

SPP - distribúcia half year financial results for 2015

During first half year 2015 the trend of warm winter from 2014 was changed positively, when the natural gas consumption increased by 236.6 million m³ for the first 6 months in comparison to the prior year. Also all major comparatives to the 1H2014 increased, as the total revenues increased by 8.4%, EBITDA increased by 7.1% and reached level of €140.7 million confirming SPP – distribúcia to be a very stable business.

The operating profit in 1H2015 was on the level €92.0 million – 13.2% higher than in 1H2014. SPP – distribúcia confirmed during 1H2015 the achieved optimisation in 2014 is not only one-off cost reduction and the gained savings are sustainable for further periods.

The conflict between Ukraine and Russia did not have any notable adverse effect on the company during year 2014. SPP – distribúcia confirms the same trend also for 1H2015 and claims to have sufficient gas in storage for keeping the security of supply standard for households and sufficient free entry capacities are available in the market allowing for any potential fluctuations in deliveries.

Total operating costs increased by 4.5% in comparison to the 1H2014. The main driver was that in 1H2014 the operating costs were compensated by sale of Non-current assets with net profit €1.8 million ('Other, net'), such event didn't occurred in 1H2015.

Result from financial activities was affected mainly by issue of bonds €500.0 million during 1H2014 in order to optimise the capital structure.

The company's profit before income taxes and the net profit were at the level of €84.9 million and €62.2 million, respectively.

Total assets decreased by €873.3 million comparing to 31st December 2014. The decrease was driven mainly by:

- Decrease in receivables and prepayments €563.0 million and cash and cash equivalents €259.3 million as a result of offsetting receivables and liabilities between SPP-Distribúcia and SPP Infrastructure (parent company) due to decrease of share capital in amount of €757.4 million and dividend distribution in amount of €97.5 million;
- Decrease of non-current assets €43.2 million driven mainly by depreciation and amortisation;
- Decrease of inventories, income tax asset and other current assets in total amount of €7.8 million.

Total liabilities decreased by €838.9 million from 31st December 2014. The decrease was driven mainly by:

- Decrease of liabilities payable to shareholders as a result of decreased registered capital by €757.4 million during year 2014 offset with bond proceeds and cash and cash equivalents,
- Decrease of prepayments for distribution €25.8. due to summer season,
- Decrease of Loans as a result of loan repayment €50.0 million and coupon distribution related to the bond €6.6 million.

Total equity decreased by €34.4 million mainly as a result of dividend distribution €97.5 million and current year profit €62.2 million.

SPP – distribúcia, a. s.
FINANANCIAL OVEVIEW
Period ended 30 June 2015

ASSETS (in € million)	30.6.2015	31.12.2014
Property, plant and equipment	2,437.8	2,480.7
Non-current intangible assets and other assets	7.6	7.9
Investments in subsidiaries	1.0	1.0
Total non-current assets	2,446.4	2,489.6
Inventories	148.3	153.0
Receivables and prepayments	88.0	651.0
Income tax asset	0.0	3.8
Other current assets	37.8	37.1
Cash and cash equivalents	63.7	323.0
Total current assets	337.8	1,167.9
TOTAL ASSETS	2,784.2	3,657.5

EQUITY AND LIABILITIES (in € million)	30.6.2015	31.12.2014
Registered capital	1,200.0	1,200.0
Legal reserve fund and other funds	385.1	384.2
Retained earnings	62.2	97.5
Total equity	1,647.3	1,681.7
Loans and bonds	629.5	629.0
Deferred income	10.9	10.4
Retirement and other long-term employee benefits	5.1	5.1
Deferred tax liability	377.2	378.6
Total non-current liabilities	1,022.7	1,023.1
Trade and other payables	110.7	895.6
Current income tax	3.0	0.0
Loans	0.3	56.9
Provisions and other current liabilities	0.2	0.2
Total current liabilities	114.2	952.7
TOTAL EQUITY AND LIABILITIES	2,784.2	3,657.5

SPP – distribúcia, a. s.
FINANCIÁL OVEVIEW
Period ended 30 June 2015

INCOME STATEMENT (in € million)	30.6.2015	30.6.2014
Natural gas distribution	194.5	179.8
Other revenues	2.2	1.7
Total revenues	196.7	181.5
Own work capitalised	3.0	2.1
Purchases of natural gas and consumables and services	-8.6	-5.2
Storage of natural gas and other services	-30.1	-29.7
Depreciation and amortisation	-46.7	-48.3
Staff costs	-21.0	-21.0
Provision for bad and doubtful debts	-0.1	-0.1
Provisions and impairment losses, net	-1.8	-1.5
Other, net	0.6	3.5
Total operating expenses	-104.7	-100.2
OPERATING PROFIT	92.0	81.3
Financial revenues	1.6	4.3
Financial costs	-8.7	-0.8
PROFIT BEFORE INCOME TAXES	84.9	84.8
INCOME TAX	-22.7	-20.2
NET PROFIT FOR THE PERIOD	62.2	64.6

INVESTOR RATIOS		30.6.2015	30.6.2014
EBITDA	€ million	140.66	131.29
CAPEX	€ million	4.82	8.19
FCF	€ million	127.03	114.94
FCF / EBITDA	multiple	0.90	0.88
EBITDA / Interest	multiple	16.19	162.29

Useful links:

SPP – distribúcia, a. s. - Annual report 2014:

<http://www.spp-distribucia.sk/files/files/Annual%20report%20SPP%20-%20distrib%C3%BAcia%202014.pdf>

SPP – distribúcia, a.s. - Audited financial statements 2014:

http://www.spp-distribucia.sk/files/files/Financiel%20statements%20of%20SPP%20-%20distribucia%2C%20a s %20as%20at%2031_12_2014.pdf