



THE SHAREHOLDERS' MEETING OF 2i RETE GAS APPROVES THE 2016 FINANCIAL STATEMENTS

Milan, 20 April 2017 – The Shareholders' Meeting of 2i Rete Gas S.p.A., chaired by Ms Paola Muratorio, approved today the separate and consolidated financial statements at 31 December 2016, showing a Net profit of 129 million euro, as well as the payment of 85 million euro in dividends, confirming the proposal the Board of Directors made on 17 March 2017.

Financial highlights

- **Revenues** 723 million euro (+4.4%)
- **Adjusted EBITDA:** 391 million euro (-0.5 %)
- **Adjusted EBIT:** 235 million euro (-1.5%)
- **Net profit:** 129 million euro (+47.1%)
- **Adjusted net profit:** 126 million euro (+0.7%)
- **Investments** 231 million euro (+16.8%)
- **Adjusted net financial position:** 1,996 million euro

Operational highlights

- **Active concessions:** 1,943
- **Active redelivery points:** 3,900,186 (+2.1%)
- **Distributed (Natural and LPG) gas in millions of m³:** 5,455 (+0.8%)
- **Km of pipelines operated:** 58,244 (+1.0%)

The comment of Michele De Censi, Chief Executive Officer and General Manager of 2i Rete Gas:

“Despite the lower regulatory WACC, 2i Rete Gas achieved outstanding results thanks to growth strategies oriented to constantly drive greater operational and financial efficiency.

In addition, during the year the company renegotiated the revolving line of credit, and in December 2016 it finalised a 225 million euro loan with the European Investment Bank at particularly favourable rates, further curbing its funding cost structure.

In 2016, design work focused mainly on area tenders, which represent for the company the prospect of growing in the gas distribution market.

Finally, the results achieved allowed 2i Rete Gas to distribute 85 million euro in dividends in 2016 as well, with a 67% payout as a proportion of adjusted net profit.”

In 2016, 2i Rete Gas S.p.A. generated 723 million euro in **Revenues**, excluding the items offset in costs. The amount included 9 million euro in non-recurring income: therefore, in 2016 **adjusted Revenues** totalled 715 million euro (682 million euro in 2015). The increase was essentially attributable to the higher revenues from energy efficiency certificates (as a result of the higher number of certificates purchased during the year compared to 2015), even though transport revenues declined by nearly 18 million euro due to the lower regulatory WACC.

In 2016, **Adjusted operating costs** amounted to 324 million euro (289 million euro) and did not include non-recurring expenses. Excluding the 9 million euro rise in the costs for energy efficiency certificates, operating costs fell by 8.3%.

The **Adjusted EBITDA** totalled 391 million euro, down 2 million euro (-0.5%) from 2015.

The **Adjusted EBIT** totalled 235 million euro, down 4 million euro (-1.5%) from 2015.

The **Net profit** for 2016, amounting to 129 million euro and up 41 million euro from 2015 (+47.1%), reflected the contribution from EBIT as well as the reduction in income tax expense. The **Adjusted net profit** totalled 126 million euro, essentially in line with the previous year (+0,7%), thanks to the decline in financial charges compared to 2015 (-5 million euro).

During 2016, 2i Rete Gas S.p.A. made **gross investments** totalling 231 million euro, up from the previous year (198 million euro), mainly as a result of the increased investments in the networks and electronic meters.

The **Adjusted net financial position** was up from 1,950 million euro in 2015 to 1,996 million euro at 31 December 2016 (+47 million euro), mainly due to the increase in working capital associated with energy efficiency certificates as well as to the rise in investments.

The **Adjusted net financial position/adjusted EBITDA ratio** for 2016 was up to 5.1x from 5.0x at the end of 2015.

The Consolidated Annual Financial Report at 31 December 2016 will be published on the company's website www.2iretegas.it.

The table below shows the highlights from the consolidated financial statements.

Millions of euro	31.12.2016	31.12.2015	Abs. change	% change
Revenues (*)	723	693	31	4,4%
Adjusted revenues (*)	715	682	33	4,8%
Operating costs (*)	324	303	21	6,8%
Adjusted operating costs (*)	324	289	35	12,1%
EBITDA	400	390	10	2,5%
Adjusted EBITDA	391	393	(2)	-0,5%
EBIT	244	235	8	3,5%
Adjusted EBIT	235	238	(4)	-1,5%
Net profit	129	88	41	47,1%
Adjusted net profit	126	126	1	0,7%
Investments	231	198	33	16,8%
Net financial position	1.984	1.931	53	3,4%
Adjusted net financial position (**)	1.996	1.950	47	1,8%

(*) Exclusively for the purposes of the reclassified income statement, revenues from the construction of distribution infrastructure recognised in accordance with IFRIC 12 "Service Concession Arrangement", which are measured to the extent of the relevant costs incurred (207 and 170 million euro in 2016 and 2015, respectively), are accounted for as a deduction of the relevant costs.

(**) Excluding the adjustment to the payables for transaction costs associated with loans (12 and 19 million euro in 2016 and 2015, respectively) pursuant to IAS 39.