

Gruppo Ascopiave

6M 2020

CONSOLIDATED RESULTS

Conference Call

Pieve di Soligo, 4th August 2020

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Preliminary remark

→ Ascopiave - Hera partnership

Financial highlights

Companies consolidated with full and with net equity consolidation method

Estenergy

Disclaimer



On 19th December 2019 Ascopiave S.p.A. and Hera S.p.A. have finalized the transaction that marks the birth of the largest energy operator in North-Eastern Italy, with over one million customers, and the simultaneous reorganization of the respective gas distribution activities.

The closing carried out involved the exchange of assets of equal value between the Hera Group and Ascopiave, in the energy commercial activities, on one side, and in the gas distribution, on the other.

ENERGY SECTOR

On the energy sales front, the commercial activities of the Ascopiave Group (Ascotrade, Ascopiave Energie, Blue Meta and the joint ventures Asm Set and Etra Energia) including participation in Sinergie Italiane and the commercial activities of the Hera Group (Hera Comm Nord-Est) merged into a new company called Estenergy. The share capital of the new Estenergy is held for a stake of 52% by the Hera Group and for a stake of 48% by Ascopiave.

Ascopiave acquired a stake of 3% of the Hera Comm capital while Hera Comm acquired the 100% of the Amgas Blu capital.

GAS DISTRIBUTION

On the gas distribution front, Ascopiave acquired from Hera Group a perimeter of concessions in Veneto and Friuli-Venezia Giulia regions that, as of 31st December 2019, have merged into a newly established company called AP Reti Gas Nord-Est. Thanks to this operation, the Ascopiave Group consolidates its position in the national ranking.

Preliminary remark

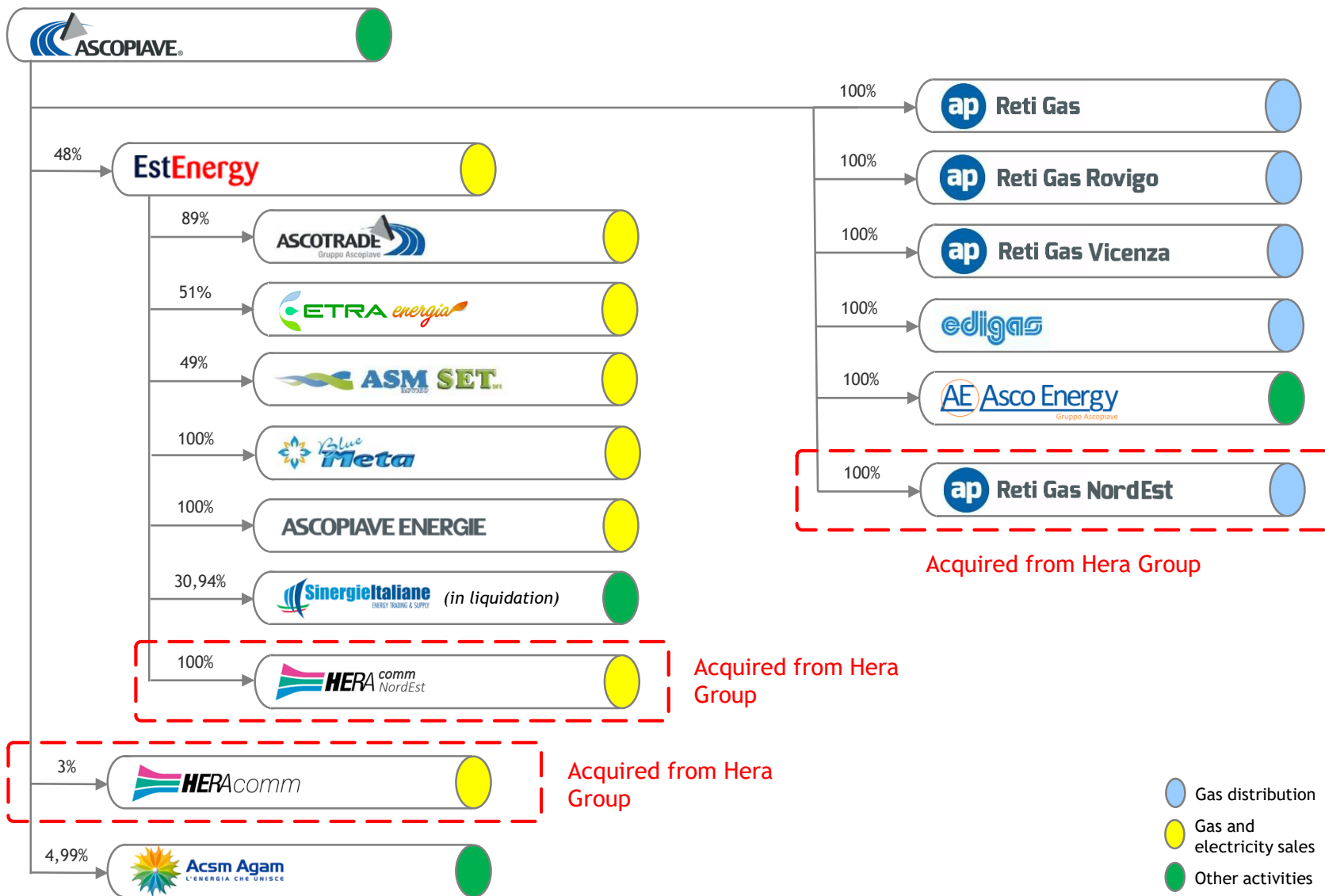
Financial highlights

- Ascopiave Group structure as of 30th June 2020
- 6M 2020 consolidated income statement
- Consolidated balance sheet as of 30th June 2020

Companies consolidated with full and with net equity consolidation method

Estenergy

Disclaimer



(Thousand of Euro)	6M 2020	6M 2019	Chg	Chg %
Revenues	86.518	60.816	25.702	+42%
(Cost of raw materials and consumables)	(1.047)	(719)	(327)	+46%
(Cost of services)	(18.376)	(15.001)	(3.375)	+22%
(Cost of personnel)	(9.600)	(7.560)	(2.040)	+27%
(Other operating costs)	(27.917)	(19.995)	(7.922)	+40%
Other operating income	27	1.298	(1.271)	-98%
EBITDA	29.605	18.839	10.767	+57%
(Depreciations and amortizations)	(16.722)	(11.103)	(5.619)	+51%
(Provisions)	-	-	-	n.a.
EBIT	12.883	7.735	5.148	+67%
Financial income / (expenses)	2.724	(724)	3.448	-476%
Evaluation of companies with net assets method (*)	9.341	648	8.692	+1341%
EBT	24.948	7.660	17.288	+226%
(Income taxes)	(3.763)	(2.924)	(838)	+29%
Earnings after taxes	21.185	4.736	16.450	+347%
Net result from discontinued operations	-	29.466	(29.466)	-100%
Net income	21.185	34.202	(13.017)	-38%
(Net income of minorities)	-	(1.878)	1.878	-100%
Net income of the Group	21.185	32.324	(11.138)	-34%

(*) Result of the company consolidated with net equity consolidation method (pro-rata): Estenergy, Euro 9,3 mln (Euro 0,0 mln in 6M 2019); Unigas Distribuzione Gas, Euro 0,0 mln (Euro 0,6 mln in 6M 2019).

(Thousand of Euro)	30/06/2020	31/12/2019	Chg	Chg %
Tangible assets (*)	34.403	34.694	(290)	-1%
Non tangible assets (*)	616.157	615.108	1.050	+0%
Investments in associates (**)	500.761	449.945	50.816	+11%
Other fixed assets	23.549	22.687	862	+4%
Fixed assets	1.174.870	1.122.433	52.438	+5%
Operating current assets	118.993	99.349	19.644	+20%
(Operating current liabilities)	(100.579)	(82.458)	(18.121)	+22%
(Operating non current liabilities)	(54.340)	(52.850)	(1.490)	+3%
Net working capital	(35.927)	(35.959)	32	-0%
Total capital employed	1.138.944	1.086.474	52.470	+5%
Group shareholders equity	840.542	873.492	(32.950)	-4%
Minorities	-	-	-	n.a.
Net financial position	298.401	212.981	85.420	+40%
Total sources	1.138.944	1.086.474	52.470	+5%

(*) 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): Estenergy, Euro 420,0 mln (Euro 395,9 mln as of 31st December 2019); Hera Comm, Euro 54,0 mln (Euro 54,0 mln as of 31st December 2019); Acsm-Agam, Euro 26,7 mln (Euro 0,0 mln as of 31st December 2019).

Preliminary remark

Financial highlights

Companies consolidated with full and with net equity consolidation method

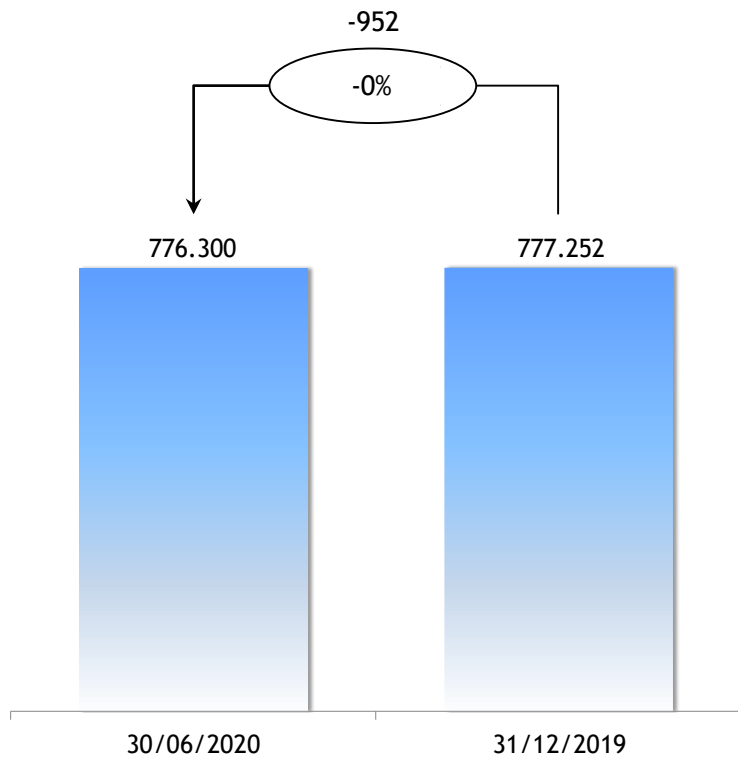
- Operating data
- Economic data
- Revenues bridge
- EBIT bridge
- Gas distribution tariff revenues
- Other net operating costs
- Personnel
- Capex
- Net financial position and cash flow

Estenergy

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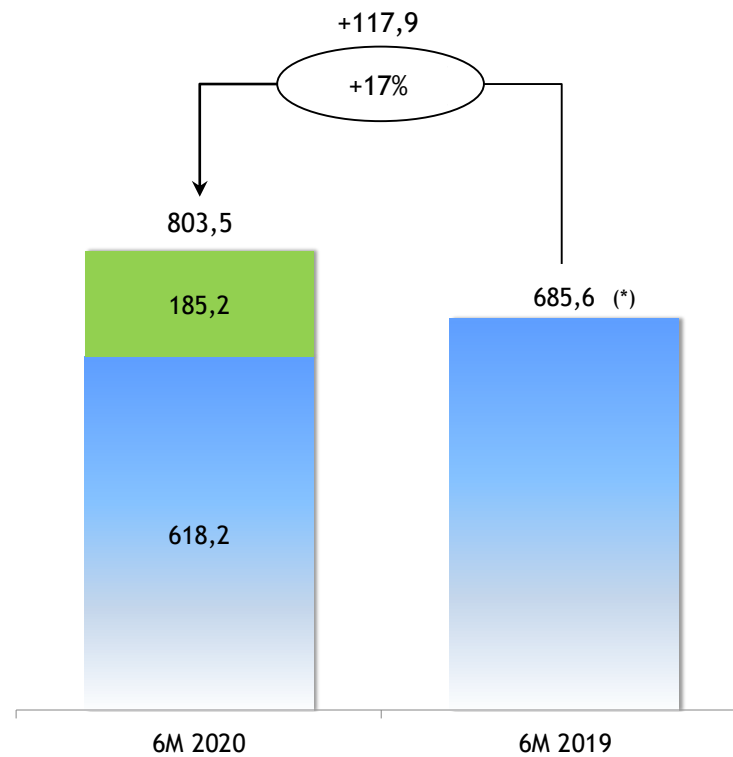


Number of gas distribution users



Volumes of gas distributed

(Million of standard cubic meters)



■ New consolidation area (**)
 ■ Old consolidation area

(*) Unigas Distribuzione Gas operating data are included. 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;

(**) AP Reti Gas Nord Est, consolidated as of 31st December 2019.

Companies consolidated with full consolidation method

(Thousand of Euro)	6M 2020	6M 2019	Chg	Chg %
Revenues	86.518	60.816	25.702	+42%
EBITDA	29.605	18.839	10.767	+57%
% on revenues	+34,2%	+31%		
EBIT	12.883	7.735	5.148	+67%
% on revenues	+14,9%	+13%		

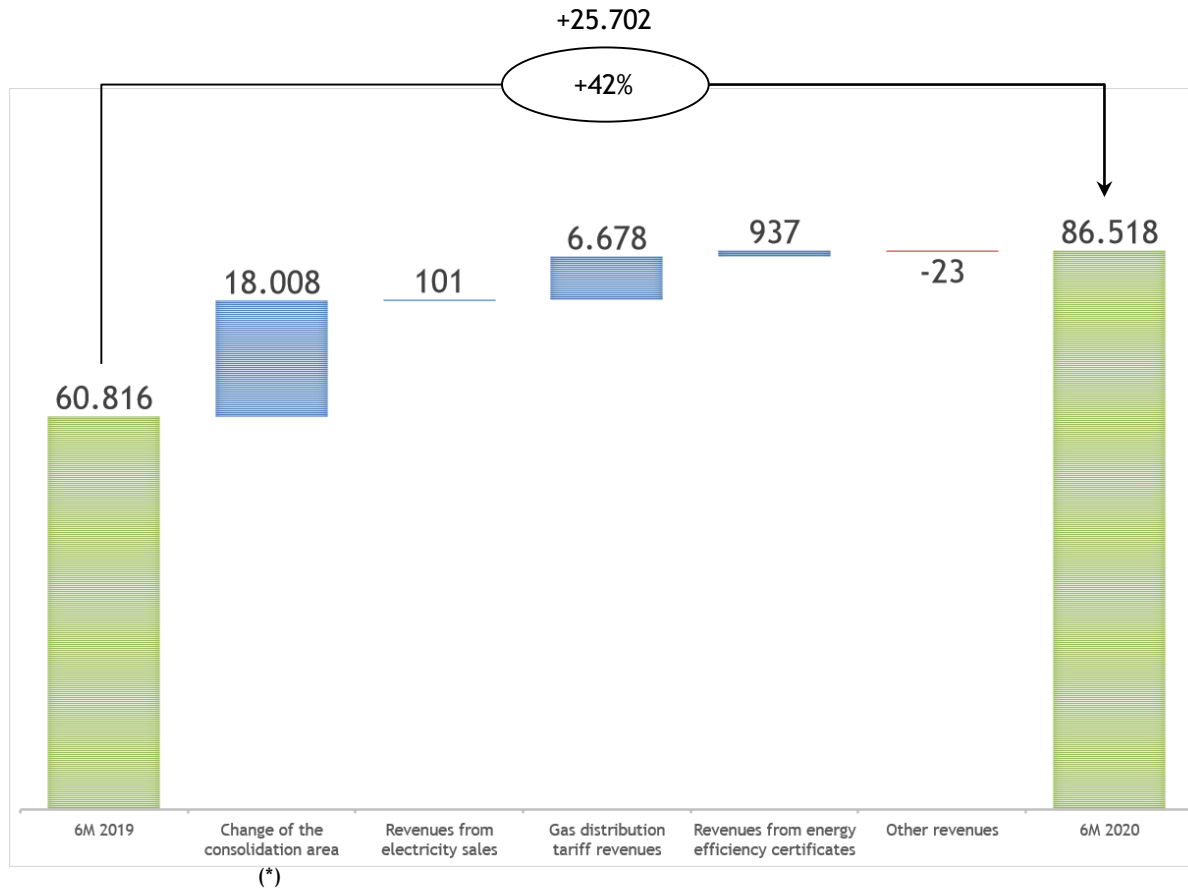
Companies consolidated with net equity consolidation method (*)

(Thousand of Euro)	6M 2020	6M 2019	Chg	Chg %
Revenues	-	3.964	(3.964)	-100%
EBITDA	-	1.483	(1.483)	-100%
% on revenues	n.a.	+37%		
EBIT	-	838	(838)	-100%
% on revenues	n.a.	+21%		

(*) Data are considered pro-rata. They refer only to Unigas Distribuzione Gas and do not include Estenergy figures.

Revenues bridge
Companies consolidated with full consolidation method

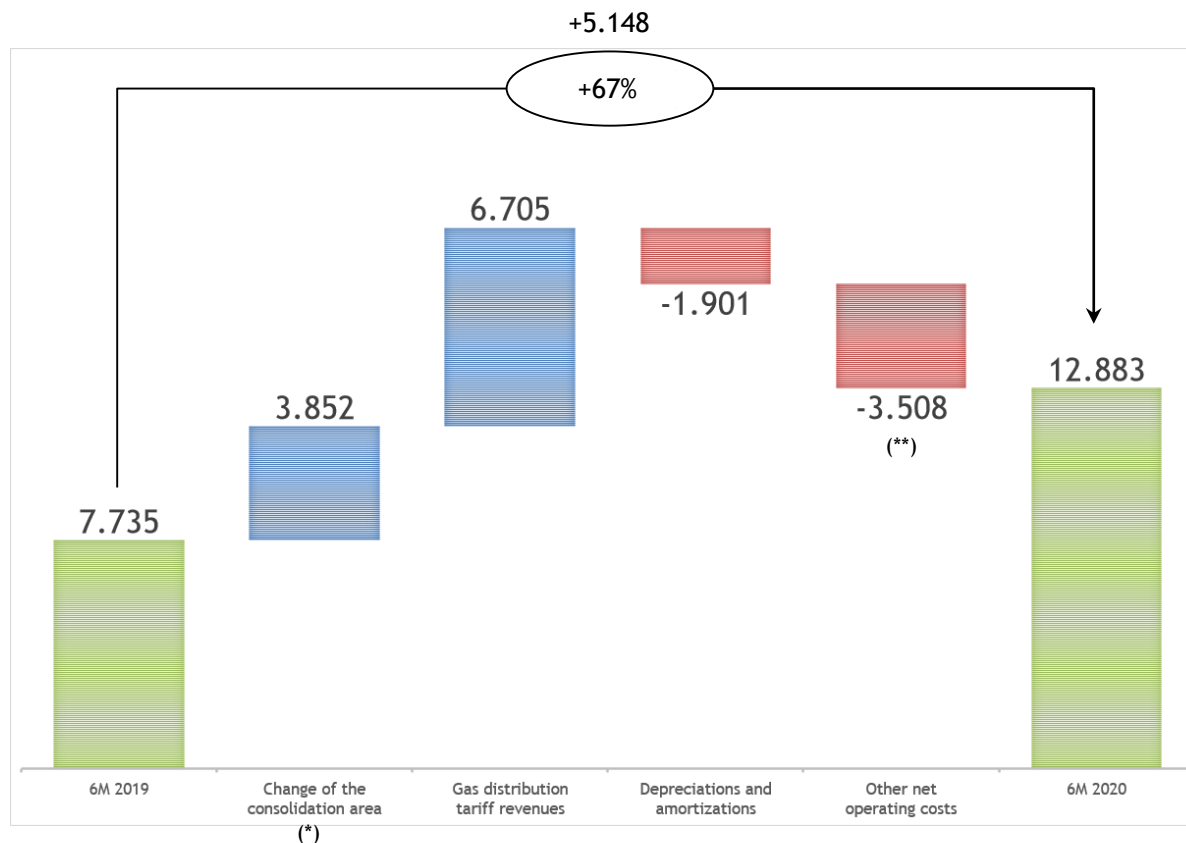
(Thousand of Euro)



(*) Change of the consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

EBIT bridge Companies consolidated with full consolidation method

(Thousand of Euro)



(*) Change of the consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas;

(**) Further details on page 15 of the current presentation.

(Thousand of Euro) (*)	6M 2020	6M 2019	Chg	Chg %
Gas distribution tariff revenues	54.375	36.210	18.165	+50%
Gas distribution tariff revenues (A) <i>Companies consolidated with full consolidation method</i>	54.375	36.210	18.165	+50%

The increase of the gas distribution tariff revenues of the companies consolidated with full consolidation method (+ Euro 18,2 mln) is due to:

- 1) new consolidation area (AP Reti Gas Nord Est): + Euro 11,5 mln;
- 2) gas distribution tariff revenues of the concession formerly held by Unigas Distribuzione Gas: + Euro 5,9 mln
- 3) increase of the gas distribution tariff revenues: + Euro 0,8 mln.

(Thousand of Euro) (*)	6M 2020	6M 2019	Chg	Chg %
Gas distribution tariff revenues (B) <i>Companies consolidated with net equity consolidation method (**)</i>	-	2.885	(2.885)	-100%
Gas distribution tariff revenues (A+B)	54.375	39.095	15.280	+39%

(*) Economic data before elisions;

(**) Data are considered pro-rata.

(Thousand of Euro)	6M 2020	6M 2019	Chg	Chg %
Other revenues	31.383	24.310	7.073	+29%
Other costs of raw materials and services	(46.553)	(34.122)	(12.431)	+36%
Cost of personnel	(9.600)	(7.560)	(2.040)	+27%
Other net operating costs (A) <i>Companies consolidated with full consolidation method</i>	(24.770)	(17.372)	(7.398)	+43%
Other net operating costs (B) <i>Companies consolidated with net equity consolidation method (*)</i>	-	(1.402)	1.402	-100%
Other net operating costs (A+B)	(24.770)	(18.774)	(5.996)	+32%

Other net operating costs due to the change of the consolidation area: - Euro 3,9 mln ()**

Increase of other net operating costs: - Euro 3,5 mln

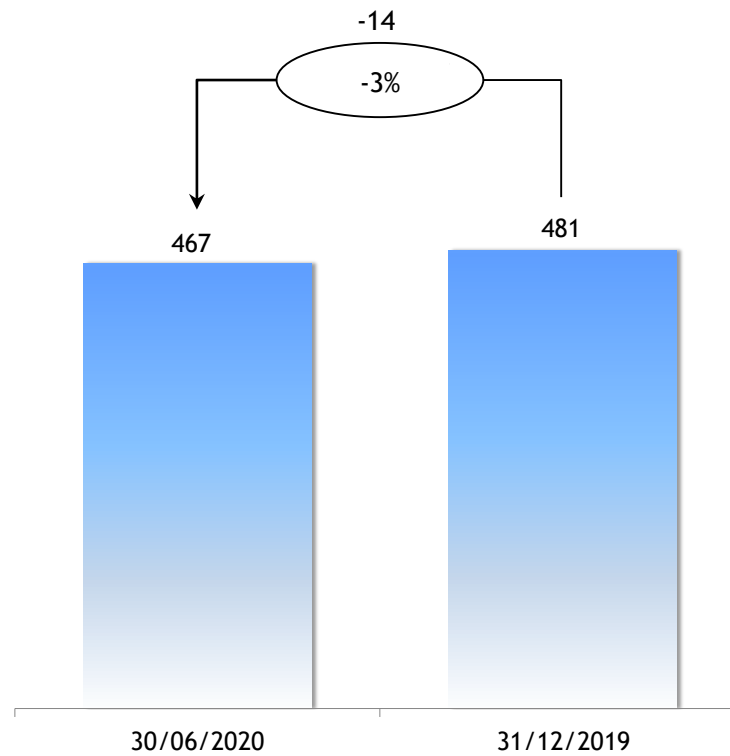
of which:

- *increase of cost of personnel: - Euro 0,5 mln;*
- *increase of margin on energy efficiency tasks management: + Euro 0,3 mln;*
- *increase of gas distribution concession fees: - Euro 1,6 mln;*
- *increase of CSEA contributions for security incentives: + Euro 0,4 mln;*
- *decrease of capital gains on disposal of gas distribution plants: - Euro 1,2 mln;*
- *increase of provisions for risks: - Euro 0,6 mln;*
- *other variations: - Euro 0,3 mln.*

(*) Data are considered pro-rata;

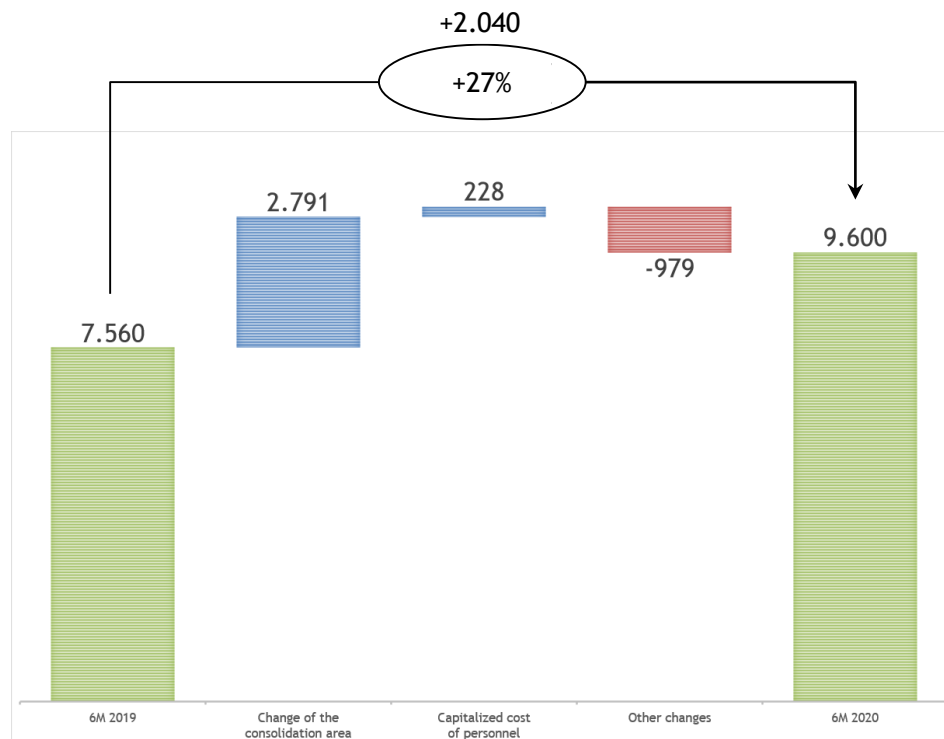
(**) Change of the consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

Number of employees



Cost of personnel

(Thousand of Euro)



Cost of personnel changes:

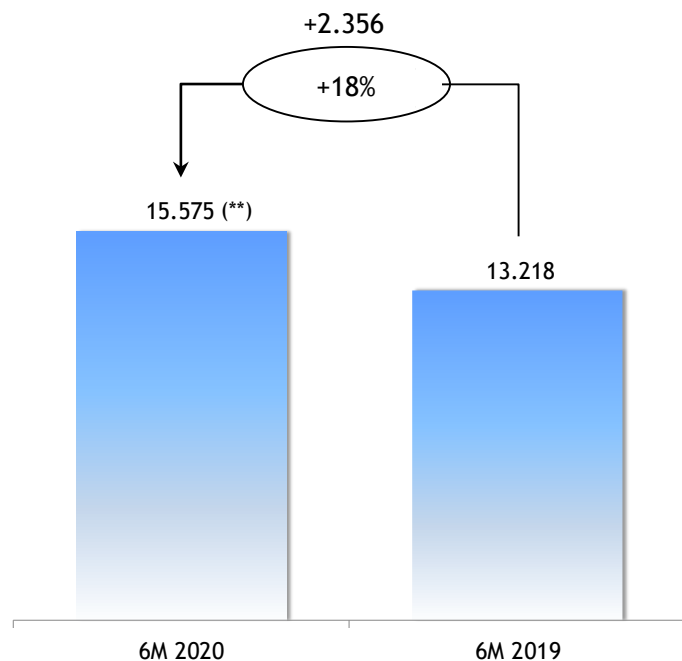
- new consolidation area: + Euro 2,8 mln (*)
- capitalized cost of personnel: + Euro 0,2 mln
- other: - Euro 1,0 mln, of which:
 - + Euro 0,3 mln: compensations related to the short term incentive plans (STI)
 - - Euro 1,3 mln: other changes

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

(*) New consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

Capex (*)

(Thousand of Euro)



- New consolidation area: Euro 2,9 mln (***)
- Gas distribution systems: Euro 8,5 mln
- Gas meters: Euro 3,3 mln
- Investments in hardware and software: Euro 0,6 mln
- Other: Euro 0,2 mln

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

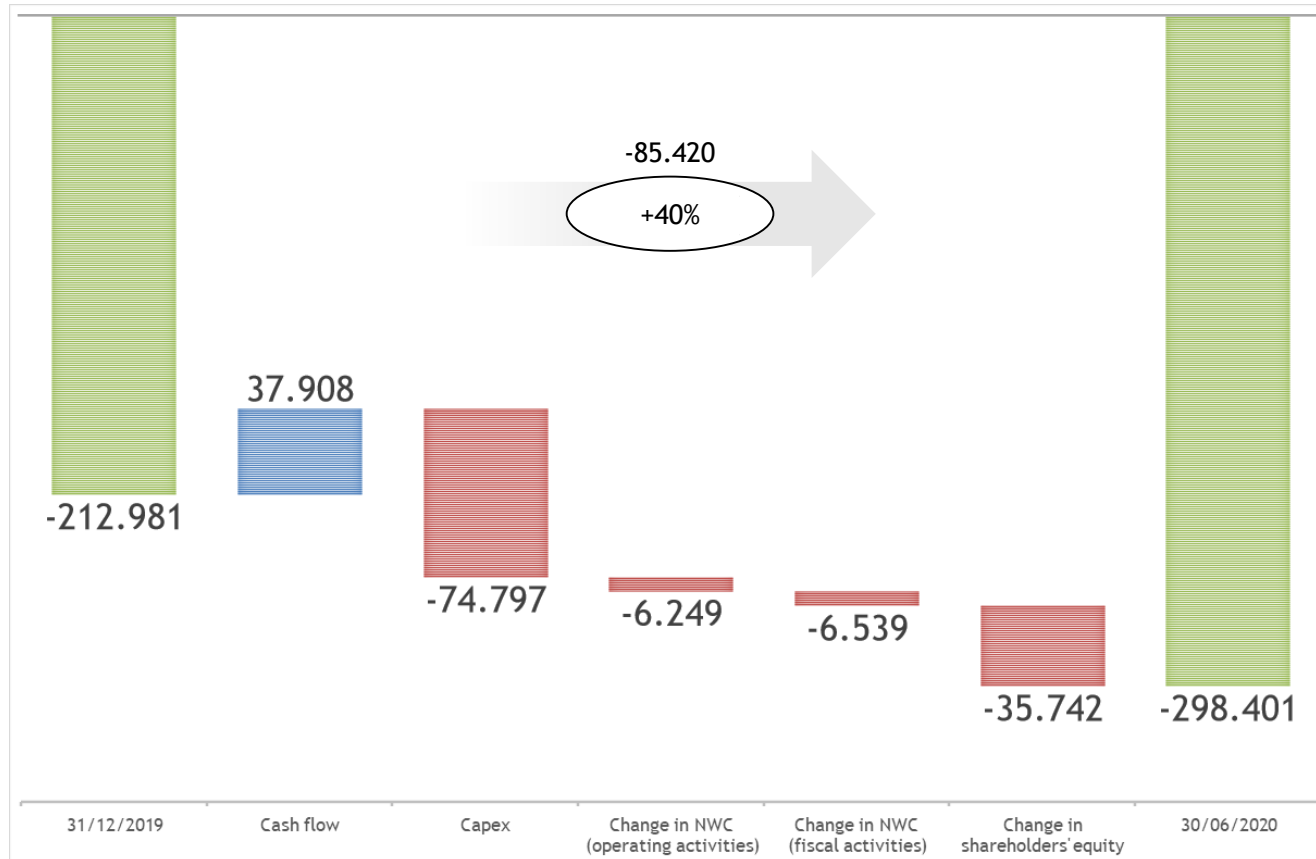
(*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not capital expenditures;

(**) Investments in intangible assets and in tangible assets (excluded realizations, investments in associated and investments relative to the application of IFRS 16 accounting principle);

(***) New consolidation area refers only to the activities carried out by AP Reti Gas Nord Est. It does not include the contribution of the activities formerly carried out by Unigas Distribuzione Gas and currently operated by Edigas Esercizio Distribuzione Gas.

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

(Thousand of Euro)



(Migliaia di Euro) (*)	30/06/2020	31/12/2019	Chg	Chg %
Long term financial borrowings (>12 months)	137.683	135.083	2.600	+2%
Current position of long term financial borrowings	32.790	30.778	2.012	+7%
Short term financial borrowings (<12 months)	130.669	38.994	91.675	+235%
Total financial debt	301.142	204.855	96.287	+47%
Fixed rate borrowings	150.973	143.611	7.362	+5%
Floating rate borrowings	150.169	61.244	88.925	+145%

6M 2020 average cost of debt: 0,32% (vs 2019 rate: 0,35%)

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

Preliminary remark

Financial highlights

Companies consolidated with full and with net equity consolidation method

Estenergy

→ Financial highlights

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Income statement (*)

(Thousand of Euro)	6M 2020
Revenues	191.006
(Cost of raw materials and consumables)	(96.636)
(Cost of services)	(70.798)
(Cost of personnel)	(3.630)
(Other operating costs)	(278)
Other operating income	-
EBITDA	19.663
(Depreciations and amortizations) + (provisions)	(6.794)
EBIT	12.869
Financial income / (expenses)	451
EBT	13.320
(Income taxes)	(3.116)
Net income	10.204

Balance sheet (*)

(Thousand of Euro)	30/06/2020
Tangible assets	1.390
Non tangible assets	317.289
Investments in associates	9.190
Other fixed assets	33.443
Fixed assets	361.313
Operating current assets	67.626
(Operating current liabilities)	(78.928)
(Operating non current liabilities)	(53.049)
Net working capital	(64.351)
Total capital employed	296.962
Shareholders equity	339.268
Net financial position	(42.306)
Total sources	296.962

(*) Pro-rata amounts, i.e. proportional to the Ascopiave's capitale stake in Estenergy (48%).

Preliminary remark

Financial highlights

Companies consolidated with full and with net equity consolidation method

Estenergy

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