





## **Gas Plus: The Board of Directors approves the 2017 draft financial statements and consolidated financial statements**

**Daily production is increasing after Mezzocolle gas-in, with the restart of profit margins in upstream activities and a stable positive contribution of downstream ones.**

**Return to a positive net result with improvement of all indicators.**

**The Net financial position is in line with 2016: full repayment of the vendor loan related to the acquisition of Società Padana Energia.**

- **Total Revenues: € 84.4 M vs € 82.4 M of FY16**
- **EBITDA: € 21.8 M vs € 17.1 M of FY16**
- **EBIT: € 6.8 M vs € 0.9 M of FY 16**
- **EBT: € 1.1 M vs € -7.3 M of FY16**
- **Net Result: € 0.8 M vs € -4.2 M of FY16**
- **NFP: € 52.5 M vs € 53.0 M as at December 31, 2016**

**Milan, March 28, 2018** - *The Board of Directors of Gas Plus S.p.A., a company listed on the Italian Stock Exchange, approved today the 2017 consolidated financial statements and draft financial statements.*

The Gas Plus Group confirms the progressive improvement of the economic results and closes the 2017 financial year with a positive net result, with growth in revenues and particularly of EBITDA and EBIT, due to the good performance of all the business areas. The upstream activities, by taking advantage of the better energy scenarios and of constant monitoring of operating costs, showed signs of a recovery of margins, despite the decrease in annual production volumes, as the contribution deriving from the gas-in of the Mezzocolle site took effect only from August 2017.

As to the other important development project "Longanesi", the final step of the authorization process continues and, after the progress of the early financial year (positive outcome of the Environmental Impact Assessment and approval of the resolutions of the local authorities involved in the project), the Agreement between the



Ministry of Economic Development and the Emilia Romagna Region was released. The final step is the issue of the authorizations by the said Ministry.

The "downstream" Business Units, operating in regional distribution and transportation and in sales to final customers, confirmed the positive performance of the last financial years, registering a further growth overall.

The distribution business unit, due to the contribution of the new networks acquired in the previous year and to an efficient management, managed to maintain the good level of overall margins of the previous year, while the gas sale to final customers further improved the economic results.

In this last area, a careful development work is being carried out through internal lines. Gas Plus can therefore count on an asset portfolio of significant value in all business sectors, on prospects of economic improvement with the progressive implementation of the main E&P development projects and on a reduced level of indebtedness due to the continuous generation of cash from all business areas.

The financial situation of the Group shows a net indebtedness level that remains extremely low and is, in any case, supported by adequate credit lines which are currently only partially used. In fact, the net debt decreased from € 53.0 million of December 31, 2016 to the current € 52.5 million.

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The Chief Executive Officer Mr. Davide Usberti said: *"We are particularly satisfied with the results for the 2017 financial year. In particular, both in relation to the trend of the current activities, demonstrated by the return to profit, and in relation to the improvements in development programs.*

*With the start of production at Mezzocolle, the development of the projects within the Exploration & Production Business Unit begins to yield.*

*In addition to the margins of the activities already in production, particular attention was paid to the authorization process of the important Longanesi project and to the initiatives related to the recovery of the Garaguso concession production, while the good performances of the downstream sectors allow to positively close the income statement at the last line.*



*The financial position continues to be under control and to show the necessary resources for the development of projects, with a very low equity on net debt ratio. Therefore, the guideline continues to be to carry on in the investment program and, at the same time, to pursue further efficiencies in the activities already in progress."*

## **BUSINESS UNITS TRENDS – FY 2017**

The main Business Unit of the Group (B.U. Exploration and Production) highlighted a significant recovery in margins compared to 2016, due to the improvement of the energy scenarios and the constant control of operating costs. It achieved such result despite the physiological decrease of production volumes relating to the mature fields, the effects of which are emphasized by the further lack of contribution of a concession not operated by the Group (currently equal to more than 20% of the production) and by the postponement of the start of production of new projects.

The development activities also showed significant progress and in particular:

- as to the project related to the Mezzocolle concession (reserves amounting to approximately 300 MScm - annual production expected in the current rump-up phase approximately equal to 25 MScm/year), after the conclusion of the construction site activities for the revamping of the treatment plant in the first half, the related gas-in took place in the first months of the second semester;
- the Longanesi project (approximately 1.1 BScm of reserve - annual peak production expected in 230 MScm/year), in addition to the already commented developments of the authorization process, continued with the engineering activity with the perspective of the start of the development works;
- as to the other projects (reserves amounting to approximately 300 MScm - annual peak production expected in 40 MScm/year) technical analysis and permitting activities took place.

As far as the international E&P activities are concerned, further investigations are being carried on about surface water licensing programs, where mineral resources have already been founded and valued, by an independent entity, in approximately 1.4 billion cubic meters for the Gas Plus quota.



As part of this license, the drilling of two new exploration wells is currently planned in the second quarter of 2018.

The B.U. Network & Transportation, due to an efficient management, has confirmed the usual positive economic trend, while the B.U. Retail has further improved the 2016 positive economic results thanks to good unit margins and a less penalizing climatic trend.

### **FY 2017 CONSOLIDATED ECONOMIC AND FINANCIAL DATA**

**Revenues** for FY17 increased if compared to the previous year (€ 84.4 million compared to € 82.4 million for FY16). However, they include non-recurring positive components for € 1.7 million linked to the core business of the B.U. E&P.

A significant reduction in operating costs was recorded (€ 62.6 million in FY17 versus € 65.3 million in FY16) as a result of constant monitoring activities.

The result was an appreciable growing of the **EBITDA** in respect to 2016, which rose from € 17.1 million in FY16 to the current € 21.8 million.

This result was possible due to the positive performance of all the Group business areas. The contribution of the B.U. E&P significantly grew with an EBITDA of € 9.8 million against € 5.0 million of the FY16, hence also growing net of the contribution of the aforementioned non-recurring components.

The downstream business units confirmed instead the good levels of previous years. The B.U. Retail achieved an EBITDA of € 7.1 million against 6.7 of FY16, while the B.U. Network and Transportation an EBITDA of € 6.7 million against € 6.8 million of the FY16.

**EBIT** rose sharply from € 0.9 million to € 6.8 million for FY17. It should be noted that the figure of FY16, however, was affected by the devaluation of mining assets related to the Midia Deep license due to the decision of the joint venture partners to proceed with its relinquishment.

The consequence of all the above was also an increase of the **operating result** (€ 7.0 million compared to € 1.2 million of FY16).

The **pre-tax result** (EBT), which in turn rose sharply compared to 2016, returned to a positive value (€ 1.1 million compared to € -7.3 million for FY16).

The 2017 financial year closed with a **Net Profit** equal to € 0,8 million, compared to a **Net Loss** of € 4,2 million in FY16.



**Net financial debt**, due to the positive cash flows generated during the relevant period and to the postponement of some investments, remained on the level of recent periods (€ 52.5 million as of December 31, 2017, compared to € 53.0 million as of December 31, 2016).

The figure as of end of financial year was in any case negatively affected by the temporary increase of the net working capital, due to the change of billing frequency of gas consumption, in compliance with the instructions of the resolution no. 463/2016 by ARERA (formerly, AEESGI).

## **OUTLOOK 2018**

Due to the actual trend of energy scenarios, the 2018 consolidated *Ebitda* is expected to record a slight growth compared to the 2017 figure, while the net profit may record a limited loss in case of full depreciation of the exploration activity of the year.

## **PROPOSAL OF NET INCOME DESTINATION**

The Board of Directors resolved not to propose to the Shareholders' Meeting the distribution of dividends for the year 2017.

## **CALLING OF THE ORDINARY SHAREHOLDERS' MEETING ON MAY 16, 2018**

The Board of Directors called the ordinary shareholders' meeting in Fornovo di Taro (PR), via Nazionale no. 2 on May 16, 2018, at 10:30 a.m., in a single call, to resolve on the approval of the 2017 financial statements, the net income destination, on the proposal of increasing the auditing firm's fees and the renewal of corporate bodies.

The notice of all of the ordinary shareholders' meeting will be published according to the terms and conditions provided by the applicable current laws.

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The Board of Directors also approved the Corporate Governance Report. Copy of such Report will be made publicly available according to the terms and conditions provided by the applicable current laws.

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The manager responsible for the drafting of the company's financial reports, Mr. Germano Rossi, declares, pursuant 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 and to the accounting books and records.

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Please be also informed that the Annual Financial Report (according to article 154-*ter* of the Consolidated Law on Finance) of Gas Plus S.p.A. will be made available at the company's registered office, on the company's web site [www.gasplus.it](http://www.gasplus.it) (Investor Relations section) and on the storage authorised mechanism "*eMarket STORAGE*" ([www.emarketstorage.com](http://www.emarketstorage.com)).

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On March 28, 2018, at 3.00 p.m. (CET), Gas Plus will host the conference call for analysts/investors on FY 2017 financial results.

Speakers will be:

**Davide Usberti** – Chief Executive Officer

**Cinzia Triunfo** – General Manager

**Germano Rossi** – Chief Financial Officer

To connect to the conference call:

ITALY: +39 02 805 88 11

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*Gas Plus is the fourth Italian producer of natural gas (estimates 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 natural gas supply chain, in particular in the exploration, production, purchase, distribution and sale to end customers. As of December 31, 2017, the Group holds no. 45 cultivation concessions distributed throughout Italy, manages overall approximately 1,600 kilometers of regional distribution and transportation network located in 39 municipalities, serving overall approximately 72,000 end customers, employing 182 people.*

**For further information:** [www.gasplus.it](http://www.gasplus.it)

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**Annexes:**

Summary tables of the 2017 consolidated financial statements and of the 2017 financial statements of Gas Plus S.p.A..

The financial statements schemes presented below have not yet been audited by the Auditing Firm.





**CONSOLIDATED BALANCE SHEET**

Amounts in thousands of Euro	31/12/2017	31/12/2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	108,792	106,520
Goodwill	750	750
Concessions and other intangible assets	332,164	339,329
Other non-current assets	4,920	4,808
Deferred tax assets	26,422	26,853
<b>Total non-current assets</b>	<b>473,048</b>	<b>478,260</b>
<b>Current assets</b>		
Inventory	4,370	4,116
Trade receivables	24,229	19,033
Income tax receivables	314	1,616
Other receivables	13,206	10,418
Receivables from parent company	193	193
Financial assets	266	3,241
Cash and cash equivalents	14,105	14,924
<b>Total current assets</b>	<b>56,683</b>	<b>53,541</b>
<b>TOTAL ASSETS</b>	<b>529,731</b>	<b>531,801</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	23,353	23,353
Reserves	190,468	195,934
Other equity components	(7)	(1,229)
Net result for the period	769	(4,255)
<b>Equity attributable to equity holders of the parent</b>	<b>214,583</b>	<b>213,803</b>
Minority interests	171	491
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>214,754</b>	<b>214,294</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	40,263	34,825
Termination indemnity	4,791	4,722
Deferred tax liabilities	85,781	87,317
Other non-current liabilities	3,072	3,224
Provisions	120,480	117,281
<b>Total non-current liabilities</b>	<b>254,387</b>	<b>247,369</b>
<b>Current liabilities</b>		
Trade payables	23,283	22,232
Short-term borrowings	26,636	8,450
Liabilities for acquisition of business	-	27,858
Other current liabilities	10,181	11,431
Income tax payables	490	167
<b>Total current liabilities</b>	<b>60,590</b>	<b>70,138</b>
<b>TOTAL LIABILITIES</b>	<b>314,977</b>	<b>317,507</b>
<b>TOTALE SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>529,731</b>	<b>531,801</b>



**CONSOLIDATED PROFIT & LOSS STATEMENT**

Amounts in thousands of Euro	2017	2016
Revenues	73,285	75,230
Other revenues	11,083	7,194
<b>Total revenues</b>	<b>84,368</b>	<b>82,424</b>
Raw materials and consumables costs	(27,534)	(25,685)
Services and other costs	(25,511)	(30,093)
Personnel costs	(9,541)	(9,521)
Other income (charges)	161	355
Depreciation and devaluation	(14,950)	(16,239)
<b>OPERATING RESULT</b>	<b>6,993</b>	<b>1,241</b>
Financial income	848	168
Financial expense	(6,724)	(8,728)
<b>PRE-TAX RESULT</b>	<b>1,117</b>	<b>(7,319)</b>
Income tax	(344)	3,097
<b>NET RESULT</b>	<b>773</b>	<b>(4,222)</b>
Attributable to:		
Group	769	(4,255)
Minority interests	4	33
Basic earnings per share (amounts in Euro)	0,02	(0,10)
Diluted earnings per share (amounts in Euro)	0,02	(0,10)



## CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of Euro	31/12/2017	31/12/2016
<b>Cash flow from operating activities</b>		
<b>Net result</b>	<b>773</b>	<b>(4,222)</b>
Depreciation and devaluation of tangible and intangible assets (1)	14,120	15,171
Other non-monetary provisions	(315)	(1,077)
Discounted retirement fund	3,821	4,289
Financial charges on liabilities for acquisition of business	493	548
Capital (gains) losses	92	3
Change in fair value of assets and liabilities	-	9
Change in deferred taxes	(1,204)	(3,802)
Change in operating assets and liabilities		
Change in inventory	(847)	76
Change in trade receivables from third parties and associated companies	(4,980)	(1,024)
Change in trade payable from third parties and associated companies	1,051	225
Asset retirement obligations	(78)	(53)
Change in termination indemnity	115	102
Change in other operating assets and liabilities	(2,092)	1.242
<b>Net cash flow from operating activities</b>	<b>10,949</b>	<b>11,487</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible and intangible assets (1)	(10,114)	(16,188)
Purchase of participations	(315)	-
Business combination acquisition, net of cash acquired	-	(1,498)
Revenue for sale of assets	22	-
<b>Net cash flows used in investing activities</b>	<b>(10,407)</b>	<b>(17,686)</b>
<b>Cash flows from financing activities</b>		
Net change in short-term borrowings	13,304	436
Sale of current financial assets	3,112	-
Bank new loans	17,650	-
Loans reimbursed	(35,351)	(5,000)
Dividends paid	(4)	(4,362)
Other movements in share equity	13	(3)
<b>Net cash flows generated (used) in financing activities</b>	<b>(1,276)</b>	<b>(8,929)</b>
<b>Effects of exchange rate on cash</b>	<b>(85)</b>	<b>120</b>
<b>Increase (decrease) in cash at bank and in hand</b>	<b>(819)</b>	<b>(15,008)</b>
Cash and cash equivalent at the beginning of the year	14,924	29,932
Cash and cash equivalent at the end of the year	14,105	14,924
Dividends received	251	362
Taxes paid in the period	699	525
Interests paid in the period	2,493	3,073

(1) net of depreciation of exploration costs incurred in the period (respectively Euro 830 and Euro 1.068 in 2017 and 2016).



## ***GAS PLUS S.P.A. BALANCE SHEET***

### ***BALANCE SHEET***

Amounts in Euro	31/12/2017	31/12/2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	365,134	532,087
Property, plant and equipment	130,257	165,439
Investments in subsidiary companies	295,192,544	295,192,544
Deferred tax assets	74,319	1,442,230
<b>Total non-current assets</b>	<b>295,762,254</b>	<b>297,332,300</b>
<b>Current assets</b>		
Trade receivables	4,600	2,301
Receivables from subsidiary companies	35,899,394	7,298,387
Receivables from parent company	79,915	79,915
Income tax receivables	236,885	1,254,812
Other receivables	695,563	299,758
Financial assets	266,418	3,241,245
Cash and cash equivalents	7,607,612	12,432,069
<b>Total current assets</b>	<b>44,790,387</b>	<b>24,608,488</b>
<b>TOTAL ASSETS</b>	<b>340,552,641</b>	<b>321,940,788</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital	23,353,002	23,353,002
Reserves	180,558,370	172,940,920
Other equity components	21,510	444,929
Net result for the period	4,081,114	7,172,522
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>208,013,996</b>	<b>203,911,373</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	40,262,941	34,824,833
Termination indemnity	1,190,224	1,194,697
<b>Total non-current liabilities</b>	<b>41,453,165</b>	<b>36,019,530</b>
<b>Current liabilities</b>		
Trade payables	491,099	403,962
Payables to subsidiary companies	75,760,488	71,892,632
Short-term borrowings	12,891,546	7,945,812
Other current liabilities	-	1,767,479
Income tax liabilities	357,877	-
<b>Total current liabilities</b>	<b>91,085,480</b>	<b>82,009,885</b>
<b>TOTAL LIABILITIES</b>	<b>132,538,645</b>	<b>118,029,415</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>340,552,641</b>	<b>321,940,788</b>



***PROFIT & LOSS STATEMENT***

Amounts in Euro	2017	2016
Revenues	4,694,068	4,644,691
Other revenues	55,463	15,261
<b>Total Revenues</b>	<b>4,749,531</b>	<b>4,659,951</b>
Raw materials and consumables costs	(25,628)	(25,185)
Services and other costs	(2,593,390)	(2,501,384)
Personnel costs	(3,881,971)	(3,563,736)
Other income and (charges)	5,032,162	7,525,526
Depreciation	(138,193)	(173,415)
<b>OPERATING RESULT</b>	<b>3,142,511</b>	<b>5,921,758</b>
Financial income	2,537,384	1,807,747
Financial expense	(2,947,388)	(3,887,400)
<b>PRE-TAX RESULT</b>	<b>2,732,507</b>	<b>3,842,105</b>
Income tax	1,348,607	3,330,417
<b>NET RESULT FOR THE YEAR</b>	<b>4,081,114</b>	<b>7,172,522</b>
Basic earnings per share (amounts in Euro)	0,09	0,16
Diluted earnings per share (amounts in Euro)	0,09	0,16



## CASH FLOW STATEMENT

	31/12/ 2017	31/12/ 2016
<b>Cash flow from operating activities</b>		
<b>Net income</b>	<b>4,081,114</b>	<b>7,172,522</b>
Depreciation of tangible and intangible assets	138,193	173,415
Capital gain (loss) on assets	(10,110)	-
Change in the fair value of financial assets and liabilities	-	8,626
Change in deferred taxes	1,361,119	(1,370,677)
Change in trade receivables from associated companies	(566,956)	554,967
Change in trade payables	91,661	(439,396)
Net change in receivables/payables from tax consolidation from subsidiary companies	(1,443,541)	2,380,096
Net change in receivables/payables from Group VAT regime	980,059	419,741
Net change in direct tax receivables/payables	765,615	(543,950)
Net change in other operating assets and liabilities	31,376	276,589
Change in termination indemnity	(4,473)	149,815
<b>Net cash flows from operating activities</b>	<b>5,433,057</b>	<b>8,781,748</b>
Purchase of tangible assets	(47,459)	(13,153)
Purchase of intangible assets	(10,175)	(17,500)
Gains on disposal of fixed assets	10,110	-
<b>Net cash flows used in investing activities</b>	<b>(47,524)</b>	<b>(30,653)</b>
Net change in short-term borrowings	(180,661)	240,066
Net change in cash pooling activities	(23,820,092)	(10,268,908)
Gain on disposal of financial current assets	3,112,462	-
Loans received	17,650,000	-
Loans repaid	(7,000,000)	(5,000,000)
Dividends paid	-	(4,357,294)
Other movement in shareholders' equity	28,301	606,886
<b>Net cash flows generated (used) in financing activities</b>	<b>(10,209,990)</b>	<b>(18,779,250)</b>
<b>Increase (decrease) in cash at bank and in hand</b>	<b>(4,824,457)</b>	<b>(10,028,155)</b>
Cash and cash equivalent at the beginning of the year	12,432,069	22,460,224
Cash and cash equivalent at the end of the year	7,607,612	12,432,069
Dividends received from the subsidiary companies	5,032,162	7,525,526
Taxes paid in the period	-	-
Interest paid in the period	694,985	1,389,346

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Numero di Pagine: 15