

# 1Q 2017 Results

12 May 2017



# Disclaimer

This document has been prepared by Falck Renewables S.p.A. (the "**Company**") for use during meetings with investors and financial analysts and is solely for information purposes. The information set out herein has not been verified by an independent audit company.

Neither the Company nor any of its subsidiaries, affiliates, branches, representative offices (the "**Group**"), as well as any of their directors, officers, employees, advisers or agents (the "**Group Representatives**") accepts any responsibility for/or makes any representation or warranty, express or implied, as to the accuracy, timeliness or completeness of the information set out herein or any other related information regarding the Company and/or Group, whether written, oral or in visual or electronic form, transmitted or made available.

This document may contain forward-looking statements about the Company and/or the Group based on Company's current views, beliefs, expectations, opinions, as well as based *on current plans, estimates, assumptions, projections and projects of the Company and/or Group*. These forward-looking statements are subject to significant risks, uncertainties and other factor (many of which are beyond the Company and/or the Group's control) which might cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Given these risks, uncertainties and other factors, you should not place undue reliance on the forward-looking statements in this document.

The information set out in this document is provided as of the date indicated herein. Except as required by applicable laws and regulations, the Company assumes no obligation to provide updates of any of the aforesaid forward-looking statements or to conform these statements to its actual results.

Under no circumstances shall the Company, the Group and/or any of the Group Representatives be held liable (for negligence or otherwise) for any loss or damage howsoever arising from any use of this document or its contents or otherwise in connection with the document or the aforesaid forward-looking statements.

This document does not constitute an offer to sell or a solicitation to buy or subscribe the shares of the Company or Group and neither this entire document or a portion of it may constitute a recommendation to effect any transaction or to conclude any legal act of any kind whatsoever.

This document may not be reproduced or distributed, in whole or in part, by any person other than the Company.

By viewing and/or accepting a copy of this document, you agree to be bound by the foregoing limitations.

# Agenda

1Q 2017 Highlights		4
1Q 2017 Results		10
Conclusions		16
Appendix		19

# 1Q 2017 HIGHLIGHTS



# 1Q 2017 Highlights



## Better quarterly results vs same quarter 2016 (+6.4% EBITDA):

- Significantly lower production compared to internal index (-11%) and vs 1Q 2016 (-2.2%)
- Worse exchange ratio (-10.4% YoY)
- Better prices in Italy (+16%), UK (+15%) and Spain



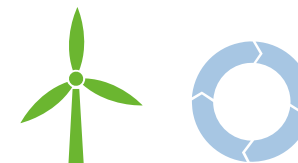
## Stable balance sheet and reduced financial charges

- Financial charges decreased ~€1.3 YoY
- Average interest rate down from 5.1% in 1Q 2016 to 4.25% in 1Q 2017



## Progress on growth in wind installed capacity

- Achieved 2017 guidance on total installed capacity (MW)
- 36MW of Auchrobert wind farm in operation since April



## Development & Services

- Completed team staffing
- Vector Cuatro reaches 1.7GW under management
- BD activity ongoing

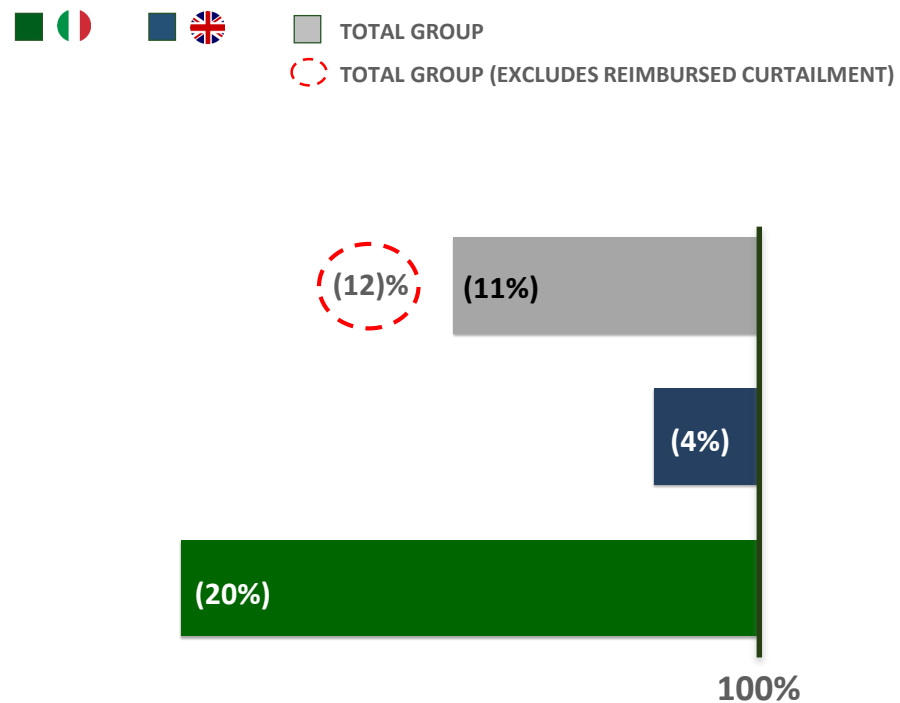
# 1Q 2017 Results Ahead of Expectations (€M)

	1Q2017	1Q2016	YoY Change
REVENUES	77.5	73.2	4.3
EBITDA <i>% on revenues</i>	45.3 58.5%	42.6 58.2%	2.7
EBIT	28.2	25.7	2.5
EARNINGS BEFORE TAXES	19.5	15.6	3.9
NFP	(565.0)	(562.0)	(3.1)
INSTALLED CAPACITY	785 MW	726 MW	59 MW
ENERGY PRODUCTION	557 GWh	570 GWh	(13 GWh)

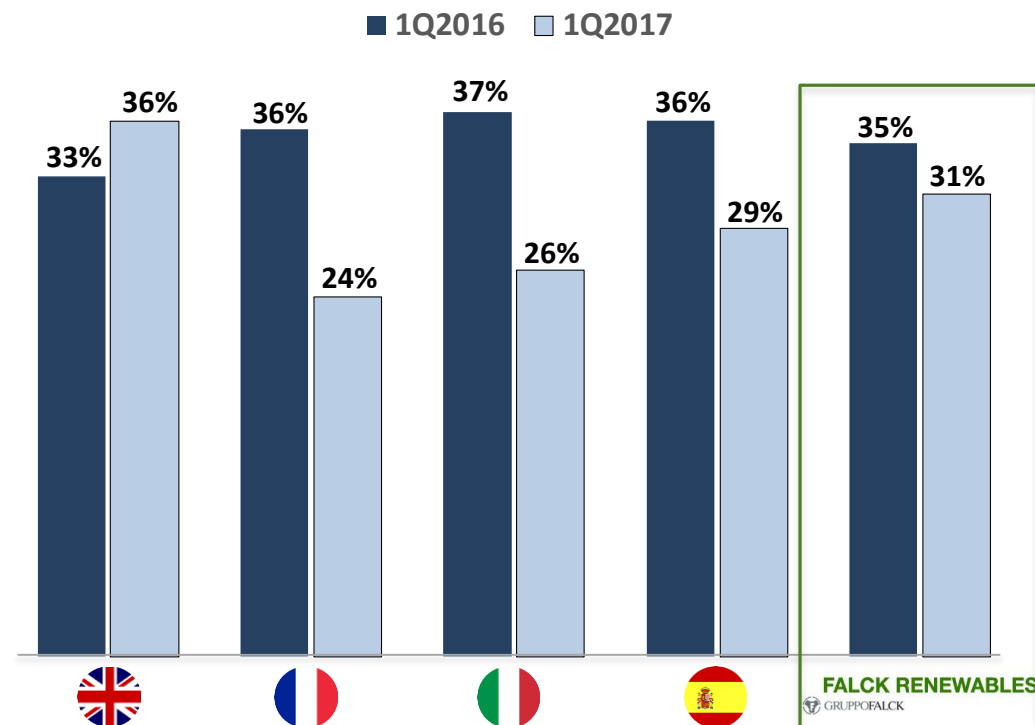
FY 2017 guidance confirmed

# 1Q 2017 Wind Portfolio Performance

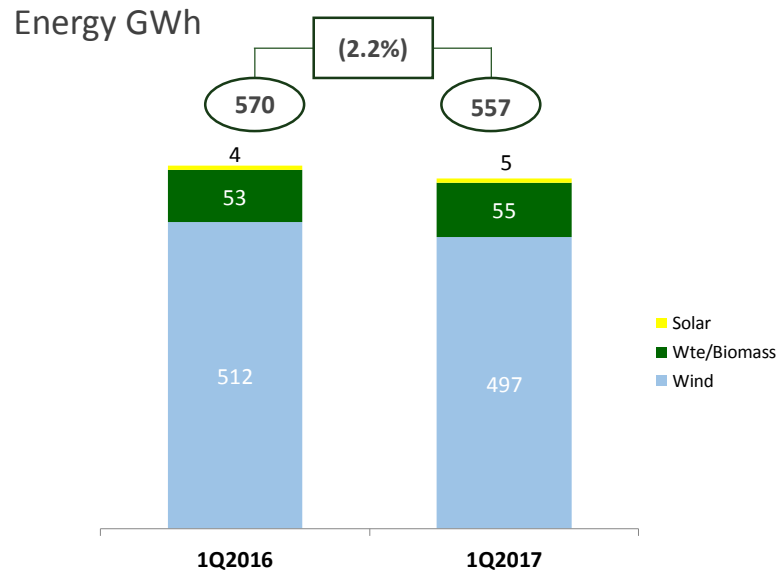
## UK & Italy: Evolution of Production\*\*



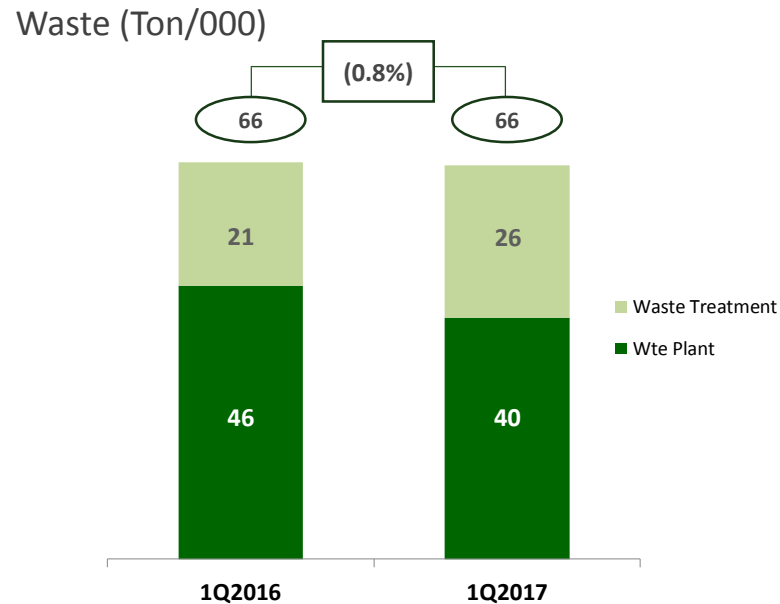
## 1Q 2017 vs 1Q 2016: Load Factor\* by Country



# Production in 1Q 2017 (Electricity & Waste)



Positively impacted by stronger wind conditions YoY and contribution from Kingsburn, Spaldington and Assel Valley wind farms



- Negatively impacted by lower wind conditions YoY
- Energy from waste/biomass better than year ago period primarily due to Biomass performance
- Waste treatment volumes recovered, partially offset by delays at Trezzo WtE plant

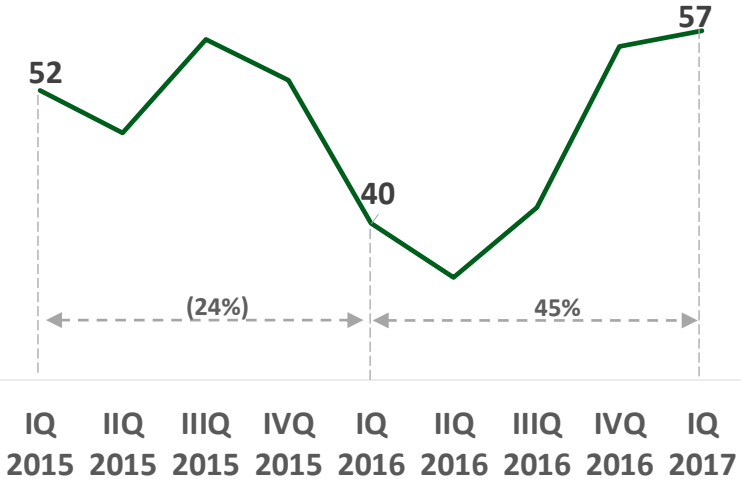


# Market Average Price

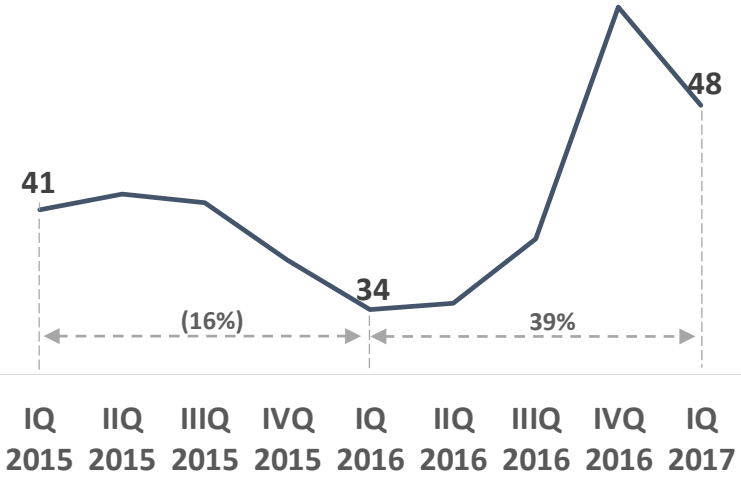
WHOLESALE PRICE\*



€/MWh

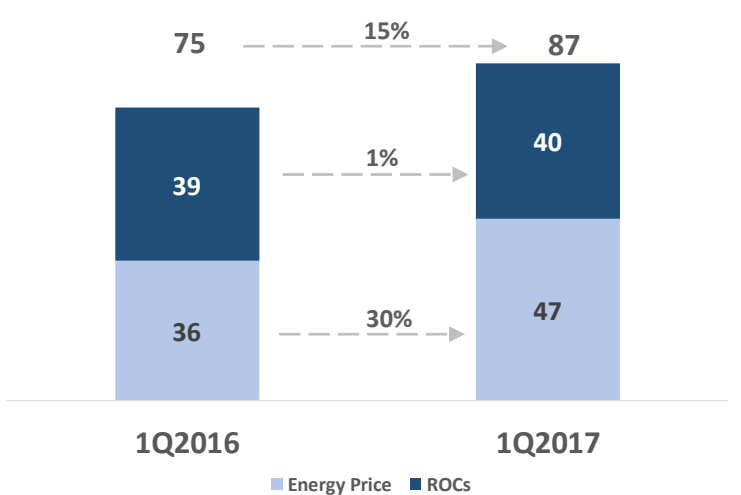
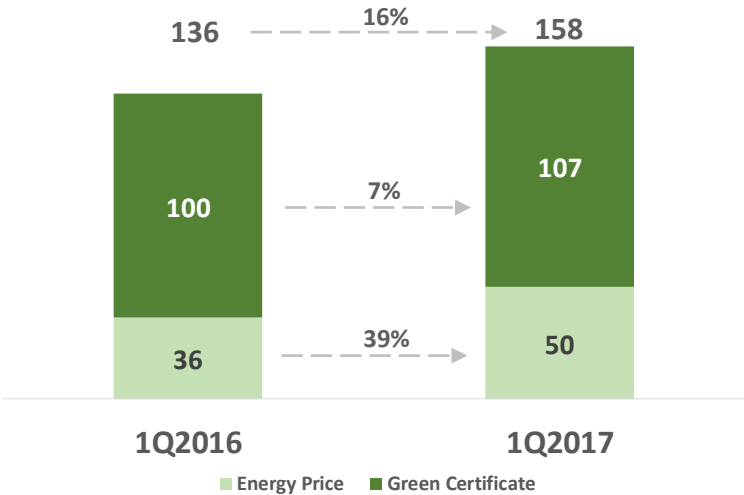


GBP/MWh



Euro/MWh	1Q2016	1Q2017	Δ %
	91	92	-
	22	36	144%

«GROUP» PRICE



\* Source: GME, Heren

# 1Q 2017 RESULTS



# 1Q 2017 Financial Highlights

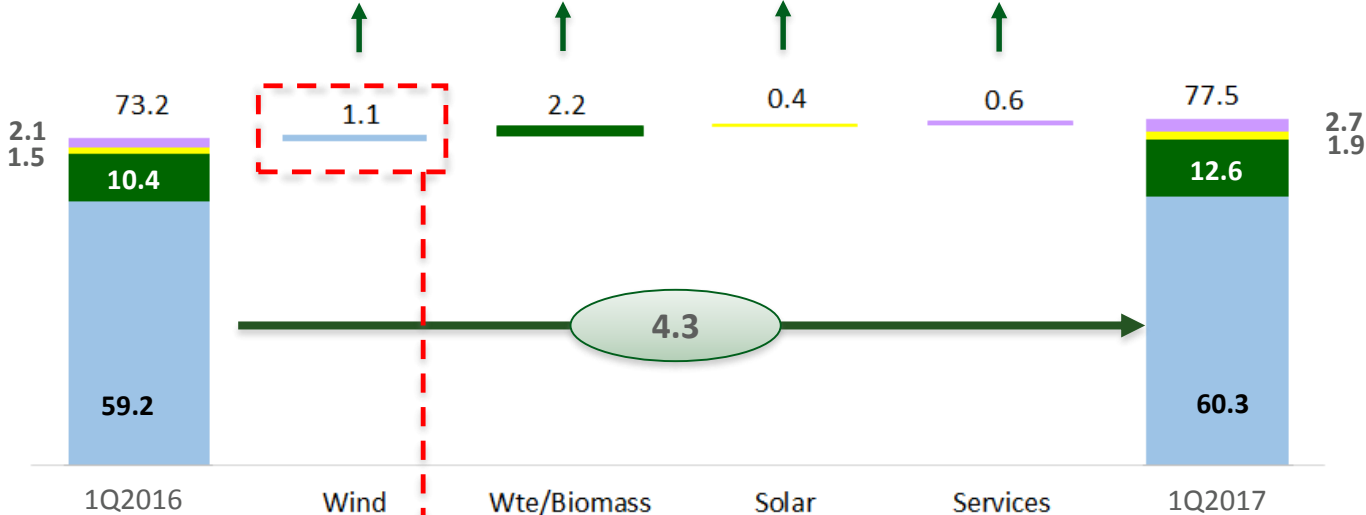
(€M)	1Q2017	1Q2016	
<b>Revenues</b>	<b>77.5</b>	<b>73.2</b>	<b>5.9%</b>
Other income	1.0	0.3	
Operating costs	(33.2)	(30.8)	
<b>Ebitda</b>	<b>45.3</b>	<b>42.6</b>	<b>6.4%</b>
<i>% on Revenues</i>	<i>58.5%</i>	<i>58.2%</i>	
Depreciation - Amortization - Write Off	(17.1)	(16.9)	
<b>Operating result</b>	<b>28.2</b>	<b>25.7</b>	<b>9.7%</b>
<i>% on Revenues</i>	<i>36.4%</i>	<i>35.1%</i>	
Financial income and charges	(9.8)	(11.1)	
Equity investments	1.1	1.1	
<b>Earnings Before Taxes</b>	<b>19.5</b>	<b>15.6</b>	<b>24.8%</b>

(€M)	END OF 1Q2017	END OF 2016
<b>Net Financial Position</b>	<b>(565.0)</b>	<b>(562.0)</b>
<i>of which: Proj. Fin. and MLT no recourse</i>	<i>(59.0)</i>	<i>(58.6)</i>
<b><i>NFP excluding Derivatives Instruments</i></b>	<b><i>(506.0)</i></b>	<b><i>(503.3)</i></b>

# 1Q 2017 Revenues

(€M)

Revenues by Technology

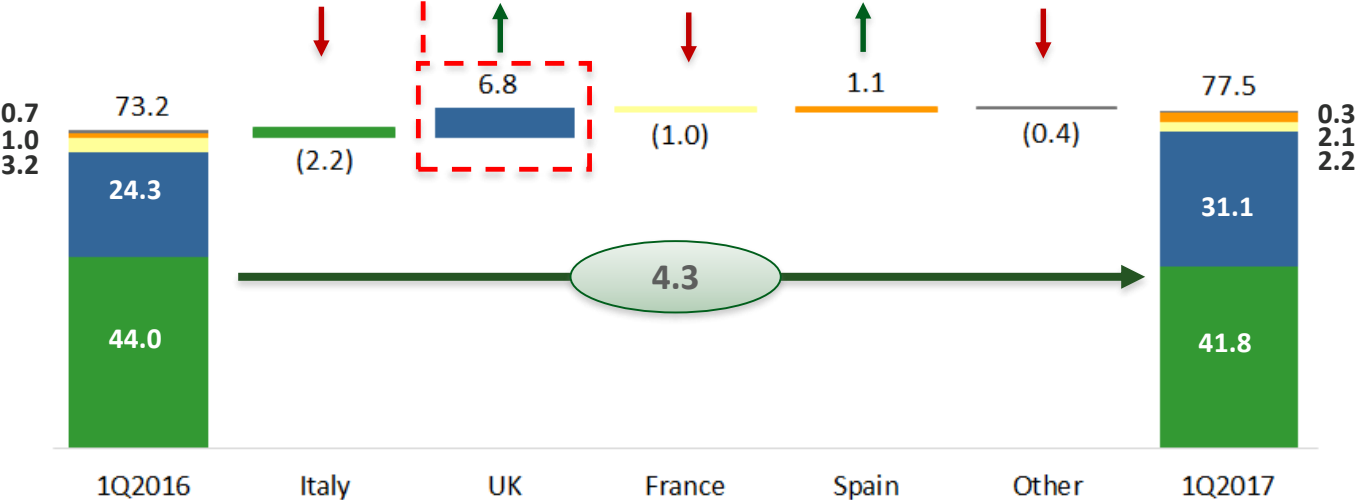


↑ ↓ Trend vs 1Q2016

- Wind
- WtE/Bio
- Solar
- Service

(€M)

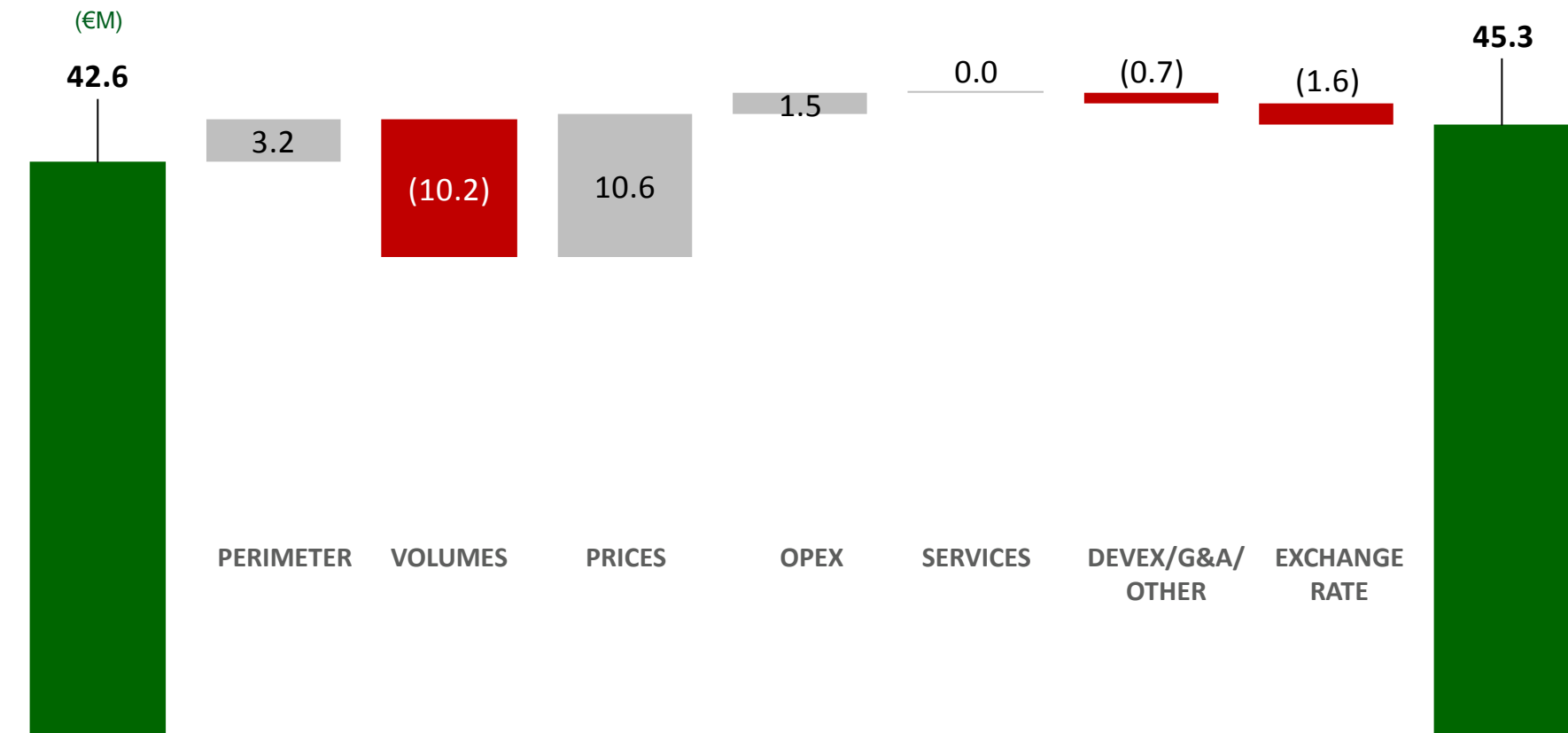
Revenues by Country\*



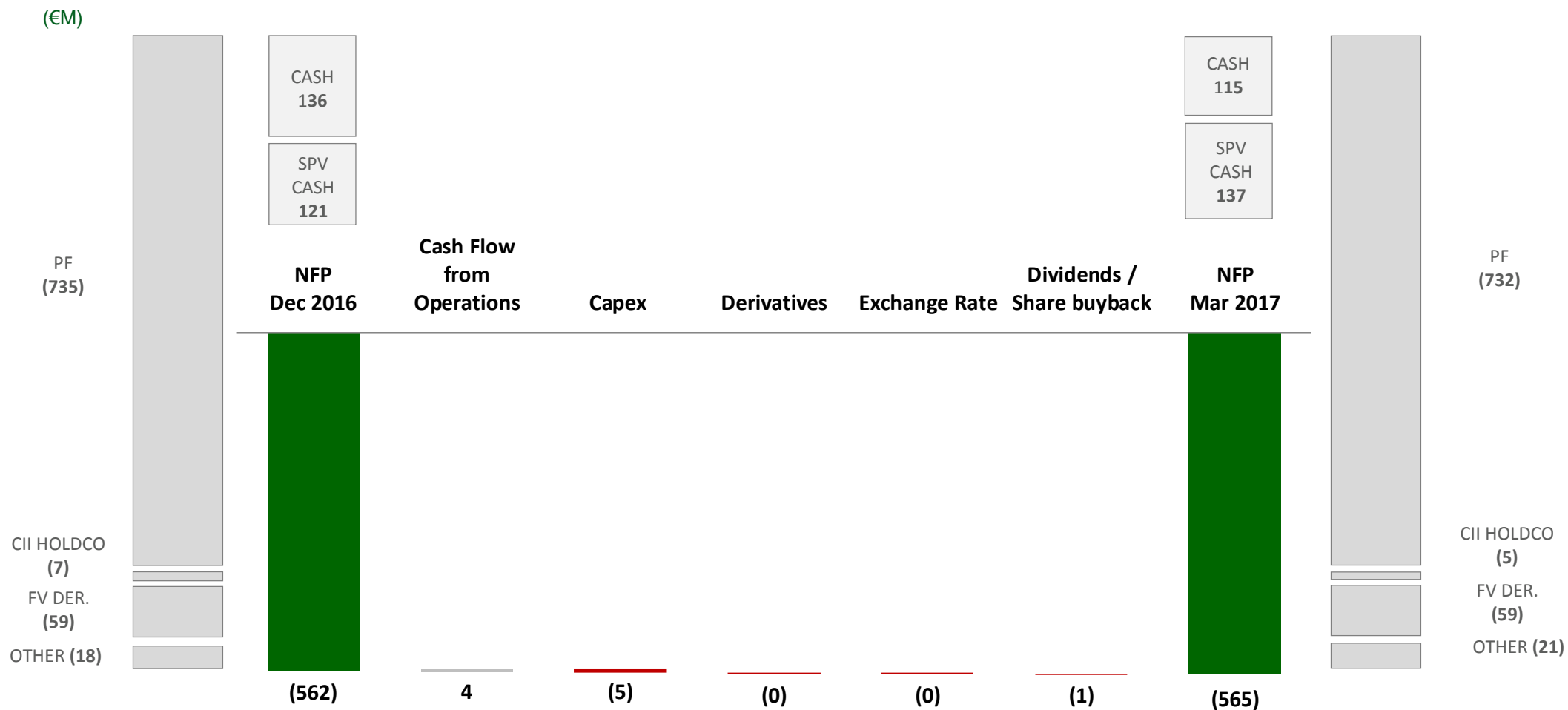
- Italy
- UK
- Spain
- France
- Other

\* By origination

# 1Q 2017 EBITDA Bridge

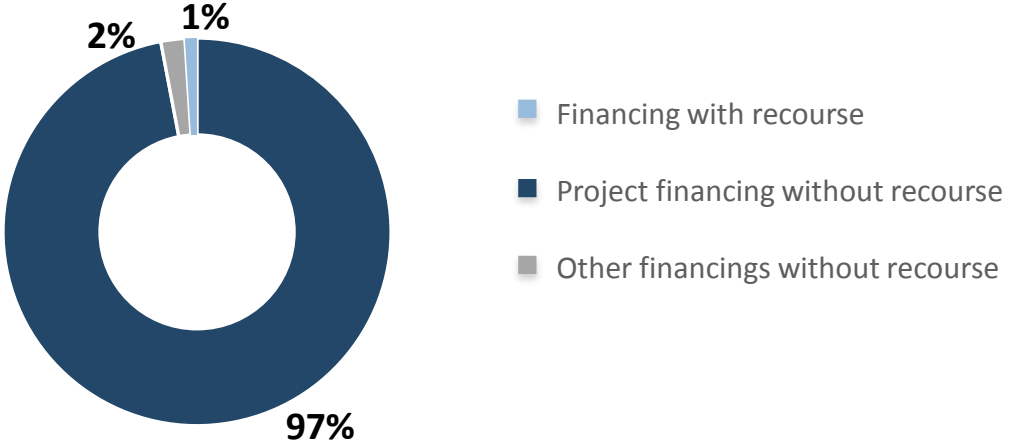


# 1Q 2017 Cash Flow



# 1Q 2017 Debt Breakdown

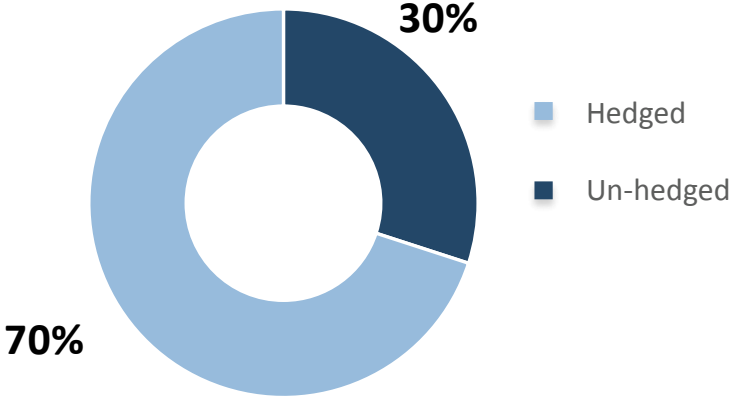
Gross Debt Nature Without Derivatives



€773M

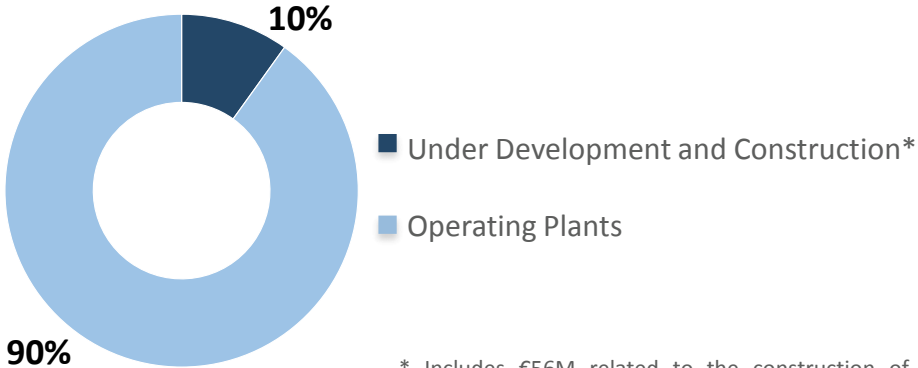
Average interest rate of 4.25% (including interest rate swap)

% Gross Debt Without Derivatives Hedged



€773M

NFP Plant Under Construction\*/In-Operation



€565M

\* Includes €56M related to the construction of Auchrobert wind farm.

# CONCLUSIONS





# New Team Members

**Business Development  
and M&A**



## **Career Highlights**

### **Carmelo Scalone, Head of Business Development**

Born in Rome in 1967, Carmelo Scalone holds a Degree in Electrical Engineering from La Sapienza University, Rome, a Business Administration Course from SDA Bocconi University, Milan and an Advanced Management Program at IESE Business School, Barcelona. He will lead a multinational team, committed to expand the international presence of Falck Renewables. He joins from EDF Energies Nouvelles (EDF Group) where, in the Paris headquarters, he has held the positions of EVP Latin America, MENA and Asia and Global Head of Business Development, while serving in the Executive Committee.

Previously (2008-2013) he was Global Head of Business Development at EDP Renewables (EDP Group) in Madrid. In 2007 he was Head of Development MENA at Gamesa Energia and from 2000 to 2006 CEO of Gamesa Energia Italia in Rome.

Scalone started his career at the ABB Group, where, between 1992 and 2000, he held numerous positions with growing responsibilities in Italy and Sweden, up to Head of Sales and Marketing at ABB Energy Automation and Member of the World Steering Committee for the Telecom Business Unit

**Client  
Services**



### **Marco Cittadini, Head of Client Services**

Until 2016, Marco Cittadini was Managing Director of Simav SpA and Head of Strategy and Innovation at Siram SpA (both Veolia Group companies). Previously, he was Managing Director of Poyry Energy srl in Italy and heading, out of Zurich, international activities of the same Finnish Group in the management consulting and engineering sector. From 2001 till 2004 he was part of Sapient Corporation, in Milan, a US based company focused on digital innovation and new business models.

44 years old, Marco Cittadini holds an engineering degree and a MSc in International Economics and Management from SDA Bocconi University.

**General  
Counsel**

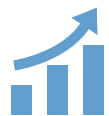


### **Lucia Monti, Head of Legal and Corporate Affairs**

Graduated in Law at Milan Catholic University Lucia Monti holds a Master in International Affairs achieved at ISPI. She joins from the ERG Renew S.p.A., where since 2014 she has held the position of General Counsel. Previously, in the ERG Group, she followed various and important M&A and development operations. Lucia Monti began her career in 1996 at several law firms in London, gaining significant experience in international transactions.

Afterwards, she has held positions of responsibility in Milan with international law firms and engineering companies.

# On Track to Deliver 2017 Milestones



**Solid 1Q 2017 results**



**Strengthened management team**



**DevEx, in line with Industrial Plan, to support growth**



**Optimization of funding costs on existing facilities expected to reduce financial charges**



- **Initiatives underway to develop in-house dispatching for Italian plants**
- **Vector Cuatro: new opening in Dubai**



**LTIP approved by AGM for key managers to guarantee maximum engagement towards long-term goals**

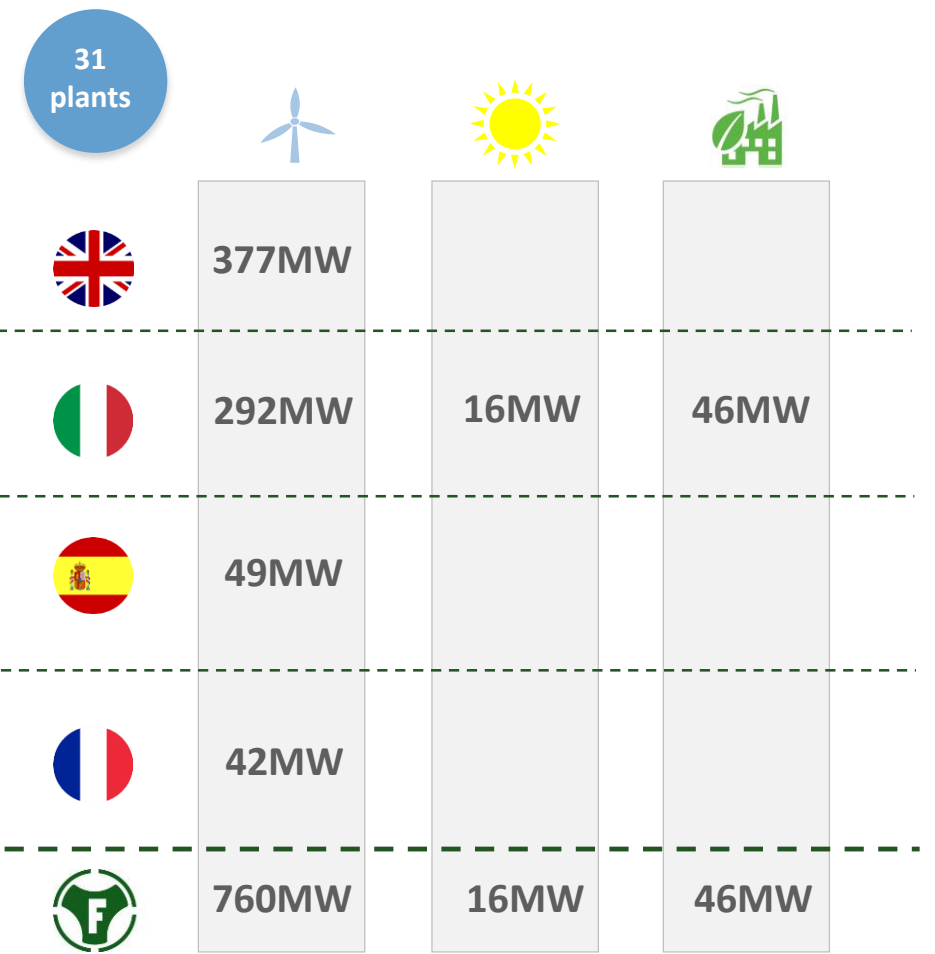
# Appendix

# Calendar of Events

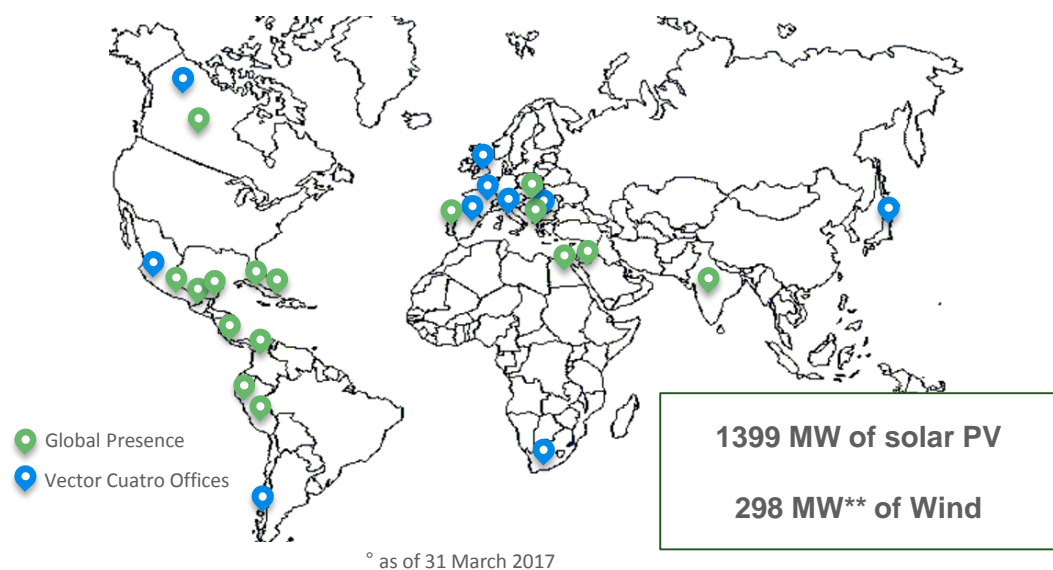
- ✓ **24 May 2017:** Italian Investment Conference 2017, Milan
- ✓ **31 July 2017:** 1H 2017 Results
- ✓ **9/10 October 2017:** STAR Conference, London
- ✓ **9 November 2017:** 3Q 2017 Results
- ✓ **First week of December:** Capital Markets Day

# Group Overview as of 31 March 2017

## 822\* MW Across Europe



## 1,697 MW° Under Management by Vector Cuatro



## Auchrobert Wind Farm – 36MW



- Turbine: GE
- Load factor expected: >30%
- Energization in March to get the full ROC accreditation
- Full commissioning: early April

\* Includes minority stake in La Muela (26%) wind farm and Frullo Energia Ambiente (49%) for a total amount of 37MW

\*\* Includes Cabezo (23,2 MW) and France projects (42 MW)

# Installed Capacity and Production by Plants in 1Q 2017



Plants	MW	Energy produced 1Q 2017 (GWh)
Cefn Croes (Wales )	58.5	51
Boyndie (Scotland )	16.7	12
Earlsburn (Scotland)	37.5	29
Ben Aketil (Scotland)	27.6	24
Millennium (Scotland)	65.0	40
Kilbraur (Scotland)	67.5	53
Nutberry (Scotland)	15.0	15
West Browncastle (Scotland)	30.0	21
Spaldington (England)	11.8	7
Kingsburn (Scotland)	22.5	21
Assel Valley (Scotland)	25.0	20
San Sostene (Italy)	79.5	42
Minervino Murge (Italy)	52.0	24
Buddusò – Alà dei Sardi (Italy)*	138.0	89
Petralia Sottana (Italy)	22.1	10
Ty Ru (France)	10.0	6
Fouy (France)	10.0	5
Cretes (France)	10.0	5
Esquennois (France)	12.0	6
Cabezo San Roque (Spain)	23.3	15



Rende (Italy)	1.0	
Sicily (Italy)	13.1	4
Mesagne (Italy)	2.0	1

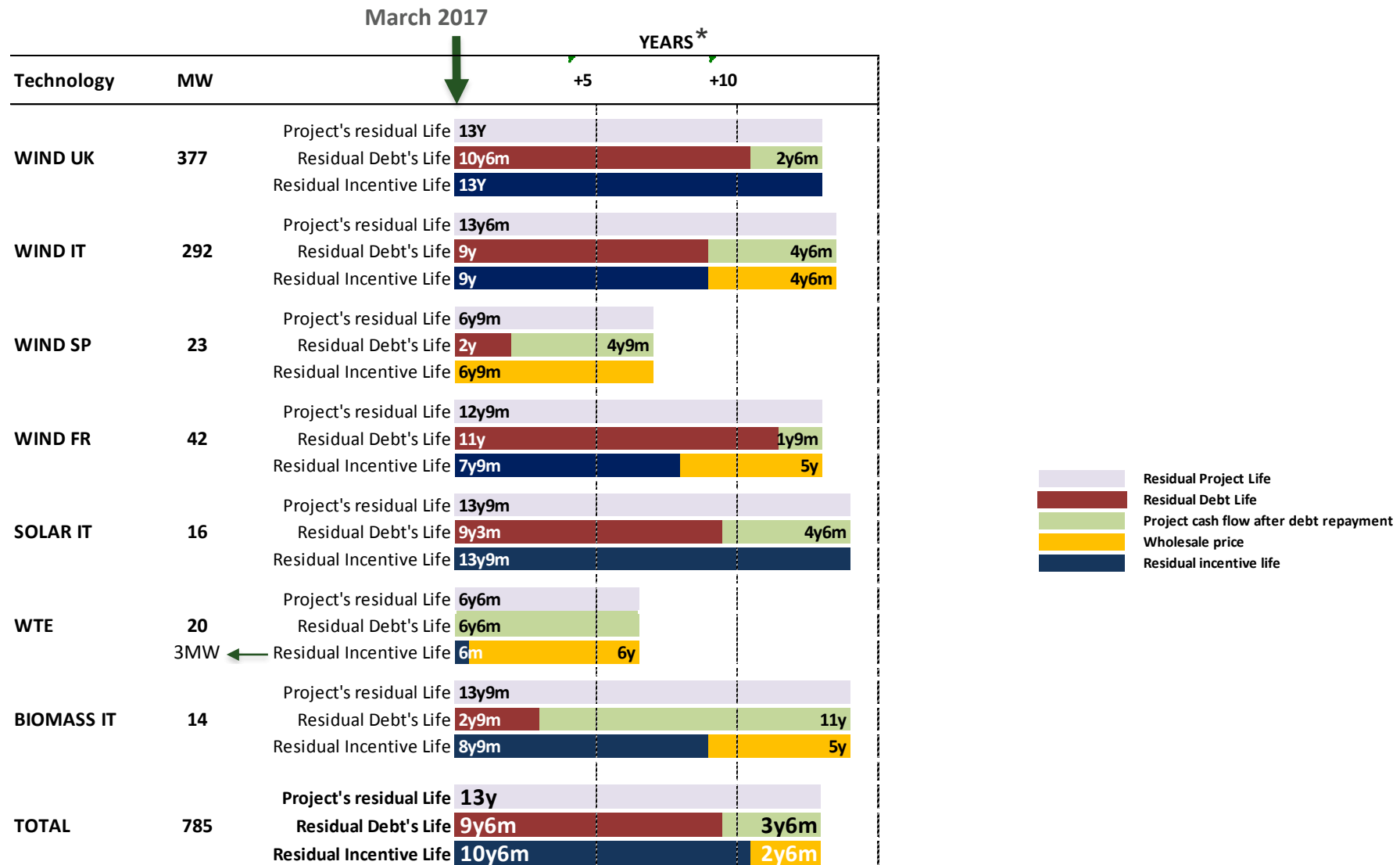


WTE Trezzo (Italy)	20.0	28
BIO Rende (Italy)	15.0	27

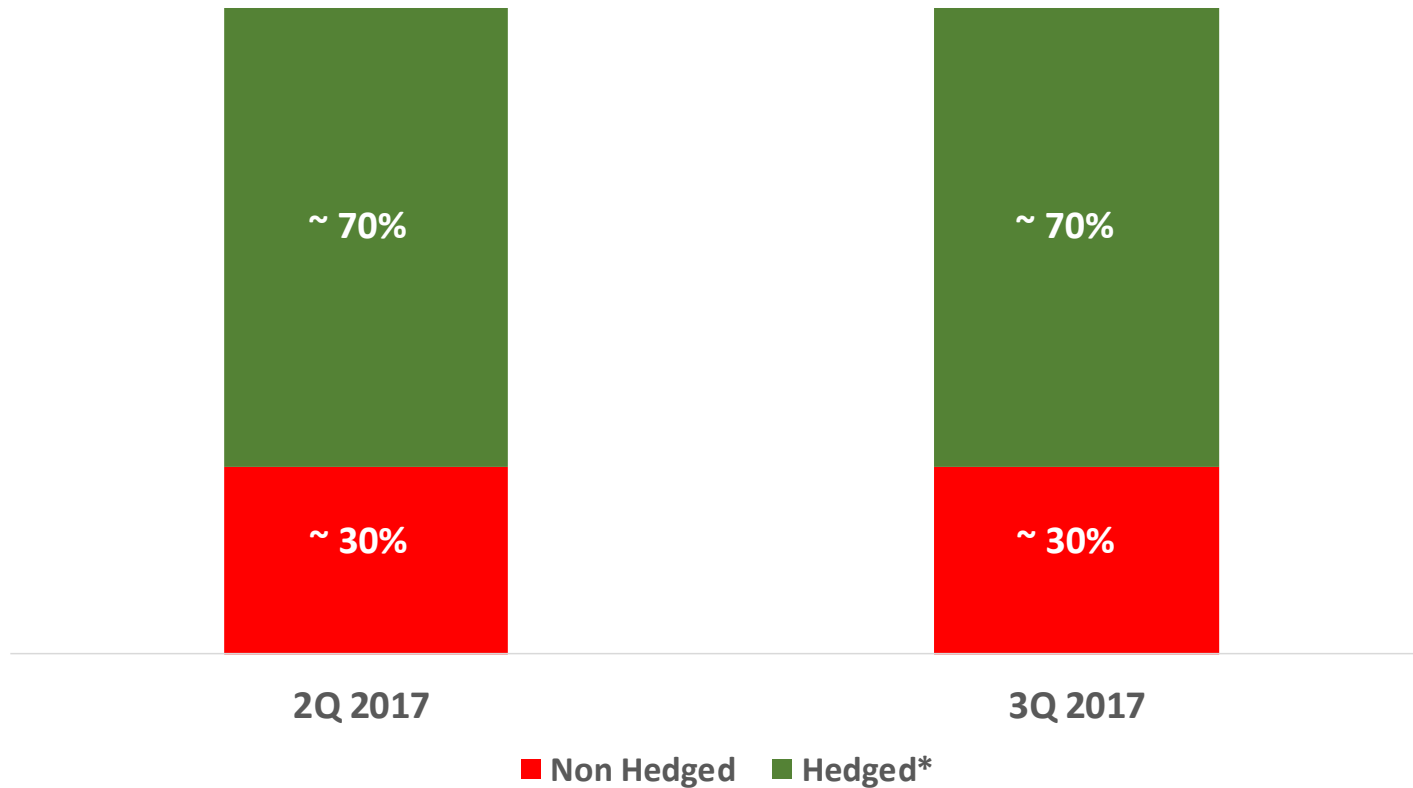
**TOTAL** **785.0** **557**

\* The installed capacity is 159 MW, production limit at 138 MW

# Young Asset Base



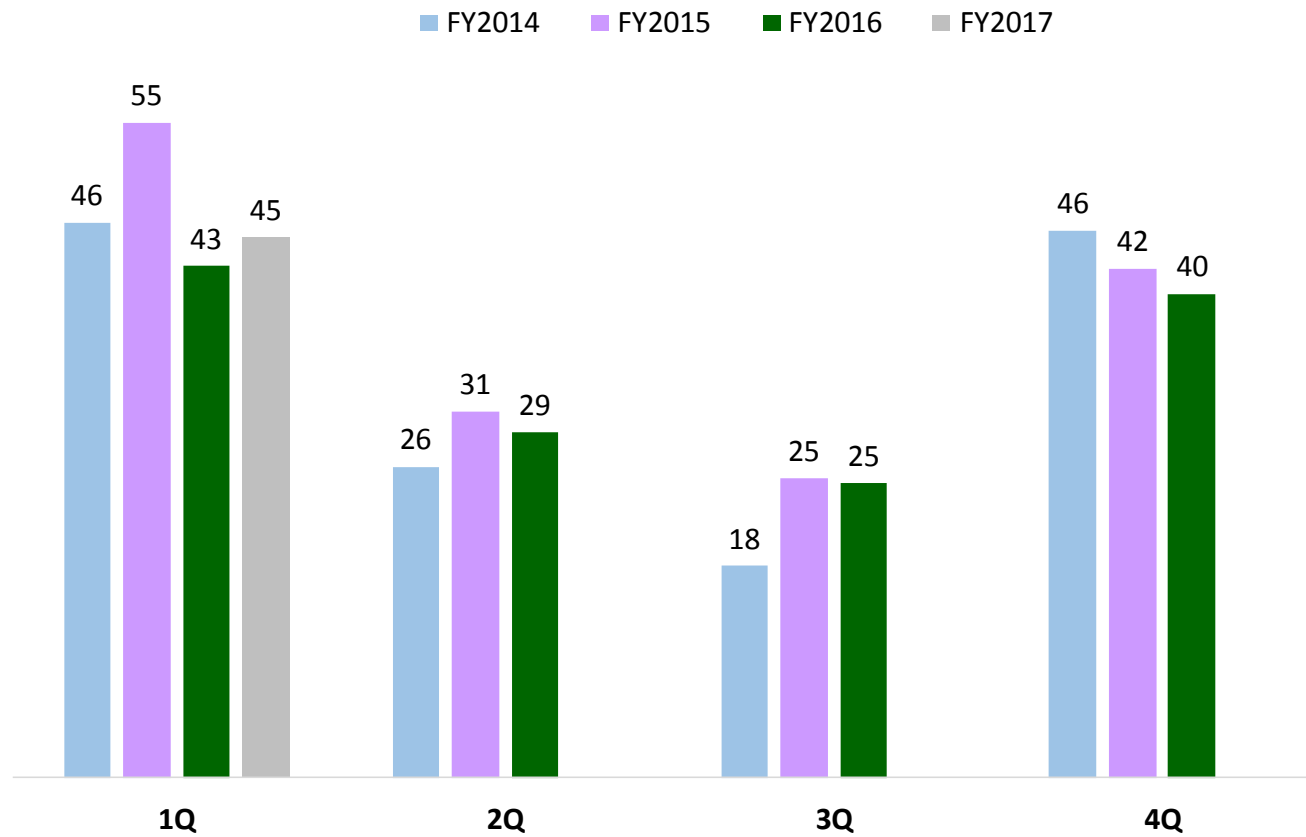
# Hedged Component of Revenues by Quarter



Continued focus on increasing percentage of hedged revenues

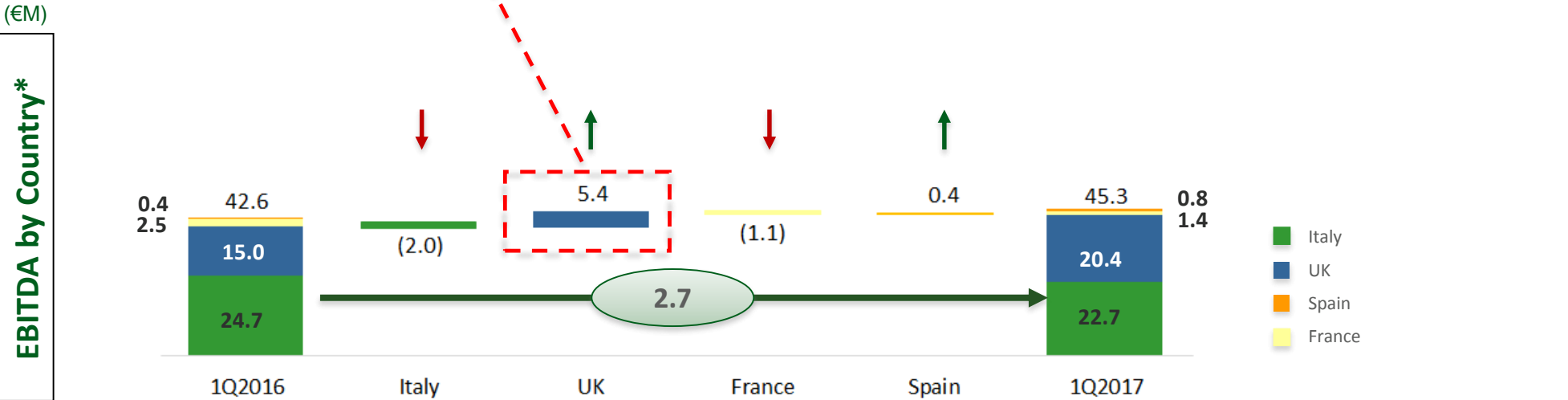
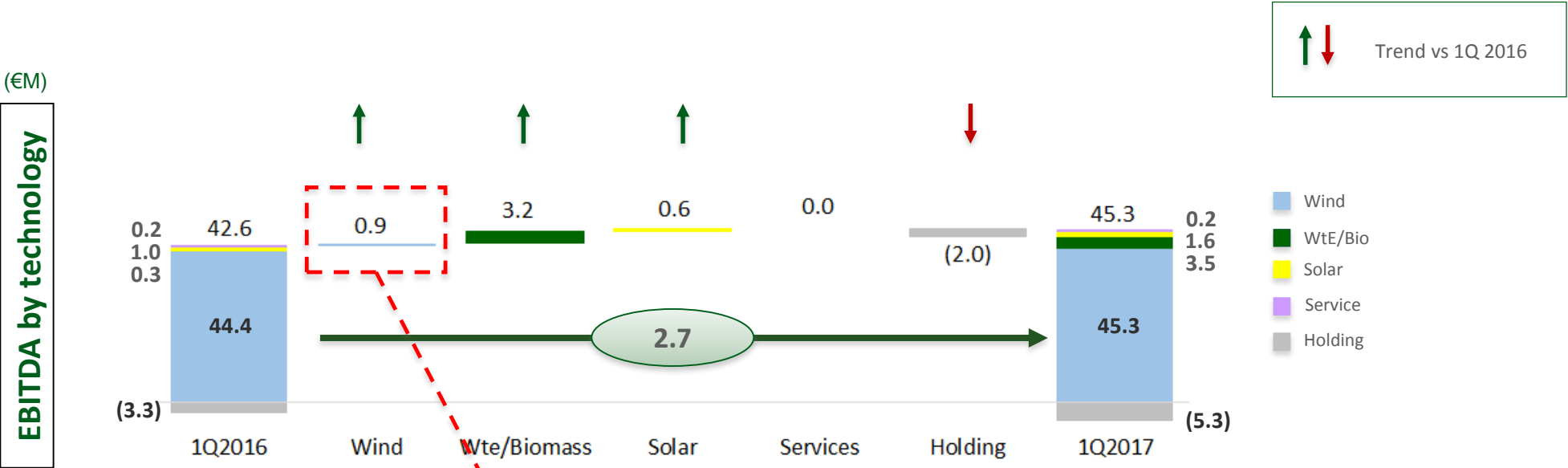


# EBITDA Breakdown by Quarter



1Q 2017 EBITDA impacted by weak wind performance across Europe, offset by higher energy prices

# 1Q 2017 EBITDA



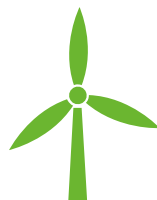
\* By origination

# 2021 Roadmap: Strategic Priorities to Drive Value Creation



## Growing in Mature Markets

- Capitalize on growth in core markets
- Enter select mature markets with strong fundamentals
- Monitor emerging markets for future entry



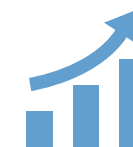
## Focus Portfolio and Expand Pipeline

- Onshore wind and solar are core of growth strategy
- Explore opportunities in the customer centered clean energy web (distributed generation, storage, software)
- Evolve asset base and expand pipeline



## Extend Core Services

- Continue business core service extension
- Enhance service offerings to asset owners and energy users



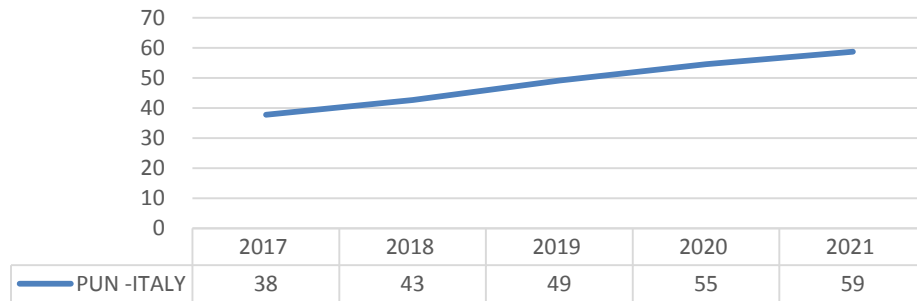
## Increase Profitability

- Employ hands-on approach to maximize revenues and value from full life cycle approach
- Increase efficiencies and extract additional value from existing assets

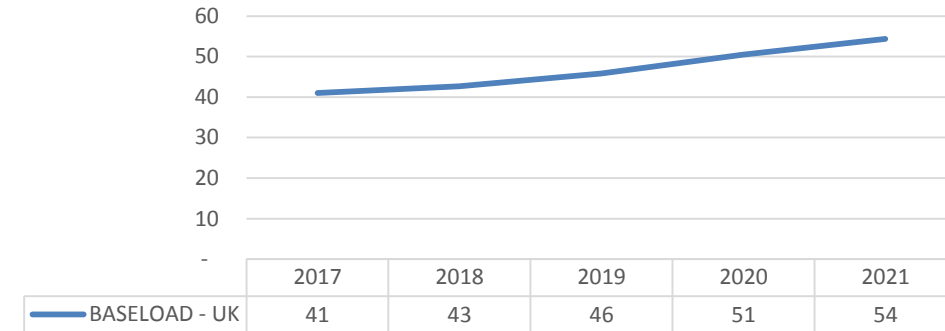
**Increase reach and optionality of our footprint**

# Scenario Assumptions

## Energy Curve Italy Nominal



## Energy Curve UK Nominal



## Inflation Scenario

<i>Inflation</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Eurozone	0,90%	1,30%	1,50%	1,70%	1,90%
UK	1,50%	1,75%	2,00%	2,00%	2,00%

## Interest Rate Scenario

<i>Interest Rates</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Euribor 6M	0,00%	0,00%	0,00%	0,00%	0,22%
Libor 6M	0,40%	0,50%	0,50%	0,60%	0,80%

## Exchange Rate Scenario

<i>Exchange Rate</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
€/£	0,91	0,92	0,93	0,94	0,95
€//\$	1,10	1,10	1,10	1,10	1,10

## Capex Scenario

<i>Average Capex 2017-2019 (k€)</i>	
Wind	1.551
Solar	1.040