



SPAFID CONNECT

Informazione Regolamentata n. 0887-70-2019	Data/Ora Ricezione 05 Agosto 2019 17:51:41	MTA - Star
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Societa' : ASCOPIAVE S.P.A.
Identificativo : 121619
Informazione
Regolamentata
Nome utilizzatore : ASCOPIAVEN02 - Bignucolo
Tipologia : 1.2
Data/Ora Ricezione : 05 Agosto 2019 17:51:41
Data/Ora Inizio : 05 Agosto 2019 17:51:42
Diffusione presunta
Oggetto : The Board of Directors has approved the
results for the first half of 2019

Testo del comunicato

Vedi allegato.



PRESS RELEASE

ASCOPIAVE: The Board of Directors has approved the results for the first half of 2019.

Gross Operating Margin: Euro 18.8 million (Euro 24.0 million in the first half of 2018)

Operating Result: Euro 7.7 million (Euro 13.6 million in the first half of 2018)

Net Consolidated Profit: Euro 34.2 million (Euro 29.8 million in the first half of 2018)

Adjusted Net Consolidated Profit: Euro 28.1 million (net of Euro 6.1 million, a non-recurring amount deriving from the recognition of coefficient “K”)

Net Financial Position: Euro 178.7 million, increased compared to 31st December 2018 (Euro 117.5 million). The increase is due for Euro 48.8 million to the reclassification of the short-term financial assets of the companies held for sale.

The Ascopiave S.p.A. Board of Directors, which had a meeting chaired by Mr Nicola Ceconato today, acknowledged and approved Ascopiave Group’s interim report as of 30th June 2019, drafted in compliance with the International Accounting Standards IAS/IFRS.

Chairman Nicola Ceconato commented: “The results achieved by the Group in the first half of the year are very positive and depend on both the fundamentals of ordinary operations and the impacts of some non-recurring economic items, which concern both gas distribution and sales. Subsequent to the conclusion of the agreement with Hera, which envisages the sale of Amgas Blu to Hera Comm and of the other sales companies of the Group to Estenergy, in compliance with the international accounting standard IFRS 5, effective this quarter, the economic results, the assets and liabilities, of the natural gas and electricity sales sector are shown separately in a single line of the income statement and balance sheet respectively. The economic data shown for comparison purposes were reclassified in accordance with the standard. As expected and repeatedly announced to the market, the results of the distribution activity are negatively affected by the introduction of the new regulation on energy efficiency obligations and on the determination of the value of the white certificates recognised. In these first six months, the Group essentially had to record losses on the management of energy efficiency obligations, since the market prices of the certificates were above the cap set by the regulation, whereas last year, under the previous regulation, the Group had managed to achieve positive margins. The negative change recorded in the first half of the year, which amounts to € 4 million, should remain unchanged until the reporting date.

The positive results of the sales activity were affected by the recognition of non-recurring income amounting to over € 8 million before taxes, connected to the recalculation of the so-called coefficient “K” as envisaged by a provision adopted by the Authority in 2019, whose effects were communicated by Cassa per i Servizi Energetici e Ambientali in July of this year.”

Consolidated results of the Ascopiave Group in the first half of 2019

On 17th June 2019, Ascopiave S.p.A. and Hera S.p.A. signed a binding term sheet governing the terms of a complex operation that includes, among other things, the sale of the investments held by the Ascopiave Group in Sinergie Italiane S.r.l. and in the companies Ascotrade, Ascopiave Energie, Blue Meta, Etra Energia and ASM Set, dealing with the sale of natural gas and electricity, to Estenergy S.p.A., a company in which Ascopiave S.p.A. currently holds a 49% stake and Hera Comm S.r.l. a 51% stake.

Upon the completion of the operation, the Hera Group will transfer to Estenergy S.p.A. its sales businesses in the Triveneto area and will take control of the company, while Ascopiave will hold a 48% minority stake in the same company, with a put option exercisable within the seventh year from closing the operation. Finally, the company Amgas Blu will be transferred by Ascopiave to the Hera Group.

Subsequent to this agreement, the Ascopiave Group recognises the assets attributable to the companies being sold as assets held for sale, in accordance with the international accounting standard IFRS 5.

Therefore, in the income statement for the first half of 2019, the results of the aforementioned assets are shown under the item “net profit from assets held for sale”. In the balance sheet, the balance of the assets and liabilities is instead shown under the item “net balance from assets held for sale”.

Revenue from sales

The Ascopiave Group closed the first half of 2019 with consolidated revenues amounting to € 60.8 million, compared to € 65.2 million in the first half of 2018 (-6.8%). The decrease in turnover is mainly due to lower revenues from distribution services (€ -1.6 million), lower revenues from the other Group companies (€ -1.0 million) and lower contributions for white certificates (€ -2.4 million).

Gross operating margin

Gross operating margin in the first half of 2019 amounted to € 18.8 million, marking a decrease compared to € 24.0 million in the first six months of the previous year (-21.5%).

The tariff revenues from distribution and metering, amounting to € 36.2 million, are in line with those recorded in the first six months of 2018 (€ 36.2 million).

The margin achieved on energy efficiency certificates, on the other hand, decreased by € 4.0 million.

The change in the item “residual costs and revenues” negatively affected the gross operating margin (€ -1.9 million). Among the most remarkable variations, there were lower revenues (€ -2.7 million compared to the first six months of the previous year) only partially offset by lower costs for materials, services and other charges for € 1.3 million and lower staff costs for € 0.2 million.

Operating Result

The operating result in the first half of 2019 amounted to € 7.7 million, compared to € 13.6 million in the same period in the previous year (-43.2%).

This result was mainly determined by a decrease in gross operating margin and by an increase in amortisation and depreciation (€ -0.7 million).

Net Profit

The consolidated net profit amounted to € 34.2 million, marking an increase compared to € 29.8 million in the first half of 2018 (-14.9%). The increase is mainly attributable to the growth in the result achieved by the companies held for sale, which at the end of the first half of the year showed an improvement of € 9.2 million. As concerns the latter, the redetermination of the coefficient “K”, as explained in detail below, led to a positive effect of € 6.1 million. Furthermore, the result of the sales business was influenced by the differential of the effects deriving from the so-called gas settlement, producing a change as against the period shown for comparison purposes of € 3.0 million, already net of the relevant tax effect.

The consolidation with the equity method of the jointly controlled companies generated income for € 0.6 million, compared to € 0.8 million in the first six months of 2018.

Net financial expenses amounted to € 0.7 million, marking an increase compared to the first six months of the previous year of € 0.2 million.

Taxes recorded in the profit and loss account amounted to € 2.9 million, a decrease of € 1.5 million (-34.3%) due to a lower taxable income.

The tax rate, calculated by normalising the pre-tax result of the companies consolidated with the equity method, increased from 34.0% to 41.7%.

EBITDA of jointly controlled companies consolidated with the equity method

Jointly controlled companies consolidated with the equity method in the first half of 2019 achieved a consolidation *pro-rata* gross operating margin of € 1.5 million, a decrease of € 0.2 million compared to the same period in the previous year.

Operating performance in the first six months of 2019

The volumes of gas distributed through the networks managed by the fully-consolidated companies were 598.5 million cubic metres, marking an increase of 0.5% compared to the same period in 2018.

The *pro-rata* 42.6 million cubic metres distributed by Unigas Distribuzione S.r.l., consolidated with the equity method, must be added to these volumes.

Operating performance of assets held for sale in the first six months of 2019

The volumes of gas sold by the subsidiaries held for sale in the first half of 2019 amounted to 462.3 million cubic metres, marking a decrease of 1.0% compared to the same period in 2018.

The jointly controlled companies sold 74.2 million cubic metres of gas *pro rata* in total, a decrease compared to the first six months of 2018 (78.8 million cubic metres).

The volumes of electricity sold by the fully-consolidated companies in the first half of 2019 amounted to 213.9 GWh, thus showing an increase of 19.1%.

The companies consolidated with the equity method sold 35.3 GWh *pro-rata* in total, marking an increase of 13.3%.

Investments

Investments by the fully-consolidated companies in intangible and tangible fixed assets in the first half of 2019 amounted to € 13.2 million and mainly concerned the development, maintenance and upgrade of gas distribution networks and systems.

Specifically, investments in gas networks and systems amounted to € 11.8 million, of which € 3.2 million in connections, € 5.0 million in enlargements and enhancing of distribution networks and € 0.6 million in maintenance, mainly relating to reduction and pre-heating systems. Investments in metres and adjusters amounted to € 3.7 million.

Investments by the equity-method consolidated companies in intangible and tangible fixed assets amounted to € 0.4 million and they also related mainly to methane networks and plants.

Indebtedness and Debt/Net Equity Ratio

The Group's net financial position as of 30th June 2019 amounted to € 178.7 million, an increase of € 61.2 million as compared to 31st December 2018.

The negative financial flow was determined mainly by the following operations:

- The cash flow generated financial resources totalling € 45.3 million;
- Net investments in tangible and intangible fixed assets caused the expenditure of € 12.9 million;
- The management of net operating working capital and net fiscal working capital generated resources totalling € 6.8 million;
- The distribution of dividends net of dividends collected from the companies consolidated with the equity method and purchases of treasury shares caused the expenditure of € 81.8 million;
- The operating and financial flows of assets held for sale absorbed resources totalling € 18.6 million.

Significant events during the first six months of the year

Approval of the project of merger through acquisition of Unigas Distribuzione S.r.l. into Ascopiave S.p.A.

On 28th January 2019, the Boards of Directors of Ascopiave and Unigas approved a business combination to be implemented by means of the merger through acquisition of Unigas into Ascopiave, immediately followed by the concentration in Edigas Esercizio Distribuzione Gas S.p.A. of Unigas's operating activities in the network segment.

Through the Combination Project, Ascopiave and Unigas pursue the objective of entrusting the activities they perform in the gas distribution sector in some areas of Lombardy to a single operator, thus further improving their positioning on the market and the quality standards of the service provided in the relevant territories.

The terms and conditions of the Merger are governed by a framework agreement signed between Ascopiave, Unigas and, limited to the assumption of certain commitments, Anita S.r.l., as the reference partner of Unigas. The Merger plan has been submitted for validation to the respective Shareholders' Meetings as well as Anita's Shareholders' Meeting.

The auditing firm Reconta Ernst & Young S.p.A. has been appointed by the Court of Venice as an expert for the purpose of expressing an opinion on the adequacy of the share exchange ratio, pursuant to art. 2501-sexies, Italian Civil Code. This opinion has been made available in accordance with the applicable legislation.



Ascopiave's Shareholders' Meeting, in extraordinary session, approved the project of the merger through acquisition of Unigas into Ascopiave S.p.A. (the "Merger") and, thereby, the Merger.

On 24th April 2019, Ascopiave announced that the Shareholders' Meeting of Unigas convened on 23rd April approved the project of the merger by incorporation of Unigas into Ascopiave. Therefore, the decision-making process related to the aforementioned merger is completed.

On 25th June 2019, subsequent to the approval of the operation by the Shareholders' Meetings of both companies, the deed of merger through acquisition of Unigas into Ascopiave was signed.

The share exchange ratio of 3.7788 Ascopiave shares with a nominal value of Euro 1.00 to each Unigas share with a nominal value of Euro 1.00 was confirmed, since the conditions for making an adjustment pursuant to the merger project were not met. The merger took effect on 1st July 2019.

Also on 25th June 2019, as part of the merger and with effect from the effective date of the latter, Ascopiave transferred to Edigas, a wholly owned subsidiary, the operating activities of Unigas in the networks sector.

The Merger

The Merger was implemented through (i) cancellation of the shares representing 100% of Unigas's share capital on the date of execution of the Merger deed and (ii) transfer to Anita, in exchange for its stake in Unigas, of treasury shares of Ascopiave, without the need to proceed with an increase in the share capital of Ascopiave due to the swap.

Pursuant to art. 2501-*quater*, second paragraph, Italian Civil Code, for both companies the applicable balance sheet for the Merger is contained in the interim financial statements at 30th September 2018.

The share exchange ratio determined by the Boards of Directors of Ascopiave and Unigas, supported by their respective financial advisors, is 3.7788 treasury shares of Ascopiave to each Unigas share whose nominal value is Euro 1.00.

On the basis of the aforesaid exchange ratio, therefore, 7,149,505 Ascopiave treasury shares, equal to 3.05% of Ascopiave's share capital after the Merger, were transferred to Anita. As better described in the Merger plan, the aforesaid share exchange ratio could have been adjusted solely due to the effect of any payment, prior to the effective date of the Merger (i) of an ordinary dividend by Ascopiave and/or Unigas and/or (ii) an extraordinary dividend possibly resolved by Ascopiave's Shareholders' Meeting, as notified to the market on 8th June 2018, in order to allow the majority shareholder Asco Holding S.p.A. to pay the liquidation value to its shareholders who exercised their right of withdrawal, as they did not participate in the acceptance of the resolution for the approval of certain amendments to the articles of association adopted on 23rd July 2018.

"The Operation – said Nicola Ceconato, Ascopiave's Chairman – is a step forward in the consolidation process of the Ascopiave Group in the Natural Gas Distribution sector, consistent with the strategy to strengthen the Group's assets in the field of regulated activities. The consolidation of the activities currently managed by Unigas will enable us to improve the efficiency levels and the services provided in the relevant territories, by capitalising on the industrial expertise of the companies involved".

Redetermination period October 2010 - September 2012 with Resolution 32/2019/R/Gas dated 29th January 2019

On 29th January 2019, the Regulatory Authority for Energy, Networks and the Environment published Resolution 32/2019/R/GAS implementing decision no. 4825/2016 of the Council of State for the cancellation of resolution ARG/GAS 89/10.

By Resolution 89/10, the Authority redetermined the value of the raw material component of the natural gas selling tariff by introducing the de-multiplication coefficient "K" which reduced the procurement costs recognised. On 2nd November 2017, with Resolution 737/2017/R/gas, published subsequent to decision no. 4825/2016 of the Council of State, the Authority determined *nunc pro tunc* the value of the raw material gas for the period October 2010 - September 2012 by updating the K value and bringing it to a higher amount. Such change consequently increases the raw material component recognised in the selling tariff applied to the quantities of natural gas used by the end customers under the "greater protection" scheme for the two-year period in question.

On 29th January 2019, by resolution 32/2019/R/GAS, the Authority illustrated how the sales companies are entitled to adopt the mechanism for recognising the amounts deriving from the redetermination of the coefficient described above. Specifically, companies could submit an application to Cassa per i Servizi Energetici Ambientali (CSEA) by the month of May 2019, accompanied by the documentation needed to recognise and obtain the amounts due. The applications filed, and the accompanying documentation submitted, were examined and verified for eligibility until 31st July 2019, when the CSEA announced the recognition amount to the sales companies of the Group, equal to € 8,178 thousand. The CSEA opened an account to which, commencing 1st April 2019, a specific distribution tariff component that will be charged to

all customers whose annual consumption is less than 200,000 Scm will be credited. The amounts recognised will be paid in three sessions, the first in April 2020, the second in December 2020 and the third in December 2021.

Ordinary and extraordinary Shareholders' Meeting, held on 23rd April 2019

The Shareholders' Meeting of Ascopiave S.p.A. ("Ascopiave" or the "Company") convened in ordinary and extraordinary session on 23rd April 2019, chaired by Mr Nicola Ceconato.

The Shareholders' Meeting, in ordinary session, approved the financial statements and acknowledged the Group's consolidated financial statements as of 31st December 2018 and resolved to distribute an ordinary dividend of Euro 0.125 per share.

The Shareholders' Meeting, in ordinary session, approved the Remuneration Policy, corresponding to Section I of the Remuneration Report compiled in accordance with art. 123-*ter* of the Unified Finance Law and 84-*quater* of Consob regulation dated 14th May 1999, no. 11971.

The Shareholders' Meeting of Ascopiave S.p.A., in ordinary session, approved a new Purchase and sale plan of treasury shares to replace the authorisation to purchase and sell treasury shares issued by the Shareholders' Meeting held on 26th April 2018, which is therefore to be deemed revoked as regards the non-executed part.

Upon the request of the Shareholder Asco Holding S.p.A., in ordinary session, the Shareholders' Meeting resolved to distribute an extraordinary dividend of Euro 0.2133 for each of the 222,178,966 outstanding shares, totalling Euro 47,390,773.40, to be withdrawn from the "*Share premium reserve*". Such extraordinary dividend was paid on 8th May 2019, with ex-dividend date on 6th May 2019 and record date on 7th May 2019.

Ascopiave's Shareholders' Meeting, in extraordinary session, approved the project of the merger through acquisition of Unigas Distribuzione S.r.l. ("Unigas") into Ascopiave S.p.A. (the "Merger") and, thereby, the Merger.

The Extraordinary Shareholders' Meeting also approved the amendment of art. 6 of Ascopiave's articles of association, adding paragraphs 6.6 to 6.18, in order to introduce the increased voting rights mechanism, pursuant to art. 127-*quinquies* of the Unified Finance Law.

Specifically, the increased voting rights mechanism will grant 2 voting rights for each Ascopiave share that has belonged to the same shareholder for a continuous period of at least 24 months from the registration in a special list, which will be established and stored by the Company at the registered office.

Press release by Asco Holding S.p.A.

On 8th April 2019, with reference to the announcement dated 6th March 2019, Asco Holding S.p.A. ("Asco Holding" or the "Company") announced that, as regards the withdrawal procedure of the shareholders who did not participate in the approval of the Shareholders' Meeting resolution dated 23rd July 2018 concerning certain amendments to the articles of association, the period to exercise the right of pre-emption, whose offer was filed with the Company Register of Treviso and Belluno on 7th March 2019, for 28,279,062 shares for which the right of withdrawal was validly exercised and whose liquidation value determined by the Board was challenged, ended on 5th April 2019.

No shareholder of Asco Holding exercised the first option to buy. Should the Company receive communications of exercise of the first option sent within the deadline stated in the pre-emption offer notice, it will promptly notify it.

There were 41,945,221 withdrawal shares, equal to 29.96% of Asco Holding's share capital. The unit liquidation value to be paid by the Company will be equal to Euro 3.75 for the withdrawing shareholders who have not challenged the liquidation value and Euro 4.047 for the withdrawing shareholders who have challenged the liquidation value.

The withdrawal procedure will be completed, as soon as technically possible, subsequent to the possible approval by Ascopiave's Shareholders' Meeting convened on 23rd April 2019, on first call, and on 26th April 2019, on second call, of the distribution of an extraordinary dividend as suggested by Asco Holding and subject to payment of such dividend.

Hera Group and Ascopiave: a large energy partnership in northern-eastern Italy

On 20th February 2019, Ascopiave S.p.A.'s Board of Directors, as announced to the market on 15th October 2018, approved the launch of the first stage of a process aimed at (i) enhancing its activities in the gas and electricity sales sector and (ii) strengthening and consolidating its presence in the gas distribution sector, in both cases also through one or more strategic partnerships. The expressions of interest and non-binding offers from the participants were received during this first stage.

On 17th June 2019, through the joint venture EstEnergy, the Hera Group and Ascopiave entered into a business partnership involving over 1 million customers, for a total value of € 864.5 million and an Ebitda of € 69 million. Subsequent to this operation, the Hera Group boasts more than 3 million energy customers. Ascopiave grows in the gas distribution sector with 188,000 new redelivery points, thus becoming the leading

operator in northern-eastern Italy with 775,000 redelivery points managed and an added Ebitda of € 15.9 million. The Boards of Directors of Hera S.p.A. and Ascopiave S.p.A. approved the execution of a binding Term Sheet for the development of a primary business in northern-eastern Italy, which will involve over one million energy customers, as well as the reorganisation of the respective gas distribution activities. The Term Sheet, finalised in a framework agreement on 31st July 2019, defines the areas involved, the economic terms of the agreement, as well as the relevant governance details. The agreement reached is an important strategic step in the evolution of the business portfolios of the two Groups, consistent with the strategic development guidelines approved by the Boards of Directors of Hera S.p.A. and Ascopiave S.p.A. and communicated to the investors.

Specifically, the agreement involving the gas and electricity customer marketing area envisages the creation of a single operator for the respective sales activities in the regions of Veneto, Friuli-Venezia Giulia and Lombardy, through EstEnergy S.p.A., a company which is controlled jointly by Ascopiave S.p.A. and Hera Comm S.r.l., the sales company of the Hera Group. EstEnergy S.p.A. will see a substantial expansion of its activities in the aforementioned area, encompassing the sales business of the Ascopiave Group relating to the subsidiaries Ascotrade S.p.A., Ascopiave Energie S.p.A., Blue Meta S.p.A. and the joint ventures Asm Set S.r.l. (49%), Etra Energia S.r.l. (51%) and Sinergie Italiane S.r.l. in liquidation (30.94%) as well as the company Energia Base Trieste S.r.l. (92,000 contracts managed) and customers based in Veneto and Friuli of Hera Comm (96,000 gas contracts and 68,000 electricity contracts), thus giving rise to a primary operator rooted in northern-eastern Italy with a total portfolio of over 795,000 gas contracts and 265,000 electricity contracts as of 31st December 2018 considering also the *pro-rata* components of the joint ventures, totalling over 1 million contracts. The new partnership, which will be implemented through EstEnergy, when fully operational, will have a consolidated Ebitda of approximately € 69 million - based on 2018 and excluding the contribution of companies held with minority interests. The share capital of EstEnergy will be held for 52% by the Hera Group and 48% by Ascopiave. The parties agreed that the equity value of the new EstEnergy will amount to a total of € 864.5 million (€ 797 million the corresponding enterprise value), with reference to 31st December 2018, and will be adjusted if needed, according to usual procedures, with respect to the closing date; this value is attributable for € 601 million (€ 543 million the enterprise value) to Ascopiave's sales activities and for € 263 million to Hera Comm's activities.

As for the future governance, a Shareholders' Agreement will be signed introducing a Board of Directors for the new EstEnergy, composed of 5 members - 3 appointed by Hera, which will appoint the Managing Director, and 2 by Ascopiave, which will appoint the Chairman of the Board of Directors, as well as the Chairman of the Board of Auditors -, the usual protection clauses in favour of a minority shareholder, as well as, for a period of 7 years, a put option, exercisable annually, in favour of Ascopiave up to the entire investment held in EstEnergy S.p.A. and a call option in favour of Hera Comm in the event of a residual investment of Ascopiave S.p.A. in EstEnergy S.p.A. which is less than or equal to 5% of the company's share capital. Specifically, the put option on the minority stake of EstEnergy may be exercised, in whole or in part, up to the seventh year from the closing, and at an exercise price equal to the higher of (i) the fair market value of the investment calculated at the exercise date and (ii) the value of the investment adjusted by an annual interest of 4% net of the portion of dividends received and in any case not less than the value of the investment itself.

Furthermore, as part of the overall reorganisation of the gas and electricity customer marketing area, Amgas Blu, a sales company wholly owned by Ascopiave, active in the province of Foggia with approximately 50,000 customers, will be acquired directly by Hera Comm at a price of around € 44 million, including the financial position, again with reference to 31st December 2018.

At the closing date, Ascopiave will acquire a stake of approximately 3.6% in Hera Comm at a price of € 65 million, obtaining the right to appoint a director within the company's Board of Directors. This stake as well envisages a mechanism in favour of Ascopiave for the sale of the investment held in Hera Comm, to be exercised in the same 7-year period.

The reorganisation of the gas distribution activities involves, on the other hand, the purchase by Ascopiave from the Hera Group of a perimeter of concessions comprising 188,000 redelivery points located in Veneto and Friuli-Venezia Giulia at an investment value of € 171 million and a *pro forma* Ebitda of € 15.9 million, both referred to 31st December 2018. Through this operation, the Ascopiave Group will manage approximately 775,000 users and over 12,000 km of network, thus becoming the first operator in the Triveneto region in terms of size and consolidating its position in the national ranking.

With this operation, Ascopiave implements its strategic repositioning plan, entering into an agreement on the commercial areas with a leading player and strengthening its presence in the core business of gas distribution.

The Hera Group, in turn, through the agreements with Ascopiave, achieves in advance the target of 3 million customers in the energy sales activities (3.2 million referred to 31st December 2018) set out in the 2022 business plan and accelerates the growth process in these activities that, in the last 10 years, has allowed the Group to double its energy customer base, through organic growth and M&A.



The operation, in addition to defining the final agreements, already signed on 30th July 2019, will be subject to the usual conditions applicable to this type of procedure and all notices and approvals by the competent authorities and bodies, as well as, as regards only the stakes involved, to the approval by the other shareholders in the case of investments held by Ascopiave S.p.A. in the joint ventures ASM Set S.r.l., Etra Energia S.r.l. and Sinergie Italiane S.r.l. in liquidation. The parties expect to complete the operation by 31st December 2019.

Disclosure on the purchase of treasury shares

Ascopiave announces the purchase on the electronic share market, in compliance with the authorisation to purchase treasury shares resolved by the Shareholders' Meeting held on 26th April 2018, in the period between 1st April 2019 and 30th June 2019, of 1,992,997 ordinary shares at the average unit price of € 3.596, for a total value of € 7,166,581.76. As a result of the purchases made so far, Ascopiave holds 13,720,606 ordinary shares, equal to 5.853% of the share capital.

Significant events subsequent to the first half of 2019

Project of merger through acquisition of Unigas Distribuzione S.r.l. into Ascopiave S.p.A.

During the first week of July 2019, 7,149,505 treasury shares were assigned to the company Anita S.r.l. as part of the merger through acquisition of Unigas Distribuzione S.r.l. into Ascopiave S.p.A., the finalisation of which was announced to the market on 25th June 2019.

Disclosure on the purchase of treasury shares

Ascopiave announces the purchase on the electronic share market, in compliance with the authorisation to purchase treasury shares resolved by the Shareholders' Meeting held on 26th April 2018, in the period between 1st July 2019 and 27th July 2019, of 1,051,003 ordinary shares at the average unit price of € 4.013, for a total value of € 4,217,646.38.

As a result of the purchases made so far, Ascopiave holds 7,622,104 ordinary shares, equal to 3.252% of the share capital.

The Energy Partnership between Hera and Ascopiave in northern-eastern Italy has been given the green light

On 31st July 2019, the Boards of Directors of Hera S.p.A. and Ascopiave S.p.A., the latter subsequent to receiving the favourable opinion of the committee of independent directors, with reference to the binding agreement signed on 17th June and in compliance with the deadlines set out therein, resolved to execute the framework agreement that will start the business partnership through the joint venture EstEnergy for the development of a primary energy business in northern-eastern Italy, which will boast over one million customers and envisage the reorganisation of the respective gas distribution activities.

As already announced on 17th June, upon signing the binding term sheet, the operation involves the exchange between Hera and Ascopiave of assets of equal value, which are strategic for the development of the two companies in energy sales activities, on the one hand, and in gas distribution, on the other hand, consistent with the strategic guidelines of the two groups. As concerns energy sales, a single operator will be created for the respective sales activities in the regions of Veneto, Friuli-Venezia Giulia and Lombardy, through EstEnergy S.p.A., a company which is already controlled jointly by Ascopiave S.p.A. and Hera Comm S.r.l., totalling about 795,000 gas contracts and 265,000 electricity contracts, thus exceeding 1 million contracts. EstEnergy, when fully operational, will have a consolidated Ebitda of approximately € 69 million - based on 2018 and excluding the contribution of companies held with minority interests. The share capital of EstEnergy will be held for 52% by the Hera Group and 48% by Ascopiave.

Furthermore, at the closing date, Ascopiave will acquire a 3% stake in Hera Comm, obtaining the right to appoint a member of the Board of Directors; in turn, Hera Comm will directly acquire 100% of the capital of Amgas Blu, active in the province of Foggia.

The reorganisation of the gas distribution activities involves, on the other hand, the purchase by Ascopiave from the Hera Group of a perimeter of concessions comprising 188,000 users in Veneto and Friuli-Venezia Giulia. Through this operation, the Ascopiave Group will manage approximately 775,000 users and over 12,000 km of network.

Even subsequent to a due diligence report, the economic elements of the operation are unchanged since 17th June, as are the adjustment mechanisms at the closing date, the stipulations defined for governance and the options for managing Ascopiave's investments in EstEnergy and Hera Comm.

The operation will be subject to the usual conditions applicable to this type of procedure and all notices and approvals by the competent authorities and bodies, as well as, as regards only the stakes involved, the failure to exercise the right of pre-emption and the approval by the other shareholders in the case of investments

held by Ascopiave S.p.A. in the joint ventures ASM Set S.r.l., Etra Energia S.r.l. and Sinergie Italiane S.r.l. in liquidation.

The parties expect to complete the operation by 31st December 2019. With this operation, Ascopiave implements its strategic repositioning plan, entering into an agreement on the commercial areas with a leading player and strengthening its presence in the core business of gas distribution.

The Hera Group, in turn, through the agreements with Ascopiave, achieves in advance the target of 3 million customers in the energy sales activities (3.2 million referred to 31st December 2018) set out in the 2022 business plan.

In the operation, Ascopiave is assisted by the Rothschild&Co. teams, for the financial part, and by Bonelli Erede for the legal part, while Hera is supported by Lazard and Grimaldi, a law firm.

Redetermination period October 2010 - September 2012 with Resolution 32/2019/R/Gas dated 29th January 2019

On 31st July 2019, Cassa per i Servizi Energetici Ambientali (CSEA), implementing resolution 32/2019/R/GAS of the Regulatory Authority for Energy, Networks and the Environment, announced to the sales companies of the Group the recognition amount deriving from the redefinition of the de-multiplication coefficient “K” which had reduced the value of the raw material component recognised in the natural gas selling tariff for the period October 2010 - September 2012, reducing the procurement costs recognised. The amount recognised is equal to € 8,178 thousand and will be paid in three sessions, the first in April 2020, the second in December 2020 and the third in December 2021.

Outlook for 2019

As far as the gas distribution activities are concerned, in 2019 the Group will continue its normal operations and service management and perform preparatory activities for the invitations to tender. The Group will also participate in the tenders invited, if any, for the award of the Minimum Territorial Areas in which it is interested. Most Towns currently managed by the Group belong to Minimum Territorial Areas for which the maximum deadline to issue the call for tenders has expired. If the tender authorities issue calls for tenders in 2019, in the light of the time required to submit bids, and evaluate and select them, it is reasonable to assume that possible transfers of management to potential new operators may be executed only after the end of 2019. Thus, the activity perimeter of the Group will likely not change compared to today, even if we assume the possibility of winning the tender for the assignment of the natural gas distribution service in the Minimum Territorial Area of Belluno, provided that the winner is selected by the end of 2019. Indeed, the transfer of the management of the plants from the previous operators is believed to require a considerable period of time; therefore, according to reasonable estimates, such process could be completed after 31st December 2019.

As regards the economic results, the tariff adjustment for the year 2019 is completely defined and should ensure revenues substantially in line with those of 2018.

As concerns the energy efficiency obligations, it is plausible that the economic margin that will be achieved in 2019 marks a decrease as compared to that recorded in 2017 and 2018, due to regulatory changes that took effect in the third quarter of 2018. These changes have significantly altered the price of the energy efficiency certificates as well as the maximum value of the contribution granted.

As far as gas sale is concerned, assuming normal weather conditions, trade margins are expected to decrease compared to 2018, despite the cessation of the non-recurring overall negative impact on profit and loss due to the application of the gas settlement regulation for the years 2013-2017 recorded in 2018, because of the competitive pressure in the retail market and the possible increase in the cost of gas procurement for the next thermal year (effective from 1st October 2019). The Group is also exposed to the positive or negative economic impact deriving from the effects related to the gas settlement regulation for the year 2018.

As regards electricity sales, the fiscal year 2019 could record results in line with 2018.

However, these results could be influenced, in addition to the possible new tariff provisions by the Regulatory Authority for Energy, Networks and the Environment – currently unforeseeable – also by the evolution of the more general competitive context, as well as by the Group’s procurement strategy.

The actual results of 2019 could differ from those announced depending on various factors amongst which: the evolution of supply and demand and gas and electricity prices, the actual operational performance, the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, success in the development and application of new technologies, the changes in stakeholder expectations and other changes in business conditions.

Seasonal nature of operations

Gas consumption undergoes a considerable amount of variations on a seasonal basis, with a greater demand in winter in relation to higher consumptions for heating. This seasonality influences the trend of revenues from gas sales and of procurement costs, while other operating costs are fixed and incurred by the Group in a

uniform manner throughout the year. This peculiarity of the business also affects the performance of the Group's net financial position, as the invoicing cycles of accounts receivable and payable are not aligned and also depend on the volumes of gas sold and purchased during the year. Therefore, the data and the information contained in the interim financial statements do not allow for immediate indications to be drawn regarding the overall performance for the year.

Statement by the manager in charge

The manager in charge of preparing the company accounting documents, Mr Riccardo Paggiaro, hereby states, under the terms of paragraph 2, article 154 bis, Unified Finance Law, that the accounting information note contained in this press release corresponds to the official documents, accounting books and records.

Notice of filing of the Interim Management Report as of 30th June 2019

The Interim Management Report for the period ended 30th June 2019 will be made available to the public at the registered office and at the stock management company Borsa Italiana (Italian Stock Exchange), stored in the "eMarket SDIR-eMarket Storage" system provided by Spafid Connect S.p.A. and published on the website www.gruppoascopiave.it within the time prescribed by law.

Annexes

Consolidated financial statements subject to limited audit.

The Ascopiave Group operates in the natural gas sector, mainly in the segments of distribution and sale to end users. Thanks to its broad customer base and the quantity of gas sold, Ascopiave is currently one of the main operators in the industry at a national level.

The Group owns concessions and direct assignments for the management of distribution activities in over 228 Towns, supplying the service to a market segment of 1.5 million inhabitants, through a distribution network which spreads over 10,000 kilometres.

The sale of natural gas is performed through different companies, some under joint control. Overall, in 2018, the companies of the Group sold over 1 billion cubic metres of gas to end users.

Ascopiave has been listed under the Star segment of Borsa Italiana since 12th December 2006.

Contact:	Community Group	Ascopiave
	Giuliano Pasini	Tel. + 39 0438 / 980098
	Auro Palomba	Roberto Zava - Media Relator
	Tel. +39 0422 / 416111	Mob. +39 335 / 1852403
	Mob. +39 335 / 6085019	Giacomo Bignucolo – Investor Relator
		Mob. +39 335 / 1311193

Pieve di Soligo, 5th August 2019



Ascopiave Group

Abridged Interim Report

as of 30th June 2019

Consolidated statement of financial position

(Thousands of Euro)	30.06.2019	31.12.2018
ASSETS		
Non-current assets		
Goodwill	24,396	80,758
Other intangible assets	351,609	351,878
Tangible assets	33,254	32,724
Shareholdings	19,958	68,357
Other non-current assets	2,841	12,044
Non current financial assets	2,751	1,122
Advance tax receivables	11,425	11,358
Non-current assets	446,234	558,240
Current assets		
Inventories	4,849	6,020
Trade receivables	28,761	166,947
Other current assets	49,153	45,062
Current financial assets	7,797	981
Tax receivables	1,293	1,508
Cash and cash equivalents	20,241	66,650
Current assets from derivative financial instruments	0	123
Current assets	112,094	287,291
Non-current assets disposal of assets	272,490	
ASSETS	830,818	845,530
Net equity and liabilities		
Total Net equity		
Share capital	234,412	234,412
Own shares	(24,147)	(16,981)
Reserves and result	183,436	226,136
Net equity of the Group	393,700	443,567
Capital and Reserves of Others	2,521	2,428
Result of Others	1,878	1,874
Net equity of Others	4,399	4,303
Net equity of Others	398,099	447,869
Non-current liabilities		
Provisions for risks and charges	1,259	3,901
Severance indemnity	2,745	4,807
Medium- and long-term bank loans	51,098	55,111
Other non-current liabilities	18,458	28,003
Non-current financial liabilities	646	0
Deferred tax payables	12,806	14,534
Passività non correnti	87,013	106,356
Current liabilities		
Payables due to banks and financing institutions	107,084	131,044
Trade payables	39,795	131,185
Tax payables	3,292	207
Other current liabilities	21,018	27,539
Current financial liabilities	50,636	115
Current liabilities from derivative financial instruments	0	1,216
Current liabilities	221,825	291,305
Passività non correnti destinate alla dismissione	123,881	
Liabilities	432,718	397,661
Net equity and liabilities	830,818	845,530

Consolidated income statement

(Thousands of Euro)	Firts quarter	
	2019	2018
Revenues	60,816	65,242
Total operating costs	41,978	41,240
Purchase costs for other raw materials	719	1,232
Costs for services	15,001	14,970
Costs for personnel	7,560	7,726
Other management costs	19,995	17,522
Other income	1,298	210
Amortization and depreciation	11,103	10,389
Operating result	7,735	13,612
Financial income	89	111
Financial charges	813	655
Evaluation of subsidiary companies with the net equity method	648	846
Earnings before tax	7,660	13,915
Taxes for the period	2,924	4,448
Result of the period	4,736	9,466
Net result from discontinuing operation	29,466	20,292
Net result for the period	34,202	29,758
Group's Net Result	32,324	28,455
Third parties Net Result	1,878	1,303
Consolidated statement of comprehensive income		
1. Components that can be reclassified to the income statement		
Fair value of derivatives of companies held for sale, changes in the period net of tax	(242)	(1,163)
2. Components that can not be reclassified to the income statement		
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	231	33
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax of the companies held for sale	77	19
Total comprehensive income	34,268	28,647
Group's overall net result	32,410	27,466
Third parties' overall net result	1,857	1,180
Base income per share	0.146	0.128
Diluted net income per share	0.146	0.128

Consolidated statement of changes in shareholders' equity

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2019	234,412	46,882	(16,981)	(35)	134,664	44,625	443,567	4,303	447,869
Result for the period						32,324	32,324	1,878	34,202
<i>of which:</i>									
<i>Result of continuing operations</i>						4,736	4,736	(0)	4,736
<i>Result of discontinuing operations</i>						27,588	27,588	1,878	29,466
Other operations					(222)		(222)	(21)	(242)
<i>of which:</i>									
<i>Other movements of discontinuing operations</i>					(222)		(222)	(21)	(242)
Severance indemnity IAS 19 discounting of the financial year				308			308	(0)	308
<i>of which:</i>									
<i>Discounting of continuing operations</i>				231			231	(0)	231
<i>Discounting of discontinuing operations</i>				77			77	0	77
Total result of overall income statement				308	(222)	32,324	32,410	1,857	34,268
Allocation of 2018 result					44,625	(44,625)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders					(75,163)		(75,163)		(75,163)
Dividends distributed to minorities of discontinuing operations							(0)	(1,761)	(1,761)
Other movements of discontinuing operations					(1)		(1)		(1)
Purchase of own shares			(7,167)		54		(7,113)		(7,113)
Balance as of 30th June 2019	234,412	46,882	(24,147)	273	103,957	32,324	393,700	4,399	398,099

(Thousands of Euro)	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
Balance as of 1st January 2018	234,412	46,882	(17,521)	(46)	134,649	47,135	445,511	4,989	450,500
Result for the period						28,455	28,455	1,303	29,758
<i>of which:</i>									
<i>Result of continuing operations</i>						9,466	9,466	(0)	9,466
<i>Result of discontinuing operations</i>						18,989	18,989	1,303	20,292
Other operations					(1,042)		(1,042)	(122)	(1,163)
<i>of which:</i>									
<i>Other movements of discontinuing operations</i>					(1,042)		(1,042)	(122)	(1,163)
Severance indemnity IAS 19 discounting of the financial year				53			53	(1)	52
<i>of which:</i>									
<i>Discounting of continuing operations</i>				33			33	(0)	33
<i>Discounting of discontinuing operations</i>				20			20	(1)	19
Total result of overall income statement				53	(1,042)	28,455	27,466	1,180	28,647
Allocation of 2017 result					47,135	(47,135)	(0)		(0)
Dividends distributed to Ascopiave S.p.A. shareholders					(40,016)		(40,016)		(40,016)
Dividends distributed to minorities of discontinuing operations							(0)	(2,054)	(2,054)
Other movements of discontinuing operations					(743)		(743)		(743)
Long-term incentive plans			540		(926)		(385)		(385)
Balance as of 30th June 2018	234,412	46,882	(16,981)	7	139,057	28,455	431,832	4,116	435,947

Consolidated financial statement

(Thousands of Euro)	Firts quarter	
	2019	2018
Net income of the Group	4,736	9,466
Cash flows generated (used) by operating activities		
Adjustments to reconcile net income to net cash		
Third-parties operating result	1,878	1,303
Companies held for sale operating result	27,588	18,989
Amortization	11,103	10,389
Variations in severance indemnity	210	48
Net variation of other funds	0	(1,625)
Evaluation of subsidiaries with the net equity method	(648)	(846)
Losses / (gains) on disposal of fixed assets	(1,247)	
Interests paid	(458)	(469)
Taxes paid	(471)	(1,126)
Interest expense for the period	779	638
Taxes expense for the period	2,924	4,448
Variations in assets and liabilities		
Inventories	(1,489)	(1,840)
Accounts payable	2,622	11,469
Other current assets	(8,453)	(5,646)
Trade payables	6,581	(9,653)
Other current liabilities	5,442	(8,531)
Other non-current assets	(249)	6
Other non-current liabilities	1,247	1,153
Operating flows from discontinued assets / liabilities	30,227	77,865
Total adjustments and variations	77,586	96,571
Cash flows generated (used) by operating activities	82,322	106,038
Cash flows generated (used) by investments		
Investments in intangible assets	(12,402)	(9,450)
Realisable value of intangible assets	403	330
Investments in tangible assets	(797)	(452)
Realisable value of tangible assets	0	8
Investment flows from discontinued assets / liabilities	(72)	517
Cash flows generated/(used) by investments	(12,868)	(9,045)
Cash flows generated (used) by financial activities		
Net changes in short-term bank borrowings	(3,948)	909
Net variation in current financial assets and liabilities	30,487	(1,055)
Purchase/Sale of own shares	(7,167)	540
Ignitions loans and mortgages	104,000	105,000
Redemptions loans and mortgages	(128,000)	(107,166)
Disbursements relating to rights of use	(176)	0
Dividends distributed to Ascopiave S.p.A. shareholders*	(75,163)	(40,016)
Dividends distributed to other shareholders	(1,761)	(2,054)
Dividends jointly controlled companies	2,311	684
Cash flows from discontinued assets / liabilities	(29,149)	6,447
Cash flows generated (used) by financial activities	(108,566)	(36,711)
Variations in cash	(39,112)	60,282
Cash and cash equivalents at the beginning of the period	59,353	10,928
Cash and cash equivalents at the beginning of the period of the Companies held for sale	7,297	4,673
Cash and cash equivalents at the end of the period	20,241	71,210

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