

distribuição  
gás natural



# distribuição gás natural

April 2018

## **FY 2017 Results Presentation**

Galp Gás Natural Distribuição, S.A.

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## 2017 Overview

### Operating Results

### Financial Overview

# 2017 Overview

## Relevant Facts Occurred in 2017

- Continued focus on operation excellency and prudent financial policy
- BBB- corporate credit rating of investment grade with stable outlook reaffirmed by S&P Global Ratings
- Investment is aligned with the strategic guidelines to ensure the sustainability and competitiveness of natural gas distribution system

# 2017 Overview

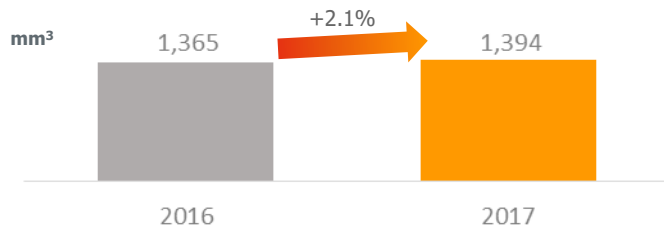
## Operating Results

## Financial Overview

# Operating Results

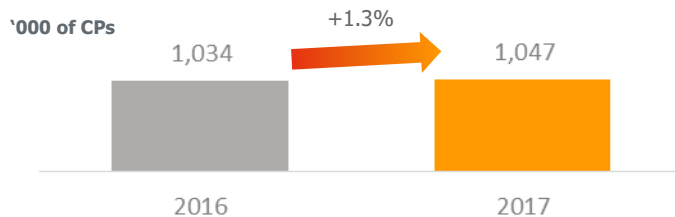
## Stable Performance focused on Sustainability of the System

### GAS DISTRIBUTED

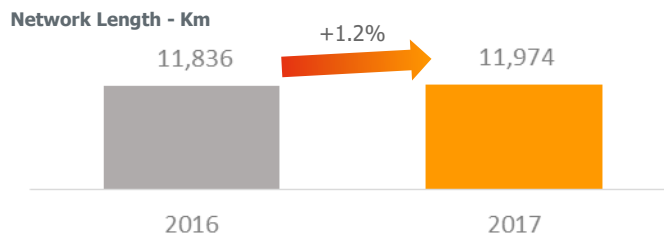


- Slightly increased due to the higher demand of the industrial customers

### CONNECTION POINTS AND NETWORK LENGTH



- Connection points and network length increasing at a low, but steady pace, with a focus on ensuring the sustainability of the system



## 2017 Overview

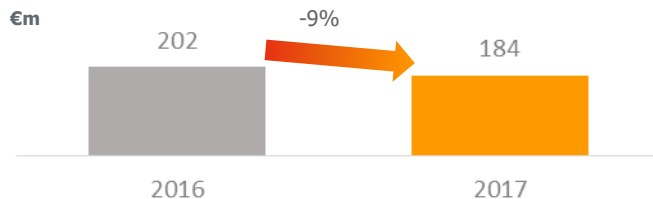
## Operating Results

## Financial Overview

# Financial Overview

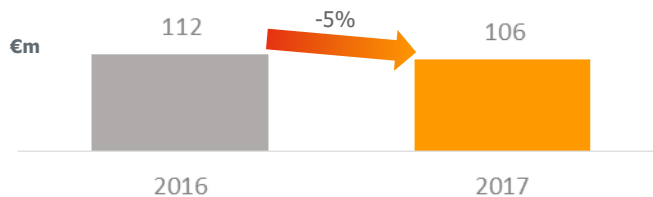
## Net Income Improved Reflecting the Lower Cost of Finance

### REVENUES



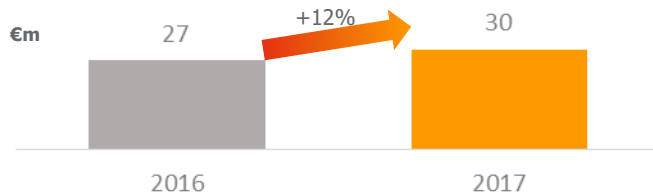
- Revenue decreased by €18m mainly due to:
  - Decrease of RoR (the average RoR in FY2017 was 6.42% while that in FY2016 was 7.02%)
  - Decrease of Transmission Tariff \*
    - \* Transmission Tariff decreased by €9m but does not affect EBITDA due to pass-through nature

### EBITDA



- EBITDA decreased by €6m due to :
  - Abovementioned decrease in revenue (excluding the effect of decrease of Transmission Tariff)

### NET INCOME



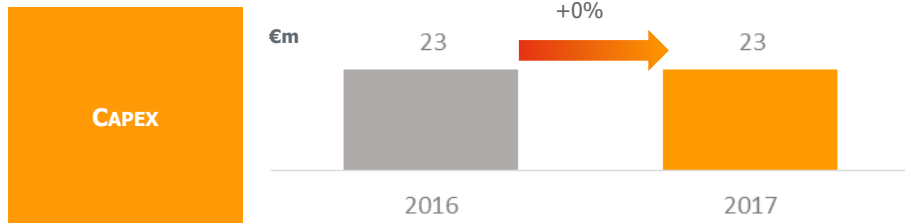
- Net Income improved by €3m due to:
  - Reduction of financial costs by €14.3m resulting from the issuance of the bond which offsets i) abovementioned decrease in EBITDA and ii) increase of income tax by €2m

*Note: GGND holds a stake below 50% of Tagusgás so, the participation taken into account only as financial income item.*

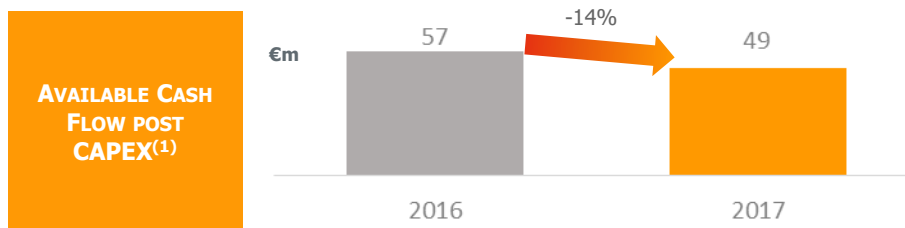


# Financial Overview (cont'd)

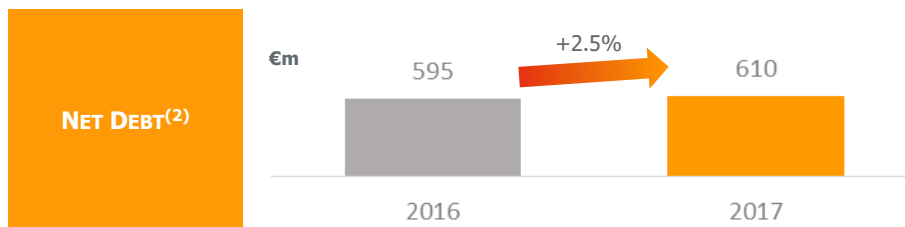
## Cash Flow Decreased mainly due to Lower RoR



- CAPEX kept same €23m as FY2016 which ensure the sustainability and competitiveness of natural gas distribution system



- Available Cash Flow post CAPEX decreased by €8m in 2017 mainly due to the lower amount of client receipt affected by the RoR decrease



- Net Debt increased by €15m mainly due to the abovementioned reason

(1) Available Cash Flow post CAPEX: Cash flows from operating activities – CAPEX

(2) Net Debt: Bank loans + Bond + Shareholder Loan + overdrafts – Cash and cash equivalents.

<NOTE> In Net Debt calculation, issuance fee of the Bond is netted from the gross amount of €600m. For Financial Ratio calculation, Net Debt is measured based on the gross amount of the bond.

# Financial Overview (cont'd)

## Prudent Financial Policy focused on Maintaining Investment Grade Rating

### TOTAL DEBT

€ m	
Bond	600.0
EIB Loan	20.0
Commercial Bank loan	10.4
<b>Total</b>	<b>630.4</b>

- EIB Loan and Commercial Bank Loan, both at subsidiaries, amortizing until 2020 and 2027 respectively

### LIQUIDITY

€ m	
Cash	16.7
Revolving Credit Facility	50.0
Short Term Credit Line	20.0

- Revolving Credit Facility in the amount of €50m and also Short Term Credit Line of €20m are maintained

### FINANCIAL COVENANTS (BOND)

Net Debt / EBITDA	5.8x
Debt Service Coverage Ratio	5.9x

- Prudent financial policy with healthy headroom under the financial covenants



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