

PRESS RELEASE

Falck Renewables S.p.A.

The Board of Directors approves the Interim Financial Report as of September 30, 2018

Progressive results show continuous growth.

EBITDA up to €130.6 million (+26% on 2017).

Profit before taxation up to €47.8 million (+76% on 2017).

Further improvement in the guidance for year end, Ebitda up to €180 million.

- **Revenue** of €231.6 million, up 16.4% on €198.9 million in the first nine months of 2017;
- **EBITDA**¹ of €130.6 million, up 26.1% on €103.6 million in the first nine months of 2017, including non-recurring income of €7.1 million²;
- **Profit before taxation** of €47.8 million, up 76.1% on €27.2 million in the first nine months of 2017;
- **Net financial debt**, excluding the fair value of derivatives, reduced to €511.8 million from €538.1 million at 31 December 2017;
- **Guidance** revised upwards: EBITDA increases from €163 million to €180 million; Consolidated net income prior to minorities from €39 million to €49 million; Net financial position (including the fair value of derivatives) improvement from €650 million to €600 million;
- Presentation of the updated Industrial Plan scheduled for 12 December 2018.

Milan, 6 November 2018 – The Board of Directors of Falck Renewables S.p.A. met today to examine and approve the interim financial report at 30 September 2018.

The Chief Executive Officer of Falck Renewables S.p.A., Toni Volpe noted, *“The very positive results recorded at 30 September confirm the constant growth trend of the Group and represent the outcome of the strategies and management actions that we have introduced since 2016”*.

¹ EBITDA - The 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 taking into consideration the project financing contracts entered into by the Group.

² Non-recurring income refers to the release of accruals and provisions, net of transaction costs, following the settlement of a dispute relating to certain plots of land of the Sicilian project companies in liquidation. Refer to the interim financial report at 30 June 2018 for additional details.

Consolidated results for the periods ended 30 September 2018 and 30 September 2017

(thousands of Euro)

	3rd quarter 2018	3rd quarter 2017	At 30.9.2018	At 30.9.2017	At 31.12.2017**
Revenue	66,600	57,860	231,574	198,869	288,619
Direct costs and expenses	(42,478)	(34,116)	(122,124)	(108,649)	(148,328)
Personnel expense	(7,866)	(7,108)	(24,207)	(21,616)	(28,973)
Other income	1,912	413	12,260	4,030	4,524
General and administrative expenses	(4,286)	(7,424)	(20,827)	(19,126)	(40,470)
Operating profit	13,882	9,625	76,676	53,508	75,372
Net financial expenses	(10,039)	(8,834)	(29,602)	(28,425)	(35,260)
Net income from investments	0	0	0	46	45
Net income from equity-accounted investees	(229)	962	728	2,023	2,284
Profit before taxation	3,614	1,753	47,802	27,152	42,441
Income taxes					(10,983)
Profit for the period/year					31,458
Profit attributable to non-controlling interests					11,670
Profit attributable to the owners of the parent	0	0	0	0	19,788
EBITDA	31,223	25,373	130,612	103,587	149,366

(**) Data at 31 December 2017 has been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations to the acquisition of the NC 42 LLC Group, Falck Renewables Vind AS, Åliden Vind AB and Brattmyrliden Vind AB. Refer to the interim financial report at 30 June 2018 for additional information.

Introduction

With reference to the accounting standards in force from 1 January 2018, compared to those applicable to the 2017 financial year, the only significant effect is related to the adoption of IFRS 9 "Financial instruments".

In 2018, the "Other Businesses" segment was introduced, comprising the companies Falck Renewables S.p.A. and Falck Renewables Energy Srl. Up until 31 December 2017, Falck Renewables Energy Srl ("FRE") was part of the "WtE, biomass and photovoltaic" business segment. This change was made insofar as, since 1 January 2018, FRE operates in energy management (in accordance with the Group policies) which includes, among other things, the dispatching, management of imbalance, sale and hedging of the commodity risk, potentially for all Group segments.

Data at 30 September 2017 for this segment has been restated for comparability with the results of the same period of 2018.

Results for the first nine months of 2018

Consolidated revenue amounts to €231.6 million, up 16.4% on €198.9 million in the first nine months of 2017.

The significant increase in **revenue** is due to: (i) the growth in electricity production due to greater wind conditions in Italy, Spain and France, (ii) the growth in production deriving from the rise in installed capacity (933.5 MW in the first nine months of 2018, compared to 821 MW in the same period of 2017) as a result of the acquisition of the Innovative Solar 42 photovoltaic plant (92 MW) in North Carolina (USA) in December 2017, the powering up of the HG Solar Development LLC photovoltaic plant in Massachusetts (6 MW) and the acquisition of three photovoltaic projects (14.5MW) in Massachusetts, which were already operating in June 2018, and (iii) the resale of the energy that Falck Renewables Energy Srl purchased on the market to offset imbalance costs and optimise sales, generating €10.3 million.

The Group generated 1,548 GWh in the period, up 11% on the 1,401 GWh of the first nine months of 2017, mainly due to the increase in photovoltaic production in the United States on the same period of the previous year (+126 GWh) and Auchrobert's production, as it was powered up in April 2017 (+28 GWh). In general, although the Group's production grew on the first nine months of 2017, it was 7% lower than expected due to less wind mainly in the United Kingdom and, partially, in Italy during the summer months.

The trend in revenue by business segment is illustrated below:

Wind power: This business segment generated revenue of €163.2 million, up 11.7% on €146.2 million in the same period of the previous year thanks to better wind conditions in Italy, France and Spain and to the fact that the Auchrobert plant (36 MW) became fully operational in the United Kingdom. In the first nine months of 2018, the wind power segment generated 1,257 GWh, compared to 1,220 GWh in the first nine months of 2017 (+3%). Revenue was also driven by the increase in energy prices in the United Kingdom (+13%) and in Spain (+2%), an effect partly offset by the 1.2% depreciation of the pound against the Euro and the decrease in energy sales prices in Italy (-4%, including the feed-in tariff). In France, the feed-in tariff mechanism neutralized the price fluctuation (+1%).

WtE, Biomass and Photovoltaic: Revenue in this business segment grew by 15.5% to €51.2 million, compared to €44.3 million in the first nine months of 2017. This performance is essentially due to (i) the growth in production thanks to greater solar energy production (€7.8 million), partly offset by the scheduled interruption of production (once every two years) of the Rende hybrid plant, and (ii) increase in waste disposal prices (+20%), partly offset by lower electricity sales prices in Italy than in the first nine months of 2017 and the smaller quantities of treated waste due to the accidental interruption of the Trezzo sull'Adda waste-to-energy plant. Electricity sales prices in Italy, including the feed-in tariff, decreased in the first nine months of 2018 compared to the same period of 2017, with waste-to-energy and biomass plant prices down by 11% and 5%, respectively, while Italian photovoltaic plant prices rose by 3%. An agreement was reached for the Innovative Solar 42 photovoltaic plant to sell electricity at a fixed price per MWh without being required to deliver the physical quantities not produced.

Services: This segment presents revenue of €9.7 million, up 8.8% on €8.9 million in the first nine months of 2017, mainly due to revenue growth in Italy and the United Kingdom. To ramp up the Service segment's activities, in July, Falck Renewables S.p.A. and Falck Renewables Wind Ltd sold the business units consisting of staff respectively to Vector Cuatro Srl and Vector Cuatro UK Ltd, entailing the transfer of a total of 37 people to the Services segment.

Other businesses: Revenue in this segment, which comprises Falck Renewables S.p.A. and Falck Renewables Energy Srl, rose by €23.4 million, mainly in connection with the energy sales of Falck Renewables Energy Srl, active in energy management (in accordance with the Group policies), which includes, among other things, the

dispatching, management of imbalance, sale and hedging of the commodity risk, potentially for all Group segments.

Revenue by business segment is summarized below:

	(thousands of Euro)			
	30.9.2018	%	30.9.2017	%
WtE, Biomass and Photovoltaic	51,157	22	44,286	22
Wind Power	163,199	70	146,160	73
Services	9,688	4	8,907	4
Other Businesses	23,618	10	222	0
Sub-total	247,662	107	199,575	100
Elimination of intercompany revenue	(16,088)	-7	(706)	0
Total	231,574	100	198,869	100

EBITDA in the first nine months of 2018 rose by 26.1% to €130.6 million from €103.6 million in the first nine months of 2017, with an EBITDA margin of 56.4%, compared to 52.1% in the first nine months of 2017 (excluding the impact of Falck Renewables Energy Srl's business, the EBITDA margin would have been 59.0%, compared to 52.1% in the first nine months of 2017).

The improvement is mainly due to the performance described above and the non-recurring income (€7.1 million) on the release of accruals and provisions, net of transaction costs, following the settlement of a dispute relating to certain plots of land of the Sicilian project companies in liquidation. Costs efficiency and allocation actions continue with the aim to reduce their incidence per installed MW and to increase the Business Development activity.

The operating profit of €76.7 million, up 43.3% on the €53.5 million for the first nine months of 2017, is equal to 33.1% of sales revenue (26.9% on the same period of 2017). Operating profit was affected by accruals of roughly €4 million, mainly for disputes in connection with the Sicilian project companies. Similarly, the operating profit for 2017 was affected by the €3.8 million accrual for the adjustment of future costs to be incurred for extraordinary maintenance relating to Ecosesto S.p.A.

Net financial expenses of €29.6 million are up €1.2 million on the first nine months of 2017 due to the application of IFRS 9 - Financial Instruments, which resulted in an increase of approximately €3 million in financial expenses due to the restatement of financial liabilities, with a positive impact of approximately €13,3 million, net of income taxes, on equity-related reserves at 1 January 2018 (refer to the interim directors' report for additional information). The increase in interest was offset by the impact of (i) management's steps to manage debt more efficiently, (ii) the positive net balance of exchange rate differences and (iii) lower interest on the fair value debt of royalty instruments.

Net income from equity-accounted investees amounts to €0.7 million, down €1.3 million on the first nine months of 2017 due to the equity-accounted investee Frullo Energia Ambiente Srl's lower profit for the period, following its decision to settle the local property tax dispute.

As a result of the trends described above, the **profit before taxation** amounts to €47.8 million, a significant increase of 76.1% on the €27.2 million in the first nine months of 2017.

Net Financial Position

Net financial debt, excluding the fair value of derivatives, improved to €511.8 million, compared to €538.1 million as at 31 December 2017.

The change in net financial debt is the result of the following: cash flows generated by operating activities of approximately €94.3 million, offset by net investments, including the change in consolidation area of €80.9 million in 2018, the acquisition of treasury shares and the distribution of dividends of €22.5 million. The depreciation of the Euro against the pound had a negative impact of €1.0 million on net financial payables in pounds, and the change in the fair value of derivatives had a positive impact of €9.3 million on net financial debt. The application of the new IFRS 9 led to a reduction of €17.4 million in net financial debt. Net financial debt also benefited from minority investments in the new acquisitions in Norway and the US, with a positive impact of €16.8 million.

Balance sheet data at 31 December 2017 has been restated to reflect the adjustments following the application of IFRS 3 - Business Combinations.

Investments

In the first nine months of 2018, investments amount to €46.4 million.

Investments in property, plant and equipment amount to €42.9 million and mainly refer to the construction of the wind farms in Brattmyrliden (€2.2 million) and Aliden (€11.4 million) in Sweden, Falck Renewables Vind's wind farm (€14.5 million) in Norway, HG Solar's photovoltaic plant in the US (€9.6 million) and Fisher Road Solar I LLC Syncarpha Palmer LLC's and Syncarpha Massachusetts LLC's photovoltaic plants in the US (€4.2 million) and Auchrobert's wind power plant (€0.4 million), as well as other sundry investments.

Investments in intangible assets amount to €3.4 million and mainly refer to costs for the Falck Renewables Vind concession, operating software, technical consultancy and internal costs.

Other investments

In the first nine months of 2018, certain companies were acquired in the US, for a total of 14.5 MW of installed capacity, which are consolidated on a line-by-line basis commencing from the date when control was acquired.

Acquisitions, which are accounted for as changes in the consolidation scope, total €34.7 million (including the acquired net financial position/(debt) and minority interests), which are in addition to the investments in property, plant and equipment and intangible assets described above.

Installed production capacity

Technology	(MW)		
	At 30.9.2018	At 30.9.2017	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 since 30 September 2017, due to the growth in photovoltaic assets in the United States.

The most significant events in the third quarter of 2018

In July 2018, a tax equity partnership agreement totalling €4.5 million was signed with one of the main US investors, which will hold an indirect stake in HG Solar Development LLC's 6-MW photovoltaic plant in Massachusetts (USA).

With regard to the project financing of the Se Ty-Ru plant, on 4 July 2018, the company reached agreements for certain amendments to the loan contract with the lending banks. They include, but are not limited to, lowering the fixed interest rate applied to a tranche of the loan and using some of the project's cash funds to repay a portion of the credit lines in advance with the concurrent rescheduling of the repayment plan. Following these amendments to the loan contract, the project will have better ratios for future distributions.

On 25 July 2018, Falck Renewables S.p.A. signed a preliminary contract with Ascia Renovables SL for the acquisition of a wind power project in the Spanish region of Castilla y León, consisting of four turbines with total capacity of 10 MW. The acquisition is structured in several steps (with the initial acquisition of 49%) and is subject to suspensive conditions. The construction is scheduled to begin at year end. The project was acquired for €1.2 million, to be paid in tranches. The wind farm is expected to begin operating in the fourth quarter of 2019.

On 30 July 2018, Falck Renewables S.p.A. signed an agreement with a syndicate of leading banks amending the €150 million corporate loan, currently unused, extending the repayment date from 30 June 2020 to 31 December 2023 and increasing the available amount to €325 million. The amended conditions are immediately applicable to the corporate loan and their purpose was to meet the financial requirements of the 2017-2021 business plan and to ensure additional flexibility with respect to the amount of the loan and the repayment dates.

The corporate loan provides for the same favourable conditions as the previous contract: the EURIBOR ratio (based on the ratio of consolidated net financial position to EBITDA) has not changed and the covenants remain the same and in line with best market practices.

On 2 August 2018, the subsidiary Vector Cuatro Srl finalised an agreement to acquire 100% of Windfor Srl, a well-known, leading technical advisory service provider in the Italian wind power industry. The value of the acquisition amounted to €0.625 million.

Subsequent events

On 2 October 2018, Falck Renewables S.p.A. finalised the agreement for the acquisition of 51% of Energy Team S.p.A., an Italian leader in Energy Management Services. With this acquisition the Group enters in growth sectors such as consumption monitoring services and management of flexibility on electricity markets. The provisional acquisition price of approximately €18.3 million was entirely financed using own funds and is subject to the potential adjustments typical of transactions of this type, which will be calculated mainly considering results and financial position. 40% of the agreed consideration has been paid and another 30% of the balance will be paid following the price adjustment. The remaining 30% will be deposited in an escrow account and released upon expiration of the sellers' indemnification obligations.

On 12 October 2018, Falck Renewables S.p.A. signed a preliminary agreement with I.M.G. 2 Srl, a waste disposal company that has been active in Lombardy for years, for the sale of 100% of its stake in Esposito Servizi Ecologici Srl, for €1.07 million.

The definitive contract is scheduled to be signed by January 2019. When the preliminary agreement was signed, the buyer paid an advance of €0.15 million, while the balance will be paid at closing. The transaction is also subject to a price adjustment.

On 24 October 2018, Falck Renewables S.p.A. renewed O&M service agreements with the Nordex Group for 14 of its wind farms in Europe, signing a five-year framework agreement that covers Falck Renewables' entire portfolio with Nordex wind power technology. The maintenance contract will cover 159 2-2.5 MW turbines installed between 2007 and 2016 in Great Britain, France and Italy.

Outlook

The Group's results for 2018 will benefit from the full year of production of the Innovative Solar photovoltaic plant (92 MW) in North Carolina and the second half-year of production of the HG Solar Development LLC photovoltaic plant (20.5 MW) in Massachusetts.

The Industrial plan, which was presented to the market on 14 November 2016 and updated on 12 December 2017 and to which reference should be made for more detailed information, envisages: (i) considerable growth in assets combined with a focus on financial soundness; (ii) renewed focus on Southern European and North American markets; and (iii) an increase in service volumes and business objectives, concentrating on asset management for renewable energy plants, energy management and energy efficiency, optimizing the internal digital platform.

Various investment options are currently being assessed in the geographical areas of interest covered in the business plan.

The updated business plan will be presented on 12 December 2018.

With its excellent positioning, both in terms of expertise and economic and financial resources, and its ability to react, the Group is poised to meet the challenges that lie ahead.

Guidance

The guidance is increased for the main economic-financial indicators, as detailed below. (Guidance was provided on 31 July 2018 upon the approval of the half-year Financial Report at 30 June 2018):

- EBITDA is increased from €163 million to €180 million;
- Consolidated net income prior to minorities from €39 million to €49 million;
- Net financial position (including the fair value of derivatives) from €650 million to €600 million.

The Executive responsible for drawing up the company's accounting documents, Paolo Rundeddu, certifies – in accordance

with paragraph 2, article 154 bis of the Financial Act (TUF) – that the accounting information contained in this document corresponds with the records, books and accounting entries.

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

At 10:00 a.m. on 7 November 2018, a conference call will be held for analysts, investors and banks to present the interim financial report. 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 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 1600 MW of installed capacity and with experience in more than 25 countries.*

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Vincenza Colucci

Interim financial report at 30 September 2018 - Income statement

(thousands of Euro)

	3rd quarter 2018	3rd quarter 2017	At 30.9.2018	At 30.9.2017	At 31.12.2017**
Revenue	66,600	57,860	231,574	198,869	288,619
Direct costs and expenses	(42,478)	(34,116)	(122,124)	(108,649)	(148,328)
Personnel expense	(7,866)	(7,108)	(24,207)	(21,616)	(28,973)
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General and administrative expenses	(4,286)	(7,424)	(20,827)	(19,126)	(40,470)
Operating profit	13,882	9,625	76,676	53,508	75,372
Net financial expense	(10,039)	(8,834)	(29,602)	(28,425)	(35,260)
Net investment income	0	0	0	46	45
Net income from equity-accounted investees	(229)	962	728	2,023	2,284
Profit before taxation	3,614	1,753	47,802	27,152	42,441
Income taxes					(10,983)
Profit for the period					31,458
Profit attributable to non-controlling interests					11,670
Profit attributable to the owners of the parent	0	0	0	0	19,788
EBITDA	31,223	25,373	130,612	103,587	149,366

(**) Data at 31 December 2017 has been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations to the acquisition of the NC 42 LLC Group, Falck Renewables Vind AS, Åliden Vind AB and Brattmyrliden Vind AB. Refer to the interim financial report at 30 June 2018 for additional information.

Interim financial report at 30 September 2018 - Net financial position

	(thousands of Euro)				
	30.9.2018	30.6.2018	31.12.2017**	Changes	
	(1)	(2)	(3)	(4)=(1)-(2)	(5)=(1)-(3)
Current financial liabilities - third parties	(84,443)	(80,865)	(89,259)	(3,578)	4,816
Current financial assets - third parties	2,215	1,748	1,720	467	495
Current liquid funds	242,726	220,505	261,517	22,221	(18,791)
Current net financial debt	160,498	141,388	173,978	19,110	(13,480)
Non-current financial liabilities - third parties	(724,997)	(733,951)	(770,776)	8,954	45,779
Non-current financial debt	(724,997)	(733,951)	(770,776)	8,954	45,779
Net financial debt, as per					
CONSOB Communication no. DEM/6064293/2006	(564,499)	(592,563)	(596,798)	28,064	32,299
Non-current financial assets - third parties	13,415	12,568	12,251	847	1,164
Total net financial debt	(551,084)	(579,995)	(584,547)	28,911	33,463
- including non-recourse loans	(740,810)	(746,034)	(793,138)	5,224	52,328

(**) Data at 31 December 2017 has been restated to reflect the adjustments made following the application of IFRS 3 - Business Combinations to the acquisition of the NC 42 LLC Group, Falck Renewables Vind AS, Åliden Vind AB and Brattmyrliden Vind AB.

Refer to the interim financial report at 30 June 2018 for additional information.