

PRESS RELEASE

Falck Renewables S.p.A.

The Board of Directors approves the draft financial statements and consolidated financial statements at 31 December 2017

2017 GROUP NET RESULT IS THE BEST EVER ACHIEVED: EURO 20.35 MLN

STRONG GROWTH IN EBITDA: UP TO EURO 149 MLN (+9.6%)

INSTALLED CAPACITY 950MW¹: +128 MW IN 2017 (+15.6%)

PFN / EBITDA RATIO REDUCED

PROPOSED DIVIDEND OF 5.3 EURO CENTS PER SHARE CONFIRMED (+8.2%)

- **Revenue** of Euro 288.6 million (+15.6%) compared with Euro 249.6 million in 2016;
- **EBITDA** stands at Euro 149.4 million (+9.6%) as compared with Euro 136.3 million for FY 2016;
- **Net result** stands at Euro 32.1 million as compared with Euro 1.9 million for FY 2016²;
- **Net result pertaining to the Group** stands at Euro 20.35 million as compared with Euro -3.9 million for FY 2016³;
- **Total Investments up to Euro 154.9 million (Euro +62.4 million) compared to Euro 92.5 million in December 2016** as a result of acquisitions in Sweden, Norway and the US;
- **Net financial debt, not considering the fair value of derivatives**, totals Euro 537.2 million compared to Euro 503.3 million at 31 December 2016 as a result of greater investments;
- **PFN / EBITDA** ratio in 2017 equal to 3.9x reduced compared to 2016 4.1x
- Proposed **dividend** of 5.3 euro cents per share.

Milan, 8 March 2018 – The **Board of Directors of Falck Renewables SpA** met today, approving the draft and consolidated financial statements at 31 December 2017.

CEO Toni Volpe highlighted: *“We are extremely satisfied with the results that the Group achieved in 2017. We have witnessed growth across the board, in terms of production as well as investment capacity, revenues and profitability. These figures have all surpassed our pre-established targets and confirm the sustainability of the strategic development decisions we have made. Thanks to these results, today the Group is in a situation of solidity and strength without precedent, which enables us to continue on towards the growth objectives laid out in the Business Plan to 2021”.*

¹ 913 MW in accordance with the IFRS 11 reclassification

² Equal to Euro 16.9 million if adjusted for a significant non-recurring transaction

³ Equal to Euro 11.1 million if adjusted for the significant non-recurring transaction noted above

Consolidated income statement results at 31 December 2017 and at 31 December 2016

(thousands of Euro)

	2017	2016
A Revenue	288,619	249,622
Direct personnel expense	(12,693)	(11,423)
Direct costs and expenses	(148,336)	(139,623)
B Total cost of goods sold	(161,029)	(151,046)
C Gross profit	127,590	98,576
Other income	4,524	7,107
Indirect personnel expense	(16,280)	(15,537)
General and administrative expenses	(40,470)	(30,502)
D Operating result	75,364	59,644
Net financial expense	(35,265)	(41,374)
Net investment income	45	(79)
Net equity investment income	2,284	1,160
E Result before taxation	42,428	19,351
Total income tax expense	(10,362)	(17,486)
F Net result	32,066	1,865
G Profit (loss) attributable to non-controlling interests	11,716	5,800
H Result attributable to the Group	20,350	(3,935)
<i>Result attributable to the Group per base and diluted share</i>	<i>0.070</i>	<i>(0.014)</i>
EBITDA (*)	149,366	136,292

(*) 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 latest project financing contracts entered into by the Group.

Income statement results at 31 December 2017

The Group's income statement results at 31 December 2017 have grown significantly thanks to (i) the increase in the production of electricity (ii) rising energy prices and (iii) the management's actions intended to improve plant efficiency and the cost profile.

Consolidated Revenue amounts to Euro 288.6 million, up 15.6% compared to Euro 249.6 million at 31 December 2016: this improvement was due to the greater annual production (2,043 GWh, + 9.5% compared with 1,866 GWh in 2016) deriving from the growth in installed capacity as well as the significant increase in average electricity sale prices in Italy, Spain and the United Kingdom and operational performances. This performance was mitigated by the devaluation of the pound with respect to the euro by 6.5% compared with 2016 and relating to production in the United Kingdom, while in France the energy price hike did not make any additional contribution due to the fixed tariff applied for the Group's plants.

Below are the main changes in Consolidated Revenues according to sector:

Wind power: Revenues generated by the sector amounted to Euro 216.8 million, up by 16.4% compared with 2016, thanks to the significant rise in average electricity sale prices equal to +13% in Italy, +68% in Spain and +16% in the United Kingdom, alongside the 10% increase in production compared with the same period of 2016, also as a result of the greater average installed capacity and operational performances. Annual electricity production amounted to 1,789 GWh compared with 1,626 GWh in 2016. The increase in revenues was partially offset by the aforementioned devaluation of the pound with respect to the euro, with reference to production in the United Kingdom.

Waste to Energy, Biomass and Photovoltaic: the sector records revenues of Euro 60.7 million, up 13.1% over 2016, mainly as a result of the growth in electricity sale prices, including the incentive component, by 13% for WtE plants and 2% for solar plants. Revenues also benefitted from the increase in the waste treated at the Gorle plant as well as the better performance of the Ecosesto SpA biomass plant, whose production is up by about 12%, also as a result of planned downtime in 2016 and the greater installed capacity of the solar plant.

Services: Revenues for this sector, consisting of the Spanish Vector Cuatro group, were up 21%, equal to Euro 12.1 million compared with the previous year, especially thanks to transaction, engineering and asset management activities in Spain, the United Kingdom, Japan and Italy.

In light of positive revenue trends, **Consolidated EBITDA** rose by 9.6% to Euro 149.4 million with respect to the previous year. The results marked an improvement over the EBITDA guidance communicated to the market in late 2016, at Euro 132 million and revised upwards to more than Euro 147 million at the end of 2017 when the 2017-2021 Business Plan was updated.

The Operating result grew by 26.54% to Euro 75.4 million compared to 59.6 million in 2016, with an impact on sales revenues of 26.1% (23.9% in 2016), and benefited from lower depreciation for a total of Euro 5.7 million, primarily following the update of the useful life of wind and photovoltaic plants (Euro 8.7 million) carried out by independent experts, which resulted in an average increase in useful life from 20 years to 22.5 years, offset only in part by the increase in depreciation due to the greater installed capacity.

The operating result also incorporates provisions for risks and the impairment of receivables for a total of Euro 14 million compared to Euro 12.0 million in 2016, including the provision of Euro 5 million for the adjustment of future costs to be incurred for extraordinary maintenance relating to the subsidiary Ecosesto SpA, the provision of roughly Euro 7 million for the update of the estimated liabilities linked to prior disputes and disputes arising during the year, VAT and employee receivables and the provision of Euro 2.0 million connected to disputes with the Electricity, Gas and Water Authority, in relation to which the Group lodged an appeal before the regional administrative court.

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In addition, following the impairment test conducted in 2017, amongst others, the concessions and plant of Esposito Srl were written down by Euro 1.2 million and 0,5 million respectively, the Vector Cuatro contract portfolio was written down by Euro 1.8 million following the termination of several long-term contracts. On the other hand, a write-back of Euro 3.2 million was recognised on the Rende hybrid plant. The net effect came to around Euro 0.4 million.

Net financial expense improved considerably by Euro 6.1 million due to the management's actions aimed at reducing the cost of debt through the renegotiation of some project financing, positive exchange differences and lower interest payable for disputes with respect to 2016. The positive effects on financial expense more than offset the reduction in interest earned on Group liquidity reserves as a result of the increase in the amount of project financing and the increase in the debt at fair value of royalty instruments.

Income taxes totalled Euro 10.4 million, a significant reduction compared to Euro 17.5 million in 2016 due to (i) the recognition, by the Italian companies participating in tax consolidation, of Euro 2.7 million as income from consolidation; (ii) the recognition of deferred tax assets following the review of the useful lives of wind and solar plants which, in relation to the wind plants in Italy, had a positive effect totalling Euro 1.5 million; (iii) the structural reduction, starting from the 2017 tax period, in the corporate income tax rate in Italy from 27.5% to 24%, as well as in the United Kingdom (as of 1 April 2017) from 20% to 19% and (iv) the increased production of electricity and the significant improvement in results achieved in the United Kingdom with respect to the previous tax period.

With reference to 2016 taxes, please note the negative impact of the non-recurrent significant operation that refers to the execution of a settlement agreement for the tax dispute related to years 2009 and 2010, for which the Company posted during 2016 an higher amount of taxes, for a total of Euro 12.6 million, partly offset by Euro 4.9 million from tax consolidation, whose criteria for the booking were realized in 2016.

As a result of the trends described above, the year 2017 closed with a **Net result** of Euro 32.1 million as compared with Euro 1.9 million for FY 2016, which, please recall, if adjusted for the non-reccurent significant operation previously mentioned, would be equal to Euro 16.9 million.

The **Group result**, less the increased impact of minorities (Euro +5.9 million), due to the greater profits earned by plants located in the United Kingdom, is equal to Euro 20.35 million compared with a loss of Euro 3.9 million in 2016. The Net result pertaining to the Group in 2016, adjusted due to the non-reccurent significant operation, would be equal to Euro 11.1 million.

Net financial position

Net financial debt, without considering the fair value of derivatives⁴, had a debt balance of Euro 537.2 million, up compared with Euro 503.3 million at 31 December 2016 due to higher investments for the acquisitions in Sweden, Norway and the US.

As at 31 December 2017, the **Net financial position, inclusive of the fair value of derivatives**, was Euro 583.7 million (Euro 562.0 million at 31 December 2016). The cash generated in the period amounted to Euro 89.1 million and was offset by net total investments for approximately Euro 154.3 million, by the purchase of own shares and dividends distributed for Euro 22.8 million. The devaluation of the pound with respect to the euro had a positive effect on net financial debt in pounds by Euro 10.7 million, while the change in the fair value of derivatives led to a positive effect on the net financial position of Euro 12.2

⁴ The total net financial position is calculated as the sum of cash and cash equivalents, current financial assets including securities available for sale, financial liabilities, the fair value of hedging instruments and other non-current financial assets.

million. In addition, the investment by the minorities in the new acquisitions in Sweden and the US entailed a benefit for the NFP of Euro 43.2 million.

Investments

In 2017, total investments amounted to Euro 154.9 million and are mainly related to the construction of the wind farms of Auchrobert for Euro 8.7 million, of Brattmyrleden for Euro 2.1 million, of Aliden for Euro 1.2 million and of Falck Renewables Vind for Euro 1.8 thousand, and the acquisition of companies which entailed a change in the scope of consolidation for Euro 126.9 million (inclusive of the net financial position acquired and of non-controlling interests).

Installed production capacity

The following table illustrates installed capacity (MW), analysed by technology:

		(MW)
Technology	31 December 2017	31 December 2016
Wind power	769.9	733.9
WTE	20.0	20.0
Biomass	15.0	15.0
Photovoltaic	108.1	16.1
Total	913.0	785.0

In the course of December 2017, the company Innovative Solar 42 LLC, owner of the 92 MW solar project in North Carolina in the United States, became part of the Group.

In addition, in 2017 the wind power plant of Auchrobert in the United Kingdom, consisting of 12 turbines for an installed power of 36 MW, was powered up.

Economic-financial trend of Falck Renewables SpA

FY 2017 closed with net profits of Euro 27.9 million, after having applied amortization for Euro 498 thousand and entered proceeds from the tax consolidation for Euro 5.6 million. The net result was influenced by dividends of Euro 46.0 million (up compared with the previous year by Euro 15.2 million) and increased services, as a result of higher operating costs in support of new market development initiatives (Euro 3.7 million) and higher provisions net of write-backs, for Euro 7.1 million. The financial position has a credit balance of Euro 54.9 million, compared to a credit balance of Euro 247.2 million at 31 December 2016, due primarily to the acquisition of investments in the companies Eolo 3W Minervino Murge Srl, Eolica Sud Srl, Geopower Sardegna Srl and Eolica Petralia Srl, previously held by the subsidiary Falck Renewables Wind Ltd as part of a corporate reorganization within the Group.

Most important management events during the fourth quarter of 2017

On 1 December 2017, Falck Renewables SpA and Recurrent Energy, LLC, a wholly-owned subsidiary of Canadian Solar Inc., announced the closing for the sale of 99% of the company which owns the 92-MW/71 MWac IS-42 solar project in North Carolina. Falck Renewables SpA acquired 99% of the shares of the project through Falck Renewables IS 42 LLC, a wholly-owned subsidiary, for a total outlay of roughly 43 million dollars, fully funded with available resources.

On 12 December 2017, the Board of Directors of Falck Renewables SpA updated and approved the Company's 2017-2021 Business Plan.

On 20 December 2017, Earlsburn Mezzanine Ltd, on the one hand, as borrower, and MUFG banking group (core banking unit) and Banco de Sabadell on the other, as lenders, stipulated a project financing contract without recourse on the shareholder, for a total amount of roughly GBP 21 million. The loan contract, with final maturity in March 2026, was entered into under decidedly favourable conditions, reflecting the Group's financial strength.

On 22 December, Auchrobert Wind Energy Ltd and MUFG banking group (core banking unit), Barclays Bank Plc and Banco de Sabadell stipulated a project financing contract without recourse on the shareholder, for a total amount of roughly GBP 49.3 million for the Auchrobert (Scotland) wind farm, which has been operating since April 2017.

2017 post-balance sheet events

On 15 January 2018, Falck Renewables SpA, through its Swedish subsidiaries, entered into two contracts with the Nordex group for a total value of around Euro 121.7 million for the supply of 31 N131/3900 wind turbines and the relative infrastructural, civil and electrical works, on an EPC basis, for the construction of the two recently acquired Åliden and Brattmyrliden projects. The preliminary works have started and activities will intensify in the course of 2018 and 2019.

On 14 February 2018, Falck Renewables SpA announced the signing and simultaneous closing for the acquisition of a roughly 5.99 MW wind project in Middleton (Massachusetts, USA) from the developer HG Solar and the signing of an EPC (Engineering, Procurement and Construction) agreement with the company Conti Solar with a total investment of roughly 10.7 million dollars: it is expected to begin operating in 2018.

Outlook

The Group's results for FY 2018 will benefit from the production, for the entire year, of the wind power plants of Auchrobert (36 MW), which began operating in the second quarter of 2017, the Innovative Solar solar plant (92 MW) in North Carolina, which became part of the Group's installed capacity on 1 December 2017 and the Middleton plant scheduled to achieve commercial operation in 2018 .

The Business Plan presented to the market on 14 November 2016 and updated on 12 December 2017, which should be referred to for more details, calls for (i) considerable growth in assets along with the policy of focusing on financial strength, (ii) renewed attention to be placed on the Southern European and North American markets and (iii) an improvement in the volumes and business objectives of services, with a focus on the asset management of renewable energy plants, energy management and energy efficiency, leveraging the internal digital platform.

Some investment opportunities are currently being assessed in the geographical areas of interest included in the Business Plan.

Thanks to the Group's excellent positioning, both in terms of expertise and in terms of economic and financial resources, and its ability to react, there are all the internal conditions to meet future challenges.

Guidance

For 2018, the following guidance is provided for the main economic and financial indicators:

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- EBITDA of around Euro 148 million;
- Consolidated Net Profit before minority interests of around Euro 29 million.

Net Financial Position (including the fair value of derivatives) of approximately Euro 687 million.

The Board of Directors will propose to the Shareholders' Meeting, scheduled for 19 April 2018, in first call, and 20 April 2018, in second call, the distribution of a dividend of Euro 0.053 for each eligible share (i.e. each of the shares outstanding on the coupon detachment date, excluding the treasury shares held on that date), gross of statutory deductions. The total value of the proposed dividends is equal to Euro 15,364,906.22. The dividend will be paid as from 16 May 2018, with detachment of coupon (coupon No. 13) on 14 May 2018. Parties that are Shareholders of Falck Renewables SpA at the end of the accounting day of 15 May 2018 ("record date") will be entitled to the dividend.

The Board of Directors approved the Report of the Corporate Governance and Ownership (*Relazione sul Governo Societario e Asset Proprietari*) and the Compensation Report (*Relazione sulla Remunerazione*).

The managers with strategic responsibilities (*Dirigenti con Responsabilità Strategiche*) identified by the Company in line with the Industrial Plan are: Paolo Rundeddu (Chief Financial Officer); Vittorio Grande (Head of Operations); Marco Cittadini (Head of Client Services); Carmelo Scalone (Head of Business Development and M&A); Scott Gilbert (Head of Engineering & Construction).

* * *

Following a dedicated assessment, the Board ascertained the fulfilment of the independence conditions and requirements by its non-executive members pursuant to the provisions in force of the Consolidated Finance Act and the Corporate Governance Code.

Attached are the schedules of the Falck Renewables Group extracted from the Consolidated Financial Statements at 31 December 2017 compared with the consolidated balance sheet figures at 31 December 2016.

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 to documentary evidence, books and accounting records.

The draft financial statements at 31 December 2017, together with the directors' report, are subject to audit, and the audit procedures are currently being completed.

The company's draft financial statements and the group's draft consolidated financial statements will be made available within the legal deadline at the registered office at Corso Venezia 16, Milan, with Borsa Italiana SpA and online in the Investor Relations section of the www.falckrenewables.eu. In addition, they will be submitted for the shareholders' approval during the Shareholders' Meeting to be held on first call on 19 April 2018. The second call is scheduled for 20 April 2018.

For the transmission and storage of Regulated Information, the Company relies on the eMarket SDIR distribution system and the eMarket STORAGE storage mechanism available at www.emarketstorage.com and managed by Spafid Connect S.p.A., with registered office at Foro Buonaparte 10, Milan.

At 10:00 am tomorrow, Friday, 9 March 2018, a conference call will be held for analysts, investors and banks to present the financial data as at 31 December 2017. Details on how to participate are available at www.falckrenewables.eu, in the news section.

Support material will be made available on-line in the investor relations section when the conference call begins.

Falck Renewables S.p.A., listed on the STAR segment of the Italian Stock Exchange, develops, designs, builds and manages plants that generate energy from renewable sources, with an installed capacity of 950 MW in 2017 (913 MW in accordance with the IFRS 11 reclassification) in the United Kingdom, Italy, the United States, Spain and France, generated from wind, solar and biomass sources. The Group is an international player in technical consulting for renewable energy and in the management of third-party assets, through its subsidiary Vector Cuatro, which provides services to customers for a total installed capacity in excess of 1700 MW, based on the experience it has gained in more than 25 countries.

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Vincenza Colucci

FALCK RENEWABLES Consolidated financial statements at 31.12.2017
Income Statement

		(thousands of Euro)				
		2017			2016	
		Notes	<i>of which related</i>		<i>of which related</i>	
A	Revenue	(17)	288,619		249,622	
	Direct personnel expense	(18)	(12,693)		(11,423)	
	Direct costs and expenses	(19)	(148,336)		(139,623)	
B	Total cost of goods sold		(161,029)		(151,046)	
C	Gross profit		127,590		98,576	
	Other income	(20)	4,524	358	7,107	576
	Indirect personnel expense	(18)	(16,280)		(15,537)	
	General and administrative expenses	(21)	(40,470)	(783)	(30,502)	(700)
D	Operating result		75,364		59,644	
	Net financial expense	(22)	(35,265)	(230)	(41,374)	(802)
	Net investment income	(23)	45		(79)	
	Net equity investment income	(24)	2,284	2,284	1,160	1,160
E	Result before taxation		42,428		19,351	
	Total income tax expense	(25)	(10,362)		(17,486)	
F	Net result		32,066		1,865	
G	Profit (loss) attributable to non-controlling interests		11,716		5,800	
H	Result attributable to the Group		20,350		(3,935)	
	<i>Result attributable to the Group per base and diluted share</i>	(11)	<i>0.070</i>		<i>(0.014)</i>	

FALCK RENEWABLES Consolidated financial statements at 31.12.2017
Balance Sheet

						(thousands of Euro)	
				31.12.2017		31.12.2016	
		Notes		<i>of which related parties</i>		<i>of which related parties</i>	
Assets							
A Non-current assets							
1	Intangible assets	(1)	107,135			96,542	
2	Tangible assets	(2)	1,024,885			957,644	
3	Securities and investments	(3)	265			28	
4	Investments accounted for at equity	(4)	21,865			20,456	
5	Medium/long-term financial receivables	(5)	12,251	11,239		1,189	
6	Receivables for deferred tax assets	(8)	27,352			25,907	
7	Other receivables	(7)	1,081			1,823	
Total			1,194,834			1,103,589	
B Current assets							
1	Inventories	(9)	4,932			4,518	
2	Trade receivables	(6)	103,304	376		84,686	257
3	Other receivables	(7)	25,561	9,304		42,941	11,563
4	Current financial receivables	(5)	1,720	1,542		189	
5	Securities						
6	Cash and cash equivalents	(10)	261,517			256,611	
Total			397,034			388,945	
C Non-current assets held for sale							
Total assets			1,591,868			1,492,534	
Financial liabilities							
D Equity							
1	Share capital		291,414			291,414	
2	Reserves		136,459			152,515	
3	Retained earnings						
4	(Loss)/profit for the year		20,350			(3,935)	
Equity attributable to the Group			448,223			439,994	
5	Non-controlling interests		49,514			35,865	
Total Equity			497,737			475,859	
E Non-current liabilities							
1	Medium/long-term financial liabilities	(14)	769,946	1,309		753,169	2,997
2	Trade payables	(15)	3,722			4,072	
3	Other payables	(16)	45,556	2,876		5,023	
4	Deferred tax assets	(8)	27,516			18,231	
5	Provisions for risks and charges	(12)	76,265			65,815	
6	TFR	(13)	4,017			3,892	
Total			927,022			850,202	
F Current liabilities							
1	Trade payables	(15)	43,142	499		62,237	62
2	Other payables	(16)	34,527	12,936		37,184	11,328
3	Short-term financial payables	(14)	89,259	1,254		66,776	3,952
4	Provisions for risks and charges	(12)	181			276	
Total			167,109			166,473	
G Liabilities attributable to non-current assets held for sale							
Total liabilities			1,591,868			1,492,534	