



# SPAFID CONNECT

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Diffusione presunta

Oggetto : The Board of Directors has approved the results for the first nine months of 2018

*Testo del comunicato*

Vedi allegato.

## **PRESS RELEASE**

**ASCOPIAVE: The Board of Directors has approved the results for the first nine months of 2018.**

**Gross Operating Margin: Euro 57.5 million, a slight decrease compared to the first nine months of 2017**

**Gross Operating Margin adjusted to Euro 62.0 million, gross of the non-recurring components connected to Settlement and the termination of the employment relationships with two strategic managers, up by Euro 3.1 million as against the first nine months of 2017 (Euro 58.9 million)**

**Operating Result: Euro 38.9 million (Euro 41.6 million in the first nine months of 2017)**

**Net Consolidated Profit: Euro 31.3 million (Euro 33.6 million in the first nine months of 2017)**

**Net Financial Position: Euro 86.5 million, an improvement compared to 31<sup>st</sup> December 2017 (Euro 119.9 million)**

**Debt/Shareholders' Equity ratio of 0.20, among the best-performing in the field**

The Ascopiave S.p.A. Board of Directors, which had a meeting chaired by Mr Nicola Ceconato today, acknowledged and approved Ascopiave Group's interim report as of 30<sup>th</sup> September 2018, drafted in compliance with the International Accounting Standards IAS/IFR.

Chairman Nicola Ceconato commented: "The figures of the first nine months of 2018 confirm the quality of the industrial design implemented by the Group and the resilience of our organisation, capable of absorbing reactively the effect of significant extraordinary components. The results show once again an excellent operating results-cash flow balance, among one of the best in the industry, reflecting the Group's ability to make the most of its assets thanks to an exceptional strategy, for an effective development of the businesses in which it operates. These characteristics, together with the ability to redirect processes in an efficient way, enable us to create lasting value for our stakeholders".

The General Manager, Roberto Gumirato, added: "Again in this third quarter we have achieved an excellent result. As concerns the first margin, the positive effects of the streamlining of tariff reporting processes and the benefits deriving from the management of the conditions connected to the supply of the raw material have enabled us to neutralise the adverse impact of gas settlement, the gradualness tariff component and the extraordinary components related to staff.

The effectiveness in diversifying our strategic intents and the efficiency in organisational development that characterise the Group, supported by the quality of the resources that constitute it, prove once again to be substantial elements for its long-term success."

### **Consolidated results of the Ascopiave Group in the first nine months of 2018**

#### **Revenue from sales**

The Ascopiave Group closed the first nine months of 2018 with consolidated revenues amounting to Euro 402.8 million compared to Euro 377.3 million recorded in the first nine months of 2017 (+6.8%). The increase in turnover is mainly due to the rise in revenues from natural gas sales (+ Euro 15.9 million), higher revenues from the sale of electricity (Euro 8.4 million), revenues for forward sales of the raw material (+ Euro 7.3 million) and the extension of the scope of consolidation (Euro 5.0 million).

They were partially offset by lower revenues recorded for the achievement of energy efficiency targets (- Euro 11.8 million).

#### **Gross operating margin**

Gross operating margin in the first nine months of 2018 amounted to Euro 57.5 million, marking a decrease compared to Euro 58.9 million in the same period in the previous year (-2.4%).

The trade margins on gas sale have decreased by Euro 1.0 million compared to the first nine months of 2017, mainly due to the non-recurring effects deriving from gas settlement. In June, Snam Rete Gas published the volumetric differences linked to the balancing of the volumes allocated to the station for the years 2013-2016

as well as the volumetric difference introduced by resolutions 670/2017/R/gas and 782/2017/R/gas which neutralised the in-output delta for users of the distribution network. The balancing of the volumes in the station led to the recognition of higher revenues for Euro 3,565 thousand. The difference related to the quantities of gas injected into the local distribution network and withdrawn by the end customers led to the recognition of higher revenues for Euro 5,172 thousand.

Trade margins on electricity sale decreased by Euro 0.7 million.

The tariff revenues from distribution and metering increased by Euro 3.3 million compared to the first nine months of 2017 (of which Euro 2.9 million explained by the extension of the scope of consolidation).

The change in the item “residual costs and revenues” – with the same consolidation scope – negatively affected the gross operating margin (- Euro 0.7 million). Among the most remarkable variations, there were higher staff costs for Euro 0.9 million and lower advertising and marketing expenses for Euro 0.4 million.

### **Operating Result**

The operating result in the first nine months of 2018 amounted to Euro 38.9 million, compared to Euro 41.6 million in the previous year (-6.5%).

This result has been determined, in addition to a decrease in gross operating margin, by an increase in depreciation and amortisation (+Euro 1.2 million) and an increase in the provision for doubtful accounts (- Euro 0.1 million). The increase in amortisation and depreciation is mainly attributable to the extension of the scope of consolidation (+ Euro 0.5 million).

### **Net Profit**

The consolidated net profit amounted to Euro 31.3 million, a decrease compared to Euro 33.6 million in the first nine months of 2017 (-6.9%).

The consolidation with the equity method of the jointly controlled companies and the associate company Sinergie Italiane S.r.l., under liquidation, generated income for Euro 5.1 million, compared to Euro 5.0 million in the first nine months of 2017.

Net financial expenses amounted to Euro 0.6 million, marking an increase of Euro 0.3 million compared to the first nine months of the previous year.

Taxes recorded in the profit and loss account amounted to Euro 12.2 million, a decrease of Euro 0.5 million (-4.2%) due to a lower taxable income.

The tax rate, calculated by normalising the pre-tax result of the companies consolidated with the equity method, increased from 30.7% to 31.8%.

### **EBITDA of jointly controlled companies consolidated with the equity method**

In the first nine months of 2018, the jointly controlled companies consolidated with the equity method achieved a consolidation *pro-rata* gross operating margin of Euro 7.8 million, a decrease of Euro 1.0 million compared to the same period in the previous year.

### **Operating performance in the first nine months of 2018**

The volumes of gas sold by the fully-consolidated companies in the first nine months of 2018 amounted to 535.8 million cubic metres, marking an increase of 2.9% as compared to the first nine months of 2017.

The equity-method consolidated companies sold a total of 84.9 million cubic metres of gas *pro-rata* in total, in line with the first nine months of 2017.

The volumes of electricity sold by the fully-consolidated companies in the first nine months of 2018 amounted to 291.6 GWh, thus marking an increase of 0.5% compared to the same period in 2017.

The companies consolidated with the equity method sold 48.0 GWh *pro-rata* in total, marking an increase of 12.3% compared to the same period in 2017.

With regard to gas distribution, the volumes of gas delivered through the networks managed by the fully-consolidated companies amounted to 698.7 million cubic metres, thus showing an increase of 17.7% compared to the same period in the previous year (the merged company AP Reti Gas Vicenza S.p.A. - formerly Pasubio Group S.p.A. - distributed 82.3 million cubic metres of gas).

The *pro-rata* 49.9 million cubic metres distributed by Unigas Distribuzione S.r.l., consolidated with the equity method, must be added to these volumes.

### **Investments**

Investments by the fully-consolidated companies in intangible and tangible fixed assets in the first nine months of 2018 amounted to Euro 16.7 million and mainly concerned the development, maintenance and upgrade of gas distribution networks and systems.

Specifically, investments in gas networks and systems amounted to Euro 15.8 million, of which Euro 3.7 million in connections, Euro 3.7 million in enlargements and upgrades of the distribution networks and Euro 0.6 million in maintenance, mainly relating to reduction and pre-heating systems. Investments in metres and adjusters amounted to Euro 7.4 million.

Investments by the equity-method consolidated companies in intangible and tangible fixed assets amounted to Euro 1.0 million and they also relate mainly to methane networks and plants.

### **Indebtedness and Debt/Net Equity Ratio**

The Group's net financial position as of 30<sup>th</sup> September 2018 amounted to Euro 86.5 million, a decrease of Euro 33.3 million as compared to 31<sup>st</sup> December 2017.

The positive financial flow was determined mainly by the following operations:

- The cash flow generated financial resources totalling Euro 49.9 million;
- Net investments in tangible and intangible fixed assets caused the expenditure of Euro 20.2 million;
- The management of net operating working capital and net fiscal working capital generated resources totalling Euro 37.9 million;
- The distribution of dividends net of dividends collected from the companies consolidated with the equity method and the allocation of own shares as remuneration in accordance with the incentive plans caused the expenditure of Euro 34.3 million.

The debt/shareholders' equity ratio as of 30<sup>th</sup> September 2018 amounted to 0.20 (0.27 as of 31<sup>st</sup> December 2017). The indicator is among the best-performing in the field.

### **Significant events during the first nine months of 2018**

#### **Unsecured syndicated loan**

On 25<sup>th</sup> January 2018, the Parent Company Ascopiave S.p.A. took out a 12-year unsecured syndicated loan to the amount of Euro 10,000 thousand with Cassa Centrale Banca and Banca di Credito Cooperativo delle Prealpi, to which a 1.83% fixed rate is applied. The loan does not envisage the verification of financial covenants.

#### **Reform of the Gas settlement regulatory framework by Resolution 72/2018/R/GAS dated 8<sup>th</sup> February 2018**

By Resolution 72/2018/R/GAS dated 8<sup>th</sup> February 2018, the Regulatory Authority for Energy, Networks and the Environment approved the reform of the gas settlement regulatory framework, which will take effect commencing 1<sup>st</sup> January 2020. By this measure, the Authority simplified the procedures for determining the items attributable to the settlement entity, which will be required to supply the REMI with the quantities determined according to the actual measurements for the redelivery points of the distribution network based on monthly measurements or daily details of the expected consumptions, and on the basis of the application of the expected withdrawal profile with climate correction for the withdrawal points measured less frequently than once a month. The Authority also entrusted the settlement manager with the task of supplying the difference between the quantities withdrawn at the REMIs and the sum of the expected consumptions attributable to the settlement entities for the REMIs served and assigned the SII (Integrated Information System) the responsibility of making available to the settlement manager the withdrawal data of the PDR



(Redelivery Points for end customers). In June, Snam Rete Gas published the data on the adjustment sessions for the years 2013-2016.

#### **Ascopiave S.p.A.'s Shareholders' Meeting dated 26<sup>th</sup> April 2018**

The Shareholders' Meeting of Ascopiave S.p.A. convened in ordinary session on 26<sup>th</sup> April 2018, chaired by Mr Nicola Ceconato.

The Shareholders' Meeting approved the financial statements for the year 2017 and resolved to distribute a dividend of Euro 0.18 per share. The dividend was paid on 9<sup>th</sup> May 2018, with ex-dividend date on 7<sup>th</sup> May 2018 (record date on 8<sup>th</sup> May 2018).

Furthermore, the Shareholders' Meeting approved the Remuneration Policy, compiled in accordance with art. 123-ter of the Unified Finance Law and removed partially the lock-up restriction on the stock-based bonus, for an amount sufficient to pay the withholding taxes and contributions due by the beneficiary, with reference to the Information Document - compiled pursuant to art. 84-*bis* of Consob Issuers' Regulations - "2015-2017 long-term share-based incentive plan".

The Shareholders' Meeting, in addition, approved a Long-term share-based incentive plan for the three-year period 2018-2020 for executive directors and some managers of Ascopiave S.p.A. and its subsidiaries.

Finally, the Meeting approved a new purchase and sale plan of treasury shares under the terms of articles 2357 and 2357-*ter* of the Italian Civil Code, to replace and revoke the previous authorisation dated 28<sup>th</sup> April 2017.

#### **Anita and Ascopiave sign a letter of intent for the development of a future business combination**

On 4<sup>th</sup> June 2018, Anita and Ascopiave signed a letter of intent in which they identify the guidelines and principles of a process aimed at combining their gas distribution businesses by merging Anita into Ascopiave. The agreement, which envisages a period of mutual exclusivity in the negotiations to expire on 31<sup>st</sup> December 2018, defines the applicable assumptions, the details and the process that the Parties will initiate in order to finalise the operation by the end of the year.

#### **Announcement by Asco Holding S.p.A.**

On 8<sup>th</sup> June 2018, the Board of Directors of Asco Holding resolved to convene the Shareholders' meeting on 20<sup>th</sup> July 2018 on first call and on 23<sup>rd</sup> July 2018 on second call, in order to propose the adoption of some amendments to the current articles of association, aimed at ensuring greater governance cohesion and stability. Any shareholders of Asco Holding who do not participate in the adoption of the Shareholders' Meeting resolution for the approval of the new articles of association (because they oppose, are absent or abstain), may exercise the right of withdrawal pursuant to the Italian Civil Code, for all or part of their shares, within the fifteenth day subsequent to the registration of the Shareholders' resolution in the Register of Companies, since the amendments to the articles of association proposed by the Board of Directors include, *inter alia*, the introduction of restrictions on the transfer of shares. The methods for paying the liquidation value to the withdrawing shareholders include: (i) the attribution of shares in the subsidiary Ascopiave, up to a maximum limit of 27,000,000 shares, representing 11.52% of Ascopiave's share capital, so that Asco Holding will in any case retain more than 50% of Ascopiave's share capital; and (ii) the use of cash resulting from an extraordinary dividend (the company plans to ask Ascopiave to distribute such dividend, by means of a formal request to convene the Shareholders' Meeting), up to a maximum amount of Euro 77 million, subject to the approval of the amendments to the articles of association by the Shareholders' Meeting of Asco Holding.

The resolution approving the new articles of association shall be considered revoked if a number of shareholders above a certain threshold exercise the right of withdrawal or if the distribution of the aforementioned extraordinary dividend is not approved by the Shareholders' Meeting of Ascopiave.

The withdrawal procedure, whose deadline was originally scheduled for the end of October 2018, is still underway, as the liquidation value has been challenged.

#### **Reform of the gas settlement regulatory framework by Resolution 72/2018/R/GAS dated 8<sup>th</sup> February 2018**

On 6<sup>th</sup> July, Snam Rete Gas S.p.A. announced that the balancing deadlines are extended in order to acknowledge any reports from the balancing users until 24<sup>th</sup> July 2018. Any such reports did not produce changes with respect to the volumetric data being processed, which, at the current date, are confirmed.

#### **Information on the termination of the existing employment relationship with Mr Roberto Gumirato**

On 8<sup>th</sup> August 2018, Ascopiave S.p.A. announced that an agreement was reached with Mr Roberto Gumirato, General Manager, which envisages the consensual termination with effect from 15<sup>th</sup> November 2018 of the existing employment relationship between the parties. In accordance with the agreement, again with effect

from 15<sup>th</sup> November 2018, Mr Gumirato shall resign as the Chairman and member of the Board of Directors of AP Reti Gas S.p.A., a company controlled directly by Ascopiave S.p.A., and renounce the proxies granted by Ascopiave S.p.A. as well as by Asco TLC S.p.A. and Bim Piave Nuove Energie S.r.l., companies belonging to the Group.

The Board of Directors of Ascopiave S.p.A. thanked Mr Gumirato for his commitment and the results achieved in these years of work.

In compliance and consistent with the remuneration policy approved by the Company's Board of Directors on 14<sup>th</sup> March 2018, Mr Gumirato shall receive a gross amount of Euro 695,018, corresponding to 2 years of fixed salary, as an incentive to redundancy, a gross amount of Euro 532,000 as an extraordinary bonus for managing successfully the turnaround of Sinergie Italiane S.r.l., implementing the resolutions of the Board of Directors of Ascopiave S.p.A. dated 27<sup>th</sup> February 2014, a gross amount of Euro 90,000 as an MBO bonus for the year 2018 calculated *pro-rata temporis* until the date of termination of the relationship, and a gross amount equal to Euro 10,000 in consideration of the waivers of Mr Gumirato to any requests or claims deriving from the previous employment relationship and the relationship as a member of the Board of Directors.

Mr Gumirato shall comply with the non-compete obligations set forth in the agreement signed with Ascopiave S.p.A. on 15<sup>th</sup> March 2016, which will therefore be effective from 16<sup>th</sup> November 2018 to 15<sup>th</sup> May 2022, and will receive, in accordance with the aforementioned agreement and in consideration of the non-compete obligations, a gross amount of Euro 547,327.

All the above amounts will be paid to Mr Gumirato within 10 days from the repetition of the agreement in one of the circumstances under articles 2113, Italian Civil Code, and 410 *et seq.*, Italian Code of Civil Procedure.

Lastly, the agreement envisages mutual waivers to any requests or claims deriving from the previous employment relationship and the relationship as a member of the Board of Directors, obviously with the exception, as regards the waivers in favour of Mr Gumirato, of cases of wilful misconduct or gross negligence.

Due to the overall consideration, the agreement qualifies as a related party transaction, to which the Procedure adopted by Ascopiave S.p.A. on the matter does not apply, because, on the one hand, it is consistent with the remuneration policy and with the existing agreements and, on the other hand (for the portion concerning the consideration in favour of Mr Gumirato, equal to Euro 10,000 gross, for the waivers set forth in the agreement), its value is low. The transaction, before being approved by the Company's Board of Directors, was however examined by the Remuneration Committee – an internal committee of the Board of Directors composed of independent directors – which expressed its justified opinion in favour of the conclusion of the agreement.

The Board of Directors immediately started the search for the new General Manager.

#### **Announcement by Asco Holding S.p.A.**

On 13<sup>th</sup> August 2018, Asco Holding S.p.A. announced that the period for exercising the right of withdrawal for Asco Holding shareholders who, on 23<sup>rd</sup> July, did not approve the resolution concerning certain amendments to the Articles of Association, including the extension of the term of the company and the introduction of restrictions to the transfer of shares, expired on 10<sup>th</sup> August 2018, pursuant to art. 2437 of the Italian Civil Code.

According to the communications received by the Company, the right of withdrawal was exercised for 37,464,867 shares (the "Withdrawal Shares"), representing 26.76% of Asco Holding's share capital, for a total equivalent value of Euro 140,493,251.25 calculated at the liquidation value of Euro 3.75 (three/75) for each share, established in compliance with art. 2437-*ter* of the Italian Civil Code. The payment of such amount was requested in cash for 13.96% of Asco Holding's share capital and through the allocation of shares in the subsidiary Ascopiave S.p.A. for 12.80%.

Should the Company receive, subsequent to today's date, additional communications of withdrawal, legitimately compiled and sent by registered letter with return receipt within 10<sup>th</sup> August 2018, the aforesaid data will be corrected by sending the shareholders a specific communication.

Since the number of the Withdrawal Shares is less than 38.48% of Asco Holding's shares and the number of the withdrawing shareholders who asked to receive the liquidation value of the shares for which the right of withdrawal in cash was exercised represents a percentage of the capital lower than 23.05%, on the basis of the data currently available, the conditions for revoking the resolution approving the amendments to the Articles of Association are not met.

12,611,081 Withdrawal Shares, other than the 24,853,786 shares held by some withdrawing shareholders who challenged the liquidation value, will be offered with pre-emption rights, pursuant to Article 2437-*quater* of the Italian Civil Code, to Asco Holding shareholders other than those who exercised their right of withdrawal, from 13<sup>th</sup> August 2018 to 11<sup>th</sup> September 2018, included, in proportion to the number of shares held by them (the "Rights Offering").



Asco Holding shareholders who exercise the first option to buy as part of the Rights Offering will have a right of pre-emption to purchase any Withdrawal Shares remained unsubscribed as part of said offer, provided that such shareholders formulate a specific request simultaneously with the exercise of the right of pre-emption.

If, as a result of the Rights Offering, any further Withdrawal Shares remain unsubscribed, Asco Holding shall repurchase such shares.

The Rights Offering Notice was filed with the Register of Companies of Treviso - Belluno, pursuant to art. 2437-*quater*, paragraph 2, Italian Civil Code, on the same date.

#### **Announcement by Asco Holding S.p.A.**

On 6<sup>th</sup> September 2018, Asco Holding S.p.A. announced that, on the basis of the communications of the shareholders received after the date of the last press release (13<sup>th</sup> August 2018) but validly sent within the final deadline for exercising the right of withdrawal of the shareholders who did not participate in the adoption of the resolution of the Shareholders' Meeting convened on 23<sup>rd</sup> July 2018 (i.e., within 10<sup>th</sup> August 2018), the final results relating to the exercise of the right of withdrawal are as follows:

(i) the right of withdrawal was exercised for a total of 41,945,221 shares, representing 29.96% of Asco Holding's share capital, for a total equivalent value of Euro 157,294,578.75 calculated at the liquidation value of Euro 3.75 (three/75) for each share, established by the Board of Directors in compliance with art. 2437-*ter* of the Italian Civil Code;

(ii) the payment of the liquidation value was requested in cash for 15.78% of Asco Holding's share capital and through the allocation of shares in the subsidiary Ascopiave S.p.A. for 14.18%.

14,007,435 Withdrawal Shares, other than the 27,937,786 shares held by some withdrawing shareholders who challenged the liquidation value, will be subjected to a new Rights Offering, filed today with the Register of Companies of Treviso - Belluno, replacing entirely the previous subscription right offering filed on 13<sup>th</sup> August 2018.

#### **Ascopiave S.p.A., already owner of 80% of Amgas Blu's share capital, buys the remaining 20% of the stock from Amgas S.p.A., becoming the sole shareholder of the company**

On 18<sup>th</sup> September 2018, Amgas S.p.A. and Ascopiave S.p.A. finalised the agreement governing the transfer of 20% of the share capital of Amgas Blu S.r.l., from Amgas S.p.A. to Ascopiave S.p.A., which already owned 80% of the company's equity. The operation allows Ascopiave S.p.A. to own the full 100% stock of Amgas Blu S.r.l.

The equivalent amount disbursed for the purchase, amounting to Euro 3.8 million, corresponds to Amgas Blu S.r.l. enterprise value of Euro 19.5 million.

In 2017, Amgas Blu S.r.l. served about 48,800 customers, of which 46,100 in the gas sector and 2,700 in the electricity segment. Revenues amounted to Euro 19.3 million. EBITDA, in the same period, was Euro 2.5 million.

#### **Resignation of Cristiano Belliato, CFO, Ascopiave Group**

On 28<sup>th</sup> September 2018, Ascopiave S.p.A. ("Ascopiave" or the "Company") announced that Mr Cristiano Belliato, Chief Financial Officer, Ascopiave Group, resigned to pursue a new career path.

Mr Belliato maintained his duties and responsibilities as the Executive in charge of compiling Ascopiave's accounting and corporate documents, as the Chief Financial Officer and as the strategic manager of the Ascopiave Group until 30<sup>th</sup> October 2018.

Mr Belliato shall comply with the non-compete obligations set forth in the agreement signed with Ascopiave on 15<sup>th</sup> March 2016, which therefore shall be effective from 1<sup>st</sup> November 2018 to 1<sup>st</sup> May 2021, and has received, pursuant to the aforementioned agreement and in consideration of the non-compete obligations, a gross amount equal to Euro 213,558. Consistent with the remuneration policy approved by the Company's Board of Directors on 14<sup>th</sup> March 2018 and with the existing agreements, such consideration qualifies as a related party transaction to which the Procedure adopted by the Company on the matter does not apply.

In compliance with the requirements of the Instructions for the Rules of the Markets organised and managed by Borsa Italiana, we inform you that on 28<sup>th</sup> September 2018 Mr Belliato held 33,737 ordinary shares in Ascopiave.

#### **Significant events subsequent to the end of the first nine months of 2018**

##### **Riccardo Paggiaro appointed as CFO and Executive in Charge of the Ascopiave Group**



Ascopiave S.p.A.'s Board of Directors, which convened on 15<sup>th</sup> October 2018, advised by the Board of Auditors, subsequent to verifying that the requirements of integrity and professionalism stated in the Articles of Association are fulfilled, appointed, effective 31<sup>st</sup> October 2018, Mr Riccardo Paggiaro as the Chief Financial Officer, the Executive in charge of compiling accounting and corporate documents pursuant to article 154-*bis* of Italian Legislative Decree 58/98, and the strategic manager of the Ascopiave Group.

Mr Paggiaro, Chartered Accountant and Auditor, graduated in Economics and Commerce at the University Ca' Foscari of Venice in 2001. He has been specialising for years in tax matters and corporate finance at leading consulting and auditing companies, which has enabled him to gain significant experience in administration, finance and control.

Since 2011, he has been serving as the Finance and Treasury Manager of the Ascopiave Group and as the Administrative Manager of the subsidiaries; he also held other positions in Group companies.

A summary of Mr Paggiaro's CV is available in the Corporate Governance section of the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it).

As required by the Instructions for the Rules of the Markets organised and managed by Borsa Italiana, we inform you that Mr Paggiaro does not hold ordinary shares in Ascopiave S.p.A..

The CFO and Executive in Charge, Mr Cristiano Belliato, resigned on 28<sup>th</sup> September 2018 in order to pursue a new career path, maintaining his duties and responsibilities until 30<sup>th</sup> October 2018.

#### **Press release by Ascopiave S.p.A.**

On 15<sup>th</sup> October 2018, Ascopiave's Board of Directors has resolved to start the preparatory stage of a process aimed at (i) enhancing its activities in the gas sales sector and (ii) strengthening and consolidating its presence in the distribution sector, in both cases also through one or more strategic partnerships, hiring prominent financial and legal consultants. Ascopiave will keep the market informed about any subsequent developments of such process.

#### **Resignation of Cristiano Belliato, CFO, Ascopiave Group**

On 30<sup>th</sup> October 2018, Mr Cristiano Belliato, CFO and Executive in charge of compiling accounting and corporate documents, terminated its employment relationship with the company.

#### **Reform of the gas settlement regulatory framework by Resolution 72/2018/R/GAS dated 8<sup>th</sup> February 2018**

On 6<sup>th</sup> November 2018, the Group's main shipper issued the certificates related to the volumetric adjustments for the years 2013-2016 due to the updating of the data used for the first allocation with the closure of the station. At the date of approval of this interim report, the Company is preparing and comparing the documents received with respect to the estimates made internally.

On 7<sup>th</sup> November 2018, Snam Rete Gas published the non-definitive data on the adjustment sessions for the year 2017. The data received as concerns the volumetric adjustments due to the updating of the data used for the first allocation with the closure of the station, as well as the economic impacts deriving from the ARERA resolutions 670/2017/R/gas and 782/2017/R/gas, which neutralised the in-output delta for users of the distribution network, are being prepared and examined by the Group. The positive or negative economic effects that will result will be recorded in the fourth quarter of the year.

#### **Outlook for 2018**

As far as the gas distribution activities are concerned, in the fourth quarter of 2018 the Group will continue its normal operations and service management and perform preparatory activities for the invitations to tender. The Group will also participate in the tenders invited, if any, for the award of the Minimum Territorial Areas in which it is interested. Most Towns currently managed by the Group belong to Minimum Territorial Areas for which the maximum deadline to issue the call for tenders has expired. If the tender authorities issue calls for tenders in 2018, in the light of the time required to submit bids, and evaluate and select them, it is reasonable to assume that possible transfers of management to potential new operators may be executed only after the end of 2018.

Thus, the activity perimeter of the Group will likely not change compared to today, even if we assume the possibility of winning the tender for the assignment of the natural gas distribution service in the Minimum Territorial Area of Belluno, provided that the winner is selected by the end of 2018.

As regards the economic results, the tariff adjustment for the year 2018 is completely defined and should ensure revenues substantially in line with those of 2017.

As concerns the energy efficiency obligations, it is plausible that the margin that will be achieved at the end of the year marks a decrease as compared to that recorded as of 30<sup>th</sup> September 2018 and in 2017, due to



regulatory changes that took effect in the third quarter of the year. These changes have significantly altered the price of the energy efficiency certificates as well as the maximum value of the contribution granted.

As far as gas sale is concerned, assuming normal weather conditions, trade margins are expected to decrease compared to 2017, due to the competitive pressure in the retail market and the tariff measures issued by ARERA (change in the gradualness component) and the overall negative impact on profit and loss due to the application of the gas settlement regulation for the years 2013-2016, already recorded in the second quarter of this year. The Group is also exposed to the positive or negative economic effects deriving from the economic impact related to the gas settlement regulation for the year 2017.

As regards electricity sales, the fiscal year 2018 could record results lower than those registered in 2017.

However, these results could be influenced, in addition to the possible new tariff provisions by the Regulatory Authority for Energy, Networks and the Environment – currently unforeseeable – also by the evolution of the more general competitive context, as well as by the Group's procurement strategy.

The actual results of 2018 could differ compared to those announced depending on various factors amongst which: the evolution of supply and demand and gas and electricity prices, the actual operational performance, the general macroeconomic conditions, the impact of regulations in the energy and environmental fields, success in the development and application of new technologies, the changes in stakeholder expectations and other changes in business conditions.

### **Seasonal nature of operations**

Gas consumption changes considerably on a seasonal basis, with a greater demand in winter in relation to higher consumptions for heating. This seasonality influences the trend of revenues from gas sales and of procurement costs, while other operating costs are fixed and incurred by the Group in a uniform manner throughout the year. This peculiarity of the business also affects the performance of the Group's net financial position, as the invoicing cycles of accounts receivable and payable are not aligned and also depend on the volumes of gas sold and purchased during the year. Therefore, the data and the information contained in the interim financial statements do not allow for immediate indications to be drawn regarding the overall performance for the year.

### **Statement by the manager in charge**

The manager in charge of preparing the company accounting documents, Mr Riccardo Paggiaro, hereby states, under the terms of paragraph 2, article 154 *bis*, Unified Finance Law, that the accounting information note contained in this press release corresponds to the official documents, accounting books and records.

### **Notice of filing of the Interim Management Report as of 30<sup>th</sup> September 2018**

The Interim Management Report for the period ended 30<sup>th</sup> September 2018 has been made available to the public at the registered office and at the stock management company Borsa Italiana S.p.A. (Italian Stock Exchange), stored in the "eMarket SDIR-eMarket Storage" system provided by Spafid Connect S.p.A. and published on the website [www.gruppoascopiave.it](http://www.gruppoascopiave.it) within the time prescribed by law.

### **Annexes**

Consolidated financial statements subject to limited audit.

*The Ascopiave Group operates in the natural gas sector, mainly in the segments of distribution and sale to end users. Thanks to its broad customer base and the quantity of gas sold, Ascopiave is currently one of the main operators in the industry at a national level.*

*The Group owns concessions and direct assignments for the management of distribution activities in 230 Towns, supplying the service to a market segment of 1.5 million inhabitants, through a distribution network which spreads over 10,000 kilometres.*

*The sale of natural gas is performed through different companies, some under joint control. Overall, in 2017, the companies of the Group sold over 1 billion cubic metres of gas to end users.*

*Ascopiave has been listed under the Star segment of Borsa Italiana since 12<sup>th</sup> December 2006.*

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Pieve di Soligo, 14<sup>th</sup> November 2018



## **Ascopiave Group**

### **Consolidated interim financial statements**

30<sup>th</sup> September 2018

**Consolidated statement of financial position**

(Thousands of Euro)	30.09.2018	31.12.2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	80,758	80,758
Other intangible assets	346,625	346,934
Tangible assets	31,732	32,334
Shareholdings	65,252	68,878
Other non-current assets	11,347	13,015
Attività finanziarie non correnti	1,252	0
Advance tax receivables	11,679	11,479
<b>Attività non correnti</b>	<b>548,645</b>	<b>553,397</b>
<b>Attività correnti</b>		
Inventories	8,244	4,072
Trade receivables	82,989	156,884
Other current assets	52,519	57,865
Current financial assets	139	0
Tax receivables	1,631	2,645
Cash and cash equivalents	62,355	15,555
Current assets from derivative financial instruments	711	1,510
<b>Current assets</b>	<b>208,587</b>	<b>238,532</b>
<b>ASSETS</b>	<b>757,232</b>	<b>791,929</b>
<b>Net equity and liabilities</b>		
<b>Total Net equity</b>		
Share capital	234,412	234,412
Own shares	(16,981)	(17,521)
Reserves	212,117	228,620
<b>Net equity of the Group</b>	<b>429,548</b>	<b>445,511</b>
<b>Net equity of Others</b>	<b>3,817</b>	<b>4,989</b>
<b>Total Net equity</b>	<b>433,365</b>	<b>450,500</b>
<b>Non-current liabilities</b>		
Provisions for risks and charges	3,796	5,913
Severance indemnity	4,989	4,836
Medium- and long-term bank loans	55,303	54,360
Other non-current liabilities	26,587	22,930
Non-current financial liabilities	219	277
Deferred tax payables	14,916	15,733
<b>Non-current liabilities</b>	<b>105,810</b>	<b>104,048</b>
<b>Current liabilities</b>		
Payables due to banks and financing institutions	93,101	80,304
Trade payables	79,050	117,653
Tax payables	1,274	625
Other current liabilities	42,087	38,312
Current financial liabilities	1,646	480
Current liabilities from derivative financial instruments	898	7
<b>Current liabilities</b>	<b>218,057</b>	<b>237,382</b>
<b>Liabilities</b>	<b>323,867</b>	<b>341,430</b>
<b>Net equity and liabilities</b>	<b>757,232</b>	<b>791,929</b>

**Consolidated statement of comprehensive income**

(Thousands of Euro)	First nine month	
	2018	2017
<b>Revenues</b>	<b>402,825</b>	<b>377,344</b>
<b>Total operating costs</b>	<b>346,570</b>	<b>319,573</b>
Purchase costs for raw material (gas)	201,866	172,400
Purchase costs for other raw materials	19,737	15,676
Costs for services	84,516	82,738
Costs for personnel	19,336	18,150
Other management costs	21,348	31,271
Other income	234	662
Amortization and depreciation	17,356	16,176
<b>Operating result</b>	<b>38,898</b>	<b>41,595</b>
Financial income	299	253
Financial charges	888	503
Evaluation of subsidiary companies with the net equity method	5,139	4,962
<b>Earnings before tax</b>	<b>43,448</b>	<b>46,307</b>
Taxes for the period	12,169	12,698
<b>Result for the period</b>	<b>31,278</b>	<b>33,610</b>
Group's Net Result	29,971	32,200
Third parties Net Result	1,308	1,410
<b>Consolidated statement of comprehensive income</b>		
1. Components that can be reclassified to the income statement		
Fair value of derivatives, changes in the period net of tax	(1,488)	(784)
2. Components that can not be reclassified to the income statement		
Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax	54	3
<b>Total comprehensive income</b>	<b>29,844</b>	<b>32,830</b>
Group's overall net result	28,663	31,578
Third parties' overall net result	1,180	1,251
Base income per share	0.135	0.145
Diluted net income per share	0.135	0.145

N.b.: Earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the weighted average number of shares net of own shares. For the purposes of the calculation of the basic earnings per share, we specify that the numerator is the economic result for the period less the share attributable to third parties. There are no preference dividends, conversions of preferred shares or similar effects that would adjust the results attributable to the holders of ordinary shares in the Company. Diluted profits for shares result as equal to those for shares in that ordinary shares that could have a dilutive effect do not exist and no shares or warrants exist that could have the same effect.

## Consolidated statement of changes in shareholders' equity

	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
<b>(Thousands of Euro)</b>									
<b>Balance as of 1st January 2018</b>	234,412	46,882	(17,521)	(46)	134,649	47,135	445,511	4,989	450,500
Result for the period						29,971	29,971	1,308	31,278
Other operations					(1,333)		(1,333)	(155)	(1,488)
IAS 19 TFR actualization for the period				91			91	(38)	54
<b>Total result of overall income statement</b>				<b>91</b>	<b>(1,333)</b>	<b>29,971</b>	<b>28,729</b>	<b>1,115</b>	<b>29,844</b>
Allocation of 2017 result					47,135	(47,135)			-
Dividends distributed to Ascopiave S.p.A. shareholders'					(40,016)		(40,016)		(40,016)
Dividends distributed to third parties shareholders								(2,054)	(2,054)
Other operations					(745)		(745)		(745)
Long-term incentive plans			540		(926)		(385)		(385)
Mergers & acquisitions					(3,545)		(3,545)	(233)	(3,778)
<b>Balance as of 30th September 2018</b>	<b>234,412</b>	<b>46,882</b>	<b>(16,981)</b>	<b>46</b>	<b>135,219</b>	<b>29,971</b>	<b>429,548</b>	<b>3,817</b>	<b>433,365</b>

	Share capital	Legal reserve	Own shares	Reserves IAS 19 actuarial differences	Other reserves	Net result for the period	Group's net equity	Net result and net equity of others	Total net equity
<b>(Thousands of Euro)</b>									
<b>Balance as of 1st January 2017</b>	234,412	46,882	(17,521)	(108)	120,757	53,635	438,055	6,154	444,209
Result for the period						32,200	32,200	1,410	33,610
Other operations					(695)		(695)	(88)	(784)
IAS 19 TFR actualization for the period				3			3		3
<b>Total result of overall income statement</b>				<b>3</b>	<b>(695)</b>	<b>32,200</b>	<b>31,507</b>	<b>1,321</b>	<b>32,829</b>
Allocation of 2017 result					53,635	(53,635)			-
Dividends distributed to Ascopiave S.p.A. shareholders'					(40,016)		(40,016)		(40,016)
Dividends distributed to third parties shareholders								(3,237)	(3,237)
Long-term incentive plans					210		210		210
<b>Balance as of 30th September 2017</b>	<b>234,412</b>	<b>46,882</b>	<b>(17,521)</b>	<b>(106)</b>	<b>133,890</b>	<b>32,200</b>	<b>429,756</b>	<b>4,239</b>	<b>433,995</b>

## Consolidated statement of cash flows

(Thousands of Euro)	First nine month	
	2018	2017
<b>Net income of the Group</b>	<b>29,971</b>	<b>32,200</b>
<b>Cash flows generated (used) by operating activities</b>		
<b>Adjustments to reconcile net income to net cash</b>		
Third-parties operating result	1,308	1,410
Amortization	17,356	16,176
Bad debt provisions	1,248	1,134
Variations in severance indemnity	197	141
Current assets / liabilities on financial instruments and forward purchasee and sales	1,720	951
Net variation of other funds	(2,016)	471
Evaluation of subsidiaries with the net equity method	(5,139)	(4,962)
Impairment losses / (gains) on shareholdings	0	(373)
Interests paid	(877)	(403)
Taxes paid	(8,695)	(14,517)
Interest expense for the year	851	410
Taxes for the year	12,169	12,698
<b>Variations in assets and liabilities</b>		
Inventories	(4,172)	(927)
Accounts payable	72,647	94,363
Other current assets	5,849	(13,890)
Trade payables	(38,602)	(59,760)
Other current liabilities	(1,318)	5,400
Other non-current assets	1,668	592
Other non-current liabilities	3,657	1,137
<b>Total adjustments and variations</b>	<b>57,853</b>	<b>40,051</b>
<b>Cash flows generated (used) by operating activities</b>	<b>87,824</b>	<b>72,251</b>
<b>Cash flows generated (used) by investments</b>		
Investments in intangible assets	(15,812)	(14,010)
Realisable value of intangible assets	499	2
Investments in tangible assets	(1,142)	(682)
Realisable value of tangible assets	8	(0)
Disposals / (Acquisition) of investments and advances	(3,778)	(9,655)
Other net equity operations	0	212
<b>Cash flows generated/(used) by investments</b>	<b>(20,224)</b>	<b>(24,133)</b>
<b>Cash flows generated (used) by financial activities</b>		
Net changes in debts due to other financers	(58)	(61)
Net changes in short-term bank borrowings	(4,094)	(7,856)
Net variation in current financial assets and liabilities	(226)	(1,374)
(Acquisition) / Transfer of own shares	540	0
Ignitions loans and mortgages	150,000	300,000
Redemptions loans and mortgages	(132,166)	(266,430)
Dividends distributed to Ascopiave S.p.A. shareholders'	(40,016)	(40,016)
Dividends distributed to other shareholders	(2,054)	(3,237)
Dividends distributed from subsidiary companies	7,274	6,706
<b>Cash flows generated (used) by financial activities</b>	<b>(20,800)</b>	<b>(12,268)</b>
<b>Variations in cash</b>	<b>46,800</b>	<b>35,851</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15,555</b>	<b>8,822</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>62,355</b>	<b>44,672</b>

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