voltalia

SOLAR • WIND • HYDRO • BIOMASS

H1 2018 results

September 27, 2018

speakers of the day

Sébastien CLERC
Chief Executive Officer

Joined Voltalia **in 2011**

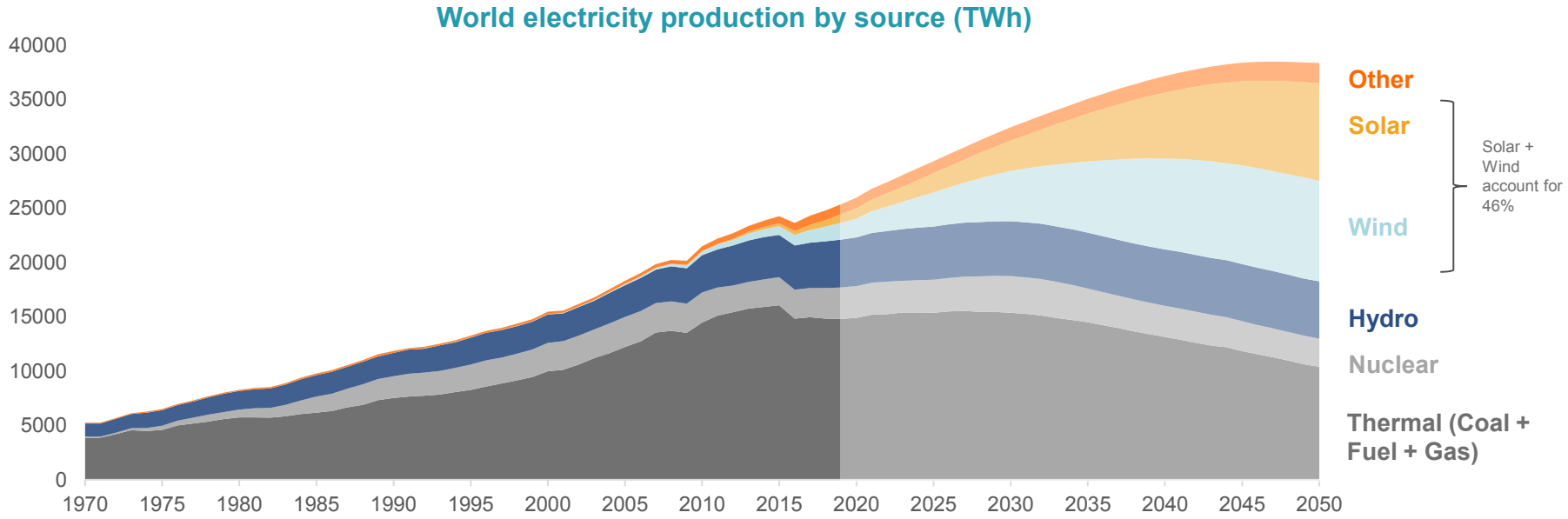
- **29 years** of experience in the infrastructures and renewable sector and former founder and head of *Natixis Environnement & Infrastructures*

Marie de LAUZON
Chief Administrative Officer

Joined Voltalia **in 2014**

- **15 years** of experience in investment banking, consulting and asset management and 4 years of experience in the renewable sector

renewables: 50% of electricity production by 2050



- 26%
cost for Wind, between 2009 and 2017

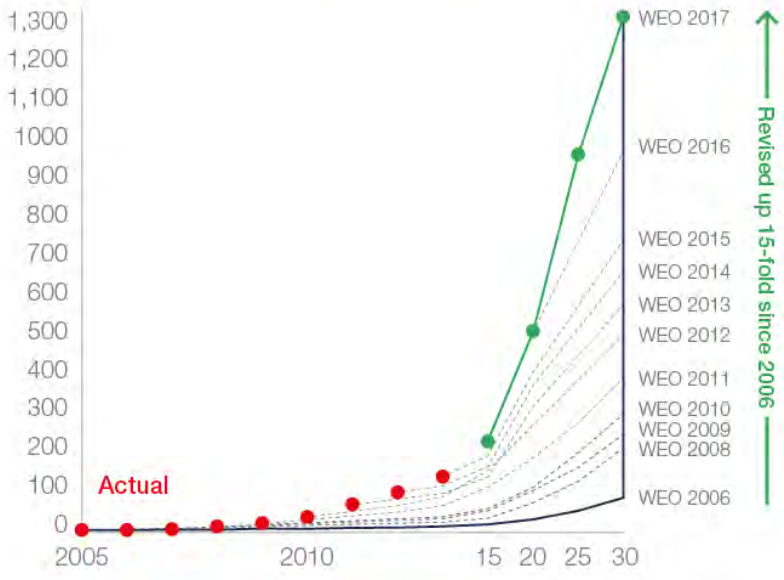
- 79%
cost for solar PV, between 2009 and 2017

80%
of investment in power generating capacity to go to renewables in 2018

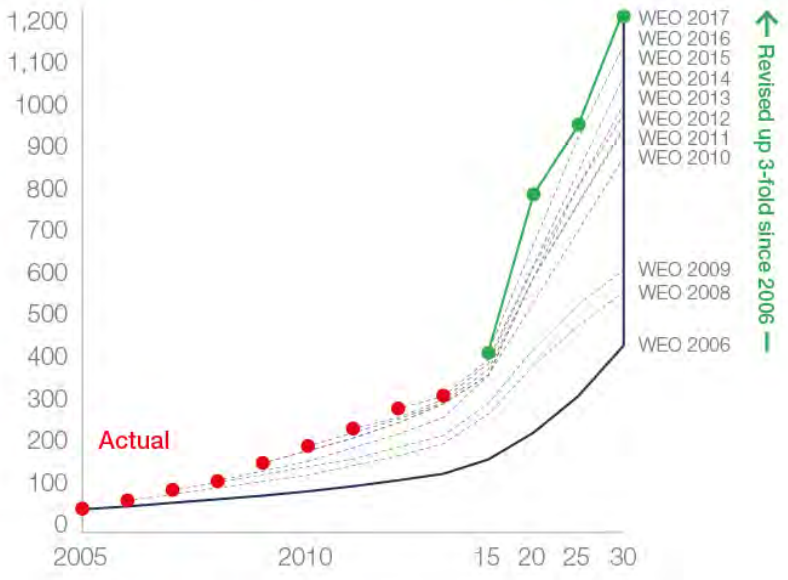
Source : Bloomberg New Energy Finance, *New Energy Outlook 2018*

year after year, forecasts proved conservative

Solar: global forecast of cumulative installed capacity (GW)



Wind: global forecast of cumulative installed capacity (GW)



Source : IEA World Energy Outlook – New Policy Scenario, *via McKinsey*

highlights

improved bottom line
in H1 2018 vs. H1 2017

1 GW installed capacity objective
in 2020 secured

strong perspectives beyond 2020:
5.1 GW pipeline with significant
acceleration into solar

agenda

growing independent renewable energy player

half-year performance

recent developments

roadmap

voltalia

growing independent renewable energy player

offices in 18 countries, covering Europe, LatAm and Africa

491 people

524 MW
of installed capacity

our positioning

multi-energy

multi-country

multi-business model

our integrated sustainable model

Presence throughout the entire value chain

SUSTAINABLE VALUE CREATION

…aligned with our stakeholders' interests

DEVELOPMENT

- Land negotiation and design
- Permitting
- Sales contracts
- Project financing

Conception

Financing

- Dialogue with local stakeholders
- Identification of local needs for socio economic improvements
- Environmental impact studies and integration of mitigation measures

EPC

- Engineering
- Procurement
- Construction management

Construction & procurement

- Local suppliers favoured
- HSE criteria and penalties
- HSE master plan: implementation and monitoring

Operation

- Power plant operation
- Equipment maintenance
- Energy sales

O&M

- Optimization of natural resources
- Monitoring of environmental issues
- Follow up of socio economic projects

a positive contribution to SDGs

- Expanding new renewable capacity each year
- Pro-actively targeting non-subsidized energy (88% non dependent on support policies)
- 2,123.5 GWh of clean energy provided in 2017

- 1 039 ktons of eqCO2 avoided in 2017
- Raising awareness about climate change in France and Brazil

- Construction of new infrastructure in isolated sites
- Improve access to infrastructure (telecom towers)
- Upgrade of local resources and circular economy processes

- Electricity consumption of 3.2 million people covered, 97% in emerging countries
- Access to energy to reduce social and economical exclusion

SDGs: sustainable development goals, a set of 17 development goals adopted by the UN in 2015

our mission

improve global environment
foster local development

voltalia

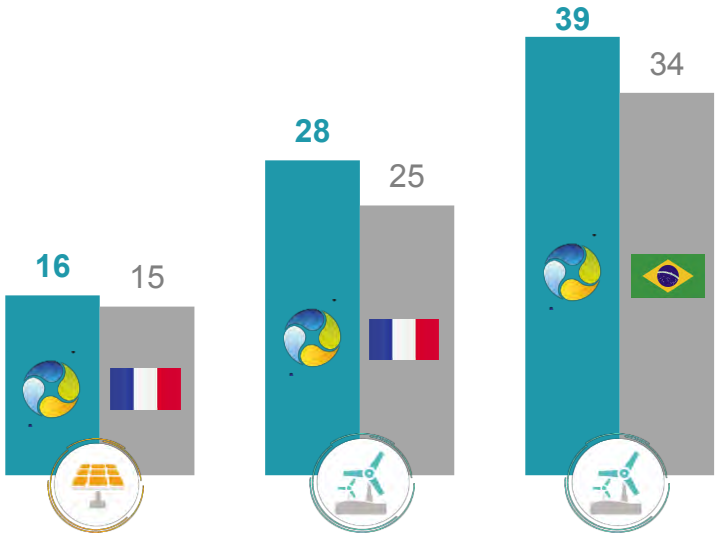
half-year performance

load factors: lower than last year, still best-in-class

H1 2018 load factors in main geographies (vs. H1 2017)

	METRO.FRANCE	BRAZIL	FRENCH GUIANA
	16% (19%)		11% (11%)
	28% (25%)	39% (43%)	
			46% (41%)
			76% (61%)
Hybrid		26% (36%)	

Average load factors in France and Brazil in H1 2018



Source : data.gouv.fr, *average of monthly data Jan.to June 2018*
ONS, Boletim Mensal de Geração Eólica Junho/2018

energy sales: 7% increase in revenues and EBITDA

In million euros (before eliminations)	First semester		Variation	
	2018	2017	%	@cc*
Production (GWh)	804	862	*-7%*	*-7%*
Revenues	55.7	60.4	*-8%*	*+7%*
EBITDA	32.5	35.4	*-8%*	*+7%*
% EBITDA margin	58.4%	58.6%	*-0.2pt*	*-0.2pt*

H1 2018: 7% revenues and EBITDA growth with:

- **Brazil lower wind conditions**, with production down 7% at Group level despite increased contribution of Vila Acre (in ramp-up phase in H1 2017) and overall improved performances in the rest of the world;
- **Energy revenues and EBITDA up by 7%** thanks to price increases: active management of long-term power sale contracts with suspensions of contracts at Areia Branca plant (60 MW, since January 2018) and Vila Para plant (99 MW, since April 2018) and electricity sold in the free market at attractive prices through short-term contracts.

*@cc: at constant exchange rates

services: development effort weighs on profitability

In million euros (before eliminations)	First semester		Variation	
	2018	2017	%	@cc*
Revenues	39.2	23.8	*+65%*	*+70%*
EBITDA	(2.7)	(1.7)	*-55%*	*-53%*
% EBITDA margin	-6.8%	-7.2%	*+0.4pts*	*+0.7pts*

H1 2018: strong revenues growth, EBITDA remains negative

- EPC revenues growth (+120%) brings its EBITDA closer to breakeven €(0.5)m, vs. €(1.7)m in 2017
- O&M lower EBITDA contribution
- Strong development effort in a growing pipeline, especially in solar

*@cc: at constant exchange rates

improved net result

In million euros IFRS – audited data	H1 2018	H1 2017	*Var.*	*Var. @CC**
EBITDA before eliminations	29.9	33.6	*-3.7*	*+1.6*
Eliminations & Corporate	(8.4)	(8.3)	*-0.2*	-
EBITDA after eliminations	21.5	25.3	*-3.9*	*+1.6*
D&A and provisions	(12.7)	(11.1)	*-1.6*	*-3.6*
Other operating income and expense	0.6	(0.6)	*+1.3*	*+1.2*
Operating profit (EBIT)	9.4	13.6	*-4.3*	*-0.8*
Financial result	(16.6)	(19.2)	*+2.5*	*-0.6*
Taxes and net income of equity affiliates	(2.3)	(1.6)	*-0.7*	*-1.2*
Minority interests	3.6	0.4	*+3.2*	*+4.0*
Net result (Group Share)	**(5.6)**	**(6.8)**	*+0.9*	*+1.4*

- D&A increase: new power plants commissioned since H1 2017, including SMG which was still in preservation mode
- adjusted for the first depreciation charge for SMG (€2.4 million) and for the drop in the Brazilian real (€3.4 million), EBIT stands at €15.2 million, up by 11% compared with H1 2017
- improved financial result, positive impact of drop in BRL (55% of debt real-denominated)
- less performing wind farms are those with minority partners
- net result improved by €0.9 million (€1.4 millions at constant exchange rates)

*@cc: at constant exchange rates

consolidated balance sheet

In million euros IFRS – audited data	June 30, 2018	Dec.31, 2018
Goodwill	46.1	46.0
Other intangible assets	84.8	70.1
Fixed assets	552.6	618.6
Cash and cash equivalent	76.7	71.2
Other assets	109.7	106.3
Total assets	869.9	912.2
Equity, Group share	294.4	322.0
Minority interests	62.4	67.2
Short-term financial debt	45.9	78.2
Long-term financial debt	379.3	339.2
Other current liabilities	87.9	105.6
Total liabilities	869.9	912.2

- increased pipeline of projects, strong development momentum

- 70% of tangible and intangible assets in BRL, with BRL further 12% depreciation vs. Dec. 2018 closing rates

- increased cash and cash equivalent by €5.4m

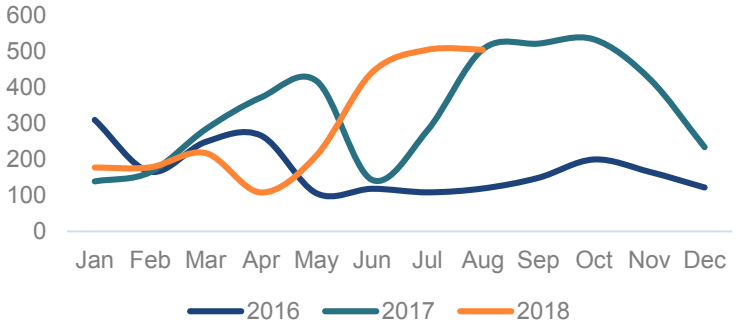
- 80% of total financial debt was contracted for power plants, financed by long-term project finance debt in local currency

outlook: positive trends in H2 vs. H1

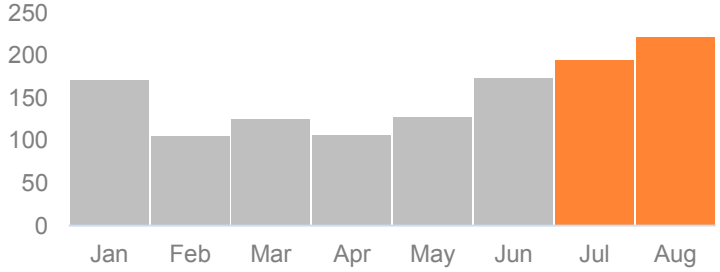
Positive trends expected to **lift profitability in H2 2018 vs. H1 2018** with:

- usual seasonality in revenues, with H2 statistically 12%* higher than H1 on average
- satisfactory power generation in July and August at 208 GWh/month on average (vs. 135 GWh/month in H1)
- growing impact of contract suspensions, with full effect of Vila Para (started April 2018)
- very high electricity spot price in Brazil since July
- EPC teams more and more mobilized on the Group's own ongoing projects
- profitable sale of ready-to-build project to Actis in Brazil

Historical monthly electricity spot prices in Brazil (in BRL/MWh)



Monthly electricity production in 2018 (in GWh)



*Change calculated on the basis of the assets under production at 1 January

key takeaways

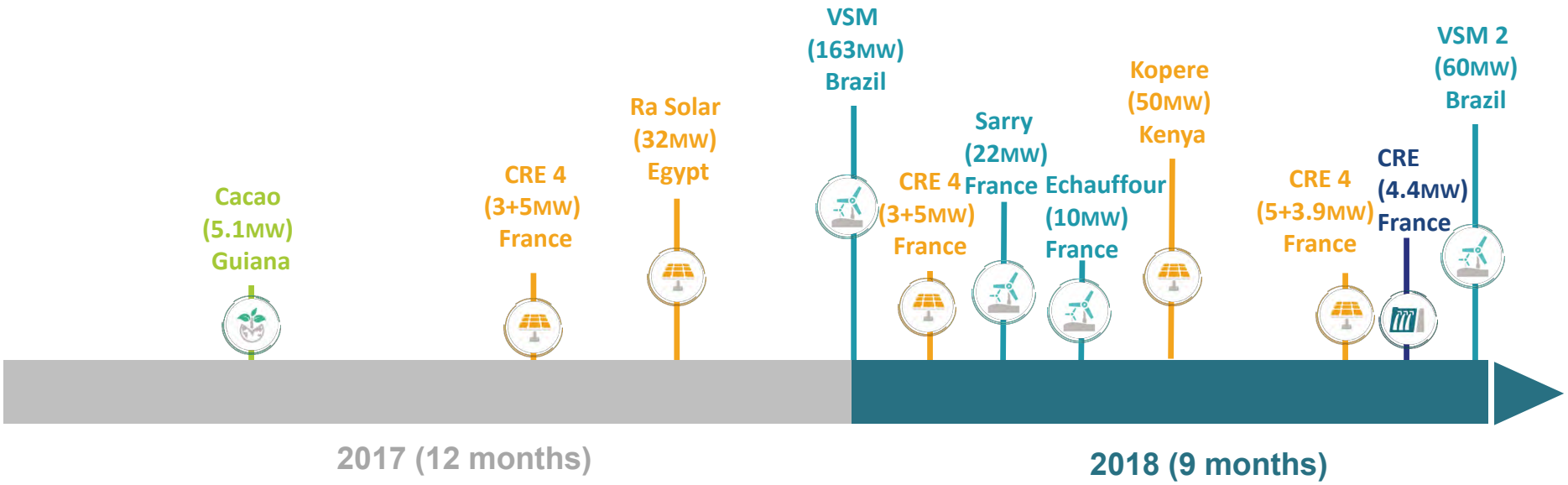
1. growth at constant rates despite poor wind conditions

2. improved bottom line vs. H1 2017

3. H2 profitability to benefit from positive trends

recent developments

acceleration of IPP contract wins since Dec. 17



Brazil: 60 MW awarded

Project Name / Country	VSM 2 / Brazil
Technology	Wind
Location	Serra Branca, Rio Grande do Norte
Capacity	60 MW
Contractual COD date	2024
Contract features	20-year power sales agreement
Other features	COD anticipated by 2020. Between 2020 and 2024, Voltalia will sell production in the free market mainly through short term private contracts already secured at a price more than 60% higher than the LT contract

France: 53.3 MW awarded

32 MW
wind projects awarded in 2018

4.4 MW
hydro projects won in 2018

16.9 MW
Total solar capacity awarded in 2018

In France, Voltalia has won projects in every round of national solar auctions

CRE	2012	4.5 MW
CRE	2014	8.2 MW
CRE	2015	14.2 MW
CRE	2017	8 MW
CRE	2018	16.9 MW

active on innovative niche markets

Voltalia's first solar parking shelter in France

- To equip the parking of local market, providing comfort to market goers
- **Rationale:** optimization of land use, leveraging Martifer Solar track record, potential market for the development of electric mobility

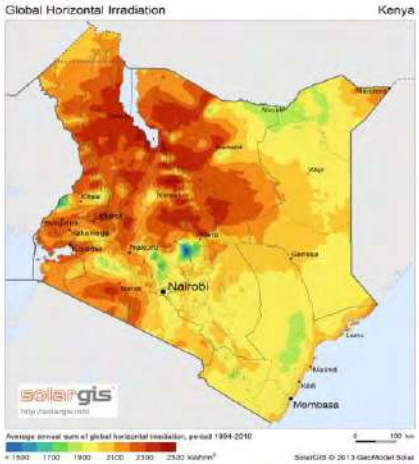
Voltalia's first agri-voltaic project

- Panels mounted on agricultural fields to protect crops from noon sunlight
- **Rationale**: optimize land use and reduce agricultural water consumption

Africa: ongoing expansion through large solar projects

Voltalia signs its first power sale contract in Kenya

Project name	Kopere
Location	Nandi County (300 km Northwest of Nairobi)
Capacity	50 MW
Target date for contract start	2020
Other features	The project contributes to achieve the access to electricity target of Kenyan government by 2020 (vs 70% today), and will have a positive impact on the economical and social development of the Nandi county



services (EPC): strong activity for own plants

Vila Acre (27.3 MW)

Oiapoque (4 MW)

Castellet II (3.8 MW)

Canadel (10.4 MW)

Carrière des plaines (8.2 MW)

PAGAP (5 MW)

Sarry (22 MW)

Cacao (5.1 MW)

Echauffour (10 MW)

VSM (163 MW)

Taconnaz (4.5 MW)

2017 (12 months)

2018 (9 months)

213 MW currently in construction

services (DEV): sale of ready-to-build projects

The partnership

- ✓ Partnership of up to **500 MW** in total
- ✓ Voltalia has developed the projects and will provide local services
- ✓ **Actis** (through Echoenergia) to:
  1) secure itself long-term power sales agreements (197MW already secured)
  2) become the sole owner of the projects

Rationale for Voltalia

- ⊕ Part of our m^3 model
- ⊕ Sale of ready-to-build projects is profitable: sold projects are developed at low marginal cost
- ⊕ Additional sale of services during construction and operation
- ⊕ Economies of scale for owned plants

actis

Actis is a global investor in growing markets with over US$2bn invested in energy
In Brazil, they own 700 MW of wind capacity through Echoenergia in the Northeastern states of Brazil

Voltalia Brazil: our cluster strategy in action

cluster

Economies of scale
- ✓ Team
  - ✓ Wind measurements

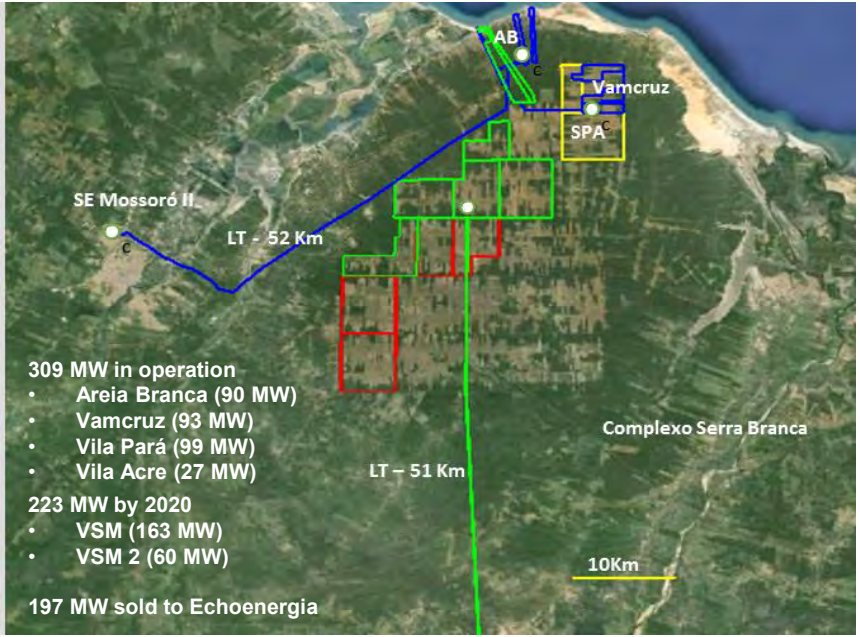
Strong relationships established with local population

Lower connection risks
- ✓ Building own transmission lines

Industrialized logistics
- ✓ For construction and operation

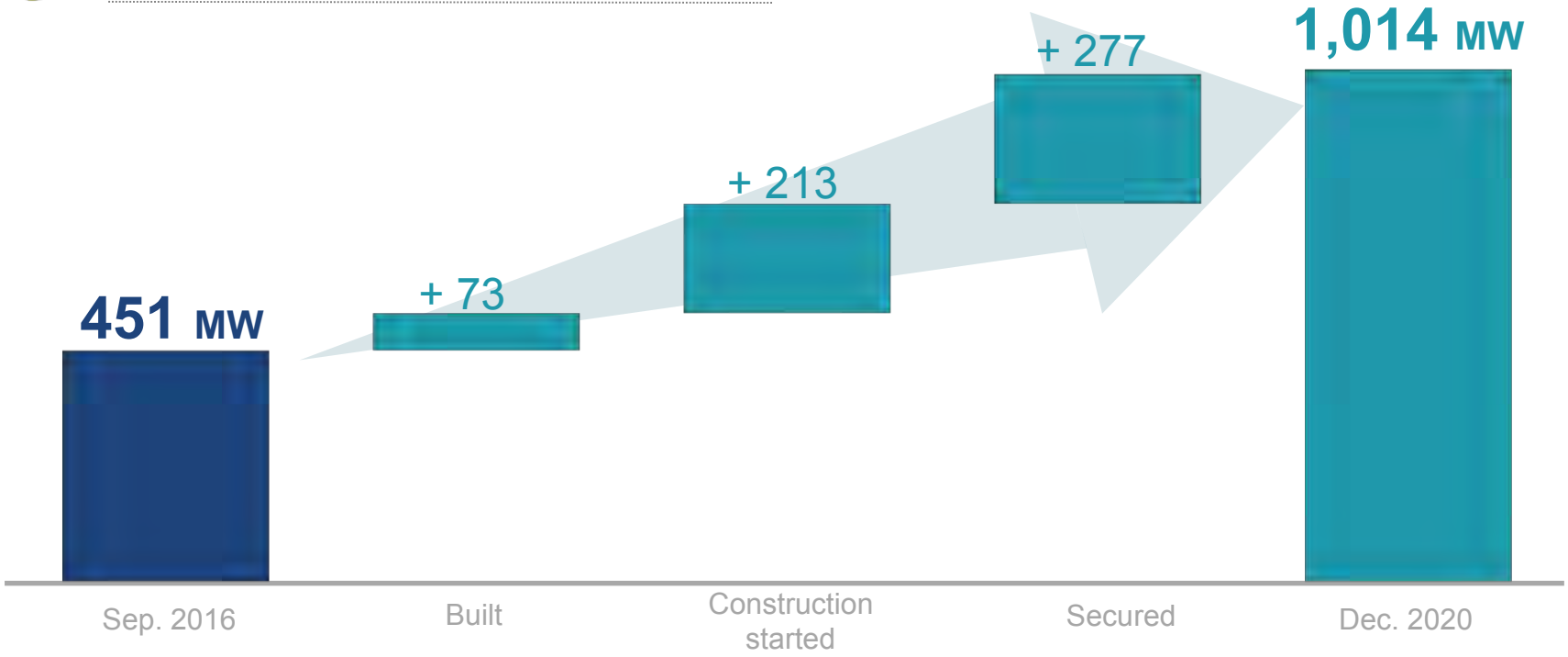
Opportunity to sell some projects

Serra Branca cluster – wind power plants



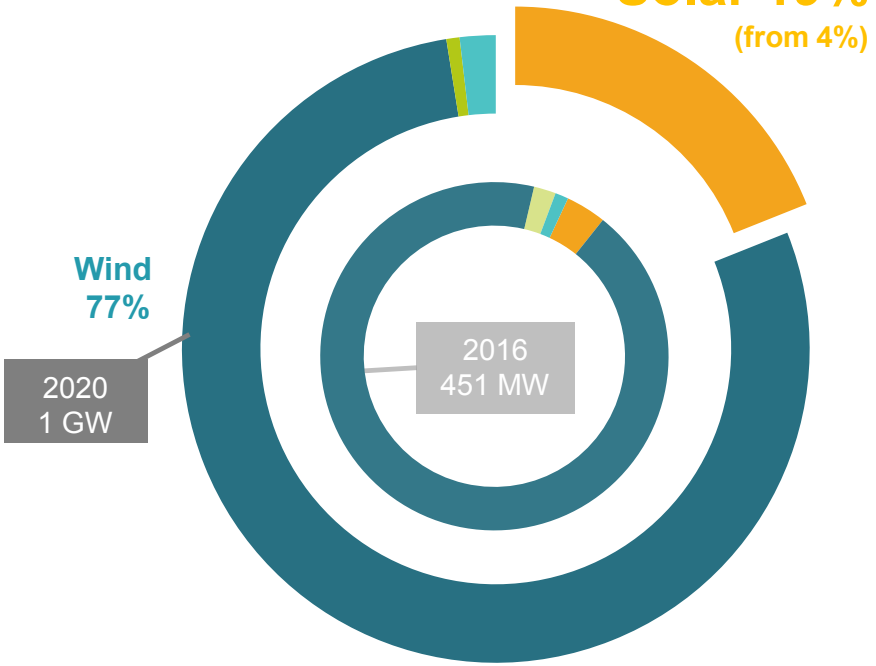
roadmap

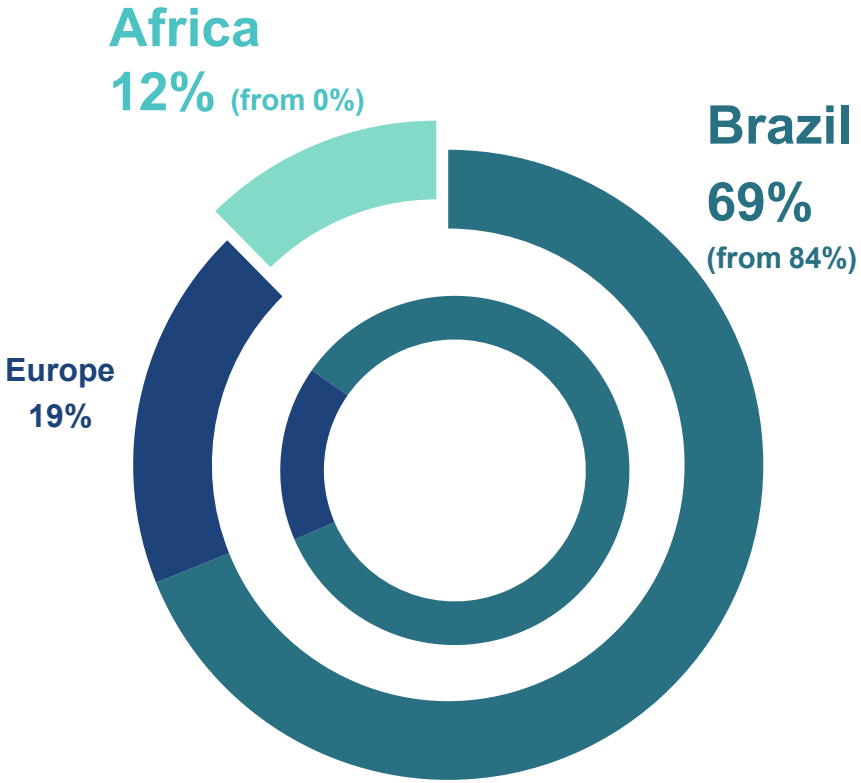
1 GW, secured!



A major success that will strongly back the achievement of the Group's 2020 EBITDA target

2016-2020: diversification of installed capacity

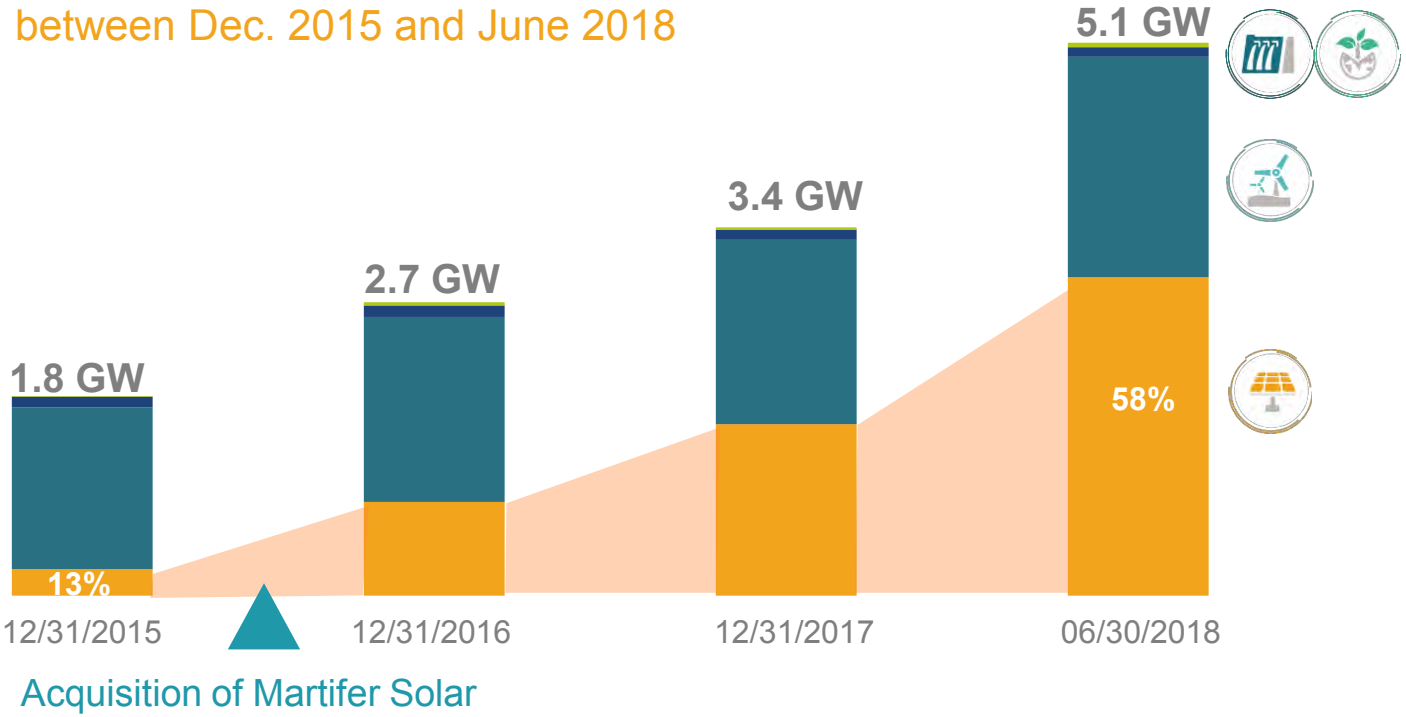




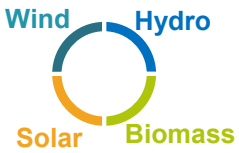
“rising sun” in the pipeline

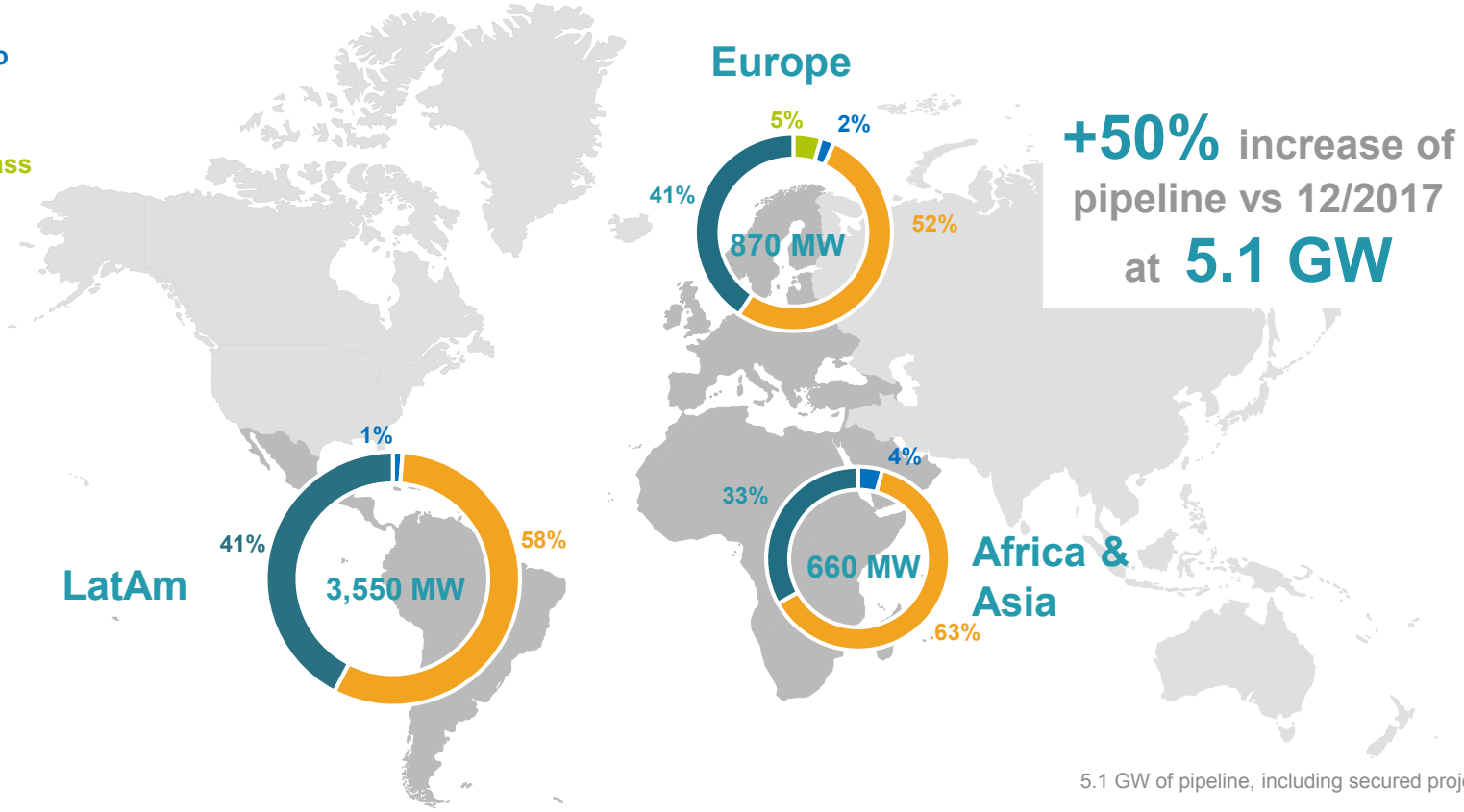
Solar pipeline x12

between Dec. 2015 and June 2018



beyond 2020: balanced pipeline, focused on 3 regions





+50% increase of pipeline vs 12/2017 at **5.1 GW**

5.1 GW of pipeline, including secured projects

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thank you for
your attention

appendix

H1 2018 production / installed capacity

Cumulated power production by area and by energy (in GWh)	Wind	Solar	Biomass	Hydro	Hybrid	Total H1 2018	Total H1 2017
Brazil	703.6	-	-	-	18.3	**721.9**	**792.8**
Metro. France	51.5	4.6	-	-	-	**56.1**	**50.2**
French Guiana	-	2.1	5.6	10.8	-	**18.5**	**16.3**
Greece	-	3.4	-	-	-	**3.4**	**3.6**
United Kingdom	-	3.9	-	-	-	**3.9**	**3.7**
Portugal	-	0.6	-	-	-	**0.6**	**0.7**
Total	**755.1**	**14.6**	**5.6**	**10.8**	**18.3**	**804.4**	**867.2**

Consolidated installed capacity (in MW)	Wind	Solar	Biomass	Hydro	Hybrid	Total H1 2018	Total H1 2017
Brazil	417.3	-	-	-	16.0	**433.3**	**402**
Metro. France	42.2	18.7	-	-	-	**60.9**	**54**
French Guiana	-	4.5	1.7	5.4	-	**11.6**	**11.6**
United Kingdom	-	7.3	-	-	-	**7.3**	**7.3**
Greece	-	4.7	-	-	-	**4.7**	**4.7**
Portugal	-	1.0	-	-	-	**1.0**	**1**
Total	**459.5**	**36.2**	**1.7**	**5.4**	**16.0**	**518.8**	**481**

upcoming events / contact details

2018 financial communication calendar

October 17, 2018 Q3 2018 revenues

IR contacts

Chief Administrative Officer: Marie de Lauzon
Investor Relations: Mark Reinhard
invest@voltalia.com
+33 (0)1 81 70 37 00

VOLTALIA
84 boulevard de Sébastopol
75003 Paris
France

T. +33 (0)1 81 70 37 00

www.voltalia.com