

Bit Market Services

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| Informazione Regolamentata n. 0886-18-2015 | Data/Ora Ricezione 13 Novembre 2015 16:54:10 | MTA |
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Societa' : GAS PLUS

Identificativo : 65759

Informazione
Regolamentata

Nome utilizzatore : GASPLUSN01 - Rossi

Tipologia : IRAG 03

Data/Ora Ricezione : 13 Novembre 2015 16:54:10

Data/Ora Inizio : 13 Novembre 2015 17:09:11

Diffusione presunta

Oggetto : The Board of directors approves the Interim
Report as at 30 September 2015

Testo del comunicato

Vedi allegato.



**Gas Plus: The Board of Directors approves
the Interim Report as at September 30th, 2015**

Restart of the exploration and production activities and the investments in the E&P: expected production increase in 2016

Commercial activities rationalization: simplification and optimization of the gas sales business model, already operating from Q4 15

Maintained economic results in a decreasing oil price market context: increasing Net Result vs. 2014

Strong reduction of Net Financial Position vs December 31st, 2014

- **Total Revenues: € 125.0 M vs € 96.6 M in 9M14**
- **EBITDA: € 24.4 M vs € 26.6 M in 9M14**
- **EBIT: € 9.3 M vs € 12.9 M in 9M14**
- **EBT: € 5.4 M vs € 5.1 M in 9M14**
- **Net Result: € 4.6 M vs € 4.2 M in 9M14**
- **NFP: € 52.6 M vs € 71.2 M as at December 31st, 2014**

Milan, November 12th, 2015 - *The Board of Directors of Gas Plus S.p.A., a company listed on the Italian Stock Exchange, approved today the Interim Report as at September 30th, 2015*

In the first nine months of the year, Gas Plus Group achieved € 4.6 M Net Result, higher than the prior year figure, despite the decreasing oil scenario.

The increase has been recorded thanks to the constant control of the operating costs, the positive trend of the financial items and an active asset management that enabled the realization of no recurring items. A more favorable tax rate needs also to be highlighted.

The results of the main Group B.U. (B.U. Exploration and Production) have been penalized by the aforementioned oil scenario, the physiological natural depletion of mature fields, the persisting production interruption of a concession not operated by the Group and the lack of contribution of the production of new projects, whose time of realization are affected by the completion of the authorization processes.

In a context positively changed since July 2015, after the ban removal for the new E&P activities by the Emilia Romagna Region, the Group has:

- started the realization works of an important project that will begin its production in the first part of 2016;



- drilled a new exploration well in Italy, unfortunately with a negative outcome, but that has marked the restart of exploration investments in Italy.

The traditional Business Unit “downstream” (the B.U. Network and Transportation), thanks to an efficient management, has confirmed the previous positive economic trend, also favored by a climatic trend in the first part of the year - even if not particularly cold - less mild than 2014.

Concerning the commercial activities of the B.U. Supply & Sales (wholesale market) and Retail (retail market), the BU Retail has achieved positive and increasing results while the B.U. Supply & Sales has recorded a negative trend (in line with the current market context). Starting from October 1st, the Group has put in place a new business model that, skipping a step in the gas value chain in the current unprofitable moment, has led to the exit from the wholesale market and the stop of the activity of the B.U., with the B.U. E&P and Retail accessing directly important market counterparts for, respectively, the sales of the gas produced and the supply of the retail market.

As far as the financial aspects are concerned, the reduction of the Net Financial Position was confirmed (from € 71.2 M as at December 31st, 2014 to the current € 52.6 M). This low level is however to be considered temporary and linked to the postponement of certain investments whose realization has already been secured by a specific € 64 M credit line, obtained at the end of the previous financial year.

The CEO Davide Usberti declared: *“We are first of all satisfied with the maintenance of the results thanks to a careful management of the assets and the costs, in a not easy context for the oil price decrease and for the production constraints we suffered.*

Above all, thanks to an improved authorization context, since half of the year the Group has returned to invest in Italy and from these investments we expect a production increase already starting from next year. Despite the decreasing trend of the natural gas prices that, following those of oil and according to the typical fluctuation of the various historical phase of the oil & gas market, will penalize our results in the short term, the Group will continue to invest, keeping also an eye on potential initiatives in the downstream”.



9M 2015 CONSOLIDATED ECONOMIC AND FINANCIAL DATA

9M 2015 **Total Revenues** amounted to € 125.0 M vs. € 96.6 M of 9M14. The increase over the previous year was due to the higher wholesale volume sold by the B.U. S&S, that counterbalanced the E&P revenues reduction as effect of the lower oil selling prices and the lower production. Revenues of the period also include no recurring items for € 5.3 M due to the renewal of a service contract of the B.U. E&P.

EBITDA recorded a reduction, moving from € 26.6 M of 9M14 to the current € 24.4 M. The result was affected by the E&P trend that decreased its contribution from € 21.5 M of 9M14 to the € 18.6 M of 9M15.

The reduction was partly counterbalanced by the good performance of the Commercial Gas Assets (€ 1.9 M in 9M15 vs. € 1.2 M in 9M14) even if with a different contribution of each B.U.: on the one side, the positive contribution of the retail sales (€ 3.2 M in 9M15 vs. € 2.3 M in 9M14) and, on the other side, the persisting negative performance of the wholesale sales despite the growth of the commercial portfolio (-€ 1.3 in 9M15 vs. -€ 1.1 M in 9M14).

The *B.U. Network and Transportation* (€ 3.8 M in 9M15 vs. € 3.9 M in 9M14) recorded a substantially analogous result to that of the previous year period, confirming the constant and positive contribution to the consolidated Group result.

EBIT amounted to € 9.3 M vs. € 12.9 M in 9M14, **Operating Result** to € 10.9 M vs. € 12.9 M in 9M14 while the **EBT** amounted to € 5.4 M vs. € 5.1 M in 9M14, thanks to the positive trend of the financial items and to positive no recurring items.

The Group closed 9M15 with a **Net Result** amounting to € 4.6 M vs. € 4.2 M of 9M14, with a lower tax rate vs. 2014.

Net Debt, thanks to the cash flows of the period and the postponement of certain investments, showed a remarkable improvement (€ 52.6 as at September 30th, 2015 vs. € 71.2 M as at December 31st, 2014).

BUSINESS UNITS TREND

With reference to the **Business Units** we highlight:

B.U. E&P: as of 30th September 2015, the gross hydrocarbon production was equal to 116,8 MSmce, with a decrease of roughly 14% with respect to the 135,9 MSmce registered in the corresponding period of 2014.



Indeed, as it happened in 2013 and 2014, the B.U. could only count on the production of the mature fields, affected by the typical natural depletion, considering the missing contribution from the Garaguso concession, not operated by the Group (which currently counts for roughly the 15% of the total gross hydrocarbon production), due to the persisting interruption of the production facility, and also the missing contribution from new gas-in, due to the well-known delays in the authorization procedures.

Thanks to the implementation of certain optimization strategies, the production reduction trend was however contained compared to the last quarter and equal to -5%.

As of 30th September 2015, the EBITDA was equal to € 18.6 M, decreasing by roughly 14.0% with respect to € 21.5 M registered in the corresponding period of 2014. Beside the effect of the mentioned lower volumes produced, the reduction was due to the market dynamics characterized by a lower oil prices scenario with respect to the corresponding period of 2014. The above mentioned factors were partially compensated by a constant control of the operating costs, with modalities however such as not to affect the future development programs, and by positive no recurring items of roughly € 5.3 M deriving from the renegotiation of a gas treatment contract produced in a plant not operated by the Group.

Considering the impossibility to start new development projects, mainly for the suspension of the authorization procedures in Emilia Romagna region (in which the main activities of the Group are located) lasted until the first half of July, the development activities of the E&P Italian Branch was only focused on the already authorized projects. With regard to one of the main development projects, the contracts for the pipeline construction were awarded and, as of 30th September 2015, the related activities were almost completed (in particular the testing of the pipeline has been just concluded). Moreover last April, the contracts for the treatment, compression facilities revamping and production set up were awarded. All the development activities of the project have now started and the completion is foreseen during 1H 2016.

Finally, in order to increase the volumes produced starting from the next year, studies and evaluations related to the producing field trend and to the restart of the minor currently not producing fields have been carried on. Following the preliminary positive results of the tests of compression facilities carried out in 2014, other preparatory activities required for the continuation of the tests have been carried out during the first nine months of the year in order to allow a production increase of some producing fields. To this regard, the authorization process for the first selected concession - which gas-in is foreseen in the beginning of 2016 - has been started.



As previously mentioned in relation to the exploration activities, last July 2015 the drilling of a well, located in Parma province, were carried out with a negative outcome due to the finding of not gas bearing geological areas.

With regard to the International E&P activities in Romania, the analysis of the 3D seismic data related to Midia Shallow & Pelican and Midia Deep concessions have been continued.

In relation to the Midia Deep concession, the authorities approved the extension of the first exploration phase until August 2016. The extension will allow the completion of the 3D seismic data analysis and the integration with the results of the activities to be carried out by ExxonMobil and OMV Petrom in the Neptune Deep concession and by other operators in the adjacent concessions in the Romanian Black Sea. The validation of the geological model will be fundamental for the eventual entry in the next exploration phase.

With regard to the Midia Shallow & Pelican concession, a review of the data and analysis contained in the Final Technical Report finalized by the operator on the 3D seismic data has been undertaken.

Commercial Gas Assets (composed by **B.U. Supply & Sales** and **Retail**): as of 30th September 2015, the commercial gas assets registered an higher marginality compared to the corresponding 2014 period (from € 1.2 M to € 1.9 M). The increase was mainly due to the better performances of the Retail B.U. which, despite a revenues reduction (from € 36.0 M to € 35.6 M) due to the decrease of the sale prices, registered an increase in volumes sold (from 63.3 MSmc to 65.9 MSmc) and, mostly, a significant increase in the unitary marginality of the several portfolio segments, achieving an EBITDA of € 3.2 M compared to the € 2.3 M of the corresponding period of 2014.

The S&S B.U. results, instead, have continued to be affected by the effects of the market context and the new prices regime, registering an EBITDA equal to -€ 1.3 M despite a significant increase of the volumes sold (from 198.8 MSmc to 305.2 MSmc), which consequently has not counterbalanced the decrease of the unitary marginality.

B.U. N&T: as of 30th September 2015, the B.U. registered an increase of distributed volumes (from 115.1 MSmc to 124.3 MSmc) as effect of the more stable climate conditions, mainly if compared to the exceptionally mite temperatures of the corresponding 2014 period.

In terms of profitability, the B.U. confirmed its positive contribution to the Group results recording an EBITDA equal to € 3,8 M, substantially in line with the corresponding 2014 period.



In relation to the tenders connected to the new regulatory framework, the B.U. has continued its review of the current concessions as well as the evaluation of further development opportunities through the participation to the tenders.

B.U. Storage: the B.U. activities had registered significant progress during the end of the first semester 2014, thanks to the issuance of the environmental compatibility assessment (EIA) decrees related to Poggiofiorito and San Benedetto projects. Several appeals to the TAR of the Abruzzo and Marche regions have been however made against the above mentioned decrees by different entities which, regardless of the outcomes, will inevitably affect the timing of the authorization procedures completion.

OUTLOOK

Considering the results achieved in 9M15, we believe that 2015 may close with a positive result, despite the further reduction of the energetic scenario ongoing since last August.

During 2016, the improvement of the production thanks to the restart of the activity, interrupted until now, of the Garaguso concession and to a new gas-in should contribute to mitigate the effect of the above mentioned scenario and the related effects on the results.

The regulated and retail activities will continue to record a positive trend also in the next year. Without prejudice to the prosecution of the main Group initiatives in the E&P sector, that allow a level of profitability even at the current prices, the Group will also focus its attention, in case of persisting market fragility, on development projects of the downstream regulated and commercial activities.

In the following months, therefore, great attention will be paid to the evolution of the energetic prices scenario, also in order to set the development guidelines for the Group and to update the Business Plan to be submitted to the evaluation of the Board of Directors in the first months of 2016.

The manager responsible for preparing the company's financial reports, Dr. Germano Rossi, declares, pursuant to paragraph 2-bis of Article 154 of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.



The Interim Report as at 30 September 2015 is available at the Company registered office, on the Company web site www.gasplus.it (Investor Relations section) and on the storage mechanism NIS-Storage.

On November 13th, 2015 at h. 10.00 (CET), Gas Plus will host the conference call for analysts/investors on 9M 2015 financial results.

Speakers:

Davide Usberti – Chief Executive Officer

Cinzia Triunfo – General Manager

Germano Rossi – Chief Financial Officer

To connect the conference-call:

+39 02 805 88 11 (Italia)

+44 1 212818003 (UK)

+ 1 718 7058794 (USA)

+39 02 805 88 27 (Press – no questions)

Gas Plus is the fourth largest producer of natural gas (as estimated by the Authority for Electricity and Gas) after Eni, Edison and Shell Italy E&P. It is active in the main sectors of the industry of natural gas, particularly in the exploration, production, purchase, distribution and sale to wholesale and final customers. At 31 December 2014 the Group has 49 exploitation concessions located throughout the Italian territory, wholesale markets about 350 million cubic meter of natural gas in 2014, manages a total of approximately 1,500 kilometers of distribution network located in 37 municipalities, serves a total of more than 75,000 end users, with a staff of 207 employees.

For Further information: www.gasplus.it

IR contacts:

Germano Rossi (IR) germanorossi@gasplus.it +39 02 71 40 60

Media relations:

Giorgio Brugora giorgio.brugora@gmail.com +39 335 78 75 079

ATTACHMENTS:

Data not audited



CONSOLIDATED BALANCE SHEET
At September 30, 2015 and December 31, 2014

Amounts in thousands of Euro

| | September 30, 2015 | December 31, 2014 |
|---|--------------------|-------------------|
| Fixed assets | | |
| Intangible assets | 356,347 | 362,386 |
| Tangible assets | 103,387 | 104,170 |
| Other non-current assets and liabilities | 1,462 | 1,327 |
| Total | 461,196 | 467,883 |
| Net working capital | | |
| Inventories | 3,819 | 19,283 |
| Trade receivables | 16,925 | 34,535 |
| Trade payables | (20,131) | (35,545) |
| Other current assets and liabilities | 7,929 | 2,433 |
| Total | 8,542 | 20,706 |
| | | |
| Provisions for risk and charges and deferred taxes | (192,239) | (191,330) |
| Provisions for employees severance indemnity | (4,355) | (4,866) |
| | | |
| Net invested capital | 273,144 | 292,393 |
| | | |
| Capital and reserves | 220,551 | 221,239 |
| Net financial debt | 52,593 | 71,154 |
| Coverages | 273,144 | 292,393 |



CONSOLIDATED INCOME STATEMENT

At September 30, 2015 and 2014

Amounts in thousands of Euro

| | September 30, 2015 | September 30, 2014 |
|--|-----------------------|-----------------------|
| Revenues | 116,531 | 92,951 |
| Other revenues | 8,450 | 3,660 |
| TOTAL REVENUES | 124,981 | 96,611 |
| Raw materials and consumables | (59,914) | (29,632) |
| Services and other costs | (32,094) | (31,484) |
| Personnel costs | (8,544) | (8,921) |
| GROSS OPERATING RESULT (EBITDA) | 24,429 | 26,574 |
| Depreciation and amortization | (15,163) | (13,708) |
| EBIT | 9,266 | 12,866 |
| Other income and (expense) | 1,604 | - |
| OPERATING RESULT | 10,870 | 12,866 |
| Financial income | 2,039 | 1,154 |
| Financial expense | (7,481) | (8,929) |
| PRE-TAX RESULT | 5,428 | 5,091 |
| Income taxes | (787) | (902) |
| NET RESULT FOR THE PERIOD | 4,641 | 4,189 |
| Attributable to: | | |
| Group | 4,628 | 4,177 |
| Minority interests | 13 | 12 |



CONSOLIDATED CASH FLOW STATEMENT

At September 30, 2015 and 2014

Amounts in thousands of Euro

| | September 30, 2015 | September 30, 2014 |
|--|-----------------------|-----------------------|
| EBIT | 9,266 | 12,866 |
| + Depreciation of intangible and tangible assets | 15,163 | 13,708 |
| EBITDA | 24,429 | 26,574 |
| +/- Other non-monetary provisions/uses | 201 | 448 |
| - Income taxes paid | (287) | (5,149) |
| +/- Other changes in operating assets and liabilities | 10,393 | 19,062 |
| Cash Flow from operating activities | 34,736 | 40,935 |
| - Investments in intangible/tangible assets, net of disposals | (8,290) | (5,537) |
| - Investments in financial fixed assets and other non-current assets | 110 | (102) |
| +/- Consolidation adjustments and other adjustments | (295) | (1,160) |
| Operating Cash Flow | 26,261 | 34,136 |
| - Dividends paid | (4,362) | (6,978) |
| - Financial income/expenses paid | (2,525) | (3,805) |
| - Change in fair value of derivative instruments in hedge accounting | (505) | 540 |
| - Other non-monetary financial changes | (307) | (1,004) |
| Cash Flow for debt service | 18,561 | 22,889 |
| Net financial position at the beginning of the period | (71,154) | (98,569) |
| Net financial position at the end of the period | (52,593) | (75,680) |

Fine Comunicato n.0886-18

Numero di Pagine: 12