WEB Windenergie AG

Integrated Sustainability and Business Report 2017

Key Figures W.E.B Group

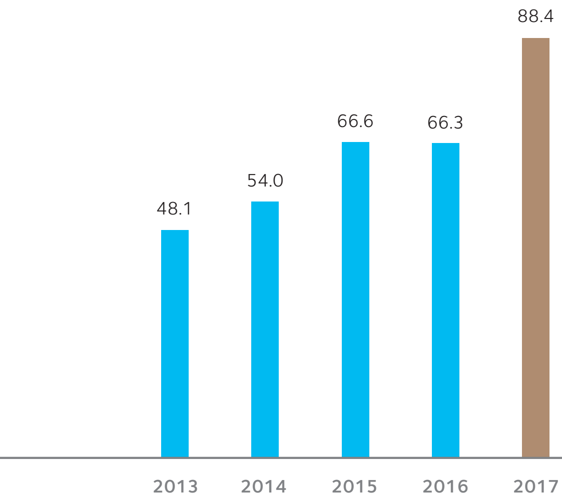
Key Financial Figures	2017	2016	2015	2014	2013
EUR million					
Sales revenue	88.4	66.3	66.6	54.0	48.1
Operating results	27.5	16.8	21.5	16.5	15.5
Financial results	-8.4	-7.3	-8.4	-7.0	-7.2
Results from normal business activity	19.1	9.5	13.1	9.5	8.3
Group earnings	15.9	6.6	9.3	7.1	6.1
Total assets	510.4	519.9	415.8	387.7	316.9
Equity capital	124.3	129.3	107.4	99.9	86.9
Equity capital ratio (%)	24.4	24.9	25.8	25.8	27.4
Cash flow from operations	56.4	38.6	46.4	34.7	38.6
Investments	22.3	117.9 [1]	53.0 [1]	68.6 [1]	58.6 [1]
Return on equity (%)	12.5	5.6	9.0	7.6	7.2
Profit per share (EUR)	48.0	17.1	29.9	25.0	21.7

Power Generation	2017	2016	2015	2014	2013
MWh					
Wind power	991,599	704,523	703,784	571,838	506,625
Photovoltaic power	13,642	12,534	12,475	11,230	11,150
Hydroelectric power	6,177	7,389	7,155	7,306	8,781
Power generation total	**1,011,418**	**724,446**	**723,414**	**590,374**	**526,556**

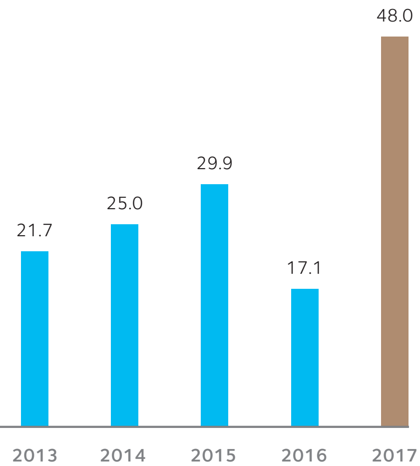
Power Plants	2017	2016	2015	2014	2013
Number as of 31 Dec.					
Austria	130	124	117	107	103
Germany	53	52	57	58	55
France	33	33	21	21	21
Canada	20	20	14	3	–
Czech Republic	8	8	8	8	8
Italy	2	2	2	2	2
USA	5	5	–	–	–
Power plants total	**251**	**244**	**219**	**199**	**189**

Installed Capacity	2017	2016	2015	2014	2013
MW as of 31 Dec.					
Austria	207.5	205.4	189.8	172.2	159.9
Germany	97.7	96.9	88.4	88.4	82.4
France	63.2	63.2	24.8	24.8	24.8
Canada	21.8	21.8	15.4	3.3	–
Czech Republic	9.1	9.1	9.1	9.1	9.1
Italy	6.4	6.4	6.4	6.4	6.4
USA	9.1	9.1	–	–	–
Generating capacity total	**414.8**	**411.9**	**333.9**	**304.2**	**282.6**

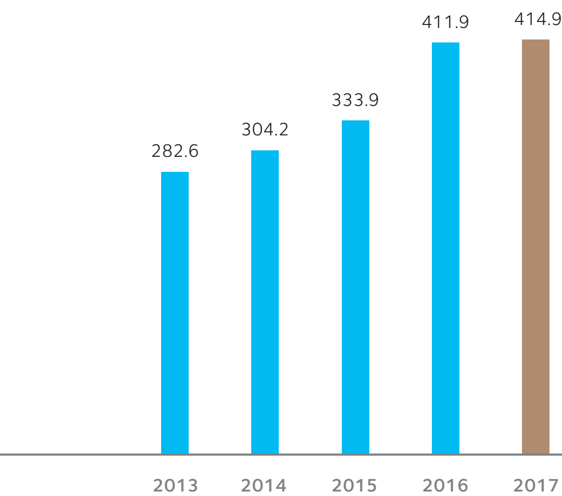
[1] Including assets from business acquisitions



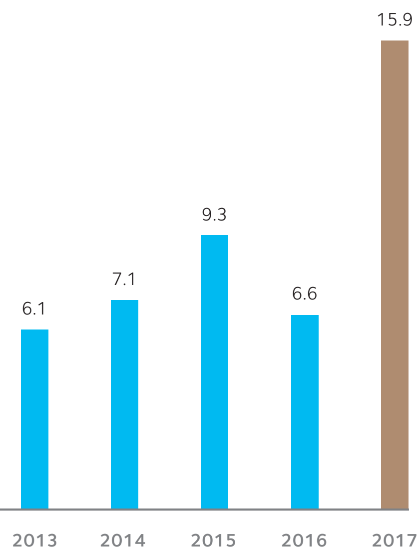
Sales Revenue
EUR million



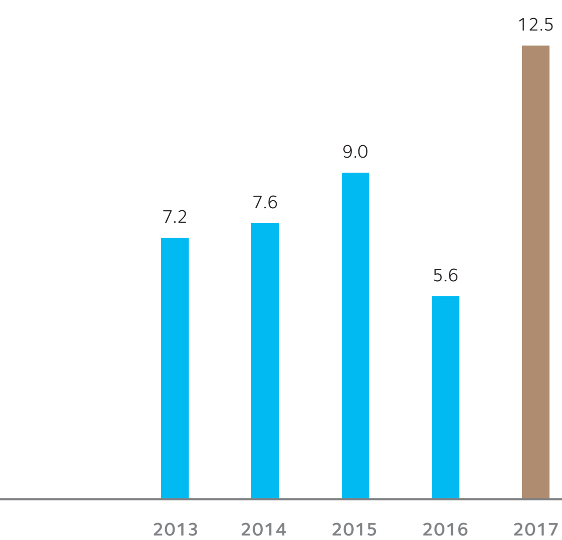
Profit per Share
EUR



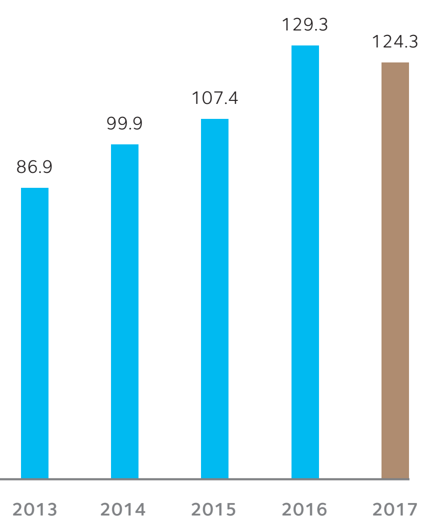
Installed Capacity
MW



Group Earnings after Taxes
EUR million



Return on Equity
%



Equity
EUR million

Partnership

A company can only be as successful as its internal and external network.

As the key supplier of wind power plants, Vestas is a central industry partner of W.E.B. Nils de Baar describes our shared priorities.

The energy transition needs to see the bigger picture behind the electricity sector. Interview partner Volker Quaschning calls for sector coupling.

This Annual Report also shines a light on those who have become partners in our common cause – employees, investors, customers, business partners – and played a significant role in our accomplishments of 2017.

2017

A truly extraordinary year

2017 was a very special year in many ways: For the first time, we produced over one terawatt-hour – or, to put it more impressively, more than 1,000 gigawatt-hours – of electricity, meeting the needs of just under 290,000 households. This has helped us secure a fixed – and increasingly significant – place in the energy industry.

Thanks to this notable increase in production volume, W.E.B's financial figures have once again been on a clear upward trajectory: We have been able to significantly increase both our revenue and our operational results, so that our net income has more than doubled. In addition, the price of W.E.B shares has significantly increased.

All of this shows that we have succeeded not least in securing good locations over the years and in building up very efficient power plants on that basis. But it also shows that we know how to operate our systems in a highly professional manner – well beyond the industry standards; that we successfully implement innovative marketing approaches, and furthermore that we run our business efficiently and in a goal-oriented fashion.

The results from the year 2017 are extraordinary in any case. Everything simply "fell into place," as they say: We significantly expanded our power plant farms in 2016, enabling us to build on additional plants that have also been seamlessly integrated into our fleet. The wind level was much higher than the previous year, and was also more than had been anticipated. Finally, changes in French tax legislation and interest rate effects in Canada have had a positive impact on earnings.

We are very pleased with these extraordinary results. To achieve such numbers again next year will be a challenge. It spurs us on all the more, however, to continue to press ahead with W.E.B's moderate growth course.

Frank Dumeier

Michael Trcka

Contents

W.E.B at a Glance

Published: 31 December 2017

Largest independent wind energy producer in Austria

415 MW
installed capacity

228 wind power plants	**20** photovoltaic power plants	**3** hydroelectric power plants

W.E.B is …

… a citizen participation initiative …

Committed citizens were the founders of W.E.B. We remain committed to this idea of widespread participation going forward. We enjoy working together with a wide range of investors to create a sustainable future.

… in the renewable energy sector.

W.E.B produces electricity from renewable sources with the emphasis on wind and the sun. These two energy sources complement each other over the course of a year and stand out with regard to their cost efficiency.

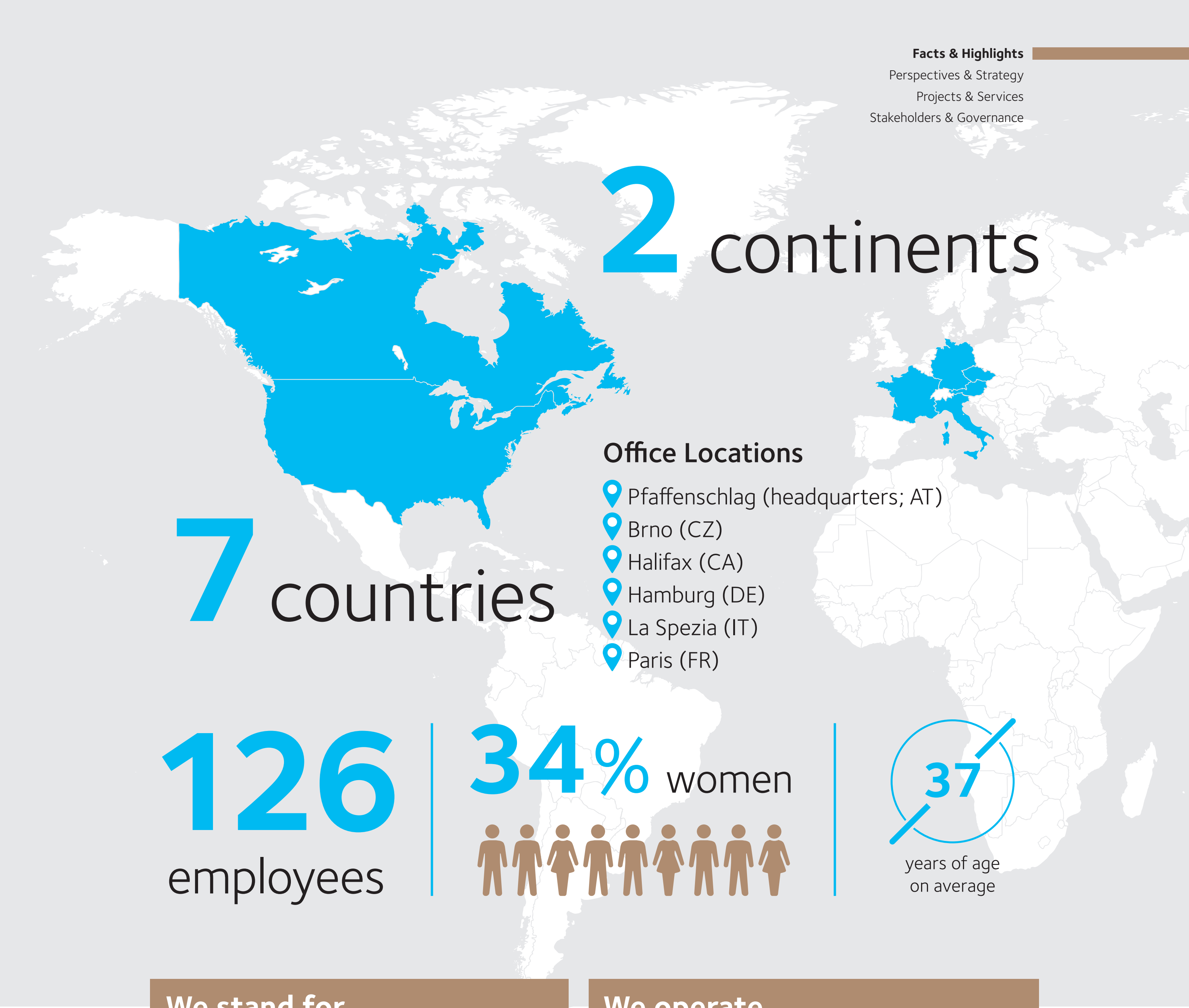
5,685 investors

of which **3,821** are shareholders

Founded in:

1994[1]

[1] The predecessor company, WEB GmbH, was founded in 1994. The founding year of its legal successor WEB Windenergie AG was 1999.



2 continents

7 countries

Office Locations

- Pfaffenschlag (headquarters; AT)
- Brno (CZ)
- Halifax (CA)
- Hamburg (DE)
- La Spezia (IT)
- Paris (FR)

126 employees

34% women

37 years of age on average

We stand for …

… energy transition and innovation, …

Energy should ideally be generated and stored wherever it is consumed. In order to achieve this, we direct a portion of our resources to innovative concepts.

… stability and growth.

The renewable energies sector is continuing to develop positively for various economic and environmental reasons. W.E.B has set itself the goal of growing moderately, converting its experiences into improvements and consolidating achievements.

We operate …

… regionally and internationally, …

W.E.B is regionally anchored by its employees and business partners. Together, we form an international network of experts which reacts flexibly to changing requirements.

… ecologically and economically sustainable.

We are convinced that mankind's energy needs can be met by renewable sources – and in an even more economically efficient way than with fossil fuel or nuclear energy.

2017 at a Glance

Another record year in the history of the company

SALES REVENUE

EUR 88.4 million

over EUR 80 million for the first time

ELECTRICITY PRODUCTION

1 TWh

exceeded for the first time

CONSOLIDATED RESULTS

EUR 15.9 million

over EUR 15 million for the first time

RECORD MONTHLY PRODUCTION

120 GWh

in December

The year 2017 was …

… an economically extraordinary year.

The increase in capacity from 2016 was reflected for the first time in the electricity production of an entire year. The wind blew so much that W.E.B generated more than 1 TWh of electricity for the first time. This is equal to the power consumed by more than 280,000 households.

The company's revenue also reached new heights. At EUR 88.4 million, it was around 25 % higher than the previous record value. The consolidated result exceeded EUR 10 million for the first time. Added to one-off effects, this value jumped to an extraordinary EUR 15.9 million.

REVENUE

+33 %

>1,000

green electricity customers

No. 1

in Austrian
green electricity ranking

1ST CUSTOMER

Green electricity with ecolabel

INTERNATIONAL ANNIVERSARIES

15 YEARS
W.E.B in the
Czech Republic

20 YEARS
W.E.B in
Germany

10 YEARS
solar electricity
at W.E.B

Successfully completed projects:

3 photovoltaic projects

… a year of confirmation and of trust.

Electricity production per share now equals the electricity consumption of a household. The W.E.B family continues to grow: the number of shareholders has risen to 3,821. By the end of the year, 126 W.E.B employees were working in Europe and North America.

The price of W.E.B shares in the traderoom exceeded the 500 EUR mark for the first time. At the Best Business Award, which distinguishes companies in the European Region Danube-Vlatava, W.E.B achieved second.

Frank Dumeier and Michael Trcka

As Smoothly as a Swiss Watch

An interview with Frank Dumeier and Michael Trcka – the members of W.E.B's Board of Directors – about new production records, the continuing improvement in efficiency, successful marketing and ever-newer expansion plans.

After a rather cautious year in 2016, you again set a record in 2017 and – as predicted – exceeded the almost magical threshold of one terawatt-hour; i.e. 1,000 gigawatt-hours. Satisfied?

Frank Dumeier: Very satisfied, and for several reasons. In 2016, we commissioned new plants with a capacity of 88 MW, and all of these facilities achieved full operation in 2017.

That is an increase of 27 % in installed plant capacity. We were even able to disproportionately increase our production volume by about 40 %. This is thanks not only to an above-average year of wind and the significantly higher efficiency of the new plants, but also to the again excellent performance of our service teams.

The production developed in an interesting manner over the course of the year: The wind level was initially rather low, so during the first three quarters of the year we were running behind our original scheduled plan and thus entered the fourth quarter with a negative delta. The autumn storm Irma gifted us with very good wind conditions. Our entire fleet ran at full capacity for six weeks. On top of this, it was relatively warm at the time so there was far less icing over than usual at that time of year. In this way, we even benefited from climate change for once. Thanks to autumn storm Irma, we even exceeded our goals and ultimately broke the 1 TWh barrier. Our team were working hard right up to the end of the year, though. It is a considerable achievement to keep the plants connected to the grid even in such strong winds.

Michael Trcka: The electricity production from one W.E.B share now covers the needs of one average Austrian household; a few years ago it was still three shares per household. In total, our production was able to save 670,000 tonnes of CO_2 last year.

The 2017 financial year in one sentence?

Frank Dumeier: Hard work and an international business approach reap the desired rewards.

Michael Trcka: An excellent result in preparation for further growth in 2018/2019.

This positive development in production is also reflected in the group earnings. Did the concept of "Turning Scale into Profit" mentioned in the previous year work out for you?

Michael Trcka: This is how it went: We were able to increase our revenue by 33 % and our operating output by 64 %. Yet again we have achieved the best result in the company's history.

This has incidentally been achieved in spite of the fact that our growth of revenue, at 33 %, is below the increase in production. The two main reasons for this are that we receive lower subsidy rates for the new facilities than for the old ones, and more and more facilities are disappearing from the supported tariff. Their share of our total production today is already around 100 GWh and will continue to rise over the next few years. We directly market these quantities very successfully as green electricity, but only at a lower price than the previous subsidy tariff. In the process, we operate the plants so efficiently that the numbers add up even without subsidy rates.

In some cases, the rates of increase in earnings are significantly higher than the growth in revenue. This points to a considerable increase in efficiency and profitability. How did you manage to swing that?

Frank Dumeier: We have worked hard at every level to make our organization more efficient and to synergistically make use of our growing size. An important element here, for example, is that we centralize many processes and thereby achieve economies of scale in Austria. The basic rule is that we actually pool together all the tasks that can be done from Austria.

We will therefore continue to expand our staff in Austria in order to support our foreign markets. In 2018, we are already planning the next expansion of our headquarters in Pfaffenschlag.

Conversely, we streamline the subsidiaries so that growth and project development can be the focus. Everything that can be standardized and centralized, however, takes place in Austria. An example of this is the subject "wind and site," i.e. the assessment of specific locations for their suitability for wind power generation. We only need these skills in one location throughout the whole group.

... can also cut it on an international level ...

So the operation of your whole fleet is entirely managed from Austria?

Frank Dumeier: Yes, we operate almost exclusively in Pfaffenschlag. High professionalism in operations management is one of our key assets. "As smooth as a Swiss watch" has become our motto and this has been demonstrated over the last year by the usual high availability of our systems. In order to extend this availability into the future, we launched a concept in the 2 MW class in 2017 that extends the life of the plants from the current 20 up to 25 years. This allows us to operate much longer at locations that won't be eligible for repowering. With this longer-lasting operation in mind, we already start ten or 15 years after the commissioning of the plants. In 2017, we have already exchanged ten drivetrains for refurbished components. This will secure the backbone of our electricity production over the long term.

These positive developments last year will also please your shareholders …

Michael Trcka: We assume so, and this is also indicated by the increase in our share prices. W.E.B shares have picked up significantly since the fourth quarter of 2017, probably not least in anticipation of an attractive dividend. In general, there were many positive reports from us in 2017, which then culminated in a very good quarterly result in November: We had already achieved the previous year's result after only three quarters. And then the production record followed at the turn of the year.

As far as the dividend is concerned, earnings per share increased from EUR 17 to EUR 48 in 2017. The jump is less drastic than it may seem at first glance, however – in 2015, earnings per share stood at EUR 30. This year at the shareholders' meeting, we will propose that a dividend of EUR 24 per share be paid out, which corresponds to a dividend payout ratio of 50 %. In this way we remain true to our dividend policy, which aims for stability above all: We tend to favor paying out less in strong years and more in weaker years in order to guarantee our shareholders a constant dividend level.

W.E.B as an investment?

Frank Dumeier: Solid, long-term, sustainable.

Michael Trcka: Making money with a clear conscience.

As you mentioned earlier, direct marketing under the green electricity tariff works very well. Where do you stand on this point, and what's next?

Michael Trcka: There are several successes to report here: On the one hand, our business is growing steadily; and on the other hand, we are constantly getting external confirmation that we are on the right track. 2017 has again brought us two very important awards: Global 2000 and WWF not only ranked us number 1 in their power supplier check, but also described us as a "driver of the electricity future". We were also awarded the Austrian Ecolabel – and thus the state's seal of approval for environmentally friendly products and services. Of course, both awards improve our standing in the market.

Frank Dumeier: Looking at business development in this segment, we have been successful in the direct marketing of about 100 GWh, which is no longer covered by subsidized tariffs. In 2017 we were able to attract our 1,000th green electricity customer. Because the volume of electricity available to the market is continually on the increase, we are steadily expanding our sales strategies so that all of it can be sold. Above all, we are moving in the direction of business customers and are expanding our product and tariff lines specifically for this. The successful energy transition partnership for our business clients incidentally already contains many elements of the sector coupling that we have already successfully tested at our Pfaffenschlag site.

Sector coupling – what does this mean?

Frank Dumeier: In order to implement the objectives of the UN Climate Conference in Paris, i.e. to manage the energy supply entirely without fossil fuel, renewable resources must also be used in the heating and mobility sectors. Important examples of such additional areas of application include heating and cooling via heat pumps with thermo-active building systems or traffic with e-mobility and rolling battery concepts. For many, there are already solutions that are more efficient and economical than conventional fossil fuel approaches. In 2030, for example, the battery capacity of electric vehicles available on the grid will be about 20 times larger than the Kaprun pump storage power plant. It would be like a modern pump storage power plant on four wheels.

Of course, we too are coming to terms with these new methods, which are a very attractive alternative to the well-trodden paths of the conventional energy industry. We are doing this, however, from the bottom up and step-by-step – with absolute innovative enthusiasm.

Energy transition being the keyword?

Frank Dumeier: It's going ahead – and even faster than we had hoped.

Michael Trcka: It's fun and doesn't mean giving up any of our comforts.

Since we are already on the subject of potential and growth – what about the expansion of your fleet of plants?

Frank Dumeier: As announced the previous year, 2017 was indeed a year of ground-breaking. At present, plants with a capacity of around 80 MW are either already under construction or just about to start construction. In 2018 and 2019, five new wind farms and three photovoltaic projects are set to commence operations. We anticipate the first start-up of 21.6 MW for June 2018 in Flesquières in the north of France, followed in the third quarter by the new 13.8 MW Dürnkrut-Götzendorf wind farm. By the end of the year, the 6.9 MW Höflein-West wind farm should be up and running. The ground-breaking ceremony for the 21.6 MW repowering project in Wörbzig, Germany is scheduled for mid-2018. The construction of a 19.8 MW wind farm in Piombino, south of Livorno, is set to start around the same time in Italy. We are also working on additional project launches.

Michael Trcka: As a result, we are continuing our moderate growth strategy in a sustainable fashion – with plans to expand by around 50 MW per year. Incidentally, we are not just establishing new facilities, but are also taking over existing projects where necessary. For example, thanks to our good knowledge of the Italian market, we were recently able to acquire a large 3.3 MWp photovoltaic farm in Conza della Campania. This acquisition fits in perfectly with our strategy of "Turning Scale into Profit," as we expect to significantly reduce the farm's operating costs with our model. Incidentally, proposals are increasingly playing a role in new projects, and here too we are able to enjoy considerable success thanks to our high level of professionalism in project development, power plant operation and electricity marketing. This was the case recently with the Wörbzig repowering project. The fact that we were able to win this proposal – against strong competition – has significantly increased our visibility in the German market.

And how do you guarantee the financing of all these investments? Are you planning capital measures again? A bond from the year 2013 only matures now in 2018 …

Michael Trcka: Generally there is enough money in the market; we get loans for our plants and also receive active inquiries from our investors about the next investment opportunities. Of course, the consistently low interest rates help us to finance our power plants over the long term by means of fixed interest rate agreements. Meanwhile, that helps us to generate cheap electricity. However, we are again planning an issued bond for 2018 with a focus on hybrid bonds in order to increase our equity ratio.

Earlier, you referred to the professionalism of W.E.B in terms of project development, power plant operation and electricity marketing as key success factors. What else contributes to the unique position of your company?

Frank Dumeier: There is a fourth factor: citizen participation. It is the foundation of our business model; everything is based on this. The other factors mentioned are our three strategic pillars. These four “poles” define the model that we have been focusing on and successfully realizing for years. The combination of professionalism and efficiency under one roof is truly unique. It is because of this that we can still profitably market one kilowatt hour, for which the market rate is only 3 cents.

That should actually make you view the future with optimism ...

Frank Dumeier: It certainly does. We have defined a clear strategy that we will pursue single-mindedly: We are going ahead with our moderate growth trajectory – and at the same time we are working on extending the life of our plants.

Michael Trcka: With this in mind, we are fulfilling our vision of playing a leading role in the energy transition. It has already opened up many exciting options for us. The next step will be to use the upcoming sector coupling with new business models as a guiding theme.

How is 2018 looking?

Frank Dumeier: Hopefully as good as 2017. But we have to make an effort, and there still has to be enough wind.

Michael Trcka: Eventful and full of exciting new projects.

Nils de Baar, President of Vestas Northern & Central Europe, Group Senior Vice President at Vestas

Experienced Pioneer with Visionary Goals

In the 2017 financial year, W.E.B signed an agreement with Vestas which allows for the supply of 4 MW platform facilities for future projects in Germany, Austria, Italy, France, Canada and the USA, with a volume in the three-digit range. Nils de Baar, President of Vestas Northern and Central Europe, sees many similarities between the two companies.

Vestas, as one of the major European players in wind turbines, and W.E.B as a growing international citizen participation company: How would you describe this partnership?

Partnerships with our customers are a cornerstone of Vestas' global strategy. We are very proud that W.E.B chose us last year for an agreement covering an extensive international project pipeline. Our partnership is based on more than 20 years of collaboration and common values such as trust, sustainability and flexibility. Both companies played a pioneering role in developing the wind energy sector in the recent decades and are working hard on innovative solutions for the energy sector that will be shaped by renewables. Thus, we have a lot in common.

Which of the qualities of Vestas and W.E.B make the partnership of benefit to both?

I am impressed by W.E.B's international expansion. With its strong renewable portfolio and achievements abroad, W.E.B is very well positioned for success in a rapidly changing market environment and therefore a very attractive partner for Vestas.

Vestas can offer best in class technology, the lowest LCOE (levelized cost of electricity) and a truly global footprint, with turbines installed in 77 countries. Our partnership clearly offers benefits for both parties and potential for growth.

In December 2017, you signed an agreement with W.E.B for a long-term project pipeline, starting with 35 MW in Austria and Germany. Why, in your opinion, has W.E.B chosen Vestas?

Our highly versatile 4 MW platform can be adapted to the different locations and individual project requirements of various regions, which is very much in keeping with W.E.B's international growth plans. Through our many years of cooperation, we have proven that we can respond very flexibly to changing market conditions and constantly offer innovation. Last but not least, we have put together a strong, experienced team that has convinced W.E.B about our turbines and our service provision.

The influence of the political and legal situation on renewables is obvious. Even though national regulations have helped advance wind energy in many countries worldwide, COP21 and the UN's 2-degree target were important milestones. Does that alter the course we are already on?

Of course, the 2-degree target sends a very strong signal to national decision-makers and improves the long-term growth prospects for wind energy worldwide. It is now important that global agreements are reflected in regional and national policies. At the European level, we need an ambitious target of at least 35 % renewable energy by 2030 in order to sustain the momentum of the energy transition. At the same time, we should not rely on political goals alone. Wind energy should and will prove itself, even in a competitive market environment.

What are retrospectively the most important developments in wind turbines to date? What future developments are expected in the wind energy sector and related areas, such as storage and sector coupling?

The focus has been on optimizing and reducing the cost of electricity production. Wind turbines have developed from a niche to a highly competitive technology in many markets. Our goal at Vestas is to continue along this path by reducing energy costs faster than the competition. At the same time, we have to prepare for a world where fluctuating renewables will be the backbone of the energy system. We are, therefore, currently investing in wind and solar hybrid technology, storage solutions and smart data solutions.
Our vision is to become the leading provider of sustainable energy solutions.

Partnership is ...

... long-term cooperation based on trust, transparency and a commitment to always finding mutually beneficial solutions.

What roles do service and maintenance play in your partnership with W.E.B?

Service and maintenance are key elements in our agreement. The first two orders include the delivery and commissioning of wind turbines as well as a 20-year, full-service agreement with Active Output Management 4000 (AOM 4000) and a "VestasOnline® Compact SCADA" solution. These service packages are flexible and can be adapted to the respective project requirements of W.E.B.

W.E.B has committed itself to playing an active role in the energy transition. What contribution does Vestas want to make to the energy transition – apart from the production of wind turbines of the highest standard?

We share the same goal as W.E.B! Let me give you three concrete examples. We have invested in the Swedish company Northvolt, which is building a large factory for next-generation lithium-ion batteries in Sweden. The goal is to produce the greenest batteries in the world in order to accelerate the switch to renewable energy. Second example: With our partner Windlab, we are building the first large wind and solar hybrid project in Australia – the 60.2 MW Kennedy Energy Park. And we have recently acquired Utopus Insights, a provider of innovative digital products for energy analysis.

All these steps make it possible to survive in an increasingly competitive environment. They also show that partnerships are a key to success. We need to join forces with the best in the market. Seeing as W.E.B shares this passion for innovative solutions, I am sure that we will expand our cooperation beyond wind turbines.

Nils de Baar

Vestas President, Northern & Central Europe

Nils de Baar is Group Senior Vice President at Vestas and President of the Northern & Central Europe business unit. Upon joining Vestas in 2015, he headed the former Central Europe region, which was merged with the former Northern Europe region at the end of 2017.

Born in Holland, the business economist worked for 19 years at Ericsson, where he held several executive positions. His last position at Ericsson was as Vice President and Head of Global Customer Accounts in Stockholm, Sweden.

INTERVIEW – THE PARTNERSHIP OF ENERGY SECTORS

Volker Quaschning, Professor of Regenerative Energy Systems,
University of Applied Sciences HTW Berlin

The Rate of Expension Must Be Stepped Up

If renewables are to replace fossil fuels, it will only work if the energy system is taken into consideration holistically. Sector coupling, i.e. the interconnection of the electricity, heating and mobility sectors, is an essential key to this. In his scientific work, Volker Quaschning examines how achieving international climate protection goals can be possible when we work together – and how not.

Mr. Quaschning, you are a professor of regenerative energy systems and you deal with different aspects of the energy transition. How far along do you think Europe is on this road?

Unfortunately, we are still pretty much at the beginning. In Germany, just 13 % of primary energy consumption came from renewable energy sources in 2017. The EU average is not much higher at 18 %. We are still falling well short of an eco-friendly energy supply by a factor of well over 80 %. If we want to comply with the Paris Climate Change Agreement, we have to do it in the next 20 years.

Which partnerships, which connections with other sectors from the renewable electricity sector suggest themselves, so that the energy transition can work?

Climate protection means that soon we will no longer be able to burn oil, natural gas or coal. Not only do we have to say goodbye to coal-fired power plants, but also to oil and gas heating and gasoline and diesel engines. This is only possible if we also fall back on electricity from renewable energy sources for the heating and transport sectors.

In your work "Sektorkopplung durch die Energiewende" ("Sector coupling via the energy transition") you claim: To successfully protect the climate, the electricity, heat and transport sectors must be completely decarbonised by 2040. How can this be done?

First of all, the rate of development of photovoltaic and wind power plants has to be stepped up considerably. In order to maintain a secure supply, we will then very quickly need large storage capacities through batteries and gas storage. In the heating sector, heat pumps will need to replace oil and gas heating and in the transport sector combustion engines will have to be replaced with electric ones. The technologies for a climate-friendly energy supply are both known and available. We just have to build them.

What are some typical examples of sector coupling for you that should happen in the future in order to achieve the UN's climate goals?

If we want to achieve UN climate goals, no new oil and gas heating should be built from 2020 on, and from 2025 no new car with an internal combustion engine should be sold anymore. We no longer have the time to be building individual flagship projects. We now have to comprehensively implement climate protection and sector coupling.

Are there any technological developments that you think will play a key role in the energy transition? Whether relatively advanced in development or in their early stages?

Efficiency will play a most important role in the future. The more efficient a system, the less electricity it will need from solar and wind power plants. As far as wind power is concerned, we are increasingly approaching acceptance limits. Electric heat pumps in the heating sector and battery-powered electric cars are at the forefront of efficiency and, in principle, are already at a very advanced stage of development. Of course, improvements can always be made.

There are those who claim that without sector coupling, the energy transition will not be possible. Is that already what everyone concerned thinks? Are there any other obstacles we need to overcome?

If we actively promote sector coupling, it would more than double the electricity demand in Germany. The current expansion potential of solar and wind power in Germany hasn't even started yet. Currently, the main obstacle is a lack of will in politics, parts of the economy and also the general population to implement real climate protection without making compromises. With the current pace of energy transition, our children will find themselves living on a very hostile planet at the end of the century, where temperatures will have risen more rapidly in 100 years than they did between the last ice age and the birth of Christ.

Partnership is ...

... making every possible effort to preserve our planet in a state worth living in for our children.

Volker Quaschning has summarized his position on the energy transition into ten points:

- We need an energy revolution, not a lukewarm energy transition. A revolution can only come from the general public.
- To limit global warming to 1.5° C, we must switch our energy supply to 100 % renewable energy by 2040 at the latest.
- A fully renewable energy supply is technically and economically feasible by 2040.
- An exit from coal power generation should be targeted before the year 2030.
- An exit from nuclear energy use is possible in Germany even before 2022.
- Photovoltaics could account for around 30 % of Germany's total energy supply by the year 2040, with an installed capacity of 400 GW.
- A fast energy transition is possible even without an ambitious expansion of the transmission lines.
- Without the construction of storage solutions, the energy transition will soon come to a standstill. Here, it is decentralized storage systems that have the greatest potential.
- The importance of cables for the energy transition is overstated.
- Due to their competitiveness in the retail sector, photovoltaics are set to trigger a global energy revolution and could also globally reach a share of 30 %-plus by 2040.

Volker Quaschning

Professor of Regenerative Energy Systems, University of Applied Sciences HTW Berlin

Volker Quaschning has been a professor at the University of Applied Sciences HTW Berlin since 2004 and is furthermore the spokesperson for the degree course in Renewable Energies. The electrical engineer is a committed communicator of energy research and is one of the best-known of the German scientists who are passionately dedicated to a swift energy transition. His textbook *Understanding Renewable Energy Systems* has become a standard reference work and has been translated several times.

On his website *www.volker-quaschning.de* he presents his topics in a broad and practical format, as well as on his YouTube channel *youtube.com/c/VolkerQuaschning*. He emphasizes the importance of energy storage as well as efficiency measures in his publication *Sektorkopplung durch die Energiewende* (Sector Coupling via the Energy Transition) because it is indispensable for achieving international climate goals.

W.E.B's Vision

We are taking on a leading role in the decentralized energy transition.

For us, the energy transition means a total switch from fossil to renewable sources of energy. Our claim to a leading role is based on the three pillars of project development, power plant operation and electricity marketing. Broad citizen participation forms the foundation on which these pillars are built.

Project Development

Through efficient project development, we ensure that projects are profitable in competitive markets over the long term.

- Our focus is on wind energy – the long-standing core competence of W.E.B – as well as photovoltaics as the second growth pillar.
- Our standardized gate system internationally guarantees professional project development.
- If a critical entry size and corresponding growth potential have been identified, then we open up new markets.
- Repowering also ensures the sustainable use of existing locations.

Power Plant Operation

With our operating model, we set new benchmarks in terms of cost and plant availability.

- Long-standing and efficient use of locations is a central element of the operating strategy.
- The latest in remote monitoring and data mining allows for early error detection and is capable of continuous self-improvement.
- An optimized service for our most important types of equipment ensures high levels of plant availability.

Electricity Marketing

Following the path of electric current from the producer to the consumer, we implement new marketing models for decentralized energy.

- The energy transition also requires new, creative approaches in electricity marketing. This is why we explore new business model potentials, develop them further and implement them quickly.
- The direct selling of our green electricity and accompanying services is primarily aimed at our stakeholders as well as at small and medium-sized companies.
- We develop new sales channels centrally. If they prove successful, we will roll them out in our core markets.

Citizen Participation

Citizen participation allows broad sections of the population to participate in the energy transition. We wish to realize this concept in all of W.E.B's core markets.

- Originally founded through the initiative of a group of dedicated individuals, W.E.B today is an asset of more than 3,800 shareholders.
- It is also important for us to involve people in those phases of the energy transition in which capital increase is not required. W.E.B bonds are a good way of doing this.
- With investment opportunities for local small investors, we also make our international markets more people-oriented.

More Than a Bird's-eye View

The construction of a wind farm is preceded by a number of planning and approval steps. Nature conservation factors are at least as essential as technical requirements. The biologist Andreas Traxler has contributed to numerous W.E.B projects with his expertise – from the initial preliminary decision about a potential project area to the launching of wind farms.

Andreas Traxler has a clear self-image of himself and his work: "I am a scientist." Pretty straight forward so far. He is interested in scientific facts, not speculations and assumptions. Also: "I am an ecological systems analyst." He examines the systems – the living creatures, their relationships with each other and their habitat. And if he does that in Austria, in areas with wind power potential, people are undeniably part of this.

W.E.B has been relying on Andreas Traxler's scientific expertise for years.

Conservation kept in mind from the outset

W.E.B has been working together with Andreas Traxler for about ten years. He is consulted as an expert even before the actual planning phase of a wind farm, during the surveying of potential areas. This is because in addition to technical considerations, such as the wind potential or the accessibility of an area, nature conservation factors are included in the planning right from the start. Around half of all the areas will therefore be eliminated from the planning during this phase. Arnold Kainz, head of the planning department at W.E.B, gives clear reasons for this: "For example, if it turns out that human intervention in a region could adversely affect protected species and no countermeasures are possible, then we will dismiss that area right at the beginning of the project development planning stage."

Comprehensive investigations

For Arnold Kainz, conservation is an important criterion in the realization of W.E.B projects.

Nature conservation procedures are part of the comprehensive approval processes for a wind farm. For periods of more than a year, biologists like Andreas Traxler take the time to study the project area in detail. “There are now standards, especially for ornithological studies. It is seasonally observed where birds breed, rest and hibernate. Bird migration is likewise analyzed. We also look at the fauna and flora in its entirety.” The potential effects of a wind farm on these ecosystems are deduced based on this, and countermeasures are determined which are subsequently included in the wind farm projects. For example, the planning details of access routes or plant sites are laid out in such a way that certain types of biotope, such as dry grasslands or wetland habitats, are protected.

New habitats

Land usage for the fortifications around individual facilities and on the access routes is recompensed by means of compensation areas, by the expansion of nature reserves or by transforming farmland into fallow areas; i.e. biodiverse, wild or nature conservation areas. “There are already hundreds of hectares in Lower Austria which no conservationist wants to do without anymore. Wild animals are very keen to forage in these areas or even to reclaim them.” In regions where these compensation areas are rated as particularly vital, they are intensively monitored and optimized over a period of years to make sure that the counter-measures’ objectives that have been set are actually achieved.

The exact investigations – from the planning phase to the monitoring after construction – have led to numerous scientific findings. While protected areas have been the subject of research in the past, other habitats such as agrarian ecosystems are increasingly coming to the fore. Not only are these significant in size, they also yield many discoveries.

Les Gourlus

It isn’t only in Austria that conservation is an essential aspect of wind power projects. The largest W.E.B wind farm to date is in France and is named after small birds with powerful voices, in English called stone curlews: Les Gourlus. As part of the project, fallow areas were created in the intensively agricultural land around the Faux Vésigneul site in order to re-create a suitable habitat for the stone curlews.

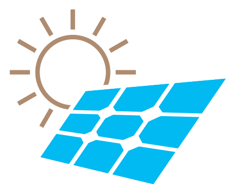
A sunny year in Austria

Last year was a milestone anniversary: 10 years of solar power at W.E.B. Because the sun also plays a significant role in a sustainable development, W.E.B is striving to further expand its photovoltaic portfolio. In keeping with the spirit of partnership, in 2017 they equipped the roof areas of the operations buildings at Hans Brantner & Sohn Fahrzeugsges. mbH in Laa an der Thaya, the Waldherr Heurigen in Neudörfl, Burgenland and the Artner bio-business in Sigless with PV systems.

2017
10 YEARS
SOLAR ELECTRICITY
at W.E.B

W.E.B photovoltaic locations in Austria

+3
PV PLANTS
in Austria



Ground-breaking, planning and tendering

After the strong start-up year of 2016, 2017 was dominated by preparations for the next growth spurt. The French W.E.B team started construction work in Flesquières. In Austria, the planning phase for the wind farm projects in Dürnkrut and Höflein was completed.

In many W.E.B countries, new projects will need to be tendered for; Germany switched to such a system in 2017. In the second round of the German wind tender – which was almost three times oversubscribed – W.E.B landed the repowering project in Wörbzig against strong competition.

Projects in 2017

Wind farm/PV	Commissioning	Overall capacity	W.E.B share
Neudörfl	May 2017	49 kWp	100 %
Sigleß	September 2017	124 kWp	100 %
Laa IV – VIII	September 2017	868 kWp	70 %

Partnership is ...

... trusting each other, the pooling of abilities and sharing a common vision for a project.

Collaboration from project to project

In the construction phase of wind power projects, W.E.B prefers to cooperate with experienced regional companies. In its home market of Austria, W.E.B is able to rely on long-standing partners who know how to handle the special challenges of wind farm projects. These include companies such as KPP and EWS for construction management, Leyrer + Graf and PORR for the construction of access roads, crane shelves and foundations as well as cable construction – with whom W.E.B has already successfully implemented numerous projects.

Photo (f.l.t.r.): Thomas Traxler, Construction Management, KPP Consulting GmbH; Michael Eckhart, Construction Area Manager, PORR Bau GmbH; Thomas Sprinzl, Construction Manager, PORR Bau GmbH; André Rößler, Project Manager, Vestas Österreich GmbH; Michael Nagl, Construction Manager, Windkraft Simonsfeld AG; Grant Thomson, Construction Manager, WEB Windenergie AG; Thomas Tüchler, Construction Area Manager, Leyrer + Graf Baugesellschaft m.b.H.; Katharina Weisinger, Technician, Leyrer + Graf Baugesellschaft m.b.H.; Thomas Pranz, Construction Manager, Leyrer + Graf Baugesellschaft m.b.H.

Innovative Together

A wind turbine provides endless data over the course of its lifetime. The great art of successful operations management lies in the correct handling of this power plant data. In ENERTRAG, W.E.B has a long-standing and reliable administrative management partner at its side. In 2017, this successful partnership was extended for another three years.

The prerequisite for professional operations management is a solid setup for data acquisition, data storage and data processing. The recording and evaluation of operating incidents in a maintenance log also plays a major role. Since 2011 W.E.B has been using the PowerSystem software developed by ENERTRAG. ENERTRAG is one of Germany's largest private providers of renewable energy systems with a focus on wind power, and therefore has first-hand knowledge of the requirements of such software from the point of view of the operator.

Martin Jahn and Felix Bübl continue their successful cooperation.

Software made by professionals for professionals

When ENERTRAG was decided upon in 2011, not only was the practicality of the system convincing, but also the underlying database structure and the large scope of services. “Eight years ago, we were looking for a successor to our former operations management database.

We were immediately impressed by the ENERTRAG PowerSystem – you could just tell that this was a professional outfit and that it hadn’t been developed in an ivory tower,” says Martin Jahn, head of W.E.B’s Monitoring Center. “As pioneers of the decentralized energy transition in Austria, it is important for us to keep with the times when it comes to technology and software. There are always innovations in our industry – be they in the technical, legislative or billing mode. PowerSystem’s account managers react swiftly to our new requirements and improve the software on a monthly basis. This is how our know-how and our experience are able to flow into the continuous further development of the software – for mutual benefit.”

Amicable relations as the secret of success

Over the past eight years, this collaboration has developed into a mutually favorable partnership. The software has reached new levels of functionality and usability – not least thanks to the constructive relationship between ENERTRAG and W.E.B. Customer suggestions were always taken into account and so many of W.E.B’s innovative ideas were included in the product. The quality of the discussions, the way the teams (ENERTRAG software developers and WEB monitoring center staff) complemented each other as well as the consistently professional implementation have helped to raise our cooperation over time to a friendly level, as Felix Bübl, Head of IT at ENERTRAG AG concurs: “Over the years, a close relationship has developed between our companies. The precise requirements of W.E.B are very valuable to us, because they also help to improve the PowerSystem for other customers. This allows the software to remain state-of-the-art. Our collaboration is a win-win situation that benefits us all.”

Unique in Europe

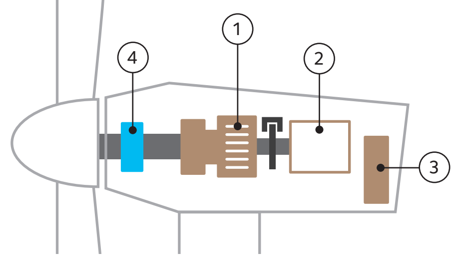
Last year, the ENERTRAG and W.E.B think tank came up with a development that makes everyday work much easier. This is an automatic process handling of turbine incidents. To date, W.E.B employees have had to manually enter all events; this has now been largely automated. W.E.B focused in particular on the automatic handling of incidents caused by legitimate conditions which have risen sharply in recent years – such as shutdowns caused by bats or by shade, for example. In a large fleet, such events can occur frequently. Not only do they provide a considerable amount of work for the monitoring center, but they also draw attention to genuinely unplanned shutdowns, which require immediate fault management.

We do maintenance

W.E.B's aim is for a wind turbine to be operational for as long as possible. To achieve this, W.E.B works preventively and relies on early fault detection. This is done at our monitoring center, where the systems at all W.E.B locations are remotely monitored. The replacement of large components is, however, another essential part of a smooth operation. In 2017, there was again plenty to do at our facilities.

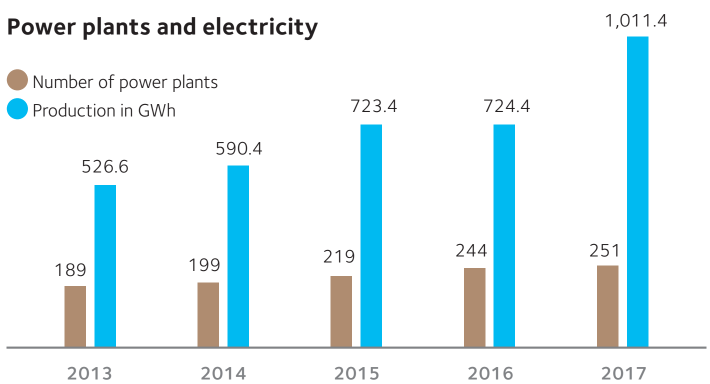
To extend the life of our equipment, we have replaced:

7 Transmission units (1)
8 Generators (2)
1 Transformer (3)
1 Main shaft (4)

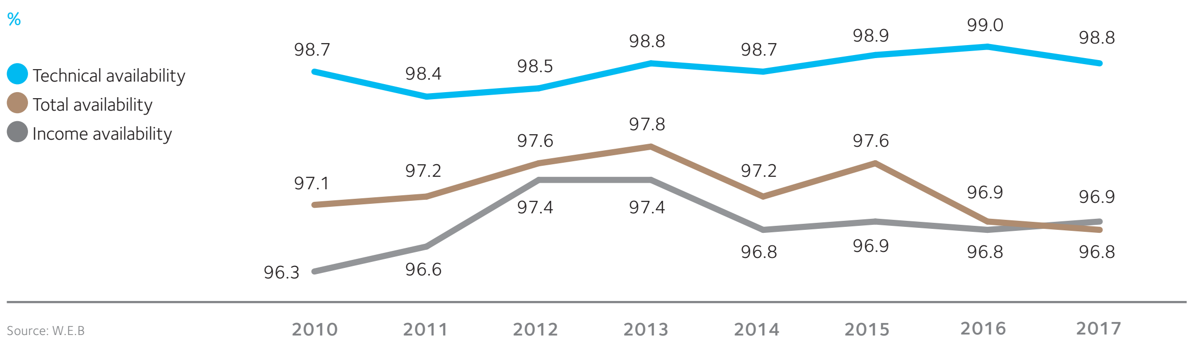


13 power plants over 20 years old

Power plants and electricity



Maximum availability



Source: W.E.B

International partnership expanded

In 2017, collaboration within W.E.B was further strengthened. As had already been the case in the European W.E.B countries, the North American subsidiary's operations management was likewise closely linked to the departments Monitoring Center and Operations Management at the company headquarters in Waldviertel. With the know-how of the employees in Pfaffenschlag and the regional experts in North America, efficiency is ensured at the highest level.

Partnership is …

… working together for our future at different locations.

Site guards – gateways to the wind farm sites

Site guards are not only the extended arm of the W.E.B monitoring center, but also their eyes and ears on site at the wind farm. Their quick operational readiness enables them to quickly carry out necessary checks and to report important information to the company headquarters, where it is then passed on to incident management. They inspect the facilities on site in the event of ice accumulation on the rotor blades and oversee the restart. The site guards are also often the first point of contact in the local communities when it comes to questions about the wind farm. There are many minor tasks that site guards undertake, but all in all they make a significant contribution to the optimized operation of W.E.B's wind farms.

Photo (f.l.t.r.): Gerhard Jenny, Site Guard; Jürgen Polt, Monitoring Center Operator, WEB Windenergie AG; Tanja Jenny, Site Guard; Patrick Kühhas, Monitoring Center Senior Operator, WEB Windenergie AG

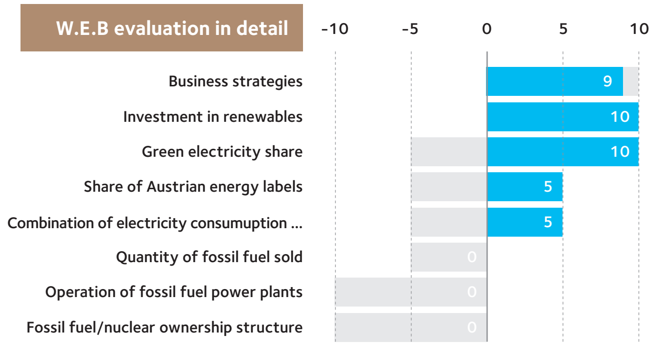
Driver of the Electricity Future

For the "Electricity Supplier Check 2017" – a joint publication by GLOBAL 2000 and WWF – the two environmental protection organizations have evaluated electricity providers in Austria. According to their evaluation criteria, only two providers are worthy of the title "Drivers of the Electricity Future". WEB Windenergie AG is one of those.

If it says green electricity, is it really green electricity? To ensure that ecologically aware customers receive a valid answer to this question, GLOBAL 2000 and WWF have been testing electricity providers in Austria for several years. They contacted a total of 130 companies about the Electricity Supplier Check 2017, though only 38 of them answered the critical questions posed by the environmental protection organizations.

The result is a comprehensive ranking that divides the electricity providers into several groups. W.E.B ended up in the top group, referred to as "Drivers of the Electricity Future" by GLOBAL 2000 and WWF, and described as follows: "These companies have not only made the necessary changes in power supply to their business model, but are also driving the energy transition actively and in large steps."

"The Electricity Supplier Check is one of the most detailed analyses," notes Frank Dumeier, CEO of W.E.B, about the publication. "With this highest ranking, GLOBAL 2000 and WWF have confirmed that we are on the right track with our business model. This is because they are not only interested in looking at electricity itself as a product, but also at the transparent and sustainable orientation of the company and its owners."



Broad analysis

The evaluation criteria of the electricity supplier check were summarized in the following questions:

- **Business strategy:** Is there a clear roadmap for the phasing out of fossil fuels, or has this already been achieved? Are there any strategies formulated for electricity storage, load management and energy contracting?
- **Investment in renewables:** How much does the electricity supplier contribute to the prioritized expansion of renewable energies in Austria? The basis for evaluation is the share of investments in renewable energies.
- **Green electricity share:** What is the electricity supplier's green electricity share?
- **Share of Austrian energy labels:** What is the electricity supplier's share of Austrian energy labels?
- **Combination of electricity consumption and energy labels:** To what extent is a combination of quantity of electricity sold and energy labels used taking place?
- **Quantity of fossil fuel sold:** How significant is the sale of fossil fuels in the company group (in addition to the electricity sector)?
- **Operation of fossil fuel power plants:** Are fossil fuel power plants operated or involved in the company group?
- **Fossil fuel/nuclear ownership structure:** To what extent is the ownership structure of the electricity supplier involved in the operation of fossil fuel and/or nuclear power plants? The question of owners and company groups above all aims to uncover where any profits from green electricity sales will end up.

The entire electricity supplier check is available online:
global2000.at/stromanbieter-check and **wwf.at/stromanbieter-check-2017**

Top position secured in record time

To be at the top of the green electricity ranking, an electricity supplier must of course have the highest scores in all categories. W.E.B succeeded despite – or maybe precisely because – it is still a young electricity supplier. It was not until October 2013 that W.E.B started to sell electricity directly to end consumers in Austria.

“Since then, we have been working on energy solutions such as storage models and load management alongside each other. Not only are these important building blocks of the energy transition, they are also of particular interest to companies,” explains Roman Prager, head of the Green Electricity Team, about the development within W.E.B. “We are proud to have come this far in such a short time and that these efforts in the category of corporate strategy are also being rewarded. Of course, we already have other innovative services in the pipeline.”

Two milestones

W.E.B's green electricity brings smiles again in 2017. In the autumn, W.E.B broke the historical 1,000 barrier for green electricity customers and the bonus system for energy saving also yielded its first results: The first energy savers can look forward to a discount on their next energy bill.

The first electricity savers from the **Energy Saver Bonus Program**

2017

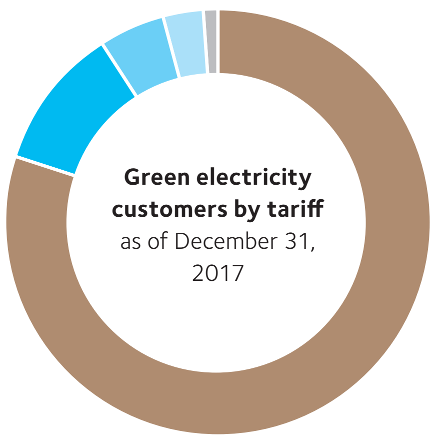
>1,000

green electricity customers

Green electricity customers by tariff

- **Shareholder:** exclusively for W.E.B shareholders
- **Investor:** specifically for W.E.B bond subscribers
- **Resident:** for all citizens of a municipality in which W.E.B power plants are in operation
- **Mobility:** special tariff for drivers of e-cars
- **Basic:** available for everyone in Austria

81 % Shareholder
11 % Basic
5 % Resident
3 % Investor
1 % Mobility



Sustainable together

In accordance with its partnerships, W.E.B launched the SME Energy Transition Partnership last year, which, as the name implies, is aimed at small and medium-sized enterprises. Together with customers and interested parties, W.E.B works out an individual green electricity concept, which also takes electromobility, storage systems and solar electricity into account. Speaking of together: In 2017, a total of 117 households fed the electricity generated by their PV systems into the grid, thus supplying other W.E.B green electricity customers with regionally produced energy.

Partnership is …

… when the gut confirms what the head has already decided: Yes, exactly!

From the region. For the environment.

Sustainability, regionality, innovation and social responsibility – in view of this far-reaching thematic overlap and the geographical proximity (the distance is only seven kilometers) it is no wonder that there has been a strong relationship between the Janetschek printing house and W.E.B for many years. Anyone holding W.E.B publications like this Business Report can be sure that they have been produced by the Janetschek printing company to the highest environmental standards. Last year, an important point further enhanced our collaboration. The printing company decided to purchase W.E.B green electricity, making it the first "W.E.B green electricity ecolabel" customer. Janetschek's printing presses are therefore run using clean energy from Austrian W.E.B power plants. Two companies in Waldviertel going together step by step towards a sustainable future.

Photo (f.l.t.r.): Roman Prager, Authorized Signatory and Operations Manager, WEB Windenergie AG; Erich Steindl, Managing Director, Druckerei Janetschek GmbH

Growth from the Inside

In order to be active in seven countries and able to act flexibly and effectively with a compact team, international cooperation is a top priority at W.E.B. New staff are given intensive support during their induction, and their personal development is put forward on an individual basis. Networking is promoted across national borders.

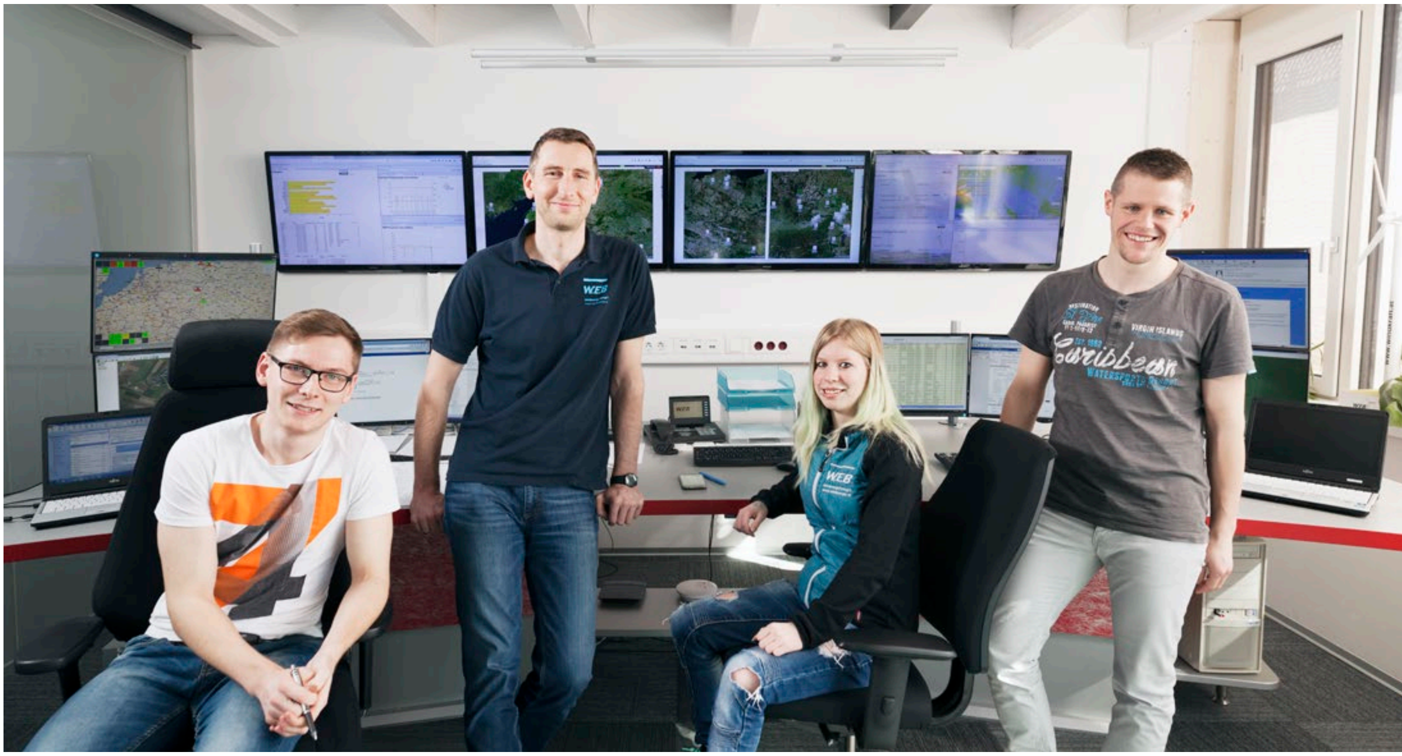
The strategic path of HR advancement is framed by a guideline that places a clear focus on business development and project development in international country teams. While trans-regional expertise, operations and administrative services are bundled in the Austrian headquarters across the entire required spectrum. As a result, W.E.B is further strengthening transfer of know-how and internationalization.

Recruiting

The moderate growth of W.E.B is also reflected in the change in the number of employees. The number of staff rose internationally from 119 to 126. In Germany and France, management positions were reassigned. New positions were created in the area of organization and process management as well as green electricity marketing; in France and Germany, project planning was stepped up. As in previous years, W.E.B took on interns. Eight began their work at W.E.B in the year under review.

Onboarding new employees

To facilitate new employees' start with W.E.B, the onboarding program introduced in 2016 was further developed. Through this, the newcomers receive a concise insight into all areas of the company with short presentations and basic training courses, while at the same time getting to know colleagues from other departments better. International employees who work closely with colleagues at the headquarters in Pfaffenschlag complete this program as part of their working visits or technical training in Austria.



Employee survey

The satisfaction of staff members in the working environment at W.E.B is assessed at the annually conducted employee survey. The result of the survey is used to develop more appropriate optimization measures and specific concepts in the area of job satisfaction.

Staff development

The executive development program implemented in 2016 was continued with a focus on employee leadership. The need for further training as well as for personal development plans for the employees is raised during the employee appraisals.

The “Staff Roses Program”

Optimal working conditions are a central concern for W.E.B. A flexible timetable of work and the working environment, which takes into account the needs of both the employees, their colleagues and the company, has been widely implemented at W.E.B. Regional and freshly prepared lunch menus at the Pfaffenschlag site, as well as inclusive sports activities in all countries, are further essential elements of the Roses Program, named after the flower which is presented as a welcome gift to new employees.

Personal data at a glance

W.E.B Group according to employment contracts and gender

	Dec 31, 2017	Dec 31, 2016
Office staff	**109**	**102**
Male	66	59
Female	43	43
Field staff	**17**	**17**
Male	17	17
Female	0	0
Total	**126**	**119**
Share of women	34 %	36 %

W.E.B Group according to type of employment

	Dec 31, 2017	Dec 31, 2016
Full-time	103	98
Part-time	20	21
Marginally	3	0
Total	**126**	**119**
Trainees	3	3

W.E.B Group by country

	Dec 31, 2017	Dec 31, 2016
Austria (AG)	87	81
Germany	13	10
Canada	13	16
France	9	8
Italy	3	3
Czech Republic	1	1
Total	**126**	**119**

W.E.B Group by age group

	Dec 31, 2017	Dec 31, 2016
Up to 20 years	1	1
21-30 years	36	37
31-40 years	42	43
41-50 years	34	27
51-60 years	12	11
Over 60 years	1	0
Total	**126**	**119**
Average age	37,11	36,30

WEB Windenergie AG according to employment contracts and gendert

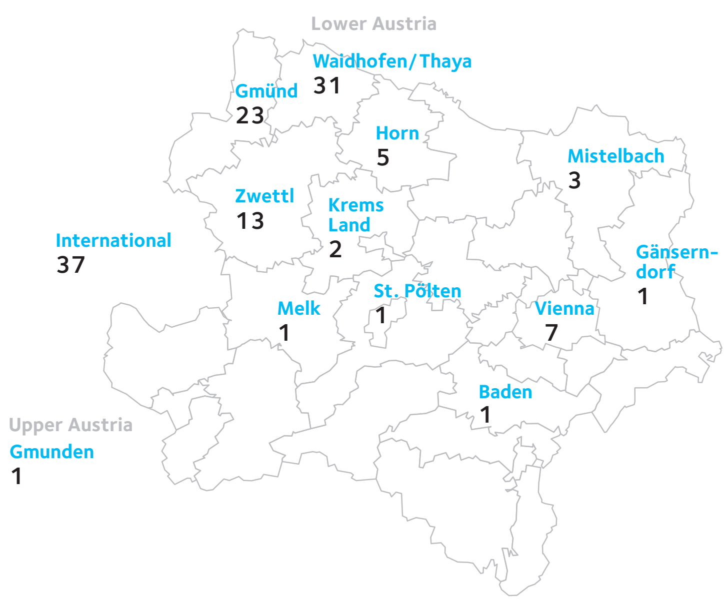
	Dec 31, 2017	Dec 31, 2016
Office staff	**76**	**70**
Male	41	37
Female	35	33
Field staff	**11**	**11**
Male	11	11
Female	0	0
Total	**87**	**81**

Indicators in 2017

- **Entries: 32**
  including 8 trainees
- **Exits: 25**
  including 7 trainees and 4 on parental leave
- **Average recruitment time: 2.55 months**
- **Average retention time: 4.38 years**

Employees by region/province/district

Where do W.E.B employees live?



Years of commitment to sustainability

In parallel with the growth of W.E.B, the number of employees also rose steadily. Whereas in 2007 there were only 26 people internationally, by the end of 2017 the team had grown to 126 people. 87 of these work at the headquarters in Pfaffenschlag, the others at the W.E.B offices in Germany, France, Italy, the Czech Republic and Canada.

Today's team contains a number of "veterans" who have shaped the company over many years and play a significant role in the company's development. They have already celebrated their 10- and 15-year anniversaries. Together with their new colleagues, they are continuing to constantly pursue the road towards a sustainable energy future.

Photo (f.l.t.r.): Martina Willfurth, Communications & Investor Relations; Wilhelm Heily, Purchasing & Logistics; Monika Glaser, Head of Human Resources; Christian Böhm, Technology & Service; Claudia Bauer, Authorized Signatory & Head of Accounting

Sustainable Confidence

The success of W.E.B is based on its economic and environmental sustainability – this applies also and especially to investments in W.E.B. Investor confidence in 2017 was mainly reflected in a significant increase in the share price.

Citizen participation is the foundation upon which W.E.B has evolved from a regional enterprise to an international group active in Europe and North America; from an installer of individual wind turbines to a planner and operator of wind and photovoltaic farms, which also directly sells its green energy. This development is borne by W.E.B's shareholders and bond subscribers, whose numbers have continued to rise in 2017 as well.

The "Roses Program for Investors"

Investors in W.E.B know the Board of Directors not only from the corporate media, but also get numerous opportunities for personal discussions. In 2017, the largest tour to date was held as part of the fireside chats. From January to April, Frank Dumeier and Michael Trcka completed a total of ten stops in seven provinces. They presented not only a first review of the year and an outlook on the current year, they also answered questions about the company, the market environment and future developments. More than 250 investors seized this opportunity; due to the high number of registrations at the Vienna event, an additional date was added.

Moreover, we keep the interested public continually informed through quarterly and annual reports as well as through our website, the newsletter, the company magazine W.E.B aktuell and our social media channels.

W.E.B shares

W.E.B shares are a green investment option for everyone who want to directly participate in the energy transition. As a solid form of investment, they have also proved to be stable in times of economic crisis and have so far performed very respectably for our shareholders.

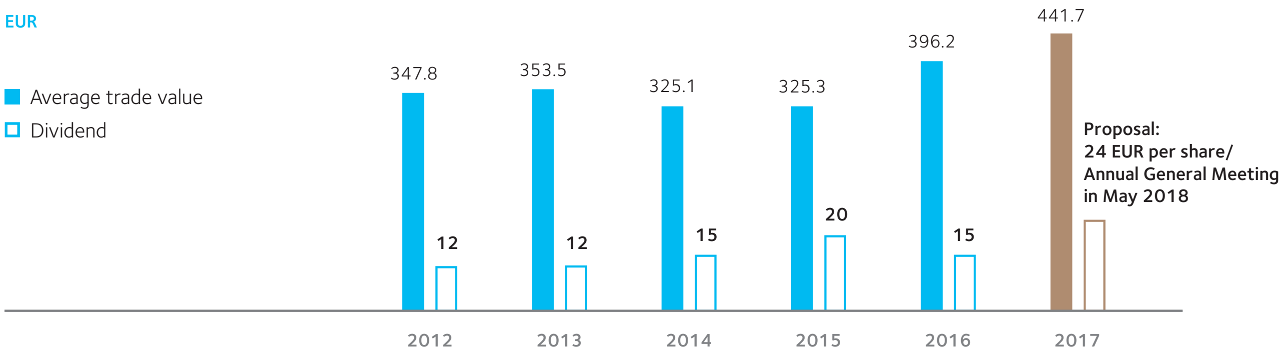
The sustainable dividend policy is a significant contribution to this, which the W.E.B Board of Directors unreservedly acknowledges. Having so far channeled all the company's profits into further expansion, W.E.B has been able to distribute dividends to its shareholders regularly since 2010. The focus here is less on a constant payout ratio than on a reliable dividend.

W.E.B shares are registered shares which are not listed on the stock exchange and therefore cannot be traded on the exchange. At the traderoom (www.traderoom.at), however, W.E.B provides its shareholders with a kind of "bulletin board", which allows direct transactions between buyers and sellers.

As of December 31, 2017, the number of common shares (unchanged from the previous year) was 288,453. As in previous years, the number of shareholders rose steadily, increasing from 3,746 at the end of 2016 to 3,821 as of December 31, 2017. The stock price in the traderoom showed a clear upward trend, especially in the fourth quarter: The average share price for the year was around EUR 442. The corresponding value for December, at around EUR 499, marks a new high in the company's history.

W.E.B shares – all facts at a glance

Share performance in the traderoom: price development and dividend

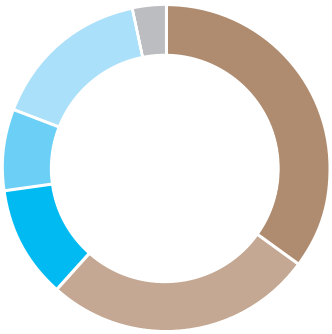


Shareholder and owner structure [1]

Number of shares	From	To	Shares	%	Shareholders	%
Up to 0.1 % of shares	1	288	146,943	50.94 %	3,618	94.69 %
From 0.1 % to 0.5 %	289	1,442	98,600	34.18 %	187	4.89 %
From 0.5 % to 1 %	1,443	2,885	24,745	8.58 %	13	0.34 %
From 1 % to 2 %	2,886	5,769	9,016	3.13 %	2	0.05 %
From 2 % to 3 %	5,770	8,654	0	0.00 %	0	0.00 %
From 3 % to 4 %	8,655	11,538	9,149	3.17 %	1	0.03 %
From 4 % to 5 %	11,539	14,424	0	0.00 %	0	0.00 %
More than 5 % of shares	14,423	288,453	0	0.00 %	0	0.00 %
Total			**288,453**	**100.00 %**	**3,821**	**100.00 %**

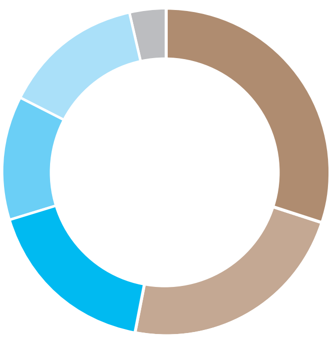
[1] As of December 31, 2017

Distribution of shares by region [1]



Number	Percentages		Region
101,746	35.27 %	●	Waldviertel
76,145	26.40 %	●	Lower Austria excluding Waldviertel
32,423	11.24 %	●	Vienna
23,110	8.01 %	●	Upper Austria
45,455	15.76 %	●	Austria excluding Upper A., Lower A. and Vienna
278,879	**96.68 %**		**All of Austria**
9,574	3.32 %	●	Abroad
288,453	**100.00 %**		**All shares**

Distribution of shareholders by region [1]



Number	Percentages		Region
1,155	30.23 %	●	Waldviertel
880	23.03 %	●	Lower Austria excluding Waldviertel
658	17.22 %	●	Vienna
461	12.06 %	●	Upper Austria
539	14.11 %	●	Austria excluding Upper A., Lower A. and Vienna
3,693	**96.65 %**		**All of Austria**
128	3.35 %	●	Abroad
3,821	**100.00 %**		**All shares**

[1] As of December 31, 2017

W.E.B bonds

Another form of investing in W.E.B is the subscription to one of our bonds. Since 2010, W.E.B has been issuing bonds in various forms almost every year to finance new power plants. Once again they acted as pioneers, as their 5 % bond 2010–2015 was the first bond for wind power in Austria. This was followed by the first hybrid bond for wind power in the country in 2014.

All W.E.B bonds are listed on the third market of the Vienna Stock Exchange, in the "corporates prime" segment, the premium segment for corporate bonds. We are especially committed to transparency.

The trading of W.E.B bonds is made exclusively via the Vienna Stock Exchange. The aforementioned traderoom (www.traderoom.at), however, allows investors who are willing to buy or sell find the appropriate offers.

W.E.B bonds – all the facts at a glance

Bond issues[1]

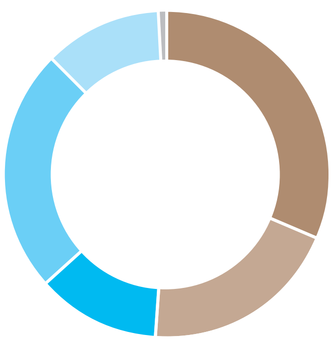
Year	Amount in EUR million
2010	10.2
2011	6.5
2013	24.5
2014	15.0
2015	22.3
2016	20.2

[1] Each of the following in denominations of EUR 1,000 (nominal value)

Bond parameters

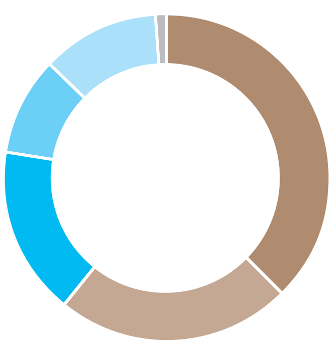
Year	Interest	Term	Type
2013–2018	4.00 %	5 years	Bullet repayment
2013–2023	5.25 %	10 years	Annual part repayment
2013–2023	5.50 %	10 years	Bullet repayment
2014–2019	3.50 %	5 years	Bullet repayment
2014	6.50 %	No fixed maturity date	Hybrid bond
2015–2020	2.75 %	5 years	Bullet repayment
2015–2025	4.00 %	10 years	Annual part repayment
2015	6.50 %	No fixed maturity date	Hybrid bond
2016–2021	2.50 %	5 years	Bullet repayment
2016–2026	3.75 %	10 years	Annual part repayment
2016	6.25 %	No fixed maturity date	Hybrid bond

Distribution of bonds by region[2]



Number	Percentages	Region
25,834	31.54 %	Waldviertel
16,185	19.76 %	Lower Austria excluding Waldviertel
10,050	12.27 %	Vienna
19,784	24.16 %	Upper Austria
9,403	11.48 %	Austria excluding Upper A., Lower A. and Vienna
81,256	**99.21 %**	**All of Austria**
644	0.79 %	Abroad
81,900	**100.00 %**	**All bond subscribers**

Distribution of bond subscribers by region[2]



Number	Percentages	Region
1,140	37.77 %	Waldviertel
704	23.33 %	Lower Austria excluding Waldviertel
501	16.60 %	Vienna
288	9.54 %	Upper Austria
358	11.86 %	Austria excluding Upper A., Lower A. and Vienna
2,991	**99.11 %**	**All of Austria**
27	0.89 %	Abroad
3,018	**100.00 %**	**All bond subscribers**

[2] As of December 31, 2017

The W.E.B traderoom

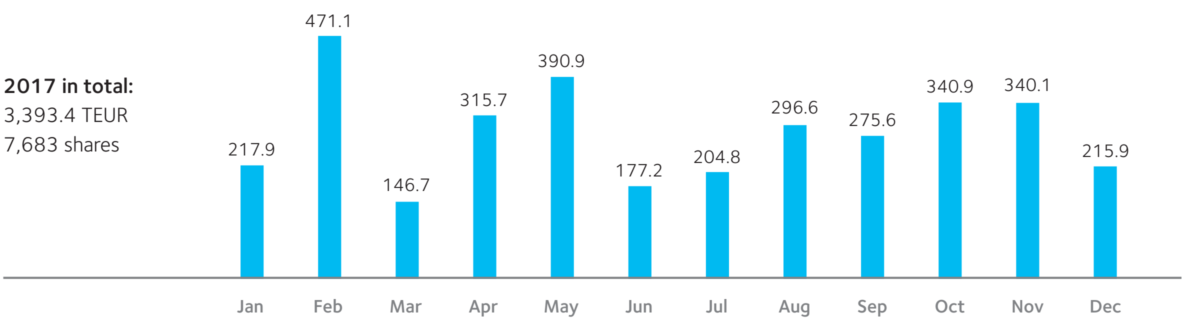
As mentioned, the W.E.B share is not listed on the stock exchange. All trading can however easily be done via the online platform www.traderoom.at. Offers to buy or sell W.E.B bonds can be placed via the trade-room, though the actual trade can only take place at the stock exchange in Vienna.

The registration for the traderoom and the conclusion of transactions is simple and quick; besides, there are no trading fees. All shareholders and interested parties can place or search for offers to buy or sell via the online platform www.traderoom.at. This is merely an exchange of information; we do not assume a mediating function in the process.

In 2017, a total of 7,683 shares totaling 3,393.4 TEUR were exchanged via the traderoom. The average trade price per share increased from approximately EUR 423 in January 2017 to approximately EUR 499 in December 2017.

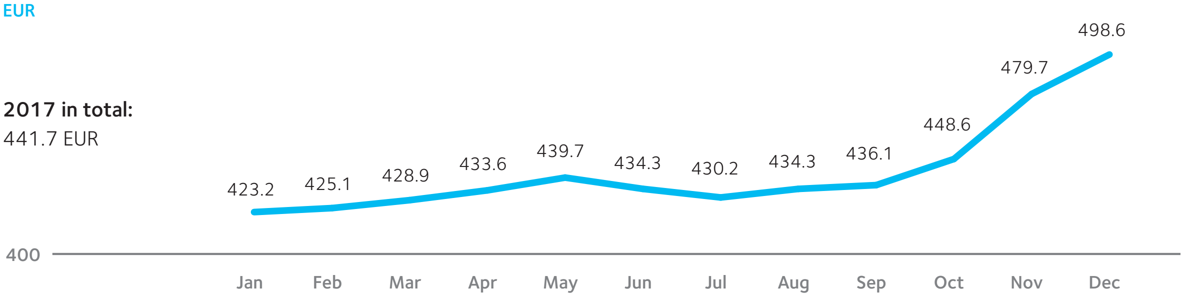
Traderoom: W.E.B shares traded in 2017

Trade value, TEUR



Traderoom: Average price per share in 2017

EUR



A total of 2,264 shares were transferred outside the traderoom in the reporting period, of which W.E.B knows the transaction price of 565 shares, which was EUR 456.7 on average.

One of 75 new shareholders

A young man who studies business administration in Vienna and is looking for possible internships discovers W.E.B, keeps abreast of the company's development, monitors the traderoom for almost a year and ends up in a role he did not expect at the beginning: He becomes shareholder entering in 2017 with two shares – his first shares ever.

He was convinced by the steady and moderate growth as well as the future viability of renewable energies. "The fact that I was able to buy the shares through the traderoom made it easy for me to get started. The registration and the direct settlement with the seller were easy," he describes about his start.

Photo: Beate Zöchmeister, Head of Communications & Investor Relations, WEB Windenergie AG; Mathias Weiß, one of 75 new shareholders

Boards and Company

Supervisory Board

Josef Schweighofer
Chair of the Supervisory Board

born 1964

- Member of the Supervisory Board since July 5, 2002
- After re-election at the shareholders' meeting 2016, current term of office until the shareholders' meeting 2021

Reinhard Schanda
Deputy Chair of the Supervisory Board

born 1965

- Member of the Supervisory Board since June 19, 2009
- After re-election at the shareholders' meeting 2014, current term of office until the shareholders' meeting 2019

Stefan Bauer
Member of the Supervisory Board

born 1977

- Member of the Supervisory Board since May 1, 2005
- After re-election at the shareholders' meeting 2016, current term of office until the shareholders' meeting 2021

Martin Zimmermann
Member of the Supervisory Board

born 1968

- Member of the Supervisory Board since June 18, 2011
- After re-election at the shareholders' meeting 2016, current term of office until the shareholders' meeting 2021

Andreas Dangl
Member of the Supervisory Board

born 1962

- Member of the Supervisory Board since May 24, 2016
- Current term of office after posting on May 24, 2016 by Windkraftanlagen Errichtungs- und Betriebsgesellschaft mbH (now FutureDriving Dangl GmbH)

Board of Directors

Frank Dumeier
Chair of the Board of Directors (CEO)
born 1962
- Current term of office: April 1, 2015 to March 31, 2020

Michael Trcka
Chief Financial Officer (CFO)
born 1970
- Current term of office: May 1, 2014 to April 30, 2019

Strategic Investments

100 % participation

WEB Windpark GmbH & Co KG	Austria
WEB DHW Wind GmbH & Co KG	Austria
WEB DHW Wind GmbH	Austria
WEB Windenergie Betriebs GmbH	Austria
WEB Windenergie Betriebsgesellschaft Deutschland GmbH	Germany
WEB Windenergie Loickenzin GmbH	Germany
WEB Windenergie Loickenzin Betriebs-gesellschaft GmbH & Co KG	Germany
WEB Energie du Vent SAS	France
Parc éolien de Champigneul Pocancy SAS	France
Les Gourlus Holding SAS	France
Parc éolien des Portes du Cambresis	France
CEPE de Bel-Air Nord SAS	France
W.E.B Parc éolien des Vallees	France
W.E.B Parc éolien des Vents du Serein	France
W.E.B Parc éolien du Pays Blancourtien	France
W.E.B Parc éolien Tortefontaine	France
Les Gourlus Holding II SARL	France
WP France 4 SNC	France
Société d'Electricité du Nord SARL	France
WEB Wind Energy North America Inc.	Canada
SWEB Development Inc.[1]	Canada
WEB Větrná Energie s.r.o.	Czech Rep.
Friendly Energy s.r.o.	Czech Rep.
WEB Italia Energie Rinnovabili s.r.l.	Italy
Società di gestione impianti fotovoltaici	Italy
WEB USA Inc.	USA
SWEB Development USA LLC	USA
Regenerative Energy Bulgaria EOOD	Bulgaria

> 25 % participation

WEB PV GmbH & Co KG	Austria
WEB PV GmbH	Austria
WEB Traisenwind GmbH	Austria
ELLA AG	Austria
Sternwind Errichtungs- und BetriebsgmbH	Austria
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Austria
Zweite WP Weener GmbH & Co. KG	Germany
SASU Energie Verte Plaine d'Artois	France
Scotian Web Inc.[1]	Canada
Scotian Web II Inc.[1]	Canada
Scotian Web III Inc.[1]	Canada
Black Spruce Windenergy GP Inc.[1]	Canada
Società Elletrica Ligure Toscana s.r.l.	Italy
Pisgah Mountain USA LLC	USA

< 25 % participation

Tauernwind Windkraftanlagen GmbH	Austria
oekostrom AG	Austria
Windkraft Simonsfeld AG	Austria
Weinviertler Energie GmbH & Co KG	Austria
GESY Green Energy Systems GmbH	Germany
LUMO SAS	France
SWEB Ownership Ontario Inc.[1]	Canada
SWEB Development Ontario Inc.[1]	Canada

Indirect investments

Sternwind III GmbH	Austria
Windpark Weener Pooling GmbH & Co. KG	Germany

[1] Including Limited Partnership Contract

Corporate Governance

W.E.B's Commitment to Corporate Governance

As a citizen participation company, W.E.B is particularly committed to responsible and optimally transparent corporate management. Since mid-2006, WEB Windenergie AG has therefore committed itself to comply with the Austrian Code of Corporate Governance (ÖCGK), which is subject to the following explanations.

The ÖCGK (Austrian Corporate Governance Code) has in principle been created as a set of rules for listed companies in Austria, which supplements the legal requirements of Austrian stock and capital markets law by means of additional rules of self-regulation. Non-listed stock corporations can also apply the Code by means of a voluntary decision. W.E.B has accordingly resolved to comply with the rules of the Austrian Corporate Governance Code (ÖCGK).

The aim of the ÖCGK is to ensure a responsible and long-term value-oriented corporate management and control. This is achieved through comprehensive transparency rules and internal organization.

For WEB Windenergie AG, the Code provides a key element in strengthening the trust shareholders, business partners, employees and the general public have in the company.

The current version of the ÖCGK can be found at http://www.corporate-governance.at/

The ÖCGK contains a total of almost 100 rules that impose a different degree of obligation for each company that subjects itself to them:

- **L-Rule (Legal Requirement):** Rule refers to mandatory legal requirements
- **C-Rule (Comply or Explain):** Rule is to be followed; any deviation must be explained and the reasons stated
- **R-Rule (Recommendation):** The nature of this rule is a recommendation; non-compliance requires neither disclosure nor explanation.

Implementation of the Code of Corporate Governance by WEB Windenergie AG in the Fiscal Year 2017

The Board of Directors and the Supervisory Board constantly strive to comply with all of the rules of the Code as much as possible and to continually optimize the company's internal standards. If full compliance is not established in individual cases, the reasons for such deviation are stated. As the company is not listed on the stock exchange and is in regular individual communication with its shareholders – all of which are registered shareholders – the starting point for WEB Windenergie AG is considerably different from that of other publicly listed companies. Not all L-Rules are binding for WEB Windenergie AG because several provisions are only for companies listed on the stock exchange.

WEB Windenergie AG refrains from publishing a separate Corporate Governance Report because it is not obliged to do so as an unlisted joint stock company; however, the contents of such a report must be contained in this Business Report (particularly details on the executive body, meaning the Board of Directors and the Supervisory Board).

In keeping with the fact that WEB Windenergie AG voluntarily subjected itself to the Code of Corporate Governance, any deviations from the rules set down in the Code are briefly explained below and published on the website. Any deviations are openly discussed and decided on by the Board of Directors – and the Supervisory Board as appropriate – if such deviations are justified to be upheld from the perspective of WEB Windenergie AG. The reasons for each deviation are found in the following summary.

For the following rules of the Austrian Code of Corporate Governance, deviations were set down in the reporting year:

C-Rule 18: "Depending on the size of the enterprise, a separate staff unit is to be set up for internal auditing, which shall report to the management board, or the task of conducting internal audits may be contracted out to a competent institution. At least once a year, a report on the auditing plan and any material findings are to be presented to the audit committee."

Despite its constant growth, WEB Windenergie AG is still a medium-sized company. An internal auditing department is not considered to be cost-efficient due to the company's size.

L-Rule 20: "The Company or any person acting on its behalf or on account of it is required to make a list of all persons having access to inside information."

The group of insiders at W.E.B is well-known with respect to W.E.B shares, and there are internal guidelines in place governing the passing on of information. All employees are informed in writing, for example by means of the employee newsletter (W.E.B Intern), about when trading in W.E.B shares/bonds is no longer permitted for employees. An explicit list of insiders will be kept regarding the provisions for the relevant market abuse regime.

C-Rule 31: "The fixed and variable performance-linked annual remunerations of each individual management board member are to be disclosed in the Corporate Governance Report for each financial year. This shall also apply if the remuneration is paid through a management company."

The compensation of the entire Board of Directors as well as the corresponding basic rates for the amount of variable compensation are disclosed in the Business Report. There will be no separate publication for the individual members of the Board of Directors in order to protect the privacy of the persons affected.

C-Rule 39 (as well as analogously C-Rules 41 and 43): "The supervisory board shall set up expert committees from among its members depending on the specific circumstances of the enterprise and the number of supervisory board members. These committees shall serve to improve the efficiency of the work of the supervisory board and shall deal with complex issues. However, the supervisory board may discuss the issues of the committees with the entire supervisory board at its discretion. Each chairperson of a committee shall report periodically to the supervisory board on the work of the committee. The supervisory board shall ensure that a committee has the authorization to take decisions in urgent cases.

The majority of the committee members shall meet the criteria for independence of C-Rule 53.

The Corporate Governance Report shall state the names of the committee members and the name of the chairperson. The Corporate Governance Report shall disclose the number of meetings of the committees and discuss the activities of the committees."

In accordance with section 12 of the articles of association, the Supervisory Board of WEB Windenergie AG consists of up to nine members, although currently of only five members. Due to the small number of members, but also owing to the company's specific circumstances, only one audit committee was established; the formation of other committees is not deemed expedient, this is so that the Supervisory Board performs its tasks as a whole. Even the Code of Corporate Governance provides for the obligatory establishment of a nominating committee only starting at seven members of the Supervisory Board pursuant to Rule 41 or a compensation committee pursuant to Rule 43 and assumes a 'critical size' which WEB Windenergie AG does not have with five members of its Supervisory Board. The rules of the Supervisory Board, however, do provide for the formation of committees in addition to the audit committee so that this would be possible, if it were necessary. In selecting the members of the Supervisory Board, the company does take the distribution of necessary competences into account (finance, law, engineering, social competence).

C-Rule 49: "The company shall disclose in the Corporate Governance Report the object and remuneration of contracts subject to approval pursuant to L-Rule 48. A summary of contracts of the same kind shall be permitted."

As there is no legal obligation of disclosure, the company does not publish a Corporate Governance Report. However, information about contracts requiring approval pursuant to L-Rule 48 is included in the Corporate Governance appendix to our Annual Financial Statements. This includes a contract of mandate with the law firm Sattler & Schanda (Supervisory Board member Reinhard Schanda is a partner of this law firm) and the leasing of agricultural land for environmental measures in project locations of W.E.B carried out by Martin Zimmermann.

L-Rule 60: "The company shall prepare a Corporate Governance Report that contains at least the following information:

[…]

- **the measures taken to promote women to the management board, supervisory board and to top management positions**
- **the diversity concept"**

WEB Windenergie AG does not have a woman as a member of the Board of Directors or the Supervisory Board. Currently, there are no special measures carried out to increase the share of women in these top management positions. Nevertheless, several women are employed at the second management level: Claudia Bauer and Stefanie Markut (both on maternity leave in the period under review) were appointed as two authorized signatories; four women worked as department heads in 2017 and two positions as country managers are occupied by women. 2018 will increase this share, as Claudia Bauer and Stefanie Markut will exercise their functions as department heads again.

An explicit concept of diversity does not currently exist – not least because of W.E.B's medium size.

C-Rule 68: "The company shall publish annual financial reports, half-yearly financial reports and any other interim reports in English and German, and shall make these available on the company's website. If the annual financial report contains consolidated financial statements, the financial statements in the annual financial report pursuant to the Business Code need only be published and made available in German."

The company makes its annual financial reports available for download in both German and English on the company website. Interim reports will be published in German on the website.

C-Rule 74: "A calendar of corporate financial events shall be posted at least two months before the start of the new business year on the website of the company and shall contain all dates of relevance for investors and other stakeholders such as the release of the annual and quarterly reports, annual general meetings, ex-dividend day, dividend payout day and investor relations activities."

WEB Windenergie AG publishes the important dates of the fiscal year in the financial calendar on the website www.windenergie.at. WEB Windenergie AG constantly strives to keep shareholders and other interested parties up to date. In this respect, the relevant dates for the 2018 financial year have been available on the website since September 2017.

C-Rule 83: "In addition, the auditor shall make an assessment of the effectiveness of the company's risk management based on the information and documents presented and shall report the findings to the management board. This report shall also be brought to the notice of the chairperson of the supervisory board. The chairperson shall be responsible for ensuring that the report is dealt with by the audit committee and reported on to the supervisory board."

WEB Windenergie AG does not commission an explicit assessment of risk management. However, a risk assessment and its discussion are part of the statutory audit.

Report of the Supervisory Board

According to Section 96 of the Austrian Stock Corporation Act (AktG)

Dear shareholders,
dear readers of this report!

Supervisory Board Organization

During the fiscal year 2017, the Supervisory Board was comprised of four members elected at the shareholders' meeting and one member appointed in accordance with section 12 para. 2 of the articles of association: Josef Schweighofer (Chair), Reinhard Schanda (Deputy Chair), Stefan Bauer, Martin Zimmermann and Andreas Dangl.

In accordance with Section 92 para. 4a of the Austrian Stock Corporation Act (AktG), the company is required to establish an audit committee from within the Supervisory Board, which is supposed to consist of at least three persons. During the year under review, three members – Josef Schweighofer, Reinhard Schanda and Stefan Bauer – were appointed to the audit committee. Josef Schweighofer was elected as Chair of the audit committee. At the same time, he was also nominated as financial expert of the audit committee according to Section 92 para. 4a of the Austrian Stock Corporation Act (AktG).

The tasks incumbent upon the Supervisory Board according to the law, the articles of association and rules of procedure were performed with due care during the reporting period. On the basis of the comprehensive reporting of the Board of Directors, we provided advice in regard to the management of the company and constantly monitored the management activities. Over the course of a total of seven meetings, which all members of the Supervisory Board always attended, as well as further discussions and telephone conferences, we discussed the operative business policy and earnings of the Group based on regular timely written and oral reports from the Board of Directors. Furthermore, the future strategic direction of the company, including the major subsidiaries in the corporate group, were discussed. The review, performed in the context of open and constructive discussions between the Board of Directors and the Supervisory Board, revealed no reason for objections. As Chairman of the Supervisory Board, I was also in constant contact with the Board of Directors in order to be informed about the latest development on a regular basis.

In the past financial year, the Supervisory Board has also evaluated the professional symmetry of its composition and the diversity of its members. As a result of this evaluation, and due to the fact that the renewable energy sector is in a constant state of development, as well as with respect to the continuation of W.E.B's growth course in the face of increasingly difficult conditions, we wish to further the expertise within our panel.

After exploratory discussions, at the Annual General Meeting the Supervisory Board proposed to elect Brigitte Ederer as an additional member of the Supervisory Board. Brigitte Ederer is a very experienced and esteemed individual with a Waldviertel background. The Supervisory Board is convinced that she can provide W.E.B with valuable impetus in its further development, thanks to her many years as a member of the Executive Board of an internationally active industrial company and as a member of the Supervisory Board of other companies. I therefore invite you, on behalf of the Supervisory Board, to agree to this proposal.

Audit Committee

The Audit Committee held two meetings in the year under review, discussed individual topics in detail and subsequently reported to the Supervisory Board. In April 2017, all topics relating to the 2016 Annual and Consolidated Financial Statements and the proposal for the appointment of the 2017 auditor were dealt with. In October 2017, the auditors provided an overview of the planned course of action and the main focus points for the 2017 financial year audit. In addition, the Audit Committee examined the Corporate Governance Report and the monitoring of the accounting process, reviewed the effectiveness of the internal control system including risk management, and monitored the independence of the financial auditor. The Audit Committee also had the opportunity to discuss and exchange views with the financial auditor without the presence of the Board of Directors.

Board of Directors

In the past financial year, the company was advised by Frank Dumeier (Chair of the Board) and Michael Trcka (CFO). Both can look back on nearly ten years in office at W.E.B and have contributed considerably to the company's success. Michael Trcka's current contract expires at the beginning of next year (April 30, 2019), and Frank Dumeier's in early 2020 (March 31). One of the main tasks of the Supervisory Board in the coming weeks and months will therefore be to make decisions on who should lead the company into the next decade, and to conduct the corresponding negotiations. As Chair of the Supervisory Board, I presume that over the next few years the current Board of Directors team will continue the work it has been doing.

The outcome

The outcome of the past financial year 2017 is the best in W.E.B's history. The outcome of the previous record year, 2015, was clearly exceeded in 2017. There are several factors responsible for this pleasing situation.

Firstly, unlike 2016, 2017 was characterized by an above-average wind yield. Although this was only slightly above the anticipated level (but significantly higher than in 2016), the wind yield had a significant positive impact on the financial outcome. Secondly, positive one-off effects – especially from foreign companies – clearly exceeded negative one-off effects in 2017. Of particular note is a one-off effect caused by a change in France's tax law.

Positive interest rates from Canada roughly cancelled out the negative outcomes of certain write-offs in Germany, where due to the repowering measures to be introduced in Wörbzig in 2018, the accounting value of the old plants had to be written off. Thirdly, as in previous years, the highly optimized operation of the existing portfolio with its high degree of plant availability and moderate growth – including the seamless integration of the new power plants into the multi-stage W.E.B operating model – were the main reasons for 2017's extraordinarily positive increase in returns.

Project development review

In January 2017, the final installations for the 'Les Gourlus' wind farm near Reims (France) were successfully connected to the grid. The realization of the wind farm had already predominantly taken place in 2016. The project comprised a total of 12 Siemens SWT 113/3.2 MW wind turbines with a total output of almost 40 MW, making it the largest single project in W.E.B's history. In addition, several photovoltaic systems totaling around 1,000 kW_p were implemented in Austria in 2017.

Although there was no significant growth in the previous financial year in terms of new startups, employees in all "W.E.B countries" were involved in the development of our extensive project pipeline. As a result, we are expecting the next growth spurt to happen this year. In France, six Vestas V126 wind turbines with a total output of 21.6 MW are expected to be connected to the grid at the Flesquières site in mid-2018. According to current plans, in the last quarter of 2018 in Dürnkrut and Höflein, Austria, a total of six V126 wind turbines with a total capacity of 20.7 MW are being built. In addition, a number of operational photovoltaic plants were acquired in Italy and Germany this year. Further investments in new photovoltaic power plants in Massachusetts, USA should follow this year.

Many of the countries in which W.E.B operates have meanwhile switched to so-called tendering procedures when awarding projects. Due to a limited volume and an excess of project applicants, these tenders were very competitive. W.E.B has successfully participated in tenders in four countries so far. Especially worth a mention is the Wörbzig project in Germany, where W.E.B came out top in a very tough competition.

Review of operations management and electricity marketing

In the operation of our power plants, which were centrally controlled from Pfaffenschlag, we were once again able to look back on a very solidly productive year. The usual high income availability has, as a result of standardized processes as well as the cost-benefit-oriented dynamic deployment decisions for troubleshooting, made a significant contribution to the good annual result. Last year, W.E.B initiated measures to extend the operating life of the 2 MW platform from 20 to 25 years.

In the electricity marketing sector, over 100 GWh of green electricity is now outside the subsidy scheme. Therefore, electricity marketing activities were further intensified by the placing of new product lines and strengthening the marketing team.

Strategy

In the Supervisory Board meeting on November 30, 2017, the key points of W.E.B's current strategic direction were presented by the board's members. The three pillars of the W.E.B strategy (Develop – Operate – Market) were discussed in depth. Essentially, the ongoing organic growth course and the operating strategy which focuses on few plant manufacturers were confirmed. Electricity marketing activities will be further intensified due to the large increase in unsubsidized green electricity in the future.

Broad citizen participation will continue to form the basis of the W.E.B business model and will help us in rebuilding the energy industry towards 100 % renewable energy in order to secure a sustainable and cost-effective business model.

2017 Annual Financial Statements and proposal for the appropriation of results

The appointed auditor for the financial year 2017, KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 2340 Mödling, audited the Annual Financial Statements for the fiscal year 2017 along with the Management Report and the Consolidated Financial Statements for the fiscal year 2017 together with the Group Management Report and issued an unqualified audit certificate.

All documents pertaining to the Consolidated Financial Statements, the proposal regarding the appropriation of profits and all auditor reports were discussed in detail in a meeting on April 19, 2018. Furthermore, the auditor for the audit of the individual and Consolidated Financial Statements for the financial year 2017 has submitted a separate report to the Audit Committee in accordance with Article 11 of EU Regulation No. 537/2014 in conjunction with Section 92 para. 4a Z 2 of the Austrian Stock Corporation Act (AktG). Additionally, in this meeting the Audit Committee also dealt with the Corporate Governance Report and the monitoring of the financial reporting process, reviewed the effectiveness of the internal control system including risk management, and monitored the independence of the auditor. In the course of this meeting, the Audit Committee concluded that the audited documents were legal and correct and that there was no cause for complaint. The Audit Committee also had the opportunity here to consult and exchange views with the auditor away from the presence of the Board of Directors. The result of this Audit Committee meeting was reported to the Supervisory Board and the legally required proposals were submitted.

The Board of Directors presented the Financial Statements, along with the Management Report which is in line with the Financial Statements, to the Supervisory Board at the Supervisory Board Meeting on April 19, 2018.

The Supervisory Board agreed with the result of these audits and approved the Annual Financial Statements dated 31 December 2017 that had been submitted by the Board of Directors, approved the attached Management Report of the Board of Directors, and agreed with the proposal for the appropriation of profits. Hereby, the Annual Financial Statements are determined to be compliant with Section 96 para. 4 of the Austrian Stock Corporation Act (AktG). The Supervisory Board took notice of and approved the Consolidated Financial Statements as well as the Group Management Report.

With respect to the appropriation of profits, the Supervisory Board approved the proposal of the Board of Directors to distribute EUR 6,922,872.00 (EUR 24 per share) of the total net profit amounting to EUR 7,207,664.75 and carry forward the remaining profit of EUR 284,792.75 to the new account.

Annual Financial Statements Audit of 2018

In addition, a proposal for the election of the auditors and group auditors for the 2018 financial year has been prepared by the Audit Committee for the 19th Annual General Meeting on May 25, 2018. KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 2340 Mödling, has been put forward as auditors and consolidated financial statement auditors for the financial year 2018 January 1 to December 31, 2018.

Thanks

In conclusion, on behalf of the Supervisory Board, I would like to thank and express our appreciation for the successful work and dedication of the Board of Directors, the managers of the corporate group companies, and the employees in the past fiscal year of 2017. We would also like to express our gratitude to our customers, our joint venture and business partners both at home and abroad as well as our bond subscribers and shareholders for their trust in us.

For the Supervisory Board

Schweighofer

Josef Schweighofer
Chairman of the Supervisory Board
Pfaffenschlag, April 2018

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in pictures






17 in numbers

Group Management Report
for the Fiscal Year 2017

1. General, Business Area

WEB Windenergie AG (short: W.E.B), headquartered at Davidstrasse 1, 3834 Pfaffenschlag, Lower Austria, commercial registry court: District Court of Krems an der Donau (FN 184649v), is a company with a focus on project development and operating power plants in the renewable energy sector. This includes projects and plants in the areas of wind power, photovoltaic and hydroelectric power. We operate in Austria, as well as internationally, including Germany, the Czech Republic, Italy, France, Canada and the USA. The company's international focus and technological diversification through projects form the basis of successfully dealing with the challenges of sustainable decentralized energy supply. This task is becoming increasingly important, not only due to ecological reasons, but also due to the expectations of a long-term increase in energy demands as well as decreasing fossil fuel resources. Furthermore, the marketing of renewable energy is also becoming increasingly important.

The parent company is WEB Windenergie AG, Pfaffenschlag. The consolidated companies are referred to in the Notes to the Consolidated Financial Statements.

2. Market and Industry

In 2017, the global development of renewable energy continued. In 2017, USD 333.7 billion was invested in renewable energy (Source: Bloomberg New Energy Finance – Clean Energy Investment Trends). This represents an increase of 3 % compared to 2016. The strongest market growth was in China – in particular in photovoltaic – followed by the US. In Europe, EUR 57.4 billion was invested in 2017, compared to EUR 77.7 billion in 2016.

3. General Framework

3.1 Energy-Economic Framework

The upward trend of electricity prices, which started in 2016, continued in 2017. The relevant electricity price on the Energy Exchange Leipzig (Phelix Baseload Year Future) for our core markets Austria and Germany increased from approximately EUR 28.4/MWh to approximately EUR 37.7/MWh. This increase of approximately 32.7 % compared to the beginning of the year is mainly due to a steady increase in electricity prices during the second half of the year. The margin of price fluctuation over the past two years is relatively low which suggests a stabilization of electricity prices on the exchange market.

Electricity Price Development 2010–2017

Base load (EUR/MWh)

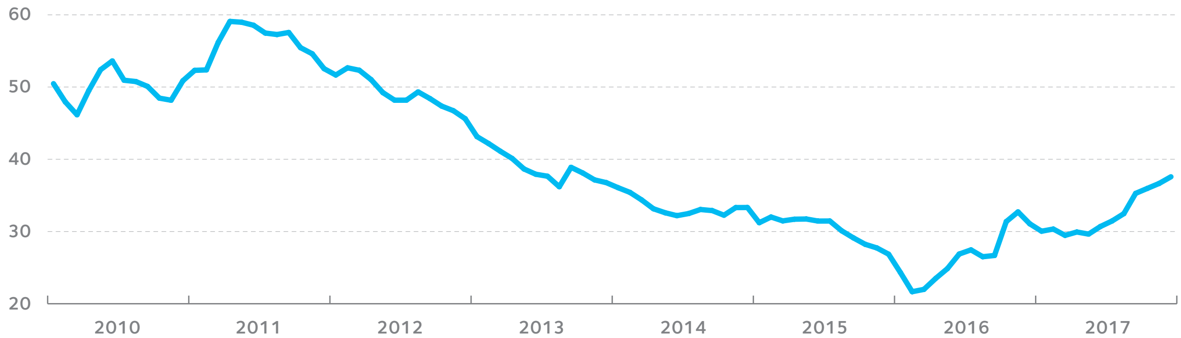


Figure 1: Development of the wholesale price of electricity in EUR/MWh based on monthly averages –Phelix Base Year Future 2010–2017 (EEX)

Source: European Energy Exchange AG, finanzen.net

3.2 Regulatory Framework

Based on the Climate and Energy Strategy of the EU, published in 2014, existing strategies were further developed. The resulting regulations from the package 'Clean Energy for all Europeans' are supposed to be adopted by the Austrian Presidency in the second half of 2018. Currently, the 20-20-20 targets are still in effect, focusing on the areas of energy efficiency, completing the internal market, technology leadership, consumer protection and international partnerships.

The European Commission directs its main attention to achieving the energy efficiency targets set out in the 'EU Energy and Climate Package'. Among other things, energy suppliers are required to encourage their customers to save energy. Energy efficiency should also be a central assessment criterion in the approval of new generating capacity. Furthermore, the EU strives to build a pan-European integrated energy market with appropriate infrastructures as well as maintain and extend Europe's leadership in the development of energy technology and innovation, e.g. in terms of energy storage and 'smart grids'.

In 2010, not only the European Union but also Austria presented an energy strategy that includes the specific steps to implement the 20-20-20 targets. In accordance with the 'EU Energy and Climate Package' adopted in 2008, Austria needs to increase its share of energy from renewable sources in the country's gross final consumption of energy to 34 % by 2020. At the same time, Austria is obliged to reduce its greenhouse gas emissions of industries that are not participating in the EU emission trading scheme by at least 16 % by 2020, based on the 2005 emission values.

In 2017, Austria has further developed its climate and energy strategies. These strategies were revised due to early parliamentary elections and the resulting change in government. Publication, discussion and passing of a resolution is planned for the first part of 2018. A corresponding adaption of the strategies by the federal provinces can be expected.

In 2014, the European Union adopted new guidelines for subsidies in the environmental and energy sector which came into effect on July 1, 2014. The new guidelines are designed for the energy market to incorporate energy from renewable sources and cut related state aid to bare minimum. Feed-in tariffs will be gradually replaced by bidding processes. Nevertheless, the new guidelines only apply to state aid that has not already been approved by the Commission. As the European Commission approved the Austrian 2012 Green Electricity Act on February 8, 2012 for a period of 10 years, Austria has already realized a support scheme for renewable energies. Existing schemes concerning operating aid in support of renewable energy only need to be adapted to the new guidelines when existing schemes are prolonged or substantially changed or when they have to be re-notified after expiry of a 10-year period that started when the initial permission was granted. The amendment of the Green Electricity Act, adopted in 2017, increased the amount of subsidies in Austria to allow a continuation of the current funding scheme for renewable energies.

In the summer of 2014, Austria implemented the EU Directive 2012/27/EU ('Energy Efficiency Directive') by enacting the federal Energy Efficiency Act (EEffG), which primarily places larger enterprises under the obligation to introduce an energy management system and requires energy suppliers to improve both their own and their customers' energy efficiency. In this context, W.E.B is subject to reporting obligations.

According to the Austrian Federal Ministry of Science, Research and Economy, the federal Energy Efficiency Act pursues the objective of 'improving energy efficiency by 20 % by 2020, thus strengthening the security of energy supply at the same time, increasing the share of energy from renewable sources in the energy mix, and reducing greenhouse gas emission levels'.[1]

The German energy regulatory agency (Bundesnetzagentur) and the European regulatory agency ACER plan to split up the currently joint electricity market between Austria and Germany, starting in October 2018. This is based on the expectation that the creation of a shortage will reduce the currently unrestricted trade of mainly German wind power to the south because the electricity is actually flowing through the Czech Republic and Poland, immensely overloading the grids.

Studies concerning the impact of such a division of the electricity market expect a moderate increase in electricity prices in Austria compared to Germany. Most of the times, the new shortage will not have any impact. In times of high wind production in northern Germany, the shortage will be satisfied and no more cheaper wind power can be imported from Germany. However, this also means potentially higher costs for the balancing energy as it is no longer possible to use the German intra-day market for short-term intra-day trading to satisfy the shortage.

From a producer point of view with a fluctuating production, the division is expected to be cost neutral or will even result in a slight increase in revenue.

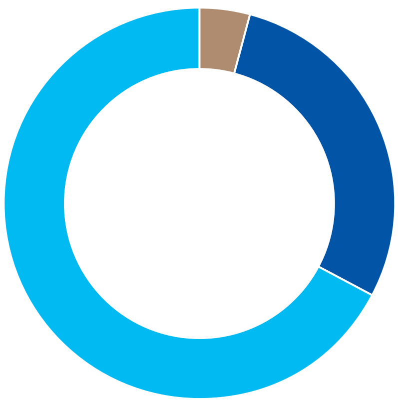
[1] http://www.bmwfw.gv.at/EnergieUndBergbau/Energieeffizienz/Seiten/Energieeffizienzpaket.aspx (accessed on 13 March 2015)

3.3 Electricity Labeling

In 2017, the supply of 8,345,948 kWh for the Group of W.E.B-Grünstrom consisted of 67.29 % wind power, 28.59 % hydroelectric power and 4.12 % solar power. Environmental impacts of the energy mix of WEB Windenergie AG in 2017 amounted to 0.0 g/kWh CO_2 emissions and 0 mg/kWh radioactive waste.

Electricity Labeling of W.E.B-Grünstrom

Electricity labeling according to Section 78 paragraphs 1 and 2 EIWOG 2010 and according to electricity labeling regulation 2011 for the period January 1, 2017 to December 31, 2017.



Energy mix (%)	Energy source
67.29 %	Wind power
28.59 %	Hydroelectric power
4.12 %	Solar power
100.00 %	**Total**

100 % of the evidence originates in Austria

Environmental impacts

Production waste of electricity from W.E.B-Grünstrom

0.0 mg/kWh radioactive waste
0.0 g/kWh greenhouse gas carbon dioxide (CO_2 emissions)

Tips on saving energy are available here: www.e-control.at/de/konsumenten/energie-sparen/energiespartipps
Information on energy consulting firms can be found here: www.e-control.at/de/konsumenten/energie-sparen/links

3.4 Financial Markets – Interest Rates

Interest rates stayed at a historically low level in 2017, similar to the prior year. Both the 3-month as well as 6-month EURIBOR remained below zero percent during the year. The low interest rates were taken advantage of by financing power plants long-term at favorable rates.

Development Reference Interest Rates

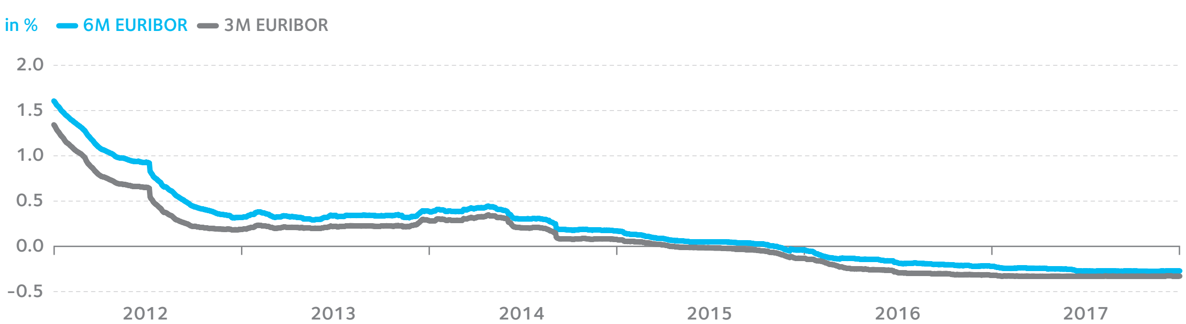


Figure 3: Development of 3 month and 6 month EURIBOR

Source: Own depiction with Deutsche Bundesbank data

3.5 Development of Relevant FX-rates

In 2017, the euro gained in value against the Canadian dollar. While the exchange rate was CAD 1.41 per EUR at the beginning of the year, the exchange rate increased to 1.51 CAD/EUR by the end of the year. This represents an increase of approximately 7.1 %. The euro also gained value against the second most important North American foreign currency to W.E.B , the US dollar. The EUR/USD rate increased from 1.05 to just under 1.20, which represents an increase of approximately 14.3 %. In comparison, the EUR decreased in value compared to the Czech koruna from approximately 27.03 to 25.55 in the past year.

Exchange Rate Development

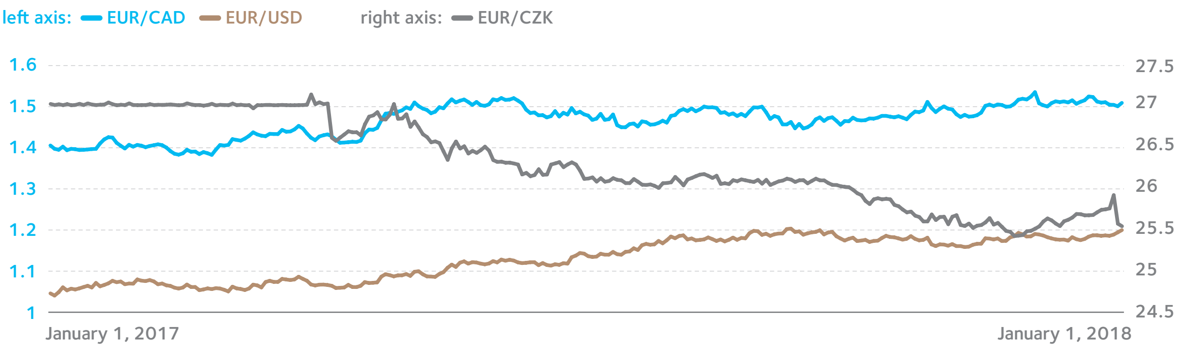


Figure 4: Relevant exchange rates

Source: investing.com

3.6 Country-Specific Subsidy Conditions

In **Austria**, the Green Energy Act of 2012 (ÖSG 2012), which was amended in 2017, is still in effect. On December 22, 2017, the green electricity feed-in tariff regulation 2018 was passed. It sets the tariffs for wind power plants at 8.20 c/kWh for complete applications submitted to the clearing and settlement agency for subsidized green electricity 'OeMAG' and a contract dated in 2018, and 8.12 c/kWh for complete applications submitted and a contract dated in 2019.

Due to the link between the subsidized funding amount (annual quota equivalent to the available subsidies – see paragraph 12 Green Energy Act) and the current electricity price, only a modest expansion in capacity for wind energy is expected for Austria.

With the Renewable Energy Act (EEG 2017) in effect, **Germany** still offers a stable environment for the expansion of wind projects. In addition, the reference location model secures economic viability at less attractive locations. The current expansion road map for wind power on land outlines a gross capacity increase of 2,800 MW from 2017 to 2019 and 2,900 MW per year starting in 2020. The gross expansion volume includes all new power plants, even when they replace old plants. The funding period remains at 20 years.

Due to a legislative change in the **Czech Republic** and the associated taxation of projects in renewable energy, the Czech market lost some degree of attractiveness for investors. Renewable energy sources are primarily subsidized through feed-in tariffs in this market. Instead of the required feed-in tariff, it is possible to switch to the premium tariff, if there is an acceptance contract with a participant in the electricity market (e.g. electricity trader). Operators receive a 'green bonus' for electricity from renewable sources in addition to the market price.

In **Italy**, tender processes for new projects that generate green electricity exist for quite some time. It provides a good basis for a moderate expansion of capacities for wind energy projects. However, the frequency of the tender processes varies significantly.

Although **France** is already among the largest wind energy nations in Europe, there is still great potential for new projects. Renewable energy sources are subsidized using feed-in tariffs and tax advantages. As a result of EU guidelines, France introduced a tender process in 2017 as well.

In several provinces of **Canada**, there are feed-in rules with fixed tariffs similar to European subsidy regimes for existing projects. All provinces are in the process of switching to tender processes which are somewhat similar to the EU models. The resulting predictability and economic viability of new projects continues to make this market attractive.

In the **US**, the focus is on project development in the New England states, led by the team in Halifax. Targets with regard to capacity expansions for renewable energy are regulated state by state and allow for a continuous increase. Projects are also subject to tender processes.

4. Business Performance

In 2017, wind occurrences were higher than expected and therefore electricity production was above the projected production figures. In comparison to the previous year, revenue increased significantly due to newly installed production capacities in the prior year.

2017 was the strongest year in regard to production since the inception of W.E.B: 1.011 TWh were produced this year. Thus, production exceeded the 1 TWh threshold for the first time in W.E.B history.

We continued our project development efforts to further increase the power plant capacities in all markets.

4.1 Influencing Factors

The first months of the year were similar to the last ones in the prior year with weak winds. The trend changed in the fall with higher wind occurrences. The beginning of winter was also mild with strong winds resulting in an optimal yield. Based on the entire portfolio for 2017, the production result increased by +1.7 % (previous year: approximately –7.6 %). The significant increase of the production capacity acted as a multiplier to the good wind occurrences. For the first time in its history, W.E.B exceeded the 1 TWh threshold and increased the annual production by almost 40 %, compared to 2016.

With regard to the commissioning of new plants, 2017 was relatively quiet compared to the record breaking year of 2016. In the wind division, we took over operations for two kilowatt plants in Austria (2 x Micon with 600 kW each) and one in Germany (1 x V52 with 850 kW). In the photovoltaic division we commissioned a new plant in Laa an der Thaya (Laa IV – VIII), Neudörfl and Sigless for a total of 782 kW.

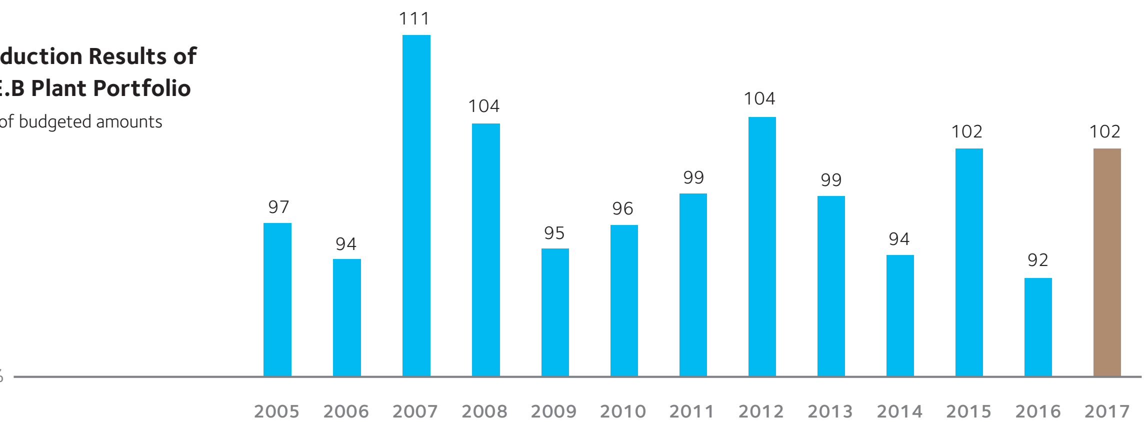
In 2017, we also set important foundations for the coming years, as W.E.B bid in tender processes in Italy, Germany, Canada, France and Slovenia and received bid acceptances in all countries.

The total annual production of the Austrian power plants in 2017 was significantly above budget (+4.1 %) due to strong winds. In the German, Czech, Canadian and US plants, the yield for wind energy was also above average (+7.0 %, +3.5 %, +11.4 %, +3.9 %, respectively). The exception was France, where the weak wind occurrences continued in 2017 and the plants were below the budget (–18.2 %).

Overall, the production conditions for our wind power plants were fair in 2017 (+1.9 %). The photovoltaic division also exceeded its target (+2.4 %). Dry conditions and required renovation measures negatively impacted the hydroelectric plants (–23.5 %).

Production Results of W.E.B Plant Portfolio

in % of budgeted amounts

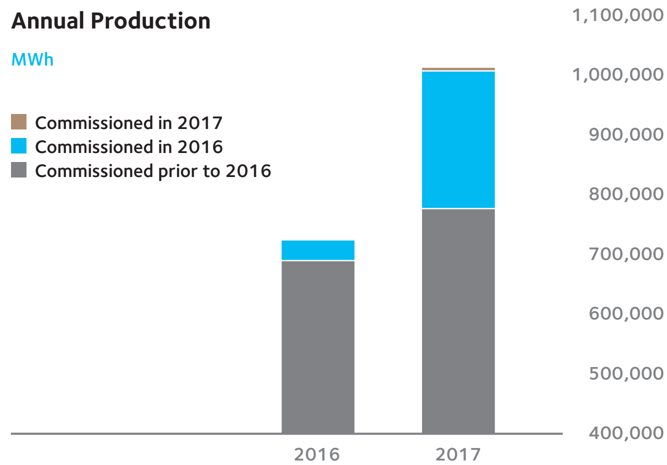


Power Generation and Installed Capacity	2017 Capacity	2017 Production	2016 Capacity	2016 Production
	kW	MWh	kW	MWh
Austria	207,541	494,980	205,413	411,243
Germany	97,735	184,136	96,885	131,055
France	63,200	130,061	63,200	52,450
Czech Republic	9,080	15,740	9,080	13,730
Italy	6,427	9,095	6,427	8,501
Canada	21,831	146,328	21,831	105,412
USA	9,075	31,078	9,075	2,056
Total	**414,889**	**1,011,418**	**411,911**	**724,447**

Capacity based on shareholdings at year-end.

Only the production of investments of 50% or more shareholdings are allocated to the W.E.B Group at 100%. The capacity indicated is based on the share in these investments. Investments that are not fully consolidated are not included in the production. The capacity indicated includes also plants for investments below 50% in shareholdings.

The figure to the right depicts existing and newly commissioned plants separately to illustrate the impact of production fluctuations in existing plants on total production:



4.2 Earning Position

The 2017 after tax earnings were above the previous year's results by 9,250.0 TEUR or 139.8 %. This increase was due to production levels being close to budget in the current year, the expansion of the plant portfolio and comparing production levels below budget for the previous year.

Consolidated Profit and Loss Statement	2017	2016
TEUR		
Revenues	**88,391.7**	**66,342.9**
Other operating income	2,306.6	2,013.4
Operating income	**90,698.4**	**68,356.3**
Costs of material and purchased services	–2,227.5	–3,129.0
Personnel expenses	–8,659.4	–7,370.9
Depreciation	–33,809.3	–26,352.4
Other operating expenses	–18,491.8	–14,680.9
Sub-total	–63,188.1	–51,533.3
Operational result	**27,510.3**	**16,823.1**
Net financial result	**–8,432.3**	**–7,306.8**
Earnings before income taxes	**19,078.0**	**9,516.3**
Income tax expenses	–3,211.5	–2,899.6
Earnings after income taxes	**15,866.6**	**6,616.6**

4.2.1 Revenues

Revenues for 2017 of EUR 88.4 million exceeded levels from the prior year (EUR 66.3 million) due to the successful commissioning of new plants during the prior year and wind occurrences above budget.

Revenues based on categories are as follows:

Revenue Split Based on Categories	2017	2016	+/– %
TEUR			
Wind	83,181.7	60,356.7	37.8 %
Photovoltaic	4,553.9	4,191.9	8.6 %
Hydroelectric	210.0	357.8	–41.3 %
Revenue from the sale of electricity and direct sales	446.2	1,436.5	–68.9 %
Total	**88,391.7**	**66,342.9**	**33.2 %**

In 2017, the reporting related to the collection of network charges on the behalf of grid operators was changed as compared to the prior year. Based on contractual changes, the economic risk related to the collectability of such charges lies with the grid operator. Therefore, the expense (595.2 TEUR) and revenue are netted against each other and booked as net amount under the revenue position. The amount from the prior year was not reclassified (2016: 322.5 TEUR under 'Costs of material', 'Energy consumption power plants').

4.2.2 Other Operating Income

Other operating income of 2,306.6 TEUR remained at almost the same level as in the previous year (2,013.4 TEUR).

4.2.3 Costs of Material and Purchased Services

This item records the costs for electricity, grid loss compensation, grid use fees (2,140.8 TEUR, previous year: 3,045.0 TEUR) and material costs.

The total costs of the latter item decreased by 901.5 TEUR or 28.8 % to 2,227.5 TEUR.

4.2.4 Personnel Expenses

Personnel expenses for 2017 amounted to 8,659.4 TEUR and were 1,288.5 TEUR or 17.5 % higher than in 2016. The increase can be attributed to an increase in bonus provisions (353.2 TEUR), an adjustment in payables for time credit and vacation provisions of 150.5 TEUR, as well as to international expansion activities and changes to carry out more services in-house.

4.2.5 Other Operating Expenses

Other operating expenses for 2017 increased by 3,810.9 TEUR or 26.0 % to 18,491.8 TEUR compared to the previous year. This increase was mainly due to the commissioning of plants in the prior year and the resulting increase of maintenance and operating costs.

4.2.6 Net Financial Result

Interest expenses for the year were higher than in the previous year, mainly due to an increase in financial obligations. In total, the financial result was –8,432.3 TEUR (previous year: –7,306.8 TEUR).

4.3 Asset Situation

	31/12/2017		31/12/2016	
	TEUR	%	TEUR	%
Long-term assets	451,514.3	88	474,107.4	91
Short-term assets	58,837.6	12	45,813.0	9
Total Assets	**510,351.9**	**100**	**519.920.4**	**100**
Equity	124,278.5	24	129,314.4	25
Long-term debt	334,117.5	65	325,518.5	63
Short-term debt	51,955.8	11	65,087.5	12
Total Liabilities and Equity	**510,351.9**	**100**	**519,920.4**	**100**

The changes in the consolidation group are referenced in chapter 9.1 of the Notes to the Consolidated Financial Statements. For a detailed description of the balance sheet items, see chapter 4 of the Notes.

4.4 Financial Situation

	2017	2016
TEUR		
Operating cash flow	56,381.4	38,633.6
Cash flow from investing activities	–26,390.6	–118,579.8
Cash flow from financing activities	–19,944.9	68,704.6
Cash flow total	**10,046.0**	**–11,241.6**

For a detailed description of the cash flow statement, see chapter 8.2 of the Notes.

4.5 Dividends and Distribution Policies

A dividend of EUR 15.00 per share (4,326.8 TEUR in total) for the fiscal year 2016 was approved at the shareholders' meeting on May 19, 2017. The payout occurred on June 30, 2017. Due to the decision at the shareholders' meeting to distribute dividends for the fiscal year 2016, partial repayments in the amount of 443.8 TEUR, 672.7 TEUR and 634.9 TEUR and interest payments of 230.8 TEUR, 393.5 TEUR and 395.7 TEUR were due in late fall of 2017, according to the conditions of the hybrid bonds that were issued in 2014, 2015 and 2016, respectively.

We are pursuing a steady dividend policy as defined in 2016. Based on that, we distribute in years with relatively low results a dividend above average and in years with relatively good results a moderate dividend. In accordance with this steady dividend policy, the distribution of EUR 24.00 per share will be recommended at the shareholders' meeting in 2018.

4.6 Investments

	2017	2016
TEUR		
Investments in intangible assets	63.2	166.4
Investments in tangible assets	22,281.8	117,698.3
Total	**22,345.0**	**117,864.7**

Investments for the fiscal year 2017 mainly related to investments in wind farms under construction in Austria, Germany and France.

4.7 Financing

In the fiscal year 2017, long-term loans were taken out for the construction of the wind farms Pisgah Mountain in the US and Flesquières in France.

5. Performance Indicators

5.1 Key Figures

	2017	2016
EBIT Margin	31.12 %	25.36 %
Net Gearing	263.96 %	257.24 %
Return on Equity	12.51 %	5.59 %
Debt Repayment Period	5.35	7.70
Interest Coverage Ratio I	5.26	4.24
Interest Coverage Ratio II	2.36	1.65

5.1.1 EBIT Margin

The EBIT margin puts the EBIT in relation to revenues and, therefore, shows the profitability of the company independent of financial results, extraordinary items and taxes.

The EBIT Margin of 31.12 % in 2017 was noticeably above the value of 25.36 % in 2016.

5.1.2 Net Gearing

Net gearing constitutes the ratio of the net debt, calculated from the long-term financial debts minus liquid assets, to the company's equity capital. This makes it a key figure for assessing the company's ability to weather a crisis.

As the net debt increased more than the equity capital in the fiscal year 2017, the net gearing value of 263.96 % is higher than in the prior year.

5.1.3 Return on Equity

The return on equity sets the annual earnings in comparison to the equity capital used. It indicates how high the interest was on capital provided by the equity investors minus income taxes in a given period.

In 2017, the company achieved a return on equity of 12.51 %.

5.1.4 Debt Repayment Period

The debt repayment period is based on the relation between the company's net debt and EBITDA. Compared to the previous year, this value decreased to 5.35 years.

5.1.5 Interest Coverage Ratio

The interest coverage ratio is calculated using two methods. On the one hand, the ratio between EBITDA and the total interest expenses (Interest Coverage Ratio I) and, on the other hand, the ratio between EBIT and the total interest expenses (Interest Coverage Ratio II).

5.2 Employees

In a growing company, employees are an essential resource. Their commitment and know-how contribute significantly to the overall success of the company.

In accordance with the growth of the company, we are also constantly investing in the training and continuing education of our employees.

	2017	2016	2015	2014
Personnel as of 31 December (head count)	126	119	106	94
Direct education expenses per employee (EUR)	604	1,111	450	525
Average age (years)	37	36	37	37

We use the 'ABC method' for organized employee evaluation and development. The objective of this system of strategic personnel development is to expand skills and prepare employees for current and future challenges facing the company. In this context, development plans are worked out in collaboration with the respective employee.

Furthermore, the company's internal newsletter 'W.E.B intern' is sent out every 14 days. It provides all employees with up-to-date information about current developments in the company.

The number of part-time employees has increased from 9 to 20 individuals since 2012. This development is primarily based on the employment of individuals previously on leave who either take advantage of flexible working hours or prepare for re-entry as full-time employees.

In 2017, a new organizational position was implemented to manage corporate organizational topics. Another company focus addressed the use of Microsoft SharePoint that provides, corporate-wide, all employees not only with quick and efficient access to internal information but also with an opportunity for seamless cooperation regardless of their location.

The satisfaction and dedication of the employees have a direct impact on corporate success. We place great importance on open, respectful and responsible interactions. Ideas and impressions from employees are collected and discussed in annual employee interviews and as part of the annual anonymous employee satisfaction survey. This allows us to discuss specific needs in more detail.

The ‘W.E.B Rose Program’ includes voluntary activities, a company weekend of skiing, offers such as ‘Fruits for Employees’, and the organization of lunch meals. This provides for a balanced and pleasant workplace atmosphere.

6. Anticipated Development

6.1 Risks and Uncertainties

6.1.1 Opportunity and Risk Management

We consider opportunity and risk management as a crucial instrument of corporate management. The objective of opportunity and risk management is to secure the asset, financial and earnings situation of the Group as well as existing and future potentials for success and growth and react to changes in the business environment in a timely fashion.

As part of a formalized risk management process, the company’s decision makers discuss significant risk factors and assess the probability of occurrence and their potential impacts on the corporate result.

Measures for dealing with the identified risks are developed and implemented. The measures’ objective is to reduce both the possible extent of damage and the probability of occurrence.

Information concerning risks and measures are saved in a central database and updated regularly.

6.1.2 Price Risk and Political Risk

Feed-in tariffs are guaranteed on a medium and long-term basis for a majority of the power generated by our plants. Therefore, there is only marginal exposure to market price risks and economic risks.

Guarantee period for tariffs	Share of planned generation 2017	Share of planned generation 2016
No guaranteed tariff	8.6 %	8.2 %
Up to 1 year	9.8 %	0.7 %
1 to 5 years	9.4 %	18.0 %
More than 5 years	72.2 %	73.1 %

These tariffs are locked in under existing laws. A modification of these laws or the elimination of the tariff subsidies would be a significant threat to the economic viability of the generating plants. However, this is highly unlikely. In the German subsidiary, direct marketing contracts have been concluded, allowing for a higher feed-in tariff than the feed-in tariff guaranteed by law. This direct marketing framework is regulated by law, which means in the event of bankruptcy of the direct marketing partner it is still possible to switch back to the legally guaranteed tariffs. For periods after the expiration of guaranteed tariffs and for the portion of total production without a guaranteed tariff, the market price of electricity has a significant impact.

6.1.3 Technical Risks

As of December 31, 2017, W.E.B was operating a total of 250 power plants: 227 wind power plants, three hydroelectric power plants and 20 photovoltaic plants. 189 wind power plants were built by world market leader Vestas (including the plants from NEG Micon which has since merged with Vestas), 26 plants by German manufacturer Enercon, and 12 by German manufacturer Siemens. By using wind power plants from manufacturers with many years of industry experience, the technical risks are kept as low as possible.

Foundations

Some of the 2 MW class of the Vestas plants suffered damage to their foundations in the form of cracks in 2010/2011. According to an agreement that was reached with the manufacturer, Vestas assumed the responsibility for the maintenance and monitoring of the foundations, ensuring the foundations are durable and stable in the long term. There have been no more noteworthy cracks since 2012.

Large Components

Based on experiences from recent years, an increase in damages to the gearboxes and generators of plants produced by Vestas can be noted. In this regard, both the internal skills in damage prevention as well as technical and logistic conditions for promptly repairing large components with the company's own resources in case of breakdowns were improved. A drive train exchange program was implemented in 2017, in preparation for the 25 years of operation of the 2-MW class.

Climatic and Meteorological Framework

Generating energy from wind power and photovoltaic plants depends to a large extent on weather conditions. Wind is subject to great seasonal and annual volatility. The W.E.B management takes this risk into consideration when selecting project locations.

Rotor Blades

No notable problems were observed with the rotor blades during the reporting period. Inspections were carried out by independent experts and environmental damages remediated by our own special team. The blades' condition is state of the art.

Operational Management

In 2017, our plants achieved 96.9 % in total plant availability (previous year: 96.8 %). Like in the previous year, substation renovations and upgrades as well as shutdowns due to energy suppliers' general grid expansion and ice built-up on power plants which resulted in deactivated wind parks, impacted the value.

In 2017, the technical availability of 98.8 % (prior year: 98.9 %) remained at the same level as in the prior year. Efficient service structures and the successful implementation of the operation strategy are the foundation for this excellent value.

The first level of our operations strategy provisions is made through site guards at the wind farms, who can ensure an efficient issue analysis of the power plants due to on-site observations and quick reaction. The second level of the operation strategy ensures a good state of the power plants through high-quality manufacturer maintenance efforts, which are supported by inspections and preventive removal of defects of our own, well-trained technicians. The operation control of the third level is concerned with system monitoring and efficient incident management in case of damage. In order to avoid unexpected damage, the operating data of the plants is analyzed and the system behavior is assessed. Should there still be events of damage, the fourth level provides consistent repair measures. In this respect, there are specialized service teams, an extensively stocked storage of spare parts and appropriate specialty tools. Partnerships with component manufacturers as well as companies for transportation, logistics and crane services provide appropriate security. In case of resource constraints, it is contractually ensured to have access to the manufacturer's service. The fifth level of the operating strategy focuses on technical improvements, replacements and repairs of large components, as well as servicing of rotor blades. Maintaining high standards and innovative repair approaches are to secure this high technical standard in the future.

Another operational risk is related to outages in wind energy production as the result of plant downtimes caused by iced rotor blades.

Project Development

Developing new power plant locations is an essential component of our business activity. It comprises the opportunity to invest in new wind and photovoltaic power plants at profitable locations. In each phase of evaluation, from planning to obtaining construction and operating permits, there is the danger, however, that a project may be cancelled and the project expenditures to-date may be lost. The status of each project is documented transparently across all countries using a standardized process through the 'W.E.B Gate-System'. Strict cost management that is closely tied to the Gate-System and regular evaluations of project costs, project cost efficiency and the probability of receiving the construction and operation permits keep this risk as low as possible. See section 'Company Development' in terms of new risks in the context of awarding contracts for future projects.

6.1.4 Financial Risks

Currency Risk
Financing of our projects for plants in the Czech Republic is done in the national currency. This creates a natural hedge that reduces the currency risk for feed-in compensation considerably since feed-in compensation, loan interest and principal repayment are all in the same currency. The same principle applies for the financing of plants in Canada and the US.

In addition, there are loans in Swiss francs and US dollar. The share of these loans relative to the total volume of financing is relatively small, hence there is no hedging for these financial transactions. Additional detailed information is presented in the Notes in explanation note (20) Financial Obligations and chapter 7.2 Currency Risk.

Interest Rate Risk
Loans to finance power plants are for the most part subject to variable interest rates. Due to the fixing of earnings (fixed feed-in rates) for the power plants, there is a considerable risk of interest rate changes. For around 67 % (previous year: 53 %) of the existing financial obligations that are subject to variable interest rates, this risk was hedged through fixed interest rate agreements (interest rate swaps). Thus, as of December 31, 2017, approximately 88 % (previous year: 84 %) of the financial obligations are subject to fixed interest rates.

An increase of the interest rate by 1 %-point would reduce our result by approximately 340.5 TEUR (previous year: 435.6 TEUR) p.a.

Financial Instruments
The main originating financial instruments are participations, securities, loans, receivables from goods and services, balances held at banks, financial obligations, bonds and trade payables. On the balance sheet date, the existing derivative financial instruments were interest rate swaps and are described in detail in the Notes, explanation note (22) Derivative Financial Instruments.

As of December 31, 2017, there were no contingent liabilities.

The amounts reported on the asset side represent the maximum credit and default risk on the balance sheet date.

Apart from the concluded interest rate swaps (see Notes, note (22) Derivative Financial Instruments) no specific hedging transactions were completed in the fiscal year 2017.

Financial Futures Transactions/Derivatives
For existing contracts and their valuation/accounting treatment on the balance sheet date, see note (22) Derivative Financial Instruments in the Notes.

Default Risk

We supply the energy generated in our plants to partially nationalized and private electricity traders with the highest credit ratings as well as private customers. WEB Windenergie AG generated the majority of revenues (94 %, previous year: 91 %) from the OeMAG Abwicklungsstelle für Ökostrom AG. The rest was generated with a German company with a well-established business relationship as well as 'W.E.B-Grünstrom' customers.

The subsidiaries in Austria, the Czech Republic, France, Italy, Canada, and the US also deliver to electricity companies responsible for dealing with green energy. In addition, revenues are generated from direct marketing of the produced energy in Germany, Italy and the Czech Republic.

Counterparty Risk – Suppliers

We operate wind power plants using turbines from two main suppliers. Both companies are globally operating manufacturers which hold a considerable market share of wind power plants in the world market. For new plants, advance payments are made to the manufacturers, for existing plants, there are partial guarantee and warranty claims as well as availability guarantees from maintenance agreements. Should one of these manufacturers get into financial distress, this circumstance could have negative effects on the claims.

Liquidity Risk

All power plants are financed through long-term financing agreements with banks or by medium/long-term bonds issued by W.E.B, with the result that no liquidity risk arises from the construction or acquisition of additional power plants. For the existing financial arrangements, comprehensive liens on plants and assignments of receivables have been arranged with the financial institutions. Furthermore, we are obligated to maintain certain financial key figures. The failure to maintain these figures could entitle the financial institutions to immediately call the loans. The effects of fluctuations of operating cash flows (primarily fluctuations of electricity earnings based on the wind situation) are minimized through active liquidity management.

6.2 Company Development

The Green Energy Act currently in force in Austria continues to make building wind power plants financially viable in this market. The expansion quotas currently available, however, cause long delays and therefore, projects which have already received approvals are probably not going to be implemented until 2024 or later. We are aware of these circumstances and therefore, besides our Austrian project development, we invest primarily in project development abroad in order to continue to reach our growth goal of approximately 50 MW per year.

In 2017, we focused on markets such as France, Italy, USA, Germany, Slovenia and Canada.

Our project 'W.E.B-Grünstrom' continues to be hugely popular and, on the one hand, helps us to provide shareholders with W.E.B. electricity, and on the other hand, is a tool to create awareness amongst potential shareholders for W.E.B. We expanded into new product lines for various stakeholder groups and a special segment for SMEs (small and medium-sized enterprises) was introduced.

7. Research and Development

W.E.B constantly works on minimizing the operating costs for existing plants and maximizing earnings. The newly implemented 'total income availability' as primary key performance indicator allows for cost efficient service work. In addition, an exceptional strategy to extend the operational life-time of 2 MW class plants to 25 years was implemented.

Other projects in 2017 focused on further development of support and parking lot charging stations for electric cars in connection with an integrated load management system.

After implementing a pilot battery storage system combined with a photovoltaic system that is integrated in the building façade and the supply of a company owned electric car fleet in 2016, the focus was on developing algorithms and processes for the sector coupling at the W.E.B campus in 2017. In addition, a heat pump was installed achieving a successful 'natural cooling' of the entire campus.

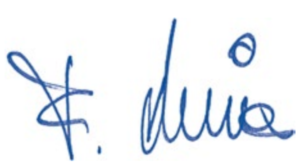
After the successful conclusion of the pilot project in demand-side management related to thermo active building systems, the 'product' was commercialized in cooperation with a construction company and is now part of the W.E.B climate package offerings. The first 'Energy Transition Houses' with integrated 20-year heating tariff were already sold during the first few months of 2018.

A project to develop a tool to simulate ice fall and ice throw from wind power plants in (near) alpine and wooded areas was submitted, in cooperation with the Institute of Safety/Security and Risk Sciences at the University of Natural Resources and Life Sciences in Vienna and sponsored by the Austrian Research Promotion Agency (FFG).

8. Branch Offices

WEB Windenergie AG does not have any branch offices.

The Board of Directors
Pfaffenschlag, 19 April 2018



Frank Dumeier

Michael Trcka

Consolidated Financial Statements (IFRS)

Consolidated Profit and Loss Statement 1/1/2017 – 31/12/2017

TEUR	Note	2017	2016
Revenues	**1**	**88,391.7**	**66,342.9**
Other operating income	2	2,306.6	2,013.4
Costs of material and purchased services	3	–2,227.5	–3,129.0
Personnel expenses	4	–8,659.4	–7,370.9
Depreciation	5	–33,809.3	–26,352.4
Other operating expenses	6	–18,491.8	–14,680.9
Operating result (EBIT)		**27,510.3**	**16,823.1**
Income from associated companies accounted for under the equity method	12	500.5	84.5
Interest income	7	1,865.0	1,968.5
Interest expenses	8	–11,426.1	–10,003.1
Other financial result	9	628.4	643.3
Net financial result		**–8,432.3**	**–7,306.8**
Earnings before income taxes		**19,078.0**	**9,516.3**
Income taxes	23	–3,211.5	–2,899.6
Earnings after income taxes		**15,866.6**	**6,616.6**
thereof planned share attributable to hybrid capital holders		1,002.2	792.3
thereof attributable to non-controlling interests		1,017.1	902.0
thereof attributable to owners of WEB AG		**13,847.3**	**4,922.3**
Earnings per share[1] (EUR)		**48.0**	**17.1**

[1] Diluted is the same as undiluted

Consolidated Statement of Comprehensive Income

TEUR	2017	2016
Earnings after income taxes	**15,866.6**	**6,616.6**
Items that may be reclassified to profit or loss		
Changes from currency conversions	–4,427.4	2,832.1
Changes in market values of financial instruments 'available for sale'	–733.7	433.0
Changes in market values of cash flow hedges	409.4	–653.5
Income tax on other comprehensive income	89.1	77.8
Total other comprehensive income	**–4,662.6**	**2,689.4**
Total income after income tax	**11,203.9**	**9,306.0**
thereof attributable to hybrid capital holders	1,002.2	792.3
thereof attributable to non-controlling interests	–177.2	1,456.5
thereof attributable to owners of WEB AG	**10,378.9**	**7,057.3**

Explanations see note (18) in the Notes.

Consolidated Balance Sheet as per 31/12/2017

TEUR	Note	31/12/2017	31/12/2016
Assets			
Intangible assets	10	2,812.6	3,124.5
Tangible assets	11	424,151.1	444,873.1
Shares in associated companies and joint ventures	12	4,472.8	2,493.8
Long-term financial assets	13	19,901.7	23,492.3
Deferred tax assets	23	175.9	123.8
Long-term assets		**451,514.3**	**474,107.4**
Inventories	14	3,090.0	3,180.1
Trade receivables	15	13,403.6	10,324.9
Other receivables and assets	16	8,428.5	7,845.7
Income tax receivables		1,832.2	1,621.0
Cash and cash equivalents	17	32,083.4	22,841.4
Current assets		**58,837.6**	**45,813.0**
Total assets		**510,351.9**	**519,920.4**

TEUR	Note	31/12/2017	31/12/2016
Equity and liabilities			
Registered capital	18	28,845.3	28,845.3
Capital reserves	18	23,323.8	23,323.8
Hybrid capital	18	14,025.3	15,754.4
Other reserves	18	–4,184.5	–716.2
Retained earnings	18	50,449.4	40,976.5
Share owned by WEB AG shareholders		**112,459.3**	**108,183.9**
Non-controlling interests	19	11,819.2	21,130.5
Equity		**124,278.5**	**129,314.4**
Financial obligations	20	259,780.4	240,880.5
Bonds	21	47,237.9	57,499.9
Deferred tax liabilities	23	13,141.7	13,223.2
Provisions	24	11,722.3	11,265.4
Other long-term obligations	22	2,235.1	2,649.5
Long-term liabilities		**334,117.5**	**325,518.6**
Financial obligations	20	30,492.0	43,013.6
Bonds	21	11,321.2	3,506.4
Obligations from income taxes		1,807.7	2,007.5
Trade payables and other payables	25	8,335.0	16,560.0
Short-term liabilities		**51,955.8**	**65,087.5**
Total liabilities		**386,073.3**	**390,606.0**
Total equity and liabilities		**510,351.9**	**519,920.4**
Equity (excl. hybrid capital and non-controlling interests) per share (EUR)		**341.2**	**319.8**

Consolidated Cash Flow Statement

TEUR		2017	2016
Earnings before income taxes		**19,078.0**	**9,516.3**
+ –	Depreciation/ appreciation (tangible and intangible assets)	33,809.3	26,352.4
+	Interest balance	9,561.1	8,034.6
+/–	Non-cash result of associated companies accounted for using the equity method	–451.5	–33.4
–/+	Profits/losses from disposal of financial assets and other long-term assets	–912.1	–350.0
–/+	Profits/losses from disposal of fixed assets	1,133.1	2,083.9
+ –	Increase/ decrease of long-term provisions	10.5	–253.5
+/–	Other non-cash changes	953.4	–626.9
Cash flow from operating activities before working capital changes and taxes		**63,181.8**	**44,723.4**
– +	Increase/ decrease in inventories and receivables	–3,133.4	–2,397.7
– +	Increase/ decrease in receivables from affiliated companies	–8.8	47.3
– +	Increase/ decrease in other receivables	–1,072.6	–1,999.5
+ –	Increase/ decrease in trade payables and other payables	1,010.4	485.6
–	Income taxes	–3,596.1	–2,225.5
Cash flow from operating activities		**56,381.4**	**38,633.6**
+	Inflows from disposal of asset	200.0	828.5
+	Inflows from disposal of financial assets and other long-term assets	11,740.3	804.6
+	Interest inflows	1,374.9	1,631.3
+ –	Increase/ decrease in obligations due to affiliated companies	–3.9	–5.0
–	Outflows due to investments in intangible and tangible assets	–29,285.0	–107,467.8
–	Outflows due to acquisitions of financial assets and other long-term assets	–10,508.4	–14,417.6
+	Dividends received	91.4	46.3
Cash flow from investing activities		**–26,390.6**	**–118,579.8**

TEUR		2017	2016
+	Inflows from non-controlling shareholders	598.2	14,226.0
–	Outflows to non-controlling shareholders	–9,732.3	–864.6
–	Dividends paid (includes interest payments for hybrid capital)	–5,346.8	–6,464.7
–	Interest outflows	–12,749.4	–10,937.6
+	Inflows from the increase in financial obligations	71,827.8	86,968.0
–	Outflows due to repayments of financial obligations	–60,229.4	–24,951.6
+	Inflows from the issuance of hybrid capital	0.0	6,349.0
–	Outflows due to repayments of hybrid capital	–1,751.4	–1,116.5
+	Inflows from the issuance in bonds	0.0	13,835.0
–	Outflows due to repayments of bonds	–2,561.5	–8,338.3
Cash flow from financing activities		**–19,944.9**	**68,704.6**
Total cash flow		**10,046.0**	**–11,241.6**
Change in funds			
Liquid assets at the beginning of the period		22,841.4	33,557.7
Currency differences		–803.9	525.2
Total cash flow		10,046.0	–11,241.6
Liquid assets at the end of the period		**32,083.4**	**22,841.4**

Explanations see chapter 8.2. in the Notes

Consolidated Statement of Changes in Equity

TEUR	Registered capital	Capital reserves	Hybrid capital
Status as per 1/1/2016	**28,845.3**	**23,323.8**	**10,574.0**
Results (after taxes) directly included in equity due to...			
Currency differences			
Changes in value of securities and investments			
Changes in value of hedging transactions			
Total results (after taxes) directly included in equity			**0.0**
Result after income taxes			
Total result for the period			**0.0**
Capital increase			
Repayment to non-controlling interests			
Repayment/distribution hybrid capital			–1,101.0
Issuance hybrid capital			6,281.4
Dividends (EUR 20.0 per share)			
Status as per 31/12/2016	**28,845.3**	**23,323.8**	**15,754.4**
Status as per 1/1/2017	**28,845.3**	**23,323.8**	**15,754.4**
Results (after taxes) directly included in equity due to...			
Currency differences			
Changes in value of securities and investments			
Changes in value of hedging transactions			
Total results (after taxes) directly included in equity			**0.0**
Result after income taxes			
Total result for the period			**0.0**
Capital increase			
Repayment to non-controlling interests			
Repayment/distribution hybrid capital			–1,751.4
Tax implications due to transactions with hybrid capital owners			22.3
Dividends (EUR 15.0 per share)			
Status as per 31/12/2017	**28,845.3**	**23,323.8**	**14,025.3**

Other reserves						
Bonds and investments	Hedging transactions	Currency translation	Retained earnings	Share of WEB AG shareholders	Non-controlling interests	Total equity
396.6	**–1,493.8**	**–1,753.9**	**41,747.3**	**101,639.3**	**5,765.7**	**107,405.1**
		2,277.7		2,277.7	554.4	2,832.1
326.6				326.6		326.6
	–469.4			–469.4		–469.4
326.6	**–469.4**	**2,277.7**		**2,134.9**	**554.4**	**2,689.4**
			5,714.6	5,714.6	902.0	6,616.7
326.6	**–469.4**	**2,277.7**	**5,714.6**	**7,849.6**	**1,456.5**	**9,306.0**
					14,773.0	14,773.0
					–864.6	–864.6
			–716.4	–1,817.4		–1,817.4
				6,281.4		6,281.4
			–5,769.1	–5,769.1		–5,769.1
723.2	**–1,963.2**	**523.8**	**40,976.5**	**108,183.8**	**21,130.5**	**129,314.4**
723.2	**–1,963.2**	**523.8**	**40,976.5**	**108,183.8**	**21,130.5**	**129,314.4**
		–3,233.1		–3,233.1	–1,194.3	–4,427.4
–551.0				–551.0		–551.0
	315.8			315.8		315.8
–551.0	**315.8**	**–3,233.1**		**–3,468.3**	**–1,194.3**	**–4,662.6**
			14,849.5	14,849.5	1,017.1	15,866.6
–551.0	**315.8**	**–3,233.1**	**14,849.5**	**11,381.1**	**–177.2**	**11,203.9**
					598.2	598.2
					–9,732.3	–9,732.3
			–1,020.0	–2,771.4		–2,771.4
			–29.7	–7.4		–7.4
			–4,326.8	–4,326.8		–4,326.8
172.2	**–1,647.4**	**–2,709.3**	**50,449.4**	**112,459.3**	**11,819.2**	**124,278.5**

Notes to the Consolidated Financial Statements

for the Fiscal Year 2017

The following Notes

- provide information about our company, basics about the preparation of the Consolidated Financial Statements and the applied accounting methodologies,
- include breakdowns and explanations for individual items of the balance sheet and the income statement,
- show the areas where discretionary decisions and estimates were necessary and where risks are involved, and
- include other relevant information improving the understanding of our activities and our results.

The information provided is in accordance with the International Financial Reporting Standards (IFRS) and is subject to a specific layout. We made an effort to display the information as concise and reader-friendly as possible. We are always open to suggestions to further improve the understandability.

Contents

1. About Us

WEB Windenergie AG (short: W.E.B), headquartered at Davidstrasse 1, 3834 Pfaffenschlag, Lower Austria, commercial registry court: District Court of Krems an der Donau (FN 184649v), is a company with a focus on project development and operating power plants in the renewable energy sector. This includes projects and plants in the areas of wind power, photovoltaic and hydroelectric power. We operate in Austria, as well as internationally, including Germany, the Czech Republic, Italy, France, Canada and the USA. The company's international focus and technological diversification through projects form the basis of successfully dealing with the challenges of sustainable decentralized energy supply. This task is becoming increasingly important, not only due to ecological reasons, but also due to the expectations of a long-term increase in energy demands as well as decreasing fossil fuel resources. Furthermore, the marketing of renewable energy is also becoming increasingly important.

2. Accounting Principles We Applied When Preparing the Consolidated Financial Statements

We have prepared the Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS), as they apply in the EU, and the supplemental, applicable regulations of corporate laws in Austria.

Valuation of the financial assets are based on the accounting principles of acquisition cost less depreciation and impairments. Exceptions are made for certain financial assets that are carried at fair value. Further explanations of the accounting principles are provided in chapter 9. Information regarding discretionary decisions and estimates that were deemed necessary for the preparation of the financial statements are provided in chapter 6.

Sections of the IFRS are revised on a regular basis. A portion of the revised standards was applied in the fiscal year 2017. The application of the remaining standards is not required until 2018 to 2019. The newly implemented principles in the fiscal year 2017 had no impact on the Consolidated Financial Statements. The new standards that will be applicable in the coming years are further explained in chapter 9.4.

All values in the Consolidated Financial Statements are, if not stated otherwise, presented in thousand euro (TEUR) and rounded.

3. Detailed Information on the Profit and Loss Statement

(1) Sales Revenue

TEUR	2017	2016
Revenue from the generation of electricity at		
Wind power plants	83,181.7	60,356.7
Photovoltaic power plants	4,553.9	4,191.9
Hydroelectric power plants	210.0	357.8
Revenue from the sale of electricity and direct sales to end customers	446.2	1,436.5
	88,391.7	**66,342.9**

We sell generated power mostly to large state-owned organizations or organizations close to the state. 70 % of revenues (previous year: 75.7 %) from the generation of electricity result from legally regulated subsidy rates.

In 2017, the reporting related to the collection of network charges on behalf of grid operators was changed compared to the prior year. Based on contractual changes, the economic risk related to the collectability of such charges lies with the grid operator. Therefore, the expense (595.2 TEUR) and revenue are netted against each other and booked as net amount under the revenue position. The amount from the prior year was not reclassified (2016: 322.5 TEUR under 'Costs of material', 'Energy consumption power plants').

(2) Other Operating Income

TEUR	2017	2016
Insurance compensation	356.7	160.3
Income from maintenance contracts	352.2	0.0
Income from invoice forwarding	339.3	277.3
Income from operations management	272.4	151.5
Income from services	209.4	120.1
Rental income	62.1	39.0
Income from the reversal of provisions	52.1	288.4
Income from trading goods	44.8	28.9
Reimbursements, subsidies	0.0	2.1
Others	617.4	945.8
	2,306.6	**2,013.4**

The position 'Income from invoice forwarding' includes income from the invoice forwarding for expenses that were paid for third parties.

(3) Cost of Material and Purchased Services

TEUR	2017	2016
Grid loss charges	1,156.1	1,245.8
Energy consumption power plants	801.5	866.6
Marketing of electricity purchases	183.1	932.6
Cost of sales	86.8	84.0
	2,227.5	**3,129.0**

Cost of sales includes impairment of inventory in the amount of 8.8 TEUR (previous year: 1.3 TEUR).

(4) Personnel Expenses

TEUR	2017	2016
Salaries and wages	7,000.7	5,904.9
Expenses for legally mandated fees and contributions	1,396.5	1,295.6
Contributions to staff provision fund	102.6	89.9
Other personnel expenses	159.6	80.5
	8,659.4	**7,370.9**

For each fiscal year, we employed on average (part-time employees are taken into account on a full-time equivalent [FTE] basis):

	2017	2016
TEUR		
Office staff	99	90
Field staff	15	16
Average (FTE)	**114**	**106**

(5) Depreciation/Amortization

The depreciation and amortization of tangible assets and intangible assets also include impairment losses for power plants in Austria and Germany in the amount of 2,216.6 TEUR (previous year: 582.7 TEUR). Further explanation is provided in chapter 6.

(6) Other Operating Expenses

	2017	2016
TEUR		
Maintenance and operating costs of power plants	7,866.4	5,452.3
Rental expenses for power plants	2,017.9	1,745.2
Consulting expenses	1,450.3	1,011.4
Travel expenses, vehicle expenses	990.3	1,004.6
Insurance expenses for power plants	777.1	625.6
Advertising expenses	413.8	473.0
Maintenance expenses for operations	372.9	358.9
Project development expenses	365.7	247.0
Expenses for maintenance contracts	361.0	0.0
External business services	303.1	240.0
Compensation for Supervisory Board	107.0	99.0
Others	3,466.3	3,423.9
	18,491.8	**14,680.9**

Rental expenses for power plants of 660.8 TEUR (previous year: 680.3 TEUR) represent the amount that is dependent on the amount of revenue generated by the wind power plants.

The increase in other operating expenses is mainly attributable to the increased number of power plants in the Group.

The expenses for the audit of the financial statements in the fiscal year by KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and its domestic network of companies totaled to 102.2 TEUR (previous year: 74.9 TEUR), of which 29.8 TEUR (previous year: 24.4 TEUR) were attributable to the audit of the individual financial statements, 42.7 TEUR (previous year: 33.5 TEUR) to the audit of the Consolidated Financial Statements, and 13.4 TEUR (previous year: 17.0 TEUR) to other services.

(7) Interest Income

TEUR	2017	2016
Clearing accounts	1,755.6	1,896.7
Time deposits/bank balance	24.7	49.7
Default interest	84.7	22.1
	1,865.0	**1,968.5**

(8) Interest Expenses

TEUR	2017	2016
Interest expenses for bank loans	7,782.2	6,492.8
Interest expenses for bonds	2,300.2	2,385.2
Expenses for interest rate hedging	940.3	719.9
Others	403.4	405.2
	11,426.1	**10,003.1**

(9) Other Financial Results

TEUR	2017	2016
Results from investments	497.4	104.9
Gain on changes in exchange rate	206.0	600.5
Interest on demolition cost provisions	–229.0	–191.4
Others	154.0	129.3
	628.4	**643.3**

4. Notes to the Balance Sheet

(10) Intangible Assets

TEUR	Software	Rights of use	Total
2017			
Historical cost as per 1/1/2017	**880.4**	**7,028.4**	**7,908.8**
Currency effects	–2.1	0.0	–2.1
Additions	34.3	28.9	63.2
Disposals	0.0	0.0	0.0
Account transfers	0.0	0.0	0.0
Historical cost as per 31/12/2017	**912.6**	**7,057.3**	**7,969.9**
Cumulative changes in value as per 1/1/2017	**710.2**	**4,074.1**	**4,784.3**
Currency effects	–0.8	0.0	–0.8
Depreciation	80.7	293.2	373.8
Disposals	0.0	0.0	0.0
Account transfers	0.0	0.0	0.0
Cumulative changes in value as per 31/12/2017	**790.1**	**4,367.2**	**5,157.3**
Net book value as per 31/12/2017	**122.6**	**2,690.1**	**2,812.6**
2016			
Historical cost as per 1/1/2016	**771.4**	**7,154.7**	**7,926.1**
Currency effects	1.4	0.0	1.4
Additions	102.0	64.4	166.4
Disposals	–0.1	–2.6	–2.7
Account transfers	5.7	–188.1	–182.4
Historical cost as per 31/12/2016	**880.4**	**7,028.4**	**7,908.8**
Cumulative changes in value as per 1/1/2016	**610.7**	**3,791.2**	**4,401.9**
Currency effects	0.6	0.0	0.6
Depreciation	93.3	282.9	376.2
Disposals	–0.1	0.0	–0.1
Account transfers	5.7	0.0	5.7
Cumulative changes in value as per 31/12/2016	**710.2**	**4,074.1**	**4,784.3**
Net book value as per 31/12/2016	**170.2**	**2,954.4**	**3,124.5**

The book values for rights of use include water rights in Imst, Austria with 908.6 TEUR (previous year: 940.0 TEUR) and license agreements with Wörbzig, Germany, with 389.2 TEUR (previous year: 516.8 TEUR). The remaining amortization period for water rights in Imst was 28.5 years and 2.0 years for the licensing agreements with Wörbzig on the balance sheet date. In December 2016, WEB Windenergie Betriebsgesellschaft Deutschland GmbH received approval of water rights until 30 June 2042 for the hydroelectric plant in Eberbach, subject to the commitment to erect a fish ladder. The approval to construct the fish ladder was granted on 25 July 2017. The planning is under way to implement the stipulated construction measures. The implementation is expected to take place in the third and fourth quarters of 2018.

(11) Tangible Assets

TEUR	Land and buildings	Technical plants and machines	Other equipment, operating and office equipment	Advance payments, plants under construction	Total
2017					
Acquisition/Production costs as per 1/1/2017	**14,478.9**	**587,489.7**	**4,586.7**	**28,930.9**	**635,486.2**
Currency effects	–19.5	–6,448.9	–7.6	–113.0	–6,589.0
Additions	184.1	3,256.5	675.8	18,165.4	22,281.8
Reduction of acquisition costs	0.0	–401.4	–13.5	–343.2	–758.0
Disposals	–6.8	–1,696.8	–156.2	–606.7	–2,466.5
Account transfers	102.4	21,120.1	6.8	–21,229.3	0.0
Acquisition/Production costs as per 31/12/2017	**14,739.1**	**603,319.3**	**5,092.0**	**24,804.1**	**647,954.5**
Cumulative depreciation as per 1/1/2017	**2,758.7**	**185,474.1**	**2,380.3**	**0.0**	**190,613.2**
Depreciation	267.8	30,389.4	561.6	0.0	31,218.8
Impairments	0.0	2,216.6	0.0	290.1	2,506.8
Currency effects	0.0	–87.8	–5.0	4.4	–88.4
Disposals	–0.9	–360.2	–85.9	0.0	–447.0
Account transfers	0.0	0.0	0.0	0.0	0.0
Cumulative depreciation as per 31/12/2017	**3,025.6**	**217,632.1**	**2,851.1**	**294.5**	**223,803.4**
Net book value as per 31/12/2017	**11,713.5**	**385,687.2**	**2,240.9**	**24,509.5**	**424,151.1**
2016					
Acquisition/Production costs as per 1/1/2016	**13,212.0**	**467,072.1**	**3,551.2**	**38,337.4**	**522,172.7**
Currency effects	11.7	4,485.7	9.2	934.3	5,441.0
Additions	1,025.9	10,472.1	1,113.3	105,086.9	117,698.3
Reduction of acquisition costs	–0.2	–695.2	–51.4	–986.9	–1,733.7
Disposals	0.0	–11,212.1	–72.9	–293.6	–11,578.5
Initial consolidation Pisgah	0.0	0.0	0.0	3,304.1	3,304.1
Account transfers	229.5	117,367.1	37.2	–117,451.4	182.4
Acquisition/Production costs as per 31/12/2016	**14,478.9**	**587,489.7**	**4,586.7**	**28,930.9**	**635,486.2**
Cumulative depreciation as per 1/1/2016	**2,506.6**	**168,345.4**	**1,871.0**	**0.0**	**172,723.0**
Depreciation	252.1	24,586.7	549.7	0.0	25,388.4
Impairments	0.0	582.7	0.0	0.0	582.7
Currency effects	0.0	259.7	8.6	0.0	268.4
Disposals	0.0	–8,300.4	–43.2	0.0	–8,343.6
Account transfers	0.0	0.0	–5.7	0.0	–5.7
Cumulative depreciation as per 31/12/2016	**2,758.7**	**185,474.1**	**2,380.3**	**0.0**	**190,613.2**
Net book value as per 31/12/2016	**11,720.3**	**402,015.6**	**2,206.3**	**28,930.9**	**444,873.1**

The position 'Advance payments, plants under construction' includes mainly the projects Dürnkrut-Götzendorf II in Austria, the project Flesquières in France and the project Wörbzig Repowering in Germany.

The acquisition costs for 'Technical plants and machines', acquired during the fiscal year, include interest in the amount of 100.4 TEUR (previous year: 227.2 TEUR) that relates directly to projects. This interest relates to a wind power plant project in France. The financing rate in France is 2,87 % on average (previous year: 1.96 % in Austria and 1.37 % in Germany).

Information on Leased Assets

As of 31 December 2017, the book value of the position 'Technical plants and machines' includes 21,862.3 TEUR (previous year: 29,131.6 TEUR) which can be attributed to power plants leased by means of capital leasing. These relate to the wind power plants for the wind farm Neuhof, as well as the photovoltaic power plants Montenero I and Montenero II of WEB Italia. The leasing contracts of wind power plants for the wind farms Langmannersdorf, Neuhof II and Stattersdorf, with a book value of 4,310.0 TEUR as of December 31, 2017, expired during the fiscal year.

Obligations from these contracts have the following maturities after being offset with advance payments in the amount of 4,009.9 TEUR (previous year: 7,219.9 TEUR):

Obligations from Capital Lease Contracts

	Maturities of the minimum lease payments					
	31/12/2017			31/12/2016		
TEUR	Nominal value	Discounted amount	Cash value = book value	Nominal value	Discounted amount	Cash value = book value
Due within 1 year	3,379.0	542.7	2,836.3	4,022.2	660.8	3,361.4
Due in 1 to 5 years	7,848.7	665.4	7,183.3	10,394.3	1,038.9	9,355.4
Due in more than 5 years	4,636.6	454.1	4,182.5	5,470.0	623.3	4,846.7
	15,864.3	**1,662.2**	**14,202.1**	**19,886.5**	**2,323.0**	**17,563.5**

The residual periods of the lease contracts are up to eleven years. The cash values include amounts for the acquisition of plants at the end of the contract (purchase option).

(12) Shares in Associated Companies and Joint Ventures

Company	Share 31/12/2017	Share 31/12/2016	Book value 31/12/2016	Share of annual result	Payment	Distribution	Book value 31/12/2017	Total Assets	Total Liabilities	Total Revenue	Total Profit/Loss
TEUR											
Tauernwind Windkraftanlagen GmbH	20.0 %	20.0 %	565.4	94	0.0	0,0	659.4	16,972.1	13,675.3	2,540.7	426.2
Sternwind Errichtungs- und Betriebs-gmbH	49.0 %	49.0 %	395.7	111.8	0.0	–49	458.5	928.9	102.5	356.5	121.1
Sternwind Errichtungs- und Betriebs-gmbH & Co KG	49.0 %	49.0 %	1136.7	107.2	0.0	–122.0	1,121.9	2,932.0	255.7	1,775.8	319.1
SASU Energie Verte Plaine d'Artois	33.3 %	33.3 %	289.3	5.8	0.0	0.0	295.1	3,018.2	2,196.8	419.1	19.6
ELLA AG	38.7 %	38.7 %	106.7	–106.7	0.0	0.0	0.0	871.1	926.4	91.4	–330.9
Zweite WP Weener GmbH & Co KG	50.0 %	50.0 %	0.0	458.2	0.0	0.0	458.2	13,892.9	12,978.1	2,452.6	844.1
Società Elletrica Ligure Toscana s.r.l.	50.0 %		0.0	–164.4	1,350.0	0.0	1,185.6	4,723.1	1,870.6	0.0	-133.4
Black Spruce Windenergy GP Inc. (incl. Limited Partnership Contract)	50.0 %		0.0	–5.4	299.5	0.0	294.1	590.0	1.8	0.0	0.0
Total			**2,493.8**	**500.5**	**1,649.5**	**–171.0**	**4,472.8**				

Data is based on preliminary figures.

The companies operate wind farms and conduct project development. They are exposed to similar business opportunities and risks as we are. ELLA AG constructs and operates charging stations for electric cars in Austria.

(13) Long-term Financial Assets

TEUR	Shares in affiliated companies	Securities	Invest-ments	Long-term debt	Loans	Loans & capital reserve accounts	Total
2017							
Historical costs							
As per 1/1/2017	42.1	654.8	1,535.0	220.5	19,079.1	0.0	21,531.5
Currency effects	0.0	0.0	0.0	0.0	–655.9	–236.1	–892.0
Addition	5.0	3.5	25.2	–73.5	580.6	8,442.7	8,983.5
Reclassification	0.0	0.0	–206.0	0.0	0.0	0.0	–206.0
Disposal	0.0	–271.2	–198.2	0.0	–10,616.5	–6.6	–11,092.5
As per 31/12/2017	47.1	387.1	1,156.0	147.0	8,387.3	8,200.00	18,324.5
Cumulative changes in value							
As per 1/1/2017	0.0	21.9	304.2	–16.7	1,651.3	0.0	1,960.7
Currency effects	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value changes	0.0	77.7	64.6	12.4	0.0	0.0	154.7
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appreciations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposal	0.0	–66.6	–471.6	0.0	0.0	0.0	–538.2
As per 31/12/2017	0.0	33.0	–102.8	–4.3	1,651.3	0.0	1,577.2
Book value as per 31/12/2017	**47.1**	**420.1**	**1,053.2**	**142.7**	**10,038.6**	**8,200.0**	**19,901.7**
2016							
Historical costs							
As per 1/1/2016	38.6	886.4	1,497.3	294.0	3,889.8	19.9	6,626.0
Currency effects	0.0	0.0	0.0	0.0	926.6	0.0	926.6
Addition	3.5	113.8	80.0	–73.5	14,262.8	0.0	14,386.6
Disposal	0.0	–345.5	–42.3	0.0	0.0	–19.9	–407.7
As per 31/12/2016	42.1	654.8	1,535.0	220.5	19,079.1	0.0	21,531.5
Cumulative changes in value							
As per 1/1/2016	0.0	189.2	–297.4	–16.7	1,232.2	0.0	1,107.3
Currency effects	0.0	0.0	0.0	0.0	102.4	0.0	102.4
Fair value changes	0.0	17.8	601.6	0.0	0.0	0.0	619.4
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appreciations	0.0	0.0	0.0	0.0	1,868.8	0.0	1,868.8
Disposal	0.0	–185.1	0.0	0.0	–1,552.2	0.0	–1,737.2
As per 31/12/2016	0.0	21.9	304.2	–16.7	1,651.3	0.0	1,960.7
Book value as per 31/12/2016	**42.1**	**676.7**	**1,839.22**	**203.8**	**20,730.5**	**0.0**	**23,492.2**

Securities are available for sale.

The investments are composed as follows:

	Share	31/12/2017	31/12/2016
TEUR			
oekostrom AG für Energieerzeugung und -handel	5.50 %	622.5	622.5
Windkraft Simonsfeld AG	0.38 %	247.3	845.5
Weinviertler Energie GmbH & Co KG	17.56 %	150.0	150.0
LUMO SAS	4.14 %	25.2	0.0
GESY Green Energy Systems GmbH	1.00 %	8.2	15.2
Società Elettrica Lingure Toscana s.r.l.		0.0	206.0
		1,053.2	**1,839.2**

On the balance sheet date, a reciprocal shareholding situation existed with Windkraft Simonsfeld AG, where we held a share of 0.38 % (previous year: 1.78 %); it held 1,095 shares (0.38 %) of our company (previous year: 1,095 shares, 0.38 %).

In April 2017, we acquired 250 shares of LUMO SAS, France, resulting in a share of 4.14 %. We try to gain better access to crowdfunding in France through this investment, as the company operates an online crowdfunding platform in France.

The shareholdings in Società Elettrica Lingure Toscana s.r.l. were increased to 50.0 % during the year and the investment is recorded under associated companies and joint ventures.

The loans include a loan to Windpark Eschenau GmbH in the amount of 3.5 TEUR (previous year: 2.9 TEUR), a loan to Scotian WindFields Inc., Canada in the amount of 3,225.4 TEUR (previous year: 3,757.4 TEUR), a loan to Scotian Wind Inc., Canada in the amount of 700.6 TEUR (previous year: 3,817.1 TEUR), as well as a loan to Pisgah Holdings LLC, USA in the amount of 6,109.2 TEUR (previous year: 13,153.1 TEUR).

The loans made to Scotian WindFields Inc. and Scotian Wind Inc. were granted to the Canadian partners for financing their equity share in Scotian WEB Limited Partnership and Scotian WEB II Limited Partnership. It is secured by the partners' share as collateral. The loans have an annual interest rate of 14 %. Repayment of the loan is due on April 1, 2018.

The loan made to Pisgah Holdings LLC, Maine, was granted to the partner for financing their equity share in Pisgah Mountain LLC. It is secured by the partners' share as collateral. The loan has an annual interest rate of 14 %. The loan is to be repaid through cash flows from the project, any remaining amount is due at the end of the feed-in tariff.

The position 'Loans & capital reserve accounts' in the amount of 8,200.0 TEUR (previous year: 2,890.1 TEUR) includes funds set aside as cash collateral for debtors. These amounts were recorded under the position 'Cash and cash equivalents' in the prior year.

(14) Inventory

	31/12/2017	31/12/2016
TEUR		
Consumables and replacement parts	3,090.0	3,180.1

(15) Trade Receivables

TEUR	31/12/2017	31/12/2016
Receivables from delivery of electricity	13,403.6	9,813.5
Other receivables	0.0	511.4
	13,403.6	**10,324.9**

(16) Other Receivables and Assets

TEUR	31/12/2017	31/12/2016
Financial assets		
Clearing accounts	1,467.8	619.6
Clearing accounts third parties	99.9	162.0
Others	2,167.1	685.8
	3,734.8	**1,467.4**
Non-financial assets		
Receivables from finance authorities	3,397.6	5,061.1
Pre-paid fees	1,296.1	1,317.2
	4,693.7	**6,378.3**
Total	**8,428.5**	**7,845.7**

The item 'clearing accounts' includes intermediate financing for a project in the amount of 675.0 TEUR.

Analysis of Impaired Financial Assets

TEUR	31/12/2017	31/12/2016
Gross receivables	412.0	412.0
Individual value adjustment	412.0	412.0
Book value	**0.0**	**0.0**

There are no significant receivables that are overdue but have not been adjusted in value.

(17) Cash and Cash Equivalents

TEUR	31/12/2017	31/12/2016
Short-term deposits with financial institutions	32,079.4	22,834.9
Cash	4.0	6.4
	32,083.4	**22,841.3**

2,890.1 TEUR of the short-term deposits with financial institutions were only available for specific purposes in the prior year. The full amount serves as collateral for creditors in Canada. In this fiscal year, the amounts used as collateral for creditors are recorded under 'Long-term financial assets' (8,200.0 TEUR).

(18) Equity

The capital stock of WEB Windenergie AG is EUR 28,845,300.00 (previous year: EUR 28,845,300.00) and is composed of 288,453 shares (previous year: 288,453).

The shares consist of registered shares with restricted transferability. Their transfer is generally subject to the company's approval according to the articles of association. This approval is granted by the Board of Directors in consultation with the Supervisory Board.

The capital reserve results from shareholders' contributions and assets in kind less allocated transaction costs.

The hybrid capital consists of a hybrid bond ('wind power bond') in the amount of 4,438.0 TEUR, issued in 2014, a hybrid bond in the amount of 6,727.0 TEUR, issued in 2015, and a hybrid bond in the amount of 6,349.0 TEUR, issued in 2016, less respective issuance costs. In 2017, partial repayments were made for the hybrid bond from 2014 (443.8 TEUR), 2015 (672.7 TEUR), and 2016 (634.9 TEUR), (previous year: 1,116.5 TEUR in total). The bonds are listed on the third market of the Vienna stock exchange and are registered as a collective certificate with the Austrian Volksbanken-Aktiengesellschaft.

The hybrid bonds have infinite terms. The interest is fixed at 6.5 % p.a. of the nominal value for the hybrid bonds 2014 and 2015, and fixed at 6.25 % p.a. of the nominal value for the hybrid bond 2016. Interest payments may be suspended in years when there is no dividend distributed for the previous fiscal year. Suspended payments are remedied including compounded interest. According to the conditions of the bonds, the pro-rated repayment is one tenth of its nominal value in years when WEB Windenergie AG distributes a dividend for the prior fiscal year.

A partial repayment of the hybrid bond 2014, 2015 and 2016 at one tenth of its nominal value (1,751.4 TEUR) as well as an interest payment of 1,020.0 TEUR were payable in 2017, due to the decision at the shareholders' meeting to distribute a dividend for the fiscal year 2016. There is no repayment or interest payment obligation in effect on the balance sheet date because the earliest date for such obligation to enter into effect is the date on which the decision on dividend distribution for the fiscal year 2017 is made at the shareholders' meeting 2018. A distribution of dividends for the fiscal year 2017 is to be recommended at the shareholder's meeting. Therefore, we expect that there will be interest payments and repayment of the hybrid bond in 2018.

The other reserves contain results that are not included in the profit and loss statement. It results from the changes in foreign currencies of subsidiaries in other currency zones (currency translation), the change in fair value of financial assets classified as 'available for sale' (bonds and investments) and from changes in value of interest rate swaps, held for interest rate hedging purposes (hedging). We include these items in the profit and loss statement when they are realized.

TEUR	31/12/2017 Amount before taxes	Income taxes	Amount after taxes	31/12/2016 Amount before taxes	Income taxes	Amount after taxes
Currency translation	–4,427.4	0.0	–4,427.4	2,832.1	0.0	2,832.1
Bonds and investments	–733.7	182.7	–551.0	433.0	–106.4	326.6
Hedging	409.4	–93.6	315.8	–653.4	184.2	–469.2
	–4,751.8	**89.1**	**–4,662.6**	**2,611.7**	**77.8**	**2,689.5**

The retained earnings encompass the profits earned in the Group less profit distributions. The amount that we are allowed to distribute to the shareholders from these results is the item 'Balance sheet profit' in the individual financial statements of WEB Windenergie AG.

(19) Non-controlling Interests

The following companies in which we have a controlling interest, also have other shareholders. The values are based on financial statements, in accordance with local laws.

2017	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership	Pisgah Mountain USA LLC	WEB Photovoltaik AG & Co KG	WEB Traisenwind GmbH
TEUR					
Headquarters	**New Brunswick, Canada**	**New Brunswick, Canada**	**Maine, USA**	**Pfaffenschlag, Austria**	**Pfaffenschlag, Austria**
Share of minority shareholders	67.00 %	67.00 %	51.00 %	30.00 %	49.00 %
Voting rights/Attribution to minority shareholders	45.00 %	45.00 %	33.33 % / 51.00 %	30.00 %	49.00 %
Share of equity	5,066.7	1,978.8	4,689.7	71.6	11.7
Allocated profit or loss	1,186.5	–410.5	195.6	51.3	–5.9

2016	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership	Pisgah Mountain USA LLC	WEB Photovoltaik AG & Co KG
TEUR				
Headquarters	**New Brunswick, Canada**	**New Brunswick, Canada**	**Maine, USA**	**Pfaffenschlag, Austria**
Share of minority shareholders	67.00 %	67.00 %	51.00 %	30.00 %
Voting rights/Attribution to minority shareholders	45.00 %	45.00 %	33.33 % / 51.00 %	30.00 %
Share of equity	5,953.2	2,513.2	12,363.3	21
Allocated profit or loss	913.2	–16.2	–32.8	0

Key financial figures for these companies are:

2017	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership	Pisgah Mountain USA LLC	WEB Photovoltaik AG & Co KG	WEB Traisenwind GmbH
TEUR					
Revenues	9,205.1	3,467.8	3,038.5	56.3	0.0
Earnings after income taxes	2,675.4	–912.1	383.6	168.8	–12.1
Long-term assets	46,683.4	25,244.8	22,154.9	902.4	113.8
Short-term assets	2,529.9	1,254.4	1,631.9	117.0	5.5
Short-term liabilities	2,342.3	2,290.3	1,157.8	4.4	95.4
Long-term liabilities	35,611.8	19,811.6	13,235.8	776.2	0.0
Equity	11,259.2	4,397.3	9,195.6	238.8	23.9
Operating cash flow	7,478.5	2,717.2	1,853.8	218.7	–0.7
Cash flow from investing activities	–2,757.3	439.9	–2,102.1	–571.7	–32.7
Cash flow from financing activities	–8,478.4	–2,288.0	940.4	422.9	36.0
Distribution to minority shareholders	2,067.1	0.0	7,665.3	0.0	0.0

2016	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership	Pisgah Mountain USA LLC	WEB Photovoltaik AG & Co KG
TEUR				
Revenues	8,853.0	90.8	153.9	31.2
Earnings after income taxes	2,029.3	–36.1	–64.3	0.1
Long-term assets	48,871.7	26,511.7	25,858.5	337.3
Short-term assets	6,074.2	831.3	331.1	45.9
Short-term liabilities	2,309.0	21,699.0	1,548.2	4.9
Long-term liabilities	39,407.6	59.1	399.7	308.2
Equity	13,229.4	5,585.0	24,241.7	70.0
Operating cash flow	7,246.0	–0.2	–180.7	25.8
Cash flow from investing activities	–5,943.2	–24,216.9	–22,899.2	–351.8
Cash flow from financing activities	–156.4	24,216.7	23,157.0	370.6
Distribution to minority shareholders	864.6	0.0	0.0	0.0

WEB Traisenwind GmbH (Austria) was founded on January 23, 2017 and consolidated into the corporate Group. We hold a stake of 51 % in WEB Traisenwind GmbH (Austria). It is fully consolidated as we own the majority of voting rights and we appoint the management team.

(20) Financial Obligations

	31/12/2017			31/12/2016		
	Short-term	Long-term	Total	Short-term	Long-term	Total
TEUR						
Bank financing	27,655.7	248,414.6	276,070.3	39,652.2	226,678.3	266,330.6
Capital leasing	2,836.3	11,365.8	14,202.1	3,361.4	14,202.1	17,563.5
Total	**30,492.0**	**259,780.4**	**290,272.4**	**43,013.6**	**240,880.5**	**283,894.1**

The due dates of obligations from capital lease contracts can be found under note (11).

Liabilities to Banks

			Book value 31/12/2017	Book value 31/12/2016
Term	Interest	Currency	TEUR	TEUR
2017	from EURIBOR +1.00 % to EURIBOR +1.50 %	EUR	0.0	13,279.0
2018	from EURIBOR +1.00 % to EURIBOR +1.35 %	EUR	828.3	1,933.3
2018	EURIBOR +2.10 %	EUR	1,667.5	3,359.1
2019	LIBOR +1.0 %	CHF	169.8	256.6
2019	from EURIBOR +0.90 % to EURIBOR +1.00 %	EUR	2,499.2	4,873.4
2020	EURIBOR +1.38 %	EUR	2,273.5	3,289.8
2020	EURIBOR +1.35 %	EUR	136.0	189.6
2020	PRIBOR +1.20 %	CZK	805.7	1,107.5
2021	EURIBOR +0.90 %	EUR	710.0	900.0
2024	EURIBOR +1.30 %	EUR	7,570.9	8,615.7
2025	from EURIBOR +1.625 % to EURIBOR +1.65 %	EUR	11,239.8	12,776.9
2025	EURIBOR +2.125 %	EUR	729.1	820.2
2025	PRIBOR + 1.85 %	CZK	1,400.1	1,490.5
2026	PRIBOR +2.80 %	CZK	1,486.1	1,535.1
2026	from EURIBOR +2.00 % to EURIBOR +2.30 %	EUR	11,932.0	13,222.9
2027	from EURIBOR +2.00 % to EURIBOR +2.20 %	EUR	18,910.8	21,101.6
2029	EURIBOR +1.80 %	EUR	502.1	543.0
2031	EURIBOR +0.90 %	EUR	0.0	1,506.2
2031	EURIBOR +1.75 %	EUR	8,587.4	7,063.7
2033	EURIBOR +1.35 %	EUR	10,652.1	0.0
2034	LIBOR +2.25 %	USD	13,921.0	0.0
2035	EURIBOR +1.85 %	EUR	2,218.8	2,343.8
Total variable interest			**98,240.3**	**100,207.9**

Term	Interest	Currency	Book value 31/12/2017 TEUR	Book value 31/12/2016 TEUR
2017	2.35 % fixed	EUR	0.0	175.0
2017	2.60 % fixed	EUR	0.0	470.7
2018	2.40 % fixed	EUR	127.1	381.2
2021	4.05 % fixed	EUR	1,900.8	2,446.4
2022	5.99 % fixed	CZK	1,950.1	2,017.2
2026	3.55 % fixed	EUR	0.0	10,739.6
2027	1.90 % fixed	EUR	10,278.4	0.0
2027	3.09 % fixed	USD	2,772.5	0.0
2028	1.95 % fixed	EUR	16,297.0	17,745.7
2028	2.00 % fixed	EUR	20,025.0	21,786.1
2029	2.00 % fixed	EUR	285.7	310.6
2030	2.00 % fixed	EUR	462.4	0.0
2030	2.89 % fixed	EUR	7,184.7	7,734.1
2031	1.85 % fixed	EUR	43,364.6	44,034.1
2033	6.22 % fixed	CAD	36,410.2	40,182.1
2034	1.35 % fixed	EUR	17,301.5	18,100.0
2035	5.35 % fixed	CAD	19,470.2	0.0
Total fixed interest			**177,830.0**	**166,122.6**
			276,070.3	**266,330.5**

The obligations are repaid on a continuous basis (not as bullet payments).

Obligations from Capital Leases

Term	Interest	Currency	Book value 31/12/2017 TEUR	Book value 31/12/2016 TEUR
2017	from EURIBOR +1.81 % to EURIBOR +1.91 %	EUR	0.0	640.6
2028	EURIBOR +2.40 %	EUR	4,108.6	4,991.1
Total variable interest			**4,108.6**	**5,631.7**
2019	3.35 % fixed	EUR	2,823.7	4,110.6
2018	5.92 % fixed	EUR	7,269.8	7,821.3
Total fixed interest			**10,093.5**	**11,931.9**
			14,202.1	**17,563.5**

In the reporting year, the average effective interest rate for all financial obligations amounted to 3.04 % (previous year: 2.87 %).

The following collateral is in place for the financial obligations:

- Chattel mortgages of the power plants
- Rights to enter into electrical supply contracts, purchasing agreements, rights of use contracts and leasing contracts
- Assignment of claims from the feed-in contracts with energy utilities
- Assignment of claims from business interruption insurances and machinery breakdown insurances
- Limited personal easements to the operating properties
- Cadastral registration of ownership

(21) Bonds

Bond		Interest	Term	Nominal amount	Effective interest rate	Book value 31/12/2017	Thereof short-term	Book value 31/12/2016	Thereof short-term
				TEUR		TEUR	TEUR	TEUR	TEUR
Wind power bonds									
Bond 2013–2018	AT0000A0Z7A0	4 % fixed	2018	7,954.0	4.00 %	7,949.5	7,949.5	7,931.3	
Bond 2013–2023	AT0000A0Z785	5.5 % fixed	2023	6,391.0	5.51 %	6,352.3	–7.3	6,345.4	
Bond 2013–2023	AT0000A0Z793	5.25 % fixed	2023	10,211.0	5.25 %	6,088.8	1,009.5	7,096.4	1,007.6
Bond 2014–2019	AT0000A191B7	3.5 % fixed	2019	10,566.0	3.50 %	10,485.3	–46.1	10,439.1	
Bond 2015–2020	AT0000A1GTN8	2.75 % fixed	2020	7,054.0	2.75 %	6,994.5	–20.4	6,953.1	
Bond 2015–2025	AT0000A1GTP3	4 % fixed	2025	8,532.0	4.31 %	6,744.0	835.8	7,598.9	833.8
Bond 2016–2021	AT0000A1MC14	2.5 % fixed	2021	6,963.0	2.50 %	6,888.8	–19.8	6,869.1	
Bond 2016–2026	AT0000A1MC22	3.75 % fixed	2026	6,872.0	4.05 %	6,108.1	672.2	6,778.6	670.5
Accrued interest on bonds						**947.8**	**947.8**	**994.5**	**994.5**
						58,559.1	**11,321.2**	**61,006.4**	**3,506.4**

The wind power bonds are listed on the third market of the Vienna stock exchange and are registered as a collective certificate with the Österreichischen Kontrollbank Aktiengesellschaft. The denomination was EUR 1,000.00 each. The issuing price and the redemption price is 100 for all bonds.

(22) Other Long-term Obligations

	Book value 31/12/2017	Book value 31/12/2016
TEUR		
Loans	5.0	10.0
Fair value derivatives	2,230.1	2,639.5
	2,235.1	**2,649.5**

Derivative Financial Instruments

Description	Currency	Volume 31/12/2017	Term	Fair value 31/12/2017	Fair value 31/12/2016
		TEUR		TEUR	TEUR
1) Interest swap EUR/3M EURIBOR >> 1.1225 % fixed (7,500 TEUR)	EUR	1,686.8	01/07/2019	–16.7	–46.1
2) Interest swap EUR/3M EURIBOR >> 1.60 % fixed (13,581 TEUR)	EUR	7,922.3	31/12/2024	–413.0	–603.0
3) Interest swap CZK//1M PRIBOR >> 1.75 % fixed (2,155.8 TEUR)	CZK	1,472.2	31/08/2026	–15.0	–109.4
4) Interest swap EUR/3M EURIBOR >> 1.2775 % fixed (13,644.6 TEUR)	EUR	9,824.1	31/12/2026	–428.8	–633.3
5) Interest swap EUR/3M EURIBOR >> 1.29 % fixed (14,875 TEUR)	EUR	10,500.0	31/12/2026	–465.0	–684.5
6) Interest swap EUR/3M EURIBOR >> 1.24 % fixed (6,727.5 TEUR)	EUR	4,656.1	30/06/2026	–192.6	–286.9
7) Interest swap EUR/3M EURIBOR >> 1.01 % fixed (9,116.9 TEUR)	EUR	7,755.8	30/12/2031	–177.0	–276.3
8) Interest swap USD/1M LIBOR + 2.25 % >> 4.63 % fixed (17,500.0 TUSD)	USD	14,043.8	13/02/2027	–148.6	0.0
9) Interest swap EUR/6M EURIBOR >> 1.092 % fixed (25,360.0 TEUR)	EUR	11,255.2	30/06/2032	–373.4	0.0
				–2,230.1	**–2,639.5**

Our derivative financial instruments are exclusively interest rate swaps. They transform the financial obligations with variable interest into financial obligations with fixed interest and mitigate the risk of higher interest payments when interest rates increase. All interest rate swaps, with the exception of item 1), reduce in volume equivalent to the repayment of the secured liability.

All interest rate swaps meet the requirements to be accounted for as hedging transactions (hedging of future cash flows). Therefore, the change in fair value, after taking tax impacts of 315.8 TEUR (previous year: –469.2 TEUR) into account, was recorded in ‘Other financial results’ and did not affect net income.

(23) Income Taxes

Expenses for Income Taxes

TEUR	2017	2016
Actual expenses for income taxes for current period	3,394.0	1,576.3
Actual expenses for income taxes from previous periods	–208.9	87.2
Deferred income taxes for current period	26.4	1,236.1
Deferred income taxes from previous periods	0.0	0.0
	3,211.5	**2,899.6**

Earnings before taxes in the reporting period were 19,078.0 TEUR (previous year: 9,516.3 TEUR). The application of the Austrian income tax rate of 25 % would result in a tax expense of 4,769.5 TEUR (previous year: 2,379.1 TEUR). The expense for income taxes, shown in the profit and loss statement for 2017, is 3,211.5 TEUR (previous year: 2,899.6 TEUR) and thus is 1,558.0 TEUR lower (previous year: 520.5 TEUR higher). The reasons for the difference are as follows:

TEUR	2017	2016
Earnings before taxes	**19,078.0**	**9,516.3**
Corporate tax rate	25.0 %	25.0 %
Expected tax expenses	**4,769.5**	**2,379.1**
Higher income taxes due to		
Higher foreign tax rates	409.0	463.8
Tax advantages from non-recorded deferred taxes	270.5	0.0
Non-deductible interest	62.7	204.0
Non-deductible fees	5.5	7.4
Impairment	86.3	0.0
Other reasons	85.9	111.9
Lower income taxes due to		
Tax free income from investments	–12.5	–179.0
Interest hybrid capital	–250.6	–198.1
Differences in foreign currencies	–253.6	0.0
Tax credits	–74.1	0.0
Other reasons	–23.3	–32.0
Deferred taxes attributable to minority shareholders	–169.4	–269.8
Income tax expenses from previous periods		
Actual income tax expenses from previous periods	–208.9	87.2
Deferred taxes from previous periods	–506.8	325.1
Adjustment of deferred taxes	0.0	0.0
Changes in tax rates	–978.7	0.0
Actual tax expenses	**3,211.5**	**2,899.6**
Effective tax rate	16.8 %	30.5 %

Deferred tax claims (deferred tax assets) and deferred tax obligations (deferred tax liabilities) resulted from differences between valuations of assets and liabilities in the tax balance sheet and the IFRS balance sheet, as well as from existing loss carry-forwards on the balance sheet date:

TEUR	31/12/2017	31/12/2016
Differences in valuation between tax and IFRS balance sheet items:		
Fixed assets	–21,867.1	–26,058.1
Financial assets	–876.2	–871.2
Other long-term assets	73.6	893.8
Other short-term assets	604.2	650.8
Financial obligations	3,718.0	5,123.9
Bonds	–212.8	–220.1
Long-term provisions	803.6	858.9
Other long-term obligations	211.5	412.9
Other short-term obligations	124.9	–222.7
Loss carry-forwards	**4,454.5**	**6,332.2**
Net amount of deferred taxes	**–12,965.8**	**–13,099.6**
Thereof deferred tax assets	175.9	123.8
Thereof deferred tax liabilities	–13,141.7	–13,223.2

The net position for deferred taxes changed as follows in the reporting period:

TEUR	2017	2016
Opening balance on January 1	**–13,099.4**	**–11,946.6**
Foreign currency changes	78.3	22.9
Deferred taxes on ‘Other financial results’	89.1	77.8
Deferred taxes on issuing costs for hybrid capital	–7.4	–17.4
Deferred taxes recorded in the P&L statement	–26.4	–1,236.2
Closing balance on December 31	**–12,965.8**	**–13,099.4**

Deferred taxes recorded in ‘Other Financial Results’ refer to valuation results from financial instruments available for sale and hedging transactions.

Deferred tax liabilities of 6,316.8 TEUR (previous year: 5,572.8 TEUR), attributable to differences between the tax valuation of investments in subsidiaries and the proportional share in equity in subsidiaries, were not recorded, since we assume that these differences will not reverse in the foreseeable future or because such reversal will not be subject to income tax.

(24) Provisions

TEUR	As per 1/1/2017	Additions	Additions due to adjustment of discoun-ting rate	Interest	Usage	Reversals	Currency-changes	As per 31/12/2017
Demolition costs	11,253.0	443.4	0.0	215.5	0.0	0.0	–212.6	11,699.3
Severances	12.4	10.6				0.0	0.0	23.0
	11,265.4	**454.0**	**0.0**	**215.5**	**0.0**	**0.0**	**–212.6**	**11,722.3**
Thereof long-term	11,265.4							11,722.3

The provision for demolition costs, based on anticipated future costs, was recorded due to the contractual obligations to demolish plants at the end of their useful life. It was discounted at 2.0 % (previous year: 2.0 %).

(25) Payables and Other Payables

TEUR	31/12/2017	31/12/2016
Payables		
Trade payables	3,577.1	10,121.4
Outstanding invoices	2,021.7	4,668.2
Claims of employees and members of the Board of Directors	1,910.6	1,349.0
Others	374.4	363.5
	7,883.8	**16,502.1**
Non-financial payables		
Payables to tax authority	451.2	57.9
	8,335.0	**16,560.0**

Claims of employees and members of the Board of Directors basically contain a payable for unused vacation in the amount of 580.3 TEUR (previous year: 409.6 TEUR), a payable for time credit in the amount of 142.0 TEUR (previous year: 88.8 TEUR) and a payable for bonuses of 779.1 TEUR (previous year: 489.0 TEUR).

'Outstanding invoices' contains mainly outstanding invoices for construction services and consulting services.

5. Other Liabilities

5.1 Financial Obligations from Lease Agreements

The majority of power plants are located on leased land. The term of the respective lease agreement usually matches the expected useful life of each plant. Based on the agreements, we are obligated to the following lease payments:

	31/12/2017	31/12/2016
TEUR		
For the following year	1,804.5	1,357.1
For the next 2 to 5 years	7,265.7	5,465.8
Greater than 5 years	27,690.0	20,545.5
Total	**36,760.1**	**27,368.3**

The amounts provided are partially estimates, since the total amount of the lease payments is dependent on uncertain factors, such as price index increases or adjustments linked to the revenues of wind power plants. Generally, the agreements obligate us to carry out demolition and to the re-cultivation of the production locations at the end of the term of the contract – see more under note (6) and chapter 6.

There are contractual obligations of 46,145.7 TEUR outstanding for assets on order at the balance sheet date (previous year: 0 TEUR).

5.2 Unresolved Legal Disputes

Our subsidiary WEB Windenergie Betriebsgesellschaft Deutschland GmbH is a defendant in an administrative dispute with a neighboring wind turbine operator because of the construction of a wind farm in 2006. Since the wind farm was constructed according to plan, the likelihood that the counterparty's complaints in this action will succeed is very low. The lawsuit has yet to be concluded.

6. Discretionary Decisions and Uncertainty with Estimates

Preparation of our Consolidated Financial Statements require the following noteworthy discretionary decisions and estimates:

- A significant discretionary decision is the determination whether we have controlling interest in an affiliated company. This is particularly relevant in cases where we do not own the majority shares.
- Further discretionary decisions apply to project development costs that are capitalized upon adequate concretization. This is documented by a formalized project management assignment from the Board of Directors.

Inherent to the following estimates, there is a considerable risk that they could lead to a significant reassessment and, thus, to an adjustment of assets and liabilities in the coming fiscal years:

- The assessment of the intrinsic value of investments in wind farms, amounting to approximately 6,591.8 TEUR (previous year: 7,037.3 TEUR), that are not finally approved for realization, is performed on the basis of the likelihood of realization of the respective wind farm. A lack of acceptance by the general public or approvals that cannot be achieved may rapidly change such likelihood of realization. We derecognized project costs of 787.4 TEUR (previous year: 95.3 TEUR) as expenses in the reporting period due to unlikely project realization.
- When indicators suggest a potential impairment, we conduct an impairment test for our plants and machines. Indicators identified by W.E.B are, for example, a shorter remaining term for a tariff or unexpected construction costs during assembly.
- In order to substantiate the intrinsic value of our other plants, we calculate the recoverable amount of these plants which matches the value of future cash flows. The result of such calculations is based on several assumptions. The most significant assumptions are the future revenues from generated electricity (primarily for projects without subsidized tariffs or after expiry of the subsidized period) and the interest rate used to discount future cash flows. Tariff assumptions are based on electricity trading prices and a price increase of 3 % p.a. in the medium to long-term (previous year: 4 %), compared to the prior year. The applied capitalization rate is an interest rate after taxes, representing current market expectations, the fair value of money as well as the specific risks of the asset. The interest rate after taxes was determined specifically for each assessed plant based on the remaining term and is in the range between 3.69 % and 5.44 % (previous year: 2.86 % and 3.38 %). The interest rate before taxes was calculated iteratively and is in the range between 5.66 % and 13.33 % (previous year: 4.55 % and 11.88 %).

  As a result of impairment tests, we recorded an impairment loss for wind farms in Austria in the amount of 621.8 TEUR (previous year: 582.7 TEUR) for the fiscal year.

A change in tariffs and/or interest rate would have the following additional impacts on the results for the fiscal year 2017:

Electricity Price

	–20 %	–10 %	Base case
	TEUR	TEUR	TEUR
WACC +0.5 %	–1,666.0	–754.9	–501.2
Base Case	–2,089.1	–1,211.4	0.0

- For the site in Wörbzig an impairment test was conducted due to the repowering plans of the existing wind farm, which will result in a shorter useful life of the wind farm. The result of the impairment test was recorded in the current year as impairment expense of 1,594.9 TEUR (previous year: 0.0 TEUR).
- The valuation of provisions for demolition costs with a book value of 11,699.3 TEUR as of 31 December 2017 (previous year: 11,253.0 TEUR) is based on expert assessments and experiences concerning costs for demolition of comparable plants as well as based on the assumption that a part of the material to be disposed of can be reused. As provisions were created as part of the plants' acquisition costs, any increase or decrease of provisions has no immediate effect but has an effect over the plants' useful life.
- A tax audit was concluded during the prior fiscal year. The results of the tax audit were recorded in full. Since the circumstances of the case involve a cross-border situation, we assume that the potential additional tax claim of one tax administration is offset by a claim for restitution against the tax authority of the other state. These circumstances were included in the Consolidated Financial Statements by recording the claim for restitution against the tax authority of the other state (949.1 TEUR).
- The hybrid bonds issued are recorded under equity due to the conditions of the bonds. These stipulate a contractual obligation to make interest and principal payments, if the decision was made to pay a dividend, distribute any funds or make any other form of payment for the prior year. In addition, the hybrid bonds are ranked behind all other liabilities.

7. Additional Disclosures on Financial Instruments

7.1 The Nature of Financial Instruments

The following table shows the carrying amounts and fair values of financial instruments (financial assets and financial liabilities) on the respective balance sheet date as well as the valuation levels determining the fair value. Further information about the valuation methods and valuation levels are available in chapter 9.3.

	Book value 31/12/2017	Book value 31/12/2016	Fair value 31/12/2017	Fair value 31/12/2016	Valuation levels
TEUR					
Financial assets valued at fair value					
Hedging transactions					
Interest rate swaps with positive book values	0.0	0.0	0.0	0.0	Level 2
Financial assets 'available for sale'					
Securities	420.1	676.6	420.1	676.6	Level 1
Shares in other companies	1,100.3	1,881.3	1,100.3	1,881.3	Level 2
Financial assets not valued at fair value					
Loans and receivables					
Trade receivables	13,403.6	10,324.9	13,403.6	10,324.9	
Loans and other receivables	13,773.4	28,880.0	13,773.4	28,880.0	
Long-term credit	142.7	203.8	142.7	203.8	
Loans & capital reserve accounts	8,200.0		8,200.0		
Cash					
Cash and cash equivalents	32,083.4	22,841.4	32,083.4	22,841.4	
Total financial assets	**69,123.5**	**64,808.0**			
Financial liabilities valued at fair value					
Hedging transactions					
Interest rate swaps with negative book values	2,230.1	2,639.5	2,230.1	2,639.5	Level 2
Financial liabilities not valued at fair value					
Financial liabilities valued at amortized costs					
Financial obligations (incl. leasing)	290,272.4	283,894.1	282,806.6	282,287.4	
Financial obligations from bonds	58,559.1	61,006.3	61,572.3	66,247.4	
Trade payables and other financial obligations	7,446.5	18,467.3	7,446.5	18,467.3	
Total financial liabilities	**358,508.1**	**366,007.2**			

For trade receivables, loans, other receivables as well as trade payables and other financial obligations, the book values were approximately equal to their fair values as maturities are mainly short-term. No transfers between valuation categories occurred for the reporting year and the prior year.

The carrying amounts of financial assets pledged as collateral as of 31 December 2017, amounted to 9,659.0 TEUR (previous year: 4,350.1 TEUR). A portion of this amount served as security for our contractual obligations to land owners for the dismantling of wind turbines at the end of their useful lives. The other portion served as security for the obligations to credit institutions.

The financial instruments resulted in the following income and expenses:

	From subsequent valuation		From interest
2017	**At fair value P/L neutral**	**Currency conversion**	
TEUR			
Cash	0.0	0.0	84.7
Loans and receivables	0.0	0.0	1,755.6
Financial assets ‘available for sale’	551.0	0.0	0.0
Financial liabilities at amortized costs	0.0	3,873.2	–10,485.8
Hedging transactions	–315.8	0.0	–940.3
Total	**235.2**	**3,873.2**	**–9,585.8**

	From subsequent valuation		From interest
2016	**At fair value P/L neutral**	**Currency conversion**	
TEUR			
Cash	0.0	0.0	49.8
Loans and receivables	0.0	0.0	1,896.7
Financial assets ‘available for sale’	–326.6	0.0	0.0
Financial liabilities at amortized costs	0.0	–2,566.5	–9,283.3
Hedging transactions	469.4	0.0	–719.9
Total	**142.8**	**–2,566.5**	**–8,056.7**

7.2 Risk Arising from Financial Instruments

7.2.1 Liquidity Risk

Liquidity risk describes the risk that we potentially may not be able to meet our contractual financial obligations. Our liquidity management has the objective to have sufficient liquid assets at all times in order to meet our payment obligations at maturity under normal, as well as unfavorable circumstances (e.g. fluctuations in revenues due to changing wind situations).

The following contractual financial obligations exist at the balance sheet date (sorted by maturity, including interest payments, not discounted):

	Maturity		
31/12/2017	**Up to 1 year**	**More than 1 year and up to 5 years**	**More than 5 years**
TEUR			
Bonds	12,749.6	39,686.4	13,485.0
Obligations towards financial institutions	39,861.7	122,240.7	200,737.1
Lease obligations	3,379.0	7,848.7	4,636.6
Other obligations	8,335.0	0.0	0.0
Commitment for tangible assets	46,145.7	0.0	0.0
Total	**110,471.1**	**169,775.8**	**218,858.7**

	Maturity		
31/12/2016	**Up to 1 year**	**More than 1 year and up to 5 years**	**More than 5 years**
TEUR			
Bonds	4,909.1	49,150.4	16,770.6
Obligations towards financial institutions	35,544.3	106,142.9	163,864.9
Lease obligations	4,022.2	10,394.3	5,470.0
Other obligations	16,555.0	5.0	0.0
Total	**61,030.7**	**165,692.6**	**186,105.5**

To secure existing financing arrangements, comprehensive pledges of assets and assignments of receivables are in place with the financial institutions. Furthermore, we committed to meet certain financial key figures. Failure to meet these key figures could entitle the financial institutions to demand immediate repayment in full of the financing. We met all key financial figures during the reporting period.

When making investment decisions, we always consider the current liquidity situation as well as the future liquidity outlook. There are no notable contractual obligations outstanding for assets on order at the balance sheet date.

7.2.2 Market Risks

We are subject to interest rate risk and exchange rate risk with respect to our financial assets and financial liabilities. The objective of our financial risk management is to limit these market risks through ongoing operational and finance-oriented activities. For this purpose, we use selected derivative and non-derivative financial instruments depending on the assessment of risk. We use derivative financial instruments exclusively as instruments of securitization and not for trading or other speculative purposes.

A list of the derivative financial instruments is found under note (22).

Interest Rate Risk

Fluctuations in the interest rate represent a significant market risk for us. An increase in interest rates results in higher interest expenses and cash outflows for financial obligations with variable rates. For financial obligations with fixed rates, the fair value of the liability increases with decreasing interest rates.

As of 31 December 2017, the share of financial obligations subject to variable interest rates (taking into consideration concluded interest rate swaps) was 11.6 % (previous year: 15.8 %). An increase of one percentage point in interest would have reduced the annual result (before income taxes) by 340.5 TEUR p.a. (previous year: 435.6 TEUR p.a.), based on the credit portfolio as of the balance sheet date and otherwise unchanged factors.

As of 31 December 2017, we were a contractual party of interest rate swaps at a nominal amount of 69,116.3 TEUR (previous year: 50,384.9 TEUR). These interest rate swaps serve the exclusive purpose of substituting variable interest with fixed interest. They are designated as hedging transactions (hedging of future cash flows) pursuant to IAS 39. A detailed presentation of the derivative financial obligations, including fair values, can be found in the table under note (22). The average residual term of the derivatives is 9.0 years (previous year: 9.2 years). Interest rate changes affect the valuation of interest rate swaps and, by recognizing the valuation results in 'Other financial results', also the equity capital.

Currency Risk

Our currency risks result from investments and operative activities in non-euro countries. Currently, this concerns activities in the Czech Republic, Canada and the USA. These investments were partially financed through equity but primarily through financing loans in the respective national currency.

There is no collateral for the equity financing. The equity risk related to Canada amounts to 15,989.3 TEUR (previous year: 15,989.3 TEUR), the Czech Republic 935.1 TEUR (previous year: 884.5 TEUR) and to the USA 10,753.6 TEUR (previous year: 10,753.6TEUR). We record the resulting conversion differences in 'Other financial results'. In the fiscal year 2017, it amounted to 53.6 TEUR (previous year: –114.4 TEUR) for subsidiaries in the Czech Republic, –1,946.0 TEUR (previous year: –58.0 TEUR) for Canada, and –816.9 TEUR (previous year: 696.2 TEUR) for the USA.

Foreign currency financial obligations are composed as follows as on the balance sheet date:

Financial Obligations

TEUR	31/12/2017	31/12/2016
Bank loan CHF	169.8	256.6
Bank loan CAD	55,891.7	40,199.2
Loan WEB AG – WEB NA CAD (company internal)	3,925.9	18,189.4
Loan WEB AG – USA USD (company internal)	6,109.2	12,785.5
Bank loan CZK	5,642.0	6,150.2
Bank loan USD	16,693.4	0.0

We took out a loan in Canadian Dollars in 2014 and 2017 to finance activities in Canada. We also took out a loan in US dollars in 2017 to finance activities in the US. As such, financing occurs in the same currency as the return cash flows from the investment. As the expected return cash flows cover these financing arrangements in any case, no significant currency risk arises from these financial results.

In addition, there is a euro loan in the amount of 1,868.7 TEUR (previous year: 18,189.4 TEUR) granted by the parent company WEB Windenergie AG. This resulted in a currency risk for the fiscal year of 970.4 TEUR (previous year: profit of 44.1 TEUR) which was recognized as loss in 'Other financial results'.

In addition, the parent company WEB Windenergie AG granted a euro loan to the subsidiary WEB USA Inc. as short-term financing for construction activities in the US. This loan was fully repaid during the fiscal year (as of December 31, 2016, 12,785.5 TEUR was outstanding). The resulting amount from the currency translation was recognized as a loss of 180.7 TEUR (previous year: 707.7 TEUR profit).

During the fiscal year, the subsidiary WEB USA Inc. took out a loan in US dollar for short-term financing of the parent company WEB Windenergie AG in the amount of 766.1 TEUR. This resulted in a currency risk for the fiscal year of 119.5 TEUR which was recognized as profit.

During the fiscal year, the parent company WEB Windenergie AG took out a loan in US dollar which had a balance of 2,772.5 TEUR as of 31 December 2017. This resulted in a currency risk of 264.0 TEUR which was recognized as profit for the fiscal year.

In the context of operative activities, the billing was performed in the functional currency of the respective group company. Receivables and payables from goods and services exist mainly in the functional currency of the respective group company.

An increase or decrease of the euro by 10 % compared to the following major currencies for financial liabilities would have affected earnings before tax and equity as follows:

2017	10 % increase	10 % decrease
TEUR	result	result
CHF	15.4	–18.9
USD	336.6	–411.5
Total	**352.0**	**–430.4**

An increase or decrease of the euro by 10 % compared to the following major currencies for financial liabilities would have affected earnings before tax and equity as follows:

2017	10 % increase	10 % decrease
TEUR	result	result
CAD	–1,562.1	1,888.4
CZK	–161.3	197.1
USD	–977.2	1,194.4
Total	**–2,700.6**	**3,279.9**

Credit Risk

We are exposed to default risk both in our operative business and in certain investment and financing activities. In the investment and financing area, transactions are, to the extent possible, concluded with counterparties of impeccable credit rating.

The maximum risk of loss corresponds to the book value of the financial asset as well as the liabilities mentioned in chapter 6. Agreements to offset our receivables with existing payables do not exist.

The risk of loss of receivables is limited by the fact that a large portion of revenue is generated with state or state-affiliated organizations. We estimate that the credit risk from operational receivables is generally low. As of 31 December 2017, the maximum default risk related to receivables from goods and services was 13,403.6 TEUR (previous year: 10,324.9 TEUR) and for all receivables, loans, etc. 26,667.0 TEUR (previous year: 28,576.2 TEUR).

8. Other Disclosures

8.1 Geographic Information

The following tables illustrate selected financial information based on geographic regions. Revenues and long-term assets are allocated based on company locations.

Revenues

TEUR	2017	2016	Change
Austria	39,096.6	35,203.4	11 %
Germany	16,646.9	12,417.2	34 %
Italy	3,334.7	3,057.1	9 %
Czech Republic	2,477.2	2,068.9	20 %
France	11,125.0	4,482.1	148 %
Canada	12,672.9	8,951.3	42 %
USA	3,038.5	162.7	1,767 %
Total	**88,391.7**	**66,342.9**	**33 %**

Long-term Assets (Intangible Assets and Fixed Assets)

TEUR	2017	2016	Change
Austria	171,296.7	179,947.1	–5 %
Germany	58,284.4	63,032.3	–8 %
Italy	16,162.7	17,499.0	–8 %
Czech Republic	9,779.3	10,059.7	–3 %
France	85,891.7	80,163.1	7 %
Canada	63,661.1	71,421.7	–11 %
USA	21,887.9	25,874.7	–15 %
Total	**426,963.8**	**447,997.6**	**–5 %**

8.2 Notes on Cash Flow Statement

The composition of cash and cash equivalents can be found under note (17).

We classify interest inflows as part of investment activities and interest outflows are classified as financing activities.

Cash outflows to shareholders with non-controlling interest were EUR 9,732.3 (previous year: 864.6 TEUR) and related to repayment of equity capital. The majority of funds were used to repay loans which were issued to shareholders with non-controlling interest.

Dividends in the amount of 4,326.8 TEUR (previous year: 5,769.1 TEUR) as well as interest to hybrid bond owners in the amount of 1,020.2 TEUR (previous year: 695.6 TEUR) were paid during the year.

The cash outflow for additions of financial assets and other long-term assets in the amount of 10,508.4 TEUR (previous year: 14,417.6 TEUR) relate to the investment in shareholdings as well as payments for loans & capital reserve accounts which serve as cash collateral of loans.

The financial liabilities and bonds have changed as follows:

		Cash			Non-cash			
	1/1/2017	Repayments	Additions	Loan fees	Interest	Forein currency differences	Loan fees	31/12/2017
TEUR								
Financial liabilities	283,894.1	–60,229.4	71,827.8	–1,903.7	226.4	–3,873.2	330.5	290,272.4
Bonds	61,006.3	–2,561.5	0.0	0.0	–46.6	0.0	160.9	58,559.1
	344,900.4	**–62,790.9**	**71,827.8**	**–1,903.7**	**179.8**	**–3,873.2**	**491.4**	**348,831.5**

Payments for income taxes amounted to 3,596.1 TEUR (previous year: 2,225.5 TEUR) and mainly affect the cash flow for operating activities.

8.3 Objectives of Capital Management

The objectives of capital management are, on the one hand, securing the company's continuation and the continued expansion of renewable energy generation in Europe, Canada and the US, and, on the other hand, an adequate return on equity. Our goal is to achieve a long-term return on equity between 7 % and 10 %. To hedge against business risks while simultaneously ensuring an optimal use of the available equity capital, we aim for an equity ratio of 20 % to 30 % as a long-term goal. As of 31 December 2017, the equity ratio was 24.35 % (previous year: 24.95 %) and the return on equity 12.51 % (previous year: 5.59 %).

In the reporting period, a dividend payout of 4,326.8 TEUR (previous year: 5,769.1 TEUR) was approved at the shareholders' meeting. This corresponds to a dividend of EUR 15.00 (previous year: EUR 20.00) per share. In the long run, significant portions of the consolidated net income are to be distributed as dividends.

In 2018, the distribution of a dividend for 2017 in the amount of EUR 24.00 per share is planned.

8.4 Business Relations to Related Companies and Individuals

Included in 'related companies and persons' in our Group of companies are all non-consolidated affiliated companies, all associated companies and all joint ventures, as well as the Board of Directors and members of the Supervisory Board and their close family members and companies under their control.
A list of companies in the Group is included in Appendix 1.

In the reporting year and the previous year, there were no significant business transactions with non-consolidated subsidiaries.

There are business management and maintenance contracts with Sternwind Errichtungs- und Betriebs GmbH and Sternwind Errichtungs- und Betriebs GmbH & Co KG which were concluded at usual market terms and conditions. Both investments in these companies are reported on the balance sheet according to the equity method. As of 31 December 2017, there were outstanding receivables of 15.8 TEUR (previous year: 358.4 TEUR).

A loan issued to ELLA AG, which was concluded at usual market terms and conditions, was written-off in full (266.5 TEUR) during the year. The investment in this company is recognized according to the equity method. In addition, the charging stations receive 'Grünstrom' from WEB AG. As of 31 December 2017, there were receivables of 55.1 TEUR (289.0 TEUR as of 31 December 2016) outstanding.

A loan in the amount of 775.0 TEUR and charges for project development services were issued to Societã Elletrica Ligure Toscana s.r.l., Italy. The investment in this company is also recognized according to the equity method. As of 31 December 2017, there were receivables of 1,025.0 TEUR outstanding.

The investments of shareholders with non-controlling interest in Scotian WEB Inc. and Scotian WEB II Inc., Canada, were financed via loans granted by WEB AG. As of 31 December 2017, receivables from Scotian Wind Inc., Canada, in the amount of 700.5 TEUR (3,817.2 TEUR as of 31 December 2016) and receivables from Scotian Windfields Inc., Canada, in the amount of 3,225.4 TEUR (3,757.4 TEUR as of 31 December 2016) were outstanding.

The investment of shareholders with non-controlling interest in Pisgah Mountain USA LLC were also financed via loans granted by WEB AG. As of 31 December 2017, receivables from Pisgah Holdings USA LLC in the amount of 6,109.2 TEUR (13,153.0 TEUR as of 31 December 2016) were outstanding.

There is a consulting arrangement with the law office Sattler und Schanda, in which a member of the Supervisory Board, Reinhard Schanda, is a partner. Angela Heffermann, an attorney employed with the firm, is responsible for handling the legal consulting. In its meeting held on June 26, 2009, the Supervisory Board approved the continuation of the consulting arrangement. In the reporting year, expenses in the amount of 9.7 TEUR (previous year: 9.0 TEUR) were recorded. As in the previous year, there were no outstanding claims from the law office Sattler und Schanda as of 31 December 2017.

In the reporting period, expenses amounting to 17.6 TEUR (previous year: 11.5 TEUR) from a company whose co-owner is a member of the Board of Directors were recorded for renting electric vehicles as well as other services. As of December 31, 2017, payables of 0.2 TEUR (previous year: 0.0 TEUR) were outstanding.

Loans granted to project partners are referred to in note (13).

A contract exists with the Supervisory Board member Martin Zimmermann for the creation and maintenance of fallow land related to wind power plants in Austria. In the reporting period, we recognized expenses of 7.5 TEUR (previous year: 7.4 TEUR). As of 31 December 2017, there were no payables outstanding (previous year: 0.1 TEUR).

8.4.1 Executive Body

a) Board of Directors

In the fiscal year 2017, the Board of Directors consisted of the following members:

Frank Dumeier, born March, 19 1962, Chair of the Board of Directors since April 30, 2016, collective representation

Michael Trcka, born November 10, 1970, CFO since May 1, 2009, collective representation

b) Supervisory Board

In the fiscal year 2017, the Supervisory Board consisted of the following members:

Josef Schweighofer, born August, 26 1964, member of the Supervisory Board since July 5, 2002, Chair of the Supervisory Board since January 17, 2009, holding that function until the shareholders' meeting in 2021

Reinhard Schanda, born January 16, 1965, member of the Supervisory Board since June 19, 2009, Deputy Chair of the Supervisory Board since June 17, 2011, holding that function until the shareholders' meeting in 2019

Stefan Bauer, born September 20, 1977, member of the Supervisory Board since May 1, 2005, holding that function until the shareholders' meeting in 2021

Martin Zimmermann, born December 23, 1968, member of the Supervisory Board since June 17, 2011, holding that function until the shareholders' meeting in 2021

Andreas Dangl, born November 2, 1962, delegated member since May 24, 2016

c) Authorized Signatory

Claudia Bauer, born February 1, 1983, was appointed as authorized signatory on September 15, 2008, Stefanie Markut, born September 1, 1977, and Roman Prager, born January 29, 1976, were appointed as authorized signatories on August 1, 2016. They represent the company with a member of the Board of Directors.

8.4.2 Officer Remuneration

The members of the Board of Directors received remuneration in the amount of 469.2 TEUR in 2017 (previous year: 626.1 TEUR). Thereof, 159.1 TEUR were variable components relating to the corporate result of 2016 (previous year: 258.3 TEUR relating to the corporate result of 2015). Criteria for the performance-related components (variable remuneration) are based on the number of installed MW of power plant capacity in the respective fiscal year as well as reaching or exceeding a predefined return on equity. Ceilings for variable remuneration are fixed. We did not pay compensation to former members of the Board of Directors in the fiscal year (previous year: 0.0 TEUR).

We did not grant advance payments to legal representatives of the company in 2017 (previous year: 0.0 TEUR).

There are contribution-driven pension commitments to legal representatives. In the fiscal year, we paid contributions of 66.0 TEUR (previous year: 78.0 TEUR) into the pension fund. There are no other benefit plans.

In the reporting period, payments to the Supervisory Board amounted to 107.0 TEUR (previous year: 99.0 TEUR).

EUR	
Josef Schweighofer	25,000.00
Reinhard Schanda	22,000.00
Stefan Bauer	20,000.00
Martin Zimmermann	20,000.00
Andreas Dangl	20,000.00
	107,000.00

We have concluded a directors' and officers' liability insurance policy (D&O insurance) which covers certain personal liability risks of persons acting responsibly on behalf of WEB Windenergie AG and its subsidiaries. The costs (14.2 TEUR) are borne by the company.

9. Accounting and Valuation Methods

9.1 Companies Included in the Consolidated Financial Statements

Our Consolidated Financial Statements include WEB Windenergie AG and its subsidiaries.

Subsidiaries are companies under our control. A controlling influence exists, when we

a) are able to execute decision-making power over the company and, thus, are able to dictate activities of the company, impacting its commercial success,

b) participate in the commercial success of the subsidiary and

c) have the opportunity, by executing our decision-making power, to influence our commercial success from the investments in subsidiaries.

Rebuttable indication for control is a capital ownership percentage of over 50 %. However, control can also exist based on contractual agreements. A list of all our subsidiaries is included in Appendix 1.

We include all subsidiaries in our Consolidated Financial Statements. This means all assets and liabilities and revenue and expenses are included in the consolidated balance sheet and the consolidated income statement. This also applies when we own less than 100 % of the shares in a subsidiary. In that case, the (non-controlling) shares attributable to other shareholders in the subsidiary are disclosed on the balance sheet under the position 'Non-controlling interests'. Intercompany transactions, receivables, payables and significant unrealized profits (interim profits) are eliminated.

In case we lose control over a subsidiary, the assets and liabilities of the subsidiary and any related non-controlling interests are booked out. Any resulting gain or loss is recognized in the profit and loss statement.

Our Consolidated Financial Statements also include associated companies and joint ventures. Associated companies are entities where we have significant influence but do not have control over them. Rebuttable indication for significant influence is a capital ownership percentage of 20 % to 50 %. A joint venture is a company which we have joint control over with one or several partners. Associated companies, as well as joint ventures, are accounted for according to the equity method. This means, when acquired, we account for shares with the acquisition costs on the balance sheet. We adjust the value in subsequent periods based on our proportional share of the profit or loss and other results, as well as on other changes of equity of the associated company (e.g. dividend distribution). We only account for a deficit as long as the remaining value of the shares is positive.

The number of companies included in the Consolidated Financial Statements has changed during the reporting period as follows:

	Subsidiaries	Associated companies and joint ventures
As of 1/1/2016	**29**	**6**
Newly established companies	5	0
Acquired companies	1	0
Dissolution of companies	–7	0
As of 31/12/2016	**28**	**6**
Newly established companies	3	0
Acquired companies	0	2
Dissolution of companies	0	0
As of 31/12/2017	**31**	**8**

In January 2017, further shares of Società Elletrica Ligure Toscana s.r.l., Italy, were acquired, increasing the shareholdings from 5 % to 50 %. The investment in this company is recognized according to the equity method in the Consolidated Financial Statements.

WEB Traisenwind GmbH, Austria, was founded with a project partner, also in January 2017. We own 51 % of the shares in WEB Traisenwind GmbH. The company is being fully consolidated due to the controlling influence.

In July 2017, WEB DHW Wind GmbH, Austria, as well as WEB DHW Wind GmbH & Co KG, Austria, were founded. Both companies are owned 100 % by WEB Windenergie AG. WEB DHW Wind GmbH is not included in the Consolidated Financial Statements due to the lack of significance. WEB DHW Wind GmbH & Co KG is being fully consolidated due to the controlling influence of WEB Windenergie AG.

In Canada, Black Spruce Windenergy GP Inc., Canada, as well as Black Spruce Windenergy LP, Canada, were founded in July 2017, together with a project partner. We own 50 % of the shares in both companies. Thus, these companies are recorded according to the equity method in the Consolidated Financial Statements.

In December 2017, WEB Parc Éolien Tortefontaine SAS, France, was founded as a 100 % subsidiary of WEB Windenergie AG.

9.2 Currency Conversion

Our Consolidated Financial Statements are prepared in euro. The Consolidated Financial Statements include business transactions which were concluded in a different currency. In addition, the Consolidated Financial Statements include subsidiaries whose currency is different from the euro, namely the Czech koruna (CZK), the Swiss franc (CHF), the US dollar (USD) and the Canadian dollar (CAD).

We convert business transactions in foreign currencies with the median currency exchange rate on the date of the specific transaction. On the balance sheet date, we convert existing monetary assets and liabilities that exist in foreign currencies, such as cash, receivables and payables, into euro using the currency exchange rates (bid/offer rates) valid on that day. We record foreign currency profits and losses resulting from this in the profit and loss statement under financial results.

The conversion of assets and liabilities of subsidiaries, which use a foreign currency for accounting purposes, are carried out with the currency exchange rate on the balance sheet date. We convert the positions of the profit and loss statement using the average exchange rate for the fiscal year. We record any resulting foreign currency profits or losses in 'Other financial results'.

We used the following exchange rates for the Consolidated Financial Statements as of 31 December 2017 and 2016:

	Valuation rate 31/12/2017	Average rate 2017	Valuation rate 31/12/2016	Average rate 2016
CZK	25.5350	26.4116	27.0210	27.0271
CHF	1.1702		1.0739	
USD	1.1993	1.1247	1.0541	1.1065
CAD	1.5039	1.4653	1.4188	1.4678

9.3 Other Accounting and Valuation Methods

9.3.1 Intangible Assets

Our intangible assets consist primarily of water rights and IT-software. The acquisition costs are amortized using the straight-line method over the expected useful life. We estimate them as follows:

	Useful life
Rights of use, water rights	16–40 years
Software	2–3 years

The intangible assets consist exclusively of assets acquired from third parties. To date, no intangible assets generated in-house were capitalized because the criteria according to IAS 38 were not met. Expenditures for research activities are recorded in the profit and loss statement as incurred.

9.3.2 Tangible Assets

Our tangible assets are recorded using acquisition or manufacturing costs. This also includes costs of project development for each plant that are capitalized upon adequate progress of a project. The costs of the general project development phase are recognized immediately as expenses in the profit and loss statement when incurred. Likewise, we record costs that arise due to significant deviations from the original project plan in expenses. If the construction phase for fixed assets extends over a longer period of time, we capitalize the accumulating interest on borrowed capital as a component of the manufacturing costs. In case public grants are received for the construction, we deduct them in the respective amount from the acquisition costs of the tangible assets.

The lease and rental agreements with the property owners include contractual obligations to carry out demolition and/or re-cultivation of the production locations. We estimate the expected costs based on total investment and recommendation of the German Federal Association for Wind Energy (Bundesverband WindEnergie e.V.). This results in a provision of 30.0 TEUR per megawatt installed capacity, which is unchanged compared to the previous year, and capitalize them as part of the acquisition costs.

We lease wind and photovoltaic power plants by means of a capital lease. We recognize them as fixed assets on the balance sheet at the lower of either the fair value or the cash value of the minimum leasing rates. The payment obligations resulting from the leasing contracts are classified as liabilities under financial obligations.

Depreciation expenses are recognized using the straight-line method over the expected useful life. We estimate them as follows:

	Useful life
Wind power plants	20 years
Photovoltaic plants	20 years
Hydroelectric power plants	20–30 years
Office buildings	50 years
Hydroelectric power plants (building), operating warehouse	33 years
Property facilities	10–15 years
Other equipment, operating and office equipment	2–20 years

9.3.3 Impairment of Non-Financial Assets

On the balance sheet date, we test our non-financial assets (in particular the intangible assets and tangible assets) for indicators of a potential impairment. In case there are indicators existent, we conduct an impairment test. Indicators could be, for example, short residual terms of the tariffs for the electricity generated by our power plants or unexpected construction costs.

An impairment of an asset, e.g. a power plant, occurs when the book value on our balance sheet exceeds the recoverable amount for the asset. The recoverable amount is the higher of the value in use of the asset and the fair value less disposal costs.

We determine the value in use based on the discounted value of future expected cash flows, which are generated from the continuous and unchanged use of the asset and based on existing forecasts. The starting point for this planning exercise are published forecasts from renowned institutions regarding the development of electricity prices, information from plant manufacturers, as well as expert and industry experience that are supplemented by estimates derived from our experiences. The capitalization rate is the interest rate after taxes that reflects the current market estimates of the fair value and the specific risks of the respective asset. The interest rates that were used are displayed under chapter 6.

The fair value is based on sales prices of comparable non-financial assets, less a percentage for disposal costs.

An impairment loss is recognized in the amount by which the book value of the asset exceeds the recoverable amount. If the reasons for the impairment cease to be in effect in subsequent periods, we will record an appreciation in value in the profit and loss statement up to the amount that results from the forward projection of the historical acquisition costs of the asset.

9.3.4 Financial Instruments

We record our financial instruments on the respective settlement date. This represents the day when the respective financial instrument is transferred from the buyer to us in case of an acquisition and from us to the buyer in case of a sale.

The valuation of our financial instruments depends on the valuation category:

Financial instruments	Valuation category	Valuation
Shares and investments (except in subsidiaries or associated companies)	Financial assets 'available-for sale'	At fair value, valuation changes included in 'Other financial results'
Securities	Financial assets 'available-for sale'	At fair value, valuation changes included in 'Other financial results'
Receivables, long-term credit and loans	Loans and receivables	At amortized cost
Financial liabilities from bonds and loans	Financial liabilities at amortized cost	At amortized cost
Bank liabilities and leasing obligations	Financial liabilities at amortized cost	At amortized cost
Derivative financial instruments	Hedging transactions	At fair value, in 'Other financial results' or profit and loss statement

The fair value is the price, one would receive on the balance sheet date when selling an asset or one would have to pay for settling debt, in the course of a normal transaction between two parties. Depending on the availability of market information (parameters) for the respective asset, we are able to

- obtain a value based on an existing price in an active market for identical assets or liabilities (e.g. publically traded securities; valuation level 1), or
- derive a value based on objective parameters which are either directly or indirectly observable for the asset or the liability (e.g. interest rates to determine the fair value of interest rate swaps; valuation level 2) or, in case such parameters do not exist,
- calculate a value using our best estimates, based on statistical data or on parameters derived from expert assessments (e.g. of the fair value for individual wind power plants in the scope of impairment tests; valuation level 3).

The amortized cost of a financial asset (e.g. long-term credit) or a financial obligation (e.g. our bonds) describes the amount this financial instrument was valued at the initial recognition, plus or minus the accumulated amortization of a possible difference between the original value and the repayable amount using the effective interest rate method and less repayments and impairments. This amount can differ significantly from the fair value.

Changes of the fair value (except for impairments – see below) of financial assets classified as 'available for sale' (shares, investments and securities) are recognized in 'Other financial results'. Profits or losses from financial instruments, valued at amortized costs, are not recognized until the financial liability is booked out (e.g. at disposal), and are also recognized in the income statement in the course of repayments.

Derivative financial instruments include solely interest rate swaps for our company. With interest rate swaps, we ensure that future interest payments do not exceed a certain amount when interest rates increase. We value our interest rate swaps at fair value. As long as there is a positive fair value on the balance sheet date, they are included in the position 'Receivables and other assets'. Negative fair values are included under the position 'Other liabilities'. Changes in value are recognized in 'Other financial results' not affecting net income. At maturity, the interest rate swap is valued at nil.

9.3.5 Impairment of Financial Assets

On each balance sheet date, we test if there is objective evidence for impairment of our financial assets. Examples of objective evidence are the default or delinquency of a debtor or information that a debtor or issuer is unable to service its debt obligations, the disappearing of an active market for securities or signs that indicate a noticeable reduction in expected payments or the fair value.

If such an evidence exists, we recognize an impairment for financial assets that we value at amortized costs. The impairment amount is the difference between the book value of the asset and the present value of expected future cash flows, discounted with the original effective interest rate. For financial assets that are assessed at fair value, the impairment amount is the difference between the book value and the fair value of the financial asset. We recognize impairment amounts in the profit and loss statement.

A significant or prolonged decline in the fair value below its amortized cost is also objective evidence of an impairment for assets that are classified 'available for sale'. We consider a decline of 20 % as significant and a time frame of nine months as prolonged.

9.3.6 Inventory

Inventories are valued at the lower value of the acquisition costs or manufacturing costs and the net sales value on the balance sheet date. Valuation is based on the moving average price.

Acquisition costs include all costs of purchasing, processing as well as other costs that are incurred in order to bring the inventories to their current location and in their current condition.

9.3.7 Provisions

Provisions are liabilities of uncertain timing and amount. We only record a provision on the balance sheet when we have an existing legal or de facto obligation to third parties, the settlement of the obligation will likely lead to a loss of resources (e.g. payments or services) in the future and where the amount can be reliably estimated. The valuation of the provision is based on the amount that represents the best estimate of future expenditures to settle the obligation. If significant, the amount is discounted to its present value on the balance sheet date. The interest rate used was 2.0 % for the fiscal year 2017 (previous years 2.0 %). The subsequent required compounding interests for the provisions are recognized in 'Other financial results'. Provisions listed on the balance sheet are primarily due to obligations to carry out demolition and/ or re-cultivation of the production locations. Further information in regard to the valuation of provisions are outlined under 'Accounting and valuation methods' for tangible assets.

9.3.8 Income Taxes

Income taxes include all taxes resulting from domestic and foreign income. Included in the income taxes are also taxes at source which are owed to us by a subsidiary or an associated company due to dividend distributions.

The expenses or income for income taxes concern both, the actual income taxes paid and owed as well as the deferred income taxes for the respective fiscal year, resulting from temporary differences between the IFRS and tax valuations of assets and debts and do not impact actual income taxes until future periods. Not included in the profit and loss statement (but in the 'Other financial result') are income taxes that are associated with transactions that are recorded under the 'Other financial result' (e.g. due to the valuation of securities 'available for sale').

The current income taxes for the individual companies of our Group are calculated based on the taxable income of the companies and the applicable tax rate for each country.

We perform the calculation of deferred taxes for all temporary differences between the book value of the respective assets and debts in the IFRS Consolidated Financial Statements and tax balance sheet. Differences in amounts resulting from goodwill that is not tax-deductible as well as shares in subsidiaries and associated companies are excluded. The latter ones are only excluded when we do not expect to realize these differences in the foreseeable future and are able to determine the realization on our own. For temporary differences resulting in a future tax obligation, we record deferred tax liabilities. For temporary differences resulting in a future tax relief or credit, we record deferred tax assets. Furthermore, we record deferred tax assets for existing tax losses carried forward. In all cases, we record deferred taxes only up to an amount that can be realized with sufficient probability within the next years.

The valuation of deferred taxes is based on the applicable domestic tax rate. A discount is not intended. The tax rates in each country are as follows:

- Austria: 25 % (previous year: 25 %)
- Germany: 30 % (previous year: 30 %)
- France: 25 to 33,33 % (previous year: 33.33 %)
- Canada: 31 % (previous year: 31 %)
- USA: 28.05 % (previous year: 39.89 %)
- Italy: 26.68 to 27.90 % (previous year: 30.28 %)
- Czech Republic: 19 % (previous year: 19 %)

The applicable domestic tax rates in Fance will be reduced to 25 % in annual steps until 2022. In the previous period a domestic tax rate of 33.33 % was used. These changes result in a reversal of deferred taxes in the reporting period of 978.7 TEUR, as we use the domestic tax rates for the valuation of the deferred taxes.

9.3.9 Revenue Recognition

We recognize revenues from the sale of electricity generated with our own wind farms, photovoltaic facilities and hydroelectric power plants at the time the electricity is delivered to the grid, according to the respective feed-in tariff.

We recognize revenues from operations management and other commercial and technical services at the date of complete fulfillment of the service.

9.3.10 Interest and Income from Investments

The interest expenses encompass the interest on any external financing arrangements and capital lease transactions as well as expenses of an interest-like nature, with the exception of the portion that is capitalized as part of the acquisition cost for the respective asset. We record the interest according to the effective interest method. We distribute discounts, surcharges, transaction fees, cost of procuring money and similar expenses related to the financing transaction over the fixed term of the respective financing.

The recognition of investment income from non-consolidated or associated companies occurs on the date on which the decision on dividend distribution is made.

9.4 New Standards to be Adopted in the Future

The following standards need to be applied in the coming years:

Standard/ interpretation	Titel of standard/ interpretation	Fiscal year of first-time adoption	Type of change
IFRS 15	Revenue from contracts with customers	1/1/2018	Amendment of regulations regarding recognition of revenues
IFRS 9	Financial instruments	1/1/2018	New regulations regarding classification and measurement of financial instruments and hedging transactions
IFRS 16	Leasing	1/1/2019	New regulations for lessee or renter regarding recognition of rights and financial liabilities from leasing, rental or other comparable contracts

As a result of an initial analysis regarding the impacts due to the adoption of the new standards, we expect with the adoption of IFRS 16 Leasing an increase in the balance sheet total of 5 % to 10 % which will subsequently reduce the equity ratio by 5 % to 10 %.

We do not expect any significant changes to the recording of realization of revenue as a result of the changes to IFRS 15 'Revenue from contracts with customers'.

IFRS 9 will regulate the classification and measurement of financial instruments. The new categories are dependent on the type of financial instrument and the business model. Recognition will be at cost or at fair value (either through profit or loss or through other comprehensive income).

A new regulation was also implemented in regard to the recognition of impairment of financial assets. According to IFRS 9, impairments are to be recognized based on an 'expected-credit-loss model'. Compared to the regulation in IAS 39 ('incurred-credit-loss model), provisions are to be recorded earlier. In the area of hedge accounting, many restrictions of IAS 39 were eliminated and the economic aspect of the hedging relationship was emphasized. The new regulations regarding classification and subsequent measurement of financial assets and liabilities will not have any significant impact on our Consolidated Financial Statements, as the accounting principles to be applied are similar to principles and methodologies already used for the initial and subsequent measurement of the majority of our financial instruments. There are differences in regard to financial assets recored as 'available for sale'. These will be measured with the fair value through profit and loss. Recognizing valuations through profit and loss would have had an impact of 104.4 TEUR on the financial results for the reporting period. The recognition based on the 'expected-credit-loss model' would have had no significant impact on the book values of the financial assets as of 31 December 2017. The recognition of existing hedging relationships can be continued based on the regulations in IFRS 9.

10. Events After the Balance Sheet Date

WEB Windenergie AG increased its investment into GESY Green Energy Systems GmbH by 2.9 % on 22 January 2018, and now owns 3.9 % of the shares. The majority owner of GESY Green Energy Systems GmbH, Trianel, exited the company. In spring 2018 there will be a merger between GESY Green Energy Systems GmbH and Arge Netz Energie (ANE). ANE is currently establishing a direct marketing division. We see this development as an opportunity to get better terms and conditions for direct marketing in Germany.

At the end of January 2018, WEB Windenergie AG took over the Italian company Società Elettrica Ligure Toscana (short: SELT), in which it had already held a 50 % share. The company was founded as a joint venture with Fabbrica Energie Rinnovabili Alternative s.r.l. (FERA), an Italian company from Milano that was operating in the area of renewable energy, to develop the wind farm project 'Foce del Cornia'. The proposed location of the project 'Foce del Cornia' is the Tuscan coast. Six wind power plants with a total of 19.8 MW are to generate clean energy on a former industrial site. The project was awarded in a tender process at the end of 2016. There is currently an appeal process ongoing against the entire tender process in Italy. A decision is expected within the next few months and contruction is expected to start in the third quarter of 2018.

At the end of February 2018, WEB Windenergie Betriebsgesellschaft Deutschland GmbH acquired four photovoltaic plants with a total capacity of 187 kWp. The largest plant of the four has a capacity of 73.78 kWp and is located close to the Dutch border in the community of Salzbergen. Another plant was acquired that is also located closely to the Netherlands. It has a capacity of 17.1 kWp. In addition, there are two further plants added as new property of W.E.B: the photovoltaic plant of Wiefelstede located in the northwest of Oldenburg with a capacity of 44.64 kWp and a photovoltaic plant in Erlangen (region of Middle Franconia) with a capacity of 51.47 kWp.

The Italian W.E.B team took over an existing photovoltaic plant in the middle of February. The free-standing plant in Sant' Andrea di Conza (region of Campania) has a capacity of 3.35 MWp and has been in operation since 2011.

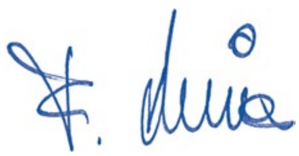
On Friday, 2 March 2018, W.E.B Grünstrom was awarded the Austrian Ecolabel as part of the 'Energiesparmesse' (energy-saving exhibition) in Wels. The seal of quality awarded by the Federal Minister for Sustainability and Tourism, Elisabeth Köstinger, for the highest ecological standards characterizes W.E.B as a provider of sustainable energy that is guaranteed to be free of nuclear and fossil energy sources. The W.E.B Board members Frank Dumeier and Michael Trcka are pleased about the award, which offers the consumer a clear and reliable orientation.

More and more Austrian companies are focusing on the eco-label because of their sustainable corporate strategy. In order to provide these companies with sustainable energy from the W.E.B power plants, W.E.B has launched the tariff 'W.E.B-Grünstrom Umweltzeichen'. This tariff guarantees companies 100 % green electricity according to guideline UZ 46 (green electricity for tariff models or electricity products of green energy traders, which come entirely from renewable energy sources).

The present Consolidated Financial Statements were approved by the Board of Directors on 9 April 2018.

The individual financial statements of the parent company, which after reconciliation with the International Financial Reporting Standards were also included in the Consolidated Financial Statements, were presented to the Supervisory Board for review on 9 April 2018. The Supervisory Board may approve the annual financial statements or delegate their approval to the shareholders' meeting.

Pfaffenschlag, 9 April 2018



Frank Dumeier
CEO

Michael Trcka
CFO

Corporate Group Companies

Information on affiliated companies according to Section 238 (2) UGB (Austrian Commercial Code)

Company	Headquarters	Country	Consolidation type
WEB Windenergie AG	Pfaffenschlag	Austria	FC
WEB Windpark GmbH & Co KG	Pfaffenschlag	Austria	FC
WEB PV GmbH & Co KG	Pfaffenschlag	Austria	FC
WEB PV GmbH	Pfaffenschlag	Austria	NC
WEB DHW Wind GmbH & Co KG	Pfaffenschlag	Austria	FC
WEB DHW Wind GmbH	Pfaffenschlag	Austria	NC
WEB Traisenwind GmbH	Pfaffenschlag	Austria	FC
WEB Windenergie Betriebsgesellschaft Germany GmbH	Hamburg	Germany	FC
WEB Windenergie Loickenzin GmbH	Tützpatz	Germany	FC
WEB Energie du Vent SAS	Paris	France	FC
Parc éolien de Champigneul Pocancy SAS	Paris	France	FC
WEB Větrná Energie s.r.o.	Brno	Czech Republic	FC
Friendly Energy s.r.o.	Brno	Czech Republic	FC
WEB Italia Energie Rinnovabili s.r.l.	Bolzano	Italy	FC
WEB Wind Energy North America Inc.	New Brunswick	Canada	FC
ELLA AG	Pfaffenschlag	Austria	EQ
Les Gourlus Holding SAS	Paris	France	FC
Parc éolien des Portes du Cambresis	Paris	France	FC
CEPE de Bel-Air Nord SAS	Paris	France	FC
W.E.B Parc éolien des Vallees	Paris	France	FC
W.E.B Parc éolien des Vents du Serein	Paris	France	FC
W.E.B Parc éolien du Pays Blancourtien	Paris	France	FC
W.E.B Parc éolien Tortefontaine	Paris	France	FC
Les Gourlus Holding II SARL	Paris	France	NC
Regenerative Energy Bulgaria EOOD	Sofia	Bulgaria	NC
WEB USA Inc.	Delaware	USA	FC
SWEB Development USA LLC	Delaware	USA	FC
Pisgah Mountain USA LLC	Maine	USA	FC
Zweite WP Weener GmbH & Co. KG	Weener	Germany	EQ
Tauernwind Windkraftanlagen GmbH	Pottenbrunn	Austria	EQ
Sternwind Errichtungs- und BetriebsgmbH	Bad Leonfelden	Austria	EQ
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Vorderweißenbach	Austria	EQ
WEB Windenergie Betriebs GmbH	Pfaffenschlag	Austria	NC
Società di gestione impianti fotovoltaici	Bolzano	Italy	FC
WP France 4 SNC	Paris	France	FC
WEB Windenergie Loickenzin Betriebsgesellschaft GmbH & Co KG	Tützpatz	Germany	FC
Scotian Web Inc. (incl. Ltd. Partnership Contract)	Halifax	Canada	FC
Scotian Web II Inc. (incl. Ltd. Partnership Contract)	Halifax	Canada	FC
Scotian Web III Inc. (incl. Ltd. Partnership Contract)	Halifax	Canada	NC
SWEB Development Inc. (incl. Ltd. Partnership Contract)	Halifax	Canada	FC
SWEB Ownership Ontario Inc. (incl. Ltd. Partnership Contract)	Toronto	Canada	NC
SWEB Development Ontario Inc. (incl. Ltd. Partnership Contract)	Toronto	Canada	NC
SASU Energie Verte Plaine d'Artois	Le Havre	France	EQ
Société d'Electricité du Nord SARL	Paris	France	FC
Società Elletrica Ligure Toscana s.r.l.	Milano	Italy	EQ
Black Spruce Windenergy GP Inc. (incl. Ltd. Partnership Contract)	Winnipeg	Canada	EQ

FC ... Full consolidation EQ ... Equity-Valuation NC ... Not consolidated

Stake	Stake prior year	Balance sheet date	Equity	Annual result	Foreign currency equity	Foreign currency annual result	Exchange rate
			TEUR	TEUR			
		31/12/2017	67,344	6,821			
100 %	100 %	31/12/2017	8,019	3,553			
70 %	70 %	31/12/2017	240	170			
70 %	70 %	31/12/2017	0	–4			
100 %		31/12/2017	1,988	–11			
100 %		31/12/2017	2	–3			
51 %		31/12/2017	24	–12			
100 %	100 %	31/12/2017	19,920	3,808			
100 %	100 %	31/12/2017	21	–4			
100 %	100 %	31/12/2017	–1,894	34			
100 %	100 %	31/12/2017	–84	–24			
100 %	100 %	31/12/2017	2,650	826	CZK 67,669,588	CZK 21,089,856	25.535
100 %	100 %	31/12/2017	410	173	CZK 10,472,650	CZK 4,412,701	25.535
100 %	100 %	31/12/2017	1,964	166			
100 %	100 %	31/12/2017	21,632	1,190	CAD 32,531,682	CAD 1,717,314	1.504
39 %	39 %	31/12/2017	–55	–331			
100 %	100 %	31/12/2017	–1,006	–360			
100 %	100 %	31/12/2017	–910	–918			
100 %	100 %	31/12/2017	–1	–10			
100 %	100 %	31/12/2017	–14	–15			
100 %	100 %	31/12/2017	–15	–16			
100 %	100 %	31/12/2017	–8	–9			
100 %		31/12/2017	1	0			
100 %	100 %	31/12/2017	–16	–10			
100 %	100 %	31/12/2017	–101	–13	BGN –197,652	BGN –25,005	1.956
100 %	100 %	31/12/2017	16,049	1,096	USD 19,247,432	USD 1,232,997	1.199
100 %	100 %	31/12/2017[1]					
49 %	49 %	31/12/2017[1]					
50 %	50 %	31/12/2017	915	844			
20 %	20 %	31/12/2017	3,297	426			
49 %	49 %	31/12/2017	825	121			
49 %	49 %	31/12/2017	2,434	319			
100 %	100 %	31/12/2017	29	0			
100 %	100 %	31/12/2017	39	2			
100 %	100 %	31/12/2017	–2,761	15			
100 %	100 %	31/12/2017	911	272			
55 %	55 %	31/12/2017[2]					
55 %	55 %	31/12/2017[2]					
55 %	55 %	31/12/2017[2]					
100 %	100 %	31/12/2017[2]					
90 %	90 %	31/12/2017[2]					
90 %	90 %	31/12/2017[2]					
33 %	33 %	31/12/2017	713	20			
100 %	100 %	31/12/2017	–1,232	–899			
50 %		31/12/2017	2,875	–133			
50 %		31/12/2017[2]					

[1] included in the numbers of WEB USA Inc.
[2] included in the numbers of WEB Wind Energy North America Inc.

Auditor's Report

Report on the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of

WEB Windenergie AG,
Pfaffenschlag,

and its subsidiaries (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2017, the Consolidated Income Statement, as well as the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity, for the fiscal year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and consolidated cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional requirements of Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the 'Auditors' Responsibility' section of our auditor's report. We are independent of the audited entity within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility and Responsibility of the Audit Committee for the Consolidated Financial Statements

The company's management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code). Furthermore, the company's management is responsible for internal controls, as deemed necessary, to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Group's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Group or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered material if they could, individually or in the aggregate, reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal controls.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control systems.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the Consolidated Financial Statements or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions may, however, result in the company departing from the going concern assumption.
- We evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings including any significant deficiencies in internal control that we identify in the course of our audit.

Group Management Report

In accordance with the Austrian Commercial Code the Group Management Report is to be audited as to whether it is consistent with the Consolidated Financial Statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the company are responsible for the preparation of the Group Management Report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of Group Management Report as applied in Austria.

Opinion

In our opinion, the group management report has been prepared in accordance with legal requirements and is consistent with the Consolidated Financial Statements.

Statement

Based on our knowledge gained in the course of the audit of the Consolidated Financial Statements and the understanding of the Group and its environment, we did not note any material misstatements in the Group Management Report.

Mödling, 9 April 2018

KPMG Niederösterreich GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Heidi Schachinger
Wirtschaftsprüfer
(Austrian Chartered Accountants)

Additional Information

Contents

Individual Financial Statements

Profit and Loss Statement for WEB Windenergie AG 01/01 – 31/12/2017

TEUR	2017	2016
1. Revenues	35,368,772.66	33,517,565.18
2. Other operating income		
a) Income from the disposal and the appreciation of capital assets (with the exception of financial assets)	*4,929.92*	*17,943.59*
b) Income due to reversal of provisions	*17,093.94*	*209,602.56*
c) Others	*118,088.16*	*206,529.01*
	140,112.02	434,075.16
3. materials and purchased production services		
a) Cost of materials	*–1,602,820.32*	*–2,183,523.23*
b) Cost of purchased services	*–6,729,476.58*	*–6,980,822.54*
	–8,332,296.90	–9,164,345.77
4. Personnel expenses		
a) Wages	*–547,766.48*	*–456,333.71*
b) Salaries	*–4,088,283.40*	*–3,481,399.17*
c) Benefits for company pension funds for employees	*–65,217.30*	*–54,921.49*
d) Pension expenses	*–66,000.01*	*–119,969.36*
e) Expenses for statutory social security contributions as well as remuneration-dependent charges and mandatory contributions	*–1,110,786.05*	*–1,027,071.88*
f) Other social expenses	*–70,369.71*	*–60,806.88*
	–5,948,422.95	–5,200,502.49
5. Depreciation and amortization of intangible assets of fixed assets and tangible assets	–12,116,979.64	–11,361,274.52
6. Other operating expenses		
a) Taxes that are not included in income taxes	*–50,727.04*	*–62,235.64*
b) Others	*–3,776,179.27*	*–2,872,107.21*
	–3,826,906.31	–2,934,342.85
7. Subtotal of no. 1 to no. 6 (Operational Result)	**5,284,278.88**	**5,291,174.71**

TEUR	2017	2016
Carry-forward	**5,284,278.88**	**5,291,174.71**
8. Income from investments	6,636,159.50	3,449,652.42
Thereof from affiliated companies: EUR 6,457,735.57; previous year: 3,330 TEUR		
9. Income from other securities and lendings of financial assets	338,118.97	124,815.70
10. Other interest and similar income	832,099.79	783,364.96
Thereof from affiliated companies: EUR 244,439.09; previous year: 696 TEUR		
11. Income from the disposal and the appreciation of financial assets	596,092.27	283,320.15
12. Expenses from investments	–121,034.70	–192,959.94
Thereof due to depreciation: EUR 106,675,42; previous year: 185 TEUR		
13. Interest and similar expenses	–5,532,849.46	–5,466,574.45
Thereof due to affiliated companies: EUR 72,275.17; previous year: 52 TEUR		
14. Subtotal no. 8 to no. 13 (financial result)	**2,748,586.37**	**–1,018,381.16**
15. Income before taxes	**8,032,865.25**	**4,272,793.55**
16. Income Taxes	–1,212,000.32	218,876.45
Thereof deferred taxes: EUR 95,231.23; previous year: 820 TEUR		
17. Income after taxes = Profit for the year	**6,820,864.93**	**4,491,670.00**
18. Profit carried forward from prior year	386,799.82	221,924.82
19. Net profit	**7,207,664.75**	**4,713,594.82**

Individual Financial Statements

Balance Sheet for WEB Windenergie AG as of 31/12/2017

Assets	31/12/2017	31/12/2016
TEUR		
A. Fixed assets		
I. Intangible assets		
1. Concessions, patents, trademarks and similar rights as well as licenses thereto	1,013,275.90	1,091,396.34
2. Goodwill	853,901.28	1,199,150.51
	1,867,177.18	**2,290,546.85**
II. Tangible assets		
1. Land, leasehold rights and buildings including buildings on land owned	8,975,288.82	8,980,297.84
2. Plant and machinery	83,689,207.95	91,238,246.59
3. Other fixtures and fittings, tools and equipment	1,828,021.28	1,851,303.61
4. Payments on account and plants under construction	4,272,149.50	4,832,884.64
	98,764,667.55	**106,902,732.68**
III. Financial assets		
1. Shares in affiliated companies	62,491,484.66	60,010,912.08
2. Loans to affiliated companies	4,111,644.37	5,535,425.06
3. Participations	2,943,327.92	2,104,215.84
4. Loans to affiliated companies	142,734.03	203,774.55
5. Securities held as fixed assets	157,993.84	424,680.87
6. Other loans	0.00	3,210,000.00
	69,847,184.82	**71,489,008.40**
	170,479,029.55	**180,682,287.93**
B. Current assets		
I. Inventories		
1. Raw materials and consumables	2,710,404.42	2,993,244.69
	2,710,404.42	**2,993,244.69**
II. Accounts receivable and other assets	**26,582,922.09**	**50,890,300.35**
thereof not due within one year: EUR 3,152.36, previous year: 347 TEUR		
III. Securities as current assets		
1. Securities as current assets	129,200.00	139,900.00
	129,200.00	**139,900.00**
IV. Checks, cash on hand and on deposit in bank accounts	**12,192,223.40**	**2,273,053.68**
	41,614,749.91	**56,296,498.72**
Subtotal from A and B	**212,093,779.46**	**236,978,786.65**

Assets	31/12/2017	31/12/2016
TEUR		
Carry-forward	**212,093,779.46**	**236,978,786.65**
C. Accruals and deferred items	**118,565.64**	**112,172.88**
D. Deferred tax assets	**714,980.86**	**619,749.63**
	212,927,325.96	**237,710,709.16**

Equity and Liabilities	31/12/2017	31/12/2016
TEUR		
A. Equity		
I. Subscribed capital	28,845,300.00	28,845,300.00
	28,845,300.00	**28,845,300.00**
II. Capital reserves		
1. Committed	23,596,066.55	23,596,066.55
	23,596,066.55	**23,596,066.55**
III. Retained earnings		
1. Other reserves	7,695,268.41	7,695,268.41
	7,695,268.41	**7,695,268.41**
IV. Net profit for the year		
Profit carry-forward EUR 386,799.82; previous year: 222 TEUR	**7,207,664.75**	**4,713,594.82**
	67,344,299.71	**64,850,229.78**
B. Special item for investment subsidies	**357,627.28**	**308,176.48**
C. Provisions		
1. Provision for taxes Thereof provisions for deferred taxes: EUR 0.00; previous year: 0 TEUR	150,139.40	1,050,415.14
2. Other provisions	5,086,615.85	4,256,695.12
	5,236,755.25	**5,307,110.26**
D. Liabilities	**139,901,846.73**	**167,085,050.55**
Thereof maturity within one year: EUR 28,734,802.03, previous year 34,650 TEUR Thereof maturity of more than one year: EUR 111,167,044.69, previous year: 132,435 TEUR Thereof due to taxes: EUR 81,263.86; prior year: 71 TEUR Thereof in the scope of social security: EUR 117,814.63; previous year: 104 TEUR		
E. Accruals and deferred items	**86,796.99**	**160,142.09**
	212,927,325.96	**237,710,709.16**

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This business report was prepared with the utmost care. However, typesetting and typographical errors cannot be ruled out. There can also be mathematical differences in the numerical information due to the use of electronic calculating aids. This business report also contains estimates and statements concerning future events. They were made on the basis of all currently available information. We point out that the actual facts and results can diverge from the expectations stated in this report due to a very wide variety of factors. In this context, we also point out the reference to expected developments as well as risks and uncertainties in the Group Management Report starting on page 62. Translation errors cannot be ruled out either.

Personal formulations are to be understood as gender-neutral.

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