



Gas Plus: The Board of Directors approves the consolidated half-year financial report as at 30 June 2017

Activities for the production start-up of the Concession of Mezzocolle completed in the semester and its gas-in started in July.

Ebitda increase and positive Net result due to good performance of all business areas: the marginality of the upstream activities in resumption and the downstream activities in slight growth.

Net Financial Position again in sharp decline.

- **Total Revenues: € 43.7 M vs € 45.5 M in 1H16**
- **EBITDA: € 10.1 M vs € 9.2 M in 1H16**
- **EBIT: € 3.7 M vs € -0.6 M in 1H16**
- **EBT: € 1.0 M vs € -5.1 M in 1H16**
- **Net Result: € 0.6 M vs € -3.5 M in 1H16**
- **PFN: € 43.1 M vs € 53.0 M as at 31 December 2016**

Milano, 3 August 2017 - *The Board of Directors of Gas Plus S.p.A., a company whose shares are listed on the Italian Stock Exchange, approved today the half-year financial report as at 30 June 2017*

Gas Plus Group closed first semester of 2017 with a positive Net Result due to the contribution of all business lines.

Although the unstable price scenario and missed contribution of a gas-in during first semester, upstream business unit margin increased with the outlook to provide a significant contribution to economic results of the Group once main development projects will achieve gas-in.

Concerning these ones, final construction activities of Mezzocolle project were completed, although with a delay compared to initial schedule, and its gas-in started up after first semester closing.

The other main development project "Longanesi" registered, between the end of 2016 and the beginning of 2017, a relevant progress in the authorisation procedure thanks to the achievement of Environmental Impact Assessment (EIA) and resolutions of the involved local entities. Final steps expect the agreement (Intesa) between the Emilia



Romagna Region and the Ministry of Economic Development, and, from the latter, the awarding of authorisation rights.

Downstream business units, operating in distribution, transportation, and retail, confirmed a positive financial trend and registered a slight increase compared to first semester 2016.

Network business unit benefited of new networks acquired in 2016, and an efficient management; Retail business unit maintained the good level of margin performed last year. In this sector an internal development is ongoing.

Gas Plus can rely on a remarkably valuable portfolio of assets in all sectors of activities, 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 business activities.

The Group financial situation shows a low level of the net debt in further decline compared to the figures of the year end 2016, in terms of ratio, and respect to the actual economic results, anyhow, supported by adequate credit lines, currently non used. The net debt has in fact passed from € 53.0 M as at 31 December 2016 to € 43.1 M.

The CEO Davide Usberti has declared: *“With Mezzocolle gas-in, development projects of Exploration & Production business unit started to provide concrete benefits to the Group.*

A particular effort is addressed to the finalisation of permitting activities of Longanesi project and initiatives related with production restart of Garaguso concession. Downstream activities registered stable results by the end of the semester, allowing the Group to perform a positive Net Result.

Financial position continues to be under control, to provide the necessary availability for development projects and to register a ratio between equity and debt very restrained.

All these aspects, with also first signals of demand recovery, enable to look with confidence at the new development programs of the Group.”

BUSINESS UNITS TRENDS – 1H 2017



The results of the main Business Unit of the Group (Exploration and Production B.U.) show a significant recovery of the margin compared to 2016, although the hydrocarbon price scenarios are still weak, considering the average of the half year and the physiological reduction of the production volumes due to natural depletion of the mature fields. The effects have been accentuated by the further missing contribution of a concession not operated by the Group (which counts for more than 20% of total gross hydrocarbon present production) and by the postponement of new projects gas-in.

Development activities have made significant progress, in particular:

- The project of the Mezzocolle concession (about 300 Scm of reserves – annual expected peak production of 40 MScm/year) during this semester saw the completion of the site activities for the revamping of the treatment plant, and the preparation for the production of the well area. The gas-in started after the end of the semester;
- The Longanesi project (about 1.1 BScm of reserves – annual peak production of 230 MScm/year) saw the prosecution of the engineering activities with the aim of a forthcoming start of the site development works;
- Other projects (about 300 MScm of reserves – annual peak production of 40 MScm/year) saw the completion of both technical analyses and permitting activities, preliminary to the next development steps.

Concerning the E&P international activities, further studies are ongoing on the development programs of shallow water licenses, where mineral resources have already been evaluated by an independent entity in approximately 1.4 BScm for Gas Plus share. It is currently planned to drill two new exploration wells by May 2018.

Network & Transportation B.U., thanks to an efficient management and the growth of the distributed volumes due to the acquisition made in the previous year, confirms the positive trend of its economic performance.

Retail B.U. maintains the positive economic result of 2016 thanks to the good unit margins and a less penalising climate.

1H 2017 CONSOLIDATED ECONOMIC AND FINANCIAL DATA

1H17 **Total Revenues** amounted to € 43.7 M vs. € 45.5 M of 1H16, in decrease essentially due to lower volumes of hydrocarbon produced.



However, a greater reduction of the operating costs that lowered from € 36.3 in 1H 16 to € 33.6 in 1H 17 has been recorded.

Therefore, an **EBITDA** in increase has reached € 10.1 respect to € 9.2 in 1H16.

This result was possible thanks to the good economic performance of all business areas. E&P B.U. has indeed improved its contribution to the Group consolidated results with an Ebitda of € 3.1 M against € 2.0 M in 1H16, while downstream business units confirmed the good levels of the previous period. Retail B.U. has indeed reached an Ebitda of € 3.7 M as in 1H16, while Network and Transportation BU reached an Ebitda of € 3.9 M against € 3.8 M in 1H16.

EBIT was positive for € 3.7 M compared to the negative amount of € -0.6 M in 1H16 that however included the devaluation of the mining assets related to the Midia Deep license followed by the decision of the joint venture partners to proceed with its relinquishment.

Unlike in the first half of 2016, the **Operating result** (€ 3.8 compared to € -0.3 M in 1H16) and **Earning Before Tax (EBT)** (€ 1.0 M compared to € -5.1 M in 1H16) were also positive.

The Group closed the first half of 2017 with a **Profit** of € 0.6 M compared to a **Loss** of € 3.5 M in the 1H 16.

Net Financial Position, due to cash flow generated in the period and the postponement of some investments, has again decreased passing from € 53.0 M at 31 December 2016 to € 43.1 M at 30 June 2017.

OUTLOOK 2017

The start of the production activities of Mezzocolle, the development of the ongoing projects, and the already launched initiatives in all business areas will firmly continue in the second half of the year.

However, in the context already outlined, it is not currently foreseeable to amend the previous provision of a yearly negative result, even if market opportunities will be exploited as much as possible.



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 Half-Year Financial Report as at 30 June 2017, along with the limited report of the auditors, will be made available to the public at Gas Plus registered office, on Gas Plus website www.gasplus.it (Investor Relations section) and on the storage mechanism "eMarket STORAGE" (www.emarketstorage.com) in compliance with applicable law.

On 4 August 2017, at 10.00 (CET), Gas Plus will host the conference call for analysts/investors about 1H 2017 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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Attachments:

Half-year prospects of consolidated balance sheet, consolidated income statements and consolidated cash-flow statements, from the half-year financial report as at 30 June 2017 (not audited yet).



CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2017 AND DECEMBER 31, 2016

Amounts in thousands of Euro	06/30/2017	12/31/2016
ASSETS		
Non-current assets		
Property, plant and equipment	110.584	106.520
Goodwill	750	750
Concessions and other intangible assets	336.391	339.329
Other non-current assets	4.831	4.808
Deferred tax assets	26.481	26.853
Total non-current assets	479.037	478.260
Current assets		
Inventory	3.372	4.116
Trade receivables	12.548	19.033
Income tax receivables	789	1.616
Other receivables	12.343	10.418
Receivables from parent company	193	193
Financial assets	247	3.241
Cash and cash equivalents	23.604	14.924
Total current assets	53.096	53.541
TOTAL ASSETS	532.133	531.801
SHAREHOLDER'S EQUITY		
Share capital	23.353	23.353
Reserves	189.838	195.934
Other equity components	945	(1.229)
Net result for the period	614	(4.255)
Equity attributable to equity holders of the parent	214.750	213.803
Minority interests	168	491
TOTAL SHAREHOLDER'S EQUITY	214.918	214.294
LIABILITIES		
Non-current liabilities		
Long-term financial debts	28.670	34.825
Employees' termination indemnity, pensions and sim. obligations	4.629	4.722
Deferred tax liabilities	87.079	87.317
Other non-current liabilities	3.116	3.224
Provisions	121.006	117.281
Total non-current liabilities	244.500	247.369
Current liabilities		
Trade payables	18.771	22.232
Short-term financial debts	10.432	8.450
Liabilities for acquisition of business	27.854	27.858
Other current liabilities	15.177	11.431
Income tax payables	481	167
Total current liabilities	72.715	70.138
TOTAL LIABILITIES	317.215	317.507
TOTALE SHAREHOLDER'S EQUITY AND LIABILITIES	532.133	531.801



HALF-YEAR CONSOLIDATED INCOME STATEMENT

Amounts in thousands of Euro	1H 2017	1H 2016
Revenues	40.283	42.961
Other revenues	3.402	2.554
Total revenues	43.685	45.515
Raw materials and consumables costs	(15.730)	(14.540)
Services and other costs	(12.937)	(16.745)
Personnel costs	(4.889)	(5.051)
Share of result of associated companies	-	-
GROSS OPERATING MARGIN (EBITDA)	10.129	9.179
Depreciation, amortization and devaluation	(6.467)	(9.794)
EBIT	3.662	(615)
Other income (charges)	161	275
OPERATING RESULT	3.823	(340)
Financial income	808	114
Financial expense	(3.588)	(4.908)
PRE-TAX RESULT FOR THE PERIOD	1.043	5.134
Income taxes	(428)	(1.667)
NET RESULT FOR THE PERIOD	615	(3.467)
Attributable to:		
Group	614	(3.484)
Minority interests	1	17



HALF YEAR CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of Euro	1H 2017	1H 2016
Cash flow from operating activities		
Net result	615	(3.467)
Depreciation, amortization and devaluation of tangible and intangible assets (1)	5.967	9.382
Other non-cash provision (use of non-cash provisions)	(117)	(28)
Discounted retirement fund	2.141	2.122
Financial costs for acquisition financing	252	276
Capital losses	(10)	3
Change in fair value of assets and liabilities	(615)	160
Change in deferred taxes	(8)	(2.074)
Change in operating assets and liabilities		
Change in inventory	115	180
Change in trade receivables from third parties and associated companies	6.566	6.520
Change in trade payable from third parties and associated companies	(3.461)	(3.309)
Asset retirement obligations	(42)	(26)
Change in termination indemnity	73	78
Change in other operating assets and liabilities	2.804	1.741
Net cash flow from operating activities	14.280	11.558
Cash flow from investing activities		
Purchase of tangible and intangible assets (1)	(4.861)	(9.113)
Purchase of participations	(315)	-
Business combinations, net of the cash equivalents acquired	-	(1.498)
Revenue for sale of tangible and intangible assets	10	-
Net cash flows used in investing activities	(5.166)	(10.611)
Cash flows from financing activities		
Net change in financial liabilities	(622)	539
Sale of current financial assets	3.727	-
Loans reimbursed	(3.500)	(2.500)
Dividends paid	-	(4.362)
Other changes in shareholders' equity	(6)	37
Net cash flows used in financing activities	(401)	(6.286)
Effects of exchange rate on abroad companies' financial statements	(33)	35
Increase (decrease) in cash at bank and in hand	8.680	(5.304)
Cash and cash equivalent at the beginning of the period	14.924	29.932
Cash and cash equivalent at the end of the period	23.604	24.628
Dividends received	251	362
Taxes paid in the period	(71)	(477)
Interests paid in the period	(1.088)	(1.574)

(1) net of amortization of exploration costs incurred in the period (respectively Euro 500 in the first half of 2017 and Euro 412 in the first half of 2016).

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