

distribuição
gás natural



FY21 RESULTS

Presentation

April 7th, 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, 2020, 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 from 2021**
- 02 **Key Indicators - Operational**
- 03 **Key Indicators - Social & Environment**
- 04 **Key Indicators - Financial**
- 05 **Indicators Quality Service**
- 06 **Subsequent Events & Final Remarks**



01) Highlights from 2021



1. Highlights from 2021

- Entry of **Allianz Capital Partners** as a new majority shareholder;
- Reorganization with a **new management structure** to enable the Company to become autonomous, with the ambition to grow;
- Transformation projects underway, namely the definition of a new corporate identity – **Purpose, Mission, Values and Behaviours** with the collaboration of all employees, and launching of a new corporate brand project;
- Public presentation of the **Green Pipeline**, first project for the injection of hydrogen into the gas network in Portugal;
- Expansion to **new municipalities**;
- **Establishment of decarbonization targets**, with a short-term plan (-25% until 2025) and a long-term plan to establish a net zero pathway by 2050;
- S&P reaffirmed investment grade rating at **BBB- with Stable Outlook**;
- Development of **GD4S 1st Sustainability Charter**, establishing a set of common ESG commitments among the 7 DSO's.

02)

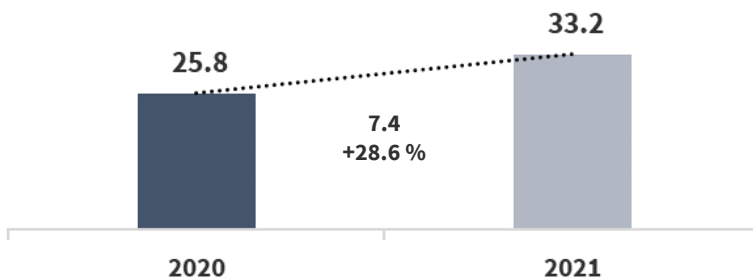
Key Indicators – Operational



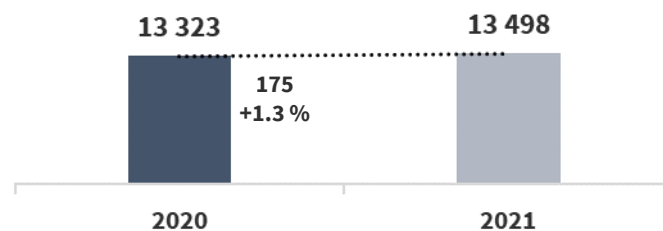
2. Key Indicators

Operational

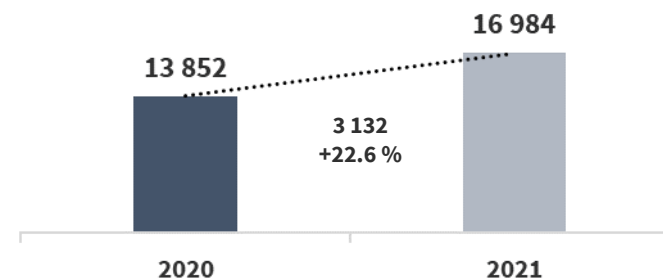
CAPEX (€m)



NETWORK LENGTH (Km)



NEW CONNECTION POINTS (#)



CAPEX

- Business development represented 67% of the year's CAPEX (+€4.8 m YoY)
- The expansion of the GGND infrastructures to 4 new municipalities - Miranda do Corvo, Vila Velha do Rodão, Oliveira do Hospital and Sobral de Monte Agraço

NETWORK LENGTH

- In 2021 were developed +175 km (+46 km YoY)

CONNECTION POINTS

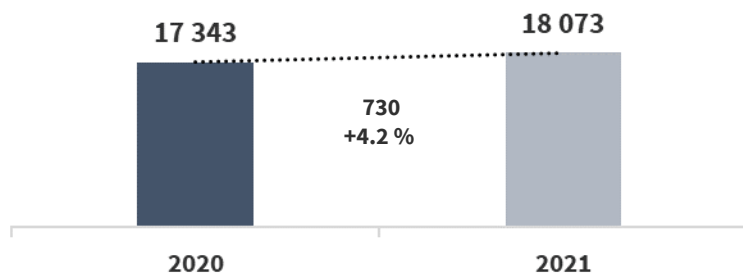
- In 2021 +16,984 new connection points were connected for the first time



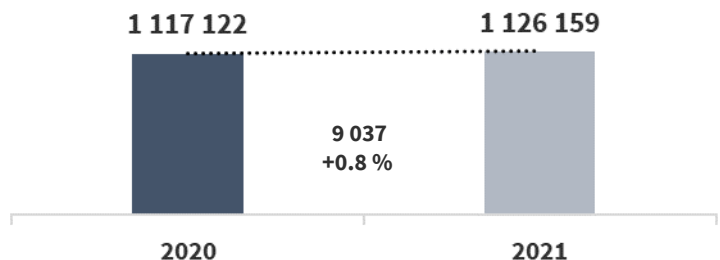
2. Key Indicators

Operational

GAS DISTRIBUTED (GWh)



CONNECTION POINTS (#)



GAS DISTRIBUTED

- The volume of natural gas distributed was 18,073 GWh, an increase of 4.2% YoY, explained by the recovery in economic activity, mainly by the evolution in the industrial sector, which had been severely affected by the pandemic context in the previous year

CONNECTION POINTS

- + 9,037 new net connection points to a total of 1,126,159 (+0.8% YoY)



03)

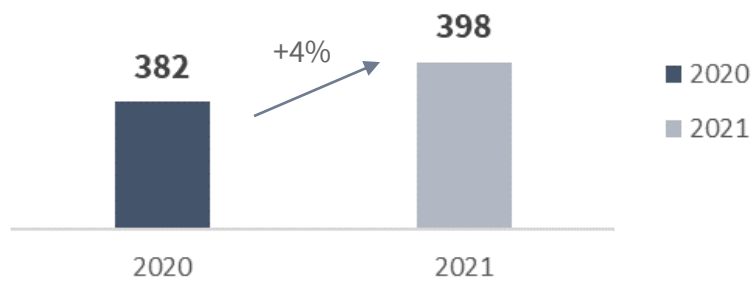
Key Indicators – Social & Environment



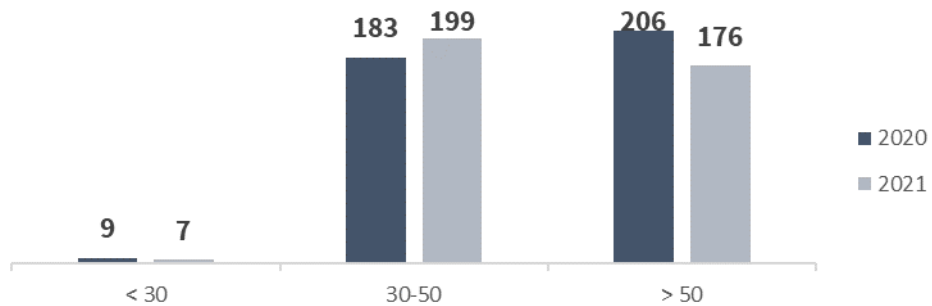
3. Key Indicators

Social

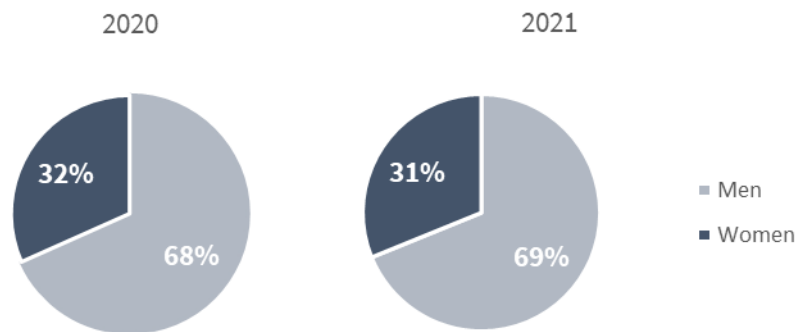
1 Employees number



2 Age group



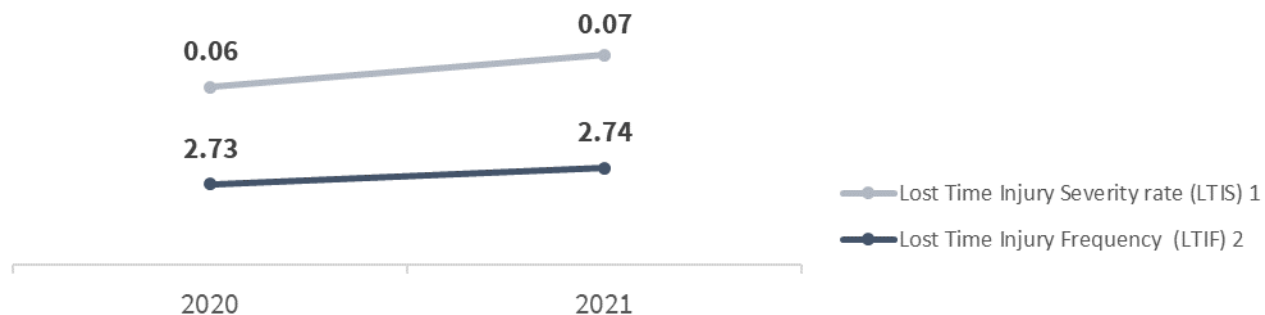
3 Gender



3. Key Indicators

Social

1 Lost time injury



2 Case of occupation diseases



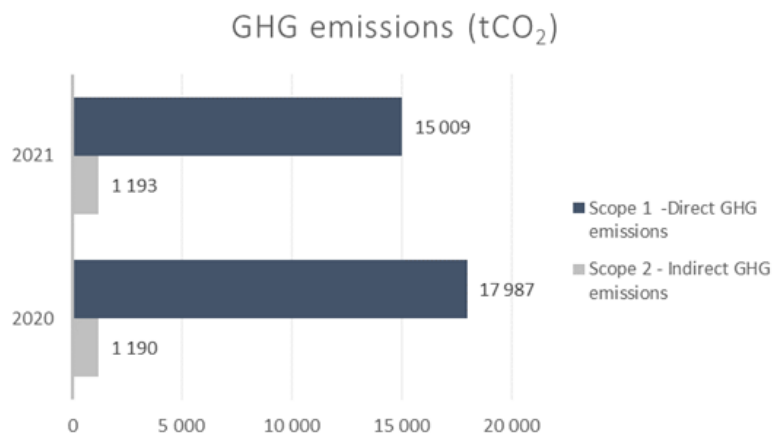
HEALTH AND SAFETY

- Lost time injury severity rate also evolved positively since 2019, from 0.16 to 0.07
- Lost time injury frequency rate has been consistently declining since 2018, from 6.2 to 2.7
- Occupational diseases remain at zero.



3. Key Indicators

Environment

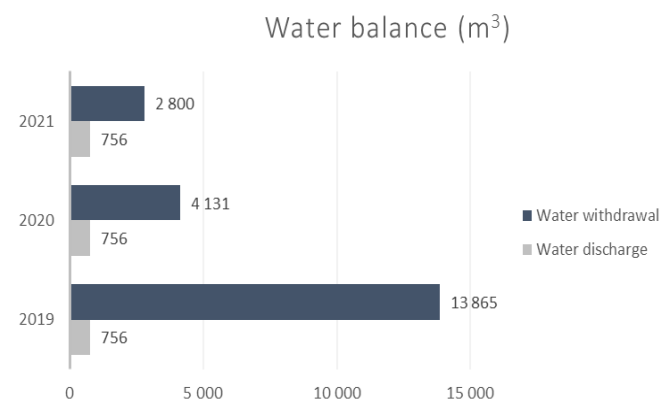
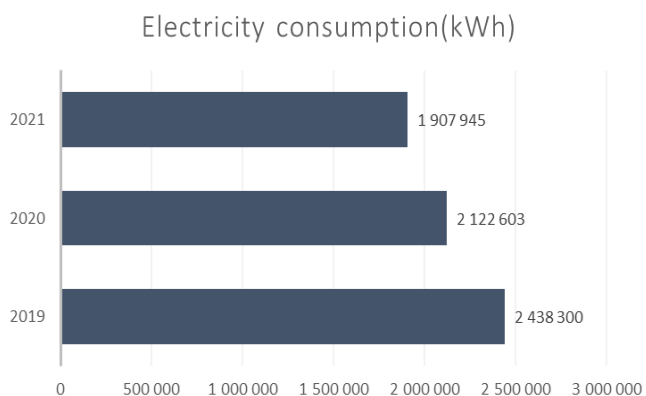


GHG EMISSIONS

- GGND calculated scope 1 and scope 2 GHG emissions for the first time in 2021; an internal procedure for GHG emissions management and collection is under preparation
- Ambition to start process for scope 3 by the end of 2022

RESOURCE CONSUMPTION

- GGND's activity does not represent a significant consumption of natural resources
- Still, energy efficiency programs have been implemented over the last few years, with positive results



Note: The volume of water discharged corresponds to an estimated value.



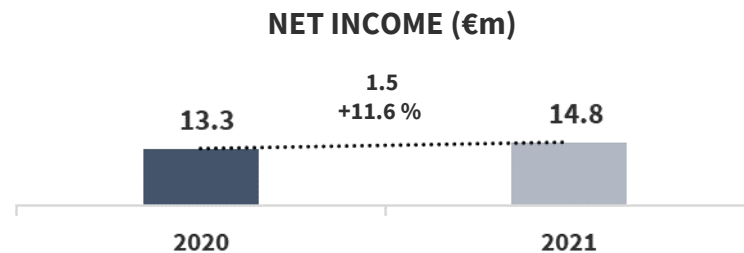
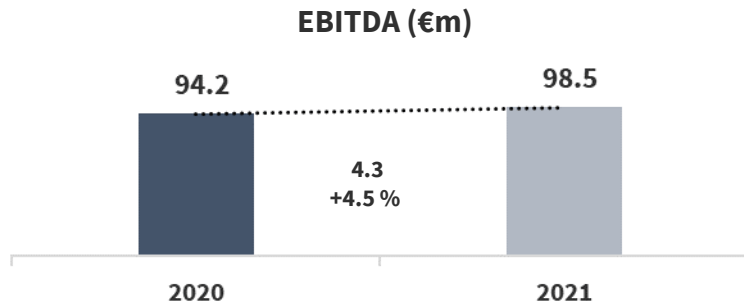
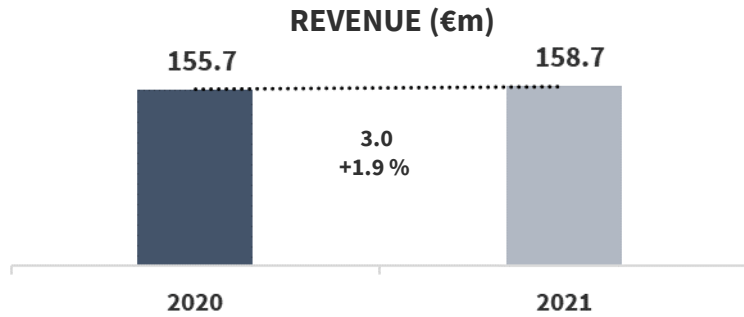
04)

Key Indicators – Financial



4. Key Indicators

Financial



REVENUE

- Includes the amount of allowed revenues of €143.1m, with an increase of 3.3% YoY, impacted by positive s-2 adjustment published by ERSE (+€4.8m), but less allowed revenue (-€0.3m);
- Network Access Tariffs (-€0.8m) that contributes with an equal amount in External Supplies & Services and Last Resort Supply activity (-€0.7m) that contributes with an equal amount in Cost of Sales.

EBITDA

- Reflects the positive s-2 adjustment published by ERSE (+€4.8m), but less allowed revenue (-€0.3m), above mentioned.

NET INCOME

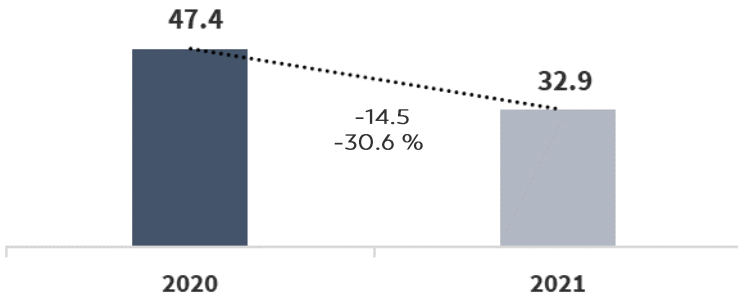
- Mainly due to increase in EBITDA, above mentioned, offset by the effect of the €0.8 m increase in depreciations and €1.8m in income tax.



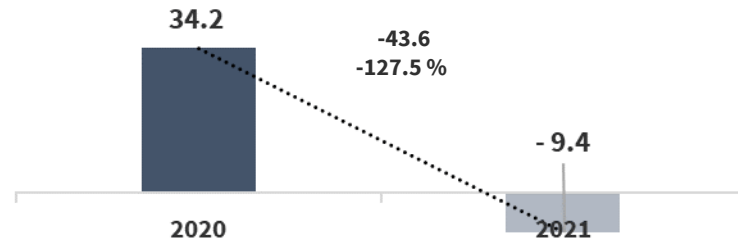
4. Key Indicators

Financial

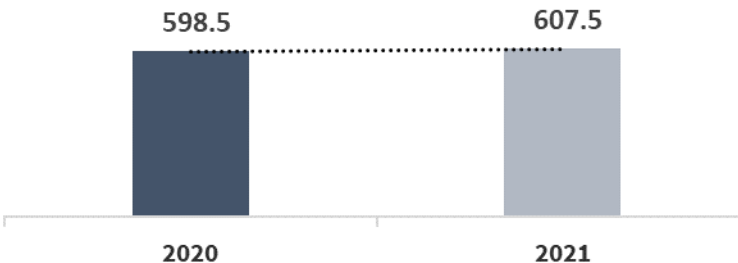
AVAILABLE CASH FLOW POST CAPEX ⁽¹⁾ (€m)



NET CASH FLOW (€m)



REPORTED NET DEBT (€m)



AVAILABLE CASH FLOW POST CAPEX

- Available Cash Flow post CAPEX -€14.5m due to decrease of CFFO in €9.7m and increase of CAPEX paid (+€4.8m).

NET CASH FLOW

- The increase in client receipts of +€13.8m explained by the 4.2% increase in distributed volumes and compensations mechanism between DSOs, but not sufficient to offset the increase in payments, mainly in terms of income tax of -€8.7m, insurance of -€4.3m, TOS of -€3.8m;
- CESE payment net of supplementary capital (-€1.1m);
- In terms of investing activities: CAPEX increase of €4.8m and Tagusgás sale in 2020 (-€2.8m);
- Payment of dividends -€31m.

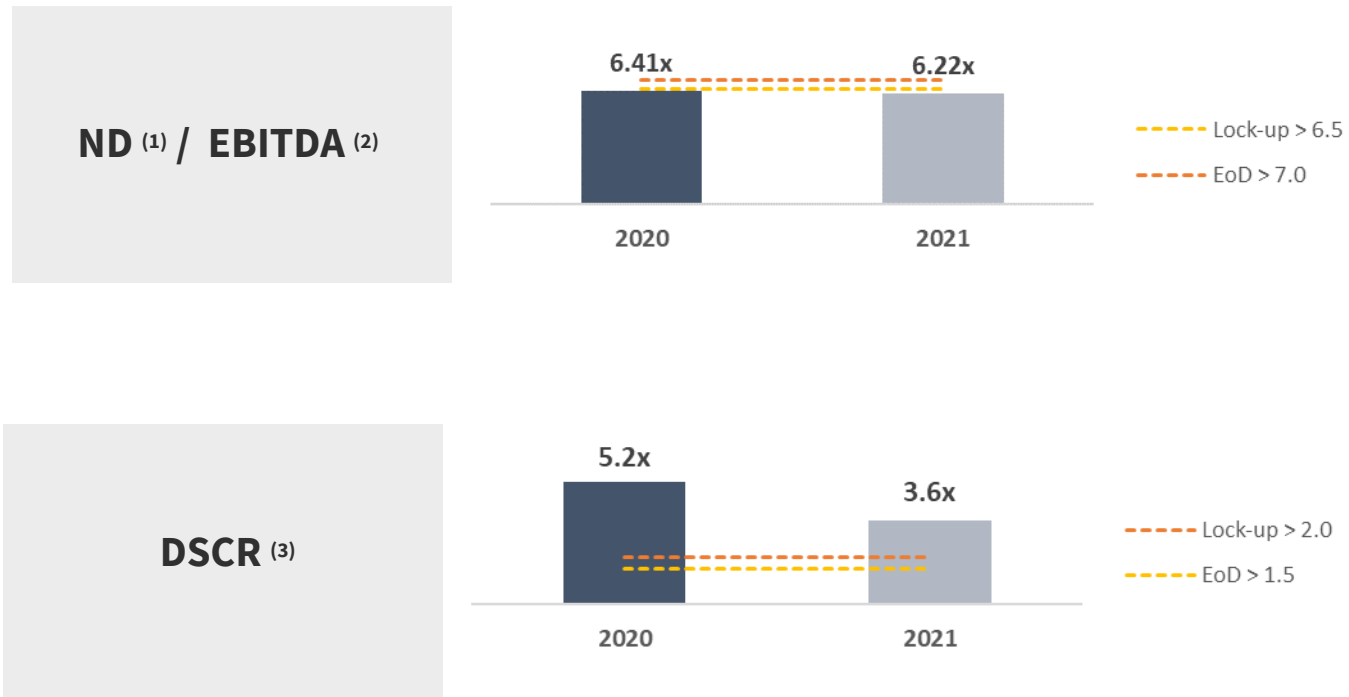
REPORTED NET DEBT

- Net debt stood at €607.5 m, an increase of €9.0 m YoY, mainly due to the reduction in cash at end of period.



3. Key Indicators

Bond financial covenants



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

(2) EBITDA: Reported EBITDA – Provisions

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

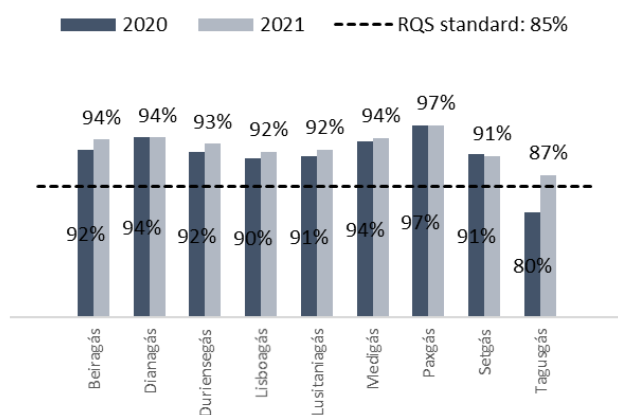
05)

RQS standards

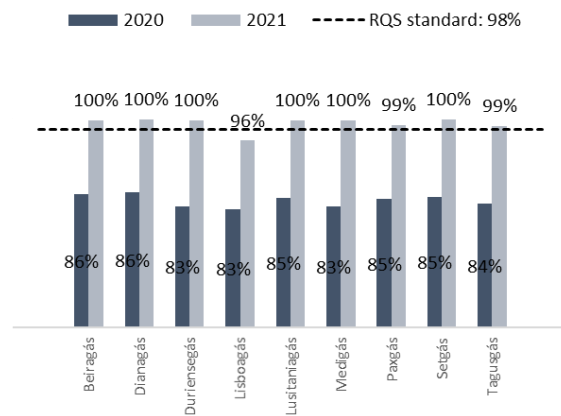


5. RQS Standards

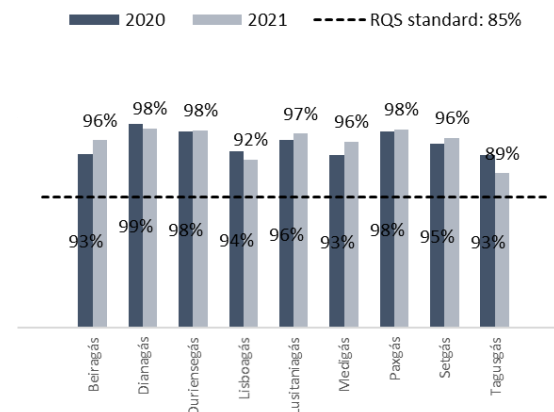
1 Emergency Telephone Line (call answer < 60'') (1)



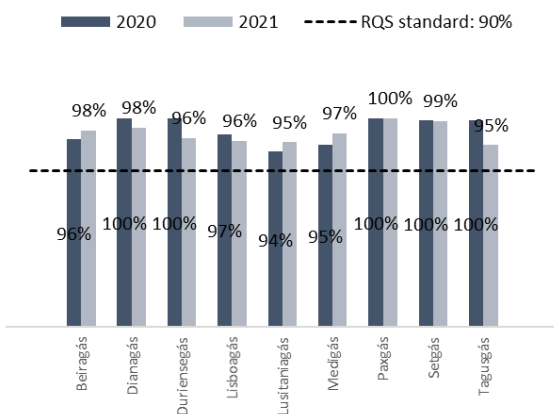
2 Meter Reading Frequency (64 days) (2, 3)



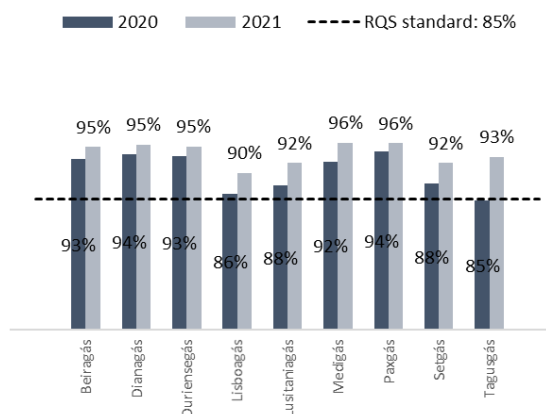
3 Emergency Response (< 60')



4 Written Requests Answer (< 15 days)



5 Customer Service Line (call answer < 60'')



(1) Non-compliance of Tagusgás in 2020 resulted from an extraordinary event that caused a high volume of calls concentrated in a short time in the municipalities of Tomar and Almeirim, which registered in a single day a flow of calls equivalent to those received during 1 and 2 months, respectively;

(2) Non-compliance with this indicator in 2020, resulted from the declaration of the state of national emergency in March 2020 and the application of the regulation of exceptional measures published by ERSE that year in the Covid-19 context;

(3) In Lisboagás, there is an historic breach of this parameter resulting from the high number of gas meters that are still installed inside households.



06)

Subsequent Events & Final Remarks



6. Subsequent Events & Final Remarks

- **Invasion of Ukraine by Russia:**

- GGND's management is monitoring the evolution of the situation in order to control any operational risks, ensure the maintenance of its activities and mitigate any materially relevant financial impacts on GGND Group companies. Up to the date of approval of the accounts, this conflict had no significant impact on GGND's activity;
- Even though Portugal has a low dependence on natural gas from Russia, 45% of natural gas imports in the EU come from that country. EU countries are taking actions to diversify supply and to ramp-up production of green energy; this has brought a strong case for a rapid clean energy transition and EU legislation will promote a supportive context;

- **Renewal of Licences:**

- The licenses for gas distribution and commercialization, whose period ended in 2022, were reissued in February 2022, starting from 1 January 2008 to 31 December 2027, in line to the other licenses held by the Group;

- **BCSD Portugal – Charter of Principles**

- On February 2022, GGND took another important step in its journey for sustainable growth, signing BCSD Portugal Charter of Principles, which establishes the guidelines for good business management, based on six fundamental principles: legal compliance and ethical conduct; human rights; labor rights; prevention, health and safety; environment and management.

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