



# Senvion S.A. (formerly Senvion S.à r.l.), Luxembourg Half-Year Financial Report

First Half of Fiscal Year 2016

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# Interim Group Management Report of Senvion S.A.

## 1. Financial and Operational Highlights

### a. Corporate Highlights

- Successful launch of private placement and listing of shares of Senvion S.A. with an effective date of 23 March 2016
- Conversion of shareholder loans into equity and contribution of 4% of the shares in Senvion TopCo GmbH (German parent company). As a result Senvion S.A. is holding 100% of the shares of Senvion TopCo GmbH.

### b. Business Highlights

- Senvion enters India as new core market / Secure of turbine order in Japan and opening of office in Tokyo

#### Onshore

- First wind farm project in Chile, announced conditional order of 300 MW
- Senvion has signed its first UK contract with NTR plc to supply ten Senvion MM92 and three Senvion MM82 turbines to the Quixwood Moor Wind Farm
- A key order received in Italy: The project Tursi consists of 30 MM 100 turbines with an output of 60 MW.
- For its new turbine, the 3.4M 140, Senvion signed a conditional contract for a prototype installation to enter operations in 2017.
- Senvion is launching its highest onshore yield turbine, the 3.4M140, for the North American market.
- In focus of the development activities on the 3.XM platform are the introduction of the new electrical system (NES) with several variants under development
- The development of the 3.2M114 NES 60Hz Cold Climate Version with 25 years lifetime was finalized and is currently being installed in three projects in Canada.
- Senvion has closed a long-term support and cooperation framework agreement for four wind farms in Germany with PROKON for a total capacity of 100 MW including 69 MW of conditional order.

#### Offshore

- First measures and actions with regard to 6.XM WTG technical issue took place
- Senvion is delivering 18 type 6.2M126 turbines for the offshore wind farm Nordergründe in the North Sea off the German coast and started with the production for the offshore wind farm project Nordsee One, also located in the North Sea.

## 2. Corporate Changes

### Capital Contributions and Change in Corporate Shareholdings

#### Subscribed capital

The share capital comprises 65,000,000 shares with a nominal value of 0.01 EUR as of 30 June 2016 (previous year 7,812,500 shares with a nominal value of 0.01 EUR). On 21 March 2016, the Company's extraordinary general meeting of shareholders resolved on a share capital increase resulting in a final share capital of 650,000 EUR represented by 65,000,000 ordinary shares having a par value of 0.01 EUR each.

#### Additional paid-in capital

Sources of financing for the acquisition of the Senvion Group in the financial year 2015 comprised – beside others – 480.2 m EUR of funds from Centerbridge (thereof 364.6 m EUR interest bearing preferred equity certificates ("IBPECs") at a fixed rate of 7.8% p.a. and nominal 115.6 m EUR interest free preferred equity certificates ("IFPECs")). In March 2016 the IBPECs (including accrued yield thereon) and IFPECs were converted into equity by way of a contribution in kind resulting in an increase in equity by 485.1 m EUR.

#### Non-controlling interests

As of 21 March 2016 Rapid Management L.P. transferred and contributed all shares held totaling 4% of Senvion TopCo GmbH into Senvion S.A. against issuance of new shares in the Company.

#### Launch of private placement and listing of shares of Senvion S.A.

Senvion S.A. and its shareholders Centerbridge and Arpwood launched a private placement and listing of shares of Senvion S.A. with an effective date of 23 March 2016. Since that date Senvion shares are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange under the trading symbol SEN and the International Securities Identification Number (ISIN) LU1377527517.

A total of 18,687,500 shares were placed with investors in the private placement, including 16,250,000 base shares from the holdings of the existing shareholders and an additional 2,437,500 shares, also from the holdings of the current owners, of over-allotments. In order to cover over-allotments, the selling shareholders have granted the underwriters an option to purchase up to 2,437,500 shares in addition to the base shares at the offer price (the "Greenshoe Option"). The total offer volume, including over-allotments, amounted to about 294 m EUR and equated to a market capitalization of 1.02 billion EUR for Senvion. The Greenshoe Option was partially exercised.

After a stabilization period Centerbridge, Arpwood and Rapid Management L.P. together retain a stake of approximately 73.6% of the Company's share capital.

For further information on the acquisition of the Senvion Group, refer to the Group Management Report as of 31 December 2015 as well as to Note 2.3.2 Changes in the scope of consolidation in the Group's consolidated financial statements as of and for the period ended 31 December 2015.

## 3. Economic Report

### a. Economic and Industry-related Environment

#### Economic development

The world economy has yet to regain momentum, after the already weak final quarter of 2015, the pace of expansion slowed down again in the first months of 2016. Given the insecurity of the Brexit referendum, especially in Europe, where the impact will be very strong, the low prices on the commodities and the emerging markets economies, the pace of expansion is expected to remain subdued. Due to a positive election result of UK's Brexit referendum, European Central Bank (ECB) projects a negative impact of 0.5 percent on Europe's economic growth.

#### Developments in the German market

The German economy, despite some considerable uncertainties (Brexit, weak growth in emerging economies, Volkswagen scandal etc.), grew moderately in the first months of 2016. The gross domestic product (GDP) showed a forecasted year-on-year growth of 1.7% in 2016. These positive developments were attributable to growth in both consumer and government spending, which strongly increased for the seventh time in succession by 0.8% and 0.7% respectively in comparison to the prior quarter. Capital expenditure in the government and the private sector rose by 2.1% combined.

The German labor market also remains in good shape. The German Federal Statistical Office reports a working population of 43.5 million in June 2016. Sustained labor demand has accordingly resulted in rising employee incomes: Net wages and salaries increased by 2.8% (first quarter 2016) on the prior period.

According to the Federal Statistical Office, the actual average rate of inflation in June 2016 is reported at 0.3%. This is an increase of 0.1%-points on the prior month.

The referendum in the UK, where they voted to leave the EU (Brexit), was just before end of the second quarter, its effect might not yet be fully priced in the expectations.

#### Developments in other core markets

United Kingdom's GDP gross domestic product growth in the second quarter 2016 was at 0.4% on the prior period. The Bank of England kept the key interest rate at 0.5% in order to facilitate solid GDP growth and inflation. Consumer price inflation showed severe weakness and came in at 0.3%. Based on economic modelling of the trade impacts of Brexit and analysis of the most significant pieces of EU regulation, it could estimate that in the next years following scenarios are possible: A worst case, where the UK fails to strike a trade deal with EU, GDP would be 2.0% lower than if the UK had remained inside. In a best scenario, where the UK strikes a Free Trade Agreement with the EU, UK GDP would be 1.6% higher. However, the most realistic range is between a permanent loss to GDP (-0.8%) and a permanent gain in GDP (+0.6%).

The International Monetary Fund (IMF) expects the French economy to achieve annual GDP growth of 1.4% in 2016. Driven by the loosened monetary policy pursued by the ECB, the key interest rate, which currently sits at 0.05%, should provide a solid basis for investments and consumption in France and in the Eurozone along with low resource prices. Consumer price inflation came in at 0.01%, missing the ECB's general target of 2% widely. In 2016, the unemployment rate remained at its level of 9.9%. The balance of trade amounted to -59.9 billion EUR. Private consumption increased by 1.7% in the first half year of 2016. The increase was largely based on increases in expenditure on industrial goods and services (excl. food and beverages) and energy resources. French's export surplus with Great Britain will potentially be harmed by the Brexit.

Despite a freeze on investments in Australian mining field the GDP is expected to show strong growth in 2016 (2.8%). The unemployment rate decreased to 5.7%. Price inflation remained at a solid level of 1.7%; the key interest rate sits at 1.75%. However, reductions in resource and energy prices could cause downward pressure on GDP as Australia's economy is heavily reliant on resource-related earnings. A cut of the key interest rate to 1.5% might become mandatory to sustain economic growth, even though inflation is expected to reach the 2%-level in 2016. The balance of trade amounted to -12.3 billion AUD and is prone to further reductions.

The IMF expects the Canadian economy to grow by 1.7% in 2016 and by 2.3% in 2017. The unemployment rate increased slightly to 7.26% in the first half year of 2016. The inflation rate increased to 1.35% driven by strong demand for foods, beverages and transport. The key interest rate sits at 0.5%. The balance of trade totaled to -11.7 billion CAD in the first half year of 2016.

#### Industry development

According to the MAKE report the global new installation in 2016 is expected to achieve a volume of around 55,438 MW. Of the newly installed capacity Europe will account for 12,627 MW, America for 14,045 MW and Asia/Pacific for 27,466 MW.

In Germany the government pushed on with its efforts to address the challenge of comprehensive energy policy reforms in the first half of 2016. The White Paper, issued in July 2015, argues against the introduction of a capacity market and, in view of pending reforms in electricity design toward a competitive environment, merely cites the necessity for a capacity reserve. Based on the White Paper, in November 2015 the cabinet passed a bill for the further development of the electricity market as well as the capacity regulation. The government has already submitted further proposals relating to legislation, for

example the digitization of the energy transition and the amendment of the Energy Act (EnWG); they are currently being addressed in an intensive consultation process. Moderately optimistic capacity additions according to the amendment to the Renewable Energy Sources Act (EEG) of August 2014 continued with significant expansion in 2015. An expansion corridor of 2,500 MW net targeted by the German government for 2015 was considerably exceeded with over 3,500 MW net, not least due to pull-forward effects relating to deeper reforms in anticipation of the tendering procedure in the EEG 2017 (formerly known as EEG 2016). As the expansion corridor was far exceeded, the decline in compensation payments was comparatively large, at 1.2%. Furthermore, pull-forward effects are expected in the first half of 2016 since a temporary solution from EEG 2014 towards the new EEG 2017 applies for plants with a building permit by the end of 2016 and an installation by 2018.

After the first publication of a draft bill for the EEG 2017 in February 2016 the consultation was initiated in April. Proposals from the industry were largely incorporated in the tendering model. Key issues discussed by the federal government-state-agreement, the cabinet agreement as well as the reading in the German Bundestag and the Federal Council, primarily include bid volume, compensation payments as well as solutions for capacity additions in regions with power scarcity.

The legislative process for the new EEG 2017 is running on schedule; the amendment and the initiation of the prenotification at the European Commission were passed in July 2016. With introduction of a tendering procedure in the EEG 2017 the German Government shifts from a price-based to a quantity-based control. Due to the temporary solution from EEG 2014 towards the new EEG 2017, impacts from the newly introduced tendering system are expected for the period after 2018. In the course of this year, the industry as a whole grew in all the

German federal states, albeit with regional differences. The wind energy industry branch is a very important employer with approximately 150,000 employees and has a significant effect on the value creation.

In July 2016 the German Government decided to change the renewable support system from a fixed tariff to a tender system from 2017 on. As regards to the Onshore segment, all wind projects with a building permit in 2016 or before could be built in 2017 and 2018 in the old fixed tariff system (transition period). From 2017 on Germany will tender 3-4 times p.a. 2,800 MW p.a. in total in a tender system in a model, where different wind sites (strong, medium, low) could be in competition against each other. As regards to the Offshore segment, the overall target of 15 GW by 2030 is set, where from 2026, government targets to implement a so called "Central model", whereby the state pre developed sites will be tendered. For the transition period from 2021 to 2025 two auctions are planned, one in March 2017 with 1,550 MW and one in March 2018 with 1,550 MW for periods covering up to 2025.

On-and Offshore prototypes (up to two turbines each) are exempted from the tender system to support further technical innovation.

## b. Course of Business

The reconciliation of the segment reporting is composed as follows. Please note, prior to the acquisition of Senvion Group with effective date of 29 April 2015, the Group did not conduct any business operations. Hence only a limited comparison can be made between the financial figures of the first half of the financial year 2016 and those of the previous year period.

### Segment Reporting for the first half of the financial year 2016

	Onshore	Offshore	Services	Segment totals	Recon-ciliation	Senvion Group IFRS group financials
m EUR				2016/01/01-2016/06/30	2016/01/01-2016/06/30	2016/01/01-2016/06/30
<b>Revenues</b>	<b>655.4</b>	<b>75.0</b>	<b>173.3</b>	<b>903.7</b>	<b>-34.2</b>	<b>869.5</b>
> thereof external revenues	655.4	75.0	138.0	868.4	1.1	
> thereof intersegment revenues	0.0	0.0	35.3	35.3	-35.3	
Cost of materials/cost of purchased services	-480.5	-58.2	-58.5	-597.2		
Personnel expenses	-14.4	-1.7	-26.5	-42.6		
Other operating expenses	-19.6	-2.4	-9.2	-31.2		
<b>Contribution Margin I</b>	<b>140.9</b>	<b>12.7</b>	<b>79.1</b>	<b>232.7</b>		
Intersegment elimination and unallocated revenues				-34.2		
Unallocated Changes in work in progress & cost of materials/cost of purchased services				-28.6		
Work performed by the entity and capitalized				24.4		
Other operating income				31.9		
Unallocated personnel expenses				-84.5		
Unallocated other operating expenses				-69.4		
<b>adjusted EBITDA</b>				<b>72.3</b>		
Depreciation and amortization				-33.3		
<b>adjusted EBIT</b>				<b>39.0</b>		
Other transaction costs				-6.7		
Effects from purchase price allocation				-53.2		
<b>Result from operating activities (EBIT)</b>				<b>-20.9</b>		<b>-20.9</b>
Interest result				-36.5		
<b>Result before income taxes (EBT)</b>				<b>-57.4</b>		<b>-57.4</b>

### Segment Reporting for the first half of the financial year 2015

	Onshore	Offshore	Services	Segment totals	Recon-ciliation	Senvion Group IFRS group financials
m EUR				2015/01/01-2015/06/30	2015/01/01-2015/06/30	2015/01/01-2015/06/30
<b>Revenues</b>	<b>286.0</b>	<b>23.7</b>	<b>49.3</b>	<b>359.0</b>	<b>-10.6</b>	<b>348.4</b>
> thereof external revenues	286.0	23.7	38.0	347.7	0.7	
> thereof intersegment revenues	0.0	0.0	11.3	11.3	-11.3	
Cost of materials/cost of purchased services	-217.0	-17.6	-15.1	-249.7		
Personnel expenses	-6.6	-0.5	-8.6	-15.7		
Other operating expenses	-4.8	-0.4	-2.9	-8.1		
<b>Contribution Margin I</b>	<b>57.6</b>	<b>5.2</b>	<b>22.7</b>	<b>85.5</b>		
Intersegment elimination and unallocated revenues				-10.6		
Unallocated Changes in work in progress & cost of materials/cost of purchased services				-19.4		
Work performed by the entity and capitalized				7.8		
Other operating income				6.9		
Unallocated personnel expenses				-20.1		
Unallocated other operating expenses				-49.6		
<b>adjusted EBITDA</b>				<b>0.5</b>		
Depreciation and amortization				-8.7		
<b>adjusted EBIT</b>				<b>-8.2</b>		
Specific provision related to 6XM WTG series				-6.3		
Effects from purchase price allocation				-67.3		
<b>Result from operating activities (EBIT)</b>				<b>-81.8</b>		<b>-81.8</b>
Interest result				-16.1		
<b>Result before income taxes (EBT)</b>				<b>-97.9</b>		<b>-97.9</b>

The Group successfully stood its ground in the market environment, generating revenues of 869.5 m EUR in the first half of financial year 2016 (comparative period ended 30 June 2015: 348.4 m EUR). The Group's cost of material/cost of purchased services amounts to 675.7 m EUR (comparative period ended 30 June 2015: 368.1 m EUR) including 1.5 m EUR (comparative period ended 30 June

2015: 56.7 m EUR) that results from the write-off of the step-up in inventories/work in progress due to the acquisition-related purchase price allocation. Adjusting for this non-cash relevant amount the cost of material ratio (cost of materials/cost of purchased services in relation to total performance) is 71.5% (comparative period ended 30 June 2015: 79.4%).

### Onshore

The main revenues from the sale of onshore wind turbines were generated in Germany (151.1 m EUR), Portugal (133.5 m EUR) and the United Kingdom (131.8 m EUR). As of 30 June 2016 the contribution margin I ratio of onshore wind turbines of 21.5% increased slightly compared to the period ended 30 June 2015.

### Offshore

Offshore revenues in the first half of 2016 mainly relate to the project Nordergründe, which will be installed in the second half of 2016. The contribution margin I ratio of offshore wind turbines changed from 21.9% (as of 30 June 2015) to 16.9% mainly due to a change in project mix.

### Service

The main service revenues were generated in Germany (55.0 m EUR), France (15.8 m EUR), United Kingdom (15.4 m EUR) and for Offshore projects (11.0 m EUR). The MW covered under O&M contracts increased by 20% from 9,442 MW as of 30 June 2015 to 11,395 MW as of 30 June 2016. The contribution margin I ratio of service has not changed significantly (45.6%; comparative period ended 30 June 2015: 46.0%).

### Order situation and installed capacity

#### Onshore

In the period from 1 January 2016 to 30 June 2016, Senvion Group received orders for contracts with a total output of 522 MW worth around 553.6 m EUR. This data on the order backlog and order intake takes only effective contracts into account, and does not include contracts under conditions precedent ("CP contracts"). With an order intake share of 33%, Germany has been the biggest market. It is followed by France (19%), Canada (15%) and the UK (15%).

For information on revenues from the sale of onshore wind turbines analyzed by geographies, reference is made to Note 3.1 Revenues in the interim condensed consolidated financial statements for the first half of the financial year 2016.

The order backlog in the Onshore sector of Senvion Group, including work in progress, stood at 1.7 billion EUR (1,753 MW) as of 30 June 2016 (comparative period ended 30 June 2015: 2.2 billion EUR; 2,151 MW). The biggest shares are contributing the UK (32%), Germany (25%) and France (15%).

In the period from 1 January 2016 to 30 June 2016, Senvion Group erected wind turbines with a combined output of 575 MW. In the comparable prior year period Senvion Group reported a level of 584 MW. With an installed capacity of 394 MW, the Senvion MM series remained the most-installed turbine, followed by the Senvion 3.XM series with an installed capacity of 181 MW.

For an analysis of revenues from the sale of wind turbines analyzed by turbine type, reference is made to Note 3.1 Revenues of the interim condensed consolidated financial statements for the first half of the financial year 2016.

#### Offshore

The order backlog in the Offshore segment amounted to 681 m EUR (455 MW) as of 30 June 2016 (comparative period ended 30 June 2015: 804 m EUR; 535 MW), which represents with relative share of 29% the biggest part of the total WTG business order backlog.

In the first half of 2016 Senvion produced the majority of turbines for the Nordergründe project, which are to be installed in the second half of 2016.

#### Service

In the period from 1 January 2016 to 30 June 2016 the total order intake in the Service segment amounted to 257 m EUR (comparative period ended 30 June 2015: 563 m EUR). This is the result of new contracts (175 m EUR), contract renewals (72 m EUR), and spare parts and services (9 m EUR). The intake is split into onshore sector (93%) and offshore sector (7%). In the onshore sector Central Europe (37%), EU North (29%) and South West (13%) take the biggest part of the order entry.

As of the period ending 30 June 2016 the Service Order-book stood at 2,102 m EUR (comparative period ended 30 June 2015: 1,842 m EUR). This is composed of Onshore (68%) and Offshore (32%). In the onshore sector Germany (38%), UK (16%) and France (12%) form the biggest part of the order book.

### Significant order intakes

Senvion received firm order intakes of 554 m EUR in the period from 1 January 2016 to 30 June 2016.

#### Onshore

A key order received in the first half of this financial year was achieved in Italy. The project Tursi consists of 30 MM 100 turbines with an output of 60 MW.

Furthermore, Senvion has closed a long-term support and cooperation framework agreement for four wind farms in Germany with PROKON for a total capacity of 100 MW. Thereof 69 MW are already conditional contracts.

In its efforts to expand into new markets, Senvion has concluded a conditional contract to supply and install 93 turbines for two wind farm projects in Chile totaling 300 MW.

Senvion successfully re-entered the Japanese market with the order intake for Mitane Hamada wind farm of 6 MW.

For its new turbine, the 3.4M 140, Senvion signed a conditional contract for a prototype installation to enter operations in 2017.

#### Service

For the EOLFI fleet in France contracts for 27 WTGs spread over five wind farms were extended by ten years. In the Offshore sector Senvion renewed the contract for Project Ormonde until 2020.

## c. Research and Development

Senvion's development activities cover all wind turbine and rotor blade types that the company itself manufactures. In the first six months of the year 2016, research and development expenses of the Group amounted to 35.4 m EUR (Onshore: 29 m EUR; Offshore: 5.4 m EUR; Service 1.0 m EUR) for. Of the development expenses 24.4 m EUR (Onshore: 21.9 m EUR; Offshore: 2.3 m EUR; Service 0.2 m EUR) were capitalized in the same period; 8.8 m EUR (Onshore: 7.2 m EUR; Offshore: 1.4 m EUR; Service 0.2 m EUR) concerned third-party services, e.g. for temporary workers, consulting services or certification costs. This represents a total ratio of 68.9% of development costs capitalized over total development costs incurred.

#### Onshore

In focus of the development activities on the 3.XM platform are the introduction of the new electrical system (NES) with several variants under development for IEC II and IEC III class and the first prototype for 3.4M140 EBC (Eco Blade Control).

Currently the validation for the first variant 3.4M114 NES 93m is progressing. For this variant also a new hub height (119 meters) is under development to increase the competitiveness. Additionally the 3.2M122 on several hub heights (89 meters, 119 meters and 139 meters) is under development and released for sales to cover also the IEC III market. Prototype installation is planned for end of 2016. To increase competitiveness of this platform the development of a power upgrade and wind class upgrade of the 3.2M122 to a 3.4M122 for the IECII market was started. First prototype is also planned for end of 2016.

To increase also the variability and competitiveness on high hub heights the development of a high steel tower was pushed forward and a first prototype will be installed mid of 2016 on 139 meters hub height. This development will be the base for several other variants.

The development of the 3.2M114 NES 60Hz Cold Climate Version with 25 years lifetime was finalized and is currently installed in three projects in Canada. Further hub heights and variants are at the moment analyzed to enlarge the product portfolio.

To maintain a viable competitive position in the future, the development work on the 3.4M140 EBC on hub heights of 110 meters and 130 meters was increased and pushed forward. Prototype will be installed and commissioned in the beginning of 2017. In parallel to the 50Hz version the introduction of the 3.4M140 EBC was announced on AWEA this year.

For the 2 MW platform, work in the first half of 2016 focused on new market entries like India and Japan. In general, cost optimization and further development of existing wind turbine types have been executed and new variants like the upgrade of the MM100 to wind class IEC IIb (Electrotechnical Commission) have been introduced to the market.

#### Offshore

In the first half of 2016 the development project for the 6.2M152 has made big steps towards completion with the successful finalization of the RE74 blade testing program and the full validation of an improved power curve. Offshore project specific developments have been put in place to meet the demands of the Nordergründe and Nordsee One projects. These projects are now both in production and the first Nordergründe nacelles have left the factory.

## d. Financial Performance

### Other income and expense items

Other operating income in the first six months of financial year 2016 amounted to 31.9 m EUR (comparative period ended 30 June 2015: 13.6 m EUR). It primarily includes foreign currency gains (16.0 m EUR; comparative period ended 30 June 2015: 4.1 m EUR) and income from insurance compensation payments or damages (10.6 m EUR; comparative period ended 30 June 2015: 0.7 m EUR).

Personnel expenses amounted to 127.2 m EUR (comparative period ended 30 June 2015: 35.8 m EUR). In relation to the total performance the personnel expenses ratio was at 13.5% (comparative period ended 30 June 2015: 9.1%).

Depreciation on property, plant and equipment and intangible assets amount to 85.0 m EUR in total (comparative period ended 30 June 2015: 26.0 m EUR), whereof 51.7 m EUR (comparative period ended 30 June 2015: 17.3 m EUR) relate to the amortization of intangible asset step-ups.

Other operating expenses totaling to 107.2 m EUR (comparative period ended 30 June 2015: 57.7 m EUR) are composed of legal and consulting fees amounting to 30.4 m EUR (comparative period ended 30 June 2015: 25.5 m EUR), thereof other transactions costs of 6.7 m EUR which were a result of the IPO. Furthermore, purchased services (19.6 m EUR; comparative period ended 30 June 2015: 7.4 m EUR), foreign currency losses (8.1 m EUR; comparative period ended 30 June 2015: 5.9 m EUR), office and land costs (8.1 m EUR; comparative period ended 30 June 2015: 0.7 m EUR) and IT & telecommunication costs (7.3 m EUR; comparative period ended 30 June 2015: 2.4 m EUR) are disclosed in this item.

The selected measures earnings before interests and taxes (EBIT) and earnings before interests, taxes, depreciation and amortization (EBITDA) are independent of regional income taxation or different financing structures and therefore provide an optimal and objective basis to the management for decision making.

In addition, realization of step-ups on inventories/work-in-progress and amortization of intangibles assets arising from the fair value measurement of assets and liabilities from the acquisition of Senvion Group (Purchase Price Allocation), cost related to the IPO of Senvion S.A. (other operating expense) as well as other transaction cost incurred in connection with the change in shareholder are adjusted for to arrive at adjusted EBIT/EBITDA performance indicators which the Group monitors. In addition, reported figures are adjusted for specific warranty provision additions for technical issues related to 6XM (refer to section 4 Report on risks and opportunities in this management report).

The measures adjusted EBIT and EBITDA compute as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30
	m EUR	m EUR
<b>Result from operating activities</b>	<b>-20.9</b>	<b>-81.8</b>
Impact arising from purchase price allocation	53.2	67.3
Specific provision related to 6XM WTG series	0.0	6.3
Other transaction costs	6.7	0.0
<b>Adjusted EBIT</b>	<b>39.0</b>	<b>-8.2</b>
Amortization and depreciation (excluding PPA effects)	33.3	8.7
<b>Adjusted EBITDA</b>	<b>72.3</b>	<b>0.5</b>

The financial result amounts to -36.5 m EUR (comparative period ended 30 June 2015: 16.1 m EUR). The deviation mainly results from interest expenses from the High Yield Bond and guarantee commissions which relate to the acquisition of Senvion Group with effective date of 29 April 2015. For further details refer to Note 3.5 Financial result in the interim condensed consolidated financial statements for the first half of the financial year 2016.

Income taxes for the financial year amounted to 13.4 m EUR (previous period ended 30 June 2015: 17.0 m EUR) leading to a relative tax rate of 23.4% (comparative period ended 30 June 2015: 17.4%) and results into a negative net result for the period of 44.0 m EUR (comparative period ended 30 June 2015: -80.9 m EUR).

Main driver of the negative low tax rate was a total of 12.0 m EUR interest expense which was not deductible in the period ended 30 June 2016. No deferred tax asset was recorded as the Group estimates the interest carryforward will not be utilized against taxable profit within the next years.

The net result of the Group for this period, a loss of 44.0 m EUR (comparative period ended 30 June 2015: -80.9 m EUR), was however impacted by effects arising from the purchase price allocation of Senvion Group, which mainly resulted in higher amortization and cost of sales, in total about 53.2 m EUR in the first half of financial year 2016.

Furthermore, IPO related costs and financing costs had a significant impact on the net result for the period.

### Asset and capital structure

Current assets primarily consist of liquid funds (371.3 m EUR; comparative period ended 31 December 2015: 419.4 m EUR), gross amount due from customers for contract work as an asset (64.5 m EUR; comparative period ended 31 December 2015: 49.4 m EUR), trade account receivables (137.4 m EUR; comparative period ended 31 December 2015: 230.8 m EUR), inventories (536.6 m EUR; comparative period ended 31 December 2015: 416.6 m EUR) and other current assets (117.9 m EUR; comparative period ended 31 December 2015: 108.7 m EUR).

The gross amount due from customers for contract work as an asset is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly from gross amounts due.

The trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines and from service and maintenance contracts. The change from 230.8 m EUR as of 31 December 2015 to 137.4 m EUR as of 30 June 2016 results mainly from a recovery of an offshore project (75.9 m EUR).

The inventories of 536.6 m EUR (comparative period ended 31 December 2015: 416.6 m EUR) contain 342.4 m EUR raw materials and supplies (comparative period ended 31 December 2015: 270.7 m EUR) and 194.2 m EUR work in progress (comparative period ended 31 December 2015: 145.9 m EUR). The increase in inventories primarily reflects production and sourcing for upcoming installation in the following half year and respective revenue recognition.

For the split up of other current assets reference is made to Note 4.1.4 Other current assets in the interim condensed consolidated financial statements for the first half of the financial year 2016.

The non-current assets of 862.6 m EUR (comparative period ended 31 December 2015: 901.4 m EUR) consist mainly of other intangible assets (644.0 m EUR; comparative period ended 31 December 2015: 687.2 m EUR) and property, plant and equipment (192.9 m EUR; comparative period ended 31 December 2015: 193.2 m EUR). The other intangible assets of include other licenses, brand names, customer relationships, technology and advance payments. Technology mainly relates to our individual turbine types as well as service solutions. For details on additions and spending in the interim financial period 2016 refer to section 3 c. Research and development in this management report. The decrease in intangible assets results mainly from additional acquisition and production costs of 25.8 m EUR and, in contrary, additional depreciation and amortization of 68.8 m EUR.

The current liabilities of 1,143.4 m EUR (comparative period ended 31 December 2015: 1,129.7 m EUR) mainly consist of trade accounts payable (396.3 m EUR; comparative period ended 31 December 2015: 382.0 m EUR), advance payments received (294.2 m EUR; comparative period ended 31 December 2015: 291.4 m EUR), gross amount due to customers for

contract work as a liability (62.7 m EUR; comparative period ended 31 December 2015: 71.8 m EUR), provisions (225.0 m EUR; comparative period ended 31 December 2015: 217.5 m EUR), income tax liabilities (54.3 m EUR; comparative period ended 31 December 2015: 62.4 m EUR) and other current liabilities (70.6 m EUR; comparative period ended 31 December 2015: 72.4 m EUR).

Advance payments from customers for orders for which no production work has been carried out are reported as advance payments received.

Specific warranty provisions as of 30 June 2016, and as of 31 December 2015 respectively, mainly contain expected cost for technical issues with regard to offshore blades for the 6XM WTG series. The development of general warranty provisions reflects the increase in the number of WTGs sold and falling within the legal 2-year warranty period. For further details of the development please refer to Note 4.3.2 Provisions in the interim condensed consolidated financial statements for the first half of the financial year 2016.

Income tax liabilities primarily relate to current taxes for the financial year.

The non-current liabilities of 576.9 m EUR (comparative period ended 31 December 2015: 1,065.8 m EUR) primarily relate to other non-current financial liabilities including the High Yield Bond (392.1 m EUR; comparative period ended 31 December 2015: 391.4 m EUR) and deferred taxes (176.8 m EUR; comparative period ended 31 December 2015: 195.1 m EUR).

The retained earnings of -145.6 m EUR (comparative period ended 31 December 2015: -102.6 m EUR) represent the share of net result for the period attributable to the shareholders of the parent.

The consolidated statement of financial position shows total equity of 370.1 m EUR (comparative period ended 31 December 2015: -69.4 m EUR), mainly due to the

equity increase of 485.1 m EUR by the conversion of PECs into equity as well as the net result for the period of -44.4m EUR.

For further details please refer to section 2. Corporate changes and Note 4.5 Equity in the interim condensed consolidated financial statements for the first half of the financial year 2016.

The equity ratio is computed as follows:

	2016/06/30 m EUR	2015/12/31 m EUR
Shareholders' equity	370.1	-69.5
Total assets	2,090.4	2,126.2
<b>Equity Ratio in %</b>	<b>17.7</b>	<b>-3.3</b>
Shareholders' equity	370.1	-69.5
Adjusted CPECs	0.0	468.8
Adjusted shareholders' equity	370.1	399.3
<b>Adjusted Equity Ratio in %</b>	<b>17.7</b>	<b>18.8</b>

Another figure used in capital management is net working capital, which is calculated as follows: Total current assets (adjusted for liquid funds) minus total current liabilities (adjusted for provisions and short-term loans and current portion of long-term loans).

	2016/06/30 m EUR	2015/12/31 m EUR
Current assets	1,227.8	1,224.8
Adjustments to current assets	-371.3	-419.4
Total current liabilities	-1,143.4	-1,129.7
Adjustments to current liabilities	230.0	223.5
<b>Net working capital</b>	<b>-59.9</b>	<b>-100.9</b>

The Group uses the net working capital to measure the short-term liquidity of the business and to utilize assets in an efficient manner. Consequently the Group always attempts to optimize its net working capital on a sustainable basis. The change of the net working capital is mainly a result of the increase of inventories by 120.1 m EUR. By contrast, trade accounts receivable decreased by 93.4 m EUR.

### Financial summary

The Group reports a healthy financial position with an equity amounting to 370.1 m EUR as of 30 June 2016 (comparative period ended 31 December 2015: -69.5 m EUR). At 371.3 m EUR (comparative period ended 31 December 2015: 419.4 m EUR), cash and cash equivalents remain at a high level.

As at the reporting date, available credit lines amounted to 982.9 m EUR (comparative period ended 31 December 2015: 1,008.5 m EUR), 138.3 m EUR (comparative period ended 31 December 2015: 141.2 m EUR) of which represented cash credit lines and 844.6 m EUR (comparative period ended 31 December 2015: 867.3 m EUR) guarantee lines. 950 m EUR (comparative period ended 31 December 2015: 950 m EUR) were provided as part of a syndicated credit facility signed on 31 March 2015. Furthermore, an amount of 19.6 m EUR (comparative period ended 31 December 2015: 42.3 m EUR) for guarantee lines, partly backed by other lenders, and 13.3 m EUR (comparative period ended 31 December 2015: 16.2 m EUR) for construction financing.

Apart from construction financing, as of 30 June 2016 the credit lines had only been utilized in the amount of approximately 519.7 m EUR for issuance of sureties and guarantees. This was also the case for the financial year 2015, with a utilization of approximately 511.6 m EUR.

In order to refinance the acquisition Senvion Holding GmbH has issued a High Yield Bond with a nominal value of 400.0 m EUR with a term ending 15 November 2020. 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 392.1 m EUR (comparative period ended 31 December 2015: 391.4 m EUR).

For the first half of the financial year 2016, the Group reports a cash flow from operating activities of -3.4 m EUR (comparative period ended 30 June 2015: 2.9 m EUR). The negative cash flow was mainly due to an increase of working capital, with the main contributors being the increase of inventories due to production and sourcing for upcoming installations in the following months and the increase of gross amounts due from customers for contract work as an asset. This increase was partly compensated by a decrease in trade accounts receivable due to recovery of an offshore project.

The cash flow from investing activities amounts to -41,6 m EUR (comparative period ended 30 June 2015: -743.0 m EUR). The cash outflow mainly consist of cash payments for intangible assets, primarily consisting of capitalized development costs and payments for office equipment and plant and machinery in process of construction.

The cash flow from financing activities of -2.6 m EUR (comparative period ended 30 June 2015: 1,053.6 m EUR) reflects repayments of long-term loans.

### e. Related Parties Disclosure

For the Group, related parties as defined by IAS 24 are, in particular, shareholders, which exercise (joint) control or significant influence, subsidiaries, joint ventures and associates.

In addition, the members of the Board of Directors and the Advisory Board, respectively, are related parties as defined by IAS 24, as are people who hold a key position in the management of a parent company of the Group. In addition, the Group considers the managing directors of Senvion GmbH to be key management personnel. Close family members of these related parties are also considered as related parties.

In addition to members of the advisory board and board of directors the following related parties were identified in the current financial year:

- CCP II Acquisition Luxco S.à r.l., Luxembourg (shareholder)
- CCP III Acquisition Luxco S.à r.l., Luxembourg (shareholder)
- Rapid Management L.P., Cayman Islands (shareholder)
- Rapid Partners L.P., Cayman Islands (shareholder)
- Arpwood Capital Private Limited, Mumbai
- Centerbridge Partners Europe LLP, London

Arpwood Capital Private limited and Centerbridge Partners Europe LLP are considered related parties as individuals who are members of the Advisory Board of Senvion S.A. also hold key management positions in these entities.

In addition to business relationships with the subsidiaries eliminated in the consolidated financial statements by means of full consolidation, there were the following business relationships with related parties.

#### Transactions with related parties in financial year 2016

The following transactions contain granted loans, financial advisory services and professional and consulting fees which are presented in these consolidated financial statements, and its subsidiaries as well as its related parties:

Transactions between Senvion S.A. and	Expenses	Expenses	Income from	Income from	Receivables	Receivables	Liabilities	Liabilities
	from Services/Interests	from Services/Interests	Services/Interests	Services/Interests				
	2016/01/01-2016/06/30	2015/01/01-2015/06/30	2016/01/01-2016/06/30	2015/01/01-2015/06/30	2016/06/30	2015/12/31	2016/06/30	2015/12/31
	k EUR	k EUR	k EUR	k EUR	k EUR	k EUR	k EUR	k EUR
CCP II/CCP III Acquisition S.à.r.l., Luxembourg	7,743	5,988	0	0	0	0	0	468,819
Arpwood Capital Private Limited, Mumbai	0	2,500	0	0	0	0	0	0
Centerbridge Partners Europe LLP, London	589	1,628	0	0	0	0	0	858
Prof. Dr. Martin Skiba, Hamburg	123	0	0	0	0	0	0	0

Transactions between subsidiaries of Senvion S.A. and	Expenses	Expenses	Income from	Income from	Receivables	Receivables	Liabilities	Liabilities
	from Services/Interests	from Services/Interests	Services/Interests	Services/Interests				
	2016/01/01-2016/06/30	2015/01/01-2015/06/30	2016/01/01-2016/06/30	2015/01/01-2015/06/30	2016/06/30	2015/12/31	2016/06/30	2015/12/31
	k EUR	k EUR	k EUR	k EUR	k EUR	k EUR	k EUR	k EUR
Rapid Management L.P., Cayman Islands	0	0	2	0	62	60	0	0

The terms and conditions of the transactions were made on terms and conditions which prevail in an arm's length transaction. There were no material securities given or received as part of the transactions. In the respective period, the Group has not recorded expenses for allowances or provisions on outstanding balances.

#### f. Summary of Business Position

Overall, the Group assesses its business performance as well as its assets, finances and earnings as positive despite the current loss in first half of financial year 2016. In the current period and in the past financial year, Senvion Group held up well in the wind energy market, with order backlogs at a consistently high level. Information relating to the expected future development is included in section 6. Outlook of this management report.

## g. Management Control System

To measure and plan the business performance and results of the Company as a whole, Senvion continues to use financial and non-financial indicators, which originate from the project-based turbine business as well as from affiliated services. Both groups of performance indicators conduce to present the business development and being a part in controlling the Group as well as in decision making within the monthly reporting to the management.

### Financial performance indicators

For the management of the Group, the following financial performance indicators are significant: order intake, revenue, EBIT, EBITDA, net working capital and net result. Furthermore, the group strives for further improvements on a constant basis and focuses on cost optimization programs.

### Non-financial performance indicators

Relevant non-financial performance indicators for the Group are installation output, turbine availability and milestone-monitoring. Human resources (HR) uses several non-financial performance indicators for continuous improvements. These KPIs are now summarized in a monthly HR cockpit.

The collective framework compensation agreement (ERA) agreed by Senvion and IG Metall in 2013 will come into force at Senvion GmbH and Senvion Holding GmbH at the latest on 1 October 2017. It has already been implemented at Senvion Deutschland GmbH and PowerBlades GmbH. Currently the HR project team is preparing standardized job descriptions for approximately 400 tariff positions held by approximately 1,600 employees who will be affected by the new collective compensation system.

In the first half of the financial year 2016 main activities in Human Resources included the further expansion of the R&D center in India and the recruitment of personnel in new markets like India, Chile and Japan. Furthermore, PowerBlades GmbH went through a period of short-time work due to a production stop (January to May 2016). The Group in total employed 4,030 employees as of 30 June 2016, with an average number of 3,984 employees during the first half of the financial year. Entities with the strongest increase in personnel are Senvion GmbH (+86), Senvion Deutschland GmbH (+26) and Senvion India (+34). By function the personnel numbers were increased strongest in Service, Product Development, Project Management and Sales, reflecting the growth of our Service fleet, higher R&D efforts, installation needs and new markets.

Communication and discussion of the employee survey results took place by a top-down process in more than 150 employee survey workshops. As a consequence improvement actions were identified which will be implemented within the management teams. Cross-functional proposals were bundled and communicated in a bottom-up approach to be realized in company-wide initiatives.

## 4. Report on Risks and Opportunities

This risk and opportunities described in Senvion's Consolidated Management Report for the year ended 31 December 2015 on pages 22 to 29 remain unchanged except for the following paragraphs. At present no risks have been identified that either individually or in combination could endanger Senvion as a going concern.

### Strategic and economic risks and opportunities

Market risks as well as opportunities may arise from changes in the political landscape, e.g. the planned introduction of an auction system for wind energy projects in certain countries, which may bring about considerable change. The recent referendum in the UK to leave the European Union (Brexit) is expected to lead to changes in the relationship between the UK and the future EU.

### Technological risks and opportunities

The Group faces technical issues related to the 6.XM WTG offshore blades which were detected in the financial year 2015. In detail a design issue in certain of the company's blades was identified. Senvion is working on a technical solution to address the design issue, such solution is expected to be implemented starting in 2017. In 2015, following a recent blade incident, an in-depth analysis has been launched. The root cause of the recent blade incident is considered to be a single case issue. The analysis is advanced and is expected to be finalized soon. The issue(s) is/are largely quarantined to a small population of projects - a total of 32 blade sets on the field and 18 manufactured sets not yet installed are affected. On top of that the technical resolution process is running in close collaboration with the customers as well as the certifier.

## 5. Events after the Reporting Date

Effective 15 July 2016 Christoph Seyfarth, Chief Operating Officer (COO), left the company by mutual agreement and Jürgen Geißinger, Chief Executive Officer has taken over the COO role until a replacement is found.

Since 1 July 2016 no further events of special significance have occurred that we expect to have a material impact on the financial position, the cash flows and results of operations of the Group.

## 6. Outlook

The Outlook for 2016 described in Senvion's Consolidated Management Report for the year ended 31 December 2015 on pages 30 to 33 remains unchanged.

### **Business Outlook for the company and the Group**

As part of the preparation for the IPO, the Group strengthened itself, mainly in the upper management area. Senvion will identify, implement and track improvement measures on an ongoing basis in order to streamline processes continually and reduce product costs. An appropriate project structure was therefore created to prepare the Group for the challenges of the market on a permanent basis. In so doing, the company is in particular countering the constantly increasing competitive pressure.

Considering the current economic environment and Senvion's competitive position Management confirms its expectation of a slight increase in revenues in 2016 compared to the previous 12 months period and achieve revenues between 2.25 - 2.3 billion EUR. The expected revenues are essentially generated in Germany, UK, Portugal, France, Canada and the Offshore sector. In terms of profitability Management confirms its expectation for adjusted EBITDA at around 9.5%.

Luxembourg, 11 August 2016



# Interim Condensed Consolidated Financial Statements of Senvion S.A.

## Interim Condensed Consolidated Financial Statements

### Interim Condensed Consolidated Income Statement

Notes	2016/01/01- 2016/06/30 k EUR	2015/01/01- 2015/06/30 <sup>1</sup> k EUR	2016/04/01- 2016/06/30 k EUR	2015/04/01- 2015/06/30 <sup>1</sup> k EUR	
Revenues	3.1	869,533	348,404	505,238	348,404
Changes in work in progress		48,360	35,873	-49,286	35,873
Work performed by the entity and capitalized		24,444	7,862	13,878	7,862
<b>Total performance</b>		<b>942,337</b>	<b>392,139</b>	<b>469,830</b>	<b>392,139</b>
Other operating income	3.2	31,904	13,602	14,327	13,602
Cost of materials/cost of purchased services		-675,674	-368,057	-323,448	-368,057
Personnel expenses	3.3	-127,206	-35,823	-65,654	-35,823
Depreciation of property, plant and equipment and amortization of intangible assets		-85,022	-25,999	-45,549	-25,999
Other operating expenses	3.4	-107,237	-57,658	-50,129	-53,746
<b>Result from operating activities</b>		<b>-20,898</b>	<b>-81,796</b>	<b>-623</b>	<b>-77,884</b>
Share of result from associates and joint-ventures	1.1.2	-55	0	-55	0
Interest and similar financial income	3.5	319	97	-235	97
Interest and similar financial expenses	3.5	-36,804	-16,166	-14,202	-16,166
<b>Result before income taxes</b>		<b>-57,438</b>	<b>-97,865</b>	<b>-15,115</b>	<b>-93,953</b>
Income tax expense	4.2.3	13,421	17,005	3,510	17,005
<b>Profit for the period from continuing operations</b>		<b>-44,017</b>	<b>-80,860</b>	<b>-11,605</b>	<b>-76,948</b>
Profit for the period from discontinued operations		0	-230	0	-230
<b>Net result for the period</b>		<b>-44,017</b>	<b>-81,090</b>	<b>-11,605</b>	<b>-77,178</b>
Share of net result for the period attributable to non-controlling interests		-1,041	-3,145	0	-3,145
Continuing operations		-1,041	-3,039	0	-3,039
Discontinued operations		0	-106	0	-106
Share of net result for the period attributable to shareholders of the parent		-42,976	-77,945	-11,605	-74,033
Continuing operations		-42,976	-77,821	-11,605	-73,909
Discontinued operations		0	-124	0	-124
Weighted average number of shares outstanding <sup>2</sup>		63,084,165	56,453,226	65,000,000	58,748,169
Earnings per share (basic/diluted) - in EUR per share <sup>2</sup>		-0.70	-1.44	-0.18	-1.31

<sup>1</sup> Servion S.A., Luxembourg, acquired Servion SE, Hamburg, as of 29 April 2015. Prior to the acquisition of Servion SE, Servion S.A. did not conduct any business operations.

<sup>2</sup> The calculation has been adjusted retrospectively to reflect increase of share capital from additional paid in capital.

### Interim Condensed Consolidated Statement of Comprehensive Income

	2016/01/01- 2016/06/30 k EUR	2015/01/01- 2015/06/30 k EUR	2016/04/01- 2016/06/30 k EUR	2015/04/01- 2015/06/30 k EUR
<b>Net result for the period</b>	<b>-44,017</b>	<b>-81,090</b>	<b>-11,605</b>	<b>-77,178</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</b>				
Cash flow hedges	-2,358	194	-3,029	194
Income taxes relating to cash flow hedges	693	-57	890	-57
<b>Expenses/income or cash flow hedges after tax</b>	<b>-1,665</b>	<b>137</b>	<b>-2,139</b>	<b>137</b>
Currency translation	41	453	162	453
<b>Other comprehensive income</b>	<b>-1,624</b>	<b>590</b>	<b>-1,977</b>	<b>590</b>
<b>Total comprehensive income</b>	<b>-45,641</b>	<b>-80,500</b>	<b>-13,582</b>	<b>-76,588</b>
Share of total comprehensive income for the period attributable to non-controlling interests	-1,026	-3,101	0	-3,101
Share of total comprehensive income for the period attributable to shareholders of the parent company	-44,615	-77,399	-13,582	-73,487

## Interim Condensed Consolidated Statement of Financial Position

Assets	Notes	2016/06/30 k EUR	2015/12/31 k EUR
<b>Current assets</b>			
Liquid funds		371,296	419,401
Gross amount due from customers for contract work as an asset	4.1.1	64,515	49,372
Trade accounts receivable	4.1.2	137,390	230,751
Inventories	4.1.3	536,648	416,552
Receivables from income taxes		13,391	2,664
Other financial assets	4.1.4	11,444	11,557
Other miscellaneous assets	4.1.4	93,109	94,453
Total other current assets	4.1.4	117,944	108,674
<b>Total current assets</b>		<b>1,227,793</b>	<b>1,224,750</b>
<b>Non-current assets</b>			
Other intangible assets	4.2.1	644,047	687,195
Property, plant and equipment	4.2.2	192,862	193,198
Investments in joint ventures	1.1.2	176	0
Other financial investment		4,054	4,004
Loans granted		179	354
Deferred taxes	4.2.3	7,053	0
Total other non-current assets		14,239	16,692
<b>Total non-current assets</b>		<b>862,610</b>	<b>901,443</b>
<b>Total assets</b>		<b>2,090,403</b>	<b>2,126,193</b>

Shareholders' equity and liabilities	Notes	2016/06/30 k EUR	2015/12/31 k EUR
<b>Current liabilities</b>			
Short-term loans and current portion of long-term loans		5,456	5,982
Trade accounts payable		396,303	382,035
Advance payments received	4.3.1	294,213	291,410
Gross amounts due to customers for contract work as a liability		62,668	71,847
Provisions	4.3.2	224,951	217,503
Deferred income	4.3.3	34,956	26,147
Income tax liabilities		54,252	62,375
Other financial liabilities	4.3.4	33,471	25,954
Other miscellaneous liabilities	4.3.4	37,145	46,483
Total other current liabilities	4.3.4	70,616	72,437
<b>Total current liabilities</b>		<b>1,143,415</b>	<b>1,129,736</b>
<b>Non-current liabilities</b>			
Long-term loans	4.4	7,895	10,503
Shareholder loans	4.5	0	468,819
Deferred taxes	4.2.3	176,828	195,087
Other non-current financial liabilities	6	392,149	391,405
<b>Total non-current liabilities</b>		<b>576,872</b>	<b>1,065,814</b>
<b>Equity</b>			
Subscribed capital	4.5	650	78
Additional paid-in capital	4.5	510,197	26,510
Other reserves		4,861	6,500
Currency translation		-214	-240
Cash flow hedging reserve		5,075	6,740
Retained earnings		-145,592	-102,616
<b>Equity attributable to shareholders of the parent company</b>		<b>370,116</b>	<b>-69,528</b>
Non-controlling interests	4.5	0	171
<b>Total equity</b>		<b>370,116</b>	<b>-69,357</b>
<b>Total equity and liabilities</b>		<b>2,090,403</b>	<b>2,126,193</b>

## Interim Condensed Consolidated Statement of Cash Flow

Notes	2016/01/01- 2016/06/30 k EUR	2015/01/01- 2015/06/30 k EUR
<b>Cash flow from operating activities</b>		
Result before income taxes	-57,438	-97,865
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment, amortization of intangible assets	85,022	25,999
Interest income	-319	-97
Interest expenses	36,804	16,166
Increase/decrease in provisions	7,448	12,302
Profit/loss from sales of property, plant and equipment, intangible and other long-term assets	-15	3
Change in working capital	-40,431	54,811
Interest received	3.5 319	97
Interest paid	3.5 -22,281	-7,616
Income tax paid	4.2.3 -12,507	-857
<b>Cash flow from operating activities</b>	<b>-3,398</b>	<b>2,943</b>
<b>Cash flow from investing activities</b>		
Cash receipts from the sale of property, plant and equipment, intangible and other long-term assets	2,045	117
Cash payments for the purchase of intangible assets	4.2.1 -25,770	-8,691
Cash payments from purchase of property, plant and equipment and other long-term assets	-17,849	-3,131
Acquisition of subsidiary: Net of cash acquired	0	-731,274
<b>Cash flow from investing activities</b>	<b>-41,574</b>	<b>-742,979</b>
<b>Cash flow from financing activities</b>		
Cash proceeds from capital increase	0	2,065
Cash proceeds from borrowings	0	1,052,468
Cash repayments of amounts borrowed	-2,607	-933
<b>Cash flow from financing activities</b>	<b>-2,607</b>	<b>1,053,600</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>-47,579</b>	<b>313,564</b>
Cash and cash equivalents at the beginning of the period	413,419	0
<b>Cash and cash equivalents at the end of the period</b>	<b>365,840</b>	<b>313,564</b>
Liquid funds	371,296	320,517
Short-term bank liabilities	-5,456	-6,953
<b>Cash and cash equivalents at the end of the period</b>	<b>365,840</b>	<b>313,564</b>

## Interim Condensed Consolidated Statement of Changes in Shareholders' Equity

	Subscribed capital	Additional paid-in capital	Currency translation		Cash flow hedging reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
k EUR									
<b>Balance at 2015/01/01</b>	12	0	0		0	-19	-7	0	-7
Net result for the period						-77,945	-77,945	-3,145	-81,090
Cash flow hedges					137		137		137
Currency translation			409				409	44	453
<b>Comprehensive Income</b>			<b>409</b>		<b>137</b>	<b>-77,945</b>	<b>-77,399</b>	<b>-3,101</b>	<b>-80,500</b>
Shareholder Contribution	66	26,510					26,576		26,576
Change in ownership interest								3,894	3,894
Addition of non-controlling interests								6,751	6,751
<b>Balance at 2015/06/30</b>	<b>78</b>	<b>26,510</b>	<b>409</b>		<b>137</b>	<b>-77,964</b>	<b>-50,830</b>	<b>7,544</b>	<b>-43,286</b>
	Subscribed capital	Additional paid-in capital	Currency translation		Cash flow hedging reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
k EUR									
<b>Balance at 2016/01/01</b>	78	26,510	-240		6,740	-102,616	-69,528	171	-69,357
Net result for the period						-42,976	-42,976	-1,041	-44,017
Cash flow hedges					-1,665		-1,665		-1,665
Currency translation			26				26	15	41
<b>Comprehensive Income</b>			<b>26</b>		<b>-1,665</b>	<b>-42,976</b>	<b>-44,615</b>	<b>-1,026</b>	<b>-45,641</b>
Capital increase	572	484,542					485,114		485,114
Change in ownership interest		-855					-855	855	0
<b>Balance at 2016/06/30</b>	<b>650</b>	<b>510,197</b>	<b>-214</b>		<b>5,075</b>	<b>-145,592</b>	<b>370,116</b>	<b>0</b>	<b>370,116</b>

# Notes to the Interim Condensed Consolidated Financial Statements

for the first half of the financial year 2016 (1 January – 30 June 2016)

## 1 Introduction

Senvion S.A., formerly Senvion S.à r.l., (“Senvion S.A.” or the “Company”), 25C, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, and its subsidiaries (“Senvion” or the “Group”), operate in the area of manufacturing and selling wind energy turbines as well as developing and providing turnkey wind farms.

These unaudited interim condensed consolidated financial statements as of 30 June 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”, which regulates interim financial reporting under the International Financial Reporting Standards (IFRS). As a condensed interim report, it does not contain all the information required by IFRS for annual consolidated financial statements. These interim consolidated financial statements are unaudited, but they were subject to an auditor’s review in accordance with Section 37w (5) of the German Securities Trading Act (WpHG).

The interim condensed consolidated financial statements disclose all material transactions within the first six months of the financial year 2016 and do not include all information required in the annual consolidated financial statements. Hence the interim statements should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2015, which are available on the Internet at [www.senvion.com](http://www.senvion.com) in the Investor Relations section.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

New or amended IAS and IFRS standards, for which application became mandatory for periods starting on or after 1 January 2016, had no or no material effect on the consolidated financial statements of the Group in the current period.

The following standards and interpretations – relevant to the Group and its business – published by the IASB and IFRIC are not yet mandatory because they have not yet been endorsed by the EU or the date of their first mandatory application has not yet been reached and are also not early adopted by the Group:

Standards / interpretations	Effective Date	Endorsement by European Commission	Expected Effects
<b>IFRS 9</b> Financial Instruments	1 January 2018	No	Effects are still being analyzed
<b>IFRS 15</b> Revenue from Contracts with Customers	1 January 2018	No	Effects are still being analyzed
<b>IFRS 16</b> Leases	1 January 2019	No	Effects are still being analyzed
<b>IAS 12</b> Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	No	No material effects
<b>IAS 7</b> Disclosure Initiative	1 January 2017	No	No material effects
<b>IFRS 2</b> Classification and Measurement of Share-based Payment Transactions	1 January 2018	No	No material effects

On 11 August 2016, the management board authorised the interim condensed consolidated financial statements as of 30 June 2016 for issue.

Our revenues and results of operations derived from our business are subject to fluctuations during the year. Wind turbine sales in the regions in which we currently sell our wind turbines are affected by seasonal variations and the timing of government incentives. For example, the number of wind farms constructed and connected to an electricity grid is usually higher in the months before the cut-off dates for decreases in Feed-in-Tariffs, which typically results in increased business in second half of our financial year. In addition, weather conditions in some of the areas where we operate also lead to seasonal influences on our business. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not ‘highly seasonal’ in accordance with IAS 34.

These interim consolidated financial statements are prepared with the Euro as the presentation currency. Unless otherwise stated, all figures in the notes are accurate to the nearest thousand euro (k EUR) using commercial rounding.

**Please note, prior to the acquisition of Senvion Group with effective date of 29 April 2015, the Group did not conduct any business operations. Hence, only a limited comparison can be made between the financial figures of the first half of the financial year 2016 and those of the previous year period.**

### 1.1 Scope of consolidation

#### 1.1.1 Changes in the scope of consolidation

As of 21 March 2016 Rapid Management L.P., shareholder of Senvion S.A., transferred and contributed all shares held totaling 4% of Senvion TopCo GmbH into Senvion S.A. and against issuance of new shares in the company.

#### 1.1.2 Joint Ventures

In March 2016 Senvion GmbH and Eolectrico Desarrollo Renovable, S.A. de C.V., Mexico City, Mexico set up two joint ventures, Iik Energia de Desmul S.A., Mexico City, Mexico and Iik Energia de Telchac S.A., Mexico City, Mexico. Senvion GmbH holds a share of 49% of each company.

The objective of these joint ventures is the development and construction of the two wind farms “Dzemul” with 150 MW nameplate capacity and “Telchac” with 100 MW nameplate capacity located on the northwestern of the Yucatan Peninsula for participation in the Long Term Clean Energy Auction System in Mexico.

## 2 Information on Segment Reporting

The segment reporting of the Senvion Group is presented in accordance with IFRS 8 "Operating Segments". This standard uses the "management approach", i.e. the structure and content of segment reporting should be aligned with the internal management reporting to key decision-makers. The management approach is intended to allow users of external financial reports to view the Group from the same perspective as the management ("chief operating decision-maker").

### Segment Reporting for the first half of the financial year 2016

	Onshore	Offshore	Services	Segment totals	Reconciliation	Senvion Group IFRS group financials
m EUR				2016/01/01-2016/06/30	2016/01/01-2016/06/30	2016/01/01-2016/06/30
<b>Revenues</b>	<b>655.4</b>	<b>75.0</b>	<b>173.3</b>	<b>903.7</b>	<b>-34.2</b>	<b>869.5</b>
> thereof external revenues	655.4	75.0	138.0	868.4	1.1	
> thereof intersegment revenues	0.0	0.0	35.3	35.3	-35.3	
Cost of materials/cost of purchased services	-480.5	-58.2	-58.5	-597.2		
Personnel expenses	-14.4	-1.7	-26.5	-42.6		
Other operating expenses	-19.6	-2.4	-9.2	-31.2		
<b>Contribution Margin I</b>	<b>140.9</b>	<b>12.7</b>	<b>79.1</b>	<b>232.7</b>		
Intersegment elimination and unallocated revenues				-34.2		
Unallocated Changes in work in progress & cost of materials/cost of purchased services				-28.6		
Work performed by the entity and capitalized				24.4		
Other operating income				31.9		
Unallocated personnel expenses				-84.5		
Unallocated other operating expenses				-69.4		
<b>adjusted EBITDA</b>				<b>72.3</b>		
Depreciation and amortization				-33.3		
<b>adjusted EBIT</b>				<b>39.0</b>		
Other transaction costs				-6.7		
Effects from purchase price allocation				-53.2		
<b>Result from operating activities (EBIT)</b>				<b>-20.9</b>		<b>-20.9</b>
Interest result				-36.5		
<b>Result before income taxes (EBT)</b>				<b>-57.4</b>		<b>-57.4</b>

### Segment Reporting for the first half of the financial year 2015

	Onshore	Offshore	Services	Segment totals	Reconciliation	Senvion Group IFRS group financials
m EUR				2015/01/01-2015/06/30	2015/01/01-2015/06/30	2015/01/01-2015/06/30
<b>Revenues</b>	<b>286.0</b>	<b>23.7</b>	<b>49.3</b>	<b>359.0</b>	<b>-10.6</b>	<b>348.4</b>
> thereof external revenues	286.0	23.7	38.0	347.7	0.7	
> thereof intersegment revenues	0.0	0.0	11.3	11.3	-11.3	
Cost of materials/cost of purchased services	-217.0	-17.6	-15.1	-249.7		
Personnel expenses	-6.6	-0.5	-8.6	-15.7		
Other operating expenses	-4.8	-0.4	-2.9	-8.1		
<b>Contribution Margin I</b>	<b>57.6</b>	<b>5.2</b>	<b>22.7</b>	<b>85.5</b>		
Intersegment elimination and unallocated revenues				-10.6		
Unallocated Changes in work in progress & cost of materials/cost of purchased services				-19.4		
Work performed by the entity and capitalized				7.8		
Other operating income				6.9		
Unallocated personnel expenses				-20.1		
Unallocated other operating expenses				-49.6		
<b>adjusted EBITDA</b>				<b>0.5</b>		
Depreciation and amortization				-8.7		
<b>adjusted EBIT</b>				<b>-8.2</b>		
Specific provision related to 6XM WTG series				-6.3		
Effects from purchase price allocation				-67.3		
<b>Result from operating activities (EBIT)</b>				<b>-81.8</b>		<b>-81.8</b>
Interest result				-16.1		
<b>Result before income taxes (EBT)</b>				<b>-97.9</b>		<b>-97.9</b>

The **Onshore** segment contains the domestic and international business resulting from the sale, production, project management and installation of onshore wind turbines. The generated revenues originate mainly from the MM series as well as the 3.XM turbine business. Revenues include construction contracts in progress according to IAS 11.

The **Offshore** segment includes all domestic and international business activities in the area of offshore wind farms. The Group's offshore product portfolio mainly consists of the 6.XM series. Specialist expertise is required for the marketing, production and project management as well as installation of wind turbines on the open sea, particularly since the market environment is completely different from the onshore segment. Revenues include construction contracts in progress according to IAS 11.

The **Service and Maintenance** segment is responsible for planned maintenance and the rectification of technical faults in wind turbines at both domestic and international sites. It also performs technical updates and upgrades and the technical commissioning of turbines. 24/7 remote monitoring allows the performance and availability of the turbines to be permanently monitored and controlled and any faults to be located and addressed in both the Onshore and Offshore segment.

The intersegment revenues of this segment result from commissioning services rendered to both the Onshore and Offshore segments. The intersegment-revenues are derived from actual figures prepared and accounted for under IFRS. Furthermore the service and maintenance segment assumes the legal warranty obligations, which result from onshore and offshore turbine sales contracts. The general warranty provisions, which were originally debited to the Onshore and Offshore segments, are used to provide an intersegment reimbursement to the service and maintenance segment and are included in the "internal services" revenues of the segment Service and Maintenance.

The unallocated revenues presented in the reconciliation primarily relate to income from licenses as well as own power revenues of 1,050 k EUR (comparative period ended 30 June 2015: 668 k EUR)

Furthermore, the reconciliation contains other amounts including overheads that were generally not allocable to individual segments or that could not be allocated to individual segments due to deviations from forecasts. Individual warranty provisions set up at the Group level are considered here as well. Furthermore, capitalized work performed by the company as well as other operating income have not been allocated to the individual segments.

#### **Reconciliation**

In addition to CM I on segment level, the CODM and the Group monitor performance based on EBIT and EBITDA on a group-wide level, which is adjusted for realization of step-ups on inventories/work-in-progress and amortization of intangibles assets arising from the fair value measurement of assets and liabilities from the acquisition of Senvion Group (Purchase Price Allocation), cost related to the acquisition of Senvion Group (other operating expense) as well as other transaction cost incurred in connection with the change in shareholder and for the IPO costs. In addition, reported figures are adjusted for specific warranty provision additions for technical issues related to 6XM WTG series offshore blades (refer to Note 4.3.2 Provisions).

### 3 Consolidated Income Statement

Senvion S.A., Luxembourg, acquired Senvion SE, Hamburg, as of 29 April 2015. Prior to the acquisition of Senvion SE, Senvion S.A. did not conduct any business operations. Hence, only a limited comparison can be made between the financial figures of the first half of the financial year 2016 and those of the previous year period.

#### 3.1 Revenues

In the first half of the financial year 2016 the operations of companies of Senvion Group related almost exclusively to the development and manufacturing of wind turbines and wind turbine projects.

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
Revenue from sale of onshore wind turbines	655,434	286,036	393,032	286,036
Revenue from sale of offshore wind turbines	75,002	23,705	46,490	23,705
Services	138,047	37,995	65,457	37,995
Other	1,050	668	259	668
<b>Revenues</b>	<b>869,533</b>	<b>348,404</b>	<b>505,238</b>	<b>348,404</b>

Revenues from sale of onshore wind turbines analyzed by geographies are as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
Germany	151,112	87,330	80,917	87,330
Portugal	133,526	0	72,704	0
United Kingdom	131,825	41,059	110,251	41,059
Canada	91,380	123,468	58,251	123,468
France	54,656	10,327	22,361	10,327
Australia	55	4,463	55	4,463
USA	24	326	1	326
Rest of the world	92,856	19,063	48,492	19,063
<b>Revenues</b>	<b>655,434</b>	<b>286,036</b>	<b>393,032</b>	<b>286,036</b>

Revenues from the sale of wind turbines analyzed by turbine type are as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
MM92	247,111	123,906	148,196	123,906
3.2M	206,455	51,827	136,839	51,827
MM100	76,366	19,074	20,633	19,074
3.4M	58,420	31,470	48,019	31,470
MM82	61,252	48,252	38,125	48,252
6M	75,002	23,705	46,490	23,705
3.0M	5,830	11,507	1,220	11,507
<b>Revenues from sale of wind turbines</b>	<b>730,436</b>	<b>309,741</b>	<b>439,522</b>	<b>309,741</b>

#### 3.2 Other operating income

Other operating income is composed as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
Currency translation gains	15,951	4,114	6,921	4,114
Insurance payments/compensations	10,584	718	3,377	718
Investment subsidies, research and development subsidies	1,512	586	1,079	586
Gain from bargain purchase	0	6,773	0	6,773
Other	3,857	1,411	2,950	1,411
	<b>31,904</b>	<b>13,602</b>	<b>14,327</b>	<b>13,602</b>

#### 3.3 Personnel expenses

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
Wages and salaries	106,496	29,903	55,746	29,903
Social security contributions	20,710	5,920	9,908	5,920
	<b>127,206</b>	<b>35,823</b>	<b>65,654</b>	<b>35,823</b>

The average number of employees in the first half of the financial year 2016 was 3,979 (first half of financial year 2015: 3,695).

#### 3.4 Other operating expenses

Other operating expenses are composed as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
Legal and consulting costs	30,386	25,527	11,319	25,206
Purchased services	19,598	7,373	9,726	7,373
Office and land costs	8,149	686	3,849	686
Currency translation losses	8,132	5,926	4,333	5,925
IT & telecommunication costs	7,256	2,367	3,277	2,367
Travel expenses	6,222	1,975	3,271	1,975
Cost of training and appointing staff	4,592	1,370	2,285	1,370
Vehicle costs	3,779	1,169	1,727	1,169
Write-offs/write-downs of receivables	2,783	1,307	683	1,307
Compensation for loss of production	2,050	1,348	1,648	1,348
Expense from hedging transactions	345	301	601	301
Other	13,945	8,309	7,410	4,719
	<b>107,237</b>	<b>57,658</b>	<b>50,129</b>	<b>53,746</b>

### 3.5 Financial result

Financial result is composed as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
<b>Share of result from associates and joint-ventures</b>	-55	0	-55	0
<b>Interest and similar financial income</b>				
Other interests and similar income	319	97	-235	97
<b>Interest and similar financial expenses</b>				
Preferred Equity Certificates	-7,743	-5,988	0	-5,988
High Yield Bond	-13,993	-4,728	-7,000	-4,728
Deferred financing fees for guarantees	-2,567	-419	-1,304	-419
Guarantee commission	-5,608	-1,647	-2,776	-1,647
Other	-6,893	-3,384	-3,122	-3,384
	<b>-36,804</b>	<b>-16,166</b>	<b>-14,202</b>	<b>-16,166</b>
<b>Finance result</b>	<b>-36,540</b>	<b>-16,069</b>	<b>-14,492</b>	<b>-16,069</b>

Long-term loans totaling 7,895 k EUR as of 30 June 2016 (previous year: 10,503 k EUR) relate to liabilities to banks. The interest rate for bank loans remained unchanged between 3.64% and 5.5% per annum.

Other non-current financial liabilities relate to a high yield bond with 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 (previous year 391,406 k EUR).

The related interest expense amounted to 13,993 k EUR in the current financial year (comparative period ended 30 June 2015: 4,728 k EUR).

## 4 Consolidated Statement of Financial Position

### 4.1 Total current assets

#### 4.1.1 Gross amount due from/to customers for contract work as an asset/as a liability

This item is used to report work in progress which is recognized using the percentage-of-completion method in accordance with IAS 11. Advance payments on the contracts recognized are deducted directly from gross amounts due.

	2016/06/30	2015/12/31
	k EUR	k EUR
Gross amount due from customers	721,102	714,015
Less advance payments received	-719,255	-736,490
	<b>1,847</b>	<b>-22,475</b>

The net amount of 1,847 k EUR (previous year: -22,475 k EUR) presented consists of gross amounts due from customers for contract work as an asset with an amount of 64,515 k EUR (previous year: 49,372 k EUR) and due to customers as a liability with an amount of 62,668 k EUR (previous year: 71,847 k EUR) as of 30 June 2016.

As a result of significant collateral, bad debt allowances on gross amounts due are not significant.

The contract revenues for the respective period were as follows:

	2016/01/01- 2016/06/30	2015/01/01- 2015/06/30	2016/04/01- 2016/06/30	2015/04/01- 2015/06/30
	k EUR	k EUR	k EUR	k EUR
Contract revenue for the period	730,436	309,741	439,522	309,741

The aggregated amount of costs incurred to date for the respective financial years was as follows:

	2016/06/30	2015/12/31
	k EUR	k EUR
Aggregated amount of costs incurred to date	604,622	581,326

#### 4.1.2 Trade accounts receivable

Trade accounts receivable primarily relate to receivables from customers for the delivery of wind turbines and from service and maintenance contracts.

	2016/06/30	2015/12/31
	k EUR	k EUR
Trade accounts receivable (net of bad debt allowances of 1,946 k EUR (previous year 954 k EUR))	137,390	230,751

#### 4.1.3 Inventories

	2016/06/30	2015/12/31
	k EUR	k EUR
Raw materials and supplies	342,426	270,690
Work in progress	194,222	145,862
	<b>536,648</b>	<b>416,552</b>

## Valuation allowances on inventories

	2016/06/30 k EUR	2015/12/31 k EUR
Inventories before valuation allowances	559,833	433,223
Thereof not impaired	516,938	411,323
Thereof impaired	42,895	21,900
Valuation allowance	-23,185	-16,671
	<b>536,648</b>	<b>416,552</b>

## 4.1.4 Other current assets

This item is composed of as follows:

	2016/06/30 k EUR	2015/12/31 k EUR
<b>Other financial assets</b>		
Derivative financial instruments	6,602	9,136
Others	4,842	2,421
	<b>11,444</b>	<b>11,557</b>
<b>Other miscellaneous assets</b>		
Receivables from other taxes	61,196	44,252
Advance payments on inventories	9,539	20,077
Deferred financing fees for guarantees	5,026	5,007
Others	17,348	25,117
	<b>93,109</b>	<b>94,453</b>

## 4.2 Total non-current assets

## 4.2.1 Other intangible assets

Research and development costs amounted to 35,351 k EUR in the first half year, out of which 18,037 k EUR were spent in the second quarter 2016 of the financial year 2016 (first half of financial year 2015 and Q2: 11,413 k EUR)

Of the development costs 24,444 k EUR were capitalized in the first half and 13,878 k EUR in Q2 2016 of the financial year 2016 (first half of financial year and Q2 2015: 7,862 k EUR).

Amortization of capitalized development costs amounted to 13,643 k EUR in the first half and 9,803 k EUR in the second quarter of the financial year 2016 (first half of financial year and Q2 2015: 2,084 k EUR).

Further technology which was acquired by Senvion S.A. through the acquisition of Senvion GmbH was amortized in the amount of 45,453 k EUR in the first half and 22,727 k EUR in the second quarter of the financial year 2016 (first half of financial year and Q2 2015: 15,031 k EUR). Amortization of customer relationship amounted to 6,278 k EUR in the first half and 3,018 k EUR in the second quarter of the financial year 2016 (first half of financial year and Q2 2015: 2,294 k EUR).

## 4.2.2 Property, plant and equipment

Land and buildings relate primarily to the Group's own production sites and administrative buildings. Technical equipment and machinery primarily relates to facilities for the production of wind turbines. No own work was capitalized in either the current year or the previous years presented.

At the reporting date, assets under construction relate primarily to expenses for the construction of rotor blade molds.

## 4.2.3 Income taxes

Current income tax expense and deferred taxes in the individual countries are reported as income taxes. Income tax expense is composed as follows:

	2016/01/01- 2016/06/30 k EUR	2015/01/01- 2015/06/30 k EUR	2016/04/01- 2016/06/30 k EUR	2015/04/01- 2015/06/30 k EUR
<b>Deferred taxes</b>	<b>16,034</b>	<b>27,734</b>	<b>5,041</b>	<b>27,734</b>
Current income taxes	-2,367	-10,729	-1,110	-10,729
Current income taxes for previous years	-246	0	-421	0
<b>Income taxes</b>	<b>13,421</b>	<b>17,005</b>	<b>3,510</b>	<b>17,005</b>

A significant portion of the Group's operations are located in Germany and are subject to taxation in this jurisdiction. Accordingly, the Group uses the German tax rate as a base reference.

The corporation tax rate for companies in Germany was 15% plus the solidarity surcharge of 5.5% of this amount, meaning that the total corporation tax rate was 15.825%. Including trade tax, the total tax rate of the Group was 29.395% in the above presented periods. The difference between the expected tax rate of 29.395% and the effective tax rate of 22.948% is mainly caused by non-recognized deferred tax assets on interest carry forward (interest limit) of 3,519 k EUR. There are restrictions on the deductibility of net interest expense, which are carried forward to the next period when they cannot be offset in the current period (interest barrier regulation).

The total change in deferred tax assets and liabilities of 25,312 k EUR compared to 31 December 2015 relates mainly to deferred taxes in relation to purchase price allocation (15,647 k EUR) and deferred recorded directly in equity relating to the conversion of preference shares into ordinary shares (8,953 k EUR; see 6.1 Information on the significance of financial instruments for the consolidated financial statements).

## 4.3 Total current liabilities

## 4.3.1 Advance payments received

Advance payments from customers for orders for which no production work has been carried out are reported as advance payments received.

#### 4.3.2 Provisions

Provisions developed as follows:

	As of 2016/01/01	Addition	Utilization	Reversal	As of 2016/06/30
	k EUR	k EUR	k EUR	k EUR	k EUR
Specific warranty provisions	167,186	42,475	-31,882	0	177,779
General warranty provisions	39,571	10,427	-15,190	-450	34,358
<b>Warranty provisions</b>	<b>206,757</b>	<b>52,302</b>	<b>-44,293</b>	<b>-450</b>	<b>212,137</b>
Other provisions	10,746	11,105	-8,995	-42	12,814
<b>Total provisions</b>	<b>217,503</b>	<b>61,225</b>	<b>-53,289</b>	<b>-492</b>	<b>224,951</b>

Specific warranty provisions as of 30 June 2016 mainly contain expected cost for technical issues with regard to offshore blades for the 6XM WTG series.

#### 4.3.3 Deferred income

Prepayments for revenues from service and maintenance are reported as deferred income. These deferred positions are reversed straight-line over the service period.

#### 4.3.4 Other current liabilities

Other current liabilities are composed as follows:

	2016/06/30	2015/12/31
	k EUR	k EUR
<b>Other financial liabilities</b>		
Liabilities to employees	29,096	20,561
Derivative financial instruments	355	800
Other	4,020	4,593
	<b>33,471</b>	<b>25,954</b>
<b>Miscellaneous other liabilities</b>		
Liabilities from other taxes	24,246	34,732
Social security liabilities	1,345	1,853
Other	11,554	9,898
	<b>37,145</b>	<b>46,483</b>

#### 4.4 Loans and other non-current financial liabilities

Please refer to Note 3.5 Financial result.

#### 4.5 Equity

The change in equity components is shown in the interim condensed consolidated statement of changes in shareholders' equity.

Since the acquisition, the shareholders had held their investment in the Group through a combination of ordinary shares, preference shares and preferred equity certificates ("PEC's") which were disclosed as shareholder loans as of 31 December 2015.

#### Subscribed capital

The share capital comprises 65,000,000 shares with a nominal value of 0.01 EUR as of 30 June 2016 (previous year 7,812,500 shares with a nominal value of 0.01 EUR).

On 3 March 2015, in connection with the change in the Company's corporate form, the preference shares were converted into ordinary.

On 21 March 2016, the Company's extraordinary general meeting of shareholders resolved on a share capital increase resulting in a final share capital of 650,000 EUR represented by 65,000,000 ordinary shares having a par value of 0.01 EUR each. Such capital increase will be effected by (i) Rapid Management LP contributing its shares in Servion TopCo GmbH to the Company in exchange for 167,938 new ordinary shares of the Company, (ii) CCP II, CCP III and Rapid Partners contributing their shareholder loans (PECs) in the Company (including accrued yield on the interest-bearing PECs) to the Company in exchange for 2,454,694; 831,190 and 850,894 new ordinary shares of the Company, and (iii) a conversion of additional paid-in capital into subscribed capital (528,878 EUR).

	Shares before contribution	Contribution in Kind	Increase of share capital from reserve	Total
CCP II Acquisition S.à.r.l., Luxembourg	4.450.373	2.454.694	30.433.168	37.338.235
CCP III Acquisition S.à.r.l., Luxembourg	1.506.952	831.190	10.305.052	12.643.194
Rapid Partners, L.P. Cayman Islands	1.542.675	850.894	10.549.338	12.942.907
Rapid Management L.P., Cayman Islands	312.500	167.938	1.595.226	2.075.664
At the end of the financial year	<b>7.812.500</b>	<b>4.304.716</b>	<b>52.882.784</b>	<b>65.000.000</b>

**Earnings per Share (basic and diluted)**

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. As no instruments with dilutive effects on the earnings per share were outstanding diluted earnings per share do not differ from basic earnings per share.

**Additional paid-in capital**

The increase in additional paid-in capital of 483,687 k EUR results mainly from the conversion of interest free and interest bearing long-term loans to related parties (PECs) into equity capital by way of contribution in kind under consideration of the difference between the fair value of the PECs and the nominal amount as at a contribution date and deferred taxes thereon.

**Non-controlling interests**

As of 21 March 2016 Rapid Management L.P. transferred and contributed all shares held totaling 4% of Senvion TopCo GmbH into Senvion S.A. against issuance of new shares in the company.

## 5 Contingent Liabilities and other Financial Obligations

	2016/06/30 k EUR	2015/12/31 k EUR
<b>Other financial obligations</b>		
Obligations from leases and rental contracts		
Due within one year	22,004	22,168
Due within 1 and 5 years	27,987	28,356
Due in more than 5 years	31,031	37,811
	<b>81,022</b>	<b>88,335</b>
<b>Purchase commitments</b>	<b>667,618</b>	<b>595,004</b>
thereof for purchase of inventories	661,833	588,739
thereof for purchase of property, plant and equipment	5,785	6,265

## 6 Financial Instruments

Liquid funds, gross amount due from customers for contract work as an asset, trade accounts receivable, receivables from related parties and other financial assets generally have a term of 12 months or less, meaning that their carrying amounts on the respective reporting dates correspond closely to their fair values.

The fair values of non-current receivables correspond to the present value of the payments associated with these assets, taking into account the current parameters reflecting changes in conditions and expectations due to market- and partner-related developments.

As of 30 June 2016 the carrying amount of financial assets that are held for trading amounts to 0 k EUR (previous year: 387 k EUR). Due to the required measurement procedures the fair value is similar to the carrying amount.

The financial assets classified as hedge instruments presents the carrying amount and the fair value of 6,602 k EUR (previous year: 8,749 k EUR).

Due to the short-term of trade accounts payable, liabilities to related parties, long-term loans and other financial liabilities, it is assumed that their carrying amounts and fair values are identical.

Since the acquisition, the shareholders have held their investment in the Group through a combination of ordinary shares, preference shares and preferred equity certificates ('PECs') which were disclosed as shareholder loans as of 31 December 2015. On 3 March 2015, in connection with the change in the Company's corporate form, the preference shares were converted into ordinary shares, and on 15 March 2016, the PECs were contributed to the Company.

The carrying amount of High Yield Bond represents the book value in the amount of 392.149 k EUR (previous year: 391.405 k EUR). The measurement of the fair value of High Yield Bond was undertaken in consideration of a risk premium specific to Servion and a current risk-free rate (0,64%). As of 30 June 2016 the fair value amounts to 401.955 k EUR (December 31, 2015: 394.564 k EUR).

As of 30 June 2016 the carrying amount of financial liabilities that held for trading amounts to 306 k EUR (December 31, 2015: 733 k EUR). Due to the remain measurement procedures the fair value is similar to the carrying amount.

The financial liabilities classified as hedge instruments presents the carrying amount and the fair value of 50 k EUR (previous year: 67 k EUR).

The breakdown of the fair value hierarchy of financial assets and financial liabilities carried at fair value were differentiated between instruments which fair values are directly observable on active markets (level 1), which fair values are based on observable material input data (level 2) and which fair values are based non-observable material input data (level 3). There have been no transfers between any levels during the first half year of financial year 2016.

## 7 Related Parties Disclosures

Please refer to the Interim Group Management Report section 3. Economic Report.

## Report on Review of Interim Condensed Consolidated Financial Statements

### 8 Events after the reporting date

No material events after the reporting period occurred.



Dr. Jürgen M. Geißinger  
(CEO)



Kumar Manav Sharma  
(CFO)

To the Shareholders,

#### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Senvion S.A. as of 30 June 2016, which comprise the interim consolidated statement of financial position as at 30 June 2016 and the related interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated cash flow statement, explanatory notes and the interim group management report for the six-month period then ended. The management board is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé

Werner Weynand

Luxembourg, 11. August 2016

## Forward-looking Statements

Information set forth in this report contains forward looking statements, which involve a number of risks and uncertainties. The forward-looking statements contained herein represent the judgement of Servion S.A. as of the date of this report. Such forward-looking statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in these forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

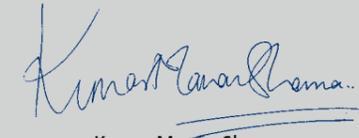
## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting and in the accordance with principles of proper accounting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report includes a fair review of the development and performance of the business and the position of the Group, important events that have occurred during the first six months of the financial year, and their impact on the interim condensed consolidated financial statements, together with a description of the principal opportunities, uncertainties and risks associated with the expected development of the Group for the remaining six months of the financial year and of the major related parties transactions.

Luxembourg, 11 August 2016



Dr. Jürgen M. Geißinger  
(CEO)



Kumar Manav Sharma  
(CFO)

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**Legal reference**

This half-year Financial Report for the first half of fiscal year 2016 contains statements oriented to future developments which are based on our current assumptions and prognoses. As a result of known as well as unknown risks, uncertainty and influences, the actual results, financial situation or development may deviate from the assumptions presented in this document. We shall not assume any obligation to update any statements tuned to future developments.