

**PRESS RELEASE****Falck Renewables SpA****The Board of Directors approves the results as at 30 June 2015****All economic results up over HY 2014  
Net financial debt improved**

- **Revenue Euro 147.2 million up 16% compared to Euro 127.2 million for HY1 2014;**
- **Ebitda<sup>1</sup> at Euro 85.1 million, +18.1% over HY1 2014;**
- **Net result Euro 14.8 million compared to Euro 5.7 million for HY1 2014;**
- **Net financial debt, without including the fair value of derivatives, of Euro 556.3 million, an improvement compared to the figures at 31 December 2014 (Euro 560.0 million)**

Milan, 4 August 2015 – **the Board of Directors of Falck Renewables SpA** met today, examining and approving the interim financial report as at 30 June 2015.

The half-year results show a significant increase compared to the same period of 2014, recording in particular a net result of Euro 14.8 million compared to 5.7 in HY1 2014 and revenues of Euro 147.2 million versus 127.2 of the same period of the previous year. The good performance is reflected both in terms of profitability and Group net profit, also thanks to the efficient management of the plants, the minimization of structure costs and the optimization of energy sales contracts. Accounts were also positively affected by atmospheric conditions, with good wind emphasized by the location of the sites, and the favorable impact of the GBP/EUR exchange.

*“Falck Renewables continues its path of development - commented Piero Manzoni, CEO of Falck Renewables - living up to the commitments made in the business plan communicated, with the closing of the corporate loan agreements until 2020, and laying the basis for further growth phase, the definition of which the company is currently working on. The positive trend in revenues is affected by environmental factors, such as excellent wind in the period, but nonetheless is driven by greater installed production capacity related to the wind farm in West Browncastle (30 MW) that became operational at the end of the last month of HY 2014, as well as the contribution to improve structure efficiency and optimize energy contracts and the contribution made by Vector Cuatro, which in the previous HY did not appear in our income statement”.*

*“The positivity of this result is even more evident if we consider that the increase in revenues was partially limited by the decline in the average sale prices of electricity of the plant of Trezzo sull’Adda, the reduction*

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<sup>1</sup> The Falck Renewables Group measures EBITDA as earnings before income and expense from investments, net financial income/expense, amortization, depreciation, impairment, provisions for risks and income taxes.

*of incentive tariff of Italian solar plants, the reduction in prices in pounds of electricity in the United Kingdom and the reduction of production of the plant of Trezzo sull'Adda due to the shutdown of the plant for scheduled maintenance in March this year."*

*"Given this trend, the Group has been able to maintain excellent profitability, with EBITDA in the HY up 18.1%, and increased margins to 57.8% of revenues. Falck Renewables - Manzoni concluded - aims to continue to represent an Italian story of success in the world, bringing its rate of innovation and development also in cutting-edge sectors such as renewable energy, while maintaining solid profitability for its shareholders".*

**Consolidated results at June 30, 2015 and June 30, 2014**

(thousands of Euro)

	30.6.2015	30.6.2014
A Revenue	147,234	127,183
Direct personnel expense	(5,818)	(3,395)
Direct costs and expenses	(79,369)	(69,058)
B Total cost of goods sold	(85,187)	(72,453)
<b>C Gross profit</b>	<b>62,047</b>	<b>54,730</b>
Other income	3,037	4,324
Indirect personnel expense	(7,017)	(8,266)
General and administrative expenses	(12,047)	(11,126)
<b>D Operating profit (loss)</b>	<b>46,020</b>	<b>39,662</b>
Net financial expense	(24,501)	(25,295)
Net investment income	156	(1)
Net equity investment income	1,690	761
<b>E Profit (loss) before taxation</b>	<b>23,365</b>	<b>15,127</b>
Income tax expense	(8,576)	(9,444)
<b>F Profit (loss) for the year</b>	<b>14,789</b>	<b>5,683</b>
G of which profit (loss) attributable to non-controlling interests	6,049	2,968
<b>H of which profit (loss) attributable to the Group</b>	<b>8,740</b>	<b>2,715</b>
<b>EBITDA</b>	<b>85,126</b>	<b>72,063</b>

### **Introduction**

The accounting standards and evaluation policies used in the preparation of this interim report at 30 June 2015 are unchanged from those adopted in the previous period and FY.

It should be noted that, following the acquisition dated 15 September 2014, Falck Renewables SpA holds control of the Vector Cuatro group. In accordance with the provisions of IFRS 3 on business combinations it is necessary: (i) to determine the total cost of the acquisition; (ii) to allocate, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed, including those not recognized prior to the purchase; (iii) to recognize the goodwill acquired in the combination. These operations must take place within 12 months from the date of acquisition.

Since completion of the determination and precise identification at 30 June 2015, the current values have been defined of the assets and liabilities of the Vector Cuatro group, with particular reference to the value of existing contracts with customers considered that the Vector Cuatro group operates in services to customers with contracts entered into in different countries and with different expiries.

Therefore, the balance sheet and income statement figures at 31 December 2014 were restated, taking into account the effects of the above activities, and show an increase in assets of Euro 1,802 thousand, an increase in liabilities of Euro 1,854 thousand and a decrease in equity and net result of Euro 52 thousand.

### **Comparison of the consolidated income statements as at June 30, 2015 and June 30, 2014**

The **Consolidated Revenues** are up sharply (+16%) compared to HY1 2014 mainly due to:

- (i) the excellent wind conditions that characterized the HY and the greater installed production capacity related to the wind farm in West Browncastle (30 MW), which became operational at the end of the last month of HY 2014;
- (ii) the consolidation of the Vector Cuatro group, acquired in September 2014, whose revenues for the HY amounting to Euro 4.3 million, were not present in the first half of the previous year;

The increase in revenues was partially limited by the decline, however expected over HY1 2014, of average prices for the sale of electricity of the plant in Trezzo sull'Adda with special reference to the avoided cost component (CIP 6/92 ), expired in August 2014 relative to 15 MW (3 MW still remain), the reduction of electricity prices in pounds in the UK and the reduction of production of the Trezzo sull'Adda plant due to the shutdown of the plant for scheduled maintenance in March this year. It should be noted that, last year, the WTE plant in Trezzo had not produced electricity since the end of April due to the breakdown of the alternator and this had partially reduced revenues for the HY.

### **Sector trends**

**Wind:** revenues generated by wind power, equal to Euro 114.4 million, show an increase of Euro 17.7 million and benefit from the excellent wind conditions that characterized the HY, the full operation of the wind plant in West Browncastle (30MW) compared to the same period of 2014 and the revaluation of the pound against the euro.

**Waste to Energy, Biomass and Photovoltaic:** the sector showed revenues down from the first half of 2014 to Euro 1.9 million, mainly due to the decline in revenues of the WTE plant in Trezzo sull'Adda, which are influenced by the reduction in the average price of electricity sales, with particular reference to the "avoided cost" component (6/92), expired in August 2014 in relation to 15 MW (3 MW still remain) and the shutdown for the scheduled maintenance of the WTE plant in March.

**Services:** the sector includes the Spanish group Vector Cuatro, acquired on 15 September 2014. This sector is active in the services and in the management of plants for the production of renewable energy, with a deep-rooted international presence. It also offers engineering services and consultancy in the development of projects for generating electricity primarily from solar and wind power.

The revenues of this sector amounted to Euro 4.3 million and are not comparable with the first half of 2014 as the first consolidation was carried out from October 2014.

As a result of the major factors mentioned above the **Consolidated Ebitda** increases sharply (+18.1%) to Euro 85.1 million (Euro 72.1 million in HY1 2014) and linked to revenues is equal to 57.8% (56.7% in HY1 2014).

The **Consolidated Operating Result** amounted to Euro 46.0 million with an incidence of 31.3% of sales revenues, in line with as recorded in HY1 2014 (31.2%).

The operating result includes the write-downs as a result of impairment testing of the hybrid plant in Rende for Euro 4.0 million.

After financial charges of around Euro 24.5 million (down vs. HY1 2014), income from investments for about Euro 1.8 million and taxes for Euro 8.6 million (9.4 million in the same period in 2014), the **Net Result** amounts to approximately Euro 14.8 million, up sharply vs. HY 2014 (Euro 5.7 million).

### ***Net financial position***

**Net financial position, without considering the fair value of derivatives<sup>2</sup>**, amounts to Euro 556.3 million, slightly lower compared to Euro 560.0 million at 31 December 2014.

Investments made during the year, amounting to Euro 15.8 million, amounting to Euro 14.6 million not including sales, dividends distributed amounting to Euro 19.6 million, and exchange rate differences on net borrowings in pounds to Euro 24.6 million, were more than offset by the cash generation of the Group amounting to Euro 62.6 million.

“Non recourse” loans amount to Euro 665.2 million (Euro 673.8 million at 31 December 2014).

Net financial position includes net financial liabilities of Euro 33.2 million relating to projects under construction that, at 30 June 2015, had not yet begun generating revenue; not including this amount and the fair value of derivatives, net financial debt would have been Euro 523.0 million.

**Net financial position, including the fair value of derivatives** at 30 June 2015, amounts to Euro 623.4 million (Euro 638.1 million at 31 December 2014).

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2) 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.

**Installed production capacity**

The following table illustrates installed capacity, analyzed by technology at 30 June 2015.

Technology	(MW)		
	Year to 30.6.2015	Year to 30.6.2014	Year to 31.12.2014
Wind power	674,6	674,6	674,6
WTE	20,0	20,0	20,0
Biomass	15,0	15,0	15,0
Solar power	16,1	16,1	16,1
<b>Total</b>	<b>725,7</b>	<b>725,7</b>	<b>725,7</b>

During the year, the Group **has produced energy for 1,001 GWh**, an increase of 11.6% over HY1 2014 mainly thanks to the excellent wind conditions, and **treated 135 thousand tons of waste**.

**Investments**

In HY1 2015, investments in the period of Euro 15.8 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 Assel Valley (Euro 7.5 million), Kingsburn (Euro 3.4 million), Auchrobert (Euro 2.2 million), Spaldington (Euro 0.9 million). Expenses were also incurred for improvements on the WtE plant in Trezzo sull'Adda for Euro 0.9 million and other minor investments for a total of Euro 0.9 million.

**Most important management events during the first half of 2015**

With sentence filed on 11 February 2015, the Constitutional Court declared the constitutional illegitimacy of the Robin Tax, the additional tax applied, at certain conditions, to companies in the energy sector, with effect on tax periods following 31 December 2014.

The illegality is however effective from the day following the publication of the sentence in the Official Gazette, thus as of 12 February 2015.

It should be noted that, given the invitation to the conciliation agreement pursuant to Art. 185 Code of Civil Procedure formulated 27 March 2015 by the Judge of the Court of Milan, at the hearings held on 8 June 2015, Falck Renewables S.p.A., Falck S.p.A., Elettroambiente S.p.A., Tifeo, Platani and Pea have settled out with the Department and the Presidency of the Region of Sicily disputes concerning procedures for the construction of WTE plants, held in 2002 (the "Sicily Projects"). This involved, among other things, without expenses to be borne by the parties involved, the reciprocal waiver of all claims arising from the facts and acts of the litigation, of the tenders of 2002 and the subsequent relationships between the parties as part of the sentences (even with respect to administrative sentences pending before the CGARS for which the decision of extinction is pending for the acts of waiver notified and filed). It should also be noted that some other shareholders of Platani and Pea joined the aforementioned settlement.

On 12 June 2015, Falck Renewables S.p.A. entered into a loan agreement of Euro 150 million with a syndicate of leading banks composed of Banco Popolare S.c., even as Agent Bank, Banca Popolare di Milano S.c.a.r.l, Banca Popolare di Sondrio S.c.p.a., Credito Valtellinese S.c., Intesa Sanpaolo S.p.A., Mediobanca S.p.A., Banca Monte dei Paschi di Siena S.p.A., UBI Banca S.c.p.a. and UniCredit S.p.A.

The operation is aimed at supporting the financial needs and the development of the Group's activities.

The Loan Agreement consists of a revolving credit line for an amount of Euro 150 million, maturing 30 June 2020.

The Loan Agreement envisages considerably more favorable conditions, both in terms of spread and covenants, allowing a significant reduction in financial expenses, compared to the previous corporate financing transaction made by the Company. It should be noted that the previous corporate financing, signed 14 January 2011 and expiring 30 June 2015, was repaid in full at the end of May 2015.

### **Outlook**

The Group's results for FY 2015 will benefit from the entire year of production by the West Browncastle wind power plant for 30 MW, which in 2014 contributed for about half of the year, and the consolidation of the Vector Cuatro Group, again for the whole year (whilst in 2014, it only contributed towards Group results for three months).

The performance of HY1 2015, far above expectations, is an excellent basis for achieving very positive results the whole year. Confirmation of this positive trend throughout the year will depend on (i) the production factors for the coming months that are not predictable, (ii) the economic situation which currently is still having a negative impact on the demand for electricity and (iii) the regulatory environment in light of the proposed reductions just announced by the British Government on the intention to abolish the exemption from the Climate Change Levy, which represented, through the mechanism of LECs, an additional remuneration of renewable energy plants that could be added to the regulatory interventions, carried out in Italy for 2015 and that were not present in the previous year, related to charges of imbalance and reduction of 8% of the incentive fee on 16.1 MW of the Group's solar plants.

In light of the half-year figures, the Group confirms the guidance on EBITDA in the range between Euro 132 and 137 million.

The development of the Group will continue through the construction and commissioning of projects authorized in the United Kingdom of Spaldington Airfield (11.75 MW), Kingsburn (22.5 MW), Auchrobert (up to 36 MW) and Assel Valley (25 MW). The operation is expected in HY2 2016 for Spaldington and Kingsburn, while for Assel Valley it is planned from the beginning of Q1 2017 and for Auchrobert from the end of Q1 2017.

The Constitutional Court declared the unconstitutionality of the Robin Tax, this will have a positive effect on the Group's net results.

The Group is well positioned, both in terms of skills and in terms of economic and financial resources, to meet the new challenges.

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*Attached are the statements of the Falck Renewables Group taken from the Financial Report as at June 30, 2015, compared with the consolidated equity data as at December 31, 2014 and the consolidated data as at June 30, 2014.*

*The Executive Responsible for drawing up the company's 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 interim financial report at 30 June 2015 is available as required by law at the registered office at Corso Venezia 16, Milan, on-line in the Investor Relations section of the website [www.falckrenewables.eu](http://www.falckrenewables.eu) and in the storage mechanism authorized by SDIR-NIS managed by Bit Market ([www.emarketstorage.com](http://www.emarketstorage.com)).*

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At 4:30 pm today, 4 August 2015, 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](http://www.falckrenewables.eu), in the news section. Support material will be made available on-line in the investor relations section when the conference call begins.

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*Active in Europe with installed capacity of roughly 762 MW in 2014 (726 MW according to IFRS 11 reclassification), **Falck Renewables S.p.A.**, a Falck Group Company 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. Thanks to this strategy, the Company is flexible in allocating investments, with the aim of mitigating risks and seizing market opportunities.*

*For information:*

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**Interim financial report as at 30.06.2015 – Balance sheet**

		(thousands of Euro)			
	Notes	30.6.2015		31.12.2014 (1)	
			<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)	112,189		106,008	
2 Property, plant and equipment	(2)	979,237		965,732	
3 Securities and investments	(3)				
4 Investments accounted for at equity	(4)	19,928		19,595	
5 Medium/long-term financial receivables	(5)	763		25	25
6 Trade receivables	(6)				
7 Deferred income tax assets	(8)	23,947		29,245	
8 Other receivables	(7)	9,509		9,601	
<b>Total</b>		<b>1,145,573</b>		<b>1,130,206</b>	
<b>B Current assets</b>					
1 Inventories	(9)	4,318		5,313	
2 Trade receivables	(5)	118,541	614	117,527	494
3 Other receivables	(7)	32,600	6,835	38,322	11,319
4 Financial receivables	(5)	91	15	856	
5 Securities					
6 Cash and cash equivalents	(10)	179,875		207,606	
<b>Total</b>		<b>335,425</b>		<b>369,624</b>	
<b>C Non-current assets held for sale</b>					
<b>Total assets</b>		<b>1,480,998</b>		<b>1,499,830</b>	
<b>Liabilities</b>					
<b>D Equity</b>					
1 Share capital		291,414		291,414	
2 Reserves		180,795		173,879	
3 Retained earnings					
4 (Loss)/profit for the year		8,740		3,300	
<b>Equity attributable to the Group</b>	(11)	<b>480,949</b>		<b>468,593</b>	
5 Non-controlling interests		39,644		31,115	
<b>Total Equity</b>	(11)	<b>520,593</b>		<b>499,708</b>	
<b>E Non-current liabilities</b>					
1 Medium/long-term financial liabilities	(14)	724,604		758,640	
2 Trade payables		1,014		1,046	
3 Other payables	(16)				
4 Deferred income tax liabilities	(8)	20,460		18,827	
5 Provisions for other liabilities and charges	(12)	38,255		37,214	
6 Staff leaving indemnity	(13)	3,871		3,820	
<b>Total</b>		<b>788,204</b>		<b>819,547</b>	
<b>F Current liabilities</b>					
1 Trade payables	(15)	53,078	797	50,774	445
2 Other payables	(16)	39,604	7,046	41,825	9,979
3 Short-term financial liabilities	(14)	79,519		87,976	
4 Provisions for other liabilities and charges					
<b>Total</b>		<b>172,201</b>		<b>180,575</b>	
<b>G Liabilities attributable to non-current assets held for sale</b>					
<b>Total liabilities</b>		<b>1,480,998</b>		<b>1,499,830</b>	

**Interim financial report as at 30.06.2015 – Income Statement**

		(thousands of Euro)			
		30.6.2015		30.6.2014	
		<i>of which related parties</i>		<i>of which related parties</i>	
<b>A</b>	Revenue	147,234		127,183	
	Direct personnel expense	(5,818)		(3,395)	
	Direct costs and expenses	(79,369)		(69,058)	
<b>B</b>	Total cost of goods sold	(85,187)		(72,453)	
<b>C</b>	<b>Gross profit</b>	<b>62,047</b>		<b>54,730</b>	
	Other income	3,037	778	4,324	277
	Indirect personnel expense	(7,017)		(8,266)	
	General and administrative expenses	(12,047)	(782)	(11,126)	(1,563)
<b>D</b>	<b>Operating profit (loss)</b>	<b>46,020</b>		<b>39,662</b>	
	Net financial expense	(24,501)	132	(25,295)	(2,776)
	Net investment income	156		(1)	
	Net equity investment income	1,690	1,690	761	761
<b>E</b>	<b>Profit (loss) before taxation</b>	<b>23,365</b>		<b>15,127</b>	
	Income tax expense	(8,576)		(9,444)	
<b>F</b>	<b>Profit (loss) for the year</b>	<b>14,789</b>		<b>5,683</b>	
<b>G</b>	of which profit (loss) attributable to non-controlling interests	6,049		2,968	
<b>H</b>	<b>of which profit (loss) attributable to the Group</b>	<b>8,740</b>		<b>2,715</b>	
	<i>Result attributable to the Group per base and diluted share (Euro)</i>	<i>0,030</i>		<i>0,009</i>	