

Gruppo Ascopiave

FY 2019

CONSOLIDATED RESULTS

Conference Call

Pieve di Soligo, 16th March 2020

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Premise

→ Ascopiave - Hera partnership

Financial highlights

Companies consolidated with full and with net equity consolidation method

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Dividend

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On 19th December 2019 Ascopiave S.p.A. and Hera S.p.A. have finalized the transaction that formalizes operation that marks the birth of the largest energy operator in North-Eastern Italy with over one million customers.

The Hera Group has transferred to Estenergy S.p.A. their sale activities in the “Triveneto” and has acquired the control of the company, while Ascopiave has acquired 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 operation, the Ascopiave Group accounts the activities attributable to the discontinued companies as discontinued operations, according to IFRS 5 international accounting principle.

In the FY 2019 income statement, therefore, the results of the activities mentioned are highlighted in the item “*net result from discontinued operations*”.

In order to expose the variations of the results achieved by the discontinued operations 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

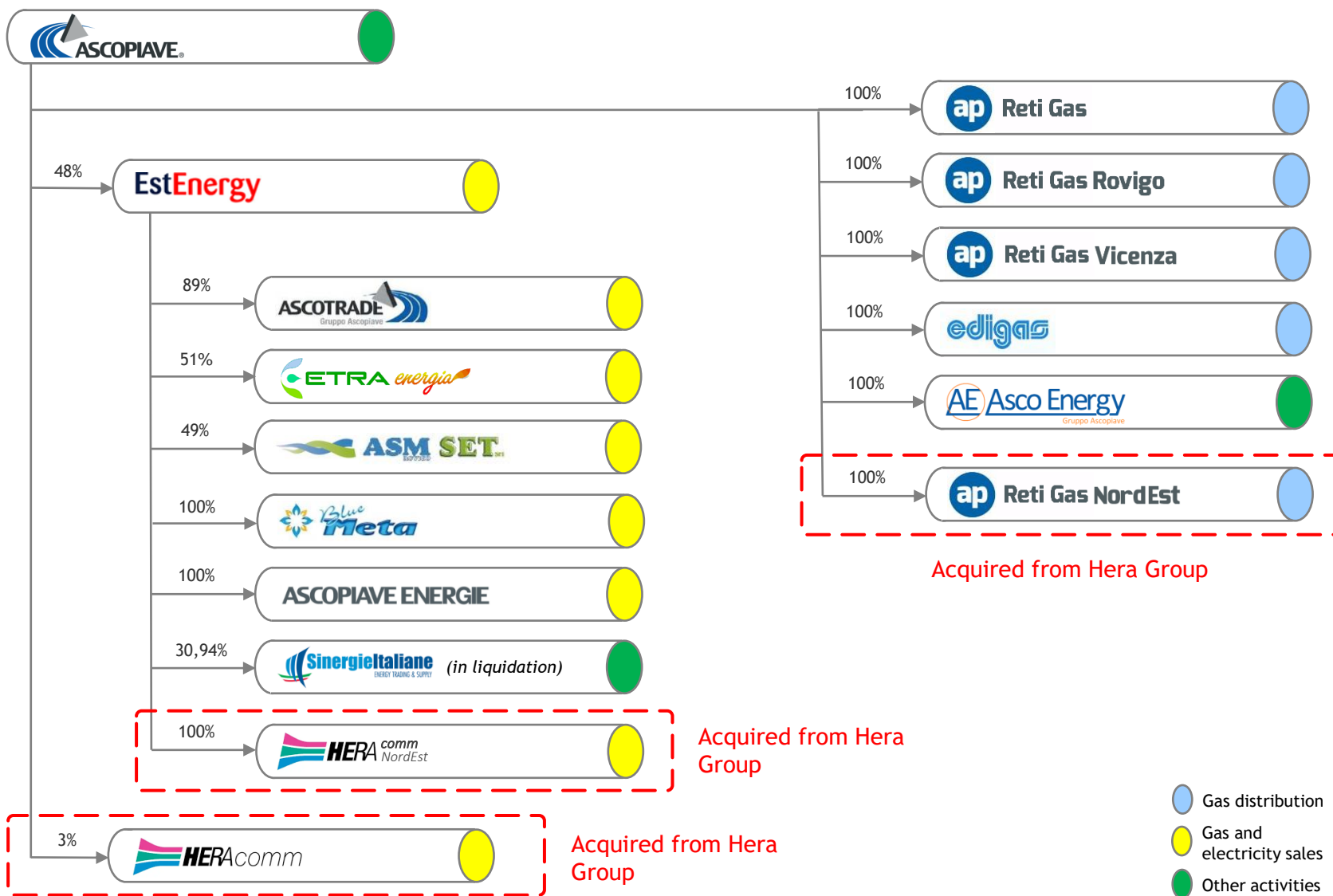
- Ascopiave Group structure as of 31st December 2019
- FY 2019 consolidated income statement
- Consolidated balance sheet as of 31st December 2019

Companies consolidated with full and with net equity consolidation method

Discontinued companies

Dividend

Disclaimer



(Thousand of Euro)	2019	2018	Chg	Chg %
Revenues	124.911	115.347	9.564	+8%
(Cost of raw materials and consumables)	(1.358)	(1.271)	(88)	+7%
(Cost of services)	(31.732)	(28.766)	(2.966)	+10%
(Cost of personnel)	(14.500)	(16.125)	1.625	-10%
(Other operating costs)	(33.902)	(27.533)	(6.369)	+23%
Other operating income	1.479	355	1.125	+317%
EBITDA	44.898	42.008	2.890	+7%
(Depreciations and amortizations)	(23.325)	(20.927)	(2.399)	+11%
(Provisions)	-	(15)	15	-100%
EBIT	21.573	21.066	507	+2%
Financial income / (expenses)	(1.117)	(1.013)	(104)	+10%
Evaluation of companies with net assets method (*)	648	1.407	(759)	-54%
EBT	21.105	21.460	(355)	-2%
(Income taxes)	(6.626)	(6.733)	108	-2%
Earnings after taxes	14.479	14.727	(248)	-2%
Net result from discontinued operations	478.737	31.773	446.965	+1407%
Net income	493.216	46.499	446.717	+961%
(Net income of minorities)	-	(1.874)	1.874	-100%
Net income of the Group	493.216	44.625	448.591	+1005%

(*) Result of Unigas Distribuzione Gas, company consolidated with net equity consolidation method (data are considered pro-rata): Euro 0,6 mln (Euro 1,4 mln in FY 2018).

(Thousand of Euro)	31/12/2019	31/12/2018	Chg	Chg %
Tangible assets (*)	34.694	32.724	1.970	+6%
Non tangible assets (*)	615.108	432.637	182.471	+42%
Investments in associates (**)	449.945	68.357	381.588	+558%
Other fixed assets	22.687	23.401	(715)	-3%
Fixed assets	1.122.433	557.118	565.315	+101%
Operating current assets	99.349	219.660	(120.311)	-55%
(Operating current liabilities)	(82.458)	(160.146)	77.688	-49%
(Operating non current liabilities)	(52.850)	(51.245)	(1.605)	+3%
Net working capital	(35.959)	8.268	(44.227)	-535%
Total capital employed	1.086.474	565.386	521.087	+92%
Group shareholders equity	873.492	443.567	429.926	+97%
Minorities	-	4.303	(4.303)	-100%
Net financial position	212.981	117.517	95.464	+81%
Total sources	1.086.474	565.386	521.087	+92%

(*) 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 (pro-rata): Unigas Distribuzione Gas, Euro 0,0 mln (Euro 21,5 mln as of 31st December 2018); sale companies, Euro 395,9 mln (Euro 46,8 mln as of 31st December 2018). Stake in Hera Comm, Euro 54,0 mln (Euro 0,0 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

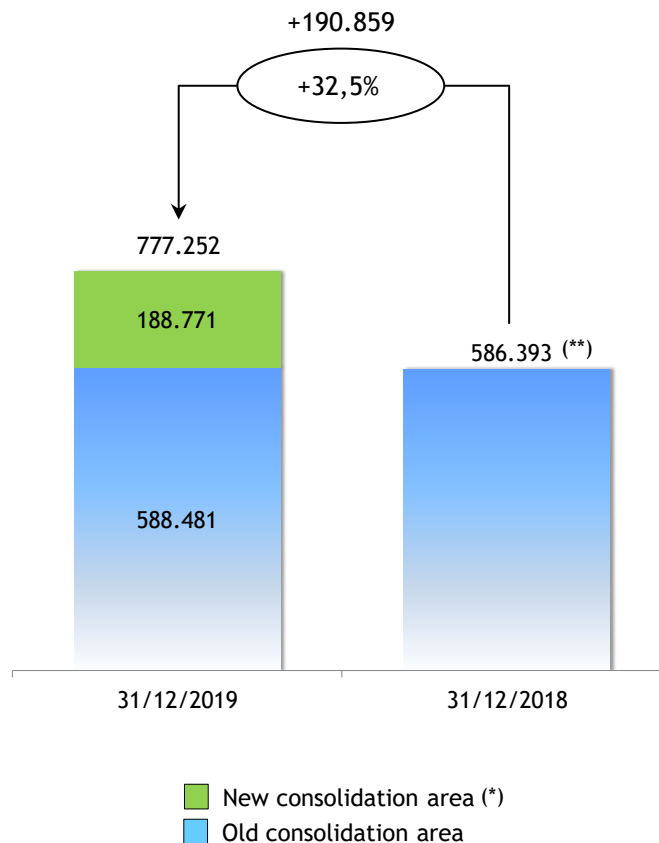
Discontinued companies

Dividend

Disclaimer



Number of gas distribution users

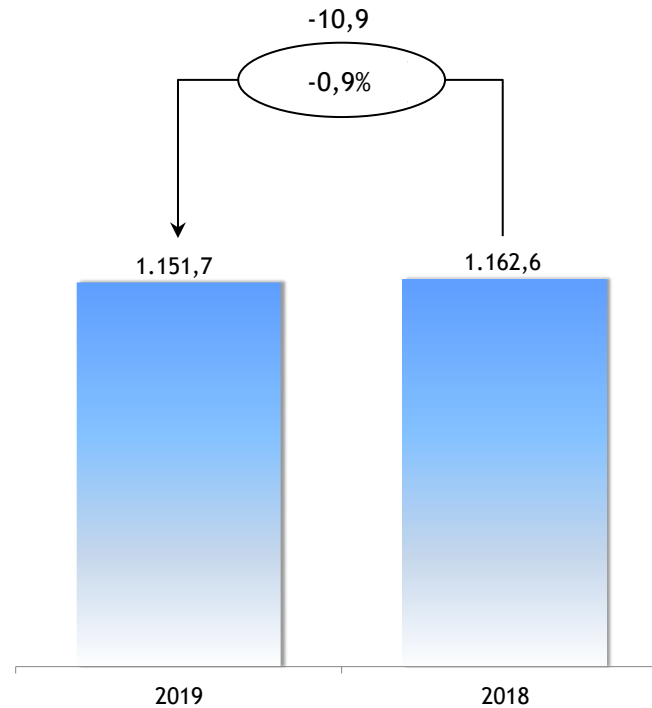


(*) AP Reti Gas Nord Est, company consolidated from 31st December 2019;

(**) Unigas Distribuzione Gas users are included (at 100%). The company is merged by incorporation in Ascopiave from 1° July 2019. On the same date the operating activities in the gas distribution sector were transferred to Edigas Distribuzione Gas.

Volumes of gas distributed (*)

(Million of standard cubic meters)



(*) Unigas Distribuzione Gas volumes of gas distributed are included (at 100%). The company is merged by incorporation in Ascopiave from 1° July 2019. On the same date the operating activities in the gas distribution sector were transferred to Edigas Distribuzione Gas..

Companies consolidated with full consolidation method

(Thousand of Euro)	2019	2018	Chg	Chg %
Revenues	124.911	115.347	9.564	+8,3%
EBITDA	44.898	42.008	2.890	+6,9%
% on revenues	+35,9%	+36,4%		
EBIT	21.573	21.066	507	+2,4%
% on revenues	+17,3%	+18,3%		

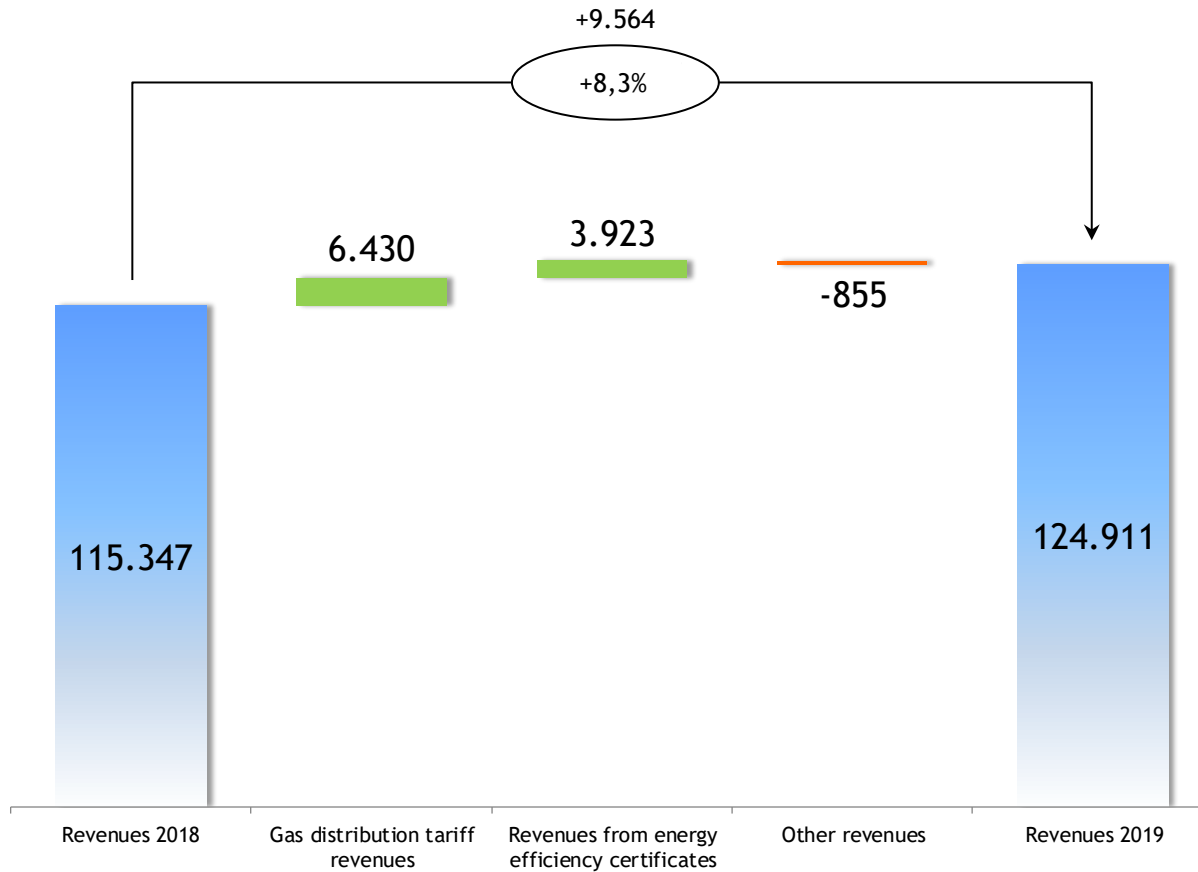
Companies consolidated with net equity consolidation method (*)

(Thousand of Euro)	2019	2018	Chg	Chg %
Revenues	3.964	4.844	(881)	-18,2%
EBITDA	1.483	3.225	(1.742)	-54,0%
% on revenues	+37,4%	+66,6%		
EBIT	838	1.798	(960)	-53,4%
% on revenues	+21,1%	+37,1%		

(*) Data are considered pro-rata.

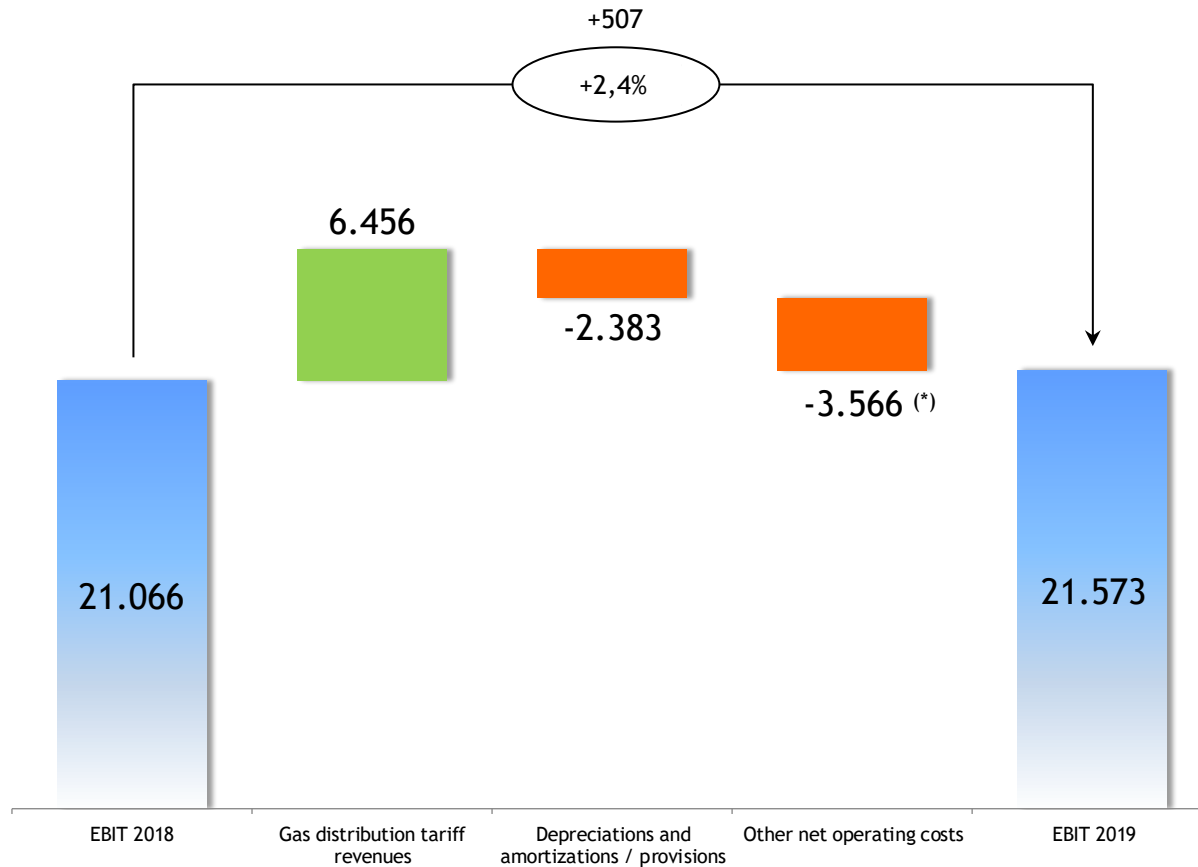
Revenues bridge
Companies consolidated with full consolidation method

(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) (*)	2019	2018	Chg	Chg %
Gas distribution tariff revenues	79.777	73.321	6.456	+8,8%
Gas distribution tariff revenues (A) <i>Companies consolidated with full consolidation method</i>	79.777	73.321	6.456	+8,8%
(Thousand of Euro) (*)	2019	2018	Chg	Chg %
Gas distribution tariff revenues (B) <i>Companies consolidated with net equity consolidation method (**)</i>	2.885	5.733	(2.848)	-49,7%
Gas distribution tariff revenues (A+B)	82.662	79.054	3.608	+4,6%

(*) Economic data before elisions;

(**) Data are considered pro-rata.

(Thousand of Euro)	2019	2018	Chg	Chg %
Other revenues	44.476	41.408	3.068	+7,4%
Other costs of raw materials and services	(64.854)	(56.596)	(8.259)	+14,6%
Cost of personnel	(14.500)	(16.125)	1.625	-10,1%
Other net operating costs (A)				
<i>Companies consolidated with full consolidation method</i>	(34.879)	(31.313)	(3.566)	+11,4%

Increase of other net operating costs: - Euro 3,6 mln

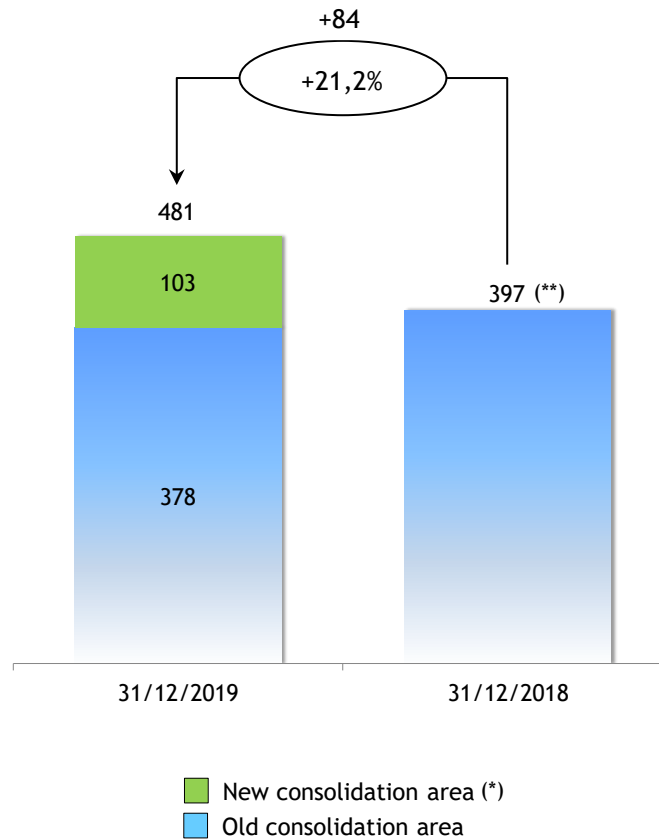
of which:

- *decrease of cost of personnel: + Euro 1,6 mln;*
- *decrease of margin on energy efficiency tasks management: - Euro 4,0 mln;*
- *increase of gas distribution concession fees: - Euro 1,8 mln;*
- *decrease of CSEA contributions for security incentives: - Euro 0,3 mln;*
- *other variations: + Euro 0,9 mln.*

(Thousand of Euro)	2019	2018	Chg	Chg %
Other net operating costs (A) <i>Companies consolidated with full consolidation method</i>	(34.879)	(31.313)	(3.566)	+11,4%
Other net operating costs (B) <i>Companies consolidated with net equity consolidation method (*)</i>	(1.402)	(2.508)	1.106	-44,1%
Other net operating costs (A+B)	(36.281)	(33.821)	(2.460)	+7,3%

(*) Data are considered pro-rata.

Number of employees

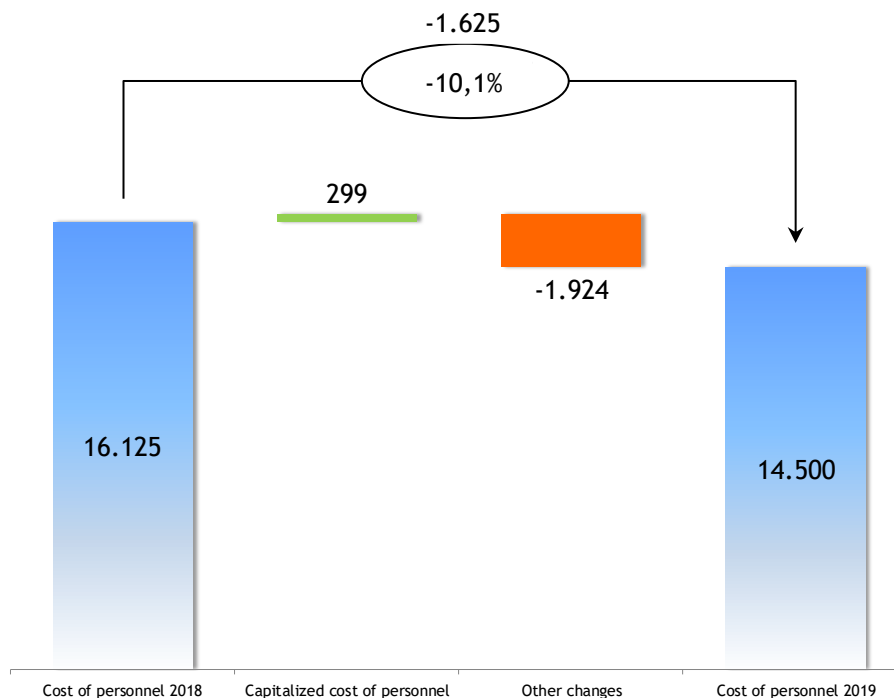


(*) AP Reti Gas Nord Est, company consolidated from 31st December 2019;

(**) Unigas Distribuzione Gas employees are included (at 100%). The company is merged by incorporation in Ascopiave from 1° July 2019. On the same date the operating activities in the gas distribution sector were transferred to Edigas Distribuzione Gas.

Cost of personnel

(Thousand of Euro)



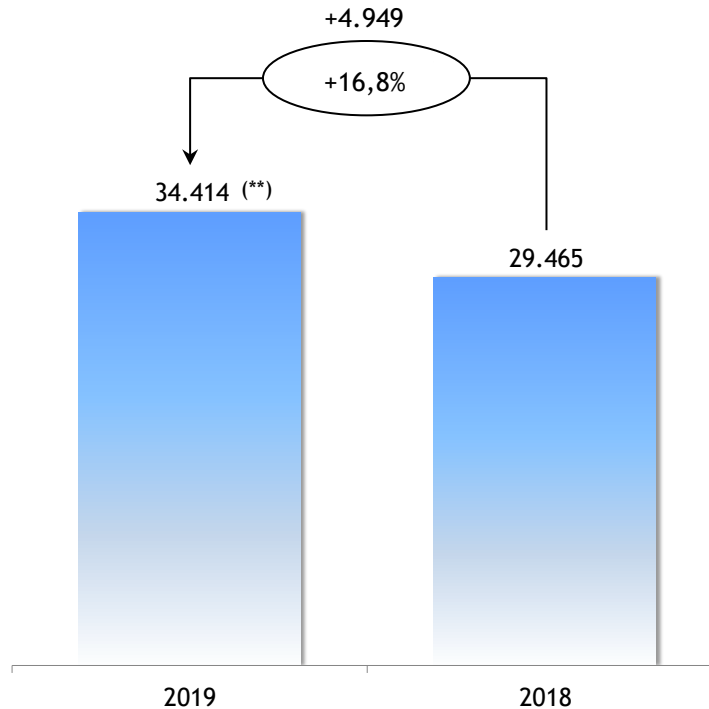
Cost of personnel changes:

- capitalized cost of personnel:
+ Euro 0,3 mln
- other: - Euro 1,9 mln, of which:
 - + Euro 0,2 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 0,3 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 22,0 mln
- Gas meters: Euro 9,4 mln
- Investments in hardware and software: Euro 2,2 mln
- Other: Euro 0,8 mln

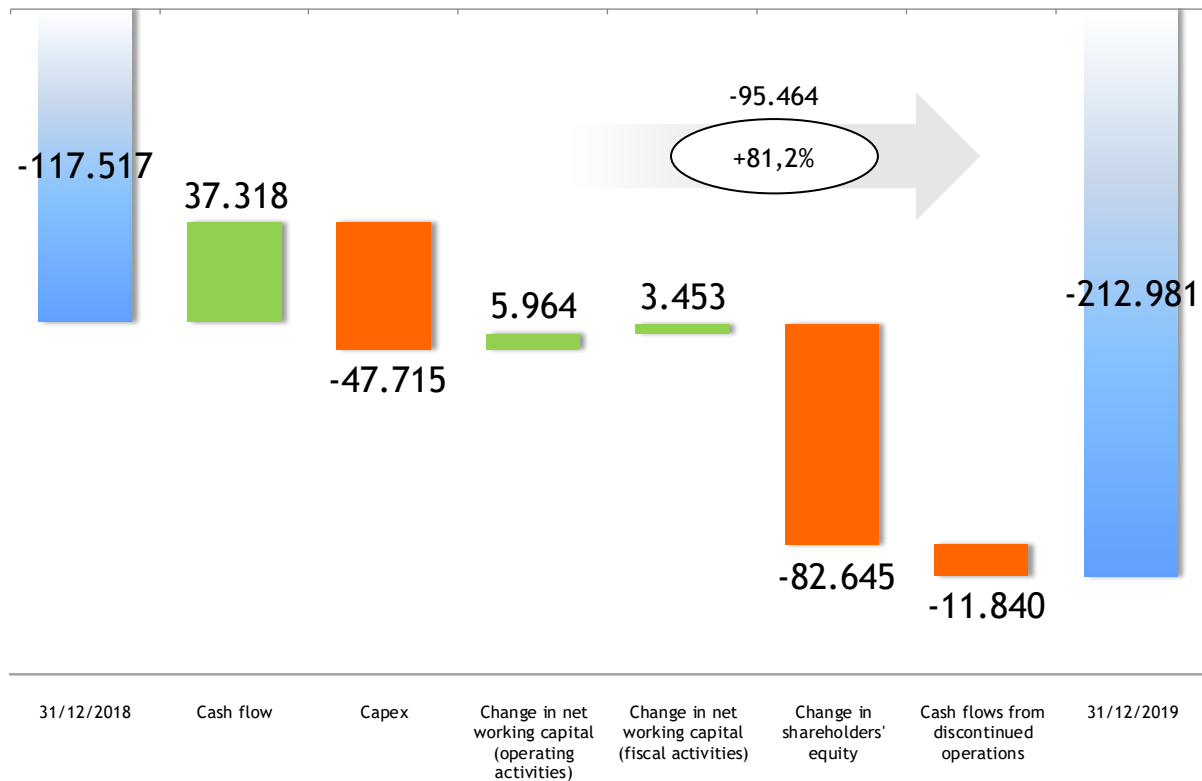
6M 2019 investments of Unigas Distribuzione Gas, company consolidated with net equity consolidation method: Euro 0,4 mln.

(*) 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) (*)	31/12/2019	31/12/2018	Chg	Chg %
Long term financial borrowings (>12 months)	135.083	55.111	79.972	+145,1%
Current position of long term financial borrowings	30.778	8.014	22.764	+284,1%
Short term financial borrowings (<12 months)	38.994	56.381	(17.387)	-30,8%
Total financial debt	204.855	119.506	85.349	+71,4%
Fixed rate borrowings	143.611	36.874	106.737	+289,5%
Floating rate borrowings	61.244	82.632	(21.388)	-25,9%

FY 2019 average cost of debt: 0,35% (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

Discontinued companies

→ Operating data

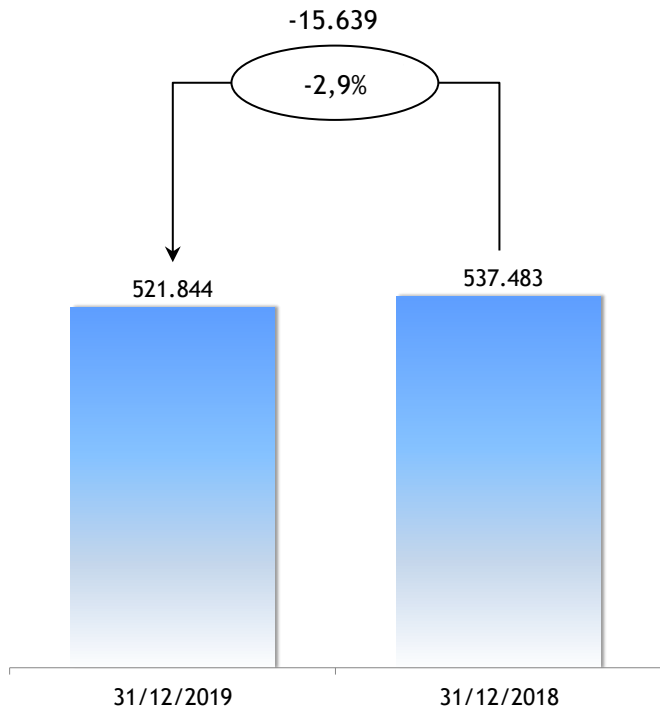
→ Economic data

→ EBIT bridge

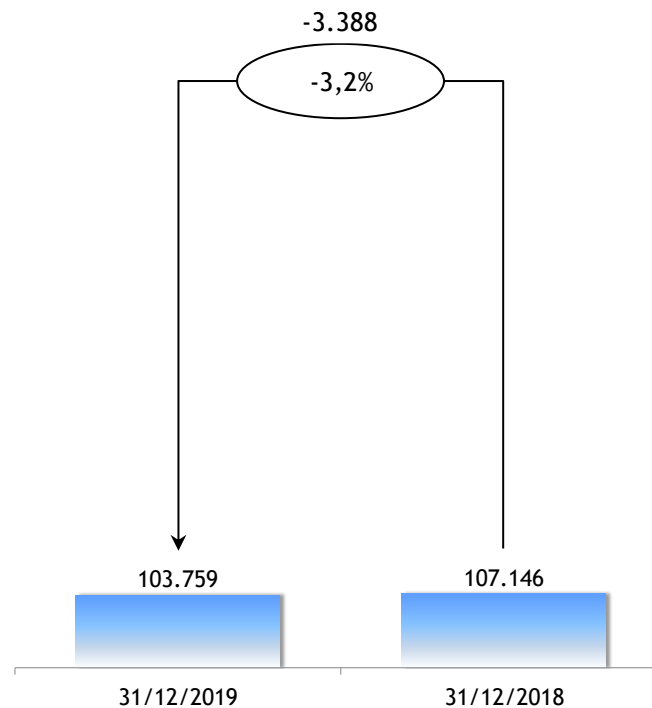
Dividend

Disclaimer

Number of gas sales customers



Discontinued companies
(previously consolidated with full consolidation method)

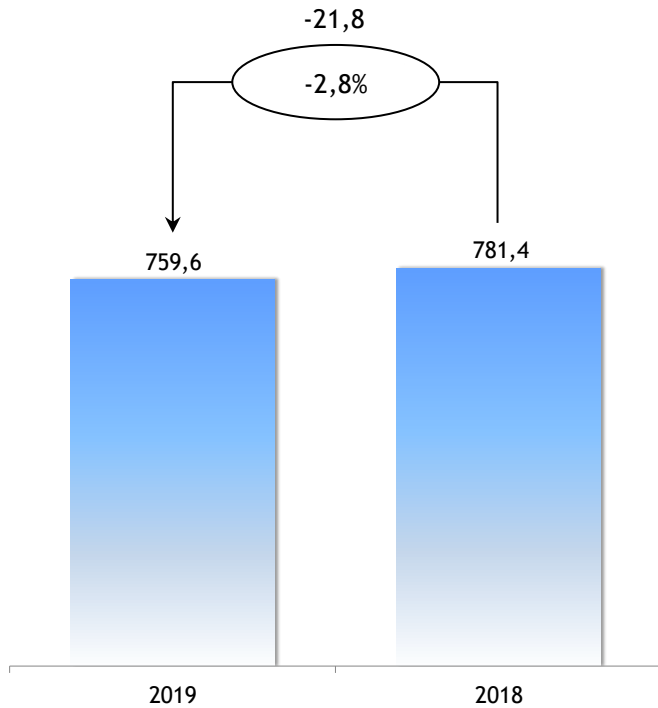


Discontinued companies
(previously consolidated with net equity consolidation method) (*)

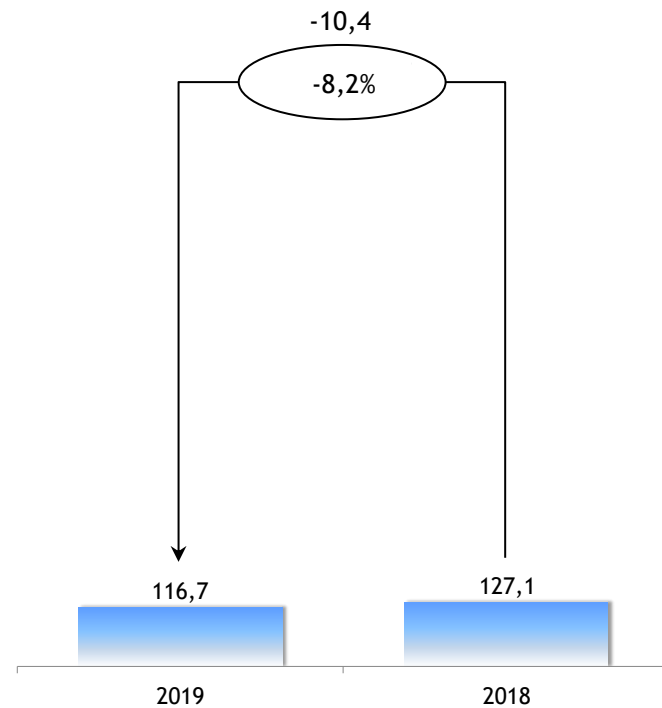
(*) Data are considered pro-rata.

Volumes of gas sold

(Million of standard cubic meters)



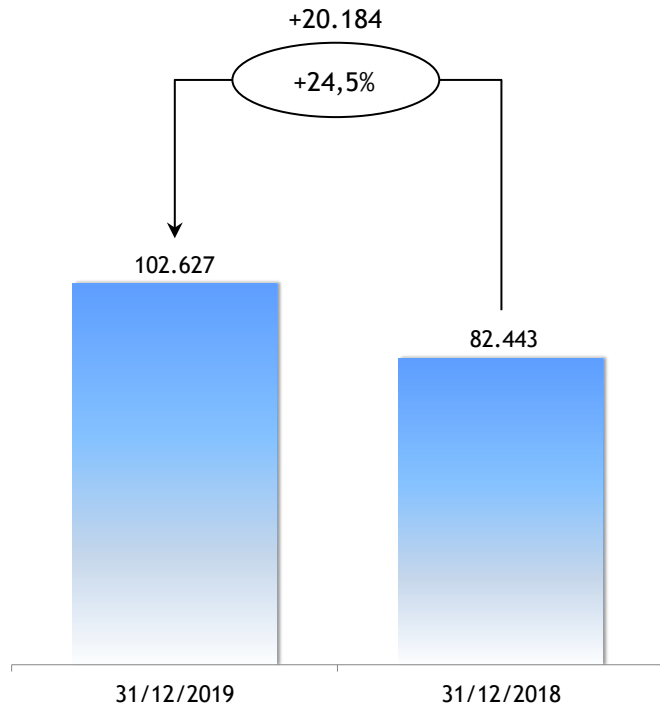
Discontinued companies
(previously consolidated with full consolidation method)



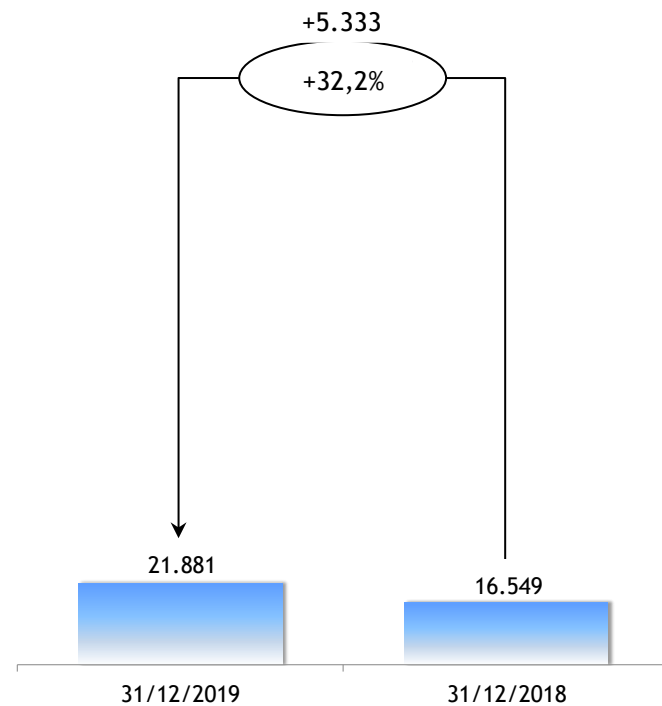
Discontinued companies
(previously consolidated with net equity consolidation method) (*)

(*) Data are considered pro-rata.

Number of electricity sales customers



Discontinued companies
(previously consolidated with full consolidation method)

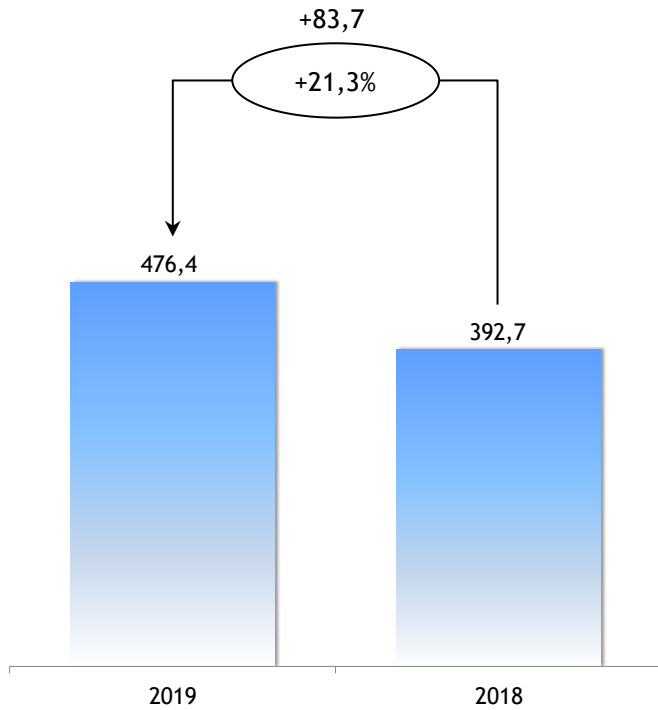


Discontinued companies
(previously consolidated with net equity consolidation method) (*)

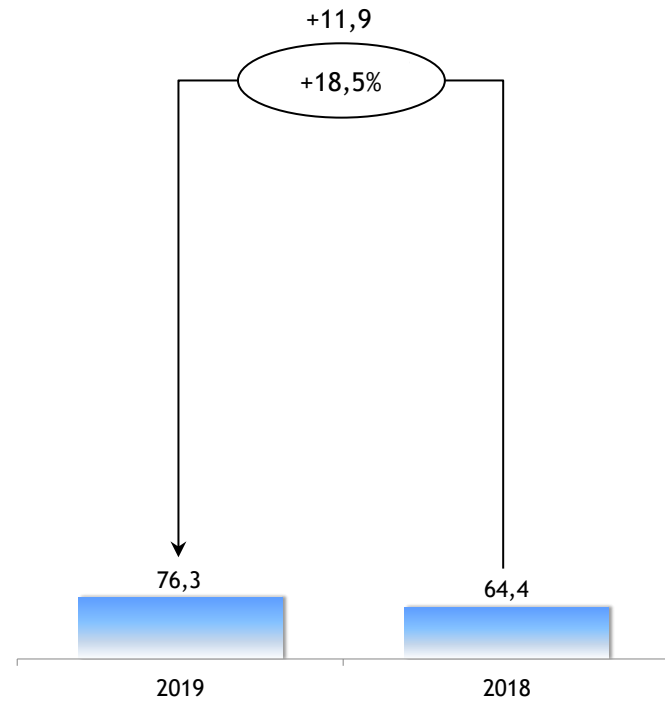
(*) Data are considered pro-rata.

Volumes of electricity sold

(Gigawatt hours)



Discontinued companies
(previously consolidated with full consolidation method)



Discontinued companies
(previously consolidated with net equity consolidation method) (*)

(*) Data are considered pro-rata.

Discontinued companies (previously consolidated with full consolidation method)

(Thousand of Euro)	2019	2018	Chg	Chg %
Revenues	582.838	572.776	10.062	+1,8%
EBITDA	42.734	37.414	5.320	+14,2%
% on revenues	+7,3%	+6,5%		
EBIT	38.653	33.702	4.951	+14,7%
% on revenues	+6,6%	+5,9%		

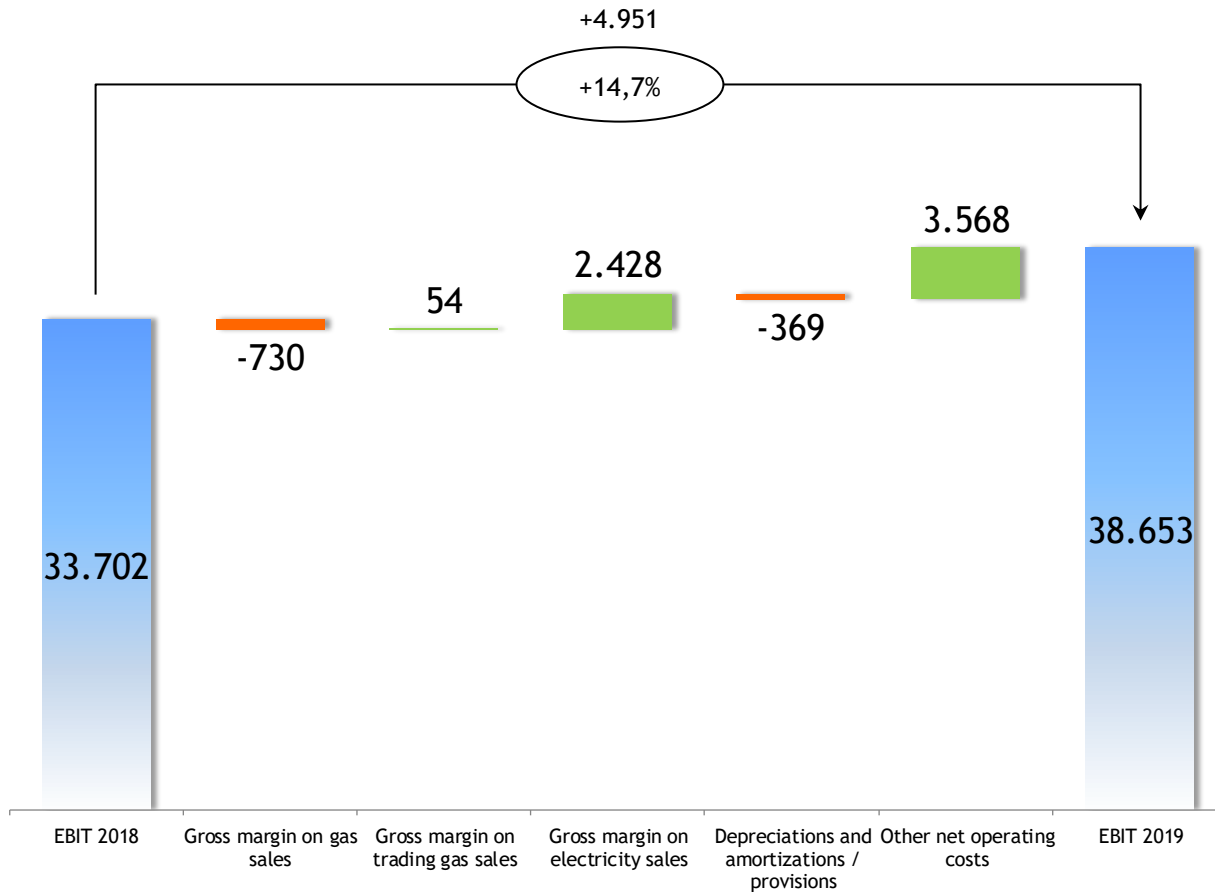
Discontinued companies (previously consolidated with net equity consolidation method) (*)

(Thousand of Euro)	2019	2018	Chg	Chg %
Revenues	79.530	78.457	1.073	+1,4%
EBITDA	8.889	9.599	(710)	-7,4%
% on revenues	+11,2%	+12,2%		
EBIT	7.724	8.466	(741)	-8,8%
% on revenues	+9,7%	+10,8%		

(*) Data are considered pro-rata.

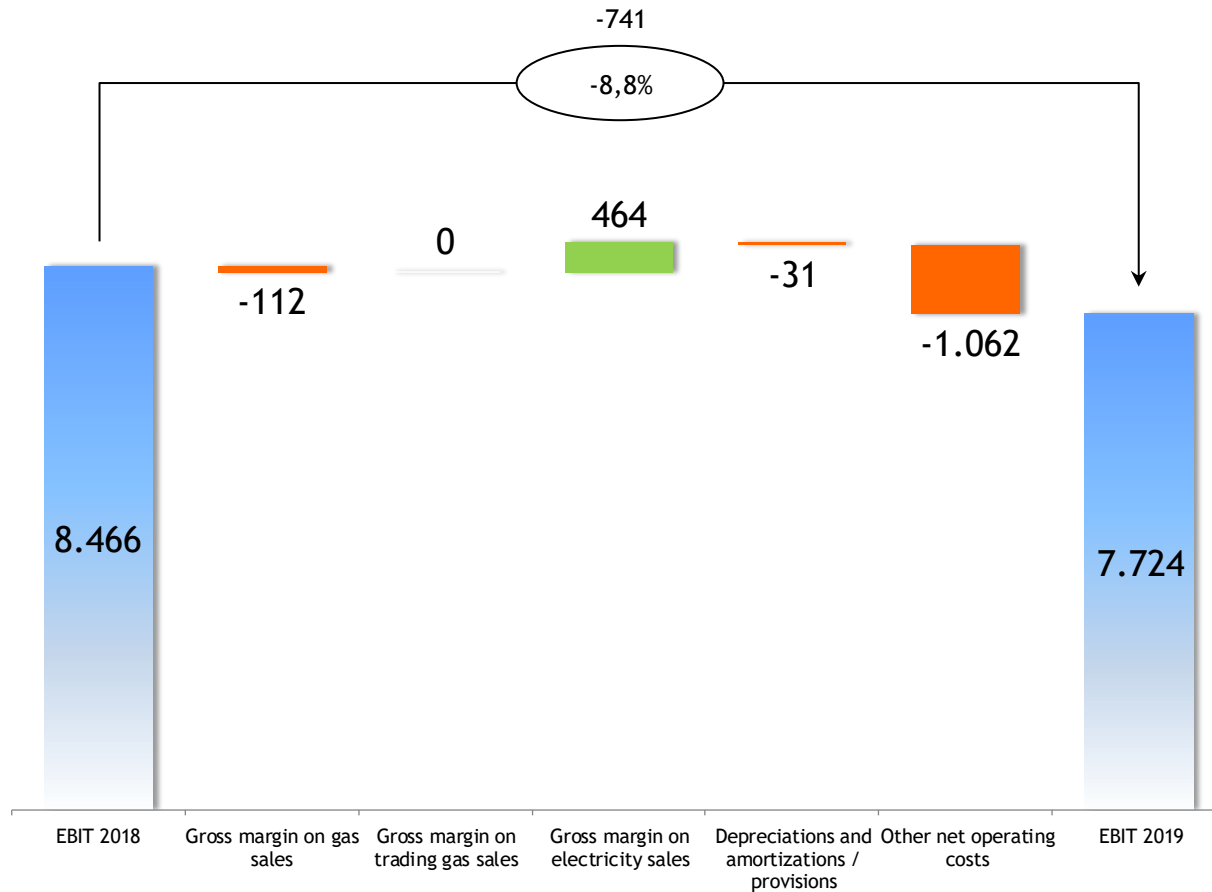
EBIT bridge
 Discontinued companies (previously consolidated with full consolidation method)

(Thousand of Euro)



EBIT bridge
 Discontinued companies (previously consolidated with net equity consolidation method) (*)

(Thousand of Euro)



(*) Data are considered pro-rata.

Premise

Financial highlights


Companies consolidated with full and with net equity consolidation method

Discontinued companies

Dividend

→ Dividend proposal

Disclaimer

DIVIDEND PROPOSED  **0,2133 Euro per share
(Euro 47,8 mln)**

	Detachment date	Record date	Payment date
If approved on first meeting:	11th May 2020	12th May 2020	13th May 2020
If approved on second meeting:	8th Jun 2020	9th Jun 2020	10th Jun 2020

	2019 (Proposal)	2018	2017	2016	2015	2014	2013
Dividends paid (Thousand of Euro) (*)	47.770	27.835	40.016	40.016	33.347	33.332	26.666
Group Net Income (Thousand of Euro)	493.479	44.625	47.135	53.635	43.014	35.583	38.678
Payout ratio	10%	62%	85%	75%	78%	94%	69%
Dividends per share (Euro)	0,2133	0,125	0,180	0,180	0,150	0,150	0,120
Dividend yield (**)	5,8%	4,0%	5,3%	7,2%	7,0%	7,6%	8,4%

(*) Dividends to be paid estimated on the base of the outstanding shares at the end of the financial year; (**) Dividend yield = dividends per share / average price per share in the year.

Premise

Financial highlights

Companies consolidated with full and with net equity consolidation method

Discontinued companies

Dividend

Disclaimer

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