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SECTOR	ENERGY	MAIN BUSINESSES (% of Revenues)	Gas/Electricity Sales (61%) Gas Trading (28%) Natural Gas Distribution (9%) Other (2%)	
INDUSTRY	OIL, GAS & COAL		MAIN BUSINESSES (% of EBITDA)	Gas/Electricity Sales (66.2%) Natural Gas Distribution (27.8%) Gas Trading (0.5%) Other (5.5%)
SUB-INDUSTRY	OIL & GAS SERVICES & EQUIP			612 at 12/31/2016 (16 executives, 477 managers and office workers, 119 labourers)
COUNTRY OF DOMICILE	Italy	NUMBER OF EMPLOYEES		
MAIN SHAREHOLDERS	Consiag S.p.A. of Prato: 43.893% Intesa S.p.A. of Siena: 27.932% Coingas S.p.A. of Arezzo: 27.932%			
NEXT RELEVANT DATES	April/May 2018: IPO on MTA STAR Spring 2018: FY17 Financial Statements			

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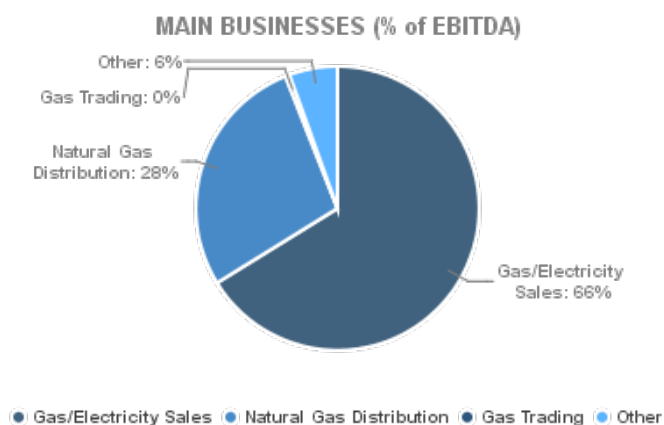
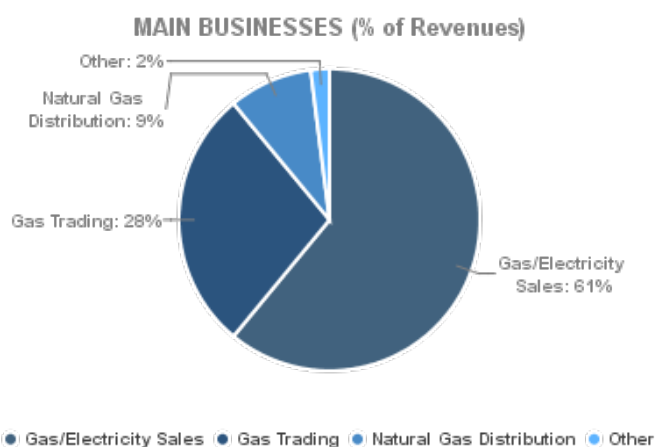
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QUICK LOOK

The holding company Estra S.p.A. - Energia Servizi Territorio Ambiente was founded in 2010 through the aggregation of three Tuscan publicly-owned multi-utility groups (Consiag S.p.A., Intesa S.p.A. and Coingas S.p.A.) with the aim of taking advantage of existing synergies and becoming a leading player in Central Italy's energy services. The business of the Group is structured in Strategic Areas related to the sectors of procurement, distribution, sale and trading of natural gas, distribution and sale of LPG, procurement and sale of electricity, energy services, renewable energy and telecommunications. Today, the Estra Group, with a turnover of EUR 1,044.4 million and more than 750 thousand customers, is among the top 10 Italian utilities in the energy sector.

MAIN POINTS

- OWNERSHIP PROFILE** - Estra S.p.A. is participated by Consiag S.p.A. of Prato (43.893%), Intesa S.p.A. of Siena (27.932%), Coingas S.p.A. of Arezzo (27.932%) and ETA 3 S.p.A. of Arezzo (0.243%). The latter is controlled by Estra S.p.A. and participated by Edison S.p.A. The first three shareholders are fully publicly-owned companies and therefore indirect shareholders of Estra are 97 municipalities of the provinces of Arezzo, Florence, Grosseto, Pistoia, Prato and Siena.
- BUSINESS DIVERSIFICATION (1/3): GEOGRAPHIC** - Rooting in the territory is one of the primary values of Estra and currently the business is entirely operated in Central Italy. The Group's objective is to increasingly establish itself in the role of national level multi-utility.
- BUSINESS DIVERSIFICATION (2/3): CLIENTS** - The Estra Group has a diversified customer base made of domestic clients, businesses, wholesalers and public administrations. At 31 December 2016, the Group has achieved a level of over 750 thousand customers (616,441 for natural gas and 142,054 for electricity).
- BUSINESS DIVERSIFICATION (3/3): SEGMENTS** - In 2016, 61% of revenues were from gas and electricity sales (66.2% of EBITDA), 28% from gas trading (only 0.5% of EBITDA), 9% from natural gas distribution (27.8% of EBITDA) and 2% from other businesses (5.5% of EBITDA).
- QUALITY** - Environmental Management System compliant with UNI EN ISO 14001:2004 certification. Integrated System for Quality Management compliant with UNI EN ISO 9001:2008 certification.
- GROWTH** - Since its origin, the Estra Group has grown mainly through external lines thanks to several M&As. The future goal of the company is to continue the current path of growth in the national energy market, participating in the ATEM tenders - with reference to the distribution of natural gas - and increasing the customer base - with reference to the sale of gas and electricity.
- INCOMING CHALLENGE** - On May 29, 2018, due to the unfavorable market situation, Estra decided to postpone its listing on Borsa Italiana (MTA STAR). The Shareholders' Meeting of Estra S.p.A. approved the listing project in August 2017, specifying that the IPO will preserve the majority nature of the public participation.



FIGURES

P&L ACCOUNT

(in EUR Mios)	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
OPERATING REVENUE (TURNOVER)	1.044,39	866,4	771,66	738,07	686,37
Costs of goods sold	n.a.	n.a.	n.a.	n.a.	n.a.
Gross profit	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Gross margin (%)</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Costs of employees	32,32	31,3	30,69	30,99	28,82
EBITDA	84,49	55,19	58,64	57,8	62,44
<i>EBITDA margin (%)</i>	<i>8,09%</i>	<i>6,37%</i>	<i>7,60%</i>	<i>7,83%</i>	<i>9,10%</i>
Depreciation & Amortization	46,29	40,84	23,93	31,79	30,8
Operating P/L [=EBIT]	38,2	14,36	34,71	26,02	31,64
<i>EBIT margin (%)</i>	<i>3,66%</i>	<i>1,66%</i>	<i>4,50%</i>	<i>3,53%</i>	<i>4,61%</i>
P/L before tax [=EBT]	28,76	6,78	26,35	19,99	24,64
<i>EBT margin (%)</i>	<i>2,75%</i>	<i>0,78%</i>	<i>3,41%</i>	<i>2,71%</i>	<i>3,59%</i>
P/L for period [=Net income]	15,05	33,96	10,24	5,01	9,98
<i>Profit margin (%)</i>	<i>1,44%</i>	<i>3,92%</i>	<i>1,33%</i>	<i>0,68%</i>	<i>1,45%</i>

BALANCE SHEET

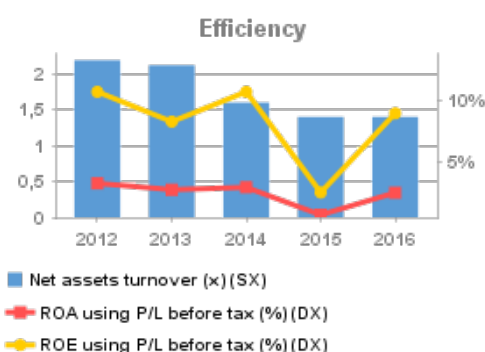
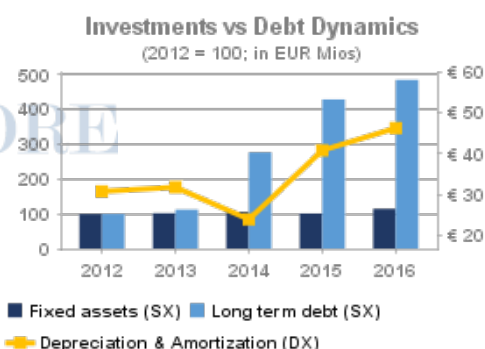
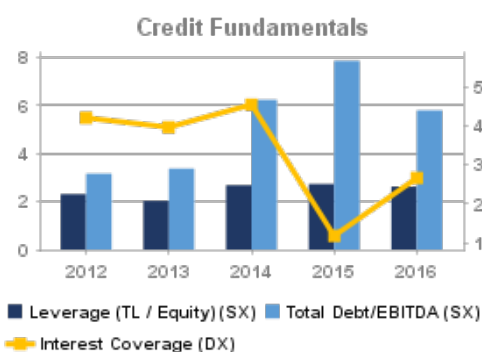
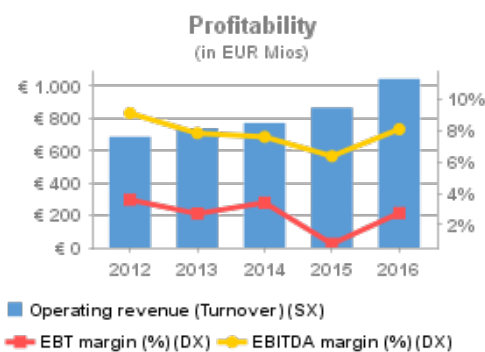
(in EUR Mios)	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ASSETS					
Cash & cash equivalent	299,24	281,4	170,35	41,24	48,98
Other current assets	411,53	349,76	266,64	115,51	115,66
Debtors	289,8	239,17	198,85	208,17	241,41
Stock	17,74	33,56	29,69	14,85	15,86
CURRENT ASSETS	719,07	622,49	495,18	338,53	372,93
Other fixed assets	45,67	55,71	48,23	47,46	39,7
Tangible fixed assets	47,88	287,56	322,08	304,57	303,4
Intangible fixed assets	348,78	46,64	36,29	40,57	42,24
FIXED ASSETS	442,33	389,91	406,6	392,6	385,35
TOTAL ASSETS	1.161,4	1.012,4	901,77	731,13	758,28
LIABILITIES & EQUITY					
Other current liabilities	65,99	77,49	67,64	81,34	149,73
Creditors	182,35	166,61	171,8	181,28	164,58
Loans	166,52	148,54	181,33	119,94	130,63
CURRENT LIABILITIES	414,86	392,64	420,77	382,56	444,93
Long term debt	322,26	284,95	183,94	74,62	66,4
NON-CURRENT LIABILITIES	426,02	348,35	235,78	107,4	83,93
SHAREHOLDERS FUNDS	320,52	271,41	245,22	241,17	229,41
TOTAL SHAREH. FUNDS & LIAB.	1.161,4	1.012,4	901,77	731,13	758,28

FREE CASH FLOW TO THE FIRM

(in EUR Mios)	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
Interest Expense	14,35	12,21	7,65	6,57	7,54
Tax Rate	31,4%	31,4%	31,4%	31,4%	31,4%
Capex	(52,02)	29,07	(31,09)	(32,99)	(46,92)
Working Capital	125,19	106,11	56,74	41,74	92,69
FCFF	(1,99)	(52,01)	13,77	32,56	0,18

Note: Estra has adopted IFRS accounting standards from the FY ended 12/31/2016

Source: Bureau Van Dijk - Financial Statements (audited by EY S.p.A.)



- RESULTS 2012/2016** - The increase in LT debt is linked with M&As in the gas sales sector. Missed investments (government delays in tenders for gas distribution), favorable conditions of supply and remuneration of ST liquidity and the sale of the gas distribution network of Prato, led to an increase in liquidity. The progression in current assets is the result of the increasing commercial activity. The comparison with comps' margins highlights the different business mix (no water and waste cycles) and the impact of gas trading (high revenues, low margins).

THE INDUSTRY

- MARKET POSITION** - Estra mainly operates in 4 markets: natural gas market, electricity and renewable energy market, energy services market, telecommunications market. In 2016 Estra ranked among the top 10 players in Italy in the distribution of natural gas and among the top 15 players for gas sales to the final market. The company faces competition from Italian and multinational corporations, some of which have larger financial resources.

Revenues Dynamics (2012=100)					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	152,16	126,23	112,42	107,53	100,00
HERA SPA	103,56	102,59	96,11	103,30	100,00
ACEA SPA	79,67	85,22	84,59	99,41	100,00
ELECTRICITE DE STRASBOURG SA	120,29	131,83	130,34	115,56	100,00

EBITDA margin %					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	8,09	6,37	7,60	7,83	9,10
HERA SPA	18,85	18,35	17,78	17,12	14,10
ACEA SPA	31,32	26,85	22,52	21,45	18,87
ELECTRICITE DE STRASBOURG SA	19,47	14,94	15,63	19,26	17,78

EBT Margin %					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	2,75	0,78	3,41	2,71	3,59
HERA SPA	6,99	6,39	6,54	6,31	4,54
ACEA SPA	14,54	9,68	9,54	7,89	4,51
ELECTRICITE DE STRASBOURG SA	12,35	8,85	10,23	13,06	11,80

Interest cover					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	2,66	1,18	4,54	3,96	4,20
HERA SPA	3,51	3,00	1,82	1,91	1,70
ACEA SPA	4,08	5,28	3,08	3,80	2,91
ELECTRICITE DE STRASBOURG SA	>7,5	>7,5	>7,5	>7,5	>7,5

Note: ES values of Interest cover are omitted due to remarkably low levels of Interest paid

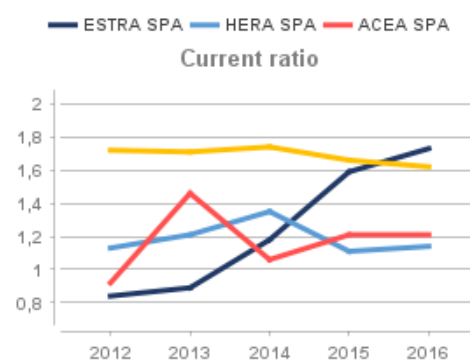
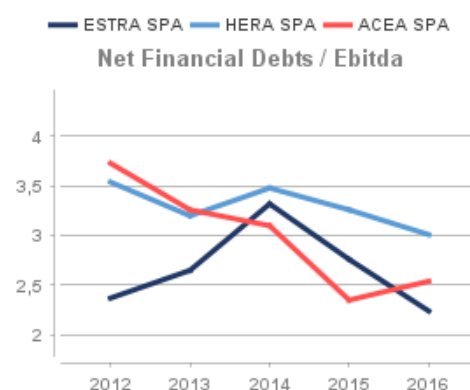
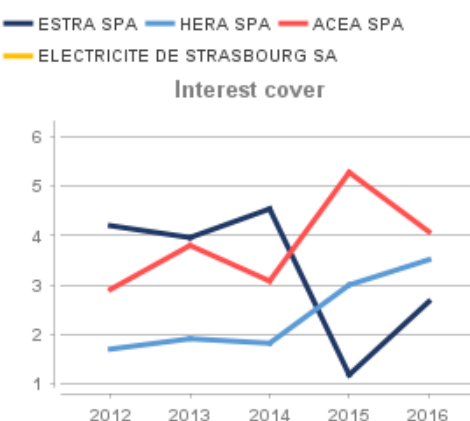
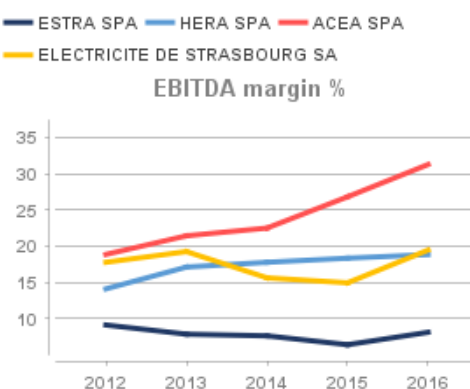
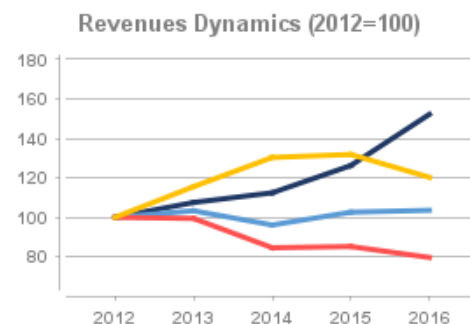
Net Financial Debts / Ebitda					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	2,24	2,76	3,32	2,65	2,37
HERA SPA	3,01	3,26	3,48	3,20	3,54
ACEA SPA	2,54	2,35	3,10	3,26	3,73
ELECTRICITE DE STRASBOURG SA	-1,37	-1,48	-1,47	-1,52	-1,73

Current ratio					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	1,73	1,59	1,18	0,89	0,84
HERA SPA	1,14	1,11	1,35	1,21	1,13
ACEA SPA	1,21	1,21	1,06	1,46	0,92
ELECTRICITE DE STRASBOURG SA	1,62	1,66	1,74	1,71	1,72

Leverage ratio (Asset based) %					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	27,60	26,81	27,19	32,99	30,26
HERA SPA	30,92	30,32	28,00	29,16	28,28
ACEA SPA	25,46	23,80	19,83	21,74	19,54
ELECTRICITE DE STRASBOURG SA	20,16	20,62	20,78	19,83	19,13

Net assets turnover					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	1,40	1,40	1,60	2,12	2,19
HERA SPA	0,80	0,80	0,79	0,74	0,98
ACEA SPA	0,56	0,63	0,75	0,60	0,84
ELECTRICITE DE STRASBOURG SA	0,70	0,80	0,74	0,81	0,66

ROA using P/L before tax %					
Company	Dec-2016	Dec-2015	Dec-2014	Dec-2013	Dec-2012
ESTRA SPA	2,48	0,67	2,92	2,73	3,25
HERA SPA	4,10	3,73	3,50	3,72	3,19
ACEA SPA	6,03	4,42	4,19	3,97	2,37
ELECTRICITE DE STRASBOURG SA	6,85	5,62	6,49	7,68	6,21



Source: Bureau Van Dijk - Financial Statements

BUSINESS CASE

ESTRA S.p.A. - Sr. - Euro - Fix - 5% - July 2019 (IT0005030306)

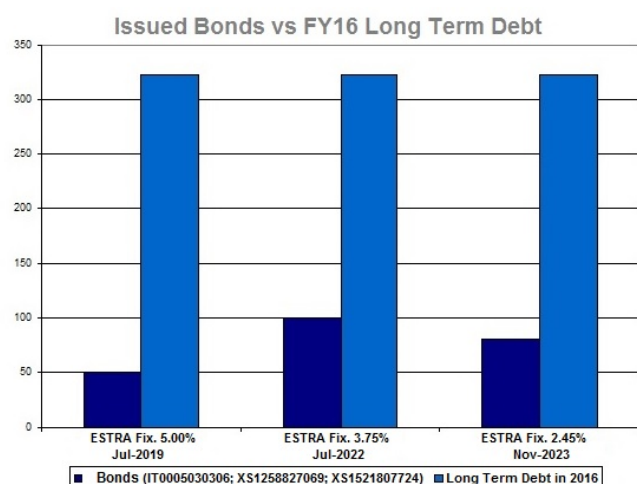
YTM	3.27%	CREDIT RISK RATING (Cerved Issuer Rating)	A3.1 (at 12/23/2017)
SPREAD vs BMK	356 bps vs BTP 04/15/2019	COUNTRY RATING (Italy)	Moody's: Baa2 (Negative) S&P BBB (Stable) Fitch: BBB (Stable)
MODIFIED DURATION	1.462	PD (1Y)	0.3417%
LIQUIDITY RISK	Relevant to Critical	Z SCORE / Z' SCORE (*)	1.48 / 1.29
OUTST. / MIN. PIECE	EUR 50 Mios / 100K	TIMELINESS OF RESULTS REPORTING	Inadequate
LEVEL OF CORPORATE DISCLOSURE	Adequate		

MAIN EXTERNAL RISK / RETURN FACTORS

Energy Commodities Prices	↓	Climatic Events (Wind / Photovoltaic)	↓
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(*) Private firms model

Source: Bloomberg, Financial Statements



- **RATING** - At 23 December 2017, according to Cerved Rating Agency, the rating of the issuer Estra S.p.A. is equal to A3.1. The security is not included in the ECB list of eligible assets.
- **GUARANTOR** - The bonds are not backed by any guarantee, either real or personal, given by the issuer or by third parties.
- **COVENANTS (1/2)** - The issuer undertakes not to cease or significantly modify its core business and not to carry out extraordinary operations of any kind (with the exception of Allowed Operations, as defined in the Admission Document).
- **COVENANTS (2/2)** - The issuer undertakes to ensure that at each Valuation Date the following Financial Parameters are respected: (a) Group Interest Coverage Ratio equal to or greater than 3.3x; (b) Group Leverage Ratio equal to or less than 1.2x; (c) Ratio between the Group's Net Financial Position and EBITDA equal to or less than 4.5x.

- **FINANCIAL PARAMETERS** - In relation to the Group and on the basis of the results of the annual consolidated financial statements:
 - **Interest Coverage Ratio** is the ratio between: (i) Group EBITDA and (ii) the amount of interest expense and other financial charges owed by the Group in relation to the relative Net Financial Position during the course of the FY in question.
 - **Leverage Ratio** is the financial leverage ratio between: (i) the amount of the Group's Net Financial Position; and (ii) the Group's own assets.
 - **Net Financial Position** is the total algebraic sum of: 1. Liabilities: (+) Bonds; (+) Convertible bonds; (+) Shareholder loans; (+) Payables to banks; (+) Payables to other lenders; (+) Bills of exchange payable; (+) Net payables to subsidiaries; (+) Net payables to associated companies; (+) Net payables to holding companies; (+) Other payables. 2. Assets: (-) Other securities; (-) Cash and cash equivalents; (+) Residual payables relative to the capital portions of existing leasing operations.
 - **EBITDA** is the algebraic sum of: (+) Production value; (-) Production costs; (+) Production costs for use of third party assets; (+) Depreciation, amortisation and write-downs.

MAIN RISKS

- **COMMODITY PRICES RISK** - The Estra Group is exposed to the variability of the price of energy raw materials (electricity, natural gas) as well as the exchange rate associated with them: this risk is partially mitigated by the company through the use of derivatives. Moreover, the Group implements short term physical gas trading strategies on the European wholesale energy markets (e.g. the TTF market in the Netherlands).
- **INTEREST RATE RISK** - Estra mitigates the risk deriving from floating-rate indebtedness through the use of IRS derivative instruments. According to the company, an eventual future growth in interest rates should not have particularly negative consequences on the Group.

COMPANY UPDATE

- On 28 December 2017, the shareholders' meeting of Estra has approved the entry of Multiservizi of Ancona (multi-utility owned by 44 municipalities of Marche) in the share capital of the company with a 10% stake.
- In December 2017, Estra and the Energia Toscana Sud consortium (part of Confindustria Toscana Sud) signed an agreement for the supply of electricity to two groups of companies in Arezzo (60 firms) and Siena (30 firms) whose aggregate annual energy consumption amounts to about 22 GWh, for a total value of around EUR 5 million a year.
- Prato is one of 5 cities chosen by the MiSE (Ministry of Economic Development) to carry out a project aimed at testing the 5G network in Italy from October 2017 to December 2021. The tender for the Tuscan city was won by Wind Tre and Open Fiber. The Estra Group too is involved in the project with the objective of developing innovative services based on this new technology.

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