

31. August 2020

European Energy delivers healthy and profitable growth in the first half of 2020

Company announcement 9/2020 (31 of August 2020)

European Energy delivers a solid start for the first half year for the Group and maintains its high expectations for the annual targets. The second quarter had revenue of EUR 37.2 million, an EBITDA of EUR 9.4 million and profit before tax of EUR 3.7 million. This concludes the first half of 2020 with a strong revenue of 65.9 million, an EBITDA of EUR 19.7 million and profit before tax of EUR 7.9 million.

Knud Erik Andersen, CEO of European Energy, says:

“We are pleased to report that European Energy delivers healthy and profitable growth in the first half of 2020, as we maintain our expectations for our annual targets.

The increased sale of green power was the main driver behind the profitable growth. Electricity sales are up by 120% in the second quarter of 2020 compared to the same period in 2019. The power sale revenues from solar assets alone has increased 337% to EUR 3.8 million.

Construction activities are high and unaffected by the COVID-19 crisis, though extra precautions are taken at our sites in Denmark, Poland, Germany, Italy and Brazil. More than 1127 MW in total are currently under construction or ready-to-build across all our solar and wind power projects. In Italy, we grid-connected our Troia project, the biggest solar farm ever constructed in Italy, with a current capacity of 103 MW. At the same time, our pipeline of development projects continues its healthy growth with many projects moving closer to the construction phase. With more than 15 GW of projects under development, we expect construction activities to increase further, move into new markets and remain high across the European continent over the coming years.

During the second quarter of 2020, we closed the divestment of four Vestas V126 3.6 MW wind turbines in Viertkamp Germany to the German investor

Encavis AG, Hamburg, and the sale has contributed positively to the quarterly results. Also in Germany, we closed the sale of the Vier Berge project with three Enercon E126 and four Enercon E138 turbines with a total capacity of 25.8 MW to the capital fund CEE RF6 Holding S.à.r.l, Luxemburg, and received the first part of the down payment. We expect the revenue to be recognised in November 2020, when the park has been fully constructed and grid-connected. After the balance day, we divested the Danish solar park Hanstholmsvej. The solar park is the first in Denmark to utilize bifacial modules, and the electricity has been sold on a long-term contract to a datacentre in Denmark. When the profit from these divestments are recognised later this year, more than 80% of the expected gross profit for the year will be secured.

At the end of the quarter, we hold a very solid cash position with EUR 121.1 million whereof EUR 95.7 million is free cash. The strong cash base enables us to fund our growth for the coming quarters. In July, we closed our biggest long-term financing to date on the Troia solar park with the French based bank Natixis of EUR 96.5 million, making our liquidity even stronger.

Despite the unfolding COVID-19 crisis, our business activities have remained high in all key markets. Consequently, we believe that a second COVID-19 wave will have very limited impact on our activities and have therefore decided to continue our hiring policy and now count 172 employees, a rise from 119 in the second quarter of 2019. In Brazil the negative effects from COVID-19 has come on top of a polarised political environment, and the local currency has taken a major drop in value. The construction activities for European Energy are on schedule, but the drop in currency value and the general conditions in the country has led to an impairment of EUR 3.4 million in the second quarter.

Despite the loss in Brazil, we delivered strong financial performance in the second quarter of 2020 and remain committed to delivering both EBITDA (EUR 52-58 million) and profit before tax (EUR 35-39 million) for the full financial year in 2020 in line with the earlier guideline.

Fighting climate change is a megatrend, and we are pleased to see it gaining momentum worldwide. In July, leaders of the European Union adopted a new budget and recovery plan with the objective of steering the EU through the COVID-19 crisis. The plan earmarks more than EUR 500 billion for climate protection over the next seven years, while all EU spending must contribute to emissions reductions goals. Thanks to these ambitious political plans, financial

institutions, pension funds, private companies and many other private investors are increasingly focusing on renewable energy, and new markets are opening up. Fighting climate change is our top priority and the reason for our company's existence, and we are dedicated to work hard to fight it. With the growth of our business and the technical development in our sectors, we are looking ahead with optimism."

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This announcement has been made in accordance with the market abuse regulation (regulation (EU) no. 596/2014 on market abuse).

Attachment: [Interim Financial Report Q2 2020](#)