



**4thQ 2006
consolidated results**

Conference Call

Pieve di Soligo, February 15th 2007

Business overview

- **Ascopiave Group is pure gas player**



**90% approx. of
2006 revenues**

- **Regulated Business**



**Stable Cash flow
stream**

- **Strong local franchise**



**155
concessions**

- **Opportunities from an attractive market**



**Upstream integration
and consolidation**

- **A consolidation track record**



**Doubled customers
by acquisition**

CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

Strategy

Dividends

Financial highlights: 4thQ 2006 results

(Thousands of Euro)

	4thQ 06	4thQ 05	Chg	Chg %
Revenues	93.956	101.909	-7.953	-7,8%
EBITDA	11.266	22.112	-10.846	-49,1%
EBIT	8.356	19.441	-11.085	-57,0%
EBT	8.060	18.710	-10.650	-56,9%
Net income	4.684	11.225	-6.541	-58,3%

Financial highlights: 2006 income statement

(Thousands of Euro)

	2006	2005	Chg	Chg %
Revenues	318.105	279.307	38.797	13,9%
EBITDA	40.405	56.194	-15.789	-28,1%
EBIT	29.150	45.137	-15.987	-35,4%
EBT	27.286	41.704	-14.418	-34,6%
Net income	16.239	24.522	-8.283	-33,8%

Financial highlights: balance sheet

(Thousands of Euro)

	2006	2005	Delta	Delta %
Capital employed	281.360	284.574	-3.214	-1,1%
Shareholders equity	368.901	194.586	174.315	89,6%
Net financial position (*)	-87.541	89.988	-177.529	-197,3%

(*) Negative values of the Net Financial Position indicate that the Group has a positive liquidity balance

CONTENTS

Financial highlights

Operating Data

- Volumes of gas distributed and number of gas distribution users
- Volumes of gas sold and number of gas sales customers
- Volumes of electricity sold and number of customers

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

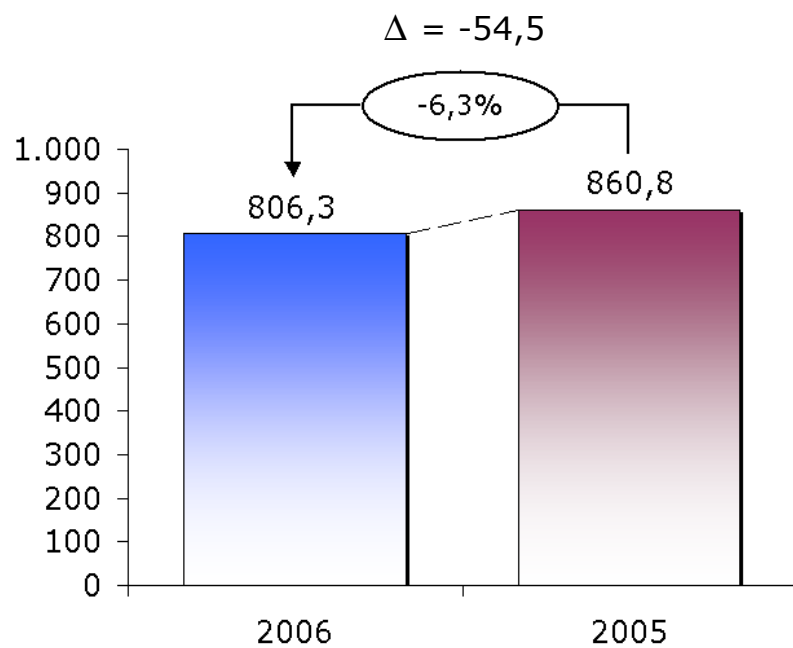
Strategy

Dividends

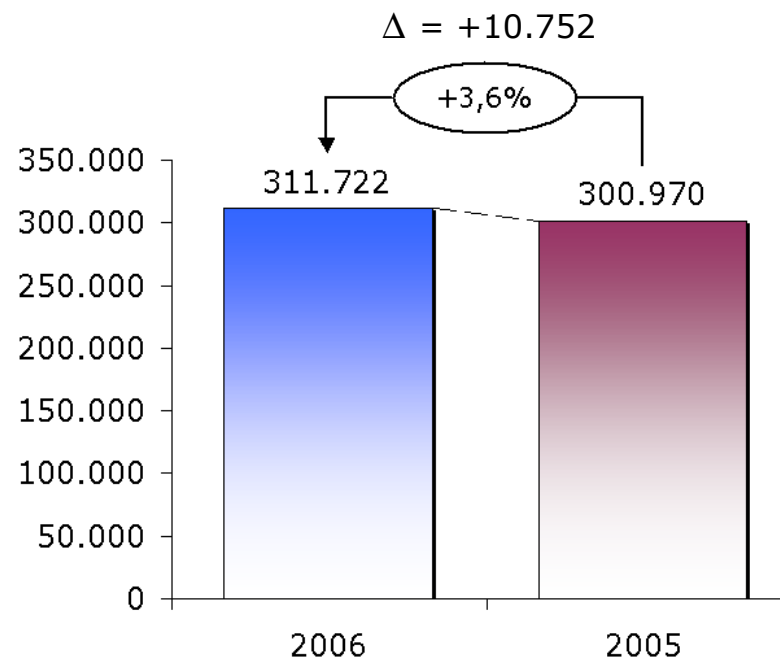
Volumes of gas distributed and number of gas distribution users

Volumes of gas distributed

(Milion of standard cubic meters)



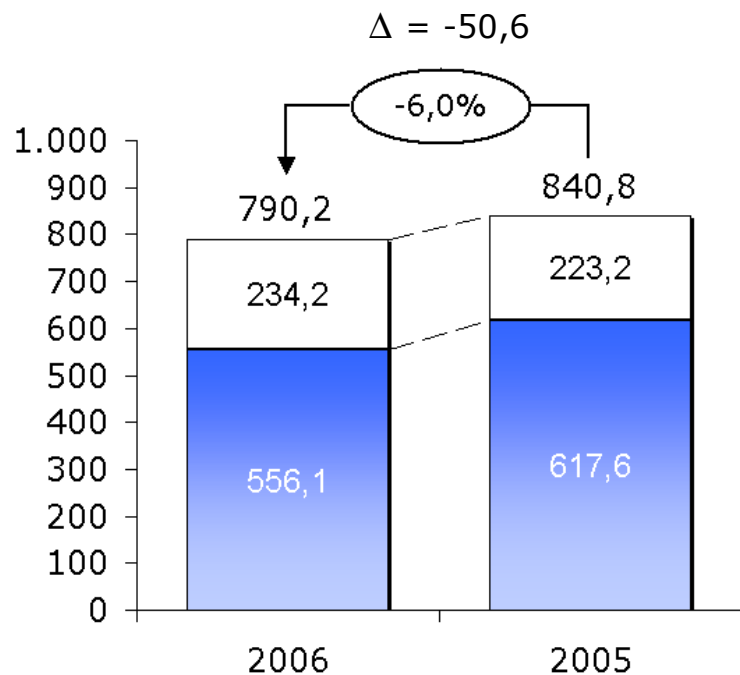
No. of gas distribution users



Volumes of gas sold and number of gas sales customers

Volumes of gas sold

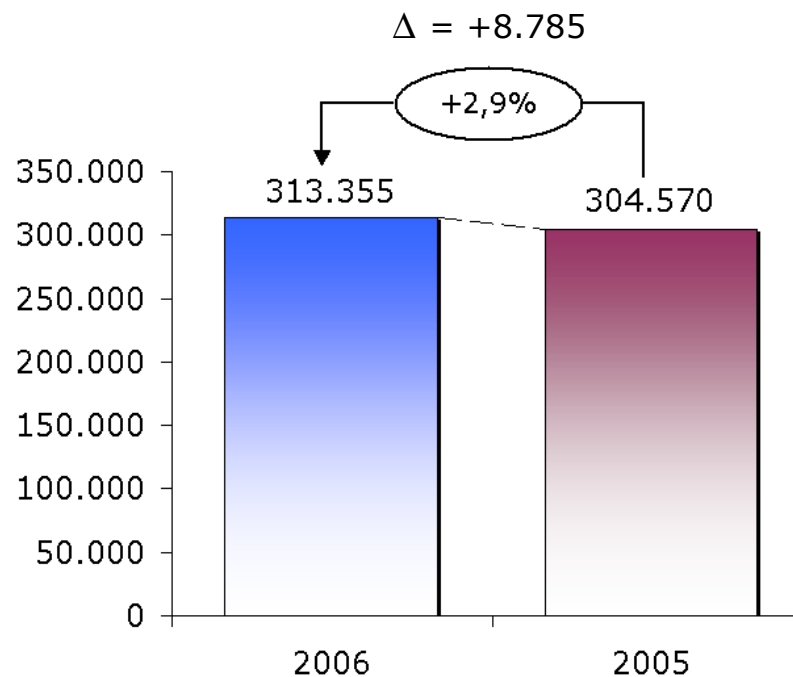
(Milion of standard cubic meters)



□ Volumes sold clients > 200.000 smc per year

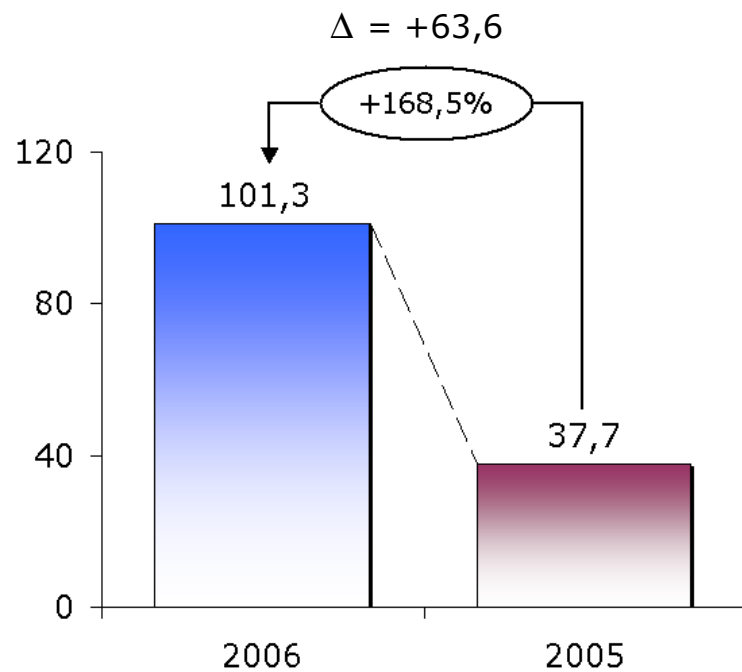
■ Volumes sold clients < 200.000 smc per year

No. of gas sales customers

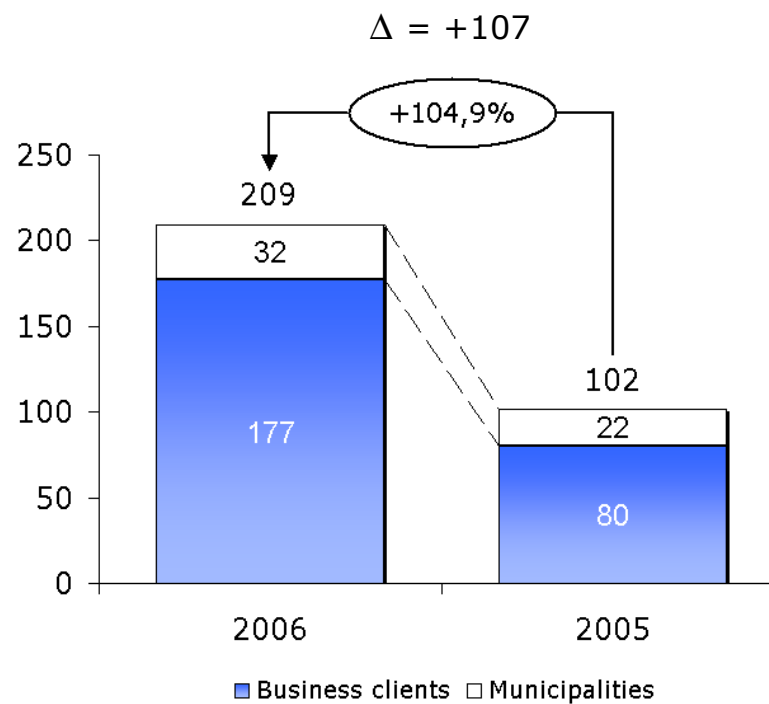


Volumes of electricity sold and number of customers

Volumes of electricity sold (GWh)



No. of electricity sales customers



CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

- Revenues bridge
- EBITDA breakdown
- EBITDA bridge

Gross margin on gas sales and distribution

Other issues

Personnel

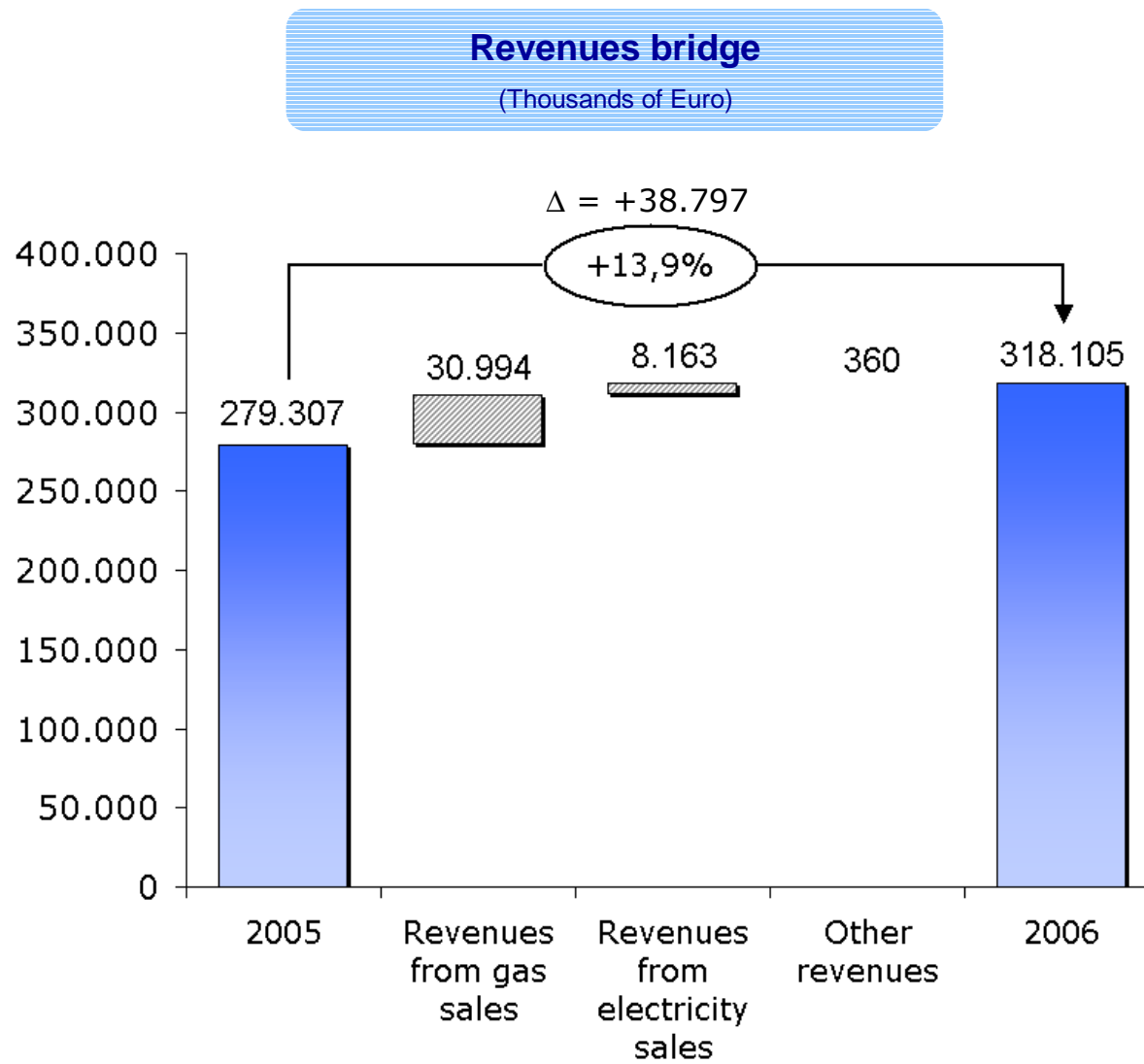
Capex

Net Financial Position and Cash Flow

Strategy

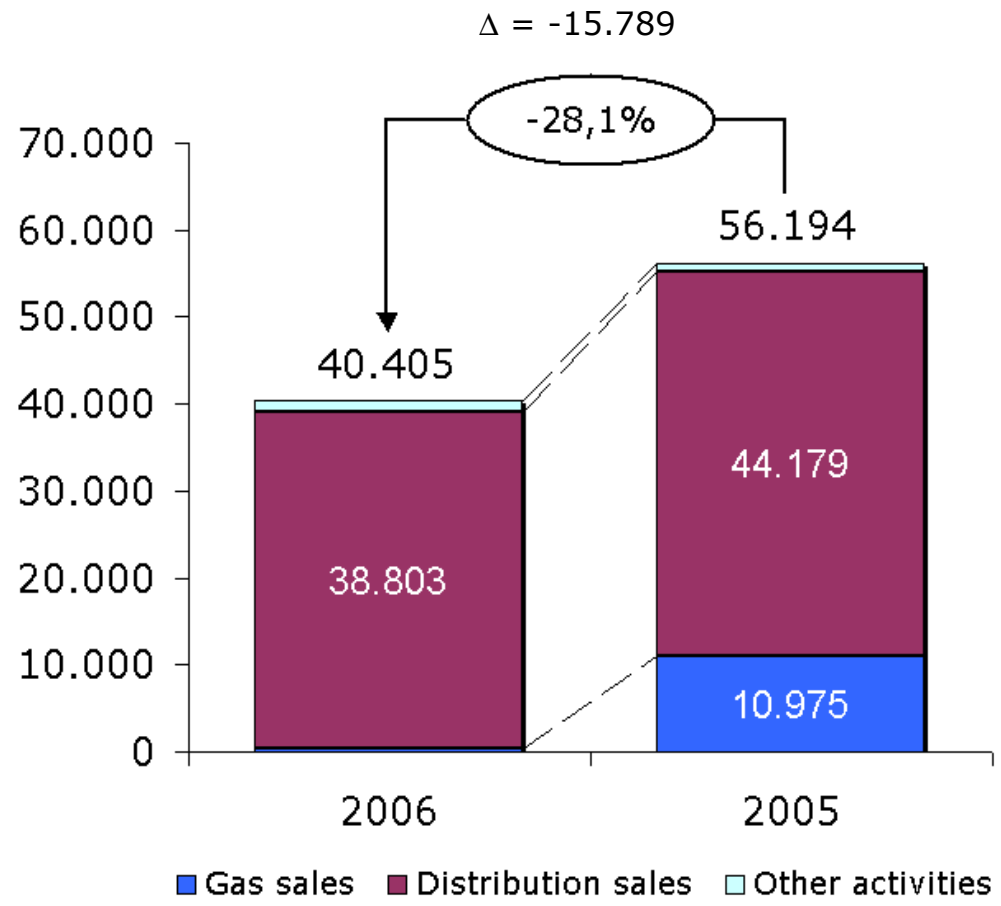
Dividends

Revenues bridge

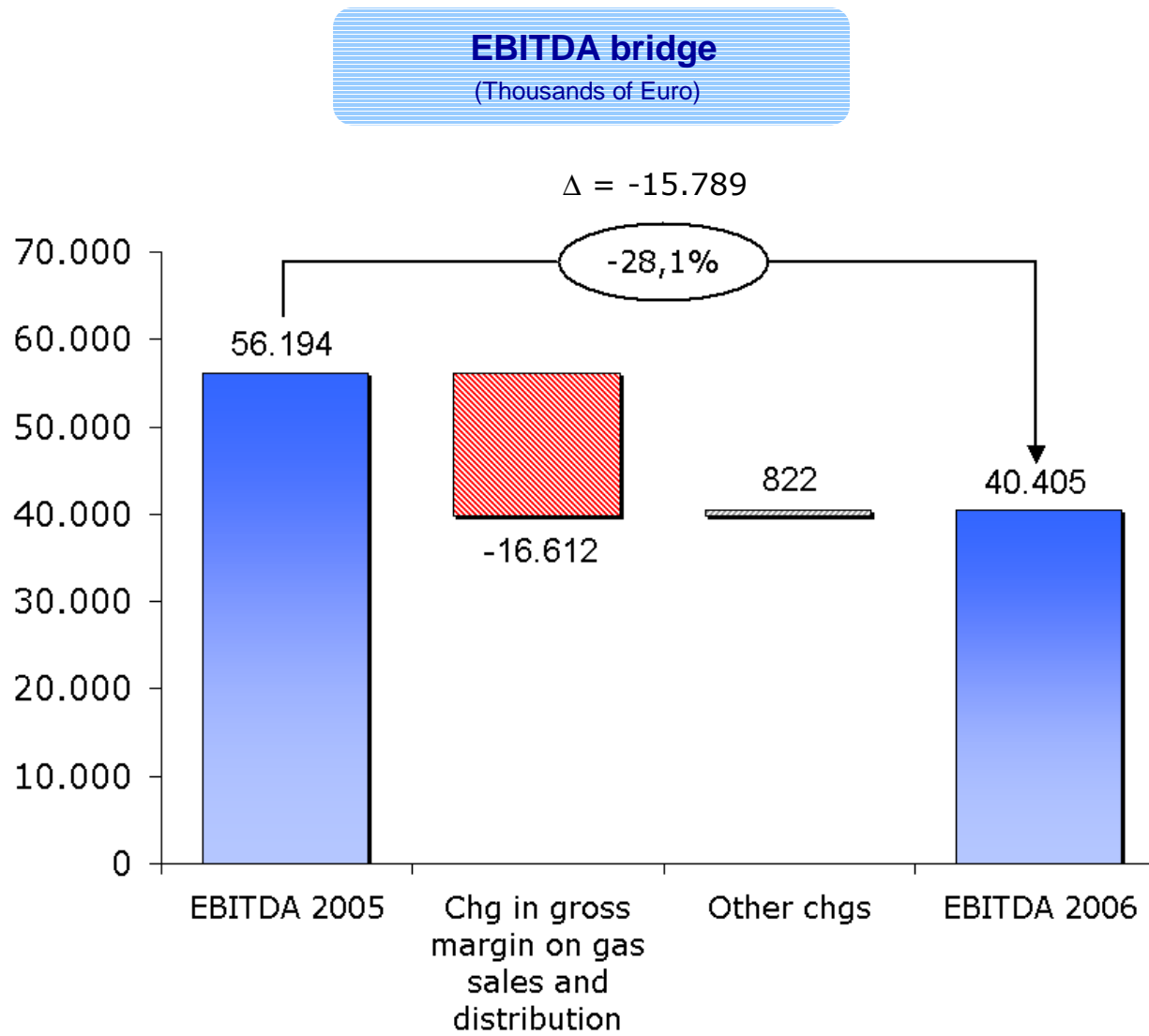


EBITDA breakdown

EBITDA breakdown
(Thousands of Euro)



EBITDA bridge



CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

- Gross margin on gas sales and distribution
- Impacts of AEEG resolutions no. 248/04, no. 298/05, no. 63/06 and no. 134/06

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

Strategy

Dividends

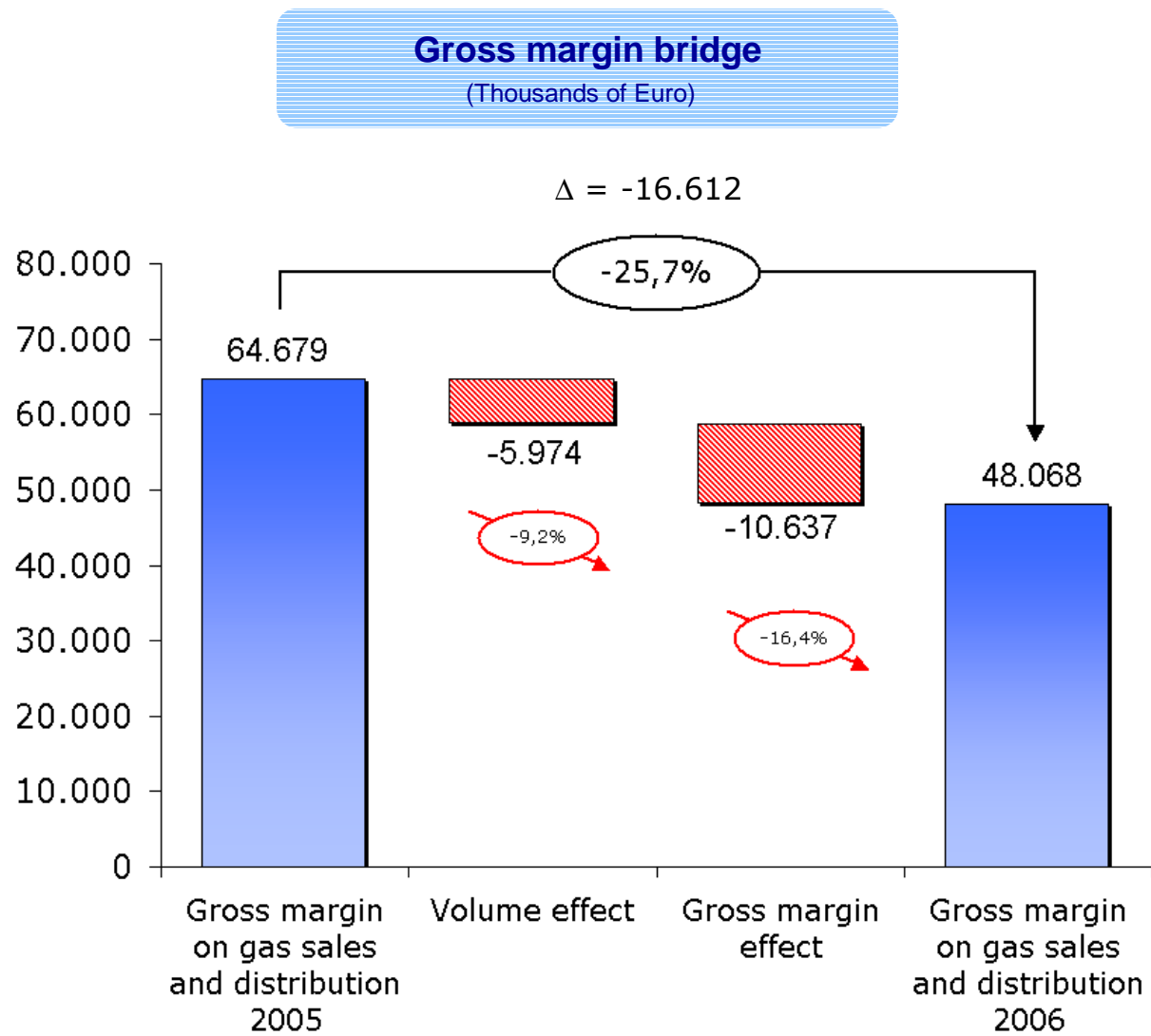
Gross margin on gas sales and distribution (I)

(Thousands of Euro)

	2006	2005	Chg	Chg %
Revenues from gas sales	286.705	256.567	30.139	11,7%
Gas purchase costs	-232.502	-190.199	-42.302	22,2%
Provision Res. 248/04 (2005-2006)	-4.300	0	-4.300	n.a.
Distribution costs to third parties	-623	-298	-325	109,2%
Contributions to national funds	-1.213	-1.390	177	-12,8%
Gross margin on gas sales and distribution (*)	48.068	64.679	-16.612	-25,7%

(*) Escluding gross margin on gas sales of the subsidiary Global Energy

Gross margin on gas sales and distribution (II)



Impacts of AEEG resolutions no. 248/04, no. 298/05, no. 63/06 and no. 134/06 (I)

(Million of Euro)

	Total	2005	I Q 2006	II Q 2006	III Q 2006	IV Q 2006
Full effect res. no. 248/04 and subsequent	21,6	7,3	8,8	1,6	0,3	3,6
Applied in tariff	5,5			1,6	0,3	3,6
Revenues adjustment	16,1	7,3	8,8			
Incentive for re-negotiation with shippers	-3,6					
Re-negotiation with shippers	-8,2					
Total provision to risk reserve	4,3					

Impacts of AEEG resolutions no. 248/04, no. 298/05, no. 63/06 and no. 134/06 (II)

- /// Possible illegitimacy of resolution no. 248/04:

 - write-off provision related to resolution no. 248/04
 - 2ndQ 2006 revenues adjustment

- /// Possible illegitimacy of subsequent resolution no. 134/06:

 - 3rdQ 2006 and 4thQ 2006 revenues adjustment

(Milion of Euro)

	Total	II Q 2006	III Q 2006	IV Q 2006
Provision write-off	4,3			
2ndQ 2006 revenues adjustment	1,6	1,6		
Illegitimacy res. no. 248/04	5,9			
3rdQ and 4thQ 2006 revenues adjustment	3,9		0,3	3,6
Illegitimacy res. no. 134/06	3,9			
Illegitimacy res. no. 248/04 and 134/06	9,8			

CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

Strategy

Dividends

Tariffs

SALES

- ⚡ Exit of non domestic clients from the regulated market (AEEG resolution no. 134/06)
- ⚡ Review of the QVD of the sales tariff (AEEG resolution no. 297/06)

DISTRIBUTION

- ⚡ Reduction of the price cap factor on distribution tariffs for the thermal years 2005-2006, 2006-2007 and 2007-2008
- ⚡ Review of the distribution tariff for the recalculation of the CGD component of the distribution revenues constraints (DRC)

Sentence of the Council of State established as of April 17th 2007

Tax moratorium

- /// Ascopiave is not affected by the resolution issued by the Fiscal authority, regarding the recovery of the tax benefits enjoyed by the public companies established in accordance with Italian Law no. 142 dated 8 June 1990

- /// It has been confirmed that the resolution is applicable solely to limited companies with a majority public investment, established in accordance with Italian Law No. 142/1990, carrying out local public services, which emerge as having benefited from the tax moratorium between 1995 and 1999

- /// In this period Ascopiave has not been transformed in limited company since it was still a consortium (azienda speciale consorziale)

CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

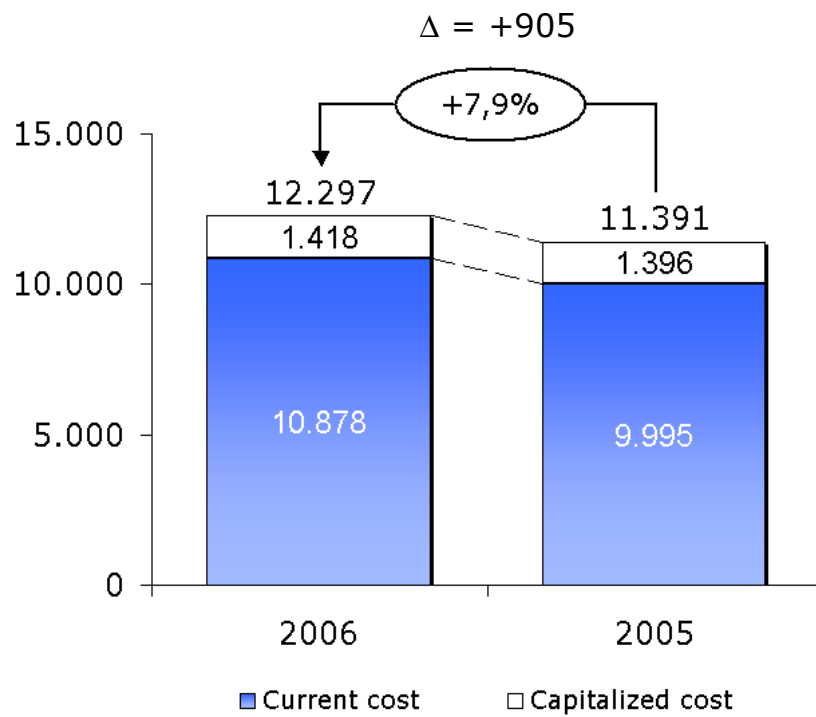
Strategy

Dividends

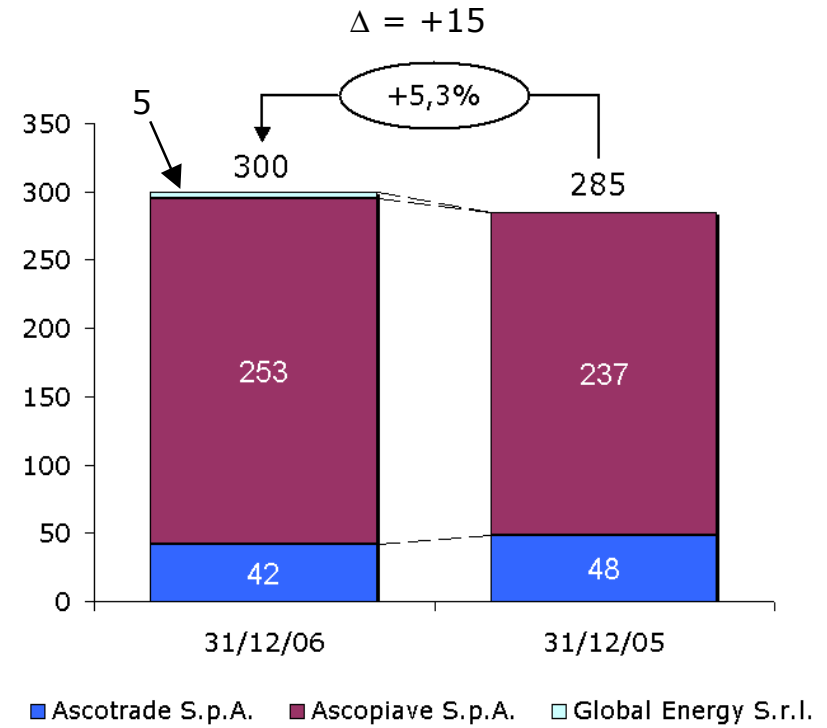
Personnel

Cost of personnel

(Thousands of Euro)



No. of employees



CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

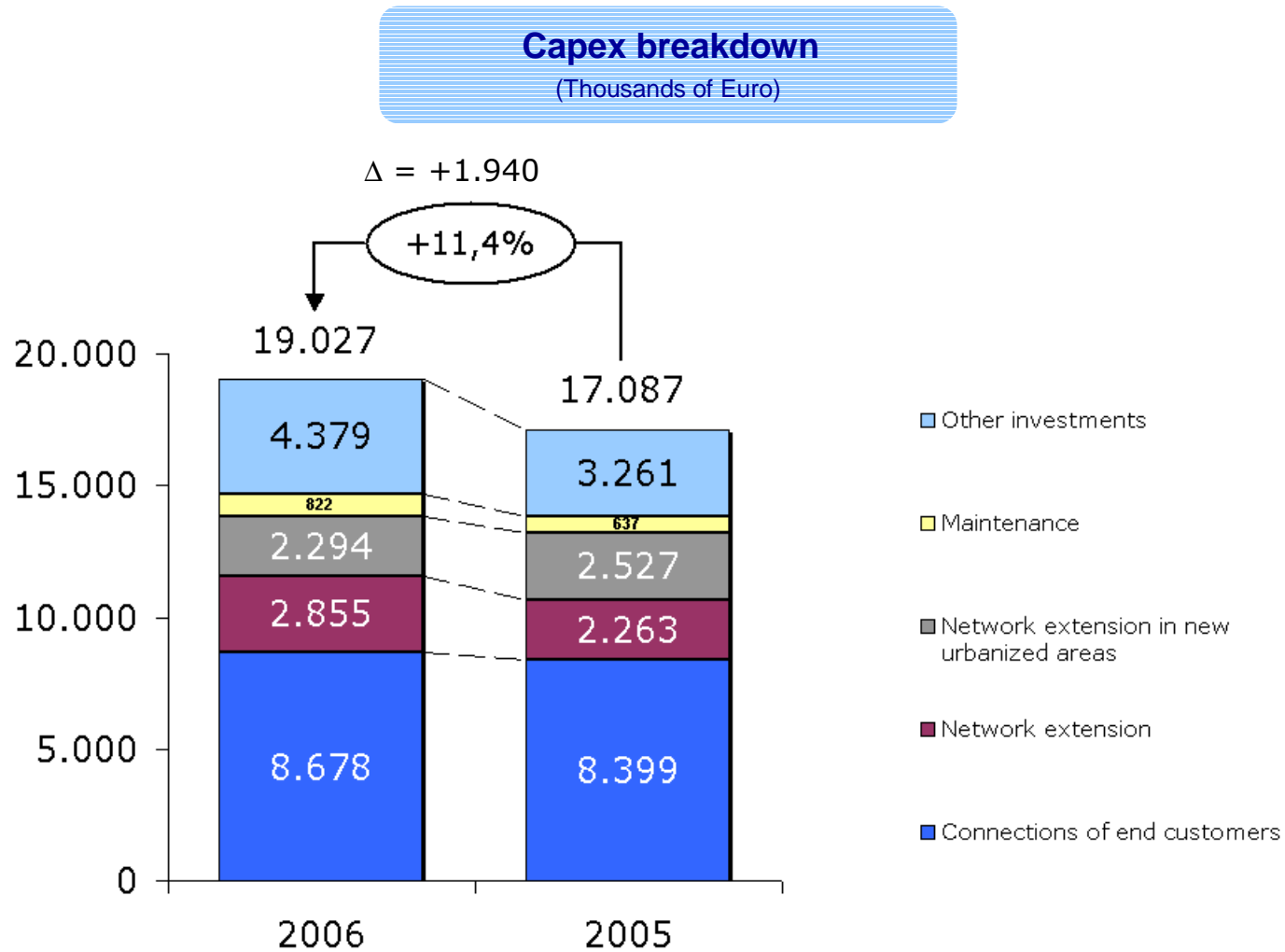
- Capex breakdown
- Length of the gas distribution network

Net Financial Position and Cash Flow

Strategy

Dividends

Capex breakdown



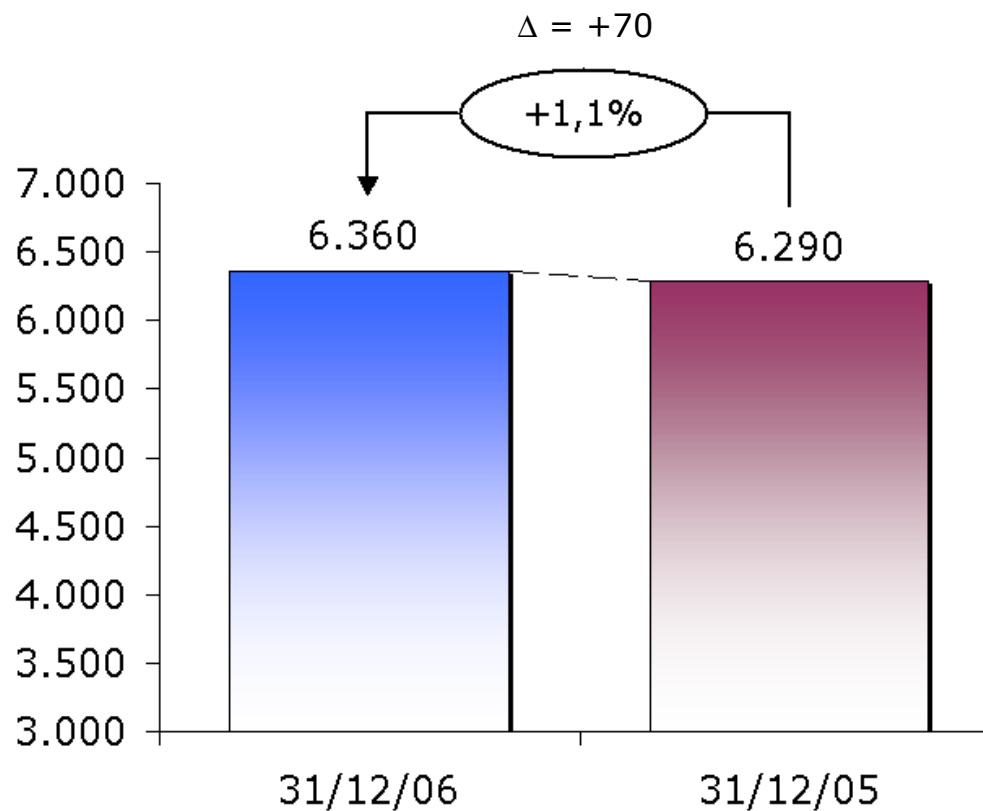
(*) Including the investments for the extension of the distribution network in new urbanized areas

(**) Other investments include the fixed assets deriving from initial consolidation of Global Energy Srl

Length of the gas distribution network

Length of the gas distribution network

(km)



CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

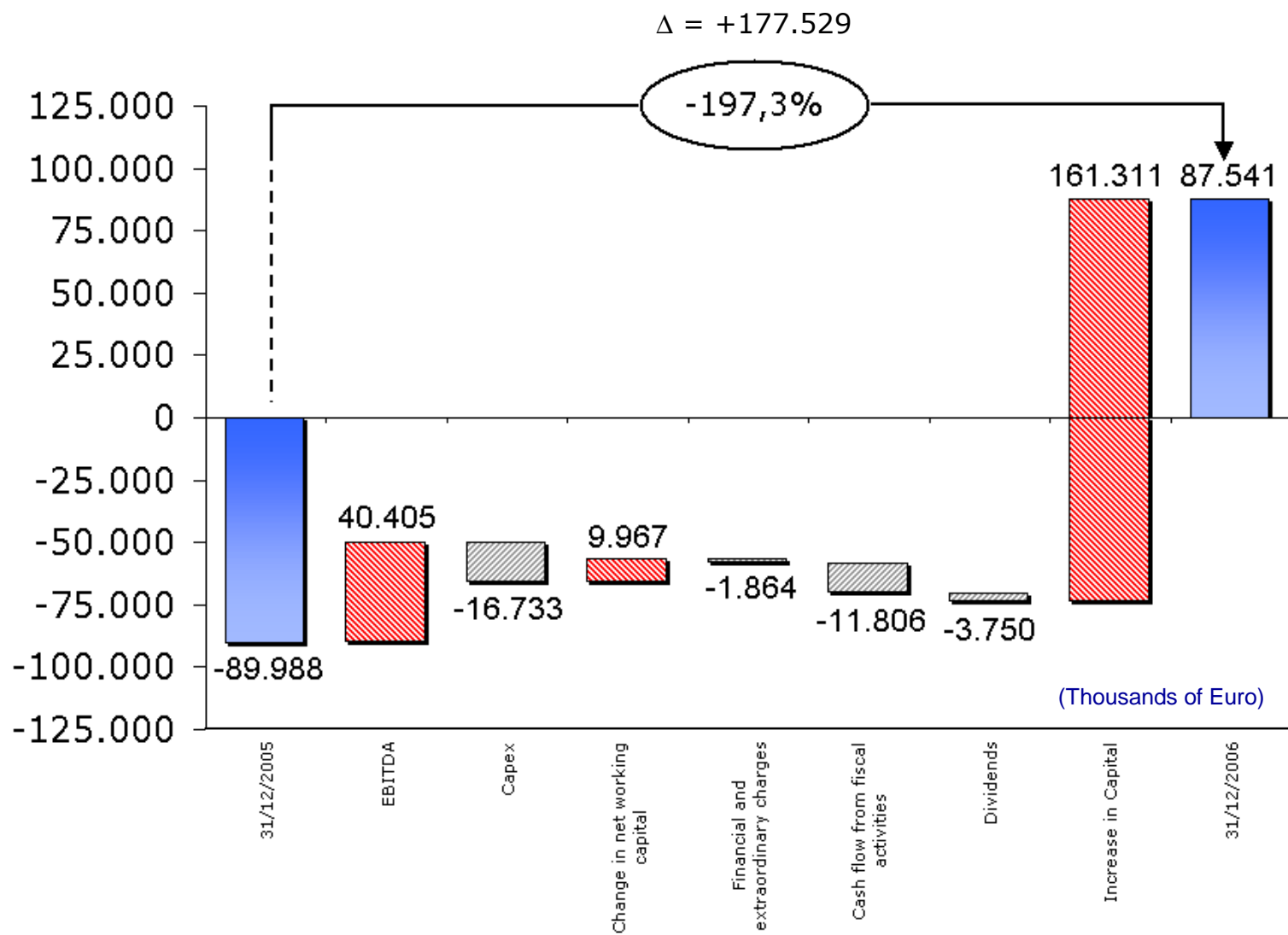
Capex

Net Financial Position and Cash Flow

Strategy

Dividends

Net Financial Position and Cash Flow



CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

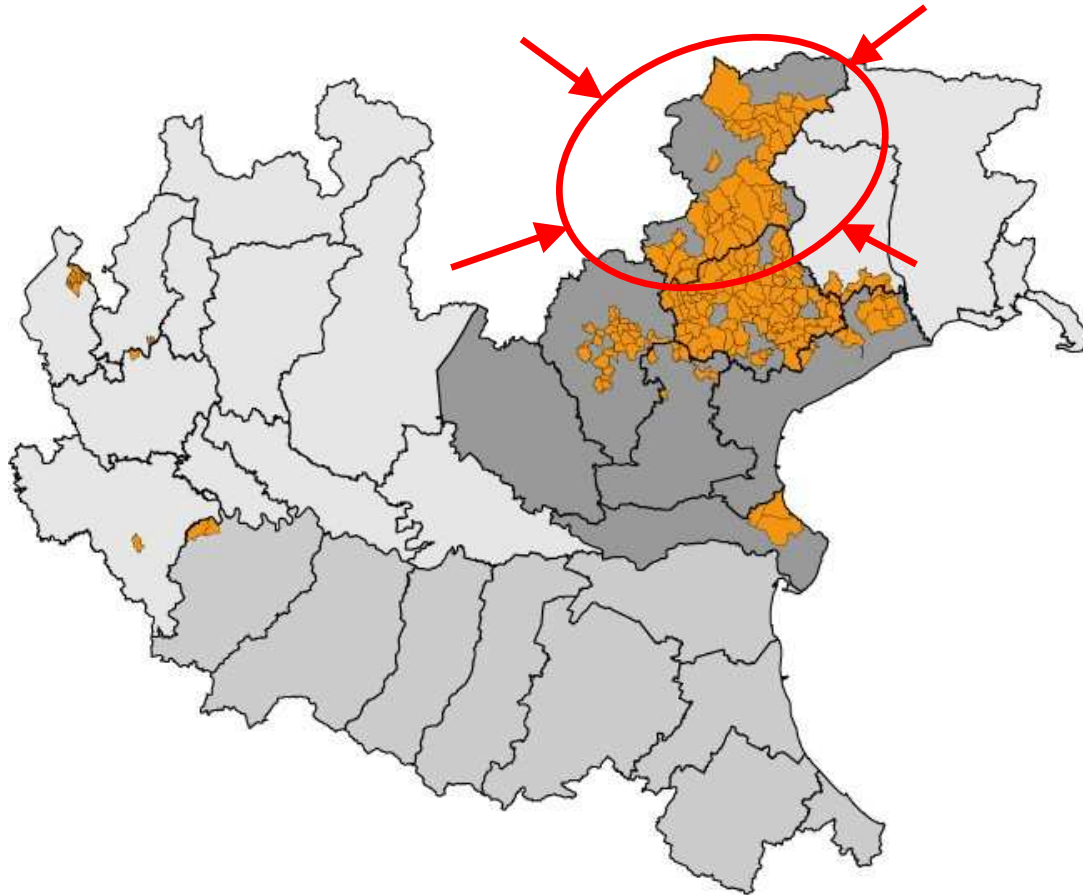
Strategy

- Acquisition of Bimetano Servizi gas sales business
- Strategy

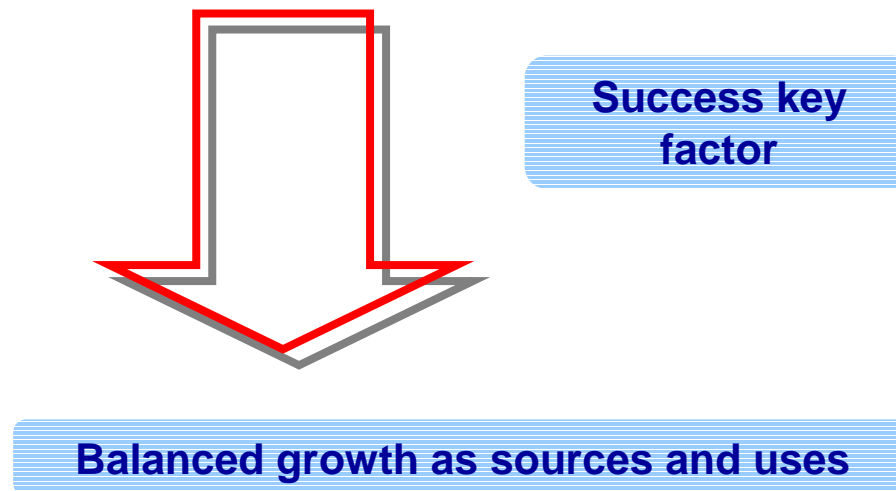
Dividends

Acquisition of Bimetano Servizi gas sales business

- /// In January 2007 Bimetano Servizi transferred to Ascotrade its gas sales business (approximately 29.000 end customers in Belluno province), in consideration of newly issued shares in Ascotrade.
- /// Appointment of two new members of the Ascotrade board of directors



- Dimensional growth through a significant increase of the customer base;
- Becoming an integrated operator investing in the mid-stream and up-stream of natural gas chain to guarantee an autonomous, certain and flexible supply;
- Improvement of electric market



CONTENTS

Financial highlights

Operating Data

Revenues – EBITDA

Gross margin on gas sales and distribution

Other issues

Personnel

Capex

Net Financial Position and Cash Flow

Strategy

Dividends

Dividends

DIVIDEND POLICY



- **In line with listed comparables**

DIVIDEND PAYMENT



- **According to the international best practice**
- **Two installments as from financial year 2007**