



2i RETE GAS: Net Profit for the period of € 184 million and Investments up to € 314 million

THE SHAREHOLDERS' MEETING OF 2i RETE GAS APPROVES THE 2020 FINANCIAL STATEMENTS

Milan, 22 April 2021 –The Shareholders' Meeting of 2i Rete Gas S.p.A. approved today the separate and consolidated financial statements at 31 December 2020, showing a Net profit of 184 million euro, as well as the payment of 125 million euro in dividends, confirming the proposal the Board of Directors made on 29 March 2021.

Financial highlights

- **Revenues:** 742 million euro (-3.9 %)
- **Adjusted EBITDA:** 488 million euro (-1.8%)
- **Adjusted EBIT:** 291 million euro (-1.7%)
- **Net profit:** 184 million euro (-11.0%)
- **Adjusted net profit:** 166 million euro (-0.2%)
- **Investments:** 314 million euro (+2.6%)
- **Adjusted net financial position:** 2,660 million euro (-1.1%)

Operational highlights

- **Active concessions:** 2,148
- **Active redelivery points:** 4,355,413 (+0.3%)
- **Distributed (Natural and LPG) gas in millions of m³:** 5,771 (-3.4%)
- **Km of pipelines operated:** 66,772 (+1.1%)

In 2020, 2i Rete Gas S.p.A. generated 742 million euro in **Revenues**, net of items which are offset in the costs. The amount included non-recurring incomes for a total of 24 million euro which are related to the further release of the residual fund concerning provision for tariff revenues, equal to 22 million euro (in the previous year 21 million euro was released), and to the capital gain regarding the disposal of concessions of the ATEM Torino 2 (S. Gillio and Givoletto). Therefore, the **adjusted Revenues** are equal to 718 million euro (736 million euro in 2019). The decrease (-9 million euro) is mainly a consequence of lower revenues from gas distribution due to Resolution 570/2019/R/gas, relating to tariff regulation for the period 2020-2025, which provides for a reduction in recognized operating costs and the regulatory WACC for gas metering, partially offset by the increase of the Regulatory Asset Base value for the investments of the recent years. There was also a slight

reduction in other revenues following the blocking of some activities following the ongoing health emergency.

In 2020, **Adjusted operating costs** amounted to 230 million euro (239 million euro in 2019) and did not include non-recurring expenses of 1 million euro, related to the acquisition of Infrastrutture Distribuzione Gas from the Edison Group. There was a decrease in operating costs mainly due the lower net costs for Energy Efficiency Certificates (“TEE”) and the reduction of service costs, despite the increase of pandemic emergency costs.

The **Adjusted EBITDA** amounted to 488 million euro, 9 million euro lower than 2019 (-1.8%).

The **Adjusted EBIT** totalled 291 million euro, 5 million euro lower than 2019 (-1.7%).

The **Adjusted net profit** was equal to 166 million euro, substantially in line with the year 2019 (-0.2%), thanks to the reduction in net financial charges of 6 million euro.

During 2020, 2i Rete Gas S.p.A. put in place **gross investments** of 314 million euro (306 million euro in 2019), increase mainly given by greater investments for technical improvement activities and renewal of the distribution network, despite the slowdown in investments in the massive replacement of smart meters necessary to deal with the pandemic emergency.

Net fixed assets in 2020, mainly represented by intangible assets related to gas distribution concessions, are equal to 3,630 million euro, 69 million euro higher compared to 31 December 2019 (+1.9%). The increase is driven by the normal trend of investments and the finalization of acquisitions of Maierà Gas S.r.l., Montelungo Gas S.r.l. and Cometam Gas S.r.l., three company held by BN Investimenti S.p.A. (a spin-off of Bonatti S.p.A.) and of the Powergas Distribuzione S.p.A.

The **Adjusted net financial position**, which includes financial liabilities from IFRS16 principles application (equal to 24 million euros), was down from 2,690 million euro in 2019 to 2,660 in 2020 (-30 million euro). Such trend is driven by more investments in tangible assets and reflects the normal dynamic of the business. The decrease, despite the changes in the year due to the increase of net fixed assets, is mainly due to the reduction of dividend distributed in 2020.

The **Adjusted net financial position/adjusted EBITDA ratio** 2020 is equal to 5.5x, in a slight increase from 5.4x of 2019.

The Consolidated Annual Financial Report at 31 December 2020 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	31.12.2020	31.12.2019	Abs. Change	% change
Revenues (*)	742	772	-30	-3.9%
Adjusted revenues (*)	718	736	-18	-2.4%
Operating costs (*)	231	244	-13	-5.3%
Adjusted operating costs (*)	230	239	-9	-3.7%
EBITDA	511	528	-17	-3.2%
Adjusted EBITDA	488	497	-9	-1.8%
EBIT	314	327	-13	-4.0%
Adjusted EBIT	291	296	-5	-1.7%
Net profit for the period	184	207	-23	-11.0%
Adjusted net profit for the period	166	167	0	-0.2%
Investments	314	306	8	2.6%
Net fixed assets	3,630	3,561	69	1.9%
Net financial position (**)	2,650	2,678	-28	-1.0%
Adjusted net financial position (***)	2,660	2,690	-30	-1.1%

(*) Exclusively for the purposes of the reclassified income statement, revenues from construction of the network distribution ex IFRIC 12 "Service Concession Arrangement", which are measured to the extent of the relevant costs incurred (297 and 285 million euro in 2020 and 2019, respectively), are accounted for as a deduction of the relevant costs.

(**) Including the debt registered following the application of the IFRS16 principles (equal to 24 and 29 million euro in 2020 and 2019, respectively).

(***) Excluding the non-current financial assets for the costs on loan and the adjustment to the payables for transaction costs associated with loans pursuant to IAS 39 (10 and 12 million euro in 2020 and 2019, respectively).

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