

Alperia SpA: the Management Board approves the draft separate and consolidated annual financial statements as at 31 December 2016

The main economic/financial highlights of the first annual consolidated financial statements are as follows:

- **Revenue: over 1.2 billion euros**
- **EBITDA: over 184 million euros**
- **Net profit: approx. 27 million euros**
- **Net financial indebtedness: approx. 525 million euros**

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On 21 April 2017, the Management Board of Alperia SpA approved the separate and consolidated annual financial data as at 31 December 2016. 2016 represents the first financial year of Alperia SpA following the merger of the SEL and AEW Groups.

The financial statements were prepared in accordance with the international accounting standards (IAS/IFRS), which positively influenced the Group's results.

In spite of an unfavourable energy industry scenario, both in terms of prices and availability of water resources, the Group's economic results have exceeded forecasts.

During 2016, numerous transactions have been resolved and carried out in order to reorganise the entire group, which consists of over 40 companies, with the aim of developing management synergies, creating efficiency and reducing costs. The group has been divided into four Business Units: Generation, Commercial and Trading, Networks, and Heating and Services; several companies have been grouped together inside each individual unit. The two substantially different organisational and management systems previously in place within the ex-SEL and AEW Groups have undergone a significant integration process.

At the end of May, the group acquired further equity interests in the hydroelectric power production, purchasing from Edison SpA the 40% of Hydros Srl's and the 42% of Seledison SpA, thus holding now 100% of the first company and 77% of the second.

From a financial perspective, in June, Alperia SpA approved the establishment of an EMTN programme up to a total amount of 600 million euros, and in the period between June and December 2016 issued three bonds under the EMTN programme for a total nominal amount of 375 million euros privately placed with Italian and foreign qualified investors and listed on the regulated market of the Irish Stock Exchange.

In 2016 the group invested over 70 million euros in the provincial area to improve the quality and continuity of its electricity distribution service and to extend its heating network, as well as modernising its production plants and making them safer.

The group employs almost 1000 people and, over 2016, it consolidated around 30 employment contracts, taking them from temporary to permanent.

The group has contributed to the development of the area by paying licencing fees and surcharges for the use of public water, costs for environmental intervention, sponsorships, taxes and duties for several tens of millions of euros. Due to Alperia SpA's net profit of approximately 16 million euros, the Board proposed the distribution to shareholders of some 15.2 million euros in the form of a dividend for the financial period 2016; the remaining 0.8 million euros will be allocated to the reserve as provided for in current legislation.

As far as regards the industrial aspect of the group, the following technical management data are provided:

GENERATION

Hydroelectric, photovoltaic, cogeneration and biomass production covers 4.3 billion kWh, while heat production has exceeded 80 million kWh.

NETWORKS

The group has distributed approximately 2.4 billion kWh of electricity over the South Tyrol area to almost 236,000 collecting points; it has also been supplying methane gas to the city of Merano.

COMMERCIAL & TRADING

As well as producing energy, the group has sold a total of 6.4 billion kWh, of which 3.5 to over 182 thousand clients all over Italy. As far as concerns natural gas, just under 0.4 billion cubic metres have been sold to about 59 thousand clients all over Italy. The sale of heat produced in the form of hot water, steam and cold water has involved approximately 1,600 customers residing in four municipalities in South Tyrol.

OTHER BUSINESS

The group also operates in fibre optics, with its own provincial network covering 360 km of optical fibres and also using a passive optical fibre network covering a further 390 km. In the 2016 financial year, the first earnings were received for leasing these networks to third parties.

Pursuant to the Italian Civil Code and the by-laws of Alperia SpA, the separate and consolidated annual financial statements as at and for the year ended 31 December 2016 will be subject to the Supervisory Board's approval and a meeting of the Supervisory Board has been called to approve such financial statements on 12 May 2017.

Managing Director, Johann Wohlfarter had this to say about the results of the Alperia group: *"We have successfully completed a full reorganisation at group level and we will see further benefits from this over the coming years. In spite of the weakness in the macroeconomic and energy areas in particular, we concluded 2016 with positive results. This means we have been able to lay the foundations for achieving the ambitious aims of our industrial plan, as recently approved by the relevant corporate bodies."*

Chairman of the Board, Wolfram Sparber said: *"The Alperia Group has confirmed its role as main stakeholder in supporting the development of the province by making significant capital investments in the technology and the environment. It is a significant amount, made possible by merging the two company groups, which we are committed to making the best use of within new scenarios, in view of the challenges we face in the coming future."*

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Alternative Performance Measures

In this press release some alternative performance measures (APMs) are used. Such APMs are not envisaged by the international financial reporting standards as adopted by the European Union (IFRS-EU), but are deemed useful by the management of Alperia SpA for a better assessment of the economic-financial performance of Alperia SpA and the group. In compliance with the Guidelines issued by the *European Securities and Markets Authority* (ESMA) on 5 October 2015, pursuant to Regulation (EU) No.1095/2010, and incorporated by Consob in its supervisory practice with Communication No. 92543 issued on 3 December 2015, the definitions, contents and basis of calculation of such APMs are as follows

- **EBTDA (or Gross operating income)** is an alternative measure of operating performance, calculated as the sum of the "Net operating income" plus "Amortisation, depreciation and writedowns";

- **Net financial indebtedness** is an indicator of the Company's financial structure. This indicator corresponds to the financial debts net of liquidity and equivalents and current and non-current financial assets (financial credits and securities other than equity investments).

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