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Testo del comunicato

Vedi allegato.

PRESS RELEASE

ASCOPIAVE: The Board of Directors has approved the results for the year 2016, best results ever

Proposed dividend € 0.18 per share

Double digit growth for all the performance indicators.

Gross Operating Margin € 95.3 million, a substantial increase compared to 2015 (€ 81.0 million)

Operating Result € 72.1 million, a significant improvement over 2015 (€ 57.0 million)

Net Consolidated Profit € 56.9 million, a considerable growth as against 2015 (€ 45.4 million)

Net Financial Position € 94.1 million, an improvement compared to 31st December 2015 (€ 114.0 million)

Debt/Shareholders' Equity ratio of 0.21 and Debt/Ebitda ratio of 0.99, both among the best-performing in the field

The Ascopiave S.p.A. Board of Directors, which had a meeting chaired by Mr. Fulvio Zugno yesterday, acknowledged and approved the separate financial statements and the consolidated financial statements for the 2016 financial year prepared in compliance with the International Accounting Standards IAS/IFRS.

Chairman Flavio Zugno commented: "The Group achieved record results in 2016 - the best ever in the history of Ascopiave in terms of profitability. Over the past three years, the operating results, financial position and cash flows have epitomised our efforts towards the technical and organisational control of processes and the optimisation of development policies for the gas distribution and the gas and electricity sale businesses.
The soundness of our financial and capital structure, our system of technical, operational and organisational expertise, our attention to and knowledge of the local market contexts are the foundations for long-term solid organic and inorganic growth.
The resulting potential is also evidenced by the trust that our shareholders place in the company and which is reflected in the increasing value of Ascopiave's shares.
This trust and the value generated by the Group are embodied in the dividend proposed to the Shareholders, which is one of the highest in the industry".

The General Manager Roberto Gumirato added: "The brilliant results achieved in 2016 evidence the effectiveness of the Group's strategic goals and the ability to substantiate them.
Process streamlining and technological and organisational innovation have produced a significant increase in margins, along with a prudent financial and capital management, which has led to a further improvement in the Group's financial exposure.
By strengthening the strategic skills of the different businesses and implementing a targeted investment policy, we have been able to further support the development of the businesses in the long run, so as to facilitate the organisational integration of inorganic growth, define appropriate structures and systems for managing the challenges posed by the next territorial calls for awarding the distribution service, and optimise trade and procurement policies.
As concerns precisely the procurement policies of the gas sale business, the APR mechanism has had a particularly positive impact on the economic results of the year. Such mechanism is aimed at promoting the renegotiation of long-term procurement agreements in the 2014/2016 period: the Group, relying on a strong strategic approach defined by the Board of Directors and the Management, has voluntary adopted the mechanism (not an obvious decision), as it entails benefits in terms of procurement prices".

Consolidated results of the Ascopiave Group in 2016

Revenue from sales

The Ascopiave Group closed 2016 with consolidated revenues amounting to € 497.7 million, compared to € 581.7 million in 2015 (-14.4%). The decrease is mainly due to a reduction in revenue from natural gas sales (€ -93.2 million), attributable to the lower amounts of gas sold and a decline in unit sales prices.

Gross operating margin

Gross operating margin in 2016 amounted to € 95.3 million, marking an increase compared to € 81.0 million in the previous year (+17.6%).

Trade margins on gas sale increased by € 14.1 million compared to 2015.
The increase was mainly explained by the compensation allocated to the Group after adopting the mechanism for the promotion of the renegotiation of long-term procurement agreements (€ +11.1 million).
This increase will not reoccur in the future.

Trade margins on electricity sale increased by € 1.3 million.

The tariff revenues from distribution and metering decreased by € 0.5 million. The reduction is mainly due to the updating of the rate of return on invested capital in accordance with Resolution 583/2015/R/com dated 2nd December 2015, and was partially offset by higher revenues recognised by the Authority subsequent to the notification of the final equalisation balances for the year 2015.

The change in the item "residual costs and revenues" negatively contributed to the formation of the gross operating margin (€ -0.7 million). Among the most remarkable variations, there was an increase in personnel costs for € 2.7 million. This increase is due for € 1.5 million to the recognition of compensation accrued in the financial years 2015 and 2016 ascribable to the long-term incentive plan, and for the remainder of the increase to € 0.6 million from settlement agreements and initial recognition of provisions for pension liabilities and € 0.4 million for wage increases and increases provided for by contract. These increases were partially offset by lower provisions for doubtful accounts for € 0.5 million, by an increase in contingent assets and a decrease in contingent liabilities totalling € 1.3 million, as well as an improvement in the margin on the activity related to the management of energy efficiency requirements amounting to € 0.3 million.

Operating Result

The operating profit in 2016 amounted to € 72.1 million, compared to € 57.0 million in the previous year (+26.7%).
This result was determined, in addition to an improvement in gross operating margin, by a decrease in the provision for doubtful accounts (€ -1.1 million), offset by an increase in depreciation and amortisation (€ +0.2 million).

Net Profit

The consolidated net profit amounted to € 56.9 million, marking an increase compared to € 45.4 million in 2015 (+25.5%).

The consolidation with the equity method of the jointly controlled companies and the associate company Sinergie Italiane S.r.l., under liquidation, caused the expenditure of € 7.8 million, compared to € 7.4 million in 2015. In 2016, the positive contribution of the associate company under liquidation to the consolidated profit and loss account amounted to € 1.2 million (€ 1.5 million in 2015).

Net financial expenses amounted to € 0.5 million, in line with the previous year.

Taxes recorded in the profit and loss account amounted to € 22.4 million, an increase of € 3.9 million (+21.0%), due to a higher taxable income.

The tax rate, calculated by normalising the pre-tax result of the companies consolidated with the equity method, decreased from 32.8% to 31.3%.

EBITDA of jointly controlled companies consolidated with the equity method

Jointly controlled companies consolidated with the equity method in 2016 achieved a consolidation *pro-rata* gross operating margin of € 13.0 million, a decrease of € 0.3 million compared to the previous year.

Operating performance in 2016

The volumes of gas sold by the fully-consolidated companies in 2016 amounted to 800.3 million cubic metres, marking a decrease of 2.2% compared to 2015.

The equity-method consolidated companies sold a total of 134.3 million cubic metres of gas *pro-rata* in total, marking a decrease of 5.9% compared to 2015.

With regard to gas distribution, the volumes of gas delivered through the networks managed by the fully-consolidated companies amounted to 801.7 million cubic metres, thus showing an increase of 1.7% compared to the previous year.
The *pro-rata* 71.7 million cubic metres distributed by Unigas Distribuzione S.r.l., consolidated with the equity method, must be added to these volumes.

Investments

Investments by the fully-consolidated companies in intangible and tangible fixed assets in 2016 amounted to € 20.8 million and mainly concerned the development, maintenance and upgrade of gas distribution networks and systems.
Specifically, investments in gas networks and systems amounted to € 19.7 million, of which € 5.0 million in connections, € 6.4 million in enlargements and enhancing of distribution networks and € 1.4 million in maintenance, mainly relating to reduction and pre-heating systems. Investments in meters and adjusters amounted to € 7.0 million.
Investments by the equity-method consolidated companies in intangible and tangible fixed assets amounted to € 1.4 million and they are also related mainly to methane networks and plants.

Indebtedness and Debt/Net Equity Ratio

The Group's net financial position as of 31st December 2016 amounted to € 94.1 million, an increase of € 19.9 million compared to 31st December 2015.
The positive financial flow was determined mainly by the following operations:
- The cash flow generated financial resources totalling € 80.1 million;
- Net investments in fixed assets caused the expenditure of € 19.3 million;
- The management of net operating equity and net fiscal capital absorbed resources for € 5.4 million;
- Collection of dividends distributed by the jointly controlled companies for € 5.9 million;
- Distribution of dividends to third parties for € 35.6 million.

The debt/shareholders' equity ratio as of 31st December 2016 amounted to 0.21 (0.27 as of 31st December 2015) and the Debt/Ebitda ratio amounted to 0.99 (1.41 as of 31st December 2015). Both indicators are among the best-performing in the field.

Results of the Parent company Ascopiave S.p.A.

The parent company Ascopiave S.p.A. achieved a net profit of € 33.7 million in 2016, an increase of € 0.2 million compared to 2015 (+0.5%). In 2016, the Company received higher dividends from the investee companies (€ +7.1 million), while the result achieved by operating activities decreased due to the transfer, effective 1st July 2016, of the natural gas distribution business to the subsidiary AP Reti Gas S.p.A..
Net equity as at 31st December 2016 amounted to € 394.2 million, while net borrowing amounted to € 134.9 million.
Due to the entrustment above, the profit and loss account data for the year 2015 were restated.

Remuneration report and report on corporate governance and ownership structure
The Board of Directors has examined and approved the Remuneration Report prepared pursuant to article 123-ter TUF (Unified Finance Law), in compliance with article 84-quater of the Issuers' Regulations and article 6 of the Code of Conduct.
The Board of Directors has also approved the Report on corporate governance and ownership structure, which will be submitted to Borsa Italiana S.p.A. (Italian Stock Exchange) and made available to the public in the "Corporate Governance" section on Ascopiave's website simultaneously with the publication of the 2016 Financial statements.

The Company will make available both documents to the public at the registered office and at the stock management company Borsa Italiana, will store them in the "eMarket SDIR-eMarket Storage" system provided by Spafid Connect S.p.A. and publish them on the website www.gruppoascopiave.it within the time prescribed by law.

Significant events during the period

First instance decision of the litigation on AEEGSI Resolution no. 367/2014/R/gas

On 18th January 2016, Ascopiave S.p.A., along with other operators, filed an appeal before the Council of State against the judgement of the Regional Administrative Court of Lombardy no. 2221/2015, about regulations governing gas distribution tariffs.

The Judgement had rejected the appeal lodged by Ascopiave and other operators against AEEGSI Resolution ARG/gas 367/2014 recognising the legitimacy of the asymmetric regulatory solution adopted by AEEGSI, according to which for each municipal installation, the local net invested capital (RAB), recognised to the winner of the territorial tender, exclusively for the duration of the first territorial concession, will be equal to:

- The reimbursement value of the above-mentioned installation, when the new operator differs from the outgoing operator;
- The amount currently recognised by virtue of the current municipal concession, if the new operator coincides with the outgoing operator.

Establishment of AP Reti Gas S.p.A.

On 18th March 2016, the company AP Reti Gas S.p.A. was established, 100% controlled by Ascopiave S.p.A.. On 1st July 2016, it was entrusted with Ascopiave S.p.A.'s business unit in charge of natural gas distribution, in compliance with the unbundling obligations that require the separation between sales and natural gas distribution integrated into the same corporate group.

As part of a strategic plan aimed at streamlining the corporate structure, strengthening the focus on individual businesses and ensuring compliance with unbundling rules (AEEGSI resolution 296/15/R/com, article 17), AP Reti Gas S.p.A.'s governance structure has been defined.

AP Reti Gas S.p.A. started its operations on 1st July 2016 with about 170 employees and manages the natural gas distribution service in 150 Towns in the Provinces of Treviso, Vicenza, Venice, Padua, Rovigo, Belluno, Varese, Piacenza and Pavia, totalling approximately 6,800 Km of network and over 335,400 redelivery points.

Ascopiave S.p.A. is still the holding company and acts as the Group's reference in the stock market, focusing its activities on the provision of services to other companies of the Ascopiave Group.

Combination of Veritas Energia S.p.A.

On 10th February 2014, the purchase from Veritas S.p.A. of the remaining percentage of Veritas Energia S.p.A.'s share capital was finalised. As a consequence, the total control of the company was acquired, against the payment of € 4 million. Therefore, the company Veritas Energia S.p.A. was fully consolidated by the Ascopiave Group commencing 1st January 2014.

The acquisition agreement envisaged, under the scope of Veritas S.p.A., a guarantee on third party receivables existing at the closing date in order to cover the event of non-collection within the 24 subsequent months, up to € 5,000 thousand.

For this purpose, the seller had paid Ascopiave S.p.A. a guarantee deposit, bearing interests, equal to € 2,838 thousand, recognised until 31st December 2015 in the item financial liabilities, and this liquidity was connected to the purchase of two-year "repurchase agreements". The difference between the maximum amount of the guarantee set forth in the agreement, equal to € 5,000 thousand, and the deposit amounting to € 2,838 thousand was guaranteed by Veritas S.p.A. to Ascopiave S.p.A. through a suitable letter of guarantee issued by the company itself.

On 10th February 2016, the restriction on the amounts received by the seller expired and, consequently, the amount of the compensation that the seller should have paid Ascopiave S.p.A for the non-collection of the receivables was calculated, to the tune of € 396 thousand. Subsequently, the residual deposit was returned, along with the letter of guarantee issued by Veritas S.p.A. The compensation was booked in "Other income" in accordance with the provisions of the IFRS 3 accounting standard, as the business combination was already definitive after 12 months of acquisition.

Shareholder's Meeting held on 28th April 2016

The Shareholders' Meeting of Ascopiave S.p.A. convened in its ordinary session on 28th April 2016, chaired by Mr Fulvio Zugno. During the meeting, the 2015 yearly statement was approved and the Meeting agreed to distribute a dividend of € 0.15 per share. The dividend was paid on 11th May 2016 with ex-dividend date on 9th May 2016 (record date on 10th May 2016).

Furthermore, the Meeting approved the remuneration policy of the Company, set out in compliance with Art. 123/3 of the Unified Finance Law as well as a new purchase and sale plan of treasury shares under the terms of articles 2357 and 2357-ter of the Italian Civil Code, to replace and revoke the previous authorisation of 23rd April 2015.

Sale of cogeneration plants to the subsidiary Veritas Energia S.p.A..
On 30th June 2016, Ascopiave S.p.A. sold its cogeneration plants to the subsidiary company Veritas Energia S.p.A..

Tariff measures expected as concerns cost recognition of investments in natural gas distribution networks
In 2016, the Authority started a consultation process on the cost recognition of investments in natural gas distribution networks to be made commencing 2018. The Authority expressed its intention – with regard to new investments – to supersede the current criterion of recognition of historical costs and to adopt, as an alternative, criteria based on benchmarks.
By resolution 704/2016/R/gas dated 1st Deceber 2016, the Authority set up a joint technical working group assembling the distribution companies, also via trade associations, and the Authority's Offices, so as to define a shared price list structure for the cost recognition of investments in natural gas distribution networks.
The Authority decided that the measure will be effective within October 2017.

On 1st July, ASM DG S.r.l. became AP Reti Gas Rovigo S.r.l.
On 1st July, in compliance with AEEGSI's unbundling regulations, ASM Distribuzione Gas S.r.l., a company of the Ascopiave Group operating in the gas distribution sector in the area of Rovigo, changed its name to AP Reti Gas Rovigo S.r.l..

The Aeb-Gelsia Group and Ascopiave sign a letter of intent for the development of a future business combination
On 12th July 2016, the Aeb-Gelsia and Ascopiave Groups signed a letter of intent defining the guidelines and principles of a programme aimed at the combination of the gas and energy sales and distribution businesses in Lombardy, which could also be extended to other areas.
The agreement, which envisages a period of reciprocal exclusivity in negotiations until 31st October 2016, defines hypotheses, insights and the path to be pursued by the Parties in order to finalise the combination within the end of the year.
On 27th October 2016, the parties agreed to extend the terms of the period of exclusivity in negotiations until 31st January 2017.

Ascopiave is awarded the tender relating to the purchase of shares belonging to Pasubio Group S.p.A., a company operating in the distribution of natural gas in 22 Towns in Veneto, with over 88,000 clients
On 5th October 2016, the Town of Schio, representing a number of Municipalities in the province of Vicenza as concerns the call for bids for the sale of 100% of Pasubio Group S.p.A.'s share capital, definitively resolved that Ascopiave S.p.A. is the winner of the tender.
Pasubio Group S.p.A. is the holding company of a group operating in the distribution of natural gas in 22 Towns in the provinces of Vicenza and Padua, with a client base of nearly 88,000 users.
On the basis of estimates drawn by Ascopiave regarding the aggregate figures pertinent to the Group, the 2015 consolidated revenues of Pasubio Group S.p.A. amounted to € 12.6 million (€ 12.7 million in 2014), Ebitda was € 4.7 million (€ 4.4 million in 2014), net operating margin stood at € 2.7 million (€ 2.1 million in 2014) and net profit was € 1.5 million (€ 0.7 million in 2014).
The Group's shareholder's equity, as at 31st December 2015, amounted to € 21.1 million, presenting a net financial indebtedness (adjusted to factor in accounts payable relating to concession fees owed to the respective issuing Municipalities and falling under pre-2015 fiscal periods) to the tune of € 6.9 million.
The concessions managed by the Group were mostly awarded (20 out of 22) on the basis of tenders pursuant to Legislative Decree no. 164/2000 (the so-called Letta Decree); they will expire between 2018 and 2024 (over 70% of clients fall under those concessions expiring in December 2024).
The economic conditions offered by Ascopiave S.p.A., as per the call for tenders, have the following main features:
1) the purchase of the entire share capital of Pasubio Group S.p.A. at an equity value of € 16.3 million;
2) a commitment by Pasubio Group S.p.A. to disburse to some issuing Municipalities (which are currently shareholders of Pasubio Group) a one-off supplementary fee amounting to € 5.1 million;
3) a commitment by Pasubio Group S.p.A. to disburse to the said Municipalities, commencing 2017, the annual concession fees as originally envisaged i.e. prior to the amendments in force between the parties;

4) a commitment by Pasubio Group S.p.A. to make an advance payment to the said Municipalities corresponding to the annual concession fees relating to the years 2017 and 2018.
Focusing on 2016 figures, Ascopiave S.p.A. estimates that the higher annual fees that will be paid due to the commitment stated in point 3) above, will lead to higher costs and a consequent drop in operating results over the next years, to the tune of approximately € 1.6 million per year.
The bid features a price adjustment in relation to the change in the net financial position, from 31st December 2015 to the share transfer date.
Furthermore, Ascopiave's bid provides guarantees with regard to the upkeep of current employment levels, an improvement in the company's staffing and the reinforcement of headcount in local offices.
In October 2016 the second-ranked competitor filed an appeal before the Administrative Court of Veneto against the granting Municipalities and Ascopiave S.p.A. in order to cancel, subject to interim relief, the award of the tender and all subsequent acts to Ascopiave, requesting that the tender be awarded to the appellant or, subordinately, be cancelled.
The Municipalities involved entered an appearance claiming the legitimacy of the award in favour of Ascopiave S.p.A.
On 7th December 2016, the Regional Administrative Court of Veneto, by Court order no. 644/2016, rejected the application for interim relief of the second-ranked competitor.
On 19th December 2016, the applicant filed an appeal against the Court order mentioned above before the Council of State.

First instance decision of the litigation on Ministerial Decree 22nd May 2014 (Guidelines for the determination of the residual industrial value of natural gas distribution plants)

Ascopiave, along with other industry players, had filed an appeal before the Regional Administrative Court of Latium – Rome against the Minister of Economic Development for the cancellation of Ministerial Decree dated 22nd May 2014 concerning the introduction of Guidelines for the determination of the residual industrial value of natural gas distribution plants. As part of the same proceedings, issues emerged regarding constitutional legitimacy and/or preliminary ruling as concerns Laws 9 and 116 of 2014, in the section which has modified art. 15, paragraph 5 of Legislative Decree 164/2000 (retrospective deduction of private contributions and time limit of agreements' validity).
On 1st October 2015, Ascopiave, together with the other appellants, filed an appeal against Ministerial Decree 106 dated 20th May, amending Ministerial Decree 226/2011, with "additional grounds" with respect to the main appeal. The latter, in fact, at least with regard to Article 5, merely introduced the regulations of the Guidelines into Ministerial Decree 226/2011.
Subsequent to the outcome of the hearing dated 28th April 2016, the judgement was delivered.
With Judgement no. 10341 dated 17th October 2016, the Regional Administrative Court of Latium rejected the appeal with additional grounds and barred the main appeal from further proceedings.

Evolution of the mechanism for promoting the renegotiation of long-term procurement agreements (so-called APR mechanism)

In 2013, the Authority for electricity, gas and water (AEEGSI – "Authority") reformed the structure of gas tariffs intended for protected customers, with reference to the Dutch TTF hub (spot price), introducing with Resolution 447/2013/R/gas an optional mechanism, called APR, "for the promotion of the renegotiation of long-term procurement agreements", for the three thermal years 2014/2016.
AEEGSI, in 2013, with reference to Ascopiave Group's gas volumes, outlined a total maximum compensation for the mechanism's three-year validity period amounting to € 11.2 million and, in the event of reversal of procurement price and spot price, a return to end customers up to 3 times the amount initially defined: about € 33.5 million.
The Ascopiave Group at first did not adopt the APR mechanism because of unfavourable operating conditions, challenging the measure before the Regional Administrative Court of Lombardy, requesting a stay.
The positive market trend observed over the past two years and the reasonable scenarios developed by the management, have enabled us to reconsider adopting the APR mechanism.
In November 2016, after the third and last update of the Ptop index for the thermal year 2016, by Resolution 649/2016/R/GAS dated 10th November 2016, AEEGSI determined the final balance of the compensation, amounting to € +11.1 million. This amount was booked in the year 2016 as a deduction from procurement cost.
This decrease in cost is to be considered non-recurring for the years to come.

Notification of the equalisation balance of tariff revenues from the activity of gas distribution for the fiscal year 2015

In November, Cassa Servizi Energetici e Ambientali notified the Group companies of the final equalisation results for the year 2015. This communication shows – for the companies consolidated using the line-by-line method – a positive difference of € 1.2 million compared to the equalisation amounts entered in the 2015 financial statements; this amount was recognised in the accounts in 2016.
The difference recorded is mainly due to the different valuation of the restriction on revenue, since the equalisation amounts allocated in the 2015 financial statements were calculated on the basis of the temporary reference rates published in the Annex to Resolution 147/2015/R/GAS, whereas the equalisation amounts notified by CSEA were calculated based on the definitive reference rates published in the Annex to Resolution 99/2016/R/GAS.

Significant events subsequent to the end of the period

First instance decision of the litigation on Ministerial Decree 22nd May 2014 (Guidelines for the determination of the reimbursement value of gas distribution plants)
The company, along with the other first-instance co-applicants, on 16th January 2017 filed an appeal before the Council of State and is currently awaiting the scheduling of the proceedings.

The Aeb-Gelsia Group and Ascopiave sign a letter of intent for the development of a future business combination
On 31st January 2017, as regards the path to be pursued by the Parties in order to finalise the combination envisaged in the letter of intent signed by the Aeb-Gelsia Group and Ascopiave on 12th July 2016, the Parties agreed to extend the terms of the period of exclusivity in negotiations until 30th April 2017.

Ascopiave is awarded the tender relating to the purchase of shares belonging to Pasubio Group S.p.A., a company operating in the distribution of natural gas in 22 Towns in Veneto, with over 88,000 clients
On 2nd February 2017, a hearing before the Council of State was held for the discussion of the appeal filed by the second-ranked competitor against the Court order of the Regional Administrative Court of Veneto dated 7th December 2016. The Court order no. 644/2016 of the Regional Administrative Court of Veneto was confirmed, thus rejecting the appeal lodged by the other competitor and aimed at suspending the validity of the tender documents while the decision on the merits of the appeal is pending. Such decision was referred to the Regional Administrative Court of Veneto (to date, the Court has not scheduled the final hearing of the proceedings).
In case of a favourable decision, Ascopiave S.p.A. will finance the purchase by resorting to debt financing.

Outlook for 2017

As far as the gas distribution activities are concerned, in 2017 the Group will continue its normal operations and service management and perform preparatory activities for the invitations to tender. The Group will also participate in the tenders invited, if any, for the award of the Minimum Territorial Areas in which it is interested. Most Municipalities currently managed by the Ascopiave Group belong to Minimum Territorial Areas for which the maximum deadline to issue the call for tenders is 31st December 2017. If the tender authorities issue calls for tenders in 2017, in the light of the time required to submit bids and evaluate and select them, it is reasonable to assume that possible transfers of management to potential new operators may be executed only after the end of 2017. Thus, the activity perimeter of the Group will likely not change compared to today, if we exclude the possible positive evolution due to the combination of Pasubio Group.
As regards the economic results, the tariff adjustment for the year 2017 is completely defined and should ensure revenues substantially in line with those of 2016. The targets for the 2017-2020 period for the distributors subject to the energy efficiency obligations have not been defined yet. In addition, it is difficult to forecast the impact on profit of the significant volatility experienced by the prices of the energy efficiency certificates in 2016 and even in 2017; therefore, the positive margin achieved in 2016 (€ +0.4 million) may not be repeated in 2017.
As far as gas sale is concerned, assuming normal weather conditions, trading margins are expected to decrease compared to 2016, due to the competitive pressure in the retail market and the tariff measures issued by AEEGSI (change in the gradualness component).
Obviously, the positive effects due to the compensation of the APR mechanism, amounting to € 11.1 million, cannot be repeated.
As regards electricity sales, the fiscal year 2017 could confirm 2016 results.

However, these results could be influenced, in addition to the possible tariff provisions by the Electricity, Gas and Water System Authority (AEEGSI) – currently unforeseeable – also by the evolution of the more general competitive context, as well as by the Group's procurement strategy.
The actual results of 2017 could differ compared to those announced depending on various factors amongst which: the evolution of supply and demand and gas prices, the actual operational performance, the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, success in the development and application of new technologies, the changes in stakeholder expectations and other changes in business conditions.

Dividend proposal

Ascopiave S.p.A.'s Board of Directors, considering the results of the period and the solidity of the capital, has decided to propose the distribution of a dividend of € 0.18 per share, for a total of € 42.194 million.
Ascopiave S.p.A. announces that, if approved, the dividend will be paid on 10th May 2017, with ex-dividend date on 8th May 2017 (record date on 9th May 2017).
The Board of Directors will not propose to allocate any amount to the legal reserve as it is already equal to one fifth of the share capital.

Requests submitted to the Shareholders' Meeting to revoke the current authorisation – issued on 28th April 2016 – to purchase treasury shares and to authorise a new plan for the purchase and sale of treasury shares

The Board of Directors has approved a resolution concerning: (i) the request submitted to the Shareholders' Meeting to cancel the existing authorisation issued on 28th April 2015 to purchase treasury shares and to authorise a new plan for the purchase and sale of treasury shares; (ii) the approval of the explanatory report prepared by the Directors in accordance with article 73 of the Regulation adopted by Consob resolution dated 14th May 1999, no. 11971 (the "Issuers Regulation"); (iii) the implementation of the plan to purchase and sell treasury shares subject to the aforementioned authorisation request and to confer the necessary powers to the Chairman of the Board of Directors.
The Shareholders' Meeting will be asked to authorise the Board of Directors to conduct the purchase and sale, in one or more instalments, on a revolving basis, of a maximum number of ordinary shares which to date amount to 46,882,315 shares with a nominal value of 1.00 € each, so that the Company shall not at any time hold a stake of more than 20% of the share capital of the Company, subject to the terms and conditions determined by the Shareholders' Meeting, and the applicable laws and regulations.
The new plan is designed to enable the Company to acquire its own shares to be used, in line with the strategic guidelines of the Company, for the execution of investment transactions consistent with the strategies of the Company, even through the exchange, swap, transfer, assignment or other act of disposal of treasury shares. The proposed plan will pursue the following objectives: intervene in accordance with the provisions in force, directly or through authorised intermediaries, to stabilise the price and regularise the trend of trading and prices, in the face of phenomena caused by excessive volatility or limited liquidity concerning exchanges; offer shareholders a tool to monetise their investment; acquire treasury shares to be used for any share incentive plans.
The authorisation proposal submitted to the Shareholders' Meeting envisages that purchases may be made in accordance with the procedures permitted by current regulations, including the procedures established by accepted market practices and those set out in EU Regulation No. 596/2014, with the exception of the public purchase and exchange offer, and that Ascopiave may sell the shares purchased for trading purposes.
The proposal to the Shareholders' Meeting envisages that the unit price for the purchase of the shares is determined each time for each individual transaction, it being understood that it shall not be 10% higher or lower than the reference stock price recorded on the trading day prior to each individual transaction.
With regard to the price for the disposal of treasury shares purchased (which will also be applicable to the shares already held by the Company), according to the Board's proposal it cannot be less than 10% of the reference stock price recorded on the trading day prior to each sale.
This limitation shall not apply to certain cases such as, among others, the sale of shares upon the implementation of incentive plans, or in the event of transactions involving the exchange or sale of blocks of shares including through exchange or contribution or, finally, to capital transactions involving the allocation or sale of treasury shares. In such cases different criteria can be used, in line with the goals set and in accordance with current regulations.
Pursuant to article 2357, first paragraph of the Civil Code, treasury shares may be purchased within the limits of distributable profits and reserves from the last approved financial statements.
The authorisation to purchase treasury shares is required for a maximum duration of 18 months starting from the date on which the Shareholders' Meeting has granted the authorisation.

The Shareholders' Meeting also authorises to sell the shares acquired in accordance with current regulations.
At the date of this release, the Company holds 12,100,873 shares with a nominal value of € 12,100,873 (5.162% of share capital).
No associate of the Company owns shares in Ascopiave S.p.A..
The purchase of own shares is not used to reduce the Company's share capital.
The Board of Directors has also resolved to begin to implement the plan for the purchase and sale of treasury shares immediately after its approval by the Shareholders' Meeting, giving the Chairman of the Board of Directors all necessary powers.

Shareholder's Meeting

The Board of Directors has furthermore decided to convene the ordinary and extraordinary Shareholders' Meeting on first call on 27th April 2017 at the registered office in Pieve di Soligo (Treviso), Via Verizzo no. 1030 at 3:00 p.m. and on second call on 28th April 2017, same place and time.

The extraordinary Shareholders' Meeting shall be asked to:

- amend the Articles of Association: increase in the number of Directors from five to six; introduction of the casting vote of the Chairman in the event of a tie.

The ordinary Shareholders' Meeting shall be asked to:

- approve the financial statements for the period ended on 31st December 2016, together with the related documentation;
- decide on remuneration policies under the terms of article 123-ter of legislative decree 58/1998;
- appoint the Board of Directors and determine the members' remuneration;
- appoint the Board of Auditors and determine the members' remuneration;
- approve a new purchase and sale plan of treasury shares under the terms of articles 2357 and 2357-ter of the Civil Code, to replace and revoke the previous authorisation of 28th April 2016.

The reports illustrating the minutes of meetings and the draft financial statements as at 31st December 2016, along with their annexes, shall be made available to the public at the registered office and at the stock management company Borsa Italiana S.p.A. (Italian Stock Exchange), stored in the "eMarket SDIR-eMarket Storage" system provided by Spafid Connect S.p.A. and published on the website www.gruppoascopiave.it within the time prescribed by law.

Statement by the manager in charge

The manager in charge of preparing the company accounting documents, Mr Cristiano Belliato, hereby states, under the terms of paragraph 2, article 154 bis, Unified Finance Law, that the accounting information note contained in this press release corresponds to the documentation results, accounting books and records.

Annexes

The Consolidated profit and loss account, balance sheet and financial statements of the Ascopiave Group are hereby included together with similar documents of Ascopiave S.p.A..
We would like to point out that these documents and the relevant notes have been submitted to the Board of Auditors and to the Auditing Firm for the required assessments.

The Ascopiave Group operates in the natural gas sector, mainly in the segments of distribution and sale to end customers.
Thanks to its broad customer base and the quantity of gas sold, Ascopiave is currently one of the main operators in the industry at a national level.
The Group owns concessions and direct assignments for the management of distribution activities in over 200 Towns, supplying the service to a market segment of over 1 million inhabitants through a distribution network which spreads over 8,800 kilometres.
The sale of natural gas is performed through different companies, some are controlled through joint control. Overall, in 2015 the companies of the Group sold to end customers more than 1 billion cubic meters of gas.
Since 12th December 2006, Ascopiave has been listed in Borsa Italiana's Star segment.

Contact:	Community Group Giuliano Pasini Auro Palomba Tel. +39 0422 / 416111 Mob. +39 335 / 6085019	Ascopiave Tel. + 390438 / 980098 Roberto Zava - Media Relator Mob. +39 335 / 1852403 Giacomo Bignucolo – Investor Relator Mob. +39 335 / 1311193

Pieve di Soligo, 15th March 2017

Ascopiave Group

Prospects of the consolidated financial statements

as of 31st December 2016

Consolidated statement of financial position

(Thousands of Euro)		31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Goodwill	(1)	80,758	80,758
Other intangible assets	(2)	316,905	316,659
Tangible assets	(3)	32,364	34,987
Shareholdings	(4)	68,738	68,078
Other non-current assets	(5)	13,566	15,366
Non-current assets from derivative financial instruments	(6)	485	
Advance tax receivables	(7)	9,758	11,333
Non-current assets		**522,574**	**527,182**
Current assets			
Inventories	(8)	4,311	3,577
Trade receivables	(9)	148,079	172,022
Other current assets	(10)	47,207	46,518
Current financial assets	(11)	0	3,487
Tax receivables	(12)	1,007	1,368
Cash and cash equivalents	(13)	8,822	28,301
Current assets from derivative financial instruments	(14)	1,304	
Current assets		**210,730**	**255,272**
ASSETS		**733,304**	**782,454**
Net equity and liabilities			
Total Net equity			
Share capital		234,412	234,412
Own shares		17,521	17,521
Reserves		221,164	198,374
Net equity of the Group		**438,055**	**415,264**
Net equity of Others		**6,154**	**4,873**
Total Net equity	(15)	**444,209**	**420,137**
Non-current liabilities			
Provisions for risks and charges	(16)	6,992	7,360
Severance indemnity	(17)	4,077	3,864
Medium- and long-term bank loans	(18)	34,541	43,829
Other non-current liabilities	(19)	20,267	18,903
Non-current financial liabilities	(20)	357	422
Deferred tax payables	(21)	16,814	19,571
Non-current liabilities		**83,050**	**93,948**
Current liabilities			
Payables due to banks and financing institutions	(22)	64,397	97,866
Trade payables	(23)	103,052	122,823
Tax payables	(24)	1,231	397
Other current liabilities	(25)	33,691	43,324
Current financial liabilities	(26)	3,645	3,708
Current liabilities from derivative financial instruments	(27)	29	252
Current liabilities		**206,045**	**268,370**
Liabilities		**289,095**	**362,317**
Net equity and liabilities		**733,304**	**782,454**

Consolidated income statement

(Thousands of Euro)		FY 2016	FY 2015
Revenues	(28)	**497,689**	**581,655**
Total operating costs		**405,325**	**504,675**
Purchase costs for raw material (gas)	(29)	231,029	325,936
Purchase costs for other raw materials	(30)	18,887	20,495
Costs for services	(31)	107,503	119,151
Costs for personnel	(32)	24,233	21,573
Other management costs	(33)	24,269	18,110
Other income	(34)	596	591
Amortization and depreciation	(35)	20,227	20,029
Operating result		**72,137**	**56,950**
Financial income	(36)	247	803
Financial charges	(36)	791	1,321
Evaluation of subsidiary companies with the net equity method	(36)	7,750	7,449
Earnings before tax		**79,343**	**63,881**
Taxes for the period	(37)	22,401	18,519
Net result for the period		**56,942**	**45,362**
Group's Net Result		53,635	43,014
Third parties Net Result		3,307	2,349
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement		1,786	(194)
2. Components that can not be reclassified to the income statement			
Actuarial (losses)/gains from remeasurement on defined-benefit obligations	*	(10)	190
Total comprehensive income		**58,718**	**45,358**
Group’s overall net result		55,214	43,027
Third parties’ overall net result		3,503	2,331
Base income per share		0.241	0.194
Diluted net income per share		0.241	0.194

* Earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the weighted average number of shares net of own shares. For the purposes of the calculation of the basic earnings per share, we specify that the numerator is the economic result for the period less the share attributable to third parties. There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company. Diluted profits for shares result as equal to those for shares in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

Consolidated statement of changes in shareholders' equity

(thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2016	**234,412**	**46,882**	**(17,522)**	**(99)**	**108,578**	**43,014**	**415,264**	**4,873**	**420,137**
Result for the period						53,635	53,635	3,307	56,942
Other operations					1,589		1,589	197	1,786
IAS 19 TFR actualization for the period				(9)			(9)	(1)	(10)
Total result of overall income statement				**(9)**	**1,589**	**53,635**	**55,214**	**3,503**	**58,718**
Allocation of 2015 result					43,014	(43,014)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders'					(33,347)		(33,347)		(33,347)
Dividends distributed to third parties shareholders							(0)	(2,222)	(2,222)
Long-term incentive plans			(0)		923		923		923
Balance as of 31st December 2016	**234,412**	**46,882**	**(17,522)**	**(108)**	**120,757**	**53,635**	**438,055**	**6,155**	**444,209**

(thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2015	**234,412**	**46,882**	**(17,660)**	**(286)**	**106,426**	**35,583**	**405,357**	**4,309**	**409,666**
Result for the period						43,014	43,014	2,349	45,362
Other operations					(172)		(172)	(21)	(194)
IAS 19 TFR actualization for the period				186			186	3	190
Total result of overall income statement				**186**	**(172)**	**43,014**	**43,027**	**2,331**	**45,358**
Allocation of 2014 result					35,583	(35,583)	0		0
Dividends distributed to Ascopiave S.p.A. shareholders'					(33,332)		(33,332)		(33,332)
Dividends distributed to third parties shareholders							0	(1,768)	(1,768)
Long-term incentive plans			138		74		212		212
Balance as of 31st December 2015	**234,412**	**46,882**	**(17,522)**	**(99)**	**108,578**	**43,014**	**415,262**	**4,873**	**420,137**

Consolidated financial statement

(thousands of Euro)	FY 2016	Restated FY 2015
Net income of the Group	**53,635**	**43,014**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	3,307	2,349
Amortization	20,227	20,029
Bad debt provisions	2,891	4,004
Variations in severance indemnity	214	(104)
Current assets / liabilities on financial instruments	(2,012)	252
Net variation of other funds	789	123
Evaluation of subsidiaries with the net equity method	(7,750)	(7,449)
Depreciation of fixed assets	0	232
Losses / (gains) on disposal of fixed assets	0	454
Interests paid	(579)	(1,240)
Taxes paid	(20,420)	(13,535)
Interest expense for the year	678	1,211
Taxes for the year	22,401	18,519
Variations in assets and liabilities		
Inventories	(734)	(1,095)
Accounts payable	20,947	(28,221)
Other current assets	(689)	27,454
Trade payables	(19,770)	(13,356)
Other current liabilities	(9,763)	13,019
Other non-current assets	2,361	1,730
Other non-current liabilities	2,728	1,859
Total adjustments and variations	**14,827**	**26,235**
Cash flows generated (used) by operating activities	**68,461**	**69,249**
Cash flows generated (used) by investments		
Investments in intangible assets	(19,674)	(21,112)
Realisable value of intangible assets	1,574	114
Investments in tangible assets	(1,164)	(901)
Realisable value of tangible assets	2	6
Other net equity operations	914	365
Cash flows generated/(used) by investments	**(18,348)**	**(21,527)**
Cash flows generated (used) by financial activities		
Net changes in debts due to other financers	(64)	(67)
Net changes in short-term bank borrowings	(71,256)	(155,112)
Net variation in current financial assets and liabilities	2,863	8,106
Ignitions loans and mortgages	151,000	146,500
Redemptions loans and mortgages	(122,500)	(88,000)
Dividends distributed to Ascopiave S.p.A. shareholders'	(33,347)	(33,332)
Dividends distributed to other shareholders	(2,222)	(1,768)
Dividends distribuited from subsidiary companies	5,934	3,369
Cash flows generated (used) by financial activities	**(69,593)**	**(120,304)**
Variations in cash	**(19,479)**	**(72,582)**
Cash and cash equivalents at the beginning of the period	**28,301**	**100,882**
Cash and cash equivalents at the end of the period	**8,822**	**28,301**

Ascopiave S.p.A.

Prospects of the financial statements

as of 31st December 2016

Statement of financial position

(Euro)		31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Goodwill	(1)		20,433,126
Other intangible assets	(2)	248,388	267,494,985
Tangible assets	(3)	29,296,954	33,891,193
Shareholdings	(4)	481,777,734	183,037,099
Other non-current assets	(5)	4,461,934	4,534,382
Advance tax receivables	(6)	1,858,435	8,298,269
Non-current assets		**517,643,445**	**517,689,053**
Current assets			
Inventories	(7)	0	1,731,340
Trade receivables	(8)	7,411,698	28,439,336
Other current assets	(9)	9,067,385	35,209,431
Current financial assets	(10)	2,533,893	20,973,338
Tax receivables	(11)	756,578	375,864
Cash and cash equivalents	(12)	4,511,059	9,389,611
Current assets		**24,280,614**	**96,118,920**
ASSETS		**541,924,059**	**613,807,973**
Net equity and liabilities			
Total Net equity			
Share capital		234,411,575	234,411,575
Own shares		(17,521,332)	(17,521,332)
Reserves		143,656,208	142,516,363
Result of the period		33,699,756	33,547,021
Net equity of the Group	(13)	**394,246,207**	**392,953,628**
Non-current liabilities			
Provisions for risks and charges	(14)	643,021	550,000
Severance indemnity	(15)	252,802	1,171,798
Medium- and long-term bank loans	(16)	34,541,407	43,828,512
Other non-current liabilities	(17)	44,279	5,533,825
Non - current financial liabilities	(18)	0	421,677
Deferred tax payables	(19)	22,000	12,231,658
Non-current liabilities		**35,503,511**	**63,737,471**
Current liabilities			
Payables due to banks and financing institutions	(20)	64,287,088	97,622,233
Trade payables	(21)	1,779,494	15,516,232
Other current liabilities	(22)	2,951,665	31,282,466
Current financial liabilities	(23)	43,156,094	12,695,944
Current liabilities		**112,174,342**	**157,116,875**
Liabilities		**147,677,852**	**220,854,346**
Net equity and liabilities		**541,924,059**	**613,807,973**

Income statement

(Euro)		Financial year 2016	Financial year 2015
Revenues	(23)	**56,371,726**	**32,588,153**
Distribution of dividends from controlled companies		30,922,835	23,842,374
Other revenues		25,448,891	8,745,779
Total operating costs		**31,495,004**	**13,446,666**
Purchase costs for raw material	(24)	22,105	4,999
Costs for services	(25)	9,215,579	6,752,995
Costs for personnel	(26)	7,646,739	5,962,935
Other management costs	(27)	14,666,468	762,694
Other income	(28)	55,887	36,957
Amortization and depreciation	(29)	1,778,538	1,730,277
Operating result		**23,098,184**	**17,411,210**
Financial income	(30)	100,231	797,722
Financial charges	(30)	832,885	1,293,035
Earnings before tax		**22,365,531**	**16,915,897**
Taxes for the period	(31)	4,550,339	2,525,795
Result for the period		**26,915,870**	**19,441,693**
Net income from discontinued operations / held for sale	(32)	6,783,886	14,105,329
Net Result		**33,699,756**	**33,547,021**
Statement of comprehensive income			
1. Components that can be reclassified to the income statement Actuarial (losses)/gains from remeasurement on defined-benefit		16,494	(67,806)
Total comprehensive income		**33,716,250**	**33,479,215**

Statement of changes in shareholders' equity

(Euro)	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Result for the period	Total net equity
Balance as of 1st January 2016	**234,411,575**	**46,882,315**	**(17,521,332)**	**95,695,586**	**(61,537)**	**33,547,021**	**392,953,628**
Result for the period						33,699,756	33,699,756
IAS 19 TFR actualization for the period					16,494		16,494
Total result of overall income statement				**(0)**	**16,494**	**33,699,756**	**33,716,250**
Allocation of 2015 result				33,547,021		(33,547,021)	(0)
Dividends paid to shareholders				(33,346,605)			(33,346,605)
Long-term incentive plans				922,934			922,934
Balance as of 31st December 2016	**234,411,575**	**46,882,315**	**(17,521,332)**	**96,818,935**	**(45,043)**	**33,699,756**	**394,246,207**

(Euro)	Share capital	Legal reserve	Own shares	Other reserves	Reserves IAS 19 actuarial differences	Result for the period	Total net equity
Balance as of 1st January 2015	**234,411,575**	**46,882,315**	**(17,659,718)**	**85,325,906**	**(129,344)**	**43,628,329**	**392,459,063**
Allocation of result				43,628,329		(43,628,329)	-
Dividends paid to shareholders				(33,332,158)			(33,332,158)
IAS 19 TFR actualization					67,806		67,806
Purchase / sale of own shares			138,387	73,508			211,895
Result for the period						33,547,021	33,547,021
Balance as of 31st December 2015	**234,411,575**	**46,882,315**	**(17,521,331)**	**95,695,586**	**(61,537)**	**33,547,021**	**392,953,628**

Consolidated financial statement

	31.12.2016	31.12.2015
Net income of the year	**33,699,756**	**33,547,021**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash	**270,791**	**15,173,432**
Amortization and depreciation	1,778,538	15,614,231
Variations in severance indemnity	(9,061)	(2,437)
Net variation of other funds	575,584	306,328
Losses/(gains) on disposal fixed assets		428,696
Interests paid	(847,735)	(1,337,561)
Interest expense for the year	832,885	1,293,035
Taxes paid	(6,609,759)	(6,698,896)
Taxes for the year	4,550,339	5,570,035
Variations in assets and liabilities	**9,177,178**	**714,890**
Inventories	31,273	249,203
Accounts payable	(63,727)	(5,258,215)
Other current assets	(4,681,458)	(4,930,219)
Trade payables	(4,313,242)	(3,918,552)
Other current liabilities	(2,153,233)	12,868,288
Other non-current assets	(404,198)	(54,524)
Other non-current liabilities	6,800	1,758,909
Cash flows generated from Assets and Liabilities held for sale	20,754,964	
Total adjustments and variations	**9,447,970**	**15,888,322**
Cash flows generated (used) by operating activities	**43,147,726**	**49,435,343**
Cash flows generated (used) by investments		
Investments in intangible assets	0	(18,424,102)
Realisable value of intangible assets	10,032	0
Investments in tangible assets	(80,967)	(700,470)
Realisable value of tangible assets	1,884	0
Disposal/(acquisitions) in investments and avances	(200,000)	0
Cash flows used from Assets and Liabilities held for sale	(20,754,964)	0
Other net equity operations	0	73,508
Cash flows generated/(used) by investments	**(21,024,015)**	**(19,051,064)**
Cash flows generated (used) by financial activities		
Net changes in short-term bank borrowings	(42,622,249)	(96,737,349)
Net variation in current financial assets and liabilities	48,966,591	37,098,148
Purchase of own shares		138,387
Dividends paid to shareholders	(33,346,605)	(33,332,158)
Cash flows generated (used) by financial activities	**(27,002,263)**	**(92,832,971)**
Variations in cash	**(4,878,552)**	**(62,448,692)**
Cash and cash equivalents at the beginning of the year	**9,389,611**	**71,838,303**
Cash and cash equivalents at the end of the year	**4,511,059**	**9,389,611**

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