

Gruppo Ascopiave

9M 2018

# CONSOLIDATED RESULTS

Conference Call

Pieve di Soligo, 15th november 2018

### **Financial highlights**

- Ascopiave Group structure as of 30th september 2018
- 9M 2018 consolidated income statement
- Consolidated balance sheet as of 30th september 2018

### Operating data

#### Revenues and EBITDA

#### Gross margin on gas and electricity sales and other net operating costs

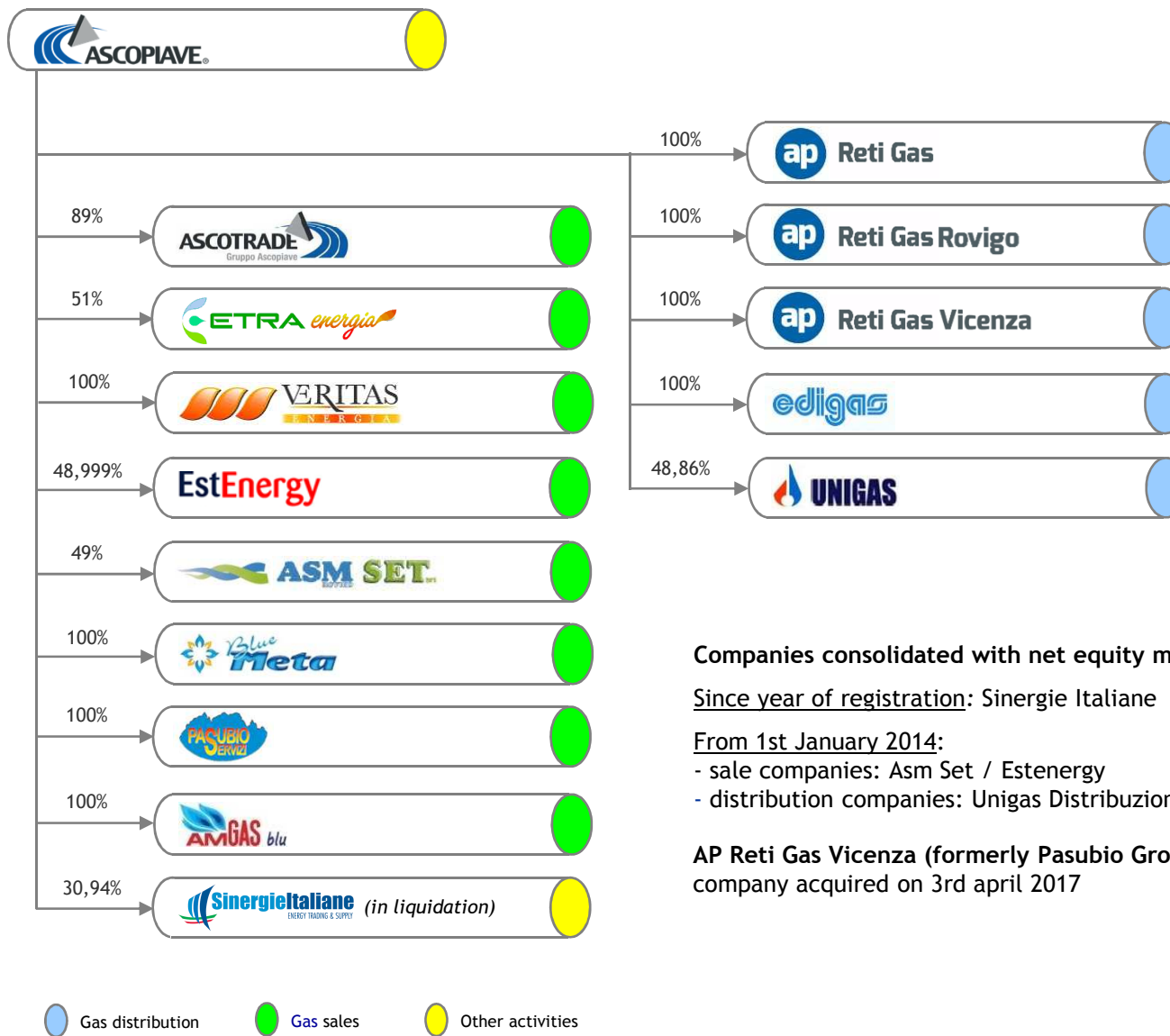
#### Personnel

#### Capex

#### Net financial position and cash flow

#### Disclaimer

# Ascopiave Group structure as of 30th september 2018



**Companies consolidated with net equity method:**

Since year of registration: Sinergie Italiane

From 1st January 2014:

- sale companies: Asm Set / Estenergy
- distribution companies: Unigas Distribuzione

**AP Reti Gas Vicenza (formerly Pasubio Group):**  
company acquired on 3rd april 2017

## 9M 2018 consolidated income statement

(Thousand of Euro)	9M 2018	9M 2017	Chg	Chg %
<b>Revenues</b>	<b>402.825</b>	<b>377.344</b>	<b>25.480</b>	<b>+6,8%</b>
(Cost of raw materials and consumables)	(221.604)	(188.076)	(33.528)	+17,8%
(Cost of services)	(84.516)	(82.738)	(1.778)	+2,1%
(Cost of personnel)	(19.336)	(18.150)	(1.186)	+6,5%
(Other operating costs)	(20.100)	(30.136)	10.036	-33,3%
Other operating income	234	662	(428)	-64,7%
<b>EBITDA</b>	<b>57.502</b>	<b>58.906</b>	<b>(1.404)</b>	<b>-2,4%</b>
(Depreciations and amortizations)	(17.356)	(16.176)	(1.180)	+7,3%
(Provisions)	(1.248)	(1.134)	(113)	+10,0%
<b>EBIT</b>	<b>38.898</b>	<b>41.595</b>	<b>(2.697)</b>	<b>-6,5%</b>
Financial income / (expenses)	(589)	(250)	(339)	+135,7%
Evaluation of companies with net assets method (*)	5.139	4.962	177	+3,6%
<b>EBT</b>	<b>43.448</b>	<b>46.307</b>	<b>(2.860)</b>	<b>-6,2%</b>
(Income taxes)	(12.169)	(12.698)	529	-4,2%
<b>Net income</b>	<b>31.278</b>	<b>33.610</b>	<b>(2.331)</b>	<b>-6,9%</b>
(Net income of minorities)	(1.308)	(1.410)	102	-7,2%
<b>Net income of the Group</b>	<b>29.971</b>	<b>32.200</b>	<b>(2.229)</b>	<b>-6,9%</b>

(\*) Result of the companies consolidated with net equity consolidation method (data are considered pro-rata): sale companies, Euro 3,7 mln (Euro 3,5 mln in 9M 2017); distribution companies, Euro 0,7 mln (Euro 0,9 mln in 9M 2017); Sinergie Italiane, Euro 0,8 mln (Euro 0,6 mln in 9M 2017).

## Consolidated balance sheet as of 30th september 2018

(Thousand of Euro)	30/09/2018	31/12/2017	Chg	Chg %
Tangible assets (*)	31.732	32.334	(601)	-1,9%
Non tangible assets (*)	427.383	427.692	(309)	-0,1%
Investments in associates (**)	65.252	68.878	(3.626)	-5,3%
Other fixed assets	23.025	24.494	(1.468)	-6,0%
<b>Fixed assets</b>	<b>547.393</b>	<b>553.397</b>	<b>(6.005)</b>	<b>-1,1%</b>
Operating current assets	146.093	222.977	(76.884)	-34,5%
(Operating current liabilities)	(123.309)	(156.597)	33.288	-21,3%
(Operating non current liabilities)	(50.288)	(49.411)	(878)	+1,8%
<b>Net working capital</b>	<b>(27.504)</b>	<b>16.969</b>	<b>(44.474)</b>	<b>-262,1%</b>
<b>Total capital employed</b>	<b>519.889</b>	<b>570.367</b>	<b>(50.478)</b>	<b>-8,9%</b>
<b>Group shareholders equity</b>	<b>429.548</b>	<b>445.511</b>	<b>(15.962)</b>	<b>-3,6%</b>
<b>Minorities</b>	<b>3.817</b>	<b>4.989</b>	<b>(1.172)</b>	<b>-23,5%</b>
<b>Net financial position</b>	<b>86.523</b>	<b>119.867</b>	<b>(33.344)</b>	<b>-27,8%</b>
<b>Total sources</b>	<b>519.889</b>	<b>570.367</b>	<b>(50.478)</b>	<b>-8,9%</b>

(\*) Applying IFRIC 12 involves categorising the infrastructures under concession from tangible to intangible assets; (\*\*) Value of the associated companies consolidated with net equity consolidation method: sale companies, Euro 44,4 mln (Euro 48,0 mln as of 31st December 2017); distribution companies, Euro 20,8 mln (Euro 20,8 mln as of 31st December 2017).

Financial highlights

### **Operating data**

- Volumes of gas distributed
- Volumes of gas sold
- Volumes of electricity sold

Revenues and EBITDA

Gross margin on gas and electricity sales and other operating costs

Personnel

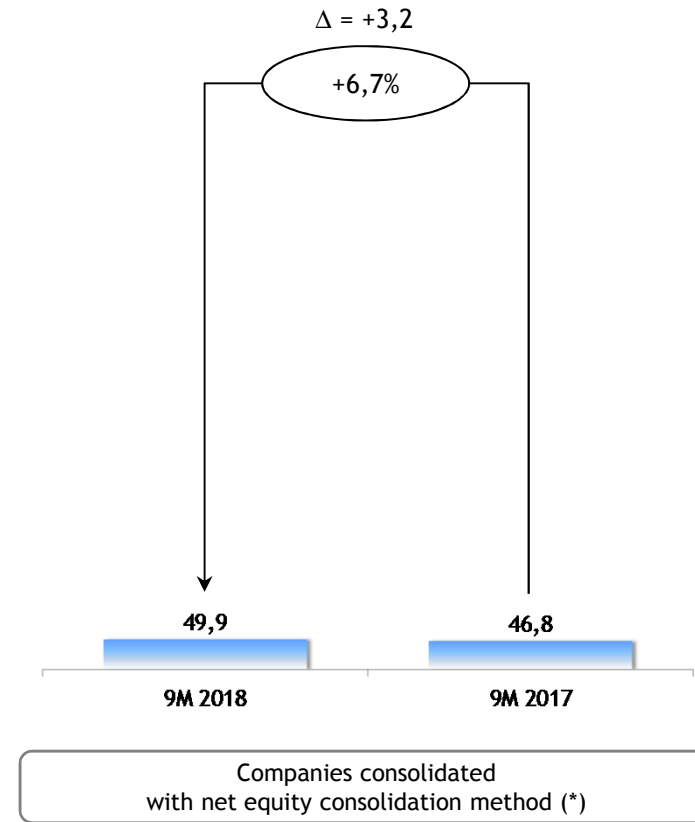
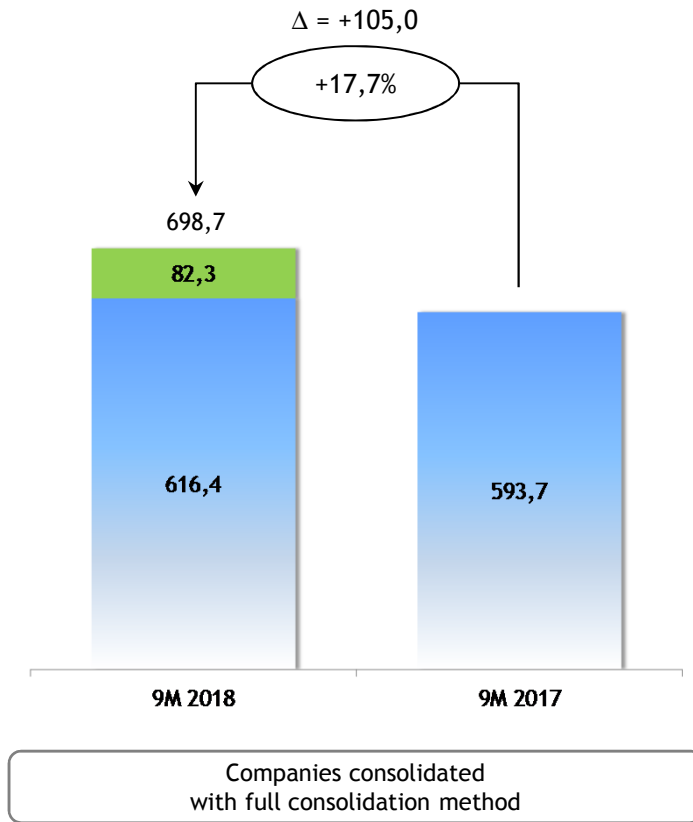
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# Volumes of gas distributed

## Volumes of gas distributed (Million of standard cubic meters)

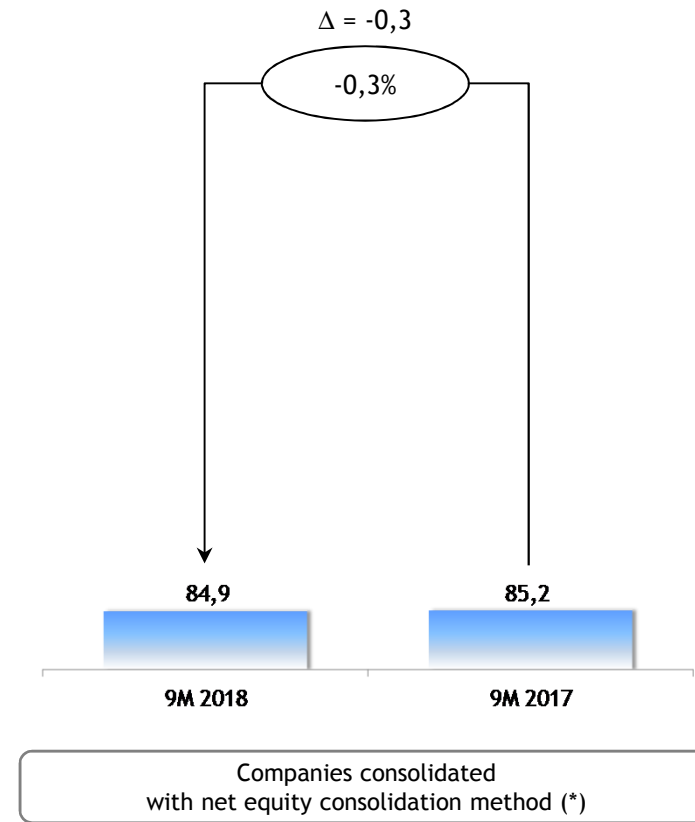
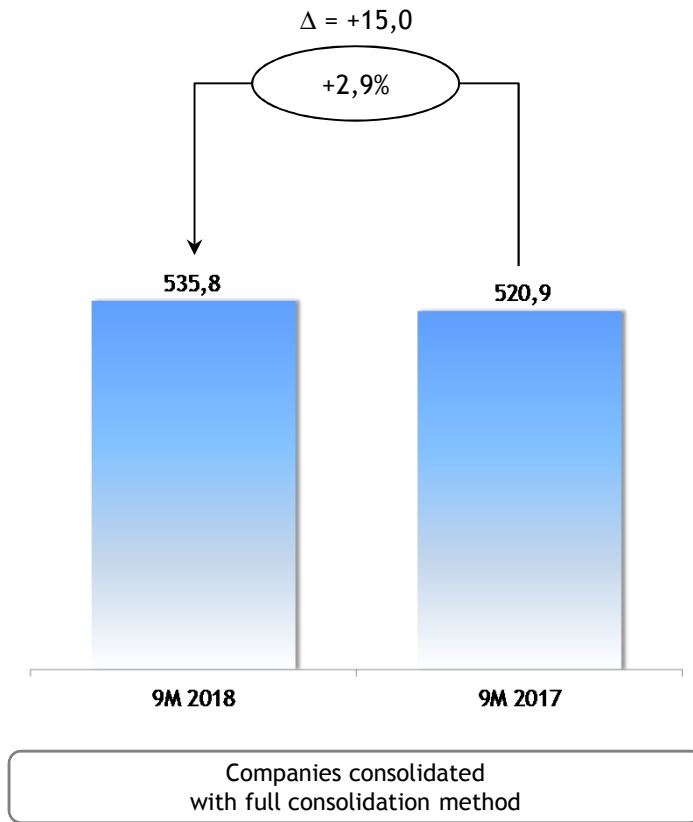


- Change of the consolidation area (\*\*)
- Equal consolidation area

(\*) Data are considered pro-rata; (\*\*) AP Reti Gas Vicenza: 1stQ 2018.

# Volumes of gas sold

## Volumes of gas sold (Million of standard cubic meters)

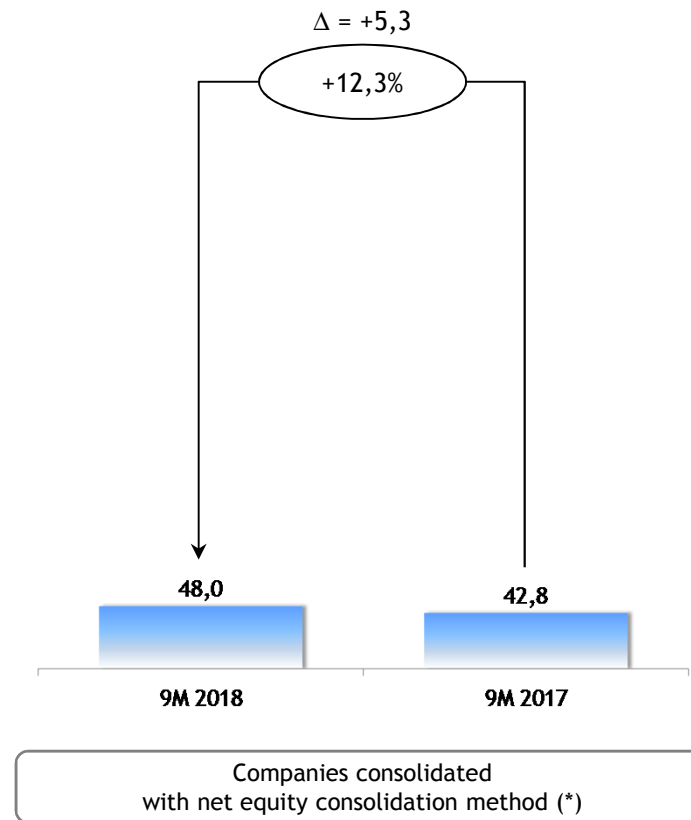
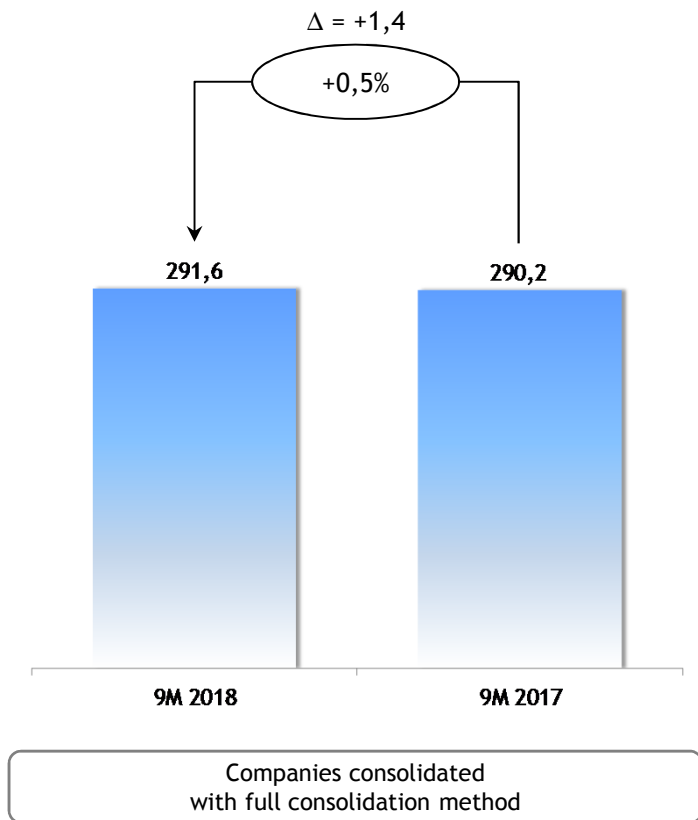


(\*) Data are considered pro-rata.



# Volumes of electricity sold

## Volumes of electricity sold (GWh)



(\*) Data are considered pro-rata.



Financial highlights

Operating data

**Revenues and EBITDA**

→ Revenues bridge

→ EBITDA bridge

→ EBITDA breakdown

Gross margin on gas and electricity sales and other net operating costs

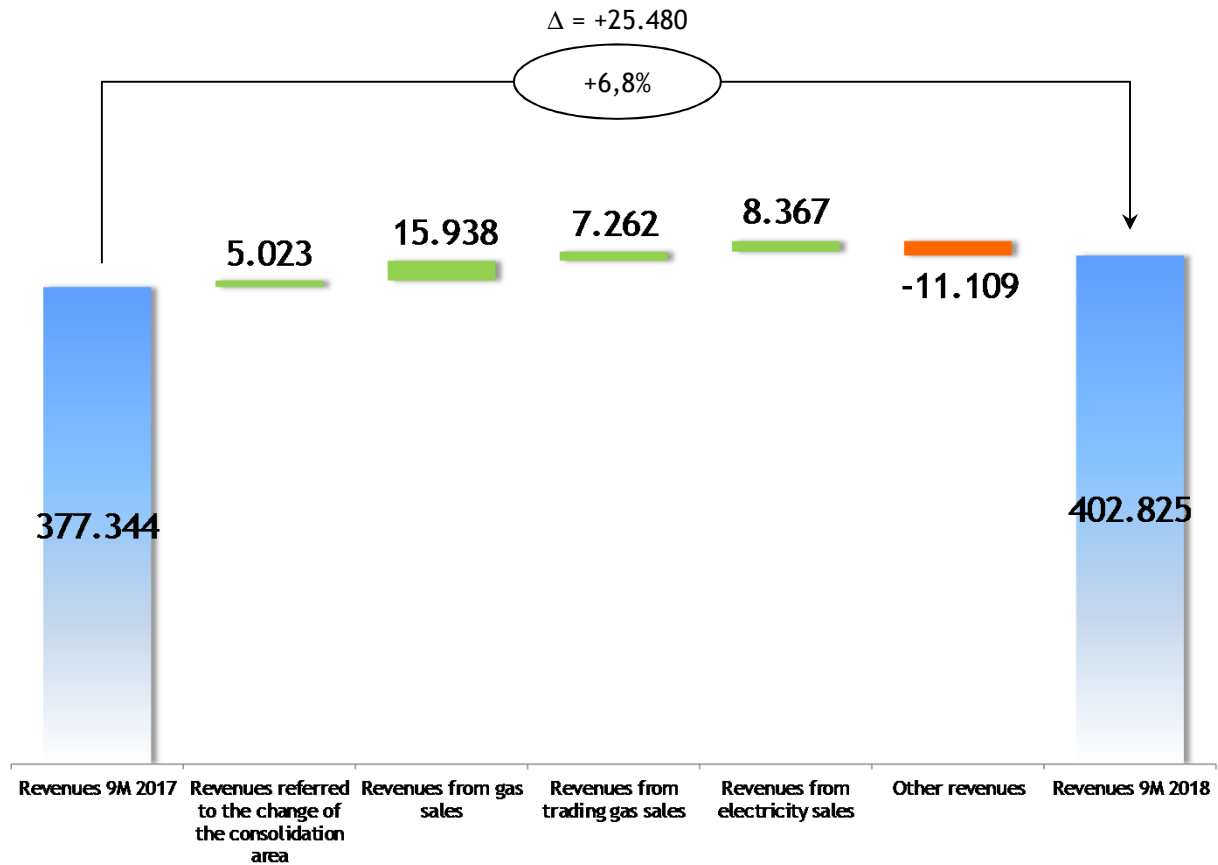
Personnel

Capex

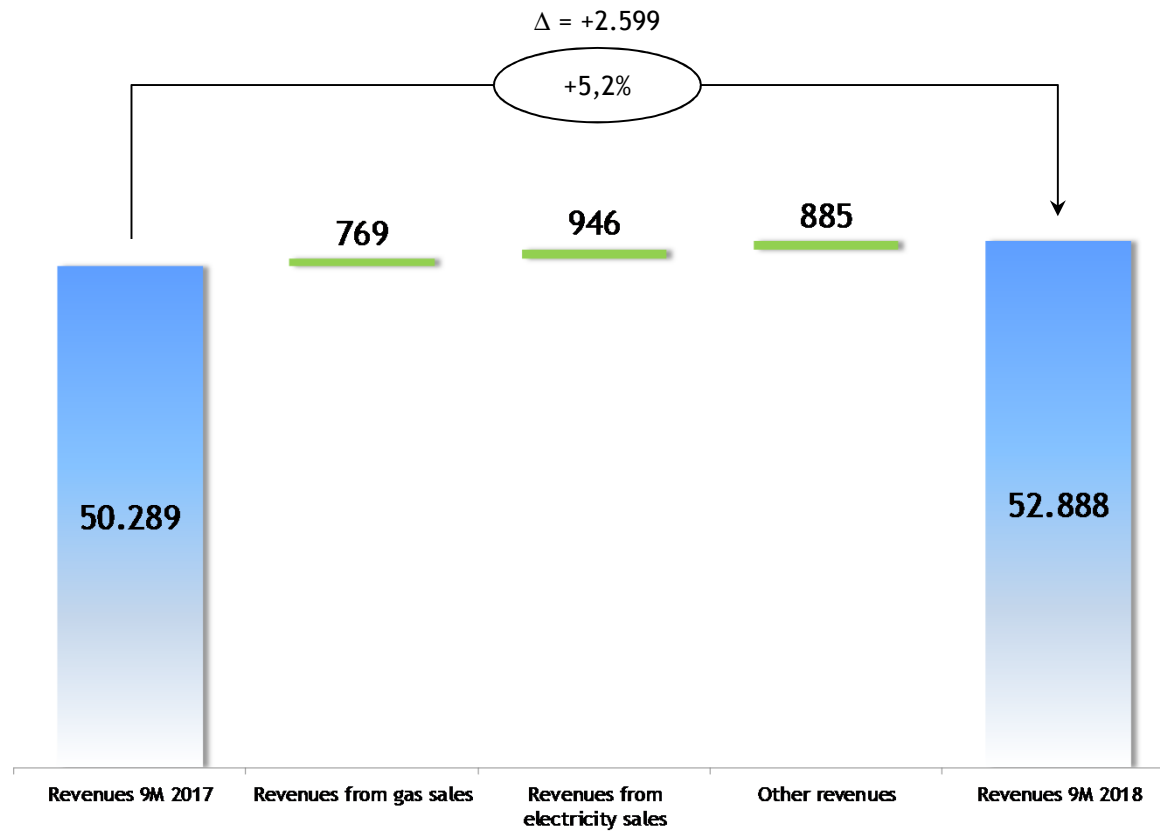
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## Revenues bridge Companies consolidated with full consolidation method (Thousand of Euro)



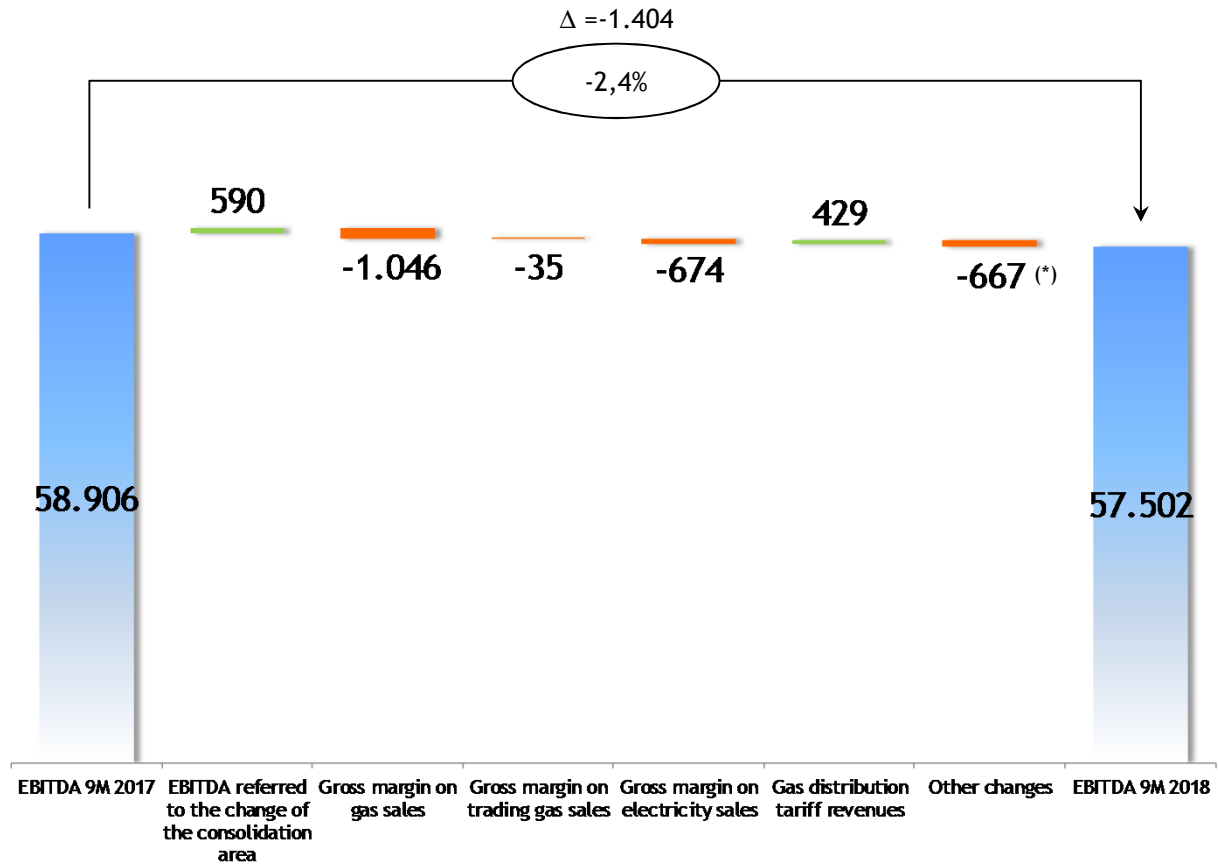
## Revenues bridge Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)



(\*) Sinergie Italiane excluded. Data are considered pro-rata.

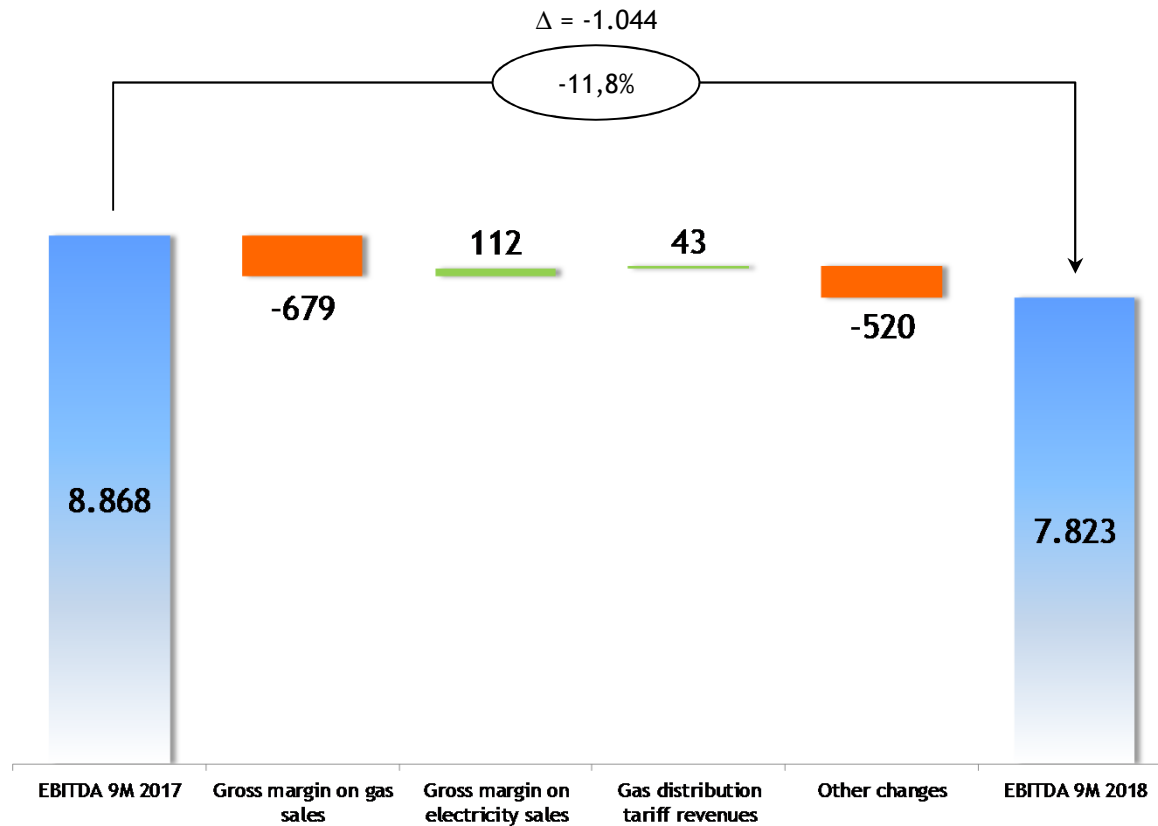


## EBITDA bridge Companies consolidated with full consolidation method (Thousand of Euro)



(\*) For more details check out to slide at page 22.

## EBITDA bridge Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)



(\*) Sinergie Italiane excluded. Data are considered pro-rata.

## EBITDA breakdown (1)

### EBITDA breakdown Companies consolidated with full consolidation method (Thousand of Euro)

(Thousand of Euro)	9M 2018	9M 2017	Var	Var %
<b>EBITDA</b>	<b>57.502</b>	<b>58.906</b>	<b>(1.404)</b>	<b>-2,4%</b>
EBITDA - Sale	25.057	26.980	(1.923)	-7,1%
EBITDA - Distribution	37.055	35.623	1.432	+4,0%
EBITDA - Ascopiave	(4.610)	(3.697)	(913)	+24,7%
<b>EBIT</b>	<b>38.898</b>	<b>41.595</b>	<b>(2.697)</b>	<b>-6,5%</b>
EBIT - Sale	22.119	24.151	(2.031)	-8,4%
EBIT - Distribution	22.656	22.555	100	+0,4%
EBIT - Ascopiave	(5.877)	(5.111)	(766)	+15,0%

## EBITDA breakdown (2)

### EBITDA breakdown Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)

(Thousand of Euro)	9M 2018	9M 2017	Var	Var %
<b>EBITDA</b>	<b>7.823</b>	<b>8.868</b>	<b>(1.044)</b>	<b>-11,8%</b>
EBITDA - Sale	5.960	6.718	(758)	-11,3%
EBITDA - Distribution	1.863	2.150	(287)	-13,3%
<b>EBIT</b>	<b>6.094</b>	<b>6.144</b>	<b>(50)</b>	<b>-0,8%</b>
EBIT - Sale	5.114	4.884	231	+4,7%
EBIT - Distribution	980	1.260	(280)	-22,2%

(\*) Sinergie Italiane excluded. Data are considered pro-rata.



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Operating data

Revenues and EBITDA

**Gross margin on gas and electricity sales and other net operating costs**

- Gross margin on gas sales
- Gross margin on trading gas sales
- Gross margin on electricity sales
- Gas distribution tariff revenues
- Other net operating costs

Personnel

Capex

Net financial position and cash flow

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## Gross margin on gas sales

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
Revenues from gas sales	246.410	224.592	21.818	+9,7%
(Gas purchase costs)	(146.609)	(126.433)	(20.176)	+16,0%
(Gas distribution costs)	(59.543)	(56.855)	(2.688)	+4,7%
<b>Gross margin on gas sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>40.258</b>	<b>41.304</b>	<b>(1.046)</b>	<b>-2,5%</b>

The decrease of gross margin on gas sales of the companies consolidated with full consolidation method is equal to - Euro 1,0 mln. The decrease is due, for Euro 2,1 mln, to the application of the new regulation on gas settlement for the 2013-2016 period.

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
<b>Gross margin on gas sales (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	<b>8.897</b>	<b>9.576</b>	<b>(679)</b>	<b>-7,1%</b>
<b>Gross margin on gas sales (A+B)</b>	<b>49.155</b>	<b>50.880</b>	<b>(1.725)</b>	<b>-3,4%</b>

(\*) Economic data before elisions; (\*\*) Data are considered pro-rata.

## Gross margin on trading gas sales

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
Revenues from trading gas sales	7.207	(55)	7.262	-13274,4%
(Trading gas purchase costs)	(6.928)	47	(6.974)	-14993,7%
(Trading gas transport / capacity costs)	(262)	60	(322)	-534,5%
<b>Gross margin on trading gas sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>17</b>	<b>52</b>	<b>(35)</b>	<b>-67,2%</b>
(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
<b>Gross margin on trading gas sales (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	-	-	-	n.a.
<b>Gross margin on trading gas sales (A+B)</b>	<b>17</b>	<b>52</b>	<b>(35)</b>	<b>-67,2%</b>

(\*) Economic data before elisions; (\*\*) Data are considered pro-rata.

## Gross margin on electricity sales

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
Revenues from electricity sales	79.783	68.031	11.752	+17,3%
(Electricity purchase costs)	(45.786)	(39.003)	(6.783)	+17,4%
(Electricity distribution costs)	(30.048)	(24.404)	(5.644)	+23,1%
<b>Gross margin on electricity sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>3.950</b>	<b>4.624</b>	<b>(674)</b>	<b>-14,6%</b>

The decrease of gross margin on electricity sales of the companies consolidated with full consolidation method, equal to - Euro 0,7 mln, is due to lower unit profit margins, in spite of higher volumes of electricity sold.

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
<b>Gross margin on electricity sales (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	<b>951</b>	<b>839</b>	<b>112</b>	<b>+13,3%</b>
<b>Gross margin on electricity sales (A+B)</b>	<b>4.901</b>	<b>5.463</b>	<b>(563)</b>	<b>-10,3%</b>

(\*) Economic data before elisions; (\*\*) Data are considered pro-rata.

## Gas distribution tariff revenues

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
Gas distribution tariff revenues	54.573	51.259	3.313	+6,5%
<b>Gas distribution tariff revenues (A)</b> <i>Company consolidated with full consolidation method</i>	<b>54.573</b>	<b>51.259</b>	<b>3.313</b>	<b>+6,5%</b>

The increase of gas distribution tariff revenues of the companies consolidated with full consolidation method (+ Euro 3,3 mln) is due to:

- 1) change of the consolidation area (AP Reti Gas Vicenza, 1stQ 2018): + Euro 2,9 mln;
- 2) change of gas distribution tariff revenues: + Euro 0,4 mln.

(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
<b>Gas distribution tariff revenues (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	<b>4.292</b>	<b>4.249</b>	<b>43</b>	<b>+1,0%</b>
<b>Gas distribution tariff revenues (A+B)</b>	<b>58.865</b>	<b>55.508</b>	<b>3.357</b>	<b>+6,0%</b>

(\*) Economic data before elisions; (\*\*) Data are considered pro-rata.

## Other net operating costs (1)

(Thousand of Euro)	9M 2018	9M 2017	Chg	Chg %
Other revenues	31.711	40.982	(9.271)	-22,6%
Other costs of raw materials and services	(53.670)	(61.166)	7.495	-12,3%
Cost of personnel	(19.336)	(18.150)	(1.186)	+6,5%
<b>Other net operating costs (A)</b> <i>Company consolidated with full consolidation method</i>	<b>(41.295)</b>	<b>(38.334)</b>	<b>(2.962)</b>	<b>+7,7%</b>

Net operating costs referred to the change of the consolidation area: - Euro 2,3 mln

Increase of other net operating costs of equal consolidation area: - Euro 0,7 mln

*of which:*

- *increase of cost of personnel: - Euro 0,9 mln;*
- *decrease of margin on energy efficiency tasks management: - Euro 0,4 mln;*
- *decrease of concession fees: + Euro 0,1 mln;*
- *decrease of CCSE contributions for security incentives: - Euro 0,3 mln;*
- *decrease of advertising and commercial costs: + Euro 0,4 mln;*
- *increase of margin on distributor services: + Euro 0,7 mln;*
- *decrease of contingent assets on firm acquisitions: - Euro 0,4 mln;*
- *decrease of bank and postal current accounts costs: + Euro 0,4 mln;*
- *other variations: - Euro 0,3 mln.*

## Other net operating costs (2)

(Thousand of Euro)	9M 2018	9M 2017	Chg	Chg %
<b>Other net operating costs (A)</b> <i>Company consolidated with full consolidation method</i>	(41.295)	(38.334)	(2.962)	+7,7%
<b>Other net operating costs (B)</b> <i>Company consolidated with net equity consolidation method (*)</i>	(6.317)	(5.797)	(520)	+9,0%
<b>Other net operating costs (A+B)</b>	(47.612)	(44.130)	(3.482)	+7,9%

(\*) Sinergie Italiane excluded. Data are considered pro-rata.

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Gross margin on gas and electricity sales and other net operating costs

**Personnel**

→ Number of employees

→ Consolidated cost of personnel

Capex

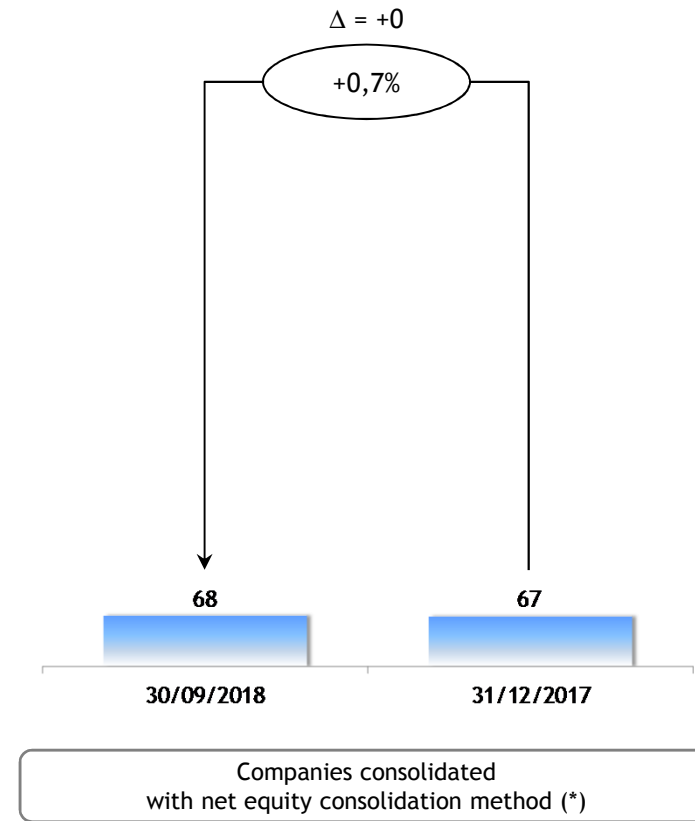
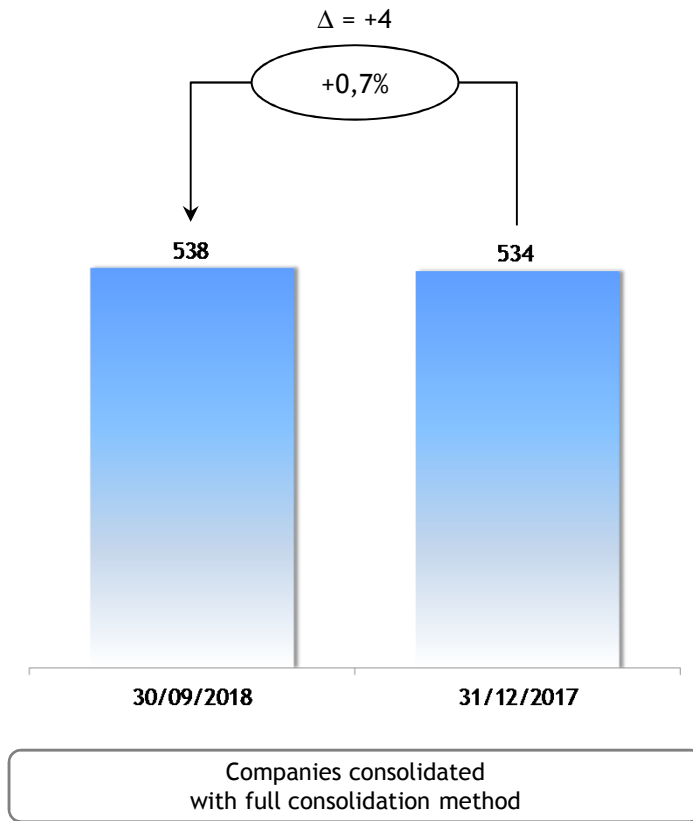
Net financial position and cash flow

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# Number of employees

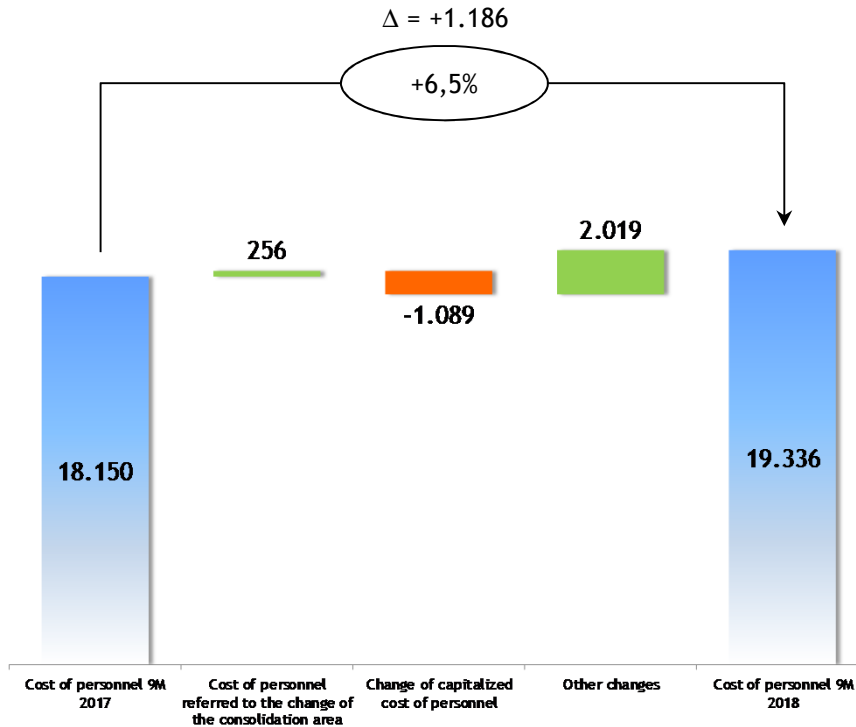
## Number of employees



(\*) Data are considered pro-rata.

## Consolidated cost of personnel

(Thousand of Euro)



### Cost of personnel changes:

- change of the consolidation area: + Euro 0,3 mln
- capitalized cost of personnel: - Euro 1,1 mln
- other: + Euro 2,0 mln, of which:
  - + Euro 2,4 mln: compensations for the termination of the employment contracts with the general manager and the CFO
  - - Euro 0,7 mln: compensations related to the long term incentive plan
  - + Euro 0,3 mln: other changes

9M 2018 cost of personnel of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 2,3 mln (+0,3%).

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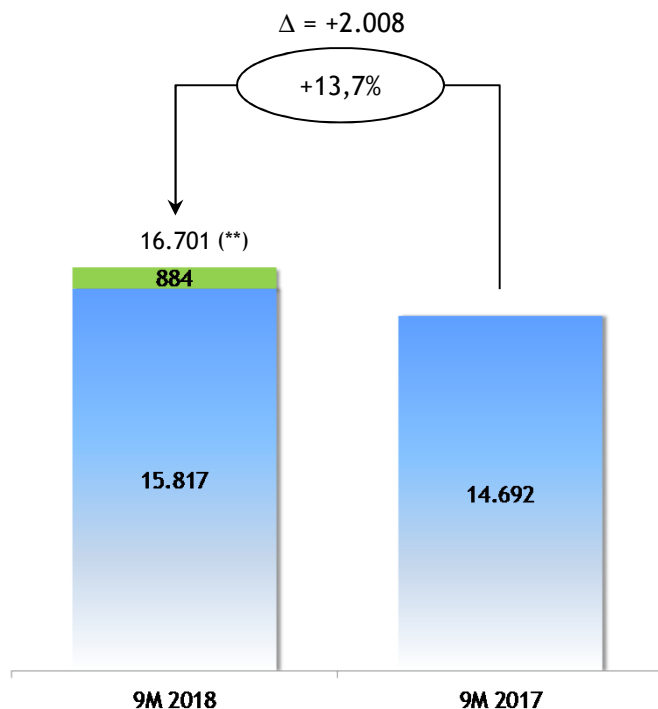
**Capex**

Net financial position and cash flow

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## Consolidated capex (\*)

(Thousand of Euro)



- Change of the consolidation area: Euro 0,9 mln
- Gas distribution systems: Euro 7,5 mln
- Gas meters: Euro 6,9 mln
- Other: Euro 1,4 mln

■ Change of the consolidation area (\*\*\*)  
■ Equal consolidation area

9M 2018 investments of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 0,5 mln (-40,2%).

(\*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments; (\*\*) Investments in tangible assets: Euro 0,9 mln; investments in intangible assets: Euro 15,8 mln (excluded realizations of tangible and intangible assets and investments in associated); (\*\*\*) AP Reti Gas Vicenza: 1stQ 2018.

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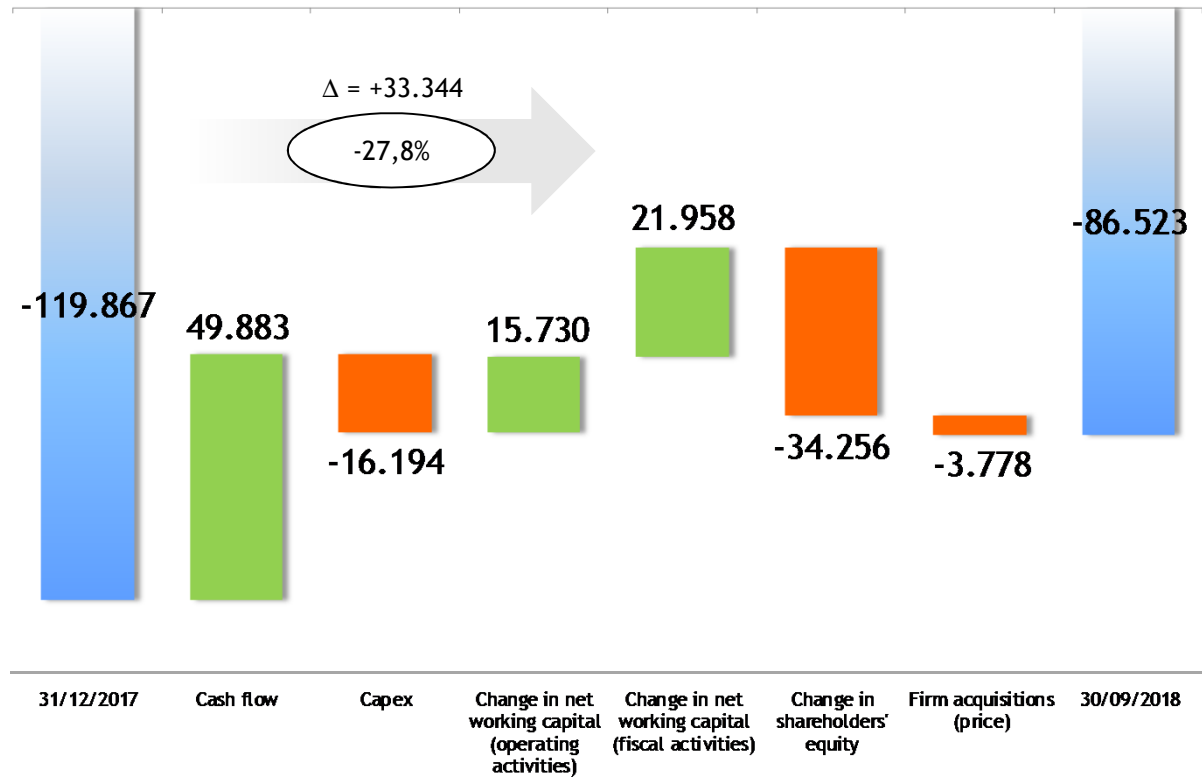
Capex

**Net financial position and cash flow**

Disclaimer

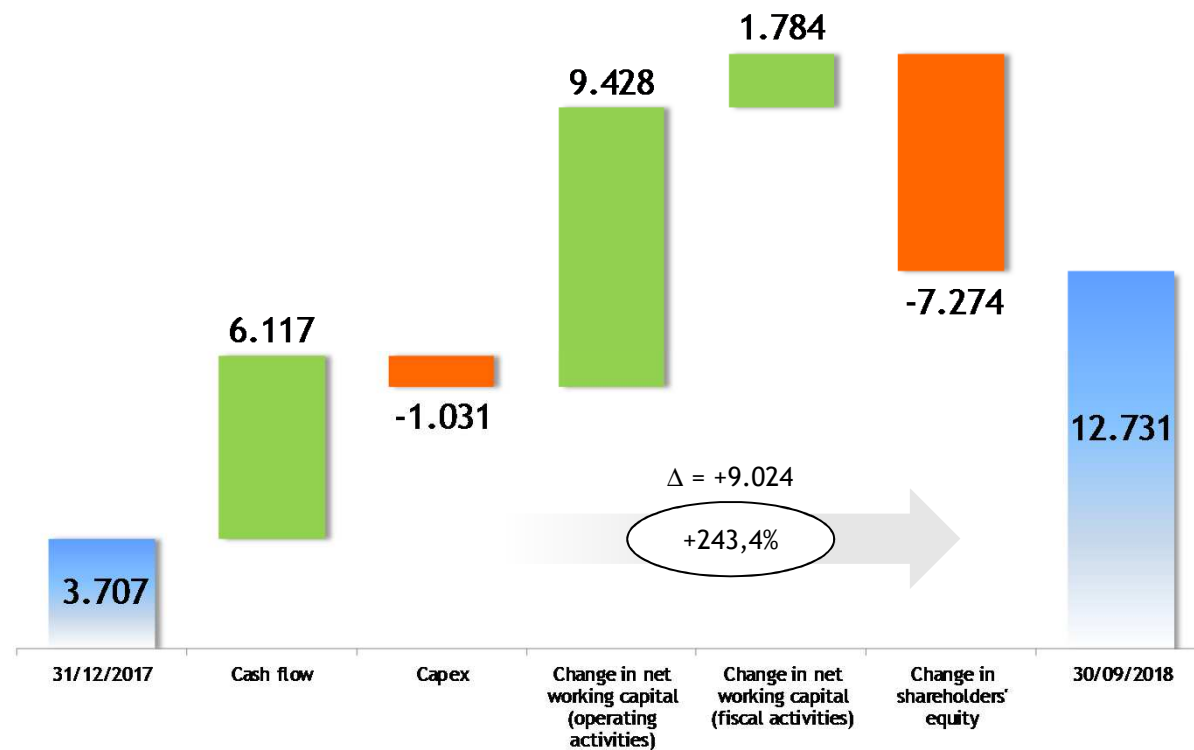
# Net financial position and cash flow (1)

## Net Financial Position and cash flow Companies consolidated with full consolidation method (Thousand of Euro)



## Net financial position and cash flow (2)

### Net Financial Position and cash flow Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)

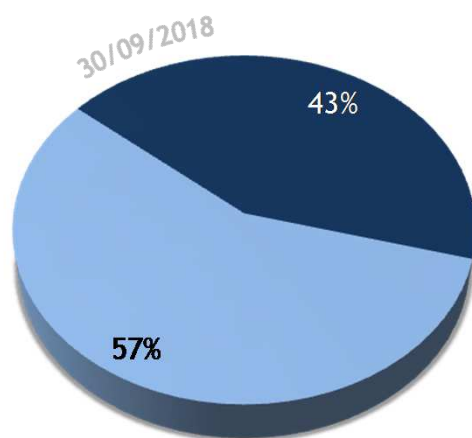


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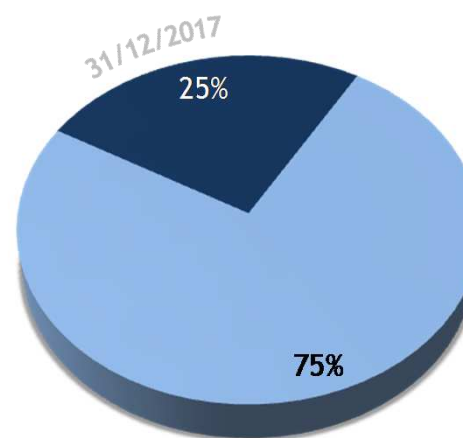
## Net financial position and cash flow (3)

(Thousand of Euro) (*)	30/09/2018	31/12/2017	Var	Var %
Long term financial borrowings (>12 months)	55.503	54.360	1.143	+2,1%
Current position of long term financial borrowings	8.073	10.181	(2.108)	-20,7%
Short term financial borrowings (<12 months)	22.673	54.568	(31.895)	-58,5%
<b>Total financial debt</b>	<b>86.249</b>	<b>119.109</b>	<b>(32.860)</b>	<b>-27,6%</b>
Fixed rate borrowings	37.126	30.000	7.126	+23,8%
Floating rate borrowings	49.123	89.109	(39.986)	-44,9%

**9M 2018 average cost of debt: 0,66% (vs 2017 rate: 0,38%)**



■ Fixed rate borrowings  
■ Floating rate borrowings



■ Fixed rate borrowings  
■ Floating rate borrowings

(\*) Data refers to only companies consolidated with full consolidation method.



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