

Buy EUR 3.30	Value Indicators: EUR DCF: 3.26 FCF-Value Potential: 0.00 SotP: 0.00	Warburg ESG Risk Score: 2.5 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.5 Market Liquidity Score: 0.0	Description: Independent power producer (IPP), operating onshore wind and biogas projects in Europe
	Market Snapshot: EUR m Market cap: 124.46 No. of shares (m): 49.00 EV: 231.35 Freefloat MC: 98.32 Ø Trad. Vol. (30d): 16.58 th	Shareholders: Freefloat 79.0 % Pelion Green Future Alpha 11.0 % Enkraft GmbH 10.0 %	Key Figures (WRe): 2020e Beta: 0.7 Price / Book: 3.2 x Equity Ratio: 24 % Net Fin. Debt / EBITDA: 4.5 x Net Debt / EBITDA: 4.5 x
Price EUR 2.54 Upside 29.9 %			

Winds of change - breathing new life into old ways; Initiation with Buy

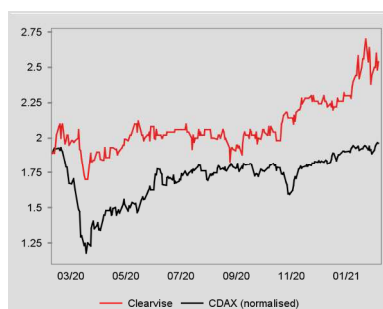
Clearvise, formerly known as ABO Invest, is an independent power producer based in Germany, operating a European onshore wind portfolio of 150.7 MW. Founded in 2010 by ABO Wind, clearvise underwent a process of transformation in 2019/20 and severed ties with its former partner. With its new management and supervisory board, clearvise is targeting brisk expansion of its portfolio in Europe. Supported by several public support schemes, clearvise benefits from highly visible cash-flows and a political environment that encourages the development of renewable capacities.

Expert approach paves the way for return to growth: The new strategy is based on two pillars, (I) the optimisation of the existing portfolio and (II) returning the focus to growth by applying its market-access strategy. Therefore the company has hired highly experienced industry experts with a proven track-record to build a lean but effective platform, prepared for the cost-efficient integration of further assets. In addition, the existing portfolio will be optimised to improve earnings generation. In 2020, successful optimisation already reduced downtime significantly.

Market-access strategy targets attractive niche market: To gain a competitive edge in a challenging industry, clearvise will take three different market-access approaches, clearValue, clearPartners and clearSwitch. Besides the acquisition of ready-to-build and commissioning assets (clearValue), clearvise offers small and medium-sized developers co-development opportunities (clearPartners) and allows for contribution-in-kind of older or distressed assets (clearSwitch). In the current transition of the energy industry, the three-pronged approach not only targets the current market but also anticipates future challenges arising from expiring subsidy schemes and changing risk profiles. As a result, clearvise should be able to establish a niche market position in the small to medium-sized segment and deliver above-average returns by utilizing its technical expertise. The investment focus will be onshore wind and PV projects in the range of 5-50 MW, located in established renewables markets in Europe. Besides the current core markets, Germany, France, Ireland and Finland, clearvise will also enter markets with a more dynamic growth profile, like Eastern and Southern Europe, securing the advantages of a first-mover and delivering higher returns.

ROCE generation is set to surge: Compared to its peers, clearvise uses a shorter depreciation and debt repayment period. As a result, ROCE generation (NOPAT) seems weak at first glance but will show a sharp increase in the near future. The fast decline of capital employed and cessation of depreciation costs will result in surging ROCE generation as soon as in 2028. Adjusted for the shorter depreciation period, clearvise is already showing strong ROCE generation, well ahead of its cost of capital (WACC-based) and at the upper end of its industry peer group.

Valuation hints at attractive upside: Based on our Warburg IPP-DCF, we value clearvise at EUR 3.30 per share. This indicates an attractive risk-reward profile but as our calculation does not anticipate any further acquisitions or optimisation measures, we deem it a base-case scenario. Assuming successful implementation of the new growth strategy, further upside potential can be expected. Compared to its peers, clearvise is currently trading at a discount but we expect this to decrease once clearvise returns to growth. Since the target prices derived from peer group multiples clearly surpass our Warburg IPP-DCF-based target price, we deem our base-case scenario to be verified.

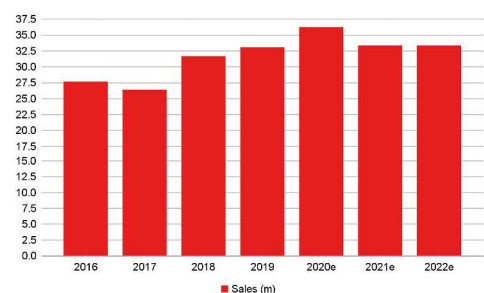


Rel. Performance vs CDAX:	
1 month:	4.9 %
6 months:	14.6 %
Year to date:	7.1 %
Trailing 12 months:	30.6 %

Company events:	
09.07.21	FY 2020
23.07.21	AGM
10.09.21	H1

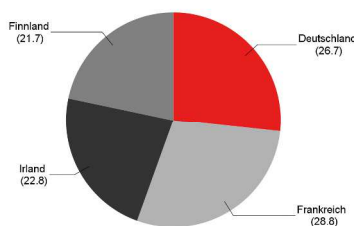
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	0.3 %	27.68	26.42	31.70	33.08	36.25	33.37	33.37
Change Sales yoy		-5.1 %	-4.6 %	20.0 %	4.4 %	9.6 %	-7.9 %	0.0 %
Gross profit margin		98.5 %	98.6 %	98.8 %	99.2 %	99.0 %	98.9 %	98.9 %
EBITDA	-2.7 %	20.64	18.94	25.48	26.03	27.12	24.27	23.97
Margin		74.6 %	71.7 %	80.4 %	78.7 %	74.8 %	72.7 %	71.8 %
EBIT	-9.7 %	4.46	3.25	6.50	6.78	8.14	5.29	4.99
Margin		16.1 %	12.3 %	20.5 %	20.5 %	22.5 %	15.9 %	15.0 %
Net income	-	-3.22	-3.55	-0.95	-0.40	0.97	-0.40	0.08
EPS	-	-0.07	-0.07	-0.02	-0.01	0.02	-0.01	0.00
EPS adj.	-	-0.07	-0.07	-0.02	-0.01	0.02	-0.01	0.00
DPS	-	0.00	0.00	0.00	0.01	0.02	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	0.6 %	0.8 %	n.a.	n.a.
FCFPS		0.44	0.34	0.24	0.47	0.41	0.39	0.39
FCF / Market cap		28.9 %	21.3 %	16.2 %	27.7 %	16.1 %	15.2 %	15.3 %
EV / Sales		7.4 x	9.3 x	7.3 x	6.8 x	6.8 x	6.9 x	6.4 x
EV / EBITDA		9.9 x	12.9 x	9.1 x	8.6 x	9.0 x	9.5 x	8.9 x
EV / EBIT		46.1 x	75.3 x	35.8 x	33.1 x	30.1 x	43.7 x	42.5 x
P / E		n.a.	n.a.	n.a.	n.a.	127.0 x	n.a.	n.a.
FCF Potential Yield		9.7 %	7.4 %	10.4 %	11.0 %	10.3 %	9.9 %	10.6 %
Net Debt		138.28	166.74	159.52	141.84	120.86	106.89	87.84
ROE		-8.9 %	-9.5 %	-2.4 %	-1.1 %	2.5 %	-1.0 %	0.2 %
ROCE (NOPAT)		3.1 %	2.2 %	n.a.	n.a.	1.6 %	n.a.	0.2 %
Guidance:		EBITDA of EUR 23.1m - 28.0m						

Sales development
in EUR m



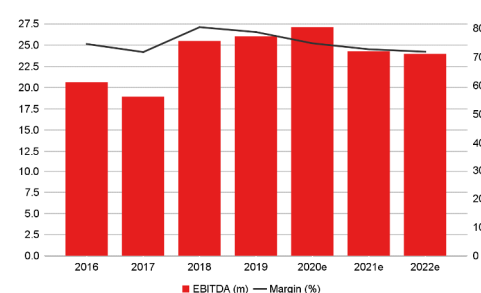
Source: Warburg Research

Sales by regions
2019; in %



Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

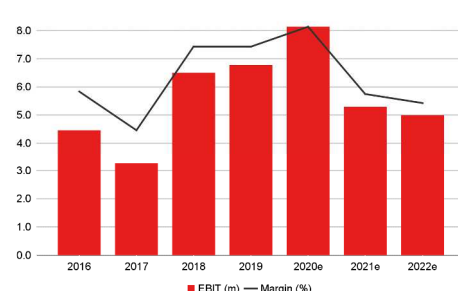
Company Background

- Clearvise's roots go back to the foundation of ABO Invest AG in 2010 which had a strong focus on citizen shareholders ("Bürgerwindaktie").
- The initial growth strategy of ABO Wind relied on ABO Wind, which provided projects and was deeply interwoven with the company.
- In 2019 and 2020, activist investors forced ABO Invest to sever the personal and operative ties with ABO Wind. A new management and supervisory board have been appointed and the company was renamed to clearvise.
- A transformation process has been initiated to return to growth.
- The current portfolio of clearvise consists of 150.7 MW onshore wind (149.9MW) and biogas assets (0.8MW) located in Germany, France, Ireland and Finland.

Competitive Quality

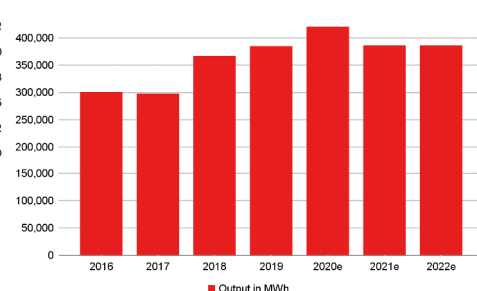
- A well experienced team of industry experts, capable of operating and optimising the current portfolio, will develop a lean platform for the integration of future acquisitions.
- Clearvise has introduced a three-pronged market-access strategy, "clearVALUE, clearPARTNERS and clearSWITCH", to gain a competitive edge and establish a niche market position.
- The market access strategies target the current market as well as the market transition and should allow for profitable growth.
- The technical expertise of the management team and experience with the operation of the former ABO Invest portfolio allows for optimisation measures, which will result in higher output.
- By expanding the investment focus of PV projects, the top line and margins should stabilise further, providing highly visible and predictable cash-flows.

EBIT development
in EUR m



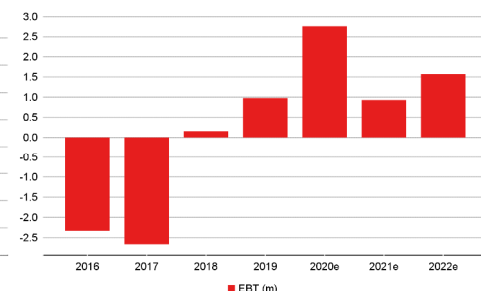
Source: Warburg Research

Output
in MWh



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Summary of Investment Case	4
Company Overview	5
Competitive Quality	6
Breathing new life into an old portfolio	6
Transformation process leads to new market positioning	6
Overhead setup with hands-on experts	7
Investment criteria show a clear growth path	10
Gaining competitive edge in a challenging industry	13
Value chain positioning	14
Market-access strategy based on three pillars	16
Portfolio diversification improves risk profile	18
Building a solid basis for the future	19
Consolidation ahead	19
Analysis of Return on Capital	21
Balance sheet reflects capital intensity	21
Balance sheet dynamics	22
Optimisation potential should increase returns	25
Operating profitability	26
Margin generation	26
Returns	28
Conclusion	29
Growth / Financials	30
On the front line of the renewable super cycle	30
European Green Deal is set to kick in	31
The hunt for returns	33
The world beyond subsidies	36
Grid parity has become reality	36
Power purchase agreements replace subsidies	37
Financial outlook	39
Predictable top-line development	39
Margin development and P&L forecast	41
Cash-flow development	46
Valuation	48
The Warburg IPP-DCF	48
New strategy should lead to more upside	50
Relative valuation	50
Conclusion	53

Summary of Investment Case

Investment triggers

- With the introduction of the European Green Deal, the EU is actively encouraging the development of renewable capacities and has tightened its CO₂ targets. As a result, capacity additions should surge in all member countries, offering attractive growth opportunities.
- At the same time grid parity has become reality. The LCOE (“levelized cost of electricity”) of onshore wind and PV can compete with fossil power generation, reducing the dependence of the renewables industry on public support schemes.
- Clearvise has severed ties with its former partner ABO Wind and introduced a new growth strategy. With a highly experienced team of industry experts, clearvise is aiming to establish a niche market position and deliver above-average returns.
- The current IPP portfolio will reach its so-called “golden end” (the period beyond depreciation and debt payments) in the near future, as the period of time over which clearvise depreciates its assets is uncharacteristically short. As a result, ROCE generation should surge and margin generation will structurally improve.

Valuation

- Our valuation of clearvise is based on our Warburg IPP-DCF and amounts to EUR 3.30 per share.
- To reflect the high visibility of future cash-flows, we have extended the transitional period of our DCF model until the last park reaches the end of its expected lifetime. Thus the terminal value in the Warburg IPP-DCF is zero.
- We estimate a total lifetime of 30 years for onshore wind. For the calculation of sales and margins after the expiry of public support schemes, we use power price forecasts.
- Our Warburg IPP-DCF should represent a base-case scenario, which does not account for several value-accretive effects. We expect those effects to become visible with successful implementation of the new strategy and an expansion of the IPP portfolio.
- Compared to its peers, clearvise is trading at a discount. As the PT derived from P/CF peer group multiples surpasses our Warburg IPP-DCF based PT, we deem our PT to be verified.

Growth

- Supported by regulators, there is major growth ahead for the European renewables market as part of the effort to reduce the carbon footprint. Several countries have introduced public support schemes, securing highly visible cash-flows and margins.
- Besides its current core markets, clearvise aims to enter dynamic growth markets like Poland and Greece to secure the advantages of the first movers. This should result in superior returns generation and should support the company’s competitive positioning.
- Expiring public support schemes will be replaced by PPAs, which offer a similar low-risk profile and cash-flow visibility. Increasing demand from industrial companies should support future market growth and ensure demand for renewable electricity.

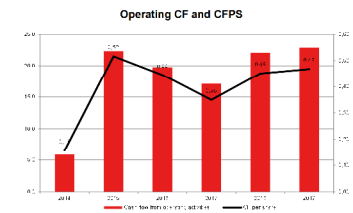
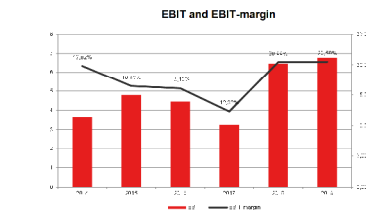
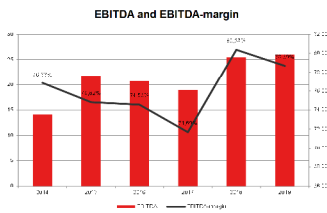
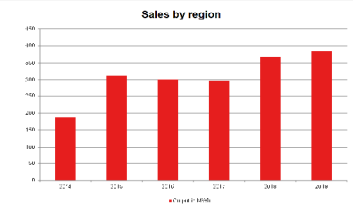
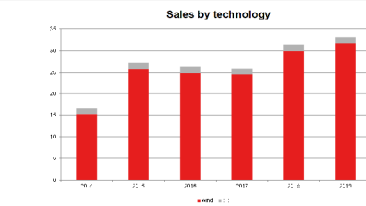
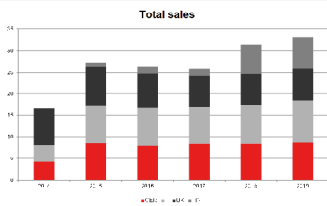
Competitive quality

- Clearvise employs an experienced team of industry experts, which intends to develop a lean platform for the integration of future acquisitions. Technical know-how and optimisation measures should improve the output of the existing portfolio and ensure a cost-efficient operation.
- To gain a competitive edge in a challenging market, clearvise has introduced a market-access strategy based on three pillars. Besides the acquisition of ready-to-build and commissioning assets, clearvise will offer co-development opportunities to developers and acquire distressed or older assets.
- The market-access strategy targets the current market environment but also anticipates the current industry transition. In combination, the three-pronged strategy should allow clearvise to establish a niche market position and improve its competitive position.
- By adding PV assets to its current onshore wind portfolio, clearvise will improve its risk profile and diversification. This should result in even more stable margin and cash-flow generation.

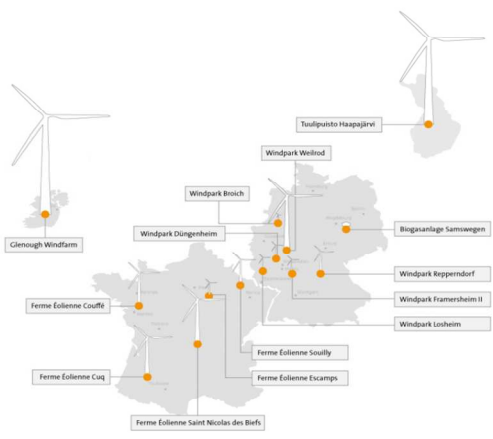
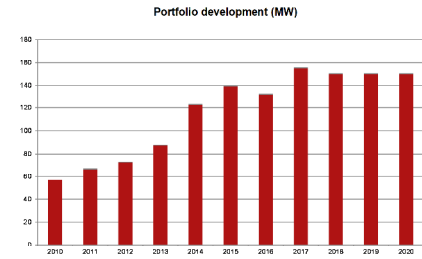
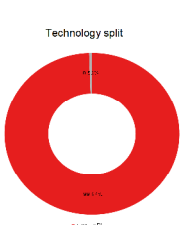
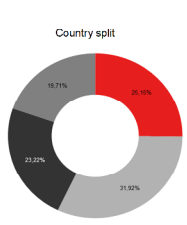
Company Overview

clearvise

Operative business segments	Power generation					Biomass Germany 0.8 MW	
	France 48.1 MW	Germany 37.9 MW	Ireland 35.1 MW	Finland 29.7 MW			
Competitors	7C sslarparken ENCAVIS	ALBIOMA	Folk Renewables ables	PACIFICO RENEWABLES FUND III	volitalia TERNA ENERGY DEE TERNA GROUP	NEOEN GREEN COAT UK WIND	Cloudberry CLEREAG



IPP Portfolio



Source: Clearvise, Warburg Research

Competitive Quality

- Clearvise has executed a profound strategic realignment to focus on growth and establish a niche market position.
- The market-access strategy is based on three pillars, targeting the current market but also anticipating the current industry transition.
- A team of experienced industry experts has been hired to develop a lean platform for the cost-efficient integration of future acquisitions.
- Employing its technological know-how, clearvise has already improved the output of its current portfolio significantly.

Clearvise has severed the ties to its former partner ABO Wind

Breathing new life into an old portfolio

Clearvise's roots go back to the foundation of Eurowind AG in 2008 by ABO Wind AG with the intention of building an onshore wind portfolio. After reaching 56.9 MW, ABO Wind founded ABO Invest, which bought Eurowind in 2010 and began placing shares with private and institutional investors, diluting ABO Wind's share to 35%. In the following years, ABO Invest continuously expanded its portfolio and issued new shares with a strong focus on citizen shareholders ("Bürgerwindaktie" = citizens' wind stock) to give small private investors the opportunity to participate in the energy transition.

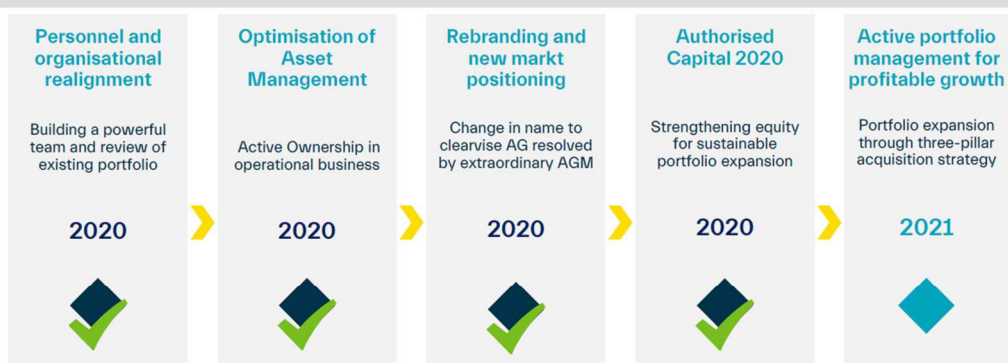
ABO Invest's growth strategy relied on its partner ABO Wind, which provided the projects and was deeply interwoven with the company on a personnel and operative level. During 2017, adverse regulation led to a sharp decline in project supply and prices for projects began to rise in subsequent years. As a result, ABO Invest was unable to meet its investment requirements for new assets and the structure of the company did not allow for growth without its partner.

In 2019/2020, several activist shareholders, each acquired close to 10% of the outstanding capital forced the company to restructure its set-up and sever personnel and operative ties with ABO Wind. In 2020, a new supervisory board was installed, which appointed Mrs. Leue-Bahns as the new CEO of the company. Since then, a transformation process has been initiated and the company was renamed clearvise during an extraordinary general meeting (EGM). The two largest shareholders registered at the EGM in October 2020 were Pelion Future Alpha GmbH (11%) and Enkraft GmbH (10%).

Transformation process leads to new market positioning

Clearvise has introduced a five-step transformation process to address current market challenges and build a platform for future growth. Several important milestones were achieved in 2020.

Strategic milestones



Source: Clearvise, Warburg Research

- (I) **Personnel and organisational realignment:** The company cut ties with ABO Wind and hired a new team of experienced professionals for all key positions. Mrs. Petra Leue-Bahns was appointed CEO in March 2020. Mr. Manuel Sieth has been Head of Finance since July 2020 and Mr. Martin Kwidzinski has been responsible for technical portfolio management since April 2020.
- (II) **Optimisation of asset management:** In the past, all asset management activities (O&M management) were outsourced to ABO Wind. With the appointment of Mr. Kwidzinski, an experienced technical manager has taken over the leadership of the O&M management and is in the process of building an IT-based platform to optimise and manage all O&M activities of the company.
- (III) **Rebranding and new market positioning:** To raise awareness of the far-reaching changes in the corporate setup, ABO Invest was renamed clearvise. The rebranding was approved at an EGM in 2020.
- (IV) **Authorised capital:** The aim of the transformation process is to focus on growth, for which fresh equity is needed. The EGM therefore authorised the board to increase the paid-in capital by a maximum of 24.5m new shares over the next five years.
- (V) **Profitable growth:** In 2021, clearvise's main focus will be on portfolio expansion by applying its three-pillar acquisition strategy. In H2/20 alone, management reviewed onshore wind and PV projects with a total size of >680 MW in several countries, of which six projects are still active and possible acquisition targets.

With four of the five transformation goals already achieved, clearvise should be well positioned to focus on growth in 2021 and gain competitive edge in a challenging market.

Overhead setup with hands-on experts

The new corporate structure not only allows clearvise to insource all centres of competence, but also has several competitive advantages. In a competitive market it is important to operate a lean overhead cost structure to secure high margins, but also control all essential parts of the value chain in-house. Therefore, clearvise has decided to hire experienced staff for each of the three core activities:

- (I) **Corporate strategy, operations & investor relations:** For the transition process of ABO Invest to clearvise and the design of a new, competitive corporate strategy, Mrs. Leue-Bahns was hired in 2020. She has 25 years of experience in the industry and has been working as divisional manager for financing & sales at ABO Wind for five years. Her top priority will be the strategic orientation of the company, the coordination with the supervisory board and capital markets communication to establish good access to capital markets.

The strategic decisions regarding the regional expansion and remuneration (FiT, PPA; merchant market) will have a significant impact on the company's risk profile and its ability to deliver value-accretive growth. In addition, clearvise will need to develop broad access to capital markets to fund its expansion. Historically, Mrs. Leue-Bahns familiar with some of clearvise's assets and will be included in the company's O&M management activities.
- (II) **Acquisition and Finance:** Essential for further growth will be the identification of new targets, due diligence and acquisition. For this role, clearvise has hired Mr. Sieth with a proven track record in project finance and the acquisition & management of renewable assets. He managed the European wind and PV portfolio of a large German insurance group and

previously worked in project finance for renewable projects at LBBW.

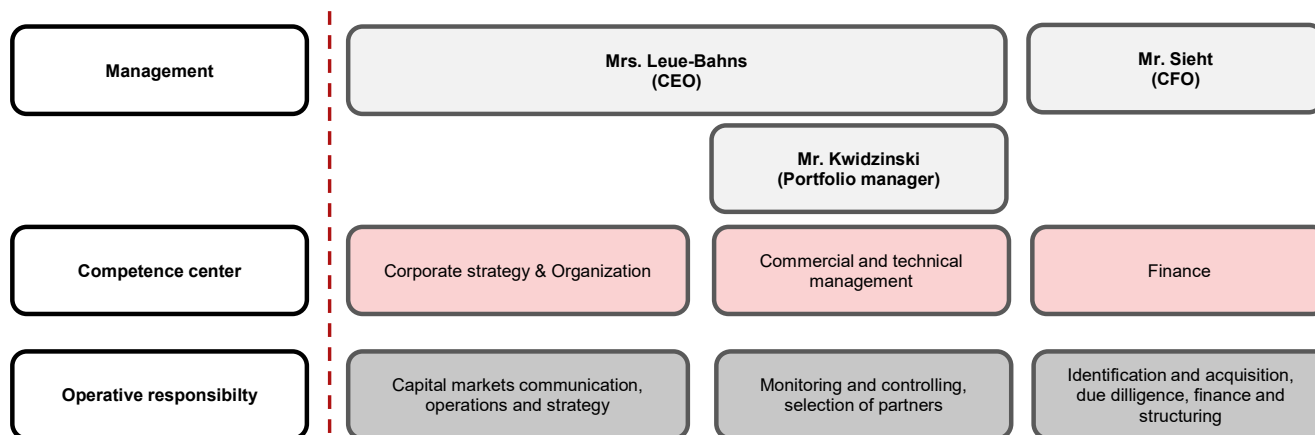
Further, clearvise’s current portfolio is financed in an old-fashioned way, using only project financing at SPV level. With the repayment of project debt and a general shift from FiT-based remuneration to PPA/merchant market exposure, financing will become an essential component of value creation. We expect the company to restructure parts of its outstanding project debt, use free debt capacity at company level to optimise leverage, and introduce more complex financing with new acquisitions (for a more detailed analysis see chapter “Return on capital”). These topics will also be the responsibility of Mr. Sieth.

- (III) **O&M management:** The term “O&M management” summarises a broad range of services associated with the technical and commercial operation of renewable assets. However, clearvise’s intention is not to do the technical and maintenance work itself, but to keep the supervision and selection of subcontractors in its own hands. Especially for older wind turbines, close monitoring and well-planned technical maintenance work are crucial to ensure optimal output and extend the lifetime of a turbine. Clearvise also aims to acquire distressed assets on the secondary market and optimise output by streamlining O&M management. For this acquisition strategy, a professional in-house O&M manager is essential. To ensure cost efficiency and optimal monitoring, clearvise is in the process of building an IT platform to support the operational management of all assets.

All O&M activities will be the responsibility of Mr. Kwidzinski, who previously managed the clearvise portfolio at ABO Wind Betriebs GmbH. He is already familiar with all the parks and their technical characteristics.

A lean operating structure should not cast doubt on management’s ability to cover all essential tasks in-house. Supported by an IT-based platform, O&M management can be performed by a single person. For acquisition and financing, the CEO & CFO can select assets, negotiate purchase agreements and secure financing. For due diligence and the execution of acquisitions (legal), the company has access to a broad network of industry professionals and experts and is strongly supported by its advisory board. In this context, clearvise’s corporate structure is divided into three competence centres where human resources and know-how can be allocated on a case-by-case basis to ensure fast but high-quality execution (expert approach).

Corporate structure and centres of competence



Source: Clearvise, Warburg Research

The lean setup should enable clearvise to generate competitive margins and this platform should be able to manage a portfolio of at least 300-400 MW without significantly higher overhead costs. In terms of the targeted growth path, this should lead to a scaling of overhead costs in favour of the company's margins.

The core of clearvise's business in the coming years will be the acquisition and integration of further renewable assets. To provide the necessary support and ensure a high level of industry know-how and expertise, clearvise's advisory board is staffed with industry experts who are able to review acquisitions at arm's length.

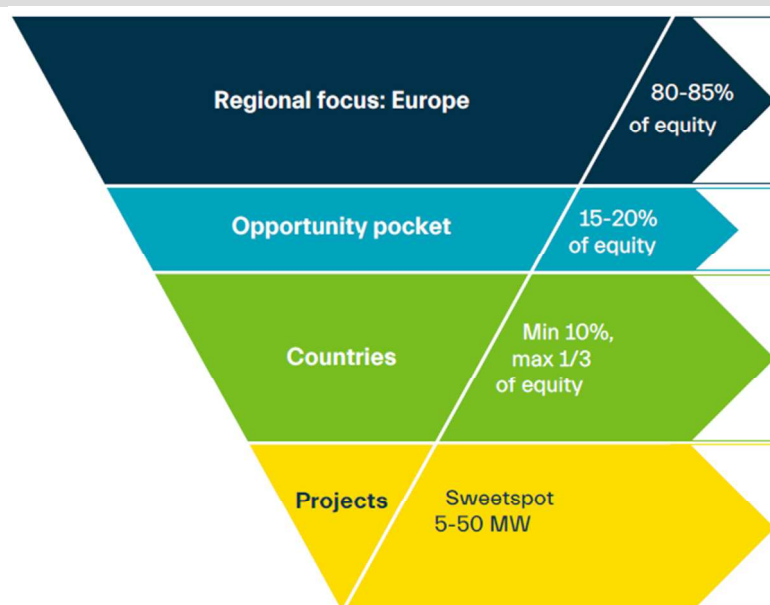
- (I) **Mr. Martin Rey** was appointed chairman of the supervisory board in 2020. The independent lawyer is also a member of the advisory board of Nordex SE and chairman of Nordex's examining board. Furthermore, he is industry advisor to the fund of FQT partners and a member of the investment committee of IST Investmentstiftung für Personalvorsorge Zürich.
- (II) **Astrid Zielke** is a lawyer and partner at Buse Heberer Fromm in Hamburg. She has served on several supervisory boards in the renewable energy industry, for example WKN and PNE, both project developers for renewable energy projects. As a lawyer, she has been active in the fields of renewable energies and real estate for more than 20 years.
- (III) **Oliver Kirfel** is a lawyer and partner at LPA-GGV in Munich, where he is responsible for the energy business. He has a track record of more than 15 years in the renewable energy industry, with a focus on onshore wind and PV. He has advised several clients on the sale, acquisition and operation of renewable assets.
- (IV) **Christian Guhl** is an industrial engineer working as senior director at Capgemini Invent in the Energy & Utilities division. He has more than 15 years of experience as a consultant in the German energy industry, focusing on smart grids, smart metering, energy trading and battery storage.
- (V) **Dr. Hartmut Schüning** served as CFO of Q-Cells SE from 2004 to 2009 and was responsible for the company's IPO. Currently, he is the owner of Hamburg Solar GmbH, which advises companies focusing on renewable energy, invests in renewable start-ups and develops PV projects.

Altogether, management and supervisory board of clearvise have a deep understanding of the renewable energy industry and a broad network to source further growth. This will be critical to identifying new targets and dealing with increasing competition in the industry, where a well-established network is key to profitable growth.

Investment criteria show a clear growth path

Clearvise has defined investment criteria as a framework for future growth, setting out a clear path for the company to follow.

Investment criteria



Source: Clearvise, Warburg Research

The cornerstones of the investment criteria are as follows:

- (I) **Regional focus:** Clearvise will make direct investments in PV and onshore wind assets in Europe, not limited to the Eurozone. Eligible markets must be dominated by small and medium-sized development companies, have an interconnected electricity market and an established governance and regulatory environment for renewable energy. There should not be any cultural or language barriers and the availability of suitable local partners (for technical and operational management) must be ensured. In total, 80-85% of the company's equity will be invested in such assets.
- (II) **Opportunity pocket:** Admirable, in our view are investment reserves, known as the "opportunity pocket", which management has secured to invest in new technologies, new asset classes, other countries or strategic acquisitions. For now, the opportunity pocket should not play a major role, but this war-chest allows clearvise to opportunistically enter emerging technologies such as battery storage, hydropower or power-to-x/hydrogen. Further, clearvise could acquire distressed assets or investment funds. Given management's expertise and network, the opportunity pocket could be an instrument for long-term strategic investment and additional value creation. Nevertheless, it is important to emphasize, that the opportunity pocket is not intended to make early-stage investments or acquire stakes in VC companies, but to acquire assets or technologies that support the existing core business of operating of PV/wind assets. For example, Clearvise could add a battery storage unit to one of its parks to optimise power sales in merchant markets in the golden end, or optimise older wind turbines through technical measures like blade extensions.
- (III) **Countries:** Apart from the regional focus, clearvise limits the total investment (equity) per country to one-third of its total equity. As mentioned above, all markets must have reliable renewable energy regulation, a sound political environment and established project financing industry to be considered for investment.

- (IV) **Projects:** Clearvise’s sweet spot will be the size segment between 5 and 50 MW to avoid competition with large investors such as infrastructure funds or utilities. The investment focus is not limited to operating assets and is based on three pillars (clearSWITCH, clearPARTNERS and clearVALUE), which include ready-to-build (RTB), turnkey and operating projects, but also co-development and special situation deals. Especially co-development and special situation deals should enable clearvise to demonstrate its expertise and know-how in the operation of renewable assets and to create added value for investors.

Within the framework, clearvise has a strict investment process to ensure that investments meet the company’s profitability requirements and that all acquisitions are properly vetted.

Investment process



Source: Clearvise, Warburg Research

The investment process includes four steps:

1. **Define and understand markets:** Before clearvise enters new markets, it must ensure that its investment criteria are met. Moreover, a deep understanding of the market is required to deal with local legislation, project developers, subcontractors and the local energy market. Especially with a higher exposure to PPAs/merchant prices and active marketing of electricity, such understanding is imperative to achieving high margins.
2. **Execute value-add opportunities:** At the project level, investment criteria must be ensured in terms of capital allocation. More importantly, comprehensive due diligence must be performed to ensure appropriate returns (WRe: equity IRR > 6%) and value enhancement of the acquisition.
3. **Deliver value:** To reach the maximum output and optimise returns, acquisitions need to be integrated into clearvise’s O&M platform to ensure proper technical and commercial management. With the right improvement measures, clearvise should be able to increase the performance by 1-3% p.a. and ensure an extended lifetime of the assets (“golden end”).

- 4. Active portfolio management:** In addition to constant screening of the portfolio to identify optimisation potential, active portfolio management also includes the opportunistic sale of assets or the acquisition and disposal of strategic participations. However, as clearvise is a long-term oriented investor, we expect a minor impact from asset trading on the company's P&L.

The investment criteria and the investment process show clear guidelines for portfolio expansion and pave the way for further growth. They also provide a standardised and lean ramp-up process for acquisitions and ensure integration into clearvise's existing platform.

Both the investment criteria and process should also support clearvise's competitive positioning within the IPP industry, especially when it comes to the acquisition of distressed or older assets and the relationship with small and medium-sized project developers.

Distressed or old onshore wind assets often suffer from poor O&M management, low-cost technical service providers and investment delays. This is especially true for assets held in investment funds that outsource all O&M management activities to third parties and are unable to reinvest. When these assets start to underperform due to weak wind yields or technical issues, the funds fall short of the forecasted cash-flow profile. clearvise can acquire such assets and integrate them into its professional platform to improve output and margin contribution. With a deep understanding of the technology and industry, clearvise should be able to improve the performance by 1-3% p.a.

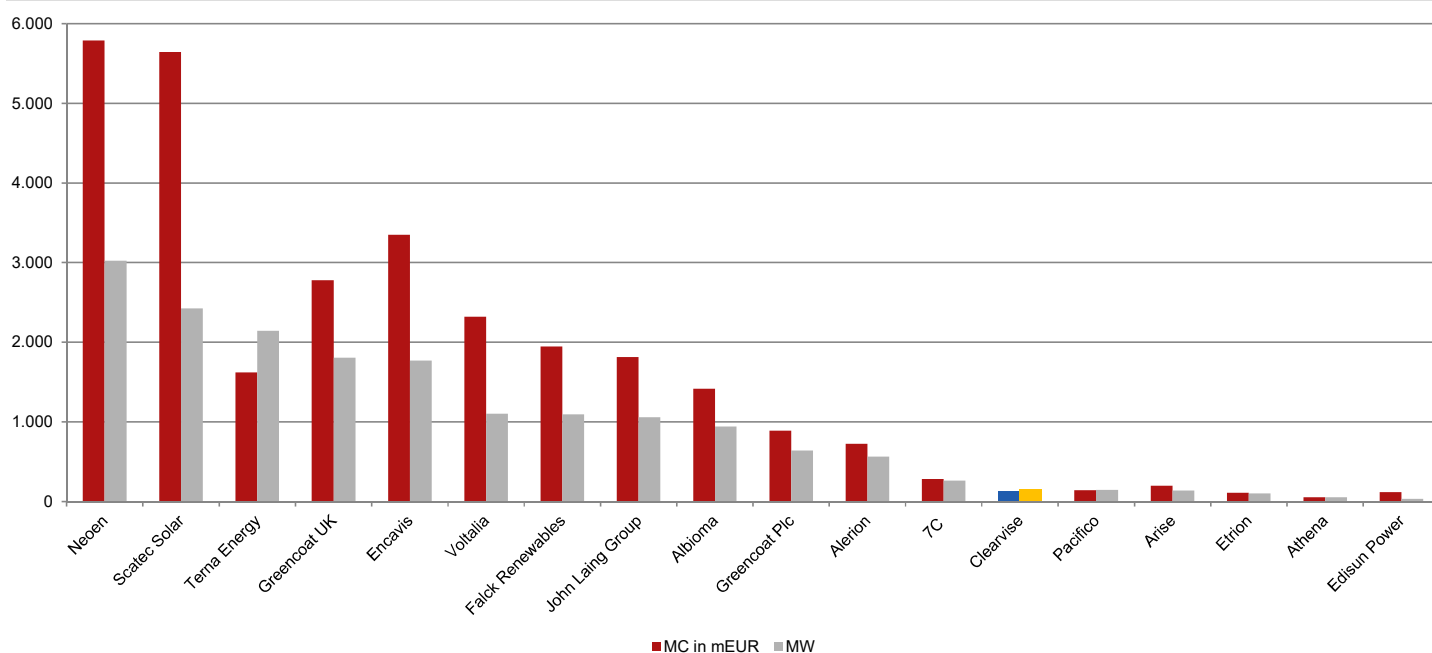
For small and medium-sized developers, a professional and experienced partner can provide a standardised and reliable platform for the acquisition process and create unique market access. Moreover, clearvise will not only purchase commissioning assets, but will also enter the development process as a co-developer, supporting the process with its market know-how, network and, to a limited extend, capital (for details see chapter "Market access strategy").

Gaining competitive edge in a challenging industry

The European Independent Power Producer (IPP) industry has become one of the fastest growing industries in Europe, backed by a supportive regulatory environment and capital allocated to renewable assets. Increased investor attention has not only led to billions of euros being invested in PV and onshore wind, but has also significantly increased competition for new assets. To deliver competitive margins and grow with appropriate returns, a unique market access strategy is required to source project supply and gain a competitive edge.

Within its peer group, clearvise ranks among the smallest IPPs in terms of size and market capitalisation.

Competitive landscape in Europe



Source: Company websites, FactSet, Warburg Research

By analysing the market access strategies of the peer group, three different approaches become apparent:

- (I) **Insourcing of project development:** Especially larger utilities and IPPs have started to insource the project development business to ensure they can meet their ambitious capacity targets. The trend gained momentum in 2019 and 2020 with the takeover bid for PNE by MSIP and the acquisition of Solarcentury and SN Power by Statkraft and Scatec Solar. However, the integration of project development requires a sound balance sheet to cover project risks and development costs, but ensures direct access to projects and eliminates the developer margin when projects are transferred in-house.
- (II) **Partner model/cooperation agreements:** The small and mid-sized IPP segment rather seeks to enter cooperation agreements with project developers, granting access to an agreed pipeline without carrying development risks on its own books. This strategy seems to be the most reasonable in terms of differentiating costs of capital and risk profiles, but forces the IPP to pay the developer margin when acquiring projects. The advantage is clearly an agreed pipeline, usually for several years, and a growth strategy spread over the shoulders of several parties.

- (III) **Niche market strategy:** Since the renewable energy market is highly fragmented in terms of project size and regions, specialised players focus on specific niche markets or size classes to avoid competition for new projects. This strategy usually results in below-average growth rates, but has the advantage of generating above-average returns. However, this strategy requires deep knowledge of technologies and markets (expert strategy) when managing and acquiring assets.

The strategies outlined above can be found as pure-plays but also in mixed forms. Each player designs its strategy adjusted to its core markets, growth ambitions and available capital. Nevertheless, it is worth noting that trying to achieve growth by addressing only the available projects on the market is insufficient to achieve growth targets and is not favoured by investors. In the coming years, a unique market access strategy should become even more important. Subsidies and regulated prices will be replaced by PPAs, and merchant prices, increasing CO2 prices and regulation are increasing pressure on utilities to expand their renewable portfolio, and ESG investors will be looking for investment opportunities. All in all, these trends should significantly increase competition, making a market access strategy imperative to achieving growth.

In the following, we rank clearvise’s position in the renewable energy value chain and highlight its market access strategy (three-pillar strategy), which should improve clearvise’s competitive position and allow for rapid future growth.

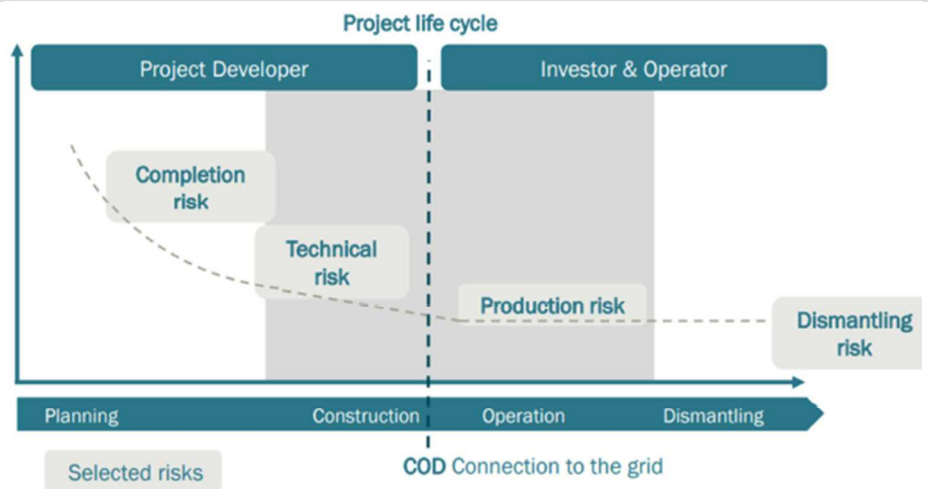
Value chain positioning

The renewable energy value chain is broadly divided into three business areas, derived from the lifecycle of a renewable project:

1. **Project development:** Includes all stages in the development of a new project such as planning, obtaining permits, coordinating and selecting suppliers, applying for government subsidies or negotiating PPAs, financing and construction.
2. **Parts supplier:** The production of all parts needed for a PV/wind park is carried out by specialised companies such as turbine manufacturers, PV cell producers or inverter manufacturers.
3. **Operation:** Independent Power Producers (IPPs) operate renewable energy parks over their useful life. This includes the technical and commercial management of the parks as well as the marketing of the produced electricity.

Business models along the asset lifecycle show different risk profiles that can be categorised into the different stages of a project.

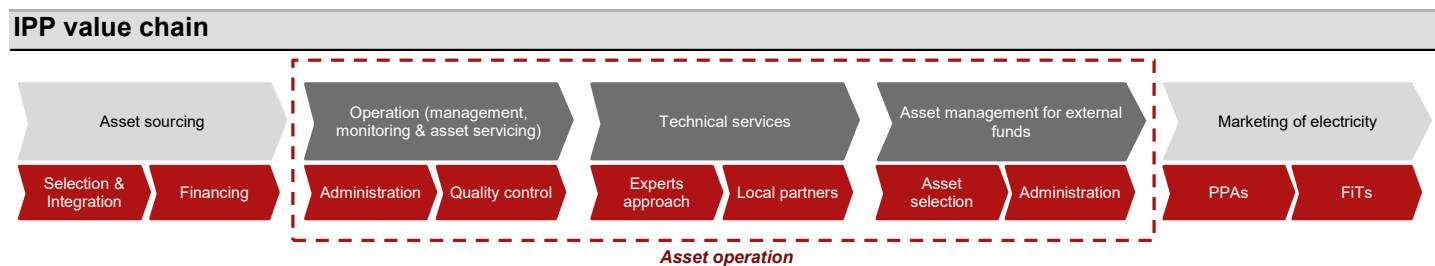
Risk structure along the asset lifecycle



Source: Encavis, Warburg Research

As a renewable asset operator, clearvise's business model is at the low-risk end of the value chain and benefits from highly visible and predictable cash flows. However, the new strategy will expand clearvise's focus as co-development and the opportunity pocket have a higher risk exposure. To limit shareholder risk and provide an appropriate risk-return profile, investments (opportunity pocket) are limited to 15-20% of the company's equity.

Taking a deeper look at the operator value chain, clearvise covers all essential parts, enabling the company to create value-add:



Source: Warburg Research

- (I) **Asset sourcing:** The identification and acquisition of new assets will be clearvise's main focus in the coming years. Therefore, clearvise will employ its three-pillar strategy (clearSWITCH, clearPARTNERS and clearVALUE) including the acquisition of commissioning or RTB (ready-to-build) assets, co-development partnerships with small and medium-sized developers and contribution in kind of older or distressed assets. We will outline the strength of this market access approach in the next chapter.
- (II) **Asset operation:** Asset operation, monitoring and coordination of technical services (O&M management) will be performed in-house to maintain control over the selection of suitable partners and ensure the maximum output of each park. Further, expertise in O&M management will be a key pillar to refurbish older or distressed assets and build a lean and IT-based operation platform.
- (III) **Technical services:** For technical services, clearvise will apply its expert approach by selecting the best local partner to ensure maximum availability of each park.
- (IV) **Asset management:** Clearvise does not intend to operate assets for external investors.
- (V) **Marketing of electricity:** The current portfolio still benefits from regulated prices, which eliminates the need to market electricity. Nevertheless, clearvise will have a strong focus on building know-how and exposure towards PPAs and merchant markets, which will be crucial for future markets and the golden end (extended lifetime of assets).

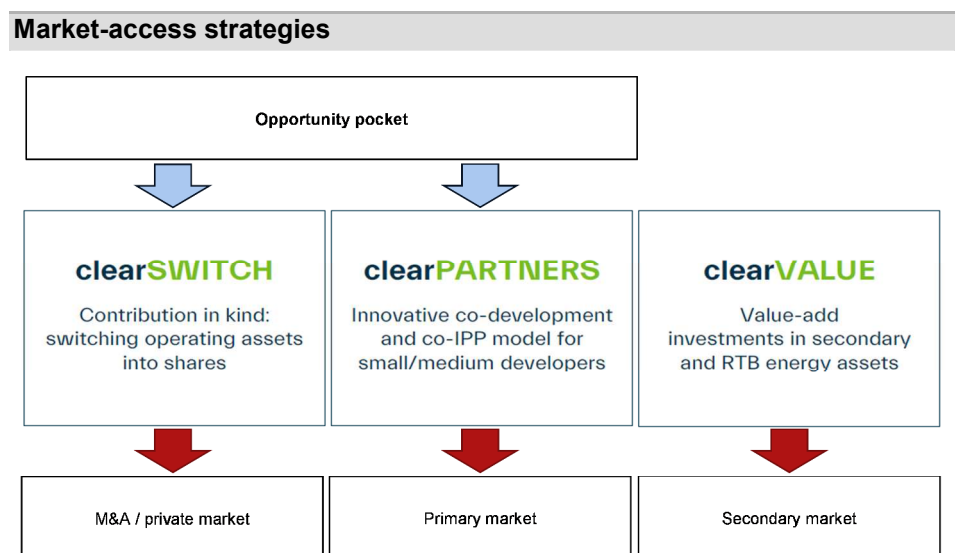
Compared to other established IPPs, clearvise's value chain coverage shows some special characteristics. Most IPPs started their business focusing on the pure operation of the parks including technical management. In addition to their own assets, they started to service external capacities to scale costs and keep technical management in-house at competitive costs. Since clearvise operates a comparatively small portfolio, the cost base would not be competitive and would decrease margins. Therefore, the decision to rely on the selection of suitable experts is reasonable. Nevertheless, asset controlling (O&M management) is performed in-house to maintain control over the process, identify performance issues and ensure maximum output. Especially when acquiring older wind assets, strict monitoring and the selection of expert partners are imperative to increase the performance of the asset.

In addition, clearvise will extend its value chain with the introduction of the clearPARTNERS strategy, which includes co-development with project developers. This step will change the company’s risk profile by assuming development risks, but will also pave the way for a unique acquisition strategy that will support clearvise’s competitive positioning. Appropriate risk management and limitation of capital allocated in such cooperation will limit the risk to shareholders. Assets from co-developments should have higher returns that more than compensate for the risks taken.

The opportunity pocket differentiates clearvise from other IPPs of a similar size. Peers usually limit investments to already established technologies such as PV and onshore wind, while clearvise will take the opportunity to enter new technologies and storage. On the one hand, this will allow clearvise to anticipate new market trends at an early stage; on the other hand, these investments should involve higher risk and could increase earnings volatility. As we expect the renewable energy industry to grow in leaps and bounds and new technologies, such as storage or power-to-x, to be introduced to ensure grid stability and on-demand power supply, the early anticipation of such technologies could increase clearvise’s competitive edge and create a unique market positioning. Nevertheless, the higher risks, once taken, must be taken into account in the valuation with higher capital costs.

Market-access strategy based on three pillars

Clearvise’s market-access or acquisition strategy is built on three pillars. These are described below and the market potential of each is assessed.



Source: Clearvise, Warburg Research

1. **ClearVALUE:** The base strategy targets the acquisition of commissioning or RTB PV and onshore wind assets. While this strategy is the most common, strong ties and a very well established network will be needed to gain access to developers and acquire assets with value-accretive returns. clearvise will have a strong focus on small and mid-sized developers, offering them a standardised due diligence process and permanent market access. In the fragmented developer industry, small developers in particular often have weak market access and limited resources to engage in a professional sales process. This should be a good access point for the well-established network of clearvise’s management, which will have a strong focus on building long-term relationships. The clearVALUE strategy also includes the acquisition of older or distressed assets. The target group for these assets are single project developers and investment funds. Single project developers were hit hard in 2017, when the new EEG (German Renewable Energy Law) made several projects unprofitable or extended the project cycle for new approvals or the need to participate in the tender. With its expertise in project realisation and

development, as well as marketing via PPAs, clearvise can support the project realisation and secure attractive margins for both the developer and clearvise. Investment funds, on the other hand, often encounter issues in the operation of assets. Older wind turbines often do not reach the predicted output, which leads to lower returns for investors. In addition, maintenance capex is required to meet new regulatory requirements (i.e. night identification), which the fund is unable to carry out due to its limited capital. To limit losses to shareholders, funds might seek a suitable exit partner, while clearvise can refurbish the assets with its professional O&M management and is able to spend maintenance capex. Another possibility would be the contribution-in-kind of the asset in return for shares, making the fund investors shareholders of clearvise. We believe this approach is very promising as it has already been taken by other niche market players such as 7C Solarparken. However, it will require a high level of technical expertise and a sound due diligence process to verify whether an asset matches the return requirements and can be refurbished.

- 2. clearPARTNERS:** In our view, the most innovative access strategy is clearPartners, which will include the co-development of projects. The development industry is usually characterised by limited capital resources and weak access to debt. If projects cannot be finalised within the planned timeframe or project risks are imminent, developers struggle to finance its development costs. In contrast, clearvise benefits from stable and highly predictable cash flows that can be used to grant loans to developers or to finance projects and offer support in the development process. If the projects can then be realised, clearvise should be able to acquire them at superior returns (WRe equity IRR >8%), which will support the overall profitability of the portfolio. The target group will again be small and medium-sized developers with small development portfolios and thin capital coverage. We expect this approach to take some time to unfold, but it is very promising and future-oriented. As described earlier, renewable energy will undergo a major transition once subsidy schemes end and PPAs will be needed to secure highly visible cash flows and achieve a high leverage. In contrast to projects based on regulated prices, PPA-based projects will be more complex and require specialised know-how and personnel. In addition, pre-payments will be needed to secure grid access and access to parts, changing the financing requirements of projects. Large developers will be able to cover additional expenses and pre-payments, while the small and mid-sized developer segment will be squeezed out of the market. Again, clearvise can provide sufficient funds to cover pre-payments, but also enter into PPAs and offer support from its experienced team. Afterwards, the developer could remain a minority shareholder in the project SPV to benefit from the stable cash flows, or become a shareholder in clearvise. Both would tighten the boundaries between developers and clearvise and should result in a superior market access. The challenging part of the strategy for clearvise will be the risk management of its co-investments, which should be limited to the available cash flow from the power generation portfolio to protect shareholders from losses and avoid major project depreciation. In addition, the allocation to projects must be considered in the valuation by applying higher cost of capital once made.
- 3. clearSWITCH:** Basically, the clearSWITCH strategy is an extension of the previously explained strategies. ClearSWITCH offers the possibility of converting operating assets into shares via a contribution in kind instead of receiving a cash payout. Potential customers could be developers, investment funds or single park operators. clearSWITCH could also attract private investors such as family offices or wealthy clients to become anchor shareholders of clearvise by contributing their privately-held assets to clearvise's platform. For small IPPs that lack growth prospects or have limited access to new capital, clearSWITCH could prove to be an M&A strategy.

In the context of the three “Cs”, the opportunity pocket comes into effect, allowing clearvise not only to invest in new technologies, but also to make strategic investments in other IPPs or investment funds.

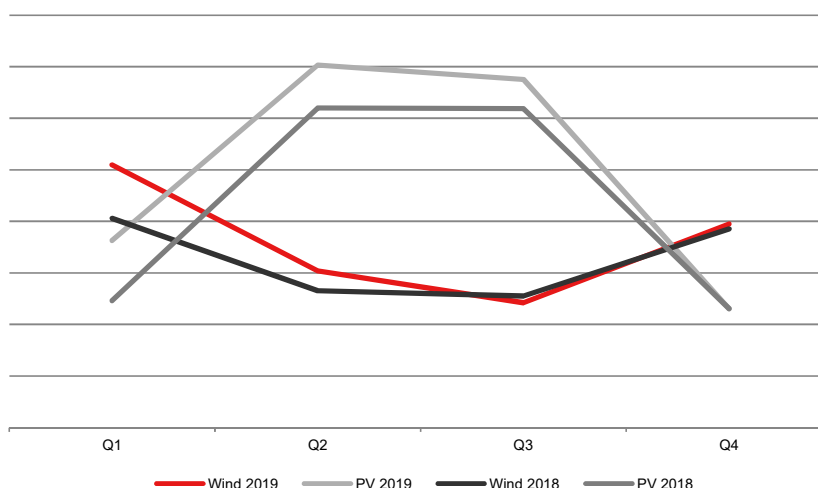
Once the potential of the market access strategies fully unfolds, clearvise will have a unique approach, which should sharpen its competitive edge and enable rapid growth.

Portfolio diversification improves risk profile

Currently, clearvise’s portfolio consists of 99.5% onshore wind assets, equally located in Germany, France, Finland and Ireland. While this provides a balanced regional diversification, the focus on a single technology results in a strong dependence on wind yields and the majority of margins are generated in Q1 and Q4. In the future, clearvise intends to increase the share of PV capacity in the overall portfolio, which should lead to several positive effects:

- (I) **Balanced cash-flow generation:** PV and onshore wind complement each other on an annual basis. Wind yields are highest in Q1/Q4, while irradiation is highest in Q2/Q3. In terms of earnings generation, a more balanced portfolio should have a positive impact on a more even cash-flow contribution throughout the year.

Annual PV and wind output (exemplary)



Source: Warburg Research

- (II) **Increasing margin stability:** The historical deviation of wind yields is rather high compared to irradiation conditions. In addition, a good wind year is often a weak irradiation year and vice versa. An increasing PV share should result in a less volatile margin generation and increase the stability and visibility of cash flows.
- (III) **Extended lifetime:** We expect onshore wind assets to have a maximum lifetime of 30 years, while PV assets should reach at least 35 years. From a technical point of view, a wind turbine cannot be operated safely after 25-30 years, but PV assets can reach a much longer lifetime with only minor maintenance capex (change of inverter or broken cells). Therefore, the expected golden end of PV assets is more attractive compared to onshore wind and should have a positive impact on the valuation.
- (IV) **Local diversification:** Clearvise aims to extend its local footprint. In particular, markets such as Eastern Europe, Greece or Belgium offer huge growth potential. Broader regional diversification will also lead to lower volatility in sales and margin generation.

Not included are investments made from the opportunity pocket. If fully utilised, 20% of clearvise’s equity can be allocated to new technologies or strategic participations, which would impact the risk profile of the portfolio. Even though such investments should be

riskier, the stable cash flows from the portfolio (80% of equity) should be sufficient to cover potential losses, and the opportunities clearvise can gain access to should more than compensate for the higher risk in the long run.

The market-access strategy anticipates the current industry transition

Building a solid basis for the future

At the moment, clearvise is benefiting from regulated remuneration, which is providing highly visible top-line and cash flow development. However, as the LCOE (“levelized cost of electricity”) for onshore wind and PV have dropped, subsidies are set to expire. To achieve a similar visibility and high leverage, the industry is moving towards PPAs (“Power Purchase Agreements”), which in Europe usually have a term of 5-15 years.

Nevertheless, greater exposure to market prices will cause a major transition in the industry (see “Growth” section for details) and will impact the business models of IPPs. To manage this transition, clearvise will seek exposure to PPAs in the coming years to gain knowledge and expertise in-house and strengthen its market position. Understanding the future challenges should enable clearvise to gain market share, especially in combination with its market access strategy.

- (I) The increasing volatility of energy prices will be a challenge for direct investors, who usually do not have the necessary expertise to deal with energy trading and volatility. Thus, direct investments will be replaced by cooperation models (clearSWITCH & clearPARTNERS) and will release market shares.
- (II) The origination of attractive PPAs will require a certain amount of capacity and a diversified portfolio to ensure supply reliability.
- (III) Since PPAs have a more complex risk profile, IPPs must establish appropriate risk management. Active portfolio management, including managing different PPA contracts and trading surplus electricity on merchant markets will become critical to remain competitive.
- (IV) Several assets will return to the market once the initial subsidy scheme expires. These assets will either be eligible for repowering or can be operated for an additional 5-10 years under a PPA. These assets can be addressed by clearvise within its three-pillar strategy and potentially repowered under the clearPARTNERS programme.

We expect clearvise to be well prepared for the industry transition, as the new strategy is clearly focused on developing a solid foundation for the future.

Consolidation ahead

Vertical integration is already a major topic. As outlined above, most IPPs have either acquired project developers or are entering into cooperation agreements to secure market access to new projects. In addition, project developers are expanding their competence for new technologies or are acting as consultants for capital investors. Therefore, we expect two major developments for the IPP industry in the next decade:

- (I) The PPA market will be dominated by the companies that are able to supply the largest amount of electricity at the lowest LCOE. As the IPP business is very capital-intensive and basically scalable, we expect that larger IPPs will merge to ensure pricing power, security of supply and access to large customers (PPA off-takers)
- (II) In contrast, renewable energy enables utilities to supply customers on a more local basis. Especially smaller, local IPPs can supply customers through PV or wind parks close to their homes/factories.

As a consequence, the market should be more fragmented between (I) large suppliers and (II) niche market players with a network of smaller PV/wind parks located close to clients.

Clearvise aims to become a niche market player in the small and mid-market segments through its expert approach and market access strategy. This should enable Clearvise to gain a competitive positioning and further develop its portfolio, closing the gap to its peers.

However, if clearvise is unable to grow rapidly and reach a critical size, it could be a suitable takeover target for other IPPs:

- Clearvise's portfolio could be complementary for IPPs looking to enter the Central European market. The same is true for investment funds that previously only managed renewable assets and want to expand their engagement as the industry transforms.
- Clearvise has a lean cost structure and outsources technical services. Peers with in-house technical services could scale their cost base and create value-add by merging portfolios.
- As soon as general market growth is no longer sufficient to deliver rapid growth, large IPPs will start acquiring smaller IPPs to secure their market position.
- For most larger IPPs, the acquisition of clearvise should be value-accretive from a valuation perspective (see section "Relative valuation")

Analysis of Return on Capital

- The industry typical balance sheet is dominated by fixed assets and long-term project debt, limiting the risk of impairments.
- Regulated remuneration provides a highly-visible and predictable top-line and margin development.
- ROCE development will surge in the near future, due to a very short depreciation period.
- By applying the same depreciation period as its peers, clearvise delivers returns well ahead of its cost of capital already today.

Tangibles and project debt dominate the balance sheet

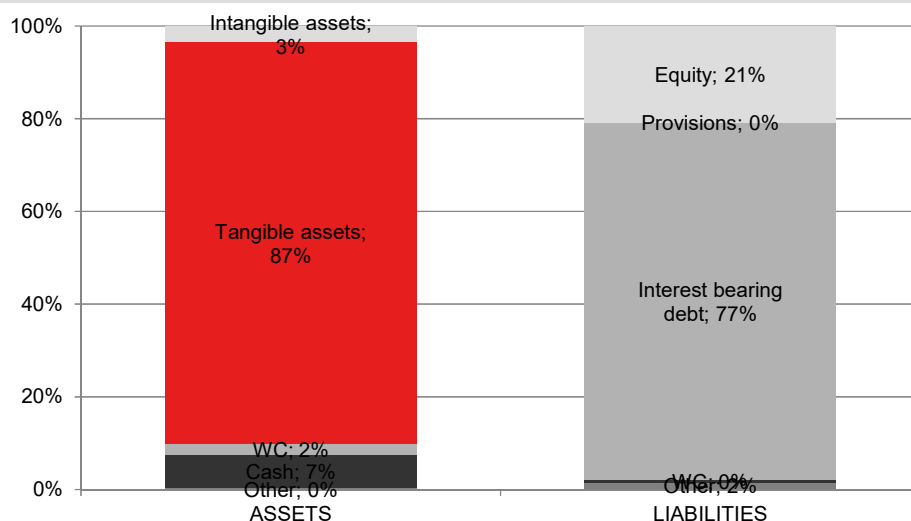
To evaluate clearvise’s ability to efficiently utilise its funds and create value for its shareholders, we shed some light on its capital structure, capital employed, sustainability of returns, and ROCE generation. For this analysis, we consider only the current 150.7 MW portfolio and do not include any further acquisitions due to limited liquid funds. Nevertheless, we will shed some light on the impact of a potential capital increase and further acquisitions on balance-sheet dynamics and returns, as the company intends to grow in the future and authorised capital has been approved by the AGM.

Balance sheet reflects capital intensity

As is typical for an independent power producer (IPP), clearvise’s balance sheet is dominated by its renewable energy assets and corresponding project debt. As a result, tangible assets represent 86.8% of assets and interest-bearing debt 77.1% of liabilities on the FY 2019 balance sheet. Intangible assets account for only a minor share of 3.4%, limiting the risk of impairment charges and giving the balance sheet a solid and stable character.

Working capital plays only a minor role, resulting in a WC position of 2.3%. Accounts receivable and payable are usually the result of the time-lag in payments from the grid operator or the respective provider of subsidised power prices.

Balance sheet at the end of FY 2019

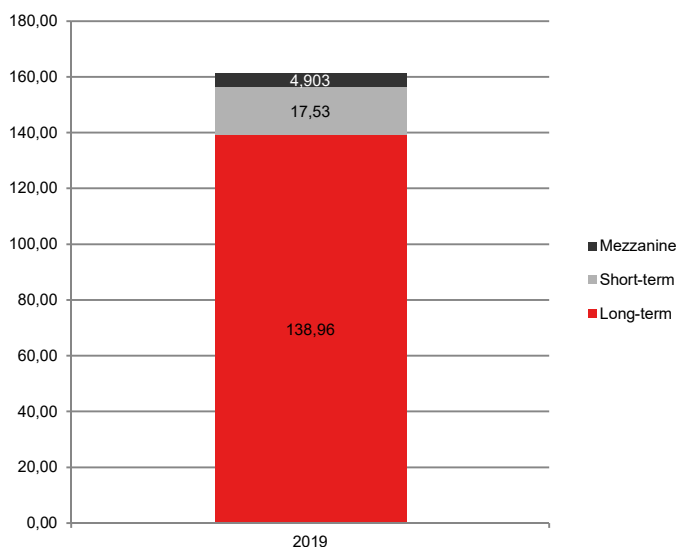


Source: Clearvise, Warburg Research

The residual balance consists of cash (7.2%) and other liabilities (1.6%), the majority of which is blocked cash held at SPV level to ensure bankability. With the ongoing repayment of project debt, blocked cash will be released in proportion to the outstanding debt and supports the financial solvency of the company.

Liabilities are dominated by long-term financial debt (project financing) held on a non-recourse basis at SPV level. In addition, Clearvise had some mezzanine capital outstanding by the end of 2019, but has planned to repay this during 2020.

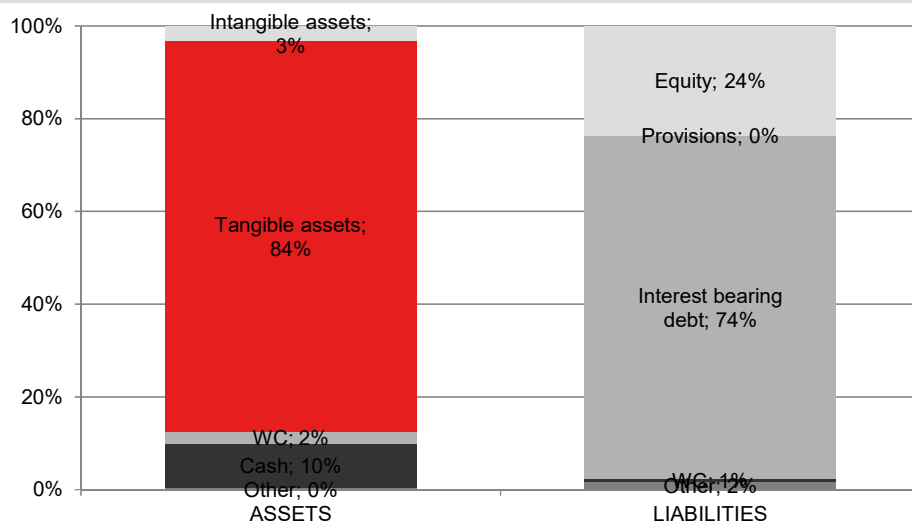
Debt structure by the end of FY 2019 (EURm)



Source: Clearvise, Warburg Research

Regarding the equity ratio, Clearvise shows very high leverage, especially when the mezzanine capital is deducted from total equity. Fully loaded (incl. mezzanine), the equity ratio stood at 20.8% at the end of FY 2019 and shareholders' funds accounted for 18.4% of the balance sheet. Assuming repayment of the mezzanine capital in 2021, the equity ratio increases to 23.6% due to the repayment of project debt, which more than offsets the repayment of the mezzanine capital. Nevertheless, an equity ratio of 23.6% remains low compared to the industry standard of 25-35%.

Expected balance sheet structure FY 2020



Source: Clearvise, Warburg Research

In terms of risk assessment, the low equity ratio should not represent a risk to shareholders. Clearvise operates a portfolio with solely regulated prices, providing stable and visible cash flows. Therefore, an equity ratio of 20% is sufficient for the operation of the current portfolio, but does not allow for further growth.

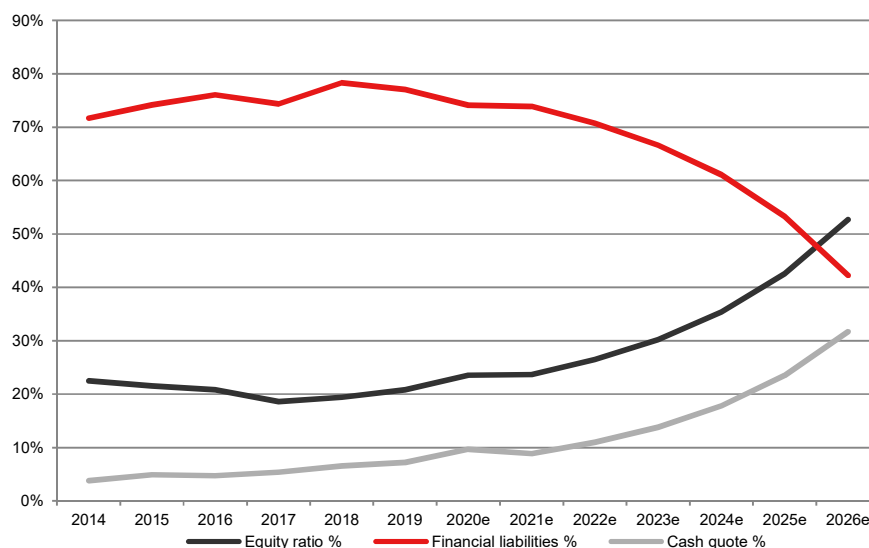
Balance sheet dynamics

For our forecast, we do not expect clearvise to invest in new assets or raise additional funds for growth, even though the company's growth strategy hints in that direction.

Nevertheless, clearvise's balance sheet structure will change significantly over the next few years for the following reasons:

- Compared to its peers, clearvise depreciates its assets very quickly, in a time period of only 16 years. Peers apply depreciation periods of 20-25 years for onshore wind and 25+ years for PV assets.
- The same applies to project financing. Normally, we would assume a term of 15 years for subsidised projects. Clearvise, however, should repay its long-term financial debt in 10-12 years from cash flow.
- As a result of the annual depreciation and deleveraging, total assets will decline very quickly. In addition, the cash position will increase, as clearvise should generate a cash surplus after debt repayment.
- Clearvise will reach the golden end of its projects faster than its peers (projects without debt and depreciation costs), leading to a surge in EBIT/EBT generation and surplus cash generation.
- In line with the cash position, the equity ratio will increase and should enable the company to pay a sustainable dividend.

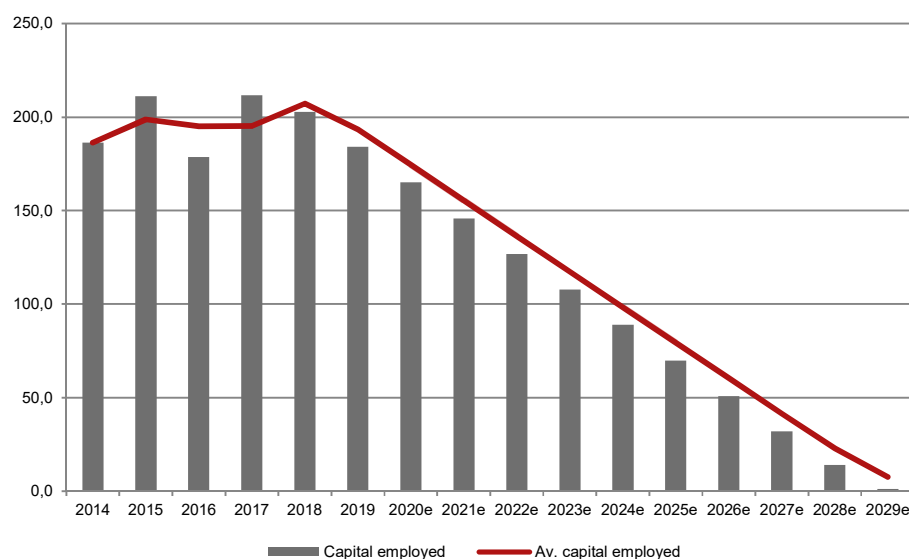
Development of balance sheet key figures (% of total assets)



Source: Clearvise, Warburg Research

Simulating the development of the balance sheet until the last park reaches the end of its lifetime, the balance sheet would only consist of cash and equity, but the fully depreciated assets are still generating cash flow. The same effects impact the development of capital employed. With the repayment of debt and the depreciation of assets, capital employed decreases and becomes negative as a result of the net cash position.

Development of capital employed



Source: Clearvise, Warburg Research

However, the actual development of capital employed will differ from our forecast, as clearvise clearly intends to raise further funds and grow its portfolio. If this happens, the following effects would affect the development of the balance sheet:

- A capital increase and the acquisition of assets would compensate for debt repayment and depreciation of assets. Thus, the leverage would remain higher in the coming years.
- We would expect clearvise to target a higher equity ratio of 25-30%. This will be particularly necessary for the transformation towards PPA-based remuneration, which has a higher risk profile.
- Depending on the remuneration type, location and technology type of the project, we expect an initial leverage (project debt) at SPV level of 60-80%. The additional debt should have a longer repayment period, keeping the leverage higher over a longer period compared to the current debt structure.
- The same applies to capital employed. New assets and debt would keep capital employed at an equal level in the coming years. However, the effect of the current portfolio (decreasing capital employed) would also lead to the same development in the long term.

In addition to a possible capital increase and the acquisition of new assets, clearvise could decide to change the depreciation period of its assets to 20+ years, in line with current market standards. This would flatten the decline in capital employed and also impact the company's P&L but only have a minor effect on the cash position (exchange of depreciation to net income).

A revaluation of old assets – in combination with the adoption of a new depreciation period – could also release hidden reserves in favour of the company's equity ratio. Most of clearvise's assets were valued in years with a higher interest-rate environment. As interest-rate levels have declined to near zero, revaluation should lead to higher valuation of the assets on the balance sheet, which would release hidden reserves and increase the company's equity. Other companies have already used the procedure to release hidden reserves. Encavis, for example, sold minority stakes in some of its older wind farms, resulting in a revaluation and the release of hidden reserves of the respective asset. For clearvise, this could be an opportunity to increase its financial firepower and acquire further assets.

Optimisation potential should increase returns

For the time being, clearvise's debt structure consists only of project debt held at SPV level. Compared to current interest-rate levels, older project debt is rather expensive (WRe: 4%) and bears optimisation potential in terms of average cost of debt and financing structure.

As a first step, clearvise could optimise the existing debt and try to negotiate more favourable debt conditions. In addition, the maturity of project debt could be extended, taking into account the current lifetime expectations of such assets.

In addition to the simple restructuring of debt, the ongoing deleveraging of the portfolio offers opportunities considering the following effects:

- (I) Project debt is held on a non-recourse basis at SPV level and needs to be serviced by the cash flow of the respective asset.
- (II) The cash-flow lifecycle of renewable assets is back-end loaded. As outlined above, depreciation and debt repayment usually occur within the initial remuneration period (subsidised period of 12-20 years). However, most assets should have a longer lifetime (WRe 30 years for wind and 35 years for PV), resulting in the so-called "golden end". During this period, no more depreciation costs or debt service need to be paid, leading to a jump in free cash flow to equity.

Cash-flow development in the asset lifetime cycle



Source: Encavis, Warburg Research

- (I) The current portfolio is focused on wind, but shows even-distribution at local level, which to a certain extent should offset the deviation in local wind yields. At corporate level, the diversification effect should lead to more stable cash flow generation compared to a single asset, increasing the visibility and predictability at company level.

The effects described above enable clearvise to optimise its dynamic leverage on company level in favour of its shareholders. Assuming a golden end of 10 years for wind assets, clearvise could use the available cash flow to issue debt and use the debt to purchase new assets, which would increase the cash flow per share. Corporate-level debt could be promissory notes, bonds or hybrid capital, which would keep leverage stable over a longer period. If clearvise's growth strategy is successful and additional assets can be acquired, company-level debt could be issued in perpetuity as assets that reach the end of their lifetime would be replaced with new ones reaching the golden end.

In addition, continuous asset rotation would have a structural impact on clearvise's P&L. During the golden end, EBITDA should marginally decline, reflecting higher maintenance costs for older assets, while EBIT and EBT should climb to the same level as EBITDA due to the absence of depreciation and financing costs. The larger the share of portfolio assets that have reached the golden end, the higher the EBIT and EBT margins, which would also result in higher EPS and RoE. Considering the maturity of clearvise's portfolio, this effect should already become visible in 2025.

At SPV level, hybrid capital or company-level debt would have a positive impact on the cost of capital, enabling clearvise to bet on competitive prices for projects in the market. In an acquisition, clearvise needs to pay in the equity stake in the respective SPV, but can finance equity at the corporate level through a mix of “real” equity, hybrids and debt. Thus, the cost of equity at SPV level would be lower than clearvise’s cost of equity, enabling clearvise either to pay higher prices for an asset or to increase returns for its shareholders.

Stable and well predictable top-line and margin generation

Operating profitability

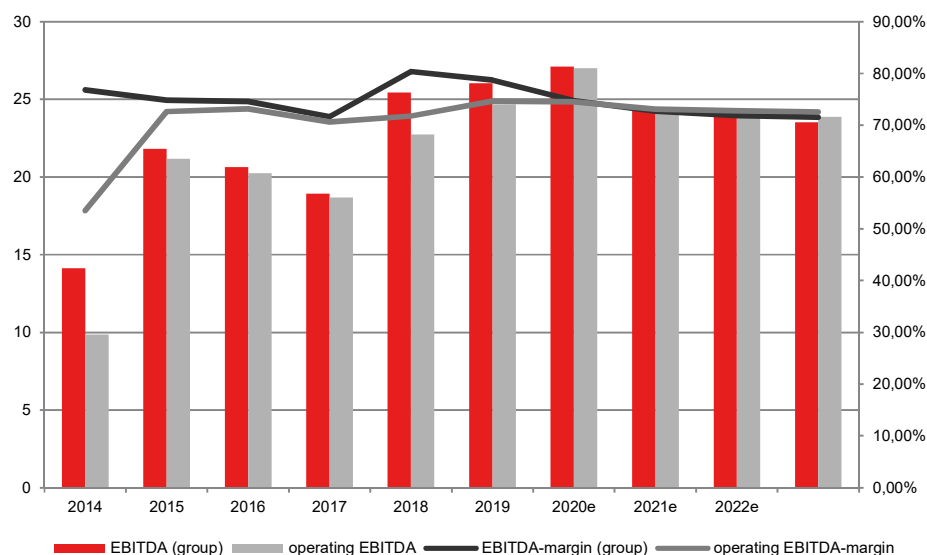
In the following, we take a look at clearvise’s margin generation and operating profitability. To enable better comparability with peers, we calculate the following figures:

- (I) Group-level margins are similar to those calculated in clearvise’s financial statements.
- (II) Operating margins only consider costs associated with the operation of the portfolio. Holding costs and non-recurring income and expenses are not taken into account.
- (III) Operating margins (IFRS): Most peers report in accordance with IFRS. To compare EBITDA margins, we adjust clearvise’s operating EBITDA for land lease expenses, which are considered in depreciation and financing costs under IFRS (IFRS 16).

Margin generation

Clearvise’s portfolio currently benefits from regulated prices that allow for stable and predictable revenue generation. The same applies to EBITDA, as most of the costs associated with the operation of the asset are calculated as a percentage of sales. Holding costs, in turn, should increase as a result of the company’s restructuring (for details, see chapter “Competitive Quality”) and are not scalable due to the limited firepower. As a result, we expect clearvise’s EBITDA margin to decrease slightly.

EBITDA development

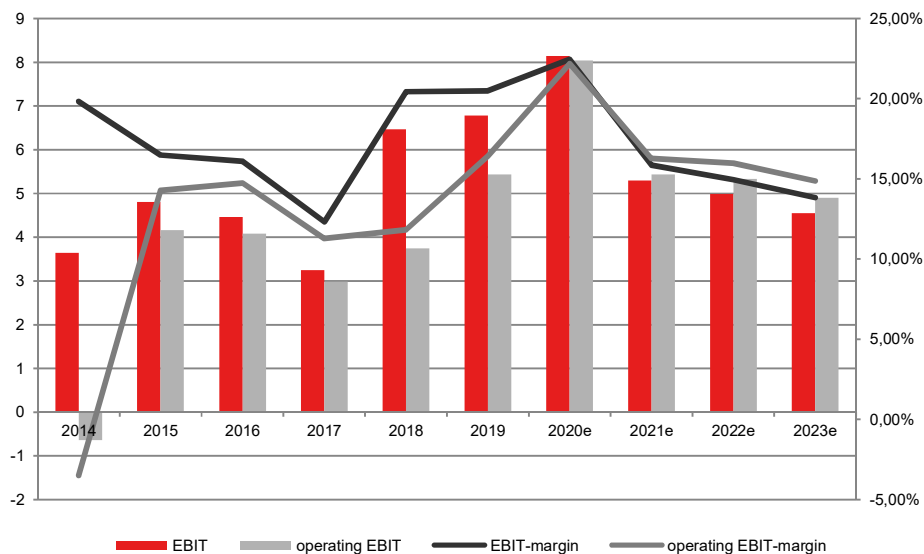


Source: Clearvise, Warburg Research

Once the first assets reach the golden end and fall back to merchant/PPA prices, the EBITDA margin should remain stable, but nominal EBITDA generation will decrease.

The EBIT development shows the same characteristics, but is more affected by the annual volatility of wind yields (lower basis). In turn, the effect of the golden end will lead to a structural improvement in EBIT margins, as described above.

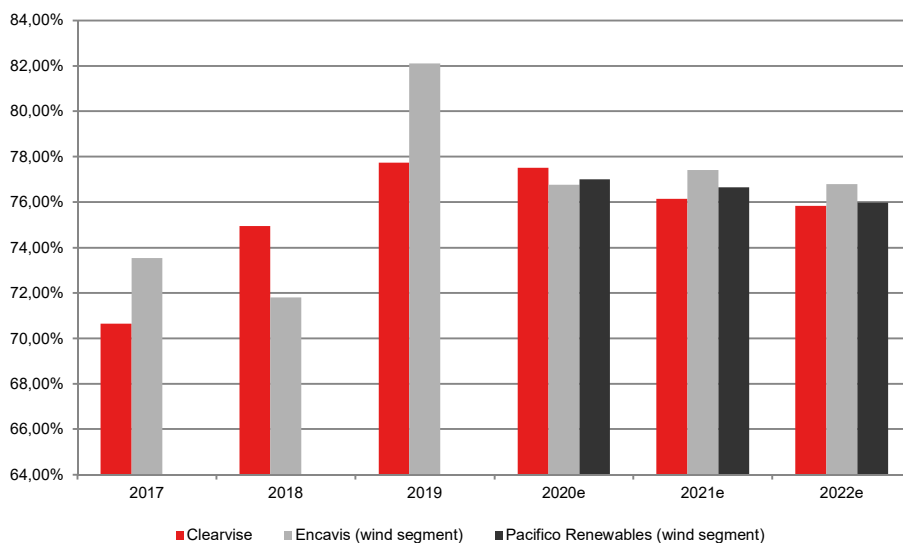
EBIT development



Source: Clearvise, Warburg Research

Compared to its peers, clearvise achieves a similar range of operating EBITDA margins, but falls short of the operating EBIT margins typical for the industry due to its shorter depreciation period.

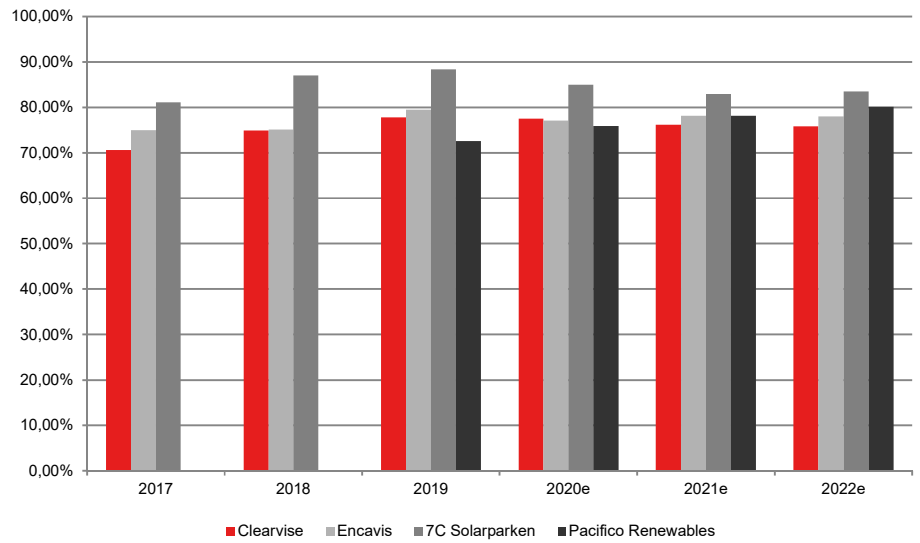
Operating EBITDA margins of industry peers



Source: Clearvise, Warburg Research

At company level, clearvise’s operating EBITDA margin ranks at the lower end of the peer group due its focus on wind assets. All other peers operate mixed portfolios of PV and wind assets, resulting in higher EBITDA margins. Once clearvise starts acquiring PV assets, operating EBITDA should reach similar levels.

Group level operating EBITDA margins of industry peers



Source: Clearvise, Warburg Research

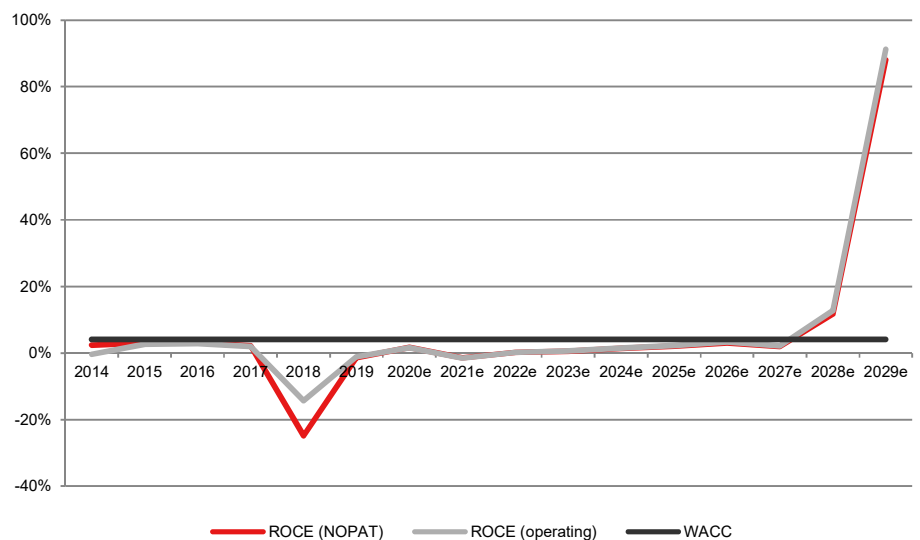
ROCE generation well ahead of cost of capital

Returns

Combining our capital employed and return analysis, we can now assess clearvise’s ROCE generation.

Similar to the margin calculation, we differentiate between ROCE derived from the group’s figures and operating ROCE. In our view, the operating ROCE development is more meaningful, as it only takes into account the actual portfolio and does not include any special effects.

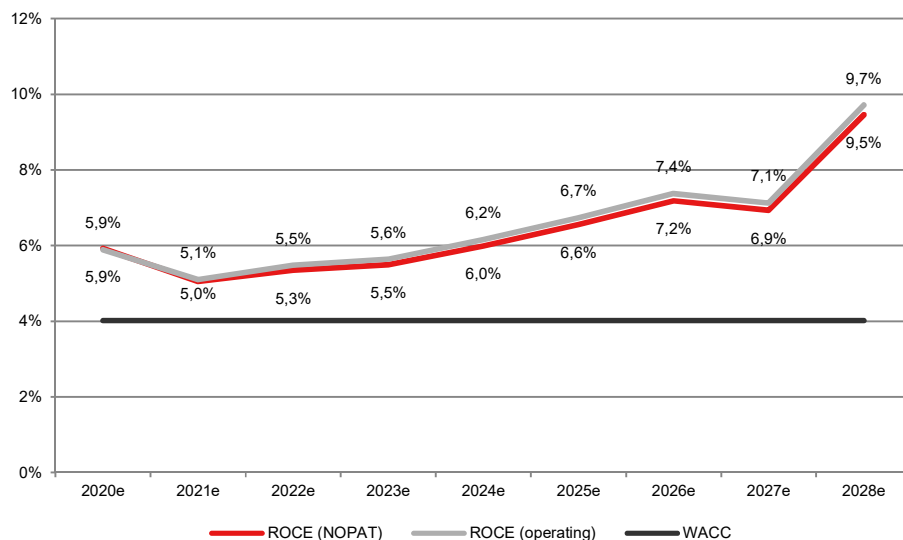
ROCE development



Source: Clearvise, Warburg Research

The ROCE development shows some peculiarities compared to other IPPs. Clearvise’s shorter depreciation period leads to lower NOPAT generation as long as the assets are depreciated, and then surges to over 75% once the capital employed is close to zero. The same effect is observed for clearvise’s peers, but not to the same extent. If we were to assume the same depreciation period as peers apply, ROCE generation would increase above the company’s cost of capital and the strong increase would be postponed into the future. The following graph shows ROCE generation from 2020 onwards, assuming a 20-year depreciation period.

ROCE development



Source: Clearvise, Warburg Research

By applying the same depreciation period as its peers, it becomes apparent that clearvise is able to generate returns above its cost of capital (WACC-based) and create value-add for its shareholders.

Conclusion

- Clearvise has an industry-typical balance sheet structure dominated by tangible assets, limiting the risk of impairments.
- Capital employed will decline rapidly due to the comparatively short depreciation period and repayment of debt.
- Margin generation is very stable and predictable due to regulated prices. Once the first parks reach the golden end, EBIT margins should improve structurally.
- ROCE generation demonstrates the company's ability to create value-add. Based on the current depreciation period, ROCE is below the cost of capital for a few years and then rises sharply. Applying an industry-typical depreciation period of 20 years, the ROCE development is more balanced and well above the cost of capital.

Growth / Financials

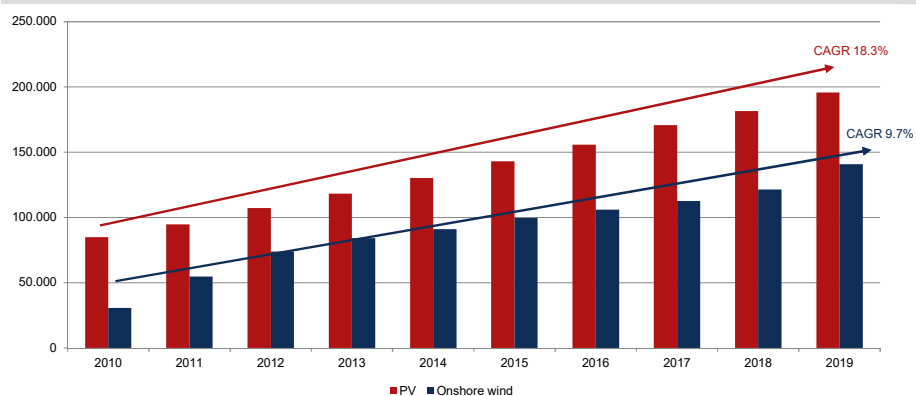
- Renewable capacities should experience a very dynamic growth in Europe, supported by the European green deal.
- Besides already established markets like Germany and France, countries with a high percentage of fossil fuels offer attractive growth opportunities.
- Competitive LCOE for onshore wind and PV pave the way for PPAs and create additional growth momentum for renewable energy sources.

The energy transition is one of the largest megatrends in Europe

On the front line of the renewable super cycle

The development of renewable capacities has skyrocketed over the last decade and is the option of choice to combat global warming and reduce carbon emissions from the energy sector. Globally, installed capacity in PV and onshore wind has more than doubled since 2010, led by technological progress and actively encouraged by regulators.

Installed capacity development worldwide (MW)



Source: IRENA, Warburg Research

In the European Union, all member countries had to ratify the Paris Climate Agreement and submit national climate action plans, including binding targets for the development of renewable capacities. During the Covid-19 crisis, the EU decided to further intensify its CO₂ reduction targets, increasing the pressure on member states to focus on renewable energy. In the coming years, the EU will spend billions on fostering the development of renewable capacities and promoting hydrogen technology. Larger countries such as Germany have also prominently included sustainability and CO₂ reduction in their own stimulus packages and introduced a national hydrogen strategy.

Historically, the development of the renewables industry can be divided into different phases:

- (I) **Subsidy phase:** Since the LCOE of renewables was initially too high to compete with conventional energy sources, subsidies were necessary to make renewable projects profitable.
- (II) **Phase-out of conventional sources:** In the EU, several governments decided to phase out coal or even nuclear power generation. At that time, the LCOE of renewable energy was not yet competitive, but to avoid increasing carbon prices or loss of future market share, energy producers entered renewable energy production.
- (III) **Grid parity:** In 2019-2020, the LCOE for onshore wind and PV fell below those of conventional sources in most developed countries. Subsidy schemes are set to expire and PPAs are on the rise to replace them. From an economic point of view, the generation of renewable energy makes more sense than conventional energy production.

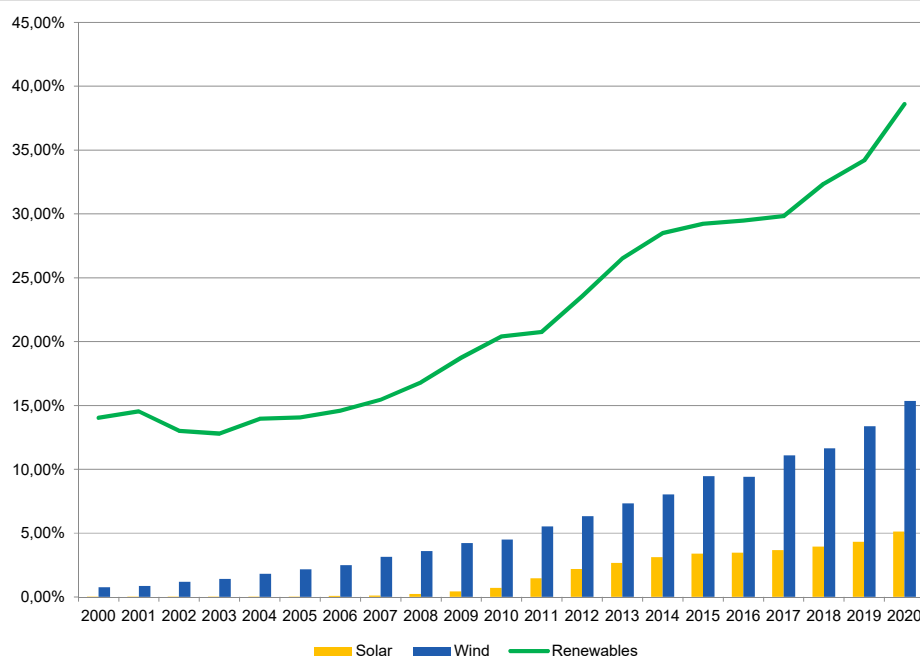
Looking ahead, renewable capacity growth should accelerate rather than slump, based on the following developments:

- New technologies are set to solve the problem of availability. To ensure grid stability and match energy demand and supply, storage capacities are needed. Currently, battery storage and hydrogen (power-to-x) seem to be the most promising technologies.
- The technological development of wind turbines and PV cells should further improve the profitability of PV/wind parks. In addition, the introduction of on-site storage solutions enables operators to benefit from energy trading.
- Especially for onshore wind projects, the repowering cycle is set to significantly increase (double or triple) the capacity of old projects and lead to a sustainable supply of new projects.
- Offshore wind is expected to be a major beneficiary of the hydrogen trend. Even though offshore wind projects are more complex and require more capex, several states are advancing the development of new capacities.
- Once the first of the larger capacities reach the golden end, the average LCOE of renewable portfolios should structurally decrease, making them even more competitive in the energy market.
- Increasing prices for carbon emissions (CO₂ prices or certificates) will have a negative impact on the competitiveness of coal- and gas-based energy generation. In contrast, renewable sources will generate CO₂ certificates or GoO (“Guarantee of Origin”) that can be sold on the market to participants with a CO₂ surplus.

European Green Deal is set to kick in

Breaking it down to clearwise’s core markets, the introduction of the European Green Deal has boosted growth prospects. Europe was one of the first movers in the development of renewable energies, especially Germany and the Scandinavian countries which are already generating >40% of gross energy from renewable sources today (including hydro as renewable).

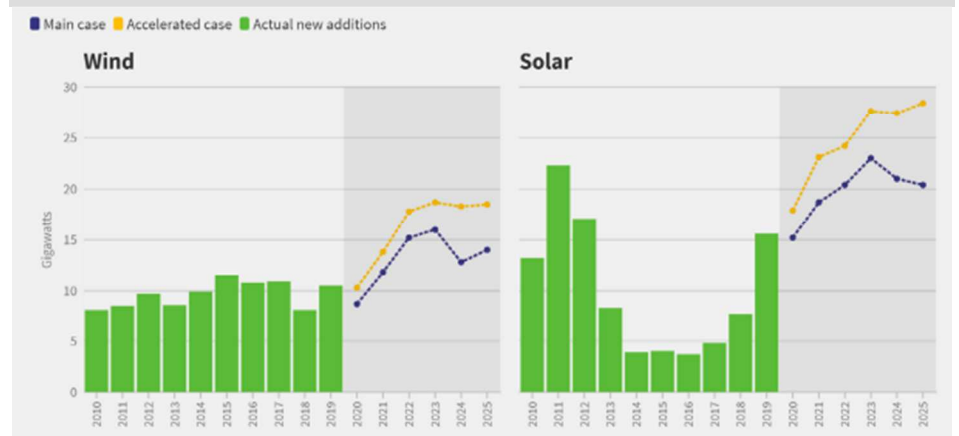
Share of renewables in gross energy production in EU 27+1



Source: AGORA, Warburg Research

The increasing attractiveness of large-scale and utility-scale PV parks has been a main driver of net capacity additions in the past three years and should remain so over the next decade.

Annual capacity additions in the European Union



Source: International Energy Agency (IEA), Warburg Research

Considering the main case, the annual capacity additions for PV and wind should offer huge growth potential for IPPs in Europe, even excluding new technologies such as hydrogen or power-to-x. For clearvise in particular, once the company has established its market access, capacity additions between 50-100 MW per year should be achievable, doubling the current size of 150 MW within two to three years.

However, while market growth does not seem to be an issue, the question is what returns growth will be achievable. The current market environment is characterised by weak project supply – leading to increasing project prices or decreasing returns for operators. We expect project supply to improve in the next few years, as several new laws have been introduced to ease the situation, which should have a positive impact on operators’ returns. In addition, the shift towards PPAs will change the risk profile of renewable asset operation and squeeze out passive investors in favour of specialized IPPs, which should be able to achieve higher returns. Nevertheless, higher returns for PPA-based projects will also entail higher risks, so the risk-adjusted return should remain at the same levels

We expect clearvise to be able to acquire projects with a levered equity IRR between 6-9%, depending on their location, remuneration structure and age. Especially the acquisition of old/distressed projects or acquisitions from the clearPARTNERS programme should enable the company to achieve superior equity IRRs (WRe: 7-9%).

Expected equity IRRs (fully leveraged)

Strategy	Regulated prices	PPA/merchant
clearVALUE	> 6%	> 7%
clearPARTNERS	> 7%	> 8%
clearSWITCH	> 7%	> 8%

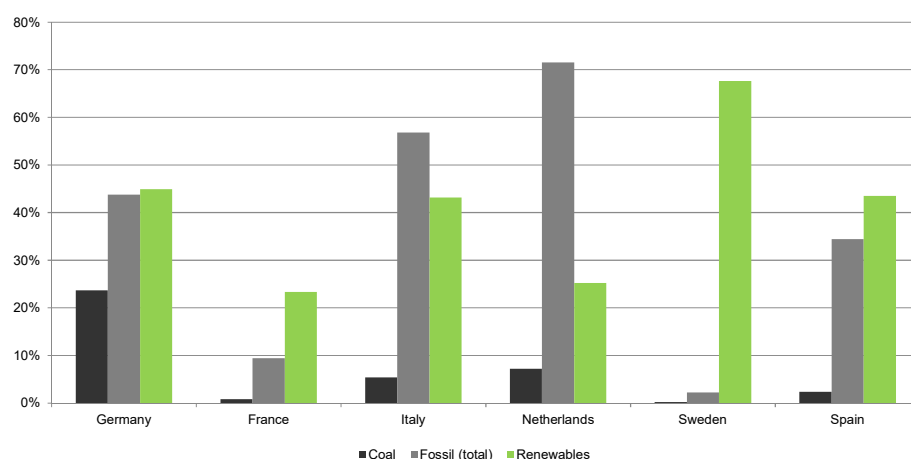
Source: International Energy Agency (IEA), Warburg Research

However, the clearPARTNERS and clearSWITCH strategies should take some time to evolve (WRe one to three years), so the share of acquisitions from the clearVALUE strategy will be highest in the next years. In terms of returns, we expect the average equity IRR of new acquisitions to range between 6-8% in the next few years, rising to >8% in subsequent years. Compared to its peers, clearvise should be able to deliver above-average returns once it has established its niche market position and can fully capitalise on its technical expertise.

The hunt for returns

In Europe, margin pressure for operators is highest in countries with state-guaranteed subsidy schemes and an established market for renewable energy. Especially in Germany, the EEG (Renewable Energy Sources Act), provides a high level of security for investors with a 20-year subsidized price period (FiT-scheme), allowing for high leverage and predictable returns. Depending on project size, location and technology, achievable returns range between 4-6%. In France, the Netherlands, Scandinavia, Spain and Italy returns range from 5-8% because subsidy schemes have shorter terms or are less attractive, but markets are already well developed and political support is high. The upper range (8%) is only achievable for PPA-based projects, but with higher risk due to PPA duration (5-15 years) and power prices (price volatility for follow-up PPAs).

Energy production by source (2020; gross energy production)



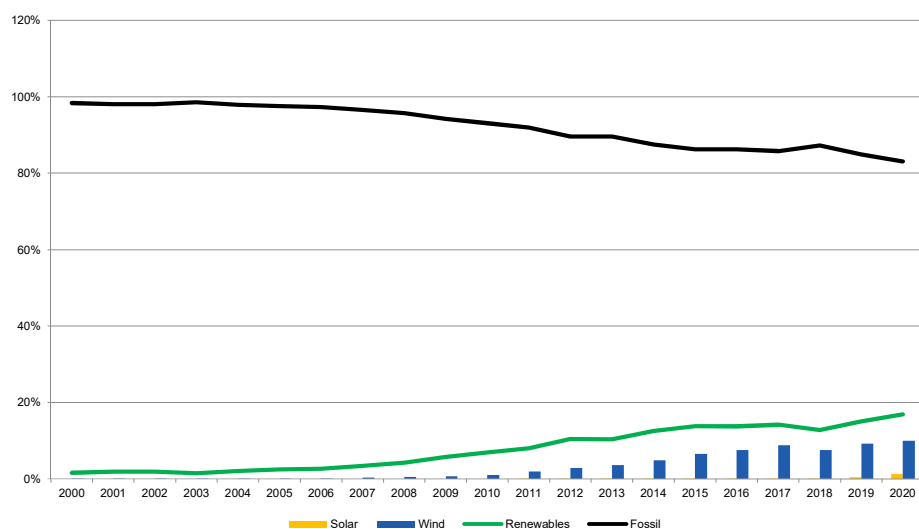
Source: AGORA, Warburg Research

The European Green Deal and Paris Climate Agreement have increased the pressure on states that still have a high share of energy supply from fossil sources. To increase the share of renewables and avoid penalties, new laws have been introduced, the legislative framework for renewables has been improved and subsidy schemes have been implemented to increase investment security and attract investors.

The following countries provide a rather stable regulatory environment for renewables and have increased their political support, making them growth markets for the coming years and suitable expansion targets for clearvise:

Poland

Share of renewables in gross energy production

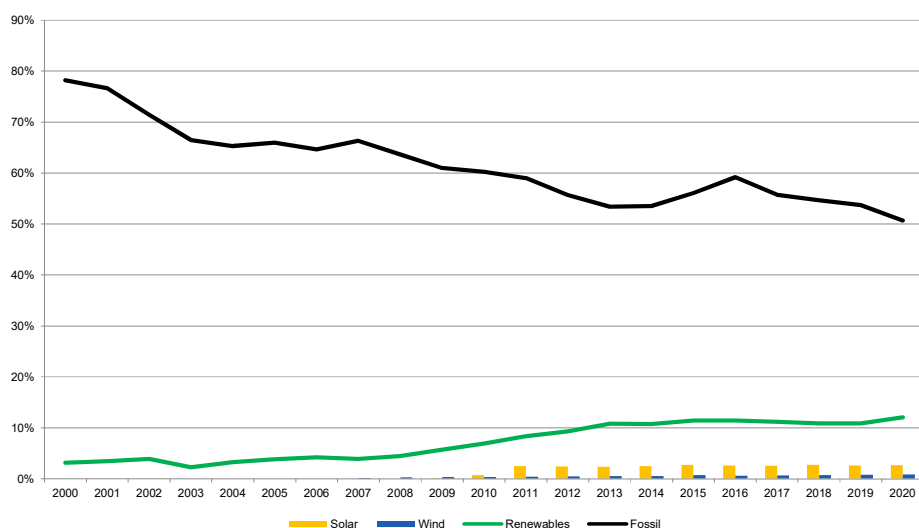


Source: AGORA, Warburg Research

The development of renewables in Poland is still very weak and coal represents 83% (2020) of total energy production. To increase the share of renewables, the Polish government has introduced a tender system for subsidies (CfD scheme) focused on onshore wind and PV. Wind yield and irradiation are very favourable in some regions, so larger parks could be realised on the basis of PPAs. Several large utilities and project developers have entered the market in recent years, paving the way for smaller IPPs like clearvise.

Czech Republic

Share of renewables in gross energy production

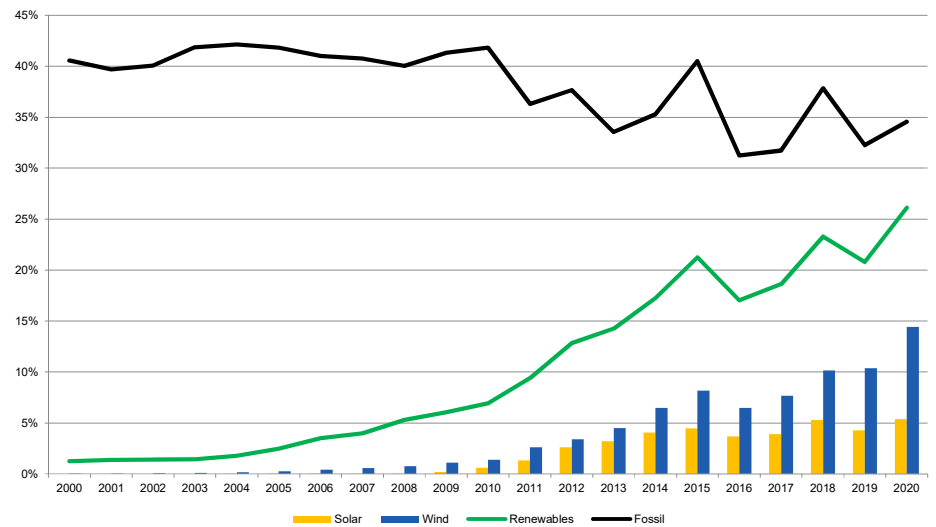


Source: AGORA, Warburg Research

The Czech Republic has reduced the share of fossil sources in energy production by building new nuclear power plants. The country was a red flag for the renewable industry for many years, as the government has a long track record in cutting subsidies leading to a rather unfavourable environment for investment. However, the share of renewables needs to be increased by the government, and project activity has already started to increase, especially in PV. We do not expect clearvise to enter the Czech market in the short term, but once larger utilities and investors have made the first steps, clearvise could follow.

Belgium

Share of renewables in gross energy production

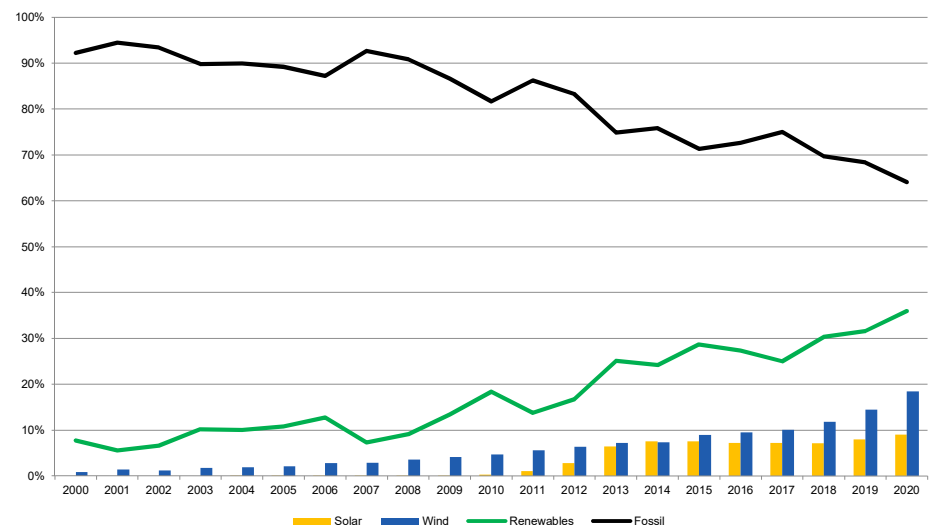


Source: AGORA, Warburg Research

For renewables, Belgium is a highly fragmented market with the majority of PV installations in the residential segment (60% <10kWp). To support the further development of renewables, the Belgian government has introduced a new tender for investment support from 2021 (for installations <2MWp) and green certificates for larger projects (>2MWp). In addition, power prices are comparatively high (80 EUR/MWh) and power can be supplied on a direct basis, avoiding grid fees. Given the high fragmentation of the market, clearvise is unlikely to have the needed expertise to compete in the PV market, but could be a suitable owner for onshore wind parks.

Greece

Share of renewables in gross energy production



Source: AGORA, Warburg Research

Greece is still lagging behind its development targets for renewables and does not have a good track record of supporting renewable investors. Nevertheless, irradiation in Greece is very high, making PV the most competitive energy source. Clearvise has already reviewed several projects in Greece and we expect them to acquire projects based on PPAs, which should allow for superior returns, especially on the islands.

Expansion of its regional footprint should help clearvise to achieve rapid growth and allow for higher returns. For markets like Poland, the Czech Republic, Belgium and

Greece, we expect returns in the range of 7-10%, rewarding first movers and in particular the higher risks compared to Germany. As clearvise's primary focus will be on the acquisition of PV assets, we expect them to enter the Greek, Italian and Dutch markets first and then turn to Eastern Europe, for both onshore wind and PV. Nevertheless, the German and French markets will account for the largest share of future acquisitions, as clearvise already has an established network and track record in these markets. We expect the exposure to new markets to reach a share of 20-35% in the medium term.

Expiring subsidies will be replaced by PPAs

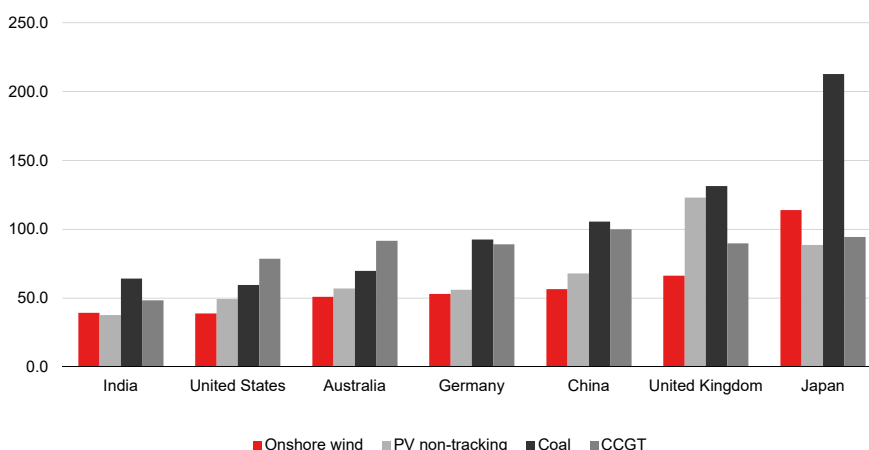
The world beyond subsidies

Historically, the market for renewable energy benefited from subsidies as renewable electricity was not as competitive as conventional power generation from fossil fuels. As subsidies for newly-built parks in most countries have already been cut or are expected to be cut, Independent Power Producers will have less pricing visibility and will have to establish their own marketing channels to sell electricity. As LCOE for renewable energy are set to decline even further, we expect PPA agreements to replace subsidies and to provide visibility for power producers.

Grid parity has become reality

Levelised Costs of Electricity (LCOE) summarise all conversion costs required for an energy source (e.g. coal, wind, solar) in order to compare different technologies. Without considering costs for grid connection or strategic objectives like grid stability, renewable electricity already poses stiff competition for conventional power generation.

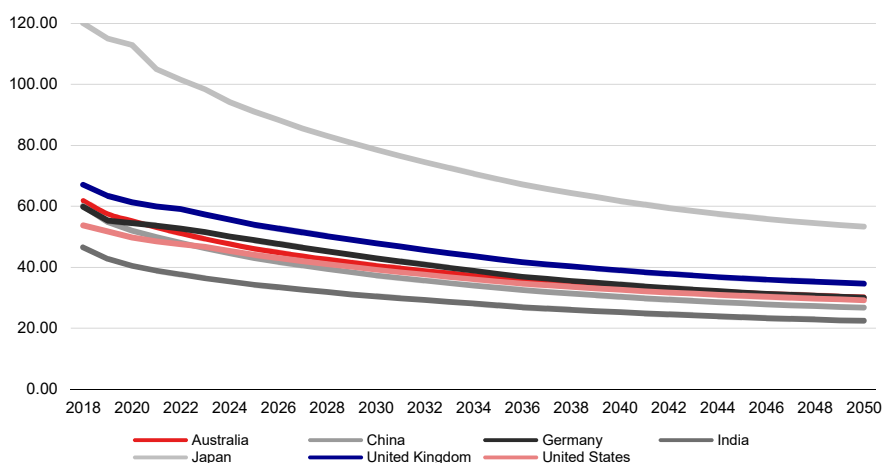
Current LCOE in USD/MWh (2019)



Source: BNEF, Warburg Research

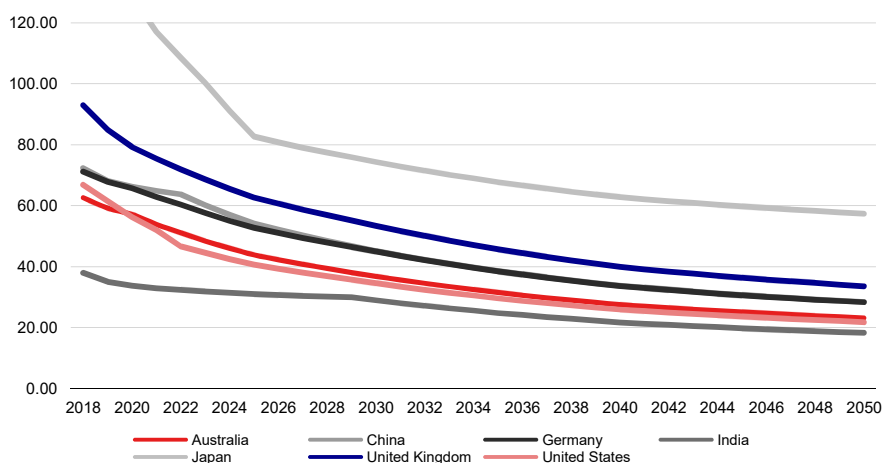
Based on Bloomberg New Energy Finance (BNEF) data, the LCOE for renewable energy should continue to decline in the future.

Expected development of LCOE for onshore wind (USD/MWh)



Source: BNEF, Warburg Research

Expected development of LCOE for non-tracking PV (USD/MWh)



Source: BNEF, Warburg Research

The continued downward trend in the renewable energy cost curve is the result of:

- Technological progress in the improvement of wind turbines/PV cells and inverters
- Increasing efficiency, especially regarding wind turbines, solar panels and inverters
- Higher performance per turbine or per PV cell
- Declining equipment prices
- Declining costs for maintenance and operation based on smart maintenance and the use of new technologies (e.g. drones with thermal imaging cameras are used to scan PV plants)

In contrast, we expect increasing LCOE for power from fossil fuels in Europe as a result of increasing prices for CO₂ emissions under the third phase of the EU Emission Trading Scheme. As a result, the demand for renewable energies is set to increase, not only based on carbon emission reductions, but also for economic reasons.

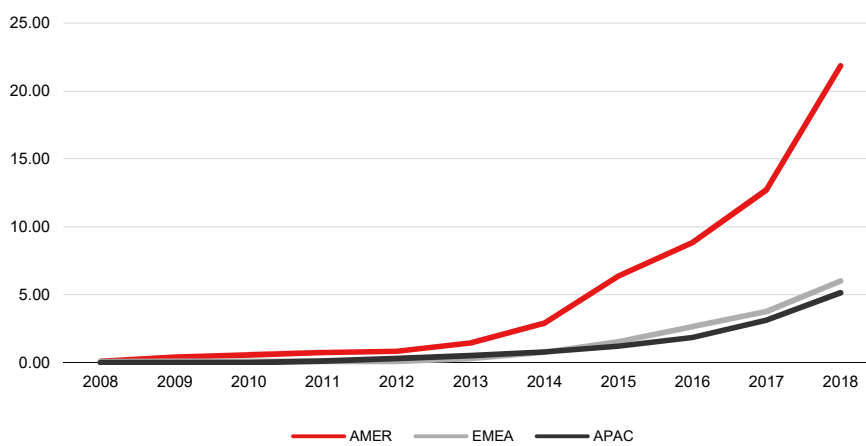
Power purchase agreements replace subsidies

As LCOE for renewable sources reach par with conventional energy, and government subsidy schemes for renewable energy production expire in various countries, power purchase agreements (PPAs) are becoming attractive for both private entities and energy suppliers. Under these arrangements, consumers enter purchase agreements with a power distributor for a period of 5-10 years, agreeing to buy a fixed amount of electricity at a fixed price. There are numerous advantages for both sides:

- Buyers eliminate price risks related to future energy costs and reduce the carbon footprint of their production
- Project developers and operators improve the visibility of cash flows
- As predictable cash flows are important for investors and/or lending banks, project financing can be achieved at attractive conditions
- Elimination of dependence on subsidies, regulatory requirements and building restrictions, which improves the feasibility of projects
- PPAs secure legal certainty for both parties and include compensation rules

In markets with favourable conditions for solar/wind power like the US, the volume of new PPAs is already increasing exponentially. We expect a similar development across Europe over the next few years, as first PPAs were signed in several countries in 2018.

Cumulative volume of corporate PPAs by region in GW



Source: BNEF, Warburg Research

In Germany and other European countries, the first PPAs were signed in 2018/2019. A main contributor to PPA growth in the US were large technology companies like Facebook, Google or Amazon, which are aiming to operate their server farms with power from renewable sources. We expect the same companies to enter PPAs in the European markets. In addition, utilities will seek to secure renewable capacities via PPAs as will energy-intensive companies seeking to mitigate the risk of rising CO₂ prices and to promote a sustainable image.

In general, we expect a growing PPA market to be a supportive growth driver for the renewable energy market. Long-term PPAs can provide planning security similar to FiTs for PV park operators and can reduce the risk of fluctuating electricity prices. However, in the short term, PPAs will only be attractive for PV/wind parks with competitive LCOE or parks that are too large to qualify for subsidies (> 10 MWp).

Clearvise has no PPA-based parks in its portfolio yet, but targets to acquire PPA-based parks in the short-term. Gaining know-how and experience, whilst the majority of assets still profits from regulated prices, should enable Clearvise to step into the PPA market successfully. As soon as subsidized prices are no longer achievable, all new investments will be operated on a PPA basis, representing a suitable alternative. Also, the extended lifetime (golden end) of the portfolio will rely on PPAs, since LCOE should be very competitive.

Regulated prices lead to a well predictable top-line development

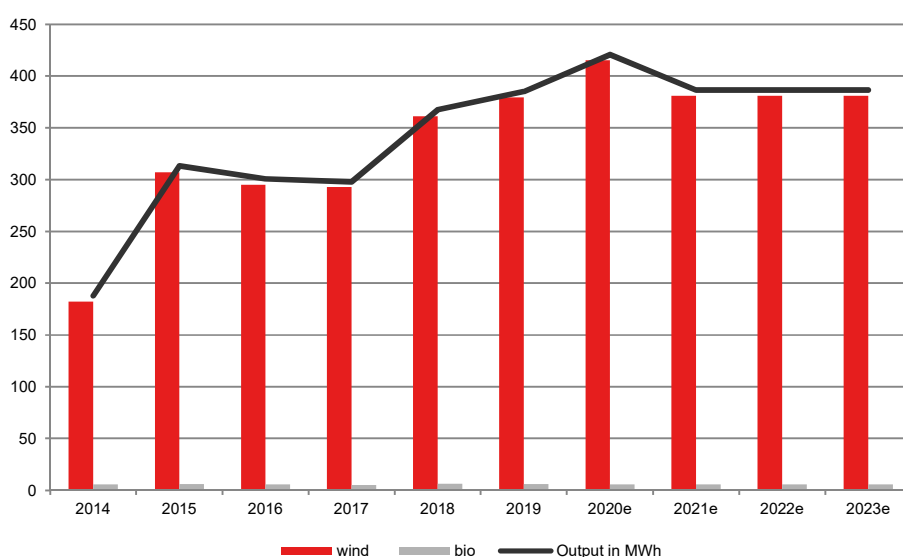
Financial outlook

In the following chapter, we will provide our financial outlook for the years 2020-2023, based on clearvise’s current portfolio of 150.7 MW. Since the company has limited liquid funds, we do not anticipate any further acquisitions, even though clearvise will use the authorised capital to fund further growth.

Predictable top-line development

All projects in clearvise’s portfolio continue to benefit from regulated remuneration that provides visibility for selling prices. We use the long-term average of realised full-load hours for each park to calculate the annual output. However, wind yields have historically been volatile with a standard deviation between 6-8%, which should lead to a similar volatility in the future. Since we use the long-term average of the realised output, our forecast should be accurate over the long term.

Development of yearly output in MWh

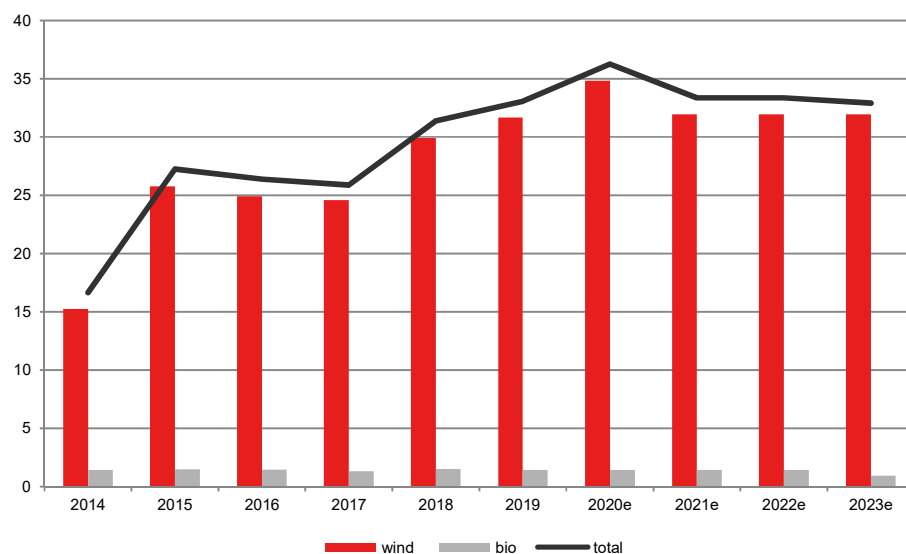


Source: Clearvise, Warburg Research

For the current year (2020), we use the realised output in H1/20 and market data for H2/20 to calculate the output.

Depending on the respective subsidy scheme of the country, the regulated prices will expire in the future. We assume a total lifetime of 30 years for onshore wind and 30 years for the biomass plant, exceeding the regulated price period by 10-15 years. To calculate sales development, we apply power price forecasts for each country once subsidies have expired.

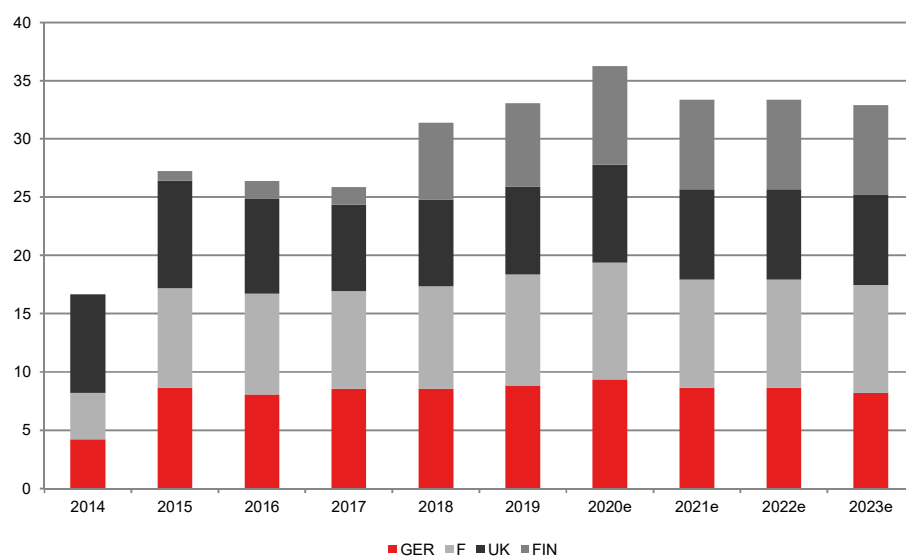
Top-line development



Source: Clearvise, Warburg Research

The sales contribution is spread almost evenly across Germany, France, Ireland and Finland, which provides for diversified revenue generation and should limit the risk of significantly underperforming our expected output.

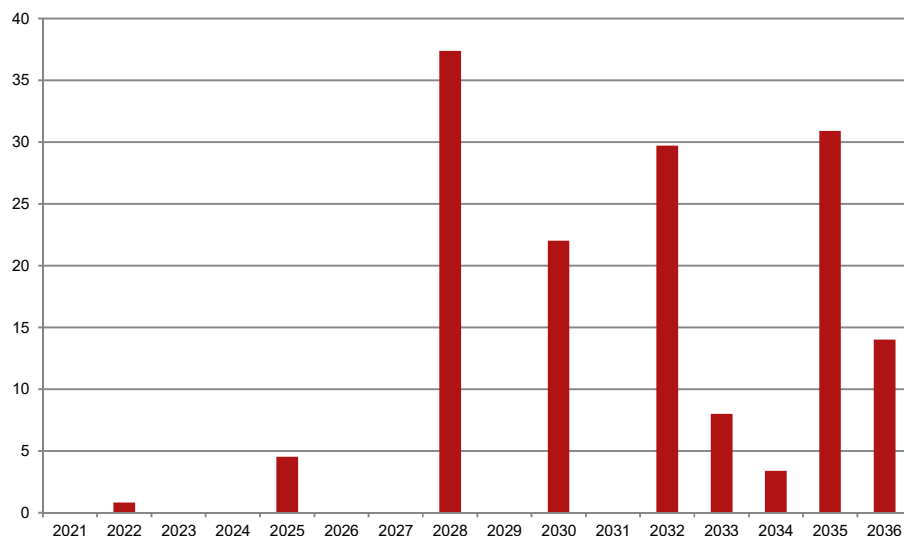
Distribution of revenues by country



Source: Clearvise, Warburg Research

The German wind farm Losheim will be the first to fall back on market prices / PPAs in 2025, followed by the remaining portfolio in 2028-2036. For the German biomass plant Samswegen the first subsidised period will expire in 2022, followed by a new, but lower, tariff provided by the German government.

Expected expiration of regulated prices (MW per year)



Source: Clearvise, Warburg Research

After the expiration of regulated prices, top-line development should become more volatile, based on merchant prices for electricity. However, we expect clearvise to conclude PPAs with a term of 5-15 years for the golden end of its parks.

Margin development and P&L forecast

To provide a better year-over-year overview and a better basis for comparison with peers, we distinguish between operating and group margins. For the calculation of the operating P&L, we only take into account costs associated with the operation of the parks and adjust for non-recurring items like income from asset disposals or one-time expenses.

The following cost positions are incurred in the operating P&L as they are part of the operation of the projects:

- **Material expenses:** Clearvise purchases biomass material to operate its biomass plant. We assume annual costs in the range of EUR 0.35-0.44m.
- **Other operating expenses:** All costs for the technical and commercial management of the wind farms and the biomass plant are summarised in other operating expenses. The individual cost items are: maintenance work, technical and commercial management, rent, insurance and grid access fees.

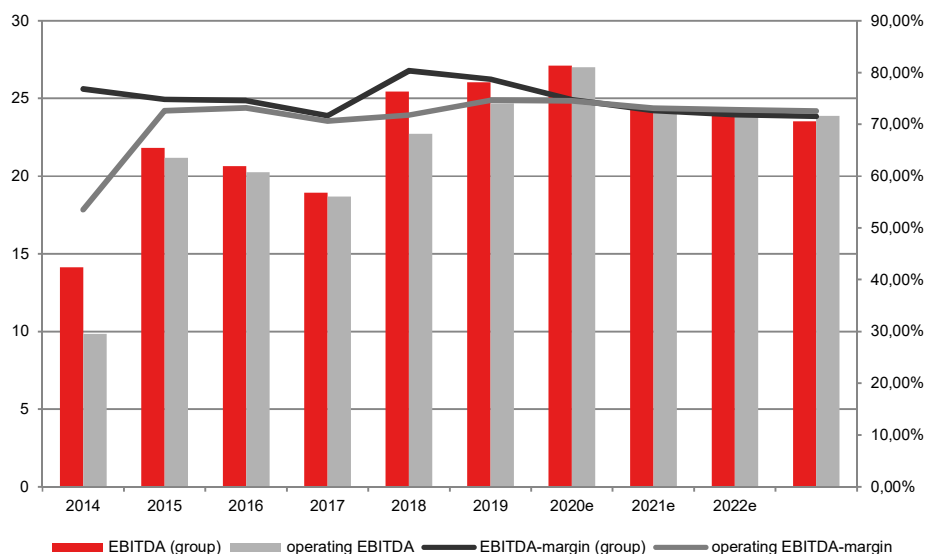
At holding level (non-operational), personnel expenses, legal fees, audit costs and costs associated with capital increases are recognised.

- **Personnel expenses:** The transformation from ABO Invest to clearvise required changes in management and the hiring of experienced personnel. Previously, management, technical services and O&M were taken over by ABO Wind, resulting in low personnel costs at holding level. In anticipation of the future-oriented approach of the platform, we expect personnel costs to increase by EUR 0.8m.
- **Other costs:** We include costs for the annual audit and other smaller, negligible cost items.
- **Other income:** We do not assume additional income from asset disposals, but rather declining income from compensation for the underperformance of several parks in recent years.

As described in the section “Competitive quality”, clearvise’s new setup should be able to manage a portfolio of 300-400 MW without significantly higher holding costs. In our forecast, we anticipate the development of this setup in personnel and other costs, but

do not include acquisitions. Thus, the scale of overhead costs cannot be anticipated in our margin forecast, resulting in comparably low EBITDA margins.

Development of EBTIDA and EBITDA-margins

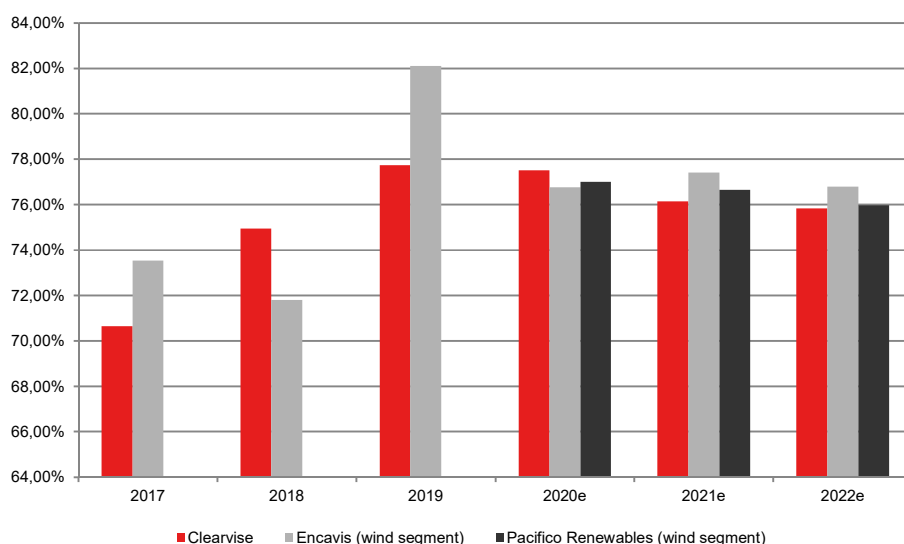


Source: Clearvise, Warburg Research

In 2016, 2018 and 2019, the difference between operating and group EBITDA can be explained by the sale of wind parks, which resulted in additional income.

Clearvise delivers a similar margin compared to its peers. To compare EBITDA margins, we use the operating EBITDA margins of the wind segment, adjusted for land lease costs (IFRS 16) to ensure comparability.

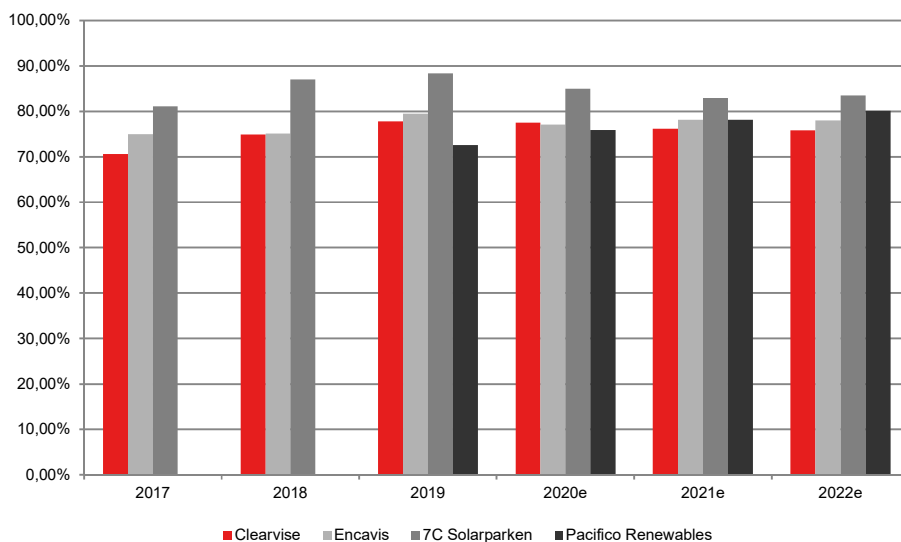
Comparison of oper. EBITDA margins



Source: Company websites, Warburg Research

In the next few years, clearvise will start to increase the share of PV parks in its overall portfolio. This should lead to an increase in EBITDA margins, as PV parks generate sustainable EBITDA margins of >75%. Since most of clearvise's peers operate a mixed portfolio of onshore wind and PV, clearvise's EBITDA margins should reach similar levels.

Comparison of oper. EBITDA margins for mixed portfolios

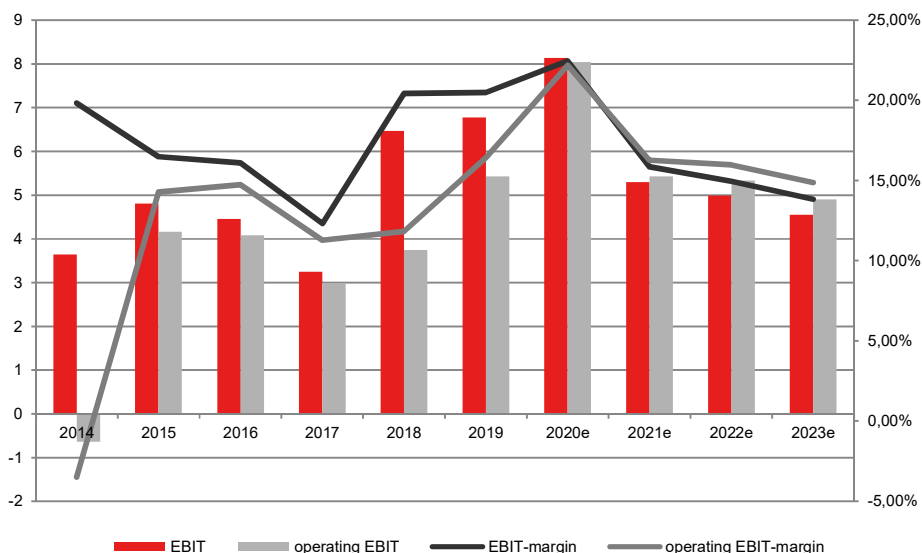


Source: Company websites, Warburg Research

In contrast to the EBITDA margins, the EBIT development is not comparable due to different depreciation periods. Most IPPs depreciate their assets over 20-30 years, while clearvise uses a significantly shorter period of 16 years, resulting in higher depreciation costs in the short term. However, clearvise will reach the golden end period faster than its peers, resulting in a significant increase in EBIT margins as soon as in 2030.

Since we do not assume any further acquisitions, depreciation costs should remain at the same level. However, it would be possible for clearvise to adjust the standard market depreciation period in the coming years, which would lead to lower depreciation costs, albeit over a longer period.

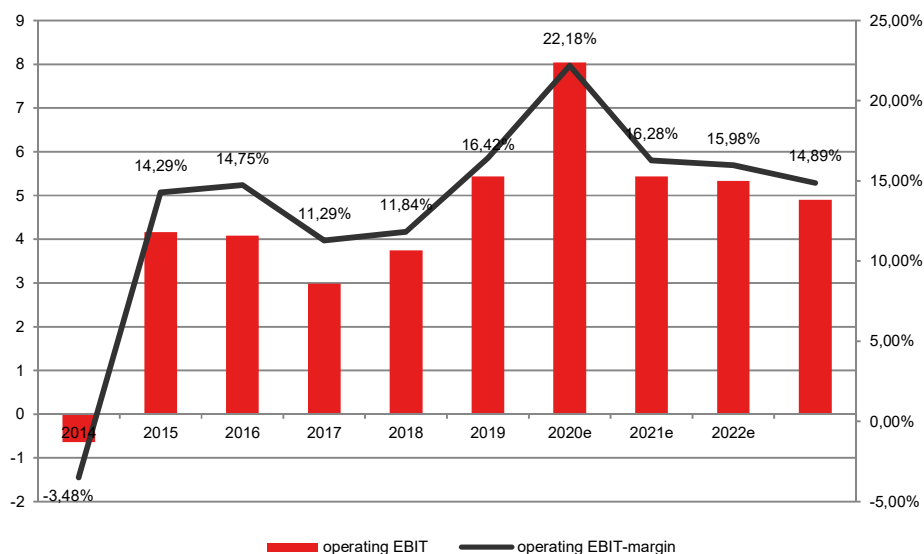
EBIT development



Source: Clearvise, Warburg Research

Similar to operating EBITDA, we calculate operating EBIT by deducting depreciation costs from operating EBITDA.

EBIT development

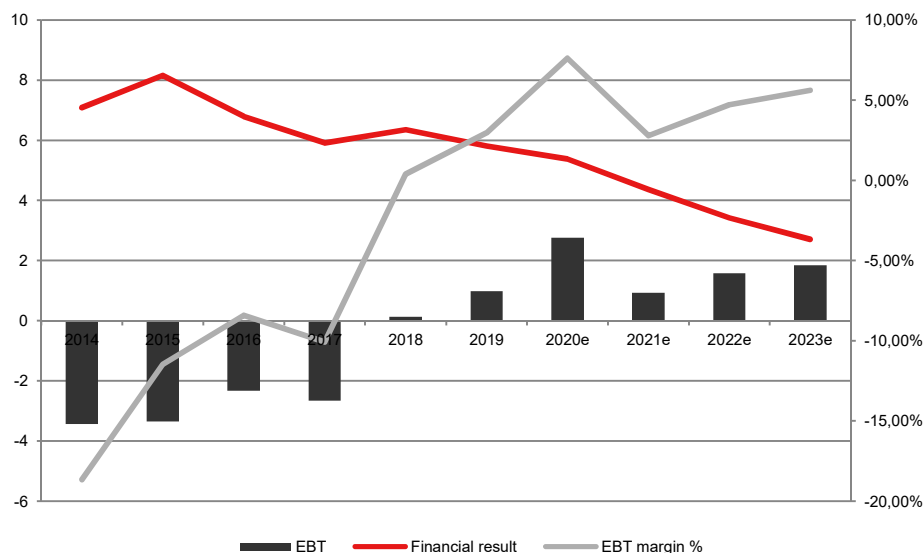


Source: Clearvise, Warburg Research

Operating EBIT shows a more stable development as the increase in overhead costs is not included. If clearvise expands its portfolio, EBITDA and EBIT should tend towards the operating figures, reflecting the scale of overhead costs.

For EBT calculation, we calculate interest expenses based on outstanding debt and assume repayment of debt within 10 years (project debt). In FY 2020, clearvise redeemed the residual mezzanine capital of EUR 4.903m, resulting in a decline in interest expenses in 2021.

Development of EBT and the financial result

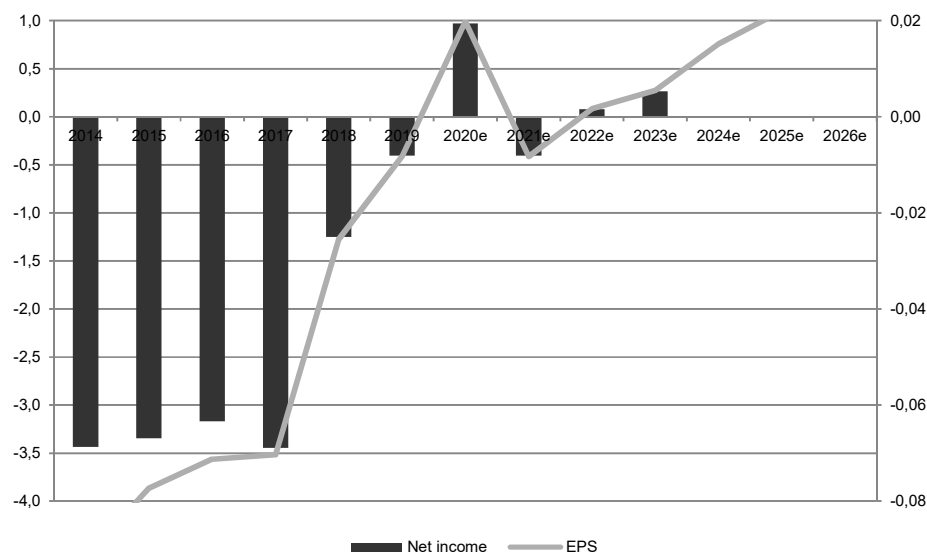


Source: Clearvise, Warburg Research

The impact of decreasing interest expenses for outstanding project debt leads to a strong structural improvement in EBT. In 2019 and 2020, extraordinary income and supportive weather effects had a positive impact on EBT, which we do not assume for the future.

Net income development is heavily burdened by other taxes resulting from property taxes in Finland and Ireland. In both countries, clearvise has to pay taxes on the value of the land on which the wind farms are built

Net income development



Source: Clearvise, Warburg Research

Nevertheless, EPS and net income should become sustainably positive from 2024 onwards, reflecting decreasing costs for depreciation and interest. In 2024, clearvise should deliver positive EPS, which should rise sharply thereafter. From 2024, clearvise should be able to pay a sustainable dividend.

P&L forecast

in EUR m	2016	2017	2018	2019	2020e	2021e	2022e	2023e
Sales	27.7	26.4	31.7	33.1	36.3	33.4	33.4	32.9
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	27.7	26.4	31.7	33.1	36.3	33.4	33.4	32.9
Material Expenses	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.3
Gross profit	27.3	26.0	31.3	32.8	35.9	33.0	33.0	32.6
Personnel expenses	0.2	0.2	0.3	0.2	0.4	0.6	0.8	0.8
Other operating income	0.6	0.5	3.0	1.6	0.5	0.5	0.5	0.5
Other operating expenses	7.0	7.4	8.6	8.1	8.9	8.6	8.7	8.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	20.6	18.9	25.5	26.0	27.1	24.3	24.0	23.5
Depreciation of fixed assets	16.2	15.7	19.0	19.3	18.1	18.1	18.1	18.1
EBITA	4.5	3.3	6.5	6.8	9.0	6.2	5.9	5.5
Amortisation of intangible fixed assets	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.9
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.5	3.3	6.5	6.8	8.1	5.3	5.0	4.6
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	6.8	5.9	6.3	5.8	5.4	4.4	3.4	2.7
Financial result	-6.8	-5.9	-6.3	-5.8	-5.4	-4.4	-3.4	-2.7
Recurring pretax income from cont. operations	-2.3	-2.7	0.2	1.0	2.8	0.9	1.6	1.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-2.3	-2.7	0.2	1.0	2.8	0.9	1.6	1.8
Taxes total	0.8	0.8	1.4	1.4	1.8	1.3	1.5	1.6
Net income from continuing operations	-3.1	-3.4	-1.2	-0.4	1.0	-0.4	0.1	0.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	-3.1	-3.4	-1.2	-0.4	1.0	-0.4	0.1	0.3
Minority interest	0.1	0.1	-0.3	0.0	0.0	0.0	0.0	0.0
Net income	-3.2	-3.6	-1.0	-0.4	1.0	-0.4	0.1	0.3

Sources: Clearvise (historical data), Warburg Research (estimates)

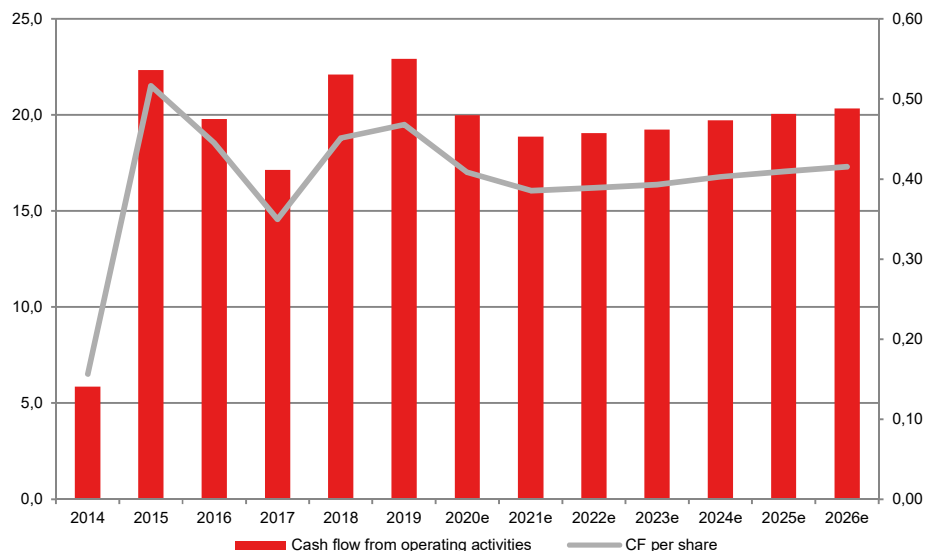
Source: Warburg Research

Highly visible cash-flows should enable clearvise to pay dividends

Cash-flow development

The dynamics of clearvise’s cash-flow statement can be traced back to the portfolio development. Cash flow from operating activities increased in line with the expansion of the portfolio.

Development of cash flow from operating activities

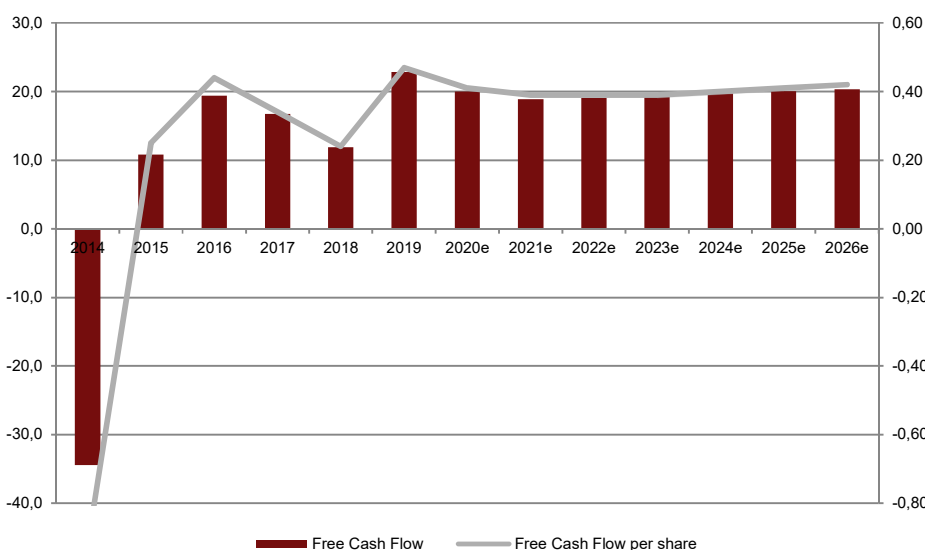


Source: Clearvise, Warburg Research

Cash flow from operating activities per share shows that acquisitions have been value-accretive in the past. The volatility in 2015-2017 can be explained by a time lag between capital increases and the acquisition of new projects. In the future, cash flow from operating activities will decline marginally due to the expiration of regulated prices, leading to a decrease in net income.

Basically the same applies to cash flow from financing and investing activities. Both are characterised by acquisitions made in the past (capex and payments for acquisitions) and the corresponding capital increases and project debt. As a consequence, free cash flow is burdened in the years with portfolio additions and is equal to cash flow from operating activities in the years without acquisitions.

Free cash flow and FCFPS



Source: Clearvise, Warburg Research

Although clearvise generates stable free cash flow, changes in the cash position are rather low due to the repayment of project debt. This limits the cash available for new investments and is the reason behind the need for further capital increases to expand the portfolio. In addition, some of the cash held on the balance sheet is blocked cash held at SPV level to ensure the bankability of the respective SPV.

Cash flow statement

in EUR m	2016	2017	2018	2019	2020e	2021e	2022e	2023e
Net income	-3.1	-3.4	-1.2	-0.4	1.0	-0.4	0.1	0.3
Depreciation of fixed assets	16.2	15.7	19.0	19.3	18.1	18.1	18.1	18.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.9	0.9	0.9	0.9
Increase/decrease in long-term provisions	-0.7	-0.1	0.6	0.2	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	6.4	5.8	4.4	4.7	0.0	0.0	0.0	0.0
Cash Flow	18.8	18.0	22.8	23.7	19.9	18.6	19.1	19.2
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	2.8	-1.6	1.1	0.2	0.1	0.5	0.1	0.0
Increase / decrease in accounts payable	-1.8	0.7	-1.8	-1.0	0.0	-0.2	-0.1	0.0
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	1.0	-0.9	-0.7	-0.8	0.0	0.3	0.0	0.0
Cash flow from operating activities	19.8	17.1	22.1	22.9	20.0	18.9	19.1	19.2
CAPEX	-0.4	-0.4	-10.2	-0.1	0.0	0.0	0.0	0.0
Payments for acquisitions	0.1	-4.8	-1.2	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.5	0.0	1.1	0.0	0.0	0.0	0.0
Cash flow from investing activities	3.8	-4.5	-9.2	1.0	0.0	0.0	0.0	0.0
Change in financial liabilities	-20.4	-10.7	-5.1	-18.0	-17.5	-17.5	-17.5	-17.5
Dividends paid	0.0	0.0	0.0	0.5	1.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	1.9	7.2	0.0	0.0	0.0	0.0	0.0	0.0
Others	-6.7	-5.3	-6.3	-5.8	0.0	-4.9	0.0	0.0
Cash flow from financing activities	-25.3	-8.8	-11.4	-23.3	-16.5	-22.4	-17.5	-17.5
Change in liquid funds	-1.7	3.8	1.6	0.6	3.5	-3.5	1.6	1.7
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets at end of period	9.1	12.9	14.6	15.2	18.1	14.6	16.2	17.9

Sources: Clearvise (historical data), Warburg Research (estimates)

Source: Warburg Research

Valuation

- Based on our Warburg IPP-DCF We value clearvise at EUR 3.30 per share, indicating an attractive upside of 32% to current share price levels.
- To account for the visibility of cash-flows, the Warburg IPP-DCF is extended until the last park reaches the end of its expected lifetime.
- We deem our Warburg IPP-DCF based price target to represent a base-case scenario, leaving room for improvement.
- The relative valuation confirms our price target and indicates upside based on peer-group multiples.

The Warburg IPP-DCF approach hints attractive upside

The Warburg IPP-DCF

To derive the fair value of clearvise, we use our Warburg IPP-DCF model, modified for the special characteristics of the IPP business model. Since we can predict the cash flows of the renewables portfolio over its entire lifetime, we extend the usual DCF approach until the last project reaches the end of its expected operational life and calculate a terminal value of zero.

However, clearvise could repower its parks after the end of their lifetimes, which would lead to a new investment cycle of at least 30 years. The reason why we do not anticipate the repowering cycle in our valuation and estimates is the low visibility regarding future returns, capex, and technical design of wind turbines. Nevertheless, the repowering cycle suggests a terminal value of at least greater than zero, indicating upside for our valuation approach.

For our Warburg IPP-DCF, we use the following core assumptions:

- Annual top-line and margin development are calculated in detail according to our expectations. We deem this approach to be the most appropriate, as we can calculate sales and EBIT development over the entire lifetime of the portfolio.
- We expect an average lifetime of 30 years for onshore wind assets. To reflect increasing costs of maintenance and minor maintenance capex, we significantly increase the operational costs after 20 years.
- To calculate sales and margins after the regulated price period, we use Brainpool Energy's conservative power price forecast.
- Working capital plays a minor role in clearvise's business model. We calculate WC at 9% of sales, in line with historical data.
- We apply an average tax rate of 26%, reflecting the company's SPV structure and different local tax schemes. Taxation in the past was very volatile as the company generated little, or no, pre-tax income. In addition, property tax in UK/FIN has been volatile, resulting in widely varying tax rates. For our valuation, we have opted for a consistent, industry-typical tax rate to ensure maximum comparability.
- We apply a beta of 0.72, which reflects the predictability and stability of the IPP business model, based on regulated remuneration. However, the share still lacks sufficient liquidity and financial reports are only produced every six months. Thus, we apply a higher beta than industry peers to reflect the higher liquidity risk and lower transparency.
- Assuming a risk-free rate of 1.5% and a market return of 7%, we calculate cost of equity of 5.46%.
- For the calculation of WACC, we assume cost of debt at 2.5%, reflecting the older and more expensive project debt. Cost of debt after taxes is 1.85%.

- We estimate an average debt ratio of 40%, as each project decreases its leverage to zero over its lifetime.
- Within these assumptions, we calculate WACC of 4.02%

DCF valuation of Clearvise

Figures in EUR m	Detailed forecast period						Transitional period						
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales	36.3	33.4	33.4	32.9	32.9	32.9	32.8	30.3	30.4	30.5	30.6	26.9	27.2
Sales change	9.6 %	-7.9 %	0.0 %	-1.4 %	0.0 %	0.0 %	-0.3 %	-7.6 %	0.3 %	0.2 %	0.4 %	-12.2 %	1.1 %
EBIT	8.1	5.3	5.0	4.6	4.6	4.6	4.5	3.0	3.6	9.0	21.8	19.1	19.4
EBIT-margin	22.5 %	15.9 %	15.0 %	13.8 %	13.8 %	13.8 %	13.7 %	10.0 %	12.0 %	29.6 %	71.4 %	71.2 %	71.2 %
Tax rate (EBT)	30.0 %	30.0 %	30.0 %	29.0 %	28.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %
NOPAT	5.7	3.7	3.5	3.2	3.3	3.3	3.3	2.2	2.7	6.6	15.9	14.0	14.1
Depreciation	19.0	19.0	19.0	19.0	19.0	19.0	19.0	18.6	18.1	12.7	0.0	0.0	0.0
in % of Sales	52.3 %	56.9 %	56.9 %	57.7 %	57.7 %	57.7 %	57.9 %	61.4 %	59.4 %	41.8 %	0.1 %	0.1 %	0.1 %
Change in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in liquidity from													
- Working Capital	0.0	-0.3	0.0	-0.3	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.3	0.0
- Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capex in % of Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-model)	24.7	23.0	22.5	22.5	22.3	22.3	22.3	21.1	20.7	19.3	16.0	14.3	14.1
PV of FCF	24.9	22.2	20.9	20.2	19.1	18.4	17.7	16.1	15.2	13.6	10.8	9.3	8.9
share of PVs	22.2 %						77.8 %						

															Term. Value
2033e	2034e	2035e	2036e	2037e	2038e	2039e	2040e	2041e	2042e	2043e	2044e	2045e	2046e	2047e	
27.4	27.6	27.5	28.3	29.2	29.3	29.7	25.6	25.9	26.3	24.9	17.3	16.5	5.8	6.0	
0.9 %	0.9 %	-0.5 %	2.8 %	3.3 %	0.3 %	1.3 %	-13.8 %	1.4 %	1.4 %	-5.3 %	-30.5 %	-4.7 %	-64.5 %	1.8 %	0.0 %
19.5	19.7	19.6	20.2	20.8	20.9	21.2	18.5	18.8	19.1	18.0	12.5	11.9	4.2	4.3	
71.2 %	71.3 %	71.3 %	71.3 %	71.3 %	71.3 %	71.3 %	72.5 %	72.5 %	72.5 %	72.5 %	72.4 %	72.4 %	72.2 %	72.2 %	
27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	
14.2	14.4	14.3	14.7	15.2	15.3	15.5	13.5	13.7	13.9	13.2	9.1	8.7	3.1	3.1	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.3 %	0.3 %	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.1	0.1	0.0	0.0	-0.4	0.0	0.0	-0.1	-0.7	-0.1	-1.0	-0.5	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
14.2	14.4	14.3	14.7	15.1	15.3	15.4	13.9	13.7	13.9	13.3	9.8	8.8	4.1	3.7	
8.6	8.3	8.0	7.9	7.8	7.6	7.4	6.4	6.0	5.9	5.4	3.9	3.3	1.5	1.3	0.0
															0.0 %

Model parameter			
Derivation of WACC:		Derivation of Beta:	
Debt ratio	40.0 %	Financial Strength	0.60
Cost of debt	2.5 %	Liquidity	0.80
Market return	7.0 %	Cyclicality	0.70
Risk free rate	1.5 %	Transparency	0.70
Risk premium	5.5 %	Others	0.80
Cost of equity	5.5 %		
WACC	4.02 %	Beta	0.72

Valuation (m)		
Present values until 2047e		306.6
Terminal Value		0.0
Financial liabilities		156.5
Pension liabilities		0.0
Hybrid capital		0.0
Minority interest		4.9
Market val. of investments		0.0
Liquidity		14.7
Equity Value	159.8	
No. of shares (m)		49.0
Value per share (EUR)		3.26

Sensitivity Value per share (EUR)

Beta	(WACC)	Terminal Growth							Delta EBIT-margin						
		-0.75 %	-0.50 %	-0.25 %	0.00 %	0.25 %	0.50 %	0.75 %	-1.50 pp	-1.00 pp	-0.50 pp	0.0	0.50 pp	1.00 pp	1.50 pp
1.02	(5.0 %)	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.67	2.71	2.74	2.78	2.81	2.84	2.88
0.87	(4.5 %)	3.01	3.01	3.01	3.01	3.01	3.01	3.01	2.90	2.94	2.97	3.01	3.05	3.08	3.12
0.80	(4.3 %)	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.03	3.06	3.10	3.13	3.17	3.21	3.24
0.72	(4.0 %)	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.15	3.19	3.22	3.26	3.30	3.34	3.37
0.64	(3.8 %)	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.28	3.32	3.36	3.39	3.43	3.47	3.51
0.57	(3.5 %)	3.53	3.53	3.53	3.53	3.53	3.53	3.53	3.42	3.46	3.49	3.53	3.57	3.61	3.65
0.42	(3.0 %)	3.83	3.83	3.83	3.83	3.83	3.83	3.83	3.70	3.74	3.78	3.83	3.87	3.91	3.95

Source: Warburg Research

The successful execution of the new strategy should improve valuation

New strategy should lead to more upside

The valuation approach presented above (Warburg IPP-DCF) represents a base-case scenario that does not take into account the following value-accretive effects, which should result in a higher valuation of clearvise:

- (I) We do not assume a going concern of the company, but include the overhead costs of the management and overhead set-up in our calculation. Most of the overhead costs are future-oriented and target a future expansion of the portfolio or the management of a repowering cycle. Thus, the terminal value should be at least higher than zero, which would result in a higher company valuation, or overhead costs need to be removed from our calculation, resulting in higher NOPAT per year.
- (II) Clearvise's current debt structure has optimisation potential, which should lead to lower cost of debt and lower cost of capital, respectively. A similar effect would be achieved by the utilisation of free debt capacity in the future with the issue of company-level debt (for details, see chapter "Return on capital"). Both effects should lead to a higher company value, either by decreasing the company's WACC or by acquiring further assets with the use of company-level debt.
- (III) We apply a beta of 0.72, which is the highest in our IPP coverage. For now, the higher beta reflects the stock's weak liquidity and comparatively low transparency. However, the company plans to expand its portfolio and return to rapid growth, which will be accompanied by further capital increases to boost the stock's liquidity. Clearvise will also seek to increase the transparency of its financial reports and achieve a higher standard on a German exchange. Once these measures become visible, we would apply a lower beta to the company, closing the gap to its peers.
- (IV) Clearvise intends to expand its portfolio by broadening its technology focus to include PV assets. This would result in an even more diversified cash flow generation and should decrease earnings volatility. If clearvise can achieve a considerable share of PV in its overall portfolio, we would reward the lower risk profile with a lower beta, which should lead to additional upside.

Clearvise trades at a discount to its peers (P/CF multiple)

Relative valuation

To provide an overview of clearvise's valuation compared to its peers and verify our Warburg IPP-DCF-based price target, we have taken a look at peer group multiples.

In our peer group analysis, we include European IPPs for which consensus data is available. As valuation multiples we take EV/EBITDA, P/E and price/cash flow, which we consider most meaningful for the following reasons:

- We use the EBITDA multiple to reflect the companies' ability to operate their portfolios on a lean cost basis and to scale overhead costs. As we cannot account for the specific depreciation period of the individual companies, we have decided against using EBIT multiples.
- Over the lifetime of a park, the enterprise value declines due to debt repayment and depreciation. As a consequence, the EBITDA multiple is diluted depending on the average portfolio age. To account for this effect, we also use the price/cash flow multiple, as cash flow remains almost the same over the lifetime of a project.
- We calculate cash flow as net income plus EBITDA minus EBIT to exclude company-specific reporting deviations and capex.

- We use the P/E multiple to compare earnings multiples that investors are willing to pay. Another interpretation of the P/E multiple can be the remaining operating life that investors apply to the IPP portfolio. Compared to the average lifetime of each portfolio, it shows how many years of the golden end have already been factored into the current valuation. However, this view excludes further organic growth.
- We advise against the use of MW multiples, since the location, technology and remuneration type of a portfolio have a significant impact on the prices per MW. Thus, MW multiples would only be consistent if comparing identical portfolio structures. In our view, cash flow multiples are the better choice for comparing different portfolios.

In total, we use nine companies for our peer group valuation.

Peer group valuation

Peergroup - Key Figures

Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			EBITDA			Cash-flow		
					20e	21e	22e	20e	21e	22e	20e	21e	22e
Terna Energy S.A.	EUR	14.12	1,577.8	2,374.1	0.63	0.58	0.75	218.9	242.3	282.6	145.7	147.9	186.3
Albioma	EUR	43.90	1,370.3	2,301.3	1.55	1.75	1.95	201.8	214.3	227.0	135.0	144.3	155.8
Falck Renewables S.p.A.	EUR	6.42	1,855.2	2,676.6	0.11	0.13	0.17	191.6	207.6	227.0	118.8	132.2	151.7
Volitalia	EUR	25.85	2,463.5	2,958.9	0.12	0.33	0.47	102.7	164.0	217.1	61.6	93.8	131.2
Neoen S.A.	EUR	60.30	5,143.0	5,143.0	0.40	0.53	0.78	281.0	334.0	421.7	147.0	172.8	230.5
7C Solarparken AG	EUR	4.66	323.5	495.3	0.11	0.10	0.12	41.4	43.0	45.7	33.8	35.0	37.8
Encavis AG	EUR	22.60	3,128.7	4,863.5	0.42	0.50	0.55	222.0	253.0	265.5	114.4	146.3	156.0
Pacifico Renewables Yield AG	EUR	37.00	122.5	137.3	0.69	1.59	1.08	12.3	18.5	22.2	8.5	14.9	15.2
Clearwise	EUR	2.54	124.5	257.8	0.02	-0.01	0.00	27.1	24.3	24.0	19.9	18.6	19.1
Consensus:													
Clearwise					0.04	0.03	0.04	27.5	26.6	27.8	20.7	19.9	21.3

Peergroup - Valuation Multiples

Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / EBITDA			Price / CF		
					20e	21e	22e	20e	21e	22e	20e	21e	22e
<i>System peers</i>													
Terna Energy S.A.	EUR	14.12	1,577.8	2,374.1	22.6 x	24.6 x	18.8 x	10.8 x	9.8 x	8.4 x	10.8 x	10.7 x	8.5 x
Albioma	EUR	43.90	1,370.3	2,301.3	28.3 x	25.1 x	22.5 x	11.4 x	10.7 x	10.1 x	10.2 x	9.5 x	8.8 x
Falck Renewables S.p.A.	EUR	6.42	1,855.2	2,676.6	56.7 x	48.6 x	37.8 x	14.0 x	12.9 x	11.8 x	15.6 x	14.0 x	12.2 x
Volitalia	EUR	25.85	2,463.5	2,958.9	215.4 x	79.5 x	54.9 x	28.8 x	18.0 x	13.6 x	40.0 x	26.3 x	18.8 x
Neoen S.A.	EUR	60.30	5,143.0	5,143.0	152.7 x	113.9 x	77.3 x	18.3 x	15.4 x	12.2 x	35.0 x	29.8 x	22.3 x
7C Solarparken AG	EUR	4.66	323.5	495.3	40.8 x	45.1 x	39.0 x	12.0 x	11.5 x	10.8 x	9.6 x	9.2 x	8.6 x
Pacifico Renewables Yield AG	EUR	37.00	122.5	137.3	54.5 x	45.7 x	41.0 x	11.2 x	7.4 x	6.2 x	14.5 x	8.2 x	8.1 x
Average					81.6 x	54.6 x	41.6 x	15.2 x	12.3 x	10.5 x	19.4 x	15.4 x	12.5 x
Median					54.5 x	45.7 x	39.0 x	12.0 x	11.5 x	10.8 x	14.5 x	10.7 x	8.8 x
Clearwise	EUR	2.54	124.5	257.8	127.0 x	neg.	n.a.	9.5 x	10.6 x	10.8 x	6.2 x	6.7 x	6.5 x
Valuation difference to Median					-57%	n.a.	n.a.	26%	8%	1%	132%	59%	35%
Fair value per share based on Median					1.09	n.a.	n.a.	3.90	2.98	2.59	5.90	4.04	3.42
Consensus:													
Clearwise					63.5 x	100.8 x	66.8 x	9.4 x	9.7 x	9.3 x	6.0 x	6.3 x	5.8 x

Source: FactSet, Warburg Research

When assessing the relative valuation, it becomes apparent that the P/E multiple leads to no result, as we do not expect clearwise to generate positive net income in the next years. This is a consequence of clearwise's uncharacteristically short depreciation period (for details, see chapter "Return on capital").

The other multiples indicate an undervaluation of clearwise compared to its peers, which is why we consider our Warburg IPP-DCF-based price target to be confirmed. Nevertheless, the results have to be interpreted in the light of the following points:

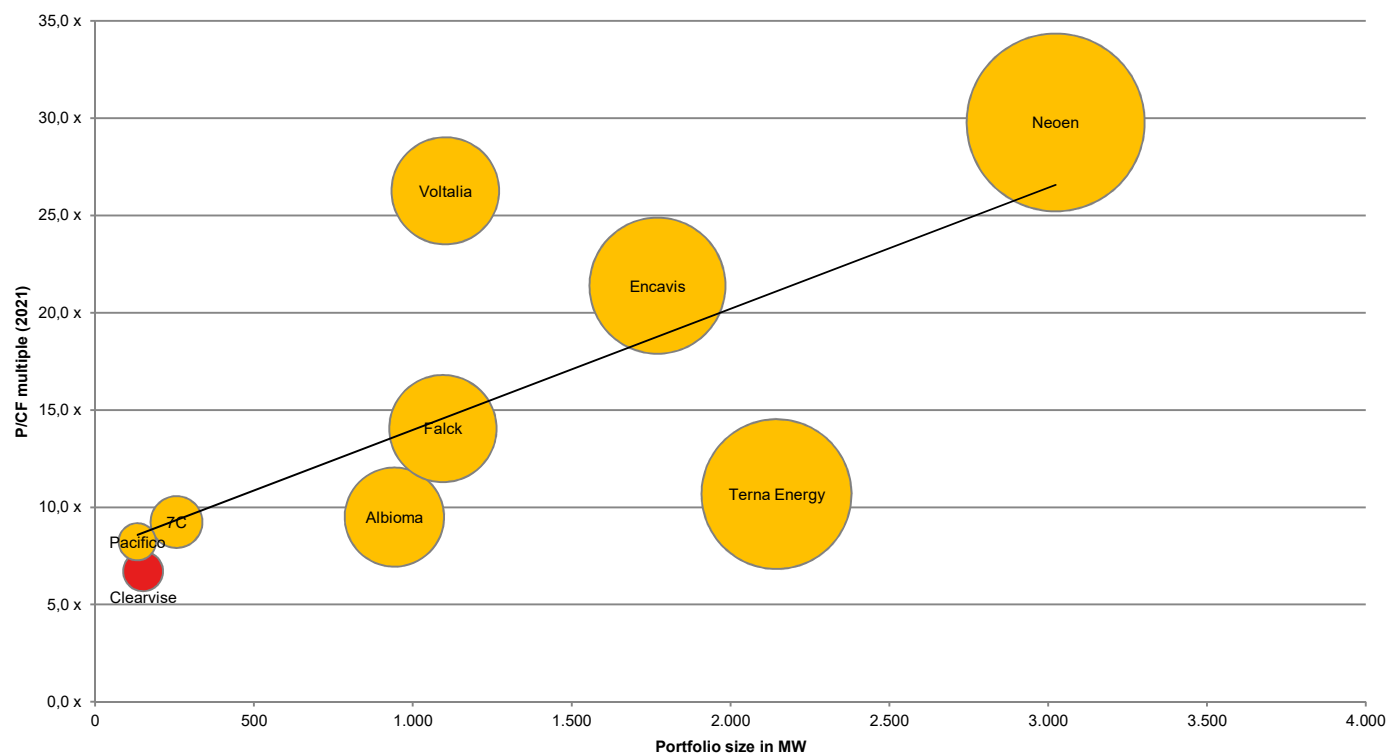
- (I) We do not assume any growth in our estimates, while all peers show top-line, EBITDA and cash flow growth. As a result, the multiples decline from

2020 to 2023, while clearvise's multiples remain almost the same. In our view, this limits the comparability of the multiples as long as clearvise has not yet fully implemented its growth strategy. Nevertheless, clearvise's current portfolio appears to be undervalued (EV/EBITDA 2021) compared to its peers.

- (II) Clearvise operates one of the smallest portfolios and is one of the smallest companies in its peer group in terms of market capitalisation. This might justify a valuation discount compared to its peers, as larger companies are able to attract a broader range of investors willing to pay a higher valuation multiple (or alternatively apply lower equity IRRs to their investments).
- (III) Larger peers operate a broadly diversified portfolio, resulting in a very stable cash flow generation and lower risk profile. Thus, clearvise could receive a higher risk premium from investors.
- (IV) To deliver growth in the coming years, clearvise will need to conduct at least one capital increase, as free cash flow and liquid funds are insufficient to acquire further assets.
- (V) In contrast, larger IPPs are able to grow organically, extending the period of cash flows (similar to a terminal value in a DCF model). This should result in higher valuation multiples as well as higher absolute valuations.
- (VI) Large IPPs such as Encavis or Neoen generate a certain level of cash flow, enabling them to use alternative sources of company-level refinancing like bonds, promissory notes or hybrid capital. These measures optimise returns for equity shareholders and increase financial flexibility. Since clearvise has not yet had the opportunity to issue debt in capital markets, a certain discount for the lower optimisation potential and flexibility might be applicable.

In this context, we deem the relative valuation insufficient to derive a price target for clearvise. Nevertheless, it provides a roadmap of the company's potential for the coming years, if the growth strategy is successfully implemented. We believe it is highly realistic that clearvise will achieve a multiple expansion towards its closest peers in terms of market capitalisation and portfolio size, 7C Solarparken and Pacifico Renewables (P/CF multiple 2021). Further, the peer group valuation indicates an inherent correlation between portfolio size and the applied P/CF multiple, which supports our argumentation.

Relation of portfolio size and P/CF multiple



Source: FactSet, company websites, Warburg Research

The relation shown in the chart above indicates the same conclusion reached in assessing the peer group multiples. With growing capacity, clearvise should achieve a higher valuation multiple, reflecting the following effects:

- Higher free float of the share should improve liquidity. This should attract a broader range of investors.
- The same applies to the company's market capitalisation. Since some investors use renewable energy operators as a bond proxy, this group of investors applies a lower equity IRR to its investment, resulting in higher valuation multiples.
- Dividend payments should widen the group of possible investors.
- Once the portfolio generates sufficient cash flows to issue company-level debt or hybrid capital in the capital markets, the optimised leverage, cost of capital and financial flexibility should improve shareholder returns, resulting in a higher valuation.
- Sufficient free cash flow allows clearvise to grow organically, extending the period of cash flow generation. Similar to the terminal value in the DCF model, this should lead to a higher valuation, anticipating the option value of repowering and further investments.

Conclusion

The Warburg IPP-DCF indicates attractive upside to current share price levels. In addition, the current company transformation should unleash further valuation upside to our price target in the medium term. Based on the relative valuation, we consider our absolute valuation approach as confirmed. Furthermore, peer group multiples provide an idea of how the valuation could develop with a further expansion of the portfolio.

Valuation	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	1.9 x	2.0 x	1.9 x	2.2 x	3.2 x	3.2 x	3.2 x
Book value per share ex intangibles	0.57	0.62	0.62	0.62	0.68	0.69	0.71
EV / Sales	7.4 x	9.3 x	7.3 x	6.8 x	6.8 x	6.9 x	6.4 x
EV / EBITDA	9.9 x	12.9 x	9.1 x	8.6 x	9.0 x	9.5 x	8.9 x
EV / EBIT	46.1 x	75.3 x	35.8 x	33.1 x	30.1 x	43.7 x	42.5 x
EV / EBIT adj.*	46.1 x	75.3 x	35.8 x	33.1 x	30.1 x	43.7 x	42.5 x
P / FCF	3.5 x	4.7 x	6.2 x	3.6 x	6.2 x	6.6 x	6.5 x
P / E	n.a.	n.a.	n.a.	n.a.	127.0 x	n.a.	n.a.
P / E adj.*	n.a.	n.a.	n.a.	n.a.	127.0 x	n.a.	n.a.
Dividend Yield	n.a.	n.a.	n.a.	0.6 %	0.8 %	n.a.	n.a.
FCF Potential Yield (on market EV)	9.7 %	7.4 %	10.4 %	11.0 %	10.3 %	9.9 %	10.6 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	27.68	26.42	31.70	33.08	36.25	33.37	33.37
Change Sales yoy	-5.1 %	-4.6 %	20.0 %	4.4 %	9.6 %	-7.9 %	0.0 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	27.68	26.42	31.70	33.08	36.25	33.37	33.37
Material expenses	0.42	0.37	0.39	0.28	0.35	0.35	0.35
Gross profit	27.27	26.05	31.31	32.81	35.90	33.02	33.02
<i>Gross profit margin</i>	<i>98.5 %</i>	<i>98.6 %</i>	<i>98.8 %</i>	<i>99.2 %</i>	<i>99.0 %</i>	<i>98.9 %</i>	<i>98.9 %</i>
Personnel expenses	0.22	0.21	0.30	0.22	0.40	0.60	0.80
Other operating income	0.59	0.48	3.02	1.57	0.50	0.46	0.46
Other operating expenses	7.00	7.38	8.55	8.12	8.88	8.61	8.71
Unfrequent items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA	20.64	18.94	25.48	26.03	27.12	24.27	23.97
<i>Margin</i>	<i>74.6 %</i>	<i>71.7 %</i>	<i>80.4 %</i>	<i>78.7 %</i>	<i>74.8 %</i>	<i>72.7 %</i>	<i>71.8 %</i>
Depreciation of fixed assets	16.18	15.69	18.98	19.25	18.08	18.08	18.08
EBITA	4.46	3.25	6.50	6.78	9.04	6.19	5.89
Amortisation of intangible assets	0.00	0.00	0.00	0.00	0.90	0.90	0.90
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	4.46	3.25	6.50	6.78	8.14	5.29	4.99
<i>Margin</i>	<i>16.1 %</i>	<i>12.3 %</i>	<i>20.5 %</i>	<i>20.5 %</i>	<i>22.5 %</i>	<i>15.9 %</i>	<i>15.0 %</i>
EBIT adj.	4.46	3.25	6.50	6.78	8.14	5.29	4.99
Interest income	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Interest expenses	6.77	5.90	6.34	5.79	5.38	4.36	3.42
Other financial income (loss)	0.02	0.02	0.02	0.02	0.00	0.00	0.00
EBT	-2.33	-2.66	0.15	0.98	2.76	0.93	1.57
<i>Margin</i>	<i>-8.4 %</i>	<i>-10.1 %</i>	<i>0.5 %</i>	<i>3.0 %</i>	<i>7.6 %</i>	<i>2.8 %</i>	<i>4.7 %</i>
Total taxes	0.82	0.78	1.37	1.38	1.79	1.33	1.49
Net income from continuing operations	-3.15	-3.44	-1.22	-0.40	0.97	-0.40	0.08
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income before minorities	-3.15	-3.44	-1.22	-0.40	0.97	-0.40	0.08
Minority interest	0.07	0.11	-0.27	0.00	0.00	0.00	0.00
Net income	-3.22	-3.55	-0.95	-0.40	0.97	-0.40	0.08
<i>Margin</i>	<i>-11.6 %</i>	<i>-13.4 %</i>	<i>-3.0 %</i>	<i>-1.2 %</i>	<i>2.7 %</i>	<i>-1.2 %</i>	<i>0.2 %</i>
Number of shares, average	44.50	49.00	49.00	49.00	49.00	49.00	49.00
EPS	-0.07	-0.07	-0.02	-0.01	0.02	-0.01	0.00
EPS adj.	-0.07	-0.07	-0.02	-0.01	0.02	-0.01	0.00

*Adjustments made for:

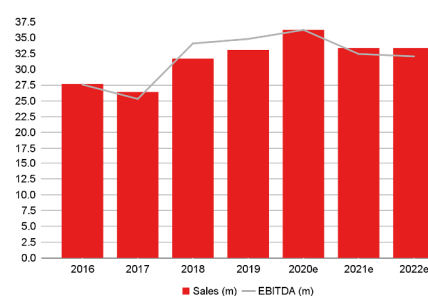
Guidance: EBITDA of EUR 23.1m - 28.0m

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	25.4 %	28.3 %	19.6 %	21.3 %	25.2 %	27.3 %	28.2 %
Operating Leverage	1.4 x	5.9 x	5.0 x	1.0 x	2.1 x	4.4 x	n.a.
EBITDA / Interest expenses	3.0 x	3.2 x	4.0 x	4.5 x	5.0 x	5.6 x	7.0 x
Tax rate (EBT)	-35.2 %	-29.2 %	892.1 %	141.0 %	64.8 %	143.4 %	94.9 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	n.m.	101.0 %	0.0 %	0.0 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

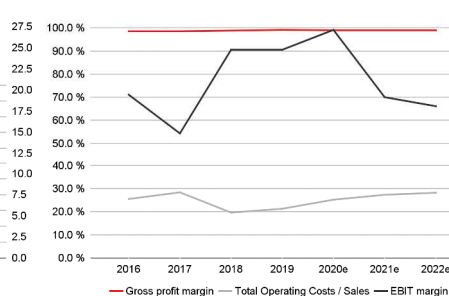
Sales, EBITDA

in EUR m

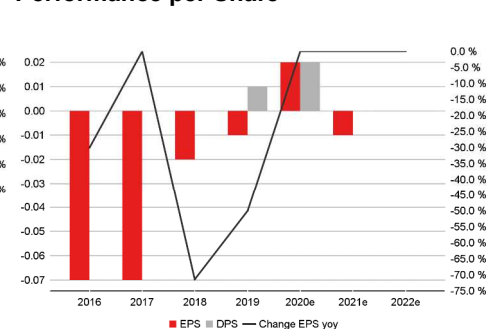


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

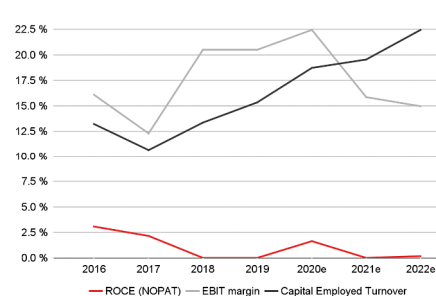
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	10.14	9.33	8.01	6.83	5.93	5.03	4.13
thereof other intangible assets	0.00	0.00	0.00	0.00	-0.90	-1.80	-2.70
thereof Goodwill	10.14	9.33	8.01	6.83	6.83	6.83	6.83
Property, plant and equipment	170.32	212.39	193.99	176.04	157.96	139.89	121.81
Financial assets	0.31	0.27	0.25	0.23	0.23	0.23	0.23
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed assets	180.77	222.00	202.25	183.10	164.13	145.15	126.17
Inventories	0.29	0.18	0.12	0.16	0.20	0.20	0.20
Accounts receivable	2.48	4.73	4.66	4.48	4.40	3.90	3.80
Liquid assets	9.12	13.01	14.54	14.68	18.15	14.62	16.17
Other short-term assets	1.15	1.85	0.68	0.65	0.65	0.65	0.65
Current assets	13.04	19.77	20.00	19.97	23.40	19.37	20.83
Total Assets	193.80	241.80	222.30	203.10	187.50	164.50	147.00
Liabilities and shareholders' equity							
Subscribed capital	44.50	49.00	49.00	49.00	49.00	49.00	49.00
Capital reserve	10.60	13.27	13.27	13.27	13.27	13.27	13.27
Retained earnings	0.41	0.41	0.46	0.46	2.41	2.01	2.09
Other equity components	-19.87	-23.19	-24.47	-25.36	-25.36	-25.36	-25.36
Shareholders' equity	35.65	39.49	38.26	37.37	39.32	38.92	39.00
Minority interest	4.77	5.42	4.92	4.90	4.90	0.00	0.00
Total equity	40.42	44.91	43.18	42.27	44.22	38.92	39.00
Provisions	1.67	1.71	2.13	2.38	2.38	2.38	2.38
thereof provisions for pensions and similar obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities (total)	147.40	179.75	174.06	156.51	139.01	121.51	104.01
thereof short-term financial liabilities	11.39	17.55	18.07	17.53	17.53	17.53	17.53
Accounts payable	1.73	2.71	1.57	1.00	1.00	0.80	0.70
Other liabilities	2.60	12.69	1.37	0.91	0.91	0.91	0.91
Liabilities	153.40	196.86	179.13	160.80	143.30	125.60	108.00
Total liabilities and shareholders' equity	193.80	241.80	222.30	203.10	187.50	164.50	147.00

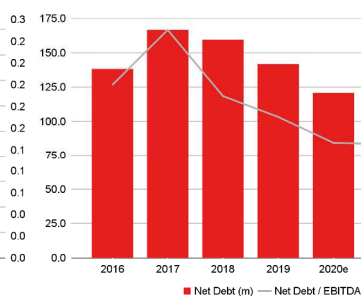
Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	0.2 x	0.1 x	0.2 x	0.2 x	0.2 x	0.2 x	0.3 x
Capital Employed Turnover	0.2 x	0.1 x	0.2 x	0.2 x	0.2 x	0.2 x	0.3 x
ROA	-1.8 %	-1.6 %	-0.5 %	-0.2 %	0.6 %	-0.3 %	0.1 %
Return on Capital							
ROCE (NOPAT)	3.1 %	2.2 %	n.a.	n.a.	1.6 %	n.a.	0.2 %
ROE	-8.9 %	-9.5 %	-2.4 %	-1.1 %	2.5 %	-1.0 %	0.2 %
Adj. ROE	-8.9 %	-9.5 %	-2.4 %	-1.1 %	2.5 %	-1.0 %	0.2 %
Balance sheet quality							
Net Debt	138.28	166.74	159.52	141.84	120.86	106.89	87.84
Net Financial Debt	138.28	166.74	159.52	141.84	120.86	106.89	87.84
Net Gearing	342.1 %	371.3 %	369.4 %	335.5 %	273.3 %	274.7 %	225.2 %
Net Fin. Debt / EBITDA	669.9 %	880.4 %	626.0 %	544.9 %	445.7 %	440.4 %	366.5 %
Book Value / Share	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Book value per share ex intangibles	0.6	0.6	0.6	0.6	0.7	0.7	0.7

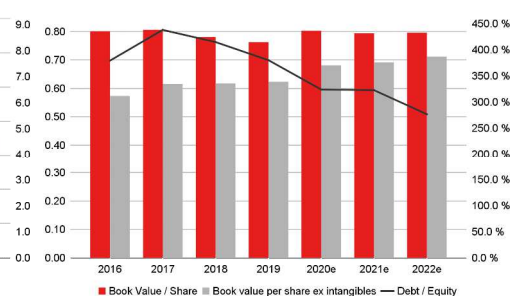
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

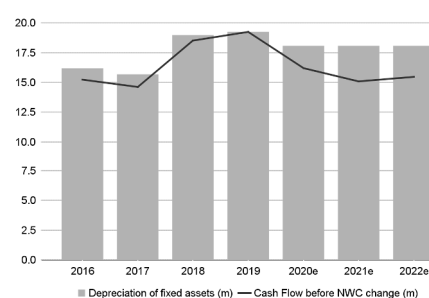
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	-3.15	-3.44	-1.22	-0.40	0.97	-0.40	0.08
Depreciation of fixed assets	16.18	15.69	18.98	19.25	18.08	18.08	18.08
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	0.00	0.00	0.00	0.00	0.90	0.90	0.90
Increase/decrease in long-term provisions	-0.70	-0.07	0.61	0.17	0.00	0.00	0.00
Other non-cash income and expenses	6.44	5.83	4.43	4.70	0.00	0.00	0.00
Cash Flow before NWC change	18.77	18.01	22.80	23.72	19.95	18.57	19.06
Increase / decrease in inventory	0.00	0.00	0.00	0.00	-0.04	0.00	0.00
Increase / decrease in accounts receivable	2.78	-1.58	1.08	0.16	0.08	0.50	0.10
Increase / decrease in accounts payable	-1.76	0.70	-1.78	-0.96	0.00	-0.20	-0.10
Increase / decrease in other working capital positions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase / decrease in working capital (total)	1.03	-0.87	-0.70	-0.80	0.04	0.30	0.00
Net cash provided by operating activities [1]	19.80	17.13	22.10	22.92	19.99	18.87	19.06
Investments in intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments in property, plant and equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payments for acquisitions	0.09	-4.79	-1.17	0.00	0.00	0.00	0.00
Financial investments	0.00	-0.02	0.00	0.00	0.00	0.00	0.00
Income from asset disposals	0.01	0.48	0.00	1.07	0.00	0.00	0.00
Net cash provided by investing activities [2]	3.76	-4.54	-9.18	0.97	0.00	0.00	0.00
Change in financial liabilities	-20.41	-10.66	-5.09	-17.99	-17.50	-17.50	-17.50
Dividends paid	0.00	0.00	0.00	0.49	0.98	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital measures	1.85	7.17	0.00	0.00	0.00	0.00	0.00
Other	-6.74	-5.29	-6.27	-5.77	0.00	-4.90	0.00
Net cash provided by financing activities [3]	-25.29	-8.77	-11.36	-23.27	-16.52	-22.40	-17.50
Change in liquid funds [1]+[2]+[3]	-1.73	3.83	1.57	0.63	3.47	-3.53	1.56
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent at end of period	9.07	12.94	14.58	15.17	18.15	14.62	16.17

Financial Ratios

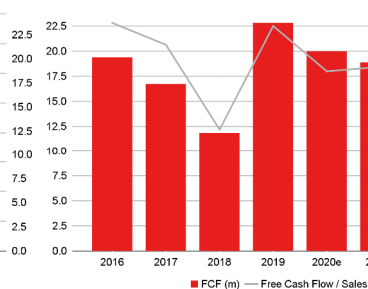
	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	19.38	16.73	11.85	22.82	19.99	18.87	19.06
Free Cash Flow / Sales	70.0 %	63.3 %	37.4 %	69.0 %	55.1 %	56.5 %	57.1 %
Free Cash Flow Potential	19.82	18.16	24.11	24.65	25.32	22.94	22.48
Free Cash Flow / Net Profit	-602.6 %	-471.2 %	-1246.5 %	-5690.9 %	2059.6 %	-4683.0 %	23912.2 %
Interest Received / Avg. Cash	0.1 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.2 %	3.6 %	3.6 %	3.5 %	3.6 %	3.4 %	3.0 %
Management of Funds							
Investment ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Avg. Working Capital / Sales	9.4 %	6.1 %	8.5 %	10.4 %	10.0 %	10.3 %	9.9 %
Trade Debtors / Trade Creditors	143.3 %	174.8 %	296.3 %	449.1 %	440.0 %	487.5 %	542.9 %
Inventory Turnover	1.4 x	2.1 x	3.3 x	1.7 x	1.8 x	1.8 x	1.8 x
Receivables collection period (days)	33	65	54	49	44	43	42
Payables payment period (days)	1,511	2,665	1,486	1,321	1,029	823	720
Cash conversion cycle (Days)	-1,222	-2,423	-1,321	-1,055	-779	-575	-473

CAPEX and Cash Flow

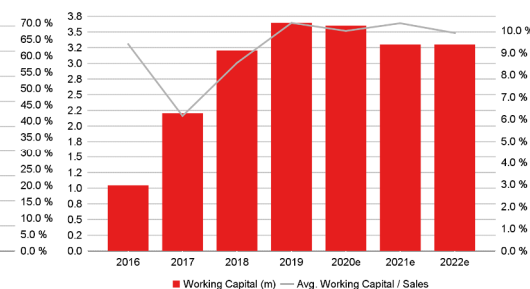
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	130	64
Hold	60	29
Sell	8	4
Rating suspended	6	3
Total	204	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	37	80
Hold	6	13
Sell	0	0
Rating suspended	3	7
Total	46	100

PRICE AND RATING HISTORY CLEARVISE AS OF 08.02.2021


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 69 5050-7414
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html
Bloomberg RESP MMWA GO
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For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com