

Senvion S.A.

Group results of operations
for the first half
of the financial year 2016
(January 1, 2016 - June 30, 2016)

Senvion S.A.
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Consolidated income statement for the first half of the financial year 2016 of Senvion S.A. compared with the first half of the calendar year 2015 of Senvion GmbH

	2015/01/01- 2015/06/30 ¹	2016/01/01- 2016/06/30 ²	Change 2015/2016 %
	k EUR (unaudited)	k EUR (reviewed)	
Revenues	927,272	869,533	-6.2
Changes in work in progress	61,181	48,360	-21.0
Work performed by the entity and capitalized	23,791	24,444	2.7
Total performance	1,012,244	942,337	-6.9
Other operating income	18,937	31,904	68.5
Cost of materials/cost of purchased services	-774,215	-675,674	-12.7
Personnel expenses	-110,767	-127,206	14.8
Depreciation of property, plant and equipment and amortization of intangible assets	-27,732	-85,022	206.6
Other operating expenses	-102,734	-107,237	4.4
Result from operating activities	15,733	-20,898	-232.8
Share of result from associates and joint-ventures	0	-55	n.m.
Interest and similar financial income	796	319	-59.9
Interest and similar financial expenses	-16,920	-36,804	117.5
Result before income taxes	-391	-57,438	n.m.
Income taxes	-1,220	13,421	n.m.
Profit / loss for the period from continuing operations	-1,611	-44,017	n.m.
Profit / loss for the period from discontinued operations	-130	0	-100.0
Net result for the period	-1,741	-44,017	n.m.

¹ The figures represent the consolidated income statement of Senvion GmbH Group, Hamburg.

² The figures represent the consolidated income statement of Senvion S.A. Group, Luxembourg.

Revenues by business line and geography for the first half of financial year 2016 of Senvion S.A. compared with the first half of the calendar year 2015 of Senvion GmbH

	2015/01/01- 2015/06/30 ¹ k EUR (unaudited)	2016/01/01- 2016/06/30 ² k EUR (reviewed)	Change 2015/2016 %
Onshore	759,190	655,434	-13.7
Canada	139,257	91,380	-34.4
France	49,061	54,656	11.4
Germany	330,531	151,112	-54.3
United Kingdom	100,975	131,825	30.6
Portugal	0	133,526	n.m.
Rest of the world	139,366	92,935	-33.3
Offshore	52,776	75,002	42.1
Services	110,852	138,047	24.5
Other	4,454	1,050	-76.4
Revenues	927,272	869,533	-6.2

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The revenues decreased by 57,739 k EUR, or 6.2%, from 927,272 k EUR in the first half of the calendar year 2015 to 869,533 k EUR in the first half of the financial year 2016.

The offshore revenues increased from 52,776 k EUR in the first half of the calendar year 2015 to 75,002 k EUR in the first half of financial year 2016.

The revenues from services increased from 110,852 k EUR in the first half of the calendar year 2015 to 138,047 k EUR in the first half of the financial year 2016, mainly due to increasing MW covered under O&M contracts (from 9,442 MW as of June 30, 2015 to 11,395 MW as of June 30, 2016).

Other operating income

Other operating income increased by 12,967 k EUR to 31,904 k EUR in the first half of the financial year 2016 compared to the first half of the calendar year 2015. This development was mainly due to an increase of insurance compensations (from 4,273 k EUR in the first half of the calendar year 2015 to 10,854 k EUR in the first half of the financial year 2016) and currency translation gains (from 11,131 k EUR in the first half of calendar year 2015 to 15,951 k EUR in the first half year of financial year 2016).

Cost of materials/cost of purchased services

The cost of materials/cost of purchased services decreased by 98,541 k EUR to 675,674 k EUR in the first half of the financial year 2016 compared to the first half of the calendar year 2015 in accordance with the decline in revenues. The costs of materials ratio (costs of materials/cost of purchased services in relation to total performance) decreased from 76,5% in the first half of the calendar year 2015 to 71.7% in the first half year of the financial year 2016.

Personnel expenses

The personnel expenses increased by 16,439 k EUR to 127,206 k EUR in the first half of the financial year 2016 compared to the first half of the calendar year 2015, due to an increase in average number of employees in the respective period, reflecting business growth, bonus payments, as well as salary increases.

Depreciation of property, plant and equipment and amortization of intangible assets

The depreciation of property, plant and equipment and amortization of intangible assets increased by 57,290 k EUR to 85,022 k EUR in the first half of the financial year 2016 compared to the to the first half of the calendar year 2015, primarily relating to the non-cash relevant items of the amortization of the intangible asset step-up resulting from the Purchase Price Allocation (PPA).

Other operating expenses

Other operating expenses increased by 4,503 k EUR to 107,237 k EUR in the first half of the financial year 2016 compared to the first half of the calendar year 2015. The change was mainly due to an increase in legal & consulting costs (from 20,311 k EUR in the first half year of calendar year 2015 to 30,386 k EUR in the first half year of the financial year 2016). The currency translation losses decreased by 14,006 k EUR to 8,132 k EUR.

Result from operating activities

The result from operating activities decreased from 15,733 k EUR in the first half of the calendar year 2015 to -20,898 k EUR in the first half of the financial year 2016. The main contributor to this development is the amortization of the intangible asset step-up resulting from the PPA which amounts to 51,732 k EUR in the first half of the financial year 2016. The result from operating activities as a percentage of revenues (EBIT margin) was reduced from 1.7% in the first half of the calendar year 2015 to -2.4% in the first half of the financial year 2016.

Interest and similar financial income and expenses

	2015/01/01- 2015/06/30 ¹ k EUR (unaudited)	2016/01/01- 2016/06/30 ² k EUR (reviewed)	Delta k EUR
Share of result from associates and joint-ventures	0	-55	-55
Interest and similar financial income			
Other interests and similar income	796	319	-477
Interest and similar financial expenses			
Preferred Equity Certificates	0	-7,743	-7,743
High Yield Bond	0	-13,993	-13,993
Deferred financing fees for guarantees	-8,238	-2,567	5,671
Guarantee commission	-3,481	-5,608	-2,127
Other	-5,201	-6,893	-1,692
	-16,920	-36,804	-19,884
Finance result	-16,124	-36,540	-20,416

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The interest and similar financial expenses increased from 16.920 k EUR in the first half year of the calendar year 2015 to 36.804 k EUR in the first half year of financial year 2016. The increase is mainly related to the refinancing of the acquisition of the shares of Senvion GmbH and the issuance of shareholder loans in type of Preferred Equity Certificates (PEC's).

Preferred Equity Certificates (PEC's)

Since the acquisition, the shareholders have held their investment in the Group through a combination of ordinary shares, preference shares and PEC's which were disclosed as shareholder loans as of 31 December 2015. On March 3, 2015, in connection with the change in the Company's corporate form, the preference shares were converted into ordinary shares, and on March 15, 2016, the PEC's were contributed to the Company in exchange for ordinary shares, granting the same kind of voting rights to all shareholders of the Company.

Total interest of 7,743 k EUR was recorded for the PEC's for the first half of the financial year 2016.

High Yield Bond

The High Yield Bond has a nominal value of 400 m EUR with a term ending 15 November 2020. Transaction cost of 9,549 k EUR directly attributable to that transaction were recognized as part of the effective interest method. This bond bears interest at a (nominal) fixed rate of 6.625% p.a. (effective rate 7.14% p.a.). The book value as of 30 June 2016 amounts to 392,149 k EUR.

The related interest expense amounted to 13,993 k EUR in the first half of the financial year 2016.

Income tax result

The income tax result increased by 14,641 k EUR from an expense of 1,220 k EUR in the first half of the calendar year 2015 to an income tax income of 13,421 k EUR in the first half of calendar year 2016.

The increase in income in the first half of the year 2016 was the result of a decrease in current income tax expenses by 24,953 k EUR and a decrease of deferred tax income of 10,312 k EUR.

Net result for the period

As a result of the developments discussed above, the net result for the period decreased by 42,276 k EUR from -1,741 k EUR in the first half of the calendar year 2015 to -44,017 k EUR in the first half of the financial year 2016.