

Full Company Report

Reason: Company newsflow

19 December 2017

Buy

Recommendation unchanged

Share price: EUR 1.72

closing price as of 18/12/2017

Target price: EUR 2.00

from Target Price: EUR 1.75

Upside/Downside Potential 16.3%

Reuters/Bloomberg AA4.MI/FRK IM

Market capitalisation (EURm) 501

Current N° of shares (m) 291

Free float 40%

Daily avg. no. trad. sh. 12 mth 870

Daily avg. trad. vol. 12 mth (m) 4,396.73

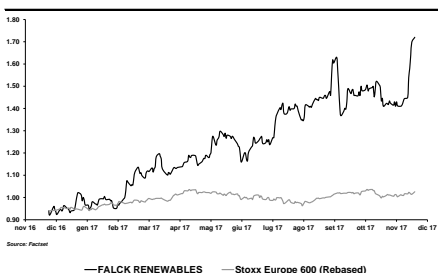
Price high/low 12 months 0.88 / 1.72

Abs Perfs 1/3/12 mths (%) 21.99/18.95/102.71

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	257	294	284
EBITDA (m)	136	147	148
EBITDA margin	53.1%	50.2%	52.1%
EBIT (m)	60	83	85
EBIT margin	23.2%	28.1%	29.9%
Net Profit (adj.)(m)	(4)	14	16
ROCE	0.4%	4.2%	4.2%
Net debt/(cash) (m)	562	630	658
Net Debt Equity	1.2	1.3	1.4
Net Debt/EBITDA	4.1	4.3	4.5
Int. cover(EBITDA/Fin.int)	3.3	3.7	3.8
EV/Sales	3.4	3.9	4.1
EV/EBITDA	6.4	7.8	8.0
EV/EBITDA (adj.)	6.4	7.8	8.0
EV/EBIT	14.6	13.9	13.9
P/E (adj.)	nm	34.1	30.4
P/BV	0.6	1.1	1.1
OpFCF yield	19.7%	-9.3%	0.1%
Dividend yield	2.8%	3.1%	3.4%
EPS (adj.)	(0.01)	0.05	0.06
BVPS	1.51	1.51	1.51
DPS	0.05	0.05	0.06

Shareholders

Falck SpA 60%;



Analyst(s)

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Another sound business plan, improving the old one

Falck Renewables has recently unveiled its 2017-2021 business plan, providing a clear growth strategy, a sound set of targets and a visible shareholders' remuneration policy, by maintaining a well-balanced financial structure. Based on our estimates, Falck Renewables' current installed capacity is worth around EUR 1.17m per MW, while the all-in cost for a wind farm is around EUR 1.31m per MW. We have performed a sum-of-parts valuation for Falck. Our valuation points to a target price of EUR 2.0 per share. We have thus confirmed our BUY recommendation on the stock.

- ✓ **Growth strategy.** Falck Renewables growth strategy is based on onshore wind and solar sources. The installed capacity is expected to increase from the current c. 950MW to nearly 1,375MW in 2021, with the addition of roughly 425MW or roughly +45%. The company has identified specific markets to invest in: the USA, the Netherlands, Norway and Sweden. This ought to provide Falck with additional geographical diversification by focusing on selected, low-risk, mature markets with strong existing renewables fundamentals. On top of these "new" countries, Falck is looking to increase its presence also in Italy, Spain, France and the UK.
- ✓ **Expansion in services.** Falck Renewables is focused on enhancing the renewable energy asset management and technical services it offers to asset owners and expanding its energy management and energy efficiency activities, and on enhancing its in-house digital platform. In renewable energy asset management, the company targets to reach over 5 GW of managed capacity by 2021, mainly through organic growth but also through acquisitions.
- ✓ **Profitability increase.** Falck Renewables is targeting an increase in profitability through additional operational efficiencies from improved technical performance, availability and management. These actions ought to reduce O&M per MW from EUR 32k in 2017 to EUR 26k in 2021. Furthermore, the company expects to reduce the impact of general & administrative expenses on installed capacity from EUR 29k per MW to EUR 21k.
- ✓ **Economic and financial targets.** Falck Renewables is projecting to reach an EBITDA of EUR 208m in 2021 (with a roughly 12% CAGR over the 2018-21 period) with an intermediate target of EUR 167m in 2019. This performance will be driven by: i) the increase in installed capacity, ii) the results due to be obtained from the development of new services and iii) the operating efficiency and production increase improvements expected from the individual plants.
- ✓ **Shareholders' remuneration.** Falck Renewables has set a minimum granted DPS to be paid out of 2017-2019 results, while the payout on 2020 and 2021 results will be set in the future. In 2020 and 2021, we are cautiously projecting a flat EUR 6.3c DPS. Based on our estimates, the company is offering a nearly 3.5% dividend yield on average over the 2017-2021 period.
- ✓ **Valuation.** We performed a sum-of-parts (SoP) model for Falck Renewables in order to assess its valuation. Our SoP points to a EUR 2.0 per share fair value, which is also our target price on the stock. At the current market prices, this target implies an upside potential of around 16%. We have thus reiterated our BUY recommendation on the stock.



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Another sound business plan, improving the old one

Falck Renewables has recently unveiled its 2017-2021 business plan, providing a clear growth strategy, a sound set of targets, a generous and visible shareholders' remuneration policy, by maintaining a well-balanced financial structure.

Growth strategy. Falck Renewables growth strategy is based on onshore wind and solar sources. The installed capacity is expected to increase from the current c. 950MW to nearly 1,375MW in 2021, with the addition of roughly 425MW or roughly +45%. The company expects to reach a total net pipeline under management that covers more than 1.6x the announced growth target at 2021. Falck has identified specific mature markets with strong fundamentals to invest in: Italy (where the company has an expected net pipeline of about 80MW), Spain (expected net pipeline 70MW), the USA (expected net pipeline 120MW), France (expected net pipeline 60MW), the UK (expected net pipeline 40MW), Norway (expected net pipeline 130MW), Sweden (expected net pipeline 150MW) and Netherlands (expected net pipeline 50MW). It is worth noting that Falck Renewables:

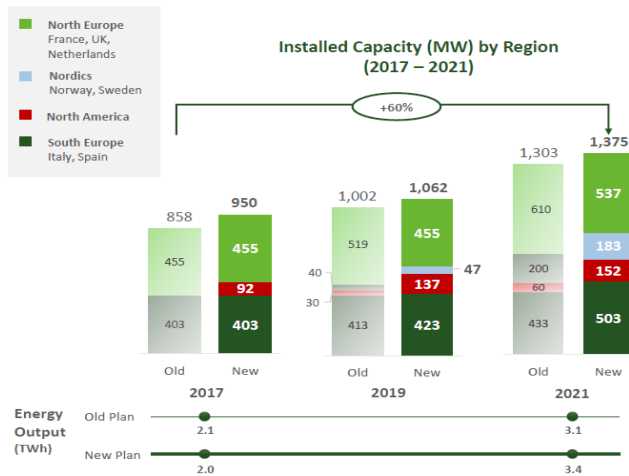
- has recently acquired two ready-to-build wind projects in Sweden for an overall capacity of about 115 MW. The “commercial operations date” (COD) is expected in 2020. Based on our estimates, the 115MW wind capacity ought to generate an EBITDA of about EUR 10m p.a. (production ca. 400GWh);
- has recently acquired a majority stake in a company that has two wind power consented projects in Norway with a capacity of nearly 70MW. The COD is expected in 2019/2020. Based on our estimates, the 70MW wind capacity ought to generate an EBITDA of about EUR 5m p.a. (production ca. 250GWh). Falck Renewables has also agreed an option to access a further 125MW of wind projects in Norway;
- has signed an agreement with a local developer to enter the Dutch market. The joint development agreement aims at co-developing an initial pipeline of about 150MW and identifying new long-term onshore wind and solar opportunities in the Netherlands.

When we factor in the acquisitions recently carried out (Sweden and Norway), we see that the company has already reached around 45% of the targeted increase in capacity over 2017-2021. It is also worth noting that, in our view, the company has addressed the most difficult challenges in its business plan: those related to the brand new markets (also considering entrance into the USA market with 92MW of solar capacity, completed early in December 2017). We argue, in fact, that the targets for northern and southern Europe are easier to meet in light of Falck's active presence in these European countries.

Furthermore, it is worth mentioning that the company has improved the installed capacity target announced last year for 2021: from 1,303MW to 1,375MW, also widening the geographical presence/spread.

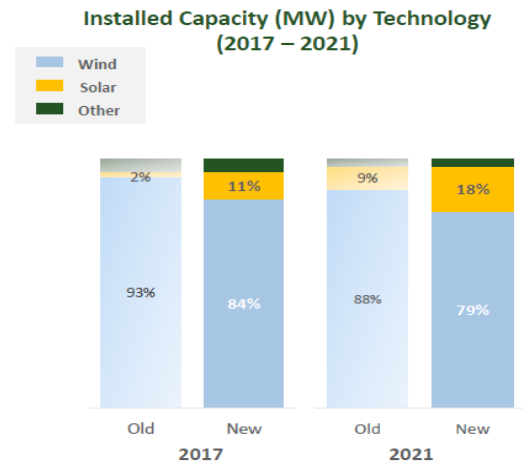
The installed capacity growth is due to come from the on-shore wind sector for 58% and roughly 42% from solar. This will be a further improvement on the previous business plan where wind was expected to contribute by around 80% to the increase in installed capacity. By the end of 2021, the wind sector ought to account for around 79% of the installed capacity, solar for circa 18% and the programmable sector (WTE/Biomass) for about 3%.

2017-2021 old and new business plan comparison



Source: Company Data

2017-2021 old and new business plan comparison



Source: Company Data

We did not include in our estimates any contribution from the new installed capacity target (with the exception of the wind farms recently acquired in Sweden and Norway). We have performed a sensitivity analysis in order to assess the potential contribution from the new installed capacity/production. We have considered in our calculation the residual installed capacity target, net of Sweden and Norway (for about 185MW), i.e. 240MW. According to company guidance and our estimates, this target entails about 60% solar capacity and 40% wind. We have based our DCF valuation on the following assumptions:

- a 5.2% WACC as a result of 3.5% risk-free rate; 0.9 beta; 4.0% market risk premium; 35% tax rate, 3.5% cost of debt; 40% D/E;
- feed-in tariff of EUR 55/MWh for the entire asset life;
- 24% load factor, calculated as the average load factor for the residual capacity target on the basis of 20% for solar and a 30% load factor for wind;
- 75% EBITDA margin;
- 28 years useful asset life, calculated as the average useful asset life of the residual capacity target on the basis of a 30 years useful asset life for solar and 25 years for wind;
- capex per MW EUR 1.17m. We decided to use EUR 1.31m per MW for wind and EUR 1.07m per MW for solar, in line with company guidance. In this case too we have calculated the weighted average cost per MW on the basis of the residual target, split between solar and wind;
- 35% tax rate;
- 40% Debt/Equity;
- 3.5% cost of debt.

Based on our estimates, every 10 MW installed ought to generate an increase in our valuation of about EUR 0.016 per share or 0.8%.

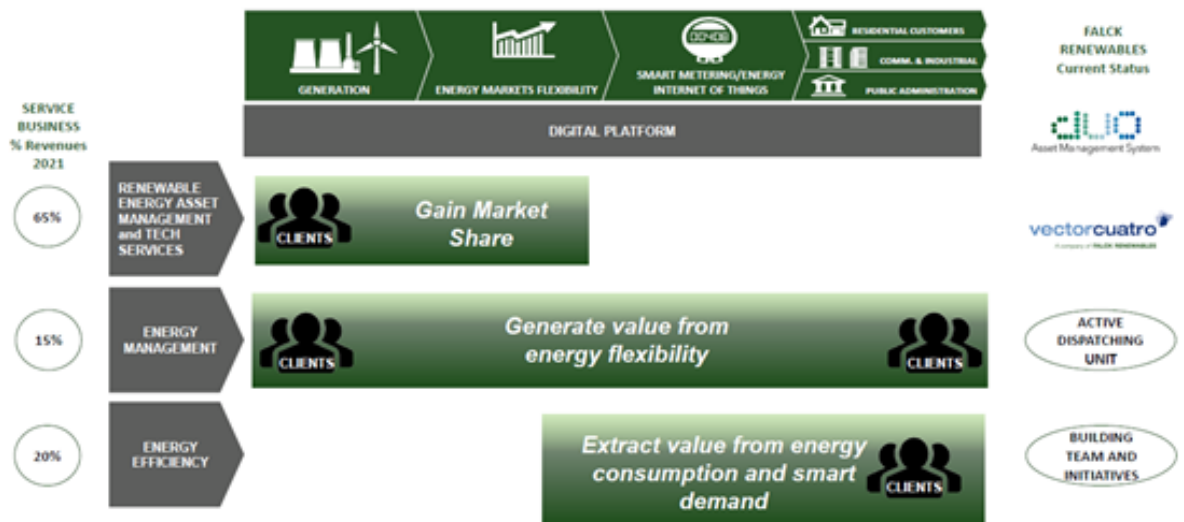


Services expansion. One strategic priority of the 2017-2021 business plan is to invest and expand Falck Renewables’ Services activities. The company is focused on enhancing the renewable energy asset management and technical services it offers to asset owners and expanding its energy management and energy efficiency activities; and on enhancing its in-house digital platform.

For renewable energy asset management, the company targets to reach over 5GW of managed capacity by 2021, mainly through organic growth but also through acquisitions. For energy management, Falck Renewables started dispatching its own plants and will offer dispatching services to third parties, targeting around 1.5TWh of dispatched electricity. The flexible capacity of energy markets and the energy savings opportunity of the demand side will be exploited in an integrated offer. In terms of energy efficiency, the company is eager to develop 2MW of new cogeneration capacity, to increase its public lighting activity and to improve its energy service offers (also through M&A).

Falck Renewables expects its client services business to reach EUR 44m in consolidated revenues by 2021 vs. EUR 11m posted in 2017 and EUR 28m targeted in the previous business plan to 2021. The expected growth is due to come as follows: 68% from organic growth and 32% from acquisitions. 2021 EBITDA ought to be nearly EUR 8m, with a sound c. 18% EBITDA margin, while the target in the previous business plan to 2021 was EUR 6m. The company will continue to make sizeable investments in state-of-the-art digital platforms and external resources integration to reach best-in-class cost efficiency and know-how in delivering services. Falck Renewables has planned to invest EUR 33m in the Services area over 2018-2021.

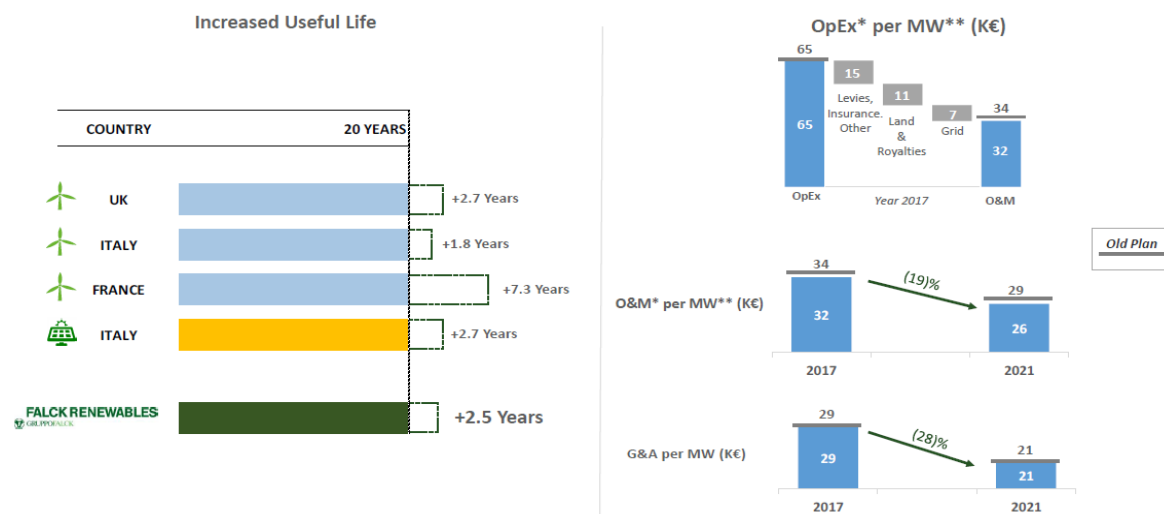
Falck Renewables: Service area strategy



Source: Company Data

Profitability increase. Falck Renewables is targeting an increase in profitability through additional operational efficiencies from improved technical performance, availability and management. These actions ought to reduce O&M per MW from EUR 32k in 2017 to EUR 26k in 2021. Furthermore, the company expects to reduce the impact of general & administrative expenses on installed capacity by roughly 20% (from EUR 29k per MW to EUR 21k).

Falck Renewables: improved operational efficiency



Source: Company Data; * scope includes all wind and solar plants (as-is + new markets); ** calculated on weighted MW installed per year

Economic and financial targets. The 2017-2021 business plan includes to cumulative investments of about EUR 714m (EUR 702m in the previous business plan): Nordics EUR 243m or 34%; North Europe EUR 136m or 19%; South Europe EUR 143m or 20%, the USA EUR 186m or 26%. Capex is due to be sustained by the company's operating cash flow and its strong balance sheet. Net financial debt ought to increase from EUR 628m expected at the end of 2017 to EUR 687m in 2018, to EUR 772m in 2019 and to EUR 813m at the end of 2021 (it was EUR 941m in the previous business plan), with a NFP/EBITDA ratio and an debt/equity ratio that will remain respectively below 5X (roughly 4.4X) and 2X (nearly 1.5X) over the business plan period.

Falck Renewables is projecting to reach an EBITDA of EUR 208m in 2021 (from EUR >147m in 2017, i.e. a CAGR of roughly 9%; the target was EUR 201m in the previous business plan) with intermediate targets of EUR 148m in 2018 and EUR 167m in 2019. EUR 22m in EBITDA growth over the business plan period (out of about EUR 60m over 2018-2021) ought to come from operating assets, EUR 30m from new assets and EUR 8m from service activities. This performance will be driven by: i) the increase in installed capacity, ii) the results due to be obtained from the development of new services and iii) the operating efficiency and production increase improvements expected from the individual plants. The positive EBITDA trend expected is also due to boost net income (before minorities), which is expected to move from nearly EUR 22m in 2017 to EUR 52m in 2021 (it was EUR 45m in the previous business plan). It is also worth noting that these targets are even more important if we consider that Falck Renewables has reviewed its underlying electricity prices assumptions downward sizeably.

Falck Renewables: 2017-2021 business plan underlying assumptions

Electricity prices (nominal)	2018	2019	2020	2021
Italy PUN old plan (EUR/MWh)	43	49	55	59
Italy PUN new plan (EUR/MWh)	47	47	46	50
Italy Green Certificates old plan (EUR/MWh)	111	107	102	98
Italy Green Certificates new plan (EUR/MWh)	99	103	103	104
UK baseload old plan (EUR/MWh)	43	46	51	54
UK baseload new plan (EUR/MWh)	44	45	46	49

Source: Company Data

When factoring in the estimates announced last year in the previous business plan, the 2021 new EBITDA target would have been around EUR 220m or circa +10%.

2017 outlook. Falck Renewables has improved its FY EBITDA guidance from at least EUR 138m to more than EUR 147m. The net debt is now expected to be EUR 628m vs. EUR 626m previously targeted (based in both cases on an EUR/GBP exchange rate of 0.91). This thin increase is more than justified by the increase in installed capacity from 950MW currently managed vs. 858MW previously expected for 2017. The company has also confirmed its 2017 dividend of EURcents 5.3 per share. At the current market price, the yield offered is about 3.1%.

Shareholders' remuneration. Falck Renewables has confirmed its dividend policy, which points to a minimum granted DPS over 2017-2019, while for 2020 and 2021 the dividend policy will be based on a pay-out ratio to be set in the future. We are projecting in our estimates a flat dividend per share of EUR cents 6.3 over 2020-2021, (yield at nearly 3.7%). Based on our estimates, the company is offering a nearly 3.5% dividend yield on average over 2017-2021.

Falck Renewables: dividend dynamic

	2017	2018	2019	2020	2021
DPS (EUR cents)	5.3	5.8	6.3	6.3	6.3
Div. Yield	3.1%	3.4%	3.7%	3.7%	3.7%

Source: Company Data and Banca Akros estimates

Valuation. We performed a sum-of-the-parts (SoP) valuation for Falck Renewables in order to assess its value, given that we believe this method captures, better than any other, the specific value related to the single business units and to the different geographical areas in which the company operates. **Our SoP valuation for Falck Renewables points to a EUR 2.0 per share fair value, which is also our target price on the stock.** At the current market prices, this target implies an upside potential of around 16%. **We have thus reiterated our BUY recommendation on the stock.**

It is worth noting that at our roughly EUR 584m equity value target (EUR 2.0 per share), Falck Renewables' current installed capacity (inclusive of the MW recently acquired and due to be built in Sweden and Norway) is worth around EUR 1.27m per MW. This is quite conservative, considering that Falck Renewables' installed capacity is 87% wind (the all-in cost for a wind farm is around EUR 1.31m per MW), 3% WTE (EUR 5.5m per MW), 9% Solar (EUR 1.07m) and 1% Biomass (EUR 3.5m).

Based on our estimates, at the current market price of around EUR 1.7 per share, Falck Renewables' current installed capacity is worth around EUR 1.19m per MW.

Valuation

We performed a sum-of-the-parts (SoP) valuation for Falck Renewables in order to assess its value, given that we believe this method captures, better than any other, the specific value related to the single business units and to the different geographical areas in which the company operates. **Our SoP valuation for Falck Renewables points to a EUR 2.0 per share fair value, which is also our target price on the stock.** At the current market prices, this target implies an upside potential of around 16%. **We have thus reiterated our BUY recommendation on the stock.**

Sum-of-the-parts valuation

SoP (EURm)		
Wind UK	DCF	603
Wind Italy	DCF	458
Wind France	DCF	59
Wind Spain	DCF	11
Wind Norway	DCF	86
Wind Sweden	DCF	136
Solar USA	DCF	90
Solar Italy	DCF	58
WTE Italy	DCF	33
Biomass Italy	DCF	17
Services	Multiple EV/EBITDA @ 5x	13
Holding costs	Multiple EV/EBITDA @ 6x	(120)
Enterprise Value (EV)		1,444
Debt expected as at 31/12/2017	YE2017E adj. for capex related to Sweden and Norway	(823)
Minorities (estimated value)	P/BV	(33)
Provisions	YE2017E	(4)
Equity value		584
NOSH (m)		291.4
Equity per share (EUR)		2.00

Source: Banca Akros

Our sum-of-the-parts valuation is based on the following:

- a DCF model for the single business unit, considering the residual useful asset life of each plant, with no terminal value and with a different WACC calculated on the basis of the plants' geographical area/tariff/financing condition (as detailed in the table below);
- we have only considered the installed capacity expected as at the end of 2017 plus the MW recently acquired and due to be built in Sweden and Norway. We did not include any new wind extension in Italy, nor in France and Spain, no new WTE installation and no new solar panels;

- we are assuming that the new feed-in-tariff, which replaced the “Green Certificate” incentive mechanism on 1st January 2016, will remain set in accordance with the current remuneration system for plants that entered into operation before January 2013 (in line with the “Green Certificate” incentive value);
- for the Services division, we have assumed a 5x EV/EBITDA ratio, considering EUR 2.5m EBITDA in order to calculate the divisional enterprise value;
- for the holding costs we have assumed a 6x EV/EBITDA ratio, considering EUR 20m negative EBITDA in order to calculate the divisional enterprise value;
- we did not consider any positive effect on the debt arising from the deconsolidation of the non-core waste treatment business in Italy (i.e. Esposito). In the new business plan, Falck Renewables has announced the exit from this non-core activity.

Divisional WACC

Divisions	Risk-free rate	Market risk premium	Cost of debt	Beta levered	Tax rate	D/(D+E)	WACC
Wind UK	3.5%	4.0%	5.0%	1.0	20%	40%	6.2%
Wind Italy	3.5%	5.0%	5.0%	0.9	40%	45%	5.6%
Wind France	3.5%	4.0%	5.0%	0.7	33%	45%	5.0%
Wind Spain	4.0%	5.0%	4.5%	0.7	30%	45%	5.5%
Wind Sweden	3.5%	5.0%	5.0%	0.6	40%	45%	5.0%
Wind Norway	3.5%	5.0%	5.0%	0.6	40%	45%	5.0%
Solar USA	3.5%	4.0%	4.0%	0.8	23%	45%	5.0%
Solar Italy	3.5%	5.0%	5.0%	0.8	40%	45%	5.5%
WTE Italy	3.5%	5.0%	5.0%	0.8	40%	40%	5.7%
Biomass Italy	3.5%	5.0%	5.0%	0.8	40%	40%	5.7%

Source: Banca Akros

It is worth noting that at our roughly EUR 584m equity value target (EUR 2.0 per share), Falck Renewables’ current installed capacity (inclusive of the MW recently acquired and due to be built in Sweden and Norway) is worth around EUR 1.27m per MW. This is quite conservative, considering that Falck Renewables’ installed capacity is 87% wind (the all-in cost for a wind farm is around EUR 1.31m per MW), 3% WTE (EUR 5.5m per MW), 9% Solar (EUR 1.07m) and 1% Biomass (EUR 3.5m).

Based on our estimates, at the current market price of around EUR 1.7 per share, Falck Renewables’ current installed capacity is worth around EUR 1.19m per MW.

Falck Renewables : Summary tables

PROFIT & LOSS (EURm)	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Sales	277	257	294	284	284	286
Cost of Sales & Operating Costs	-125	-120	-146	-136	-134	-130
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	152	136	147	148	150	156
EBITDA (adj.)*	152	136	147	148	150	156
Depreciation	-66.0	-64.9	-59.8	-63.0	-64.9	-65.5
EBITA	86.4	71.4	87.6	84.7	84.6	90.9
EBITA (adj)*	86.4	71.4	87.6	84.7	84.6	90.9
Amortisations and Write Downs	-20.1	-11.8	-5.0	0.0	0.0	0.0
EBIT	66.3	59.6	82.6	84.7	84.6	90.9
EBIT (adj.)*	66.3	59.6	82.6	84.7	84.6	90.9
Net Financial Interest	-45.1	-41.5	-40.1	-39.3	-42.3	-42.1
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	2.0	0.6	0.7	0.6	0.6	0.6
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	23.2	18.8	43.2	46.1	43.0	49.5
Tax	-5.1	-17.5	-17.5	-18.6	-17.4	-20.0
<i>Tax rate</i>	<i>21.9%</i>	<i>93.2%</i>	<i>40.5%</i>	<i>40.5%</i>	<i>40.5%</i>	<i>40.4%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-13.4	-5.7	-11.5	-11.5	-11.5	-11.5
Net Profit (reported)	4.7	-4.4	14.2	15.9	14.1	18.0
Net Profit (adj.)	4.7	-4.4	14.2	15.9	14.1	18.0
CASH FLOW (EURm)	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Cash Flow from Operations before change in NWC	104	78.0	90.5	90.4	90.5	94.9
Change in Net Working Capital	40.0	65.0	-5.0	-10.0	-5.0	0.0
Cash Flow from Operations	144	143	85.5	80.4	85.5	94.9
Capex	-100	-90.0	-132	-79.8	-124	-13.1
Net Financial Investments	0.5	0.5	0.5	0.5	0.5	0.5
Free Cash Flow	44.7	53.5	-45.9	1.1	-38.2	82.3
Dividends	-18.1	-13.1	-14.3	-15.4	-16.9	-18.4
Other (incl. Capital Increase & share buy backs)	-30.3	39.4	-2.6	-14.3	-14.3	-10.8
Change in Net Debt	-3.6	79.7	-62.7	-28.7	-69.4	53.2
NOPLAT	51.8	4.1	49.2	50.5	50.4	54.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Net Tangible Assets	881	866	938	955	1,014	980
Net Intangible Assets (incl. Goodwill)	201	188	188	188	188	188
Net Financial Assets & Other	20.9	20.5	20.5	20.5	20.5	20.5
Total Fixed Assets	1,103	1,075	1,147	1,164	1,223	1,189
Inventories	4.9	4.5	4.7	5.2	5.4	5.4
Trade receivables	135	84.7	88.6	96.8	101	101
Other current assets	37.9	42.9	44.9	49.1	51.3	51.3
Cash (-)	-129	-257	-240	-234	-220	-230
Total Current Assets	307	389	379	385	378	388
Total Assets	1,410	1,463	1,525	1,549	1,600	1,577
Shareholders Equity	472	440	440	441	439	458
Minority	46.5	35.9	35.3	35.0	32.0	32.1
Total Equity	519	476	476	476	471	490
Long term interest bearing debt	684	752	799	819	870	830
Provisions	3.8	3.9	3.9	4.0	4.1	4.2
Other long term liabilities	43.3	65.8	75.3	72.7	72.8	73.3
Total Long Term Liabilities	732	821	878	896	947	908
Short term interest bearing debt	74.3	67.0	71.2	73.1	77.6	74.0
Trade payables	45.2	62.2	65.1	71.2	74.3	74.3
Other current liabilities	40.3	37.0	35.3	32.0	30.6	30.6
Total Current Liabilities	160	166	172	176	183	179
Total Liabilities and Shareholders' Equity	1,410	1,463	1,525	1,549	1,600	1,577
Net Capital Employed	1,196	1,108	1,185	1,211	1,276	1,242
Net Working Capital	92.5	32.9	37.9	47.9	52.9	52.9
GROWTH & MARGINS	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
<i>Sales growth</i>	<i>11.5%</i>	<i>-7.3%</i>	<i>14.4%</i>	<i>-3.5%</i>	<i>0.1%</i>	<i>0.8%</i>
EBITDA (adj.)* growth	12.6%	-10.6%	8.1%	0.2%	1.3%	4.5%
<i>EBITA (adj.)* growth</i>	<i>22.0%</i>	<i>-17.4%</i>	<i>22.7%</i>	<i>-3.3%</i>	<i>-0.1%</i>	<i>7.4%</i>
<i>EBIT (adj.)* growth</i>	<i>-6.4%</i>	<i>-10.1%</i>	<i>38.6%</i>	<i>2.6%</i>	<i>-0.1%</i>	<i>7.4%</i>

Falck Renewables : Summary tables

GROWTH & MARGINS	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Net Profit growth	65.6%	n.m.	n.m.	12.3%	-11.6%	27.4%
EPS adj. growth	55.3%	n.m.	n.m.	12.0%	-11.2%	26.5%
DPS adj. growth	-27.4%	8.9%	8.2%	9.4%	8.6%	0.0%
EBITDA (adj)* margin	55.0%	53.1%	50.2%	52.1%	52.7%	54.7%
EBITA (adj)* margin	31.2%	27.8%	29.8%	29.9%	29.8%	31.8%
EBIT (adj)* margin	23.9%	23.2%	28.1%	29.9%	29.8%	31.8%

RATIOS	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Net Debt/Equity	1.2	1.2	1.3	1.4	1.5	1.4
Net Debt/EBITDA	4.1	4.1	4.3	4.5	4.9	4.3
Interest cover (EBITDA/Fin.interest)	3.4	3.3	3.7	3.8	3.5	3.7
Capex/D&A	116.1%	117.3%	203.6%	126.7%	191.3%	20.0%
Capex/Sales	36.1%	35.1%	44.9%	28.1%	43.8%	4.6%
NWC/Sales	33.4%	12.8%	12.9%	16.9%	18.6%	18.5%
ROE (average)	1.0%	-1.0%	3.2%	3.6%	3.2%	4.0%
ROCE (adj.)	4.4%	0.4%	4.2%	4.2%	4.0%	4.4%
WACC	7.9%	7.9%	7.9%	7.9%		
ROCE (adj.)/WACC	0.6	0.0	0.5	0.5		

PER SHARE DATA (EUR)***	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Average diluted number of shares	291.4	291.4	291.4	291.4	291.4	291.4
EPS (reported)	0.02	-0.01	0.05	0.06	0.05	0.06
EPS (adj.)	0.02	-0.01	0.05	0.06	0.05	0.06
BVPS	1.62	1.51	1.51	1.51	1.51	1.57
DPS	0.05	0.05	0.05	0.06	0.06	0.06

VALUATION	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
EV/Sales	3.6	3.4	3.9	4.1	4.4	4.2
EV/EBITDA	6.6	6.4	7.8	8.0	8.3	7.6
EV/EBITDA (adj.)*	6.6	6.4	7.8	8.0	8.3	7.6
EV/EBITA	11.7	12.2	13.1	13.9	14.7	13.1
EV/EBITA (adj.)*	11.7	12.2	13.1	13.9	14.7	13.1
EV/EBIT	15.2	14.6	13.9	13.9	14.7	13.1
EV/EBIT (adj.)*	15.2	14.6	13.9	13.9	14.7	13.1
P/E (adj.)	n.m.	n.m.	34.1	30.4	34.3	27.1
P/BV	0.7	0.6	1.1	1.1	1.1	1.1
Total Yield Ratio	4.1%	2.8%	3.1%	3.4%	3.7%	
EV/CE	0.9	0.8	1.0	1.0	1.0	1.0
OpFCF yield	13.7%	19.7%	-9.3%	0.1%	-7.7%	16.3%
OpFCF/EV	4.4%	6.1%	-4.0%	0.1%	-3.1%	6.9%
Payout ratio	n.m.	n.m.	105%	103%	126%	99.2%
Dividend yield (gross)	4.1%	2.8%	3.1%	3.4%	3.7%	3.7%

EV AND MKT CAP (EURm)	12/2015	12/2016	12/2017e	12/2018e	12/2019e	12/2020e
Price** (EUR)	1.11	0.92	1.72	1.72	1.72	1.72
Outstanding number of shares for main stock	291.4	291.4	291.4	291.4	291.4	291.4
Total Market Cap	322	269	501	501	501	501
Net Debt	630	562	630	658	728	674
<i>o/w Cash & Marketable Securities (-)</i>	<i>-129</i>	<i>-257</i>	<i>-240</i>	<i>-234</i>	<i>-220</i>	<i>-230</i>
<i>o/w Gross Debt (+)</i>	<i>759</i>	<i>819</i>	<i>870</i>	<i>893</i>	<i>948</i>	<i>904</i>
Other EV components	56	38	17	17	16	15
Enterprise Value (EV adj.)	1,008	869	1,148	1,177	1,245	1,191

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.)= EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Utilities/Alternative Electricity

Company Description: Falck Renewables produces wind energy, solar energy, biomass energy, and waste-to-energy, taking place among the biggest "pure players" in the European renewables energies sector. Falck Renewables SpA was born from the Falck Group's decision to consolidate all of its renewable energy activities in a single company. Falck Renewables is currently present in Europe (Italy, UK, France and Spain) with an installed capacity of around 762 MW.

European Coverage of the Members of ESN

Aerospace & Defense		Mem(*)						
			Banco Sabadell	GVC	Air Liquide	CIC	Wendel	CIC
Airbus Se	CIC		Banco Santander	GVC	Avantium	NIBC	Food & Beverage	
Dassault Aviation	CIC		Bankia	GVC	Brenntag	EQB	A como	NIBC
Latecoere	CIC		Bankinter	GVC	Fuchs Petrolub	EQB	Atria	OPG
Leonardo	BAK		Bbva	GVC	Holland Colours	NIBC	Bonduelle	CIC
Lisi	CIC		Bcp	CBI	K+S Ag	EQB	Campari	BAK
Mtu Aero Engines	EQB		Bnp Paribas	CIC	Kemira	OPG	Coca Cola Hbc Ag	IBG
Ohb Se	EQB		Bper	BAK	Kws Saat	EQB	Corbion	NIBC
Rheinmetall	EQB		Bpi	CBI	Linde	EQB	Danone	CIC
Safran	CIC		Caixabank	GVC	Siegfried Holding Ag	EQB	Ebro Foods	GVC
Thales	CIC		Commerzbank	EQB	Symrise Ag	EQB	Enervit	BAK
Zodiac Aerospace	CIC		Credem	BAK	Tikkurila	OPG	Fleury Michon	CIC
Alternative Energy		Mem(*)			Electronic & Electrical Equipment	Mem(*)		
			Credit Agricole Sa	CIC	Euromicron Ag	EQB	Heineken	NIBC
Daldrup & Soehne	EQB		Creval	BAK	Neways Electronics	NIBC	Hkscan	OPG
Siemens Gamesa Re	GVC		Deutsche Bank	EQB	Pkc Group	OPG	La Doria	BAK
Sif Group	NIBC		Deutsche Pfandbriefbank	EQB	Rexel	CIC	Lanson-Bcc	CIC
Solaria	GVC		Eurobank	IBG	Vaisala	OPG	Laurent Perrier	CIC
Automobiles & Parts		Mem(*)			Financial Services	Mem(*)		
			Intesa Sanpaolo	BAK	Viscom	EQB	Ldc	CIC
Bittium Corporation	OPG		Liberbank	GVC	A mundi	CIC	Lucas Bols	NIBC
Bmw	EQB		Mediobanca	BAK	Anima	BAK	Massimo Zanetti	BAK
Brembo	BAK		Merkur Bank	EQB	A thex Group	IBG	Naturex	CIC
Continental	EQB		National Bank Of Greece	IBG	Azimut	OPG	Olvi	OPG
Daimler Ag	EQB		Natisis	CIC	Banca Farmafactoring	BAK	Orsero	BAK
Erlingklinger	EQB		Nordea	OPG	Banca Generali	BAK	Pernod Ricard	CIC
Faurecia	CIC		Piraeus Bank	IBG	Banca Ifis	BAK	Raisio	OPG
Ferrari	BAK		Poste Italiane	BAK	Banca Sistema	BAK	Refresco Group	NIBC
Fiat Chrysler Automobiles	BAK		Procredit Holding	EQB	Bb Biotech	EQB	Remy Cointreau	CIC
Groupe Psa	CIC		Rothschild & Co	CIC	Bolsas Y Mercados Espanoles Sa	GVC	Suedzucker	EQB
Hella Gmbh & Co. Kgaa	EQB		Societe Generale	CIC	Capman	OPG	Telepizza	GVC
Indelb	BAK		Ubi Banca	BAK	Cir	BAK	Vapiano	EQB
Kamux	OPG		Unicredit	BAK	Comdirect	EQB	Vidrala	GVC
Landi Renzo	BAK		Basic Resources		Corestate Capital Holding S.A.	EQB	Vilmorin	CIC
Leoni	EQB		Acerinox	GVC	Corp. Financiera Alba	GVC	Viscofan	GVC
Michelin	CIC		Altri	CBI	Digital Magics	BAK	Vranken Pommery Monopole	CIC
Nokian Tyres	OPG		Arcelormittal	GVC	Dobank	BAK	Wessanen	NIBC
Norma Group	EQB		Corticeira Amorim	CBI	Eq	OPG	Food & Drug Retailers	
Piaggio	BAK		Ence	GVC	Eurazeo	CIC	Ahold Delhaize	NIBC
Plastic Omnium	CIC		Europac	GVC	Ferratum	EQB	Carrefour	CIC
Pwo	EQB		Metka	IBG	Ffp	CIC	Casino Guichard-Perrachon	CIC
Sogefi	BAK		Metsä Board	OPG	Fincobank	BAK	Ceconomy Ag	EQB
Stabilus	EQB		Mylilineos	IBG	Grenke	EQB	Dia	GVC
Stern Groep	NIBC		Outokumpu	OPG	Hypoport Ag	EQB	Jeronimo Martins	CBI
Valeo	CIC		Semapa	CBI	Mlp	EQB	Kesko	OPG
Volkswagen	EQB		Ssab	OPG	Ovb Holding Ag	EQB	Marr	BAK
Banks		Mem(*)						
			Stora Enso	OPG	Patrizia	EQB	Metro Ag	EQB
Aareal Bank	EQB		Surteco	EQB	Rallye	CIC	Sigro	NIBC
Aktia	OPG		The Navigator Company	CBI	Tip Tamburi Investment Partners	BAK	Sonae	CBI
Alpha Bank	IBG		Tubacex	GVC	Unipol Gruppo Finanziario	BAK		
Banca Carige	BAK		Upm-Kymmene	OPG				
Banca Mps	BAK		Chemicals					

General Industrials	Mem(*)	Orpea	CIC	Wärtsilä	OPG	Srv	OPG
ZG Energy	EQB	Pihlajalinna	OPG	Zardoya Otis	GVC	Tarkett	CIC
Aalberts	NIBC	Recordati	BAK	Industrial Transportation	Mem(*)	Thermador Groupe	CIC
Accell Group	NIBC	Silmaasema	OPG	Bollore	CIC	Titan Cement	IBG
Ahlstrom	OPG	Terveystalo	OPG	Ctt	CBI	Trevi	BAK
Arcadis	NIBC	Household Goods	Mem(*)	Logwin	EQB	Uponor	OPG
Aspo	OPG	De Longhi	BAK	Insurance	Mem(*)	Vicat	CIC
Cembre	BAK	Elica	BAK	Allianz	EQB	Vinci	CIC
Huhtamäki	OPG	Fila	BAK	Axa	CIC	Yit	OPG
Kendrion	NIBC	Maisons Du Monde	CIC	Banca Mediolanum	BAK	Media	Mem(*)
Nedap	NIBC	Philips Lighting	NIBC	Cattolica Assicurazioni	BAK	Alma Media	OPG
Pöyry	OPG	Industrial Engineering	Mem(*)	Generali	BAK	Arnoldo Mondadori Editore	BAK
Prelios	BAK	Accsys Technologies	NIBC	Hannover Re	EQB	Atresmedia	GVC
Saf-Holland	EQB	Aixtron	EQB	Mapfre Sa	GVC	Axel Springer	EQB
Serge Ferrari Group	CIC	Alstom	CIC	Munich Re	EQB	Brill	NIBC
Tkh Group	NIBC	Ansaldo Sts	BAK	Sampo	OPG	Cairo Communication	BAK
General Retailers	Mem(*)	Biesse	BAK	Talanx Group	EQB	Cofina	CBI
Beter Bed Holding	NIBC	Caf	GVC	Unipolsai	BAK	Cts Eventim	EQB
Elumeo Se	EQB	Cargotec Corp	OPG	Materials, Construction & Infrastructure	Mem(*)	Digital Bros	BAK
Fielmann	EQB	Carraro	BAK	Abertis	GVC	Gedi Gruppo Editoriale	BAK
Fnac Darty	CIC	Cnh Industrial	BAK	Acs	GVC	GI Events	CIC
Folli Follie Group	IBG	Danieli	BAK	Aena	GVC	Havas	CIC
Fourlis Holdings	IBG	Datalogic	BAK	Aeroports De Paris	CIC	Impresa	CBI
Hornbach Holding	EQB	Deutz Ag	EQB	Astaldi	BAK	lol	BAK
Inditex	GVC	Duro Felguera	GVC	Atlantia	BAK	Ipsos	CIC
Jumbo	IBG	Emak	BAK	Boskalis Westminster	NIBC	Jcdecaux	CIC
Ovs	BAK	Envipco	NIBC	Buzzi Unicem	BAK	Lagardere	CIC
Rapala	OPG	Exel Composites	OPG	Caverion	OPG	M6-Metropole Television	CIC
Stockmann	OPG	Fincantieri	BAK	Cramo	OPG	Mediaset	BAK
Takkt Ag	EQB	Gesco	EQB	Eiffage	CIC	Mediaset Espana	GVC
Tokmanni	OPG	Heidelberger Druck	EQB	Ellaktor	IBG	Notorious Pictures	BAK
Unieuro	BAK	Ima	BAK	Eltel	OPG	Nij Group	CIC
Windeln.De	EQB	Indus Holding Ag	EQB	Ezentis	GVC	Publicis	CIC
Yoox Net-A-Porter	BAK	Interpump	BAK	Fcc	GVC	Rcs Mediagroup	BAK
Zalando	EQB	Kone	OPG	Ferrovial	GVC	Relx	NIBC
Healthcare	Mem(*)	Konecranes	OPG	Heidelberg Cement Ag	CIC	Rtl Group	EQB
4Sc	EQB	Manitou	CIC	Heijmans	NIBC	Sanoma	OPG
Amplifon	BAK	Manz Ag	EQB	Imerys	CIC	Solocal Group	CIC
Bayer	EQB	Max Automation Ag	EQB	Lafargeholcim	CIC	Spir Communication	CIC
Biotest	EQB	Metso Corporation	OPG	Lehto	OPG	Syzygy Ag	EQB
Diasorin	BAK	Outotec	OPG	Lemminkäinen	OPG	Telegraaf Media Groep	NIBC
Ei.En.	BAK	Pfeiffer Vacuum	EQB	Maire Tecnimont	BAK	Teleperformance	CIC
Epigenomics Ag	EQB	Ponsse	OPG	Mota Engil	CBI	Tf1	CIC
Genfit	CIC	Prima Industrie	BAK	Obrascon Huarte Lain	GVC	Ubisoft	CIC
Guerbet	CIC	Prysmian	BAK	Ramirent	OPG	Vivendi	CIC
Heidelberg Pharma	EQB	Smt Scharf Ag	EQB	Royal Bam Group	NIBC	Wolters Kluwer	NIBC
Korian	CIC	Talga	GVC	Sacyr	GVC	Xing Ag	EQB
Merck	EQB	Technotrans	EQB	Saint Gobain	CIC		
Oriola-Kd	OPG	Valmet	OPG	Salini Impregilo	BAK		
Orion	OPG	Wacker Neuson Se	EQB	Sias	BAK		



Oil & Gas Producers	Mem(*)	Realia	GVC	Asml	NIBC	Intralot	IBG
Eni	BAK	Sponda	OPG	Besi	NIBC	Kotipizza	OPG
Galp Energia	CBI	Technopolis	OPG	Ericsson	OPG	Melia Hotels International	GVC
Gas Plus	BAK	Wcm Ag	EQB	Gigaset	EQB	Nh Hotel Group	GVC
Hellenic Petroleum	IBG	Software & Computer Services	Mem(*)	Nokia	OPG	Opap	IBG
Maurel Et Prom	CIC	Affecto	OPG	Roodmicrotec	NIBC	Snaitech	BAK
Motor Oil	IBG	Akka Technologies	CIC	S&T Ag	EQB	Snowworld	NIBC
Neste Corporation	OPG	Alten	CIC	Slm Solutions	EQB	Sodexo	CIC
Oqep	CBI	Altran	CIC	Stmicroelectronics	BAK	Sonae Capital	CBI
Repsol	GVC	Assystem	CIC	Suess Microtec	EQB	Trigano	CIC
Total	CIC	Atos	CIC	Teleste	OPG	Utilities	Mem(*)
Oil Services	Mem(*)	Basware	OPG	Va-Q-Tec	EQB	A2A	BAK
Bourbon	CIC	Comptel	OPG	Telecommunications	Mem(*)	Acciona	GVC
Cgg	CIC	Ctac	NIBC	Acotel	BAK	Acea	BAK
Fugro	NIBC	Digia Plc	OPG	Bouygues	CIC	Albioma	CIC
Rubis	CIC	Econocom	CIC	Deutsche Telekom	EQB	Direct Energie	CIC
Saipem	BAK	Esi Group	CIC	Dna	OPG	Edp	CBI
Sbm Offshore	NIBC	Exprivia	BAK	Drillisch	EQB	Edp Renováveis	CBI
Technipfmc Plc	CIC	F-Secure	OPG	Elisa	OPG	Enagas	GVC
Tecnicas Reunidas	GVC	Gft Technologies	EQB	Euskaltel	GVC	Endesa	GVC
Tenaris	BAK	Ict Group	NIBC	Freenet	EQB	Enel	BAK
Vallourec	CIC	Indra Sistemas	GVC	Iliad	CIC	Erg	BAK
Vopak	NIBC	Nemetschek Se	EQB	Kpn Telecom	NIBC	Eydap	IBG
Personal Goods	Mem(*)	Neurones	CIC	Masmovil	GVC	Falck Renewables	BAK
Adidas	EQB	Nexus Ag	EQB	Nos	CBI	Fortum	OPG
Adler Modemaerkte	EQB	Novabase	CBI	Oi	CBI	Gas Natural Fenosa	GVC
Amer Sports	OPG	Ordina	NIBC	Orange	CIC	Hera	BAK
Basic Net	BAK	Psi Software Ag	EQB	Ote	IBG	Iberdrola	GVC
Geox	BAK	Reply	BAK	Retelit	BAK	Iren	BAK
Gerry Weber	EQB	Rib Software	EQB	Tele Columbus	EQB	Italgas	BAK
Hugo Boss	EQB	Rovio Entertainment	OPG	Telecom Italia	BAK	Public Power Corp	IBG
Luxottica	BAK	Seven Principles Ag	EQB	Telefonica	GVC	Red Electrica De Espana	GVC
Marimekko	OPG	Software Ag	EQB	Telefonica Deutschland	EQB	Ren	CBI
Moncler	BAK	Sopra Steria Group	CIC	Telia	OPG	Snam	BAK
Puma	EQB	Tie Kinetix	NIBC	Tiscali	BAK	Terna	BAK
Safilo	BAK	Tieto	OPG	United Internet	EQB		
Salvatore Ferragamo	BAK	Tomtom	NIBC	Vodafone	BAK		
Sarantis	IBG	Support Services	Mem(*)	Travel & Leisure	Mem(*)		
Technogym	BAK	Amadeus	GVC	Accor	CIC		
Tod'S	BAK	Asiakastieto Group	OPG	Aegean Airlines	IBG		
Real Estate	Mem(*)	Batenburg	NIBC	Air France Klm	CIC		
Adler Real Estate	EQB	Cellnex Telecom	GVC	Autogrill	BAK		
Beni Stabili	BAK	Dpa	NIBC	Beneteau	CIC		
Citycon	OPG	Ei Towers	BAK	Compagnie Des Alpes	CIC		
Demire	EQB	Enav	BAK	Elior	CIC		
Deutsche Euroshop	EQB	Fiera Milano	BAK	Europcar	CIC		
Hispania Activos Inmobiliarios	GVC	Lassila & Tikanoja	OPG	Finnair	OPG		
Igd	BAK	Openjobmetis	BAK	I Grandi Viaggi	BAK		
Lar España	GVC	Technology Hardware & Equipment	Mem(*)	Ibersol	CBI		
Merlin Properties	GVC	Asm International	NIBC	Int. Airlines Group	GVC		

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; EQB: equinet bank; IBG: Investment Bank of Greece; NIBC: NIBC Bank N.V.; OPG: OP Corporate Bank; as of 1st December 2017

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts



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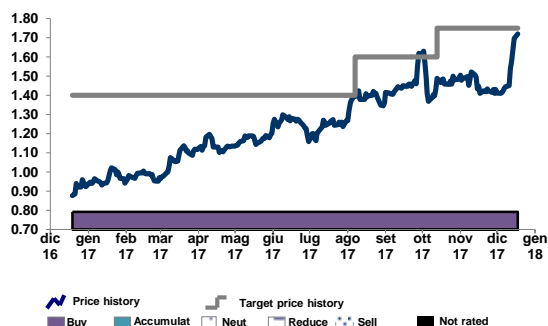
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Recommendation history for FALCK RENEWABLES

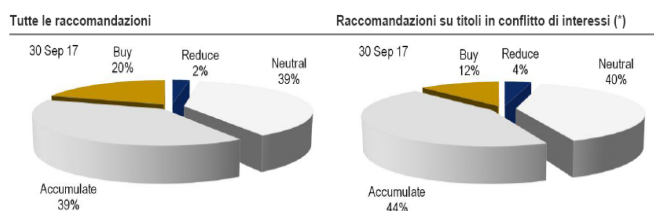
Date	Recommendation	Target price	Price at change date
19-dic-17	Buy	2.00	1.72
13-ott-17	Buy	1.75	1.49
07-ago-17	Buy	1.60	1.40
11-mar-16	Buy	1.40	1.02
03-lug-15	Buy	2.00	1.12

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Dario Michi (since 20/06/2013)



Percentuale delle raccomandazioni al 30 settembre 2017



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 22% del totale degli emittenti oggetto di copertura

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

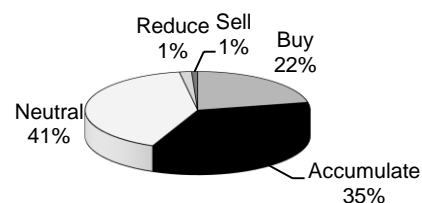
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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