

RATING COMMUNICATION

Milano, 07/08/2015

Cerved Rating Agency S.p.A. confirms the following Public Rating:

A3.1

assigned to

E.s.tr.a. Energia Servizi Territorio Ambiente S.p.A.

Headquarter in Prato (PO) – Via Ugo Panziera, 16 - 59100 – Italy

On 5 Aug. 2015 Cerved Rating Agency undertook a rating action to evaluate operations on the A3.1 rating assigned to the company "E.s.tr.a. Energia Servizi Territorio Ambiente S.p.A." following placement on the Irish Stock Exchange of an unsecured non-convertible bond issue for €100m, confirming the assigned rating.

E.s.tr.a. is a multi-utility leader in Central Italy in the Energy, Telecommunications, Environment and Services sectors. Estra is a leading Tuscan industrial group and among the major players in the Italian natural gas market and achieves a critical mass allowing it to compete with the other large national multi-utilities. Estra is present in the high part of the chain of the sale of natural gas, in the Upstream and Midstream sectors and in the LPG market through its subsidiary Estra Energie and its sub-subsidiary Exo Energy Trading; in the sale of electric energy with Estra Elettricità; in the planning and management of energy services with Estra Clima; in the telecommunications sector with the company Estracom. The gas transport, storage and balance activities are part of the activity carried out by Estra Logistica S.r.l. Today, Estra S.p.A. and the companies of the Group possess technical and production capacities making them competitive in the tender market. Growth continues in the framework of the Estra Group, in which the Company has assumed the role of holding company.

Key rating factors

Business model and strategies

The Company is the flagship of the E.S.T.R.A. Group, which was born in a period of strong consolidation of the public utilities market. The common partners approved the creation of Estra, a large public services operator able to innovate and meet the new challenges of the market. Its fully public ownership guarantees clients the provision of a secure, competent service and, with the generated profits, positive impacts on the public and the territory. The Estra Group is active in the purchase, distribution and sale of natural gas and electric power; in gas it is present in every segment of the chain and operational through its wide-ranging group of subsidiary, affiliated and associated companies. Companies in the sector that are suitably structured and hold specific know-how will determine the new realignment of the gas market.

Market positioning

Estra is able to reap the opportunities offered by the market and the sector by creating lasting competitive edges which consist in technological innovation, know-how, production capacity, assets (networks), client portfolio, partnerships, its network of companies and human capital. The Group has succeeded in completing the operational development in accordance with the drivers of its industrial plan. Estra confirms its status as a leading operator among the major players on the Italian natural gas market, able to compete with the other large national multi-utilities.

Economic and financial situation

In 2014 Estra S.p.A. benefits from the capital gain of the transfer to Centria, with effects on its equity and financial position. Also the Company's indebtedness is lowered and its Net Debt declines from €117.2m in 2013 to €95.1m in 2014. At the end of 2014 the Group's net debt stands at €199m. On 13 July 2015, E.S.TR.A. S.p.A. placed on the Irish Stock Exchange an unsecured non-convertible bond issue for €100m, guaranteed by its subsidiary Centria S.r.l., fully subscribed by institutional investors. The bonds have a duration of 7 years and a coupon of 3.75%; the covenants to be respected are: Net Debt/Equity not greater than 1.2x, Net Debt/EBITDA not greater than 4.5x and Net Debt/RAB not greater than 0.85x. The debut for Estra on the international bond market is aimed at financing the Group's activities, optimizing the Group's flexibility and financial strength. In addition to achieving the plan, the aim is lengthening the debt's maturity, reducing and differentiating the financing sources and reallocating it to the medium-long period.

Liquidity

The Company is financed by the generation of cash flows deriving from its activity through adequate diversification of financing sources and availability of credit lines in all the technical forms necessary for carrying out the activity. Through the Net Cash Pooling set up with its subsidiary companies, the parent company exercises centralized management of liquidity. After a bank debt analysis at the consolidated level, we point out that at the end of 2014 the average cost of the debt comes to around 4.13%, its average remaining duration is 5.50 years and its average life span is 3.84 years. The €100m bond issue placed on the Irish Stock Exchange (average rate 3.75%) will enable further improvement in 2015, positively influencing both the maturity and the average debt rate of Estra.

Rating assumptions

- *Customer loyalty and development of the sectors and territories where the Company is active;*
- *Increased market shares and profits for both internal and external growth;*
- *Expansion of networks through participation in tenders both for maintenance and to acquire new assets.*

Rating sensitivities

- *Achieving the objectives of the development plan would make it possible to maintain the assigned rating class;*
- *Failure to achieve the company targets and any worsening of results or of Net Debt could lead to a downgrading of the creditworthiness judgement.*

The used methodology is available on Cerved Rating Agency web-site at the following link www.ratingagency.cerved.com

Head analyst: Maria Mingari - maria.mingari@cerved.com

Rating Committee Chair: Cristina Zuddas - cristina.zuddas@cerved.com

The rating of Cerved Rating Agency, issued in compliance with EU Regulation 1060/2009 and following amendments and integrations, is an opinion on the creditworthiness of the rated entity and it summarizes the reliability or the insolvency probability of the entity.

The issued rating was requested by the entity itself, which participated in the process supplying all necessary information requested by the analytical team.

The rating was communicated to the rated entity within the terms provided for by the applicable regulation in order to allow the communication of any material errors. The issued rating is subject to an on-going monitoring. While monitoring Cerved Rating Agency guarantees the updating of official and proprietary information gathered on the rated entity and, if applicable, a prompt communication of the revised rating to the rated entity. The rating issued by Cerved Rating Agency is not an investment advice, nor a form of financial consultancy; it is not a recommendation for the purchase or sale of shares or for holding particular investments, nor gives it any advice to a particular investor to make a particular investment.