Falck Renewables

ITALY / Utilities/Renewables

FY16 Results

BUY *(Unchanged)*

Target: € 1.5 *(Prev. 1.48)*

Risk: High

STOCK DATA	Ord
Price €	1.1
Bloomberg code	FKR IM
Market Cap. (€ mn)	312
Free Float	29%
Shares Out. (mn)	291.4
52-week range	0.65 - 1.09
Daily Volumes (mn)	0.67

PERFORMANCE	1M	3M	12M
Absolute	7.6%	32.3%	6.3%
Rel. to FTSE all shares	4.1%	26.9%	1.5%

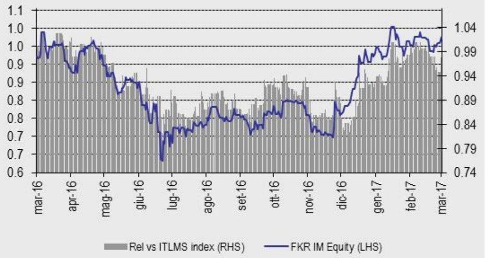
MAIN METRICS	2016	2017E	2018E
REVENUES	250	276	287
EBITDA	136	139	148
NET INCOME	-3.9	9.9	15.7
Adj. EPS - € cents	2.2	3.4	5.4
DPS ord - € cents	4.9	5.3	5.8

FKR	2016	2017E	2018E
P/E adj	nm	31.3 x	19.8 x
EV/EBITDA rep	6.8 x	7.1 x	6.5 x

REMUNERATION	2016	2017E	2018E
Div. Yield ord	4.6%	5.0%	5.4%
FCF yield	24.8%	-13.8%	12.9%

INDEBTEDNESS	2016	2017E	2018E
Net fin position	-567	-624	-599
Debt/EBITDA	4.2 x	4.5 x	4.0 x
Interests cov	3.5 x	3.8 x	4.1 x

PRICE ORD LAST 365 DAYS



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March 13, 2017 # 107

EQUITA SIM SpA

GOOD PROGRESS IN THE LAST MONTHS

FY 2016 results came out ahead of expectations (Ebitda at €136mn vs €125mn expected and debt significantly down at -567 €mn vs 626€mn expected) thanks to the better pricing and currency trend in the last months of the year as well as to the strong cash generation. Dividend is confirmed at 4.9 €c(4.6 %yield). Fkr is on the right path to strategy implementation, with new assets going to contribute as of 2Q17, additional debt restructuring measures to come and progressive O&M reduction. We confirm the BUY call, increasing NI estimate by +3% in the period 2017-2021, and the tgt price to 1.5€/sh (+2.3%)

■ Ahead of expectations on better wind & lower interests and taxes

Our overall judgement on Falck Renewables FY16 results is positive. Numbers came out well ahead of expectations (mainly thanks to the better pricing/currency in the last months of the year). Debt is continuing to reduce (thanks to the 140 €mn OCF generation) and dividend has been confirmed at 4.9 €c/sh (with an implicit yield of 4.6%)**.** More in details:

- **Production registered a +1% YoY** to 1,866 GWh (vs -6% expected)
- **Ebitda at €136 mn (-10.6% YoY)** vs €125mn expected
- **Net income adjusted at €6.3mn (-46% YoY)** vs €5.8mn expected
- **NFP (inc. derivative) at €-567 mn** (vs € -626mn expected)

In light of the achieved results and outlook, Fkr has improved the Ebitda guidance from €132mn to €132-136mn on 2017. Considering the provided indications and the lower Debt, we has improved our NI expectations in the region of +3% in the period 2017-2021

■ On the right path to strategy development.

Despite the overall profitability has decreased YoY (on "expected" lower prices, currency and development costs), management has implemented positive actions towards the strategy goal achievements:

- **Additional expansion of the "Services Business"** with Vector Cuatro now reaching 1.6 GW (+220 MW YoY) of asset under management
- **Reduction of the Opex/MW,** which has decreased to 33.5 €k/MW in O&M (from 34.1) and to 29.4 €k/MW in G&A (from 30.5).
- **Safer profile from a "contractual" perspective,** thanks to the new PPA policies on the energy contracts.
- **Additional reinforcement of the balance sheet**, with debt decreasing down to 4.2x and with 250 mn of cash equivalents

Expected additional debt restructuring measure in 2017, the contribution of Auchrobert plant (36 MW in Uk from 2Q) and continued efforts on the Opex management will drive improvement in 2017

■ BUY confirmed, tgt increased to 1.5€ (+2.3%)

- **Fkr has correctly re-positioned itself on a "growth" path, through the pipeline development and the geographical expansion.** Despite we are only assuming 60% of the plan implementation, we estimate a +38% Cagr of NI through 2021, driven by capacity expansion, O&M cost reduction, debt restructuring and lower tax rate.
- **The group has a strong FCF generation** (140 €mn OCF in 2016) **which will sustain the capex expansion and a generous dvd policy** (yield from 4.6% to 6% in coming years).
- **Valuation remains attractive (in light of the expected growth) at 15x PE and 6.3x ev/Ebitda as measured on 2019**

MAIN FIGURES € mn	2015	2016	2017E	2018E	2019E	2020E
REVENUES	**271**	**250**	**276**	**287**	**290**	**296**
Growth	9%	-8%	11%	4%	1%	2%
EBITDA	**152**	**136**	**139**	**148**	**159**	**164**
Growth	13%	-11%	2%	7%	7%	3%
Adj EBITDA (Incl JV)	**152**	**136**	**139**	**148**	**159**	**164**
Growth	13%	-11%	2%	7%	7%	3%
EBIT	**66**	**60**	**63**	**71**	**81**	**85**
Growth	-6%	-10%	6%	12%	14%	5%
PBT	**24**	**19**	**28**	**36**	**46**	**50**
Growth	10%	-19%	43%	30%	27%	8%
NET INCOME	**5.3**	**-3.9**	**9.9**	**15.7**	**21.7**	**23.9**
Growth	57%	-175%	-353%	58%	38%	10%
Adj. NET INCOME	**6.2**	**6.3**	**9.9**	**15.7**	**21.7**	**23.9**
Growth	85%	2%	58%	58%	38%	10%
MARGIN	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
Ebitda Margin	56.3%	54.6%	50.2%	51.5%	54.8%	55.5%
Ebitda adj Margin	56.3%	54.6%	50.2%	51.5%	54.8%	55.5%
Ebit margin	24.5%	23.9%	22.9%	24.7%	27.8%	28.7%
Pbt margin	8.8%	7.8%	10.0%	12.5%	15.8%	16.8%
Ni rep margin	1.9%	-1.6%	3.6%	5.5%	7.5%	8.1%
Ni adj margin	2.3%	2.5%	3.6%	5.5%	7.5%	8.1%
SHARE DATA	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
EPS - € cents	1.8	-1.4	3.4	5.4	7.5	8.2
Growth	-65%	nm	nm	58%	38%	10%
Adj. EPS - € cents	2.1	2.2	3.4	5.4	7.5	8.2
Growth	-73%	nm	nm	58%	38%	10%
DPS ord - € cents	4.5	4.9	5.3	5.8	6.3	6.3
BVPS - €	1.6	1.5	1.5	1.5	1.5	1.5
VARIOUS - € mn	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
Oper capital employed	1,176	1,092	1,149	1,128	1,168	1,232
FCF	26	77	-43	40	-14	-37
Capital expenditures	-53	-62	-72	-45	-106	-131
Working capital	68	28	75	78	81	86
INDEBTNESS - €mn	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
Net fin position	-631	-567	-624	-599	-630	-686
D/E	1.33 x	1.29 x	1.43 x	1.37 x	1.43 x	1.54 x
Debt/EBITDA	4.1 x	4.2 x	4.5 x	4.0 x	4.0 x	4.2 x
Interests cov	3.4 x	3.5 x	3.8 x	4.1 x	4.4 x	4.5 x
MARKET RATIOS	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
P/E ord	nm	-79.1 x	31.3 x	19.8 x	14.3 x	13.0 x
P/E ord Adj	nm	49.4 x	31.3 x	19.8 x	14.3 x	13.0 x
PBV	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x
P/CF	5.5 x	7.4 x	5.6 x	5.0 x	4.5 x	4.4 x
EV FIGURES	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
EV/Sales rep	3.7 x	3.7 x	3.6 x	3.4 x	3.4 x	3.6 x
EV/EBITDA rep	6.5 x	6.8 x	7.1 x	6.5 x	6.3 x	6.4 x
EV/EBIT	15.0 x	15.6 x	15.6 x	13.6 x	12.4 x	12.4 x
EV/CE	0.8 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x
REMUNERATION	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
Div. Yield ord	4.2%	4.6%	5.0%	5.4%	5.9%	5.9%
FCF yield	8.2%	24.8%	-13.8%	12.9%	-4.6%	-11.8%
ROE	1.1%	-0.9%	2.3%	3.6%	4.9%	5.3%
ROCE	3.4%	3.3%	3.3%	3.8%	4.1%	4.1%

Source: EQUITA SIM estimates and company data

WIND: Cabezo San Roque plant

WASTE TO ENERGY: Trezzo Plant

FALCK RENEWABLES: BUSINESS DESCRIPTION

Falck Renewables SpA develops, designs, constructs and manages energy production from renewables sources. The expertise of Falck Renewables SpA covers the entire life cycle of a project, from preliminary activities (pre-feasibility and feasibility studies, technical/economic evaluation, optimum design of the plant, and financial plan) and executions (preparation of the contract technical specifications and contractual documents, negotiation and assignment of contracts, construction supervision), through to operation and maintenance and energy portfolio management activities.

The group is active in wind, photovoltaic, waste treatment and is present in Italy, Uk, Spain & France with a total installed capacity of around 822 MW (mainly Italy and Uk). FKR has also diversified in the SERVICES activities around the globe (through the acquisition of Vector Cuatro)

Business model & market drivers

Revenues mainly derive from the sale of electricity as well as from the incentives paid for the development of the industry. Main drivers affecting group performance are:

- Electricity prices, as the main reference for the sales to final customer
- Commodities prices (Oil, Coal and Gas), as main input cost in the process of electricity generation for the main traditional "thermo" power assets (the price setters in the country)
- Regulation as the main reference framework for the incentives attribution to the renewables sources.
- Volatility in natural resources availability, as renewables player FKRr's performance also mainly derives from the wind, solar , biomass and Wte

Main Challanges

The main difficulties of the group will be:

- to replicate the successful business model at international level
- to follow in advance the different country development, adapting the structure to each regional difference

Strength/Opportunities	Weaknesses/Threat
• Diversification among countries and technologies to the benefit of lower risk exposure to incentives and production constraints • Critical mass and relevant dimension to get better access to the upstream technology market (turbines and panels) • International footprint allowing the exploitation of the new regional frontier entering the renewables world	• Possible changes in reference regulatory systems are possible due to international financial crisis • Overrun costs in the installation processes not mitigated by incentives evolution • Significant delays in project installation • Deterioration of the financing conditions considering the industry remains capital intensive

SOLID FIGURES. STRATEGY ON THE RIGHT PATH.

Our overall judgement on Falck Renewables FY16 results is positive. Numbers came out well ahead of expectations (mainly thanks to the better production and pricing in the 4th quarter as well as the recovery of the GBP in the last part of the year). Debt is continuing to reduce (thanks to the good cash generation) and dividend has been confirmed in line with the recent strategy anticipation at 4.9 €c/sh (with an implicit yield of 4.6% at current prices)**.** More in details:

- **Production registered a +1% YoY** to 1,866 GWh (vs -6% expected)
- **Revenues at € 250 mn (-7.8% YoY)** vs €244mn expected
- **Ebitda at €136 mn (-10.6% YoY)** vs €125mn expected
- Net income reported at € -3.9mn (vs €5.3mn registered in 2015)
- **Net income adjusted at €6.3mn (-46% YoY)** vs €5.8mn expected
- **NFP (inc. derivative) at €-567 mn** (vs € -626mn expected)

In the following table a summary of the reported results:

FALCK RENEWABLES RESULTS

		EXPECTED		REPORTED	
	2015	2016	YoY%	2016	YoY%
Installed capacity - MW	762	822	8%	822	7.9%
Total production - GWh	1,852	1,750	-6%	1,866	0.8%
Revenues - € mn	271	244	-10%	250	-7.8%
Ebitda - € mn	**152**	**125**	**-18%**	**136**	**-10.6%**
Net income reported - € mn	5.3	nm	nm	-3.9	nm
Net income adjusted - € mn	**11.8**	**5.8**	**-51%**	**6.3**	**-46.9%**
Nfp (inc). derivatives) - € mn	**-630**	**-626**	**4 €mn**	**-567**	**63 €mn**
Nfp (ex. derivatives) - € mn	-567	-563	4 €mn	-503	63 €mn

Source: EQUITA SIM estimates and company data

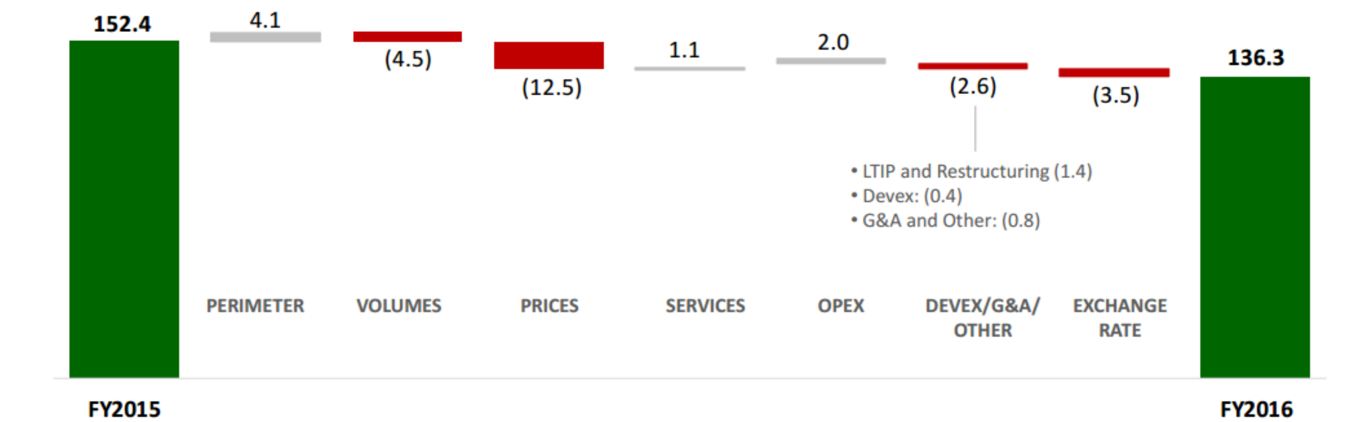
The decrease of profitability YoY was largely expected considering the significant drop in electricity prices in Italy, Spain and UK, the de-valuation of GBP (for the UK business), the lower wind resource availability across the year as well as the higher holding costs due to the announced pipeline development. Despite these, final number has been better than expected at Ebitda level mainly thanks to:

- **Higher than expected productions in the 4th quarter**
- **The strong recovery of the GBP in the last months of the year.**
- **Better cost cutting measures**

The better achieved Ebitda figures, also turned in a higher NI profitability (vs expectations). The net income"reported" was impacted by a negative fiscal one-off.

In the following tables the main drivers of Ebitda on a YoY base:

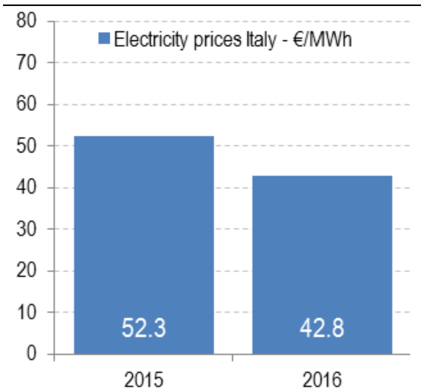
EBITDA BRIDGE



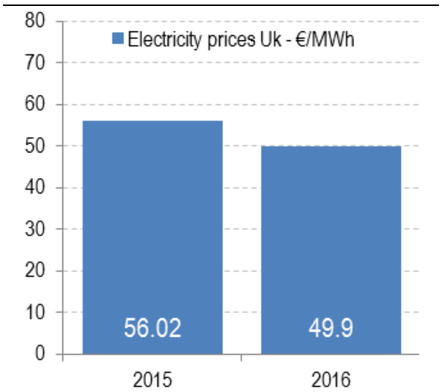
Source: company presentation

The various trend in Power prices for Italy, Uk and Spain are showed in the following table. The decrease has been marked, at around -18% in Italy, -11% in Uk and -20% in Spain.

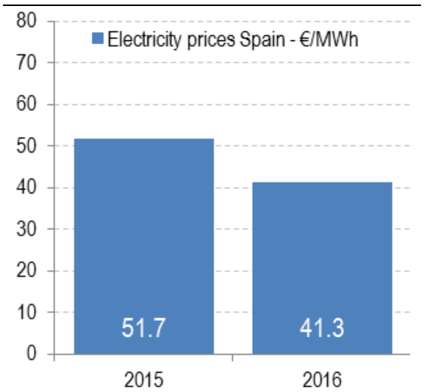
Prices ITALY - €/MWh



Prices UK - €/MWh

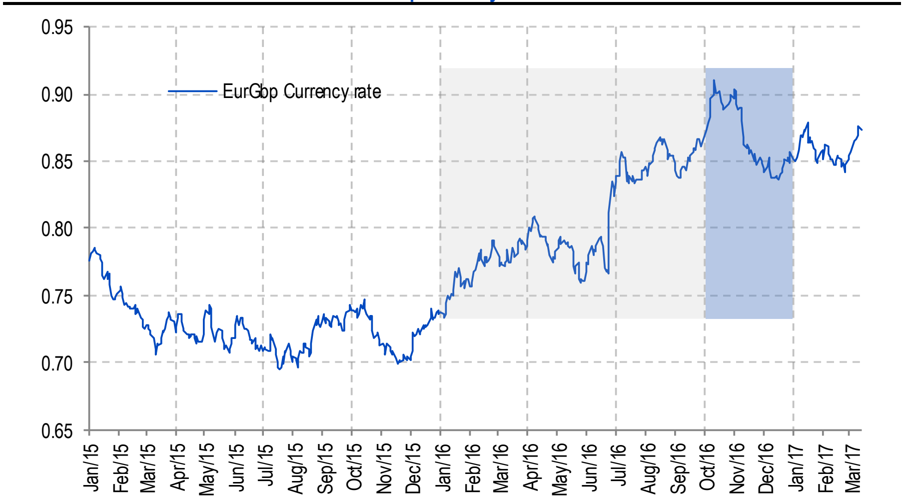


Prices SPAIN - €/MWh



We also report the trend of EurGbp currency during the whole 2016 (drop in the currency post Brexit as well as the important recovery registered in the last part of the year, which mitigated the translation effect on the FY results

EurGbp currency trend



Source: Equita on Bloomberg numbers

Despite the underlying environment has been particularly challenging we pleased the initiatives implemented by the new management during the year mainly in relation with:

- **The anticipation of the COD of the new UK plants**, confirming the ability of the group in the "delivery" of the asset construction (usually months "ahead of schedule" vs the original forecasted date). This helped to compensate the difficult year through higher productions
- **The additional expansion of the "Services Business"** with Vector Cuatro now reaching 1.6 GW (+220 MW YoY) of asset under management
- The reduction of the Opex/MW in the overall fleet, which has decreased to 33.5 €k/MW int O&M (from 34.1 in 2015) and to 29.4 €k/MW in G&A (from 30.5 of 2015). The residual increase in the corporate expenditure is mainly due to the additionally "expensed" investments in the pipeline investments
- **The "safer" profile from a "contractual" perspective,** thanks to the new PPA policies on the energy contracts. Only in 2016, Fkr has signed 17 PPAs in Italy and Uk thus mitigating the negative effect of the power prices collapse.
- **The additional reinforcement of the balance sheet**, with debt decreasing down to 4.2x with 250 mn of liquidity available (for the new investments), and around 140 €mn of OCF available (also thanks to better working capital management). Falck Renewables has completed 5 financing and re-financing for around 200 €mn, thus helping the reduction of overall financial charges

ADDITIONAL ELEMENTS FROM THE CONFERENCE CALL. INCREASING ESTIMATES IN THE REGION +3% AT NET INCOME LEVEL

Some positive elements emerged during the conference call:

1. **Ebitda Guidance have been increased from 132 €mn to 132-136 €mn.** This is with a favourable Currency Environment, considering EurGbp currently stands at an average of 0.86 vs 0.91 assumed in the plan.
2. **Start up of the Auchrobert 36MW wind park is confirmed in the next month (end of March/April)**
3. **Additional debt restructuring measure will come during 2017.** Fkr is re-negotiating (on an opportunistic base) some of the project finances, with new debt on longer maturities and lower cost. This will additionally help financial charges reduction during 2017
4. **The pipeline development is going ahead** with Fkr currently working on some options (not disclosed) mainly in Northern Europe but also starting in US
5. **Dividend is confirmed in line with the strategy plan at 4.9 €c which currently represent an yield of 4.6% on current prices**
6. **Pricing have significantly increased in the first 2 months of the year with a potential benefit on the 1Q.**

In light of the good results and the indications from the conference, we are slightly improving our NI expectations in the region of +3% in the period 17-21.

CHANGE IN ESTIMATES

		2016	2017E	2018E	2019E	2020E	2021E
	Old Ebitda	125	137	147	158	163	182
Ebitda - € mn		**136**	**139**	**148**	**159**	**164**	**183**
	Chg	-	1%	1%	1%	1%	1%
	Old Net income	5.3	9.5	15.5	21.2	22.8	31.2
Net Income - € mn		**-3.9**	**9.9**	**15.7**	**21.7**	**23.9**	**31.4**
	Chg	-174%	4%	1%	3%	4%	1%
	Old Capex	-62	-67	-50	-106	-131	-85
Capex - € mn		**-62**	**-72**	**-45**	**-106**	**-131**	**-85**
	Old Nfp	-626	-644	-631	-664	-720	-724
Nfp - € mn		**-567**	**-624**	**-599**	**-630**	**-686**	**-688**
	D/ebitda	-4.2 x	-4.5 x	-4.0 x	-4.0 x	-4.2 x	-3.8 x
	Dps old - €cents	4.50	4.90	5.30	5.80	6.30	6.30
	change	-	0%	0%	0%	0%	0%
DPS - €cents (year of competence)		**4.50**	**4.90**	**5.30**	**5.80**	**6.30**	**6.30**
	Implied dvd yield	4.2%	4.6%	5.0%	5.4%	5.9%	5.9%

Source: Company data and EQUITA SIM estimates

BUY CONFIRMED. TGT INCREASED TO 1.50€ (+2.3%)

In light of the above considerations, we are confirming our positive view and the BUY recommendation. TGT is improved to 1.50 €sh (+2.3%) mainly thanks to the lower Net Financial position registered at the end of 2016 (compensated by the higher risk free). Our tgt prices offers a +40% upside and implies a 20PE as measured on 2019.

Falck Renewables:

- **Has correctly re-positioned on a "growth" path, through the pipeline development and Geographical expansion.** Although entering new countries from scratch will be particularly difficult, and despite pipeline reinforcement will require initial development costs we believe growth option of Fkr are relevant. Despite we are only assuming 60% of the plan implementation, we estimate a +38% Cagr of NI through 2021, driven by capacity expansion, O&M cost reduction, debt restructuring and lower tax rate (from internationalization).
- **The group has a strong FCF generation** (140 €mn OCF in 2016) **which will sustain the capex expansion and a generous dividend policy** (yield ranging from 4.6% to 6% (among the highest in the sector).
- **Valuation remains attractive (in light of the expected growth) at 15x PE and 6.3x ev/Ebitda as measured on 2019**

In the following table a summary of the group's sum of the parts and the main valuation metrics

SUM OF THE PARTS

	MW	OLD	EV	%	Metric	
WIND ASSETS	892.6	1322.0	1295.3	-2.0%	€m/MW..	1.45
WASTE TO ENERGY	20	22.7	22.3	-2.0%	€m/MW..	1.11
BIOMASS	14	49.9	49.1	-1.7%	Dcf plant	
WASTE TREATMENT	168	8.0	8.0	0.4%	Dcf plant	
SOLAR	61.12	24.5	24.1	-1.6%	€m/MW..	0.39
SERVICES	nm	22.0	21.6	-2.0%	Ev Ebitda...	8.0 x
Adjustments to valuation	nm	-294.0	-297.8	1.3%	Holding , Development, Opex and WC	
CORE BUSINESS VALUATION - € mn	**nm**	**1155.2**	**1122.5**	**-2.8%**	**Various**	
Financial assets	nm	23.5	23.4	nm	Book value multiple	
Net financial position end of 2016	nm	-625.8	-566.6	nm	Expected end of 2016	
Minorities	nm	-103.3	-107.1	nm	Expected end of 2016	
Provisions	nm	-25.5	-36.9	nm	Expected end of 2016	
EQUITY VALUE	**0**	**424.1**	**435.3**	nm		
TARGET PRICE-...		**1.47**	**1.50**	**2.3%**	**PE 2019**	**20.1 x**

Source: EQUITA SIM estimates

In The following table the main valuation metrics

MARKET RATIOS

	2015	2016	2017E	2018E	2019E	2020E
P/E	59.1 x	-79.2 x	31.3 x	19.8 x	14.4 x	13.1 x
P/E adj	50.3 x	28.1 x	31.3 x	19.8 x	14.4 x	13.1 x
PBV	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x	0.7 x
P/CF	5.5 x	7.4 x	5.6 x	5.0 x	4.5 x	4.4 x

Source: Company data and EQUITA SIM estimates

EV FIGURES	2015	2016	2017E	2018E	2019E	2020E
EV/Sales rep	3.7 x	3.7 x	3.6 x	3.4 x	3.4 x	3.6 x
EV/EBITDA rep	6.5 x	6.8 x	7.1 x	6.5 x	6.3 x	6.4 x
EV/EBITDA adj (Incl JV)	6.5 x	6.8 x	7.1 x	6.5 x	6.3 x	6.4 x
EV/CE	0.8 x	0.9 x	0.9 x	0.9 x	0.9 x	0.9 x

Source: Company data and EQUITA SIM estimates

REMUNERATION	2015	2016	2017E	2018E	2019E	2020E
Div. Yield ord	4.2%	4.6%	5.0%	5.4%	5.9%	5.9%
FCF yield	8.2%	24.8%	-13.8%	12.9%	-4.6%	-11.8%
ROE	1.1%	-0.9%	2.3%	3.6%	4.9%	5.3%
ROCE	3.4%	3.3%	3.3%	3.8%	4.1%	4.1%

Source: Company data and EQUITA SIM estimates

INDEBTNESS	2015	2016	2017E	2018E	2019E	2020E
NFP	-631	-567	-624	-599	-630	-686
D/E	1.33	1.29	1.43	1.37	1.43	1.54
Debt/EBITDA	4.1 x	4.2 x	4.5 x	4.0 x	4.0 x	4.2 x
Interests cov	3.4 x	3.5 x	3.8 x	4.1 x	4.4 x	4.5 x

Source: Company data and EQUITA SIM estimates

We believe that the group is moving towards the right direction. After years of missing pipeline investments, the group has finally taken the correct path towards the return to growth. Of course this implies some cost, both in terms of expected development costs, and in terms of higher capex for the coming years. **Despite that, we believe the group has enough expected fcf generation to sustain the development of the coming years and thus ensuring an attractive overall shareholder's remuneration.**

SENSITIVITY

SENSITIVITY		risk free				
		1.7%	**1.9%**	**2.1%**	**2.6%**	**3.1%**
EV/EBITDA services	**6.0**	1.49	1.49	1.48	1.47	1.45
	7.0	1.50	1.50	1.49	1.47	1.46
	8.0	1.51	1.50	1.50	1.48	1.47
	9.0	1.52	1.51	1.51	1.49	1.48
	10.0	1.53	1.52	1.51	1.50	1.49

Source: EQUITA SIM estimates

STATEMENT OF RISK

The primary elements that could positively/negatively impact FALCK RENEWABLES stock include:

- Changes in the sector's regulatory framework;
- Changes in the main economic drivers for utility services and power generation (such as oil price, coal price, power generation price, etc)
- Significant increase in interest rates
- Volatility in natural resources (wind

P&L	2015	2016	2017E	2018E	2019E	2020E
REVENUES	**271**	**250**	**276**	**287**	**290**	**296**
Growth	9%	-8%	11%	4%	1%	2%
Total opex	-118	-113	-138	-139	-131	-132
Growth	5%	-4%	21%	1%	-6%	1%
Margin	-44%	-45%	-50%	-48%	-45%	-44%
EBITDA	**152**	**136**	**139**	**148**	**159**	**164**
Growth	13%	-11%	2%	7%	7%	3%
Margin	56%	55%	50%	52%	55%	56%
Depreciation& amortization	-76	-65	-73	-74	-75	-77
Provisions	-10	-12	-3	-3	-3	-2
Depreciation&provistion	**-86**	**-77**	**-76**	**-77**	**-78**	**-79**
EBIT	**66**	**60**	**63**	**71**	**81**	**85**
Growth	-6%	-10%	6%	12%	14%	5%
Margin	24%	24%	23%	25%	28%	29%
Net financial profit/Expenses	-45	-39	-37	-36	-36	-37
Profits/exp from equity inv	na	na	na	na	na	na
Other financial profit/Exp	3	1	2	1	1	1
Total financial expenses	**-43**	**-38**	**-35**	**-35**	**-35**	**-35**
Non recurring pre tax	0	-3	0	0	0	0
PBT	**24**	**19**	**28**	**36**	**46**	**50**
Growth	10%	-19%	43%	30%	27%	8%
Taxes	**-5**	**-17**	**-11**	**-14**	**-17**	**-19**
Tax rate	-21%	-90%	-41%	-38%	-38%	-38%
Minoritiy interests	**-13**	**-6**	**-6**	**-7**	**-7**	**-7**
Non recurring post tax	0	0	0	0	0	0
NET INCOME	**5.3**	**-3.9**	**9.9**	**15.7**	**21.7**	**23.9**
Growth	57%	-175%	-353%	58%	38%	10%
Margin	2%	-2%	4%	5%	7%	8%
Adj. NET INCOME	**6.2**	**6.3**	**9.9**	**15.7**	**21.7**	**23.9**
Growth	85%	2%	58%	58%	38%	10%
Margin	2%	3%	4%	5%	7%	8%

CF Statement	2015	2016	2017E	2018E	2019E	2020E
Cash Flow from Operations	96	105	81	94	102	104
(Increase) decrease in OWC	1	40	-46	-3	-4	-5
(Purchase of fixed assets)	-90	-36	-72	-45	-106	-131
(Other net investments)	0	0	0	0	0	0
(Distribution of dividends)	-18	-13	-14	-15	-17	-18
Rights issue	0	0	0	0	0	0
Other	19	-32	-6	-6	-6	-6
(Increase) Decrease in Net Debt	**8**	**64**	**-57**	**25**	**-31**	**-55**

Source: EQUITA SIM estimates and company data

INFORMATION PURSUANT TO ARTICLE 69 ET SEQ. OF CONSOB (Italian securities & exchange commission) REGULATION no. 11971/1999

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In the past EQUITA SIM has published studies on Falck Renewables

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RECOMMENDATION/RATING	Low Risk	Medium Risk	High Risk
BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR< 10%	-5% <ETR< 15%	0% <ETR< 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price (€)	Risk	Comment
22 March 2016	BUY (BUY)	1.6 (1.8)	High	Change in estimates

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	COMPANIES COVERED	COMPANIES COVERED WITH BANKING RELATIONSHIP
BUY	41.4%	58.3%
HOLD	58.0%	41.7%
REDUCE	0.6%	0.0%
NOT RATED	0.0%	0.0%

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