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ENEL ACCELERATES ON BROADBAND WITH METROWEB ACQUISITION

- *Enel's Board of Directors has approved the integration between Enel subsidiary Enel OpEn Fiber and Metroweb Italia*
- *Through this transaction Enel OpEn Fiber will be able to push forward the fibre optics network project as well as broadening the scope of cabling operations, by developing a commercial offer that includes Italy's most important cities*
- *Enel OpEn Fiber has updated its strategic plan which now provides for very-high-speed fibre optics coverage for approx. 9.5 million homes during 2016-2021, with a progressive increase in investments to around 3.7 billion euros from the 2.5 billion euros outlined in the previous plan*

Rome, July 28th, 2016 - The Board of Directors of Enel S.p.A. ("Enel"), chaired by Patrizia Grieco, has approved the transaction aimed at the integration of its subsidiary Enel OpEn Fiber S.p.A. ("EOF") and Metroweb Italia S.p.A. ("Metroweb") after receiving a favourable opinion from Enel's Related Parties Committee (the "transaction").

Commenting on the transaction, Enel CEO and General Manager **Francesco Starace** said: "*With this transaction, we are taking a further, major step towards the realisation of an important infrastructure for Italy. The acquisition of Metroweb enables us to push forward our plan for the development of ultra-broadband and to widen the scope of cabling operations in order to include the country's major cities while at the same time reducing this initiative's risk profile through our partnership with CDP and, hopefully, F2i. By bringing together Enel OpEn Fiber and Metroweb's expertise we are achieving our goal of creating a business with scale, technological know-how and the ability to realise the ambitious plan we have got for Italy.*"

The transaction provides for, in the following stages:

- (i) a capital increase at EOF, reserved for Enel and CDP Equity S.p.A. ("CDPE"), so that EOF has the necessary resources, equal to 714 million euros, to acquire all of Metroweb's share capital. As a result of the capital increase, Enel and CDPE will have equal stakes in EOF;
- (ii) the acquisition by EOF of all of Metroweb's share capital for 714 million euros, assuming a 100% enterprise value for Metroweb amounting to 814 million euros, which takes into account the acquisition by Metroweb of all minority stakes in its subsidiaries;
- (iii) the merger by incorporation of Metroweb into EOF ("New EOF").

It is also expected that Enel and CDPE will grant an option to F2i SGR S.p.A. ("F2i") – to be exercised by October 15th, 2016 – to reinvest in New EOF through the acquisition from Enel and CDPE of a stake of up



to 30% of New EOF. If F2i exercises the option, Enel and CDPE will contribute their equal equity stakes in New EOF to a newly formed company. The exercise price of the option will be based on the amount paid by EOF to purchase Metroweb.

Following the transaction, New EOF will be jointly controlled by Enel and CDPE (even if F2i reinvests in the company) and will therefore be accounted for by Enel using the equity method.

The implementation of the transaction will enable EOF:

- to push forward the development of the fibre optics network realisation project;
- to broaden the scope of cabling operations, developing a commercial offer that includes the most important Italian cities and, therefore, that will be of interest to all alternative operators interested in a project being implemented on a national scale (the Metroweb group has already cabled Milan and is laying cable in Bologna and Turin);
- to exploit industrial skills and expertise developed by the Metroweb group;
- to improve the financial profile of the project and, accordingly, its financing opportunities.

The transaction, which has already been approved by the Board of Directors of F2i and Metroweb, remains subject to the approval of the Board of Directors of CDP S.p.A. and CDPE, to be held in the coming days.

The transaction is expected to be finalised by the end of November 2016.

In view of the transaction, EOF has updated its strategic plan, expanding the scope of its cabling operations from 224 to 250 cities, all of which are located in market success areas (A and B clusters) and include the largest Italian cities. In this regard, the letter of intent signed last March by EOF, Vodafone and Wind, which seeks, in a series of steps, to define a strategic and commercial partnership for the development of the ultra-broadband telecommunications network in Italy, already regarded 250 cities.

EOF's updated 2016-2030 strategic plan provides for:

- coverage with very-high-speed fibre optics of about 9.5 million homes (compared with 7.5 million homes in the previous plan) in the period from 2016 to 2021, helping to bridge Italy's digital divide;
- a progressive increase in investment aimed at developing the network from around 2.5 billion euros to around 3.7 billion euros, of which about 85% in 2016-2021;
- in 2021, EBITDA of about 300 million euros and an EBITDA margin of around 75%.

Completion of the cabling of the first 10 cities under the strategic plan – Bari, Cagliari, Catania, Florence, Genoa, Naples, Padua, Palermo, Perugia and Venice – is expected to begin in the second quarter of 2017, gradually moving to the conclusion in the first quarter of 2019.

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