

Ascopiave Group

# 6<sup>th</sup> LOCAL UTILITIES and RENEWABLES

Milan, 14<sup>th</sup> January 2020

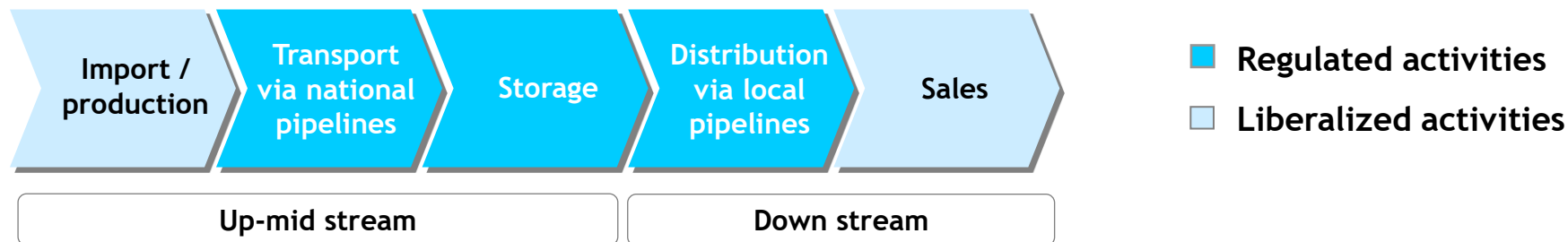
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## Business Overview

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## Group Business Activities (1)

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



Regulated Activity

Activity carried out by **subsidiary companies** totally controlled by Ascopiave

**Gas  
distribution**

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

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

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

### Not regulated activities



Since 19<sup>th</sup> december 2019 the activities are carried out by **Estenergy**:  
Majority shareholder: Hera Group (52%) / Minority shareholder: Ascopiave (48%)

#### Gas sales to end consumers

Supply of gas to the end consumers.

In Italy gas sales market is completely liberalised since 2003, so any end consumer can freely choose its supplier.

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

#### Gas sales to end consumers

Supply of electricity to the end consumers.

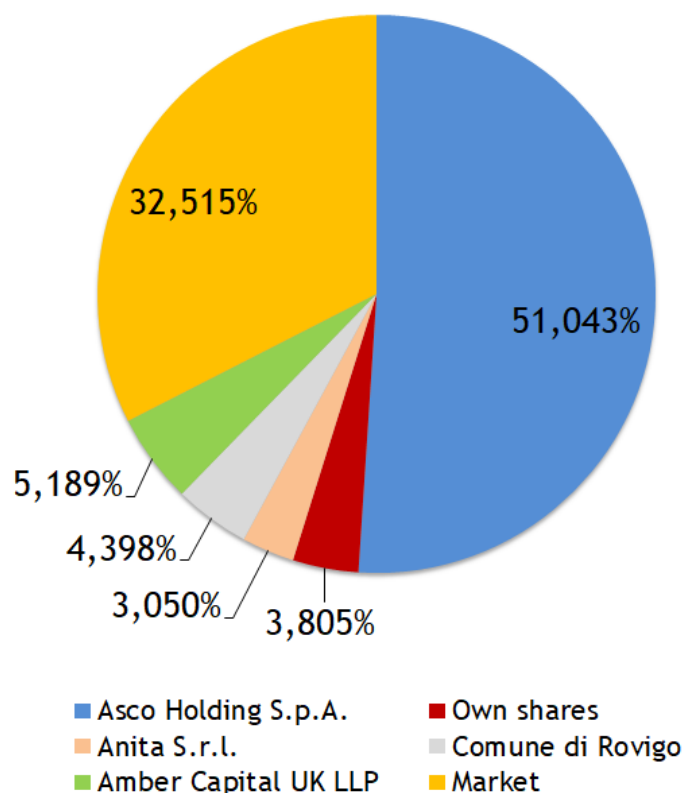
In Italy electricity sales market will be completely liberalised in the next years.

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

## Ascopiave Shareholders

Ascopiave is listed at the **STAR segment of Borsa Italiana's equity market**. The company complies with strict requirements concerning transparency, disclosure, liquidity and corporate governance, in line with international standards.

**Increased voting right in general shareholders meeting** pursuant to Art. 127-quinquies, paragraph 1, of the TUF (i.e. the main Italian law governing the financial sector): two votes for each share held for a 24 month uninterrupted period.



### Ascopiave Shareholders (\*)

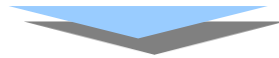
Asco Holding S.p.A. directly controls the capital of Ascopiave S.p.A. (capital stake: 51.043%). Asco Holding S.p.A. is owned by 78 municipalities mainly located in the province of Treviso (public shareholders) and 1 private company.

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

At the end of a process started in 2018 - after having collected the expressions of interest submitted by several operators - on 30<sup>th</sup> July 2019 Ascopiave resolved to sign with the Hera Group a framework agreement aimed at implementing a complex operation providing:

- ❑ the birth of a partnership between Ascopiave (48%) and the Hera Group (52%) through the company Estenergy. Estenergy would have acquired:
  - the shareholdings held by the Ascopiave Group in the companies active in the natural gas and electricity sale business (except for Amgas Blu)
  - the sales activities operated by the Hera Group in Triveneto
- ❑ the purchase by Ascopiave from the Hera Group of a series of gas distribution concessions covering 188,000 users in Veneto and Friuli Venezia Giulia.

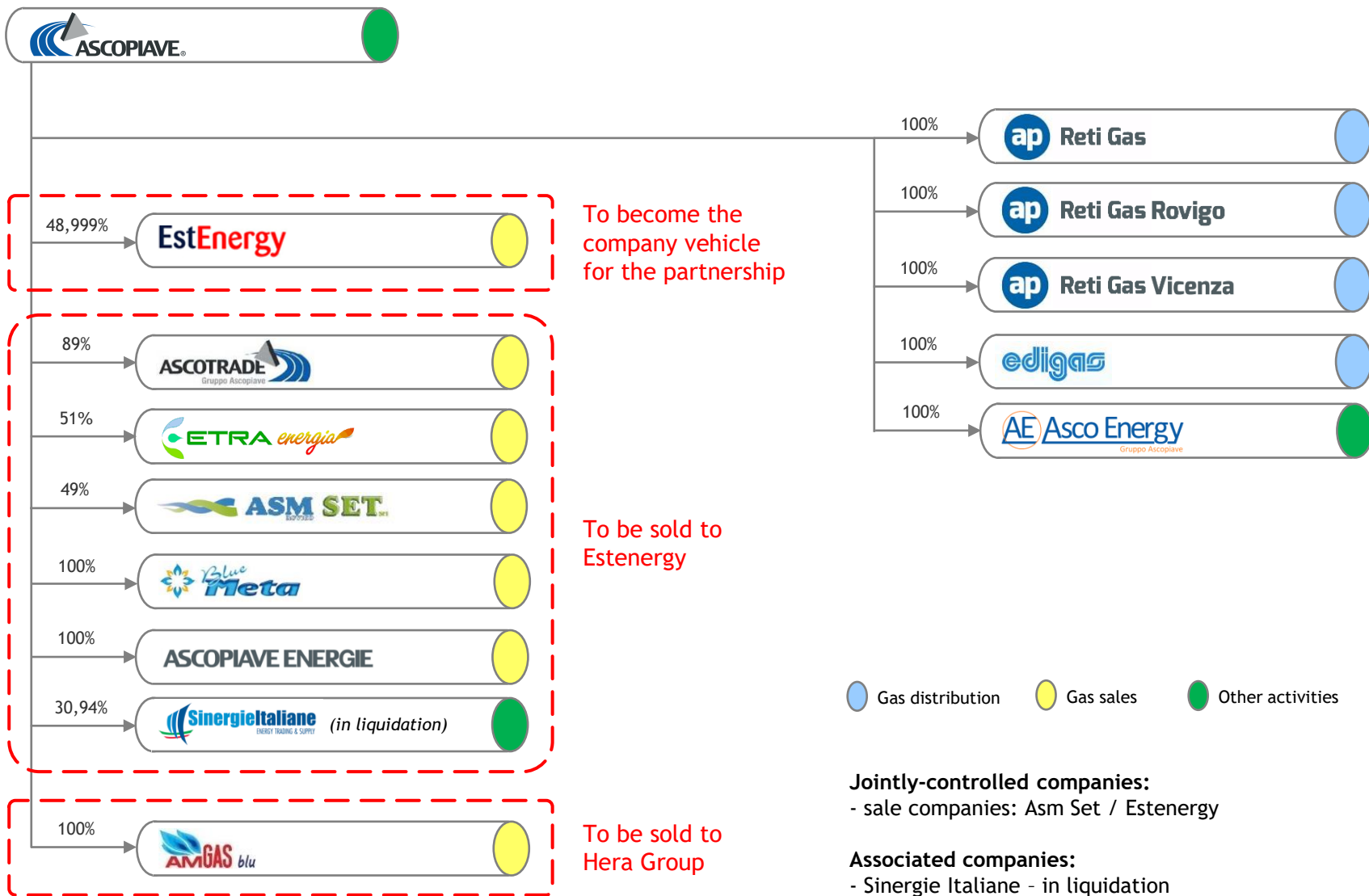
The operation was finalised on **19<sup>th</sup> December 2019**.



Primary **strategic goals** matched by Ascopiave:

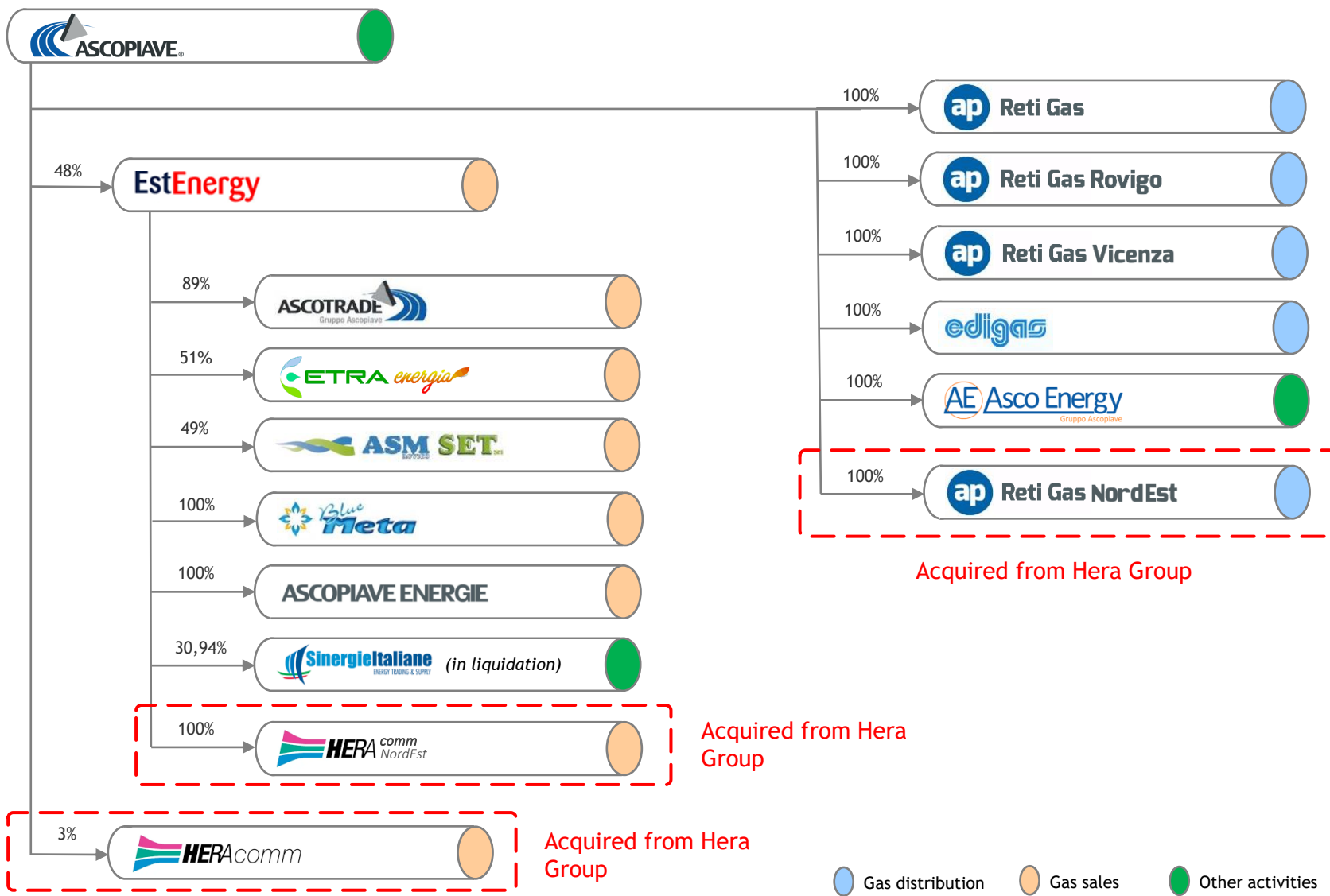
- ❑ **reinforcing the gas distribution core business, consolidating the leadership position in the Veneto Region**
- ❑ **giving greater value to the sales activities, through the partnership with a valid player in the market**

# Group structure before 19th December 2019





# Group structure after 19th December 2019



# Key Figures - 2018 consolidation area - gas distribution

Key figures related to the gas distribution companies controlled by Ascopiave in 2018:

## Gas Distribution SBU - 2018 Consolidation Area

### Ascopiave Group GAS DISTRIBUTION - 2018 key figures (\*)

No. of managed concessions	214
Length of the gas distribution network (km)	9,809
No. of Users	537,978
Volumes of gas distributed (scm/mln)	1,087

(\*) Data of the company consolidated with the equity method is considered pro-rata (Unigas Distribuzione, merged in Edigas Distribuzione in 2019).

### Ascopiave Group GAS DISTRIBUTION - 2018 EBITDA

EBITDA (Euro/000)	51,778
EBITDA of the companies consolidated with full consolidation method (Euro/000) (**)	48,553
EBITDA of the companies consolidated with net equity method (Euro/000) (***)	3,225

### Ascopiave Group GAS DISTRIBUTION - 2018 RAB

RAB (Euro/000)	464,996
RAB of the companies consolidated with full consolidation method (Euro/000) (**)	432,647
RAB of the companies consolidated with net equity method (Euro/000) (***)	32,349

(\*\*) Companies consolidated with the full consolidation method: AP Reti Gas, AP Reti Gas Rovigo, AP Reti Gas Vicenza, Edigas Distribuzione

(\*\*\*) EBITDA and AB of the company consolidated with the equity method is considered pro-rata (Unigas Distribuzione, merged in Edigas Distribuzione in 2019).

# Pro forma key figures related to the new consolidation area

Pro forma 2018 key figures related to the sales companies currently controlled by Ascopiave:

## Gas Distribution SBU - New Consolidation Area

Ascopiave Group  
GAS DISTRIBUTION - 2018 key figures

No. of managed concessions	268
Length of the gas distribution network (km)	12,785
No. of Users	775,177
Volumes of gas distributed (scm/mln)	1,505
EBITDA (Euro/000)	71,420
RAB (Euro/000)	621,698

## AP Reti Gas Nord Est (acquired from Hera Group)

AP Reti Gas Nord Est  
GAS DISTRIBUTION - 2018 key figures

No. of managed concessions	40
Length of the gas distribution network (km)	2,411
No. of Users	188,784
Volumes of gas distributed (scm/mln)	342
EBITDA (Euro/000)	16,267
RAB (Euro/000)	122,843

# Market positioning in the gas distribution sector

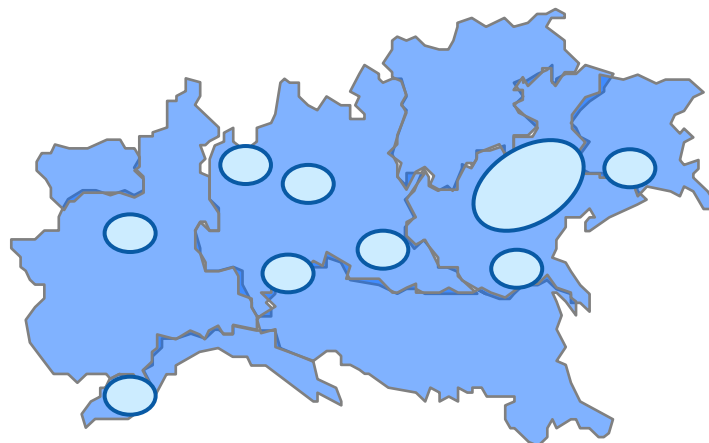
The Group is a national player in the gas distribution sector and a leading regional player in Veneto.

## GAS USERS / GAS DISTRIBUTION NETWORK (\*)

Ranking	Group	Users	%	Network	%
1	Italgas (**)	7.416.294	31,2%	66.553	25,4%
2	2i Rete Gas	4.359.717	18,3%	65.903	25,1%
3	Hera	1.407.923	5,9%	17.093	6,5%
4	A2A	1.214.272	5,1%	7.676	2,9%
<b>5</b>	<b>Ascopiave</b>	<b>775.177</b>	<b>3,3%</b>	<b>12.784</b>	<b>4,9%</b>
6	Iren	715.731	3,0%	7.668	2,9%
7	Estra	405.023	1,7%	5.528	2,1%
8	Erogasmet	276.450	1,2%	3.694	1,4%
9	Linea Group Holding	265.446	1,1%	3.305	1,3%
10	Gelsia	207.496	0,9%	1.787	0,7%
	Others	6.724.471	28,3%	70.370	26,8%
	<b>Total</b>	<b>23.768.000</b>	<b>100,0%</b>	<b>262.361</b>	<b>100,0%</b>

(\*) Ascopiave processing on 2018 ARERA data.  
 (\*\*) Data only referred to Italgas Reti and Toscana Energia

## GEOGRAPHICAL FOCUS



### NORTHERN ITALY



Ascopiave Group distribution activities

# Key Figures - 2018 consolidation area - gas and electricity sales

2018 key figures related to the sales companies previously controlled by Ascopiave:



## Gas Sales and Electricity Sales - 2018 Consolidation Area

<b>Ascopiave Group</b> <b>GAS SALES - 2018 key figures (*)</b>	Volumes of gas sold (scm/mln)	908
	No. of customers	644,629
<b>Ascopiave Group</b> <b>ELECTRICITY SALES - 2018 key figures (*)</b>	Volumes of electricity sold (GWh)	457
	No. of customers	98,992

(\*) Data of the companies consolidated with the equity method are considered pro-rata (Estenergy and ASM Set).

<b>Ascopiave Group</b> <b>SALES SBU EBITDA - 2018</b>	EBITDA (Euro/000)	48,148
	EBITDA companies consolidated with full consolidation method (Euro/000) (**)	38,549
	EBITDA companies consolidated with net equity method (Euro/000) (***)	9,599

(\*\*) Companies consolidated with the full consolidation method: Ascotrade, Ascopiave Energie, Blue Meta, Amgas Blu, Etra Energia

(\*\*\*) EBITDA of the companies consolidated with the equity method are considered pro-rata (Estenergy and ASM Set).

# Pro forma key figures related to the new Estenergy consolidation area

Pro forma 2018 key figures related to the sales companies currently controlled by Estenergy:



## Gas Sales and Electricity Sales - New Estenergy Consolidation Area

<b>Estenergy Group</b> <b>GAS SALES - 2018 key figures (*)</b>	Volumes of gas sold (scm/mln)	1,138
	No. of customers	800,292
<b>Estenergy Group</b> <b>ELECTRICITY SALES - 2018 key figures (*)</b>	Volumes of electricity sold (GWh)	1,429
	No. of customers	268,434

(\*) Data of the company consolidated with the equity method are considered pro-rata (ASM Set).

<b>Estenergy Group</b> <b>Pro-forma EBITDA - 2018</b>	EBITDA (Euro/000)	70,839
	EBITDA companies consolidated with full consolidation method (Euro/000) (**)	69,235
	EBITDA companies consolidated with net equity method (Euro/000) (***)	1,604

(\*\*) Companies consolidated with the full consolidation method: Ascotrade, Ascopiave Energie, Blue Meta, Hera Comm Nord Est, Etra Energia

(\*\*\*) EBITDA of the company consolidated with the equity method is considered pro-rata (ASM Set).

## Valuation of the assets involved in the transaction

Total Equity Value of the gas sales assets previously held by Ascopiave = Euro 616,2 mln

The transaction is almost cash free. The total amount of the disposed assets is completely invested:

1. Minority stake (48%) in Estenergy
2. Capital stake (3%) in Hera Comm
3. Gas distribution assets (currently held by a New Co: AP Reti Gas Nord-Est)

### Steps of the Transaction and Equity Value of the Involved Companies / Assets

Step	CASH IN / OUT (Euro/mln)		
	Ascopiave	Hera Group (*)	Estenergy
1 Ascopiave acquired AP Reti Gas Nord-Est from Hera Group	-168,0	168,0	
2 Hera Group acquired a 49% Estenergy stake from Ascopiave	99,5	-99,5	
3 Hera Group subscribed a capital increase in Estenergy by cash		-633,2	633,2
4 Estenergy acquired the Commercial Companies stakes from Ascopiave (**)	474,2		-474,2
5 Estenergy acquired Hera Comm Nord-Est from Hera Group		159,0	-159,0
6 Ascopiave acquired a 48% Estenergy stake from Hera Group	-395,9	395,9	
7 Hera Group acquired Amgas Blu from Ascopiave	42,5	-42,5	
8 Ascopiave acquired a 3% capital stake in Hera Comm	-54,0	54,0	
<b>Total balance</b>	<b>-1,7</b>	<b>1,7</b>	<b>0,0</b>

Net investment	Ascopiave	Hera Group (*)	Estenergy
<b>Distribution business</b>	<b>168,0</b>	<b>-168,0</b>	<b>0,0</b>
<b>Sales business</b>	<b>-166,3</b>	<b>166,3</b>	<b>0,0</b>
<b>Total net investment</b>	<b>1,7</b>	<b>-1,7</b>	<b>0,0</b>

(\*) Net of Estenergy

(\*\*\*) Commercial Companies Stakes: Ascotrade, Ascopiave Energie, Blue Meta, Etra Energia, Asm Set.

## Governance of Estenergy

**Board of Directors:** composed of 5 directors.

- **Ascopiave** appoints 2 board members (with non executive powers). One is the **Chairman**.
- **Hera Group** appoints the remaining members. One is the **CEO** of the company.

**Board of Statutory Auditors:** composed of 3 members.

- **Ascopiave** appoints 1 member, the **chairman**.
- **Hera Group** appoints the remaining 2 members.

Certain matters are subject to **veto rights** of Ascopiave (or the directors appointed by it).

The corporate governance of the **controlled company** mirrors the corporate governance of Estenergy in terms of representation in the corporate bodies, veto rights, etc.



### Put Option of Ascopiave on Estenergy shares

#### Put option of Ascopiave exercisable:

- in **all or in part**, by the latter on its entire **stake in Estenergy**, within **7 years** from the closing of the transaction
- at a **price** (strike price) that will be the highest of:
  - 1) Fair Market Value, calculated on the basis of an evaluation method agreed between the parties
  - 2) Purchase price at the entry, plus an annual return equal to 4%, minus all the distributed dividends from the closing date until the date of the exercise of the put option
  - 3) Purchase price at entry.



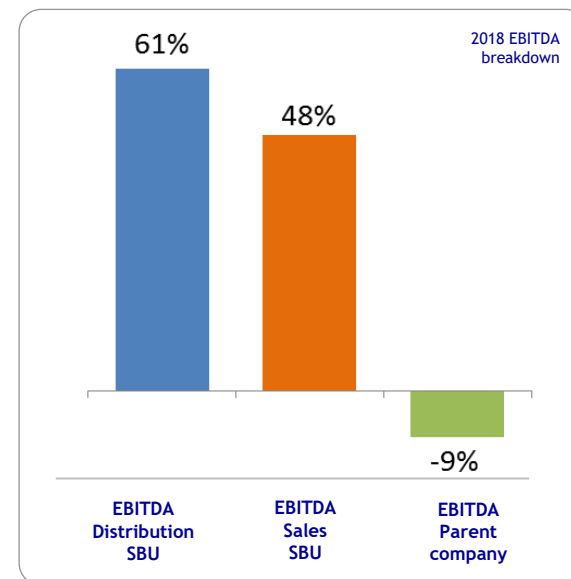
If exercised, the put option guarantees a **minum rate of return** on the initial investment of Ascopiave in Estenergy (Euro 395.9 mln) **equal to 4%**.

## Main financial figures and hystorical trends

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## 2018 MAIN FINANCIAL DATA ACCORDING TO IFRS 11 - INCOME STATEMENT (\*)

INCOME STATEMENT				
	Group	Distribution SBU (a)	Sales SBU (b)	Parent company
Revenues (c)	581,652	115,349	574,246	11,376
<b>EBITDA</b>	<b>80,036</b>	<b>48,553</b>	<b>38,549</b>	<b>-7,066</b>
EBIT	55,101	29,245	34,524	-8,669
Evaluation of companies with (❖) equity method	8,553	1.407	7,146	0
Net income	46,499			



(❖) EBITDA of the companies consolidated with the equity method: **Euro 12.8 mln** (distribution companies: Euro 3.2 mln + sales companies: Euro 9.6 mln)

EBIT of the companies consolidated with the equity method: **Euro 10.3 mln** (distribution companies: Euro 1.8 mln + sales companies: Euro 8.5 mln)

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

## 9M 2019 MAIN FINANCIAL DATA ACCORDING TO IFRS 11 AND IFRS 5 - INCOME STATEMENT (\*)

INCOME STATEMENT				
	Group	Distribution SBU (a)	Sales SBU (b)	Parent company
Revenues (c)	90,017	85,233	0	28,027
<b>EBITDA</b>	<b>30,460</b>	<b>34,445</b>	<b>0</b>	<b>-3,985</b>
EBIT	13,048	18,504	0	-5,456
Evaluation of companies with (❖) equity method	648	648	0	0
Net result of activities held for sale	30,109	0	30,109	0
Net income	38,238			

### Companies held for sale:

Controlled companies:

**EBITDA: Euro 38.2 mln**

**EBIT: Euro 35.4 mln**

Jointly-controlled companies (\*\*):

**EBITDA: Euro 6.6 mln**

**EBIT: Euro 5.6 mln**

- (❖) EBITDA of the company consolidated with the equity method: **Euro 1.5 mln** (6M 2019 Unigas Distribuzione)  
 EBIT of the company consolidated with the equity method: **Euro 0.8 mln** (6M 2019 Unigas Distribuzione)

(\*) Thousand of Euro; (a) Distribution SBU includes results of entities active in the distribution business; (b) Sales SBU includes results of entities active in the sale business; (c) SBU revenues are represented before elisions; (\*\*) Data of the jointly-controlled companies (Estenergy and ASM Set) are considered pro-rata.

# 2006-2018 EBITDA break-down by Strategic Business Unit

(Million of Euro)

INCOME STATEMENT		Group	Distribution SBU	%	Sales SBU	%	Parent company(*)	%
2018	EBITDA IFRS 11	80,0	48,6	60,7%	38,5	48,2%	(7,1)	-8,8%
2017	EBITDA IFRS 11	84,4	47,8	56,6%	41,1	48,6%	(4,4)	-5,2%
2016	EBITDA IFRS 11	95,3	35,0	36,8%	60,2	63,2%	0,0	0,0%
2015	EBITDA IFRS 11	81,0	35,8	44,2%	45,2	55,8%	0,0	0,0%
2014	EBITDA IFRS 11	79,6	35,4	44,5%	44,2	55,5%	0,0	0,0%
2013	EBITDA IFRS 11 restated	86,3	33,4	38,7%	52,9	61,3%	0,0	0,0%
2013	EBITDA	105,9	36,0	34,0%	69,9	66,0%	0,0	0,0%
2012	EBITDA	102,7	33,9	33,1%	68,7	66,9%	0,0	0,0%
2011	EBITDA	93,2	34,9	37,4%	58,3	62,6%	0,0	0,0%
2010	EBITDA	78,0	32,9	42,1%	45,1	57,9%	0,0	0,0%
2009	EBITDA	61,5	41,6	67,6%	19,9	32,4%	0,0	0,0%
2008	EBITDA	52,3	37,6	71,8%	14,8	28,2%	0,0	0,0%
2007	EBITDA	46,5	35,5	76,4%	11,0	23,6%	0,0	0,0%
2006	EBITDA	41,1	39,9	97,0%	1,2	3,0%	0,0	0,0%

Gas distribution business is characterized by stable operating margins.

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

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

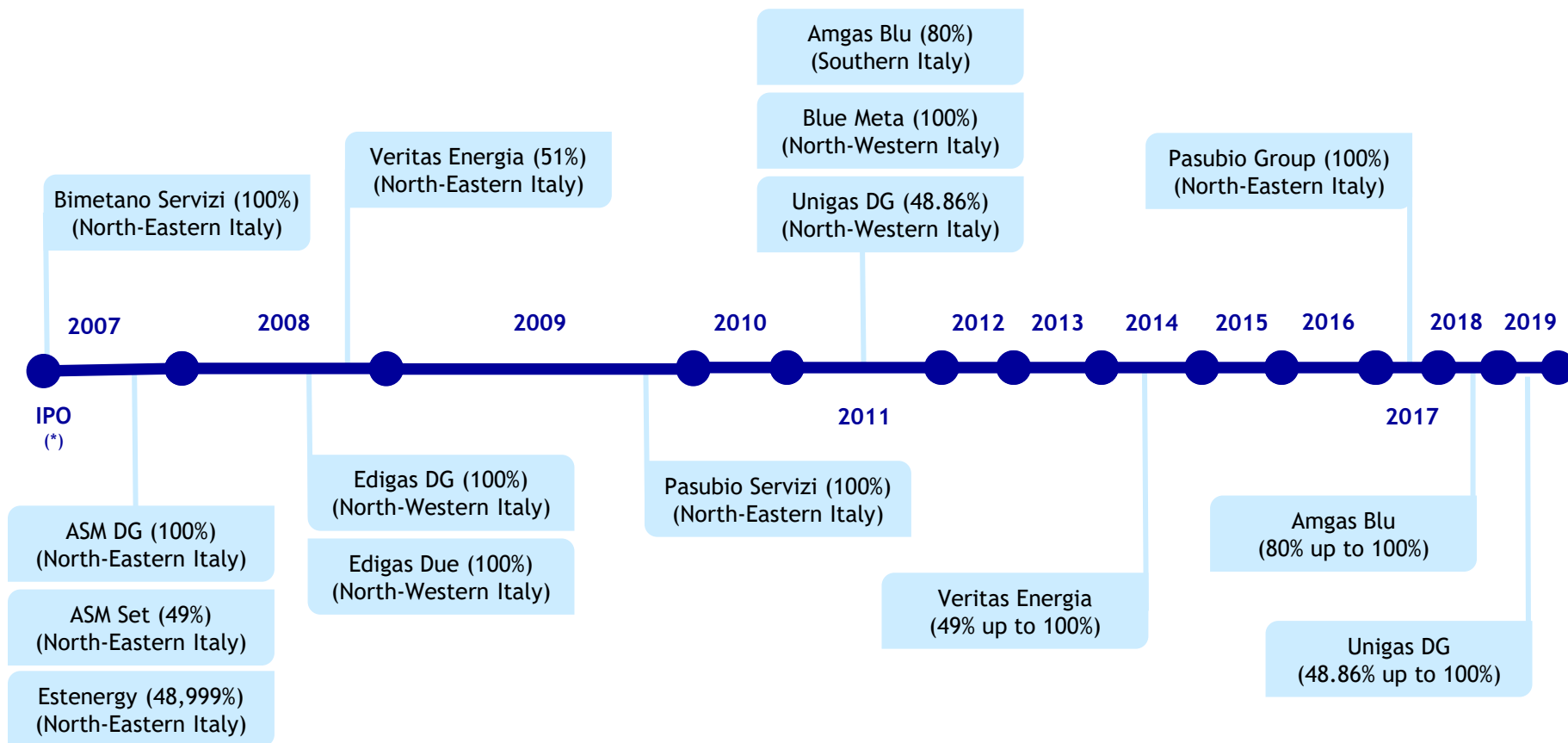
## 2006-2018 Investments in tangible and intangible assets

(Million of Euro)	INVESTMENTS	Group	Distribution network	%	Other investments	%
2018	INVESTMENTS IFRS 11	29,5	27,8	94%	1,7	6%
2017	INVESTMENTS IFRS 11	23,6	22,5	95%	1,1	5%
2016	INVESTMENTS IFRS 11	20,8	19,7	95%	1,1	5%
2015	INVESTMENTS IFRS 11	22,0	20,7	94%	1,3	6%
2014	INVESTMENTS IFRS 11	21,1	19,7	94%	1,3	6%
2013	INVESTMENTS IFRS 11 restated	18,9	12,7	67%	6,2	33%
2013	INVESTMENTS	21,6	14,9	69%	6,7	31%
2012	INVESTMENTS	23,1	16,8	73%	6,3	27%
2011	INVESTMENTS	41,8	15,4	37%	26,4	63%
2010	INVESTMENTS	29,1	11,2	38%	17,9	62%
2009	INVESTMENTS	29,9	13,8	46%	16,1	54%
2008	INVESTMENTS	19,2	11,4	60%	7,7	40%
2007	INVESTMENTS	17,5	12,2	70%	5,3	30%
2006	INVESTMENTS	16,7	12,4	74%	4,4	26%

The Group investments in tangible and intangible assets over the last 13 years amounts to Euro 316,0 mln and for the most part (69%) concern the development, the maintenance and up-grade of the gas network and of the distribution system. In 2009-2011 the group made significant investments in photovoltaic power plants. The photovoltaic business was disposed in 2011.

# 2006-2019 Investments in companies and firms acquisitions

2006-2019 Investments in companies and firms acquisitions: about Euro 225,0 Mln



(\*) IPO: 12 dec 2006

# Main financial data - balance sheet and financial ratios

## MAIN FINANCIAL DATA ACCORDING TO IFRS 11 AND IFRS 5 - BALANCE SHEET (\*)

BALANCE SHEET	30/09/2019	31/12/2018
Tangible and intangible assets	466,364	465,360
Investments in associates	2	68,357
Other fixed assets	15,458	23,401
Net working capital	-17,754	8,268
Net balance of activities held for sale	150,279	0
<b>TOTAL CAPITAL EMPLOYED</b>	<b>614,349</b>	<b>565,386</b>
Shareholders equity	421,321	447,869
Net financial position	193,028	117,517
<b>TOTAL SOURCES</b>	<b>614,349</b>	<b>565,386</b>

### Tangible and intangible assets: details

BALANCE SHEET	30/09/2019
Goodwill	33,764
Tangible assets under IFRIC 12	386,002
Other intangible assets	11,514
Tangible assets	35,084
<b>Tangible and intangible assets</b>	<b>466,364</b>

## 2018 ASCOPIAVE MAIN FINANCIAL RATIOS

Financial leverage (NFP / EQUITY) 0.26

Debt cover ratio (NFP / EBITDA) 1.47

(\*) Thousand of Euro



## Financial debt and cost of debt

(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%
<b>Total financial debt</b>	<b>159.624</b>	<b>119.506</b>	<b>40.118</b>	<b>+33,6%</b>
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 the companies consolidated with the full consolidation method

## Divided policy and Group strategic guidelines

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## Dividend payment sustainable with high return to shareholders

### Sustainability of the dividend policy:

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

### Dividend yield at the top of the listed Italian utility companies

DIVIDEND	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Dividend (Thousand of Euro)	75.163	40.016	40.016	33.347	33.332	26.666	24.484	0	22.557	20.349	19.442	19.890	19.833
Group Net Income (Thousand of Euro)	44.625	47.135	53.635	43.014	35.583	38.678	27.865	6.266	31.174	25.288	18.452	21.764	16.381
Payout ratio	168%	85%	75%	78%	94%	69%	88%	0%	72%	80%	105%	91%	121%
Dividend per share (Euro)	0,338	0,180	0,180	0,150	0,150	0,120	0,110	0,000	0,100	0,090	0,085	0,085	0,085
Dividend yield (*)	10,7%	5,3%	7,2%	7,0%	7,6%	8,4%	9,2%	0,0%	6,3%	5,8%	5,7%	4,4%	4,0%

**TOTAL DIVIDENDS DISTRIBUTED FROM STOCK EXCHANGE LISTING TO DATE**

**About Euro 375,1 mln**

ROI / ROE	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ROI (**)	11,1%	12,0%	15,4%	12,2%	11,1%	14,4%	13,1%	11,8%	11,7%	9,1%	8,5%	7,1%	10,4%
ROE	10,1%	10,6%	12,2%	10,4%	8,8%	9,7%	7,3%	1,8%	8,3%	6,9%	5,1%	5,9%	4,4%

(\*) Dividend yield = dividend per share / average price per share in the year; (\*\*) ROI = EBIT / CI; CI = Net Capital Invested (In 2014-2018 investments in associates are excluded)

Focus on local service regulated sectors and related businesses



Growth in size

Improvement of the business profitability



- /// Participation in competitive bidding for the assigning of concessions to manage the gas distribution service
- /// Acquisition of assets / companies active in the gas distribution business
- /// Improving the economic efficiency of the operations
- /// Investments in the energy efficiency sector
- /// Diversification in other regulated business, exploiting synergies / economies of scale

## Gas distribution

→ Gas distribution sector .....	Pag. 30
→ Gas distribution: legal framework .....	Pag. 31
→ Public tenders for the assigning of the concessions .....	Pag. 32
→ Ascopiave positioning in the gas distribution market .....	Pag. 33
→ Ascopiave strategy in the gas distribution market .....	Pag. 34
→ Regulation of the call of tenders .....	Pag. 37
→ Compensation to be paid to the outgoing distributor .....	Pag. 38
→ Minimum Territorial District - Belluno .....	Pag. 39
→ Current tariff regulation: VRT and RAB .....	Pag. 40
→ Tariff regulation .....	Pag. 41
→ SWOT analysis - Gas Distribution SBU .....	Pag. 43

## Gas distribution sector: key figures (\*)

- ⚡ No. of operators: 207
- ⚡ Municipalities served: 7,190
- ⚡ Volumes of gas distributed: about 32.1 billion of standard cubic meters
- ⚡ No. of users served: about 23.8 million
- ⚡ Length of the gas distribution network: about 262,400 km
- ⚡ Regulatory asset base (RAB): about Euro 18 bln (\*\*)

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

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

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

(\*) 2018 ARERA data; (\*\*) Ascopiave estimate.

## Gas distribution: legal framework

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

## Public tenders for the assigning of the concessions

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



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

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



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

- Ascopiave is currently the main operator in 5 Territorial Districts (Treviso 2, Padova 1, Vicenza 3, Treviso 1 and Udine 3) with more than 50% market share in terms of end users served. The current end users in these Territorial Districts amount to over 60% of the total end users served by the Group.
- Ascopiave currently has a remarkable market share in other Minimum Territorial Districts located in Veneto and Lombardy.

Territorial District	Public tender deadline	Ascopiave Group gas users	%	Ascopiave Group market share (%)
Treviso 2	March 2017	141.045	18%	88%
Treviso 1	June 2017	75.664	10%	55%
Padova 1	September 2016	169.125	22%	78%
Vicenza 3	September 2017	80.175	10%	78%
Rovigo	April 2018	35.593	5%	36%
Udine 3	March 2017	33.036	4%	54%
Bergamo 1	January 2017	31.593	4%	42%
Bergamo 5	March 2017	30.886	4%	32%
Vicenza 4	March 2017	29.192	4%	44%
Venezia 2	January 2017	25.899	3%	13%
Other m.t.d.	2016 - 2019	119.699	16%	n.a.
<b>Total</b>		<b>771.907</b>	<b>100%</b>	

(\*) 2012 data. Ascopiave processing on MISE data.

## Ascopiave strategy in the gas distribution market (1)

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

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

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

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

### Cash out (-)

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

### Cash in (+)

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

## Ascopiave strategy in the gas distribution market (2)

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

**After the assignment of the new Territorial District concessions:**

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

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

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

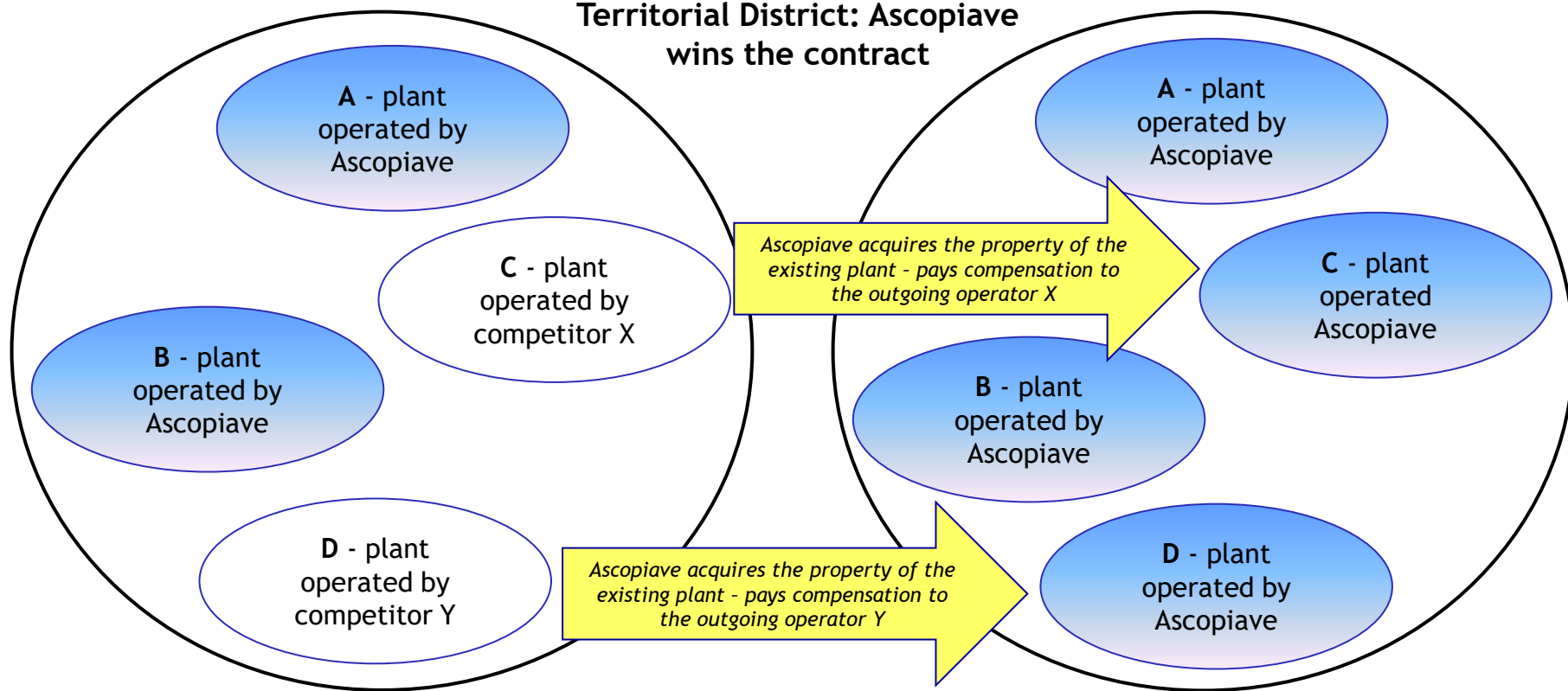
- Ascopiave will cease the operation of the service in the municipalities where it currently carries out the activity. It will cash by the ingoing operator (the winner of the contract) a compensation calculated in accordance with the law.

# Ascopiave strategy in the gas distribution market (3)

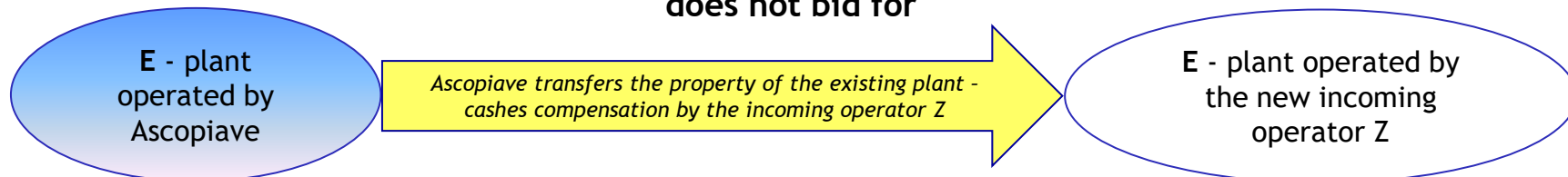
**BEFORE TENDERS**

**AFTER TENDERS**

**Territorial District: Ascopiave wins the contract**



**Territorial District: Ascopiave does not bid for**



## Standards to evaluate economic and technical offers

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

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

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

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

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

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

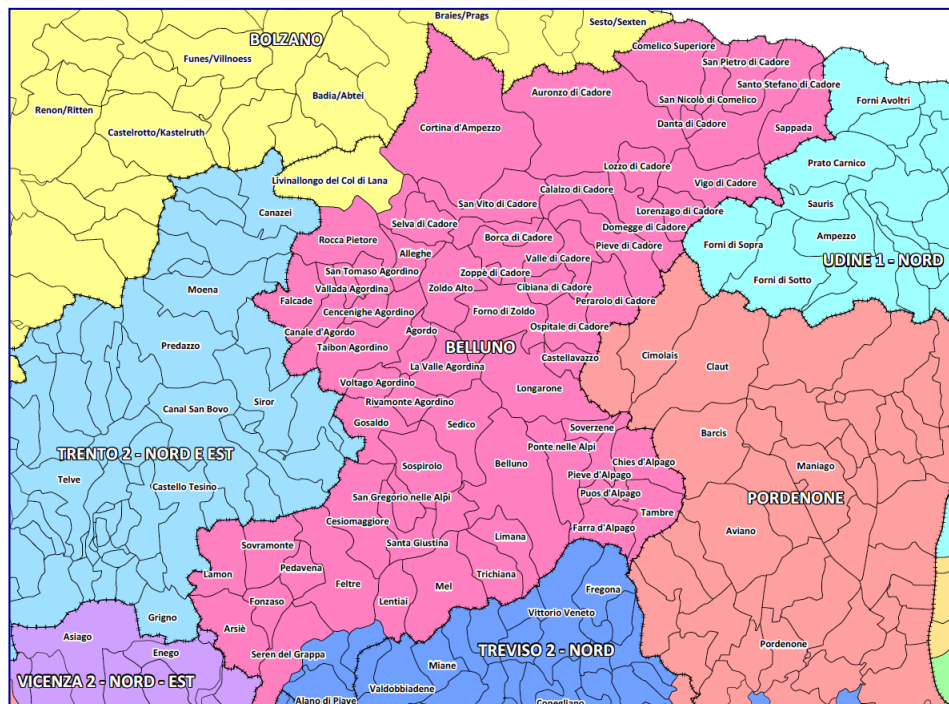
## Compensation to be paid to the outgoing distributor

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

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

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

# Minimum Territorial District - Belluno



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

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

## 2018 pro-forma VRT (\*) (Gas Distribution Revenues) and 2018 RAB (Net Invested Capital)

$$\underline{\underline{2018 \text{ VRT } (*) = \text{CO} + \text{AMM} + \text{CI} \times \text{rd}}}$$
$$\underline{\underline{= \text{Euro } 107.3 \text{ mln}}}$$

where:

**CO:** quota covering management operating costs

**AMM:** quota covering depreciation

**CI (RAB):** net capital invested in distribution

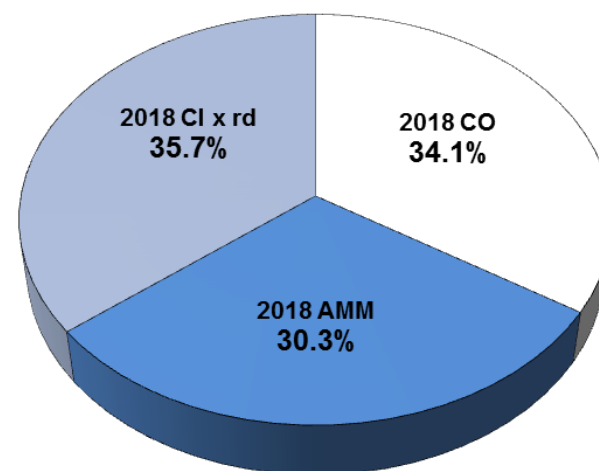
**rd:** real pre-tax rate of return on net invested capital

$$\underline{\underline{2018 \text{ RAB } (*) = \text{Euro } 621.7 \text{ mln}}}$$

### 2018 VRT (Thousand of Euro)

2018 CO	36,534
2018 AMM	32,466
2018 CI x rd	38,288

**2018 VRT 107,288**



(\*) 2018 VRT has been approved by Gas, Electricity and Water Authority (ARERA) with Resolution n. 98/2019/R/gas. Including AP Reti Gas Nord Est, acquired from the Hera Group on 19<sup>th</sup> december 2019: VRT = Euro 23.2 mln; RAB = Euro 122.8 mln.



# Tariff regulation (1)

## Tariff regulation 2020-2025

On 27<sup>th</sup> December 2019 ARERA issued the Resolution n. 570/2019/R/gas, approving the new tariff regulation that will be in force during the period 2020-2025 (fifth regulatory period).

## Real pre-tax rate of return on RAB (WACC)

Allignment of unlevered beta for metering activities to distribution.

In 2020-2021 WACC is set at **6.3%**

Current regulation provides the updating of some calculation parameters in 2022: 1) Risk Free Rate, 2) Inflation Rate, 3) Gearing ratio, etc.

WACC	2018	2019	2020	2021	2022
WACC - distribution	6,10%	6,30%	6,30%	6,30%	tbd
WACC - metering	6,60%	6,80%	6,30%	6,30%	tbd

## Allowed opex

2020 unit allowed opex based on weighted average of 2018 actual / allowed opex.

X-factor aimed at reabsorbing the extra efficiency of the last regulatory period.

Unit Allowed Opex (*)	2018	2019	2020	chg	chg %
CO / end users - distribution	39,6	40,2	33,1	-7,1	-18%
CO / end users - meterig & other	7,6	7,7	9,1	1,4	18%
<b>Total CO / end users</b>	<b>47,2</b>	<b>47,9</b>	<b>42,2</b>	<b>-5,7</b>	<b>-12%</b>

(\*) Ascopiave estimate. Average unit opex allowed referred to Ascopiave Group (pro-forma)

## Standard investment costs

In the next future the rate of return on the investments considered by the tariff system will take into account the spread between the effective costs and standard costs to be defined by ARERA.

### Tariff regulation for the incoming Territorial District concessions

#### Difference between Compensation and RAB

At the starting date of the new concession:

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

#### Compensation at the end date of the minimum territorial district concession

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

## Strengths

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

## Opportunities

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

## Weakness

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

## Threats

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

## Gas and electricity sales

- The commercial energy business of Ascopiave ..... Pag. 45
- Ascopiave: an appealing strategic partner ..... Pag. 46

## Strength of the gas and electricity sales business run by Ascopiave

- ❑ **Deeply rooted geographical presence in the most productive regions of Italy**
  - Strong focus in Northern Italy, the most industrialized and productive area of the country with high per capita consumption
- ❑ **Highly reliable and loyal customer base**
  - Customers base constituted mainly by residential customers, with a churn rate lower than the national average
  - Customers with robust credit rating
- ❑ **Strong commercial network and local presence**
  - Good customer care service, capillarity of the points of sales
  - Strong brand reputation in the reference regions
  - Attention to local stakeholders' needs
- ❑ **Efficient cost for operations**
- ❑ **Potential for expansion of the electricity business**
- ❑ **Upside from sales channel development**
- ❑ **Potential for expansion of other energy related service**
- ❑ **Experienced management team**
  - Highly experienced management team with a deep knowledge of the business and the local market environment

## Ascopiave: an appealing strategic partner


For the reasons before mentioned **Ascopiave** has considered itself an **excellent potential partner for several players** in the sector.

Many of them submitted expressions of interest for acquiring the business.

The **Hera Group** has been selected as the **best partner**, after having evaluated various opportunities and alternatives.

### The partnership constituted through Estenergy



- Primary market operator focused on the Triveneto Region
  - Suitable size to exploit economies of scale on operations
  - Expertise in the marketing activities (sales channel development, expansion of other energy related service, etc)
  - Expertise in the sourcing of gas and electricity
- 

**Value creation for the shareholders and for the «local stakeholders»**



**Annexes: financial data**

## Annexes: financial data

### ❖ FY 2018 financial results

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→ Volumes of electricity sold .....	Pag. 53
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### ❖ 2011-2018 financial comparison

### ❖ 9M 2019 financial results



# FY 2018 consolidated income statement

(Thousand of Euro)	2018	2017	Chg	Chg %
<b>Revenues</b>	<b>581.652</b>	<b>532.792</b>	<b>48.860</b>	<b>+9,2%</b>
(Cost of raw materials and consumables)	(332.743)	(270.577)	(62.165)	+23,0%
(Cost of services)	(114.827)	(113.457)	(1.370)	+1,2%
(Cost of personnel)	(26.030)	(24.855)	(1.174)	+4,7%
(Other operating costs)	(28.372)	(40.224)	11.851	-29,5%
Other operating income	356	731	(376)	-51,4%
<b>EBITDA</b>	<b>80.036</b>	<b>84.409</b>	<b>(4.373)</b>	<b>-5,2%</b>
(Depreciations and amortizations)	(22.972)	(22.585)	(387)	+1,7%
(Provisions)	(1.964)	(1.885)	(78)	+4,2%
<b>EBIT</b>	<b>55.101</b>	<b>59.939</b>	<b>(4.839)</b>	<b>-8,1%</b>
Financial income / (expenses)	(778)	(468)	(310)	+66,2%
Evaluation of companies with net assets method (*)	8.553	7.398	1.154	+15,6%
<b>EBT</b>	<b>62.875</b>	<b>66.869</b>	<b>(3.994)</b>	<b>-6,0%</b>
(Income taxes)	(16.376)	(17.617)	1.242	-7,0%
<b>Net income</b>	<b>46.499</b>	<b>49.252</b>	<b>(2.753)</b>	<b>-5,6%</b>
(Net income of minorities)	(1.874)	(2.117)	243	-11,5%
<b>Net income of the Group</b>	<b>44.625</b>	<b>47.135</b>	<b>(2.510)</b>	<b>-5,3%</b>

(\*) Result of the companies consolidated with net equity consolidation method (data are considered pro-rata): sale companies, Euro 6,1 mln (Euro 5,9 mln in FY 2017); distribution companies, Euro 1,4 mln (Euro 1,0 mln in FY 2017); Sinergie Italiane, Euro 1,0 mln (Euro 0,6 mln in FY 2017).

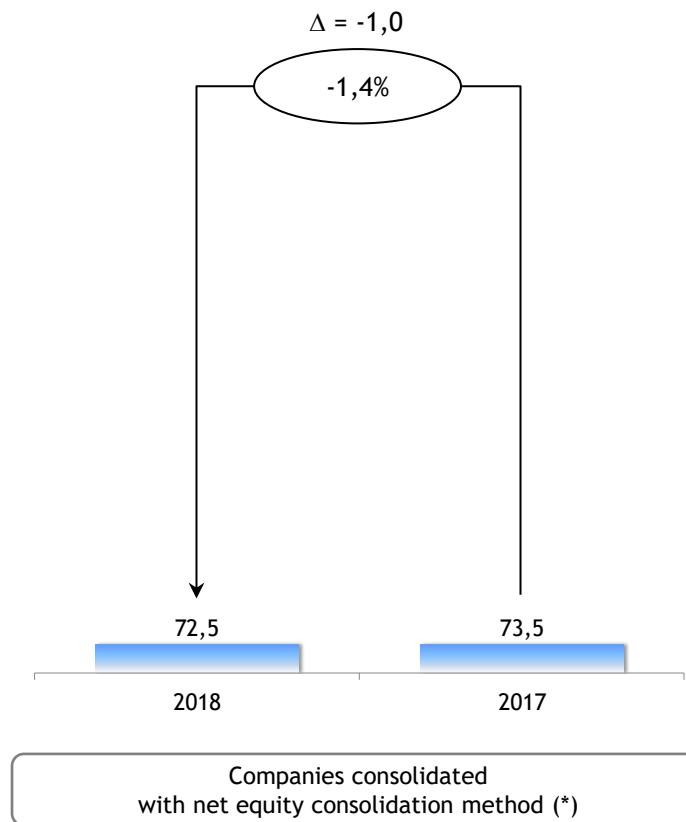
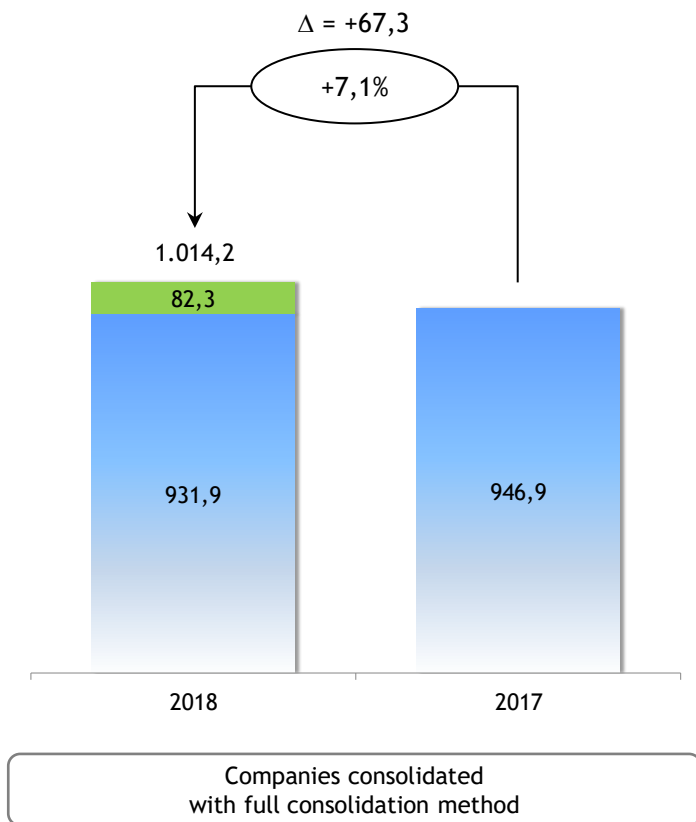
# Consolidated balance sheet as of 31st December 2018

(Thousand of Euro)	31/12/2018	31/12/2017	Chg	Chg %
Tangible assets (*)	32.724	32.334	390	+1,2%
Non tangible assets (*)	432.637	427.692	4.944	+1,2%
Investments in associates (**)	68.357	68.878	(521)	-0,8%
Other fixed assets	23.401	24.494	(1.093)	-4,5%
<b>Fixed assets</b>	<b>557.118</b>	<b>553.397</b>	<b>3.721</b>	<b>+0,7%</b>
Operating current assets	219.660	222.977	(3.317)	-1,5%
(Operating current liabilities)	(160.146)	(156.597)	(3.550)	+2,3%
(Operating non current liabilities)	(51.245)	(49.411)	(1.834)	+3,7%
<b>Net working capital</b>	<b>8.268</b>	<b>16.969</b>	<b>(8.701)</b>	<b>-51,3%</b>
<b>Total capital employed</b>	<b>565.386</b>	<b>570.367</b>	<b>(4.981)</b>	<b>-0,9%</b>
<b>Group shareholders equity</b>	<b>443.567</b>	<b>445.511</b>	<b>(1.944)</b>	<b>-0,4%</b>
<b>Minorities</b>	<b>4.303</b>	<b>4.989</b>	<b>(687)</b>	<b>-13,8%</b>
<b>Net financial position</b>	<b>117.517</b>	<b>119.867</b>	<b>(2.350)</b>	<b>-2,0%</b>
<b>Total sources</b>	<b>565.386</b>	<b>570.367</b>	<b>(4.981)</b>	<b>-0,9%</b>

(\*) Applying IFRIC 12 involves categorising the infrastructures under concession from tangible to intangible assets; (\*\*) Value of the associated companies consolidated with net equity consolidation method: sale companies, Euro 46,8 mln (Euro 48,0 mln as of 31st December 2017); distribution companies, Euro 21,5 mln (Euro 20,8 mln as of 31st December 2017).

## Volumes of gas distributed

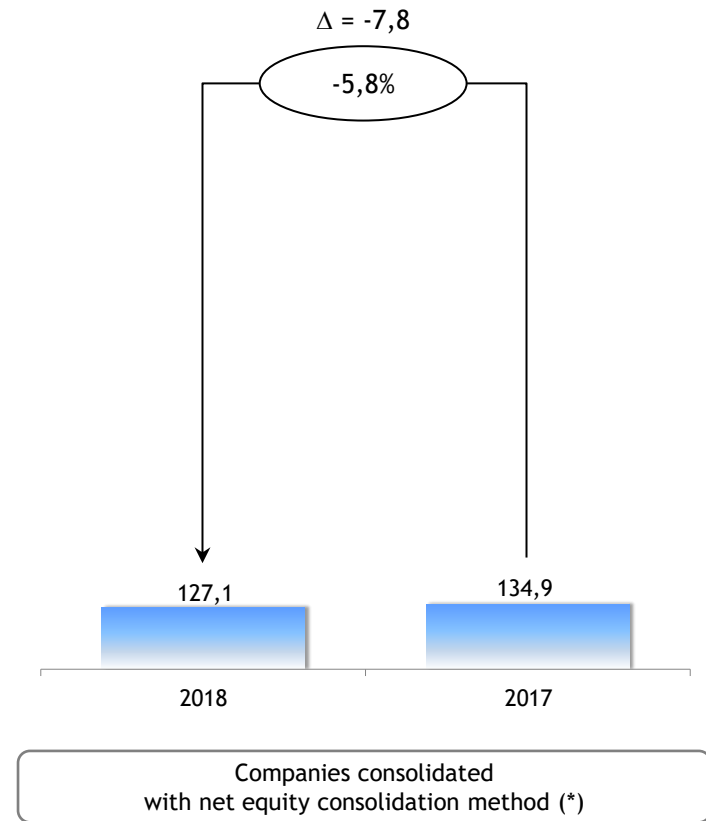
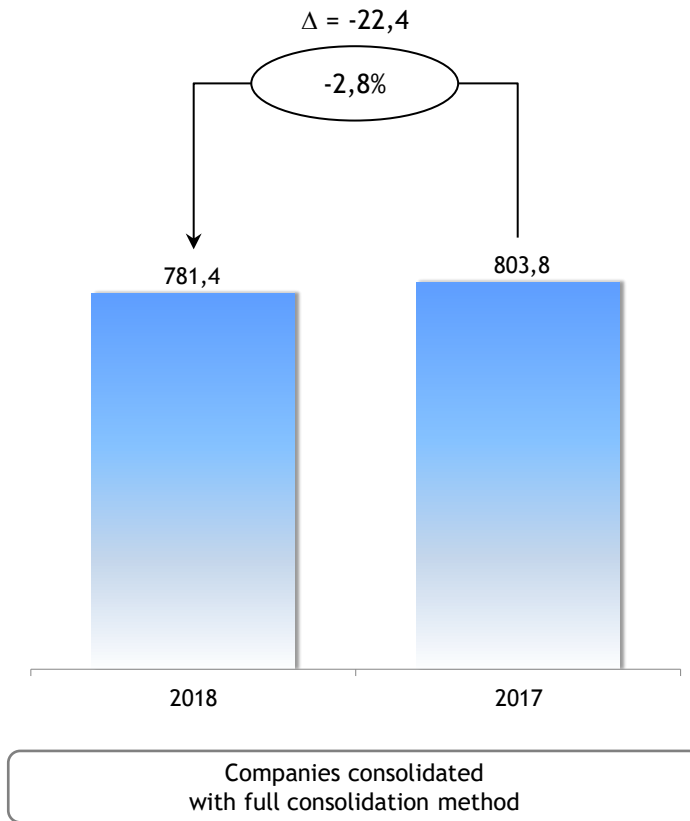
(Million of standard cubic meters)



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

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

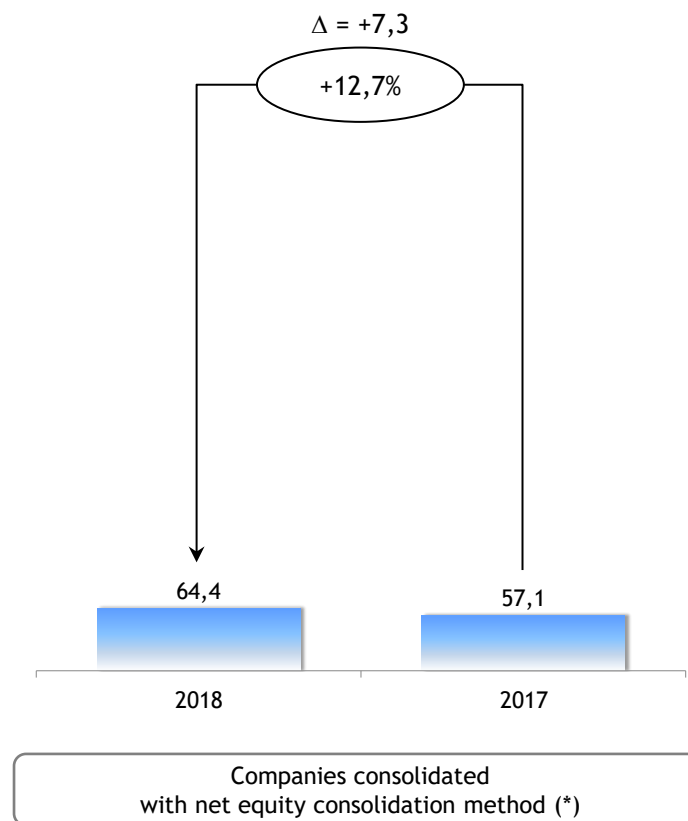
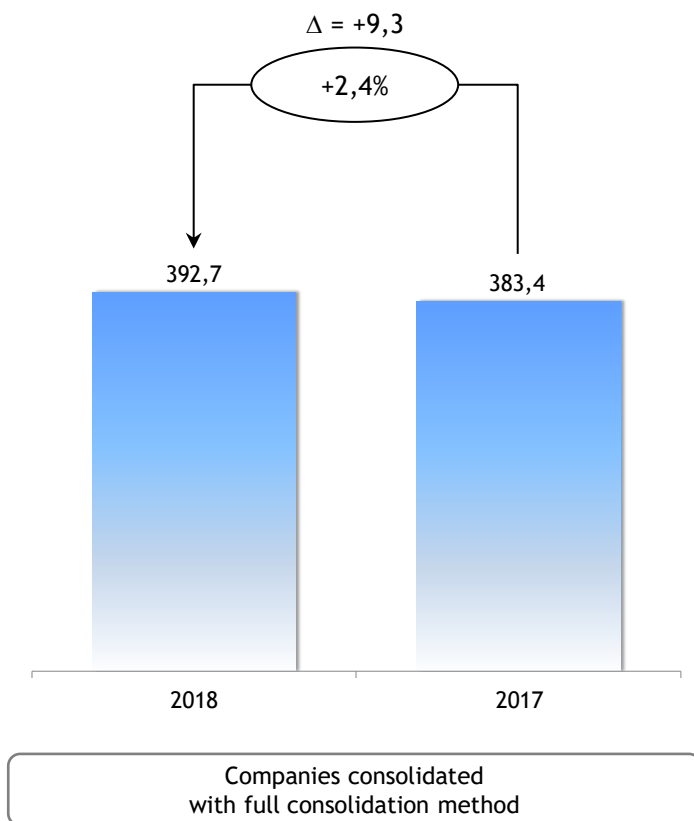
## Volumes of gas sold (Million of standard cubic meters)



(\*) Data are considered pro-rata.

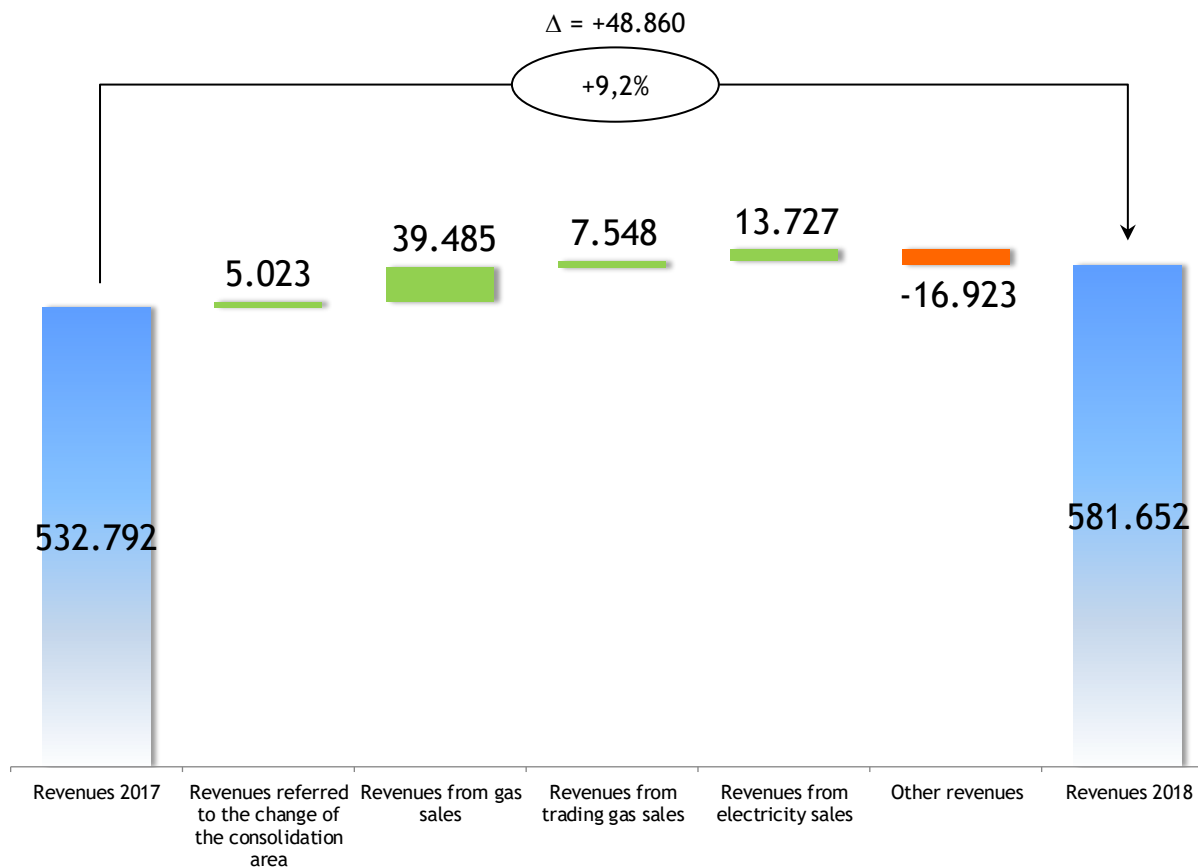
## Volumes of electricity sold

(GWh)

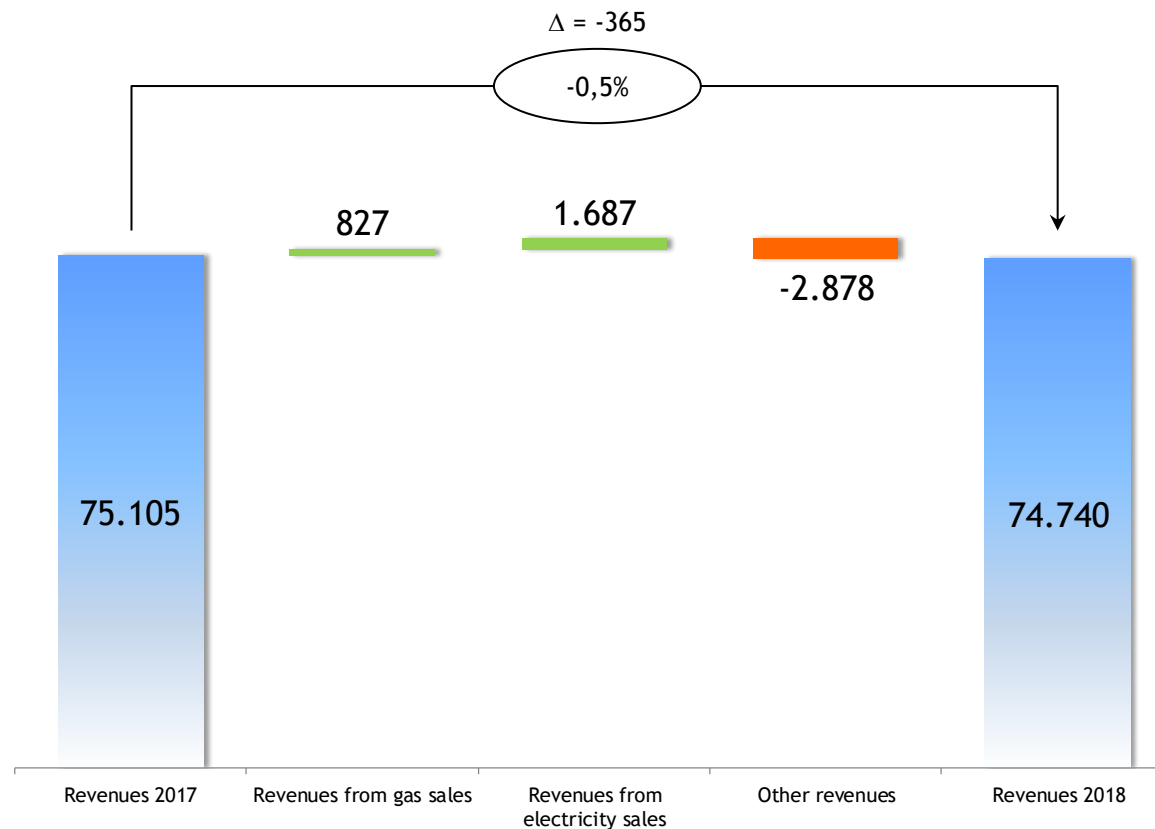


(\*) Data are considered pro-rata.

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

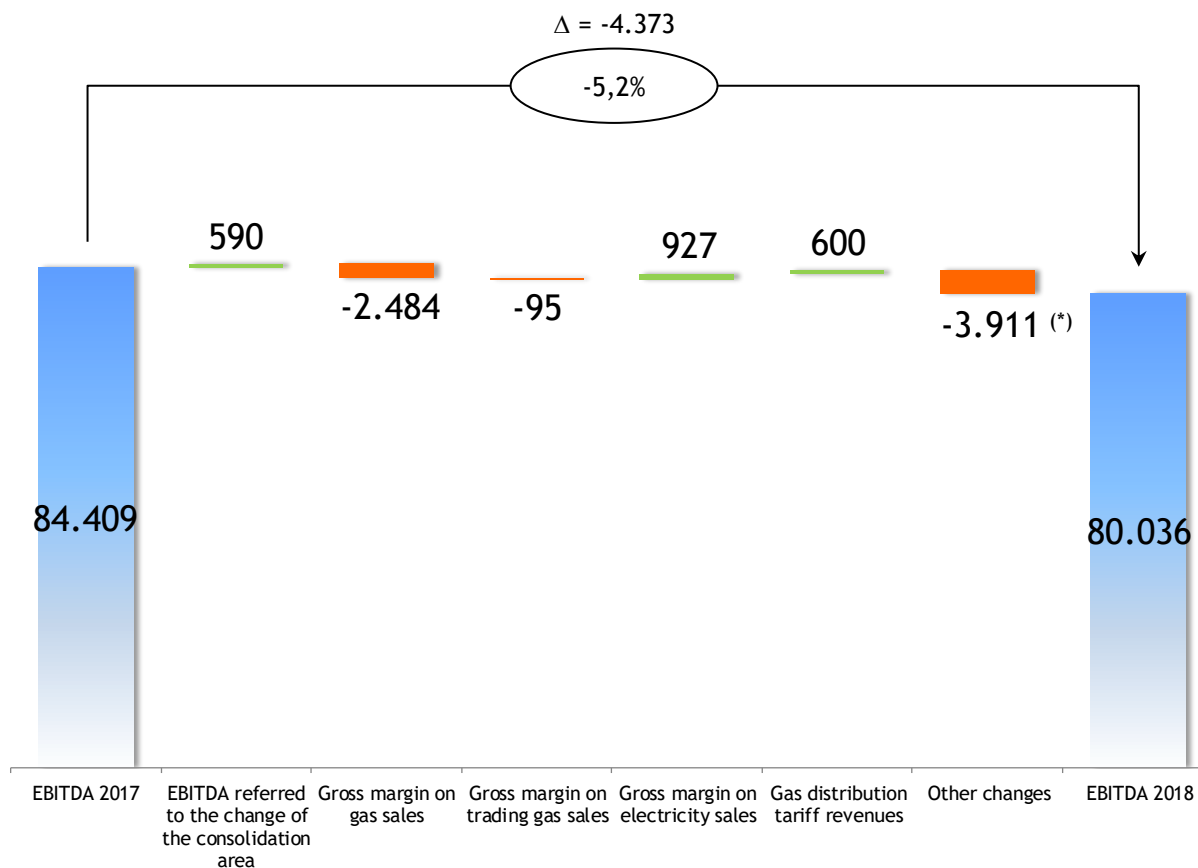


## Revenues bridge Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)



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

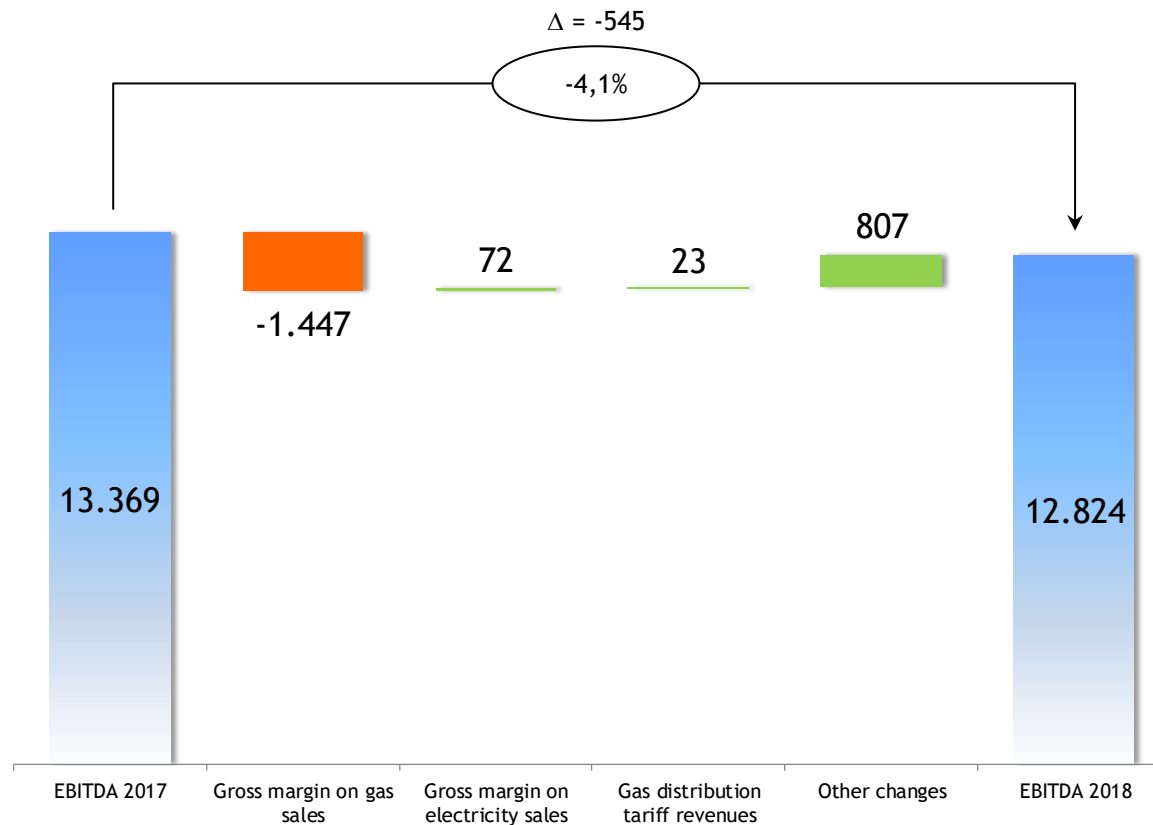
## EBITDA bridge Companies consolidated with full consolidation method (Thousand of Euro)



(\*) For more details check out to slide at page 69.



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



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

# EBITDA breakdown (1)

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

(Thousand of Euro)	2018	2017	Var	Var %
<b>EBITDA</b>	<b>80.036</b>	<b>84.409</b>	<b>(4.373)</b>	<b>-5,2%</b>
EBITDA - Sale	38.549	41.051	(2.501)	-6,1%
EBITDA - Distribution	48.553	47.755	798	+1,7%
EBITDA - Ascopiave	(7.066)	(4.396)	(2.670)	+60,7%
<b>EBIT</b>	<b>55.101</b>	<b>59.939</b>	<b>(4.839)</b>	<b>-8,1%</b>
EBIT - Sale	34.524	35.913	(1.388)	-3,9%
EBIT - Distribution	29.245	30.232	(987)	-3,3%
EBIT - Ascopiave	(8.669)	(6.205)	(2.464)	+39,7%

## EBITDA breakdown (2)

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

(Thousand of Euro)	2018	2017	Var	Var %
<b>EBITDA</b>	<b>12.824</b>	<b>13.369</b>	<b>(545)</b>	<b>-4,1%</b>
EBITDA - Sale	9.599	10.783	(1.184)	-11,0%
EBITDA - Distribution	3.225	2.586	639	+24,7%
<b>EBIT</b>	<b>10.263</b>	<b>9.598</b>	<b>666</b>	<b>+6,9%</b>
EBIT - Sale	8.466	8.193	273	+3,3%
EBIT - Distribution	1.798	1.405	393	+28,0%

## Gas distribution tariff revenues

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
Gas distribution tariff revenues	73.321	69.836	3.485	+5,0%
<b>Gas distribution tariff revenues (A)</b> <i>Company consolidated with full consolidation method</i>	<b>73.321</b>	<b>69.836</b>	<b>3.485</b>	<b>+5,0%</b>

The increase of gas distribution tariff revenues of the companies consolidated with full consolidation method (+ Euro 3,5 mln) is due to:

- 1) change of the consolidation area (AP Reti Gas Vicenza, 1stQ 2018): + Euro 2,9 mln;
- 2) change of gas distribution tariff revenues: + Euro 0,6 mln.

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
<b>Gas distribution tariff revenues (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	<b>5.733</b>	<b>5.710</b>	<b>23</b>	<b>+0,4%</b>
<b>Gas distribution tariff revenues (A+B)</b>	<b>79.054</b>	<b>75.546</b>	<b>3.508</b>	<b>+4,6%</b>

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

## Gross margin on gas sales

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
Revenues from gas sales	364.343	338.634	25.709	+7,6%
(Gas purchase costs)	(221.799)	(191.497)	(30.302)	+15,8%
(Gas distribution costs)	(84.279)	(86.389)	2.109	-2,4%
<b>Gross margin on gas sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>58.264</b>	<b>60.748</b>	<b>(2.484)</b>	<b>-4,1%</b>

The decrease of gross margin on gas sales of the companies consolidated with full consolidation method is equal to - Euro 2,5 mln. The decrease is mainly due to the application of the new regulation on gas settlement for the 2013-2017 period for Euro 3,5 mln.

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
<b>Gross margin on gas sales (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	<b>13.101</b>	<b>14.548</b>	<b>(1.447)</b>	<b>-9,9%</b>
<b>Gross margin on gas sales (A+B)</b>	<b>71.365</b>	<b>75.296</b>	<b>(3.931)</b>	<b>-5,2%</b>

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

## Gross margin on trading gas sales

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
Revenues from trading gas sales	9.490	1.941	7.548	+388,8%
(Trading gas purchase costs)	(9.240)	(1.897)	(7.342)	+387,0%
(Trading gas transport / capacity costs)	(282)	19	(301)	-1552,7%
<b>Gross margin on trading gas sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>(32)</b>	<b>63</b>	<b>(95)</b>	<b>-150,3%</b>
(Thousand of Euro) (*)	2018	2017	Chg	Chg %
<b>Gross margin on trading gas sales (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	-	-	-	n.a.
<b>Gross margin on trading gas sales (A+B)</b>	<b>(32)</b>	<b>63</b>	<b>(95)</b>	<b>-150,3%</b>

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

## Gross margin on electricity sales

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
Revenues from electricity sales	109.377	93.740	15.637	+16,7%
(Electricity purchase costs)	(62.853)	(53.044)	(9.809)	+18,5%
(Electricity distribution costs)	(39.421)	(34.521)	(4.900)	+14,2%
<b>Gross margin on electricity sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>7.102</b>	<b>6.175</b>	<b>927</b>	<b>+15,0%</b>

The increase of gross margin on electricity sales of the companies consolidated with full consolidation method, equal to + Euro 0,9 mln, is due both to higher volumes of electricity sold and higher unit profit margins.

(Thousand of Euro) (*)	2018	2017	Chg	Chg %
<b>Gross margin on electricity sales (B)</b> <i>Company consolidated with net equity consolidation method (**)</i>	<b>1.406</b>	<b>1.334</b>	<b>72</b>	<b>+5,4%</b>
<b>Gross margin on electricity sales (A+B)</b>	<b>8.508</b>	<b>7.509</b>	<b>999</b>	<b>+13,3%</b>

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

## Other net operating costs (1)

(Thousand of Euro)	2018	2017	Chg	Chg %
Other revenues	40.200	56.974	(16.774)	-29,4%
Other costs of raw materials and services	(72.789)	(84.532)	11.742	-13,9%
Cost of personnel	(26.030)	(24.855)	(1.174)	+4,7%
<b>Other net operating costs (A)</b> <i>Company consolidated with full consolidation method</i>	<b>(58.619)</b>	<b>(52.413)</b>	<b>(6.206)</b>	<b>+11,8%</b>

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

Increase of other net operating costs of equal consolidation area: - Euro 3,9 mln

*of which:*

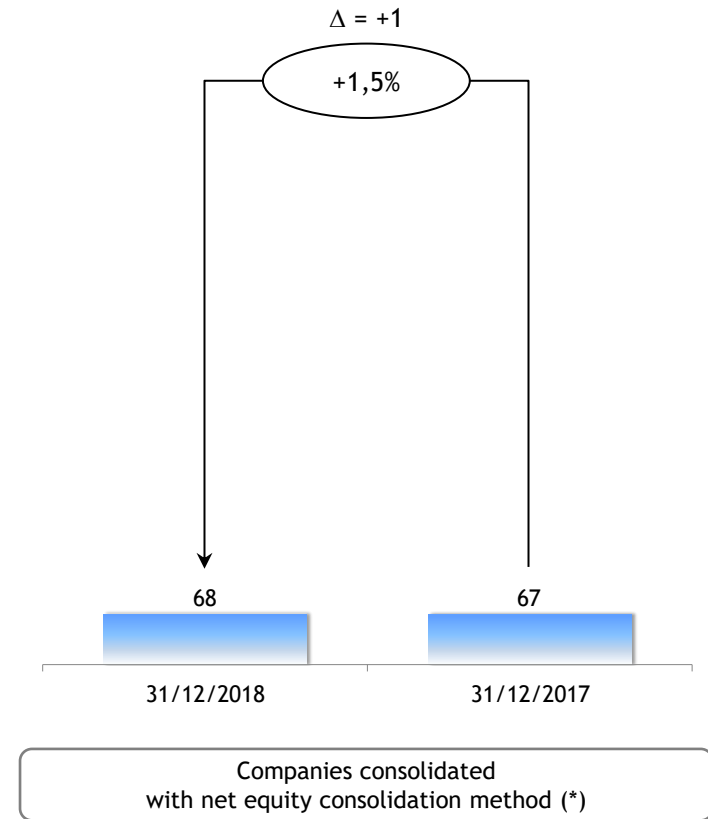
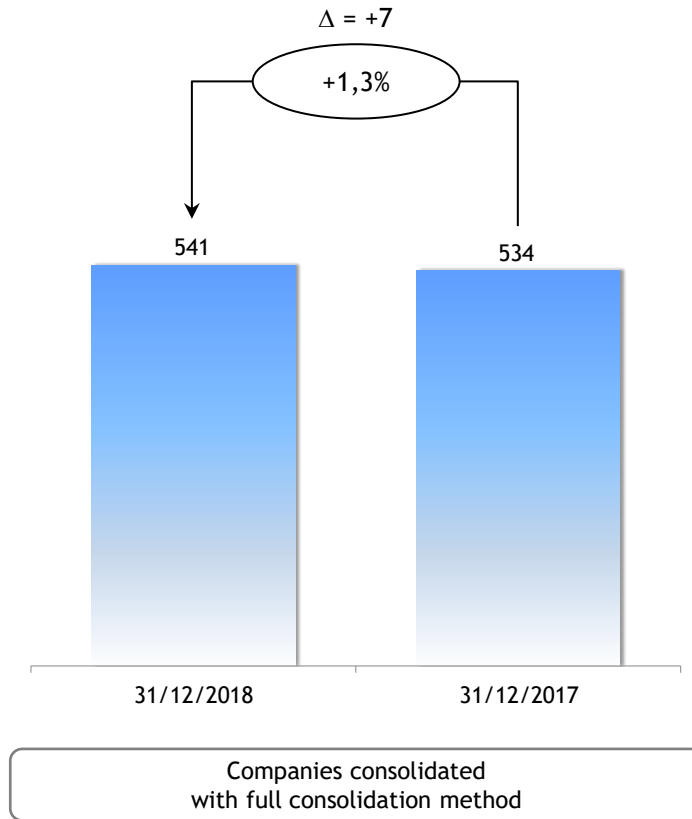
- *increase of cost of personnel: - Euro 0,9 mln;*
- *decrease of margin on energy efficiency tasks management: - Euro 0,7 mln;*
- *decrease of concession fees: + Euro 0,1 mln;*
- *decrease of CCSE contributions for security incentives: - Euro 0,2 mln;*
- *decrease of advertising and commercial costs: + Euro 0,6 mln;*
- *increase of margin on distributor services: + Euro 0,1 mln;*
- *decrease of contingent assets on firm acquisitions: - Euro 0,4 mln;*
- *increase of negative non-recurring components: - Euro 2,3 mln;*
- *other variations: - Euro 0,2 mln.*



## Other net operating costs (2)

(Thousand of Euro)	2018	2017	Chg	Chg %
<b>Other net operating costs (A)</b> <i>Company consolidated with full consolidation method</i>	(58.619)	(52.413)	(6.206)	+11,8%
<b>Other net operating costs (B)</b> <i>Company consolidated with net equity consolidation method (*)</i>	(7.417)	(8.224)	807	-9,8%
<b>Other net operating costs (A+B)</b>	(66.035)	(60.636)	(5.399)	+8,9%

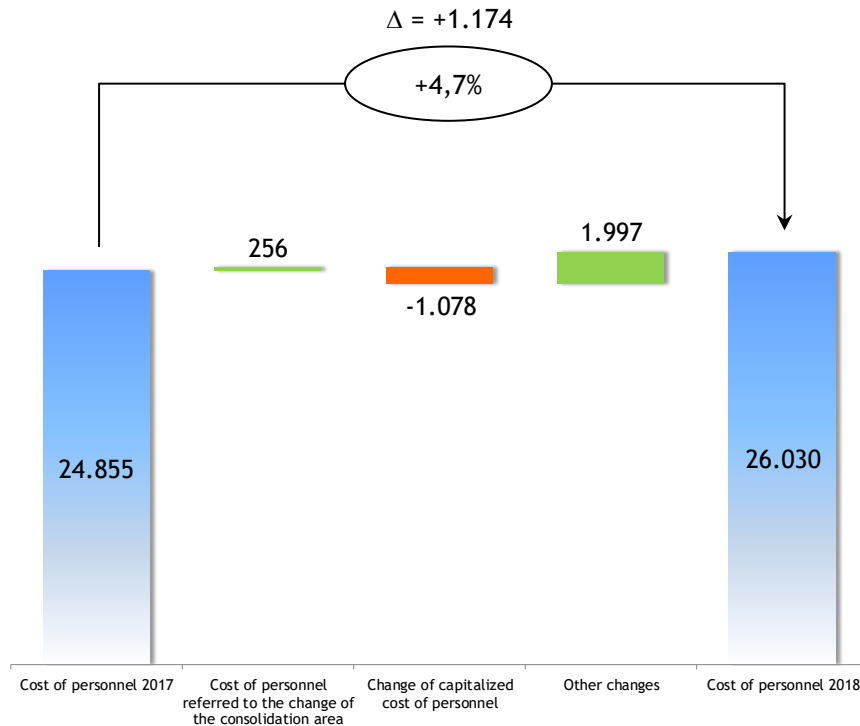
## Number of employees



(\*) Data are considered pro-rata.

## Consolidated cost of personnel

(Thousand of Euro)

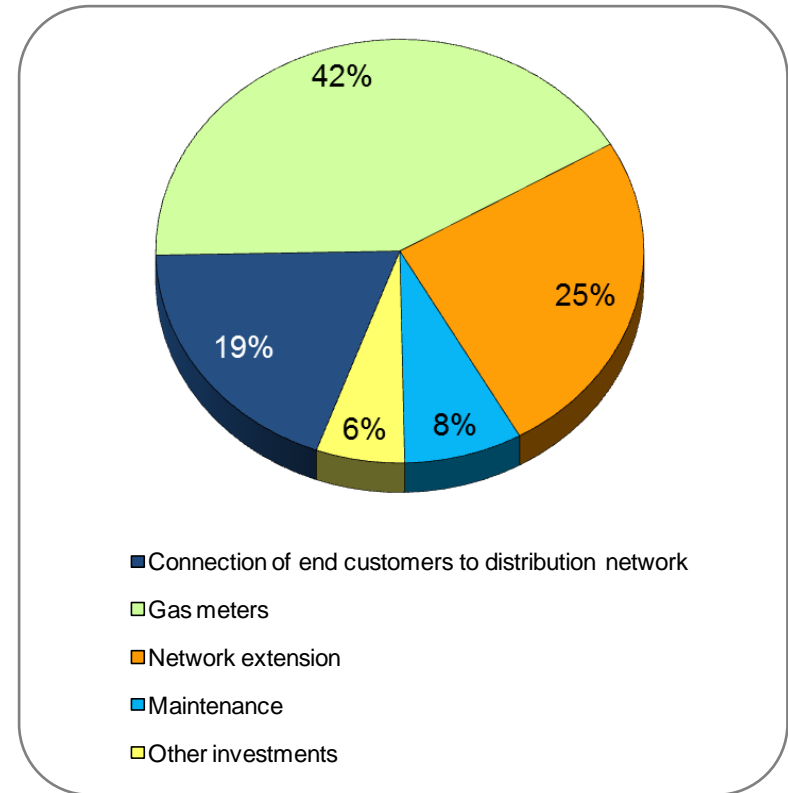
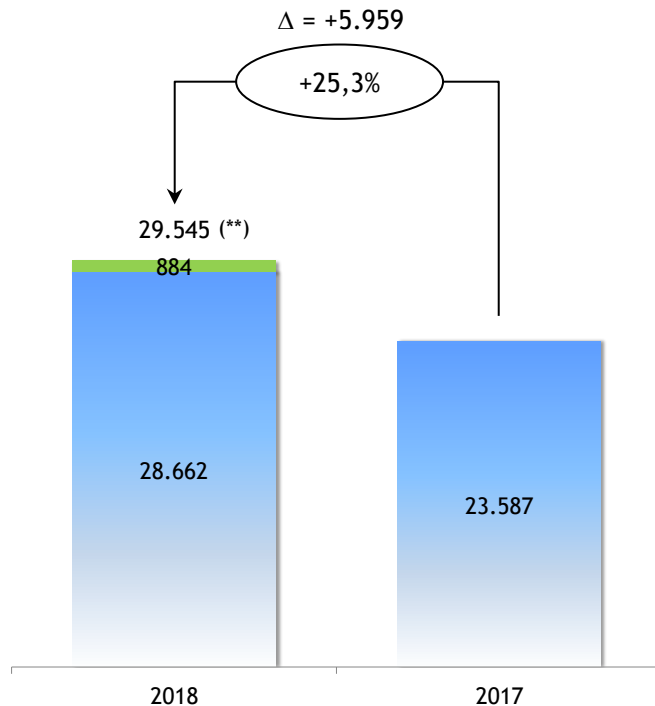


### Cost of personnel changes:

- change of the consolidation area: + Euro 0,3 mln
- capitalized cost of personnel: - Euro 1,1 mln
- other: + Euro 2,0 mln, of which:
  - + Euro 2,4 mln: compensations for the termination of the employment contracts with the general manager and the CFO
  - - Euro 0,8 mln: compensations related to the long term incentive plan
  - + Euro 0,4 mln: other changes

FY 2018 cost of personnel of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 3,1 mln (-0,2%).

## Consolidated capital expenditures (\*)

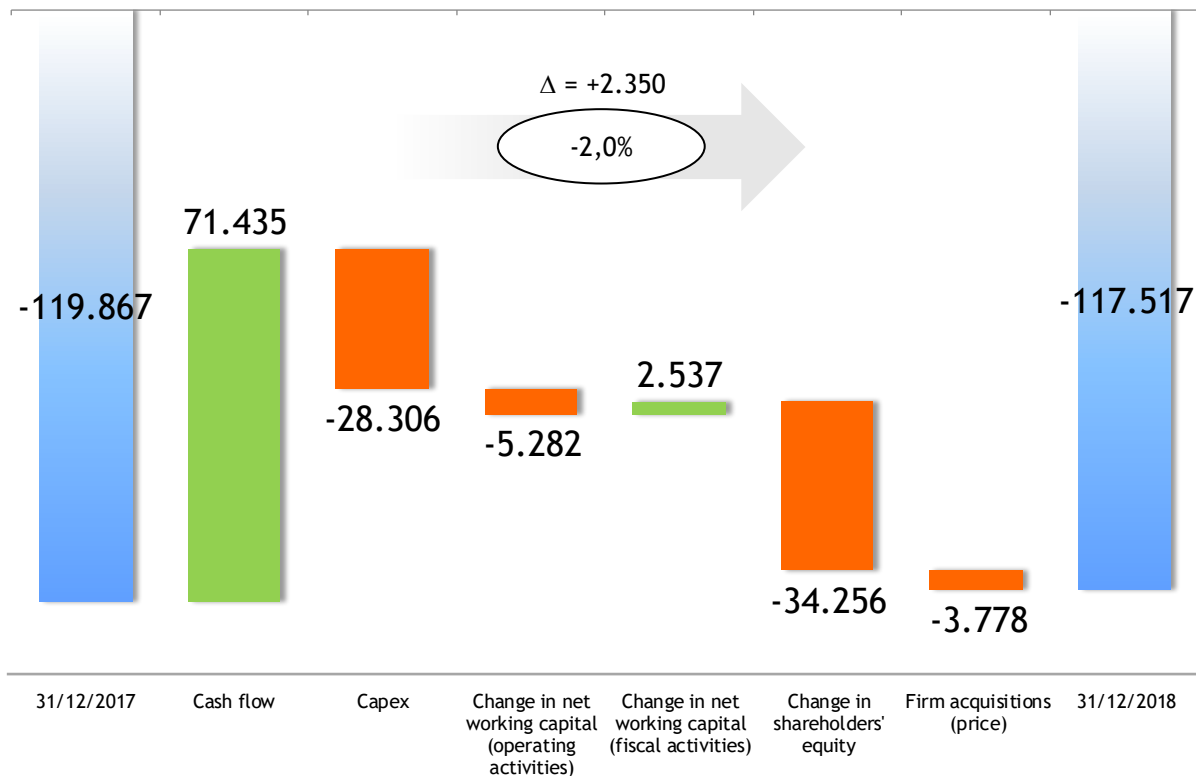


FY 2018 investments of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 1,6 mln (+1,6%).

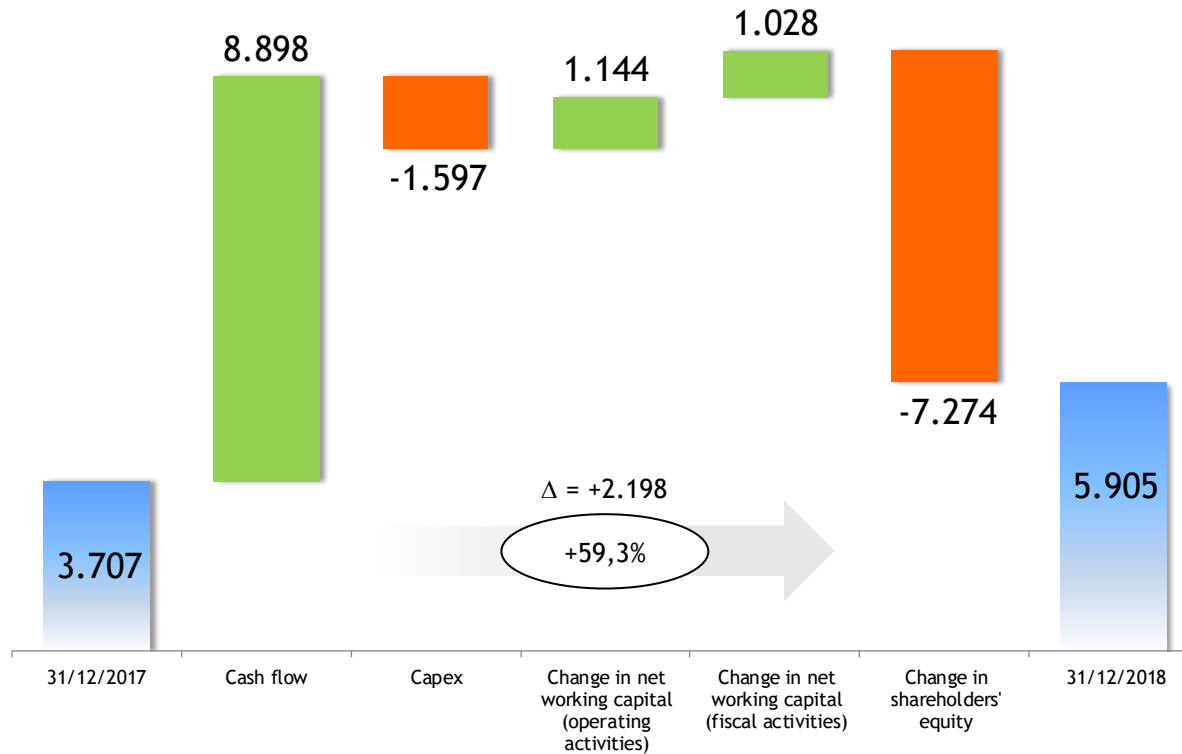
(\*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments; (\*\*) Investments in tangible assets: Euro 27,0 mln; investments in intangible assets: Euro 2,6 mln (excluded realizations of tangible and intangible assets and investments in associated); (\*\*\*) AP Reti Gas Vicenza: 1stQ 2018.

## 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)

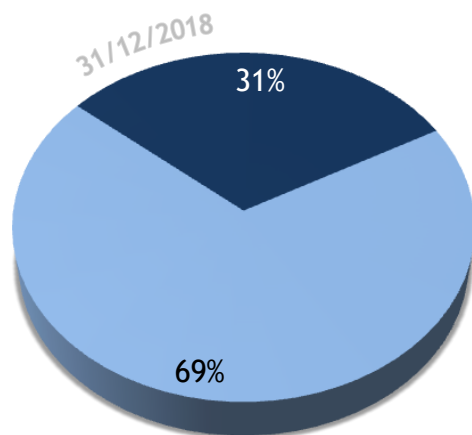


(\*) Sinergie Italiane excluded. Data are considered pro-rata.

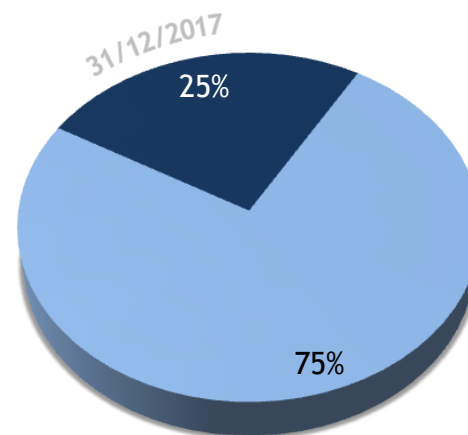
## Net financial position and cash flow (3)

(Thousand of Euro) (*)	31/12/2018	31/12/2017	Var	Var %
Long term financial borrowings (>12 months)	55.111	54.360	751	+1,4%
Current position of long term financial borrowings	8.014	10.181	(2.167)	-21,3%
Short term financial borrowings (<12 months)	56.381	54.568	1.813	+3,3%
<b>Total financial debt</b>	<b>119.506</b>	<b>119.109</b>	<b>397</b>	<b>+0,3%</b>
Fixed rate borrowings	36.874	30.000	6.874	+22,9%
Floating rate borrowings	82.632	89.109	(6.477)	-7,3%

**2018 average cost of debt: 0,51% (vs 2017 rate: 0,38%)**



■ Fixed rate borrowings  
■ Floating rate borrowings



■ Fixed rate borrowings  
■ Floating rate borrowings

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

## Annexes: financial data

### ❖ FY 2018 financial results

### ❖ 2011-2018 financial comparison

- Income statement ..... Pag. 73
- Balance sheet ..... Pag. 74

### ❖ 9M 2019 financial results



# Income statement

	IFRS 11 2018	IFRS 11 2017	IFRS 11 2016	IFRS 11 2015	IFRS 11 2014	IFRS 11 restated 2013	2013	2012	2011
<b>Revenues</b>	<b>581.652</b>	<b>532.792</b>	<b>497.689</b>	<b>581.655</b>	<b>585.300</b>	<b>667.837</b>	<b>854.334</b>	<b>1.078.038</b>	<b>1.099.241</b>
(Cost of raw materials and consumables)	(332.743)	(270.577)	(249.916)	(346.431)	(359.366)	(473.469)	(574.518)	(780.822)	(844.268)
(Cost of services)	(114.827)	(113.457)	(107.503)	(119.151)	(107.740)	(73.751)	(133.442)	(152.434)	(124.572)
(Cost of personnel)	(26.030)	(24.855)	(24.233)	(21.573)	(22.726)	(22.822)	(27.193)	(25.442)	(24.323)
(Other operating costs)	(28.372)	(40.224)	(21.377)	(14.106)	(15.914)	(12.666)	(14.337)	(16.952)	(13.522)
Other operating income	356	731	596	591	32	1.146	1.148	247	612
<b>EBITDA</b>	<b>80.036</b>	<b>84.409</b>	<b>95.255</b>	<b>80.983</b>	<b>79.585</b>	<b>86.276</b>	<b>105.992</b>	<b>102.635</b>	<b>93.169</b>
(Depreciations and amortizations)	(22.972)	(22.585)	(20.227)	(20.029)	(20.099)	(18.273)	(20.570)	(22.116)	(19.081)
(Provisions)	(1.964)	(1.885)	(2.891)	(4.004)	(6.819)	(6.039)	(8.548)	(7.491)	(7.372)
<b>EBIT</b>	<b>55.101</b>	<b>59.939</b>	<b>72.137</b>	<b>56.950</b>	<b>52.667</b>	<b>61.964</b>	<b>76.874</b>	<b>73.027</b>	<b>66.717</b>
Financial income / (expenses)	(778)	(468)	(544)	(518)	(1.593)	(1.515)	(3.961)	(6.916)	(2.798)
Evaluation of companies with equity method	8.553	7.398	7.750	7.449	4.453	6.468	(262)	(11.007)	(22.425)
<b>EBT</b>	<b>62.875</b>	<b>66.869</b>	<b>79.343</b>	<b>63.881</b>	<b>55.527</b>	<b>66.917</b>	<b>72.651</b>	<b>55.104</b>	<b>41.494</b>
(Income taxes)	(16.376)	(17.617)	(22.401)	(18.519)	(18.194)	(25.807)	(31.541)	(29.509)	(33.874)
<b>Earnings after taxes</b>	<b>46.499</b>	<b>49.252</b>	<b>56.942</b>	<b>45.362</b>	<b>37.333</b>	<b>41.111</b>	<b>41.111</b>	<b>25.595</b>	<b>7.620</b>
Net income (loss) from discontinued operations	-	-	-	-	-	(71)	(71)	4.336	639
<b>Net income</b>	<b>46.499</b>	<b>49.252</b>	<b>56.942</b>	<b>45.362</b>	<b>37.333</b>	<b>41.040</b>	<b>41.040</b>	<b>29.932</b>	<b>8.259</b>
(Net income of minorities)	(1.874)	(2.117)	(3.307)	(2.349)	(1.750)	(2.361)	(2.361)	(2.067)	(1.993)
<b>Net income of the Group</b>	<b>44.625</b>	<b>47.135</b>	<b>53.635</b>	<b>43.014</b>	<b>35.583</b>	<b>38.678</b>	<b>38.678</b>	<b>27.865</b>	<b>6.266</b>

# Balance sheet

	IFRS 11 31/12/2018	IFRS 11 31/12/2017	IFRS 11 31/12/2016	IFRS 11 31/12/2015	IFRS 11 31/12/2014	IFRS 11 restated 31/12/2013	31/12/2013	31/12/2012	31/12/2011
Tangible assets	32.724	32.334	32.364	34.987	36.614	37.840	39.277	40.534	61.983
Non tangible assets	432.637	427.692	397.664	397.418	394.530	387.500	447.898	450.457	459.046
Investments in associates	68.357	68.878	68.738	68.078	65.453	72.421	1	-	-
Other fixed assets	23.401	24.494	23.808	26.699	29.555	39.687	44.351	29.817	26.741
<b>Fixed assets</b>	<b>557.118</b>	<b>553.397</b>	<b>522.574</b>	<b>527.182</b>	<b>526.152</b>	<b>537.449</b>	<b>531.527</b>	<b>520.808</b>	<b>547.770</b>
Operating current assets	219.660	222.977	201.908	223.482	229.095	204.066	275.864	363.436	381.684
(Operating current liabilities)	(160.146)	(156.597)	(138.003)	(166.793)	(162.548)	(160.234)	(211.986)	(261.175)	(283.199)
(Operating non current liabilities)	(51.245)	(49.411)	(48.151)	(49.698)	(53.360)	(54.792)	(61.126)	(64.122)	(82.466)
<b>Net working capital</b>	<b>8.268</b>	<b>16.969</b>	<b>15.754</b>	<b>6.991</b>	<b>13.188</b>	<b>(10.960)</b>	<b>2.752</b>	<b>38.140</b>	<b>16.019</b>
<b>Total capital employed</b>	<b>565.386</b>	<b>570.367</b>	<b>538.328</b>	<b>534.173</b>	<b>539.340</b>	<b>526.489</b>	<b>534.278</b>	<b>558.948</b>	<b>563.789</b>
<b>Group shareholders equity</b>	<b>443.567</b>	<b>445.511</b>	<b>438.055</b>	<b>415.264</b>	<b>405.357</b>	<b>397.689</b>	<b>397.689</b>	<b>384.053</b>	<b>357.871</b>
<b>Minorities</b>	<b>4.303</b>	<b>4.989</b>	<b>6.154</b>	<b>4.873</b>	<b>4.310</b>	<b>4.989</b>	<b>4.989</b>	<b>4.765</b>	<b>4.696</b>
<b>Net financial position</b>	<b>117.517</b>	<b>119.867</b>	<b>94.119</b>	<b>114.037</b>	<b>129.673</b>	<b>123.810</b>	<b>131.600</b>	<b>170.130</b>	<b>201.221</b>
<b>Total sources</b>	<b>565.386</b>	<b>570.367</b>	<b>538.328</b>	<b>534.173</b>	<b>539.340</b>	<b>526.489</b>	<b>534.278</b>	<b>558.948</b>	<b>563.789</b>

## Annexes: financial data

- ❖ FY 2018 financial results
- ❖ 2011-2018 financial comparison
- ❖ **9M 2019 financial results**

### *Consolidated results*

- Ascopiave - Hera term sheet ..... Pag. 76
- 9M 2019 consolidated income statement ..... Pag. 77
- Consolidated balance sheet at 30th September 2019 ..... Pag. 78

### *Companies consolidated with full and with net equity consolidation method*

### *Companies held for sale*

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.

# 9M 2019 consolidated income statement

(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
<b>Revenues</b>	<b>90.017</b>	<b>87.592</b>	<b>2.424</b>	<b>+2,8%</b>
(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%
<b>EBITDA</b>	<b>30.460</b>	<b>32.445</b>	<b>(1.985)</b>	<b>-6,1%</b>
(Depreciations and amortizations)	(17.412)	(15.666)	(1.745)	+11,1%
(Provisions)	-	-	-	n.a.
<b>EBIT</b>	<b>13.048</b>	<b>16.778</b>	<b>(3.730)</b>	<b>-22,2%</b>
Financial income / (expenses)	(771)	(845)	75	-8,8%
Evaluation of companies with net assets method (*)	648	671	(23)	-3,4%
<b>EBT</b>	<b>12.926</b>	<b>16.604</b>	<b>(3.679)</b>	<b>-22,2%</b>
(Income taxes)	(4.797)	(5.787)	990	-17,1%
<b>Earnings after taxes</b>	<b>8.129</b>	<b>10.818</b>	<b>(2.689)</b>	<b>-24,9%</b>
Net result of activities held for sale	30.109	20.461	9.648	+47,2%
<b>Net income</b>	<b>38.238</b>	<b>31.278</b>	<b>6.959</b>	<b>+22,3%</b>
(Net income of minorities)	(1.823)	(1.308)	(515)	+39,4%
<b>Net income of the Group</b>	<b>36.415</b>	<b>29.971</b>	<b>6.444</b>	<b>+21,5%</b>

(\*) 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).

# Consolidated balance sheet at 30th September 2019

(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%
<b>Fixed assets</b>	<b>481.824</b>	<b>557.118</b>	<b>(75.294)</b>	<b>-13,5%</b>
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%
<b>Net working capital</b>	<b>(17.754)</b>	<b>8.268</b>	<b>(26.023)</b>	<b>-314,7%</b>
Non current assets held for sale	260.242	-	260.242	n.a.
(Non current liabilities held for sale)	(109.963)	-	(109.963)	n.a.
<b>Net balance of activities held for sale</b>	<b>150.279</b>	<b>-</b>	<b>150.279</b>	<b>n.a.</b>
<b>Total capital employed</b>	<b>614.349</b>	<b>565.386</b>	<b>48.963</b>	<b>+8,7%</b>
<b>Group shareholders equity</b>	<b>416.865</b>	<b>443.567</b>	<b>(26.702)</b>	<b>-6,0%</b>
<b>Minorities</b>	<b>4.456</b>	<b>4.303</b>	<b>154</b>	<b>+3,6%</b>
<b>Net financial position</b>	<b>193.028</b>	<b>117.517</b>	<b>75.511</b>	<b>+64,3%</b>
<b>Total sources</b>	<b>614.349</b>	<b>565.386</b>	<b>48.963</b>	<b>+8,7%</b>

(\*) Applying IFRIC 12 involves categorising the infrastructures under concession from tangible to intangible assets; (\*\*) Value of the associated companies consolidated with net equity consolidation method: 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).

## Annexes: financial data

- ❖ FY 2018 financial results
- ❖ 2011-2018 financial comparison
- ❖ **9M 2019 financial results**

### *Consolidated results*

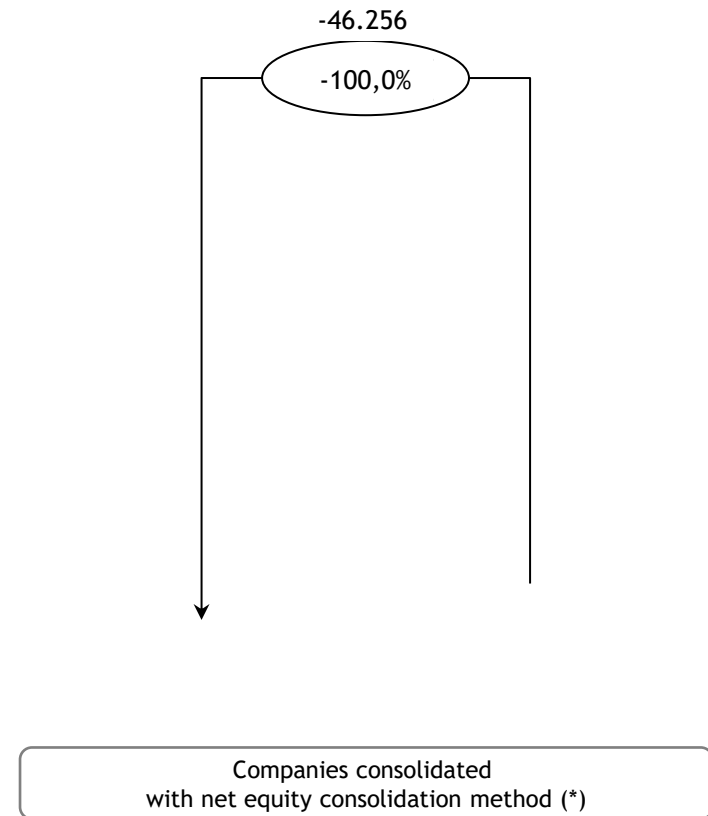
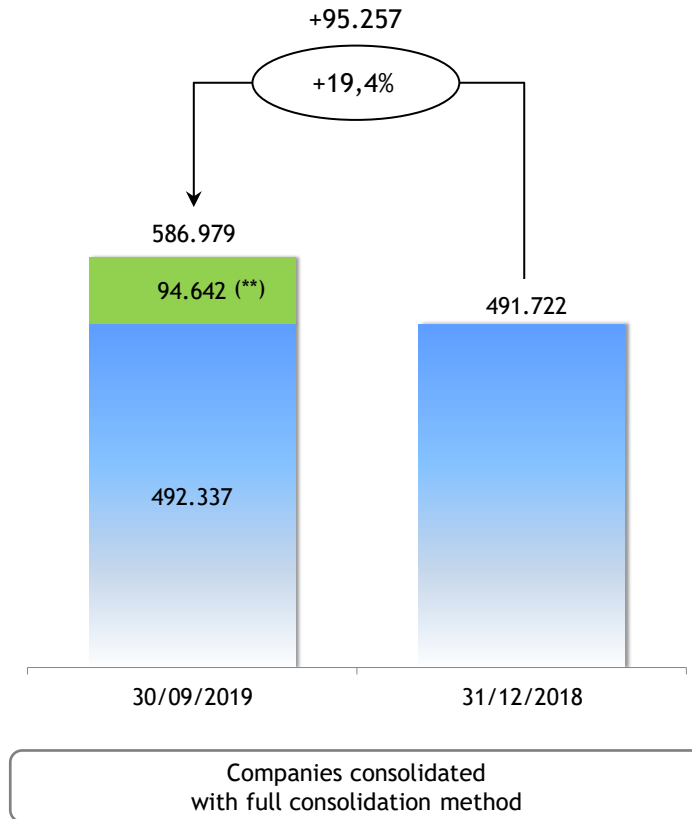
#### *Companies consolidated with full and with net equity consolidation method*

→ Number of gas distribution users .....	Pag. 80
→ Volumes of gas distributed .....	Pag. 81
→ Economic data .....	Pag. 82
→ Revenues bridge .....	Pag. 83
→ EBIT bridge .....	Pag. 84
→ Gas distribution tariff revenues .....	Pag. 85
→ Other net operating costs .....	Pag. 86
→ Number of employees .....	Pag. 88
→ Cost of personnel .....	Pag. 89
→ Capex .....	Pag. 90
→ Net Financial Position and cash flow .....	Pag. 91

#### *Companies held for sale*

# Companies consolidated with full and with net equity consolidation method (1)

## Number of gas distribution users



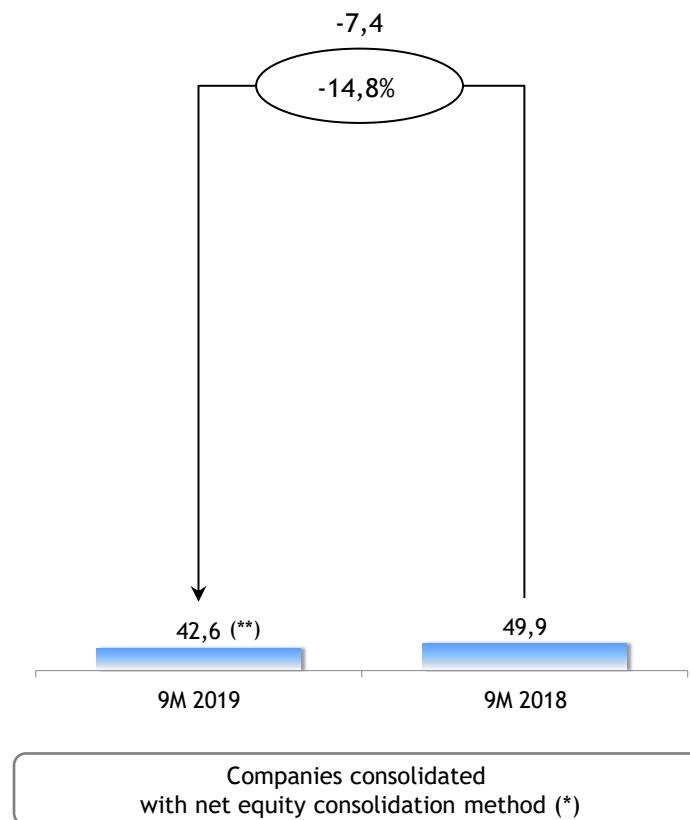
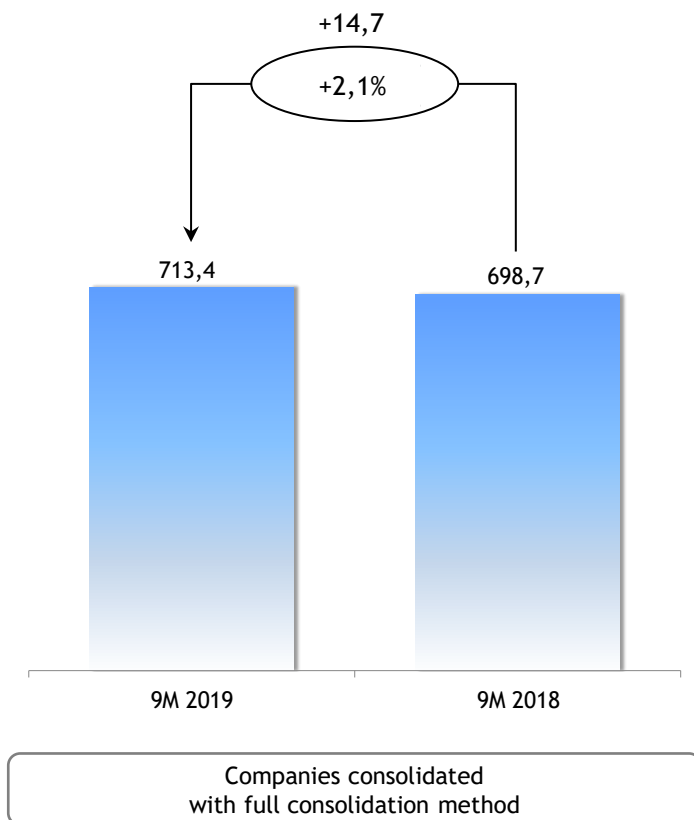
(\*) Data are considered pro-rata; (\*\*) Number of gas distribution users of Unigas Distribuzione Gas as of 30th June 2019.



# Companies consolidated with full and with net equity consolidation method (2)

## 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 and with net equity consolidation method (3)

## Economic data

### Companies consolidated with full consolidation method

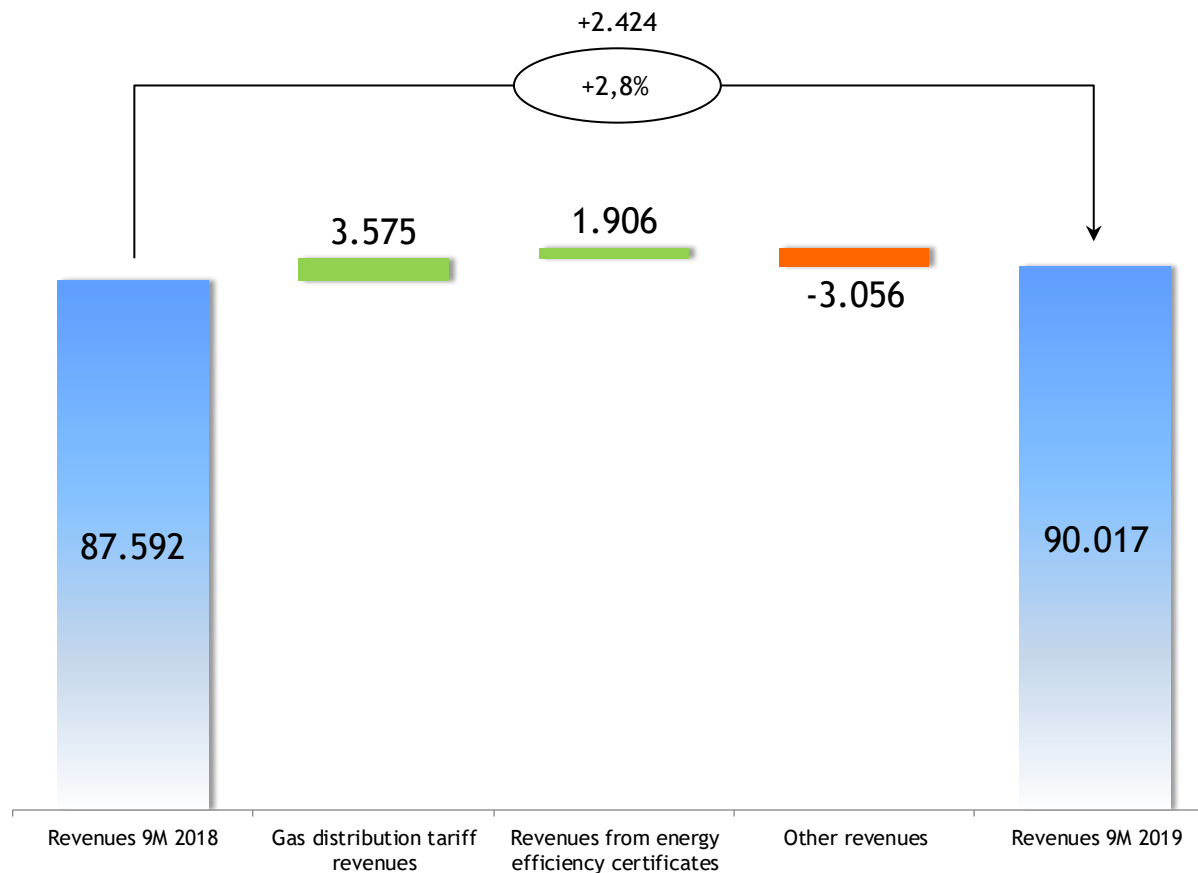
(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
<b>Revenues</b>	<b>90.017</b>	<b>87.592</b>	<b>2.424</b>	<b>+2,8%</b>
<b>EBITDA</b>	<b>30.460</b>	<b>32.445</b>	<b>(1.985)</b>	<b>-6,1%</b>
% on revenues	+33,8%	+37,0%		
<b>EBIT</b>	<b>13.048</b>	<b>16.778</b>	<b>(3.730)</b>	<b>-22,2%</b>
% on revenues	+14,5%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

### Companies consolidated with net equity consolidation method (\*)

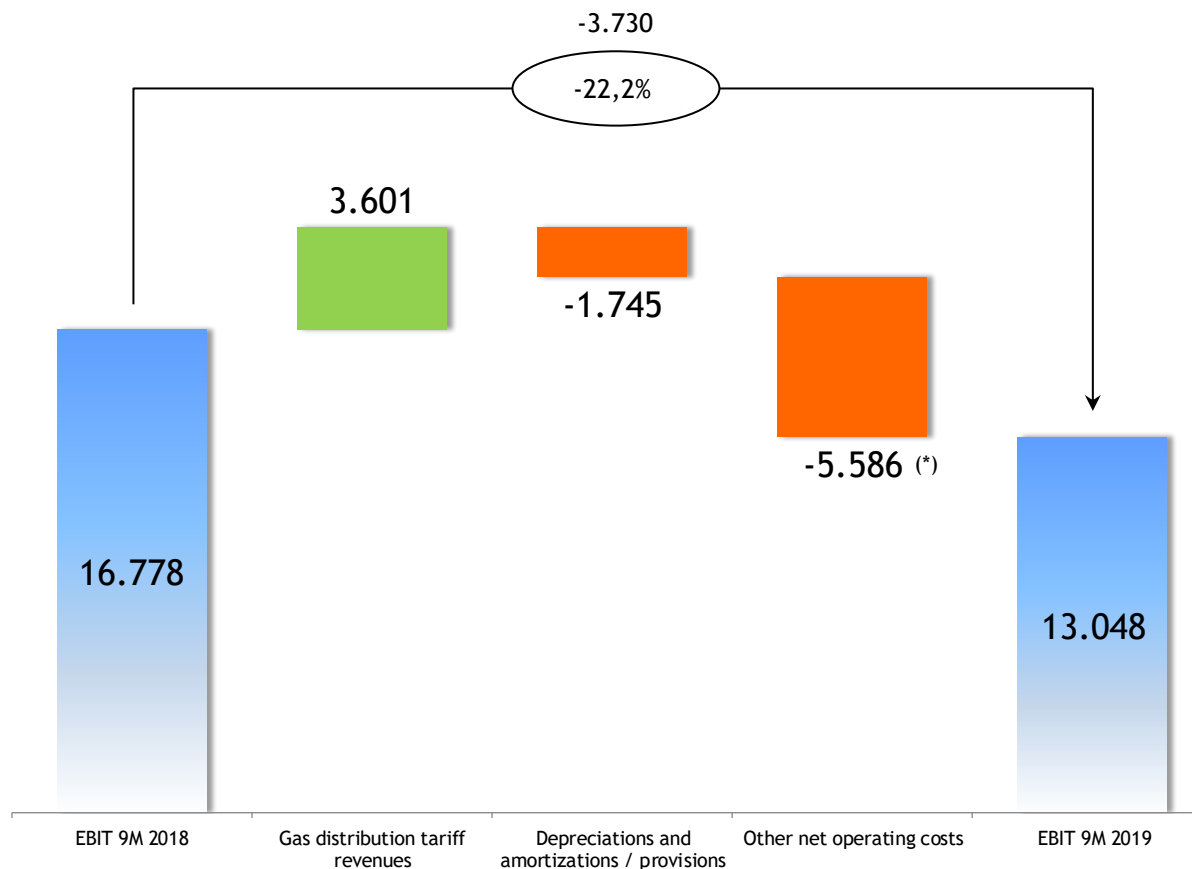
(Thousand of Euro)	9M 2019	9M 2018	Chg	Chg %
	(**)			
<b>Revenues</b>	<b>3.964</b>	<b>6.355</b>	<b>(2.391)</b>	<b>-37,6%</b>
<b>EBITDA</b>	<b>1.483</b>	<b>1.863</b>	<b>(380)</b>	<b>-20,4%</b>
% on revenues	+37,4%	+29,3%		
<b>EBIT</b>	<b>838</b>	<b>980</b>	<b>(142)</b>	<b>-14,5%</b>
% on revenues	+21,1%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

# Companies consolidated with full and with net equity consolidation method (6)

## Gas distribution tariff revenues

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

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

## Other net operating costs

(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%
<b>Other net operating costs (A)</b>				
<i>Companies consolidated with full consolidation method</i>	<b>(27.714)</b>	<b>(22.128)</b>	<b>(5.586)</b>	<b>+25,2%</b>

**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.*

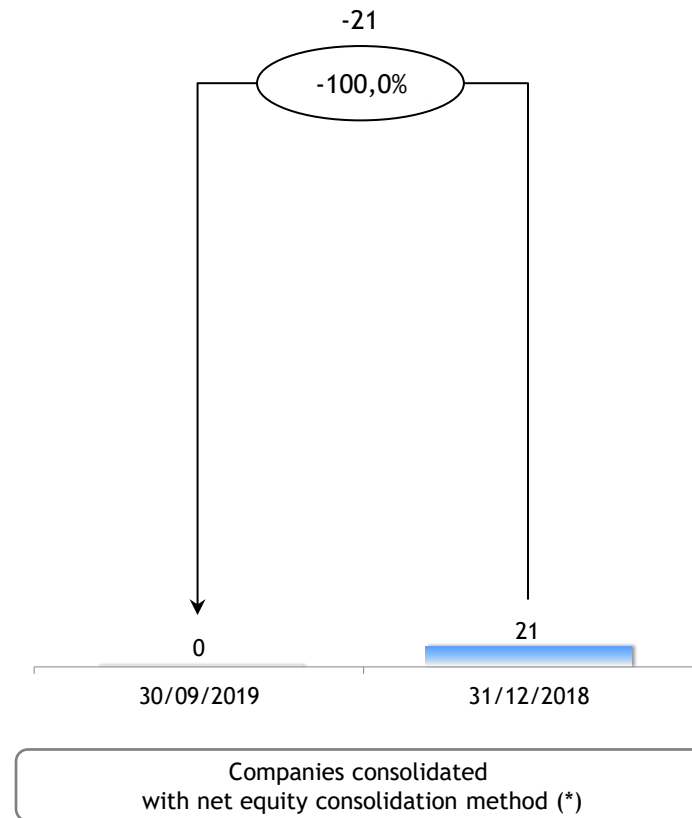
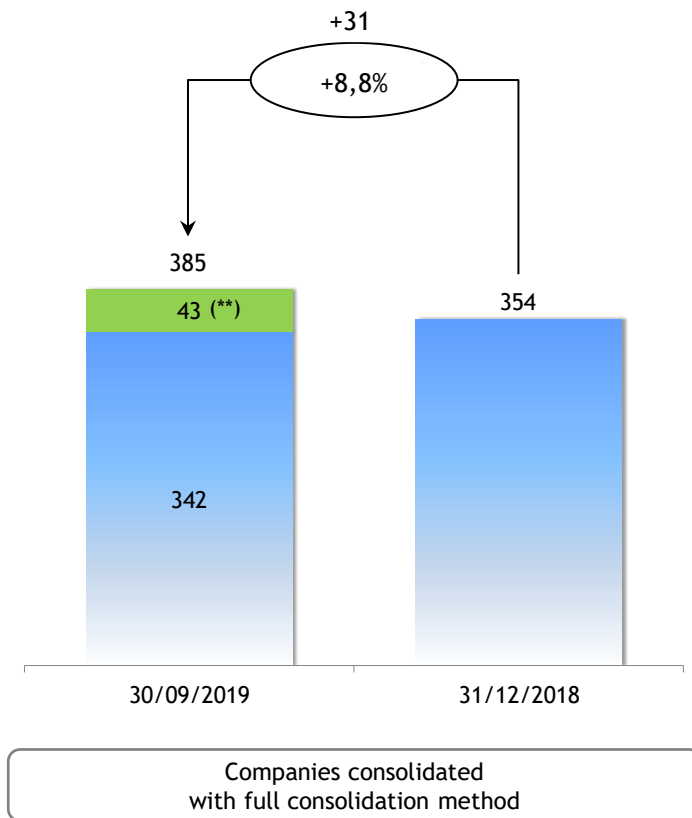
## Other net operating costs

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

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

# Companies consolidated with full and with net equity consolidation method (9)

## Number of employees

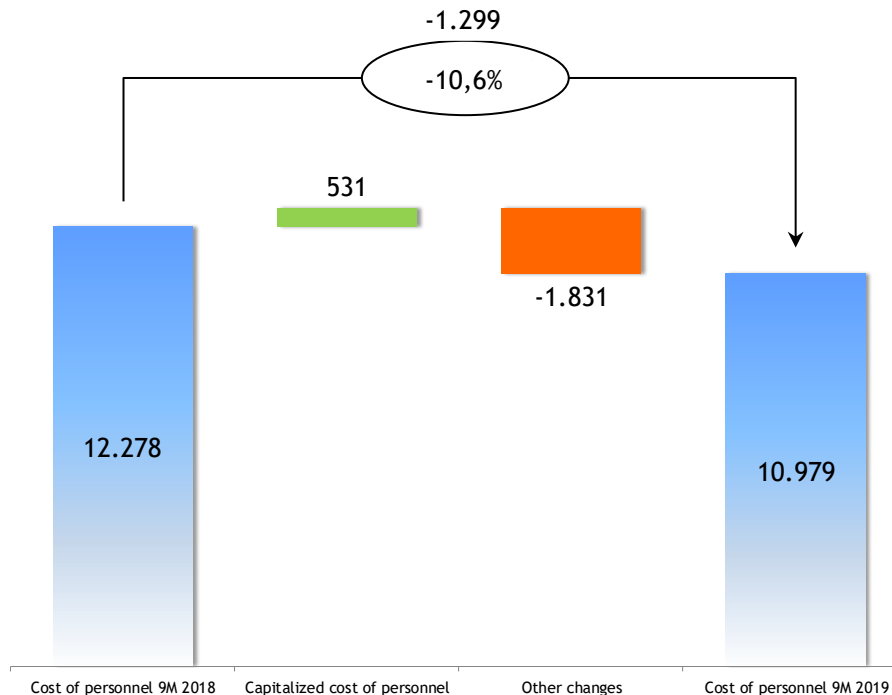


(\*) Data are considered pro-rata; (\*\*) Number of employees of Unigas Distribuzione Gas as of 30th June 2019.



## Cost of personnel

(Thousand of Euro)



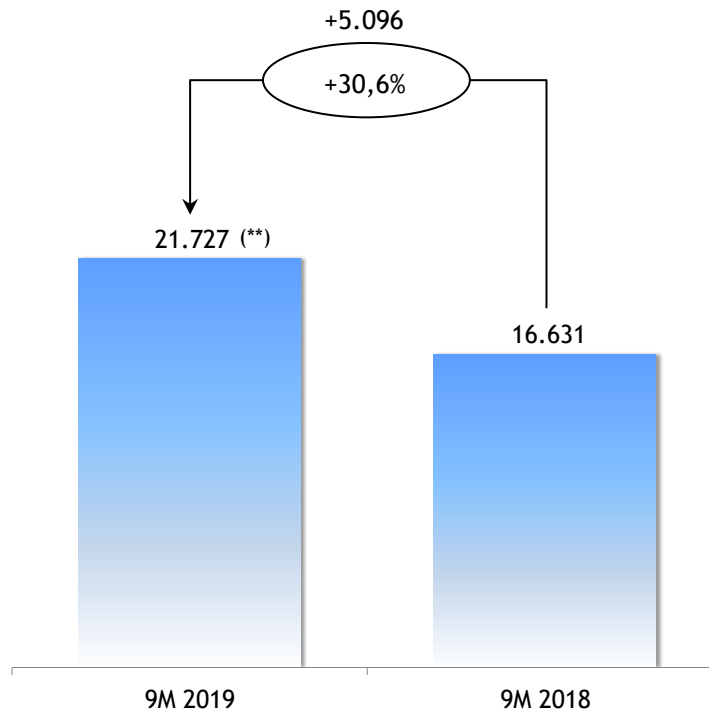
### Cost of personnel changes:

- 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.

# Companies consolidated with full and with net equity consolidation method (11)

## Capex (\*) (Thousand of Euro)



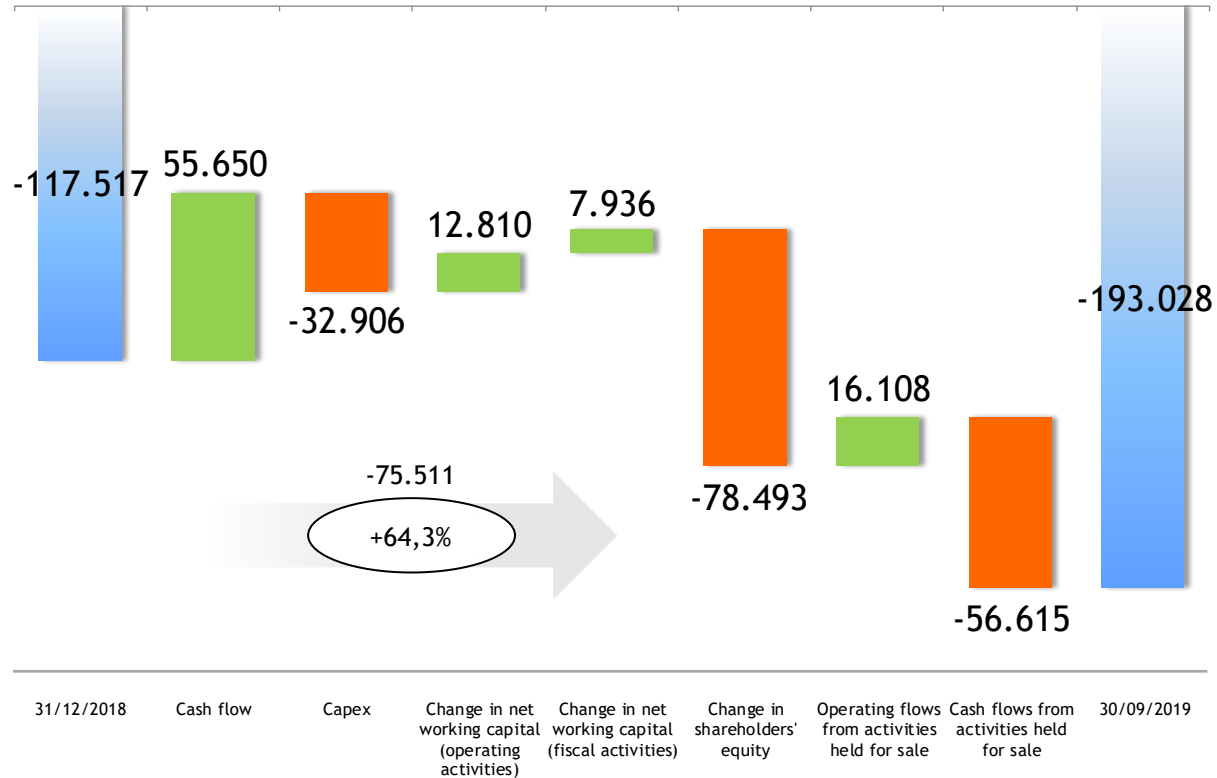
- Gas distribution systems: Euro 13,3 mln
- Gas meters: Euro 6,5 mln
- Investments in hardware and software: Euro 1,6 mln
- Other: Euro 0,3 mln

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)



## Annexes: financial data

- ❖ FY 2018 financial results
- ❖ 2011-2018 financial comparison
- ❖ **9M 2019 financial results**

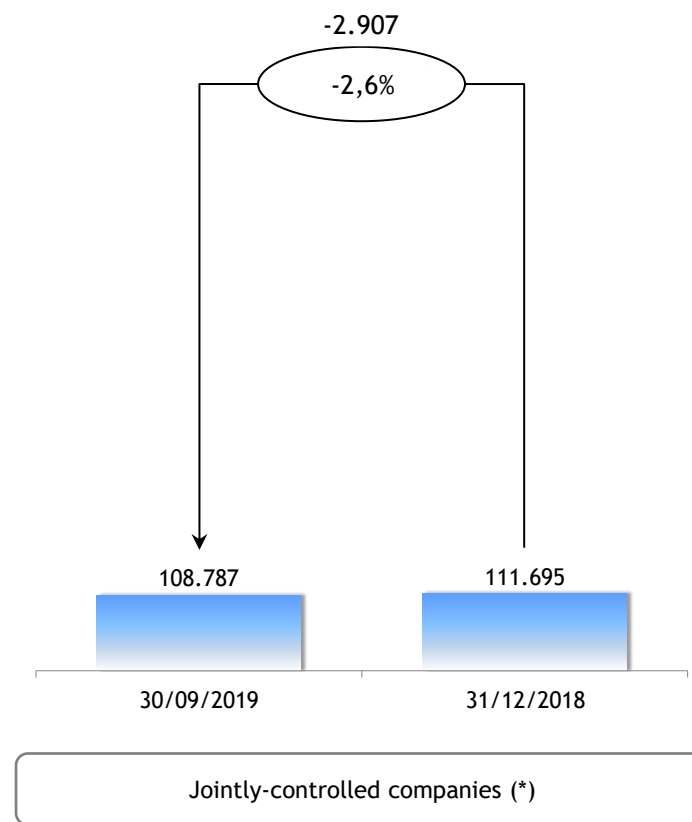
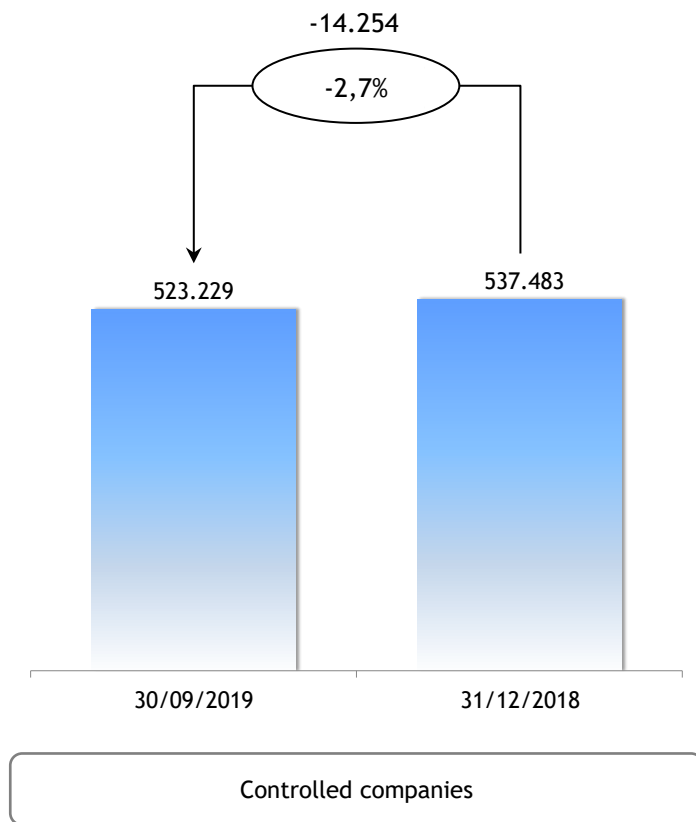
### *Consolidated results*

#### *Companies consolidated with full and with net equity consolidation method*

#### *Companies held for sale*

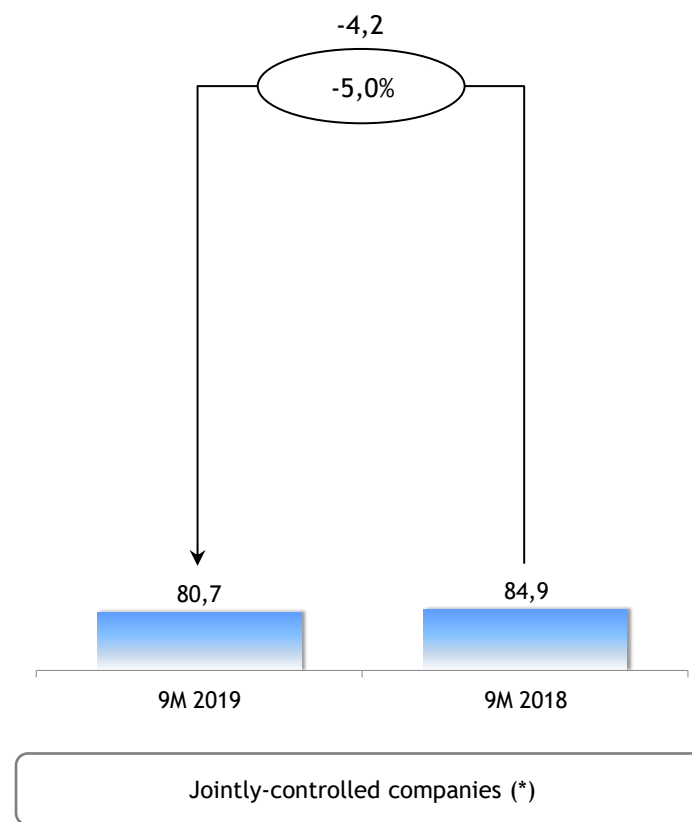
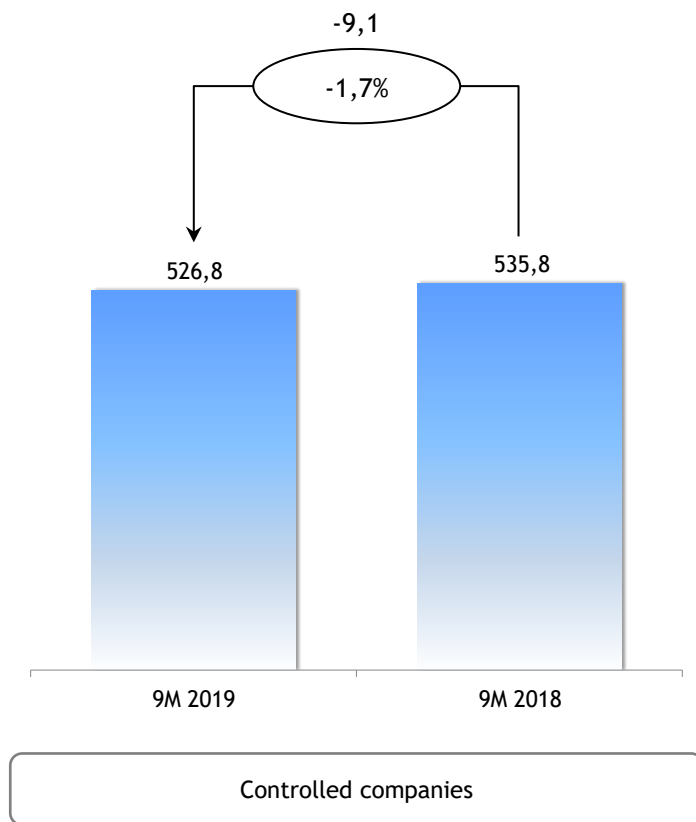
→ Number of gas sales customers .....	Pag. 93
→ Volumes of gas sold .....	Pag. 94
→ Number of electricity sales customers .....	Pag. 95
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→ Gross margin on gas sales .....	Pag. 102
→ Gross margin on trading gas sales .....	Pag. 103
→ Gross margin on electricity sales .....	Pag. 104
→ Other net operating costs .....	Pag. 105
→ Number of employees .....	Pag. 107
→ Cost of personnel .....	Pag. 108
→ Capex .....	Pag. 109
→ Net Financial Position and cash flow .....	Pag. 110

## Number of gas sales customers



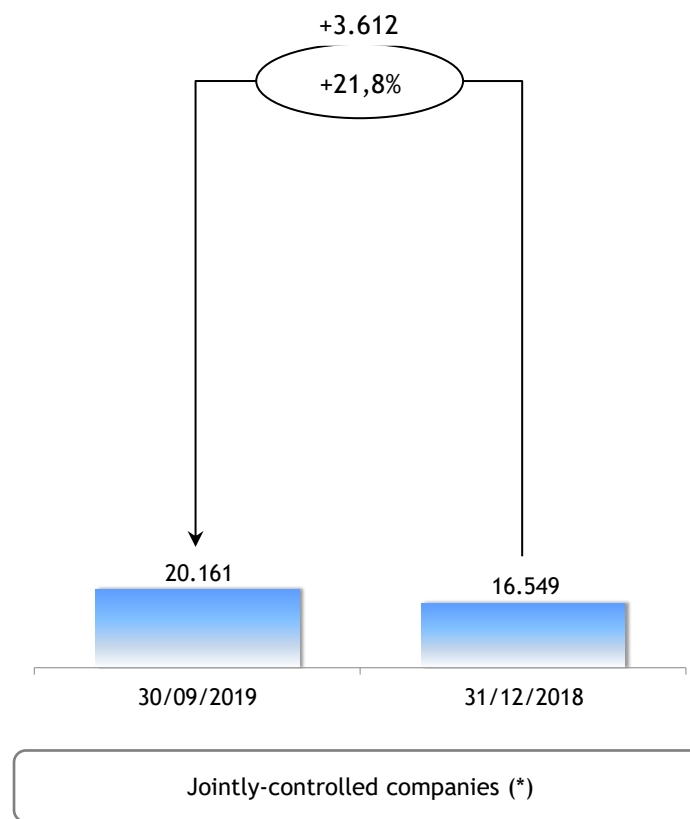
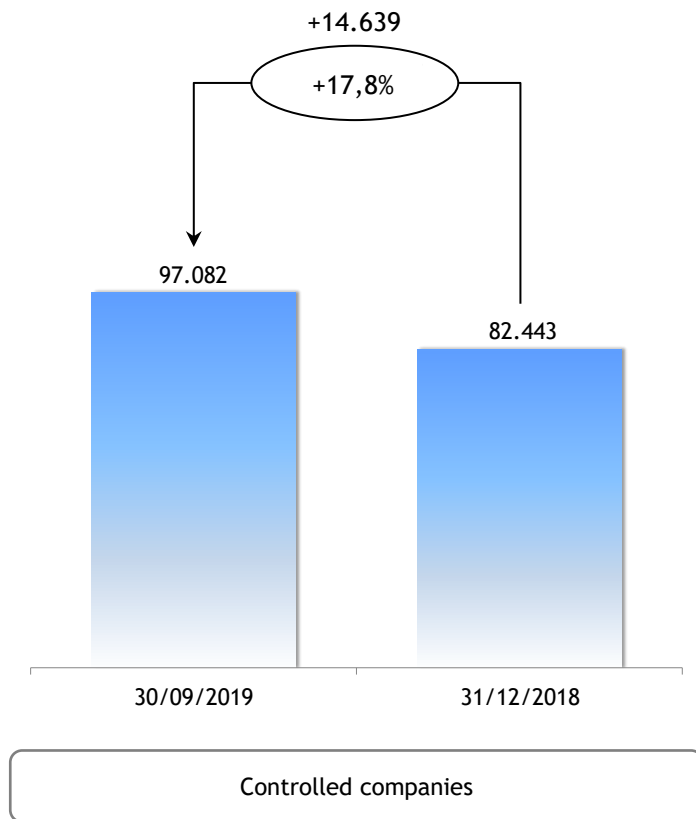
(\*) Data are considered pro-rata.

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



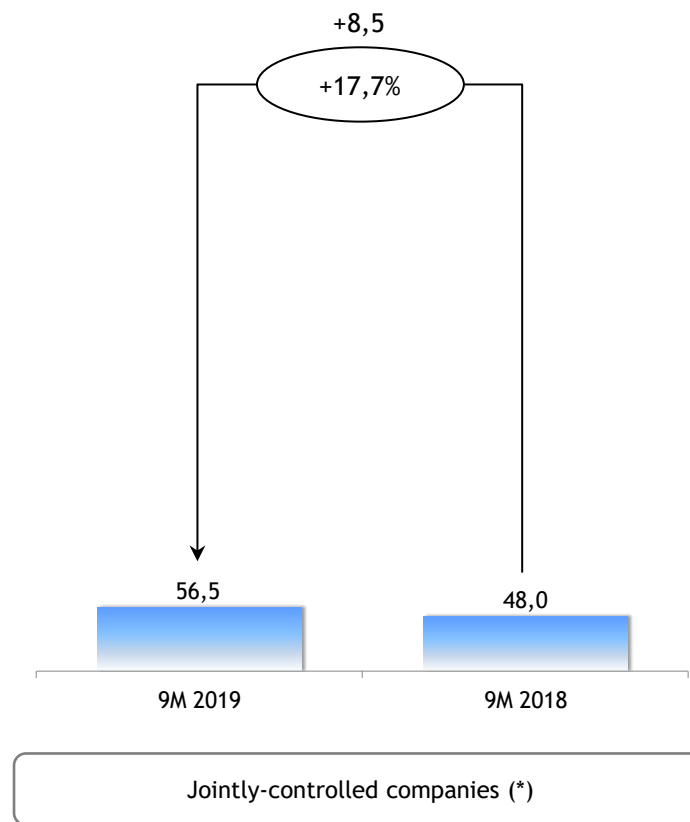
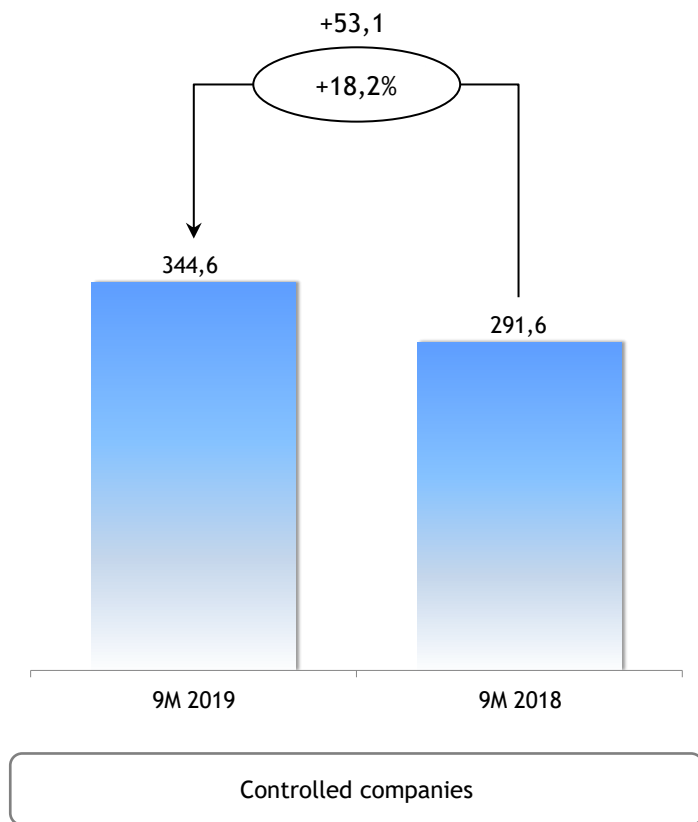
(\*) Data are considered pro-rata.

## Number of electricity sales customers



(\*) Data are considered pro-rata.

## Volumes of electricity sold (GWh)



(\*) Data are considered pro-rata.



## Economic data

### Controlled companies

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

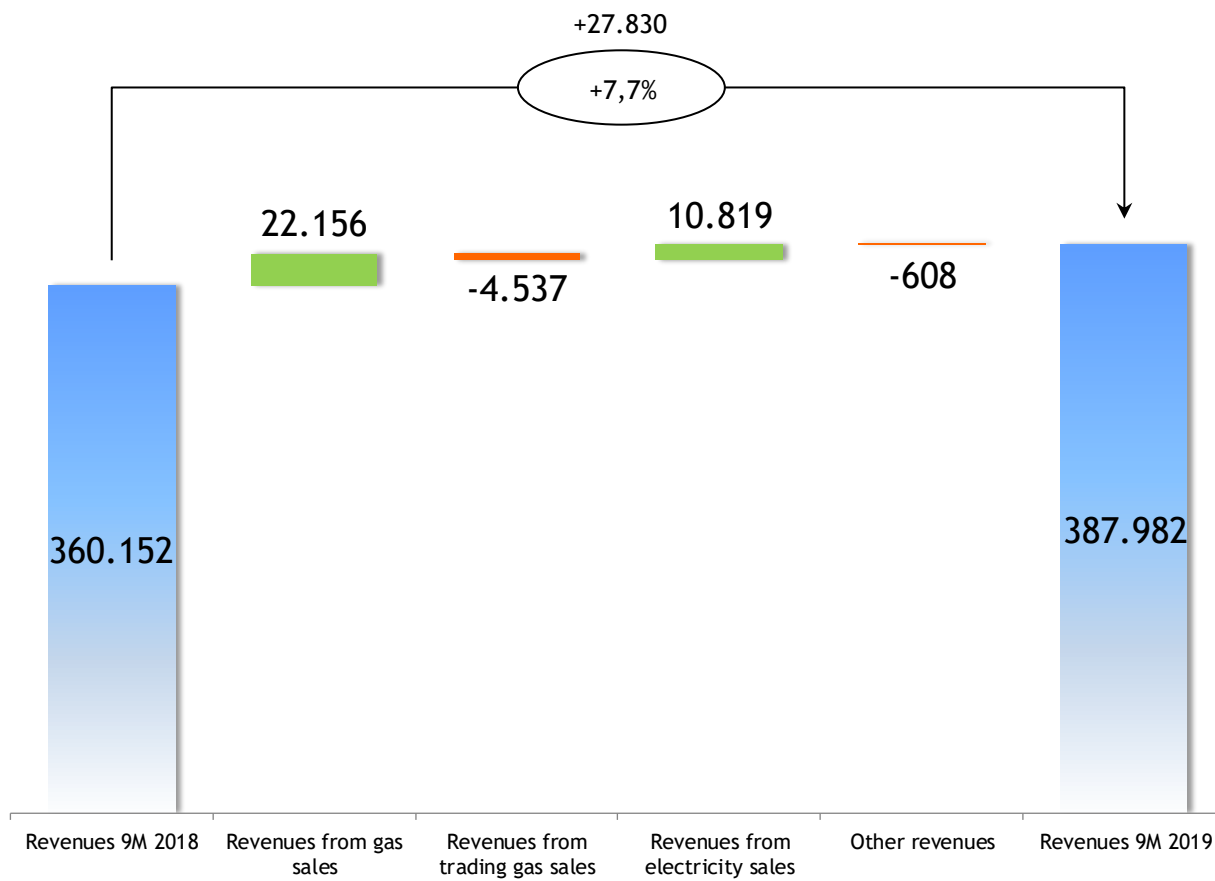
### Jointly-controlled companies (\*)

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

(\*) Data are considered pro-rata.

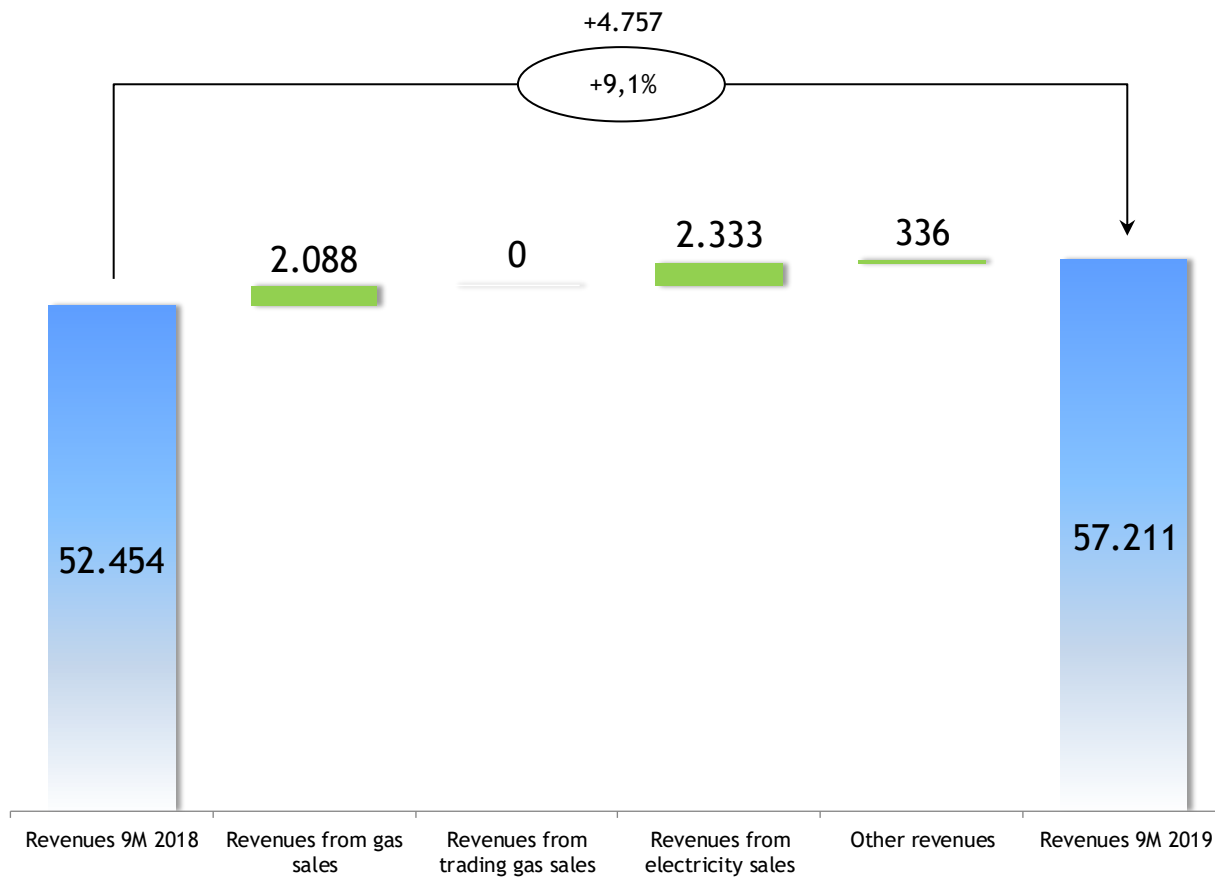
## Revenues bridge Controlled companies (\*)

(Thousand of Euro)



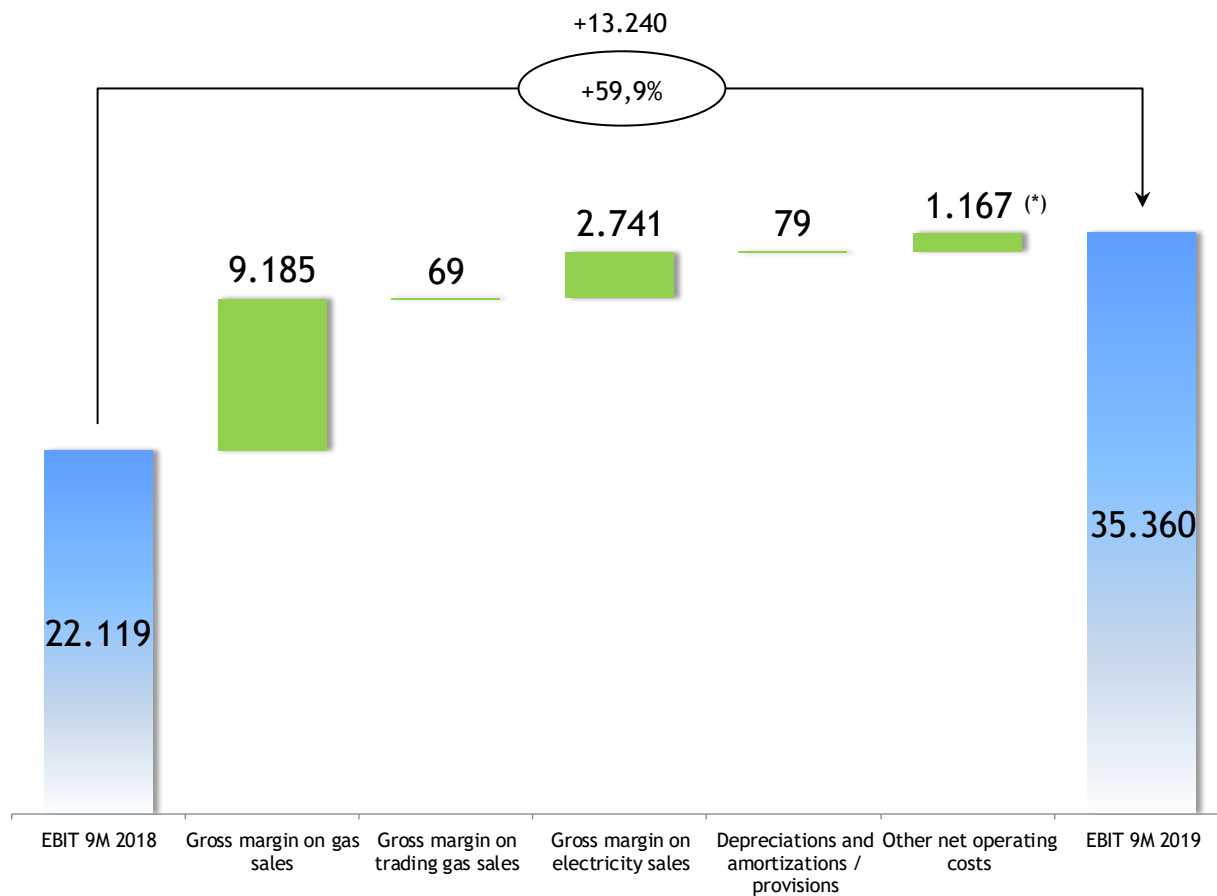
## Revenues bridge Jointly-controlled companies (\*)

(Thousand of Euro)



(\*) Data are considered pro-rata.

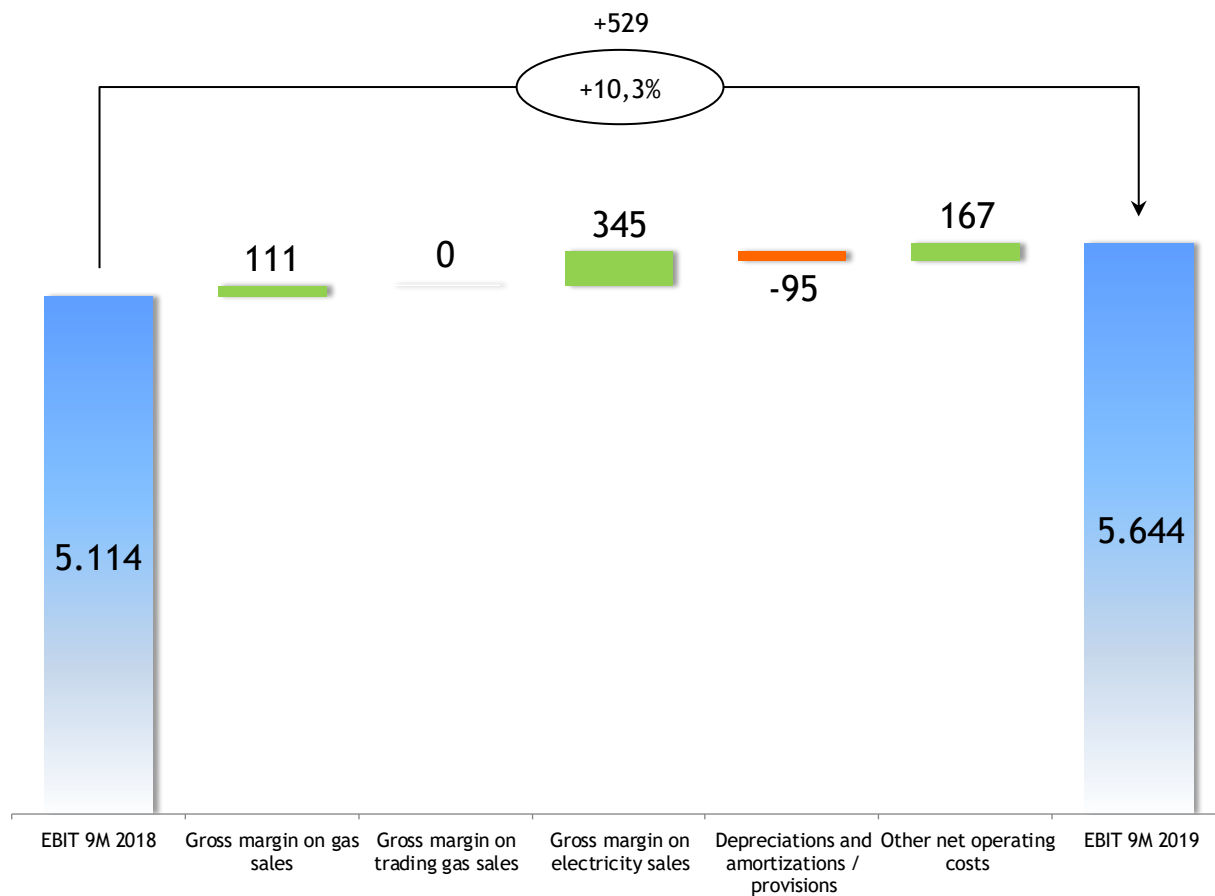
## EBIT bridge Controlled companies (Thousand of Euro)



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

## EBIT bridge Jointly-controlled companies (\*)

(Thousand of Euro)



(\*) Data are considered pro-rata.

## Gross margin on gas sales

(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%
<b>Gross margin on gas sales (A)</b> <i>Controlled companies</i>	<b>49.443</b>	<b>40.258</b>	<b>9.185</b>	<b>+22,8%</b>

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 %
<b>Gross margin on gas sales (B)</b> <i>Jointly-controlled companies (**)</i>	<b>9.009</b>	<b>8.897</b>	<b>111</b>	<b>+1,3%</b>
<b>Gross margin on gas sales (A+B)</b>	<b>58.452</b>	<b>49.155</b>	<b>9.297</b>	<b>+18,9%</b>

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

## Gross margin on trading gas sales

(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%
<b>Gross margin on trading gas sales (A)</b> <i>Controlled companies</i>	<b>86</b>	<b>17</b>	<b>69</b>	<b>+401,5%</b>

(Thousand of Euro) (*)	9M 2019	9M 2018	Chg	Chg %
<b>Gross margin on trading gas sales (B)</b> <i>Jointly-controlled companies (**)</i>	-	-	-	n.a.
<b>Gross margin on trading gas sales (A+B)</b>	<b>86</b>	<b>17</b>	<b>69</b>	<b>+401,5%</b>

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

## Gross margin on electricity sales

(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%
<b>Gross margin on electricity sales (A)</b> <i>Controlled companies</i>	<b>6.690</b>	<b>3.950</b>	<b>2.741</b>	<b>+69,4%</b>

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 %
<b>Gross margin on electricity sales (B)</b> <i>Jointly-controlled companies (**)</i>	<b>1.296</b>	<b>951</b>	<b>345</b>	<b>+36,3%</b>
<b>Gross margin on electricity sales (A+B)</b>	<b>7.987</b>	<b>4.901</b>	<b>3.086</b>	<b>+63,0%</b>

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



## Other net operating costs

(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%
<b>Other net operating costs (A)</b>	<b>(18.000)</b>	<b>(19.167)</b>	<b>1.167</b>	<b>-6,1%</b>
Controlled companies				

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

*of which:*

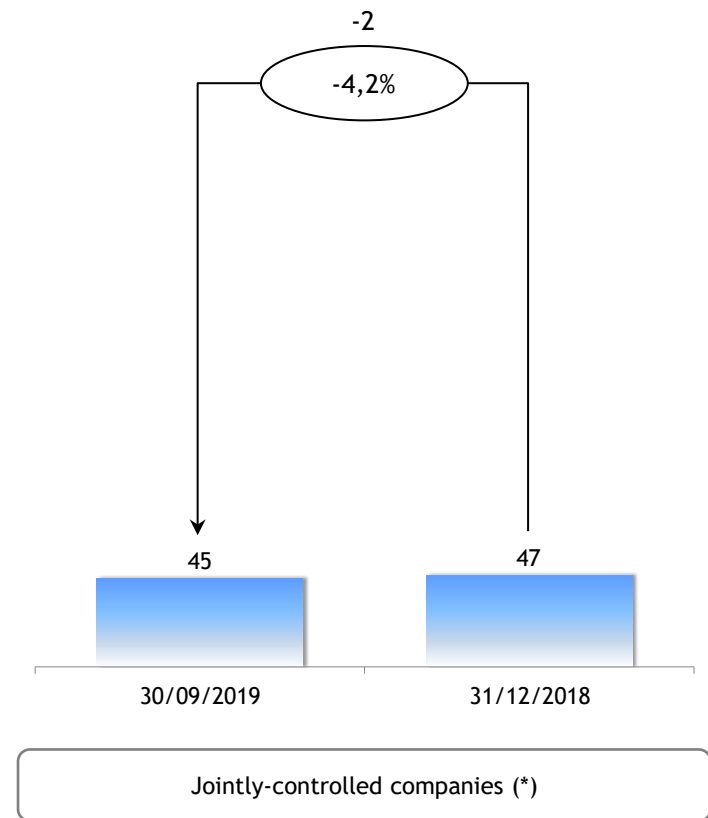
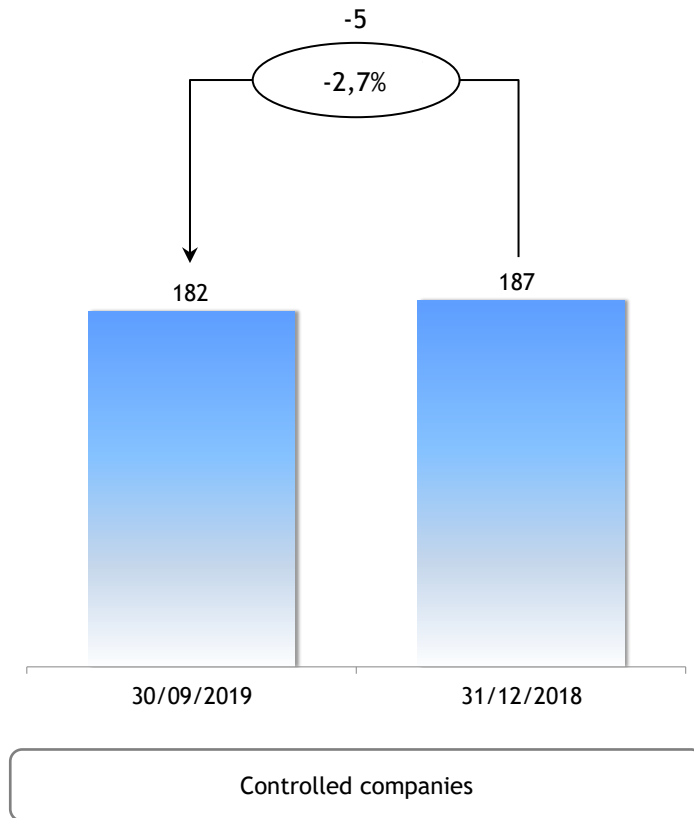
- *increase of cost of personnel: - Euro 0,4 mln;*
- *increase of advertising and commercial costs: - Euro 0,2 mln;*
- *decrease of consulting costs: + Euro 0,3 mln;*
- *decrease of costs for application of IFRS 16: + Euro 0,2 mln;*
- *other variations: + Euro 1,3 mln.*

## Other net operating costs

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

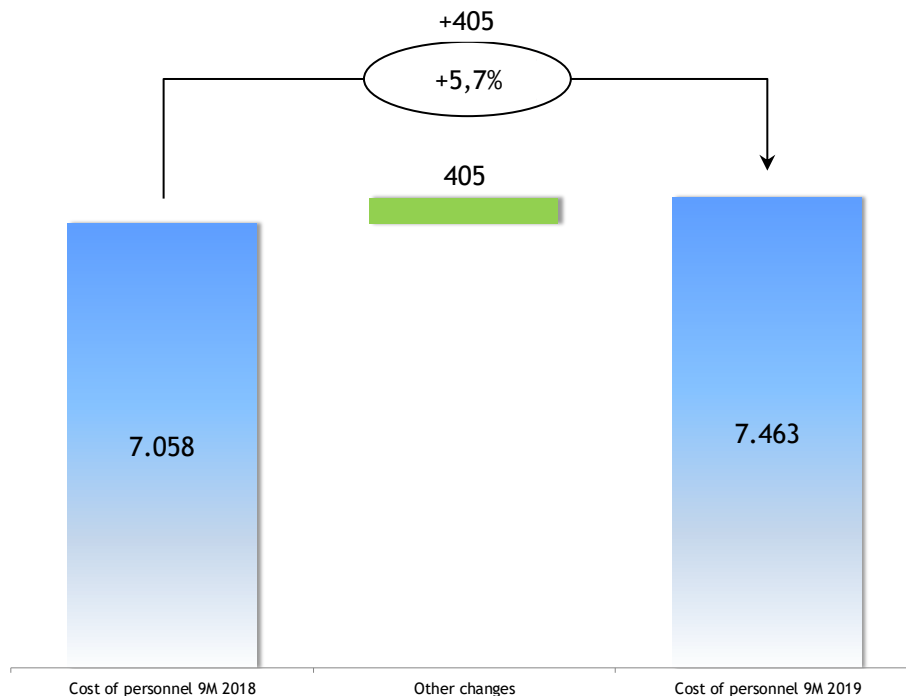
(\*) Data are considered pro-rata.

## Number of employees



(\*) Data are considered pro-rata.

## Cost of personnel (Thousand of Euro)

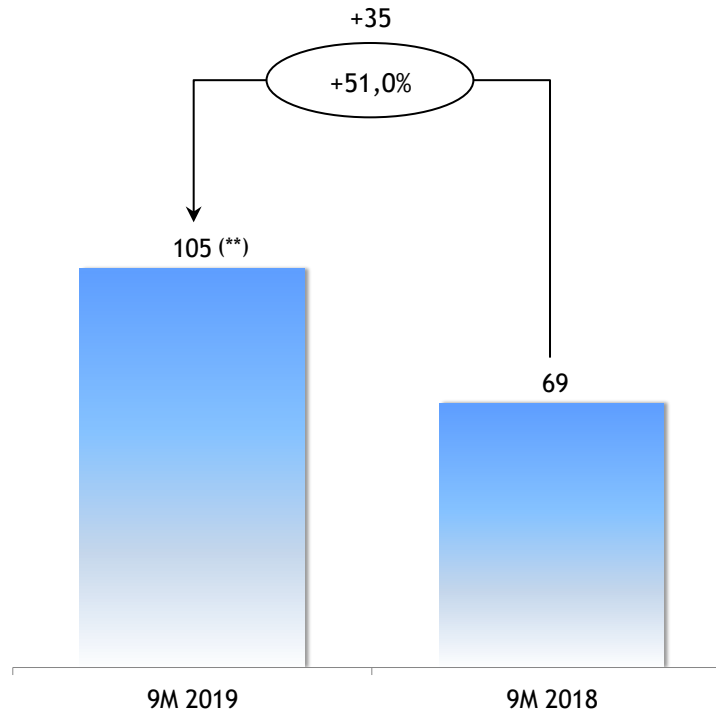


### Cost of personnel changes:

- 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.

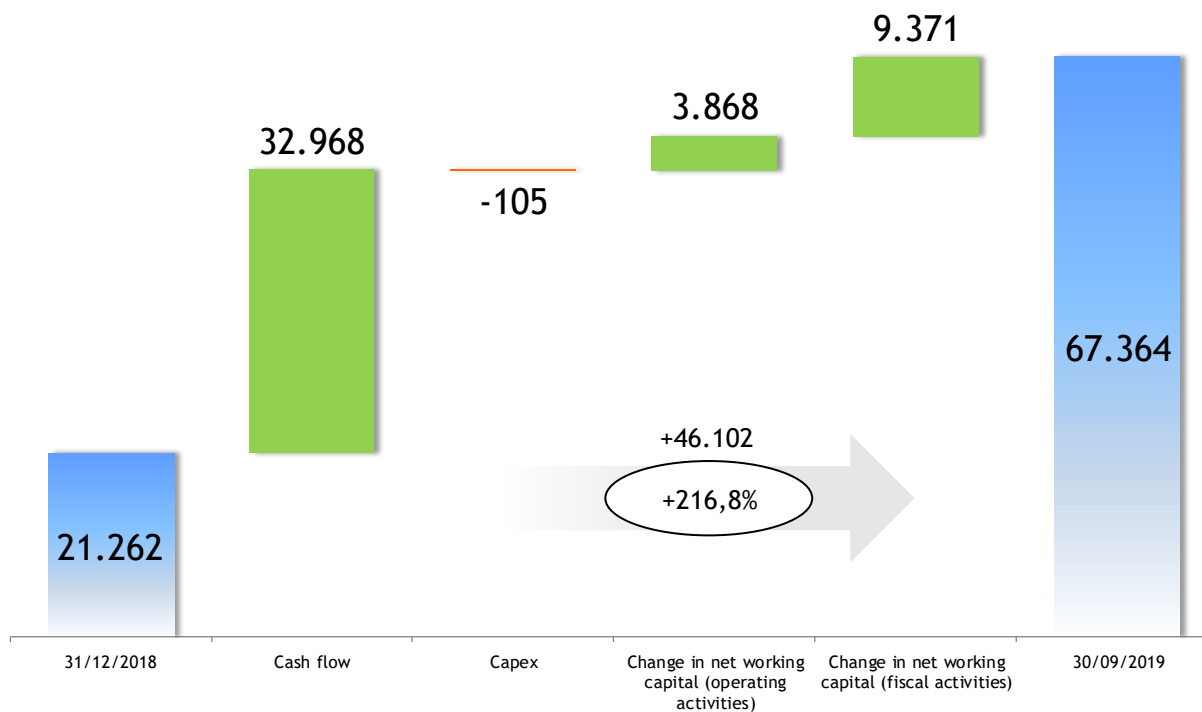
## Capex (\*) (Thousand of Euro)



(\*) 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)





**Disclaimer**

## Disclaimer

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