



STAR CONFERENCE 2007 PRESENTATION

London, October 3rd 2007

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Business Overview

Ascopiave Group operates in the gas sector in Northern Italy. It ranks sixth* among the operators active in the Italian gas market.



2006 MAIN FINANCIAL DATA**

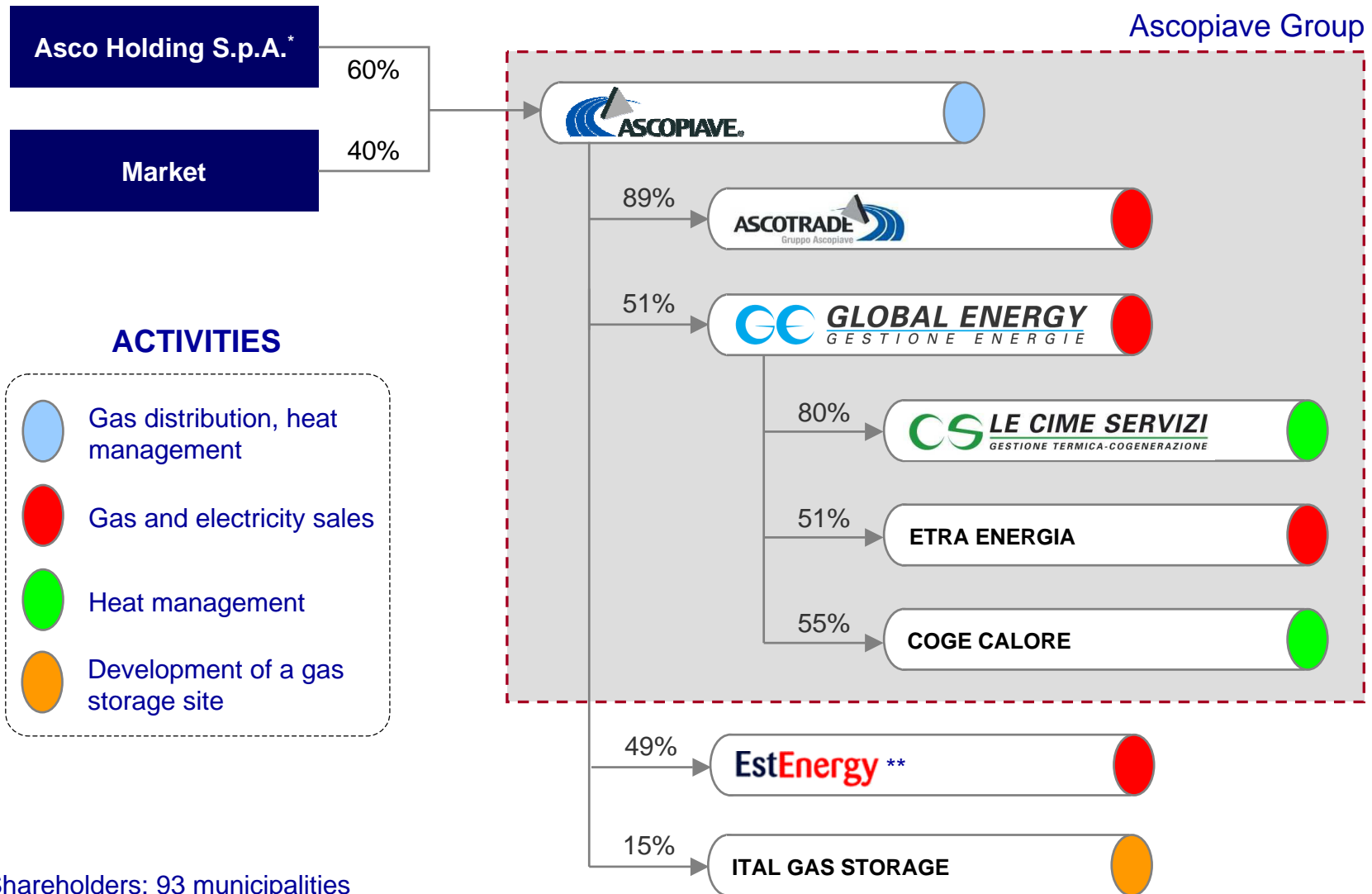
Revenues	318,105
EBITDA	40,405
EBIT	29,150
Capital Employed	281,360
Shareholders' equity	368,902
Market capitalization***	437.735

2006 MAIN OPERATING DATA

No. of gas sale clients****	342,808
Vol. of gas sold**** (Scm/M)	872.4
Vol. of electricity sold (GWh)	101.3
No. of managed concessions	155
Length of distribution network (km)	6,360
Employees	300

*In terms of volumes of natural gas distributed, **Thousand of Euro; ***As of September 28st 2007; ****Bimetano Servizi included

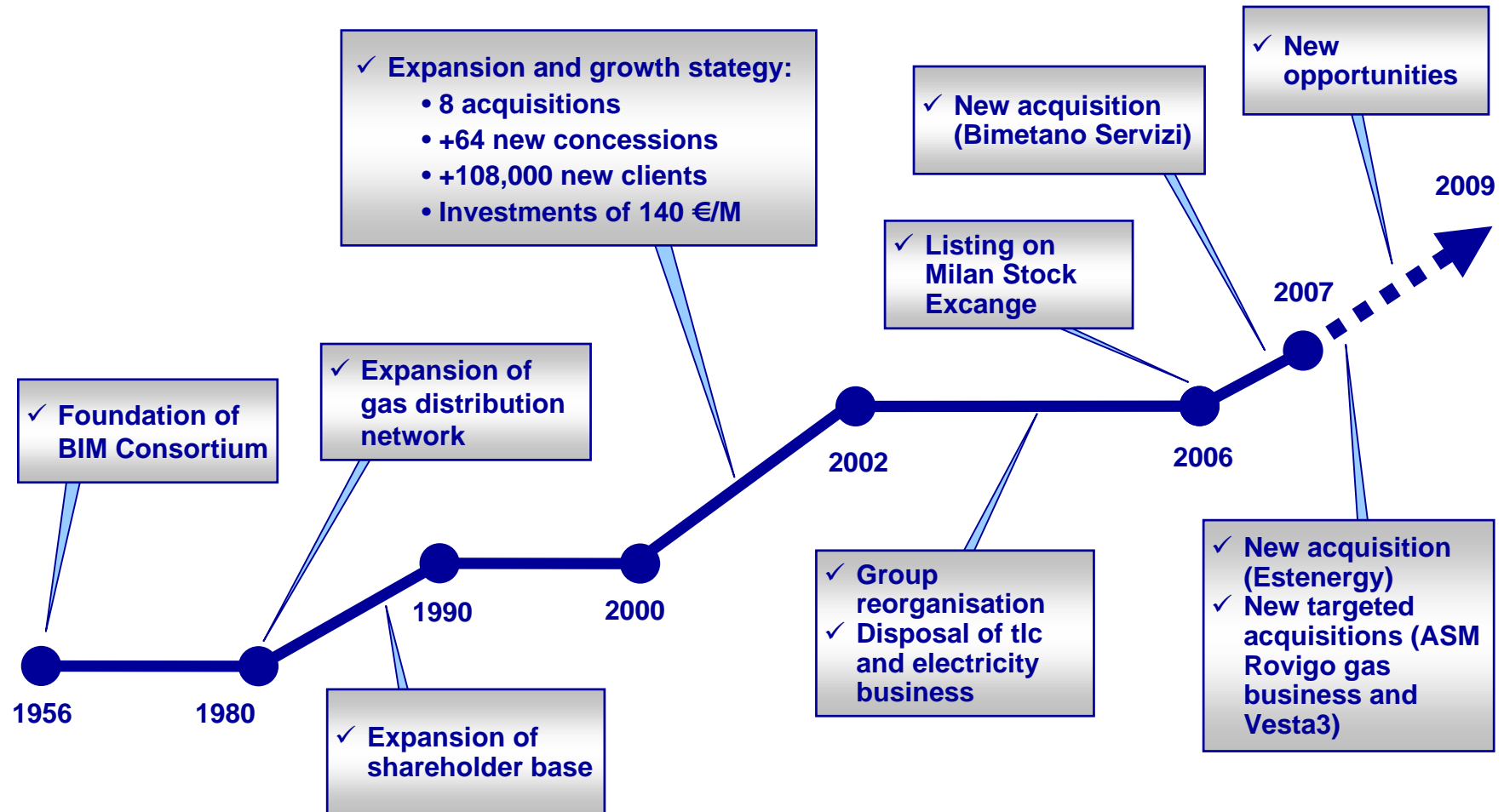
Ascopiave Group structure



*Shareholders: 93 municipalities
 **Closing by December 31st 2007

History

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



Shares and Stock Exchange data

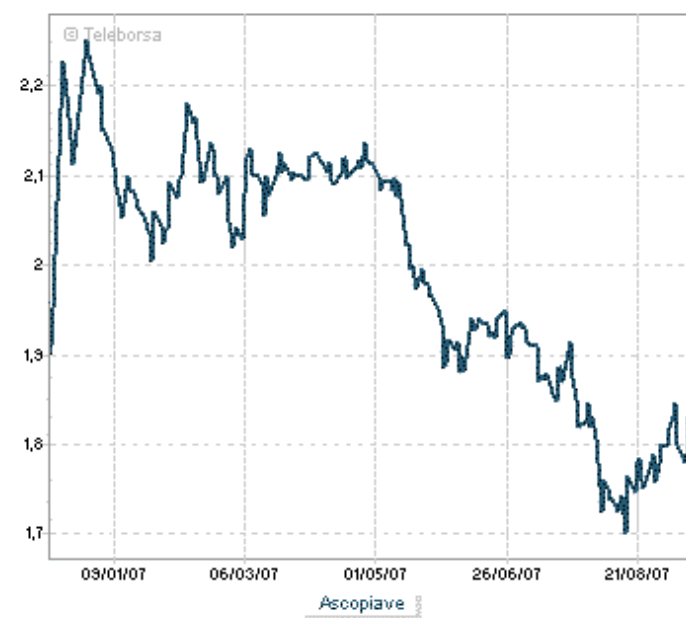
Ascopiave was listed on Milan Stock Exchange Star segment on December 12th 2006.

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

Main shares and Stock Exchange data

Shares held by the market after IPO	40%
Placement price* (€/share)	1.80
IPO proceeds** (€/M)	161.3
Current price*** (€/share)	1,90
Market Capitalization*** (€/M)	437.7

Performance of Ascopiave share price since placement date

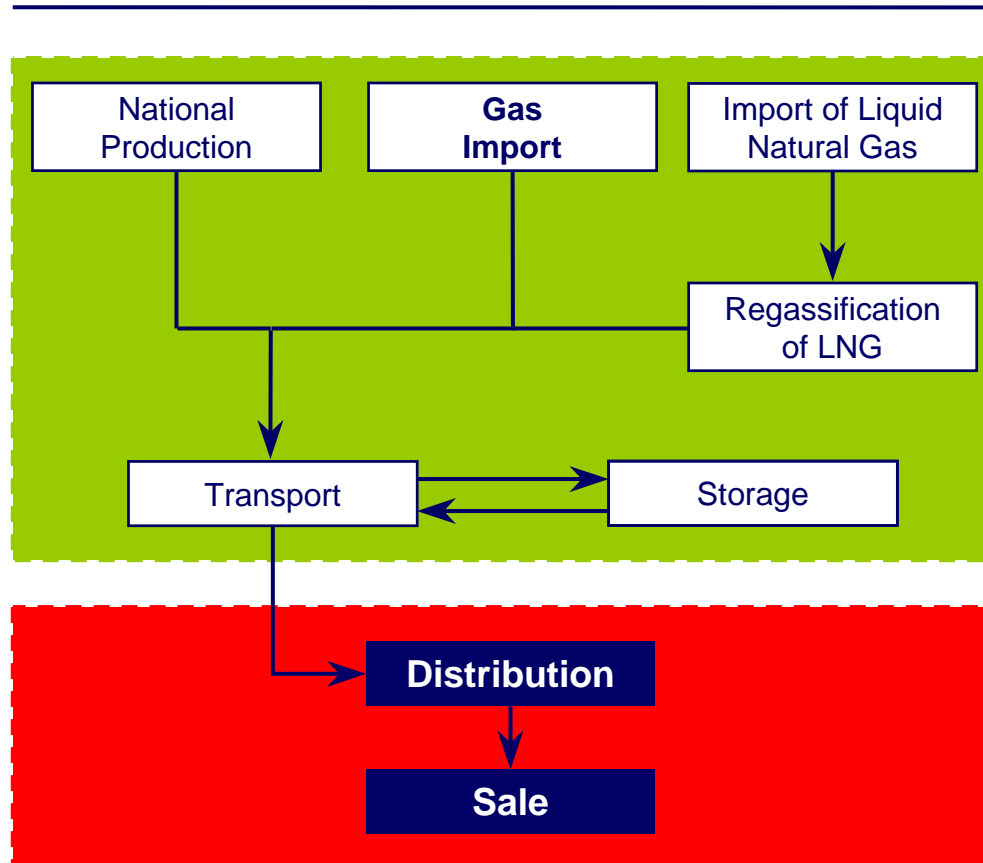


Source: Italian Stock Exchange website

*Excluding incentives for retail market; **Net of listing costs; ***As of September 28st 2007

Current position and future tasks

THE GAS CHAIN



--- Up-stream segment
--- Down-stream segment

Actual activity

➔ Ascopiave is a strong local player focused on down-stream market

Current strategy and future tasks

➔ Strengthening its position in the down-stream market

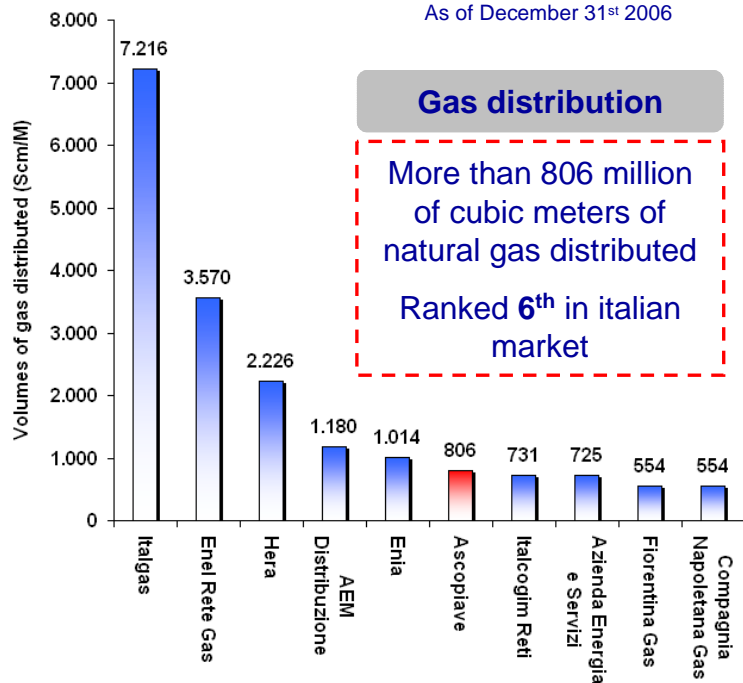
➔ Becoming an up-stream integrated gas player

➔ Pursuing a diversification of gas sources

Market positioning

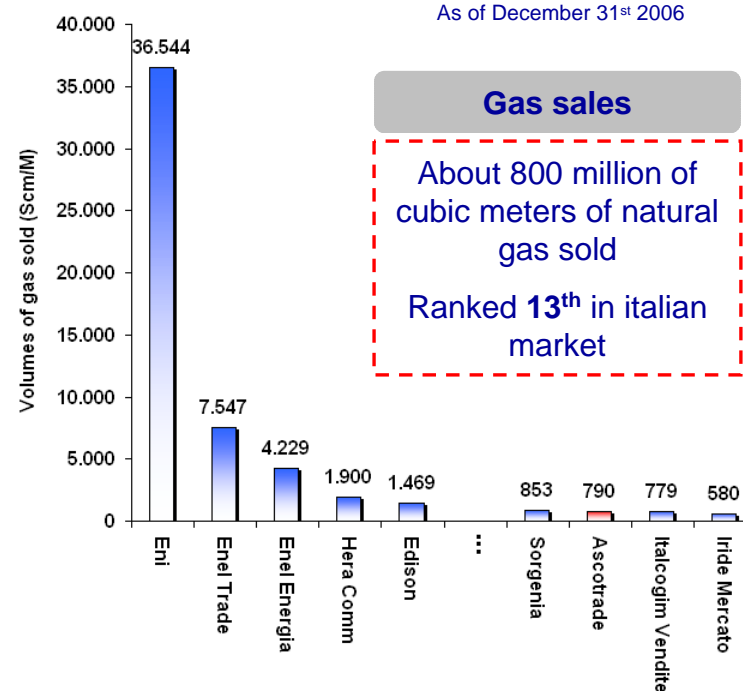
Ranking	Main gas distribution operators	Volumes	%
1	Italgas	7.216	21,4%
2	Enel Rete Gas	3.570	10,6%
3	Hera	2.226	6,6%
4	AEM Distribuzione	1.180	3,5%
5	Enia	1.014	3,0%
6	Ascopiave	806	2,4%
7	Italcogim Reti	731	2,2%
8	Azienda Energia e Servizi	725	2,1%
9	Fiorentina Gas	554	1,6%
10	Compagnia Napoletana Gas	554	1,6%
	Others	15.193	45,0%
Total		33.769	100,0%

As of December 31st 2006



Ranking	Main gas sales operators	Volumes	%
1	Eni	36.544	47,3%
2	Enel Trade	7.547	9,8%
3	Enel Energia	4.229	5,5%
4	Hera Comm	1.900	2,5%
5	Edison	1.469	1,9%
12	Sorgenia	853	1,1%
13	Ascotrade	790	1,0%
14	Italcogim Vendite	779	1,0%
15	Iride Mercato	580	0,8%
	Others	16.203	21,0%
Total		77.216	100,0%

As of December 31st 2006



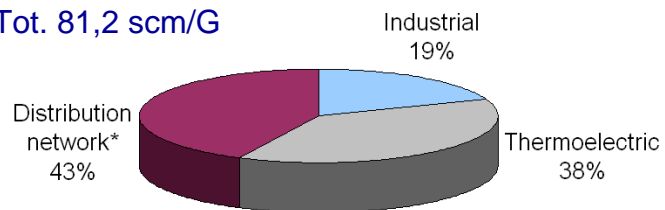
Source: in house processing of AEEG data (2007 Annual report on state of services and activity)

Down-stream market

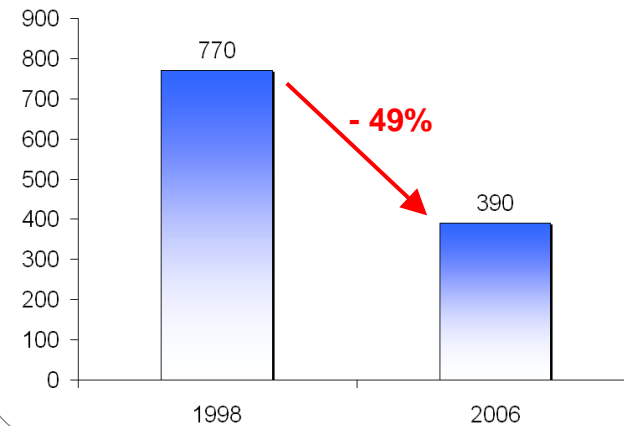
- ➔ Unbundling of regulated activities
- ➔ Gas sales market: completely liberalized since 2003
- ➔ Gas distribution activity: competition for the market (public bid for concessions)
- ➔ Consolidation tendencies

Gas consumption in Italy (2006)

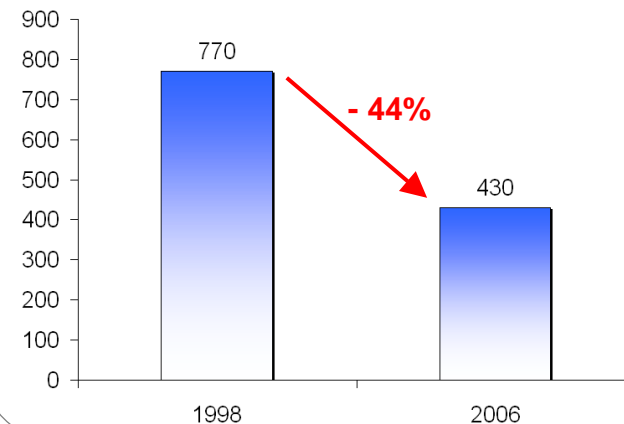
Tot. 81,2 scm/G



No. of gas sales operator



No. of gas distribution operator



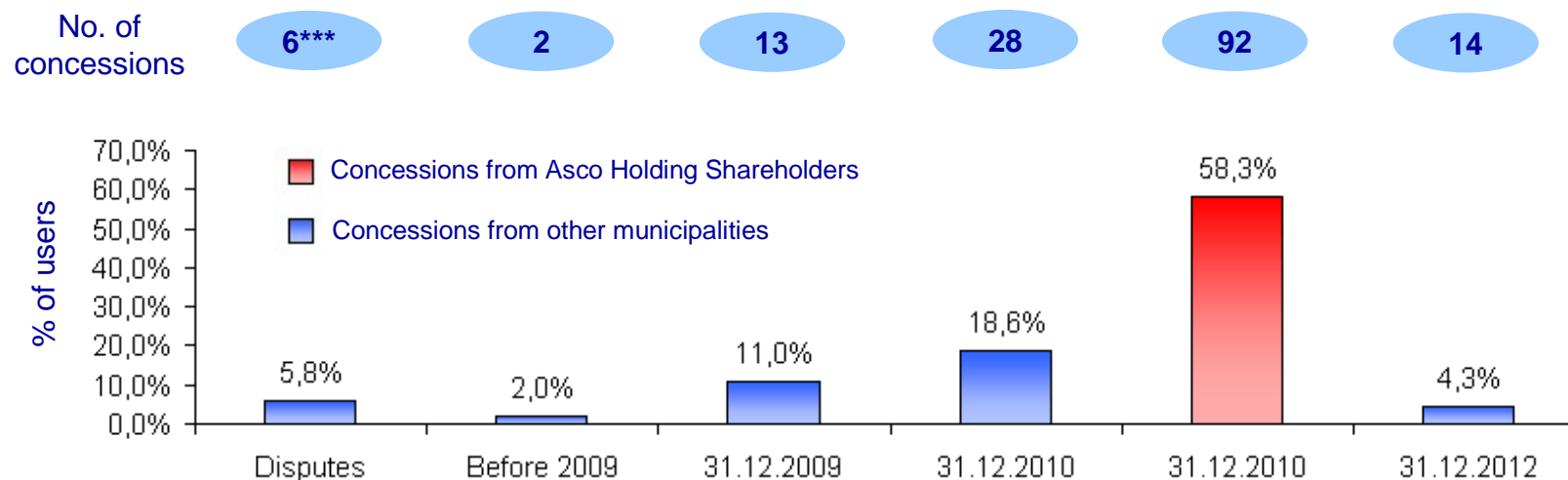
*Gas distributed through secondary network - Source: MSE data.

Gas distribution: Ascopiave concessions as of September 30th 2007

60% of concessions from shareholder municipalities

	Number	Populations*	Network (km)**
Award from Asco Holding member municipalities	92	631.992	3,710
Concessions from other municipalities	62	356.793	2,644
Total	154	988.785	6,354

81% of users on concessions expiring beyond 2010

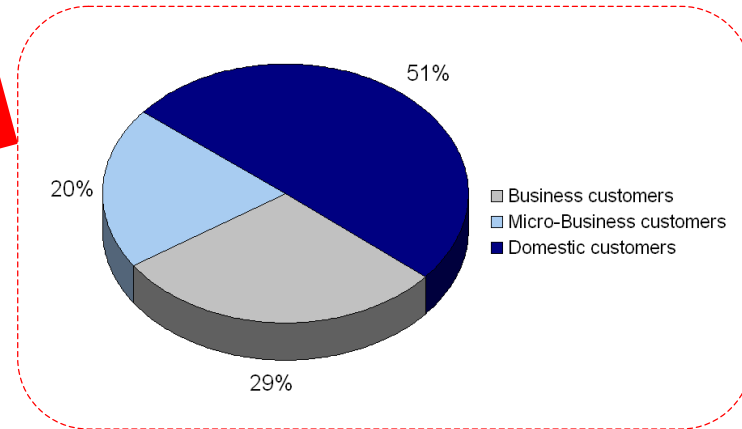


*Data as of December 31th 2006, Source: ISTAT; **Data as of June 30th 2007; ***Including a municipality where Ascopiave has left the concession

Ascotrade gas sales business

Volumes of gas sold* (2006)

In network	773.5
Out of network	98.9
Total	872.4



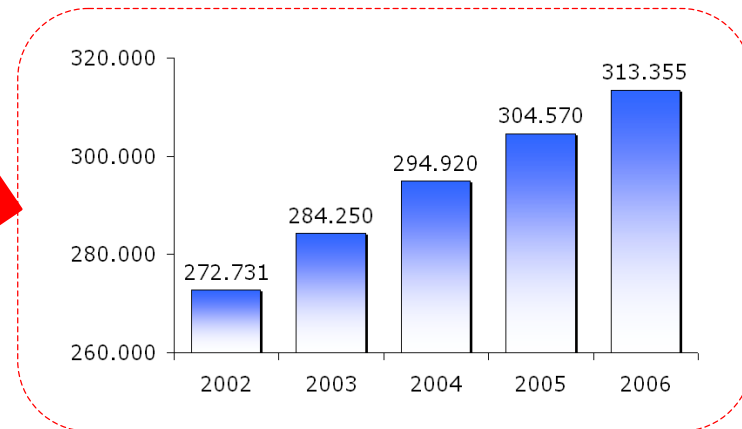
Average annual consumption (2006)**

Ascopiave	2,545
National average***	1,714

Mean consumption higher than national average

Customer base organic growth

Cagr 2002-06	+ 3.5%
Low switching rate****	1,0%



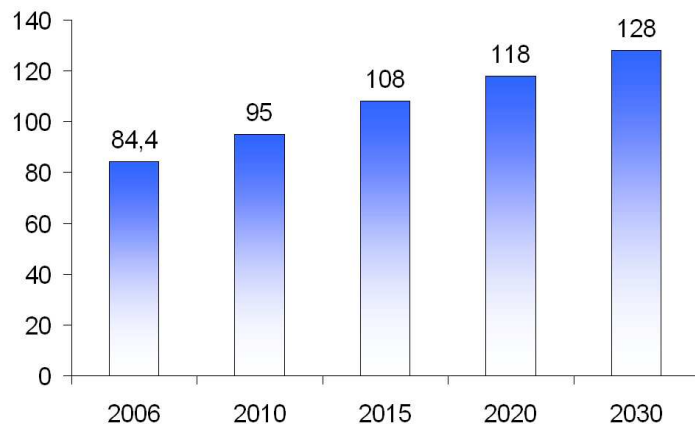
*Scm/m; Bimetano Servizi included; **Scm/customer ***Source: in house processing on 2006 AEEG data; Bimetano Servizi included; ****2006 data

Italian gas market: up-stream

Up-stream market

- ➔ Strong incumbent players
- ➔ Lack of import infrastructures

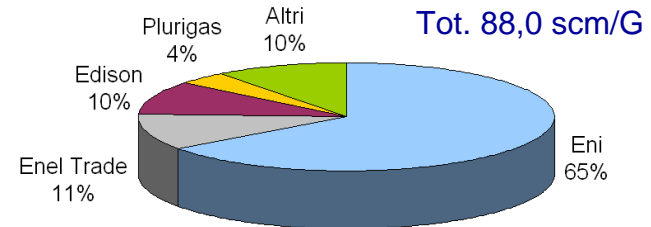
Natural gas demand*



Source: processing on MSE and AIEE data



Natural gas transported** in Italy



*Billions of standard cubic meters; **Produced and imported (2006 data) - Source: Snam Rete Gas.

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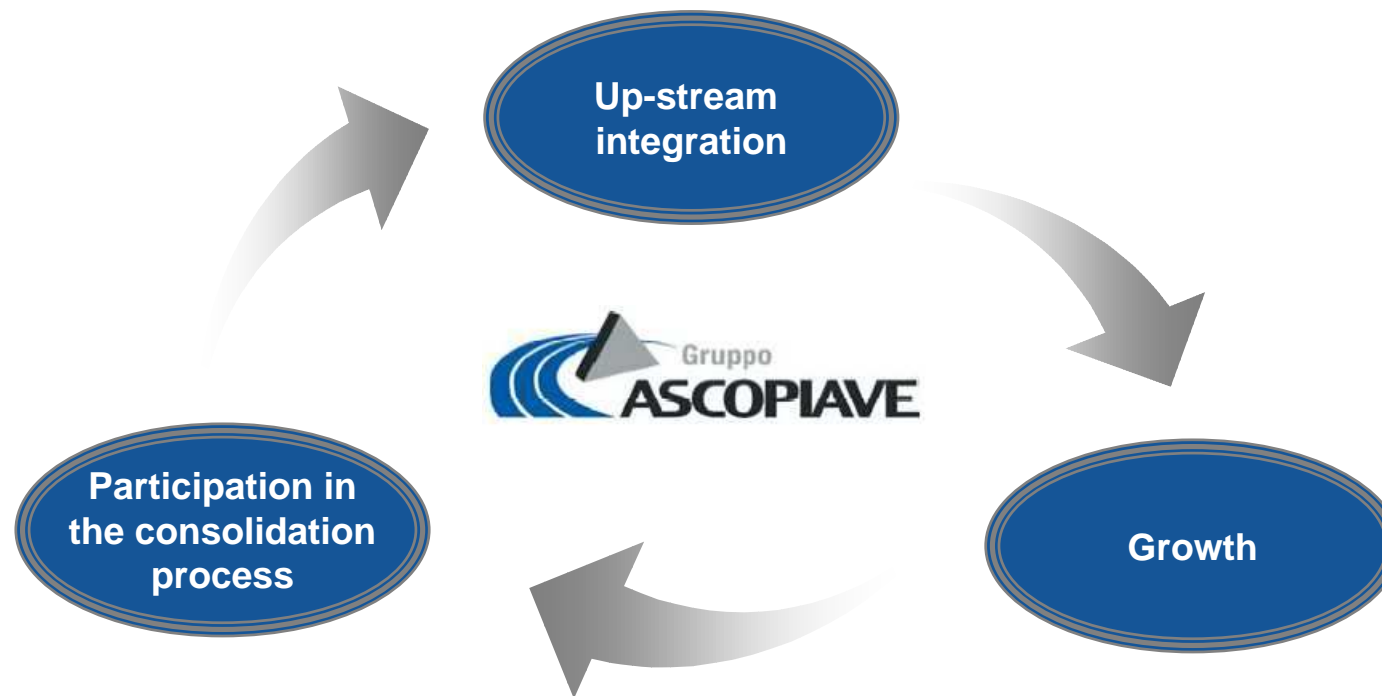
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Strategic guidelines

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



GROWTH OBJECTIVES

Doubling volumes of gas sold by 2011:

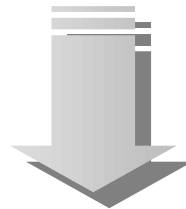
From about 1 billion of gas cubic metre (current values) to over 2 billion

Significat increase of the customer base by 2011:

From 340.000 to over 600.000 end-customers

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%)



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

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)

Up-stream integration (1)

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 “PSV”) 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)

Up-stream integration (2)

- | | | | |
|---|--|--|---|
| 1 | Gas Import | | // Signing an agreement with Sonatrach for 500 Scm/M of gas |
| 2 | Gas wholesale and trading | | // Wholesales trading
// Foreign trading
// Autonomous structuring of the operations along the value chain |
| 3 | Acquisition of storage capacity | | // Italgas Storage acquisition completed in may 2006
// Italgas Storage is active in gas storage in Cornigliano |
| 4 | Other upstream projects | | // Participation in initiative of other gas pipelines
// Considering acquisition of a qualified stake in re-gasification terminals |

1 - Agreement with Sonatrach

Key characteristics

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



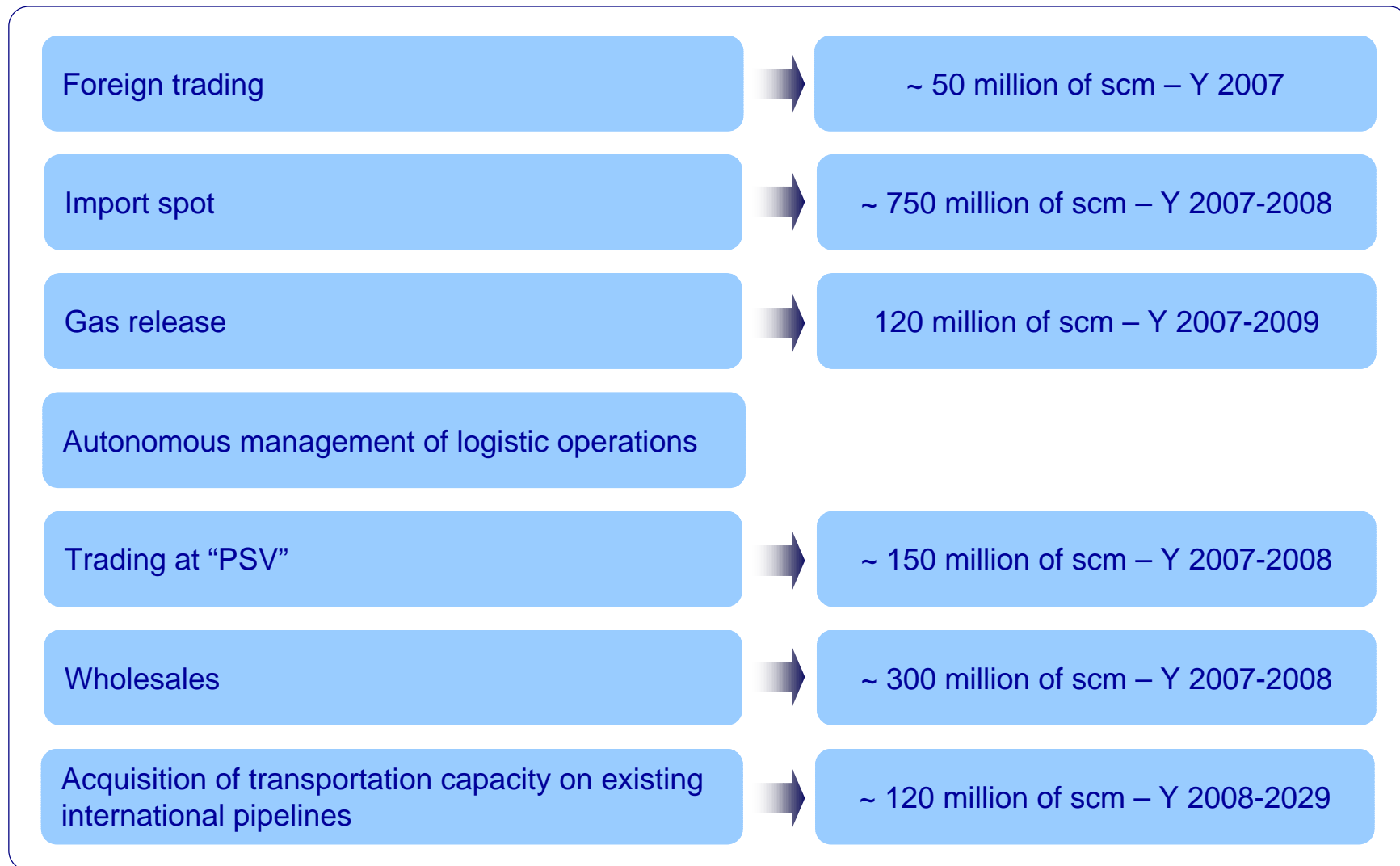
GALSI

2 - Gas wholesale and trading (1)

Objectives of the new activities

- ➔ Entering new segments of the value chain capturing extramargins
- ➔ Increasing and stabilizing gas sale volumes
- ➔ Maximizing margin on traditional activities

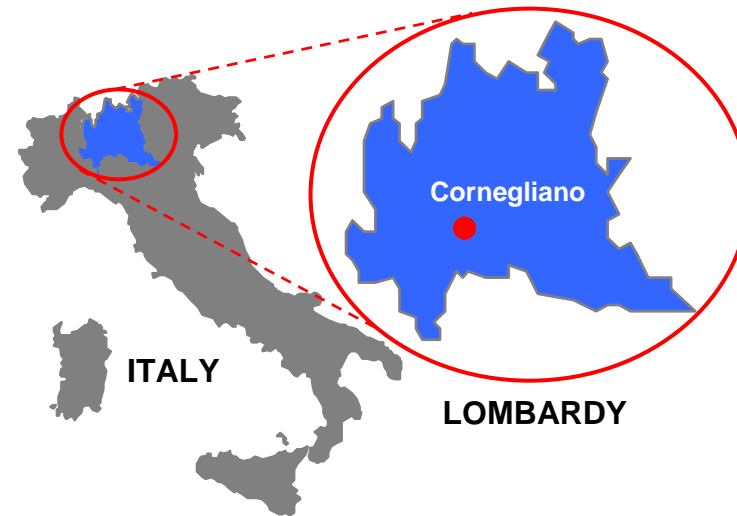
2 - Gas wholesale and trading (2)



3 - Gas storage

Ital Gas Storage

- acquisition completed in May 2006
- is active in gas storage in Cornegliano



Storage technical characteristics

Working gas (Scm/M)	590-1,010
Cushion gas (Scm/M)	900
Maximum storage capacity (Scm/M)	1,910
Maximum daily use (Scm/M)	16.5
Investments expected (€/M)	400*

*220 €/M of cushion gas.

Growth in the gas down-stream market (1)

Growth in size through a significant expansion of its customer base

Increase number of clients and concessions managed

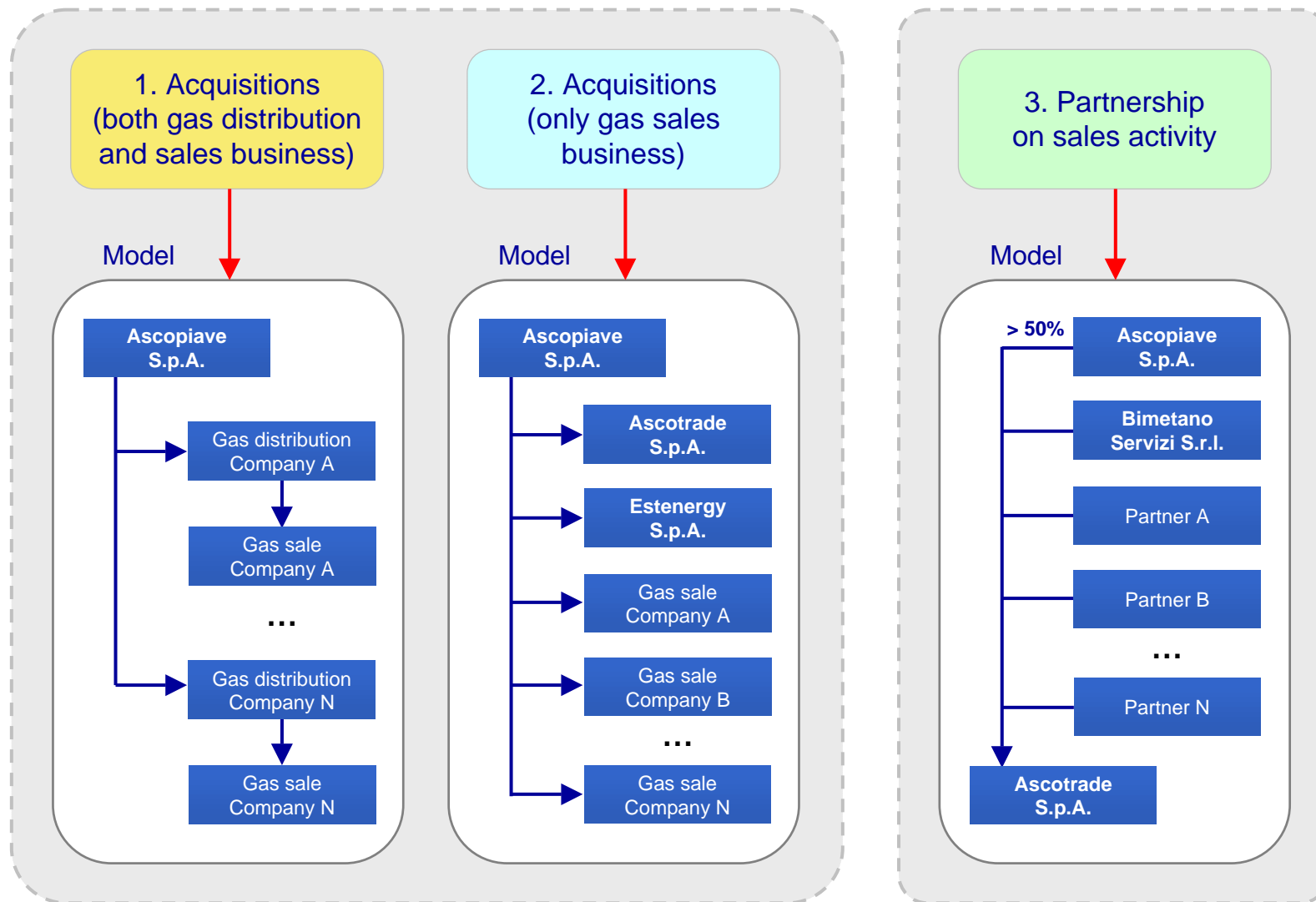
- /// Participation in competitive bidding for the award of contracts to manage the gas distribution service
- /// An integrated service offer with a dual fuel sales policy (a joint commercial proposal for gas and electricity)
- /// Make selective acquisitions

Natural gas market (2006)

	Italy	"Triveneto"
Number of gas distributors	416	61
Number of gas concessions	5,861	832
Number of gas customers	20,214,000	2,500,000
Volumes of gas distributed*	34,656	5,784
Length of the distribution network (km)	225,792	38,260

*Through secondary network; data in Scm/M

Growth in the gas down-stream market (2)



Growth in the gas down-stream market (3)

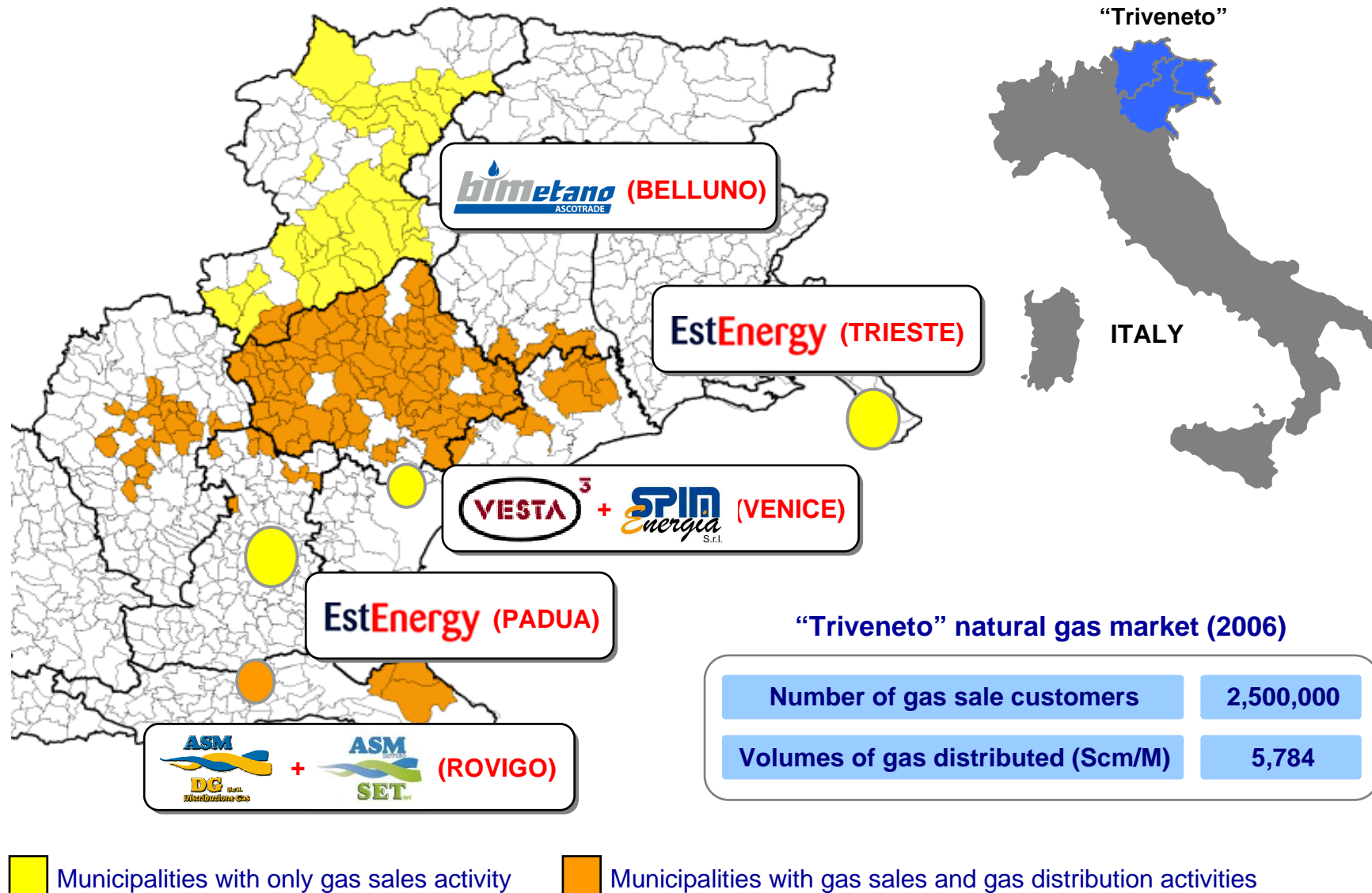
Concluded deal

Deals	Customers	Gas sold
Acquisition of Bimetano Servizi gas sale business	+ 29,453	+ 82 scm/M
Acquisition of a 51% stake in Global Energy	Start-up	n.a.
Establishment of Etra Energia	Start-up	n.a.
Acquisition of a 49% stake in Estenergy	+ 243,237	+ 512 scm/M
Total concluded deals	+ 272,690	+ 594 scm/M

To be negotiated

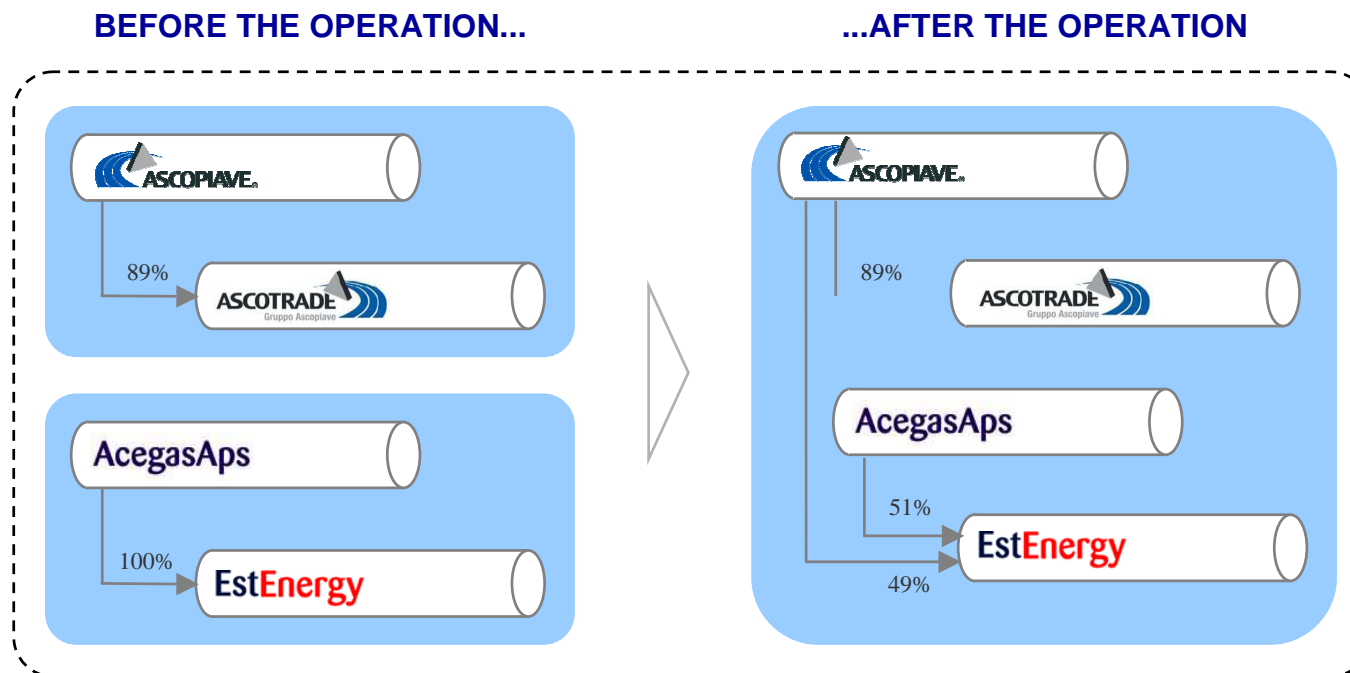
Deals	Customers	Gas sold
Vesta3 + Spim Energia	+ 18,462	+ 49 scm/M
ASM Set	+ 24,526	+ 55 scm/M
Total to be negotiated deals	+ 42,988	+ 104 scm/M
Total	+ 315,678	+ 698 scm/M
Ascopiave before operations	+ 313,355	+ 790 scm/M
Change %	+ 100.7%	+ 88.4%

Downstream strategy



Operation Estenergy (1)

As of September 13th 2007, Ascopiave has signed an **agreement** with Acegas-APS S.p.A. for the acquisition of a quota of 49% of Estenergy S.p.A., the gas sale company controlled by Acegas-APS.



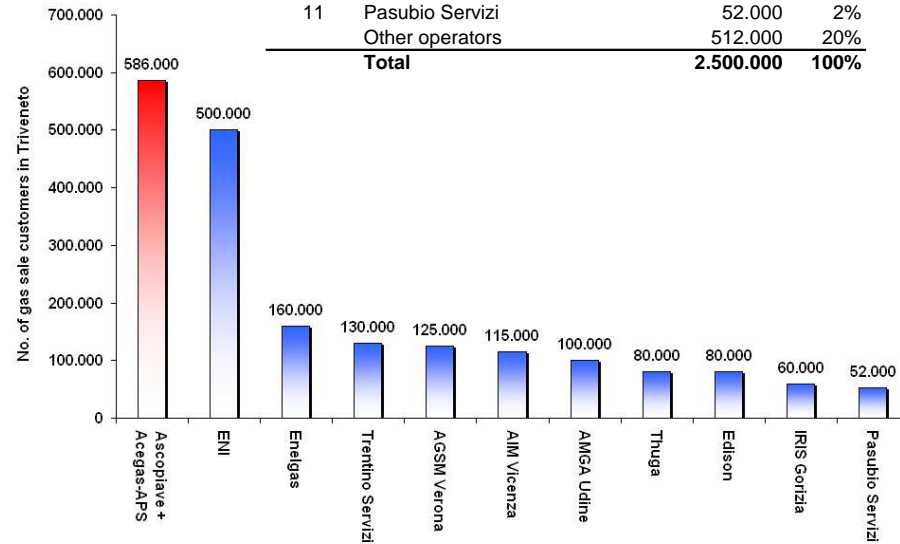
	Estenergy	Ascotrade	Aggregated	Chg %
No. of gas sale customers	243.237	342.808	586.045	71%
Volumes of gas sales (Mcm)	512	872	1.385	59%

No. of gas sale customers in "Triveneto"



After the operation Estenergy, with over 586.000 gas sale customers, Ascopiave ranks 1st in "Triveneto"

Ranking	Gas sale operators	No. of gas sale customers in "Triveneto"	%
1	Ascopiave + Acegas-APS	586.000	23%
2	ENI	500.000	20%
3	Enelgas	160.000	6%
4	Trentino Servizi	130.000	5%
5	AGSM Verona	125.000	5%
6	AIM Vicenza	115.000	5%
7	AMGA Udine	100.000	4%
8	Thuga	80.000	3%
9	Edison	80.000	3%
10	IRIS Gorizia	60.000	2%
11	Pasubio Servizi	52.000	2%
	Other operators	512.000	20%
Total		2.500.000	100%

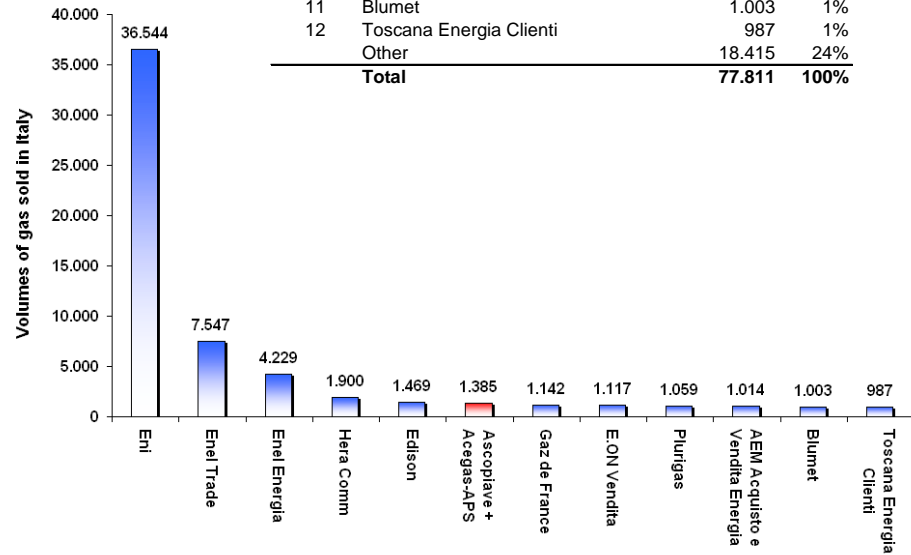


Volumes of natural gas sold in Italy



After the operation Estenergy, with over about 1,4 billion of cubic meters sold, Ascopiave ranks 6th in Italy

Ranking	Gas sale operator	Volumes of gas sold in Italy	%
1	Eni	36.544	47%
2	Enel Trade	7.547	10%
3	Enel Energia	4.229	5%
4	Hera Comm	1.900	2%
5	Edison	1.469	2%
6	Ascopiave + Acegas-APS	1.385	2%
7	Gaz de France	1.142	1%
8	E.ON Vendita	1.117	1%
9	Plurgas	1.059	1%
10	AEM Acquisto e Vendita Energia	1.014	1%
11	Blumet	1.003	1%
12	Toscana Energia Clienti	987	1%
	Other	18.415	24%
	Total	77.811	100%



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Financial highlights: income statement

(Thousand of Euro)

	2006	2005	Chg	Chg %	1stH 2007	1stH 2006	Chg	Chg %
Revenues	318.105	279.307	38.797	13,9%	183.845	188.325	(4.480)	-2,4%
EBITDA	40.405	56.194	(15.789)	-28,1%	21.980	31.763	(9.783)	-30,8%
EBIT	29.150	45.137	(15.987)	-35,4%	16.312	26.243	(9.932)	-37,8%
EBT	27.286	41.705	(14.419)	-34,6%	17.272	25.024	(7.751)	-31,0%
Net income	16.239	24.522	(8.283)	-33,8%	10.360	15.322	(4.962)	-32,4%

Decrease of margins are mainly due to:

- ⚡ low gas consumption for mild climate conditions
- ⚡ tariffs up-dating by the Electricity and Gas Authority

Financial highlights: balance sheet

(Thousand of Euro)

	31/12/06	31/12/05	Chg	Chg %	30/06/07	31/12/06	Chg	Chg %
Capital employed	281.361	284.574	(3.213)	-1,1%	306.924	281.361	25.563	9,1%
Shareholders equity	368.902	194.586	174.316	89,6%	365.708	368.902	(3.194)	-0,9%
Net financial position*	(87.541)	89.988	(177.529)	-197,3%	(58.784)	(87.541)	28.757	-32,9%

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

Financial highlights: cash flow

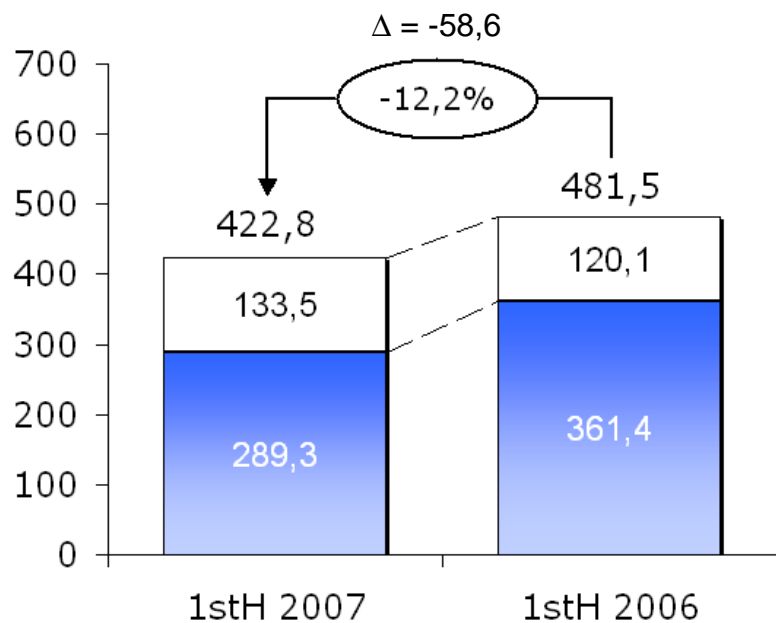
(Thousand of Euro)

	2006	2005	1stH 2007	1stH 2006
Cash Flow*	27.493	35.579	16.029	20.842
Change in net working capital	8.551	9.287	(23.212)	44.227
Investments	(16.593)	(15.826)	(8.019)	(6.415)
Change in Shareholders Equity**	158.078	(33.755)	(13.555)	(3.750)
Change in NFP	177.529	(4.715)	(28.757)	54.903

*Net income + Amortization and Depreciation; **Increase of capital - dividends + change of minorities (initial consolidation of Global Energy (2006) and Bimetano Servizi (1st january 2007))

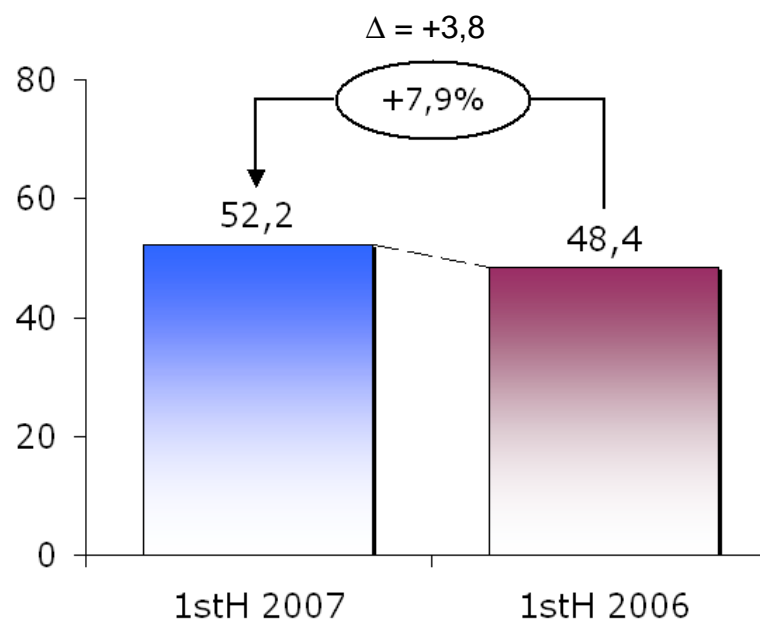
First Half 2007: volumes of gas and electricity sold

Volumes of gas sold (Milion of standard cubic meters)



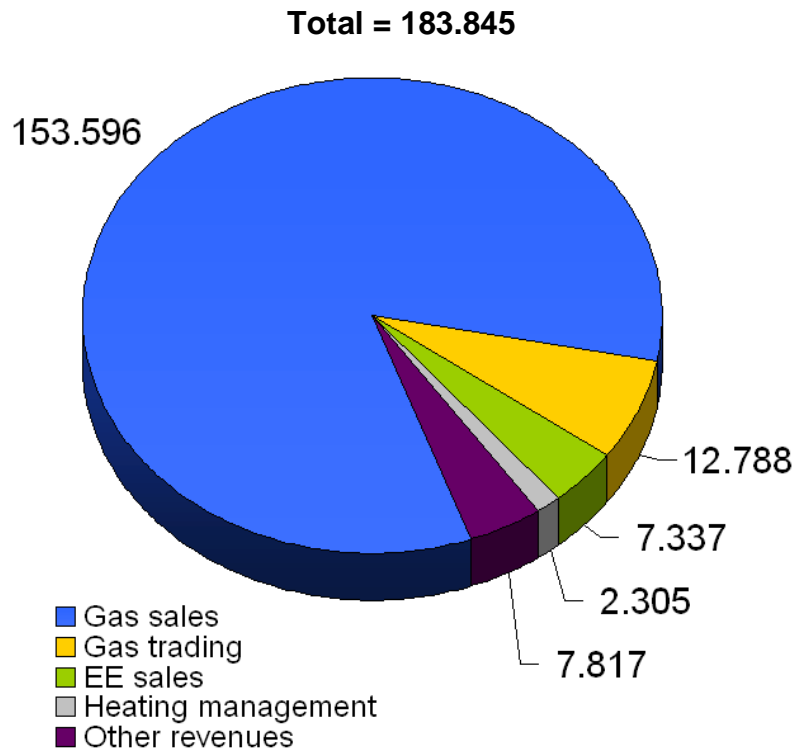
- Volumes sold to customers > 200.000 smc/y
- Volumes sold to customers < 200.000 smc/y

Volumes of electricity sold (GWh)

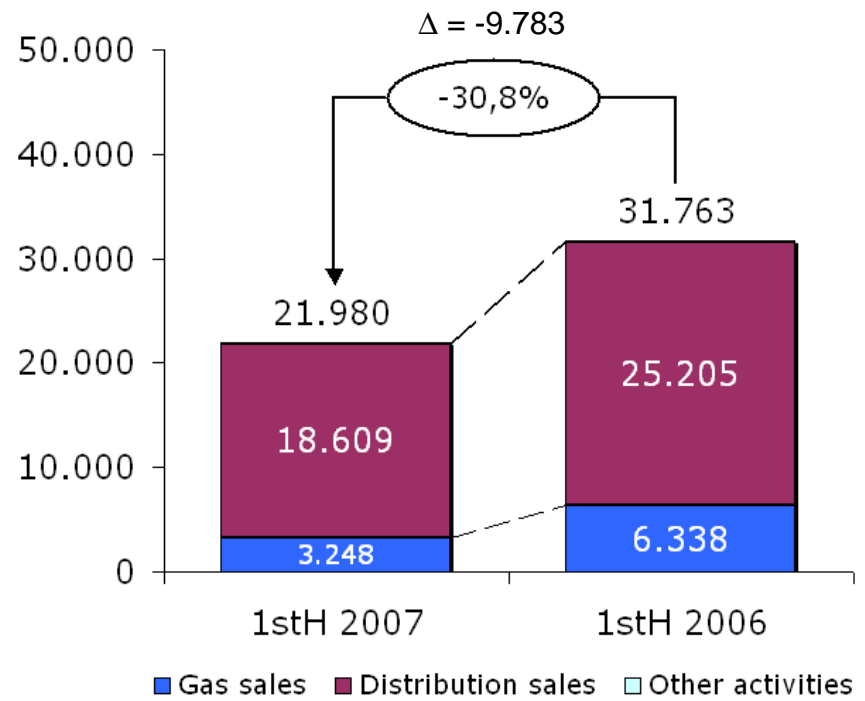


First Half 2007: revenues and EBITDA breakdown

Revenues breakdown (1stH 2007) (Thousands of Euro)

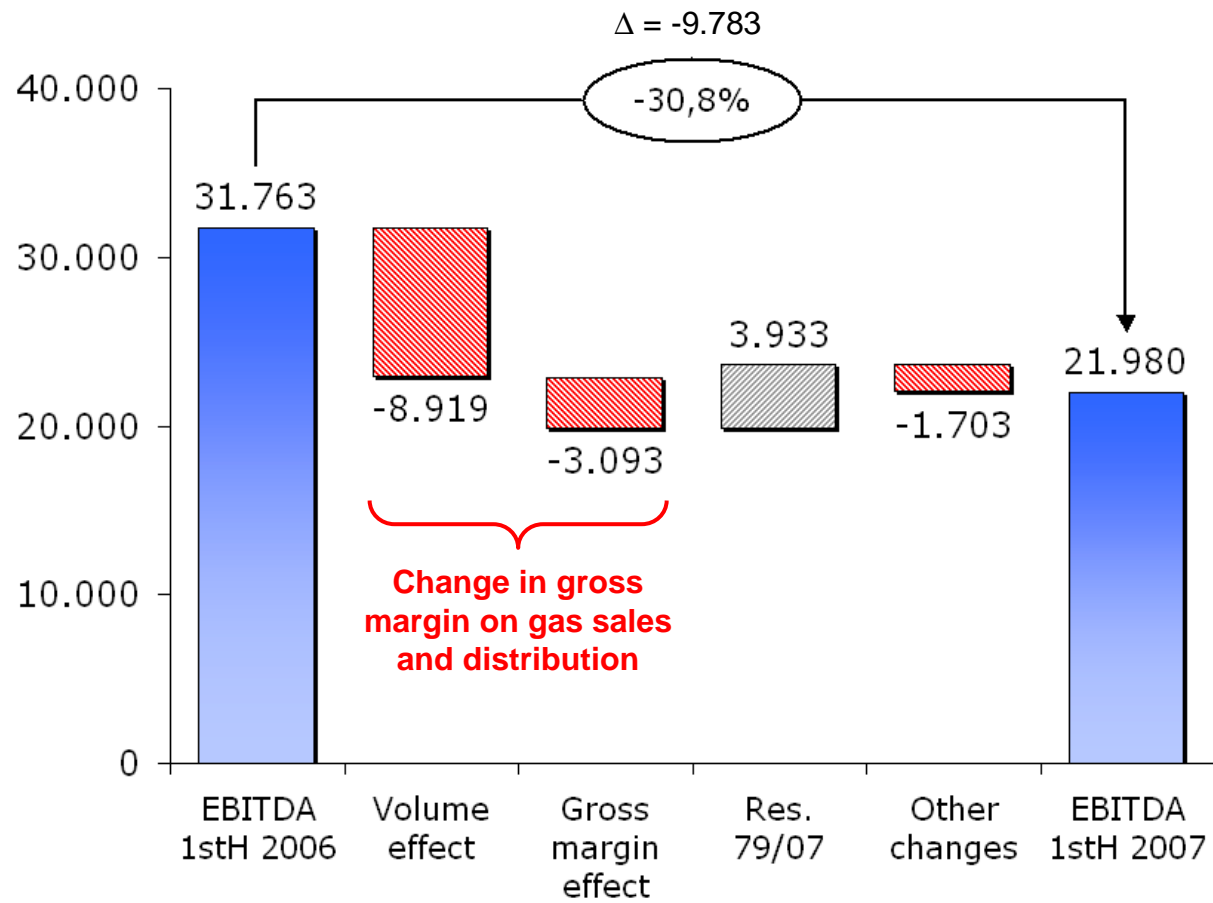


EBITDA breakdown (Thousands of Euro)



First Half 2007 EBITDA bridge

EBITDA bridge (Thousands of Euro)



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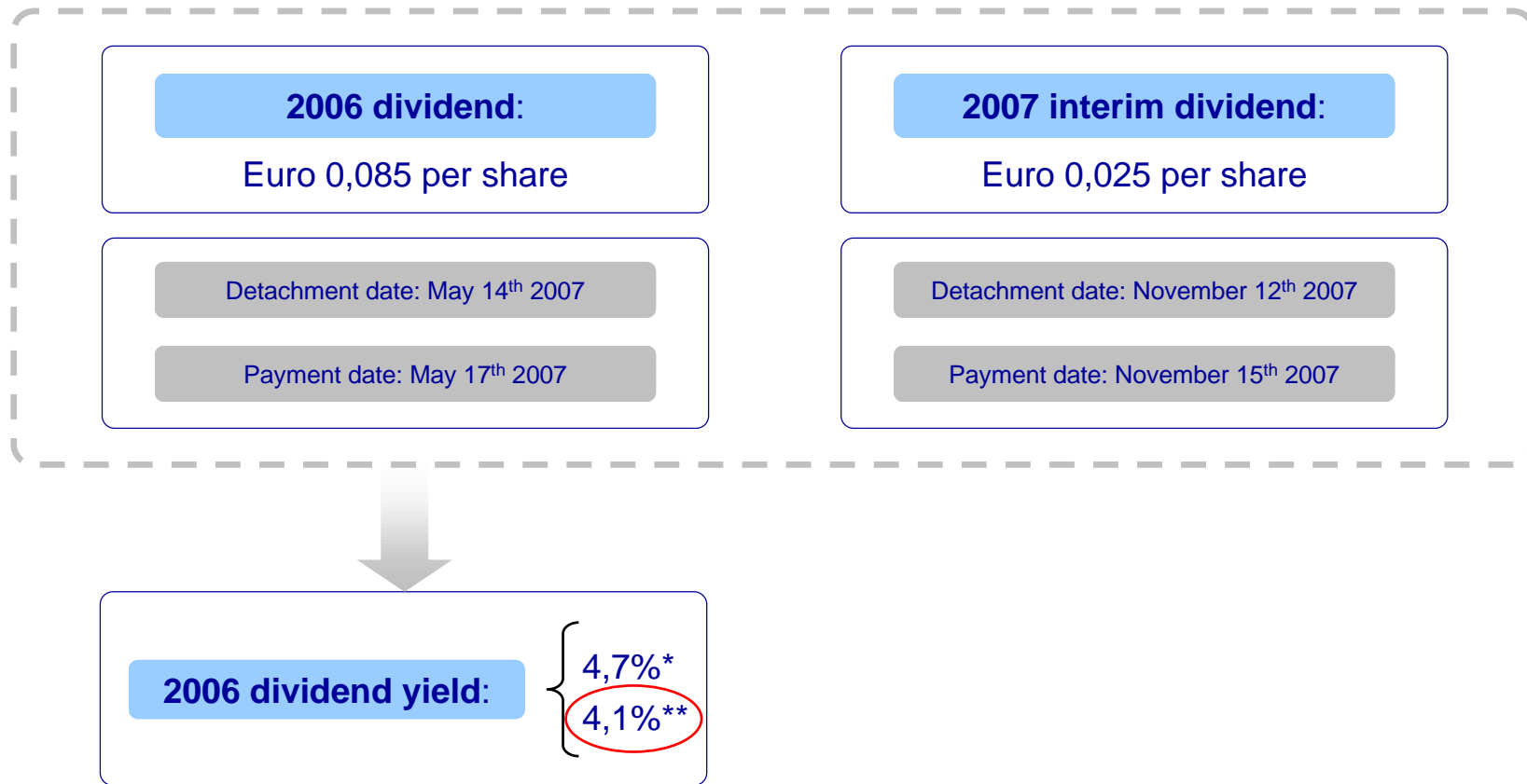
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Dividends



Ascopiave 2006 dividend yield is highest regarding the other local utilities

*Dividend yield calculated on placement price; **Dividend yield calculated on March 2007 medium share price.

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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.

$$\text{VRD} = \text{CO} + \text{AMM} + \text{CI} \times \text{rd}$$

where:

CO: represents the tariff quota covering management operating costs;

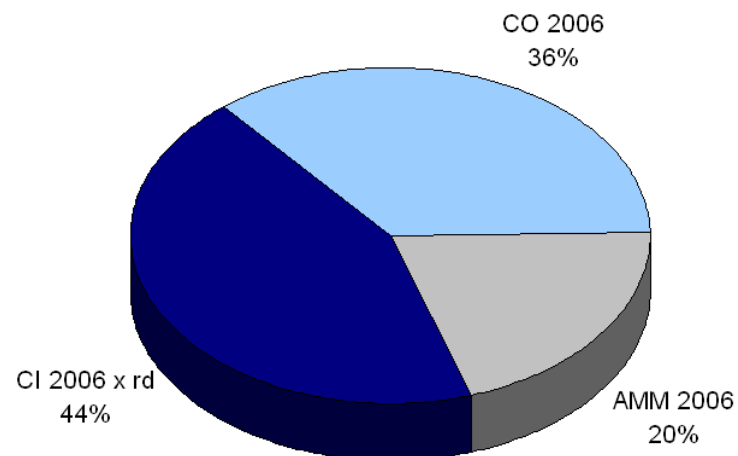
AMM: represents the quota covering depreciation;

CI: represents the net capital invested in distribution;

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

VRD 06-07*	€/M
CO 2006	13,735
AMM 2006	7,714
CI 2006 x rd	16,761
Total VRD 2006	38,210

Components of VRD (%)



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

Issues on tariffs

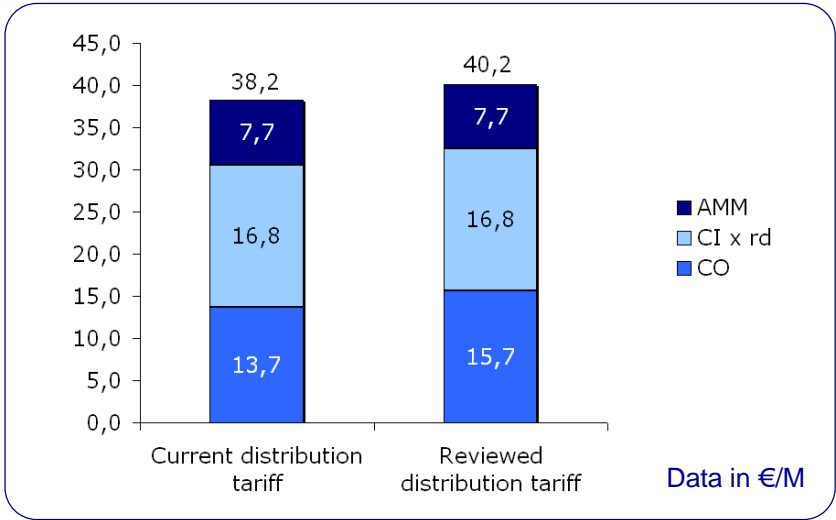
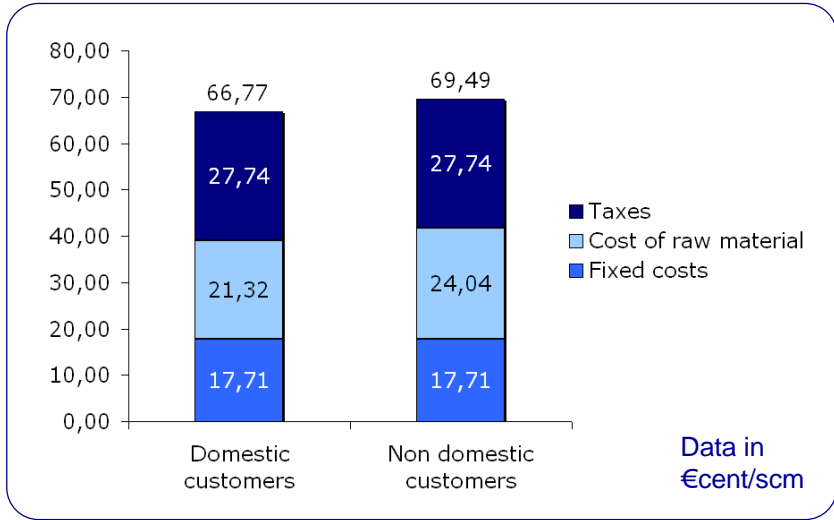
Gas sales tariffs

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. 240/07)

Gas distribution tariffs

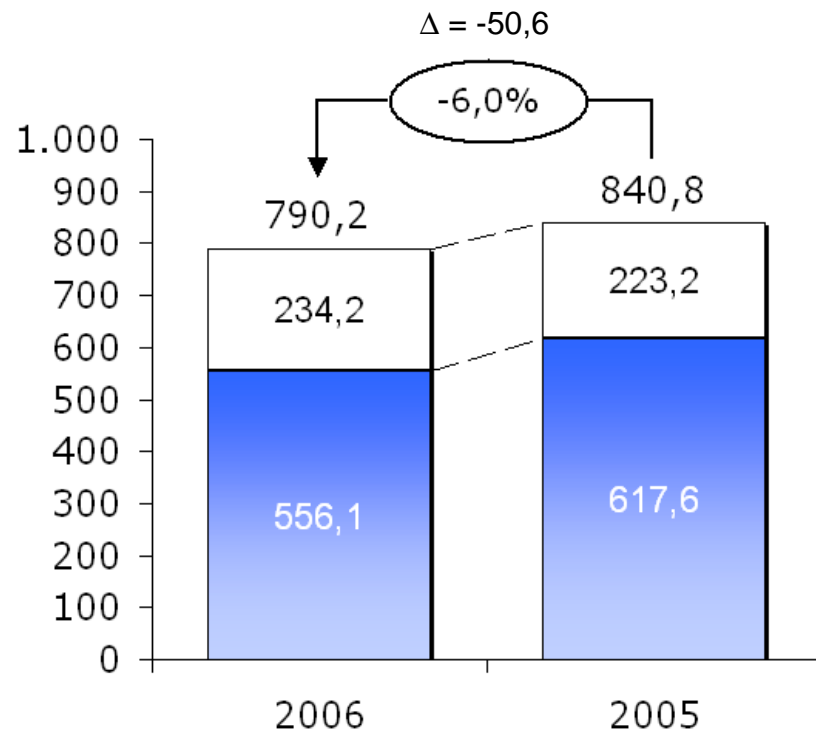
Review of the distribution tariff for the recalculation of the CGD component of the distribution revenues constraints (DRC)



Volumes of gas and electricity sold (2006 vs 2005)

Volumes of gas sold

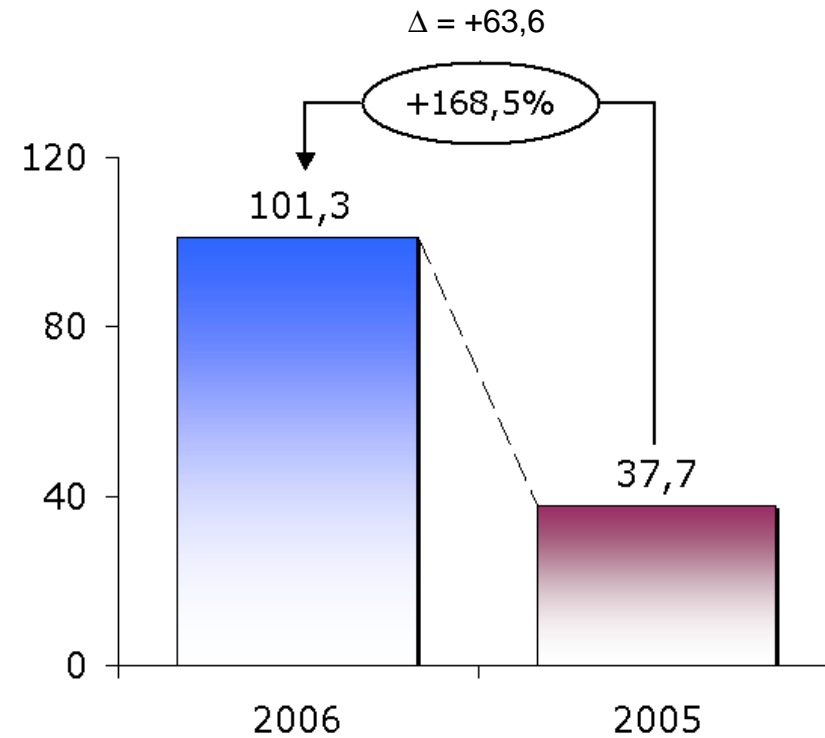
(Milion of standard cubic meters)



- Volumes sold to customers > 200.000 smc/y
- Volumes sold to customers < 200.000 smc/y

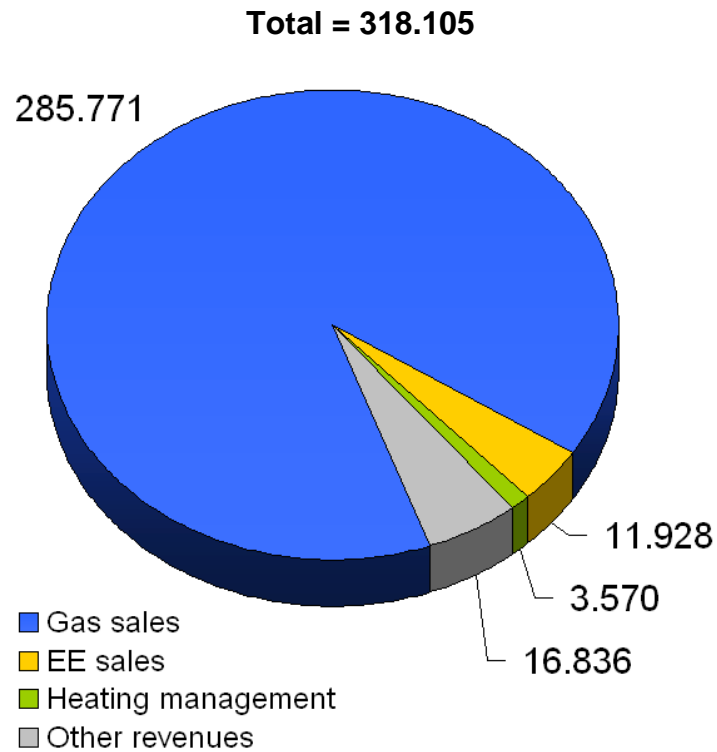
Volumes of electricity sold

(GWh)

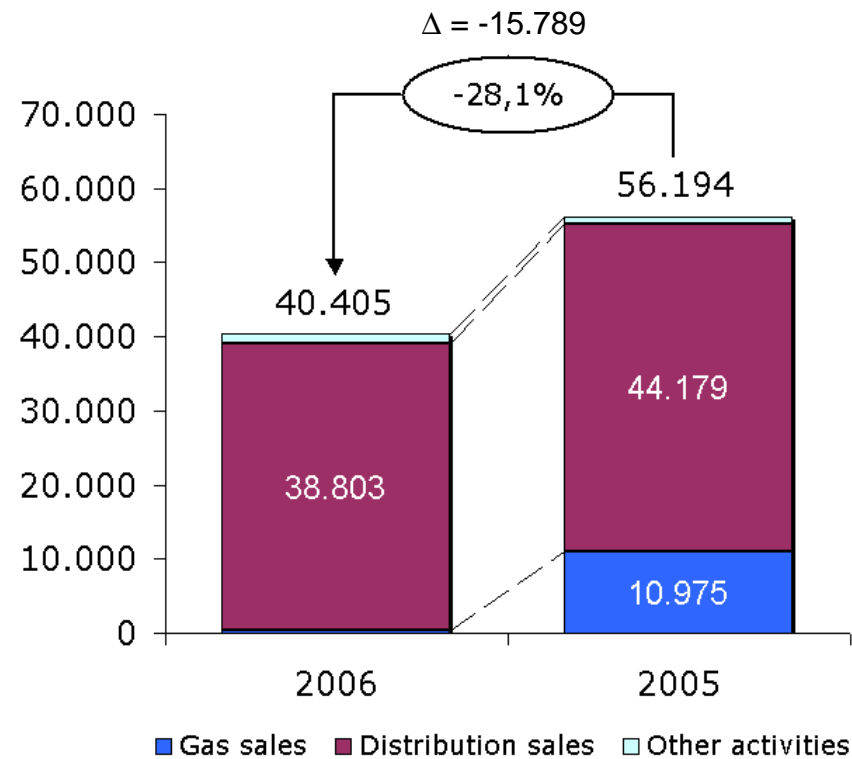


Revenues and EBITDA breakdown (2006 vs 2005)

Revenues breakdown (2006) (Thousands of Euro)



EBITDA breakdown (Thousands of Euro)



EBITDA bridge (2006 vs 2005)

EBITDA bridge (Thousands of Euro)

