

Gruppo Ascopiave

1stH 2019
CONSOLIDATED RESULTS

Conference Call

Pieve di Soligo, 6th August 2019

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Premise

→ Ascopiave - Hera term sheet

Financial highlights

Companies consolidated with full and with net equity consolidation method

Companies held for sale

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On 17 June 2019, Ascopiave S.p.A. and Hera S.p.A. have signed a binding term sheet which regulates the terms of a complex operation that provides, among other things, the sale of the shareholdings held by the Ascopiave Group in Sinergie Italiane S.r.l. and in the companies active in the natural gas and electricity sale business Ascotrade, Ascopiave Energie, Blue Meta, Etra Energia and ASM Set to Estenergy S.p.A., a company currently owned by Ascopiave S.p.A. with a share of 49% of the share capital and by Hera Comm S.r.l. with a share of 51%.

Upon completion of the operation, the Hera Group will transfer to Estenergy S.p.A. their sale activities in the “Triveneto” and will acquire the control of the company, while Ascopiave will hold a minority stake of 48%, with a sales option right that can be executed within the seventh year from the closing of the operation.

Amgas Blu will be finally sold from Ascopiave to the Hera Group.

Following this agreement, the Ascopiave Group accounts the activities attributable to the companies being sold as activities held for sale, according to IFRS 5 international accounting principle.

In the first half 2019 income statement, therefore, the results of the activities mentioned are highlighted in the item “*net result of activities held for sale*”. In the balance sheet, the net balance of active and passive elements are instead highlighted in the item “*net balance of activities held for sale*”.

In order to expose the variations of the results achieved by the activities held for sale and to analyze their most significant determinants, a pro-forma income statement has been prepared which shows the relevant revenues, the costs and the intermediate operating results.

Premise

Financial highlights

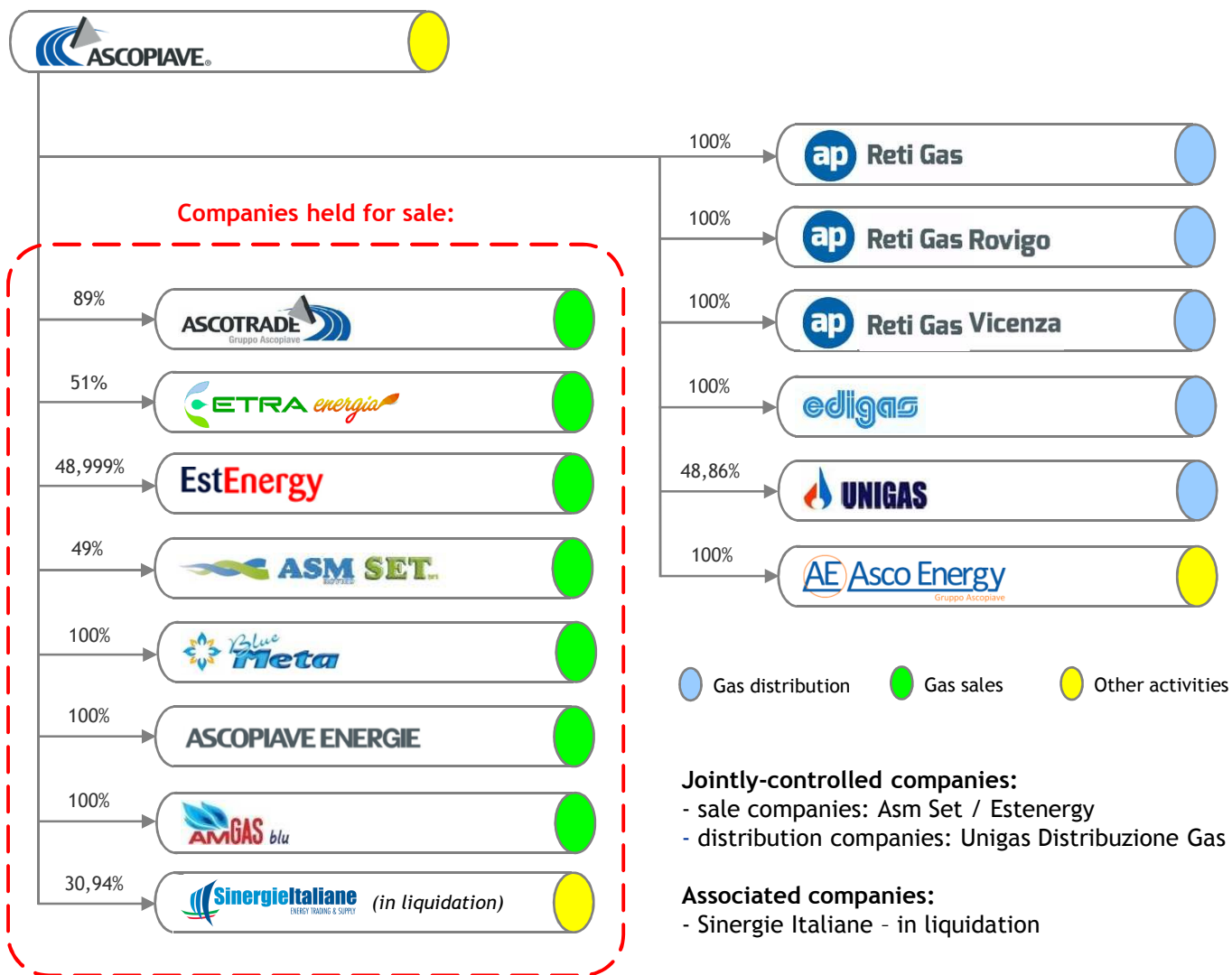
- Ascopiave Group structure as of 30th June 2019
- 1stH 2019 consolidated income statement
- Consolidated balance sheet as of 30th June 2019

Companies consolidated with full and with net equity consolidation method

Companies held for sale

Disclaimer





(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Revenues	60.816	65.242	(4.426)	-6,8%
(Cost of raw materials and consumables)	(719)	(1.232)	513	-41,6%
(Cost of services)	(15.001)	(14.970)	(31)	+0,2%
(Cost of personnel)	(7.560)	(7.726)	166	-2,2%
(Other operating costs)	(19.995)	(17.522)	(2.473)	+14,1%
Other operating income	1.298	210	1.088	+517,4%
EBITDA	18.839	24.002	(5.163)	-21,5%
(Depreciations and amortizations)	(11.103)	(10.389)	(714)	+6,9%
(Provisions)	-	-	-	n.a.
EBIT	7.735	13.612	(5.877)	-43,2%
Financial income / (expenses)	(724)	(544)	(180)	+33,1%
Evaluation of companies with net assets method (*)	648	846	(198)	-23,4%
EBT	7.660	13.915	(6.255)	-45,0%
(Income taxes)	(2.924)	(4.448)	1.524	-34,3%
Earnings after taxes	4.736	9.466	(4.731)	-50,0%
Net result of activities held for sale	29.466	20.292	9.175	+45,2%
Net income	34.202	29.758	4.444	+14,9%
(Net income of minorities)	(1.878)	(1.303)	(576)	+44,2%
Net income of the Group	32.324	28.455	3.868	+13,6%

(*) Result of Unigas Distribuzione Gas, company consolidated with net equity consolidation method (data are considered pro-rata): Euro 0,6 mln (Euro 0,8 mln in 1stH 2018).

(Thousand of Euro)	30/06/2019	31/12/2018	Chg	Chg %
Tangible assets (*)	33.254	32.724	531	+1,6%
Non tangible assets (*)	376.005	432.637	(56.632)	-13,1%
Investments in associates (**)	19.958	68.357	(48.398)	-70,8%
Other fixed assets	14.266	23.401	(9.136)	-39,0%
Fixed assets	443.483	557.118	(113.635)	-20,4%
Operating current assets	84.056	219.660	(135.604)	-61,7%
(Operating current liabilities)	(64.106)	(160.146)	96.041	-60,0%
(Operating non current liabilities)	(35.268)	(51.245)	15.977	-31,2%
Net working capital	(15.318)	8.268	(23.586)	-285,3%
Non current assets held for sale	272.490	-	272.490	n.a.
(Non current liabilities held for sale)	(123.881)	-	(123.881)	n.a.
Net balance of activities held for sale	148.609	-	148.609	n.a.
Total capital employed	576.774	565.386	11.388	+2,0%
Group shareholders equity	393.700	443.567	(49.867)	-11,2%
Minorities	4.399	4.303	97	+2,2%
Net financial position	178.675	117.517	61.158	+52,0%
Total sources	576.774	565.386	11.388	+2,0%

(*) 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: Unigas Distribuzione Gas, Euro 20,0 mln (Euro 21,5 mln as of 31st December 2018); sale companies, Euro 0,0 mln (Euro 46,8 mln as of 31st December 2018).

Premise

Financial highlights

Companies consolidated with full and with net equity consolidation method

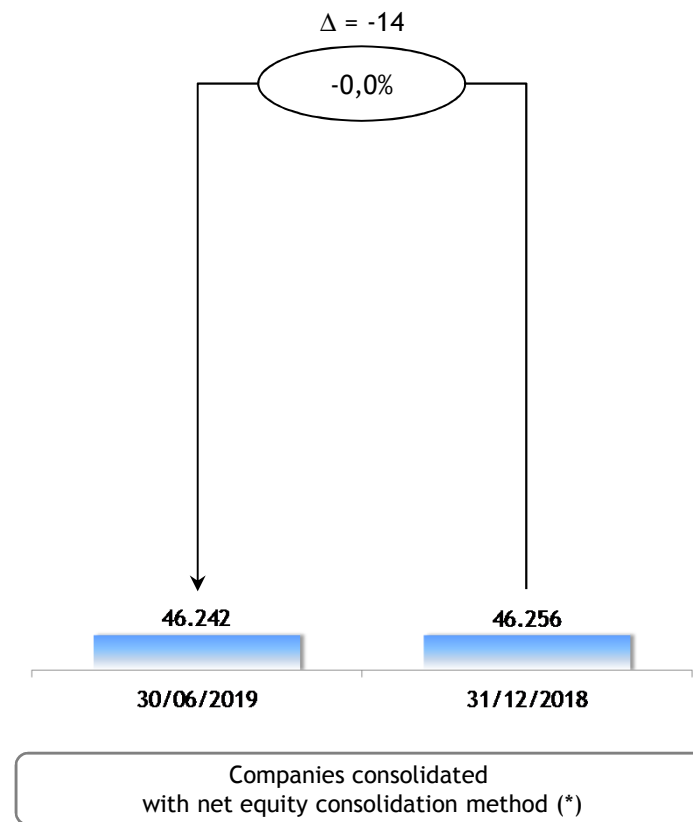
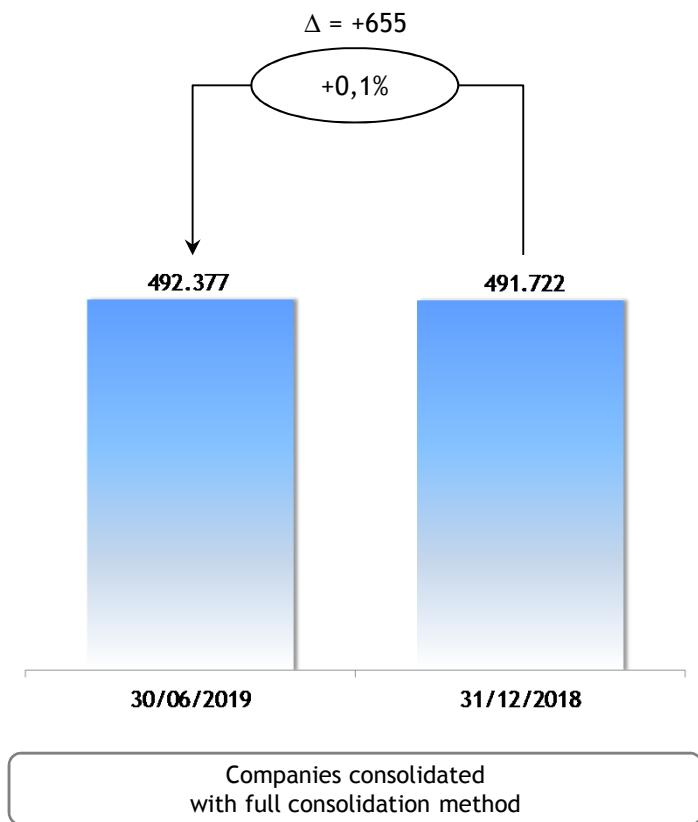
- Operating data
- Economic data
- Revenues bridge
- EBIT bridge
- Gas distribution tariff revenues
- Other net operating costs
- Personnel
- Capex
- Net financial position and cash flow

Companies held for sale

Disclaimer



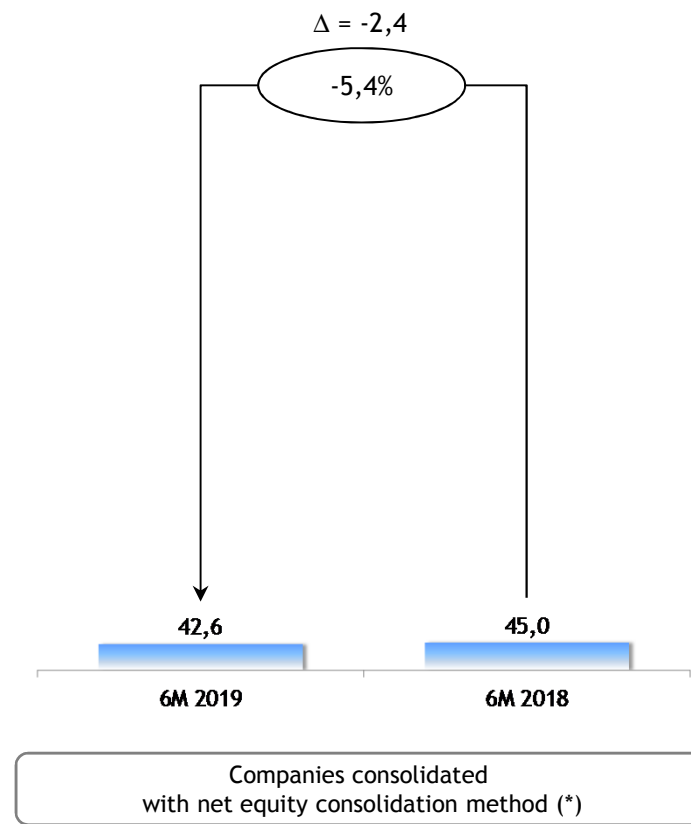
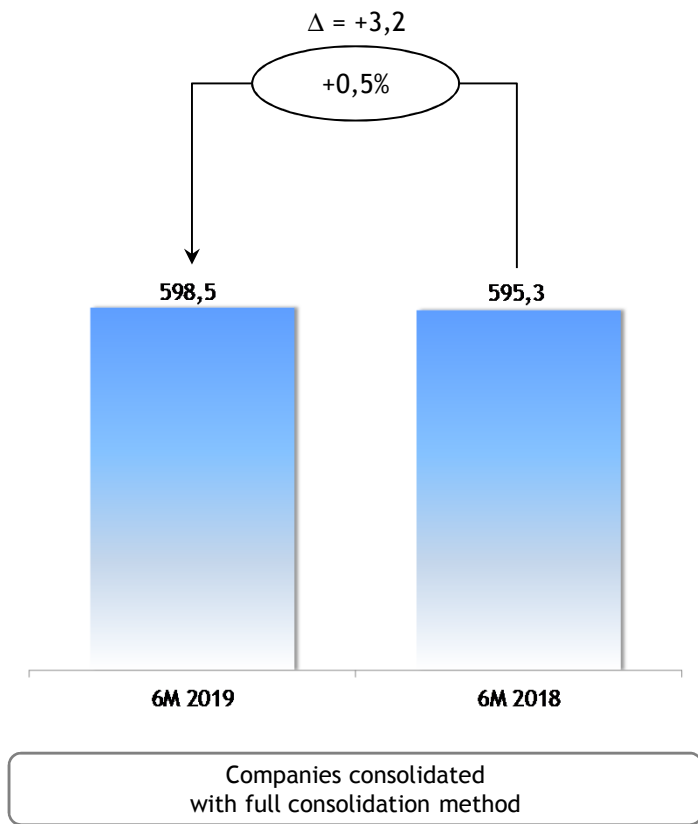
Number of gas distribution users



(*) Data are considered pro-rata.

Volumes of gas distributed

(Million of standard cubic meters)



(*) Data are considered pro-rata.

Companies consolidated with full consolidation method

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Revenues	60.816	65.242	(4.426)	-6,8%
EBITDA	18.839	24.002	(5.163)	-21,5%
% on revenues	+31,0%	+36,8%		
EBIT	7.735	13.612	(5.877)	-43,2%
% on revenues	+12,7%	+20,9%		

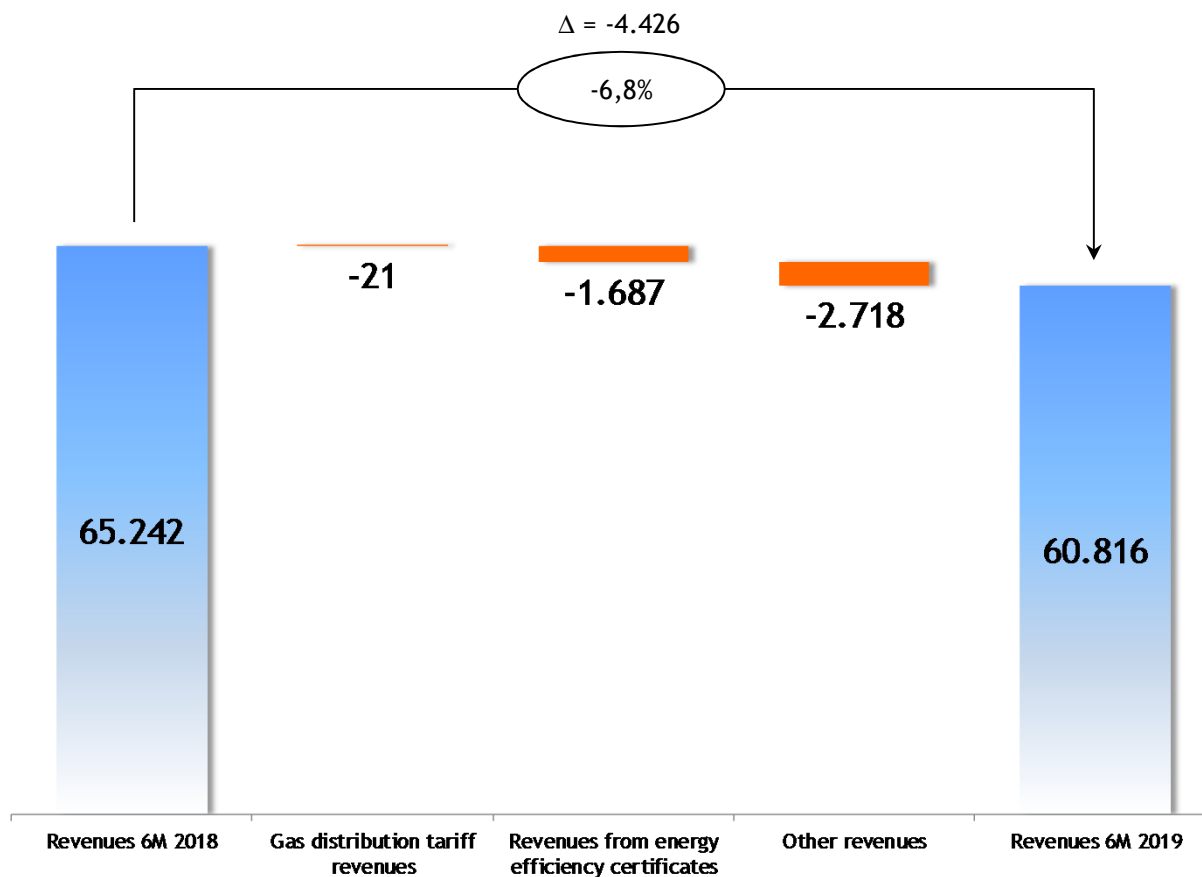
Companies consolidated with net equity consolidation method (*)

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Revenues	3.964	3.857	107	+2,8%
EBITDA	1.483	1.670	(187)	-11,2%
% on revenues	+37,4%	+43,3%		
EBIT	838	1.083	(245)	-22,6%
% on revenues	+21,1%	+28,1%		

(*) Data are considered pro-rata.

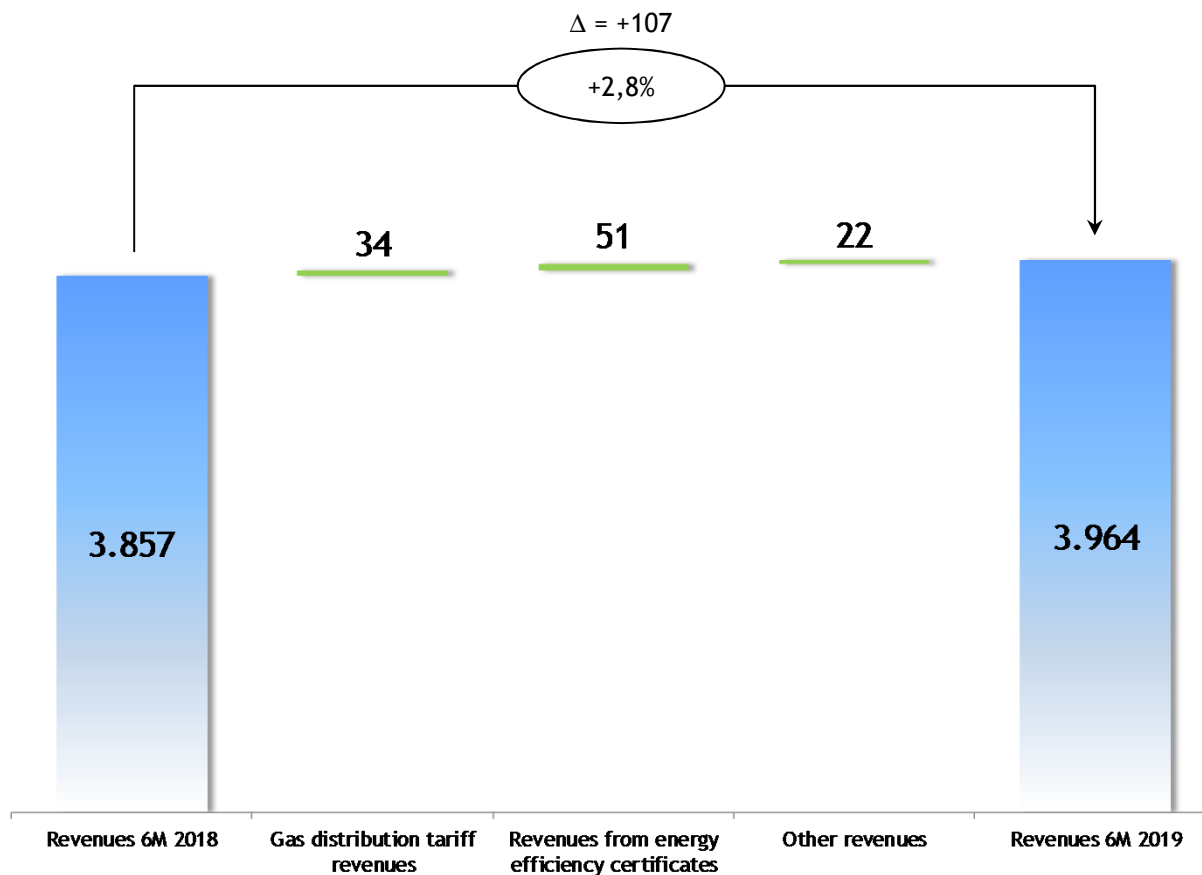
Revenues bridge
Companies consolidated with full consolidation method

(Thousand of Euro)



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

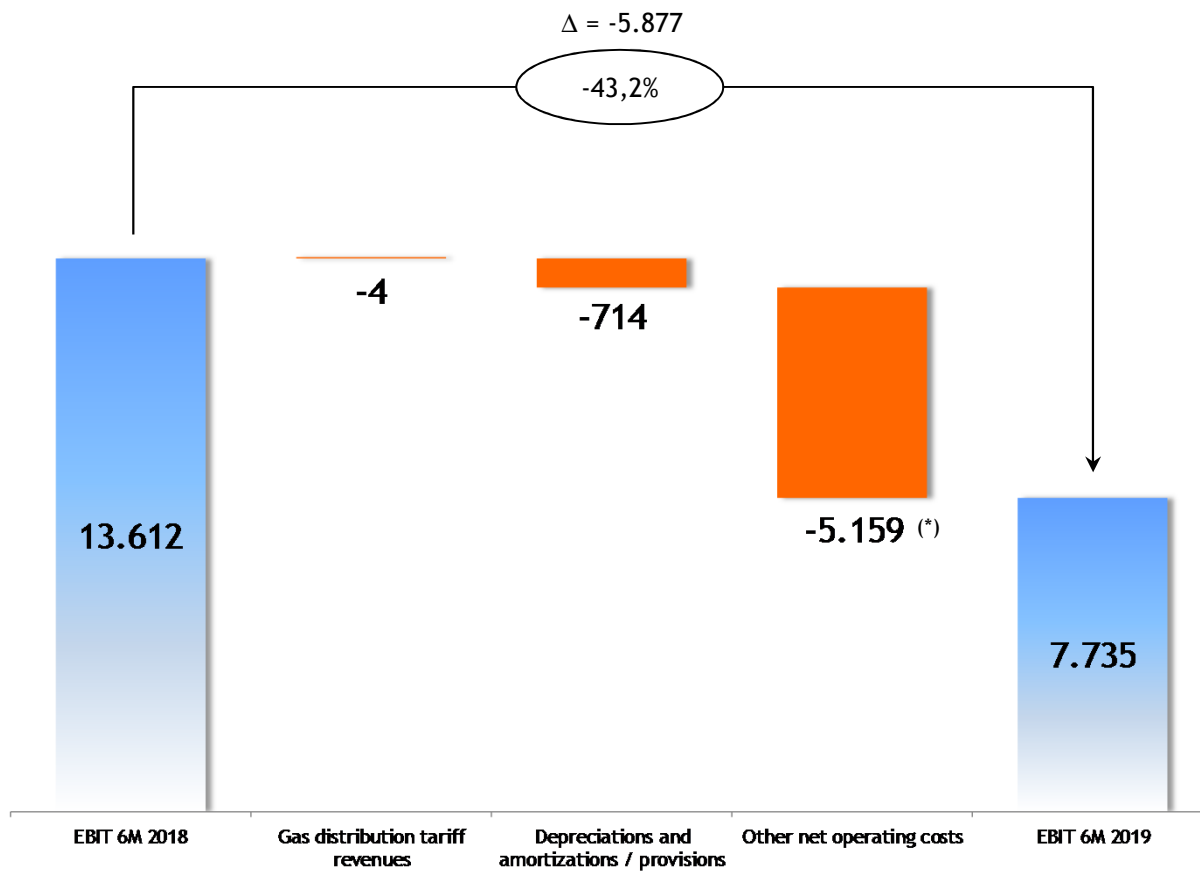
(Thousand of Euro)



(*) Data are considered pro-rata.

EBIT bridge
Companies consolidated with full consolidation method

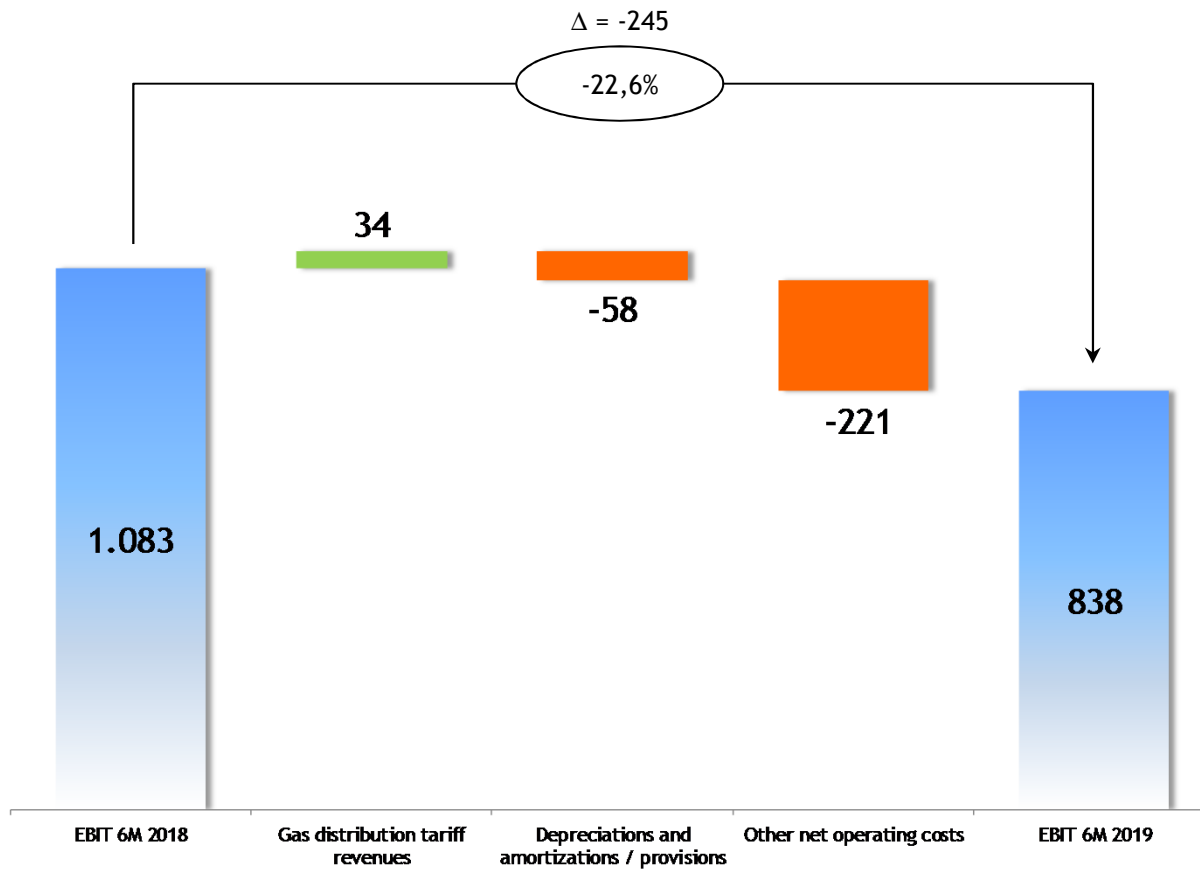
(Thousand of Euro)



(*) For more details check out to slide at page 18.

EBIT bridge
Companies consolidated with net equity method (*)

(Thousand of Euro)



(*) Data are considered pro-rata.

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Gas distribution tariff revenues	36.210	36.215	(4)	-0,0%
Gas distribution tariff revenues (A) <i>Companies consolidated with full consolidation method</i>	36.210	36.215	(4)	-0,0%
<hr/>				
(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Gas distribution tariff revenues (B) <i>Companies consolidated with net equity consolidation method (**)</i>	2.885	2.851	34	+1,2%
Gas distribution tariff revenues (A+B)	39.095	39.066	30	+0,1%

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

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Other revenues	24.310	28.715	(4.405)	-15,3%
Other costs of raw materials and services	(34.122)	(33.201)	(921)	+2,8%
Cost of personnel	(7.560)	(7.726)	166	-2,2%
Other net operating costs (A)				
<i>Companies consolidated with full consolidation method</i>	(17.372)	(12.213)	(5.159)	+42,2%

Increase of other net operating costs: - Euro 5,2 mln

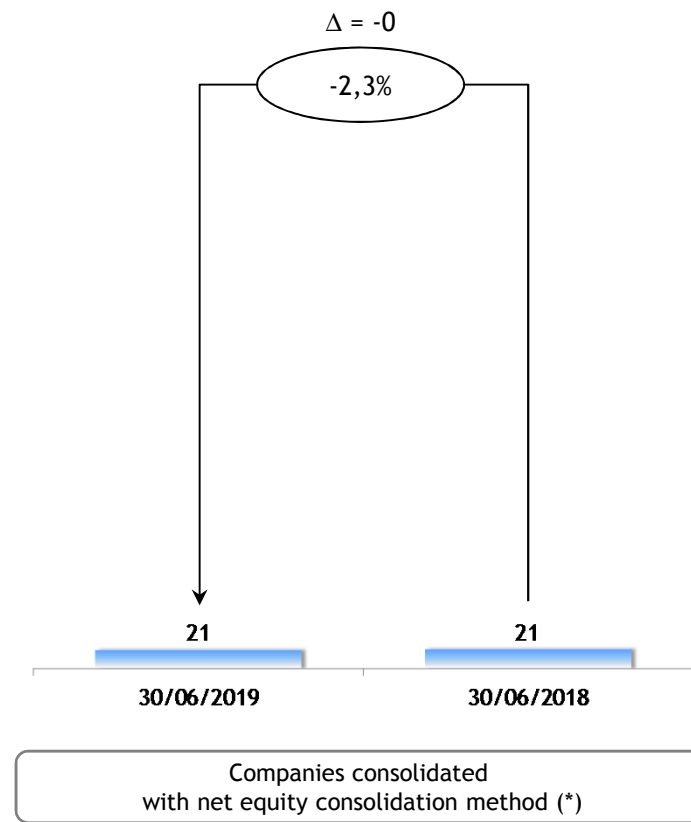
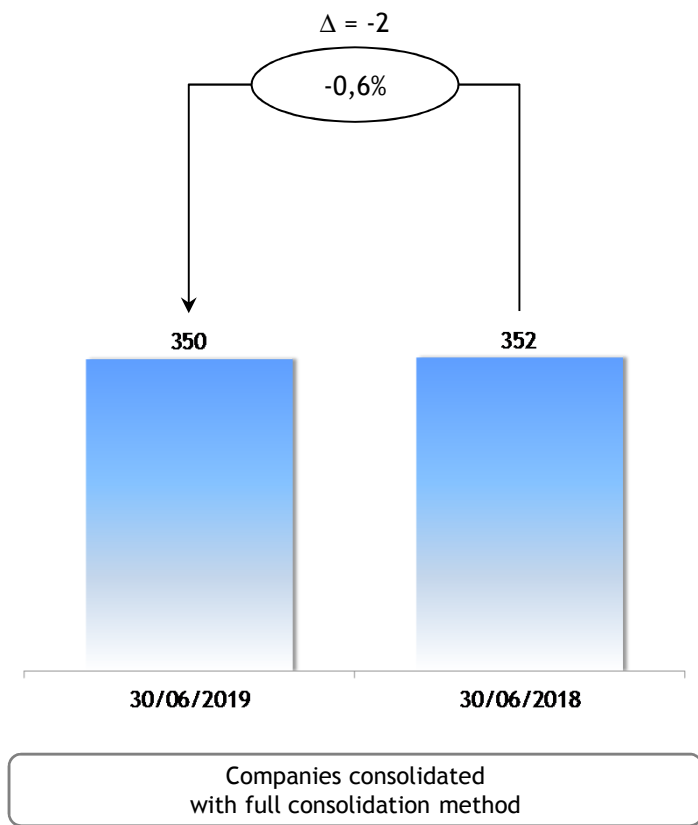
of which:

- *decrease of cost of personnel: + Euro 0,2 mln;*
- *decrease of margin on energy efficiency tasks management: - Euro 4,0 mln;*
- *decrease of contributions for subdivisions: - Euro 0,8 mln;*
- *increase of consulting costs: - Euro 0,5 mln;*
- *other variations: - Euro 0,1 mln.*

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Other net operating costs (A)				
<i>Companies consolidated with full consolidation method</i>	(17.372)	(12.213)	(5.159)	+42,2%
Other net operating costs (B)				
<i>Companies consolidated with net equity consolidation method (*)</i>	(1.402)	(1.181)	(221)	+18,7%
Other net operating costs (A+B)	(18.774)	(13.394)	(5.380)	+40,2%

(*) Data are considered pro-rata.

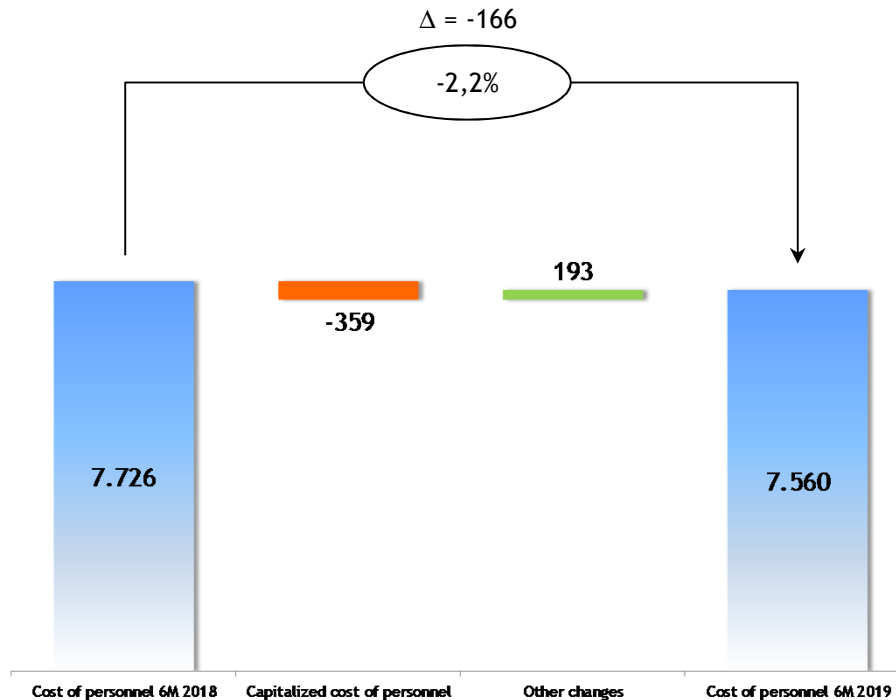
Number of employees



(*) Data are considered pro-rata.

Cost of personnel

(Thousand of Euro)



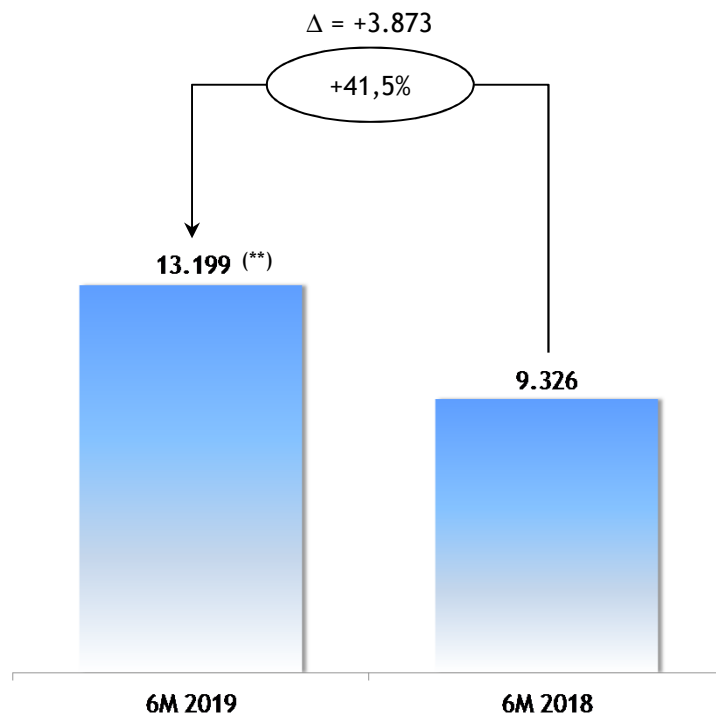
Cost of personnel changes:

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

1stH 2019 cost of personnel of Unigas Distribuzione Gas, company consolidated with net equity consolidation method: Euro 0,3 mln (-11,4%).

Capex (*)

(Thousand of Euro)



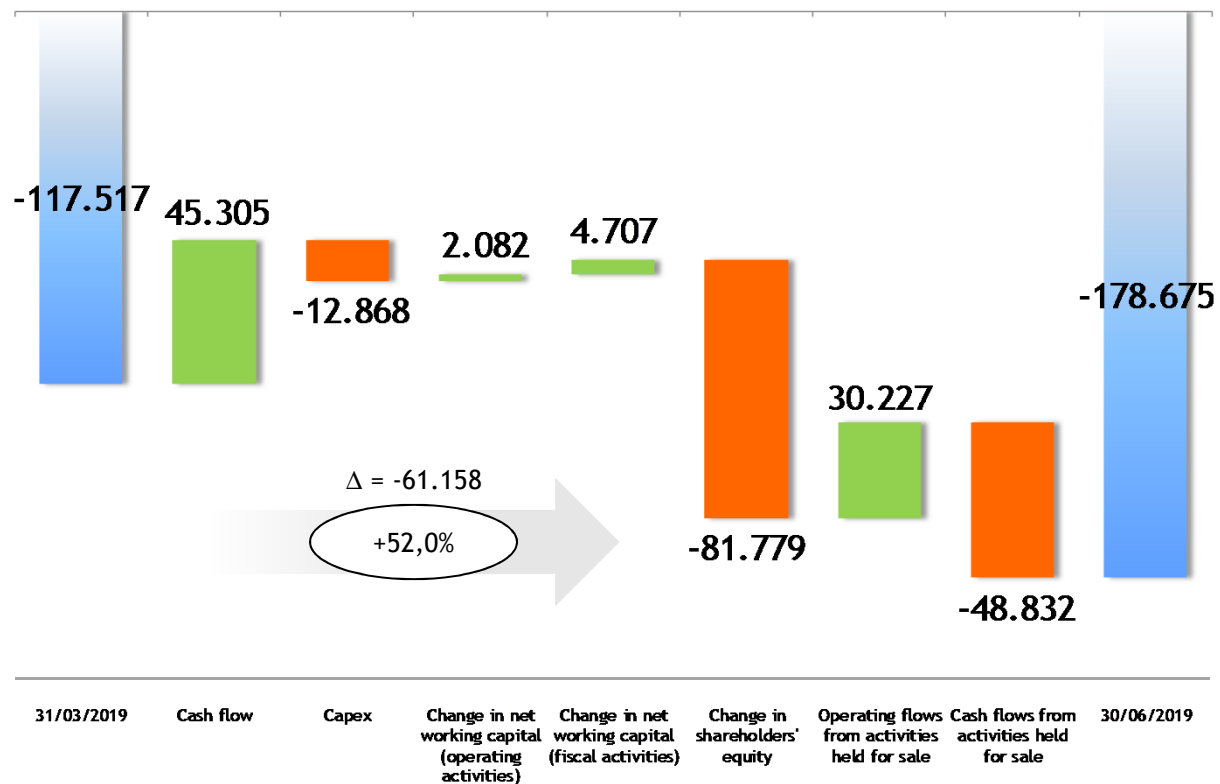
- Gas distribution systems: Euro 8,1 mln
- Gas meters: Euro 3,7 mln
- Investments in hardware and software: Euro 0,8 mln
- Other: Euro 0,6 mln

1stH 2019 investments of Unigas Distribuzione Gas, company consolidated with net equity consolidation method: Euro 0,4 mln (-39,1%).

(*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments; (**) Investments in intangible assets and in tangible assets (excluded realizations, investments in associated and investments relative to the application of IFRS 16 accounting principle).

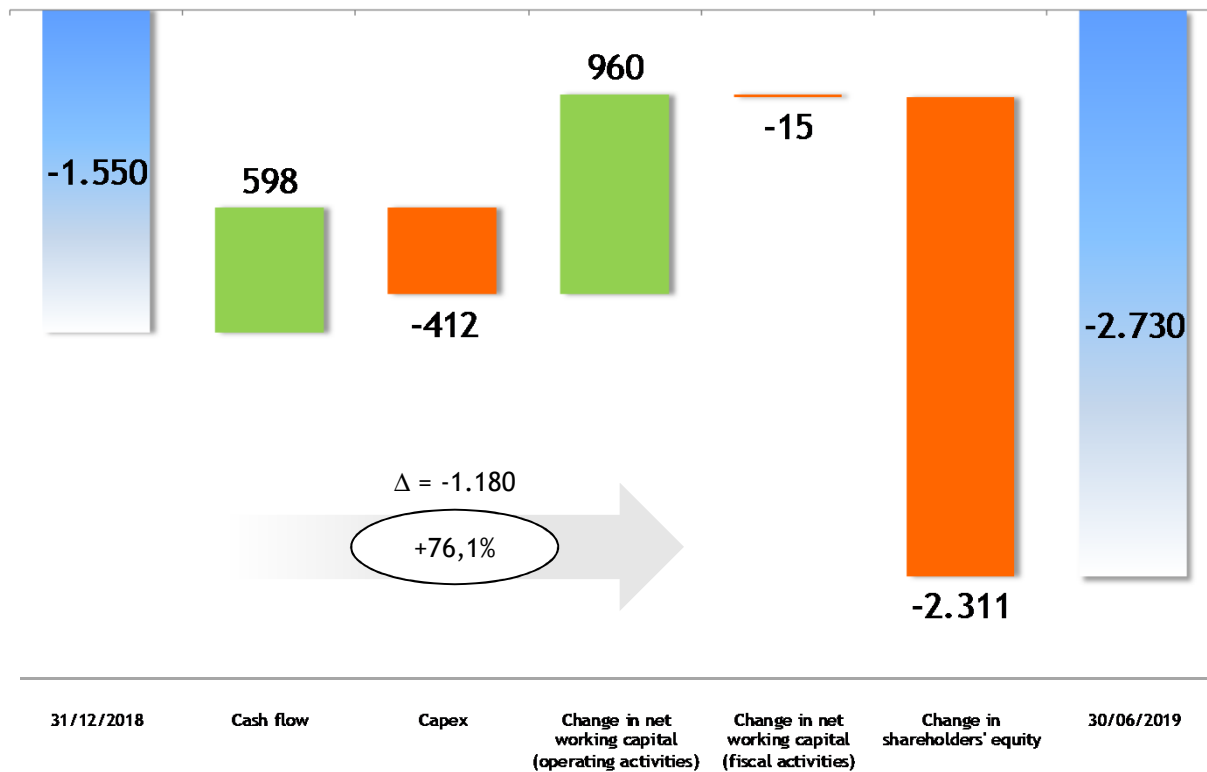
Net financial position and cash flow
Companies consolidated with full consolidation method

(Thousand of Euro)



Net financial position and cash flow
Companies consolidated with net equity consolidation method (*)

(Thousand of Euro)



(*) Data are considered pro-rata.

(Migliaia di Euro) (*)	30/06/2019	31/12/2018	Chg	Chg %
Long term financial borrowings (>12 months)	51.098	55.111	(4.013)	-7,3%
Current position of long term financial borrowings	8.084	8.014	70	+0,9%
Short term financial borrowings (<12 months)	78.759	56.381	22.378	+39,7%
Total financial debt	137.941	119.506	18.435	+15,4%
Fixed rate borrowings	35.308	36.874	(1.566)	-4,2%
Floating rate borrowings	102.633	82.632	20.001	+24,2%

1stH 2019 average cost of debt: 0,52% (vs 1stH 2018 rate: 0,65%)

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

Premise

Financial highlights

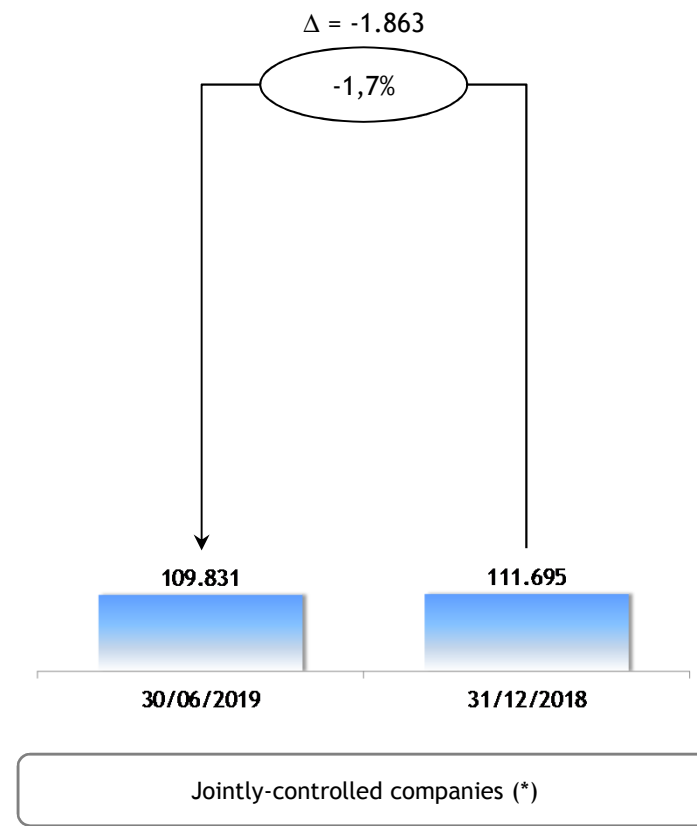
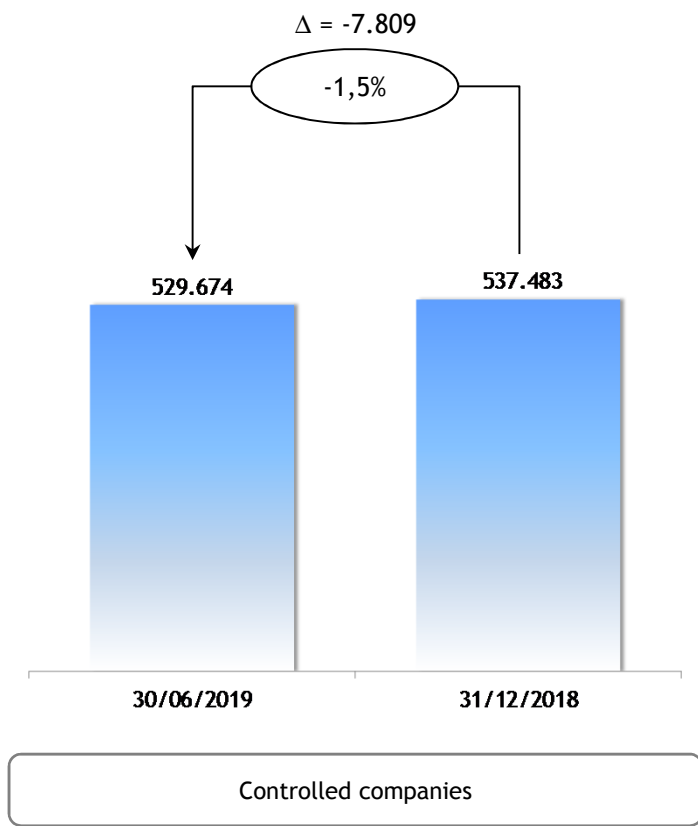
Companies consolidated with full and with net equity consolidation method

Companies held for sale

- Operating data
- Economic data
- Revenues bridge
- EBIT bridge
- Gross margin on gas sales
- Gross margin on trading gas sales
- Gross margin on electricity sales
- Other net operating costs
- Personnel
- Capex
- Net financial position and cash flow

Disclaimer

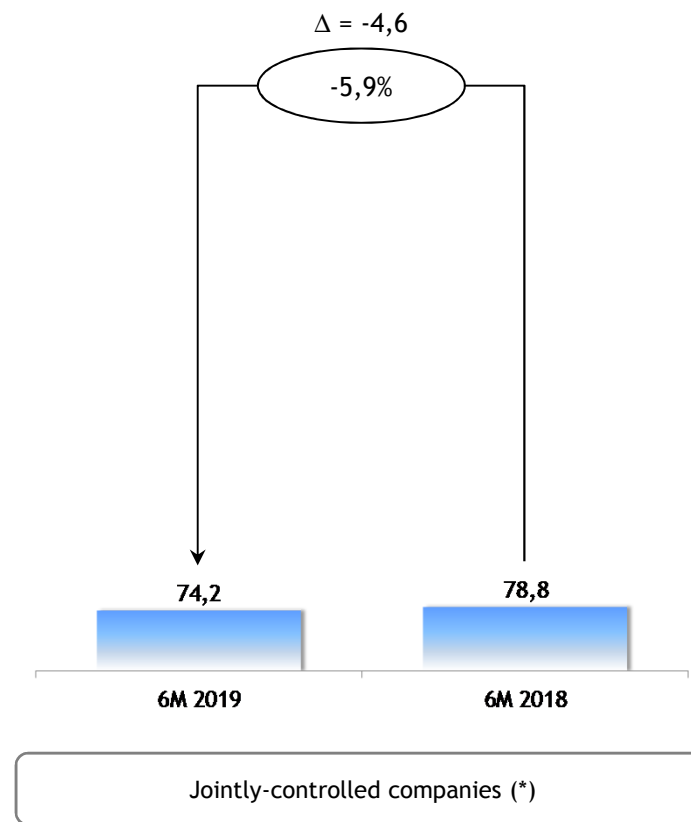
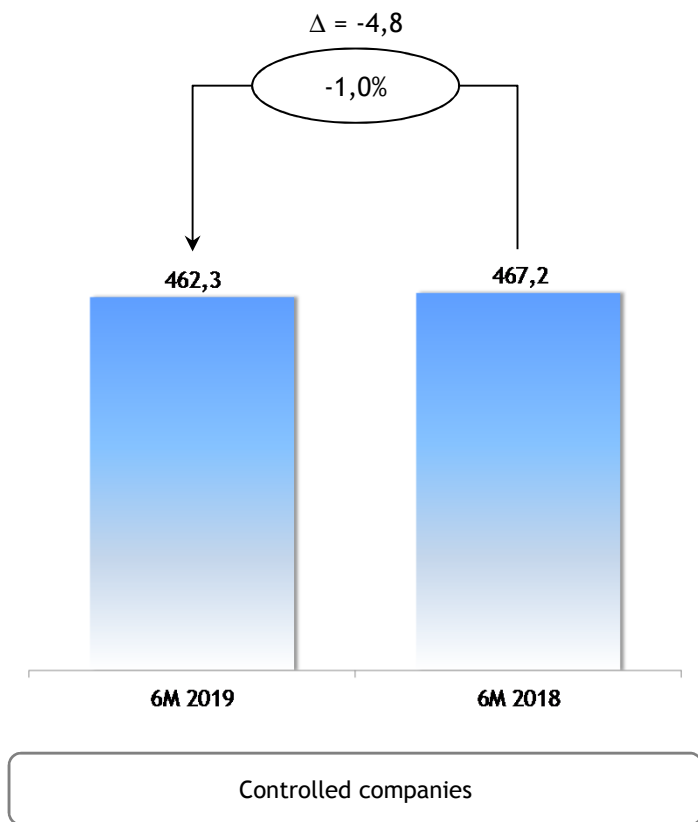
Number of gas sales customers



(*) Data are considered pro-rata.

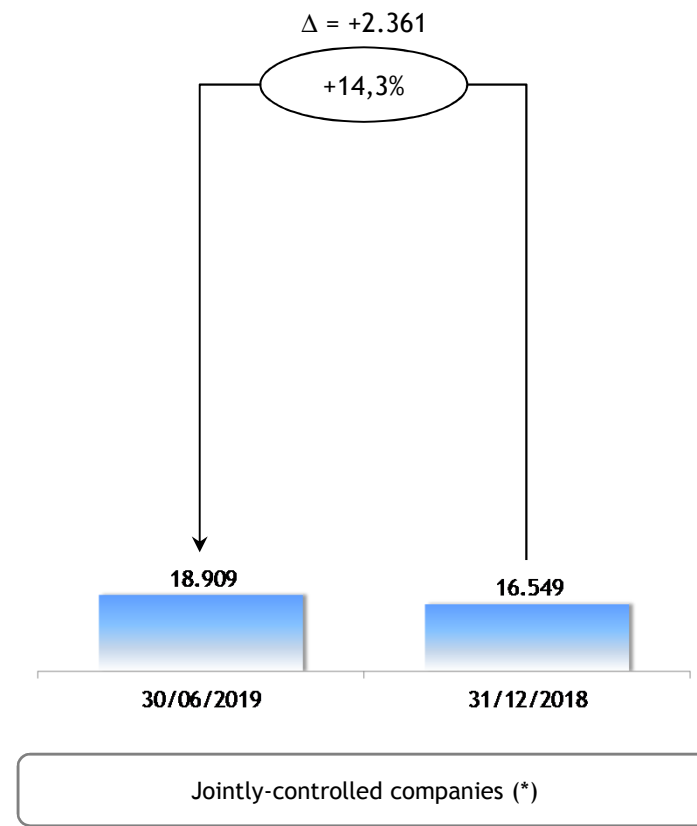
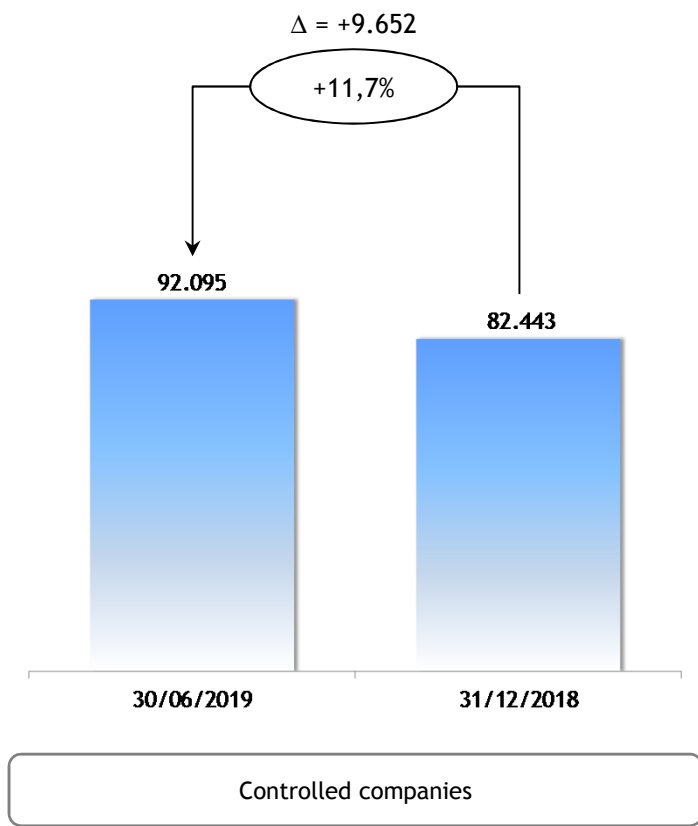
Volumes of gas sold

(Million of standard cubic meters)



(*) Data are considered pro-rata.

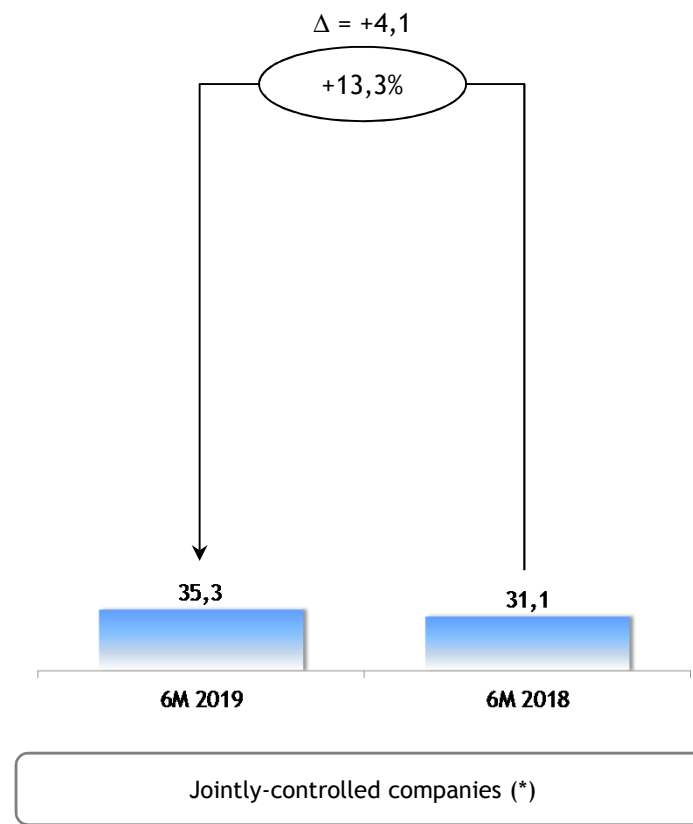
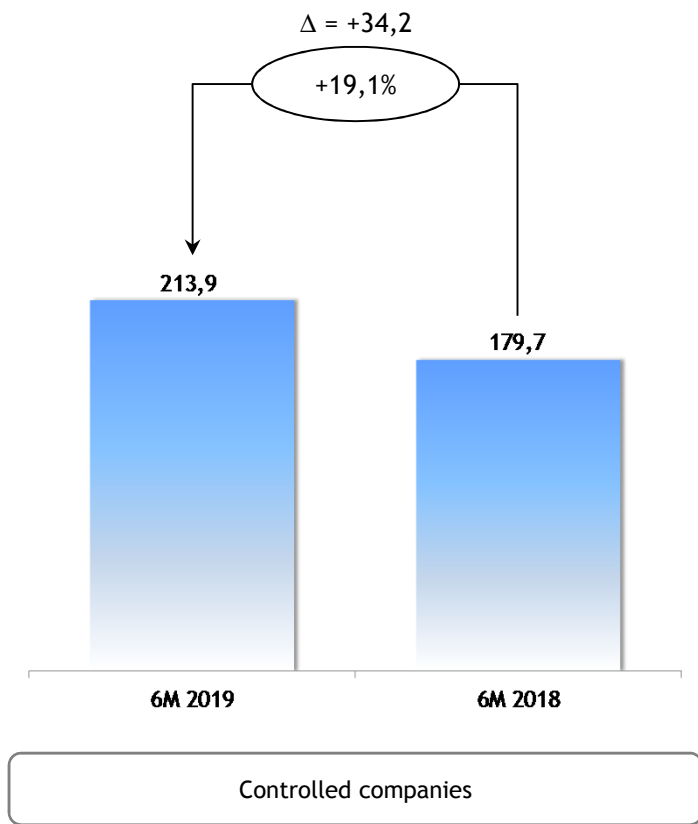
Number of electricity sales customers



(*) Data are considered pro-rata.

Volumes of electricity sold

(Gigawatt hours)



(*) Data are considered pro-rata.

Controlled companies

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Revenues	322.585	285.116	37.468	+13,1%
EBITDA	36.803	24.006	12.797	+53,3%
% on revenues	+11,4%	+8,4%		
EBIT	35.082	22.146	12.937	+58,4%
% on revenues	+10,9%	+7,8%		

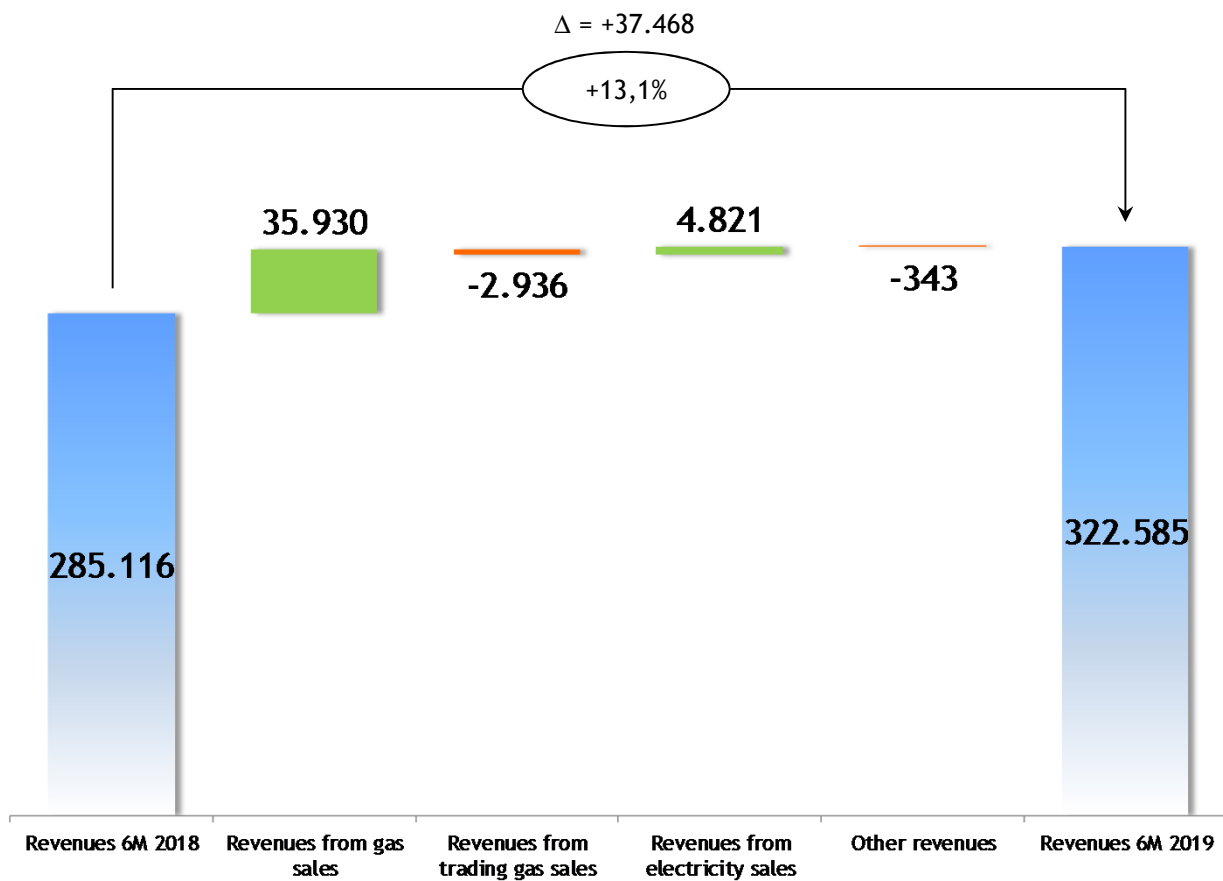
Jointly-controlled companies (*)

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Revenues	47.733	43.746	3.987	+9,1%
EBITDA	5.707	5.634	73	+1,3%
% on revenues	+12,0%	+12,9%		
EBIT	4.888	4.972	(84)	-1,7%
% on revenues	+10,2%	+11,4%		

(*) Data are considered pro-rata.

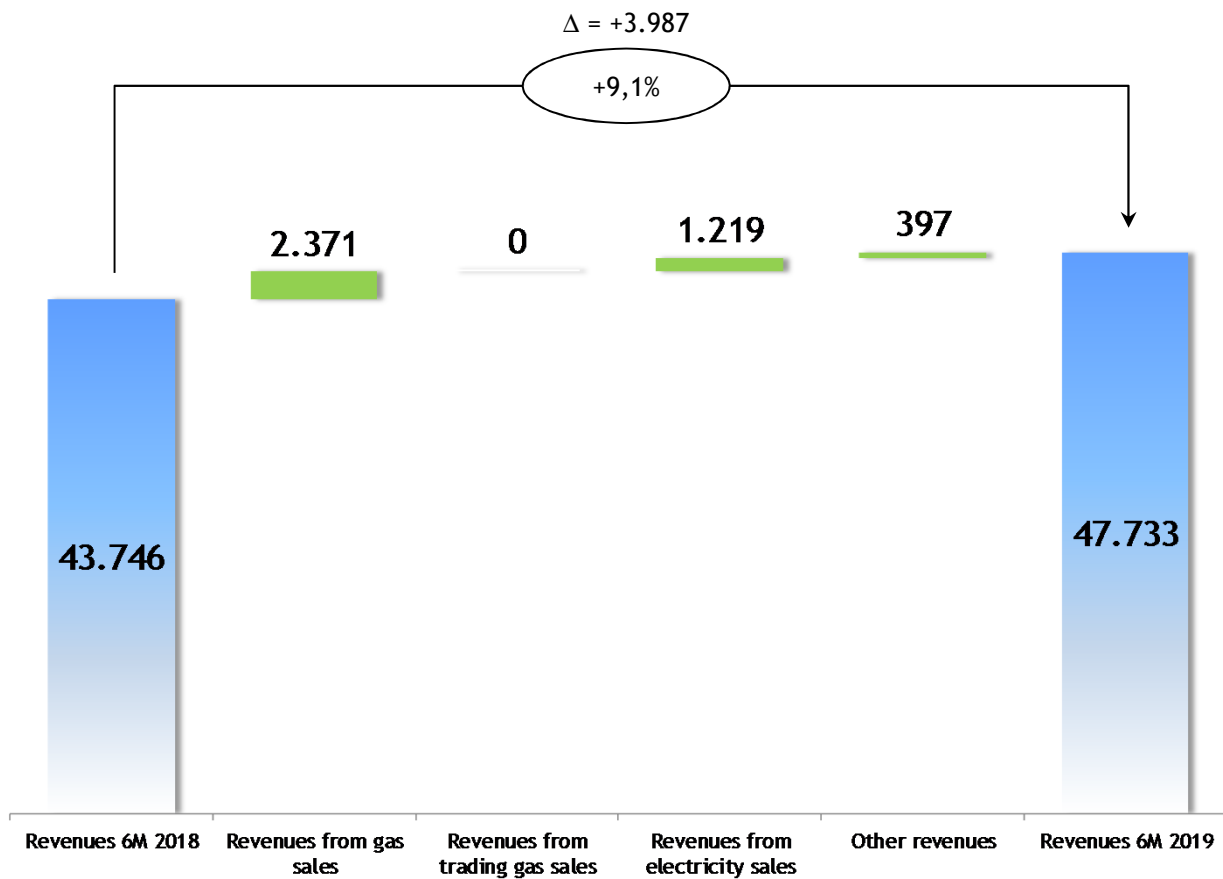
Revenues bridge Controlled companies

(Thousand of Euro)



**Revenues bridge
Jointly-controlled companies (*)**

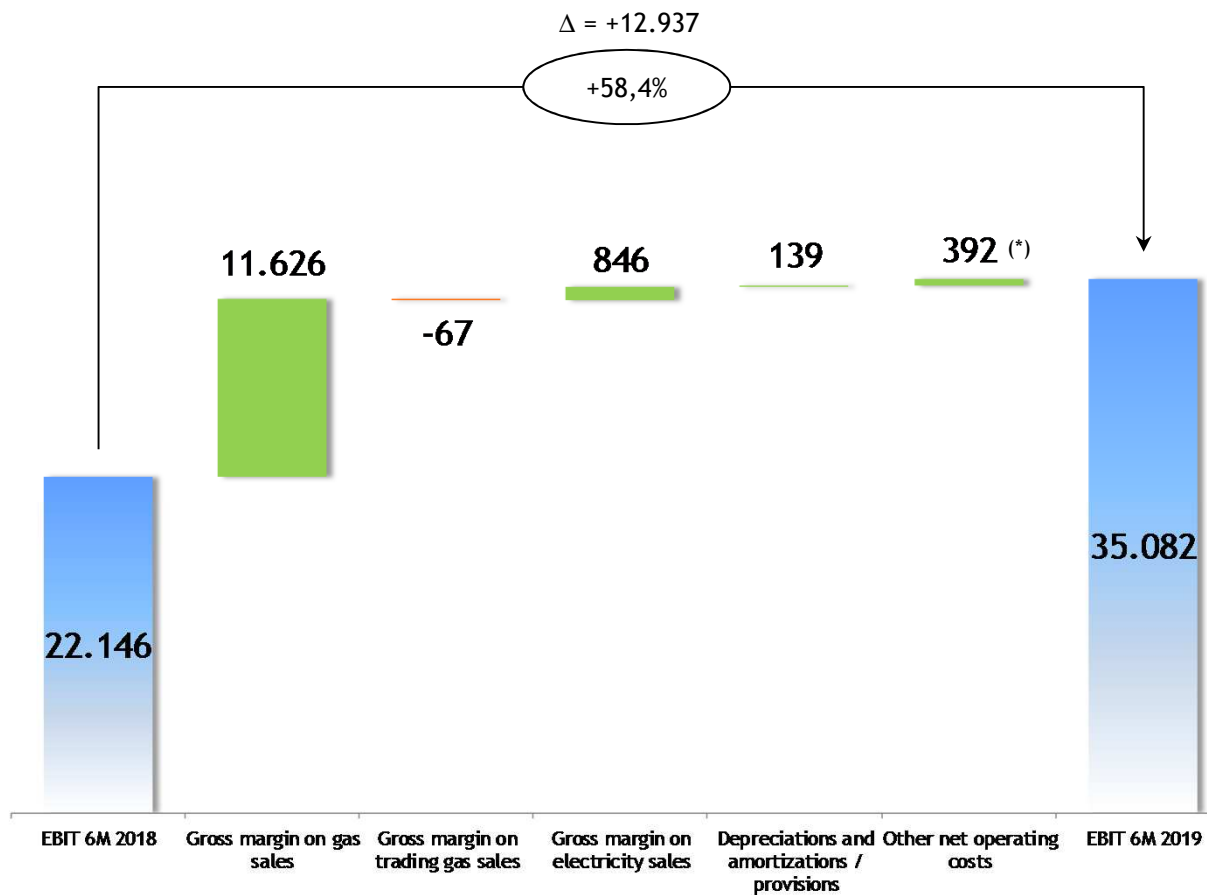
(Thousand of Euro)



(*) Data are considered pro-rata.

**EBIT bridge
Controlled companies**

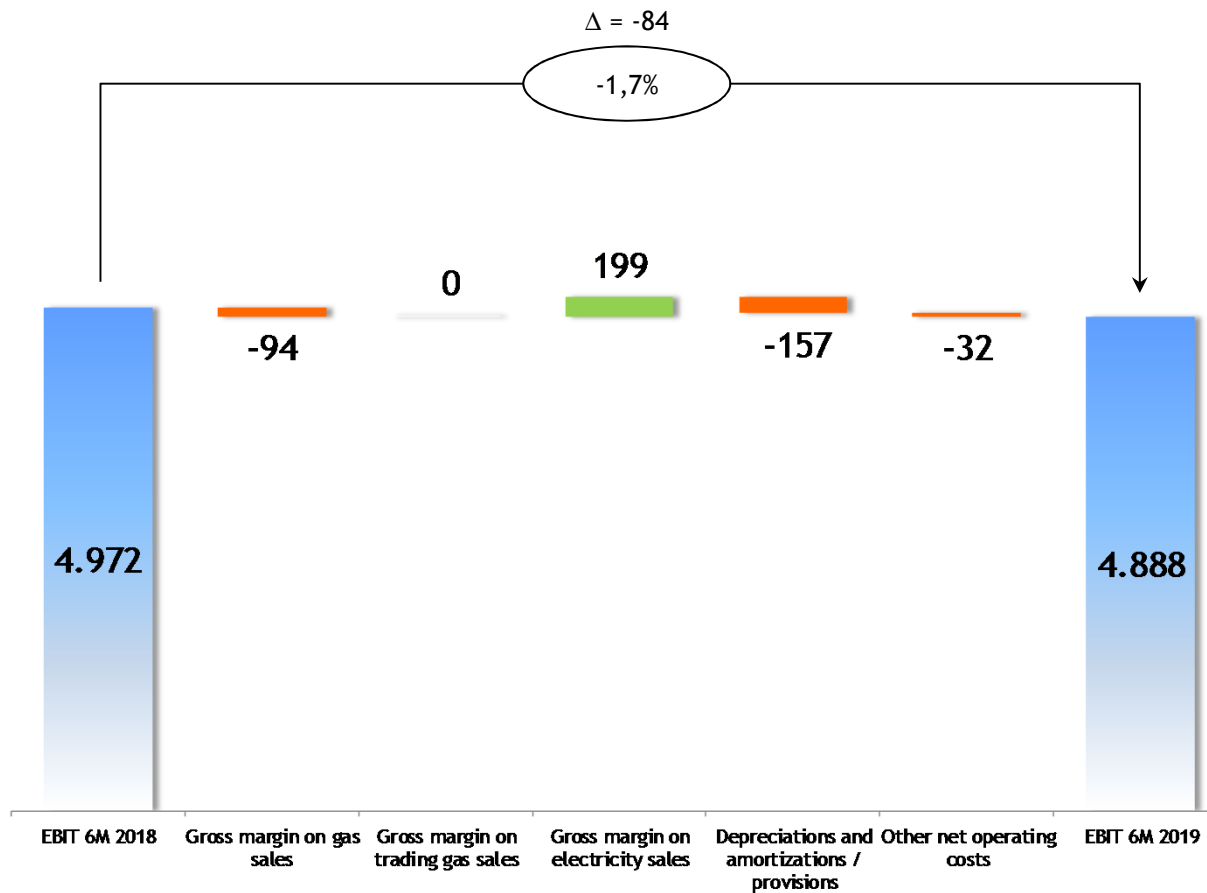
(Thousand of Euro)



(*) For more details check out to slide at page 39.

EBIT bridge
Jointly-controlled companies (*)

(Thousand of Euro)



(*) Data are considered pro-rata.

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Revenues from gas sales	235.945	211.518	24.427	+11,5%
(Gas purchase costs)	(137.229)	(127.814)	(9.415)	+7,4%
(Gas distribution costs)	(54.149)	(50.764)	(3.385)	+6,7%
Gross margin on gas sales (A) <i>Controlled companies</i>	44.567	32.940	11.626	+35,3%

The increase of gross margin on gas sales of the controlled companies, equal to + Euro 11,6 mln, is mainly due to:

- the redetermination of the coefficient k (res. 32/2019/R/GAS) for + Euro 8,2 mln;
- the *gas settlement* for + Euro 4,1 mln (negative result in the first half of 2018: - Euro 2,0 mln; positive result in the first half of 2019: + Euro 2,1 mln).

Net of these effects, the margin showed a reduction, equal to - Euro 0,7 mln, mainly due to lower amounts of gas sold in the period.

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Gross margin on gas sales (B) <i>Jointly-controlled companies (**)</i>	7.559	7.654	(94)	-1,2%
Gross margin on gas sales (A+B)	52.126	40.594	11.532	+28,4%

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

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Revenues from trading gas sales	2.135	5.071	(2.936)	-57,9%
(Trading gas purchase costs)	(2.072)	(4.839)	2.767	-57,2%
(Trading gas transport / capacity costs)	(29)	(131)	102	-77,7%
Gross margin on trading gas sales (A) <i>Controlled companies</i>	33	101	(67)	-66,7%

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Gross margin on trading gas sales (B) <i>Jointly-controlled companies (**)</i>	-	-	-	n.a.
Gross margin on trading gas sales (A+B)	33	101	(67)	-66,7%

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

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Revenues from electricity sales	61.357	47.171	14.186	+30,1%
(Electricity purchase costs)	(35.613)	(25.117)	(10.496)	+41,8%
(Electricity distribution costs)	(21.382)	(18.538)	(2.844)	+15,3%
Gross margin on electricity sales (A) <i>Controlled companies</i>	4.362	3.515	846	+24,1%

The increase of gross margin on electricity sales of the controlled companies, equal to + Euro 0,8 mln, is mainly due to higher amounts of electricity sold related to contextual increase in customers.

(Thousand of Euro) (*)	6M 2019	6M 2018	Chg	Chg %
Gross margin on electricity sales (B) <i>Jointly-controlled companies (**)</i>	812	613	199	+32,4%
Gross margin on electricity sales (A+B)	5.174	4.129	1.045	+25,3%

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

(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Other revenues	3.582	3.929	(347)	-8,8%
Other costs of raw materials and services	(10.443)	(11.591)	1.148	-9,9%
Cost of personnel	(5.298)	(4.889)	(409)	+8,4%
Other net operating costs (A)	(12.159)	(12.550)	392	-3,1%
Controlled companies				

Decrease of other net operating costs: + Euro 0,4 mln

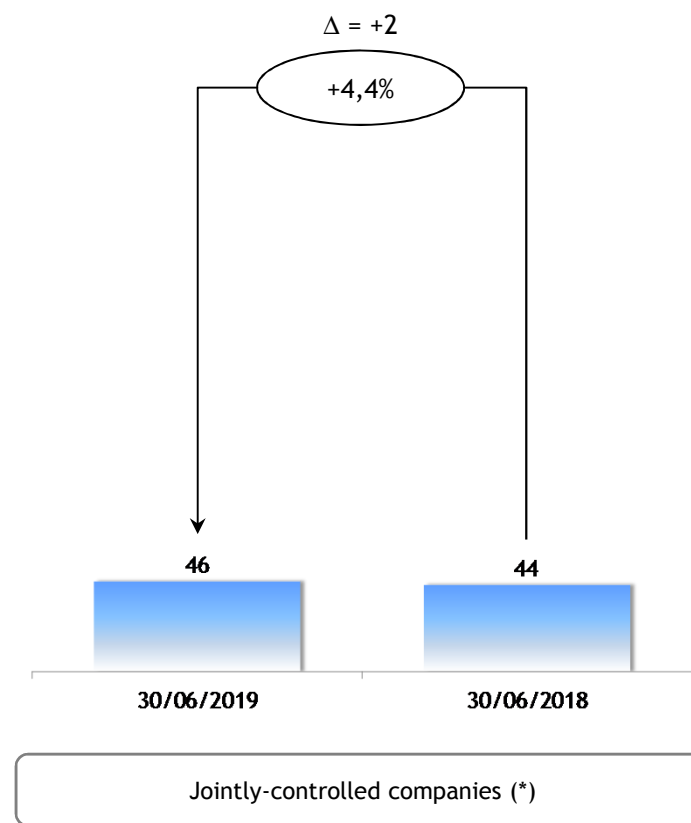
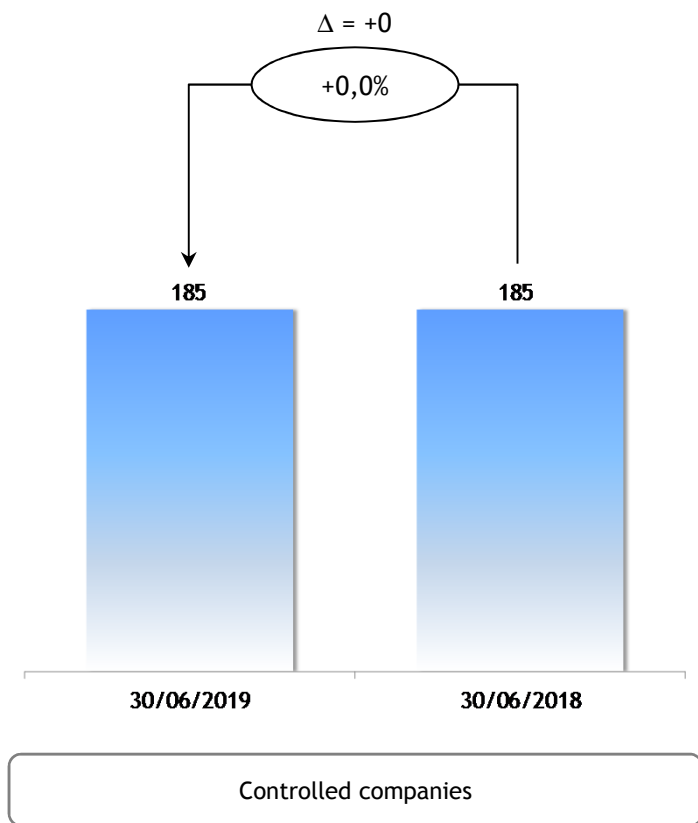
of which:

- *increase of cost of personnel: - Euro 0,4 mln;*
- *increase of advertising and commercial costs: - Euro 0,1 mln;*
- *decrease of consulting costs: + Euro 0,2 mln;*
- *other variations: + Euro 0,7 mln.*

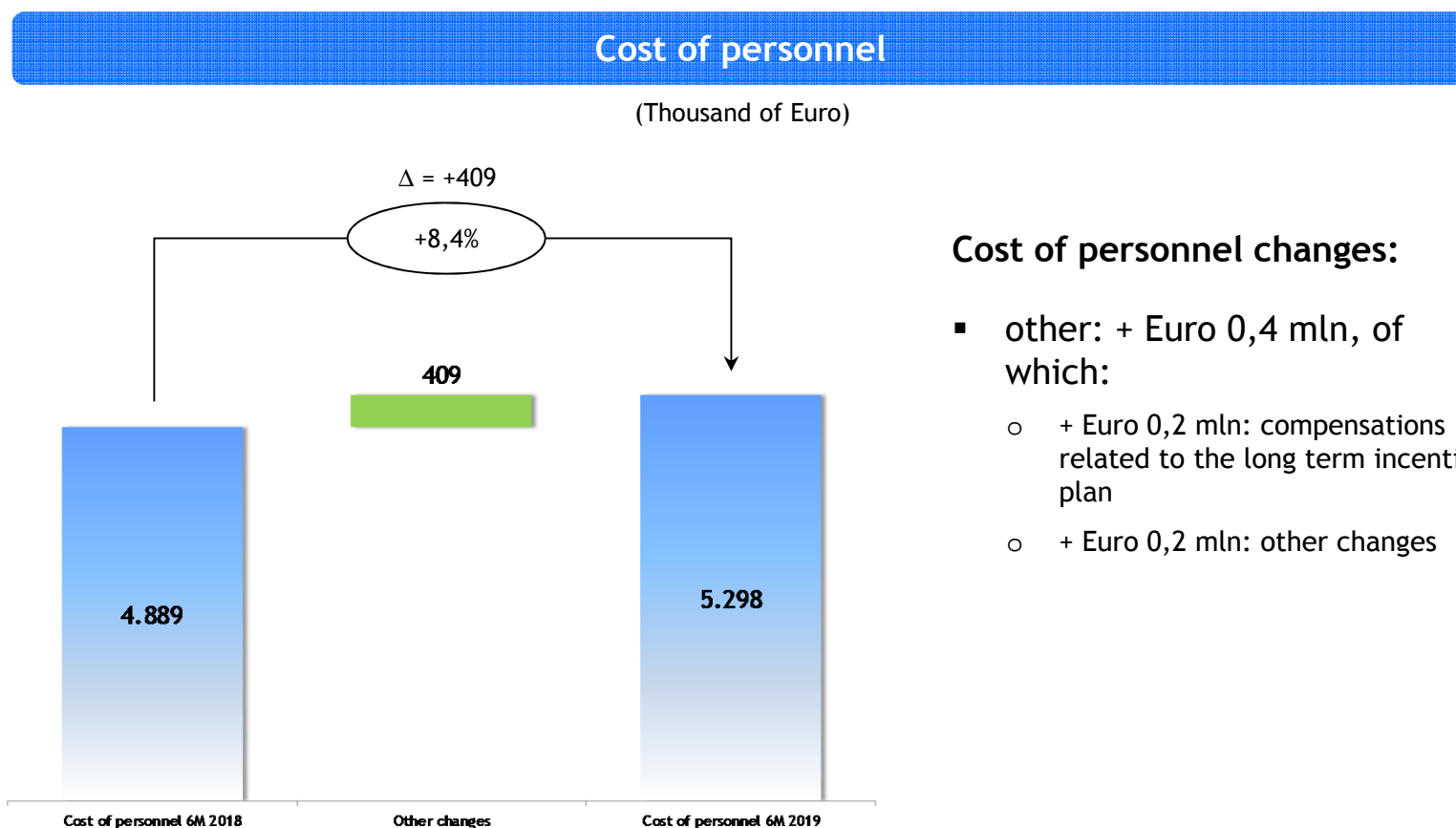
(Thousand of Euro)	6M 2019	6M 2018	Chg	Chg %
Other net operating costs (A) Controlled companies	(12.159)	(12.550)	392	-3,1%
Other net operating costs (B) Jointly-controlled companies (*)	(2.664)	(2.633)	(32)	+1,2%
Other net operating costs (A+B)	(14.823)	(15.183)	360	-2,4%

(*) Data are considered pro-rata.

Number of employees



(*) Data are considered pro-rata.



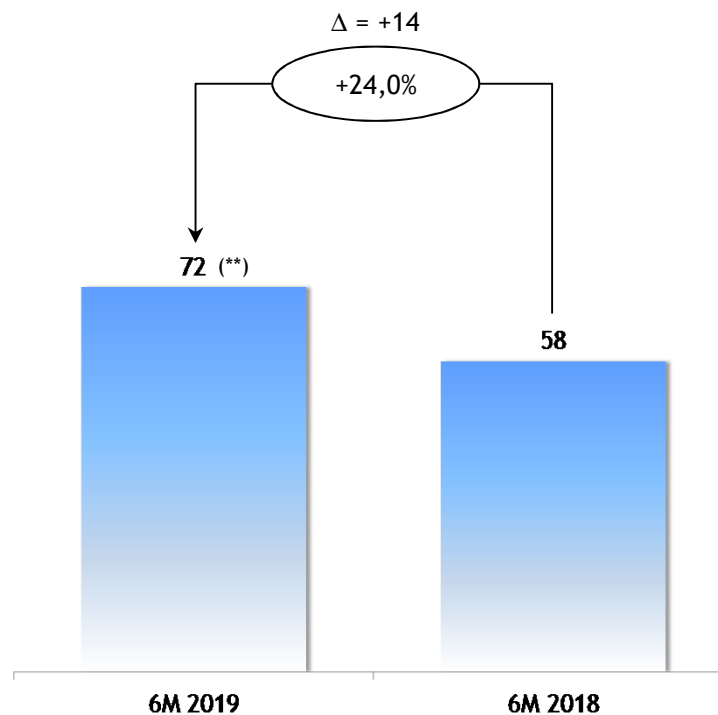
Cost of personnel changes:

- other: + Euro 0,4 mln, of which:
 - + Euro 0,2 mln: compensations related to the long term incentive plan
 - + Euro 0,2 mln: other changes

Cost of personnel of the jointly-controlled companies (Sinergie Italiane excluded): Euro 1,3 mln (+8,4%).

Capex (*)

(Thousand of Euro)

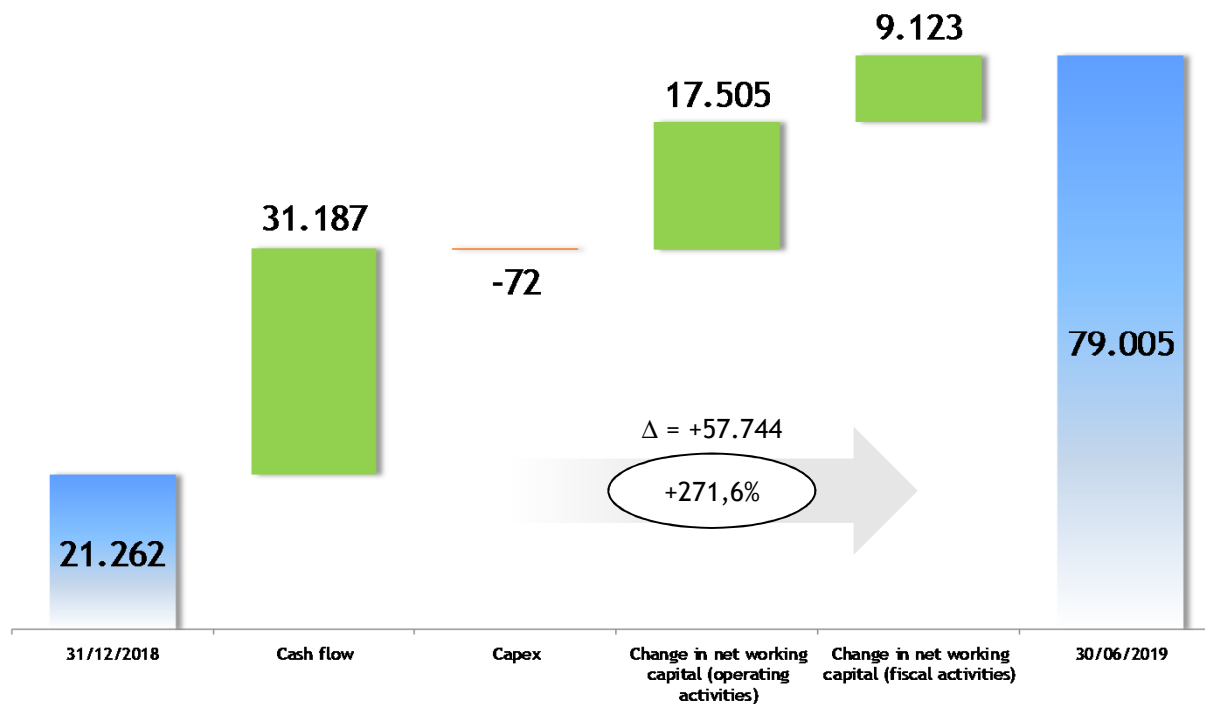


Investments of the jointly-controlled companies (Sinergie Italiane excluded): Euro 0,8 mln.

(*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments; (**) Investments in intangible assets and in tangible assets (excluded realizations, investments in associated and investments relative to the application of IFRS 16 accounting principle).

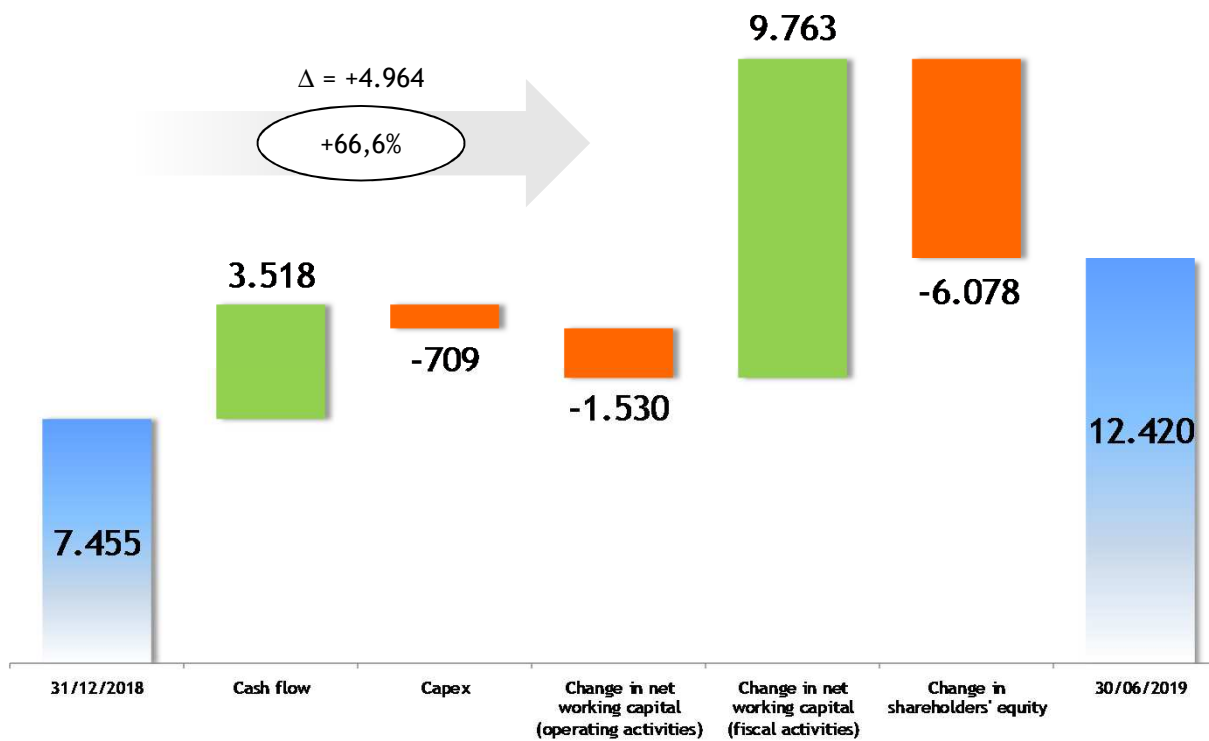
**Net financial position and cash flow
Controlled companies**

(Thousand of Euro)



**Net financial position and cash flow
Jointly-controlled companies (*)**

(Thousand of Euro)



(*) Data are considered pro-rata.

Premise

Financial highlights

Companies consolidated with full and with net equity consolidation method

Companies held for sale

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