



ITALIAN LOCAL UTILITIES DAY

London, February 28th 2007

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Business Overview

Ascopiave Group operates in the gas sector, and its principal business activities are the distribution and sale of gas to end customers in northern Italy.

Ascopiave ranks eighth, in terms of customers served, among the operator active in the Italian gas sale market.

Ascopiave Group is active also in the heat management and electricity sales sectors.

2006 MAIN FINANCIAL DATA*

(Thousands of Euro)

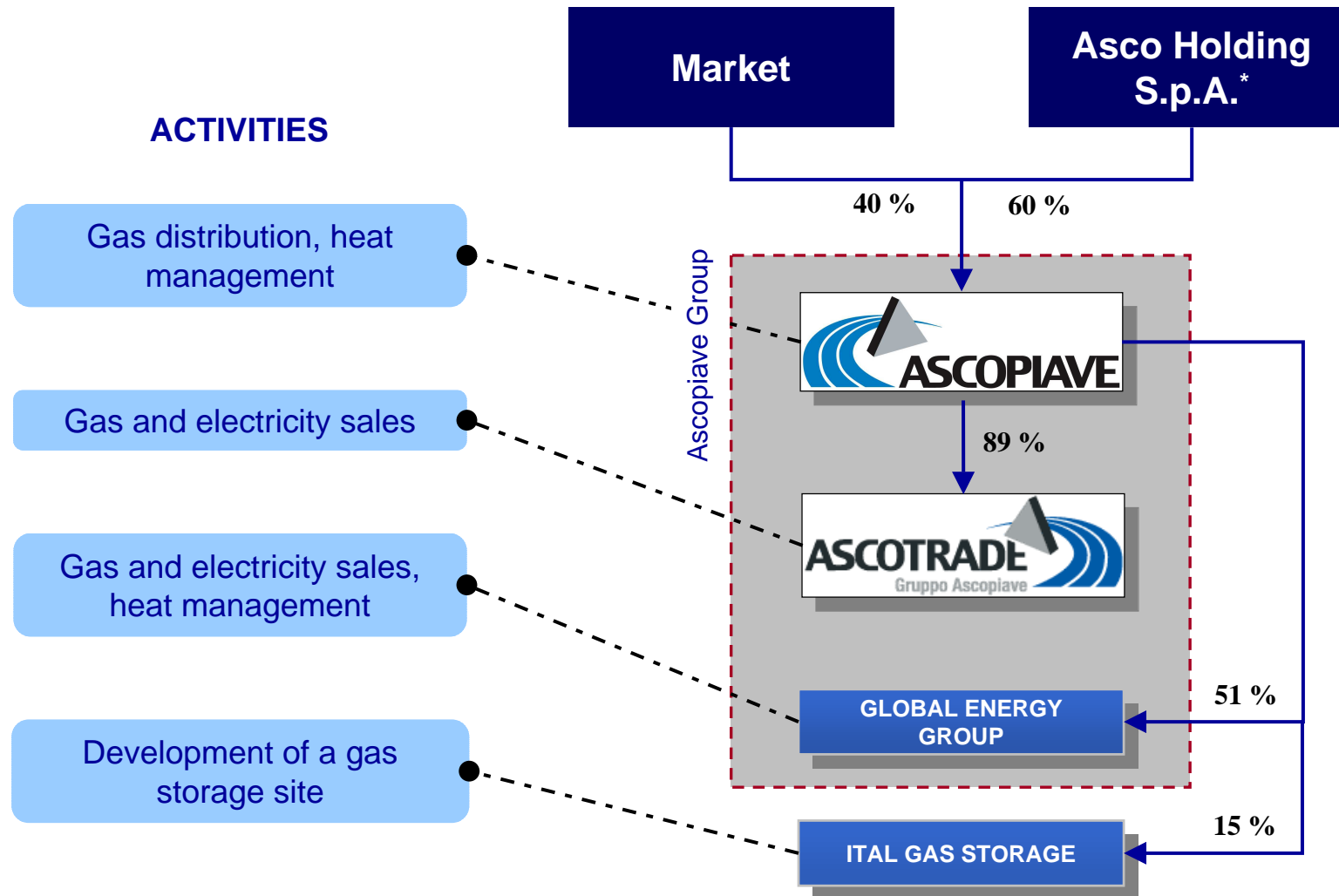
Revenues	318,105
EBITDA	40,405
EBIT	29,150
Capital Employed	281,360
Shareholders' equity	368,901
Market Capitalization**	490.468

2006 MAIN OPERATING DATA

No. of gas sale clients***	342,700
Vol. of gas sold*** (Scm/M)	873.4
Vol. of electricity sold (GWh)	101.3
No. of managed concessions	155
Length of distribution network (km)	6,360
Employees	300

*4thQ 06 financial report; **As of February 22th 2007; ***Bimetano Servizi included

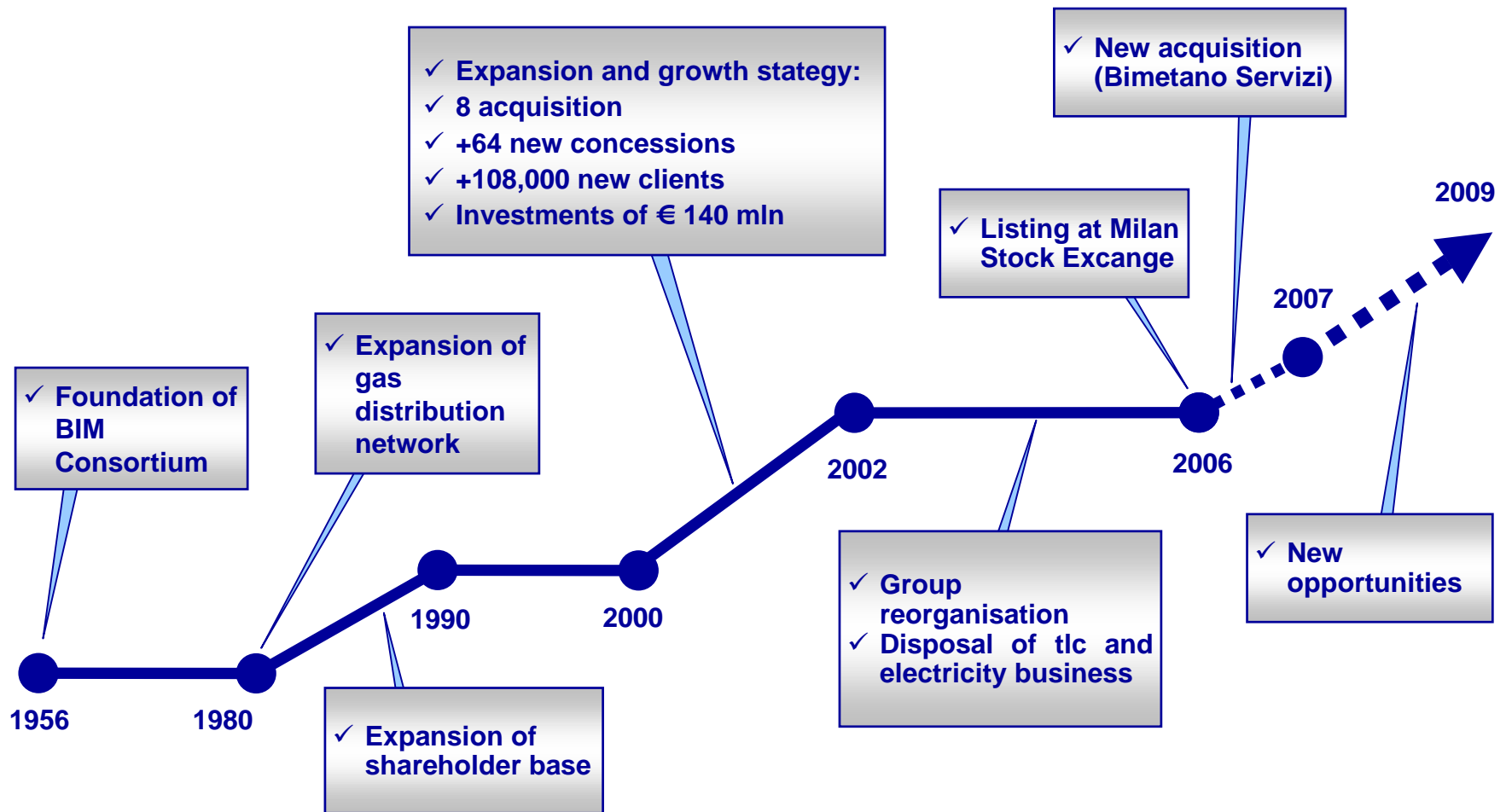
Ascopiave Group structure as of January 1st 2007



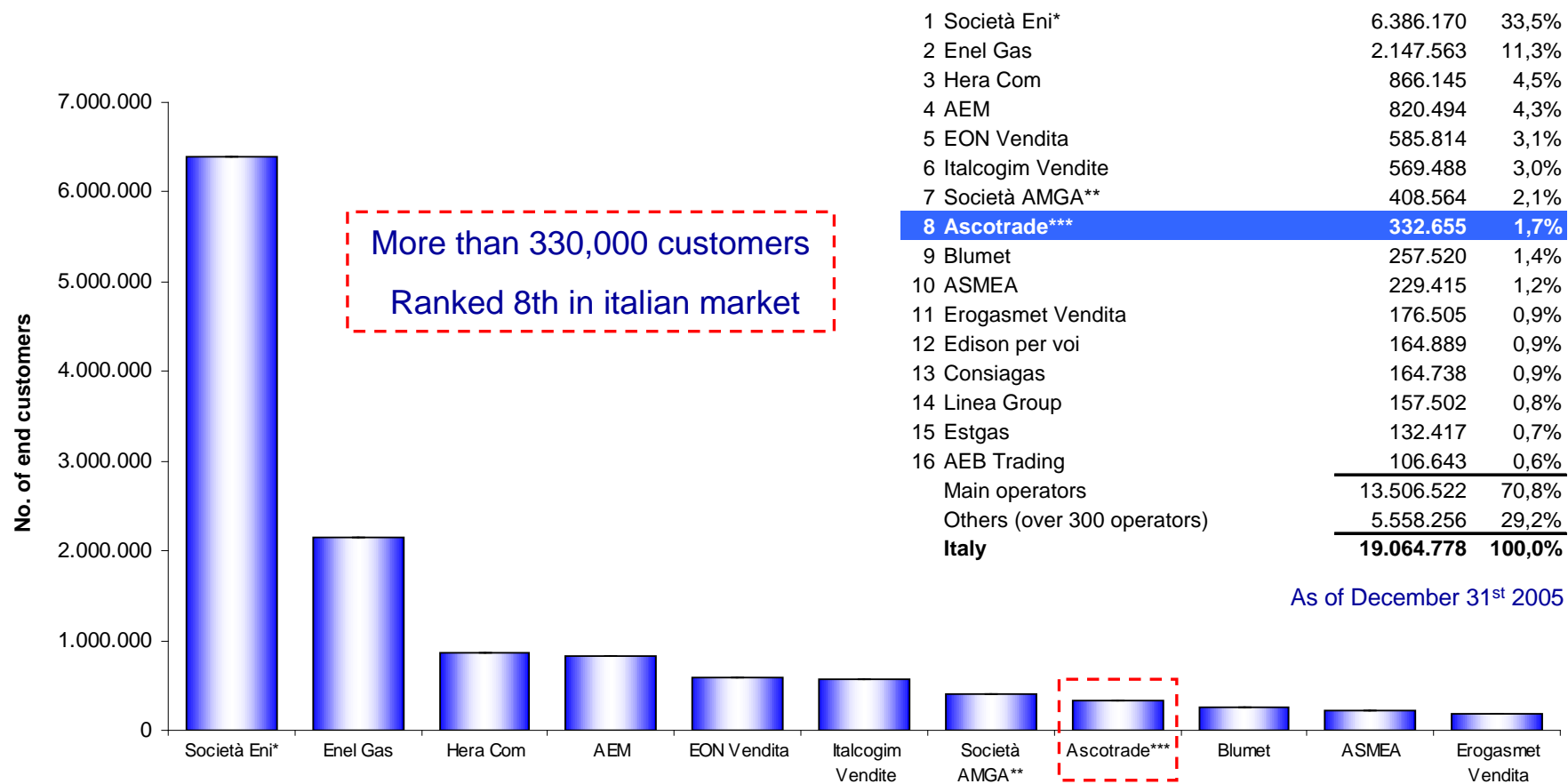
*Shareholders: 93 municipalities

History

Capability to take opportunities from the market with a strong consolidation track record



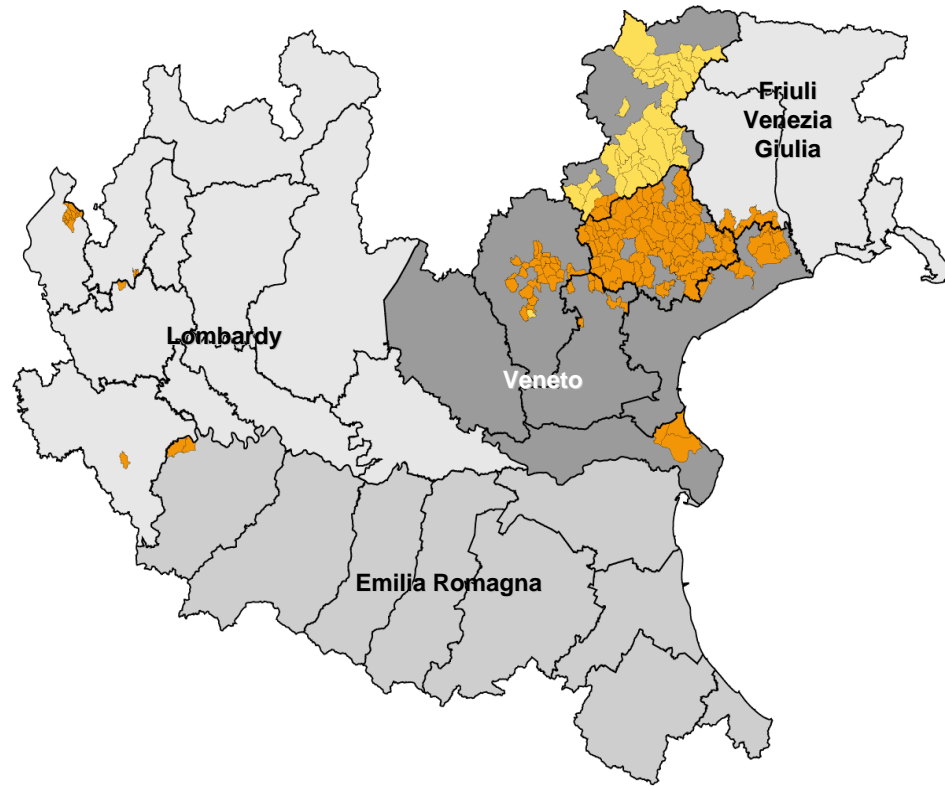
Market positioning





Source: in house processing of AEEG data (Res. No. 235/06)

*Including: ENI, Napoletana Gas Clienti, Fiorentina Gas Clienti, Siciliana Gas Vendite, Toscana Gas Clienti; **Including AMGA Commerciale, AMGA Energia e Servizi; ***Including end customers of Bimetano Servizi.

Market share



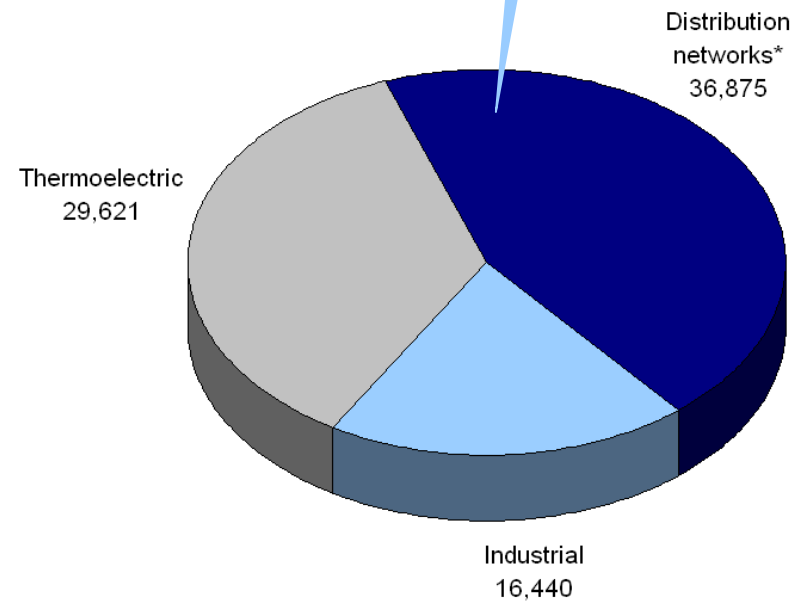
-  Municipalities with only gas sales activity
-  Municipalities with gas sales and gas distribution activities

Gas consumption in Italy (2005 data in Scm/M)

Source: internal data processing on Ministry for Economic Development data

Ascopiave Market Share:

- ✓ 19,2% in Veneto region of Italy
- ✓ 2,6% in Italy



*Gas volumes distributed through secondary network to the residential, industrial, thermoelectric sectors.

Initial Public Offering

Ascopiave was listed on Milan Stock Exchange Star segment on 12 December 2006.

The IPO was launched through a public offering for the underwriting of new shares (PUO).

Main offering data of the Initial Public Offering

Shares held by Asco Holding after IPO*	60%
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Shares held by the market after IPO	40%
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Placement price** (€/share)	1,80
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IPO proceeds*** (€/M)	161,3
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Performance of Ascopiave share price since placement date*



Source: Italian Stock Exchange website

*Greenshoe option was fully exercised on 19 December 2006; **Excluded incentives for retail market; ***Net of listing costs

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Gas distribution: concessions

60% of concessions from shareholders municipalities

	Number	Populations*	Length of network (km)**
Award from Asco Holding member municipalities	92	624,840	3,690
Concessions from other municipalities	63	358,130	2,671
Total	155	982,970	6,360

78% of users on concessions expiring beyond 2010

No. of concessions

5***

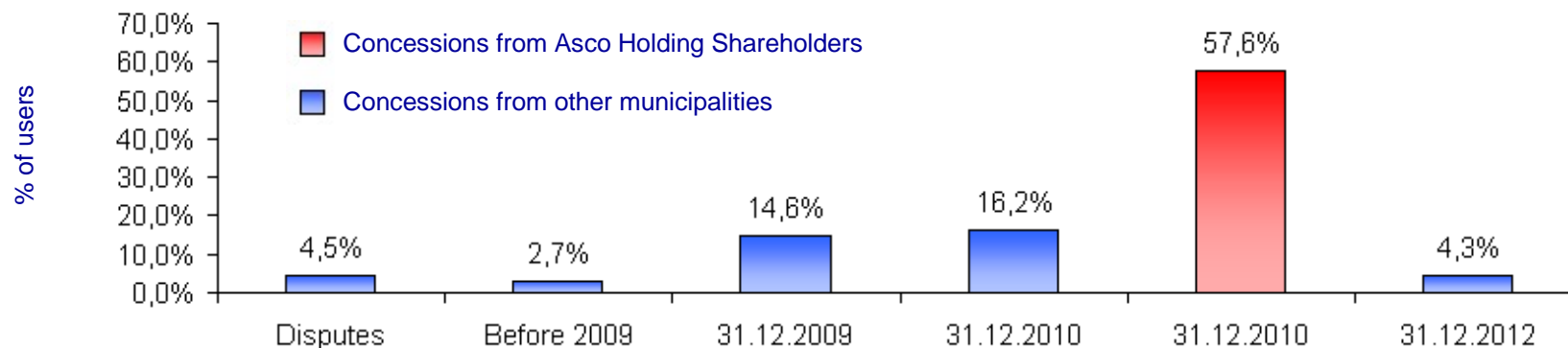
3

17

25

92

14



*Data as of 31 December 2005, Source: ISTAT; **Data as of 31 December 2006; ***Including a municipality with concession expiring before 2009

VRD (“Vincolo dei Ricavi della Distribuzione”, i.e. Distribution Revenue Constraint)

Maximum cost of distribution activities, including management operating costs, depreciation and remuneration of capital invested, that can be compensated through the tariff.

VRD = CO + AMM + CI x rd, where:

CO: represents the tariff quota covering management operating costs;

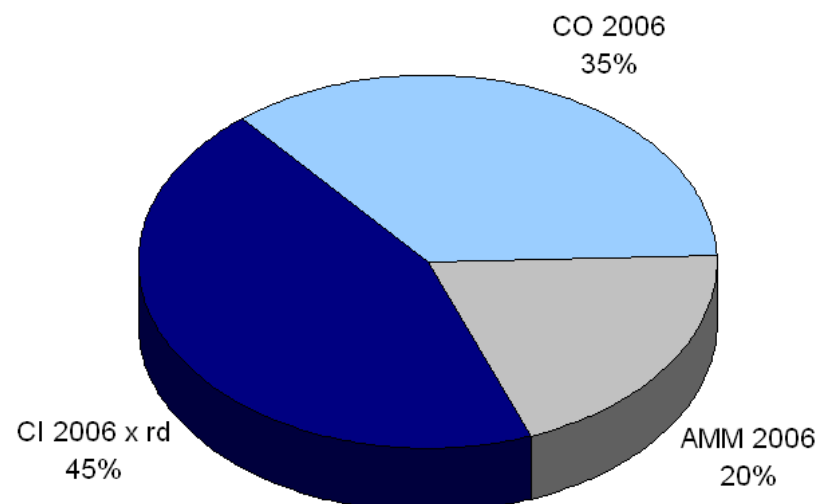
AMM: represents the quota covering depreciation;

CI: represents the net capital invested in distribution;

rd: represents the real, pre-tax rate of return on net invested capital (equals to 7.50%).

VRD 06-07*	€/M
CO 2006	13,334
AMM 2006	7,508
CI 2006 x rd	16,769
Total VRD 2006	37,611

Components of VRD (%)



*Resolution AEEG n. 170/04 as modified by the subsequent Resolution AEEG n. 122/05 and n. 218/06

Gas sales

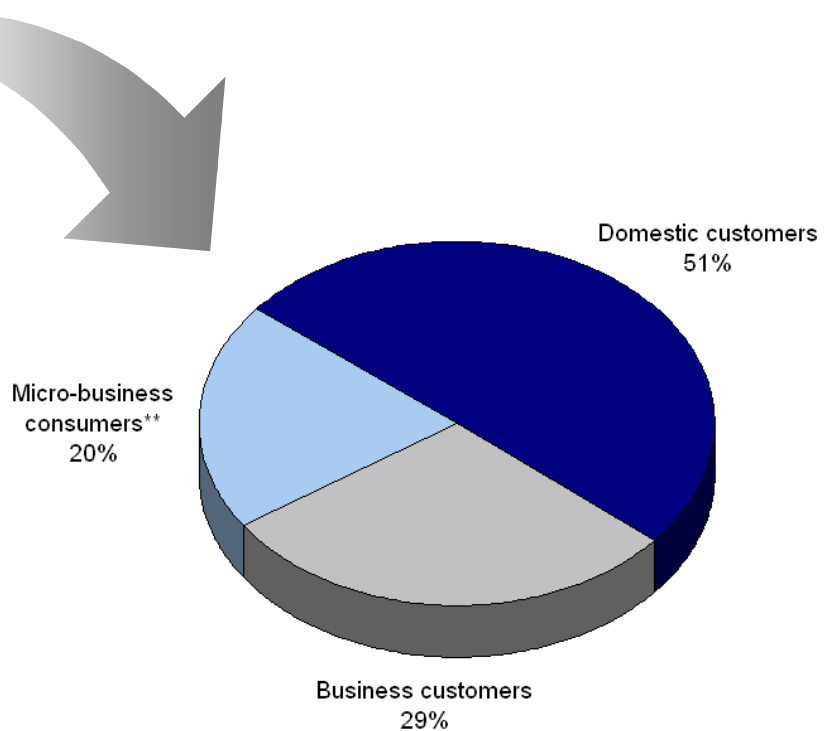
2006 Volumes of gas sold* (Scm/M)

In network	773.5
Out of network	98.9
Total	872.4

Average annual consumption* (Scm)

Ascopiave	2,795
National average	~ 1,900

Mean consumption higher than national average



*2005 data, Source: AEEG; Bimetano Servizi included

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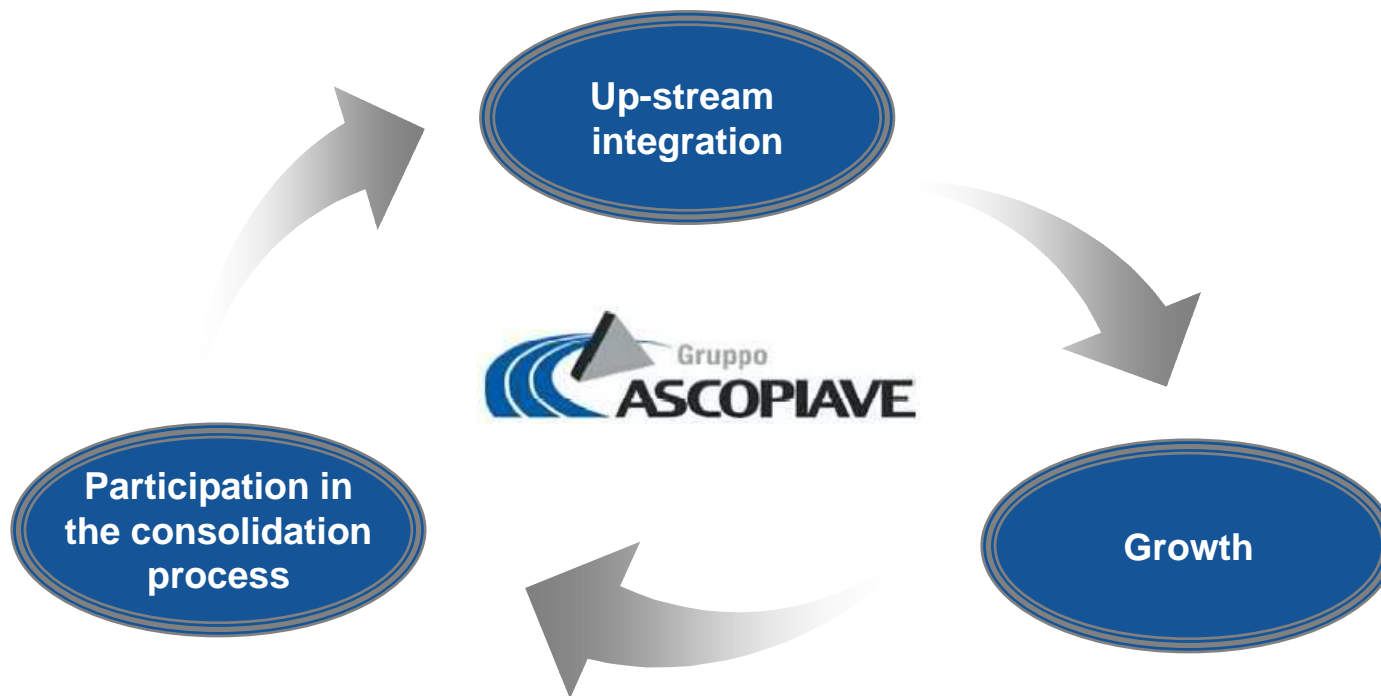
Financial highlights

Dividends

Strategic guidelines

Strategic guidelines:

- /// taking advantage of opportunities arising from the liberalisation of the gas market, including opportunities in the national and international gas wholesale, transportation and storage market.
- /// consolidating its presence as a utility provider in northern Italy, by rationalising and optimising its operating process and increasing its efficiency through economies of scale.



Strategic guidelines

/// **Growth in size through a significant expansion of its customer base**

- Regional leadership (North Eastern Italy) through targeted acquisition and aggregation processes (distribution and sales)
- accreditation, nation-wide role and reputation.

/// **Integration within the gas chain (both mid-stream and up-stream) to ensure gas supply full autonomy and reliability, alongside with an efficient cost structure and a competitive edge on the market**

- long-term gas supply contracts with international operators;
- targeted acquisition of capabilities in terms of gas transportation infrastructures into Italy;
- trading operations in Italy (transactions at the border and SSPs) and abroad;
- investments in new storage sites (i.e. acquisition of shares in viable companies);
- investments in new LNG plants (i.e. acquisition of shares in viable companies);
- investments in foreign gas exploitation and production business (i.e. acquisition of shares in viable companies).

/// **Development of the electricity market as a tool to retain the current gas customer base (cross selling) and as a stand-alone value creation objective**

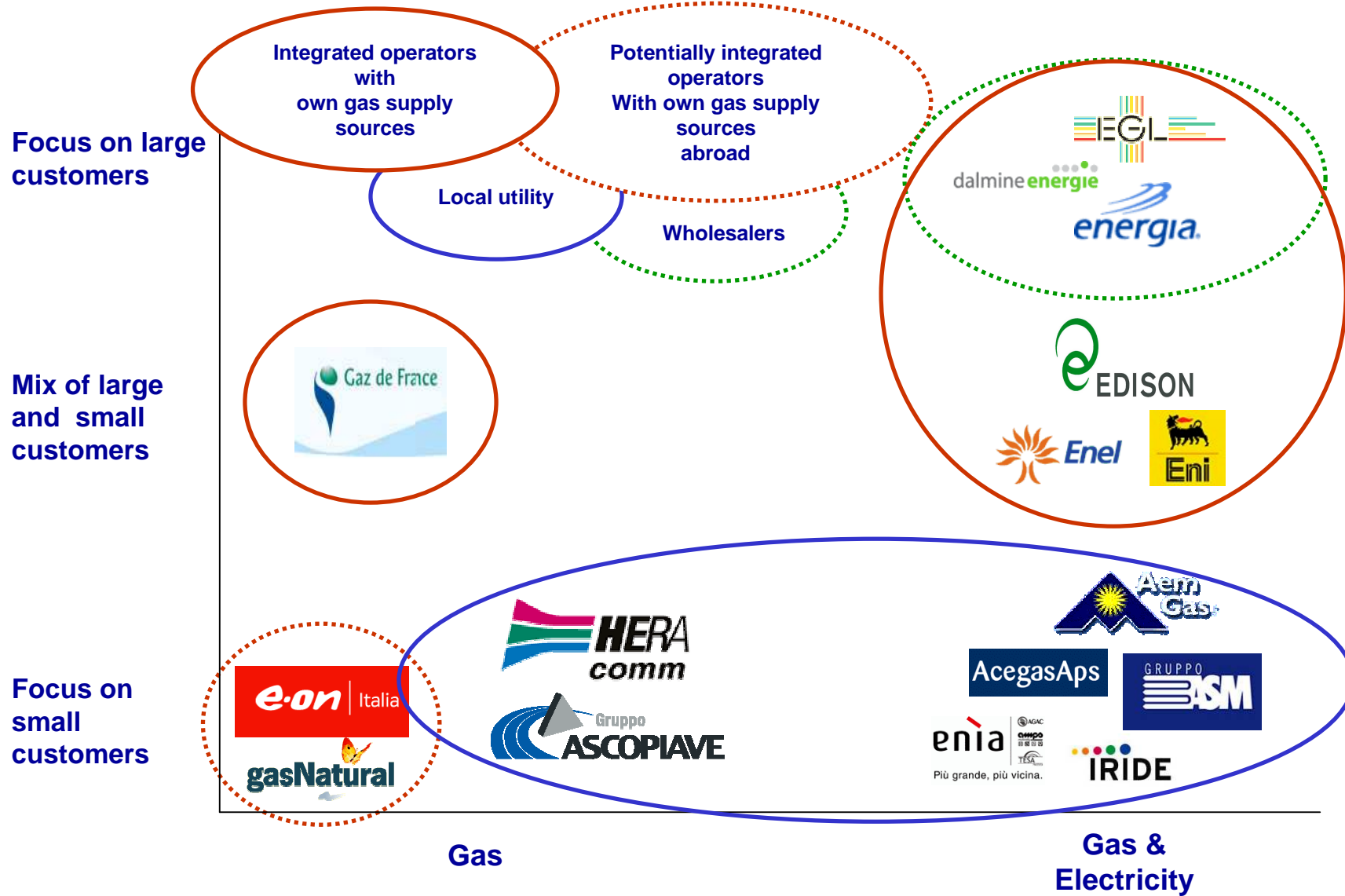
- development of a dual fuel identity, culture and organization

/// **Increasing comparative weight of non-regulated business areas**

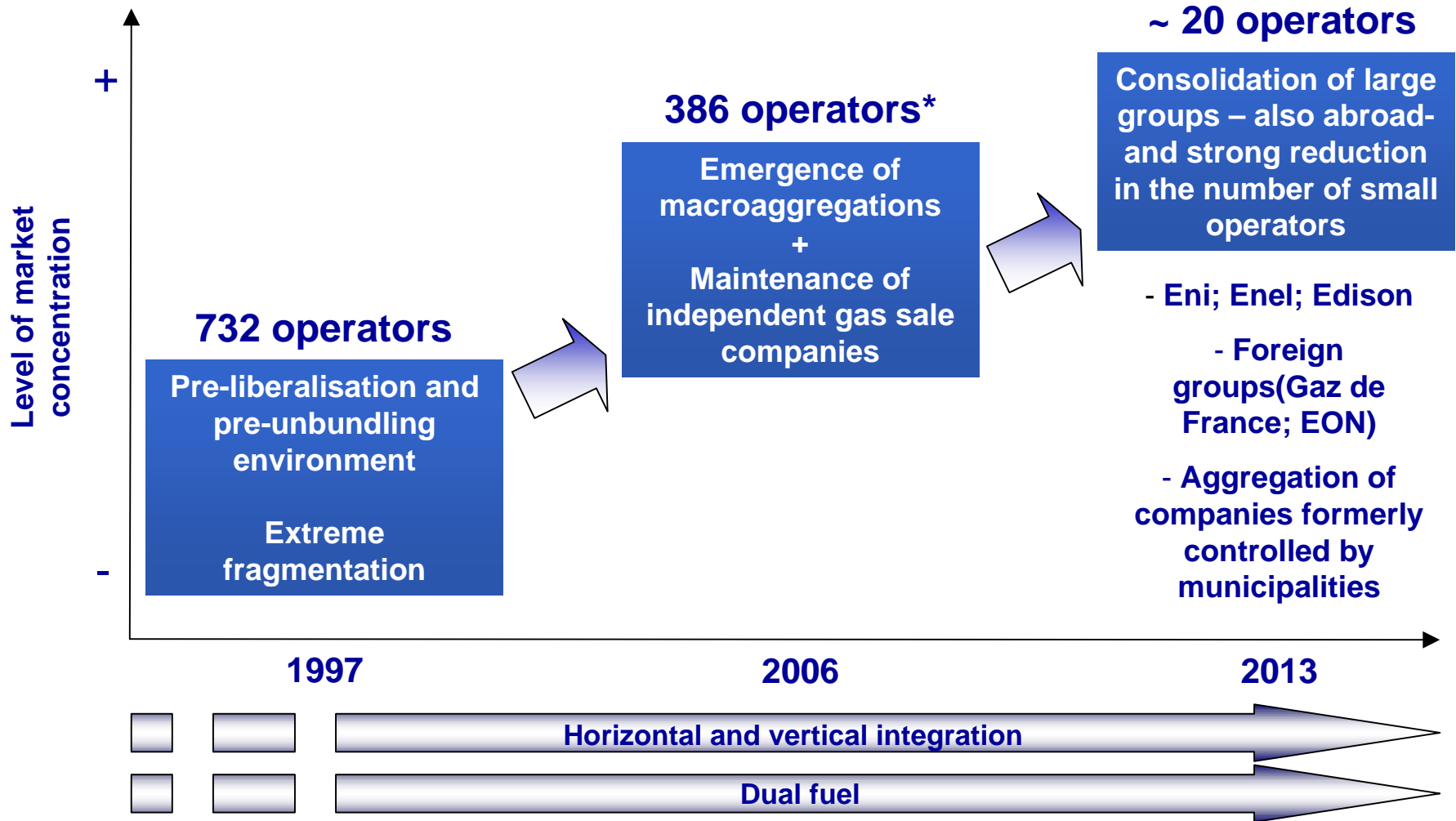
Market strategy

Sources of competitive advantages:	Risk optimization: Well-balanced presence in terms of sources and uses	Commercial objectives:	
1. Direct and competitive access to raw materials on national and international markets		1. 'Organic' growth	<ul style="list-style-type: none"> • Direct acquisition of the end (industrial and residential) market by eroding market shares from other operators with competitive initiatives
2. Grasping dual fuel opportunities (electricity and gas)		2. Intermediate sales	<ul style="list-style-type: none"> • Acquisition of wholesale supplies at City Gate
3. Know how		3. Trading	<ul style="list-style-type: none"> • Activities at SSPs, at the border and abroad
4. Continuous Process Improvement (CRM upgrade)		4. Growth through Agreements/ Partnerships ('external growth')	<ul style="list-style-type: none"> • Control over low-risk markets with limited investments
5. Focus on customer satisfaction	5. Growth by acquisitions ('external growth')	<ul style="list-style-type: none"> • Selected acquisitions to create synergies and expand customer base 	

Competitive environment



Evolutional trends



*Companies with authority to sell as of 1 September 2006 - Source: MSE

Swot analysis

Strengths

- Strong liquidity and high investment potentials (with 'third party access' exemption right)
- Large end customer base
- Deeply rooted presence in reference geographical area
- Strong local brand reputation
- Local Authorities are stakeholders in the Group
- High degree of customer loyalty

Weakness

- Not present in upstream gas market
- Dependence on incumbent gas imports
- Limited knowledge of the brand outside the region serviced
- Electric business in start-up phase

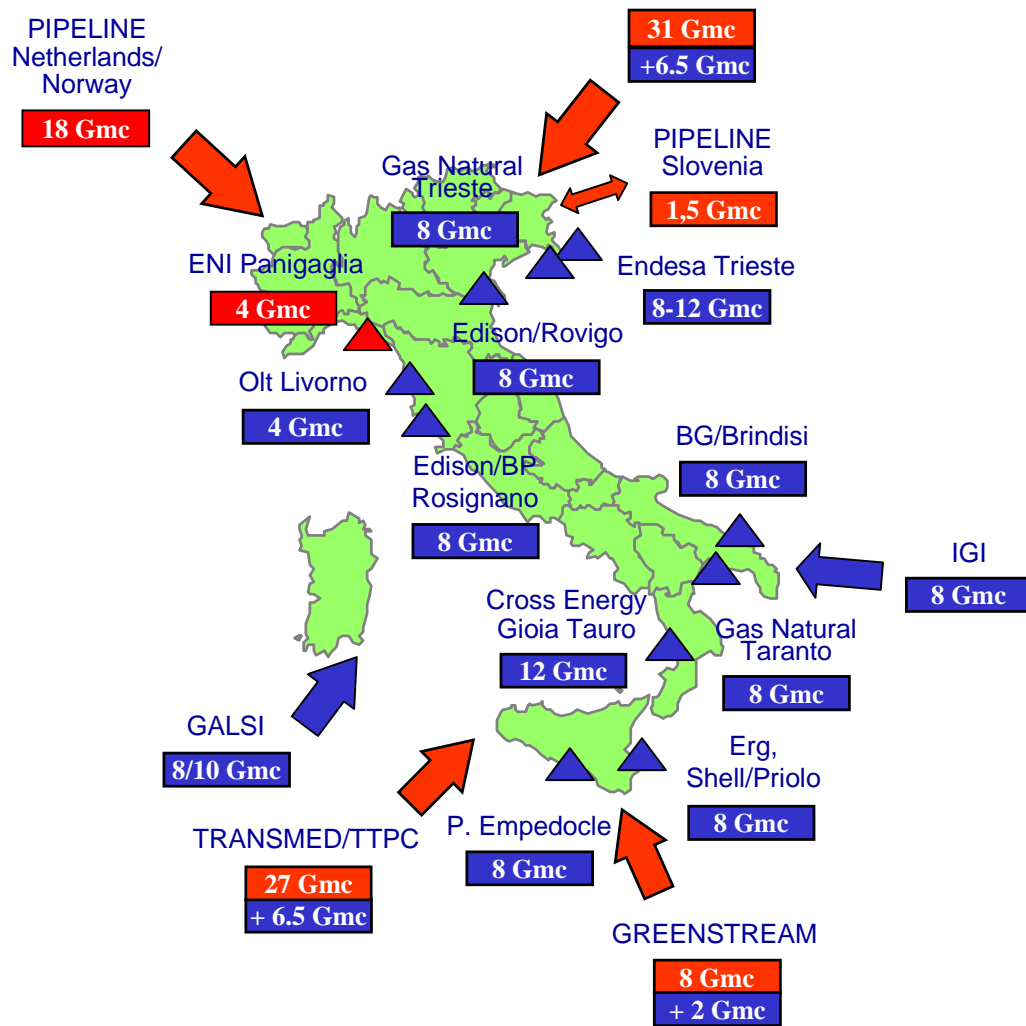
Opportunities

- Total market 'opening' (also for electricity, as of 1 July 2007) – Cross selling on customer base
- Infrastructure development projects likely to increase the country's gas importing capacity and create business opportunities abroad
- Trends towards a liquid market in the medium term (establishment of the Gas Exchange)
- Temporary push towards aggregations of companies – increase in geographical coverage by expanding the corporate structure
- Tenders for gas distribution concessions

Threats

- Regulatory uncertainty (e.g. Res. N. 248/04, etc.)
- Conflicts within the gas chain
- Entrance and consolidation of foreign groups and major Italian utilities
- Competitive pressure increase and attacks from new entrants
- Enel's role in dual-fuel market
- Gas concessions expiring (2009/2010)

Import infrastructures and new projects



	Plan	Capacity	Operator
	GALSI	8/10	Sonatrach, Edison, Enel, Wintershall, Hera
	IGI	8	Edison, Depa
	Greenstream	2	Eni
	Rep. TAG	3,2 +3,3	Eni
	Rep. TTPC	3,2 +3,3	Eni
	Rovigo	8	Edison, QP Exxonl
	Brindisi	8	BG
	Livorno	4	OLT, Endesa,AMGA
	Rosignano	8	Edison, BP
	Gioia Tauro	12	Cross Energy
	Priolo Augusta	8	Erg, Shell
	Taranto	8	Gas Natural
	Zaule	8	Gas Natural
	Trieste	8	Endesa
	P.Emped.	8	Nuove Energie Srl
	Total	>110	

- Actual pipelines (standard operation)
- Projected pipelines
- Actual LNG terminals
- Projected LNG Terminals

National production declining from 12 Scm/G in 2005 to 4.3 Scm/G in 2012

Up-stream integration

Gas Import

- /// Signing an agreement with Sonatrach for 500 Scm/M of gas
- /// Obtained ~ 120 Scm/M of gas transportation abroad

Acquisition of storage capacity

- /// Italgas Storage acquisition completed in May 2006
- /// Italgas Storage is active in gas storage in Cornegliano
- /// Storage technical characteristics:
 - Working gas: 590-1,010 Scm/M
 - Cushion gas: 900 Scm/M
 - Maximum storage capacity: 1,910 Scm/M
 - Maximum daily use: 16.5 Scm/M
 - Investments expected: 400 €/M (220 €/M of cushion gas)

Other upstream projects

- /// Participation in initiative of other gas pipelines
- /// Considering acquisition of a qualified stake in re-gasification terminals

Agreement with Sonatrach

Key characteristics

- /// Purchase of 500 Smc/M of gas import trough GALSI pipeline from 2010
- /// Obtained ~ 60% of current volumes of gas sold
- /// Duration of the agreement: 15 years since 2010
- /// One of 5 italian gas companies to participate to the agreement

What does it imply?

- /// Reducing dependence on gas supply from italian shippers
- /// Capture high margins along the gas chain
- /// Capacity to deliver on upstream projects
- /// Making Ascopiave Group more attractive to other local utilities



Downstream strategy

Increase number of the clients and the concession managed



- /// Participation in competitive bidding for the award of contracts to manage the gas distribution service
- /// An integrated service offer with a dual fuel sales policy (a joint commercial proposal for gas and electricity)
- /// Make selective acquisitions
- /// Acquisition of Bimetano Servizi gas sale business

GROWTH OBJECTIVES

Doubling volumes of gas sold by 2011:

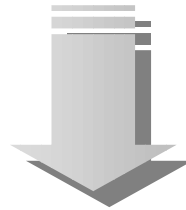
From about 1 billion of gas cubic metre (current values) to over 2 billion

Meeting of more than 70% of expected requirements in 2011 through autonomous supply contracts (not managed by the incumbent), including:

- a share of supplies through pipelines (about 30%)
- a share of supplies through LNG facilities (about 40%)

Expected savings compared with purchasing from the incumbent:

1.7 - 2 €cents/Smc (assessment based on Sonatrach contract, current purchasing contracts in Northern Europe, LNG prices in Europe).



CRITICAL SUCCESS FACTOR – WELL-BALANCED GROWTH OF SOURCES AND USES

“External growth”: rationals

Full acquisitions

Partnership/Joint venture

- Operational flexibility in managing volumes and risks;
- Control over one’s reference geographical area;
- Guaranteed market users; long-term guarantees in case of ‘long market’;
- Refraining from using the price leverage for market share acquisition purposes;
- Low costs for branding, commercial start-ups and management;
- Possible acquisition of a consolidated electricity customer base;
- Favourable timing, with regulatory and political environment stimulating a new wave of aggregations. The cost structures of medium/small-sized operators cannot withstand the pressures of current high purchasing prices and low selling prices. Dangers of getting marginalised looming ahead.
- Synergies (customer base expansion);
- Competition from large Foreign Groups (e.g. E.on, Gaz de France), and aggregation led by other large Italian Utilities

“Organic growth”: objectives

Most of the growth is expected to come from gas industrial customers directly connected with the gas transportation network, by means of autonomous commercial offerings

- **price leverage;**
- **incumbents are the main competitor**
- **need to put forward commercial actions;**
- **low branding, management and channel costs.**

An increase is also envisaged in the number of microbusiness clients through a cross-selling approach (on Ascopiave customer base) and with a dual-fuel policy, by selling electricity to former third parties' customers

- **the 'service' leverage will also be used in the same segment (call center; boiler maintenance, etc.)**

Other actions are being considered for the residential segment, also in view of the forthcoming opening of the residential electricity market (July 2007)

Growth in the electric market

Value Creation Opportunities

A tool for fostering current customer loyalty (“cross selling”)

- **Development over three years in the Treviso and Belluno provinces, to gain significant share of the microbusiness and soho market and of the Sme segment**

Leverage for acquiring a new market (“dual fuel”)

- **Development over three years throughout Trentino Alto Adige, Veneto and Friuli Venezia Giulia, to gain up a significant share of the microbusiness and soho market and of the Sme segment**

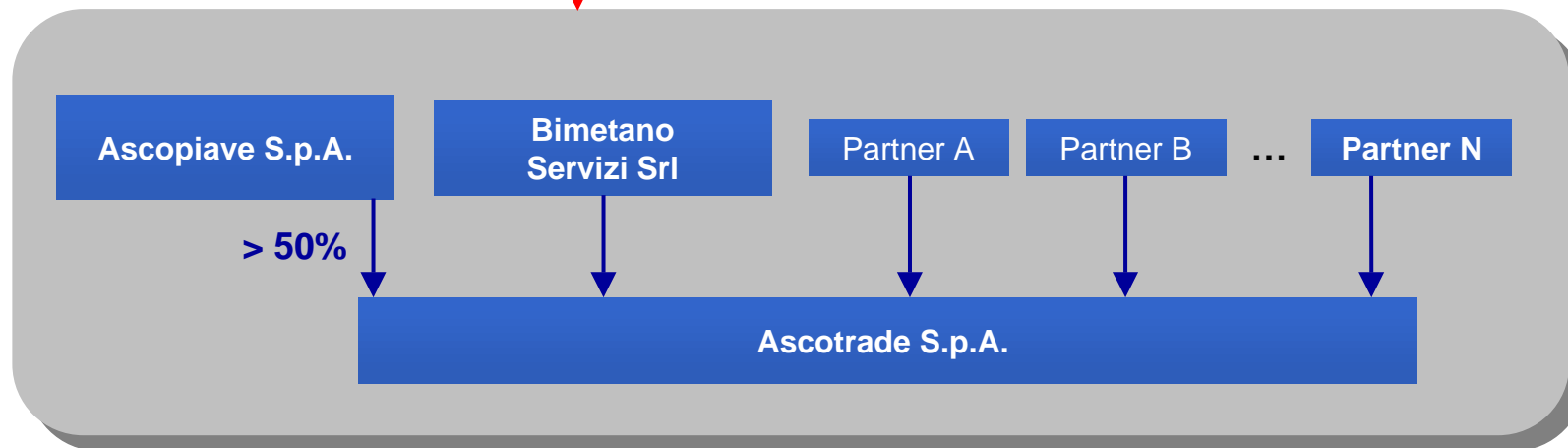
Business models

1. Full acquisitions (both gas distribution and sales business)

2. Full acquisitions (only gas sales business)

3. Sales partnerships on sales activity

Model:



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Financial highlights: 2006* income statement

(Thousands of Euro)

	2006	2005	Chg	Chg %
Revenues	318.105	279.307	38.797	13,9%
EBITDA	40.405	56.194	-15.789	-28,1%
EBIT	29.150	45.137	-15.987	-35,4%
EBT	27.286	41.704	-14.418	-34,6%
Net income	16.239	24.522	-8.283	-33,8%

*4thQ 06 financial report

Financial highlights: balance sheet

(Thousands of Euro)

	2006	2005	Delta	Delta %
Capital employed	281.360	284.574	-3.214	-1,1%
Shareholders equity	368.901	194.586	174.315	89,6%
Net financial position *	-87.541	89.988	-177.529	-197,3%

*Negative values of the Net Financial Position indicate that the Group has a positive liquidity balance

Financial highlights: cash flow

(Thousands of Euro)

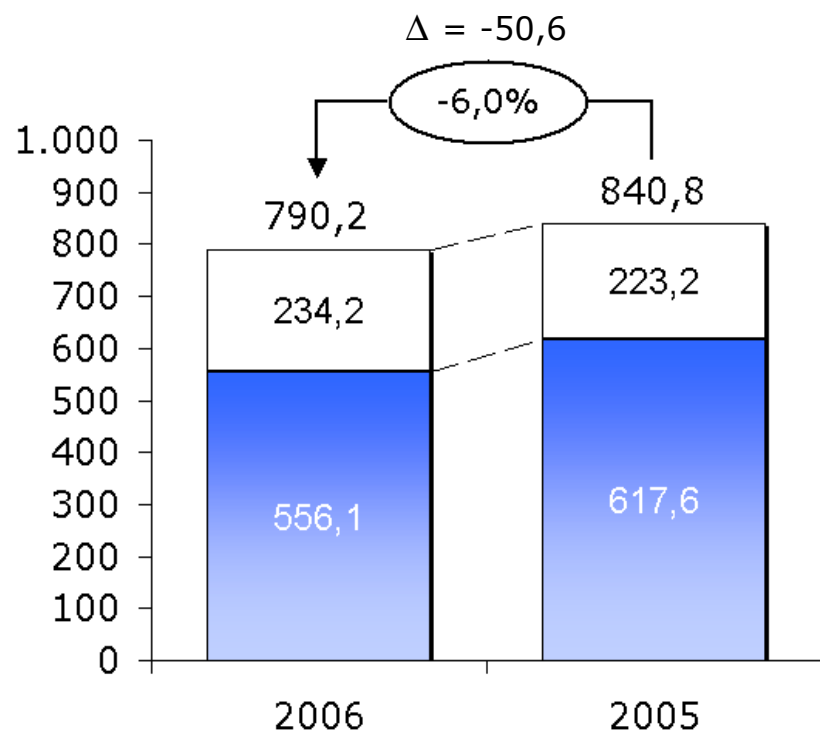
	2006	2005
Cash Flow*	27.493	35.579
Change in net working capital	8.552	9.287
Investments	-16.592	-15.826
Change in Shareholders Equity**	158.077	-33.755
Change in NFP	177.529	-4.715

*Net income + Amortization and Depreciation; **Increase of capital - dividends + change of minorities (initial consolidation of Global Energy)

Volumes of gas and electricity sold

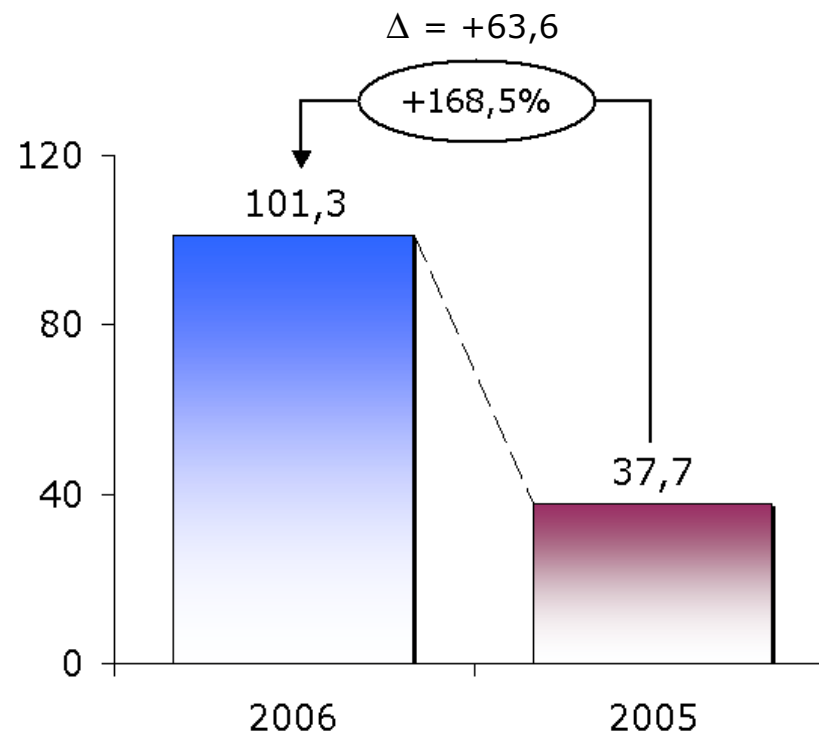
Volumes of gas sold

(Milion of standard cubic meters)



Volumes of electricity sold

(GWh)

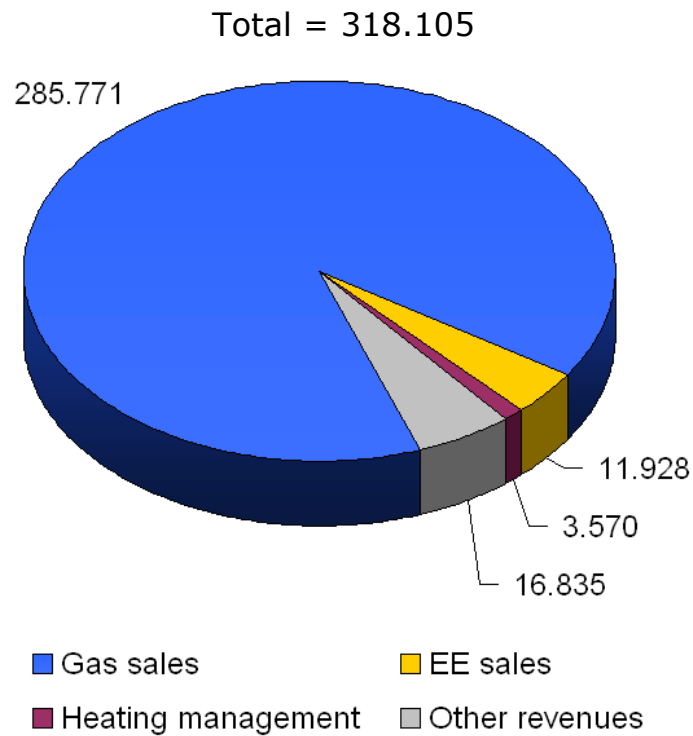


- Volumes sold clients > 200.000 smc per year
- Volumes sold clients < 200.000 smc per year

Revenues and EBITDA breakdown

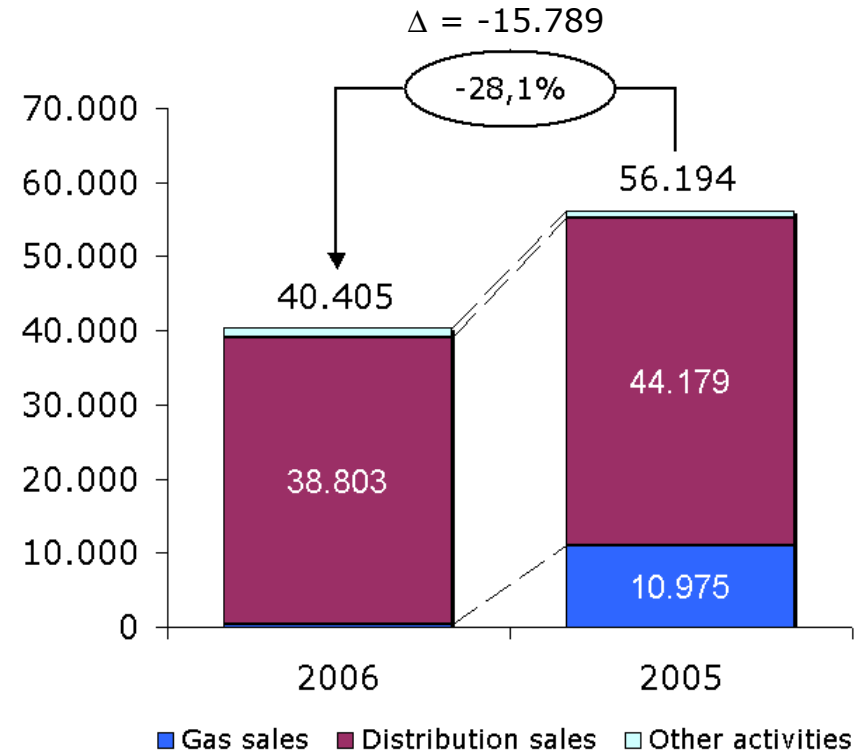
Revenues breakdown (2006)

(Thousands of Euro)



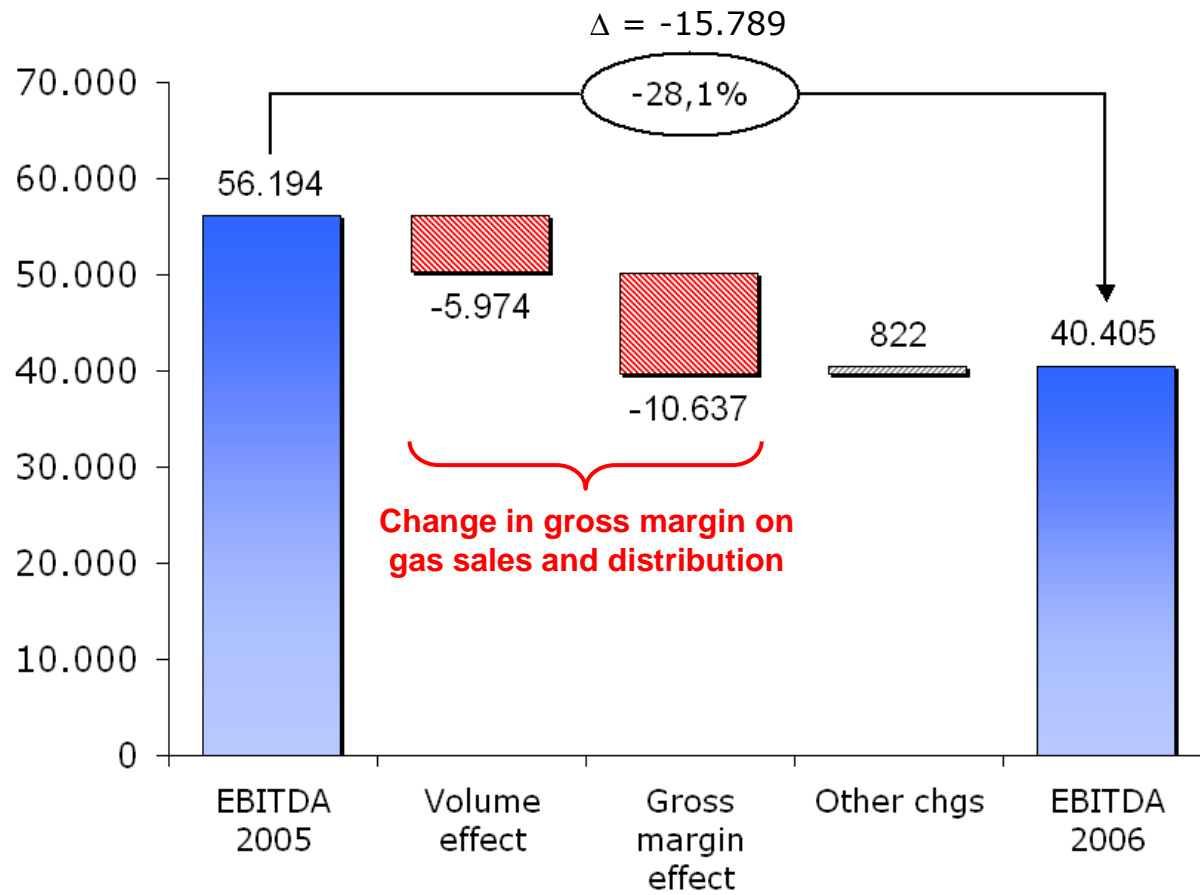
EBITDA breakdown (2006/2005)

(Thousands of Euro)



EBITDA bridge

EBITDA bridge
(Thousands of Euro)



Impacts of AEEG resolutions no. 248/04, no. 298/05, no. 63/06 and no. 134/06 (I)

(Milion of Euro)

	Total	2005	I Q 2006	II Q 2006	III Q 2006	IV Q 2006
Full effect res. no. 248/04 and subsequent	21,6	7,3	8,8	1,6	0,3	3,6
Applied in tariff	5,5			1,6	0,3	3,6
Revenues adjustment	16,1	7,3	8,8			
Incentive for re-negotiation with shippers	-3,6					
Re-negotiation with shippers	-8,2					
Total provision to risk reserve	4,3					

Impacts of AEEG resolutions no. 248/04, no. 298/05, no. 63/06 and no. 134/06 (II)

- ⚡ Possible illegitimacy of resolution no. 248/04:
 - write-off provision related to resolution no. 248/04
 - 2ndQ 2006 revenues adjustment

- ⚡ Possible illegitimacy of subsequent resolution no. 134/06:
 - 3rdQ 2006 and 4thQ 2006 revenues adjustment

(Milion of Euro)

	Total	II Q 2006	III Q 2006	IV Q 2006
Provision write-off	4,3			
2ndQ 2006 revenues adjustment	1,6	1,6		
Illegitimacy res. no. 248/04	5,9			
3rdQ and 4thQ 2006 revenues adjustment	3,9		0,3	3,6
Illegitimacy res. no. 134/06	3,9			
Illegitimacy res. no. 248/04 and 134/06	9,8			

Gas sales tariffs

Exit of non domestic clients from the regulated market (AEEG Resolution no. 134/06)

Review of the QVD of the sales tariff (AEEG Resolution no. 297/06)

Gas distribution tariffs

Reduction of the price cap factor on distribution tariffs for the thermal years 2005-2006, 2006-2007 and 2007-2008

Review of the distribution tariff for the recalculation of the CGD component of the distribution revenues constraints (DRC)

Sentence of the Council of State established as of April 17th 2007

Tax moratorium

Ascopiave is not affected by the resolution issued by the Fiscal authority, regarding the recovery of the tax benefits enjoyed by the public companies established in accordance with Italian Law no. 142 dated 8 June 1990

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DIVIDEND POLICY



- **In line with listed comparables**

DIVIDEND PAYMENT



- **According to the international best practice**
- **Two installments as from financial year 2007**