

**PRESS RELEASE**

**Dolomiti Energia Holding SpA: The Shareholders' Meeting approved the 2017 Financial Statements and appointed the new Board of Directors and the Board of Statutory Auditors.**

- **Total consolidated revenue and income of 1,426 million euro (1,385.3 million euro in 2016, +2.9%);**
- **Consolidated gross operating margin (EbitDa) of 125.3 million euro (183.7 million euro in 2016, -31.8%);**
- **Consolidated net operating margin (Ebit) of 72.4 million euro (128.2 million euro in 2016, -43.5%);**
- **Consolidated profit for the year of 34.9 million euro (65.6 million euro in 2016, -46.8%);**
- **Net financial indebtedness at 413.5 million euro (419.1 million euro in 2016, -1.3%).**

**Rovereto, 27 April 2018** – The Shareholders' Meeting of Dolomiti Energia Holding approved the 2017 results of the Dolomiti Energia Group today. In an improving macroeconomic scenario, the 2017 financial statements closed with positive results, albeit down on the previous year. This decrease is mainly due to a reduced profit margin in the hydroelectric sector, strongly penalised by adverse weather conditions that led to a very low level of production, in most cases even below the previous all-time lows.

The Group's financial situation continues to be sound and adequate to sustain future operating activities.

**Consolidated Financial Statements of the Group as at 31 December 2017: main economic-financial data (millions of euro)**

	<b>2017</b>	<b>2016</b>	<b>change</b>
Total revenue and income	1,426.0	1,385.3	2.9%
Gross operating margin (EbitDa)	125.3	183.7	-31.8%
Net operating margin (Ebit)	72.4	128.2	-43.5%
Profit for the year	34.9	65.6	-46.8%
Net financial indebtedness	413.5	419.1	-1.3%

In brief, these are the main financial figures for 2017. The Group's scope of consolidation includes the parent Dolomiti Energia Holding, Set Distribuzione, Dolomiti Energia, Dolomiti Energia Rinnovabili, Novareti, Depurazione Trentino Centrale, Dolomiti Energia Trading, Nesco (from 1 July following the purchase of 100% of the capital), Dolomiti GNL, Hydro Investments Dolomiti Energia, Hydro Dolomiti Energia and Dolomiti Ambiente. The results for Dolomiti Edison Energy and SF Energy were instead accounted for at equity in the financial statements.

The **investments** made in 2017 totalled **42.5 million** euro. The most important investments referred to **plant and distribution network efficiency improvement** works in all the areas served by the Group, the production plants and the activities for enhancement of the services available to end customers, in addition to those required to upgrade all Group companies to sector regulations.

These investments, combined with the constant upgrading of measurement and data transmission techniques, the installation of technologically advanced systems to check, simulate and optimise grid structures, have enabled the company to achieve continuous improvements in service quality: more specifically, a steady fall in the number and duration of grid interruptions, to the benefit of all citizens served.

As regards the industrial aspect, with reference to the core business sectors, the Group recorded the following results:

#### ELECTRICITY PRODUCTION

**Hydroelectric production:** The hydroelectric production of Dolomiti Energia Holding, Dolomiti Edison Energy, Hydro Dolomiti Energia and SF Energy totalled **2.4 billion kWh**, down from the 3.4 billion kWh of 2016 due to the scarce water availability during the year as well as to the major maintenance works carried out in the first part of the year on the S. Massenza plant (Lake Molveno). This was a level significantly lower than the historical averages.

**Thermoelectric production:** Thermoelectric production, largely cogeneration, generated **175 million kWh** (103 million kWh in 2016). The increase is due in particular to the increased operations of the Salionze plant, co-owned with A2A, Agsm Verona and Aim Vicenza.

#### DISTRIBUTION NETWORKS

**Electricity:** the Group **distributed 2.4 billion kWh**, in line with the 2016 figures. The distribution grid now covers 10,760 km compared to 10,684 km in 2016.

**Natural gas:** in 2017 a total of **287.4 million** cubic metres of gas were distributed, up on the 279 million cubic metres of 2016, increasing as a result of the more severe weather conditions in the winter months. The network spans 2,369 km compared to 2,357 km in 2016.

**Integrated water services:** in 2017 the quantities of **water added to the 1,271 km network** (1,267 km in 2016) totalled **31.7 million cubic metres** compared to 34.3 million in 2016. The water was distributed to a total of almost 82,000 thousand users (81,300 in 2016).

#### SALES

**Electricity:** the Group **marketed almost 4.5 billion kWh to end customers**, in line with the 2016 figures. There are almost **430,000 electricity** customers.

**Natural gas:** in the gas sector, **483 million cubic metres of gas were sold to end customers** in 2017, compared to 520 million in 2016. The number of **customers** has reached **184,400**.

The trend in commercial activities made it possible to increase the number of customers served for both electricity and gas, bringing their total to over 614,000. The increase is significant if the same-time expiry of the CONSIP electricity tender is taken into account, the supply of which is expected to end completely during 2018. A result also achieved as a result of the "ETIKA" project which, in addition to its success in subscription terms, had an important impact due to the associated activities of a social nature.

Turnover relating to natural gas sales to end customers rose by 8.2% and turnover for electricity increased by 5.5%.

#### OTHER ACTIVITIES

**Laboratory:** in 2017, the Laboratory (drinking safety controls on water, aquifers, waste water and treated water) conducted over **17,830 tests**, in line with the figure for the previous year, of which 50% on behalf of third parties.

**Cogeneration and district heating:** in 2017 a total of **145.3 GWh** of heat, steam and air conditioning was distributed, up compared to 142 GWh in 2016 due to weather conditions. The figure also includes the amount allocated to industries.

**Waste management:** separate waste collection recorded an increase in percentage terms, with an average for 2017 in Trento of 81.3% and 78.6% in Rovereto, reaching record values for cities of this size. During the year as a whole, 69,440 tonnes of separated and unseparated waste was collected (69,500 tonnes in 2016). Once again in 2017 there was a decline in the quantity of urban waste taken to the landfill, down from 14,800 tonnes in 2016 to 14,600 tonnes in 2017.

The positive results achieved by core business activities were possible due to the efforts of the entire organisation targeting continuous improvement of operating efficiency and the quality of services provided. The year was one of contingent difficulties in hydroelectric production (due mainly to the lack of rainfall), whilst growth was seen in other business results, particularly the regulated gas and electricity distribution activities. The energy product sales sector results were also positive, though lower than last year when they benefited from a favourable market situation. Overall, the Group's activities led to maintaining good profit levels, confirming the soundness of strategic decisions regarding diversification of the portfolio of businesses managed. Again in 2017, the **electricity distribution sector** benefited from awards by the Authority for **the quality and safety levels** achieved by the Group in its network management. These awards were obtained as a result of policy of targeted investments involving the distribution networks, which led to continued structural improvement in the networks' reliability and safety across the entire Province of Trento.

#### **DIVIDENDS**

The Shareholders' Meeting approved the distribution of the dividends for 2017, totalling **26.5 million euro**, for a value of **0.07 euro per share** (the same as in 2016), with a ratio of dividends over consolidated net profit (payout) of 75.8%.

#### **CONSOLIDATED NON-FINANCIAL STATEMENT**

The Shareholders' Meeting also acknowledged the Consolidated Non-Financial Statement, approved by the Board of Directors at its meeting of 28 March 2018, rendered in accordance with Italian Legislative Decree no. 254/2016.

#### **APPOINTMENT OF THE NEW BOARD OF DIRECTORS**

Upon expiration of the term of office of the outgoing Board of Directors, the Shareholders' Meeting appointed the new Board of Directors which will remain in office until the approval of the Financial Statements as at 31 December 2020.

The **New Board of Directors**, designated on the basis of the two lists presented by the public and private Shareholders, consists of 12 members.

The new composition of the Board of Directors of Dolomiti Energia Holding:

**Chairman:** Massimo De Alessandri.

**Deputy Chairman:** Massimo Fedrizzi.

**Directors:** Arianna Comencini, Marco Merler, Rudi Oss, Laura Pedrotti, Agostino Peroni, Manuela Seraglio Forti, Lino Benassi, Carlotta Baroldi, Giorgio Franceschi, Paolo Mattei.

#### **APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS**

The Shareholders' Meeting also appointed the **Board of Statutory Auditors**, which for the next three years will consist of the following members:

**Chairman:** Massimiliano Caligiuri.

**Permanent Auditors:** Barbara Caldera, Michele Iori.

**Deputy Auditors:** Maria Letizia Paltrinieri, Claudio Ali.

#### **APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE COMMITTEE**

The Board of Directors will meet to appoint the Chief Executive Officer and the members of the Executive Committee on 2 May 2018.

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*The Administrative Manager in charge of preparing the company's accounting documents, Michele Pedrini, hereby states – in accordance with the provisions of the laws in force – that the accounting information contained in this press release corresponds with that recorded in the company's documents, books and accounting records.*

#### **Alternative performance indicators**

This press release uses "alternative performance indicators" that are not envisaged by the international accounting standards as adopted by the European Union (IFRS-EU) but are considered useful by the management of Dolomiti Energia Holding SpA for a better evaluation and monitoring of the economic and financial performance of Dolomiti Energia Holding SpA and 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 into its supervisory practices with Communication no. 92543 of 3 December 2015, the meaning, contents and calculation base of these alternative performance indicators are set out below:

- **EBITDA** (or Gross operating margin) is an alternative operating performance indicator, calculated as the sum of "Net operating result" plus "Amortisation, depreciation and write-downs";
- **Net financial indebtedness** is an indicator of its financial structure. This indicator is calculated 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).

The 2017 Financial Statements and the Consolidated Non-Financial Statement are available to the public at the registered office and on the website [www.gruppodolomitienergia.it](http://www.gruppodolomitienergia.it).

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