



## THE SHAREHOLDERS' MEETING OF 2i RETE GAS APPROVES THE 2017 FINANCIAL STATEMENTS

**Milan, 23 April 2018** –The Shareholders' Meeting of 2i Rete Gas S.p.A. approved today the separate and consolidated financial statements at 31 December 2017, showing a Net profit of 122 million euro, as well as the payment of 85 million euro in dividends, confirming the proposal the Board of Directors made on 23 March 2018.

### Financial highlights

- **Revenues:** 791 million euro (+9.3%)
- **Adjusted EBITDA:** 410 million euro (+4.9 %)
- **Adjusted EBIT:** 249 million euro (+6.0%)
- **Net profit:** 122 million euro (-6.0%)
- **Adjusted net profit:** 145 million euro (+14.4%)
- **Investments:** 258 million euro (+11.5%)
- **Adjusted net financial position:** 2,023 million euro

### Operational highlights

- **Active concessions:** 1,943
- **Active redelivery points:** 3,918,100 (+0.5%)
- **Distributed (Natural and LPG) gas in millions of m<sup>3</sup>:** 5,743 (+5.3%)
- **Km of pipelines operated:** 58,589 (+0.6%)

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

*“2017 ended with extremely positive results, following up the strategic development policies that 2i Rete Gas had started and confirming its ability to actually implement them.*

*2017 was a particularly dynamic year for the Group, both in terms of operations and financial results. As far as operations are concerned, in addition to increasing its investment in the improvement of the network, 2i Rete Gas S.p.A. signed an agreement with the Spanish group Gas Natural Fenosa to acquire 100% of Nedgia S.p.A. and Gas Natural Italia S.p.A. Such agreement was finalised on 1 February 2018.*

*In terms of financial transactions, in addition to the Liability Management exercise to extend maturities concluded in the first half of the year, the distribution assets of Gas Natural in Italy were acquired through a specific issue which took place in the final months of the year.*

*This year as well, the results achieved allowed for the distribution of a dividend of 85 million euro with a 59% payout on adjusted net profit.*

*During 2018, actions aimed at improving operational efficiency will continue, also through the integration of the recently acquired companies.”*

In 2017, 2i Rete Gas S.p.A. generated 791 million euro in **Revenues**, excluding the items offset in costs. The amount included 2 million euro in non-recurring income: therefore, in 2017 **adjusted Revenues** totalled 789 million euro (715 million euro in 2016).

The increase was essentially attributable to the higher revenues from energy efficiency certificates (71 million euro) mainly due to the well-known increase in the prices of certificates that occurred during the year compared to the previous year.

In 2017, **Adjusted operating costs** amounted to 379 million euro (324 million euro in 2016) and did not include non-recurring expenses (3 million euro) relating to the charges incurred for the acquisition operations. Excluding rise in the costs for energy efficiency certificates, operating costs fell by 7.3%.

The **Adjusted EBITDA** totalled 410 million euro, up 19 million euro (+4.9%) from 2016.

The **Adjusted EBIT** totalled 249 million euro, up 14 million euro (+6.0%) from 2016.

The **Adjusted net profit** totalled 145 million euro, up 18 million euro from 2016 (+14.4%), substantially due to the reduction in income tax expense (-6 million euro).

During 2017, 2i Rete Gas S.p.A. made **gross investments** totalling 258 million euro (231 million euro in 2016), increase mainly due to greater investments for technical improvement activities and renewal of the distribution network.

**Net fixed assets** totalled 2,739 million euro represent intangible assets related to gas distribution concessions, up 76 million euro compared to 31 December 2016 (+2.9%), following the increase in investments in the distribution network.

The **Adjusted net financial position** was up from 1,996 million euro in 2016 to 2,023 million euro at 31 December 2017 (+26 million euro), mainly due to the effect of the investments and payment of the financial charges of the aforementioned *liability management* operations (29 million euro).

The **Adjusted net financial position/adjusted EBITDA ratio** for 2017 decreases to 4.9x from 5.1x at the end of 2016.

The Consolidated Annual Financial Report at 31 December 2017 will be published on the company's website [www.2iretegas.it](http://www.2iretegas.it).

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

<b>Millions of euro</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>Abs. change</b>	<b>% change</b>
<b>Revenues (*)</b>	<b>791</b>	<b>723</b>	<b>67</b>	<b>9.3%</b>
<b>Adjusted revenues (*)</b>	<b>789</b>	<b>715</b>	<b>74</b>	<b>10.4%</b>
<b>Operating costs (*)</b>	<b>382</b>	<b>324</b>	<b>59</b>	<b>18.1%</b>
<b>Adjusted operating costs (*)</b>	<b>379</b>	<b>324</b>	<b>55</b>	<b>17.0%</b>
<b>EBITDA</b>	<b>408</b>	<b>400</b>	<b>9</b>	<b>2.2%</b>
<b>Adjusted EBITDA</b>	<b>410</b>	<b>391</b>	<b>19</b>	<b>4.9%</b>
<b>EBIT</b>	<b>247</b>	<b>244</b>	<b>3</b>	<b>1.4%</b>
<b>Adjusted EBIT</b>	<b>249</b>	<b>235</b>	<b>14</b>	<b>6.0%</b>
<b>Net profit</b>	<b>122</b>	<b>129</b>	<b>(8 )</b>	<b>-6.0%</b>
<b>Adjusted net profit</b>	<b>145</b>	<b>126</b>	<b>18</b>	<b>14.4%</b>
<b>Investments</b>	<b>258</b>	<b>231</b>	<b>27</b>	<b>11.5%</b>
<b>Net fixed assets</b>	<b>2,739</b>	<b>2,663</b>	<b>76</b>	<b>1.9%</b>
<b>Net financial position</b>	<b>2,009</b>	<b>1,984</b>	<b>25</b>	<b>1.3%</b>
<b>Adjusted net financial position (**)</b>	<b>2,023</b>	<b>1,996</b>	<b>26</b>	<b>1.3%</b>

(\*) 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 (238 and 207 million euro in 2017 and 2016, respectively), are accounted for as a deduction of the relevant costs.

(\*\*) Excluding the adjustment to the payables for transaction costs associated with loans (13 and 12 million euro in 2017 and 2016, respectively) pursuant to IAS 39.

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