

**PRESS RELEASE****Falck Renewables SpA****The Board of Directors approves consolidated results for First Half 2012.****Strong growth of operating performances**

- **Revenues of €141.9 million, up 24.5% compared with First Half 2011;**
- **dramatic improvement in EBITDA, up to €85.7 million, +31.8% compared with First Half 2011;**
- **the Operating Profit at €40.6 million due to the €14.7 million write off relating to the Sicilian projects.**
- **the Operating Profit would be €55.2 million, up 31.1% compared with First Half 2011 without this write off;**
- **Net Profit of €5.4 million compared with First Half 2011 €14.3 million, as a result of the aforesaid write off;**
- **the Net Profit would be €20.0 million, up 39.8% compared with First Half 2011 without this write off;**
- **Net Financial Debt, excluding the fair value of derivatives, of €771.8 million, up from €765.2 at 31 December 2011. This small increase doesn't include approx. €49 million related to the Green Certificates payment, delayed due to FER Decree;**
- **Installed capacity of 716 MW achieved in July with the completion of two more wind farms.**

Milan, 28 August 2012 — In a meeting held today, **the Board of Directors of Falck Renewables SpA** examined and **approved the First Half 2012 Financial Report.**

Piero Manzoni, Chief Executive Officer, said: "During this period, the Group continued showing excellent operating performances, with a strong improvement on the 2011 First Half, in spite of the unfavourable macroeconomic context. This growth is the result of an investment policy based on selecting the best renewable energy projects and on looking for maximum internal synergies, which allowed achieving a six-month EBITDA close to the EBITDA recorded for all of 2010 (€94.5 million pro-forma basis) and approximately €50 million net cash generated from operating activities.

The net profit was impacted by the write off following the impairment test on goodwill relating to the Tifeo and Platani Sicilian projects. This write off, which do not require any cash disbursements, has been recognized following the suspension of civil proceedings by the Court of Milan, pending the decision of the District Administrative Court; we deem that said write off do not entail prejudice to the claims set forth by the Group regarding indemnification for the costs incurred.

As for the rest of the year, the outlook remains aligned with the expectations, also thanks to revenue from the wind farms of Petralia Sottana (22 MW) and Ty Ru (10MW), that started operating in July 2012."

Please note that the original version of this press release is in Italian

**First Half 2012 and First Half 2011 Consolidated Results**

		(euro thousands)	
		consolidated First Half 2012	consolidated First Half 2011
A	Revenues	141,943	114,034
	Direct labour costs	(4,381)	(4,797)
	Overhead costs	(81,103)	(53,617)
B	Cost of sales	(85,484)	(58,414)
<b>C</b>	<b>Gross operating income</b>	<b>56,459</b>	<b>55,620</b>
	Other income	891	1,527
	Other employee costs	(6,496)	(6,122)
	General and administrative expenses	(10,297)	(8,903)
<b>D</b>	<b>Net operating income</b>	<b>40,557</b>	<b>42,122</b>
	Financial income and charges	(23,274)	(17,867)
	Income and charges on equity investments	676	560
<b>E</b>	<b>Earnings before income taxes</b>	<b>17,959</b>	<b>24,815</b>
	Income taxes	(12,600)	(10,483)
<b>F</b>	<b>Net profit</b>	<b>5,359</b>	<b>14,332</b>
G	Minority interests	591	997
<b>H</b>	<b>Group net profit</b>	<b>4,768</b>	<b>13,335</b>
	<b>EBITDA (1)</b>	<b>85,657</b>	<b>64,993</b>

(1) EBITDA is defined by Falck Renewables Group as the net earnings before income and charges on equity investments, financial income and charges, depreciation, amortizations, writedowns, provisions to risk reserves and income taxes. Such amount has been computed in accordance with market best practices, considering the group's most recent financing agreements.

**Comparison of the First Half 2012 consolidated income statement with First Half 2011**

**Consolidated Revenues** of €141.9 million are up 24.5% compared to First Half 2011. The strong increase is mainly due to the following results.

**Wind:** about €36 million rise in revenue achieved as:

- a result of the full period operations of the Buddusò and Alà dei Sardi wind farms for 138 MW, and of the Millennium and Kilbraur plant extensions for a total of 35 MW;
- excellent operating performance of the Spanish and UK plants;
- the proportional consolidation (26%) of the Plana de Jarreta and La Carracha wind farms (La Muela project), since 1<sup>st</sup> April 2012, with a pro-quota installed capacity of about 26 MW resulting from changes to shareholder agreements;

**Photovoltaic:** about €3 million rise in revenue as a result of the operations of the Cardonita, Spinasanta and Sugherotorto Sicilian plants, with total installed power of approximately 13 MW;

These increases more than offset the effects of the lower contribution of approximately €11 million due to the expiration of the incentives related to the CIP6/92 tariff for the two Waste to Energy plants of Trezzo sull'Adda and Granarolo dell'Emilia.

**Consolidated EBITDA** stands at €85.7 million, up 31.8% compared with First Half 2011, and it accounts for 60.3% of sales revenues versus 57% at 30 June 2011. This improvement mainly arises from the start-up of new plants, the improved performance of the operating plants and the constant pursuit of internal synergies.

The **Consolidated Operating Profit** came to €40.6 million, decreasing by €1.6 million compared to 30 June 2011, and it accounts for 28.6% of sales revenues versus 36.9% at 30 June 2011. The Operating Profit was impacted by the €14.7 million write off following the impairment test on goodwill relating to the Sicilian projects. Net of such write off, the Operating Profit would have been €55.2 million, up 31.1% compared with First Half 2011. The write off was recognized following the order of suspension of the pending civil lawsuits before the Court of Milan between Tifeo Energia Ambiente ScpA in liquidation, Platani Energia Ambiente ScpA in liquidation, Palermo Energia Ambiente ScpA in liquidation (project companies, owners of the Sicilian projects) and the Sicilian Energy and Public Services Authority. Because of the aforementioned Court orders, notwithstanding that they can still be appealed before the Italian Supreme Court pursuant to Art. 42 of the Italian code of civil procedure, the proceedings in Milan will remain suspended until the final judgment of the pending administrative proceedings before the District Administrative Court of Sicily, thus delaying the provisionally enforceable civil sentencing.

In light of the recent events and the complexity of the matter, as confirmed by the Company's lawyers, the chances for success in reference to the claims regarding the actual damage are basically unchanged compared to previous assessments. Instead, the chances for success as concerns the claims regarding the loss of profit have reduced significantly. Based on these assumptions, the goodwill relating to the Sicilian projects (Tifeo and Platani, owned by Elettroambiente SpA, with stakes of 96.35% and 86.77% respectively) was written down by €14.7 million, thus aligning the items "current assets" and "goodwill" to the actual damage of approximately €93 million.

As a reminder, the sharing in Palermo Energia Ambiente ScpA was fully written down at the end of 2011.

The **Consolidated Profit** amounts to €5.4 million, with a €9 million drop compared to 30 June 2011; net of the aforesaid write off, the profit for the year would have been €20.0 million, up 39.8% on the First Half 2011.

### **Net Financial Debt**

**Net Financial Debt, excluding the fair value of derivatives**,<sup>1</sup> amounted to €771.8 million, compared with €765.2 million at 31 December 2011.

The debt increase is basically due to the investments of €34 million made during the year, almost entirely balanced out by the cash flows from operating plants.

Net Financial Debt includes non-recourse loans ("Project Gross Debt") of €747.1 million at 30 June 2012 (€749.7 million at 31 December 2011).

It shall be noted that Net Financial Debt includes net financial payables of €67.5 million relating to construction projects that, at 30 June 2012, had not yet generated revenue. Net of these payables and the fair value of derivatives, the net financial debt would have totalled €704.4 million.

The net financial position of the project companies (PFN Project) incorporates "non-recourse" loans ("Project Gross Debt"), the fair value of derivatives related to hedging interest rate variations of said loans, and liquidity related to the same project financing; it amounts to €718.1 million and represents approx. 85% of the net financial position of the Group at 30 June 2012. Moreover, the Project Gross Debt is hedged, through interest

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1) The total net financial debt is the sum of cash and cash equivalents, current financial assets including equities available for sale, financial liabilities, and the fair value of hedge financial instruments and other non-current financial assets.

rate swap transactions, against interest rate fluctuation in the amount of €596.2 million, about 80% of such debt.

As a result of the aforesaid figures, the net financial standing, exclusive of the fair value of derivatives, amounting to €771.8 million, is approx. 86% hedged against the interest rate fluctuation risk, through interest rate swap transactions.

As of 30 June 2012, net financial debt, inclusive of the fair value of derivatives, was €847.3 million, compared with €826.1 million at 31 December 2011. It is noted that this figure does not benefit from the collection of €49.1 million related to the Green Certificates of the 2011 operations. This can be imputed to changes to the GSE payment schedule, following the issuing of Decree FER, which fixed the payment of 50% at 9 August 2012 (received as of today's date), and the payment of the balance at 31 December 2012.

### **Installed capacity**

The following table illustrates installed capacity, analysed by technology type, showing a substantial increase compared to the first half of 2011.

Technology	(MW)		
	30 June 2012	31 December 2011	30 June 2011
Wind	623.2	623.2	465.2
Wte	31.0	31.0	31.0
Biomass	14.0	14.0	14.0
Photovoltaic	16.1	16.1	16.1
<b>Total</b>	<b>684.3</b>	<b>684.3</b>	<b>526.3</b>

Two wind farms started operating in July 2012, Petralia Sottana (22.1 MW) in Sicily and Ty Ru (10 MW) in Brittany, thus increasing the aggregate installed capacity to 716.4 MW.

### **Investments**

	(euro thousands)	
	30.6.2012	31.12.2011
Intangible assets	77	363
Property, plant and equipment	33,892	85,519
<b>Total intangible assets and property, plant and equipment</b>	<b>33,969</b>	<b>85,882</b>

Investments in the year, which amount to €34 million, reflect the Group's financial commitment for wind power plants and to improve plants that are already operating. During the period being analysed, the investments mainly consisted in completing the wind farm of Buddusò and Alà dei Sardi for €8.3 million and building the wind farms of Ty Ru for €9.6 million, Nutberry for €7.1 million and Petralia Sottana for €4.9 million.

### **Outlook**

2012 revenue is expected to benefit from the full year operations of the wind farm of Buddusò and Alà dei Sardi (138 MW), the Kilbraur (20 MW) and Millennium (15 MW) wind farm extensions and of the photovoltaic plants in Sicily (13 MW).

The above-mentioned increase in production capacity will more than offset the decrease in revenue caused by the expiration of the part of the tariff related to the incentives under paragraph 3 of CIP 6/92 for the WTE plants of Trezzo sull'Adda and Granarolo dell'Emilia.

The second half of the year will benefit from starting the operations of the wind farms of Petralia Sottana (22 MW) and Ty Ru (10 MW) that were completed and started operating in July 2012. Moreover, the construction of the wind farm of Nutberry Wind Energy Ltd (15 MW) started; its completion is expected by the end of the first half 2013.

Lastly, the wind farm projects that were granted authorization in the UK as at 30 June 2012 are: Spaldington Airfield (up to maximum 15 MW), West Browncastle (30 MW) and Kingsburn (20MW).

Scouting for new initiatives and repowering of the existing plants in the WTE and biomasses sector is ongoing.

The investments needed for construction of the above mentioned plants will affect net financial debt, growth in which will be partly offset by cash outflows from operating plants.

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*The Falck Renewables Group's financial statements included in the First Half 2012 Financial Report are hereby enclosed, shown in comparison with the consolidated financial position figures at 31 December 2011 and at 30 June 2011.*

*The Executive responsible for the drawing up of the company accounting documents, Paolo Rundeddu, certifies — in accordance with paragraph 2, article 154 bis of the Financial Act (TUF) — that the accounting information contained in this document corresponds to documentary evidence, books and accounting records.*

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*The Group's First Half 2012 Financial Report is available in accordance with the law at the corporate office in Milan, Corso Venezia 16, at Borsa Italiana SpA and in the Investor Relation section of the website [www.falckrenewables.eu](http://www.falckrenewables.eu).*

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A conference call will be held today at 4:00 PM (CET time) for analysts, institutional investors and banks in order to present the financial results as at 30 June 2012. The call-in details are available on the following website [www.falckrenewables.eu](http://www.falckrenewables.eu), under section news. The support material will be available on the website, under the section investor relation as far as the conference call has started.

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*Active in Europe with installed capacity of roughly 716 MW, **Falck Renewables SpA**, a Falck Group company listed on the Italian stock exchange in the STAR segment ("FKR.MI"), is included in the Nasdaq Omx Global Wind Energy Clean Edge index, and in the MSCI Global Small Cap Index. Falck Renewables develops, designs, builds and manages power production plants from renewable sources. Its mission is to contribute to meeting energy needs of the population, in accordance with a specific integrated business plan based on the differentiation of production technologies and geographical segments. Through this strategy, the company is flexible in the allocation of investments, with the aim of mitigating risks and taking advantage of market opportunities.*

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**Financial report at 30 June 2012 – Balance sheet**

		(euro thousands)			
		30.6.2012		31.12.2011	
		Note	<i>of which related parties</i>		<i>of which related parties</i>
<b>Assets</b>					
<b>A Non-current assets</b>					
1	Intangible assets	(1)	119,221		131,069
2	Property, plant and equipment	(2)	1,127,406		1,098,604
3	Financial assets	(3)	18		1,096
4	Medium/long-term financial receivables	(4)	407		734
5	Commercial assets	(5)			
6	Deferred income tax assets	(7)	32,466		29,853
7	Other receivables	(6)	2,693		5,760
	<b>Total</b>		<b>1,282,211</b>		<b>1,269,644</b>
<b>B Current assets</b>					
1	Inventories	(8)	4,508		4,263
2	Trade receivables	(5)	119,841	128	102,554
3	Other receivables	(6)	64,342	10,171	60,449
4	Financial receivables	(4)	279		14
5	Financial assets				
6	Cash and cash equivalents	(9)	104,633		96,890
	<b>Total</b>		<b>293,603</b>		<b>264,170</b>
<b>C Non-current assets held for sale</b>					
	<b>Total assets</b>		<b>1,575,814</b>		<b>1,533,814</b>
<b>Liabilities</b>					
<b>D Equity</b>					
1	Ordinary shares		291,414		291,414
2	Reserves		127,724		114,614
3	Retained earnings		9,970		20,022
4	Profit for the period		4,768		18,863
	<b>Capital and reserves attributable to group</b>	(10)	<b>433,876</b>		<b>444,913</b>
5	Minority interest in equity		6,598		6,913
	<b>Total equity</b>	(10)	<b>440,474</b>		<b>451,826</b>
<b>E Non-current liabilities</b>					
1	Medium/long-term financial liabilities	(13)	901,402		879,569
2	Other non-current liabilities	(15)			352
3	Deferred income tax liabilities	(7)	15,772		14,990
4	Provisions for other liabilities and charges	(11)	35,751		33,797
5	Staff leaving indemnity	(12)	3,887		3,790
	<b>Total</b>		<b>956,812</b>		<b>932,498</b>
<b>F Current liabilities</b>					
1	Trade payables	(14)	74,947	2,283	62,116
2	Other payables	(15)	52,362	6,955	43,189
3	Short-term financial liabilities	(16)	51,219		44,185
4	Provisions for other liabilities and charges				
	<b>Total</b>		<b>178,528</b>		<b>149,490</b>
<b>G Liabilities attributable to non-current assets held for sale</b>					
	<b>Total liabilities</b>		<b>1,575,814</b>		<b>1,533,814</b>

**Financial report at 30 June 2012 – Income statement**

		(euro thousands)			
		30.6.2012		30.6.2011	
	Note	<i>of which related parties</i>		<i>of which related parties</i>	
<b>A</b>	Revenue	(17)	141,943	114,034	
	Direct labour costs	(18)	(4,381)	(4,797)	
	Direct costs	(19)	(81,103)	25	(53,617)
<b>B</b>	Cost of sales		(85,484)	(58,414)	
<b>C</b>	<b>Gross profit</b>		<b>56,459</b>	<b>55,620</b>	
	Other income	(20)	891	170	1,527
	Other employee costs	(18)	(6,496)	(6,122)	
	Administrative expenses	(21)	(10,297)	(998)	(8,903)
<b>D</b>	<b>Operating profit</b>		<b>40,557</b>	<b>42,122</b>	
	Finance costs - net	(22)	(23,274)	118	(17,867)
	Investment income	(23)	676	560	560
<b>E</b>	<b>Profit before income tax</b>		<b>17,959</b>	<b>24,815</b>	
	Income tax expense	(24)	(12,600)	(10,483)	
<b>F</b>	<b>Profit for the period</b>		<b>5,359</b>	<b>14,332</b>	
<b>G</b>	Profit attributable to minority interest		591	997	
<b>H</b>	<b>Profit attributable to group equity holders</b>		<b>4,768</b>	<b>13,335</b>	