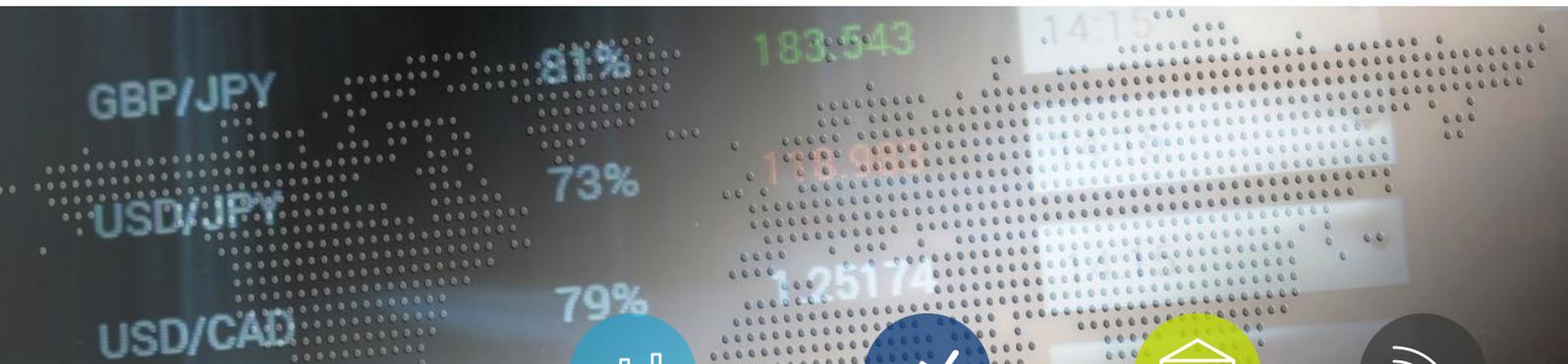


Financial Markets Review



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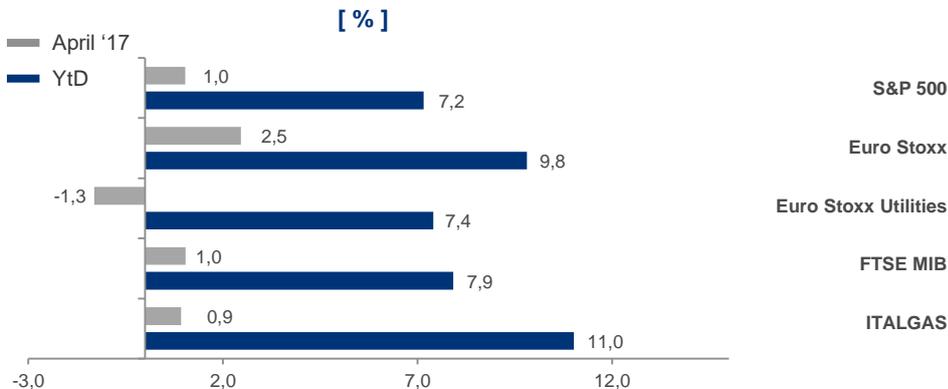


Eurozone stocks on the rise, supported by the results of the French Presidential elections; Wall St. returns to all-time highs, with the fall in the dollar

Financial markets

Eurozone stock markets rose in April after an initial stage of weakness, essentially caused by increasing international political tensions (North Korea and Syria), with investors concerned about geopolitical developments and the impact on consumer confidence which might derive from these situations. Stock indices were supported by the results of the first round of the French Presidential elections, with the centrist candidate Macron arriving well ahead in the polls for the run-off. Euro Stoxx ended with a 2.5% increase compared to +1.0% for the FTSE Mib; the under-performance of the Italian Index was essentially due to ENI, which was affected by the depreciation of the oil price in Euros and by the recent shut-down of its production plant in Basilicata. S&P 500 was also up 1.0%, reaching an all-time high, partially thanks to a weakening of the US dollar. On the fixed income side, the 10-year Bund was fundamentally unchanged (0.32%). An initial drop caused by Draghi's statements on the continuation of accommodative monetary policy and by international

Performance of the main Stock Indices



Source: Italgas processing of Bloomberg data

tensions, was followed by a rapid recovery supported by the development of the French elections and consequent fall in Eurozone political risks. The BTP-Bund spreads also remained fundamentally stable (197 bps); its initial widening and subsequent contraction reflected expectations on the first round of the French elections. The US 10-year yield, on the other hand, closed 11 bps lower (2.28%), after

Trump stated that the dollar was too strong. At the end of the month yields started rising again, reflecting the recovery in inflation caused by the weakening of the dollar.. The EUR/USD exchange rate rose by 2%, reflecting trends in core sovereign yields, while the EUR/GBP exchange rate fell by 1% following expectations of stabilisation in UK politics after the snap election.

The Oil Market

Dated Brent prices are down 3%; the price increase in the first half of the month was caused by an intensification of rumours surrounding an extension of OPEC/non-OPEC production cuts to the second half, political

instability in Venezuela and by the US attack on Syria. It was more than compensated for by the fall towards the end of the month after an increase in US gasoline inventories, the most highly-monitored product on the eve of

the driving season. US output made further progress, settling at 9.3 mbd (+94 kbd compared to the end of March), its highest in about 18 months.



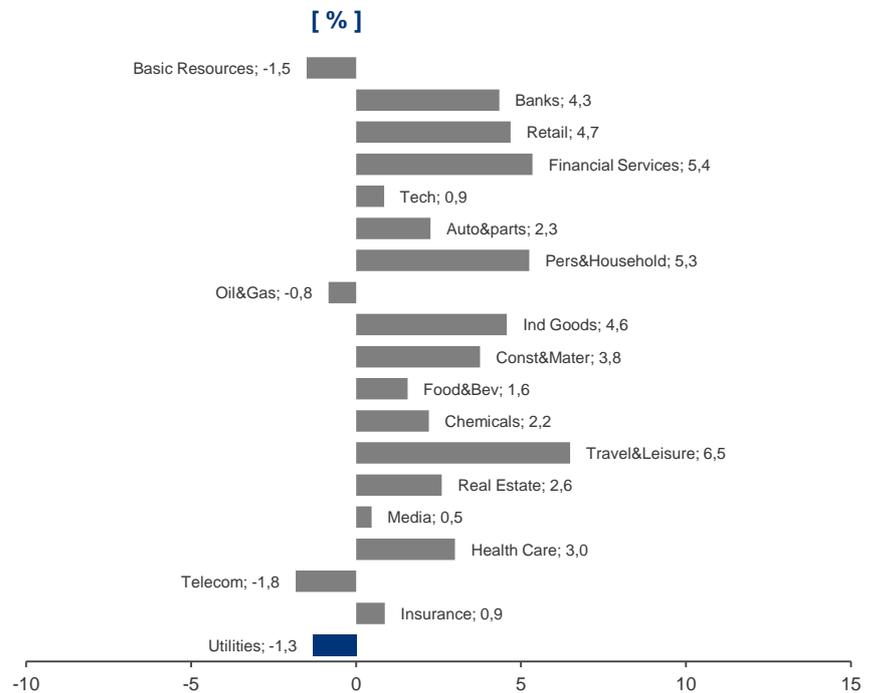
Sector trends



Rises still substantially generalised; the weakness in the basic resources sector continues

April also saw substantially generalised and homogeneous increases, without significant variations in any particular sector. The best performer was the travel&leisure sector which, despite increasing international tensions, benefited from the considerable increases in passenger numbers, followed by the financial services sector (asset gatherers) which was supported by higher commissions and more assets under management as a result of the increase in stock markets. There was a drop in the Telecom sector, penalised by quarterly earnings reports below expectations, and the basic resources sector, due to the continuing fall in certain commodity prices, especially iron, as well as to fears of oversupply and a slowdown in Chinese demand for iron and steel.

Main Sector Trends, April 2017



Source: Italgas processing of Bloomberg data



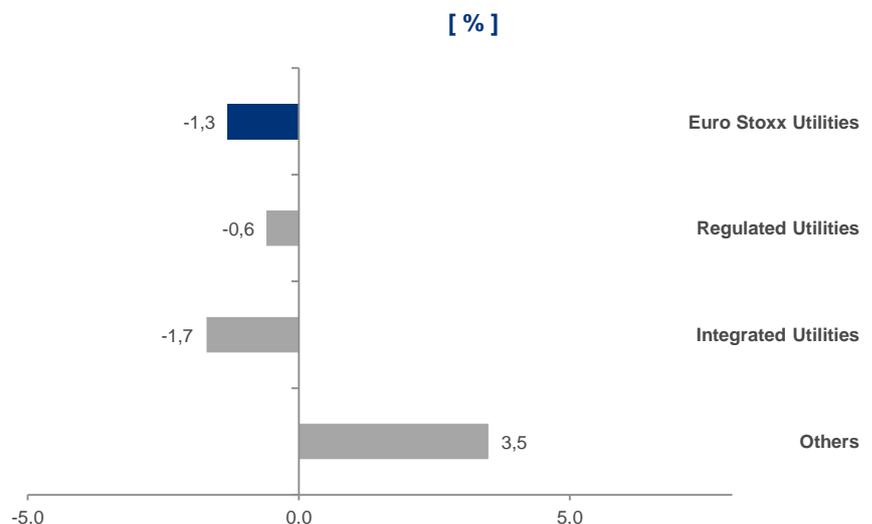
Utilities sector down with integrated securities due to drop in commodities prices



Utilities Sector Trends

The Eurozone utilities sector closed 1.3% lower, mainly because of integrated securities which were affected mid-month by the drop in energy product prices, while the smaller fall in regulated securities was caused by profit taking after the considerable rise in the previous two months. The worst performers in the integrated sub-sector include E.ON at -4%, which was affected by the fall-off in rumours on bids for its subsidiary Uniper and on potential regulatory intervention on electricity prices in the UK. In the residual «others» sub-sector, Veolia (+4%) is noteworthy. It continued to benefit from improved profit estimates and a recovery following its under-performance in previous quarters.

April 2017 - Sector and Sub-Sector Trends



Source: Italgas processing of Bloomberg data



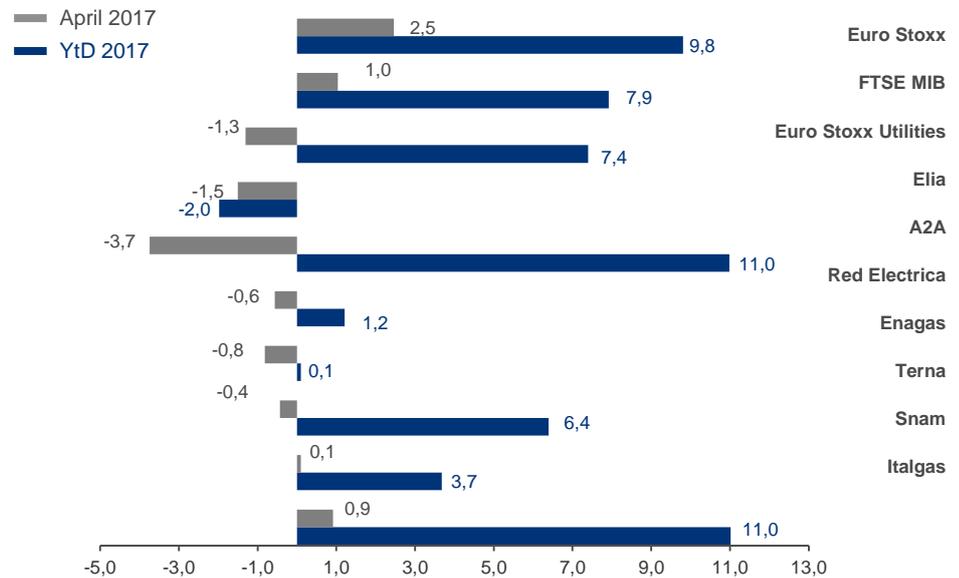
Italgas stock and peers on the Stock Market

Italgas reaches a new share price high since listing; again ahead of its peers

With a monthly rise of about 1%, Italgas has reached a new high since listing (4.15 Euro). Again, Italgas sets itself as the best performer against its peers. This change was driven by expectations for solid quarterly results and an improvement in operating efficiency, despite some profit taking in the middle of the month after the strong increase in recent weeks. With a drop of approx. 4%, A2A was the worst performer, following the presentation of the business plan which was below market expectations. The average number of daily trades in Italgas shares was 2.5 million shares, less than the previous month (2.8 million shares).

Italgas and its peers

[%]



Source: Italgas processing of Bloomberg data



Agenda

Corporate events

22-24 May

Ex-coupon and dividend payment 2016

30-31 May

Board Meeting for approval of 2017-2023 Strategic Plan
Presentation of Strategic Plan to the financial community



Corporate News

Shareholders' meeting approves 2016 financial statements and dividend proposal

On 28 April, the Ordinary Shareholders' Meeting of Italgas approved the financial statements as at 31 December 2016, which end with a net operating profit for the period 1 June (date of incorporation) - 31 December of 177,130,291.44 Euro.

Shareholders also decided to: (i) use operating profit as a dividend of 0.20 Euro per share for shares in circulation on the ex-coupon date; (ii) assign 8,010,000.00 Euro to the legal reserve; and (iii) carry forward the remainder.

Shareholders also approved: (a) the consensual termination of the external audit engagement granted to the audit company Ernst & Young S.p.A. and (b) the granting of the external audit engagement, for nine years, that is, for the financial years ending on 31 December from 2017 to 2025, to the audit company PricewaterhouseCoopers S.p.A.

The long-term 2017-2019 monetary incentive plan was also approved, as per the terms and conditions described in the Prospectus made available to the public in accordance with the modalities required by law. This tool aims to promote further alignment between management and the interests of the shareholders as well as the sustainability of long-term value creation.

The Shareholders' Meeting, then, with a non-binding decision, approved Section I of the Remuneration Report required by the third paragraph of art. 123-ter of the [TUF (Testo Unico Finanziario: Consolidated Finance Law)].

Finally, the 2016 Sustainability Report was presented at the Shareholders' Meeting; this annual document is used to communicate the Group's values, strategies, initiatives and results relative to sustainable growth and corporate responsibility.



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