

# Gas Plus Group

**Analyst Presentation**  
*IH 2022 Financial Results*

*September 8<sup>th</sup>, 2022\**

**Gas  
Plus**

**1**

**MARKET SCENARIO**

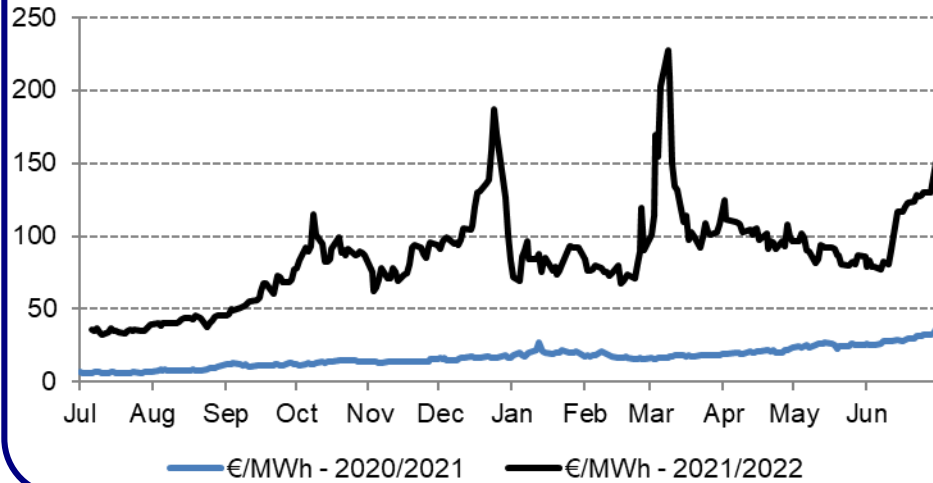
**2**

**HIGHLIGHTS**

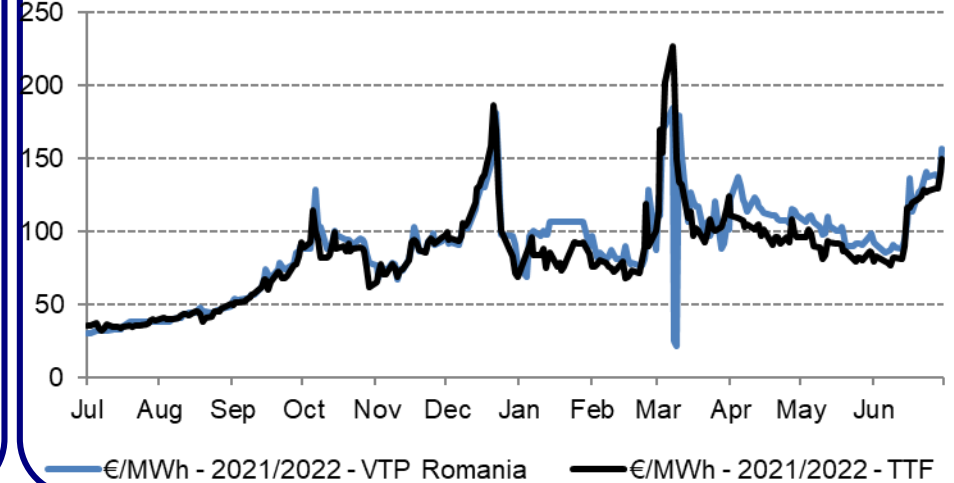
**3**

**FINANCIAL RESULTS**

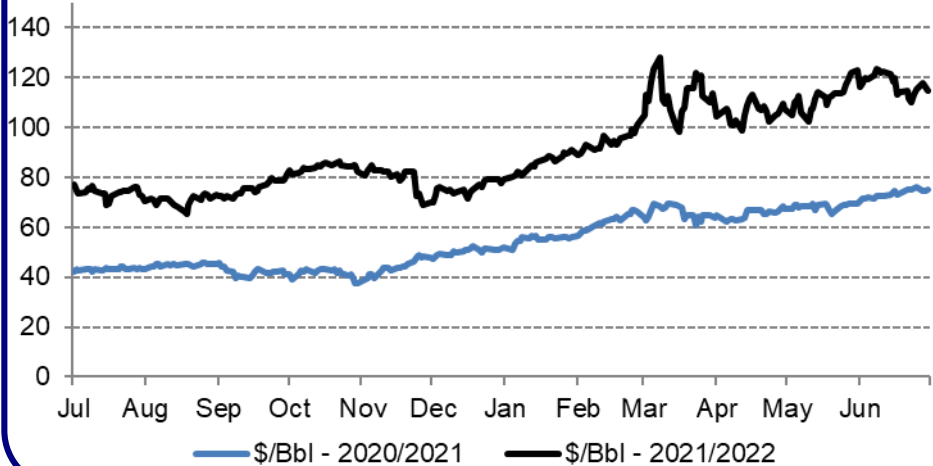
### TTF Gas Price – Day Ahead



### TTF vs VTP Romania Gas Price\* – Day Ahead



### Brent Price – Month+1



### €/€ Exchange Rate - Spot



(\*) source: BRM

**1** MARKET SCENARIO

**2** HIGHLIGHTS

**3** FINANCIAL RESULTS

The first half of the year 2022 ended with a negative result deriving exclusively from the extra-profit tax (i.e. “contributo straordinario contro il caro bollette”) which impacted the income statement by more than 8 M€.

Notwithstanding the effects of this component, in the extraordinary scenario of high gas prices, the Group's performance during the period was positive, and within the end of 1H 2022, one of the Group's main E&P projects, the Midia project in the Romanian Black Sea, has started production.

With reference to the E&P and Retail Business Units, the highlights are:

- ✓ **E&P:** Strong EBITDA growth (13.1 M€ in 1H 2022 vs 5.1 M€ in 1H 2021), thanks to the unprecedented increase in gas (four times higher than 1H 2021, reaching 1,03€/scm) and oil (+66%) prices, with production nearly stable (-4.4%), despite a significant portion of gas production being hedged at price levels far below those recorded in the semester.
- ✓ **Retail:** Notwithstanding the increase in revenues, the gas price fluctuations on fixed-price and variable-price-with-cap contracts determined a temporary negative performance on EBITDA (-6.1 M€), as previously envisaged, and for which a provision of EUR 4.1 million had been set aside at the end of the previous year.

## Outlook 2022:

On 20 May 2022, the Group informed the market that, in light of the increased rate and the prolonged application of the extra-profit tax, the 2022 outlook had been updated, forecasting a negative FY 2022 net result, however potentially subject to improvement in particular by an acceleration of gas production in Romania from the MGD project. The achievement of the gas-in of the MGD project on 15 June 2022 has now made possible the revision of the 2022 Outlook, providing a turnaround in annual results driven by:

- ✓ the doubling of gas production, thanks to Romanian gas;
- ✓ the positive contribution of Italian E&P activities, benefitting also from a lower effect of price hedging;
- ✓ significantly reduced losses of the BU Retail.

1

**MARKET SCENARIO**

2

**HIGHLIGHTS**

3

**FINANCIAL RESULTS**

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

## IH 2022 P&L - E&P contribution

E&P (MScme)	IH22	IH21	Δ (%)
Hydrocarbon Production	64.2	67.2	(4.4%)
<i>of which natural gas</i>	49.8	49.5	(0.6%)
<i>of which oil and condensate</i>	14.4	17.7	(18.6%)
<b>EBITDA (M€)</b>	<b>13.1</b>	<b>5.1</b>	<b>156.9%</b>
Exploration Capex	0	0.1	-71.4%
Development Capex	18.3	5.7	221.1%

## E&P Reserves

E&P (MScme)	Jun 30, 2022	Dec 31, 2021	Δ (%)
Hydrocarbon Reserves	4,224.7	4,288.9	(1.5%)
<i>of which domestic</i>	3,503.5	3,563.9	(1.7%)
<i>of which international</i>	721.2	725.0	(0.5%)

### EBITDA:

- Unprecedented increase in energy prices
- Production volumes hedged at the beginning of last year before the price increase
- Increased production thanks to Romania's contribution (approx. €2M every 15 days)

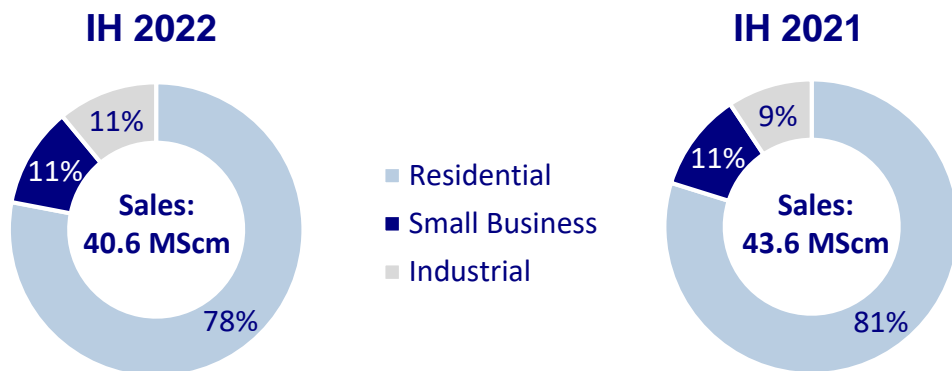
### Domestic activities:

- Stable production
- “Longanesi” project: drilling activities and production tests of the Longanesi 2 dir and Longanesi 3 dir wells were completed.

### International activities in Romania - Offshore concession “Midia Shallow XV”:

- Achievement of the project gas-in on June 15<sup>th</sup>, with a 100% production of about 3 MScm per day.
- The drilling campaign was successfully completed.
- Due to the pandemic, the General Contractor has been requested price revisions, which have been granted for approx. 9% of the total amount. On the other side, Romanian market prices are aligning with the ones of the other European hubs and are significantly higher than the initial projections estimated in the evaluation phase of the project.

## P&L - Retail



Retail	IH22	IH21	Δ (%)
Sales (MScm)	40.6	43.6	(6.9%)
Residential	31.8	35.1	(9.4%)
Small Business/Multipod	4.4	4.6	(4.3%)
Industrial	4.4	3.9	12.8%
<b>EBITDA (M€)</b>	<b>(6.1)</b>	<b>2.1</b>	<b>(390,5%)</b>

- The first semester of 2022 has been characterized by the exponential and constant increase of gas prices
- This scenario negatively effected EBITDA due to the continuous sharp deterioration of unitary marginality, started at the end of 2021, related to customers with fixed price or variable price with cap. It is expected a recovery starting with the new gas-year (from 1<sup>st</sup> October) due to expiration of economic conditions of most of negative margin contacts
- Thanks to securization agreement put in place from the Group, there is no impact on solvency despite the strong increase on receivables' value due to price increase
- Volumes sold in IH 2022 posted a decrease versus the previous year due to warmer temperatures in 2Q and a slight decrease of customer (-5%)

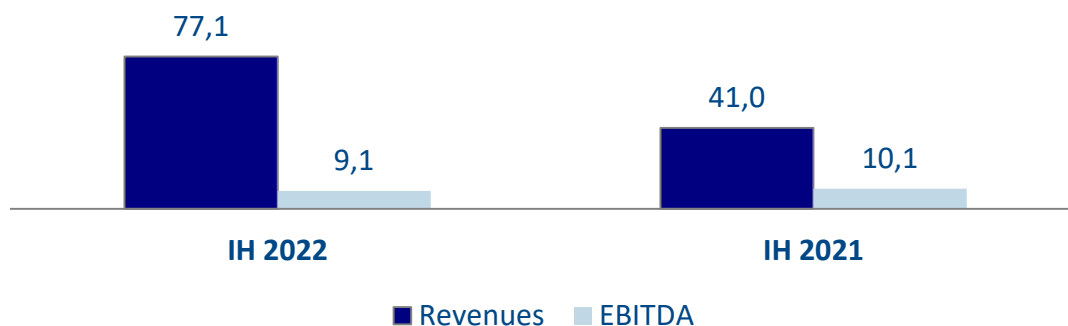


## IH 2022 P&L – Network & Transportation Contribution

	IH 22	IH 21	Δ (%)
Distributed Volumes (MScm)	120.2	123.3	(2.5%)
Direct end users (#K)	109.0	109.0	0.0%
Pipeline (Km)	1,823.5	1,820.0	0.2%
<b>EBITDA (M€)</b>	<b>3.3</b>	<b>4.1</b>	<b>(19.5%)</b>
Capex (M€)	1.5	1.4	7.1%

- The warmer temperature registered during IH 2022 have led to a decrease in the distributed volumes of gas (-2,5%) compared to last year.
- EBITDA results lower than last year (-19.5%). The main causes of the decrease are the additional restrictions on regulatory revenues cap from gas distribution and the increase in the main costs relating to the business, caused by the actual electricity scenario.
- Slight Capex increase (+7.1%).
- The installation of the new G4-G6 smart meters is ongoing: 61% of the total was installed as of June 30st 2022, 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

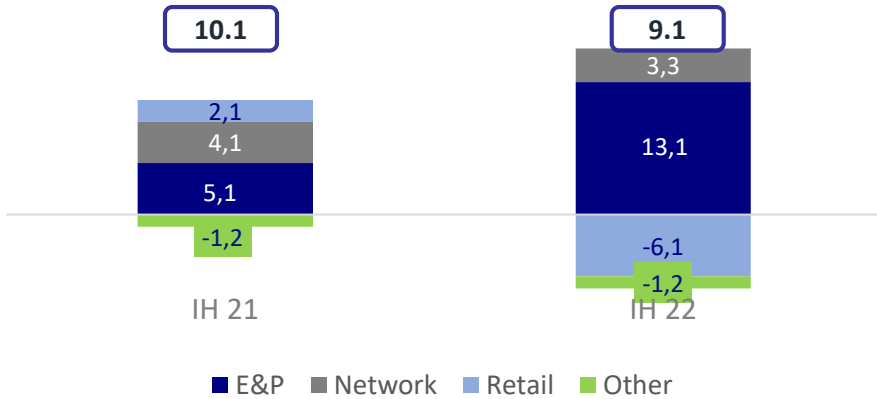
## IH 2022 – Group P&L



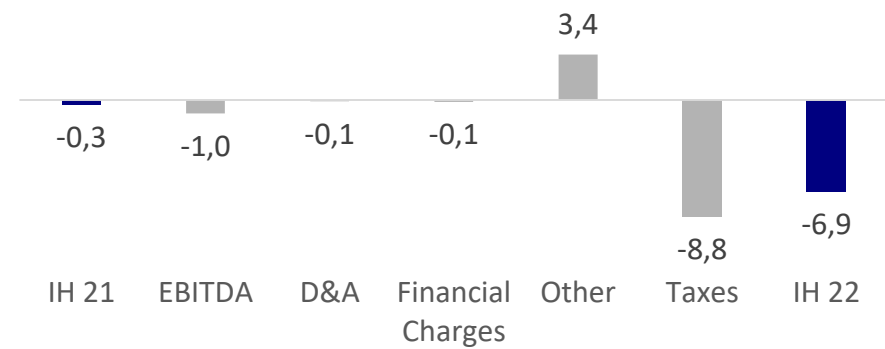
- Strong growth in Revenues and Operating costs thanks to exceptionally high prices. Revenues are affected by the negative effect of hedging derivatives (-21,5 M€), while operating costs discount the higher gas purchase costs (+30,7 M€).
- Decrease in EBITDA due to the negative margins of the BU Retail, despite the recovery of BU E&P margins
- Amortization and depreciation and financial charges in line with 1H21
- Negative net result due to the estimated full year impact of the extra-profit tax (i.e. “contributo straordinario contro il caro bollette”) for € 8 M.

Group (M€)	IH 22	IH 21	Δ (%)
Revenues	77.1	41.0	88.1%
Operating Costs	68.0	30.9	120.2%
<b>EBITDA</b>	<b>9.1</b>	<b>10.1</b>	<b>(10.1%)</b>
<b>EBIT</b>	<b>0.8</b>	<b>1.9</b>	<b>(58.6%)</b>
<b>EBT</b>	<b>1.5</b>	<b>(0.6)</b>	<b>(336.3%)</b>
Net Result	(6.9)	(0.3)	(2,175.4%)
EPS (€)	(0.15)	(0.01)	(1,400.0%)

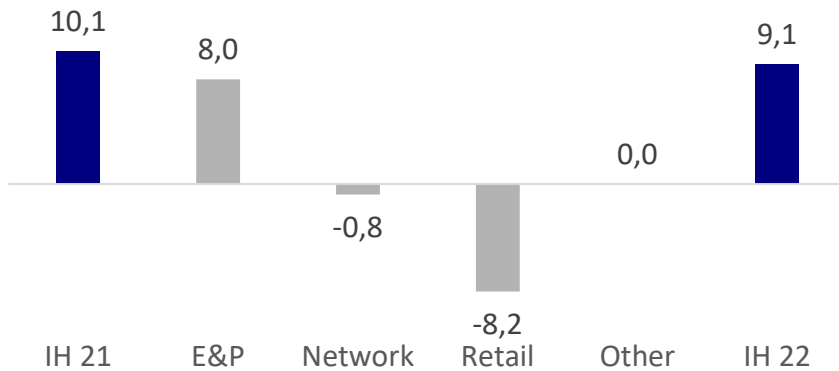
### EBITDA Breakdown by BU (M€)



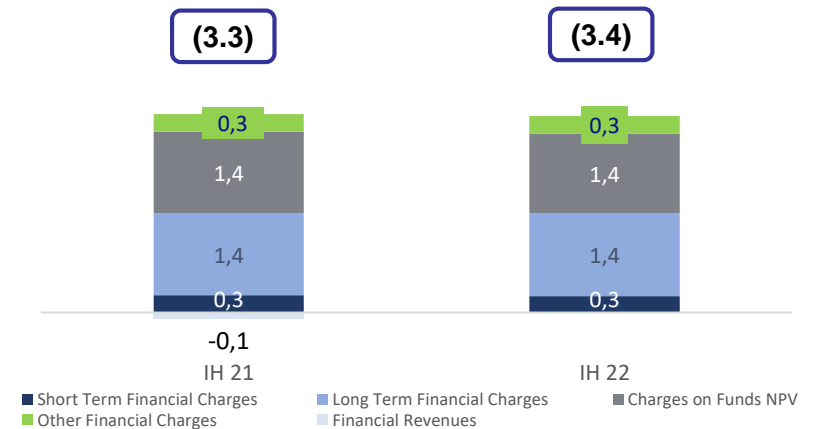
### Group Net Result Evolution (M€)



### Group EBITDA Evolution (M€)



### Net Financial Charges Evolution (M€)



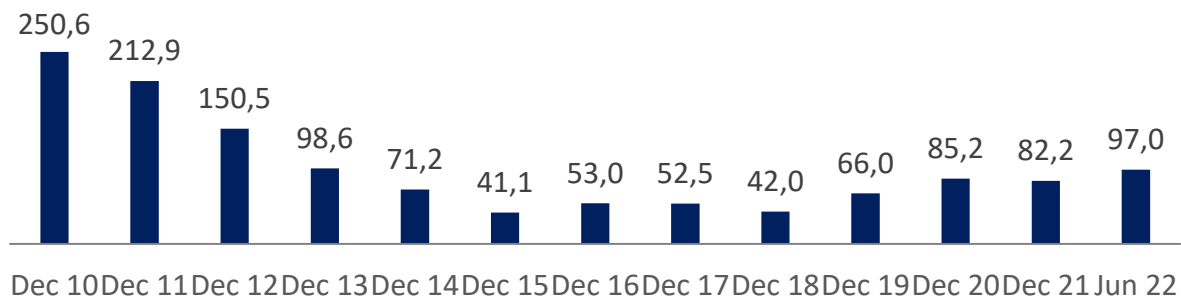
## June 30, 2022 – Group Balance Sheet

Group (M€)	Jun 30, 2022	Dec 31, 2021	Δ (%)
Inventories	4.3	3.4	26.5%
Receivables	26.0	37.1	(29.9%)
Payables	(26.0)	(32.5)	(20.0%)
Other Working Credits/Debits	(37.8)	(25.7)	47.1%
Non Current Assets	396.1	380.9	4.0%
Taxes, Abandonment, Severance and Other provision	(108.2)	(110.0)	(1.6%)
<b>Net Invested Capital</b>	<b>254.4</b>	<b>253.2</b>	<b>(0.5%)</b>
Net Financial Debt	97.0	82.2	(18.0%)
of which long term (*)	64.3	73.6	(12.6%)
of which short term (*)	32.7	8.6	280.2%
Equity	157.4	171.0	(8.0%)
<b>Total Sources</b>	<b>254.4</b>	<b>253.2</b>	<b>0.5%</b>

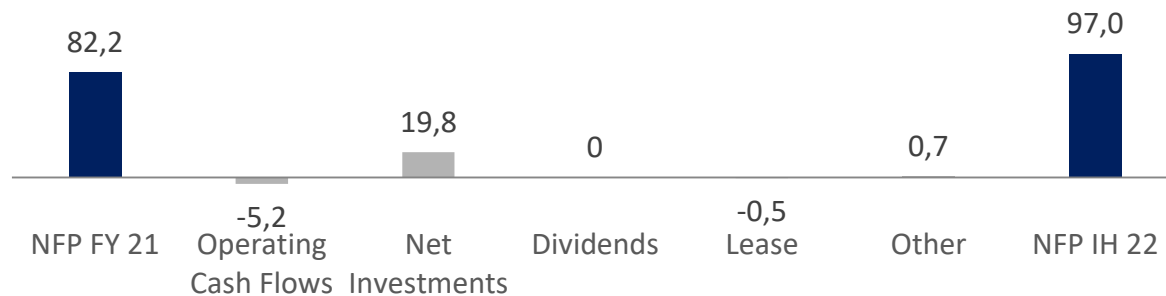
(\*) It does not take into account the temporary reclassification due to the breach of financial covenants.

- Increase in *Non Current Asset Net* after investments for € 19,8 M
- Strong reduction in *Working Capital* due to the negative value of hedging derivatives on commodities and the increase in tax debts (royalties, Windfalltax, extra-profit tax - i.e. “contributo straordinario contro il caro bollette”)
- Increase in *Net Financial Debt* as effect of negatives margins of BU Retail and investments of the period
- The Group has obtained an amendment to the existing financing not to consider the covenants related to 1H22 and to increase the ones related to FY 22. 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 30<sup>th</sup> of June 2022
- Debt/equity ratio at 0.62 (vs 0.48 at 31/12/2021) due to negative net result and the effects of negative value of hedging derivatives on equity

## Group NFP Historical Trend (M€)

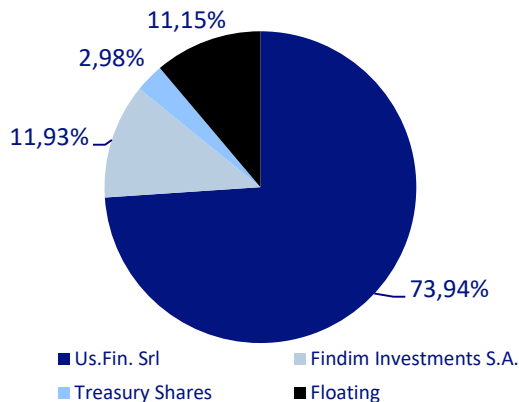


## Group NFP Evolution (M€)



- The NFP grows due to investments (€ 19,8 M) and temporary negative cash flows of the BU Retail in 1H22
- The NFP also includes the effects of IFRS 16 on leasing contracts equal to € -4.1 M

## Shareholding as at 30 June 2022



## Share information

N. of share: 44,909,620

Share price as of 30.06.2022: € 3.37

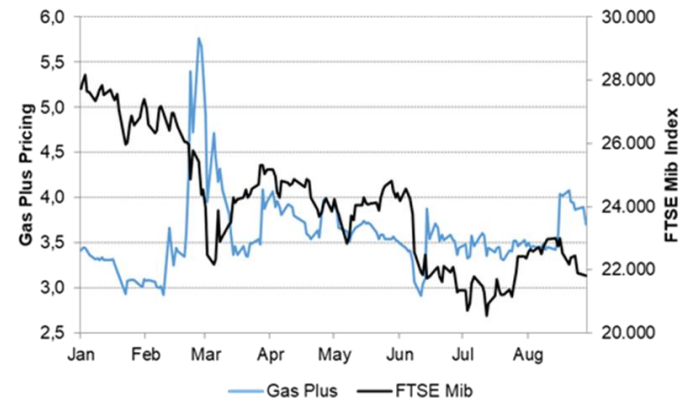
Share price as of 07.09.2022: € 3.50

Mkt cap 30.06.2022: € 151.3 million

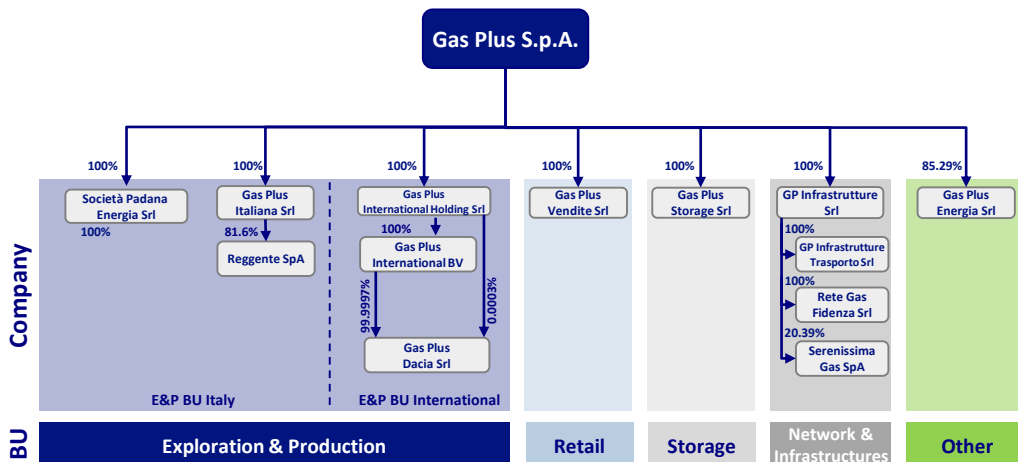
Italian Stock Exchange – segment MTA

Own shares as of 30.06.2022: 1,336,677

## Share price performance



## Group structure\*



## Management

<b>Stefano Cao</b>	Chairman – Gas Plus S.p.A.
<b>Davide Usberti</b>	CEO Gas Plus S.p.A.
<b>Cinzia Triunfo</b>	Group General Manager and Director of Gas Plus S.p.A.
<b>Germano Rossi</b>	Group CFO
<b>Massimo Nicolazzi</b>	Executive Director Gas Plus Dacia S.r.L.
<b>Regulated Activity - Network</b>	
<b>Leonardo Dabrassi</b>	Chairman – GP Infrastrutture S.r.l
<b>Achille Capelli</b>	Network Manager

(\*) Gas Plus Group Structure as of 30 June 2022

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