

PRESS RELEASE

Falck Renewables S.p.A.

The Board of Directors approves the Interim Report as of September 30, 2017

**EBITDA + 8% over the first nine months of 2016 and expected guidance to
increase to not less than euro 138 mln at year end**

**Highly Positive economic Results over nine months and improvement of
Net Financial debt**

- **Revenue** Euro 198.9 million (+10.6%) compared to Euro 179.9 million in the first nine months of 2016;
- **EBITDA¹** Euro 103.6 million (+8.1%) compared to Euro 95.9 million in the first nine months of 2016;
- **Pre-tax result Euro 27.2 million (+60.0%)** compared to Euro 17.0 million for the first nine months of 2016;
- **Pre-tax result of the third quarter of 2017 more than quadrupled at Euro 1.8 million** as compared with the Euro 0.4 million in the third quarter of 2016;
- **Net financial debt, including the fair value of derivatives, up Euro 524.4 million** compared to Euro 562.0 million as at December 31, 2016;
- Agreements for the group to enter new markets (Norway, Sweden and the USA) for approximately **277 MW**.

Milan, November 9, 2017 – In a meeting held today, **the Board of Directors of Falck Renewables S.p.A.** reviewed and approved the Interim Financial Report at September 30, 2017.

Chief Executive Officer Toni Volpe commented as follows: *“The positive trend in results is confirmed, along with great consistency with the short and long-term goals fixed in the Business Plan presented last year.”*

¹ 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 income statement results as at September 30, 2017 and September 30, 2016

	(thousands of Euro)				
	3rd quarter 2017	3rd quarter 2016	Year to 9.30.2017	Year to 9.30.2016	Year to 12.31.2016
Revenue	57,860	51,229	198,869	179,853	249,622
Direct personnel expense	(3,164)	(2,819)	(9,500)	(8,512)	(11,423)
Direct costs and expenses	(34,116)	(31,967)	(108,649)	(102,016)	(139,623)
Total cost of goods sold	(37,280)	(34,786)	(118,149)	(110,528)	(151,046)
Gross profit	20,580	16,443	80,720	69,325	98,576
Other income	413	251	4,030	2,890	7,107
Indirect personnel expense	(3,944)	(3,613)	(12,116)	(11,438)	(15,537)
General and administrative expenses	(7,424)	(4,421)	(19,126)	(16,414)	(30,502)
Operating profit (loss)	9,625	8,660	53,508	44,363	59,644
Net financial expense	(8,834)	(9,415)	(28,425)	(29,434)	(41,374)
Net investment income		(11)	46	(11)	(79)
Net equity investment income	962	1,140	2,023	2,047	1,160
Profit (loss) before taxation	1,753	374	27,152	16,965	19,351
Income taxes					(17,486)
Profit (loss) for the year					1,865
Profit (loss) attributable to non-controlling interests					5,800
Profit (loss) attributable to the owners of the parent					(3,935)
EBITDA (*)	25,373	24,520	103,587	95,866	136,292

Results of the third quarter 2017

The third quarter shows a very positive performance both in terms of revenue and margins, which is reflected in a **pre-tax result of Euro 1.8 million**, showing good improvement on the Euro 0.4 million booked for the third quarter 2016.

The quarter's **revenue grows by 12.9% to Euro 57.9 million**, as compared with the Euro 51.2 million of the third quarter 2016, mainly as a result of (i) the significant increase in average prices of electricity sales in Italy, Spain and the United Kingdom, and (ii) the greater period production (+29 GWh) due to the increase in installed capacity, which more than offset the depreciation of the pound sterling against the euro (-5.4% on the third quarter 2016), with reference to production in the United Kingdom, and the period seasonality.

Quarter three **EBITDA** comes to Euro 25.4 million, up 3.5% on the Euro 24.5 million recorded for the same period of 2016 (with a 43.9% incidence on revenue), primarily reflecting the favorable trend of revenues and influenced by costs in support of initiatives to develop new markets, as envisaged by the Business Plan. **EBIT** amounts to Euro 9.6 million, up 11.1% compared to Euro 8.7 million for the third quarter 2016.

Economic results as at September 30, 2017

Consolidated revenues amount to Euro 198.9 million, up 10.6% compared to Euro 179.9 million in the first nine months of 2016.

The increase in revenues is mainly attributable to the significant increase in electricity sales prices and to the expansion of the perimeter, partly offset by the depreciation of the Pound with respect to the Euro (-8.0% compared to the same period), with reference to production in the United Kingdom.

During the first nine months of 2017, the Group produced energy for 1,401 GWh, up 3.3% on the same period of 2016, of which 1,220 GWh were produced by the wind power sector (+3.5% YoY), mainly as a result of the greater capacity installed in the United Kingdom (+ 61 MW). In general, although production has grown on the first nine months of 2016, it was in any case 8% below expectations due to lesser wind levels in all countries in which the Group operates. The Group has also processed 188,670 tons of waste, down 2.4% on the 193,396 tons processed during the same period of 2016.

Below is the performance of revenues per sector:

Wind power: the sector reports revenues for Euro 146.2 million, up 9.6% thanks to the price of sale of electricity, including the incentive, up on the first nine months of 2016, in Italy by 13%, in Spain by 74% and in the United Kingdom by 13%, whilst in France the feed in tariff mechanism neutralized these increases. The increase in production compared to the same period of 2016 was 3.56%. The increase in revenues was partially offset by the aforementioned devaluation of the Pound with respect to the Euro of 8.0%, with reference to production in the United Kingdom.

WtE, Biomass and Photovoltaic: the sector records revenues of Euro 44.3 million, up 13.2% over the first nine months of 2016, mainly as a result of the electricity sales prices, including the incentive component, by 19% for WtE plants and 2% for solar plants. Revenues were also affected by the increase in the waste treated at the Gorle plant as well as the best performance of the Ecostesto SpA biomass plant, whose production is up by about 11%. Moreover, the Ecostesto SpA biomass plant benefited from a 20% increase in the sales price of energy produced, also thanks to the legislative change introduced as from July 1, 2016, according to which the incentive for biomass plants is adjusted according to the wind plant mechanism.

Services: the sector records revenues of Euro 8.9 million, up 21.2%, especially due to higher revenues from transactions, engineering and asset management services in Spain, the United Kingdom, Japan and Italy.

EBITDA for the first nine months of 2017 comes in at Euro 103.6 million, up 8.1% on the Euro 95.9 million recorded in the same period of 2016, with an EBITDA margin of 52.1%. The improvement is mainly due to the greater revenues achieved in the period under review, partially reduced by the greater costs incurred in support of the development initiatives envisaged by the Business Plan.

Operating Result amounted to Euro 53.5 million, an increase of 20.6% compared to 44.4 million in the first nine months of 2016, with an impact on sales revenues of 26.9% (24.7% compared to the same period of 2016)

and benefited from both EBITDA improvement and lower depreciation of Euro 6.5 million following the update of the useful life of wind and photovoltaic plants carried out by independent experts, taking into account the current contractual constraints (mainly rent/land surface rights and authorizations/concessions), which resulted in an average increase in useful life from 20 years to 22.5 years. This effect was partially offset by the increase in amortization as a result of the greater installed capacity.

EBIT benefits from greater income for Euro 1.1 million, to a large extent due to greater compensation for damages and contractual penalties and greater contributions on capital account pursuant to Italian Law No. 488 (equal to approximately Euro 1.9 million as at September 30, 2017) and incorporates greater provisions for risks and doubtful debt for 1.6 million, mainly to the adjustment of future expenses to be paid for extraordinary maintenance works relative to the subsidiary Ecosesto SpA.

Net financial expense improved compared to the first nine months of 2016 by Euro 1.0 million due to i) management's action aimed at reducing the cost of debt through the renegotiation of some project financing; (ii) less debt, also positively affected by the devaluation of the Pound with respect to the Euro and (iii) less exchange differences. These effects more than offset the reduction in interest earned on Group liquidity reserves as a result of the increase in the amount of project financing and the increase in the debt at fair value of Royalty instruments that was affected by the effect of the future prices of the electricity expected to increase in the United Kingdom.

As a result of the factors described above, the **pre-tax result comes in at Euro 27.2 million, an increase of 60.0% compared to Euro 17.0 million in the first nine months of 2016.**

Net Financial Position

The **net financial position, including the fair value of derivatives**, improved strongly, with a debt balance of Euro 524.4 million compared to Euro 562.0 million as at December 31, 2016. The cash generated in the period amounted to Euro 54.3 million and was partially offset by (i) net investments and changes in the consolidation area for Euro 21.5 million, (ii) dividends paid for Euro 15.7 million and (iii) purchase of treasury shares for Euro 1 million. The depreciation of the pound sterling as compared with the euro has a positive effect on net financial debt in sterling, in the amount of Euro 8.9 million whilst the change in fair value of derivatives led to a positive effect on the net financial position of Euro 12.5 million.

Investments

During the first nine months of 2017, investments in fixed assets come to Euro 21.5 million and mainly refer to the acquisition of concessions for the construction of the Okla (Norway), Hennøy (Norway), Brattmyrlden (Sweden) and Åliden (Sweden) plants for approximately Euro 9.6 million, the construction of the Auchrobert wind farm for Euro 7.9 million and improvements to the Prima and Ecosesto plants for approximately Euro 1.3 million and in the Eolo 3W Minervino Murge and Eolica Sud wind farms for approximately Euro 1.8 million.

Installed production capacity

Technology	(MW)		
	Year to 30.9.2017	Year to 31.12.2016	Year to 30.9.2016
Wind power	769.9	733.9	708.9
WTE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Photovoltaic	16.1	16.1	16.1
Total	821.0	785.0	760.0

The installed capacity increased by 36.0 MW compared to December 31, 2016 and reached 821.0 MW, following the entry into operation of the Auchrobert wind farm in the United Kingdom, consisting of 12 turbines.

Most important management events during the third quarter of 2017

In July 2017, Falck Renewables Nederland BV was set up as start-up of activities in the Netherlands.

On September 1, acquisition was closed, for which a preliminary agreement had been signed on July 10, of a majority interest (80%) in Vestavind Kraft AS, which has two approved wind-power projects in Norway (Hennøy and Okla) with a total capacity of approximately 70 MW. As part of the transaction, Falck Renewables is expected to be able to exercise an option on additional 125 MW of wind power projects developed by Svelgen Kraft Holding in Norway. The price had been established as Euro 2.2 million, entirely self-financed, in addition to a potential earn-out of 3.8 million, following the final investment decision. In the phase following closing, the seller will need to fulfill some obligations relating to grid connection.

On September 22, following on from the preliminary contract stipulated on August 5, the acquisition was perfected by E.ON Wind Sweden AB of 100% of two limited liability companies (Åliden Vind AB and Brattmyrliden Vind AB), which own two projects ready for construction in Sweden, for a total capacity of approximately 115 MW wind power generation. The acquisition of the shares consist of an initial outlay of approximately Euro 3.7 million for Åliden and Euro 1.6 million for Brattmyrliden, in addition to a potential earn-out of Euro 0.75 million for Åliden and Euro 1.25 million for Brattmyrliden. E.ON Wind Sweden AB, the original developer of the projects, will continue to cooperate with Falck Renewables during the construction and will supply O&M services.

On September 25, an agreement was stipulated between Falck Renewables IS42 LLC (a full subsidiary) and Canadian Solar Inc., for the acquisition of 99% of the shares in the Canadian Solar IS-42 photovoltaic project, for a total capacity of 92 MW, situated in North Carolina. The price established is approximately 42.8 million US dollars, subject to adjustment at closing. Closing is expected for the end of November 2017 and is subject to a series of conditions precedent, including regulatory approval and the consent of third parties.

Subsequent events

There are no significant events worthy of report.

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 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.

Some investment opportunities are currently being assessed in Italy, Northern Europe and the United States of America.

Guidance

For 2017, the EBITDA guidance originally envisaged in the range of Euro 132-136 million, in view of the favorable trend of results in the first nine months of the year, has been increased to a value of at least Euro 138 mln.

The update to the Business Plan will be presented on December 12, 2017.

Thanks to the Group's excellent positioning, both in terms of expertise and in terms of economic and financial resources, and its ability to react, there are all the internal conditions to meet future challenges.

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.

The Interim Financial Report at September 30, 2017 is available as required by law at the registered office at Corso Venezia 16, Milan, with Borsa Italiana SpA and online in the Investor Relation section of the www.falckrenewables.eu website.

At 6:00 PM a.m. on November 9, 2017, 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.

Falck Renewables S.p.A., a Falck Group company listed on the Italian stock exchange in the STAR segment, develops, designs, builds and manages power production plants from renewable sources. With installed capacity of 858 MW in 2017

FALCK RENEWABLES

(821 MW according to the IFRS 11 reclassification) in Italy, Great Britain, Spain and France, it produces energy worth more than two billion kWh per year, using wind power, solar power, biomass and waste-to-energy technologies. Through Vector Cuatro, a wholly-owned subsidiary based in Madrid, Falck Renewables provides technical and commercial asset management, engineering, and M&A consulting services, managing over 1.7 GW of solar and wind power with a presence in 24 countries worldwide.

Contacts:

Giorgio BOTTA – Investor Relations - Tel. 02.2433.3338

Alessandra RUZZU – Media Relations – Tel. 02.2433.2360

SEC SPA – Tel. 02.6249991

Marco Fraquelli, Fabio Leoni, Fabio Santilio

CDR Communication – Tel. 335 6909547

Vincenza Colucci

Interim financial report as at September 30, 2017 – Income statement

(thousands of Euro)

	3rd quarter 2017	3rd quarter 2016	Year to 9.30.2017	Year to 9.30.2016	Year to 12.31.2016
Revenue	57,860	51,229	198,869	179,853	249,622
Direct personnel expense	(3,164)	(2,819)	(9,500)	(8,512)	(11,423)
Direct costs and expenses	(34,116)	(31,967)	(108,649)	(102,016)	(139,623)
Total cost of goods sold	(37,280)	(34,786)	(118,149)	(110,528)	(151,046)
Gross profit	20,580	16,443	80,720	69,325	98,576
Other income	413	251	4,030	2,890	7,107
Indirect personnel expense	(3,944)	(3,613)	(12,116)	(11,438)	(15,537)
General and administrative expenses	(7,424)	(4,421)	(19,126)	(16,414)	(30,502)
Operating profit (loss)	9,625	8,660	53,508	44,363	59,644
Net financial expense	(8,834)	(9,415)	(28,425)	(29,434)	(41,374)
Net investment income		(11)	46	(11)	(79)
Net equity investment income	962	1,140	2,023	2,047	1,160
Profit (loss) before taxation	1,753	374	27,152	16,965	19,351
Income taxes					(17,486)
Profit (loss) for the year					1,865
Profit (loss) attributable to non-controlling interests					5,800
Profit (loss) attributable to the owners of the parent					(3,935)
EBITDA (*)	25,373	24,520	103,587	95,866	136,292

**Interim Financial Report at September 30, 2017
Net Financial Position**

	(thousands of Euro)				
	30.9.2017	30.6.2017	31.12.2016	Changes	
	(1)	(2)	(3)	(4)=(1)-(2)	(5)=(1)-(3)
Current financial liabilities - third parties	(68,178)	(64,050)	(66,776)	(4,128)	(1,402)
Current financial liabilities - intragroup					
Current financial receivables - third parties	473	249	189	224	284
Current financial receivables - intragroup					
Other securities					
Liquid funds	261,249	246,169	256,611	15,080	4,638
Current net financial position	193,544	182,368	190,024	11,176	3,520
Non-current financial liabilities - third parties	(721,540)	(725,861)	(753,169)	4,321	31,629
Non-current financial liabilities - intragroup					
Other securities					
Non-current financial position	(721,540)	(725,861)	(753,169)	4,321	31,629
Net financial position, as per					
Consob communication no. DEM/6064293/2006	(527,996)	(543,493)	(563,145)	15,497	35,149
Non-current financial assets - third parties	3,557	2,298	1,189	1,259	2,368
Non-current financial assets - intragroup					
Total net financial position	(524,439)	(541,195)	(561,956)	16,756	37,517
- including non recourse loans	(714,956)	(717,493)	(734,875)	2,537	19,919