



1st Half year 2019 Semi-annual Results

September 2019

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Key Financials

- The figures in this presentation reflect the six-month period ending on June 30th, 2019
- During the six-month period ending on June 30th, 2019, MRG generated total revenues of €91.9MM and EBITDA of €67.7MM. Natural gas activity remained stable compared to the same period of 2018, whereas LPG activity experienced a slow down on the back of the conversion of connection points to natural gas
- In comparison with previous year, EBITDA margin increases +1.7%
- As of June 2019 the company has reached 882,789 connections points (+1.1% YoY)
- The accumulated demand for the first six months of 2019 was 5.9TWh, -13.2% lower than the same period of previous year.
- On July 5th, the National Commission on Markets and Competition (CNMC) published a draft of circulars that will establish, among others, the remuneration methodology for the gas distribution activity for the new regulatory period 2021-2026. Since then, an administrative procedure has been opened before the final approval of the proposal, that is expected to culminate in November 2019. The final version will be approved once all the allegations made during the consultation period have been considered
- The company has already filed technical allegations to the CNMC's draft of circulars
- On July 25th, S&P has affirmed MRG's bonds and company rating (BBB)
- Following the release of the CNMC'S draft of circulars, Fitch and S&P, respectively, have applied to the company a rating watch negative and have reviewed the outlook from stable to negative. It is expected this action will remain until the final remuneration methodology is approved by the CNMC

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Key Financials

H1 2019 Key Financials

Income Statement - €MM

<i>6 month period ending 30 June</i>	2018 ⁽¹⁾	2019 ⁽¹⁾
Remuneration	72.0	70.6
Other regulated revenue	9.0	9.9
Other revenue	15.9	11.5
Total costs	(27.4)	(24.2)
EBITDA	69.5	67.7
<i>Margin</i>	72%	74%

Commentary

- EBITDA in 2019 decreases -2.8% compared with 2019
- Lower remuneration in 2019 is driven by lower expected demand considered compared with 2018
- Higher other regulated revenues, due to inspection revenues as a result of a higher volume of planned inspections
- Lower other revenues due to lower LPG activity due to the connection points that have been converted to natural gas

Cash Flow Statement - €MM

<i>6 month period ending 30 June</i>	2018 ⁽¹⁾	2019 ⁽¹⁾
EBITDA	69.5	67.7
Income tax paid	(1.9)	(1.4)
Working capital	4.2	(4.3)
Tariff Deficit	20.6	16.5
Capex	(7.1)	(5.7)
Free Cash Flow	85.3	72.7

Commentary

- Free cash flow decreased -15% with respect to the same period of 2018, mainly due to:
- Lower EBITDA
- Working capital variation due to lower tolls billing and temporary effect on accounts receivables
- Tariff Deficit variation in 2019 reflects the lower cash inflow driven by lower revenues generated by the gas system compared with the same period of the previous year

(1) Figures under IFRS. Unaudited.

CY 2019 Key Financials

Balance Sheet - €MM

	2018 ⁽¹⁾	2019 ⁽²⁾
Gas distribution licences	748.4	740.3
Net fixed assets	358.5	358.5
Total Network Fixed Assets	1,106.9	1,098.8
Goodwill	57.4	57.4
Deferred Tax Asset	24.9	23.4
Other Non-Current Assets	1.9	54.9
Current Assets	55.8	32.2
Cash and cash equivalents	63.0	59.3
Total Assets	1,309.9	1,326.0
Equity	233.3	262.7
Long Term Debt	942.6	943.2
Deferred Tax	50.2	55.2
Other Non-Current liabilities	24.1	23.4
Current Liabilities	59.7	41.5
Total Liabilities & Shareholders' Equity	1,309.9	1,326.0

(1) Figures under IFRS as of December 31st, 2018. Audited.

(2) Figures under IFRS as of June 30th, 2019. Unaudited.

