previous quarters to investors generated a total of EUR 26,4m, while repayment of bridge financing amounted to EUR 20,4m. In addition, the operating cash flow was positive for the period with EUR 2,4m.

The management considers the results of the third quarter of 2016 to be satisfactory.

Full-year expectations 2016

The expectations for the year in the Interim financial report of the second quarter of 2016 were that Revenue and Profit would resemble that of 2015. In terms of revenue, European Energy exceeded the level of 2015 in the third quarter of 2016 and expects to increase this further in the fourth quarter of 2016. The profit for the year 2016 is still expected to resemble that of 2015.

Sale of Electrical Power

By the end of the third quarter of 2016, European Energy's gross portfolio of power generating assets amounted to 400,0 MW of which 150,0 MW is owned by the European Energy Group and the rest by investors and partners.

Wind turbines comprised 79% of the operational asset capacity while the remaining 21% is in solar farms. The majority of European Energy's assets (66%) are located in Germany. The rest of the power generating assets are located in Denmark, Italy, Bulgaria, United Kingdom and Spain.

Technology/Country	Gross capacity [MW]	Net capacity [MW]	Gross production [GWh]	Net production [GWh]
Solar PV	42,2	31,5	14,6	10,7
Italy	1,0	0,5	0,4	0,2
Spain	11,7	7,6	5,4	3,5
United Kingdom	29,5	23,4	8,8	6,9
Wind	357,8	118,5	90,9	29,9
Bulgaria	14,4	6,2	4,6	2,1
Denmark	16,0	7,5	11,7	5,5
Germany	293,8	99,0	64,0	20,4
Italy	33,6	5,9	10,7	1,9
Grand Total	400,0	150,0	105,5	40,6

The total net production of power generating assets in the third quarter of 2016 amounted to 40.6 GWh (up from 36,1 GWh in the third quarter of 2015) corresponding to an increase of 4.5 GWh (12%) as compared to the third quarter of 2015. The total net production for the first nine months of 2016 amounted to 145.3 GWh.

Solar PV

The total realised solar PV power production in the third quarter of 2016 amounted to 89% of the expected production. The distribution per country is:

- Italy: 104%
- Spain: 95%
- UK: 86%

Wind

The total realised wind power production was 78% of the expected production. The distribution per country is:

- Bulgaria: 85%
- Denmark: 99%
- Germany: 72%
- Italy: 101%

Power prices have generally been low in the third quarter of 2016 and are likely to remain at the same level throughout the year. Due to long-term power purchase agreements and long-term subsidies, low power prices will have a limited effect on profit from the sale of electrical power.

Asset Management

Assets managed on behalf of third parties comprised 161 MW in the third quarter of 2016 (compared to 45 MW in the third quarter of 2015). European Energy receives commercial management fees in exchange for asset management services.

After the end of the third quarter of 2016, European Energy closed an asset management partner agreement with the Danish pension fund Sampension to manage, optimize and develop 11 wind farms in Germany and Sweden. The parks have an Enterprise Value of EUR 188m and a capacity of 146 MW.

Activities

European Energy aims to make green energy affordable and available throughout Europe. During the third quarter of 2016, a diverse pipeline of development projects ensured the grid connection of respectively 34,5 MW and 37,95 MW wind power projects in Ulvemosen and Rødby in Denmark.

In addition the high activity level continued with ongoing construction of 107 MW in several European countries, namely Denmark, Germany, Finland and Italy.

The activity level during the third quarter of 2016 is as follows in the table below.

Country	Site	Technology	MW	Q3 activity
Denmark	Rødby Fjord	Wind	37,95	Grid connected
Denmark	Ulvemosen	Wind	34,50	Grid connected
Denmark	Kappel	Wind	25,05	In Construction
Germany	Vormark	Wind	44,85	In Construction
Finland	Jeppo	Wind	6,90	In Construction
Finland	Haukkineva	Wind	6,90	In Construction
Finland	Vihreäsaari	Wind	3,45	In Construction
Italy	Oppido	Wind	20,00	In Construction

Construction and development activities

Onshore wind

European Energy constructed and grid connected onshore wind turbines on several European sites in the third quarter of 2016.

European Energy successfully grid-connected two projects in Denmark: Rødby Fjord and Ulvemosen. The Ulvemosen project was finally grid-connected following two years of interruption pending a ruling from the Danish Environmental Board of Appeal. The Danish pension fund Sampension acquired the wind farm from European Energy in 2013.

European Energy also initiated the construction on the site of Kappel, consisting of 25,05 MW wind power project expected to become operational during the first quarter of 2017.

In Germany, works on the new site of Vormark have started. Works on the new site of Gilmerdingen will start in the fourth quarter of 2016. During the third quarter of 2016, European Energy obtained building permits for 14 turbine locations in Germany. These are being realized as repowering projects on own operational projects. Projects that are permitted within 2016 will be subject to the preferential current German renewable energy law (EEG) with long tariff certainty.

In Finland, construction has begun on the three wind power projects of Jeppo, Haukkineva and Vihreäsaari. European Energy expects to grid connect all 17,25 MW during 2017. Other interesting opportunities are likely to unfold in the Finnish market on the short to medium term.

In Italy, the construction activities at the site of Oppido are expected to be finalized before year-end. In general, the Italian market currently presents interesting opportunities that are monitored carefully and could lead to additional engagements in the market.

Solar

In the United Kingdom all projects are now accredited. For the first installation, European Energy has received the pending payments for the electricity. European Energy is still working to solve the last conditions from the Share Purchase Agreement with the Danish pension fund PFA Pension in order to close the sales signed in the third quarter of 2016. Further, European Energy is working on closing the after-grid connection clean-up works on the last sites in order to prepare these for a sale.

Near and offshore wind

Throughout the past 18 months European Energy, alongside the ongoing Open Door nearshore site development in Omø South (up to 320 MW) and Jammerland Bay (up to 240 MW), prepared to participate in the 350 MW tender process for nearshore wind sites offered by the Danish Energy Agency. European Energy Nearshore Consortium was as one out of three prequalified. European Energy Nearshore Consortium was a strong consortium and provided a very competitive bid. Yet, in September Vattenfall won the auction with a historical low pricing of 0,475 DKK/kWh during 50.000 full load hours (equivalent of approximately 0,0638 EUR/kWh).

After the end of the third quarter of 2016, European Energy Offshore Consortium participated in the bid for the 600MW Kriegers Flak project tendered under the Danish Energy Agency. The competitive situation in the tender was substantial with the prequalified contenders aside European Energy Offshore Consortium being DONG, EnBW, Vattenfall, E.ON/Statoil and ScottishPower. Vattenfall won the tender with yet another historical and world record breaking low pricing of 0,372 DKK/kWh in 50.000 full load hours (equivalent of approximately 0,0499 EUR/kWh).

Sales and project financing

The general sales activities developed positively and according to plan both for projects currently going into operation as well as for projects under construction. More specifically, the Rødby project situated on the Danish island of Lolland was sold to two Danish regional utilities. The sale was structured as a sale of two times four turbines. The remaining three wind turbines are owned partly by local landowners and partly by European Energy together with local neighbors of the project site.

After the end of the third quarter of 2016, European Energy closed the sale of a five wind turbines and 12 MW project in Vetschau in Germany to a larger German utility. The sales contract was signed in the fourth quarter of 2015, and the project has been realized in cooperation with partners.

As a consequence of the high construction activity level, European Energy has for some time worked hard to establish the construction and long term project-financing structure of the projects. This work intensified significantly during the third quarter of 2016 working towards a final signing and closing of the respective facility agreements. All financing work streams moved forward in a satisfying manner leading to efficient financing conditions for the respective projects. Financing is predominantly based on the attractive financing terms offered by the German state-owned bank KfW Development Bank and handled by German commercial banks.

Shortly after the end of the third quarter of 2016, European Energy and partners closed several project financing of in total EUR 140m. The largest being a EUR 80m non-recourse project finance facility with a German bank for the largest of these wind farms in Vormark, Germany. For the German Gilmerdingen project, European Energy secured project financing of EUR 20m. For the Finnish projects a EUR 22m non-recourse project finance facility was completed with a German bank with an extension possibility for the third project in Vihreäsaari. Finally, European Energy secured a EUR 18m bridge-finance facility with a German bank for the Italian Oppido project. The

agreement includes the possibility for a refinancing and extension with non-recourse project finance facility of EUR 26,5m.

Since the construction and financing processes develop according to plan in Kappel, Jeppo and Haukineva, Vormark, Gilmerdingen and Oppido, the sales activities have been initiated and intensified. This entails that European Energy is currently in discussions with international institutional investors seeking long-term ownership of the projects at satisfying terms for European Energy. It is the expectation that the potential long-term owners have been identified via signed Letter of Intents/Term Sheets or signed Share Purchase Agreements when the projects are grid connected and achieve feed-in-tariff. Currently, European Energy expects a full divestment of the respective projects in the coming quarters.

Nordic Power Partners

The projects in the NPP pipeline are developing positively. In Brazil, Nordic Power Partners expect to close the first financing and possibly even to begin construction in 2017. Further, the sold off project “Al Rajef” in Jordan, in which payments are connected to future milestones, has signed the financing in November 2016.

Consolidated statement of comprehensive income

For the quarter ended 30 September 2016

Unaudited EUR'000	Q3 2016	Q3 2015	Q3 2016 YTD	Q3 2015 YTD	2015
Revenue	27.770	5.402	69.797	18.269	58.799
Profit after tax from equity-accounted investments Development companies	-193	-31	-1.687	21	-45
Profit after tax from equity-accounted investments Operating companies	-37	-44	823	723	1.758
Profit after tax from discontinued operations	138		138		
Other income	-18	7	-	304	269
Direct costs	-21.294	-4.125	-53.275	-10.613	-37.975
Gross profit	6.366	1.209	15.796	8.704	22.806
Staff costs	-1.589	-952	-4.877	-3.067	-5.780
Other external costs	-426	-383	-1.872	-1.331	-2.071
EBITDA	4.351	-126	9.047	4.306	14.955
Depreciation & impairment	-381	-386	-1.334	-1.133	-1.495
Operating profit	3.970	-512	7.713	3.173	13.460
Finance income	849	1.231	1.730	2.722	3.676
Finance expenses	-2.246	-1.356	-6.764	-4.205	-6.580
Profit/loss before tax	2.573	-637	2.679	1.690	10.556
Tax	-861	81	-458	-1.787	-4.301
Profit/loss for the year	1.712	-556	2.221	-97	6.255
Attributable to:					
Shareholders of the Company	2.084	-526	2.221	3	6.438
Non-controlling interests	-372	-30	-	-100	-183
Profit/loss for the year	1.712	-556	2.221	-97	6.255
Statement of comprehensive income					
Profit/loss for the year	1.712	-556	2.221	-97	6.255
Items that may be reclassified to profit or loss					
Other comprehensive income in equity accounted investments	-	2	-	-168	-9
Value adjustments of hedging instruments	-34	-	-140	-	205
Tax of value adjustments of hedging instruments	13	-54	39	264	-92
Currency differences on translating foreign operations	1.796	321	110	226	-113
Other comprehensive income for the period	1.775	269	9	322	-9
Comprehensive income for the year	3.487	-287	2.230	225	6.246
Attributable to:					
Shareholders of the Company	3.431	-609	2.248	-49	6.407
Non-controlling interests	56	322	-18	274	-161
Comprehensive income for the year	3.487	-287	2.230	225	6.246

Consolidated statement of financial position

As of 30 September 2016

Unaudited	Q3 2016 YTD	Q3 2015 YTD	2015
EUR'000			
ASSETS			
Non-current assets			
Property, plant and equipment	51.230	47.712	63.009
Joint Venture investments	5.891	8.941	8.746
Associated companies investments	11.543	8.875	10.195
Other investments	3.629	3.588	3.622
Loans to related parties	23.045	23.024	19.993
Trade receivables	5.933	10.170	9.047
Other receivables	7.697	7.820	7.634
Deferred tax	3.694	6.018	4.239
Total non-current assets	112.662	116.148	126.485
Current assets			
Inventories	26.425	31.283	41.507
Trade receivables	37.562	14.852	46.476
Other receivables	7.181	3.618	5.919
Prepayments	1.849	373	1.810
Cash and cash equivalents	16.099	16.305	12.325
Assets held for sale	31.951	-	-
Total current assets	121.067	66.431	108.037
TOTAL ASSETS	233.729	182.579	234.522

Unaudited	Q3 2016 YTD	Q3 2015 YTD	2015
EUR'000			
EQUITY AND LIABILITIES			
Equity			
Share capital	1.340	1.340	1.340
Retained earnings	62.206	53.502	59.958
Equity attributable to owners of the Company	63.546	54.842	61.298
Non-controlling interests	4.892	2.584	2.512
Total Equity	68.438	57.426	63.810
Liabilities			
Bond loan	52.239	51.963	52.040
Project financing	48.382	50.607	55.780
Other debt relating to the acquisition of companies	1.033	1.479	4.275
Deferred tax	1.755	1.920	1.735
Total non-current liabilities	103.409	105.969	113.830
Credit institutions	4.698	2.331	6.759
Other debt relating to the acquisition of companies	3.643	4.629	4.720
Trade payables	18.749	2.518	29.705
Payables to related parties	76	67	408
Corporation tax	876	926	1.866
Provisions	2.975	3.040	3.040
Other payables	11.832	5.673	10.384
Liabilities regarding assets held for sale	19.033		
Total current liabilities	61.882	19.184	56.882
Total liabilities	165.291	125.153	170.712
TOTAL EQUITY AND LIABILITIES	233.729	182.579	234.522

Consolidated statement of cash flow

For the quarter ended 30 September 2016

Unaudited EUR'000	Q3 2016	Q3 2015	Q3 2016 YTD	Q3 2015 YTD	2015
Cash flow from operating activities					
Profit/loss before tax	2.573	-637	2.679	1.690	10.556
Adjustments for:					
Financial income	-849	-1.231	-1.730	-2.722	-3.676
Financial Expenses	2.246	1.356	6.764	4.205	6.580
Depreciations	381	386	1.334	1.133	1.495
Other non-cash movements	92	460	726	-278	-1.713
Change in net working capital	-690	-798	11.522	-6.252	-14.651
Other non-cash items	18	-	-	-15	-269
Cash generated from operation before financial items and tax	3.771	-464	21.295	-2.239	-1.678
Taxes paid	-9	-1.640	-1.036	-2.132	-2.203
Interest paid and realised currency losses	-2.138	-1.276	-6.280	-3.990	-6.577
Interest received and realised currency gains	796	605	1.464	2.096	3.441
Cash flow from operating activities	2.420	-2.775	15.443	-6.265	-7.017
Cash flow from investing activities					
Purchase of Property, plant and equipment	-11.404	465	-28.257	-131	-18.225
Proceeds from disposal of subsidiaries, equity-accounted investments	26.444	1.872	27.105	2.707	1.796
Investment/loans in equity-accounted investments	-4.186	-3.307	-3.052	-7.426	-4.395
Dividends	-65	-	25	-	88
Cash flow from investing activities	10.789	-970	-4.179	-4.850	-20.736
Cash flow from financing activities					
Proceeds from borrowings	8.400	11.584	22.011	20.799	33.957
Repayment of borrowings	-20.355	-414	-31.473	-6.707	-7.886
Changes in payables to associates	2	-	-332	-	351
Non-controlling interests' share of capital increase in subsidiary	2.193	-	2.304	-	328
Cash flow from financing activities	-9.760	11.170	-7.490	14.092	26.750
Change in cash and cash equivalents	3.449	7.425	3.774	2.977	-1.003
Cash and cash equivalents at beginning of period	12.650	8.880	12.325	13.328	13.328
Cash and cash equivalents end of period	16.099	16.305	16.099	16.305	12.325
Of which restricted cash and cash equivalents	-3.348	-5.919	-3.348	-5.919	-3.029
Non-restricted cash and cash equivalents end of year	12.751	10.386	12.751	10.386	9.296

Consolidated statement of changes in equity

As of 30 September 2016

Unaudited

EUR'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 January 2016	1.340	-58	-697	60.713	61.298	2.512	63.810
Profit/loss for the period	-	-	-	2.221	2.221	-	2.221
Other comprehensive income							
Value adjustments of hedging instruments	-	-	-116	-	-116	-24	-140
Tax of value adjustments of hedging instruments	-	-	32	-	32	7	39
Currency differences on translating foreign operations	-	-5	-	115	110	-	110
Other comprehensive income	-	-5	-84	115	27	-18	9
Total comprehensive income	-	-5	-84	2.336	2.248	-18	2.230
Transactions with owners							
Share of capital increases	-	-	-	-	-	2.304	2.304
Additions	-	-	-	-	-	59	59
Disposals	-	-	-	-	-	34	34
Total transactions with owners	-	-	-	-	-	2.397	2.397
Equity at 30 September 2016	1.340	-63	-781	63.049	63.546	4.892	68.438

EUR '000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total
Equity at 1 January 2015	1.340	63	-787	54.275	54.891	2.546	57.437
Profit/loss for the period	-	-	-	6.438	6.438	-183	6.255
Other comprehensive income							
Other comprehensive income in equity accounted investments	-	-8	-	-	-8	-1	-9
Value adjustments of hedging instruments	-	-	163	-	163	42	205
Tax of value adjustments of hedging instruments	-	-	-73	-	-73	-19	-92
Currency differences on translating foreign operations	-	-113	-	-	-113	-	-113
Other comprehensive income	-	-121	90	-	-31	22	-9
Total comprehensive income	-	-121	90	6.438	6.407	-161	6.246
Transactions with owners							
Share of capital increases	-	-	-	-	-	328	328
Additions	-	-	-	-	-	26	26
Disposals	-	-	-	-	-	-227	-227
Total transactions with owners	-	-	-	-	-	127	127
Equity at 31 December 2015	1.340	-58	-697	60.713	61.298	2.512	63.810

The share capital consists of nom. 10,000,000 shares of DKK 1 each, corresponding to EUR 1,340 thousand.
The share capital has remained unchanged for the last five years. The share capital is fully paid in.

Basis for preparation

These unaudited consolidated financial statements for the third quarter of 2016 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and on the basis of the same accounting policies as were applied in the Annual Report 2015 of European Energy Group. Furthermore, the financial report including the consolidated financial statements for the third quarter of 2016 and the management's review have been prepared in accordance with additional Danish disclosure requirements for the interim reports of listed companies.

European Energy Group has adopted all new, amended or revised accounting standards and interpretations ('IFRS') as published by the IASB, and also those that are endorsed by the EU effective for the accounting period beginning on 1 January 2016. These IFRS's have not had a significant impact on the consolidated financial statements for the third quarter of 2016.

New accounting standards not yet adopted

The IASB has issued a number of new accounting standards and interpretations with effective date after 31 December 2016. The Group expects to implement the following new accounting standards when they become mandatory or before:

IFRS 15, Revenue from Contracts with Customers (effective date 1 January 2018)

IFRS 16, Leases (effective date 1 January 2019)

During the fourth quarter of 2016, the management will take the decision whether to implement IFRS 15 in 2016 or at a later point in time. The Group expects to implement IFRS 16 when it becomes mandatory in 2019.

The implementation of IFRS 15 could have material implication on the timing of the revenue recognition from project divestment as preliminary analysis supports a later revenue recognition than under the current accounting policy. Consequently, the year-by-year change could be significant. The accumulated impact per 30 September 2016 is however estimated limited as only revenue from a couple and also smaller projects are at risk of being deferred until fourth quarter 2016 or first quarter 2017.

The following new accounting standards and interpretations, not yet adopted, are expected to have most significant impact on recognition, measurement and disclosures for the Group:

IFRS 15, Revenue from Contracts with Customers

The standard includes a new control-based model for recognition of revenue from contracts with customers. Revenue is recognised at a point in time or over time depending on the transfer of control of the goods or services concerned by the buyer.

The standard includes a number of specific criteria for division of contracts into separate performance obligations, which must be recognised in a separate transaction. Moreover, the standard includes guidance in a number of areas, which have previously been open for interpretation, e.g. warranties, right of return, variable considerations, up-front fees, etc.

The Group is assessing the impact of IFRS 15.

IFRS 16, Leases

The IASB has issued a new standard on accounting for leases. As a Lessee, the Group is required to recognise all lease contracts on the balance sheet. The Group will not be required to recognise lease contracts with a term of less than 12 months on the balance sheet. The Group is assessing the impact of IFRS 16.

Company info:

The Group's main operations comprise project development, financing, construction, sales and acquisition as well as management of wind and solar energy farms. Our geographical focus is on Northern European markets.

The parent company is a limited liability company incorporated and domiciled in Denmark. The address of its registered office is Gyngemose Parkvej 50, Dk-2860 Søborg.

Corporate bonds issued by the parent company are listed on OMX Stockholm.

On 30 November 2016, the Board of Directors approved these interim consolidated financial statements.

The interim consolidated financial statements are presented in EUR, and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

Segment information

Operating segments are recognised in the manner that corresponds to the internal reporting to the chief operating decision maker ('CODM').

The CODM is the function responsible for allocating the Group's resources and assessing the performance of the operating segments. The Group's CODM has been identified as the Board of Directors. European Energy's segments are:

- Wind
- Solar

Segment information has been prepared in accordance with the Group accounting policies. Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment on a reliable basis.

EUR '000	Wind	Solar	Total before elimination	Eliminations	Q3 2016 Group
Sale of energy farms and projects	44.777	7.144	51.921	-	51.921
Sale of electricity	58	6.021	6.079	-	6.079
Construction	10.239	-	10.239	-	10.239
Asset management & other fees	1.119	577	1.696	-	1.696
Revenue to external customers	56.193	13.742	69.935	-	69.935
Inter-segment revenue	144	-	144	-144	-
Revenue	56.337	13.742	70.079	-144	69.935
Profit after tax from shares in equity accounted investments	590	-1.454	-864	-	-864
Other Income	-	-	-	-	-
Direct costs	-44.935	-8.340	-53.275	-	-53.275
Staff costs	-3.919	-958	-4.877	-	-4.877
Other costs	-969	-903	-1.872	-	-1.872
Depreciation	-98	-1.236	-1.334	-	-1.334
Segment profit (Operating profit)	7.005	852	7.857	-144	7.713
Finance income	859	871	1.730	-	1.730
Finance expenses	-2.716	-4.048	-6.764	-	-6.764
Profit/loss before tax	5.148	-2.325	2.823	-144	2.679
Total assets	124.642	109.087	233.729	-	233.729
Total liabilities	74.523	90.768	165.291	-	165.291

	Wind	Solar	Total before elimination	Eliminations	2015 Group
Revenue to external customers	29.523	29.276	58.799	-	58.799
Inter-segment revenue	4.740	557	5.297	-5.297	-
Revenue	34.263	29.833	64.096	-5.297	58.799
Profit/loss before tax	5.835	10.018	15.853	-5.297	10.556
Total assets	116.147	118.375	234.522	-	234.522
Total liabilities	67.065	103.647	170.712	-	170.712

Write down of inventories

The net write down on inventory for the Group in 2016 amounts to EUR 1,5m.

Statement by the Board of Directors and the Management

The Board of Directors and the Management have considered and adopted the Interim Report of European Energy A/S for the period 1 January - 30 September 2016. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting. The accounting policies applied in the Interim Report are consistent from those applied in the Group's Annual Report 2015.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of the Group's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing the Group.

The Interim Report has not been audited or reviewed by the auditors.

Søborg, 30 November 2016


Management:

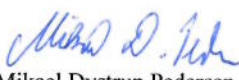

Knud Erik Andersen
CEO


Jonny Jonasson
CFO

Board of Directors:


Jens-Peter Zink
Chairman


Knud Erik Andersen
CEO


Mikael Dystrup Pedersen
CTO


Claus Dyhr


Jesper Helmuth Larsen

Disclaimer and cautionary statement

This document contains forward-looking statements concerning European Energy's financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning new potential accounting standards and policies, and European Energy's potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. There are a number of factors that could affect European Energy's future operations and could cause European Energy's results to differ materially from those expressed in the forward-looking statements included in this document, including (without limitation): (a) changes in demand for European Energy's products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks; (e) legislative, fiscal and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) project development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components from suppliers and vendors; and (m) customer readiness and ability to accept delivery and installation of products and transfer of risk.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in European Energy's annual report for the year ended 31 December 2015 (available at www.europeanenergy.dk/investor relations) and these factors should also be considered. Each forward-looking statement speaks only as of the date of this document. European Energy does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events others than required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.