



PRESS RELEASE

ASCOPIAVE: the Board of Directors has approved the Group's strategic plan for the years 2024-2027. The plan confirms the strategic directions set out last year, outlining a sustainable growth path in the core businesses of gas distribution and renewable energies and in new areas of operations. Development will take place under conditions of a balanced financial structure, ensuring a remunerative dividend distribution.

Economic and financial highlights

- **EBITDA to 2027: EUR 139 million (+ EUR 44 million compared to actual 2023);**
- **Net profit to 2027: EUR 42 million (+ EUR 5 million compared to actual 2023 figure);**
- **Net investments 2024-2027: EUR 617 million;**
- **Divestments of minority interests 2024-2027: EUR 294 million;**
- **Net debt to 2027: EUR 435 million;**
- **Financial leverage (Net Financial Position / Shareholders' Equity) to 2027: 0.48;**
- **Dividend forecast: 14 cents per share for the financial year 2023, increasing by 1 cent per share in the following years until 2027.**

The plan envisages a scenario that valorises the possible award by the Group of certain tenders for the gas distribution service in minimum territorial areas of interest. This opportunity, which depends, among other things, on the actual timing of the publication of calls for tenders, entails an estimated further growth in EBITDA to 2027 of EUR 21 million and an increase in the volume of investments of EUR 215 million.

The Board of Directors of Ascopiave S.p.A., which met today under the chairmanship of Dr. Nicola Ceconato, has approved the Ascopiave Group's 2024-2027 strategic plan.

The Chairman and CEO Dr. Nicola Ceconato states that:

“The plan approved today by the Board of Directors confirms the main strategic objectives already indicated in 2023, updating the forecasts in the improved economic performance, taking into consideration the positive results achieved in 2023 and the changes in macroeconomic, regulatory and market parameters occurred in recent months. The Group has updated its substantial organic investment program in the core gas distribution sector, where it is among the top national operators. The plan also confirms Ascopiave commitment to seeking new investment opportunities in synergistic activities, with a stable return profile and limited risk, with the aim of guaranteeing shareholders a safe and profitable distribution of dividends. The prospects for diversification and growth are identified mainly in the renewable energy sector, although Ascopiave continues to look carefully at the opportunities that may arise in other infrastructural and regulated businesses, enhancing its territorial presence, particularly in North-Eastern Italy”.

Strategic directions

The plan confirms the four strategic directions already approved in 2023: growth in core businesses, diversification into synergetic sectors, economic and operational efficiency and innovation.

The Group's strategy aims to pursue sustainable business success, integrating environmental, social and economic sustainability aspects, and is oriented towards the goal of stable value creation for shareholders, evolving into a profitable relationship with other relevant stakeholders.

Growth in the core business of gas distribution

The Group's position and expertise in natural gas distribution represent a concrete foundation for the growth of the perimeter of assets it manages. The sector's consolidation process is an opportunity that Ascopiave will be able to seize by leveraging its solid industrial wherewithal and the availability of adequate financial resources. Growth will take place through M&A transactions and participation in tenders for the award of concessions.



Ascopiave has identified a set of ATEM tenders where it intends to compete, defining their priorities and level of interest, with the aim of building up a portfolio of concessions for the management of the service in contiguous territories, paying particular attention to strengthening its current leadership in the North East. The possibility of implementing the growth strategy through participation in ATEM tenders depends, among others, on the timing of the publication and award of tenders. Given the uncertainty about these timeframes, the plan develops a scenario analysis that specifically addresses the assessment of the impacts of the possible awarding of four minimum territorial areas, identified by taking into account the current state of progress of the tender process and its expected evolution.

Growth in the core renewable energy business

Thanks to the company acquisitions made in 2021-2022 and the commissioning of a new wind power plant, completed at the end of 2023, the Group currently operates a fleet of hydroelectric and wind power plants with a nominal capacity of over 84 MW.

The Group is also planning the green field development of other plants, with both wind and photovoltaic sources, for which the necessary authorisation procedures are underway or expected to start soon.

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

Diversification into new activities

The plan identifies profitable development opportunities in the green gas, energy efficiency and water service sectors.

In general terms, growth in diversified sectors can take place through the development of in-house expertise and autonomous bidding systems, participation in competitive procedures, company acquisitions or, finally, the establishment of partnerships with experienced players.

Economic and operational efficiency

Ascopiave has achieved appreciable results on the management efficiency front, implementing organisational and technological solutions functional both to enhancing the quality and reliability of service and to containing costs. The Group also has solid experience in the integration of post-acquisition companies and in 2023 completed the integration of the new management inducted from the A2A Group.

Improving economic efficiency is at the heart of Ascopiave's management policies, which aim to build on the excellent results achieved in recent years.

To this end, corporate policies and practices functional to the purpose, such as the continuous monitoring of process efficiency, through the use of operational systems and dedicated organisational resources, and the personnel incentive remuneration system, will be confirmed and strengthened.

Efficiency measures will be based on the adoption of digital and innovative technological solutions, internal process control, staff training and careful management of relations with external suppliers, with the ultimate aim of retaining a flexible and streamlined cost structure.

Innovation

Innovation management is crucial for Ascopiave; it aims at both the short as well as the medium to long-term goals.

Innovation pursues the objectives of improving economic efficiency and the quality of the services provided, which are indispensable to maintaining an adequate competitive capacity vis-à-vis other operators in the field, also in view of the competitive confrontation in tenders for the awarding of concessions.

In a long-term perspective, technological innovation of business models is instead fundamental to responding positively and in an economically sustainable way to the transformation processes embedded in both the European and national environmental and energy policies.



Over the 2024-2027 period, in the gas distribution sector, Ascopiave will implement an organic programme of innovative interventions aimed at upgrading the infrastructure and improving its safety and functional efficiency.

Said interventions will focus in particular on the energy efficiency of the Remi cabins and on the preparation of networks and installations for the future introduction of 'green' gas.

Economic and financial forecast

The strategic development assumptions were examined in detail by estimating their economic-financial impacts over the entire plan period, taking into account both the main risk elements typical of the reference sectors, and the peculiar characteristics of the Group, assessed in relation to the planned actions.

The uncertainty over the timing of the start of tenders and the awarding of concessions led to the development of a scenario analysis based on two different assumptions.

In a first scenario, called scenario A, it is expected that, in the plan period, no tender will be able to complete its process until it is awarded and that, therefore, the Group will continue to manage the current gas distribution operations, apart from a growth linked to the acquisition of assets through M&A.

In the second scenario, known as scenario B, it is instead assumed that by 2027, the Group will be awarded four concessions in the field, identified among those of interest on the basis of an assessment of the progress of the tender publication process and its expected evolution.

As a common assumption for the two scenarios, growth was assumed in the distribution sector, with acquisitions totalling more than 50,000 customers, and the execution of the investment plan in the renewable energy sector and in diversified activities.

The plan envisages that the financial requirements for investment activities will be covered through resources deriving from the disposal by 2027 of the 25% stake in EstEnergy and the 3% stake in Hera Comm, through the exercise of the put option rights already contracted with the Hera Group.

Investments

In the four-year period 2024-2027, the Group expects to realise a significant volume of investments, totalling EUR 617 million (Scenario A), which rises to EUR 832 million in the event of the awarding of the envisaged tenders (Scenario B).

The requirements will be partly financed through divestments in the participations in EstEnergy and Hera Comm.

Investments in gas distribution

In scenario A, investments in the distribution sector amount to EUR 346 million over the plan period, of which EUR 87 million is due to external growth and EUR 258 million to the current scope of operations.

With reference to the latter, investments of approximately EUR 168 million are planned for renewal and extraordinary maintenance work on 284 km of pipelines, user shunts, and reduction and measurement units and plants. Development investments, consisting of the laying of over 73 km of new pipelines and the construction of new connections, are estimated at approximately EUR 26 million.

It is also planned to install around 288,000 electronic meters and other measurement infrastructure, for a total investment of around EUR 48 million.

Finally, investments in digitisation, efficiency and innovation amount to approximately EUR 15 million. These include investments for digitising business processes (EUR 5.1 million), digitising the network (EUR 0.7 million), improving the energy efficiency of REMI substations (EUR 3.3 million), energy recovery on REMI substations by means of turbo-expansion combined with high-efficiency cogeneration (EUR 5.5 million), and implementing a two-way distribution system (EUR 0.8 million).

With regard to investments related to the expansion scope (EUR 87 million), EUR 68 million relate to the Enterprise Value of the assumed acquisitions.

Assuming the ATEM tenders are awarded (Scenario B), the investment volume could increase by an additional EUR 215 million, due partly to the payment of plant redemption values to the outgoing operators (EUR 199 million) and partly to the implementation of the investment plans offered in the tenders (EUR 16 million).



Investment in electricity generation from renewable sources

The Group intends to expand the power generation fleet through investments of approximately EUR 221 million, of which EUR 122 million in M&A, for the acquisition of operating plants, and EUR 99 million for the green field development of new plants.

On the M&A front, the plan envisages an overall increase of the generation park by about 75 MW, from both wind and photovoltaic sources.

With regard to green field development investments, an amount of 41 million euro is slated for investment in the construction of new 37.9 MW photovoltaic plants, for which the authorisation procedures have already been concluded or are at an advanced stage: these plants are expected to come into operation partly in 2025 and, to a greater extent, in 2026. Lastly, EUR 58 million will be allocated to the development of 36 MW wind power capacity on sites already identified and for which the necessary authorisation procedures are expected to be started in 2024: these new plants - given the length of the administrative procedures - will only be able to come into operation after the end of the plan time-frame.

Diversification investments

The plan envisages investments for the period 2024-2027 for diversification into new business activities of approximately EUR 48 million, of which EUR 17 million in a project under study for the production of green hydrogen, EUR 10 million in the biomethane sector, EUR 10 million in the energy efficiency sector, and EUR 11 million in the integrated water service sector.

The plan is to build an integrated plant for the production of green hydrogen using energy from renewable sources. The project, which will be realised in partnership with industry experts, will draw partly on public support and specifically on funds made available by the PNRR. The priority destination of the hydrogen produced will be represented by the local public transport sector.

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

Investments in energy efficiency will be mainly targeted at companies and public administrations, and will be made through Asco Renewables, either independently or through growth through external lines.

Investments in the water sector are envisaged in partnerships with operators in the sector through M&As or, if the conditions are met, following participation in tenders for the award of the service.

Divestments from minority interests in companies operating in the sale of natural gas and electricity

The investment plan will be financed through resources from the exercise of put options on the shares held in companies active in the commercial sector of gas and electricity sales

In both scenarios, over the period of the plan, the divestments generate cash of EUR 294 million, of which EUR 233 million for the sale of the stake in EstEnergy and EUR 53 million for Hera Comm.

Development of EBITDA and net result

Group EBITDA is expected to grow from EUR 95 million in 2023 to EUR 139 million in 2027 (Scenario A), rising to EUR 160 million if the four ATEM tenders are started and awarded (Scenario B).



In scenario A, the increase in EBITDA to 2027 is due for EUR 29 million to gas distribution activities, for EUR 25 million to renewable energy activities, and for EUR 5 million to diversified activities.

The change is also explained by the absence of some non-recurring income items that affected the 2023 results, in particular the capital gain related to the sale of 15% of EstEnergy, amounting to EUR 13.6 million.

The increase in the contribution to results from distribution activities is mainly attributable to the perimeter of current activities, while the growth in margins in the renewables segment is due to both the increase in the number of plants managed and a normalisation of the production levels of current plants and the dynamics of energy sale prices. It should be noted, in fact, that the segment's results in FY2023 were partially penalised by the transitional national regulations aimed at limiting the prices of energy produced from renewable sources.

The assumption that the ATEM tenders would be awarded (Scenario B) would, as mentioned, lead to a further EUR 21 million increase in EBITDA.

The projected net profit to 2027 is EUR 42 million, corresponding to a weighted average annual growth over the plan period of 3%, and EUR 45 million in scenario B.

The results generated up to 2027 are almost entirely due to the Group's controlled activities, which will be able to fully replace the income to date from minority interests in the gas and electricity marketing companies.

Changes in invested capital and net financial debt

Net invested capital over the period of the plan goes from EUR 1,244 million (final 2023) to EUR 1,348 million (forecast to 2027 in scenario A), remaining substantially stable, but with a significant change in its composition. Actually, 68% of the investments to 2027 refer to gas distribution and 23% to the renewable energy segment, while the weight of the investment in minority interests over which the Group does not exercise control is negligible.

If the tenders under scenario B are awarded, the invested capital would increase further to EUR 1,547 million.

Compared to 31 December 2023, financial debt as of 2027 increases in both scenarios to EUR 435 million in scenario A and EUR 630 million in scenario B, resulting in an efficient and sustainable financial structure in relation to the risk profile of the assets held.

Likelihood of occurrence of scenarios

As of today's date, the Group believes that the scenario of the start-up consequent to new tenders by 2027 is less likely, also due to the timing of the tender processes currently underway. The outcome of the second scenario (Scenario B) are also characterised by greater uncertainty, since their assessment is based on assumptions that, while reasonable, may not be accurately reflected in reality.



Dividend

The plan envisages an attractive and sustainable shareholder remuneration.

In both scenarios, the plan calls for a dividend of 14 cents for the year 2023, increasing by 1 cent per share in the following years until 2027.

Summary of forward-looking economic and financial data and key operational indicators

The following tables show the prospective economic-financial data and the main operating indicators in the gas distribution sector expected in the two plan scenarios.

Amounts are expressed in millions of euro.

Scenario A

Economic and financial highlights	Balance 2023	Forecast to 2027
Revenues	181	260
EBITDA	95	139
EBIT	46	69
Net result	37	42
Net invested capital	1,244	1,348
Net assets	854	914
Net financial position	389	435
Gas distribution KPIs	Balance 2023	Forecast to 2027
RAB	780	1,012
Users served / 1,000	874	928
KM network / 1,000	14.7	15.5
Electricity production KPIs	Balance 2023	Forecast to 2027
Installed power (MW)	84.1	233.0
Energy produced (GWh)	151	387

Scenario B

Economic and financial highlights	Balance 2023	Forecast to 2027
Revenues	181	282
EBITDA	95	160
EBIT	46	79
Net result	37	45
Net invested capital	1,244	1,547
Net assets	854	917
Net financial position	389	630
Gas distribution KPIs	Balance 2023	Forecast to 2027
RAB	780	1,182
Users served / 1,000	874	1,031
KM network / 1,000	14.7	17.3
Electricity production KPIs	Balance 2023	Forecast to 2027
Installed power (MW)	84.1	233.0
Energy produced (GWh)	151	387



The Ascopiave Group is one of the leading national operators in the natural gas distribution field. The Group manages operations in 304 towns in Northern Italy, providing service to about 870,000 users through a network of over 14,500 kilometres. The Group is also a player in the field of renewable energy and integrated water supply; it holds a minority stake in energy marketing enterprises and public services.

In the renewable energy sector, Ascopiave owns 29 hydroelectric and wind power plants with a nominal capacity of 84.1 MW.

The company is a shareholder and technological partner of Cogeide S.p.A., which manages the integrated water service in 15 towns in Lombardy, serving a basin of over 100 thousand inhabitants through a network of 880 km.

Ascopiave is a partner of the Hera Group in the marketing of energy, holding a 25% stake in Est Energy S.p.A., a leading operator in the field with a portfolio of over 1 million sales contracts with end users, mainly in the Veneto, Friuli Venezia-Giulia and Lombardy regions.

Moreover, the Group holds a minority stake in energy marketing businesses (Hera Comm S.p.A.), in the field of utilities (Acinque S.p.A.) as well as in Information and Communication Technology Services (Acantho S.p.A.).

Ascopiave has been listed on the Euronext Star Milan segment of the Italian Stock Exchange since 12 December 2006.

Contact: Community Group
Giuliano Pasini
Gianandrea Gamba
Tel. 0422 / 416111
Cell. 335 / 6085019

Ascopiave
Tel. 0438 / 980098
Roberto Zava - Media Relator
Cell. 335 / 1852403
Giacomo Bignucolo - Investor Relator
Cell. 335 / 1311193

Pieve di Soligo, 18 March 2024