

European Energy A/S posts impressive 2019 result

Company announcement 2/2020 (28 February 2020)

European Energy delivered an impressive result for 2019, as the Group's EBITDA totalled EUR 44.3 million (+32%) and the profit before tax was EUR 37.4 million (+44%), this compared to an EBITDA of EUR 33.6 million and profit before tax of EUR 25.9 million in 2018. The return on equity for the year reached 31.5%.

Knud Erik Andersen, CEO of European Energy Group, said:

“We are very pleased with the year. Our business experienced growth on all parameters. This is underlined by the increasing awareness in society that replacing fossil energy generation with renewable energy has the biggest impact on reducing CO2 emissions. To complement this, solar and wind are the cheapest, most easily scalable and fastest of all energy plants to construct. However, solar and wind's current share of all global energy generation is less than 5%, so if we are to halt climate change we need to substantially increase the clean capacity's role in the energy mix. Therefore, we are confident that the expertise and knowledge of companies like European Energy will be in high demand for coming generations.”

In the fourth quarter of 2019, the Group had an EBITDA of EUR 14 million and a profit before tax of EUR 9.5 million. In the fourth quarter especially the sale of three wind parks in Sweden, Denmark and Germany, with a total capacity of 77.9 MW, had a positive impact on the result.

The 2019 result underlines the company's shift from being solely developer of renewable projects, and its transition to becoming partly a developer and partly an independent power producer (IPP), as electricity sales for the first time generated more profit for the Group than the sale of energy plants. Electricity sales has grown from EUR 10 million in 2017, to EUR 19.8 million in 2018 and now EUR 30.5 million (+54%) in 2019. The operational assets more than doubled from 173 MW in 2018 to 371 MW (+114%) in 2019.

“Our transition from solely developer to an IPP has been very organic. It allows us to have more recurring revenue flowing into the business. At the same time, we have increased our sale of energy farms. We see this as natural growth and maturing of our business. In the future, we expect to maintain a healthy balance between electricity sales and the sale of energy farms; of course, with the possibility of some fluctuations year-on-year,” said Knud Erik Andersen.

European Energy Group has entered in a multiyear offtake agreement with a related company, European Energy Trading, concerning the supply of three TWh of green energy to a German utility, RWE AG. The delivery of power will take effect from 1 January 2024 and run for seven years. Throughout the period, the power will be sup-

plied to RWE in Denmark. The agreement provides security to the Group for the realisation of its renewables projects. This will support the Group's growth in the forth-coming years.

In December, European Energy increased its ownership of a German wind portfolio, thereby obtaining the controlling stake in the portfolio, which means it is fully consolidated. This has increased the Group's total assets by EUR 84.6 million at the end of the year.

In 2020, European Energy expects a higher EBITDA than last year. Due to the Groups acquisition of energy plants in 2019, the depreciation and financial costs will increase. The EBITDA level is expected within the range of EUR 52-58 million. The profit before tax in 2020 is expected to reach EUR 35-39 million.

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This announcement has been made in accordance with the EU Market Abuse Regulation (Regulation (EU) no. 596/2014, as amended).