



Gas Plus Group

Analyst Presentation *IH 2020 Financial Results*

*September 14th, 2020**

Gas Plus

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

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MARKET SCENARIO

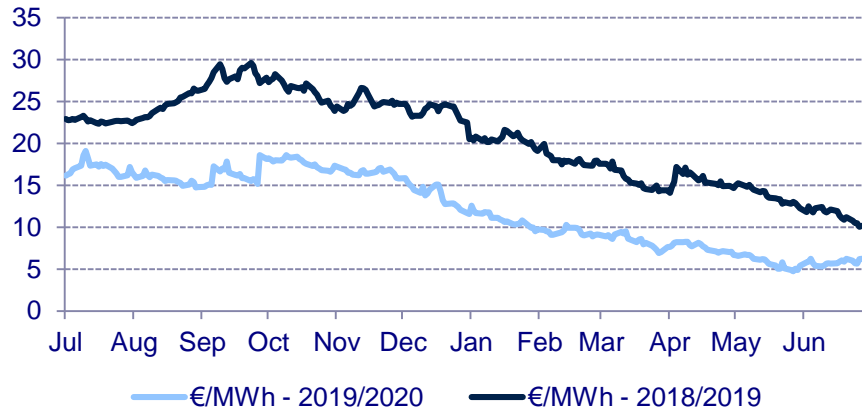
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HIGHLIGHTS

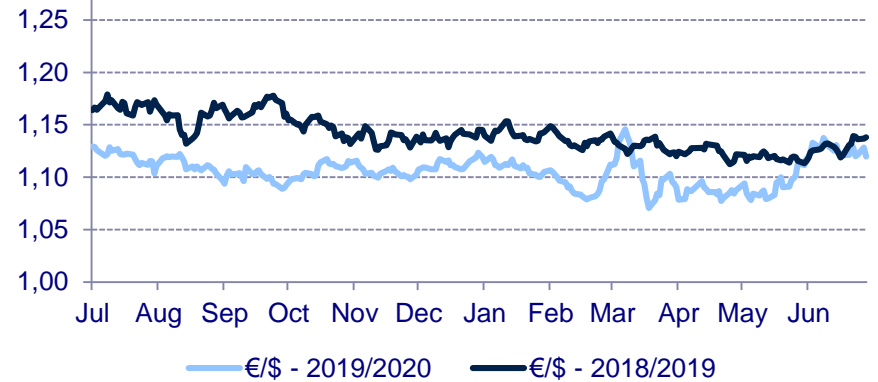
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FINANCIAL RESULTS

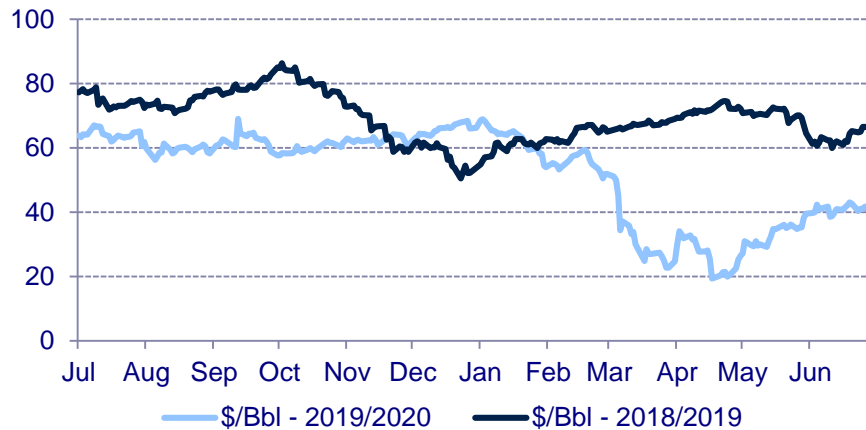
TTF Gas Price – Quarter Ahead



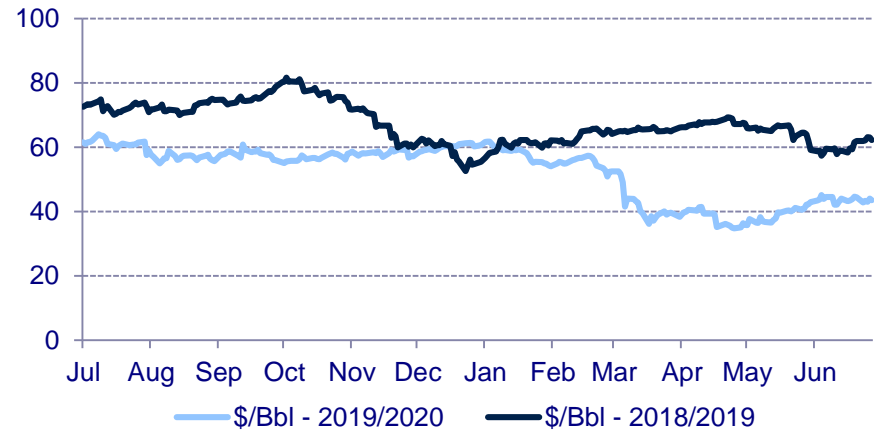
Euro – Us Dollar Exchange rate



Brent Price



Brent forward 1 year price



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MARKET SCENARIO

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HIGHLIGHTS

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FINANCIAL RESULTS

- ✓ During the sanitary emergency caused by Covid-19, the Group ensured the continuity of business operations of its activities as classified “essential or public services” in total compliance with the defined safety measures for its employees, customers and suppliers
- ✓ Although the activities of the Group were not stopped, the IH2020 financial results were necessarily affected by the Covid-19, with a different impact differed across BUs. In particular, the drastic worsening in the energy price scenario (gas price in Italy decreased by 50% to 9.7 c€/smc in IH 2020 vs IH 2019) caused by pandemic together with the effect of the new penalizing national regulatory framework for the concession fees and the royalties for the exploitation licenses of hydrocarbons led to a sharp decline in the Group’s results of the domestic E&P in the IH 2020
- ✓ E&P negative results (EBITDA -1.7 M€ in IH 2020 vs +9.1 M€ in IH 2019) have been amplified by two non-recurrent components:
 - ✓ delayed charge of 2.4 M€ of royalties for the year 2019 paid in 2020, due to uncertainty in order to the application of the new royalties regime from 2019 or 2020
 - ✓ full charge on the IH 2020 of the new higher concession fees, that have now been reduced by a new law for an estimated amount of around 0.75 M€ for the first six months of the yearConsidering these adjustments IH 2020 E&P EBITDA would be lower than in IH 2019, but positive
- ✓ Moreover in the IH 2020, activities about the main E&P development projects continued:
 - ✓ in Italy “Longanesi” project, continuation of procurement and engineering activities and start of construction activities on site in July
 - ✓ in Romania “Midia Development Project” (MGD Project), continuation of development phase and in progress the construction of production platform and the gas treatment plantBoth projects account for more than 40% of the Group 2P hydrocarbon reserves of 4,862 Mscme
- ✓ Positive results of the downstream: BU Retail was limitedly affected on sales and on creditworthiness by the Covid-19 thanks to the customers portfolio mix (80% are residential clients), whereas the BU Network & Transportation increased its EBITDA thanks to the full contribution in the IH 2020 of the acquisition of Rete Gas Fidenza Srl (RGF)
- ✓ NFP reduction to 58.8 M€ (-7.2 M€ vs 31.12.2019) thanks to cash flow generated by operating activities that financed the capex of the period

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MARKET SCENARIO

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HIGHLIGHTS

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FINANCIAL RESULTS

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

IH 2020 P&L - E&P contribution

E&P (MScme)	IH20	IH19	Δ (%)
Hydrocarbon Production	70.2	73.0	(3.8%)
<i>of which natural gas</i>	<i>51.1</i>	<i>57.6</i>	<i>(11.3%)</i>
<i>of which oil and condensate</i>	<i>19.1</i>	<i>15.5</i>	<i>23.2%</i>
EBITDA (M€)	(1.7)	9.1	n.a
Exploration Capex	0.2	0.4	(43.7%)
Development Capex	6.2	7.8	(20.2%)

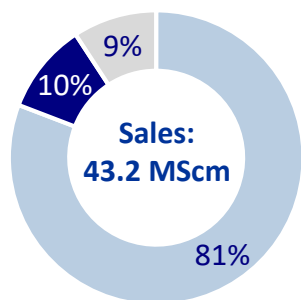
E&P Reserves

E&P (MScme)	Jun 30, 2020	Dec 31, 2019	Δ (%)
Hydrocarbon Reserves	4,862.0	4,931.6	(1.4%)
<i>of which domestic</i>	<i>4,137.0</i>	<i>4,206.6</i>	<i>(1.7%)</i>
<i>of which international</i>	<i>725.0</i>	<i>725.0</i>	<i>0%</i>

- Reduction in EBITDA due to a combination of:
 - exceptionally drastic reduction of energy price scenario due to Covid-19 effects
 - higher concession fees and royalties for c. 5 €M accounted in IH 2020
 - “normalized” charge for royalties and concession fee estimated at c. 1.7 €M
- **Domestic activities:**
 - Covid-19: the Protocol and the Committee have been adopted in line with the different decrees (DPCM) since the end of February to implement special measures to protect the offices and operational activities
 - Slight decrease in gas production due to temporary interruption of Monte Morrone Concession and the natural depletion of the existing fields
 - “Longanesi” project: continuation of procurement and engineering activities during IH 2020 and start of construction activities on site from July
- **International activities in Romania - Offshore concession “Midia Shallow XV”:**
 - Continuation of development phase and in progress the construction of production platform and the gas treatment plant
 - 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€)

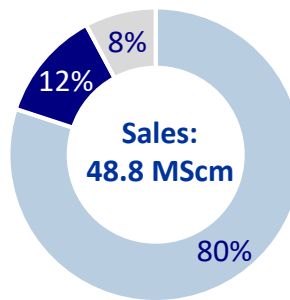
P&L - Retail

IH 2020



- Residential
- Small Business
- Industrial

IH 2019



Retail	IH20	IH19	Δ (%)
Sales (MScm)	43.2	48.8	(11.5%)
Residential	34.9	39.1	(10.7%)
Small Business/Multipod	4.3	5.9	(27.5%)
Industrial	4.0	3.8	4.2%
EBITDA (M€)	2.7	3.1	(12.9%)

- Limited impact of Covid-19 on Retail results thanks to the portfolio mix (80% of residential customers) with limited impact on sales and on creditworthiness
- EBITDA decrease as consequence of lower volumes mainly due to a negative thermal curve, especially in the first quarter of the year, and to customer reduction
- The creditworthiness of customers has slightly decreased by 1% with respect to IH 2019, even if the Arera resolution aimed to allow longer payment rescheduling plan due to Covid-19 situation (i.e. Arera 60/2020/R/COM and following), thanks to Group actions already in place
- Constant attention to limit the switch rate providing customized offers to reliable customers (Residential and Small Business). Further commercial analysis will be assessed considering the planned ending of “Mercato Tutelato” on the 1st of January 2022

IH 2020 P&L – Network Contribution (GP Infrastrutture – Rete Gas Fidenza)

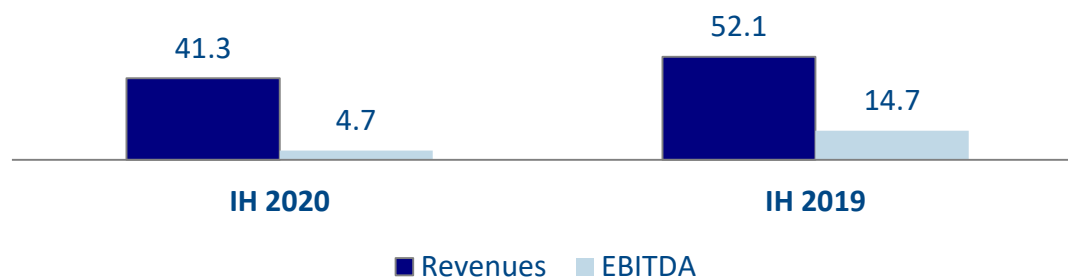
	IH20	IH19	Δ (%)
Distributed Volumes (MScm)	112.8	114.5	(1.5%)
Direct end users (#K)	108.7	108.7	0%
Pipeline (Km)	1,773.2	1,771.9	0.1%
EBITDA (M€)	4.0	3.6	12.5%
Capex (M€)	1.0	13.0	(92.3%)

IH 2020 P&L – Transportation Contribution (GP Infrastrutture Trasporto)

	IH20	IH19	Δ (%)
Transported Volumes (MScm)	5.0	5.5	(9.1%)
Direct end users (#K)	0.1	0.1	0%
Pipeline (Km)	41.8	41.8	0%
EBITDA (M€)	0.03	0.06	(40.3%)

- Limited impact of Covid-19 on BU Network: secured the essential activities during lockdown period with a recovery of other activities from May 5th 2020. No significant impact on revenue collection from retailers
- Increase in EBITDA thanks to the full contribution in the IH 2020 of the Rete Gas Fidenza Srl (RGF), the company operating in the gas distribution in the Municipality of Fidenza, acquired at the end of March 2019
- Large Capex reduction resulting from 2019 extraordinary capex for the acquisition of RGF (March 2019)
- The installation of the new G4-G6 smart meters is ongoing: as of June 30th 2020, 25k are installed accounting for 26% of the total, in line with the deadline imposed by the Authority (85% by 31/12/2023)
- Until now, no ATEM tenders involving Group concession have been launched. The Group intends to evaluate the new ATEM tenders in order, at least, to maintain the same perimeter of activities

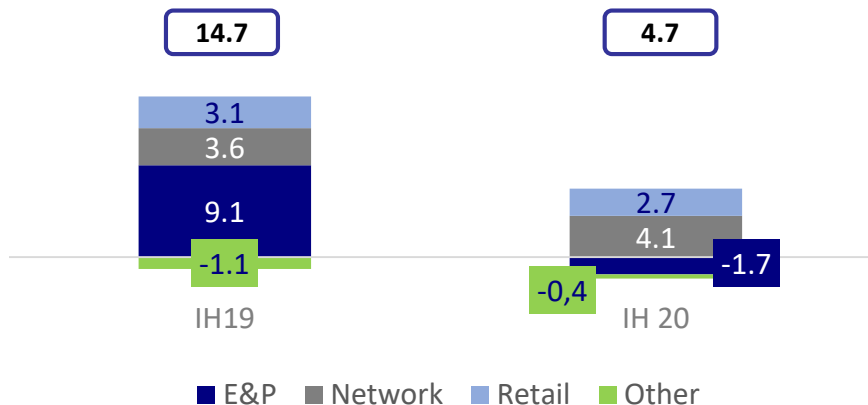
IH 2020 – Group P&L



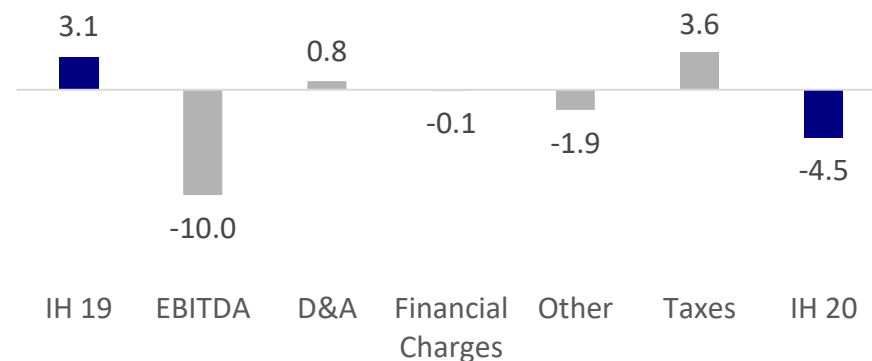
- **Revenues** decrease mostly due to exceptionally drastic reduction of energy price scenario due to Covid-19 effects (in Italy gas price decreased by 51% in IH2020 vs IH 2019 to 9.7 c€/smc)
- Lower reduction of **operating costs** as result mainly of a reduction of gas purchase costs (decreased by 5 M€ due to the lower energy scenario), but with an increase in costs (almost for the same amount) related to E&P concession fees and royalties defined by new legislation
- Consequent reduction in **EBITDA** due to the strong impact on margin of BU E&P
- Negative **Net Result** after financial charges and depreciation at the levels of IH 2019

Group (M€)	IH 20	IH 19	Δ (%)
Revenues	41.3	52.1	(20.7%)
Operating Costs	36.6	37.4	(2.2%)
EBITDA	4.7	14.7	(67.9%)
EBIT	(4.2)	5.0	n.a.
EBT	(6.8)	4.4	n.a.
Net Result	(4.5)	3.1	n.a.
EPS (€)	(0.10)	0.07	n.a.

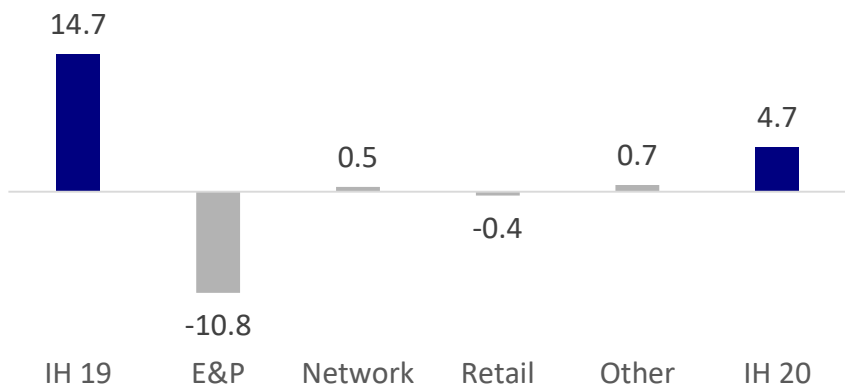
EBITDA Breakdown by BU (M€)



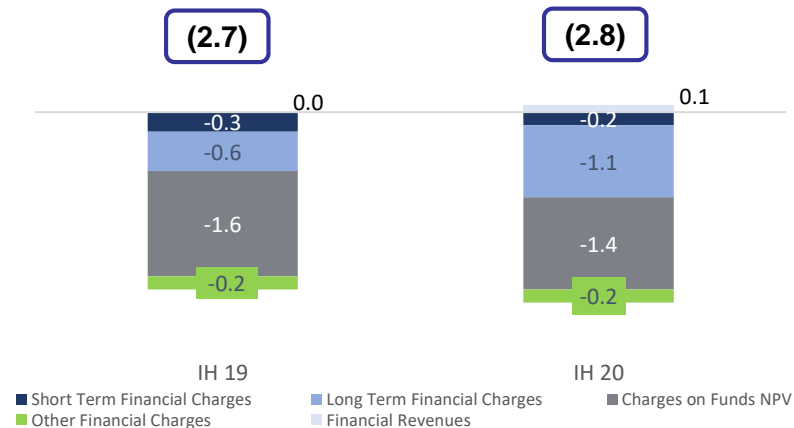
Group Net Result Evolution (M€)



Group Ebitda Evolution (M€)



Net Financial Charges Evolution (M€)



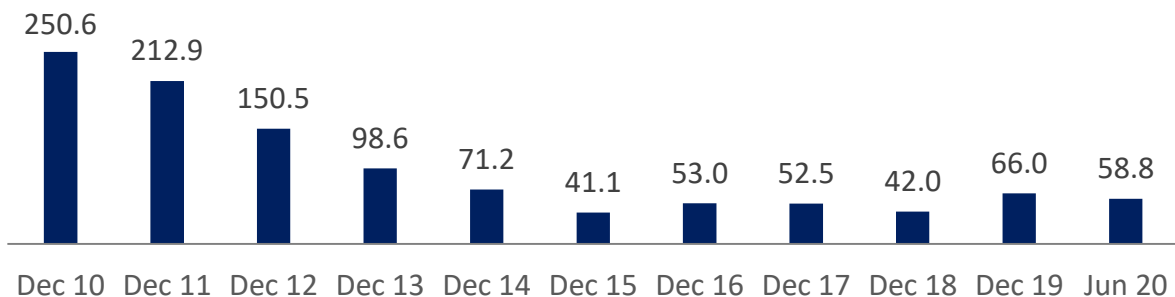
June 30, 2020 – Group Balance Sheet

Group (M€)	Jun 30, 2020	Dec 31, 2019	Δ (%)
Inventories	3.8	3.5	9.1%
Receivables	14.6	25.9	(43.6%)
Payables	(20.8)	(23.7)	(12.1%)
Other Working Credits/Debits	(3.8)	0.6	n.a.
Non Current Assets	456.1	454.3	0.4%
Taxes, Abandonment, Severance and Other provision	(181.6)	(181.9)	(0.1%)
Net invested capital	268.2	278.8	(3.8%)
Net Financial Debt	58.8	66.0	(10.9%)
of which long term	46.7	52.3	(10.6%)
of which short term*	12.1	13.7	(11.7%)
Equity	209.4	212.8	(1.6%)
Total Sources	268.2	278.8	(3.8%)

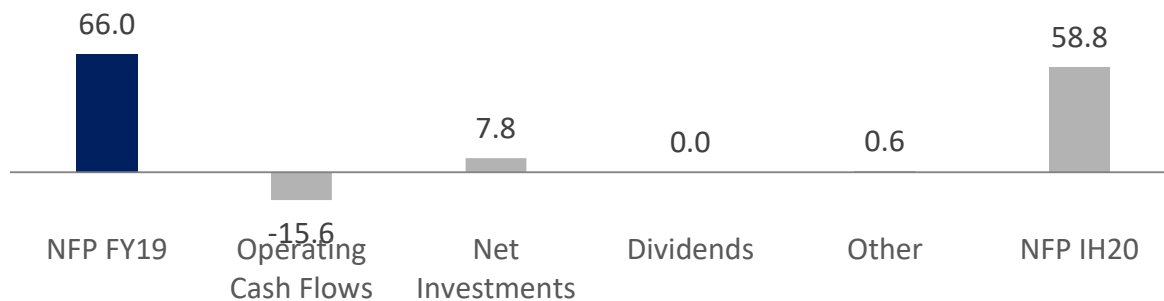
- Negative **Working Capital** mainly for:
 - lower receivables due to seasonality
 - impact of other debits for royalties and other taxes due to settlement dates
- Slight increase in **Non Current Asset** due to the investments, mainly in E&P activities, net of D&A of the period
- Decrease in **Net Financial Debt** despite the investments. The Group has obtained an amendment to the existing financing not to consider the covenants related to FY 20 and to increase the ones related to FY 21. Since it was formalized in July, all the bank loan over 12 months was temporary considered as short term due to breach of covenants on the 30th of June 2020
- **Debt/equity ratio** at 0.28 (vs 0.31 at 31/12/2019)

(*) It does not take into account the temporary reclassification due to the breach of financial covenants.

Group NFP Historical Trend (M€)

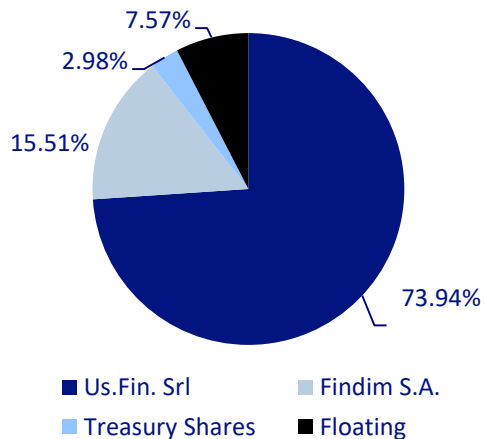


Group NFP Evolution (M€)



- **NFP** remained at low levels, despite the investments (it includes also the accounting standard IFRS 16 on leasing contracts amounting to -5.3 M€)
- Positive **cash flow** generated in the period thanks to strong contribution of cash flows from operating activities

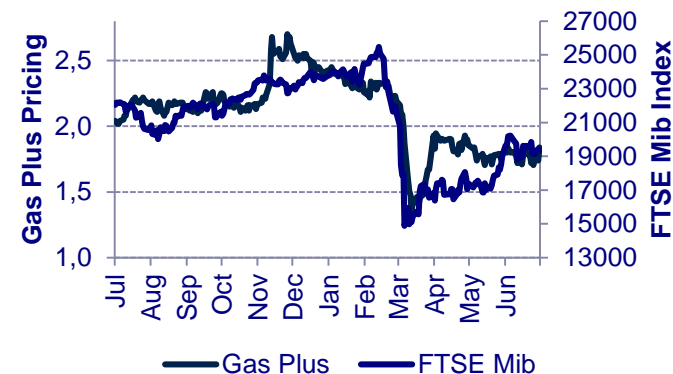
Shareholding as at 30 June 2019



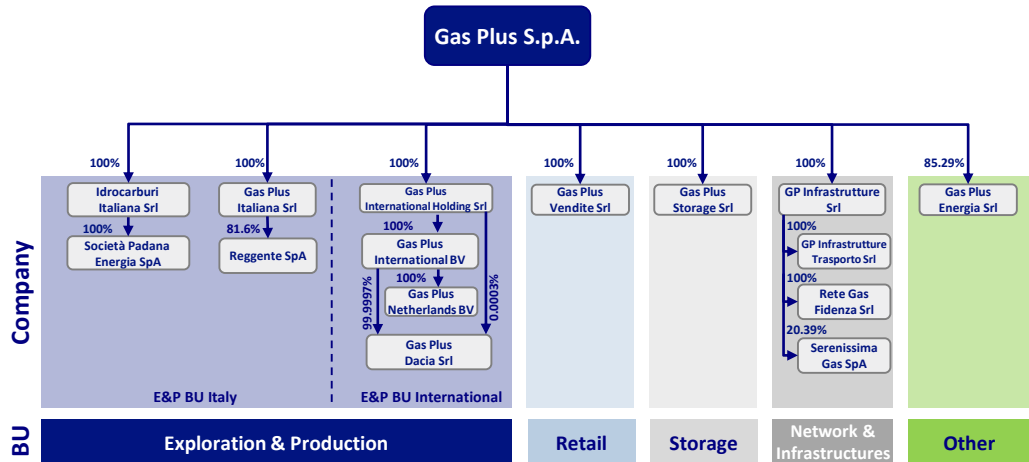
Share information

N. of share: 44,909,620
 Share price as of 30.06.2020: € 1.84
 Share price as of 11.09.2020: € 1.74
 Mkt cap 30.06.2020: € 82.6 million
 Italian Stock Exchange – segment MTA
 Own shares as of 30.06.2020: 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 30 June 2020

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