



AERION
CLEAN POWER

Group Presentation
September 2016

Agenda

1. The New Alerion
2. Portfolio of operating assets
3. 1H 2016 Consolidated Results

Appendix: Wind farms

Brief History and recent events



- 2003 : Alerion listed on the Milan Stock Exchange as holding co. with equity interests in various businesses
- 2004-2007: Increasing focus on renewable energy
- 2008: F2i enters Alerion shareholding through capital increase (initially 10%)
- 2008-2014: Total focus on wind power



- **2015:** **New Shareholders Agreement and new CEO with two main targets:**
 - **Cost reduction**
 - **Growth (mainly) through M&A**
- **2016:** **1H 2016 results took advantage of costs optimization program launched in 2015**

Alerion at a glance

Overview

- Independent Italian renewable energy company, specialized in the production of electricity from wind
- Currently manages and operates a portfolio of:
 - 10 wind farms in Italy (**total gross installed capacity of 295 MW**) and
 - 1 wind farm in Bulgaria (**total gross installed capacity of 12 MW**)
- Approximately 8 years of residual average incentives (portfolio average)
- Listed on the Milan Stock Exchange since 2003



Operating Plants - Italy

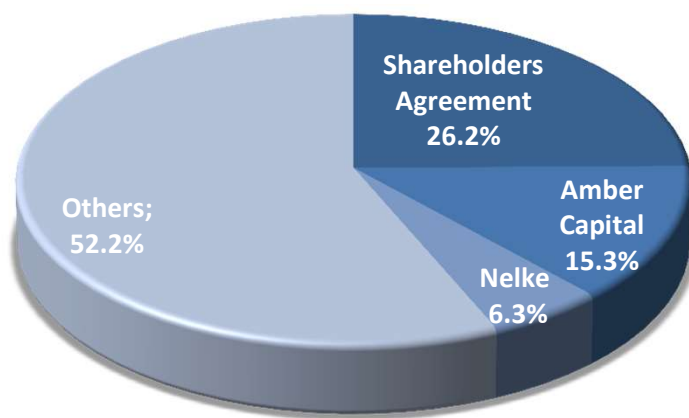


(€'million)	1H 2015	1H 2016	FY 2015
Net Production (GWh)	242.3	245.6	310
Revenues	29.8	28.8	46.5
EBITDA	20.3	22.0	26.0
	68%	76%	56%
Net Debt		207	205
Net Debt (exc. Derivatives)		191	189
Equity		107	108

Shareholders Structure

F2i is the main shareholder of the Company with a stake of 16.0% of the share capital and, since April 2015, is part of a Shareholders' Agreement, which holds 26.2% of the share capital and will expire in October 2016.

Main Shareholders (more than 5% of the Company)



Shareholders	Ownership	% of S.A.
F2i Energie Rinnovabili	16.0%	61.1%
Other private investors	10.2%	38.9%
Total	26.2%	100.0%

Board of Directors (7 members):

- Mauro Miglio (CEO), appointed on the 15th September 2015
- Gastone Colleoni (Chairman)
- Corrado Santini, Mario Bonamigo, Patrizia Savi, Sylvia Bartyan, Francesco Sironi

- **Number of shares:** 43.6 million
- **Market Capitalization:** 88.5 million euro (@2.03 euro/share – 15th September 2016)

Strategic priorities

1

Cost reduction and operational streamlining

2

Financial discipline

3

Pursuit of economies of scale, also through M&A

Cost reduction and operational streamlining

Actions implemented:

- Line-by-line cost cutting (corporate and operating)
- FTE reduced by 30% (2016 vs 2014)
- O&M renegotiations
- Extraordinary maintenance on Agrigento plant
- New HQ
- More than 90% of Opex already contracted
- Tax optimization: structure rationalization, IMU decrease

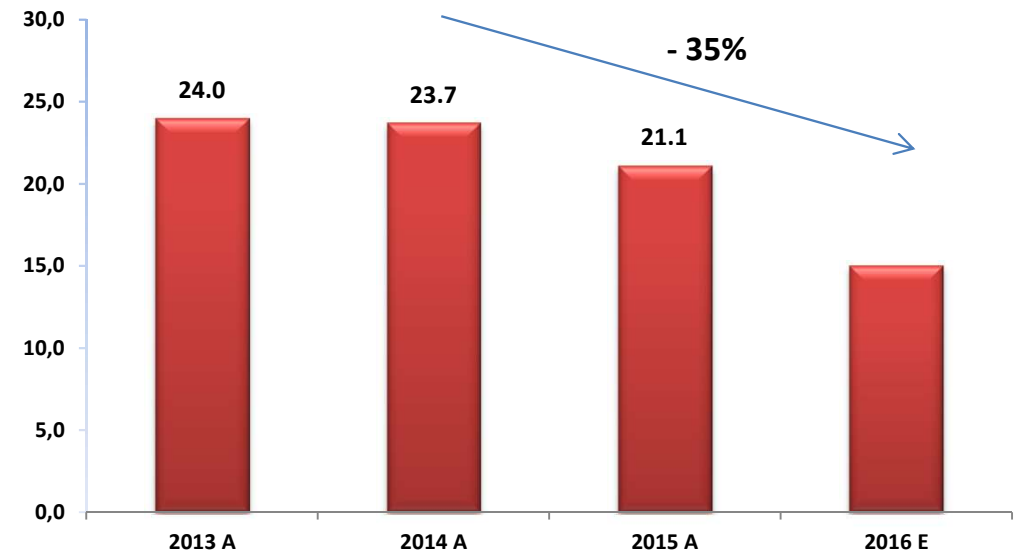
Simple and low-risk cost structure:

- Maintenance Capex fully included in Opex
- No exposure to raw material prices

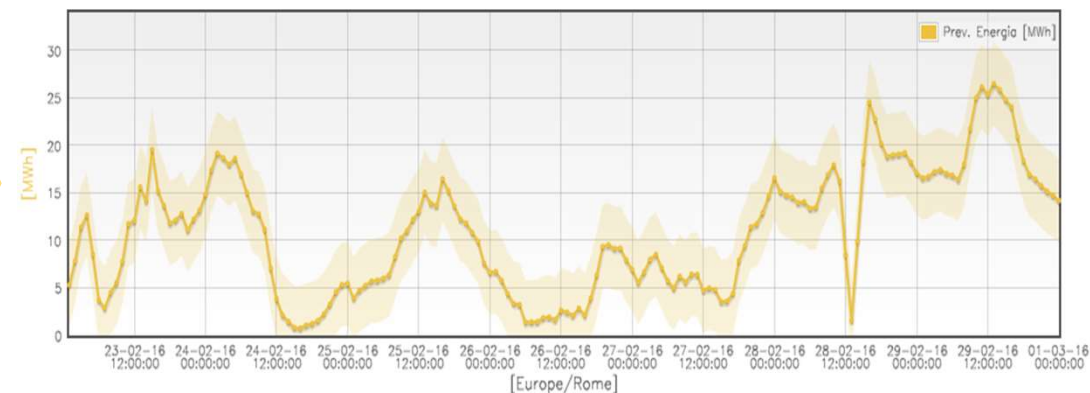
Focus on plant productivity:

- Preventive maintenance
- Real-time monitoring
- Daily wind forecast for maintenance optimization
- New technologies (turbine upgrade systems, blade profile, etc.)

Operating costs (m€)



Plant energy production forecast



Strategic priorities

Financial discipline

• Solid and predictable cash flow generation:

- Incentive scheme, reducing exposure to wholesale electricity prices
- Low working capital requirements
- Negligible ordinary capex

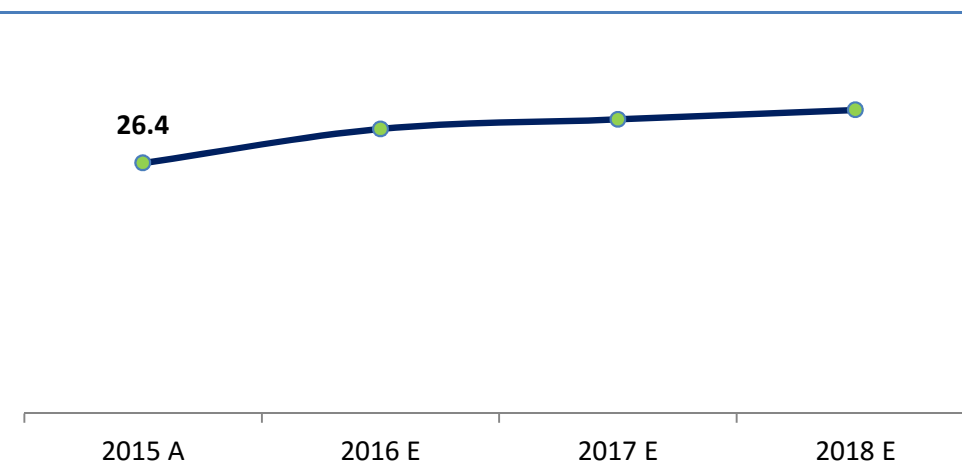
• Bond:

- €130 million; 6% pa
- Listed on MOT; bullet repayment in 2022
- Dividend min. €2 million/year + 50% consolidated net income

• Discretionary use of cash flow generation:

- *Expected deleverage in short-medium term*
- *Capex for new greenfield plants (next incentive auctions)*
- *Acquisition of operating wind farms*

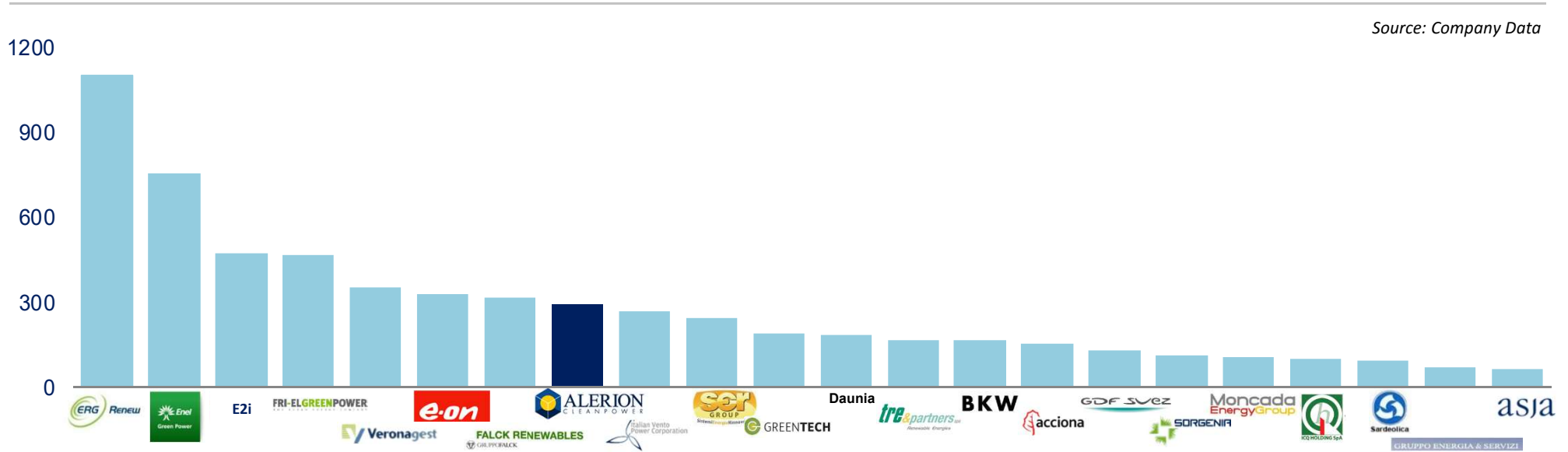
Operating cash flow (m€)



Pursuit of economies of scale, also through M&A

- Italian market is still **very fragmented**
- **Opportunities of growth through business combinations**

Main Wind Energy Players in Italy (2014) - (Gross Installed Capacity, MW)



Wind energy has performed a continuous growth in the last decade and the industry is still very fragmented

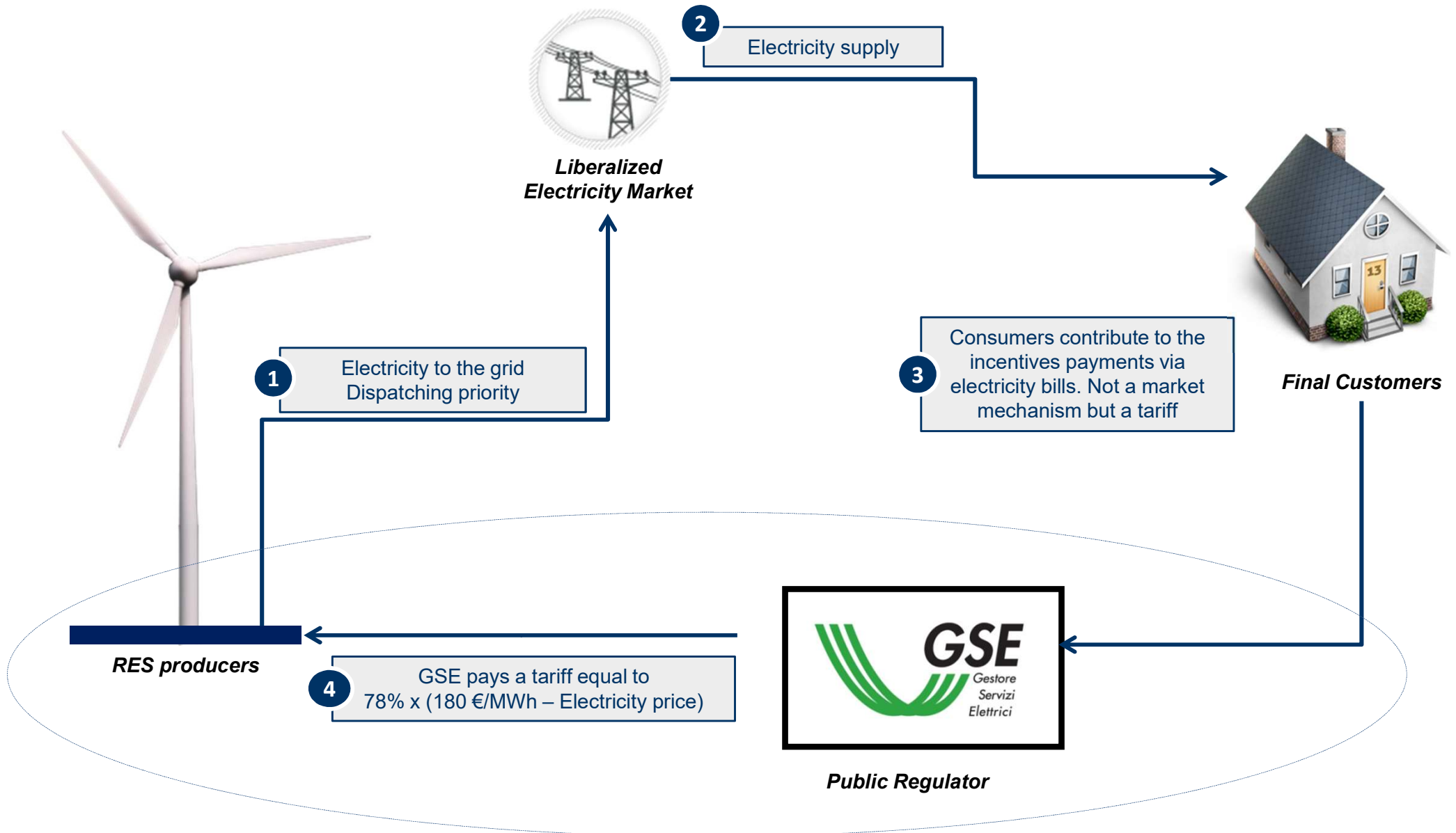
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Appendix: Wind Farms

Market and regulatory framework

Physical and Revenue Flows

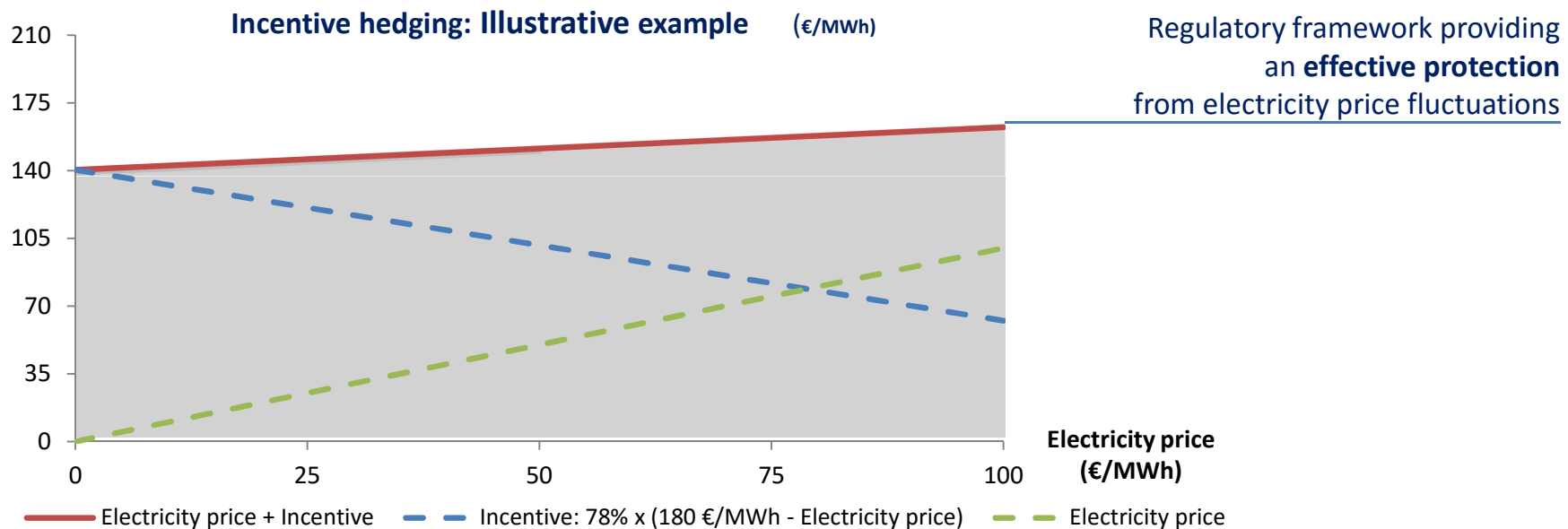


Market and regulatory framework

Supportive regulatory framework

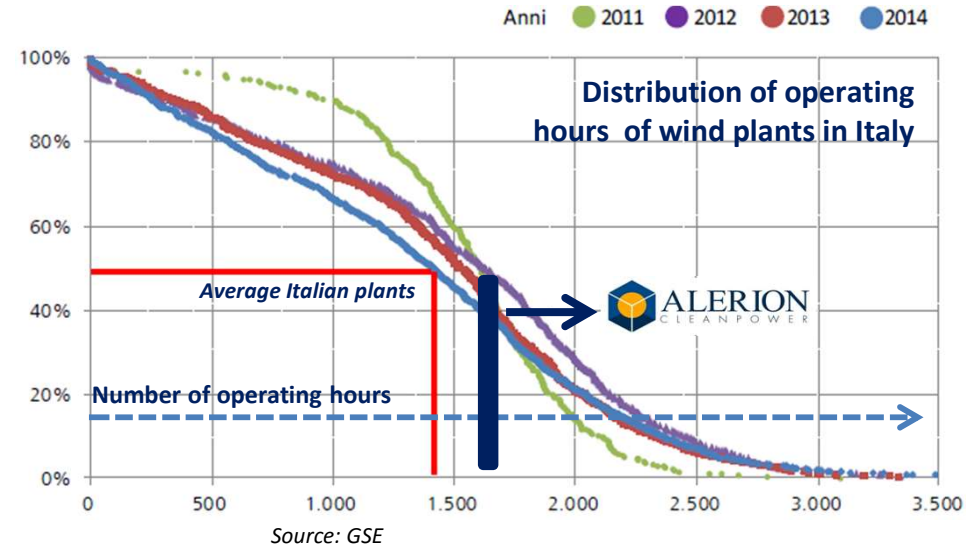


- The new "Energy Strategy" for Italy confirms developments of renewable energies among its priorities, with the objective to meet the EU targets by 2020
- All existing plants completed prior to 2013 benefit from Green Certificates ("GC") regime:
 - ✓ Downward protection from power price fluctuations
 - ✓ GC purchase price year $t = 78\% \times (180 \text{ €/MWh} - \text{Electricity Price})$
- Electricity price and incentives are inversely correlated → Any decline in electricity prices would lead to an increase in incentives
- From 2016, this incentive scheme is replaced by a **feed-in tariff** scheme for the residual incentive eligibility period, calculated with the same formula currently used to define the GC purchase price

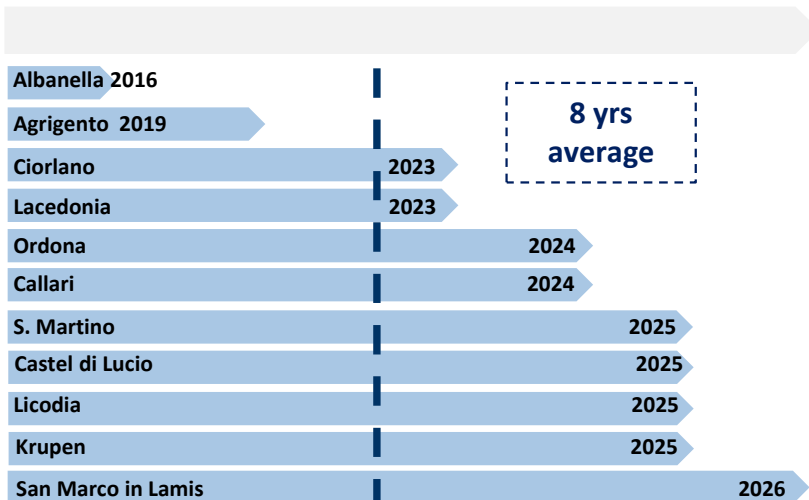


Portfolio of operating plants

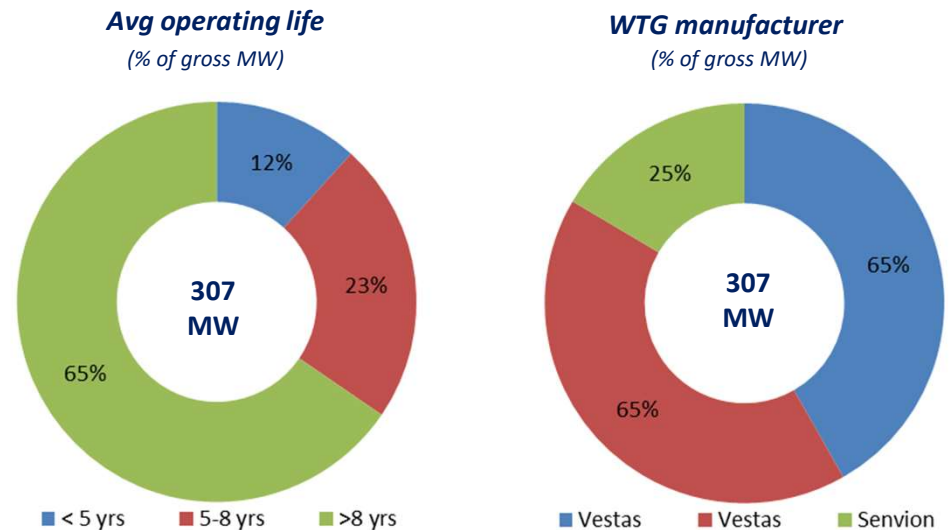
- Portfolio of 11 fully built and operating plants: 307 MW of gross installed capacity directly managed
- Assets with a proven historical production track record, higher than Italian wind sector median, and with an average incentive residual period of approximately 8 years
- WTGs manufactured by leading suppliers, all providers of O&M services



Incentive residual period



O&M suppliers



Portfolio of operating plants

Plant Location	Company	Installed Capacity	Ownership	End of incentive period
Albanella	<i>Eolo S.r.l</i>	8.5	100%	Feb. 2016
Ciorlano	<i>Dotto S.r.l.</i>	20.0	100%	March 2023
Agrigento	<i>WPS S.r.l.</i>	34.0	100%	Jan. 2019
Lacedonia	<i>Ecoenergia Campania S.r.l.</i>	15.0	50%	Sept. 2023
Callari	<i>Callari S.r.l.</i>	36.0	100%	Jan. 2024
Ordona	<i>Ordona S.r.l</i>	34.0	100%	March 2024
Castel di Lucio	<i>Minerva S.r.l</i>	23.0	100%	April 2025
Licodia	<i>Parco eolico Licodia Eub. S.r.l</i>	22.1	80%	Sept. 2025
S. Martino in Pensilis	<i>New Green Molise S.r.l.</i>	58.0	50%	Oct. 2025
S. Marco in Lamis	<i>Renergy San Marco S.r.l.</i>	44.2	100%	Dec. 2026
Krupen	<i>Wind EOOD</i>	12.0	51%	Oct. 2025
Total		306.75		

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1H 2016 Consolidated results

Profit and Loss



Profit & Loss (m€)	1H 2015	1H 2016	Change
Consolidated Production (GWh)	242.3	245.6	3.3
Total Revenues	29.8	28.8	(1.0)
Operating Costs	(9.9)	(7.6)	2.2
Results from Joint Ventures	1.2	0.8	(0.3)
Provisions for risks	(0.8)	(0.0)	0.7
EBITDA	20.3	22.0	1.7
<i>Ebitda margin %</i>	<i>68%</i>	<i>76%</i>	<i>8%</i>
Amortization and Depreciation	(9.7)	(10.1)	(0.4)
Write offs	(1.6)		1.6
EBIT	9.0	11.9	2.9
Net Interests expenses, of which related	(8.5)	(7.0)	1.5
Other financial charges and proceeds	1.6	0.0	(1.6)
Profit/(Loss) before taxes	2.1	5.0	2.8
Taxes	(0.9)	(0.7)	0.3
Net Income/(Loss)	1.2	4.3	3.1
Minorities Net Income/(Loss)	0.0	0.1	0.1
Group Net Income/(Loss)	1.2	4.2	3.0

+1.4%

+8.3%

EBITDA increase reflects a significant reduction in operating costs (-2.2 million euro), resulting from the **cost reduction and operational streamlining program**

1H 2016 Results

Balance Sheet

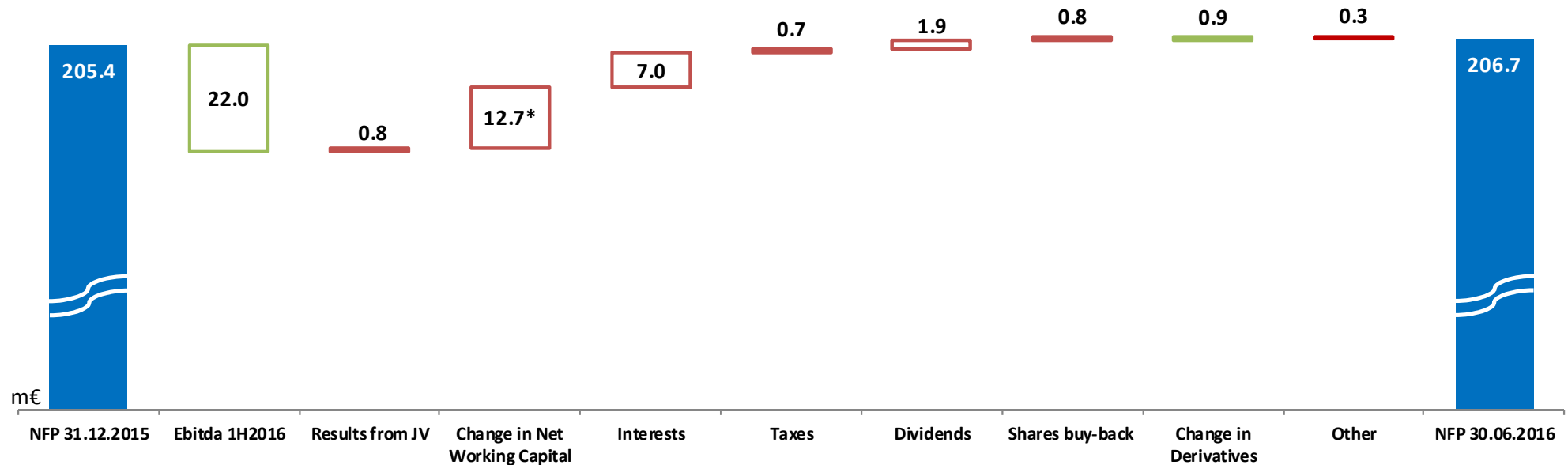


Balance Sheet (m€)	FY 2015	1H 2016	Change
Fixed asset	306.8	297.6	(9.2)
Other non current assets	6.8	19.2	12.4
<i>of which receivables for electricity and incentives</i>	13.6	25.1	11.5
Net Invested Capital	313.6	316.8	3.2
Shareholders' Equity	105.4	107.2	1.8
Minority Shareholders' Equity	2.8	2.9	0.1
Total Equity	108.2	110.1	1.9
Cash and Cash Equivalents	28.2	17.2	(11.0)
Other Financial Assets and Liabilities	(233.6)	(223.9)	9.7
Net Financial Position	(205.4)	(206.7)	(1.3)
Equity and Net Financial Position	313.6	316.8	3.2

NFP (m€)	FY 2015	1H 2016	Change
Cash and Cash Equivalents	28.2	17.2	(11.0)
Other Financial Receivables	5.7	5.1	(0.6)
Total Activities	33.9	22.3	(11.6)
Banks Debt	(87.1)	(81.4)	5.7
Bond	(133.4)	(129.7)	3.7
Other Financial Debts	(1.9)	(2.0)	(0.0)
Total Liabilities	(222.4)	(213.0)	9.4
NFP excluding Derivatives	(188.5)	(190.8)	(2.2)
Derivatives	(16.9)	(16.0)	0.9
Net Financial Position	(205.4)	(206.7)	(1.3)

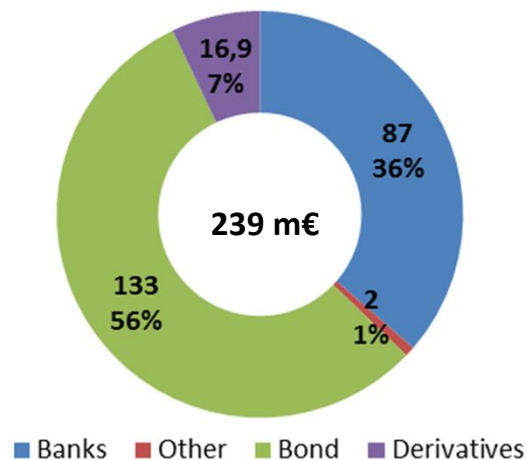
1H 2016 Results

NFP Bridge Analysis

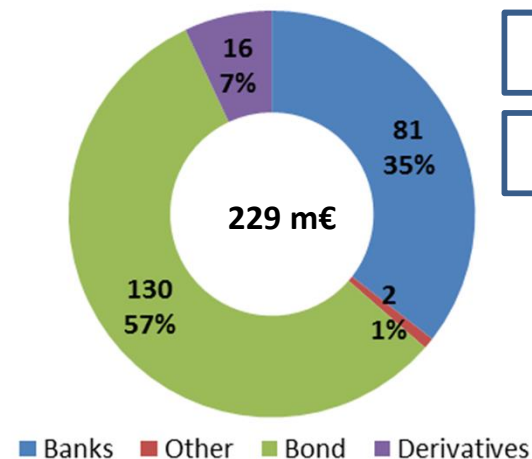


* Of which 11.5 m€ receivables for electricity and incentives

2015 Debt breakdown



1H 2016 Debt breakdown



Average debt life: approx. 7 yrs

Average debt cost: approx. 6%

Financial Structure

Bond Issue



- On the 11th February 2015, Alerion issued a 130 million euro bond, listed on the MTO market
- Proceeds were used to refinance most of the project financing in place and making available cash to take over 50% stake of Agrigento wind farm (currently fully owned)
- After bond issue, 7 out of 9 fully consolidated wind farms have no project financing and operating cash flows are fully available at corporate level

Bond main terms

Issuer	Alerion Clean Power SpA
Size	130 € million
Maturity	7 year tenor
Coupon	6% fixed
Interest payment	Annual
Optional redemption	Non-callable for 3 years
Listing	MOT - Milan Stock Exchange
Guaranties	Security on intercompany loans
Change of control	Allowed
Governing law	Italian law
Covenants	<ul style="list-style-type: none"> - D/E max = 2 - Dividend distribution: 50% of Net consolidated earnings with a floor of 2 million euro per year

Appendix

Wind Farms

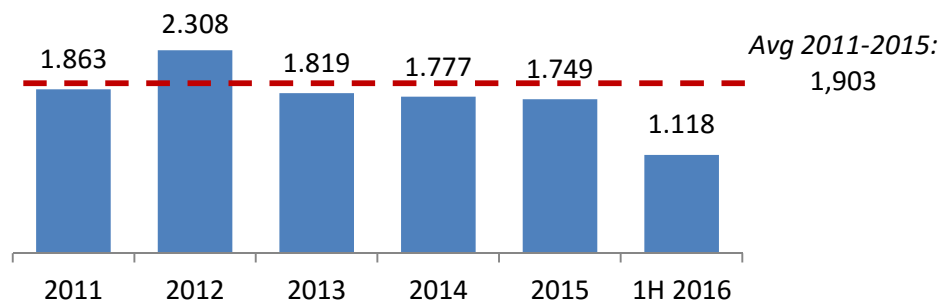
Wind farms

Ordonia (34 MW)



Installed Capacity	34.0 MW
Location	Ordonia (Foggia province)
Project Company	Ordonia Energia S.r.l.
Ownership	100%
Pro-quota installed capacity	34.0 MW
Commercial Operation Date	March 2009
No of Turbines	17
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	March 2024

Equivalent Hours

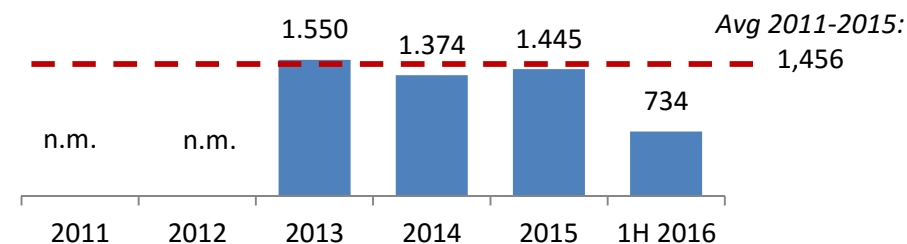


San Marco in Lamis (44,2 MW)



Installed Capacity	44.2 MW
Location	San Marco in Lamis (Foggia province)
Project Company	Renergy San Marco S.r.l.
Ownership	100%
Pro-quota installed capacity	44.2 MW
Commercial Operation Date	January 2012
No of Turbines	13
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	December 2026

Equivalent Hours



Portfolio of operating plants

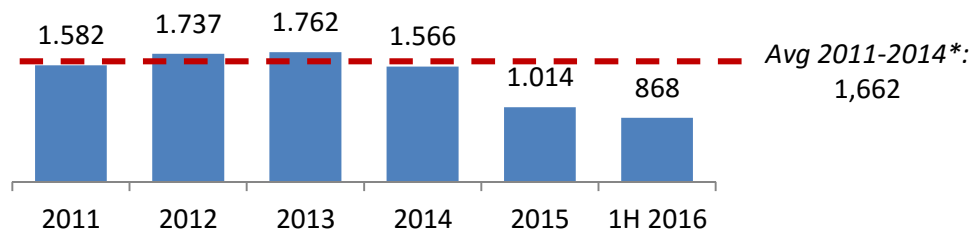
Wind farms

Agrigento (34 MW)



Installed Capacity	34.0 MW
Location	Agrigento (Agrigento province)
Project Company	Wind Power Sud S.r.l.
Ownership	100%
Pro-quota installed capacity	34.0 MW
Commercial Operation Date	February 2007
No of Turbines	40
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	January 2019

Equivalent Hours



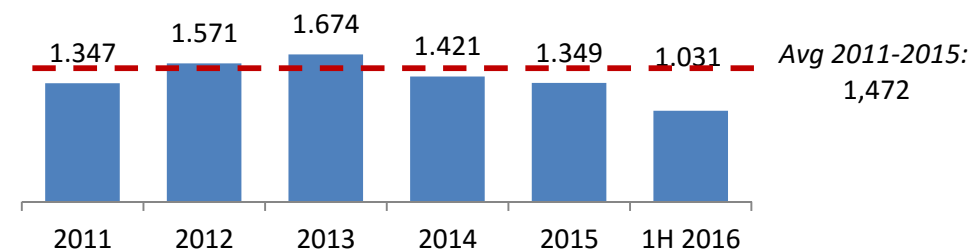
* 2015 not included because of extraordinary maintenance

Callari (36 MW)



Installed Capacity	36.0 MW
Location	Vizzini (Catania province)
Project Company	Callari S.r.l.
Ownership	100%
Pro-quota installed capacity	36.0 MW
Commercial Operation Date	January 2009
No of Turbines	18
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	January 2024

Equivalent Hours



Portfolio of operating plants

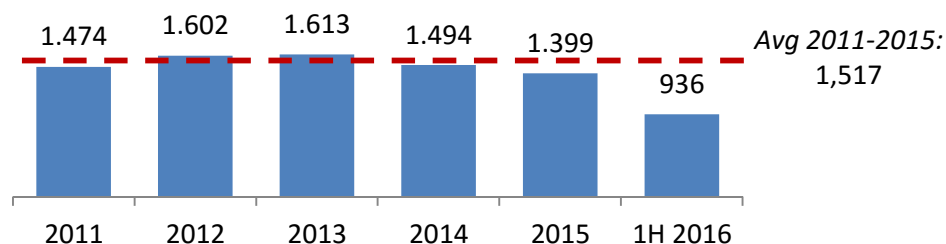
Wind farms

Castel di Lucio (23 MW)



Installed Capacity	23.0 MW
Location	Castel di Lucio (Messina province)
Project Company	Minerva S.r.l.
Ownership	100%
Pro-quota installed capacity	23.0 MW
Commercial Operation Date	April 2010
No of Turbines	27
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	April 2025

Equivalent Hours

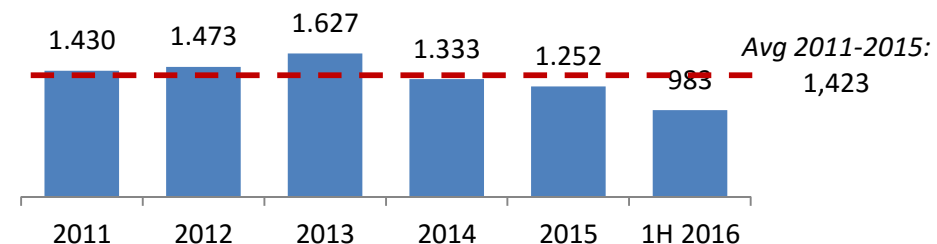


Licodia (22,1 MW)



Installed Capacity	22.1 MW
Location	Licodia (Catania province)
Project Company	Parco Eolico Licodia Eubea S.r.l.
Ownership	80%
Pro-quota installed capacity	17.7 MW
Commercial Operation Date	September 2010
No of Turbines	26
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	September 2025

Equivalent Hours



Portfolio of operating plants

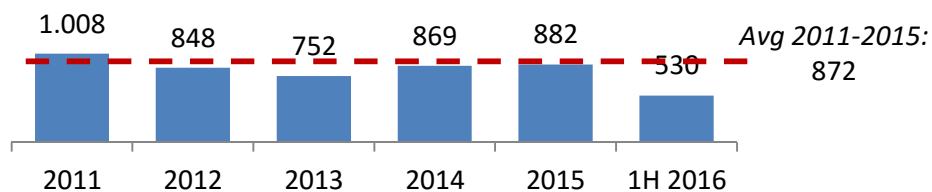
Wind farms

Ciorlano (20 MW)



Installed Capacity	20.0 MW
Location	Ciorlano (Caserta province)
Project Company	Dotto s.r.l.
Ownership	100%
Pro-quota installed capacity	20.0 MW
Commercial Operation Date	April 2008
No of Turbines	10
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	March 2023

Equivalent Hours

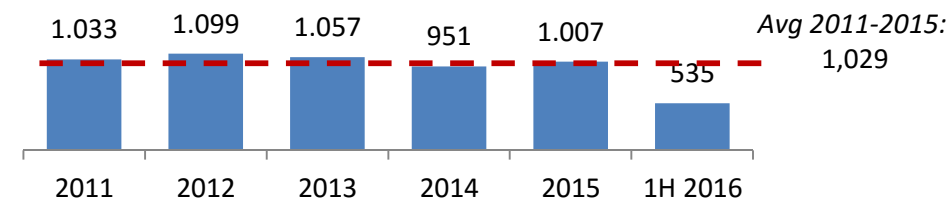


Albanella (8,5 MW)



Installed Capacity	8.5 MW
Location	Albanella (Salerno province)
Project Company	Eolo s.r.l.
Ownership	100%
Pro-quota installed capacity	8.5 MW
Commercial Operation Date	March 2004
No of Turbines	10
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	February 2016

Equivalent Hours



Portfolio of operating plants

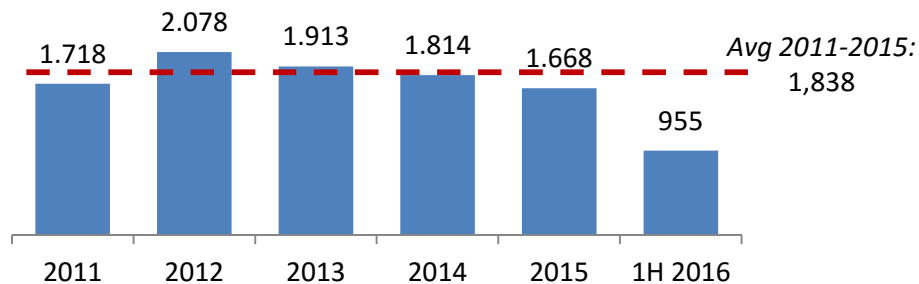
Wind farms

San Martino (29 MW)



Installed Capacity	58.0 MW
Location	San Martino in Pensilis (Campobasso)
Project Company	New Green Molise S.r.l.
Ownership	50%
Pro-quota installed capacity	29.0 MW
Commercial Operation Date	October 2010
No of Turbines	29
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	October 2025

Equivalent Hours

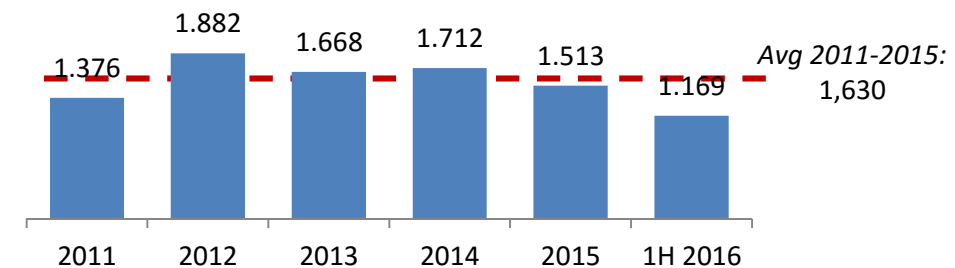


Lacedonia (7,5 MW)



Installed Capacity	15.0 MW
Location	Lacedonia (Avellino province)
Project Company	Ecoenergia Campania s.r.l.
Ownership	50%
Pro-quota installed capacity	7.5 MW
Commercial Operation Date	October 2008
No of Turbines	5
Incentive Scheme	Green Certificates/Feed in tariff
End of Incentives	September 2023

Equivalent Hours



Portfolio of operating plants

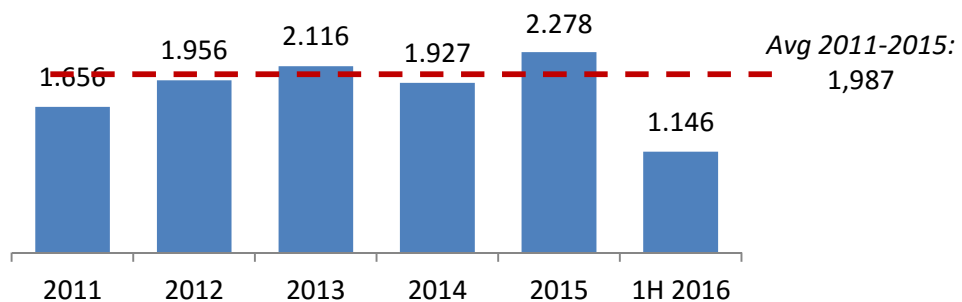
Wind farms

Krupen (12 MW)



Installed Capacity	12.0 MW
Location	Krupen (Bulgaria)
Project Company	Wind Energy / Power2 / Stream / Systems EOOD
Ownership	51%
Pro-quota installed capacity	12 MW
Commercial Operation Date	October 2010
No of Turbines	4
Incentive Scheme	Feed – in Tariff
End of Incentives	October 2025

Equivalent Hours



Group Presentation

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