

Bolzano, 16 April 2020

Alperia Group: 2019 financial statements approved, with significant improvement in results

- Group revenues at €1.6 billion, up 23%
- EBITDA rises to €237 million (up 19% on 2018)
- Group net profit particularly good at €56.2 million (42.4 million in 2018)
- Investments of €105 million (€84 million in 2018)
- Strong cash-generation capacity

On 16 April 2020, the Management Board of Alperia SpA examined and approved the Company and Group results for the 2019 financial year.

Total Group revenues amounted to €1.563 billion, significantly higher compared to last year (+291 million), mainly as a result of the first-time consolidation of the subsidiary Alperia Sum (active in the sale of electricity and gas). The year 2019 saw above-average rain and heat. Hydroelectric production went up slightly (1%) on the previous year. The average price of energy on the Power Exchange was just over €52/MWh, significantly down on 2018 (-14.7%).

Significant growth in EBITDA

Group EBITDA amounted to €236.7 million, compared to €198.4 million in 2018. However comparison between the two years is not like-for-like, also due to (i) the application of the new international accounting standard IFRS 16 ("Leases"), (ii) the classification of certain companies under "Discontinued Operations", and (iii) the change in the scope of consolidation.

Group net profit was particularly good at €56.2 million, whereas 2018 closed with profit of €42.4 million. This growth was aided also by a one-off operation by the Group to exempt certain intangible assets from tax, recognised as a result of a prior business combination.

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Investments of over €100 million

Investments in the Group's core operations also increased significantly in 2019, amounting to €105 million (€84 million in 2018), in particular in electricity distribution to strengthen the quality and continuity of service and in generation to modernise hydroelectric power plants.

Net financial indebtedness was up compared to 2018, amounting – at the end of 2019 – to €395.8 million (€387.6 million at 31 December 2018). This amount was affected – negatively – by the first-time application of IFRS 16, which resulted in the recognition in the financial statements of a financial debt worth €46.2 million at 31 December 2019, primarily for the so-called "wet" works for hydroelectric concessions, and – positively – by the inclusion in net financial indebtedness of a financial receivable worth €30.5 million at the same date related to the ownership of the high-voltage power line, recognised in accordance with IAS 17 (now IFRS 16). Factoring out these two non-recurring effects, the Group once again showed its cash-generating ability in 2019.

The **NFP/EBITDA ratio** fell from 2.0x in 2018 to 1.7x in 2019 and has allowed for superb financial flexibility in the Group's future investment choices.

Work continued to integrate **sustainability** into the Group's strategy in a structured way, combining principles of economic efficiency and social and environmental responsibility.

Effects of Covid-19

As for the repercussions of the **Covid-19 medical emergency** (better known as coronavirus), the Group promptly stepped in to help South Tyrol, with a range of support initiatives for both its end customers and a number of associations helping manage the emergency.

Without doubt, the initial slowdown and then the shut-down of production activities have caused and will cause a near-term drop in commodity demand and values. However the Group has already covered itself from volatility in electricity prices by selling forward a large part of its output.

On the commercial front, there will doubtless be difficulties, but – as far as customers in the province are concerned, anyway – the social and business fabric of South Tyrol has always been strong and stable, and bodes well for a rapid recovery when the emergency is over.

In the current climate of great uncertainty, although the Group cannot accurately predict the full scale and reach of the above repercussions, it has nonetheless

taken into account the conceivable effects and made appropriate provisions in the consolidated financial statements at 31 December 2019.

Dividend proposed by the Management Board

In terms of the parent company Alperia SpA, with its net profit of €27.6 million (€27.2 million in 2018), the Management Board has proposed to distribute €26.0 million to its shareholders as dividends for the year 2019 (€2.0 million higher than the dividends approved in the previous year), to allocate €1.4 million to the legal reserve (as required by current legislation) and carrying forward the remaining €0.2 million.

Relevant factors in the individual Business Units

Generation Business Unit

- Hydraulic power generation was above the historical average. In particular there was exceptional snowfall in November 2019, which even interrupted the electricity supply in some parts of South Tyrol.
- Electricity generation, mainly concentrated in hydroelectric production in South Tyrol, reached 4,150 GWh, up 1% compared to 2018.

Sales and Trading Business Unit

- For the first time, this takes into account Alperia SUM.
- Overall margins from the sale of electricity increased significantly.
- The amount of electricity sold to customers was 5,423 GWh, a significant increase (36%) on the previous year.
- Volumes of natural gas to customers reached 464 million cubic metres, up significantly (26%) compared to 2018.
- Wholesale electricity sold totalled 4,788 GWh, a very considerable increase (151%) compared to 2018.

Grids Business Unit

- Electricity distributed in South Tyrol (final clients and other distributors) was 2.724 GWh (2.590 GWh in 2018) at 234,000 withdrawal points.
- The electricity grid extends for nearly 9,000 km with related plants and infrastructure.
- About 71% of power lines are laid underground to minimise environmental and landscape impact.

Heat and Services Business Unit

- Electricity production from cogeneration and biomass went up from 274 GWh in 2018 to 307 GWh in 2019.
- Thermal energy production was 217 GWh, up 9% on 2018.

Smart Region Business Unit

- This includes Alperia Bartucci and, for the first time, Gruppo Green Power SpA and its investees active in the energy efficiency sector, and Alperia Fiber, which works in the fibre-optics sector. As of July 2019, Neogy Srl (formerly Alperia Smart Mobility Srl), active in the electric transport sector, no longer lies within the scope of consolidation.

Group

- On 30 May 2019, the new members of the parent company's Supervisory Board and Management Board were appointed. They will remain in office for three financial years.
- Innovation, research and development have always been at the heart of operations at the Group level. The Innovation Board continued to develop the many innovative projects started by the Group. After the success of the first edition, in October 2019 Alperia launched the second edition of the Alperia Startup Factory, which enjoyed even more enthusiastic participation. No less than 230 applications came in from 37 countries all round the world. The aim of these initiatives is to boost Alperia's innovative capacity, giving new impetus to the renewable energy sector with innovative business ideas.

General Manager Johann Wohlfarter had this to say about the results of the Alperia Group:

"The year 2019 saw a decisive growth in profit, thanks also to the contribution of Alperia SUM, consolidated for the first time.

The reorganisation of the commercial arm of the Group became operational on 1 January 2019. Besides Alperia Smart Services Srl, which operates as a vendor of energy and various services to end customers, Alperia Trading Srl went into operation with the task of marketing the Group's energy production and managing the energy trading business.

In October 2019 the first commercial plan for the Group, for the three-year period 2020–2022, was presented to all Alperia Smart Services Srl staff, along with the new organisational structure. The Group's digital transformation plan, currently ongoing, is making a significant contribution and will make it easier to reach the plan's ambitious goals. It should also last three years.

In terms of the Covid-19 emergency, we promptly took all necessary measures to ensure business continuity, protect staff, and give proactive support to our customers, households and businesses. The financial, operational and industrial stability achieved by the Group over the last few years, and the organisational and management action taken in the period, will enable us to limit the negative effects of the Covid-19 emergency."

The **Chairman of the Management Board, Flora Emma Kröss**, said:

"The Alperia Group has once again demonstrated its status as a leader of the province's development, generating added value of €236 million for South Tyrol, a significant increase on the roughly €222 million in 2018. Among other things, this took the form of taxes, salaries for more than 1,000 employees, purchases of goods, services and work from local suppliers, fees and additional fees on public water use, expenses for environmental initiatives, and sponsorships.

In this dramatic period of emergency for our country, I want to thank all our staff who are going on providing essential services in the province, with the same efficiency as ever."

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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 amortisation;

- **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.

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