

Gruppo Ascopiave

ITALIAN LOCAL UTILITIES

Milan, 11th January 2019

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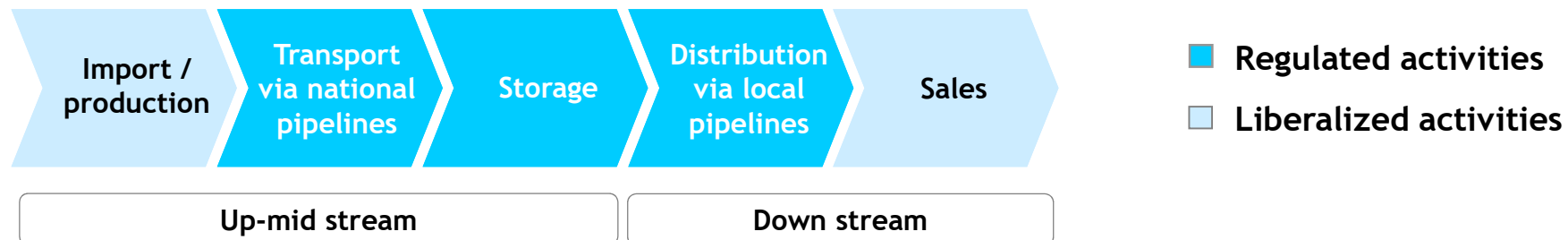
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Group Business Activities (1)

Ascopiave Group is a national player in the down-stream segments of the gas sector. It is a major player in the Veneto Region.



Regulated Activity

Gas distribution

Operation, maintenance and development of local pipelines, connecting the transport national pipelines to the end consumers.

Activity carried out on the basis of concessions awarded by municipalities.

Regulation provided both by the local municipalities and by the National Energy Authority (ARERA)

Main not regulated activity

Gas sales to end consumers

Supply of gas to the end consumers.

In Italy gas sales market is completely liberalised since 2013, so any end consumer can freely choose its supplier.

National Energy Authority continue to set maximum tariff levels for the protected market (residential consumers)

Group Business Activities (2)

Other not regulated activities

Gas import

Sinergie Italiane (in liquidation) (Ascopiave current stake of capital: 30,94%) signed a long term import take or pay (ToP) contract with Gazprom for the supply of 1.0 billion cubic meters of gas per year up to 2021.

Sinergie Italiane sells imported gas to the gas sales companies participated by the shareholders.

Gas procurement active management

Optimization of the gas procurement process aimed at reducing supply risks and costs.

Electricity sales to end consumers

Supply of electricity to the end consumers.

In Italy electricity sales market will be completely liberalised in the next years.

Customers currently belonging to the protected market will gradually move to the free market

Cogeneration Heat management

Key Figures

Regulated Activity

GAS DISTRIBUTION - 2017 key figures (*)

scm = standard cubic meters

No. of managed concessions	214	
Length of the gas distribution network (km)	9,780	
Volumes of gas distributed (scm/mln)	1,020	
⇒ Full consolidated companies (scm/mln)	947	(93%)
⇒ Companies consolidated with equity method (scm/mln)	74	(7%)

Not regulated Activities

GAS SALES - 2017 key figures (*)

scm = standard cubic meters

Volumes of gas sold (scm/mln)	939	
⇒ Full consolidated companies (scm/mln)	804	(86%)
⇒ Companies consolidated with equity method (scm/mln)	135	(14%)

ELECTRICITY SALES - 2017 key figures (*)

GWh = gigawatt-hour

Volumes of electricity sold (GWh)	441	
⇒ Full consolidated companies (GWh)	383	(87%)
⇒ Companies consolidated with equity method (GWh)	57	(13%)

(*) Data of the companies consolidated with the equity method are considered pro-rata.

Market positioning in the gas sector

The Group is a national player in the gas sector and a leading regional player in Veneto.

VOLUMES OF GAS DISTRIBUTED (*)

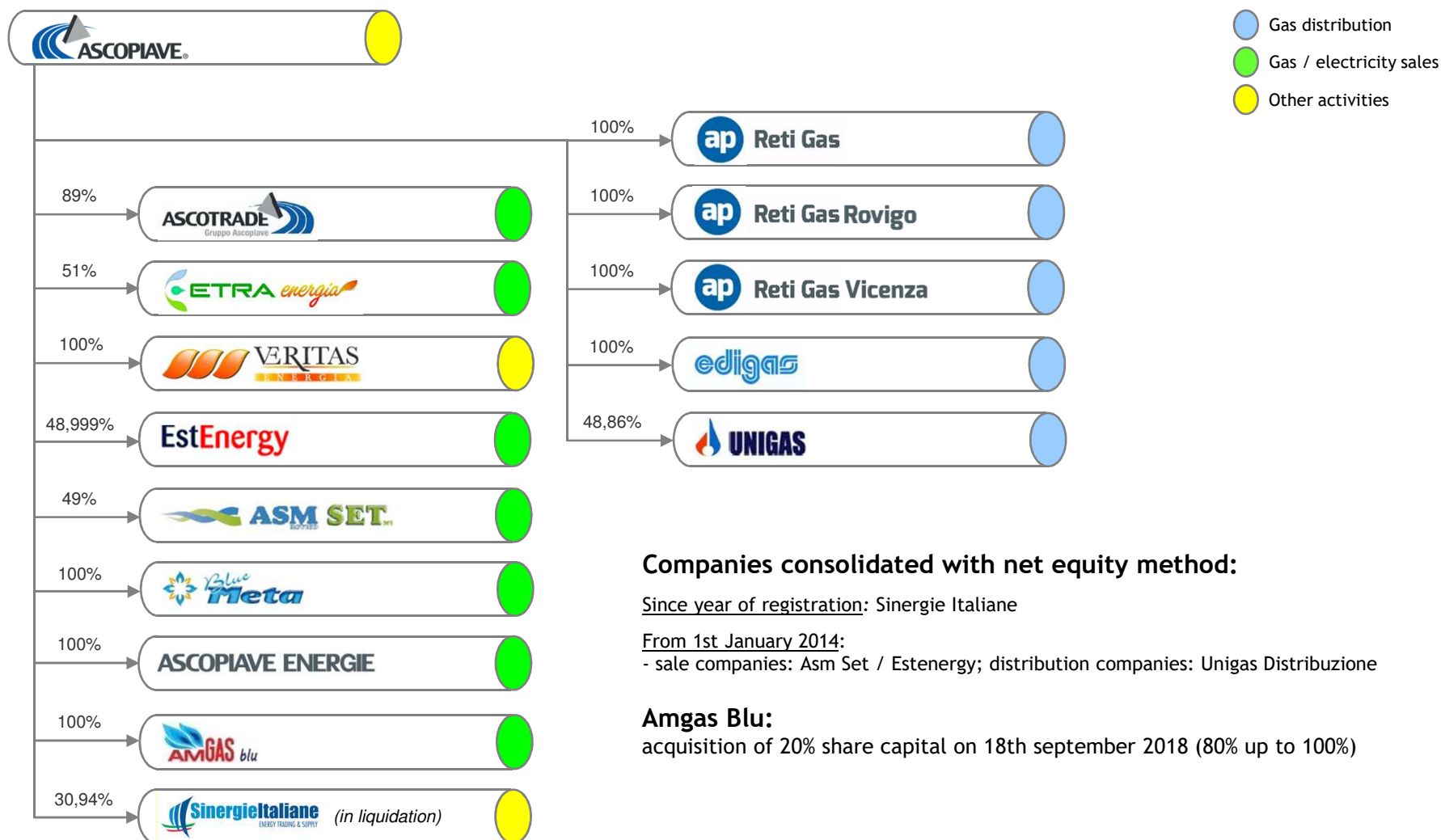
Ranking	Group	Vol.	%
1	Italgas	8,905	28.2%
2	2i Rete Gas	5,543	17.6%
3	Hera	2,949	9.3%
4	A2A	2,485	7.9%
5	Iren	1,419	4.5%
6	Ascopiave	1,014	3.2%
7	Estra	553	1.8%
8	Eg Holding	413	1.3%
9	Agsm Verona	348	1.1%
10	Energei	331	1.0%
11	Dolomiti Energia	305	1.0%
12	Union Fenosa Internacional SA	284	0.9%
13	Gas Rimini	283	0.9%
14	Acsm-Agam SpA	275	0.9%
15	Edison	257	0.8%
16	Aimag	257	0.8%
17	Aim Vicenza	255	0.8%
18	Sime Crema	251	0.8%
19	Multiservizi	230	0.7%
20	Ambiente Energia Brianza	191	0.6%
	Others	5,020	15.9%
	Total	31,568	100.0%

VOLUMES OF GAS SOLD (*)

Ranking	Group	Vol.	%
1	Eni	12,406	20.7%
2	Edison	7,954	13.3%
3	Enel	6,581	11.0%
4	Energeticky A Prumyslow Holding	2,526	4.2%
5	Iren	2,483	4.2%
6	Hera	2,145	3.6%
7	A2A	1,948	3.3%
8	Sorgenia	1,184	2.0%
9	Axpo Group	1,020	1.7%
10	Engie	979	1.6%
11	E.On	924	1.5%
12	Royal Dutch Shell	862	1.4%
13	Estra SpA	853	1.4%
14	Ascopiave	811	1.4%
15	Repower Ag	777	1.3%
16	Unogas	697	1.2%
17	Eg Holding SpA	637	1.1%
18	Metaenergia SpA	504	0.8%
19	Solvay Energy Services Italia	495	0.8%
20	Gas Natural Sdg	482	0.8%
	Others	13,548	22.6%
	Total	59,816	100.0%

(*) 2017 ARERA data.

Ascopiave Group structure as of 31st december 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

Amgas Blu:

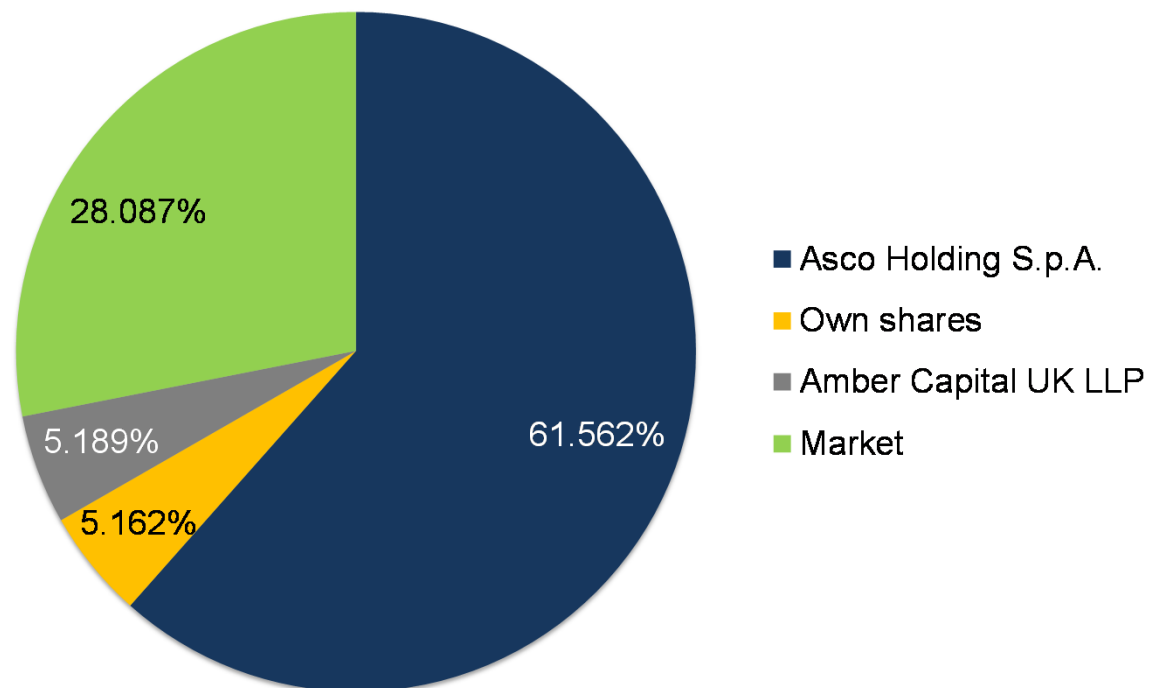
acquisition of 20% share capital on 18th september 2018 (80% up to 100%)

Ascopiave Shareholders

Ascopiave Shareholders (*)

Asco Holding S.p.A. directly controls the capital of Ascopiave S.p.A. (capital stake: 61.562%)

Asco Holding S.p.A. is owned by 90 municipalities mainly located in the province of Treviso (public shareholders) and 2 private companies.

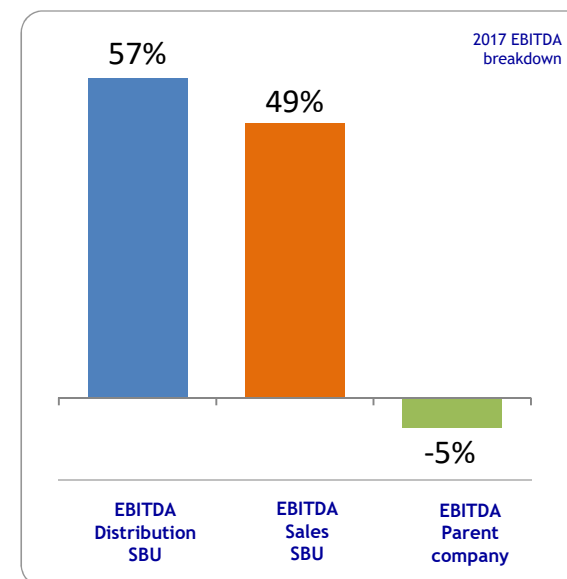


(*) Internal processing of information pursuant to art. 120 TUF (Source: CONSOB website)

Main financial data - income statement

2017 MAIN FINANCIAL DATA ACCORDING TO IFRS 11 - INCOME STATEMENT (*)

INCOME STATEMENT				
	Group	Distribution SBU ^(a)	Sales SBU ^(b)	Parent company
Revenues ^(c)	532,792	117,396	507,428	12,377
EBITDA	84,409	47,755	41,051	-4,396
EBIT	59,939	30,232	35,913	-6,205
Evaluation of companies with (❖) equity method	7,398	964	6,434	0
Net income	49,252			



(❖) EBITDA of the company consolidated with the equity method: **Euro 13.4 mln** (distribution companies: Euro 2.6 mln + sales companies: Euro 10.8 mln)

EBIT of the company consolidated with the equity method: **Euro 9.6 mln** (distribution companies: Euro 1.4 mln + sales companies: Euro 8.2 mln)

(*) Thousand of Euro; (a) Distribution SBU includes results of entities active in the distribution business; (b) Sales SBU includes results of entities active in the sale business; (c) SBU revenues are represented before elisions.

2006-2017 EBITDA break-down by Strategic Business Unit

(Million of Euro)

	INCOME STATEMENT	Group	Distribution SBU	%	Sales SBU	%	Parent company (*)	%
2017	EBITDA IFRS 11	84,4	47,8	56,6%	41,1	48,6%	(4,4)	-5,2%
2016	EBITDA IFRS 11	95,3	35,0	36,8%	60,2	63,2%	0,0	0,0%
2015	EBITDA IFRS 11	81,0	35,8	44,2%	45,2	55,8%	0,0	0,0%
2014	EBITDA IFRS 11	79,6	35,4	44,5%	44,2	55,5%	0,0	0,0%
2013	EBITDA IFRS 11 restated	86,3	33,4	38,7%	52,9	61,3%	0,0	0,0%
2013	EBITDA	105,9	36,0	34,0%	69,9	66,0%	0,0	0,0%
2012	EBITDA	102,7	33,9	33,1%	68,7	66,9%	0,0	0,0%
2011	EBITDA	93,2	34,9	37,4%	58,3	62,6%	0,0	0,0%
2010	EBITDA	78,0	32,9	42,1%	45,1	57,9%	0,0	0,0%
2009	EBITDA	61,5	41,6	67,6%	19,9	32,4%	0,0	0,0%
2008	EBITDA	52,3	37,6	71,8%	14,8	28,2%	0,0	0,0%
2007	EBITDA	46,5	35,5	76,4%	11,0	23,6%	0,0	0,0%
2006	EBITDA	41,1	39,9	97,0%	1,2	3,0%	0,0	0,0%

Gas distribution business is characterized by stable operating margins.

Increase of the gas sales business operating margins over the last years is due to external growth (acquisition of 8 companies) and to higher profitability, mainly thanks to declining gas procurement costs. 2016 sales SBU EBITDA is supported by Euro 11.1 mln positive one-off related to the optional APR mechanism set by the energy regulator (ARERA).

(*) Before 2017 the parent company Ascopiave contributed to the results of the distribution SBU.

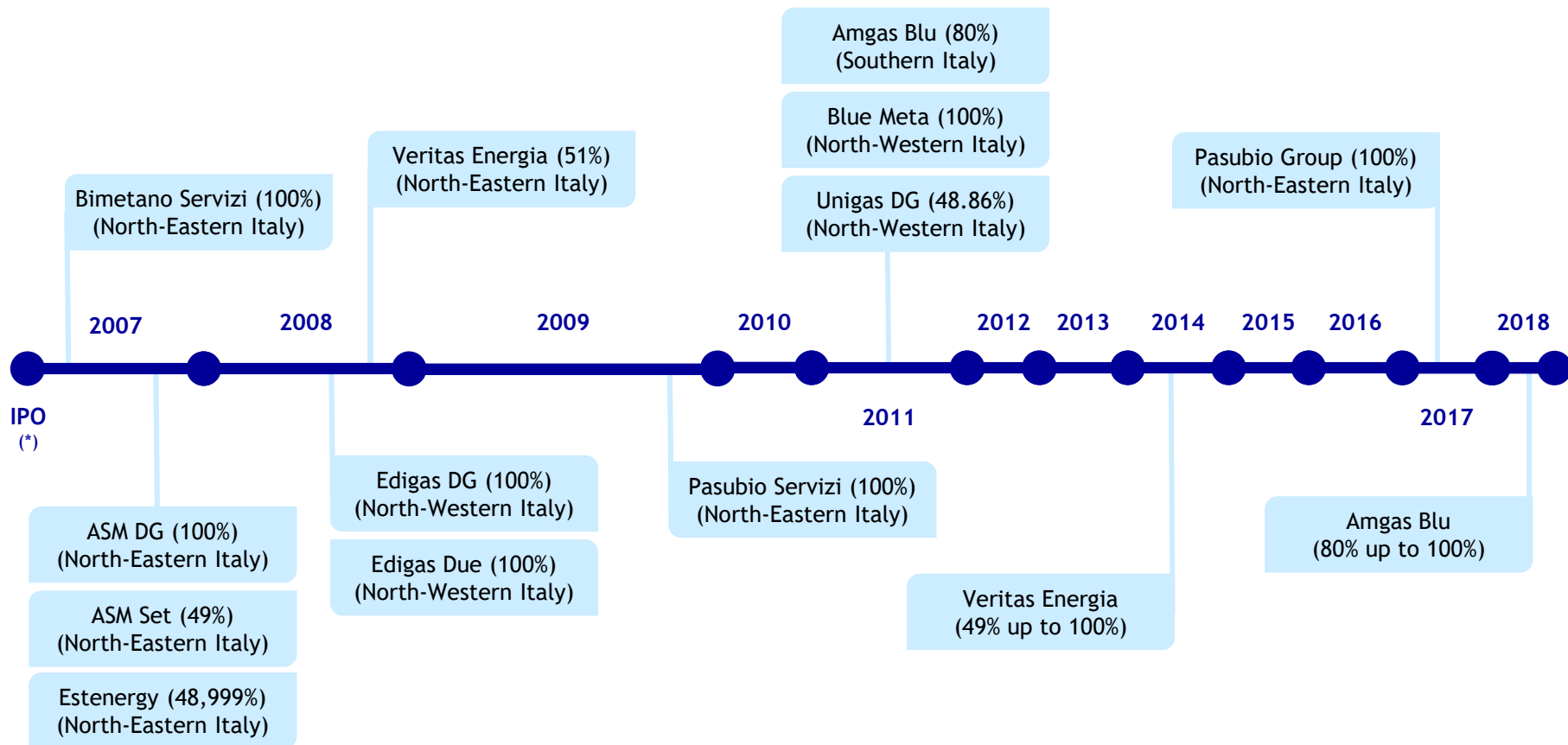
2006-2017 Investments in tangible and intangible assets

(Million of Euro)	INVESTMENTS	Group	Distribution network	%	Other investments	%
2017	INVESTMENTS <small>IFRS 11</small>	23,6	22,5	95%	1,1	5%
2016	INVESTMENTS <small>IFRS 11</small>	20,8	19,7	95%	1,1	5%
2015	INVESTMENTS <small>IFRS 11</small>	22,0	20,7	94%	1,3	6%
2014	INVESTMENTS <small>IFRS 11</small>	21,1	19,7	94%	1,3	6%
2013	INVESTMENTS <small>IFRS 11 restated</small>	18,9	12,7	67%	6,2	33%
2013	INVESTMENTS	21,6	14,9	69%	6,7	31%
2012	INVESTMENTS	23,1	16,8	73%	6,3	27%
2011	INVESTMENTS	41,8	15,4	37%	26,4	63%
2010	INVESTMENTS	29,1	11,2	38%	17,9	62%
2009	INVESTMENTS	29,9	13,8	46%	16,1	54%
2008	INVESTMENTS	19,2	11,4	60%	7,7	40%
2007	INVESTMENTS	17,5	12,2	70%	5,3	30%
2006	INVESTMENTS	16,7	12,4	74%	4,4	26%

The Group investments in tangible and intangible assets over the last 12 years amounts to Euro 286,4 mln and for the most part (67%) concern the development, the maintenance and up-grade of the gas network and of the distribution system. In 2009-2011 the group made significant investments in photovoltaic power plants. The photovoltaic business was disposed in 2011.

2006-2018 Investments in companies and firms acquisitions

2006-2018 Investments in companies and firms acquisitions: Euro 200,0 Mln



(*) IPO: 12 dec 2006

Main financial data - balance sheet and financial ratios

2017 MAIN FINANCIAL DATA ACCORDING TO IFRS 11 - BALANCE SHEET (*)

BALANCE SHEET	31/12/2017
Tangible and intangible assets	460,026
Investments in associates	68,878
Other fixed assets	24,494
Net working capital	16,969
TOTAL CAPITAL EMPLOYED	570,367
Shareholders equity	450,500
Net financial position	119,867
TOTAL SOURCES	570,367

Tangible and intangible assets: details



BALANCE SHEET	31/12/2017
Goodwill	80,758
Tangible assets under IFRIC 12	333,534
Other intangible assets	13,400
Tangible assets	32,334
Tangible and intangible assets	460,026

2017 ASCOPIAVE MAIN FINANCIAL RATIOS

Financial leverage (NFP / EQUITY)	0.27	Debt cover ratio (NFP / EBITDA)	1.42
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(*) Thousand of Euro

Financial leverage comparison

Financial leverage comparison (2017)

FINANCIAL RATIOS (*)	LOCAL UTILITIES (**) (average data)	ASCOPIAVE
Financial leverage	1.05	0.27
D/EBITDA	2.73	1.42

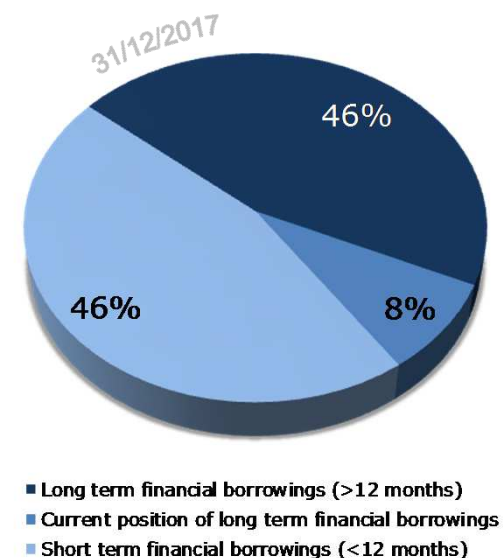
Ascopiave financial leverage (0.3) is lower than that of the Italian listed comparables (avg: 1.0).

The low indebtedness level is a very positive result in the light of a macroeconomic scenario that makes access to credit a real challenge, which therefore strengthens the Group's economic and financial soundness and enables it to reap the opportunity of carrying out potential extraordinary transactions in the next years.

(*) Financial leverage is calculated considering the shareholders' equity and the net financial position as of 31st December 2017; (**) Local utilities considered are the main Italian listed local utilities: A2A, Hera, Acea and Iren.

Financial debt and cost of debt

(Thousand of Euro) (*)	31/12/2017	30/09/2018
Long term financial borrowings (>12 months)	54.360	55.503
Current position of long term financial borrowings	10.181	8.073
Short term financial borrowings (<12 months)	54.568	22.673
Total financial debt	119.109	86.249
Fixed rate borrowings	30.000	37.126
Floating rate borrowings	89.109	49.123
	2017	9M 2018
Average cost of debt:	0.38%	0.66%



EIB Loan



In June 2013 the European Investment Bank (EIB) and Ascopiave signed a 70 million Euro loan in support of investments to improve and expand gas distribution networks in the Veneto and Lombardy regions.

(*) Data refers to the companies consolidated with the full consolidation method

Dividend policy

Dividend payment sustainable with high return to shareholders

Sustainability of the dividend policy:

- /// stable cash flow
- /// stable business profitability
- /// well-balanced financial structure

Dividend yield at the top of the listed Italian utility companies

DIVIDEND	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Dividend (Thousand of Euro)	40.016	40.016	33.347	33.332	26.666	24.484	0	22.557	20.349	19.442	19.890	19.833
Group Net Income (Thousand of Euro)	47.135	53.635	43.014	35.583	38.678	27.865	6.266	31.174	25.288	18.452	21.764	16.381
Payout ratio	85%	75%	78%	94%	69%	88%	0%	72%	80%	105%	91%	121%
Dividend per share (Euro)	0,180	0,180	0,150	0,150	0,120	0,110	0,000	0,100	0,090	0,085	0,085	0,085
Dividend yield (*)	5,3%	7,2%	7,0%	7,6%	8,4%	9,2%	0,0%	6,3%	5,8%	5,7%	4,4%	4,0%



TOTAL DIVIDENDS DISTRIBUTED FROM STOCK EXCHANGE LISTING TO DATE

About Euro 299,9 mln

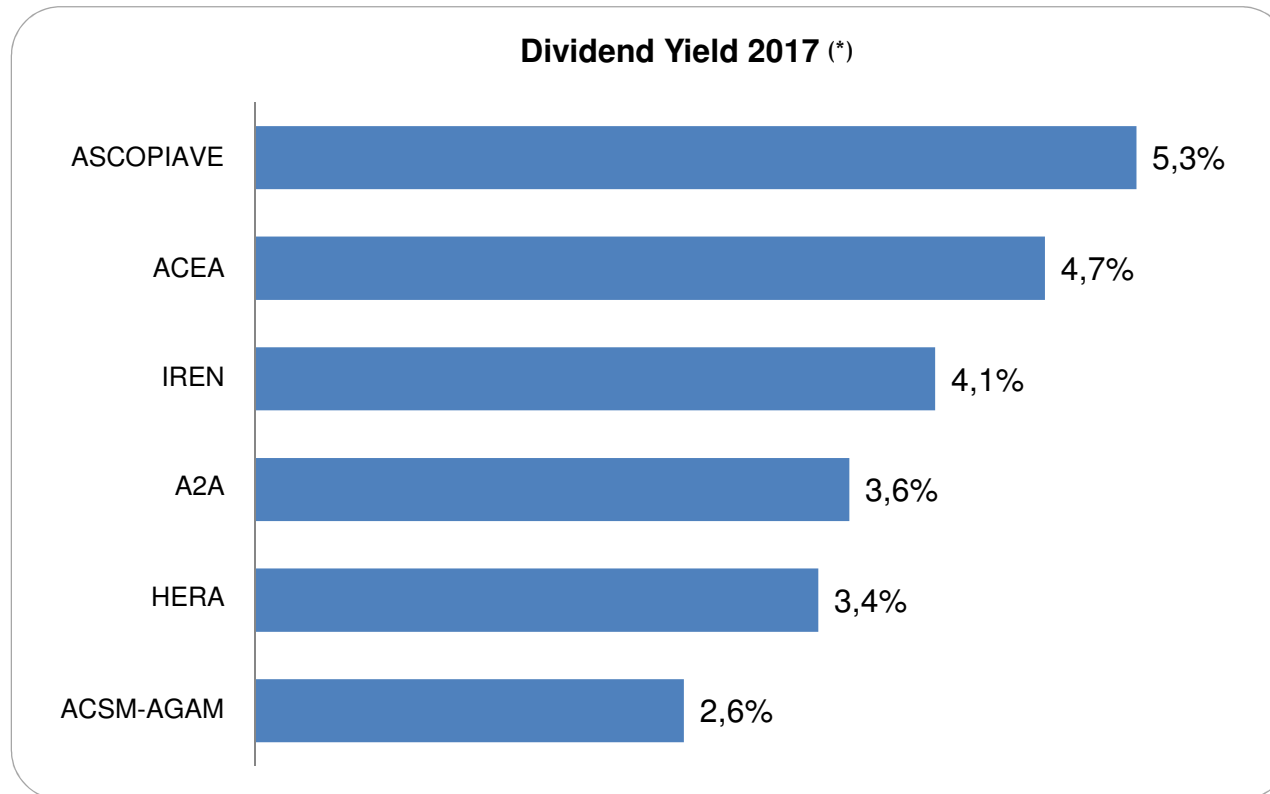
ROI / ROE	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ROI (**)	12,0%	15,4%	12,2%	11,1%	14,4%	13,1%	11,8%	11,7%	9,1%	8,5%	7,1%	10,4%
ROE	10,6%	12,2%	10,4%	8,8%	9,7%	7,3%	1,8%	8,3%	6,9%	5,1%	5,9%	4,4%

(*) Dividend yield = dividend per share / average price per share in the year; (**) ROI = EBIT / CI; CI = Net Capital Invested (In 2014 and 2015 investments in associates are excluded)

Dividend Yield comparison

Dividend Yield comparison (2017)

Dividends distributed by Ascopiave in 2017 are higher than those distributed by the major listed comparable companies:



(*) Dividend per share / 2017 average price per share

Strategic guidelines

Focus on the gas sector and on the energy market



Growth in size through an expansion of the customer base

Improvement of the business profitability

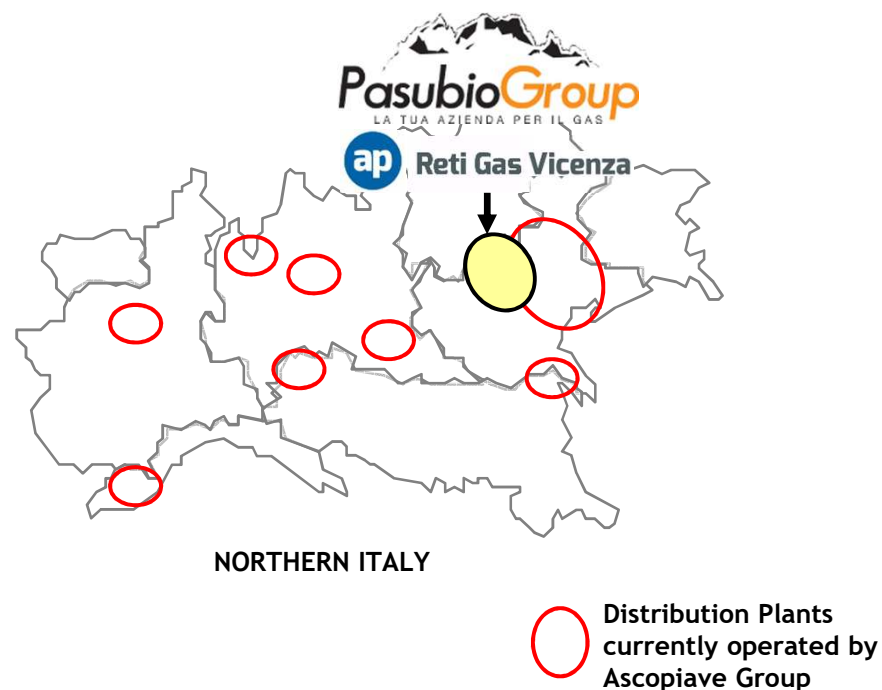
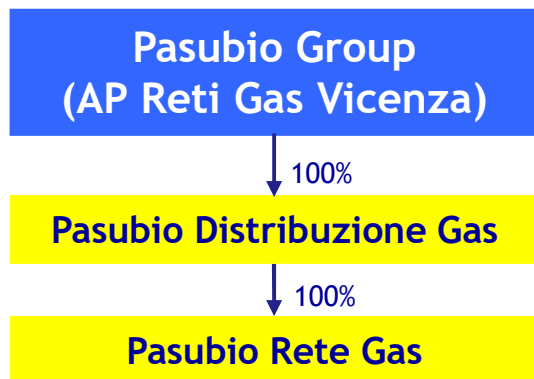


- /// Participation in competitive bidding for the assigning of concessions to manage the gas distribution service
- /// Development of the electricity market as a tool to retain current gas customer base (cross selling) and to achieve value creation objectives: dual fuel sales policy (a joint commercial proposal for gas and electricity)
- /// Improving the economic efficiency of the operations (cost to serve)
- /// Improvement of the gas procurement process

Acquisition of Pasubio Group (AP Reti Gas Vicenza) (1)

Acquisition of Pasubio Group (AP Reti Gas Vicenza)

- /// On 3rd april 2017 Ascopiave S.p.A. acquired Pasubio Group S.p.A. (currently AP Reti Gas Vicenza S.p.A.), a company operating in the gas distribution business in Veneto Region (Northern Italy)
- /// On 1st september 2017 AP Reti Gas Vicenza has incorporated Pasubio Distribuzione Gas and Pasubio Rete Gas
- /// Municipalities served: 22
- /// Gas End Users: about 88,000
- /// Concessions deadlines: 2017-2024



Acquisition of Pasubio Group (AP Reti Gas Vicenza) (2)

Price for the acquisition and Pasubio Group commitments

- Price for of the 100% capital stake of Pasubio Group (equity value) = Euro 16.3 mln
- Commitment by Pasubio Group to disburse to some towns (awarding the current concessions) a one off supplementary fee = Euro 5.1 mln
- Commitment by Pasubio Group to disburse to the said towns, commencing 2017, the original concession fees as originally envisaged i.e. prior to the amendments in force between the parties (estimated higher annual fees: Euro 1.6 mln per year)
- Commitment by Pasubio Group to make an anticipated payment to the said towns corresponding to the annual concessions fees for the years 2017 and 2018

Main Financial Data (*)

INCOME STATEMENT				
€/000	2017	2016	2015	2014
Revenues	18,757	11,879	12,554	12,732
EBITDA	2,130	-2,013	4,709	4,383
EBIT	245	-4,467	2,731	2,122
Net income	-135	-4,041	1,521	736

2016 economic results are affected by the one off supplementary fee (Euro 5.1 mln) mentioned above and by other non recurring items

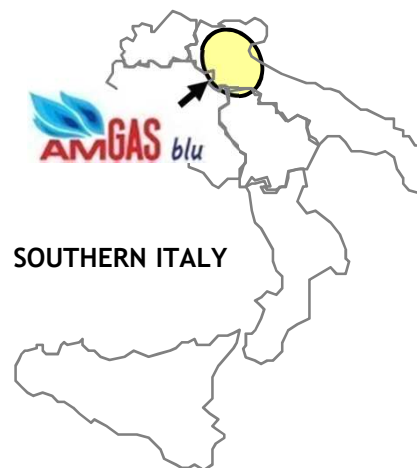
(*) Estimates drawn by Ascopiave regarding the aggregate figures pertinent to the Group

Acquisition of 20% share capital of Amgas Blu

Acquisition of 20% share capital of Amgas Blu

- On 18th september 2018 Ascopiave S.p.A. acquired the remaining 20% capital stake of Amgas Blu S.r.l., a company operating in the gas sale business mainly in Puglia Region (Southern Italy), becoming a sole shareholder of the company (80% up to 100%)

- Gas customers: about 46,100
- Electricity customers: about 2,700
- 2017 revenues: Euro 19.3 mln
- 2017 EBITDA: Euro 2.5 mln
- 2017 PFN: Euro 0.7 mln



Price for the acquisition

- Price for of the 20% capital stake of Amgas Blu (equity value) = Euro 3.8 mln

Gas distribution

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Gas distribution sector: key figures (*)

- /// No. of operators: 211
- /// Municipalities served: about 7,200
- /// Volumes of gas distributed: about 31.6 billion of standard cubic meters
- /// No. of users served: about 23.7 million
- /// Length of the gas distribution network: about 261,700 km
- /// Regulatory asset base (RAB): about Euro 18 bln (**)

Since 2000 gas distribution operators have been reduced to less than a third.

Currently **gas distribution sector is strongly concentrated:**

- /// about 50% of RAB (**) is held by Italgas and F2i, the only operators with a national rank
- /// about 30% of RAB is held by 14 medium size operators (RAB > Euro 100 mln), with a regional relevance
- /// about 20% of RAB is held by small size operators

(*) 2017 ARERA data; (**) Ascopiave valuation.

Gas Distribution: Legal Framework

- ⚡ Gas distribution is currently a **local monopolistic activity managed under concessions** granted by municipalities
- ⚡ Italian gas distribution sector was liberalized in 2000 according to the European Union Rules
- ⚡ The law established a mechanism of **competition for the market: concession must be awarded only through public tenders.**
- ⚡ The distributor is responsible for the operation, the development and the maintenance of the distribution network (operational expenses and investments), according to the **concessional agreement** signed between the operator and the municipality
- ⚡ The **National Energy Authority (ARERA)**
 - ⚡ sets the **tariffs** to be applied to cover the cost of capital and for the operations of the service
 - ⚡ provides rules regarding the **minimum standard service levels.**
- ⚡ The distributor gives access to any requiring gas sales company, that has the right to use the network to supply gas to its customers (**third party access**)

Public Tenders for the Assigning of the Concessions

- /// In order to improve the economic efficiency of the sector, since 2007 the legislation has established that the **tenders must be called to assign concessions for the management of the service in wide geographical areas, grouping neighbouring municipalities (Territorial Districts).**
- /// The national government constituted 177 Territorial Districts nationwide
- /// Municipalities belonging to a single Territorial District must appoint a local entity to act as contracting authority for the District
- /// The law established the deadline by which each District Authority must call the tenders.
- /// In 2011 the national government issued some decrees establishing the general contents of the call for tenders, that must be fulfilled on the base of the local needs for investments to be defined by the local contracting authority. The standardization was aimed at encouraging competition and assuring transparency and effectiveness in the tender process..



The current rules governing the incoming tender processes will probably cause a further restructuring of the distribution sector.

A significant reduction in the number of operators is expected, as the participation to the public tenders requires to the potential competitors strong financial capability and important economic, organizational and technical skills.

Ascopiave positioning in the gas distribution market

Ascopiave positioning in the Territorial Districts constituted by the Government (*)

TERRITORIAL DISTRICT	Public tender deadline	Ascopiave Group gas users	%	Ascopiave Group market share (%)
Treviso 2	March 2017	141.045	27%	88%
Treviso 1	June 2017	75.664	14%	55%
Rovigo	April 2018	35.593	7%	36%
Vicenza 3	September 2017	80.175	15%	78%
Vicenza 4	March 2017	29.192	6%	44%
Bergamo 1	January 2017	15.436	3%	20%
Bergamo 5	March 2017	15.091	3%	16%
Venezia 2	January 2017	25.899	5%	13%
Other m.t.d.	2016-2019	108.206	21%	n.a.
Total		526.301	100%	

- /// Ascopiave is currently the main operator in 3 Territorial Districts (Treviso 2, Vicenza 3 and Treviso 1) with more than 50% market share in terms of end users served. The current end users in these Territorial Districts amount to over 50% of the total end users served by the Group.
- /// Ascopiave currently has a remarkable market share in other Minimum Territorial Districts located in Veneto and Lombardy.

(*) 2012 data (pro-rata).

Ascopiave strategy in the gas distribution market (1)

Ascopiave is selecting the Territorial Districts to bid for and is evaluating potential partnerships with other operators, in order to strengthen its position in some geographical areas.

Ascopiave has all the requirements to successfully act in the market:

- it has **strong financial capability** so it can finance the required investments, by further exploiting the financial leverage
- It is one of the main operator in Italy, with a **long-standing and excellent expertise** in the sector and it can assign remarkable **organisational and economic resources to compete** in the tender processes.

Group Ascopiave net financial needs to win new gas distribution concessions:

Cash out (-)

- (A) Acquisition of new gas distribution plants from the outgoing operators
- (B) Investments during the concessional period (maintenance and development)

Cash in (+)

- (A) Self financing
 - Disposals of gas distribution plants in areas in which Ascopiave does not intend to bid for (net of tax)
 - Increase of EBITDA
- (B) Other financing
 - Bank financing

Ascopiave strategy in the gas distribution market (2)

Ascopiave goal is to **grow in the distribution sector** by winning new contracts to manage the service. Geographical areas served by Ascopiave is expected to change.

After the assignment of the new Territorial District concessions:

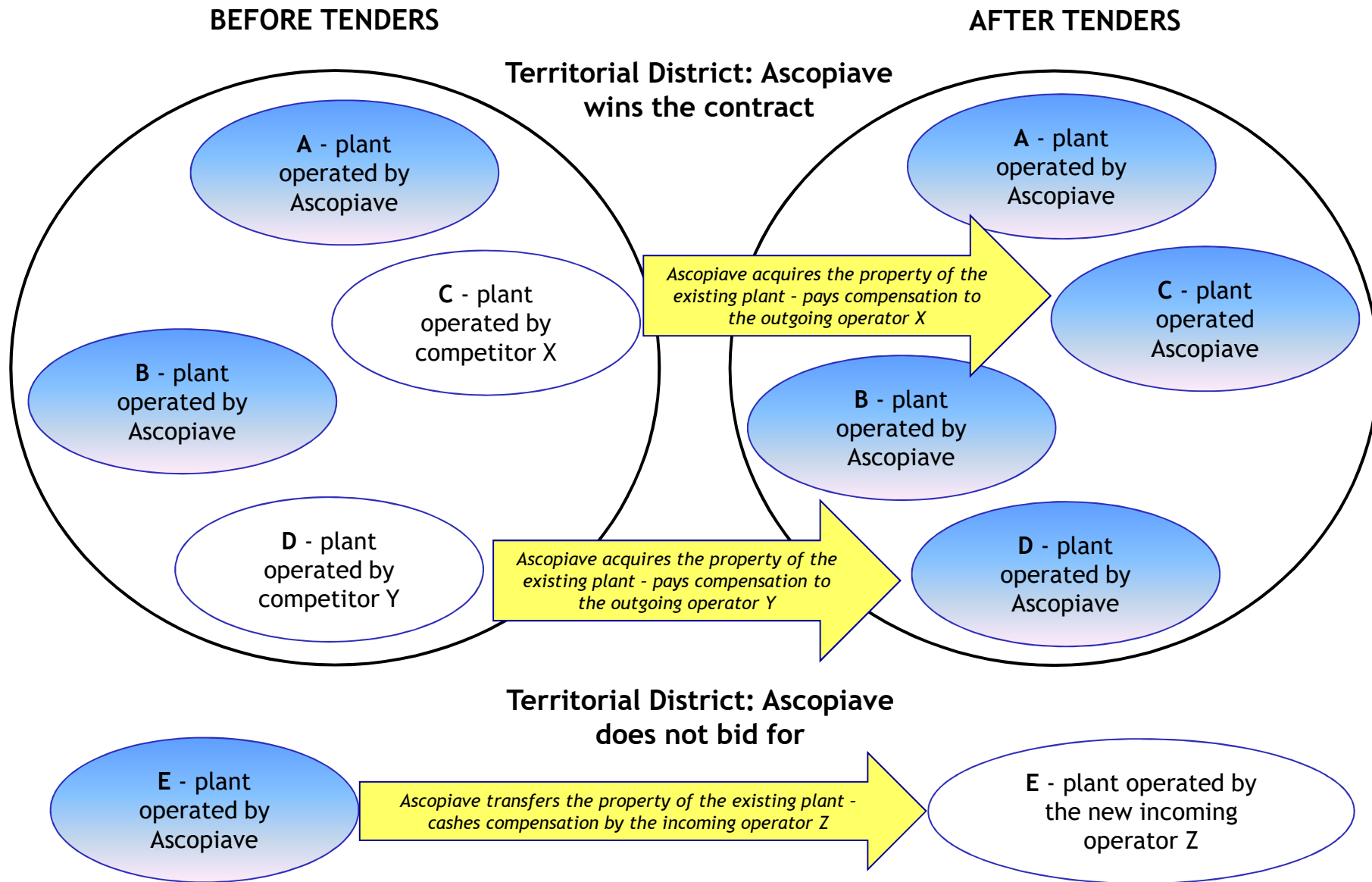
(A) in the target Territorial District (Ascopiave wins the contract):

- Ascopiave will continue to operate the service in the municipalities where it currently carries out the activity (**continuity**)
- Ascopiave will operate the service in the municipalities where the activity is currently carried out by other operators (outgoing operators) (**new municipalities served**). Ascopiave will acquire the property of the plant and will pay to the outgoing operators a compensation, calculated in accordance with the law (value of the existing plants).

(B) in the other Territorial District (Ascopiave does not bid for or loose in the competition)

- Ascopiave will cease the operation of the service in the municipalities where it currently carries out the activity. It will cash by the ingoing operator (the winner of the contract) a compensation calculated in accordance with the law.

Ascopiave strategy in the gas distribution market (3)



Regulation of the call of tenders

Standards to evaluate economic and technical offers

A - Economic offer (*maximum score: 28*)

- /// Discount on gas distribution tariffs
- /// Discount on prices for other services provided by the distributor to the end users
- /// Fee to be paid to municipalities awarding the concession (cap on the fee level: 10% of the capital cost components of VRT (Total Revenues Constraint) = $10\% \times (CI \times rd + AMM)$)
- /// Obligation to extend the distribution network (meters of pipes per end users that imply the obligation to connect new potential end-users)
- /// Investments to improve energy efficiency

B - Offer concerning safety and service quality (*maximum score: 27*)

- /// Network inspections in order to prevent gas leaks (percentage of gas network annually checked)
- /// Performance of the emergency service and of the gas odorization service
- /// Improving the level of other quality standards set by the Authority

C - Offer concerning the development and the maintenance of the network (*maximum score: 45*)

- /// Appropriateness of the network operation analysis
- /// Investments plan for the extension and the increase of the capacity of the distribution network; the evaluation concerns: the tangible benefits expected by the investment proposed, the accuracy of the technical projects as well as the quantities of new pipes to be made
- /// Investment plan for the maintenance
- /// Technological innovation

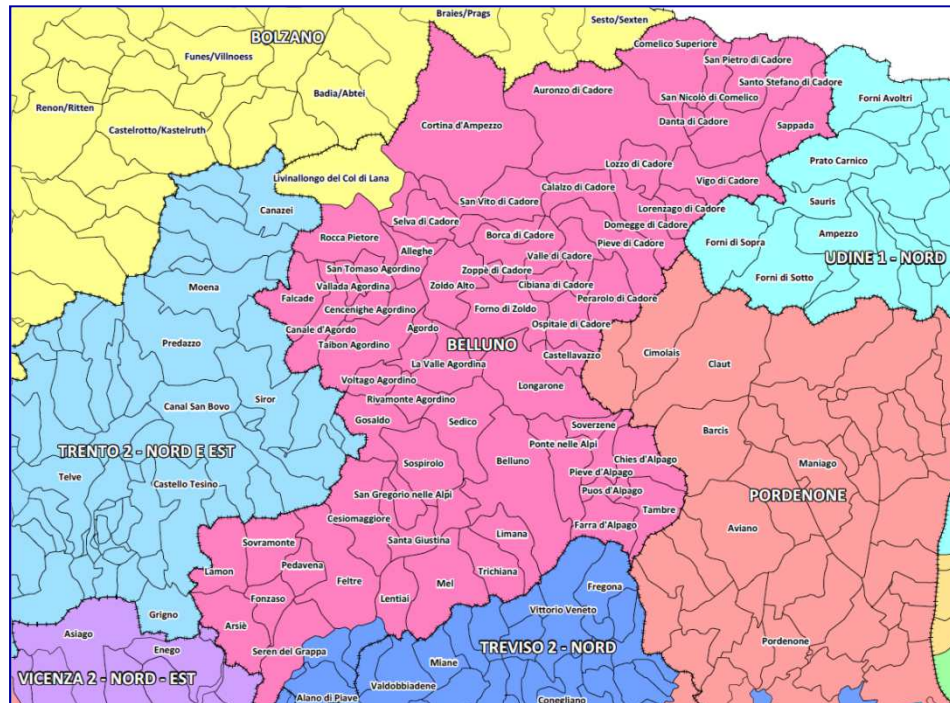
Compensation to be paid to the outgoing distributor

In the event that the public tender should not be awarded to Ascopiave, the winner must pay to the Group, as the current owner of the networks, a compensation:

- (a) the compensation must be calculated in accordance with the terms of the agreement implementing the concession or direct award (as the case may be), provided that the agreement is signed before February 11th, 2012
- (b) or, if this is not provided for, the compensation must be calculated in accordance with the Guidelines set by the Ministry of Economic Development (Decree May, 22nd 2014)
- (c) contributions paid by private users in the past for the construction of part of the network must be deducted (valuation of these are in accordance with the tariff regulation) (*)
- (d) whenever the compensation is higher than 110% of the net invested capital remunerated by the tariff system (RAB), the Energy National Authority (i.e. ARERA) must verify whether the compensation has been evaluated in accordance with the law
- (e) the organizer of the tender bid must take into account the observations issued by the ARERA.

(*) In the evaluation of RAB contributions paid by private users are currently deducted.

Minimum Territorial District - Belluno



Area:	3,496	km ²
Population:	200,442 168,289	inhabitants inhabitants in municipalities currently served
Length of the gas distribution network:	983	km (31/12/2015)
Redelivery points (gas users):	47,521	n. (31/12/2015)
Volumes of gas distributed:	112	Million scm (2015)
Outgoing operators:	BIM Belluno Infrastrutture Italgas	

- ⚡ On 1st September 2017 AP Reti Gas S.p.A. submitted an offer to win the concession for the management of the gas distribution service in the territorial district of Belluno
Bidding competitors: four
- ⚡ Starting date of the concession (expectation of the contracting Authority): 1st April 2018
Duration: 12 years
Compensation to be paid to the outgoing operators: about Euro 59 million

Current tariff regulation: VRT and RAB

2017 VRT (*) (Gas Distribution Revenues) and 2017 RAB (Net Invested Capital)

$$\underline{2017 \text{ VRT (**)} = \text{CO} + \text{AMM} + \text{CI} \times \text{rd}} \\ \underline{= \text{Euro } 78.3 \text{ mln}}$$

where:

CO: quota covering management operating costs

AMM: quota covering depreciation

CI (RAB): net capital invested in distribution

rd: real pre-tax rate of return on net invested capital (~ 6.10%)

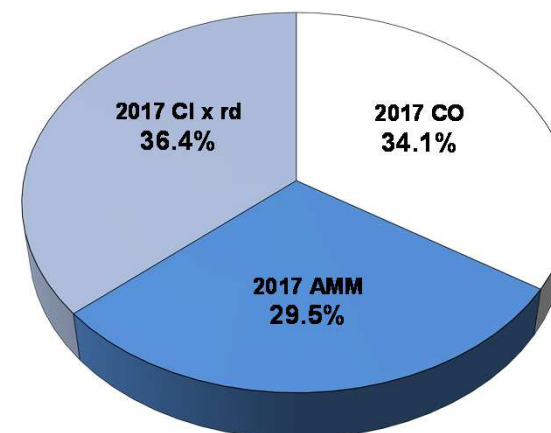
$$\underline{2017 \text{ RAB (***)} = \text{Euro } 463.6 \text{ mln}}$$

2017 VRT (Thousand of Euro)

2017 CO	26,731
2017 AMM	23,093
2017 CI x rd	28,496

2017 VRT 78,320

2017 RAB 463,599



(*) Ascopiave 2017 VRT has been approved by Gas, Electricity and Water Authority (ARERA) with Resolution n. 149/2018/R/gas; (**) VRT of the companies consolidated with the full consolidation method = Euro 72.6 mln + VRT of the company consolidated with the equity method = Euro 5.7 mln (pro-rata); (***) RAB of the companies consolidated with the full consolidation method = Euro 431.5 mln + RAB of the company consolidated with the equity method = Euro 32.1 mln (pro-rata).

Tariff regulation: standard investment costs

National Energy Authority (ARERA) announced that starting from 2019 the value of the investments considered by the tariff system will be not the effective cost but it will be estimated using standard costs to be defined by the ARERA. For this reason the regulatory value of the assets will be different from their effective cost.

Resolution is expected to be issued in November 2018.

Tariff regulation for the incoming Territorial District concessions

Difference between Compensation and RAB

At the starting date of the new concession:

- if the winner of the public tender is the current incumbent operator, the new RAB is equal to the previous one;
- if the winner of the public tender is a newcomer, the new RAB is equal to the compensation paid by the newcomer to the outgoing operator.

Compensation at the end date of the minimum territorial district concession

The compensation is calculated as the sum of (a) the value of the stock of capital existing at the start date of the concession, that is equal to the initial compensation properly updated to take into account the depreciation occurred during the concessional period, and (b) the value of the investments made during the concessional period, calculated as the average between the effective costs of the assets and the regulatory value of the assets.

SWOT analysis - Gas Distribution SBU

Strengths

- Dimensional level that allows exploitation of interesting management economies of scale
- Contiguity in gas network, with advantages in terms of operative efficiency
- High network management operative standards
- Part of the local municipalities granting the gas distribution concessions are shareholders of the Group
- Independence by large municipalities
- Current financial leverage

Opportunities

- Possibility to achieve critical mass as of aggregative pole in Veneto and Lombardy in the utility sector
- Tenders for gas distribution concessions
- Temporary push towards aggregations of companies operating in the sector increase in geographical coverage by expanding the corporate structure

Weakness

- We expect that legal framework uncertainty and the time needed by municipalities to organize competitive tender procedures will delay the tenders start

Threats

- Regulatory uncertainty
- Uncertainty on financial needs for the compensations to be paid to outgoing distributors
- Gas concession expiring
- Risk to lose tenders

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Gas sales

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- Gas sales to end customers: the customer base Pag. 40
- Gas selling price to residential end customers Pag. 41
- CMEM indexation mechanism Pag. 43
- Gas procurement costs Pag. 44
- Sinergie Italiane Pag. 46
- Ascopiave strategy in the gas sale business Pag. 47
- Swot analysis - Gas Sales SBU Pag. 48

Gas sales sector (1)

Gas sales sector: key figures (*)

- /// No. of operators in the Italian market: 420
- /// First 27 operators (volumes of gas sold higher than one billion of standard cubic meters) supplying 71% of overall consumption to the final market (42.5 billions standard cubic meters on a total of 59.8 billions standard cubic meters)

Since liberalization introduced by Letta decree in the early 2000s, gas sale market has experienced two well distinct phases:

- /// **organic growth**
- /// **consolidation** through company aggregations / mergers and vertical integrations

The current phase of market concentration - that is happening through M&A activities (external growth) and the exit from the market of minor gas sales companies - will cause a further reduction in the number of operators.

(*) 2017 ARERA data.

Gas sales sector (2)

- ⚡ Since 2008 economic crisis continues to affect natural gas demand. Together with the structure and constraints of take or pay contracts it has contributed to create a long market
- ⚡ Decoupling between gas price and oil gas price is very significant
- ⚡ All these factors (decoupling, long market and spot prices) have contributed to considerably raise margins for retail operators not tied by procurement to take or pay contracts
- ⚡ The difference between tariff component of raw material and real purchase costs has been very high
- ⚡ Resolution n. 196/2013 has changed the criteria to define and update the component of the selling price aimed at covering the cost of the raw material that, now refers entirely to the gas spot market (TTF forward prices)
- ⚡ Although gradually, extra margins outcoming from the difference between tariff component of row material and real purchase costs will be reduced significantly in the coming years.



External growth (through M&A) becomes again a driver of development in the gas market as opposed to the organic growth.

Increase in profitability comes from low gas procurement costs (by entering the mid-stream segment of the value chain)

Gas sales to end customers: the customer base

- Ascopiave customer base is constituted for the most part by loyal residential customers (about 60% of the gas volumes sold)
- Despite gas sales business was completely liberalised in 2003, so that any end consumer may sign a supply contract with any gas sales company, the National Energy Authority (ARERA) continue to regulate activities to assure that the market works properly and to protect certain categories of customers (residential customers); for these customers, maximum tariff levels are still set.
- The National Energy Authority announced that from **2020 it will stop fixing maximum tariff levels**, so that supply prices will be set only through the free negotiations occurring in the market.

Volumes of gas sold to end customers Market segmentation		Pricing	
Residential customers (protected market)	~ 55%	➤	Mandatory maximum price level set by the Authority of Energy, Gas and Water
Small business customers	~ 25%	➤	Mass market free prices
Business customers	~ 20%	➤	Prices tailored on the individual consumption demand and capacity requirement
Volumes of gas sold to end customers (*)	939		

(*) 2017 data in million of standard cubic meter. Operating data of companies consolidated proportionally are considered pro-rata.

Gas selling price to residential end customers (1)

$$P = CMEM + CCR + QT + TD + QVD + GCT + VAT$$

CMEM + CCR = Wholesale cost of gas

QT = Gas transportation cost via national network

TD = Gas distribution tariff

QVD = Gas retail sales cost

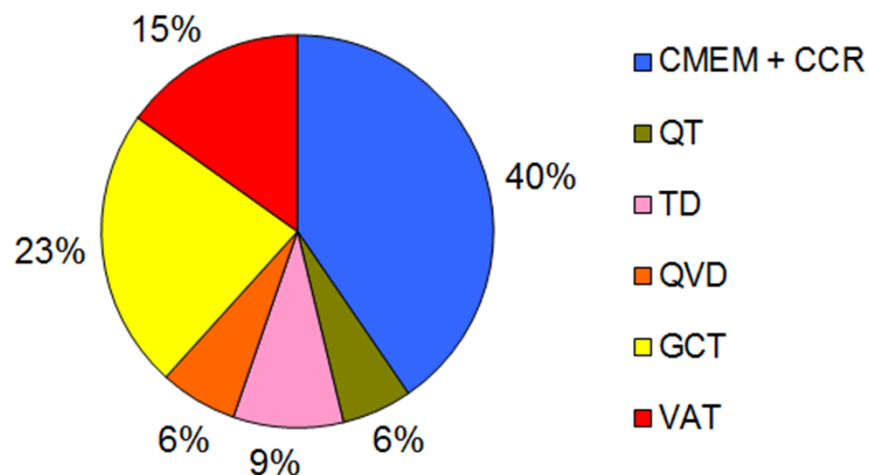
GCT = Gas consumption taxes

VAT = Value added tax

Gas selling price to a typical residential end customer (annual consumption: 1,400 scm)

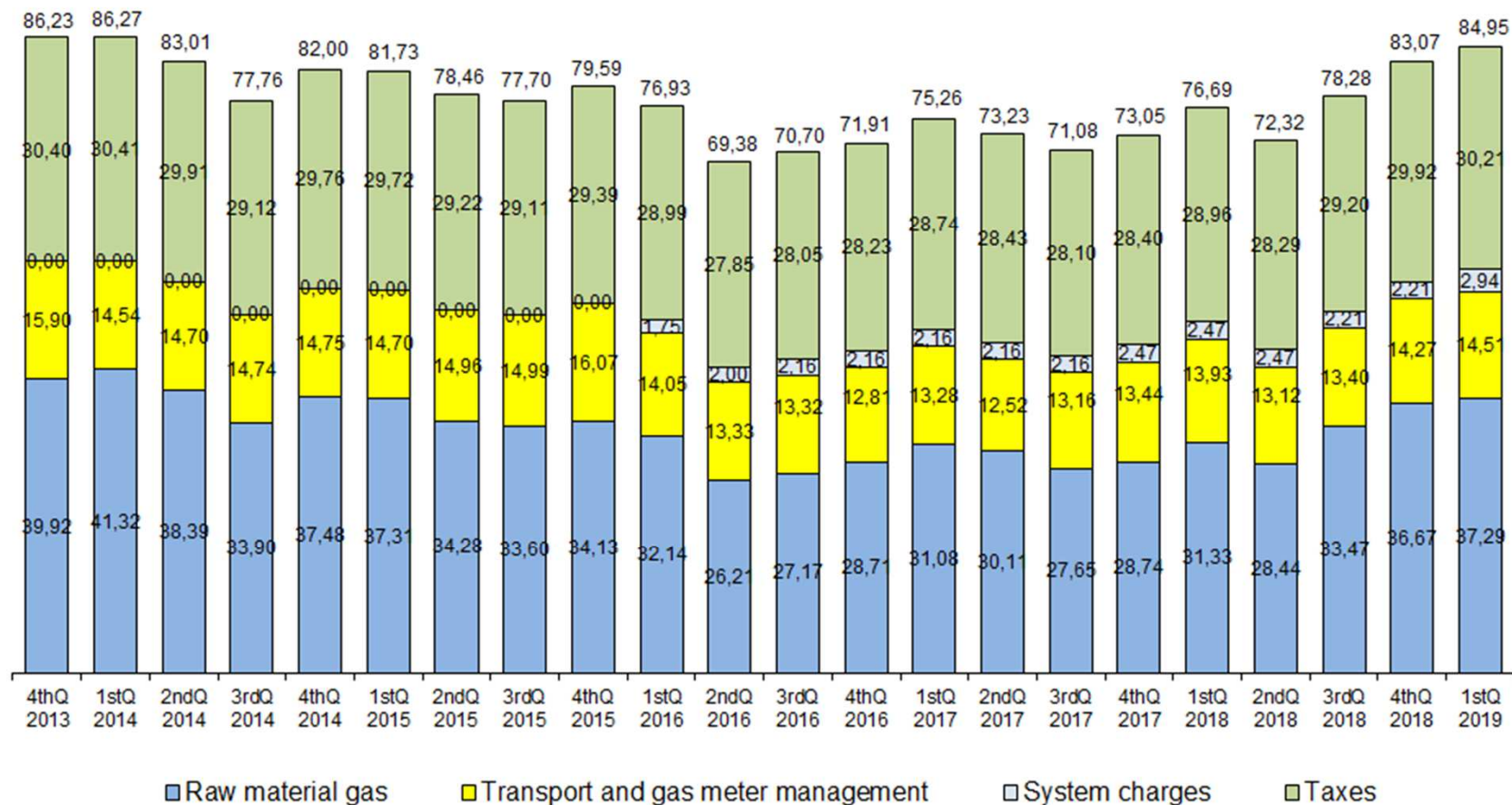
Price component	Eurocent / scm	%
CMEM + CCR	32,19	40%
QT	4,61	6%
TD	7,24	9%
QVD	5,10	6%
Price	49,14	62%
GCT	18,41	23%
VAT	12,08	15%
Taxes	30,49	38%
Price + taxes	79,63	100%

1st january 2019 (Municipality: Conegliano)



Gas selling price to residential end customers (2)

Gas selling price to residential end customers (€cent/scm): from 4thQ 2013 to 1stQ 2019



Average gas price for a family with autonomous heating and annual gas consumption of 1,400 scm.

Raw material gas = CMEM+CCR+QVD+GRAD+Cpr; Transport and gas meter management = TD+QT+RS+UG1+ST+VR; System charges: RE+UG2+UG3; Taxes = GCT+VAT.

CMEM indexation mechanism

The price component covering the wholesale cost of gas set by the Authority for the protected market (CMEM) is currently linked to the European gas spot prices and not to the medium-long term take or pay contracts.

Current regulation provides that the price component is **quarterly up-dated** and is equal to:

$$\text{CMEM} = P_{\text{for}} + \text{QT}(\text{int}) + \text{QT}(\text{psv}) + \text{QT}(\text{mcv})$$

where:

P(for) = component price covering the cost of the raw material (energy), calculated as the **average of the forward OTC quarterly prices in the Dutch TTF hub occurring in the penultimate month** before the reference quarter and published by ICIS-Heren

QT(int) = cost of the gas transport through international pipelines

QT(psv) = cost of the gas transport from the national boundary to the virtual national hub (PSV)

QT(mcv) = other transportation costs

Gas procurement costs (1)

Gas procurement costs

- /// Gas procurement costs are negotiated on a free market
- /// Incumbent shippers have strong market position
- /// Declining gas demand gives economic opportunities to sales companies with loyal customer base

Uses		Sourcing	
Sales to end customers (residential and small business)	~ 30%	➤	Imported gas (long term take or pay contract up to 2021)
Sales to end customers (residential and small business)	~ 50%	➤	Annual contracts (thermal year) (*) (**) Delivery: entry of local distribution network Penalty for excess capacity use
Sales to business customers	~ 20%	➤	Gas procurement contracts: same duration and indexation as the selling contracts

To procure gas for the most stable part of its customers base (residential and small business customers) Ascopiave relies:

- 1) on a long term take or pay contract signed in 2008 by Sinergie Italiane (in liquidation) (current capital stake of Ascopiave: 30.94%);
- 2) on annual contracts stipulated with several shippers for almost all the rest of the customers.

Renegotiation of the long term take or pay contract

- ⚡ The economic conditions provided by the contract signed in 2008 with Gazprom have been renegotiated several times in the past
- ⚡ Economic conditions need to be renegotiated periodically as the prices become significantly different from the ones prevailing in the market.
- ⚡ In the recent past all the main national shippers that signed long term take or pay contracts renegotiated their economic conditions, because the contracted prices became out of the market; due to the economic crisis and the system overcapacity the spot market prices fell dramatically.
- ⚡ **Renegotiation has likely allowed the national shippers to recover margins on their activities and improve their economics.**

Sinergie Italiane



Sinergie Italiane is a company established in 2008 (*) to create a partnership among Italian downstream energy companies strongly rooted to local areas and with solid and loyal customer bases.

Sinergie Italiane signed a long-term import take or pay (ToP) contract with Gazprom for the supply of 1.0bcm of gas per year up to 2021.

In April 2012 Sinergie Italiane shareholders meeting resolved for the voluntary liquidation of the company and appointed the liquidators.

The scope of the company during 2012-2014 was limited to import russian gas and to sell it to the sales companies participated by the shareholders, as well as to manage the agreements, transactions and disputes relating to the regulation of contractual relations, improved before the liquidation.

(*) Former shareholders structure included the current shareholders and also Alto Milanese Gestioni Avanzate and Utilità Progetti.

Ascopiave strategy in the gas sale business

Ascopiave has the possibility to act in the market successfully, taking opportunities from the further incoming market liberalization and concentration:

- ❑ it is one of the main operator in Italy, with an extensive **and good expertise** in the sector, as well **as good standing and reputation**
- ❑ it currently has an **important size**, that allows it to exploit economies of scale (efficient cost for operations and marketing)
- ❑ it has a **loyal and stable customer base**, that makes it an appealing partner for experienced up and mid stream operators

Ascopiave: actions in the gas sales market

To improve its competitive positioning in the gas sales market, Ascopiave Group intends:

- ❑ **to develop the electricity business** as a tool to retain current gas customer base (cross selling)
- ❑ **to reduce the cost to serve**, through a more efficient management of the core operations (billing, back office and front office activities, credit cash, credit recovery, etc)
- ❑ **to improve the gas supply process** by exploiting the competitive advantage of having stable consumption in a long gas market

SWOT analysis - Gas Sales SBU

Strengths

- Large end customer base
- High per-capita consumption
- Front offices capillarity
- Efficient customer care service
- Differentiation of offered services (dual fuel)
- Independence by big customers
- Deeply rooted presence in reference geographical area
- Strong local brand reputation
- High degree of customer loyalty

Opportunities

- Presence in territory with good development capabilities in the segment of residential customers
- Opportunity to acquire new customers in locations not served by distribution SBU
- Total market 'opening' - Cross selling on customer base

Weakness

- Limited diffusion and knowledge of the brand outside of the geographical area where the Group is the current incumbent

Threats

- Risk exposure connected to gas purchase cost
- Activity partially regulated by the Italian Gas, Electricity and Water Authority, focused on keeping low price levels
- Competition in a fully liberalized market
- Competitive pressure increase and attacks from new entrants
- Entrance and consolidation of foreign groups and major Italian utilities



Annexes: financial data

Annexes: financial data

❖ FY 2017 financial results

→ FY 2017 consolidated income statement	Pag. 51
→ Consolidated balance sheet as of 31st december 2017	Pag. 52
→ Volumes of gas distributed	Pag. 53
→ Volumes of gas sold	Pag. 54
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→ Consolidated cost of personnel	Pag. 69
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→ Net Financial Position and cash flow	Pag. 71

❖ 2010-2017 financial comparison

❖ 9M 2018 financial results

FY 2017 consolidated income statement

(Thousand of Euro)	12M 2017	12M 2016	Chg	Chg %
Revenues	532.792	497.689	35.103	+7,1%
(Cost of raw materials and consumables)	(270.577)	(249.916)	(20.662)	+8,3%
(Cost of services)	(113.457)	(107.503)	(5.954)	+5,5%
(Cost of personnel)	(24.855)	(24.233)	(622)	+2,6%
(Other operating costs)	(40.224)	(21.377)	(18.846)	+88,2%
Other operating income	731	596	136	+22,7%
EBITDA	84.409	95.255	(10.846)	-11,4%
(Depreciations and amortizations)	(22.585)	(20.227)	(2.358)	+11,7%
(Provisions)	(1.885)	(2.891)	1.006	-34,8%
EBIT	59.939	72.137	(12.197)	-16,9%
Financial income / (expenses)	(468)	(544)	76	-13,9%
Evaluation of companies with net assets method (*)	7.398	7.750	(352)	-4,5%
EBT	66.869	79.343	(12.473)	-15,7%
(Income taxes)	(17.617)	(22.401)	4.784	-21,4%
Net income	49.252	56.942	(7.690)	-13,5%
(Net income of minorities)	(2.117)	(3.307)	1.190	-36,0%
Net income of the Group	47.135	53.635	(6.500)	-12,1%

(*) Result of the companies consolidated with net equity consolidation method (data are considered pro-rata): sale companies, Euro 5,9 mln (Euro 5,4 mln in 2016); distribution companies, Euro 1,0 mln (Euro 1,2 mln in 2016); Sinergie Italiane, Euro 0,6 mln (Euro 1,2 mln in 2016).

Consolidated balance sheet as of 31st december 2017

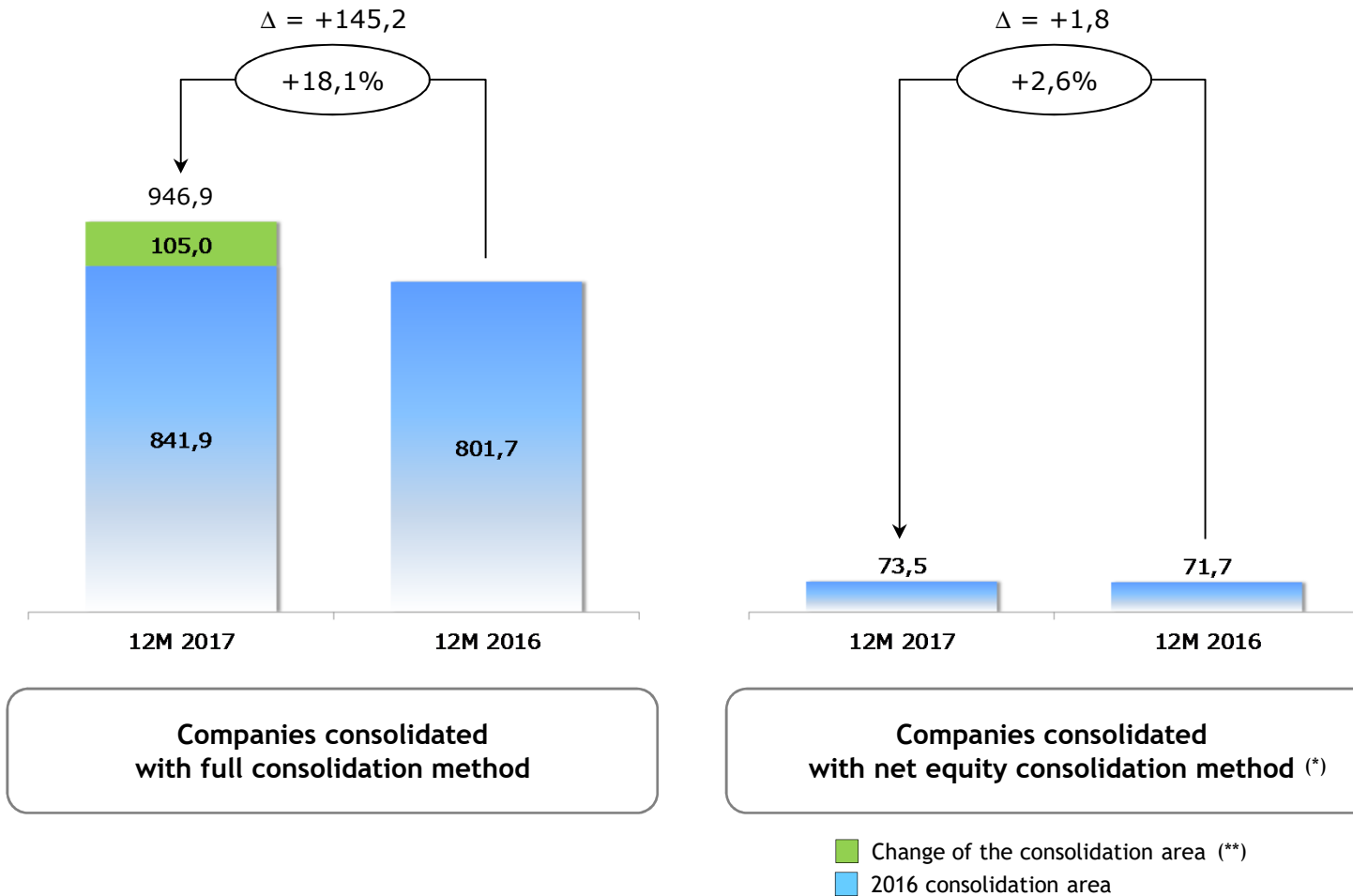
(Thousand of Euro)	31/12/2017	31/12/2016	Chg	Chg %
Tangible assets (*)	32.334	32.364	(31)	-0,1%
Non tangible assets (*)	427.692	397.664	30.029	+7,6%
Investments in associates (**)	68.878	68.738	140	+0,2%
Other fixed assets	24.494	23.808	686	+2,9%
Fixed assets	553.397	522.574	30.823	+5,9%
Operating current assets	222.977	201.908	21.069	+10,4%
(Operating current liabilities)	(156.597)	(138.003)	(18.594)	+13,5%
(Operating non current liabilities)	(49.411)	(48.151)	(1.260)	+2,6%
Net working capital	16.969	15.754	1.216	+7,7%
Total capital employed	570.367	538.328	32.039	+6,0%
Group shareholders equity	445.511	438.055	7.456	+1,7%
Minorities	4.989	6.154	(1.165)	-18,9%
Net financial position	119.867	94.119	25.748	+27,4%
Total sources	570.367	538.328	32.039	+6,0%

(*) 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 48,0 mln (Euro 48,0 mln as of 31st December 2016); distribution companies, Euro 20,8 mln (Euro 20,7 mln as of 31st December 2016).

Volumes of gas distributed

Volumes of gas distributed

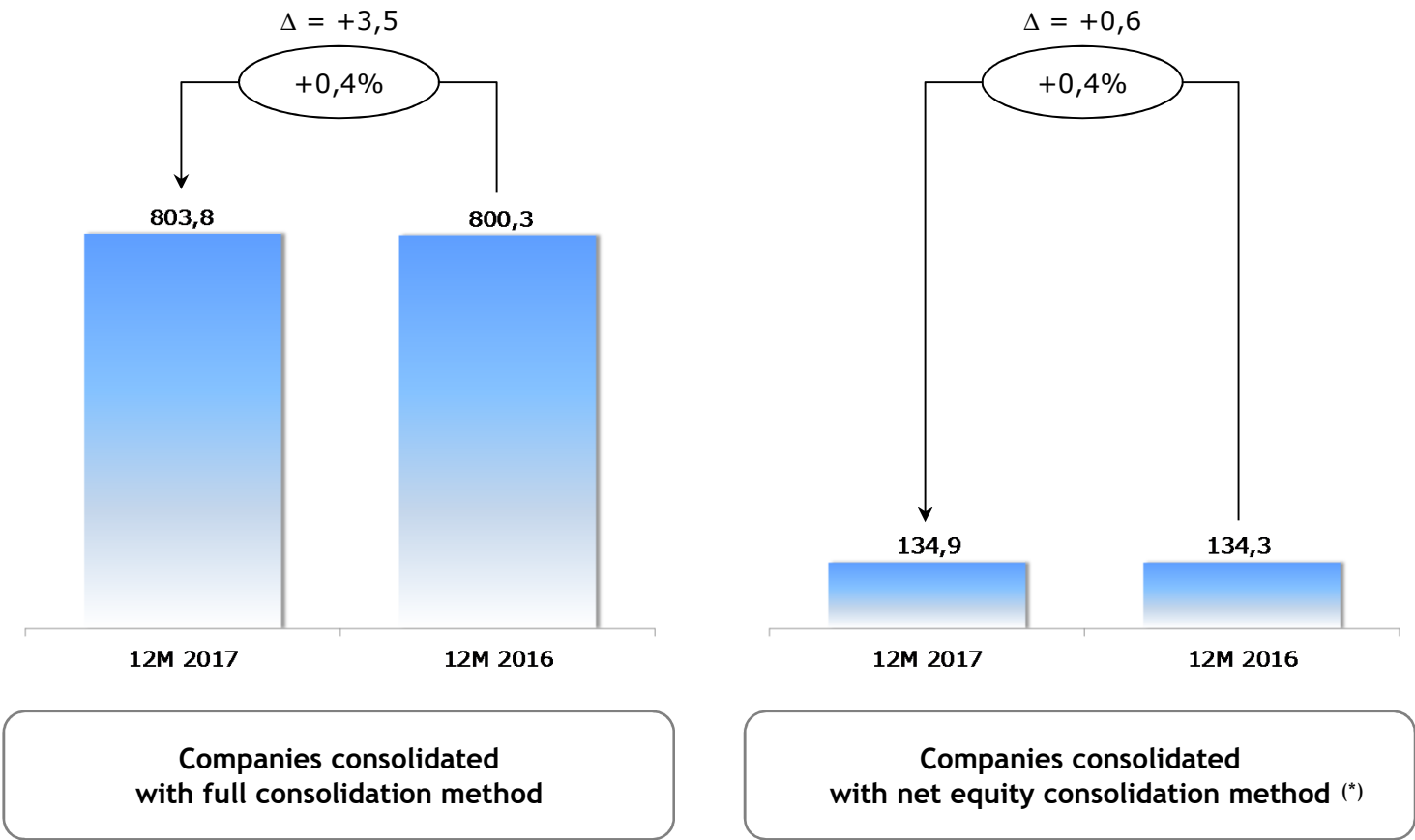
(Million of standard cubic meters)



(*) Data are considered pro-rata; (**) AP Reti Gas Vicenza: 2ndQ+3rdQ+4thQ 2017.

Volumes of gas sold

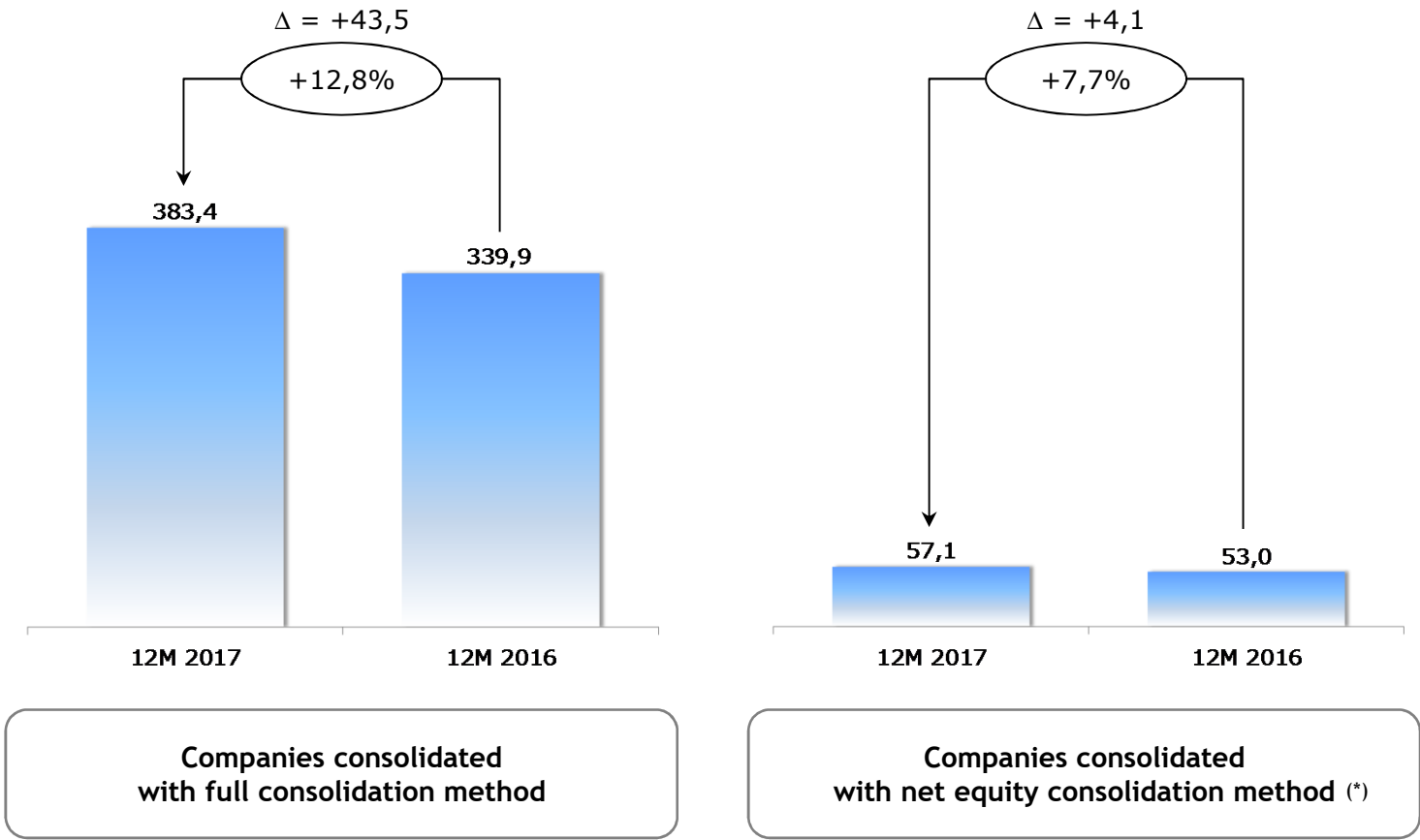
Volumes of gas sold (Million of standard cubic meters)



(*) Data are considered pro-rata.

Volumes of electricity sold

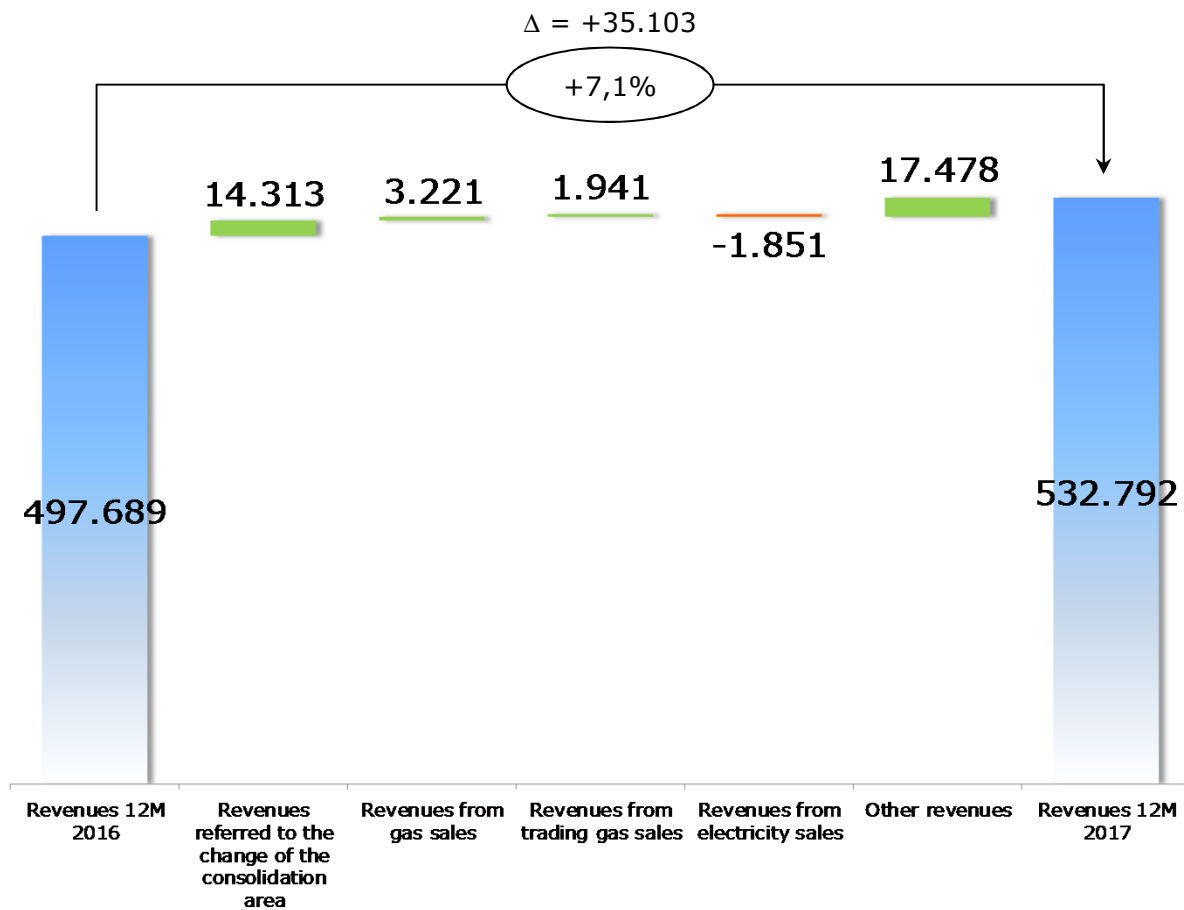
Volumes of electricity sold (GWh)



(*) Data are considered pro-rata.

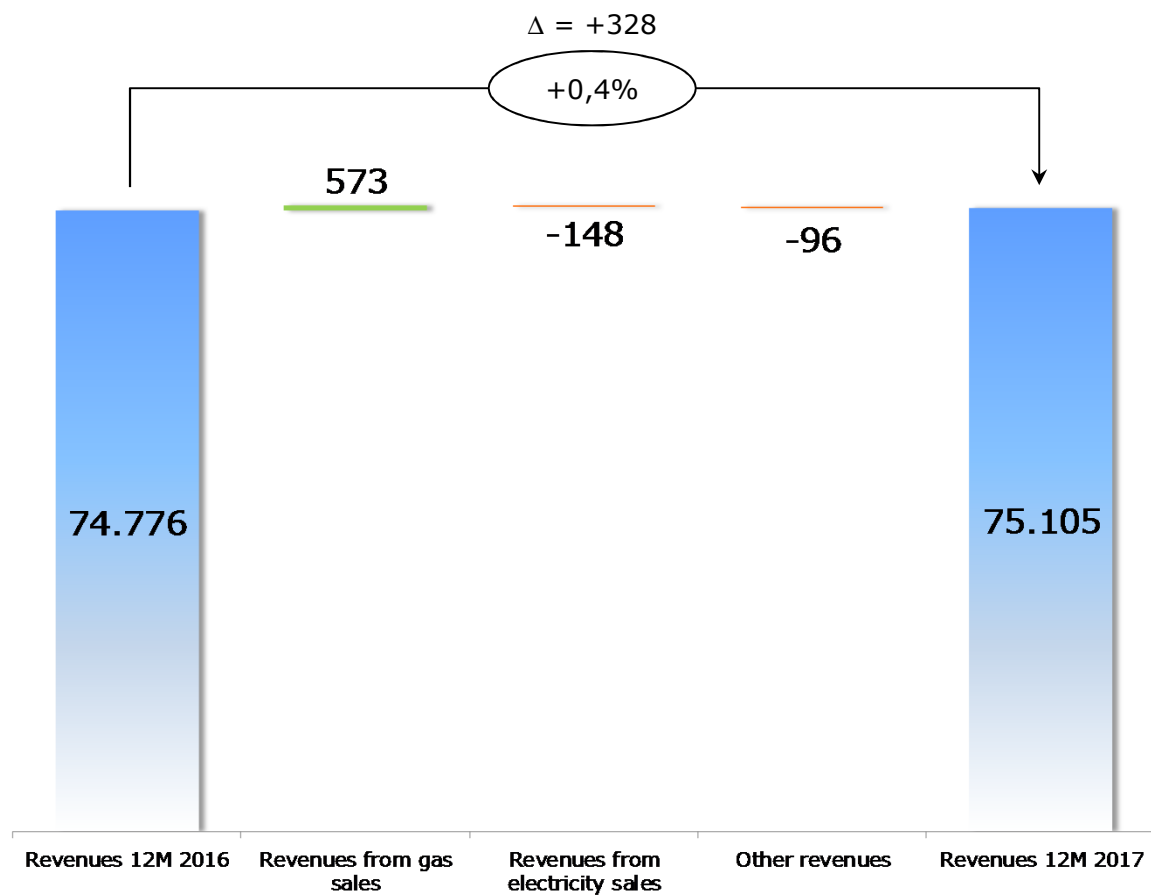
Revenues bridge (1)

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



Revenues bridge (2)

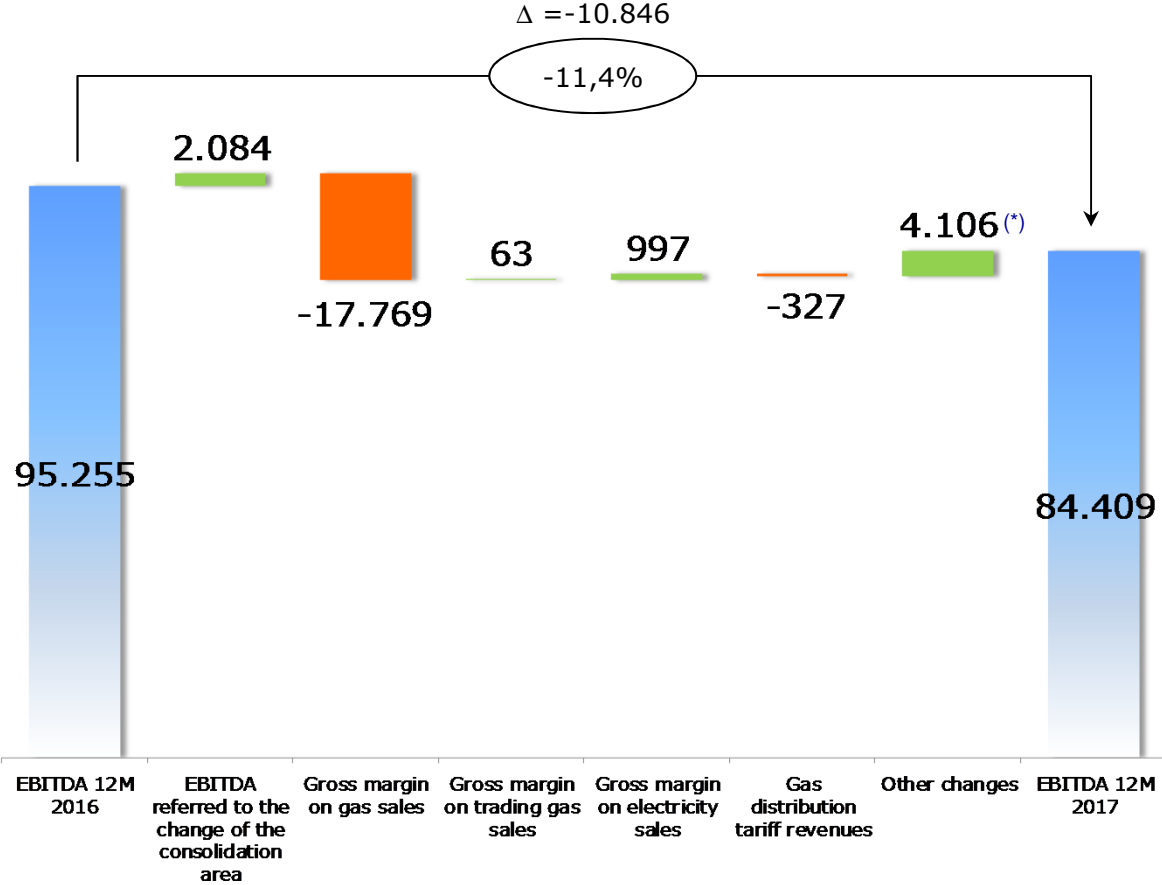
Revenues bridge Companies consolidated with net equity consolidation method (*) (Thousand of Euro)



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

EBITDA bridge (1)

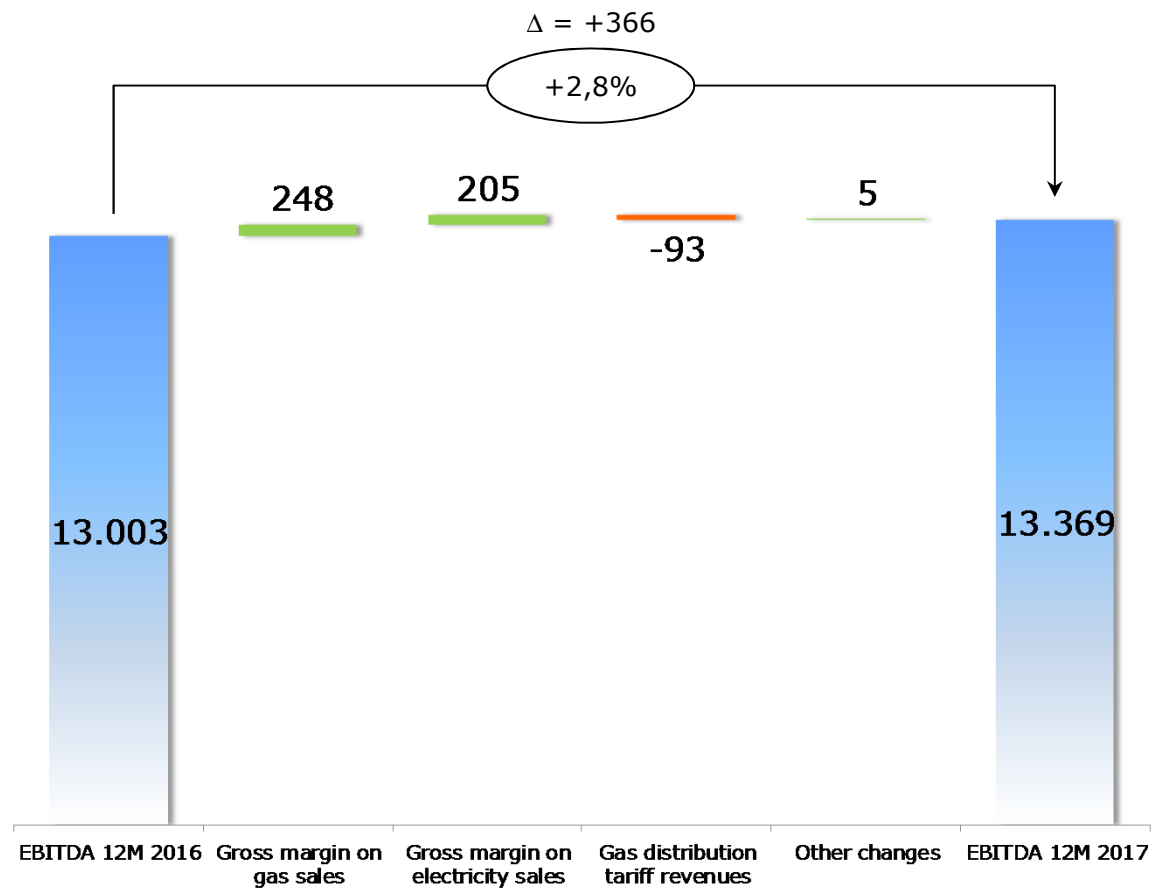
EBITDA bridge Companies consolidated with full consolidation method (Thousand of Euro)



(*) For more details check out to slide at page 65.

EBITDA bridge (2)

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

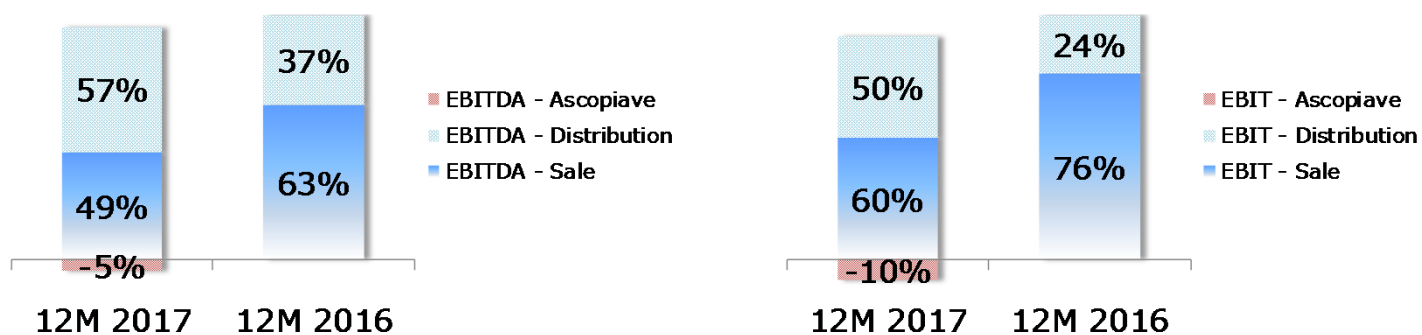


(*) Sinergie Italiane excluded. Data are considered pro-rata.

EBITDA breakdown (1)

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

(Thousand of Euro)	12M 2017	12M 2016	Var	Var %
EBITDA	84.409	95.255	(10.846)	-11,4%
EBITDA - Sale	41.051	60.235	(19.184)	-31,8%
EBITDA - Distribution	47.755	35.020	12.735	+36,4%
EBITDA - Ascopiave (*)	(4.396)	-	(4.396)	n.a.
EBIT	59.939	72.137	(12.197)	-16,9%
EBIT - Sale	35.913	54.940	(19.028)	-34,6%
EBIT - Distribution	30.232	17.196	13.035	+75,8%
EBIT - Ascopiave (*)	(6.205)	-	(6.205)	n.a.

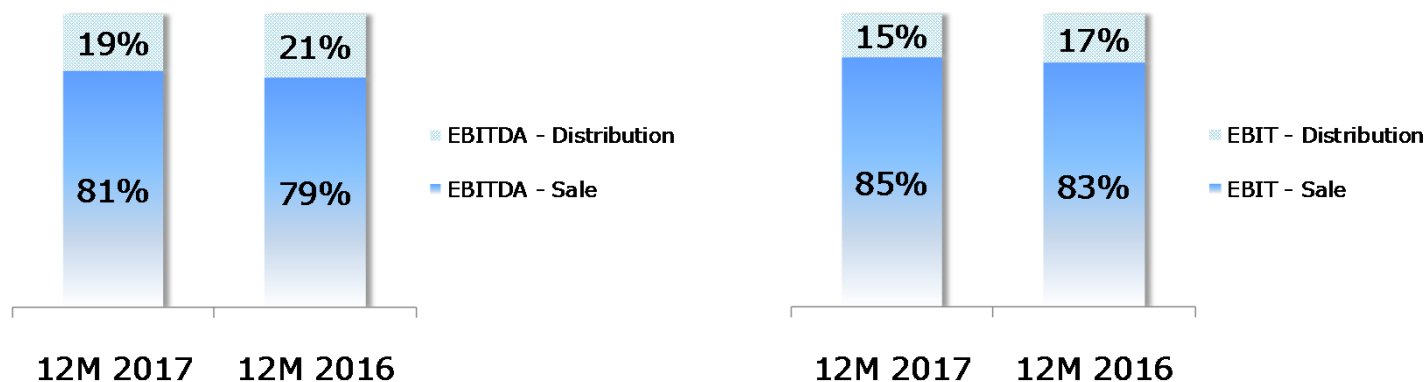


(*) In 2016 Ascopiave contributes to the results of the distribution SBU.

EBITDA breakdown (2)

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

(Thousand of Euro)	12M 2017	12M 2016	Var	Var %
EBITDA	13.369	13.003	366	+2,8%
EBITDA - Sale	10.783	10.221	562	+5,5%
EBITDA - Distribution	2.586	2.782	(196)	-7,1%
EBIT	9.598	9.027	571	+6,3%
EBIT - Sale	8.193	7.503	689	+9,2%
EBIT - Distribution	1.405	1.523	(119)	-7,8%



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

Gas distribution tariff revenues

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Gas distribution tariff revenues	69.836	61.488	8.348	+13,6%
Gas distribution tariff revenues (A) <i>Company consolidated with full consolidation method</i>	69.836	61.488	8.348	+13,6%

The increase of gas distribution tariff revenues of the companies consolidated with full consolidation method (+ Euro 8,3 mln) is due to:

- 1) change of the consolidation area (AP Reti Gas Vicenza, 2ndQ+3rdQ+4thQ 2017): + Euro 8,7 mln;
- 2) reduction of gas distribution tariff revenues due to the accounting in the 2016 of the equalization amount accounted for the positive difference between the definitive and provisional tariffs related to year 2015 (- Euro 1,2 mln).
- 3) change of gas distribution tariff revenues: + Euro 0,8 mln.

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Gas distribution tariff revenues (B) <i>Company consolidated with net equity consolidation method (**)</i>	5.710	5.803	(93)	-1,6%
Gas distribution tariff revenues (A+B)	75.546	67.290	8.255	+12,3%

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

Gross margin on gas sales

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Revenues from gas sales	338.634	343.127	(4.493)	-1,3%
(Gas purchase costs)	(191.497)	(182.079)	(9.418)	+5,2%
(Gas distribution costs)	(86.389)	(82.531)	(3.858)	+4,7%
Gross margin on gas sales (A) <i>Company consolidated with full consolidation method</i>	60.748	78.517	(17.769)	-22,6%

The decrease of gross margin on gas sales of the companies consolidated with full consolidation method, equal to - Euro 17,8 mln, is due to:

- 1) increase of the gas purchase cost due to the accounting in the 2016 of the compensation entitled to the Group for the adhesion to the mechanism for the renegotiation of the long-term gas procurement agreements in the years 2014-2016 according to the ARERA Res. 447/2013/R/gas (+ Euro 11,1 mln);
- 2) lower unit profit margins, in spite of higher volumes of gas sold.

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Gross margin on gas sales (B) <i>Company consolidated with net equity consolidation method (**)</i>	14.548	14.300	248	+1,7%
Gross margin on gas sales (A+B)	75.296	92.817	(17.521)	-18,9%

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

Gross margin on trading gas sales

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Revenues from trading gas sales	1.941	-	1.941	n.a.
(Trading gas purchase costs)	(1.897)	-	(1.897)	n.a.
(Trading gas transport / capacity costs)	19	-	19	n.a.
Gross margin on trading gas sales (A) <i>Company consolidated with full consolidation method</i>	63	-	63	n.a.

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Gross margin on trading gas sales (B) <i>Company consolidated with net equity consolidation method (**)</i>	-	-	-	n.a.
Gross margin on trading gas sales (A+B)	63	-	63	n.a.

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

Gross margin on electricity sales

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Revenues from electricity sales	93.740	90.590	3.150	+3,5%
(Electricity purchase costs)	(53.044)	(48.779)	(4.265)	+8,7%
(Electricity distribution costs)	(34.521)	(36.633)	2.111	-5,8%
Gross margin on electricity sales (A) <i>Company consolidated with full consolidation method</i>	6.175	5.178	997	+19,2%

The increase of gross margin on electricity sales of the companies consolidated with full consolidation method, equal to + Euro 1,0 mln, is due to higher unit profit margins and higher volumes of electricity sold.

(Thousand of Euro) (*)	12M 2017	12M 2016	Chg	Chg %
Gross margin on electricity sales (B) <i>Company consolidated with net equity consolidation method (**)</i>	1.334	1.129	205	+18,2%
Gross margin on electricity sales (A+B)	7.509	6.307	1.202	+19,1%

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

Other net operating costs (1)

(Thousand of Euro)	12M 2017	12M 2016	Chg	Chg %
Other revenues	58.916	30.300	28.615	+94,4%
Other costs of raw materials and services	(86.473)	(55.995)	(30.478)	+54,4%
Cost of personnel	(24.855)	(24.233)	(622)	+2,6%
Other net operating costs (A) <i>Company consolidated with full consolidation method</i>	(52.413)	(49.928)	(2.485)	+5,0%

Net operating costs referred to the change of the consolidation area: - Euro 6,6 mln

Decrease of other net operating costs of 2016 consolidation area: + Euro 4,1 mln

of which:

- *increase of cost of personnel: - Euro 0,2 mln;*
- *increase of margin on energy efficiency tasks management: + Euro 3,6 mln;*
- *decrease of contingent assets: - Euro 0,6 mln;*
- *increase of CCSE contributions for security incentives: + Euro 0,6 mln;*
- *increase of advertising costs: - Euro 1,1 mln;*
- *increase of capitalizations: + Euro 1,5 mln;*
- *other variations: + Euro 0,3 mln.*

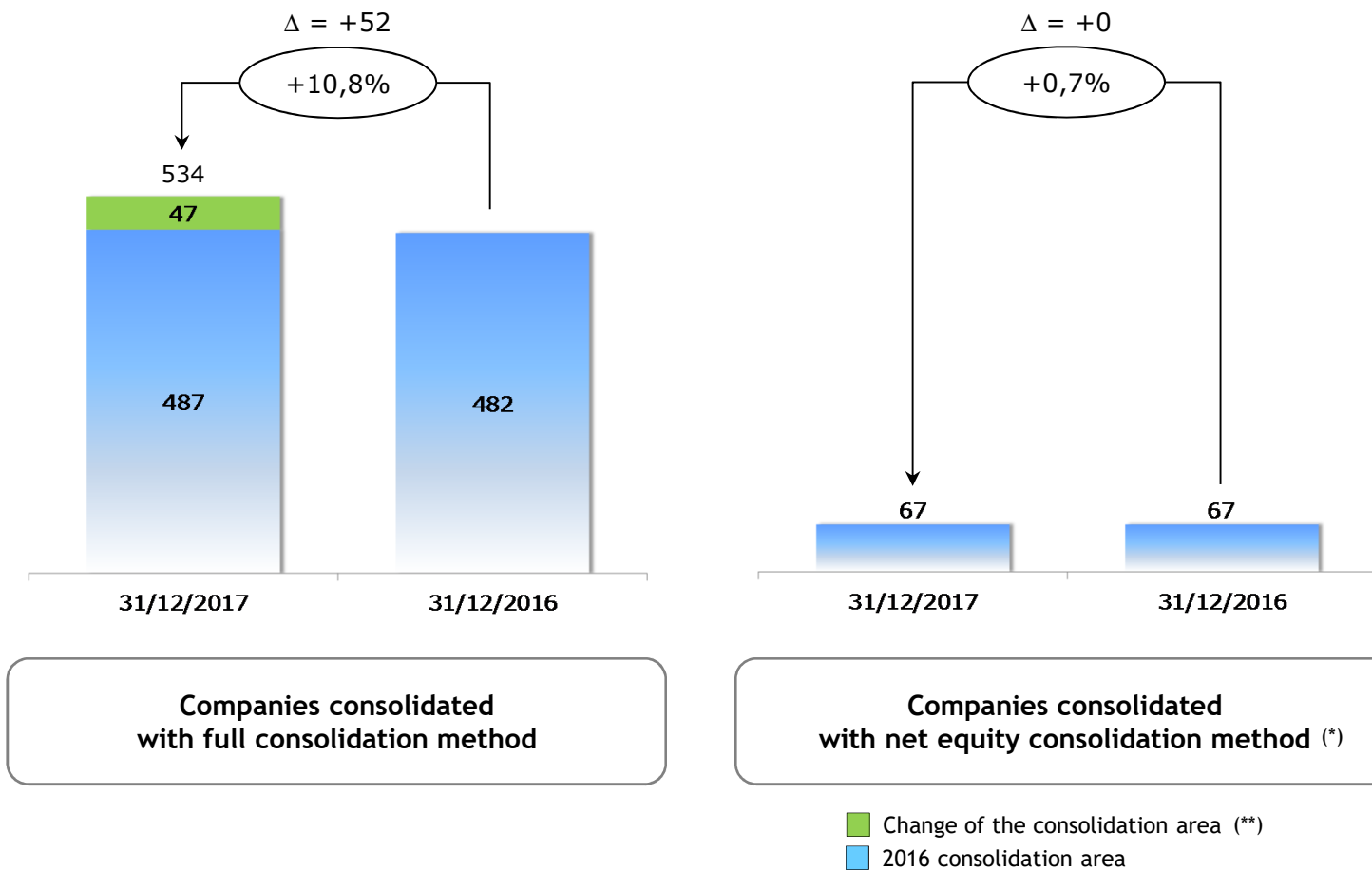
Other net operating costs (2)

(Thousand of Euro)	12M 2017	12M 2016	Chg	Chg %
Other net operating costs (A) <i>Company consolidated with full consolidation method</i>	(52.413)	(49.928)	(2.485)	+5,0%
Other net operating costs (B) <i>Company consolidated with net equity consolidation method (*)</i>	(11.084)	(8.229)	(2.855)	+34,7%
Other net operating costs (A+B)	(63.496)	(58.157)	(5.339)	+9,2%

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

Number of employees

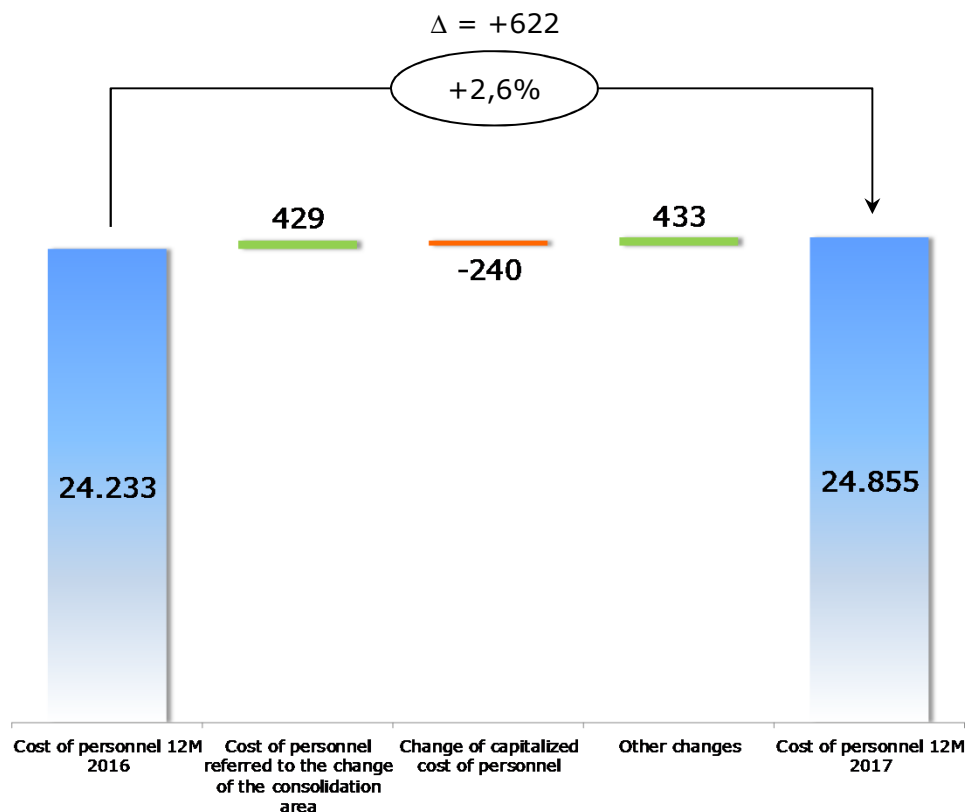
Number of employees



(*) Data are considered pro-rata; (**) AP Reti Gas Vicenza.

Consolidated cost of personnel

Consolidated cost of personnel (Thousand of Euro)



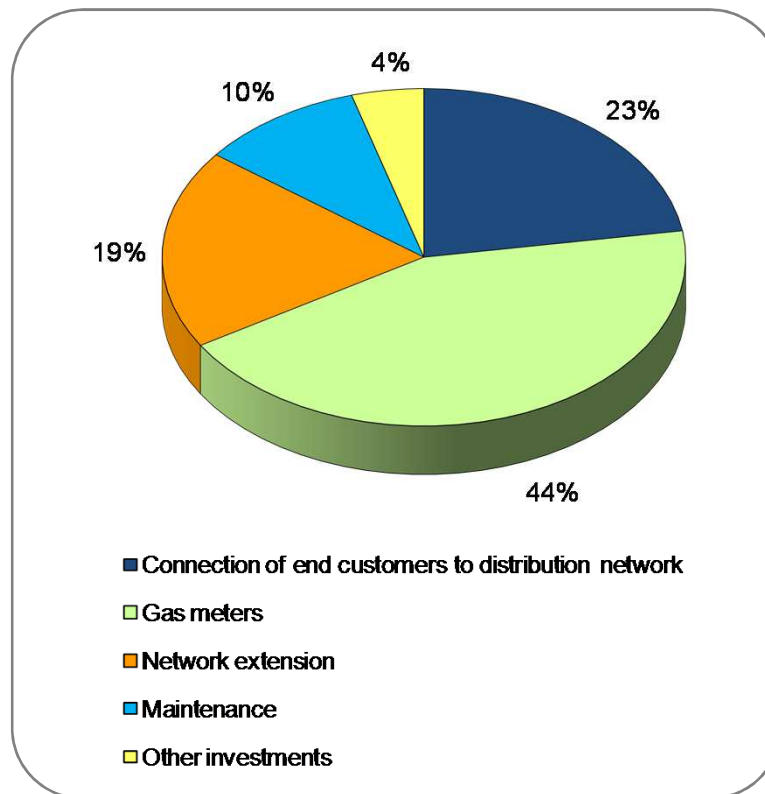
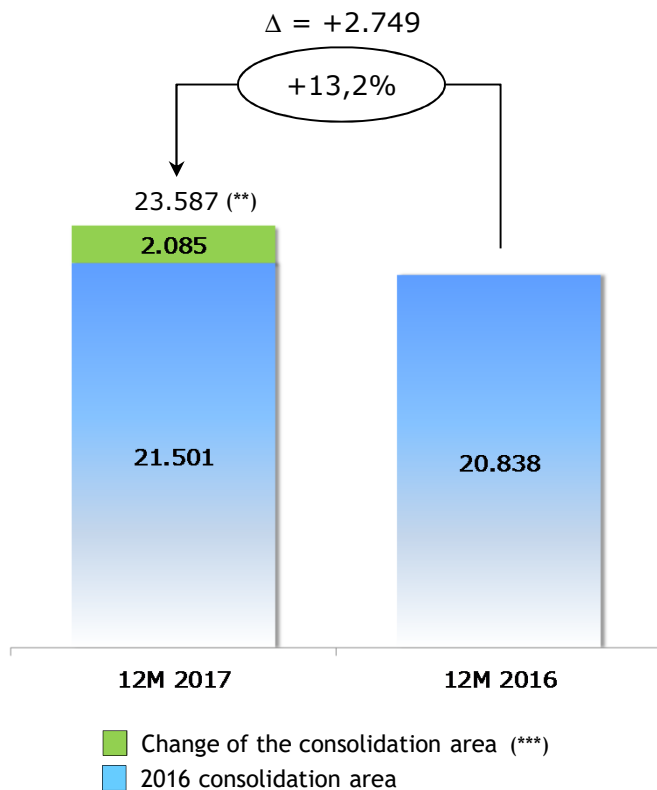
Cost of personnel changes:

- change of the consolidation area: + Euro 0,4 mln
- capitalized cost of personnel: - Euro 0,2 mln
- other: + Euro 0,4 mln, of which:
 - - Euro 0,4 mln: compensations related to the long term incentive plan
 - + Euro 0,8 mln: other changes

2017 cost of personnel of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 3,1 mln (-3,1%).

Consolidated capital expenditures

Consolidated capital expenditures (*)

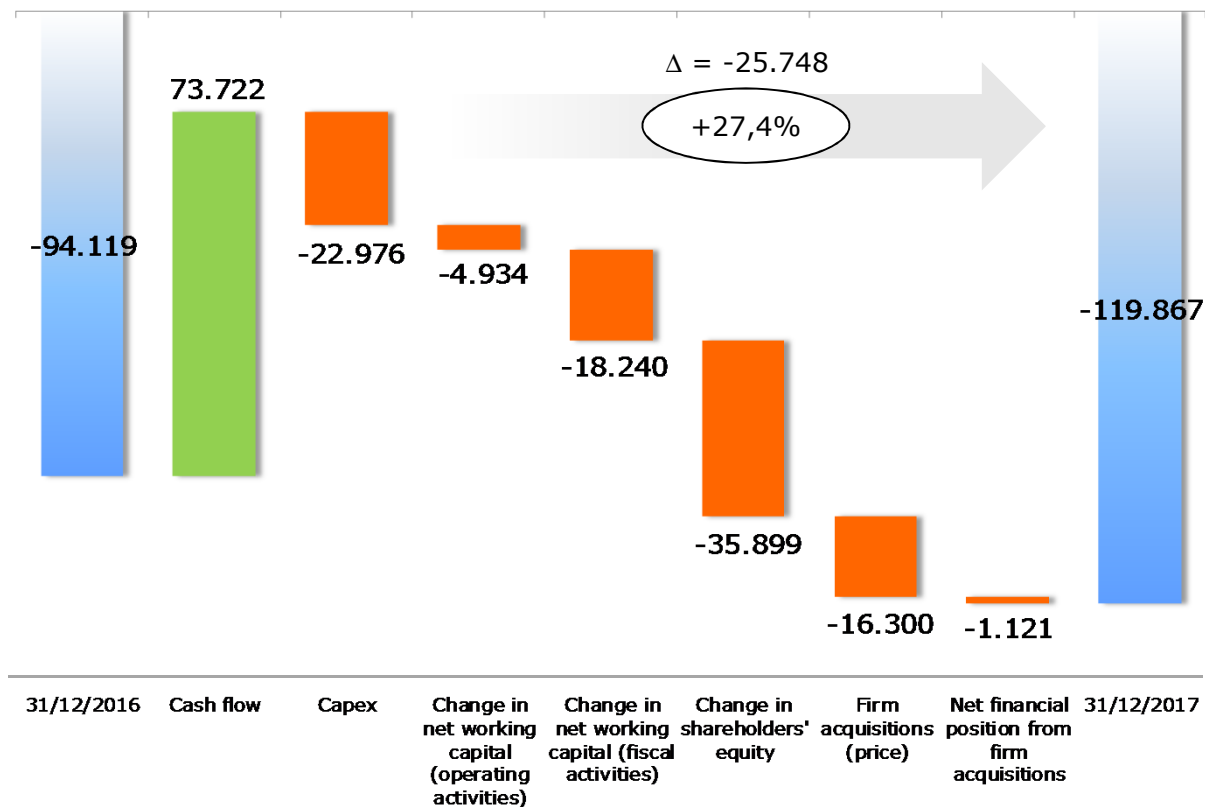


2017 investments of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 1,6 mln (+49,0%).

(*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments; (**) Investments in tangible assets: Euro 1,1 mln; investments in intangible assets: Euro 22,5 mln (excluded realizations of tangible and intangible assets and investments in associated); (***) AP Reti Gas Vicenza: 2ndQ+3rdQ+4thQ 2017.

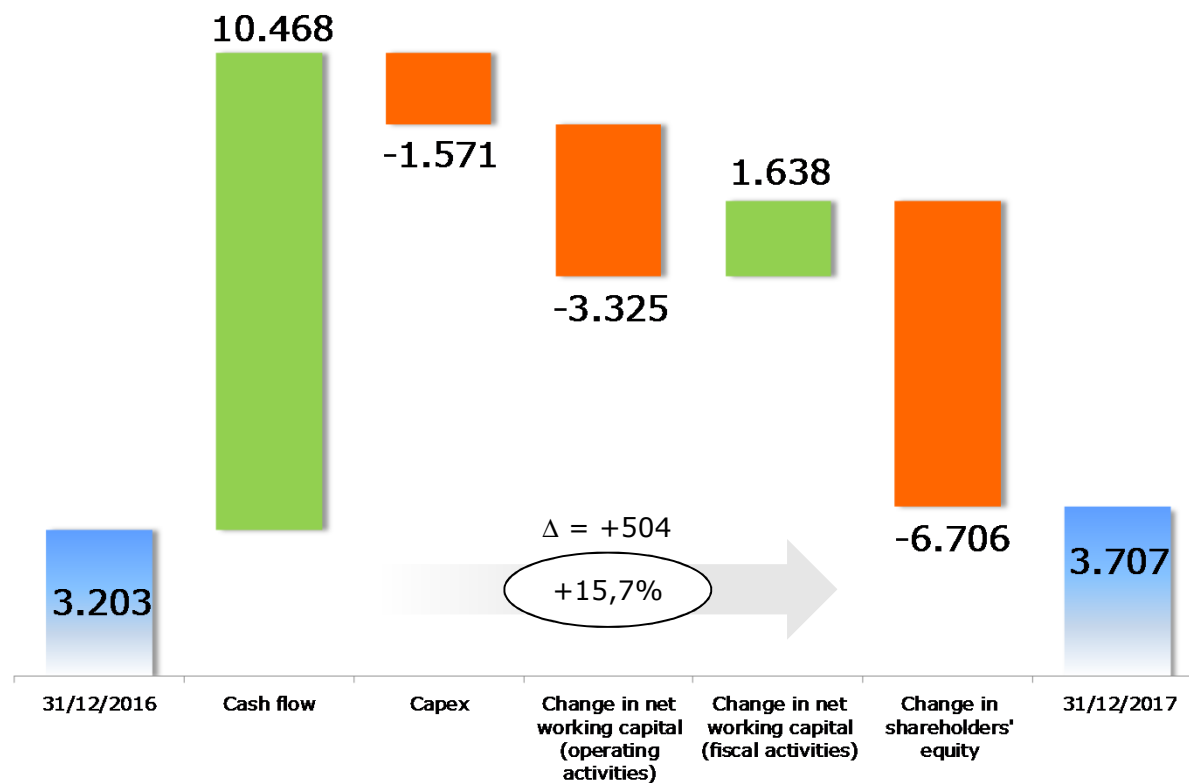
Net financial position and cash flow (1)

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)

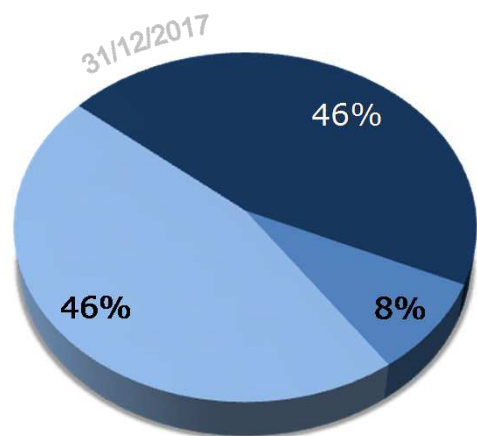


(*) Sinergie Italiane excluded. Data are considered pro-rata.

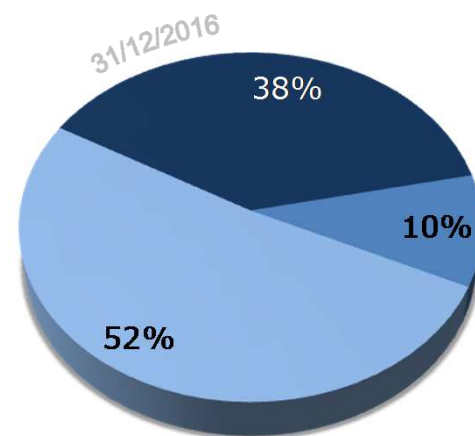
Net financial position and cash flow (3)

(Thousand of Euro) (*)	31/12/2017	31/12/2016	Var	Var %
Long term financial borrowings (>12 months)	54.360	34.541	19.819	+57,4%
Current position of long term financial borrowings	10.181	9.287	894	+9,6%
Short term financial borrowings (<12 months)	54.568	46.288	8.280	+17,9%
Total financial debt	119.109	90.116	28.993	+32,2%
Fixed rate borrowings	30.000	-	30.000	n.a.
Floating rate borrowings	89.109	90.116	(1.007)	-1,1%

2017 average cost of debt: 0,38% (vs 2016 rate: 0,57%)



- Long term financial borrowings (>12 months)
- Current position of long term financial borrowings
- Short term financial borrowings (<12 months)



- Long term financial borrowings (>12 months)
- Current position of long term financial borrowings
- Short term financial borrowings (<12 months)

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

Annexes: financial data

❖ FY 2017 financial results

❖ 2010-2017 financial comparison

→ Income statement Pag. 75

→ Balance sheet Pag. 76

❖ 9M 2018 financial results

Income statement

	IFRS 11 2017	IFRS 11 2016	IFRS 11 2015	IFRS 11 2014	IFRS 11 restated 2013	2013	2012	2011	2010
(Thousand Euro)									
Revenues	532.792	497.689	581.655	585.300	667.837	854.334	1.078.038	1.099.241	855.884
(Cost of raw materials and consumables)	(270.577)	(249.916)	(346.431)	(359.366)	(473.469)	(574.518)	(780.822)	(844.268)	(660.030)
(Cost of services)	(113.457)	(107.503)	(119.151)	(107.740)	(73.751)	(133.442)	(152.434)	(124.572)	(87.528)
(Cost of personnel)	(24.855)	(24.233)	(21.573)	(22.726)	(22.822)	(27.193)	(25.442)	(24.323)	(21.091)
(Other operating costs)	(40.224)	(21.377)	(14.106)	(15.914)	(12.666)	(14.337)	(16.952)	(13.522)	(10.213)
Other operating income	731	596	591	32	1.146	1.148	247	612	989
EBITDA	84.409	95.255	80.983	79.585	86.276	105.992	102.635	93.169	78.009
(Depreciations and amortizations)	(22.585)	(20.227)	(20.029)	(20.099)	(18.273)	(20.570)	(22.116)	(19.081)	(17.414)
(Provisions)	(1.885)	(2.891)	(4.004)	(6.819)	(6.039)	(8.548)	(7.491)	(7.372)	(4.841)
EBIT	59.939	72.137	56.950	52.667	61.964	76.874	73.027	66.717	55.754
Financial income / (expenses)	(468)	(544)	(518)	(1.593)	(1.515)	(3.961)	(6.916)	(2.798)	(767)
Evaluation of companies with equity method	7.398	7.750	7.449	4.453	6.468	(262)	(11.007)	(22.425)	(735)
EBT	66.869	79.343	63.881	55.527	66.917	72.651	55.104	41.494	54.253
(Income taxes)	(17.617)	(22.401)	(18.519)	(18.194)	(25.807)	(31.541)	(29.509)	(33.874)	(21.408)
Earnings after taxes	49.252	56.942	45.362	37.333	41.111	41.111	25.595	7.620	32.845
Net income (loss) from discontinued operations	-	-	-	-	(71)	(71)	4.336	639	-
Net income	49.252	56.942	45.362	37.333	41.040	41.040	29.932	8.259	32.845
(Net income of minorities)	(2.117)	(3.307)	(2.349)	(1.750)	(2.361)	(2.361)	(2.067)	(1.993)	(1.671)
Net income of the Group	47.135	53.635	43.014	35.583	38.678	38.678	27.865	6.266	31.174

Balance sheet

	IFRS 11	IFRS 11	IFRS 11	IFRS 11	IFRS 11 restated				
(Thousand Euro)	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Tangible assets	32.334	32.364	34.987	36.614	37.840	39.277	40.534	61.983	43.814
Non tangible assets	427.692	397.664	397.418	394.530	387.500	447.898	450.457	459.046	410.765
Investments in associates	68.878	68.738	68.078	65.453	72.421	1	-	-	-
Other fixed assets	24.494	23.808	26.699	29.555	39.687	44.351	29.817	26.741	16.133
Fixed assets	553.397	522.574	527.182	526.152	537.449	531.527	520.808	547.770	470.712
Operating current assets	222.977	201.908	223.482	229.095	204.066	275.864	363.436	381.684	261.137
(Operating current liabilities)	(156.597)	(138.003)	(166.793)	(162.548)	(160.234)	(211.986)	(261.175)	(283.199)	(208.928)
(Operating non current liabilities)	(49.411)	(48.151)	(49.698)	(53.360)	(54.792)	(61.126)	(64.122)	(82.466)	(47.526)
Net working capital	16.969	15.754	6.991	13.188	(10.960)	2.752	38.140	16.019	4.683
Total capital employed	570.367	538.328	534.173	539.340	526.489	534.278	558.948	563.789	475.395
Group shareholders equity	445.511	438.055	415.264	405.357	397.689	397.689	384.053	357.871	375.535
Minorities	4.989	6.154	4.873	4.310	4.989	4.989	4.765	4.696	3.866
Net financial position	119.867	94.119	114.037	129.673	123.810	131.600	170.130	201.221	95.995
Total sources	570.367	538.328	534.173	539.340	526.489	534.278	558.948	563.789	475.395

Annexes: financial data

❖ FY 2017 financial results

❖ 2010-2017 financial comparison

❖ 9M 2018 financial results

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→ Consolidated balance sheet at 30th september 2018	Pag. 79
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→ Volumes of gas sold	Pag. 81
→ Volumes of electricity sold	Pag. 82
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→ Number of employees	Pag. 95
→ Consolidated cost of personnel	Pag. 96
→ Consolidated capital expenditures	Pag. 97
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9M 2018 consolidated income statement

(Thousand of Euro)	9M 2018	9M 2017	Chg	Chg %
Revenues	402.825	377.344	25.480	+6,8%
(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%
EBITDA	57.502	58.906	(1.404)	-2,4%
(Depreciations and amortizations)	(17.356)	(16.176)	(1.180)	+7,3%
(Provisions)	(1.248)	(1.134)	(113)	+10,0%
EBIT	38.898	41.595	(2.697)	-6,5%
Financial income / (expenses)	(589)	(250)	(339)	+135,7%
Evaluation of companies with net assets method (*)	5.139	4.962	177	+3,6%
EBT	43.448	46.307	(2.860)	-6,2%
(Income taxes)	(12.169)	(12.698)	529	-4,2%
Net income	31.278	33.610	(2.331)	-6,9%
(Net income of minorities)	(1.308)	(1.410)	102	-7,2%
Net income of the Group	29.971	32.200	(2.229)	-6,9%

(*) 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).

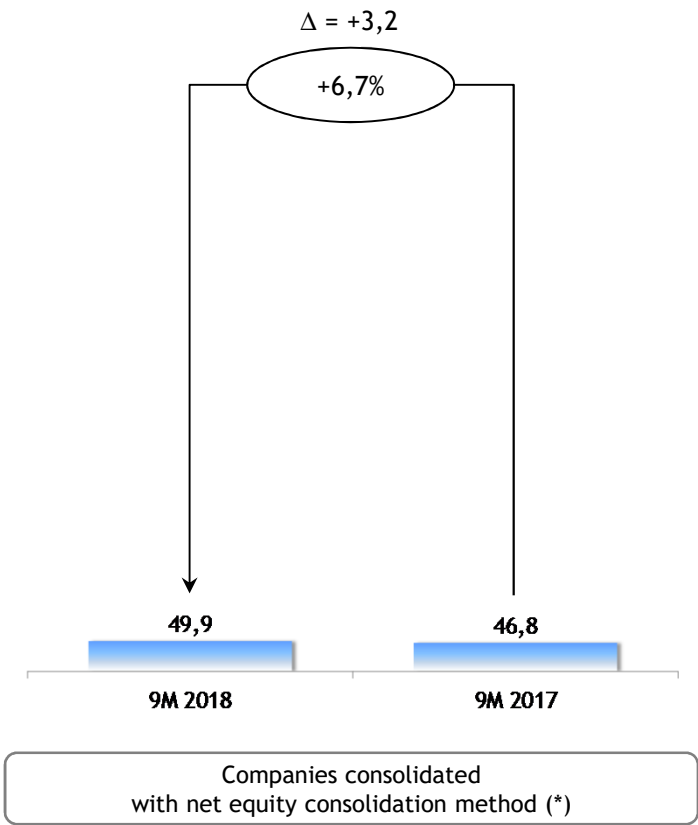
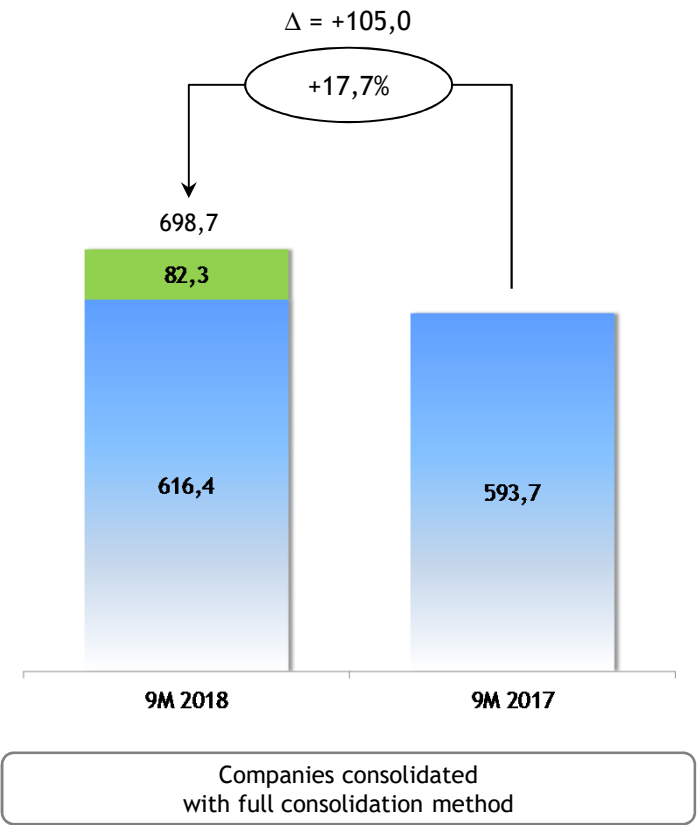
Consolidated balance sheet at 30th september 2018

(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%
Fixed assets	547.393	553.397	(6.005)	-1,1%
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%
Net working capital	(27.504)	16.969	(44.474)	-262,1%
Total capital employed	519.889	570.367	(50.478)	-8,9%
Group shareholders equity	429.548	445.511	(15.962)	-3,6%
Minorities	3.817	4.989	(1.172)	-23,5%
Net financial position	86.523	119.867	(33.344)	-27,8%
Total sources	519.889	570.367	(50.478)	-8,9%

(*) 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).

Volumes of gas distributed

Volumes of gas distributed (Million of standard cubic meters)

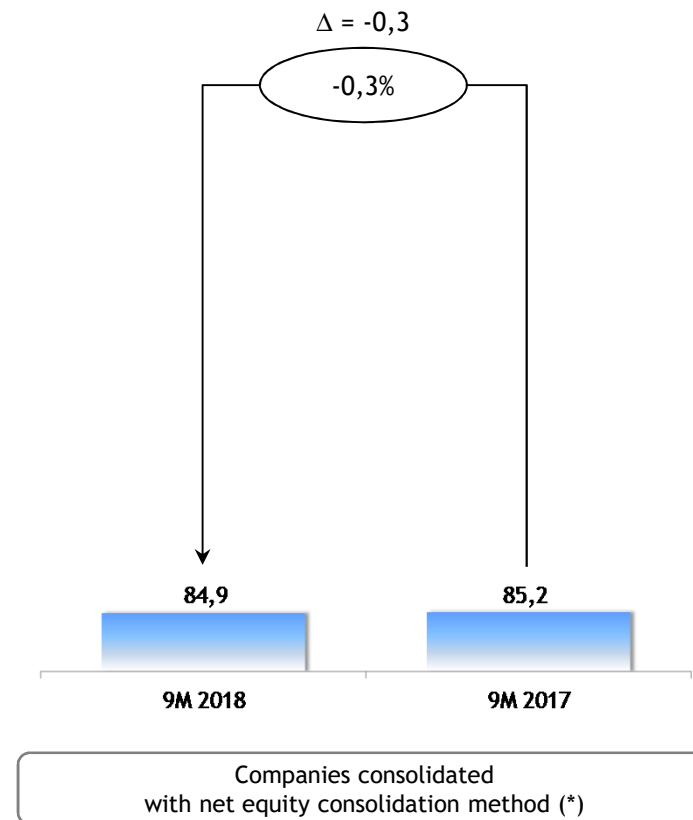
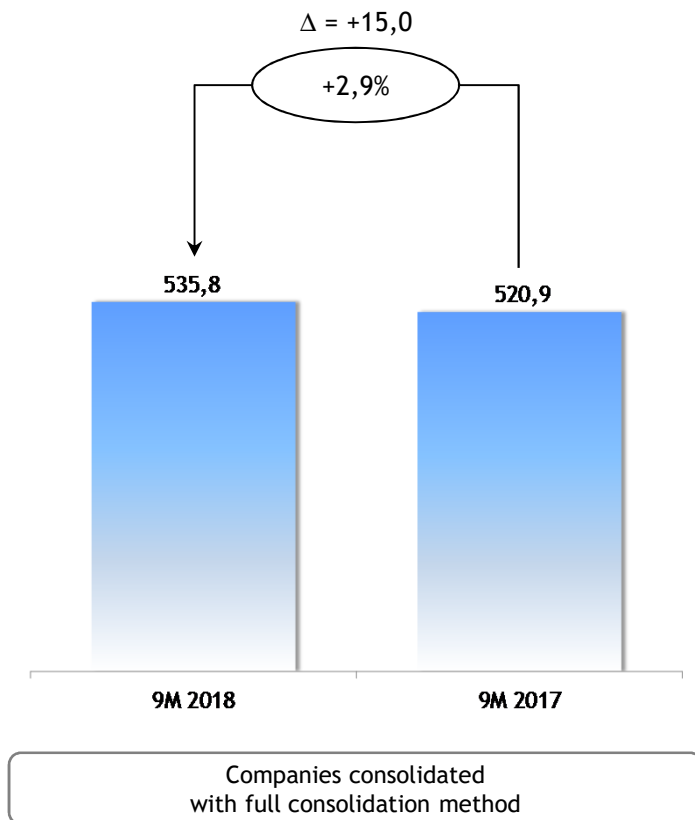


- Change of the consolidation area (**)
- Equal consolidation area

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

Volumes of gas sold

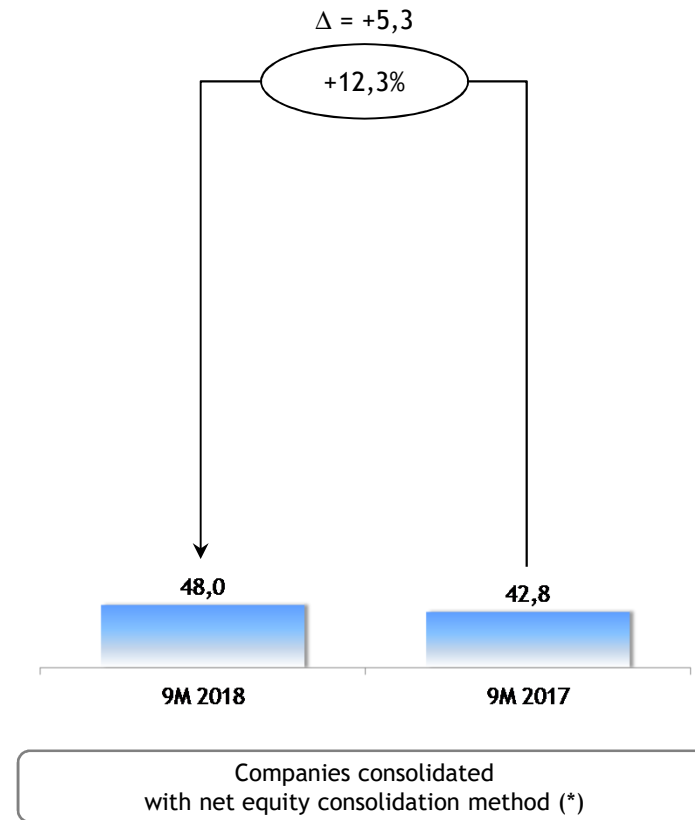
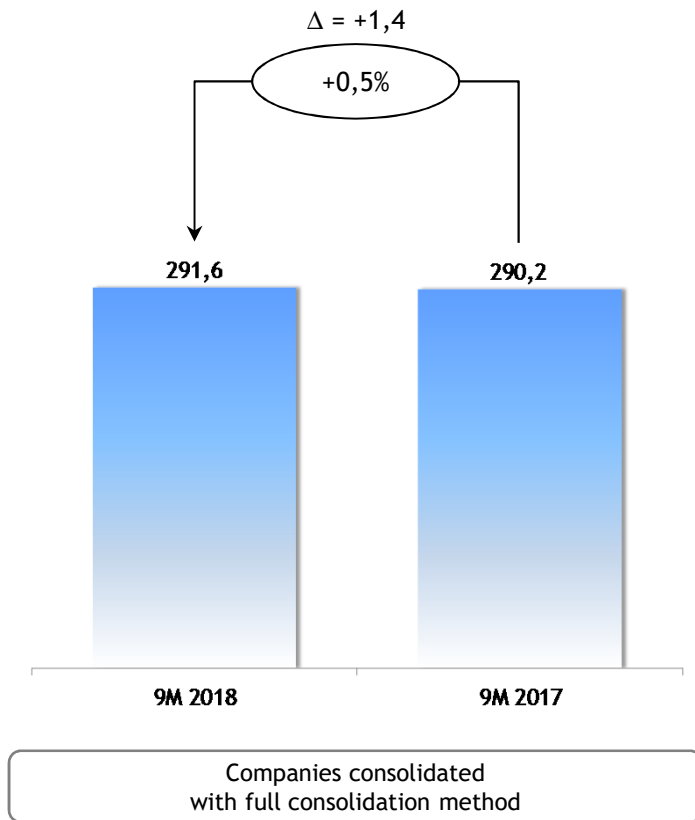
Volumes of gas sold (Million of standard cubic meters)



(*) Data are considered pro-rata.

Volumes of electricity sold

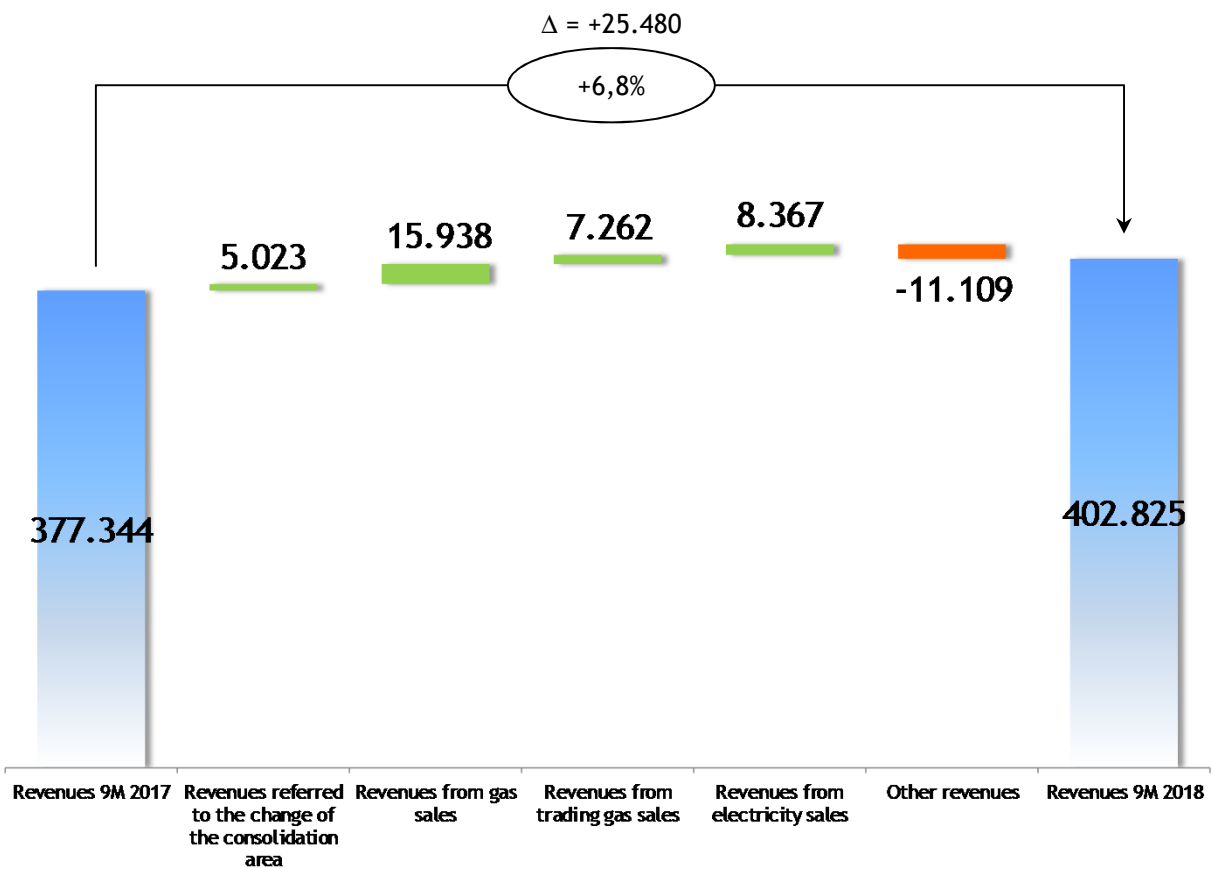
Volumes of electricity sold (GWh)



(*) Data are considered pro-rata.

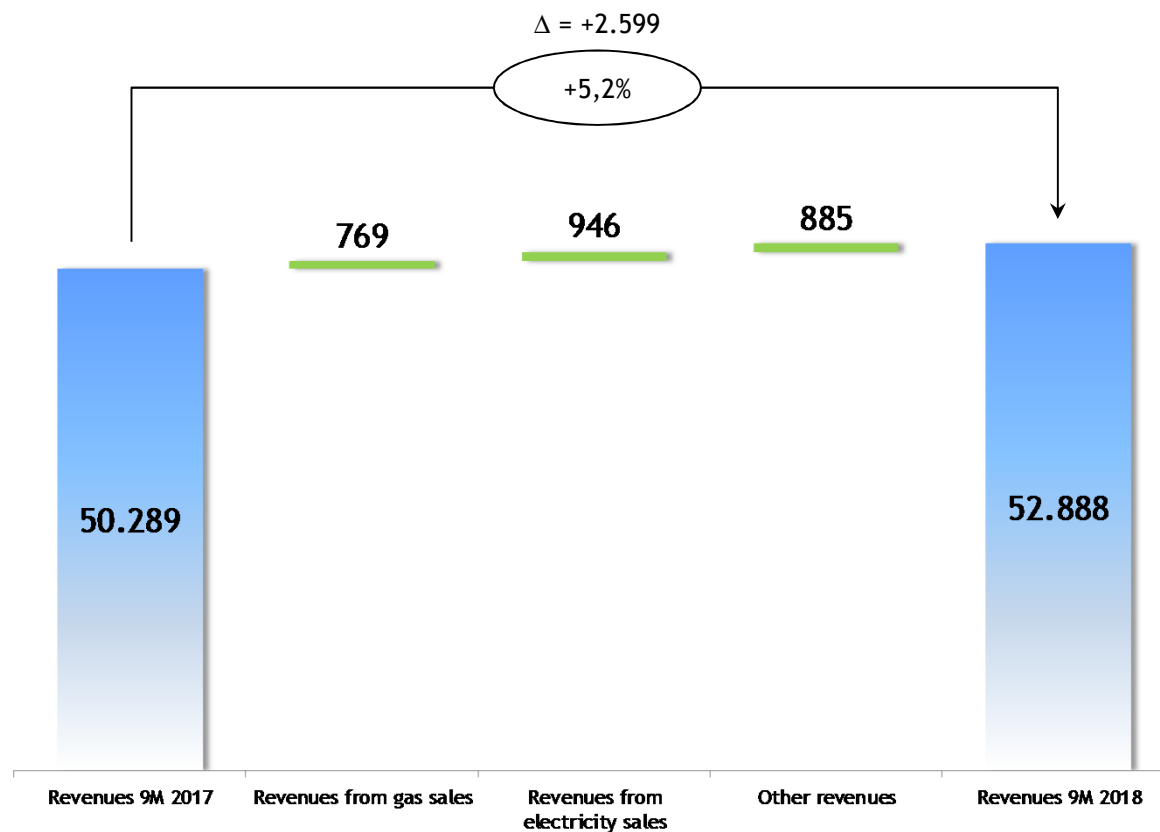
Revenues bridge (1)

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



Revenues bridge (2)

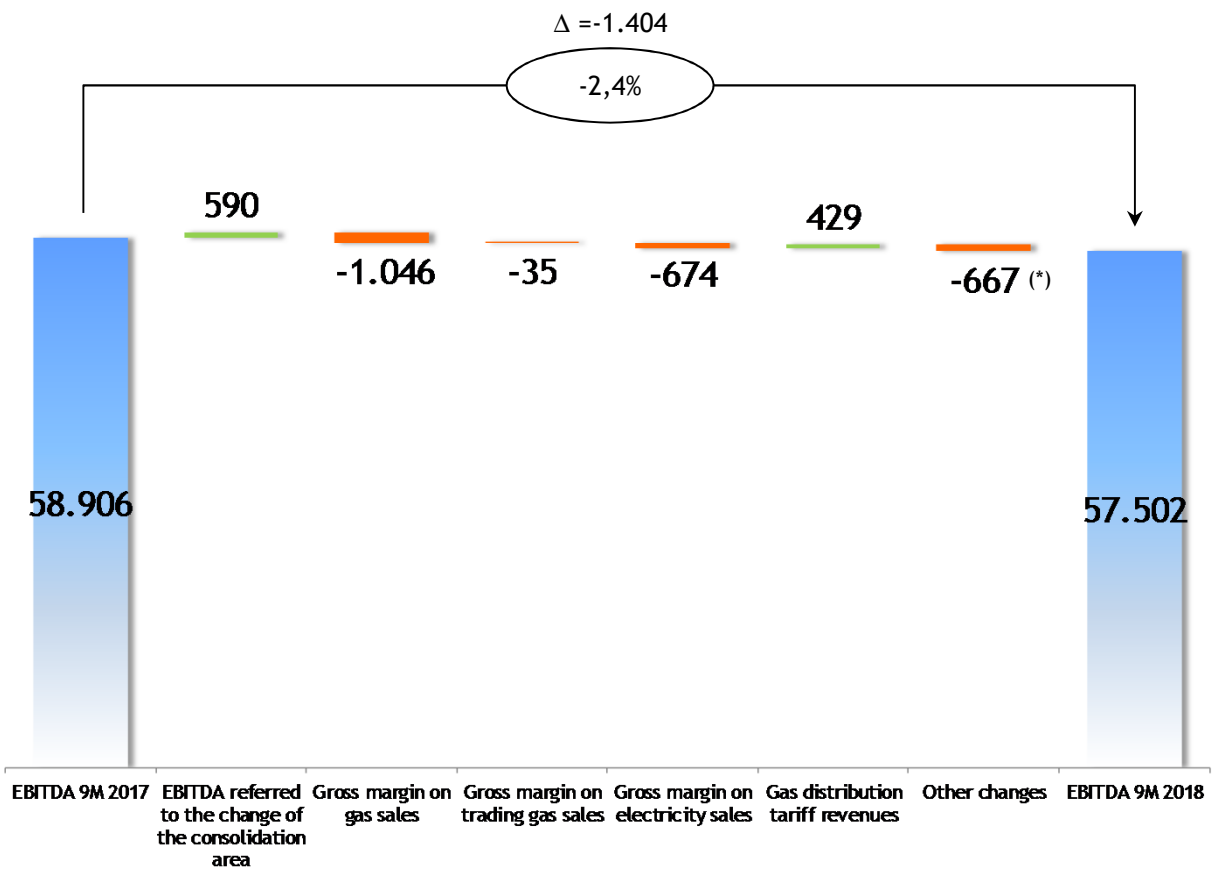
Revenues bridge Companies consolidated with net equity consolidation method (*) (Thousand of Euro)



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

EBITDA bridge (1)

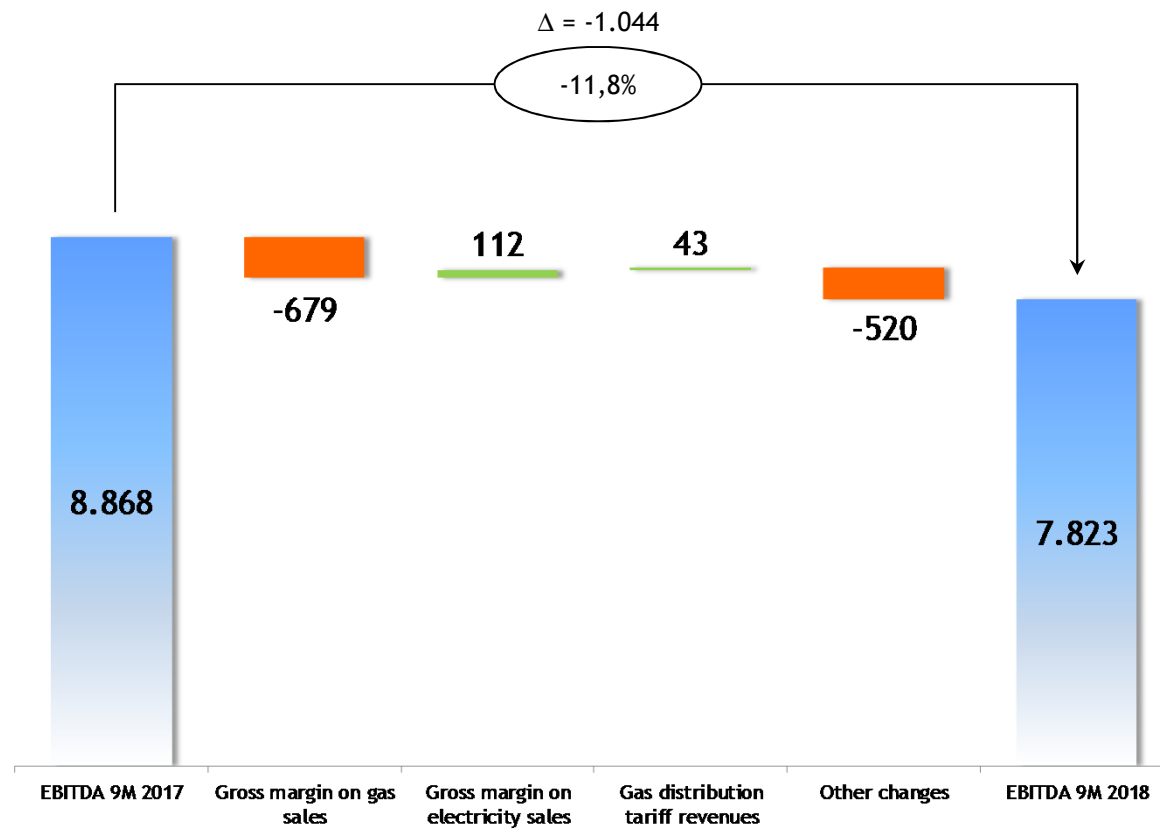
EBITDA bridge Companies consolidated with full consolidation method (Thousand of Euro)



(*) For more details check out to slide at page 93.

EBITDA bridge (2)

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 %
EBITDA	57.502	58.906	(1.404)	-2,4%
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%
EBIT	38.898	41.595	(2.697)	-6,5%
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 %
EBITDA	7.823	8.868	(1.044)	-11,8%
EBITDA - Sale	5.960	6.718	(758)	-11,3%
EBITDA - Distribution	1.863	2.150	(287)	-13,3%
EBIT	6.094	6.144	(50)	-0,8%
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.

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%
Gas distribution tariff revenues (A) <i>Company consolidated with full consolidation method</i>	54.573	51.259	3.313	+6,5%

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 %
Gas distribution tariff revenues (B) <i>Company consolidated with net equity consolidation method (**)</i>	4.292	4.249	43	+1,0%
Gas distribution tariff revenues (A+B)	58.865	55.508	3.357	+6,0%

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

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%
Gross margin on gas sales (A) <i>Company consolidated with full consolidation method</i>	40.258	41.304	(1.046)	-2,5%

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 %
Gross margin on gas sales (B) <i>Company consolidated with net equity consolidation method (**)</i>	8.897	9.576	(679)	-7,1%
Gross margin on gas sales (A+B)	49.155	50.880	(1.725)	-3,4%

(*) 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%
Gross margin on trading gas sales (A) <i>Company consolidated with full consolidation method</i>	17	52	(35)	-67,2%
(Thousand of Euro) (*)	9M 2018	9M 2017	Chg	Chg %
Gross margin on trading gas sales (B) <i>Company consolidated with net equity consolidation method (**)</i>	-	-	-	n.a.
Gross margin on trading gas sales (A+B)	17	52	(35)	-67,2%

(*) 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%
Gross margin on electricity sales (A) <i>Company consolidated with full consolidation method</i>	3.950	4.624	(674)	-14,6%

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 %
Gross margin on electricity sales (B) <i>Company consolidated with net equity consolidation method (**)</i>	951	839	112	+13,3%
Gross margin on electricity sales (A+B)	4.901	5.463	(563)	-10,3%

(*) 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%
Other net operating costs (A) <i>Company consolidated with full consolidation method</i>	(41.295)	(38.334)	(2.962)	+7,7%

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.*

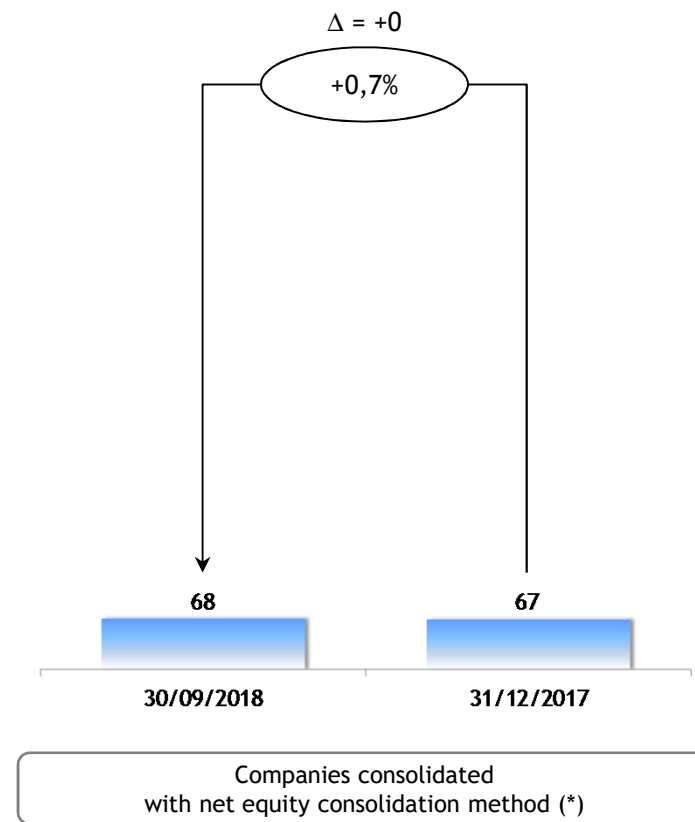
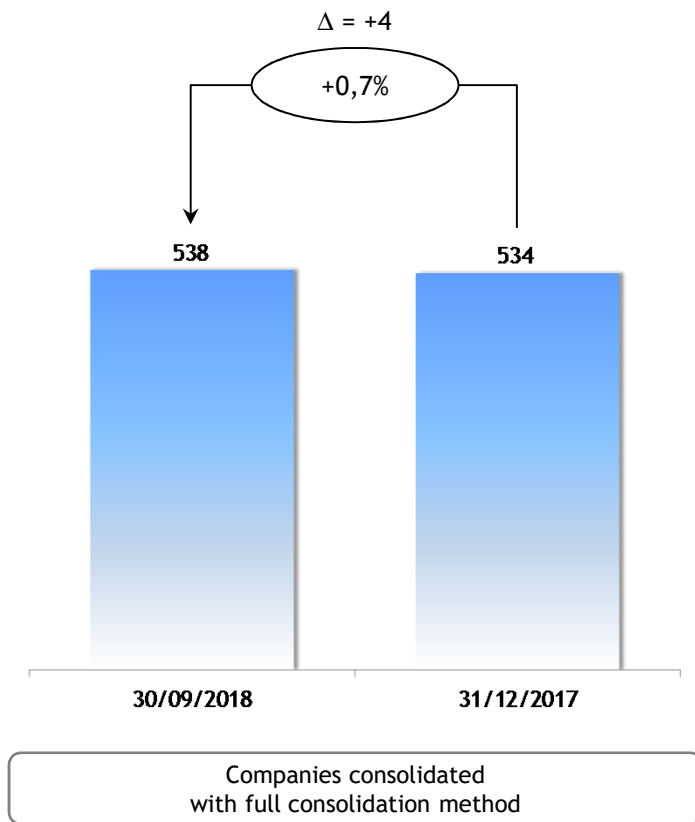
Other net operating costs (2)

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

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

Number of employees

Number of employees

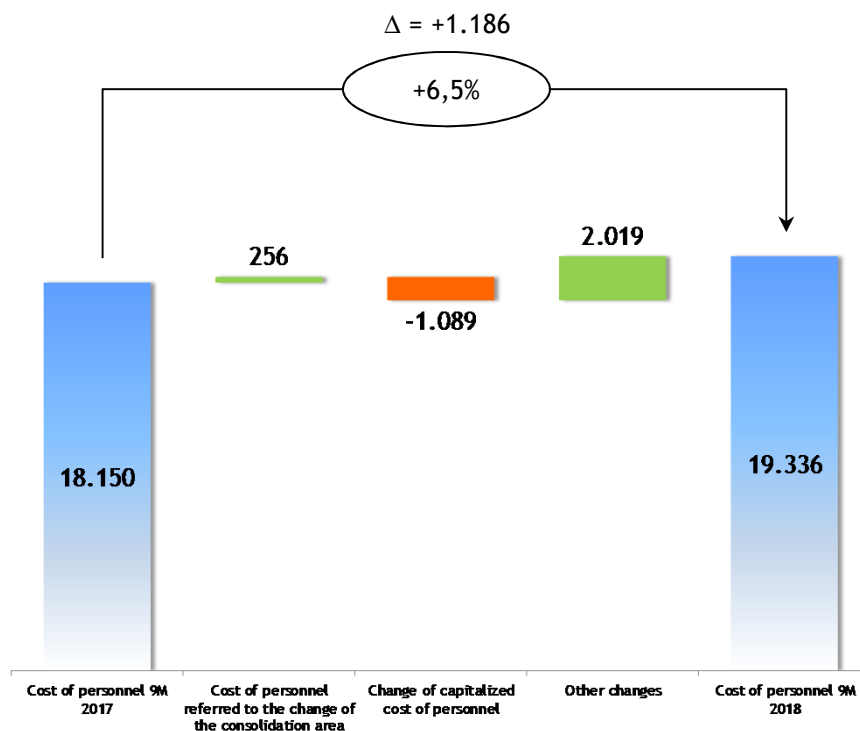


(*) Data are considered pro-rata.

Consolidated cost of personnel

Consolidated cost of personnel

(Thousand of Euro)



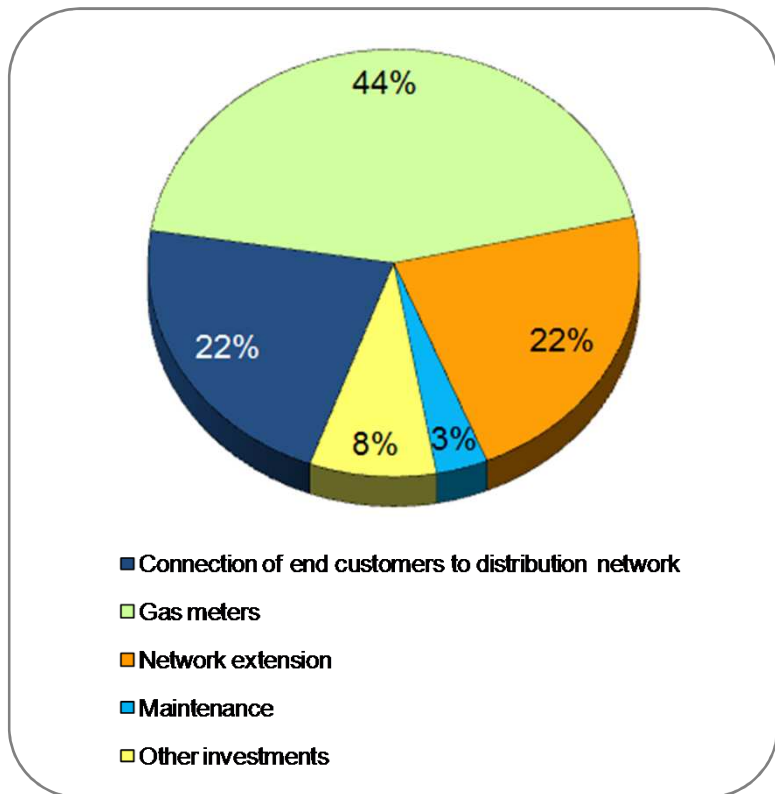
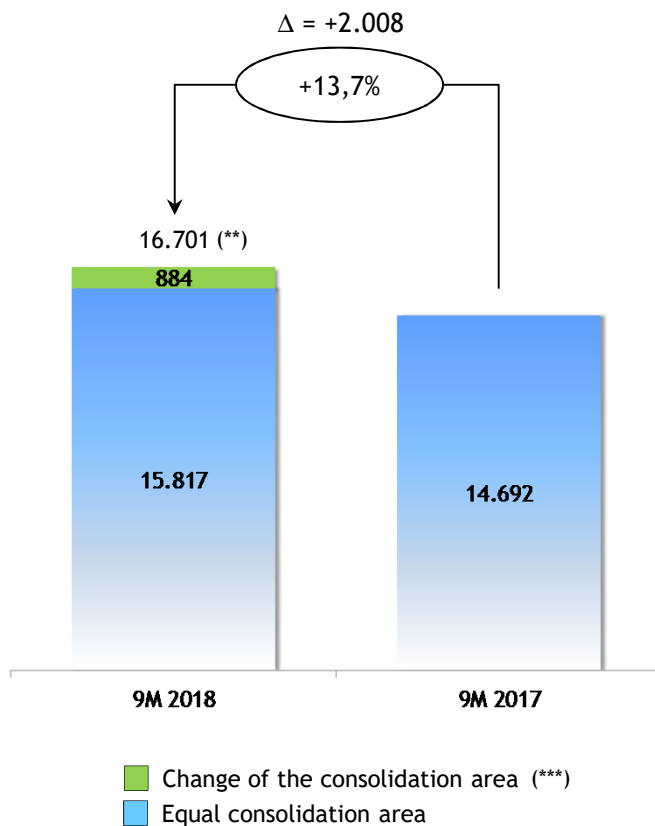
Cost of personnel changes:

- 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%).

Consolidated capital expenditures

Consolidated capital expenditures (*)

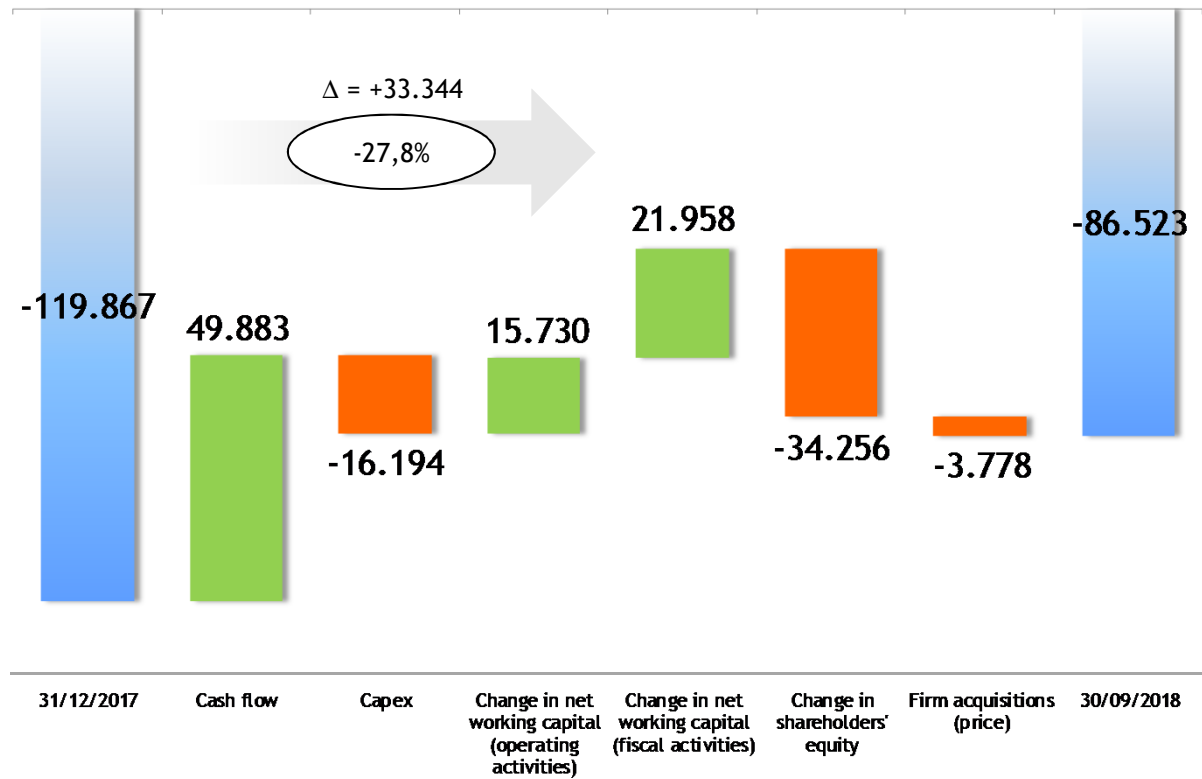


9M 2018 investments of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 0,5 mln (-40,2%).

(*) 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.

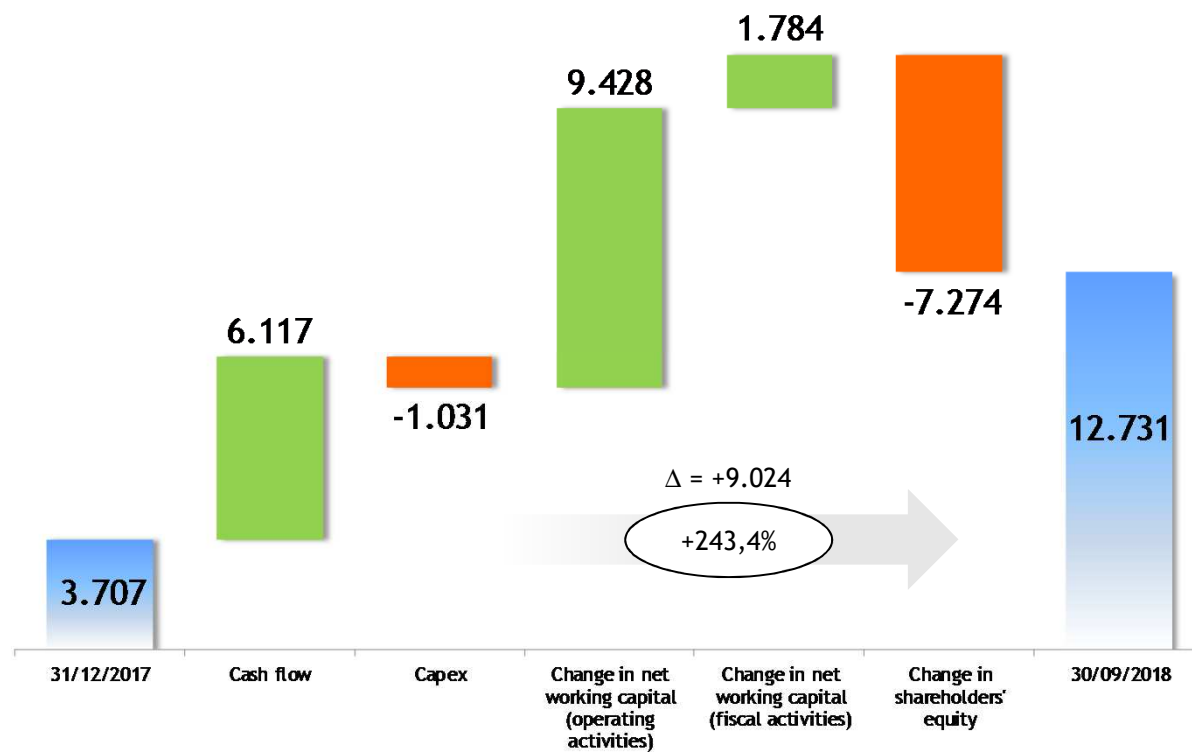
Net Financial Position and cash flow (1)

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)

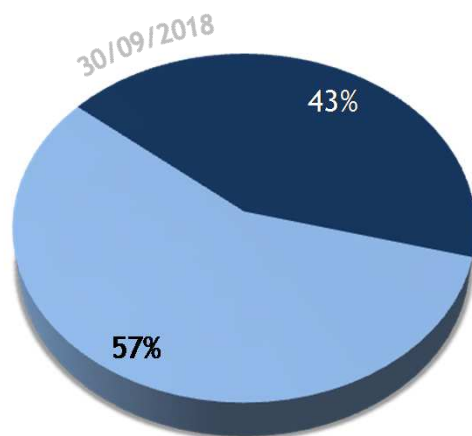


(*) Sinergie Italiane excluded. Data are considered pro-rata.

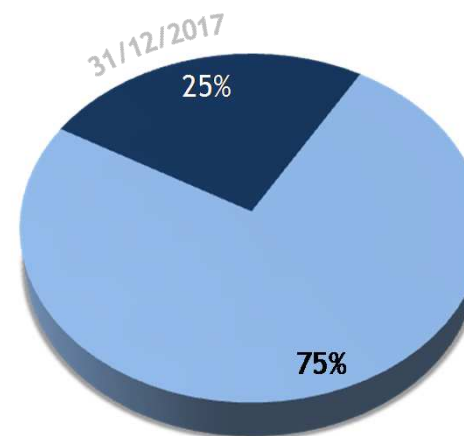
Net Financial Position and cash flow (3)

(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%
Total financial debt	86.249	119.109	(32.860)	-27,6%
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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