



Gas Plus: The Board of Directors approves the draft financial statements and the consolidated financial statements as at December 31st, 2016

Positive turning point in E&P development projects: Mezzocolle concession is near to *gas-in* and Longanesi project obtained EIA.

Decrease of turnover and negative result after EBIT due to the negative context of energy industry for E&P activities. Growing contribution of downstream activities to the Group instead.

Positive Cash Flow from Operations – Increase of Net Financial Position due to the restart of investments forecasted in the E&P development programs.

- **Total Revenues: € 82.4 M vs € 104.6 M in FY15**
- **EBITDA: € 17.1 M vs € 31.5 M in FY15**
- **EBIT: € 0.9 M vs € 3.4 M in FY 15**
- **EBT: € -7.3 M vs € -1.4 M in FY15**
- **Discontinued operations: € 0 M vs € -1.3 M in FY15**
- **Net Result: € -4.2 M vs € 7.2 M in FY15**
- **NFP: € 53.0 M vs € 41.1 M at 31 December 2015**

Milan, March 28th, 2017 – *The Board of Directors of Gas Plus S.p.A., a company listed on the Italian Stock Exchange, approved today the draft separate financial statements and the consolidated financial statements as at December 31st, 2016.*

Gas Plus Group closed financial year 2016 with a negative result, already forecasted and nowadays usual for operators mainly acting in Exploration & Production (E&P), due to the significant reduction of hydrocarbon price scenario, but with a meaningful progress in E&P development programs and the improvement activities in the management.

Development projects in E&P registered a relevant progress in authorization procedure in the main project “Longanesi” at the end of 2016 and in the first months of current year. During this period the Environmental Impact Assessment (EIA) and resolutions from local Municipalities were obtained. Finals steps expect the agreement (*Intesa*)



between Emilia Romagna Region and Ministry of Economic Development and, from the latest, the awarding of authorisation rights.

Regarding the other main project of the Group, Mezzocolle, working activities are in its final phase, after a delay in the program. *Gas-in* is expected in the second quarter of 2017.

Gas Plus can rely on a remarkably valuable portfolio of assets in all sectors of activities, on an expected improvement of the economical results thanks to increasing full production of E&P main projects and a reduced level of debt due to continuous cash flow generation in its characteristic activities, and adequate financing facilities currently not in use.

The Group subsidiary mainly involved in development projects (Società Padana Energia S.p.A.) can rely on a stable financial position, disposing of a relevant liquidity and a specific financial facility for investments currently not in use.

Downstream business units, operating in distribution, transportation and retail, registered an improvement of financial results.

Retail business unit benefited from exiting the wholesale market and registered a slightly increase in margins and highest results in its history, despite a mild climatic trend. In this sector an internal development is ongoing.

Network business unit improved its contribution to Group results, also thanks to new networks acquired in 2016.

Under a financial point of view, the Group presents a net debt contained in terms of ratio, also compared to current economic results, and is in line with the last periods. Also the new business model for gas sale allowed a minor use of working capital.

The increase of the Net Financial Position from € 41.1 M, registered on December 31th, 2015 to current € 53.0 M is due to investment recovery.

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The CEO Davide Usberti has declared: *“Careful and clear management has allowed to positively progress in authorisation procedure and working activities in the main E&P projects, that represent approximately 40% of the hydrocarbon reserves of the Group. Investments and resources addressed to projects development will bring a new*



strength to production, contributing to respond to Italian energy demand and to the Group financial results. In the downstream sector we will pursue retail development through internal lines, meanwhile we will aim to achieve an adequate critical mass in network sector, preferably in our historical areas.”

TREND OF THE MAIN ACTIVITIES IN 2016

The results of the main Group business unit (BU Exploration and Production) have been influenced by the decrease of the selling price and by the physiological volume reduction of the mature fields produced volume, whose effects have been amplified by the missed contribution of a concession not operated by the Group (equal to more than 20% of the production) and by the postponement of the gas-in of the new projects.

Regarding the development program:

- Mezzocolle project (reserve about 300 MScm – expected 40 MScm/year of peak production) saw over the year the completion of construction works of pipeline connection from the well pad to the treatment plant, the progress of construction activities for the plant revamping at the same time with the staging to production of well pad. Gas-in is expected in the second quarter of this year;
- Longanesi project (reserve about 1.1 BScm – expected 230 MScm/year of peak production), about which the important progress in terms of authorization process have already been explained, saw during this year the continuation of detail engineering activity to achieve the nearing start of realization works;
- Other projects (reserve about 300 MScm – expected 40 MScm/year of peak production) saw the completion of activities of technical and permitting analyses to prepare the next development steps.

Regard to the international E&P activities and in particular *Midia Deep* concession, the current market conditions influenced the decision of the Joint Venture not to proceed with the start of the second exploration phase and relinquish the license. Detail research activities continue for the development of the shallow water concession, for which an independent expert valued the discovered resources about 1.4 BScm in Gas Plus share.



Network & Transportation B.U. continued to improve its perimeter of activities, awarding the tender for the acquisition of two natural gas distribution licenses in the Municipalities of Manerbio and Bassano Bresciano, in the Province of Brescia.

Thanks to an efficient management, as well as the increase of distributed volumes due to the aforementioned acquisition, the B.U. improved its already positive economic performance.

Retail B.U. registered a positive increment of economic results compared to 2015 thanks to the improvement of the marginality and despite of a not favorable climate trend.

CONSOLIDATED FINANCIAL HIGHLIGHTS FY 2016

The FY16 revenues amounted to € 82.4 M compared to € 104.6 M for FY15, with a decrease due to lower sales prices of hydrocarbons, as well as lower produced volumes. The 2015 revenues however included non-recurring items for € 5.3 M due to the renewal of a service contract for the E&P B.U.

A relevant reduction was also obtained in operating costs (€ 65.3 M for FY16 against € 73.1 M for FY15), although less than revenues.

Consequently **EBITDA** decreased by € 31.5 M of FY15 to the current € 17.1 M.

This result, as already mentioned, is affected especially by the trend of E&P B.U., which reduces its contribution to the Group consolidated results of FY15 from € 20.1 M to € 5.0 M of FY16.

An opposite trend was registered instead for downstream B.U.

Retail B.U. EBITDA grew from € 5.7 M of FY15 to € 6.7 M of FY16 and Network and Transportation B.U. from € 6.5 M of FY15 to € 6.8 M of FY16.

EBIT was positive at € 0.9 M, compared to € 3.4 M of FY15, despite the devaluation of Midia Deep license mining assets due to the decision of the joint venture partners to proceed with its relinquishment.



In the previous year **EBIT** discounted a higher depreciation, mainly due to the negative outcome of an exploratory well and the devaluation of some mineral assets to align the carrying values with the current energy market conditions.

Also the operating result was positive in sign (€ 1.2 compared to € 5.0 M of FY15), while **EBT** was negative (€ -7.3 M compared to € -1.4 M of FY15).

Year 2016 was therefore closed with a **loss** of € 4.2 M compared to a **profit** of € 7.2 M of FY15, when the Group benefited of a positive tax result, amounting to € 9.8 M (of which € 7.8 M non-recurring due to the reduction in the IRES rate from 27.5% to 24% from 2017).

Net financial debt remained at the low levels of more recent times thanks to the cash flow generated in the period, and the postponement of some investments, as well as the lower working capital required as a result of the new business model. However, net financial debt rose if compared to the 2015 level due to the recovery of investments (€ 53.0 M at December 31st, 2016 compared to € 41.1 M at 31st December 2015).

OUTLOOK 2017

Considering the current energy scenarios, the contribution of Mezzocolle production only for a part of the year and the persistent interruption of production of a concession not operated by the Group, for 2017 it is foreseeable another negative net result.

PROPOSED ALLOCATION FOR THE YEAR RESULT

The Board has approved to not propose to the Shareholders the distribution of dividend for year 2016, to support the current investment program.

CALL OF THE ORDINARY SHAREHOLDERS' MEETING ON MAY 3rd, 2017

The Board of Directors has called the ordinary shareholders' meeting on May 3rd, 2017, at 8.30 a.m. (single call) to resolve upon the approval of the 2016 financial statements,



the destination of the Net Result, and either the appointment of a member of the Board of Directors or the reduction of the number of members of the Board.

The notice of call of the meeting will be published according to the applicable law.

The Board of Directors also approved the Annual Report on Corporate Governance. A copy of the report will be made available to the public in compliance with applicable law.

The Manager responsible for preparing the company's financial reports, Germano Rossi, declares, according to Article 154-bis, paragraph 2, 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 Annual Financial Report (according to article 154-ter of the Consolidated Law on Finance) will be made available to the public at the Company registered office, on the Company web site www.gasplus.it (Investor Relations section) and on the storage mechanism eMarket STORAGE.

On March 28th, 2017 at 16.00 (CET), the Gas Plus Group will host the conference call for analysts/investors on the FY 2016 financial results.

Speakers:

Davide Usberti – Chief Executive Officer

Cinzia Triunfo – General Manager

Germano Rossi – Chief Financial Officer

To connect to the conference-call:

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Gas Plus is the fourth largest producer of natural gas (as estimated by the Authority for Electricity, Gas and Water System, AEEGSI) after Eni, Edison and Shell Italia 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 retail customers. At 31 December 2016, the Group has 47 exploitation concessions located throughout the Italian territory, manages a total of approximately 1,600 kilometers of distribution network located in 39 Municipalities, serves a total of more than 75,000 end users, with a staff of 192 employees.

For further information: www.gasplus.it

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The attached tables summarise the consolidated financial statements as of Dicembre 2016 and the financial statements of Gas Plus S.p.A..
The data below have not been audited yet.



CONSOLIDATED BALANCE SHEET

Amounts in thousands of Euro	31/12/2016	31/12/2015
ASSETS		
Non-current assets		
Property, plant and equipment	106,520	102,607
Goodwill	750	750
Concessions and other intangible assets	339,329	342,371
Other non-current assets	4,808	4,598
Deferred tax assets	26,853	25,311
Total non-current assets	478,260	475,637
Current assets		
Inventory	4,116	4,153
Trade receivables	19,033	16,842
Income tax receivables	1,616	1,472
Other receivables	10,418	10,990
Receivables from parent company	193	320
Financial assets	3,241	5,190
Cash and cash equivalents	14,924	29,932
Total current assets	53,541	68,899
TOTAL ASSETS	531,801	544,536
SHAREHOLDER'S EQUITY		
Share capital	23,353	23,353
Reserves	195,984	192,869
Other equity components	(1,279)	(230)
Net result for the period	(4,255)	7,128
Equity attributable to equity holders of the parent	213,803	223,120
Minority interests	491	463
TOTAL SHAREHOLDER'S EQUITY	214,294	223,583
LIABILITIES		
Non-current liabilities		
Long-term borrowings	34,825	41,836
Termination indemnity	4,722	4,424
Deferred tax liabilities	87,317	90,010
Liabilities for acquisition of business	-	27,757
Other non-current liabilities	3,224	3,194
Provisions	117,281	115,193
Total non-current liabilities	247,369	282,414
Current liabilities		
Trade payables	22,232	21,838
Short-term borrowings	8,450	6,556
Liabilities for acquisition of business	27,858	112
Other current liabilities	11,431	10,030
Income tax payables	167	3
Total current liabilities	70,138	38,539
TOTAL LIABILITIES	317,507	320,953
TOTALE SHAREHOLDER'S EQUITY AND LIABILITIES	531,801	544,536



CONSOLIDATED PROFIT & LOSS STATEMENT

Amounts in thousands of Euro	2016	2015
Revenues	75,230	92,505
Other revenues	7,194	9,401
Total revenues	82,424	104,606
Raw materials and consumables costs	(25,685)	(31,474)
Services and other costs	(30,093)	(31,033)
Personnel costs	(9,521)	(10,632)
Other income (charges)	355	1,604
Depreciation and devaluation	(16,239)	(28,047)
OPERATING RESULT	1,241	5,024
Financial income	168	1,975
Financial expense	(8,728)	(8,397)
PRE-TAX RESULT	(7,319)	(1,398)
Income tax	3,097	9,832
NET RESULT	(4,222)	8,434
Net result of the period from discontinued operations	-	(1,284)
NET RESULT FOR THE YEAR	(4,222)	7,150
Attributable to:		
Group	(4,255)	7,128
Minority interests	33	22
Basic earnings per share (amounts in Euro)	(0.10)	0.16
Diluted earnings per share (amounts in Euro)	(0.10)	0.16



CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of Euro	31/12/2016	31/12/2015
Cash flow from operating activities		
Net result	(4,222)	8,434
Depreciation and devaluation of tangible and intangible assets (1)	15,171	24,057
Other non-monetary provisions	(1,077)	(1,012)
Discounted retirement fund	4,289	4,229
Financial charges on liabilities for acquisition of business	548	588
Capital (gains) losses	3	138
Change in fair value of assets and liabilities	9	(1,297)
Change in deferred taxes	(3,852)	(12,984)
Change in operating assets and liabilities		
Change in inventory	76	(390)
Change in trade receivables from third parties and associated companies	(1,024)	388
Change in trade payable from third parties and associated companies	225	4,943
Asset retirement obligations	(53)	(667)
Change in termination indemnity	102	(64)
Change in other operating assets and liabilities	1,242	155
Net cash flow from operating activities	11,437	26,518
Cash flow from investing activities		
Purchase of tangible and intangible assets (1)	(16,188)	(6,494)
Business combination acquisition, net of cash acquired	(1,498)	-
Net cash flows used in investing activities	(17,686)	(6,494)
Cash flows from financing activities		
Net change in short-term borrowings	436	685
Sale of current financial assets	-	929
Loans reimbursed	(5,000)	(5,000)
Dividends paid	(4,362)	(4,362)
Other movements in share equity	47	(214)
Net cash flows generated (used) in financing activities	(8,879)	(7,962)
Effects of change of consolidation scope	527	-
Effects of exchange rate on cash	(407)	(280)
Net cash flow from discontinued operations	-	11,764
Increase (decrease) in cash at bank and in hand	(15,008)	23,546
Cash and cash equivalent at the beginning of the year	29,932	6,386
Cash and cash equivalent at the end of the year	14,924	29,932
Dividends received	362	1,168
Taxes paid in the period	525	900
Interests paid in the period	3,073	2,611

(1) net of depreciation of exploration costs incurred in the period (respectively Euro 1,068 in 2016 and Euro 3,380 in 2015).



GAS PLUS S.P.A. BALANCE SHEET

BALANCE SHEET

Amounts in Euro	31/12/2016	31/12/2015
ASSETS		
Non-current assets		
Intangible assets	532,087	863,765
Property, plant and equipment	165,439	241,873
Investments in subsidiary companies	295,192,544	295,192,544
Deferred tax assets	1,442,230	233,510
Total non-current assets	297,332,300	296,531,692
Current assets		
Trade receivables	2,301	4,603
Receivables from subsidiary companies	7,298,387	9,474,436
Receivables from parent company	79,915	81,048
Income tax receivables	1,254,812	710,862
Other receivables	299,758	379,410
Financial assets	3,241,245	5,190,424
Cash and cash equivalents	12,432,069	22,460,224
Total current assets	24,608,488	38,301,007
TOTAL ASSETS	321,940,788	334,832,699
SHAREHOLDER'S EQUITY		
Share capital	23,353,002	23,353,002
Reserves	172,940,920	172,061,009
Other equity components	444,929	527,537
Net result for the period	7,172,522	4,709,668
TOTAL SHAREHOLDER'S EQUITY	203,911,373	200,651,216
LIABILITIES		
Non-current liabilities		
Long-term borrowings	34,824,833	41,835,896
Termination indemnity	1,194,697	1,044,882
Total non-current liabilities	36,019,530	42,880,778
Current liabilities		
Trade payables	403,962	708,762
Payables to subsidiary companies	71,892,632	83,284,436
Short-term borrowings	7,945,812	5,736,967
Other current liabilities	1,767,479	1,570,540
Total current liabilities	82,009,885	91,300,705
TOTAL LIABILITIES	118,029,415	134,181,483
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	321,940,788	334,832,699



PROFIT & LOSS STATEMENT

Amounts in Euro	2016	2015
Revenues	4,644,691	6,026,447
Other revenues	15,261	47,197
Total Revenues	4,659,952	6,073,644
Raw materials and consumables costs	(25,185)	(34,520)
Services and other costs	(2,501,384)	(3,124,512)
Personnel costs	(3,563,736)	(3,591,236)
Other income and (charges)	7,525,526	4,403,666
Depreciation	(173,415)	(249,592)
OPERATING RESULT	5,921,758	3,477,450
Financial income	1,807,747	4,229,897
Financial expense	(3,887,400)	(5,407,656)
PRE-TAX RESULT	3,842,105	2,299,691
Income tax	3,330,417	2,409,977
NET RESULT FOR THE YEAR	7,172,522	4,709,668
Basic earnings per share (amounts in Euro)	0.16	0.11
Diluted earnings per share (amounts in Euro)	0.16	0.11



CASH FLOW STATEMENT

	31/12/ 2016	31/12/ 2015
Cash flow from operating activities		
Net income	7,172,522	4,709,668
Depreciation of tangible and intangible assets	173,415	249,592
Capital gain (loss) on assets	-	(3,615)
Change in the fair value of financial assets and liabilities	8,626	(684,422)
Change in deferred taxes	(1,370,677)	5,955
Change in trade receivables from associated companies	554,967	429,215
Change in trade payables	(439,396)	(85,666)
Net change in receivables/payables from tax consolidation from subsidiary companies	2,380,096	(2,389,508)
Net change in receivables/payables from Group VAT regime	419,741	(1,029,013)
Net change in direct tax receivables/payables	(543,950)	1,724,047
Net change in other operating assets and liabilities	276,589	(391,429)
Change in termination indemnity	149,815	16,742
Net cash flows from operating activities	8,781,748	2,551,566
Purchase of tangible assets	(13,153)	(28,982)
Purchase of intangible assets	(17,500)	(16,770)
Other changes in financial assets	-	(4,000,000)
Gains on disposal of fixed assets	-	3,615
Net cash flows used in investing activities	(30,653)	(4,042,137)
Net change in short-term borrowings	240,066	476,681
Net change in cash pooling activities	(10,268,908)	29,832,635
Gain on disposal of financial current assets	-	927,195
Loans (repaid) or received	(5,000,000)	(5,000,000)
Dividends paid	(4,357,294)	(4,357,294)
Other movement in shareholders' equity	606,886	746,361
Net cash flows generated (used) in financing activities	(18,779,250)	22,625,578
Increase (decrease) in cash at bank and in hand	(10,028,155)	21,135,007
Cash and cash equivalent at the beginning of the year	22,460,224	1,325,217
Cash and cash equivalent at the end of the year	12,432,069	22,460,224
Dividends received from the subsidiary companies	7,525,526	5,015,312
Taxes paid in the period	-	-
Interest paid in the period	1,389,346	659,384

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