

Bolzano/Bozen, 26th September 2017

Press release

Alperia Group: group results for the first half of 2017 presented

On 26 September, the Management Board of Alperia SpA examined and approved the Group's interim consolidated financial statements as at 30 June 2017.

The Group has undergone an intensive phase of change aimed at reorganising the corporate structure, consisting of more than 40 entities, with the aim of highlighting operating synergies, creating efficiency and reducing costs. In this sense, the company has also undergone a rating process completed in August with the assignment of an Investment Grade rating to Alperia SpA. Worthy of mention is the decrease in net financial debt, demonstrating Alperia's ability to generate cash.

The Group's net profit/loss for the first six months of 2017 showed - net of an adjustment on certain hydroelectric generation assets - a figure substantially in line with that recorded in 2016, equal to a loss of just under 4 million; the above adjustment was determined by the downward review of the long-term energy price scenario that the management always considers more cautiously than other market players and amounted to over 10 million euros. The interim consolidated financial statements were prepared with the application of International Accounting Standards as required following the listing of Alperia Green Bonds on a regulated market.

Total Group revenues amounted to 522.7 million euros, down 11% compared to last year, and were affected by limited hydraulic power and lower energy and energy certificate sales as a result of legislative changes in 2016. EBITDA amounted to 53.2 million euros compared to 66.4 million in the first half of 2016.

Confirming the important role as a local economic player, it is pointed out that over 16 million euros were invested in the reporting period, in particular in electricity distribution to strengthen the quality and continuity of service and in generation for the modernisation of hydroelectric power plants.

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Net financial indebtedness was consistently lower than in the first half of 2016 and stood at 508.2 million euros (579.3 million euros as at 30 June 2016 and 525 million euros at the end of 2016), highlighting the Alperia Group's positive cash generation capability.

The debt restructuring activity carried out in 2016 led to savings of over 1.7 million euros in financial charges. The Group also managed to confirm the efforts in personnel efficiency improvement, reducing the related costs by approx. 1.4 million euros.

From an operations point of view, worthy of mention for the **Generation Business Unit** was the limited impact of hydraulic power, due to a particularly dry winter, which characterised the first half of 2017, adversely affecting the earnings of the Alperia group. Electricity generation, mainly concentrated in hydroelectric production in South Tyrol, reached 1,345 GWh in the first half, down 16% compared to the same period of 2016.

This is in addition to a decrease in the margins of electricity sales to end customers of the **Sales and Trading Business Unit**. The electricity quantities sold to end customers - equal to approx. 1,600 GWh - were in line with last year's figure. During the first half, new products were launched for the free market with a positive feedback, especially for the offer that envisages an increase in the installed power from 3 to 4.5 kW.

Margins were slightly down for the **Networks Business Unit** which saw a slowdown in investments, resulting in lower capitalisation of internal services.

Cogeneration and biomass production remained substantially unchanged at approx. 264 GWh of electrical and thermal power. The positive result of the **Heat and Services Business Unit** was mainly determined by a better performance of the portfolio company Biopower Sardegna.

The new **Smart Region Business Unit**, established during the first half of 2017, includes the companies Alperia Fiber operating in the fiber optic sector and Alperia Smart Mobility operating in the electrical mobility sector.

The General Manager **Johann Wohlfarter** commented: The first half of 2017 was characterised by the influence of external factors, particularly by the scarce rainfall of last winter. Despite this, there was a marked improvement in operating indicators compared to the previous year (personnel costs, financial charges).

The Chairman, **Wolfram Sparber**, commented: After the approval of the Business Plan, in the first half of 2017 the first concrete steps for the diversification of the group were taken, establishing Alperia Smart Mobility. For

the second half, a further acceleration is expected in achievement of the objectives set out in the five-year strategic plan.

- **EBITDA** (Gross Operating Margin) is an alternative operating performance indicator, calculated as the sum of "Net Operating Profit" plus "Amortisation, depreciation, provisions and write-downs";

- **Net Financial Indebtedness** is an indicator of the financial structure. This indicator is determined as the result of financial payables net of cash and cash equivalents and current and non-current financial assets (financial receivables and securities other than equity investments).

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