

## PRESS RELEASE

### Falck Renewables SpA

## The Board of Directors approves the draft financial statements and consolidated financial statements at December 31, 2015.

### Revenues and EBITDA clearly up on the previous year. Net result doubled. Net financial debt down.

- **Revenues** of Euro 270.7 million, up 9% compared to last year's Euro 248.3 million;
- **EBITDA** up 12.6% to Euro 152.4 million as compared with the Euro 135.3 million for FY 2014;
- **Net result** stands at Euro 18.7 million as compared with the Euro 8.9 million for last year.
- The **Group result** goes from Euro 3.3 million in 2014 to Euro 5.3 million (+60%);
- **Net financial debt, including the fair value of derivatives**, down to Euro 629.9 million from the Euro 638.1 million as at December 31, 2014.
- **Dividend** of Euro 0.045 per share proposed, with yield of approximately 4.7 %.

Milan, March 10, 2016 – the **Board of Directors of Falck Renewables SpA** met today, approving the draft and consolidated financial statements as at December 31, 2015.

*"The excellent year that has just ended – the Chairman of Falck Renewables, Enrico Falck, commented – confirms the company's solidity. With turnover up 9%, margins of 56.3% on revenues and a net Group result up 60% to Euro 5.3 million, we can look to the future on excellent bases. During the year, we invested 60 million in developing the business, we reduced net debt to around 8 million and obtained financing for 150 million from a pool of primary banks, aimed at supporting the development of future activities. The excellent Group positioning, both in terms of competences and economic and financial resources, will allow us to give a further boost to industrial development."*

*"A solid result – the Chief Executive Officer Toni Volpe commented - that has strengthened the company in a market context that looks to be challenging for 2016. The 2015 result benefited from good wind levels in Europe and the appreciation of the pound sterling that offset the general reduction of the incentives in the UK. Moreover, the construction of the four wind power plants, full operation of which is envisaged for the second half of 2016 for the first two and, starting from the first quarter of 2017 for the others, should help*

consolidate the position in the UK and in wind power. I also believe the downturn to net financial debt and financial expense to be very positive indeed, particularly as compared with the investments made in the development.

**Consolidated results at December 31, 2015 and December 31, 2014**

*Euro thousands*

		12.31.2015	12.31.2014 (*)
A	Revenue	270,740	248,325
	Direct personnel expense	(11,118)	(7,169)
	Direct costs and expenses	(155,443)	(142,951)
B	Total cost of goods sold	(166,561)	(150,120)
<b>C</b>	<b>Gross profit</b>	<b>104,179</b>	<b>98,205</b>
	Other income	6,209	9,365
	Indirect personnel expense	(14,152)	(15,240)
	General and administrative expenses	(29,923)	(21,628)
<b>D</b>	<b>Operating profit (loss)</b>	<b>66,313</b>	<b>70,702</b>
	Net financial expense	(45,101)	(49,820)
	Net investment income	151	213
	Net equity investment income	2,433	409
<b>E</b>	<b>Profit (loss) before taxation</b>	<b>23,796</b>	<b>21,504</b>
	Income tax expense	(5,100)	(12,592)
<b>F</b>	<b>Profit (loss) for the year</b>	<b>18,696</b>	<b>8,912</b>
G	Profit (loss) attributable to non-controlling interests	13,421	5,612
<b>H</b>	<b>Profit (loss) attributable to the owners of the parent</b>	<b>5,275</b>	<b>3,300</b>
	<i>Result attributable to the Group per base and diluted share</i>	<i>0,018</i>	<i>0,012</i>
	<b>EBITDA (**)</b>	<b>152,375</b>	<b>135,292</b>

(\*) Data restated to reflect the adjustments made following the application of IFRS 3 - Business combinations - in relation to the purchase of the Vector Cuatro Group.

(\*\*) 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. This amount has been determined in line with best market practice taking into consideration the latest project financing contracts entered into by the Group.

## **Economic results as at December 31, 2015**

**Consolidated Revenues** stand at Euro 270.7 million, up 9% on the Euro 248.3 million recorded as at December 31, 2014: the favorable trend primarily reflects the excellent wind levels recorded in the United Kingdom, the full operation of the West Browncastle wind park (30 MW), the consolidation of the Vector Cuatro Group for the whole of 2015, the revaluation of the sterling (approximately +11% on 2014) with respect to the euro and the efficient technical management of plants that has assured high performance, successfully maximizing the positive effects deriving from the excellent wind levels. The growth in turnover was partially reduced both by the effect of the unexpected abolition in the United Kingdom of the LECs (Levy Exemption Certificates) starting from August 2015, and the forecast reduction of average prices for the sale of electricity of the Trezzo sull'Adda plant, with specific reference to the avoided cost component (CIP 6/92).

**Other income** goes from Euro 9.4 million in 2014 to Euro 6.2 million for FY 2015 as a result of the lesser insurance indemnities obtained for the compensation of the claim relating to the Trezzo waste-to-energy plant booked in FY 2014.

Below are the main changes in Consolidated Revenues according to sector:

**Wind power:** The revenues generated by the sector, equal to Euro 202.6 million, show an increase of Euro 15.6 million with respect to last year. This increase is above all thanks to the excellent wind levels that characterized the first and second quarter of 2015, to the greater installed production capacity deriving from the West Browncastle (UK) wind farm that in 2014 was only operative as from June, and the revaluation of the sterling (+11% on 2014) with regards to the euro, with reference to the revenues generated by the UK plants.

**Waste to Energy, Biomass and Photovoltaic:** sector revenues come in at Euro 59.6 million, showing an increase on December 31, 2014 of around Euro 0.4 million, primarily due to the greater production of electricity by the waste-to-energy plant of Trezzo sull'Adda and the greater sale of energy by the Rende plant. It should also be noted that, last year, the WTE plant in Trezzo did not produce electricity from the end of April through to mid-October due to the breakdown of the alternator and this had partially reduced revenues for the first nine months. The revenues of the WTE plant in Trezzo sull'Adda were also 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 2015.

**Services:** This sector revenues, comprising the Spanish Vector Cuatro Group, come to Euro 8.8 million. It should be specified that the Group, acquired on September 15, 2014, was consolidated as from October 1, 2014, hence it is impossible to compare the data.

**Consolidated EBITDA** comes to Euro 152.4 million and shows a sharp rise with respect to the Euro 135.3 million as at December 31, 2014 (Euro 17.1 million, equal to approximately +12.6%), coming in at 56.3% of revenues from sale as compared with the 54.5% booked the previous year. The above factors, together with the reaction to the European electricity tariff trends and regulatory interventions, went towards assuring a greater value with respect to the guidance interval (Euro 137-142 million), disclosed to the market in 2015.

The **Consolidated Operating Result** stands at Euro 66.3 million as compared with the Euro 70.7 million for FY 2014. The Operating Result is primarily influenced: by greater amortization/depreciation as a result of the revaluation of the sterling and greater installed capacity, by net provisions made for risks and to the provision for adjustment of items of the assets and the provision for doubtful debt for a total of Euro 8.0 million and

write-downs, net of value restorations, for a total of Euro 9.9 million, following both the impairment testing carried out on goodwill and plant, property and equipment and intangible fixed assets recorded as assets on the balance sheet and the downgrading of the investment in Verus Energy Oak Ltd to the developer. In FY 2014, impairment had totaled Euro 1.9 million.

Net financial expenses come to Euro 45.1 million, down 9.4% on the Euro 49.8 million of 2014, essentially due to the lesser interest expense relative to the shareholder loans disbursed by CII Holdco Ltd and lesser financial costs/charges on the Corporate Loan subscribed on June 12, 2015.

Group consolidated **tax** comes to Euro 5.1 million, down Euro 7.5 million on last year. The difference is mainly due to:

- **less current tax for around Euro 1.8 million**, following the declaration that the Robin Hood Tax was anti-constitutional;
- **tax benefit of Euro 3.5 million**, deriving from the adjustment to the changes in tax rates in place in the United Kingdom and Italy. In 2015, in fact, both Italy and the United Kingdom approved reductions in current tax rates, which entailed a recalculation of deferred tax assets and liabilities, with a positive impact on the income statement;
- registration of a tax benefit, in terms of **less current tax, equal to Euro 3.4 million**, following the legal conciliation in relation to the Sicilian Projects carried out by the Group and Council and Presidency of the Region of Sicily. This amount was considered as fully recoverable under the scope of the tax consolidation for FY 2015, which will be liquidated by 12.31.2016. The remaining tax benefit (of approximately Euro 5 million, currently not booked by either the companies in liquidation nor on the consolidated statements) will be fully or partially booked over the forthcoming financial year/s if the prudential requirement is met of the companies remaining in the liquidation regime for the time necessary to obtain, with equal certainty, the amount of the proceed from the consolidation deriving from or guaranteed by the Group tax consolidation calculated with reference to said time frame.

By virtue of the foregoing trends, the **Net Result** records a positive balance of Euro 18.7 million, equal to 6.9% of revenues. As a result of the minorities deriving from the Borea Operation whereby in 2014, 49% of six wind power plants in the United Kingdom was sold off, the Group Result comes to Euro 5.3 million (Euro 3.3 million in 2014). The minorities are growing on 2014, due to the greater profits recorded by the plants located in the United Kingdom as a result of the excellent wind levels.

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

As of December 31, 2015, **net financial debt, inclusive of the fair value of derivatives**<sup>1</sup>, was Euro 629.9 million, (Euro 638.1 million at December 31, 2014). Investments made during 2015, for approximately Euro 60.0 million, dividends distributed for Euro 21.9 million and the revaluation of the sterling against the euro (Euro 16 million), were partially offset by the cash generation of Euro 88.0 million and by the increase in fair value of derivatives hedging interest rate risk.

**Net financial debt, without considering the fair value of derivatives**, amounts to Euro 566.6 million, showing a slight increase on the Euro 560.0 million at December 31, 2014.

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<sup>1</sup> 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.

“Non recourse” loans amount to Euro 634.7 million (Euro 673.9 million at December 31, 2014). Net financial debt includes net financial liabilities of Euro 81.6 million relating to projects under construction that, at December 31, 2015, had not yet begun generating revenue. Not including this amount and the fair value of derivatives, net financial debt would have been Euro 485.0 million.

### ***Installed production capacity***

The following table illustrates installed capacity (MW), analyzed by technology:

Technology	Year to 12.31.2015	Year to 12.31.2014
Wind power	674,6	674,6
WTE	20,0	20,0
Biomass	15,0	15,0
Solar power	16,1	16,1
<b>Total</b>	<b>725,7</b>	<b>725,7</b>

During FY 2015 the Group produced **1,852 GWh** of energy, a rise of 9.3% compared to FY 2014 (1,694 GWh), and treated approximately 282.8 tonnes of waste, an increase of 4.4% on the 270.8 thousand tonnes treated in FY 2014.

### ***Investments***

In 2015, investments in fixed assets came to approximately Euro 60.0 million, mainly concerning:

- Wind power sector: Euro 58.3 million, primarily for the construction of wind parks in Assel Valley (Euro 15.9 million), Spaldington (Euro 9.6 million), Auchrobert (Euro 12.2 million), Kingsburn (Euro 19.5 million) and West Browncastle (Euro 0.6 million) in the United Kingdom;
- WtE, biomass and photovoltaic sector: Euro 0.9 million for improvements on the waste-to-energy plant of Trezzo sull'Adda;
- Services sector: Euro 0.5 million for the new management system and the restructuring of the Madrid and Tokyo offices.

### ***Economic-financial trend of Falck Renewables SpA***

FY 2015 closes with profits of Euro 10.8 million as compared with the Euro 30.0 million booked the previous year. The result is affected, for euro 18.2 million, by the dividends accrued by investments (down on the Euro 39.4 million of 2014, including the benefits of the Borea operation), net of the impairment of them applied following the impairment testing, for a total of around Euro 4.0 million (mainly relating to the subsidiary Ecosesto SpA for Euro 3.8 million).

### ***Summary of the most important management events during FY 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 SpA, Falck SpA, Elettroambiente SpA, 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, 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 waiver has been notified and extinction is expected). On June 5, 2015, an agreement was stipulated by Amia, Falck Renewables and Falck, on which basis, amongst others, Falck Renewables (also through the company it has appointed) undertook to purchase the investments held by Amia in Pea and Platani, respectively equal to 48% and 0.41% of the share capital, and the receivables due to Amia from Pea and Platani. On December 16, 2015, the receivables due to AMIA from Pea and Platani were transferred to Falck Renewables SpA. On December 17, 2015, the investments held by AMIA in Pea and Platani were transferred respectively to Falck Renewables SpA and Elettroambiente.

On 12 June 2015, Falck Renewables SpA entered into a loan agreement of Euro 150 million with a pool of leading banks composed of Banco Popolare Sc, as Agent Bank and other Lending Banks namely Banca Popolare di Milano Scarl, Banca Popolare di Sondrio Scpa, Credito Valtellinese Sc, Intesa Sanpaolo SpA, Mediobanca SpA, Banca Monte dei Paschi di Siena SpA, UBI Banca Scpa and UniCredit SpA.

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 than previous one, 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.

On December 10, 2015, Piero Manzoni and the company Falck Renewables SpA reached an agreement for the cessation of the administration contract, by virtue of which Piero Manzoni tendered his resignation, with effect as from December 31, 2015, from the office of Company director and CEO.

### ***2015 post-balance sheet events***

#### **FRUK Holdings loan (no. 1) Ltd:**

On January 26, 2016, the company FRUK Holdings (No.1) Ltd, parent company of Cambrian Wind Energy Ltd and Boyndie Wind Energy Ltd and The Bank Of Tokyo Mitsubishi stipulated a deed amending the loan contract in place whereby the bank took over as the sole lender of the positions held by the other banks of the pool, at the same time granting an additional loan facility to FRUK Holdings (No.1) Ltd, equal to 36.7 million pounds sterling. The two existing facilities on Cambrian Wind Energy Ltd and Boyndie Wind Energy Ltd were unchanged.

The new facility granted to FRUK ultimately expired on December 31, 2025 and enabled the partial reimbursement of the more expensive subordinated loan of CII Holdco Ltd, also enabling any optimization of the Group's financial management.

#### **Appointment of Chief Executive Officer and General Manager:**

The Board of Directors of Falck Renewables S.p.A., which met on February 4, chaired by Enrico Falck, has coopted Toni Volpe as Company director and at the same time resolved to appoint him as Chief Executive

Officer and General Manager of the Company, with effect from February 22, 2016. The application was analyzed by the Human Resources Committee, which ruled unanimously in favor of the choice.

### **Outlook**

The Group results in FY 2016 will benefit for the second half from the production of the wind plants of Spaldington and Kingsburn, for a total of 34.3 MW.

However, the Group's results will suffer the reducing prices of electricity, due to the weak demand for electricity, the recent significant, repeated drops in the price of gas and oil and the slowing of some important non-European economies. The Group forecasts electricity prices taking a downturn with respect to the 2015 averages in Italy, Spain and the United Kingdom, whereas in France, the feed in tariff mechanism will constitute a shield against such changes. As was also the case in 2015, the Group will be taking initiatives aimed at optimizing performance and limiting operating costs, so as to reduce these effects and gain a better position at the time the economic cycle recovers.

The construction of the Assel Valley (25 MW) and Auchrobert (36 MW) plants will continue and be completed, and are expected to be fully operative as from the first quarter of 2017.

The regulatory and market context in which the Falck Renewables Group operates is undergoing profound change due to a generalized 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, will be covered in the new business plan set to be unveiled to the market in the fall.

In a market context that is expected to be difficult in FY2016, the Group will cope with new challenges boosting industrial development, improving operating plant performance and ensuring growth in the service sector with Vector Cuatro.

The Board of Directors will suggest to the Shareholders' Meeting, scheduled for this coming April 28, 2016 (at first calling, or April 29, 2016 at second calling) that it distributes a dividend per share, gross of legal withholdings, of Euro 0.045 per share, of which Euro 0.03698 from profits for the year 2015 and Euro 0,00802 from distribution of retained earnings carried forward, for an amount of around Euro 13 million, with ex-dividend date no. 11 of May 9 (record date May 10) and payment as from May 11.

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*Attached are the statements of the Falck Renewables Group taken from the Consolidated financial statements as at December 31, 2015, compared with the consolidated equity data as at December 31, 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 draft financial statements as at and for the year ended December 31, 2015, along with the directors' report, have been subject to audit, and the audit procedures are currently being completed.*

*The company's draft financial statements and the Group's draft consolidated financial statements will be made available within the legal deadline 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](http://www.falckrenewables.eu) website. In addition, they will be submitted for the shareholders' approval during the Shareholders' Meeting to be held on first call on April 28, 2016. The second call is scheduled for April 29, 2016.*

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A conference call will be held for analysts, investors and banks at 6.00 PM today, Thursday March 10, 2016, to present the interim financial data as at December 31, 2015. 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 2015 (726 MW according to IFRS 11 reclassification), **Falck Renewables S.p.A.**, 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. 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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**FALCK RENEWABLES Consolidated financial statements at 12.31.2015**  
**Income Statement**

		(thousands of Euro)			
		12.31.2015		12.31.2014 (1)	
		Notes	<i>of which</i>	<i>of which</i>	<i>of which</i>
			<i>related</i>		<i>related</i>
A	Revenue	(17)	270,740		248,325
	Direct personnel expense	(18)	(11,118)		(7,169)
	Direct costs and expenses	(19)	(155,443)		(142,951)
B	Total cost of goods sold		(166,561)		(150,120)
<b>C</b>	<b>Gross profit</b>		<b>104,179</b>		<b>98,205</b>
	Other income	(20)	6,209	1,301	9,365
	Indirect personnel expense	(18)	(14,152)		(15,240)
	General and administrative expenses	(21)	(29,923)	(1,635)	(21,628)
<b>D</b>	<b>Operating profit (loss)</b>		<b>66,313</b>		<b>70,702</b>
	Net financial expense	(22)	(45,101)	(3,387)	(49,820)
	Net investment income	(23)	151		213
	Net equity investment income	(24)	2,433	2,433	409
<b>E</b>	<b>Profit (loss) before taxation</b>		<b>23,796</b>		<b>21,504</b>
	Income tax expense	(25)	(5,100)		(12,592)
<b>F</b>	<b>Profit (loss) for the year</b>		<b>18,696</b>		<b>8,912</b>
G	Profit (loss) attributable to non-controlling interests		13,421		5,612
<b>H</b>	<b>Profit (loss) attributable to the owners of the parent</b>		<b>5,275</b>		<b>3,300</b>
	<i>Result attributable to the Group per base and diluted share</i>	(11)	<i>0,018</i>		<i>0,012</i>

(1) Data as at December 31, 2014 has been restated to reflect the adjustments made following the application of IFRS 3 - Business combinations - in relation to the purchase of the Vector Cuatro Group.

**FALCK RENEWABLES Consolidated financial statements at 12.31.2015**

**Balance Sheet**

				(thousands of Euro)	
		12.31.2015		12.31.2014 (1)	
		Notes	<i>of which</i>		<i>of which</i>
			<i>related</i>		<i>related</i>
<b>Assets</b>					
<b>A</b>	<b>Non-current assets</b>				
	1 Intangible assets	(1)	109,288		106,008
	2 Property, plant and equipment	(2)	973,151		965,732
	3 Securities and investments	(3)			
	4 Investments accounted for at equity	(4)	20,919		19,595
	5 Medium/long-term financial receivables	(5)	777		25
	6 Deferred income tax assets	(8)	26,097		29,245
	7 Other receivables	(7)	19,797		9,601
	<b>Total</b>		<b>1,150,029</b>		<b>1,130,206</b>
<b>B</b>	<b>Current assets</b>				
	1 Inventories	(9)	4,868		5,313
	2 Trade receivables	(6)	110,710	379	117,527
	3 Other receivables	(7)	37,949	10,110	38,322
	4 Financial receivables	(5)	137	5	856
	5 Securities				
	6 Cash and cash equivalents	(10)	128,874		207,606
	<b>Total</b>		<b>282,538</b>		<b>369,624</b>
<b>C</b>	<b>Non-current assets held for sale</b>				
	<b>Total assets</b>		<b>1,432,567</b>		<b>1,499,830</b>
<b>Liabilities</b>					
<b>D</b>	<b>Equity</b>				
	1 Share capital		291,414		291,414
	2 Reserves		175,783		173,879
	3 Retained earnings				
	4 (Loss)/profit for the year		5,275		3,300
	<b>Equity attributable to the Group</b>	(11)	<b>472,472</b>		<b>468,593</b>
	5 Non-controlling interests		46,499		31,115
	<b>Total Equity</b>	(11)	<b>518,971</b>		<b>499,708</b>
<b>E</b>	<b>Non-current liabilities</b>				
	1 Medium/long-term financial liabilities	(14)	685,485	32,705	758,640
	2 Trade payables	(15)	1,114		1,046
	3 Other payables	(16)			
	4 Deferred income tax liabilities	(8)	20,071		18,827
	5 Provisions for other liabilities and charges	(12)	43,270		37,214
	6 Staff leaving indemnity	(13)	3,767		3,820
	<b>Total</b>		<b>753,707</b>		<b>819,547</b>
<b>F</b>	<b>Current liabilities</b>				
	1 Trade payables	(15)	45,154	257	50,774
	2 Other payables	(16)	40,348	10,556	41,825
	3 Short-term financial liabilities	(14)	74,153	6,359	87,976
	4 Provisions for other liabilities and charges	(12)	234		
	<b>Total</b>		<b>159,889</b>		<b>180,575</b>
<b>G</b>	<b>Liabilities attributable to non-current assets held for sale</b>				
	<b>Total liabilities</b>		<b>1,432,567</b>		<b>1,499,830</b>

(1) Data as at December 31, 2014 has been restated to reflect the adjustments made following the application of IFRS 3 - Business combinations - in relation to the purchase of the Vector Cuatro Group.