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Cogenpower PLC
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Cogenpower plc
("Cogenpower" or the "Company" or the "Group")

Working Capital and Operational Update

Cogenpower (CGP.L), the AIM-quoted low carbon technology energy business, today provides an update on the Company's operations and working capital following the first quarter of the year ended 31 March 2017.

Group reorganisation

As announced on 23 September 2016, Cogenpower resolved to withdraw from the low-margin retail gas and power supply market, operated through the Group's wholly owned subsidiary, Cogenpower Gas and Power s.r.l. ("G&P"), as part of a reorganisation of the Group. The Board is pleased to announce that this process is now complete and the division is no longer supplying gas and power. The Company has entered into a series of negotiations with G&P's legacy creditors and with the fiscal authority in Italy to settle most of the G&P liabilities. Further updates will be announced at the appropriate time.

As highlighted in the Group's final results announcement on 17 June 2016, the Group is focused on growing the Combined Heat and Power and District Heating ("CHPDH") business and further penetrating the global €30 billion district heating market. In keeping with the Company's stated strategy, the Group is also seeking to acquire other CHPDH plants in the near-term, thereby significantly expanding the Group's presence in the district heating and cooling market in Northern Italy. Cogenpower has been in discussions with a number of infrastructure investment companies who have indicated an interest in providing support to the Group to successfully implement this strategy.

Working capital

Cashflow

The Group recorded good operational cashflow during the winter months which helped to alleviate the Group's working capital position. The Company's working capital position however remains constrained due to a dispute over the payment of Green Certificate incentives, as previously announced and as described in more detail below, and as Cogenpower's business is seasonal, the Company currently remains reliant on the continued support of Unicredit S.p.A (its main banker) and its principal trade creditors to mitigate the impact of lower cash generation during the warmer months and the dispute with the GSE.

Green Certificates payment

As detailed in the Company's last operational update, announced on 5 January 2017, the Company's working capital position has been hindered by the delays surrounding the payment by the Italian supervisory agency, the GSE, of €0.9 million of Green Certificates earned by the Company during 2015. These have been the subject of a dispute with the GSE, which was seeking to retroactively revise the basis of calculation for such payments. The Company has had the opportunity to present its case

at the regional court in Rome and the view of management continues to be that there are good grounds to expect a positive outcome from this dispute.

CO₂ allowances payment

The Company is also awaiting the payment of €0.4 million from the Italian Environmental Ministry ("IEM") in respect of legacy CO₂ incentives. The Company is pleased to announce that it has been informed that the IEM intends to pay the full balance of €0.4 million to the Company by the end of 2017. The Company notes that €0.15 million of the total €0.4 million is payable directly to a creditor.

Esseti

The Company's legal adviser has confirmed that the Company remains in a strong position to recover the full contractual monies due (approximately €104,000) from Esseti Energia srl following its disposal. The Company announces that it has taken the necessary steps to begin proceedings to recover the contractual monies due.

The Group intends to announce its full year results for the year ended 31 December 2016 during June 2017.

-ENDS-

Further enquiries:

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Notes to Editors

Energy efficiency through smart technology: Anaconda technology

Cogenpower (CGP.L) designs, builds or transforms, owns and operates high efficiency district heating and cooling schemes, scalable to serve communities from 3,000 to 50,000 people. At the heart of the business is Cogenpower's Anaconda Artificial Intelligence technology, an automated, Artificial Intelligence energy generation and control system equipped with a heat storage facility that delivers heat to customers and electricity to the grid with proven energy efficiency of more than 90%. Cogenpower was admitted to trading on AIM in February 2016.

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