FALCK RENEWABLES

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Registro Imprese
C. F. e P. I. 03457730962
REA MI-1675378

PRESS RELEASE

Falck Renewables SpA

The Board of Directors approves the draft financial statements and consolidated financial statements at 31 December 2013

Net Profit grows, Debt down
Operating Margin higher than expected

- **Revenues slightly up at € 275.9 million compared to € 274.6 million in 2012;**
- **Ebitda at € 156.8 million, significantly higher than expectations;**
- **Sharp growth in Operating Profit to € 79.3 million against a loss of € 21.4 million in 2012;**
- **Net Income at € 15.0 million compared to a loss of € 85.5 million in 2012 resulting from writedowns and adjustments;**
- **An improvement in net financial debt, excluding fair value on derivatives, to € 700.9 million compared to € 757.1 million at 31 December 2012;**
- **A dividend proposed of 0.032 euro per share.**

Milan, 13 March 2014 - **The Board of Directors of Falck Renewables SpA** met yesterday and approved the draft financial statements and consolidated financial statements at 31 December 2013.

2013 closed with better than expected results both in terms of margin and net income as a result of increased production, actions to improve operational efficiency and the absence of the significant writedowns carried out in 2012; these factors helped to compensate for falling electricity prices due to the recession in Europe and penalising regulatory measures adopted in certain countries in which the Group operates.

Piero Manzoni, CEO, commented: *"In 2013 the main economic indicators for Falck Renewables performed extremely well despite the weak economic situation and a number of regulatory developments, that showed throughout Europe downward pressure. The results for the year, which are better than expected, confirm the soundness of the strategic direction set out in the business plan and confirm the ability of the company to respond to structural changes in the market. In 2013 this direction was reflected in operating decisions and policies that have had a positive impact on the company's income statement and capital strength. The move towards international expansion took shape, amongst other things, in the important agreement with the Copenhagen Infrastructure fund, sponsored by Pension Danmark. This not only generated major financial resources but also lays the foundation for developing new projects in partnership, in Europe and beyond."*

Consolidated income statement results at 31 December 2013 and at 31 December 2012

		31.12.2013	31.12.2012
A	Revenues	275,861	274,603
	Direct personnel cost	(8,178)	(8,171)
	Direct costs and expenses	(158,280)	(175,837)
B	Total cost of sales	(166,458)	(184,008)
C	**Gross industrial profit**	**109,403**	**90,595**
	Other income	2,261	2,516
	Personnel overhead costs	(13,623)	(12,726)
	General and administrative costs	(18,736)	(30,846)
	Adjustments of non current assets		(70,946)
D	**Operating profit (loss)**	**79,305**	**(21,407)**
	Financial income and charges	(48,459)	(47,139)
	Equity investment income and charges		686
E	**Pre tax result**	**30,846**	**(67,860)**
	Total income taxes	(15,892)	(17,607)
F	**Net income**	**14,954**	**(85,467)**
G	Relating to minority interests	(135)	(6,260)
H	**Relating to Group**	**15,089**	**(79,207)**
	Ebitda	**156,848**	**157,952**

Income statement results at 31 December 2013

Consolidated revenues amount to € 275.9 million, an increase of 0.5% compared to € 274.6 million at 31 December 2012. The revenues trend reflects the decline in electricity prices, compared to 2012, particularly in Italy and Spain where significant regulatory measures have been introduced. This trend is due primarily to:

Wind power: revenues generated by the wind power sector, which report an increase of € 6.9 million, reflect the particularly low wind speeds recorded during the summer of 2013 compensated by the increase in installed production capacity resulting from the Eolica Petralia (22.1 MW) and Ty Ru (10 MW) wind farms which entered into service in the second half of 2012 and the Nutberry (15 MW) wind farm which started operations in the last quarter of 2013;

Waste to Energy, Biomass and Photovoltaic: this sector reports earnings down by about € 5.6 million arising from the revenues of the Trezzo sull'Adda and Granarolo dell'Emilia waste to energy facilities, which despite performing well, are influenced by the significant reduction in the valuation of the avoided cost of fuel. This considers, when calculating 2013 revenues from the sale of energy under the CIP6 regime, the Ministry of Economic Development's adoption of opinion no. 535/2012 expressed by the Italian Electricity and Gas Energy Authority under the terms of law 99/09. It should be remembered in this regard that the Group companies affected by this issue are awaiting the outcome of the petition brought to the Lazio TAR. 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.

Consolidated Ebitda amounts to € 156.8 million, a slight decrease compared to the previous year when it amounted to € 157.9 million. This performance is, however, very positive bearing in mind the reduction in the above incentives and the decision to account for imbalance charges of € 2.9 million, the regulations for which, even though annulled by the judgement of the Lombardy TAR of 27 June 2013, could, in another form (see Del. AEEG 262/2013), be re-implemented and have a negative impact on the earnings of the Italian wind sector companies; EBITDA is 56.9% of sales income compared to 57.5% at 31 December 2012.

Consolidated Operating Profit rose sharply to € 79.3 million compared to the loss of € 21.4 million in 2012 which had felt the significant impact of adjustments to noncurrent assets relating to the Sicilian Projects and impairment losses totalling € 111. 6 million combined with the amount set aside in the sundry risks provision of € 5.9 million. The Consolidated Operating Profit for 2013 is, however, affected by writedowns totalling € 13.7 million, following an impairment test carried out on goodwill, intangible and tangible fixed assets (including € 4.1 million attributable to the Trezzo sull'Adda waste to energy plant and € 4.0 million to the Rende biomass plant). In the absence of writedowns and adjustments, the comparison with the previous year would show a slight improvement (€ 92.4 million in 2013 against € 90.2 million in 2012).

Financial charges amount to € 48.5 million, a slight rise (of +1.3%) over 2012.
Taxes amount to € 15.9 million and reflect:

- a reduction in 2013 of the limit, from € 10 million to € 3 million of revenues and from € 1 million to € 300,000 of taxable income, for additional IRES (corporate income tax) at 10.5%. The Group companies affected by the above additional tax charge are: Prima Srl, Frullo Energia Ambiente Srl, Eolica Sud Srl, Eolo 3W Minervino Murge Srl, Ecosesto SpA and Geopower Sardegna Srl;
- an amendment by the Revenues Office, with Circular 36/E of 19 December 2013, to previous guidance on the tax rate for depreciating photovoltaic plants to be applied, to the extent compatible, to wind power plant investment as well. Pending possible future developments and In view of the uncertain interpretative framework, the Group has decided to adopt a prudent approach in 2013, complying with the Revenues Office interpretation and reducing the depreciation rate from 5% to 4% for tax purposes only.

As a result of the factors described above, the **Consolidated Net Income** amounts to € 15.0 million compared to a loss of € 85.5 million reported in 2012**.**

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Reclassified 2012 and 2013 income statements

The reclassified income statements for 2012 and 2013 are set out below to clarify core operations net of writedowns carried out following impairment tests and the effects of the Sicilian Projects and Pea:

(thousands of euro)

		31.12.2012 minus writedowns	Impairment writedowns	Writedowns/adjustments SICILY	31.12.2012 with writedowns
A	Revenues	274.603			274.603
	Direct personnel cost	(8.171)			(8.171)
	Direct costs and expenses	(139.041)	(7.499)	(29.297)	(175.837)
B	Total cost of sales	(147.212)	(7.499)	(29.297)	(184.008)
C	**Gross industrial profit**	**127.391**	**(7.499)**	**(29.297)**	**90.595**
	Other income	2.516			2.516
	Personnel overhead costs	(12.726)			(12.726)
	General and administrative expense:	(27.000)		(3.846)	(30.846)
	Adjustments of non current assets			(70.946)	(70.946)
D	**Operating profit (loss)**	**90.181**	**(7.499)**	**(104.089)**	**(21.407)**
	Financial income and charges	(46.819)		(320)	(47.139)
	Equity investment income and charg	686			686
E	**Pre tax result**	**44.048**	**(7.499)**	**(104.409)**	**(67.860)**

(thousands of euro)

		31.12.2013 minus writedowns	Impairment writedowns	Writedowns/adjustments SICILY	31.12.2013 with writedowns
A	Revenues	275.861			275.861
	Direct personnel cost	(8.178)			(8.178)
	Direct costs and expenses	(144.599)	(13.681)		(158.280)
B	Total cost of sales	(152.777)	(13.681)	0	(166.458)
C	**Gross industrial profit**	**123.084**	**(13.681)**	**0**	**109.403**
	Other income	2.261			2.261
	Personnel overhead costs	(13.623)			(13.623)
	General and administrative costs	(19.281)		545	(18.736)
	Adjustments of non current assets				
D	**Operating profit (loss)**	**92.441**	**(13.681)**	**545**	**79.305**
	Financial income and charges	(47.506)		(953)	(48.459)
	Equity investment income and charge:	0			
E	**Pre tax result**	**44.935**	**(13.681)**	**(408)**	**30.846**

The above tables illustrating the reclassified income statement figures minus writedowns/adjustments indicate that the operating profit and pre tax result rose by € 2,260 thousand and € 887 thousand respectively in 2013 compared to 2012.

Net financial position

The **net financial position**, **without the fair value of rate derivatives** [1], reports a debit balance of € 700.9 million, much lower than € 757.1 million at 31 December 2012. The fall in indebtedness is due essentially to the cash generated by production plants, amounting to about € 103.2 million, that more than offset investments made during the year totalling € 57.8 million.

Non recourse loans amount to Euro 723.4 million (Euro 775.4 million at 31 December 2012).
The net financial position includes € 63.6 million relating to plants under construction which, at 31 December 2013, had not started to generate revenue. Excluding this amount and the fair value of derivatives, the net financial position would be € 637.3 million.

As at 31 December 2013, **the net financial position, inclusive of the fair value of derivatives**, was € 756.8 million, compared with € 842.8 million at 31 December 2012.

Installed production capacity

The table below shows the installed capacity, distinguished by technology, illustrating the increase compared to 31 December 2012.

			(MW)
Technology	At 31 December 2013	At 31 December 2012	At 31 December 2011
Wind power	670.3	655.3	623.2
WTE	31.0	31.0	31.0
Biomass	14.0	14.0	14.0
Photovoltaic	16.1	16.1	16.1
Total	**731.4**	**716.4**	**684.3**

The Nutberry wind farm (15 MW) entered into service in September 2013, raising the overall installed capacity to 731.4 MW.

During the year the Group **produced 1,914 GWh** of energy, a rise of 6.7% compared to 2012, and **treated 322.2 tonnes of waste**, an increase of 2.7% on 2012.

Investments

Investments for the period, amounting to € 57.8 million, above all represent the Group's financial commitment to wind power installations and the hybridisation of the Rende plant.
Investments during this period related primarily to construction work in the wind power plants at Nutberry amounting to approximately € 7.8 million, Spaldington and West Browncastle totalling € 35.1 million, Kingsburn amounting to € 2.1 million and the Ecosesto SpA biomass plant, following completion of the hybridisation process based on the innovative combination of two different technologies.

Most significant operating events during 2013

1) The total net financial position is calculated *as the sum of liquid assets 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.*

September 2013 saw the commissioning of the Nutberry wind farm (United Kingdom), with an installed power of 15 MW.

Authorisation has been granted to construct the Assel Valley wind farm, located close to Girvan in the south west of Scotland. It will comprise ten turbines and have an installed power up to a maximum of 30 MW.

On 2 December 2013 Falck Renewables SpA, Falck Renewables Wind Ltd and some of their British-incorporated subsidiaries signed an agreement to sell 49% of the companies (the "**Target Companies**"), controlling six wind power plants already operating in the United Kingdom with an overall installed power of 272.8 MW (calculated at 100%), and a Co-Investment partnership with the Copenhagen Infrastructure I K/S ("CII") fund, financed by the Pension Danmark fund (principal pension fund aimed at the employment market in Denmark, with assets under management worth DKK 145 billion on behalf of 630,000 members) and managed by Copenaghen Infrastructure Partners K/S ("CIP").
The estimated price, for the sale both of 49% of the holdings and the subordinated shareholders' loans of the Target Companies, is 153 million pounds sterling (about € 183.5 million at the exchange rate at 31.12.2013) which will be paid in cash. The implicit price of each MW installed is hence in the region of € 2 million.
Based on the co-investment agreement, the parties intend to invest in other European projects in the energy sector which will be developed by the Falck Renewables Group exploiting its own significant pipeline in the different technologies. The Partnership includes short-term CII investments of € 100 million in FKR portfolio onshore wind power projects, already authorised or in the construction stage, and a further € 125 million in other plants in the energy sector in general.

Completion of the transaction, subject to a number of conditions precedent and approvals, is expected by 31 March 2014.

Significant events relating to the Sicilian Projects

With reference to the events in 2013 and the latest significant post-balance sheet events, it can be reported that:

- on 28 May 2013 the Court of Cassation filed the orders which, ruling on the application regarding jurisdiction and competence pursuant to arts. 41 and 42 Civil Procedures Code submitted by the Group companies (the First Ruling), ordered that the proceedings be brought before the Milan Court;

- in respect of the aforesaid orders, the civil proceedings were resumed with statements of resumption served on 27 September 2013. With orders dated 7-8 January 2014 the Milan Court, having acknowledged the resumption of proceedings, ruled the litigation "ready for a decision based on the records and documents" already filed by the parties confirming the hearings of 22 April 2014 "to instigate the cross examination between the parties";

the Group companies lodged an appeal on 23 July 2013 before the *Consiglio di Giustizia Amministrativa per la Regione Siciliana* (CGARS) against the Palermo TAR's judgements, which rejected the appeals they had brought. At the hearing on 11 December 2013, the CGARS adjourned the cases for a decision and, with the order of 6.02.2014, suspended the administrative proceedings until a decision of the Court of Cassation on the separate application regarding jurisdiction pursuant to art. 41 (the Second Ruling) to be discussed *a Sezioni Unite* at the hearing of 11 March 2014. After that hearing, the *Sezioni Unite* of the Court of Cassation ordered that the sessions be adjourned, granting the petitions filed by the Group companies, in order to permit service of the petition initiating the process of establishing jurisdiction on AMIA S.p.A. bankruptcy. The Court will then schedule a new hearing.

2013 post-balance sheet events

There are no significant events to report

Outlook

The regulatory and market context in which the Falck Renewables Group operates is undergoing profound change due to a generalised review of the incentive systems as well as the introduction of regulations to foster an increased level of competitiveness for renewable sources in the more general energy system context. These market changes, accompanied and often also accentuated by the depressive effects of the economic crisis on electricity consumption, have resulted in a review of the Group's business model in order to ensure its medium-long term stability.

In view of the above the Falck Renewables Group is engaged in implementing a medium-term Business Plan that will lead to a balancing of the Group's plant portfolio in favour of renewable energy sources, which can be planned and are less dependent on incentives, as well as improved performance in production plant development and management activities. A core feature of the Business Plan will include performance planning, management and improvement through the development and implementation of innovative solutions, services that could also be offered to third parties in the future.

Under this plan, if the transaction with the Copenhagen Infrastructure I K/S ("CII") fund is finalised, it will bring an improvement in the net financial position and a significant improvement in the Debt/Equity ratio and could result in greater availability of financial resources for future investments as well.

Throughout the year 2014 revenues will benefit from the energy produced by the Nutberry wind farm (15 MW), whereas the plants authorised in the United Kingdom at West Browncastle (30 MW), Spaldington Airfield (up to 15 MW) and Kingsburn (up to 22.5 MW) are scheduled to enter into service in the first quarter 2015, second half of 2015 and the first half of 2016 respectively.

Group EBITDA for the year 2014 will continue to suffer the impact of the introduction of regulatory changes and higher costs for the implementation of the new business model, and is therefore expected to range between 140 and 145 millions of euro.

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The Board of Directors will propose to the Shareholders' Meeting, scheduled for 29 April 2014, in first call, and 30 April 2014, in second call, that a unitary ordinary dividend be distributed, gross of statutory deductions, of 0.032 euro per share, for a maximum of about € 9.3 million, with detachment of the coupon n. 9 on 19 May (record date 21 May) and payment as from 22 May, subject to increase the legal reserve to one-fifth of the share capital by conversion of part of the share premium reserve.

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Attached are the schedules of the Falck Renewables Group extracted from the Consolidated Financial Statements at 31 December 2013 compared with the consolidated balance sheet figures at 31 December 2012.

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.

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The draft financial statements at 31 December 2013, together with the directors' report, are subject to audit, and the audit procedures are currently being completed.

The Company and Group Draft Financial Statements will be made available within the legal timeframes at the registered office at Corso Venezia 16 Milano, in Borsa Italiana SpA and in the Investor Relation section of the website www.falckrenewables.eu. They will be submitted for the approval of the Shareholders' Meeting which will be held in first call on 29 April 2013. The second call is fixed for 30 April 2013.

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On today's date at 10.00, a conference call will be held reserved for analysts, investors and banks for presentation of the financial figures at 31 December 2013. The details for the connection are available on the website www.falckrenewables.eu, in the news section. Supporting material will be made available online in the investor relations section when the conference call begins.

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Active in Europe with installed capacity of 731 MW at the 2013 year-end, ***Falck Renewables S.p.A.,*** *a Falck Group company listed on the Italian stock exchange in the STAR segment ("FKR.MI") develops, designs, builds and manages plants producing power 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 by production technologies and geographical segments. 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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Please note that the original version of this press release is in Italian, in case of doubts the original version prevails

FALCK RENEWABLES CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2013

Income statement

(thousands of euro)

		Notes	31.12.2013	*of which related parties*	31.12.2012	*of which related parties*
A	Revenues	(16)	275.861		274.603	
	Direct personnel cost	(17)	(8.178)		(8.171)	
	Direct costs and expenses	(18)	(158.280)		(175.837)	(26)
B	Total cost of sales		(166.458)		(184.008)	
C	**Industrial gross profit**		**109.403**		**90.595**	
	Other income	(19)	2.261	598	2.516	469
	Personnel overhead costs	(17)	(13.623)		(12.726)	
	General and administrative costs	(20)	(18.736)	(1.802)	(30.846)	(1.695)
	Adjustments of non current assets	(21)			(70.946)	
D	**Operating profit (loss)**		**79.305**		**(21.407)**	
	Financial income and charges	(22)	(48.459)	12	(47.139)	195
	Equity investment income and charges	(23)			686	747
E	**Pre tax result**		**30.846**		**(67.860)**	
	Total income taxes	(24)	(15.892)		(17.607)	
F	**Net income**		**14.954**		**(85.467)**	
G	Relating to minority interests		(135)		(6.260)	
H	**Relating to Group**		**15.089**		**(79.207)**	
	Group diluted earnings per share	(10)	*0,052*		*(0,272)*	

FALCK RENEWABLES

FALCK RENEWABLES CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Balance sheet

			Notes	31.12.2013	*of which related parties*	31.12.2012	*of which related parties*
							(thousands of euro)
Assets							
A	**Non current assets**						
	1	Intangible fixed assets	(1)	91,904		97,499	
	2	Tangible fixed assets	(2)	1,012,761		1,035,019	
	3	Securities and equity investments	(3)	4		5	
	4	Medium/long term financial receivables	(4)				
	5	Deferred tax assets	(7)	29,769		33,560	
	6	Sundry receivables	(6)	2,774		1,929	
	Total			**1,137,212**		**1,168,012**	
B	**Current assets**						
	1	Inventories	(8)	5,387		3,258	
	2	Trade receivables	(5)	131,435	2	114,938	201
	3	Sundry receivables	(6)	35,535	4,313	55,367	6,453
	4	Financial receivables	(4)	779		303	
	5	Securities					
	6	Cash and cash equivalents	(9)	126,982		139,178	
	Total			**300,118**		**313,044**	
C	**Non current assets held for sale**						
Total assets				**1,437,330**		**1,481,056**	
Liabilities							
D	**Shareholders' equity**						
	1	Share capital		291,414		291,414	
	2	Reserves		65,802		127,864	
	3	Retained earnings				3,916	
	4	Result for the year		15,089		(79,207)	
	Total Group shareholders' equity		(10)	**372,305**		**343,987**	
	5	Minority interests		6,527		(270)	
	Total shareholders' equity		(10)	**378,832**		**343,717**	
E	**Non current liabilities**						
	1	Medium/long term loans	(13)	820,209		907,928	
	2	Sundry payables	(15)				
	3	Deferred taxes		13,797		11,397	
	4	Provisions for risks and charges	(11)	40,538		43,412	
	5	Employee severance indemnity	(12)	4,447		3,994	
	Total			**878,991**		**966,731**	
F	**Current liabilities**						
	1	Trade payables	(14)	72,512	891	56,688	2,235
	2	Sundry payables	(15)	42,613	9,772	39,553	7,589
	3	Short term loans	(13)	64,382		74,367	
	4	Provisions for risks and charges					
	Total			**179,507**		**170,608**	
G	**Liabilities related to non current assets held for sale**						
Total liabilities				**1,437,330**		**1,481,056**	