

**PRESS RELEASE****The Board of Directors approves the Interim Financial Report  
as at March 31, 2019****Solid results on strong market fundamentals**

- **Revenues at Euro 105.9 million (+15.0%) on the Euro 92.1 million for Q1 2018;**
- **EBITDA<sup>1</sup> at Euro 63.0 million (Euro 61.6 million before the adoption of IFRS 16) on the Euro 54.8 million for Q1 2018;**
- **Pre-tax result at Euro 35.3 million (Euro 35.9 million before the adoption of IFRS 16) on the Euro 29.8 million for Q1 2018;**
- **Net financial debt, considering the fair value of derivatives, stands at Euro 675.1 million (Euro 601.7 million before the adoption of IFRS 16) as compared with the Euro 547.2 million at December 31, 2018, as a result of the acquisition and a net capex of approximately Euro 83 million;**
- **Guidance for 2019 confirmed.**

**INDUSTRIAL RESULTS OF Q1 2019****ASSETS**

- 1,026 MW of installed capacity reached (989.5 MW according to IFRS 11);
- Purchase completed of 5 wind farms in France for 56 MW, consolidated starting from March 1, 2019;
- Capex for the construction of plants in Sweden, Norway and Spain for a total value of around Euro 22 million
- Five new plants construction activities: Åliden (Sweden) 46.8 MW, Brattmyrliden (Sweden) 74.1 MW, Hennøy (Norway) 50 MW, Okla (Norway) 21 MW, Carrecastro (Spain) 10 MW, in line with the expectations, percentage of completion 30% (as at March 31, 2019);
- Downturn to production in the first quarter 2019 (-2%) as compared with same period in 2018 mainly due to wind production in Italy and the United Kingdom, largely linked also to requests for downtime received from the UK grid manager (reimbursed curtailments);
- Increase in the price of sale of electricity with respect to Q1 2018, in line with Industrial Plan forecast;
- Sale completed of Esposito Servizi Ecologici Srl on January 15, 2019.

**SERVICES**

- Launch of the beta version of NUO, the new digital Asset Management system, developed by the Group's in-house Digital Factory;
- Revenues for Euro 9.6 million, also thanks to the consolidation of Energy Team Spa, Windfor Srl and the consortia managing the energy interruptibility service on the Italian market;

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<sup>1</sup> 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.

## FALCK RENEWABLES

- 265 GWh dispatched by the Energy Management unit, equal to 100% of the energy produced by the Group in Italy compared to 102 GWh of Q1 2018;

**Milan, May 9, 2019** - In a meeting held today, **the Board of Directors of Falck Renewables S.p.A.** reviewed and approved the Interim Financial Report as at March 31, 2019.

*"Another excellent quarter which, compared to the same quarter last year, sees economic results, dimension and diversification of our activity growing further. We continue consistently with the implementation of our Industrial Plan",* commented Toni Volpe, Managing Director of Falck Renewables S.p.A.

### Introduction

As regards the accounting standards applicable for reporting periods beginning on or after January 1, 2019, compared to those applicable for FY 2018, the adoption of **IFRS 16 - Leases** is noted.

The effects deriving from the adoption of the new standard on the new operative lease standard are described below:

- Increase as at January 1, 2019 of right-of-use assets for Euro 69.7 million and financial liabilities for operative leases for Euro 70.7 million; as at March 31, 2019 right-of-use assets are equivalent to Euro 72.2 million and financial liabilities for operative leases are equal to Euro 73.4 million.
- Lesser operative lease charges during the first quarter of 2019 for Euro 1.4 million, with an improvement in EBITDA by the same amount.
- Greater amortization during the first quarter of 2019 for said rights of use for Euro 1.3 million and greater financial charges during the first quarter of 2019 for Euro 0.7 million.
- The net effect on the pre-tax result is negative for Euro 0.6 million.

**Consolidated results as at March 31, 2019 and March 31, 2018**

	(thousands of Euro)	
	3.31.2019	3.31.2018
Revenue	105,929	92,092
Direct costs and expenses	(47,039)	(40,885)
Personnel expense	(9,762)	(8,186)
Other income	1,697	669
General and administrative expenses	(6,923)	(5,197)
<b>Operating profit</b>	<b>43,902</b>	<b>38,493</b>
Net financial expense	(10,083)	(9,844)
Net investment income		
Net income from equity-accounted investees	1,511	1,144
<b>Profit before taxation</b>	<b>35,330</b>	<b>29,793</b>
Income taxes		
<b>Profit for the period</b>		
Profit attributable to non-controlling interests		
<b>Profit attributable to the owners of the parent</b>		
<b>EBITDA (1)</b>	<b>63,009</b>	<b>54,836</b>

During Q1 2019, the Falck Renewables Group obtained revenue of Euro 105.9 million, up Euro 13.8 million (+15.0%) on Q1 2018.

The increase in **revenue** is due to: (i) for approximately Euro 4.9 million, the change in the consolidation perimeter as a result of the 2018 acquisitions of Energy Team SpA, Windfor Srl and consortia for the management of the interruptibility service on the Italian energy market, the photovoltaic plants of the USA and the recent acquisition (March 2019) of 5 French wind farms with a grid capacity of 56 MW, partially offset by the sale of Esposito Servizi Ecologici Srl; (ii) the greater volume of energy sold by Falck Renewables Energy Srl, in order to offset imbalance costs, for approximately Euro 4.1 million; (iii) the increased price of sale of electricity from wind power in the United Kingdom and, to a lesser extent, in Italy and Spain; (iv) the greater revenues from curtailment (compensation in exchange for requests for downtime by the grid manager) in the United Kingdom with respect to the first quarter of 2018 for approximately Euro 4.1 million; and (v) the increased price in the waste disposal and treatment service (+16%) for the WtE plant of Trezzo sull'Adda. The revenues were partially reduced by the lesser energy production, despite the greater installed capacity (989.5 MW as at March 31, 2019 as compared with 913 MW as at March 31, 2018) and the lesser conferral volumes relative to the WtE plant of Trezzo sull'Adda.

During the first quarter of 2019, the GWh produced globally by all Group technologies totaled 676 as compared with the 691 of the first quarter of 2018 (-2% on the same period of 2018).

Below are the main changes in Consolidated Revenues according to sector

**Wind:** revenues are Euro 76.7 million, up 6.3% on the Euro 72.1 million, mainly thanks to a generalized increase in the prices of sale of electricity generated from wind power and greater curtailment revenues in the United Kingdom for Euro 4.1 million. The revenues were partially reduced by the lesser energy production, despite the greater installed capacity deriving from the purchases of wind plants in France (56 MW) in March 2019. Wind power sector production totaled 588 GWh as compared with the 607GWh of the first quarter of 2018 (-3% on the same period of 2018).

**Photovoltaic, Waste to Energy and Biomass:** segment revenues come in at Euro 14.9 million, in line with the first quarter of 2018, despite the reduction in revenues deriving from the sale of Esposito Servizi Ecologici Srl and the scheduled downtime of the WtE plant of Trezzo sull'Adda. These effects were almost entirely offset (i) by the production deriving from the greater installed capacity as a result of purchases of photovoltaic plants in the United States (20.5 MW) in 2018, (ii) the increase in the prices of the waste disposal service (+16%) for WtE plants and (iii) the greater volumes of electricity sold by the Rende biomass plant. Please also note the good performance of the Italian solar farms in the first quarter of 2019, as compared with the same period of 2018, and recall that during 2018, the Rende biomass plant underwent downtime for two-yearly maintenance.

**Services:** segment revenues came to Euro 9.6 million and rise on the quarter of the previous year by around Euro 6.7 million, thanks to the greater asset management services and the consolidation of Energy Team Spa, Windfor Srl and the consortia established to manage the energy interruptibility service on the Italian market.

**Other businesses:** revenue is Euro 21.7 million, up Euro 13.9 million on Q1 2018, due to the sale of energy by Falck Renewables Energy Srl.

Revenue by business segment is summarized below:

	(thousands of Euro)		
	At 3.31.2019	At 3.31.2018	Change
WtE, Biomass and Photovoltaic	14,930	14,965	(35)
Wind Power	76,679	72,135	4,544
Services	9,580	2,898	6,682
Other Businesses	21,715	7,821	13,894
Consolidation adjustments	(16,975)	(5,727)	(11,248)
<b>Total</b>	<b>105,929</b>	<b>92,092</b>	<b>13,837</b>

**EBITDA** in Q1 2019 reaches Euro 63.0 million, up 15.0% over the Euro 54.8 million in Q1 2018; compared with revenues, it is equal to 59.5%, in line with the same period of last year. Excluding the resale of energy purchased from the market by Falck Renewables Energy Srl from the 2018 and 2019 revenues, in order to mitigate the imbalance costs, respectively for Euro 2.6 million and Euro 6.7 million, EBITDA compared with revenues is 63.5% (61.3% during Q1 2018). EBITDA has benefited for Euro 1.4 million from the adoption of accounting standard IFRS 16.

## FALCK RENEWABLES

As a result of the factors described above, the **Operating profit** reaches Euro 43.9 million, with an increase of 14% compared to the first quarter of 2018. This item is impacted by greater amortization of rights for use, in accordance with IFRS 16, in the amount of Euro 1.3 million.

**Net financial expense** is up on the first quarter of 2018 by Euro 0.2 million. Financial expenses were also impacted by the entry into force, starting January 1, 2018, of accounting standard IFRS 16, which brought about greater interest expense for the Group of Euro 0.7 million.

This effect was partly offset by the action taken by management to increase efficiency of debt management and greater exchange gains.

In the first quarter of 2019 the Falck Renewables Group recorded a **positive result before taxes and before non-controlling interests** amounting to Euro 35.3 million, up 19% on the first quarter of 2018 (Euro +5.5 million). The application of the accounting standard IFRS 16 reduced the profit before taxation by Euro 0.6 million.

### **Net financial position**

**Net financial debt**, without considering the fair value of derivatives<sup>2</sup>, amounts to Euro 637.8 million (Euro 564.5 million before the application of IFRS 16), as compared with the Euro 509.2 million at December 31, 2018.

**Net financial debt, inclusive of the fair value of derivatives**, amounts to Euro 675.1 million (Euro 601.7 million before the application of IFRS 16), compared with Euro 547.2 million at December 31, 2018.

Factors determining change in the net financial position, equal to approximately Euro 128 million, are the following: the generation of cash flow from ordinary operations amounts to approximately Euros 38.6 million and is offset by net investments, including the change to the consolidation scope, carried out during 2019 for Euro 83.4 million. The depreciation of the Euro against the pound sterling and the dollar had a negative effect on net financial debt of Euro 11.1 million, the change in fair value of derivatives led to a negative effect on the net financial position of Euro 1.9 million. The application of the new IFRS 16 principle led, on January 1, 2019, to an increase in the net financial position of approximately Euro 70.7 million. In addition, the investment by minorities benefitted the net financial position for Euro 0.6 million.

### **Investments**

During the first quarter of 2019, total tangible and intangible investments came to Euro 45.1 million. Investments in tangible fixed assets came to Euro 43.2 million and mainly regarded the acquisition of 100% of the companies holding a portfolio of 5 wind farms operating in France (Euro 21.9 million), the construction of the wind farms of Brattmyrliden (Euro 188 thousand) and Åliden (Euro 18.8 million) in Sweden, Falck Renewables Vind in Norway (Euro 944 thousand), Carrecastro in Spain (Euro 413 thousand) and maintenance work on the Trezzo plant (Euro 330 thousand). The data relating to the acquisition of the French companies concerned by the purchase will be subject to purchase price allocation, in accordance with IFRS 3, to be completed within 12 months of the date of acquisition.

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<sup>2</sup> 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.

*Other investments* (change to the consolidation scope)

During 2019, 5 wind farms were acquired in France.

The investment in acquisitions, recorded as a change to the consolidation scope, was Euro 45.1 million (including the acquired net financial position) which must be added to the investments in tangible and intangible fixed assets described above for a total of Euro 90.2 million.

### ***Installed production capacity***

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

Technology	(MW)		
	At 3.31.2019	At 12.31.2018	At 3.31.2018
Wind power	825.9	769.9	769.9
WtE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Photovoltaic	128.6	128.6	108.1
<b>Total</b>	<b>989.5</b>	<b>933.5</b>	<b>913.0</b>

Installed capacity has increased by 76.5 MW on March 31, 2018, thanks to:

- the powering up of the HG Solar Development LLC photovoltaic plant in Massachusetts (United States of America), for an installed power of 6 MW, and
- the acquisition of three photovoltaic projects in Massachusetts (United States of America), already operating, for a total of 14.5 MW, and
- the acquisition of 100% of the companies holding a portfolio of 5 wind farms operating in France for a total grid capacity of 56 MW (installed capacity 59.5 MW).

### ***Most important management events during the first quarter of 2019***

On January 15, 2019, Falck Renewables SpA completed sale of 100% of the shares held in Esposito Servizi Ecologici Srl for a total price of Euro 1.2 million.

On March 15, 2019, Falck Energies Renouvelables SAS completed purchase of 5 wind farms in France for approximately 56 MW, for an equivalent value of around 37 million euros.

### ***Subsequent events***

On May 7, 2019, the Middleton Electric Light Department (“MELD”), a Massachusetts’ utility, has entered into a long-term capacity service agreement with Falck Renewables to dispatch the energy storage system during periods of high demand charges on the power grid. The battery energy storage system will help MELD lower demand charges, which will in turn benefit the entire Middleton community through reduced costs incurred to operate the utility. The investment is estimated at 3.6 million dollars in a 6.6 MWh energy storage system that will be integrated with the solar PV plant in Middleton, Massachusetts (USA). The battery energy storage system is scheduled to be completed in the third quarter of 2019.

On May 8, 2019, Falck Renewables Vind A.S., signed with Vestas Norway A.S. a supply contract for the purchase of 5 V117-4.2 MW wind turbines for its Okla wind farm in Norway, for a total capacity of 21 MW

and a total value of approximately Euro 13.1 million, entirely financed with own resources. The parties also executed a long-term operations and maintenance agreement.

### **Outlook**

The Group's results in FY 2019 will benefit from (i) the production of the recently-acquired photovoltaic plants in Massachusetts (20.5 MW) for 5 months more than in FY 2018, (ii) the production of the companies owning a portfolio of 5 wind farms operating in France, for a total grid capacity of 56 MW starting March 2019, and (iii) the results, for the whole year, of the acquisition of Energy Team SpA.

At end 2019, completion is expected of the construction of the wind farms of Åliden (Sweden), Hennøy (Norway) and Carrecastro (Spain) for a total of 107 MW.

The Industrial Plan, updated on December 12, 2018 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.

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

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**

For 2019, the guidance envisaged for the main economic-financial indicators is confirmed:

- EBITDA of around Euro 184 million;
- Group Net result in excess of Euro 30 million;
- Net Financial Position (including the fair value of derivatives) of approximately Euro 737 million.

In order to be able to compare the guidance with the FY 2018 results, the financial-economic indicators do not include the impacts of the adoption of IFRS 16.

The estimated annual impact related to the adoption of IFRS 16, with reference to indicators mentioned above, is as follows:

- Positive for about Euro 6 million on EBITDA;
- Negative for about Euro 1,5 million on Group Net result;
- Increase for about Euro 70 million on Net Financial Position.

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*The Executive responsible for drawing up the company's accounting documents, Paolo Rundeddu, certifies – in accordance with paragraph 2, article 154-bis of the Consolidated Finance Act – that the accounting information contained in this document corresponds to documentary evidence, books and accounting records.*

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The Interim Financial Report at March 31, 2019 is available as required by law at the registered office at Corso Venezia 16, Milan, with Borsa Italiana SpA and online in the Investor Relations section of the website [www.falckrenewables.eu](http://www.falckrenewables.eu).

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At 6:00 PM on May 9, 2019, 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](http://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, develops, designs, builds and manages power production plants from renewable sources, with a current installed capacity of 1,026 MW (989.5 MW according to the IFRS 11 reclassification) in the United Kingdom, Italy, United States, Spain and France, using wind power, solar power and biomass technologies. The Group is an international player offering technical consultancy for renewable energy and third-party asset management, through its subsidiary Vector Cuatro, which provides customers with these services, for total installed capacity in excess of 2,500 MW, thanks to experience accrued in more than 30 different countries worldwide.*

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Vincenza Colucci

**Interim financial report as at March 31, 2019 - Income statement**

	(thousands of Euro)		
	3.31.2019	3.31.2018	12.31.2018
Revenue	105,929	92,092	335,889
Direct costs and expenses	(47,039)	(40,885)	(169,070)
Personnel expense	(9,762)	(8,186)	(34,504)
Other income	1,697	669	13,236
General and administrative expenses	(6,923)	(5,197)	(30,088)
<b>Operating profit</b>	<b>43,902</b>	<b>38,493</b>	<b>115,463</b>
Net financial expense	(10,083)	(9,844)	(40,899)
Net investment income			(3)
Net income from equity-accounted investees	1,511	1,144	2,745
<b>Profit before taxation</b>	<b>35,330</b>	<b>29,793</b>	<b>77,306</b>
Income taxes			(16,884)
<b>Profit for the period</b>			<b>60,422</b>
Profit attributable to non-controlling interests			16,263
<b>Profit attributable to the owners of the parent</b>			<b>44,159</b>
<b>EBITDA (1)</b>	<b>63,009</b>	<b>54,836</b>	<b>191,456</b>

<sup>1</sup>(\*) 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.

**Interim Financial Report as at March 31, 2019 - Net financial position**

	3.31.2019	12.31.2018	(thousands of Euro) 3.31.2018
Current financial liabilities - third parties	(82,353)	(78,226)	(76,960)
Current financial liabilities - operative leases	(4,347)		
Current financial assets - third parties	9,668	2,615	1,968
Other securities			
Current liquid funds	202,160	218,188	296,364
<b>Current net financial debt</b>	<b>125,128</b>	<b>142,577</b>	<b>221,372</b>
Non-current financial liabilities - third parties	(741,992)	(700,847)	(769,117)
Non-current financial liabilities - operative leases	(69,019)		
Other securities			
<b>Non-current financial debt</b>	<b>(811,011)</b>	<b>(700,847)</b>	<b>(769,117)</b>
<b>Net financial position pursuant to Consob</b>			
<b>CONSOB Communication no. DEM/6064293/2006</b>	<b>(685,883)</b>	<b>(558,270)</b>	<b>(547,745)</b>
Non-current financial assets - third parties	10,781	11,103	13,248
Non-current financial assets - intragroup			
<b>Total net financial debt</b>	<b>(675,102)</b>	<b>(547,167)</b>	<b>(534,497)</b>
- of which non recourse project financing	(737,022)	(700,365)	(777,605)
- of which fair value of derivatives	(37,263)	(37,973)	(44,074)
- of which financial liabilities for operative leases	(73,366)		
<b>Net financial position net of fair value of derivatives</b>	<b>(637,839)</b>	<b>(509,194)</b>	<b>(490,423)</b>
<b>Net financial position without operative leases</b>	<b>(601,736)</b>	<b>(547,167)</b>	<b>(534,497)</b>
<b>Net financial position without operative leases and derivatives</b>	<b>(564,473)</b>	<b>(509,194)</b>	<b>(490,423)</b>