

Gas Plus Group

Analyst Presentation *FY 2019 Financial Results*

*April 15th, 2020**

The logo for Gas Plus, featuring the word "Gas" in a light blue, sans-serif font above the word "Plus" in a white, bold, sans-serif font, all set against a dark blue background.

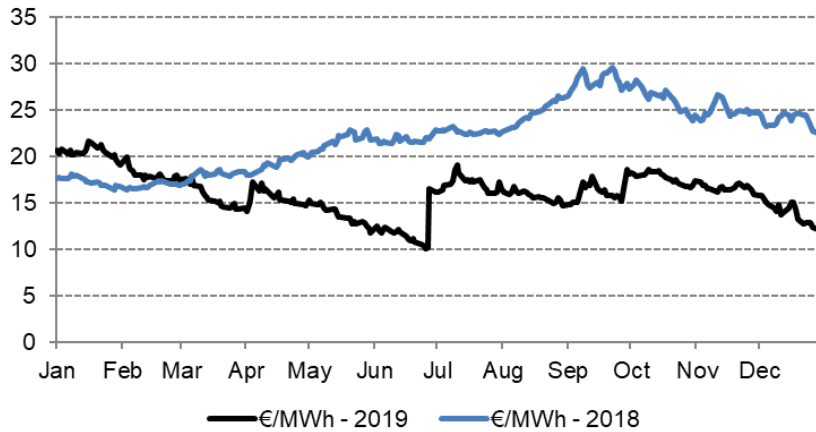
**Gas
Plus**

* This document is updated on 6 months basis, occurring after 31 December and 30 June closing

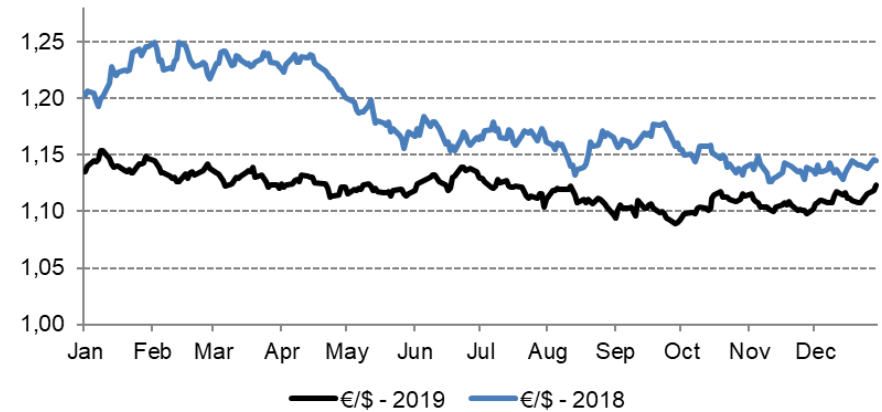
- 1 MARKET SCENARIO**
- 2 HIGHLIGHTS**
- 3 FINANCIAL RESULTS**

Market Scenario

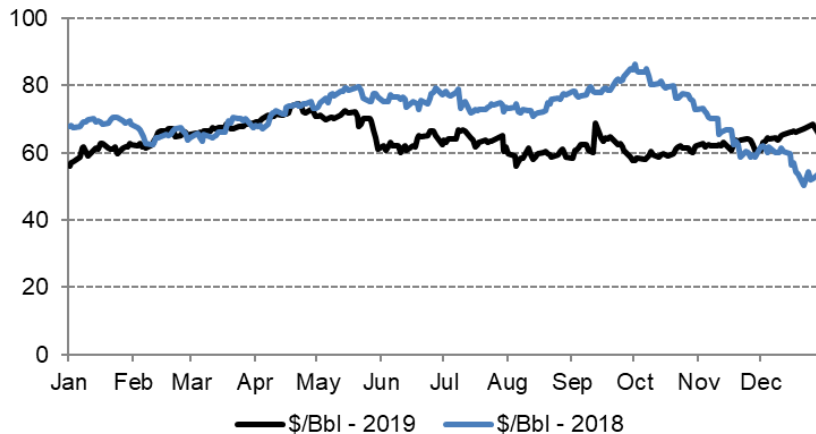
TTF Gas Price – Quarter Ahead



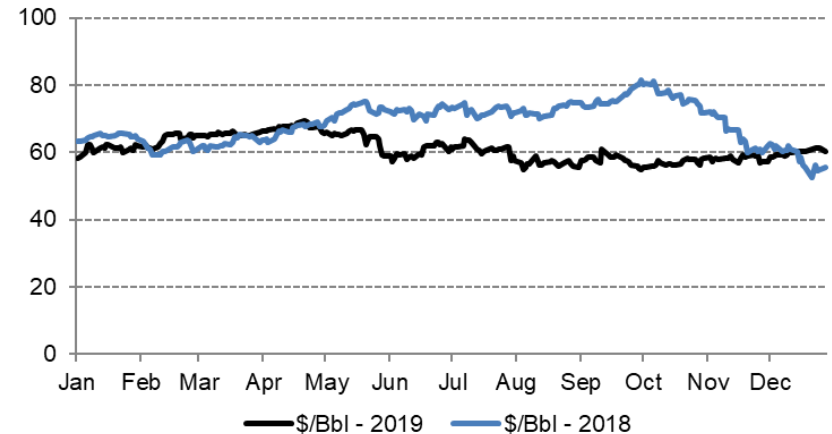
Euro – Us Dollar Exchange rate



Brent Price



Brent forward 1 year price



- 1 MARKET SCENARIO
- 2 HIGHLIGHTS
- 3 FINANCIAL RESULTS

Highlights

- ✓ Worsening 2H 2019 domestic E&P margins mainly as the effect of the 25-fold increase in the fees for the exploitation licenses of hydrocarbons (E&P EBITDA Euro -2.1 M€ vs FY 2018 compared to +2.8 M€ increase in license fee), vanished expectation of a positive result of the FY19. Although, the loss was very low (-0.6 M€)
- ✓ The amount relative to the license fee increase has been included in the 2019 financial statement, but Gas Plus appealed to the Lazio Regional Administrative Court (TAR Lazio) against these provisions
- ✓ Notwithstanding the above, further progress in the two main E&P development projects, accounting for almost 40% of the Group 2P hydrocarbon reserves (amounting to 1.863 MScme on a total of 4.931 MScme):
 - In Italy: “Longanesi” project, after obtaining the authorization in Q4 2018, started the development phase, with the engineering of the project and the procurement of the first Long Lead Items
 - In Romania: “Midia Development Project” (MGD Project), development phase started after NAMR approval of the Field Development Plan
- ✓ Positive results of the downstream – Network & Transportation and Retail – even if for this year in the Network the newly acquired RGF company accounts only from the end of Q1 2019
- ✓ NFP growth (+24 M€), mainly due to 28.6 M€ of Capex and impact of new accounting standard IFRS 16 on leasing contracts (included in NFP for 5.5 M€). New medium term financing in place both as corporate facilities and as capex lines for the domestic E&P and for the RBL based Romanian MGD Project.

1

MARKET SCENARIO

2

HIGHLIGHTS

3

FINANCIAL RESULTS

- E&P
- RETAIL
- NETWORK & TRANSPORTATION
- STORAGE
- GROUP FINANCIAL RESULTS
- COMPANY PROFILE



FY 2019 P&L - E&P contribution

E&P (MScme)	FY19	FY18	Δ (%)
Hydrocarbon Production	150.1	128.3	17.0%
<i>of which natural gas</i>	<i>113.1</i>	<i>112.3</i>	<i>0.7%</i>
<i>of which oil and condensate</i>	<i>37.0</i>	<i>16.0</i>	<i>130.3%</i>
EBITDA (M€)	10.3	12.4	(16.9%)
Exploration Capex	0.5	3.3	(86.3%)
Development Capex	14.1	8.8	60.2%

Domestic activities:

- “Longanesi” project: at the end of 2018 issued authorization decrees of the Ministry of Economic Development. Activities carried out in the 2019: planning & engineering of the project; procurement of project’s Long Lead Items; set up of plant site
- Garaguso concession production ramp-up completed and stable from April (on yearly basis, ~25 MScm)
- Stable gas production as effect of 1Q19 reduced contribution of Garaguso and contingent interruption of another field
- Strong improvement of oil production of Cavone field after 2018 maintenance activities

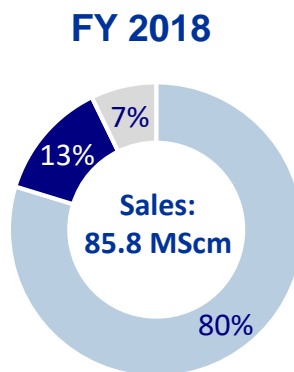
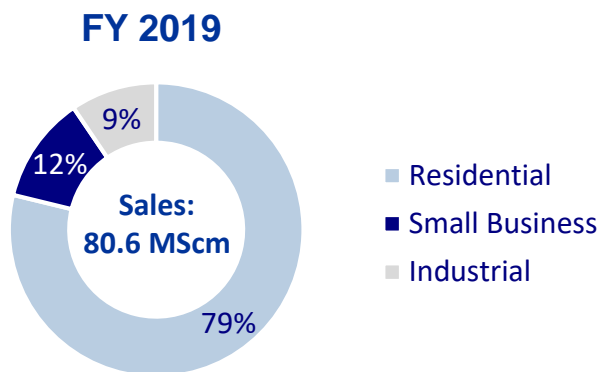
International activities:

Offshore concession “Pelican XIII and Midia Shallow XV Blocks” ongoing:

- Development phase started, after National Agency for Mineral Resources (NAMR) approval of the Field Development Plan. In December 2019, a financing agreement related to “Midia Gas Development Project” has been signed with a total amount of 200 M€ (Gas Plus amount for 20 M€)
 - Executed 5% interest farmout and accounted the upfront and deferred price
 - 2P reserves evaluated by an independent Reserves Auditor at 725 MScm for the 10% Gas Plus stake after farmout
- As of December 31st 2019, domestic and international 2P hydrocarbon reserves are 4.931 Mscme vs. 4.271 Mscme at December 2018 (+15%)



P&L - Retail



- Residential
- Small Business
- Industrial

Retail	FY19	FY18	Δ (%)
Sales (MScm)	80.6	85.8	(6.0%)
Residential	63.5	68.4	(7.1%)
Small Business/Multipod	9.5	11.2	(15.6)%
Industrial	7.6	6.2	23.7%
EBITDA (M€)	6.8	5.3	28.1%

- EBITDA increase as consequence of
 - a higher unitary margin despite an overall reduction of volumes mainly due to a negative thermal curve especially in the first quarter of the year
 - one-off revenue related to sales in Oct 2010 – Sept 2012 (according to ARERA resolution 32/2019/R/Gas), accounted in the second semester
- Constant attention to limit the switch rate providing customized offers to meet the needs of the customers (both Residential and Small Business) and focusing on the most interesting areas
- Further commercial analysis will be assessed considering the last postponement of “Mercato Tutelato” to 1st January 2022



FY 2019 P&L – Network Contribution (GP Infrastrutture – Rete Gas Fidenza)

	FY19	FY18	Δ (%)
Distributed Volumes (MScm)	208.9	204.1	2.3%
Direct end users (#K)	108.9	96.1	13.3%
Pipeline (Km)	1,772.6	1,566.8	13.1%
EBITDA (M€)	6.8	6.7	2.4%
Capex (M€)	13.9	3.3	> 300%

FY 2019 P&L – Transportation Contribution (GP Infrastrutture Trasporto)

	FY19	FY18	Δ (%)
Transported Volumes (MScm)	9.2	9.5	(3.5%)
Direct end users (#K)	0.1	0.1	0%
Pipeline (Km)	41.8	41.8	0%
EBITDA (M€)	0.1	0.1	(13.0%)

- Stable EBITDA, since the acquisition in March of Rete Gas Fidenza Srl (RGF), a company operating in the gas distribution in the Municipality of Fidenza,
- Strong Capex increase mainly due to the acquisition of RGF
- Thanks to the acquisition of RGF:
 - Direct end users increase (+13.3%)
 - Pipeline length increase (+13.1%)
- Evaluation of the new ATEM tenders in order, at least, to maintain the same perimeter of activities.



Three projects located in Central Italy, characterized by few storage sites, and in the same area allowing for operational synergies:

SAN BENEDETTO (84,7% Gas Plus - Operator)

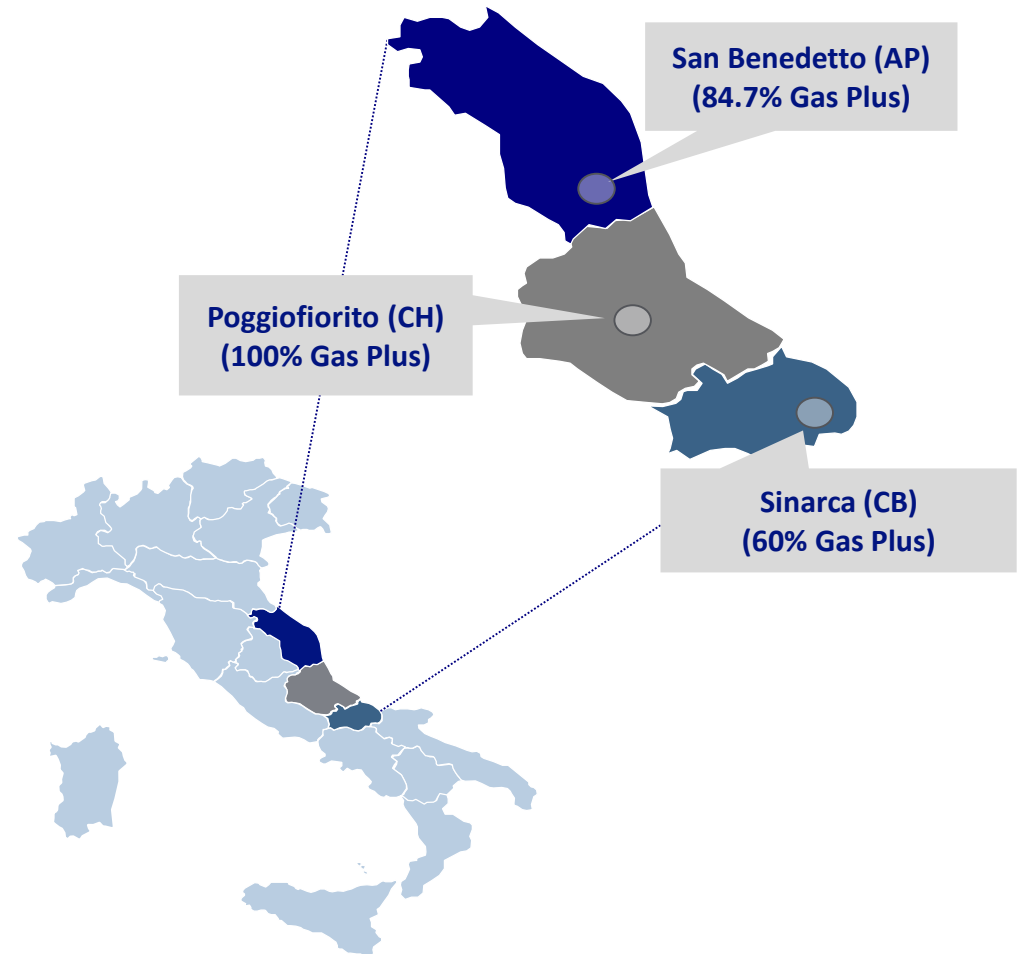
- EIA* obtained in June 2014, application for EIA duration extension ongoing.

POGGIOFIORITO (100% Gas Plus)

- EIA obtained in June 2014, application for EIA duration extension ongoing.

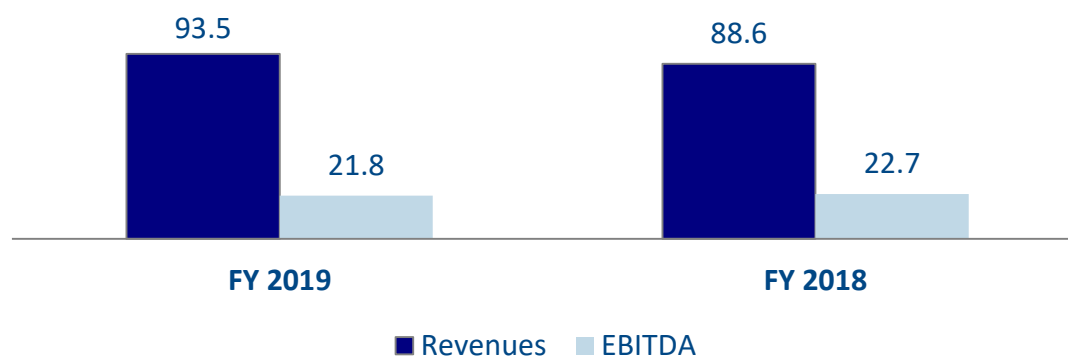
SINARCA (60% Gas Plus - Operator)

- Final authorization obtained. Technical and economic evaluation ongoing



(*) Administrative claims related to the EIA issuing; refer to 2019 financial report for more information

FY 2019 – Group P&L

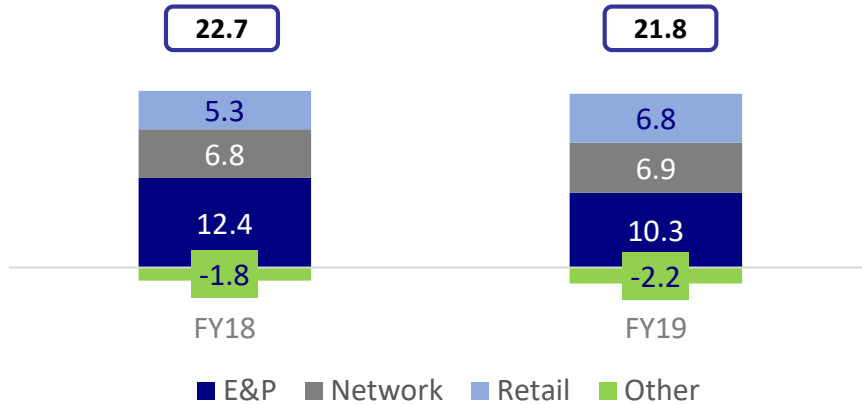


Group (M€)	FY 19	FY 18	Δ (%)
Revenues	93.5	88.6	5.6%
Operating Costs	71.7	65.9	8.9%
EBITDA	21.8	22.7	(3.9%)
EBIT	2.5	3.1	(18.2%)
EBT	(1.0)	(2.5)	n.a.
Net Result	(0.6)	(1.8)	n.a.
EPS (€)	(0.01)	(0.04)	n.a.

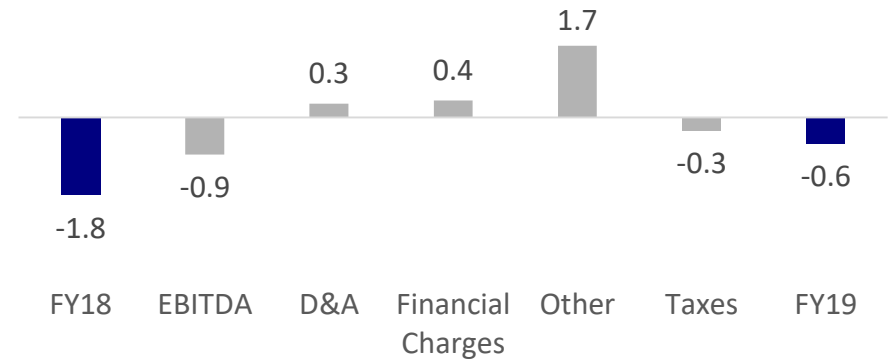
- Growth in:
 - Revenues thanks to higher E&P sales (resulting from an increase in oil production) and to higher Network distributed volumes (resulting from the acquisition of Rete Gas Fidenza, RGF). The 2019 amount also includes 2.7 M€ of non-recurring items related to E&P and Retail activities
 - Operating costs due to higher costs related to BU E&P (2.8 M€ resulting from the increase in the concession fees defined by new legislation) and to the expansion of Network activities due to consolidation of RGF
- Reduction in EBITDA due to decrease of margin of BU E&P in the second semester
- Slightly negative Net Result, but significantly lower than in FY2018, mainly due to the reduction of financial charges and to the positive impact of the transfer of the 5% stake in the Midia Project.

Financial Results

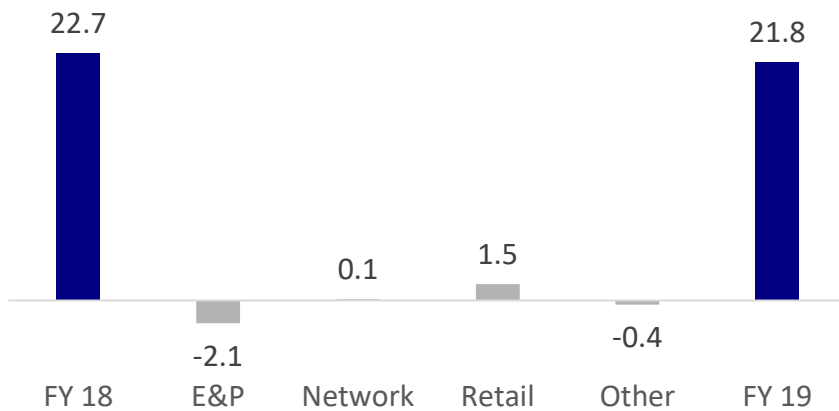
EBITDA Breakdown by BU (M€)



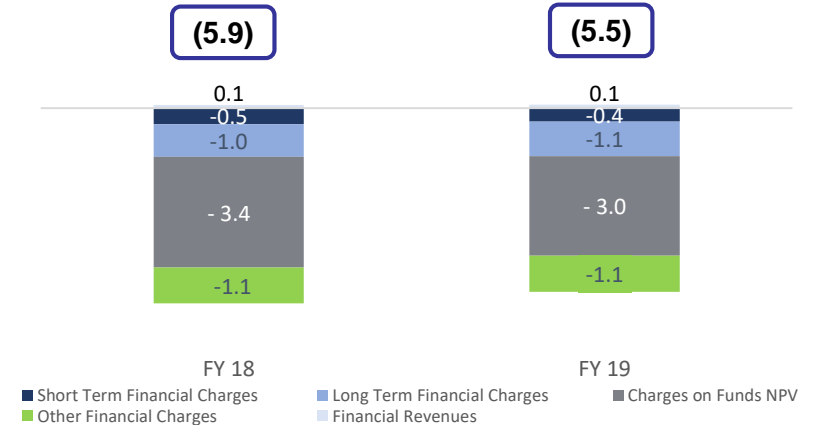
Group Net Result Evolution (M€)



Group Ebitda Evolution (M€)



Net Financial Charges Evolution (M€)



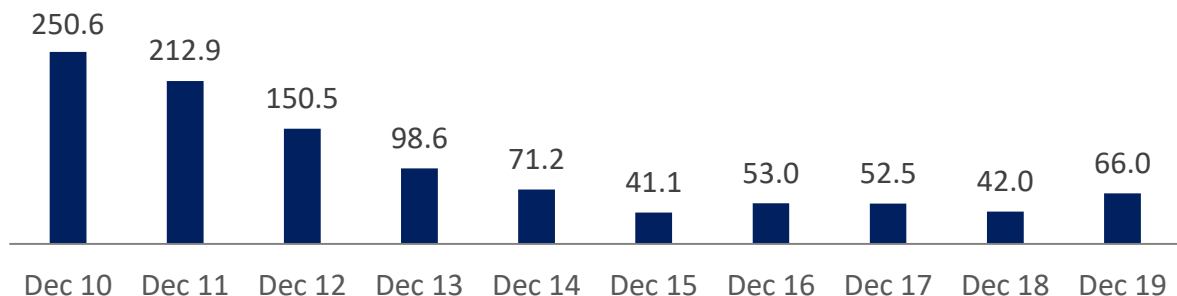
December 31, 2019 – Group Balance Sheet

Group (M€)	Dec 31, 2019	Dec 31, 2018	Δ (%)
Inventories	3.5	3.5	(0.1%)
Receivables	25.9	26.9	(3.7%)
Payables	(23.7)	(29.6)	(19.9%)
Other working Credits/Debits	0.6	(1.2)	<i>n.a.</i>
Non current Assets	454.3	436.0	4.2%
Taxes, Abandonment, Severance and Other provision	(181.9)	(180.6)	0.7%
Net invested capital	278.8	255.0	9.3%
Net Financial Debt	66.0	42.0	57.0%
<i>of which long term</i>	52.3	25.5	105.2%
<i>of which short term</i>	13.7	16.6	(17.1%)
Equity	212.8	213.0	(0.1%)
Total Sources	278.8	255.0	9.3%

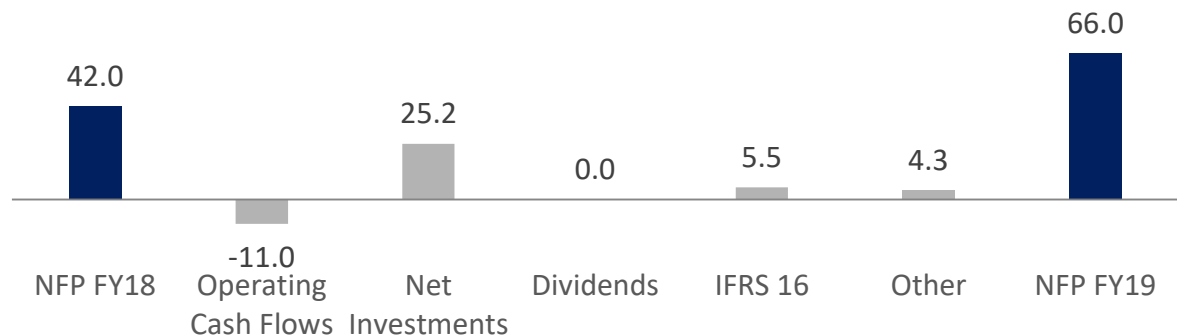
- Increase in Working Capital due to mainly lower payables
- Increase in Non Current Asset above all for the investments in E&P and Network (acquisition of RGF) activities
- Growth in Net Financial Debt vs 31 December 2018 exclusively due to higher investments related to E&P and Network BUs and the new accounting standard IFRS 16 on leasing contracts
- Debt/equity ratio at 0.31

Financial Results: NFP Trend

Group NFP Historical Trend (M€)



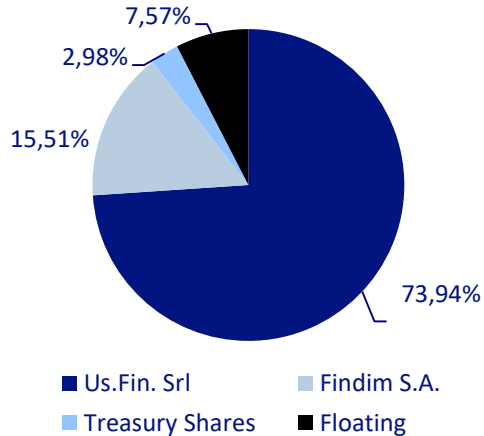
Group NFP Evolution (M€)



- NFP remained at low levels but affected by both the higher investments in E&P and Network BUs and the effects of the new accounting standard IFRS 16 on leasing contracts
- Thanks to the positive cash flows from operating activities, the NFP growth is lower than investments
- After the end of 1H19 the signing of a new loan agreement enabled the Group to extend the existing debt duration and increase available cash resources for investments

Company Profile

Shareholding as at 31 December 2019



Share information

N. of share: 44.909.620

Share price as of 30.12.2019: € 2.42

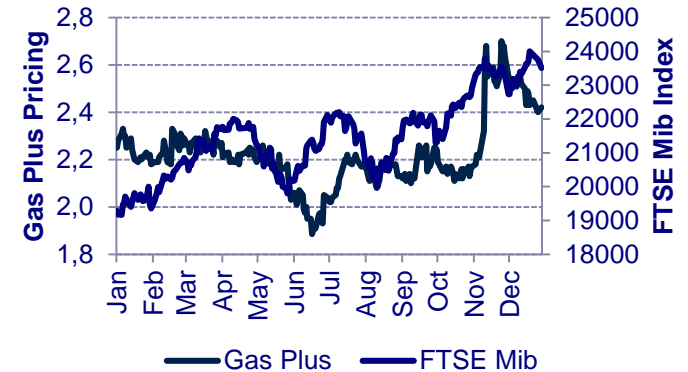
Share price as of 14.04.2020: € 1.91

Mkt cap 30.12.2019: € 108.7 million

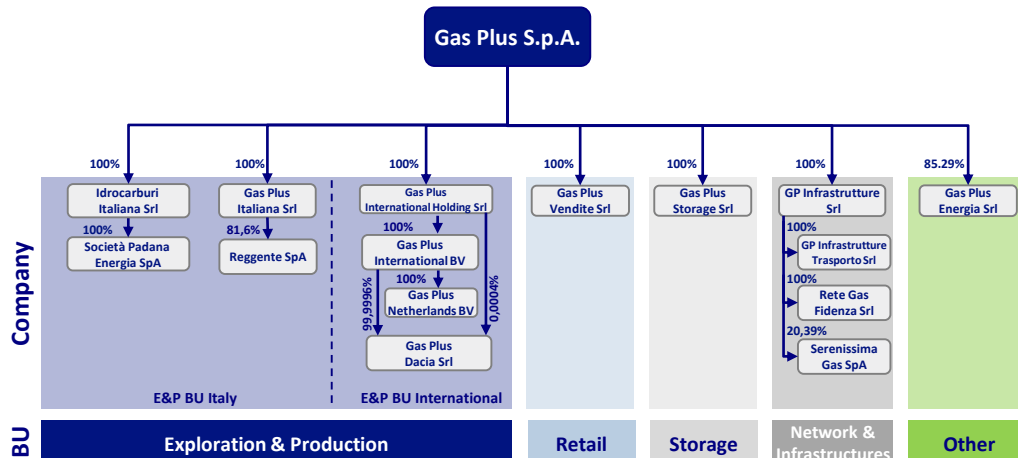
Italian Stock Exchange – segment MTA

Own shares as of 31.12.2019: 1.336.677

Share price performance



Group structure*



Management

Davide Usberti	Chairman and CEO Gas Plus S.p.A.
Lino Gilioli	VP and Lead Independent Director Gas Plus S.p.A.
Cinzia Triunfo	Group General Manager and Director of Gas Plus S.p.A.
Germano Rossi	Group CFO
Massimo Nicolazzi	Executive VP Gas Plus International B.V. (E&P Int. Activities)
Regulated Activity - Network	
Leonardo Dabrassi	Chairman – GP Infrastrutture S.r.l
Achille Capelli	Network Manager

(*) Gas Plus Group Structure as of 31 December 2019

Disclaimer

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