



# SPAFID CONNECT

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Oggetto : The Board of Directors approves the results  
as of June 30, 2017

*Testo del comunicato*

Vedi allegato.

**PRESS RELEASE**

## Falck Renewables S.p.A.

**The Board of Directors approves the results as of June 30, 2017:**

**Revenues and EBITDA up, Net Result up sharply**

**Net financial debt down**

**Strong boost to development initiatives**

- **Revenues** Euro 141.0 million (+9.6%) compared to Euro 128.6 million in HY1 2016;
- **EBITDA<sup>1</sup>** Euro 78.2 million (+9.6%) compared to Euro 71.3 million in HY1 2016, with 55.5% margin on revenues;
- **Net Result Euro 19.5 million (+76.6%)** compared to Euro 11.0 million in HY1 2016;
- **Group Net Result Euro 12.8 million (+41.9%)** compared to Euro 9.0 million in HY1 2016;
- **Net financial debt, including the fair value of derivatives, up Euro 541.2 million** compared to Euro 562.0 million as at December 31, 2016;
- **Growth consolidates with recent deals signed** in the Netherlands and Norway.

**Milan, July 31, 2017 – The Board of Directors of Falck Renewables S.p.A.** met today, examining and approving the interim financial report as at June 30, 2017.

**Chief Executive Officer Toni Volpe** commented as follows: *“Very positive result for the Group that closes the first half of 2017 with a significant increase in all economic and financial indicators, with a strong Net Result despite low winds. In the middle of the year, we can affirm we are very satisfied with the work done so far. We have put into operation the Auchrobert wind farm, reaching 821 MW of installed power, and, in line with the Business Plan approved at the end of November 2016, we continue to consolidate important future growth options with the signing of deals in the Netherlands and Norway”.*

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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 income statement results as at June 30, 2017 and June 30, 2016**

		(thousands of Euro)	
		30.6.2017	30.6.2016
A	Revenue	141,009	128,624
	Direct personnel expense	(6,336)	(5,693)
	Direct costs and expenses	(74,533)	(70,049)
B	Total cost of goods sold	(80,869)	(75,742)
<b>C</b>	<b>Gross profit</b>	<b>60,140</b>	<b>52,882</b>
	Other income	3,617	2,639
	Indirect personnel expense	(8,172)	(7,825)
	General and administrative expenses	(11,702)	(11,993)
<b>D</b>	<b>Operating profit (loss)</b>	<b>43,883</b>	<b>35,703</b>
	Net financial expense	(19,591)	(20,019)
	Net investment income	46	0
	Net equity investment income	1,061	907
<b>E</b>	<b>Profit (loss) before taxation</b>	<b>25,399</b>	<b>16,591</b>
	Total income tax expense	(5,896)	(5,549)
<b>F</b>	<b>Profit (loss) for the year</b>	<b>19,503</b>	<b>11,042</b>
G	of which profit (loss) attributable to non-controlling interests	6,732	2,040
<b>H</b>	<b>of which profit (loss) attributable to the Group</b>	<b>12,771</b>	<b>9,002</b>
	<i>Result attributable to the Group per base and diluted share (Euro)</i>	<i>0.044</i>	<i>0.031</i>
	<b>EBITDA</b>	<b>78,214</b>	<b>71,346</b>

**Consolidated revenues** amount to Euro 141.0 million, up 9.6% compared to Euro 128.6 million in HY1 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 low winds in Italy, France and Spain and the depreciation of the Pound with respect to the Euro (-9.5%) compared to the same period of 2016, with reference to production in the United Kingdom.

During HY1 2017, the GWh produced by the wind power sector totalled 876 as compared with the 870 of HY1 2016 (+1% over the same period of 2016). GWhs produced globally by all Group technologies were 1,000, about +2% compared to 984 in HY1 2016, thanks to better winds in the United Kingdom, partly offset by lower winds in Italy, France and Spain, and an increase in installed capacity in the United Kingdom (+61 MW compared to

the same period of 2016). Although it was higher than last year, overall production was below 9.8% compared to expectations in Italy, France and Spain.

Below is the performance of revenues per sector:

**Wind power:** the sector reports revenues for Euro 105.1 million, up 5.7% thanks to the price of sale of electricity, including the incentive, up over HY1 2016, in Italy by 14%, in Spain by 112% and in the United Kingdom by 11%, whilst in France the feed in tariff mechanism neutralized these increases. The increase in production compared to the same period of 2016 was 1%. The increase in revenues was partially offset by the aforementioned devaluation of the Pound with respect to the Euro of 9.5%, with reference to production in the United Kingdom.

**WtE, Biomass and Photovoltaic:** the sector records revenues of Euro 30.1 million, up 22.3% over HY1 2016, mainly as a result of the electricity sales prices, including the incentive component, by 21% for WtE plants and 3% for solar plants. Revenues were also affected by the increase in the waste treated at the Trezzo plant and the Gorle plant as well as the best performance of the Ecosesto S.p.A. biomass plant, whose production is up by about 17%. Moreover, the Ecosesto S.p.A. biomass plant benefited from a 28% 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:** Revenues are up Euro 1.6 million, especially due to higher revenues from transactions, engineering and asset management services in Spain, the United Kingdom, Japan and Italy.

**EBITDA** in HY1 2017 reaches Euro 78.2 million, up 9.6% over the Euro 71.3 million in HY1 2016, with an EBITDA margin of 55.5%, in line with HY1 2016. The improvement is mainly due to the greater revenues achieved in the period under review.

**Operating Result amounted to Euro 43.9 million, an increase of 22.9%** compared to 35.7 million in HY1 2016, with an impact on sales revenues of 31.1% (27.8% compared to the same period of 2016) and benefited from both the policies implemented by the Group to limit costs and lower depreciation of Euro 4.3 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. The operating result also includes the provision for Euro 3.8 million to adjust the future costs to be incurred for extraordinary maintenance interventions related to the subsidiary Ecosesto S.p.A. partially offset by the revenue of Euro 1.8 million of the contribution pursuant to Law 488, the certificate of which, relating to the third and last tranche, was obtained by Eolo 3W Minervino Murge in 2017.

**Net financial expense** improved compared to HY1 2016 by Euro 0.4 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.

Income taxes as at June 30, 2017 amounted to Euro 5.9 million (Euro 5.5 million over the same period of 2016) and were positively affected by (i) the recognition of deferred tax assets previously not considered recoverable

for a total of Euro 1.4 million following to the revision of the useful life of Italian Wind and Photovoltaic power plants, (ii) the reduction of the tax rate on corporate income tax in Italy from 27.5 % to 24% and (iii) the mix of electricity production, which saw a significant increase in results in the United Kingdom (compared to the same period of the previous year), subject to a lower tax rate compared to Italy.

As a result of the factors described above, **the Net Result comes in at Euro 19.5 million, an increase of 76.6% compared to Euro 11 million in HY1 2016.**

The **Net Result attributable to the Group was Euro 12.8 million, an increase of 41.9%** compared to Euro 9.0 million in HY1 2016; the more moderate growth with respect to the net result is due to the better performance of United Kingdom wind power plants regarding which minority shareholders are present.

### Net Financial Position

**Net financial position, with the fair value of derivatives**, improved with a debt balance of Euro 541.2 million compared to Euro 562.0 million as at December 31, 2016. The cash generated in the period amounted to Euro 30.3 million and was partially offset by (i) net investments for Euro 10.7 million, (ii) dividends paid for Euro 15.1 million and (iii) purchase of treasury shares for Euro 1 million. The devaluation of the Pound with respect to the Euro had a positive impact on net financial payables in Pound of Euro 8.1 million and a positive effect on the variation in fair value for derivatives for Euro 9.2 million.

### Investments

In HY1 2017, investments in fixed assets amounted to Euro 10.7 million and are mainly related to the construction of the wind farms of Auchrobert for Euro 8.0 million and improvements of the wind farms of Eolo 3W Minervino Murge and Eolica Sud for about Euro 1.7 million.

### Installed production capacity

Technology	(MW)		
	Year to 30.6.2017	Year to 30.6.2016	Year to 31.12.2016
Wind power	769.9	708.9	733.9
WTE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Photovoltaic	16.1	16.1	16.1
<b>Total</b>	<b>821.0</b>	<b>760.0</b>	<b>785.0</b>

The installed capacity increased by 36 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 in HY1 2017

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.

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.

On June 1, 2017, through its subsidiary Geopower Sardegna Srl, the Falck Renewables Group renegotiated the financing contract in project financing non-recourse of Euro 168.1 million, adding a further 26.9 million for a total of Euro 195 million.

On June 7, 2017, Falck Renewables entered the Dutch market through an agreement with Kemperman & Partners Projecten B.V. (K&P), a consolidated local developer in Dronten (NL), active in the wind power sector since 2002. The agreement provides for the co-development of an initial pipeline of approximately 150 MW, as well as the identification of new long-term opportunities in the on-shore wind power sector and solar sector in the Netherlands.

On June 30, 2017, Mr. Sergio Chiericoni, Group Head of North Europe Area and Head of Engineering and Construction, has left the company to undertake a new professional challenge. The Company thanks Mr. Chiericoni for his valuable contribution over the years and wishes him every success in his future endeavors.

### **Subsequent events**

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

On July 10, the agreement was signed for the purchase of a majority investment in Vestavind Kraft AS, which holds two authorized wind power projects in Norway (Hennøy and Okla) for 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.

Closing is expected by the end of August 2017 and is subject to a series of hold-up conditions.

The established price is around Euro 2.2 million, to be paid with available financial resources, plus a potential earn-out of about Euro 4 million, following the final investment decision.

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.

### **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 new markets (Nordic countries, Northern Europe, United States of America).

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.

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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 as at June 30, 2017 is available as required by law at the registered office at Corso Venezia 16, Milan, with Borsa Italiana S.p.A. and on-line in the Investor Relations section of the [www.falckrenewables.eu](http://www.falckrenewables.eu) website.

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At 10:00 a.m. on August 1, 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](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, develops, designs, builds and manages power production plants from renewable sources. With installed capacity of 858 MW in 2017 (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.

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Vincenza Colucci

**Financial report as at June 30, 2017 – Balance Sheet**

(thousands of Euro)

	30.6.2017		31.12.2016	
		<i>of which related parties</i>		<i>of which related parties</i>
<b>Assets</b>				
<b>A Non-current assets</b>				
1 Intangible assets	94,003		96,542	
2 Tangible assets	927,836		957,644	
3 Securities and investments	60		28	
4 Investments accounted for at equity	20,606		20,456	
5 Medium/long-term financial receivables	2,298	961	1,189	
6 Trade receivables				
7 Receivables for deferred tax assets	25,565		25,907	
8 Other receivables	1,036		1,823	
<b>Total</b>	<b>1,071,404</b>		<b>1,103,589</b>	
<b>B Current assets</b>				
1 Inventories	5,010		4,518	
2 Trade receivables	95,901	362	84,686	257
3 Other receivables	26,628	6,498	42,941	11,563
4 Current financial receivables	249	138	189	
5 Securities				
6 Cash and cash equivalents	246,169		256,611	
<b>Total</b>	<b>373,957</b>		<b>388,945</b>	
<b>C Non-current assets held for sale</b>				
<b>Total assets</b>	<b>1,445,361</b>		<b>1,492,534</b>	
<b>Financial liabilities</b>				
<b>D Equity</b>				
1 Share capital	291,414		291,414	
2 Reserves	137,070		152,515	
3 Retained earnings				
4 (Loss)/profit for the year	12,771		(3,935)	
<b>Equity attributable to the Group</b>	<b>441,255</b>		<b>439,994</b>	
5 Non-controlling interests	41,155		35,865	
<b>Total Equity</b>	<b>482,410</b>		<b>475,859</b>	
<b>E Non-current liabilities</b>				
1 Medium/long-term financial liabilities	725,861	3,722	753,169	2,997
2 Trade payables	4,153		4,072	
3 Other payables	8,388		5,023	
4 Deferred tax assets	19,917		18,231	
5 Provisions for risks and charges	67,394		65,815	
6 TFR	4,151		3,892	
<b>Total</b>	<b>829,864</b>		<b>850,202</b>	
<b>F Current liabilities</b>				
1 Short-term trade payables	47,061	193	62,237	62
2 Other payables	21,787	4,603	37,184	11,328
3 Short-term financial payables	64,050	1,179	66,776	3,952
4 Provisions for risks and charges	189		276	
<b>Total</b>	<b>133,087</b>		<b>166,473</b>	
<b>Liabilities attributable to non-current assets held for sale</b>				
<b>Total liabilities</b>	<b>1,445,361</b>		<b>1,492,534</b>	



**Financial report as at June 30, 2017 – Income Statement**

		(thousands of Euro)			
		30.6.2017		30.6.2016	
		<i>of which related parties</i>		<i>of which related parties</i>	
<b>A</b>	Revenue	141,009		128,624	
	Direct personnel expense	(6,336)		(5,693)	
	Direct costs and expenses	(74,533)		(70,049)	
<b>B</b>	Total cost of goods sold	(80,869)		(75,742)	
<b>C</b>	<b>Gross profit</b>	<b>60,140</b>		<b>52,882</b>	
	Other income	3,617	297	2,639	281
	Indirect personnel expense	(8,172)		(7,825)	
	General and administrative expenses	(11,702)	(318)	(11,993)	(450)
<b>D</b>	<b>Operating profit (loss)</b>	<b>43,883</b>		<b>35,703</b>	
	Net financial expense	(19,591)	(163)	(20,019)	(619)
	Net investment income	46		0	
	Net equity investment income	1,061	1,061	907	907
<b>E</b>	<b>Profit (loss) before taxation</b>	<b>25,399</b>		<b>16,591</b>	
	Total income tax expense	(5,896)		(5,549)	
<b>F</b>	<b>Profit (loss) for the year</b>	<b>19,503</b>		<b>11,042</b>	
<b>G</b>	of which profit (loss) attributable to non-controlling interests	6,732		2,040	
<b>H</b>	<b>of which profit (loss) attributable to the Group</b>	<b>12,771</b>		<b>9,002</b>	
	<i>Result attributable to the Group per base and diluted share (Euro)</i>	<i>0.044</i>		<i>0.031</i>	

Fine Comunicato n.0554-51

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