

Capital Markets
Day 2018

CAPITAL MARKETS DAY 2021 Roadmap Update

12 DECEMBER 2018

Forward-Looking Statements

This presentation 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 2019. 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, which are made only as of the date of this presentation. Falck Renewables S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation. The information contained in this presentation does not purport to be comprehensive and has not been independently verified by any independent third party.

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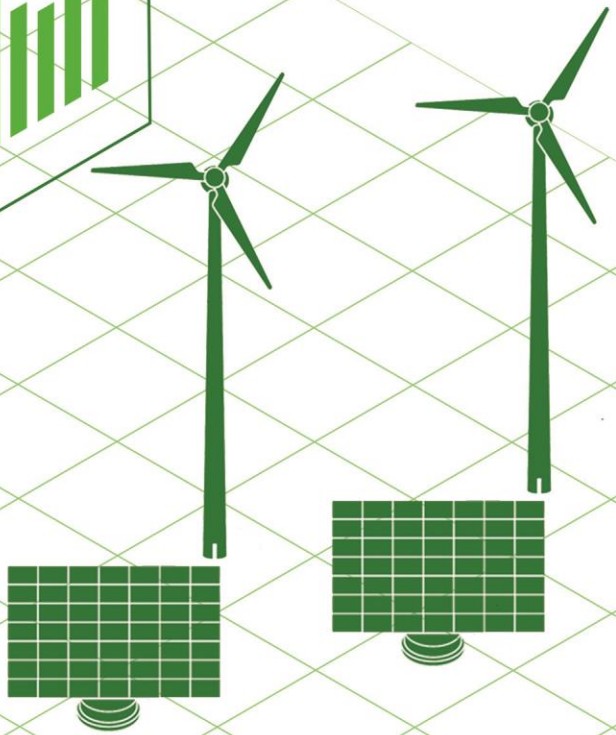
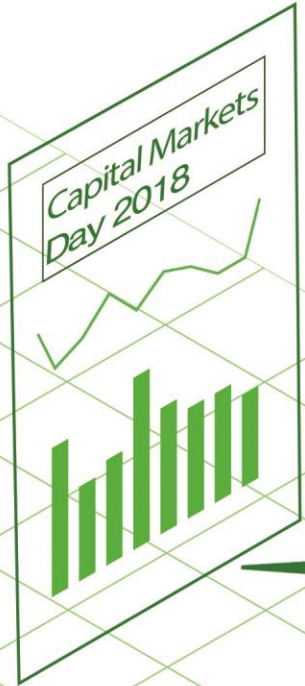
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Agenda

Welcome	Enrico Falck
2018, Another Year of Solid Delivery	Toni Volpe
Market and Strategy Update	Toni Volpe
Asset Development	Carmelo Scalone
Asset Management and Advisory	Javier Asensio
Energy Management & Energy Efficiency	Marco Cittadini
Financial Overview	Paolo Rundeddu
Concluding Remarks	Toni Volpe

WELCOME

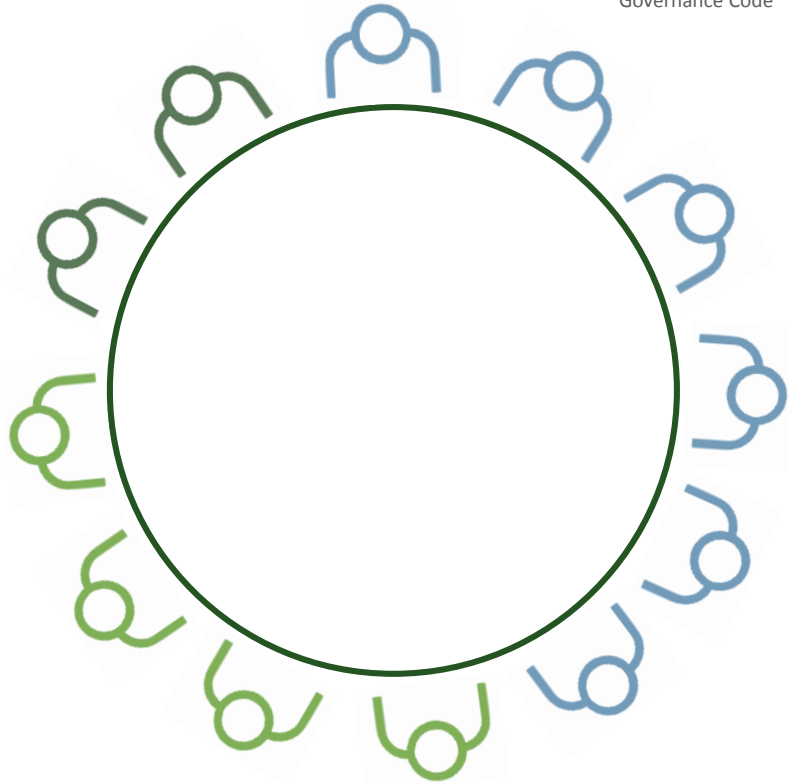
Enrico Falck
Chairman



Governance & Shareholders

Board Composition

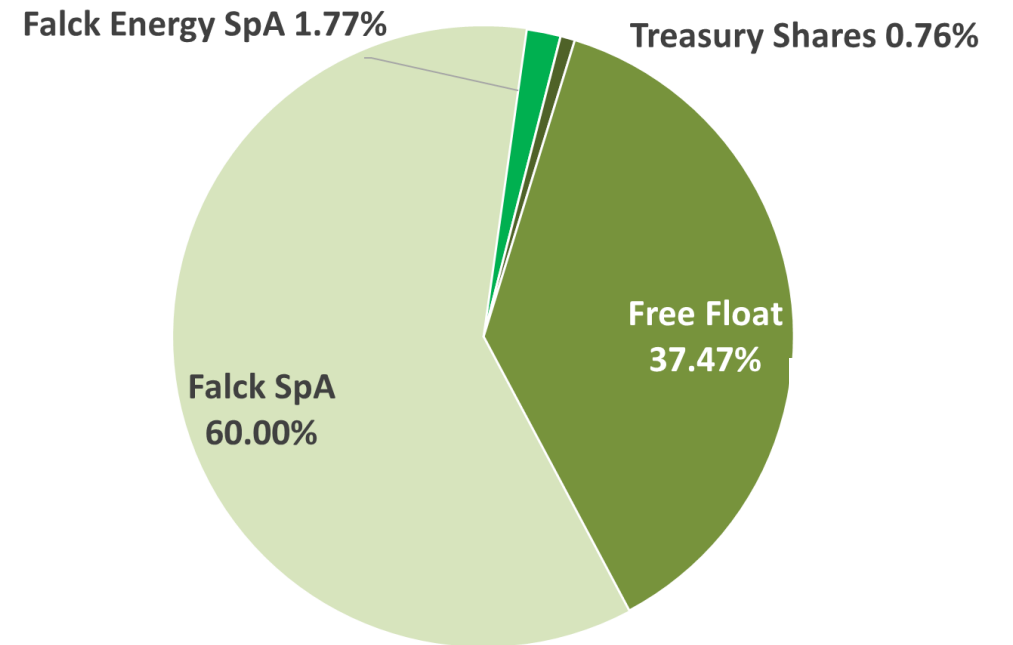
- Executive Director
- Non Executive Director
- Independent Dir. according to T.U.F. and Corporate Governance Code



The Board of Directors consists of **twelve members**. Six of them are **Independent Directors (50%)**; one was appointed **Lead Independent Director**.

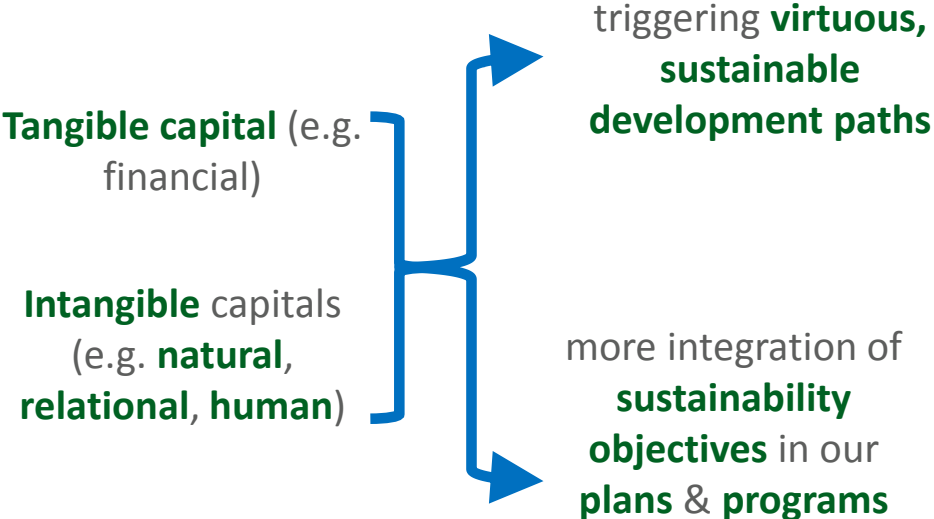
The new Board of Directors – as approved at The Shareholders’ Meeting on 27 April 2017 – reflects the group’s **international presence** and includes members with **relevant experience**.

Current Shareholders Base



Falck Renewables, Sustainability at the Core

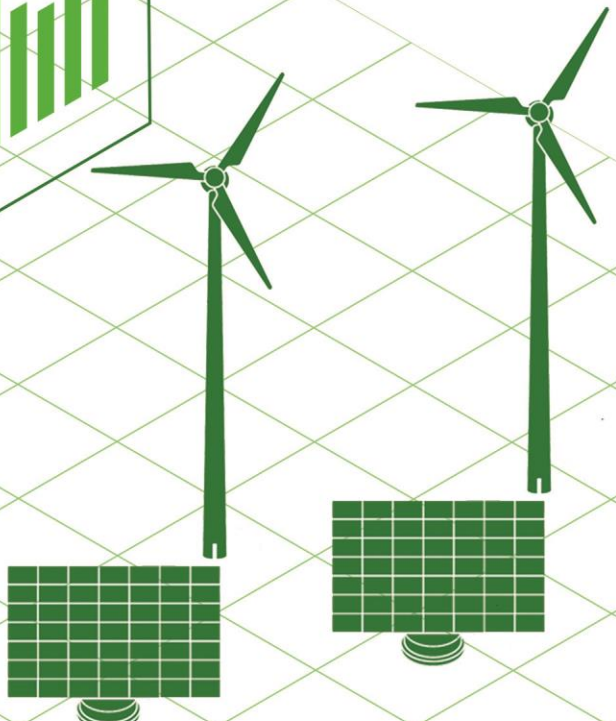
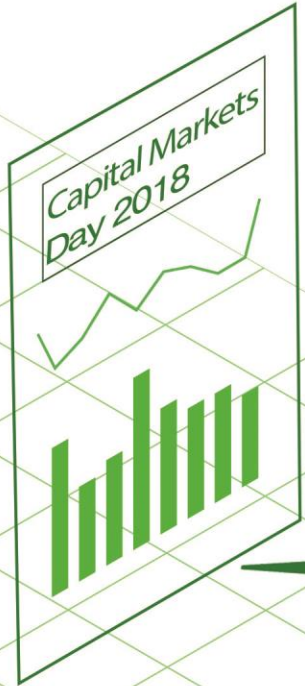
To us, **sustainability** is the ability to **generate value over the long term**, while **maintaining the context conditions** that allow for such a generation



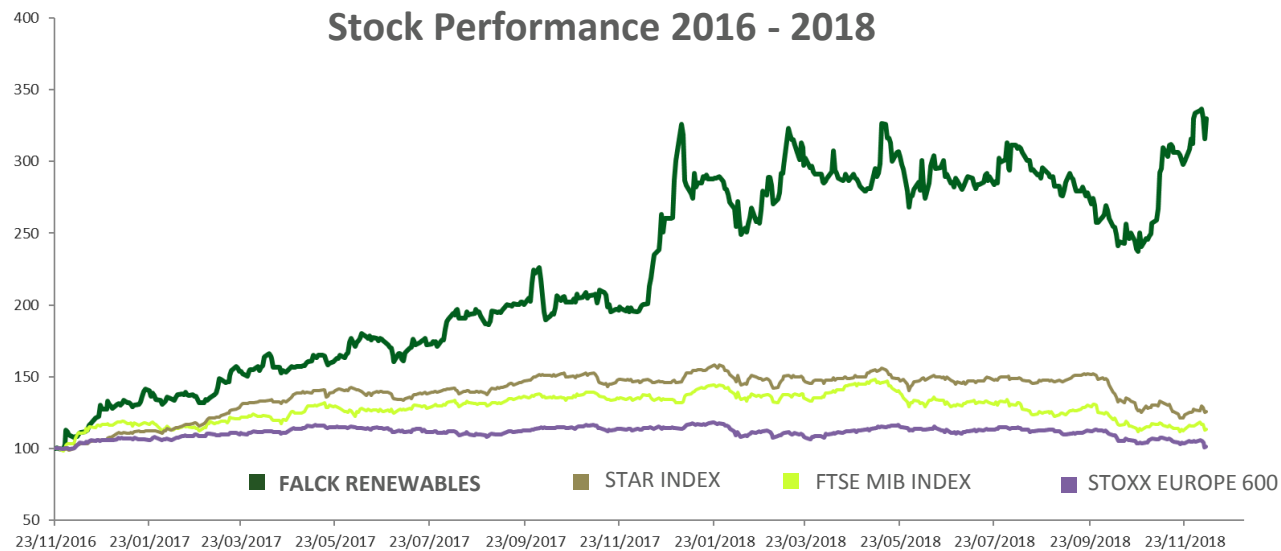
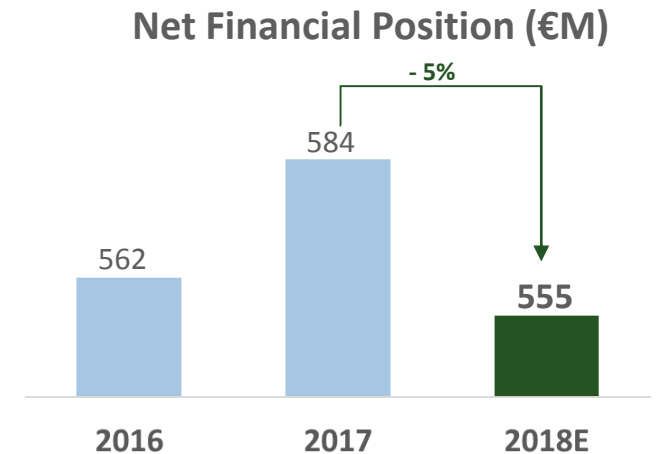
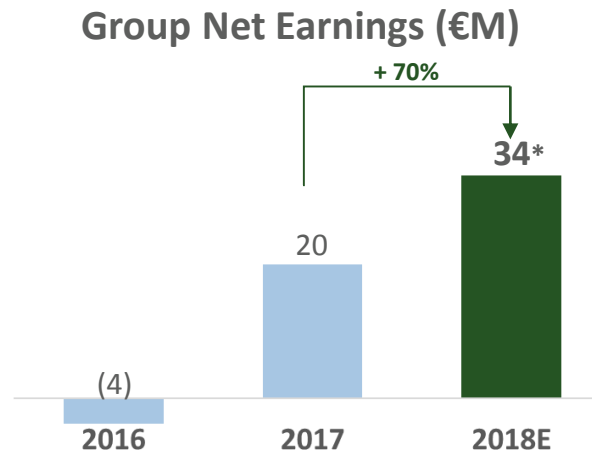
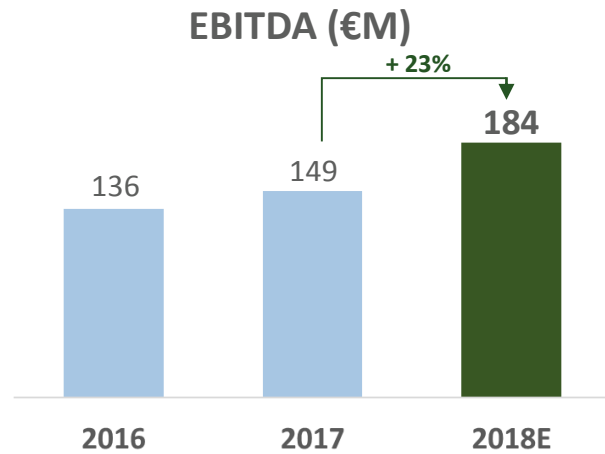
It is not only about **what** we do, but **how** we do it, and the **values** that we live by

2018, Another Year of Solid Delivery

Toni Volpe
Chief Executive Officer



2018 – A Successful Year

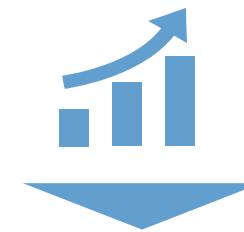
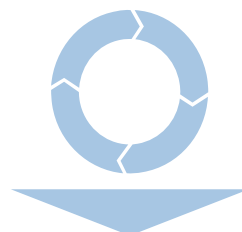
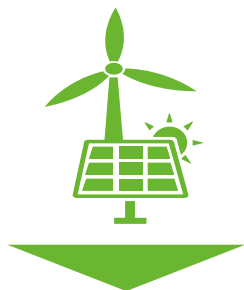



Source: Bloomberg Data

- +230%** PRICE CHANGE from 23/11/16 (CMD 2016) to 07/12/18
- +251%** TOTAL SHAREHOLDERS RETURN from 23/11/16 (CMD 2016) to 07/12/18
- +70%** AVERAGE VOLUMES IN YEAR 2 vs YEAR 1



* it includes impact of non recurring transaction of €7.1M and before provisions and impairments if any of 4Q 2018



2018 – Main Achievements




 + **14.5 MWp** operating in Massachusetts 

 + **6 MWp** COD 1H 18 in Massachusetts 

 + **56 MW** in France (operating) 


 + **10 MW** in Spain (Ready to Build) 

Preliminary contract for sale of 100% **Esposito Servizi Ecologici** 

Acquired  **EnergyTeam**
Leader in Flexibility and Energy monitoring

Full in-house dispatching in Italy with **Falck Renewables Energy**

Technical and Commercial asset management competencies fully incorporated in  **vectorcuatro**
A company of FALCK RENEWABLES

 **WINDFOR** now part of the Group
Leader in wind Technical Advisory

O&M Nordex Framework Agreement for 384 MW

Clear Financing visibility

- Amended Corporate Committed **Credit Line** → **325€M** (was 150€M) ending **31 December 2023**

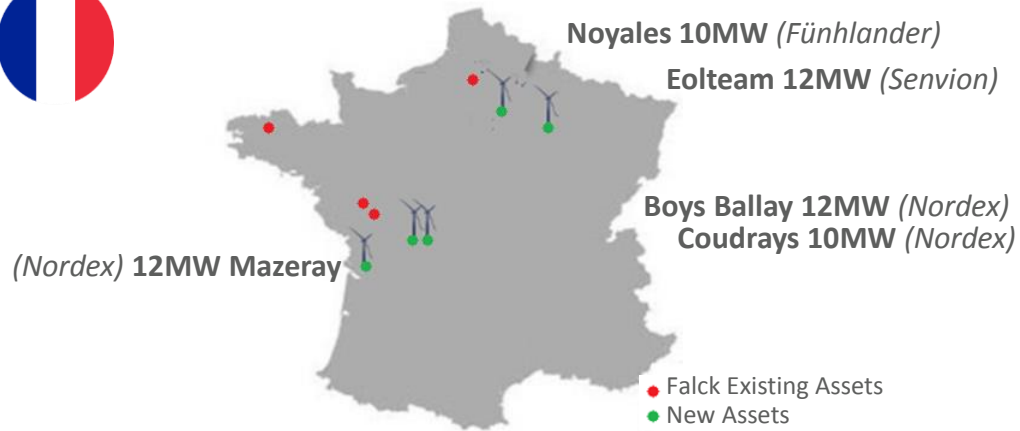
Improved bottom line profitability

- **Lower** average **9M Interest Rate** compared to 2017

Higher efficiency at corporate and operation level

- G&A/MW ↓
- O&M/MW ↓

Firming up Presence in France: "Julia"



Seller	Glennmont Partners
Capacity	Export Capacity 56 MW, Installed Capacity 59.5 MW Net EOH: 2,100 (average)
Valuation	Equity: €37M – NFP: €20M (2018E) EBITDA: €6.6M (2018E)
Assets Life	Remaining Assets Life (average): 22* years
Revenues	Feed-in-Tariff @ €0.09/kWh remaining Tariff Life 6.5* years (average)

INDUSTRIAL RATIONALE

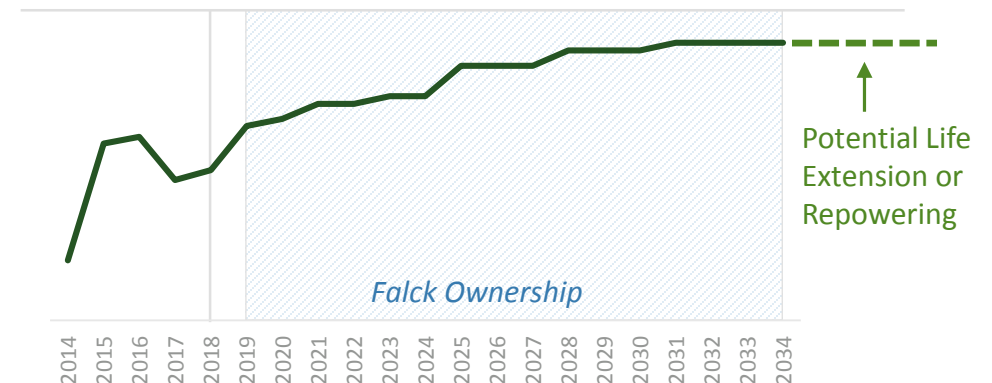
Installed Capacity 98 MW – Energy Output ~ 200GWh

Scale on Ownership and Asset Management

POTENTIAL UPSIDES

- Renegotiation of **O&M agreement** (~60% MW Nordex)
- Increase of **Power Curve** and **Availability**
- **Life Extension**
- **Energy Management & Hedging** at FiT expiration

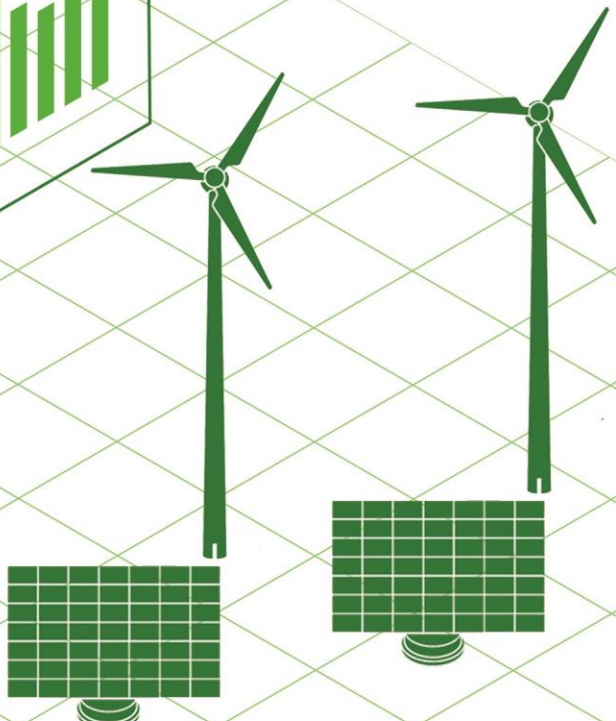
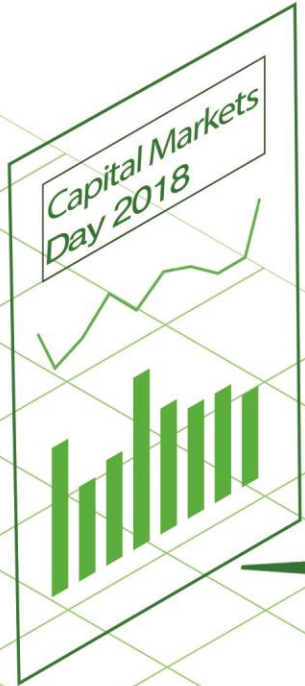
Noyales, availability improvements



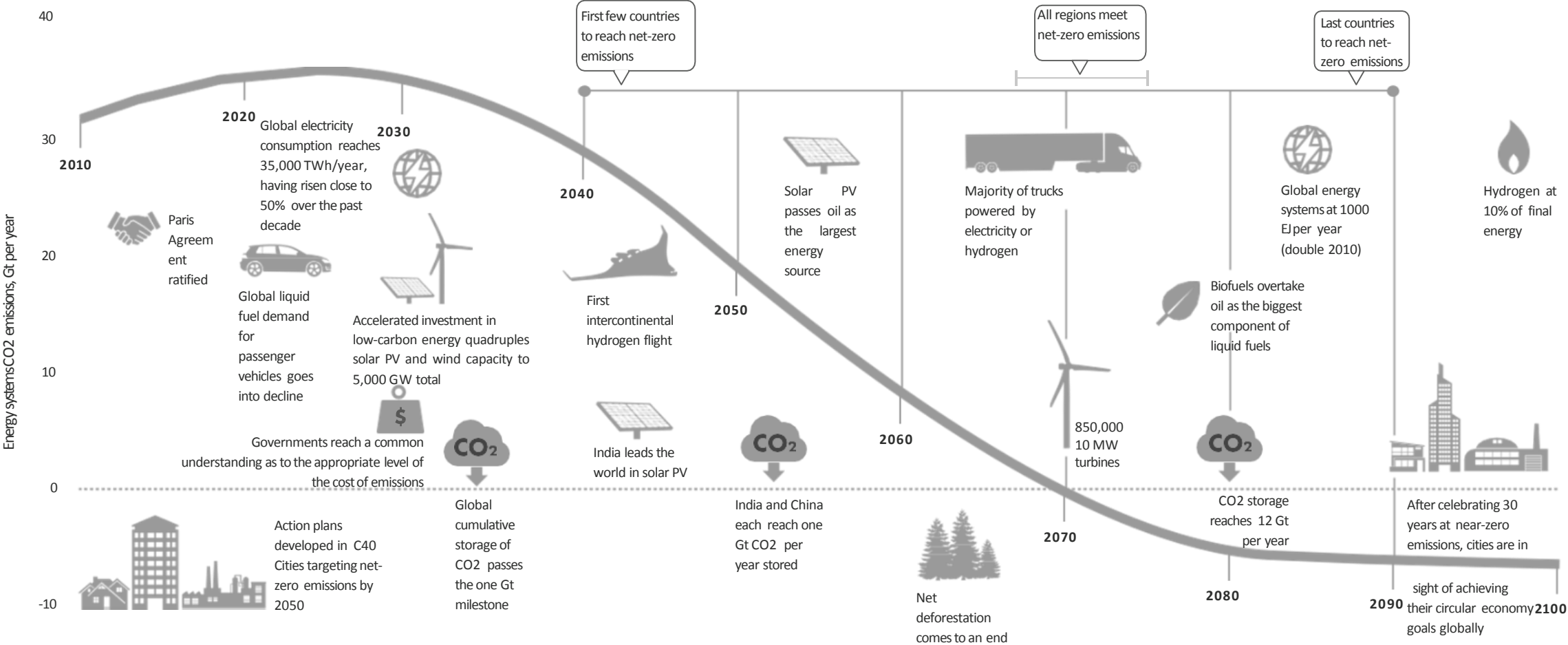
PRESENCE, OPTIMIZATION, LONG TERM VALUE EXTRACTION

Market and Strategy Update

Toni Volpe
Chief Executive Officer

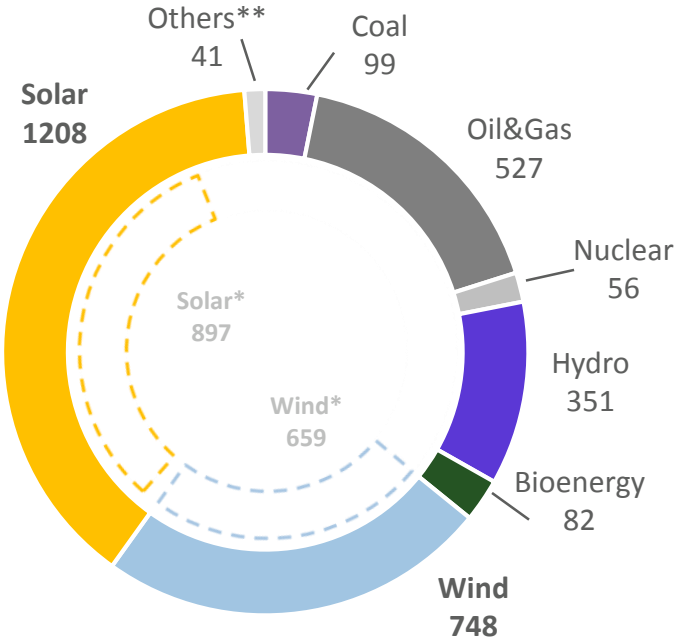
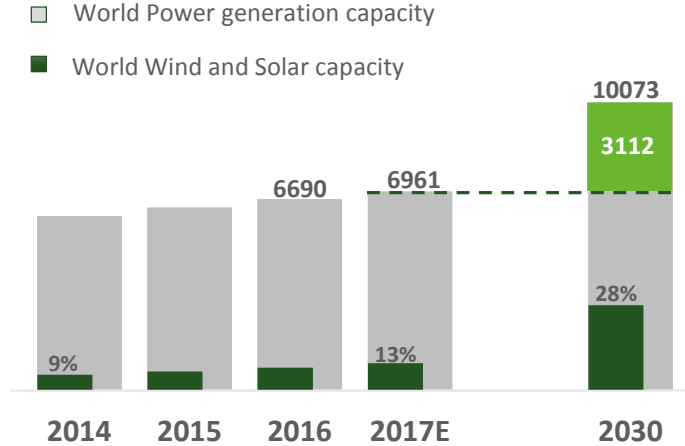


De-Carbonization: Renewables and Much More



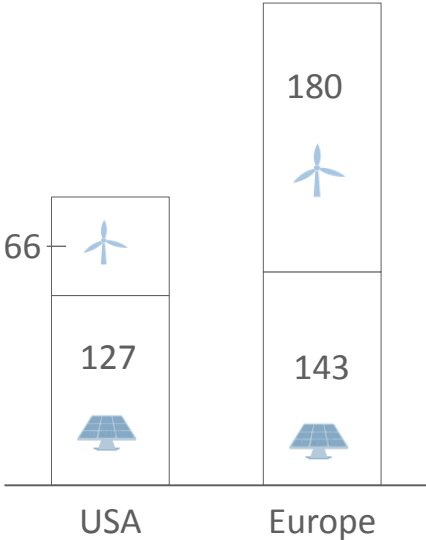
Renewables Asset Growth: Global Market Update

Installed Capacity Evolution (GW)



Renewables CAGR 17-30	
Hydro	1,8%
Wind	7,1%
Solar	11,2%
Bioenergy	3,6%
Others *	8,7%

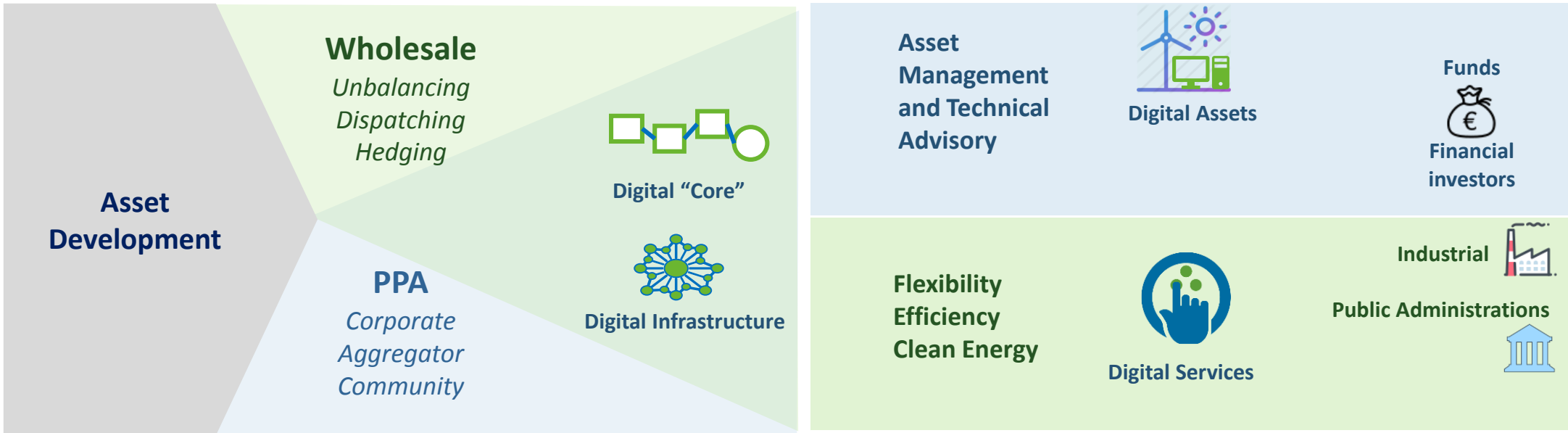
Focus on USA and Europe (GW)
New Installations 17-30



- Renewables capacity additions are expected to grow by ~2400 GW, reaching ~4700 GW globally in 2030 from ~2300 in 2017; in particular, Wind & Solar move from ~915 GW of 2017 to ~2800 GW of 2030.
- Solar PV is set to account for the largest share of Renewables energy capacity additions, reaching ~1600 GW in 2030 (35% more than last year World Energy Outlook estimates)

Evolving the Falck Renewables Business Model

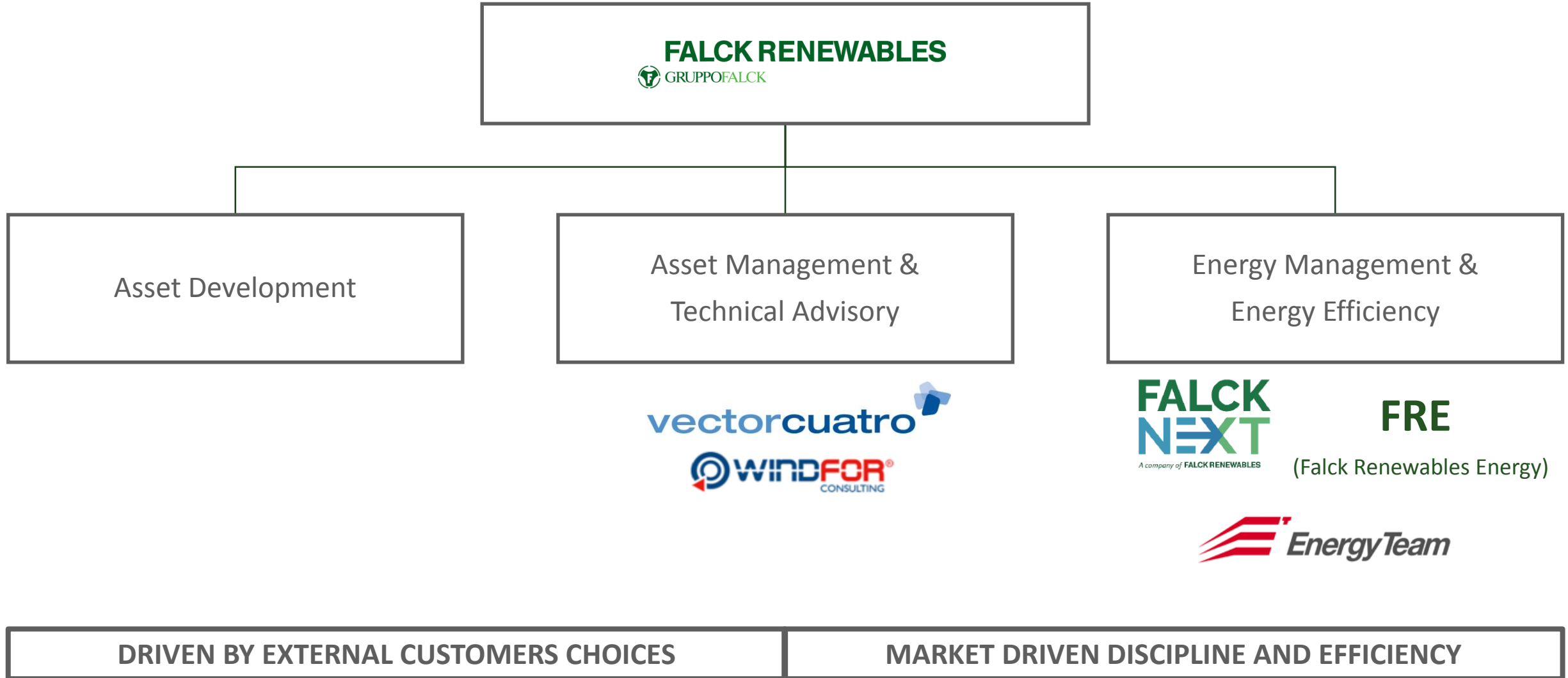
It is not only about **WHAT** we do, but **HOW** we do it, and the **VALUES** that we live by



Financial Strength, Efficiency and Discipline

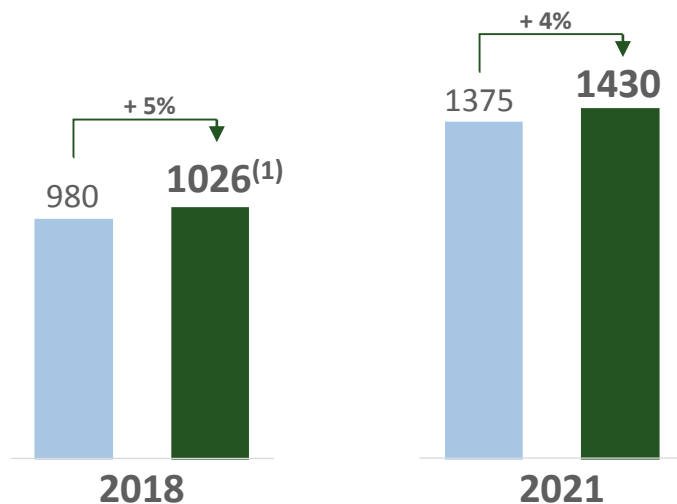


Falck Business Lines: Customer Driven Approach

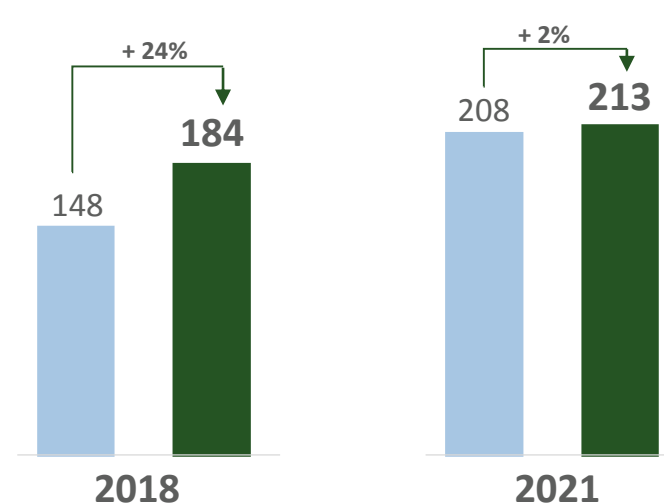


Increased 2021 Roadmap Targets

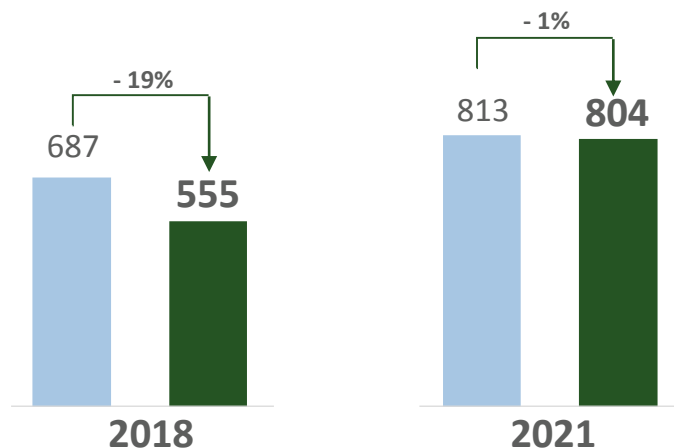
Installed Capacity (MW)



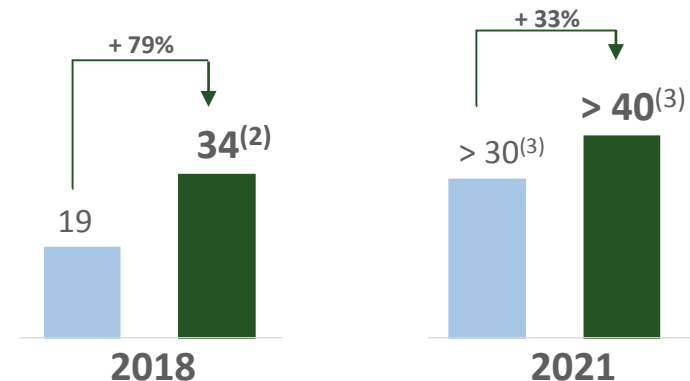
EBITDA (€M)



Net Financial Position (€M)



Group Net Earnings (€M)



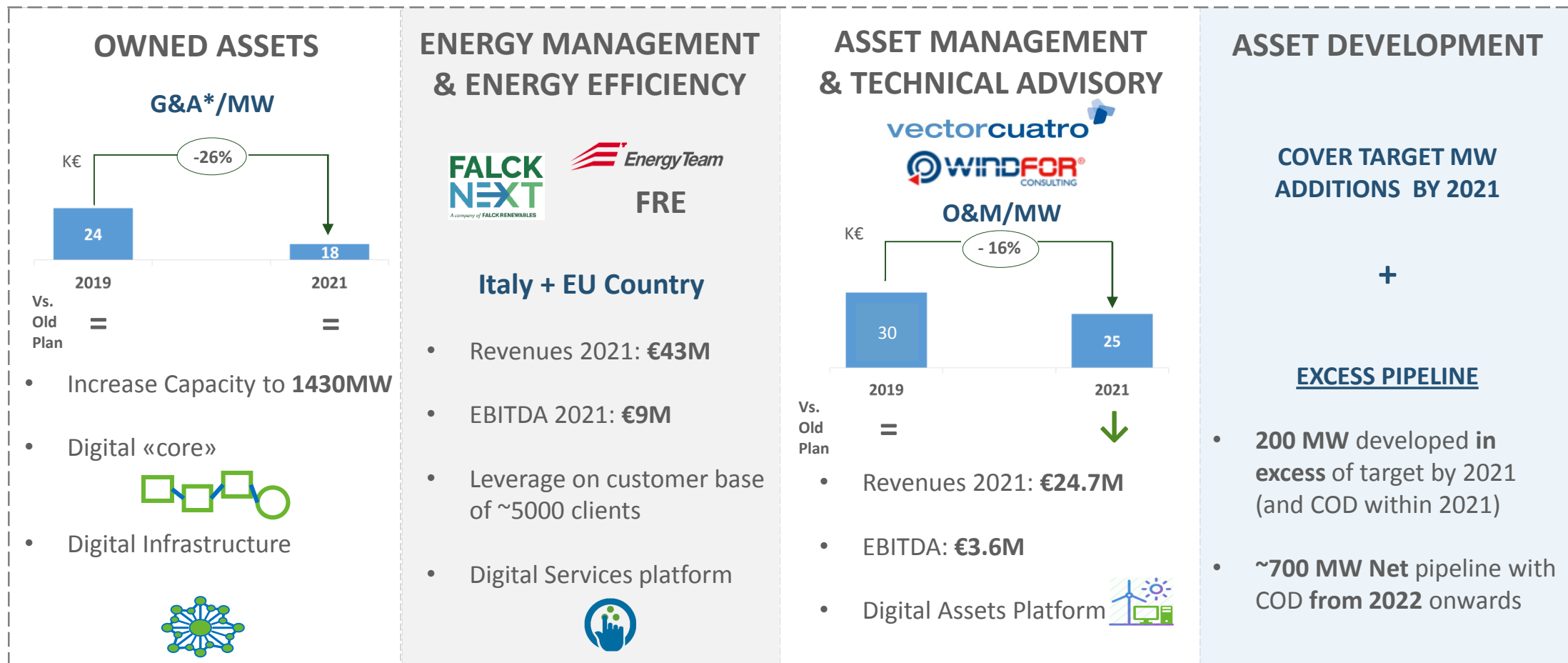
Old Plan
New Plan

(1) Includes 56MW «Julia» portfolio accounted for in 2018; effective closing will depend on conditions precedent clearing and might happen in Q1 2019
 (2) it includes impact of non recurring transaction of €7.1M (3) Before provisions and impairments

Capital Allocation 2018 – 2021

BALANCING RISKS AND REWARDS	New Plan* (€M) (%)	Old Plan* (€M) (%)	Returns (New Plan)
Owned Assets	489 77%	506 87%	MW added 18-21: + 480 MW Incremental EBITDA 18-21: €64M IRR → Wacc + 150 – 200 bps
Services (Energy Management, Energy Efficiency, Asset Management & Technical Advisory)	81 13%	40 7%	Incremental EBITDA 18-21: €17M IRR ~10%
Asset Development	56 8.5%	31 4.5%	IRR > 15%
Digitalization	9 1.5%	2 0.5%	IRR ~ 10%

2021 Macro Targets by Business



Options Provided by Excess Pipeline

Growth Opportunities

Develop, Package and Sale «DPS» mode

- Sale at «**Ready to Build**» status
- **Asset Management** by **vectorcuatro**
(in construction + operations)
- **Equity Upside** (*Minorities / Carried Interest*)

- **Maximization** of Earnings impact in the short term for new Investments
- **Faster Capital Recycling**
- **Customer based** business: discipline, speed and efficiency

Increase Assets on Balance Sheet

- Greater **Asset Control** and **Flexibility**
- **Capital Recycling** upsides (minority stake)
- Balance Sheet has optionality for **further** and **faster growth**

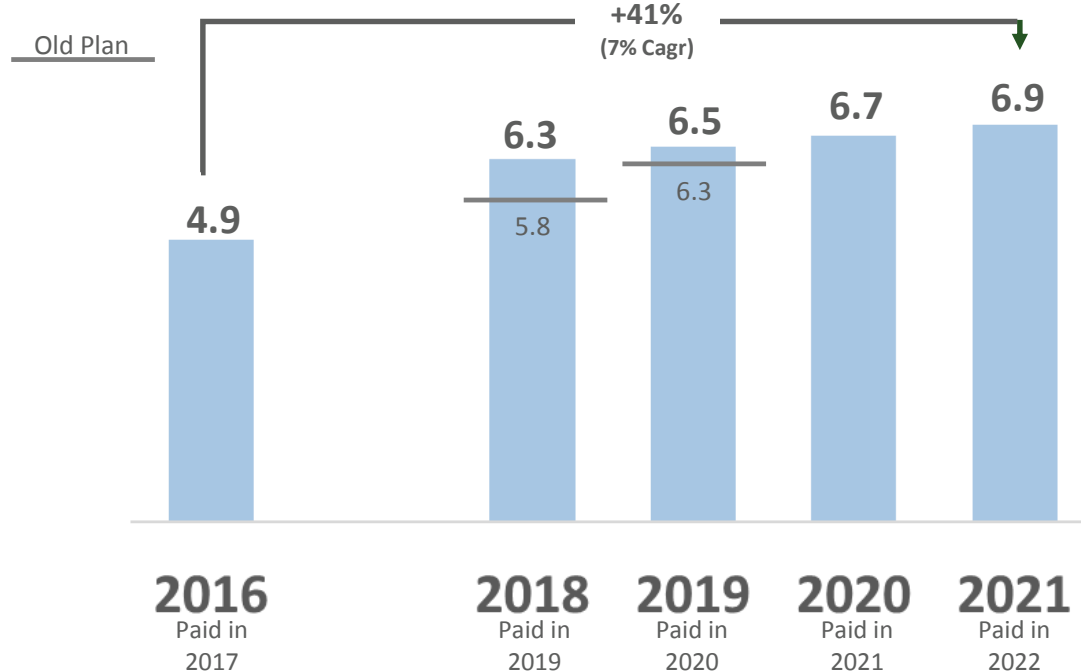
- **Long Term** impact on EBITDA
- **Solidity, Resilience** and **Strength**
- **Additional Returns** added to Asset Development returns (balanced by additional financing)

Enhanced 2018-2021 Dividend Policy

Dividend distribution: maximum between the CAP and the FLOOR

DIVIDEND «FLOOR» €/cent
→ provides downside protection

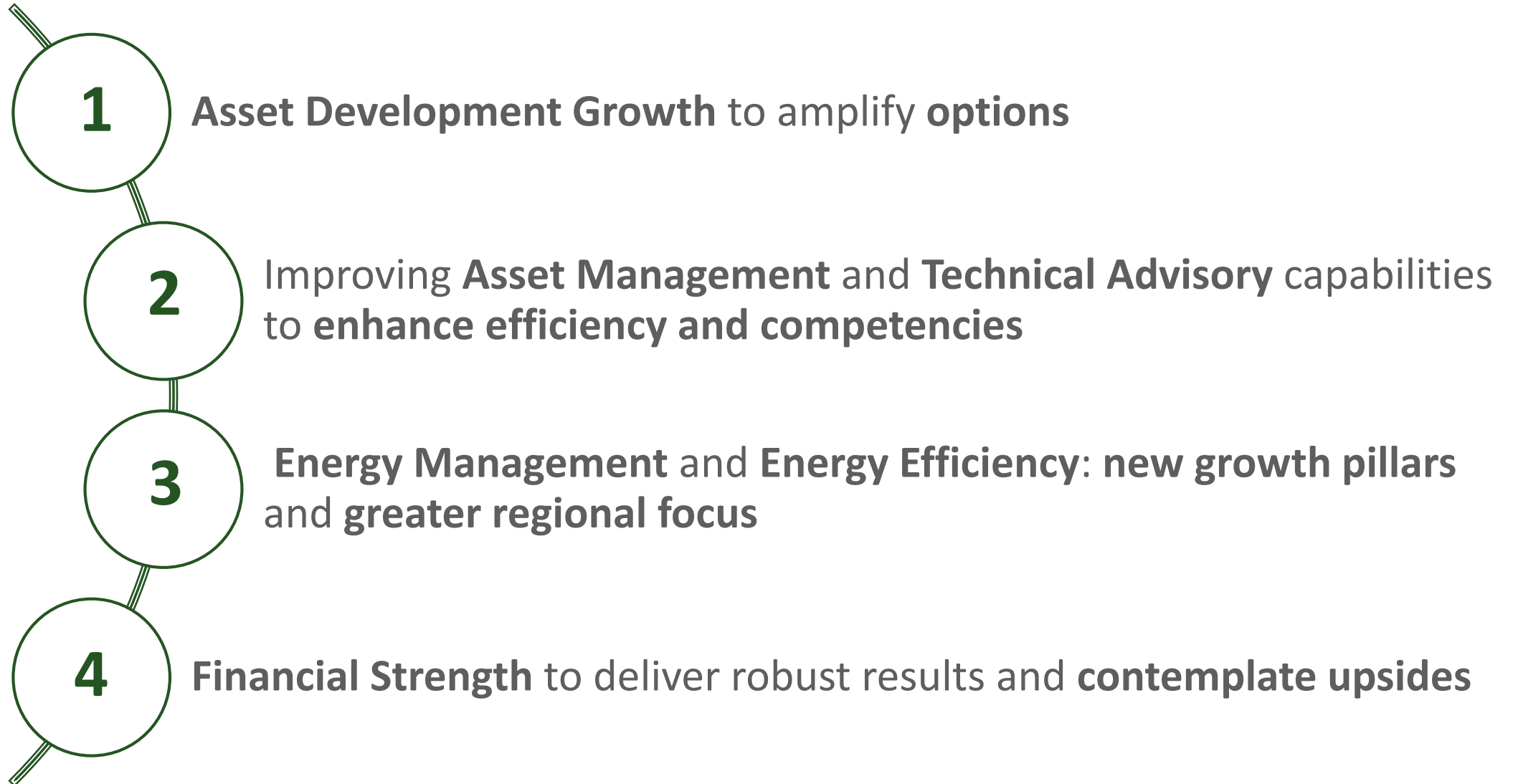
DIVIDEND «CAP»



Pay-out ratio (“PAY-OUT”) of **40%** of Group Net Earnings
→ provides upside if results are better than expected

SUSTAINABLE POLICY WITH CLEAR 2021 VISIBILITY

Key Strategic Pillars 2019 -2021

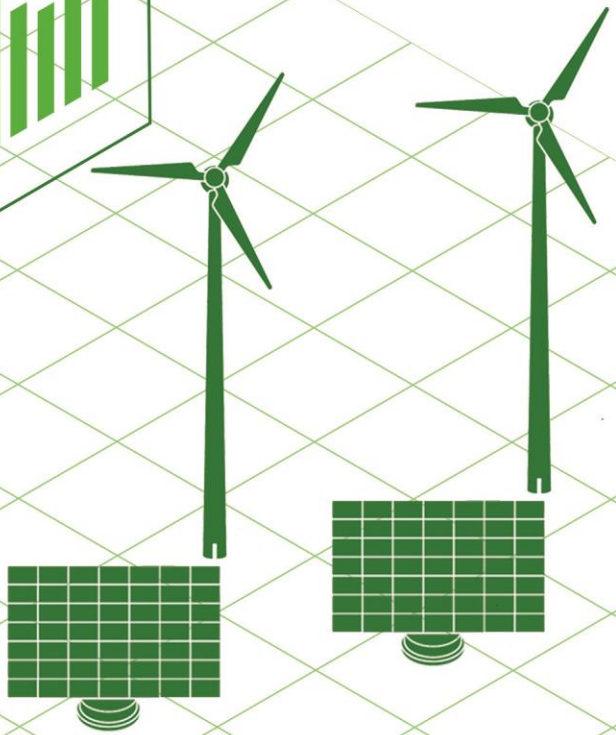
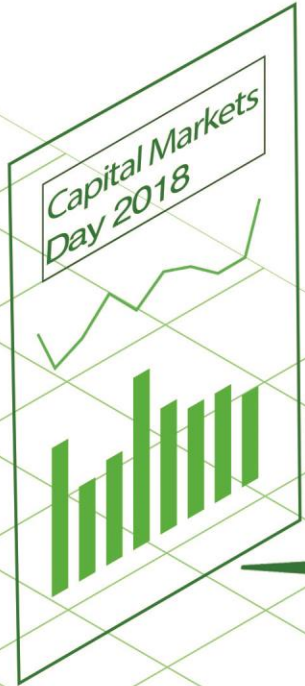


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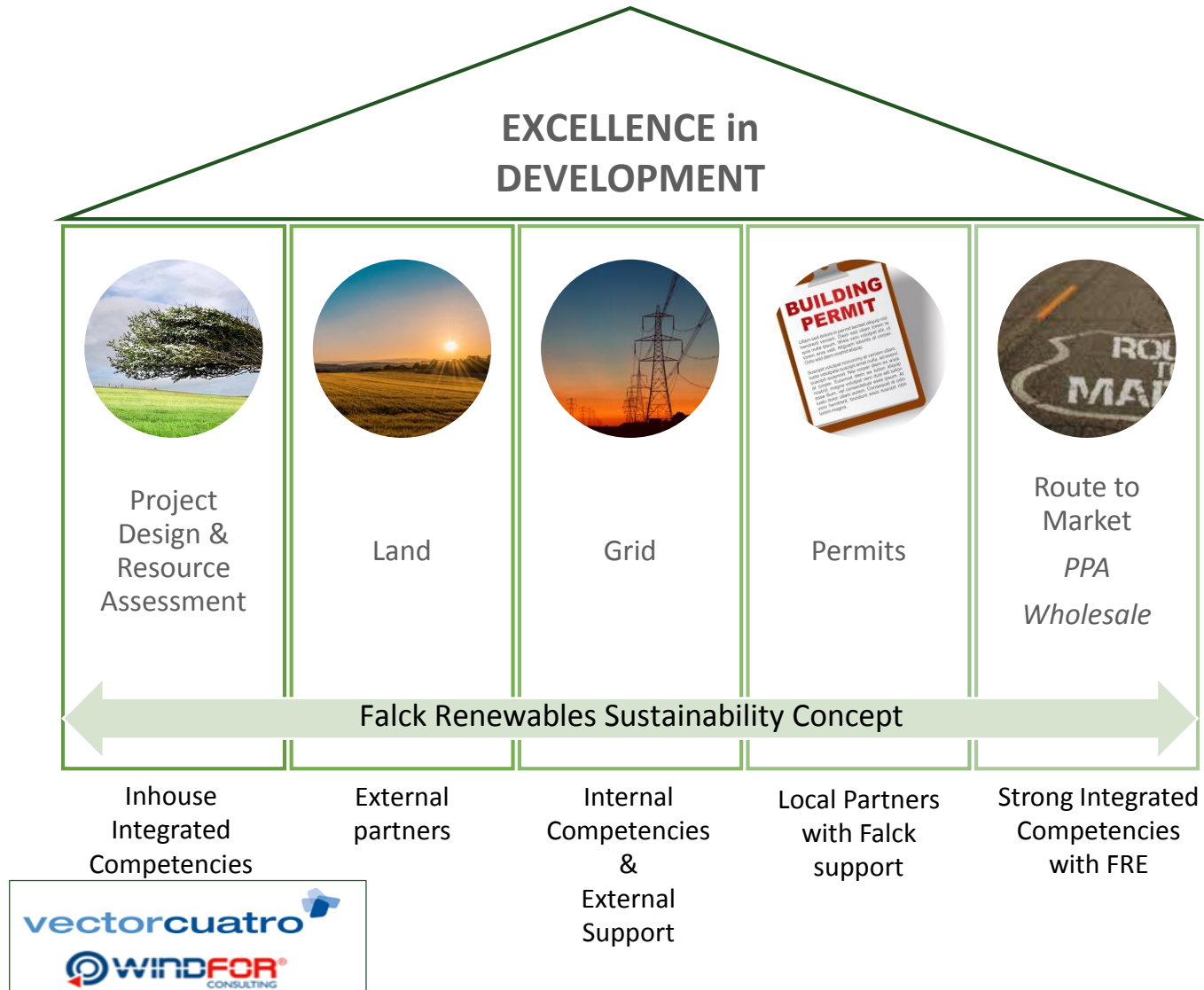
Asset Development

Carmelo Scalone

*Head of Business
Development and M&A*



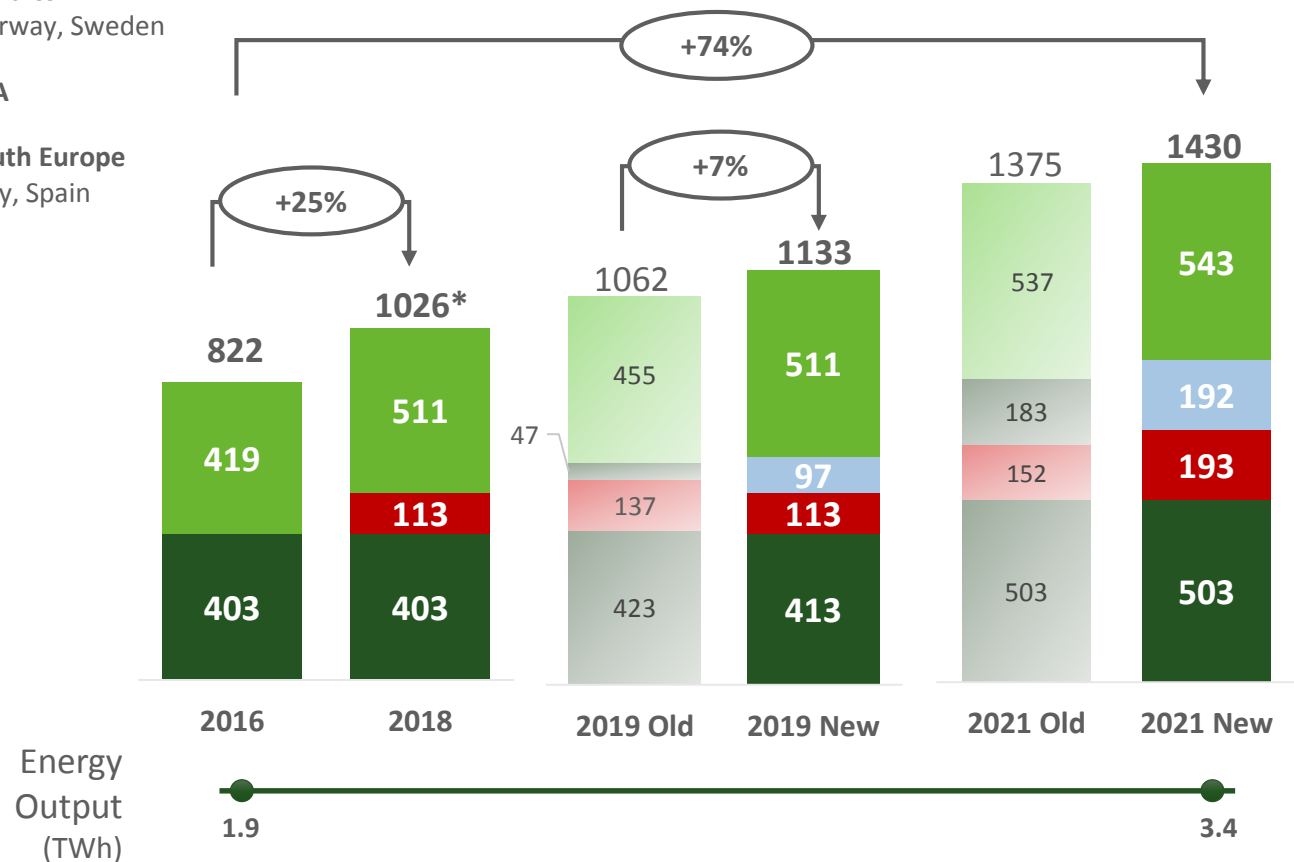
Asset Development Activities and Strategy



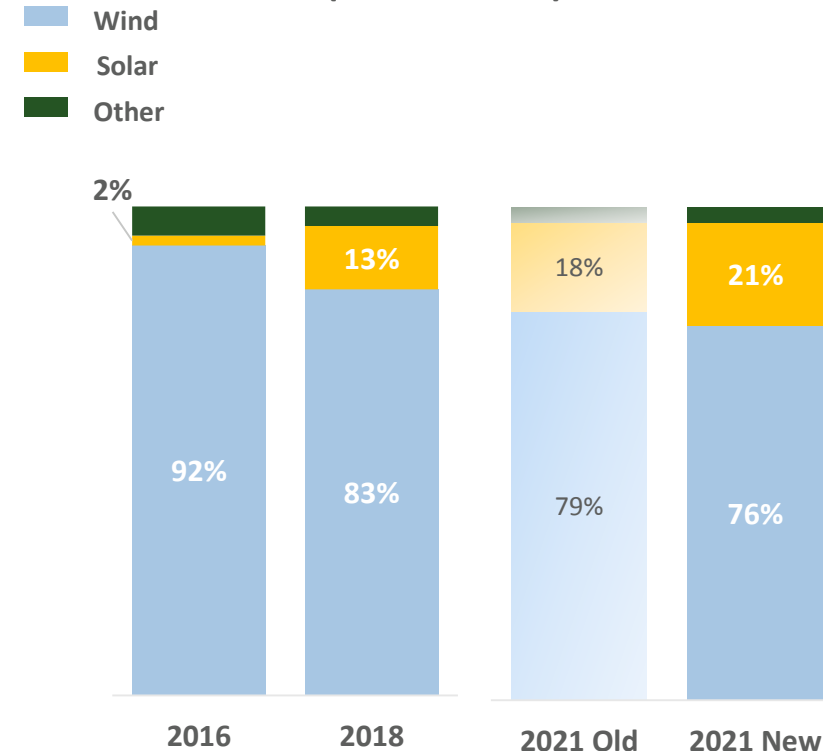
Further Growth in Installed Capacity

- **North Europe**
France, UK,
Netherlands
- **Nordics**
Norway, Sweden
- **USA**
- **South Europe**
Italy, Spain

**Installed Capacity (MW) by Region
(2016 – 2021)**

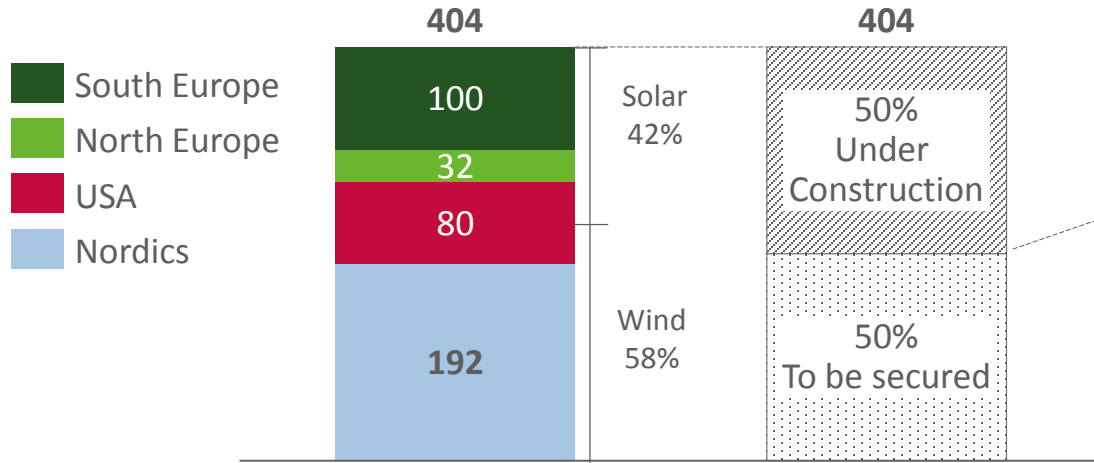


**Installed Capacity (MW) by Technology
(2016 – 2021)**

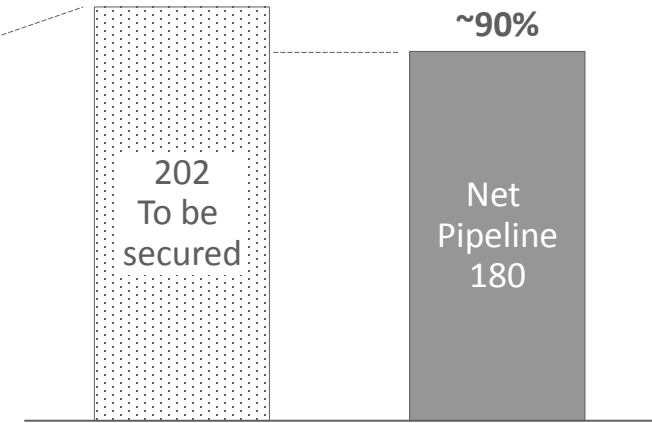


Asset Development Targets

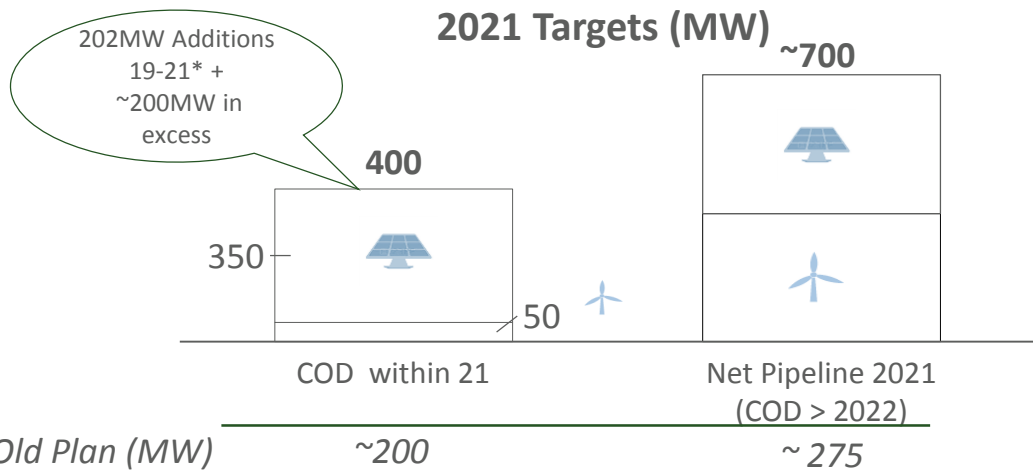
Additions 2019-2021 (MW)



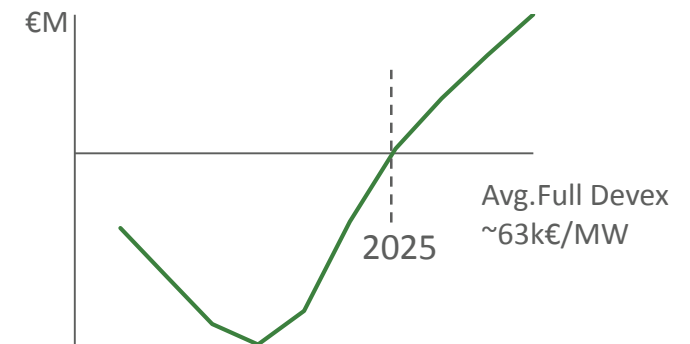
Net Pipeline end of 2018 – Coverage (MW)



2021 Targets (MW)

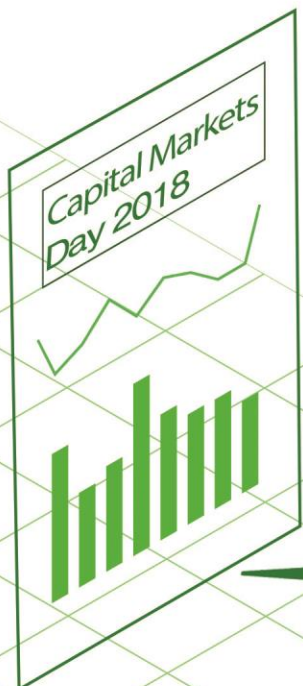


Self Sustaining Business by 2025**



COVER PLANNED ADDITIONS + EXCESS MW

M&A AS AN OPPORTUNISTIC WAY TO ACCELERATE



2

Asset Management & Advisory

Javier Asensio

Head of Asset Management & Technical Advisory



Asset Management & Advisory Activities

ASSET MANAGEMENT

- Technical asset management
- Monitoring and performance analysis
- Yield optimisation
- Technical asset management
- Commercial Asset Management
- Revenue control

TECHNICAL ADVISORY

- Site and production (or energy) assessments
- Engineering and design
- Technical due diligence for sponsors, investors and lenders
- Owner's engineering, project management and construction monitoring
- Tenders for EPC and O&M contractors



TRANSACTION ADVISORY

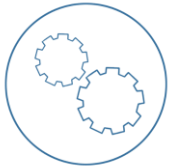
- M&A and debt transactions
- Financial modelling
- Debt raising
- Design of financing and refinancing structures
- PPA structuring

HELPING GREEN INVESTMENTS PROSPER

Worldwide Experience



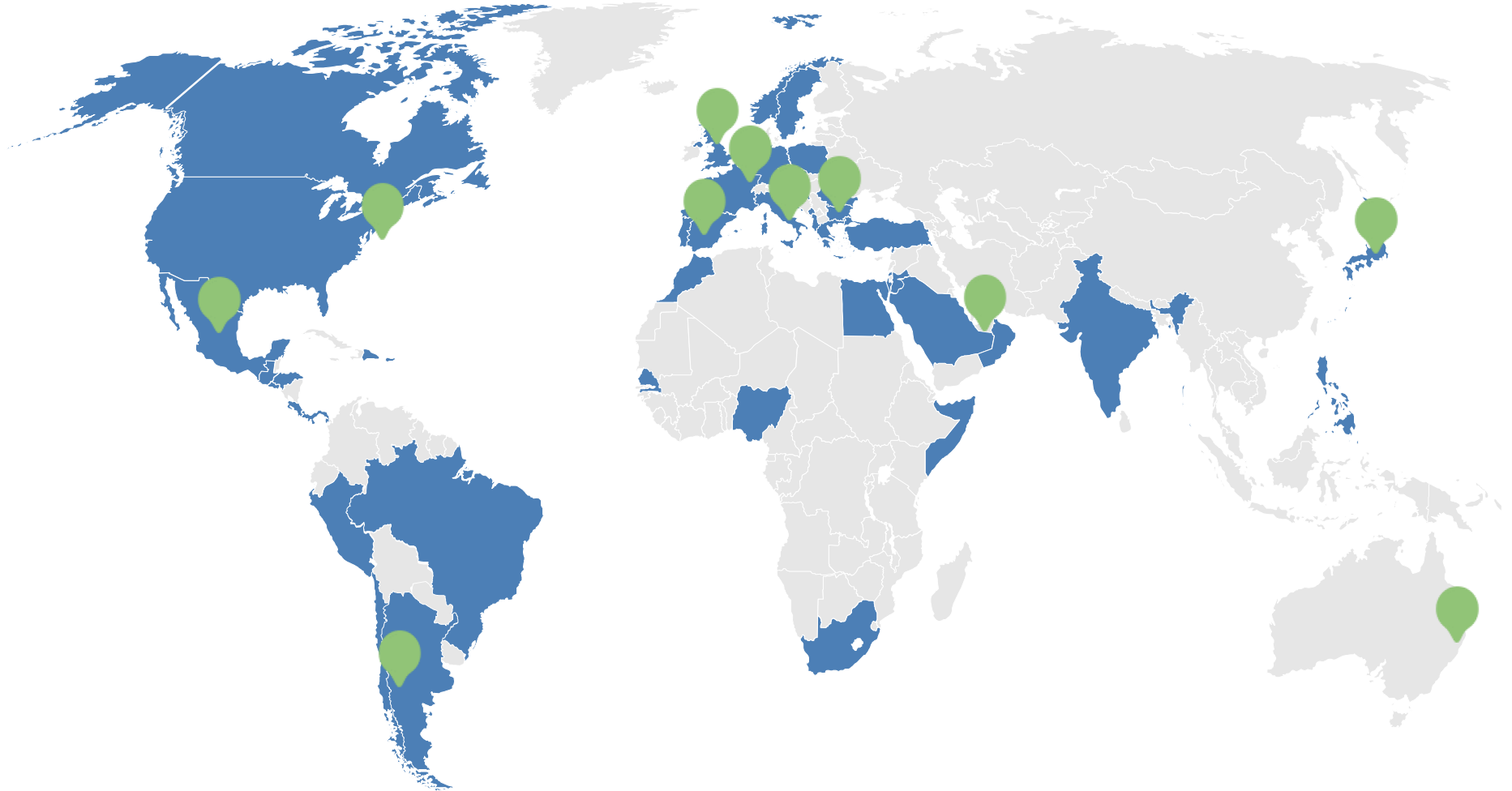
2.4 GW
Asset Management



53 GW
Technical Advisory



4.6 GW
Transaction Advisory



 International experience

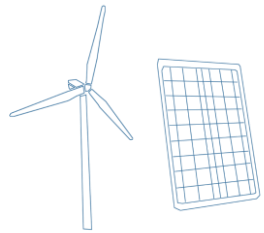
 VC Offices

Asset Management & Technical Advisory Targets

Consolidated Worldwide presence → Revenues 2021 + 17%

↑ Cost Efficiency

Positive Impact of the Digital Assets Platform 

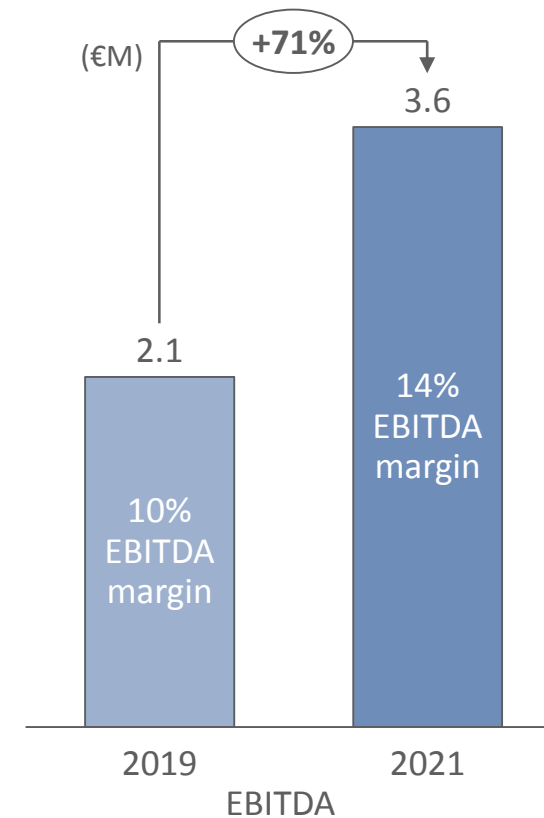
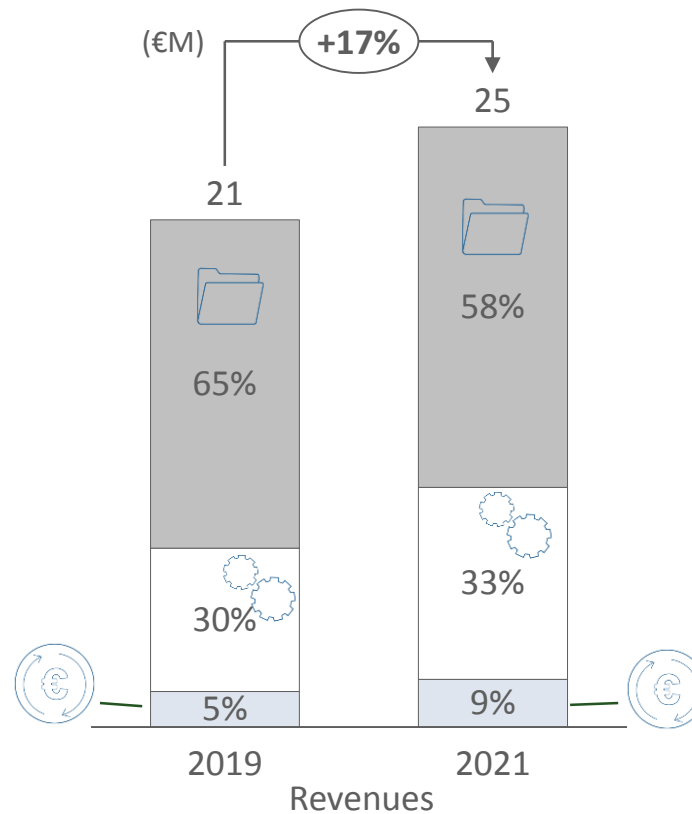


Highlights


Asset Management


Technical Advisory


Transaction Advisory



Operational Excellence – Owned Wind Portfolio

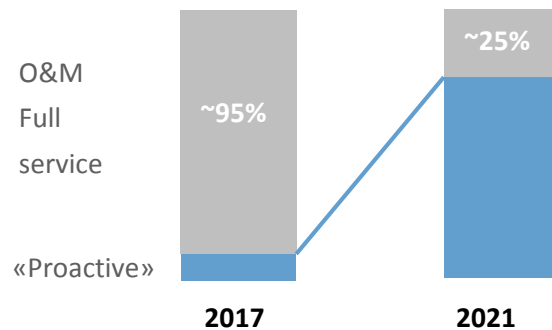


- Increasing in-house value-added services
- Increasing plant efficiency and fleet performances
- Minimizing O&M Provider dependency

ACTION 1: «Proactive» Maintenance Approach

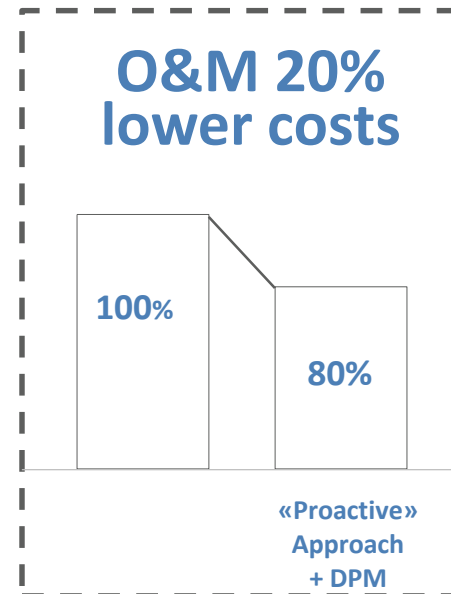


(% MW)



Increase of the «Proactive» Approach

ACTION 2: Deep Performance Monitoring (DPM)



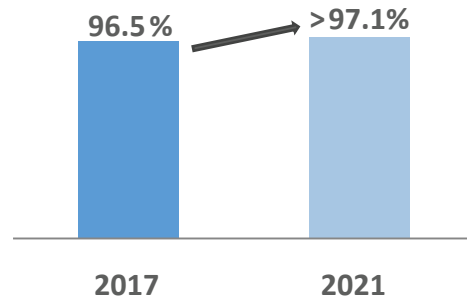
O&M 20% lower costs

Insource more activities, exploiting digitalization:

- Preventive/predictive maintenance
- Technical improvements
- Small correctives

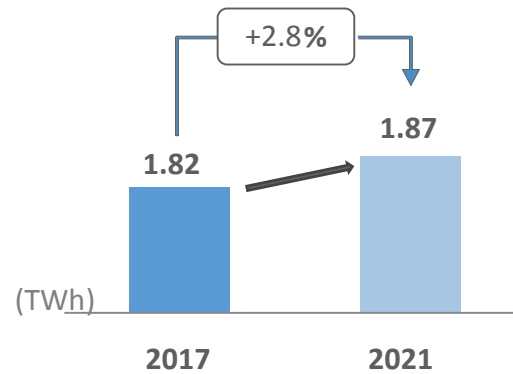
Performance Improvement – Owned Wind Portfolio

Existing Wind Assets Technical Availability



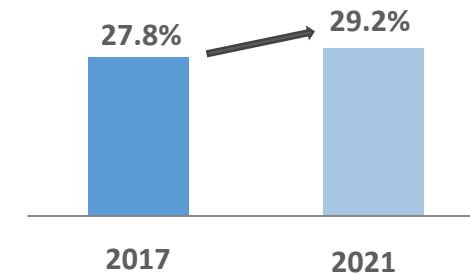
Predictive maintenance and O&M strategy key to reduce downtime

Existing Wind Assets Production



Growth supported by increased availability and technical improvements

Existing Wind Assets Effective Load Factor



Energy losses reduction due to a more reactive O&M approach

Digital Assets Management Platform

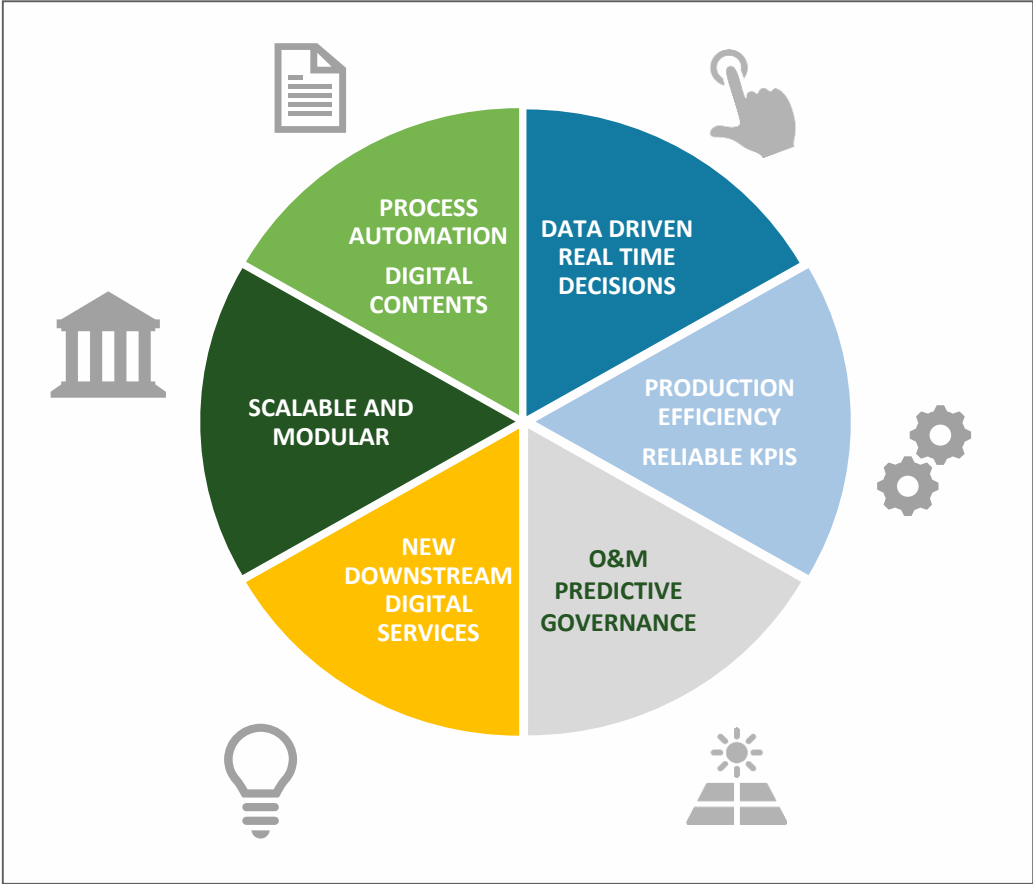


ASSET MANAGEMENT DEEP EXPERTISE LEADS TO..

2.9 €M project cost

Digital Factory
15 resources

9000 man days of internal development



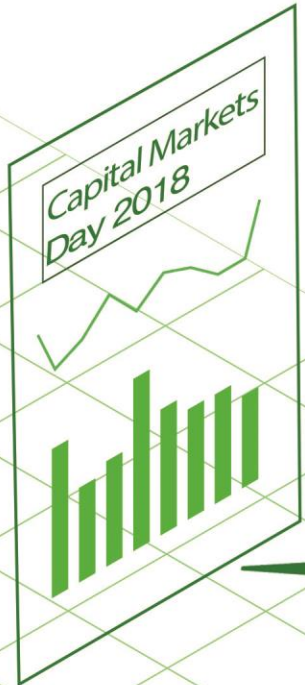
Enables Data Driven Digital Service and generates new revenues streams

Allows O&M costs optimization and Opex reduction

Leads to operating margin improvement in the Asset Management services

...VALUE DIGITAL SERVICE AS A PRODUCT

GO LIVE 1Q 2019



3

Energy Management & Energy Efficiency

Marco Cittadini

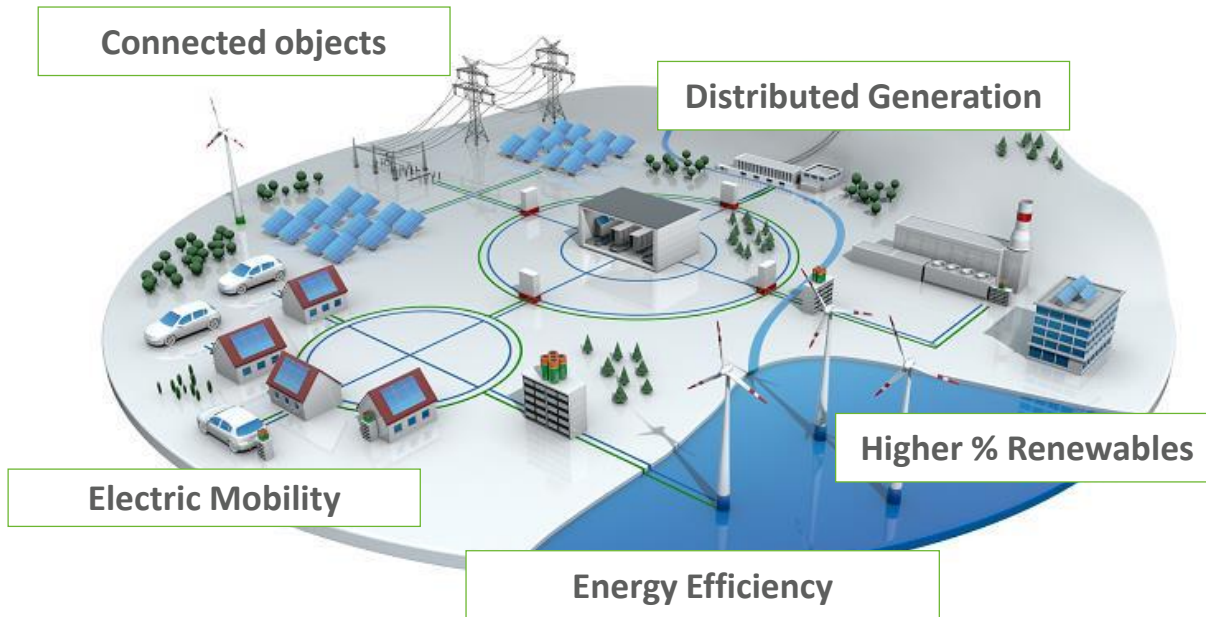
*Head of Energy Management
& Downstream*



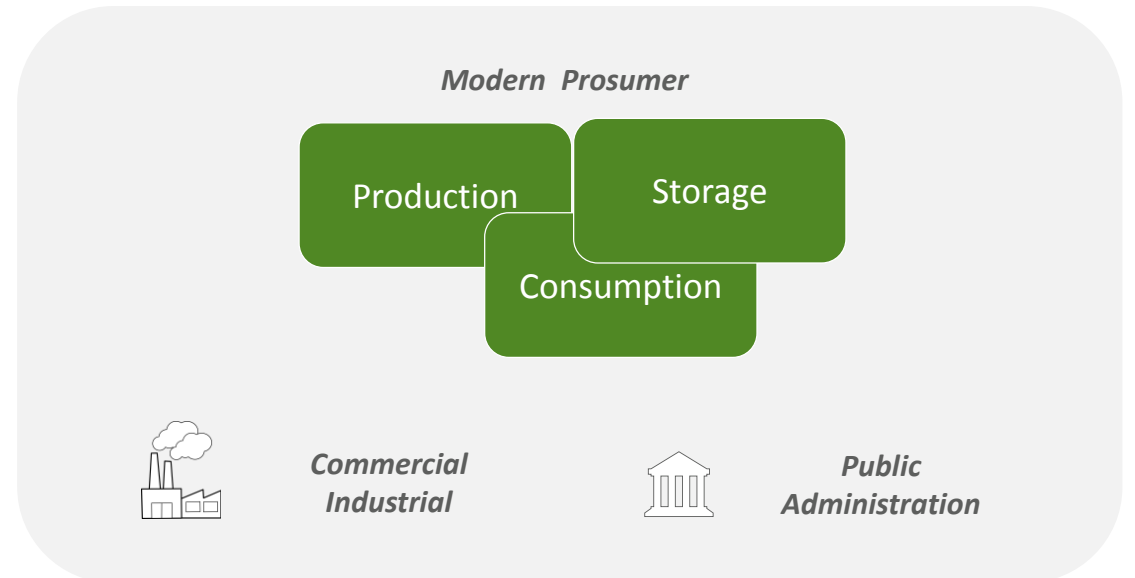
A Decarbonized Electricity Infrastructure Requires Advanced Energy Management and Efficiency

Future energy infrastructure

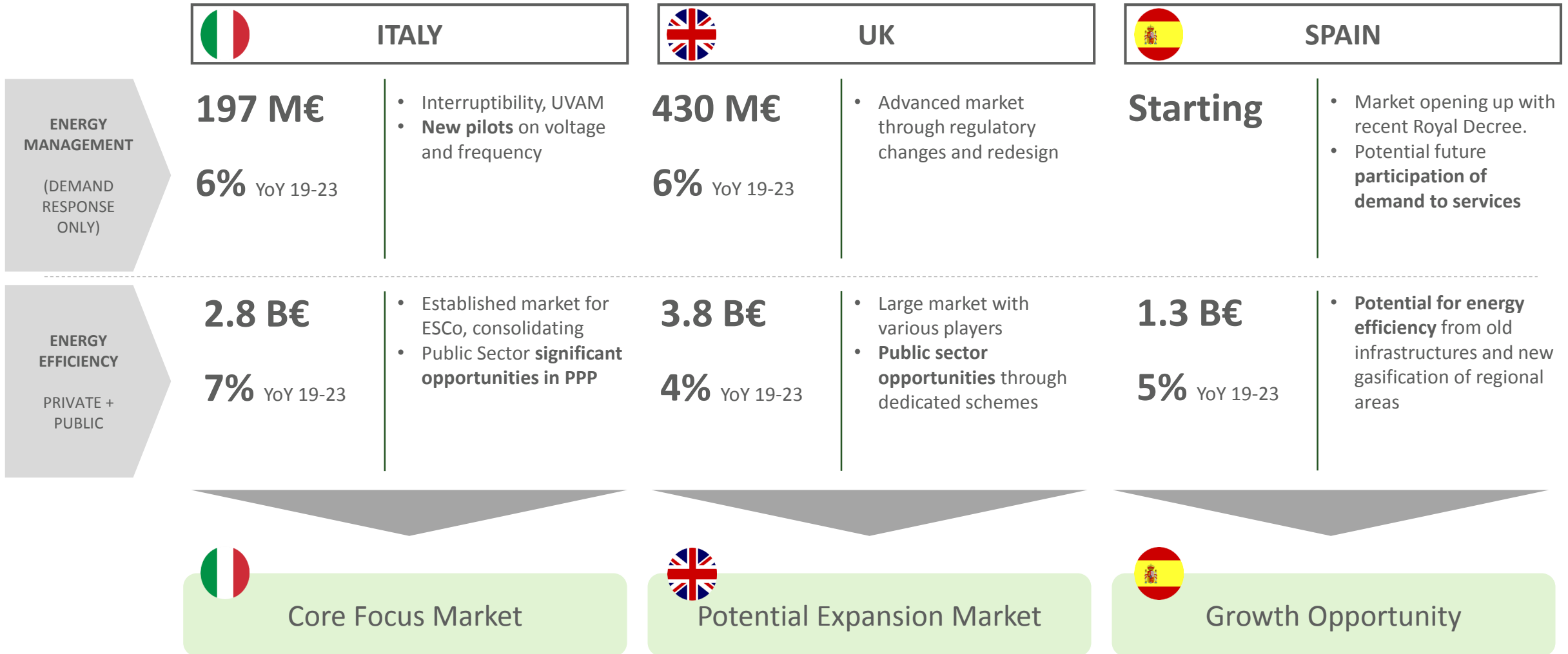
Advanced, **active real time management** of **connected assets**, **energy balance**, at both consumers and producers sites
Big data management. **Consumption reduction** support for improved competitiveness and sustainability



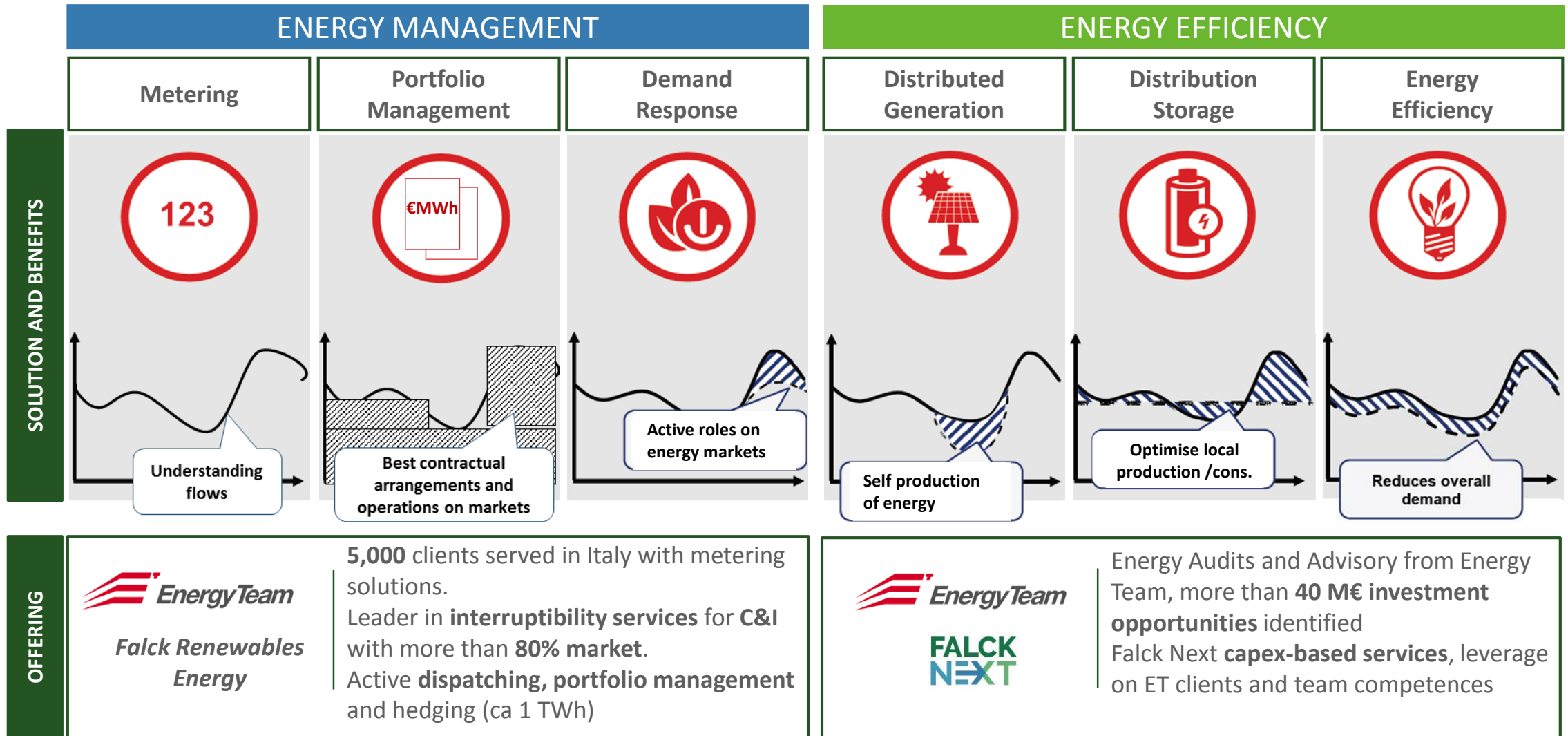
Falck Renewables proposition



Italy, Our Core Market, with Expansion Plan in The UK / Spain



Our Offering Helps Clients and System Sustainability



Energy Management & Energy Efficiency Targets to 2021



Targets

- Dispatching of own plants and third parties
- Portfolio management (hedging, risk)
- MW of Demand Response under management
- Storage and plants ancillary services

- New cogeneration projects
- Public Administration (lighting) projects
- Energy Service Company offering

2021

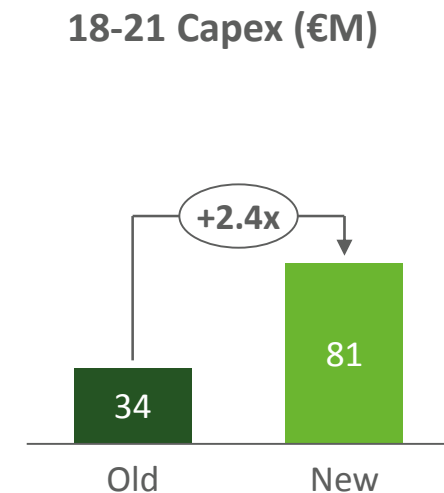
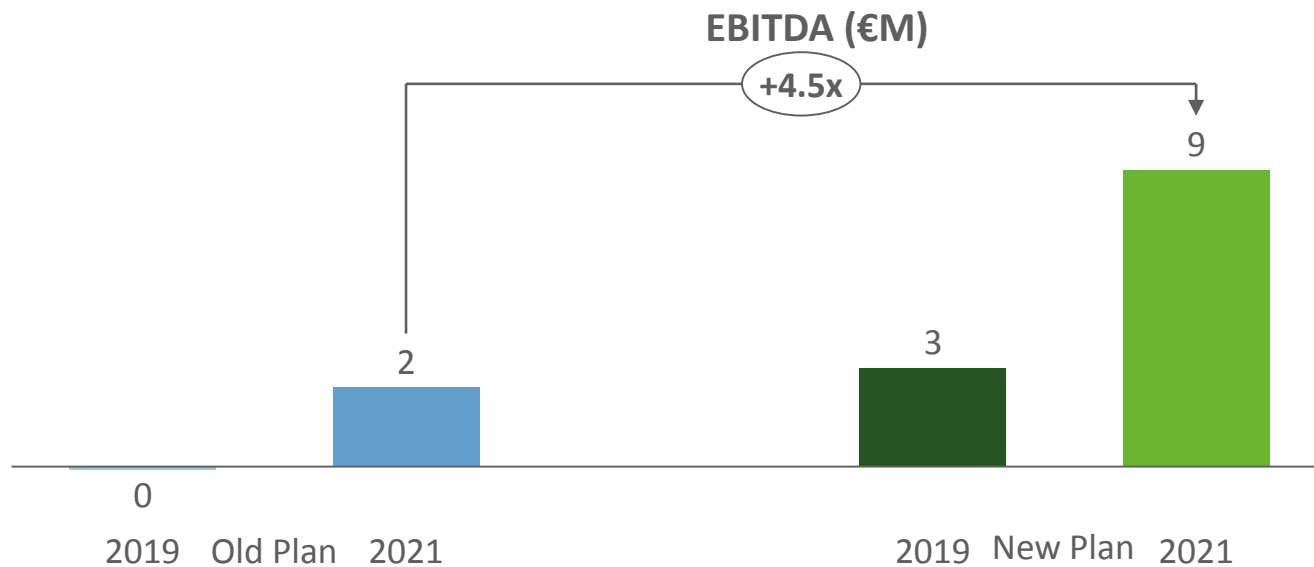
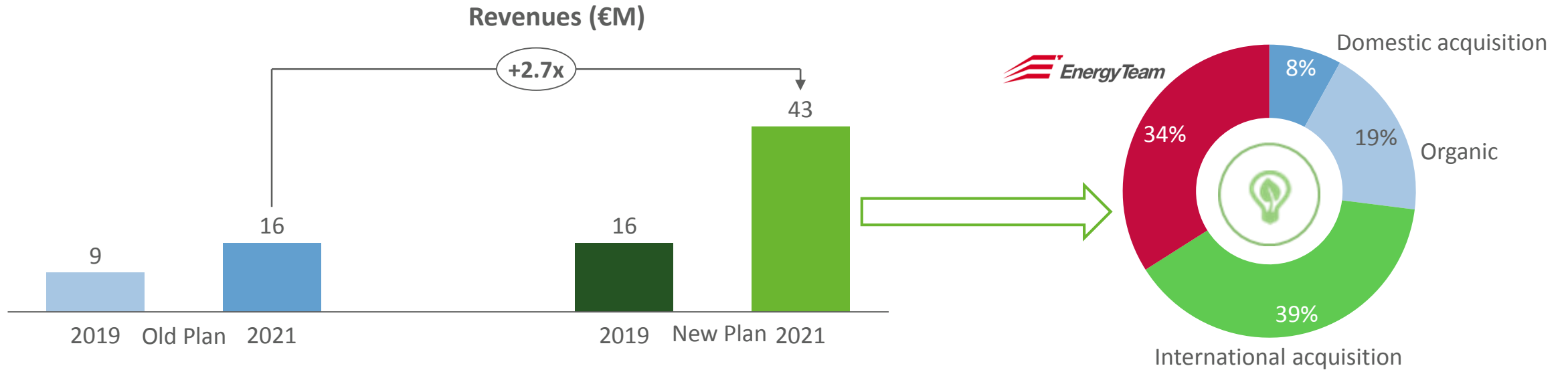
1.5 TWh
0.8 TWh
Approx. 30 MW
Pilots and through M&A

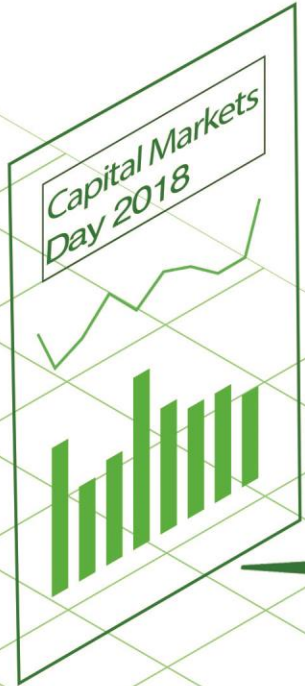
2 MW
5 municipalities
Also through M&A

Key Competitors



Energy Management & Energy Efficiency: Key Financials

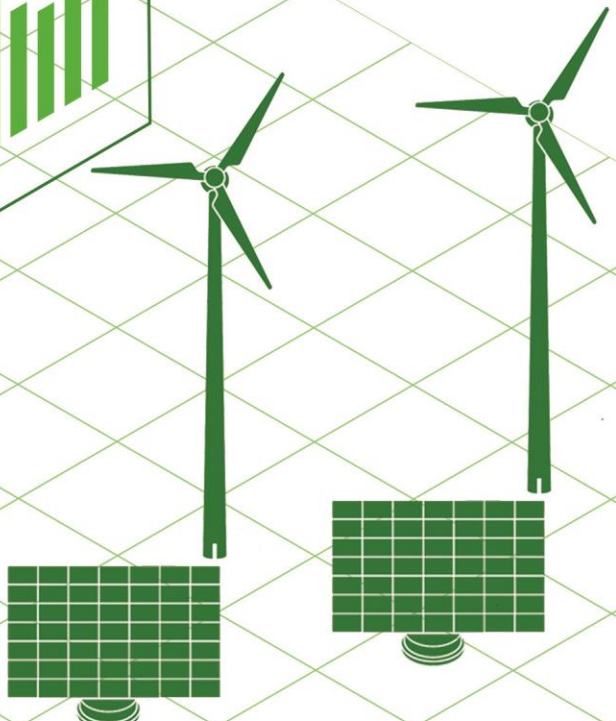




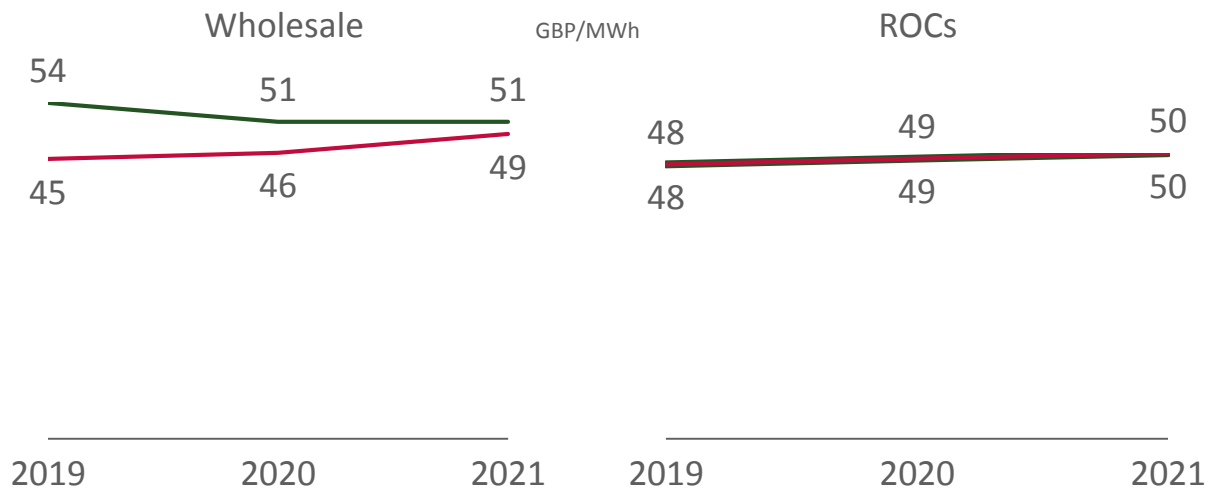
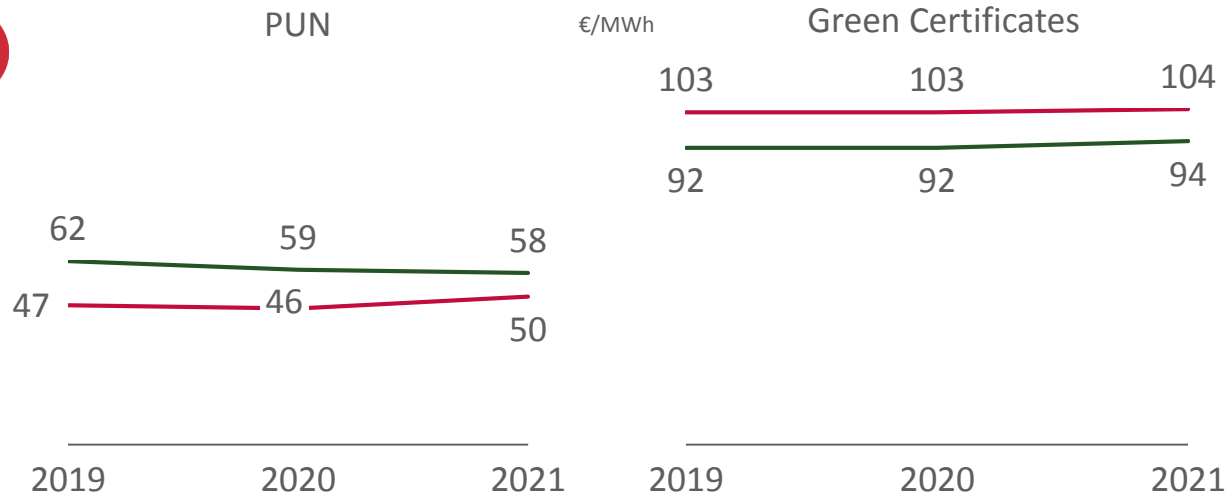
4

Financial Overview

Paolo Rundeddu
Chief Financial Officer



Scenario Assumptions



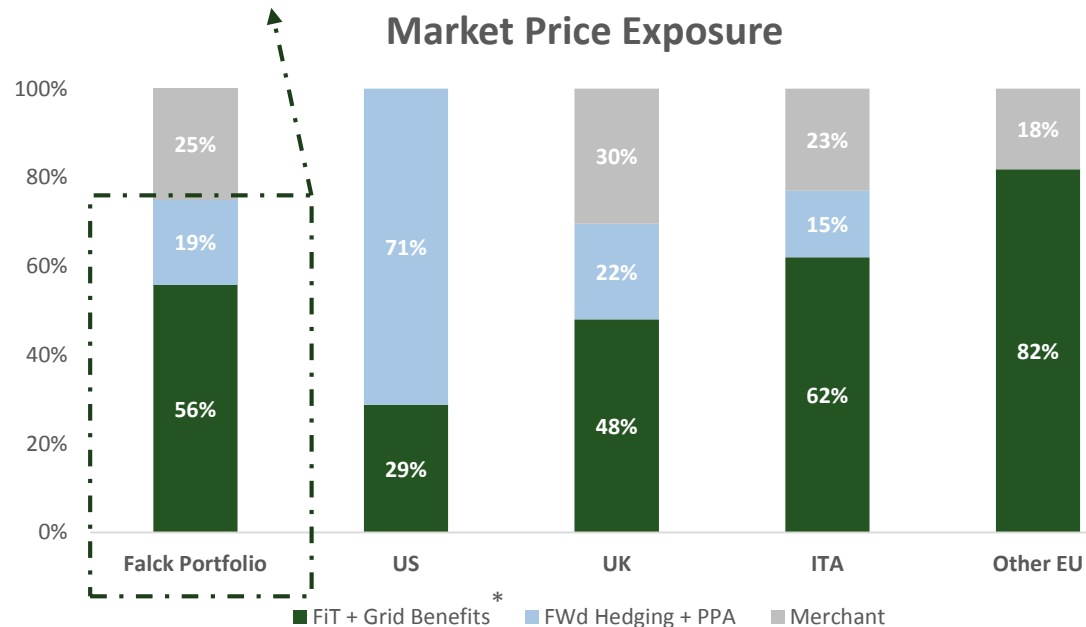
Euribor & Libor	2019	2020	2021
<i>Euribor Old Plan</i>	0.25%	0.50%	1.00%
Euribor New Plan	0.00%	0.25%	0.50%
<i>UK Libor Old Plan</i>	1.20%	1.30%	1.40%
UK Libor New Plan	1.20%	1.30%	1.40%

FX 2019 – 2021

EUR/GBP: 0.91
EUR/USD: 1.18

Price Risk Management Assumptions

No price risk on 75% of expected revenues after hedging actions



US: SREC + Capacity Payments ; UK: ROCs + % of Grid Benefits;
ITA: Tariffa Grin + Conto Energia; Other EU: French FiT

Power Price Risk

- **Natural hedging** provided by environmental subsidies (ROCS, Tariffs, Certificates) and Grid Benefits (for DC projects) has been complemented by sales on forward market in ITA and UK
- **Only 25%** of 2019 revenues is **exposed** to price risk, **after actions**

2019 Price Risk Sensitivity considering Hedged Positions

- UK: $\pm 1 \text{ £/MWh} \rightarrow \pm 0,6 \text{ M€}$
- ITA: $\pm 1 \text{ €/MWh} \rightarrow \pm 0,5 \text{ M€}$
- US: $\pm 1 \text{ \$/MWh} \rightarrow \pm 0 \text{ M\$}$
- Other EU: $\pm 1 \text{ €/MWh} \rightarrow \pm 0.1 \text{ M€}$

Wind - Captured Prices

	2019	2020	2021
Italy (Energy Price + Green Certificates) (€/MWh)	149	148	148
UK (Energy Price + ROCs) (€/MWh)	99	95	95

2019 Guidance

€184M

EBITDA Guidance

> €30M

Group Net Earnings**

~ €737M

NFP*

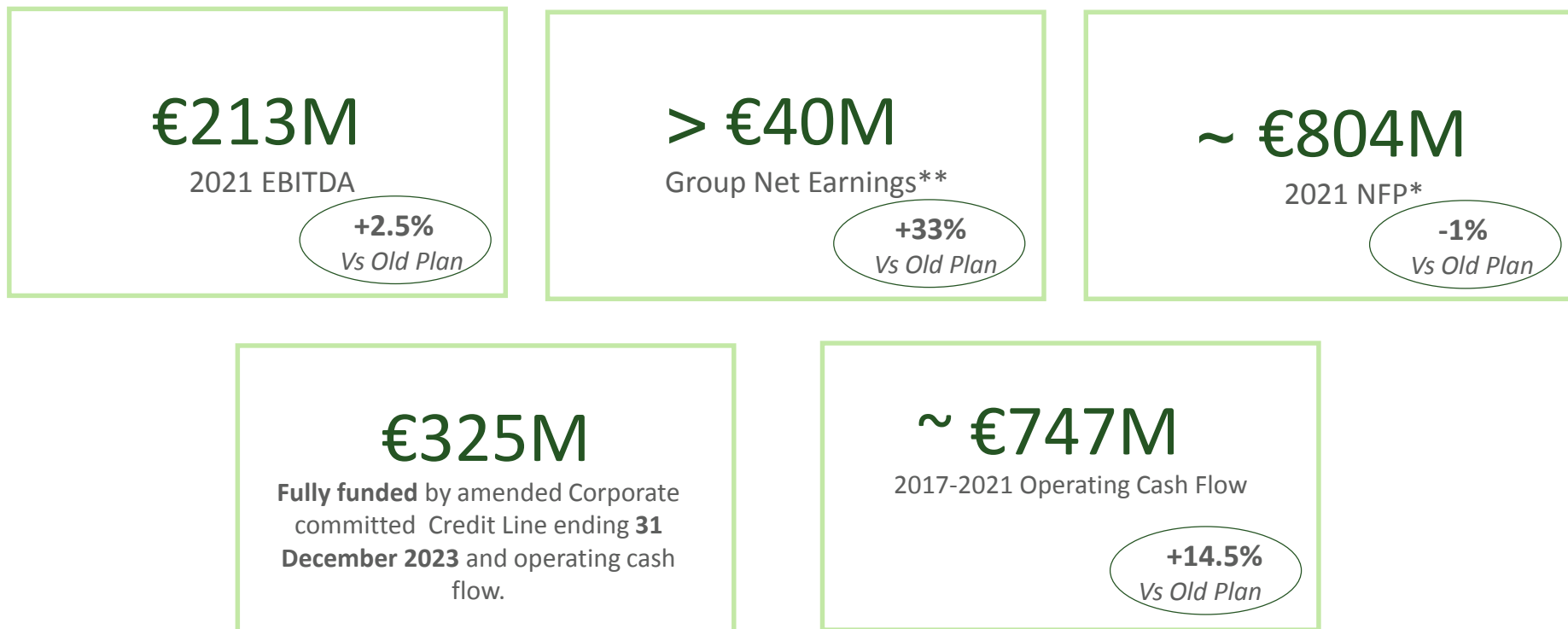
6.3 c€

Dividend proposal at 2019
Shareholders General Meeting
based on 2018 results

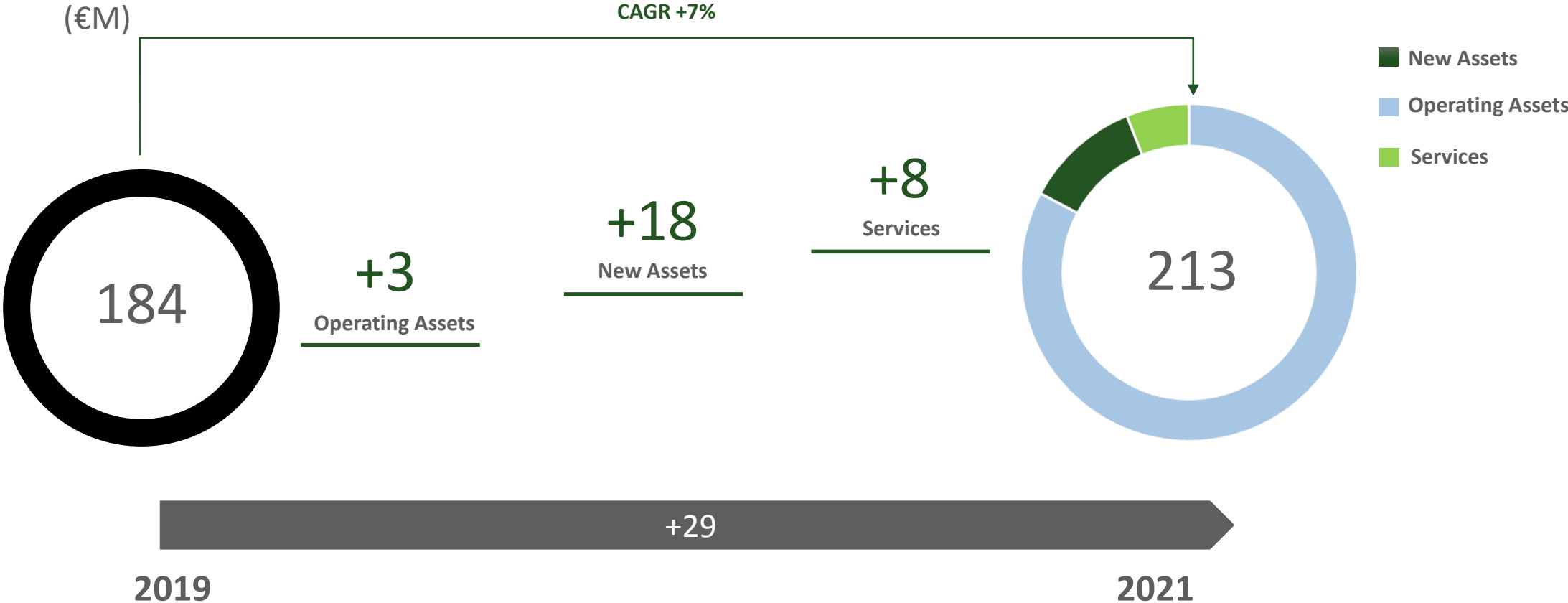
Additional
107 MW

COD expected by
year end

2021 Guidance

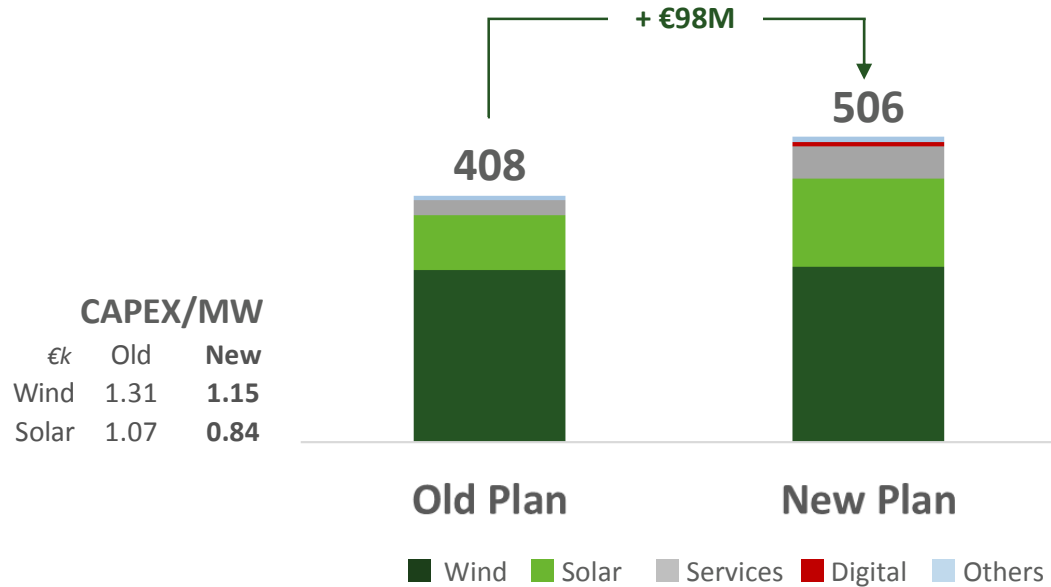


EBITDA Growth 2019 – 2021

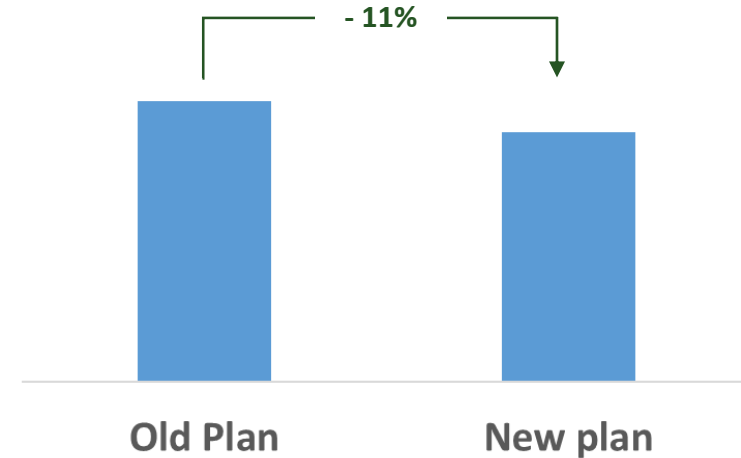


Improving the Financial Efficiency

CUMULATED CAPEX (€M)
(2019 – 2021)



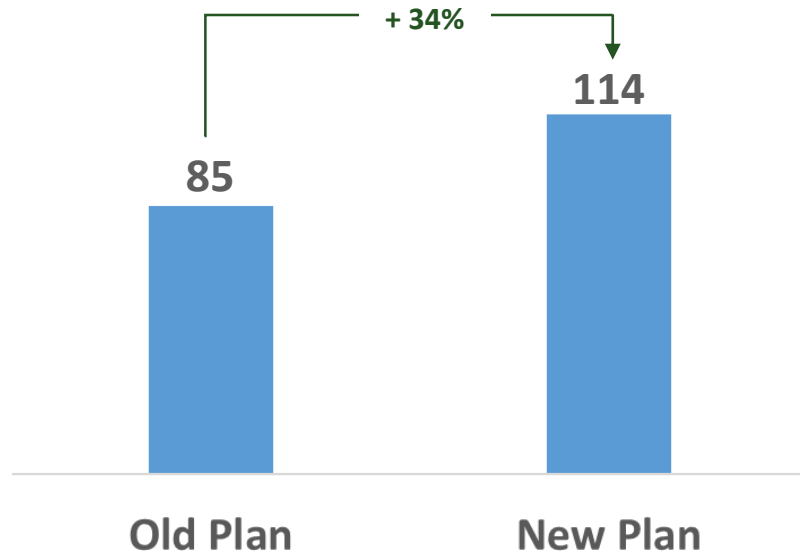
CUMULATED FINANCIAL CHARGES
(2019 – 2021)



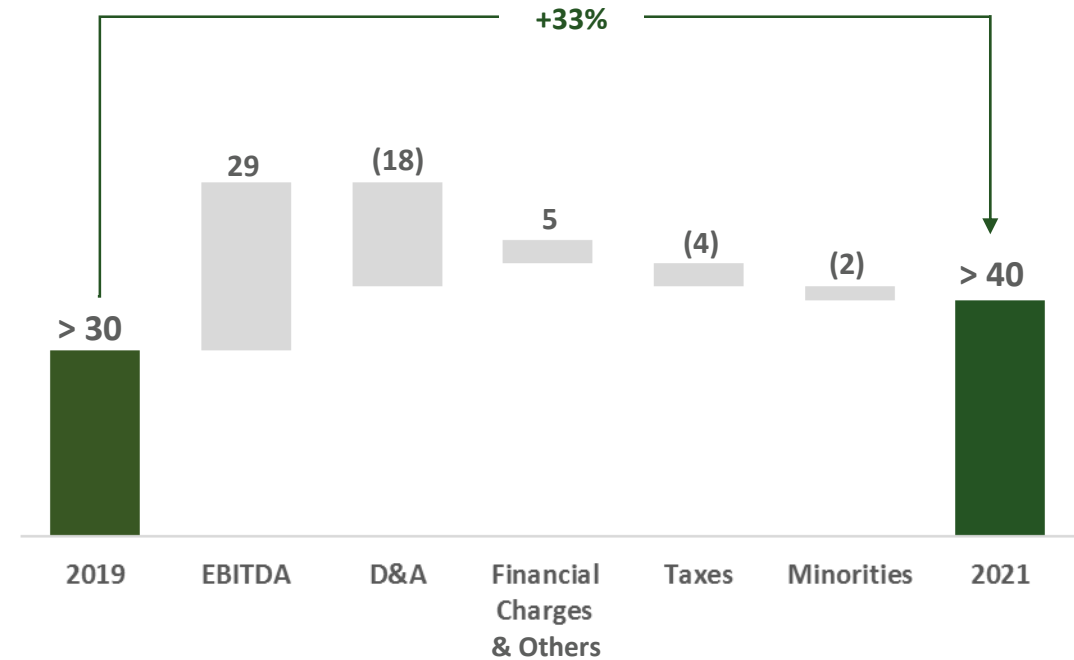
Leveraging on better conditions of the amended Corporate committed Credit Line

Group Net Earnings 2019 – 2021

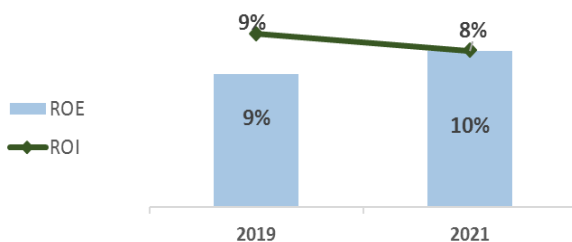
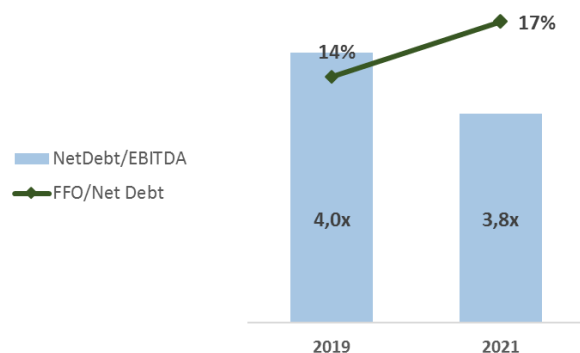
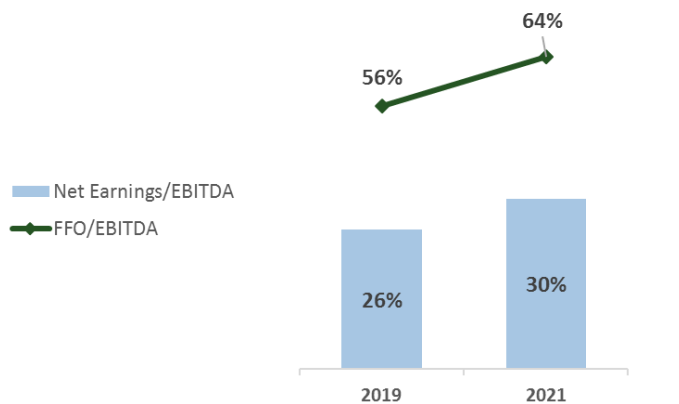
CUMULATED GROUP NET EARNINGS* (€M)
(2019 – 2021)



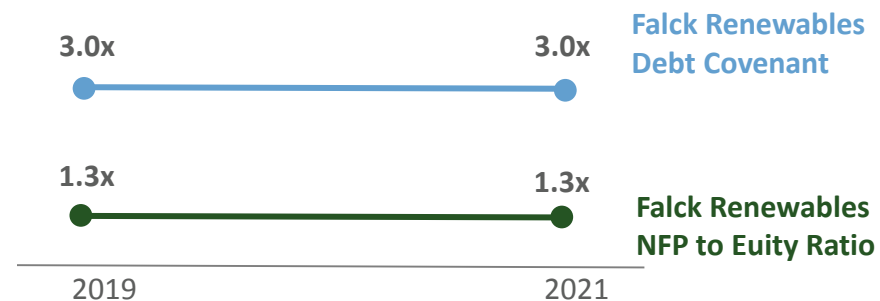
GROUP NET EARNINGS EVOLUTION* (€M)



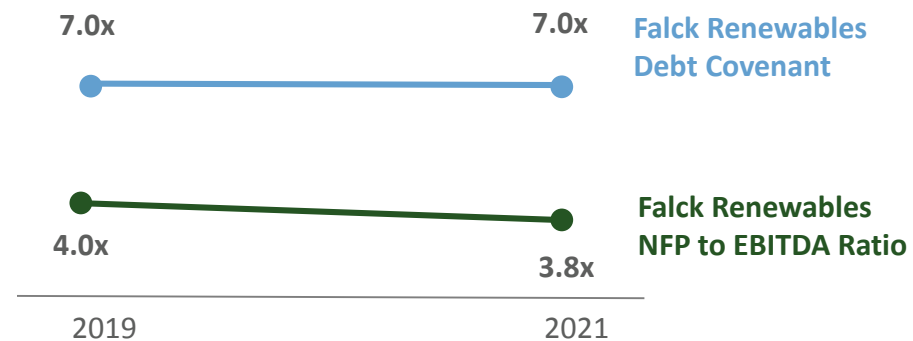
Main Financial Indicators



Debt to Equity Ratio

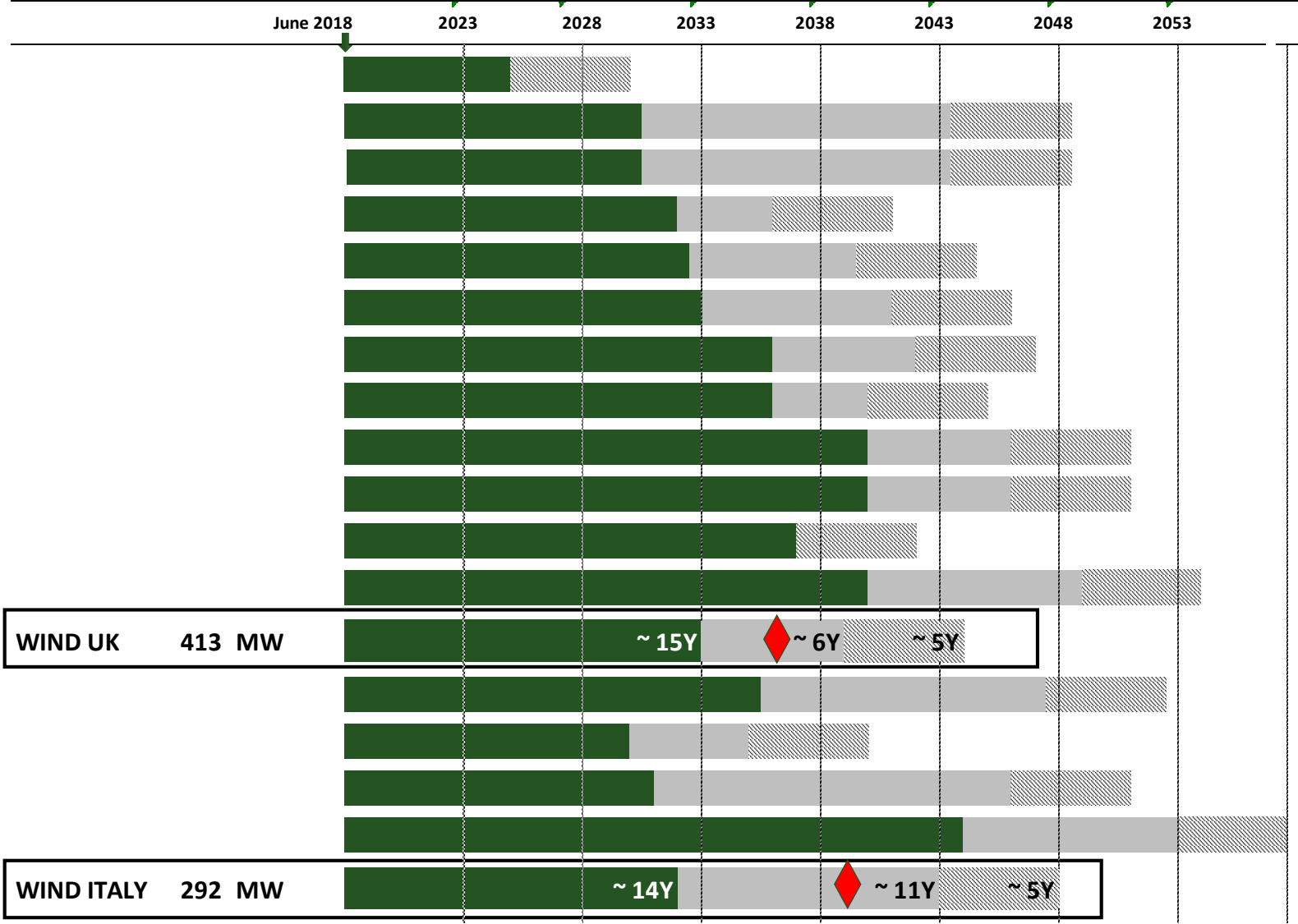


NFP to EBITDA Ratio



NFP significantly within covenants

Potential Technical Life Extension of Wind Assets: Italy and UK

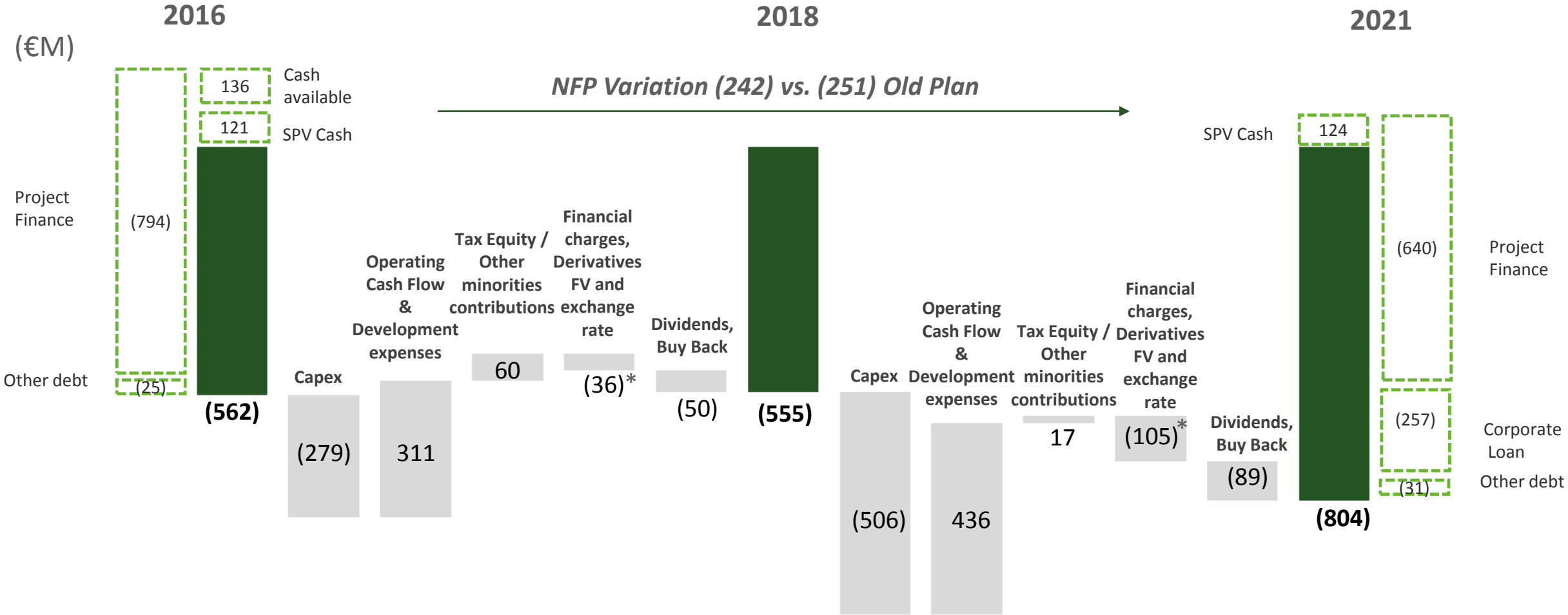


Sensitivity analysis based on partial technical extension (estimate)

♦ + €6M
(on yearly Group Net Earnings)

- ♦ Average technical extension
- Residual Life
- Maximum technical extension
- ▨ Repowering

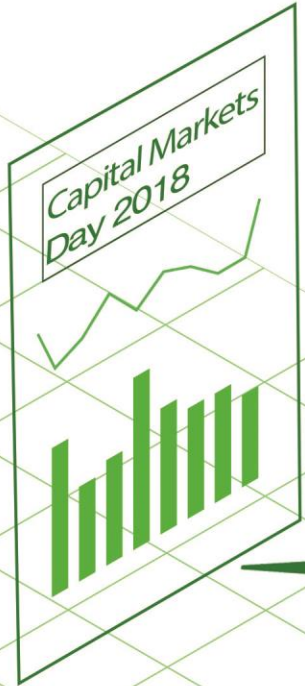
NFP Evolution



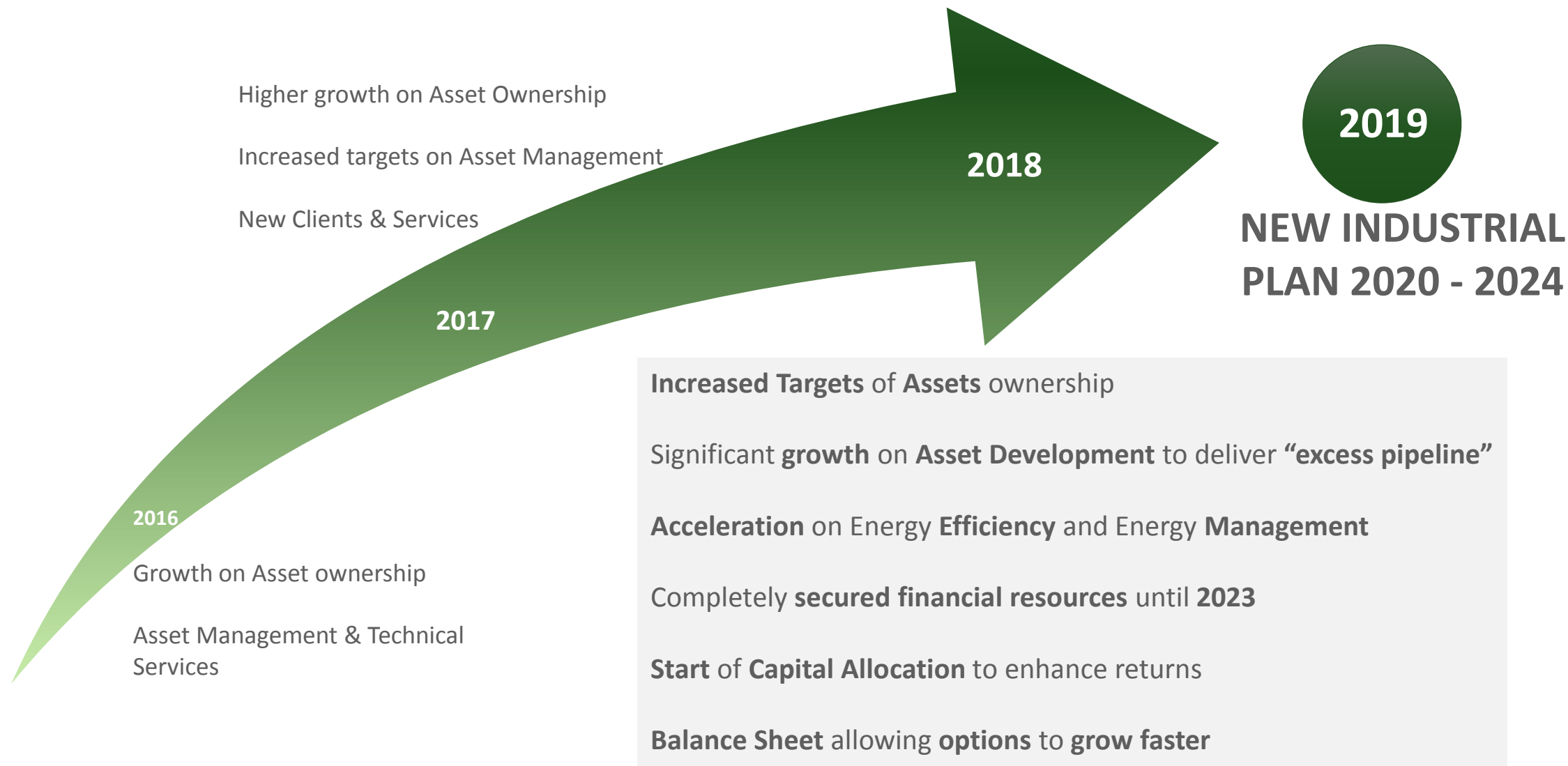
Operating Cash Flow net of Development expenses

Concluding Remarks

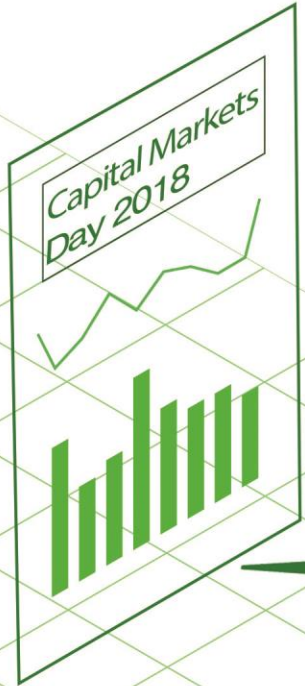
Toni Volpe
Chief Executive Officer



2016 – 2019 Industrial Trajectory













Appendix



Today's portfolio – 1,026 MW



MW				
	292	16	46	354
	413			413
		113		113
	98			98
	49			49
	852	129	46	1,026*



Cumulative Capex 2019 - 2021

