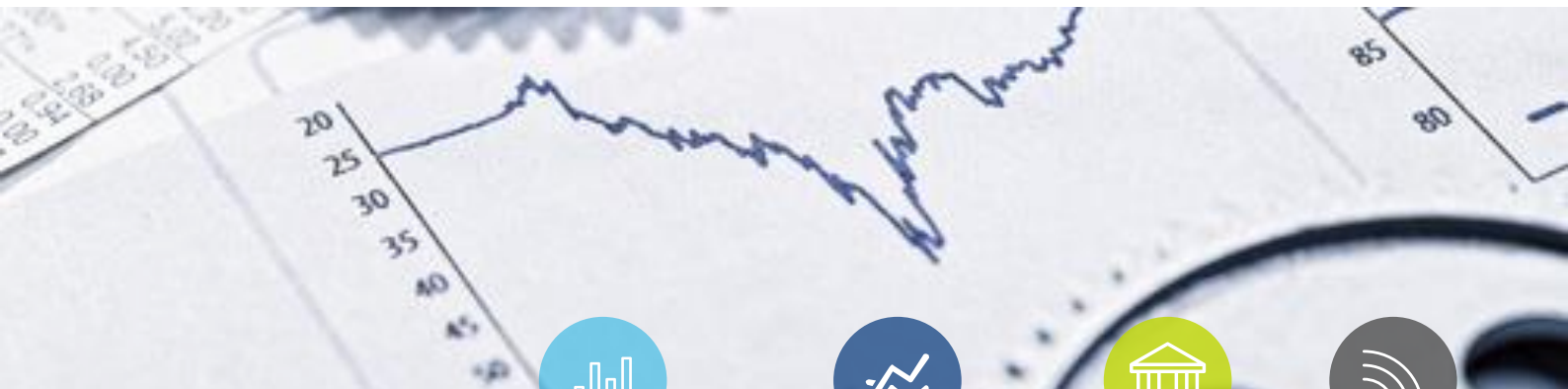


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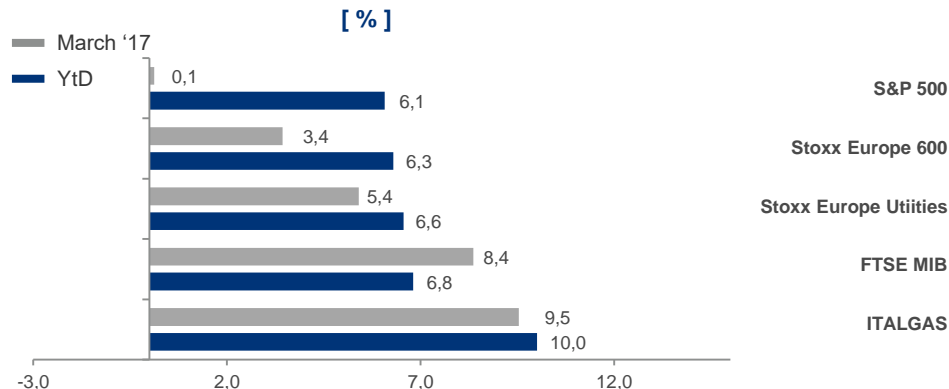


European stocks rising significantly in March, boosted by robust macroeconomic data and improved political context; Wall Street stable.

Financial Markets

European stock markets rose significantly in March thanks to several factors. Robust macroeconomic data showed the eurozone's manufacturing PMI at a +5-year high and the ECB's GDP and inflation estimates improved for the 2017-2018 period. The anti-EU party's defeat in the Dutch election and the rise of the centrist candidate Macron against euro-sceptic Le Pen in the polls of the French presidential election have decreased risks concerning the Eurozone vbreakdown. The Stoxx Europe 600 recorded a rise of over 3%. The FTSE Mib progressed by 8% thanks to boosts from banking securities which many investors turned to after a long stage of underexposure in the context of the improving economic cycle. The S&P 500 has remained largely unchanged after beginning to discount major uncertainties concerning the implementation of the economic plan announced by Trump. Wall Street reached historic highs after an uninterrupted 4-month rally. The improvement in the macroeconomic context has increased eurozone sovereign yields which have begun to reflect the expectations for a progressive phasing out of the ECB's expansive monetary policy.

Performance of main indices



Source: Italgas elaboration on Bloomberg data

The 10-year Bund yield increased by 12 bps (2.31%), while the BTP-Bund spread increased by 11 bps (199 bps). However, the variation of the BTP reference maturity towards the end of the month should be noted, as it created a 17 bps discontinuity in the yield and spread. Without the variation, the spread would have showed a marginal decrease as a result of the improved political context of the eurozone.

The EURO/USD exchange rate appreciated by 0.7% to 1.065, reflecting expectations for progressive tightening of the ECB's monetary policy, in line with sovereign yield movements.

Oil Market

Market prices of dated Brent decreased by 5% in March, returning to early December levels. The trend reflects the overall constant rise in US supplies (+14 mboe in March and nearly +55 mboe since year start) to a 13-month high, partially thanks to the increase in US

production. Crude prices have however partially recovered towards the end of March thanks to expectations of an extension of the production cuts decided in late November by OPEC and non-OPEC countries to the second semester of 2017.



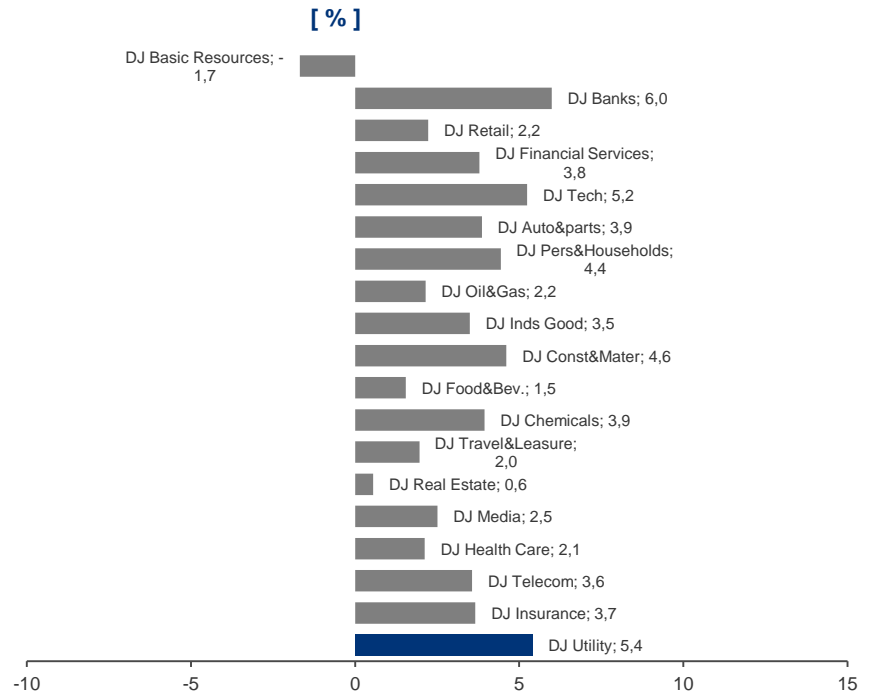
Sector performance



General sector rebounds; banking sector top performer thanks to strengthening of economic cycle

Generalized and relatively homogenous rises occurred in March, without specific sectoral themes. The banking sector was the top performer, benefitting from high cyclical in a strengthened macroeconomic context. This has led to bond yield rises, which in turn supported banks' operational profitability thanks to the expansion of the spread yield uses/cost gathering. On the other side, the commodities sector declined because of decreases in mineral commodity prices, in particular iron as a result of the slower pace of real estate in China. The real estate sector has underperformed as well because of the negative impact of the rise in interest rates (lower real estate purchases and sales).

Performance of the main sectors, March 2017



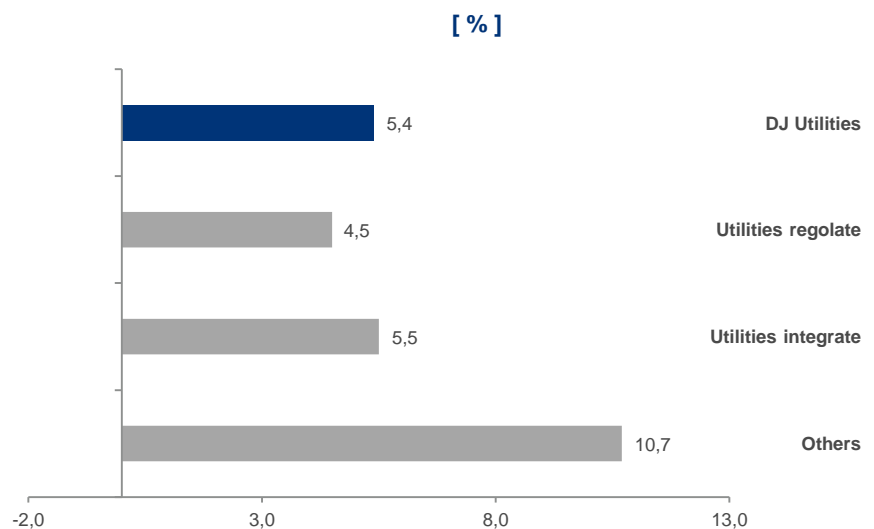
Source: Italgas elaboration on Bloomberg data

Utilities sector on the rise with convergence on integrated securities

Utilities sector performance

The European utilities sector closed up 5.4%, mainly bolstered by integrated securities, which investors turned to after annual results announcements, industrial plan updates and dividend policies. Engie and RWE recovered (+15% approximately), boosted by better-than-expected results and improvements in guidance. RWE even benefitted from M&A rumours about its subsidiary Innogy. In the residual section "others", Veolia stands out (+14%), boosted by improved forecasts of profitability in emerging markets and by low multiples after the sharp decreases of the previous months. Among regulated utilities, Italian stocks stand out as they fully recovered from late 2016 underperformance.

March 2017 - Sector and subsector performance



Source: Italgas elaboration on Bloomberg data



Italgas stock and peers

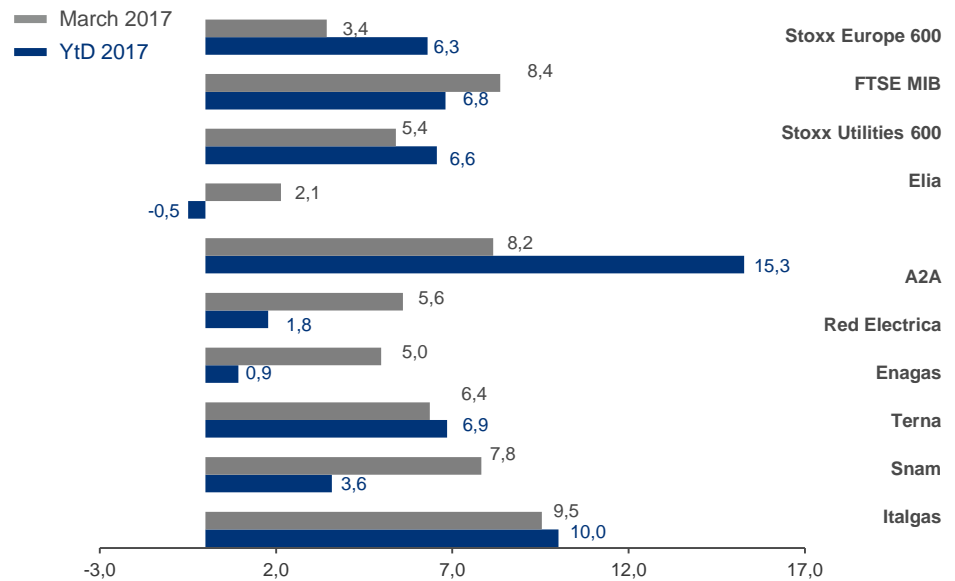
With a 10% monthly rise, Italgas climbs to a share price high and ranks again as the best performer when compared to peers. The new 650m euro bond issue has led the trend by virtually fully refinancing the floating rate debt, as well as solid organic annual results. Even the other regulated Italian stocks (Snam and Terna) have recovered consistently and fully recouped the late 2016 share price falls. A2A also recovered, boosted by an improved scenario in electricity generation and industrial expectations. Average daily exchanges of Italgas stock rose to 2.8 m stocks, recording a recovery compared to the previous month 2.2 m stocks).



Italgas reaches share price highs and outperforms peers

Italgas and peers

[%]



Source: Italgas elaboration on Bloomberg data



Agenda

Corporate events

28 April

Shareholder General Meeting; 2016 annual results

04 May

Meeting of the Board of Directors; 1Q 2017 Results approval

05 May

Press conference and conference call on 1Q 2017 Results



Corporate News

2016 Annual results

Following its meeting on March 23rd under the presidency of Lorenzo Bini Smaghi, Italgas' board of directors approved the results ending 31 December 2016 and resolved to submit to the Assembly of shareholders a 0.20 euro dividend per share. In the consolidated pro-forma version, the company recorded total revenues of 1.079 million euros, 685 million euros of adjusted EBITDA, 359 million euro of adjusted EBIT, adjusted net profits of 221 million euros, 499 million euros of net adjusted cash flow from operational activities, 378 million euros of technical investments and 3.618 million euros of net financial debt. Paolo Gallo, Italgas CEO, commented: "2016 has been an important year for Italgas. With its

return to the stock exchange, the company opens a new chapter of its long and important history. Results achieved this year are in line with expectations. Solid operational performances discount on the one hand the decrease of regulated returns and on the other hand discount costs relative to the separation process from Snam. We have laid the foundations to implement our strategy of value creation through sustainable and profitable growth while preserving the soundness of our group balance sheet.

650 m euro bond issue launch

On March 7th, Italgas announced the successful 650 million euro bond issue launch with a 7-year maturity and 1,125% coupon. The operation recorded an order book above 1.5 billion euros, with high-quality and geographically diversified investors. The issue marked the near conclusion of the capital market exercise as 2.150 million euros were placed in bonds, with maturities distributed over 5, 7 and 10 years and increasing the share of overall medium-long term debt to approximately 80% of total outstanding debt.



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