

Bolzano, 29 March 2019

Alperia Group: significantly higher results approved

- **Total revenues up by about Euro 1.3 billion (Euro 1.1 billion in 2017)**
- **EBITDA up to 199 million euros (150 million euros in 2017)**
- **Particularly positive consolidated net profit of about 44 million euros (2 million euros in 2017)**
- **Over 84 million euros in investments (62 million euros in 2017)**
- **Debt decreased significantly to 388 million euros (compared to 422 million euros at the end of 2017)**

On 28 March 2019, the Management Board of Alperia SpA examined and approved the Company and Group data for the 2018 financial year.

Total Group revenues amounted to 1.272 billion euros, significantly higher compared to last year (+148.7 million), as a result of a favourable year in terms of both water supply and prices on energy markets. The average price recorded on the Power Exchange was over €61/MWh, up by approx. 13.6% compared to 2017.

Group EBITDA amounted to 199.3 million euros compared to 149.9 million in 2017. However, the comparison between the two years is not homogeneous due to the change in the scope of consolidation and of some companies, which, in line with previous years, were considered *Discontinuing Operations*.

Consolidated net profit was particularly positive at 43.7 million euros. The year 2017 closed with a consolidated net profit of 1.9 million euros, and was strongly influenced by an adjustment of certain hydroelectric energy production assets of approximately 23 million euros (net effect).

Investments in 2018 also increased significantly, amounting to about 84 million euros (62 million euros in 2017), in particular in electricity distribution to strengthen the quality and continuity of service and in generation to modernise hydroelectric power plants.

Net financial indebtedness (relating to Continuing Operations) continued to fall sharply compared to 2017, reaching - at the end of 2018 - 388 million euros

Alperia AG
Zwölfmalgreiener Straße 8
39100 Bozen, Italien

Alperia SpA
Via Dodiciville 8
39100 Bolzano, Italia

T +39 0471 986 111
F +39 0471 987 100
info@alperia.eu
alperia@pec.alperia.eu
www.alperia.eu

MwSt.-, St.- und Eintragungsnr. im
Handelsregister Bozen
P. IVA, Cod. Fiscale e nr. iscrizione
Registro delle Imprese di Bolzano
02858310218

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Euro 750.000.000,00 v.e. / i.v.



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(422 million euros at 31 December 2017), underscoring the Group's positive ability to generate cash and improve its Net Financial Position.

The **NFP/EBITDA ratio** fell from 2.8x (2017) to just under 2.0x (2018), providing for excellent financial flexibility for the Group's future investment decisions.

Alperia SpA: Dividend proposal by the Management Board

The Management Board of Alperia SpA has proposed distribution to shareholders of 24.0 million euros as a dividend for 2018 (+3.0 million euros compared to the year before), allocation of about 1.4 million euros to the legal reserve as required by current legislation and the remaining 1.8 million euros to retained earnings.

Relevant factors in the individual Business Units

Generation Business Unit

- Hydraulic power above the historical average due to heavy snowfalls in the winter, which followed however months of low rainfall
- Electricity generation, mainly concentrated in hydroelectric production in South Tyrol, reached 4,091 GWh, up 20% compared to 2017.

Sales and Trading Business Unit

- Quantity of electricity sold to customers equal to 3,994 GWh, up 24% over the previous year
- Volumes of natural gas to customers at 367 million cubic meters, up 12% compared to 2017
- Wholesale electricity sold equal to 1,907 GWh, down 17% compared to 2017

Grids Business Unit

- Electricity distributed throughout South Tyrol equal to about 2.6 TWh (2.5 TWh in 2017) at about 233,000 withdrawal points
- Extension of the 8,558 km-long electricity grid with the related plants and infrastructure
- About 70% of power lines laid underground to minimise environmental and landscape impact

Heat and Services Business Unit

- Electricity produced from cogeneration and biomass down from 344 GWh (in 2017) to 274 GWh (2018)
- Production of thermal energy equal to 199 GWht, slightly up compared to 2017

Smart Region Business Unit

- For the first time, it includes the new subsidiary Alperia Bartucci (active in the field of energy efficiency)
- Alperia Fiber (operating in the optical fibre sector) and Alperia Smart Mobility (operating in the electric mobility sector) have contributed to the development of new products and services.
- EBITDA of the Business Unit: 3.1 million euros

Group

- An important agreement was signed in 2018 as a **consensual resolution of the agreement signed at the time with Enel Produzione SpA** (and valid until 2025) for the provision of energy management services. This agreement is a historic milestone for the Alperia Group because it allows it to achieve full control of all the Group's hydroelectric power plants and to achieve better planning, management and sale of electricity as well as a streamlining of many related activities. The one-off effect of this transaction on EBITDA 2018 - as non-recurring costs - amounts to about 6 million euros.
- Innovation is increasingly at the heart of the Group's activities. The **Innovation Board** has the task of identifying, evaluating and developing innovative projects developed within the company. Through the **Alperia Startup Factory** initiative, the Alperia Group selected external startups in 2018 with which to identify new projects and strengthen innovative initiatives.

The General Manager Johann Wohlfarter had this to say about the results of the Alperia Group: "From an operational point of view, an in-depth study of the Group's commercial structure was carried out in 2018. This analysis revealed the opportunity to set up a Smart Services Company, centralising all the Group's sales activities in it, regardless of the commodities and services sold. On 1 January 2019 Alperia Trading Srl went into operation with the task of marketing the Group's energy production and managing the energy trading business, while Alperia Smart Services Srl (formerly Alperia Energy Srl) is - from 1 January 2019 - the only company tasked with selling energy and various services to customers. The operating efficiencies achieved and the merger synergies obtained, which amount to about 20 million euros a year, are to be considered very positively. In 2018, a structured digitalisation process was also started, introducing the figure of Chief Digital Officer, who is tasked with supporting the digitalisation and innovation process of the Alperia Group."

The Chairman of the Management Board, Wolfram Sparber had this to say: *"The Alperia Group has confirmed its role as a leading player in support of the province's development, generating added value for the benefit of South Tyrol of approximately 222 million euros (a net increase compared to 2017 of approximately 180 million euros), in the form, inter alia, of taxes and duties paid, salaries for employees (991 units), goods, services and works for local suppliers, fees and surcharges on the use of public water, charges for environmental interventions, and sponsorships. This is an important contribution to the local community, whose heritage we are committed to enhancing. In this context, a further positive contribution is the forthcoming construction in Sinigo of the new woody biomass district heating plant to ensure an even more sustainable and reliable heat supply. Work will begin this year and the plant will be available by the winter season 2020/2021."*

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Alternative Performance Indicators

In this press release, some "alternative performance indicators" are used that are not envisaged by the international accounting standards as adopted by the European Union (IFRS-EU), but that the management of Alperia SpA deems useful for better evaluation and monitoring of the performance of the economic and

financial management of Alperia SpA and of the Group. In line with the recommendations of the Guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA) pursuant to Regulation no. 1095/2010/EU and incorporated by Consob in its supervisory practices with communication no. 92543 of 3 December 2015, the meaning, content and calculation basis of these alternative performance indicators are indicated below:

- **EBITDA** is an alternative indicator of operating performance, defined as Earnings Before Interest, Taxes, Depreciation and Amortization";

- **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 of current and non-current financial assets (financial receivables and securities other than equity investments).

The financial statements were drawn up applying the IAS/IFRS international accounting standards, as required following the listing of Alperia Green Bonds on a regulated market.

For more information:

Paolo Vanoni
Chief Strategy Officer
paolo.vanoni@alperia.eu

Stefan Stabler
Director Brand & Communication
stefan.stabler@alperia.eu