

PRESS RELEASE

Falck Renewables SpA

Capital Markets Day

The Board of Directors Updates the 2021 Industrial Plan (*Roadmap 2021*)

- **2018 exceeds expectations and previous guidance and confirms the Group's ability to execute its plans. Expected results: consolidated EBITDA¹ at €184M; consolidated Group Net Earnings² at €34M, Consolidated Net Financial Position³ at €555M**
- **2021 targets increased in terms of installed capacity (+4%), services EBITDA (+55%) and Group Net Earnings (+33%) vs previous plan**
- **Capital allocated to assets development and services almost doubles between 2018 and 2021, while 77% continues to be allocated to the growth of assets on balance sheet**
- **Dividend policy defined until 2021, proposed dividend for 2018 of 6.3c€, with an increase of 8.6% vs previous target**
- **The Company is in an ever stronger sustainable financial position that, coupled with significant industrial development of all its businesses, will provide growth optionality from 2019 onwards**

ECONOMIC AND FINANCIAL TARGETS

Roadmap 2021: significant improvement of targets⁴, in particular:

- **MW Owned 1430 MW:** increasing 2021 target by 4%, growth of 74% from 2016
- **Consolidated EBITDA €213M:** improving 2021 target 2.4% vs. previous plan
- **Group Net Earnings over €40M:** increase of 2021 target by 33% vs. previous plan
- **Consolidated Net Financial Position €804M:** 2021 target improved from previous €813M with capex increased from €408M to €506M in 2019 – 2021
- **Average Consolidated Net Financial Position/EBITDA Ratio 3.8x:** decreasing target of average NFP/EBITDA 19-21 from 4.0x to 3.8x
- **Enhanced Dividend policy: visibility until 2021 on dividend distribution** according to the maximum between a fixed amount already defined year per year and a pay-out ratio of 40% on yearly Group Net Earnings

¹ EBITDA is measured by the Group as profit for the period before investment income and costs, net finance income/costs, amortization, depreciation, impairment losses, charges to risk provisions and the income tax expenses.

² Group Net Earnings is defined as Net Earnings after minorities.

³ Net financial position is defined by the Group as total cash and cash equivalents, current financial assets including shares available for sale, financial liabilities, fair value of financial hedging instruments and other non-current financial assets.

⁴ All figures related to the period 2019-2021 guidance/targets are before provisions and impairment, if any.
All figures related to 2018 guidance/targets are before provisions and impairment if any of 4 Quarter 2018.

- **2019 Guidance:** consolidated EBITDA expected at **€184M**, consolidated Group Net Earnings higher than **€30M** and Net Financial Position (including the fair value of derivatives) of **around €737M**
- **Dividend proposal of 6.3c€ for 2018** (paid in April 2019), an increase of 19% year over year.

Milan, December 12, 2018 - In a meeting held today, **the Board of Directors of Falck Renewables SpA** updated and approved the Company's 2021 Industrial Plan.

"We are proud to present our updated Industrial Plan on the back of an impressive 2018 that exceeded our expectations, as in 2017, both in terms of execution and economic and financial results. Building on the geographic and business diversification achieved in the last two years, we present improved targets coupled with a re-confirmed financial solidity and a greater focus on a risk balanced capital allocation", Toni Volpe, CEO of Falck Renewables, said.

2018 ACHIEVEMENTS

This year's results greatly exceeded the Group's expectations. The positive trend has continued all over 2018. In the last 12 months the Group grew its capacity with +20.5 MWp solar in operation in the US and signing the acquisition of +56 MW wind in operation in France, expected to close in early 2019. In addition to the 192 MW in construction in the Nordics there are 10 MW of wind added for construction and commissioning in 2019 in Spain. The services businesses (Energy Management and Energy Efficiency) are growing faster than expected thanks to the acquisition of Energy Team, a leader in energy consumption monitoring and flexibility management services in the electricity markets in Italy, and Windfor, a well-known Italian player in technical advisory services for wind energy. In Italy, following these acquisitions and the launch of the in-house dispatching of renewable assets, the Group has now completed its target **"end-to-end"** business model.

2021 KEY STRATEGY PILLARS

After the diversification in terms of geographies and business activities that have characterized 2016-2018 period, the Group is now more actively **optimizing its capital allocation** among owned assets, services, business development and digitalization, in order to focus on the most profitable business maximizing the overall return while maintaining a balanced approach to risk. For 2019 the Group has clear visibility in terms of assets under construction and related capex and will enjoy a strong balance sheet and financial position.

Focus on Development for more Growth Options

The Group plans to grow in installed capacity to 1133 MW in 2019 and to 1430 MW in 2021 which represents an improvement of +7% and 4% compared to 2019 and 2021 previous plan, respectively. The presence in the target markets – North Europe, South Europe, North America (USA) and the Nordics – and the choice of technologies – on shore wind and solar PV – are confirmed.

Having delivered an accelerated growth mostly through M&A deals during the last two years, the Group is now ready to **invest systematically in development**, with the double objective to **create and capture more value** and to nurture a projects portfolio **ready to compete** in the free market and in the PPA arena. The choice to **focus on project development** as main avenue of growth, will also create **optionality** for the

Group, allowing it to further **increase its owned assets base** or to **deliver de-risked projects to third party clients**. Falck Renewables intends to develop the projects needed to cover its 2019-2021 target and also to have an excess pipeline of projects to be built by 2021 (200 MW) and beyond (700 MW Net), which will offer the possibility to choose whether to sell or to build more.

Growth in energy services: Energy Management and Energy Efficiency

Thanks to the acquisition of Energy Team, Falck Renewables accelerated its growth in the service business. A decarbonized electricity infrastructure requires advanced energy management and energy efficiency. The Group is now able to address such market needs with an integrated offering that includes metering, assets dispatching, portfolio management, demand response, distributed generation, storage and energy efficiency solutions. Thanks to Energy Team, the Group is now able to leverage on a large client base of more than 5,000 commercial and industrial clients in Italy. Besides Italy, the aim is also to expand internationally either in Spain or the United Kingdom. The targets for 2021 have been increased in terms of dispatched and managed TWh, MW enabled to deliver grid services and energy efficiency investments, both for the private and public sector. Targets of Energy Management and Energy Efficiency have been raised to €43M revenues and €9M EBITDA in 2021. Compared to previous year, the capital allocation in the plan has been increased from €34M to €81M. This is due to the already delivered acquisition of Energy Team and expectations of further investments in new acquisitions and energy efficiency projects.

Industrial excellence and digitalization of the Asset Management and technical services to extract operational efficiencies

Vector Cuatro continues improving its capabilities to enhance efficiency and it is now the Group technical center of excellence providing services to clients in the industry, including Falck Renewables. The company has grown to 2.4 GW of assets under management, becoming a significant global player with a strong potential for continued growth.

Leveraging on the Group extended investments in digitalization, Vector Cuatro will be able to deliver its services through an advanced digital platform, unlocking additional value to its technical and processes expertise. Thanks to the digital platform, Vector Cuatro will improve the efficiency of the Asset Management carried out for Falck Renewables and for third party customers. This will result in better margins and ultimately will contribute to higher EBITDA. Furthermore, the digital platform can be sold to investors and utilities that wish to do asset management internally, which will open a new stream of revenues. In 2021 Vector Cuatro targets €24.7M revenues and €3.6M EBITDA.

ROADMAP 2021 – UPDATED ECONOMIC AND FINANCIAL TARGETS

The updated Industrial Plan shows a great improvement of targets in respect of the previous plan, in particular on Group **Net Earnings** with a further reduction of the **Net Financial Position** notwithstanding an increase of the Capex plan in 2019–2021.

The updated plan forecasts:

- **2021 consolidated EBITDA of €213M**, an increase of 2.4% compared to the plan presented last year and growing on average 5% per year from 2018 to 2021. The Group expects to reach this goal thanks to i) the increase in installed capacity through asset development activities, ii) the strong focus on Energy Management and Energy Efficiency thanks to an increased visibility and the

support of the recent acquisition of Energy Team and iii) the internal improvements in terms of operating efficiencies and production increases managed by Asset Management activities, led by Vector Cuatro.

- **2021 consolidated Group Net Earnings (after minorities)** are expected **above €40M** (vs > €30M of last year plan) mainly thanks to the contribution coming from owned assets and the growth of the other units (services and asset development) and the financial efficiency that will progressively allow the decrease of financial charges.
- **2019-2021 cumulative investments of €506M**, compared to €408M under the previous plan. Investments will be mainly dedicated to the growth of assets, while an increasing part will be invested in Services (Energy Management, Energy Efficiency and Asset Management). Falck Renewables will heavily invest also in digitalization, multiplying by four the investments expected in the previous plan. The cash out will be supported by Falck Renewables' significant operating cash flow, a strong balance sheet and liquidity position. In addition, Falck Renewables will also benefit from the access project level debt and corporate committed credit lines on attractive terms as appropriate.
- Company's **2021 Consolidated Net Financial Position** will decrease from €813M, under the plan presented last year, to **€804M under the updated plan**. The Company expects its consolidated **ratio of NFP/EBITDA in 2021** to improve from 3.9x, under the plan presented last year, to **3.8x under the updated plan**. The Company also expects to maintain a consolidated **Debt/Equity ratio of around 1.3x** in 2021 (vs 1.5x of the previous plan).

The new 2021 Roadmap enables sustainable investments in short and long-term growth while enhancing the dividend policy. The Group is introducing a guaranteed minimum dividend (**Floor**) for each year (6.5c€ paid in 2020, 6.7c€ in 2021, and 6.9c€ in 2022) and the effective distribution will be year by year according to the maximum between the floor and the pay-out ratio of 40% on Group Net Earnings (**Cap**).

Guidance for Year 2018 and Year 2019

The Group expects:

- In **2018**: consolidated EBITDA of €184M, (+2.2% vs the guidance provided in Q3 Results). Consolidated Group Net Earnings of €34M and Consolidated Net Financial Position (including the fair value of derivatives) under control at €555M (-7.5% vs the guidance provided in Q3 Results).
- In **2019**: consolidated EBITDA of approximately €184M, consolidated Group Net Earnings higher than €30M and consolidated Net Financial Position (including the fair value of derivatives) of approximately €737M (based on a £/€ exchange ratio of 0.91 and a \$/€ exchange ratio of 1.18).

This press release contains certain forward-looking statements that reflect the Company's management's current views with respect of future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on Falck Renewables S.p.A.'s current expectations and projections about future events and have been prepared in accordance with IFRS currently in force and the related interpretations as set out in the documents issued to date by IFRIC and SIC, with the exclusion of any new standard which is effective for annual reporting periods beginning on or after January 1, 2019. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance

may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Falck Renewables S.p.A. to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in the price and availability of fuel and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein. The information contained in this press release does not purport to be comprehensive and has not been independently verified by any independent third party.

The 2019-2021 Industrial Plan will be presented to the financial community today, at 3 pm. Support material will be made available on-line www.falckrenewables.eu in the investor relations section when the presentation begins. A web cast presentation will be available from 3pm CET on <https://www.falckrenewablesevent.com>

Falck Renewables S.p.A., listed on the Italian stock exchange in the STAR segment and included in the FTSE Italia Mid Cap Index, develops, designs, builds and manages power production plants from renewable sources, with an installed capacity of 970 MW in 2018 (933.5 MW according to the IFRS 11 reclassification) in the United Kingdom, Italy, United States, Spain and France, using wind power, solar power, WtE and biomass technologies. The Group is a global player in the renewable energy technical advisory and asset management services business, through its wholly owned subsidiary Vector Cuatro, providing asset management services to clients accounting for approximately 2400 MW of installed capacity and with experience in more than 30 countries.

Contacts:

Giorgio BOTTA – Investor Relations - Tel. 02.2433.3338

Alessandra RUZZU – Media Relations – Tel. 02.2433.2360

SEC S.p.A. – Tel. 02.6249991

Marco Fraquelli, Fabio Leoni, Fabio Santilio

CDR Communication – Tel. 335 6909547

Vincenza Colucci