Management Buy-Out (MBO) EnergyDisco SpA

Investment Case Information Memorandum

MPD PARTNERS

STRICTLY CONFIDENTIAL

Disclaimer

This document has been prepared for purposes of presentation and discussion, only. The information contained herein should not be used or considered as an offer to sell, or solicitation of an offer to buy any security, under no circumstances. The content may not be reproduced or circulated in whole or in part, and it is in summary form for convenience of presentation, it is not complete and it should not be relied upon in the form it is presented. All information, including performance information, has been prepared in good faith; however, MPD Partners makes no representation or warranty express or implied, as to the accuracy or completeness of the information, and nothing in this document shall be considered as a promise or representation as to past or future performance. This material may include information that is based, in part or in full, on hypothetical assumptions, models and/or other analysis of MPD Partners, analysts, consultants and no representation or warranty is made as to the reliability of any such assumptions, models or analysis. Everything that relates, including numbers and charts is a sample selection of projects that results from the analysis performed by MPD Partners before end of June 2016 and it does not include any consideration to be built at a later stage during the final due diligence process that might reveal relevant additional information used for further choice. The information discussed in this presentation was gathered from various sources which MPD Partners believes, but does not guarantee, to be reliable. Unless stated otherwise, any opinions expressed herein are current as of the date hereof and are subject to change at any time. All sources which have not been otherwise credited have derived from MPD Partners.

MPD PARTNERS

Table of Contents

Chapter 1 - Investment Case Overview

This investment case captures the opportunity to invest in the end-user distribution of Electric Energy & Gas. Currently, the company is in distress, following a weak profitability period due to financial and strategic decisions by former shareholders that neither MPD Partners nor MBO team support.

MPD has identified the opportunity offered by the electricity and gas utility segments - which traditionally offer inflation-linked growth rates and stable cash flows for companies whose capital structures are properly aligned - as well as all the critical risks associated with the investment case.

The corporate restructuring plan will be carried out by a special purpose vehicle that is negotiating the acquisition of the EnergyDisco assets and requires some additional financial strength to support the cash investment provided by the MBO team and MPD Partners. We identified the crucial processesthat can create value by increasing operational efficiency, focusing on the most profitable part of thebusiness and by eventually boost sales growth in the most profitable segments of the business; this plan can be levied by strategically increasing the number of clients on a monthly basis, both in the retail and in the business sector, while relying on a telemarketing service, which is in charge of customer provision. In addition, a higher retention ratio is likely to occur in the next years, given thatthe company is becoming healthier, as a result of a restructuring plan implemented, starting from April 2016. In June 2016 the EnergyDisco entered in an insolvency procedure, in the Italian legal system the procedure can end "*in bonis*", meaning that the company can negotiate the repayment of the liabilities frozen during the procedure, to do so tribunal and creditors have to agree on the restructuring plan filed by the company.

We analysed the Italian Energy and Gas retail market data and trends: the compound annual growth rate of the market recorded in the period 2011-15 was -0.3%, and there are reasons to believe that the market may be in the process of bottoming out, which provides plenty of potential upside to investors. The trend of the market does not seem to bring organic growth at a high rate. However, an on-going legislation process by the European Union will liberalise the retail sector, leading to an opening market opportunity by the end of 2018.

Our detailed financial model simulates the restructuring plan and it should be read in conjunction with the attached research. According to our model and general market knowledge, the energy retail sector is highly defensive – considering its stable nature. By adopting measures to increase customers' quality and to improve efficiency such as HR management, using of automated systems, increasing bargaining power towards wholesalers and centralising management, we can boost the EBITDA margin from negative territory to around 4.6% and net margin to 2% in four years. These numbers are to be considered 5-6 times higher if measured against gross margin, and we believe that this is relevant numbers reading approach due to the low gross margin nature of the business that make it somewhat similar to a brokerage. Tables summarising key figures are included in this research. **Depending on the execution of the project, the target annual IRR is in excess of 40%.**

Chapter 2 - Company Introduction

History

EnergyDisco S.p.A. is a Sardinia's company active since year 2000 in the Italian Energy Market. EnergyDisco was born as a multiutility startup specialized in Power, TLC, and Web Services. Back then, this market was characterised by few competitors with relatively low competition.

In 2007, EnergyDisco was sold to Alpiq Holding (Alpiq), a Swiss energy company, engaged in generating, trading and selling electricity. During the period, the electricity market was partially liberalized (including the consumer base), driving the company in a very competitive industry, especially regarding the sales process and the end-customer price. Non-core assets as TLC division was sold to Tiscali in 2008. During Alpiq management, the company expanded its know-how to the gas market.

In 2012, EnergyDisco was bought by Onda S.r.l. group, leading the company activities from B2B to B2C.Currently, EnergyDisco is owned by Onda Energia S.r.I. EnergyDisco S.p.A. is endowed with required professional experience, expertise and skills to appear as an important operator in liberalized marketplace of electricity and natural gas.

MBO Team

Currently, the company is being through a weak profitability period due to financial and strategic decisions by the former owner that neither MPD Partners nor the MBO team support.

Nevertheless, professionalism and capacity of the EnergyDisco team succeeded in limiting damages caused by old decisions, thus keeping the company in a reasonable state up to this point. During thedue diligence, the 60 years' experience of its management team emerged very positively as well as its determination to perform, together with a solid vision that is highly ethical and sustainable for thefuture company.

The Management Buy-Out operation would be a great opportunity to work with continuity, saving customer base and leveraging on valuable company assets.

Distress Situation

Bankruptcy laws across the world are converging into similar processes. However, there are still important country-level differences. The European Union introduced its bankruptcy regulation in 2002, 'Regulation on Insolvency Proceedings', which is followed by all EU countries.

Financially distressed firms in Italy can be voluntarily or compulsorily dissolved or liquidated. Liquidation means that the firm's assets are sold to allow payment of the outstanding liabilities of the firm. However, this is the very last and least desirable option, and it will be considered only when all other strategies have been excluded. An alternative is to appoint an interim administrator, who will attempt to restructure the firm's outstanding claims, introduce a viable business model, or look for a potential buyer. It is important to note that when a firm is in "special" administration, it will continue to be in business until a solution (which may be liquidation) is found.

Option 1: Liquidation

For a firm to be liquidated or declared insolvent, a creditor, the directors, or shareholders must file in court for a winding-up order. If a judge decides that there is a case for liquidation, an official receiver will be appointed, who liquidates the assets of the firm and distributes the proceeds to all creditors. Normally, creditors will be paid a fraction of their claim, because of inability of the company to cover the total claims and, in addition, because of direct bankruptcy costs from legal and administrative fees.

Option 2: Claims Priority

Once a corporation is declared to be bankrupt, a liquidation procedure takes place. The distribution of the proceeds of the liquidation occurs according to the following general priority:

1. Administration expenses associated with liquidating the bankrupt's assets
2. Unsecured claims arising after the filing of an involuntary bankruptcy petition
3. Wages, salaries, and commissions
4. Contributions to employee benefit plans arising within a set period before the filing date
5. Consumer claims
6. Tax claims
7. Secured and unsecured creditors' claims
8. Preference shareholder claims
9. Ordinary shareholder claims

Option 3: Administration

When a company enters into administration, the administrator will attempt to restructure the company's liabilities, look for a buyer, or break up the company into viable parts. Possible strategies also include a management buyout opportunity.

Option 4: Agreement with Creditors

When a company enters into a procedure of insolvency according to the Italian legal system is possible to define an arrangement with creditors, which will have to accept a cut on their outstanding credit towards the company. The procedure can last up to 18 months since the majority of the creditors needs to accept the repayment plan presented in front of the civil court.

Current Situation

At this moment, the company cannot meet or has difficulty paying off its financial obligations to its creditors so a distressed situation arose. During this period, EnergyDisco has a three-stage process. Thefirst stage involves pre-insolvency hearings. A petition will be made to a commercial court, If the hearings cannot help exit the insolvency state. The firm may at this point request a three-month window to propose a Company Voluntary Arrangement (CVA) that will be acceptable to all parties. If this is unsuccessful, the firm will be wound up.

Transaction Timeline

The transaction timeline is divided into two main periods:

1. Special Vehicle Purpose (SPV) setting up. The SPV will be owned by three entities: MBO Team, MPD Partners and the Investor. On march 14th, 2016, the MBO Team, grouped into the NewCo, Prama S.r.l., has sent an indication of interest about renting the company good assets ("Affitto di Ramo d'Azienda") with the help of MPD Partners. The Board of Directors immediately acknowledged the message and required a more detailed offer. With the upcoming detailed offer, the SPV members requested the rental of EnergyDisco good assets, butthe offer did not go through.
   As a result, MBO Team and MPD Partners are currently looking for investors, who are interested in EnergyDisco complete takeover. This operation will be possible either before the arrangement with creditors is closed or after. In both cases, the MBO team, especially due to its financial commitment, is in the best position to sign the takeover agreement.

2. Once the procedure comes to an end, as defined by the Commercial Court, the SPV will finalise the purchase of EnergyDisco form the current shareholders and, after the repayment of the frozen debt, namely 100% of Senior Debt and 20% of other commercial debts (today equal to € 1.6M - € 2M), EnergyDisco will deploy the restructuring plan to boost revenues and increase operative marginality.

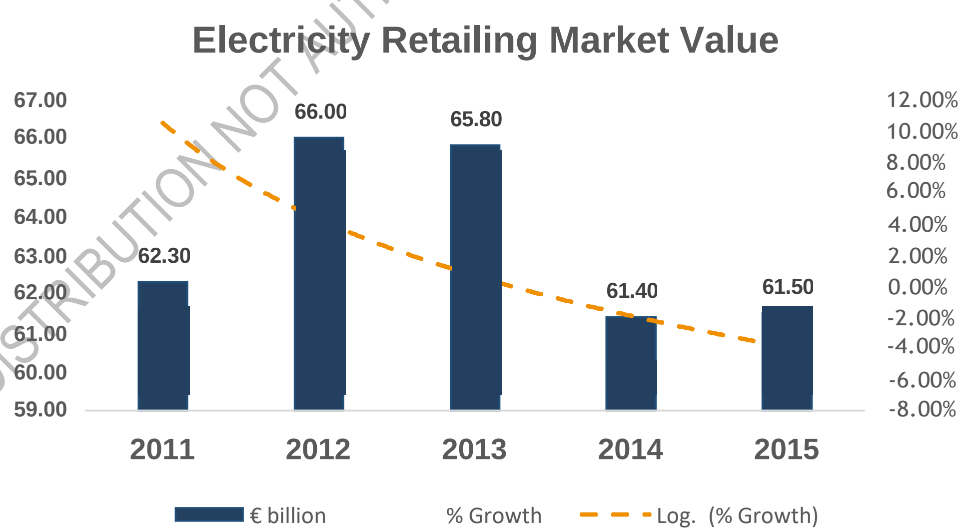
Chapter 3 - Market Analysis

As of today, EnergyDisco operates in the last value chain steps. Power & gas supplies are carried out byOnda Energia with EnergyDisco co-operation.

The Italian Electricity and Gas Market: Overview, Structure & Competitors

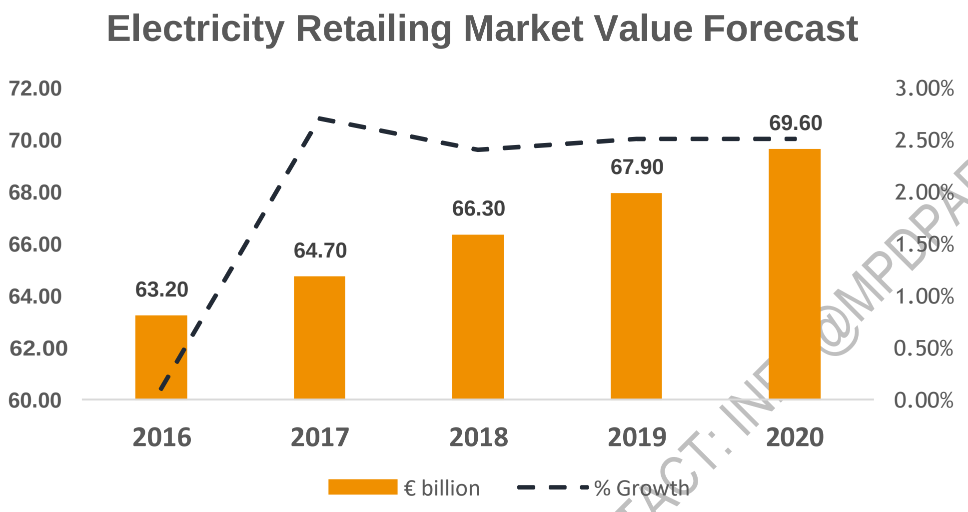
Current State: Energy segment

The electricity retail market was worth € 61.5 billion in 2015 with a growth rate of the 0.1%. The supply reached a volume of 285.2 TWh, shrinking by 0.3% in 2015. The compound annual rate of change of the market in the period 2011-15 was -2.2%. Today, Italy accounts for 10.6% of the European electricity retailing market and it is the third European market in value.



Source Marketline – Electricity Retailing in Italy (Jan 2016)

Energy retailing market is expected to have major propulsion in the five years (2015-2020) as shown in the graph below, with an anticipated CAGR of 2.5%, which is expected to drive the market to a value of € 69.6 billion by the end of 2020.

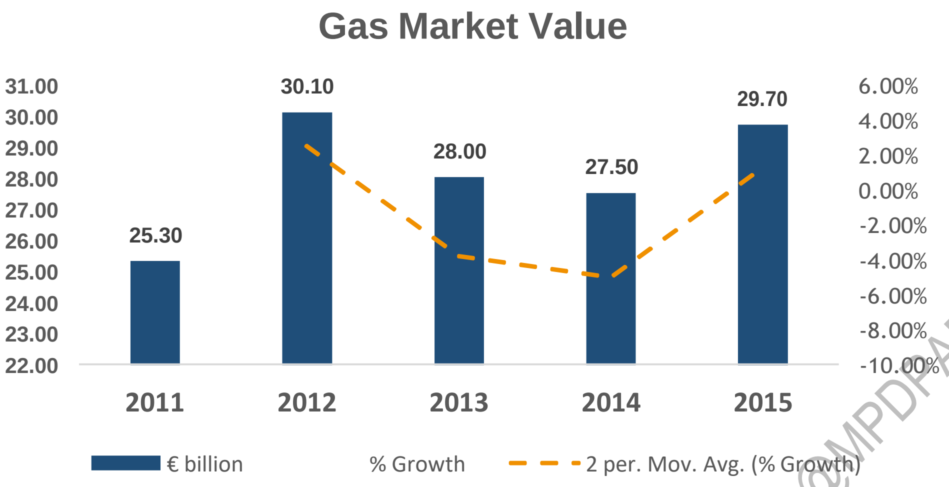


Source Marketline – Electricity Retailing in Italy Jan 2016

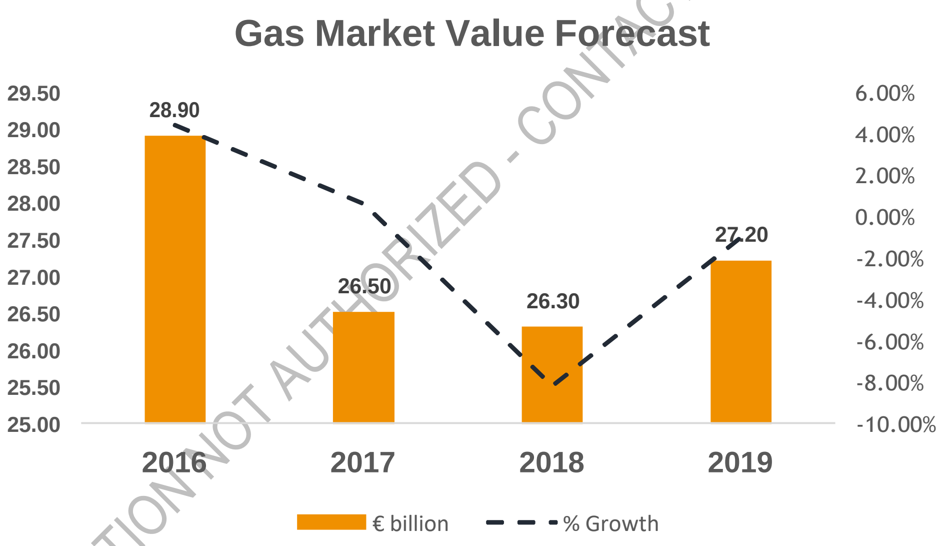
The market is divided in three sub-segments due to regulatory framework: “Maggiore Tutela”, “Salvaguardia” Service, and “Libero Mercato” Service (Free Market Service), where the company is currently operating.

Current State: Gas segment

The Italian Gas Utilities industry is forecast to generate total revenues of € 29.7 billion in 2015, representing a compound annual rate of change (CARC) of -0.2% between 2011 and 2015. Industry consumption declined with a CARC of -3.9% between 2011 and 2015, to reach a total of 70.78 billion cubic metres in 2015. The industry's volume is expected to rise to 76.56 billion cubic meters at a CAGR of 1.6% for the 2014-2019 period.



MarketLine Industry Profile - Gas Utilities in Italy (Dec 2015)



MarketLine Industry Profile - Gas Utilities in Italy (Dec 2015)

The natural gas retail market is divided in two segments “Mercato Tutelato” and “Mercato Libero” accounting respectively for the 20.2% and 79.8%, in terms of volume.

Industry Structure

Concentration of market players in Electricity Retail

The major five players of the free energy retail market in 2015 accounted for a 41.5% market share, others for the 58.5% as shown in the tables below.

Enel, formerly state owned and monopolistic company still own a third of the market share (slightly more than 18% of the free segment), followed by Edison S.p.A. and Eni S.p.A. accounting for 8.90% and 5.60% of the energy market, respectively. The low voltage segment accounts for the 37.2% of the sales in terms of volume, the medium voltage for the 48.6% and the high voltage for the 14.2%.

Market Players	Volumes (in GWh)	Market Share
Enel S.p.A.	34’908	18.10%
Edison S.p.A.	17’116	8.90%
Eni S.p.A.	10'825	5.60%
Gala S.p.A.	9'463	4.90%
Axpo Group S.p.A.	7'636	4.00%
Hera S.p.A.	6'472	3.40%
Sorgenia S.p.A.	6'033	3.10%
E.On S.p.A.	5'802	3.00%
Acea S.p.A.	5'697	3.00%
Metaenergia S.p.A.	5'099	2.70%
Other Operators	78'828	43.30%
Total	**192'420**	**100%**

Source Relazione annuale sullo stato dei servizi - Autorità per l’energia (31 March 2016)

Geographical Distribution

The most populated regions of Italy tend to have, on average, a higher number of market players, this fact increase the rivalry in these regions as shown by the C3 indicator (which is the sum of the market shares of the first three players, in terms of market share, in that specific region). Specifically, in Sardinia, where the company is located, a high C3 ratio of 59.5% is observed.

Region	Number of operators	C3 on global market
Piemonte	197	29.7
Valle d'Aosta	85	89.7
Lombardia	239	29.8
Trentino Alto Adige	150	70.5
Veneto	195	30.6
Friuli Venezia Giulia	144	39.7
Liguria	169	38.8
Emilia Romagna	185	38.8
Toscana	189	39.7
Marche	136	58.6
Umbria	151	35.0
Lazio	191	46.4
Abruzzo	152	39.4
Molise	115	50.5
Campania	177	46.4
Puglia	179	50.3
Basilicata	127	51.8
Calabria	144	62.0
Sicilia	155	48.0
Sardegna	124	59.5

Source Relazione annuale sullo stato dei servizi - Autorità per l'energia (31 March 2016)

Product Lines and Pricing

Variable price is the traditional pricing strategy that is regulated with specific tariffs, and companies usually apply a discount to be more competitive. The other option is a flat price, which is used to gain market shares. Usually the “blocked” price lasts for 12 months or 24 months.

Concentration of market players in Gas Retail Sector

Eni S.p.A. in 2014 is the leading player in the Italian gas utilities industry, generating a 23.7% share in volume. Enel S.p.A. accounts for a further 10.6%, followed by Edison generating a 10.5%. In 2015, in the free market the industrial sector accounted for 44.2%, followed by the electric generation with a market share of 25.6%. Lastly, service industry accounted with the 14.7% market share. This segmentation depends on the fact that the first two sectors demand per users a higher quantity of gas (average yearly consumption > 200.000 M(m3)).

Market Players	Volums M(m3)	Market Share
Eni	12'763	23,7%
Enel	5'701	10,6%
Edison	5'665	10,5%
Iren	2'228	4,1%
Hera	2'105	3,9%
E.On	2'091	3,9%
Engie	1'926	3,6%
Royal Dutch Shell	1'351	2,5%
A2A	1'334	2,5%
Sorgenia	814	1,5%
Other Operators	17'838	33,2%
Total	**53'816**	**100,0%**

Source Relazione annuale sullo stato dei servizi - Autorità per l'energia (31 March 2016)

Geographical Distribution

The most relevant trait is the fact that Sardinia has no distribution network for methane, thus gas clients are located outside of this region, mainly.

Region	Number of Operators	C3 on total market
Piemonte	163	0.407
Valle d'Aosta	48	0.869
Lombardia	196	0.303
Trentino Alto Adige	79	0.661
Veneto	142	0.383
Friuli Venezia Giulia	92	0.436
Liguria	109	0.707
Emilia Romagna	155	0.537
Toscana	126	0.562
Umbria	78	0.59
Marche	105	0.596
Lazio	140	0.677
Abruzzo	109	0.585
Molise	70	0.692
Campania	118	0.681
Puglia	95	0.598
Basilicata	71	0.771
Calabria	64	0.7
Sicilia	75	0.749
Sardegna	0	0

Source Relazione annuale sullo stato dei servizi - Autorità per l'energia (31 March 2015)

Product Lines and Pricing

As well as in the energy sector, variable price is the traditional pricing strategy that used regulated tariffs. The other option is flat price, which the minor companies tend to undergo to gain market shares. Usually the "blocked" price lasts at least for 12 months, sometimes 24 months or 36 months.

Competitors

The most relevant players of the Italian energy and natural gas retail market, in terms of share and direct competition with EnergyDisco S.p.A., are the following:

<u>**Energy Retail Market**</u>

Enel S.p.A.

Enel S.p.A. is the market leader, per share, accounting for a total of 30.7%, 18.1% market share taking into account only the free market share. The company is highly integrated, being the former monopolist, and is engaged in generation, transmission and supply of electricity. In 1992, the company became a joint stock company in preparation for the restructuring that ultimately led to privatization in 1999. In that year, Enel completed the company formation process through which the group equipped itself with an organizational structure in line with the market liberalization process. Enel became a holding company, while the service divisions became independent companies, streamlined their organization, and focused operations on specific business areas.

The sales segment is engaged in commercial activities for creating an integrated package of electricity and gas products and services for end users. The segment sold a total of 87'103 million of kilowatt hour (kWh) of electricity to approximately 27.2 million customers. Additionally, the company's gas sales totalled 3'496 million cubic meters to approximately 3.5 million customers.

Edison S.p.A.

Edison S.p.A. was founded in 1884 and is one of the Italian oldest industrial companies. In 1962, the majority of the company's assets were nationalized. In 1999, Italy's first phase of market deregulation authorized by the government allowed Edison to deliver energy to its customers at competitive prices and expand into other business areas. Nowadays, Edison is a Electricite De France subsidiary, a multinational company with distribution and production licences all around the world. In 2015, in the Italian electricity retail market as a whole, Edison registered a share of 8.9%.

Sorgenia S.p.A.

Sorgenia S.p.A. was founded in 1999 when the Italian energy market started its liberalization. Sorgenia is primarily engaged in the procurement, production, and distribution of electricity and gas utilities for Enterprises (B2B). The company operates primarily in Europe and accounts for 3.10% of electricity retail market share.

Gas Retail Market

Eni S.p.A.

Eni S.p.A (Ente Nazionale Idrocarburi) is an energy company engaged in oil and natural gas exploration, field development and production, as well as in the supply, trading and shipping of natural gas, liquefied natural gas (LNG), electricity, fuels and chemical products.

In 2014, Eni's worldwide sales of natural gas amounted to 90.88 billion cubic meters (BCM). Sales in Italy amounted to 38.44 BCM, while sales in European markets were 38.28 BCM which included 4.01 BCM of gas sold to certain importers to Italy.

GDF SUEZ

GDF Suez's predecessor Gaz de France was founded in 1946 by the French government to consolidate more than 500 (mostly coal-fired) gas sites that had existed before the Second World War.

Engie, formerly known as GDF Suez, is engaged in the natural gas, electricity, and energy and environmental services businesses. It serves customers with energy, water, and waste management.

A2A S.p.A.

A2A was founded in 2008 after a merger between AEM SpA Milano and ASM Spa Brescia. Also in 2008, the group acquired 100% of the share capital of Cofathec Coriance Sas, a company operating in France in the heating, cooling and co-generation sectors. In the same year, A2A entered into a joint venture with two companies of the Gazprom group (Gazprom Export and ZMB GmbH), to operate on the Italian natural gas market.

Porter's five forces analysis

Bargaining power of customers

Bargaining power of customers is assessed as moderate. This results from the predominance, in terms of number, of residential customers, lacking the financial muscle and consequently the bargaining power.

EnergyDisco faces an environment where switching is frequent and the main driver is price sensitivity; thus the company strategy is to offer a flat tariff, pushing to gain market share. Marketing and CRM are going to be fully internalized to increase reliability and to build brand image.

Bargaining power of suppliers

Bargain power of suppliers is assessed as moderate, mostly due to the fact that power generating companies are vertically-integrated, and consequently larger in size. In the natural gas market, supplier power is strong due to a monopoly condition upstream.

EnergyDisco can count on a solid customer base which helps to decrease suppliers power. Increasing the number of end-clients, the company will be better positioned to stipulate longer and discount contracts. Moreover, the new company can count on more than 60-year combined experience from the MBO team, meaning commercial relationships with the major player of the supply market. Most importantly, the company already owns the expertise and the experience in the field.

Industry rivalry

Degree of industry rivalry is assessed as strong. It depends on the degree of liberalization of the market. In a liberalized environment, rivals are mainly forced to compete on price mostly due to the lack of product differentiation. Nonetheless, low switching-cost increases internal rivalry. Typically, integrated companies are large in scale and can exploit economies of scale and economies of scope.

EnergyDisco strategy is to exploit its low pricing strategy together with an increase in the sales staff quality. This is aimed at consolidating its local market share and to prepare the company for a future expansion. According to the deregulation and the eventual construction of a distribution infrastructure for methane in Sardinia, the company may have the opportunity to play a key role by the end of 2018.

Threat of substitutes

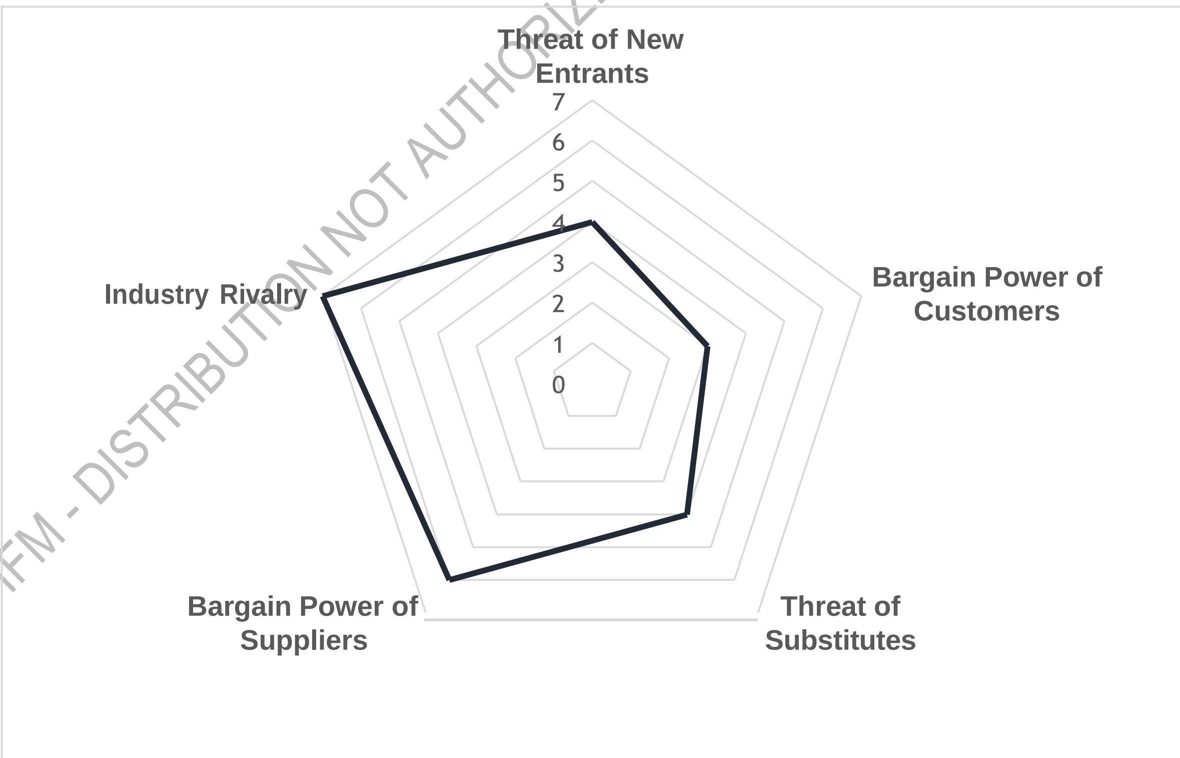
Threat of substitutes is assessed as weak. For residential and small-medium commercial buyers, natural gas is often the main substitute. Switching cost associated to the shifting are relevant. An alternative option is the collective purchasing, hereby groups of consumers get together via a third party to buy a specific plan from a gas and electricity supplier. Another substitute to retail electricity is self-generation, even though at present it is not a major threat.

EnergyDisco operates both in the electricity and in the natural gas arenas, thus ensuring a completecoverage of the market.

Threat of new entrants

Threat of new entrants is assessed as moderate. Regional or national companies play a key role due to the non-fully liberalized market. A company can enter as a pure retailer, without huge investments in physical assets. Barriers to entry are assessed as low. Being a commodity either energy and gas, new entrants do not have to differentiate.

EnergyDisco can leverage on the regional recognition to protect itself from new entrants; moreover, the MBO team plan to build a solid costumer base in Sardinia with a future expansion aiming to gain additional market share in Italy.



Porter's five forces analysis

Regulatory Background: liberalization in Italy

Milestones 1995-2015

- The first step was taken on 14th November 1995, with the creation of the "Utility Sectors Supervisory Board". The Italian State has given at the Board the task to supervise the utilities market during process of deregulation with the aim to transform the market into a competition based market.

- A key step forward was taken on 16th March 1999, with a decree, also known as "Decreto Bersani" (Transposition of the European Parliament Directive 96/92/CE). The local monopoly nature of the electricity landscape began to mutate moving into a competition based,. Any company that satisfies specific legal requirements could have taken such an electricity service concession. Distribution tariffs were determined by law and a spin-off was imposed between Enel and its distribution activity (i.e. Enel Distribuzione).

- On 23rd May 2000 a new decree gave new emphasis to the liberalization of the distribution of natural gas (Transposition of the European Directive 98/30/XE). The decree defined distribution a public service activity, and set a certain ratio, no more than 50% of national market share for selling activity. This was due to foster the liberalization.

- 1st June 2011 law number 93, called transposition of the European Directive 2009/72/CE, 2009/73/CE and 2008/92/CE, proposed the harmonization of the regulatory background inside the EU of the electricity and natural gas markets. Regarding the retail market is stated that the vertically integrated companies should not exploit in a non-competitive way to strength their brand with the specific purpose to create confusion in the final client. As far as the natural gas market concern it is instituted starting from 2012 an official register for companies selling natural gas in Italy. The new law increases also other powers of the Authority in terms of supervision on the legal protection for customers, especially for clients sensible data treatment.

Current Regulation

In 2015, with the Renzi government, deregulation speeds up due to the regulatory pressures from the European Commission. According to EU regulation, **energy market will be fully liberalized in 2018**. Moreover, the Authority will no more be in charge of settling tariffs for the utilities supply chain, thus Italy will enter in the final stage of the liberalization process.

Chapter 4 - Financial Analysis

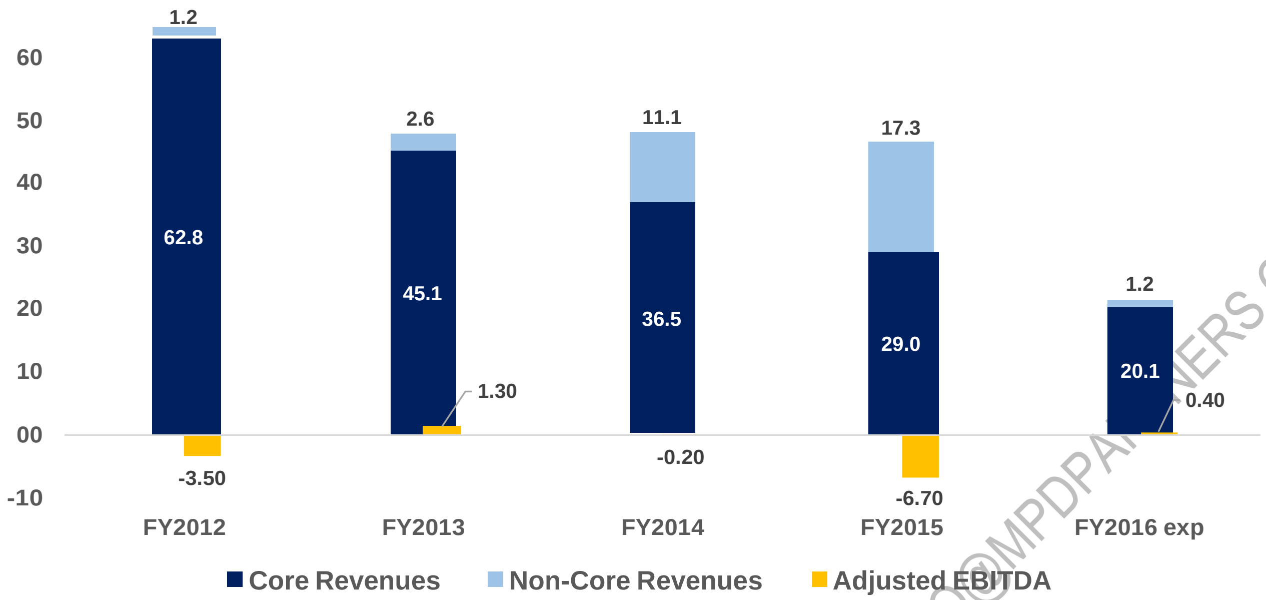
Income Statement Top-Down Analysis

ADJUSTED INCOME STATEMENT	FY2012	FY2013	FY2014	FY2015	FY2016e
Revenue	64'040'561	47'740'644	47'581'761	46'337'408	23'385'032
%	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	61'621'999	40'406'112	41'495'482	46'974'831	18'039'945
%	96.2%	84.6%	87.2%	101.4%	77.1%
Gross Margin	2'418'562	7'334'532	6'086'279	-637'423	5'345'088
%	3.8%	15.4%	12.8%	-1.4%	22.9%
SG&A	3'422'016	3'300'573	3'824'628	3'632'796	2'831'947
	4.0%	4.5%	5.1%	5.4%	8.4%
Labour costs	2'506'703	2'784'358	2'448'171	2'386'442	1'821'746
	3.9%	5.8%	5.1%	5.2%	7.8%
EBITDA	-3'510'157	1'249'601	-186'520	-6'656'661	691'395
	-5.5%	2.6%	-0.4%	-14.4%	3.0%
Depreciation & Amortisation	176'190	144'002	112'549	90'326	85'730
	0.3%	0.3%	0.2%	0.2%	0.4%
EBIT	-3'686'347	1'105'599	-299'069	-6'746'987	605'665
	-5.8%	2.3%	-0.6%	-14.6%	2.6%
Financial incomes (charges)	-346'977	-84'587	161'357	-16'992	-60'188
	-0.5%	-0.2%	0.3%	0.0%	-0.3%
Income before extraordinary	-4'033'324	1'021'012	-137'712	-6'763'979	545'477
	-6.3%	2.1%	-0.3%	-14.6%	2.3%
Extraordinary incomes (charges)*	-240'241	-17'170	171'644	-293'626	-325'103
	-0.4%	0.0%	0.4%	-0.6%	-1.4%
Earning before tax	-4'273'565	1'003'842	33'932	-7'057'605	220'374
	-5.5%	2.6%	-0.4%	-14.4%	3.0%
Tax	1'131'361	-772'860	41'096	-3'446'422	173'538
	1.8%	-1.6%	0.1%	-7.4%	0.7%
Net earning	-3'142'204	230'982	75'028	-10'504'027	46'836
	-4.9%	0.5%	0.2%	-22.7%	0.2%

** Not including the windfall profit coming from cut of the outstanding debt in composition with creditors.*

Top-Line: Revenue Analysis

EnergyDisco S.p.A. experienced a fast paced growth during its first years. This trend reached a peak of 99’437’537 million euro revenue in 2011 and then the company had a severe deceleration due to both endogenous and exogenous factors. Externally, the energy utility sector had a contraction in terms of sales volume and experienced an increased competition. Internally, the company went through years of suboptimal management due several changes in ownership structure, leading the company to the inability to build a solid development plan and to offer a reliable service. Last relevant drop in sales before the implementation of the restructuring plan has been observed between 2012 and 2013 (-25.5%), whereas core revenues kept declining at a sustained speed due to poor management of the sales activity.



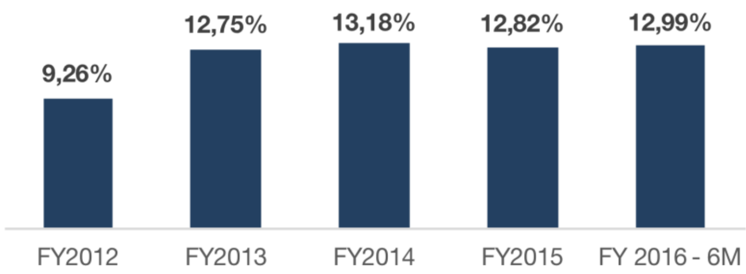
Revenue Trend from 2012 to 2016 (expected) – values in EUR million

Gross Margin

Overall, the utility retail sector is being characterized by low margins, mostly due to the rivalry in the end-market and to the supplier's concentration. During the past several years, energy wholesale purchase price declined, helping EnergyDisco to achieve a higher gross margin (>10% of revenue). Where end user distribution has higher margins, Energy trading is an opportunistic activity as it requires a negligible effort to deliver a quick win; its margins are very low and it negatively impacts the overall profitability ratios. Nonetheless, its gains are a precious source of revenues at a low operational cost.

EBITDA

In the past years, EBITDA trend is being fluctuating mainly due to the incidence of the operating expense. Heavy labour structure as well as the strong SG&A expenditure suggests a weak cost control. As a result, EBITDA showed a progressive decrease, except for year 2013 where the lower incidence of COGS helped the company performance. However, the restructuring process implemented from April 2016 already resulted in positive EBITDA during the first six months (EBITDA: EUR 600k, adjustments not included)



Opex as a percentage of Revenues

EBIT

In the past years, EnergyDisco had a constant accounting negative EBIT trend (except of FY2013). This is mainly due to the light asset structure and to the major negative component of D&A that is the write-down on receivables. However, from a financial perspective, write-downs are considered as an essential part of the business and are treated as part of the cost of goods sold. Notably, during the FY2015, a massive write-down adjustment on receivables has been accounted to compensate the lower adjustment in previous years and to give the residual credit rating a much higher quality into 2016. In this specific industrial environment, there is a relatively high switching frequency by the end-consumers, and write-downs on receivables appears as a sunk cost the needs to company sustain. On the positive side, receivables write-down can be fairly well controlled under proper salesforce and credit collection management.

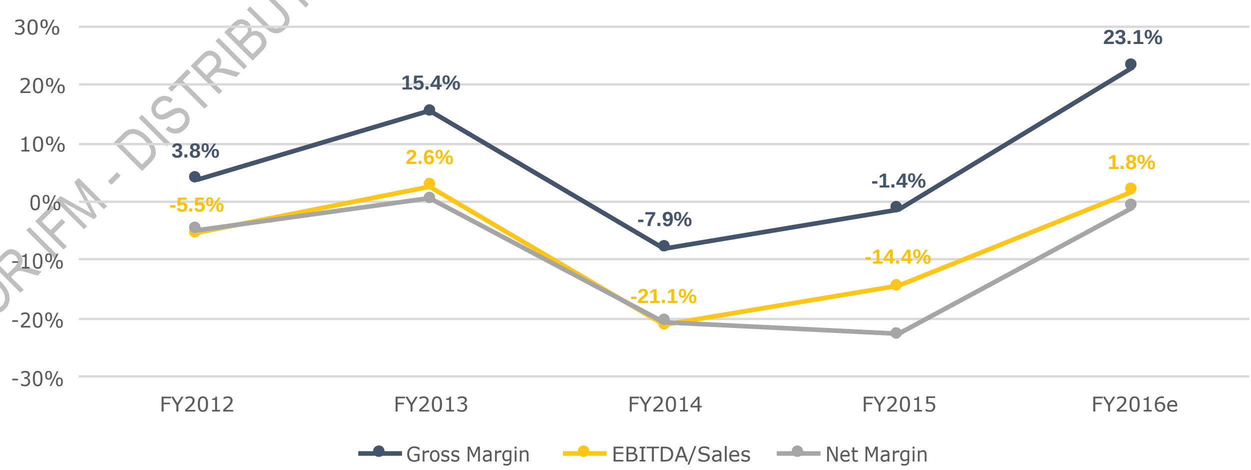
Earnings Before Taxes

Currently, EnergyDisco has low short- and long-term financial debt, which translates in negligible incidence in the financial expenses and in the extraordinary items. Consequently, there is a little difference between EBIT and EBIT.

Net Earning

EnergyDisco economic result has been fluctuating in past five years, as a result of business model that is significantly impacted by write-downs policies implemented. In addition, the operating inefficienciesand low operating margins contributed to the development of the previously presented distressed situation. Moreover, the company was unable to exploit a cumulated tax credit that was lost in 2015. Overall, fluctuating net earnings demonstrate current ownership's inability to build a coherent and sustainable business model.

The graph below shows the main Income Statement ratios trend from the FY2012 to the FY2016 - 6M:



Balance Sheet Analysis

	FY2012	FY2013	FY2014	FY2015
Assets	**34'122'172**	**22'683'248**	**34'609'878**	**12'596'960**
Current Assets	**33'317'840**	**21'388'065**	**33'354'201**	**12'255'572**
Receivables	26'080'534	15'024'076	18'063'374	11'583'026
Prepaid expenses	120'888	185'615	11'729'905	146'384
Cash & cash equivalents	3'000'009	2'809'900	118'049	526'162
Tax credit	4'116'409	3'368'474	3'442'873	0
Fixed Assets	**804'332**	**1'295'183**	**1'255'677**	**341'388**
Intangibles	193'876	151'791	125'854	112'421
PPE	210'456	143'392	127'759	126'762
Long-term financial assets	400'000	1'000'000	1'000'000	0
Investments	0	0	2'064	102'205
Liabilities	**26'679'623**	**15'015'551**	**26'861'321**	**15'346'430**
Current Liabilities	**20'407'745**	**12'451'817**	**24'224'550**	**14'789'932**
Accrued expenses	29'096	296'600	3'106'019	92'443
Payables towards suppliers	14'168'569	5'039'028	16'761'557	11'540'651
Inter-company payables	33'128	3'435'223	261'665	0
Tax payables	166'201	309'720	340'210	616'876
Social contribution payables	125'100	158'055	113'648	153'073
Allowance	287'548	326'530	305'124	1'090'070
Other short term liabilities	166'007	202'331	202'883	290'661
Current Portion of other Long term debt	3'305'100	2'555'167	3'024'534	944'678
Current Portion of shareholder financing	2'000'000	0	0	0
Current Portion of bank loans	0	0	0	0
Employee severance indemnities	126'996	129'163	108'910	61'480
Long-term liabilities	**6'271'878**	**2'563'734**	**2'636'771**	**556'498**
Bank debt	0	0	184'619	120'851
Shareholder financing	0	2'000'000	1'900'000	0
Debt Ex-shareholders	5'700'000	0	0	0
Other long term debts	571'878	563'734	552'152	435'647
Equity	**7'442'549**	**7'673'531**	**7'748'557**	**-2'755'470**
Shareholders' equity	1'000'000	1'000'000	1'000'000	1'000'000
Extraordinary reserves	0	0	219'431	290'708
Legal reserve	35'271	35'271	46'820	50'571
Paid in capital	5'805'142	5'805'142	5'805'142	5'805'142
Other reserves	3'744'340	602'136	602'136	602'136
Net earning	-3'142'204	230'982	75'028	-10'504'027
L+E	**34'122'172**	**22'689'082**	**34'609'878**	**12'590'960**

ASSETS

Current assets

EnergyDisco Current Assets experienced a constant decrease during the past years, in consequence of the negative trend in sales and the high incidence of write-down on receivables (in five years Trade Receivables decreased by around 47.4%). Another indicator of the inefficiency of the current business structure is the cash balance that went from € 3 million to € 0.5 M in five years, despite no investment in fixed assets.

Fixed assets

As expected for a pure utility retailer, the asset structure is very light. Fixed assets account at this moment for about 3% of the company total assets. Intangibles and PP&E are almost fully amortised. As for the split of these assets, PPE, Intangibles and financial assets each account roughly for one third of total fixed assets, respectively.

LIABILITIES

Current Liabilities

Current liabilities account for around 93% of the total liabilities, the vast majority of the € 12.7 million is payables to suppliers. This is the most relevant trait of the current EnergyDisco distress situation. Nowadays, the company inability to repay its commercial obligations led the distressed situation that is well described by the famous “straw that broke the camel's back”. The closing of 2015 financials reporting showed unhealthy capital ratios that called to action for an immediate restructuring play. In June 2016 the company filed for an arrangement with creditors, and as a consequence the due debtis currently frozen.

Long-Term Liabilities

Shareholders’ Financing is the biggest item in long-term liabilities, as a matter of fact EnergyDisco was forced to get financial resources internally, due to poor credit rating and the fragile margins. These two facts limited the ability to access financial resources through the banking system (Bank Debt accounts for €142.510 in the FY2015).

EQUITY

The book Equity value is -€ 2.34 million. The negative value is mainly due to the large loss reported at the end of 2015, which, according to Italian regulation, will be carried over in the next years, and is the reason for the pre-bankruptcy procedure that is in place.

Valuation Analysis

ADJUSTED EBITDA VALUATION RATIO

Adjusted EBITDA is a measure to assess and to review the corporate performance. Given that EnergyDisco has negligible financial leverage, MPD acknowledge that Adjusted EBITDA is a realistic metric for a forward looking valuation analysis.

The future investor will be able to achieve a sustainable operating cash flow trend and compare it to the gross sales trend for the same period. If the two trends are consistent, it is reasonable to assume that additional sales growth in the future will result in an increase in cash flow. This situation is desirable and is what an investor should strive to achieve as his or her plan for the future exit strategy.

The following table indicates the EBITDA trend under the assumption that the restructuring plan is undergone and the MBO team meets the targets in term of revenue increase and OPEX control.

	Year 1	Year 2	Year 3	Year 4
Sales	€27'698'344	€32'997'991	€37'823'028	€41'486'681
Adjusted EBITDA	€826'340	€1'273'132	€1'849'222	€2'198'307

The Enterprise Value, which in this case correspond to the Equity Value because of the absence of financial debt, is obtained via discounting the above EBITDAs.

Sales shift & growth		Discount Factor					
		16%	*18%*	*20%*	*22%*	*24%*	*26%*
g (sales)	*-1.0%*	€9'985'020	€8'707'820	€7'691'174	€6'865'483	€6'183'598	€5'612'481
	-0.5%	€10'201'438	€8'869'109	€7'814'303	€6'961'359	€6'259'503	€5'673'430
	0.0%	€10'431'382	€9'039'359	€7'943'588	€7'061'593	€6'338'569	€5'736'723
	0.5%	€10'676'161	€9'219'337	€8'079'504	€7'166'489	€6'421'001	€5'802'498
	1.0%	€10'937'259	€9'409'902	€8'222'573	€7'276'379	€6'507'016	€5'870'904
	1.5%	€11'216'364	€9'612'017	€8'373'375	€7'391'631	€6'596'854	€5'942'103

MPD believes that the future exit is subject to influence of market conditions for the industry, the negotiating power towards counterparties and various external factors.

Even so, under the assumption of a stable and moderate growth and both composition with creditors and personnel restructuring completed according to EnergyDisco's plans, the company Equity Value should be assessed at around € 4.2 million.

Chapter 5 - Corporate Restructuring

Management Prospective

The aim of the MBO team can be summarized in the following paragraph:

"Establishing itself as a company with strong local implications and national standing, active as an electricity and natural gas seller to final customers in the liberalized marketplace, enhancing internal know-how, developing new business policies for energy efficiency, and offering advanced outsourcing services such as billing and customer management"

End of the downturn: composition with creditors

In the Italian legal system there are few main standardised procedures for credit restructuring. EnergyDisco has been preparing for the process since January 2016, boasting net income already in Q1 and Q2 2016, to give the company a high chance of success, making the company suitable for restoring profitability after the procedure under proper management.

To complete the procedure, creditors will need to agree to a credit cut (expected 75% cut of the junior debt) and the civil judge, backed by a special commissioner, has to validate the business plan. EnergyDisco has been filing the arrangement in blank, from the application the company has 120 days plus, eventual, other 60 days to prepare a business plan to be admitted.

The timeline of the procedure is detailed below:

1- Filing for arrangement with creditors (June 2016);
   i. Due Debt is frozen;
2- Acceptance of the case by the civil court (July 2016);
   i. Mandatory monthly reporting to the court;
3- Filing for the Business Plan due to the court by November 12th 2016;
   i. The company is expected to ask for the legally allowed extension of 60 days;
4- Acceptance of the Business Plan by the court (exp. January 2017);
5- A special commissioner is nominated to foresee the procedure of the arrangement (exp. January 2017);

6- Creditors are summoned - “Adunanza dei Creditori” (exp. January 2017);

7- At “Adunanza” creditors are required to vote on the business plan, including the write-off on their credit repayment and schedule (exp. February 2017);

8- Absolute majority of the creditors is required for the deal to be ratified (exp. February 2017, but negotiations can last up to 6 months).

Starting point: status quo with decreasing costs

This scenario is consistent with recent company trends. Assuming that no extra growth will be realized during the entire operation period, and costs will remain constant, we observe a modest increase in the top-line and costs year on year. The resulting margins – gross margin, operating margin and net income margin - remain under industry standard.

The assumption that revenue will remain stagnant should not affect returns, because we believe that action aimed at boosting organic growth – increased sales forces efficiency and centralised marketing and branding – will offset any negative trend. We clearly acknowledge the risk of a prolonged contraction in the market, however we believe that in our worst-case scenario, the new focus on strategically stronger business lines, can offset any potentially negative market trends, also due to the inelastic nature of the industry.

We believe that centralized cost management will effectively cut non-core expenses and render the operation of the company more efficient. We conservatively assume that costs will decrease at an aggregate level in line with main competitor’s historical analysis, with a forecast for the entire budgeting period. This scenario indicates that net profit will increase around 1.03% percentage point in a 4-year forecast period still remaining negative. Even in this highly bearish scenario, the performance shows that the activity of the company, if managed properly, will be highly defensive, with risk skewed to the upside. This should not be a surprise: energy consumption, especially for SMEs and Consumers, is relatively inelastic.

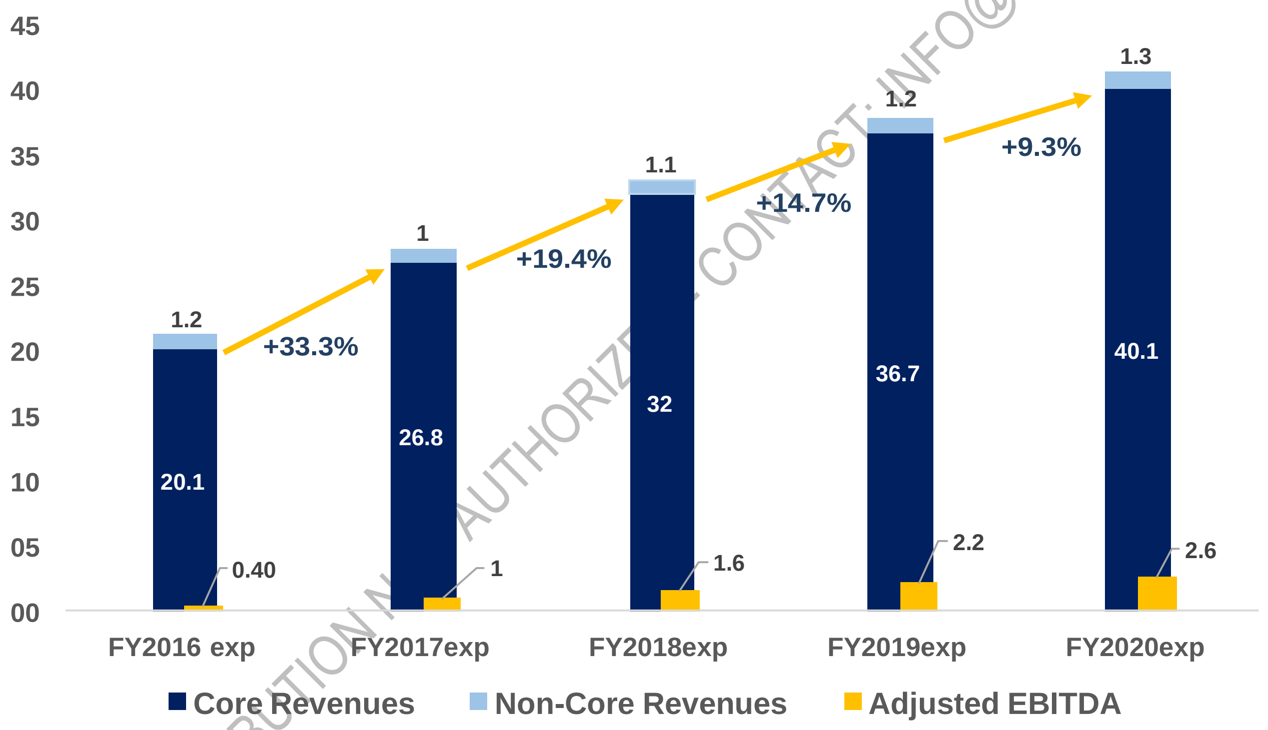
Value creation: Revitalization by boosting growth

Under this scenario, we assume that we will benefit from costs management, effective marketing campaigns and brand investment, which, along with the further opening of the free market in 2018, will help the company to grow revenues at a faster pace than the market contraction.

We also take into consideration that in order not only to increase sales but also expand our margins, we should focus on quality of the client base. We observe three main categories of products, and these are energy sales, gas sales and billing packages. These last two, command a premium against traditional energy sales, but the lack of a distribution network for gas in Sardinia represents a relevant obstacle to the expansion in the segment, under the assumption of improvement in clients’ quality. In our retail strategy, execution will be focused on increasing sales from domestic energy sales. We target a 15% growth rate for Gas sales and Billing Package in the first year, a plus 10% in year two and a 5% increase thereafter.

The target for Energy sales growth is 25% in the first year, 20% in the second, 15% in the third and 10% in the fourth. We can see from the following table (data in Million) that while growth in the low-margin categories is low, the high-margin products contribute greatly to the overall profitability of our product portfolio. We are not considering the further option to lower the COGS thanks to higher bargaining power at the aggregate level stemming from the combination of different units. Focusing the marketing effort on core revenues and markets.

EBITDA margin climbs to 3.4% in 4 years' time and net margin will increase up to +0.8% in comparing to status quo.



Figures in EUR million

Value creation: lowering COGS

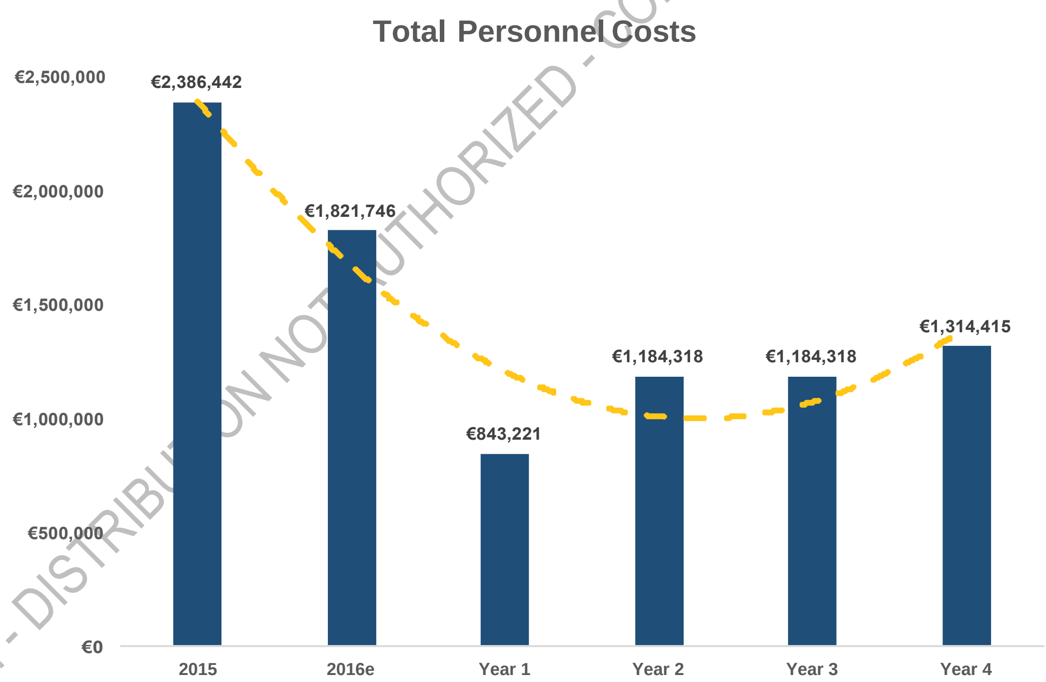
One of the sources of efficiency for our execution plan is expected to derive economies of scale. By increasing the number of clients and, therefore, the amount of energy distributed, the company is expected to gain higher bargaining power towards the distributors and the resellers. Based on our base-case scenario presented in the previous section, we further assume we can achieve a COGS reduction of -0.50bp per year towards the distributors/resellers for all products. With the effect of COGS reduction, gross margin will grow. Gross margin increase to 21.5% in 4 years compared to the -1.4% of FY2015, and EBITDA margin will significantly improve by more than 200%.

Value creation: optimising operation

Human Resource Restructuring

Currently, the company has in the labour cost one of the most unbalanced and hindering voices in its financial statement, thus a restructuring plan is already in place. The plan however is not intended to make a clear cut with the workforce, but has the aim is to maintain the most qualified and experienced workforce inside the company, the management team will be composed of key senior executives of the company as of today (see CVs of the MBO team in Appendix 2).The most preeminent adjustment in this section will be done on the salesforce: during the due diligence it came up as a specific source of inefficiency, thus the restructuring plan intends to hire a new CSO, a former employee, and deeply renew the salesforce both in its composition and operational processes.

The restructuring plan results in a considerable reduction in workforce of about 50%, from 42 to 20 employees. This action is bringing personnel costs from € 2.3 million for FY2015 to around € 850'000 for FY2017, before any Prama and MPD intervention. The human resource development plan is divided into three phases: step 1 (25 Employees for a total cost of around € 1 million, lowered to € 850'000 because of work incentives due to the Company by the government) for FY 2017, step 2 (31 Employees for a total cost of € 1.1 million) for FY 2018 and FY 2019, and the last step (35 Employees for a total cost of € 1.3 million).



Out-sourcing Activities

A specialised credit collection company will be hired. The new company is specialised in collecting commercial and professional service claims throughout the Italian Energy Market. The new company needs to follow the new standards based on: persuasiveness, persistence and professionalism. High success rate and unusually high level of client satisfaction are implicit in the choose of the new debt collectors.

In the first period, the company will outsource the front office activities and the back office activities. An advance negotiation is in place with a qualified company regarding front office activities. Main tasks will include interactions directly with company customers, usually over the telephone. By outsourcing these services, the company will be up to focus on the core business. It also allows to reduce the significant expenses associated with the credit collection function. Regarding the back office activities, they are usually divided into two categories: internal business functions such as billing or purchasing, and customer-related services such as marketing or tech support. In the company case, the latter is the only option taken into consideration. Concerning the billing service, it is already included in the in-sourcing activities describe in the following paragraph.

Ancillary services such as legal services will be outsourced and entrusted to competent companies.

Due to the competence and experience by the company, the MBO team aim will be internalize credit collection, front office and back office activities year by year.

In-sourcing Activities

Centralised services for sales will be executed by the new Sale Director with previous experience in the company and with direct expertise and knowledge in the B2B segment. The new sales team will be organized by entrusting a qualified Agency Company specialise in the door to door client service and tele selling activities, while the B2B will be entrusted to qualified local agents direct control by the Sales Director. The new vision of the sales team will be focused in transforming customers from simply end-users to loyal customers. Administration procedures will again improve the efficiency centralising service such as billing. Billing activity is an assets of the company gained by years of direct experience and with the migration of the current in prime IT infrastructure to Amazon Web Services, will introduce more flexibility and reduce the costs and the risk, also potentially replacing some functions of personnel in the company. We foresee a further reduction in staff-related expenses as well.

Marketing will be centralised in a specific department which controls the marketing activities, and it will be responsible for producing the different marketing initiatives, and creating a unified brand image. The rise of social media has been of primary concern to the new team. The company will create social media initiatives that maintain a consistent brand feeling that promotes positive brand beliefs in order to induce purchase through the use of rich media and other supporting collateral.

Amazon Web Services

The execution plan includes the introduction of Amazon Web Service. Such systems have several advantages and may potentially increase the efficiency of our operations.

The most obvious benefit is that the system helps the company use its time and space more efficiently: according to our analysis, AWS System will be fully integrated in the cloud. Thanks to the fully automated system, the time required to manage the entire sales process and the back office activities will be significantly reduced. Even with an increasing number of clients, a reduction of its workforce will be possible given that staff is one of the heaviest costs. A remarkable benefit to the bottom line will be visible once the investment in automated systems is amortised. Staff in the company can carry out their day-to-day duties more efficiently; more time could be dedicated to provide quality services to clients, increasing loyalty rates that will result in increase in revenue.

Finally, Amazon Web Service, with suited software, can provide insights into back office optimisation. This can reduce the amount of working capital and can contribute to cash flows.

The main costs saving associated to the adoption of the Amazon Web Service include cost of the equipment, licenses, installation, electricity and annual maintenance expenses. The manufacturer of the equipment usually provides installation and maintenance services. Leasing is the most common means of financing. In our operational plan, financing rates could represent an opportunity if debt can be raised at a lower rate than lease.

Other criteria of the value creation process

Other criteria:

- Efficiency and operation optimization takes time to kick in. Heavy investment and expansion before a certain level of efficiency is achieved would dilute the overall investment return. On phase one we suggest to build a portfolio of clients with a focus where the company is located (Sardinia). A company that is too widespread will exponentially increase the complexity of the operations before we accumulate substantial management know-how and experience.

- Fundamentals leave us very little room for error in terms of execution and risk management. As such, financial support for sureties would likely force us to compete with stronger rivals that would put pressure on our market share from day one.

SWOT analysis snapshot

Strengths

- Over 60 years of total experience in the company by the MBO team
- Defensive characteristics and predictable cash flows
- Customer base value and granularity
- Track record of process optimisation from the Management Team
- High quality in the processes due to internal expertise and experience
- Technological infrastructure with flexibility of IT system

Weaknesses

- Regulated mark-up/margin schemes for Electricity/Gas retailing companies
- Capital structure could be stretched
- Little growth
- Unsustainable costs mostly related to personnel
- Poor transparency with suppliers

Opportunities

- Technology changes offer more efficiency
- Developing a broader customer base
- Undertake market research seeking new ways to determine customers behaviour
- “Free Market” by the end of 2018
- Labour cost efficiency
- Online penetration is still low
- Profitable and uncovered Gas segment in Sardinia
- New business development such as: energy saving and energy intelligence
- Labour cost efficiency

Threats

- New business model developing different scale and services
- Competition from outside rivals
- Downwards pressure on prices and low inflation rates
- Possible anti-trust issues and concentration rates
- Government legislation on price control
- Increased competition from direct and indirect competitors
- Uncertainty regarding the result of Chapter 11 admission procedure

Chapter 6 - Investment Return

Exit strategy

The ultimate objective of the consolidation plan under discussion is to re-establish a sustainable business that will lead to, in our view, substantial returns for investors, mainly leveraging from the initial bargain entry price. In order to achieve this objective a complete or partial exit must be made at the end of the investment horizon. Because the exit will take place in a minimum 2-3 years' time from this document and will be exposed to high future unforeseeable constraints, MPD believes that remaining open to various exit options is necessary. We include different options below and consider the suitability of each option standing from today's point of view.

Secondary Management Buyout (SMBO)

The management team can buy the business it manages. These cases were traditionally instigated by management approaching the target's owners with a proposal to acquire the business and then take the deal to the funding institutions.

Where management initiate the buy-out process, they must be very careful to ensure that they do not breach any duties of confidentiality which they owe to their employers (for example, by disclosing financial information or trade secrets to potential founders). They should also be wary of breaching their service contracts (for example, by failing to devote their energies to the target's business but, instead, spending their time trying to pursue a buy-out).

Trade Sale

This is the preferred exit strategy at the moment. A trade sale is an exit strategy in which shares of the invested company is sold to a trade buyer, that is, a third party operating in the same industry. A trade sale often offers quick and complete exit from the investment. A trade sale is rarely under regulatory restrictions and often takes place with one-on-one negotiations. MPD believes that following the liberalisation of the Energy/Gas retail sector, global and regional established players will enter the market and they will leverage on their financial strength to search for strategic acquisition targets in order to expand more efficiently. With a sizable and consolidated customer base, we believe that the company will be an appealing purchase for a strategic player in 2-3 years' time. In addition, this kind of transactions often include a considerable price premium as the strategic player can extract more synergies.

Initial Public Offering (IPO)

This strategy is also sometimes referred to as "flotation" or "listing". In our case, we foresee the opportunity to sell the shares to the secondary market once a critical size has achieved. This is usually the most popular exit strategy for private equity investors as when the proper market condition prevails, it will provide the most lucrative returns.

For an IPO exit, the company must achieve a significant size and manage to maintain a relatively stable profitability in order to meet some entry barriers set by stock exchanges. In addition, an IPO by itself does not mean an exit for investors. Investors have to actually sell its shares to a third party after the floatation, which does not always happen simultaneously with the IPO. The flotation of the share prices also means the investors will be exposed to market price uncertainties: if the share price on the secondary market drops after the flotation, investors will suffer from such decline in prices.

It is also important to note that an exit through IPO may be lengthy and costly, which could dilute the investment performance in terms of IRR. Considering the efficiency of the Italian stock exchange market and the potential size of the company that we will achieve in the planned investment horizon, MPD believes that setting an IPO exit agenda is realistic at this stage and it will remain an attractive option.

Leveraged Buyout

Leveraged buyout is an exit strategy where debt is raised to allow investor to extract cash from the company with giving up control of the company. Once the business enters a stable growth phase, debt can be raised through a bank or by issuing bonds on the market to buy back shares from investors. Leveraging the company also means potential tax benefits due to the deductibility of interest payments.

Investment returns

Methodologies

An Internal Rate of Return (IRR, or sometimes referred to as "economic rate of return - ERR) calculation based on our financial simulation is carried out in order to give references to the potential financial return of the investment. The IRR is a metric often used in Private Equity to measure the profitability of investments and is the discount rate that makes the net present value (NPV) of all cash flows from a particular investment project equal to zero. We calculate the IRR using the following formula:

Picture 1. IRR calculation formula

$$NPV = \sum_{t=1}^{T} \frac{C_t}{(1+r)^t} - C_0$$

Where

C_t = net cash inflow during the period t

C_o= total initial investment costs

r = discount rate, and

t = number of time periods

Year 1	Year 2	Year 3	Year 4
-€ 2.2M	€ 0.4M	€ 0.4M	€ 5.8M
			IRR = 50%

Funding Requirement

Entry Price: from **EUR500K to EUR1M** to buy out the current sole shareholder.

Commitment: up to **EUR3M** of further commitment as allowance for the **EUR11M outstanding debt**.

Funding Source in targeted scenario

Investor:
- **EUR1M** to buy out the current sole shareholder.
- **EUR2M** of commitment for allowance

Company's own cash: EUR1.2M can be partially employed in repaying the outstanding debt.

Optional Investor: commitment of **EUR1M** to drag along in the investment case

Cash flow projection in targeted scenario

Investment Projection				
Year	2017	2018	2019	2020
Entry price	-€660'000			
Bad debt repayment*	-€1'500'000			
Dividend (50% payout)			€415'000	
Share buyback		€400'000		
Exit price				€ 5'787'000
Cash Flows	-€2'160'000	€400'000	€ 415'000	€ 5'787'000

Shareholders' Structure	2017		2018	
Investor	€660'000	82.50%	€1'760'000	76.52%
MBO team	€60'000	7.50%	€460'000	20.00%
MPD Partners	€80'000	10.00%	€80'000	3.48%
Total SH Capital	€800'000		€2'300'000	

Chapter 7 - Risks

An investment in the new company could be highly speculative and should be considered by individuals and/or entities that are able to assess and assume financial risks for the duration of the investment period. Potential investors must pay particular attention to the following risks, which could affect performance.

Trading

The increase in commodity trading in the energy has an impact on short- and long-term contract prices and on price volatility. Trading approach includes the presence of qualified and certified resources in the management of business and the availability of solutions on different technological platforms dedicated to collect and organize heterogeneous sources of information.

Declining demand

Declining demand for energy and gas may adversely affect the company operating results.

Regulation

New laws, regulations, or policies of governmental organizations may have a significant effect on our costs base and on the business (macroeconomic environment factors).

Competition

There are several major players that compete directly with the company. Many of these companies have much more financial resources that are not available to the plan. If these major players decide to expand aggressively in the Italian territory, it may reduce the profitability of our plan.

Shortage of financial comparisons

Though several competitors' financial figures are analysed in this information memorandum, most of the players have sizes that are very different from the company. The multiples of such companies may be misleading if applied to our case without cautious.

Management of growth

The plan foresees 3 different stages of growth. The growth heavily depends of the speed in which the company acquires end costumers and SME clients. There may be costs and time consuming procedures that we do not foresee and there is no guarantee that the forecasted growth objective can be obtained.

Need for additional financing

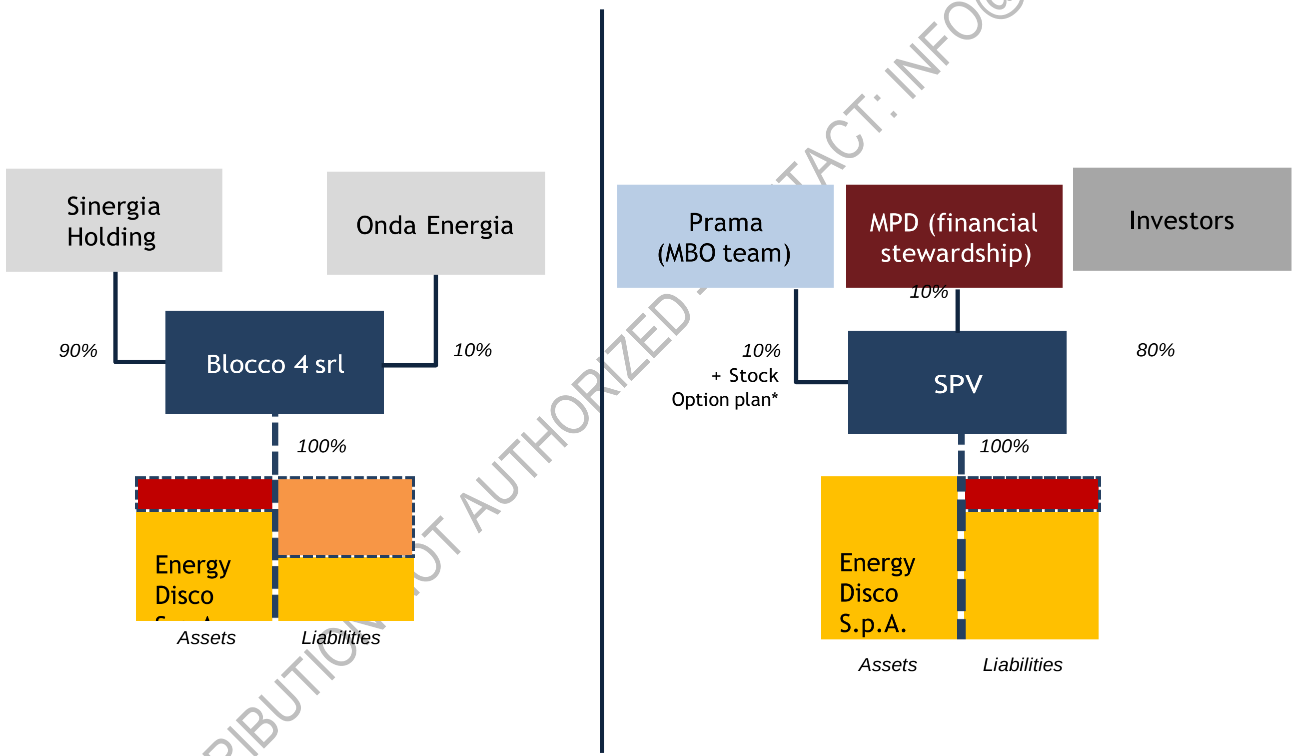
The amount of funding required stated in this document may not suffice to help the company to achieve its stated performance. Additional funds may be required in order to obtain performance goals due to unforeseen circumstances.

Chapter 8 - Organisational structure

Shareholders Structure

EnergyDisco SPA principal shareholders is Blocco 4 srl (an Italian company) that represents 100.00% ofEnergyDisco ordinary shares.

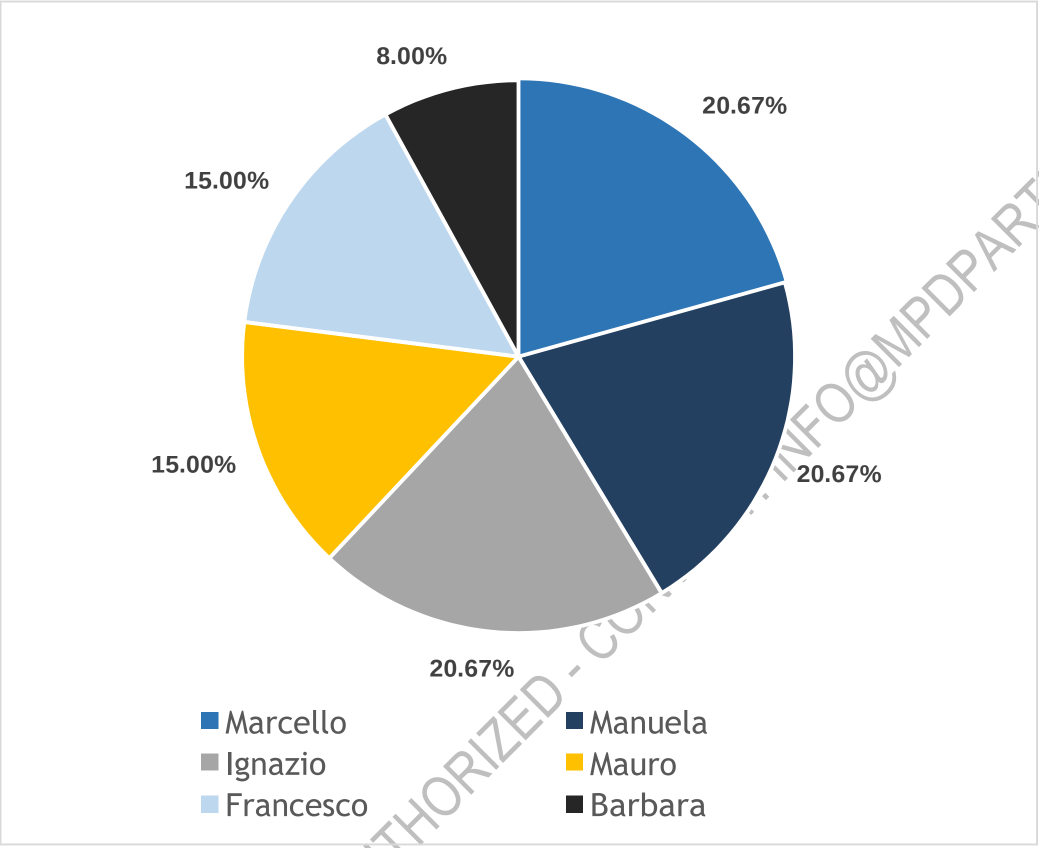
Status quo | **Post Agreement with Creditors & Transaction**



Equity in red, and frozen debt in orange;

***Stock option plan kicks in if 18 months performance target are met.**

Prama S.r.L. Shareholders Structure



MBO Team

Marcello: Currently, he is working in EnergyDisco S.p.A. as IT & Operations Director **(20.67%)**.

Manuela**: CFO** in the New Company **(20.67%).** Currently, she is working in EnergyDisco S.p.A.

Barbara**: Credit Manager (8%).** Currently, she is working in the company.

Ignazio**:** Future **Sales Director** of the New Company **(20.67%).**

Francesco**:** Future **IT Director** of the New Company **(15%).**

Mauro**:** Future **Operations Manager** of the New Company **(15%).**

Information about MPD Partners

MPD Partners

MPD Partners is a European boutique investment management firm that provides opportunities for Private Equity investment and offers corporate finance Advisory Services with particular focus on SMEs and Real Estate. The firm manages and advises on a range of investment programs and custom portfolios for an international clientele of Qualified Investors such as family offices and HNWI seeking direct exposure to individual private market assets.

Mirco Coccoli, Partner

- Investment Management Professional since 2007 at BCV and Reyl & Cie, with up to 500MCHF AUM
- High Energy Physics for US DoE, Berkeley and CERN
- In 2006-2007 coordinator of the LHC at CERN during Hardware Commissioning
- Studied Quant Portfolio Management in Geneva
- Diploma in Financial Strategy at the Said Business School of the University of Oxford
- MSc in Applied Physics at the Universities of Milan and Berkeley

Luis Brunschweiler, Partner

- 30 years' experience in SME Valuation, M&A, Accounting and Audit, including deal structuring
- Owner of a Geneva based audit firm
- Director of a Geneva based accounting firm operating internationally
- Judge at the Geneva court for employment affairs
- Master's degree in Engineering from the University of Geneva
- Serial entrepreneur owning stakes in a variety of SMEs

Saverio

Mr Canepa has over 20 years of experience in the field of finance, strategy and management consulting. He has been working as a senior investment banker specialized in M&A and securitization in Fiori & Asscoiati since 2003. He is also the CEO and founder of SIMI, a marketplace for institutional investors since 2006. He has recently become Executive Board Member of the Iconic Italian fashion brand Borsalino to help the company execute its restructuring plan. Mr Saverio is the potential candidate for the CEO position of the New Company and will potentially oversees the execution of the restructuring plan.

Appendix I: Legislation Reference

- 14th November 1995, Authority of Utility Sectors law
- 16tth March 1999, “Decreto Bersani”
- On 23rd May 2000, Transposition of the European Directive 98/30/XE
- 1st June 2011 law number 93, Transposition of the European Directive 2009/72/CE, 2009/73/CE and 2008/92/CE

Appendix II: MBO team CVs

Management CVs are updated in the Data Room. Here it is presented a snapshot of the New Company Management team.

Marcello**:** He has worked in EnergyDisco S.p.A. since the 2000, when the company was founded. Starting from an internship period to be the current CIO & Operations Director.

Manuela**:** Previous experience in an accountant's firm called Mereu, after then she joined Atlantis S.p.A. in the accountant department. Currently, she is in charge of reporting, taxes and accounting EnergyDisco S.p.A. division.

Barbara**:** Credit Manager with 11-year experience in EnergyDisco S.p.A. in the credit management division.

Ignazio**:** Commercial Sales Agent in Vodafone S.p.A. for 9 years. Previous experience in EnergyDisco S.p.A. as responsible of channel development in the indirect sales

Francesco: Specialist in IT divisions, past experience as Systems Administrator and ICT Manager.

Mauro**:** Currently, he is FP&A Manager at Remosa Group. Past experience in Alcoa Group and in Total Italy S.p.A. as financial controller.

MPD PARTNERS

Swiss Registered Office
Rue du Marché 7
1204 Geneva - Switzerland
Dir (CH). +41 22 548 15 00

UK Office
4 Staple Inn – Holborn
London WCIV 7QH - United Kingdom
Dir (UK). +44 20 814 444 810

Italian Office
Via Sostegno 60
25124 Brescia - Italy
Dir (IT). +39 030 24 20 639

www.mpdpartners.ch

MPD PARTNERS

Swiss Registered Office
Rue du Marché 7
1204 Geneva - Switzerland
Dir (CH). +41 22 548 15 00

UK Office
4 Staple Inn - Holborn
London WCIV 7QH - United Kingdom
Dir (UK). +44 20 814 444 810

Italian Office
Via Sostegno 60
25124 Brescia - Italy
Dir (IT). +39 030 24 20 639

www.mpdpartners.ch