

Gas Plus Group

Analyst Presentation *FY 2020 Financial Results*

*April 21st, 2021**



**Gas
Plus**

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MARKET SCENARIO

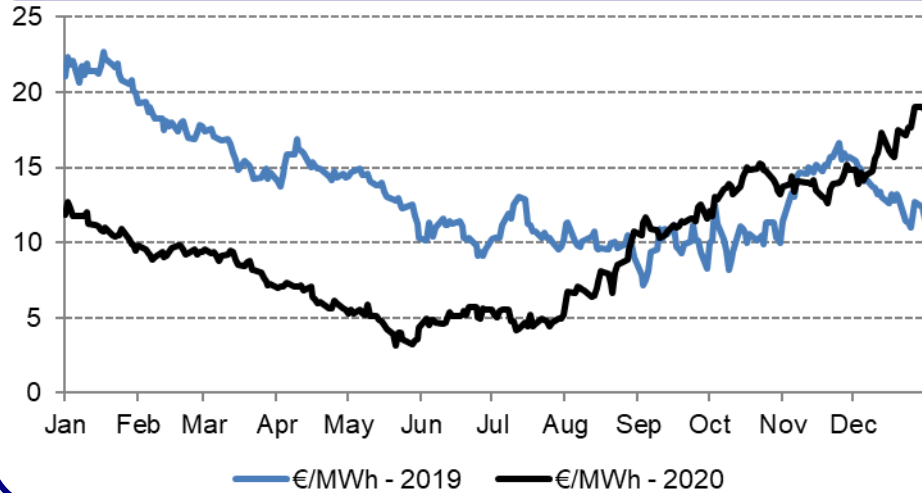
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HIGHLIGHTS

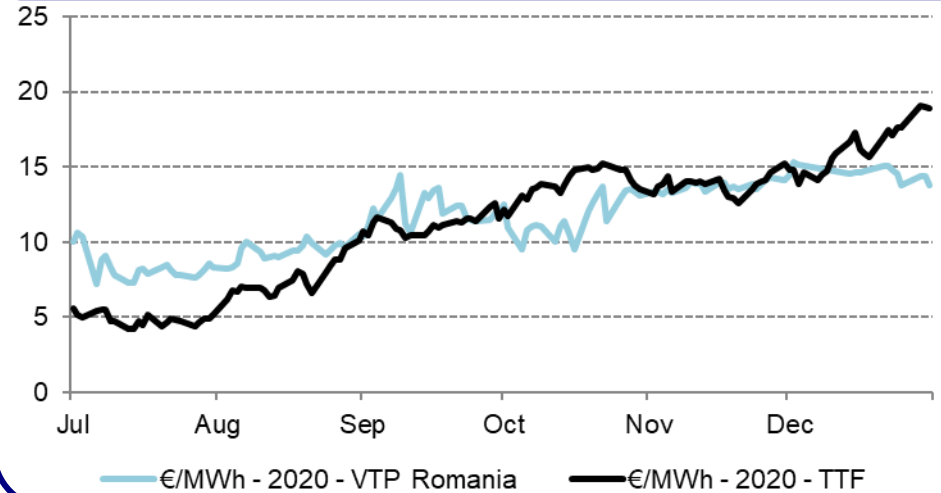
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FINANCIAL RESULTS

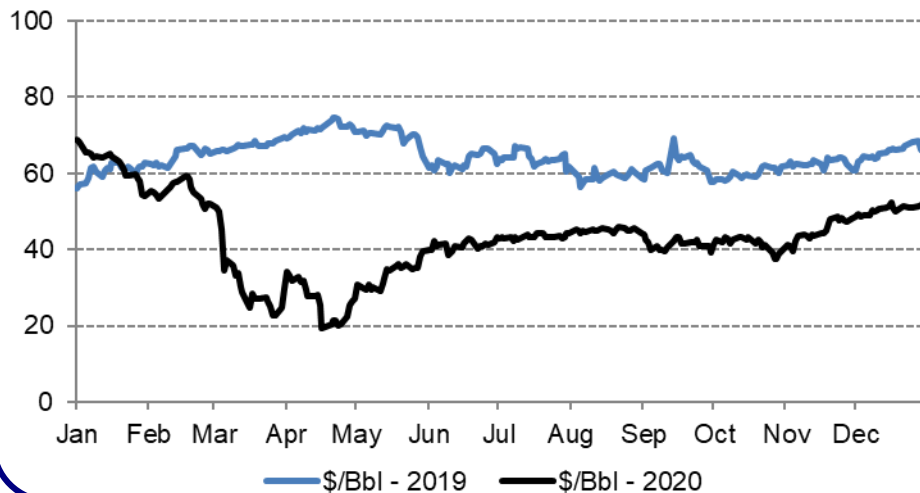
TTF Gas Price – Day Ahead



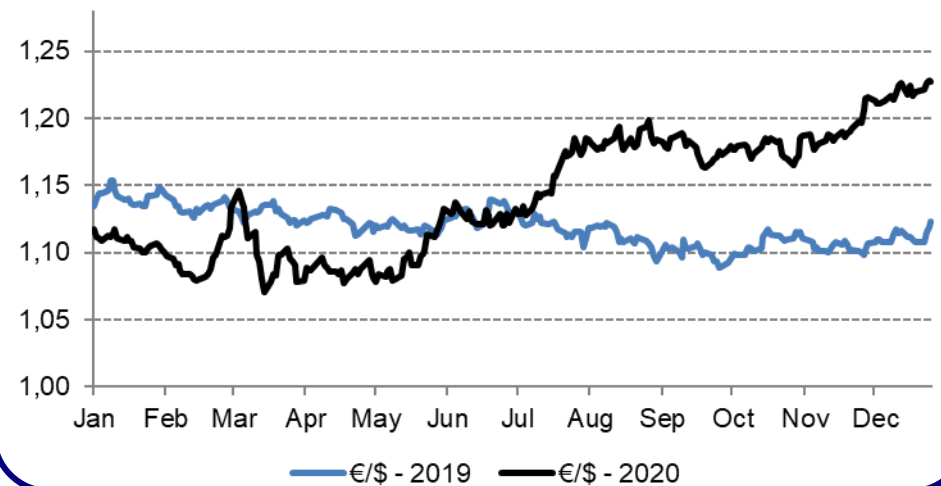
TTF vs VTP Romania Gas Price* – Day Ahead, since July '20



Brent Price – Month+1



€/€ Exchange Rate - Spot



(*) source: BRM; in July 2020 the legal market framework in Romania routed towards a liberalization of the market

1 MARKET SCENARIO

2 HIGHLIGHTS

3 FINANCIAL RESULTS

E&P Italian Activities

- ✓ Near break-even economic result in terms of EBITDA, despite the collapse in sales prices of natural gas (- 39%) and oil (- 43%) compared to 2019 due to the Covid-19 pandemic, the reduction of production volumes (- 11%), also due to the suspension of productions that have become uneconomical as effect of the lower prices , and the charge in FY 2020 of a royalty adjustment relating to FY 2019, following regulatory interpretations of the royalty regime cleared in FY 2020;
- ✓ Effects of the "non-cash" devaluation of E&P assets, common in this price environment to most international E&P operators, amplified by the estimated impact, which can be deduced from the consultation document regarding the PiTESAI (Plan for the Sustainable Energy Transition of Eligible Areas) of February 2021, on the Group's currently non-productive concessions and exploration potential; such effects are partially offset by the release of the deferred tax provision arising from the realignment of the tax values of E&P assets, with an effect on net profit of -€ 31.3 M.

E&P International Activities

- ✓ Romania: despite the continuing Covid-related health situation also in that country, the development of the MGD (Midia Gas Development) gas project in the Romanian Black Sea has now reached two-thirds of the work programme.

Retail

- ✓ The apparent contraction in the Business Unit's overall margin (EBITDA - 29.4%) derives almost entirely from the effects of non-recurring opposite items in the two financial years (€ +1.6 M in the previous financial year and € -0.6 M in 2020). In any case, it should be noted that, in addition to the specifics of each year's climatic trend, the peculiarities of the period due to the effects of Covid on the consumption of certain types of customers, on the one hand, and of the sudden changes in gas prices on fixed-price contracts, on the other, led to an atypical performance of certain sales segments in terms of both volumes and margins.

Network & Transportation

- ✓ As in 1H 2020, FY2020 confirmed the positive contribution arising from the results of the entire year of RGF, the entity holding the concession for gas distribution in the municipality of Fidenza (Parma), enabling EBITDA to grow from € 6.9 million to € 7.6 million. The tax values of the assets of the business have also been realigned to the book values, allowing the release of the deferred tax provision, with a net effect of € +7.3 M.

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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

FY 2020 P&L - E&P contribution

E&P (MScme)	FY20	FY19	Δ (%)
Hydrocarbon Production	133.3	150.1	(11.2%)
<i>of which natural gas</i>	100.0	113.1	(11.6%)
<i>of which oil and condensate</i>	33.3	37.0	(9.9%)
EBITDA (M€)	(0.6)	10.3	n.a
Exploration Capex	0.3	0.5	(23.3%)
Development Capex	17.1	14.1	+21.2%

E&P Reserves

E&P (MScme)	Dec 31, 2020	Dec 31, 2019	Δ (%)
Hydrocarbon Reserves	4,476.2	4,931.2	(9.2%)
<i>of which domestic</i>	3,751.2*	4,206.2	(10.8%)
<i>of which international</i>	725.0	725.0	0%

* The Group has estimated the effects to its business from changes in the domestic legal framework related to the "Plan for the Sustainable Energy Transition of Appropriate Areas" ("PITESAI") issued in February 2021 by the Italian Ministry of Economic Development (MISE); as a result of the assessment, the carrying amount of assets relating to approximately 400MScm of reserves has been entirely written down at December 31, 2020, assuming not to further deplete such reserves.

The Pitesai is a general planning instrument, introduced by Law No. 12/2019 converting Law Decree 135/2018 still pending approval, which aims to identify the areas of the national territory (both on land and at sea) that can be considered "suitable" to host hydrocarbon prospection, research and production activities.

➤ 2020 Results:

■ Pandemic effect:

- actions taken, since the end of February, to implement special measures to protect our people and operational activities
- exceptionally drastic reduction of energy price scenario due to Covid-19 effects
- production decrease ($\approx 11\%$) due to:
 - The persistence of the negative energy price scenario even in the second half of the year resulting in the decision to suspend the production at the concessions that are now considered no longer profitable ($\approx 6\%$ of the total reduction)
 - Natural decline in the productivity, ($\approx 5\%$ of the total reduction)
- non recurring items such as royalty adjustment of 2.4 M€ relating to FY 2019 paid in 2020, following regulatory interpretations of the royalty regime cleared in FY 2020

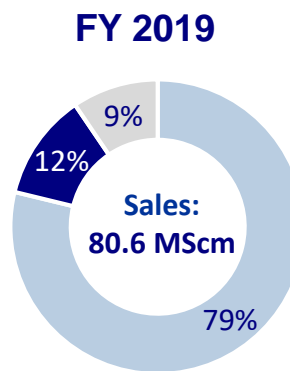
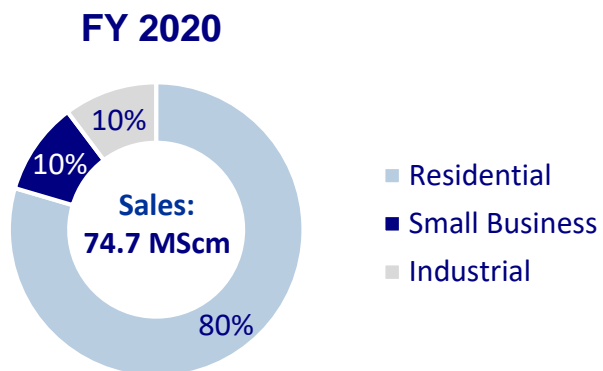
➤ Domestic activities:

- in line with the energy transition the actual share of gas is about 75% of total production, with a projected increase up to 100% within 5 years
- "Longanesi" project: continuation of procurement and engineering activities during 2020 and start of construction activities on site from July despite non-performance by the non-operating partner, which does not currently affect the timing of the works programme.

➤ International activities in Romania - Offshore concession "Midia Shallow XV":

- despite the persistence of Covid-19, continuation of development phase, reaching two thirds of the project; the gas-in expected for 1H of 2022. Due to the pandemic, the General Contractor has been granted price revisions for the period since last spring, which are currently within the amount of contingencies allocated when the project was budgeted.
- public data of the Romanian gas market platform show that the recovery of gas prices on international markets from 2H 2020 is determining an alignment of Romanian prices with those of the Western European market, leading to higher values compared to the forecast at project's start

P&L - Retail



Retail	FY20	FY19	Δ (%)
Sales (MScm)	74.7	80.6	(7.3%)
Residential	59.5	63.5	(6.4%)
Small Business/Multipod	7.6	9.5	(19.4%)
Industrial	7.7	7.6	0.3%
EBITDA (M€)	4.8	6.8	(29.5%)

- The EBITDA decreased as a consequence of:
 - Sharp decline of gas prices between 2019 and 2020, partly mitigated by a carefully planned hedging strategy
 - Non-recurring item affecting the results of the 2020 fiscal year: legal dispute regarding a tender in a municipality
 - Lower volumes, mainly due to a negative thermal curve, especially in the first quarter of the year, and to customer reduction during the course of the year;
- Despite the EBITDA decrease, there has been an increase of the overall unit margin (+6.8%), especially with regards to the Small Business segment (+31.4%)
- 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
- 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

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

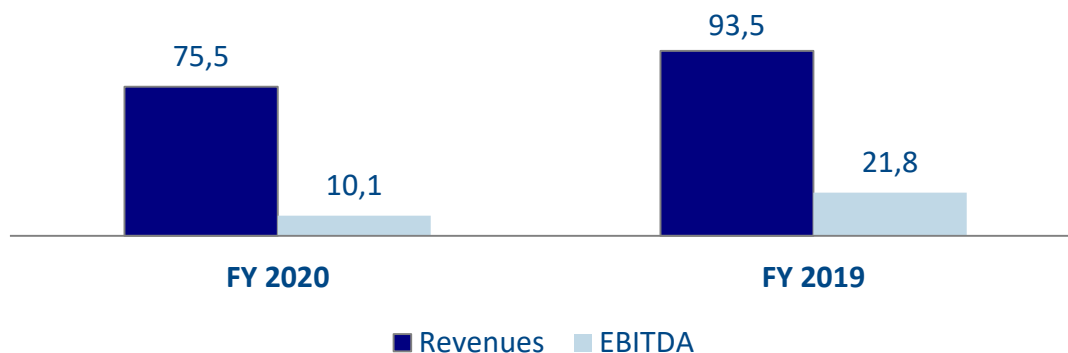
	FY20	FY19	Δ (%)
Distributed Volumes (MScm)	207.9	208.9	(0.5%)
Direct end users (#K)	108.9	108.9	(0%)
Pipeline (Km)	1,777.5	1,772.6	0.3%
EBITDA (M€)	7.5	6.8	9.6%
Capex (M€)	2.8	13.9	(80.0%)

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

	FY20	FY19	Δ (%)
Transported Volumes (MScm)	9.0	9.2	(2.1%)
Direct end users (#K)	0.1	0.1	(0.9%)
Pipeline (Km)	41.8	41.8	0%
EBITDA (M€)	0.11	0.10	7.7%

- Increase in EBITDA from results of the entire year of the Rete Gas Fidenza Srl (RGF), the entity operating in the gas distribution in the Municipality of Fidenza, acquired at the end of March 2019.
- 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 collection from customers
- Large Capex decrease, as FY19 included extraordinary capex for the acquisition of RGF (March 2019)
- The installation of the new G4-G6 smart meters is ongoing: 35% of the total was installed as of December 31st 2020, in line with the deadline set by the Authority (85% by 31/12/2023)
- No ATEM tenders involving Group concession have been launched to date. The Group intends to evaluate the new ATEM tenders in order to maintain the same perimeter of activities as a minimum

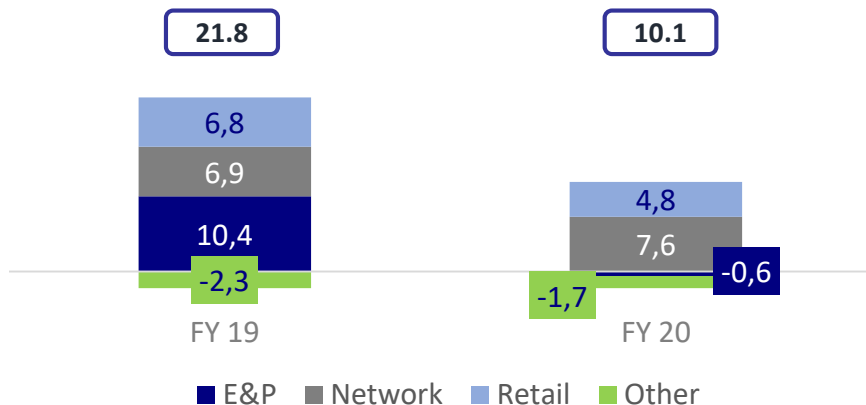
FY 2020 – Group P&L



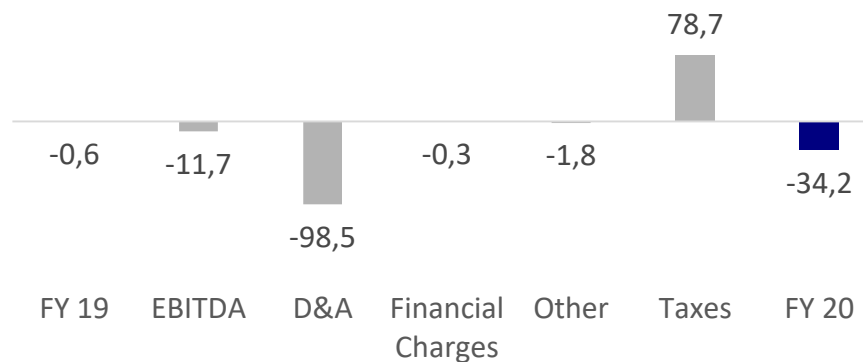
Group (M€)	FY 20	FY 19	Δ (%)
Revenues	75.5	93.5	(19.3)
Operating Costs	65.4	71.8	(8.8)
EBITDA	10.1	21.8	(53.9)
EBIT	(107.7)	2.5	n.a
EBT	(113.2)	(1.0)	n.a
Net Result	(34.2)	(0.6)	n.a
EPS (€)	(0.79)	(0.01)	n.a.

- **Revenues** decline mostly due to exceptional drop of energy prices related to Covid-19 (in Italy gas price decreased by 35,5% in FY 2020 vs FY 2019 to 10,9 c€/smc)
- **Operating costs** decreased mainly due to the reduction of gas purchase costs (decreased by €7,6M due to the lower energy scenario) and of the increase in non recurring items costs related to B.U E&P (2,4M€) and B.U. Retail (0,6 M€)
- Reduction in **EBITDA** due to the strong impact on margin of BU E&P
- Strong increase in writedowns following the Impairment Test on the assets of B.U. E&P (95,5 M€)
- Net tax benefit driven by the re-alignment of tax bases of assets to book values (based on the option provided in the new tax rule - art. 110 of D.L. 104/2020) (+49M€) and the release of deferred taxes relates to the impaired assets (+ 26.6M€)
- Negative **Net Result** significantly affected by impairment loss of E&P assets, partially offset by tax benefit

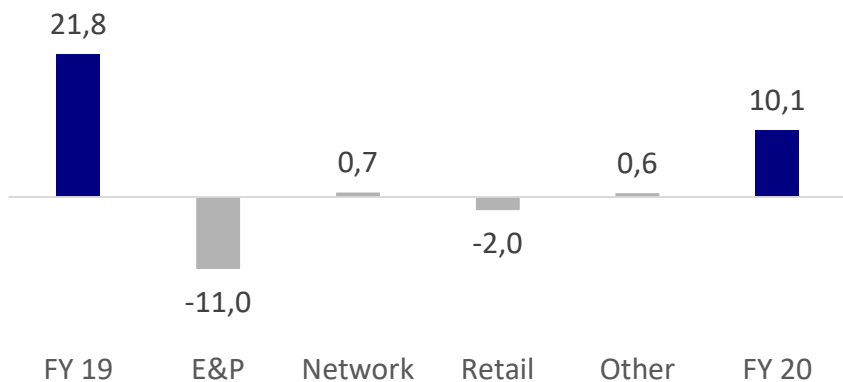
EBITDA Breakdown by BU (M€)



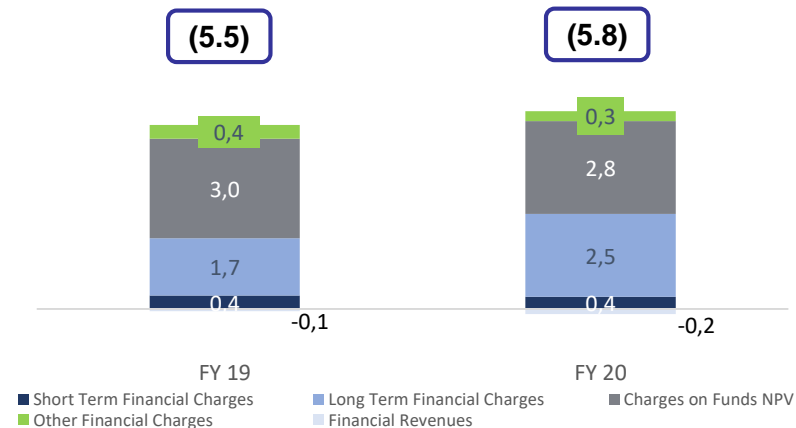
Group Net Result Evolution (M€)



Group Ebitda Evolution (M€)



Net Financial Charges Evolution (M€)

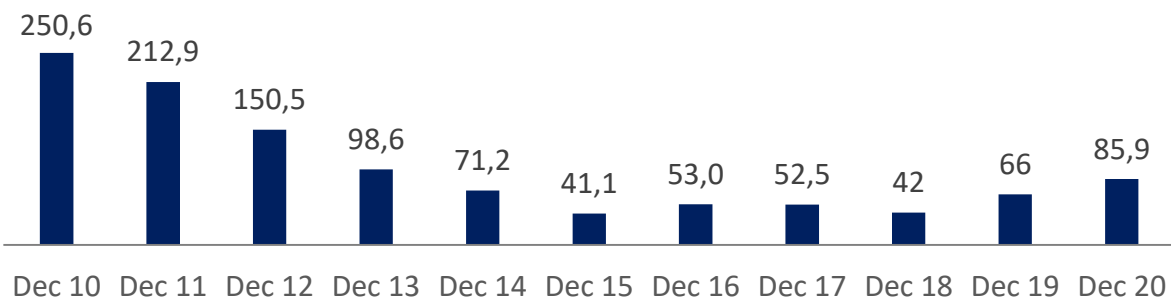


December 31, 2020 – Group Balance Sheet

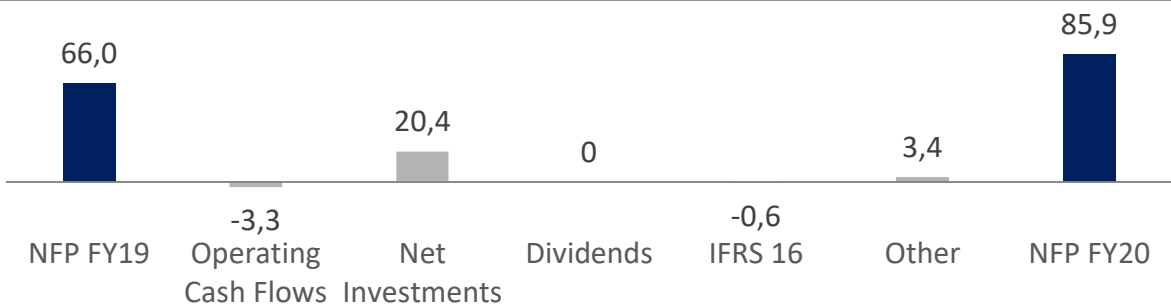
Group (M€)	Dec 31, 2020	Dec 31, 2019	Δ (%)
Inventories	3.2	3.5	(8.6%)
Receivables	24.1	25.9	(6.9%)
Payables	(25.6)	(23.7)	8.0%
Other Working Credits/Debits	5.5	0.7	n.a.
Non Current Assets	360.7	454.3	(20.6%)
Taxes, Abandonment, Severance and Other provision	(104.0)	(181.9)	(42.8%)
Net invested capital	263.9	278.8	(5.3%)
Net Financial Debt	86.0	66.0	30.3%
of which long term	55.3	52.3	5.7%
of which short term	30.7	13.7	n.A
Equity	177.9	212.8	(16.4%)
Total Sources	263.9	278.8	(5.3%)

- Limited investment in **Working Capital** broadly in line with FY2019
- Significant decrease in **Non Current Asset** mainly due to impairment loss in FY2020 on E&P assets
- Increase in **Net Financial Debt** due to the investments in FY 2020. After the end of the year the Group obtained additional loans for 20 M€ from its lending banks.
- **Debt/equity ratio** at 0.48 (vs 0.28 at 31/12/2019)

Group NFP Historical Trend (M€)

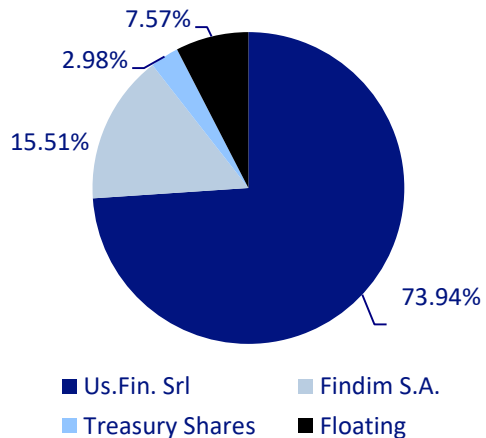


Group NFP Evolution (M€)



- **NFP** remains at low levels, with an increase in FY 2020 due to investments (from FY2019 onwards it also includes also the effects of IFRS 16 on leasing contracts amounting to -4,9 M€ at Dec 2020)
- Positive **cash flow from operating activities** in FY2020 (€3,3M), despite the Covid-19 pandemic
- **Cash flows used in investing activities** (€20,4) is the main contributors to increase in NFP

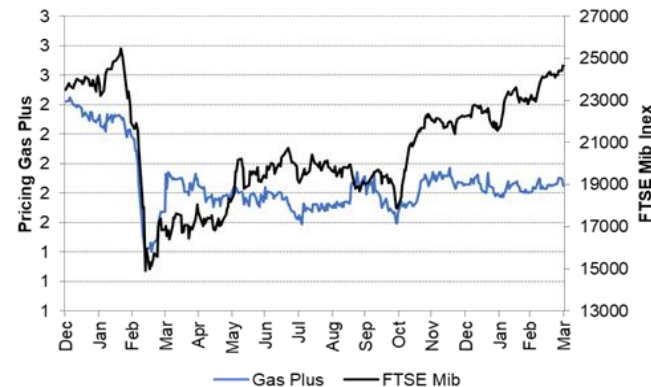
Shareholding as at 30 June 2019



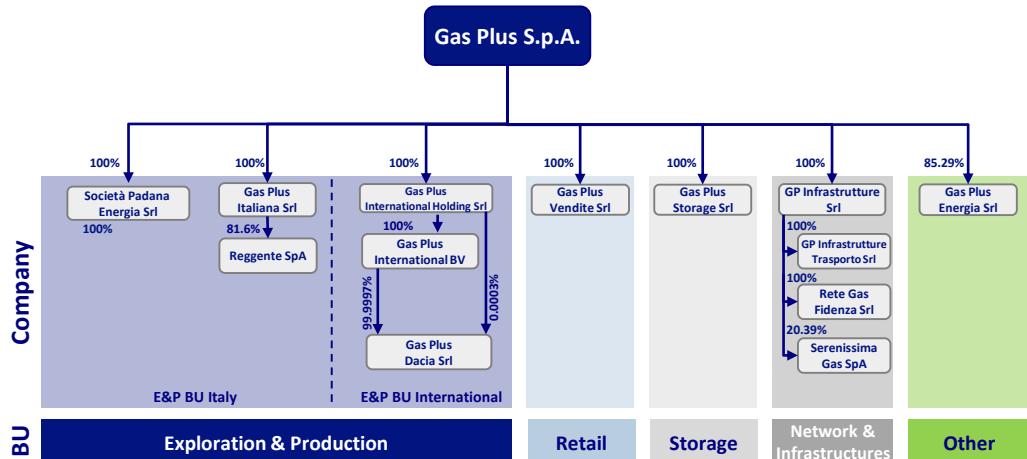
Share information

N. of share: 44,909,620
 Share price as of 31.12.2020: € 1.86
 Share price as of 20.04.2021: € 1.91
 Mkt cap 31.12.2020: € 83,5 million
 Italian Stock Exchange – segment MTA
 Own shares as of 31.12.2020: 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 31 december 2020

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