

Gruppo Ascopiave

9M 2019

CONSOLIDATED RESULTS

Conference Call

Pieve di Soligo, 12nd November 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

Disclaimer

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 9M 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

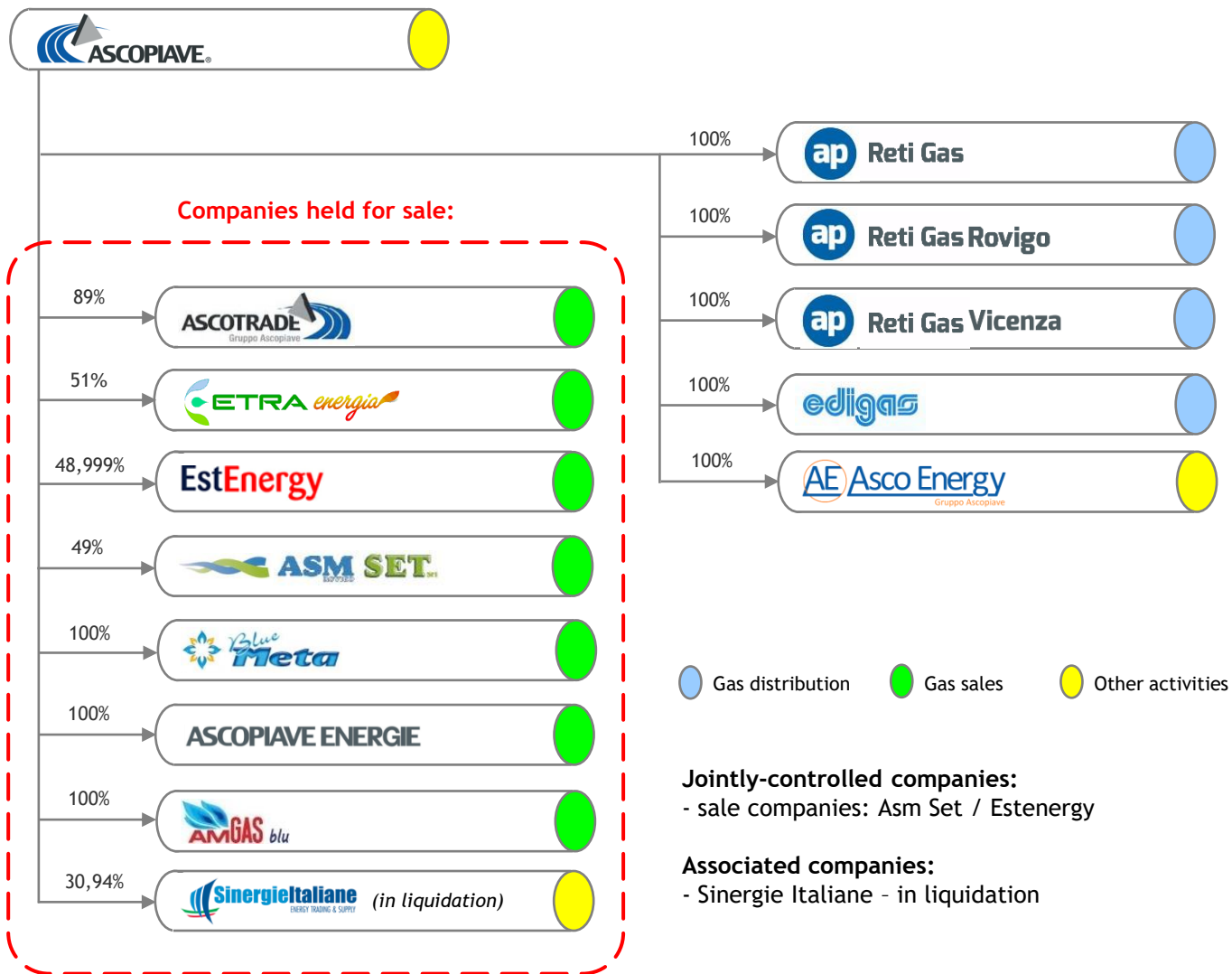
Financial highlights

- Ascopiave Group structure as of 30th September 2019
- 9M 2019 consolidated income statement
- Consolidated balance sheet as of 30th September 2019

Companies consolidated with full and with net equity consolidation method

Companies held for sale

Disclaimer



(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Revenues	90.017	87.592	2.424	+2,8%
(Cost of raw materials and consumables)	(1.712)	(1.566)	(147)	+9,4%
(Cost of services)	(23.831)	(21.986)	(1.845)	+8,4%
(Cost of personnel)	(10.979)	(12.278)	1.299	-10,6%
(Other operating costs)	(24.477)	(19.618)	(4.859)	+24,8%
Other operating income	1.443	300	1.143	+381,1%
EBITDA	30.460	32.445	(1.985)	-6,1%
(Depreciations and amortizations)	(17.412)	(15.666)	(1.745)	+11,1%
(Provisions)	-	-	-	n.a.
EBIT	13.048	16.778	(3.730)	-22,2%
Financial income / (expenses)	(771)	(845)	75	-8,8%
Evaluation of companies with net assets method (*)	648	671	(23)	-3,4%
EBT	12.926	16.604	(3.679)	-22,2%
(Income taxes)	(4.797)	(5.787)	990	-17,1%
Earnings after taxes	8.129	10.818	(2.689)	-24,9%
Net result of activities held for sale	30.109	20.461	9.648	+47,2%
Net income	38.238	31.278	6.959	+22,3%
(Net income of minorities)	(1.823)	(1.308)	(515)	+39,4%
Net income of the Group	36.415	29.971	6.444	+21,5%

(*) Result of Unigas Distribuzione Gas, company consolidated with net equity consolidation method (data are considered pro-rata): Euro 0,6 mln (Euro 0,7 mln in 9M 2018).

(Thousand of Euro)	30/09/2019	31/12/2018	Chg	Chg %
Tangible assets (*)	35.084	32.724	2.361	+7,2%
Non tangible assets (*)	431.280	432.637	(1.357)	-0,3%
Investments in associates (**)	2	68.357	(68.355)	-100,0%
Other fixed assets	15.458	23.401	(7.944)	-33,9%
Fixed assets	481.824	557.118	(75.294)	-13,5%
Operating current assets	80.979	219.660	(138.681)	-63,1%
(Operating current liabilities)	(61.485)	(160.146)	98.661	-61,6%
(Operating non current liabilities)	(37.248)	(51.245)	13.997	-27,3%
Net working capital	(17.754)	8.268	(26.023)	-314,7%
Non current assets held for sale	260.242	-	260.242	n.a.
(Non current liabilities held for sale)	(109.963)	-	(109.963)	n.a.
Net balance of activities held for sale	150.279	-	150.279	n.a.
Total capital employed	614.349	565.386	48.963	+8,7%
Group shareholders equity	416.865	443.567	(26.702)	-6,0%
Minorities	4.456	4.303	154	+3,6%
Net financial position	193.028	117.517	75.511	+64,3%
Total sources	614.349	565.386	48.963	+8,7%

(*) 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 0,0 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

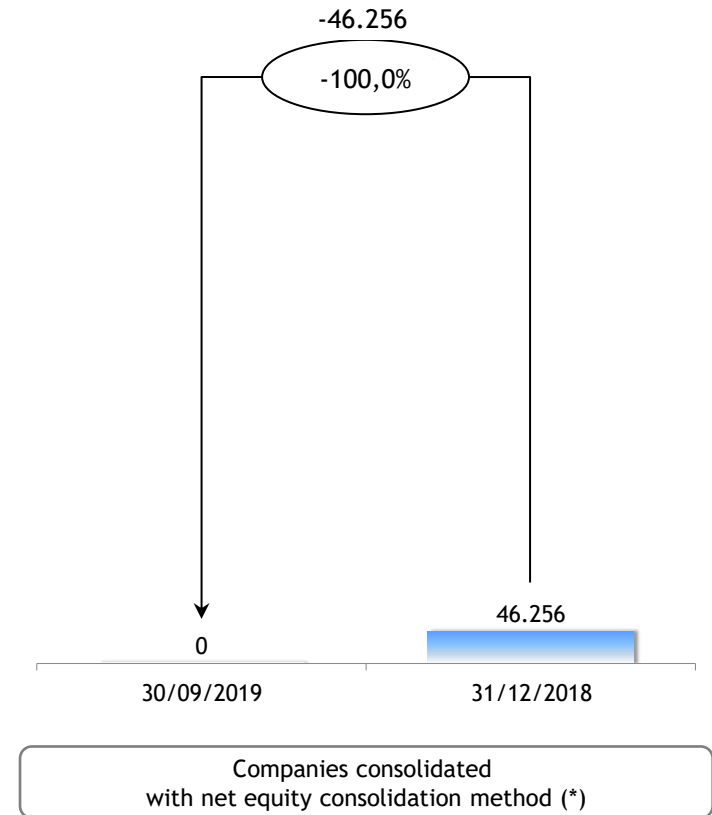
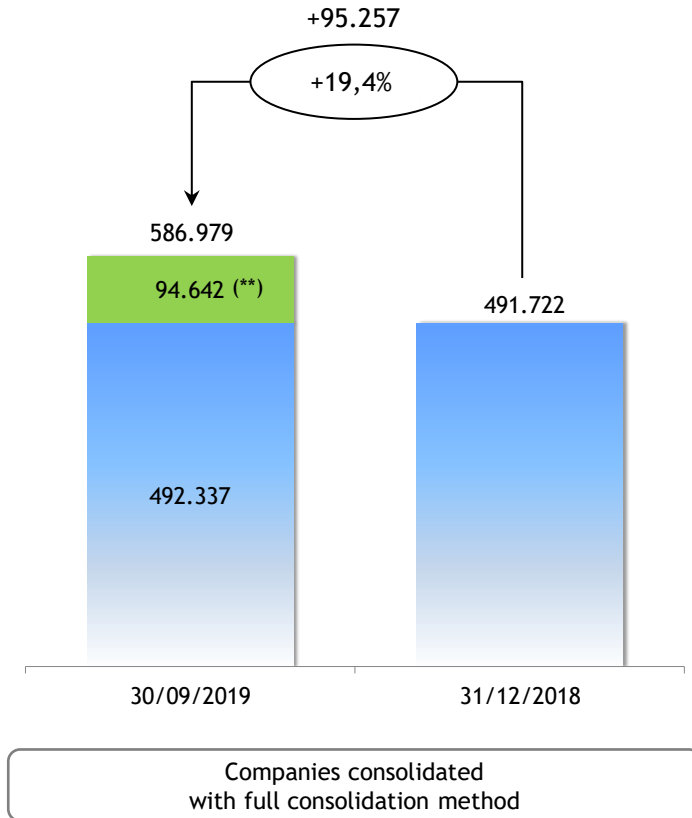
- Operating data
- Economic data
- Revenues bridge
- EBIT bridge
- Gas distribution tariff revenues
- Other net operating costs
- Personnel
- Capex
- Net financial position and cash flow

Companies held for sale

Disclaimer



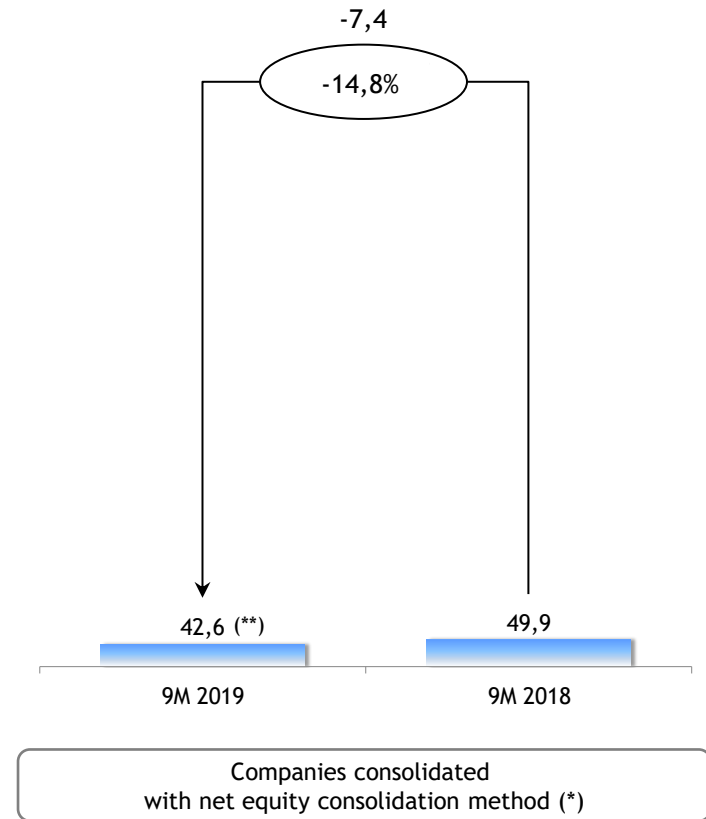
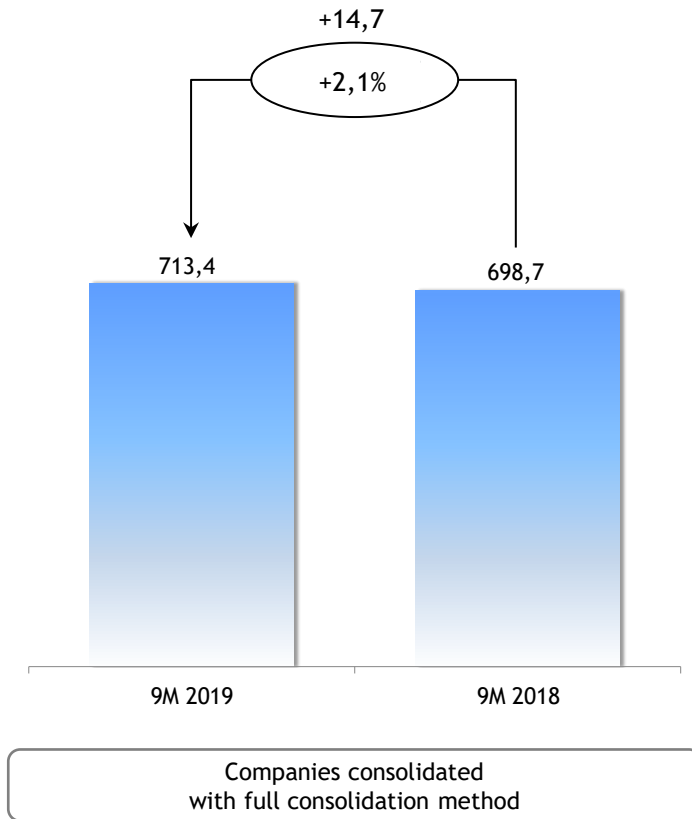
Number of gas distribution users



(*) Data are considered pro-rata; (**) Number of gas distribution users of Unigas Distribuzione Gas as of 30th June 2019.

Volumes of gas distributed

(Million of standard cubic meters)



(*) Data are considered pro-rata; (**) 6M 2019 volumes of gas distributed by Unigas Distribuzione Gas.

Companies consolidated with full consolidation method

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Revenues	90.017	87.592	2.424	+2,8%
EBITDA	30.460	32.445	(1.985)	-6,1%
% on revenues	+33,8%	+37,0%		
EBIT	13.048	16.778	(3.730)	-22,2%
% on revenues	+14,5%	+19,2%		

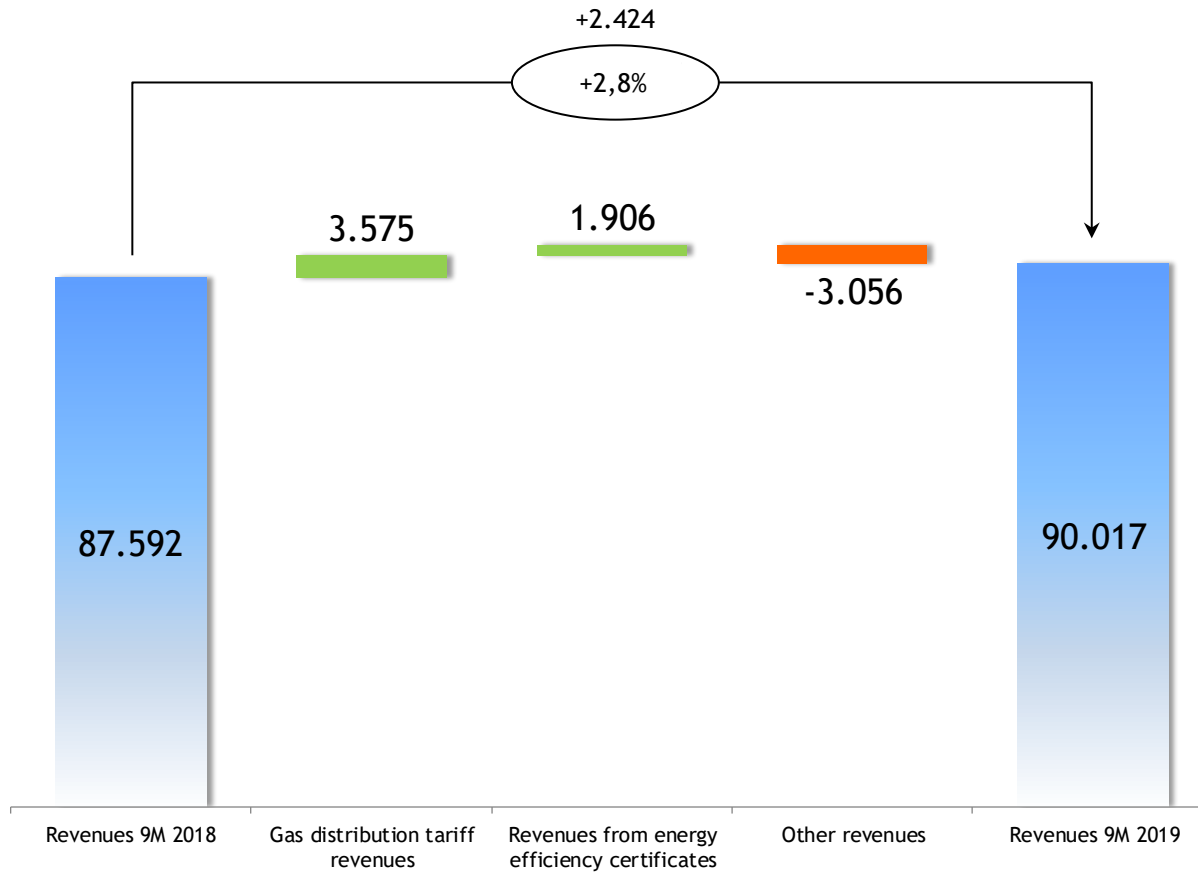
Companies consolidated with net equity consolidation method (*)

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
	(**)			
Revenues	3.964	6.355	(2.391)	-37,6%
EBITDA	1.483	1.863	(380)	-20,4%
% on revenues	+37,4%	+29,3%		
EBIT	838	980	(142)	-14,5%
% on revenues	+21,1%	+15,4%		

(*) Data are considered pro-rata; (**) 6M 2019 data of Unigas Distribuzione Gas.

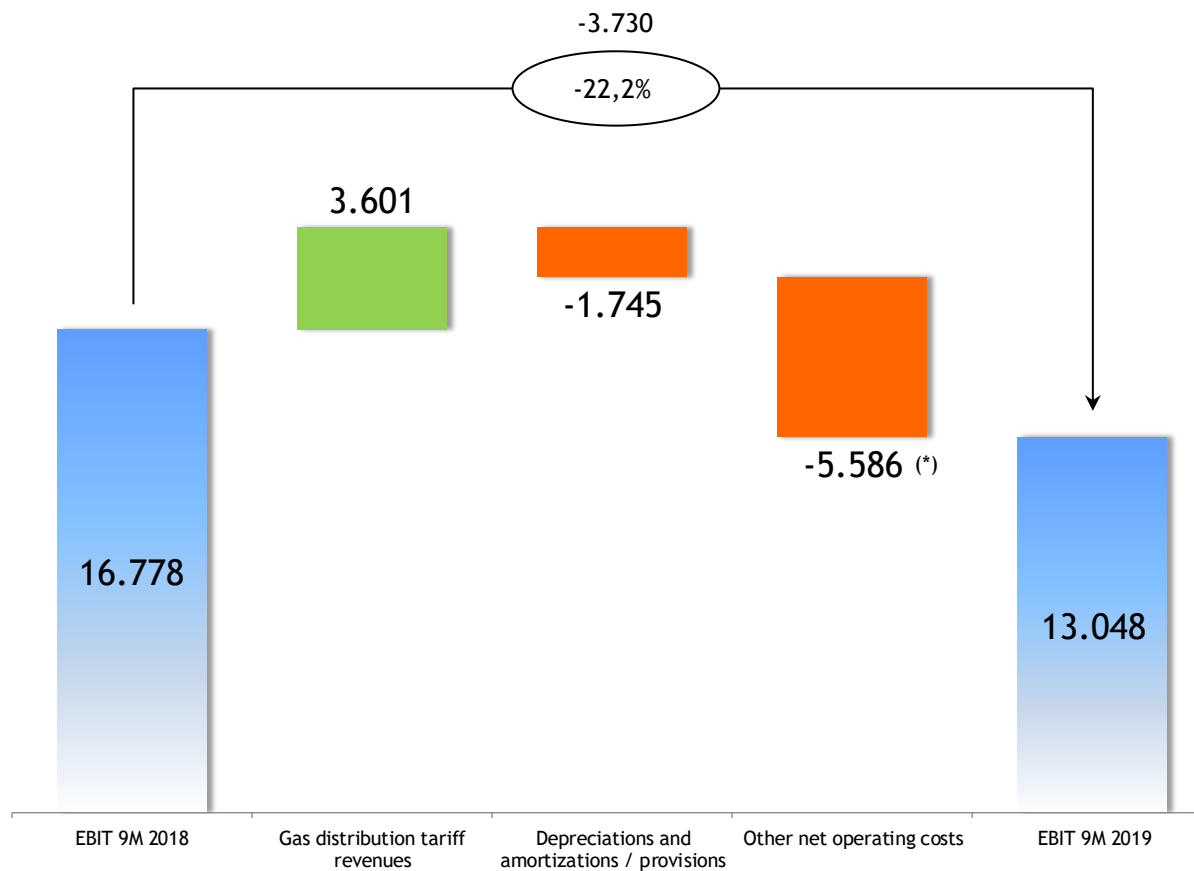
Revenues bridge
Companies consolidated with full consolidation method

(Thousand of Euro)



EBIT bridge Companies consolidated with full consolidation method

(Thousand of Euro)



(*) For more details check out to slide at page 16.

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Gas distribution tariff revenues	58.174	54.573	3.601	+6,6%
Gas distribution tariff revenues (A) <i>Companies consolidated with full consolidation method</i>	58.174	54.573	3.601	+6,6%
(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Gas distribution tariff revenues (B) <i>Companies consolidated with net equity consolidation method (**)</i>	2.885 (***)	4.292	(1.407)	-32,8%
Gas distribution tariff revenues (A+B)	61.058	58.865	2.194	+3,7%

(*) Economic data before elisions; (**) Data are considered pro-rata; (***) 6M 2019 gas distribution tariff revenues of Unigas Distribuzione Gas.

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Other revenues	31.400	32.550	(1.150)	-3,5%
Other costs of raw materials and services	(48.134)	(42.400)	(5.735)	+13,5%
Cost of personnel	(10.979)	(12.278)	1.299	-10,6%
Other net operating costs (A)				
<i>Companies consolidated with full consolidation method</i>	(27.714)	(22.128)	(5.586)	+25,2%

Increase of other net operating costs: - Euro 5,6 mln

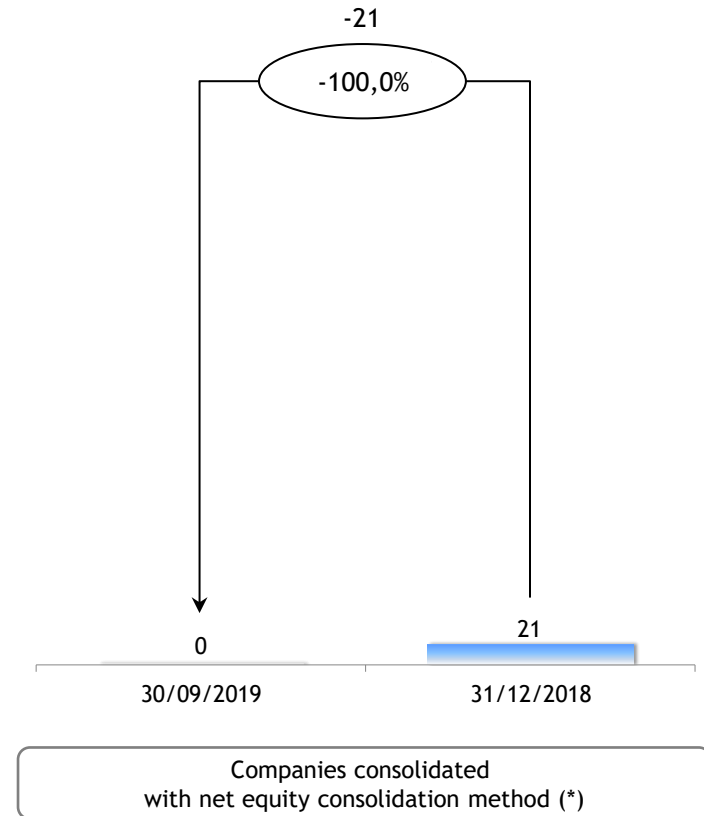
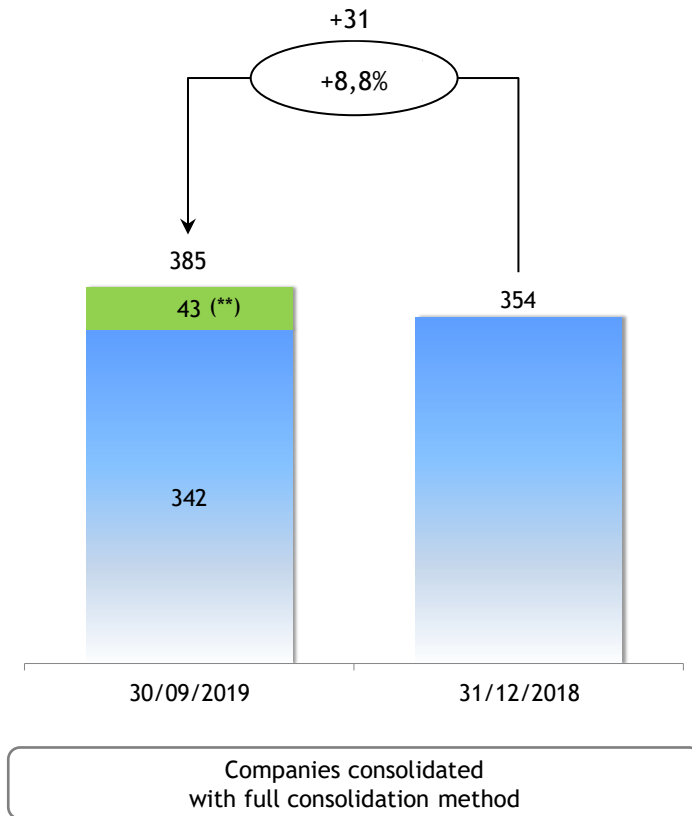
of which:

- *decrease of cost of personnel: + Euro 1,3 mln;*
- *decrease of margin on energy efficiency tasks management: - Euro 4,0 mln;*
- *increase of gas distribution concession fees: - Euro 0,9 mln;*
- *decrease of CSEA contributions for security incentives: - Euro 0,8 mln;*
- *other variations: - Euro 1,2 mln.*

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Other net operating costs (A) <i>Companies consolidated with full consolidation method</i>	(27.714)	(22.128)	(5.586)	+25,2%
Other net operating costs (B) <i>Companies consolidated with net equity consolidation method (*)</i>	(1.402) (***)	(2.429)	1.027	-42,3%
Other net operating costs (A+B)	(29.116)	(24.557)	(4.559)	+18,6%

(*) Data are considered pro-rata; (***) 6M 2019 other net operating costs of Unigas Distribuzione Gas.

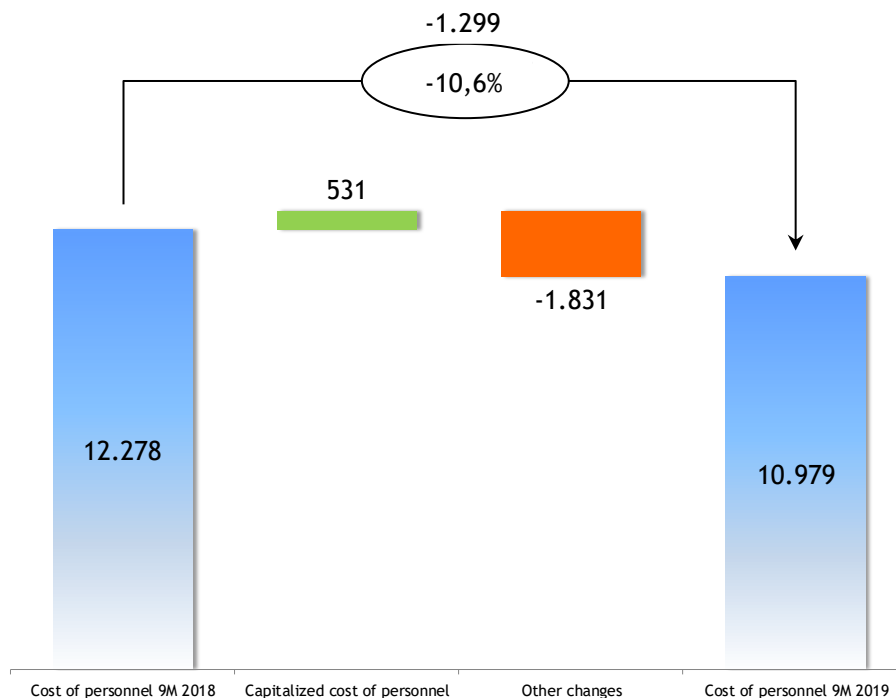
Number of employees



(*) Data are considered pro-rata; (**) Number of employees of Unigas Distribuzione Gas as of 30th June 2019.

Cost of personnel

(Thousand of Euro)



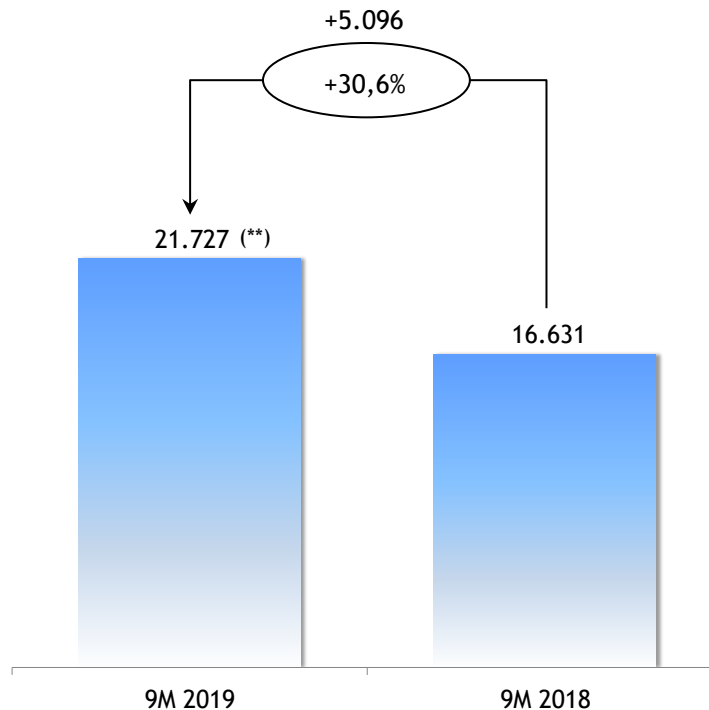
Cost of personnel changes:

- capitalized cost of personnel:
+ Euro 0,5 mln
- other: - Euro 1,8 mln, of which:
 - + Euro 0,5 mln: compensations related to the long term incentive plan
 - - Euro 2,4 mln: 2018 compensations for the termination of the employment contracts with the general manager and the CFO
 - + Euro 0,1 mln: other changes

6M 2019 cost of personnel of Unigas Distribuzione Gas, company consolidated with net equity consolidation method: Euro 0,3 mln.

Capex (*)

(Thousand of Euro)



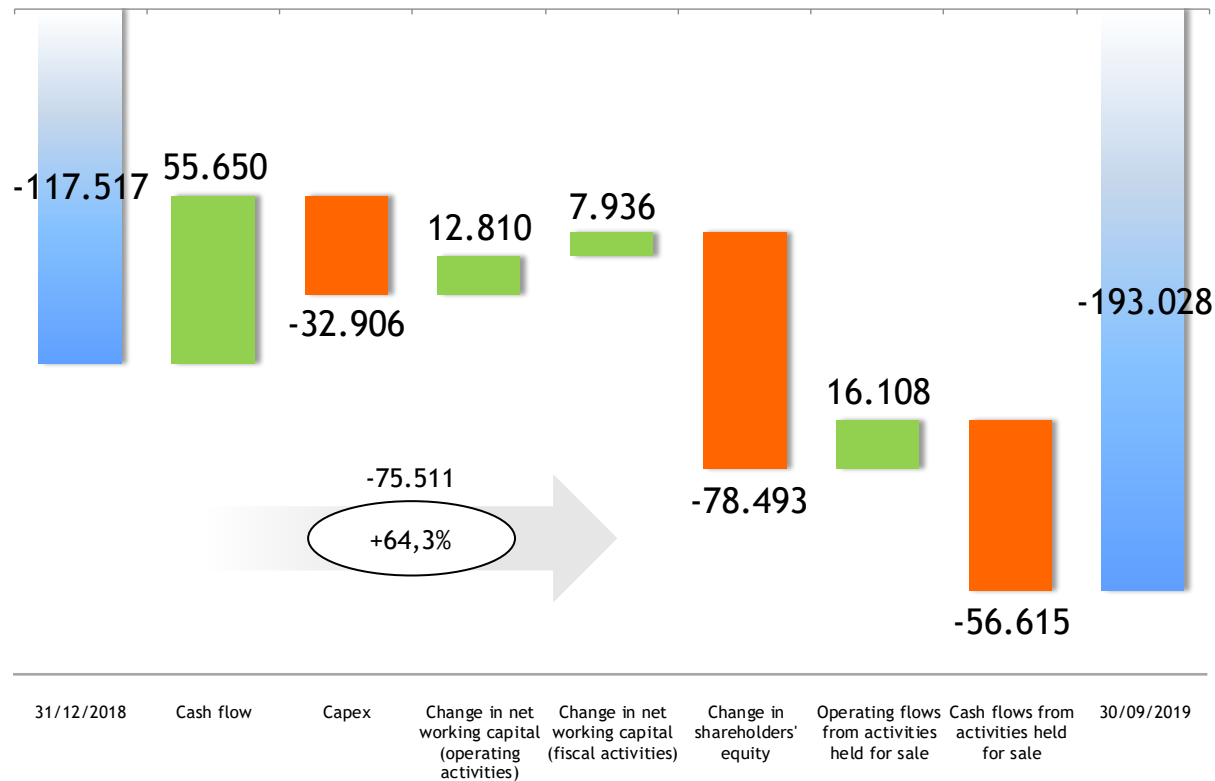
- Gas distribution systems: Euro 13,3 mln
- Gas meters: Euro 6,5 mln
- Investments in hardware and software: Euro 1,6 mln
- Other: Euro 0,3 mln

6M 2019 investments of Unigas Distribuzione Gas, company consolidated with net equity consolidation method: Euro 0,4 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
Companies consolidated with full consolidation method

(Thousand of Euro)



(Migliaia di Euro) (*)	30/09/2019	31/12/2018	Chg	Chg %
Long term financial borrowings (>12 months)	71.654	55.111	16.543	+30,0%
Current position of long term financial borrowings	14.774	8.014	6.760	+84,4%
Short term financial borrowings (<12 months)	73.196	56.381	16.815	+29,8%
Total financial debt	159.624	119.506	40.118	+33,6%
Fixed rate borrowings	33.803	36.874	(3.071)	-8,3%
Floating rate borrowings	125.821	82.632	43.189	+52,3%

9M 2019 average cost of debt: 0,53% (vs 2018 rate: 0,51%)

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

Premise

Financial highlights

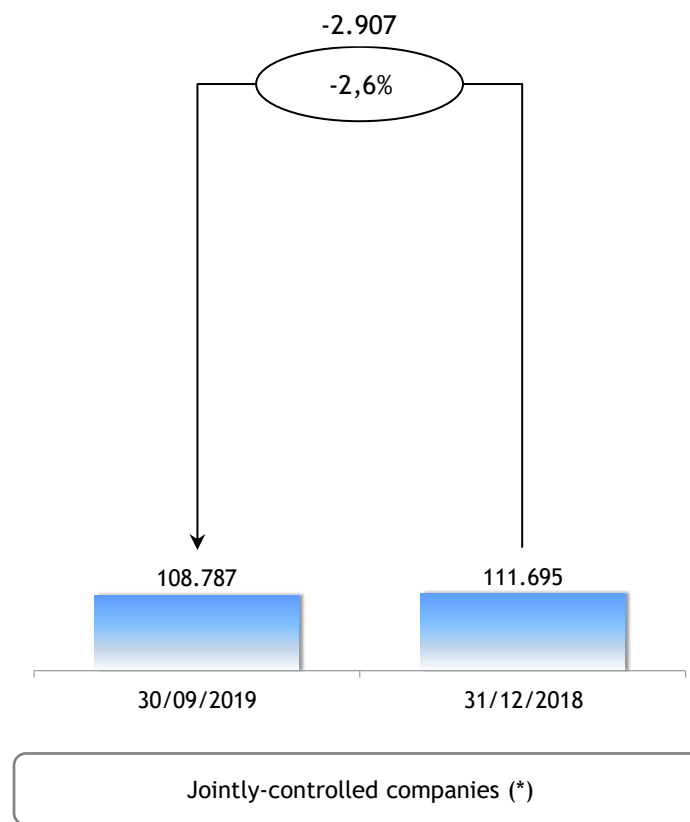
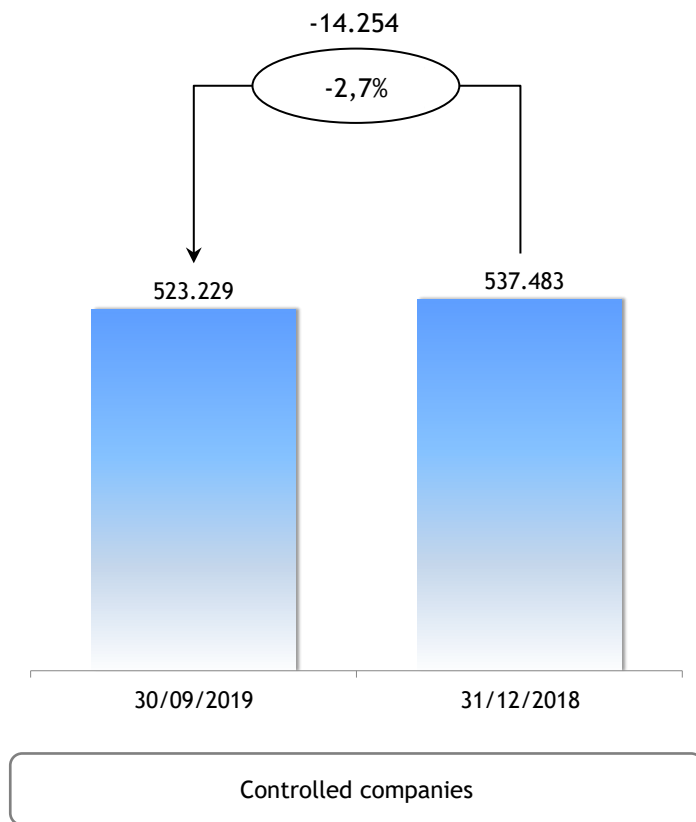
Companies consolidated with full and with net equity consolidation method

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

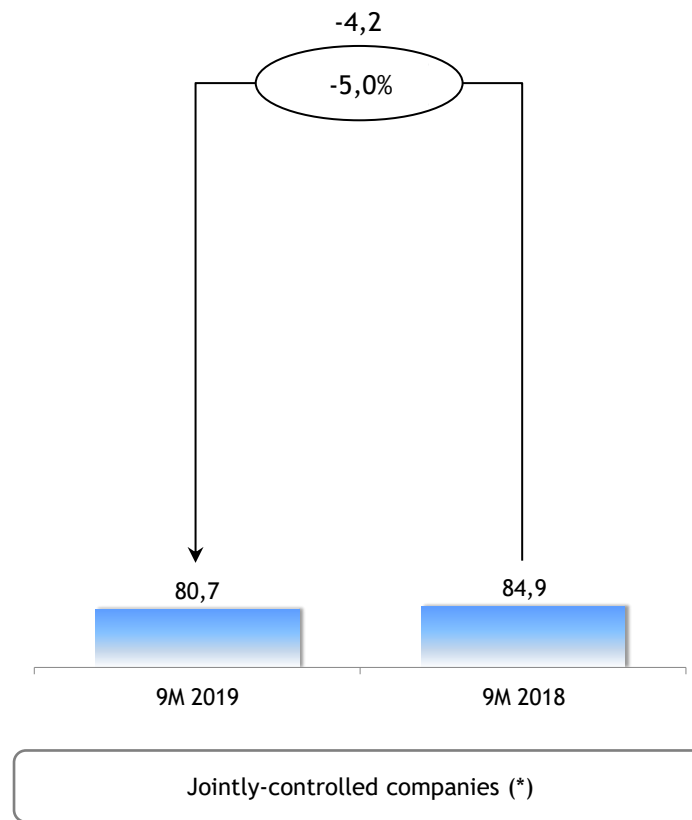
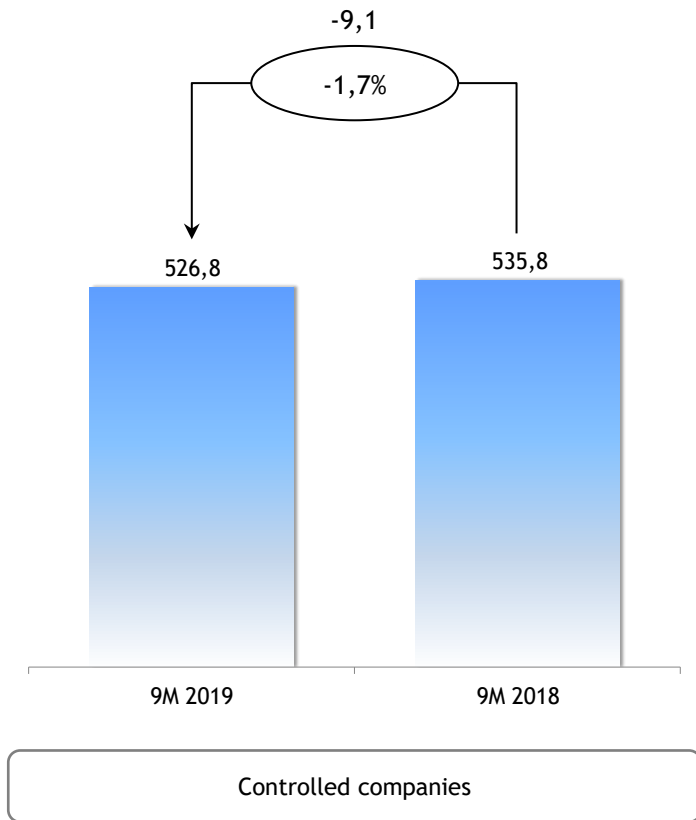
Number of gas sales customers



(*) Data are considered pro-rata.

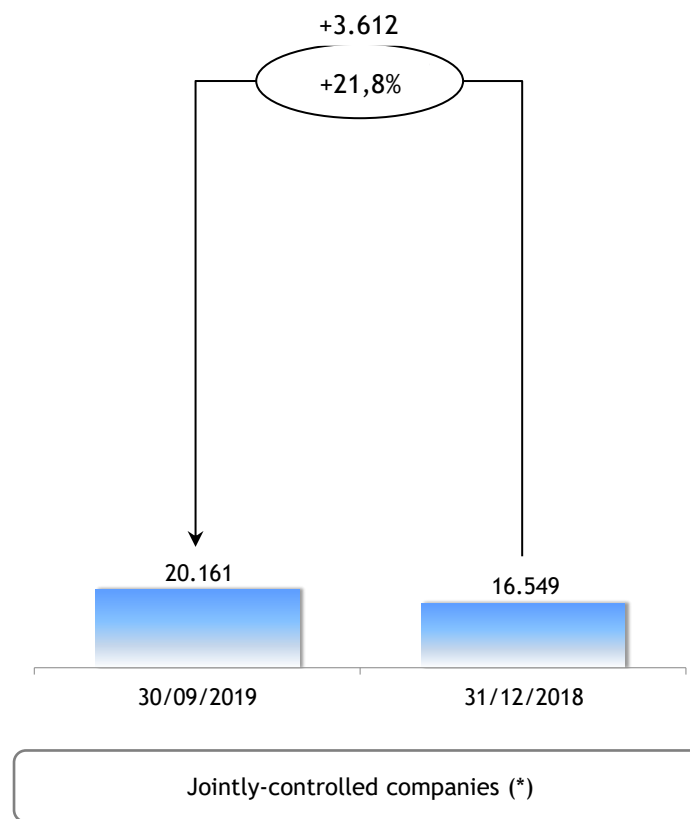
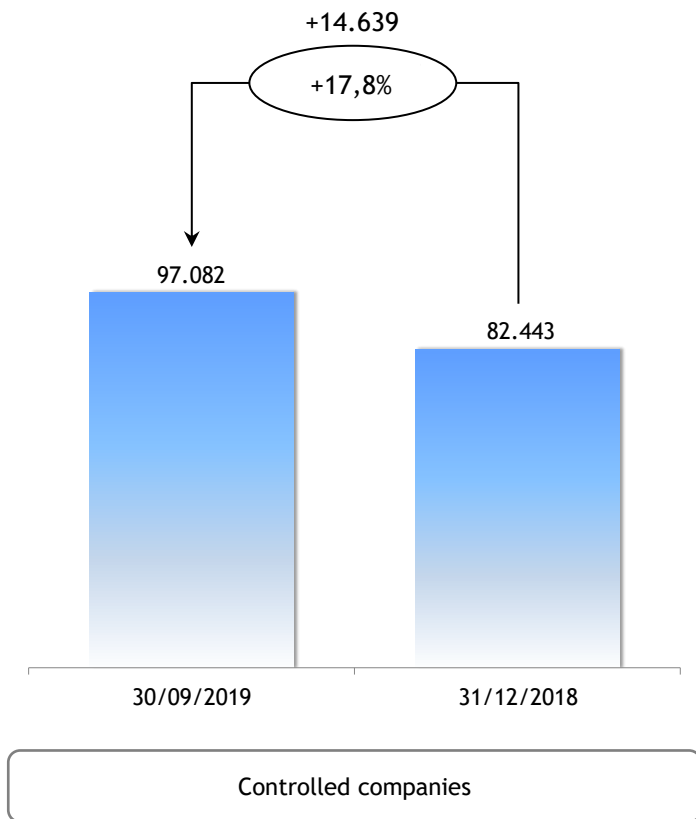
Volumes of gas sold

(Million of standard cubic meters)



(*) Data are considered pro-rata.

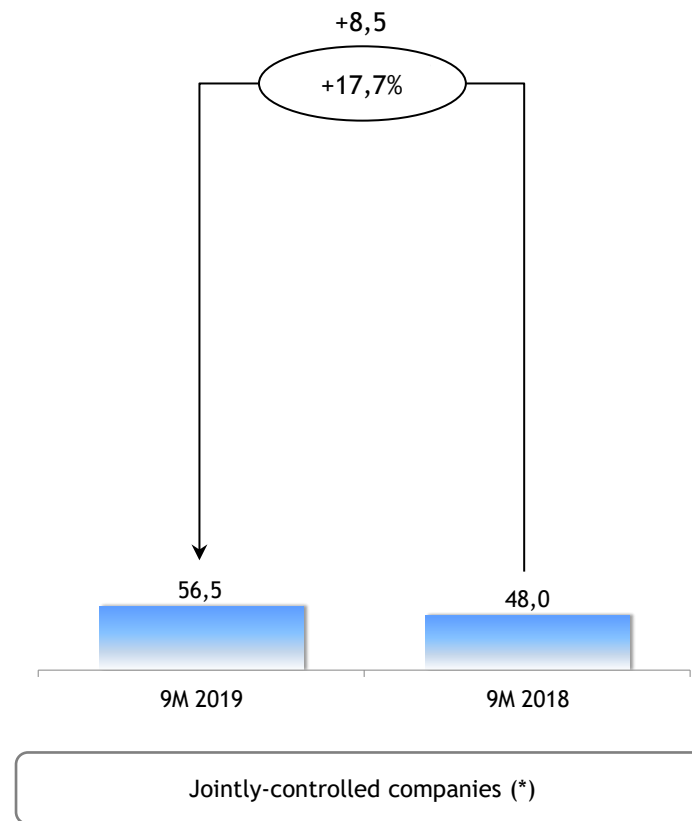
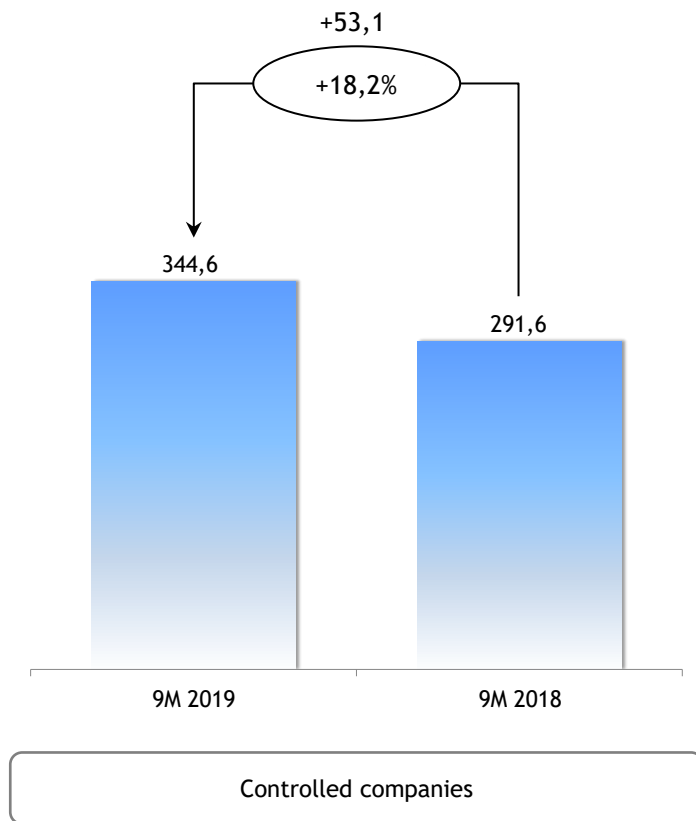
Number of electricity sales customers



(*) Data are considered pro-rata.

Volumes of electricity sold

(Gigawatt hours)



(*) Data are considered pro-rata.

Controlled companies

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Revenues	387.982	360.152	27.830	+7,7%
EBITDA	38.219	25.057	13.162	+52,5%
% on revenues	+9,9%	+7,0%		
EBIT	35.360	22.119	13.240	+59,9%
% on revenues	+9,1%	+6,1%		

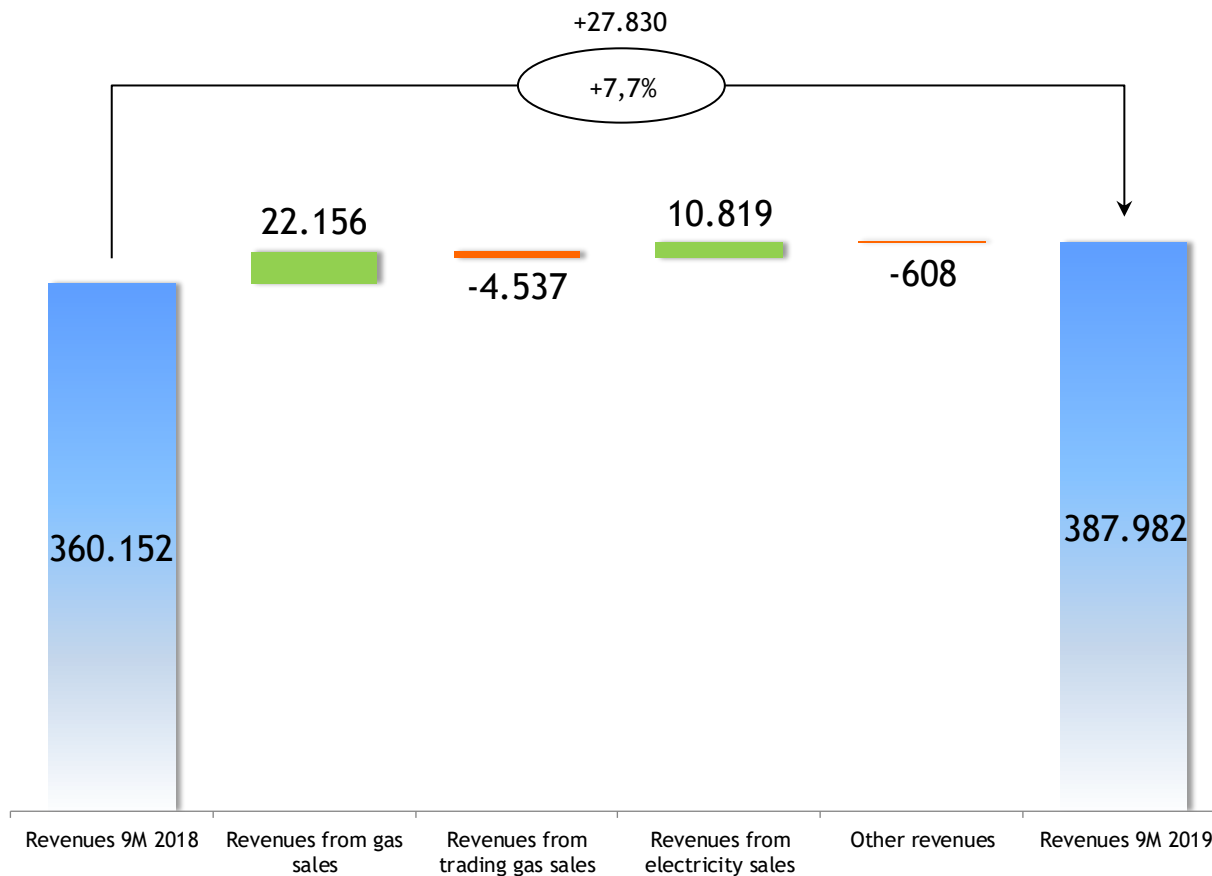
Jointly-controlled companies (*)

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Revenues	57.211	52.454	4.757	+9,1%
EBITDA	6.584	5.960	624	+10,5%
% on revenues	+11,5%	+11,4%		
EBIT	5.644	5.114	529	+10,3%
% on revenues	+9,9%	+9,8%		

(*) Data are considered pro-rata.

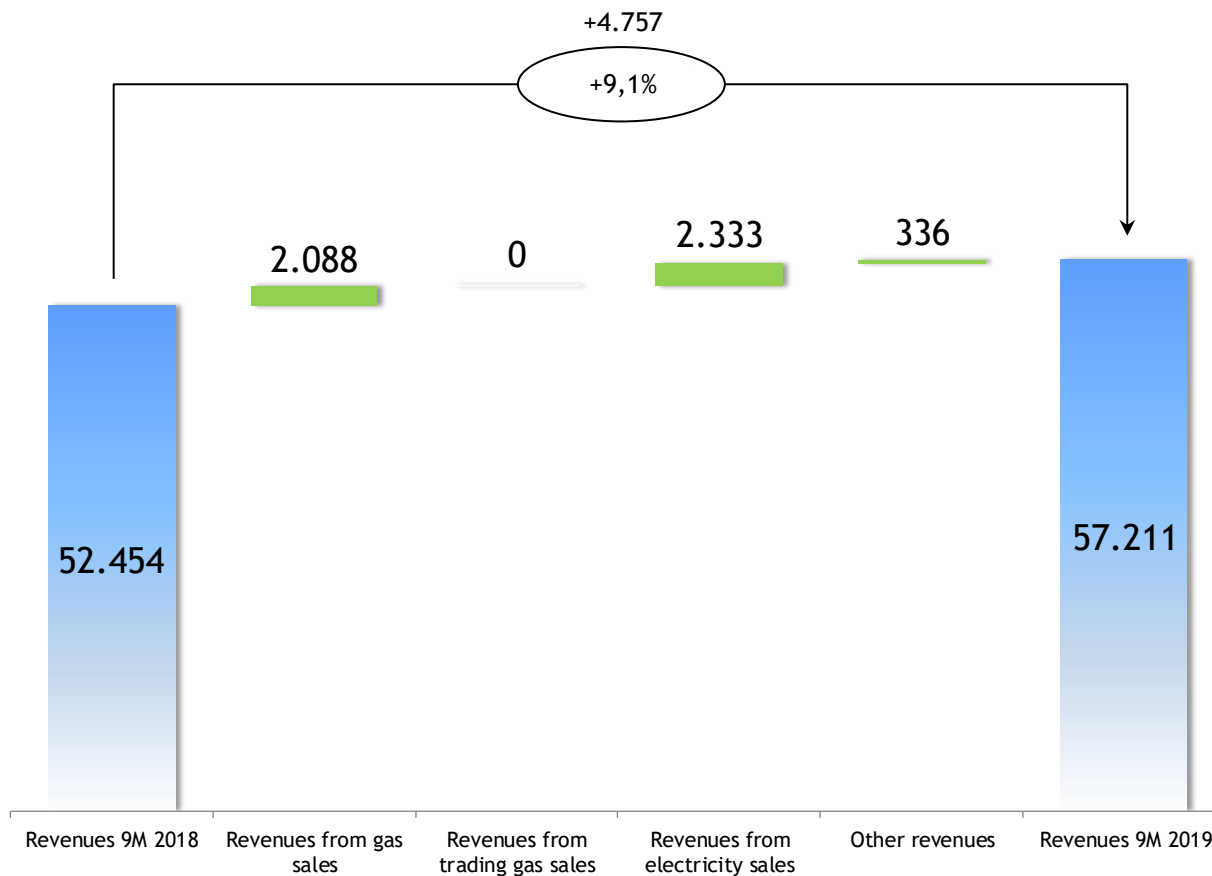
Revenues bridge Controlled companies

(Thousand of Euro)



Revenues bridge Jointly-controlled companies (*)

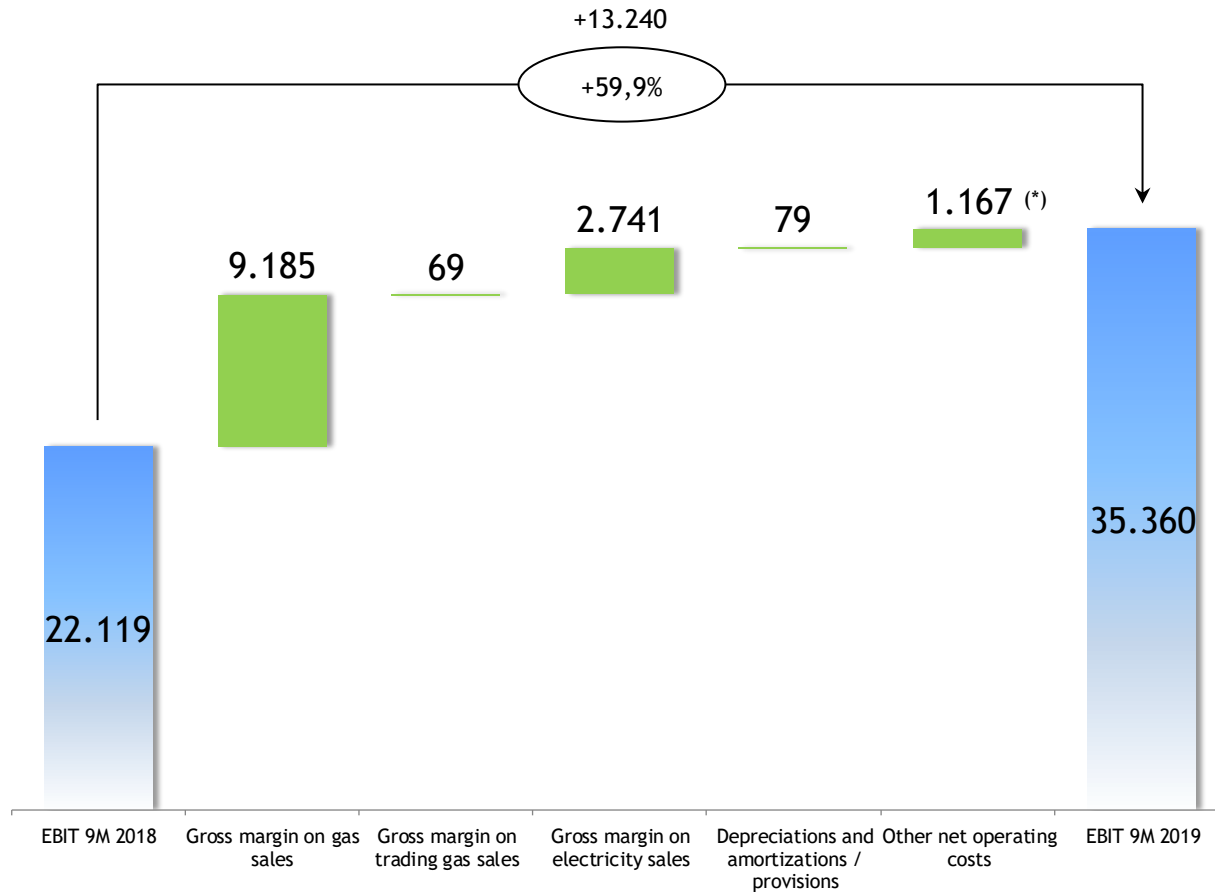
(Thousand of Euro)



(*) Data are considered pro-rata.

EBIT bridge Controlled companies

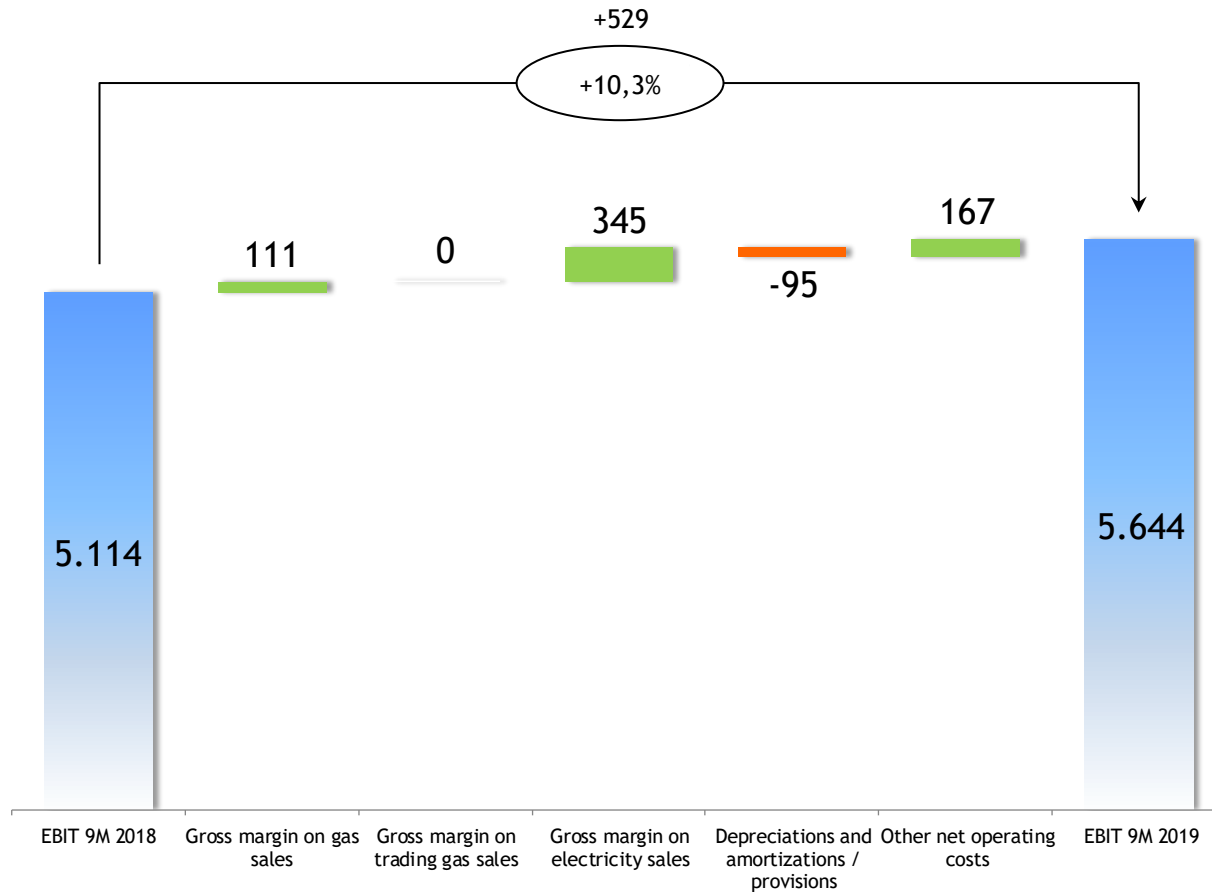
(Thousand of Euro)



(*) For more details check out to slide at page 36.

EBIT bridge Jointly-controlled companies (*)

(Thousand of Euro)



(*) Data are considered pro-rata.

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Revenues from gas sales	260.339	246.410	13.929	+5,7%
(Gas purchase costs)	(147.669)	(146.609)	(1.060)	+0,7%
(Gas distribution costs)	(63.227)	(59.543)	(3.684)	+6,2%
Gross margin on gas sales (A) <i>Controlled companies</i>	49.443	40.258	9.185	+22,8%

The increase of gross margin on gas sales of the controlled companies, equal to + Euro 9,2 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 3,6 mln (negative result in the 9M 2018: - Euro 2,1 mln; positive result in the 9M 2019: + Euro 1,5 mln).

Net of these effects, the margin showed a reduction, equal to - Euro 2,6 mln, due to both lower amounts of gas sold in the period and lower unit profit margins.

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Gross margin on gas sales (B) <i>Jointly-controlled companies (**)</i>	9.009	8.897	111	+1,3%
Gross margin on gas sales (A+B)	58.452	49.155	9.297	+18,9%

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

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Revenues from trading gas sales	2.670	7.207	(4.537)	-63,0%
(Trading gas purchase costs)	(2.750)	(6.928)	4.178	-60,3%
(Trading gas transport / capacity costs)	166	(262)	428	-163,4%
Gross margin on trading gas sales (A) <i>Controlled companies</i>	86	17	69	+401,5%

(Thousand of Euro) (*)	9M 2019	9M 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)	86	17	69	+401,5%

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

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Revenues from electricity sales	99.168	79.783	19.385	+24,3%
(Electricity purchase costs)	(57.427)	(45.786)	(11.641)	+25,4%
(Electricity distribution costs)	(35.052)	(30.048)	(5.004)	+16,7%
Gross margin on electricity sales (A) <i>Controlled companies</i>	6.690	3.950	2.741	+69,4%

The increase of gross margin on electricity sales of the controlled companies, equal to + Euro 2,7 mln, is due to both higher amounts of electricity sold related to contextual increase in customers and higher unit profit margins.

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
Gross margin on electricity sales (B) <i>Jointly-controlled companies (**)</i>	1.296	951	345	+36,3%
Gross margin on electricity sales (A+B)	7.987	4.901	3.086	+63,0%

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

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Other revenues	6.018	6.343	(326)	-5,1%
Other costs of raw materials and services	(16.555)	(18.453)	1.898	-10,3%
Cost of personnel	(7.463)	(7.058)	(405)	+5,7%
Other net operating costs (A) Controlled companies	(18.000)	(19.167)	1.167	-6,1%

Decrease of other net operating costs: + Euro 1,2 mln

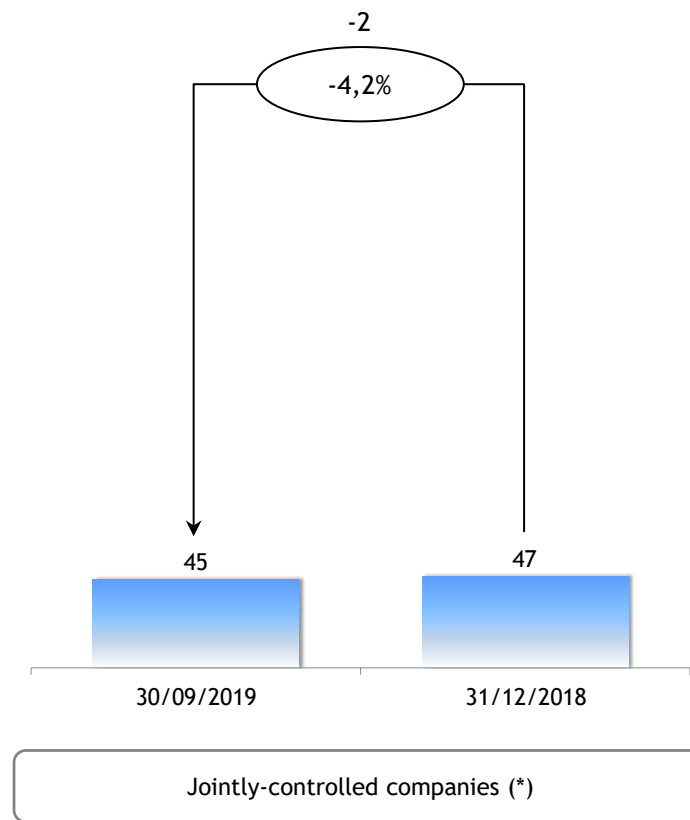
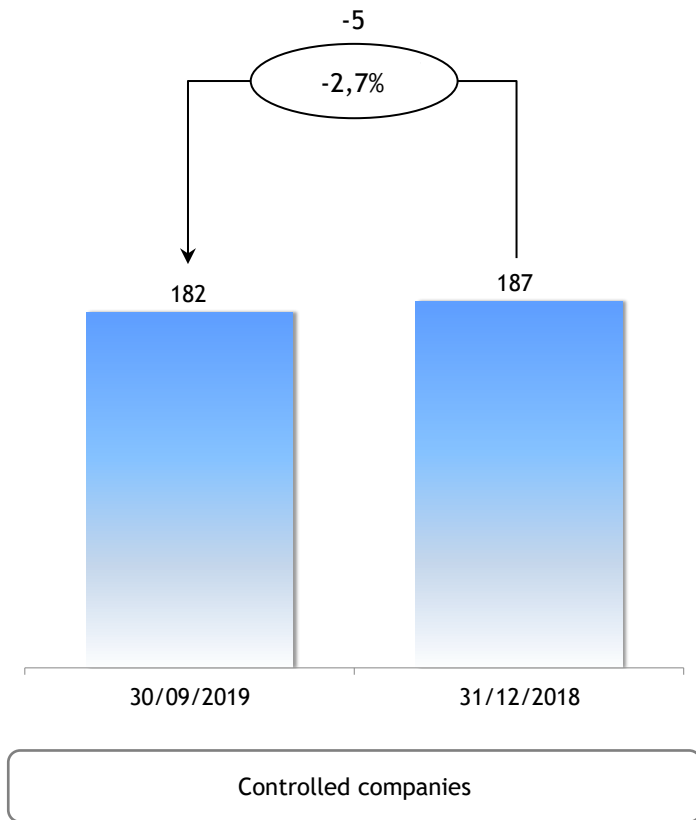
of which:

- *increase of cost of personnel: - Euro 0,4 mln;*
- *increase of advertising and commercial costs: - Euro 0,2 mln;*
- *decrease of consulting costs: + Euro 0,3 mln;*
- *decrease of costs for application of IFRS 16: + Euro 0,2 mln;*
- *other variations: + Euro 1,3 mln.*

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
Other net operating costs (A) Controlled companies	(18.000)	(19.167)	1.167	-6,1%
Other net operating costs (B) Jointly-controlled companies (*)	(3.720)	(3.888)	168	-4,3%
Other net operating costs (A+B)	(21.721)	(23.055)	1.335	-5,8%

(*) Data are considered pro-rata.

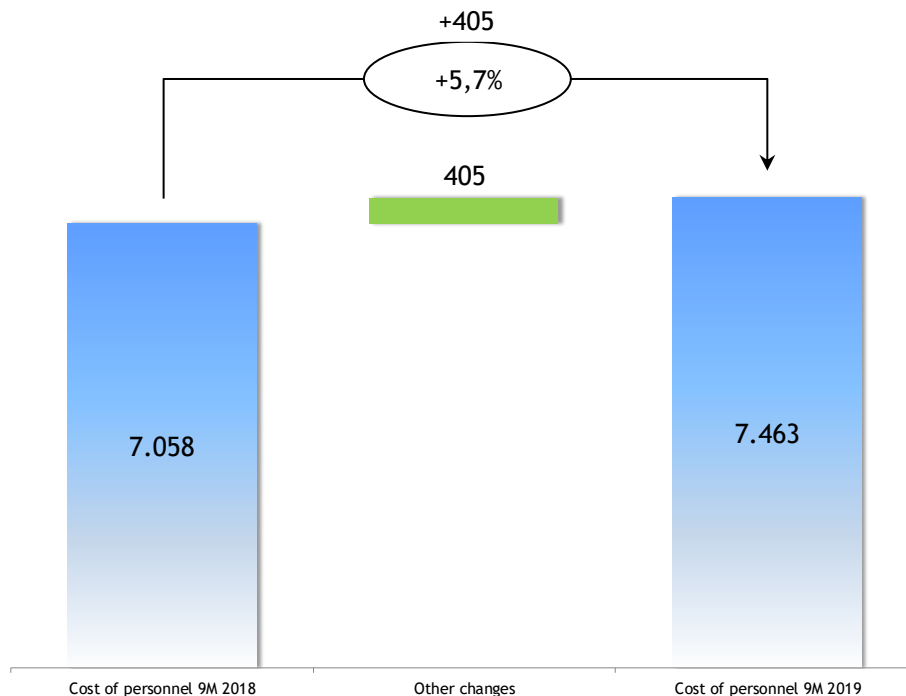
Number of employees



(*) Data are considered pro-rata.

Cost of personnel

(Thousand of Euro)



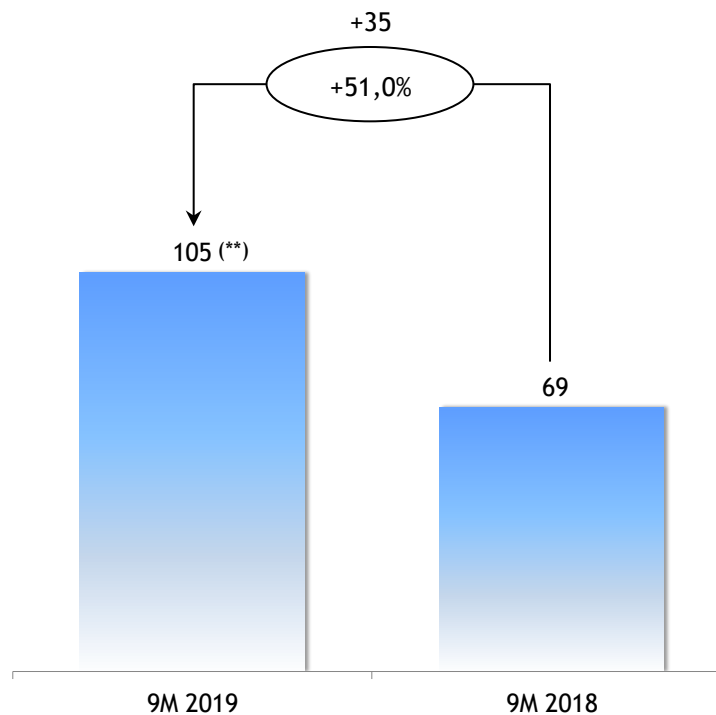
Cost of personnel changes:

- other: + Euro 0,4 mln, of which:
 - + Euro 0,3 mln: compensations related to the long term incentive plan
 - + Euro 0,1 mln: other changes

Cost of personnel of the jointly-controlled companies (Sinergie Italiane excluded): Euro 1,9 mln.

Capex (*)

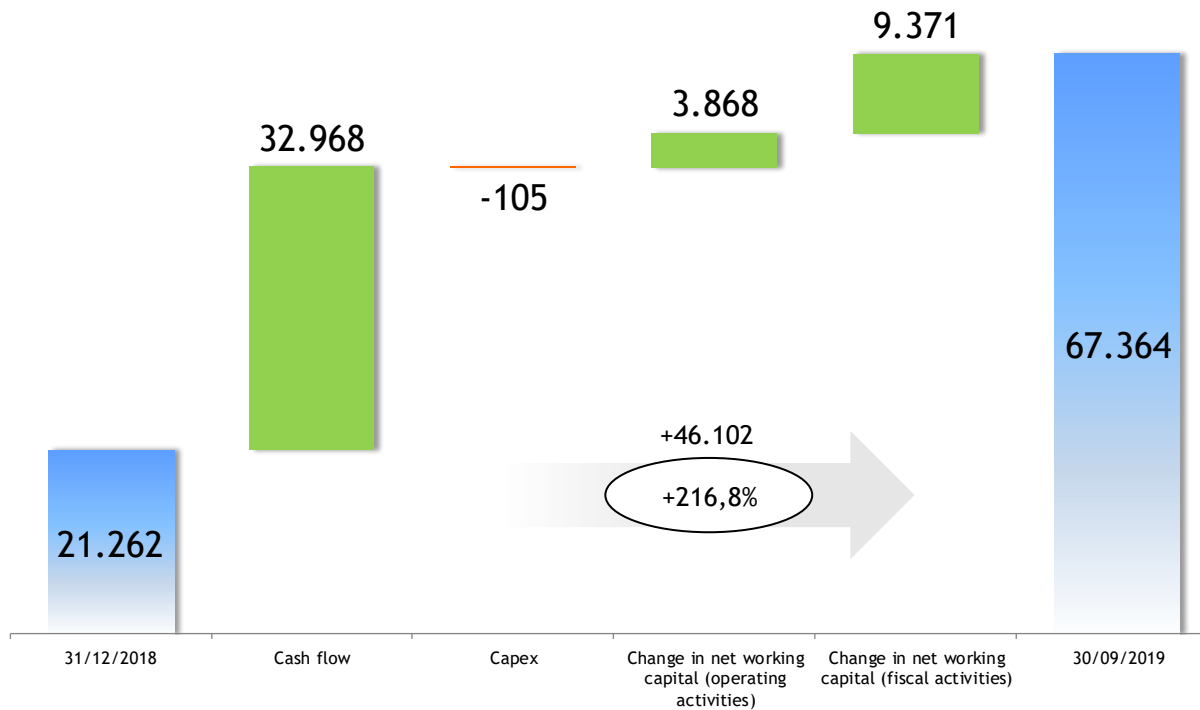
(Thousand of Euro)



(*) 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)



Premise

Financial highlights

Companies consolidated with full and with net equity consolidation method

Companies held for sale

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