

**PRESS RELEASE**

## Falck Renewables S.p.A.

### The Board of Directors approves the results of the first quarter 2017: Revenues, EBITDA and Pre-tax Profit grow

- **Revenue** Euro 77.5 million (+5.9%) compared to Euro 73.2 million for the first quarter 2016;
- **EBITDA**<sup>1</sup> Euro 45.3 million (+6.4%) compared to Euro 42.6 million for the first quarter 2016, with 58.5% margin on revenues;
- **Pre-tax result** Euro 19.5 million (+24.8%) compared to 15.6 million for the first quarter 2016;
- **Net financial debt, not considering the fair value of derivatives, down came to Euro 506 million**, in line with the Euro 503.3 million of December 31, 2016.

**Milan, May 11, 2017**– In a meeting held today, **the Board of Directors of Falck Renewables S.p.A.** reviewed and approved the interim financial report at March 31, 2017.

The Group closed the first quarter of 2017 with results that improved on the same period, mainly thanks to a significant increase in the average prices of sale of electricity in Italy, Spain and the United Kingdom, which to a large extent offset the poor period wind levels and negative effect of the devaluation of the pound against the euro with reference to energy production in the United Kingdom.

**Chief Executive Officer Toni Volpe** commented as follows: *“We record a good start of the 2017-2021 industrial plan presented 5 months ago thanks to a very positive quarter. The company improved its results compared to the same period last year, despite wind conditions far below expectations offset by an increase in average selling prices in our reference markets and by steady attention to operational efficiency.”*

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<sup>1</sup> EBITDA - 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 project financing contracts entered into by the Group.

**Consolidated results at March 31, 2017 and March 31, 2016**

	(thousands of Euro)		
	03.31.2017	03.31.2016	12.31.2016
Revenue	77,452	73,159	249,622
Direct personnel expense	(3,002)	(2,706)	(11,423)
Direct costs and expenses	(37,842)	(36,193)	(139,623)
Total cost of goods sold	(40,844)	(38,899)	(151,046)
<b>Gross profit</b>	<b>36,608</b>	<b>34,260</b>	<b>98,576</b>
Other income	1,050	255	7,107
Indirect personnel expense	(4,004)	(3,964)	(15,537)
General and administrative expenses	(5,483)	(4,882)	(30,502)
<b>Operating profit (loss)</b>	<b>28,171</b>	<b>25,669</b>	<b>59,644</b>
Net financial expense	(9,755)	(11,089)	(41,374)
Net investment income			(79)
Net equity investment income	1,101	1,053	1,160
<b>Profit (loss) before taxation</b>	<b>19,517</b>	<b>15,633</b>	<b>19,351</b>
Income taxes			(17,486)
<b>Profit (loss) for the year</b>			<b>1,865</b>
Profit (loss) attributable to non-controlling interests			5,800
<b>Profit (loss) attributable to the owners of the parent</b>			<b>(3,935)</b>
<b>EBITDA (1)</b>	<b>45,303</b>	<b>42,568</b>	<b>136,292</b>

**Consolidated revenue** amounts to Euro 77.5 million, up 5.9% compared to Euro 73.2 million for the first quarter 2016.

The increase in revenues is mainly due to the significant increase in prices of electricity sales and in the perimeter.

Production fell below expectations, both with respect to the first quarter 2016, as the GWh produced by the wind sector came to 497 with respect to the 512 of the same period of 2016 (-3% with respect to the same period of 2016). The GWh produced globally by all Group technologies came to 557, as compared with the 570 of Q1 2016 (-2% on the same period of 2016), due to the poor wind levels in Spain, but even more so in Italy and France. With respect to production expectations in the United Kingdom, a downturn has been recorded that has not allowed the installed capacity, albeit growing (785 MW of Q1 2017 as compared with 725.7 MW of Q1 2016) to express its full production potential.

In addition to this, the devaluation of the pound against the euro of 10.4%, with reference to production in the United Kingdom.

Below is the performance of revenues per sector:

**Wind power:** the sector reports revenues for Euro 60.3 million, up 1.8% thanks to the price of sale of electricity, including the incentive, up on the first quarter 2016, in Italy by 16%, in Spain by 144% and in the United Kingdom by 15%, whilst in France the feed in tariff mechanism neutralized these increases.

**WtE and biomass:** the sector records revenues of Euro 14.6 million, up 23% on the first quarter of 2016, mainly as a result of the electricity sales prices, including the incentive component, by 4% for WtE plants and 2% for solar plants. More specifically, the Ecosesto SpA biomass plant benefited from a 27% increase in the sales price of energy produced, also thanks to the legislative change introduced as from 1 July 2016, according to which the incentive for biomass plants is adjusted according to the wind plant mechanism.

**Services:** Revenues are up 29.5% to Euro 2.7 million, thanks above all to greater revenues from transactions and asset management services in Spain, the United Kingdom, Japan, Italy and France.

**EBITDA** for the first quarter 2017 reaches Euro 45.3 million, up 6.4% on the Euro 42.6 million in the first quarter 2016, with an EBITDA margin of 58.5% (58.2% in the first quarter 2016). The improvement is mainly due to the greater revenues achieved in the period under review.

**Net financial expense** comes in at Euro 9.8 million, down 12% on the Euro 11.1 million for the first quarter 2016; this is due to: i) management's action aimed at reducing the cost of debt through the renegotiation of some project financing; (ii) the lesser debt, positively also affected by the depreciation of the sterling against the euro; and (iii) lesser exchange differences.

As a result of the factors described above, in the first quarter of 2017 the Falck Renewables Group recorded a **positive result before taxes and before non-controlling interests** amounting to **Euro 19.5 million, and therefore up 24.8%** on the 15.6 million recorded in the first quarter of 2016.

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

**Net financial debt, without considering the fair value of derivatives**, amounts to Euro 506.0 million, basically in line with the Euro 503.3 million at December 31, 2016. The increase is mainly due to the net period investments for approximately Euro 5.4 million and the purchase of own shares for approximately Euro 1 million, offset by the cash generated by operating plants for approximately Euro 4 million (Euro 43.6 million in the first quarter 2016), whilst the revaluation of the euro against the sterling brought a worsening of around Euro 0.3 million; the reduction in cash generated by the plans, as compared with 2016, is mainly due: (i) to the change in

current assets for investments made in 2016 and paid in the first quarter of 2017 for approximately Euro 27 million; and (ii) performance in collection of trade receivables for approximately Euro 12 million.

As of March 31, 2017, **net financial debt, inclusive of the fair value of derivatives**, was Euro 565.0 million, (Euro 562.0 million at December 31, 2016).

### Investments

During the first quarter of 2017, investments in property, plant and equipment came to Euro 5.4 million and mainly regarded the construction of the Auchrobert wind farm for euro 5.1 million.

### Installed production capacity

Technology	(MW)		
	Year to 31.3.2017	Year to 31.12.2016	Year to 31.3.2016
Wind power	733,9	733,9	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>785,0</b>	<b>785,0</b>	<b>725,7</b>

Installed capacity has increased by 59.25 MW to 785.0 MW with respect to March 31, 2016, following the commissioning of the wind farms of Spaldington Airfield, Kingsburn and Assel Valley.

After closure of the quarter, the wind farm of Auchrobert in the United Kingdom began operating, consisting of 12 turbines for total installed power of 36 MW, which took total capacity to 821 MW.

### Most important management events during the first quarter of 2017

The Shareholders' meeting held on January 16, 2017 authorized the purchase and disposal of treasury shares. As at May 11, 2017, 1,050,000 shares had been purchased, equating to 0.3603% of the share capital. In all, 1,510,000 shares are held, accounting for 0.5182% of the share capital, for an average cost of Euro 0.9524 per share.

### Subsequent events

The Shareholders' Meeting of April 27, 2017 approved, at the end of a process that also involved its human resources committee, the "2017-2019 Stock Grant Plan" intended for the Chief Executive Officer and managers and employees holding key positions in the Company and its subsidiaries, in accordance with Art. 114-bis of Italian Legislative Decree no. 58 of February 24, 1998 (the "Consolidated Finance Act").

In April 2017, the wind power plant of Auchrobert, in the United Kingdom, started operating, consisting of 12 turbines for a total installed power of 36 MW.

## **Outlook**

The Group's results for FY 2017 benefit from the production, for the entire year, of the wind power plants of Spaldington, Assel Valley and Kingsburn, in the United Kingdom, for a total of 59.25 MW and for nine months the plant of Auchrobert (36 MW), which started operating fully at the start of the second quarter 2017.

The Business Plan unveiled to the market on November 29, 2016 and to which we would refer you for more information, expects to see a strong boost to development and investments in new wind and solar power plants, including in new markets (Nordic countries, Northern Europe and the United States of America), starting from 2017; the effects in terms of additional installed capacity, will be seen in the 2018 and 2019 results, although financial parameters will be constantly monitored.

In February 2017, Falck Renewables North America Inc. was established in the state of Delaware, as the start-up of activities in the United States of America.

Some investment opportunities are currently being assessed in new markets (Nordic countries, Northern Europe, United States of America).

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

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*The interim financial report at March 31, 2017 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.*

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At 11 Am of May 12, a conference call will be held for analysts, investors and banks, to present the interim financial report at March 31, 2017. 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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**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 power production plants from renewable sources. It is active in Europe, with installed capacity of 858 MW in 2017 (821 MW according to the IFRS 11 reclassification) and produces energy in Italy, Great Britain, Spain and France worth more than two billion kWh per year, using wind power, solar power, biomass and waste-to-energy technologies.

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**Interim Financial Report at March 31, 2017  
Income Statement**

	(thousands of Euro)		
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<b>EBITDA (1)</b>	<b>45,303</b>	<b>42,568</b>	<b>136,292</b>

**Interim Financial Report at March 31, 2017  
Net Financial Position**

	(thousands of Euro)		
	03.31.2017	12.31.2016	03.31.2016
Current financial liabilities - third parties	(68,909)	(66,776)	(76,683)
Current financial liabilities - intragroup			
Current financial receivables - third parties	22	189	1,726
Current financial receivables - intragroup			1
Other securities			
Liquid funds	252,087	256,611	180,103
<b>Current net financial position</b>	<b>183,200</b>	<b>190,024</b>	<b>105,147</b>
Non-current financial liabilities - third parties	(750,179)	(753,169)	(694,922)
Non-current financial liabilities - intragroup			
Other securities			
<b>Non-current financial position</b>	<b>(750,179)</b>	<b>(753,169)</b>	<b>(694,922)</b>
<b>Net financial position pursuant to Consob circular</b>			
<b>Consob communication no. DEM/6064293/2006</b>	<b>(566,979)</b>	<b>(563,145)</b>	<b>(589,775)</b>
Non-current financial assets - third parties	1,946	1,189	739
Non-current financial assets - intragroup			
<b>Total net financial position</b>	<b>(565,033)</b>	<b>(561,956)</b>	<b>(589,036)</b>
- of which non recourse project financing	(731,642)	(734,875)	(662,661)
- of which fair value of derivatives	(59,043)	(58,631)	(70,213)
<b>Net financial position net of fair value of derivatives</b>	<b>(505,990)</b>	<b>(503,325)</b>	<b>(518,823)</b>