Group Presentation

Milan, May 9th 2013

Contents

Business Overview ..... Pag. 3

Gas distribution ..... Pag. 17

Gas sales ..... Pag. 34

Sinergie Italiane ..... Pag. 41

Strategy ..... Pag. 45

Dividends ..... Pag. 48

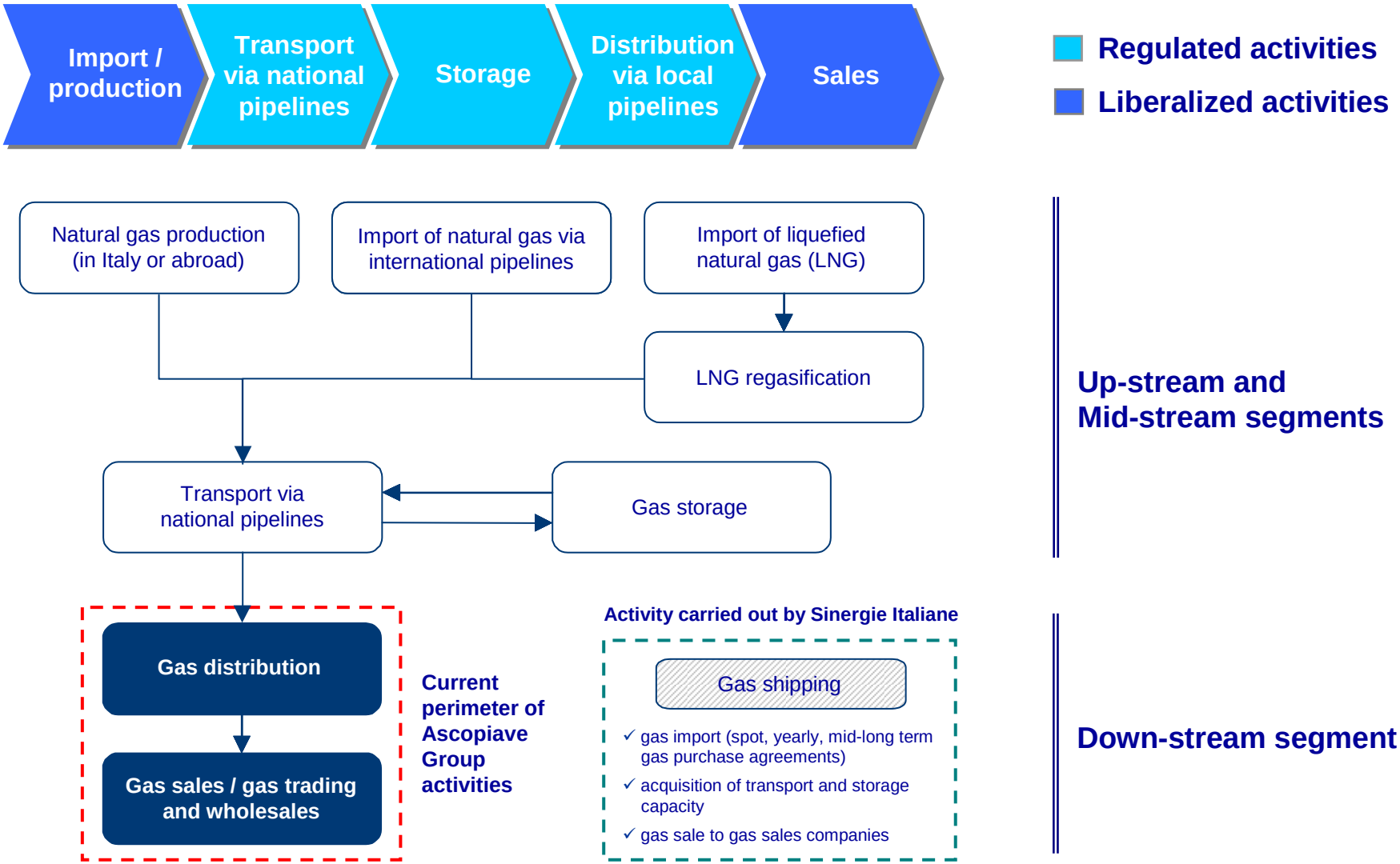
Financials (FY 2012) ..... Pag. 50

Business Overview

→ Group profile ..... Pag. 4
→ Competitive environment: the gas chain in Italy ..... Pag. 5
→ Business activities and main financial data ..... Pag. 6
→ Ascopiave Group structure as of December, 31st 2012 ..... Pag. 7
→ Main operating data ..... Pag. 8
→ Use of IPO proceeds ..... Pag. 9
→ Equity story after IPO (2007-2012) ..... Pag. 11
→ Growth in the gas down-stream market in 2007-2012 ..... Pag. 12
→ Market positioning ..... Pag. 15

- Ascopiave Group operates mainly in the **gas sector**
- Its principal business activities are the **distribution and sale of gas to end customers**
- In terms of both customer base and quantities of gas sold Ascopiave is currently one of the leading national players in the gas sector
  - The Group holds direct licences and consignments to manage its distributing activity
  - Natural gas is sold through several companies: some of them are subsidiaries in which the Group is the majority shareholder, while in others the Group holds a 49%-51% interest and joint control with the other shareholders.
- Ascopiave Group is active also in the **heat management, cogeneration, electricity sales and production of electricity by photovoltaic power plants**
- Ascopiave has been **listed on the STAR division of the Italian Stock Exchange** since 12 December 2006

Competitive environment: the gas chain in Italy



Main business activities

- Gas distribution
- Gas sales to end customers
- Gas trading and wholesales

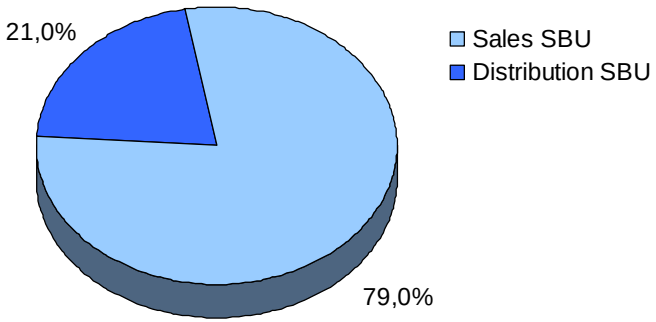
Other business activities

- Heating services management
- Cogeneration
- Electricity sales

2012 MAIN FINANCIAL DATA*

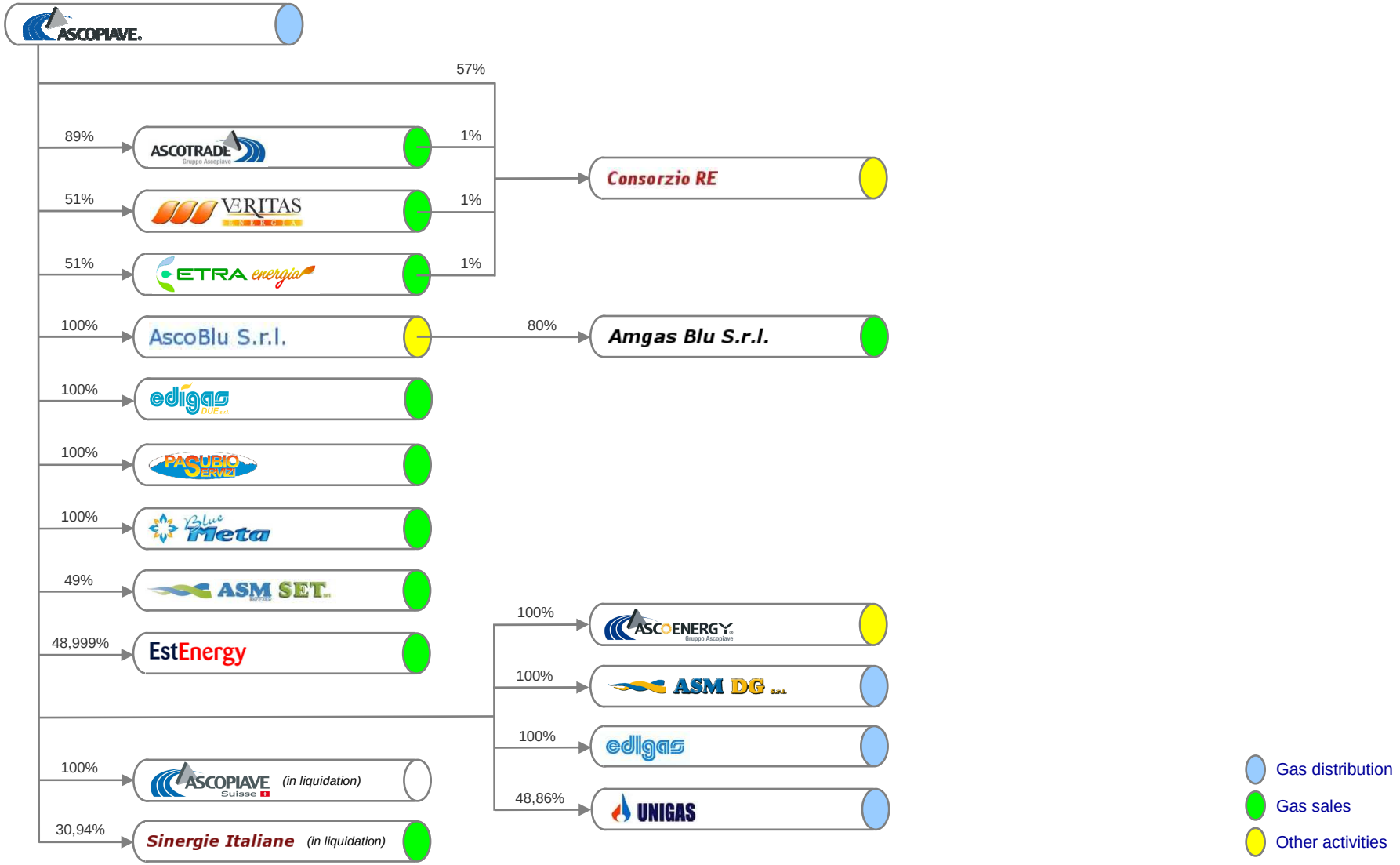
	Group	Distribution SBU**	Sales SBU***
Revenues****	1,078,038	95,424	1,055,448
EBITDA	102,635	33,940	68,695
EBIT	73,027	15,352	57,675

EBIT 2012 BREAKDOWN



* Thousand of Euro; ** Distribution SBU includes heating services management and cogeneration; *** Sales SBU includes gas sales to end customers, gas trading and wholesales and electricity sales; **** Gas distribution SBU and gas sales SBU revenues are represented before elisions

Ascopiave Group structure as of December, 31st 2012



Main operating data

GAS DISTRIBUTION 2012 KEY FIGURES*

No. of inhabitants potentially served (mln)	> 1.3
No. of users connected to the distribution network	499,094
No. of users - companies consolidated integrally	*404,130*
No. of users - companies consolidated proportionally	*94,964*
Length of gas distribution network (km)	8,561
No. of managed concessions	209

GAS SALES 2012 KEY FIGURES*

No. of gas sale clients	851,377
No. of gas sale clients companies consolidated integrally	*559,349*
No. of gas sale clients companies consolidated proportionally	*292,028*
Vol. of gas sold to end customers (scm/mln)	1,594
Vol. of gas sold on trading activities (scm/mln)	616

* Data of companies consolidated proportionally are considered at 100%

Use of IPO proceeds (1)

Ascopiave has used the IPO proceeds to finance a series of investments pursuing the dimensional growth of the Group, both by internal lines (investments in gas distribution network and other capital expenditures) and by external lines (investments in firm / companies acquisitions).

Net Financial Position at 31.12.2006 (without IPO proceeds)	**(73,9)**
IPO Proceeds	161,5
Cash Flow 2007 ÷ 2012	262,5
Firm assignment: price + NFP	26,9
Total cash in 2007 ÷ 2012: (A)	**450,9**
(Firm acquisitions: price + NFP)	(163,4)
(Capital Expenditures)	(140,9)
(Sinergie Italiane loss coverage)	(27,5)
(Change in Net Working Capital)	(91,7)
(Dividends and shares buybacks)	(123,6)
Total cash out 2007 ÷ 2012: (B)	**(547,1)**
Change in Net Financial Position 2007 ÷ 2012: (A) - (B)	**(96,2)**
Net Financial Position at 31.12.2012	**(170,1)**

(Million of Euro)

Use of IPO proceeds (2)

As described in the following slide, since the IPO Ascopiave has completed the **acquisition of twelve firms / companies**, three of which active in gas distribution business and nine active in gas and electricity sales business, investing **163.4 million of Euro**.

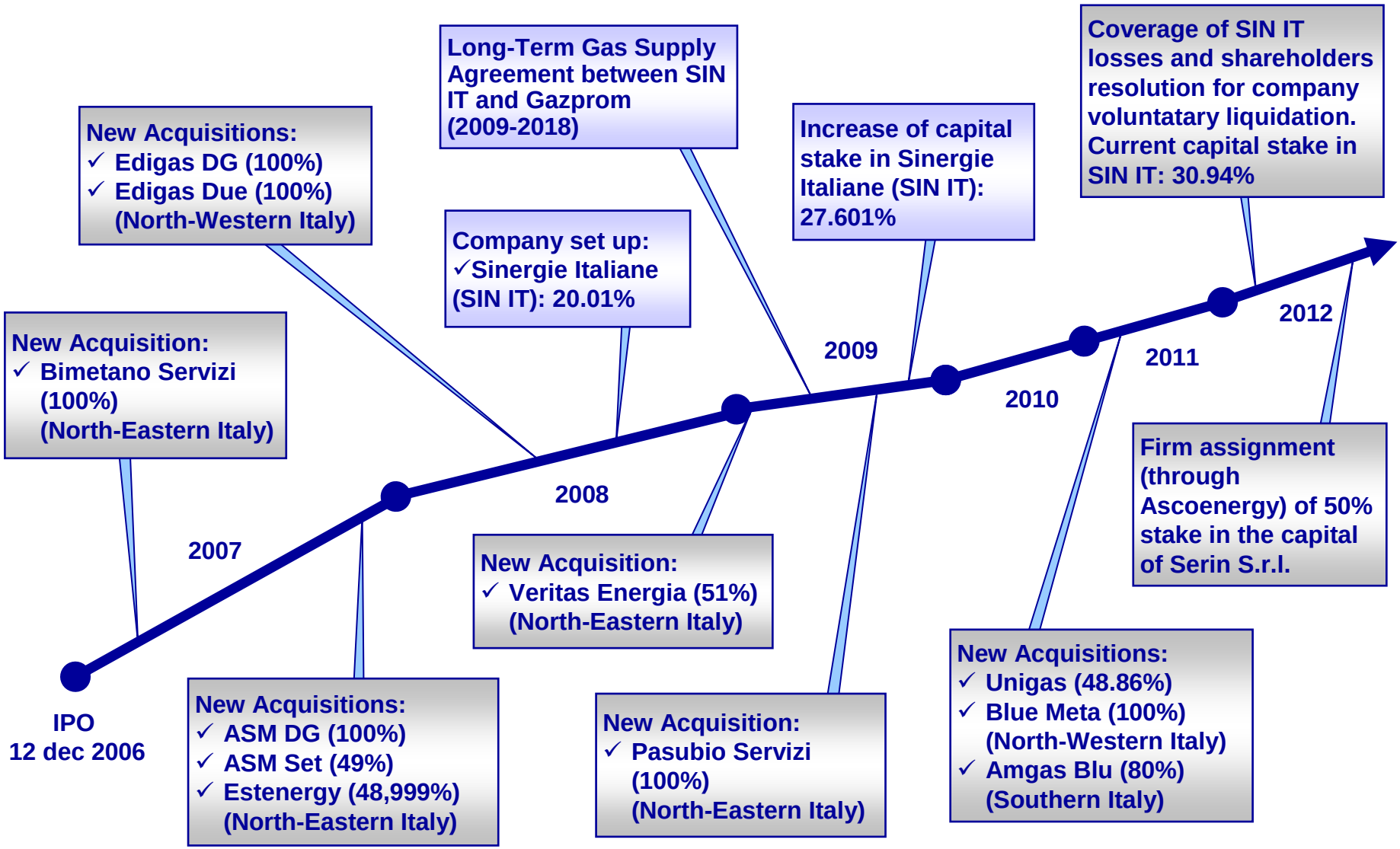
Moreover Ascopiave Group invested **140.9 million of Euro** in **fixed assets**.

In December 2012, the Group has sold – through its subsidiary Ascoenergy – its 50% stake in the capital of Serin, parent company of a Group which operates in the photovoltaic sector. The investment was sold for 8.4 million of Euro. Concurrently with this transaction, the Group acquired the minority shareholder's share of 30% of AscoEnergy for 1.9 million of Euro. These operations have generated a total cash flow of 26.9 million of Euro (price + NFP).

In 2012 Ascopiave has used financial resources to recapitalize the associate Sinergie Italiane for **27.5 million of Euro**.

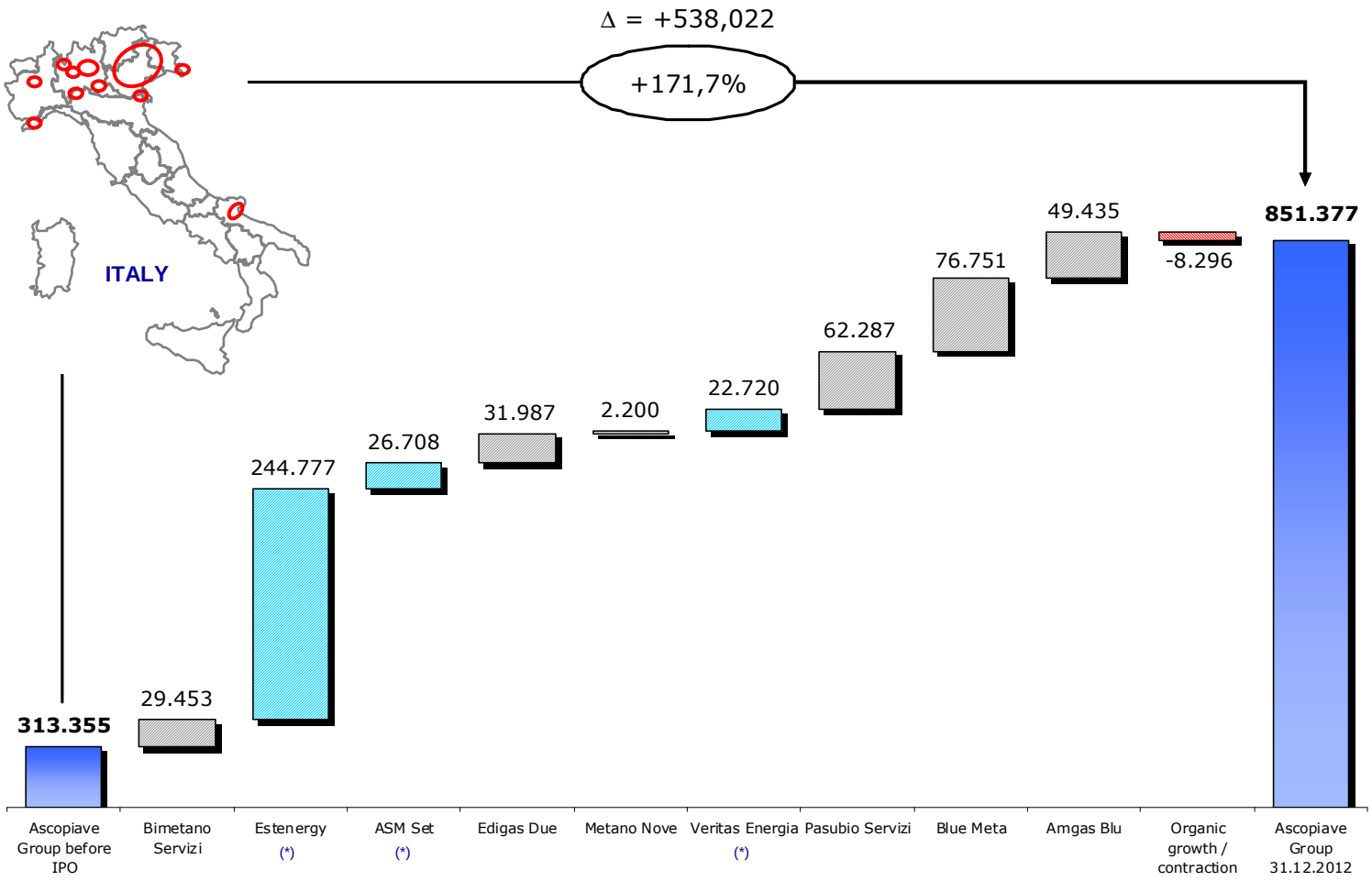
In the period 2007-2012 it has additionally distributed a significant amount of **dividends** to its shareholders.

Equity story after IPO (2007-2012)



Growth in the gas down-stream market in 2007–2012 (1)

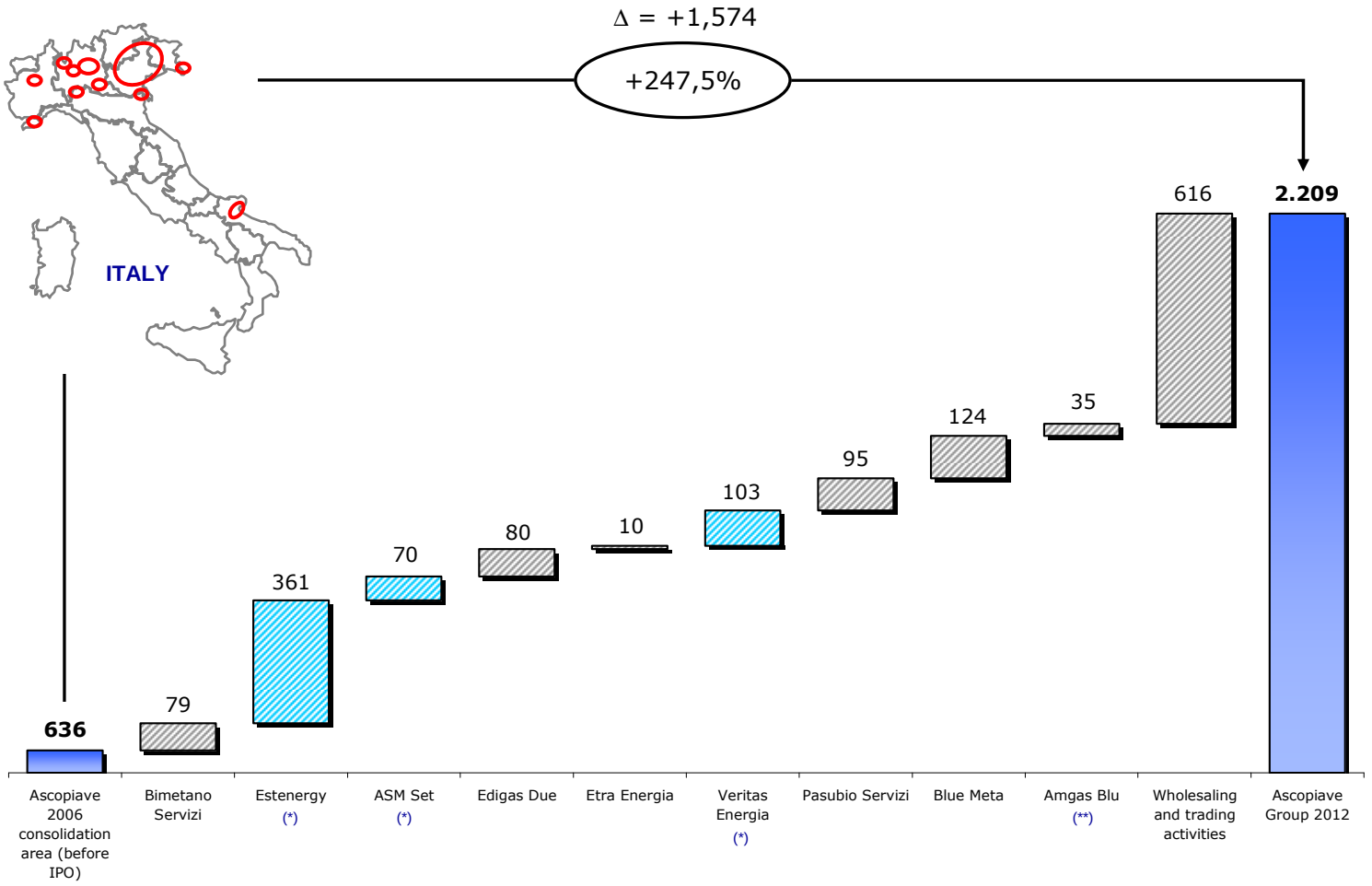
Number of gas sale customers



(*) Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%

Growth in the gas down-stream market in 2007–2012 (2)

Volumes of gas sold (scm/mln) (*)

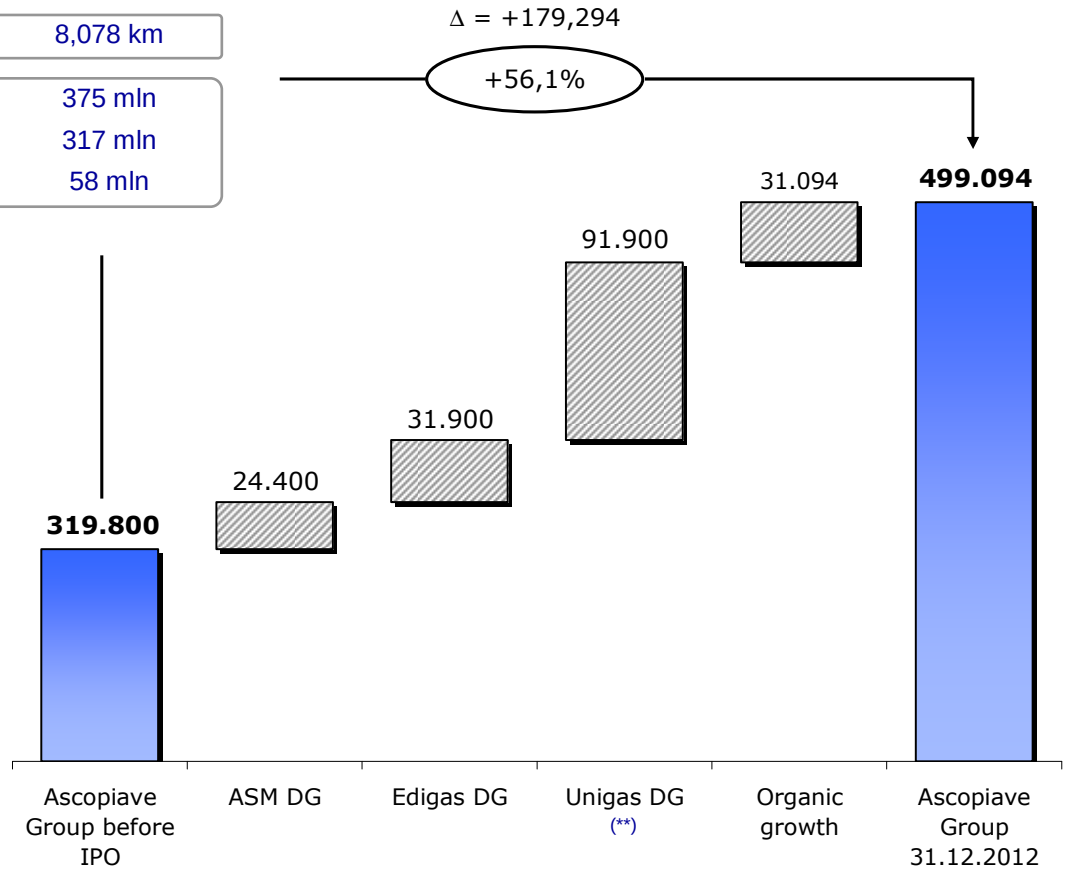


(*) Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%; (**) Volumes of gas sold in 2ndH 2011

Growth in the gas down-stream market in 2007–2012 (3)

Number of gas users and RAB (Regulatory Asset Base)

	2006	2011 *
Lenght of gas distribution network	6,360 km	8,078 km
Uncapped RAB	223 mln	375 mln
Uncapped RAB - before IPO consolidation area		317 mln
Uncapped RAB - companies acquired after IPO		58 mln



* Including Unigas at 48.86% ** Operating data of Unigas, company proportionally consolidated, is taken into account at 100%

Market positioning (1)

No. of gas sale customers in “Triveneto”

Pos.	Operator	No. of customers in “Triveneto”	%
1	**Ascopiave** (*)	**685.000**	**26,1%**
2	ENI	500.000	19,1%
3	Enel	160.000	6,1%
4	Trentino Servizi	130.000	5,0%
5	AGSM Verona	125.000	4,8%
6	AIM Vicenza	115.000	4,4%
7	AMGA Udine	100.000	3,8%
8	E.On	80.000	3,0%
9	Edison	80.000	3,0%
10	IRIS Gorizia	60.000	2,3%
	Altri	588.000	22,4%
	Totale	**2.623.000**	**100,0%**

With over 680.000 gas sale customers, Ascopiave ranks **1st** in “Triveneto”

(*) Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%

Market positioning (2)

Volumes of gas sold in Italy [a]

Ranking	Group	Vol. of gas sold in Italy (Mcm)	%
1	Eni	18,237	26.8%
2	Enel	8,035	11.8%
3	Edison	7,403	10.9%
4	Gdf Suez	4,847	7.1%
5	A2A	2,915	4.3%
6	E.On	2,708	4.0%
7	Hera	2,607	3.8%
8	Iren	2,317	3.4%
9	**Ascopiave Group [b]**	**1,744**	**2.6%**
10	Royal Dutch Shell Plc	1,647	2.4%
11	Gas Plus	687	1.0%
12	Bg Group Plc	627	0.9%
13	Estra Spa	563	0.8%
14	Utilità Progetti e Sviluppo	506	0.7%
15	Unogas	481	0.7%
16	Gas Natural Sdg	464	0.7%
	Others	12,225	18.0%
	Total	**68,013**	**100.0%**

The Group has created an industrial pole that, with more than 1.7 billion of cube meters of gas sold, ranks **9th** in Italy

[a] In house processing on 2011 AEEG data; [b] Including volumes sold to final market by Ascotrade, Etra Energia, ASM Set, Estenergy, Edigas Due, Veritas Energia, Pasubio Servizi, Blue Meta and Amgas Blu; data of the companies consolidated proportionally are taken into account at 100%

Gas distribution

→ Expiring date of the ongoing gas distribution concessions ..... Pag. 18
→ Minimum territorial district awarding the next gas distribution concessions ..... Pag. 22
→ Work force of the outgoing concession holder ..... Pag. 23
→ Regulation of the call of tenders ..... Pag. 24
→ D.Lgs. n. 93/11 – Reimbursement at the end of the concession period ..... Pag. 27
→ A new competitive scenario in the gas distribution sector ..... Pag. 28
→ Ascopiave positioning in the gas distribution market ..... Pag. 29
→ Agreement to evaluate Residual Industrial Value of the Distribution Network ... Pag. 30
→ Tariff regulation: third regulatory period ..... Pag. 31
→ Tariff regulation: VRT breakdown ..... Pag. 32
→ SWOT analysis – Gas Distribution SBU ..... Pag. 33

Expiring date of the ongoing gas distribution concessions (1)

Regulation concerning the expiring date of the ongoing gas distribution concessions has been modified several times during the last ten years:

- Lgs. D. 164/2000 (so called Letta Decree)
- Art. 1 Com. 69, L. 239/2004 (so called Marzano Law)
- Art. 46-bis Lgs. D. 159/2007

There are different current interpretations of the regulation, so there is a fundamental **uncertainty about the effective expiring date of the gas concessions**.

The next slide illustrates the expiration date of Ascopiave Group concessions in case of the most prudential and unfavourable interpretation of the actual regulation, assuming that – despite the recent regulation regarding minimum territorial districts – each single municipality can banish public tender to award municipal gas distribution concession.

Assuming this unfavourable interpretation - except for only few concessions granted pursuant to a public competitive tender process - the great part of the gas distribution concessions managed by Ascopiave Group expires at the end of the so called “Transition Period”, lasting until December, 31st 2009 or, in case of an autonomous and motivated decision taken by each municipality, until December, 31st 2012.

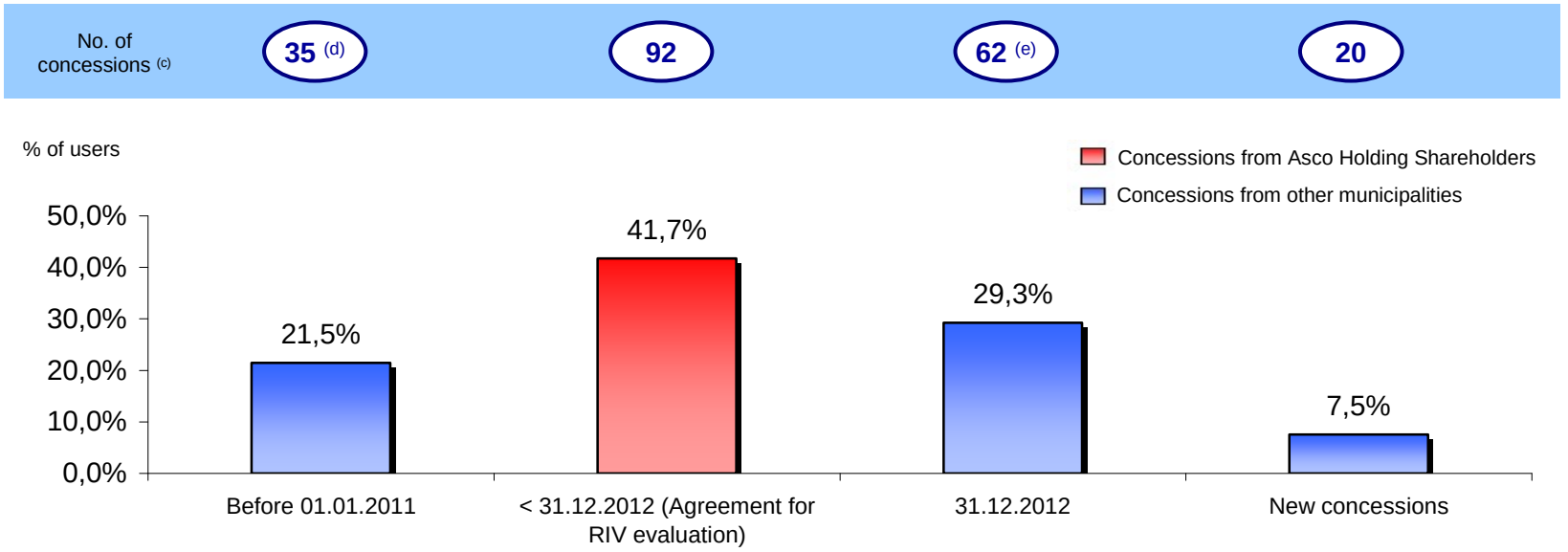
93 municipalities in the Province of Treviso, Belluno, Venice and Pordenone in 2011-2012 signed an agreement with Ascopiave in order to evaluate the residual industrial value (RIV) of the distribution network using the same method and parameters, that must be established via an agreed procedure. In the course of the procedure and until the contracts are renewed, Ascopiave will continue to manage the gas distribution services in such municipalities.

Expiring date of the ongoing gas distribution concessions (2)

About 44% of concessions from shareholder municipalities

	Number	Populations [a]	Network (km) [b]
Awards from Asco Holding member municipalities	92	653.520	3.938
Concessions from other municipalities	117	679.446	4.542
Total	**209**	**1.332.966**	**8.480**

About 79% of users on concessions expiring beyond January, 1st 2011



[a] Data as of December, 31st 2009 - ISTAT; [b] Data as of December, 31st 2011; [c] Data as of December, 31st 2012; [d] 1 concession is under dispute; [e] 1 concession is under dispute

Expiring date of the ongoing gas distribution concessions (3)

New regulation provided by the Ministry of Economic Development (Decree January, 19th 2011 and Decree n. 226 November, 12th 2011) established that:

- gas distribution concession must be awarded only via minimum territorial district public tenders. This implies that public tenders can not be banished by a single municipality;
- for each minimum territorial district, the deadline of the public tender. According to new regulation the minimum territorial district public tenders will be banished between 2013 and 2017.

The following chart illustrates the public tender deadline of the gas distribution districts that include the current concessions managed by Ascopiave Group.

MINIMUM TERRITORIAL DISTRICT	Ascopiave Group gas users (*) (**)	%	Public tender deadline
Treviso 2	135.055	28,8%	august 2015
Treviso 1	72.927	15,6%	may 2016
Rovigo	34.984	7,5%	november 2014
Vicenza 3	28.735	6,1%	august 2016
Bergamo 1	30.834	6,6%	february 2015
Bergamo 5	29.991	6,4%	august 2015
Venezia 2	24.864	5,3%	february 2015
Other m.t. districts	111.062	23,7%	2014 - 2016
Totale	**468.452**	**100,0%**	

(*) Data as of 31st December 2008

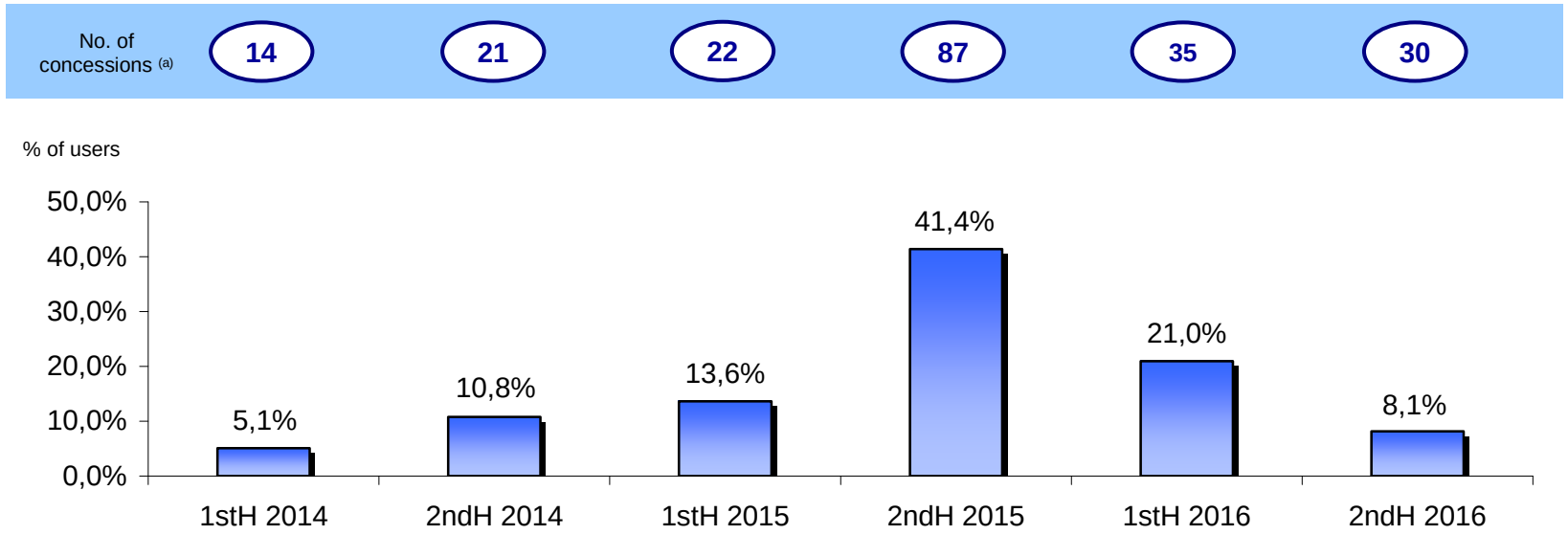
(**) Operating data of the companies consolidated proportionally (48.86%) are taken into account at 100%

Expiring date of the ongoing gas distribution concessions (4)

The following chart illustrates the Ascopiave Group gas users segmentation by minimum territorial district deadline:

- 84.1% of users in Minimum territorial District with deadline beyond January, 1st 2015
- Treviso 2 and Treviso 1, summing about 44% of Ascopiave Group gas users, have tenders deadline respectively in May 2015 and in August 2016.

Gas users segmentation by minimum territorial disctrict tender deadline



(a) Data as of 1st March 2012

Minimum territorial district - joining a pool of municipalities with a minimum number of users. Defined by the Ministry of Economic Development (jointly with other public authorities).

Tasks:

1) Reducing the number of tenders

2) Reducing the number of operators, permitting them to achieve an optimal size, improving efficiency through economies of scale

Decree issued by the Ministry of Economic Development (January, 19th 2011)

The decree sets **177** minimum territorial districts:

- > 300.000 end-users: metropolitan areas (Rome, Milan, Turin, Naples, Genua and Palermo)
- 300.000 – 50.000 end-users (one or more district inside one mid or large province)
- < 50.000 end users (small provinces with less than 50.000 end users)

Decree issued by the Ministry of Economic Development (December, 18th 2011)

The decree establishes the list of municipalities joining each minimum territorial district.

Employment of the work force of the outgoing concession holder – in the case it loose public tender awarding the concession

Tasks:

1) Protecting the work force from unemployment risk

2) Continuity in the operating management practice

Decree issued by Ministry of Economic Development and Ministry of Labour (April, 21st 2011)

1) Work force of the outgoing concession holder must be partially or wholly employed by the new concession holder

2) Number of employees are proportional to the number of the end-users of the minimum territorial district

- Standard national ratio: 1 employee every 1.500 end users
- Territorial minimum district authority can provide a different lower ratio, to be motivated

Regulation of the "call of tenders" provided by the Ministry of Economic Development (jointly with other public authorities).

Main issues:

1) Value of the assets to be paid to the outgoing concession holder

2) Standards of economic and technical offer

3) Timing of the public tenders to be banished

Decree issued by the Ministry of Economic Development (November, 12th 2011)

(1) Value of the assets to be paid to the outgoing concession holder

Unless different agreement signed by the parts, the decree established some criteria to evaluate the reimbursement that the outgoing distributor is entitled to cash in case it loose the tender:

- construction cost: reference to price lists established by local chamber of commerce or other local authorities or Authority of Electric Energy and Gas;
- depreciation: calculated in accordance with useful lives set by the decree (useful life of pipes: 50-60 years; useful life for end user connections: 40-50 years)
- deduction of grants received by municipalities or other public entities

(2) Standards to evaluate economic and technical offers

A – Economic Offer

B – Safety and service quality

C – Development and maintenance of the distribution network

A - Economic offer (maximum score: 28)

- Discount on gas distribution tariffs paid by the end customers (cap on the discount level: annual amortization of the difference between the “Value of the Assets Reimbursed to the outgoing concession holder” and the “Regulatory Asset Base”)
- Discount on prices for other services provided by the distributor to the end customers
- Fee to be paid to municipalities awarding the concession (cap on the fee level: 5% of the capital cost components of VRT (Total Revenues Constraint) = 5% x (CI x rd + AMM))
- Obligation to extend the distribution network (meters of pipes per end users that imply the obligation to connect new potential end-users)
- Investment for energy efficiency additional with respect to the minimum level established by the national regulation

B - Offer concerning the safety and the service quality (maximum score: 27)

- network inspections in order to prevent gas leaks (percentage of gas network annually checked)
- performance of the emergency service
- performance of the gas odorization service
- improving the level of other quality standard level set by the Authority of Electric Energy and Gas (standards for the execution of works, the connection, disconnection and re-connection of gas supplies to customers, appointments and the levels of adherence thereto, meter-reading, the checking of supply pressure, written complaints or requests for information and call centre services)

C - Offer concerning the development and the maintenance of the distribution network (maximum score: 45)

- appropriateness of the network operation analysis
- investments plan for the extension and the increase of capacity of the distribution network; the evaluation concerns: the tangible benefits expected by the investment proposed, the accuracy of the technical projects as well as the quantities of new pipes to be made
- investment plan for the maintenance
- technological innovation

D.Lgs. n. 93/11 – Reimbursement at the end of the concession period

Article 24 of D.Lgs n. 93/11 provide a regulation about the Value of the Assets to be paid to the concession holder at the end of the concession awarded via minimum territorial district public tenders:

1) Value of the assets to be reimbursed at the end of the concession is equal to RAB

2) Difference between RAB and Reimbursement paid by the ingoig concession holder at the concession starting date can be recovered gradually within the end of the concessional period, through an increase of the tariffs applied to end-users.

Because of the new regulation, the competitive scenario in the gas distribution sector is markly changed:

- Much less importance of the economic component of the offer (discount on tariffs and fee to be paid to municipalities).
- Much more importance of the investment plan, that must be justified by a cost-benefit analysis
- Regulation provided by D.Lgs. n. 93/2011 makes the concession management business plan \ more profitable and sustainable than in the past, so improving virtuous competition
- On the other hand, competition will be restricted to qualified operators with significant financial resources to invest
- Rationalization of the sector expected, implying the reduction of the number of distributors, that will be more efficient thanks to the exploitation of significant economies of scale

Ascopiave positioning in the minimum territorial districts set by the Government

MINIMUM TERRITORIAL DISTRICT	Total minimum territorial district gas users	Ascopiave Group gas users	%	Public tender deadline	Ascopiave Group gas users share (%)
Treviso 2	153.316	135.055	28,8%	august 2015	88,1%
Treviso 1	132.679	72.927	15,6%	may 2016	55,0%
Rovigo	97.612	34.984	7,5%	november 2014	35,8%
Vicenza 3	99.774	28.735	6,1%	august 2016	28,8%
Bergamo 1	72.237	30.834	6,6%	february 2015	42,7%
Bergamo 5	93.186	29.991	6,4%	august 2015	32,2%
Venezia 2	192.785	24.864	5,3%	february 2015	12,9%
Other m.t. districts	1.529.173	111.062	23,7%	2014 - 2016	7,3%
Totale		**468.452**	**100,0%**		

- Ascopiave is currently the main operator in 2 minimum territorial districts (Treviso 2 and Treviso 1) with a more than 50% market share in term of end users served. The current end users in these minimum territorial districts amount to over 40% of the total end users managed by the Group.
- Ascopiave has a current remarkable market share in other minimum territorial districts located in Veneto and Lombardy.
- Ascopiave is selecting the minimum territorial districts target and evaluating concessions with other operators, in order to strengthen its position in some geographical areas.

Agreement with 93 municipalities regarding a procedure to evaluate the Residual Industrial Value (RIV) of the Distribution Network

- RIV: the amount that Ascopiave will be entitled to receive at the end of the contract period in the event that the new contract for the provision of the gas distribution services is awarded to another party
- Agreement signed with 93 municipalities in the province of Treviso, Belluno, Venice and Pordenone
- In the course of the procedure and until the contracts are renewed, Ascopiave will continue to manage the gas distribution services
- Fixed amount paid to municipalities at the signing of the agreement (2010) = € 3.9 million
- Annual amount to be paid annually until the renewal of concessions (variable amount that constitute a quota of the future VRT) = € 4.5 million (estimate)
- An expert selected by a competitive procedure drafted a document establishing the parameters and criteria to be used to estimate RIV
- Today criteria established by the expert have been approved by the great majority of the municipalities that have signed the agreement.

Third regulatory period

- Tariff regulation is provided by AEEG (national authority for the gas and electricity sectors)
- Ongoing regulatory period: 2009-2012
- Evaluating system for the Regulatory Asset Base (Capital Invested):
  - based on the network book value
  - book value up-dating mechanism taking into account past inflation rates
  - depreciation funds calculated in accordance with regulation
  - adjustment calculation allowed in case of M&A process
- Real pre-tax rate of return on RAB: ~ 7.6%
- X-factor on operating costs: 3.2% for Ascopiave S.p.A. / 5.4% for Edigas DG, ASM DG and Unigas
- Cash Flow Stability: revenues from the distribution business not depend on the volumes of gas distributed (equalisation system that provides revenues reach VRT, i.e. **Total Revenue Constraint**)
- Because there is a significant spread between the third regulatory period RAB and the previous one, regulation provides a step by step tariff up-dating mechanism

  The step by step up-dating mechanism makes Ascopiave VRT being lower than un-capped one, that will be reached by degrees by the end of the third regulatory period

2012 VRT* ("Vincolo dei Ricavi Ammesso", i.e. 2012 Total Revenue Constraint)

VRT = CO + AMM + CI x rd

where:

CO: represents the tariff quota covering management operating costs

AMM: represents the quota covering depreciation

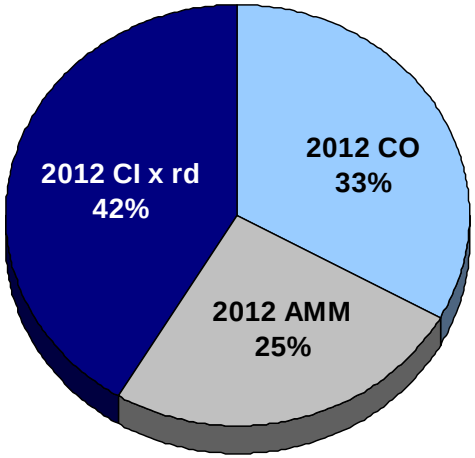
CI (or **RAB**): represents the net capital invested in distribution

rd: represents the real, pre-tax rate of return on net invested capital (~ 7.60%)

2012 RAB:**

- **RAB: 365,3 €/mln**

2012 VRT	(Thousand of Euro)
2012 CO	22.160
2012 AMM	17.038
2012 CI x rd	27.831
Total 2012 VRT (*)	**67.029**
2012 RAB	365.331



* Ascopiave 2012 VRT has been approved by Gas and Electricity Authority (AEEG) with Resolution n. 450/12. It does not include VRT related to concessions of the municipalities of Arosio, Carugo and Lentate (1,2 €/mln VRT), sold to Gelsia Reti in December 2012. Including municipality of Villaverla until 31st, January 2012;
** Including Unigas at 48.86%

SWOT analysis – Gas Distribution SBU

Strengths

- Dimensional level that allow exploitation of interesting management economies of scale
- Contiguity in gas network, with advantages in terms of operative efficiency
- High network management operative standards
- Part of the local municipalities granting the gas distribution concessions are shareholders of the Group
- Independence by large municipalities

Weakness

- Expiry of concessions and direct awards foresees by Law, in case of the most prudential and unfavourable interpretation of the actual regulation, in 2009-2012 period.
- We expect that legal framework uncertainty and time needed by municipalities to organize competitive tender procedures will allow the Group to continue to manage the most part of the actual concessions in the nex years.

Opportunities

- Possibility to achieve critical mass as of aggregative pole in Triveneto in the utilities sector
- High population growth rate in territory served
- Tenders for gas distribution concessions
- Temporary push towards aggregations of companies increase in geographical coverage by expanding the corporate structure

Threats

- Regulatory uncertainty
- Gas concession expiring
- Risk to lose tenders for gas concession service when awarded

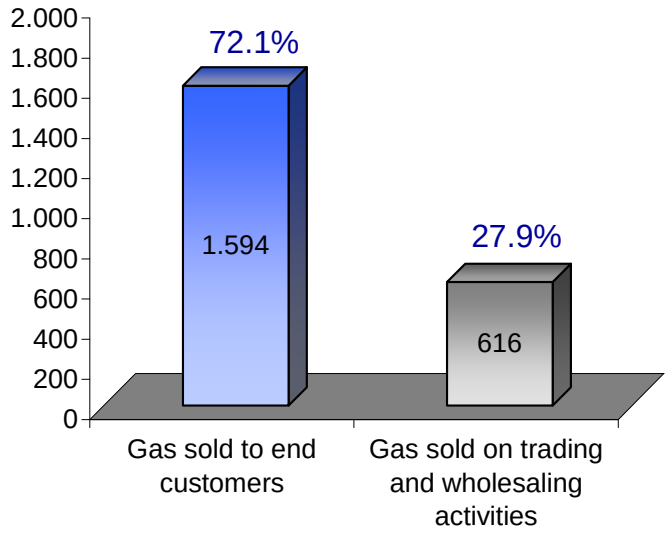
Gas sales

→ Volumes of gas sold by the Group ..... Pag. 35
→ Gas sales to end customers: market segmentation and selling prices ..... Pag. 36
→ Gas selling price to domestic end customers ..... Pag. 37
→ Gas purchasing costs ..... Pag. 39
→ Swot analysis – Gas Sales SBU ..... Pag. 40

Volumes of gas sold by the Group

Volumes of gas sold by the Group *
2012 data (scm/million)

To end customers of companies consolidated integrally (a)	1,059.1
To end customers of companies consolidated proportionally (b)	534.4
To end customers (a)+(b)	**1,593.5**
On trading activities (c)	**615.7**
Volumes of gas sold (a)+(b)+(c)	**2,209.2**



Volumes of gas sold by Ascopiave Group to end customers: 72%

(*) Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%

Gas sales to end customers: market segmentation and selling prices

Volumes of gas sold to end customers Market segmentation		Pricing
Domestic customers	**~ 50%**	Mandatory maximum price level set by the Authority of Energy and Gas
Small business customers	**~ 20%**	Completely free prices; mainly price discounts on standard level prices
Business and small business customers	**~ 30%**	Prices tailored on the individual consumption demand and capacity requirement
Volumes of gas sold to end customers*	**1,593.5**	

(*) 2012 data in million of standard cubic meter. Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%.

Gas selling price to domestic end customers (1)

Gas price applicated to domestic end customers (protected market) is determinated by AEEG and is articolated in the following components, each of them destinated to remunerate a particular activity of the gas chain:

CCI	Tariff component relative to wholesaling commercialization (raw material), updated quarterly by AEEG
QTI	Tariff component relative to transport service, updated yearly by gas transport company with effective date as of 1st October
QS	Tariff component relative to storage service, updated yearly by AEEG with effective date as of 1st April
TD	Tariff component, articulated in a fixed part and in a variable part, relative to gas distribution and metering (gas distribution tariff)
QVD	Tariff component, articulated in a fixed part and in a variable part, relative to detailed sale commercialization
QOA	Tariff component relative to additional fee, constituted by sum of Phi, CVfg, CVI, CVos, Cconr and CFGUI elements

In addition to the these components, the end customers is obliged to pay the following duties and taxes:

GCT	Gas consumption tax	GCT
RGCT	Regional supplement to gas consumption tax	
VAT	Value Added Tax	

Gas selling price to domestic end customers (2)

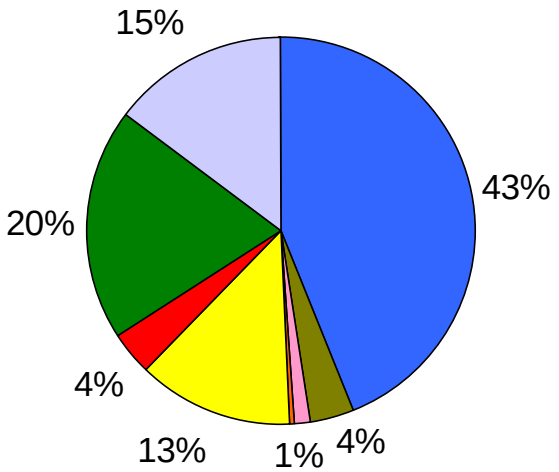
P = CCI + QTI + QS + QOA + TD + QVD + GCT + VAT

CCI = wholesale cost of gas
QTI = Gas transportation cost via national network
QS = storage cost of gas
QOA = Gas additional fee
TD = Gas distribution tariff
QVD = Gas retail sale cost
GCT = Gas consumption taxes
VAT = Value added tax

Gas selling price to a typical domestic end customer (annual consumption: 1,400 scm)

Price component	Eurocent / scm	%
CCI	41,25	44%
QT	3,46	4%
QS	1,27	1%
QOA	0,14	0%
TD	12,21	13%
QVD	3,36	4%
Price	**61,68**	**66%**
GCT	18,41	20%
VAT	13,80	15%
Taxes	**32,21**	**34%**
Price + taxes	**93,89**	**100%**

January, 1st 2013 (Municipality: Conegliano)



Gas purchasing costs

- Gas purchasing costs are negotiated on a free market
- Incumbent shippers have strong market position
- The shipping company Sinergie Italiane (30.94% Ascopiave) is the main gas supplier of the Group

Uses		Sourcing
Sales to end customers	**~ 72% volumes**	Actually: annual contracts (thermal year) Delivery: entry of local distribution network Penalty for excess capacity use
Sales on trading activity	**~ 28% volumes**	Actually: spot back to back contracts

SWOT analysis – Gas Sales SBU

Strengths

- Large end customer base
- High per-capita consumption
- Front offices capillarity
- Efficient customer care service
- Differentiation of offered services (dual fuel)
- Independence by big customers
- Deeply rooted presence in reference geographical area
- Strong local brand reputation
- High degree of customer loyalty

Weakness

- Limited diffusion and knowledge of the brand outside of the region served

Opportunities

- Presence into territory with good development capability in the segment of residential customers
- Presence in territory with high population growth rate
- Opportunity to acquire new customers into locations not served by distribution SBU
- 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

Threats

- Risk exposure connected to gas purchase cost
- Activity partially regulated by the Italian Electricity and Gas Authority
- Competition in a fully liberalizated market
- Competitive pressure increase and attacks from new entrants
- Enel's role in dual-fuel market
- Entrance and consolidation of foreign groups and major Italian utilities

Sinergie Italiane

→ Sinergie Italiane ..... Pag. 42

Sinergie Italiane (1)

Sinergie Italiane has been established in 2008 to create a cooperation among downstream companies of the Italian energy sector (*), with the characteristic of a strong fidelized customer base and high local rooting.

The company is based in Milan.

(*) Former shareholders structure included the current shareholders and also Alto Milanese Gestioni Avanzate and Utilità Progetti

Sinergie Italiane (2)

- **March 13th, 2012**

  Sinergie Italiane board of directors approved the draft statutory financial statements at September 30th 2011, reporting a loss of Euro 92.2 million and a negative equity of Euro 88.7 million

  FY 2011 Ascopiave Group financial statement reported a financial charge of Euro 22.4 million for the consolidation of Sinergie Italiane with the net equity method

- **March 28th, 2012**

  Sinergie Italiane shareholders meeting:

  1) approved the yearly financial statements as of September 30th, 2011

  2) resolved to reduce the share capital to zero, cover the losses in full through the deposit of money on the part of the shareholders and bring the share capital back up to the par value of Euro 1 million

- **April 4th, 2012**

  The transaction on the share capital was successfully completed. Ascopiave capital stake in Sinergie Italiane grew up to 30.94%

- **April 13th, 2012**

  Sinergie Italiane Shareholders meeting resolved for the voluntary liquidation of the company and appointed the liquidators

The operation involved in a payment of 27,8 million of Euro which has not increased the value of the stake, but that has been expensed using partially the provision for risks and charges already allocated as of December 31st, 2011.

For the start of restructuring process providing for the complete fulfillment of social obligations, the director has initiated the stop of gas and electricity supply and sale activities to the exclusion of long-term "take or pay" contracts applicable to russian counterpart.

The operating area of the company during 2012 was limited to import of russian gas and the sale to the sales companies participated by members as well as the management of agreements, transactions and disputes relating to the regulation of contractual relations, improved in periods before putting in liquidation of the company.

The terms and conditions governing the supply of gas to the sales companies partecipated by members reasonably will allow, in the next three years, to recover almost completely the accumulated capital deficit, that equals to 31 million of Euro as of December 31st, 2012.

Strategy

→ Strategic guidelines and objectives ..... Pag. 46
→ Growth in the down-stream market ..... Pag. 47

Strategic guidelines

- taking advantage of opportunities arising from the liberalisation of the gas 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 in size through a significant expansion of its customer base

Increase number of customers and concessions managed

- Participation in competitive bidding for the award of contracts to manage the gas distribution service
- Development of the electricity market as a tool to retain current gas customer base (cross selling) and as a stand-alone value creation objectives: dual fuel sales policy (a joint commercial proposal for gas and electricity)
- Dimensional growth in the gas sale business by a significant increase of the customer base and of the volumes sold consolidating the leadership in North-Eastern Italy
- Improving gas procurement process
- Make selective acquisitions or partnership / joint venture

Dividends

→ Dividend policy ..... Pag. 49

Dividends payment sustainable with high return to shareholders

Sustainability of the dividend policy:

- stable cash flow
- stable business profitability
- well-balanced financial structure

Dividend yield at the top of the listed italian utilities companies

DIVIDENDS	2012	2011	2010	2009	2008	2007	2006
Dividends paid (Thousand of Euro)	25.785	0	23.441	21.097	19.925	19.898	19.833
Group Net Income (Thousand of Euro)	27.865	6.266	31.174	25.288	18.452	21.764	16.381
Payout ratio	93%	0%	75%	83%	108%	91%	121%
Dividends per share (Euro)	0,110	0,000	0,100	0,090	0,085	0,085	0,085
Dividend yeald on detachment date (*)	9,6%	n.a.	6,2%	5,7%	5,6%	5,7%	4,2%

(*) 2012 dividend yield is calculated on official closing price at March, 14th 2013.

Financials (FY 2012)

❖ FY 2012 financial results

→ FY 2012 income statement ..... Pag. 51
→ Balance sheet ..... Pag. 52
→ Volumes of gas distributed ..... Pag. 53
→ Volumes of gas sold to end customers ..... Pag. 54
→ Volumes of gas sold on trading and wholesaling activities ..... Pag. 55
→ Revenues bridge ..... Pag. 56
→ EBITDA bridge ..... Pag. 57
→ Gas distribution tariff revenues ..... Pag. 58
→ Gross margin on gas sales ..... Pag. 59
→ Other net operating costs ..... Pag. 60
→ Capex and lenght of gas distribution network ..... Pag. 61
→ Net financial position and cash flow ..... Pag. 62

❖ 2008-2012 financial comparison

FY 2012 income statement

(Thousand of Euro)	2012	2011	Chg	Chg %
Revenues	**1.078.038**	**1.099.241**	**(21.203)**	**-1,9%**
(Cost of raw materials and consumables)	(780.822)	(844.268)	63.445	-7,5%
(Cost of services)	(152.434)	(124.572)	(27.862)	+22,4%
(Cost of personnel)	(25.442)	(24.323)	(1.119)	+4,6%
(Other operating costs)	(16.952)	(13.522)	(3.430)	+25,4%
Other operating income	247	612	(365)	-59,7%
EBITDA	**102.635**	**93.169**	**9.466**	**+10,2%**
(Depreciations and amortizations)	(22.116)	(19.081)	(3.036)	+15,9%
(Provisions)	(7.491)	(7.372)	(120)	+1,6%
EBIT	**73.027**	**66.717**	**6.311**	**+9,5%**
Financial income / (expenses)	(6.916)	(2.798)	(4.118)	+147,2%
Evaluation of companies with net assets method	(11.007)	(22.425)	11.417	-50,9%
EBT	**55.104**	**41.494**	**13.610**	**+32,8%**
(Income taxes)	(29.509)	(33.874)	4.365	-12,9%
Earnings after taxes	**25.595**	**7.620**	**17.975**	**+235,9%**
(Net loss from discontinued operations)	4.336	639	3.697	+578,5%
Net income	**29.932**	**8.259**	**21.672**	**+262,4%**
(Net income of minorities)	(2.067)	(1.993)	(74)	+3,7%
Net income of the Group	**27.865**	**6.266**	**21.598**	**+344,7%**

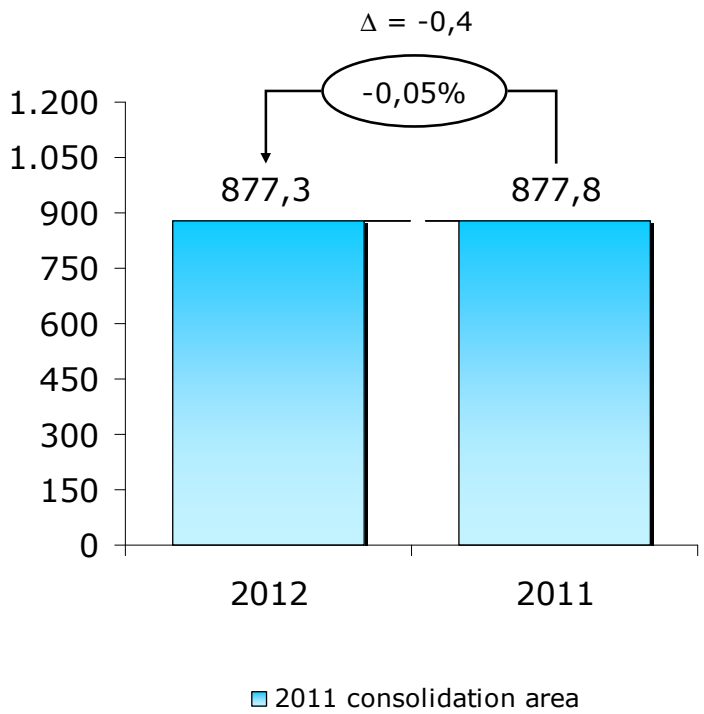
Balance sheet

(Thousand of Euro)	31/12/2012	31/12/2011	Chg	Chg %
Tangible assets (*)	40.534	61.983	(21.448)	-34,6%
Non tangible assets (*)	450.457	459.046	(8.589)	-1,9%
Other fixed assets	29.817	26.741	3.076	+11,5%
Fixed assets	**520.808**	**547.770**	**(26.962)**	**-4,9%**
Operating current assets	363.436	381.684	(18.247)	-4,8%
(Operating current liabilities)	(261.175)	(283.199)	22.024	-7,8%
(Operating non current liabilities)	(64.122)	(82.466)	18.345	-22,2%
Net working capital	**38.140**	**16.019**	**22.122**	**+138,1%**
Total capital employed	**558.948**	**563.789**	**(4.840)**	**-0,9%**
Group shareholders equity	**384.053**	**357.871**	**26.182**	**+7,3%**
Minorities	**4.765**	**4.696**	**69**	**+1,5%**
Net financial position	**170.130**	**201.221**	**(31.091)**	**-15,5%**
Total sources	**558.948**	**563.789**	**(4.840)**	**-0,9%**

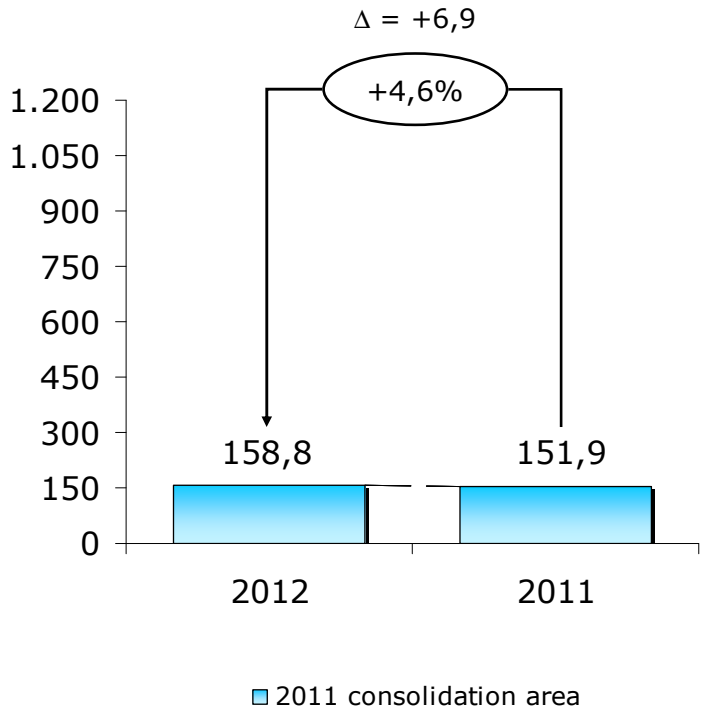
(*) Applying IFRIC 12 involves categorising the infrastructures under concession from tangible assets to intangible assets

Volumes of gas distributed

(Million of standard cubic meters)



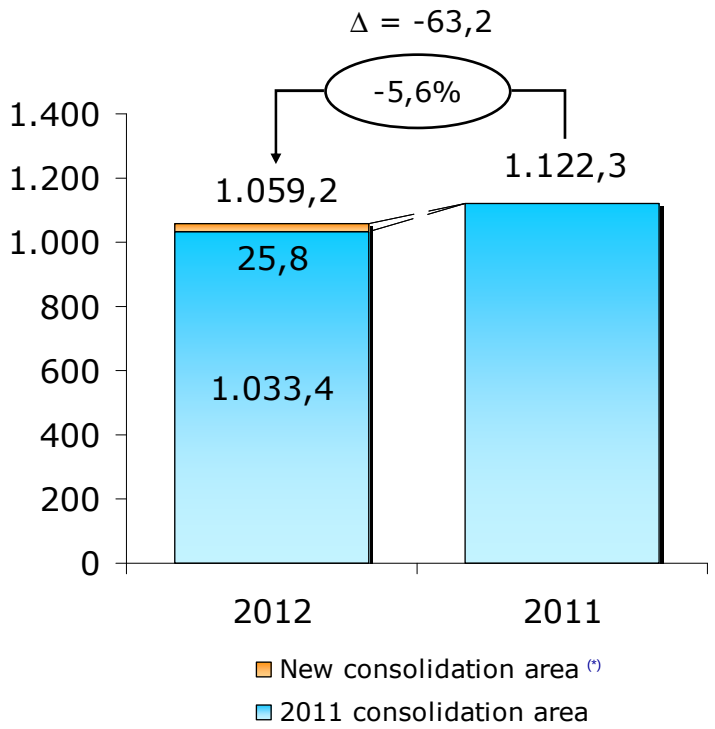
Gas distributed
Companies consolidated at 100%

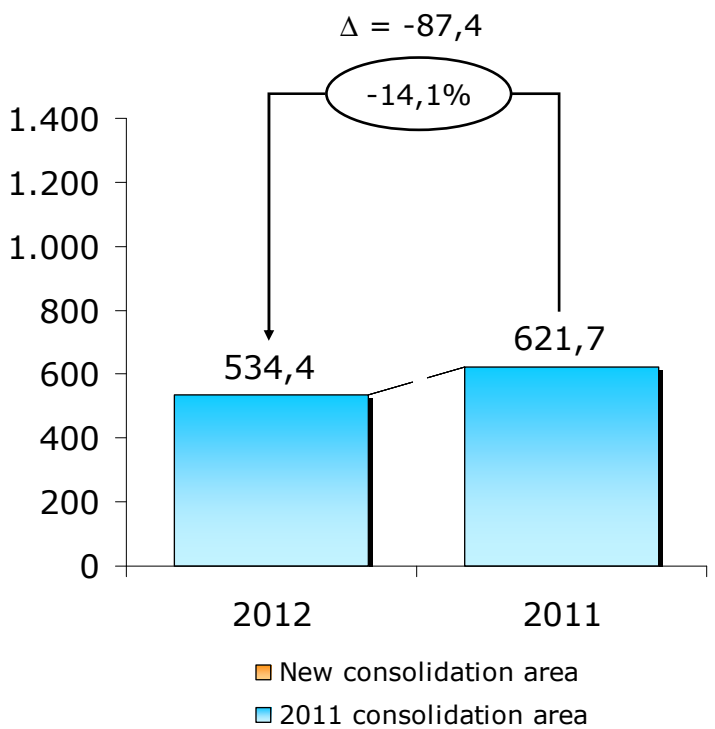


Gas distributed
Companies consolidated at 49%

Volumes of gas sold to end customers

(Million of standard cubic meters)





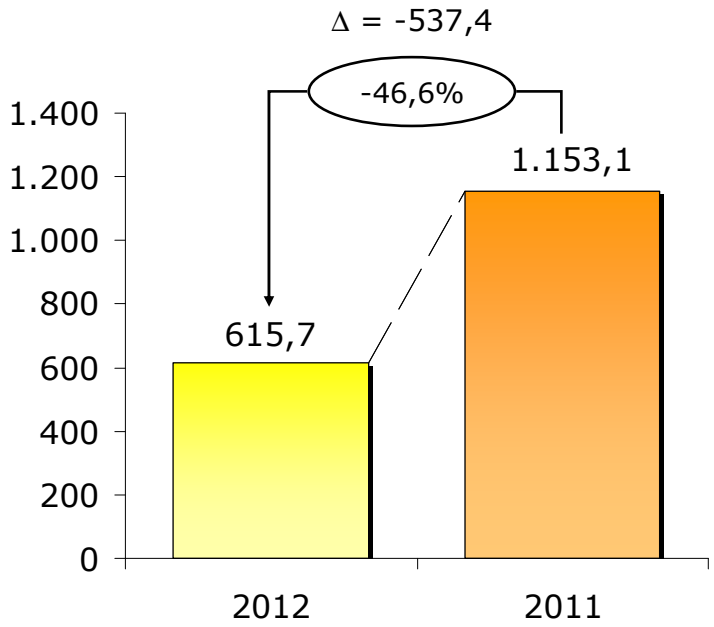
Gas sold to end customers
Companies consolidated at 100%

Gas sold to end customers
Companies consolidated at 49%-51%

(*) 1stH 2012 of Amgas Blu

Volumes of gas sold on trading and wholesaling activities

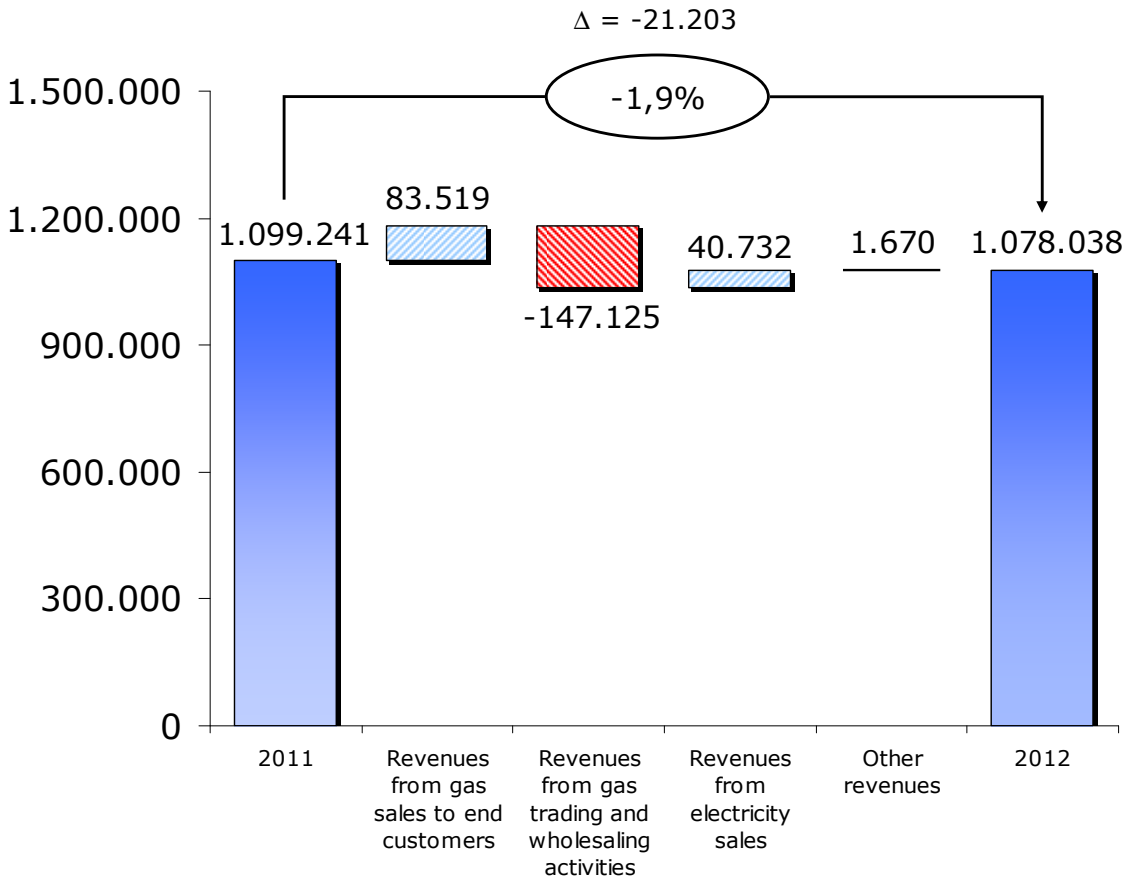
(Million of standard cubic meters)



Gas sold on trading and wholesaling activities
Companies consolidated at 100%

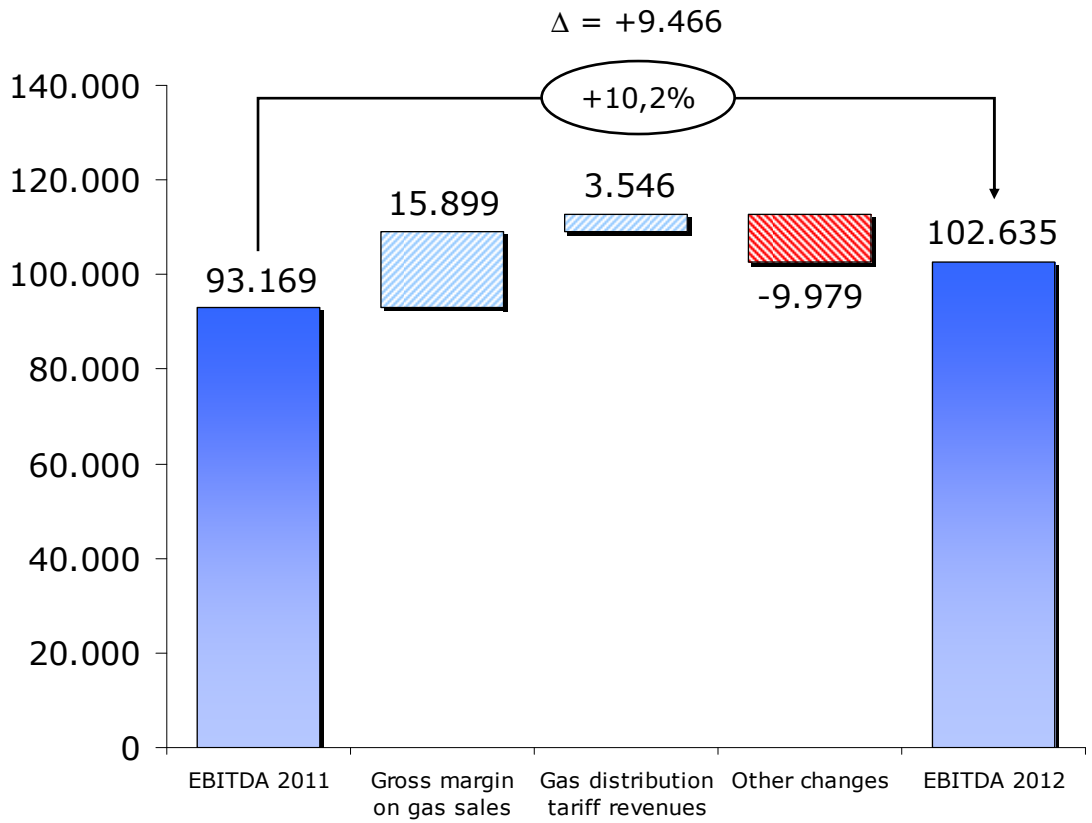
Revenues bridge

(Thousand of Euro)



EBITDA bridge

(Thousand of Euro)



Gas distribution tariff revenues

(Thousand of Euro)	2012	2011	Chg	Chg %
Tariffs applied to sales companies	63.708	63.547	161	+0,3%
Equalization amount (+ / -)	6.523	3.138	3.385	+107,8%
Gas distribution tariff revenues	**70.231**	**66.685**	**3.546**	**+5,3%**

The increase of gas distribution tariff revenues (+ Euro 3,6 mln) is due to:

1) change of gas distribution tariffs applied to gas sales companies: + Euro 0,2 mln

2) equalization amount: + Euro 3,4 mln

Gross margin on gas sales

(Thousand of Euro)	2012	2011	Chg	Chg %
Revenues from gas sales to end customers	713.446	630.068	83.379	+13,2%
Revenues from gas trading and wholesaling	175.506	322.631	(147.125)	-45,6%
Revenues from gas sales	**888.953**	**952.698**	**(63.746)**	**-6,7%**
(Gas purchase costs)	(689.410)	(773.928)	84.517	-10,9%
(Distribution costs)	(104.586)	(99.713)	(4.872)	+4,9%
Gross Margin on Gas Sales	**94.957**	**79.057**	**15.899**	**+20,1%**

The increase of gross margin on gas sales (+ Euro 15,9 mln) is referable to:

1) change of consolidation area (Amgas Blu S.r.l.): + Euro 2,4 mln

2) increase of gross margin on gas sales to end customers of 2011 consolidation area: + Euro 15,1 mln

3) decrease of margin on gas trading and wholesales activities: - Euro 1,6 mln

Other net operating costs

Change of other net operating costs: -€10,0M

- **Net operating costs of new consolidation area:**

  -€0,7M

- **Increase of net operating costs of 2011 consolidation area:**

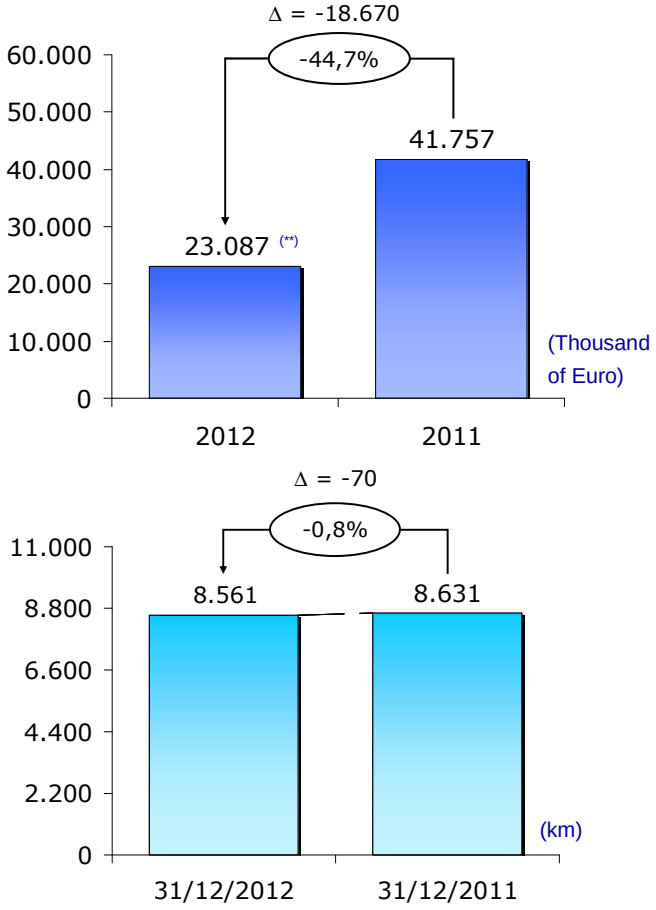
  -€9,3M

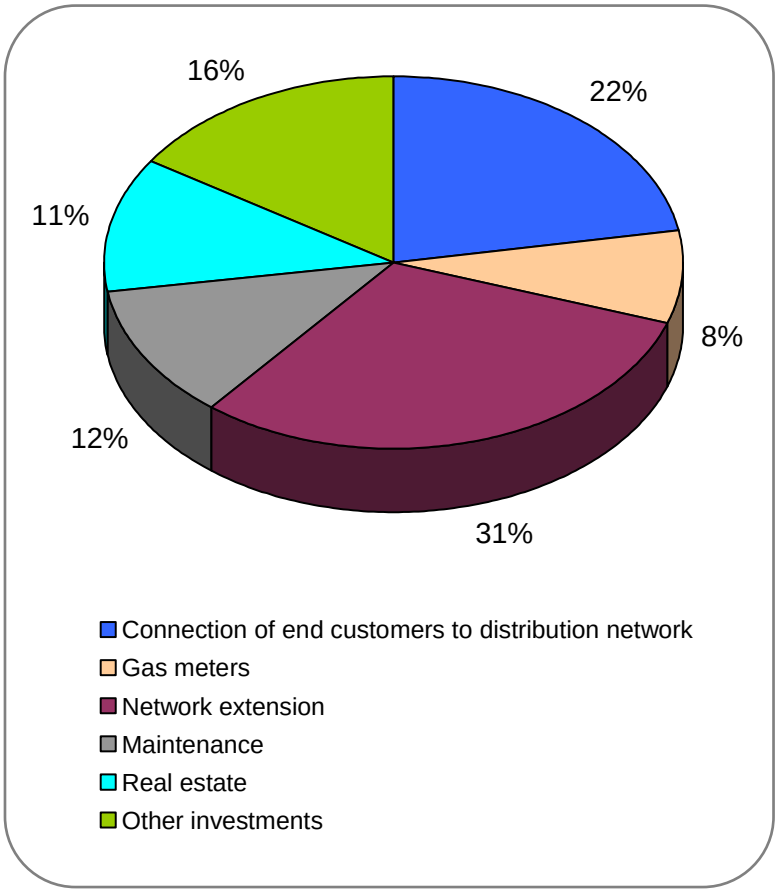
  of which:

  - Increase of gas distribution concession fees: -€2,9M
  - Increase of personnel cost: -€0,9M
  - Decrease of gross margin in electricity sales: -€0,1M
  - Increase of marketing and customer acquisition cost: -€1,2M
  - Decrease of energy efficiency margin: -€0,3M
  - Increase of provision for risks and charges: -€3,1M
  - Decrease of revenues for distribution network connection services : -€0,5M
  - Other changes: -€0,3M

Capex and length of gas distribution network

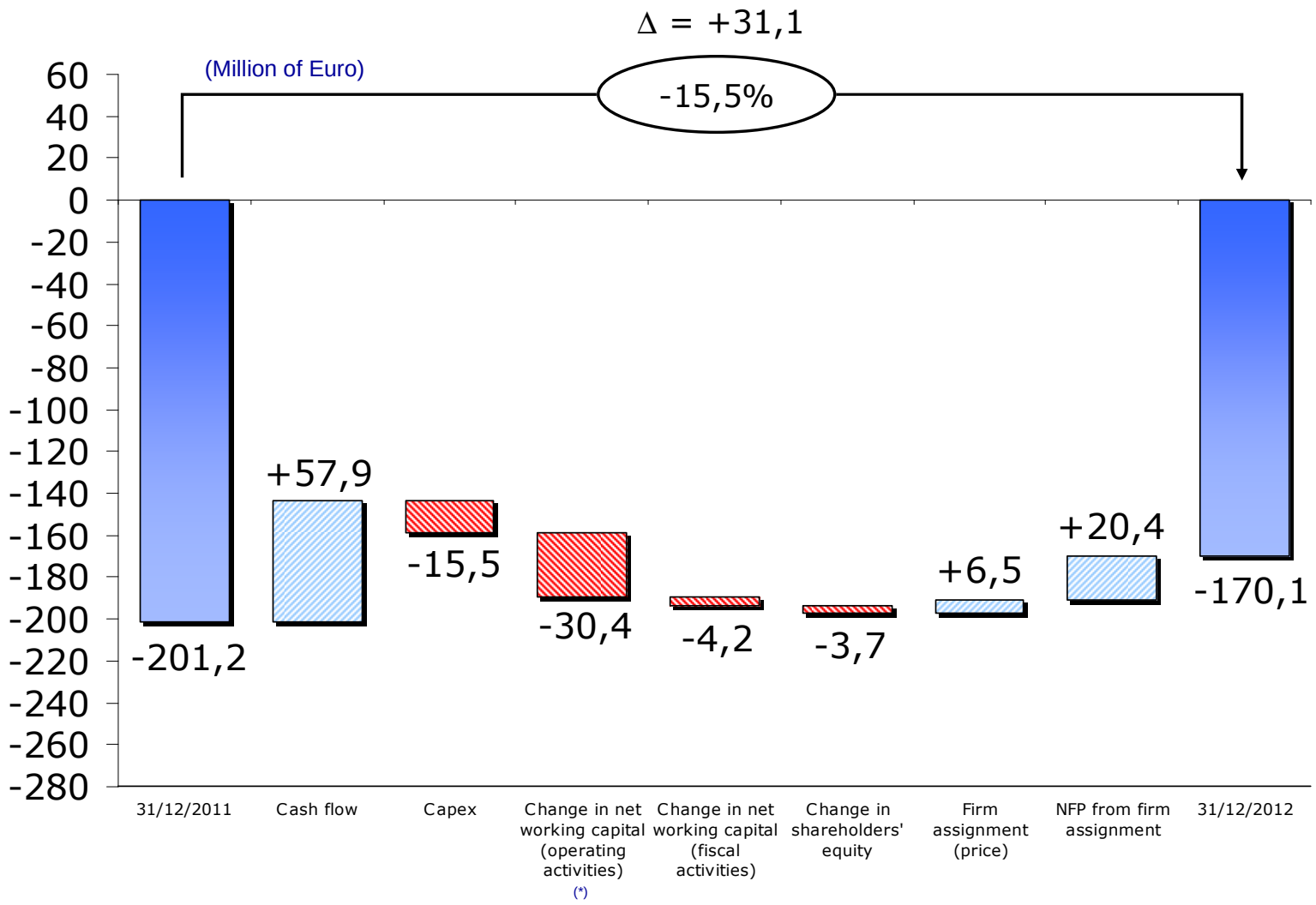
Capex (*) and lenght of gas distribution network





(*) Excluding network extension in new urbanized areas that according to IAS are operating costs and not investments
(**) Investments in tangible assets: 3.8 million of Euro; investments in intangible assets: 19.3 million of Euro (realization of tangible and intangible assets and participation investments are excluded)

Net financial position and cash flow



(*) Euro 27,5 Mln of which for covering Sinergie Italiane losses and bringing the share capital back up to the par value of € 1 million.

Financials (FY 2012)

- **FY 2012 financial results**
- **2008-2012 financial comparison**

→ 2008-2012 income statement ..... Pag. 64
→ Balance sheet ..... Pag. 65
→ 2008-2012 EBITDA break-down by Strategic Business Unit ..... Pag. 66
→ Main financial ratios ..... Pag. 67
→ Financial leverage comparison ..... Pag. 68

2008-2012 income statement

(Thousand of Euro)	2012	2011	2010	2009	2008	cagr 08-12
Revenues	**1.078.038**	**1.099.241**	**855.884**	**764.151**	**824.672**	**6,9%**
(Cost of raw materials and consumables)	(780.822)	(844.268)	(660.030)	(617.384)	(703.872)	2,6%
(Cost of services)	(152.434)	(124.572)	(87.528)	(58.888)	(43.377)	36,9%
(Cost of personnel)	(25.442)	(24.323)	(21.091)	(18.377)	(15.494)	13,2%
(Other operating costs)	(16.952)	(13.522)	(10.213)	(9.934)	(9.873)	14,5%
Other operating income	247	612	989	1.976	280	-3,1%
EBITDA	**102.635**	**93.169**	**78.009**	**61.545**	**52.337**	**18,3%**
(Depreciations and amortizations)	(22.116)	(19.081)	(17.414)	(16.283)	(14.071)	12,0%
(Provisions)	(7.491)	(7.372)	(4.841)	(4.174)	(3.880)	17,9%
EBIT	**73.027**	**66.717**	**55.754**	**41.088**	**34.386**	**20,7%**
Financial income / (expenses)	(6.916)	(2.798)	(767)	(1.325)	(4.681)	10,2%
Evaluation of companies with net assets method	(11.007)	(22.425)	(735)	468	(327)	140,9%
EBT	**55.104**	**41.494**	**54.253**	**40.231**	**29.378**	**17,0%**
(Income taxes)	(29.509)	(33.874)	(21.408)	(14.340)	(10.588)	29,2%
Earnings after taxes	**25.595**	**7.620**	**32.845**	**25.891**	**18.790**	**8,0%**
(Net loss from discontinued operations)	4.336	639	-	-	-	n.a.
Net income	**29.932**	**8.259**	**32.845**	**25.891**	**18.790**	**12,3%**
(Net income of minorities)	(2.067)	(1.993)	(1.671)	(603)	(337)	57,3%
Net income of the Group	**27.865**	**6.266**	**31.174**	**25.288**	**18.452**	**10,9%**

Balance sheet

(Thousand of Euro)	31/12/2012	31/12/2011	31/12/2010	31/12/2009 *	31/12/2008 *	cagr 08-12
Tangible assets	40.534	61.983	43.814	329.970	319.279	-40,3%
Non tangible assets	450.457	459.046	410.765	114.542	92.776	48,4%
Other fixed assets	29.817	26.741	16.133	15.418	13.860	21,1%
Fixed assets	**520.808**	**547.770**	**470.712**	**459.930**	**425.915**	**5,2%**
Operating current assets	363.436	381.684	261.137	211.796	281.573	6,6%
(Operating current liabilities)	(261.175)	(283.199)	(208.928)	(178.075)	(259.641)	0,1%
(Operating non current liabilities)	(64.122)	(82.466)	(47.526)	(44.468)	(41.165)	11,7%
Net working capital	**38.140**	**16.019**	**4.683**	**(10.747)**	**(19.233)**	**n.a.**
Total capital employed	**558.948**	**563.789**	**475.395**	**449.183**	**406.682**	**8,3%**
Group shareholders equity	**384.053**	**357.871**	**375.535**	**367.245**	**359.108**	**1,7%**
Minorities	**4.765**	**4.696**	**3.866**	**2.851**	**2.325**	**19,7%**
Net financial position	**170.130**	**201.221**	**95.995**	**79.088**	**45.249**	**39,2%**
Total sources	**558.948**	**563.789**	**475.395**	**449.183**	**406.682**	**8,3%**

* Data are represented not considering the application of IFRIC 12

2008-2012 EBITDA break-down by Strategic Business Unit

	(Million of Euro) INCOME STATEMENT	Group	Distribution SBU	%	Sales SBU	%
2012	**Revenues**	**1.078,0**	**95,4**		**1.055,4**	
	(Gas purchase costs)	(689,4)	0,0		(689,4)	
	(Other operating costs)	(286,0)	(61,5)		(297,3)	
	EBITDA	**102,6**	**33,9**	**33,1%**	**68,7**	**66,9%**
2011	**Revenues**	**1.099,2**	**92,0**		**1.075,6**	
	(Gas purchase costs)	(772,6)	0,0		(773,9)	
	(Other operating costs)	(233,5)	(57,2)		(243,3)	
	EBITDA	**93,2**	**34,9**	**37,4%**	**58,3**	**62,6%**
2010	**Revenues**	**855,9**	**86,7**		**842,3**	
	(Gas purchase costs)	(608,5)	0,7		(609,6)	
	(Other operating costs)	(169,4)	(54,5)		(187,6)	
	EBITDA	**78,0**	**32,9**	**42,1%**	**45,1**	**57,9%**
2009	**Revenues**	**764,2**	**77,2**		**763,5**	
	(Gas purchase costs)	(581,5)	(0,0)		(592,4)	
	(Other operating costs)	(121,1)	(35,6)		(151,1)	
	EBITDA	**61,5**	**41,6**	**67,6%**	**19,9**	**32,4%**
2008	**Revenues**	**824,7**	**72,6**		**811,9**	
	(Gas purchase costs)	(668,2)	0,0		(669,3)	
	(Other operating costs)	(104,1)	(35,0)		(127,8)	
	EBITDA	**52,3**	**37,6**	**71,8%**	**14,8**	**28,2%**

Ascopiave Group main financial ratios

FINANCIAL RATIOS	2012	2011	2010	2009	2008	2007	2006	AVG 06-12
Capital turnover	1,9	1,9	1,8	1,7	2,0	0,9	1,1	1,6
Return on sales	6,8%	6,1%	6,5%	5,4%	4,2%	7,5%	9,2%	6,5%
Return on investment (ROI)	**13,1%**	**11,8%**	**11,7%**	**9,1%**	**8,5%**	**7,1%**	**10,4%**	**10,2%**
Financial leverage (D/E)	0,44	0,55	0,25	0,21	0,13	0,29	-0,24	n.a.
Return on Equity (ROE)	7,3%	1,8%	8,3%	6,9%	5,1%	5,9%	4,4%	5,7%

Average Return on Investment (**10.2% pre-tax**) is higher than real pre-tax return of investment provided by the gas distribution regulatory system (~7.6%)

Average ROI

Financial leverage comparison

FINANCIAL RATIOS (*)	LOCAL UTILITIES (**) (Average data)	ASCOPIAVE	VAR.
Financial leverage	1,36	0,44	-0,92
D/D+E	57,1%	30,4%	-26,7%
E/D+E	42,9%	69,6%	26,7%

Ascopiave financial leverage (0.44) is lower than those of the Italian listed competitors (avg: 1.36).

The low indebtedness level is a positive result in the light of a macroeconomic scenario that makes access to credit a real challenge, which therefore strengthens the Group's economic and financial soundness and enables it to reap the opportunity of carrying out potential extraordinary transactions in next years.

(*) Financial leverage is calculated considering shareholders' equity and net financial position as of December, 31st 2012; (**) Local utilities are: A2A, Hera, Acea, Iren and Acegas-APS. Data of Hera and Iren refer to September, 30th 2012.