



# **Company Results and 2013-2017 Business Plan**

*Milan, 22<sup>nd</sup> May 2013*

 **2012 Results**

 Q1 2013 Results

 2013 – 2017 Business Plan

 Appendix

## 2012 HIGHLIGHTS

Euro millions

	Dec 12	Δ vs Dec 11	Δ %	Dec 11
<b>INSTALLED CAPACITY - MW</b>	<b>716</b>	+ 32	+ 5%	684
<b>ENERGY PRODUCTION - GWh</b>	<b>1,793</b>	+ 233	+ 15%	1,560
<b>REVENUES - €m</b>	<b>274.6</b>	+ 26.0	+ 10%	248.6
<b>EBITDA - €m</b>	<b>158.0</b>	+ 16.2	+ 11%	141.7
<b>NET EARNINGS - €m</b> <b>(Excluding One-Offs)</b>	<b>26.6</b>	- 10.1	- 28%	36.8
<b>NET EARNINGS - €m</b>	<b>(85.5)</b>	- 105.3	- 531%	19.8

## 2012 FINANCIAL STATEMENTS

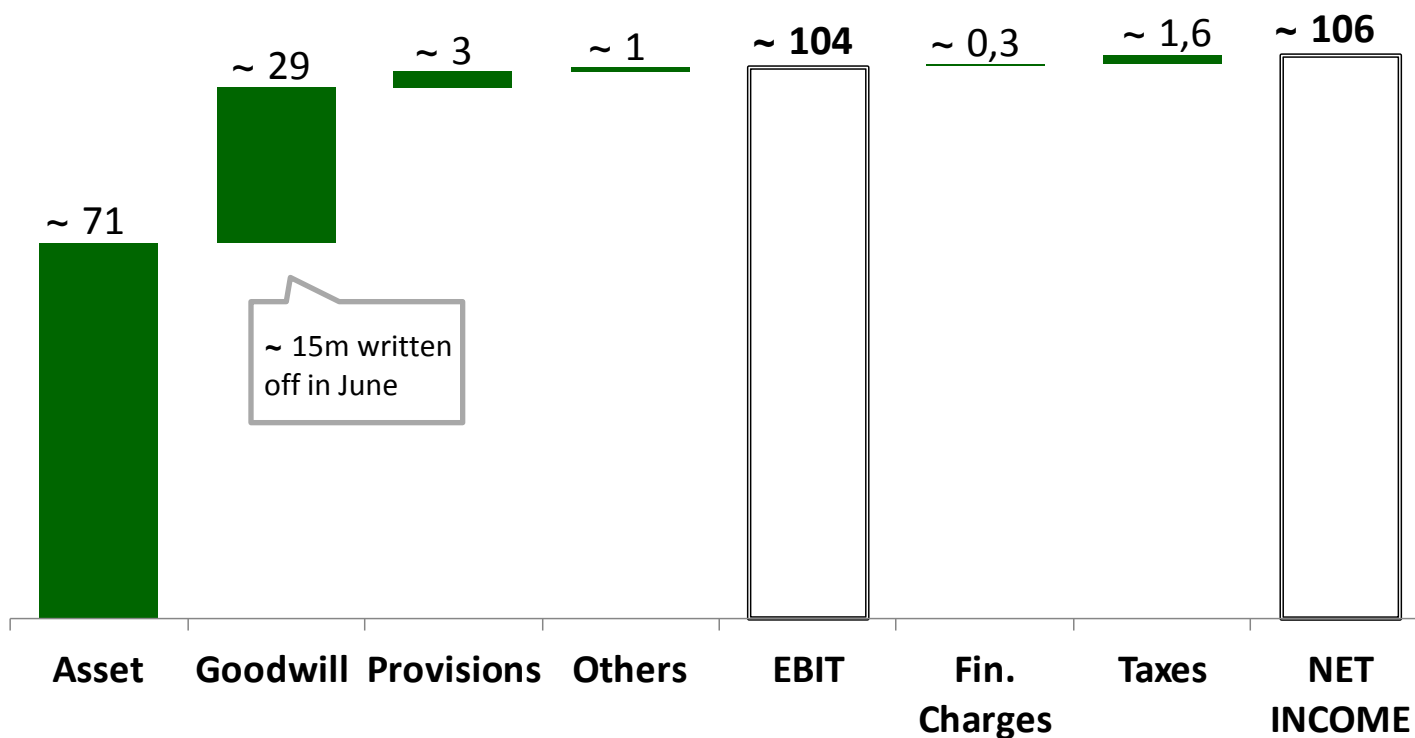
millions of euro	Dec 2012 Op. activities	One-Off Items	December 2012	December 2011
<b>Revenues</b>	<b>274.6</b>	-	<b>274.6</b>	<b>248.6</b>
Net Operating costs	(116.7)	-	(116.7)	(106.9)
<b>Ebitda</b>	<b>158.0</b>	-	<b>158.0</b>	<b>141.7</b>
<i>% on Revenues</i>	57.5%	-	57.5%	57.0%
Depreciation - Amortization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

## 2012 NET RESULT : IMPACT OF ONE-OFF ITEMS






millions of euro	December 2012
<b>Net result</b>	<b>(85,5)</b>
Sicily Projects - impact on Ebit	(104,1)
Sicily Projects - impact on financial charges	(0,3)
Sicily Projects - impact on equity investments	-
Sicily Projects - taxes	(1,6)
<i>Subtotal</i>	<i>(106,0)</i>
<b>Normalized Net Result without Sicily impact</b>	<b>20,6</b>
Impairment on operating assets - impact on Ebit	(7,5)
Impairment on operating assets - taxes	1,4
<i>Total One-Offs</i>	<i>(112,1)</i>
<b>Normalized Net Result</b>	<b>26,6</b>
<b>Normalized EBIT</b>	<b>90,2</b>

## 2012: BREAKDOWN OF SICILY IMPACT ON P&L

Euro millions



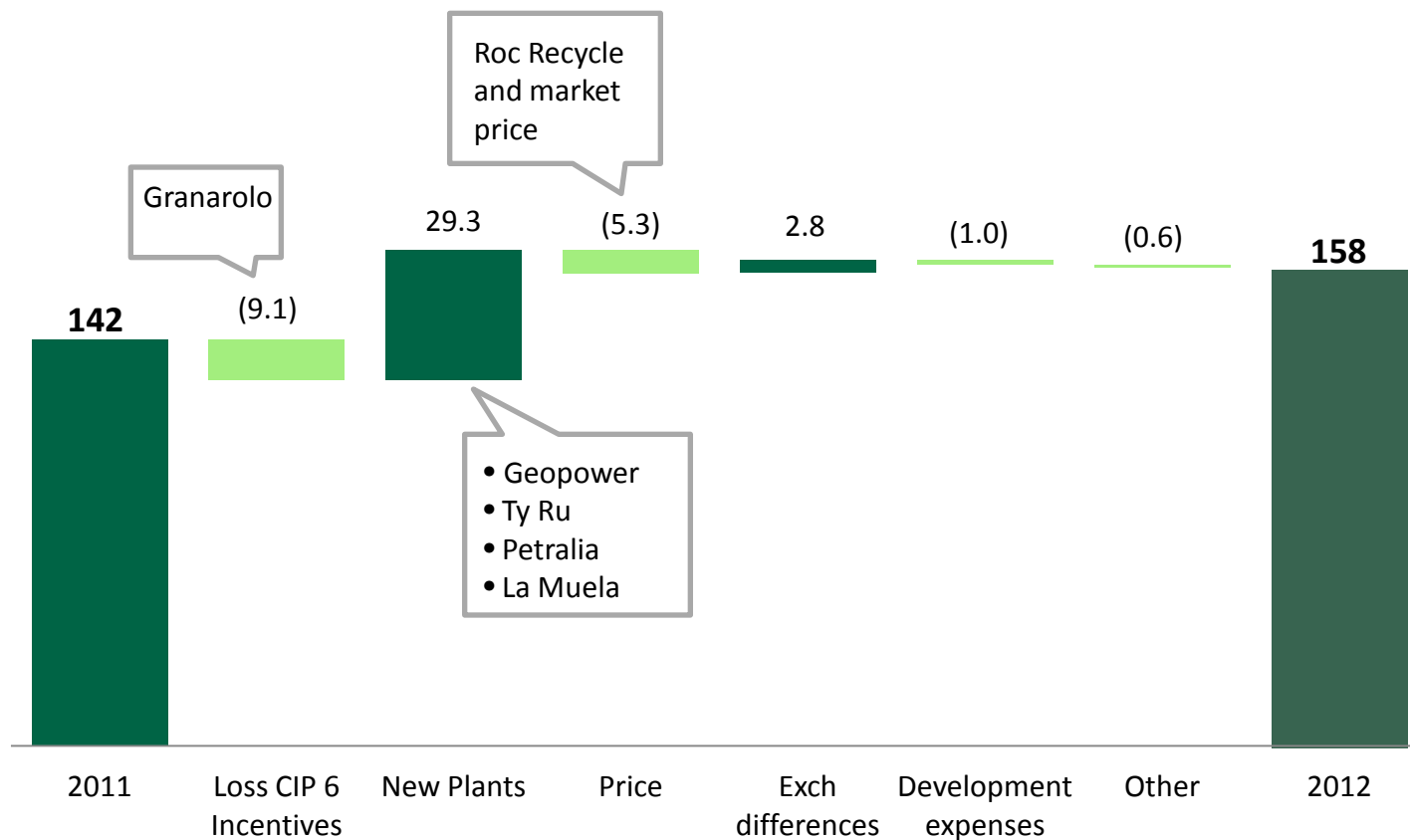
## SICILY PROJECTS RECAP

-  **Claim against Sicilian Region:** Costs incurred of ~ € 105m + Loss of Profit of ~ €163m claimed by Tifeo, Platani and Pea (23,27%) for a total amount of ~ € 268m .
-  **Compensation claimed by Regional Administration:** request of compensation of ~ €64m due to the breach of Conventions by the project companies.
-  **Claim before the Palermo Regional Administrative Court (Tar Palermo):** on 10 May 2013 the Court denied the claim submitted by the Falck Renewables Group companies challenging decree no. 548/2010 issued by the Regional Councilperson for Energy and Public Utilities and the President of the Region of Sicily. The companies intend to challenge the aforementioned Court decisions before the Administrative Court of Justice for the Region of Sicily (Consiglio di Giustizia Amministrativa per la Regione Sicilia).
-  **Two appeals are pending before the Court of Cassation** initiated by Falck Renewables Group companies in order to definitely state, inter alia, the jurisdiction of the ordinary Court (i.e. Court of Milan).
-  With regard to the **investigation conducted by the Public Prosecutor of Palermo**, related to the 2002 tenders for the creation of integrated waste management systems in Sicily, some key persons amongst the management of the Falck Group were summoned for summary information by the *Guardia di Finanza* of Palermo (Tax Police).

**Considering the increase of the complexity and the uncertainty related to the litigations against the Sicilian Region it is not possible to assess either the outcome of the litigations or the duration.**

# EBITDA 2012 vs 2011: KEY FACTORS

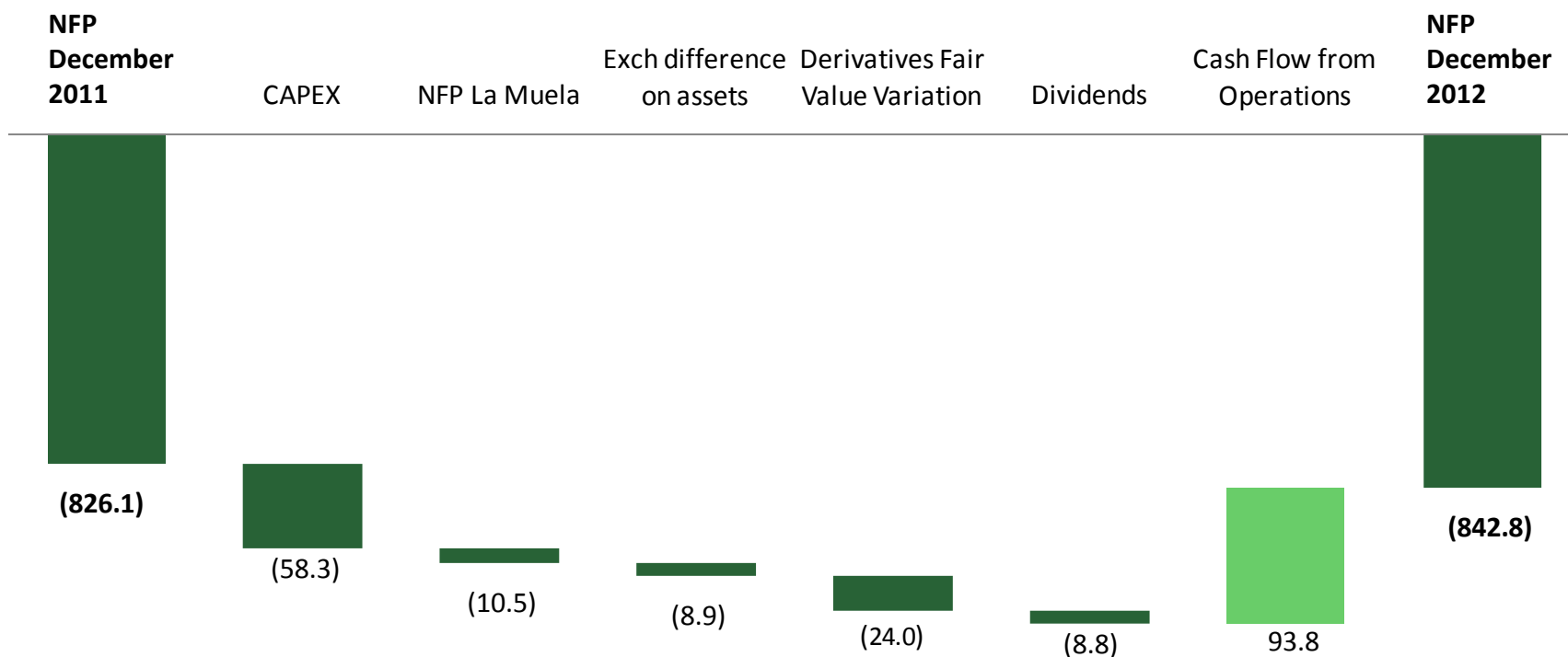
Euro millions





# FINANCIAL HIGHLIGHTS: CASH FLOW

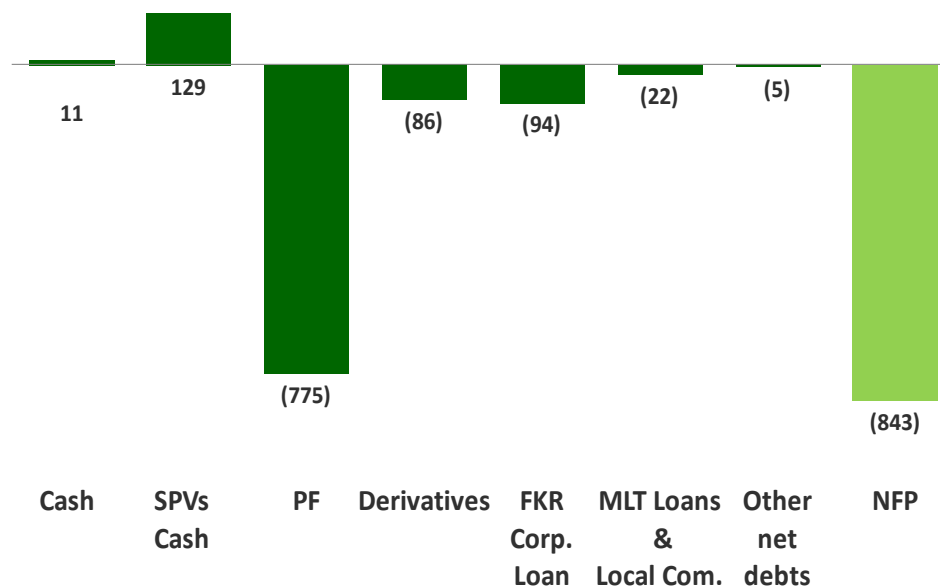
Euro millions



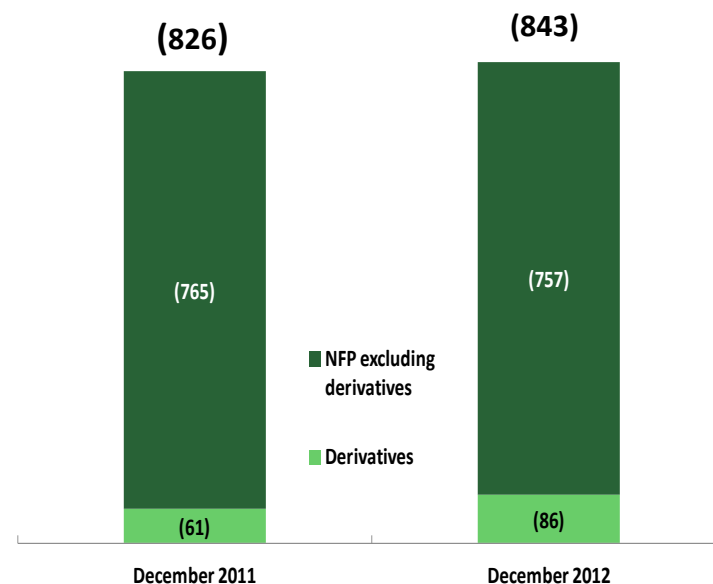
# FINANCIAL HIGHLIGHTS: NET FINANCIAL POSITION

Euro millions

**NFP BREAKDOWN**






**NFP : IMPACT OF DERIVATIVES**



**Net Financial Position breakdown by currency for year ended 2012 : 74% Euro and 26% GBP**

## CORPORATE LOAN COVENANTS

-  Falck Renewables Spa entered into a loan agreement for **€ 165m** with a pool of leading banks on 14 January 2011.
-  The loan will mature on **30 June 2015**
-  The contract requires covenants to be met every six months : the covenants comprise the **NFP/EBITDA** and **NFP/Equity**.

**ALL COVENANTS WERE SATISFIED AT 31 DECEMBER 2012**

 <b>NFP/Equity</b> expected by contract:		<b>Actual:</b>
✓ 31 December 2012	→ <b>2,54</b>	→ <b>2,45</b>
✓ 30 June 2013	→ <b>3,09</b>	
✓ 31 December 2013	→ <b>2,98</b>	
✓ 30 June 2014	→ <b>3,18</b>	
✓ 31 December 2014	→ <b>2,97</b>	

 2012 Results

 **Q1 2013 Results**

 2013 – 2017 Business Plan

 Appendix

## HIGHLIGHTS

	Mar 13	Δ vs Mar 12	Δ %	Mar 12
<b>INSTALLED CAPACITY - MW</b>	<b>716</b>	+ 32	+ 5%	684
<b>ENERGY PRODUCTION - GWh</b>	<b>578</b>	+ 51	+ 10%	528
<b>REVENUES - €m</b>	<b>82.5</b>	+ 4.1	+ 5%	78.4
<b>EBITDA - €m</b>	<b>51.6</b>	+ 0.2	+ 0%	51.4
<b>EARNINGS BEFORE TAXES - €m</b>	<b>22.2</b>	- 4.5	- 17%	26.7

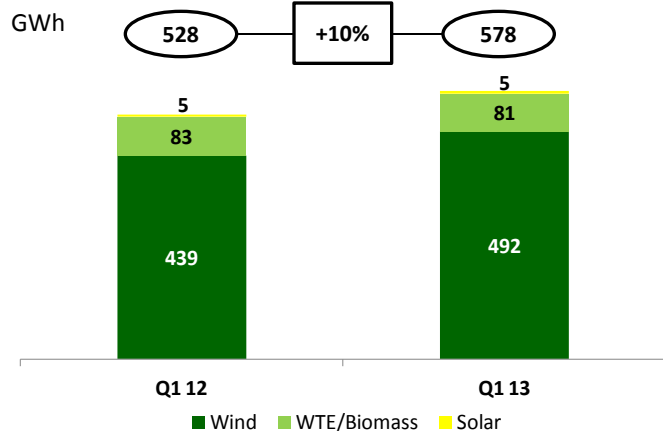
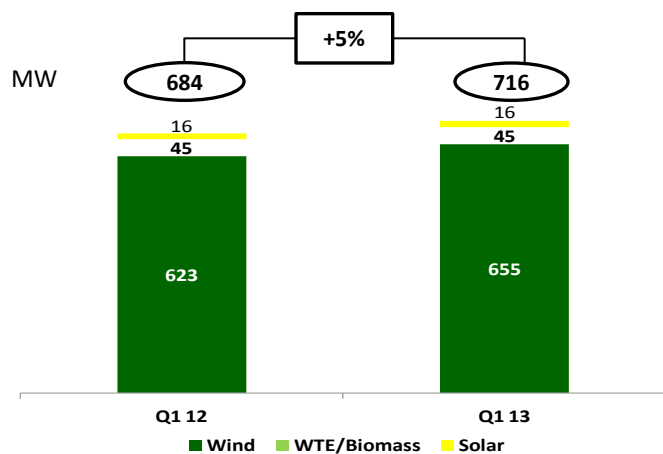
## FINANCIAL HIGHLIGHTS

millions of euro	March 2013	March 2012
<b>Revenues</b>	<b>82,5</b>	<b>78,4</b>
Net Operating costs	(30,9)	(27,0)
<b>Ebitda</b>	<b>51,6</b>	<b>51,4</b>
<i>% on Revenues</i>	62,5%	65,6%
Depreciation - Amortization - Write Off	(15,6)	(14,6)
<b>Operating result</b>	<b>36,0</b>	<b>36,8</b>
<i>% on Revenues</i>	43,6%	46,9%
<b>Financial income and charges</b>	<b>(13,8)</b>	<b>(11,6)</b>
Equity investments	-	1,5
<b>Earnings Before Taxes</b>	<b>22,2</b>	<b>26,7</b>
millions of euro	March 2013	Dec 2012
<b>Net Financial Position</b>	<b>(825,5)</b>	<b>(842,8)</b>
<i>of which: Proj. Fin. and MLT no recourse</i>	(776,4)	(775,4)
<b>NFP excluding Derivatives Instruments</b>	<b>(742,1)</b>	<b>(757,1)</b>

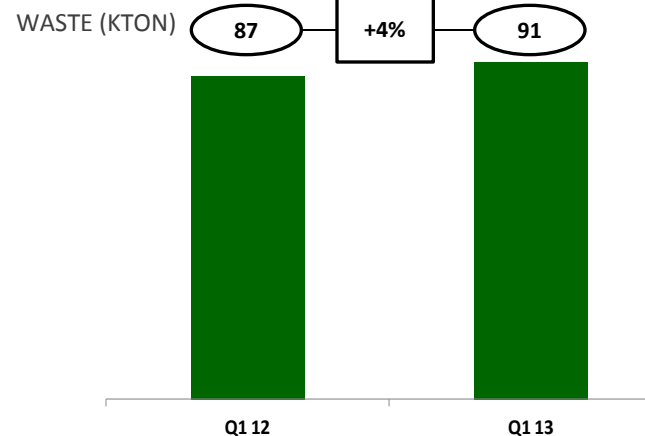
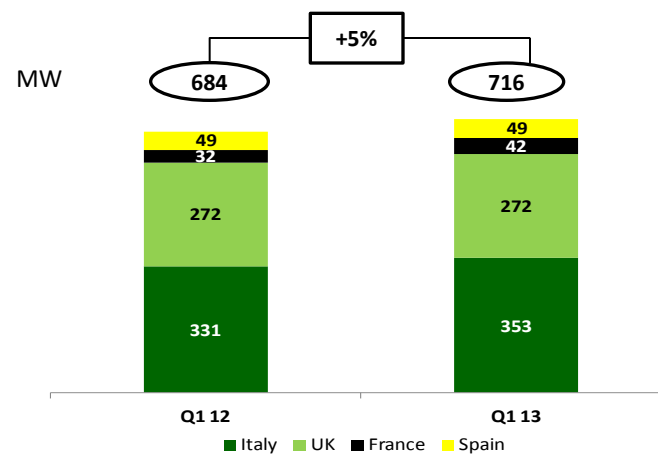
- Geopower
- Ty Ru
- Petralia
- La Muela

# EVOLUTION OF INSTALLED CAPACITY AND PRODUCTION

## BY TECHNOLOGY



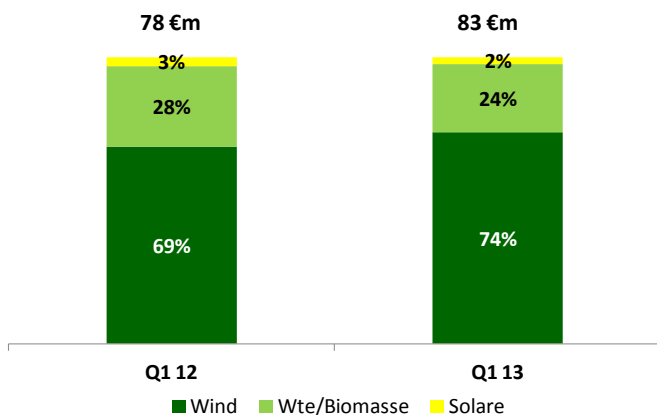
## BY COUNTRY



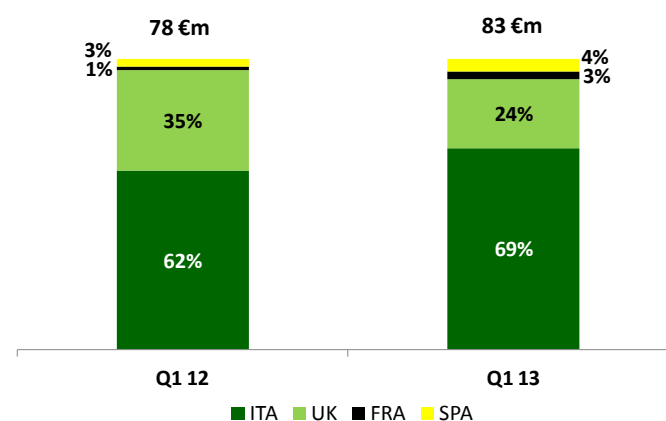
# FINANCIAL HIGHLIGHTS: REVENUES AND EBITDA

Euro millions

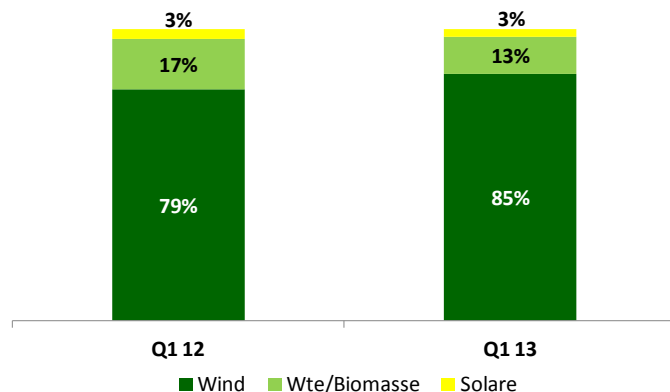
### Revenues by Technology



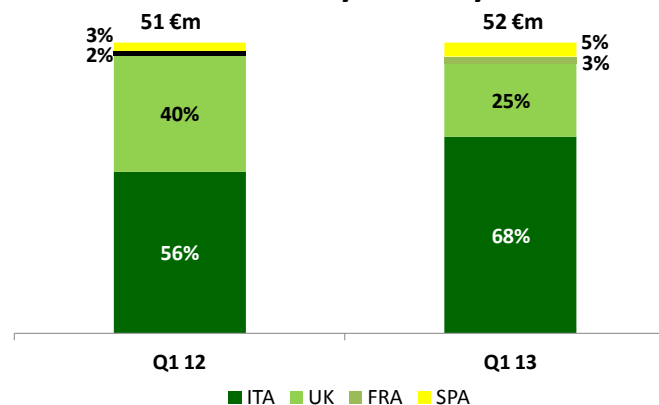
### Revenues by Country



### EBITDA \* by Technology



### EBITDA by Country

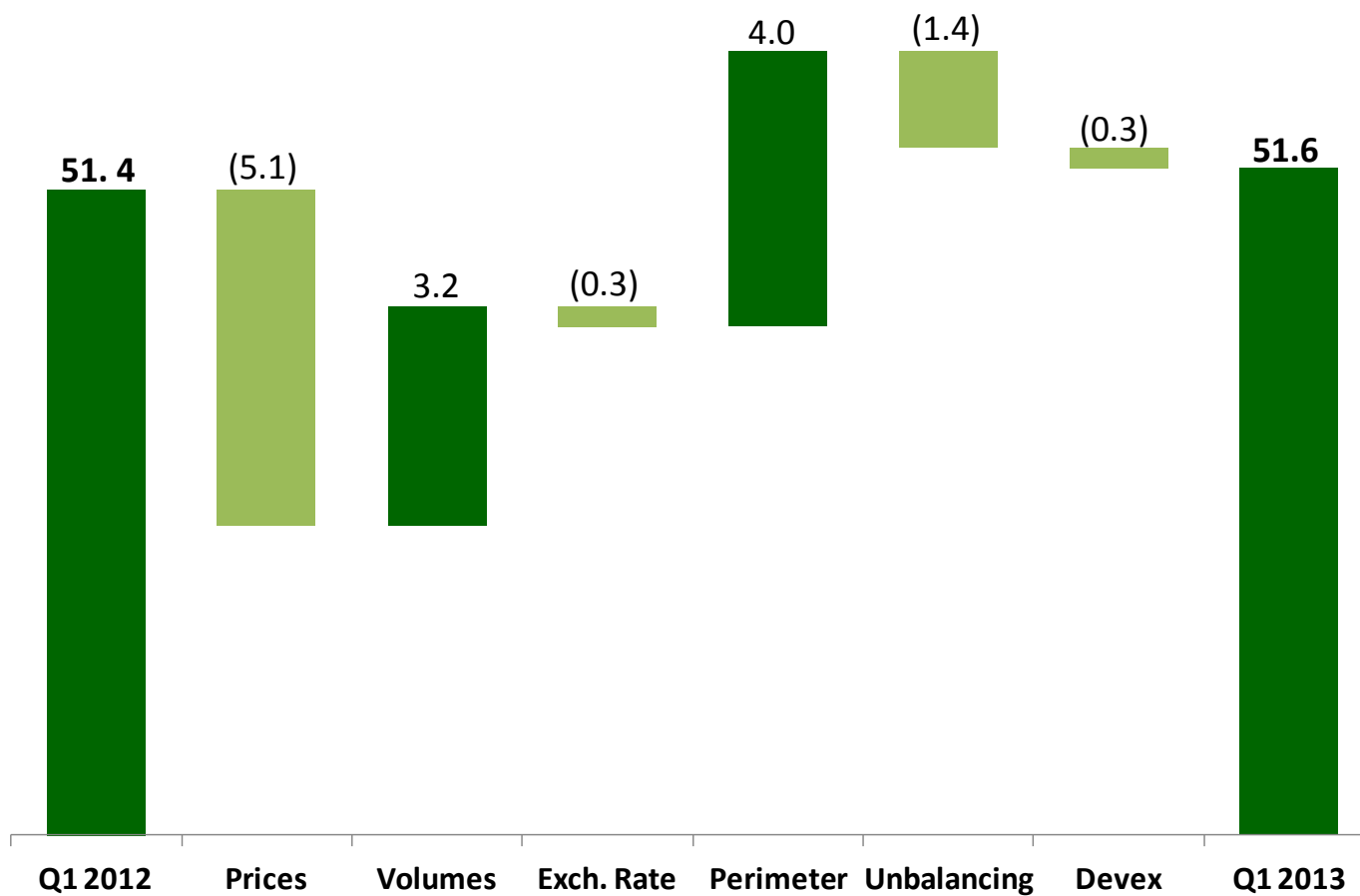


\* Breakdown of EBITDA by technology made on total Ebitda gross of holding impact



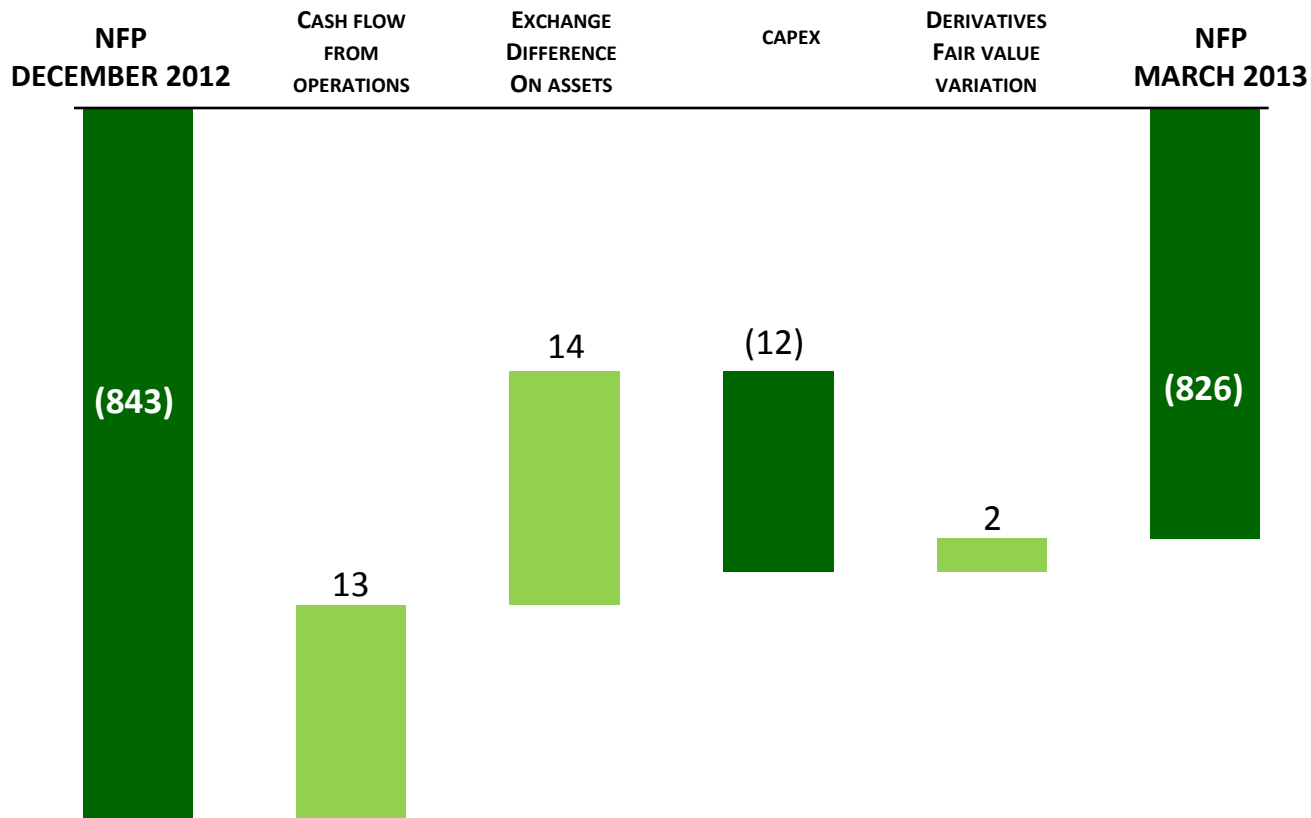
## EBITDA Q1 2013 vs Q1 2012: KEY FACTORS

Euro millions



# FINANCIAL HIGHLIGHTS: CASH FLOW

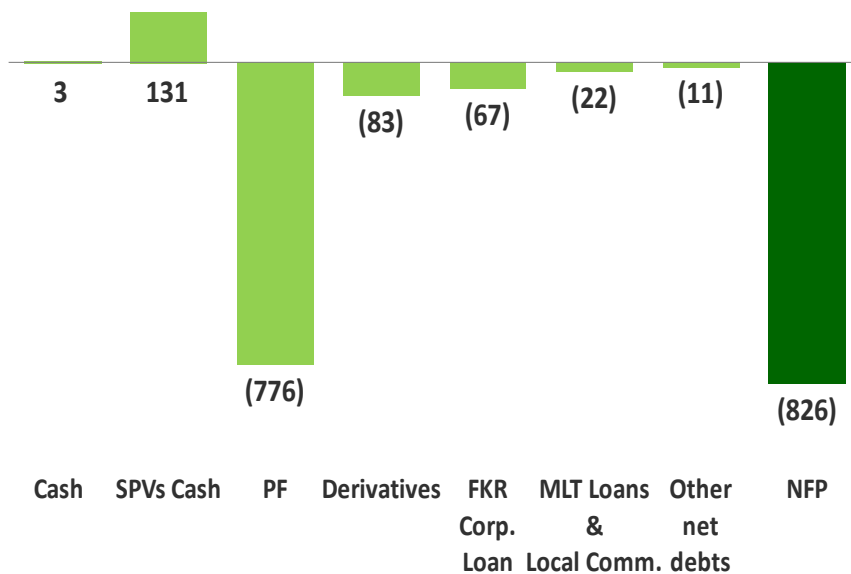
Euro millions



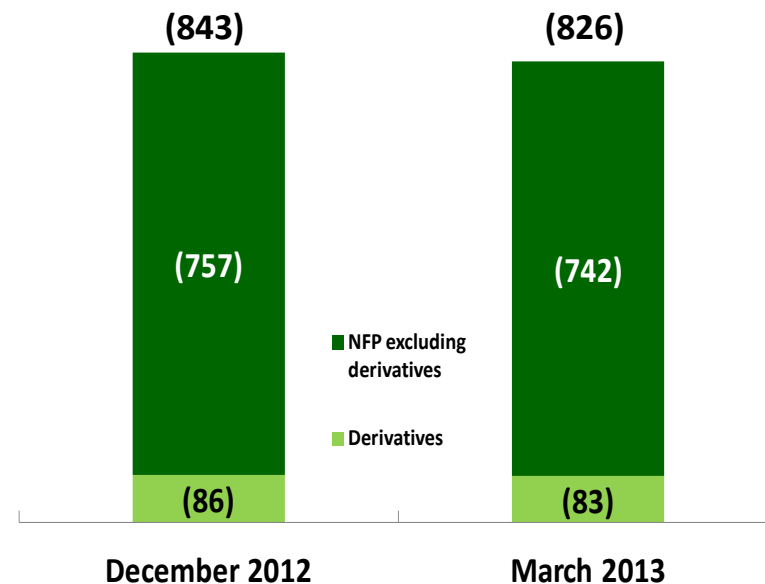
# FINANCIAL HIGHLIGHTS: NET FINANCIAL POSITION 1/2

Euro millions

**NFP BREAKDOWN**

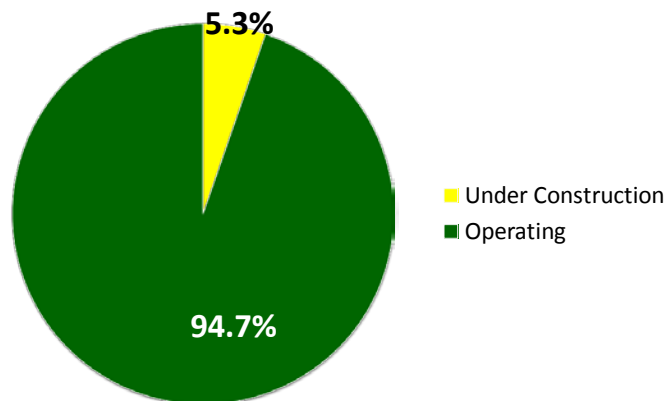


**DERIVATIVES IMPACT ON NFP**

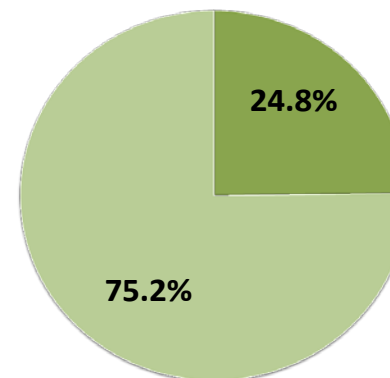


## FINANCIAL HIGHLIGHTS: NET FINANCIAL POSITION 2/2

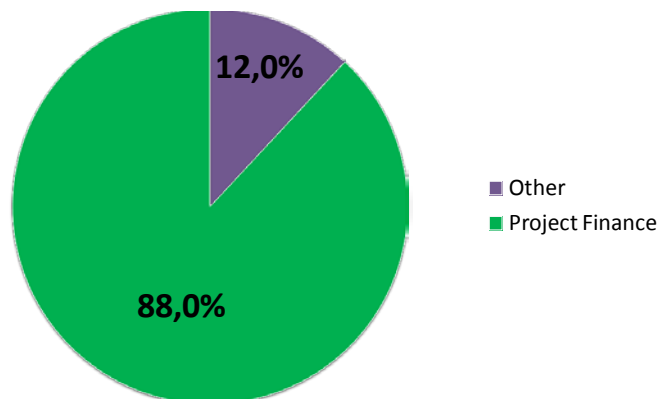
PLANT UNDER CONSTRUCTION/IN OPERATION



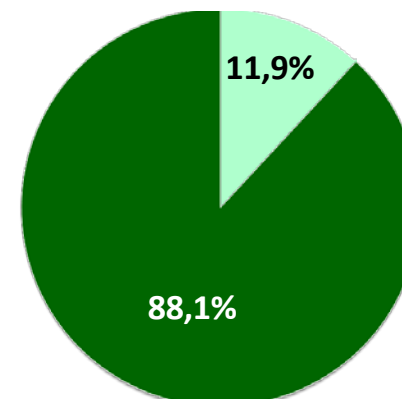
PROJECT FINANCE HEDGED



PROJECT FINANCE/NFP



NFP (WITHOUT DERIVATIVES) HEDGED



 2012 Results

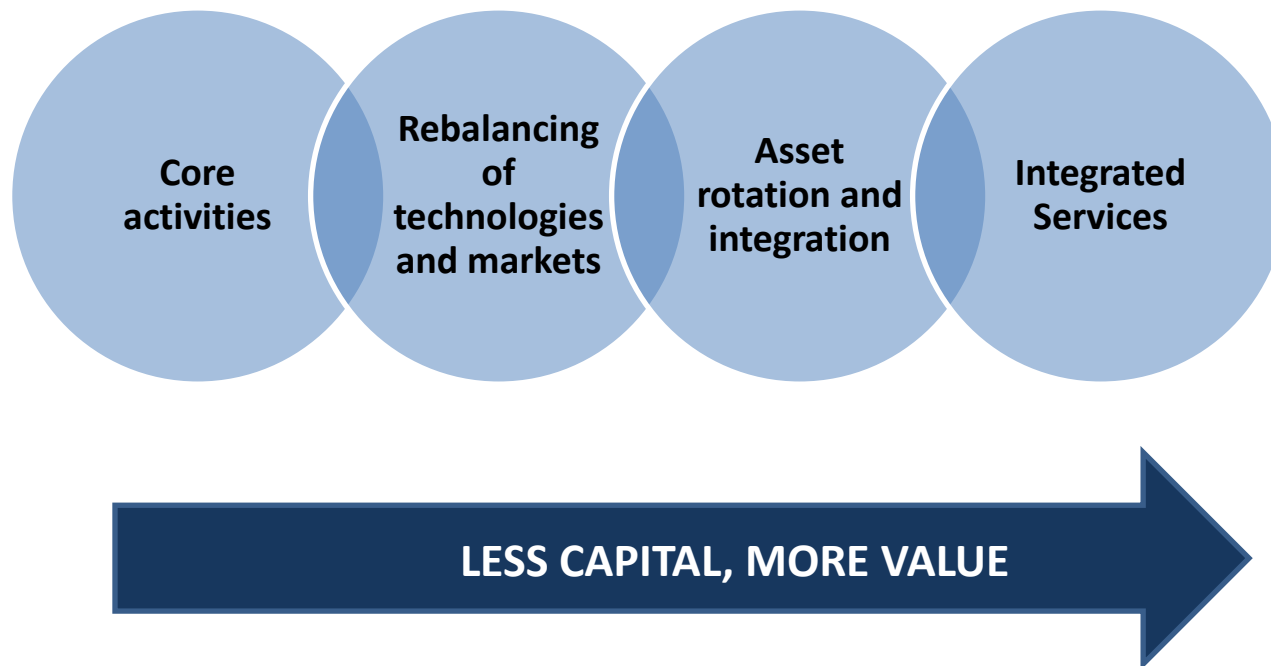
 Q1 2013 Results

 **2013 – 2017 Business Plan**

 Appendix

## NEW 2013-2017 BUSINESS PLAN

**..... From a Capital intensive to a self sustainable business**



## NEW BUSINESS PLAN : REASONS TO UPDATE THE STRATEGY

### ECONOMIC SCENARIO

- Higher financial costs
- Decrease of financing ratios (D/E)
- Decrease of countries GDP (EU)
- Overcapacity & flat consumption in some countries
- Regulatory changes in most of EU countries
- Penalties on non programmable sources (E.g. unbalancing, capture price)
- Some EU countries reaching 20-20-20 Targets

### PORTFOLIO REVIEW

- Excessive focus on wind technology
- High exposure to wind unpredictability
- Progressive decrease in wind quality of new sites
- New focus on technologies where profitability is less dependent on incentives
- Need to take control of industrial activities and widen the portfolio to get scale effects and direct control on plant performances
- Progressive decrease of debt leverage

## **BUSINESS PLAN 2013 – 2017 : MAIN ASSUMPTIONS**

**1**

### **Existing Business**

- Completion and operation of authorized wind projects in UK
- Extensions of operating wind farms in Italy
- Impacts of unbalancing costs & CEC-CIP6 calculations
- No further growth expected in Solar sector (Pv)

**2**

### **Growth**

- Focus on Programmable sources
- Hybridization of plants
- Service Business: Greenfield Development, Performance and Asset M.gt, Dispatching & Unbalancing, Forecast Services

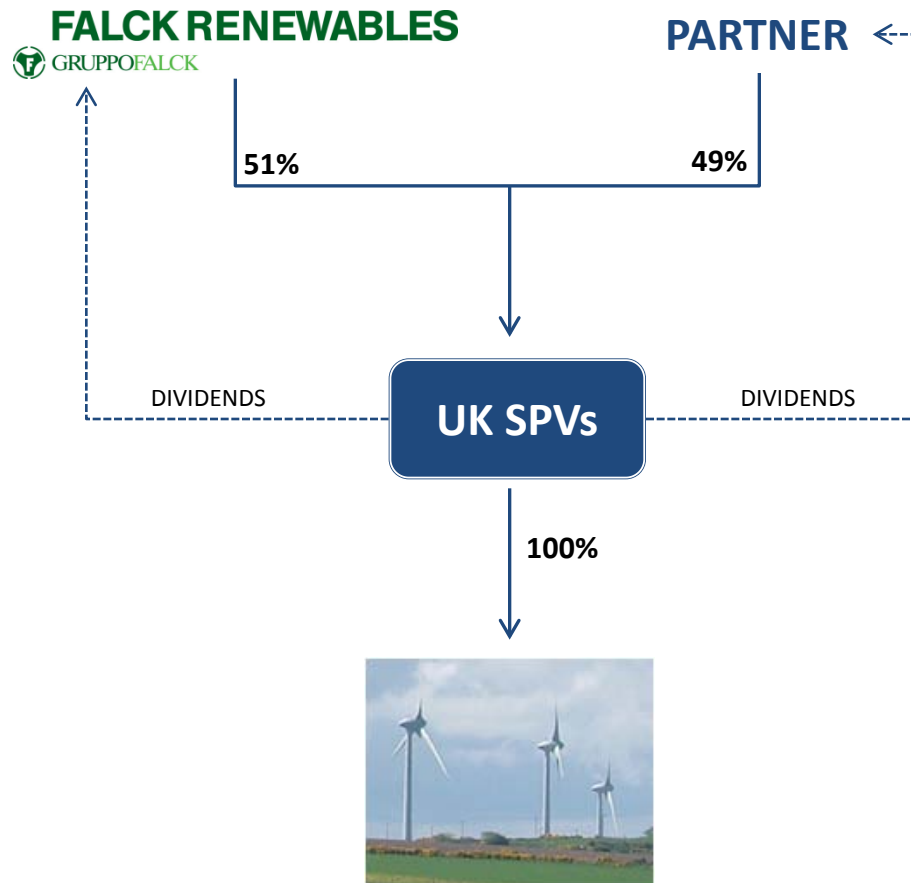
**3**

### **Asset Rotation**

- Sale of 49% stake in UK qualified operating assets
- Use of proceeds: partial decrease of NFP and support of the growth



## SALE OF MINORITY STAKE IN UK WIND ASSETS



- Sale of a qualified minority stake (up to 49%) of UK SPVs
- Financial partnership for co-development in projects pipelines
- Finalization of a “short list” underway.
- Completion: end 2013/early 2014

**Proceeds**

- Partial reimbursement of Corporate Credit Loan
- Focus on growth plan and related activities

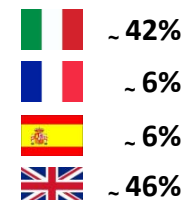
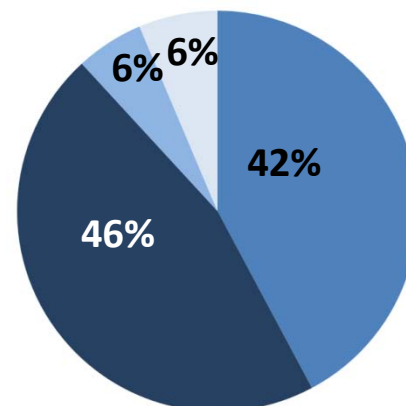
# WIND SECTOR – BUSINESS PLAN 2013 - 2017

Euro millions

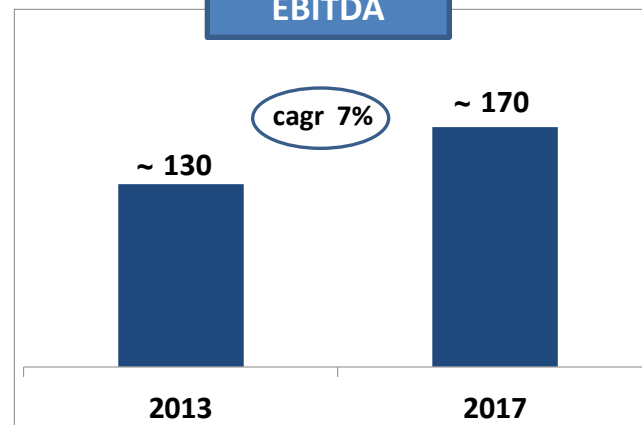
## SUMMARY

- Sale 49% of UK assets;
- Co-investment with a new partner after assets disposal;
- Construction and operation of authorized MW (Nutberry, Spaldington, W. Browncastle and Kingsburn)
- Total installed capacity in 2017 ~ 770MW
- Cumulated Capex ~ € 145m

## 2017: MW BY COUNTRY



## EBITDA



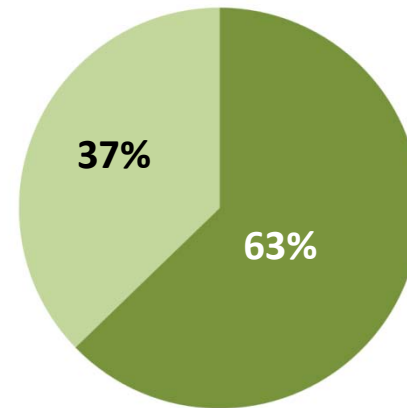
# WTE/BIOMASS SECTOR – BUSINESS PLAN 2013 - 2017

Euro millions

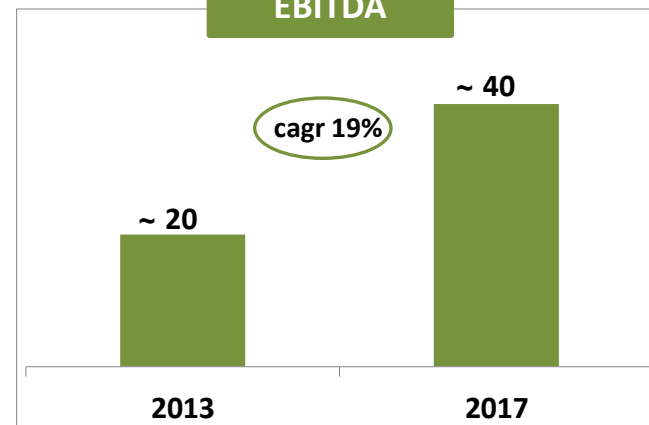
## SUMMARY

- Strong capex plan to balance non programmable sources
- New technology mix with WTE, solar thermo (Rende site), anaerobic digestion and waste biomass plants
- UK and other countries
- Total installed capacity in 2017 ~ 81MW
- Cumulated Capex ~ € 250m

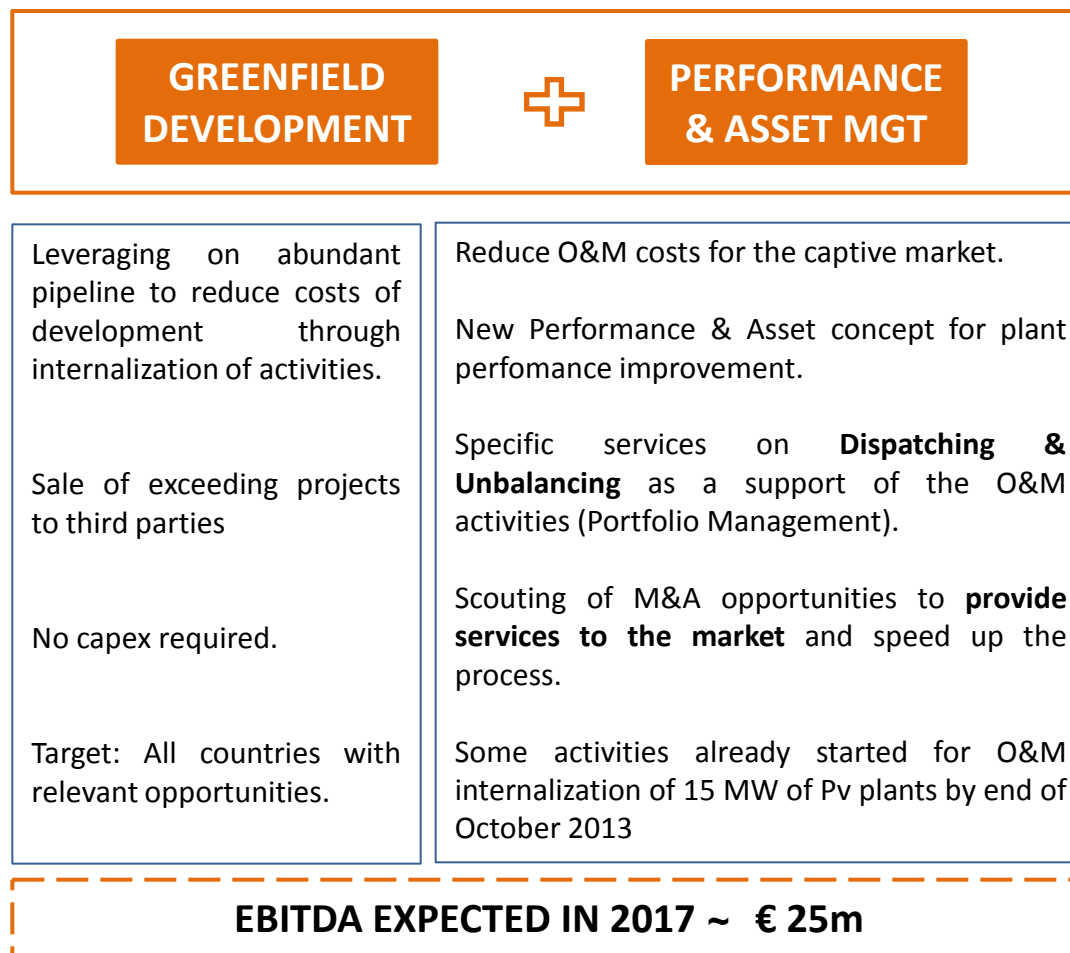
## 2017: MW BY COUNTRY



## EBITDA



## SERVICE SECTOR – BUSINESS PLAN 2013 - 2017

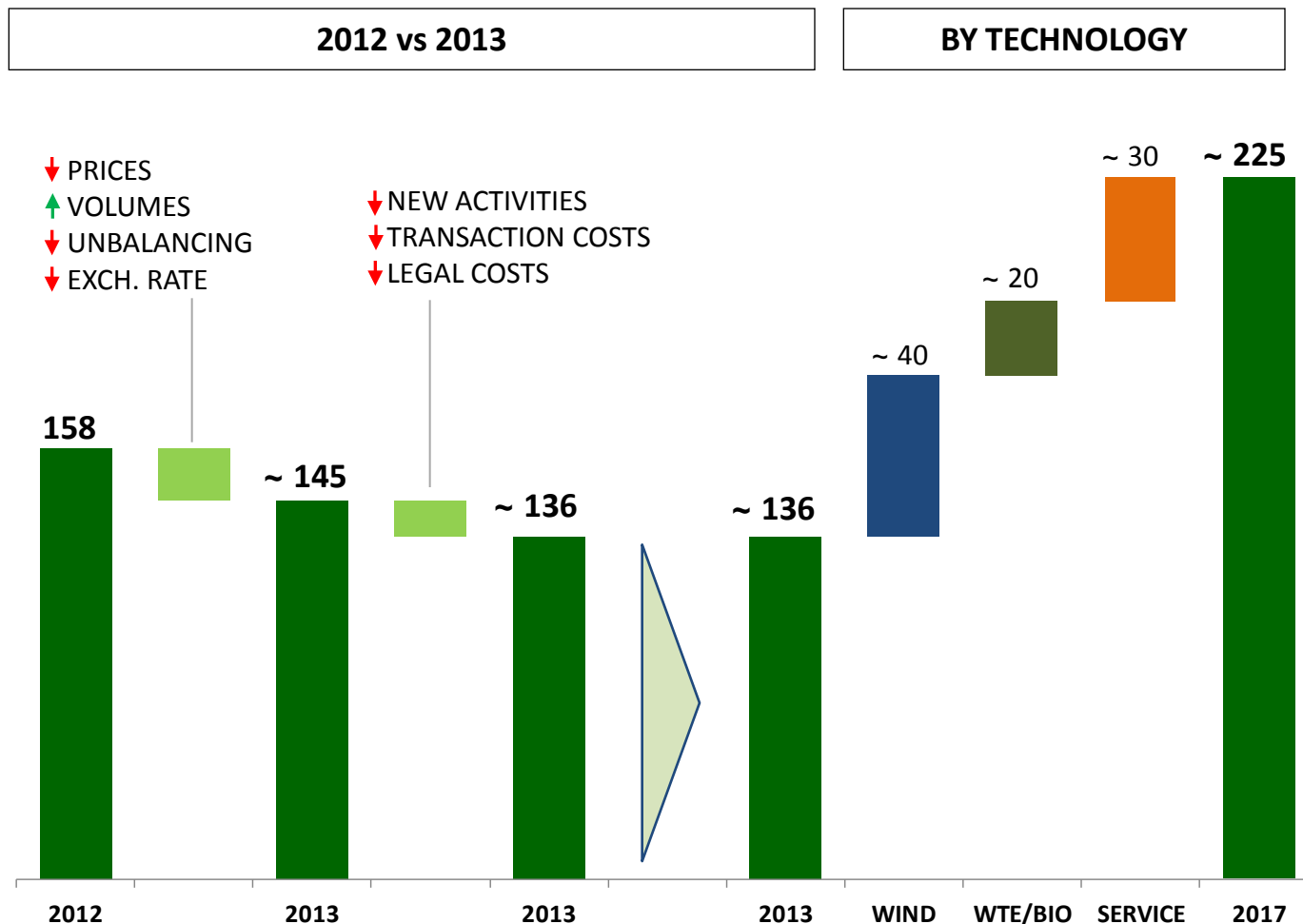


**Savings on captive market**

**Services to third parties**

# BUSINESS PLAN 2013 – 2017 : EBITDA EVOLUTION

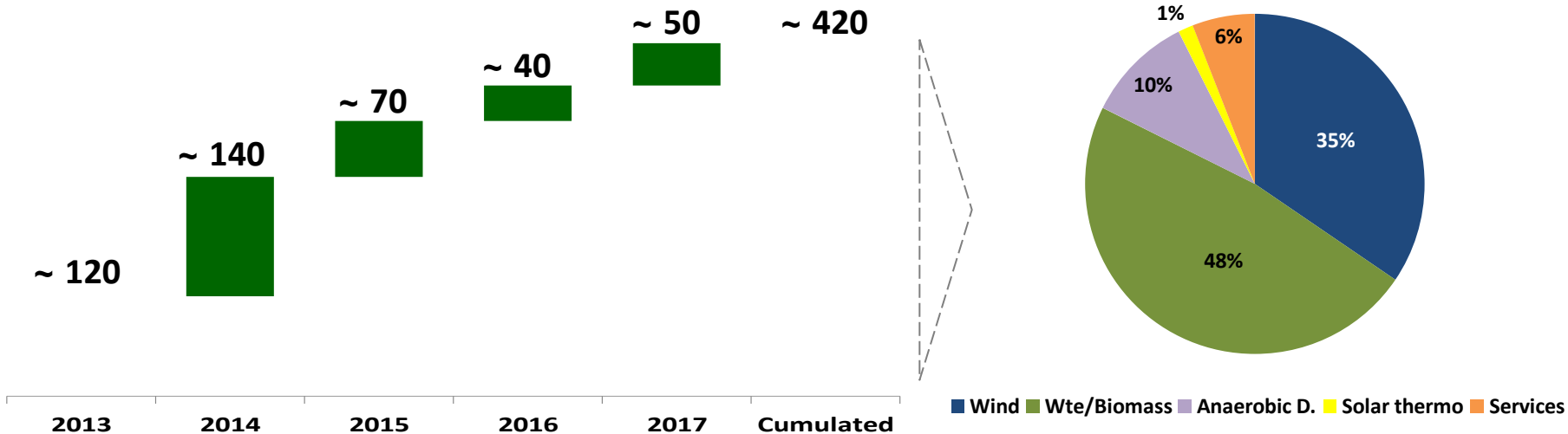
Euro millions



# BUSINESS PLAN 2013 – 2017 : MW & CAPEX

Euro millions

**2013 – 2017 CAPEX EVOLUTION (€m)**



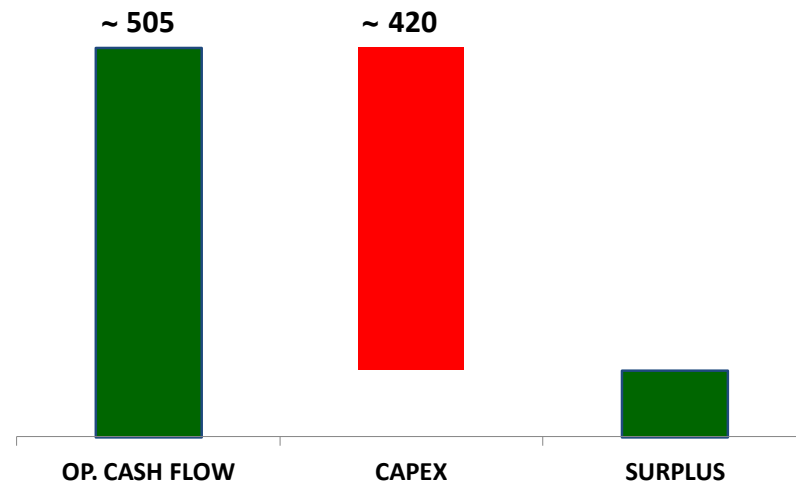
**INSTALLED CAPACITY EXPECTED TO REACH 865MW IN 2017**

# BUSINESS PLAN 2013 – 2017 : NFP & CASH GENERATION

Euro millions

## NFP UNDER CONTROL OVER THE 2013 - 2017 PERIOD

- Strong cash flow generation from the operating plants and new projects;
- Proceeds from sale of a qualified minority of the UK assets (49%)
- Dividend distribution policy from 2014
- Capex Plan over € 400m



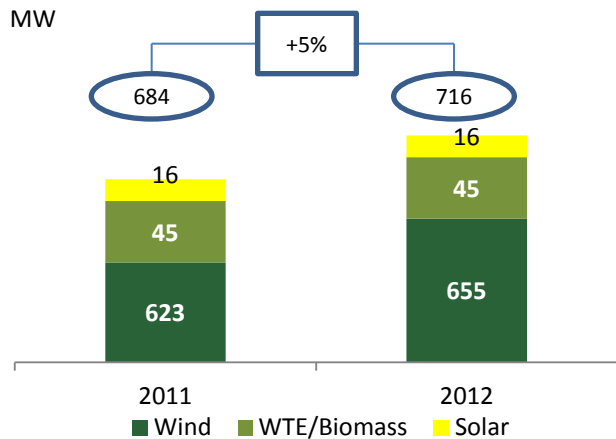
**2017 NFP expected : € 640 – 660m without derivatives impact**

-  2012 Results
-  2013 – 2017 Business Plan
-  Q1 2013 Results
-  **Appendix**

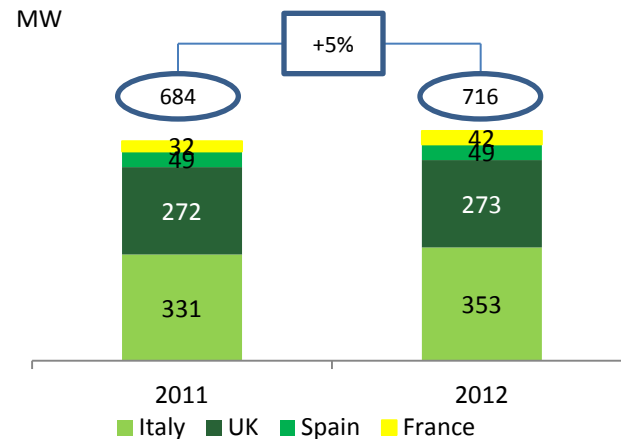


# 2012 EVOLUTION OF INSTALLED CAPACITY AND PRODUCTION

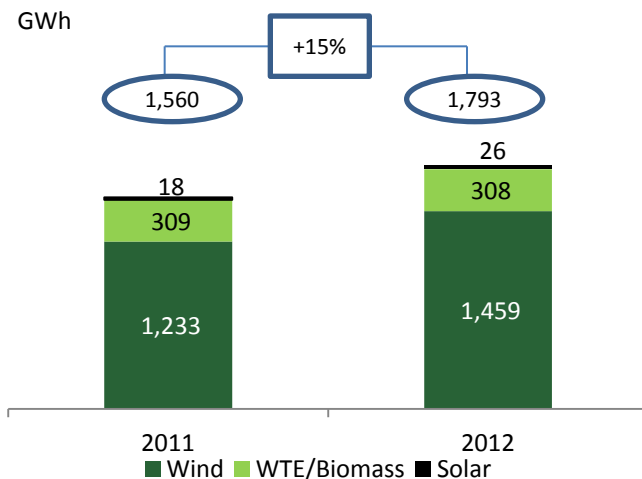
BY TECHNOLOGY



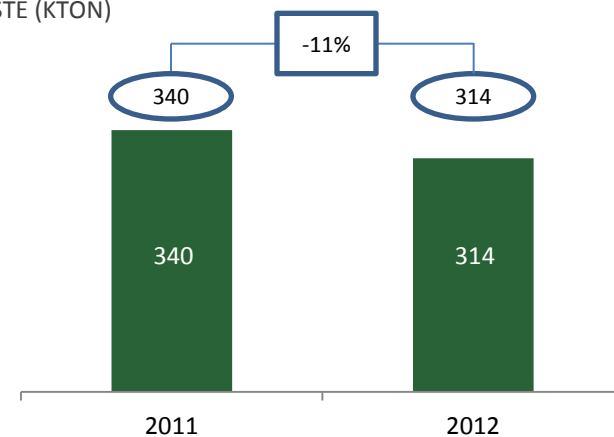
BY COUNTRY



GWh



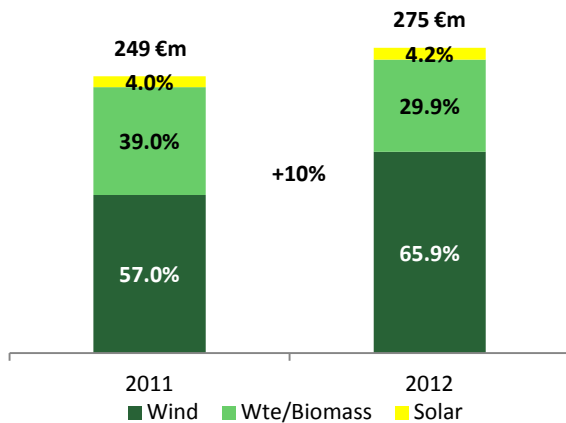
WASTE (KTON)



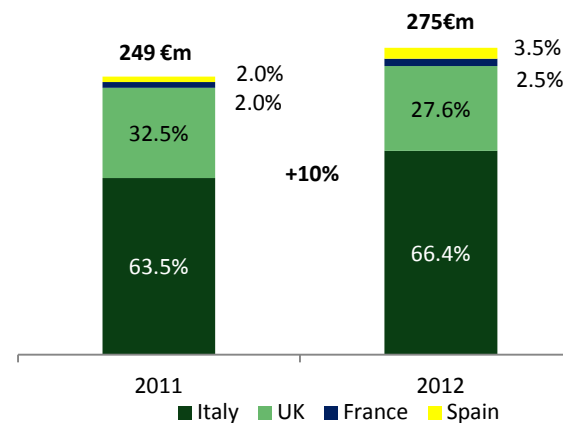
# 2012 FINANCIAL HIGHLIGHTS: REVENUES +10% TO 275 €M

Euro millions

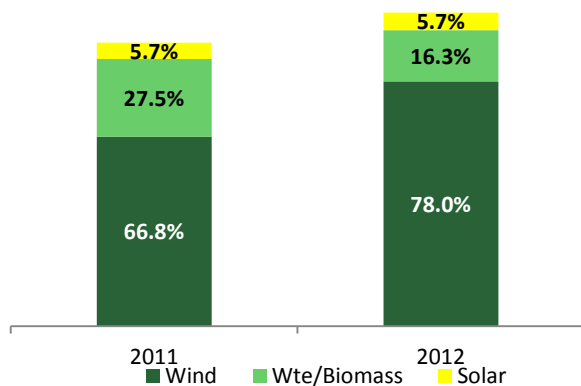
### Revenues By Technology



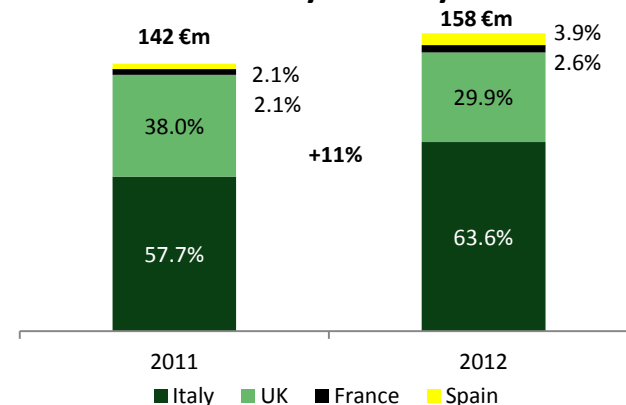
### Revenues By Country



### EBITDA\* By Technology



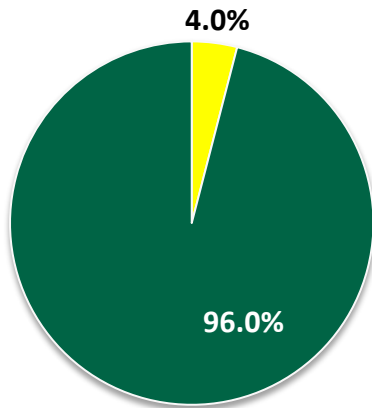
### EBITDA\* By Country



\* Breakdown of EBITDA by technology made on total Ebitda gross of holding impact

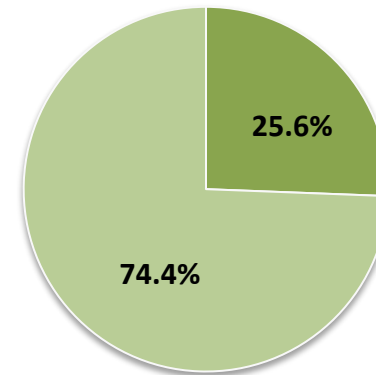
## 2012 FINANCIAL HIGHLIGHTS : NET FINANCIAL POSITION

PLANT UNDER CONSTRUCTION/IN OPERATION



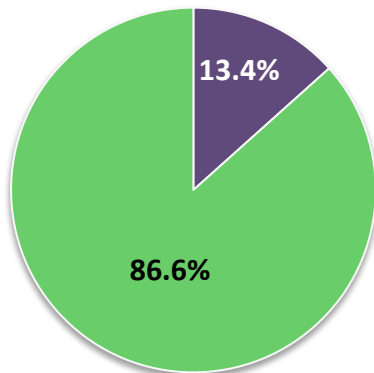
■ Under Construction  
■ Operating

PROJECT FINANCE HEDGED



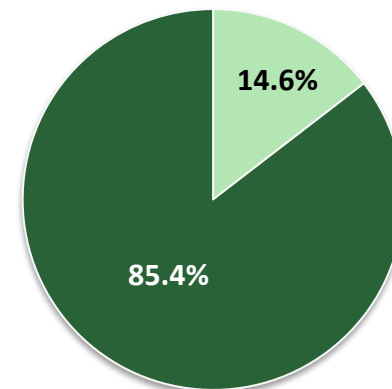
■ Unhedged pf  
■ Hedged pf

PROJECT FINANCE/NFP



■ Other  
■ Project Finance

NFP (WITHOUT DERIVATIVES) HEDGED



■ Unhedged  
■ Hedged

## CONTACTS

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