



PRESS RELEASE

Ascopiave has concluded the purchase of 100 % share capital of Pasubio Group S.p.A., a company operating in the distribution of natural gas in 22 towns in Veneto, with over 88.000 clients

Ascopiave S.p.A. has today concluded the transaction related to the purchase of Pasubio Group S.p.A share capital, amounting to 100%.

The finalization of the process follows the award of the tender called by the Municipality of Schio, the contracting authority which also represents other Municipalities that own shares of Pasubio Group S.p.A., related to the full sale of the company's share capital.

Pasubio Group S.p.A. is the holding company of a group operating in the distribution of natural gas in 22 Towns in the provinces of Vicenza and Padua, with a client base of nearly 88.000 users.

Based on estimates drawn by Ascopiave regarding the aggregate figures pertinent to the Group, the 2015 consolidated revenues of Pasubio Group S.p.A. amounted to € 12.6 million (€ 12.7 million in 2014). Ebitda was € 4.7 million (€ 4.4 million in 2014), net operating margin stood at € 2.7 million (€ 2.1 million in 2014) and net profit was € 1.5 million (€ 0.7 million in 2014).

The Group's shareholder's equity, as at 31st December 2015, amounted to € 21.1 million, presenting a net financial indebtedness (adjusted to include accounts payable on concession fees owed to the respective issuing Municipalities and falling under pre-2015 fiscal periods) to the tune of € 6.9 million.

The concessions managed by the Group were mostly awarded (20 out of 22) based on tenders pursuant to Legislative Decree n. 164/2000 (the so-called Letta Decree); they will expire between 2018 and 2024 (over 70% of clients fall under those concessions expiring in December 2024).

The economic conditions offered by Ascopiave S.p.A. have the following main features:

- 1) the purchase of Pasubio Group's share capital at an equity value of € 16.3 million;
- 2) a commitment by Pasubio Distribuzione S.r.l., a wholly owned subsidiary of Pasubio Group S.p.A., to disburse to some Municipalities, currently shareholders of Pasubio Group S.p.A., a one-off supplementary fee amounting to € 5.1 million;
- 3) a commitment, starting 2017, by Pasubio Distribuzione S.r.l to resume payment, in favour of the above-mentioned Municipalities, of the annual concession fees as originally envisaged i.e. prior to the new amendments which have come into force between the parties;
- 4) a commitment by Pasubio Distribuzione S.r.l. to make an anticipated payment to the said Municipalities reflecting the annual concession fees for the years 2017 and 2018.

Focusing on 2016 figures, Ascopiave estimates that the higher annual fees that will be paid consequent to the commitment stated in point 3) above, will lead to higher costs and a consequent drop in operating results over the next years, to the tune of approximately € 1.6 million per year.

Furthermore, the bid submitted by Ascopiave provides guarantees on the retention of current employment levels, the improvement in the company's staffing and the reinforcement of headcount in local offices.

In virtue of today's operation, Ascopiave has paid shareholders which have sold 100% of their shares, a sum amounting to 90% of the price agreed for their sale, equivalent to € 14.7million. The balance (10%) will be settled following the definition of the price adjustment process envisaged in the contract and based on the comparison between the net financial position at 31st December 2015 and at the day when the actual transfer of shares occurs.

Reflecting the amount stated in the bid, Ascopiave S.p.A. has pledged that Pasubio Distribuzione S.r.l. will disburse to the Municipalities that have sold their stocks, 10 days from today, the one-off sum owed to them, equivalent to € 5.1million.

Ascopiave S.p.A. has conducted the payments through cash and has financed the purchase by resorting to bank loans.



“The Pasubio Group acquisition – Fulvio Zugno, Chairman, Ascopiave, said – represents a success for the Group. It confirms its expansion strategy along external lines and its role as a leading player in a field undergoing consolidation and rationalisation. Thanks to this operation, we are further reinforcing our presence in Veneto. The enhancement of the Group’s territorial identity has always been an asset for our company.

It has enabled us once again to competitively prevail over other market operators, thanks to the solidity and the advantages of our industrial policy, oriented in favour of both the local administrations and the consumers”.

“The success of the operation – Roberto Gumirato, General Manager, Ascopiave, said – demonstrates the Group’s ability in accomplishing its targets of industrial growth . It lays the groundwork for further expansion in the Natural Gas Distribution Business, where we will make inroads if we can harness the great opportunities stemming from the forthcoming tenders. Ahead of this new and important stage, Ascopiave has been striving in its M&A activities, through the valorisation of its industrial know-how and entry into geographical areas adjacent to existing ones. Significant service improvements and efficiencies can be expected from their management”.

Ascopiave S.p.A. was backed in this operation by a team from the legal firm BM&A Treviso, under the supervision of its lawyers Diego Signor and Emilio Caucci.

Financial and fiscal due diligence services were provided by EY.

The Ascopiave Group operates in the natural gas sector, mainly in the segments of distribution and sale to end users. Thanks to its broad customer base and the quantity of gas sold, Ascopiave is currently one of the main operators in the industry at a national level.

The Group owns concessions and direct assignments for the management of distribution activities in over 200 Towns, supplying the service to a market segment of more than 1 million inhabitants, through a distribution network which spreads over 8.800 kilometres.

The sale of natural gas is performed through different companies, some under joint control. Overall, in 2015, the companies of the Group sold over 1 billion cubic meters of gas to end users.

Ascopiave has been listed under the Star segment of Borsa Italiana since 12th December 2006.

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