

PRESS RELEASE

Price sensitive

Summary

- **THE BOARD OF DIRECTORS APPROVES THE DRAFT BALANCE SHEET AT THE DATE OF DECEMBER 31, 2016 IN ACCORDANCE WITH THE ACCOUNTING PRINCIPLE (UE IFRS)**
- **REVENUES SIMILAR TO THE PREVIOUS FISCAL YEAR AND EQUAL TO EURO 11,8 M (+ 0,21% COMPARED TO DECEMBER 31, 2015)**
- **NET RESULT OF THE PERIOD EQUAL TO EURO 2,9 M (- 25% COMPARED TO EURO 3,8 M AT DECEMBER 31, 2015)**
- **EBITDA EQUAL TO EURO 2,6 M (- 7,4% COMPARED TO EURO 2,8 M AT DECEMBER 31, 2015)**
- **NET INDEBTENESS EQUAL TO EURO 12,5 M (IN INCREASING TREND COMPARED TO EURO 10,5 M AT DECEMBER 31, 2015)**
- **GROSS DIVIDEND PROPOSED EQUAL TO EURO 1,50 PER SHARE**
- **THE SHAREHOLDERS' MEETING IS CONVENED AT JUNE 20, 2017**

Riva del Garda, May 17, 2017 – Alto Garda Servizi Spa informs that in the meeting held on May 16, 2017 the Board of Directors of the Company has examined and approved the draft balance sheet of the fiscal year ended at December 31, 2016.

BALANCE SHEET AT DECEMBER 31, 2016

Alto Garda Servizi does not draft a consolidated balance sheet as it has not to do it under provision of law. The balance sheet of the Company at December 31, 2016 is the first drafted in accordance with the international accounting principle (UE IFRS). The use of the aforesaid accounting principle and the consequent amendment occurred in the criteria of evaluation of some items implied the closing of the 2016 fiscal year with a net profit of Euro 2,903,090.

Revenues

The value of production at December 31, 2016 was Euro 11,830 million in line with the previous year. The following tables show the variations that have occurred within the various sectors and will be better discussed in the following paragraphs.

valori in milioni di euro	2016	2015	differenza %
energia elettrica	3,9	4,1	-4,88%
gas metano	2,5	2,5	-1,19%
acqua / fognatura	1,9	1,5	27,09%
calore	2,9	3,1	-6,45%
Altri ricavi	0,6	0,6	0,00%
Totale	11,8	11,8	0,21%

Investment

The investments made in 2016 amounted to Euro 1,020 million compared to Euro 1,768 million in the previous year.

(valori in migliaia di euro)

	2016	2015	delta v.a.	delta %
servizio elettrico	639	722	(83)	-11%
servizio gas	73	255	(182)	-71%
servizio idrico	29	159	(130)	-82%
teleriscaldamento	105	449	(344)	-77%
servizi comuni	174	183	(9)	-5%
Totale	1.020	1.768	(748)	-42%

Financial Economic Results

Alto Garda Servizi closes 2016 with a net profit of Euro 2,903,090 compared to € 3,864,695 in the previous year.

The Profit and Loss Account 2015 was positively affected by the gain of Euro 1,8 million for the sale of the subsidiary Shen Spa, net of which the profit for 2016 would be greater than 2015.

During 2016, it should be highlighted the additional value due to the sell of the increases on the water network service and the increase in energy production revenues for Euro 40 thousand.

Net operating margin, however, decreased from Euro 790 thousand in 2015 to Euro 646 thousand in 2016 due to the costs incurred for listing on the regulated market *Geregelter Freiverkehr* of the Vienna Stock Exchange of "Alto Garda Servizi SpA AGS SpA 2014 -2023" (75 thousand euros) and extraordinary posts related to the reconciliation of gas and energy fines and green certificates no longer feasible for a total of Euro 104 thousand.

Financial management has a positive result of Euro 2,356 thousand, a decrease of 1,082 thousand euros compared to 2015, a year which took into account the gain of Euro 1,804 thousand for the sale of the entire shareholding of AGS S.p.A. in Shen S.p.A ..

The pre-tax result therefore amounts to Euro 3,0 million, down by about Euro 1,226 thousand compared to the previous year.

In order to better understand the results achieved by the Company, an analysis of the Income Statement is provided through the most significant indices and margins:

Index	Formula	2016	2015
ROE	Net result / Net equity	7,18%	9,14%
ROI	Operating result / Total Assets	1,03%	1,27%
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	2.573.775	2.780.313

The ROE (Return On Equity) allows you to measure return on investment in the Company. In 2016, the index recorded a value of 7.18%, down from 2015 (9.14%). The change is due to the result 2015, which includes, in addition to operating margin improvements, the proceeds of the sale of the investment in Shen S.p.A..

The ROI (Return On Investment) allows you to measure the return on investment made in your core business. In 2016, the index is 1.03% down from 1.27% of the 2015 result.

The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) corresponds to the Operating Profit before depreciation and amortization and writedowns. It highlights the gains generated by the management, net of the figurative cost items. EBITDA 2016, due to the considerations in the beginning of this paragraph, is lower than Euro 206 thousand compared to the previous year.

Balance sheet

Alto Garda Servizi SpA has a solid and balanced balance sheet.

Fixed assets account for 89% of total assets and are hedged for 68% of net equity.

The liability recorded a decrease in the share of equity as a result of the purchase of treasury shares of Euro 3.2 million.

In order to better understand the Company's balance sheet below, an analysis is provided through the most significant indexes and margins:

Index	Formula	2016	2015
Full structure	$(\text{Net Assets} + \text{Consolidated Liabilities}) / \text{Immobilized capital}$	109.83%	106.00%
Financial autonomy	$(\text{Financial Liabilities} + \text{Consolidated Financial Liabilities}) / \text{Net Assets}$	30.45%	25.10%
Rigidity of the investment and use of capital (Rigidità impieghi)	Fix capital / Total Assets	76.44%	82.20%

Warehouse rotation	Warehouse Outlets / Warehouse average Value	1.10	1.00
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Relevant events after the end of the exercise

No material facts occurred after the close of the 2016 financial year.

Predictable development of management

The Board of Directors believes that it is possible to confirm the same performance of ordinary and financial operations for the year 2017, essentially in line with 2016.

Relationships with subsidiaries and affiliates

Alto Garda Servizi exercises management and coordination activities on the subsidiary Ledro Energia Srl, with which a service contract for technical and administrative services and a loan are in place. Such relationships are provided under normal market terms and conditions.

The Company has made use of the provisions of art. 73, last paragraph, of D.P.R. 633/72 (VAT of Group) for VAT payments and opted for tax consolidation with regard to direct taxes.

The affiliated Alto Garda Power S.r.l. provides Alto Garda Servizi with the heat needed for the supply of district heating to the customers connected to the network of Riva del Garda. AGS has included interest-bearing loans to affiliates in favor of Alto Garda Power S.r.l..

All contracts are entered into under market terms and conditions.

Bond

On July 15, 2014, the Company issued the "Bonding Loan Alto Garda Services SpA AGS SpA 2014-2023" for a nominal amount of Euro 5,000,000 and semi-annual coupon payment. The loan was fully subscribed and admitted to trading on the *Geregelter Freiverkehr* Regulated Market on the Vienna Stock Exchange (the first day of trading was December 12, 2016). The loan expires on June 30, 2023. For further information on this bond, refer to the Prospectus on December 5, 2016, published on the Company's website (www.altogardaservizi.com).

SHAREHOLDERS' MEETING CONVENE

The Board of Directors of the Company resolved to convene the Ordinary Shareholders' Meeting at its 1st call on June 18, 2017 at 9.00 am and, if necessary, on 2nd June, 2017, at 11.00 am at Hotel Lido Palace in Viale Carducci in Riva del Garda with the following agenda:

1. Presentation of the financial statements at December 31, 2016, report of the Board of Directors, proposal for the distribution of profits and related resolutions with reference to art. 2364 of the Italian Civil Code.
2. Appointment of the Chairman of the Board of Statutory Auditors, Acting and Alternate Statutory Auditors and Determination of Compensation.

The documentation relating to the shareholders' meeting will be available to the public under the terms of the law.

DIVIDEND

The Board of Directors of the Company also resolved to propose to the Shareholders' Meeting the approval of a gross dividend equal to Euro 1.50 per share, equal to a total dividend of Euro 629,625 or approximately 21% of net profit.

If approved by the Shareholders' Meeting, the dividend due date will be September 30, 2017.

The financial statements relating to the financial statements of Alto Garda Servizi SpA are attached, stating that the report of the independent auditor has not yet been disclosed.

For more information:

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Company information is published in the Investor Relations section of www.altogardaservizi.com

BALANCE SHEET

Assets	Note	31.12.2016	31.12.2015
Non current assets			
Fixed assets	7.1	32,017,423	36,302,748
Intangible assets	7.2	201,084	107,625
Investments / Shareholdings	7.3	15,611,237	14,553,522
Long term loans receivable	7.4	6,139,496	1,914,952
Deferred tax assets	7.5	1,664,779	1,692,144
Total non current assets		55,634,018	54,570,990
Current assets			
Inventory	7.6	549,954	547,700
Receivables	7.7	4,669,796	4,664,994
Intercompany receivable	7.8	249,873	174,032
Tax receivable	7.9	280,122	112,858
Other receivable	7.10	728,388	1,463,572
Cash	7.11	457,310	467,490
Total Current Assets		6,935,443	7,430,645

Total Assets		62,569,461	62,001,636
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Liabilities and Equity	Note	31.12.2016	31.12.2015
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Equity			
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Share capital	7.12	23,234,016	23,234,016
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Reserves	7.12	16,316,455	16,811,542
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Net result of the year	7.12	2,903,090	3,864,695
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Total Equity		42,424,360	43,910,253
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Non current liabilities			
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Long term loans	7.13	10,107,982	10,115,352
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Employee benefits	7.14	1,410,267	1,424,806
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Accruals	7.15	46,417	46,417
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Total non current liabilities		11,564,666	11,586,575
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Current liabilities			
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Short term loans	7.13	2,814,090	900,628
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Payables	7.16	1,419,557	1,408,079
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Intercompany payables	7.17	1,461,920	1,097,134
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Tax payable	7.18	98,087	151,195
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Other payables	7.19	2,786,781	2,947,770
Total current liabilities		8,580,435	6,504,807
Total liabilities		20,145,101	18,091,382
Total Liabilities and Equity		62,569,461	62,001,636

INCOME STATEMENT

Data in Euro	Note	31.12.2016	31.12.2015
Revenues	8.1	9,801,679	9,831,782
Other income	8.2	1,551,832	1,282,125
In house assets increase	8.3	474,579	608,481
Inventory variation	8.4	2,254	82,208
Total Revenues and Income		11,830,344	11,804,597
Cost of goods	8.5	(1,968,963)	(2,183,430)
Services	8.6	(2,757,934)	(2,648,808)
Leases	8.7	(551,251)	(392,776)
Personnel	8.8	(3,094,610)	(3,142,688)
Amortization and depreciation	8.9	(1,775,418)	(1,864,651)
Accruals	8.10	(152,714)	(125,975)

Other heads	8.11	(883,812)	(656,582)
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Total Operating Costs		(11,184,701)	(11,014,910)
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Total gross operatin result		645,643	789,687
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Dividends	8.12	1,460,868	3,168,118
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Interest cost	8.13	(299,113)	(375,336)
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Interest income	8.14	81,996	55,372
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Investment adjustment	8.15	53,672	0
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Income for shahorelding equity method	8.16	1,058,200	590,000
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RESULT BEFORE TAX		3,001,266	4,227,840
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Income taxes current and deferred	8.17	(98,176)	(363,145)
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RESULT FOR THE PERIOD		2,903,090	3,864,695
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Total income statement	Note	31.12.2016	31.12.2015
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Income statement result	8.18	2,903,090	3,864,695
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Adjustment negative	8.19	143,263	149,607
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Adjustment positive	8.20	0	0
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RESULT FOR THE PERIOD		3,046,353	4,014,302
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