

PRESS RELEASE

Falck Renewables SpA

The Board of Directors approves the results for the nine months ended 30 September 2013

Business volumes and profit before taxation up on the previous year Reduced debt compared to 2012

- Revenue up to Euro 202.7 million from Euro 199.3 million at 30 September 2012;
- EBITDA of Euro 113.3 million substantially in line with the previous year and on track with forecasts for 2013;
- Profit before taxation up to Euro 22.7 million from Euro 18.4 million for the nine months ended 30 September 2012;
- Net financial debt, without considering the fair value of derivatives, has improved further, down to Euro 687.0 million, compared to Euro 757.1 million at 31 December 2012, due to the significant generation of cash flows of approximately Euro 94 million, with investments of Euro 35.0 million;
- Following the start of production at the Nutberry wind farm, installed capacity has reached 731 MW

The Board of Directors resolves to update the by laws to reflect Italian gender equality regulations.

Milan, 13 November 2013 - The **Board of Directors of Falck Renewables SpA** met yesterday, examining and **approving the interim financial report** as at and for the nine months ended 30 September 2013.

The Group's results for the nine months ended 30 September 2013 show 1.7% growth in revenue to Euro 202.7 million and 23.7% growth in the profit before taxation to Euro 22.7 million, despite the fact that performance was affected by the lower revenue realised in the third quarter due to the lower wind levels in the summer, the negative Italian regulations that reduced incentives on the valuation of the avoided fuel cost for CIP6 operating plants and the drop in energy prices, especially in Italy and Spain. EBITDA, which came to Euro 113.3 million, is substantially in line with the previous year and reflects the impact of Italian imbalance charges introduced in 2013 for the wind and solar power sectors.

Piero Manzoni, Managing Director of Falck Renewables SpA, noted, *"The data for the first nine months of the year confirm the Company's sound performance. The results achieved up to 30 September 2013 exceed forecasts and reflect the foreseen impact of negative factors such as low wind levels in the summer, unfavourable Italian legislation introduced in the sector and the lower energy prices in Italy and Spain, factors that were already considered in the 2013-2017 business plan. These results, which exceed forecasts, enable us*

to continue investing as planned with greater peace of mind, pursuing our internationalisation strategy and shifting our portfolio towards programmable energy sources, in line with the business plan”.

Consolidated results for the periods ended 30 September 2013 and 30 September 2012

		(thousands of Euros)	
		Consolidated 9 months to 30.9.2013	Consolidated 9 months to 30.9.2012
A	Revenue	202,698	199,269
	Direct personnel expense	(6,233)	(6,270)
	Direct costs and expenses	(110,467)	(115,465)
B	Total cost of goods sold	(116,700)	(121,735)
C	Gross profit	85,998	77,534
	Other income	1,470	1,424
	Indirect personnel expense	(10,073)	(9,615)
	General and administrative expenses	(16,817)	(16,359)
D	Operating profit	60,578	52,984
	Net financial expense	(37,860)	(35,301)
	Net investment income		676
E	Profit before taxation	22,718	18,359
EBITDA (1)		113,293	115,268

(1) The Falck Renewables group measures EBITDA as earnings before income and expense from investments, net financial income/expense, amortisation, depreciation, impairment, provisions for risks and income taxes. This amount has been determined in line with best market practice taking into consideration the latest project financing contracts entered into by the Group.

Comparison of the consolidated income statements for the nine months ended 30.9.2013 and 30.9.2012

Consolidated revenue amounts to Euro 202.7 million, up 1.7% on the Euro 199.3 million for the nine months ended 30 September 2012. Although it has improved, revenue was affected by the considerable lack of wind in the summer months and a drop in electricity prices (mainly in Italy and Spain), in addition to the introduction of negative legislative measures in Italy. Except for the lack of wind, the Group has implemented effective measures to offset the impact of these factors.

The trend in revenue can be summarised as follows:

Wind power: revenue rose by roughly Euro 8.5 million due to the growth in energy produced, the greater average installed production capacity following the roll-out of the Petralia and Ty Ru wind farms and the sound winter volumes. This improvement offset both the lack of wind in the summer and the impact of the Italian imbalance charges, which were considered in the Group’s annual forecasts.

Waste to Energy, Biomass and Solar Power: revenue fell by approximately Euro 5 million due to the drop in revenue from the waste-to-energy plants in Trezzo sull’Adda and Granarolo dell’Emilia, which, despite performing well, were affected by the valuation of the avoided fuel cost. This affects 2013 revenues caused by the Ministry of Economic Development’s endorsement of opinion no. 535/2012 issued by the Authority for Electricity and Gas, as provided for by Law no. 99/09. These effects were considered in Group forecasts. In this respect, the Group companies affected by this legislative measure are waiting for the outcome of their

appeal with the Lazio Regional Administrative Court. Furthermore, in addition to the legislative measure described above, Decree Law no. 69 was published on 21 June 2013 (emergency measures to relaunch the economy), providing for another substantial amendment to the regulations concerning the determination of the avoided fuel cost with effect from 1 January 2013. Partially offsetting the decrease in CIP6 revenue, the performance of the Rende biomass plant and the solar power plants in Sicily improved.

As a result of the above and as forecast in the plan, **consolidated EBITDA** came to Euro 113.3 million, compared to Euro 115.3 million for the nine months ended 30 September 2012, with an impact of 55.9% on sales revenue, versus 57.8% in the first nine months of 2012.

The **consolidated operating profit** rose by 14.6% to Euro 60.6 million, compared to Euro 52.9 million for the nine months ended 30 September 2012, and amounted to 29.9% of sales revenue (26.6% in the nine months ended 30 September 2012). The operating profit was negatively affected by the Euro 4.1 million impairment of the Trezzo sull'Adda WTE plant as a result of the impairment testing performed when the half year report was prepared.

Finally, the operating profit for the first nine months of 2012 was influenced by the Euro 14.7 million impairment of goodwill relating to the Sicilian projects.

The **profit before taxation** and before non-controlling interests amounts to Euro 22.7 million, up 23.7% on the Euro 18.4 million for the same period of the previous year. It was also negatively affected by the lack of capitalised borrowing costs on investment contracts, which in the same period of 2012 came to Euro 2.7 million.

Net financial position

Net financial debt, without considering the fair value of derivatives¹, amounts to Euro 687.0 million, showing further improvement on the Euro 757.1 million at 31 December 2012. This reduction in debt is substantially due to the generation of cash flows from production plants, totalling approximately Euro 94 million, while investments in the period amounted to only Euro 35.0 million.

Non recourse loans amounted to Euro 745.7 million (Euro 775.4 million at 31 December 2012).

Net financial debt includes net financial liabilities of Euro 54.9 million relating to projects under construction that, at 30 September 2013, had not yet begun generating revenue. Not including this amount and the fair value of derivatives, net financial debt would have been Euro 632.0 million.

At 30 September 2013, **net financial debt, including the fair value of derivatives**, amounts to Euro 752.7 million, compared to Euro 842.8 million at 31 December 2012.

Installed production capacity

The following table illustrates installed capacity, analysed by technology:

Technology	(MW)		
	At 30.9.2013	At 31.12.2012	At 30.9.2012
Wind power	670,3	655,3	655,3
WTE	31,0	31,0	31,0
Biomass	14,0	14,0	14,0
Solar power	16,1	16,1	16,1
Total	731,4	716,4	716,4

1) The total net financial position is calculated as the sum of cash and cash equivalents, current financial assets including securities available for sale, financial liabilities, the fair value of hedging instruments and other non-current financial assets.

The Nutberry wind farm in Scotland started production with installed capacity of 15 MW. The Group's total installed capacity has now reached 731.4 MW.

In the first nine months of 2013, the Group **produced 1,366 GWh** of energy, up 7% on the same period of 2012, and **it treated roughly 240,000 tonnes of waste**, up 2% on the first nine months of the previous year.

Investments

In the first nine months of the year, investments in property, plant and equipment of Euro 34.7 million reflect the Group's financial commitment to developing wind power plants and improving plants that are already operating. During the period, investments mainly related to the construction of the wind farms in Spaldington and West Browncastle (Euro 17.8 million), Nutberry (Euro 6.5 million) and Kingsburn (Euro 2.0 million), and value adjustments to the wind farms in Millennium, Ben Aketil, Kilbraur and Boyndie, totalling Euro 3.9 million. In the period, the subsidiary Ecosesto SpA's Helios project entailed a significant investment of Euro 3.1 million to build a concentration thermodynamic system paired with a heating plant with the aim of boosting the heating plant's thermodynamic efficiency.

2013 events relating to the Sicilian projects

Reference should be made to the 2012 financial statements for information on 2013 events relating to the Sicilian projects.

Furthermore, with the measures dated 28 May 2013, the Joint Sections of the Court of Cassation admitted the appeals lodged by the Group companies on 23 September 2012 against the Milan Court's orders suspending the civil law proceedings. The cases were therefore ordered to continue. With respect to the administrative proceedings, on 23 July 2013, the Group companies lodged an appeal with the Administrative Justice Council for the Region of Sicily against the Palermo Regional Administrative Court's judgements determining (i) that the Second Jurisdiction Regulation was without grounds, (ii) the originating applications could not be pursued and (iii) the appeals should be denied for additional reasons lodged by the Group companies against Decree no. 548/2010.

Subsequent events

Authorisation was granted to build the Assel Valley wind farm near Girvan in southwest Scotland. It permitted for ten turbines with installed capacity of up to 30 MW.

Outlook

The following factors will influence the Group's results:

- the economic situation, which is particularly weak, will negatively impact the price of electricity throughout Europe, although renewable energies will benefit from mechanisms aimed at offsetting this effect ;
- the effects of CIP6 tariff cuts following Decree Law no. 69, published on 21 June 2013 (emergency measures to relaunch the economy) and the Ministry of Economic Development's Decree of 20 November 2012 will continue, unless the latter is found null and void as a result of the appeal lodged by the companies involved;
- it should be noted that the quarterly report already include Euro 2 million of negative impact on revenues due to the possible re-introduction of legislation for unbalancing charges. Although it was found null and void by the Lombardy Regional Administrative Court on 27 June 2013, the legislation on the unbalancing charges, which provided for the reversal of unbalancing charges to energy producers for non-programmable energy as well beginning in 2013, could be implemented

again in another form and adversely affect the 2013 revenue of the wind and solar power companies operating in Italy. The annual impact would be approximately Euro 3 million.

2013 revenue will benefit from a full year of production at the Petralia (22.1 MW) and Ty Ru (10 MW) wind farms in addition to the production of the Nutberry wind farm in the last three months of the year, with its installed capacity of 15 MW.

The extremely positive performance in the first nine months of 2013, due to the growth in volumes and more favourable energy source mix as a result of the effective management measures taken to contain costs and monitor financial items has almost completely offset the negative effects of the external events described above, which, however, will continue to have an impact in the fourth quarter of the year.

The UK plants that have been authorised in West Browncastle (30 MW), Spaldington Airfield (up to 15 MW) and Kingsburn (up to 22.5 MW) are slated to begin operating in the second half of 2014, the first half of 2015 and the first half of 2016, respectively.

Pursuant to article 20 of the by laws, the Board of Directors resolved to update the by laws to the new measures introduced by Italian law no. 120 of 12 July 2011, concerning the criteria ensuring gender equality among the officers of listed companies, and the related implementation regulations approved by Consob. In particular, the Board of Directors has approved the changes to articles 17 and 24 of the by laws.

The minutes of the resolutions of the Board of Directors and the updated text of the by laws will be made available to the public at the company's headquarters, with Borsa Italiana SpA and online on the Company's website www.falckrenewables.eu, as required by law.

Pursuant to article 154-bis.2 of the consolidated finance code, the manager responsible for preparing the corporate accounting reports, Mr. Paolo Rundeddu, states that the accounting information contained in this press release is consistent with the documentary evidence, ledgers and accounting entries.

The group's interim financial report at 30 September 2013 is available as required by law at the registered office at Corso Venezia 16, Milan, with Borsa Italiana SpA and online in the Investor Relations section of the www.falckrenewables.eu website.

At 10:00 am today, Wednesday 13 November 2013, a conference call will be held for analysts, investors and banks to present the interim financial report. Details on how to participate are available at www.falckrenewables.eu, in the news section. Support material will be made available online in the investor relations section when the conference call begins.

*Active in Europe with installed capacity of roughly 731 MW in 2013, **Falck Renewables SpA**, a Falck Group company that is listed on the stock exchange in the STAR segment ("FKR.MI"), develops, designs, builds and manages renewable source power production plants. Its mission is to contribute to meeting the energy needs of the population, in accordance with a specific integrated business plan based on the differentiation of production technologies and geographical areas. Through this strategy, the company is flexible in the allocation of investments, with the aim of mitigating risks and making the most of market opportunities.*

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Income statement

	(thousands of euros)				
	3rd quarter 2013	3rd quarter 2012	9 months to 30.9.2013	9 months to 30.9.2012	Year to 31.12.2012
Revenue	48,816	57,326	202,698	199,269	274,603
Direct personnel expense	(1,854)	(1,889)	(6,233)	(6,270)	(8,171)
Direct costs and expenses	(35,625)	(34,362)	(110,467)	(115,465)	(175,837)
Total cost of goods sold	(37,479)	(36,251)	(116,700)	(121,735)	(184,008)
Gross profit	11,337	21,075	85,998	77,534	90,595
Other income	716	533	1,470	1,424	2,516
Indirect personnel expense	(3,350)	(3,119)	(10,073)	(9,615)	(12,726)
General and administrative expenses	(7,428)	(6,062)	(16,817)	(16,359)	(30,846)
Adjustments to non-current assets					(70,946)
Operating profit (loss)	1,275	12,427	60,578	52,984	(21,407)
Net financial expense	(12,286)	(12,027)	(37,860)	(35,301)	(47,139)
Net investment income				676	686
Profit (loss) before taxation	(11,011)	400	22,718	18,359	(67,860)
Income taxes					(17,607)
Profit (loss) for the year					(85,467)
Profit (loss) attributable to non-controlling interests					(6,260)
Profit (loss) attributable to the owner					(79,207)
EBITDA (*)	18,166	29,611	113,293	115,268	157,952

(*) EBITDA - The Falck Renewables group measures EBITDA as earnings before income and expense from investments, net financial income/expense, amortisation, depreciation, impairment, provisions for risks and income taxes. This amount has been determined in line with best market practice taking into consideration the latest project financing contracts entered into by the Group.

Net financial position

				(thousands of euros)	
	30.9.2013	30.6.2013	31.12.2012	Changes	
	(1)	(2)	(3)	(4)=(1)-(2)	(5)=(1)-(3)
Current financial liabilities - third parties	(63,927)	(57,852)	(74,367)	(6,075)	10,440
Current financial liabilities - intragroup					
Current financial receivables - third parties	349	241	303	108	46
Current financial receivables - intragroup					
Other securities					
Liquid funds	161,780	141,713	139,178	20,067	22,602
Current net financial position	98,202	84,102	65,114	14,100	33,088
Non-current financial liabilities - third parties	(850,871)	(838,212)	(907,928)	(12,659)	57,057
Non-current financial liabilities - intragroup					
Other securities					
Non-current financial position	(850,871)	(838,212)	(907,928)	(12,659)	57,057
Net financial position, as per					
Consob communication no. DEM/6064293/2006	(752,669)	(754,110)	(842,814)	1,441	90,145
Non-current financial assets - third parties					
Non-current financial assets - intragroup					
Total net financial position	(752,669)	(754,110)	(842,814)	1,441	90,145
- including non recourse loans	(745,725)	(734,127)	(775,426)	(11,598)	29,701