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Oggetto	:	The Board of Directors has approved the results of the first quarter of 2018 -This press release cancels and replaces the previous english version

Testo del comunicato

Vedi allegato.

PRESS RELEASE

ASCOPIAVE: The Board of Directors has approved the results of the first quarter of 2018.

Gross Operating Margin: Euro 35.9 million, a slight decrease as compared to the first quarter of 2017 (Euro 36.6 million)

Operating Result: Euro 29.9 million (Euro 31.1 million in the first quarter of 2017)

Net Consolidated Profit: Euro 25.0 million (Euro 26.0 million in the first quarter of 2017)

Net Financial Position: Euro 55.6 million, an improvement compared to 31st December 2017 (Euro 119.9 million)

Debt/Shareholders' Equity ratio of 0.12, among the best performing in the field

The Ascopiave S.p.A. Board of Directors, which had a meeting chaired by Mr Nicola Cecconato, today, has acknowledged and approved the interim report of the Ascopiave Group as of 31st March 2018, drafted in compliance with the International Accounting Standards IAS/IFRS.

In this regard, Ascopiave's Chairman, Nicola Cecconato, commented: "The figures for the first quarter of 2018 confirm the high profitability and the solid financial structure of the Group, once again among the best in the sector. These results testify to the effectiveness of the strategic process undertaken by the management and the professional quality of the resources employed by the Group.
Thanks to the above, also supported by the optimisation of operating results and cash flows, Ascopiave continues investing in strategic assets and organisational processes, in order to take full advantage of the opportunities offered by the markets dealing with the sale of natural gas and electricity and the upcoming "Atem" calls for tenders for the distribution of natural gas".

The General Manager, Roberto Gumirato, added: "The first quarter of 2018 shows excellent results, substantially unchanged compared to the first quarter of 2017: as far as the sale of gas and electricity is concerned, the gross operating margin is affected by the cancellation of the gradualness tariff component and the decrease in the amounts of gas sold, mitigated by lower charges for capacity commitments, a better procurement cost and an increase in the margins of electricity sales. The segment dealing with the distribution of natural gas is affected by lower margins achieved upon managing energy efficiency requirements, offset by the results deriving from the extension of the scope of consolidation.
Streamlining and technological and organisational investments are progressing, aimed at the effective implementation of the Group's strategic plan."

Consolidated results of the Ascopiave Group in the first quarter of 2018

Revenue from sales

The Ascopiave Group closed the first quarter of 2018 with consolidated revenues amounting to Euro 200.6 million, compared to Euro 199.5 million recorded in the first quarter of 2017 (+0.6%). The increase in turnover is mainly due to the revenues for forward sales of the raw material (Euro +3.3 million) and the extension of the scope of consolidation (Euro 5.0 million). They were partially offset by lower revenues recorded for sales of natural gas to the end market (Euro -6.5 million).

Gross operating margin

Gross operating margin in the first quarter of 2018 amounted to Euro 35.9 million, marking a decrease compared to Euro 36.6 million in the same period in the previous year (-2.1%).

Trade margins on gas sale decreased by Euro 1.0 million compared to the first quarter of 2017. The decrease is mainly explained by the reduction in the amounts of gas sold and by the cancellation of the gradualness tariff component included in the sales prices applied to the protected market, as established by the Regulatory Authority for Energy, Networks and the Environment. The negative effects indicated were partially offset by the lower charges for capacity commitments and an improvement in the procurement cost.

Trade margins on gas trading amounted to Euro 0.1 million.

Trade margins on electricity sale increased by Euro 0.3 million, mainly due to the greater unit margins achieved.

The tariff revenues from distribution and metering increased by Euro 3.2 million compared to the first quarter of 2017 (of which Euro 2.9 million generated by the extension of the scope of consolidation).

The change in the item "residual costs and revenues" – with the same consolidation scope – negatively affected the gross operating margin (Euro -1.1 million), mainly due to the lower margins achieved from managing energy efficiency requirements (Euro -1.2 million).
Net of the performance of energy efficiency obligations, the other cost and revenue items were substantially in line with the first quarter of the previous year although the first quarter of 2017 benefitted from Euro 0.7 million in contributions received from CCSE for safety incentives. Among the most remarkable variations, please note lower advertising and marketing expenses amounting to Euro 0.4 million.

Operating Result

The operating result in the first quarter of 2018 amounted to Euro 29.9 million, compared to Euro 31.1 million in the previous year (-3.9%).
This result was determined, in addition to a decrease in gross operating margin, by an increase in amortisation and depreciation (Euro +0.6 million), only partially offset by a decrease in the provision for doubtful accounts (Euro -0.1 million). The increase in amortisation and depreciation is mainly attributable to the extension of the scope of consolidation (Euro +0.5 million).

Net Profit

The consolidated net profit amounted to Euro 25.0 million, marking a decrease compared to Euro 26.0 million in the first quarter of 2017 (-4.0%).

The consolidation with the equity method of the jointly controlled companies and the associate company Sinergie Italiane S.r.l., under liquidation, generated income for Euro 3.8 million, compared to Euro 3.7 million in the same period in the previous year.

Net financial expenses amounted to Euro 0.2 million, marking an increase compared to the first quarter of the previous year equal to Euro 0.1 million.

Taxes recorded in the profit and loss account amounted to Euro 8.5 million, a decrease of Euro 0.2 million (-2.8%) explained by a lower taxable income.

The tax rate, calculated by normalising the pre-tax result of the companies consolidated with the equity method, increased from 28.1% to 28.5%.

EBITDA of jointly controlled companies consolidated with the equity method

Jointly controlled companies consolidated with the equity method in the first quarter of 2018 achieved a consolidation *pro-rata* gross operating margin of Euro 5.4 million, a decrease of Euro 0.4 million compared to the first quarter of 2017.

Operating performance in the first three months of 2018

The volumes of gas sold by the fully-consolidated companies in the first quarter of 2018 amounted to 367.5 million cubic metres, marking a decrease of 3.3% compared to the first quarter of 2017.
The equity-method consolidated companies sold a total of 65.7 million cubic metres of gas *pro-rata* in total, marking a decrease of 2.6% compared to the first quarter of 2017.

The volumes of electricity sold by the fully-consolidated companies in the first quarter of 2018 amounted to 94.4 GWh, thus recording a decrease of 6.7% compared to the same period in 2017.
The companies consolidated with the equity method sold 15.7 GWh *pro-rata* in total, marking an increase of 10.0% compared to the same period in 2017.

With regard to gas distribution, the volumes of gas delivered through the networks managed by the fully-consolidated companies amounted to 460.8 million cubic metres, showing an increase of 30.3% compared to the previous year (the merged company AP Reti Gas Vicenza S.p.A. - formerly Pasubio Group S.p.A. - distributed 80.3 million cubic metres of gas).
The *pro-rata* 35.9 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 the first quarter of 2018 amounted to Euro 5.0 million and mainly concerned the development, maintenance and upgrade of gas distribution networks and systems.
Specifically, investments in gas networks and systems amounted to Euro 4.8 million, of which Euro 1.2 million in connections, Euro 0.7 million in enlargements and enhancing of distribution networks and Euro 0.2 million in maintenance, mainly relating to reduction and pre-heating systems. Investments in metres and adjusters amounted to Euro 2.5 million.

Investments by the equity-method consolidated companies in intangible and tangible fixed assets amounted to Euro 0.3 million and they also relate mainly to methane networks and plants.

Indebtedness and Debt/Net Equity Ratio

The Group's net financial position as of 31st March 2018 amounted to Euro 55.6 million, a decrease of Euro 64.3 million as compared to 31st December 2017.
The positive financial flow was determined mainly by the following operations:

- The cash flow generated financial resources totalling Euro 31.0 million;
- Net investments in tangible and intangible fixed assets caused the expenditure of Euro 4.9 million;
- The management of net operating working capital and net fiscal working capital generated resources totalling Euro 38.2 million;

The debt/shareholders' equity ratio as of 31st March 2018 amounted to 0.12 (0.27 as of 31st December 2017). The indicator is among the best-performing in the field.

Significant events during the first quarter of 2018

On 25th January 2018, the Parent Company Ascopiave S.p.A. took out a 12-year unsecured syndicated loan to the amount of Euro 10,000 thousand with Cassa Centrale Banca and Banca di Credito Cooperativo delle Prealpi, to which a 1.83% fixed rate is applied. The loan does not envisage the verification of financial covenants.

By Resolution 72/2018/R/GAS dated 8th February 2018, the Regulatory Authority for Energy, Networks and the Environment approved the reform of the gas settlement regulatory framework, which will take effect commencing 1st January 2020. By this measure, the Authority simplified the procedures for determining the items attributable to the settlement entity, which will be required to supply the REMI with the quantities determined according to the actual measurements for the redelivery points of the distribution network based on monthly measurements or daily details of the expected consumptions, and on the basis of the application of the expected withdrawal profile with climate correction for the withdrawal points measured less frequently than once a month. The Authority also entrusted the settlement manager with the task of supplying the difference between the quantities withdrawn at the REMIs and the sum of the expected consumptions attributable to the settlement entities for the REMIs served and assigned the SII (Integrated Information System) the responsibility of making available to the settlement manager the withdrawal data of the PDR (Redelivery Points for end customers).

Significant events subsequent to the end of the period

The Shareholders' Meeting of Ascopiave S.p.A. convened in ordinary session on 26th April 2018, chaired by Mr Nicola Cecconato.
The Shareholders' Meeting approved the financial statements for the year 2017 and resolved to distribute a dividend of Euro 0.18 per share. The dividend was paid on 9th May 2018, with ex-dividend date on 7th May 2018 (record date on 8th May 2018).
Furthermore, the Shareholders' Meeting approved the Remuneration Policy, compiled in accordance with art. 123-ter of the Unified Finance Law and removed partially the lock-up restriction on the stock-based bonus, for an amount sufficient to pay the withholding taxes and contributions due by the beneficiary, with reference to the Information Document - compiled pursuant to art. 84-*bis* of Consob Issuers' Regulations - "2015-2017 long-term share-based incentive plan".
The Shareholders' Meeting, in addition, approved a Long-term share-based incentive plan for the three-year period 2018-2020 for executive directors and some managers of Ascopiave S.p.A. and its subsidiaries.
Finally, the Meeting approved 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 dated 28th April 2017.

Outlook for 2018

As far as the gas distribution activities are concerned, in 2018 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 Towns currently managed by the Group belong to Minimum Territorial Areas for which the maximum deadline to issue the call for tenders has expired. If the tender authorities issue calls for tenders in 2018, 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 2018.
Thus, the activity perimeter of the Group will likely not change compared to today, if we exclude the possibility of winning the tender for the assignment of the natural gas distribution service in the Minimum Territorial Area of Belluno, provided the winner is selected by the end of 2018.
In connection with the economic results, the tariff adjustment for the year 2018 is completely defined and should ensure revenues substantially in line with those of 2017.
As concerns the energy efficiency obligations, the significant volatility experienced by the prices of the energy efficiency certificates makes it difficult to forecast their impact on profit and loss over the entire financial year; therefore, the positive margin achieved in 2017 (€ 3,6 million) will not be repeated in 2018.
As far as gas sale is concerned, assuming normal weather conditions, trade margins are expected to decrease compared to 2017, due to the competitive pressure in the retail market and the tariff measures issued by ARERA (change in the gradualness component).
The Group could also be exposed to the negative economic effects arising from the modification of the allocated volumes and the volumetric differences that occur in different parts of the network where natural gas is measured, with reference to the effects of the provisions governing settlement that ARERA should issue for the years from 2013 to 2016.
As regards electricity sales, the fiscal year 2018 could confirm 2017 results.
However, these results could be influenced, in addition to the possible new tariff provisions by the Regulatory Authority for Energy, Networks and the Environment – 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 2018 could differ compared to those announced depending on various factors amongst which: the evolution of supply and demand and gas and electricity 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.

Seasonal nature of operations

Gas consumption undergoes a considerable amount of variations on a seasonal basis, with a greater demand in winter in relation to higher consumptions for heating. This seasonality influences the trend of revenues from gas sales and of procurement costs, while other operating costs are fixed and incurred by the Group in a uniform manner throughout the year. This peculiarity of the business also affects the performance of the Group's net financial position, as the invoicing cycles of accounts receivable and payable are not aligned and also depend on the volumes of gas sold and purchased during the year. Therefore, the data and the information contained in the interim financial statements do not allow for immediate indications to be drawn regarding the overall performance for the year.

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 reflects the official documents, accounting books and records.

Notice of filing of the Interim Management Report as of 31st March 2018

The Interim Management Report for the period ended 31st March 2018 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.

Annexes

Consolidated financial statements, not subject to audit.

The Ascopiave Group operates in the natural gas sector, mainly in the segments of distribution and sale to end users.
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 230 Towns, supplying the service to a market segment of 1.5 million inhabitants, through a distribution network which spreads over 10,000 kilometres.
The sale of natural gas is performed through different companies, some under joint control. Overall, in 2017, the companies of the Group sold over 1 billion cubic metres of gas to end users.
Ascopiave has been listed under the Star segment of Borsa Italiana since 12th December 2006.

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Pieve di Soligo, 14th May 2018

Ascopiave Group

Interim Report

as of 31st March 2018

Consolidated statement of financial position

(Thousands of Euro)		31.03.2018	31.12.2017
ASSETS			
Non-current assets			
Goodwill	(1)	80.758	80.758
Other intangible assets	(2)	346.485	346.934
Tangible assets	(3)	32.023	32.334
Shareholdings	(4)	71.423	68.878
Other non-current assets	(5)	13.023	13.015
Advance tax receivables	(6)	11.483	11.479
Non-current assets		**555.197**	**553.397**
Current assets			
Inventories	(7)	2.774	4.072
Trade receivables	(8)	196.593	156.884
Other current assets	(9)	71.816	57.865
Tax receivables	(10)	2.720	2.645
Cash and cash equivalents	(11)	82.012	15.555
Current assets from derivative financial instruments	(12)	628	1.510
Current assets		**356.543**	**238.532**
ASSETS		**911.740**	**791.929**
Net equity and liabilities			
Total Net equity			
Share capital		234.412	234.412
Own shares		17.521	17.521
Reserves		250.572	228.620
Net equity of the Group		**467.462**	**445.511**
Net equity of Others		**6.392**	**4.989**
Total Net equity	(13)	**473.854**	**450.500**
Non-current liabilities			
Provisions for risks and charges	(14)	5.416	5.913
Severance indemnity	(15)	5.003	4.836
Medium- and long-term bank loans	(16)	59.310	54.360
Other non-current liabilities	(17)	23.195	22.930
Non-current financial liabilities	(18)	258	277
Deferred tax payables	(19)	15.469	15.733
Non-current liabilities		**108.651**	**104.048**
Current liabilities			
Payables due to banks and financing institutions	(20)	76.037	80.304
Trade payables	(21)	125.409	117.653
Tax payables	(22)	2.719	625
Other current liabilities	(23)	123.029	38.312
Current financial liabilities	(24)	2.010	480
Current liabilities from derivative financial instruments	(25)	31	7
Current liabilities		**329.235**	**237.382**
Liabilities		**437.886**	**341.430**
Net equity and liabilities		**911.740**	**791.929**

Consolidated income statement

(Thousands of Euro)		1st Quarter 2018	1st Quarter 2017
Revenues	(26)	**200,648**	**199,503**
Total operating costs		**165,133**	**163,357**
Purchase costs for raw material (gas)	(27)	109,185	107,908
Purchase costs for other raw materials	(28)	8,273	5,553
Costs for services	(29)	31,747	37,865
Costs for personnel	(30)	6,149	5,958
Other management costs	(31)	9,802	6,122
Other income	(32)	22	50
Amortization and depreciation	(33)	5,650	5,063
Operating result		**29,864**	**31,083**
Financial income	(34)	58	52
Financial charges	(34)	245	115
Evaluation of subsidiary companies with the net equity method	(34)	3,783	3,713
Earnings before tax		**33,460**	**34,733**
Taxes for the period	(35)	8,461	8,703
Result for the period		**24,999**	**26,030**
Group's Net Result		23,502	24,541
Third parties Net Result		1,497	1,489
Consolidated statement of comprehensive income			
1. Components that can be reclassified to the income statement			
Fair value of derivatives, changes in the period net of tax		(902)	(1,046)
Total comprehensive income		**24,098**	**24,984**
Group's overall net result		22,695	23,611
Third parties' overall net result		1,403	1,373
Base income per share		0.106	0.110
Diluted net income per share		0.106	0.110

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 2018	**234,412**	**46,882**	**(17,521)**	**(46)**	**134,649**	**47,135**	**445,511**	**4,989**	**450,500**
Result for the period						23,502	23,502	1,497	24,999
Other operations					(807)		(807)	(95)	(902)
Total result of overall income statement				**(0)**	**(807)**	**23,502**	**22,695**	**1,403**	**24,098**
Allocation of 2017 result					47,135	(47,135)	(0)		(0)
Other operations					(743)		(743)		(743)
Balance as of 31st March 2018	**234,412**	**46,882**	**(17,521)**	**(46)**	**180,234**	**23,502**	**467,462**	**6,392**	**473,854**

(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 2017	**234,412**	**46,882**	**(17,522)**	**(108)**	**120,757**	**53,635**	**438,055**	**6,155**	**444,209**
Result for the period						24,541	24,541	1,489	26,030
Other operations					(930)		(930)	(116)	(1,046)
Total result of overall income statement				**(0)**	**(930)**	**24,541**	**23,611**	**1,373**	**24,984**
Allocation of 2016 result					53,635	(53,635)	(0)		(0)
Balance as of 31st March 2017	**234,412**	**46,882**	**(17,522)**	**(108)**	**173,461**	**24,541**	**461,666**	**7,527**	**469,193**

Consolidated financial statement

(thousands of Euro)	FQ 2018	FQ 2017
Net income of the Group	**23,502**	**24,541**
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	1,497	1,489
Amortization	5,650	5,063
Bad debt provisions	345	478
Variations in severance indemnity	167	59
Current assets / liabilities on financial instruments and forward purchasee and sales	798	1,009
Net variation of other funds	(3)	(4)
Evaluation of subsidiaries with the net equity method	(3,783)	(3,713)
Interests paid	(418)	(146)
Interest expense for the year	243	112
Taxes for the year	8,461	8,703
Variations in assets and liabilities		
Inventories	1,298	2,031
Accounts payable	(40,054)	(57,337)
Other current assets	(13,160)	(5,324)
Trade payables	7,756	557
Other current liabilities	76,598	64,923
Other non-current assets	(8)	(3)
Other non-current liabilities	266	316
Total adjustments and variations	**45,654**	**18,212**
Cash flows generated (used) by operating activities	**69,156**	**42,754**
Cash flows generated (used) by investments		
Investments in intangible assets	(4,705)	(3,980)
Realisable value of intangible assets	78	0
Investments in tangible assets	(264)	(390)
Cash flows generated/(used) by investments	**(4,891)**	**(4,370)**
Cash flows generated (used) by financial activities		
Net changes in debts due to other financers	(19)	(24)
Net changes in short-term bank borrowings	(9)	16,275
Net variation in current financial assets and liabilities	1,530	(1,860)
Ignitions loans and mortgages	80,000	16,000
Redemptions loans and mortgages	(79,309)	(28,500)
Cash flows generated (used) by financial activities	**2,193**	**1,891**
Variations in cash	**66,457**	**40,275**
Cash and cash equivalents at the beginning of the period	**15,555**	**8,822**
Cash and cash equivalents at the end of the period	**82,012**	**49,097**

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