

# Ellomay Capital Reports Financial Position as at June 30, 2013 and Results for the Six Months then ended

TEL-AVIV, Israel, Sept. 3, 2013 /PRNewswire/ -- **Ellomay Capital Ltd. (NYSE MKT: ELLO) ("Ellomay" or the "Company")**, today reported its unaudited financial results for the six month period ended June 30, 2013.

## Financial Highlights

- Revenues were approximately \$4.8 million for the six months ended June 30, 2013, compared to approximately \$4.4 million for the six months ended June 30, 2012. The increase in revenues mainly resulted from the acquisition of a photovoltaic plant located in Spain consummated on July 1, 2012. Operating expenses were approximately \$0.9 million for the six months ended June 30, 2013, compared to approximately \$1 million for the six months ended June 30, 2012. Depreciation expenses were approximately \$1.4 million for the six months ended June 30, 2013, compared to approximately \$1.3 million for the six months ended June 30, 2012.
- Gain on bargain purchase was approximately \$10.2 million for the six months ended June 30, 2013. On June 26, 2013, the Company consummated the acquisition of two photovoltaic plants with fixed technology in the Veneto Region, Italy (Northern Italy), with an aggregate capacity of approximately 12MWp (the "Veneto PV Sites"). The Veneto PV Sites are fully constructed and operating and were connected to the Italian national grid in August 2011 under the applicable Feed-in-Tariff (0.238 Euro/kWh). The final consideration paid for the Veneto PV Sites and the related licenses was approximately 23.5 million Euros (approximately \$30.6 million). The Veneto PV Sites were purchased under insolvency proceedings.

Our results presented in the interim statements of comprehensive income (loss) do not include the results of the Veneto PV Sites, as the closing date of the acquisition was in near proximity to the balance sheet date.

We performed a preliminary analysis of the fair value of identifiable assets acquired and liabilities assumed and a preliminary and provisional purchase price allocation and recorded gain on bargain purchase (negative goodwill) in the amount of approximately \$10.2 million based upon management's best estimate of the value as a result of such preliminary analysis. Negative goodwill represents the excess of the Company's share in the fair value of acquired identifiable assets, liabilities and contingent liabilities over the cost of an acquisition. **The provisional amounts recognized may be adjusted during the 12 month period following the acquisition in accordance with IFRS 3 as more detailed analyses are completed and additional information on the fair value of assets and liabilities becomes available. Therefore, actual amounts recorded upon the finalization of the valuation may differ materially from the information presented in this release.**

- General and administrative expenses were approximately \$1.3 million for the six months ended June 30, 2013, compared to approximately \$1.4 million for the six months ended June 30, 2012. The decrease in general and administrative expenses was primarily due to cost efficiency.
- EBITDA was approximately \$2.4 million for the six months ended June 30, 2013, compared to approximately \$1.8 million for the six months ended June 30, 2012. This increase resulted mainly from the consummation of the acquisition of our Spanish photovoltaic plant.
- Financial income, net was approximately \$2.4 million for the six months ended June 30, 2013, compared to financial expenses, net that were approximately \$1.2 million for the six months ended June 30, 2012. This increase in financial income was primarily attributable to the fair value measurement of swap contracts and the fair value measurement of options to acquire additional shares of U. Dori Energy Infrastructures Ltd. ("Dori Energy").
- Share of losses of equity accounted investees was approximately \$0.2 million for the six months ended June 30, 2013, compared to approximately \$0.1 million for the six months ended June 30, 2012. The increase was due to expenses recorded by Dorad Energy Ltd. ("Dorad") resulting from a contractual commitment to compensate a client due to a delay of the commercial operation in 2013.
- Taxes on income were approximately \$0.8 million for the six months ended June 30, 2013, compared to

approximately \$0.2 million for the six months ended June 30, 2012. The increase was mainly due to the consummation of the acquisition of the Company's Spanish photovoltaic plants on July 2012 and income recorded in 2012 referring to the reverse of uncertain tax positions due to the closure of tax years.

- Other comprehensive gain from foreign currency translation differences from foreign operations were approximately \$0.5 million for the six months ended June 30, 2013, compared to other comprehensive loss of approximately \$1.4 million for the six months ended June 30, 2012. The gain for the six months ended June 30, 2013 was primarily due to the Company's operations in the Italian and Spanish photovoltaic field and resulted from the revaluation of the Euro against the US dollar.
- Total comprehensive gain was approximately \$13.3 million in the six months ended June 30, 2013, compared to total comprehensive loss of approximately \$2 million in the six months ended June 30, 2012. The increase was mainly due to the gain on bargain purchase of approximately \$10.2 million recorded in 2013.
- As of August 15, 2013, the Company held approximately \$2.9 million in cash and cash equivalents, approximately \$12.6 million in restricted cash and approximately \$5.3 million in short term deposits.
- During the six months ended June 30, 2013, we extended an additional aggregate amount of approximately \$2.1 million to Dori Energy in connection with Dorad's funding requirements from Dori Energy pursuant to the agreement between Dorad and its shareholders.
- On June 20, 2013 the Company entered into a loan agreement with one of the major Israeli banks (the "Loan Agreement"). Pursuant to the Loan Agreement the Company received an amount of Euro 13.5 million (approximately \$17.6 million), for a period of 18 months, bearing an interest at the EURO LIBOR 12 month rate plus 4.5%.

Ran Fridrich, CEO and a board member of Ellomay commented: "The Italian transaction that was consummated last June is expected to significantly increase the Company's revenues and is an example of the Company's ability to consummate transactions in bargain prices. The Company continues to identify and evaluate business opportunities in the energy field in Israel and elsewhere and is preparing for the possibility of dual listing of its ordinary shares on the Tel Aviv Stock Exchange."

### **Use of NON-IFRS Financial Measures**

EBITDA is a non-IFRS measure and is defined as earnings before financial expenses, net, gain on bargain purchase, interest, taxes, depreciation and amortization. The Company presents this measure in order to enhance the understanding of the Company's historical financial performance and to enable comparability between periods. While the Company considers EBITDA to be an important measure of comparative operating performance, EBITDA should not be considered in isolation or as a substitute for net income or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of profitability or liquidity. EBITDA does not take into account the Company's commitments, including capital expenditures, and restricted cash and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. Not all companies calculate EBITDA in the same manner, and the measure as presented may not be comparable to similarly-titled measures presented by other companies. The Company's EBITDA may not be indicative of the historic operating results of the Company; nor is it meant to be predictive of potential future results. See the reconciliation between the net income (loss) and the EBITDA presented at the end of this Press Release.

### **About Ellomay Capital**

Ellomay is an Israeli public company whose shares are listed on the NYSE MKT stock exchange, which focuses its business in the energy and infrastructure sectors worldwide and is chaired by Mr. Shlomo Nehama, former Chairman of Bank Hapoalim, and controlled by Mr. Nehama and Kanir Joint Investments (2005) Limited Partnership, which is controlled by Mr. Ran Fridrich and Mr. Hemi Raphael.

Ellomay's main assets include twelve photovoltaic plants in Italy with an aggregate capacity of approximately 22.8 MWp (six in the Puglia Region, four in the Marche Region and two in the Veneto Region), 85% ownership of a photovoltaic plant in Spain with a capacity of approximately 2.3 MWp, and 7.5% indirect holdings in Dorad (with an option to increase such holdings to 9.375%), Israel's largest private power plant, which is in the final stages of construction and is expected to have an aggregate capacity of approximately 800MW (representing approximately 8% of Israel's current electricity consumption).

### **Information Relating to Forward-Looking Statements**

This press release contains forward-looking statements that involve substantial risks and uncertainties, including statements that are based on the current expectations and assumptions of the Company's management. All statements, other than statements of historical facts, included in this press release regarding the Company's plans and objectives, expectations and assumptions of management are forward-looking statements. The use of certain words, including the words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements and you should not place undue reliance on the Company's forward-looking statements. Various important factors could cause actual results or events to differ materially from those that may be expressed or implied by our forward-looking statements including changes in regulation, seasonality of the PV business and market conditions. These and other risks and uncertainties associated with the Company's business are described in greater detail in the filings the Company makes from time to time with Securities and Exchange Commission, including its Annual Report on Form 20-F. The forward-looking statements are made as of this date and the Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**Condensed Consolidated Statements of Financial Position as at**

|  | <b>June 30</b>           | <b>December 31</b>    |
|--|--------------------------|-----------------------|
|  | <b>2013 (Unaudited)</b>  | <b>2012 (Audited)</b> |
|  | <b>US\$ in thousands</b> |                       |
| <b>Assets</b>                          |                          |                       |
| <b>Current assets:</b>                 |                          |                       |
| Cash and cash equivalents              | <b>1,632</b>             | 33,292                |
| Short-term deposits                    | <b>5,306</b>             | 5,290                 |
| Restricted cash                        | <b>7,836</b>             | 8,085                 |
| Trade receivables                      | <b>412</b>               | 95                    |
| Other receivables and prepaid expenses | <b>8,147</b>             | 4,436                 |

|  |               |        |
|--|---------------|--------|
|  | <b>23,333</b> | 51,198 |
|--|---------------|--------|

**Non-current assets**

|   |               |        |
|---|---------------|--------|
| Investments in equity accounted investees | <b>21,729</b> | 19,198 |
|---|---------------|--------|

|                 |              |     |
|-----------------|--------------|-----|
| Financial asset | <b>2,940</b> | 485 |
|-----------------|--------------|-----|

|                               |               |        |
|-------------------------------|---------------|--------|
| Property, plant and equipment | <b>91,553</b> | 53,860 |
|-------------------------------|---------------|--------|

|                 |              |       |
|-----------------|--------------|-------|
| Restricted cash | <b>5,088</b> | 3,253 |
|-----------------|--------------|-------|

|              |            |     |
|--------------|------------|-----|
| Other assets | <b>992</b> | 746 |
|--------------|------------|-----|

|  |                |        |
|--|----------------|--------|
|  | <b>122,302</b> | 77,452 |
|--|----------------|--------|

|                     |                |         |
|---------------------|----------------|---------|
| <b>Total assets</b> | <b>145,635</b> | 128,740 |
|---------------------|----------------|---------|

**Liabilities and Equity**

**Current liabilities**

|                      |            |       |
|----------------------|------------|-------|
| Loans and borrowings | <b>830</b> | 7,044 |
|----------------------|------------|-------|

|               |              |       |
|---------------|--------------|-------|
| Trade payable | <b>1,685</b> | 1,926 |
|---------------|--------------|-------|

|                                     |              |        |
|-------------------------------------|--------------|--------|
| Accrued expenses and other payables | <b>8,061</b> | 14,051 |
|-------------------------------------|--------------|--------|

|   |            |     |
|---|------------|-----|
| Liabilities attributed to discontinued operations | <b>200</b> | 200 |
|---|------------|-----|

|  |               |        |
|--|---------------|--------|
|  | <b>10,776</b> | 23,221 |
|--|---------------|--------|

**Non-current liabilities:**

|                           |              |       |
|---------------------------|--------------|-------|
| Finance lease obligations | <b>6,640</b> | 6,898 |
|---------------------------|--------------|-------|

|                      |               |        |
|----------------------|---------------|--------|
| Long-term bank loans | <b>28,944</b> | 11,680 |
|----------------------|---------------|--------|

|                             |              |       |
|-----------------------------|--------------|-------|
| Other long-term liabilities | <b>2,826</b> | 3,827 |
|-----------------------------|--------------|-------|

|   |                |          |
|---|----------------|----------|
|   | <b>38,410</b>  | 22,405   |
| <b>Total liabilities</b>                            | <b>49,186</b>  | 45,626   |
| <b>Equity</b>                                       |                |          |
| Share capital                                       | <b>26,180</b>  | 26,180   |
| Share premium                                       | <b>76,410</b>  | 76,410   |
| Treasury shares                                     | <b>(522)</b>   | (522)    |
| Reserves  | <b>(1,384)</b> | (1,884)  |
| Accumulated deficit                                 | <b>(4,288)</b> | (17,079) |
| Attributed to owners of the Company's equity rights | <b>96,396</b>  | 83,105   |
| Non-Controlling Interest                            | <b>53</b>      | 9        |
| <b>Total equity</b>                                 | <b>96,449</b>  | 83,114   |
| <b>Total liabilities and equity</b>                 | <b>145,635</b> | 128,740  |

**Condensed Consolidated Interim Statements of Comprehensive Income (loss)**

**For the six months ended June 30**

**2013                      2012**

**(Unaudited)            (Unaudited)**

**US\$ thousands    US\$ thousands**

|   |                |         |
|---|----------------|---------|
| Revenues  | <b>4,840</b>   | 4,382   |
| Operating expenses  | <b>882</b>     | 1,045   |
| Depreciation expenses   | <b>1,422</b>   | 1,292   |
| <b>Gross profit</b>   | <b>2,536</b>   | 2,045   |
| General and administrative expenses                             | <b>1,294</b>   | 1,377   |
| Gain on bargain purchase  | <b>10,237</b>  | -       |
| Capital gain  | -              | 160     |
| <b>Operating profit</b>   | <b>11,479</b>  | 828     |
| Financing income  | <b>126</b>     | 780     |
| Financial income (expenses) in connection with derivatives, net | <b>3,827</b>   | (1,427) |
| Financing expenses  | <b>(1,587)</b> | (546)   |
| Financing income (expenses), net                                | <b>2,366</b>   | (1,193) |
| Company's share of losses of investees accounted for at equity  | <b>(233)</b>   | (145)   |
| <b>Profit (loss) before taxes on income</b>                     | <b>13,612</b>  | (510)   |
| Taxes on income   | <b>(777)</b>   | (171)   |
| <b>Net income (loss) for the period</b>                         | <b>12,835</b>  | (681)   |
| <b>Income (loss) attributable to:</b>                           |                |         |
| Owners of the Company   | <b>12,791</b>  | (681)   |



capital premium deficit      shares      Operations Total

US\$ in thousands

For the six months ended

June 30, 2013 (unaudited)

Balance as at

|                              |                |          |       |         |          |        |
|------------------------------|----------------|----------|-------|---------|----------|--------|
| January 1, 2013              | 26,180,764,410 | (17,079) | (522) | (1,884) | 83,1059  | 83,114 |
| Income for the Period        | -              | 12,791   | -     | -       | 12,79144 | 12,835 |
| Other comprehensive income-  | -              | -        | -     | 500     | 500 -    | 500    |
| Total comprehensive income - | -              | 12,791   | -     | 500     | 13,29144 | 13,335 |

Balance as at

|               |                |         |       |         |          |        |
|---------------|----------------|---------|-------|---------|----------|--------|
| June 30, 2013 | 26,180,764,410 | (4,288) | (522) | (1,384) | 96,39653 | 96,449 |
|---------------|----------------|---------|-------|---------|----------|--------|

Attributable to owners of the Company

Translation

reserve

from

Share Share      Accumulated Treasury Foreign

capital premium deficit      shares      Operations Total

US\$ in thousands

For the six months ended

June 30, 2012 (unaudited)

|                               |                |          |      |         |        |
|-------------------------------|----------------|----------|------|---------|--------|
| Balance as at January 1, 2012 | 26,180,764,403 | (14,969) | (49) | (3,504) | 84,061 |
|-------------------------------|----------------|----------|------|---------|--------|



|  |               |               |                 |              |                |               |
|--|---------------|---------------|-----------------|--------------|----------------|---------------|
| Loss for the period  | -             | -             | (681)           | -            | -              | (681)         |
| Other comprehensive loss   | -             | -             | -               | -            | (1,369)        | (1,369)       |
| Total comprehensive loss   | -             | -             | (681)           | -            | (1,369)        | (2,050)       |
| <b>Transactions with owners of the Company, recognized directly in equity:</b> |               |               |                 |              |                |               |
| Treasury shares  | -             | -             | -               | (473)        | -              | (473)         |
| Cost of share-based payments   | -             | 1             | -               | -            | -              | 1             |
| <b>Balance as at June 30, 2012</b>   | <b>26,180</b> | <b>76,404</b> | <b>(15,650)</b> | <b>(522)</b> | <b>(4,873)</b> | <b>81,539</b> |

#### Condensed Consolidated Interim Statements of Cash Flows

|  | Six months ended June 30 |                |
|--|--------------------------|----------------|
|  | 2013                     | 2012           |
|  | (Unaudited)              | (Unaudited)    |
|  | US\$ thousands           | US\$ thousands |
| <b>Cash flows from operating activities</b>  |                          |                |
| Income (loss) for the period                 | 12,835                   | (681)          |
| <u>Adjustments for:</u>                      |                          |                |
| Financing expenses (income), net             | (2,366)                  | 1,193          |
| Gain on bargain purchase (negative goodwill) | (10,237)                 | -              |
| Capital gain                                 | -                        | (160)          |
| Depreciation                                 | 1,422                    | 1,292          |

|  |                 |         |
|--|-----------------|---------|
| Cost Share-based payment                                       | -               | 1       |
| Interest on loans from related parties                         | -               | (122)   |
| Company's share of losses of investees accounted for at equity | <b>233</b>      | 145     |
| Increase in trade receivables                                  | <b>(74)</b>     | (63)    |
| Decrease (increase) in other receivables and prepaid expenses  | <b>(2,482)</b>  | 1,885   |
| Decrease (increase) in other assets                            | <b>7</b>        | (34)    |
| Increase (decrease) in derivatives                             | <b>3,827</b>    | (1,143) |
| Increase (decrease) in accrued severance pay, net              | <b>10</b>       | (3)     |
| Taxes on income  | <b>777</b>      | 171     |
| Increase (decrease) in trade payables                          | <b>38</b>       | (147)   |
| Increase (decrease) in accrued expenses and other payables     | <b>(4,417)</b>  | 1,106   |
| Interest received  | <b>86</b>       | 86      |
| Interest paid  | <b>(905)</b>    | (412)   |
| Net cash provided by (used in) operating activities            | <b>(1,246)</b>  | 3,114   |
| <b>Cash flows from investing activities:</b>                   |                 |         |
| Purchase of property and equipment                             | <b>(6,910)</b>  | (1,049) |
| Acquisition of subsidiary, net of cash acquired                | <b>(30,742)</b> | -       |
| Advance on account of investment                               | -               | (7,268) |
| Investment in equity accounted investees                       | <b>(2,129)</b>  | (4,329) |
| Settlement of forward contract                                 | <b>(169)</b>    | -       |
| Proceeds (Investment) in restricted cash                       | <b>(1,589)</b>  | 1,620   |

|   |          |          |
|---|----------|----------|
| Investment in long-terms deposits           | (16)     | -        |
| Net cash used in investing activities       | (41,555) | (11,026) |
| <b>Cash flows from financing activities</b> |          |          |
| Proceeds from sale and finance lease back   | -        | 1,086    |
| Treasury shares                             | -        | (473)    |
| Repayment of loans                          | (6,659)  | -        |
| Loans received                              | 17,692   | 6,288    |
| Net cash provided by financing activities   | 11,033   | 6,901    |

**Condensed Consolidated Interim Statements of Cash Flows (cont'd)**

|  | <b>Six months ended June 30</b> |                       |
|--|---------------------------------|-----------------------|
|  | <b>2013</b>                     | <b>2012</b>           |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
|  | <b>US\$ thousands</b>           | <b>US\$ thousands</b> |
| Effect of exchange rate changes on cash and cash equivalents | 108                             | (464)                 |
| Decrease in cash and cash equivalents                        | (31,660)                        | (1,475)               |
| Cash and cash equivalents at the beginning of the period     | 33,292                          | 28,917                |
| <b>Cash and cash equivalents at the end of the period</b>    | <b>1,632</b>                    | <b>27,442</b>         |

**Reconciliation of Net income (loss) to EBITDA (in US\$ thousands)**

|                                  | <b>For the Six Months ended June 30,</b> |             |
|----------------------------------|--|-------------|
|                                  | <b>2013</b>                              | <b>2012</b> |
|                                  | Unaudited                                | Unaudited   |
| Net income (loss) for the period | <b>12,835</b>                            | (681)       |
| Financing expenses (income), net | <b>(2,366)</b>                           | 1,193       |
| Gain on bargain purchase         | <b>(10,237)</b>                          | -           |
| Capital gain                     | -  | (160)       |
| Taxes on income                  | <b>777</b>                               | 171         |
| Depreciation                     | <b>1,422</b>                             | 1,292       |
| EBITDA                           | <b>2,431</b>                             | 1,815       |

SOURCE Ellomay Capital Ltd.