

**Company presentation  
Milan, 20<sup>th</sup> July 2010**

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### **Business Overview**

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## Group profile

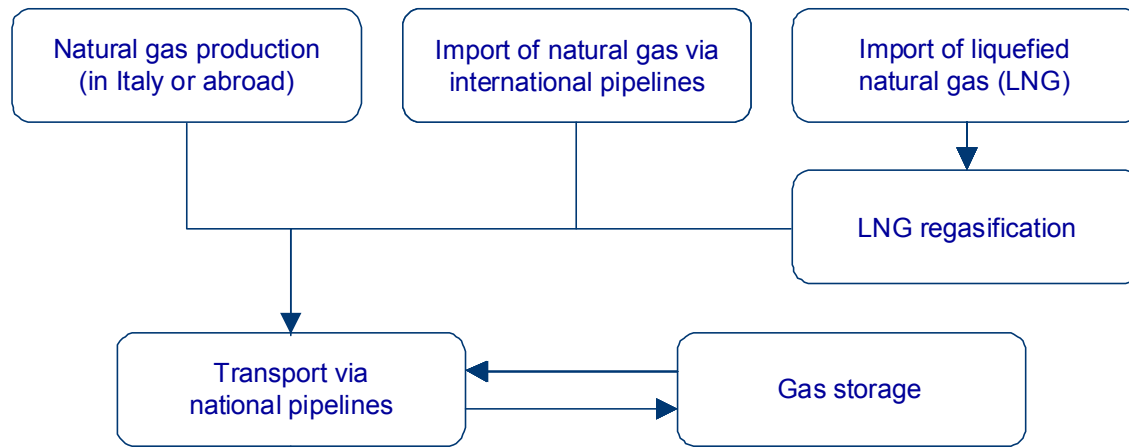
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- /// Ascopiave Group operates mainly in the **gas sector**
- /// Its principal business activities are the **distribution and sale of gas to end customers** in Northern Italy
- /// In terms of both customer base and quantities of gas sold Ascopiave 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% interest and joint control with the other shareholders.
  - ✓ Thanks to its leading role on the market, the Group has been operating as a **gas wholesaler and trader** since 2007
- /// 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

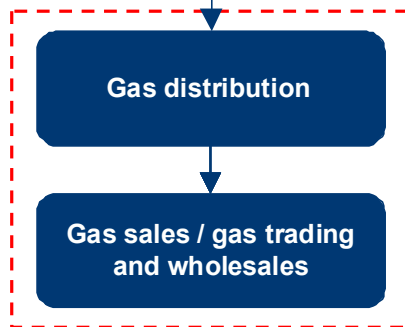
# Competitive environment: the gas chain in Italy



- Regulated activities
- Liberalized activities



**Up-stream and Mid-stream segments**



**Current perimeter of Ascopiave Group activities**

**Activity carried out by Sinergie Italiane**



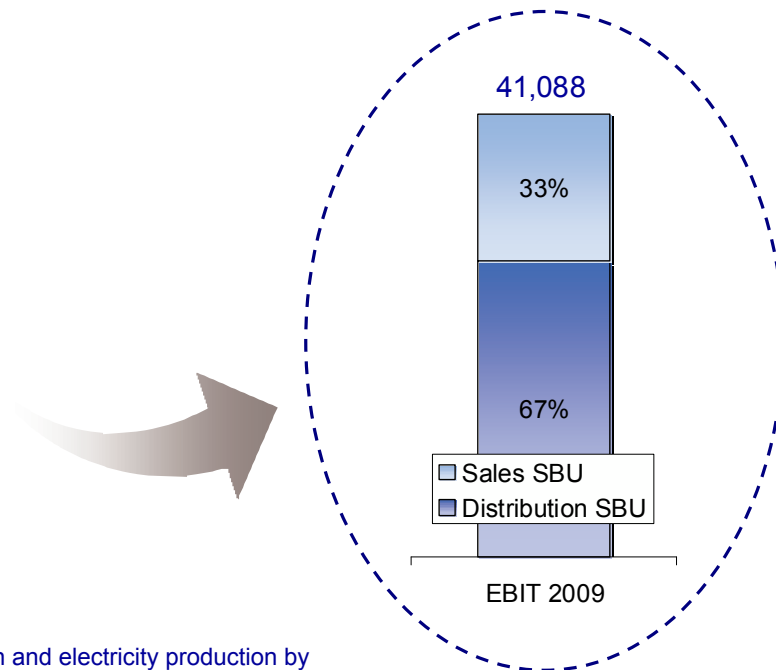
**Down-stream segment**

# Business activities and main financial data



## 2009 MAIN FINANCIAL DATA\*

	Group	Distribution SBU**	Sales SBU***
Revenues****	764,151	77,177	763,483
EBITDA	61,545	41,595	19,950
<b>EBIT</b>	<b>41,088</b>	<b>27,444</b>	<b>13,645</b>



\* Thousand of Euro; \*\* Distribution SBU includes heating services management, cogeneration and electricity production by photovoltaic power plants; \*\*\* Sales SBU includes gas sales to end customers, gas trading and wholesales and electricity sales; \*\*\*\* Distribution SBU and sales SBU revenues are represented before elisions

## Primary business activities (1)

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### Gas distribution

Gas distribution entails transporting gas through **local gas pipelines networks**, generally at medium-low pressure, for delivery to end customers.

The activity is **regulated** by national administrative authorities (AEEG) to ensure fair compensation for the invested capital and the uniform treatment of all entities that request access to the distribution grid.

Gas distribution **concessions** are granted by local authorities (municipalities).

**Ascopiave is the owner of its distribution network** (consisting principally of gas pipelines and related fixtures).

### ASCOPIAVE GROUP GAS DISTRIBUTION 2009 KEY FIGURES

No. of inhabitants potentially served (mln)	> 1
No. of users	~ 390,000
Length of gas distribution network (km)	7,526
No. of managed concessions	182

## Primary business activities (2)

### Gas sales to end customers and gas trading

Gas sale is an activity that involves the **purchase of gas** from producers and importers operating in Italy, on the basis of freely-negotiated contracts, for the subsequently **sales to end customers** connected to a local distribution networks or to the national transport network.

Gas sales is constituted by a complex of elementar activity, such as commercial management of end customers, operative sales marketing and management of raw material provisioning.

From Year 2009, **gas shipping activity for Ascopiave Group** is mainly carried-out by **Sinergie Italiane**, a company that operates for their shareholders (Ascopiave has a stake of 27.6%).

Since 2007 the Group is acting as a gas trader (gas sales at PSV and at Entry Point) and wholesaler.

### ASCOPIAVE GROUP GAS SALES 2009 KEY FIGURES\*

No. of gas sale clients	753,560
No. of gas sale clients companies consolidated integrally	456,750
No. of gas sale clients companies consolidated proportionally	296,810
Vol. of gas sold to end customers (scm/mln)	1,453
Vol. of gas sold on trading activities (scm/mln)	783

\* Data of companies consolidated proportionally are considered at 100%

## Secondary business activities (1)

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### Other activities

Ascopiave provides other services, such as heating services management, cogeneration, sale of electricity and production of electricity by photovoltaic power plants.

#### Heating services management:

Heating division provide to clients, who are principally local administrative organisations, a service that comprises the following main activities:

- /// management, control, ordinary and extraordinary maintenance of winter heating systems, with the figure of the 'third party manager' and fuel supplier, and of summer cooling systems
- /// design of all types of heating and/or air conditioning systems, aimed at implementation and technological requalification, thereby limiting consumption and fighting atmospheric pollution
- /// design and installation of thermo-regulation systems and tele-management for air conditioning systems
- /// telematic system monitoring

#### Cogeneration:

Cogeneration is one of the most common forms of energy recycling. It consist in the simultaneous generation of electricity and useful heat using a single fuel, as natural gas. Cogeneration technology provides greater conversion efficiencies than traditional generation methods.

Ascopiave Group works in cogeneration business through the subsidiary Le Cime Servizi.

## Secondary business activities (2)

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### Other activities

#### **Electricity sales:**

The liberalisation of the electricity market gave to Ascopiave Group the opportunity to add the supply of electric energy to its traditional gas supply, offering a type of “dual fuel” option for a unified solution to its customers' energy.

Electricity sales activity is carried out by Ascotrade, Global Energy, Pasubio Servizi, Veritas Energia and Estenergy.

In 2009 the volumes of electricity sold by the Group amount to 701 GWh\*.

#### **Production of electricity by photovoltaic power plants:**

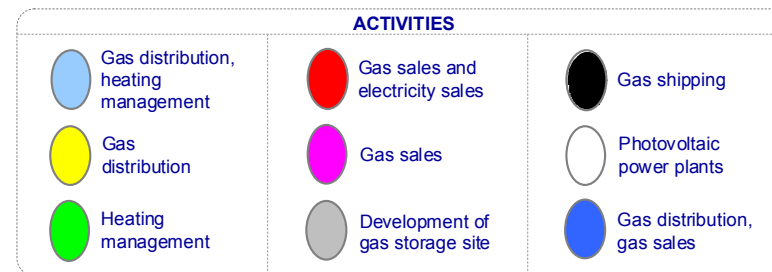
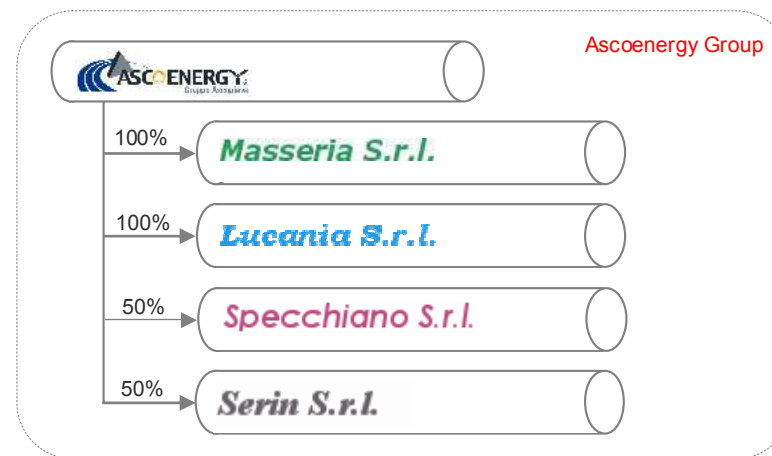
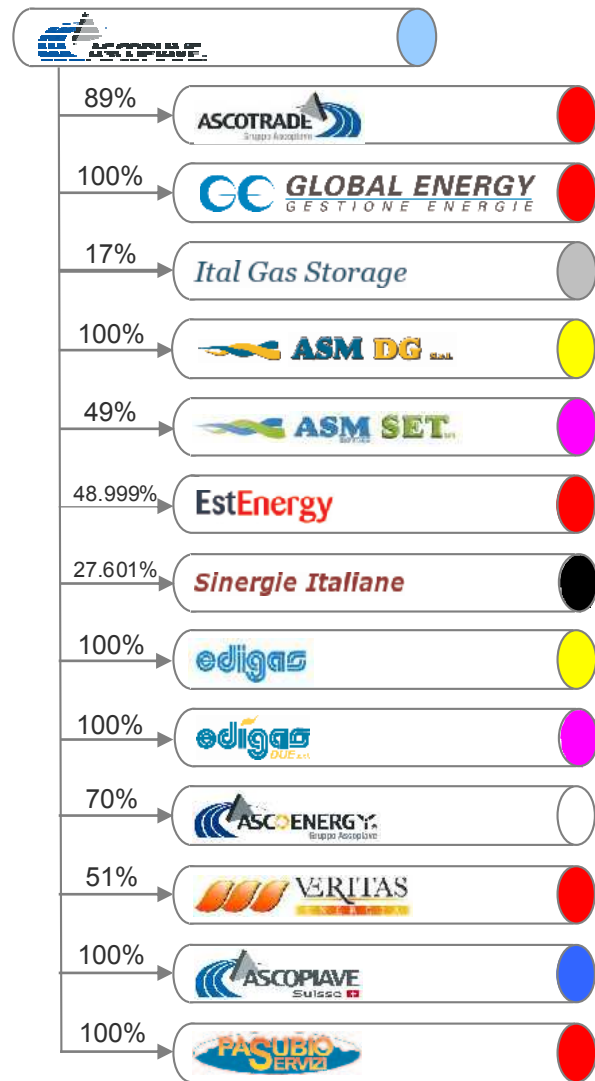
Photovoltaic power plants use an array of solar cells that converts solar radiation into direct current electricity. The photovoltaic generation reenters in the field of renewable energy sources.

In 2008 Ascopiave has constituted AscoEnergy, a company active in the field of electric energy production using photovoltaic power plant. Ascopiave is majority shareholder with a 70% stake.

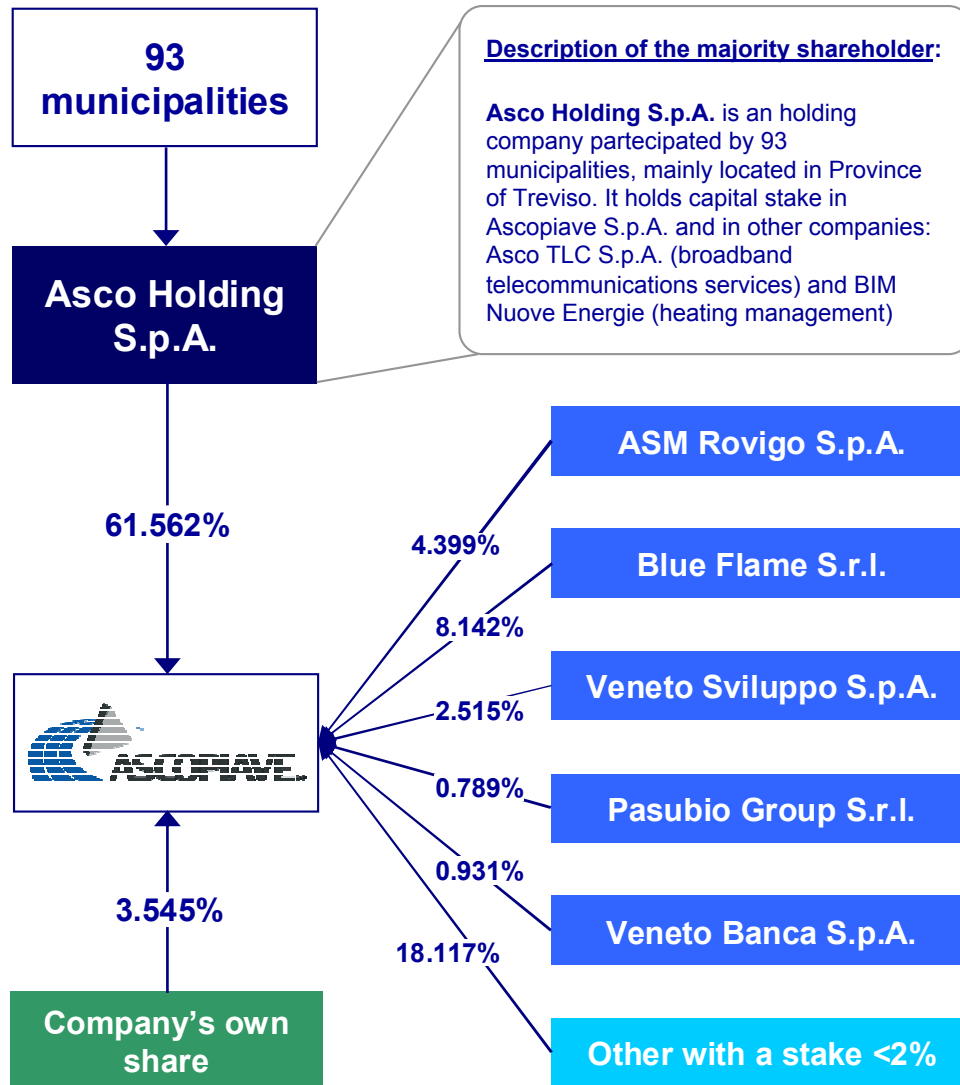
During 2009 AscoEnergy acquired 100% stake of Masseria, 100% stake of Lucania, a 50% stake of Specchiano and constituting Serin (50%).

\* Data of companies consolidated proportionally are considered at 100%

# Ascopiave Group structure as of 31st March 2010

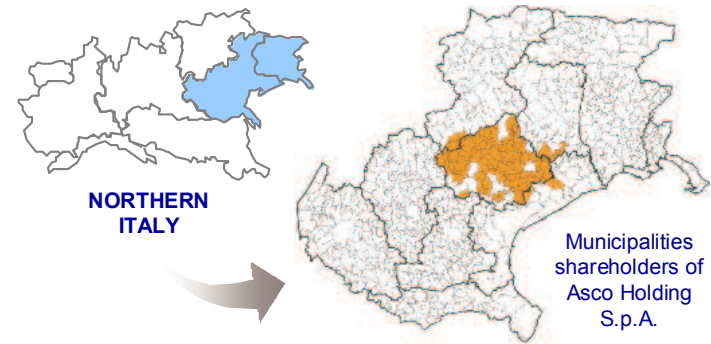


# Ascopiave shareholders as of 30th June 2010



**Description of the majority shareholder:**

**Asco Holding S.p.A.** is an holding company participated by 93 municipalities, mainly located in Province of Treviso. It holds capital stake in Ascopiave S.p.A. and in other companies: Asco TLC S.p.A. (broadband telecommunications services) and BIM Nuove Energie (heating management)



**Description of other major shareholders:**

**ASM Rovigo S.p.A.** is the utility company of Rovigo municipality (located in Veneto Region of Italy)

**Blue Flame S.r.l.** is a private holding company participated by Fassina Group, Quaternario Investimenti S.p.A., Biasuzzi family, Geo Nova S.p.A. and Investimento Networking European Infrastructures Partners-Neip II S.A.

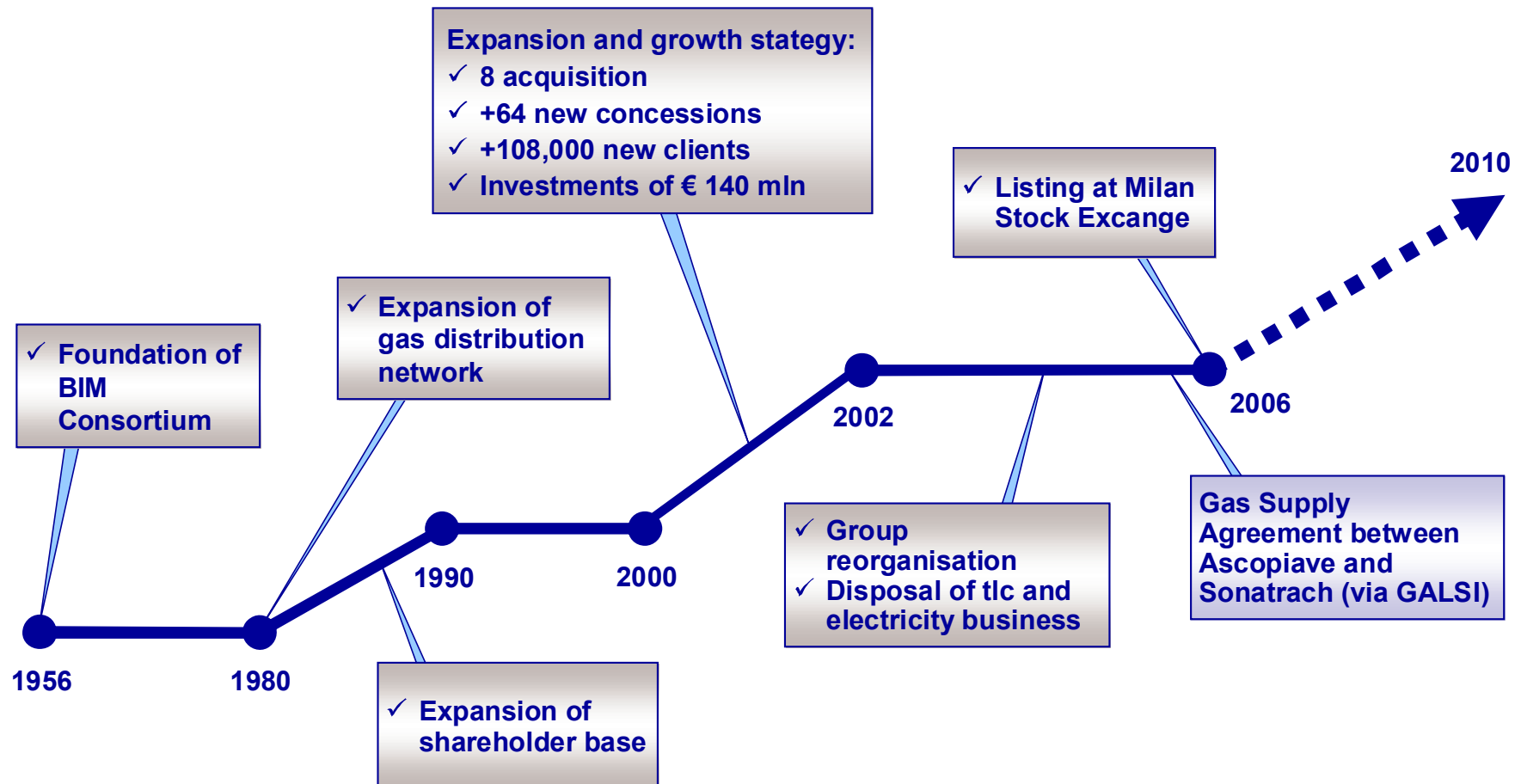
**Veneto Sviluppo S.p.A.** is an holding company participated with a stake of 51% by Veneto Region of Italy and with a stake of 49% by eleven national and regional banking groups

**Pasubio Group S.r.l.** is a company participated by 9 municipalities in Province of Vicenza (located in Veneto Region of Italy)

**Veneto Banca S.p.A.** is a bank of the Veneto Banca Group

## Equity story before IPO (1956-2006)

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



## Initial Public Offering (IPO)

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

Global coordinator, lead manager and sole bookrunner of the institutional offering was Mediobanca - Banca di Credito Finanziario S.p.A.

The IPO was launched through a public offering for the underwriting of new shares (PUO), following an increase in the share capital of the company.

### Main offering data of the Initial Public Offering

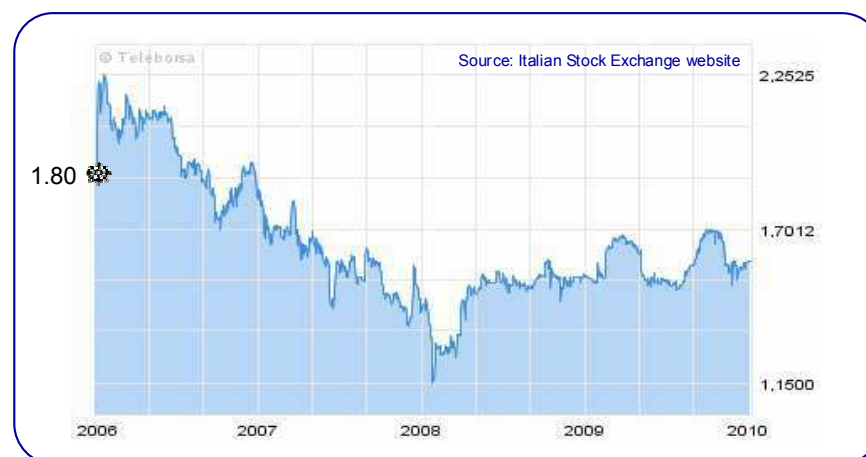
Shares held by Asco Holding after IPO 60%

Shares held by the market after IPO 40%

Placement price\* (€/share) 1,80

IPO proceeds\*\* (€/M) 161,3

### Performance of share price since placement date



Listing allows the Group to implement a plan of growth, pursuing a series of projects in the gas mid-stream and down-stream segments with the aim of improving its actual position in the Italian gas market, maximizing the return on stakeholders' capital invested.

\* Excluded incentives for retail market; \*\* Increase in share capital net of listing costs

## Use of IPO proceeds

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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).

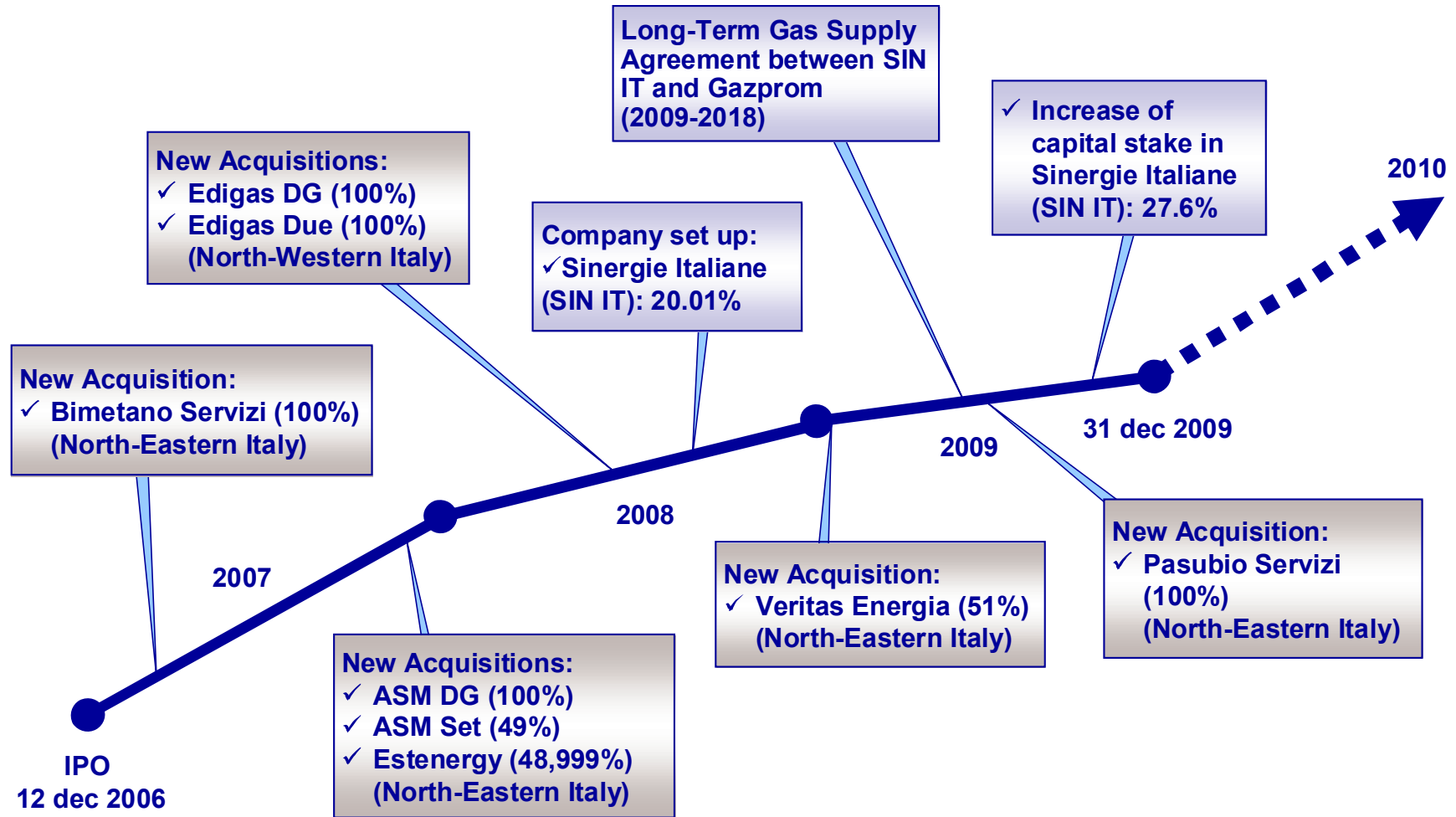
<b>Net financial position at 31.12.2006 (without IPO proceeds)</b>	<b>(73,9)</b>
IPO Proceeds	161,5
Cash Flow 2007-2009	117,9
<b>Total cash in 2007-2009: (A)</b>	<b>279,3</b>
(Firm acquisitions)	(122,4)
(Capital Expenditures)	(58,6)
(Change in Net Working Capital)	(32,3)
(Dividends and shares buybacks)	(71,2)
<b>Total cash out 2007-2009: (B)</b>	<b>(284,5)</b>
<b>Change in net financial position 2007-2009: (A) - (B)</b>	<b>(5,1)</b>
<b>Net financial position at 31.12.2009</b>	<b>(79,1)</b>

As described in the following slide, from IPO Ascopiave has completed the **acquisition of nine firms / companies**, two of which active in gas distribution business and seven active in gas and electricity sales business, investing **122.4 million of Euro**.

Moreover Ascopiave Group invested **58.6 million of Euro** mainly in **tangible fixed assets** (primarily investments in gas distribution network and real estate).

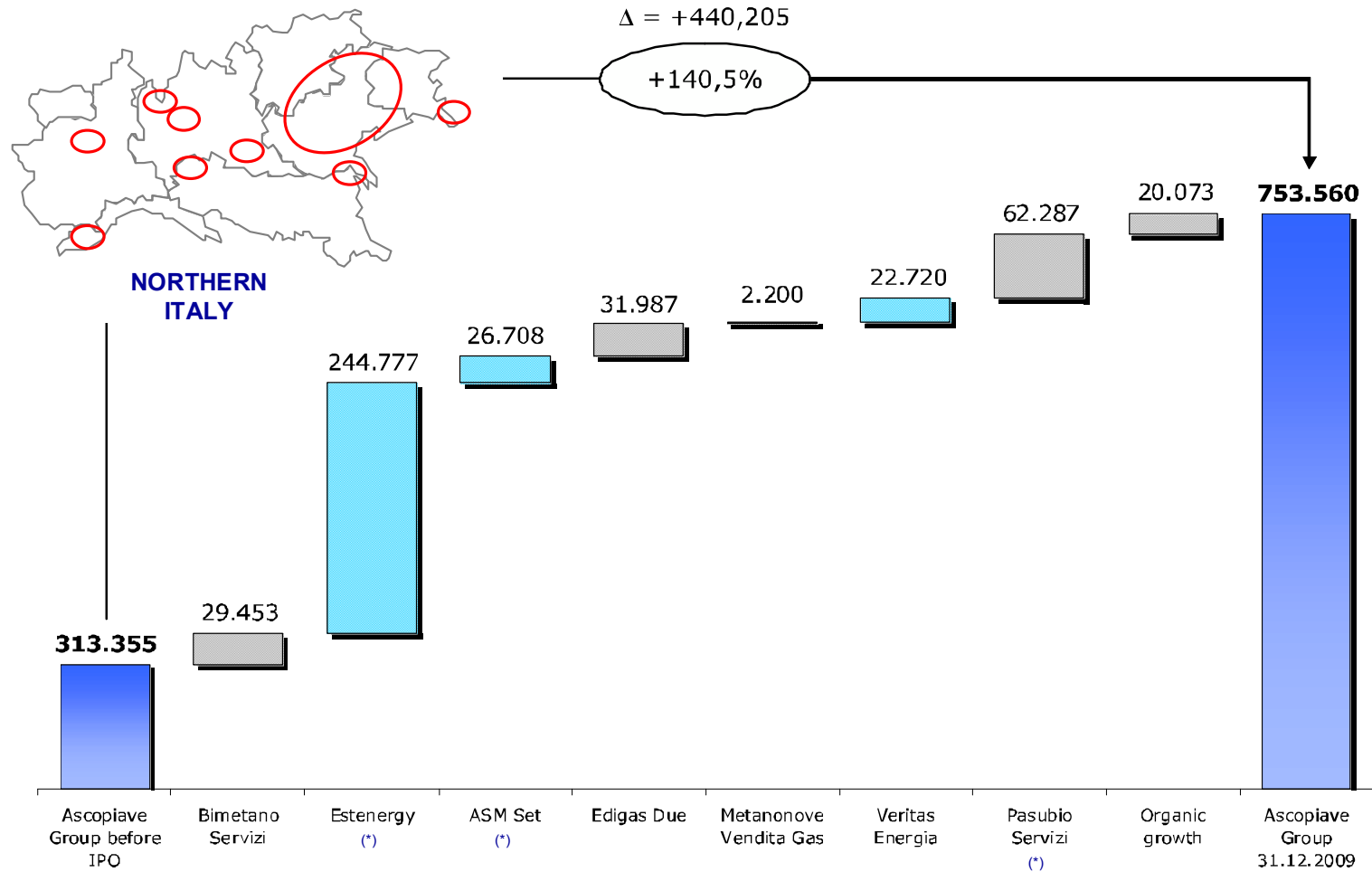
In the period 2007-2009 it has additionally distributed a significant amount of **dividends** to its shareholders.

# Equity story after IPO (2007-2010)



# Growth in the gas down-stream market in 2007–2009 (1)

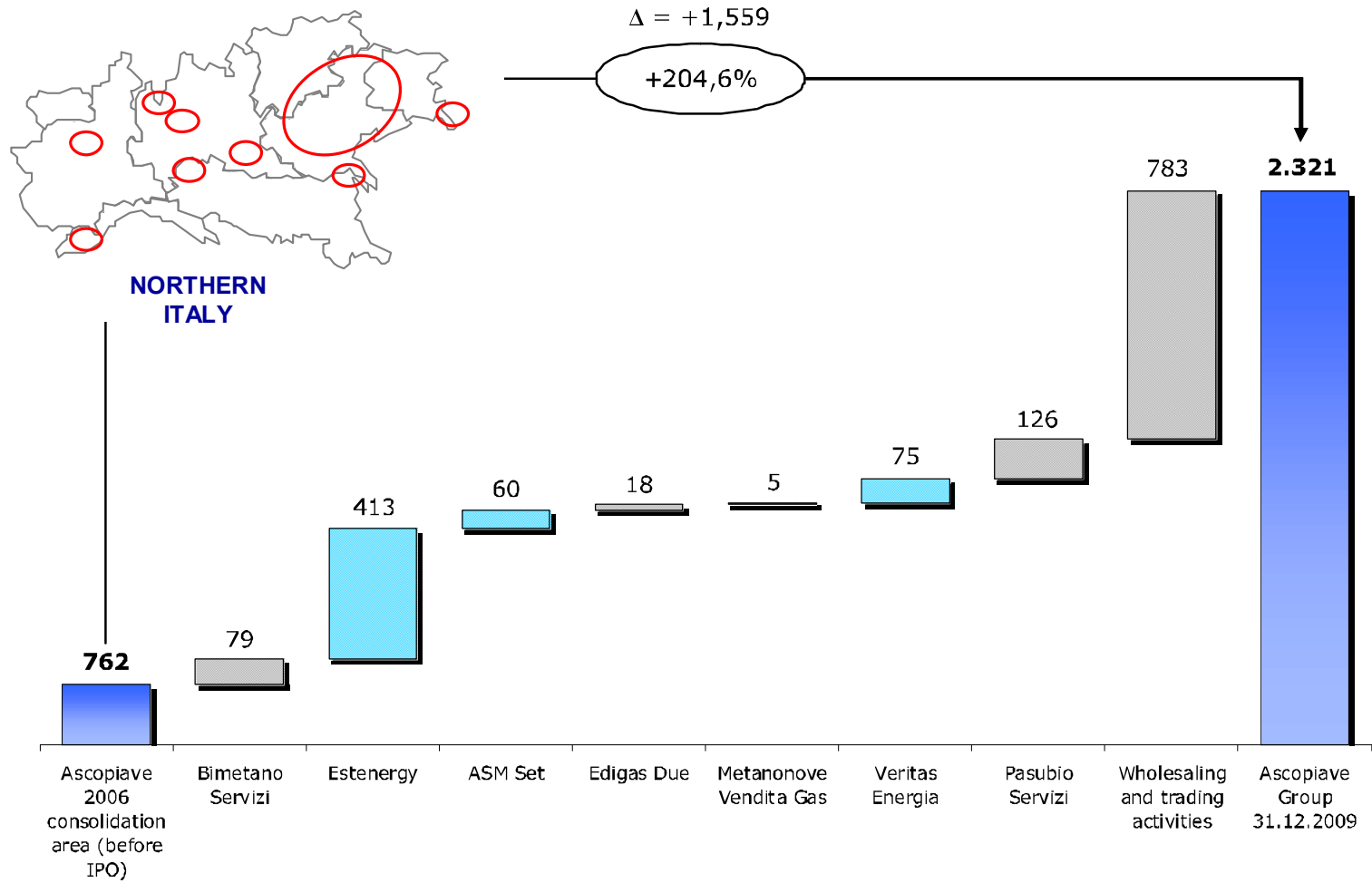
## Number of gas sale customers



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

# Growth in the gas down-stream market in 2007–2009 (2)

## Volumes of gas sold (scm/mlin) (\*)

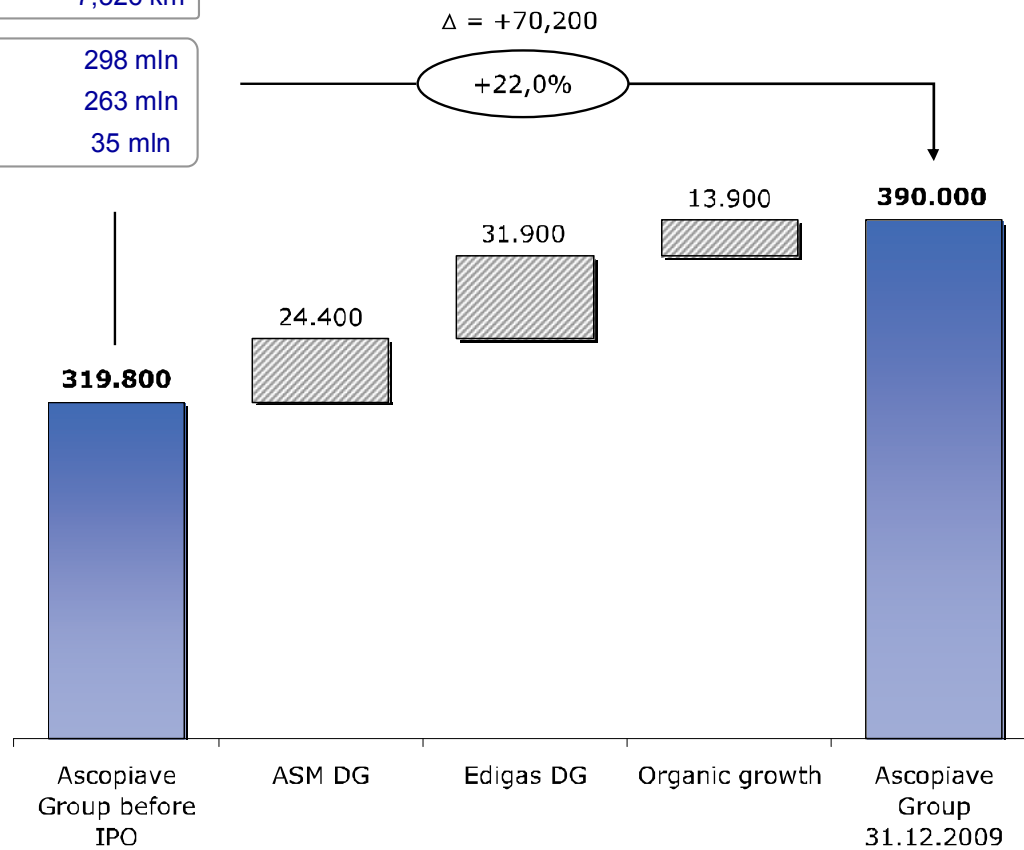


(\*) Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%

# Growth in the gas down-stream market in 2007–2009 (3)

## Number of gas users

	2006	2009
Lenght of gas distribution network	6,360 km	7,526 km
RAB	223 mln	298 mln
RAB - before IPO consolidation area		263 mln
RAB - companies acquired after IPO		35 mln



## Market positioning (1)

### No. of gas sale customers in Triveneto



Ranking	Gas sale operator	No of gas sale customers in Triveneto	%
1	Ascopiave Group (*)	685.000	26,1%
2	ENI	500.000	19,1%
3	Enel Gas	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	Thuega	80.000	3,0%
9	Edison	80.000	3,0%
10	IRIS Gorizia	60.000	2,3%
	Altri	588.000	22,4%
	<b>Totale</b>	<b>2.623.000</b>	<b>100,0%</b>

With over 680.000 gas sale customers, Ascopiave ranks 1<sup>st</sup> in “Triveneto”

No. of gas sale customers

FROM 284,000 (2003)

TO 685,000 (2008 pro-forma)

cagr 03-08: +141,2%

(\*) 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 <sup>(a)</sup>

Ranking	Gas sale operators	Vol. of gas sold in Italy (Mcm)	%
1	Eni	26,862	38.6%
2	Enel	12,799	18.4%
3	E.On	3,927	5.6%
4	Edison	3,428	4.9%
5	Energie Investimenti	3,136	4.5%
6	A2A	2,668	3.8%
7	Hera	2,209	3.2%
<b>8</b>	<b>Ascopiave Group <sup>(b)</sup></b>	<b>1,552</b>	<b>2.2%</b>
9	Cir (Sorgenia)	1,142	1.6%
10	Iride	1,107	1.6%
11	E.S.T.R.A. Energia	567	0.8%
12	Linea Group Holding	399	0.6%
13	Erogasmet	386	0.6%
14	Gas Plus	371	0.5%
15	Trentino Servizi	313	0.4%
16	Amga - Azienda Multiservizi (Udine)	311	0.4%
	Others	8,432	12.1%
<b>Total</b>		<b>69,609</b>	<b>100.0%</b>

The Group has created an industrial pole that, with more than 1.5 billion of cube meters of gas sold, ranks **8<sup>th</sup>** in Italy

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1	Eni	26,862	38.1%
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<b>7</b>	<b>Ascopiave Group <sup>(c)</sup></b>	<b>2,376</b>	<b>3.4%</b>
8	Hera	2,209	3.1%
9	Cir (Sorgenia)	1,142	1.6%
10	Iride	1,107	1.6%
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15	Trentino Servizi	313	0.4%
16	Amga - Azienda Multiservizi (Udine)	311	0.4%
	Others	8,432	12.0%
<b>Total</b>		<b>70,433</b>	<b>100.0%</b>

Also considering volumes of gas sold on wholesale / trading activities the Group, with about 2.4 billion of cube meters of gas sold, ranks **7<sup>th</sup>** in Italy

Volumes of gas sold by trading activities

FROM 435 cm/mIn (2007)

TO 824 cm/mIn (2008)

<sup>(a)</sup> In house processing on 2008 AEEG data; <sup>(b)</sup> Including volumes sold to final market by Ascotrade, Global Energy, Etra Energia, ASM Set, Estenergy, Edigas Due, Veritas Energia, MetanoNove Vendita Gas and Pasubio Servizi; data of the companies consolidated proportionally are taken into account at 100% <sup>(c)</sup> Also including volumes sold on wholesaling and trading activities.

### Gas distribution

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## Legal framework

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The regulation of the gas sector was reformed considerably in 2000, following the introduction of the **Letta Decree** (Legislative Decree No. 164/00), which began the process of liberalising the Italian gas market.

The liberalization concerns every activity of the gas chain, including **gas distribution** and gas sale.

Gas distribution was classified as a local public services and had to be awarded by concession for a maximum of **12 years** pursuant to a competitive tender process.

The concessions and direct awards which were already in place when the Letta Decree came into force would expire:

- /// at **31st December 2012** (or earlier if so provided in the agreement of concession or direct award) for all concessions and direct awards entered into between gas distributors and local authorities pursuant to a competitive tender process
- /// at **the end of the transition period** (or earlier if so provided in the applicable concession or direct award) for all concessions and direct awards entered into between gas distributors and local authorities in the absence of a competitive tender process

The **transition period** is the deadline for the expiry of direct awards and concessions relating to the distribution of gas not granted through a competitive tender process, initially set at 31st December 2005 and subsequently extended by **Milleproroghe Decree** at **31st December 2009** and by the local authorities for a **further one year for reason of public interest**.

## Expiring date of the ongoing gas distribution concessions

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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.

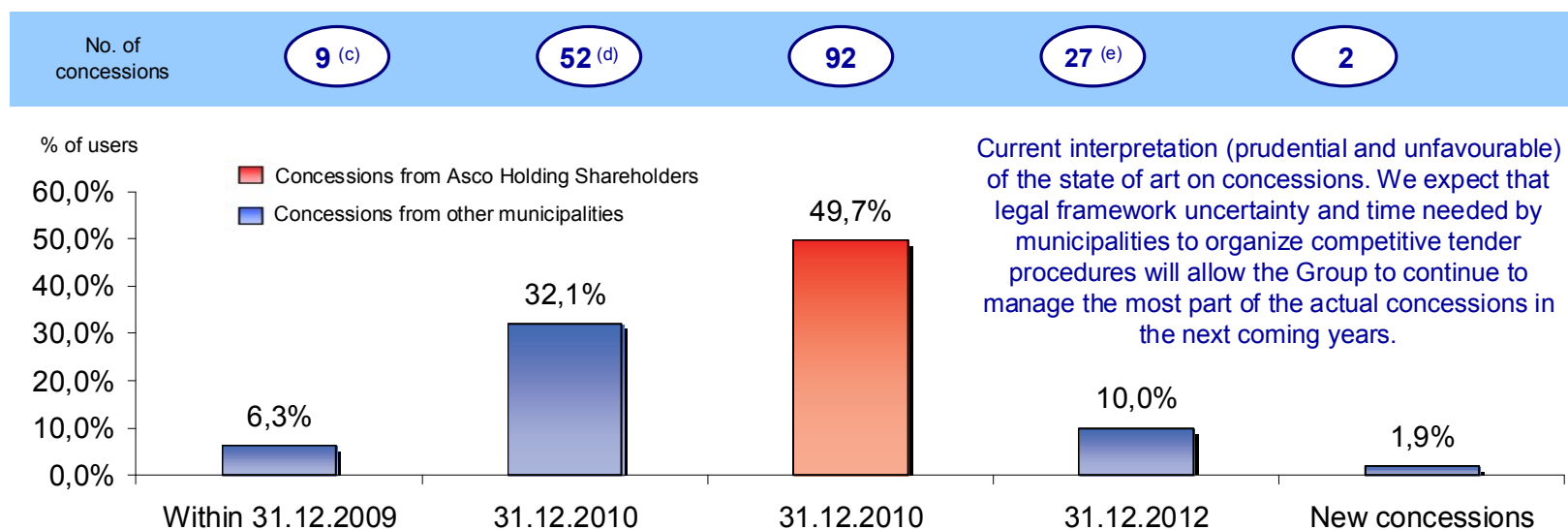
Except for only few concessions granted pursuant to a public competitive tender process, the great part of the gas distribution concessions managed by Ascopiave Group expires at the end of the so called "Transition Period", lasting until 31st december 2009 or, in case of an autonomous and motivated decision taken by each municipality, until 31st december 2010.

## Concessions

### 50,5% of concessions from shareholder municipalities

	Number	Populations <sup>(a)</sup>	Network (km) <sup>(b)</sup>
Awards from Asco Holding member municipalities	92	649.924	3.795
Concessions from other municipalities	90	508.474	3.658
<b>Total</b>	<b>182</b>	<b>1.158.398</b>	<b>7.453</b>

### 93,7% of users on concessions expiring in or beyond 31 december 2010



<sup>(a)</sup> Data as of December 31<sup>th</sup> 2008; Source: ISTAT; <sup>(b)</sup> Data as of December 31<sup>th</sup> 2008; <sup>(c)</sup> 6 concessions are under dispute. For 1 concession the tender is in progress; <sup>(d)</sup> 2 concessions are under dispute; <sup>(e)</sup> 2 concessions are under dispute

## Ownership of gas distribution network and compensation upon expiry date

---

Ascopiave is the **owner** of **gas distribution networks** in municipalities in which it operates.

In accordance with Letta Decree, at the end of concessions or at the end of transition period, local authorities must award gas distribution concessions, which must last no longer than 12 years, pursuant to a competitive tender process.

If Ascopiave didn't win next competitive tender, it would be entitled to receive a **compensation**.

### Royal Decree 2578 – Industrial value of the network

The **compensation** is calculated in accordance with the terms of the agreement implementing the concession or direct award (as the case may be) or, if this is not provided for, in accordance with criteria set out in **Royal Decree 2578 of 1925** (the “**industrial value of the network**”).

The elements set out in Royal Decree 2578 of 1925 to be used in calculating the compensation due include *(i)* the industrial value of the network, moveable assets and real property, taking into consideration the age of such assets and any renovations made thereto and provisions in the concession or direct award relating to the ownership of the assets at the end of the concession or direct award (as the case may be); *(ii)* advances or subsidies granted by the awarding municipalities, as well as any registration taxes paid in advance by the concession or direct award holder (as the case may be) and any premia paid to the awarding municipalities, taking into consideration the items referred to in above; and *(iii)* loss of profit that the concession or direct award holder will suffer as a result of the termination of the concession or direct award (as the case may be).

### Regulation of the “minimum territorial district”

**Minimum territorial district** - joining a pool of municipalities with a minimum number of users - to be 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

The Law No. 166/2009 specified that minimum territorial district must be determined **within 31st December 2012** by Ministry of Economic Development.

**Draft under discussion:**

127 / 129 minimum territorial district:

- > 300.000 end-users: metropolitan areas (Rome, Milan, Turin, Naples, Genua and Palermo)
- 300.000 – 100.000 end-users (one or more district inside one mid or large province)
- < 100.000 end users (small provinces with less than 100.000 end users)

### Regulation of the “call of tenders”

**Regulation of the “call of tenders”** to be 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) Employment of the work force of the outgoing concession holder

**Draft under discussion**

- 1) Unless different agreement by the parts: costruction cost: reference to price lists established by local chamber of commerce or other local authorities or AEEG / useful life: established by Decree
- 2) It should be evaluated:
  - investment plan (development, renewal, maintenance and innovation)
  - technical offer concerning safety and continuity of the distribution service (network inspections, odourisation, emergency services, gas leaks, cathodic protection and continuity of service) and quality (standards of 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)
  - economic offer concerning discount on prices paid by end-customers for services, amount of additional investments for network extension and new connections
- 3) Work force of the outgoig concession holder should be partially employed by the new concession holder. Number of employees should be proportional to the number of end-users of the minimum territorial district.

## Tariff regulation: third regulatory period

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### 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%
  - ⚡ 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

## Tariff regulation: VRT breakdown (1)

### 2010 VRT (\*) ("Vincolo dei Ricavi Ammesso", i.e. 2010 Total Revenue Constraint)

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

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 (~ 7.60%)

#### 2010 RAB:

/// capped RAB: 319,3 €/mln

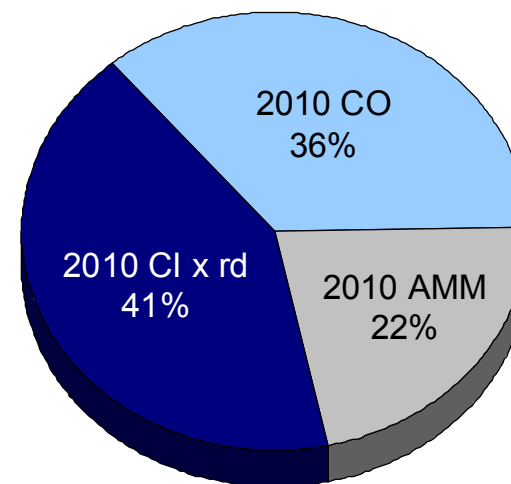
/// un-capped RAB: 347,6 €/mln

#### 2010 VRT (Thousand of Euro)

2010 CO	20,570
2010 AMM	12,606
2010 CI x rd	24,332

**Total 2010 VRT (\*)** 57,508

2010 RAB 319,321

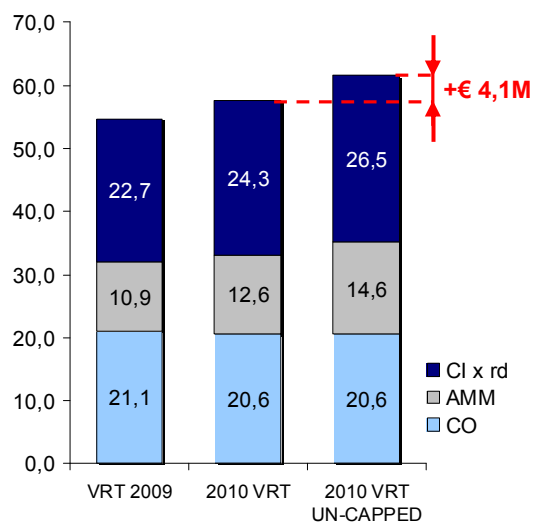


(\*) Ascopiave 2010 VRT has been approved by Gas and Electricity Authority (AEEG) with Resolution n. 206/09.

## Tariff regulation: VRT breakdown (2)

### Comparison between Ascopiave Group 2009 VRT, 2010 VRT and 2010 VRT UN-CAPPED

VRT components	2009 VRT	2010 VRT	2010 VRT UN-CAPPED	CHANGE 2009-2010 VRT	CHANGE 2010 VRT
CO	21,123	20,570	20,570	-0,553	0,000
AMM	10,901	12,606	14,588	1,706	1,982
CI x rd	22,687	24,332	26,482	1,645	2,150
<b>Total VRT</b>	<b>54,710</b>	<b>57,508</b>	<b>61,640</b>	<b>2,798</b>	<b>4,132</b>
RAB	297,697	319,321	347,603	21,624	28,282



The difference between 2010 VRT and 2009 VRT is equal to **+2.8 €/mln** and is due for **-0.6 €/mln** to CO component, for **+1.7 €/mln** to AMM component and for **1.6 €/mln** to CI x rd component.

The difference between 2010 RAB and 2009 RAB is equal to **+21.6 €/mln**.

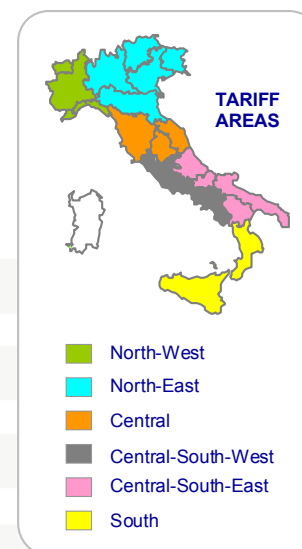
The difference between 2010 VRT and 2010 VRT un-capped is equal to **+4.1 €/mln** and is due for **+2.0 €/mln** to AMM component and for **+2.1 €/mln** to CI x rd component.

The difference between 2010 RAB and 2010 RAB un-capped is equal to **+28.3 €/mln**.

## Gas distribution tariffs applied to end customers

During the third regulatory period, gas distribution tariffs applied by gas distributors to their customers are determined by AEEG. Tariffs are updated annually.

Gas distribution tariffs are defined for tariff areas\* and are articulated in the following components (gas distribution and gas metering services):



<b>T1(dis)</b>	Fixed component destined to remunerate distribution service
<b>T1(mis)</b>	Fixed component destined to remunerate metering service
<b>T1(cot)</b>	Fixed component destined to remunerate commercialization of gas distribution and metering services
<b>T3(dis)</b>	Variable component destined to remunerate distribution service
<b>UG1**</b>	Variable component destined to cover possible unbalances and/or balance of tariff equalization systems
<b>UG2**</b>	Component, in part fixed and in part variable, destined to compensate detailed sale commercialization costs
<b>GS**</b>	Variable component destined to cover tariff compensation system for poor economically customers
<b>RE**</b>	Variable component destined to cover charges for interventions tied to energy saving and to development of renewable sources
<b>RS**</b>	Variable component destined to cover charges for interventions tied to quality of gas distribution and metering

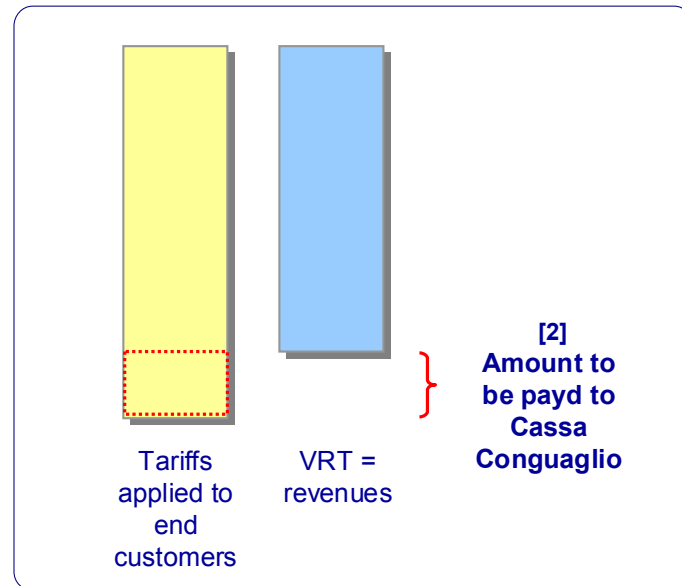
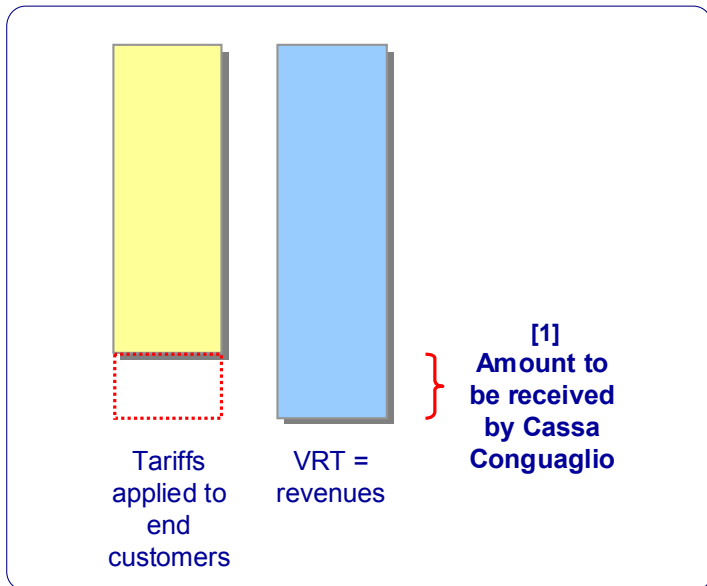
(\*) Represent the geographic areas where are applied the same gas distribution and gas metering tariffs. Six tariff areas are been identified in the whole italian national territory (see the figure); (\*\*) UG1, UG2, GS, RE and RS represent additional components of the gas distribution tariff, paid by final customers to national funds managed by public authorities ("Cassa Conguaglio per il Settore Elettrico" and AEEG)

# Tariff equalization system

## Tariff equalization mechanism

Tariff regulation provides a revenues equalization system - managed by a national authority (i.e. “Cassa Conguaglio per il Settore Elettrico”) - that makes the gas distribution revenues of each distributor equal its pre-determined Total Revenues Constraint (“Vincolo dei Ricavi Ammesso” or “VRT”).

Equalization system provides gas distributor: [1] receive money from “Cassa Conguaglio” if the total annual amount of distribution tariffs applied to its end customers is lower than VRT; [2] pay money to “Cassa Conguaglio” if the same amount is higher than VRT.



## SWOT analysis – 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 2009-2010 two-year 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

→ Legal framework .....	Pag. 36
→ Volumes of gas sold by the Group .....	Pag. 37
→ Gas sales to end customers: market segmentation and selling prices .....	Pag. 38
→ Gas sales on trading activities: market segmentation and selling prices .....	Pag. 39
→ Gas purchasing costs .....	Pag. 40
→ Gas selling price to domestic end customers .....	Pag. 41
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→ Review of CCI component .....	Pag. 45
→ Swot analysis – Sales SBU .....	Pag. 46

## Legal framework

---

The liberalization of the Italian gas sector begun with the introduction of the Legislative Decree No. 164/00 (so called **Letta Decree**).

The liberalization concerns every activity of the gas chain, including gas distribution and **gas sale**.

### Gas sale market liberalization

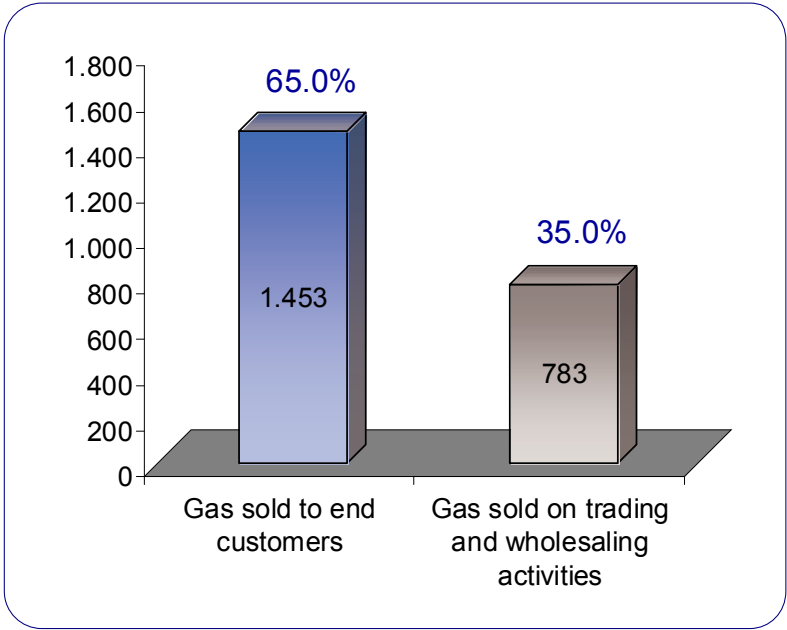
Gas sale segment has been completely liberalized **since 2003**:

- ⚡ Each end customers can freely negotiate gas supply contract with every gas sale operator active in the market
- ⚡ AEEG established maximum price level for domestic customers

## Volumes of gas sold by the Group

### Volumes of gas sold by the Group 2009 data (scm/million)




To end customers of companies consolidated integrally (a)	886.2
To end customers of companies consolidated proportionally (b)	566.5
<b>To end customers (a)+(b)</b>	<b>1,452.7</b>
On trading activities (c)	783.1
<b>Volumes of gas sold (a)+(b)+(c)</b>	<b>2,235.8</b>



**Volumes of gas sold by Ascopiave Group to end customers: 65%**

(\*) 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*	1,452.7		

(\*) 2009 data in million of standard cubic meter. Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%.

## Gas sales on trading activities: market segmentation and selling prices

Volumes of gas sold on trading activities Market segmentation			Pricing
PSV	~ 75%	➔	Completely free prices
Entry Point	~ 19%	➔	Completely free prices
Wholesales	~ 6%	➔	Completely free prices (fixed mark-up on the corresponding purchasing cost - back to back)
<b>Volumes of gas sold on trading activities*</b>	<b>783.1</b>		

(\*) 2009 data in million of standard cubic meter. Operating data of the companies consolidated proportionally (49% or 51%) are taken into account at 100%.

## Gas purchasing costs

### Gas purchasing costs

- /// Gas purchasing costs are negotiated on a free market
- /// Incumbent shippers have strong market position
- /// The shipping company Sinergie Italiane (27.6% Ascopiave) is the main gas supplier of the Group (~60% of estimated volumes sold to end customers in thermal year 2009-2010)

#### Uses

#### Sourcing

**Sales to end customers**

~ 65%  
volumes



Actually: annual contracts (thermal year)  
Delivery: entry of local distribution network  
Penalty for excess capacity use

**Sales on trading activity**

~ 35%  
volumes



Actually: spot back to back contracts

## Gas selling price to domestic end customers (1)

---

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

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

All components, except for TD, are determined in accordance with **Res. No. 64/09**.

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

<b>GCT</b>	Gas consumption tax	} GCT
<b>RGCT</b>	Regional supplement to gas consumption tax	
<b>VAT</b>	Value Added Tax	

## Gas selling price to domestic end customers (2)

$$P = CCI + QT + QS + QOA + TD + QVD + GCT + VAT$$

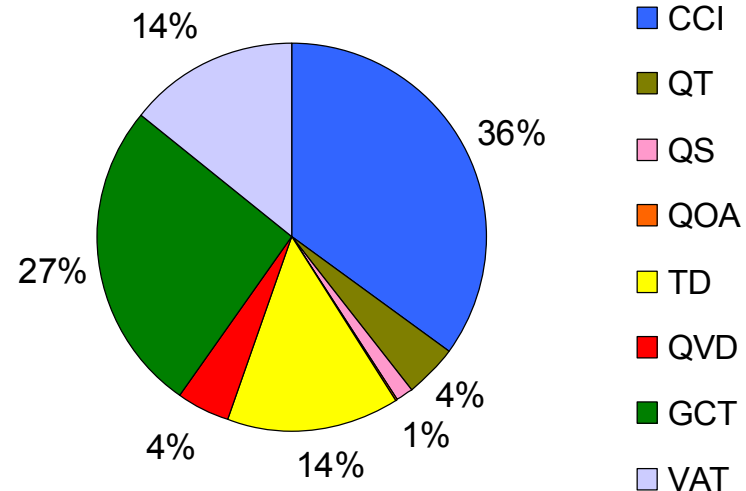
CCI = wholesale cost of gas  
 QT = transportation cost via national network  
 QS = storage cost of gas  
 QOA = additional fees

TD = Distribution tariff  
 QVD = 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	24,52	35%
QT	3,15	4%
QS	1,04	1%
QOA	0,22	0%
TD	9,89	14%
QVD	3,11	4%
<b>Price</b>	<b>41,93</b>	<b>60%</b>
GCT	18,41	26%
VAT	10,00	14%
<b>Taxes</b>	<b>28,41</b>	<b>40%</b>
<b>Price + taxes</b>	<b>70,34</b>	<b>100%</b>

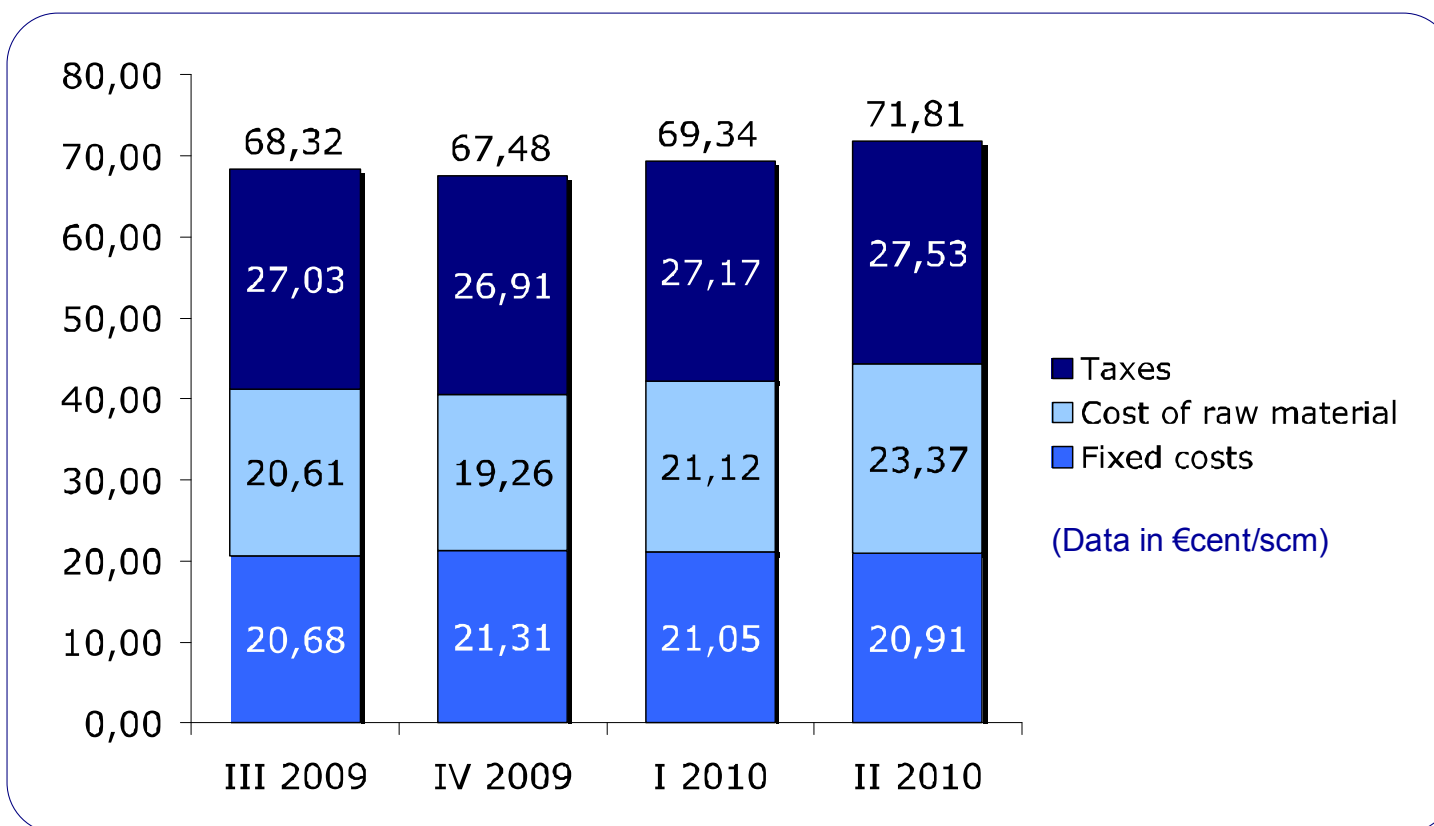
1<sup>st</sup> january 2010 (Municipality: Conegliano)



## Gas selling price to domestic end customers (3)

### Gas selling price to domestic end customers: from 3rdQ 2009 to 2ndQ 2010

**National average price** of natural gas for a family with autonomous heating and annual gas consumption of 1,400 scm.



### Review of QVD component of the gas selling price

#### Res. AEEG No. 64/09

- ⚡ Resolution define a national single value for QVD component, ensuring to sale companies a coverage more coherent of commercialization costs and equal treatment to all the customers
- ⚡ Until 31 December 2010, QVD fixed component is equal to 36.82 Euro per delivery point per year while QVD variable component is equal to 0.48 €cent/cm for the customers with annual consumption less than 200,000 cm and null for the customers with higher annual consumption
- ⚡ Within 1st November 2010, AEEG will update and publish QVD component value for the period from 1st January 2011 to 31st December 2013
- ⚡ Subsequently, QVD component value will be updated every two years
- ⚡ Resolution strictly involves domestic customers
- ⚡ It could also affect price levels applied to other market segments (i.e. small business with standard price conditions)



**Stronger competition on domestic customers with low consumption level**

### Review of CCI component of the gas selling price

#### **Res. AEEG No. 89/10**

- ⚡ Since 1st october 2010
- ⚡ It modified the formula with which quarterly update the reference gas price
- ⚡ It foresee a reduction of CCI variable component allowing a money saving for the customers during all the thermal year 2010-2011
- ⚡ Resolution strictly involves domestic customers
- ⚡ It could also affect price levels applied to other market segments (i.e. small business with standard price conditions)



**Selling price reduction should be compensated by lower gas purchasing cost**

## SWOT analysis – Sales SBU

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### Strengths

- Large end customer base
- High per-capita consumption
- Front offices capillarity
- Low switch rate
- 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
- Low credit losses
- 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 liberalized 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

### Photovoltaic power plants

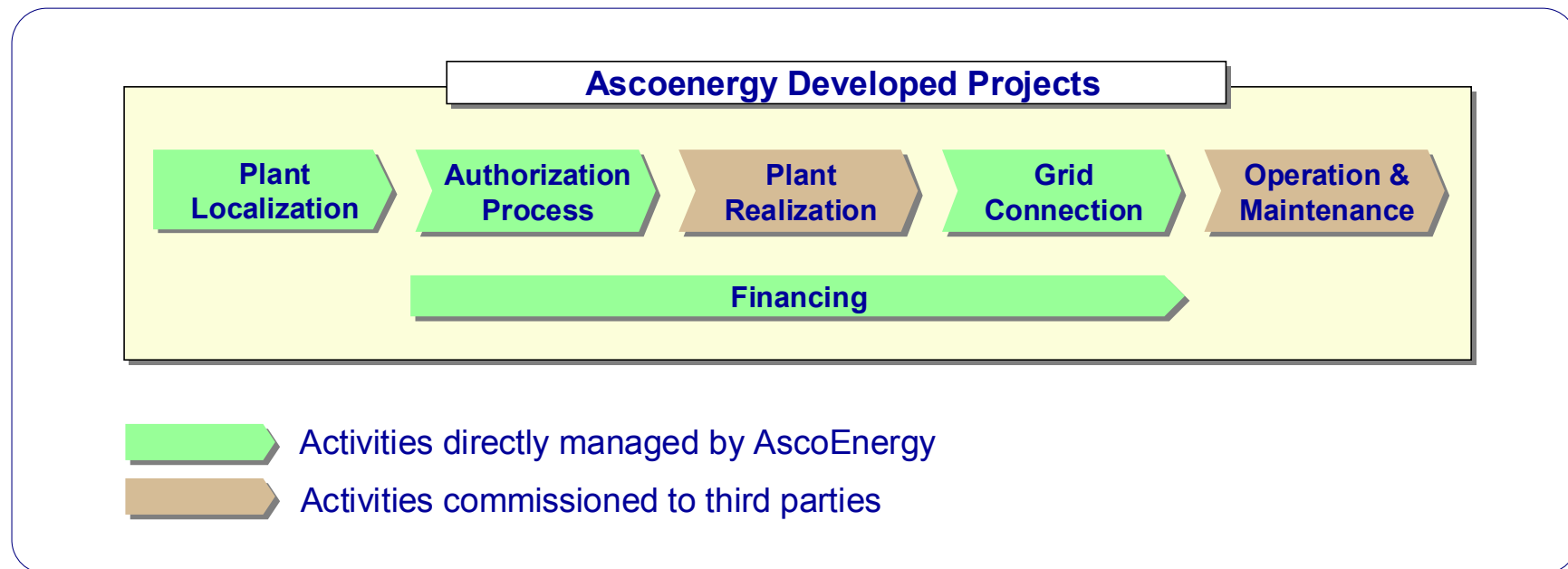
- AscoEnergy business model ..... Pag. 48
- Ascopiave Group and Casillo Group Joint Venture ..... Pag. 49
- Specchiano S.r.l. .... Pag. 50

## AscoEnergy business model

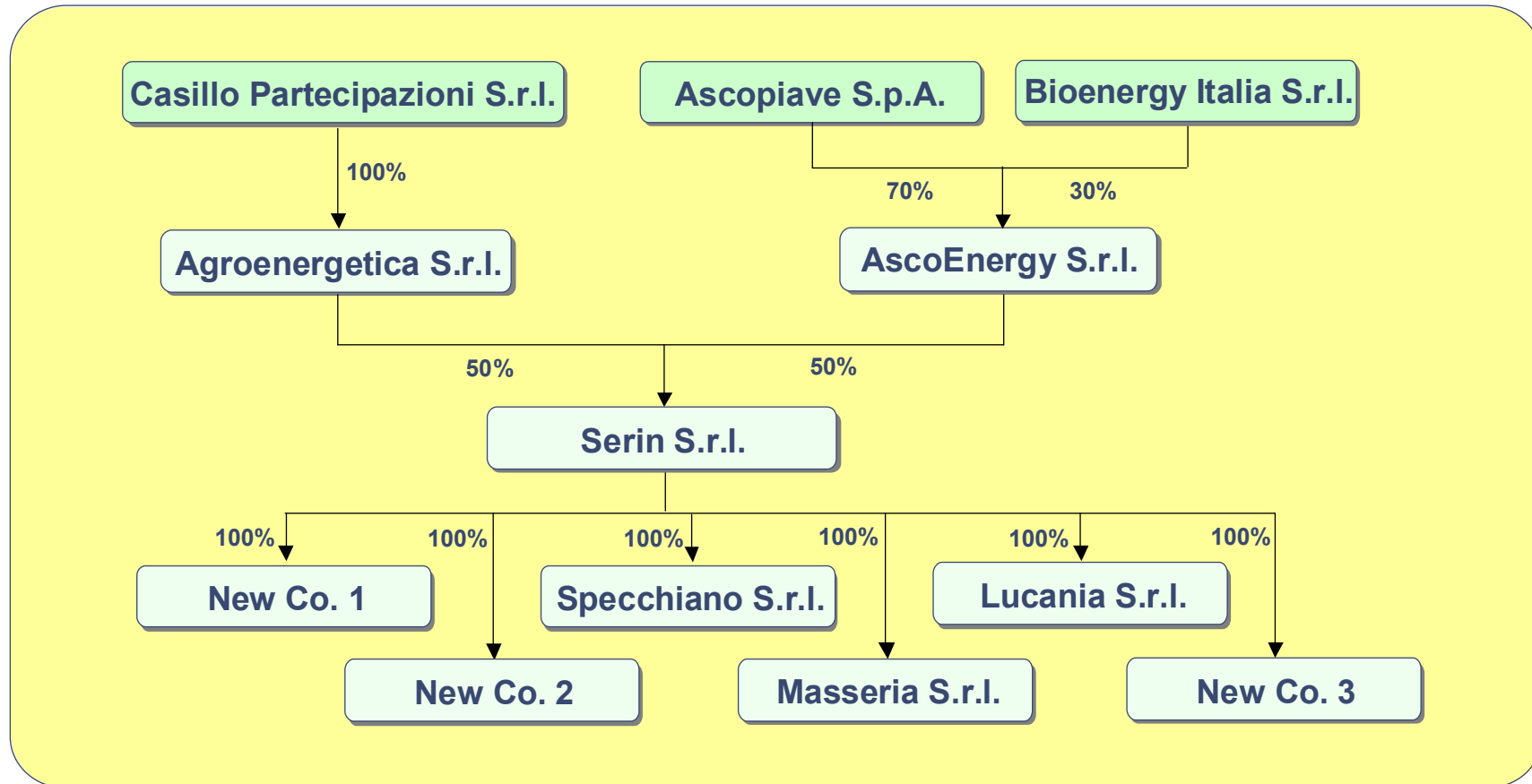
### AscoEnergy business model

AscoEnergy business model contemplates a mix of direct project development and acquisition of projects developed by third parties (Joint Ventures are preferred).

For what concerns direct developments, AscoEnergy manages the high value added activities like authorization process and grid connection.

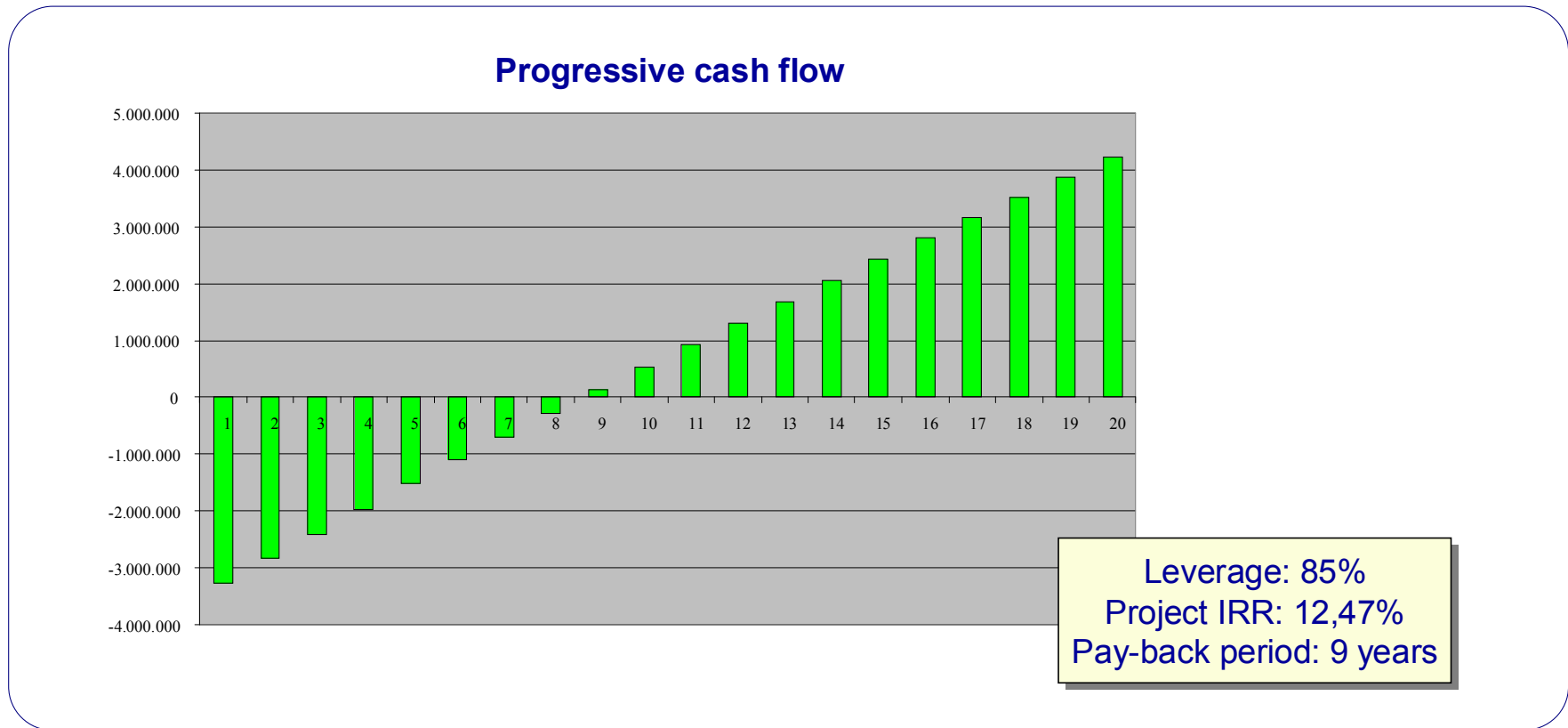


## Ascopiave Group and Casillo Group Joint Venture



Specchiano S.r.l.

Main financial data for the Specchiano project (photovoltaic plant with 1MWp of installed power).



### Strategy

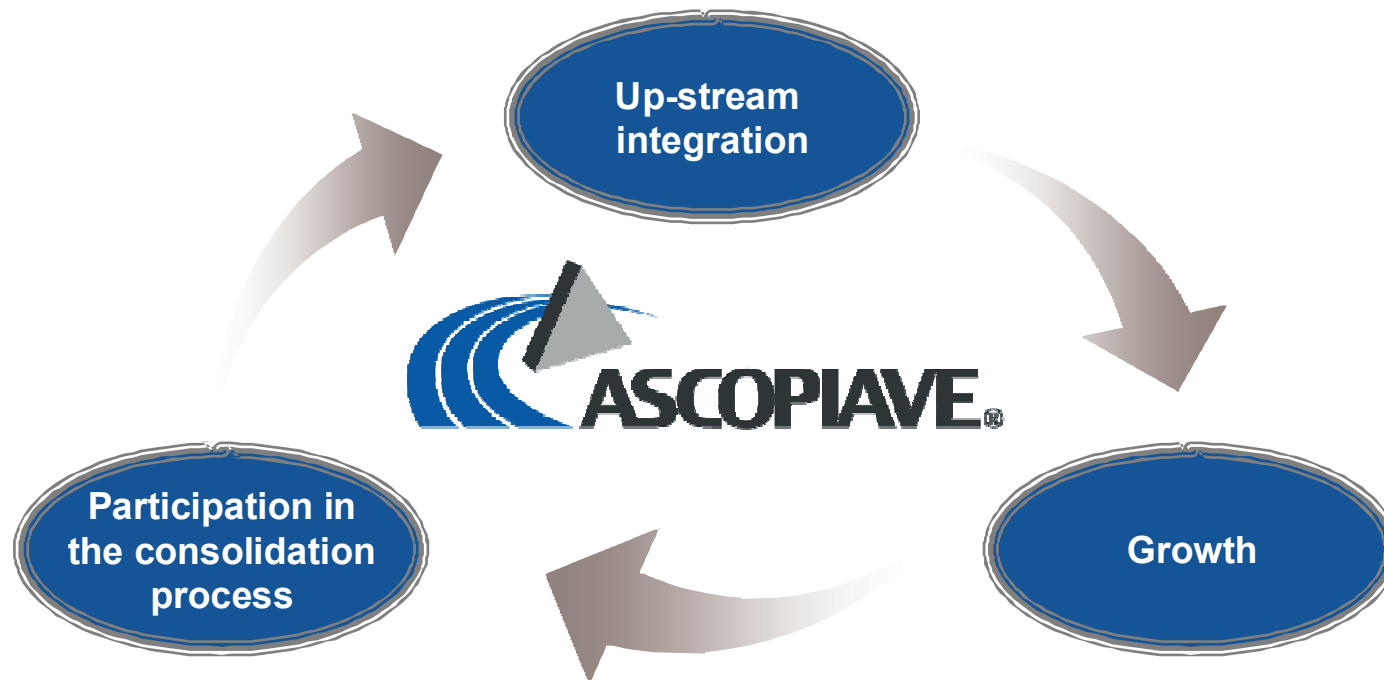
→ Strategic guidelines and objectives .....	Pag. 52
→ Growth in the down-stream market .....	Pag. 54
→ Growth in the down-stream market: model .....	Pag. 55
→ Import infrastructures and new projects .....	Pag. 56
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→ Sinergie Italiane: volumes ranking .....	Pag. 60
→ Sinergie Italiane: supply opportunity .....	Pag. 61
→ Long term supply agreement with Gazprom .....	Pag. 62

## Strategic guidelines and objectives (1)

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### 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 and objectives (2)

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**Dimensional growth by a significant increase of the customer base and of the volumes sold consolidating the leadership in the North-East and a national role**

- GROWTH VIA ACQUISITION (“EXTERNAL GROWTH”)
- “ORGANIC GROWTH”
- TRADING AND WHOLESALING
- RETENTION OF OWN END USERS (via dual fuel and cross selling strategies)

**Long term autonomous and diversified supplying system by an up-stream integration in the gas value chain**


- FOCUSED CAPACITY ACQUISITION (LNG, PIPE, STORAGE)
- SONATRACH GSA – GAZPROM GSA (VIA SINERGIE ITALIANE)
- OTHERS MEDIUM / LONG TERM AGREEMENTS

### **OBJECTIVES**

- Maximizing and stabilizing margins - minimizing commodities risks
- Increasing volume sold
- Less than 90% supplied by incumbents
- Improvement and exploitation of internal competences and know how

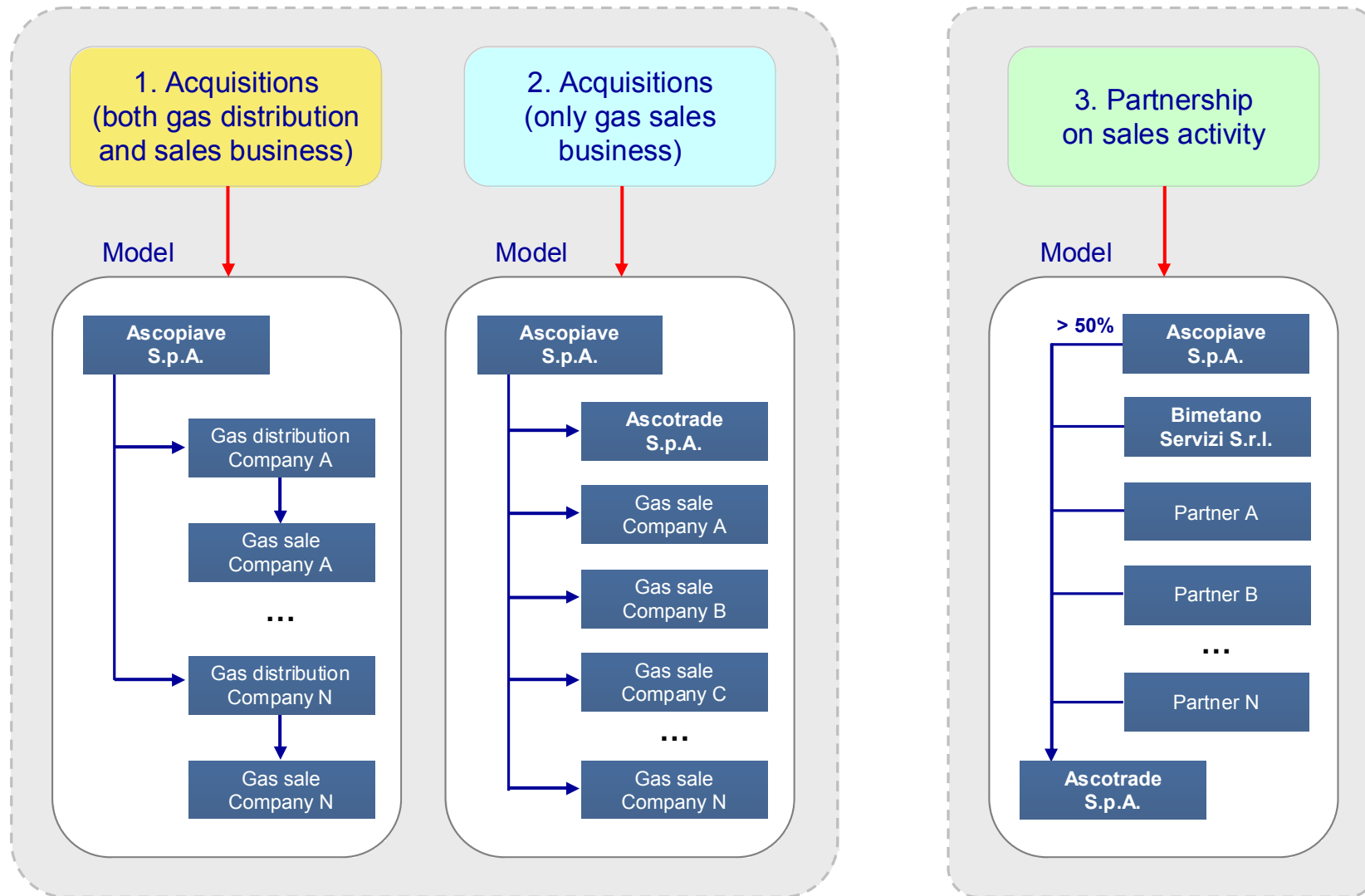
### Growth in size through a significant expansion of its customer base

Increase number  
of customers and  
concessions  
managed

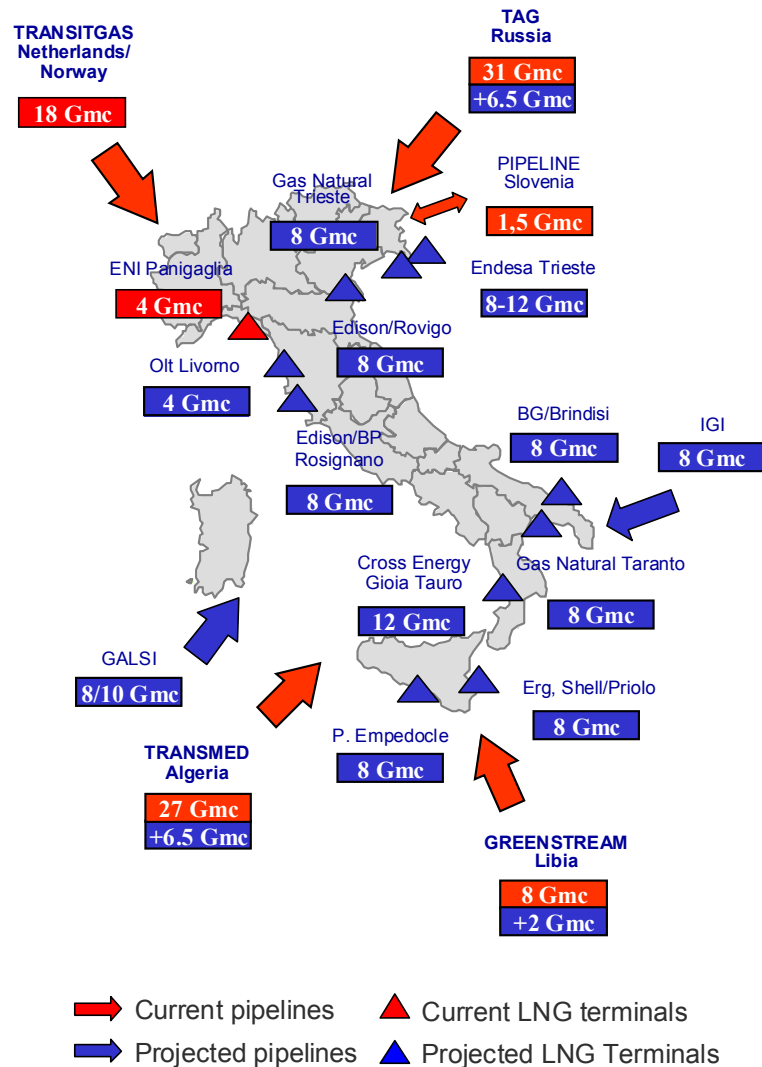


- /// Participation in competitive bidding for the award of contracts to manage the gas distribution service
- /// Development of the electricity market as a tool to retain current gas customer base (cross selling) and as a stand-alone value creation objectives: dual fuel sales policy (a joint commercial proposal for gas and electricity)
- /// Make autonomous commercial offerings to gas industrial customers directly connected with the gas transportation network
- /// Make selective acquisitions or partnership / joint venture

## Growth in the down-stream market: model



# Import infrastructures and new projects



VOLUMES OF GAS (Gcm)		2008	2015	2020
National	Demand	75,6	94,2	100,8
Domestic	Production	9,2	5,8	4,2
<b>Total</b>		<b>84,8</b>	<b>100,0</b>	<b>105,0</b>

### EXISTING NEW INFRASTRUCTURE

PROJECT	CAPACITY (Gcm)	OPERATOR
REP TAG 1	3,2	ENI
REP TAG 2	3,3	ENI
REP TTCP 1	3,2	ENI
REP TTCP 2	3,3	ENI
ROVIGO	8,0	Edison, QP, Exxon
<b>TOTAL</b>	<b>21,0</b>	

### AUHZORIZED PLANNED INFRASTRUCTURE

PROJECT	CAPACITY (Gcm)	OPERATOR
LNG LIVORNO	4,0	Olt, Iride, E.On
LNG BRINDISI	8,0	Bg
<b>TOTAL</b>	<b>12,0</b>	

### PLANNED NEW INFRASTRUCTURE

PROJECT	CAPACITY (Gcm)	OPERATOR
IGI	8,0	Edison, DEPA
GALSI	8,0	Sonatrach, Edison, etc.
GREENSTREAM REP	2,0	ENI
LNG ROSIGNANO	8,0	Edison BP
LNG GIOIA TAURO	12,0	Cross Energy
LNG PRIOLO	8,0	Shell
LNG TARANTO	8,0	Gas Natural
LNG ZAULE	8,0	Gas Natural
LNG TRIESTE	8,0	Endesa
LNG PORTO EMPEDOCLE	8,0	Nuove Energie
<b>TOTAL</b>	<b>78,0</b>	

# Long Term supply agreement with Sonatrach

## Current agreement with Sonatrach

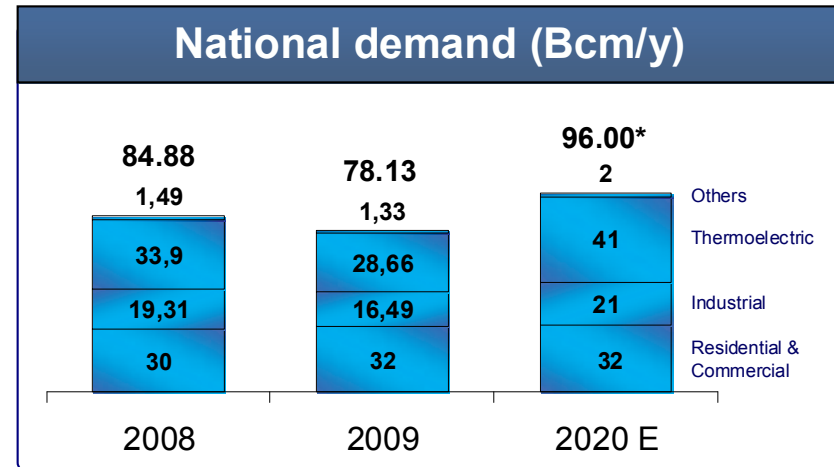
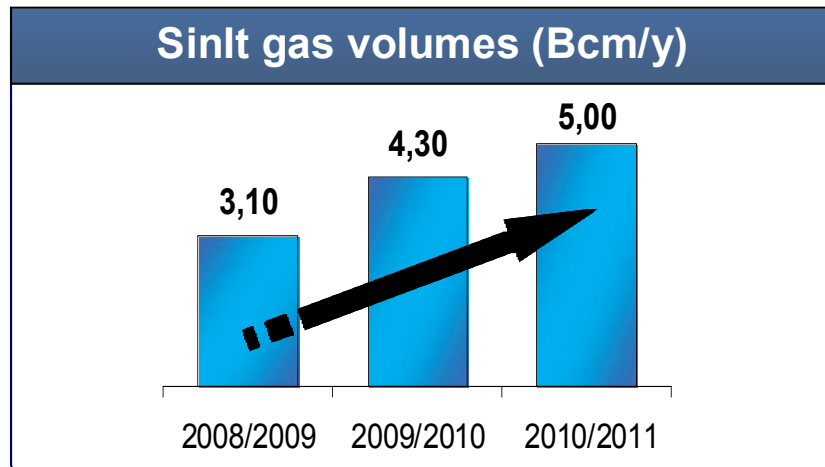
- /// Purchase of 500 Scm/M of gas import through GALSI pipeline
- /// Duration of the agreement: 15 years from the date in which GALSI will go into operation

## Current agreements with:

- /// Shell, Essent, EGL, Vitol, RWE, EON, BP and Gaselys



## Leading role in Sinergie Italiane



## Sinergie Italiane

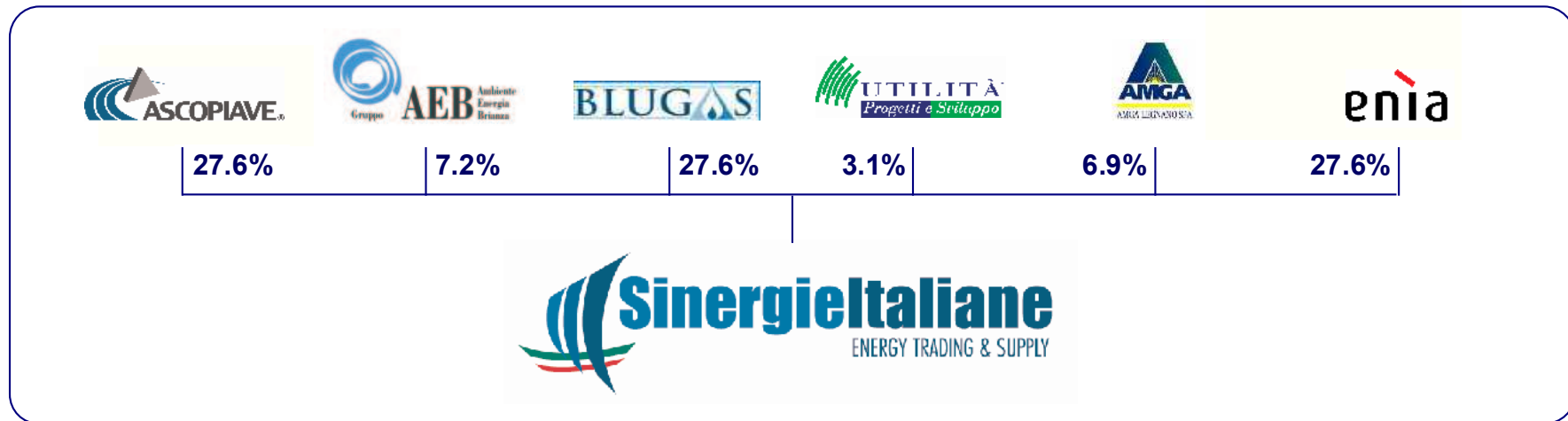
- /// Is one of the most important Gas and Power Trading Company in Italy and in Europe
- /// Sells mainly to the commercial companies belonging to its Shareholders
- /// Sells also directly to industrial business customers, to thermoelectric plants and to wholesalers
- /// Aims at a coordinated management of the energy material supply (gas and electricity) exploiting commercial synergies

**Through the Commercial Companies belonging to its shareholders  
sells to more than 1.9 milions of end customers**



\* Source: Snam Rete Gas S.p.A.

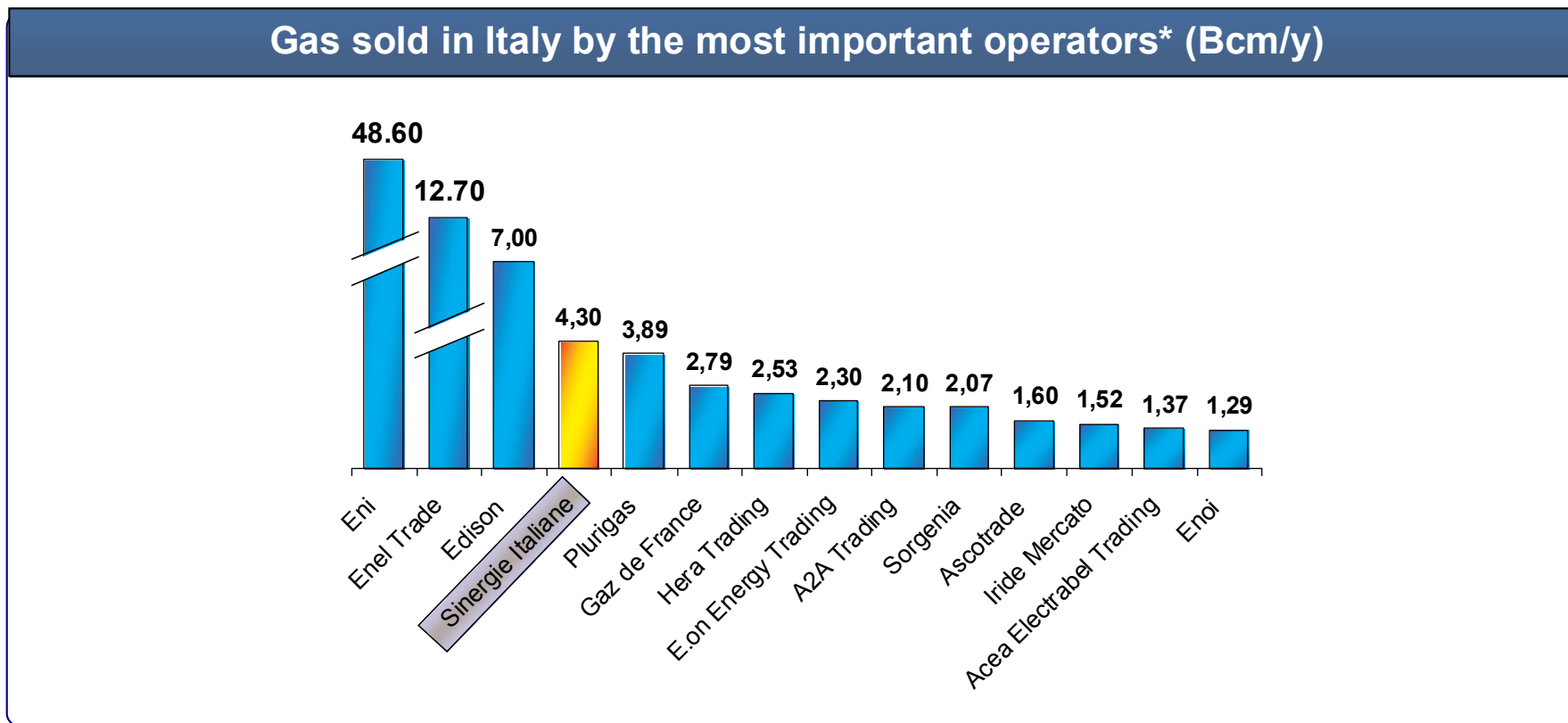
## Sinergie Italiane Shareholders



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 and has a lean but very effective organization with top experts of the Italian energy Business

Sinit is open to new shareholder which trust in its business model



**Sinergie Italiane**

- /// is the fourth domestic operator for gas sold
- /// is the second domestic operator for gas sold to residential market



\* Source: Sinit gas sold in TY 2009-2010 on 2008 AEEG data ("Relazione Annuale Autorità per l'Energia Elettrica e il Gas anno 2009")

## Pipeline capacity

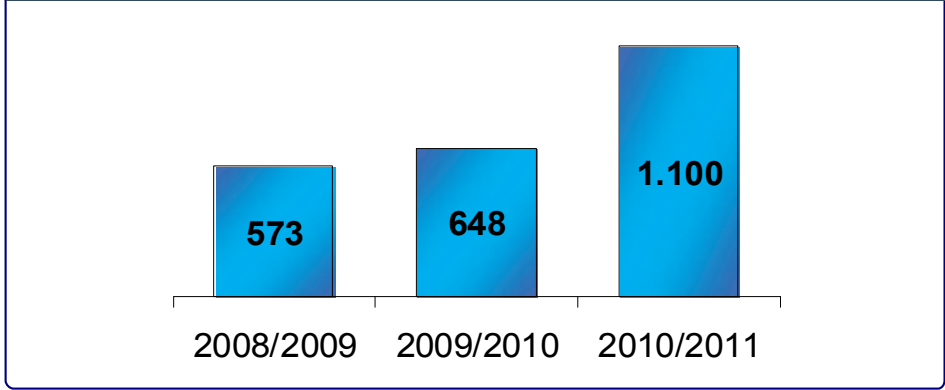


- /// Sinit manages all the phases of the supply chain (supply, transportation and storage)
- /// Sinit has long term capacity on european pipelines
- /// is active on the most important European Hubs
- /// is one of the most important operator at Italian PSV

Thanks to its residential market Sinit has significant share of Italian Storage which give to its portfolio flexibility and arbitrage opportunity



## Storage capacity (Mcm/y)



## Long term supply agreement with Gazprom

---

### Long term supply agreement with Gazprom

- /// Contract TOP signed by **Sinergie Italiane**
- /// Total volumes supplied:
  - 1.0 B/Scm per year in 2009-2010 TY
  - 1.5 B/Scm per year in 2011-2021 TY
- /// Starting from October 2009

- ✓ The Long Term Agreement follows two yearly contracts
- ✓ Delivery Point in Tarvisio (Italian Border)
- ✓ Good flexibilities
- ✓ Negotiations for additional volumes still in progress



### Financials

#### ❖ FY 2009 financial results

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→ FY 2009 income statement break-down by Strategic Business Unit .....	Pag. 65
→ Balance sheet .....	Pag. 66
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→ Gross margin on gas sales .....	Pag. 71
→ Distribution tariff revenues .....	Pag. 72
→ Other changes .....	Pag. 73
→ Net financial position .....	Pag. 74

#### ❖ 1stQ 2010 financial results

#### ❖ 2006-2009 financial comparison

## FY 2009 income statement

(Thousand of Euro)	2009	2008	Chg	Chg %
<b>Revenues</b>	<b>764.151</b>	<b>824.672</b>	<b>(60.521)</b>	<b>-7,3%</b>
(Cost of raw materials and consumables)	(617.384)	(703.872)	86.488	-12,3%
(Cost of services)	(58.888)	(43.377)	(15.511)	+35,8%
(Cost of personnel)	(18.377)	(15.494)	(2.883)	+18,6%
(Other operating costs)	(9.934)	(9.873)	(61)	+0,6%
Other operating income	1.976	280	1.696	+605,0%
<b>EBITDA</b>	<b>61.545</b>	<b>52.337</b>	<b>9.208</b>	<b>+17,6%</b>
(Depreciations and amortizations)	(16.283)	(14.071)	(2.212)	+15,7%
(Provisions)	(4.174)	(3.880)	(294)	+7,6%
<b>EBIT</b>	<b>41.088</b>	<b>34.386</b>	<b>6.702</b>	<b>+19,5%</b>
Financial income / (expenses)	(857)	(5.009)	4.151	-82,9%
<b>EBT</b>	<b>40.231</b>	<b>29.378</b>	<b>10.853</b>	<b>+36,9%</b>
(Income taxes)	(14.340)	(10.588)	(3.751)	+35,4%
(Net income of minorities)	(603)	(337)	(266)	+78,8%
<b>Net income of the Group</b>	<b>25.288</b>	<b>18.452</b>	<b>6.836</b>	<b>+37,0%</b>

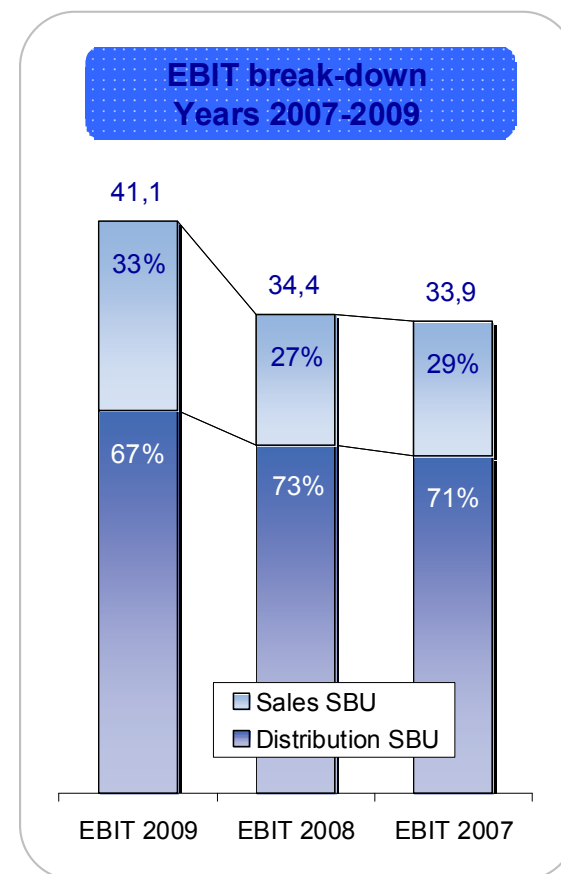
## FY 2009 income statement break-down by Strategic Business Unit

Sales Strategic Business Unit (SBU) includes companies that are active only in gas and electricity sales. All the other companies that are active in gas distribution, in supplying heating services management and in photovoltaic and in cogeneration sectors are considered inside distribution SBU.

(Million of Euro)	Group	Distribution SBU	Sales SBU
<b>Revenues</b>	<b>764,2</b>	<b>77,2</b>	<b>763,5</b>
(Gas purchase costs)	(581,5)	(0,0)	(592,4)
(Other operating costs)	(121,1)	(35,6)	(151,1)
<b>EBITDA</b>	<b>61,5</b>	<b>41,6</b>	<b>19,9</b>
(Depreciation, amortisation and provisions)	(20,5)	(14,2)	(6,3)
<b>EBIT</b>	<b>41,1</b>	<b>27,4</b>	<b>13,6</b>
(Financial charges, minorities and income taxes)	(15,8)		
<b>Net Income</b>	<b>25,3</b>		

Ascopiave Group 2009 EBIT is due for 67% to the contribution of the distribution SBU and for the 33% to the contribution of the sales SBU.

In the years 2007 and 2008 the contribution of the distribution SBU was higher than 2009 of about 5 points percentages.



## Balance sheet

(Thousand of Euro)	31/12/2009	31/12/2008	Chg	Chg %
Tangible assets	329.970	319.279	10.691	+3,3%
Non tangible assets	114.542	92.776	21.767	+23,5%
Other fixed assets	15.418	13.860	1.558	+11,2%
<b>Fixed assets</b>	<b>459.930</b>	<b>425.915</b>	<b>34.016</b>	<b>+8,0%</b>
Operating current assets	211.796	281.573	(69.777)	-24,8%
(Operating current liabilities)	(178.075)	(259.641)	81.566	-31,4%
(Operating non current liabilities)	(44.468)	(41.165)	(3.303)	+8,0%
<b>Net working capital</b>	<b>(10.747)</b>	<b>(19.233)</b>	<b>8.485</b>	<b>-44,1%</b>
<b>Total capital employed</b>	<b>449.183</b>	<b>406.682</b>	<b>42.501</b>	<b>+10,5%</b>
<b>Group shareholders equity</b>	<b>367.245</b>	<b>359.108</b>	<b>8.137</b>	<b>+2,3%</b>
<b>Minorities</b>	<b>2.851</b>	<b>2.325</b>	<b>526</b>	<b>+22,6%</b>
<b>Net financial position</b>	<b>79.088</b>	<b>45.249</b>	<b>33.838</b>	<b>+74,8%</b>
<b>Total sources</b>	<b>449.183</b>	<b>406.682</b>	<b>42.501</b>	<b>+10,5%</b>

## Capital employed as of 31st December 2009

	31/12/2009
Tangible assets	329.970
Goodwill	92.225
Other non tangible assets	22.317
Other fixed assets	15.418
<b>Fixed assets</b>	<b>459.930</b>
<b>Net working capital</b>	<b>(10.747)</b>
<b>Total capital employed</b>	<b>449.183</b>
<b>Shareholders equity (*)</b>	<b>370.096</b>
<b>Net financial position</b>	<b>79.088</b>
<b>Total sources</b>	<b>449.183</b>

**Tangible assets:** this voice refers mainly to costs held for the realization of the distribution plants, of the natural gas distribution network, of the connections to the network and to the laying of reduction groups and of gas-meters (about 299 million of Euro). Also are included the costs held for the realization of the buildings of ownership related to the corporate and peripheral offices and stores (about 18 million of Euro).

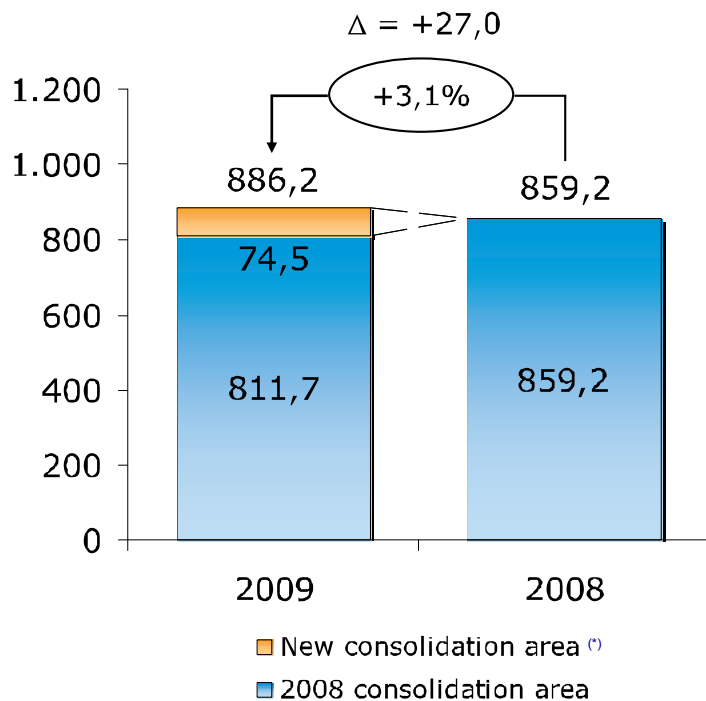
**Goodwill** refers in part to the surplus value created by the contribution of the gas distribution networks by members of local authorities in the period between 1996 and 1999, and in part to the surplus value paid pursuant to the firm acquisition.

Goodwill has been allocated to the **distribution SBU** for about 25 million of Euro and to the **sales SBU** for about 67 million of Euro.

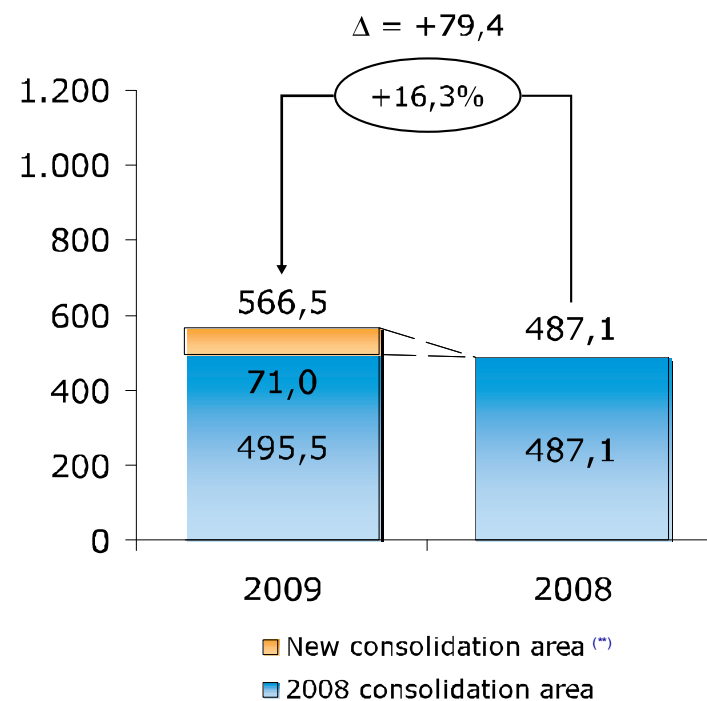
(\*) Minorities = 2,9 million of Euro (0.8%)

# Volumes of gas sold to end customers

## 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 2009 of Edigas Due + 2ndH 2009 of Pasubio Servizi

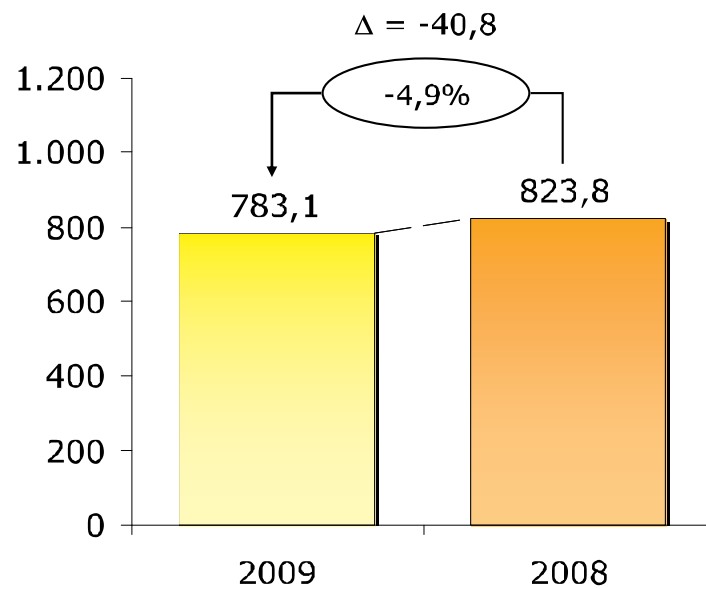
(\*\*) 2009 of Veritas Energia

## Volumes of gas sold on trading and wholesaling activities

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### Volumes of gas sold on trading and wholesaling activities

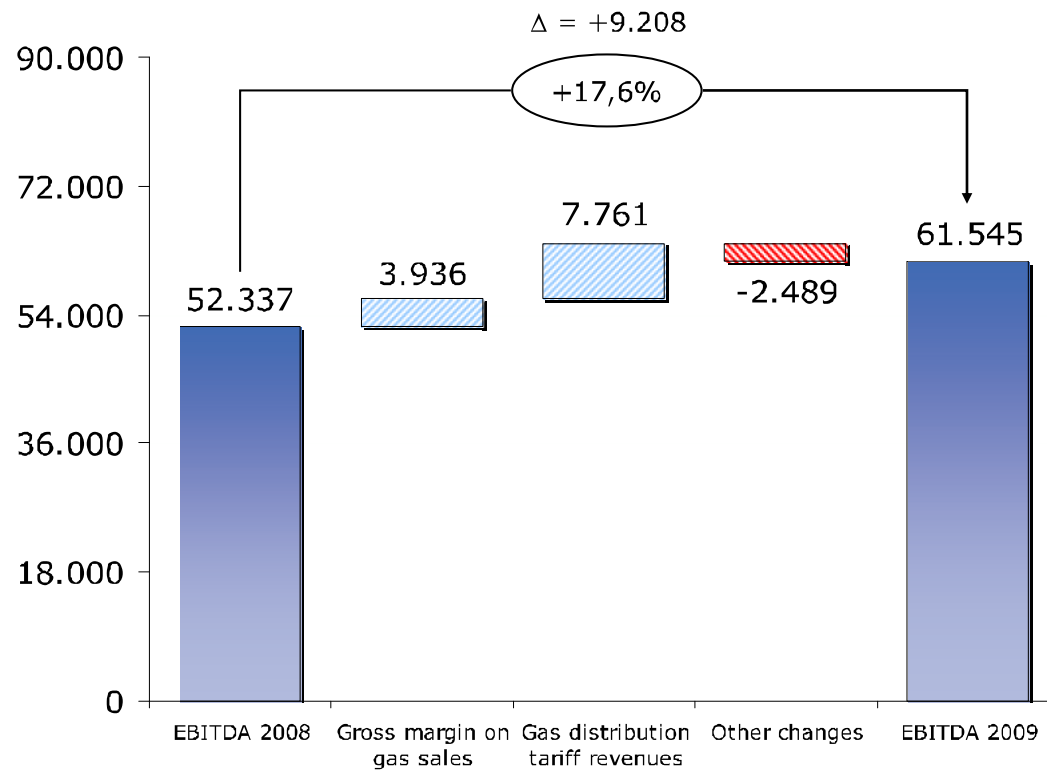
(Million of standard cubic meters)



# EBITDA bridge

## EBITDA bridge

(Thousand of Euro)



### EBITDA bridge:

- /// EBITDA of new consolidation area: +€2,7M
- /// Increase of EBITDA of 2008 consolidation area: +€6,5M

## Gross margin on gas sales

(Thousand of Euro)	2009	2008	Chg	Chg %
Revenues from gas sales to end customers	486.665	475.199	11.465	+2,4%
Revenues from gas trading and wholesaling	214.253	283.917	(69.665)	-24,5%
<b>Revenues from gas sales</b>	<b>700.917</b>	<b>759.117</b>	<b>(58.199)</b>	<b>-7,7%</b>
(Gas purchase costs)	(592.415)	(669.293)	76.878	-11,5%
(Distribution costs)	(76.258)	(61.515)	(14.743)	+24,0%
<b>Gross Margin on Gas Sales</b>	<b>32.244</b>	<b>28.308</b>	<b>3.936</b>	<b>+13,9%</b>

The increase of gross margin on gas sales (+ Euro 3,9 mln) is referable to:

- 1) change of consolidation area\* = + Euro 3,7 mln
- 2) decrease of margin on gas trading and wholesales activities: - Euro 0,2 mln
- 3) decrease of gas volumes sold, decrease of margin on business segment and other changes: + Euro 0,4 mln

(\*) 1stH 2009 of Edigas Due + 2009 of Veritas Energia + 2ndH 2009 of Pasubio Servizi

## Distribution tariff revenues

(Thousand of Euro)	2009	2008	Chg	Chg %
Tariffs applied to sales companies	51.070	46.395	4.675	+10,1%
Equalization amount (+ / -)	3.086	-	3.086	n.a.
<b>Gas distribution tariff revenues</b>	<b>54.156</b>	<b>46.395</b>	<b>7.761</b>	<b>+16,7%</b>

The increase of gas distribution tariff revenues (+ Euro 7,8 mln) is due to:

- 1) change of consolidation area\*: + Euro 2,1 mln
- 2) change of gas distribution tariffs applied to gas sales companies: + Euro 2,6 mln
- 3) equalization amount: + Euro 3,1 mln

(\*) 1stH 2009 of Edigas Esercizio Distribuzione Gas

## Other changes

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### Other changes

#### Net operating costs of new consolidation area\*:

**-€3,2M**

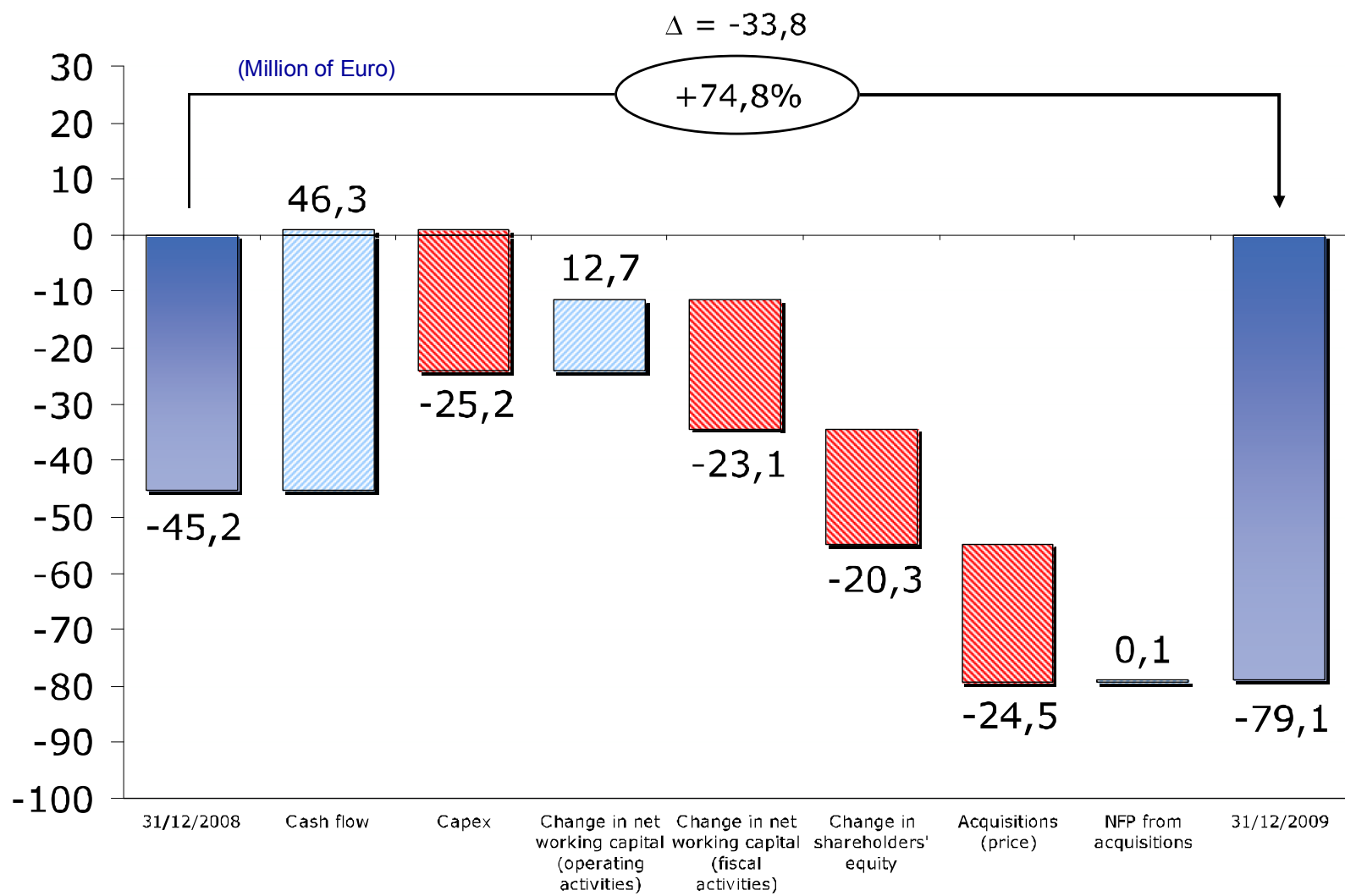
#### Decrease of net operating costs of 2008 consolidation area:

**+€0,7M**, of which:

- decrease of revenues for distribution network connection services: -€1,0M
- increase of personnel cost: -€1,3M
- 9M 2008 Bimetano Servizi goodwill adjustment (extraordinary item): +€1,3M
- decrease of net cost for white certificates: -€0,5M
- decrease of gross margin in heating management business: -€1,0M
- increase of gross margin in electricity sales: +€0,6M
- greater capital gains: +€2,0M
- other changes: +€0,6M

(\*) 1stH 2009 of Edigas Due + 1stH 2009 of Edigas Esercizio Distribuzione Gas + 2009 of Veritas Energia + 2ndH 2009 of Pasubio Servizi

# Net Financial Position



### Financials

#### ❖ **FY 2009 financial results**

#### ❖ **1stQ 2010 financial results**

- 1stQ 2010 income statement ..... Pag. 76
- Balance sheet ..... Pag. 77
- Application of IFRIC 12 ..... Pag. 78

#### ❖ **2006-2009 financial comparison**

## 1stQ 2010 income statement

(Thousand of Euro)	1stQ 2010	1stQ 2009	Chg	Chg %
<b>Revenues</b>	<b>293.668</b>	<b>356.260</b>	<b>(62.592)</b>	<b>-17,6%</b>
(Cost of raw materials and consumables)	(222.194)	(302.874)	80.679	-26,6%
(Cost of services)	(33.531)	(17.588)	(15.944)	+90,7%
(Cost of personnel)	(5.057)	(4.683)	(374)	+8,0%
(Other operating costs)	(1.378)	(2.362)	984	-41,7%
Other operating income	37	2	35	+1783,4%
<b>EBITDA</b>	<b>31.544</b>	<b>28.755</b>	<b>2.789</b>	<b>+9,7%</b>
(Depreciations and amortizations)	(4.134)	(3.816)	(318)	+8,3%
(Provisions)	(1.306)	(994)	(312)	+31,4%
<b>EBIT</b>	<b>26.104</b>	<b>23.945</b>	<b>2.160</b>	<b>+9,0%</b>
Financial income / (expenses)	(299)	(2.295)	1.997	-87,0%
Evaluation of companies with net assets method	(1.516)	(1.404)	(112)	+8,0%
<b>EBT</b>	<b>24.289</b>	<b>20.245</b>	<b>4.044</b>	<b>+20,0%</b>
(Income taxes)	(9.532)	(7.874)	(1.658)	+21,1%
(Net income of minorities)	(789)	(396)	(393)	+99,3%
<b>Net income of the Group</b>	<b>13.969</b>	<b>11.976</b>	<b>1.993</b>	<b>+16,6%</b>

## Balance sheet

(Thousand of Euro)	31/03/2010	31/12/2009	Chg	Chg %
Tangible assets <sup>(*)</sup>	32.932	31.431	1.501	+4,8%
Non tangible assets <sup>(*)</sup>	414.050	413.081	968	+0,2%
Other fixed assets	15.523	15.418	104	+0,7%
<b>Fixed assets</b>	<b>462.505</b>	<b>459.930</b>	<b>2.574</b>	<b>+0,6%</b>
Operating current assets	356.614	211.796	144.818	+68,4%
(Operating current liabilities)	(282.848)	(178.075)	(104.772)	+58,8%
(Operating non current liabilities)	(45.852)	(44.468)	(1.384)	+3,1%
<b>Net working capital</b>	<b>27.914</b>	<b>(10.747)</b>	<b>38.661</b>	<b>-359,7%</b>
<b>Total capital employed</b>	<b>490.419</b>	<b>449.183</b>	<b>41.235</b>	<b>+9,2%</b>
<b>Group shareholders equity</b>	<b>380.733</b>	<b>367.245</b>	<b>13.488</b>	<b>+3,7%</b>
<b>Minorities</b>	<b>3.641</b>	<b>2.851</b>	<b>789</b>	<b>+27,7%</b>
<b>Net financial position</b>	<b>106.046</b>	<b>79.088</b>	<b>26.958</b>	<b>+34,1%</b>
<b>Total sources</b>	<b>490.419</b>	<b>449.183</b>	<b>41.235</b>	<b>+9,2%</b>

<sup>(\*)</sup> Applying IFRIC 12 involves categorising the infrastructures under concession from tangible assets to intangible assets

## Application of IFRIC 12 (1)

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With effect from the interim report at 31st March 2010, the Ascopiave Group has published its accounts applying **IFRIC 12**, the International Accounting Standards Board interpretation governing the method of accounting for and measuring service concession arrangements.

IFRIC 12 (“Service Concession Arrangements”), adopted by the European Union in March 2009 with regulation No. 254/2009, is in fact **applicable on 1st January 2010**.

IFRIC 12 establishes that the operator shall not recognise the infrastructure, which will be relinquished, as a tangible asset because the contractual service arrangement does not convey the right to “control” the infrastructure, but only the **right to use** it to provide the public service in accordance with the terms specified in the contract with the grantor.

This right may be classified as a financial asset or as an intangible asset, depending on whether there is an unconditional contractual right to receive a consideration regardless of effective use of the infrastructure (i.e. in the case of guaranteed minimum revenues), or a right to charge for the use of the public service (i.e. the cases of concessions).

## Application of IFRIC 12 (2)

### Effects of IFRIC 12 interpretation on Ascopiave Group balance sheet

The application of IFRIC 12 interpretation has determined for the Ascopiave Group a reclassification of the net accounting value of the assets in the **balance sheet as of 31 December 2009** (equals to 294,7 million of Euro) from tangible to intangible assets, as following illustrated.

	31/03/2010	31/12/2009	31/12/2009
Tangible assets	32.932	31.431	329.970
Non tangible assets	414.050	413.081	114.542
Other fixed assets	15.523	15.418	15.418
<b>Fixed assets</b>	<b>462.505</b>	<b>459.930</b>	<b>459.930</b>

### Effects of IFRIC 12 interpretation on Ascopiave Group income statement

The application of IFRIC 12 interpretation didn't cause any effect on the **1stQ 2010 income statement** of the Ascopiave Group because: (i) the revenues related to the construction and empowerment of the infrastructure are surveyed following the concerning costs; (ii) the process of amortization of the activities concerning the agreements for services under concession remained the same and continues to be applied considering the expected modalities of achievement of the economic benefits coming from the use and the residual value of the infrastructure, as previewed by the reference normative framework.

### Financials

#### ❖ FY 2009 financial results

#### ❖ 1stQ 2010 financial results

#### ❖ 2006-2009 financial comparison

→ 2006-2009 income statement .....	Pag. 81
→ Balance sheet .....	Pag. 82
→ 2006-2009 EBITDA break-down by Strategic Business Unit .....	Pag. 83
→ Main financial ratios .....	Pag. 84
→ Financial leverage comparison .....	Pag. 85
→ Change of net financial position .....	Pag. 86
→ Plan for the sale and purchase of own shares .....	Pag. 88

## 2006-2009 income statement

(Thousand of Euro)	2009	2008	2007	2006	cagr 06-09
<b>Revenues</b>	<b>764.151</b>	<b>824.672</b>	<b>451.871</b>	<b>318.105</b>	<b>33,9%</b>
(Cost of raw materials and consumables)	(617.384)	(703.872)	(368.052)	(245.935)	35,9%
(Cost of services)	(58.888)	(43.377)	(22.984)	(10.115)	79,9%
(Cost of personnel)	(18.377)	(15.494)	(12.091)	(10.878)	19,1%
(Other operating costs)	(9.934)	(9.873)	(6.553)	(10.193)	-0,9%
Other operating income	1.976	280	4.315	127	150,0%
<b>EBITDA</b>	<b>61.545</b>	<b>52.337</b>	<b>46.507</b>	<b>41.109</b>	<b>14,4%</b>
(Depreciations and amortizations)	(16.283)	(14.071)	(11.816)	(11.255)	13,1%
(Provisions)	(4.174)	(3.880)	(831)	(705)	80,9%
<b>EBIT</b>	<b>41.088</b>	<b>34.386</b>	<b>33.860</b>	<b>29.150</b>	<b>12,1%</b>
Financial income / (expenses)	(1.325)	(4.681)	938	(1.864)	-10,8%
Evaluation of companies with net assets method	468	(327)	-	-	n.a.
<b>EBT</b>	<b>40.231</b>	<b>29.378</b>	<b>34.798</b>	<b>27.286</b>	<b>13,8%</b>
(Income taxes)	(14.340)	(10.588)	(12.673)	(11.047)	9,1%
(Net income of minorities)	(603)	(337)	(361)	143	-261,7%
<b>Net income of the Group</b>	<b>25.288</b>	<b>18.452</b>	<b>21.764</b>	<b>16.381</b>	<b>15,6%</b>

## Balance sheet

(Thousand of Euro)	31/12/2009*	31/12/2008	31/12/2007	31/12/2006	cagr 06-09
Tangible assets	329.970	319.279	288.471	273.772	6,4%
Non tangible assets	114.542	92.776	81.164	23.524	69,5%
Other fixed assets	15.418	13.860	13.477	15.540	-0,3%
<b>Fixed assets</b>	<b>459.930</b>	<b>425.915</b>	<b>383.112</b>	<b>312.836</b>	<b>13,7%</b>
Operating current assets	211.796	281.573	307.554	108.833	24,8%
(Operating current liabilities)	(178.075)	(259.641)	(183.970)	(116.770)	15,1%
(Operating non current liabilities)	(44.468)	(41.165)	(28.798)	(23.538)	23,6%
<b>Net working capital</b>	<b>(10.747)</b>	<b>(19.233)</b>	<b>94.786</b>	<b>(31.476)</b>	<b>-30,1%</b>
<b>Total capital employed</b>	<b>449.183</b>	<b>406.682</b>	<b>477.897</b>	<b>281.360</b>	<b>16,9%</b>
<b>Group shareholders equity</b>	<b>367.245</b>	<b>359.108</b>	<b>368.782</b>	<b>368.511</b>	<b>-0,1%</b>
<b>Minorities</b>	<b>2.851</b>	<b>2.325</b>	<b>2.285</b>	<b>391</b>	<b>93,9%</b>
<b>Net financial position</b>	<b>79.088</b>	<b>45.249</b>	<b>106.830</b>	<b>(87.541)</b>	<b>-196,7%</b>
<b>Total sources</b>	<b>449.183</b>	<b>406.682</b>	<b>477.897</b>	<b>281.360</b>	<b>16,9%</b>

\* Data are represented not considering the application of IFRIC 12

## 2006-2009 EBITDA break-down by Strategic Business Unit

(Million of Euro)

	INCOME STATEMENT	Group	Distribution SBU	%	Sales SBU	%
2009	<b>Revenues</b>	<b>764,2</b>	<b>77,2</b>		<b>763,5</b>	
	(Gas purchase costs)	(581,5)	(0,0)		(592,4)	
	(Other operating costs)	(121,1)	(35,6)		(151,1)	
	<b>EBITDA</b>	<b>61,5</b>	<b>41,6</b>	<b>67,6%</b>	<b>19,9</b>	<b>32,4%</b>
2008	<b>Revenues</b>	<b>824,7</b>	<b>72,6</b>		<b>811,9</b>	
	(Gas purchase costs)	(668,2)	0,0		(669,3)	
	(Other operating costs)	(104,1)	(35,0)		(127,8)	
	<b>EBITDA</b>	<b>52,3</b>	<b>37,6</b>	<b>71,8%</b>	<b>14,8</b>	<b>28,2%</b>
2007	<b>Revenues</b>	<b>451,9</b>	<b>74,9</b>		<b>423,4</b>	
	(Gas purchase costs)	(351,3)	(10,4)		(342,5)	
	(Other operating costs)	(54,1)	(29,0)		(70,0)	
	<b>EBITDA</b>	<b>46,5</b>	<b>35,5</b>	<b>76,4%</b>	<b>11,0</b>	<b>23,6%</b>
2006	<b>Revenues</b>	<b>318,1</b>	<b>65,3</b>		<b>300,4</b>	
	(Gas purchase costs)	(232,7)	0,0		(232,7)	
	(Other operating costs)	(44,3)	(25,5)		(66,4)	
	<b>EBITDA</b>	<b>41,1</b>	<b>39,9</b>	<b>97,0%</b>	<b>1,2</b>	<b>3,0%</b>

## Main financial ratios

### Ascopiave Group main financial ratios

FINANCIAL RATIOS	2009	2008	2007	2006	AVG 06-09
Capital turnover	1,7	2,0	0,9	1,1	1,5
Return on sales	5,4%	4,2%	7,5%	9,2%	6,6%
<b>Return on investment (ROI)</b>	<b>9,1%</b>	<b>8,5%</b>	<b>7,1%</b>	<b>10,4%</b>	<b>8,8%</b>
Financial leverage (D/E)	0,21	0,13	0,29	-0,24	n.a.
Return on Equity (ROE)	6,8%	5,1%	5,9%	4,4%	5,6%



Average Return on Investment (**8.8% 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 leverage comparison

FINANCIAL RATIOS (*)	LOCAL UTILITIES (**) (Average data)	ASCOPIAVE	VAR.
Financial leverage	1,30	0,22	-1,07
D/D+E	55,9%	18,3%	-37,6%
E/D+E	44,1%	81,7%	37,6%



Ascopiave financial leverage (**0.22**) is lower than those of the Italian listed competitors (avg: 1.30).

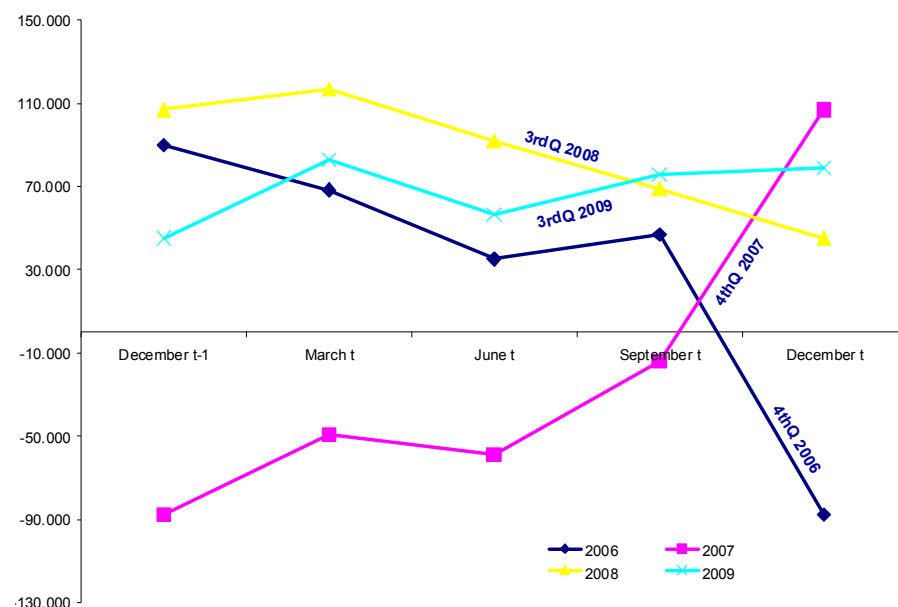
The low indebtedness level is a positive result in the light of a macroeconomic scenario that makes access to credit a real challenge, which therefore strengthens the Group's economic and financial soundness and enables it to reap the opportunity of carrying out potential extraordinary transactions in 2010.

(\*) Local utilities financial leverage is calculated considering market capitalization on 30th December 2009 and net financial position on 30th September 2009; Ascopiave financial leverage is calculated considering market capitalization and net financial position on 30th December 2009; (\*\*) Local utilities are: A2A, Hera, Acea, Iride, Acegas-APS, ACSM-AGAM and Enia.

## Change of net financial position (1)

Gas consumption depends on the seasons, with a higher demand for the winter period (January–March). The seasonability of the activity affects the trend of the net financial position, because the revenues cycle are not aligned with the costs cycle based on the fact that real consumptions by the household customers are subject to billing balance subsequently to payment of cost for gas provisioning. Therefore, the fluctuations of net financial position inside every year are determined by the evolution of net working capital.

The following graph show the evolution of Ascopiave Group net financial position from december 2005 to december 2009. In this representation the fluctuations are determined, over that from evolution of net working capital, by **some extraordinary variation**, following described.



**4th Q 2006:** increase in capital due to listing in Milan Stock Exchange

**4th Q 2007:** cash requirements linked to acquisition of shares of Estenergy, ASM DG and ASM Set and to extraordinary effects on working capital (storage campaign, billing delay and VAT and gas consumption tax regimes)

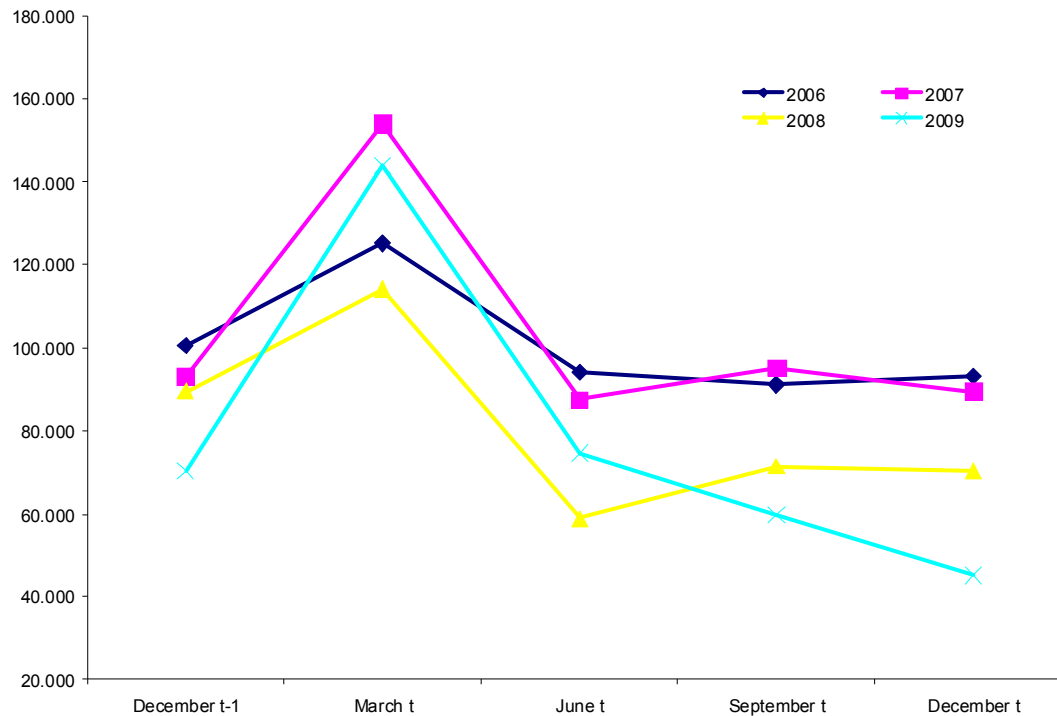
**3rd Q 2008:** cash requirements linked to acquisition of shares of Edigas DG and Edigas Due

**3rd Q 2009:** cash requirements linked to acquisition of shares of Veritas Energia and Pasubio Servizi

Note: actual Ascopiave average short term interest rates: Euribor rate 1M + spread (0.30-0.42)

## Change of net financial position (2)

Considering only the companies belonging to the historical area (Ascopiave and Ascotrade) and normalizing the net financial position hypothesizing that (1) Ascopiave has not been listed on Milan Stock Exchange, (2) that it has not make investment in company acquisitions, (3) that it has not distributed dividends and (4) not considering extraordinary change in net working capital (storage campaign, billing delay and VAT and gas consumption tax regimes), the evolution of net financial position is enough similar in the last four years. Thus is visible that **the trends of net financial position inside every year are determined by evolution of net working capital** due to the business particularity.



## Plan for the sale and purchase of own shares

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The new plan for the sale and purchase of own shares has been authorized by shareholders' meeting as of 28th April 2010.

The decision to approve a new plan was due to the need to immediately taking advantage of the opportunity introduced by Legislative Decree No. 5 of 10th February 2009 to **extend the maximum limit of treasury shares that can be purchased by the company from 10% to 20% of its share capital.**

### **OBJECTIVES OF THE PLAN**

The aim of the Plan is to provide the Company with a valid instrument that will allow it to purchase own shares in order to use them to conduct investment operations coherent with Company strategy, also through share swap, exchange, underwriting, transfer, or any other act of disposal of treasury shares for the acquisition of shareholdings or stakes or for other capital transactions that involve the allocation or disposal of own shares.

The plan will pursue, inter alia, the following objectives: (i) take action, in compliance with prevailing law, to regulate the performance of the trading and runs, against events that could lead to excess volatility or limited liquidity of the trades; (ii) offer shareholders an additional instrument for monetising their investment (iii) purchase own shares to be used, if required, for any share-based incentive plans reserved for directors and/or employees and/or people who work for the Company or its subsidiaries or parent company.

The unit cost for the purchase of shares shall be determined on each separate occasion by the Board of Directors, being understood that **the price cannot be neither superior nor inferior to 10% of the reference price** recorded by the company stock on the Stock Exchange on the session before every single purchase transaction.

At 30<sup>th</sup> June 2010 own shares amount to 3.535% of the company shareholding capital.

### **Sinergie Italiane**

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→ Balance sheet .....	Pag. 91
→ Gas sourcing and usage .....	Pag. 92
→ Net financial position .....	Pag. 93
→ Guarantees .....	Pag. 95
→ Financial and non-financial risks .....	Pag. 96

## Income statement

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Sinergie Italiane started its operations on 1st October 2008 and closed his first balance on 30th September 2009. The company opted for an accounting period coinciding with the thermal year, consistently with the common activities of natural gas business.

(Thousand of Euro)	9M 2009	%
Net sales	1.100.824	100,0%
Cost of sales	(1.087.632)	-98,8%
<b>Gross profit</b>	<b>13.192</b>	<b>1,2%</b>
Operating expenses	(2.240)	-0,2%
<b>EBITDA</b>	<b>10.952</b>	<b>1,0%</b>
(Depreciations and amortizations)	(19)	0,0%
<b>EBIT</b>	<b>10.933</b>	<b>1,0%</b>
Financial income / (expenses)	(5.307)	-0,5%
<b>EBT</b>	<b>5.626</b>	<b>0,5%</b>
(Income taxes)	(2.444)	-0,2%
<b>Net income</b>	<b>3.182</b>	<b>0,3%</b>

**Revenues**, accounting 1.1 billions of Euro are related to gas sales for almost 3 billions of cubic meters, while the **costs** (cost of sales and operating expenses) derives from purchases, transportation and storage costs of gas in Italy and abroad.

**Net financial charges** accounts to 5.3 millions of Euro, deriving to the high level of debt necessary to cover the working capital and caused by a significant increase of credit spread on financial markets during first nine month of 2009.

In Ascopiave Group financial statements, Sinergie Italiane is consolidated with the shareholders' equity method.

## Balance sheet

(Thousand of Euro)	30/09/2009
<b>Fixed capital</b>	<b>75</b>
<b>Other non current assets and liabilities</b>	<b>676</b>
(Risk liabilities)	(499)
Other current assets and liabilities	9.962
Account receivables/(payables)	10.854
Ending inventory	185.369
<b>Net working capital</b>	<b>205.686</b>
<b>Total capital employed</b>	<b>206.437</b>
<b>Shareholders equity</b>	<b>5.182</b>
Bank debts (cash)	198.867
Other current financial liabilities/(assets)	2.388
<b>Net financial position</b>	<b>201.255</b>
<b>Total sources</b>	<b>206.437</b>

The reclassified balance sheet, in terms of “sources” and “uses” of cash, show a **negative net financial position** for 201,3 million of Euro as of 30th September 2009. The financial exposure is binded mainly to need to finance, through short-term indebtteness, the net working capital of the company, that is equal to 205,7 million of Euro.

As it’s clearly deduced by the prospectus, the net working capital results mainly constituted by **gas stocked** following up gas purchase in the summer period.

## Gas sourcing and usage

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During the thermal year 2008/2009 Sinergie Italiane totally sold approximately **3.6 billions of cubic meters of natural gas**, of which **0.2 bcm** relating to trading activities towards other shipping companies (at PSV, Italian boarder or other European hubs), while the others **3.4 bcm** has been delivered to sales companies or directly to final customers at city gates.

The balance of sourcing and usage of Sinergie Italiane for the thermal year 2008/2009 is represented in the following chart:

(Cm/mln)	TY 2008-2009
Purchases for shipping activities	3.241,2
Purchases at city gate	452,7
Withdrawal (injection) from stock	(75,1)
<b>Total sources</b>	<b>3.618,8</b>
Gas sold in shipping activities	3.153,2
Gas purchased and sold at city gate	452,7
Not measured and fuel gas	12,9
<b>Total usage</b>	<b>3.618,8</b>

The final storage, arrived at an almost full saturation of available capacity at 30th September 2009, will be sold during the winter 2009/2010.

## Net financial position (1)

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The reclassified balance sheet as of 30th September 2009, illustrated in a previous slide, show a **financial indebtness** of 201.3 million of Euro (97.5% of total capital employed).

The financial dynamic of Sinergie Italiane has been characterized by the need to face toward an elevated financial requirement, in start-up phase of activity, connect to purchase of gas in storage in a particularly criticism situation of financial markets. Infact, the crisis of financial market, with a consequent lack of liquidity of banking institutes, has make necessary the financial support by shareholders, that make concreted in various forms:

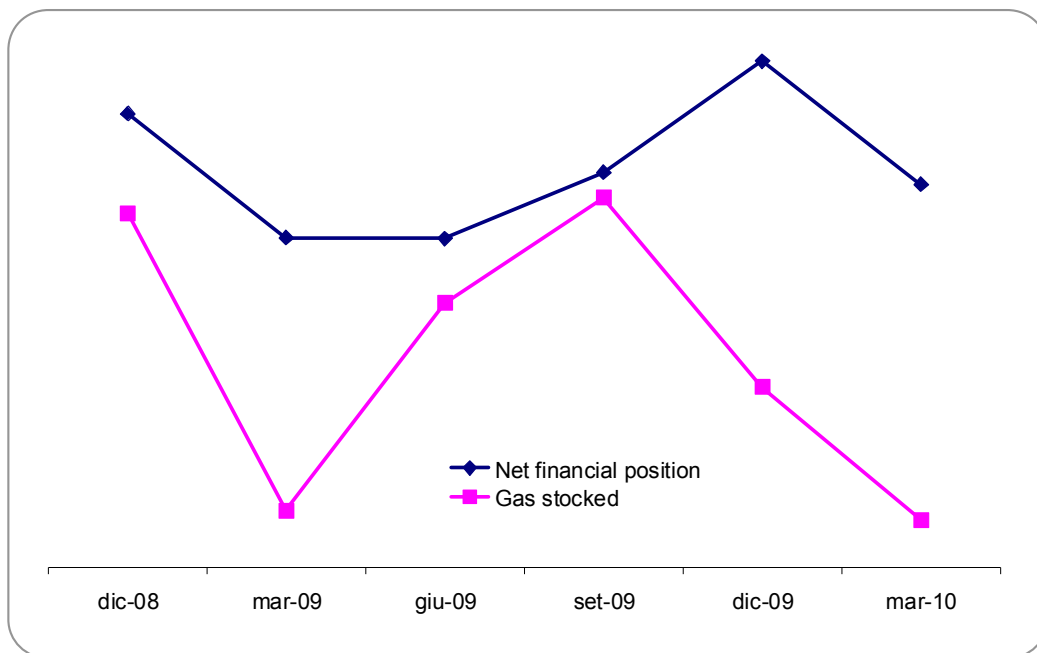
- /// guarantee gived by shareholders to forehead credit authorizations released by the companies and, in some cases, through direct financing
- /// advance of billing times towards shareholders commercial companies
- /// advanced cash-in of sales invoices respect to their natural expiry data through factoring and similar operations

The company has made resort to short-term financing, over that for start-up phase, also subsequently to face toward requirements generated by the current management cycle, deriving to lag between average cash-in times and average payment times to suppliers. At the end of exercise, the company financial requirement was mainly generated by the gas stock acquisition taked place in the summer period.

As of 30th September 2009, accorded credit line results not completely used and thus **there is not a liquidity risk** also following the lended, if necessary, of suitable guarantee by shareholders.

All of this find comparison in situation of net financial indebtness of the company.

## Net financial position (2)



The financial exposure is binded mainly to need to finance the net working capital of the company, that results mainly constituted by gas stocked following up gas purchase in the summer period.

Therefore net financial position and gas stocked (ending inventory) have similar trends, as illustrated in the graph.

## Guarantees

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**Capital commitments**, equals to 116.3 million of Euro, refers mainly to:

- ⚡ guarantees given in favour of Stogit to warranty for strategic storage and modulation service contract (8.5 million of Euro)
- ⚡ guarantees given in favour of Eni, Snam Rete Gas (29.6 million of Euro) and Trans Austria Gasleitung (6.0 million of Euro) to warranty for subscribed contracts for gas transportation
- ⚡ guarantees given in favour of Bp Italia (15.0 million of Euro) and Shell Italia (3.5 million of Euro) to warranty for gas supply contracts
- ⚡ letters of credit released to Gazprom Export (48.7 million of Euro) to warranty for gas supply contracts
- ⚡ fair value of extant swap contracts, not expired, as of 30th September 2009 (1.9 million of Euro), estimated by internal valuation models

The guarantees on credit lines and on gas purchase contracts released by **Ascopiave** in favour of Sinergie Italiane as of **31th December 2009** amount to **164.4 million of Euro**.

## Financial and non-financial risks

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### Financial risks

Sinergie Italiane is exposed to risks linked to disalignment between indicization formulas relative to gas purchasing and those relative to gas selling, above all because of high volatility of oil-bearing commodities and of the associated change in a more and more competitive energetic market.

In such a contexts can verified exposure to commodities risk for which it is not possible to guarantee an ex-ante safeguard of consolidated gross margin.

With the aim to limit company risk exposure to price trend on reference energetic markets and, therefore, with the only purpose of covering and not for speculative aim, within of company covering politics is allowed the use of derived instruments on commodities and change.

For the stipulation of such covering contracts, the company exclusively recur to high and recognized profile counter-parties, with low credit risk, of elevated international standing and that offers competitive conditions for carrying-out requested service.

For the risk management, Sinergie Italiane has extant a proper “Risk policies for management and control of energetical risk” that foresee the explicitation of strategic guidelines, of organizational / managerial principles and of macro processes necessary to active management of main sources of energetical risk.

### Non-financial risks

Sinergie Italiane don't have credit risk from gas sale, beeing an activity almost totally make in favour of shareholders and of their controlled companies.

The company has 7 employees and therefore is subjected to risks in matter of health and safety at work.

The company perform his activity with respect of disposition in matter of environment protection.

### Dividends and share performance

- Dividend policy ..... Pag. 98
- FTSE indexes performance ..... Pag. 99
- Ascopiave share performance ..... Pag. 100

## Dividend policy

### Dividends payment sustainable with high return to shareholders

#### Sustainability of the dividend policy:

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

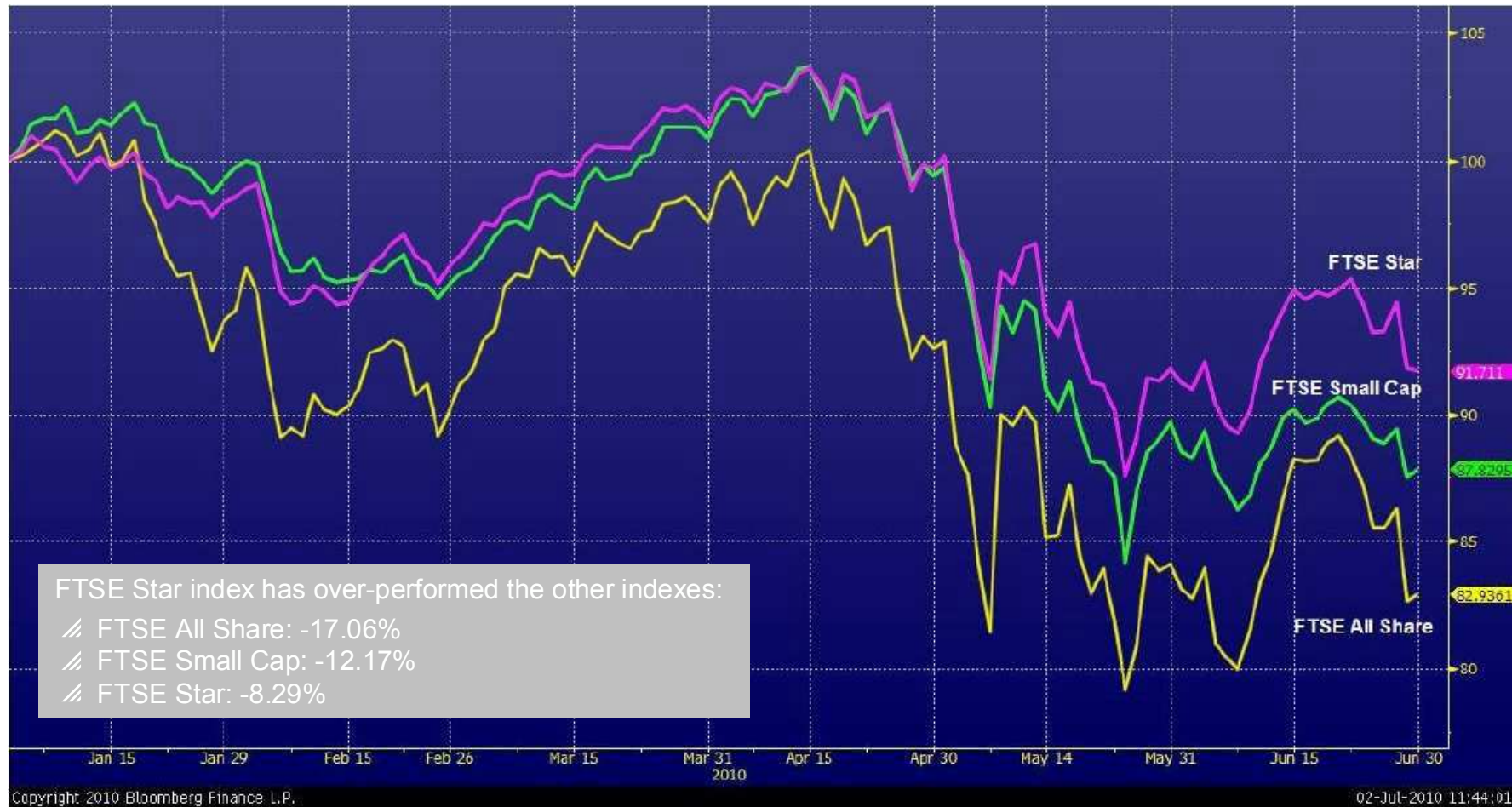
#### Dividend yield at the top of the listed Italian utilities companies

DIVIDENDS	2009	2008	2007	2006	AVG 06-09
Dividends paid (Thousand of Euro)	21.097	19.925	19.898	19.833	20.188
Group Net Income (Thousand of Euro)	25.288	18.452	21.764	16.381	20.471
Payout ratio	83%	108%	91%	121%	101%
Dividends per share (Euro)	0,090	0,085	0,085	0,085	0,086
Dividend yield on detachment date		5,6%	5,6%	4,2%	5,3%
Dividend yield on official price (*)	5,7%				
Dividend yield on placement price	5,0%				

(\*) Official price at 13th July 2010

# FTSE indexes performance

## FTSE indexes performance from 4th January 2010 to 30th June 2010



# Ascopiave share performance

## Ascopiave Share performance from 4th January 2010 to 30th June 2010



### Annexes

#### ❖ 1stQ 2010 financial results

→ 1stQ 2010 income statement .....	Pag. 102
→ Balance sheet .....	Pag. 103
→ Volumes of gas sold to end customers .....	Pag. 104
→ Volumes of gas sold on trading and wholesaling activities .....	Pag. 105
→ EBITDA bridge .....	Pag. 106
→ Gross margin on gas sales .....	Pag. 107
→ Distribution tariff revenues .....	Pag. 108
→ Other changes .....	Pag. 109
→ Net financial position .....	Pag. 110

## 1stQ 2010 income statement

(Thousand of Euro)	1stQ 2010	1stQ 2009	Chg	Chg %
<b>Revenues</b>	<b>293.668</b>	<b>356.260</b>	<b>(62.592)</b>	<b>-17,6%</b>
(Cost of raw materials and consumables)	(222.194)	(302.874)	80.679	-26,6%
(Cost of services)	(33.531)	(17.588)	(15.944)	+90,7%
(Cost of personnel)	(5.057)	(4.683)	(374)	+8,0%
(Other operating costs)	(1.378)	(2.362)	984	-41,7%
Other operating income	37	2	35	+1783,4%
<b>EBITDA</b>	<b>31.544</b>	<b>28.755</b>	<b>2.789</b>	<b>+9,7%</b>
(Depreciations and amortizations)	(4.134)	(3.816)	(318)	+8,3%
(Provisions)	(1.306)	(994)	(312)	+31,4%
<b>EBIT</b>	<b>26.104</b>	<b>23.945</b>	<b>2.160</b>	<b>+9,0%</b>
Financial income / (expenses)	(299)	(2.295)	1.997	-87,0%
Evaluation of companies with net assets method	(1.516)	(1.404)	(112)	+8,0%
<b>EBT</b>	<b>24.289</b>	<b>20.245</b>	<b>4.044</b>	<b>+20,0%</b>
(Income taxes)	(9.532)	(7.874)	(1.658)	+21,1%
(Net income of minorities)	(789)	(396)	(393)	+99,3%
<b>Net income of the Group</b>	<b>13.969</b>	<b>11.976</b>	<b>1.993</b>	<b>+16,6%</b>

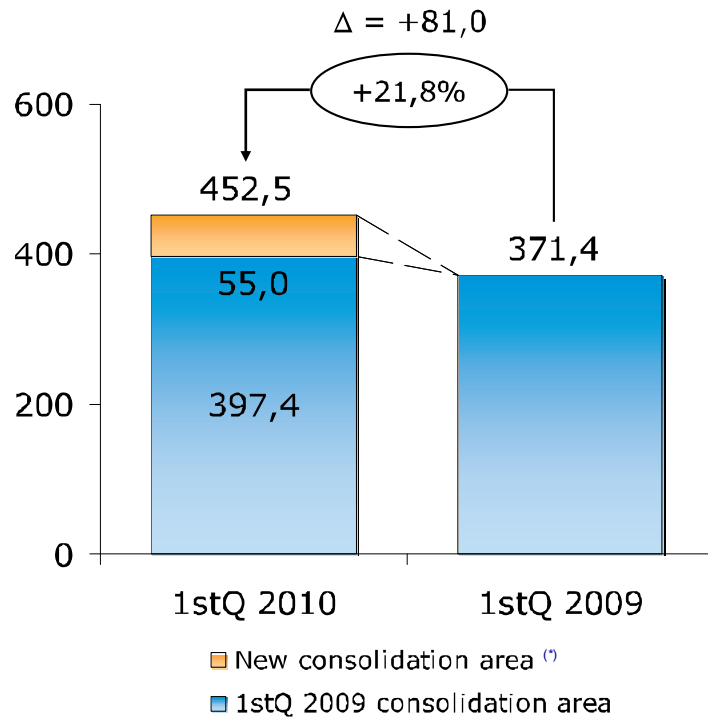
## Balance sheet

(Thousand of Euro)	31/03/2010	31/12/2009	Chg	Chg %
Tangible assets	32.932	31.431	1.501	+4,8%
Non tangible assets <sup>(*)</sup>	414.050	413.081	968	+0,2%
Other fixed assets <sup>(*)</sup>	15.523	15.418	104	+0,7%
<b>Fixed assets</b>	<b>462.505</b>	<b>459.930</b>	<b>2.574</b>	<b>+0,6%</b>
Operating current assets	356.614	211.796	144.818	+68,4%
(Operating current liabilities)	(282.848)	(178.075)	(104.772)	+58,8%
(Operating non current liabilities)	(45.852)	(44.468)	(1.384)	+3,1%
<b>Net working capital</b>	<b>27.914</b>	<b>(10.747)</b>	<b>38.661</b>	<b>-359,7%</b>
<b>Total capital employed</b>	<b>490.419</b>	<b>449.183</b>	<b>41.235</b>	<b>+9,2%</b>
<b>Group shareholders equity</b>	<b>380.733</b>	<b>367.245</b>	<b>13.488</b>	<b>+3,7%</b>
<b>Minorities</b>	<b>3.641</b>	<b>2.851</b>	<b>789</b>	<b>+27,7%</b>
<b>Net financial position</b>	<b>106.046</b>	<b>79.088</b>	<b>26.958</b>	<b>+34,1%</b>
<b>Total sources</b>	<b>490.419</b>	<b>449.183</b>	<b>41.235</b>	<b>+9,2%</b>

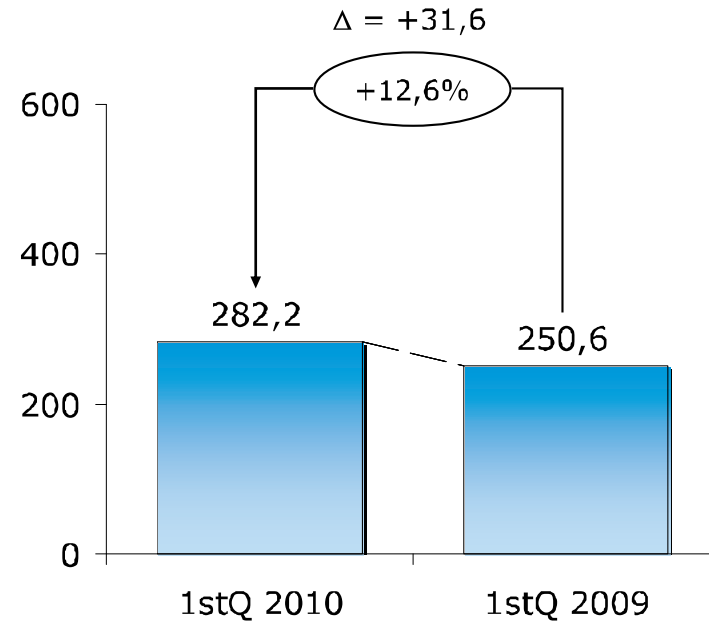
<sup>(\*)</sup> Applying IFRIC 12 involves categorising the infrastructures under concession from tangible assets to intangible assets

# Volumes of gas sold to end customers

## 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%**

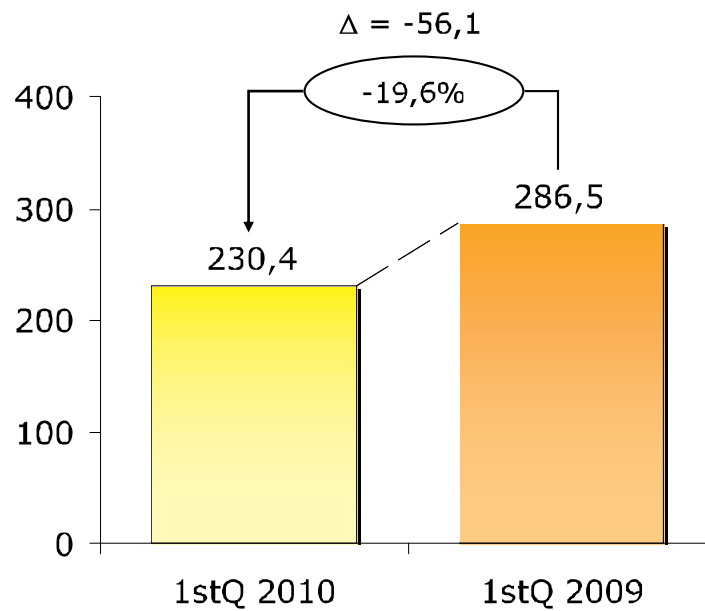
(\*) Pasubio Servizi

## Volumes of gas sold on trading and wholesaling activities

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### Volumes of gas sold on trading and wholesaling activities

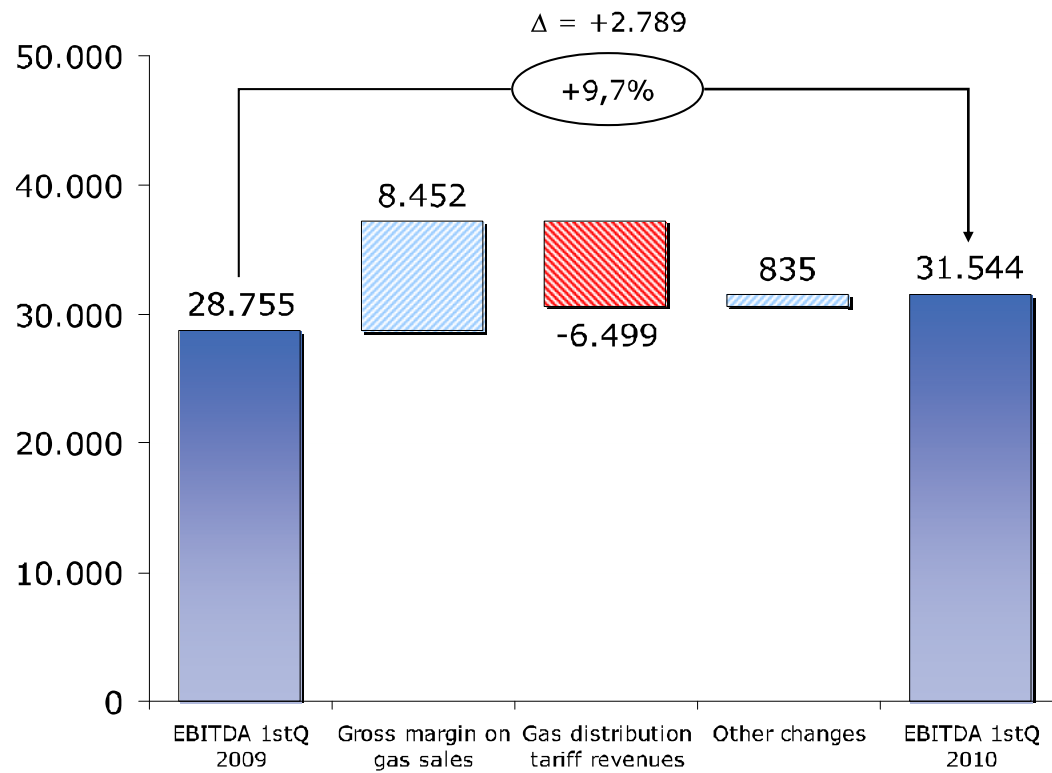
(Million of standard cubic meters)



# EBITDA bridge

## EBITDA bridge

(Thousand of Euro)



### EBITDA bridge:

- EBITDA of new consolidation area: +€1,8M
- Increase of EBITDA of 1stQ 2009 consolidation area: +€1,0M

## Gross margin on gas sales

(Thousand of Euro)	1stQ 2010	1stQ 2009	Chg	Chg %
Revenues from gas sales to end customers	224.879	244.301	(19.422)	-8,0%
Revenues from gas trading and wholesaling	53.765	92.573	(38.808)	-41,9%
<b>Revenues from gas sales</b>	<b>278.644</b>	<b>336.874</b>	<b>(58.230)</b>	<b>-17,3%</b>
(Gas purchase costs)	(210.912)	(292.053)	81.141	-27,8%
(Distribution costs)	(43.916)	(29.458)	(14.458)	+49,1%
<b>Gross Margin on Gas Sales</b>	<b>23.816</b>	<b>15.363</b>	<b>8.452</b>	<b>+55,0%</b>

The increase of gross margin on gas sales (+ Euro 8,5 mln) is referable to:

- 1) change of consolidation area\* = + Euro 2,2 mln
- 2) increase of gross margin on gas sales to end customers of 1stQ 2009 consolidation area: + Euro 5,7 mln
- 3) increase of margin on gas trading and wholesales activities: + Euro 0,6 mln

(\*) 1stQ 2010 of Pasubio Servizi

## Distribution tariff revenues

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(Thousand of Euro)	1stQ 2010	1stQ 2009	Chg	Chg %
Tariffs applied to sales companies	23.331	21.241	2.090	+9,8%
(Contribution to national funds)	-	(354)	354	-100,0%
Equalization amount (+ / -)	(8.943)	-	(8.943)	n.a.
<b>Gas distribution tariff revenues</b>	<b>14.388</b>	<b>20.887</b>	<b>(6.499)</b>	<b>-31,1%</b>

The decrease of gas distribution tariff revenues (- Euro 6,5 mln) is due to:

- 1) change of gas distribution tariffs applied to gas sales companies: + Euro 2,1 mln
- 2) decrease of contribution to national funds: + Euro 0,4 mln
- 3) equalization amount: - Euro 8,9 mln

## Other changes

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### Other changes

#### Net operating costs of new consolidation area\*:

**-€0,4M**

#### Decrease of net operating costs of 1stQ 2009 consolidation area:

**+€1,2M**, of which:

- decrease of revenues for distribution network connection services: +€0,1M
- increase of personnel cost: -€0,2M
- 49% of 1stQ 2009 Veritas Energia net operating cost: +€0,3M
- increase of gross margin in electricity sales: +€0,1M
- other changes: +€0,9M

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(\*) 1stQ 2010 of Pasubio Servizi

# Net Financial Position

