



# SPAFID CONNECT

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Oggetto : Falck Renewables SpA: The Board of  
Directors Updates Five Year 2017-2021  
Industrial Plan (Roadmap 2021)

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

### Falck Renewables SpA

## The Board of Directors Updates Five Year 2017-2021 Industrial Plan (Roadmap 2021)

*Increased Targets and Refined 2021 Strategic Priorities*

*Enables Diversified Investments in Growth to Deliver Substantial Shareholder Value*

#### NEW ROADMAP 2021 STRATEGIC PRIORITIES

- **More ambitious and balanced asset growth, renewed focus on attractive South European and North American markets**
- **Increase in size and scope of services business, focusing on renewable energy asset management, energy management and energy efficiency leveraging in-house digital platform**
- **Improved financial strength: strong balance sheet and sustainable financial position**

#### ECONOMIC AND FINANCIAL TARGETS

- **Refined Roadmap 2021 goals, compared to previous plan, to more closely align with the renewable market's evolution**
  - **MW Owned:** increasing 2021 target by 5.5% to 1,375 MW, increasing cumulative MW additions between 2017 and 2021 by 15%
  - **Services Business:** €44M in consolidated revenues expected by 2021, 5 GW of managed capacity in asset management.
  - **Consolidated EBITDA:** increasing 2021 target by 3.5% to €208M, with expected CAGR of 12% from 2018 to 2021
  - **Cumulated CapEx:** increasing 2021 target by 1.7% to €714M
  - **Consolidated Net Financial Position:** decreasing 2021 target by 13.6% to €813M
  - **Average Consolidated Net Financial Position/EBITDA Ratio:** decreasing target through 2021 from 4.7x to 4.4x

- **Dividend policy confirmed:** 8.5% annual dividend per share growth up to 2019 (paid 2020) off of 2016 base
- **Strong 2017 results:** expect consolidated EBITDA of over €147M (+11% vs last year plan target) and 950 MW of installed capacity (+11% vs. last year plan target)
- **2018 Guidance:** expect consolidated Net Financial Position (including the fair value of derivatives) of €687M, 2018 consolidated EBITDA of €148M and €29M in consolidated Net Earnings before minorities

Milan, December 12, 2017 - In a meeting held today, **the Board of Directors of Falck Renewables SpA** updated and approved the Company's 2017-2021 Industrial Plan.

*"We are pleased to present an Industrial Plan that improves our targets compared to last year. Our updated Roadmap 2021 builds upon the solid foundations of our impressive 2017 performance and capitalizes on the opportunities presented by the unprecedented shift in the structure of the energy market" said Toni Volpe, Chief Executive Officer of Falck Renewables "We are proud of our accomplishments and believe we are establishing a track record of achieving milestones and delivering results ahead of targets".*

### NEW ROADMAP 2021 ECONOMIC AND FINANCIAL TARGETS

The updated plan forecasts **2021 consolidated EBITDA<sup>1</sup> of €208M**, an increase of 3.5% compared to the plan presented last year, **and a 12% CAGR from 2018 to 2021**. The Company expects this performance will be driven by i) the increase in installed capacity, ii) new business and iii) the internal improvements which we expect will drive operating efficiencies and production increases, offset by the forecasted drop in electricity prices, compared to the previous plan.

The plan forecasts **2021 consolidated Net Earnings before minorities of €52M**, and 2021 consolidated Group Net Earnings (after minorities) at €30M.

The updated Industrial Plan forecasts **cumulative investments of €714M**, compared to €702M under the previous plan. The updated plan aims to achieve **2021 installed capacity of approximately 1,375MW**, compared to 1,303MW under the plan presented last year. Investments will be supported by Falck Renewables' operating cash flow and strong balance sheet and liquidity position, and the Company will access project level debt and corporate credit lines on attractive terms as appropriate.

The updated Industrial Plan forecasts the Company's **2021 Consolidated Net Financial Position** will decrease from €941M under the plan presented last year to **€813M under the updated plan**. The Company expects its consolidated **average ratio of NFP/EBITDA** to improve from 4.7x under the plan presented last year to **4.4x under the updated plan**. The Company also expects to maintain a consolidated **Debt/Equity ratio of around 1.5x** in 2021.

**The new 2021 Roadmap enables sustainable investments in short- and long-term growth while supporting a progressive annual dividend.** The Company confirmed its dividend policy and its plan to raise dividends per share by **8.5% annually through FY2019** (from the 2016 base).

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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 latest project financing contracts entered into by the Group.

## **Guidance for Year 2017 and Year 2018**

The Company expects:

- 2017 consolidated EBITDA of over €147M, about 7.2% higher than the guidance provided in the Company's Interim Report as at September 30, 2017 and +11% vs last year plan target. Ordinary Net Earnings (before minorities) over EBITDA expected at least 15%, above last year communicated target (11%).
- 2018 consolidated Net Financial Position (including the fair value of derivatives) of approximately €687M (based on an £/€ exchange ratio of 0.91 and an \$/€ exchange ratio of 1.18).
- 2018 consolidated EBITDA of approximately €148M.
- 2018 consolidated ordinary Net Earnings before minorities of approximately €29M.

## **NEW ROADMAP 2021 STRATEGIC PRIORITIES**

### **Asset and Pipeline Growthties**

Falck Renewables asset and pipeline growth strategy remains primarily focused on onshore wind and solar. In 2017 the Company increased its installed capacity to 950MW, far exceeding its 2017 target of 858MW. The Company plans to growth in installed capacity by strategically expanding its presence in target markets: the United States, Sweden and Norway and the Netherlands.

The new Roadmap 2021 targets confirms the Company's geographical expansion strategy and reflects more aggressive growth in installed capacity as compared to the plan presented last year, with a more balanced portfolio in terms of regional presence and asset mix. Under the new plan, total additions in the 2017-2021 period will go from 481 MW to 553 MW (+15%) with a larger contribution from solar assets (from 20% to 42%) and focusing more on the attractive South European and North American markets.

Pipeline expansion will be based on a comprehensive development approach focused on maximizing business and societal value and targeting a gross pipeline in excess of 1.5 GW by the end of 2021.

### **Investing in the Services Business**

Falck Renewables second strategic priority under the new 2021 Roadmap is to invest in and expand its services. The Company is focused on enhancing its renewable energy asset management and technical services offerings to asset owners and expanding its energy management and energy efficiency activities, and on enhancing its in-house digital platform. In renewable energy asset management the Company targets to reach over 5 GW of managed capacity by 2021, mainly through organic growth but also through acquisitions. In energy management, Falck Renewables started dispatching its own plants and will offer dispatching services to third parties. The flexible capacity on energy markets and the energy savings opportunity of the demand side will be exploited in an integrated offering.

The Company expects its client services business will reach €44M in consolidated revenues by 2021, of which 68% will be generated by organic growth and the remaining 32% by non-organic growth (acquisitions), and consolidated EBITDA of €8M. The Company will continue to make significant investments in state-of-the-art digital platforms and external resources integration to reach best-in-class cost efficiency and know how in delivering services.

### **Profitability and Financial Flexibility**

Falck Renewables third strategic priority under the new Roadmap 2021 is to continue initiatives aimed at increasing profitability and enhancing financial flexibility.

In 2017 the combination of the Company's internal cost reduction improvement programs and favorable wind conditions and electricity prices drove 2017 consolidated EBITDA results, which came in above expectations. The Company also realized significant financial charges savings by successfully renegotiating certain of its existing project financing agreements. These efforts helped stabilize Company's Net Financial Position year-over-year.

The updated Industrial Plan seeks to increase profitability by driving additional operational efficiencies from improved technical performance.

The Company expects to significantly reduce its consolidated NFP/EBITDA from 4.7x in 2018 to 3.9x in 2021, and remain well within the covenant of its corporate credit facility. The Company's Debt/Equity will also remain within the covenant and increase from 1.4x in 2018 to 1.5x in 2019, then decline to 1.5x in 2021. The significant spread between the Company's financial ratios and the corporate facility covenants provides the Company with the financial flexibility to take advantage of future growth opportunities as they arise.

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*This press release contains certain forward-looking statements that reflect the Company's management's current views with respect of future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on Falck Renewables S.p.A.'s current expectations and projections about future events and have been prepared in accordance with IFRS currently in force and the related interpretations as set out in the documents issued to date by IFRIC and SIC, with the exclusion of any new standard which is effective for annual reporting periods beginning on or after January 1st 2018. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Falck Renewables S.p.A. to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in the price and availability of fuel and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein. The information contained in this press release does not purport to be comprehensive and has not been independently verified by any independent third party.*

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*The 2017-2021 Industrial Plan will be presented to the financial community today, at 2:30 pm at Unicredit Green House – Piazza Gae Aulenti Milan. Support material will be made available on-line*

*www.falckrenewables.eu in the investor relations section when the presentation begins. A web cast presentation will be available from 3.00 pm CET on the following website:*  
<https://www.falckrenewablesevent.com>

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***Falck Renewables S.p.A.**, listed in the STAR segment of the Italian Stock Exchange, develops, designs, builds and manages power production plants from renewable energy sources. Falck Renewables consolidates installed capacity of 950 MW in 2017 (913 MW according to the IFRS 11 reclassification) in Italy, United Kingdom, Spain, France, and produces more than 2 billion KWh of energy per year, generated by wind, solar, biomass, and waste- to-energy technologies. Through its Madrid-based, wholly owned company Vector Cuatro, Falck Renewables delivers commercial and technical asset management, engineering, and M&A advisory services with a track record exceeding 1.7GW of solar and wind and presence in 24 Countries worldwide.*

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