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

Strategic withdrawal from gas and electricity retail business

New gas supply contract

Cogenpower (LSE: CGP), the AIM-quoted low-carbon technology energy business, announces that the board has resolved to withdraw from the gas and electricity retail business, operated through the Group's wholly-owned subsidiary, Cogenpower Gas and Power s.r.l. ("G&P").

The Group's strategy, as highlighted in its final results announcement on 17 June 2016, is focused on growing the Combined Heat and Power and District Heating (CHPDH) business and further penetrating the global €30 billion district heating market. The Group's profitable CHPDH business is centred around the Company's Anaconda technology, and the withdrawal from gas and power will leave all of G&P's resources available to further enhance the growth of the Group's core CHPDH business.

An internal review concluded that G&P is a distraction from the strategic aims of the Group, particularly in light of the drop in energy prices in the market over the last eighteen months and the new regulations in Italy that are putting further obligations on resellers of electricity, such as G&P. The Group will retain ownership of the subsidiary trading company and the existing assets and liabilities held within the subsidiary will remain in the Group.

For the year ended 31 December 2015 G&P generated revenues of €2,113,000, an operating loss before exceptional provisions, interest, tax, depreciation and amortisation of €106,000 and a loss before tax of €499,000. As at 31 December 2015, the net liabilities for G&P were €4,767,000.

New gas supply contract

Cogenpower has also negotiated a new contract with ETRURIALuceGas S.p.A., due to commence on 1 October 2016, for the supply of gas to the Group's CHPDH operation on highly competitive terms. The new contract will reduce the cost of gas to the Group's core business by approximately €350,000 over the one-year life of the contract compared to the previous gas supply contract.

Dr Francesco Vallone, founder and CEO of Cogenpower, said:

"Following our IPO earlier this year, this is a positive step for Cogenpower. The gas and electricity retail business was a legacy business and our withdrawal allows us to reposition the Company around the Anaconda technology which is what will ultimately create value for our investors. We are also delighted to have secured better terms for our gas supply contract, an improvement on competitive rates typically available in the market.

"This step allows us to focus on developing our core CHPDH business and deploying our Anaconda artificial intelligence technology for the lucrative district heating markets we are targeting, including those in Italy and the UK."

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About Cogenpower

Cogenpower (CGP.L) is a low-carbon energy business specialising in the design, build and operation of efficient, automated CHPDH networks able to serve communities of up to 50,000 people. At the heart of the business is the Anaconda technology, an automated, intelligent energy generation and control system equipped with a heat storage facility that efficiently delivers heat to customers and electricity to the grid. The innovative technology, with proven energy efficiency of more than 90% compared to a worldwide average of circa 45%, is designed to address the growing global €30 billion district heating market.

The Company's flagship plant in Borgaro Torinese, on the outskirts of Turin in the north of Italy is a 3MWe (electrical output) / 15MWt (heat output) CHPDH operation that serves approximately 4,500 end users in 62 separate buildings attached to a 13 kilometre pipe network. The operation is 92% energy efficient. The energy efficiencies achieved by the Anaconda technology at the existing plant, (currently fuelled by natural gas, but with a biomass/gas hybrid plant under development) already reduce emissions by 3,000 tonnes of CO₂ per annum, compared to traditional heating methods. Customers benefit from lower capex costs, no maintenance costs and lower heating bills compared to installing conventional solutions.

Although district heating systems have been available for some time, technological advances have brought significant new operational and environmental advantages, making them increasingly attractive and reliable energy solutions for communities. The Company listed on AIM in February 2016, enabling it to pursue growth opportunities in Italy, the UK and internationally.
www.cogenpower.co.uk

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