

# Company presentation



12 October 2021



PURE POWER TO GROW

# 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 after January 1<sup>st</sup> 2021. 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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# Falck Renewables

## at a glance

We are an **international pure play company** working in the renewable energy sector. We **develop, design, build and manage plants** that generate **clean power**.

We provide highly **specialized energy management and downstream services** to both energy producers and consumers and we use our **know-how** to **manage third-party assets**, both technically and commercially.

## Our Mission

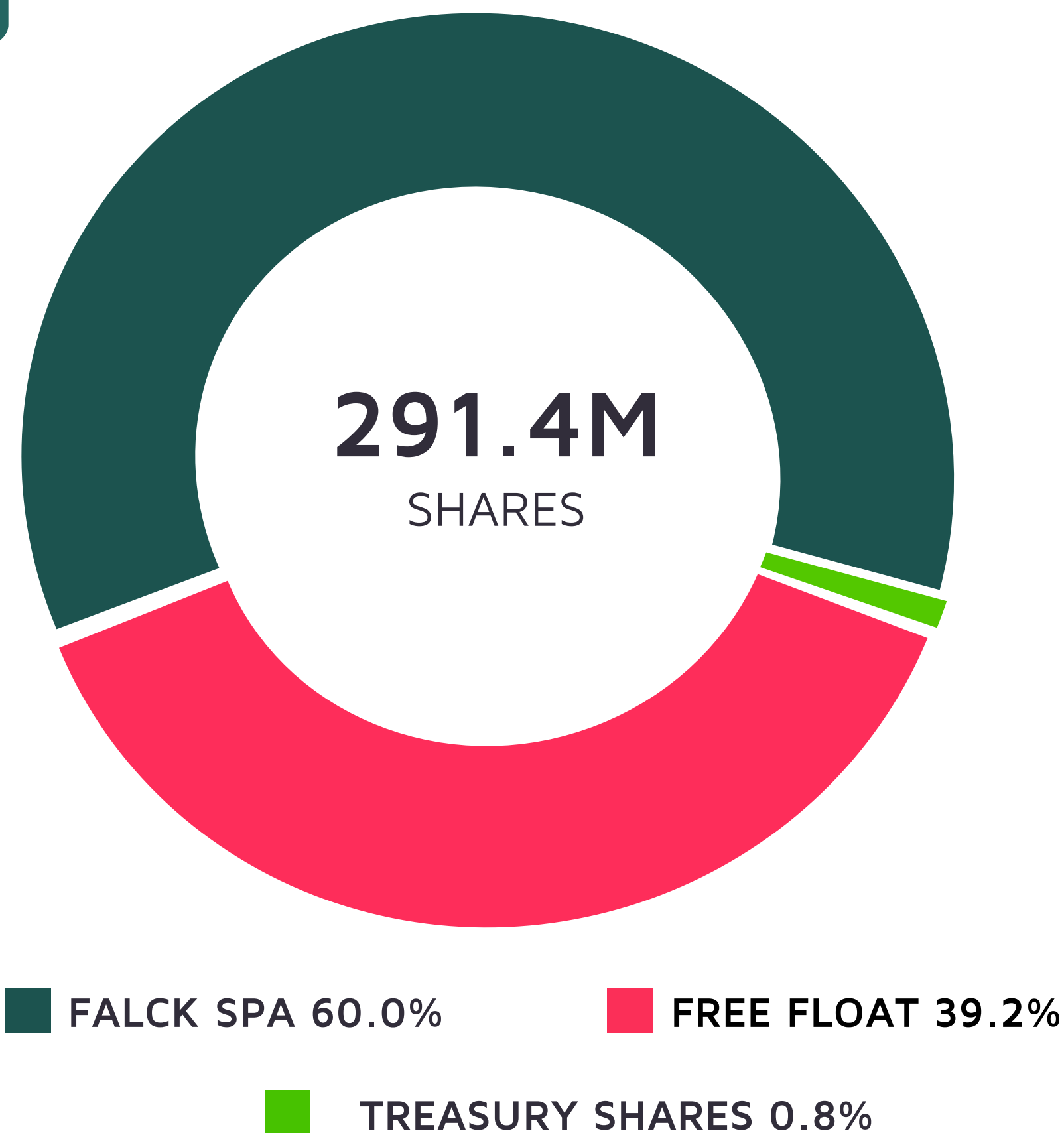
Through the generation of clean energy and the provision of management services along the entire renewable energy value chain, we want to create shared and lasting value for all our stakeholders, while fully respecting the environment that surrounds us.

- ✓ Energy sustainability from **INNOVATION**
- ✓ Global **COMPETENCE** for a sustainable future
- ✓ Maximum **CARE** for our stakeholders
- ✓ **LEADERSHIP** for a carbon free development

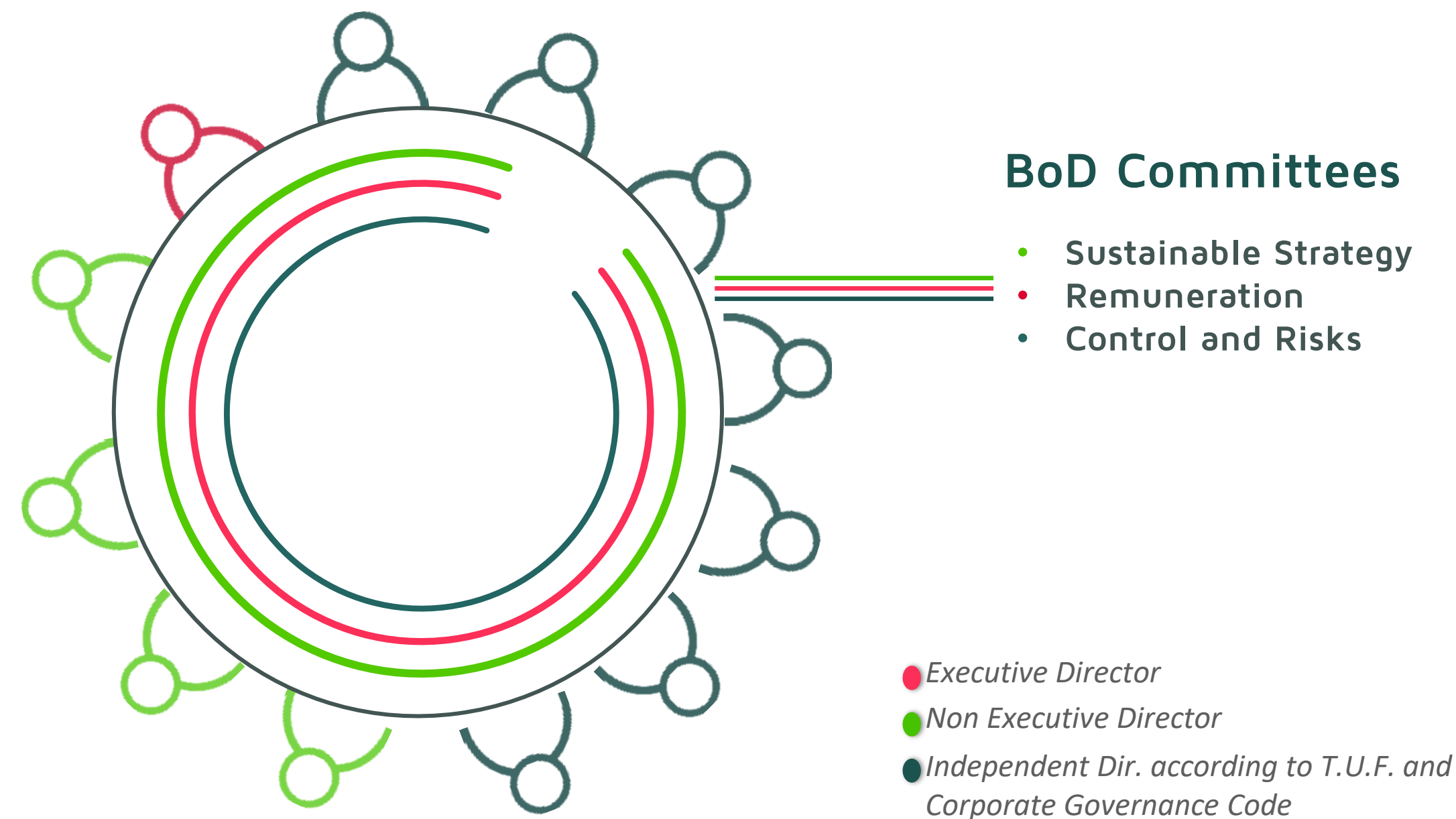
# Ownership and Corporate Governance



## CURRENT OWNERSHIP



## BOARD COMPOSITION



The Board of Directors consists of **twelve members**. Seven of them are **Independent Directors (58%)** and five are **women (42%)**; one was appointed **Lead Independent Director**.

The new Board of Directors – as approved at The Shareholders’ Meeting on 7 May 2020 – reflects the Group’s **international presence**.



# Sustainability at the Core



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

## Our Sustainability Charter

1. We promote the local workforce and supply chain
2. We welcome the participation of communities in our business, also through ownership schemes
3. We back community projects – from social & educational to environmental & infrastructural – and we encourage communities to share project practices to maximize benefits for others
4. We share our knowledge of energy sustainability to spread the word about its importance
5. We ensure all our operations have the minimum impact on the environment



In our strategic plan – the **Roadmap 2025** - we have taken **4 main sustainability commitments**, a.k.a. sustainability strategic goals. They will be measured over the plan period, verifying progress with key performance indicators (KPIs).

	KPIs			
	DISTRIBUTED ADDED VALUE* (€M)	PROJECTS WITH A SIGNIFICANT COMMUNITY ENGAGEMENT PROGRAM** (%)	AVOIDED CO <sub>2</sub> EMISSIONS*** (MTCO <sub>2</sub> )	HOURS OF UPSKILLING AND RESKILLING PER EMPLOYEE (HR./Y)
2020	170	45% OF PROJECTS	0.57	30
2025	255	55% OF PROJECTS	1.36	40

\* To stakeholders such as staff, shareholders, creditors, central & local administrations, and local communities.

\*\* To be understood as the engagement of the local community through cooperative schemes, ownership schemes, benefit schemes or with the local enabling of sustainable energy consumption services (i.e. community energy PPA, access to net metering credit schemes, etc.).

\*\*\* References of the emission factors applied : USA: "Emission Factors for Greenhouse Gas Inventories" (US EPA, 2020); EU: "Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei" [Atmospheric emission factors of greenhouse gases and other pollutants from the power sector] (ISPRA, 2020); Norway: "Electricity disclosure 2018" (NVE-RME, 2020 update)..

# Our Strategy

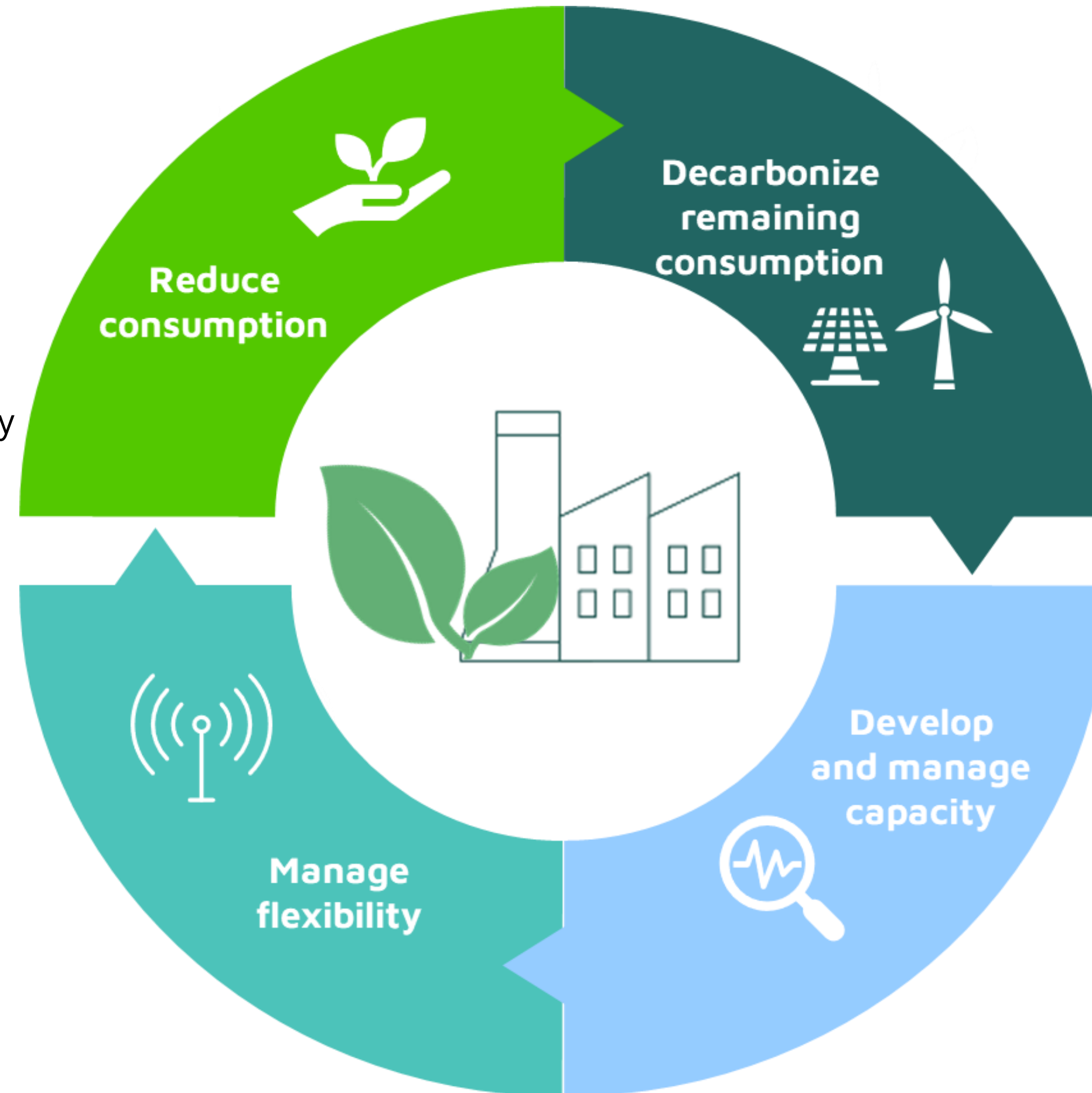
## Reduce consumption

An increased focus on sustainability and regulatory compliance requiring a lower energy consumption

- Large scale energy efficiency (e.g. CHP)
- Demand Side management (including energy management software and battery storage)

## Manage flexibility

New sources of flexibility (demand response, aggregation) and capability to manage them within an increasingly intermittent world in order to maintain adequate operation of technical and commercial processes (TSOs/DSOs play an important but indirect role in facilitating / managing the supply side)



## Decarbonize remaining consumption

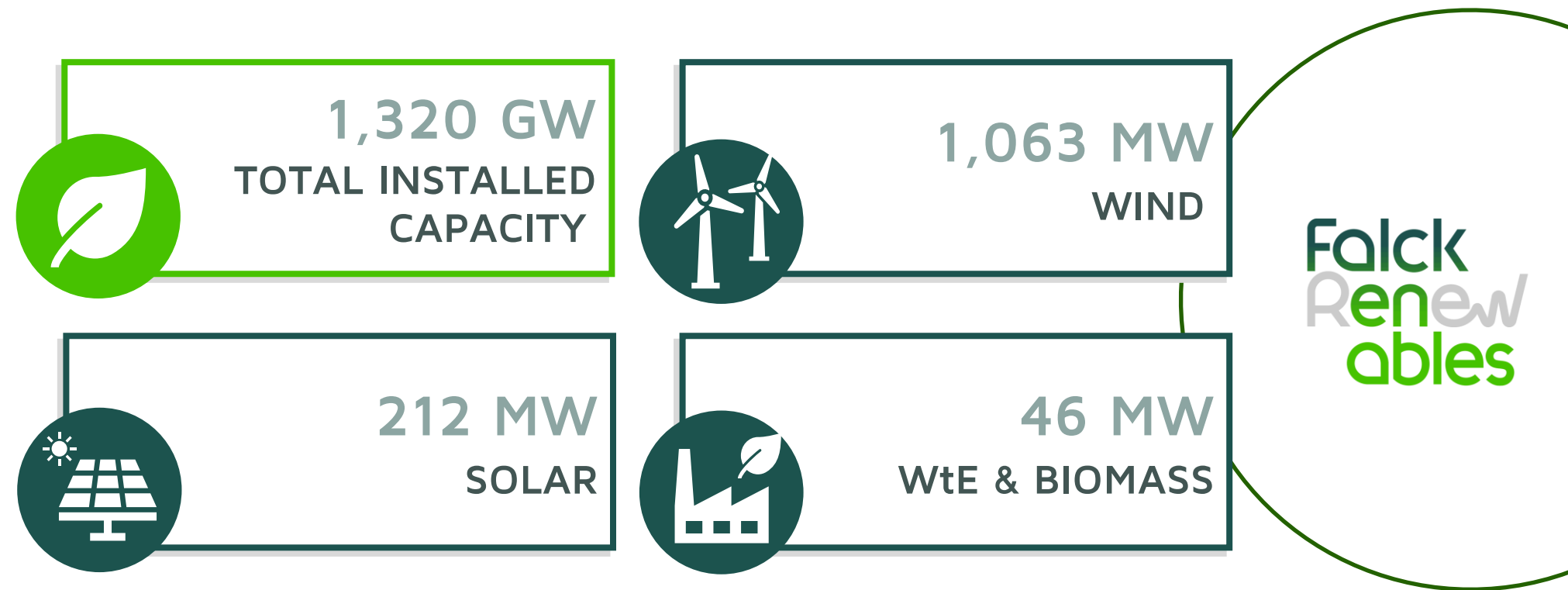
Decarbonize energy consumption via

- Green energy supply contracts (including PPA) or on-site RES/BESS generation
- Electrification, switching from fossil to electricity, decarbonizing feedstocks, switching to green resources

## Develop and manage capacity

- Sustain accelerated growth strengthening development activities
- Need to manage third parties' assets that are approaching lifetime and incentive end
- Energy management (including dispatching and hedging)

# Diversified Portfolio, International Presence and Business Areas



- DEVELOPMENT and ENG. & CONSTRUCTION**
- SERVICES**
- ASSET MANAGEMENT & TECHNICAL ADVISORY**
- DIGITAL ASSET MANAGEMENT**

### A FULL RANGE OF SERVICES

- ASSET MANAGEMENT AND TECHNICAL ADVISORY**
  - 3.8 GW** ASSET MANAGEMENT
  - 70 GW** TECHNICAL ADVISORY
  - 5 GW** FINANCIAL ADVISORY
- ENERGY MANAGEMENT AND ENERGY EFFICIENCY**
  - 1,3 TWh** ENERGY DISPATCHED
  - 1500** CUSTOMERS

## OWNED ASSETS AND TECHNOLOGY

	INSTALLED CAPACITY (MW)				PLANTS
ITALY	355	292	17	46	15
UK	413	413			12
USA	175	30	145		8
FRANCE	98	98			9
NORWAY	50	50			1
SWEDEN	121	121			2
SPAIN	109	59	50		4
<b>TOTAL</b>	<b>1,320</b>	<b>1,063</b>	<b>212</b>	<b>46</b>	<b>51</b>

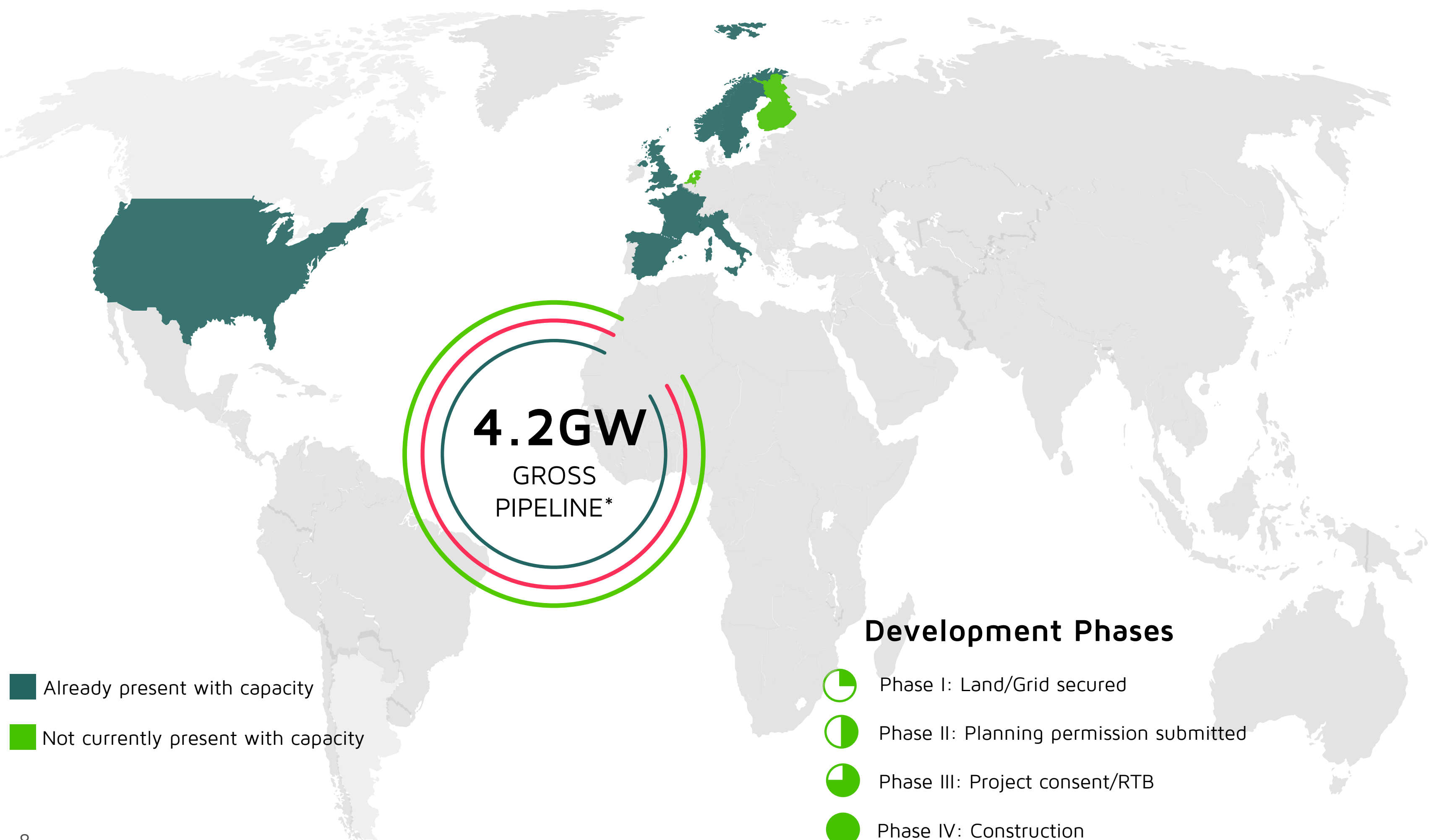
## INTERNATIONAL PRESENCE





# Asset Development and M&A: Mission in Key Words

Pursue the growth in **installed capacity** consistently with the Group's industrial plan, **expanding** and **diversifying** (also geographically) the projects pipeline and coordinating the activities of **greenfield development**.



- Markets** ▶ Screening and proposal of potential opportunities
- Pipeline** ▶ Accountability on delivering fully bankable and buildable projects
- M&A** ▶ Identify, screen, evaluate and execute acquisition opportunities
- PPA** ▶ Originate Power Purchase Agreements for the projects developed or acquired

\* As of 31 September 2020, including asset under construction



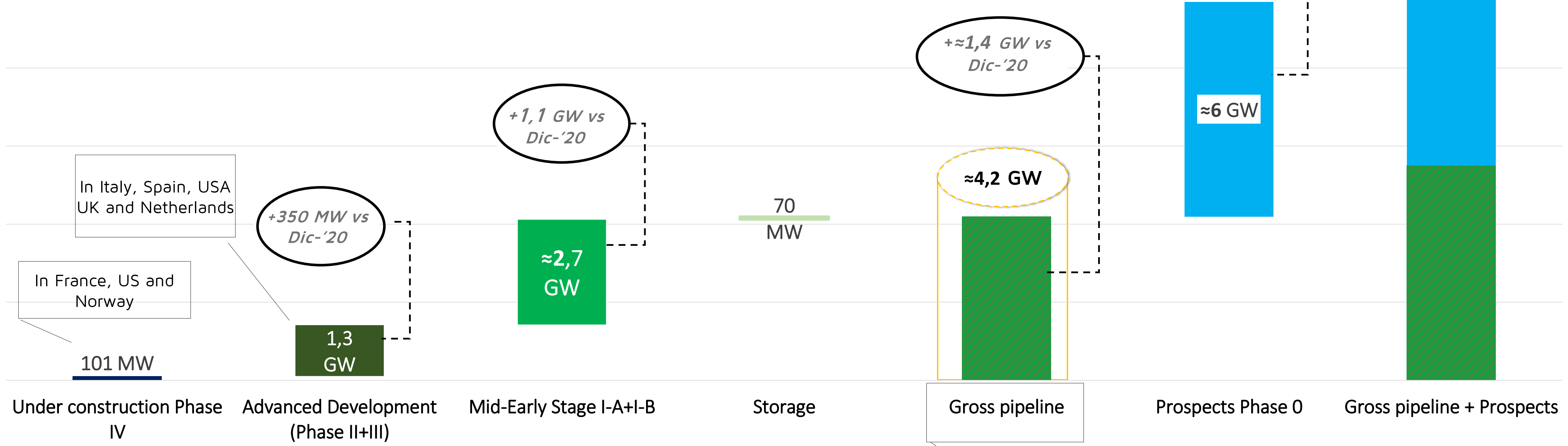
# 2021: Growing and Consolidating Organic Pipeline

MW under development  
at 31 July 2021 (EU+USA)

Asset development "cash" costs in M€	H1 '20	H1 '21
	7.0	13.2

+89%

Continued progress on ScotWind  
(not included in pipeline figures)

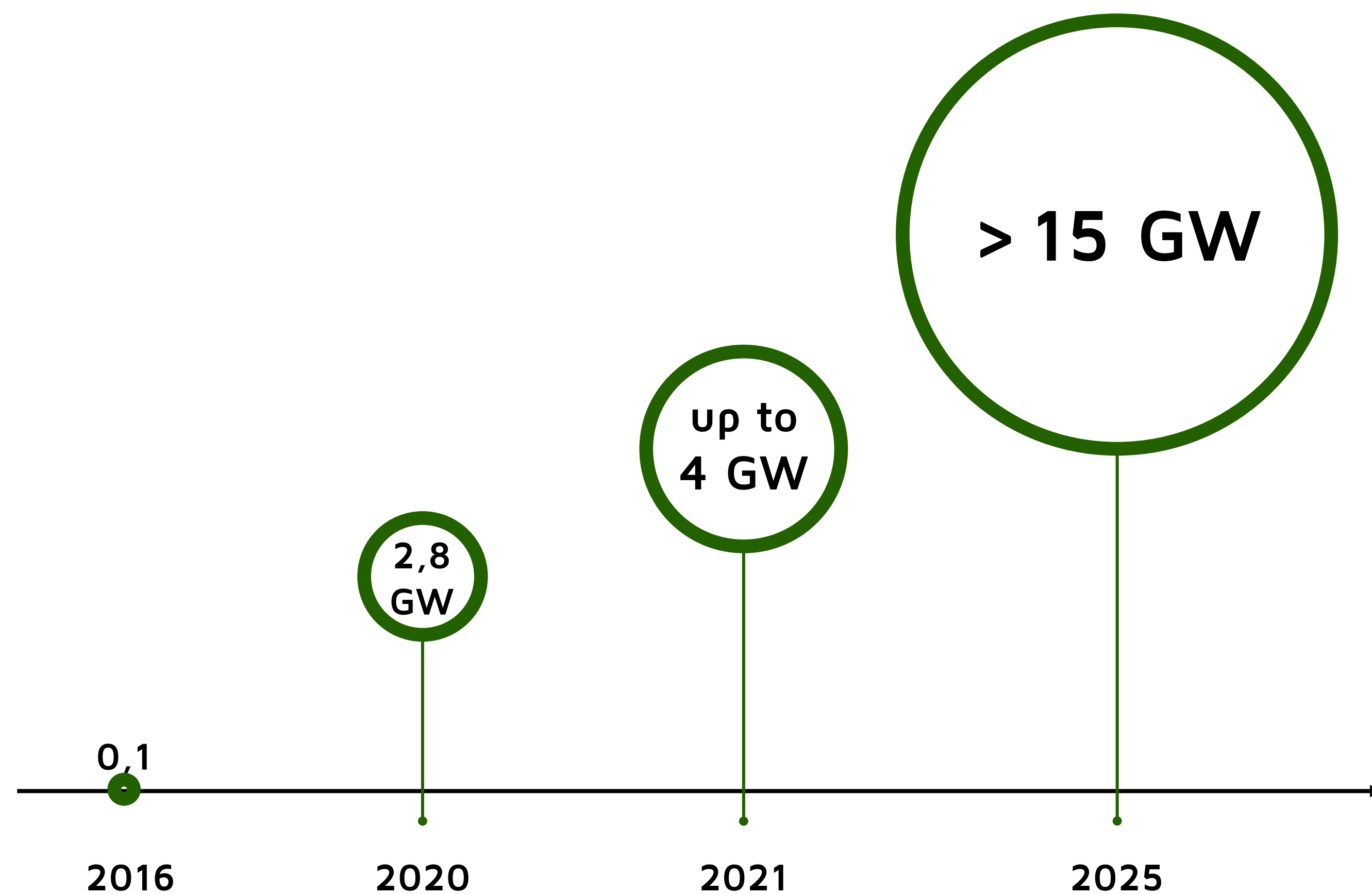


Projects (organic and M&A) identified for which a decision on whether to start development activities is yet to be taken or under evaluation

Strong Semester on development activity in USA, Italy and Spain

# Target Pipeline 2025

- Excluding prospects -



*Pipeline includes projects from Phase I (Active Development) to Phase IV (Under Construction)*

- **Continued growth** of Solar, onshore wind and hybrid (with battery) technologies in Europe and US
- Further diversification in **new geographies**
- Possible expansion into **new technologies**
  - **floating offshore** in Scotland (with Bluefloat and Ørsted A/S) and in Italy (with Bluefloat) ✓
  - Green **"H2 ready"** projects: **HyDeal** Initiative and other alliances and partnerships ✓

**Substantial development effort to scale up pipeline in the next five years**

**Organic growth plan including also all other options (JDAs, partnerships, M&A)**



# Installed Capacity Growth

Big effort on solar + 7.4x

Wind continues to blow

By 2025

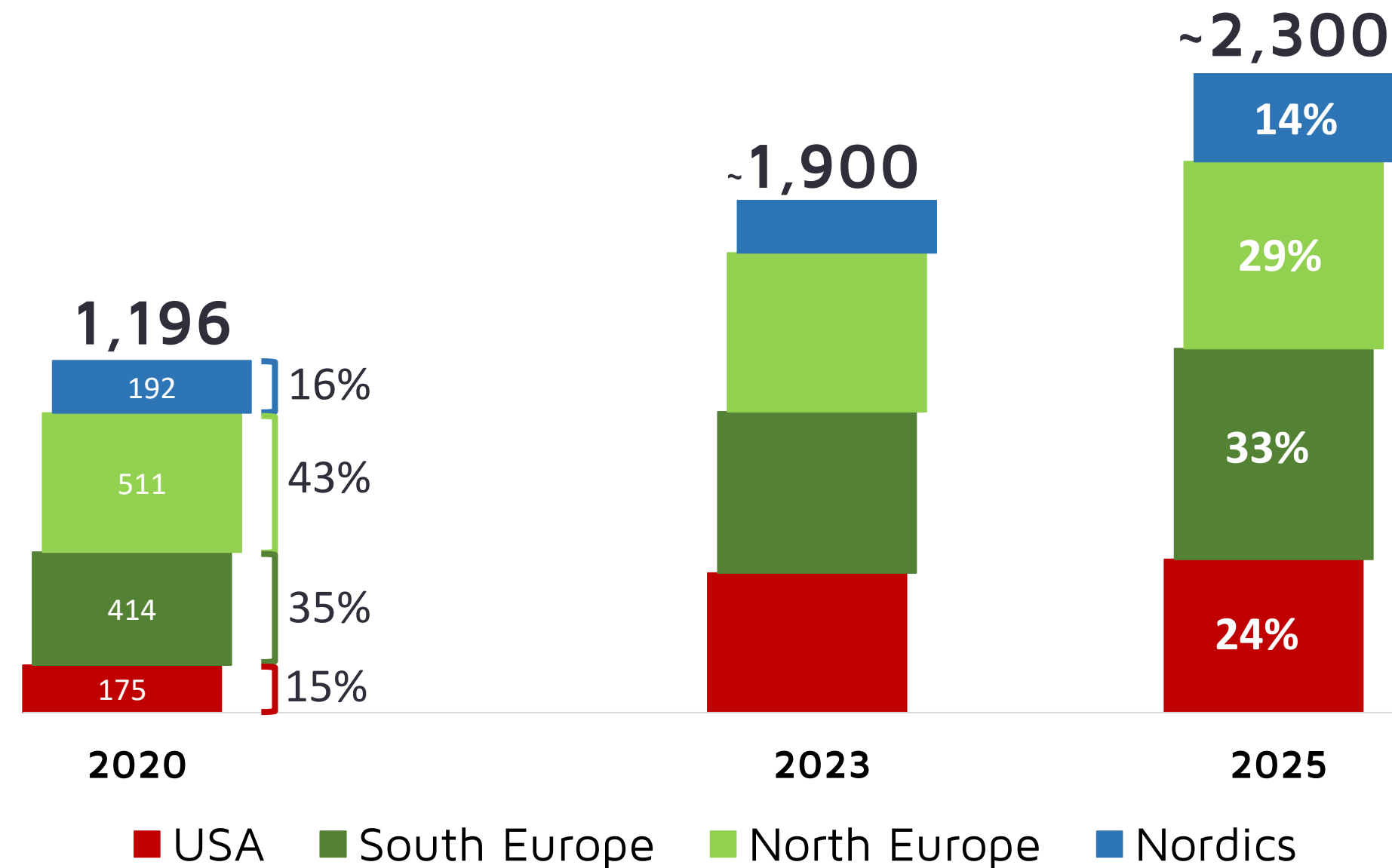
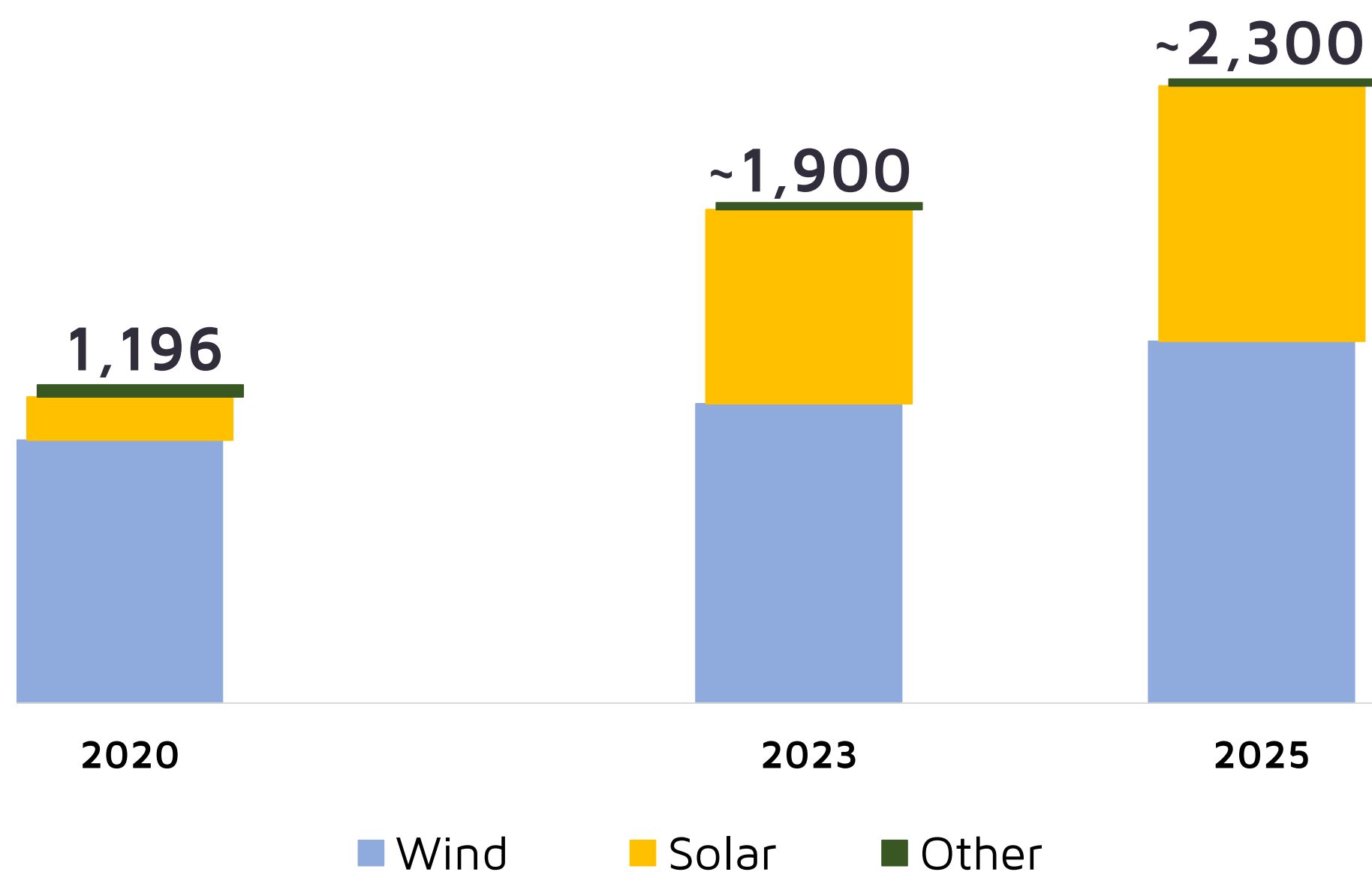
~1.1 GW installed  
70% solar

~0.8-1.0 GW of pipeline in excess available

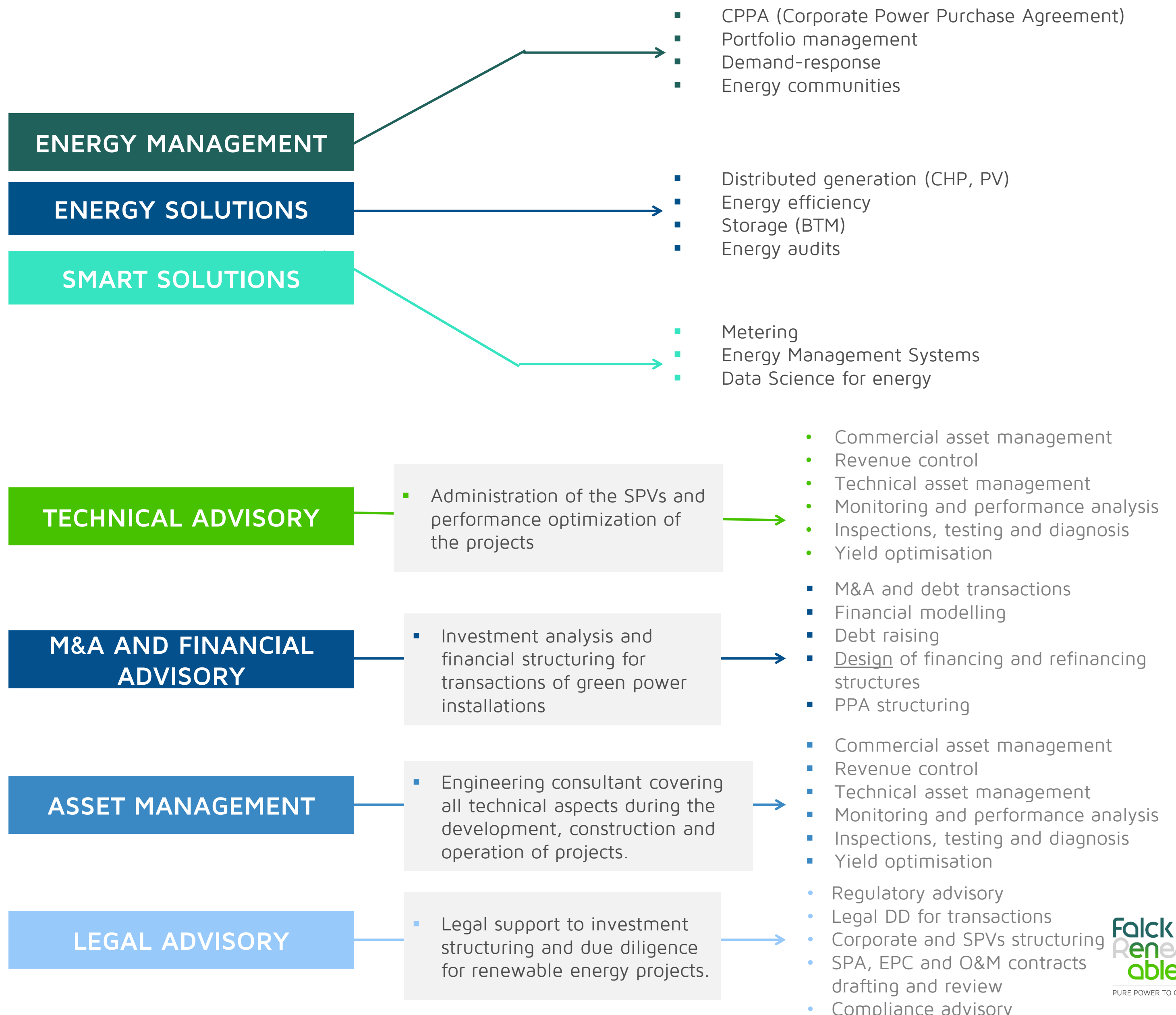
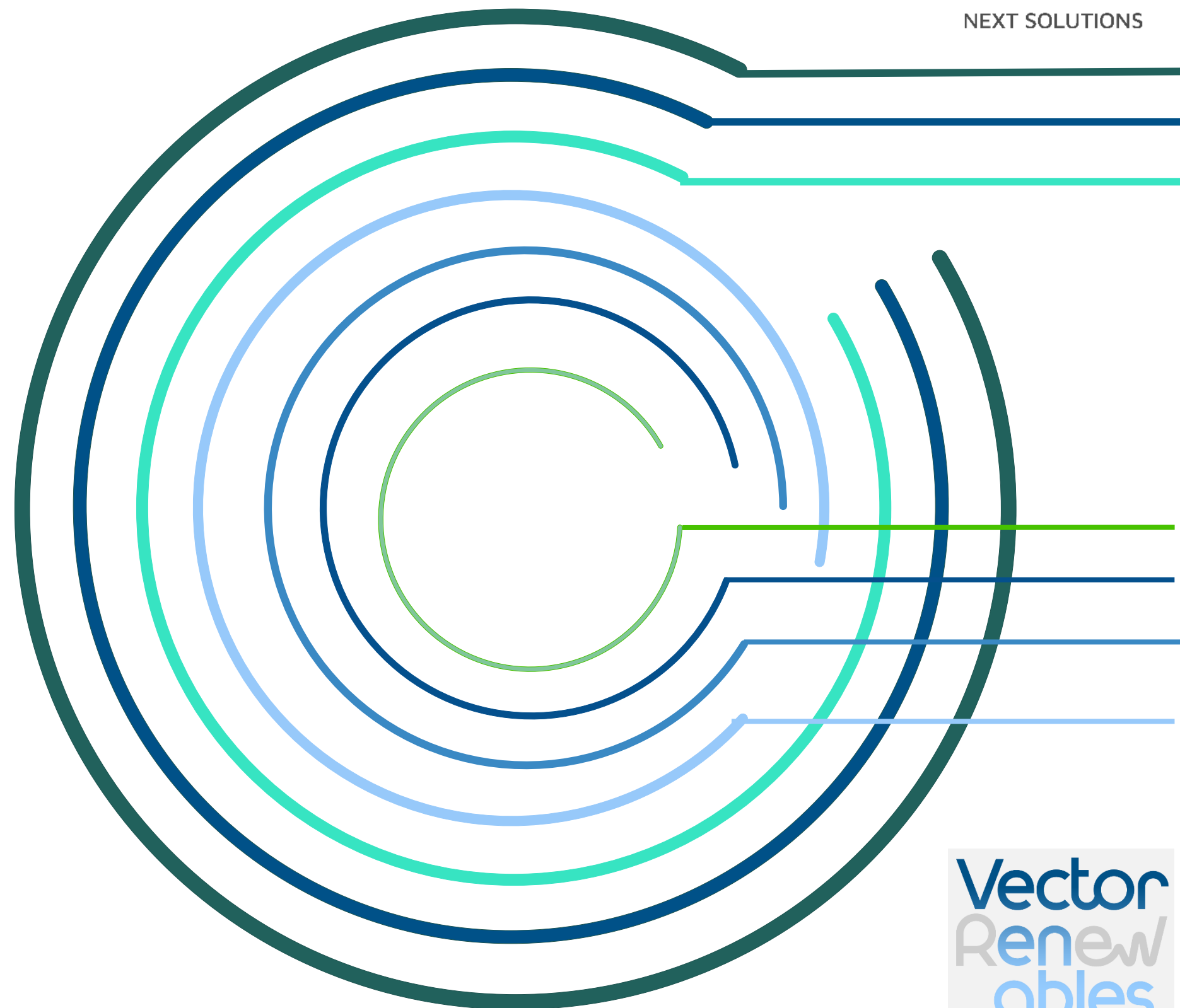
Consolidation of presence in the Nordics

Europe remains central with high emphasis on South Europe

Strong growth in the US with ENI partnership

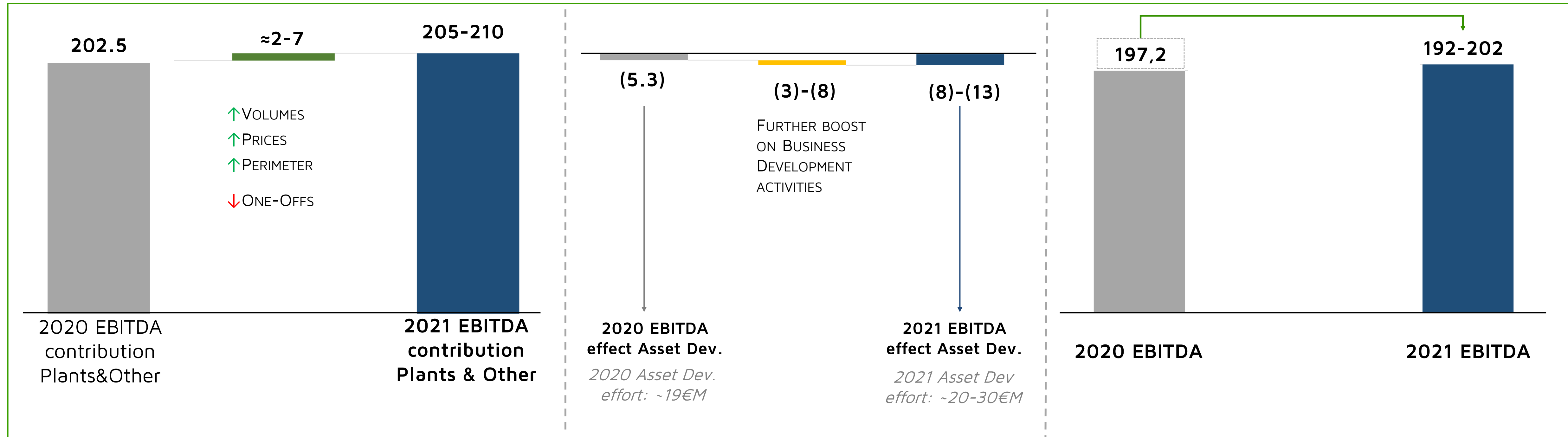


# SERVICES





# Guidance 2021 Confirmed



	Range
<b>Group Net Income / EBITDA</b>	16-17%
<b>Net Financial Position* (€M)</b>	800 ± 5%
<b>Installed + in construction (MW)</b>	1400 - 1450

\* Linked to FX assumptions

**Notes:**

- The guidance references provided do not include any non-ordinary or impairment effects. Upon the occurrence of non-recurring events and/or special items, the guidance will be compared to the annual data adjusted
- Notional financial charges on the Green Convertible Bond not included and equity reserve related to the Green Convertible Bond has been added to the net financial position

# Our Dividend Policy



**DIVIDEND «CAP»**

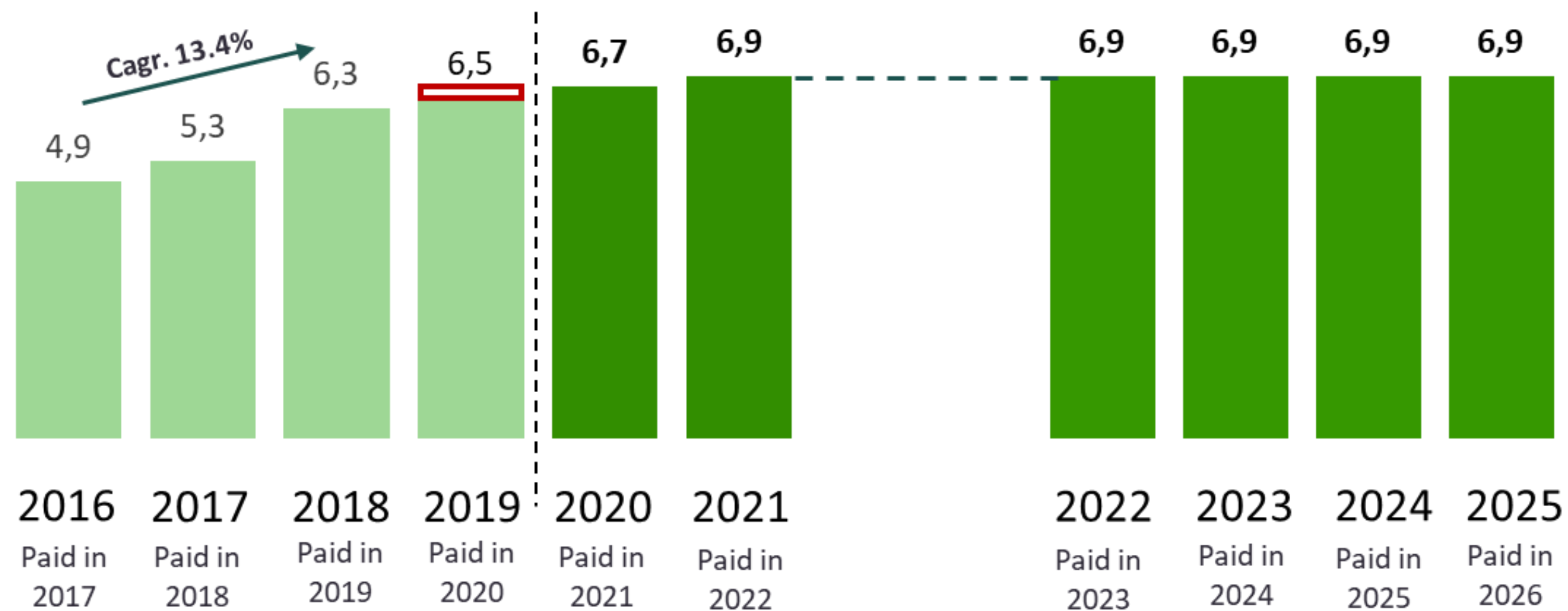
2018 - 2021

Pay-out ratio (“PAY-OUT”) of **40%** of Group Net Earnings

2022 - 2025

Pay-out ratio (“PAY-OUT”) of **30%** of Group Net Earnings

**DIVIDEND «FLOOR»**  
€/cent

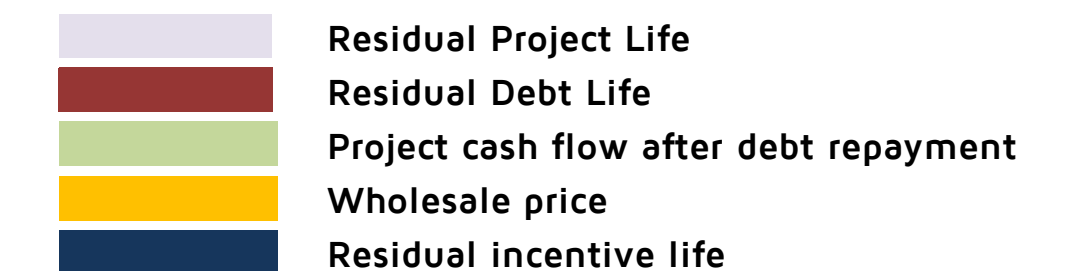
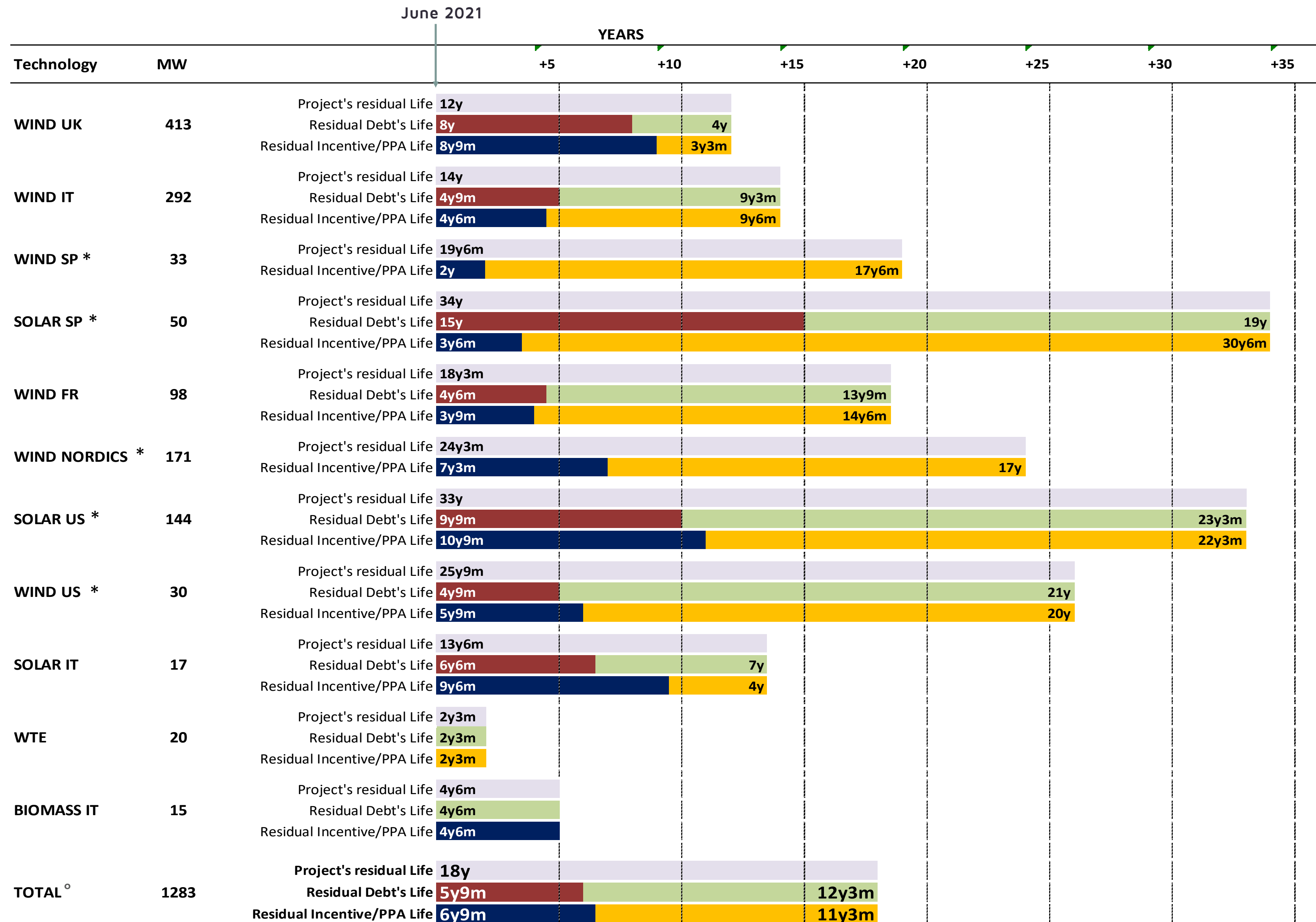


**Long term visibility, stable dividends to sustain strong growth**



# Appendix

# Asset Base in H1 2021

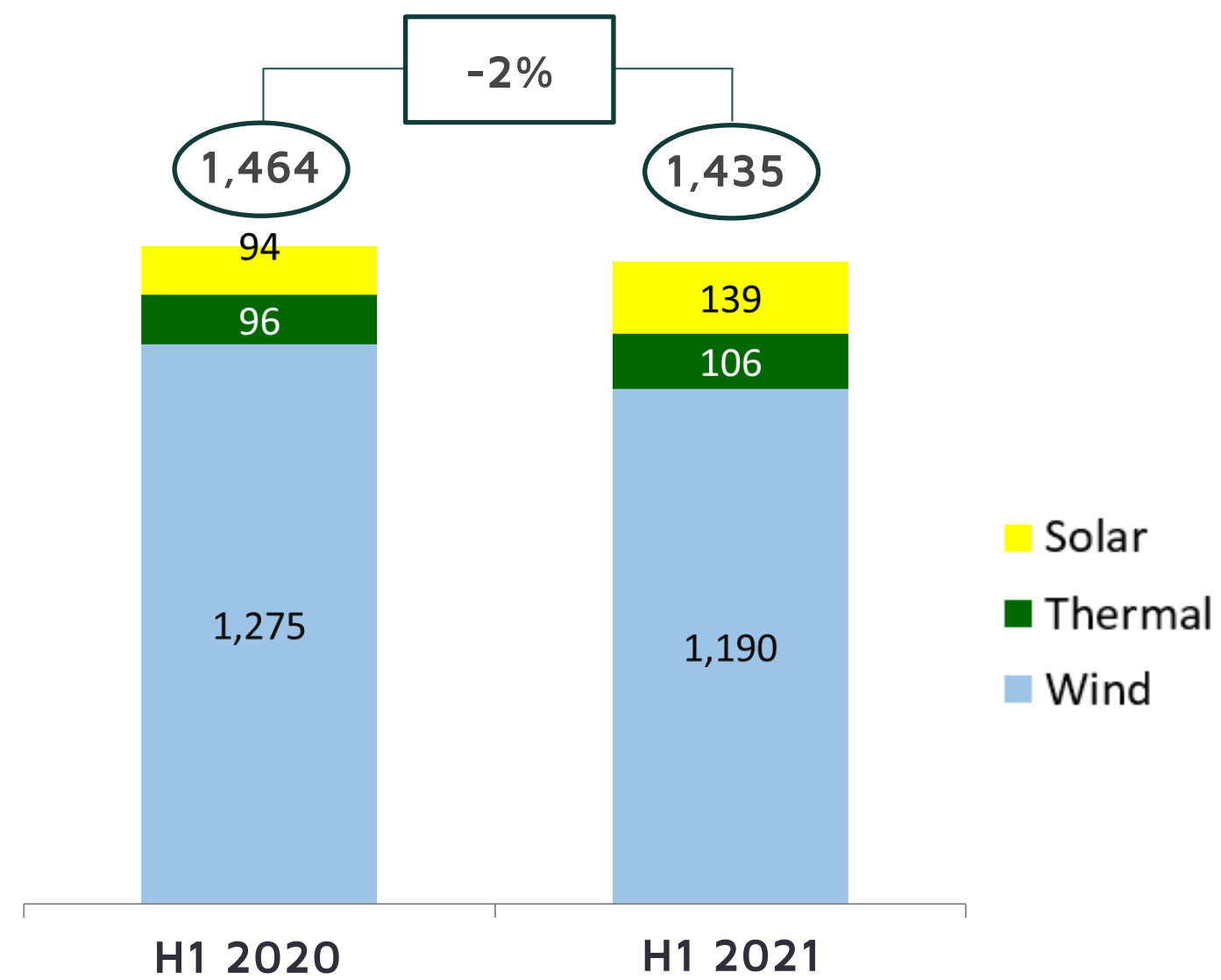
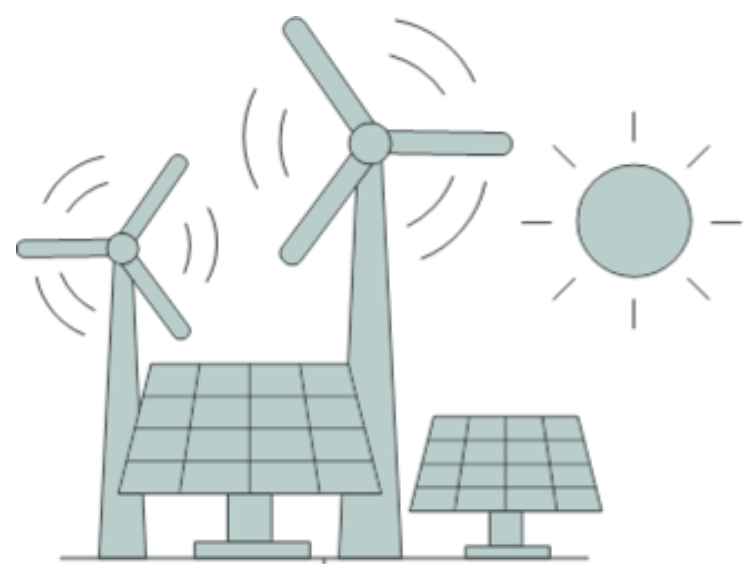


\* PPA secured, SREC (in the US only)

° Not included minority stake in La Muela (26%) wind farm, Frullo Energia Ambiente (49%) for a total amount of 37MW

# Electricity Production – H1 2021

By technology (GWh)



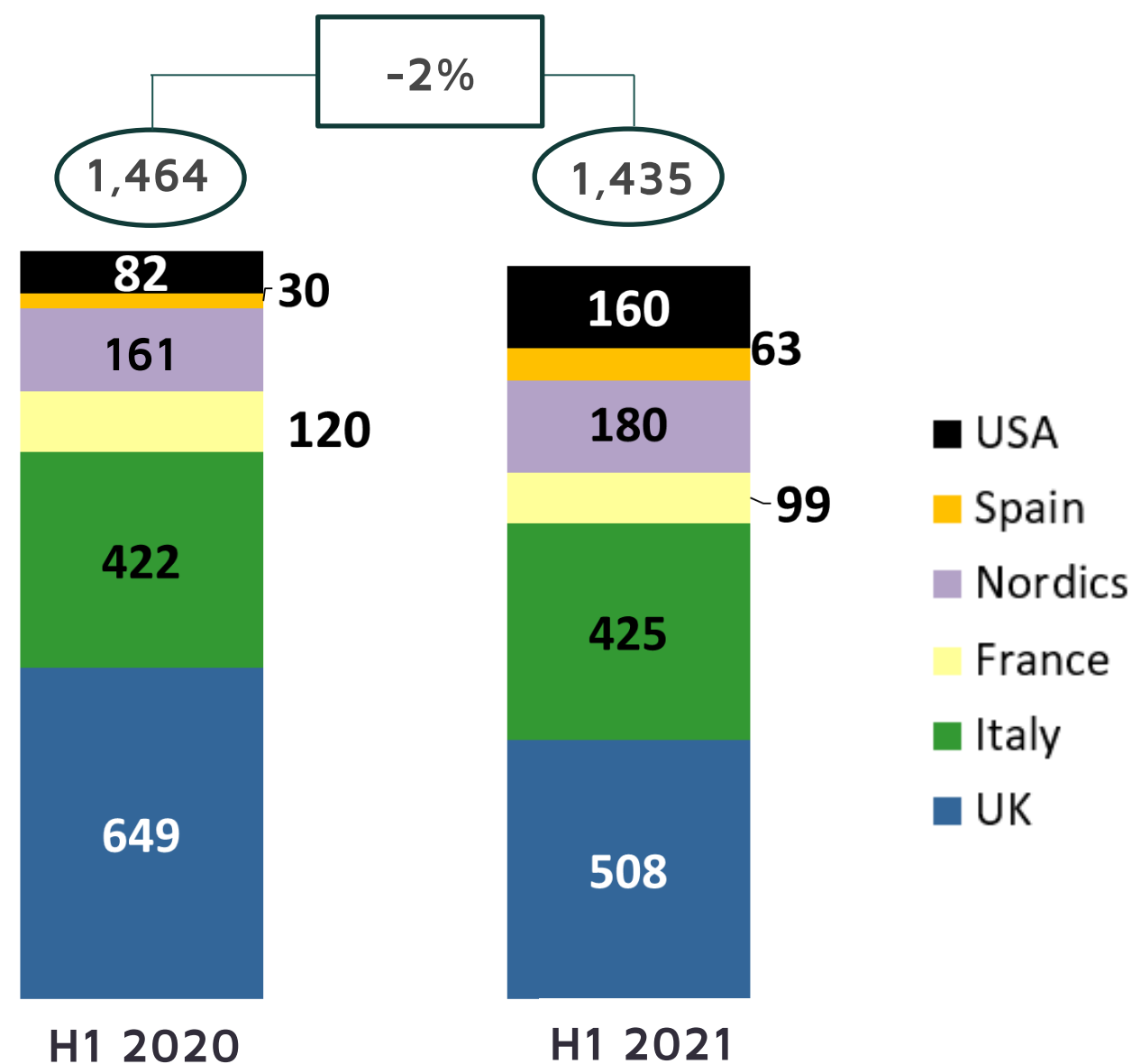
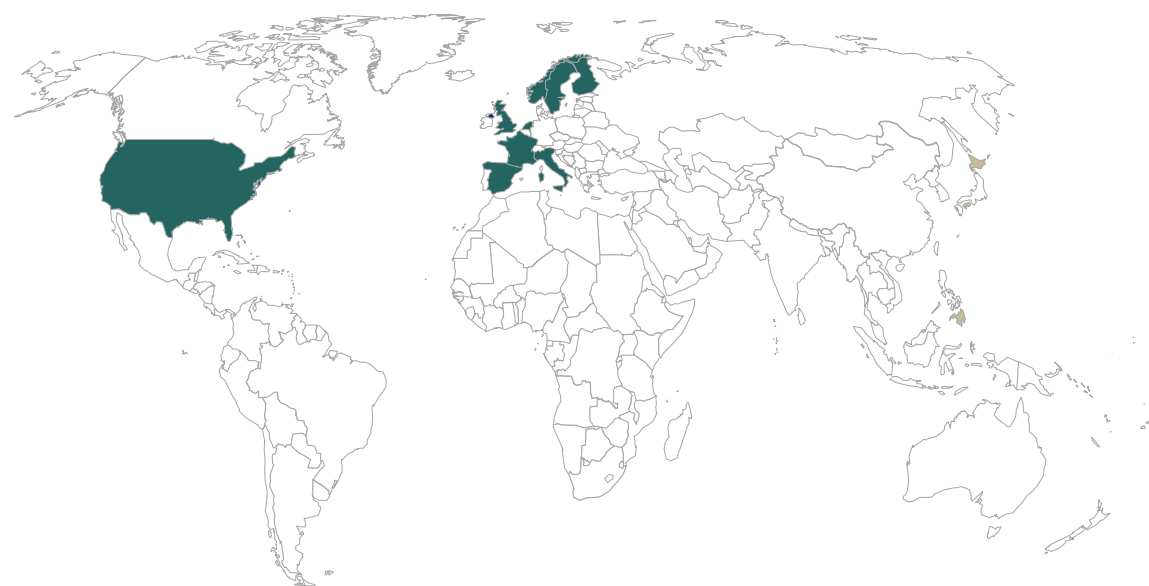
## H1 2021

Weak production vs. H1 2020 (-22%). Significant grid curtailments at our Millennium, Kilbraur, Assel Valley and Auchrobert wind farms included in National Grid balancing system (46 GWh compensated).



- Wind production slightly below H1 2020 (-3%) due to lower wind conditions.
- Higher solar production than H1 2020 (+9%): H1 2020 performance burdened by Spinasantà revamping in Q1.
- Energy from waste/biomass higher vs. H1 2020 (+11%) mainly due to biannual maintenance works occurred at Rende Biomass plant in Q1 2020.

By geography (GWh)



Bigger volumes vs H1 2020 due to perimeter increase (+32 MW solar and +30MW wind).

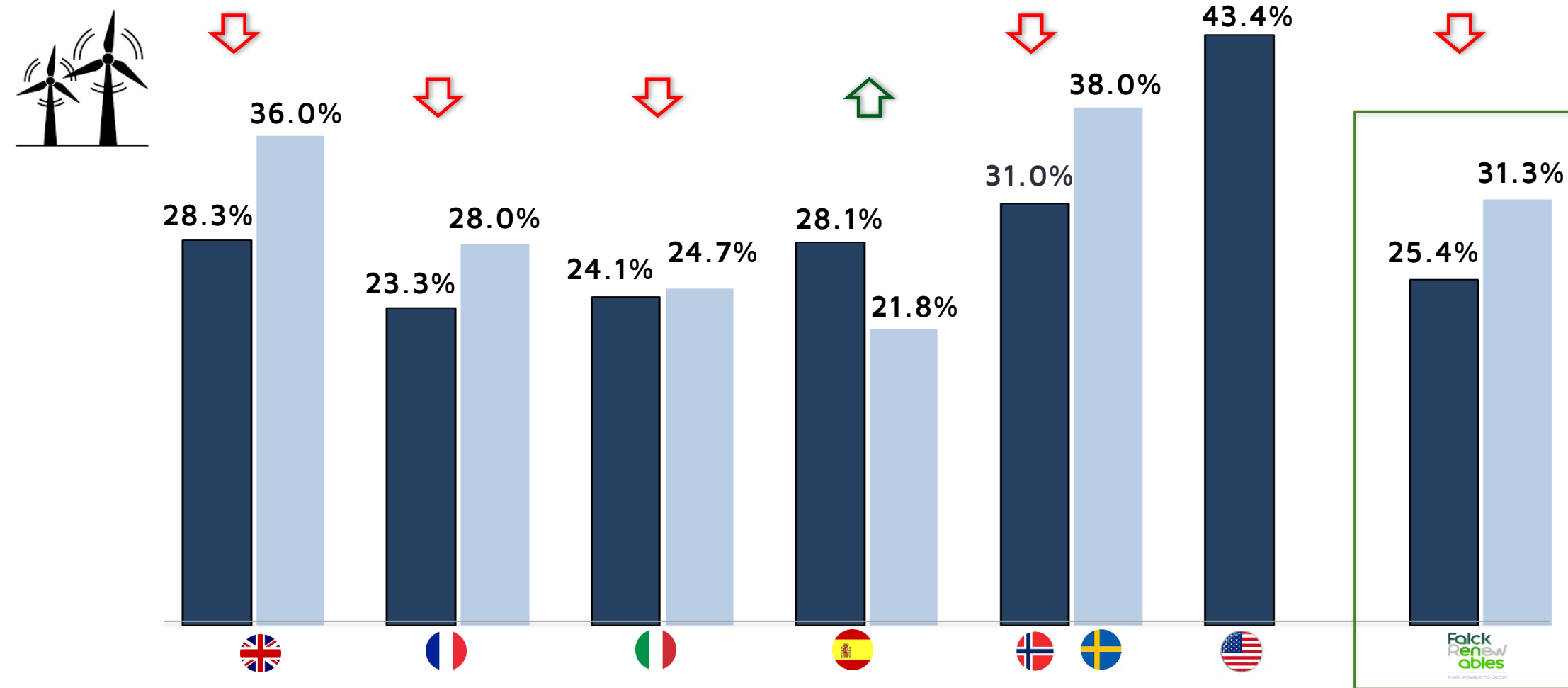


Lower productions vs. H1 2020 (-17%) due to poor wind conditions across the country compared to exceptional performance in Q1 2020.



# Wind and Solar Portfolio Performance H1 2021

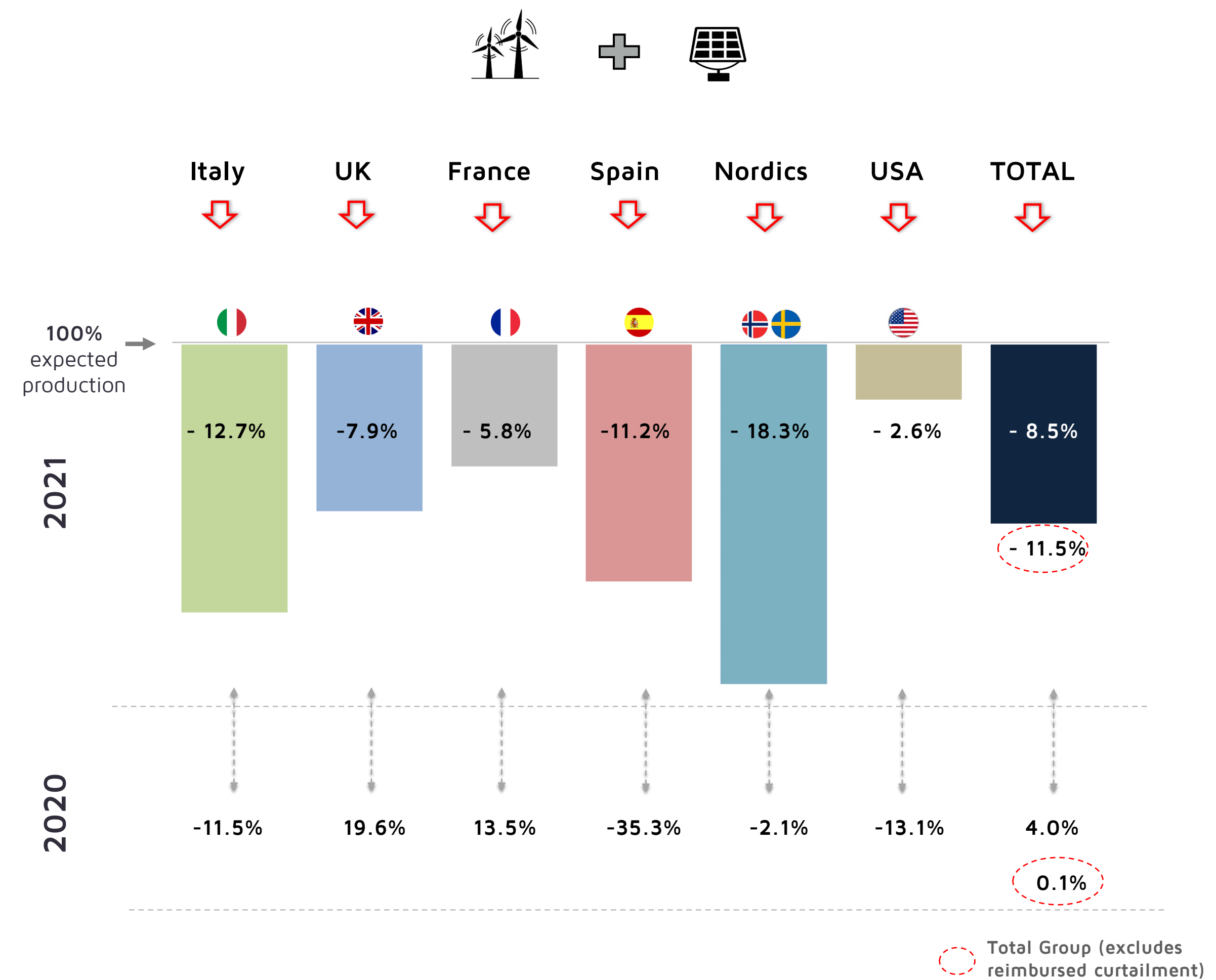
### H1 2021 vs H1 2020: Load factor\* by country



\* Based on effective operating hours, excluding reimbursed curtailments

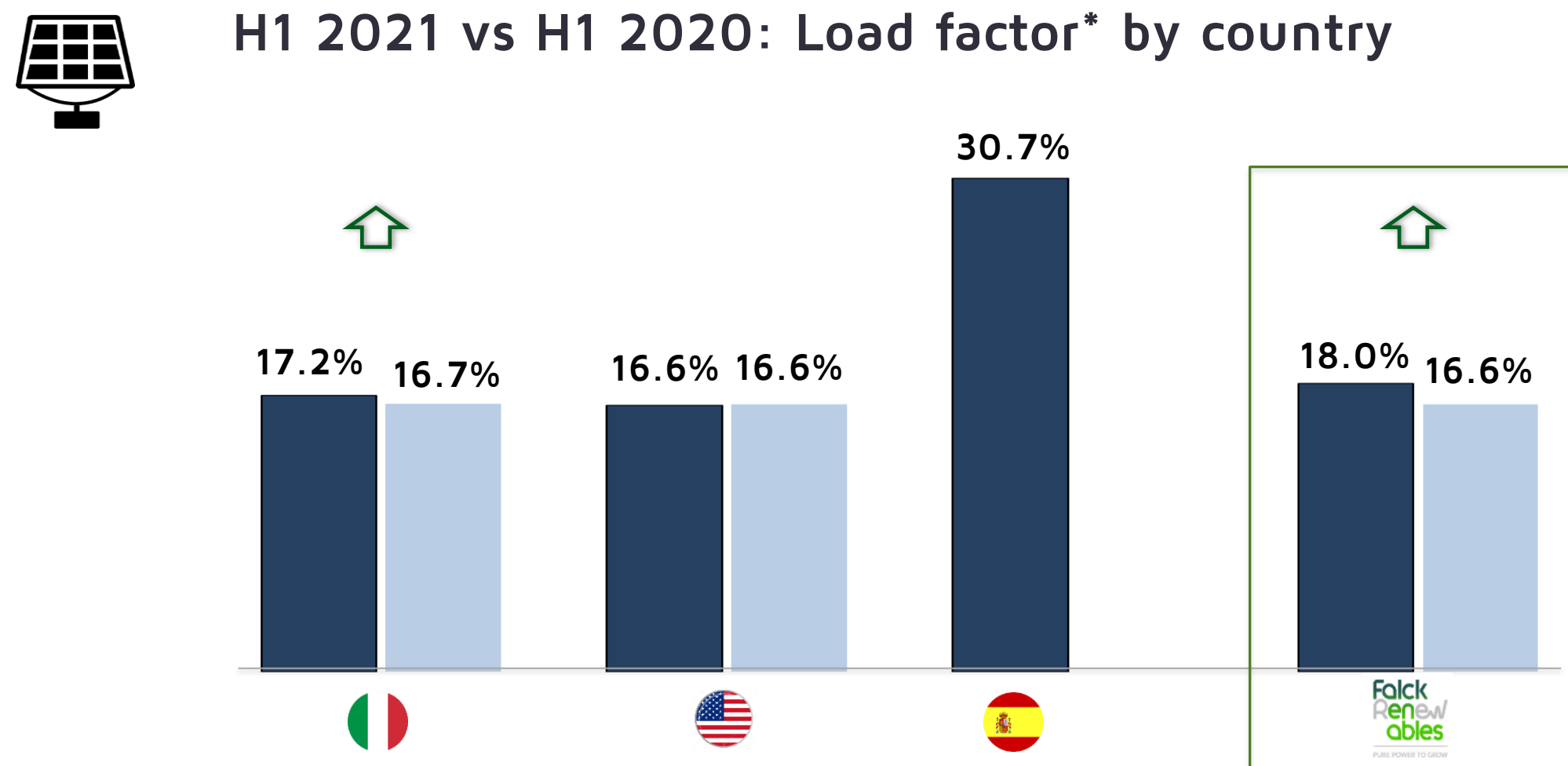
■ Q1 2021 ■ Q1 2020

### Evolution of production by country\*\*



\*\* variation % vs. internal Index of production

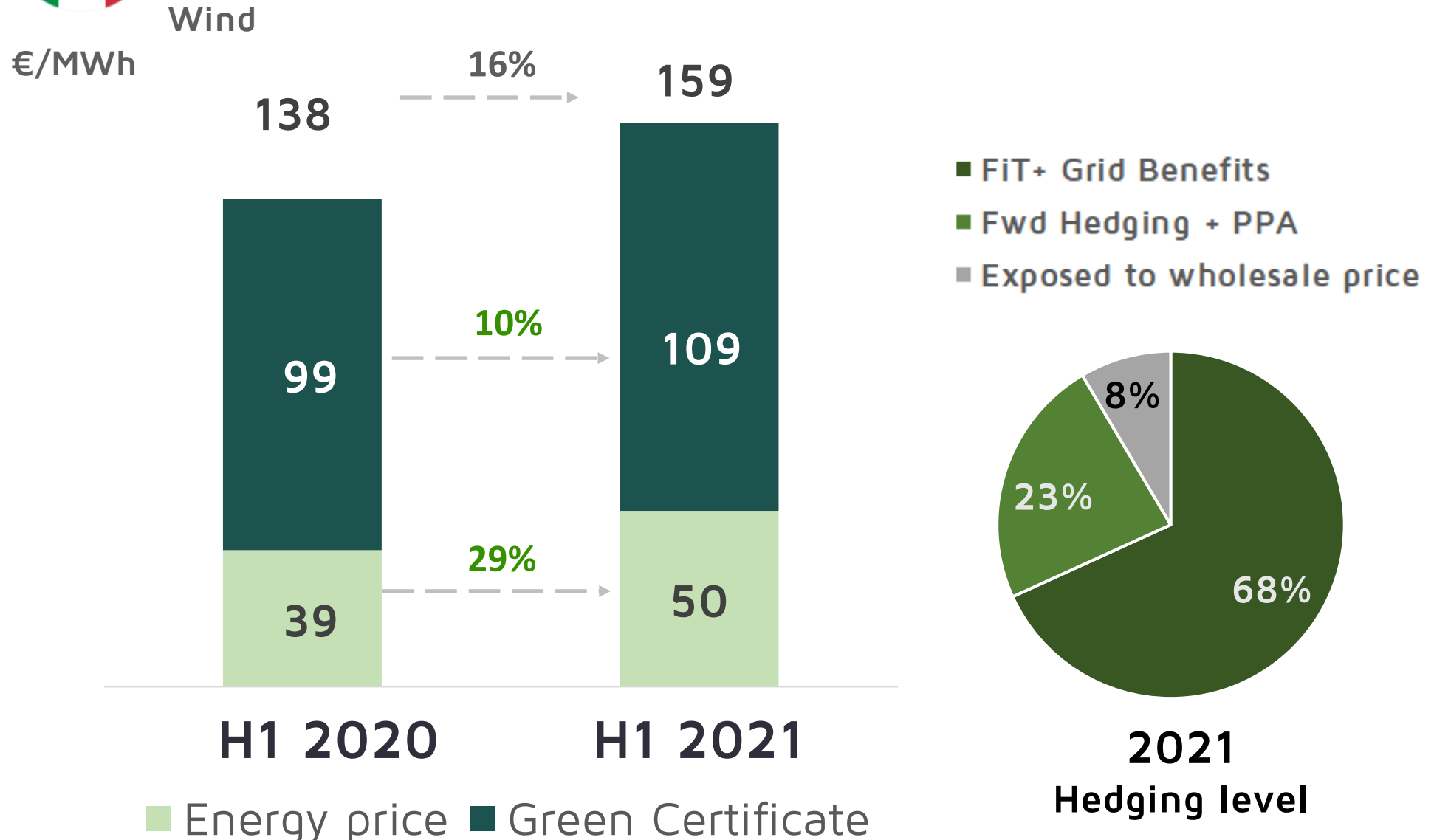
### H1 2021 vs H1 2020: Load factor\* by country



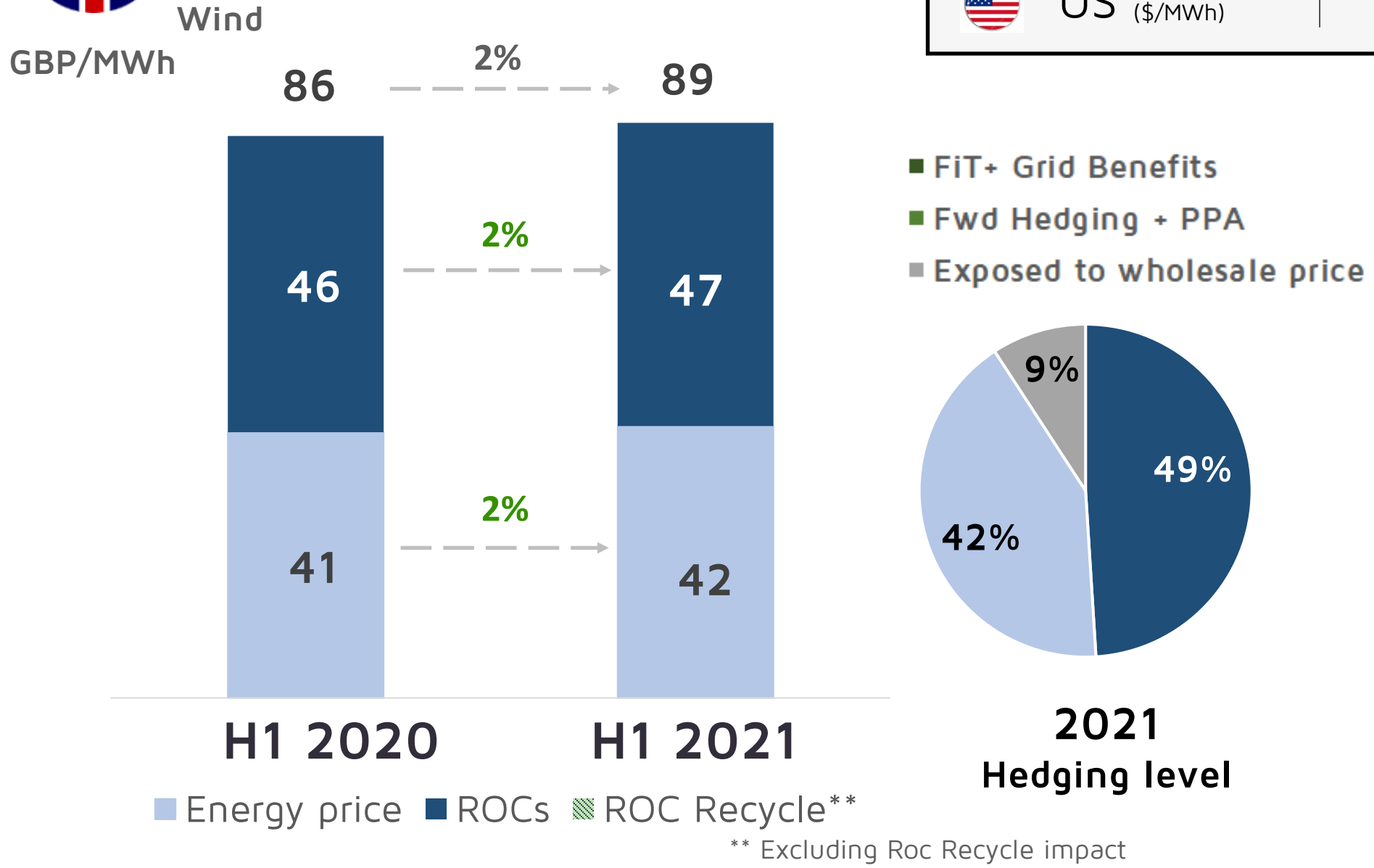
\* Based on effective operating hours,

# Captured Price Overview H1 2021

## Italy Captured price + Incentive

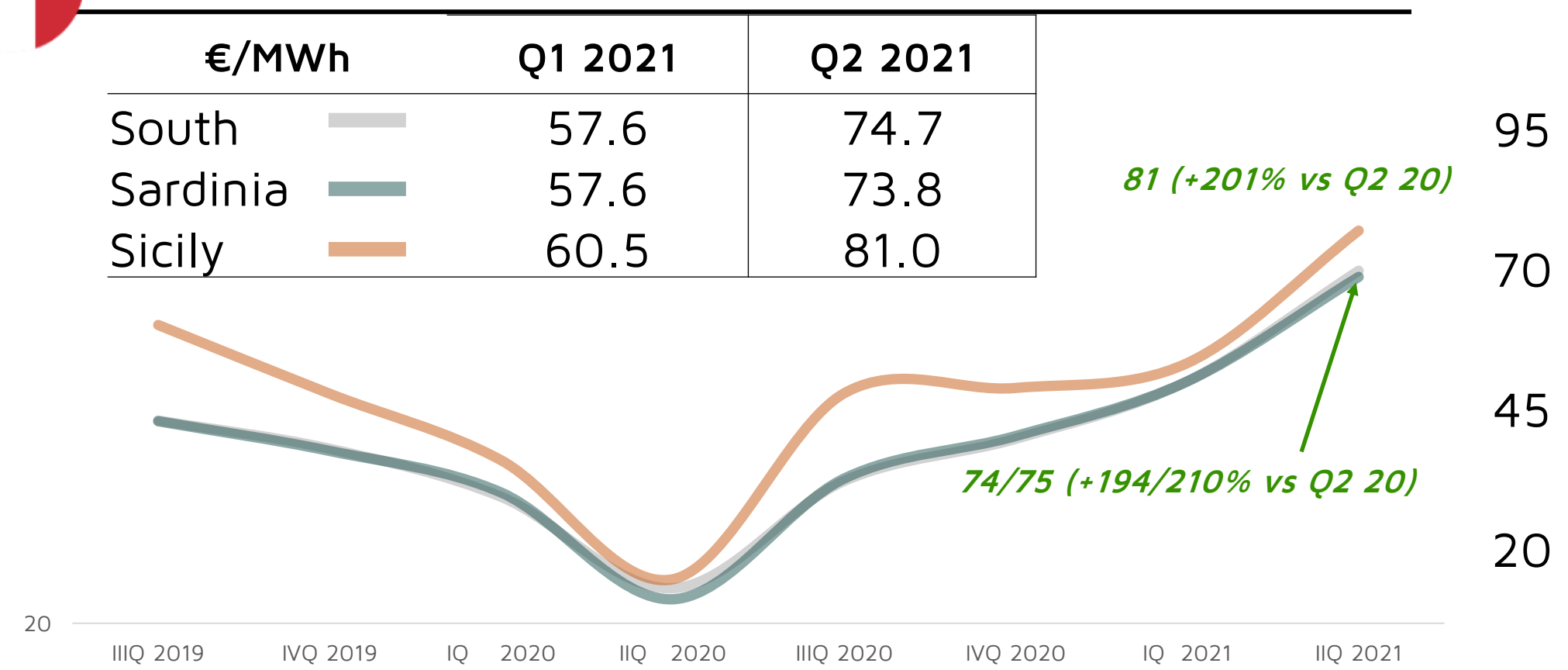


## UK Captured price + Incentive

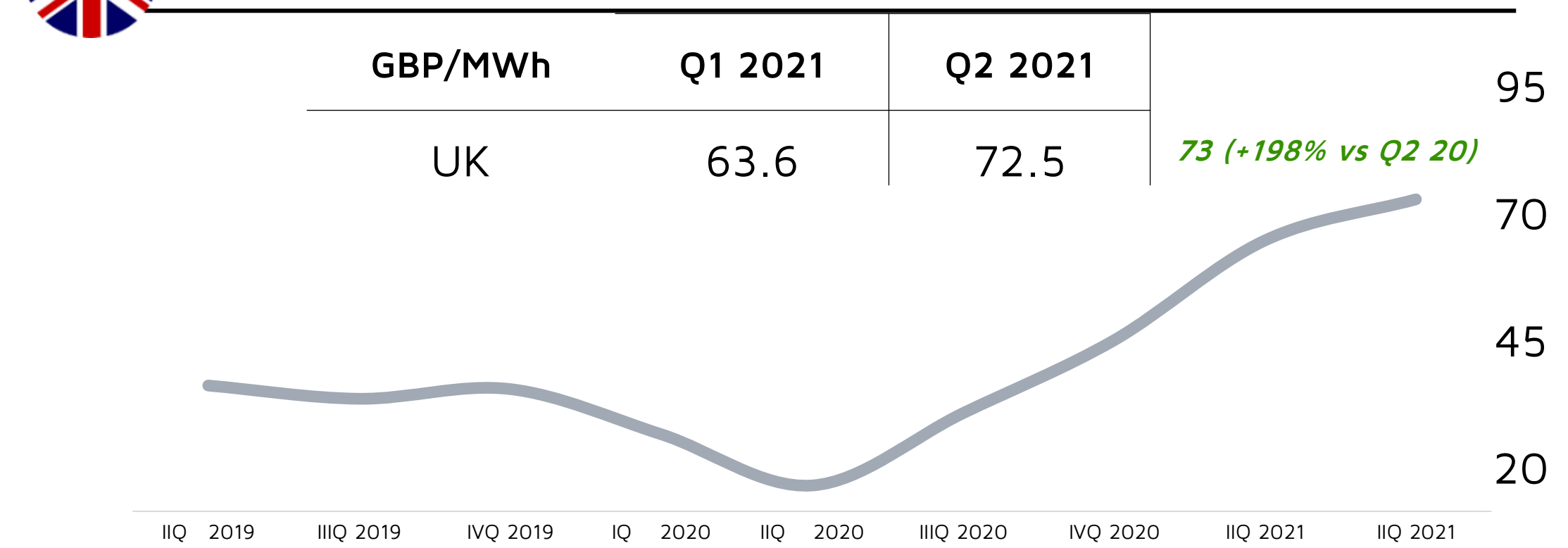


	H1 2020	H1 2021	Δ %
France (€/MWh)	95	95*	0%
Spain (€/MWh)	35	34**	-1%
Nordics (€/MWh)	29	28***	-4%
US (\$/MWh)	79	86	9%

## Italy €/MWh; Historical wholesale electricity price



## UK GBP/MWh; Historical wholesale electricity price



\*France Wholesale price H1 2021: 58,48 €/MWh; \*\*Spain Wholesale price H1 2021: 58,58 €/MWh; \*\*\* Scandinavia Wholesale price H1 2021: 42,03 €/MWh;



# H1 2021 Financial Highlights

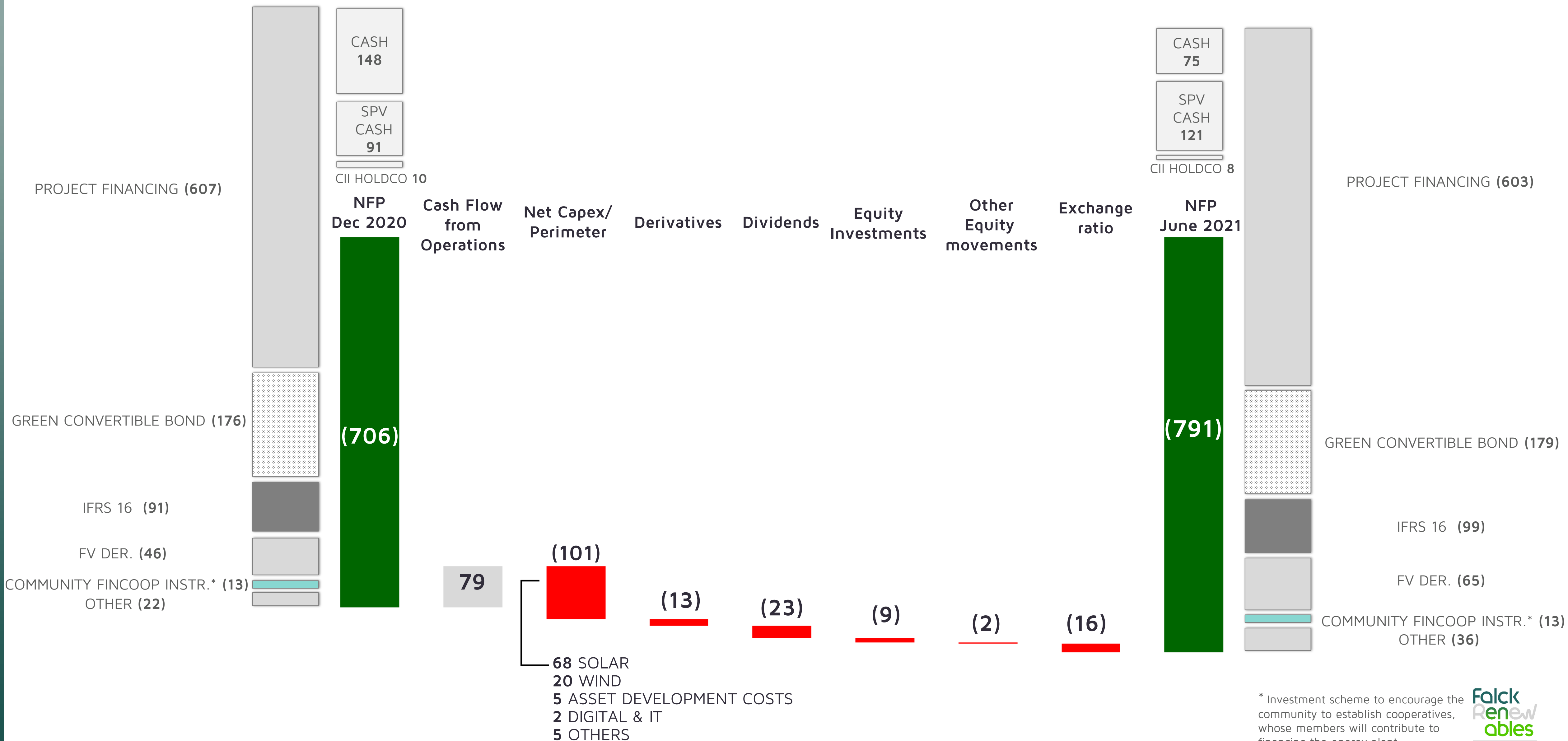
(€M)	H1 2021 <i>Reported</i>	Special items	H1 2021 <i>Adjusted</i>	H1 2020 <i>Reported</i>	Special items	H1 2020 <i>Adjusted</i>	Delta vs H1 2020 Adjusted
<b>Revenues and Other Income</b>	<b>240.1</b>		<b>240.1</b>	<b>204.8</b>		<b>204.8</b>	17.3%
<b>Ebitda</b>	<b>100.7</b>		<b>100.7</b>	<b>106.3</b>	<b>1.7</b>	<b>107.9</b>	(6.7%)
<i>% on Revenues and Other Income</i>	<i>41.9%</i>		<i>41.9%</i>	<i>51.9%</i>		<i>52.7%</i>	
Depreciation - Amortization - Write Off	(46.1)		(46.1)	(44.0)		(44.0)	
<b>Operating result</b>	<b>54.6</b>		<b>54.6</b>	<b>62.3</b>	<b>1.7</b>	<b>64.0</b>	(14.7%)
<i>% on Revenues and Other Income</i>	<i>22.7%</i>		<i>22.7%</i>	<i>30.4%</i>		<i>31.2%</i>	
Financial income and charges	(17.0)	1.6	(15.4)	(20.8)		(20.8)	
Equity investments	(0.8)		(0.8)	(0.8)		(0.8)	
<b>Earnings Before Taxes</b>	<b>36.7</b>	<b>1.6</b>	<b>38.4</b>	<b>40.7</b>	<b>1.7</b>	<b>42.4</b>	(9.4%)
Taxes	(17.6)	8.1	(9.5)	(12.3)	2.3	(9.9)	
<b>Net Earnings</b>	<b>19.1</b>	<b>9.8</b>	<b>28.9</b>	<b>28.4</b>	<b>4.0</b>	<b>32.4</b>	(11.0%)
Minorities	7.5	2.4	9.9	7.1	1.0	8.2	
<b>Group Net Earnings</b>	<b>11.6</b>	<b>7.4</b>	<b>19.0</b>	<b>21.3</b>	<b>3.0</b>	<b>24.3</b>	(21.8%)

Breakdown	1H 2021	1H 2020
Depreciations	(44.2)	(40.6)
Provisions	(2.0)	(3.3)
Write - offs / Revaluations	0.1	(0.1)

(€M)	END OF H1 2021 <i>Reported</i>	Special items	END OF H1 2021 <i>Adjusted</i>	END OF 2020 <i>Reported</i>	Special items/ Non Recurring	END OF 2020 <i>Adjusted</i>
<b>Net Invested Capital</b>	<b>1,502</b>	<b>3.2</b>	<b>1,505</b>	<b>1,414</b>	<b>(4.0)</b>	<b>1,410</b>
Equity	711	(18.4)	693	708	(27.1)	681
<b>Net Financial Position</b>	<b>(791)*</b>	<b>(21.6)</b>	<b>(812)</b>	<b>(706)</b>	<b>(23.2)</b>	<b>(729)</b>
<i>of which: Proj. Fin. and MLT no recourse</i>	<i>(603)</i>		<i>(603)</i>	<i>(607)</i>		<i>(607)</i>



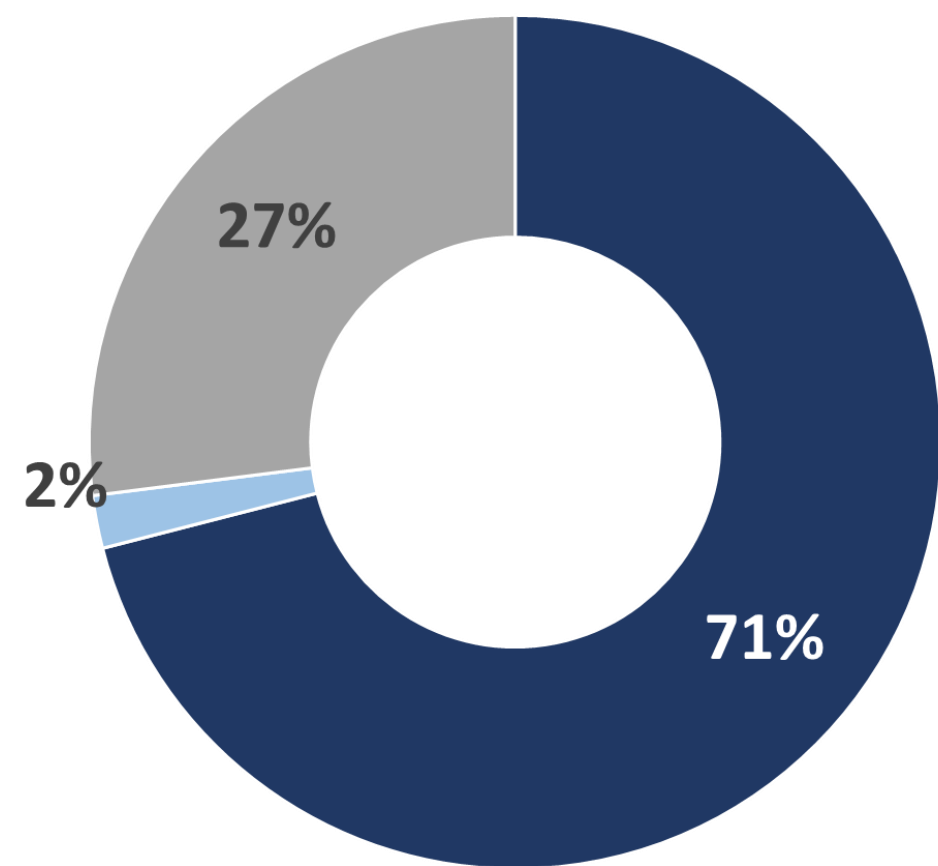
# H1 2021 Cash Flow (in M€)



\* Investment scheme to encourage the community to establish cooperatives, whose members will contribute to financing the energy plant

# H1 2021 Gross Debt Breakdown

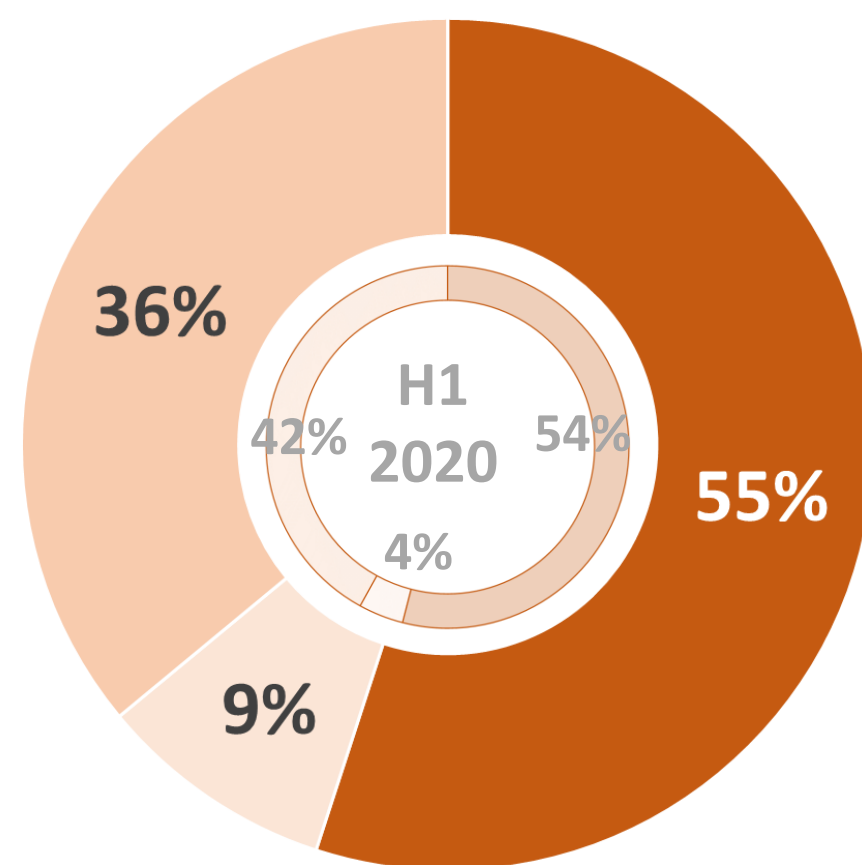
Gross debt nature without derivatives and leases



€834M

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

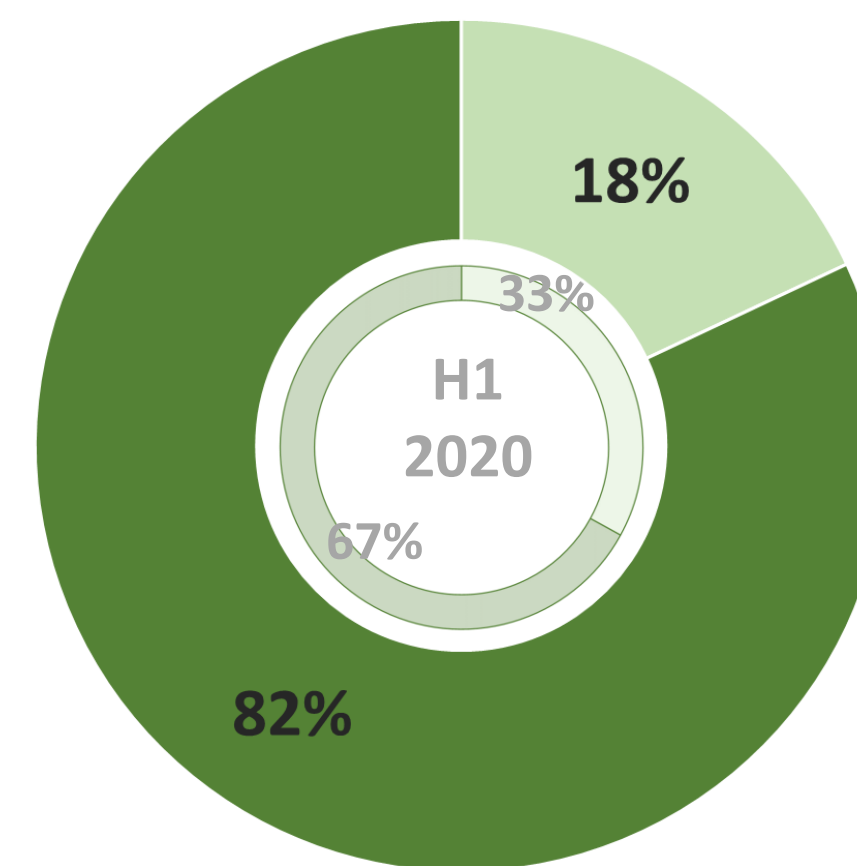
Gross debt by currency without derivatives and leases



€834M

- GBP
- EUR
- USD

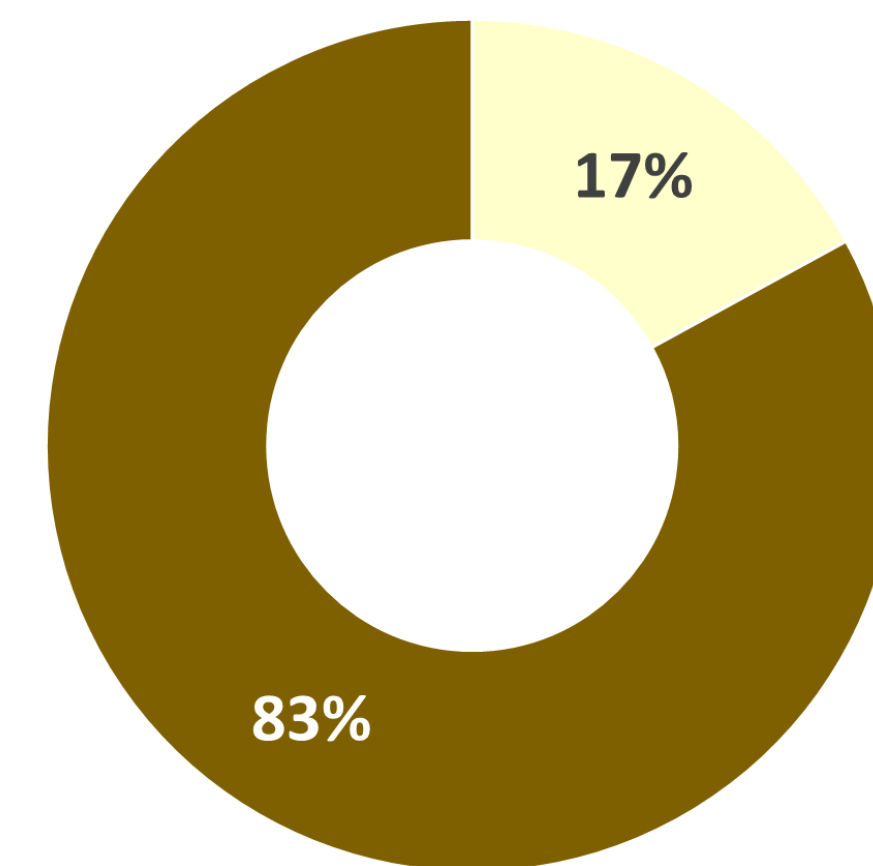
Gross debt without derivatives and leases hedged



€834M

- Hedged
- Un-hedged

Gross debt without derivatives and leases: construction and operations



€834M

- Operating plants
- Under construction

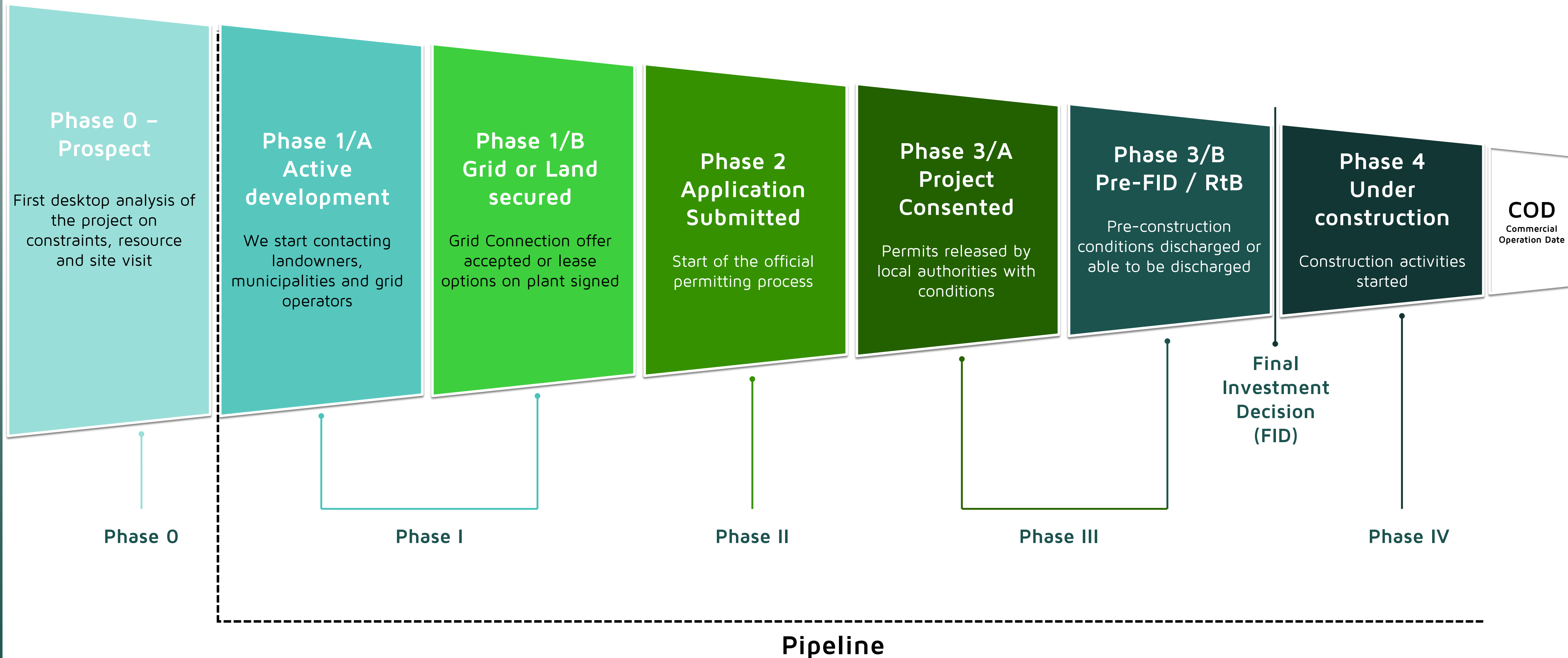
Gross debt = project financing + other debt + debt vs CII HoldCo + corporate debt + Green Convertible Bond

Average interest rate (including interest rate swap and excluding figurative cost of Green Convertible Bond) of **2.60%\***

-60 bps vs H1 2020

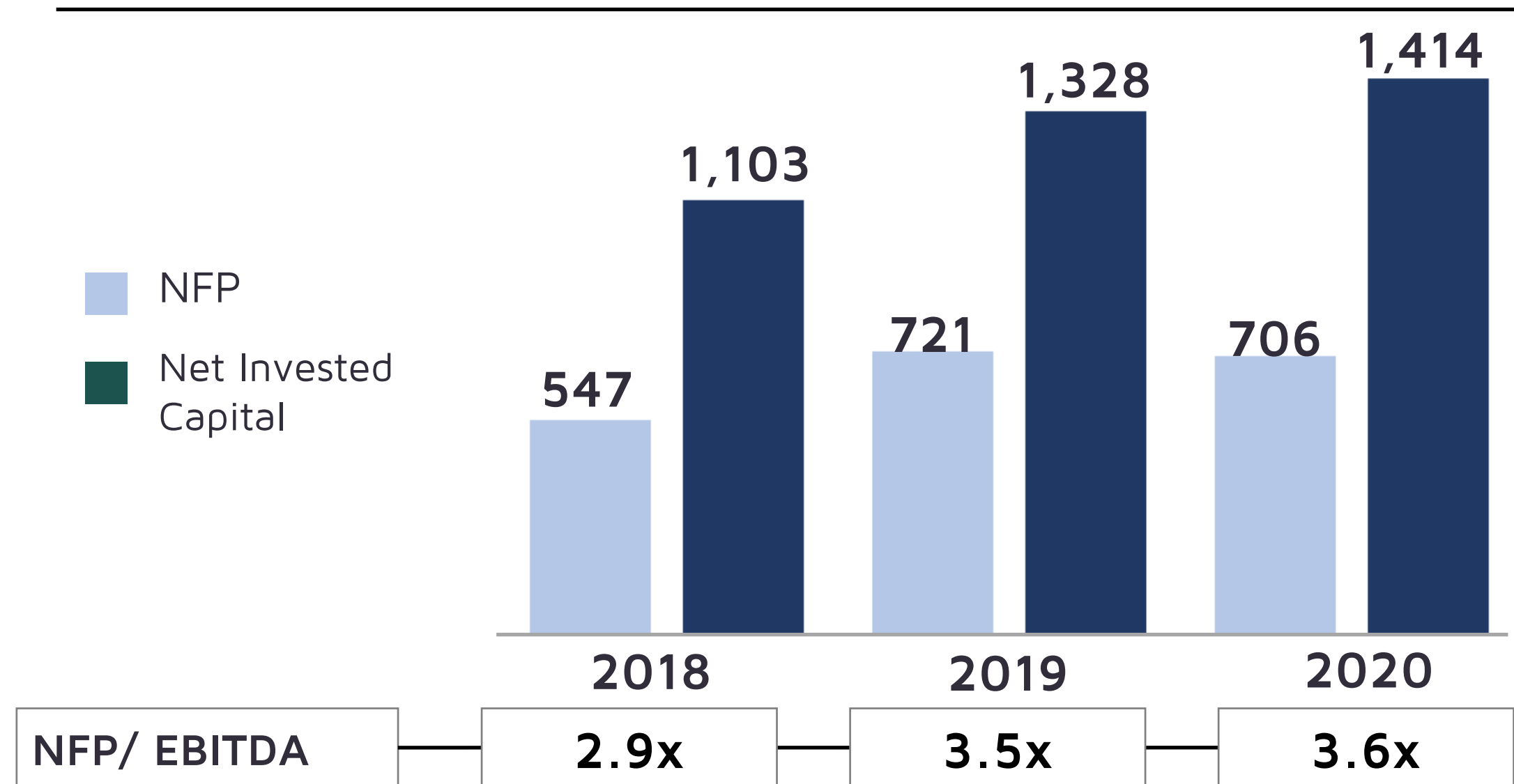
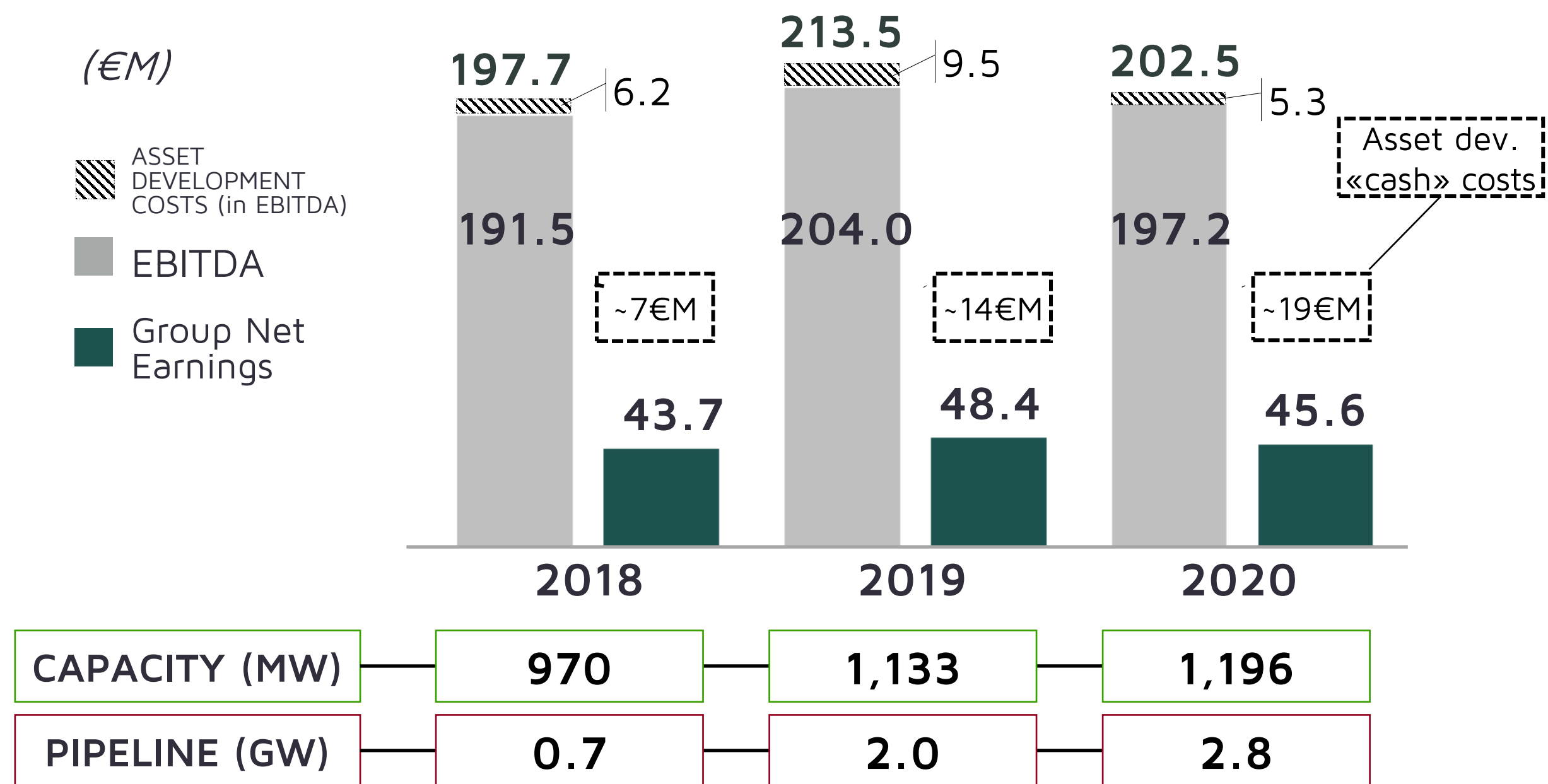
\*excluding IFRS 9 effect

# Pipeline definition throughout the different phases



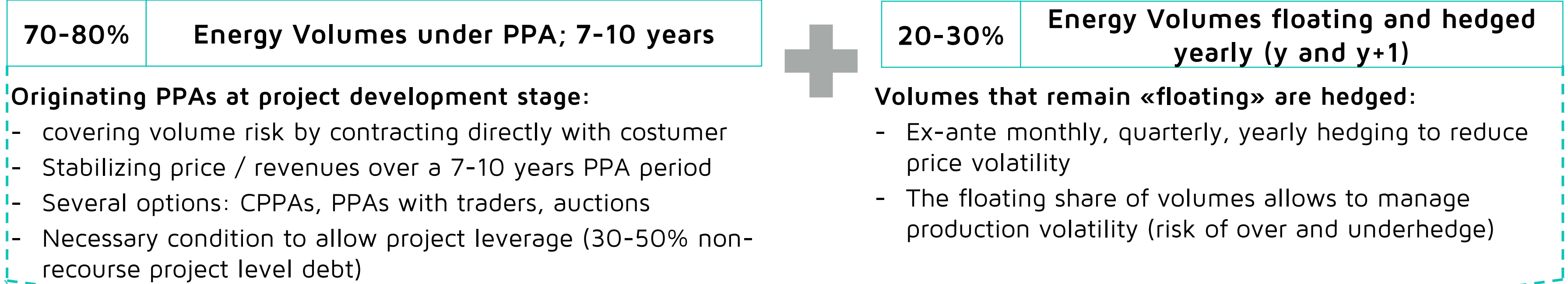


# Financial Highlights



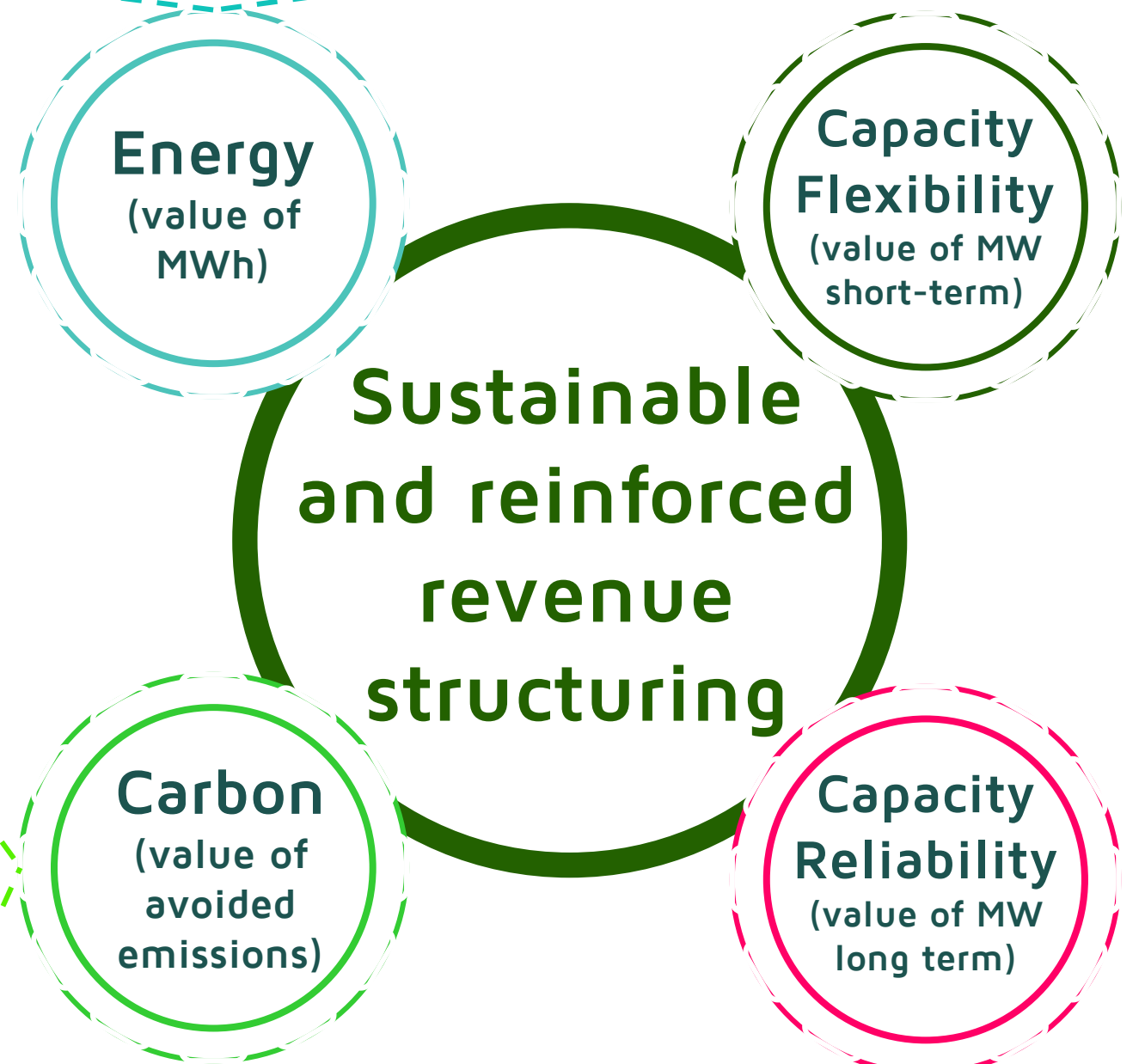
- **Ebitda** at €197.2M (€195.8M after non-recurring and special items) **above expectations**. -3.2% vs 2019. **202.5 before Asset Development costs**
- **Group Net Earnings** at €45.6M (€36.6 after non-recurring and special items) **above expectations**. - 5.7% vs 2019
- **NFP** at €706M (€728.7M after non-recurring and special items) **better** than expectations and end of 2019 (€721M)
- **Continued** asset base **growth** (+ ~300€M invested capital vs. 2018), **strong cash flow** generation
- **+254% growth** in Asset Development capital allocation since 2018, underpinning growth in pipeline and change mission from IPP to «**DEVELOPER – OWNER**»

# Revenues approach to new projects in Europe



- **Increased sophistication in PPA structuring**
- **Options available should increase over time for PPAs:**  
Duration; Floor; Collar; Fixed price; Escalators; “as produced” / profiled; Basis risk

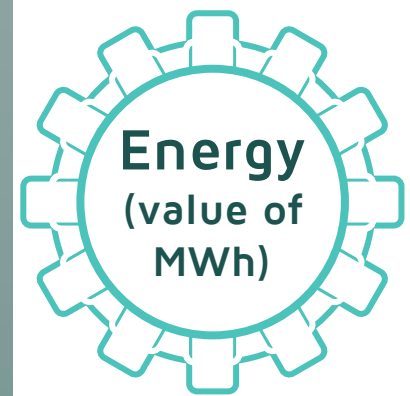
- **Proactive and diversified management of GOs, REGO, RECS** through a network of brokers and counterparties that allow us to extract any potential upside for this market.
- Currently, there is still limited value coming from this component – more needs to be done so that RES avoided carbon emissions gain proper value



**Most of our future assets will be partially dispatchable and able to provide flexibility and reliability services to the system, thanks to the:**

- **Hybridization** of RES with batteries which is crucial for **capacity revenues, ancillary services** and peak generation management, especially for Solar plants → **“Hardware” side**
- Structuring and diversification of revenue streams through digital optimisation tools and Energy Management strategies → **“Software” side**

# 2020 Results: won ≈175 MW of PPAs and government tariffs; additional 530 MW of PPAs in exclusivity or pre-exclusivity; proprietary trading desks, continues hedging of open positions.

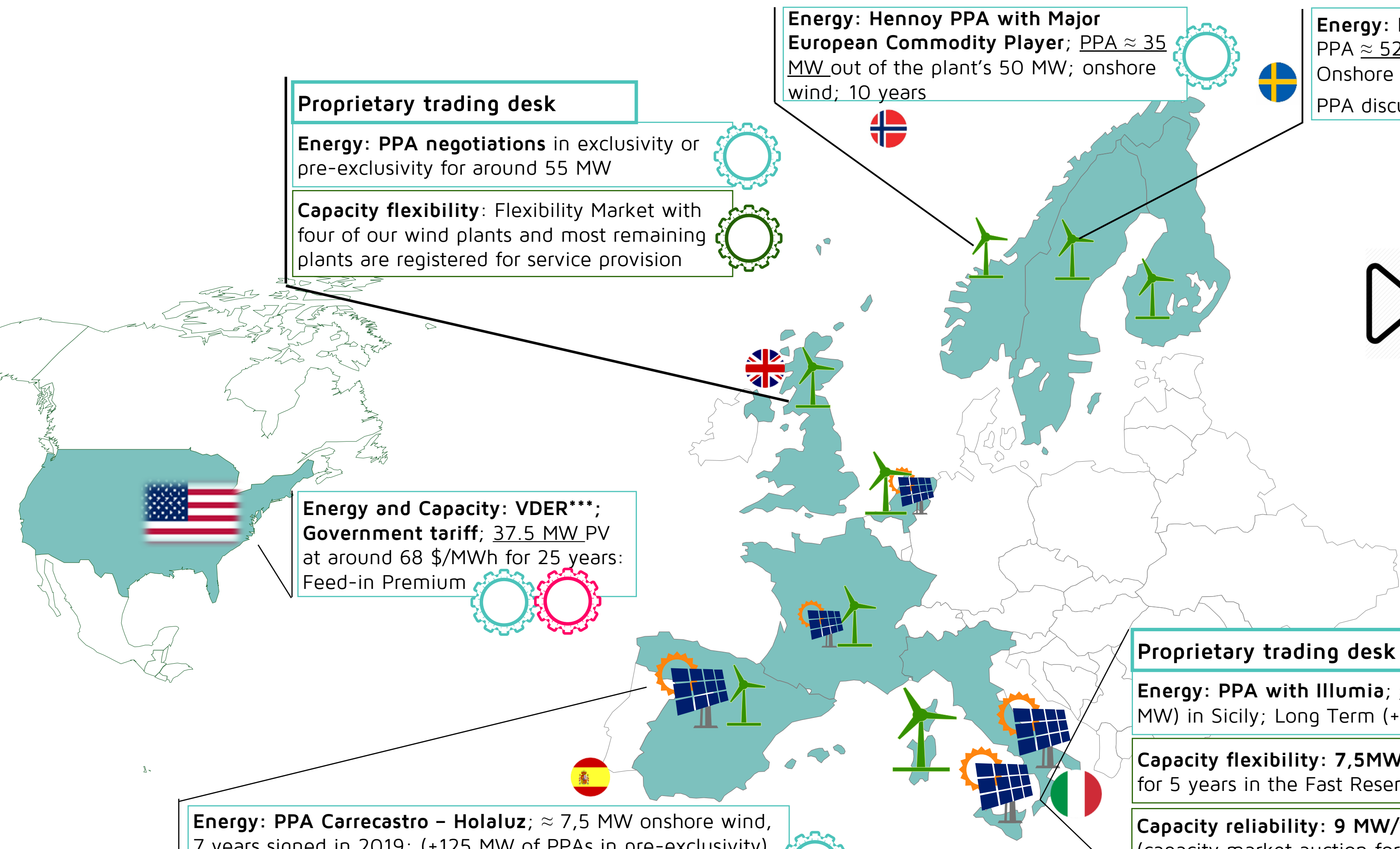


**Energy**  
(value of MWh)

**Capacity Flexibility**  
(value of MW short-term)

**Capacity Reliability**  
(value of MW long term)

**Carbon**  
(value of avoided emissions)



**Proprietary trading desk**

**Energy: PPA negotiations** in exclusivity or pre-exclusivity for around 55 MW

**Capacity flexibility:** Flexibility Market with four of our wind plants and most remaining plants are registered for service provision

**Energy: Henooy PPA with Major European Commodity Player;** PPA ≈ 35 MW out of the plant's 50 MW; onshore wind; 10 years

**Energy: Brattmyrliden – Ball Corporation;** PPA ≈ 52 MW out of the plant's 74,1 MW; Onshore wind; 10 years  
PPA discussions for additional 46MW

**Energy and Capacity: VDER\*\*\*;** Government tariff; 37.5 MW PV at around 68 \$/MWh for 25 years: Feed-in Premium

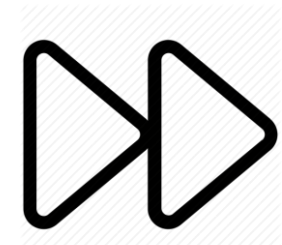
**Proprietary trading desk**

**Energy: PPA with Illumia;** ≈ 8-9MW Solar PV (out of plants 10,6 MW) in Sicily; Long Term (+more than 300MW of PPAs in negotiation)

**Capacity flexibility: 7,5MW\* of storage** capacity at 18,8 k€/MW/year for 5 years in the Fast Reserve Auction

**Capacity reliability: 9 MW/year\*\*** at 75 k€/MW/Year for 15 years (capacity market auction for 2023 delivery, with Solar+Storage in South zone)

**Energy: PPA Carrecastro – Holaluz;** ≈ 7,5 MW onshore wind, 7 years signed in 2019; (+125 MW of PPAs in pre-exclusivity)  
**Energy: Government Auction Tariff** 40 MW PV at 24,79 €/MWh for 12 years; CfD (Contract-for-Difference)



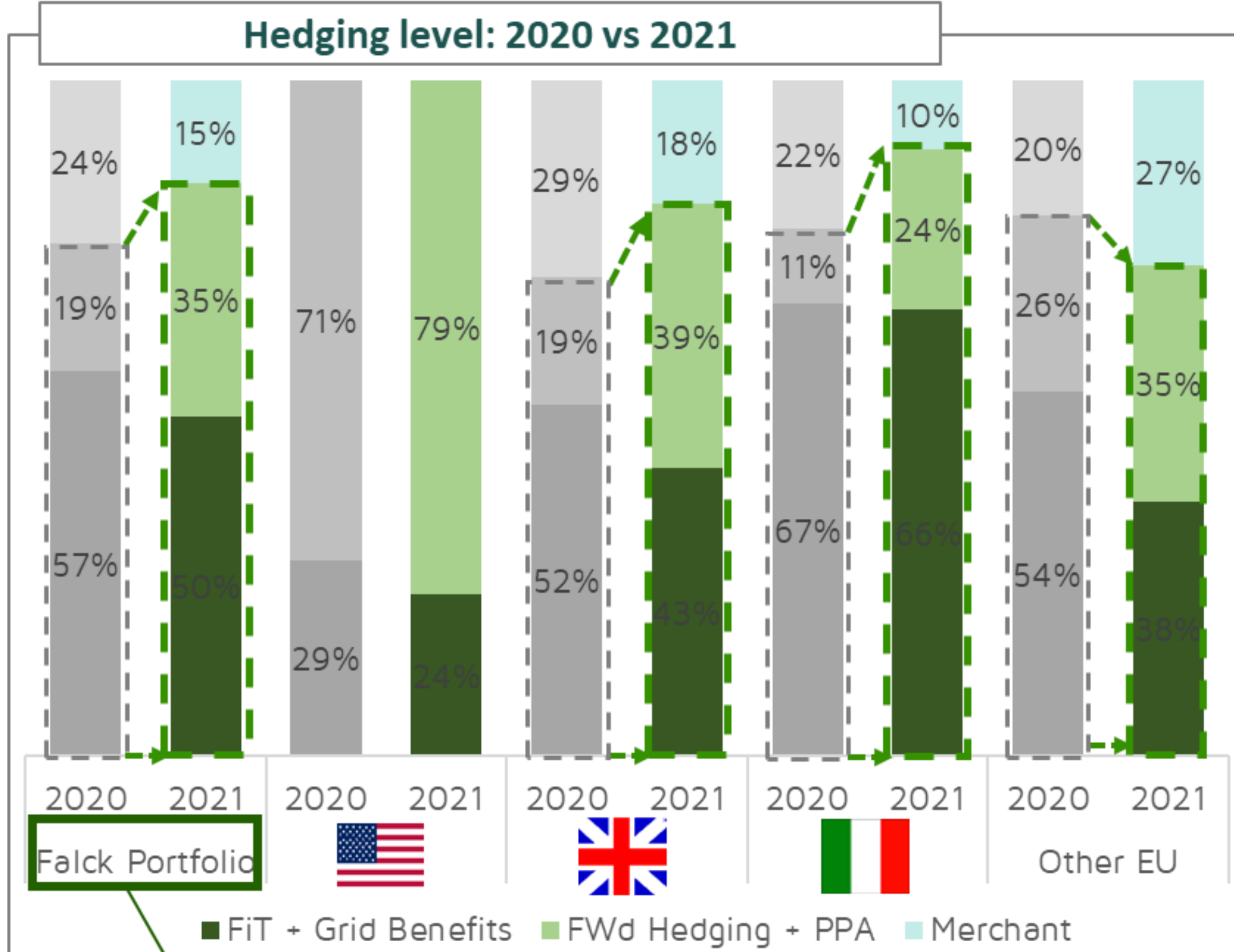
**Evolving towards the Energy «plus» model: sustainable and reinforced revenue structuring**

\*\*\*VDER - Value of Distributed Energy Resources (VDER), also known as Value Stack, is a program promoted by the New York State Public Service Commission in substitution of net metering tariffs in the State. It includes Merchant-based components: Energy value (LBMP), Capacity value (ICAP) and Fixed component: Environmental value (E) and Demand Reduction Value (DRV)

\*Subject to successful developing project \*\*The capacity premium is assigned pro-rata based on the 50% derating factor applicable to the capacity, hence the battery capacity to be installed will be higher, to be able to retain the full premium



# Price & Risk Assumptions | FY 2021



**15% of total revenues exposed to wholesale price variability (vs. 24% in 2020)**

### Power Price Risk

- The risk / reward of the group's revenues will be optimized through a **dynamic hedging strategy: optimal bundle of ST hedge, LT PPA, merchant exposure and Capacity payments.**
- **Market exposure** to a shift of the reference market prices is on average **lower than 20 c€/MWh**. Net exposure is significantly lower (portfolio diversification effect)

### 2021 Price Risk Sensitivity considering Hedged Positions°

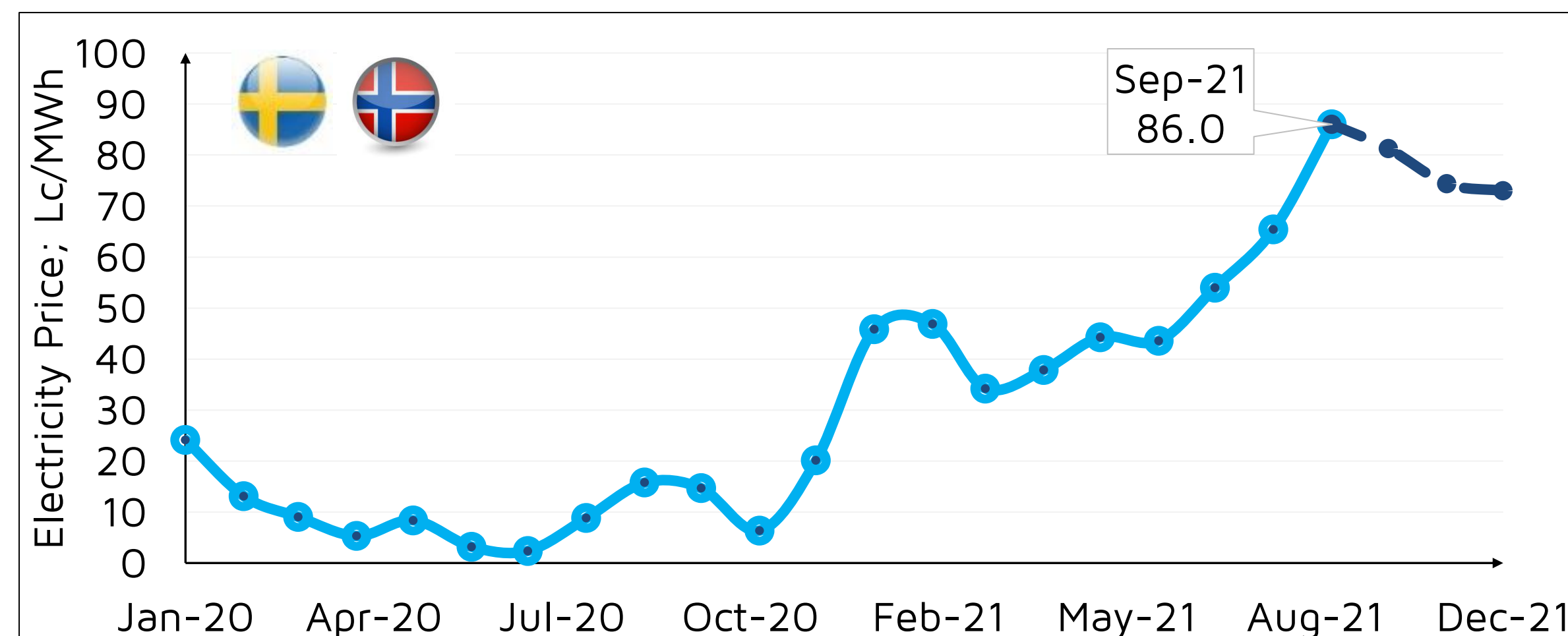
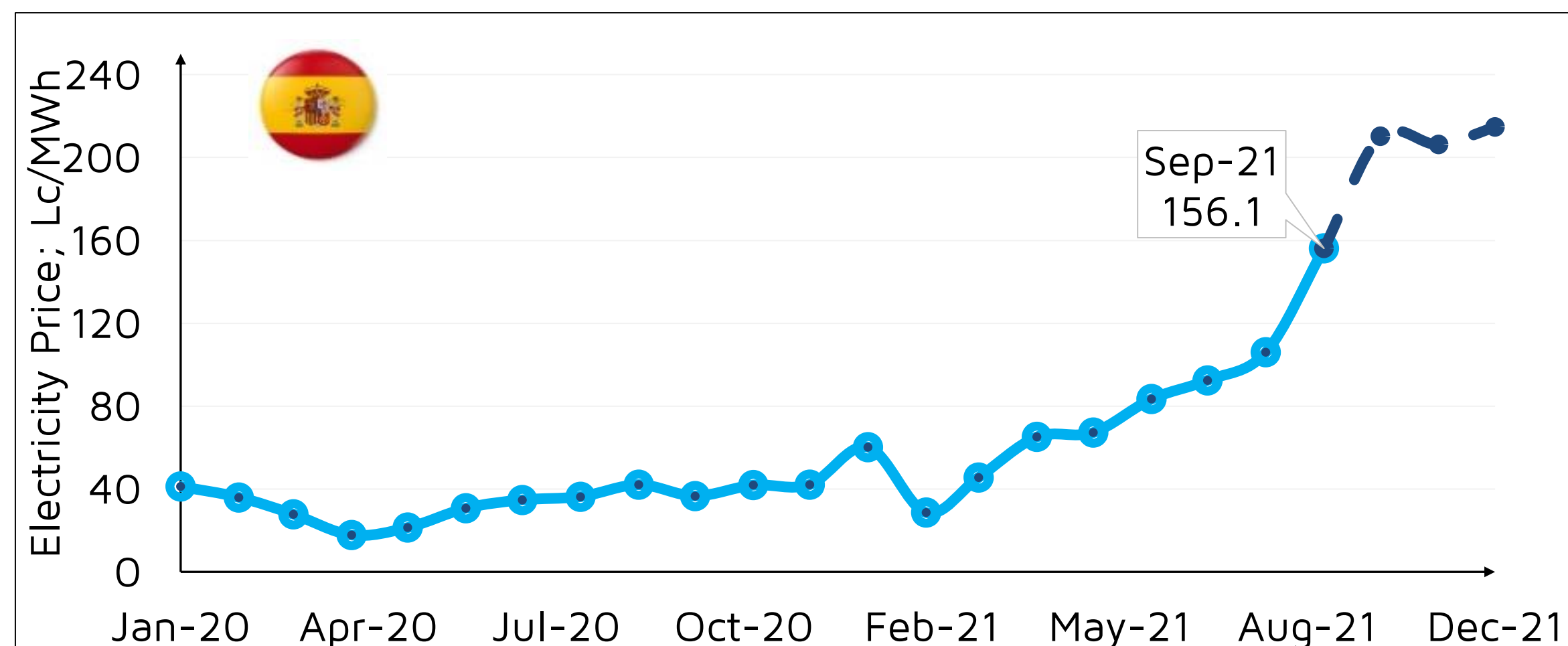
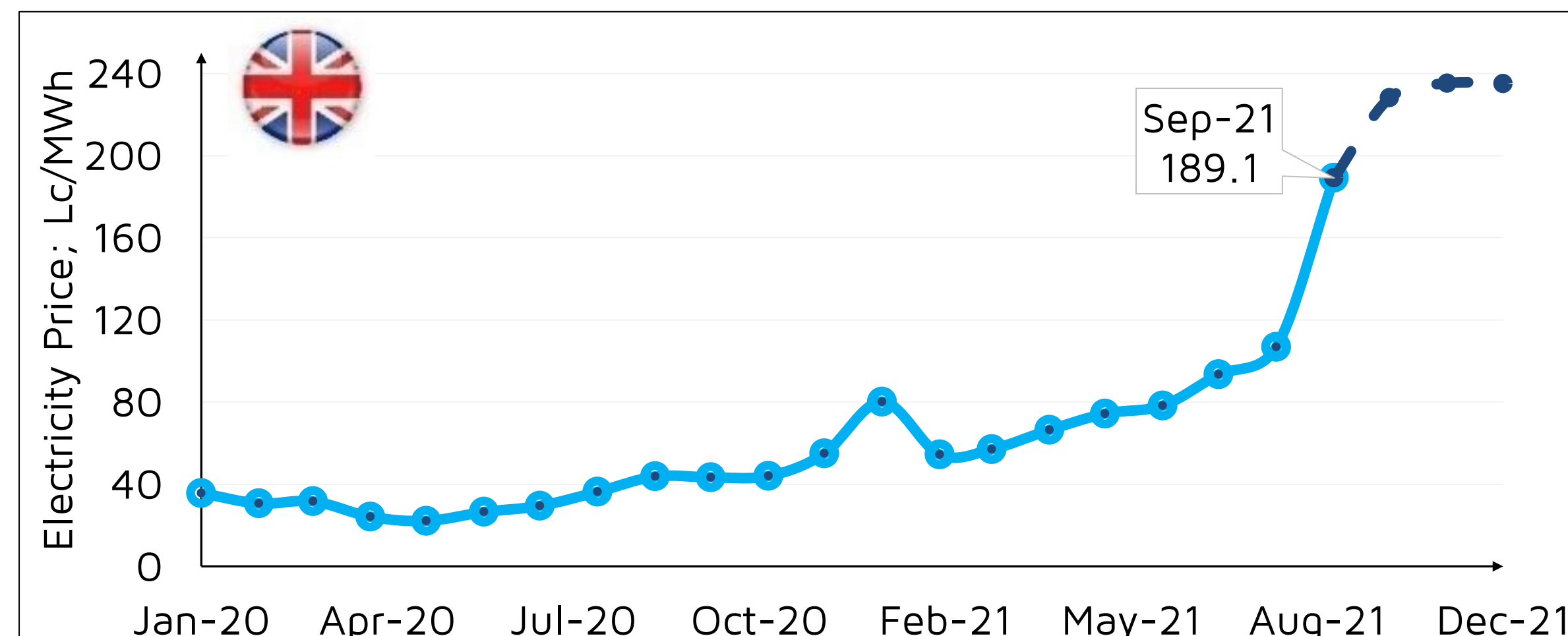
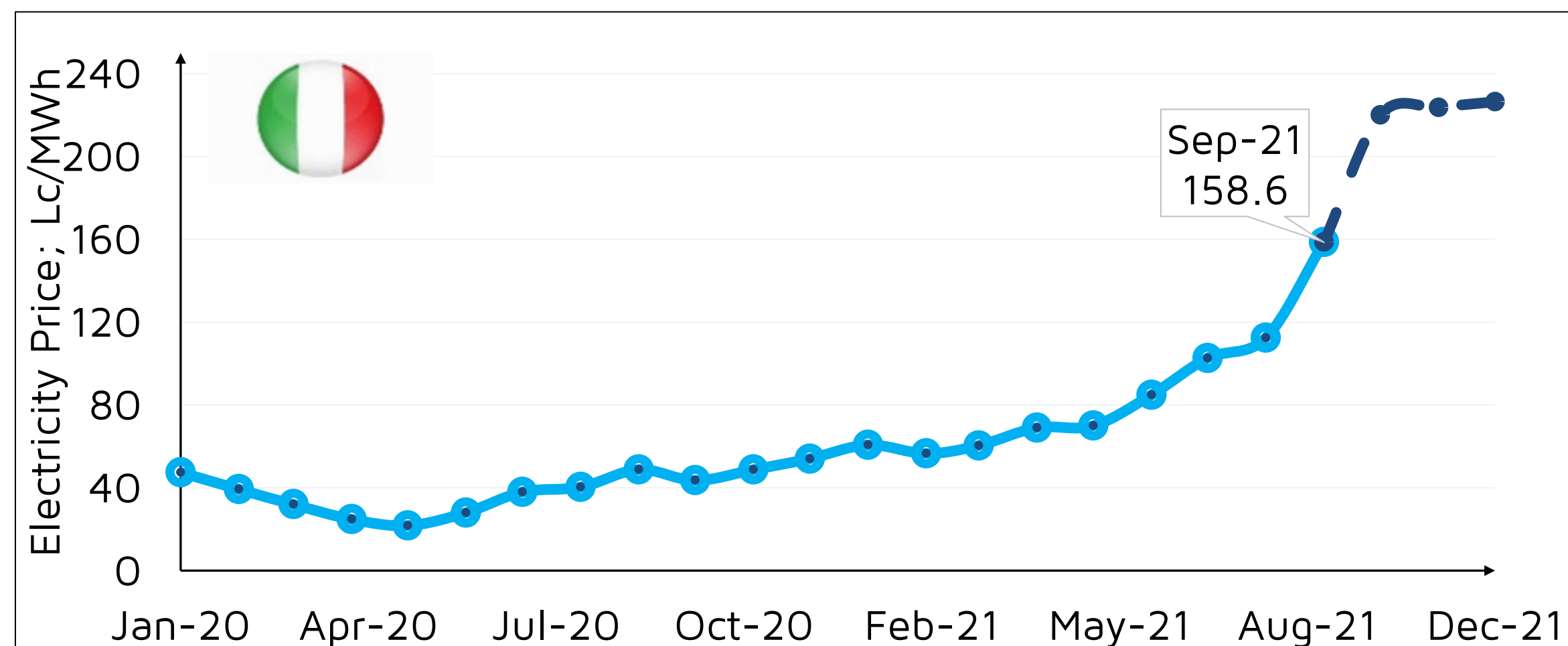
	...electricity unit price variation	...impact on group revenues
	± 1 €/MWh	± 0.06 M€
	± 1 £/MWh	± 0.11 M€
	± 1 \$/MWh	± 0 M\$
Other	± 1 €/MWh	± 0.18 M€

### Onshore Wind Full Price\*\*\*

	2021	2023	2025
Captured price*** + Green Certificate (CV) + Guarantee of Origin (GO) – Imbalance cost (€/MWh)	182	150	152
Captured price*** + Renewable Obligation Certificate (ROC) + Renewable Energy Guarantee of Origin (REGO) – Imbalance cost (£/MWh)	140	108	113

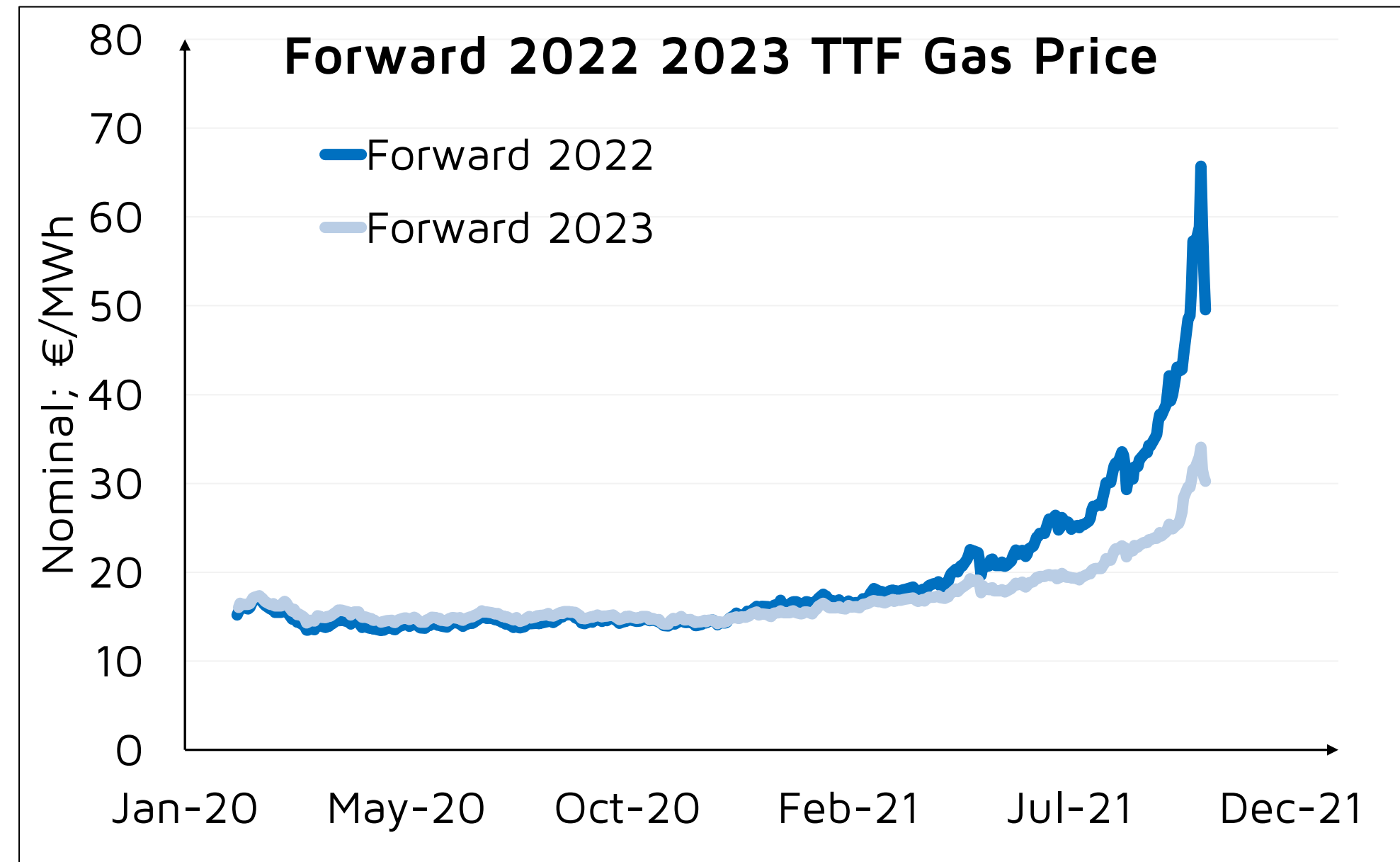
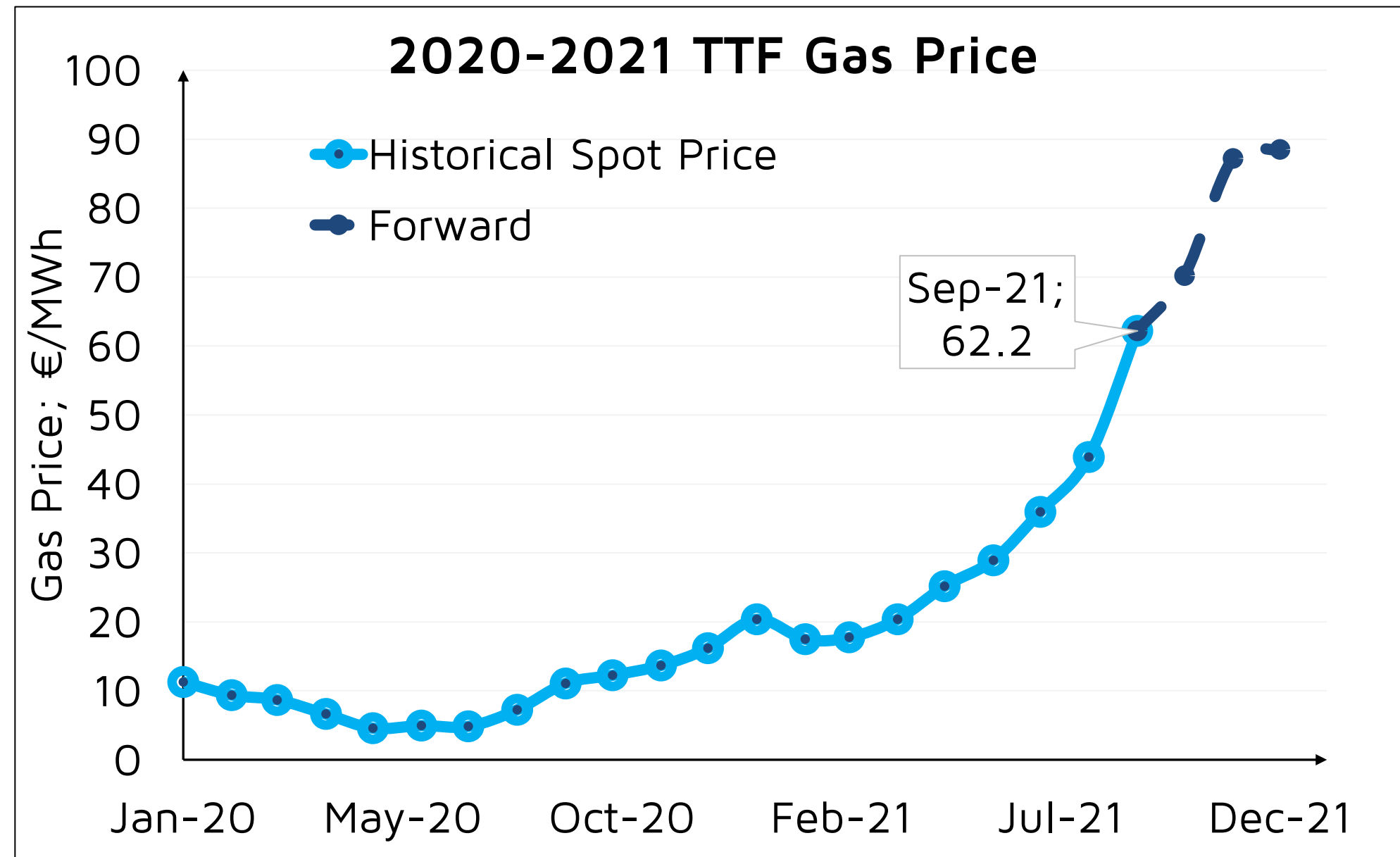
# Spot Electricity Prices: 11/10/2021 Update

—●— Historical Spot Price    —●— Forward



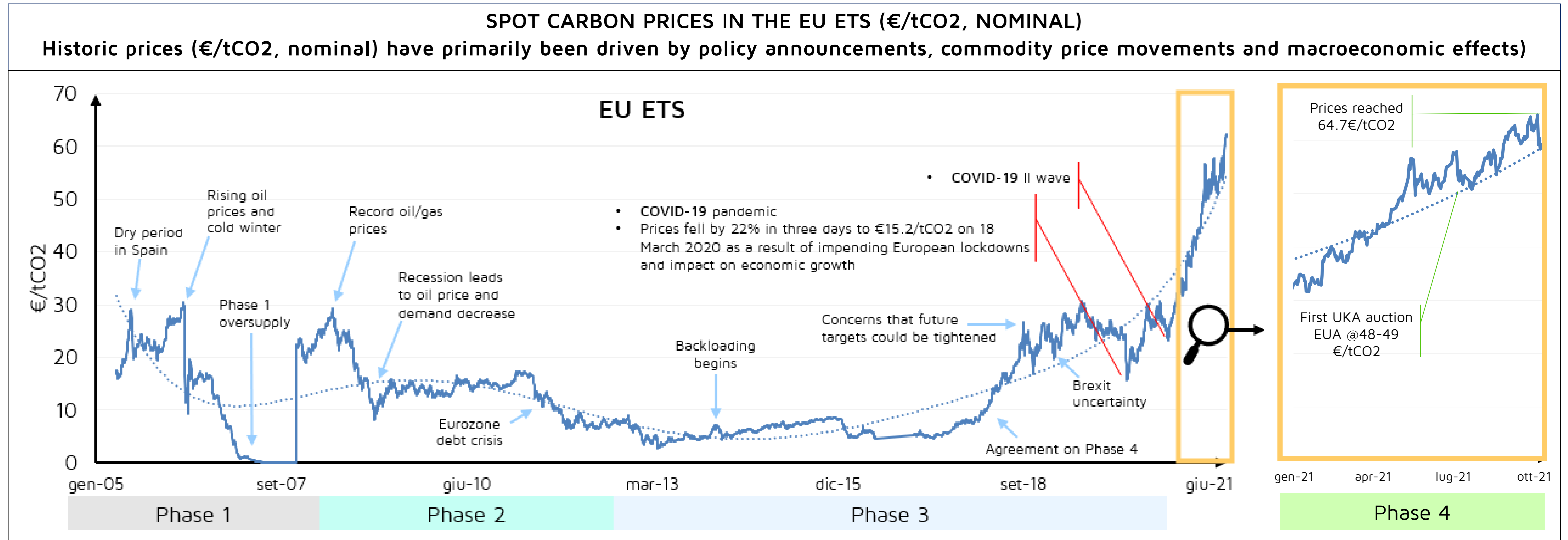
Graphs show monthly electricity prices 2020-2021 (Historical Spot and Forward) in countries where Falck has market price exposure.

# Gas Prices: 11/10/2021 Update



€/MWh	TTF
<b>2020</b>	9.23
Q1-21	18.56
Q2-21	24.83
Q3-21	47.20
Q4-21	81.92
<b>2021</b>	43.32
<b>2022</b>	49.54
<b>2023</b>	30.23

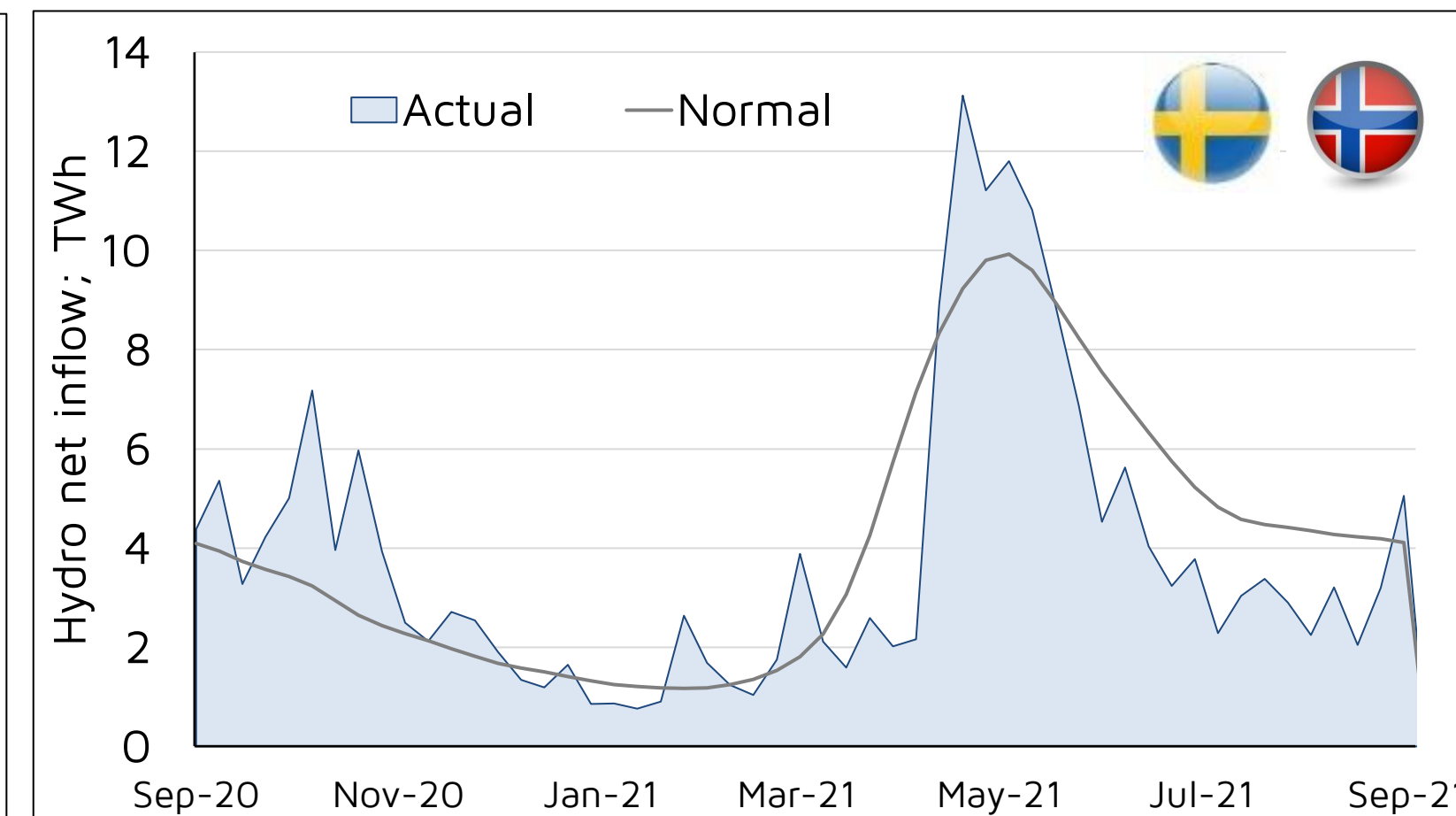
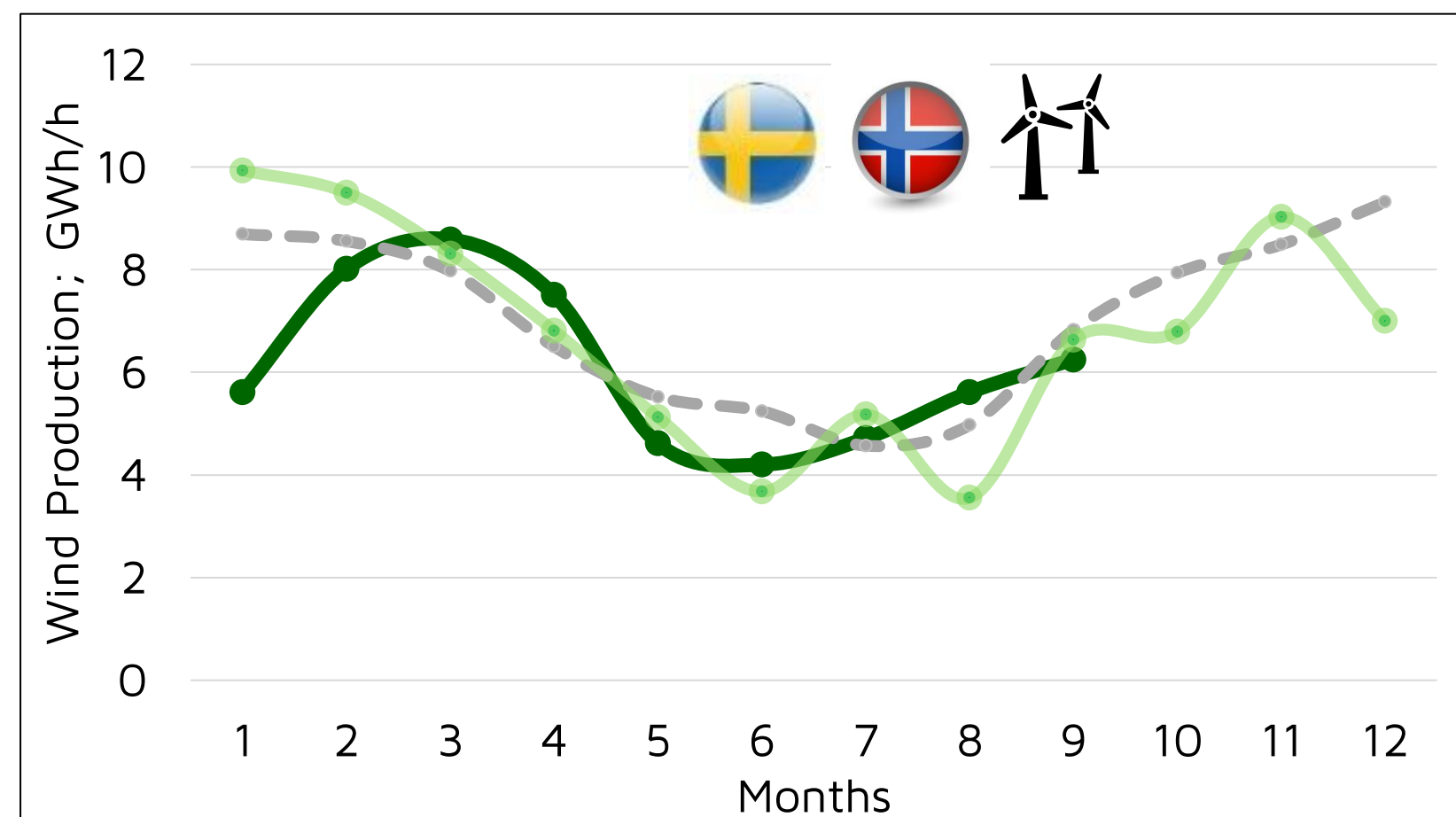
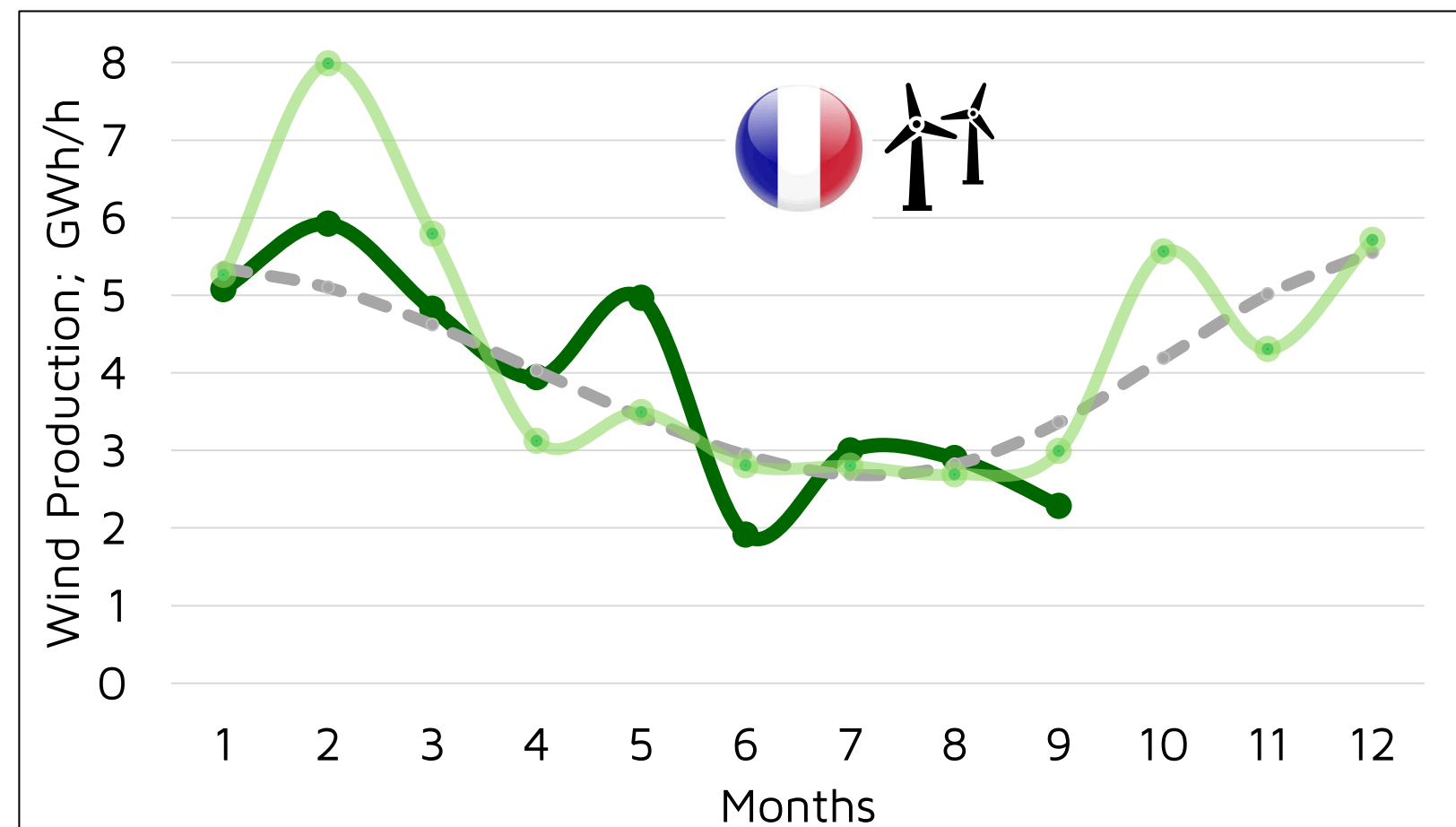
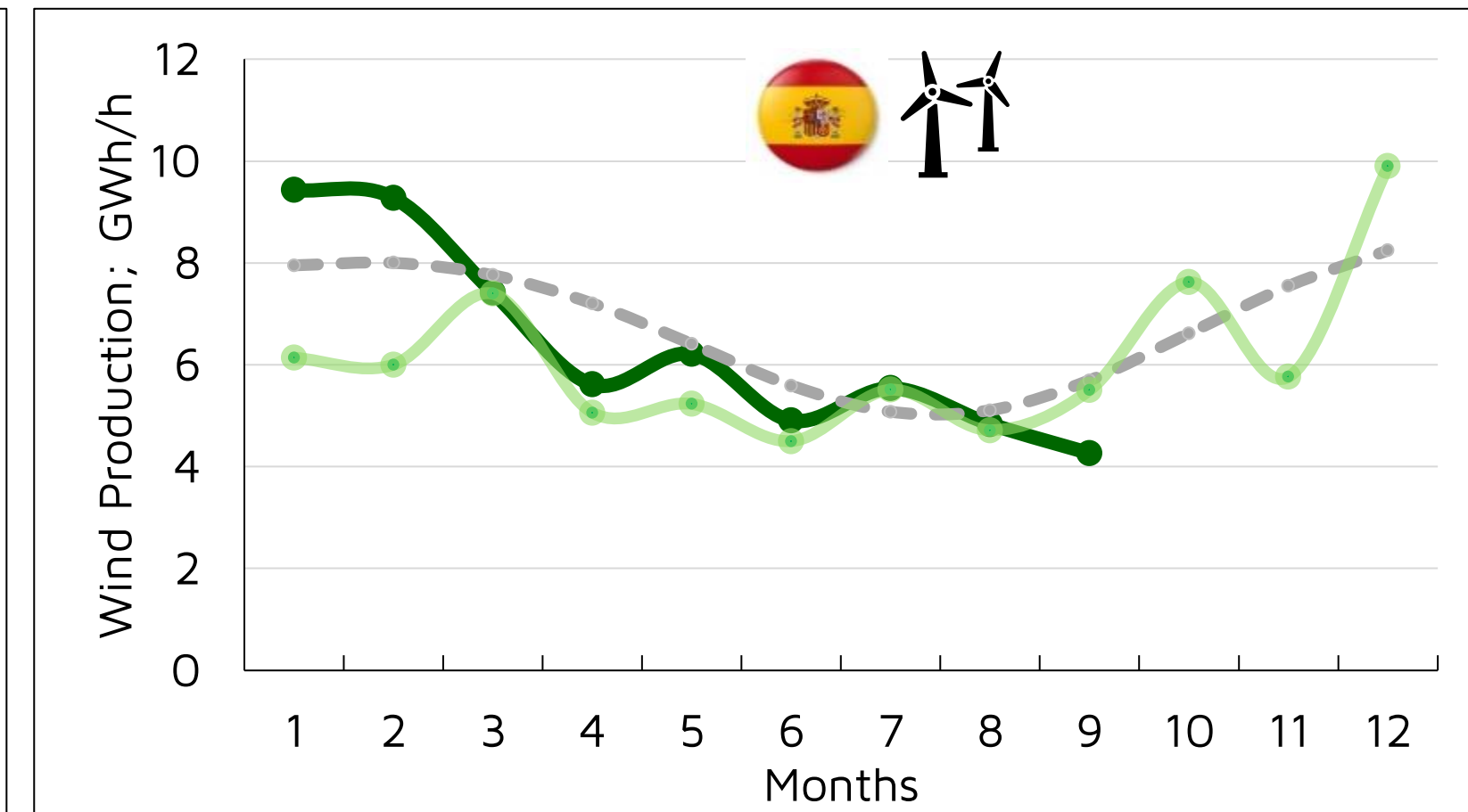
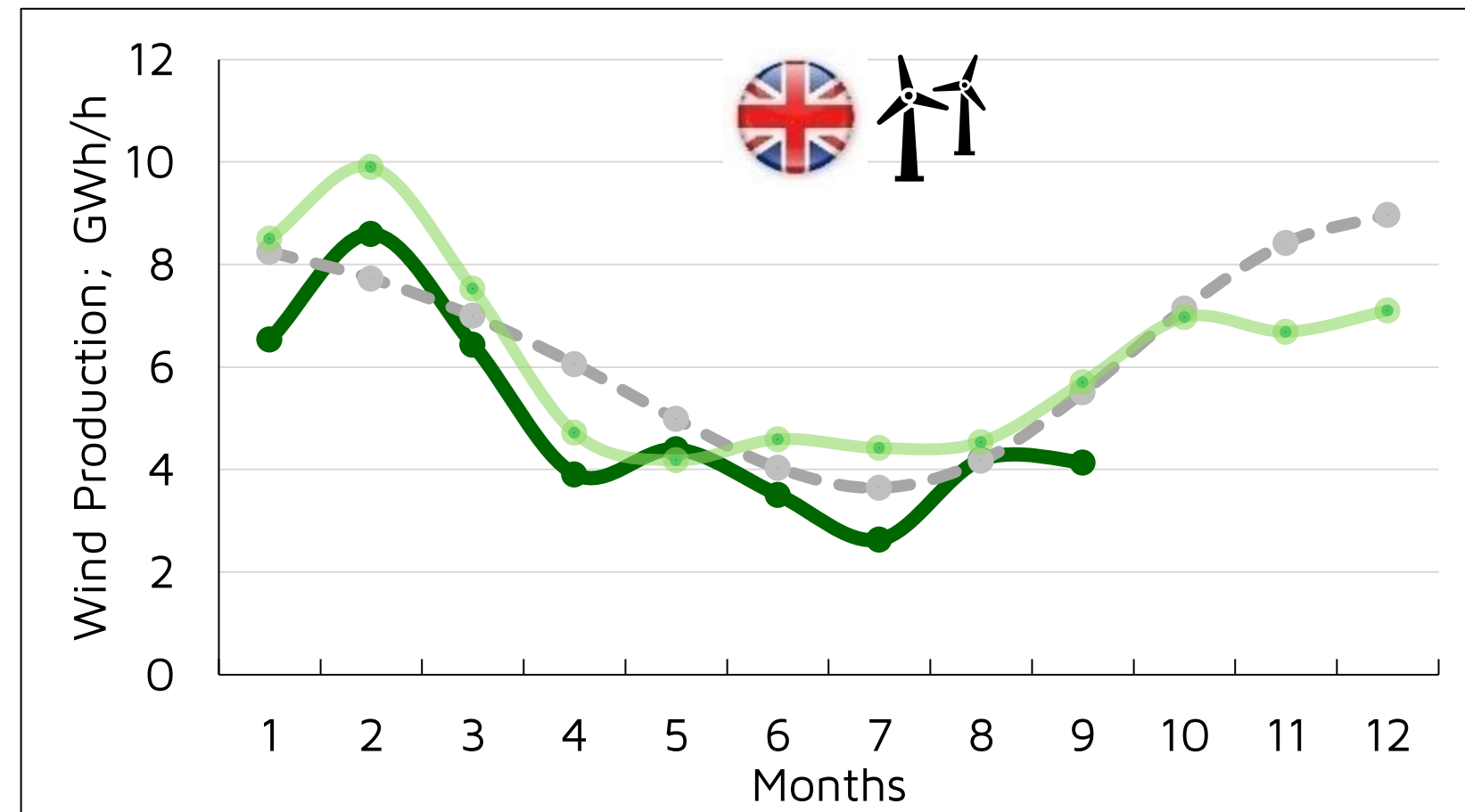
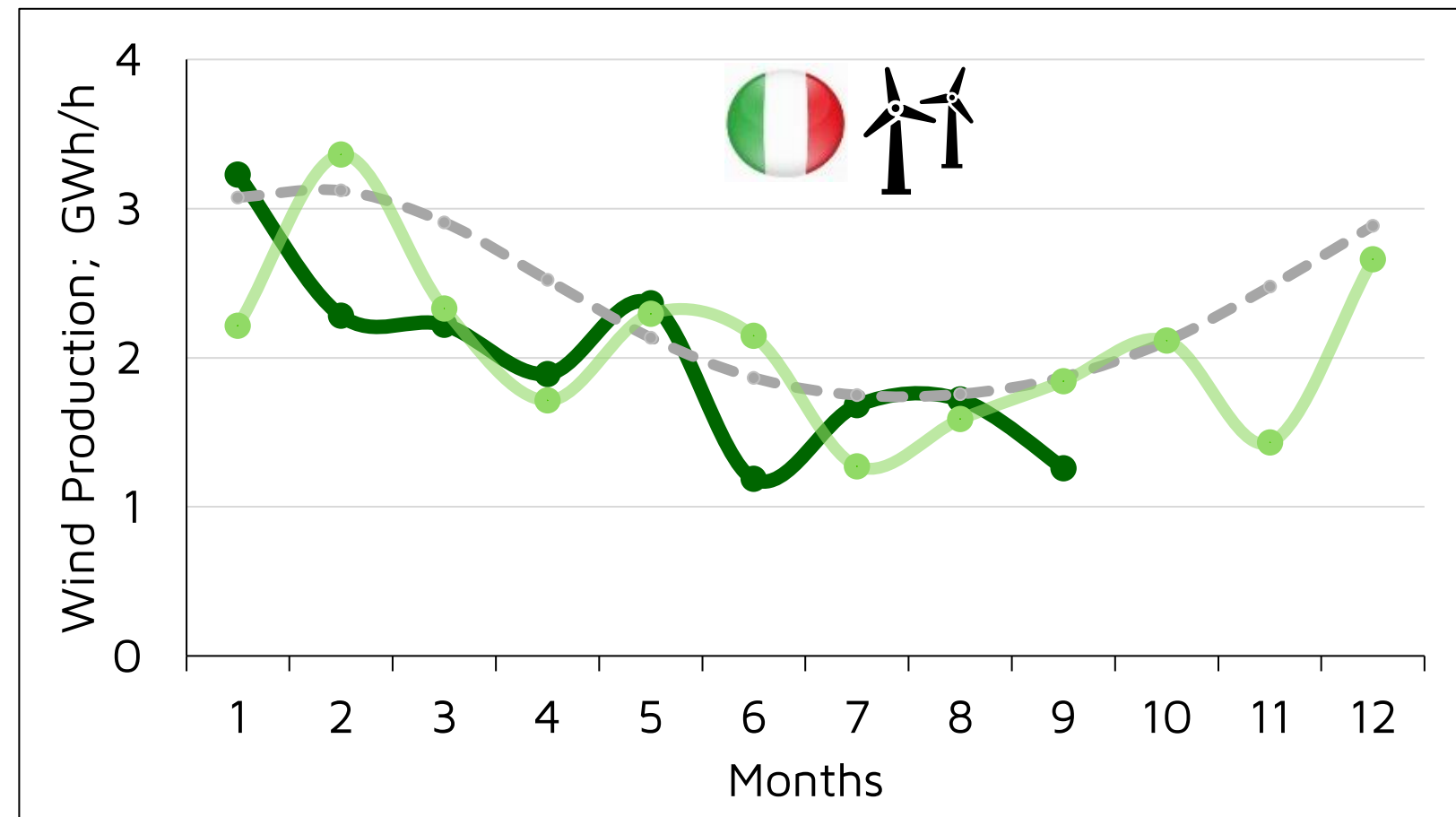
# CO2 Prices: 11/10/2021 Update



Data sources: Reuters. Last data available regarding the current month: 11<sup>th</sup> October, 2021.

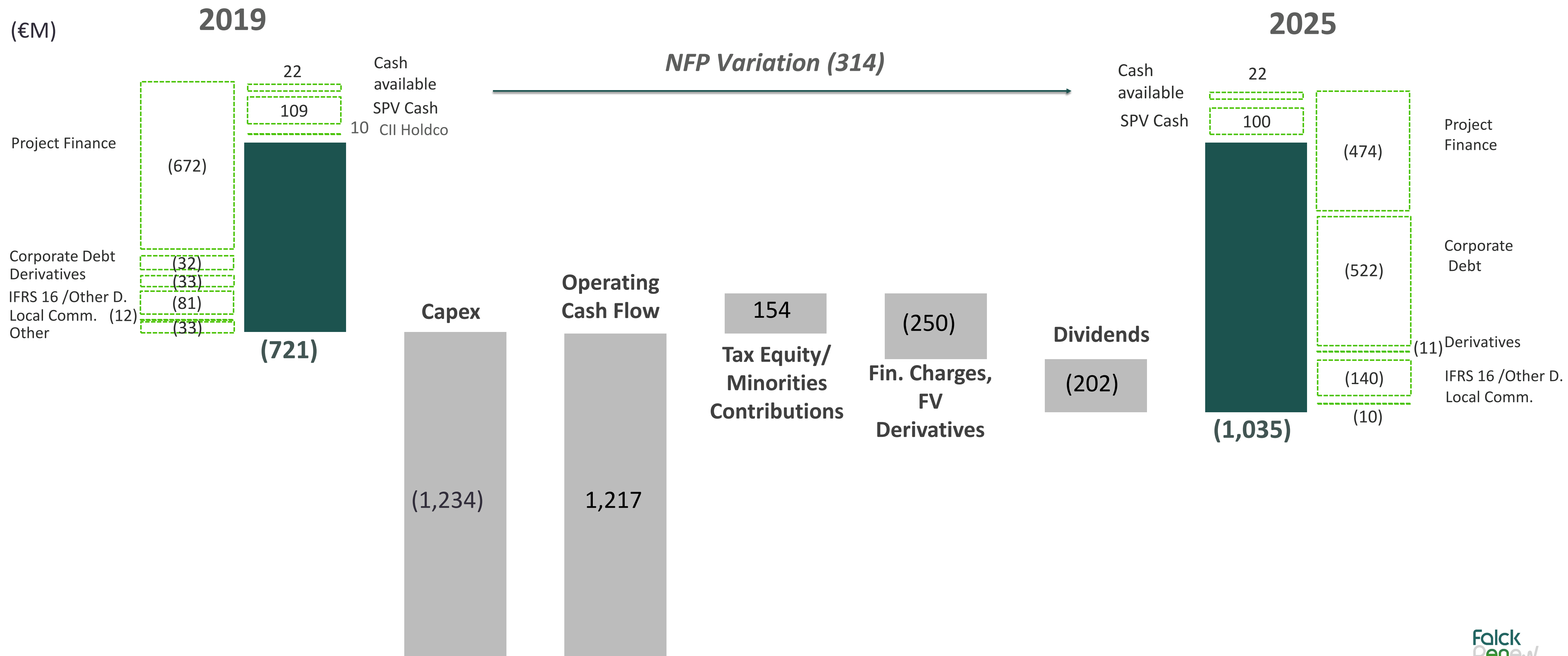


# Wind Production Europe: End of September 2021 Update



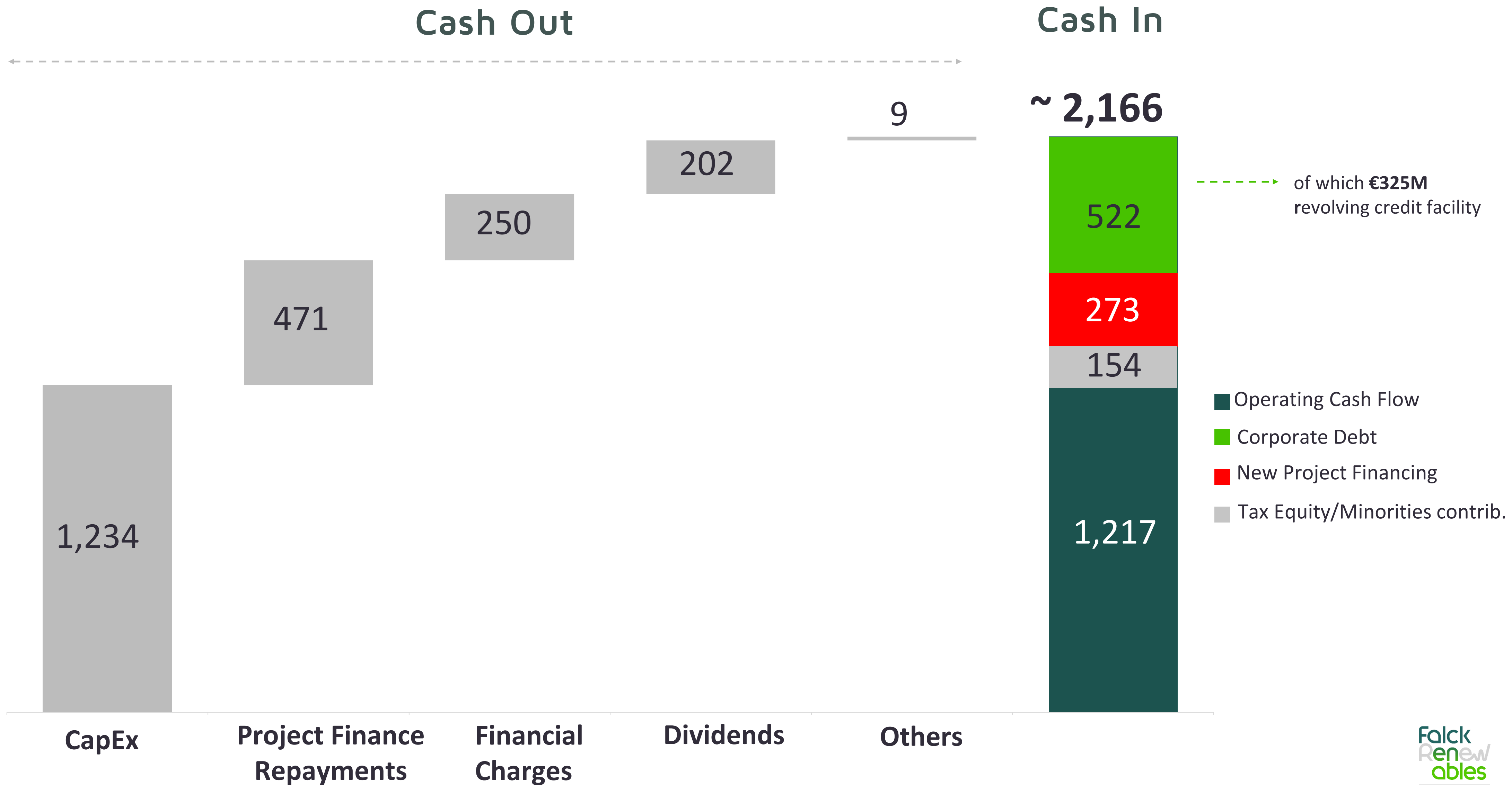
—●— Actual 2021\* 
 - - - Normal\*\* 
 —●— Actual 2020\*

# NFP Evolution



# Uses and Sources 2019 – 2025

(€M)



# Falck Renew ables

PURE POWER TO GROW