PRESS RELEASE

ASCOPIAVE: the Board of Directors has approved the Ascopiave Group's 2020-2024 strategic plan.
The plan envisages a sustainable growth process that will improve corporate profitability while maintaining a balanced financial structure and a stable and advantageous distribution of dividends.

Economic and financial highlights

- **EBITDA in 2024: Euro 87 million (+Euro 25 million compared to 2020 preliminary financial statements)**
- **Net profit in 2024: Euro 51 million (+Euro 11 million compared to 2020 preliminary financial statements)**
- **Investments in 2020-2024: Euro 497 million**
- **Net debt in 2024: Euro 500 million**
- **Financial leverage (Net financial position / Shareholder's equity) in 2024: 0.57**
- **Forecast of dividends distributed: 16 cents per share in 2020, with an increase of 0.5 cents per share in subsequent years until 2024.**

The plan develops a scenario that leverage the tenders won by the Group, if any, for the gas distribution service. 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 20 million by 2024 and an increase in investments of Euro 188 million.

The Board of Directors of Ascopiave S.p.A., which had a meeting chaired by Mr Nicola Cecconato today, approved the 2020-2024 strategic plan of the Ascopiave Group.

Nicola Cecconato, Ascopiave Chairman, commented:

"The plan we have been presenting today reflects our Group's development lines in the coming years, clearly stating the goals we intend to pursue and the strategic levers that will allow us to accomplish them. First of all, Ascopiave will be committed to seizing the opportunities and responding to the challenges that will arise in the near future, on the one hand, from the transformation of the energy sector towards greater environmental sustainability and, on the other, from the opening of the gas distribution market, with the start of service-related tenders. Secondly, the Group will activate a growth and diversification path in other synergic, sustainable businesses within a risk profile consistent with the assets held at the moment. Reference is made to the biomethane, renewable energy, energy efficiency and water service sectors.
Our action plan leverages presently on the Group's solid position, its industrial and financial capabilities and the enhancement and development of current skills, with a view to creating value for shareholders and other main stakeholders.
The envisaged growth path will be part of an all-encompassing, economic-financial, social and environmental sustainability framework, confirming a stable and attractive remuneration for our shareholders**".**

Strategic guidelines

The strategy that will guide the Group until 2024 is based on four cornerstones: growth in the core business of gas distribution, diversification into synergistic sectors, economic and operational efficiency and innovation.
The strategy is aimed at pursuing the goal of sustainable success understood as the creation of long-term value for the benefit of shareholders, taking into account the interests of other relevant stakeholders.

Growth in the core business of gas distribution

The positioning and skills currently possessed by the Group 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 for growth that Ascopiave will be able to seize thanks to its consummate technical and industrial skills, its economic-managerial efficiency and the availability of adequate financial resources, capitalising on the current external opportunities that can originate from the consolidation of the industry.
The growth will be achieved through M&A operations with small to medium-sized companies in the sector and participation in tenders for the award of concessions.
The Group 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 the region of Veneto.
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 two ATEMs (Minimum Territorial Areas), identified considering the current stage of the launch of calls for tenders and its expected evolution.

Diversification into new businesses

After assessing the different possible directions of development, some relevant sectors have been identified, estimating an ambitious investment plan.
The diversification activities have been evaluated taking into account the potential synergies with the core business, their sustainability and their risk profile.
Ascopiave currently boasts remarkable skills in the management of infrastructure and energy systems, which can be applied to businesses with similar characteristics. Steering towards these activities produces synergistic effects, and diversification takes on an industrial meaning, creating an actual economic value.
As for sustainability, we have considered favourably those sectors that offer an adequate growth potential, i.e. which can enable the Group, in perspective, to reach a sizing and positioning sufficient to generate profitability which is comparable to that of other operators already present in the market. This characteristic can be identified in particular in those sectors capable, with their development, of contributing to the energy transition.
Finally, intending to invest in sectors that present a low operational risk, we have considered with particular favour the activities governed and managed under concessions and those that offer stable cash flows thanks to long-term public incentive schemes.
Based on these criteria, the diversification sectors considered in the plan are: biomethane, energy production from renewable sources, energy efficiency and integrated water service.
The new activities may be initiated in different ways and, therefore, as the case may be, 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. Between 2017 and 2020, three companies, managing about 50% of the Group's current customers, were fully integrated.

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 functional to the 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.
In the short and medium run, innovation makes it possible to improve economic efficiency and service quality, which are indispensable for achieving satisfactory profitability and 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 2020-2024, Ascopiave 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 aim in particular to increase the energy efficiency of the first reduction and metering substations and prepare the networks and plants to the future injection of "green" gases.
The Group will equip itself with a pioneering leak detection system which, in addition to improving the safety conditions of the network, will contribute to the reduction of CH4 emissions into the atmosphere.

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, which we have called 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.
On the other hand, the second scenario, called scenario B, assumes that by 2024 the Group will be awarded two 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 the acquisition of small-sized companies for a total of 50,000 users, and the implementation of an investment plan in diversified activities.

Investments

In the five-year period 2020-2024 the Group expects to make significant investments, totalling Euro 497 million (Scenario A), which rise to Euro 685 million if the Group is awarded the territorial tenders (Scenario B).

Investments in gas distribution

In scenario A, investments in the distribution sector amount to Euro 316 million over the plan period, of which Euro 65 million for acquired assets and Euro 251 million for the scope of activities currently managed.

As regards the latter, investments of approximately Euro 122 million are expected for the renovation and extraordinary maintenance of 250 km of pipeline, service lines and reduction and metering groups and facilities. Investments in development, consisting in the installation of over 300 km of new pipes and the construction of new connections, are estimated at around Euro 63 million.

We also plan to install approximately 340,000 electronic metres, mostly compliant with the obligations to replace traditional metres set out in the regulations, for a total investment of approximately Euro 47 million.
Finally, investments in digitisation, efficiency and innovation amount to approximately Euro 19 million. The latter include investments for the digitisation of business processes (Euro 5.5 million), the digitisation of the network (Euro 2.1 million), investments for the improvement of the energy efficiency of first reduction and metering substations (Euro 3.1 million) and for energy recovery on first reduction and metering substations through turbo-expansion combined with high-efficiency cogeneration (Euro 4.3 million), the implementation of a bidirectional distribution system (Euro 2.4 million) and the introduction of a new innovative leak detection system (Euro 1.5 million).

If the Group wins the territorial tenders (Scenario B), the volume of investments could further grow by Euro 188 million, due in part to the payment of the reimbursement values of the plants to the outgoing operators (Euro 148 million) and in part to the implementation of the investment plans offered in the tender (Euro 40 million).

Investments in diversification

In the 2020-2024 period, the plan envisages investments for diversification into new businesses to the tune of Euro 118 million, of which Euro 10 million in the biomethane sector, Euro 73 million in the renewable energy industry (hydroelectric, wind, photovoltaic), Euro 10 million in the energy efficiency segment and Euro 25 million in integrated water services.

In the biomethane sector, Ascopiave's investment objectives concern the upgrading of existing agricultural biogas plants, as well as the construction of new facilities.
In the sector of energy production from renewable sources, the plan envisages the establishment of a portfolio of plants, preferably under an incentive scheme, through M&A operations and by consolidating its management skills through partnerships with specialised operators.
Investments in energy efficiency will be mainly addressed to companies and public administrations and will be made through the ESCo of the Group, Asco Energy, 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.

Evolution of EBITDA and net profit

The Group's EBITDA is expected to grow from Euro 62 million in the 2020 preliminary financial statements to Euro 87 million by 2024 (Scenario A), rising to Euro 107 million if the two territorial tenders are launched and won (scenario B).
The scope of the currently consolidated activities determines a growth in EBITDA of Euro 8 million by 2024.
The increase in EBITDA for M&A operations in the distribution sector is expected to be Euro 6 million, while the estimated EBITDA for diversification activities is Euro 11 million, of which Euro 7.5 million deriving from the renewable energy sector, Euro 1.5 million from the energy efficiency industry and Euro 2 million from the water sector.

Finally, if the Group wins the territorial tenders (Scenario B), EBITDA would further increase by Euro 20 million.

The projections relating to the net profit include income from minority stakes, costs for financial charges and taxes. The estimate of the income deriving from consolidation with the equity method of the stake in Estenergy takes into account the forecasts of the Group plan approved by the same company and, for 2024, amount to approximately Euro 27 million.

In scenario A, the net profit is estimated at Euro 51 million (+Euro 11 million compared to 2020 preliminary financial statements), in scenario B at Euro 58 million (+Euro 18 million compared to 2020 preliminary financial statements).

Evolution of invested capital and net financial debt

The net invested capital during the plan increases from Euro 1,178 million (2020 preliminary financial statements) to Euro 1,381 million (2024 forecast in scenario A). If the Group wins the tenders assumed in scenario B, the invested capital would further grow, reaching Euro 1,569 million.

In both scenarios, growth-induced requirements are assumed to be financed through the use of financial leverage. As a result, financial debt in 2024 is expected to grow to Euro 500 million in scenario A and Euro 683 million in scenario B, respectively.
The resulting financial structure is considered efficient and sustainable 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 assuming the initiation of new territorial concessions by 2024 is to be considered less probable, also due to the timing of the tender procedures currently in progress. The outcomes of the second scenario (Scenario B) are also characterised by greater uncertainty, as their assessment 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 16 cents for the year 2020, with an increase of 0.5 cents per share in the subsequent years until 2024.

Summary of forecast economic-financial data and main operational indicators

The following tables show the prospective economic and financial 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	**2020 preliminary figures**	**Projection at 2024**
Revenues	216	270
EBITDA	62	87
EBIT	27	36
Net profit	40	51
Net Invested Capital	1,178	1,381
Shareholder's Equity	838	881
Net Financial Position	340	500
Gas distribution KPI	**2020 preliminary figures**	**Projection at 2024**
RAB	642	757
Users served / 1,000	776	841
Km of Network / 1,000	12.9	13.8

Scenario B

Economic and financial highlights	**2020 preliminary figures**	**Projection at 2024**
Revenues	216	332
EBITDA	62	107
EBIT	27	47
Net profit	40	58
Net Invested Capital	1,178	1,569
Shareholder's Equity	838	886
Net Financial Position	340	683
Gas distribution KPI	**2020 preliminary figures**	**Projection at 2024**
RAB	642	911
Users served / 1,000	776	999
Km of Network / 1,000	12.9	15.9

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 268 towns, supplying services to about 775,000 inhabitants, through a network which spreads over 12,000 kilometres. Ascopiave is also a partner of the Hera Group in the sale of gas and electricity, through a 48% 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.
Ascopiave also operates in the water sector. It is a shareholder and technological partner of Cogeide, which manages the integrated water service in 15 Towns within the Bergamo Province, by serving a population of over 100 thousand with a network of 880 km.
Ascopiave has been listed under the Star segment of Borsa Italiana since 12th December 2006.

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Pieve di Soligo, 15th January 2021