

SPP - distribúcia half year financial results for 2016

The first half of year 2016 in term of last 5 years temperature can be described as average. The natural gas consumption remains on approximate level from previous half year 2015, only minor decrease by 1.3% was noted. Despite this fact distributed revenues increased by 0.7% and achieved level of €195.80 million, as the decrease in gas consumption was mainly triggered by small and medium size entities. Positive development is visible also in EBITDA, which increased by 4.7% and reached level of €147.59 million.

The year 2016 is specific year for SPP – distribúcia, a.s. First of all, during the first half of year company finished unbundling its IT area. The successful completion thereof will strengthen its position as an independent distribution network operator and finalise the last step of unbundling in line with the 3rd Energy package. The year 2016 is also 10th anniversary of SPP - distribúcia, a.s., operating as a separate company.

The company continues to improve the performance of its operating activities mainly by increasing work productivity in maintenance activities and in procurement. There are also savings in investment expenses, because of extended using of own workforce for reconstructions of gas pipelines during current year.

During 2015, Regulatory Office for Network Industries released a price decision related to fee for access to the distribution network and gas distribution valid for the year 2016. This decision extended the number of tariff groups for gas distribution, while keeping the tariffs for end-consumers at a stable level. New price decision will be released in 2H 2016 for the year 2017.

Result from financial activities is affected mainly by interest expense from bonds (€500.0 million issued 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 €88.72 million and €67.28 million in comparison to the 1H2015, when reached level of €84.93 million and €62.21 million, respectively.

Total assets decreased by €29.38 million comparing to 31st December 2015. The decrease was driven mainly by:

- Decrease of non-current assets €40.90 million driven mainly by depreciation and amortisation.
- Increase of current assets in total amount of €11.52 million and cash and cash equivalents by €50.87 million and decrease of receivables from cash-pooling by €48 million and decrease of inventories by €5.05 million because of higher level of gas losses than purchases of gas in first half year.

Total liabilities increased by €6.29 million from 31st December 2015. The increase was driven mainly by:

- Increase of trade and other payables by €12.26 million mainly as a result of increase of payables for gas purchases in amount of €10.1 million, increase of derivate contracts by €4.8 million and decrease payables to employees by €2.2 million.
- Decrease of loans as a result of bond coupon payment in June in amount of €13 million.

During 2016, dividends were distributed in amount of €99.55 million from profit 2015.

SPP – distribúcia, a. s.
FINANANCIAL OVEVIEW
Period ended 30 June 2016

ASSETS (in € million)	30.6.2016	31.12.2015
Property, plant and equipment	2 373.49 €	2 413.09 €
Non-current intangible assets and other assets	15.14 €	16.44 €
Investments in subsidiaries	1.01 €	1.01 €
Total non-current assets	2 389.64 €	2 430.53 €
Inventories	148.32 €	153.37 €
Receivables and prepayments	28.75 €	63.06 €
Income tax asset	- €	- €
Other current assets	- €	- €
Cash and cash equivalents	131.57 €	80.69 €
Total current assets	308.63 €	297.12 €
TOTAL ASSETS	2 698.27 €	2 727.65 €

EQUITY AND LIABILITIES (in € million)	30.6.2016	31.12.2015
Registered capital	1 200.00 €	1 200.00 €
Legal reserve fund and other funds	281.92 €	285.33 €
Retained earnings	67.28 €	99.55 €
Total equity	1 549.21 €	1 584.88 €
Loans and bonds	630.34 €	629.87 €
Deferred income	11.28 €	11.27 €
Retirement and other long-term empl. benefit	5.39 €	5.34 €
Deferred tax liability	369.18 €	373.14 €
Other non-current liabilities	8.07 €	8.07 €
Total non-current liabilities	1 024.26 €	1 027.69 €
Trade and other payables	112.67 €	100.41 €
Current income tax	5.84 €	1.12 €
Loans	0.26 €	6.85 €
Provisions and other current liabilities	6.04 €	6.70 €
Total current liabilities	124.81 €	115.08 €
TOTAL EQUITY AND LIABILITIES	2 698.27 €	2 727.65 €

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FINANANCIAL OVEVIEW
Period ended 30 June 2016

INCOME STATEMENT (in € million)	30.06.2016	30.6.2015
Natural gas distribution	195.80 €	194.51 €
Other revenues	1.85 €	2.20 €
Total revenues	197.66 €	196.70 €
Own work capitalised	4.32 €	2.99 €
Purchases of natural gas and consumables and serv.	- 8.95 €	-8.54 €
Storage of natural gas and other services	- 26.80 €	-30.05 €
Depreciation and amortisation	- 49.37 €	-46.72 €
Staff costs	- 19.77 €	-21.02 €
Provision for bad and doubtful debts	- 0.11 €	-0.10 €
Provisions and impairment losses, net	- 0.61 €	-1.82 €
Other, net	1.14 €	0.57 €
Total operating expenses	- 100.15 €	-104.68 €
OPERATING PROFIT	97.51 €	92.03 €
Financial revenues	0.04 €	1.59 €
Financial costs	- 8.83 €	-8.69 €
PROFIT BEFORE INCOME TAXES	88.72 €	84.93 €
INCOME TAX	- 21.44 €	-22.72 €
NET PROFIT FOR THE PERIOD	67.28 €	62.21 €

INVESTOR RATIOS		30.6.2016	30.6.2015
EBITDA	€ million	147.59 €	140.66 €
CAPEX	€ million	7.72 €	4.82 €
FCF	€ million	131.1 €	127.03 €
FCF / EBITDA	multiple	0.89	0.90
EBITDA / Interest	multiple	16.71	16.19