

CORONA ENERGY MARKET RADAR GERMANY

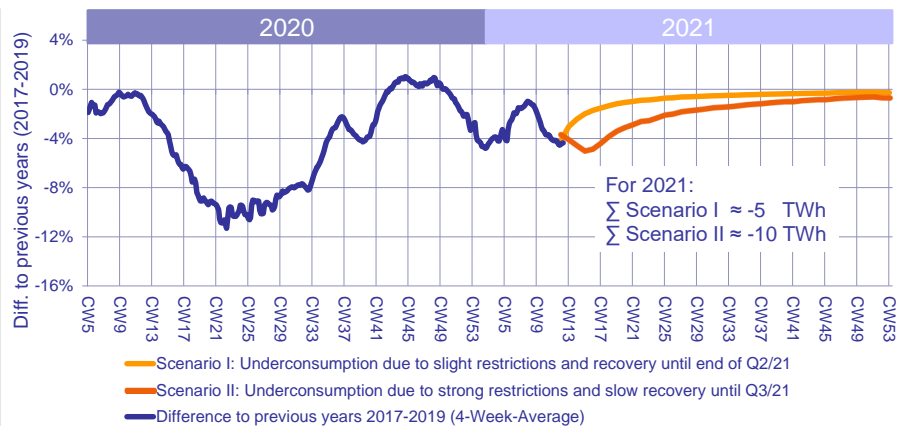
30.03.2021

KEY FACTS

- The consumption shortfall in 2020 in the electricity sector amounted to 20 TWh (ca. 4%) compared to previous years. Gas consumption was stable - power plants' excess consumption made up for the industry's shortfall.
- According to Destatis, the GDP drop in 2020 amounts to -5.0% (for comparison, financial crisis 2009: -5.7%). Significant growth is expected for 2021, but this will not fully make up for the drop in 2020.
- Commodity prices are back at pre-crisis levels. The same applies to the ifo-Index in all key manufacturing sectors and to the Destatis production index in certain sectors.

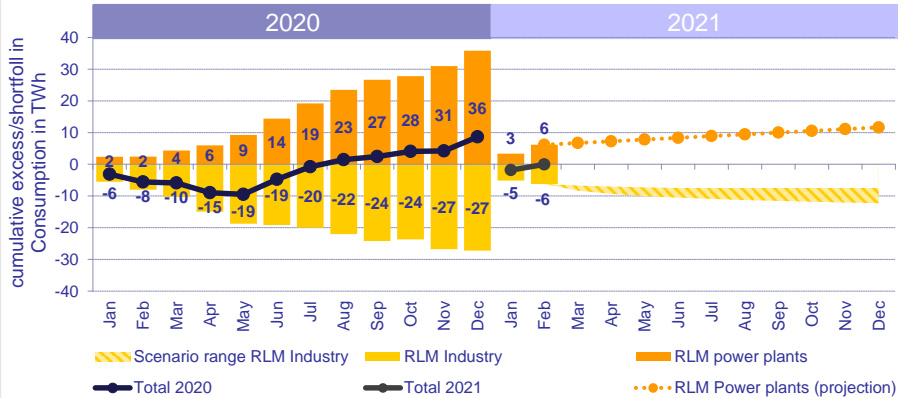
Power consumption

- In the first months of 2021, electricity consumption fell again, compared with previous years (2017-2019) by -4%
- In the optimistic scenario, there is a rapid recovery with small reductions in annual consumption (-5 TWh/a).
- In the pessimistic scenario, electricity consumption recovers more slowly, resulting in a higher annual shortfall (-10 TWh/a)



Gas consumption

- The graph shows the annual, cumulative excess/shortfall consumption of different consumer groups
- In the RLM segment, excess consumption by power plants continues in 2021 as does shortfall consumption by the industry (compared to 2017-2019 avg.), but both on a lower level than in 2020.
- The effects could cancel out again in 2021 as they did in 2020



The effect of the pandemic on electricity consumption can be easily identified and also predicted due to its tight correlation with economic activity in general. A shortfall is expected to occur in 2021, but to a lesser extent than in 2020. Gas consumption in Germany is hardly affected at all, as the shortfall in the industry is offset by higher consumption in power plants.

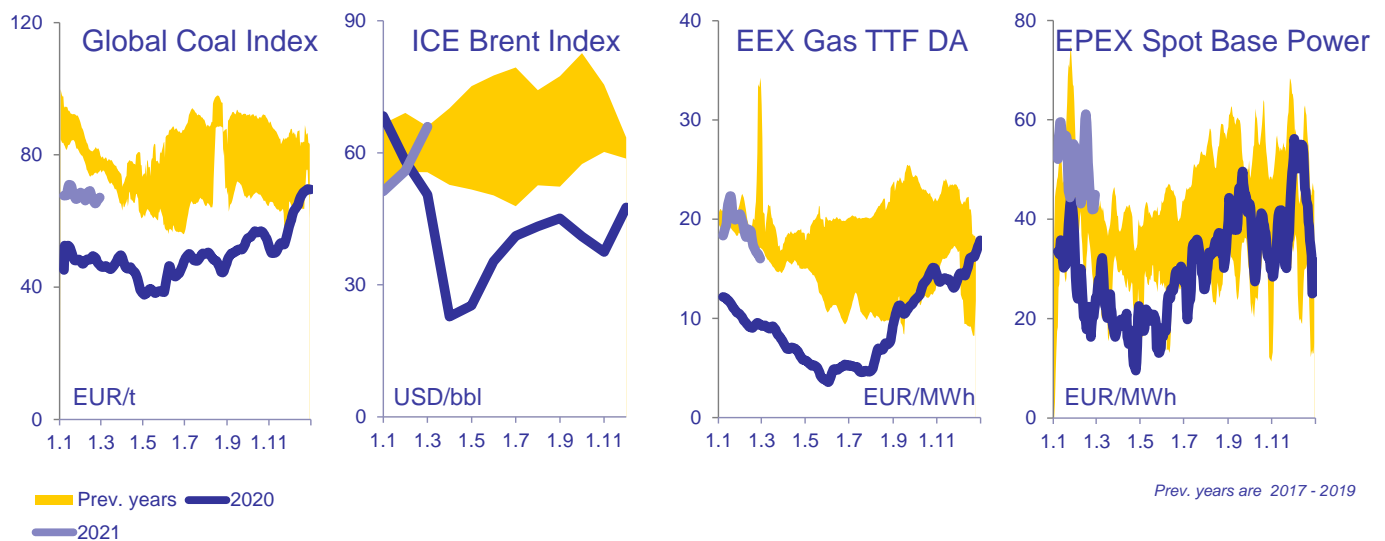
| GDP forecast | For 2020 | Current forecast 2021 | Current forecast 2022 |
|---------------|----------|-----------------------|-----------------------|
| Ifo-Institute | -5.1% | +4.2% | +2.5% |
| IfW Kiel | -4.9% | +3.7% | +4.8% |
| DIW Berlin | -4.9% | +3.0% | +3.8% |
| HWI | -4.9% | +3.0% | +3.0% |

| Energy Prices | 26.03.21 ¹ | Ø 2019 ² | Difference |
|-----------------|-----------------------|---------------------|------------|
| Power [EUR/MWh] | 49.53 | 48.26 | +1.27 |
| Gas [EUR/MWh] | 18.70 | 18.94 | -0.24 |
| Oil [USD/bbl] | 61.95 | 61.14 | +0.81 |
| Coal [USD/t] | 75.10 | 69.86 | +5.24 |

¹ 1 Month Ahead Price, Source: EEX, ICE, Spectron

² Arithmetic average of the Year Ahead futures of all trading days in 2019, Source: EEX, ICE, Spectron

Development of Commodity Prices from 2017 to 2021

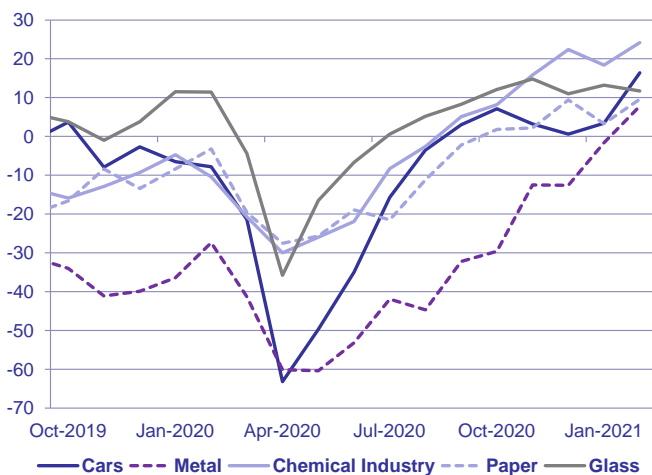


Source: EEX, Spectrum, Metanopoly, Team Consult Analysis

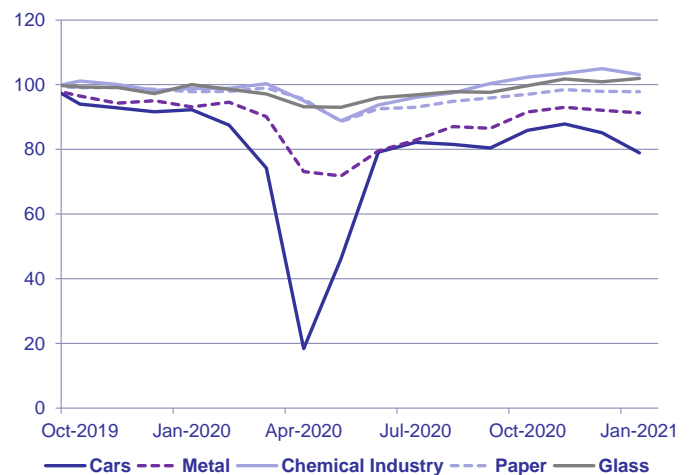
- Having plummeted to levels far below those of previous years in 2020, prices for coal, oil, gas and electricity have substantially increased in the past few months and are now back at regular levels.
- The recovery of commodity prices reduces the competitive advantage gas power plants had in 2020. However, as the EUA price of CO₂ emission allowances is higher than in past years, the market environment for power plants remains interesting.

Development of key sectors of the manufacturing industries

ifo-Index for the manufacturing industries



Destatis production index, season/calendar-adjusted (BV4.1)



- After a year of pandemic-related restrictions, the review of indicators of economic activity in sectors of the manufacturing industry shows that the ifo-Index (representing business situation and expectations) is back at pre-crisis levels.
- The drop in Q2 2020 was particularly severe in the car manufacturing industry, followed by the metal industry. Production (measured by the Destatis production index) in those two sectors has not yet fully recovered.

Imprint

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