

<p>Informazione Regolamentata n. 0887-8-2023</p>	<p>Data/Ora Ricezione 09 Febbraio 2023 13:30:46</p>	<p>Euronext Star Milan</p>
--	---	----------------------------

Societa' : ASCOPIAVE

Identificativo : 172339

Informazione
Regolamentata

Nome utilizzatore : ASCOPIAVEN01 - Rossetto Irene

Tipologia : 2.2

Data/Ora Ricezione : 09 Febbraio 2023 13:30:46

Data/Ora Inizio : 09 Febbraio 2023 13:30:48

Diffusione presunta

Oggetto : The Board of Directors has approved the
Ascopiave Group's 2022-2026 strategic
plan

Testo del comunicato

Vedi allegato.



PRESS RELEASE

ASCOPIAVE: the Board of Directors has approved the Ascopiave Group's 2022-2026 strategic plan.

The plan confirms the strategic guidelines drawn up last year, outlining a process of sustainable growth both in the core businesses of gas distribution and renewable energy and in new areas.

Such development will not affect the balance of the financial structure, ensuring a profitable distribution of dividends.

Economic and financial highlights

- **EBITDA in 2026: Euro 133 million (+Euro 56 million compared to 2022 preliminary figures)**
- **Net profit in 2026: Euro 41 million (+Euro 10 million compared to 2022 preliminary figures)**
- **Net investments in 2022-2026: Euro 873 million**
- **Divestments of minority interests in 2022-2026: Euro 497 million**
- **Net debt in 2026: Euro 373 million**
- **Financial leverage (Net financial position / Shareholder's equity) in 2026: 0.40**
- **Forecast of dividends distributed: 13 cents per share in 2022, with an increase of 1 cent per share in subsequent years until 2026.**

The plan develops a scenario that will leverage the tenders won by the Group, if any, for the gas distribution service in the relevant minimum territorial areas. This opportunity, which depends, among other things, on the actual publication schedule of the calls for tenders, involves a further estimated growth in EBITDA of Euro 21 million by 2026 and an increase in investments of Euro 220 million.

The Board of Directors of Ascopiave S.p.A., which had a meeting chaired by Mr Nicola Geconato today, approved the 2022-2026 strategic plan of the Ascopiave Group.

Nicola Geconato, Ascopiave, Chairman and Managing Director, commented:

"The plan we are presenting today underpins our Group's commitment to the growth objectives set in the sectors of distribution, renewable energy and green gases.

Having said that, even considering the temporary difficulties that the energy sector is experiencing due to the high volatility in energy prices as well as by the increase in interest rates – further exacerbated by the contingent measures adopted by the authorities to deal with situations of emergency – we are convinced that the basic trends of the market and European policies confirm the effectiveness of our strategic approach, which is based on the new future uses of the distribution network (which must be able to receive a growing amount of green gases) and on the accelerated development of renewable sources.

As demonstrated by the plan we are presenting, our financial and capital strength will enable Ascopiave to continue its growth process in a context of overall economic, financial, social and environmental sustainability, confirming an attractive remuneration for our shareholders".

Strategic lines

The plan confirms the four strategic cornerstones already illustrated in the plan approved in 2022: growth in the core businesses, diversification into synergistic sectors, economic and operational efficiency and innovation.

The Group's strategy aims to pursue sustainable success for the company, incorporating aspects relating to environmental, social and economic sustainability, and is designed to create steady value for shareholders, developing a fruitful relationship with other relevant stakeholders.



Growth in the core business of gas distribution

The positioning and skills that the Group boasts in the distribution of natural gas constitute the solid foundations to support the development of the scope of managed activities. The sector consolidation process represents an opportunity that Ascopiave will be able to seize by leveraging its consummate industrial skills and the availability of adequate financial resources. The growth will be achieved through M&A operations and participation in tenders for the award of concessions.

In April 2022, the Group finalised the purchase from the A2A Group of a significant portfolio of concessions located in Veneto, Lombardy and Friuli Venezia Giulia, totalling over 110,000 users. The Group is currently evaluating other business acquisition opportunities.

Ascopiave has identified a set of ATEM tenders (territorial invitations to tender) for which it intends to submit a bid, defining priorities and level of interest, with the aim of establishing a portfolio of concessions for the management of the service in contiguous areas, particularly in order to strengthen the current sector leadership in North-Eastern Italy.

The possibility of implementing the growth strategy by participating in ATEM tenders depends, among other things, on the timing of publication and award of the tenders. Since such schedule is unknown, the plan develops a scenario analysis that specifically assesses the impacts of the possible award of four ATEMs (Minimum Territorial Areas), identified considering the current stage of the launch of calls for tenders and its expected evolution.

Growth in the core business of renewable energies

Thanks to the companies acquired in 2021-2022, the Group currently manages a portfolio of hydroelectric plants and wind turbines with a rated capacity of over 62 MW.

The Group, through the subsidiary Salinella Eolico (60% Ascopiave), is also building a wind farm in the Calabria region with a rated capacity of around 22 MW and is studying the greenfield development of other wind and photovoltaic plants, for which the necessary authorisation procedures are underway or will soon be launched.

The growth objectives will also be pursued through M&A operations possibly aimed at the acquisition of plants already in operation.

Diversification into new businesses

The plan identifies opportunities for profitable development in the sectors of green gases, energy efficiency and water services. In addition, the company Asco TLC, operating in the ICT sector and recently acquired, will benefit from a partnership with the company Acantho S.p.A. belonging to the Hera Group.

The diversification investment plan envisages significant financial commitments for projects which, as regards specifically the production of hydrogen, are in a more advanced stage than in the past even if, being extremely innovative, they require a prudent fine-tuning and close monitoring.

In general, growth in diversified sectors may occur through the development of in-house skills and independent offer systems, participation in competitive tenders, company acquisitions or, finally, the establishment of partnerships with expert parties.

Economic and operational efficiency

Ascopiave has achieved appreciable results in terms of managerial efficiency, implementing organisational and technological solutions that are functional both to enhance service quality and reliability, and to contain costs. The Group also has solid experience in the integration of



companies after their acquisition and is currently integrating the new concessions acquired from the A2A Group.

Improving economic efficiency is at the heart of Ascopiave's managerial policies, aimed at confirming the excellent results achieved in recent years.

Consequently, the corporate policies and practices aimed at this purpose will be confirmed and strengthened, such as continuous monitoring of process efficiency, through the use of operating systems and dedicated organisational resources, and the incentive remuneration system for employees.

Efficiency will be enhanced through the adoption of digital and innovative technological solutions, internal process control, staff training and a careful management of relations with external suppliers, with the ultimate goal of maintaining a lean and flexible cost structure.

Innovation

Innovation management is a crucial activity that enables Ascopiave to attain both short- and medium/long-term objectives.

Innovation makes it possible to improve economic efficiency and service quality, which are indispensable for maintaining adequate competitiveness vis-à-vis other operators in the sector, considering that they will be competitors in tenders for the award of concessions.

In a long-term perspective, innovation in technology and business models is essential to respond positively and in an economically sustainable way to the transformation processes prompted by European and national environmental and energy policies.

In 2022-2026 Ascopiave, as regards gas distribution, will implement a consistent programme of innovative interventions aimed at the evolution of the infrastructure and the improvement of its safety and functional efficiency.

These interventions will be particularly focused on the development of first reduction and metering substations, in order to make them more energy efficient, and the adaption of networks and systems to the future injection of "green" gases.

As regards the renewable energy sector, in 2022 the Group set up a dedicated business unit, sharpening and complementing the skills of in-house staff with those of the personnel of the newly acquired companies.

Economic and financial projections

The strategic development scenarios have been investigated by estimating their economic and financial impacts over the entire plan period, taking into account the main risk elements typical of the relevant sectors and the specific characteristics of the Group, assessed in relation to the planned actions.

The uncertainty about the dates on which the tenders will be invited and the concessions awarded has led to the development of a scenario analysis based on two different assumptions.

The first scenario, (scenario A), assumes that in the plan period no territorial tender will reach a degree of completion such as to announce a winner and that, therefore, the Group will continue to manage the current scope of activities in the gas distribution sector, apart from growth linked to the acquisition of assets through M&A operations.

The second scenario (scenario B), on the other hand, assumes that by 2026 the Group will be awarded four territorial concessions, identified among those of interest on the basis of an assessment of the progress of the process of publication of the tenders and its expected evolution.

The assumptions common to the two scenarios are external growth in the distribution sector, with acquisitions for a total of over 50,000 users, and the implementation of the investment plan in renewable energies and diversified activities.



According to the plan, the financial requirements for the investments will be partially financed through resources deriving from the disposal within 2026 of the 40% stake in EstEnergy and the 3% stake in Hera Comm, by exercising the put options already agreed with the Hera Group.

Investments

In the 2022-2026 five-year period the Group expects to make significant investments, totalling Euro 873 million (Scenario A), which rise to Euro 1,093 million if the Group is awarded the territorial tenders (Scenario B).

Requirements will be partially financed by divesting the equity investments in EstEnergy and Hera Comm.

Investments in gas distribution

In scenario A, investments in the distribution sector amount to Euro 469 million over the plan period, of which Euro 166 for external growth and Euro 303 million for the scope of activities currently managed.

As regards the latter, investments of approximately Euro 188 million are expected for the renovation and extraordinary maintenance of 342 km of pipeline, service lines and reduction and metering groups and facilities. Investments in development, consisting in the installation of over 153 km of new pipes and the construction of new connections, are estimated at around Euro 41 million.

We also plan to install approximately 298,000 electronic metres, mostly compliant with the obligations to replace traditional metres set out in the regulations, for a total investment of approximately Euro 46 million.

Finally, investments in digitisation, efficiency and innovation amount to approximately Euro 21 million. The latter include investments for the digitisation of business processes (Euro 5.4 million), the digitisation of the network (Euro 3.0 million), investments for the improvement of the energy efficiency of first reduction and metering substations (Euro 4.1 million) and for energy recovery on first reduction and metering substations through turbo-expansion combined with high-efficiency cogeneration (Euro 6.6 million) and the implementation of a bidirectional distribution system (Euro 1.6 million).

As for the investments connected with the expansion of the scope (Euro 166 million), Euro 77 million relate to the enterprise value of the acquisition of the assets of A2A, an operation finalised in April 2022.

If the Group wins the territorial tenders (Scenario B), the volume of investments could further grow by Euro 220 million, due in part to the payment of the reimbursement values of the plants to the outgoing operators (Euro 197 million) and in part to the implementation of the investment plans offered in the tender (Euro 23 million).

Investments in generation of electricity from renewable sources

The Group intends to expand its electricity plant portfolio by investing approximately Euro 328 million, of which Euro 188 million in M&A operations, for the acquisition of plants already in operation, and Euro 141 million for the greenfield development of new plants and maintenance of existing ones.

As regards M&As, as already mentioned, at the beginning of 2022 the Group acquired control of a company that manages hydroelectric and photovoltaic plants with a rated capacity of 57.9 MW, incurring a cost (in terms of enterprise value) of Euro 73 million. In the subsequent years, the plan envisages further company acquisitions for a total cost of Euro 114 million in order to increase the total capacity by approximately 65 MW (partly from wind and partly from photovoltaic sources).



With regard to investments in greenfield development, Euro 36 million are budgeted for the development of 21.6 MW of wind power in Calabria; in this case, the authorisation process has already been completed and the works are in progress. Commissioning is expected by 2024. Euro 58 million must be added to the above-mentioned amount for the development of 38.6 MW of photovoltaic power in sites which have already been identified and for which authorisation procedures have already been initiated: some of these plants are expected to come into operation in 2024 and most of them in 2025. Finally, Euro 43 million will be dedicated to the development of 36 MW of wind power in sites which have already been identified and whose authorisation procedures are expected to start in 2023: these plants – as the authorisations require a long time – are not expected to come into operation before 2027, therefore subsequent to the end of the plan term.

Investments in diversification

In the 2022-2026 period, the plan envisages investments for diversification into new businesses to the tune of Euro 74 million, of which Euro 19.6 million in a project for the production of green hydrogen, Euro 9.9 million in the biomethane sector, Euro 9.9 million in the energy efficiency segment and Euro 11.2 million in integrated water services. During 2023, the Group will acquire a 55% stake in Asco TLC, a provider of connectivity and private Cloud services. Considering the cost of the acquisition and the investments envisaged over the plan term, the Group will be investing Euro 23.3 million in the ICT sector.

The plan envisages the construction of an integrated plant for the production of green hydrogen by using energy from renewable sources. The project, which will be implemented in partnership with industry experts, could be eligible for government grants and specifically the funds made available by the PNRR (National Resilience and Recovery Plan). The alternative recipients of the hydrogen produced, whose uses are being assessed, are energy-intensive industries and local public transport. The fine-tuning of the project, which has a highly innovative nature, envisages the responsible involvement of all the main supply chain players, and is expected to become fully operational subsequent to the plan term.

In the biomethane sector, Ascopiave's investment objectives concern the upgrading of existing agricultural biogas plants, as well as the construction of new facilities.

Investments in energy efficiency will be mainly addressed to companies and the public administration and will be made through the ESCO of the Asco Energy Group, independently or through external growth.

Investments in the water sector consist in partnerships with industry operators through M&A operations or, if applicable, in participation in tenders for the award of the service.

Divestments of minority interests in companies selling natural gas and electricity

The investment plan will be financed through resources deriving from the exercise of the put options on the stakes held in the companies operating in the sale of gas and electricity. In both scenarios, over the course of the plan, the divestments generate cash for Euro 497 million, of which Euro 54 deriving from the sale of the stake in Hera Comm and Euro 442 million in EstEnergy, of which over Euro 79 million already collected at the end of 2022.



Evolution of EBITDA and net profit

The Group's EBITDA is expected to grow from Euro 77 million as stated in the 2022 preliminary financial statements to Euro 133 million in 2026 (Scenario A), rising to Euro 154 million if the four territorial tenders are launched and won (scenario B).

In scenario A, the increase in EBITDA in 2026 is due for Euro 27.0 million to gas distribution, for Euro 36.4 million to activities in the renewable energy sector and for Euro 9.0 million to diversified activities.

The change is also explained by the absence of some non-recurring income components which affect the 2022 results for approximately Euro 15.4 million (i.e. capital gain linked to the sale of 8% of EstEnergy and penalties for the termination of some service contracts with the EstEnergy Group).

The increase in the contribution of distribution activities to results is mainly attributable to the scope of current activities, while the growth in margins in the renewables sector is due both to the increase in the number of plants managed and to a normalisation of the production levels of current plants and of energy sales prices. Please note that the results of the sector in 2022 were severely affected by the meagre production of the plants, due to adverse weather conditions, and by the transitional national legislation aimed at containing the prices of energy produced from renewable sources.

As previously mentioned, if the Group won the territorial tenders (Scenario B), EBITDA would further increase by Euro 20.8 million.

The projection of the net result in 2026 is Euro 41 million, corresponding to a weighted average annual growth over the plan period equal to 7% and Euro 44 million in scenario B.

The results generated up to 2026 are due almost entirely to activities controlled by the Group, which will be able to completely replace the income currently deriving from minority interests in companies selling gas and electricity.

As against the forecasts of the previous strategic plan, the impact of financial charges has increased, especially due to the expected increase in borrowing rates.

Evolution of invested capital and net financial debt

The net invested capital during the plan increases from Euro 1,289 million (2022 preliminary figure) to Euro 1,300 million (2026 forecast for scenario A), basically unchanged, albeit with a substantial change in its composition. Actually, 67% of investments in 2026 refer to gas distribution and 22% to the renewable energy sector, while the investment in minority interests over which the Group does not exercise control is negligible.

If the Group won the tenders assumed in scenario B, the invested capital would further grow, reaching Euro 1,504 million.

Compared to 31st December 2022, according to scenario A, in 2026 financial debt will decrease to Euro 373 million, while according to scenario B it will increase (Euro 575 million), resulting in an efficient and sustainable financial structure in relation to the risk profile of the assets held and which are expected to be acquired.

Likelihood of scenarios

At present, the Group believes that the scenario which assumes that the new territorial concessions will commence by 2026 is to be considered less likely, also in view of the timeframe of the tender procedures currently in progress. Furthermore, the outcomes of the second scenario (Scenario B) are more uncertain because their evaluation is based on assumptions which, although reasonable, may not find exact confirmation in reality.



Dividend

The plan envisages attractive and sustainable remuneration for shareholders. In both scenarios, the plan assumes the distribution of a dividend of 13 cents for the year 2022, with an increase of 1 cent per share in the subsequent years until 2026.

Summary of forecast economic and financial data and main operational indicators

The following tables show the prospective income statement and cash flow data and the main operational indicators in the gas distribution sector envisaged in the two plan scenarios. The amounts are expressed in millions of Euros.

Scenario A

Economic and financial highlights	2022 Preliminary figures	Projections for 2026
Revenues	158	262
EBITDA	77	133
EBIT	31	66
Net profit	31	41
Net invested capital	1,289	1,300
Net equity	873	927
Net financial position	416	373
Gas distribution KPIs	2022 Preliminary figures	Projections for 2026
RAB	741	943
Users served / 1,000	890	945
Km of network / 1,000	14.7	15.4
Electricity production KPIs	2022 Preliminary figures	Projections for 2026
Installed power (MW)	62.5	223.5
Energy produced (GWh)	84	371



Scenario B

Economic and financial highlights	2022 Preliminary figures	Projections for 2026
Revenues	158	287
EBITDA	77	154
EBIT	31	76
Net profit	31	44
Net invested capital	1,289	1,504
Net equity	873	930
Net financial position	416	575
Gas distribution KPIs	2022 Preliminary figures	Projections for 2026
RAB	741	1,114
Users served / 1,000	890	1,110
Km of network / 1,000	14.7	18.5
Electricity production KPIs	2022 Preliminary figures	Projections for 2026
Installed power (MW)	62.5	223.5
Energy produced (GWh)	84	371

The Ascopiave Group is one of the leading operators in natural gas distribution in the country.

The Group owns concessions and direct assignments for the management of activities in 305 towns, supplying services to over 880,000 inhabitants, through a network which spreads over 14,500 kilometres. Ascopiave is also a partner of the Hera Group in the sale of gas and electricity, through a 40% stake in Estenergy, a leading operator in the field holding a portfolio of over 1 million sales contracts to end users, mainly in Veneto, Friuli Venezia-Giulia and Lombardy regions.

Furthermore, Ascopiave operates in the renewable energy field, through 28 hydroelectric and wind power stations, with a rated capacity of 62.5 MW. Through its subsidiary Salinella Eolico S.r.l., Ascopiave is about to undertake the erection of a wind power plant.

Finally, in the water sector, the Group is a shareholder and technological partner of Cogeide, which manages the integrated water service in 15 Towns within the Bergamo Province, serving a population of over 100 thousand with a network of 880 km.

Ascopiave has been listed under the Euronext Star Milan segment of Borsa Italiana since 12th December 2006.

Contact: Community Group
Giuliano Pasini
Giannandrea Gamba
Tel. +39 0422 / 416111
Mob. +39 335 / 6085019

Ascopiave
Tel. +39 0438 / 980098
Roberto Zava - Media Relator
Mob. +39 335 / 1852403
Giacomo Bignucolo – Investor Relator
Mob. +39 335 / 1311193

Pieve di Soligo, 9th February 2023

Fine Comunicato n.0887-8

Numero di Pagine: 10