

Falck Renewables (FKR-IT)

Buy

From Wind To WTE.

Last (€)	0,871
Valuation Range (€)	1.0 - 1.2
Market Cap.(€m)	258
Av. Daily Vol.(m sh)	0,79
Free Float	40,0%
YTD	-8,89%

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- The company presented a new business plan for 2013-17, refocusing its development strategy towards WTE/Biomass rather than Wind technology. We think that it is an ambitious plan as the company has yet to provide a convincing track record in this technology, and for this reason we decided not to include for the moment any additional WTE/Biomass capacity until the projects will be authorized.
- The other important update of this new business plan is the disposal of a minority stake (up to 49%) of the UK wind plants by the end of 2013. If achieved this will unlock financial resources to reduce debt and develop new WTE/Biomass plants outside Italy. We have calculated a potential cash-in the range of €100-120m.
- We have updated our estimates factoring in: 1) A €6/Mwh unbalancing charges in 2013; 2) A €35/Mwh decrease in CIP6 for the two WTE plants of Trezzo and Granarolo; 3) A mid-single digit decrease of total return/Mwh in Italy and UK; 4) A slight increase in wind power production in 2013 thanks to the increase of capacity. We are not including in our estimates the disposal of UK minorities and the development of unauthorized pipeline.
- We reduce our valuation from €1.3-1.5/share to €1.0-1.2/share. We continue to appreciate the asset portfolio and sound operating cash generation, but we consider the visibility on the new business plan too low to be included in our estimates. Our valuation is based on the SOP of the assets already in operation, valued through DCF.
- Additional upside risk could come from 1) The UK assets disposal (minority) and 2) The realization of the project pipeline included in the Business Plan. Accordingly, we decide to keep our Buy rating on the stock. FKR is trading at 8.2x EV/EBITDA'13 and 26x PE'13 vs. peers (Renewable Energy group) at 8.9x and 10.0x respectively.

	Sales (€m)	EBITDA (€m)	vs. Cons	Net Profit (€m)	EPS(old) (€)	EPS(new) (€)	vs.Cons	P/E(x)	EV/EBITDA (x)	DPS(€)	DIV Yield
2011	248.7	142.0		19.0		0.07		13.3	7.6	0.01	1.4%
2012	274.6	158.3		-80.0		-0.27		-3.2	7.0	0.03	3.3%
2013 E	264.0	143.7	-12.9%	11.7	0.10	0.04	-49.0%	21.6	8.1	0.02	2.3%
2014 E	280.5	154.8	-9.5%	14.5	0.11	0.05	-44.3%	17.5	7.9	0.02	2.3%
2015 E	301.0	170.7	2.2%	19.1		0.07	-29.3%	13.3	7.3	0.02	1.9%

Est 3 Yr Sales CAGR: 4,1%

Shares Outstanding (m): 291

Est 3 Yr EPS CAGR: -8,7%

Mkt Cap (€m): 258

Share price performance

	YTD	1 month	3 months	12 months
Absolute	-8,89%	10,88%	-14,13%	1,43%
Relative to STOXX 600	-19,09%	0,13%	-21,1%	-20,07%

FKR-IT: Summarised P&L Account and key ratios

€m	2010	2011	2012	2013E	2014E	2015E
Sales	185	249	275	264	281	301
EBITDA	95	142	158	144	155	171
Depreciation & Amort.	-46	-62	-180	-69	-73	-78
EBIT	49	80	-22	75	82	93
Net Interest Cost	-36	-36	-47	-51	-54	-57
Associates	0	0	0	0	0	0
Impairment & Other	0	0	0	0	0	0
Discontinued operations	1	-6	0	0	0	0
PBT	14	38	-69	24	27	36
Taxes	-12	-18	-17	-11	-11	-14
Minorities	-2	-1	6	-2	-2	-3
Net Profit	0	19	-80	12	14	19
EPS	0.00	0.07	-0.27	0.04	0.05	0.07
Sales growth	14.5%	34.7%	10.4%	-3.9%	6.3%	7.3%
EBITDA growth	-0.8%	49.3%	11.5%	-9.2%	7.7%	10.2%
Net Profit growth	-97.9%	5259.6%	-520.6%	-114.7%	23.3%	31.9%
EBITDA margin	51.5%	57.1%	57.6%	54.4%	55.2%	56.7%
EBIT margin	26.6%	32.1%	-7.9%	28.5%	29.2%	30.8%
Net Pr. Margin	0.2%	7.7%	-29.1%	4.4%	5.2%	6.3%
Interest Cover (1) (x)	1.4	2.2	-0.5	1.5	1.5	1.6

FKR-IT: Summarised Balance Sheet and key ratios

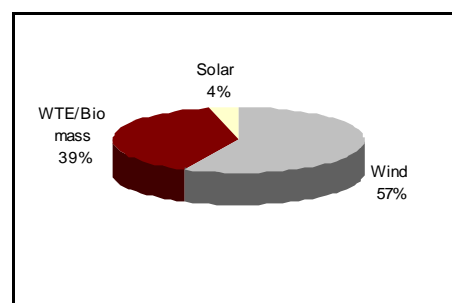
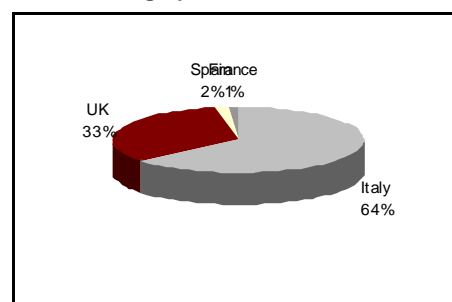
€m	2010	2011	2012	2013E	2014E	2015E
Fixed assets	1005	1152	1007	1063	1135	1132
Goodwill	120	115	110	105	100	96
Inventories	4	4	5	5	5	5
Trade Receivables	73	103	154	186	238	299
Cash + S/T Inv. + other	101	96	96	96	96	96
Total Assets	1302	1469	1371	1455	1574	1627
Sharehold. Equity	328	443	343	348	407	422
L-T Financial Debt	619	880	894	964	1015	1043
S-T Financial Debt	213	44	44	44	44	44
Trade Payables	107	62	76	82	90	97
Provisions + Other	36	40	14	16	18	21
Total Liabilities	1302	1469	1371	1455	1574	1627
Net Debt	731	828	842	912	963	991
WACC	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Net Debt/Equity	222.9%	187.0%	245.9%	261.8%	236.6%	235.0%
ROCE (2)	0.8%	3.3%	-2.3%	3.3%	3.6%	3.9%
ROE	89.8%	77.6%	97.2%	88.8%	72.3%	72.3%
ROCE/WACC (x)	0.1	0.5	-0.4	0.5	0.6	0.6

FKR-IT: Simplified Cash Flow Statement and key ratios

€m	2010	2011	2012	2013E	2014E	2015E
Net Profit	0	19	-80	12	14	19
+ Depreciation & Amort.	46	62	180	69	73	78
+/- Other	0	0	0	0	0	0
= Operating CF	46	81	100	80	87	97
- Chg in Working Capital	18	-72	-58	-26	-45	-54
- CAPEX of which	-177	-178	-58	-120	-140	-70
Expansionary CPX	-177	-178	-58	-120	-140	-70
- Dividends	-12	-2	-8	-6	-6	-4
= FCF	-125	-171	-24	-72	-103	-31
FCF Yld (M.Cp)	-56.2%	-68.2%	-6.0%	-25.4%	-37.5%	-10.2%
FCF Yld (EV)	-11.5%	-13.9%	3.9%	-0.6%	-5.7%	0.5%
FCF (3)	64	9	43	55	43	43
FCF Yld (M.Cp)	24.9%	3.4%	16.5%	21.2%	16.6%	16.8%
FCF Yld (EV)	7.1%	2.6%	9.2%	7.1%	6.2%	6.2%

FKR-IT: EV Valuations

€m	2013E	2014E	2015E
+ Mkt Cap	258	258	258
+ Net Debt	912	963	991
- Non-core assets	-9	-9	-9
+/- Other	3	5	7
= EV	1164	1217	1248
EV/Sales (x)	4.4	4.3	4.1
EV/EBITDA (x)	8.1	7.9	7.3
EV/EBIT (x)	15.5	14.9	13.4
EV/IC (x)	0.9	0.9	0.9

FKR-IT: Divisional Sales Breakdown**FKR-IT: Geographical Sales Breakdown****Debt Structure (€m)**

Total Debt in the B.Sheet	941,0
Short Term	44,0
Long Term: maturing in	897,0
24 months	n.a
36 months	n.a
more than 36 months	n.a
Cost Range	n.a
Rating (Moody's)	
Short term	n.a.
Long term	n.a.
Estimated Off B/S Liabilities	None

FKR-IT: Share Information

Outstanding no. shares (m)	291
Market Cap (€ m)	258
Avg daily volume (m sh, last 3 m)	0.79
Free float %	40,0%
Major shareholders	
Falck family	60,0%
W. Heller	6,0%
Canada pension	2,4%
Management shares option scheme	
% of Capital	None
Nearest to vest	n.a.

(1) calculated as EBIT/Int. expenses (2) calculated as ROCE after taxes (*) Source: company data and Fidentii estimates

1. Updating our Estimates and Valuation.

- We reduce our valuation range to €1.0-1.2/share from €1.3-1.5, confirming our Buy rating on the stock.
- We have updated our estimates for FY2013 onwards factoring in a lower return/Mwh for UK and Italy Wind and €35/MWh cut of CIP6 for WTE.

Estimates Update.

We have updated our estimates for 2013 onwards, factoring in:

- €35/Mwh decrease of CIP6 tariffs for WTE plants;
- €6/Mwh unbalancing costs for 2013;
- A lower return/Mwh for UK and Italy wind production due to market overcapacity driven by the economic slowdown.

This takes our EBITDA projection for 2013 to €...m vs. €145m guided by the company (excluding the effect of minority disposal). This is a 12% below consensus estimates. All-in-all, we cut our EPS'13 from €0.10 to €0.04 and our EPS'14 from €0.11 to €0.05. We see Net Debt reaching €909m in 2013 and €954m in 2014 assuming €120m and €140m capex respectively.

Figure 1: P&L/Sales Breakdown

	2011	2012	2013E	2014E	2015E
Wind (Sales)	141.3	183.1	178.1	188.3	209.1
yoy %	50%	30%	-3%	6%	11%
WTE&Biom. (Sales)	96.1	80.7	76.9	83.3	82.9
yoy %	9%	-16%	-5%	8%	0%
Solar (Sales)	8.9	8.9	9.0	9.0	8.9
yoy %	640%	0%	1%	0%	0%
Sales	248.7	274.6	264.0	280.5	301.0
yoy %	35%	10%	-4%	6%	7%
Wind (EBITDA)	103.0	131.0	123.3	130.0	152.2
Margin %	73%	72%	69%	69%	73%
WTE&Biom (EBITDA)	42.5	30.8	26.0	30.5	29.3
Margin %	44%	38%	34%	37%	35%
Solar (EBITDA)	8.0	8.0	8.1	8.1	8.1
Margin %	91%	90%	90%	90%	90%
EBITDA	141.7	158.3	143.7	154.8	170.7
Margin %	57.0%	57.6%	54.4%	55.2%	56.7%
EBIT	79.2	-21.8	75.1	81.8	92.8
Margin %	31.9%	-7.9%	28.5%	29.2%	30.8%
Net Profit	37.3	-67.9	24.3	27.4	36.1
Margin %	15.0%	-24.7%	9.2%	9.8%	12.0%

Source: Company data & Fidentiis estimates

Figure 2: Balance Sheet

	2011	2012	2013E	2014E	2015E
Net Working capital	16	73	99	143	197
Fixed assets	1147	1002	1058	1130	1127
Goodwill	120	115	110	105	100
Equity	443	343	348	407	422
Net Debt	826	842	912	963	991
Net Invested Capital	1278	1186	1263	1375	1420

Source: Company data & Fidentiis estimates

Figure 3: Cash Flow Statement

	2011	2012	2013E	2014E	2015E
Initial NFP	-730.6	-828.0	-816.3	-886.2	-1037.1
Change in scope of Cons.	-60.2	13.0	0.0	-50.0	0.0
Net income/loss	19.9	-85.3	13.3	16.4	21.7
Depreciation & Amortization	54.0	68.3	68.6	73.0	77.8
Change in working capital	-71.5	-57.5	-25.5	-44.5	-53.6
Operating Cash Flow	-57.8	-61.5	56.4	-5.1	45.9
Capex	-178.0	-58.4	-120.5	-140.0	-69.6
Free Cash Flow	-235.8	-119.9	-64.1	-145.0	-23.6
Capital increases	130.0	0.0	0.0	0.0	0.0
Dividends	-1.9	-8.3	-5.8	-5.8	-4.3
Other adjustments	12.2	113.9	-26.0	74.0	74.0
Change in NFP	-95.6	-14.3	-95.9	-76.9	46.0
Final NFP	-826.1	-842.3	-912.2	-963.1	-991.1

Source: Company data & Fidentiis estimates

Valuation Update.

We have updated our valuation factoring in our new estimates for energy price in Italy (Wind and WTE) and UK (Wind). This takes our target range from €1.3-1.5/share to €1.0-1.2.

The disposal of a minority stake (up to 49%) of the UK assets will represent a good catalyst for the stock as it should “crystallize” part of the underlying DCF valuation for those assets. This may also have a positive impact on our SOP valuation if the price of the transaction will be above our €2.2m per MW valuation deriving from our DCF model.

Figure 4: SOTP of Asset in Operations

Division	€mn	per €/MW	% owned	Valuation	WACC %
WTE - Trezzo	52	3.7	85%	DCF 13y - No TV	8.5%
WTE - Granarolo	69	3.9	49%	DCF 20y + TV	8.5%
Biomass - Rende	28	2.4	100%	DCF 15y - No TV	8.5%
Waste Management - Gorle	31	-	100%	DCF 20y - No TV	8.5%
Wind UK	600	2.3	100%	DCF 15y - No TV	5.8%
Wind Italy	389	1.4	100%	DCF 15y - No TV	7.2%
Wind France	40	1.3	100%	DCF 15y - No TV	6.1%
Wind Spain	50	1.0	40%	DCF 15y - No TV	8.0%
Solar - Italy	77	4.6	100%	DCF 20y - No TV	6.1%
Corporate Costs and Others	-67	-	100%	NPV of Costs	6.5%
Total EV, actual consolidation	1,266	4.3			
Equity Participations	1	0.0		Book Value	
NFP exp. 2013	-911	-3.1		Our Estimates	
Provisions	-37	-0.1		Book Value	
Minorities	-7	-0.0		Book Value	
Equity Value	312	1.1			
Current Mkt. Cap	267	0.9			
% up/(down) side potential	17%	17%			

Source: Company data & Fidentiis estimates



FKR is trading at 8.1x EV/EBITDA'13, 12% below Renewable Energy peers and 20% above Waste Management comparables. We are convinced that the company's valuation should be closer to Renewable Energy peers as only 18% of its EBITDA'13 will be referred to WTE/Biomass production.

Figure 5: Renewable Energy Peers

	Price	Mkt. Cap.	Number of Shares	EV/Sales			EV/EBITDA			EV/EBIT			PE		
				13E	14E	15E	13E	14E	15E	13E	14E	15E	13E	14E	15E
Falck Renewables Spa	0.9	258	291.4	4.5	4.4	3.9	8.2	8.0	6.9	15.8	15.2	11.8	23.0	18.6	9.8
Alerion Clean Power Spa	3.6	159	43.6	5.9	5.9	4.7	9.4	8.5	8.4	37.2	17.5	14.7	10.3		15.3
Enel Green Power Spa	1.7	8.275	5000.0	4.7	4.4	4.1	6.9	7.4	7.0	13.3	12.0	11.1	9.9	20.7	15.0
EDP Renovaveis S/A	4.2	3.681	872.3	5.5	4.8	4.3	8.3	7.8	6.7	24.6	17.4	12.6	11.1	42.2	19.2
Theolia	1.3	83	64.9	4.5	4.3	4.2	12.7	12.2	8.4	41.5	29.8	21.4			
Fersa Energias	0.3	41	140.0	5.6	5.0	4.6	8.4	7.5	6.9	17.3	15.9	14.6	25.8	17.6	14.6
Median				5.1	4.6	4.3	8.9	8.1	7.7	30.9	17.4	13.7	10.7	20.7	15.3
Mean				5.1	4.9	4.3	9.4	9.0	7.6	29.1	19.2	15.0	13.6	27.2	16.5

Source: Factset, Company data, Fidentii's calculations

Figure 6: Waste Management Peers

	Price	Mkt. Cap.	Number of Shares	EV/Sales			EV/EBITDA			EV/EBIT			PE		
				13E	14E	15E	13E	14E	15E	13E	14E	15E	13E	14E	15E
Falck Renewables Spa	0.9	258	291.4	4.5	4.4	3.9	8.2	8.0	6.9	15.8	15.2	11.8	23.0	18.6	9.8
Biancamano Spa	0.5	18	34.0	0.7	0.7	0.6	7.8	6.4	4.9	63.6	23.2	13.8			26.1
Veolia Env. S.A.	10.0	5209	522.1	0.6	0.6	0.6	7.2	6.8	6.1	16.3	13.3	11.6	21.2	15.4	12.1
Suez Env. S.A.	11.2	5710	510.2	0.9	0.9	0.8	5.3	5.1	4.9	11.2	10.4	9.8	17.5	15.1	13.8
Republic Services Inc.	26.8	9675	360.6	2.3	2.2	2.2	8.1	7.6	7.5	13.1	12.0	11.3	18.1	16.5	15.6
Lassila & Tikanoja Oyj	14.0	543	38.8	0.9	0.8	0.8	6.5	6.1	5.8	11.9	10.7	10.0	14.6	13.0	12.4
Seche Env. S.A.	29.5	255	8.6	1.0	1.0	1.0	5.7	5.4	5.0	11.4	10.3	9.1	12.6	10.4	9.4
Median				0.9	0.8	0.8	6.8	6.2	5.4	12.5	11.4	10.6	17.8	15.3	13.1
Mean				1.1	1.0	1.0	6.8	6.2	5.7	21.2	13.3	10.9	17.8	14.8	14.9

Source: Factset, Company data, Fidentii's calculations

2. 1Q'13 In Line

■ 1Q13 figures came substantially in line with our estimates.

Figure 7: 1Q12 Main Figures

€m	1Q12	1Q13A	yoy	1Q13E	AvE	2012	2013E	yoy
Sales	78.4	82.4	+5.1%	80,0	+3%	274.6	264	-4%
EBITDA	51.4	51.7	-0.5%	52.0	-0.5%	158	144	-9%
margin %	65.5%	62.5%		65%		57.6%	54.4%	
EBIT	36.0	36.8	-2.2%	36.0	+2%	-21.4	75.1	n.m.
margin %	46.9	43.6%		45%		-7.9%	28.5%	
Pre-tax Profit	26.7	22.2	-16.8%	20,0	+11%	-67.9	24.3	n.m.
margin %	34%	27%		21%		-24.7%	9.2%	
Net Profit						-79.2	11.7	n.m.
margin %						-29.0%	4%	
NFP	797	825		830	0,0%	842	912	

Source: Company data, Fidentiis estimates.

As expected, increase in power production and consolidation perimeter was offset by lower power prices in UK and Italy. During the quarter the company decided to accrue €1.4m unbalancing costs related to the €6/MWh charges the company is expecting to pay to GSE in 2013. For FY2013 the total unbalancing costs should reach €4m in absolute terms.

Net Debt came slightly below expectations mainly thanks to some non-cash charges paid during the quarter and lower than expected capex. Investments in the quarter amounted on €11.9m, out of expected €120m for the FY2013.

3. New Business Plan

- The company presented a new business plan for 2013-17, refocusing its development strategy towards WTE/Biomass rather than Wind technology.
- The Business Plan also include the disposal of a minority stake (up to 49%) of the UK wind assets. We estimate a cash-in of €100-120m from the deal.

The company presented a new business plan for the 2013-17 period:

Refocus toward WTE/Biomass in UK. The main differences vs. the old plan is the increasing focus on the development of WTE and Biomass in UK and northern Europe instead of Wind in UK. The company has a 100MW projects pipeline in this new field and it is expecting to invest as much as €250m by the end of 2017 for a contribution of €20m additional EBITDA in 2017. Average Capex/MW is expected to be in the range of €5-6m/MW for WTE and Biomass projects. Total capacity (including Italian plants) should reach 81MW (from current 45MW consolidated capacity), but no projects has been authorized as of today.

UK assets minority stake disposal. Another significant update is the disposal of UK wind plants minorities (up to 49%) that FKR is confident to finalize by the end of 2013/early 2014. This will unlock financial resources for the further development of Wind and mainly WTE/Biomass outside Italy. The management couldn't disclose the expected cash-in from the minority stake disposal as the company is currently under negotiation for it. What we know is that FKR will continue to fully consolidate the assets. We think it is reasonable to expect a €2.5-2.8m/MW valuation for 100% EV. Those assets are usually financed through 70% Debt/ 30% Equity proportion. Therefore, according to our calculation the total cash-in from 49% disposal of 272MW wind plant should be in the range of €100-120m.

Wind development. Additional growth will come from the development of the authorized plants in UK and expansion of existing plant in Italy, investing €145m for the development of additional 127MW capacity in UK, Italy (only extension of existing plants) and Poland. This should contribute to €40m additional EBITDA in 2017.

Starting service activities. The management finally included in the plan €25m additional EBITDA'17 contribution coming from service to WTE & Biomass, including Greenfield development and management of third-parties plants. No capex are required for this activity.

2017 Guidance. EBITDA may reach €225m thanks to €40m additional Wind contribution, €20m additional WTE/Biomass and €30m from Service. Net Debt (excluding derivatives) should fall in the region of €640-660m after minority stake disposal and €420m capex in the 2013-17 period. Total capacity should reach 867MW from current 716MW.

Figure 8: Installed Capacity & Pipeline

Technology	Installed Capacity	Authorized Projects	Pipeline Projects	Capacity @ 2017	Capex 2013-17
Wind Italy	292	-	12	304	15.0
Wind UK	273	80	-	353	120.0
Wind France	42	-	-	42	0.0
Wind Spain	49	-	-	49	0.0
Wind Poland	-	-	35	35	35.0
WTE/Biomass	45	-	36	81	250.0
Solar	16	-	-	16	0.0
Total	685	112	150	880	420

Source: Company data & Fidentiis estimates



Figure 9: Installed Capacity & Pipeline (Old)

Technology	Installed Capacity	Authorized Projects	Pipeline Projects	Capacity @ 2014	Capex 2012-14
Wind Italy	270	22	30	322	42.0
Wind UK	273	80	70	423	250.0
Wind France	32	10	-	42	13.0
Wind Spain	49	-	-	49	0.0
Wind Poland	-	-	20	20	35.0
WTE	31	-	22	53	90.0
Biomass	14	-	8	22	30.0
Solar	16	-	-	16	0.0
Total	685	112	150	947	460

Source: Company data & Fidentiis estimates

4. Sicilian litigation.

- FY12 figures was charged by €112m one-off non cash costs, mainly related to the write-down of all activities connected to the Sicilian litigation. Further outcome from the ongoing litigation should come after 2017 according to the management.
- Despite write-offs, the 2.54 NFP/Equity covenant related to the corporate credit lines have been respected.

FY2012 numbers were impacted by a total of €112.1m one offs costs, of which €106m related to Sicily litigation. All of those charges are non-cash, and therefore they had no impact on company's cash-flow. Excluding both Sicilian issue and other one-offs, the bottom line would have resulted €26.6m positive and EBIT would have been €90.2m vs. actual -€85.5m and -€21.4m respectively.

As of 31st December 2012, FKR has written off from its balance sheet all the activities related to the Sicilian litigation.

Pending litigation:

There are 2 pending claim left between FKR and the Sicilian region: one is a request of compensation of approx. €64m claimed by the Sicilian public administration due to the breach of covenants related to the first contract signed between FKR and the Sicily region. On the other side, FKR is claiming for approx. €268m reimbursement against the Sicilian region as a reimbursement for costs incurred for the projects (€105m) and loss of profit (€163m).

Figure 9: Pro-forma of FY2012 results.

millions of euro	Dec 2012 Op. activities	One-Off Items	December 2012	December 2011
Revenues	274.6	-	274.6	248.6
Net Operating costs	(116.7)	-	(116.7)	(106.9)
Ebitda	158.0	-	158.0	141.7
% on Revenues	57.5%	-	57.5%	57.0%
Depreciation - Amortization - Write Off	(67.8)	(111.6)	(179.4)	(62.5)
Operating result	90.2	(111.6)	(21.4)	79.2
% on Revenues	32.8%	-	(7.8%)	31.9%
Financial income and charges	(46.8)	(0.3)	(47.1)	(42.7)
Equity investments	0.7	-	0.7	0.7
Earnings Before Taxes	44.0	(111.9)	(67.9)	37.3
Taxes	(17.4)	(0.2)	(17.6)	(17.4)
Net Earnings	26.6	(112.1)	(85.5)	19.8
millions of euro	Dec 2012 Op. Activities	One-Off Items	Dec 12	Dec 2011
Net Invested Capital	1,298.6	(112.1)	1,186.5	1,277.9
Equity	455.8	(112.1)	343.7	451.8
Net Financial Position	(842.8)	-	(842.8)	(826.1)
of which: Proj. Fin. and MLT no recourse	(775.4)	-	(775.4)	(749.7)
NFP excluding Derivatives Instruments	(757.1)	-	(757.1)	(765.2)

Source: company presentation.

The outcome and the timing of the litigation remain highly uncertain, however Mr Manzoni stated that in its view a court decision won't arrive before 2017, therefore it may not impact on the numbers of the business plan just presented.

Despite €112m write-downs, the NFP/Equity covenants on corporate loans (€165m expiring in June-2015) have not been breached as of 31st December 2012. Actual level is 2.45 vs. covenant of 2.54. NFP/EBITDA covenants remained well under control (as write-downs were non-cash costs, therefore did not impacted on Net Debt).



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Guide to fundamental research

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Recommendation history and target price trends – Falck Renewables

Date of publication	Recommendation	Target price (EUR)
21/05/2012	Buy	1.3-1.5
24/05/2013	Buy	1.0-1.2

In case of short note, please make reference to most recently published report concerning the subject company for an overall analysis of the relevant strategy/profile, risks and adopted valuation methodology.

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