

# FY 2017 Results



9 March 2018

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# FY 2017 HIGHLIGHTS



# 2017 Highlights – Strong performance “across the board”



## Strong assets performance in 2017 vs. 2016 :

- **Better production** compared to 2016 (+9.5%) in spite of lower than expected wind conditions in Italy.
- **Better prices** in Italy (+13%), UK (+16%) and Spain (+68%)
- Increase in **capacity** (+128MW) and **geographical diversification** (operating plant in the US)
- Better **operational performance** (O&M and G&A)



## Services performance aligned with expectations:

- Reached over **1.8 GW** of assets under management by Vector Cuatro
- Higher revenues from **technical and transaction services** vs 2016
- **Energy management**
  - ✓ In-house dispatching for WtE and certain solar assets.
  - ✓ Reduced impact of unbalancing costs in Italy



## Better Group financial results vs. 2016

- Higher **EBITDA in 2017** vs. 2016 (+9.6%) and above expectations and consensus
- Reduced **depreciations** by increased useful life. **EBIT** at €75.4M (+26.4% vs. 2016)
- **Net Earnings** reaches € 32.1M vs. €1.9M in 2016 thanks to better EBITDA, lower financial charges and taxes
- **Group Net Earnings** at €20.35M vs. - €3.9 in 2016, **best result ever**
- **NFP** at €584M vs. €562M in 2016 significantly better than expectations reaching multiple **3.9x** on EBITDA
- Stabilized impact of GBP **exchange ratio** (-6.5%)
- Proposed **Dividend per share** 5.3 €c vs. 4.9 €c in 2016 (+8.2%)

# 2017 Key Performance Indicators

	2017 Achieved	2017 Targets	Δ
O&M <sup>°</sup> / MW <sup>°°</sup> (€/000)	32	32**	In line
G&A <sup>§</sup> / MW <sup>°°</sup> (€/000)	28	29**	- 1
Net Earnings / EBITDA	21%	11%*	+10%
FFO / EBITDA	60%	35%*	+25%
FFO / NFP	15%	7%*	+8%
NFP / EBITDA	3.9x	4.3x**	- 0.4x
D / E <sup>¤</sup>	1.17x	1.41x*	- 0.24x
R.O.I.	7.1%	6.0%*	+1.1%
R.O.E.	6.6%	3.0%*	+3.6%

\*Source: CMD 29 November 2016

\*\*Source: CMD 12 December 2017

¤ Net Financial Position on Shareholders Equity

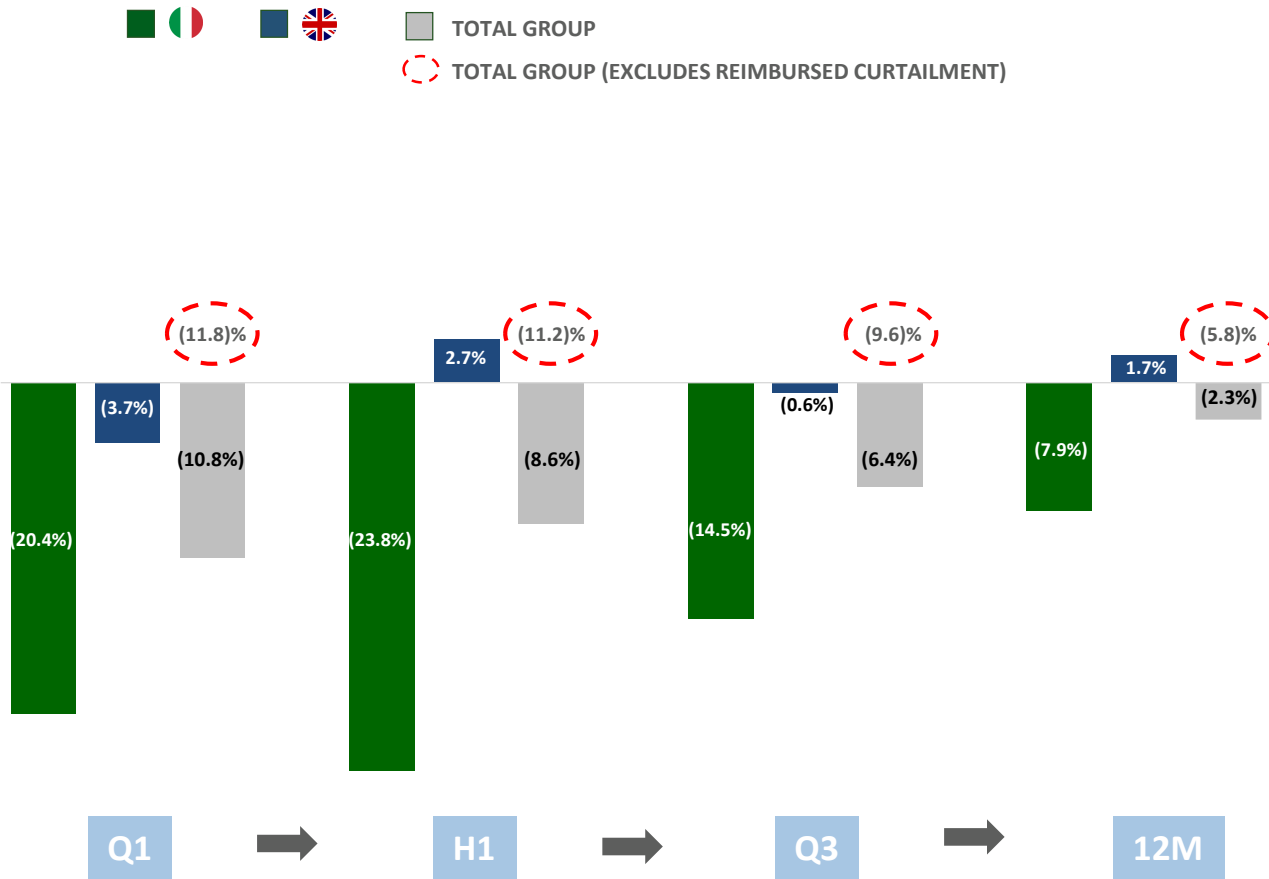
° It includes wind and solar plants

°° MW weighted on COD

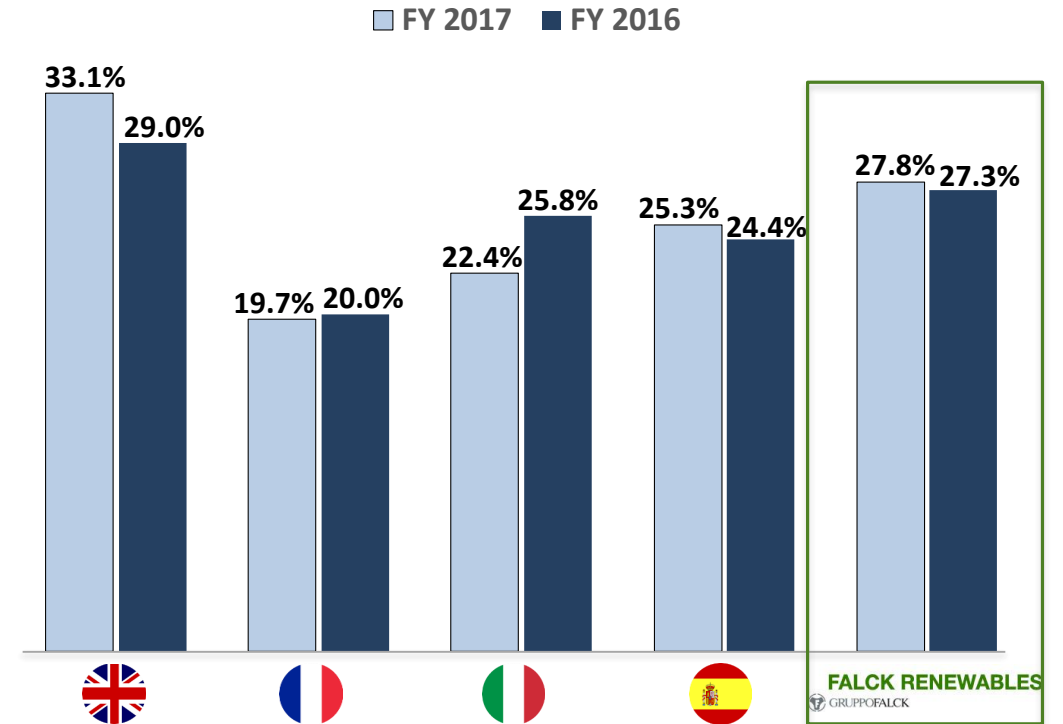
§ It excludes Devex

# 2017 Wind Portfolio Performance

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



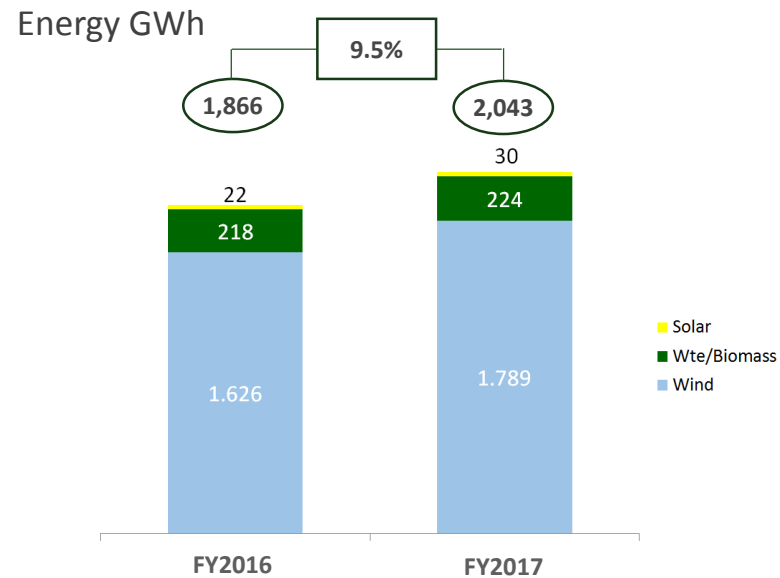
## FY2017 vs. FY2016: Load Factor\* by Country



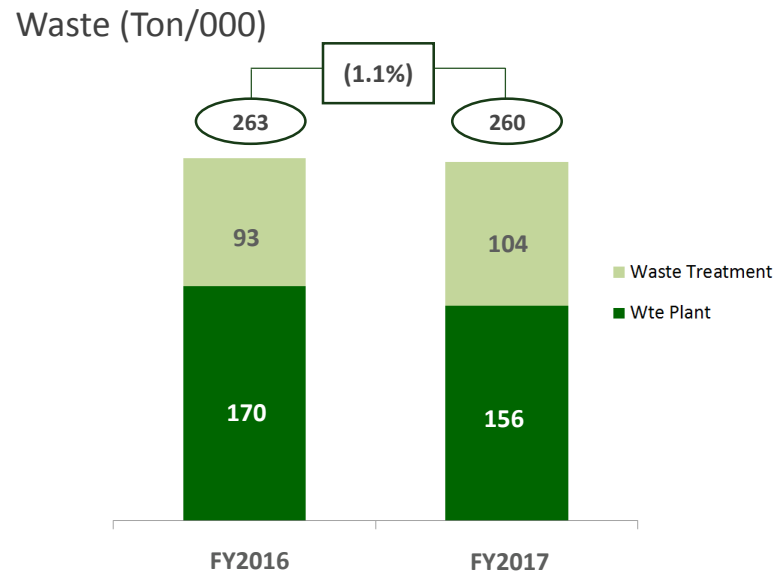
\*\* variation % vs internal Index of production

\* Based on effective operating hours

# Production in 2017 (Electricity & Waste)



Higher production vs. 2016 (+30%) – mainly due to new capacity added and better wind conditions in Q4.



- Lower wind production vs. 2016 (-13%) mainly due to poor conditions in H1
- Energy from waste/biomass better than year ago primarily due to Biomass performance
- Higher volumes in Waste treatment

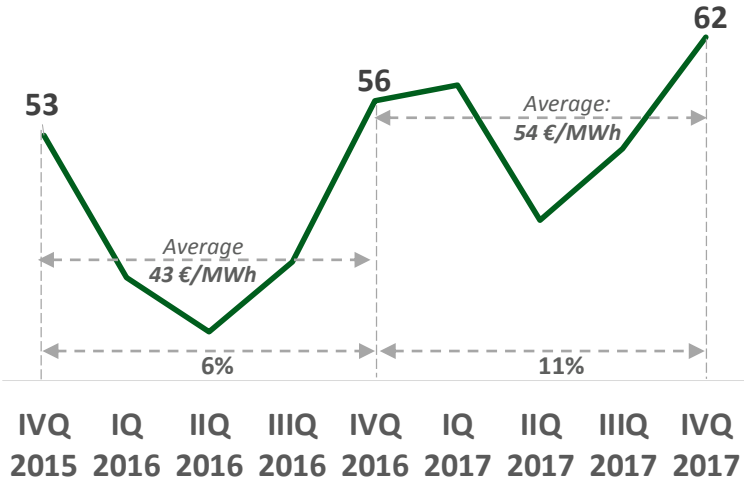


# Market Average Price

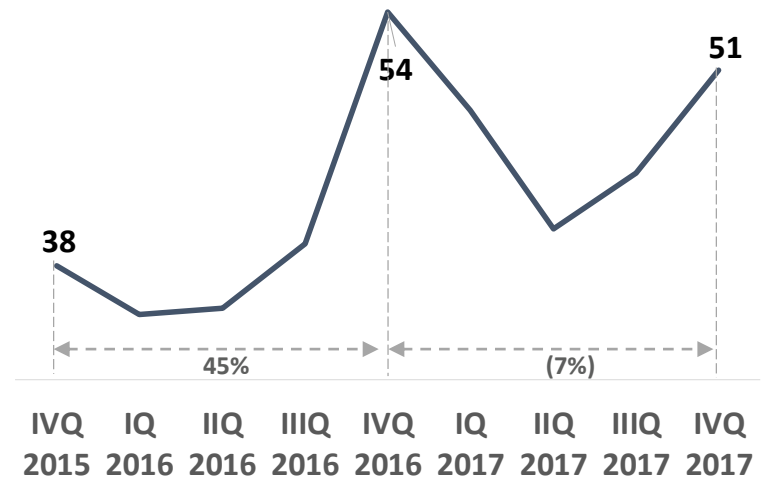
WHOLESALE PRICE\*



€/MWh

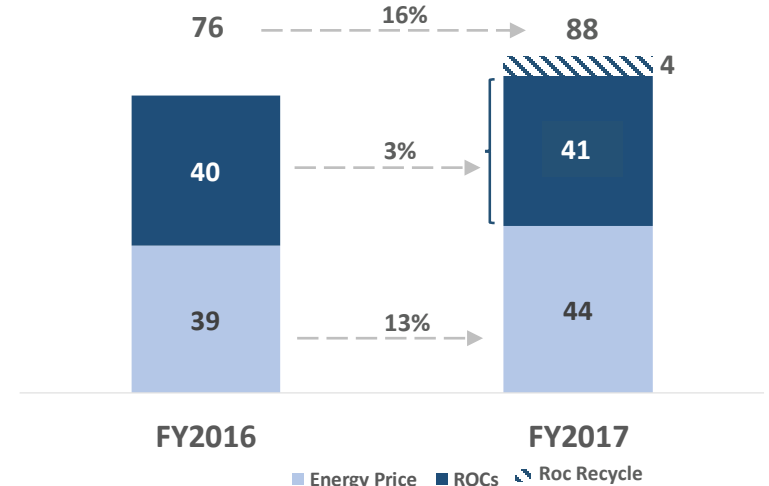
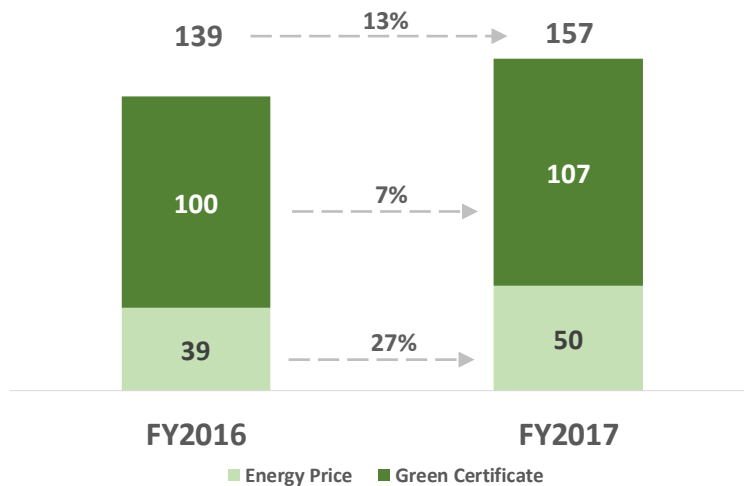


GBP/MWh



	FY2016	FY2017	Δ %
Eur/MWh	91	92	1%
Eur/MWh	30	51	68%

«GROUP» PRICE

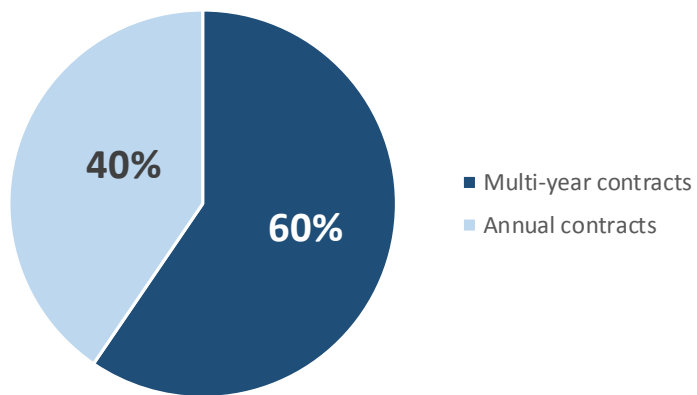
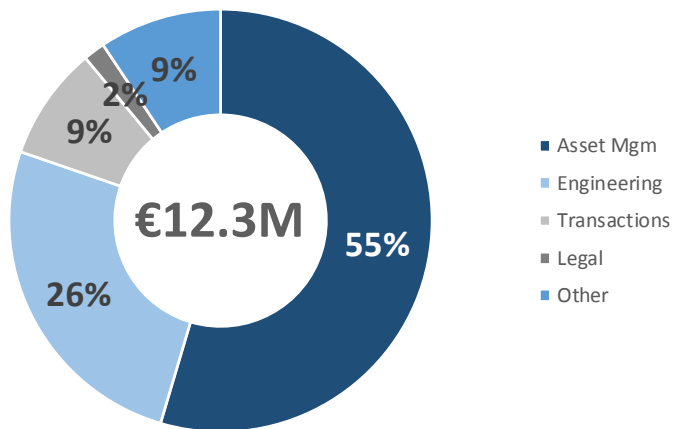


Cv2018: 99€/MWh (-8€/MWh vs. 2017)

\* Source: GME, Heren

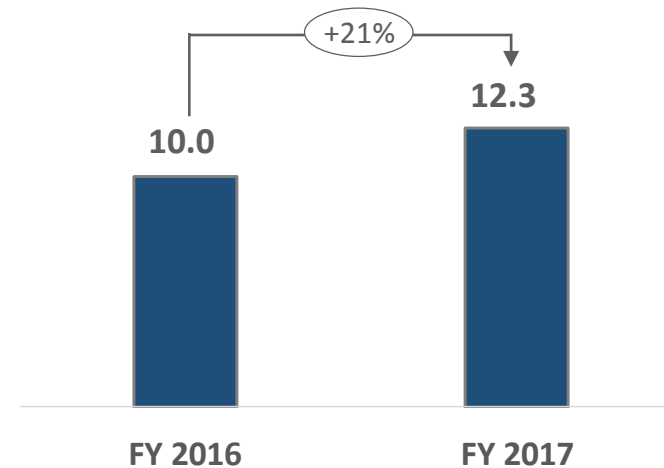
# Services: Technical Advisory and Asset Management

FY 2017 REVENUES BREAKDOWN

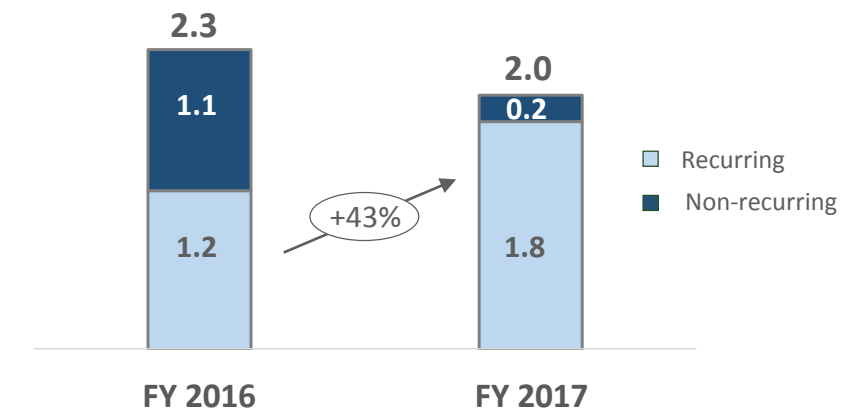


REVENUES EVOLUTION

(€M)



EBITDA EVOLUTION



# FY 2017 RESULTS



# FY 2017 EBITDA Bridge

(€M)



# FY 2017 Financial Highlights

(€M)	FY 2017	FY 2016	
<b>Revenues and Other Income</b>	<b>293.1</b>	<b>256.7</b>	14.2%
<b>Ebitda</b>	<b>149.4</b>	<b>136.3</b>	9.6%
<i>% on Revenues and Other Income</i>	<i>51.0%</i>	<i>53.1%</i>	
Depreciation - Amortization - Write Off	(74.0)	(76.6)	1
<b>Operating result</b>	<b>75.4</b>	<b>59.6</b>	26.4%
<i>% on Revenues and Other Income</i>	<i>25.7%</i>	<i>23.2%</i>	
Financial income and charges	(35.3)	(41.4)	2
Equity investments	2.3	1.1	
<b>Earnings Before Taxes</b>	<b>42.4</b>	<b>19.4</b>	119.3%
Taxes	(10.4)	(17.5)	3
<b>Net Earnings</b>	<b>32.1</b>	<b>1.9</b>	n.m.
Minorities	11.7	5.8	
<b>Group Net Earnings</b>	<b>20.35</b>	<b>(3.9)</b>	n.m.

(€M)	FY 2017	FY 2016
<b>Net Invested Capital</b>	<b>1,081</b>	<b>1,038</b>
Equity	498	476
<b>Net Financial Position</b>	<b>(584)</b>	<b>(562)</b>
<i>of which: Proj. Fin. and MLT no recourse</i>	<i>(792)</i>	<i>(735)</i>
<b>NFP excluding Derivatives Instruments</b>	<b>(537)</b>	<b>(503)</b>

# FY 2017 Financial Highlights – details (€M)

<b>1</b>	FY2017	FY2016
<b>Depreciation, Amortization and Write-Off</b>	<b>74.0</b>	<b>76.6</b>
<i>Depreciation</i>	<i>(59.4)</i>	<i>(64.9)</i>
<i>Provision</i>	<i>(14.2)</i>	<i>(12.0)</i>
<i>Write – off / Revaluation</i>	<i>(0.5)</i>	<i>0.3</i>

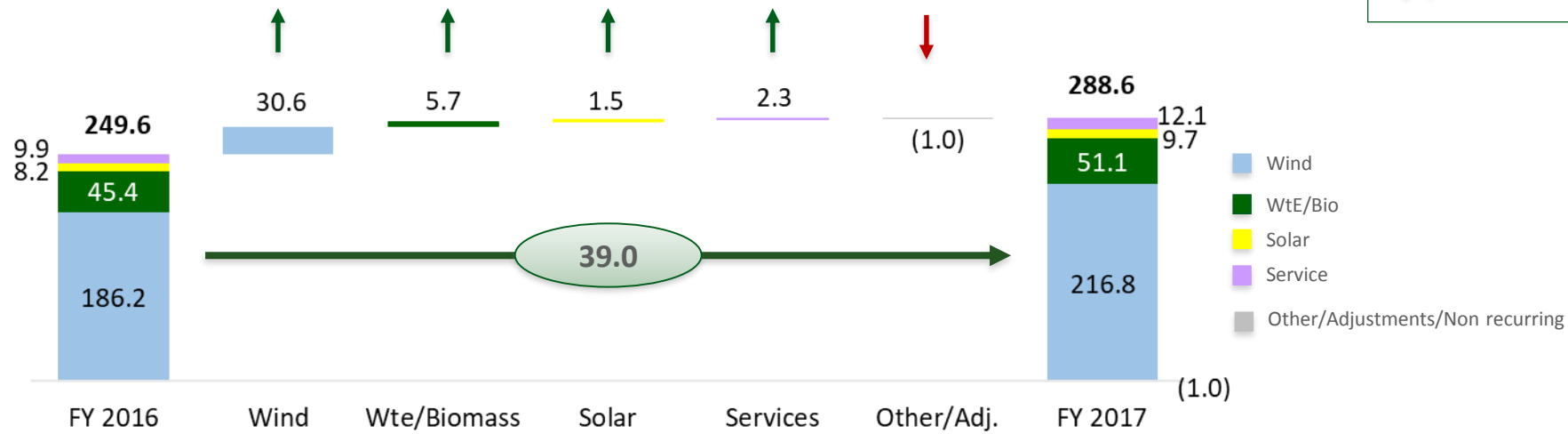
<b>2</b>	FY 2017	FY 2016
<b>Financial Charges</b>	<b>(35.3)</b>	<b>(41.4)</b>
<i>Dispute resolution with Agenzia delle Entrate</i>		<i>(2.5)</i>
<i>Other</i>		<i>(0.5)</i>
<i>Financial charges</i>	<i>(35.3)</i>	<i>(38.5)</i>

<b>3</b>	FY 2017	FY 2016
<b>Taxes</b>	<b>(10.4)</b>	<b>(17.5)</b>
<i>Dispute resolution with Agenzia delle Entrate</i>		<i>(12.6)</i>
<i>Current taxes on retained losses previously not recognized</i>	<i>2.7</i>	<i>4.9</i>
<i>Deferred taxes assets increased useful life</i>	<i>1.5</i>	
<i>Change in Tax rate</i>	<i>0.2</i>	<i>1.4</i>
<i>Taxes on Group Net Earnings</i>	<i>(14.8)</i>	<i>(11.2)</i>

# FY 2017 Revenues

(€M)

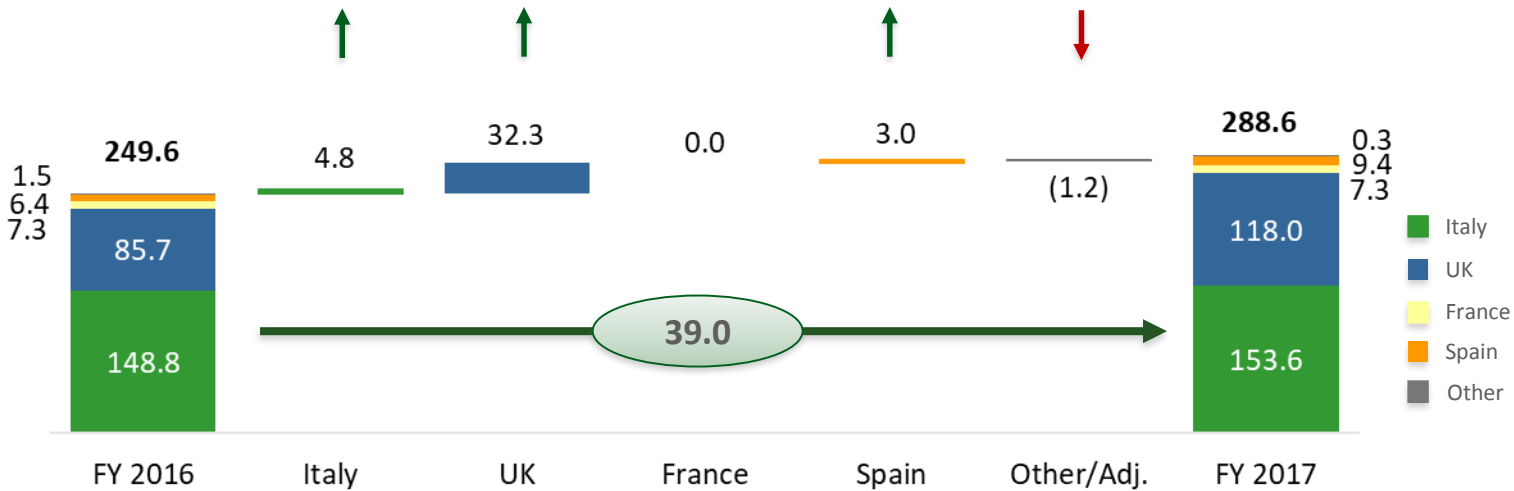
Revenues by Technology



↑ ↓ Trend vs. 2016

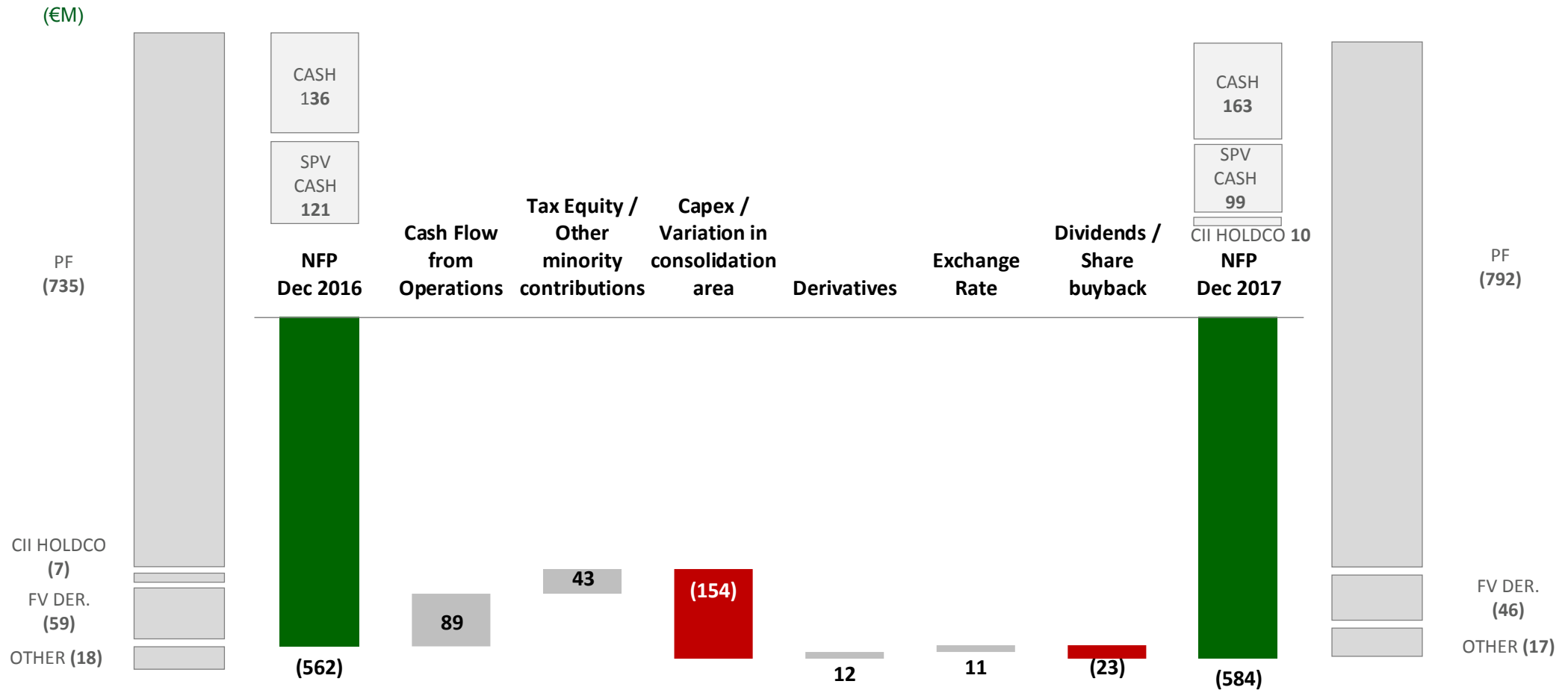
(€M)

Revenues by Country\*



\* By origination

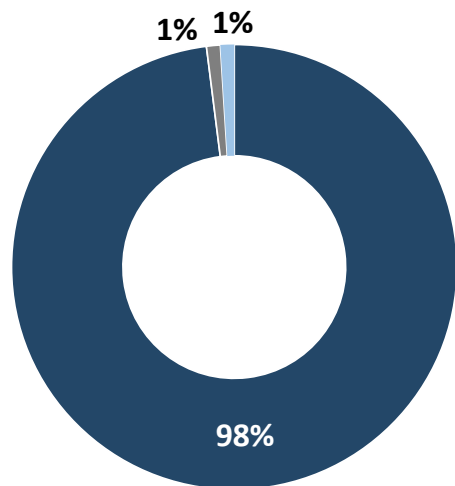
# FY 2017 Cash Flow





# FY 2017 Debt Breakdown

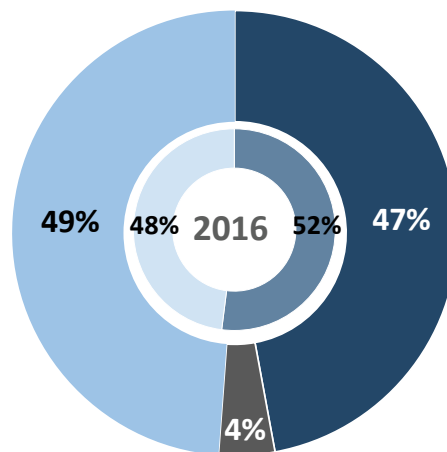
Gross Debt Nature Without Derivatives



€812M

- Financing with recourse
- Project financing without recourse
- Other financings without recourse

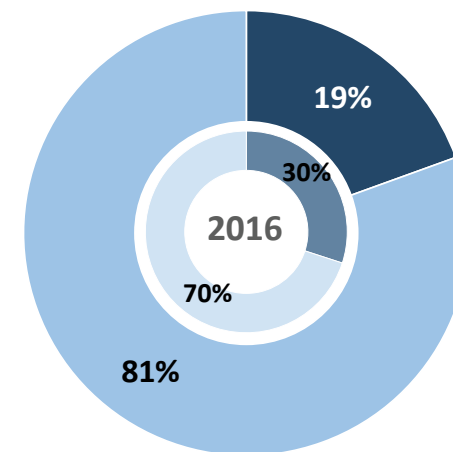
Gross Debt by Currency Without Derivatives



€812M

- GBP
- EUR
- USD

Gross Debt Without Derivatives Hedged



€812M

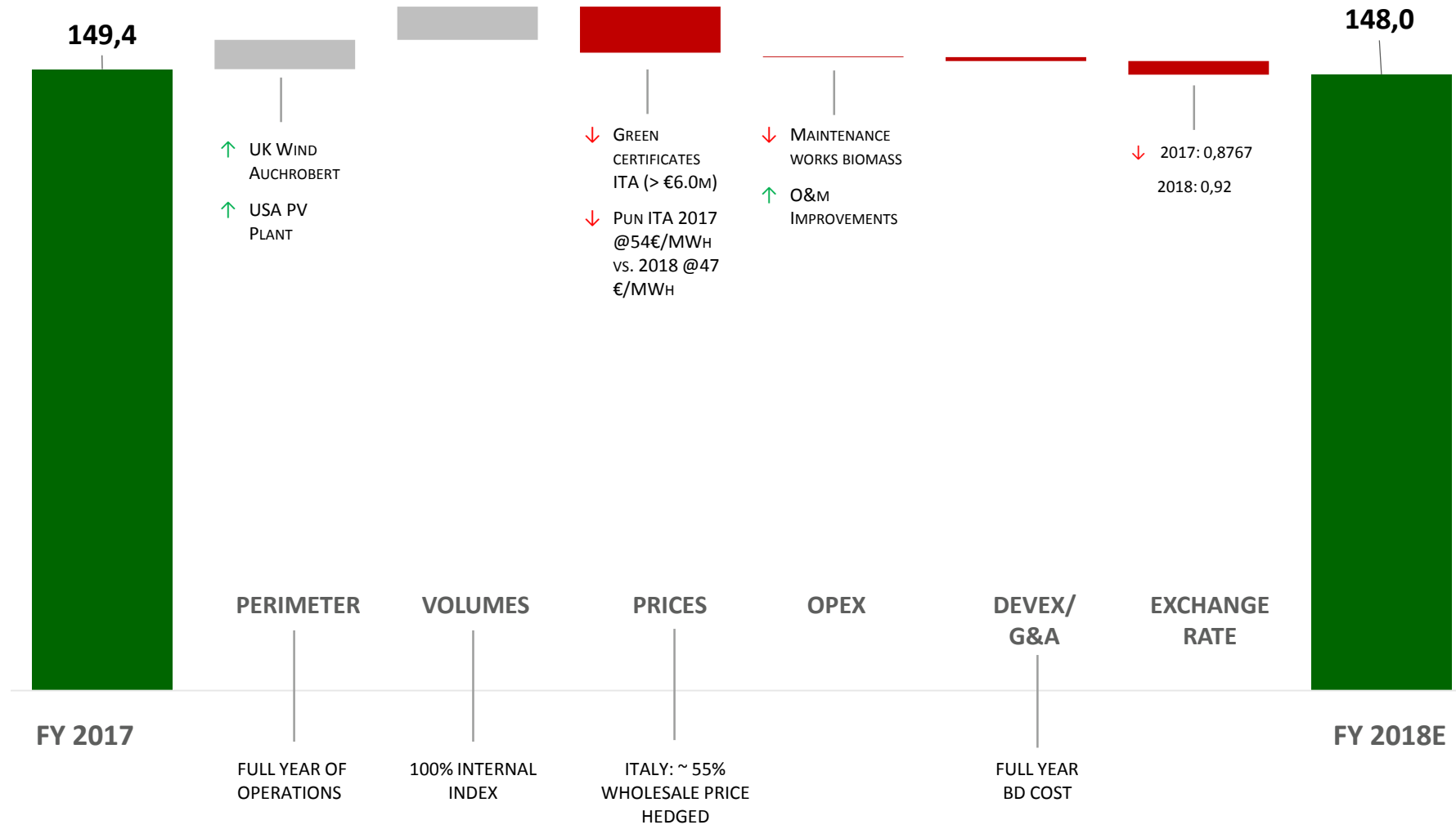
- Hedged
- Un-hedged

Average interest rate (including interest rate swap) of **3.65%** vs. **4.30%** in 2016

# CONCLUSIONS



# 2018 Ebitda Bridge



# 2018 Guidance (€M)

148

EBITDA

29

Net Earnings

687

NFP

- » Full operations at **92MW<sub>dc</sub>** Solar Pv in the US
- » Full operations at Auchrobert wind farm **36MW**
- » Italy: Green Certificates **@99 €/Mwh**
- » **Maintenance works** at Rende biomass plant
- » **Exchange rate:** @0.92 vs. GBP  
@1.18 vs. USD

**Dividend proposal at 2019 Shareholders' Meeting: 5.8 c€**










# Conclusions

- » Strong **2017 performance** with the highest **Group Net Earnings** since the company incorporation and improvements in all operational KPIs
- » **Construction activities** ongoing in Sweden, Norway and in the US
- » Business Development working on new **investment opportunities** and increasing the existing **pipeline** according to the industrial plan guidelines
- » Increase of **Energy Management** activities through in-house dispatching of Italian wind assets and evaluation of **external growth opportunities** for Asset Management, Energy Efficiency and Energy Management
- » **New in-house investments** expected in processes digitalization, production monitoring and predictive maintenance
- » Focus on **financial sustainability** and optimization of cost of funding of existing financings.

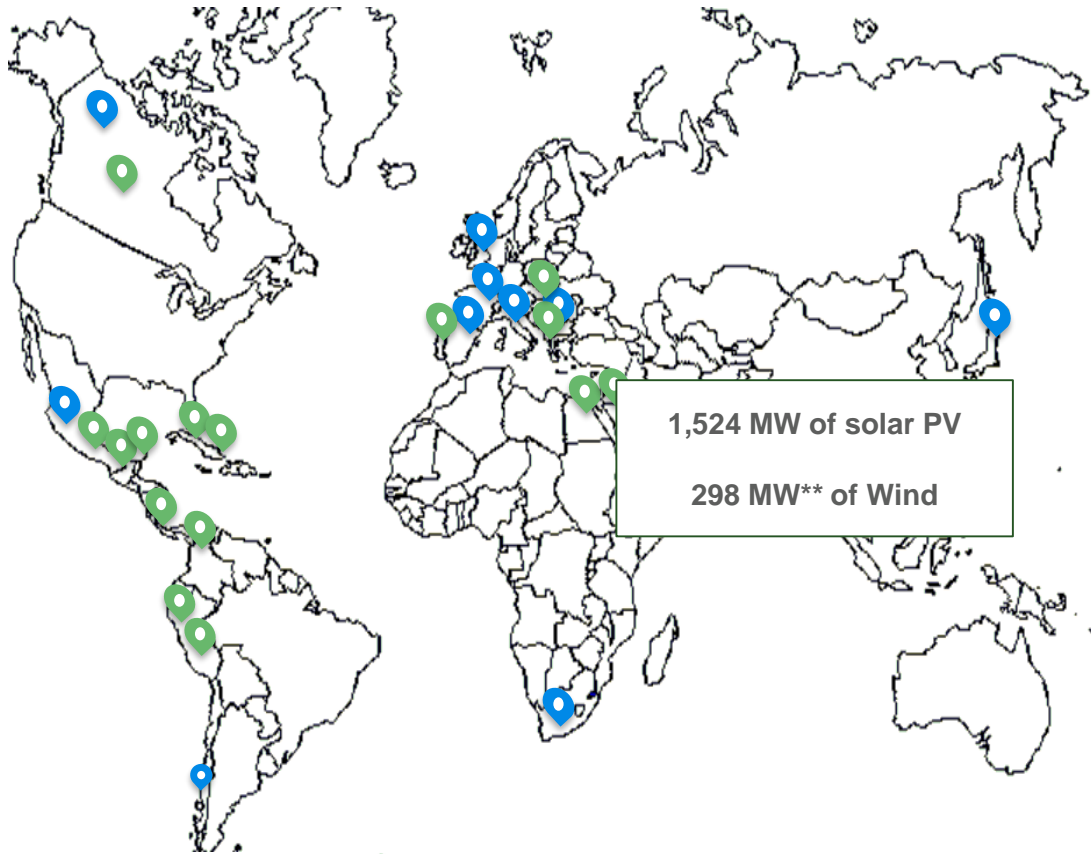
# Appendix



# Group Overview as of 31 December 2017

33 plants

	950* MW		
			
	413MW		
	292MW	16MW	46MW
		92MW	
	49MW		
	42MW		
	796MW	108MW	46MW

## 1,822 MW under Management by Vector Cuatro



 Global Presence  
 Vector Cuatro Offices

\* 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 FY 2017



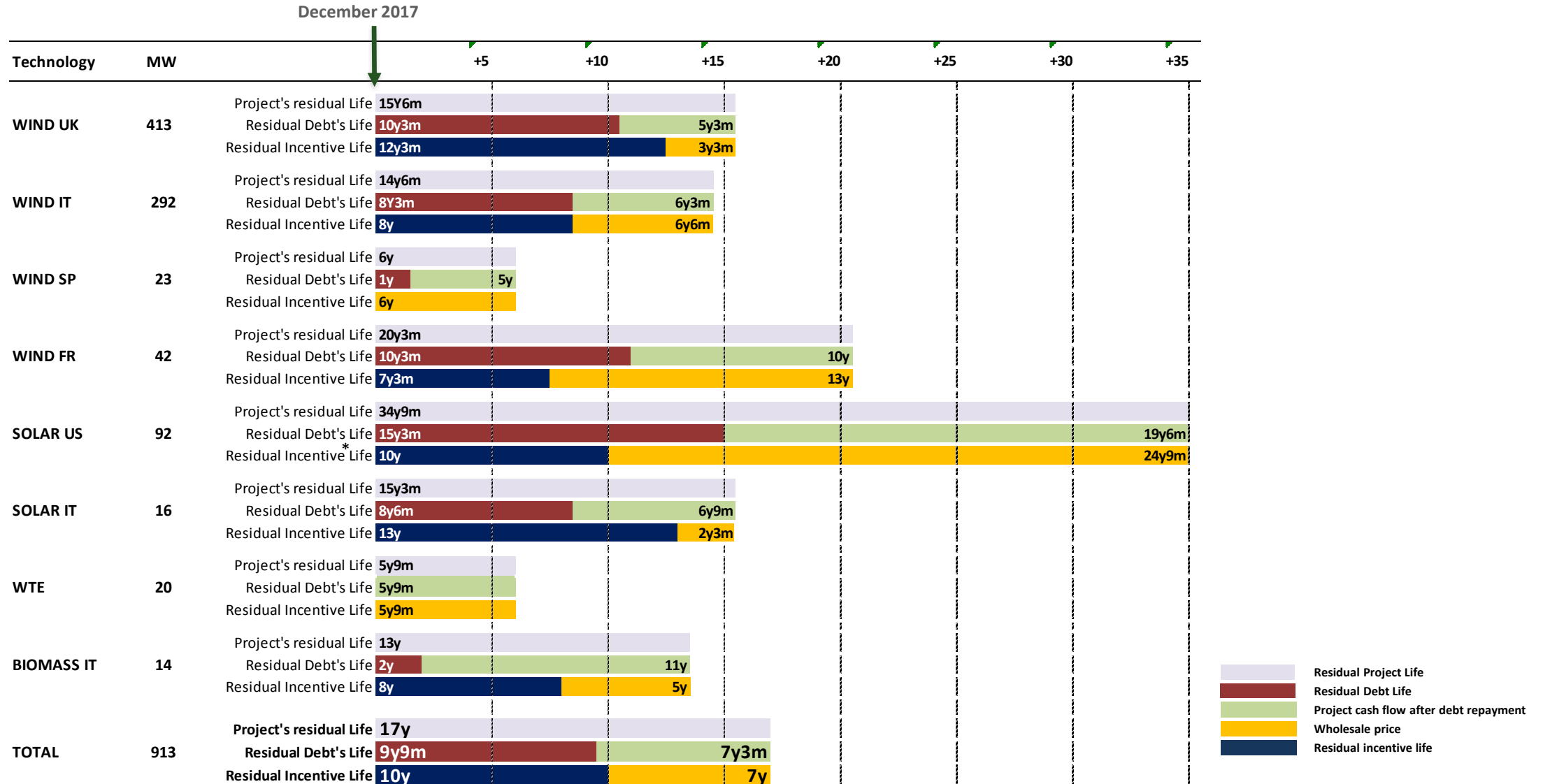
MINORITIES

Plants	MW	Energy produced FY 2017 (GWh)
Cefn Croes (Wales )	58.5	148
Boyndie (Scotland )	16.7	44
Earlsburn (Scotland)	37.5	110
Ben Aketil (Scotland)	27.6	72
Millennium (Scotland)	65.0	164
Kilbraur (Scotland)	67.5	181
Nutberry (Scotland)	15.0	55
West Browncastle (Scotland)	30.0	72
Spaldington (England)	11.8	27
Kingsburn (Scotland)	22.5	80
Assel Valley (Scotland)	25.0	70
Auchrobert (Scotland)	36.0	69
San Sostene (Italy)	79.5	151
Minervino Murge (Italy)	52.0	81
Buddusò – Alà dei Sardi (Italy)*	138.0	308
Petralia Sottana (Italy)	22.1	33
Ty Ru (France)	10.0	19
Fouy (France)	10.0	16
Cretes (France)	10.0	17
Esquennois (France)	12.0	21
Cabezo San Roque (Spain)	23.3	52
Rende (Italy)	1.0	1
Sicily (Italy)	13.1	20
Mesagne (Italy)	2.0	3
North Carolina (USA)	92.0	7
WTE Trezzo (Italy)	20.0	112
BIO Rende (Italy)	15.0	110
La Muela (Wind - Spain)	26.0	
Frullo Energia Ambiente (WtE - Italy)	11.0	
<b>TOTAL</b>	<b>950.0</b>	<b>2,043</b>

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



# Young Asset Base

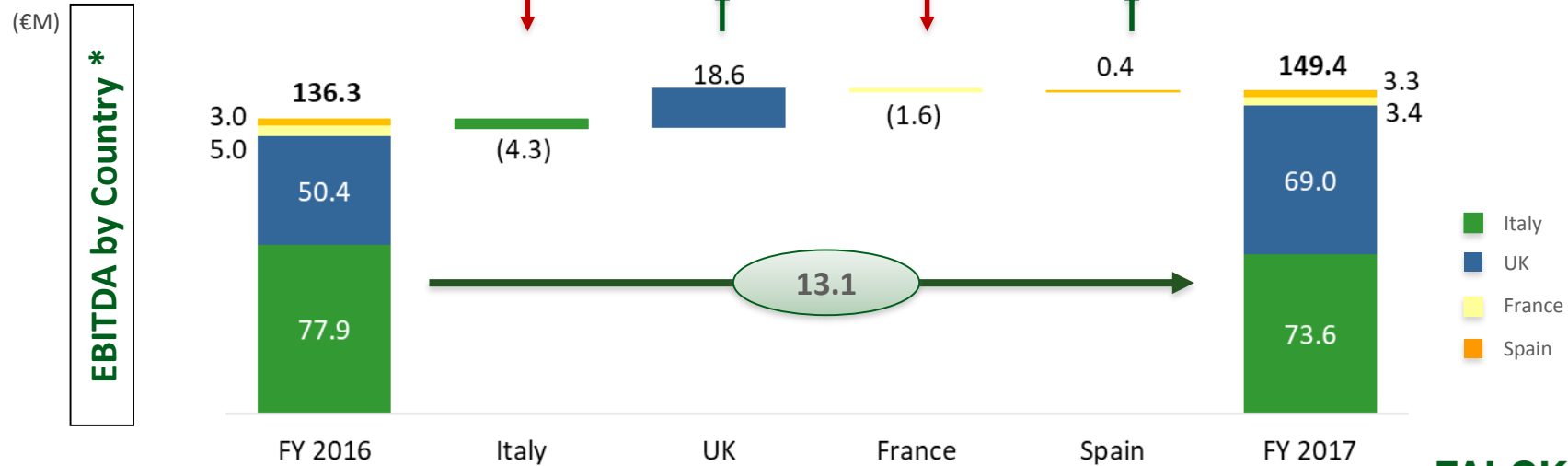
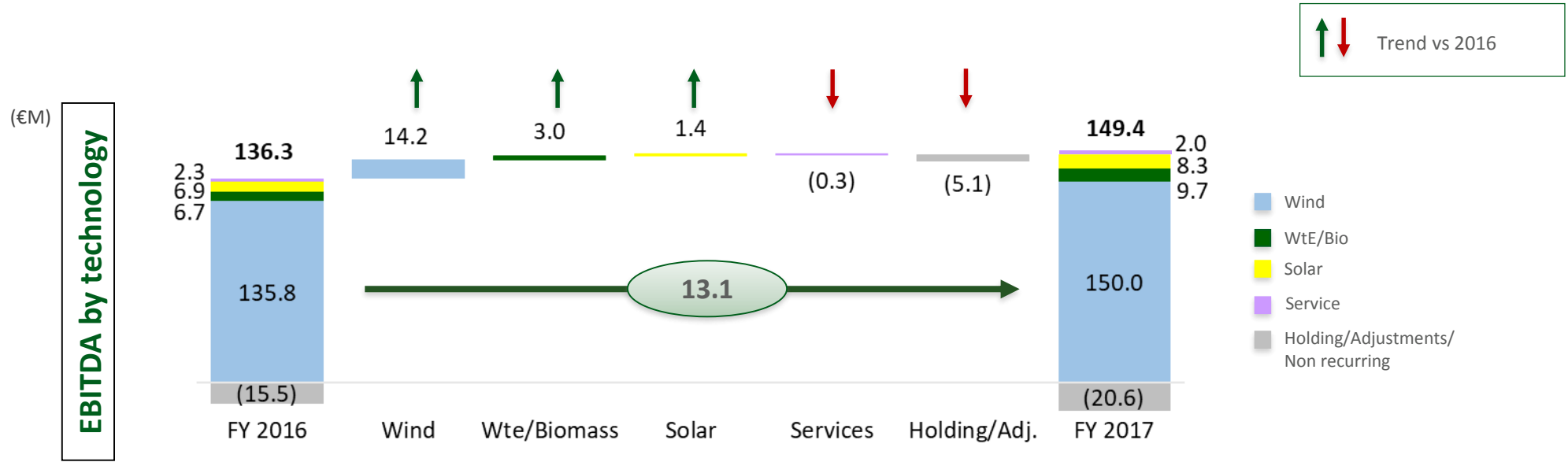


\* PPA secured

# 2017 Results Ahead of Expectations (€M)

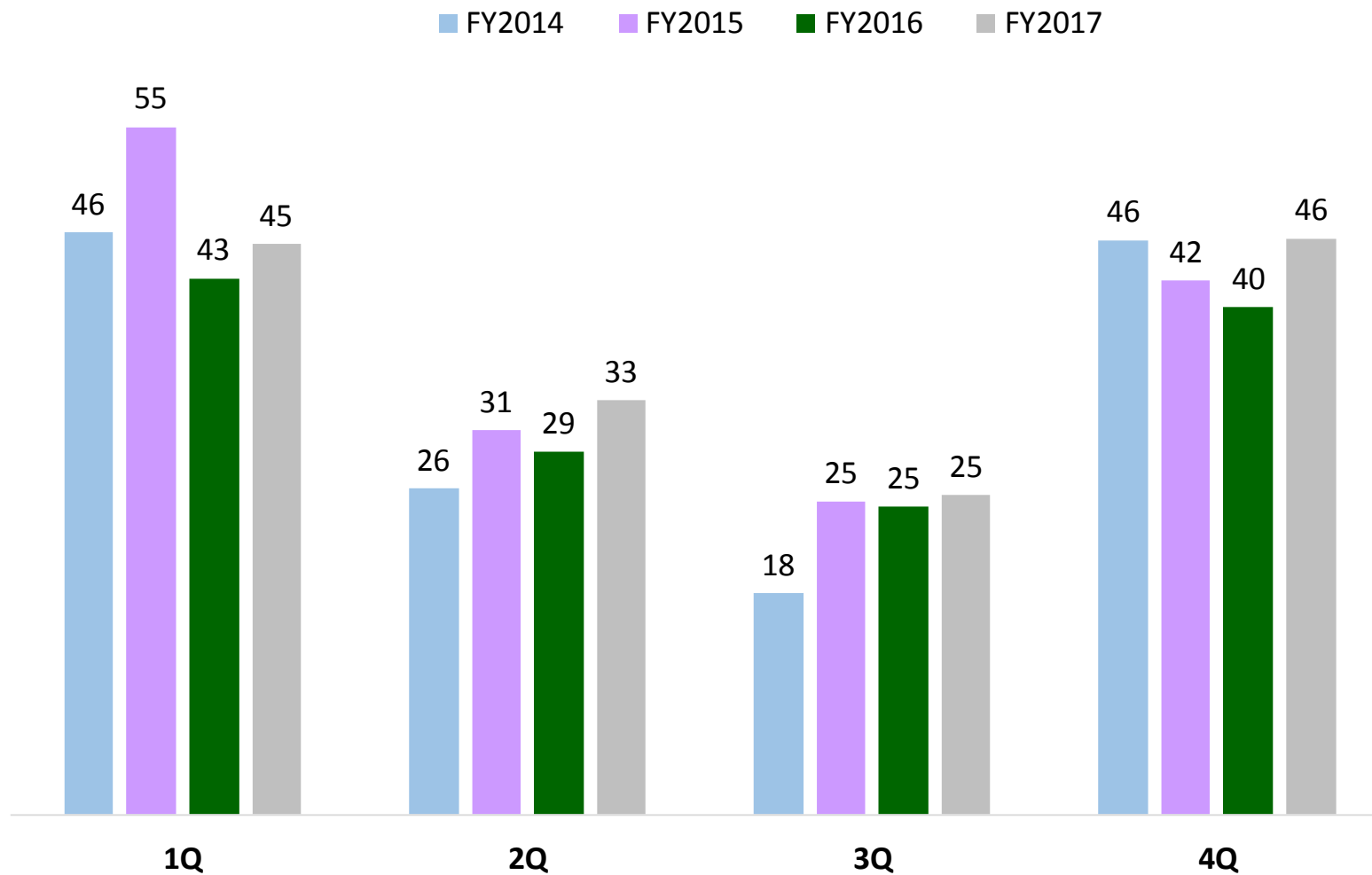
	FY 2017	FY 2016	YoY Change
EBITDA	149.4	136.3	9.6%
EBIT	75.4	59.6	26.4%
NET EARNINGS	32.1	1.9	n.m.
GROUP NET EARNINGS	20.35	(3.9)	n.m.
NFP	(583.7)	(562.0)	(3.9%)
NFP/EBITDA	3.9x	4.1x	5.2%
Proposed DPS	5.3 €c	4.9 €c	8.2%
INSTALLED CAPACITY	950 MW	822 MW	128 MW
ENERGY PRODUCTION	2,043 GWh	1,866 GWh	177 GWh

# FY 2017 EBITDA



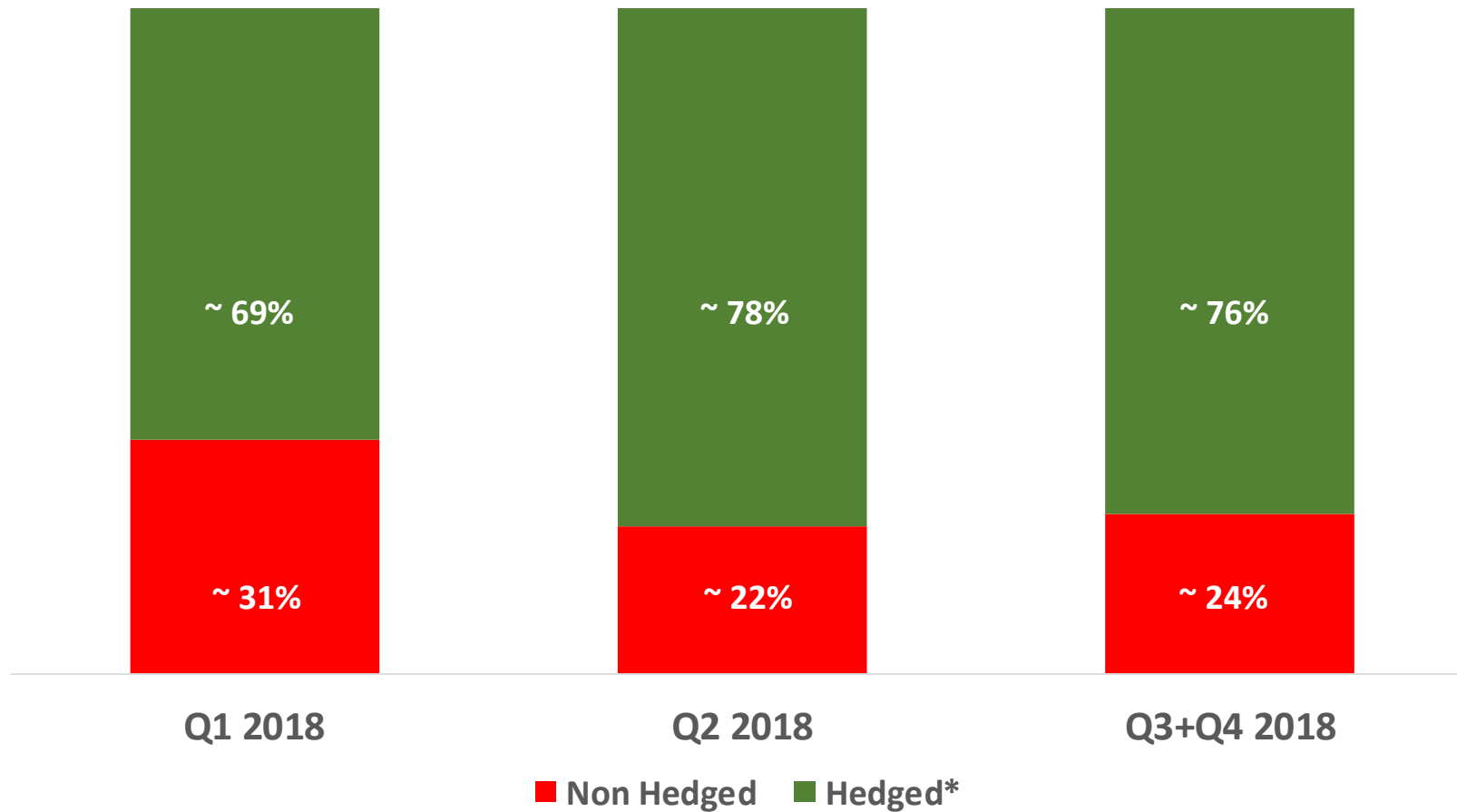
\* By origination

# EBITDA Breakdown by Quarter



2017 EBITDA impacted by weak wind performance in Italy offset by better production in the UK and higher energy prices

# Hedged Component of Revenues by Quarter



\*Incentive (Green C., ROCs, Conto Energia, Feed in Tariff) + fixed component of PPA

# Updated Roadmap 2021 Strategic Priorities



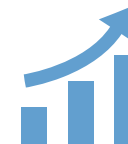
## Asset and Pipeline Growth

- Onshore wind and solar remain core
- Drive growth in installed capacity of owned assets and evolve asset base
- Expand and diversify pipeline
- Deconsolidation of non core Waste Treatment business (Esposito)



## Investing in Services Platform

- Increase size and scope of services business
  - ✓ Grow Asset Management and Tech Services offerings to asset owners
  - ✓ Diversify service offerings and client base
  - ✓ Expand into Energy Management and Energy Efficiency activities
- Invest on digital platforms



## Profitability and Financial Flexibility

- Increase efficiencies and improve profitability
- Optimize value from existing assets
- Expand access to debt and minority financial partners

**Scalable, profitable clean energy platform**

# Scenario Assumptions

“Our solid and reliable path forward is informed by revised scenario assumptions and our strong year one performance.”

- Lower Energy Prices in Europe



Nominal		2018	2019	2020	2021
<i>Italy PUN Old Plan</i>	€/MWh	43	49	55	59
<b>Italy PUN New Plan</b>	<b>€/MWh</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>50</b>
<i>Italy Green Certificate Old Plan</i>	€/MWh	111	107	102	98
<b>Italy Green Certificate New Plan</b>	<b>€/MWh</b>	<b>99</b>	<b>103</b>	<b>103</b>	<b>104</b>
<i>UK baseload Old Plan</i>	£/MWh	43	46	51	54
<b>UK baseload New Plan</b>	<b>£/MWh</b>	<b>44</b>	<b>45</b>	<b>46</b>	<b>49</b>

- Higher Interest Rates



Euribor & Libor	2018	2019	2020	2021
<i>Euribor Old Plan</i>	0.00%	0.00%	0.00%	0.22%
<b>Euribor New Plan</b>	<b>0.00%</b>	<b>0.25%</b>	<b>0.50%</b>	<b>1.00%</b>
<i>UK Libor Old Plan</i>	0.50%	0.50%	0.60%	0.80%
<b>UK Libor New Plan</b>	<b>1.00%</b>	<b>1.20%</b>	<b>1.30%</b>	<b>1.40%</b>

- Lower wind Capex/MW



€/MW	2018
<i>Wind Old Plan</i>	1.55
<b>Wind New Plan</b>	<b>1.31</b>
<i>Solar PV Old Plan</i>	1.04
<b>Solar PV New Plan</b>	<b>1.07</b>

- More **Solar** in Mix of Capacity Additions

- Larger **Funding** from third parties (Tax Equity in the U.S.)