

An aerial photograph showing a large industrial facility, likely a sugarcane mill, situated in a lush green landscape. The facility features several large buildings, including a prominent one with a bright green roof. Surrounding the mill are extensive fields of sugarcane, some in rows and others more wild. In the background, there are rolling hills and a small body of water. The image is partially covered by a green diagonal shape on the left side.

# 2017 annual results

07 March 2018



**ALBIOMA**



# Contents

1		Highlights	3
2		Strategic positioning	5
3		Operational performance	14
4		Financial results 2017	34
5		Outlook	42
6		Appendix	45

# 1 | Highlights



# Highlights in 2017

## *Performance*



**Excellent operating performance from thermal power plants in France and Mauritius:** 89.6% and 93.8% availability rates respectively, ensuring security and stability in these non-interconnected networks



Very good performance of Brazilian power plants



**IED:** successful planned shutdowns for both power plants on Reunion Island



**Results** beyond objectives

## *Development*



**Two biomass plants:** Galion 2 (Martinique) and combustion turbine at Saint-Pierre (Reunion Island) underlining Albioma's commitment to the energy transition.



New project signed in Brazil as part of a second partnership with the Jalles Machado group



Continued growth in the photovoltaic projects portfolio

2 |

## Strategic positioning



# Albioma

## Independent producer of renewable energy



Committed to the energy transition through biomass and photovoltaic



In French overseas territories, Mauritius and Brazil

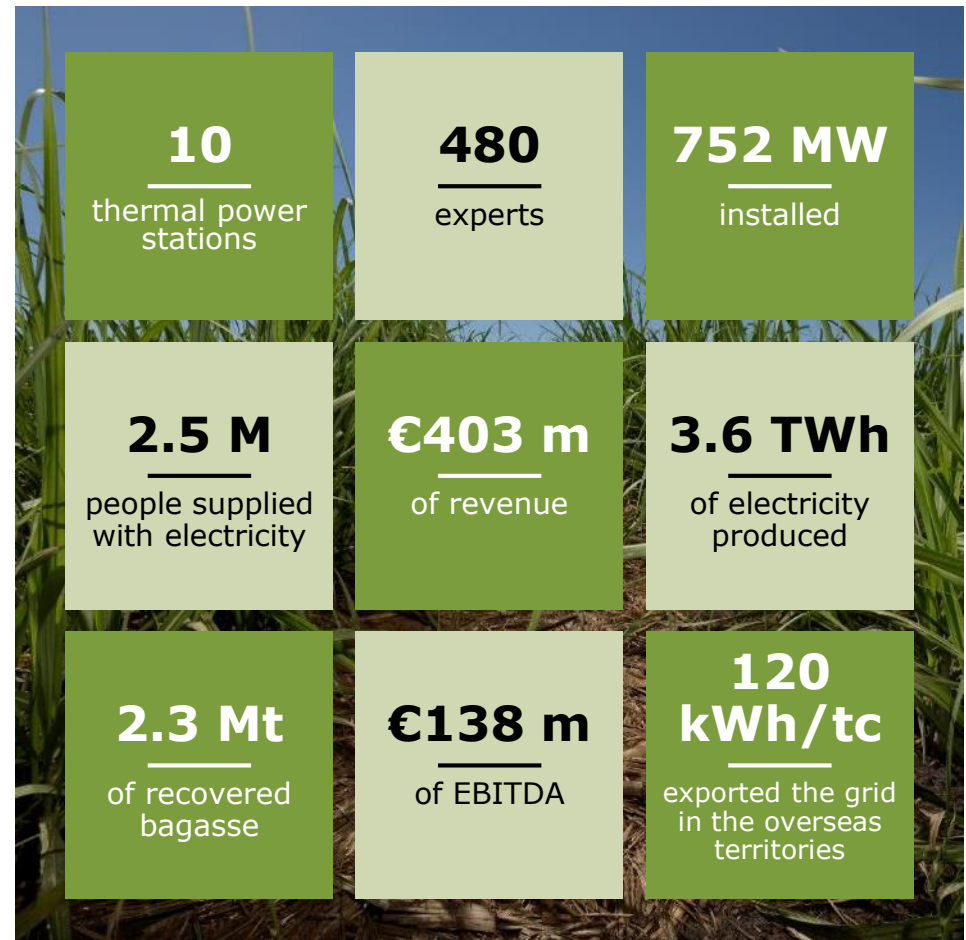


Unique partnership for 20 years with the sugar industry to produce renewable energy from bagasse, the fibrous residue from sugar cane



The leading producer of photovoltaic energy in the French overseas territories

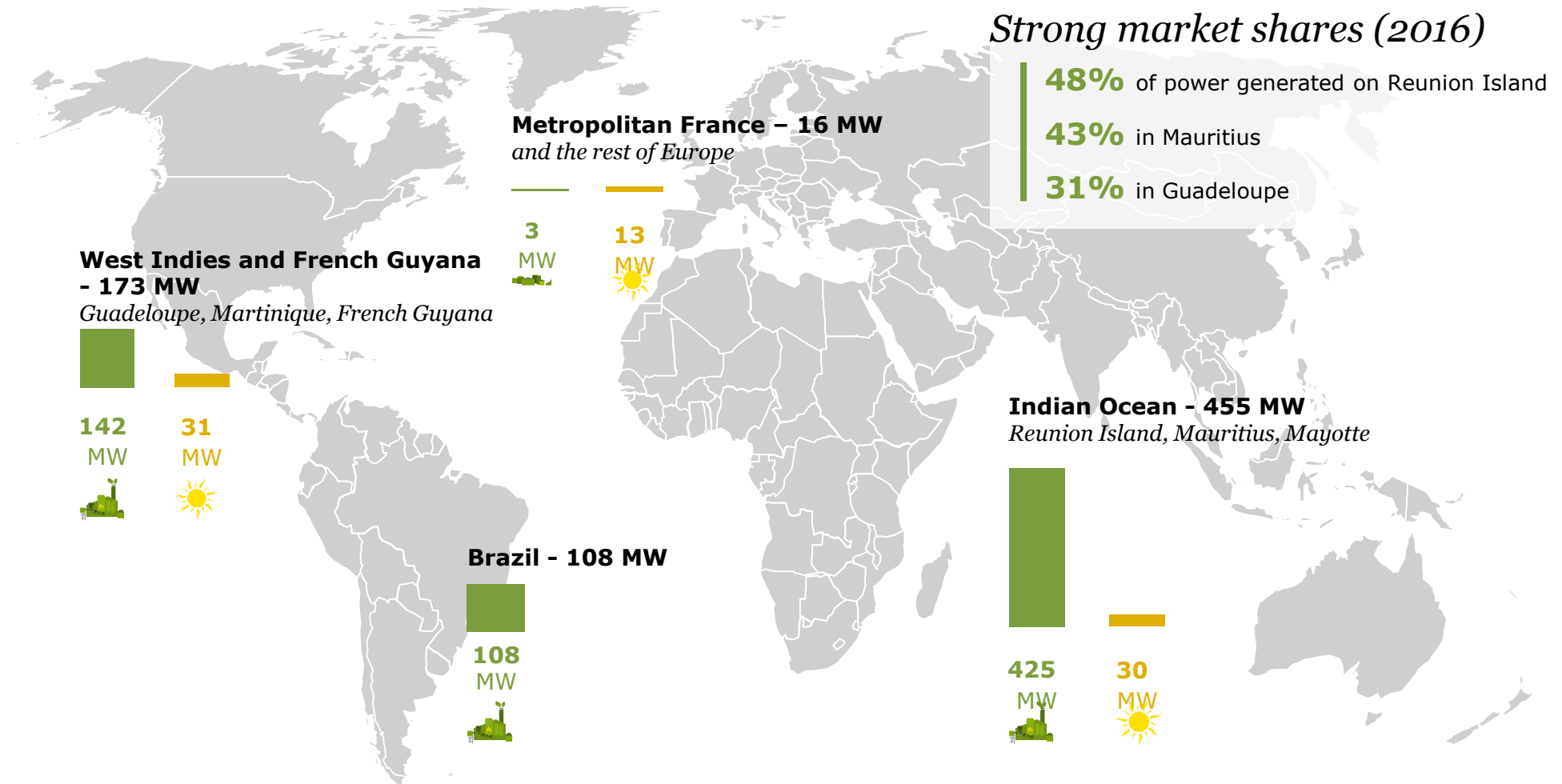
### *Key figures for 2017*





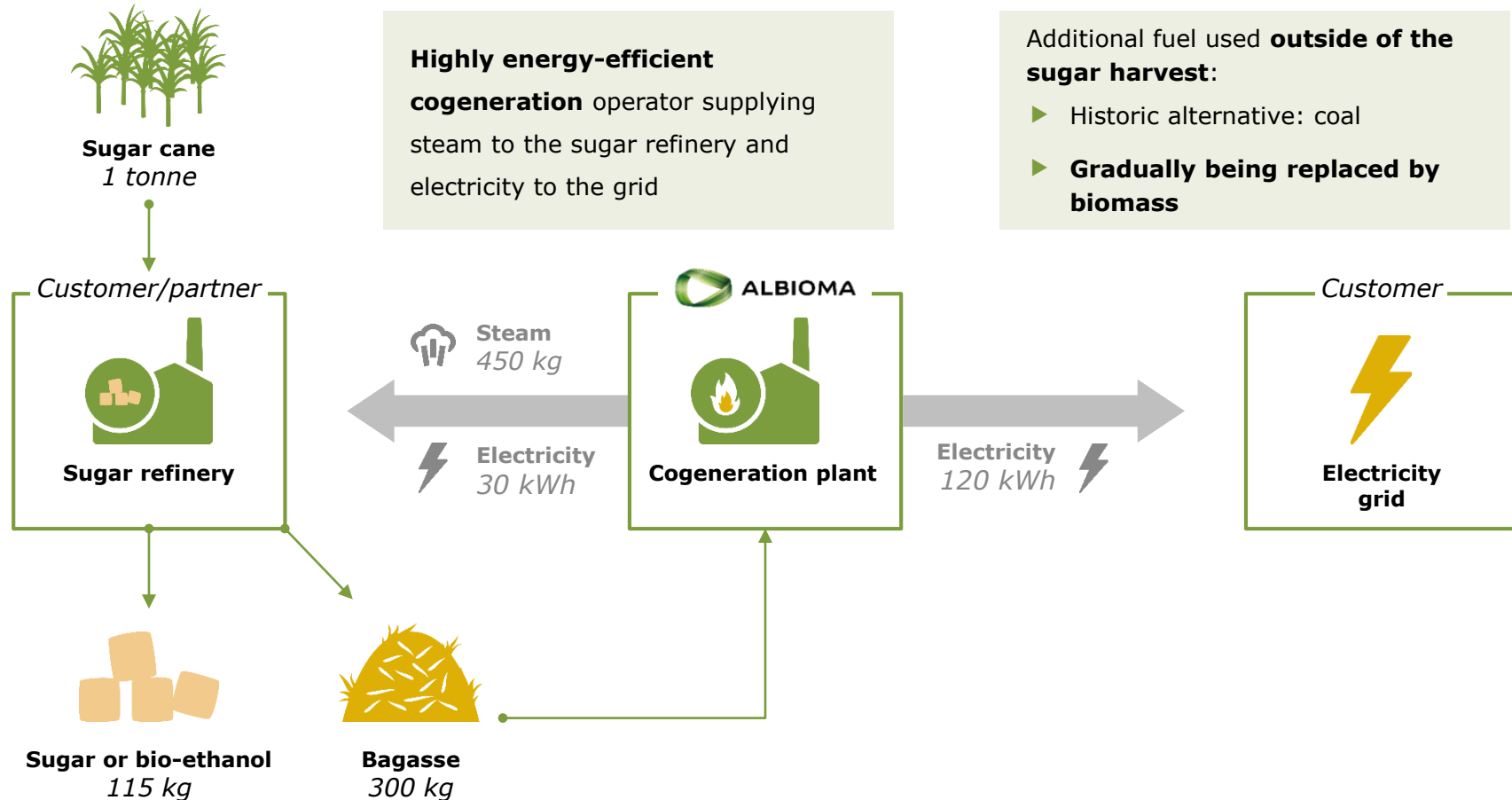
# Diversified geographical footprint

Total installed capacity 752 MW



# Our historical model

## Industry reference for the energy efficient recovery of bagasse





# Three-pronged strategy



1

Working on the energy transition in French overseas territories

2

Global roll-out of the "bagasse" model

3

Development of innovative solar projects with storage

# Work towards energy transition

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## Albioma's action is part of the French governmental Climate plan

- ▶ **Substituting biomass for coal in plants which currently recover bagasse**
  - Give priority to local biomass, while avoiding conflicting uses (cane straw, forest residues, etc.) and contribute to a circular economy (green waste, etc.)
  - Use imported biomass as a complement
  - Providing traceability and durability through certification systems and inspections by third-party organisations
  - **Conversion of our power plants to biomass** already written into the **decrees relating to Multi-Year Energy Plans** on Reunion Island and in Guadeloupe
  
- ▶ **Supporting the rise of renewable energy production**
  - Production of reliable energy, guaranteeing security and stability of the grid through renewable resources
  - Solar projects with energy storage to counter the intermittent nature of production
  
- ▶ **Going further (with studies)**
  - Make use of solid recovered fuel (SRF) to optimise the share of local renewable fuels

# Global roll-out of the biomass model

## Exporting the partnership model with agro-industry players

### From 2000 up until today

#### *Mauritius*

- ▶ 45% of the electricity produced on the island today
- ▶ 3 plants currently in operation
- ▶ 1 project under development

#### *Brazil, international priority since 2013*

- ▶ The world's leading sugar cane producer (700 Mtp)
- ▶ Bagasse recovery: Sector average yield of 40-50 kWh/tc (compared with 120 kWh/tc at Albioma plants)
- ▶ 2 plants currently in operation

### In the medium term

#### *Brazil, reaching critical size*

- ▶ 40% of Group investments over 10 years (2013-2023) with one project every 12 to 18 months
- ▶ 2 projects currently under construction: Jalles Machado and Vale do Paraná

#### *Continued expansion*

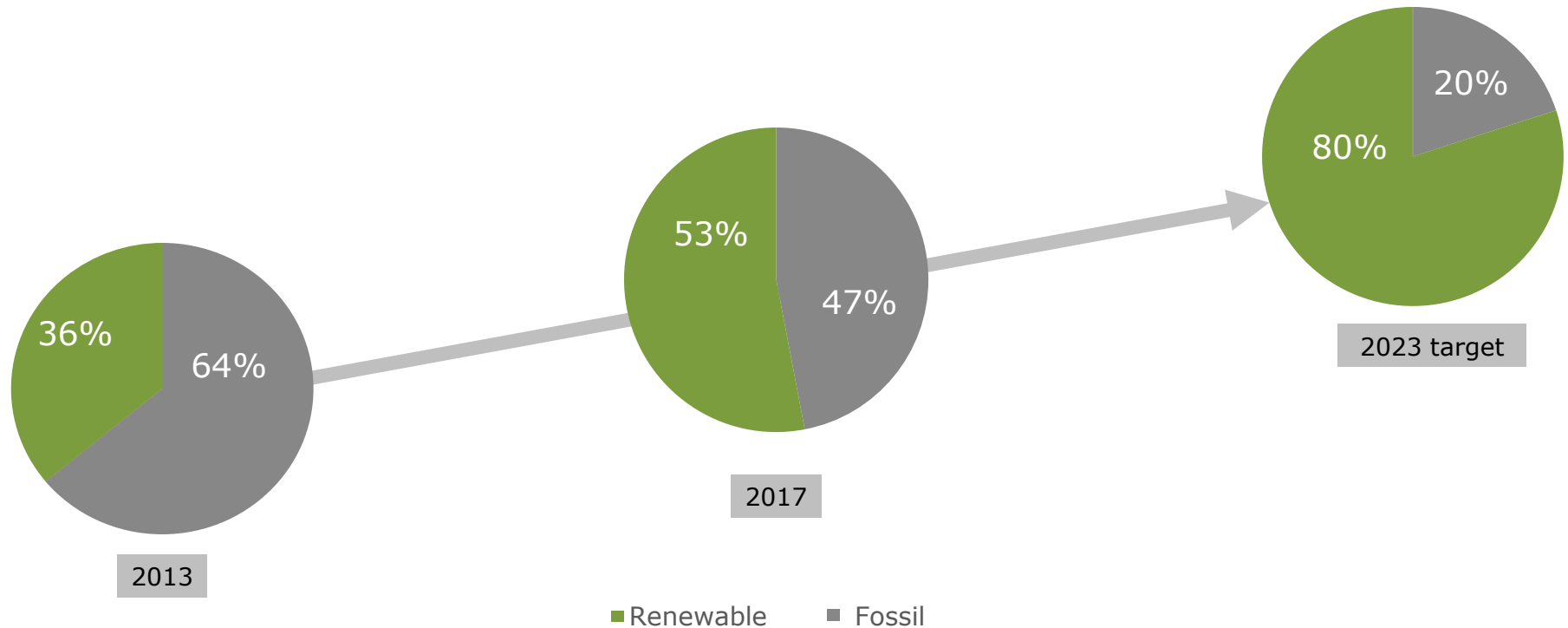
- ▶ Geographical approach: Latin America, Asia
- ▶ Project approach: supporting existing sugar-refining partners or exploiting other sources of biomass

# Development of high value-added solar projects

- ▶ **Leader in the photovoltaic power market in the French overseas territories**
  - Pioneer since 2006
  - 17% market share (2016)
- ▶ **Niche positioning focused on innovative high-tech projects**
  - 10 MWp won via tender calls in 2016 and 2017
  - Solar projects with integrated storage
- ▶ **Triple QSE certification**



# 80% renewable energy by 2023



*Rapid change in the energy mix thanks to:*

- ▶ Conversion of the existing bagasse-coal power plants to biomass
- ▶ Construction of all-biomass plants in the French overseas territories and of photovoltaic plants
- ▶ Acquisition and development of all-bagasse plants in Brazil

*Notes: Aggregate of fully consolidated companies*



# 3 | Operational performance



# 3.1

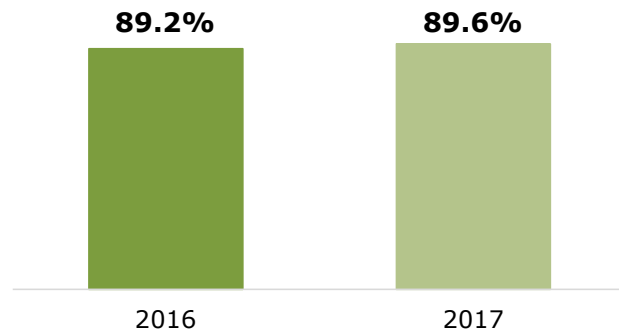
## France



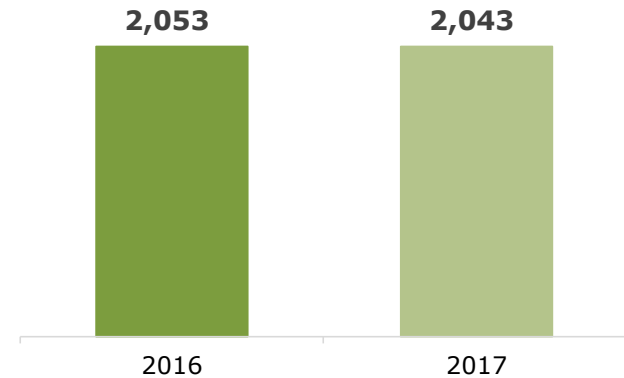


# France – Thermal Biomass

*Plant availability*



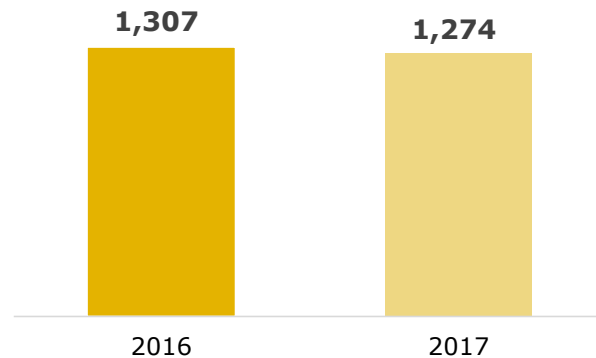
*Power generation (GWh)*



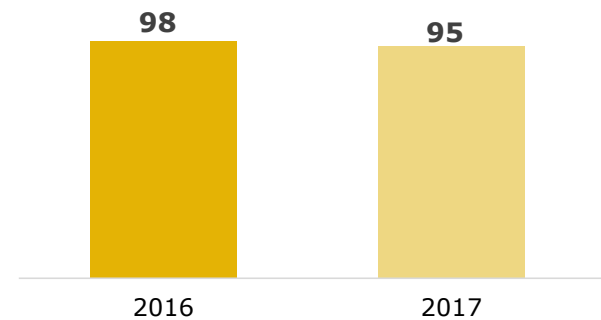
- ▶ High availability rate of plants, up in comparison to 2016:
  - Performance levels in line with objectives
  - Well run maintenance shutdowns and IED shutdowns
- ▶ Production slightly down v. 2016 due to a reduction in the call rate (West Indies)
- ▶ Tense social context (strike notice in November 2017)
- ▶ Signing of new riders to electricity sale agreements for West Indies power plants (compensation for combustion by-products management costs and for investments towards compliance with IED requirements)

# France - Solar Power

*Number of equivalent full power hours*



*Power generation (GWh)*

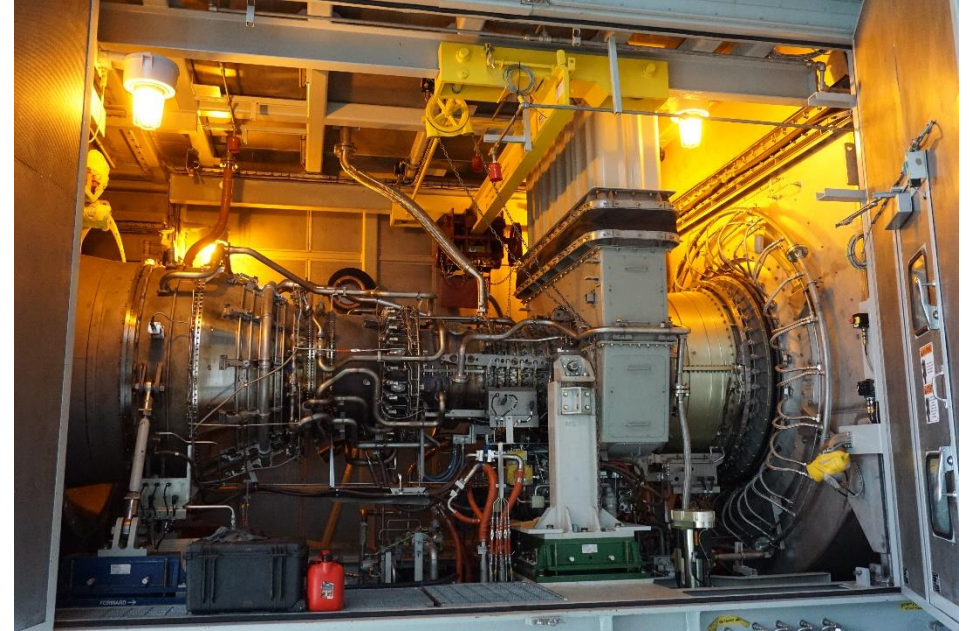


- ▶ Fewer hours of sunlight, particularly in French Guyana, the West Indies and Reunion Island
- ▶ Disposal of 1 MWp in February 2017
- ▶ For a constant scope, production stable (-1%) compared to 2016 and still high

# Two plants constructed in France in 2017



The Galion 2 plant in Martinique, the first 100% bagasse/biomass plant in French overseas territories



The combustion turbine in Saint-Pierre on Reunion Island, the first bio-ethanol plant in the world

# Galion 2 – Martinique (1/2)

## The first 100% bagasse/biomass power plant in the French overseas territories



80% of capital held by Albioma

**40 MW** installed

**Fuel:** bagasse, local and imported biomass in the form of pellets, compliant with the Sustainable Biomass Program (SBP) certification system

**30-year** contract



€205 million investment

– Project debt €120 million over 20 years

**First coupling to the grid** planned for March 2018  
with **commissioning** in Q2 of 2018





# Galion 2 – Martinique (2/2)

The first 100% bagasse/biomass power plant in the French overseas territories



*Fume treatment system*



*Boiler and stack*



*Boiler and biomass conveyor*



*Biomass storage shed*



*Pellet storage dome in the port at Fort-de-France*



*Machine room*

# Combustion turbine at Saint-Pierre – Reunion Island (1/2)



51% of capital held by Albioma

**41 MW** installed

**Fuel:** mainly bio-ethanol

**25-year** contract



€60 million investment

– Project debt €45 million over 24 years

**Commissioning** scheduled for Q2 2018





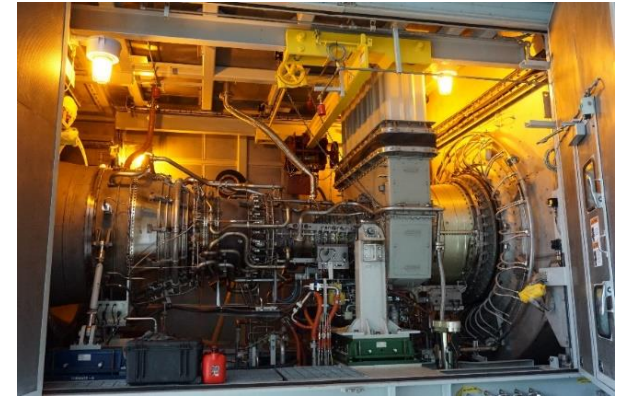
# Combustion turbine at Saint-Pierre – Reunion Island (2/2)



*View from the turbine building*



*Connection - Sub-station*



*Combustion turbine*



*Electrical panel*



*Turbine building and air extraction system - Stack*



*Electrical room*



# Other projects in progress in France



**Modernisation investments** in existing installations (fume treatment)



10 MWp of **photovoltaic plants with energy storage**

# Modernisation work at existing thermal plants



Installation of denitrification catalysers and flue gas desulphurisation reactors for commissioning by the end of 2019



Riders now signed for all power plants: investment of €295 million



On Reunion Island, successful plant shutdown in Gol in June and Bois-Rouge in November 2017



# Construction of solar power plants with energy storage



**10 MWp awarded to Albioma** in 2016 and 2017 following tender calls

Projects with energy storage

**€22 million investment**

**Commissioning:** 2018-2020



## **A few examples**

Construction of a 1.4 MWp power plant at Reunion Island main port (*Grand Port Maritime de La Réunion*)

Project work started at Sainte-Rose in Guadeloupe (3.3 MWp on a waste storage centre)





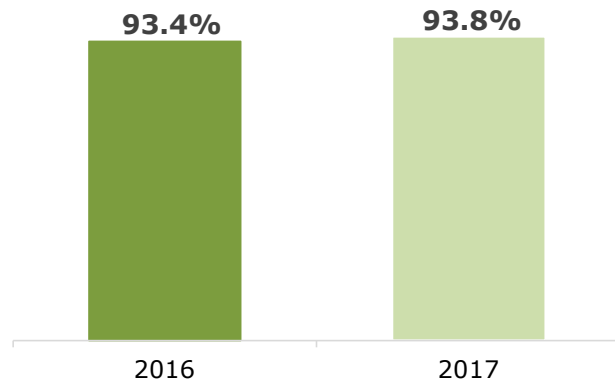
# 3.2

## Mauritius

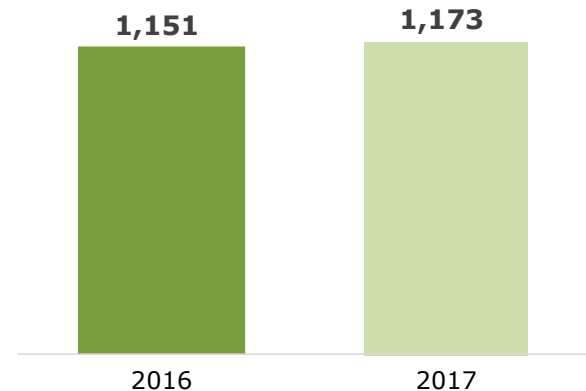


# Mauritius: excellent performance of the installations

*Plant availability*



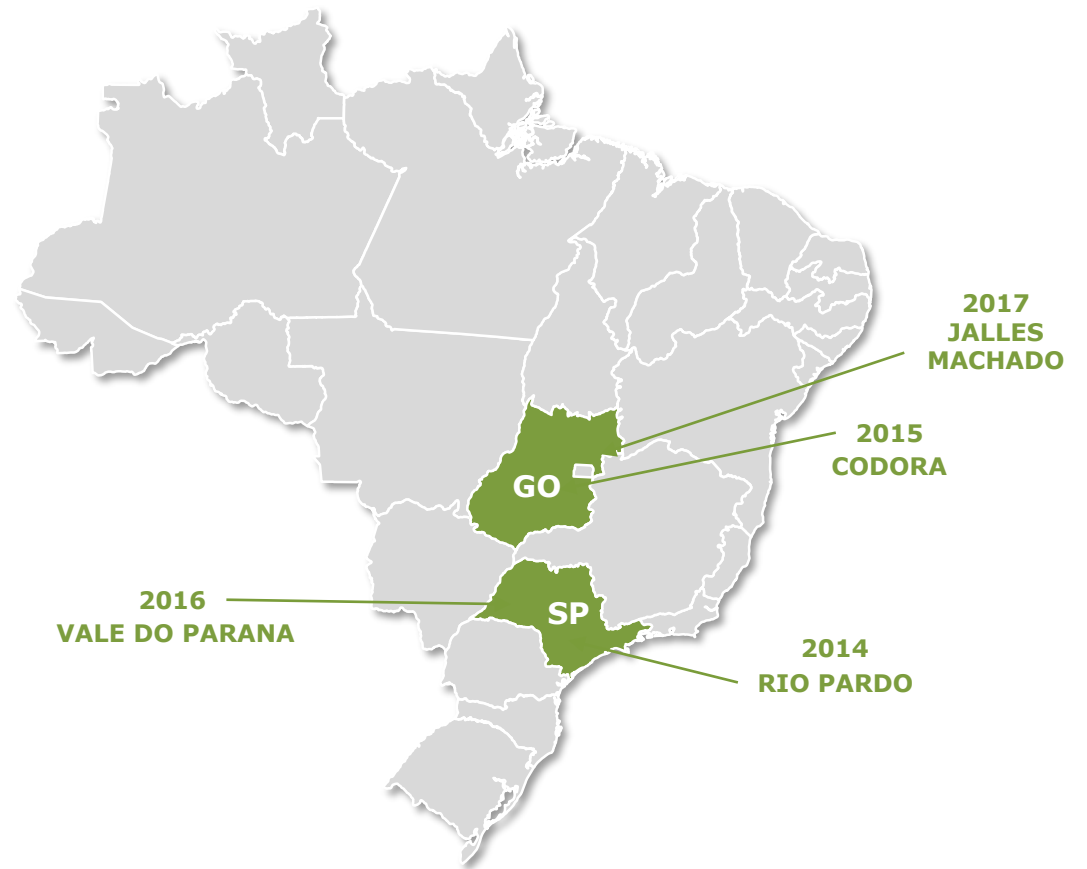
*Power generation (GWh)*



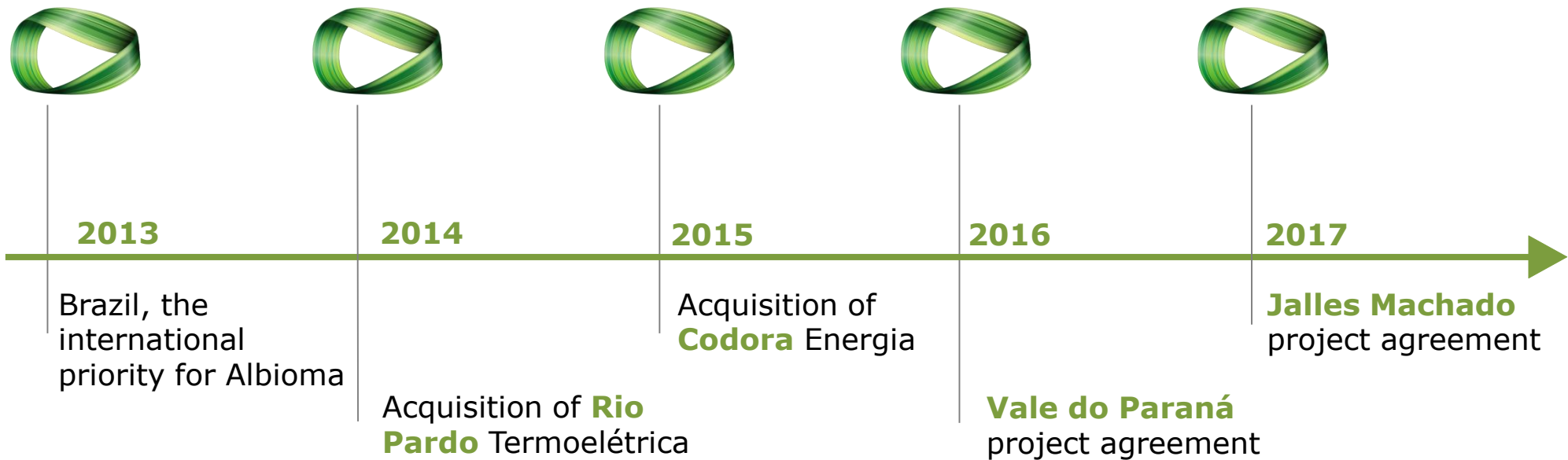
- ▶ Excellent availability of power plants operated by Albioma
- ▶ Increased call rate
- ▶ The share of net income from these consolidated entities has been integrated using the equity method since 2014 in the Group's operating income (EBITDA and EBIT)

# 3.3

## Brazil



# Growth of Albioma in Brazil





# Favourable change in macroeconomic indicators



## **Decrease in Brazilian inflation rate:**

Interest rate of 6.9% at the end of 2017 v. 13.6% at the end of 2016



## **Decrease in Brazilian inflation rate:**

2.9% at the end of 2017 v. 6.3% at the end of 2016



## **Increase in average electricity price on the spot market:**

Average of R\$323 in 2017 v. R\$94 in 2016

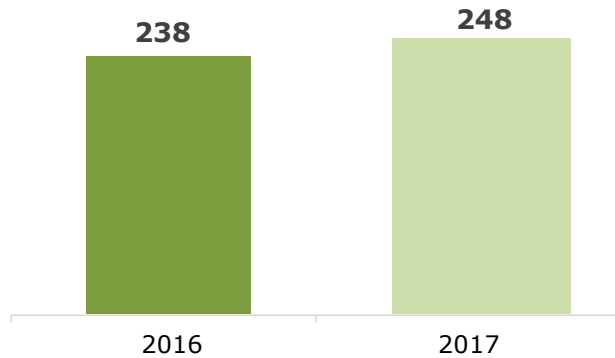
## **... In spite of the decline in the real**

R\$3.97/€ at the end of 2017 v. R\$3.43/€ at the end of 2016

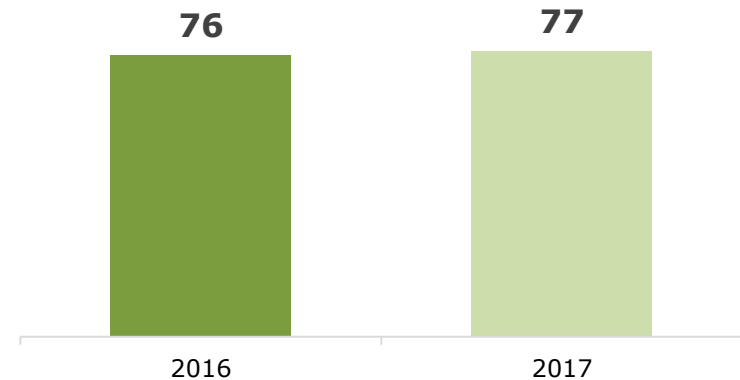


# Brazil

*Power generation (GWh)*



*Energy efficiency (kWh/tp)*



- ▶ Generation up over 2016, despite the late start of the sugar harvest
- ▶ High efficiency level, in line with target objectives at the time of the acquisition
- ▶ Selling price excluding long-term contracts very favourable in 2017

# Cogeneration plant currently being acquired in Brazil

## Jalles Machado



**18 December 2017:** agreement signed for the acquisition by Albioma of **60%** of the **bagasse cogeneration plant** adjacent to the Jalles Machado sugar refinery (annual milling capacity of 2.8 M tonnes of cane)



Renovation of existing boilers and installation of a new 25 MW turbine to bring the total capacity up to **65 MW**

Second partnership with the Jalles Machado group

**20-year** contract



80% of sales secured, of which 75 GWh at R\$258/MWh (base 2018) as from 2021

Anticipated generation **145 GWh** starting from the 2019 sugar harvest

# Project under construction in Brazil

## Vale Do Paraná



40% of capital held by Albioma  
Equivalent results  
**48 MW** installed eventually  
**25-year** contract



**R\$100m** of investment  
Permit granted for connection to the grid in 2017 according to the road map  
**Commissioning:** 2021



Secured electricity sales at a price of **R\$243 per MWh** (base 2016) as from 1 January 2021  
(i.e. 120 GWh) over 20 years

4



## Financial results 2017



# Income statement by region/business

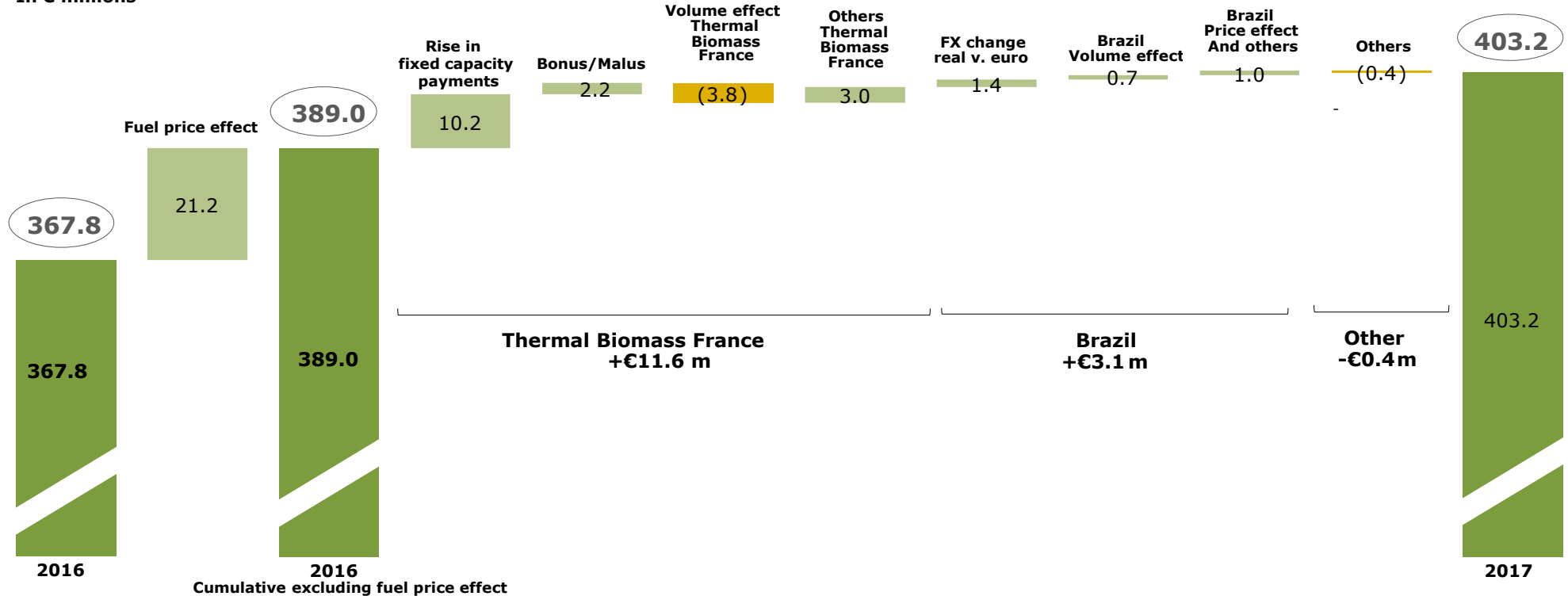
<i>(In € millions)</i>	<b>2017</b>	<b>2016</b>	<b><i>Change 17/16</i></b>
France - Thermal Biomass	334.2	301.5	+11%
France - Solar Power <sup>(1)</sup>	42.4	42.7	-1%
Brazil	20.8	17.7	+18%
Holding and others	5.8	5.9	-2%
<b>Revenue</b>	<b>403.2</b>	<b>367.8</b>	<b>+10%</b>
France - Thermal Biomass	102.1	96.0	+6%
France - Solar Power <sup>(1)</sup>	32.0	31.4	+2%
Mauritius (MEE)	3.5	3.2	+7%
Brazil	7.7	7.2	+7%
Holding and others	(6.9)	(6.3)	-9%
<b>EBITDA</b>	<b>138.3</b>	<b>131.4</b>	<b>+5%</b>
<b>Net income (Group share)</b>	<b>37.4</b>	<b>33.0</b>	<b>+13%</b>

(1) Including Spain and Italy.

- ▶ Excellent availability of thermal installations and well run technical shutdowns
- ▶ New riders signed for the thermal plants in Guadeloupe
- ▶ Good operational performance in Brazil

# Sales up to €403 million

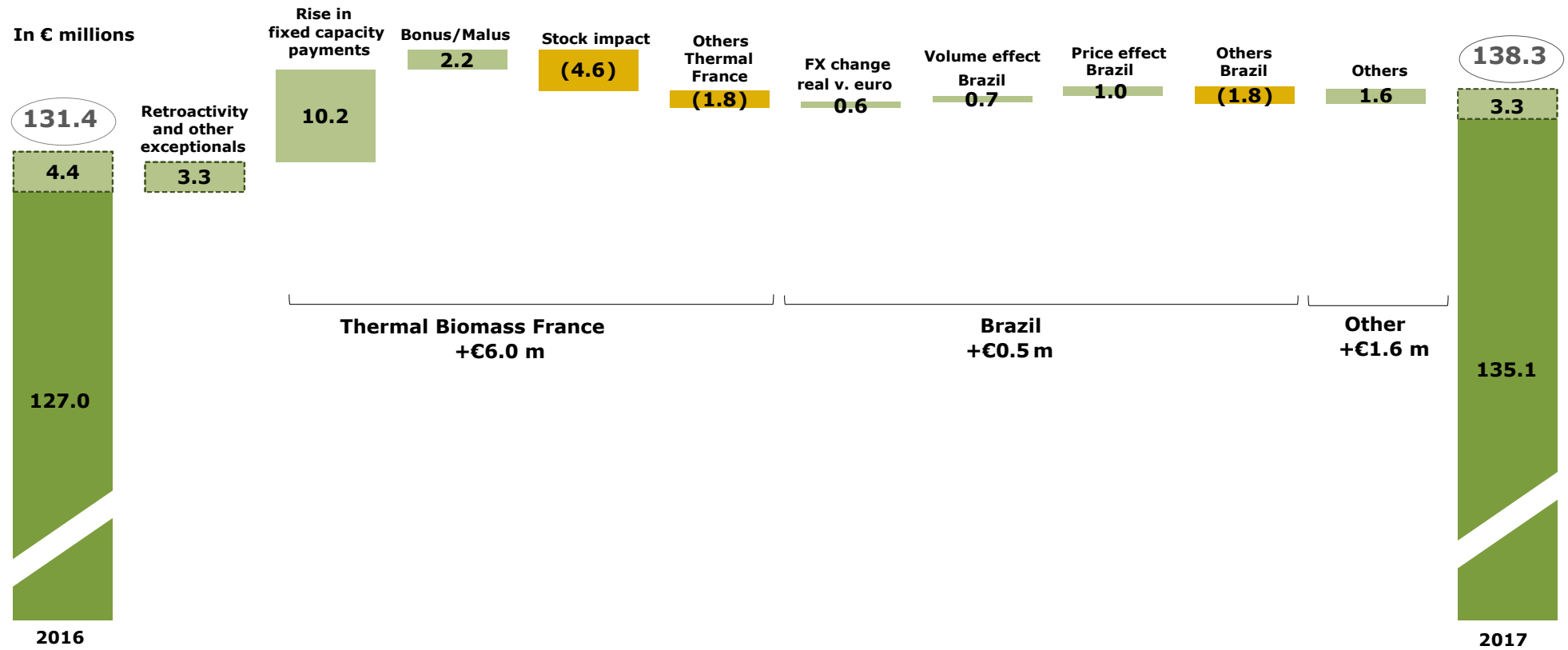
In € millions



Excluding fuel price effect, sales are **up by 4%** over 2016 thanks to (i) the increase in fixed capacity payments linked to contractual indexing and recent riders to contracts signed with EDF and (ii) to the good operational performance of thermal biomass facilities in France and Brazil

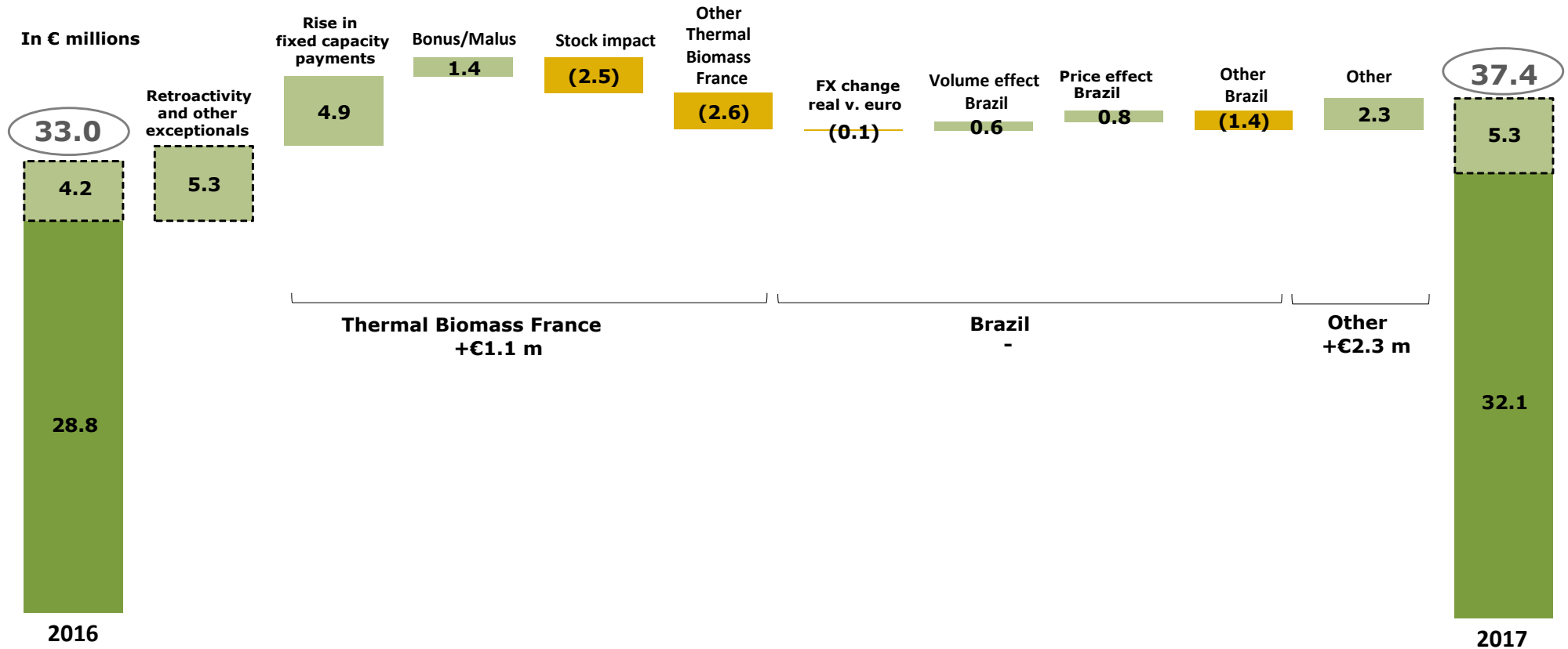


# Ebitda €138.3 million up 5% over 2016



EBITDA up compared to 2016 with, in particular, (i) the increase in sales, (ii) the retroactive application of the latest riders signed with EDF and (iii) despite a negative change in the stock effect

# Net result, Group share of €37,4 m up 13% over 2016

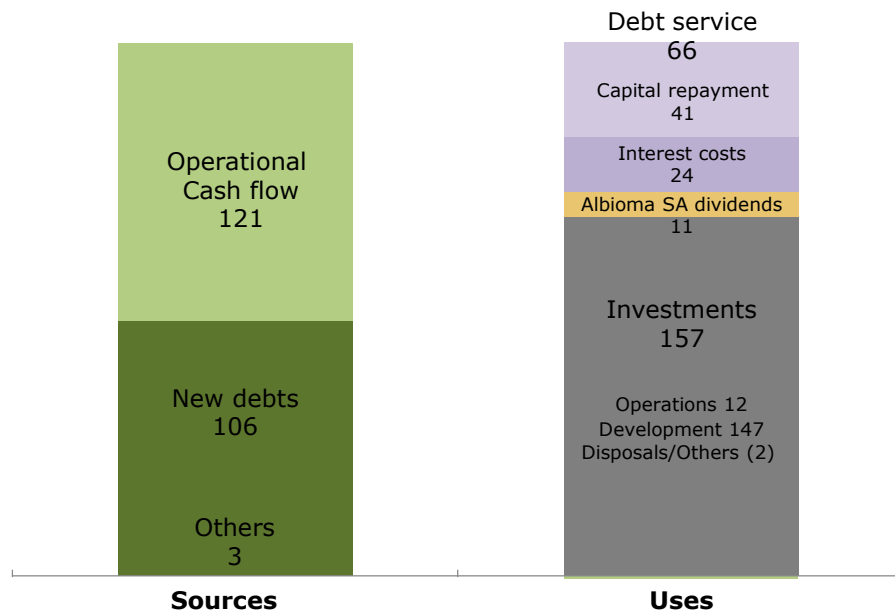


Compared to 2016, the net result, Group share includes (i) the effects linked to the change in deferred taxes (Finance Act 2018), (ii) the effects associated with the repayment of the additional dividend contribution and (iii) depreciation and financial charges associated with new installations

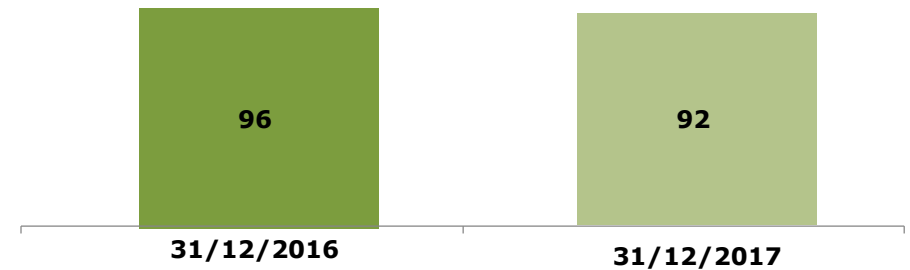
# €92 million in cash at 31 December 2017

Almost €147 million of development CAPEX in 2017

*2017 cash flow*



*Group cash position*



# A strong balance sheet to finance growth

- ▶ Gross debt increased following debt raisings to finance projects currently under construction (Galion 2, TAC Saint-Pierre, IED)
  - Residual life of 11 years
  - Group average interest rate of 4.0% (of which France 3.8% and Brazil 11.9%)
  - 91% of debt covered or at fixed rates
  - Non-recourse project debts other than Brazil debt (€25 m) and projects under construction

<i>(In € millions)</i>	<b>31-Dec-17</b>	<b>31-Dec-16</b>	<i>Change</i>
Project debt	622	563	11%
Corporate debt	85	85	0%
<b>Total gross debt</b>	<b>707</b>	<b>648</b>	<b>9%</b>
Cash	(92)	(96)	-5%
Guarantee deposits and equivalents	(3)	(3)	-5%
<b>Total net debt</b>	<b>613</b>	<b>549</b>	<b>12%</b>
Net debt / EBITDA 12 moving months	4.4x	4.2x	
Net debt excluding construction projects / EBITDA 12 moving months	3.4x	3.6x	
Gearing <sup>1</sup>	131%	125%	

## Notes

1. Net debt/Equity

# 2018 targets

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<i>€ millions</i>	<b>2017</b>		<b>2018</b>
	<b>Reported</b>	<b>Recurrent</b>	
<b>EBITDA</b>	138	135	<b>158-166</b>
<b>Net income (Group share)</b>	37	32	<b>37-42</b>



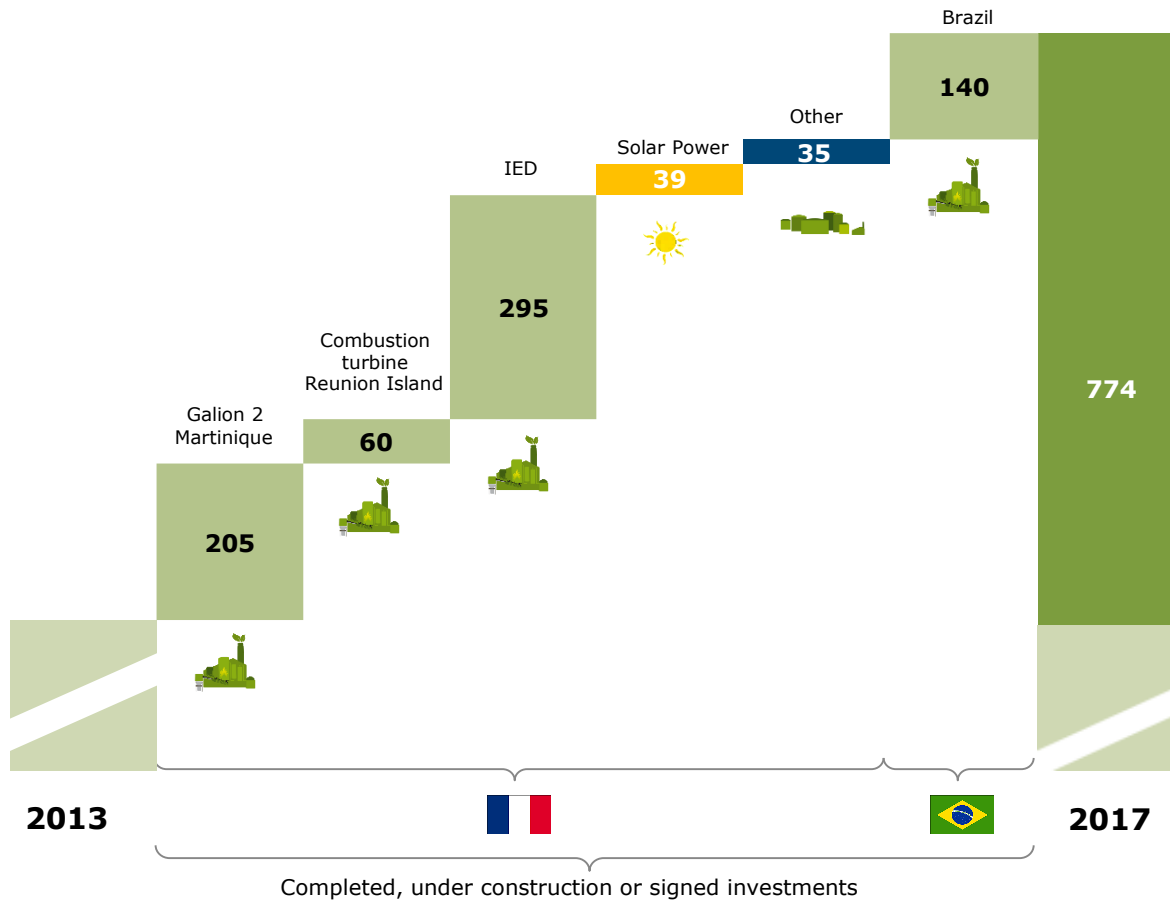
# 5 | Outlook



# 75% of the investment programme already committed

## *Progress of the 2013-2023 €1 bn investment programme*

In € millions



Beyond 2017, the target is to secure c.  
€100 m new investments per year

# Albioma: growth and efficiency value

More than 75% of the investment plan already secured which should translate into significant growth in 2018

Objective to double net income (Group share) in 10 years (baseline 2013)

Confirmation of the policy to distribute 50% of the net result, Group share, excluding exceptional items



**Proposal to distribute a dividend for the 2017 financial year: €0.60 per share, up by 5%**

► Payable 100% in cash or 50% in cash and 50% in Albioma shares

# 6 | Appendix



# Income statement for the year ended 31 December 2017

<i>(In € millions)</i>	<b>2017</b>	<b>2016</b>	<b>Var 17/16</b>
Sales	403.2	367.8	+10%
<b>EBITDA</b>	<b>138.3</b>	<b>131.4</b>	<b>+5%</b>
Depreciation, amortisation, provisions & other	(58.4)	(53.6)	-9%
Operating income	79.9	77.8	+3%
Net financial income	(23.7)	(26.8)	+11%
Tax	(11.9)	(8.9)	-34%
<i>Effective tax rate<sup>1</sup></i>	22.6%	18.6%	
Consolidated net income	44.3	42.1	+5%
<b>Net income (Group share)</b>	<b>37.4</b>	<b>33.0</b>	<b>+13%</b>
Weighted average number of shares	30,250,507	29,902,275	
<i>Net income per share (consolidation scope)</i>	<i>1.24</i>	<i>1.10</i>	<i>+12%</i>

<sup>1</sup> The normative tax rate is 34.4% (effective tax rate less the effects of non-deductible depreciation, excluding Brazil and the effect of the change in the tax rate from 2019). For the year ended 31 December 2017, the normative tax rate does not include the cancellation of the 3% tax on distributed dividends. At 31 December 2016 the rate was 38.3%.



# Cash flow statement for the year ended 31 December 2017

<i>(In € millions)</i>	<b>2017</b>	<b>2016</b>
Cash flow from operations	139.4	132.7
Change in working capital requirements	(1.9)	8.1
Tax paid	(17.0)	(19.2)
<b>Net cash flow from operating activities</b>	<b>120.6</b>	<b>121.5</b>
Operating capex	(12.4)	(17.3)
<b>Free cash flow from operations</b>	<b>108.1</b>	<b>104.2</b>
Development capex	(146.9)	(117.5)
Other/Acquisitions/Disposals	2.5	4.0
<b>Cash flow from investing activities</b>	<b>(144.4)</b>	<b>(113.5)</b>
Dividends paid to Albioma SA shareholders	(10.6)	(11.6)
Borrowings (increases)	105.6	169.5
Borrowings (repayments)	(41.4)	(74.4)
Cost of financial debt	(24.3)	(27.1)
Other	4.0	(0.8)
<b>Net cash flow from financing activities</b>	<b>33.3</b>	<b>55.7</b>
Currency effect on cash	(0.9)	1.4
<b>Net change in cash and cash equivalents</b>	<b>(3.9)</b>	<b>47.8</b>
Opening cash and cash equivalents	96.0	48.2
<b>Closing cash and cash equivalents</b>	<b>92.1</b>	<b>96.0</b>

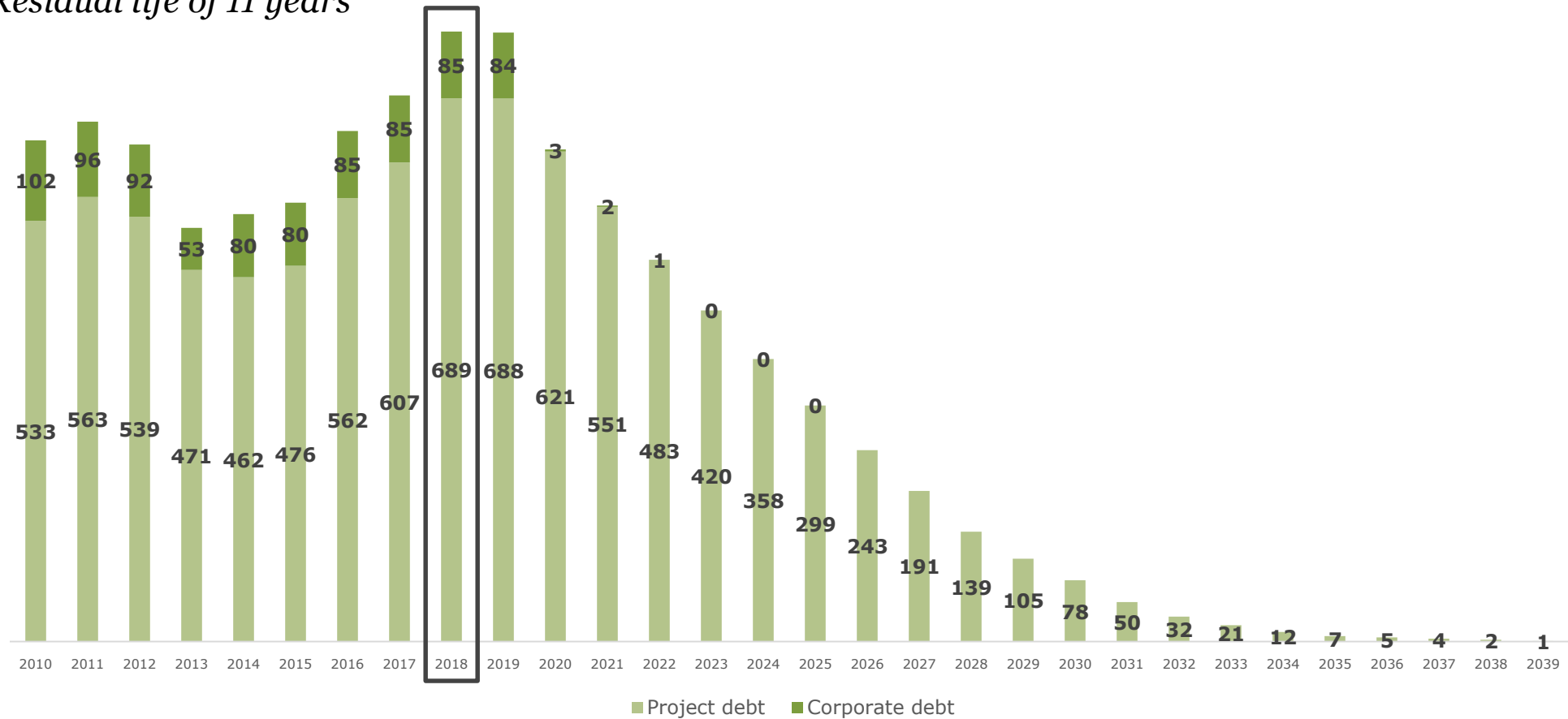
# Balance sheet at 31 December 2017

<b>ASSETS</b> <i>(In € millions)</i>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
Goodwill	12	12
Intangible assets & Property, plant and equipment	1,141	1,048
Other non-current assets	34	36
<b>Total non-current assets</b>	<b>1,186</b>	<b>1,096</b>
Current assets	140	136
Cash and cash equivalents	92	96
<b>Total ASSETS</b>	<b>1,419</b>	<b>1,329</b>
<b>EQUITY &amp; LIABILITIES</b> <i>(In € millions)</i>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
Shareholders' equity, Group share	389	365
Non-controlling interests	78	74
<b>Total equity</b>	<b>467</b>	<b>438</b>
Current and non-current financial liabilities	707	648
Other non-current liabilities	119	124
Current liabilities	125	118
<b>Total LIABILITIES</b>	<b>1,419</b>	<b>1,329</b>

# Long-term debt matched to business profile

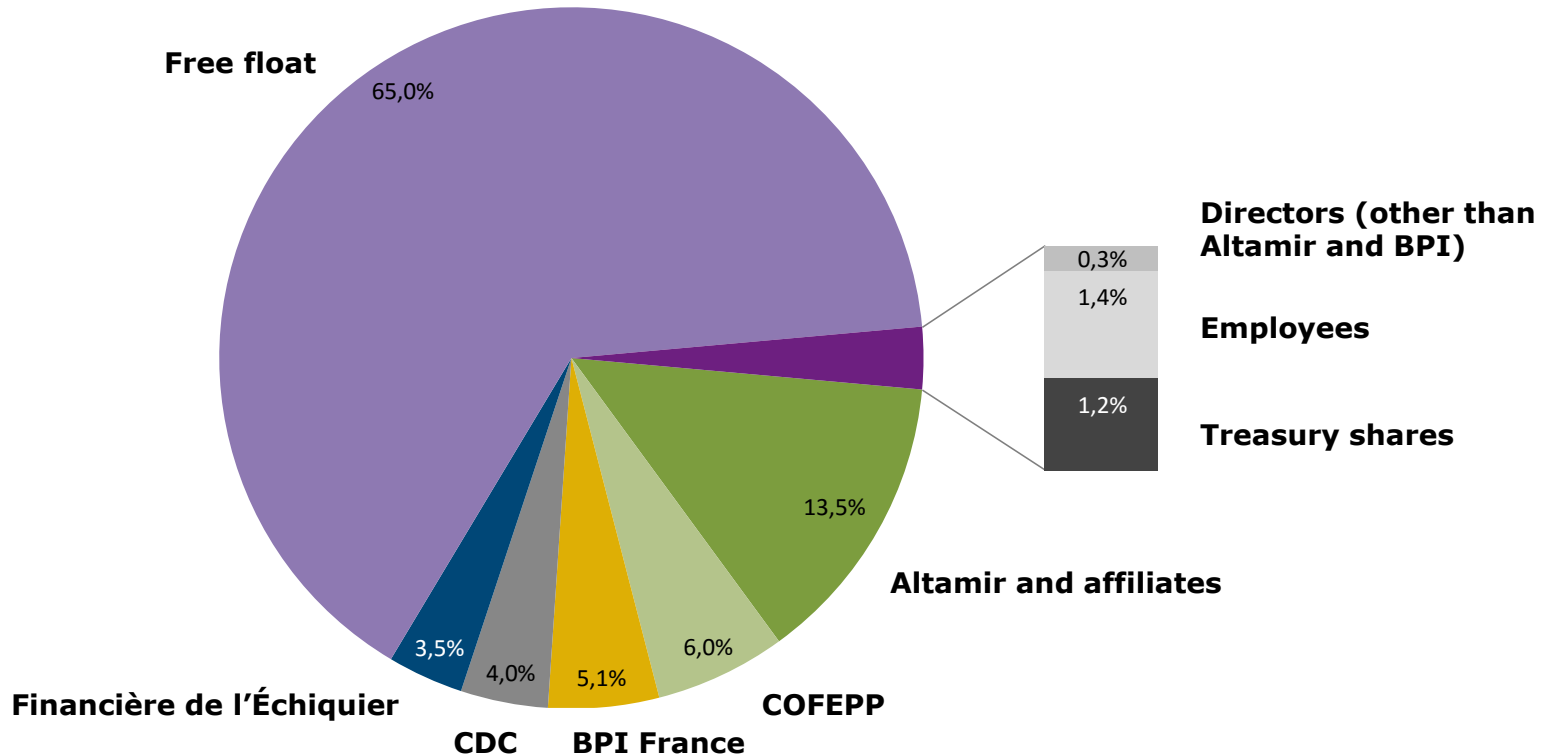
## Existing debt repayment profile

*Residual life of 11 years*



Notes  
1. Financial liabilities, excluding bank overdrafts, accrued interest and borrowing costs and excluding new projects

# Shareholder structure at 4 February 2018





Energy:  
it's time to switch !

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*Thank you  
for your attention*

