

PRESS RELEASE

Falck Renewables S.p.A.

The Board of Directors approves the results as at June 30, 2018.

**The half-year results are the best ever achieved:
Ebitda up to Euro 99.4 million
Group Net Earnings up to Euro 27.7 million.
Further guidance upward improvement.**

- **Revenues** stands at Euro 165.0 million (+17%) compared to 141.0 million in HY1 2017;
- **EBITDA¹** stands at Euro 99.4 million (+27%) compared to 78.2 million in HY1 2017, and includes a non-recurring impact of Euro 7.1 million²;
- **Net Earnings** stands at **Euro 34.3 million** (+76%) compared to 19.5 million in HY1 2017;
- **Group Net Earnings** stands at **Euro 27.7 million, more than double** (+116.9%) the result in HY1 2017 (12.8 million);
- **Net Financial Debt, excluding the fair value of derivatives, down to Euro 537.1 million** compared to Euro 538.1 million as at December 31, 2017.
- **EBITDA guidance** increased to Euro 163 million, inclusive of the non-recurring impact in HY1.

Milan, July 31, 2018 – The Board of Directors of Falck Renewables S.p.A. met today, examined and approved the financial report as at June 30, 2018.

Toni Volpe, Chief Executive Officer of Falck Renewables S.p.A. said: 'In this half-year financial report we can appreciate the outcome of the work done since 2016, with outstanding economic results and an extremely interesting business expansion and diversification policy'.

¹ EBITDA - Falck Renewables Group measures EBITDA as earnings before income and expense from investments, net financial income/expense, amortization, depreciation, impairment, provisions for risks and income taxes. This amount has been determined in line with best market practice and takes into consideration the project financing contracts entered into by the Group.

² The non-recurring impact is related to the release of provisions and allocations – net of the transaction cost – to settle a dispute related to land for several Sicilian projects under liquidation.

Consolidated income statement results as at June 30, 2018 compared to June 30, 2017

		(thousands of Euro)	
		30.6.2018	30.6.2017
A	Revenue	164,974	141,009
	Direct labour costs	(7,471)	(6,336)
	Direct costs and expenses	(79,646)	(74,533)
B	Total cost of sales	(87,117)	(80,869)
C	Gross profit	77,857	60,140
	Other income	10,348	3,617
	Other employee costs	(8,870)	(8,172)
	General and administrative expenses	(16,541)	(11,702)
D	Operating profit (loss)	62,794	43,883
	Financial income and charges	(19,563)	(19,591)
	Investment income/(expenses)		46
	Net equity investment income	957	1,061
E	Profit before income tax	44,188	25,399
	Income tax expense	(9,876)	(5,896)
F	Profit (loss)	34,312	19,503
G	of which profit (loss) attributable to non-controlling interests	6,610	6,732
H	of which profit (loss) attributable to the Group	27,702	12,771
	<i>Basic earnings per share for the Group (Euro)</i>	<i>0.096</i>	<i>0.044</i>
	<i>Diluted earnings per share for the Group (Euro)</i>	<i>0.095</i>	<i>0.044</i>
	EBITDA	99,389	78,214

Introductory Note

With reference to the accounting principles in force as of January 1, 2018, compared to those applicable to FY 2017, the only significant impact is related to the adoption of **IFRS 9 Financial instruments**.

In 2018, the 'Other Businesses' sector was introduced, comprising the companies Falck Renewables S.p.A. and Falck Renewables Energy Srl. Up until December 31, 2017, Falck Renewables Energy Srl (FRE) was part of the

'WtE, Biomass and Photovoltaic' sector. This change was made as, starting January 1, 2018, FRE has operated in the Energy Management business (in accordance with the Group's policies); this business includes, amongst others, dispatching, imbalance management, sale and commodity risk hedging, potentially for all Group sectors.

While the new presentation method does not impact the HY1 2017 data significantly, the sector data as at June 30, 2017 have been restated to allow for comparison with the results for HY1 2018.

Results for HY1 2018

Consolidated Revenues amount to Euro 165.0 million, up 17.0% compared to Euro 141.0 million in HY1 2017. The significant increase in **revenues** is due to: (i) increased electricity production thanks to greater wind levels in Italy, Spain and France; (ii) greater production from an increase in installed capacity (933.5 MW in HY1 2018 compared to 821 MW in HY1 2017), resulting from the acquisition of the Innovative Solar 42 plant (92 MW) in North Carolina in December 2017, the powering of the H3 Solar Development LLC photovoltaic plant (6 MW) in Massachusetts, USA, and the acquisition of three photovoltaic projects – already in operation – in Massachusetts, USA for 14.5 MW in June 2018; (iii) the sale of energy purchased from the market by Falck Renewables Energy Srl, aimed at mitigating imbalance costs and optimizing sales, in the amount of Euro 5.9 million.

The Group's technologies produced energy for 1,129 GWh, a 13% increase compared to 1,000 GWh in HY1 2017, mainly due to production from photovoltaic plants in the USA (+75 GWh compared to HY1 2017) and production in Auchrobert (+29GWh), which was powered in April 2017. While production improved compared to HY1 2017, it was 6% lower than expectations due to lower wind levels, mainly in the UK and partly in Italy.

Below is the revenue breakdown by sector:

Wind Power: Revenues amount to Euro 122.1 million, up 16.1% compared to Euro 105.1 million, thanks to a general improvement of the wind levels in Italy, France and Spain, and to our 36 MW plant in Auchrobert, UK coming into full operation. During HY1 2018, the wind power sector produced 939 GWh compared to 876 GWh in HY1 2017 (+7%). Revenues also benefited from the increase in energy prices in the United Kingdom (+10%), which was partly offset by a 2.2% devaluation of the sterling against the Euro, and the reduction in energy sale prices in Italy (-5%, including incentives) and Spain (-8%). In France, the *feed in tariff* mechanism neutralized price fluctuation (+1%).

WtE, Biomass and Photovoltaic: Revenues increased by 7.7% in HY1 up to Euro 32.4 million compared to Euro 30.1 million in HY1 2017. This is due to: (i) greater production from increased solar production capacity (Euro 3.9 million) – which was partly offset by a planned 2-year downtime for our hybrid plant in Rende; and (ii) higher waste delivery prices (+19%). Both factors were partly offset by lower electricity sale prices compared to HY1 2017, and by a reduction in the quantity of waste processed, following an unplanned outage at our Waste-to-Energy plant in Trezzo sull'Adda.

Compared to HY1 2017, electricity sale prices in Italy including incentives are down 10% for WtE plants and 4% for biomass plants, and up 1% for solar plants. Our Innovative Solar 42 photovoltaic plant signed an agreement to sell electricity at a fixed reference price per MVh, without the obligation to deliver any quantities not produced.

Services: Revenues amount to Euro 5.9 million, slightly down compared to Euro 6.2 million in HY1 2017, due to lower revenues from transactions services in Spain and from asset management services in Italy and the UK.

Other businesses: Revenues increased by Euro 15.1 million, mainly related to electricity sale activities by Falck Renewables Energy Srl. The company operates in the Energy Management business (in accordance with Group policies); this activity, addressed to the Group, includes, amongst others, dispatching, imbalance management, sale and commodity risk hedging, potentially for all Group sectors.

Below is the revenues overview by sector:

	(thousands of Euros)			
	30.6.2018	%	30.6.2017	%
WtE, Biomass, Photovoltaic	32,419	20	30,088	21
Wind Power	122,097	74	105,130	75
Services	5,888	4	6,174	4
Other Businesses	15,157	9	98	0
Subtotal	175,561	106	141,490	100
Intragroup revenues	(10,587)	-6	(481)	0
Total	164,974	100	141,009	100

EBITDA for HY1 2018 amounts to Euro 99.4 million, up 27.1% compared to Euro 78.2 million in HY1 2017. The EBITDA margin is 60.2% as compared to 55.5% in HY1 2017. The increase is mainly due to the above outlined performance and to a non-recurring 7.1 million impact from the release of provisions and allocations – net of the transaction cost – to settle a dispute related to land for several Sicilian projects under liquidation. This has been accounted for in the half-year report in the amount of Euro 7.1 million before tax as a non-recurring transaction pursuant to CONSOB communication no. DEM/6064293 dated July 28, 2006.

The Operating Result amounts to Euro 62.8 million, up 43% compared to Euro 43.9 million in HY1 2017, which equals 38% of sales revenues (31% in HY1 2017). The Operating Result was impacted by provisions in the amount of approximately Euro 4 million, mainly devoted to disputes involving project companies in Sicily. It should be noted, moreover, that the Operating Result for 2017 was affected by a Euro 3.8 million provision for upcoming extraordinary maintenance works for Ecosesto S.p.A.

Net Financial Charges decreased by Euro 28 thousand compared to HY1 2017. The figure is affected by the application of the *IFRS 9 Financial Instruments* accounting standard, which resulted in an increase of financial charges in the amount of Euro 2 million. The restating of financial liabilities had a positive impact in the amount of Euro 13.3 million after tax on equity reserves as at January 1, 2018 (for more information, please refer to the Financial Reports). The greater interest was offset by: (i) management actions aimed at making debt management more effective, (ii) positive net exchange rates; and (iii) lower interests related to the debt at fair value for royalty instruments.

Income taxes as at June 30, 2018 amount to Euro 9.9 million (compared to 5.9 million in HY1 2017) and are favourably impacted by tax consolidation proceeds in the amount of Euro 1 million. With reference to taxes in HY1 2017, a tax reduction had been acknowledged in the amount of Euro 1.4 million, following a reassessment of the useful life of the Italian wind power and photovoltaic plants.

As a result of the factors described above, **Net Earnings amount to Euro 34.3 million, a 75.9% increase compared to Euro 19.5 million in HY1 2017.**

Net Earnings attributable to the Group amounts to Euro 27.7 million, more than double the HY1 2017 result (Euro 12.8 million).

Net Earnings for HY1 2018, as adjusted based on the non-recurring impact from the dispute concerning land for several Sicilian projects under liquidation, would amount to Euro 27.2 million. Net Earnings attributable to the Group would amount to Euro 20.9 million, up 39% and 63% respectively compared to HY1 2017.

Net Financial Position

The **Net Financial Position, net of the fair value of derivatives**, improved with a debt balance of Euro 537.1 million compared to Euro 538.1 million as at December 31, 2017.

The following factors determined the change in the net financial position: cash generated from operations amounts to approximately Euro 59.3 million, and is offset by net investments for Euro 66.8 million – inclusive of the change in the scope of consolidation – in 2018, and by the purchase of treasury shares and dividends distributed for Euro 21.6 million. The devaluation of the Euro against the pound negatively impacted the net financial debt in pounds in the amount of Euro 1.2 million. Variation in the fair value of derivatives had a positive impact on the net financial position in the amount of Euro 4.2 million. The application of the new IFRS 9 standard caused the net financial position to decrease by Euro 17.4 million. Moreover, the Net Financial Position benefited from minorities' investments in the new acquisitions in Norway and USA, which had a favourable impact in the amount of Euro 13.1 million.

Balance sheet data as at December 31, 2017 have been restated based on the adjustments resulting from application of IFRS 3 - Business Combinations.

Investments

During HY1 2018 total investments came to Euro 32.1 million and were mainly related to the building of wind farms in Auchrobert, UK (Euro 0.4 million), Brattmyrliden (Euro 2.2 million) and Åliden (Euro 3.3 million) in Sweden, Falck Renewables Vind (Euro 12.0 million) in Norway, HG Solar photovoltaic plant in the USA (Euro 9.2 million), Fisher Road Solar I LLC Syncarpha Palmer LLC and Syncarpha Massachusetts LLC photovoltaic plants in the USA (4.2 million), plus further minor investments for the remaining part.

Other investments

During HY1 2018, several companies were acquired in the U.S.A. and fully consolidated as of the acquisition date.

These acquisitions were accounted for as a change in the scope of consolidation, and amounted to Euro 34.6 thousand (including the net financial position for the acquired companies and non-controlling interests), to be added to the above mentioned investments in tangible and intangible assets.

Installed production capacity

Technology	(MW)		
	At 30.6.2018	At 30.6.2017	At 31.12.2017
Wind power	769.9	769.9	769.9
WtE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Photovoltaic	128.6	16.1	108.1
Total	933.5	821,0	913.0

Installed capacity has increased by 112.5 MW compared to June 30, 2017, fuelled by the growth in solar assets in the USA.

Significant events in HY1 2018

On January 15, 2018 Falck Renewables S.p.A. signed two agreements with Nordex Group through its Swedish subsidiaries, for a total value of approximately Euro 121.7 million. The agreements concern the supply of 31 N131/3900 wind power turbines and related infrastructure and civil and electrical works, on an EPC basis (Engineering, Procurement and Construction), for the construction of two projects recently acquired in Åliden and Brattmyrliden. Preliminary works have begun and will intensify in 2018 and 2019. COD for Åliden is expected in Q4 2020.

On February 14, 2018 Falck Middleton LLC – established in 2018 as a wholly-owned subsidiary of Falck Renewables North America Inc's – acquired a photovoltaic project of approximately 6 MW in Middleton (Massachusetts, USA) from developer HG Solar, and entered into an EPC (Engineering, Procurement and Construction) agreement with Conti Solar. The plant is supplying electricity to Middleton Electric Light Department under a long-term PPA (Power Purchase Agreement), and will qualify to sell Renewable Energy Credits in Massachusetts and receive Federal Investment Tax Credit Incentives (ITC).

On May 31, 2018 Falck Renewables S.p.A. entered into an agreement with Vestas through its Norwegian subsidiary Falck Renewables Vind A.S. for a total consideration of approximately Euro 36 million, for the supply of twelve 4.2 MW V136 wind turbines at Hennøy wind park in Norway. Construction works for the plant have started, with activities increasing during the year. Turbines will be delivered to site in 2019, and COD is expected in Q4 2019.

On June 5, 2018 Falck Renewables S.p.A. announced the simultaneous signing and closing of the acquisition of three solar projects – already in operation - totalling 14.5MW DC, and rights to invest in future projects with Syncarpha Capital, LLC (Syncarpha), all together valued at 27.44 million dollars. Falck Renewables acquired a 100% share of the solar projects through wholly-owned subsidiary Falck Renewables North America, Inc.

On June 14, 2018 Falck Renewables S.p.A. hired Michela Bambara as Chief Digital and Information Officer. She will be in charge of the digital transformation in the Company and its subsidiaries.

Subsequent events

In July 2018 a tax equity partnership agreement was signed for 4.5 million dollars with a leading investor in the USA, which will indirectly own a portion of the capital of the 6 MW HG Solar Development LLC solar project in Middleton (Massachusetts).

On July 24, 2018 Falck Renewables' wholly-owned subsidiary Vector Cuatro Srl signed an agreement to acquire a 100% share of Windfor S.r.l, a well-known leader in Italy in technical advisory services for wind energy. The acquisition is expected to be finalised by September 2018 and is worth Euro 0.625 million.

On July 25, 2018 Falck Renewables S.p.A. signed a preliminary agreement with Ascia Renovables SL for the acquisition of a wind farm project in Castilla y León, Spain. The project consists of 4 turbines for a total capacity of 10 MW. The acquisition is structured in different steps (with an initial purchase of 49%), and is subject to a number of conditions precedent. Construction is expected to start by year-end. The price for the acquisition of the project is Euro 1.2 million, to be paid in different instalments. Commercial Operation is expected to be achieved in Q419.

On July 30, 2018 Falck Renewables S.p.A. signed an amendment to a Euro 150 million Corporate Loan Agreement – currently undrawn – with a pool of primary banking institutions. The maturity date was postponed from June 30, 2020 to December 31, 2023 and the maximum amount increased to Euro 325 million.

The amendment to the Corporate Loan – applicable as of today – was implemented with the aim of covering the financial needs arising from the Strategic Business Plan for 2017-2021, and guaranteeing further larger flexibility in terms of amount and maturity date.

The Corporate Loan has the same favourable terms and conditions as the previous one: the margin on Euribor (which is linked to the consolidated Net Financial Position/Ebitda ratio) is unchanged, as are the covenant levels, in line with the best market practices.

Outlook

The Group's results in FY 2018 will benefit for the whole year from production at Innovative Solar photovoltaic plant (92 MW) in North Carolina, and for the second half from production of the recently acquired photovoltaic plants in Massachusetts (14.5 MW), and from the start of operations at the 5.99 MW project in Middleton, Massachusetts.

The Business Plan, which was presented to the market on November 14, 2016 and updated on December 12, 2017, and to which reference is made for more detailed information, envisages: (i) considerable growth in assets connected with the policy for monitoring financial solidity; (ii) renewed attention to the markets of Southern Europe and confirmed attention to North America; and (iii) an increase in volumes and objectives of the services business, with a focus on asset management for renewable energy plants, energy management and energy efficiency, while optimizing the internal digital platform.

At present, various investment options are being assessed in the geographic areas of interest included in the Business Plan.

Guidance

In 2018 guidance was increased for the main economic/financial indicators, as detailed below. (Guidance was provided on May 10, during approval of the Financial Report as at March 31, 2018.)

- Ebitda increased from approximately Euro 151/153 million to Euro 163 million, inclusive of the non-recurring impact in HY1 .
- Consolidated Net Earnings prior to minorities increased from over Euro 30 million to Euro 39 million;
- Net Financial position (including the fair value of derivatives) improved from approximately Euro 660 million to approximately Euro 650 million.

Paolo Rundeddu, CFO and Executive in charge of preparing the Company's Financial Reports, certifies – in accordance with paragraph 2, article 154-bis of the Financial Act (TUF) – that the accounting information contained in this document corresponds to documentary evidence, books and accounting records.

The Financial Report as at June 30, 2018 is available as required by law at the registered office in Corso Venezia 16, Milan, with Borsa Italiana S.p.A., and online in the Investor Relations section of the www.falckrenewables.eu website.

On August 1, 2018 at 9:30 AM CET a conference call will be held to present the financial report to analysts, investors and banks. Details on how to participate are available at www.falckrenewables.eu, in the News section. Support material will be made available online, in the Investor Relations section, when the conference call begins.

Falck Renewables S.p.A., listed on the Italian stock exchange in the STAR segment (“FKR.MI”) 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, Waste To Energy 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 over 1600 MW of installed capacity and with experience in more than 25 countries.

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Financial Report as at June 30, 2018 – Income Statement

		(thousands of Euros)			
		30.6.2018		30.6.2017	
	Notes		<i>of which related parties</i>		<i>of which related parties</i>
A	Revenue	(17)	164,974		141,009
	Direct labour costs	(18)	(7,471)		(6,336)
	Direct costs and expenses	(19)	(79,646)		(74,533)
B	Total cost of sales		(87,117)		(80,869)
C	Gross profit		77,857		60,140
	Other income	(20)	10,348	277	3,617
	Other employee costs	(18)	(8,870)		(8,172)
	Administrative expenses	(21)	(16,541)	(383)	(11,702)
D	Operating profit		62,794		43,883
	Financial income and charges	(22)	(19,563)	(56)	(19,591)
	Investment income/(expenses)	(23)			46
	Share of profit of investments accounted for using the equity method	(24)	957	957	1,061
E	Profit before income tax		44,188		25,399
	Income tax expense	(25)	(9,876)		(5,896)
F	Profit (loss)		34,312		19,503
G	Profit attributable to non-controlling interests		6,610		6,732
H	Profit attributable to the Group		27,702		12,771
	<i>Basic earnings per share for the Group (Euro)</i>	(11)	<i>0.096</i>		<i>0.044</i>
	<i>Diluted earnings per share for the Group (Euro)</i>	(11)	<i>0.095</i>		<i>0.044</i>

Financial Report as at June 30, 2018 – Balance Sheet

(thousands of Euro)

	Notes	30.6.2018		31.12.2017*	
			<i>of which related parties</i>		<i>of which related parties</i>
Assets					
A Non-current assets					
1	(1)	107,155		107,135	
2	(2)	1,059,656		1,021,616	
3	(3)	787		265	
4	(4)	22,873		21,865	
5	(5)	12,568	10,482	12,251	11,239
6	(6)				
7	(8)	22,742		28,038	
8	(7)	1,463		1,081	
Total		1,227,244		1,192,251	
B Current assets					
1	(9)	4,770		4,932	
2	(6)	104,597	203	103,304	376
3	(7)	34,304	13,235	25,561	9,304
4	(5)	1,748	1,544	1,720	1,542
5					
6	(10)	220,505		261,517	
Total		365,924		397,034	
C Non-current assets held for sale					
Total assets		1,593,168		1,589,285	
Liabilities					
D Equity					
1		291,414		291,414	
2		161,177		138,024	
3					
4		27,702		19,788	
Total equity attributable to the Group	(11)	480,293		449,226	
5		48,787		48,333	
Total Equity	(11)	592,080		497,559	
E Non-current liabilities					
1	(14)	733,951	2,539	770,776	1,309
2	(15)	3,644		3,722	
3	(16)	58,510	2,989	45,599	2,930
4	(8)	26,832		24,442	
5	(12)	78,720		76,265	
6	(13)	4,034		4,017	
Total		905,691		924,821	
F Current liabilities					
1	(15)	40,287	376	43,142	499
2	(16)	37,158	16,015	34,323	12,732
3	(14)	80,865	886	89,259	1,254
4	(12)	87		181	
Total		158,397		166,905	
Liabilities attributable to non-current assets held for sale					
Total liabilities		1,593,168		1,589,285	