

**distribuição**  
gás natural



# 1H22 RESULTS

Presentation

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July 28<sup>th</sup>, 2022

## Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends and shareholder returns; liquidity; capital and operating expenditures; performance levels and plans, timing, and outcomes of project execution; market developments in which GGND operates; and impacts of the COVID-19 pandemic on GGND's business and results, which may significantly differ depending on a number of factors, including energy supply and demand, namely natural gas and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of GGND's actions to protect the health and safety of its employees, customers, suppliers and other stakeholders; actions of GGND's competitors and commercial counterparties; the ability to access short and long-term debt markets in a timely and affordable basis; the actions of consumers; other legal and political factors, including obtaining necessary administrative authorizations; unexpected operational events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; amongst other factors presented in GGND's Annual Management Report and Accounts for the year ended December 31, 2021, which are available on the GGND website (<https://www.ggnd.pt/en-us/Investors/Reports-and-Accounts>). All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied by such forward-looking statements. GGND and its representatives, agents, employees, or advisers do not intend to, and expressly disclaim any duty, commitment or obligation to elaborate, disclose, any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this report to reflect any change in events, conditions or circumstances.



# AGENDA

- 01 **Highlights 1H 2022**
- 02 **Operational performance**
- 03 **Social & Environment performance**
- 04 **Financial performance**



01)

## Highlights 1H22



# 1. Highlights 1H22

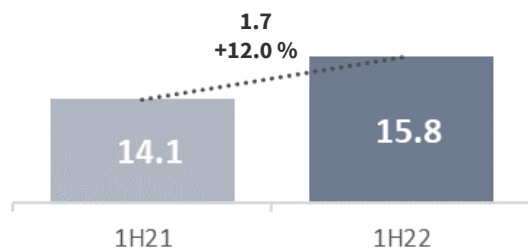
- **CAPEX** in the first half of 2022 amounted to €15.8 million, up €1.7 million (12.0%) YoY; 67% corresponded to expansion of the network (80 km) and new connection points (+1900).
- **Infrastructure Decarbonization - Green pipeline project** - GGND concluded the construction of 1,400 meters of a new network segment, in which 100% of H2 already circulates, connecting the hydrogen production site to the injection and mixing point.
- In spite of the current geopolitical context, GGND has not recorded to date significant impacts in terms on the volume of gas distributed. During the first half, **volume distributed stood at 8,888 GWh (- 3.7% YoY)**, mainly impacted by the decrease in the industrial segment (-5.6%), but partially offset by the increase in consumption in the tertiary segment (+15.9%) and residential (+0.1%).
- **RoR published by ERSE in June was 5.05%**, reflecting the increase in the yields of the treasury bonds issued by the Portuguese State, comparing to 4.72% in the previous year. In 1H2022, the regulated companies of the GGND considered a RoR of 4.70%.
- **ESG performance** – Reinforcement of internal control governance through the conclusion of the **Internal Control Manual** and revision of Internal Control policy, Risk Management policy and company standard; within the initiatives of its sustainability roadmap, GGND started a stakeholders auscultation process and the revision of its human rights policy.

# 02) **Operational performance**

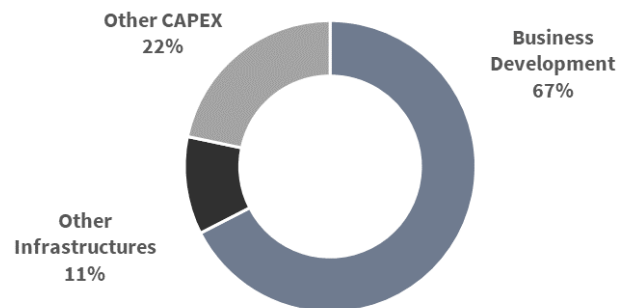
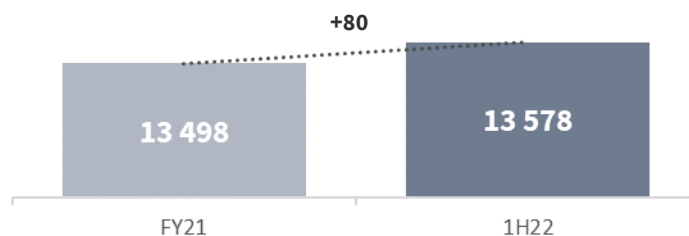


## 2. Operational performance

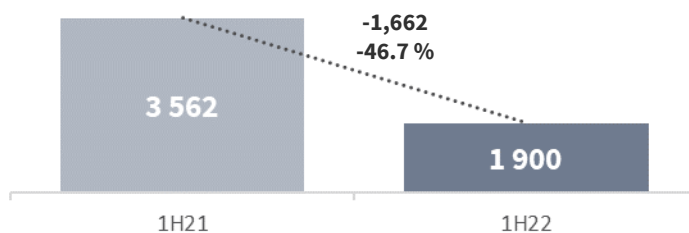
CAPEX M€



NETWORK LENGTH (Km)



# NEW CONNECTION POINTS



### CAPEX

- In 1H22 CAPEX amounted to €15.8 million, up €1.7 million (12.0%) YoY
- Business development represented 67% of total CAPEX, including expansion of the network and new connection points

### NETWORK LENGTH

- In 1H22 +80 km of gas distribution network was built, reaching 13,758 Km

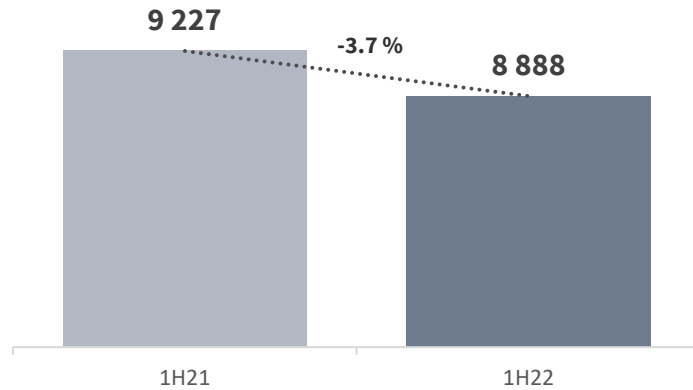
### CONNECTION POINTS

- In 1H22 +1,900 new connection points were connected for the first time

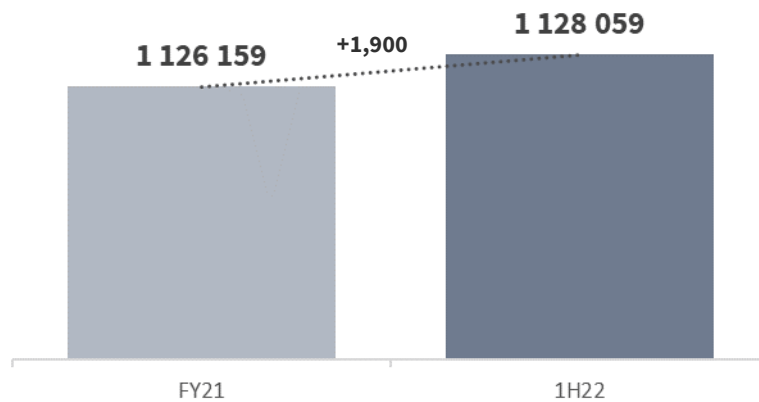


## 2. Operational performance

**GAS DISTRIBUTED (GWh)**



**# CONNECTION POINTS**



### **GAS DISTRIBUTED**

- The volume of natural gas distributed was 8,888 GWh, a decrease of 3.7% YoY, due to a decrease in the industrial segment (-5.6%), offset by residential (+0.1%) and tertiary (+15.9%) segments

### **CONNECTION POINTS**

- + 1,900 new net connection points to a total of 1,128,059



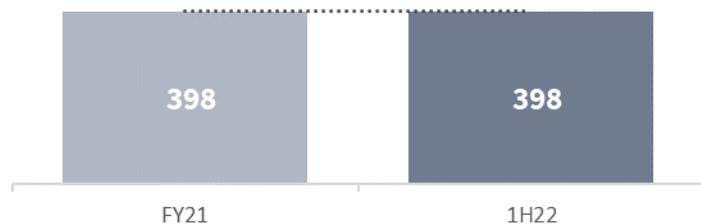
03)

## **Social & Environment performance**

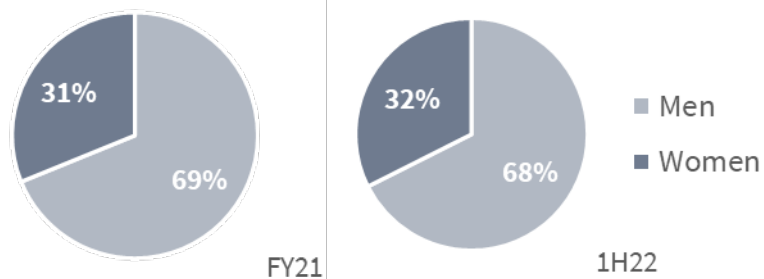


# 3. Social & Environment performance

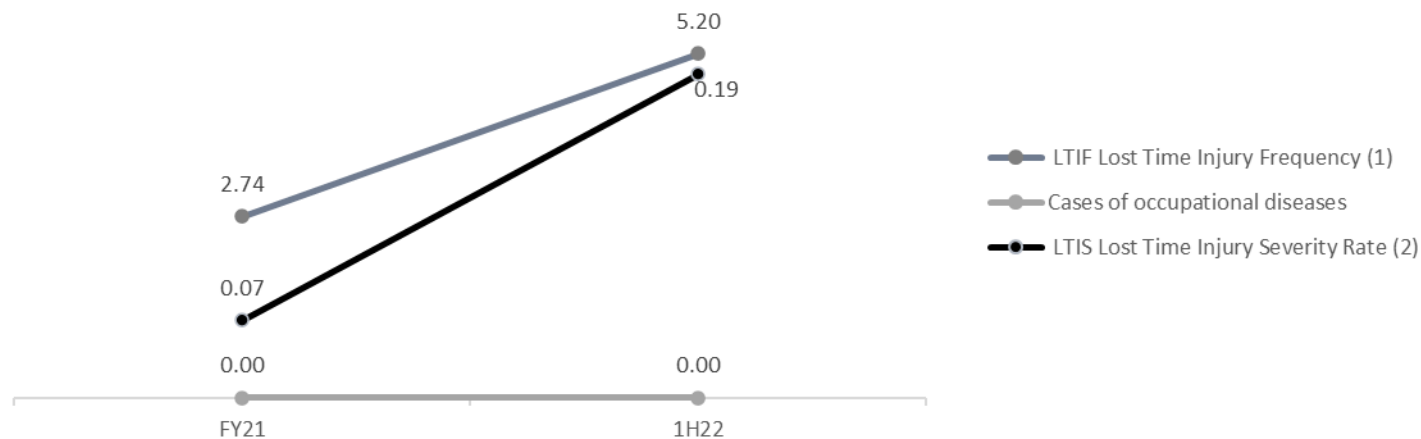
EMPLOYEES NUMBER



GENDER



LOST TIME INJURY



## HEALTH AND SAFETY

- Lost time injury frequency rate increased from 2.7 (FY21) to 5.20 (1H22) due to a higher number of accidents with work leave (C3)
- Lost time injury severity rate increased from 0.07 (FY21) to 0.19 (1H22)
- Occupational diseases remain at zero

<sup>1</sup> LTIF Lost Time Injury Frequency - (N. of fatalities + lost workday cases) \* 10<sup>6</sup> / hours worked

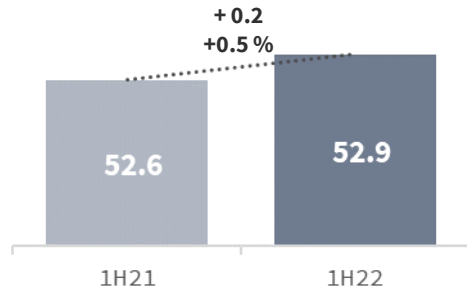
<sup>2</sup> LTIS Lost Time Injury Severity rate - N. of working days lost by C3 accident \* 1000 / hours worked

# 04) **Financial performance**

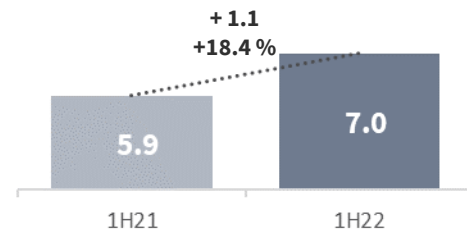


# 4. Financial performance

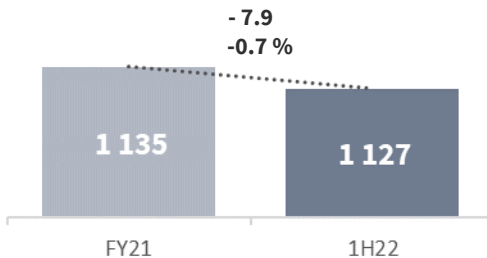
## EBITDA M€



## NET INCOME M€



## NET FIXED ASSETS M€



### EBITDA

- EBITDA was €52.9 million, an increase of 0.5% YoY, mainly explained by the reduction in operating costs, as the RoR was kept at the floor at 4.7%.

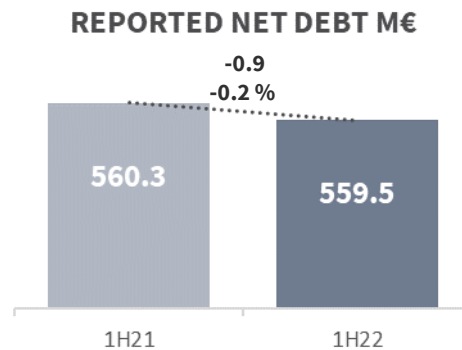
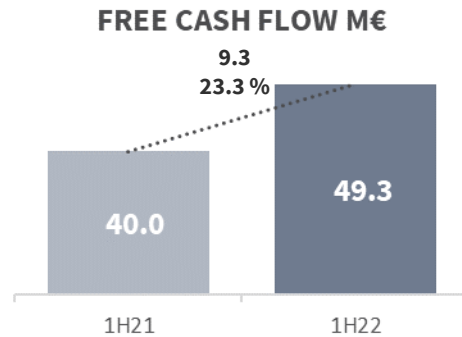
### NET INCOME

- Net income increase of 18.4%, mainly due to:
  - i) Decrease in depreciations of 3.6% YoY to €24.0 million, due to the increase in the useful life of assets allocated to the companies whose licenses were extended until 31 December 2027;
  - ii) Taxes increased 8.5% to €6.3 million, following the improved performance in the semester.

### NET FIXED ASSETS

- GGND's net fixed assets were €1,126.9 million, a reduction of €7.9 million compared to FY21, as the level of investment did not offset depreciations for the period.

# 4. Financial performance



## FREE CASH FLOW <sup>(1)</sup>

- Free cash flow reached €49.3 million, up €9.3 million YoY, driven by an improvement in operating cash flow of €7.8 million YoY, and a temporary decrease in Capex execution of €1.5 million.

## REPORTED NET DEBT

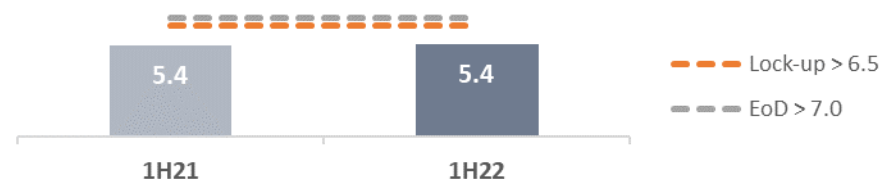
- Net debt stood at €559.5 million, a decrease of €0.9 million YoY, mainly due to the increase in cash at end of period, as total debt remained stable.



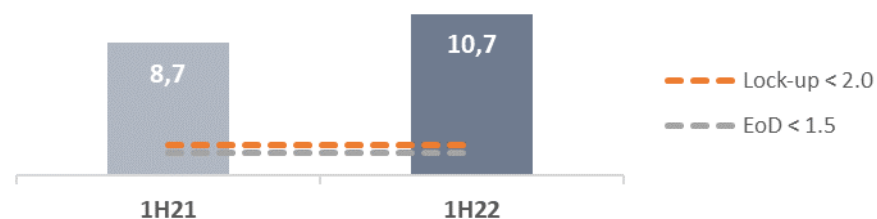
# 4. Financial performance

## Bond financial covenants

**ND <sup>(1)</sup> / EBITDA <sup>(2)</sup>**



**DSCR <sup>(3)</sup>**



Ratios in the first half are comfortably in compliance with the financial covenants from the EMTN programme



(1) Net Debt (Bond Ratio calculation): Bank loans + Bond (gross amount of €670m) + Accrued Interest – Cash and equivalents

(2) EBITDA: Reported EBITDA – Provisions, annualized on a straight-line basis

(3) DSCR – Debt Service Coverage Ratio : (Cash Flow from Operating Activity - CAPEX Payments) annualized / Interest Service annualized

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