SENVION
wind energy solutions

Analysts and Investors Conference Call

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11:00 am CEST

Andreas Nauen

Hello to everyone, and a very good morning and good afternoon, and also I understand from the participant list, also a good evening to some of you, and a special good morning to one attendee in a certain time zone. Thanks for making the time to join us on our first Senvion Investor Conference Call. From now onwards, we will host this call every quarter, after announcing our results.

And, of course, in between I think, many of you practice that already, our investor relations team is always very happy to address your questions at any time.

Today, I'm joined by Manav Sharma, our Executive Vice President, Finance and Dhaval Vakil, our Vice President for Capital Markets, who also leads our investor relations team. I assume that some of you have met myself and Manav Sharma during our high yield bond road show, but then welcome again, and a special welcome of course for those of you who hear our voices for the first time.

I'm sure you have already had the chance to go through our investor presentation, and the annual results that we published recently on our website, and first of all, I would like to share some details of our operational performance, focusing on last year's performance and then Manav will provide his comments on our financial performance for the last year.

Afterwards, we will take questions and answers, and I'm happy to answer them.

If you will allow me to start with some key take aways from the markets. Financial year 14/15 has of course been an extremely important year for Senvion, but also for the wider wind industry. We added in total in the world more than 50 gigawatts of capacity in the calendar year 2014, and the European market, especially an area where we are very active, added around 13 gigawatts and with an absolutely record breaking year in Germany, with 5.3 gigawatts in calendar year 2014, much more than ever in the history of German wind.

Coming now to Senvion, during the last fiscal year, we installed wind turbines with a total capacity of 1.8 gigawatts compared to the year before, where we installed 1.5 gigawatts, an increase of 24% on a year on year basis, and we are of course extremely proud to have achieved that growth.

This is the highest ever level of new installations done by Senvion themselves, achieved in any financial year.

This also meant that during that year, we installed and connected our 6,000 turbine to the grid and with that, we have surpassed now 12 gigawatts globally. We also maintained our order intake frequency, with around 1.6 billion of firm new order intake in financial year 2015, and the year before, we were slightly higher with 1.7 billion in financial year 14.

Our order book remains on a very high and healthy level, of 4.7 billion and this includes the new turbine business, as well as our service contracts, and if I split them, it's around 3.2 billion turbine supply order book and these include firm orders and signed contracts, and 1.5 billion of service order book.

So far, with regards to the market and our installations and order book, on the product side, we are continuously of course working to improve our product portfolio in order to reduce our ultimate goal the level as cost of energy for our customers.

To give you some examples, last year, we installed the prototype of our latest offshore turbine, the 6.2 152, that has the largest rotor we ever built and this machine was then officially inaugurated in spring. In addition, we also launched a number of three megawatt products. To give you a few prominent examples, an upgraded 3.2M122 turbine for low wind sites, and also an upgraded 3.2M114 turbine which we upgraded to a 3.4M114, which provides better yield at the same sites.

As part of our strategy, we have also started to operate in Asia, something we did not do with the same momentum the years before, and we started aggressively with sourcing activities but also with R&D.

Last year, we opened a new sourcing office, located in Shanghai and this allows us of course a much better tap into the high quality and very diversified sourcing base that is available in China, in order to find some contribution to reduce our product cost, and also we have now plans to open a new R&D centre in Bangalore, India, and this will help us to scale up our R&D capabilities and also extends our team in order to further develop our engineering expertise.

With regards to our strategy, we remain completely on track, with the same strategy that of course we presented only recently to you, but I would like to repeat again what are the four main drivers, the four main pillars.

The first is that we improve our onshore market position by gaining market share in our core markets, then the core markets are of course many of the European markets. We carefully consider to enter certain, we call them satellite or adjacent markets, and then expanding our service offering, where we have been quite successful already introducing a number of new products.

We also continue our project driven approach to offshore, with the execution and completion of ongoing offshore projects, and of new offshore projects that we signed in the first quarter, and we're looking at the potential joint venture opportunities because we see that, especially outside of our core markets, offshore offers huge potential and we are exploring ways to benefit from that.

Internally, we continue to focus on operational excellence, with our annual cost out programmes, which we track bi-weekly, and then we're on a very good track this year. In this cost out programme, but also in efficiency measures in our factories as well as in other parts of our organisation, and last but not least, we continue an extremely disciplined approach to capex and working capital.

Thank you very much for your time for that, and now I would like to hand over to Manav, who will provide a few comments to our financial performance.

Manav Sharma

Thank you, Mr. Nauen. A warm hello from my side to everybody. You will have seen the financial performance in the presentation and the result release on the website. As you will have seen, the last year has been very eventful for Senvion, due to multiple, ongoing transactions at the shareholder level.

Despite that, we ended the year with a 1.9 billion Euro of revenue, compared to 1.8 billion the year before, a net gain of about 6.6% year on year basis.

Germany, UK, Canada, France continue to remain the biggest drivers of revenues, with our home market Germany contributing the most.

We expect our core markets to continue to contribute heavily to our revenues in the future years, as has been stated in our strategy document. Europe will remain a growing market for all of us, although it is a competitive market as we see it today.

We also managed in this period to achieve our highest ever adjusted EBITDA of 155 million Euros and a net profit after tax from continued operations of 46 million Euros, compared to 28 million Euros in a similar period last year.

At the end of the year, we had a total of liquidity of around €330 million+, including cash and unused cash facilities with the banks, as compared to €294 million at the end of the last financial year.

As a part of our strategy, we have started working on reducing our net working capital, which was around 12% as of end of March. We expect to release significant cash in the next 18 to 24 months, which can then be used partially for our future growth initiatives, and capex. We have already identified some quick wins and a large amount of levers on a long term basis and our efforts would be largely focused on a on installation times, reducing inventory days as well as improving outstanding payables., amongst others.

We are coming to the end of this explanation from our side, we will also upload a transcript of this call on our website, for our investors within a couple of weeks. Our IR team is always available and happy to help any additional questions that may arise after this call.

I would request the moderator to open the Q&A session and we would be happy to address your questions.

Operator

Ladies and gentleman, at this time we will begin the question and answer session. Anyone who wishes to ask a question may press star followed by one. If you wish to remove yourself from the question queue, you may press star followed by two. If you are using speaker equipment today, please lift the handset before making your selections. Anyone who has a question may press star followed by one at this time. One moment for the first question, please.

Our first question comes from the line of Michael Boam, of Highbridge. Please go ahead with your question.

Michael Boam

Hi, I just wanted to check, in terms of the financial position post closing, did you retain the €150 million of cash, as was suggested in the OM?

Manav Sharma

So, we are post the closing, at this stage we are in the process of conversion of the company into a different legal structure, as was required by the German law, to upstream cash. We would be upstreaming cash in the next one to two weeks, which will go towards the acquisition of closing the bridge which was used for the acquisition of the company, and we expect that to have a result on reducing our net cash balance.

However, as we had highlighted in the OM also, we increased our cash facilities from a level of 25-30 million Euros to 125 million Euros and therefore we do expect that the net liquidity of the level to the company would not have a material change.

Michael Boam	When you say net liquidity, sorry, you actually in the prospectus had cash of €150 million, will that be the case or not?
Manav Sharma	Yes, we expect to have cash around that level when we are post upstreaming of cash, which is to happen.
Michael Boam	Okay, and my second question, the industry outlook seems fairly positive at the moment, are you budgeting for an improvement in operating performance this year, or will you be hampered a little bit by the fact that your order book is only up 2.8% on last year?
Manav Sharma	Two quick points on that one. Number one, we will not give a guidance, however to share our expectations, we do expect a stable to a growing setup with the stable to growing EBITDA in the company, so we do expect to reap some benefits of this growing market, and one of the first steps of that hopefully will come at the end of Q1, with a very strong order intake.
Michael Boam	So, we should expect this year roughly to be flat to up, in terms of the EBITDA?
Manav Sharma	Flat to a mild growth, yes.
Michael Boam	And, what will you spend on capital expenditure for 2015/16?
Manav Sharma	We expect to largely remain in line with our historical trend of something between 2-2.5% of capex, as a percentage of our revenues.
Michael Boam	Okay. So, you expect to have a solid free cash flow for the year?
Manav Sharma	That's one of the core reasons which is underlying our aspirations to have a very strong year in terms of the net working capital performance, driven by a positive year.
Michael Boam	How much do you hope to save this year in working capital? What's the plan?

Manav Sharma	Well, again I think we will not give a guidance but the fact of the matter is that we are roughly, if you look at an industry average, we are roughly about 15% lower. We expect over the next 18-24 months to cover a major portion of that.
Michael Boam	That means should we expect half then this year, or…half of that move, is that reasonable or not?
Manav Sharma	I would expect that to be mildly front loaded than back loaded.
Michael Boam	Okay.
Manav Sharma	But, should not be giving more than that.
Michael Boam	Can I just ask, are your financial, you haven't actually published the financial statements yet, have you?
Dhaval Vakil	We have, and it is on the website, it is also with the trustees, and I think they have already circulated that, but given that it goes via Euro Clear and Clearstream, it takes a little bit of time to reach the holders, via the exchange clearing systems.
Michael Boam	Okay, is it on the internet, yes or not?
Manav Sharma	It is on our website, on our investor section, which is password protected.
Michael Boam	Okay. Thank you very much.
Operator	Next question comes from the line of Tomas Mannion of Guggenheim. Please go ahead with your question.
Tomas Mannion	Good morning, a couple of the questions have been answered, but can you spend a little bit more time on the working capital? I'm still not 100% sure of where you think the significant cash extraction is going to be possible out of your working capital, so if you can spend, not in exact numbers but actually just spend some time actually talking through the working capital cycles and where you see your best opportunity of getting money out of there?
Manav Sharma	Thank you for the question, if you look at our working capital and I'll talk about the levers that

are underlying the working capital change in our company, there are three or four major levers that are driving the company. The first major lever for working capital improvement is a shift from build to stock system to build to order system.

What that means is that the company used to build turbines and while they were not required to be manufactured, and then keep them in the stock of the company, way before they were required to be supplied to the market. While that provided a lot of flexibility, that in effect took out a significant amount of cash away from the balance sheet in the shape of inventory and was lying in our facilities on the shop floors.

Moving to a build to order system is a very simple exercise, which basically we will produce turbines only when we know we will need them to be installed, and closer to the date, and will therefore reduce the amount of inventory that is lying on the shop floor, stock in the factory facility and the facilities of the company, and that will save cash.

The second major lever that will help in terms of working capital improvement is a certain level of realignment of our payment principles and discipline in the company, how we organise, how many payment runs do we do in a day? What are the payment terms with our suppliers, as compared to where the competition is, and adjusting them upwards and to market standards.

In addition to those two critical levers, we expect as the year goes by and the previous question was about market growth, based on a certain level of market growth, we expect an additional amount of order intakes to come through and when those additional order intakes come through, they bring in a significant amount of cash with them in advances from the customers.

That, we expect to be the third lever, and then in addition to that, we have about… the fourth lever is a bit of one offs, which basically is amounts of cash that are stuck in certain places, that we expect to clear out as we go through a structured approach to these processes.

For example, in the OM, you would have heard about the VAT, where we had to pay the VAT up front and now we are recovering the VAT from our customers. While it is a one off recovery, it is a bit of a much more higher secure recovery in terms of recovering our cash from the company.

If you add these four elements, there is no reason why over a period of 18 to 24 months, we should not be able to come to more industry standards.

Andreas Nauen

Maybe if you allow me to add to that, one of the levers that Manav mentioned was order entry, and I think Manav, you also addressed that in your first answer. Q1 is not fully complete yet, we are still of course completing the first quarter, but the order entry level in firm orders for this first quarter was quite significant, and that of course helps also that we get a lot of prepayments already in the first quarter.

And, we'll probably announce the results in the coming days, and then we will see the exact number.

Tomas Mannion

Thank you.

Operator

Our next question comes from the line of Felix Fischer of Lucror. Please go ahead with your question.

Felix Fischer

Yes, hello, thank you for taking my question. My first question is just one more on guidance. Could you guide us for cash taxes for this year?

Hardy Singh

Actually, given the way we do our calculations IFRS, we as a company do not really give out a guidance for cash taxes, but it was a question that was asked as you can imagine a lot during the road shows also. What we can share is that for our assumptions we calculate it, is somewhere in the range of standard German tax rate, plus going for some leakages of some non-deductibles, so something in the range of 30-32% is what we generally assume internally.

Felix Fischer	And, my second question is in regards to Germany onshore versus offshore, more on the regulatory side. I understand that the market is moving more to a market driven pricing for onshore, however for offshore, basically the current system is expected to remain in place. Is that more or less correct, or do you have any comments on what you expect on that for offshore regulation in Germany?
Andreas Nauen	The offshore regulation is still expected to remain in place a little longer than the change for onshore, but the details are still being worked upon by the administration and by the government in Berlin.
	But, what we can see right now is that we have a number of enquiries from German offshore customers, which in general are extremely large projects and we have seen an upswing in enquiries there, and this for us is also a good sign, that despite the political situation, that customers have regained their confidence in German offshore, and if you just look at this year, I think we'll have a record build this year.
	We have signed two German offshore contracts that I mentioned already, that will contribute a lot to the order entry this year, so for us, the German offshore market is and remains a good outlook or has a good outlook.
Felix Fischer	Okay, and my last question is in regards to new regions, to diversity a little bit away from the Eurozone, obviously you are sourcing in China. China does not appear a market for you was my understanding, but what are the Asian or other markets as well, where you will increasingly put focus on?
Andreas Nauen	First, to confirm, yes, your assumption is correct. Asia is only a sourcing market but not a sales market for us. In Asia, we will address specifically two countries, not exactly Asia but Australasia and after the positive outcome of the RET mechanism of the Australian government, we are very hopeful that we can continue our successful business there. We are just completing three large wind farms in Australia and there has been a little slowdown, due to the government uncertainty but the outcome of the review recently was very

	positive, and we expect now somewhere between 500 to 1,000 megawatts every year for the coming years, and of course, with our market share and continued presence there, we intend to participate in that re-established and confirmed market.
	The other Asian market is clearly Japan. We signed our first order in Japan, after this re-entry. We did some business in Japan previously, that there will be more business to follow. So far, with regards to Australasia, but we are also looking at for Senvion new markets, which will be a few countries in Scandinavia, Finland, Sweden, Norway, countries where we did little to no business so far, but our product portfolio, our set up fits very well, and another one is then South America, but there I particularly exclude Brazil but many of the other countries which are not demanding local content, where we can actually be successful with imported machines.
	And, we have clearly upped our sales activity there, and to give you some examples, a country like Chile, we are working especially together with existing customers, on new wind farms.
Felix Fischer	And, the US is currently not on the agenda, I would assume?
Andreas Nauen	For us at least, I don't see this as a new market, but with regards to North America, our clear emphasis remains to be Canada, where we are completing now a lot of wind farms. We have further orders expected, coming during the year, of several hundred million and we keep on working with existing customers also in the US, to see whether they have interesting projects for us.
Felix Fischer	Thank you very much.
Operator	Next question comes from the line of Peter McCandless of Nomura. Please go ahead with your question.
Peter McCandless	Good morning, first of all I was wondering if you could provide an adjusted EBITDA number for the full year that's on a comparable basis to the bond

	prospectus, so after general warranty provision releases and after penalties?
Manav Sharma	If you look at the warranty releases that were included in the OM, they were about 3.1 million Euros in the OM. That challenge that happened was that during the final year audit, auditors highlighted the point that, given that this has become, that the machine is becoming more and more reliable, and that the cost is going down every year of the first two years warranty of a machine, they basically highlighted a point that this should not be classified really as a one off, because it also came through in quarter four as well, which was third year on the row. If you look at that, primarily because of that reason we did not include that in the adjusted EBITDA. The only thing in the adjusted EBITDA is single write off, non-cash write off of historical advance payment that was made for buying some ships for offshore business, which since then the business declined, and that advanced payment that we had made had to be written off, of roughly about 6.5 million Euros. That was just added back to the EBITDA. There is no material change other than that. That's fully comparable between years.
Peter McCandless	And, in terms of the EBITDA for this next year, I just want the end of the financials, a mention of 170 million Euros, so I just wanted to confirm that versus what you had said previously of EBITDA flat to slightly up?
Manav Sharma	We retain our forecast of EBITDA flat to mildly up actually.
Peter McCandless	Okay. And, in terms of the service and maintenance business over the medium term, what type of EBITDA margins can that business produce?
Manav Sharma	I think if you look at our service business, the way we do our service business, it is an integral part of our Turbine Supply (TS) business and therefore what we have not done is internally we have not split the service profitability separately from the TS profitability at this stage. However, we know that it is at a higher margin than the TS business. We've

not given any ballpark numbers on that historically, but generally as a rule of thumb, we take a three to four times higher profitability for service business.

Peter McCandless

And, in terms of the urgency of finding potential joint venture partners for offshore, to what extent do you think the company can continue to win larger offshore contracts on a standalone basis?

Andreas Nauen

The two orders that we signed earlier this financial year, so only a few weeks ago, confirms that we can still win orders on a standalone basis, and also we continue to make proposals where we are regarded as one of the serious offshore players by European utilities, so especially after this change of ownership, I see no reason to give up on standalone offshore orders.

The reason for going and seeking joint venture partners is particularly our presence in a number of interesting offshore markets of the future. Countries, especially in Asia, like Japan, Taiwan, Korea, these are not markets where we are present on a large scale, and also where our experience that you need to be connected to the utilities is quite limited, and therefore out interest in a joint venture partner is particularly driven from that point of view.

It gives us a much better market access that we at Senvion would not have. Here in Europe, I believe it is confirmed that we can continue on a standalone basis, unless of course a joint venture partner turns out to be also very supportive and interested in driving that part of the business, but this is a second effect.

Peter McCandless

Okay, and one last question here, is in terms of the UK regulatory environment, what is the potential impact here? And, is there a chance that any projects that are actually on the order book might not be realised?

Andreas Nauen

I'm not aware of any project that might not be realised, I'm aware of the opposite. Due to the upcoming changes that were already in the pipeline in the UK, we saw some extremely high activity and therefore we saw even a positive effect from that change by some customers pulling their project actually forward, and because it was announced or pre-announced a few days of course, customers, especially the ones that have projects in an advanced state, made sure that their projects get over any hurdle in advance of the official implementation of that, and therefore I don't see that any project will fall apart, but of course it remains to be seen.

Peter McCandless — Great, thank you very much.

Andreas Nauen — Also bear in mind that there is a grace period, as long as you have the relevant consents in place, that would help somebody who is at the moment in the grey zone to keep on going.

Peter McCandless — So net, net, it actually could be a short term positive?

Andreas Nauen — Could be.

Operator — Next question comes from the line of Ben Byrne, of Citi Group. Please go ahead.

Ben Byrne — Thanks for taking my questions. Some have already been answered. Could I just clarify, the order book for the first quarter looks like it's going to be very strong, 442 megawatts, does that translate into mid 500 million in terms of actual orders, is it in that ballpark, 530, 575 million?

And, would we be right in adding to that sum onshore contracts of maybe two to 300 million as well?

Manav Sharma — So, I think we'll come out with the news in the next few days, but if you look at an offshore, I would give you a ballpark of roughly 1.5 million Euros per megawatt, so if you have 440 megawatts in front of you, I would say something around 650 with offshore order value, and I think those were actually disclaimed in the OM as well, both orders.

Onshore, yes, your assumption is more or less close in a ballpark number. We ideally might do slightly more, but yes, on a ballpark number, we should be in that range.

Ben Burne	It might be the lower end?
Manav Sharma	We should be in that range of what you just highlighted in onshore.
Ben Burne	Excellent, and could you confirm roughly what the, I think you said capex would be around 2.5% of revenues. What would R&D be, roughly?
Manav Sharma	The R&D spend should be between 2.5 to 3% of our revenues, portions of which is capitalised every year, but ideally should be in that range.
Ben Burne	Split, how much roughly is capitalised versus expense?
Manav Sharma	The normal run rate that we have experienced of capitalisation in our company is in the range of 60-65%.
Ben Byrne	Okay, 60-65 of the 2.5 to three is capitalised, yes, okay. Thanks very much, it looks like a strong first quarter, thanks.
Operator	Next question comes from the line of Ben Defay of JP Morgan. Please go ahead with your question.
Ben Defay	Yes, good morning, thanks for taking my question. Sorry to push you on this, but on page 112 of the business outlook section of your financial statements, it says that you expect EBITDA of 170 million Euros next year. How do you reconcile that with the comments of flat and modest increase in EBITDA this year that you just made?
Manav Sharma	You are looking at the report page 120, correct?
Ben Defay	Correct.
Manav Sharma	Yes, I think again, internally that’s if you look at it purely from an aspiration perspective, we have a business that can go to that level, so if you look at the guidance, or expectations that we have shared with you, between flattish to moderate growth. If you compare the growth of 155 to 170, you’ll come to a 10% growth, it will very easily fit within that band of what we are saying, stable to mild growth actually.

Ben Defay — Okay, so you do confirm, this is something that is within your expectations?

Manav Sharma — We could reach that number, yes.

Ben Defay — Thank you.

Operator — Next question comes from the line of Hardy Singh, of Generation Investment Management. Please go ahead with your question.

Hardy Singh — Morning everybody, so it's a two part question. I think firstly, it's with regard to Germany and the changes expected in Germany and a post 2017, when it moves to an auction based market, so where do you guys expect onshore wind LCOEs need to be to be competitive in that market?

And, just along with that, which part of your product portfolio or how is your product portfolio evolving to achieve those LCOEs?

Andreas Nauen — The LCOEs in Germany are impacted by several factors, not only our turbine that drives that, and I think there will be a lot of drive to bring down the cost of every participant in the value chain, and you see especially some of the other participants in the value chain, the developers or operators are defending their turf heavily, so our turbine cost and the LCOEs have been going down in the last few years. I don't have the exact percentage now at hand, but in order to continue to do so, we'll keep on developing especially the three megawatt class, and we have for example, the machines that I mentioned in my introduction, the 3.2 and we introduced vortex generators that gives you 1.5% annual energy production increase, or the upgrade to 3.4M114 gives you around 5% annual energy production increase, and you can then translate that into LCOEs.

We are working especially on products that fit that demand in Germany. Other products are for example, high towers where we have been working together with a few manufacturers now to make high towers more competitive, because that again will increase the yield at the same location and not only the yield, but also we have to bring

	the cost of these high steel towers lower, and then we have a number of engineering projects ongoing with internally as well as with external partners.
Hardy Singh	Yes, now Andreas my question was regarding you must have some internal expectations or just a view on where the market needs to be, or where wind LCOEs need to be in general, in 2017, to be just competitive in the German auction market, and then what's the internal view on how you're going to develop your product portfolio to reach those targets, if you have those internal LCOE targets?
Andreas Nauen	Maybe I wasn't clear, the internal view is that we keep on developing the three megawatt class into various areas, better or higher towers, cheaper towers and in order to save costs, we'll also increase the yields of every turbine by introducing vortex generators, and other features onto the turbine platform, to increase the yields. We get 200 kilowatt more out of the same platform that the two examples that I mentioned, and we continue with that. And, we announce new product as we go, dedicated to the German market, and with regards to the LCOE, I simply don't have a number here available because it also remains to be seen what is, once we move to that auction system, that the purpose of that auction system, what will be the LCOEs that are on a sustainable basis needed to be successful in Germany, and I don't have the number here.
Hardy Singh Ben Defav	Thank you.
Operator	Next question comes from the line of Ryan McGahon, of Primerica. Please go ahead with your question.
Ryan McGahon	Thanks for the presentation. I was just wondering if you could give us a bit more explanation of what went on in Q4, specifically because your revenues are down, just looking at page six of your presentation, your revenues were down about 55 million and EBITDA is down quite a bit. Maybe you could just explain what the effects were in Q4?

Manav Sharma	Sure, Ryan, I think you're doing a Q4 to Q4 comparison, if I'm not mistaken?
Ryan McGahon	Yes, that's correct.
Manav Sharma	I think we listed that out quite clearly in the OM part, in that what happened in, it's not about what happened in 2014, it's exactly about what happened in 2013/14. So in 2013/14, the first three quarters of the year were very, very weak. If you remember, we also disclosed that we had a reorganisation activity that we had done that year, and the quarter four was extremely one off heavy. Compare that to how the last year went, we actually had a far more stable year, where we had a decent spread of revenues throughout the year, and as a consequence, the quarter four was not that heavy. So, if you're purely looking at it from that perspective, actually the business became more stable, more predictable and more linear as compared to the year 13/14, and that therefore is a reflection of why quarter four looks lower. The aspiration however is, if I could state is, is to increasingly go more in the direction of adding more linearity into the business, as much as we can, because at times, business commands such things, and demands such things, so if you adjust for that one off, hump on the camel's back that came in quarter four of 13/14, which again I was trying to allude to the point of peak productions as being one of the core reasons behind that, you adjust for that, you will see that actually we had quite a solid year last year and a stable year last year, which is way more important to us.
Ryan McGahon	Thanks.
Operator	Next question comes from the line of Donald Phillip, of Bailli Gifford. Please go ahead with your question.
Donald Phillip	Hi, thanks for taking my call. I wasn't involved in the new issue process, so I've got a quick question, just for my own benefit on debt. Can you

just explain to me the nature of your syndicated guarantee facilitation to be LG facility, that justifies that being excluded from the debt number?

Manav Sharma — Sure, so the facilities that we use are of two kinds. The LG facility and the revolver cash facility. The revolver cash facility is basically a flexibility that we have, to take as and when we need it. LG facility, by its very nature is basically a business risk, and we use our banking partners to offer a guarantee on our behalf, which basically is a guarantee for the advances that the customers give us, and in return, we also take guarantees from our customers for the remainder of the project, that they are supposed to commit to, that they will do the remaining 15% advances, so that the remaining 85% has to be guaranteed by the customers.

So, by nature, it's basically a guarantee instrument which has an underlying asset which is always securing something for an underlying asset, and therefore if you count that part, you should also count the underlying FX security which I believe should cancel it out. And, that's one of the core reasons why we do not count that as a debt like instrument.

Donald Phillip — Okay, so I'm thinking from the point of view of some sort of recovery value for the business, then that guaranteed asset is not something that the bondholders should think of as covering their position?

Manav Sharma — Well, if you now take that to the bond discussion, I think the way the transaction is structured, bondholders are senior secured, and banks are super senior secured. Yes, the banks have a precedence, the facility has a precedence over the bonds, however the fact that we have got the facilities for a certain interest rate also tells us that there is a faith also in the banking system that the company is worth more, in case of difficult situations, so purely from that perspective, I would not be too worried about it.

Donald Phillip — Thanks.

Operator	Next question comes from the line of Roberta Benedetti, from Generation Investment Management. Please go ahead with your question.
Roberta Benedetti	Yes, good morning, I just have a question regarding the blade break that hit one of your turbines at Nordsee Ost and how that may affect your future pipeline in offshore markets, thank you.
Andreas Nauen	Maybe I just first summarise the facts and the incident again. We had, on June 19th, we suffered a blade loss at the North Sea Ost Offshore wind farm, that's an offshore wind farm we are currently completing here in the German waters, and first and foremost for us, most important for us is that nobody was injured.
	And, the turbine has been immediately shut down and we have a full investigation ongoing to identify the exact cause of that blade loss. We do that investigation together with the customer, RWE, but the incident has not been fully investigated yet, so we neither can comment on the cause of the damage, nor can we comment on the final outcome, and at the moment, during the inspection that is ongoing at that wind farm, we decided first to shut down all turbines of the wind farm, altogether that's 48 turbines, but nearly half of the turbines have been already put back into operation and from what we know at the moment, we believe that this is an individual case, even though I would like to emphasise again what I said already, the final route cause investigation is still underway, and for the time being, we believe that this is an individual case.
Roberta Benedetti	What's your expected timing for the investigation?
Andreas Nauen	Yes, generally of course, as quickly as possible because we would need to know the root cause, but maybe to put that into perspective again, we have mentioned at the beginning of our total installations and we have around 800+ megawatt installed offshore and around 600 megawatt of turbine of that class, so more than 100 machines, and we have one wind farm in Belgium that is fully operating of that type. We have also as I

mentioned, half of the turbines at North Sea Ost are up and running again, and also the few turbines of that type that we have installed onshore, are also operating without issue, so for us, it was mostly important to get the turbines back into service, but I can't explain or I can't mention the exact timeline, because of course it depends in the end what the root cause is, to figure it out, how long it takes to rectify it.

Roberta Benedetti — Thank you.

Operator — Next question comes from the line of Haiyan Ding, of Meriton Investment Management. Please go ahead with your question.

Haiyan Ding — Good morning, I have a question. I saw your installation rose by 24% in financial year 15, whereas revenues were only 6.6% higher, does that mean you have pricing pressure or margin pressure for the wind turbines?

Manav Sharma — Haiyan, the wind business is a competitive business, so there is always a pricing pressure in the market, however the 24% of installation growth versus the 6.6% revenue growth has primarily nothing to do with the pricing pressure. They are driven by our accounting system that we use currently.

The percentage of Completion method that we use ensures that as the turbines are constructed, we start recognising revenues on incurring costs for those turbines, which basically meant that, while the North Sea Ost Turbines were installed last year, the majority of the revenues were recognised in the previous years already, and therefore while you see the installation of the economic activity in that company is growing, the real cash flows at times are also growing a bit higher than the revenues, but the real P&L does not reflect the real installation state of the company.

That is fundamentally the largest element that describes why our revenues and installations at times doesn't talk to each other, because of preproduction or because of productions of turbines and the system of accounting system that we use. We would have already recognised the revenue of those turbines in the previous years.

Haiyan Ding	Okay, another question is, are you planning to increase your warranty provisions following the incident?
Manav Sharma	I think, like Mr. Nauen said, I'll re-emphasise that at this stage, we do not know what is the cause of the blade failure. If the blade failure is a one off, or an issue which affects additional blades, we do not know. We at this stage, what we know, we believe that it is a one off, and if that is a one off, there is absolutely no reason for us or statistical evidence for us that requires us to increase the warranty costs for our turbines at this stage.
Haiyan Ding	Apart from this incident, your warranty expectations is stable?
Manav Sharma	Actually, that was one of the questions that was asked previously in the call, we on our onshore machines especially, our warranty expectations have been reducing consistently every year over the last three years, and I think that was classified as a one off income in the OM. The auditor has basically said, your trend is so strong and visible that we do not recommend to count that as a one off income, because you are consistently reducing your warranty costs per turbine, which is a good sign for the company.
Haiyan Ding	Okay, thank you.
Operator	We have a follow up question from the line of Ben Byrne, of Citi Group, please go ahead, Sir.
Ben Byrne	Thanks, I just wanted to ask one final question on the warranty expectations, etc, do you basically self-insure all of the equipment or do you have some external insurance cover, like in this case of the blade loss?
Manav Sharma	We do have in a lot of cases we have single and serial damage insurances for our wind farms within our warranty or within our contracts. In addition to that, for some offshore wind farms, we actually even have serial defect insurances as well.

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	What class does this damage fall into remains to be seen, but generally as a principle, we try and insure our single and serial damage events on turbines under our maintenance through an external insurance.
Ben Byrne	So, even if this was… there would be some…?
Manav Sharma	Yes, generally as principle, we try and cover it. On this case, I'll have to wait for the outcomes to see what covers for it.
Ben Byrne	And, is there I guess, in terms of loss of field output for the energy production company, is there a business continuance component to that as well?
Manav Sharma	I'll have to look into the details of such a thing before I answer this question. We can get back to you.
Ben Byrne	No problem, I'll follow up, thanks very much.
Operator	Gentlemen, there are no further questions on the phone line, please continue with any other points you wish to raise.Ladies and gentlemen, the conference is now concluded and you may disconnect your telephone, thank you for joining and have a pleasant day, good bye.