



## **STAR CONFERENCE**

**London, October 2<sup>nd</sup> 2014**

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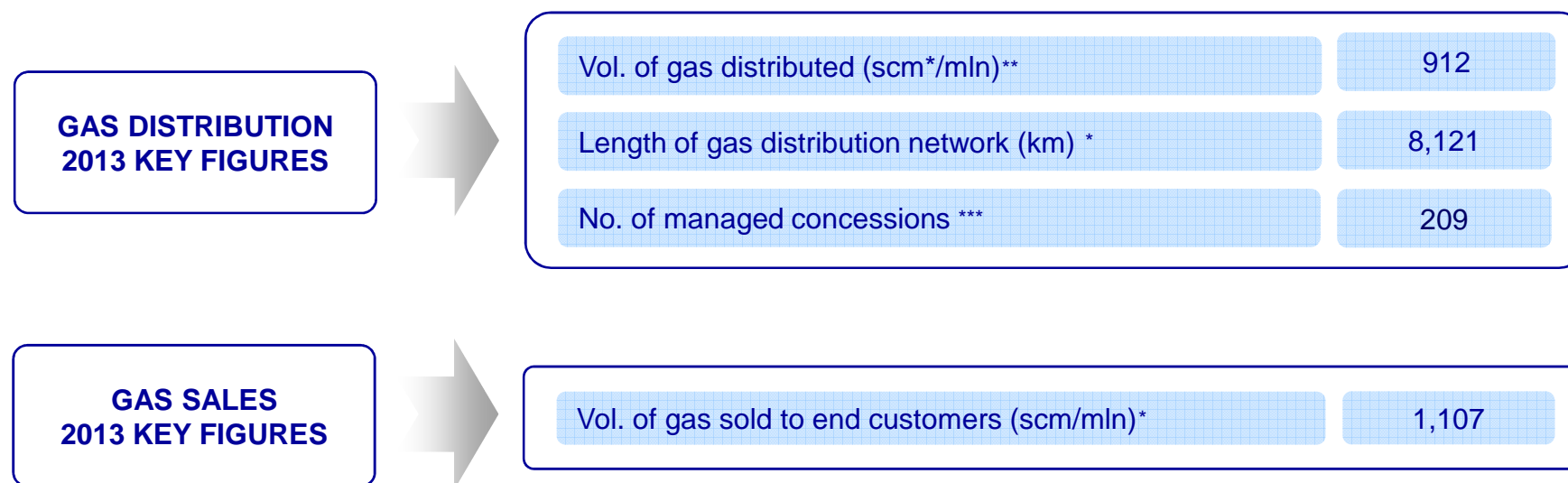
### Business Overview

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## Group business activities

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- Ascopiave Group operates mainly in the **gas sector**.
- Main business activities:
  - gas distribution** (regulated activity / concessions awarded by municipalities)
  - gas sale to end customers** (non regulated activity / free market)
- Other business activities: **heat management, cogeneration and electricity sale**



\* Standard cubic meters

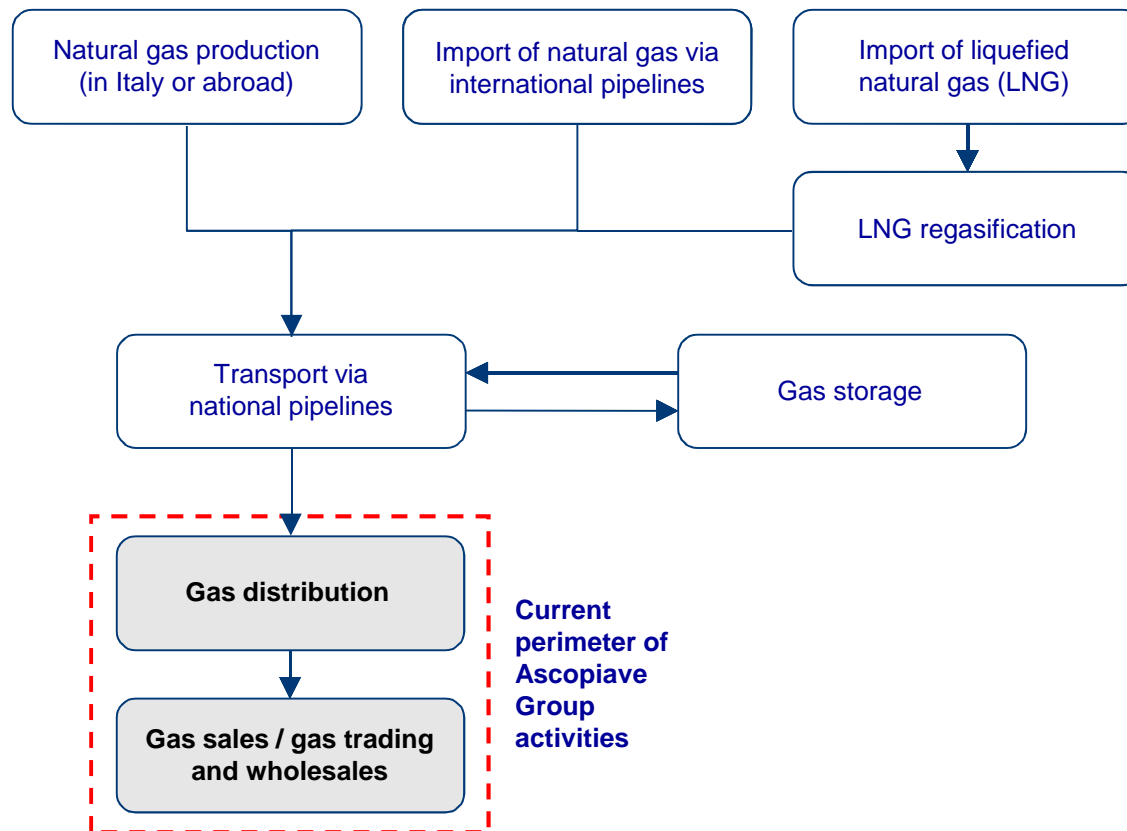
\*\* Data of companies consolidated proportionally or with equity method are considered pro-quota

\*\*\* Data of companies consolidated proportionally or with equity method are considered at 100%

# Competitive environment: the gas chain in Italy



- Regulated activities
- Liberalized activities



Up-stream and Mid-stream segments

Down-stream segment

### MAIN ITALIAN GAS DOWN-STREAM OPERATORS

The Group has created an industrial pole that is a **national player** in the gas sector and a **leading regional player in Triveneto**

#### VOLUMES OF GAS DISTRIBUTED (a):

Ranking	Operator	Vol. of gas Distributed in Italy M(m <sup>3</sup> )	%
1	Snam	7.800	22,9%
2	F2I Reti Italia	5.661	16,6%
3	Hera	2.684	7,9%
4	Iren	2.099	6,2%
5	A2A	2.072	6,1%
6	Toscana Energia	1.218	3,6%
<b>7</b>	<b>Ascopiave (b)</b>	<b>912</b>	<b>2,7%</b>
8	Estra	770	2,3%
9	Linea Group Holding	676	2,0%
10	Amga - Azienda Multiservizi	475	1,4%
11	Erogasmet	410	1,2%
12	Acsm-Agam	397	1,2%
13	Agsm Verona	380	1,1%
14	Ambiente Energia Brianza	378	1,1%
15	Energei	333	1,0%
16	Gas Natural Sdg	326	1,0%
17	Gas Rimini	294	0,9%
18	Dolomiti Energia	287	0,8%
19	Edison	281	0,8%
20	Aimag	275	0,8%
	Others	6.394	18,7%
	<b>Total</b>	<b>34.122</b>	<b>100,0%</b>

#### VOLUMES OF GAS SOLD (a):

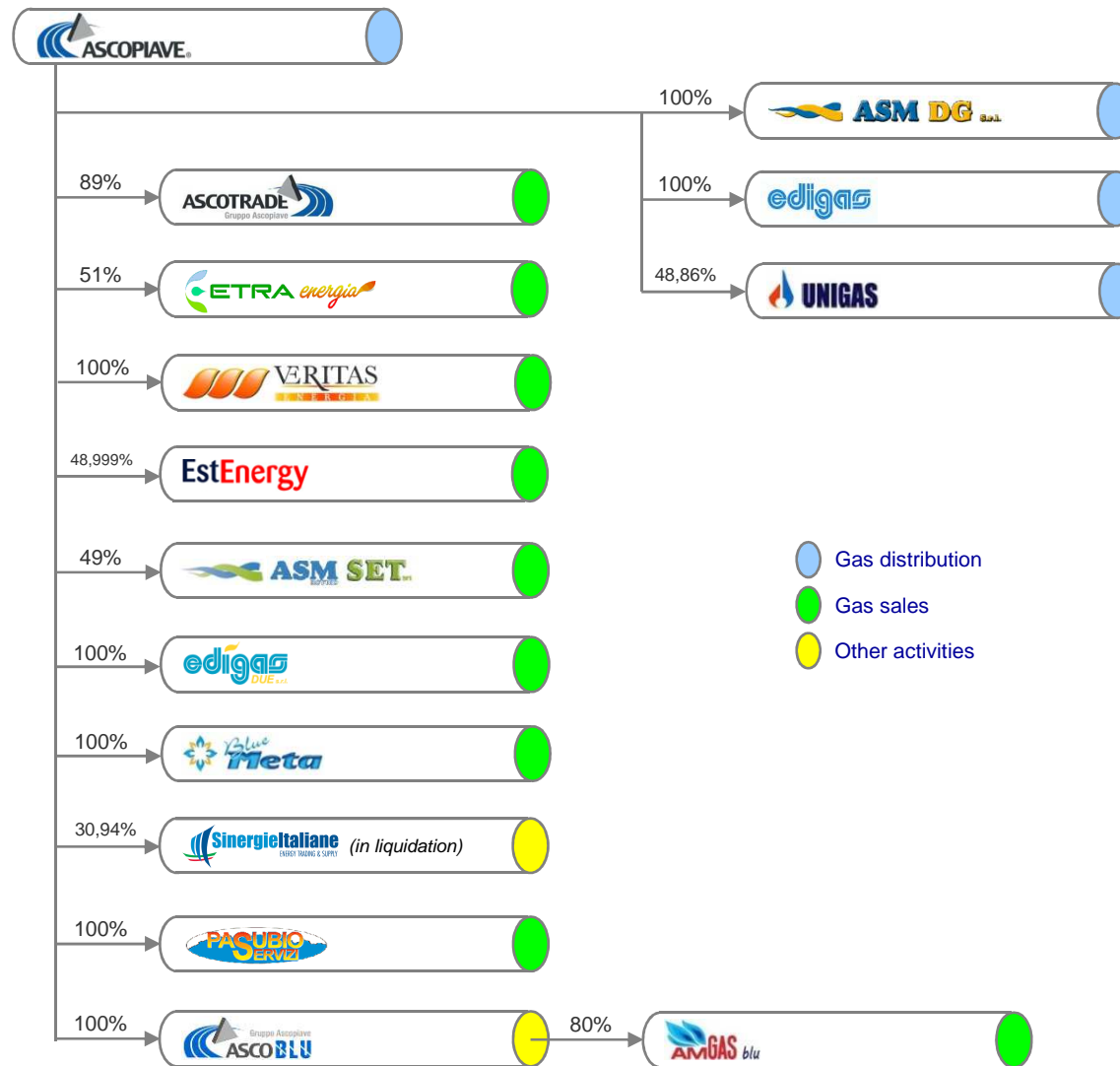
Ranking	Group	Vol. of gas sold in Italy M(m <sup>3</sup> )	%
1	Eni	16.375	25,9%
2	Edison	7.555	11,9%
3	Enel	5.803	9,2%
4	GdF Suez	3.137	5,0%
5	E.On	2.904	4,6%
6	Iren	2.482	3,9%
7	Hera	2.123	3,4%
8	Royal Dutch Shell	1.764	2,8%
9	A2A	1.588	2,5%
10	Sorgenia	1.406	2,2%
<b>11</b>	<b>Ascopiave (c)</b>	<b>1.107</b>	<b>1,7%</b>
12	Estra	745	1,2%
13	Erogasmet	529	0,8%
14	Dolomiti Energia	459	0,7%
15	Unogas	439	0,7%
16	Linea Group Holding	429	0,7%
17	Erg	419	0,7%
18	Swiss Power & Gas	381	0,6%
19	Agsm Verona	377	0,6%
20	Enerxenia	366	0,6%
	Others	12.950	20,4%
	<b>Total</b>	<b>63.338</b>	<b>100,0%</b>

With over 640.000 gas sale customers, Ascopiave Group **ranks 1st in “Triveneto”**

(a) In house processing on 2013 AEEGSI data;<sup>(b)</sup> Including volumes distributed by Ascopiave, Edigas Esercizio Distribuzione Gas, ASM Distribuzione Gas and Unigas Distribuzione Gas, <sup>(c)</sup> Including volumes sold to final market by Ascotrade, Etra Energia, ASM Set, Estenergy, Edigas Due, Veritas Energia, Pasubio Servizi, Blue Meta and Amga Blu

Data of companies consolidated proportionally or with equit method are considered pro-quota

# Ascopiave Group structure as of June, 30th 2014



Ascopiave has been **listed on the STAR division of the Italian Stock Exchange** since 12 December 2006

Ascopiave operates through several companies: (1) some of them are subsidiaries in which the Group is the great majority shareholder, 2) others are companies in which the Group holds a 49% interest and are jointly controlled with the other shareholders

Jointly controlled companies (Estenergy, ASM Set and Unigas Distribuzione) are consolidated with the equity method

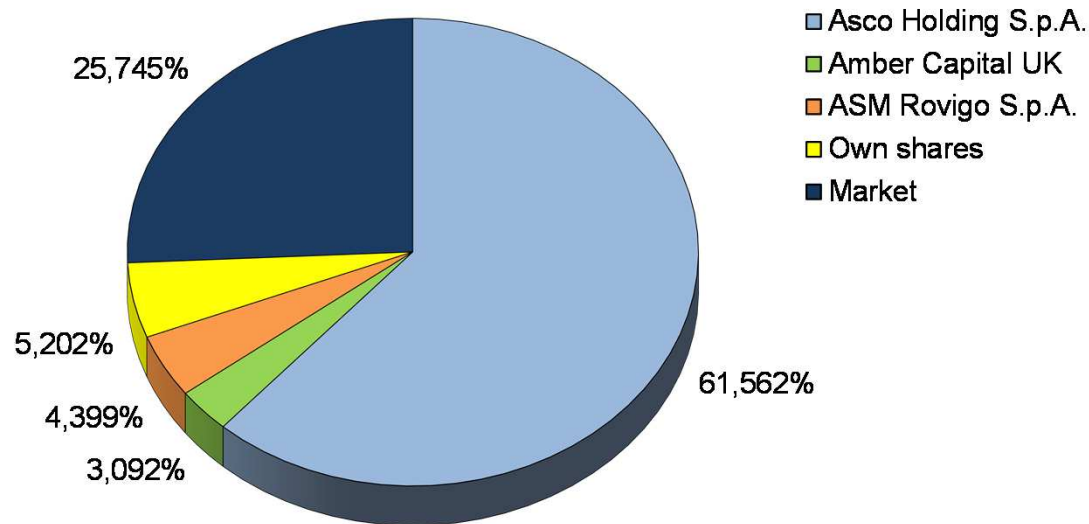
Sinergie Italiane (in liquidation) is consolidated with the equity method

# Ascopiave Shareholders as of June, 30th 2014

## Ascopiave Shareholders

Asco Holding S.p.A. directly controls the capital of Ascopiave S.p.A. in an amount equal to 61.562%.

Asco Holding S.p.A. is entirely owned by public shareholders, 92 municipalities mainly located in the province of Treviso.



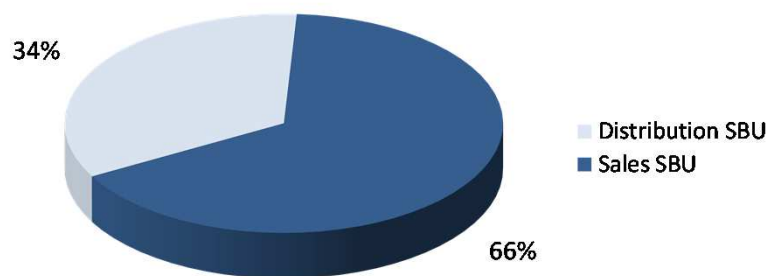
Internal processing of information received by Ascopiave S.p.A. pursuant to art. 120 TUF  
(Source: Half Year consolidated report as of 30<sup>th</sup> June 2014).

## Main financial data (1)

### 2013 MAIN FINANCIAL DATA\*

INCOME STATEMENT	Group	Distribution SBU**	Sales SBU***
Revenues****	854,334	94,100	839,569
EBITDA	105,904	35,998	69,906
EBIT	76,787	18,957	57,830
Net income	41,040		

#### 2013 EBITDA BREAKDOWN



BALANCE SHEET	31/12/2013
Fixed assets	531.527
Net working capital	2.752
<b>TOTAL CAPITAL EMPLOYED</b>	<b>534.278</b>
Shareholders equity	402.679
Net financial position	131.600
<b>TOTAL SOURCES</b>	<b>534.278</b>

FINANCIAL RATIOS	31/12/2013
<b>DEBT / EQUITY</b>	<b>0,33</b>
<b>DEBT / EBITDA</b>	<b>1,24</b>

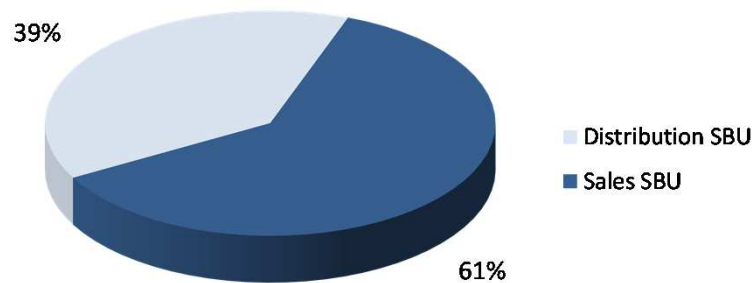
\* Thousand of Euro; \*\* Distribution SBU includes heating services management and cogeneration; \*\*\* Sales SBU includes gas sales to end customers and electricity sales; \*\*\*\* Gas distribution SBU and gas sales SBU revenues are represented before elisions

## Main financial data (2)

### 2013 MAIN FINANCIAL DATA RESTATED ACCORDING TO IFRS 11 \*

INCOME STATEMENT restated	Group	Distribution SBU**	Sales SBU***
Revenues****	667,837	87,145	644,726
EBITDA	86,188	33,338	52,850
EBIT	61,877	17,082	44,805
Net income	41,040		

#### 2013 EBITDA restated BREAKDOWN



#### BALANCE SHEET restated 31/12/2013

Fixed assets	537.449
Net working capital	(10.960)
<b>TOTAL CAPITAL EMPLOYED</b>	<b>526.489</b>
Shareholders equity	402.679
Net financial position	123.810
<b>TOTAL SOURCES</b>	<b>526.489</b>

#### FINANCIAL RATIOS restated 31/12/2013

<b>DEBT / EQUITY</b>	<b>0,31</b>
<b>DEBT / EBITDA</b>	<b>n.a.</b>

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

## 2009-2013 EBITDA break-down by Strategic Business Unit

(Million of Euro)	INCOME STATEMENT	Group	Distribution SBU	%	Sales SBU	%
2013	<b>Revenues</b>	<b>854,3</b>	<b>94,1</b>		<b>839,6</b>	
	(Gas purchase costs)	(520,1)	0,0		(522,2)	
	(Other operating costs)	(228,3)	(58,1)		(247,4)	
	<b>EBITDA</b>	<b>105,9</b>	<b>36,0</b>	<b>34,0%</b>	<b>69,9</b>	<b>66,0%</b>
2012	<b>Revenues</b>	<b>1.078,0</b>	<b>95,4</b>		<b>1.055,4</b>	
	(Gas purchase costs)	(688,1)	0,0		(689,4)	
	(Other operating costs)	(287,3)	(61,5)		(297,3)	
	<b>EBITDA</b>	<b>102,7</b>	<b>33,9</b>	<b>33,1%</b>	<b>68,7</b>	<b>66,9%</b>
2011	<b>Revenues</b>	<b>1.099,2</b>	<b>92,0</b>		<b>1.075,6</b>	
	(Gas purchase costs)	(772,6)	0,0		(773,9)	
	(Other operating costs)	(233,5)	(57,2)		(243,3)	
	<b>EBITDA</b>	<b>93,2</b>	<b>34,9</b>	<b>37,4%</b>	<b>58,3</b>	<b>62,6%</b>
2010	<b>Revenues</b>	<b>855,9</b>	<b>86,7</b>		<b>842,3</b>	
	(Gas purchase costs)	(608,5)	0,7		(609,6)	
	(Other operating costs)	(169,4)	(54,5)		(187,6)	
	<b>EBITDA</b>	<b>78,0</b>	<b>32,9</b>	<b>42,1%</b>	<b>45,1</b>	<b>57,9%</b>
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>

**Gas distribution business** is characterized by **stable operating margins**.

Increase of the **gas sales business** operating margins over the last years is due to the **external growth** and to **higher profitability**, mainly thanks to declining gas procurement costs.

## Financial leverage comparison

### Financial leverage comparison

<b>FINANCIAL RATIOS (*)</b>	<b>LOCAL UTILITIES (**)</b> (Average data)	<b>ASCOPIAVE</b>	<b>VAR.</b>
Financial leverage	1,33	0,33	-1,00
D/D+E	56,6%	24,6%	-31,9%
E/D+E	43,4%	75,4%	31,9%
D/EBITDA	3,42	1,24	-2,18



Ascopiave **financial leverage** (0.33) is **lower than those of the Italian listed comparables** (avg: 1.33).

The low indebtedness level is a very 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 2013

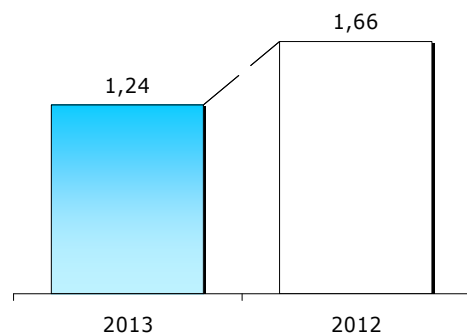
(\*\*) Local utilities are: A2A, Hera, Acea and Iren

## Financial ratios

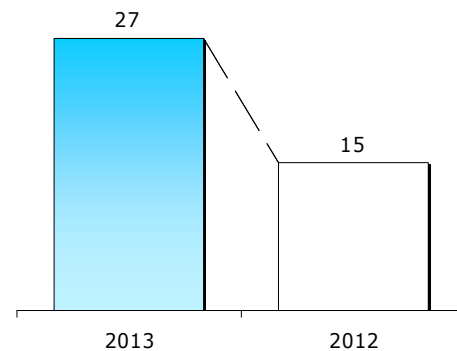
### Financial ratios

(Thousand of Euro)	2013	2012	Var	Var %
Net Financial Position (NFP)	(131.600)	(170.130)	38.530	-22,6%
EBITDA	105.904	102.683	3.221	+3,1%
Finance costs (FC)	(3.874)	(6.916)	3.042	-44,0%
<b>NFP / EBITDA</b>	<b>1,24</b>	<b>1,66</b>	<b>(0,41)</b>	<b>-25,0%</b>
<b>EBITDA / FC</b>	<b>27</b>	<b>15</b>	<b>12</b>	<b>+84,1%</b>
Shareholders equity (EQUITY)	402.679	388.819	13.860	+3,6%
<b>NFP / EQUITY (Financial leverage)</b>	<b>0,33</b>	<b>0,44</b>	<b>(0,11)</b>	<b>-25,3%</b>

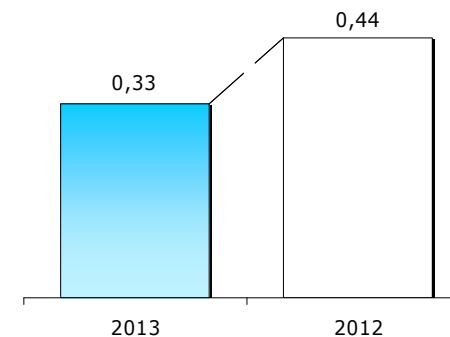
NFP / EBITDA



EBITDA / FC



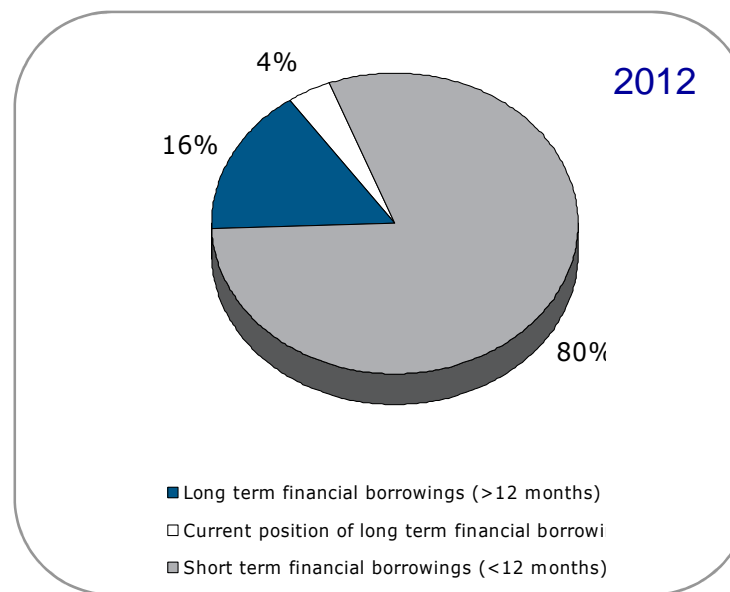
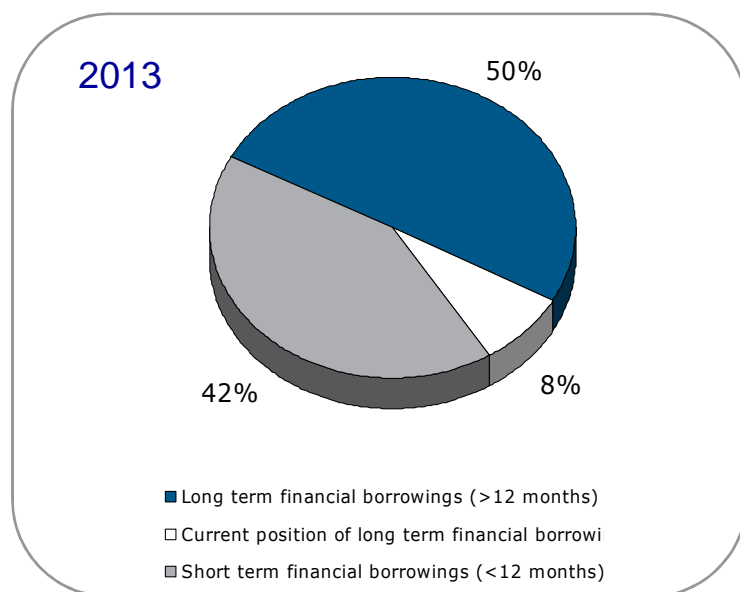
NFP / EQUITY



## Financial debt and cost of debt

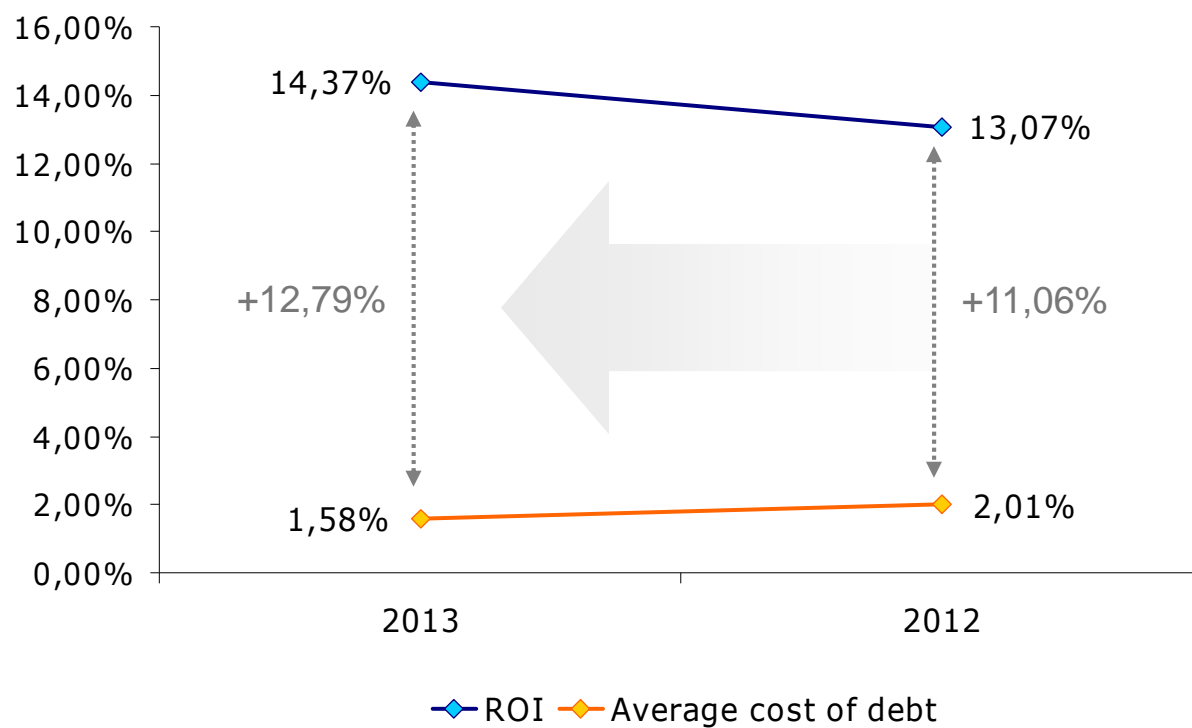
(Thousand of Euro)	2013	2012	Var	Var %
Long term financial borrowings (>12 months)	64.849	29.420	35.429	+120,4%
Current position of long term financial borrowings	10.480	6.990	3.490	+49,9%
Short term financial borrowings (<12 months)	53.579	149.294	(95.715)	-64,1%
<b>Total financial debt</b>	<b>128.908</b>	<b>185.704</b>	<b>(56.796)</b>	<b>-30,6%</b>
Fixed rate borrowings	1.304	1.858	(554)	-29,8%
Variable rate borrowings	127.604	183.846	(56.242)	-30,6%

**2013 average cost of debt: 1,58% (vs 2012 rate: 2,01%)**



## Return on investment and cost of debt

(Thousand of Euro)	2013	2012	Var	Var %
Capital employed	534.278	558.948	(24.670)	-4,4%
EBIT	76.787	73.075	3.711	+5,1%
<b>ROI</b>	<b>14,37%</b>	<b>13,07%</b>	<b>1,30%</b>	<b>+9,9%</b>
<b>Average cost of debt</b>	<b>1,58%</b>	<b>2,01%</b>	<b>-0,43%</b>	<b>-21,4%</b>



### EIB Loan

#### EIB lends EUR 70 million to Ascopiave for gas grid in north-east of Italy



In June 2013 the European Investment Bank (EIB) and Ascopiave have signed a EUR 70 million loan in support of investments to improve and expand gas distribution networks in the Veneto and Lombardy regions.

This is the first operation between the EIB and Ascopiave. This loan confirms the EIB's commitment to the natural gas sector, which in the past two years has undergone major restructuring in Italy aimed at making gas distribution – a priority public service – more efficient.

It also represents an important sign of the Bank's commitment in the EU to mid-caps in the utilities sector, which are marked by a sound business model, public participation and strong regional roots.

### History

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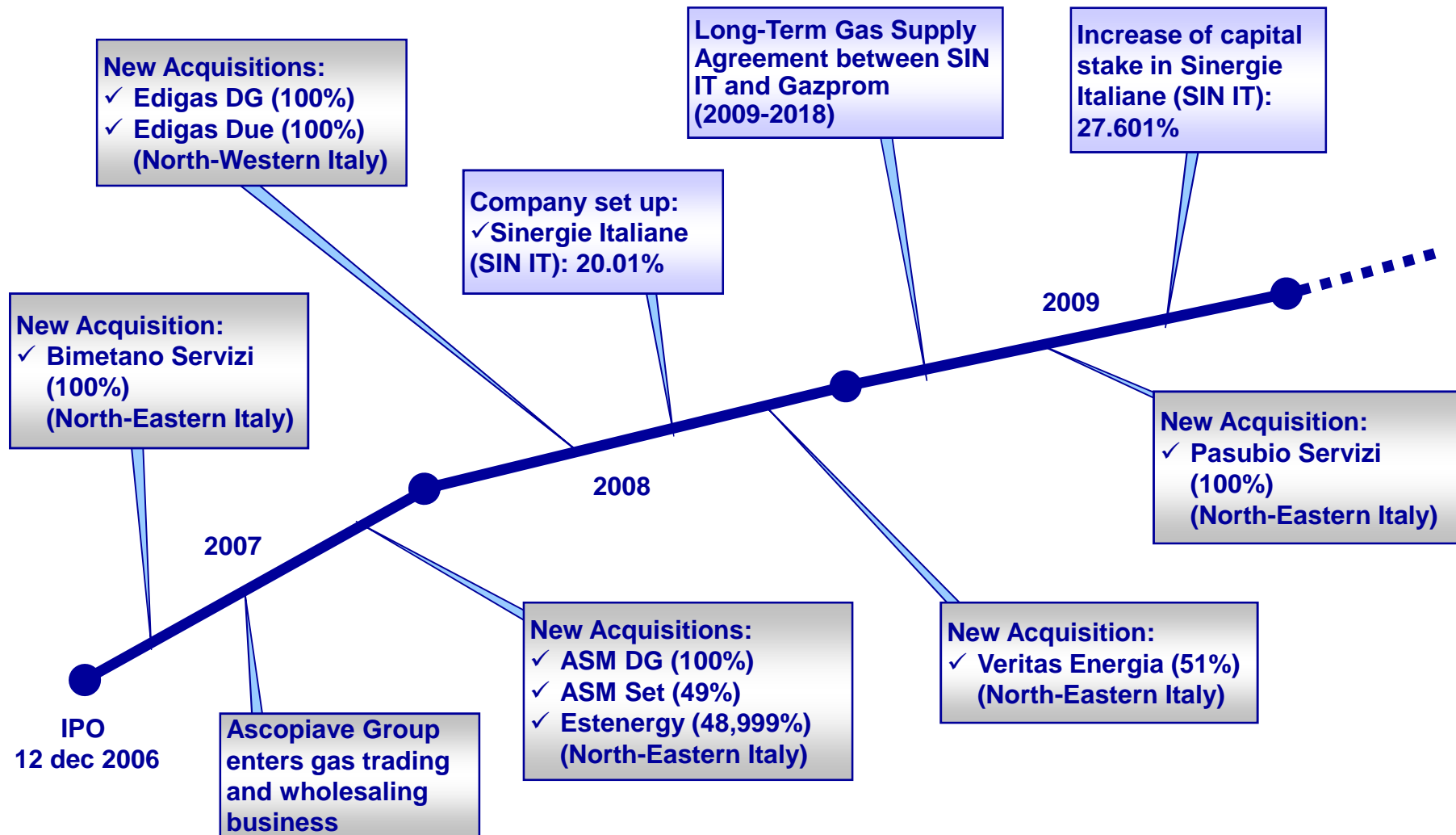
## Use of IPO proceeds

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).

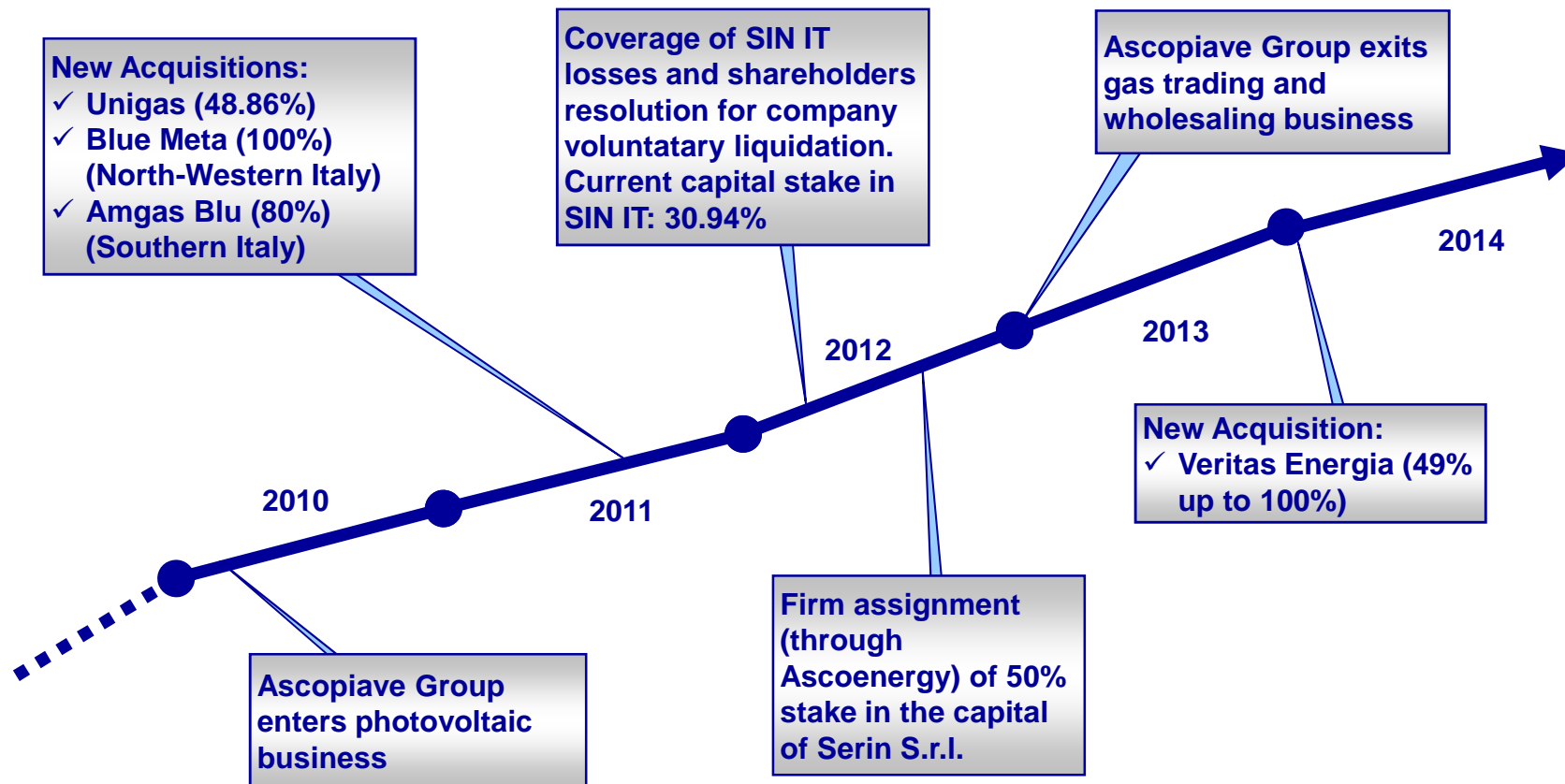
<b>Net Financial Position at 31.12.2006 (without IPO proceeds)</b>	<b>(73,9)</b>
IPO Proceeds	161,5
Cash Flow 2007 ÷ 2013	332,5
Firm assignment: price + NFP	26,9
<b>Total cash in 2007 ÷ 2013: (A)</b>	<b>520,9</b>
(Firm acquisitions: price + NFP)	(163,4)
(Capital Expenditures)	(156,9)
(Sinergie Italiane loss coverage)	(27,5)
(Change in Net Working Capital)	(80,0)
(Dividends and shares buybacks)	(150,8)
<b>Total cash out 2007 ÷ 2013: (B)</b>	<b>(578,6)</b>
<b>Change in Net Financial Position 2007 ÷ 2013: (A) - (B)</b>	<b>(57,7)</b>
<b>Net Financial Position at 31.12.2013</b>	<b>(131,6)</b>

(Million of Euro)

# Equity story after IPO (2007-2014) (1)



## Equity story after IPO (2007-2014) (2)



## Acquisition of Veritas Energia

### VERITAS ENERGIA

**VERITAS ENERGIA:** company active in the natural gas and electricity sales business.

After the operation: 100.00% Ascopiave

**Main strategic goals for Ascopiave:**

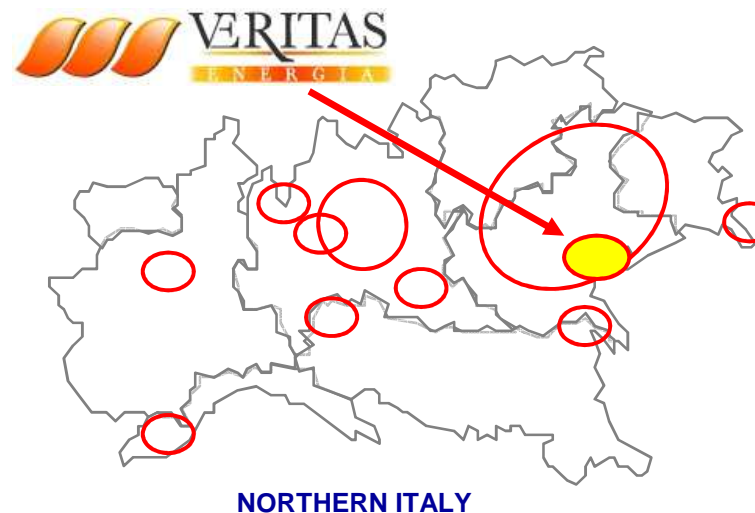
- ▶ Further strengthening of market position in North-Eastern Italy
- ▶ Synergies expected mainly in gas purchasing cost

(Thousand of Euro)

<b>Main financial data</b>	<b>2013</b>
Revenues	108.746
EBITDA	5.473
EBITDA margin	5,0%
Net income	2.230

<b>Main operating data</b>	<b>2013</b>
Number of gas clients	33.171
Volumes of gas sold (M/mcs)	80
Number of end customers	17.930
Volumes of electricity sold (GWh)	364



### Gas distribution

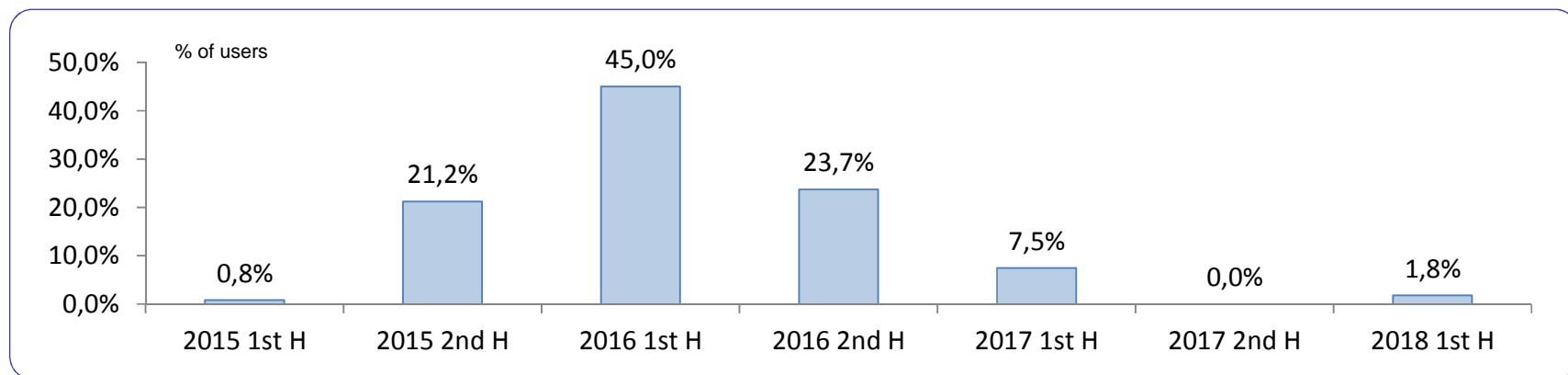
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## Minimum Territorial District public tenders deadlines

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- ⚡ Gas distribution concessions must be awarded only via Minimum Territorial District public tenders, so public tenders can not be banished by a single municipality, as in the past.
- ⚡ 177 Minimum Territorial Districts (m.t.d.) nationwide.

The following chart illustrates the Ascopiave Group gas users breakdown by Minimum Territorial District tender deadline:



- ⚡ 78% of users in Minimum Territorial Districts with deadlines beyond 2015
- ⚡ Treviso 2 and Treviso 1, summing about 44% of Ascopiave Group gas users, have tenders deadlines respectively in February 2016 and in December 2016.

## Ascopiave positioning in the gas distribution market

### 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%	february 2016	88,1%
Treviso 1	132.679	72.927	15,6%	december 2016	55,0%
Rovigo	97.612	34.984	7,5%	march 2017	35,8%
Vicenza 3	99.774	28.735	6,1%	december 2016	28,8%
Bergamo 1	72.237	30.834	6,6%	december 2015	42,7%
Bergamo 5	93.186	29.991	6,4%	february 2016	32,2%
Venezia 2	192.785	24.864	5,3%	december 2015	12,9%
Other m.t. districts	1.529.173	111.062	23,7%	2015 - 2018	7,3%
<b>Totale</b>		<b>468.452</b>	<b>100,0%</b>		

- 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 potential partnership with other operators, in order to strengthen its position in some geographical areas.

### 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) =  $5\% \times (CI \times rd + AMM)$  )
- ⚡ 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, Gas and Water (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

## Residual Industrial Value of the Distribution Network (1)

---

**In the event that should not be awarded the next public tenders for the concession of the distribution of gas must be paid to Ascopiave**, as the current owner of the networks, **a compensation**, 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 2,578 of 1925 (the “**industrial value of the network** “)

### **INDUSTRIAL VALUE OF THE GAS DISTRIBUTION NETWORK:**

The elements set out in Royal Decree 2,578 of 1925 to be used in calculating the compensation due include:

- (a) 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;
- (b) 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 (a) above

## Residual Industrial Value of the Distribution Network (2)

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**Law n. 9 / 2014 and law n. 116 / 2014** has recently modified some rules regarding the compensation to be paid to the current owner of the networks:

- (a) the compensation must be calculated in accordance with the terms of the agreement implementing the concession or direct award (as the case may be); provided that agreement are signed before February 11<sup>th</sup>, 2012
- (b) or, if this is not provided for, in accordance with the Guidelines set by the Ministry of Economic Development (Decree May, 22<sup>nd</sup> 2014);
- (c) contributions paid by private users in the past for the construction of part of the network must be deducted (valuation of these are in accordance with the tariff regulation) (\*);
- (d) whenever compensation is higher than 110% of the net capital invested remunerated by the tariff system (RAB) : AEEGSI must verify whether the compensation has been evaluated in accordance with the law;
- (e) the organizer of the tender bid must take into account the observations issued by AEEGSI.

(\* ) In the evaluation of RAB contributions paid by private users are currently deducted.

## Public Tenders Deadlines

**Law n. 116 / 2014** has extended the dates for the publication of the calls for tenders.

The maximum dates has been extended by 8 months for the Minimum Territorial Districts belonging to the first group, 6 months for the M.T.D. of the second, third and fourth group and 4 months for the M.T.D. of the fifth and sixth group.

Grouping	Minimum Territorial District	Deadline before Law n. 116/2014	Deadline after Law n. 116/2014
1	M.T.D. with provincial capital	July 2014	March 2015
1	M.T.D. without provincial capital	October 2014	June 2015
2	M.T.D. with provincial capital	January 2015	July 2015
2	M.T.D. without provincial capital	April 2015	October 2015
3	M.T.D. with provincial capital	March 2015	September 2015
3	M.T.D. without provincial capital	June 2015	December 2015
4	M.T.D. with provincial capital	May 2015	November 2015
4	M.T.D. without provincial capital	August 2015	February 2016
5	M.T.D. with provincial capital	November 2015	March 2016
5	M.T.D. without provincial capital	February 2016	June 2016
6	M.T.D. with provincial capital	May 2016	September 2016
6	M.T.D. without provincial capital	August 2016	December 2016
7	M.T.D. with provincial capital	November 2016	November 2016
7	M.T.D. without provincial capital	February 2017	February 2017

The above extensions do not apply to M.T.D. where more than 15% of delivery points were affected by the earthquake occurred in May 2012.

## Tariff regulation: VRT breakdown (1)

### 2013 VRT\* (“Vincolo dei Ricavi Ammesso”, i.e. 2013 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

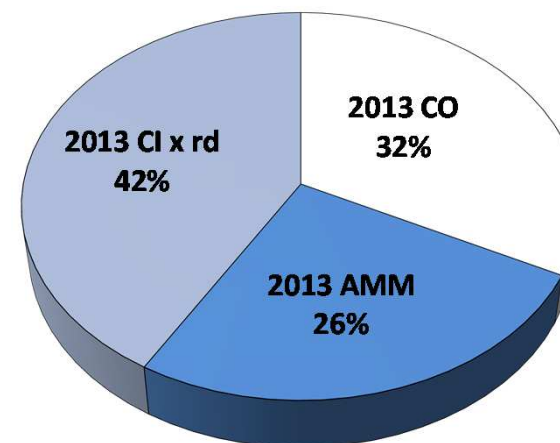
**CI (or RAB):** represents the net capital invested in distribution

**rd:** represents the real, pre-tax rate of return on net invested capital (~ 7.70%)

**2013 RAB\*\*:**

/// **RAB: 371,8 €/mln**

2013 VRT (Thousand of Euros)	
2013 CO	22.444
2013 AMM	17.962
2013 CI x rd	28.684
<b>2013 VRT</b>	<b>69.090</b>
2013 RAB	371.825



\* Ascopiave 2013 VRT has been approved by Gas, Electricity and Water Authority (AEEGSI) with Resolution n. 553/12. 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 Unigas at 48.86%

## Tariff regulation: VRT breakdown (2)

### 2014 VRT\* (“Vincolo dei Ricavi Ammesso”, i.e. 2014 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 (or RAB):** represents the net capital invested in distribution

**rd:** represents the real, pre-tax rate of return on net invested capital (~ 6.90%)

**2014 RAB\*\*:**

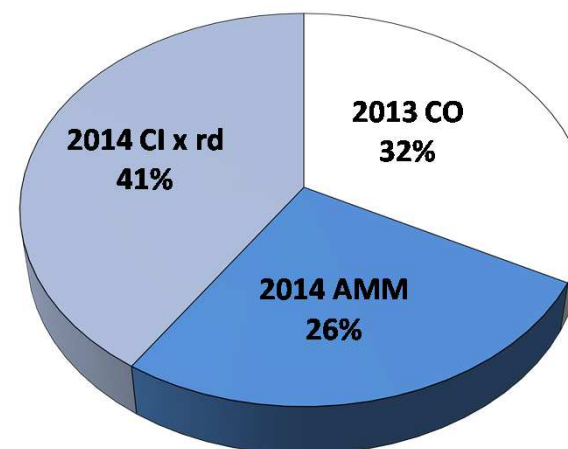
/// **RAB: 397,0 €/mln**

#### 2014 VRT (Thousand of Euros)

2014 CO	22.084
2014 AMM	17.929
2014 CI x rd	27.460

**2014 VRT 67.474**

2014 RAB 396.957



\* Ascopiave 2014 VRT has been approved by Gas, Electricity and Water Authority (AEEGSI) with Resolution n. 132/14.

\*\* Including Unigas at 48.86%

### NEW REGULATION (Resolution AEEGSI n. 367/2014/R/GAS) for the ongoing municipal concessions

- ⚡ Length of the regulatory period: from four to six years
- ⚡ Real pre tax rate of return on the net capital invested (WACC): from ~ 7.70% to ~ 6.90% (2014-2015)
- ⚡ WACC updating: every two years (up date of free risk-rate)
- ⚡ CO new standard level: ~ 50 euro per user (2014) vs ~ 52 euro per user (2013) (\*)
- ⚡ X.factor on operating costs: ~ 1.70% in 2014-2016 (\*)
- ⚡ X.factor updating: every three years
- ⚡ Investments: to be evaluated by applying standard costs to be established by AEEGSI (MEAV: Modern Equivalent Asset Value) since 2017.

(\*) CO per user and X.factor of Ascopiave S.p.A., that is the most relevant distributor of the Group (75% of the end users).

### NEW REGULATION (Resolution AEEGSI n. 367/2014/R/GAS) for the incoming minimum territorial district concessions

#### **CO level**

##### M.T. District with total end users < 300,000:

- for the first 3 years = mean of CO current standard level recognized to the medium size companies and and CO current standard level recognized to the big size companies;
- for the following years = CO current standard level recognized to the big size companies.

##### M.T. District with end users $\geq$ 300,000:

- for the first 3 years = CO current standard level recognized to the big size companies;
- for the following years = CO current standard level recognized to the big size companies.

For the first 3 years X-factor is equal to zero

#### **RIV – RAB value difference**

At the starting date of the new concession:

- if the winner of the public tender is the previous incumbent operator the new RAB is equal to the previous one;
- if the winner of the public tender is a newcomer the new RAB is equal to RIV (paid by newcomer to the outgoing operator).

### NEW REGULATION (Resolution AEEGSI n. 367/2014/R/GAS) for the incoming minimum territorial district concessions

#### **Redemption value after 1st period:**

is calculated as sum of (a) the value of the stock of capital acquired by the outgoing operator at the starting date of the concession, that is equal to the initial RIV properly updated to take into account the value depreciation occurred during the concessional period (b) the value of the investments made during the concessional period, calculated as mean between the effective costs of the assets and regulatory value of the assets (MEAV).

#### **Underestimated RAB compared to the national mean level**

Revaluation of RAB if the actual value of the gross asset value per meter of the distribution network is less than 75% of a target value calculated by AEEGSI by applying a standard formula.

**Lengthening of the amortization period:** in consistency with DM 226/11

#### **Tariff component for RIV – RAB value difference:**

- component VR (€/user) for RIV – RAB difference;
- component ST (€cent/user) for tariff discount offered in the tender.

## SWOT analysis – Gas Distribution SBU

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### 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
- Current financial leverage

### Weakness

- We expect that legal framework uncertainty and the time needed by municipalities to organize competitive tender procedure will delay tender start

### Opportunities

- Possibility to achieve critical mass as of aggregative pole in Veneto and Lombardia in the utilities sector
- Tenders for gas distribution concessions
- Temporary push towards aggregations of companies operating in the sector increase in geographical coverage by expanding the corporate structure

### Threats

- Regulatory uncertainty
- Uncertainty on financial needs for the reimbursements to be paid to outgoing distributors
- Gas concession expiring
- Risk to lose tenders for gas concession service when awarded

### Gas sales

- Gas sales to end customers: market segmentation and selling prices ..... Pag. 37
- Gas selling price to domestic end customers ..... Pag. 38
- Gas consumption taxes and VAT ..... Pag. 41
- Gas purchasing costs / Gas trading business ..... Pag. 42
- Gas selling price up-date (Resolution AEEGSI n. 196/2013/R/gas)..... Pag. 43
- Swot analysis – Gas Sales SBU ..... Pag. 44

## Gas sales to end customers: market segmentation and selling prices

Volumes of gas sold to end customers Market segmentation			Pricing
Domestic customers	~ 60%	➤	Mandatory maximum price level set by the Authority of Energy, Gas and Water
Small business customers	~ 20%	➤	Completely free prices; mainly price discounts on standard level prices
Business customers	~ 20%	➤	Prices tailored on the individual consumption demand and capacity requirement
Volumes of gas sold to end customers*	1,107		

(\*) 2013 data in million of standard cubic meter. Operating data of companies consolidated proportionally are considered pro-quota

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

$$P = \text{CMEM} + \text{CCR} + \text{QT} + \text{Cpr} + \text{GRAD} + \text{TD} + \text{QVD} + \text{GCT} + \text{VAT}$$

**CMEM + CCR** = wholesale cost of gas

**QT** = Gas transportation cost via national network

**Cpr + GRAD** = mechanism for the gradual implementation of the new regulation

**TD** = Gas distribution tariff

**QVD** = Gas retail sale cost

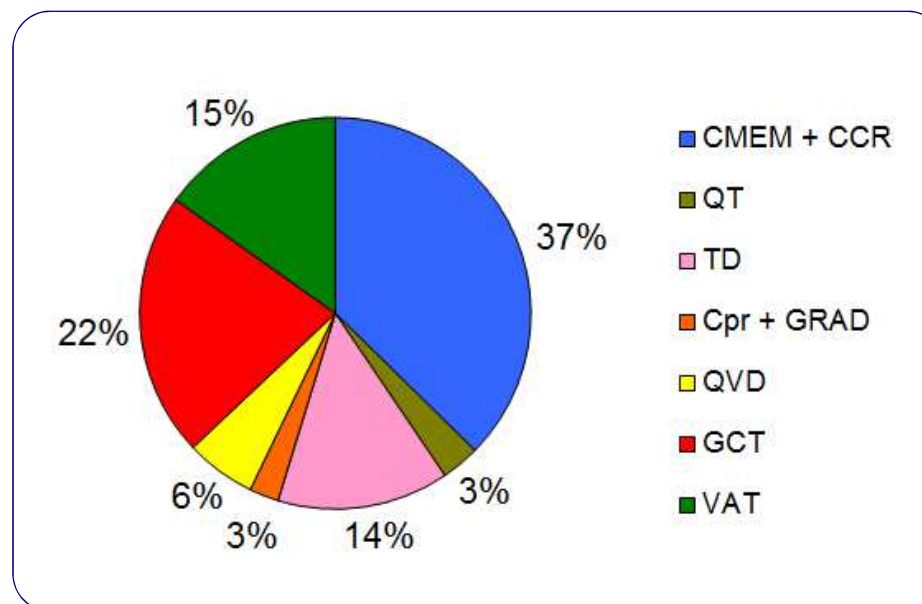
**GCT** = Gas consumption taxes

**VAT** = Value added tax

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

Price component	Eurocent / scm	%
CMEM + CCR	31,46	37%
QT	2,69	3%
Cpr + GRAD	2,05	2%
TD	11,96	14%
QVD	4,89	6%
<b>Price</b>	<b>53,05</b>	<b>63%</b>
GCT	18,41	22%
VAT	12,78	15%
<b>Taxes</b>	<b>31,19</b>	<b>37%</b>
<b>Price + taxes</b>	<b>84,24</b>	<b>100%</b>

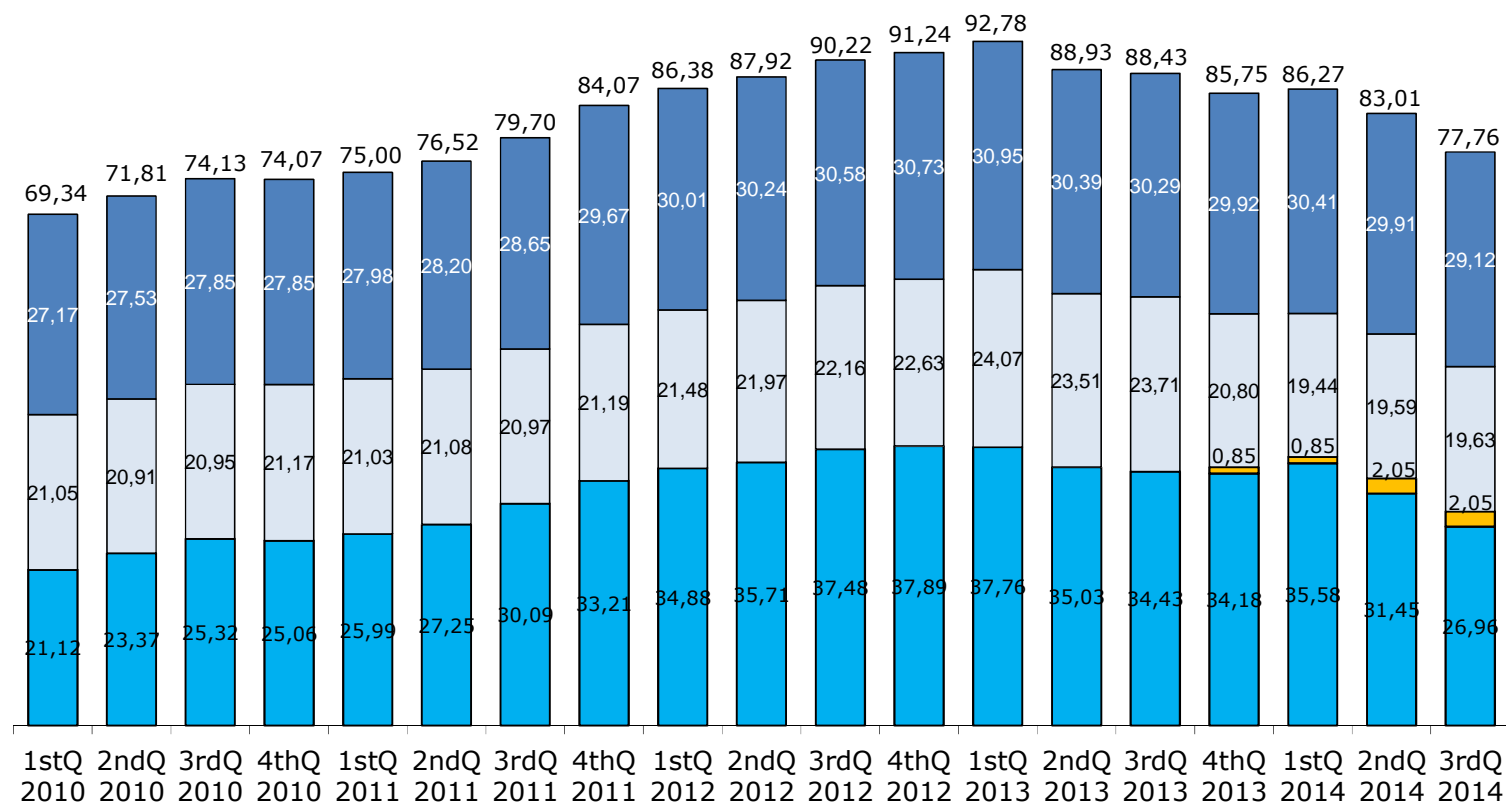
June, 30th 2014 (Municipality: Conegliano)



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

### Gas selling price to domestic end customers: from 1stQ 2010 to 3rdQ 2014

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



(Data in €cent/scm)

■ Cost of raw material   ■ Other costs   □ Fixed costs   ■ Taxes

Until 3rdQ 2013: Cost of raw material= QE;   Fixed costs = QTI + QS + TD + QVD + QCI;   Taxes = GCT + VAT

From 4thQ 2013: Cost of raw material= CMEM;   Fixed costs = QT + TD + QVD + CCR;   Taxes = GCT + VAT   Other costs: Cpr + GRAD

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

### New components of gas selling price after Resolution AEEGSI n. 196/2013/R/gas

COMPONENTS		U.M.	UNTIL 30/09/2013	FROM 01/10/2013
SALES SERVICES	WHOLESALE COST OF GAS	€/GJ	CCI	C <sub>MEM</sub>
	CONNECTED COSTS TO WHOLESALE ACTIVITY	€/GJ	not provided	CCR
	RETAIL SALE COST	€/customer/year	QVD (fixed)	QVD (fixed)
		€/Smc	QVD (variable)	QVD (variable)
	MECHANISM FOR THE GRADUAL IMPLEMENTATION OF NEW REGULATION	€/GJ	not provided	GRAD
		€/Smc	not provided	C <sub>PR</sub>
	GAS ADDITIONAL FEE (QT <sub>Mcv</sub> )	€/Smc	QOA	not provided (included in C <sub>MEM</sub> )
NETWORK SERVICES	GAS TRANSPORTATION COST	€/GJ	QT	QT
	STORAGE COST OF GAS	€/GJ	QS	not provided (included in C <sub>MEM</sub> )
	GAS DISTRIBUTION TARIFF	€/customer/year	TD (fixed)	TD (fixed)
		€/Smc	TD (variable)	TD (variable)
TAXES	GAS CONSUMPTION TAXES AND VAT	€/Smc	---	---

## Gas consumption taxes and VAT

### Gas consumption taxes and VAT

TAXES	DOMESTIC USAGE				INDUSTRIAL USAGE	
	< 120 m <sup>3</sup>	120-480 m <sup>3</sup>	480-1.560 m <sup>3</sup>	> 1.560 m <sup>3</sup>	< 1,2M (m <sup>3</sup> )	>1,2M (m <sup>3</sup> )
Annual consumption						
Gas consumption taxes (€cent/m <sup>3</sup> )	4,40	17,50	17,00	18,60	1,2498	0,7499
<b>Additional regional tax</b>						
Veneto (€cent/m <sup>3</sup> )	0,7747	2,3241	2,5823	3,0987	0,6249	0,5165
Lombardia (€cent/m <sup>3</sup> )	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000
Piemonte (€cent/m <sup>3</sup> )	2,2000	2,5800	2,5800	2,5800	0,6249	0,5200
VAT (%)	10%	10%	22%	22%	10%(*)	10%(*)

Gas consumption taxes and VAT have a larger impact on domestic customers.

(\*) rate for mining, agricultural and manufacturing companies; for other companies VAT is 22%

## Gas purchasing costs / Gas trading business

### Gas Purchasing Costs

- /// Gas purchasing costs are negotiated on a free market
- /// Incumbent shippers have strong market position

#### Uses

#### Sourcing

**Sales to end customers**  
(excluding business customers)

~ 80%



Annual contracts (thermal year (\*) (\*\*))  
Delivery: entry of local distribution network  
Penalty for excess capacity use

**Sales to business customers**

~ 20%



Gas purchasing contracts:  
same duration and indexation as the selling contracts.

(\*) Current thermal Year (2013-2014): starting date: 1 st october 2013 / ending date: 30 th september 2014

(\*\*) Framework supply agreement with the Group's reference shipper provides that the annual cost of gas take into account the cost of the gas procured through take or pay contracts signed by Sinergie Italiane

### Gas Trading and Wholesaling Business

- /// Activity with low profit margins
- /// Ascopiave Group exits the activity in 2013

### **NEW REGULATION (Resolution AEEGSI n. 196/2013/R/gas)**

Resolution AEEGSI n. 196/2013/R/gas provides new rules to set up gas selling price to be applied to customers belonging to the protected market (domestic customers) since October 1st, 2013:

- **Until september 30th, 2013:** cost of raw material based on the average cost of the gas sources (80% Take or Pay Contracts prices + 20% spot market prices <sup>(\*)</sup>); indexation mechanism linked to the oil price (brent);
- **From october 1st, 2013: cost of raw material based on the spot market prices** (TTF forward prices)
- **Increase of QVD:** from 40 €/customer/year to **57 €/customer/year**

(\*) From april 2013

## SWOT analysis – Gas Sales SBU

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### 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
- Opportunity to acquire new customers into locations not served by distribution SBU
- Total market 'opening' – Cross selling on customer base
- Infrastructure development projects likely to increase the country's gas importing capacity and create business opportunities abroad

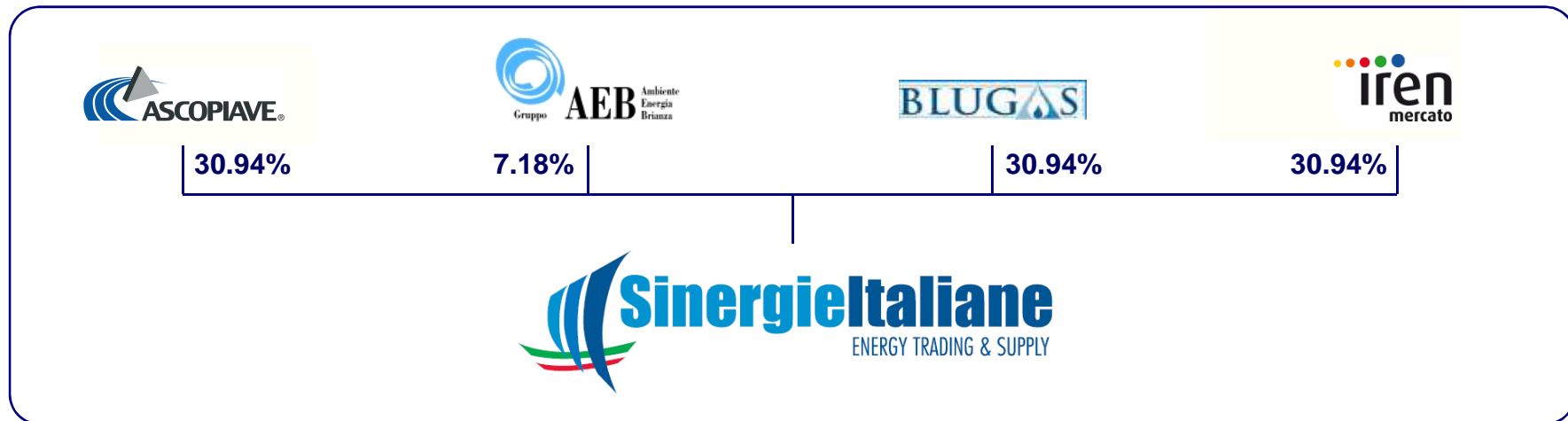
### Threats

- Risk exposure connected to gas purchase cost
- Activity partially regulated by the Italian Gas, Electricity and Water Authority, focused on keeping low price levels
- Competition in a fully liberalized market
- Competitive pressure increase and attacks from new entrants
- Entrance and consolidation of foreign groups and major Italian utilities

**Sinergie Italiane**

→ Sinergie Italiane ..... Pag. 46

## 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)

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### /// **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

## Sinergie Italiane (3)

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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 and 2013 was limited to the 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.

### Strategy

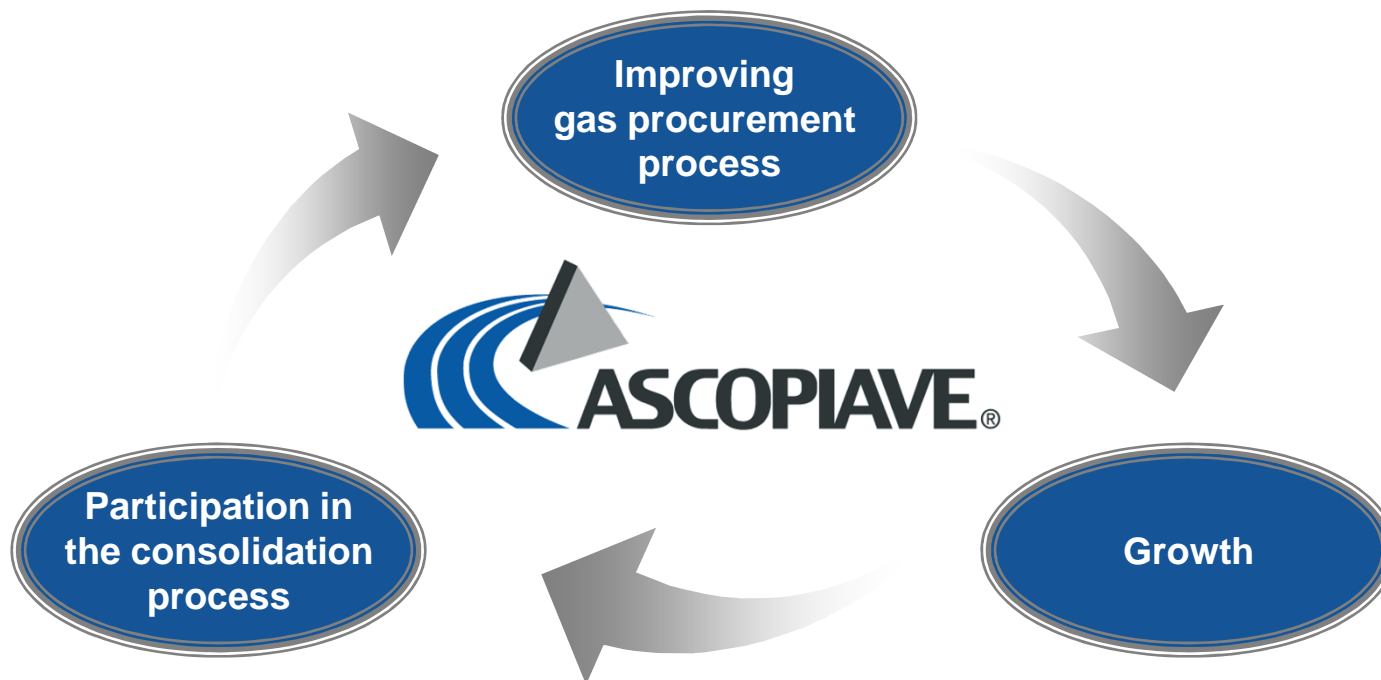
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- Growth in the down-stream market ..... Pag. 51
- Gas distribution sector ..... Pag. 52
- Ascopiave: financial needs for winning target gas distribution public tenders .... Pag. 54
- Gas sales sector ..... Pag. 55
- Ascopiave: strategic goals in the gas sales market ..... Pag. 57

## Strategic guidelines and objectives

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### 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

## Gas distribution sector (1)

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### Gas distribution sector: key figures

- /// No. of operators: about 240
- /// Municipalities served: about 7,000
- /// Volumes of gas distributed: about 34 billion of standard cubic meters
- /// No. of users served: over 22 million
- /// Length of the gas distribution network: over 220.000 km (ownership: 75% of operators)
- /// Regulatory asset base (RAB): 15,1 billion of Euro

Since 2000 gas distribution operators have been reduced to less than a third.

Currently **gas distribution sector** appears **strongly concentrated**:

- /// about 50% of RAB (\*) is held by Snam Rete Gas and F2i, the only operators with a national rank
- /// about 30% of RAB is held by 14 medium size operators (RAB > 100 million of Euro), with a regional relevance
- /// about 20% of RAB is held by small size operators

(\*) Ascopiave valuation

## Gas distribution sector (2)

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Gas distribution sector is facing a new phase of restructuring after that experienced subsequently the issuing of Letta decree of the early 2000s. Through the adoption of ATEM (minimum territorial district) is expected a significant reduction of the number of operators. The need of new finance in the system will be the determining factor for the realisation of sectorial concentration announced by legislator.

Likely consequences also to the retail front in consideration of the same ownership structure

Overall effects of the recent legislation on the competitive context:

**❑ reduction of the number of potential competitors**

*Participation in call of tenders will be possible only to enterprises with suitable financial and organizational capabilities*

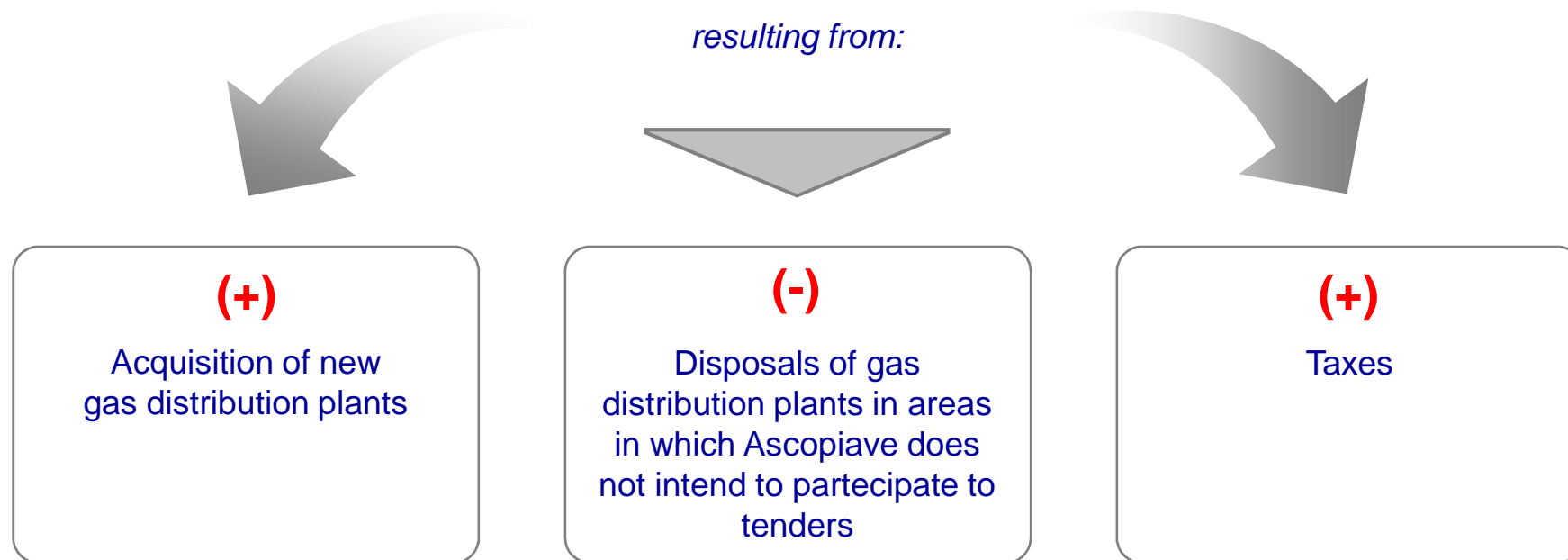
**❑ less relevance of the economic part of the offer**

*Definition of maximum thresholds on the economic elements of the offer makes less determining – for the purposes of awarding tenders – the benefit of economic efficiency on operating costs (flattening of the offers on threshold levels)*

**❑ relevance of the technical offer**

*To win a tender will be crucial the formulation of a valid investments plan for development, strengthening and maintenance of the gas distribution system (technical efficiency and sustainability from the point of view of a cost / benefit analysis)*

## Ascopiave: investments for winning new gas distribution concessions (period 2015-2018)



### Gas sales sector: key figures

- /// No. of operators in the Italian market: over 160
- /// First 10 operators (with volumes of gas sold higher than one billion of standard cubic meters) supplying over 73% of overall consumption to the gas final market (45,6 billion of standard cubic meters on a total of 62,4 billion of standard cubic meters)

Since liberalization introduced by Letta decree of the early 2000s, gas sale market has experienced two well distinct phases:

- /// **ORGANIC GROWTH**
- /// **CONSOLIDATION** through company aggregations / mergers and vertical integrations

The current phase of **CONCENTRATION** that is happening through growth for external line and the exit from the market of minor gas sale companies will be cause an additional reduction of the number of operators.

## Gas sales sector (2)

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- ⚡ Since 2008 economic crisis continues to affect natural gas demand. Together with the structure and constraints of take or pay contracts it has contributed to create a long market
- ⚡ Decoupling between gas price and oil gas price is very significant
- ⚡ All these factors (decoupling, long market and spot prices) have contributed to considerably raise margins for retail operators not tied by procurement to take or pay contracts
- ⚡ The difference between tariff component of raw material and real purchase costs has been very high
- ⚡ Resolution n. 196/2013 has changed the criteria to define and update the component relative to cost of raw material that, from 1st october 2013, refers entirely to the gas spot market (TTF forward prices)
- ⚡ Although gradually, extra margins outcoming from the difference between tariff component of row material and real purchase costs will be reduced significantly in the coming years
- ⚡ Growth for external line returns to be a driver of development in the gas market as opposed to the organic growth

## Ascopiave: strategic goals in the gas sales market

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### Ascopiave: actions in the gas sales market

Ascopiave intends to maintain / improve competitive positioning in the gas sales market :

- growth for external line** to compensate the natural loss of gas sales customers
- reduction of cost to serve**
- improvement of gas supply process** by exploiting the competitive advantage of having stable consumption in a long gas market

## Dividends

- Dividend policy ..... Pag. 59
- Dividend yield comparison ..... Pag. 60

### 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	2013	2012	2011	2010	2009	2008	2007	2006
Dividends paid (Thousand of Euro)	28.129	25.785	0	23.441	21.097	19.925	19.898	19.833
Group Net Income (Thousand of Euro)	38.678	27.865	6.266	31.174	25.288	18.452	21.764	16.381
Payout ratio	73%	93%	0%	75%	83%	108%	91%	121%
Dividends per share (Euro)	0,120	0,110	0,000	0,100	0,090	0,085	0,085	0,085
Dividend yield (*)	6,7%	8,6%	0,0%	6,3%	6,0%	5,8%	5,1%	3,8%

(\*) Dividend yield = dividends per share / price per share on the last date of the year

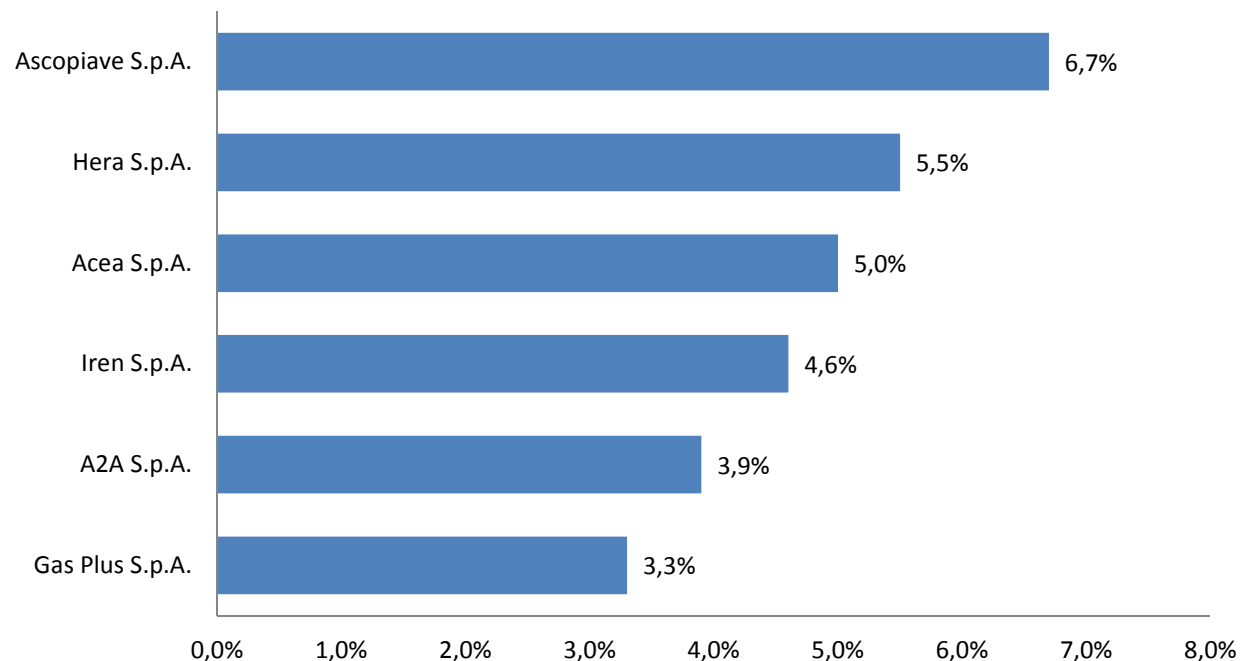
## Dividend yield comparison

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### Dividends yield comparison

**Dividend distributed by Ascopiave in 2014 is higher than that distributed by major listed comparable companies**

**Dividend Yield 2013<sup>(\*)</sup>**



(\*) Dividend yield is calculated on the price of the shares at December, 31st 2013 and on the dividends for the year 2013

# **ANNEXES**

**London, October 2nd 2014**

### ANNEXES

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**ANNEXES**

❖ **FY 2013 financial results**

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❖ **2009-2013 financial comparison**

❖ **1stH 2014 financial results**

## FY 2013 income statement

(Thousand of Euro)	2013	2012	Chg	Chg %
<b>Revenues</b>	<b>854.334</b>	<b>1.078.038</b>	<b>(223.704)</b>	<b>-20,8%</b>
(Cost of raw materials and consumables)	(574.518)	(780.822)	206.305	-26,4%
(Cost of services)	(133.442)	(152.434)	18.992	-12,5%
(Cost of personnel)	(27.280)	(25.394)	(1.886)	+7,4%
(Other operating costs)	(14.337)	(16.952)	2.614	-15,4%
Other operating income	1.148	247	901	+365,3%
<b>EBITDA</b>	<b>105.904</b>	<b>102.683</b>	<b>3.221</b>	<b>+3,1%</b>
(Depreciations and amortizations)	(20.570)	(22.116)	1.547	-7,0%
(Provisions)	(8.548)	(7.491)	(1.056)	+14,1%
<b>EBIT</b>	<b>76.787</b>	<b>73.075</b>	<b>3.711</b>	<b>+5,1%</b>
Financial income / (expenses)	(3.874)	(6.916)	3.042	-44,0%
Evaluation of companies with net assets method	(262)	(11.007)	10.746	-97,6%
<b>EBT</b>	<b>72.651</b>	<b>55.152</b>	<b>17.499</b>	<b>+31,7%</b>
(Income taxes)	(31.541)	(29.527)	(2.014)	+6,8%
<b>Earnings after taxes</b>	<b>41.111</b>	<b>25.625</b>	<b>15.486</b>	<b>+60,4%</b>
(Net loss from discontinued operations)	(71)	4.336	(4.407)	-101,6%
<b>Net income</b>	<b>41.040</b>	<b>29.961</b>	<b>11.078</b>	<b>+37,0%</b>
(Net income of minorities)	(2.361)	(2.067)	(294)	+14,2%
<b>Net income of the Group</b>	<b>38.678</b>	<b>27.894</b>	<b>10.784</b>	<b>+38,7%</b>

## Balance sheet

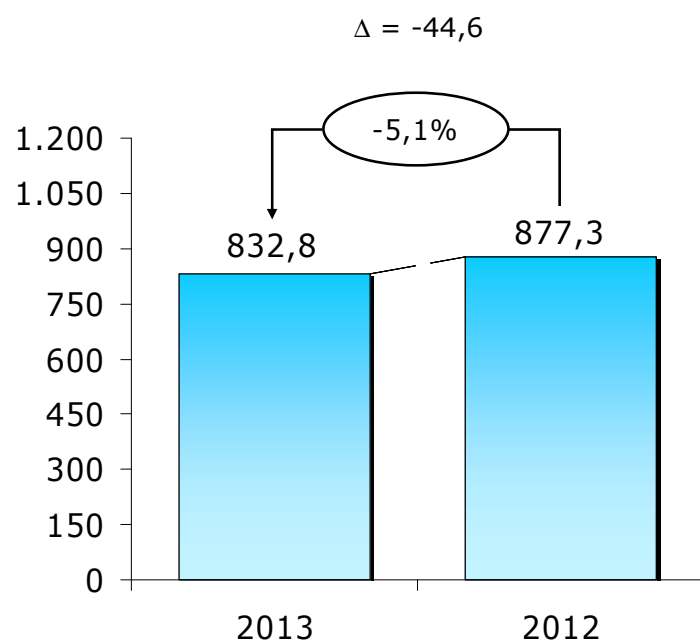
(Thousand of Euro)	31/12/2013	31/12/2012	Chg	Chg %
Tangible assets <sup>(*)</sup>	39.277	40.534	(1.257)	-3,1%
Non tangible assets <sup>(*)</sup>	447.898	450.457	(2.559)	-0,6%
Other fixed assets	44.351	29.817	14.535	+48,7%
<b>Fixed assets</b>	<b>531.527</b>	<b>520.808</b>	<b>10.718</b>	<b>+2,1%</b>
Operating current assets	275.864	363.436	(87.572)	-24,1%
(Operating current liabilities)	(211.986)	(261.175)	49.188	-18,8%
(Operating non current liabilities)	(61.126)	(64.122)	2.995	-4,7%
<b>Net working capital</b>	<b>2.752</b>	<b>38.140</b>	<b>(35.388)</b>	<b>-92,8%</b>
<b>Total capital employed</b>	<b>534.278</b>	<b>558.948</b>	<b>(24.670)</b>	<b>-4,4%</b>
<b>Group shareholders equity</b>	<b>397.689</b>	<b>384.053</b>	<b>13.636</b>	<b>+3,6%</b>
<b>Minorities</b>	<b>4.989</b>	<b>4.765</b>	<b>224</b>	<b>+4,7%</b>
<b>Net financial position</b>	<b>131.600</b>	<b>170.130</b>	<b>(38.530)</b>	<b>-22,6%</b>
<b>Total sources</b>	<b>534.278</b>	<b>558.948</b>	<b>(24.670)</b>	<b>-4,4%</b>

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

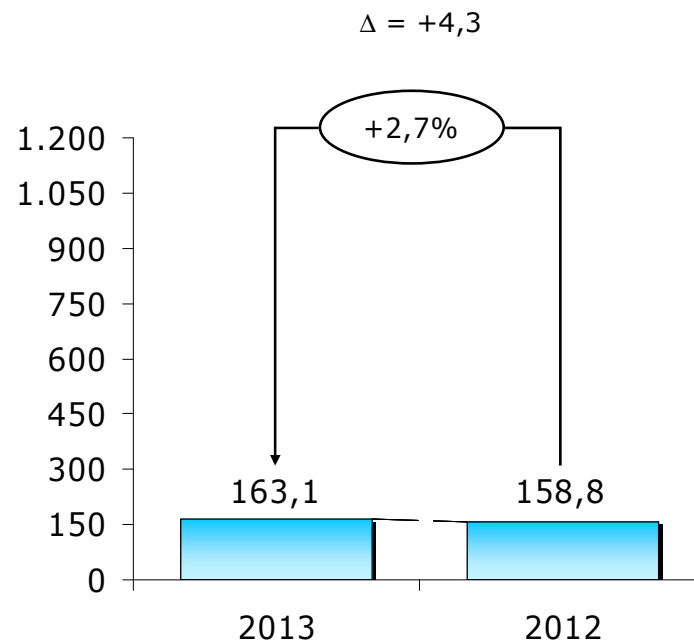
## Volumes of gas distributed (1)

### Volumes of gas distributed

(Million of standard cubic meters)



**Gas distributed**  
**Companies consolidated at 100%**

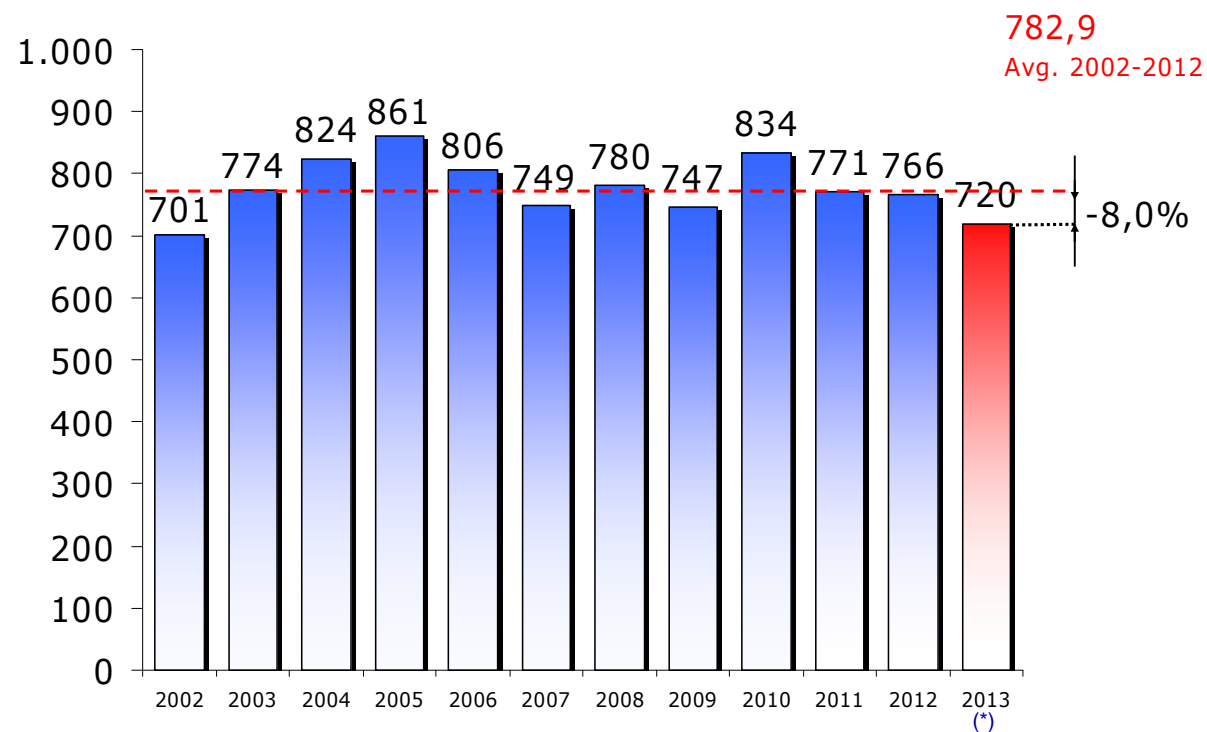


**Gas distributed**  
**Companies consolidated at 49%**

## Volumes of gas distributed (2)

### Volumes of gas distributed: hystorical trend (Ascopiave S.p.A.)

(Million of standard cubic meters)

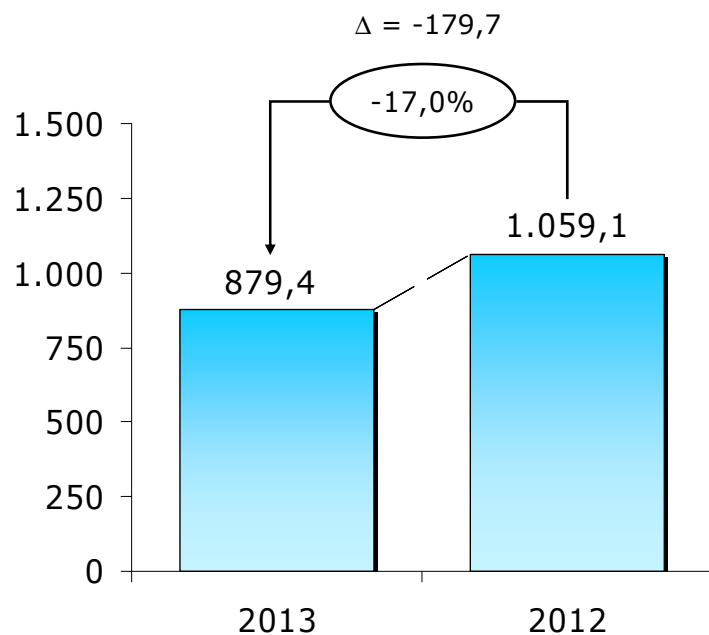


(\*) Excluding volumes of natural gas distributed by ASM DG, Edigas Esercizio Distribuzione Gas and Unigas Distribuzione Gas.

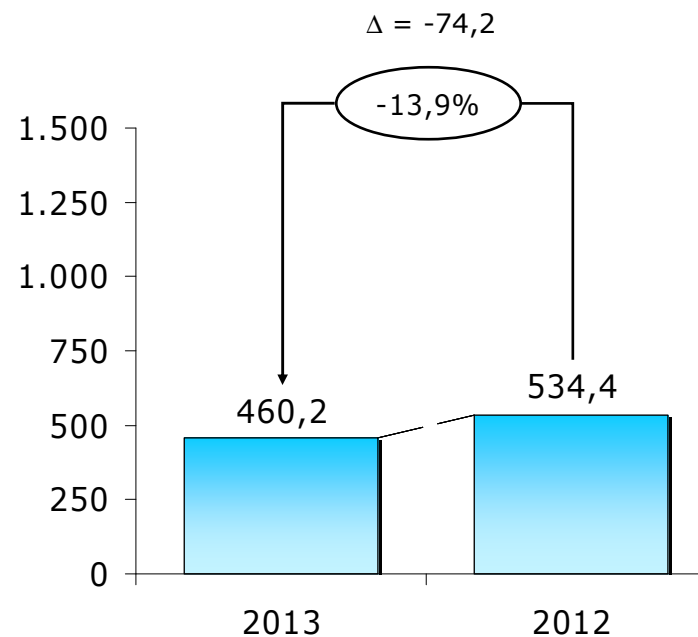
## Volumes of gas sold to end customers

### Volumes of gas sold to end customers

(Million of standard cubic meters)



**Gas sold to end customers**  
**Companies consolidated at 100%**

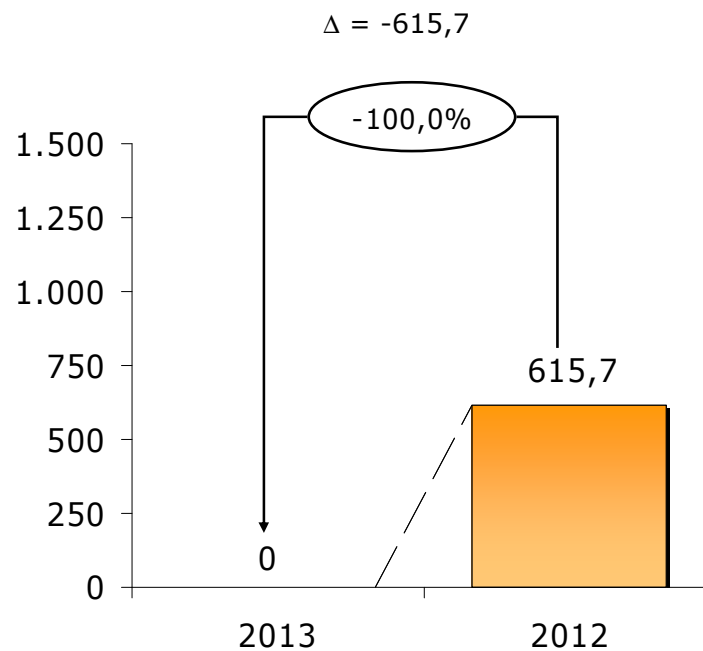


**Gas sold to end customers**  
**Companies consolidated at 49%-51%**

## Volumes of gas sold on trading and wholesaling activities

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

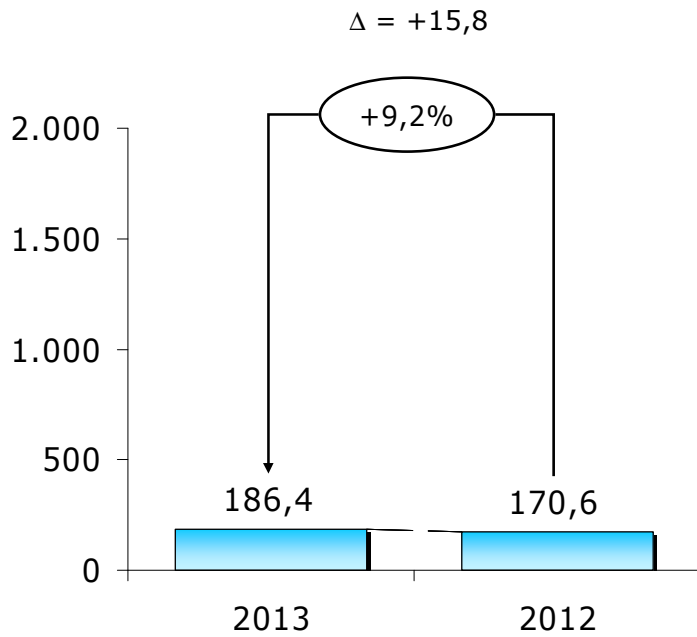
(Million of standard cubic meters)



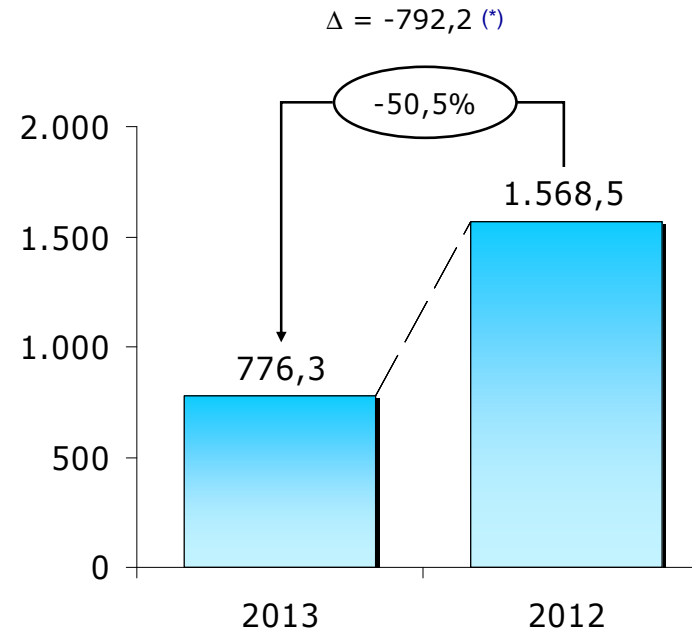
**Gas sold on trading and wholesaling activities**  
**Companies consolidated at 100%**

# Volumes of electricity sold

## Volumes of electricity sold (GWh)



**Electricity sold**  
Companies consolidated at 100%

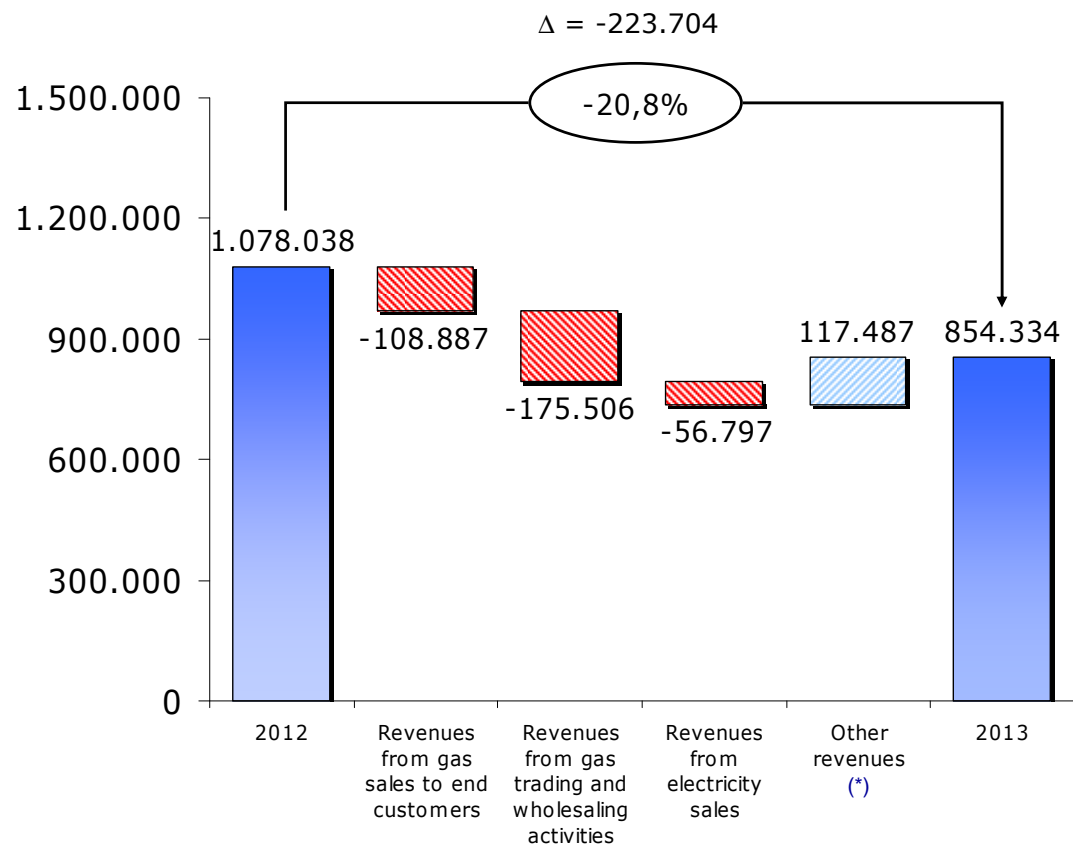


**Electricity sold**  
Companies consolidated at 49%-51%

(\*) Reduction is mainly due to a rationalization of Estenergy customers portfolio.

# Revenues bridge

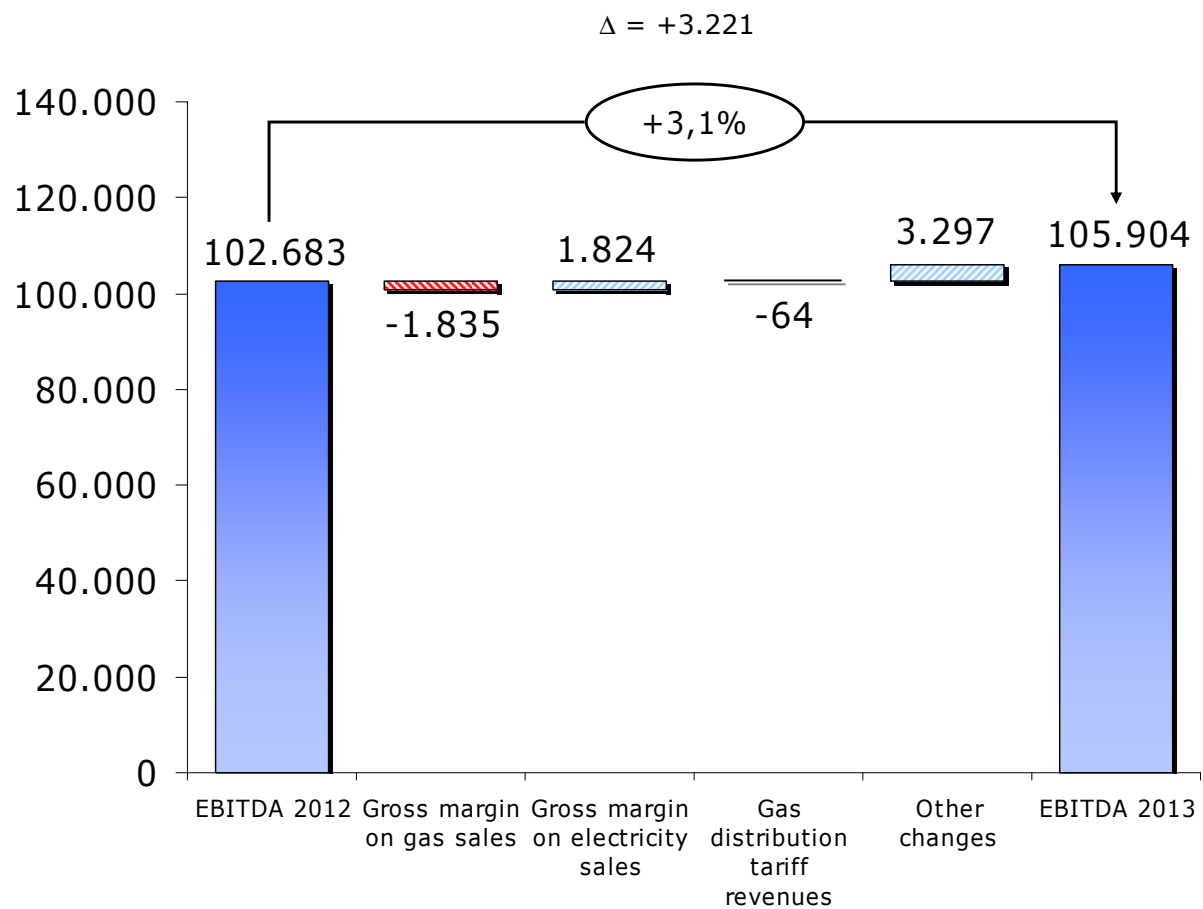
## Revenues bridge (Thousand of Euro)



(\*) of which € 115,1 million relating to sales of gas from Russia ,procured through *take or pay* contracts signed by Sinergie Italiane, regulated in the sphere of the framework supply agreement on the part of the Group's reference shipper

# EBITDA bridge

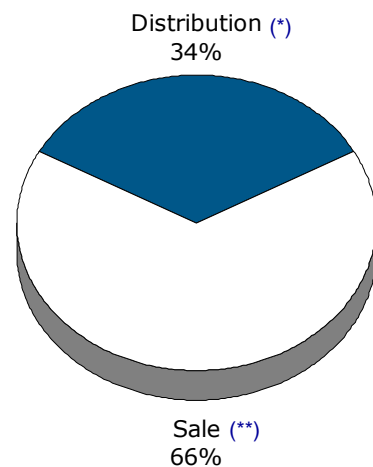
## EBITDA bridge (Thousand of Euro)



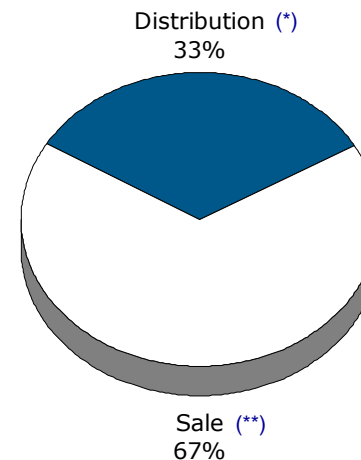
## EBITDA breakdown

(Thousand of Euro)	2013	2012	Var	Var %
<b>EBITDA</b>	<b>105.904</b>	<b>102.683</b>	<b>3.221</b>	<b>+3,1%</b>
EBITDA - Sale	69.906	68.737	1.168	+1,7%
EBITDA - Distribution	35.998	33.946	2.053	+6,0%
<b>EBIT</b>	<b>76.787</b>	<b>73.075</b>	<b>3.711</b>	<b>+5,1%</b>
EBIT - Sale	57.830	57.477	353	+0,6%
EBIT - Distribution	18.957	15.598	3.359	+21,5%

EBITDA 2013



EBITDA 2012



(\*) Gas distribution and metering activities.

(\*\*) Gas sales, electricity sales and other activities.

## Gas distribution tariff revenues

---

(Thousand of Euro) (*)	2013	2012	Chg	Chg %
Tariffs applied to sales companies	64.001	63.708	293	+0,5%
Equalization amount (+ / -)	6.166	6.523	(357)	-5,5%
<b>Gas distribution tariff revenues</b>	<b>70.167</b>	<b>70.231</b>	<b>(64)</b>	<b>-0,1%</b>

The decrease of gas distribution tariff revenues (- Euro 0,1 mln) is due to:

- 1) change of gas distribution tariffs applied to gas sales companies: + Euro 0,3 mln;
- 2) equalization amount: - Euro 0,4 mln.

(\*) Economic data before elisions

## Gross margin on gas sales

(Thousand of Euro)(*)	2013	2012	Chg	Chg %
Revenues from gas sales to end customers	617.047	713.446	(96.400)	-13,5%
Revenues from gas trading and wholesaling	-	175.506	(175.506)	-100,0%
<b>Revenues from gas sales</b>	<b>617.047</b>	<b>888.953</b>	<b>(271.906)</b>	<b>-30,6%</b>
(Gas purchase costs)	(407.174)	(689.410)	282.237	-40,9%
(Distribution costs)	(116.752)	(104.586)	(12.166)	+11,6%
<b>Gross margin on gas sales</b>	<b>93.121</b>	<b>94.957</b>	<b>(1.835)</b>	<b>-1,9%</b>

The decrease of gross margin on gas sales (- Euro 1,8 mln) is due to:

- decrease of gross margin on gas sales to end customers: - Euro 2,8 mln;
- end of gas sold on trading and wholesaling activities: + Euro 1,0 mln.

(\*) Economic data before elisions

## Gross margin on electricity sales

(Thousand of Euro) (*)	2013	2012	Chg	Chg %
Revenues from electricity sales	98.692	155.852	(57.160)	-36,7%
(Electricity purchase costs)	(60.141)	(95.405)	35.264	-37,0%
(Distribution costs)	(34.220)	(57.939)	23.719	-40,9%
<b>Gross margin on electricity sales</b>	<b>4.332</b>	<b>2.508</b>	<b>1.824</b>	<b>+72,7%</b>

The increase of gross margin on electricity sales is equal to + Euro 1,8 mln.

(\*) Economic data before elisions

## Other net operating costs

(Thousand of Euro) (*)	2013	2012	Chg	Chg %
Other revenues	47.006	44.572	2.434	+5,5%
Other costs of raw materials and services	(81.442)	(84.190)	2.748	-3,3%
Cost of personnel	(27.280)	(25.394)	(1.886)	+7,4%
<b>Other net operating costs</b>	<b>(61.716)</b>	<b>(65.012)</b>	<b>3.297</b>	<b>-5,1%</b>

### Decrease of net operating costs: + Euro 3,3 mln

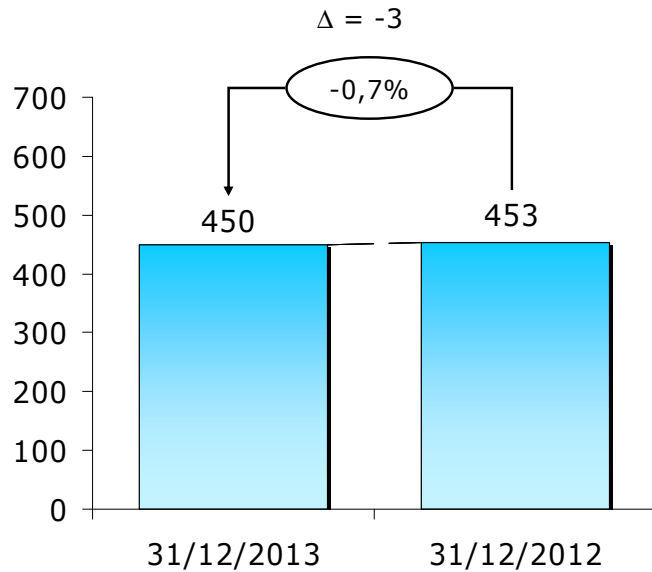
*of which:*

- Decrease of gas distribution concession fees: + Euro 2,7 mln
- Increase of personnel cost: - Euro 1,9 mln
- Decrease of marketing and customer acquisition cost: + Euro 0,6 mln
- Decrease of margin on energy efficiency tasks management: - Euro 1,0 mln
- Decrease of revenues for distribution network connection services : - Euro 1,3 mln
- Capital gain realized on the disposal of distribution plants: + Euro 1,1 mln
- Decrease of provision for risks and charges: + Euro 2,8 mln
- Other changes: + Euro 0,3 mln

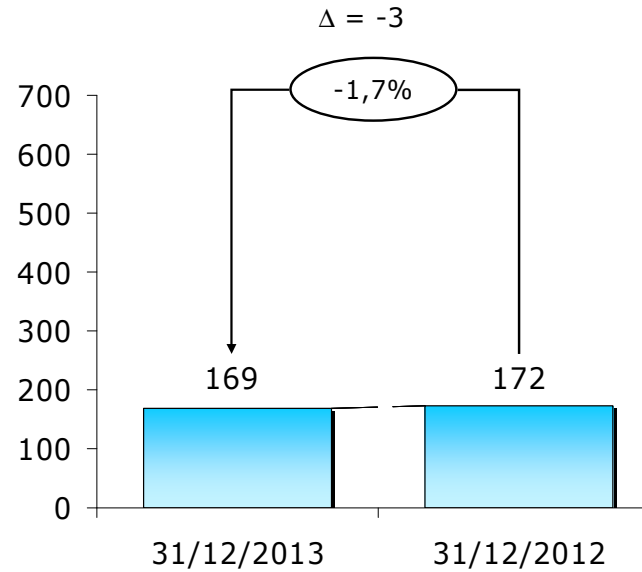
(\*) Economic data before elisions

# Number of employees

**No. of employees  
Companies consolidated at 100%**

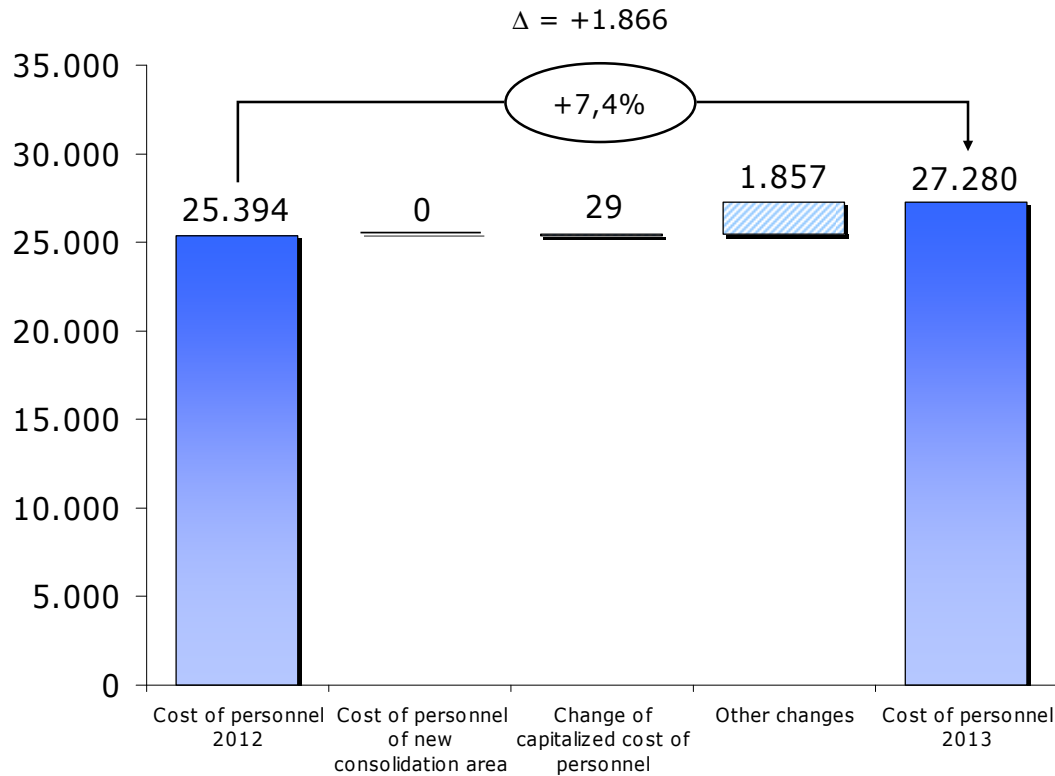


**No. of employees  
Companies consolidated at 49%-51%**



# Cost of personnel

## Cost of personnel (Thousand of Euro)

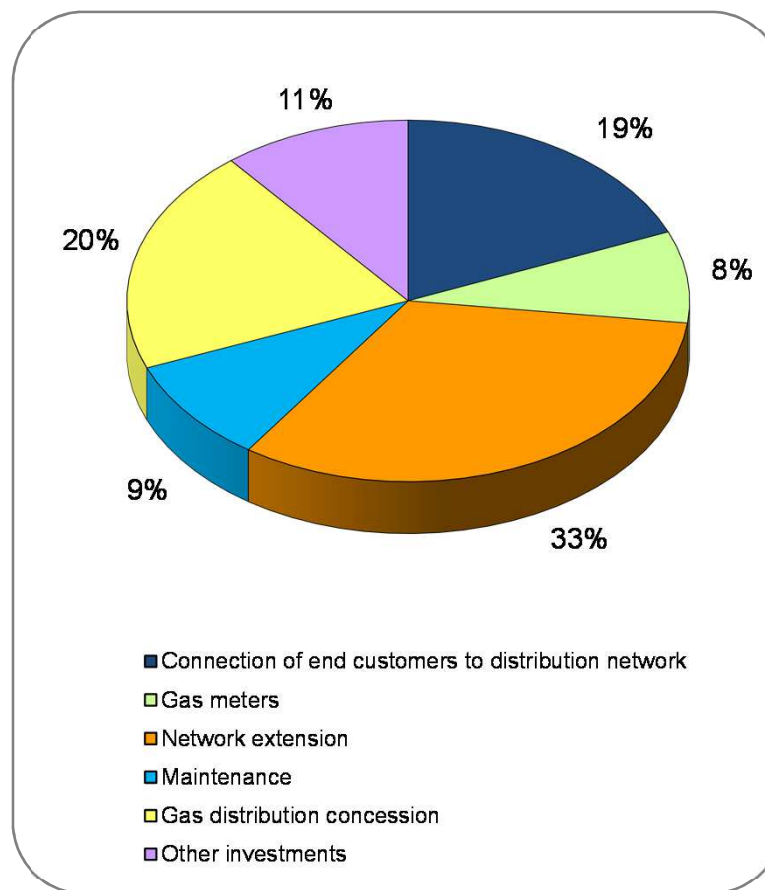
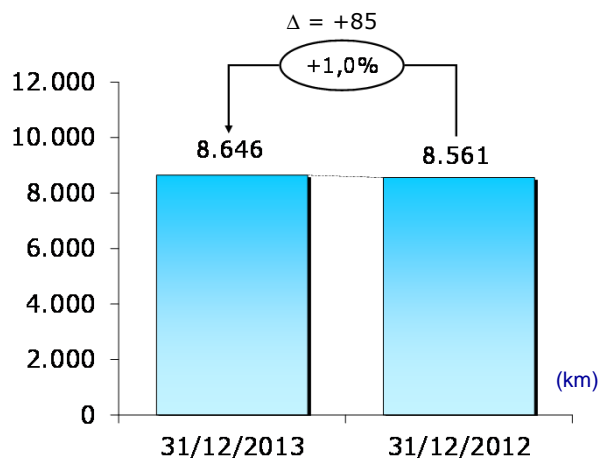
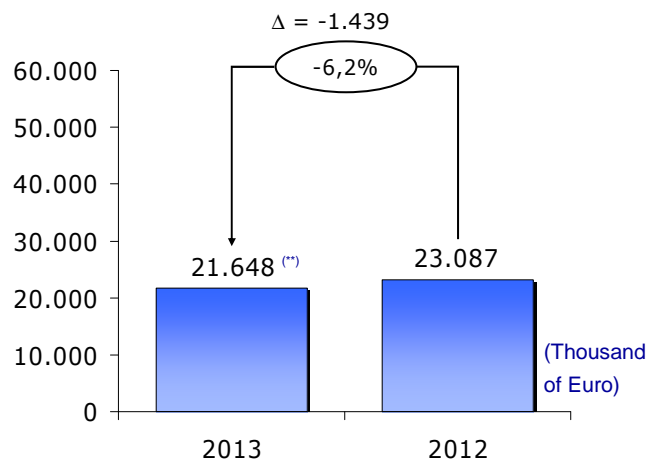


### Other changes:

- phantom stock options: Euro 0,7 mln
- long term incentive plan (2012-2013): Euro 0,4 mln
- Labor collective agreement renewal: Euro 0,2 mln
- other: Euro 0,6 mln

# Capex and length of gas distribution network

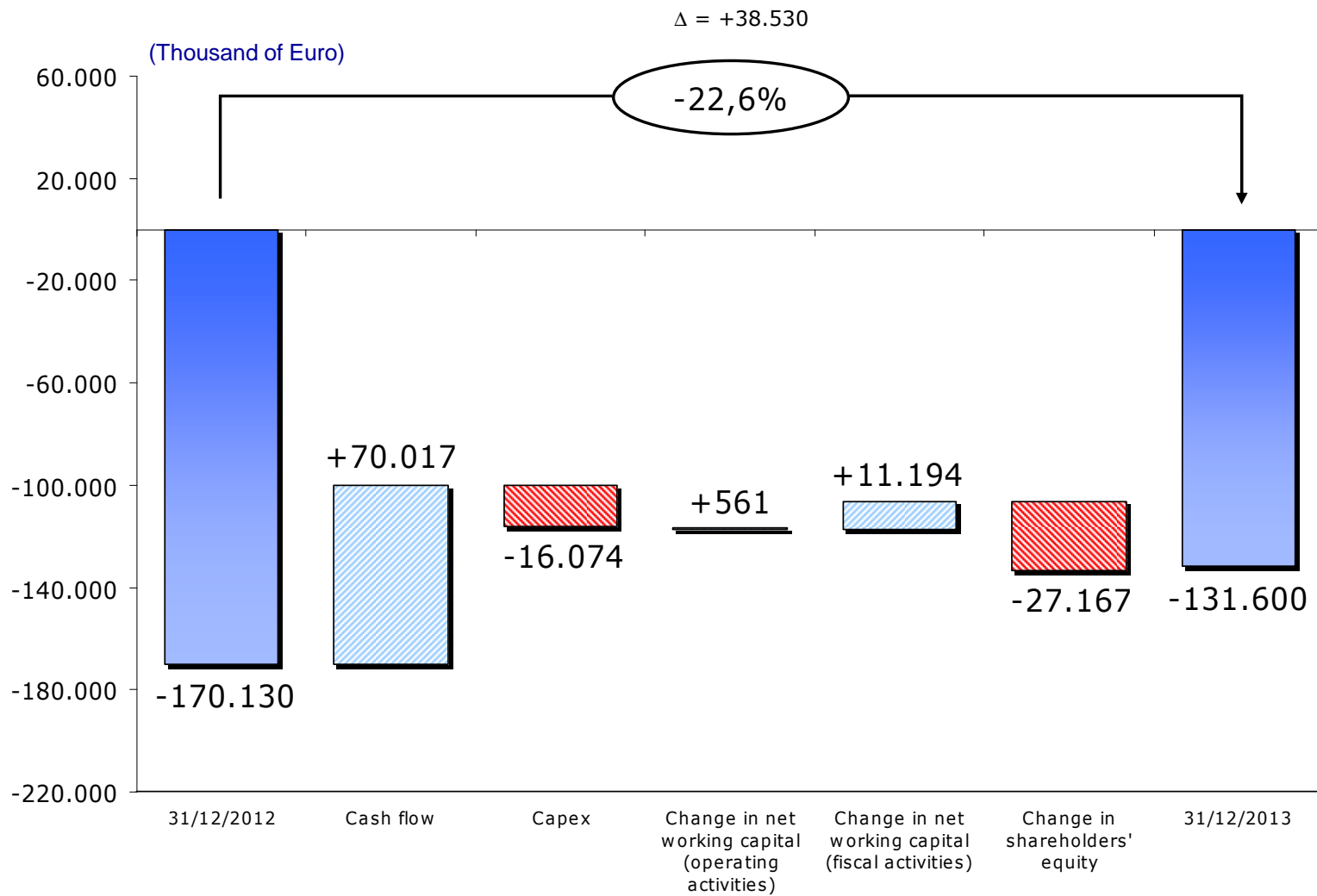
## Capex (\*) and length of gas distribution network



(\*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments

(\*\*) Investments in tangible assets: 1,9 million of Euro; investments in intangible assets: 19,7 million of Euro, including investments on the gas distribution network (infrastructure under concession)

# Net financial position and cash flow



### ANNEXES

#### ❖ FY 2013 financial results

#### ❖ 2009-2013 financial comparison

→ 2009-2013 income statement ..... Pag. 83

→ Balance sheet ..... Pag. 84

#### ❖ 1stH 2014 financial results

## 2009-2013 income statement

(Thousand of Euro)	2013	2012	2011	2010	2009	cagr 09-13
<b>Revenues</b>	<b>854.334</b>	<b>1.078.038</b>	<b>1.099.241</b>	<b>855.884</b>	<b>764.151</b>	<b>2,8%</b>
(Cost of raw materials and consumables)	(574.518)	(780.822)	(844.268)	(660.030)	(617.384)	-1,8%
(Cost of services)	(133.442)	(152.434)	(124.572)	(87.528)	(58.888)	22,7%
(Cost of personnel)	(27.280)	(25.442)	(24.323)	(21.091)	(18.377)	10,4%
(Other operating costs)	(14.337)	(16.952)	(13.522)	(10.213)	(9.934)	9,6%
Other operating income	1.148	247	612	989	1.976	-12,7%
<b>EBITDA</b>	<b>105.904</b>	<b>102.635</b>	<b>93.169</b>	<b>78.009</b>	<b>61.545</b>	<b>14,5%</b>
(Depreciations and amortizations)	(20.570)	(22.116)	(19.081)	(17.414)	(16.283)	6,0%
(Provisions)	(8.548)	(7.491)	(7.372)	(4.841)	(4.174)	19,6%
<b>EBIT</b>	<b>76.787</b>	<b>73.027</b>	<b>66.717</b>	<b>55.754</b>	<b>41.088</b>	<b>16,9%</b>
Financial income / (expenses)	(3.874)	(6.916)	(2.798)	(767)	(1.325)	30,8%
Evaluation of companies with net assets method	(262)	(11.007)	(22.425)	(735)	468	n.a.
<b>EBT</b>	<b>72.651</b>	<b>55.104</b>	<b>41.494</b>	<b>54.253</b>	<b>40.231</b>	<b>15,9%</b>
(Income taxes)	(31.541)	(29.509)	(33.874)	(21.408)	(14.340)	21,8%
<b>Earnings after taxes</b>	<b>41.111</b>	<b>25.595</b>	<b>7.620</b>	<b>32.845</b>	<b>25.891</b>	<b>12,3%</b>
(Net loss from discontinued operations)	(71)	4.336	639	-	-	n.a.
<b>Net income</b>	<b>41.040</b>	<b>29.932</b>	<b>8.259</b>	<b>32.845</b>	<b>25.891</b>	<b>12,2%</b>
(Net income of minorities)	(2.361)	(2.067)	(1.993)	(1.671)	(603)	40,7%
<b>Net income of the Group</b>	<b>38.678</b>	<b>27.865</b>	<b>6.266</b>	<b>31.174</b>	<b>25.288</b>	<b>11,2%</b>

## Balance sheet

(Thousand of Euro)	31/12/2013	31/12/2012	31/12/2011	31/12/2010*	31/12/2009*	cagr 09-13
Tangible assets	39.277	40.534	61.983	43.814	329.970	-41,3%
Non tangible assets	447.898	450.457	459.046	410.765	114.542	40,6%
Other fixed assets	44.351	29.817	26.741	16.133	15.418	30,2%
<b>Fixed assets</b>	<b>531.527</b>	<b>520.808</b>	<b>547.770</b>	<b>470.712</b>	<b>459.930</b>	<b>3,7%</b>
Operating current assets	275.864	363.436	381.684	261.137	211.796	6,8%
(Operating current liabilities)	(211.986)	(261.175)	(283.199)	(208.928)	(178.075)	4,5%
(Operating non current liabilities)	(61.126)	(64.122)	(82.466)	(47.526)	(44.468)	8,3%
<b>Net working capital</b>	<b>2.752</b>	<b>38.140</b>	<b>16.019</b>	<b>4.683</b>	<b>(10.747)</b>	<b>n.a.</b>
<b>Total capital employed</b>	<b>534.278</b>	<b>558.948</b>	<b>563.789</b>	<b>475.395</b>	<b>449.183</b>	<b>4,4%</b>
<b>Group shareholders equity</b>	<b>397.689</b>	<b>384.053</b>	<b>357.871</b>	<b>375.535</b>	<b>367.245</b>	<b>2,0%</b>
<b>Minorities</b>	<b>4.989</b>	<b>4.765</b>	<b>4.696</b>	<b>3.866</b>	<b>2.851</b>	<b>15,0%</b>
<b>Net financial position</b>	<b>131.600</b>	<b>170.130</b>	<b>201.221</b>	<b>95.995</b>	<b>79.088</b>	<b>13,6%</b>
<b>Total sources</b>	<b>534.278</b>	<b>558.948</b>	<b>563.789</b>	<b>475.395</b>	<b>449.183</b>	<b>4,4%</b>

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

### ANNEXES

#### ❖ FY 2013 financial results

#### ❖ 2009-2013 financial comparison

#### ❖ 1stH 2014 financial results

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### ANNEXES

#### 1stH 2014 financial results

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## Application of IFRS 11 international accounting standard

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In application of IFRS 11 international accounting standard, from January, 1st 2014 the jointly controlled companies are consolidated with net equity consolidation method.

Until December, 31st 2013 they were consolidated with proportionate consolidation method.

Company	1stH 2014		1stH 2013
Sinergie Italiane S.r.l.	Net equity consolidation method	=	Net equity consolidation method
Veritas Energia S.r.l.	Full consolidation method	≠	Proportionate consolidation method
Asm Set S.r.l.	Net equity consolidation method	≠	Proportionate consolidation method
Estenergy S.p.A.	Net equity consolidation method	≠	Proportionate consolidation method
Unigas Distribuzione S.r.l.	Net equity consolidation method	≠	Proportionate consolidation method

For having a comparable accounting situation:

- 1stH 2013 income statement has been reclassified (1stH 2013 restated);
- balance sheet at December, 31st 2013 has been reclassified (31/12/2013 restated);

using the same consolidation principles in force in 2014.

## FY 2013 restated income statement

(Thousand of Euro)	FY 2013	Chg	FY 2013 restated
<b>Revenues</b>	<b>854.334</b>	<b>(186.496)</b>	<b>667.837</b>
(Cost of raw materials and consumables)	(574.518)	101.049	(473.469)
(Cost of services)	(133.442)	59.691	(73.751)
(Cost of personnel)	(27.280)	4.371	(22.909)
(Other operating costs)	(14.337)	1.672	(12.666)
Other operating income	1.148	(2)	1.146
<b>EBITDA</b>	<b>105.904</b>	<b>(19.716)</b>	<b>86.188</b>
(Depreciations and amortizations)	(20.570)	2.297	(18.273)
(Provisions)	(8.548)	2.509	(6.039)
<b>EBIT</b>	<b>76.787</b>	<b>(14.910)</b>	<b>61.877</b>
Financial income / (expenses)	(3.874)	2.447	(1.427)
Evaluation of companies with net assets method	(262)	6.730	6.468
<b>EBT</b>	<b>72.651</b>	<b>(5.734)</b>	<b>66.917</b>
(Income taxes)	(31.541)	5.734	(25.807)
<b>Earnings after taxes</b>	<b>41.111</b>	<b>(0)</b>	<b>41.111</b>
(Net loss from discontinued operations)	(71)	-	(71)
<b>Net income</b>	<b>41.040</b>	<b>(0)</b>	<b>41.040</b>
(Net income of minorities)	(2.361)	-	(2.361)
<b>Net income of the Group</b>	<b>38.678</b>	<b>-</b>	<b>38.678</b>

## Balance sheet at December, 31st 2013 restated

(Thousand of Euro)	31/12/2013	Chg	31/12/2013 restated
Tangible assets	39.277	(1.437)	37.840
Non tangible assets	447.898	(60.398)	387.500
Investments in associates	1	72.421	72.421
Other fixed assets	44.351	(4.664)	39.687
<b>Fixed assets</b>	<b>531.527</b>	<b>5.922</b>	<b>537.449</b>
Operating current assets	275.864	(71.799)	204.066
(Operating current liabilities)	(211.986)	51.753	(160.234)
(Operating non current liabilities)	(61.126)	6.334	(54.792)
<b>Net working capital</b>	<b>2.752</b>	<b>(13.712)</b>	<b>(10.960)</b>
<b>Total capital employed</b>	<b>534.278</b>	<b>(7.790)</b>	<b>526.489</b>
<b>Group shareholders equity</b>	<b>397.689</b>	<b>-</b>	<b>397.689</b>
<b>Minorities</b>	<b>4.989</b>	<b>-</b>	<b>4.989</b>
<b>Net financial position</b>	<b>131.600</b>	<b>(7.790)</b>	<b>123.810</b>
<b>Total sources</b>	<b>534.278</b>	<b>(7.790)</b>	<b>526.489</b>

## 1stH 2013 restated income statement

(Thousand of Euro)	1stH 2013	Chg	1stH 2013 restated
<b>Revenues</b>	<b>518.173</b>	<b>(113.000)</b>	<b>405.174</b>
(Cost of raw materials and consumables)	(350.969)	64.218	(286.752)
(Cost of services)	(70.608)	31.019	(39.588)
(Cost of personnel)	(13.743)	2.195	(11.548)
(Other operating costs)	(11.828)	528	(11.300)
Other operating income	694	(0)	694
<b>EBITDA</b>	<b>71.719</b>	<b>(15.040)</b>	<b>56.679</b>
(Depreciations and amortizations)	(10.291)	1.094	(9.197)
(Provisions)	(5.451)	1.461	(3.990)
<b>EBIT</b>	<b>55.977</b>	<b>(12.485)</b>	<b>43.492</b>
Financial income / (expenses)	(2.977)	1.758	(1.219)
Evaluation of companies with net assets method	(188)	5.966	5.778
<b>EBT</b>	<b>52.811</b>	<b>(4.761)</b>	<b>48.050</b>
(Income taxes)	(23.180)	4.761	(18.419)
<b>Earnings after taxes</b>	<b>29.632</b>	<b>(0)</b>	<b>29.632</b>
(Net loss from discontinued operations)	-	-	-
<b>Net income</b>	<b>29.632</b>	<b>(0)</b>	<b>29.632</b>
(Net income of minorities)	(1.869)	-	(1.869)
<b>Net income of the Group</b>	<b>27.762</b>	<b>-</b>	<b>27.762</b>

## 1stH 2014 consolidated income statement

(Thousand of Euro)	1stH 2014	1stH 2013 restated	Chg	Chg %
<b>Revenues</b>	<b>337.085</b>	<b>405.174</b>	<b>(68.089)</b>	<b>-16,8%</b>
(Cost of raw materials and consumables)	(216.572)	(286.752)	70.180	-24,5%
(Cost of services)	(56.312)	(39.588)	(16.724)	+42,2%
(Cost of personnel)	(12.606)	(11.548)	(1.058)	+9,2%
(Other operating costs)	(6.397)	(11.300)	4.903	-43,4%
Other operating income	11	694	(683)	-98,4%
<b>EBITDA</b>	<b>45.209</b>	<b>56.679</b>	<b>(11.470)</b>	<b>-20,2%</b>
(Depreciations and amortizations)	(9.721)	(9.197)	(524)	+5,7%
(Provisions)	(2.998)	(3.990)	992	-24,9%
<b>EBIT</b>	<b>32.491</b>	<b>43.492</b>	<b>(11.001)</b>	<b>-25,3%</b>
Financial income / (expenses)	(728)	(1.219)	491	-40,2%
Evaluation of companies with net assets method (*)	3.805	5.778	(1.973)	-34,1%
<b>EBT</b>	<b>35.567</b>	<b>48.050</b>	<b>(12.483)</b>	<b>-26,0%</b>
(Income taxes)	(12.892)	(18.419)	5.527	-30,0%
<b>Earnings after taxes</b>	<b>22.675</b>	<b>29.632</b>	<b>(6.957)</b>	<b>-23,5%</b>
(Net loss from discontinued operations)	-	-	-	n.a.
<b>Net income</b>	<b>22.675</b>	<b>29.632</b>	<b>(6.957)</b>	<b>-23,5%</b>
(Net income of minorities)	(1.260)	(1.869)	609	-32,6%
<b>Net income of the Group</b>	<b>21.415</b>	<b>27.762</b>	<b>(6.348)</b>	<b>-22,9%</b>

(\*) Result of the companies consolidated with net equity consolidation method (data are considered pro-quota): sale companies, Euro 1,3 mln (Euro 5,4 mln in 1stH 2013 restated); distribution companies, Euro 0,5 mln (Euro 0,5 mln in 1stH 2013 restated); Sinergie Italiane, + Euro 2,1 mln (- Euro 0,1 mln in 1stH 2013 restated).

## Consolidated balance sheet at June, 30th 2014

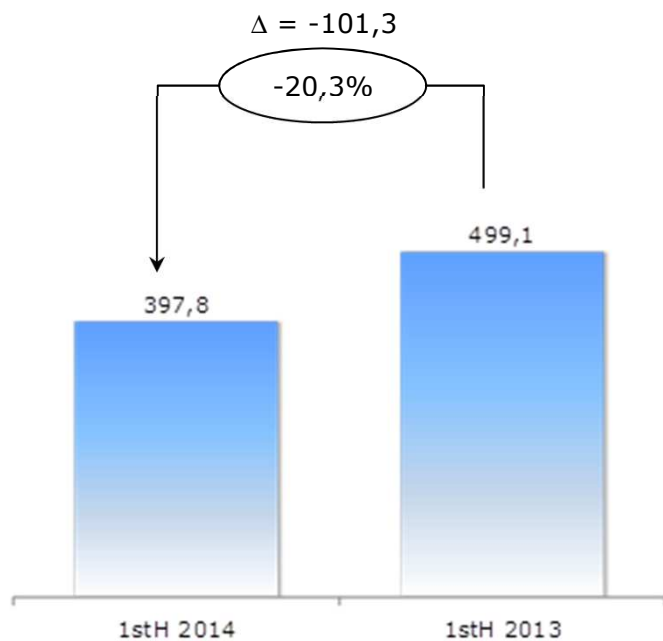
(Thousand of Euro)	30/06/2014	31/12/2013 restated	Chg	Chg %
Tangible assets (*)	36.985	37.840	(855)	-2,3%
Non tangible assets (*)	392.757	387.500	5.257	+1,4%
Investments in associates (**)	63.967	72.421	(8.454)	-11,7%
Other fixed assets	35.822	39.687	(3.865)	-9,7%
<b>Fixed assets</b>	<b>529.532</b>	<b>537.449</b>	<b>(7.917)</b>	<b>-1,5%</b>
Operating current assets	138.851	204.066	(65.215)	-32,0%
(Operating current liabilities)	(115.454)	(160.234)	44.780	-27,9%
(Operating non current liabilities)	(56.624)	(54.792)	(1.831)	+3,3%
<b>Net working capital</b>	<b>(33.227)</b>	<b>(10.960)</b>	<b>(22.266)</b>	<b>+203,2%</b>
<b>Total capital employed</b>	<b>496.305</b>	<b>526.489</b>	<b>(30.184)</b>	<b>-5,7%</b>
<b>Group shareholders equity</b>	<b>391.355</b>	<b>397.689</b>	<b>(6.334)</b>	<b>-1,6%</b>
<b>Minorities</b>	<b>3.828</b>	<b>4.989</b>	<b>(1.161)</b>	<b>-23,3%</b>
<b>Net financial position</b>	<b>101.122</b>	<b>123.810</b>	<b>(22.688)</b>	<b>-18,3%</b>
<b>Total sources</b>	<b>496.305</b>	<b>526.489</b>	<b>(30.184)</b>	<b>-5,7%</b>

(\*) Applying IFRIC 12 involves categorising the infrastructures under concession from tangible to intangible assets; (\*\*) Value of the associated companies consolidated with net equity consolidation method: sale companies, Euro 44,4 mln (Euro 52,1 mln at 31/12/2013 restated); distribution companies, Euro 19,5 mln (Euro 20,3 mln at 31/12/2013 restated).

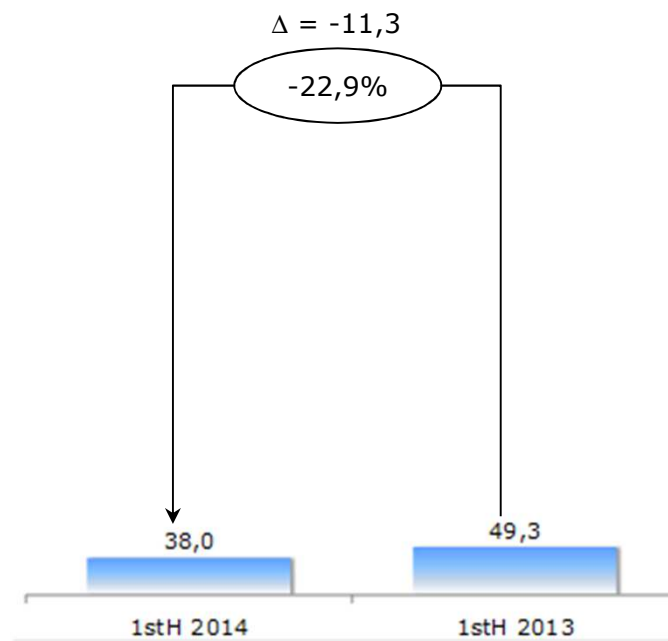
## Volumes of gas distributed

### Volumes of gas distributed

(Million of standard cubic meters)



**Companies consolidated  
with full consolidation method**

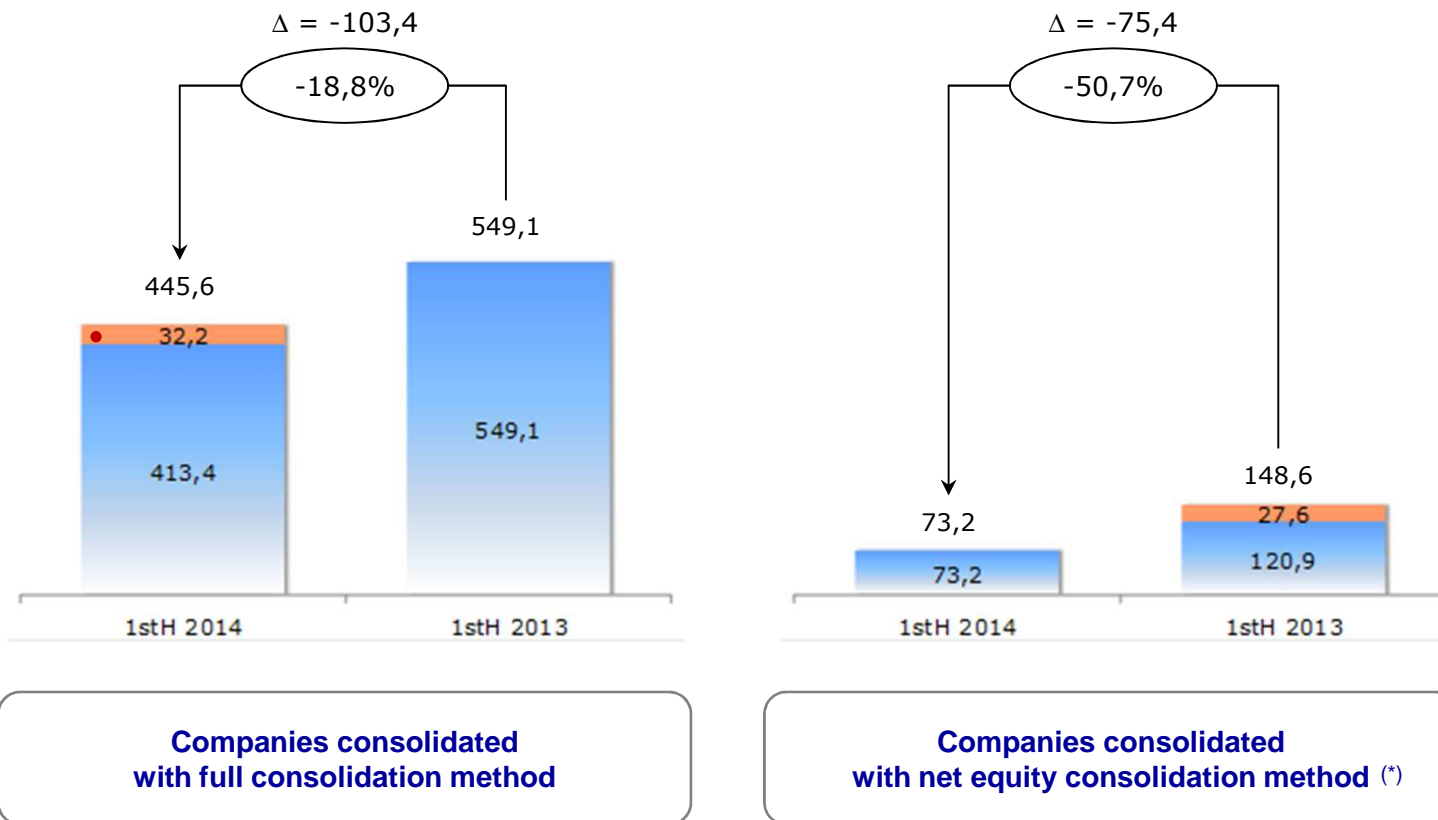


**Companies consolidated  
with net equity consolidation method (\*)**

(\*) Data are considered pro-quota.

# Volumes of gas sold

## Volumes of gas sold (Million of standard cubic meters)



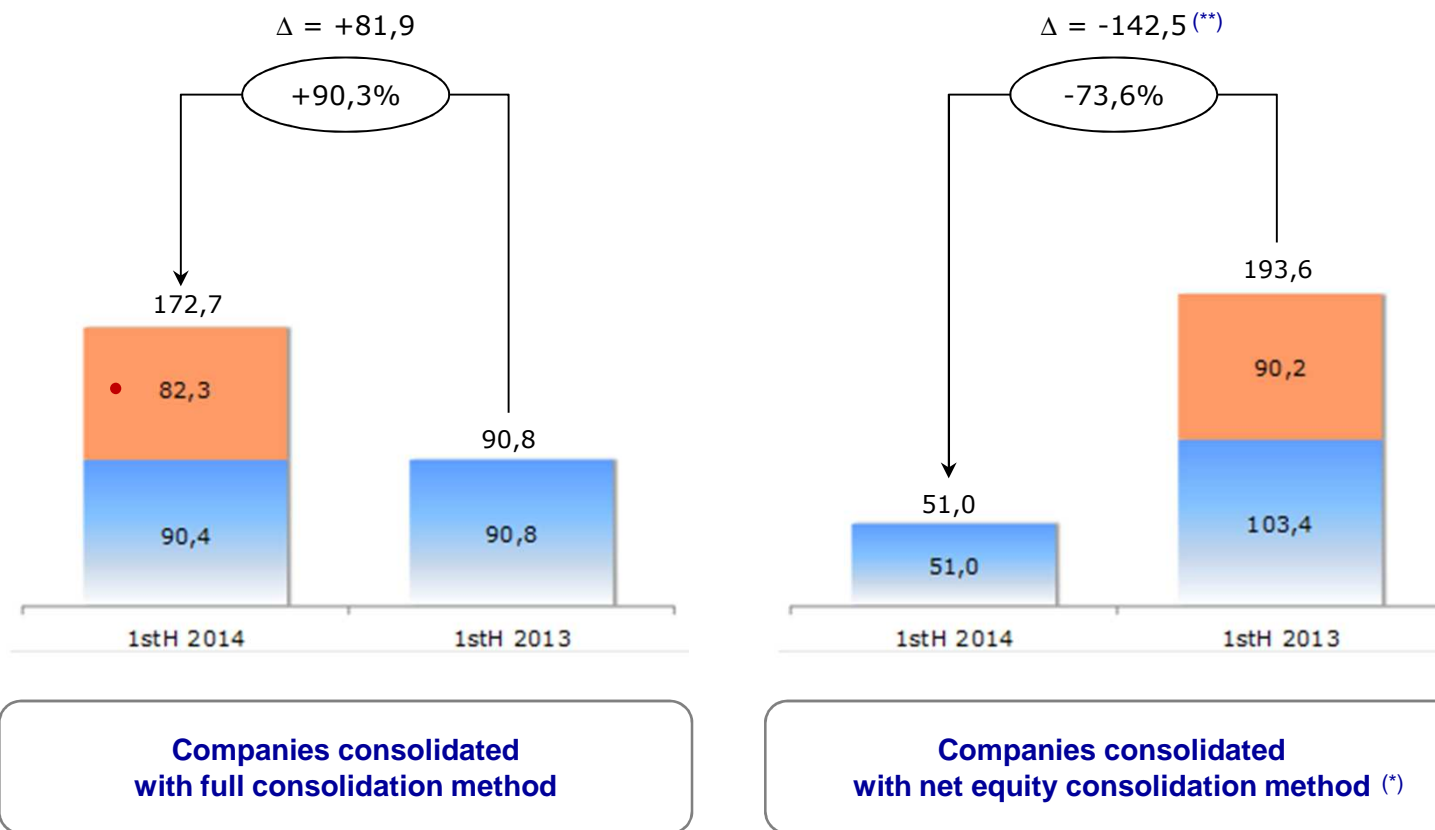
● of which 15,8 mln of cm for enlargement of consolidation perimeter (\*\*)

■ Veritas Energia S.r.l.: from January, 1st 2014 the company has modified its consolidation criterion (from proportionate to full consolidation method).

(\*) Data are considered pro-quota; (\*\*) Acquisition of 49% stake in Veritas Energia S.r.l.

# Volumes of electricity sold

## Volumes of electricity sold (GWh)



• of which 40,3 GWh for enlargement of consolidation perimeter

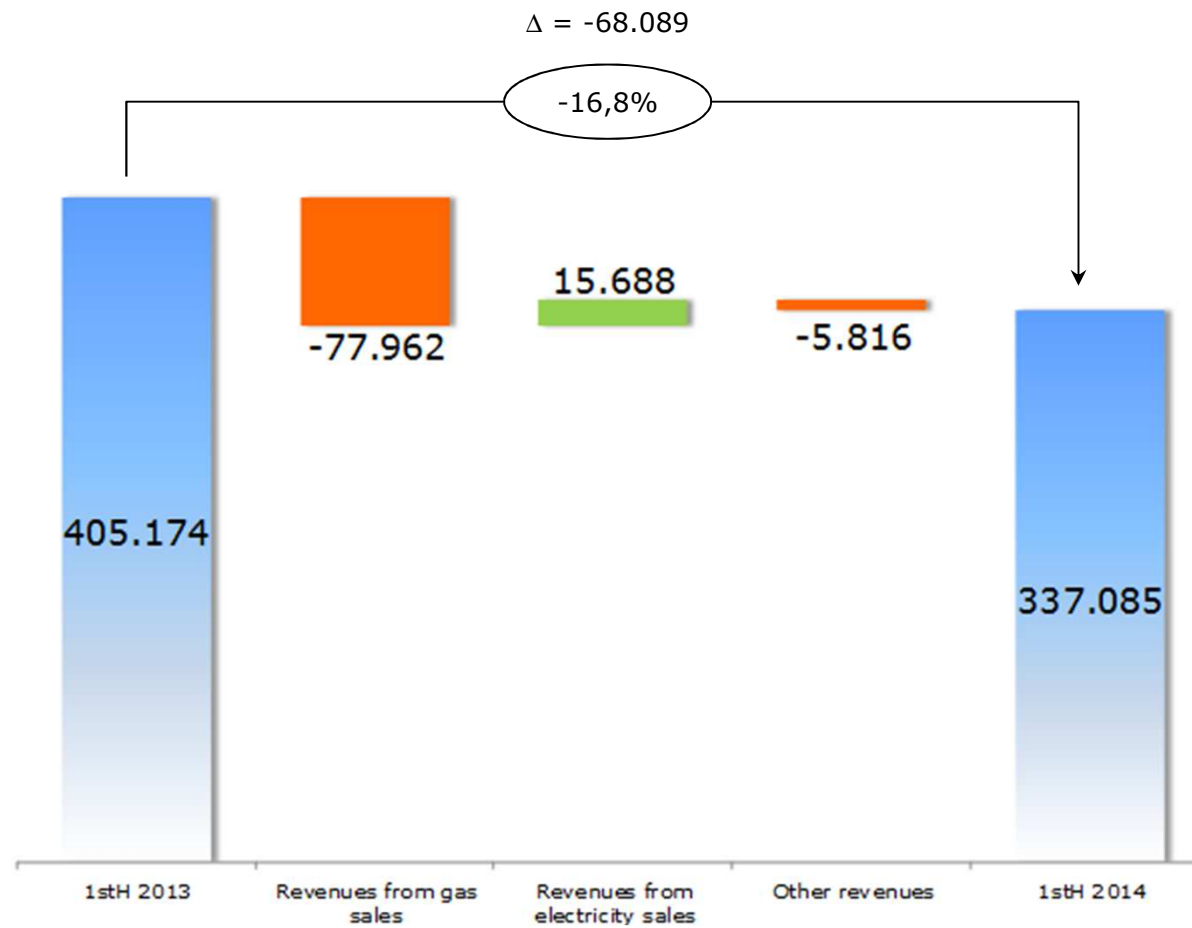
Veritas Energia S.r.l.: from January, 1st 2014 the company has modified its consolidation criterion (from proportionate to full consolidation method).

(\*) Data are considered pro-quota; (\*\*) Acquisition of 49% stake in Veritas Energia S.r.l.

(\*\*) Reduction is mainly due to a rationalization of Estenergy customers portfolio and to a change in consolidation criterion of Veritas Energia.

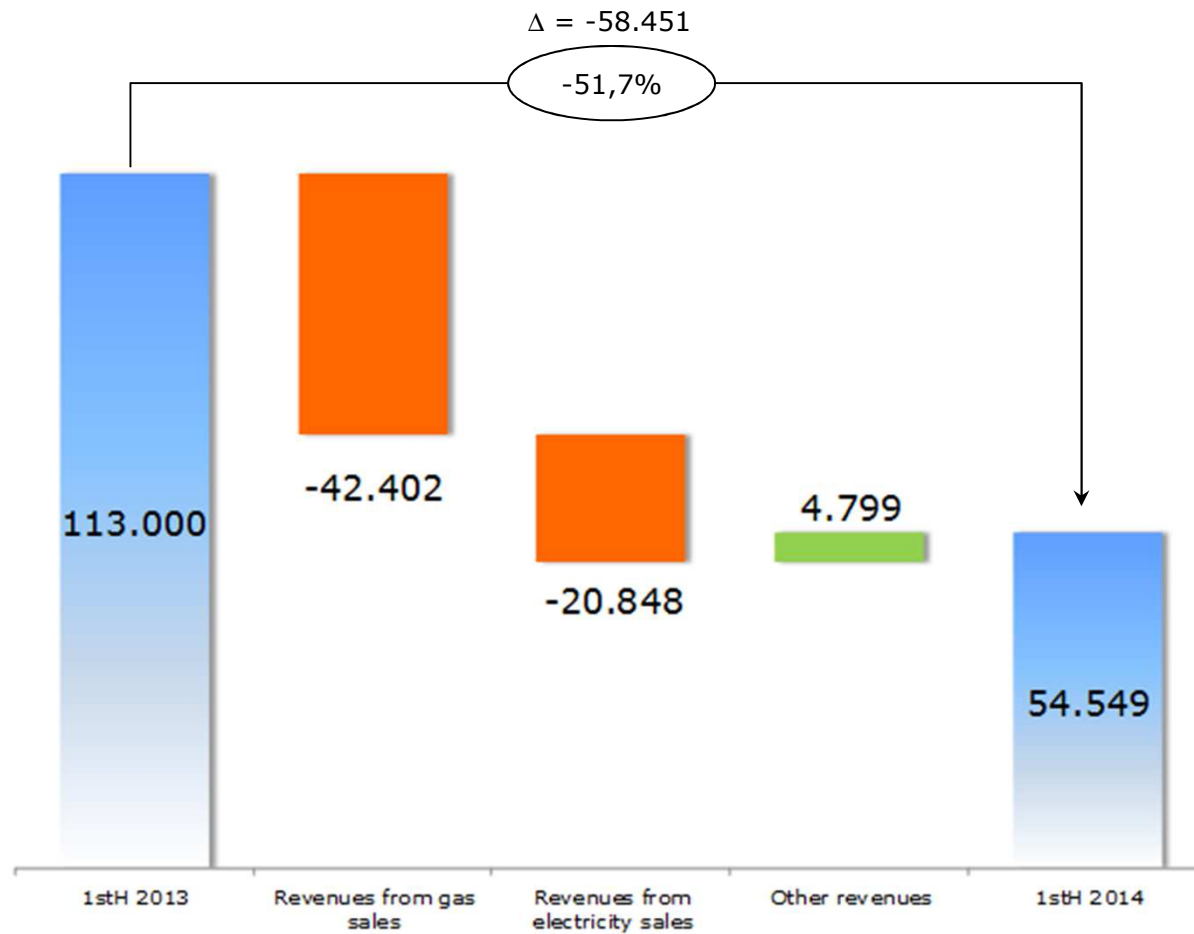
## Revenues bridge (1)

### Revenues bridge Companies consolidated with full consolidation method (Thousand of Euro)



## Revenues bridge (2)

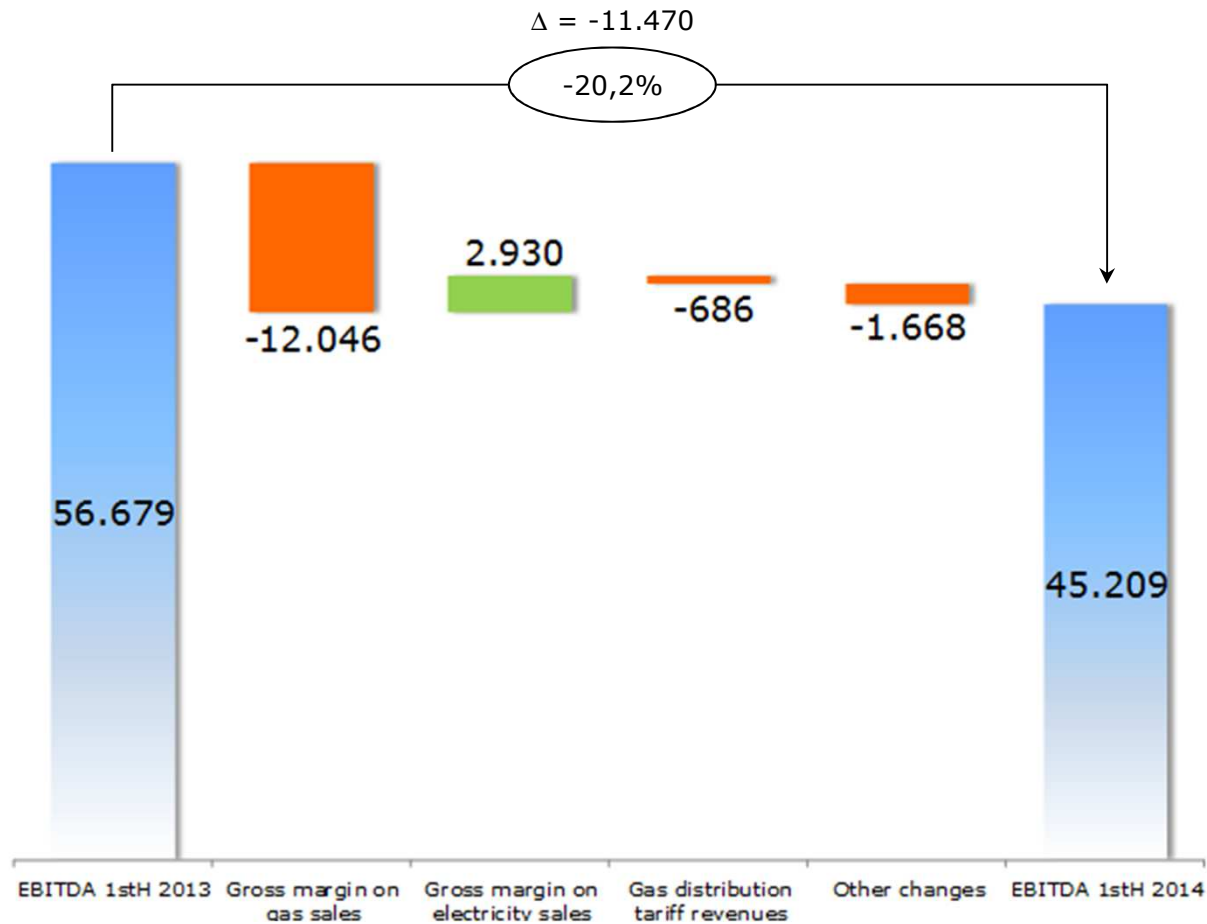
### Revenues bridge Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)



(\*) Sinergie Italiane excluded.

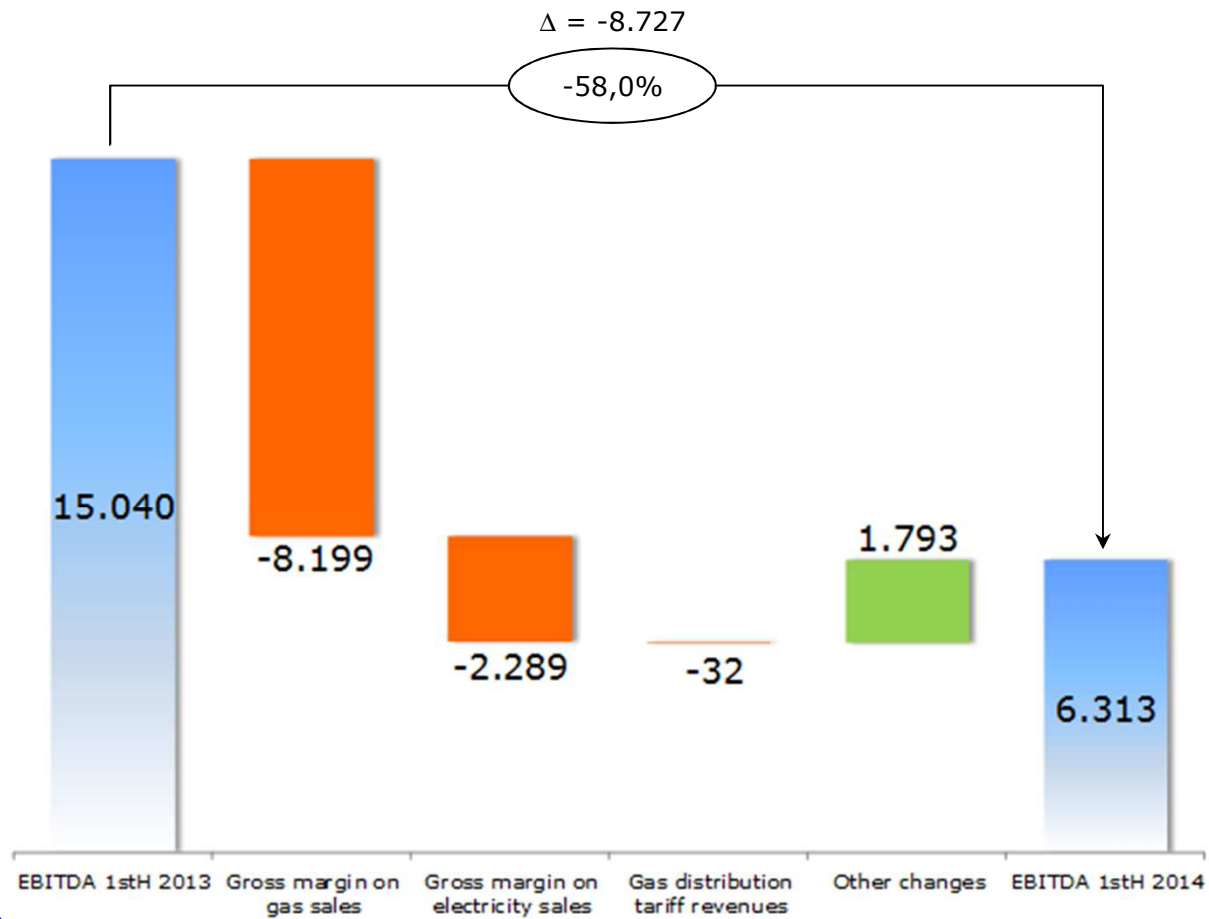
## EBITDA bridge (1)

### EBITDA bridge Companies consolidated with full consolidation method (Thousand of Euro)



## EBITDA bridge (2)

### EBITDA bridge Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)

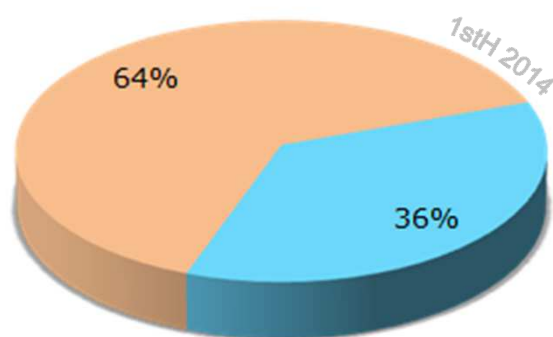


(\*) Sinergie Italiane excluded.

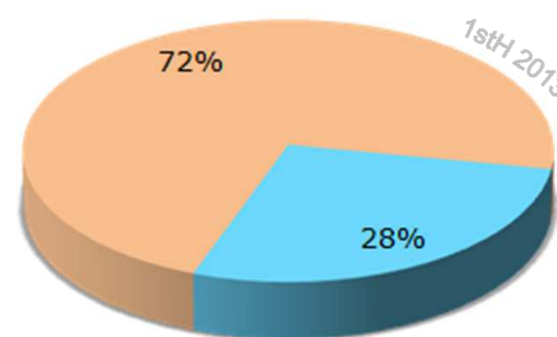
## EBITDA breakdown (1)

### EBITDA breakdown Companies consolidated with full consolidation method (Thousand of Euro)

(Thousand of Euro)	1stH 2014	1stH 2013	Var	Var %
<b>EBITDA</b>	<b>45.209</b>	<b>56.679</b>	<b>(11.470)</b>	<b>-20,2%</b>
EBITDA - Sale	28.954	41.033	(12.079)	-29,4%
EBITDA - Distribution	16.255	15.646	609	+3,9%
<b>EBIT</b>	<b>32.491</b>	<b>43.492</b>	<b>(11.001)</b>	<b>-25,3%</b>
EBIT - Sale	24.687	35.672	(10.985)	-30,8%
EBIT - Distribution	7.804	7.820	(16)	-0,2%



■ EBITDA - Sale (\*)  
■ EBITDA - Distribution (\*\*)



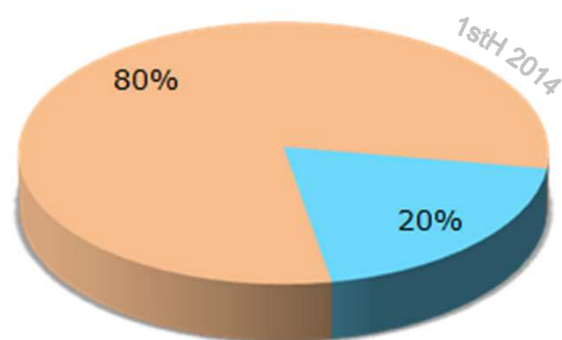
■ EBITDA - Sale (\*)  
■ EBITDA - Distribution (\*\*)

(\*) Sale companies; (\*\*) Distribution companies.

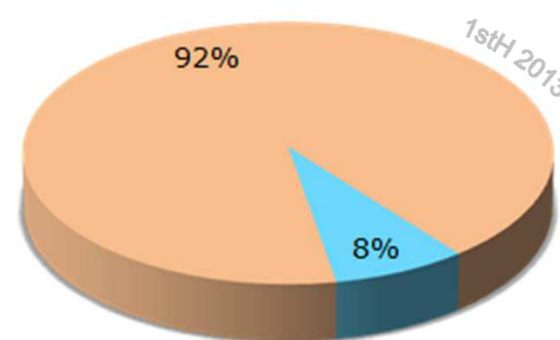
## EBITDA breakdown (2)

### EBITDA breakdown Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)

(Thousand of Euro)	1stH 2014	1stH 2013	Var	Var %
<b>EBITDA</b>	<b>6.313</b>	<b>15.040</b>	<b>(8.727)</b>	<b>-58,0%</b>
EBITDA - Sale	5.077	13.861	(8.785)	-63,4%
EBITDA - Distribution	1.236	1.179	57	+4,8%
<b>EBIT</b>	<b>4.006</b>	<b>12.485</b>	<b>(8.479)</b>	<b>-67,9%</b>
EBIT - Sale	3.301	11.766	(8.465)	-71,9%
EBIT - Distribution	704	719	(15)	-2,0%



■ EBITDA - Sale (\*)   
 ■ EBITDA - Distribution (\*\*)  
 (\*) Sinergie Italiane excluded; (\*\*) Sale companies; (\*\*\*) Distribution companies.



■ EBITDA - Sale (\*)   
 ■ EBITDA - Distribution (\*\*)  
 (\*) Sinergie Italiane excluded; (\*\*) Sale companies; (\*\*\*) Distribution companies.

(\*) Sinergie Italiane excluded; (\*\*) Sale companies; (\*\*\*) Distribution companies.

## Gas distribution tariff revenues

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
Tariffs applied to sales companies	26.872	33.666	(6.794)	-20,2%
Equalization amount (+ / -)	4.064	(2.044)	6.108	-298,8%
<b>Gas distribution tariff revenues (A)</b> <i>Company consolidated with full consolidation method</i>	<b>30.936</b>	<b>31.622</b>	<b>(686)</b>	<b>-2,2%</b>

The decrease of gas distribution tariff revenues of the companies consolidated with full consolidation method (- Euro 0,7 mln) is due to:

- 1) change of gas distribution tariffs applied to gas sales companies: - Euro 6,8 mln;
- 2) equalization amount: + Euro 6,1 mln.

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
<b>Gas distribution tariff revenues (B)</b> <i>Company consolidated with net equity consolidation method</i>	<b>2.821</b>	<b>2.853</b>	<b>(32)</b>	<b>-1,1%</b>
<b>Gas distribution tariff revenues (A+B)</b>	<b>33.757</b>	<b>34.475</b>	<b>(718)</b>	<b>-2,1%</b>

(\*) Economic data before elisions.

## Gross margin on gas sales

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
Revenues from gas sales	242.070	312.633	(70.563)	-22,6%
(Gas purchase costs)	(159.529)	(208.104)	48.575	-23,3%
(Distribution costs)	(44.821)	(54.764)	9.942	-18,2%
<b>Gross margin on gas sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>37.719</b>	<b>49.766</b>	<b>(12.046)</b>	<b>-24,2%</b>

The decrease of gross margin on gas sales of the companies consolidated with full consolidation method is equal to - Euro 12,0 mln:

- change on the same consolidation perimeter: - Euro 16,4 mln
- change for full consolidation of Veritas Energia S.r.l.: + Euro 4,3 mln

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
<b>Gross margin on gas sales (B)</b> <i>Company consolidated with net equity consolidation method</i>	<b>7.089</b>	<b>15.289</b>	<b>(8.199) (**)</b>	<b>-53,6%</b>
<b>Gross margin on gas sales (A+B)</b>	<b>44.809</b>	<b>65.054</b>	<b>(20.246)</b>	<b>-31,1%</b>

(\*) Economic data before elisions.

(\*\*) Change on the same consolidation perimeter: - Euro 5,1 mln / Change for deconsolidation of Veritas Energia S.r.l.: - Euro 3,1 mln

## Gross margin on electricity sales

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
Revenues from electricity sales	45.480	16.681	28.799	+172,6%
(Electricity purchase costs)	(25.474)	(16.582)	(8.892)	+53,6%
(Distribution costs)	(16.976)	-	(16.976)	n.a.
<b>Gross margin on electricity sales (A)</b> <i>Company consolidated with full consolidation method</i>	<b>3.029</b>	<b>99</b>	<b>2.930</b>	<b>+2963,5%</b>

The increase of gross margin on electricity sales of the companies consolidated with full consolidation method is equal to + Euro 2,9 mln:

- change on the same consolidation perimeter: + Euro 0,5 mln
- change for full consolidation on Veritas Energia S.r.l.: + Euro 2,4 mln

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
<b>Gross margin on electricity sales (B)</b> <i>Company consolidated with net equity consolidation method</i>	<b>208</b>	<b>2.497</b>	<b>(2.289) (**)</b>	<b>-91,7%</b>
<b>Gross margin on electricity sales (A+B)</b>	<b>3.237</b>	<b>2.596</b>	<b>642</b>	<b>+24,7%</b>

(\*) Economic data before elisions.

(\*\*) Change on the same consolidation perimeter: - Euro 0,4 mln / Change for deconsolidation of Veritas Energia S.r.l.: - Euro 1,9 mln

## Other net operating costs (1)

(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
Other revenues	22.040	27.856	(5.816)	-20,9%
Other costs of raw materials and services	(35.910)	(41.115)	5.206	-12,7%
Cost of personnel	(12.606)	(11.548)	(1.058)	+9,2%
<b>Other net operating costs (A)</b> <i>Company consolidated with full consolidation method</i>	<b>(26.475)</b>	<b>(24.808)</b>	<b>(1.668)<sup>(**)</sup></b>	<b>+6,7%</b>

**Increase of other net operating costs of the companies consolidated with full consolidation method: - Euro 1,7 mln**

*of which:*

- *increase of gas distribution concession fees: - Euro 0,3 mln*
- *increase of cost of personnel: - Euro 1,1 mln*
- *increase of marketing and customers acquisition cost: - Euro 0,1 mln*
- *increase of margin on energy efficiency tasks management: + Euro 1,6 mln*
- *decrease of revenues for distribution network connection services (change in accounting method): - Euro 1,5 mln*
- *decrease of capital gain realized on the disposal of distribution plants: - Euro 0,7 mln*
- *other changes: + Euro 0,4 mln*

(\*) Economic data before elisions.

(\*\*) Change on equal method / consolidation perimeter: + Euro 0,3 mln / Change for deconsolidation of Veritas Energia S.r.l.: - Euro 2,0 mln

## Other net operating costs (2)

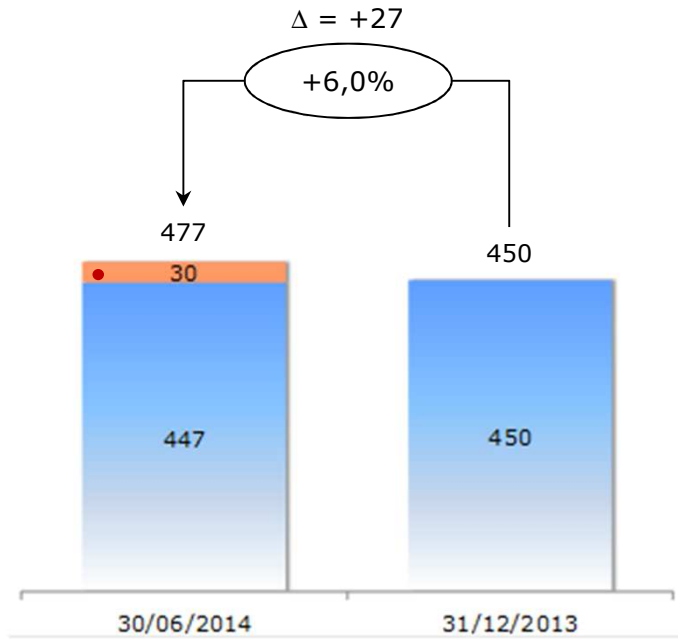
(Thousand of Euro) (*)	1stH 2014	1stH 2013	Chg	Chg %
<b>Other net operating costs (A)</b> <i>Company consolidated with full consolidation method</i>	(26.475)	(24.808)	(1.668)	+6,7%
<b>Other net operating costs (B)</b> <i>Company consolidated with net equity consolidation method</i>	(3.805)	(5.598)	1.793 (**)	-32,0%
<b>Other net operating costs (A+B)</b>	(30.280)	(30.405)	125	-0,4%

(\*) Economic data before elisions; (\*\*) Sinergie Italiane excluded.

(\*\*) Change on the same consolidation perimeter: + Euro 0,8 mln / Change for deconsolidation of Veritas Energia S.r.l.: + Euro 1,0 mln

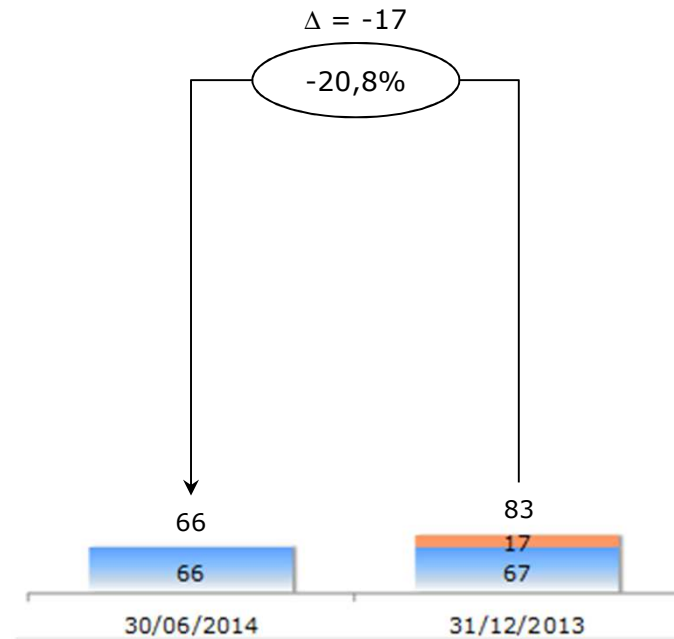
# Number of employees

## Number of employees



**Companies consolidated with full consolidation method**

● of which 15 employees for enlargement of consolidation perimeter (\*\*)



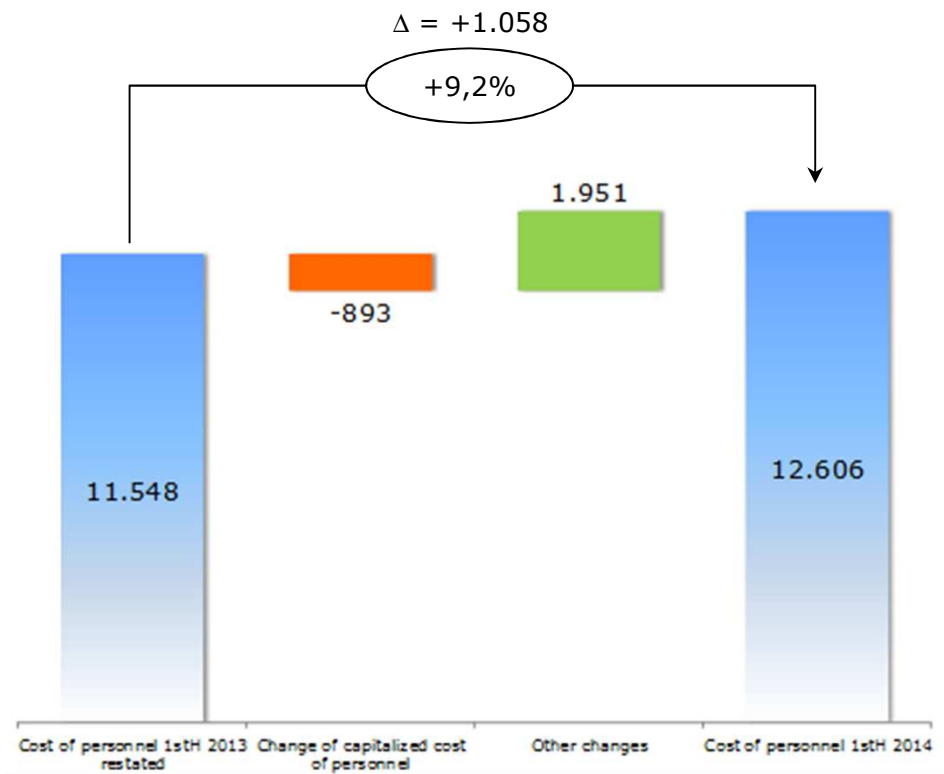
**Companies consolidated with net equity consolidation method (\*)**

■ Veritas Energia S.r.l.: from January, 1st 2014 the company has modified its consolidation criterion (from proportionate to full consolidation method).

(\*) Data are considered pro-quota; (\*\*) Acquisition of 49% stake in Veritas Energia S.r.l.

## Consolidated cost of personnel

### Consolidated cost of personnel (Thousand of Euro)



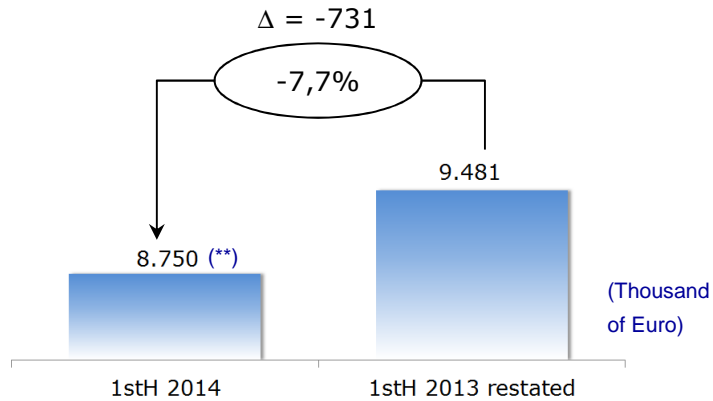
#### Other changes:

- phantom stock options: Euro 0,6 mln
- change in consolidation criterion of Veritas Energia: 0,9 mln
- other: Euro 0,4 mln

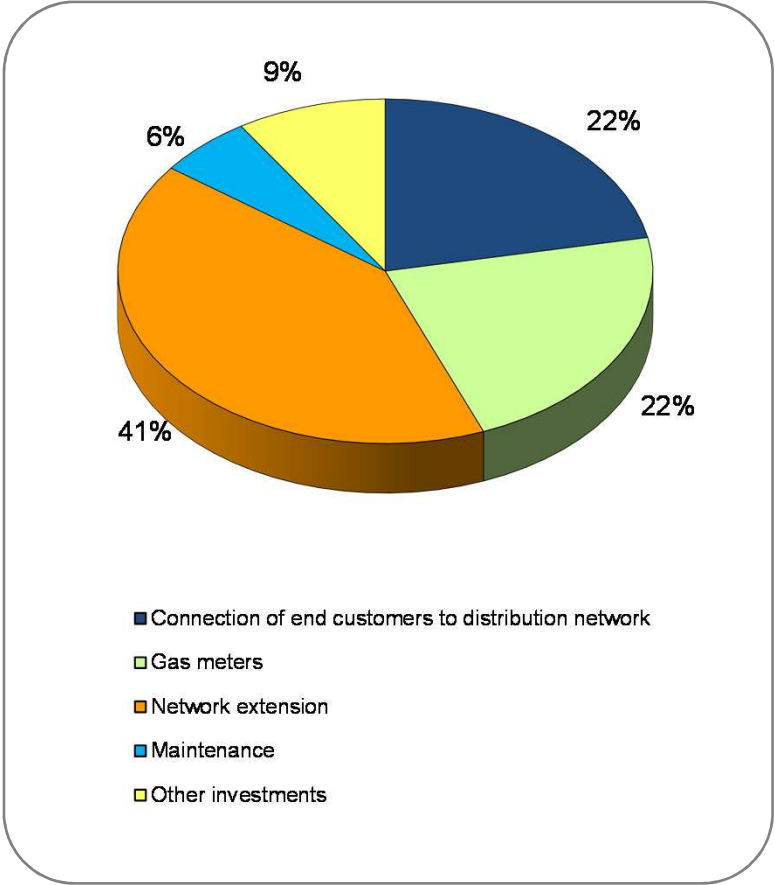
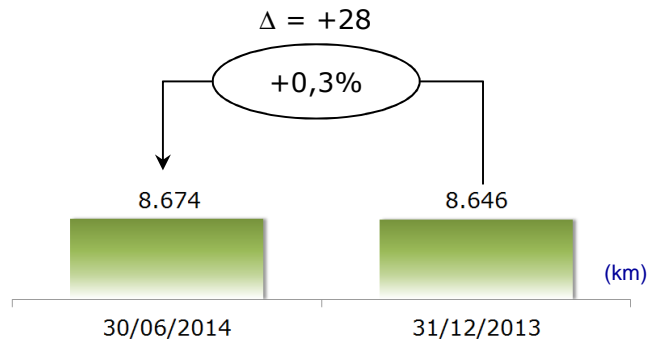
1stH 2014 cost of personnel of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 1,8 mln (+1,6%).

# Capex and length of gas distribution network

## Capex (\*) and length of gas distribution network



1stH 2014 investments of the companies consolidated with net equity consolidation method (Sinergie Italiane excluded): Euro 1,0 mln (-19,6%).

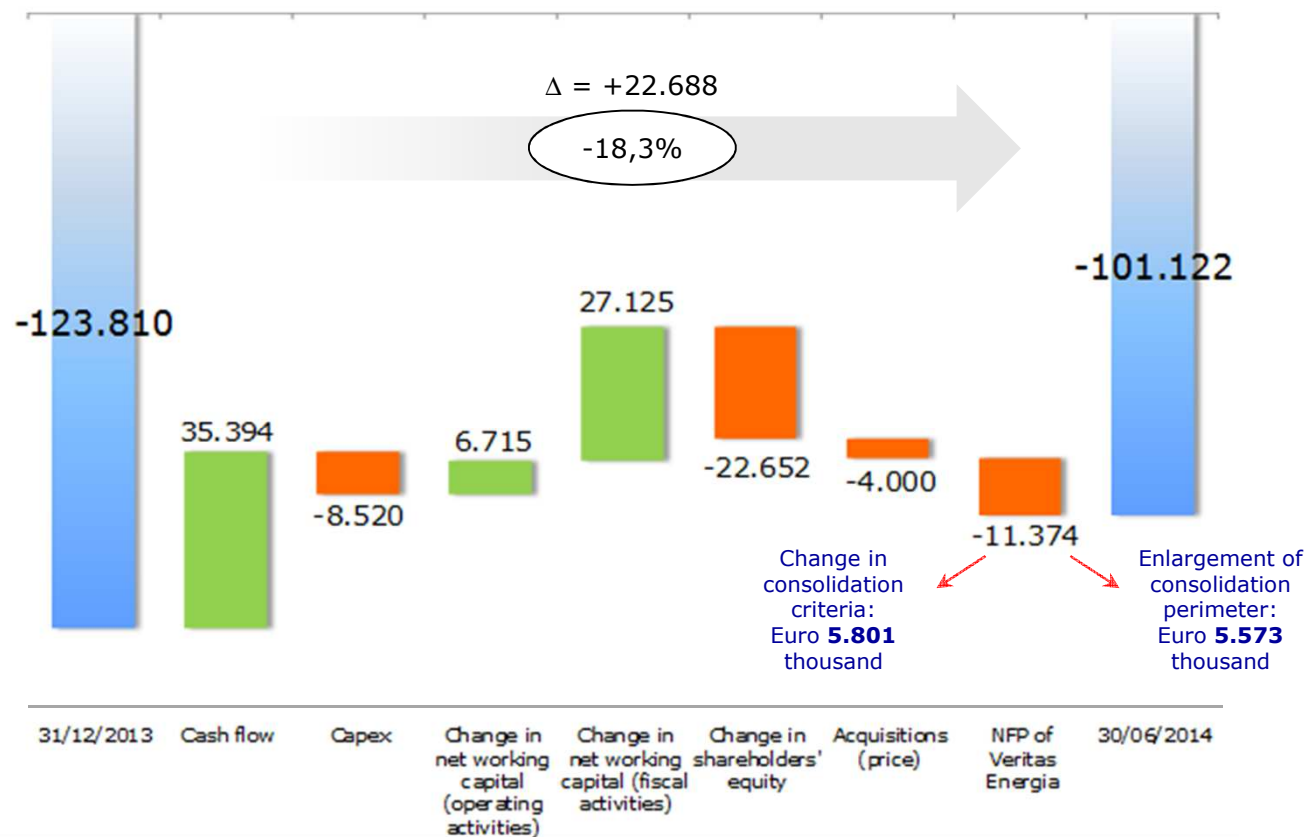


(\*) Excluding network extension in new urbanized areas that according to IAS are considered as operating costs and not investments.

(\*\*) Investments in tangible assets: Euro 0,4 mln; investments in intangible assets: Euro 8,3 mln (excluded realizations of tangible and intangible assets and investments in associated).

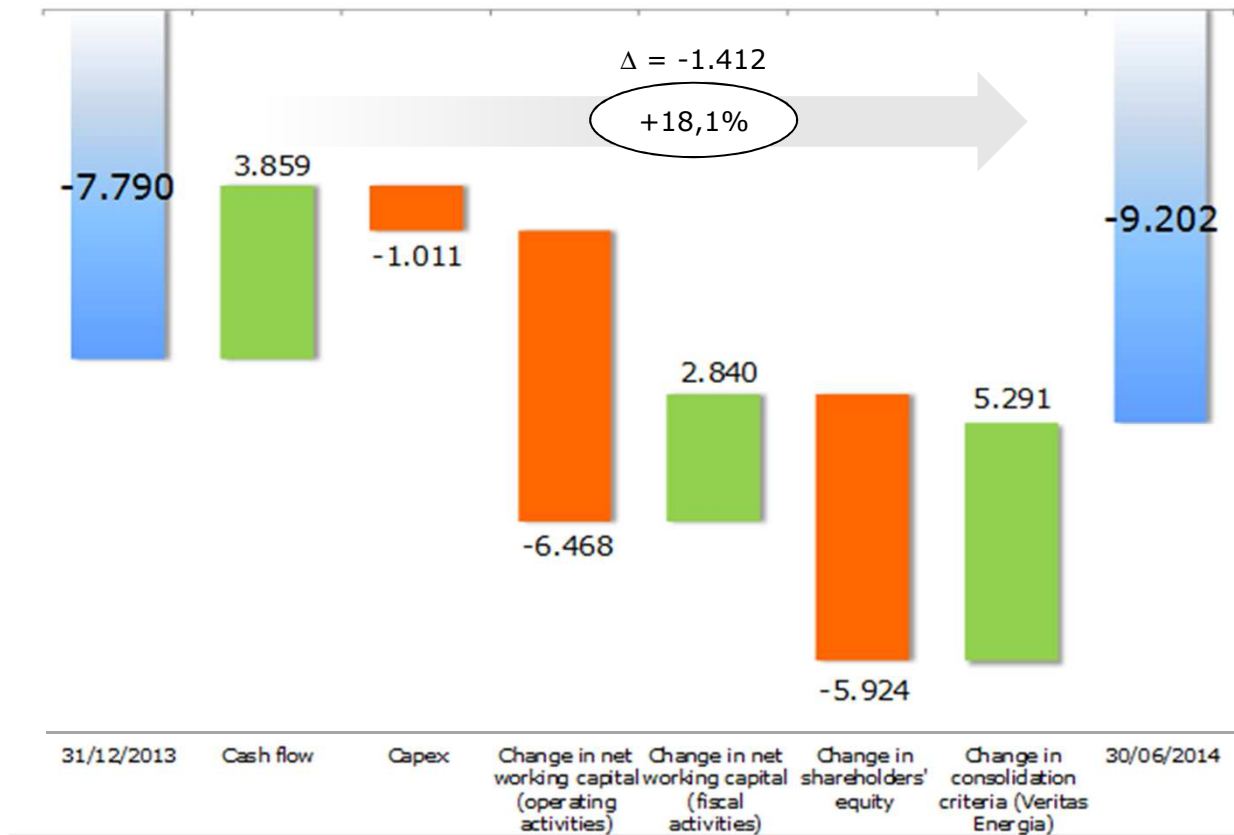
# Net Financial Position and cash flow (1)

## Net Financial Position and cash flow Companies consolidated with full consolidation method (Thousand of Euro)



## Net Financial Position and cash flow (2)

### Net Financial Position and cash flow Companies consolidated with net equity consolidation method (\*) (Thousand of Euro)

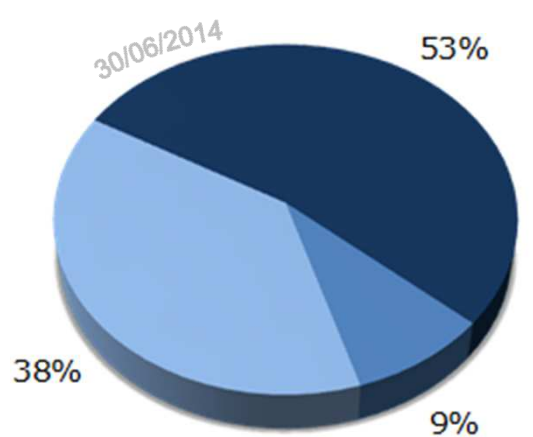


(\*) Sinergie Italiane excluded.

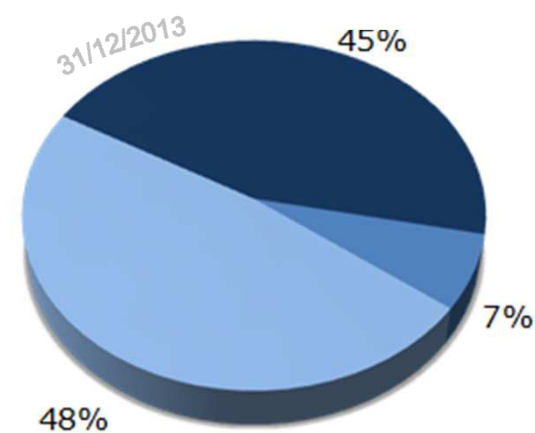
## Net Financial Position and cash flow (3)

(Thousand of Euro) (*)	30/06/2014	31/12/2013	Var	Var %
Long term financial borrowings (>12 months)	58.227	63.201	(4.974)	-7,9%
Current position of long term financial borrowings	9.870	9.784	86	+0,9%
Short term financial borrowings (<12 months)	41.878	67.814	(25.936)	-38,2%
<b>Total financial debt</b>	<b>109.975</b>	<b>140.799</b>	<b>(30.824)</b>	<b>-21,9%</b>
Fixed rate borrowings	1.058	1.304	(246)	-18,9%
Variable rate borrowings	108.917	139.495	(30.578)	-21,9%

**1stH 2014 average cost of debt: 1,36% (vs FY 2013 rate: 1,86%)**



- Long term financial borrowings (> 12 months)
- Current position of long term financial borrowings
- Short term financial borrowings (< 12 months)



- Long term financial borrowings (> 12 months)
- Current position of long term financial borrowings
- Short term financial borrowings (< 12 months)

(\*) Data refers to only companies consolidated with full consolidation method.