



# THE ITALGAS SHAREHOLDER APRIL 2019

HOW TO BECOME A SHAREHOLDER, TO STAY INFORMED,  
AND TO PLAY AN ACTIVE ROLE IN THE COMPANY

# HOW TO BECOME A SHAREHOLDER, TO STAY INFORMED, AND TO PLAY AN ACTIVE ROLE IN THE COMPANY

## **DEAR SHAREHOLDERS,**

This Guide will give you an overview of Italgas activities, strategies and performance. It also includes comprehensive data on Italgas shares and stock-market metrics.

The final pages of the document offer practical information on how Italgas shareholders can actively exercise their role: how to get information, invest and monitor share performance; lastly, how to participate in the Company's events through voting at the Shareholders' Meeting.

The Guide selects a range of important issues, but it is not all-inclusive: we recommend that you visit the corporate web site ([www.italgas.it](http://www.italgas.it)) and contact the Investor Relations Department to gain a better knowledge and understanding of Italgas, and to remain regularly updated about the Company.

## **BUSINESS, STRATEGIES AND PERFORMANCE**

- 3 Italgas key figures
- 4 Italgas profile
- 5 Governance
- 6 Strategic levers
- 7 Strategic achievements

## **ITALGAS AND THE STOCK EXCHANGE**

- 8 Italgas on the Stock Exchange
- 9 Shareholding structure
- 10 Shareholders' returns

## **BEING AN ITALGAS SHAREHOLDER**

- 11 How to invest
- 12 Participating in the Shareholders' Meeting
- 13 Keeping up to date and getting involved
- 14 Glossary
- 15 Useful sources

# ITALGAS KEY FIGURES

(data as at 31 Dec. 2018)

Group operating metrics

**KM OF NETWORK**  
**69,782**

**CONCESSIONS**  
**1,808**

**GAS DISTRIBUTED**  
**9.1 bcm**

**EMPLOYEES**  
**4,127**

**ACTIVE METERS**  
**7.56 mn**

**MARKET SHARE BY ACTIVE METERS**  
**34.7%**

Of which affiliates

**KM OF NETWORK**  
**8,421**

**CONCESSIONS**  
**108**

**GAS DISTRIBUTED**  
**1.23 bcm**

**EMPLOYEES**  
**460**

**ACTIVE METERS**  
**0.85 mn**

**MARKET SHARE BY ACTIVE METERS**  
**3.9%**



ITALGAS GROUP

Municipalities in concession

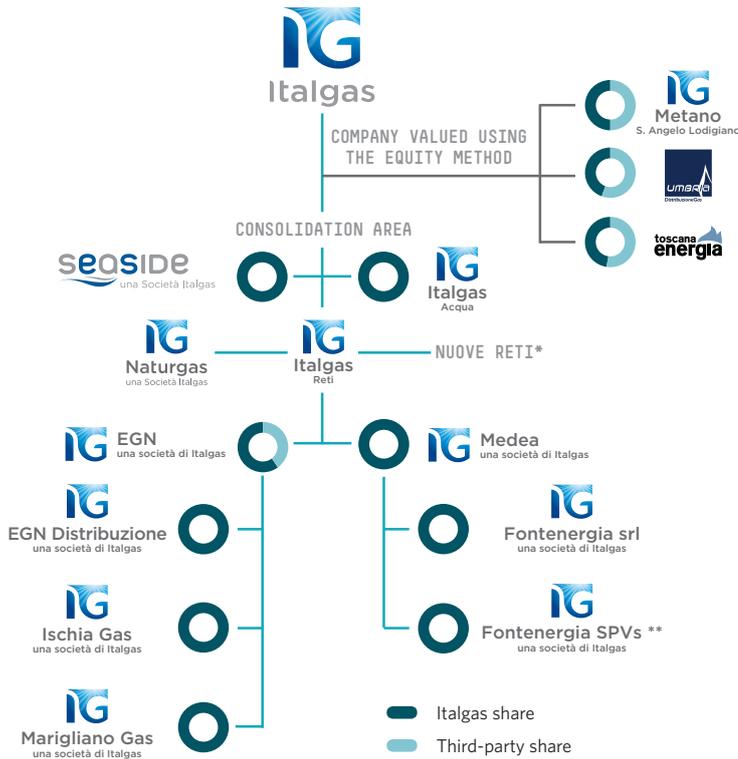
- Consolidated companies
- Subsidiaries

THE ITALGAS SHAREHOLDER // ITALGAS KEY FIGURES

## VALUES AND MISSION

Expertise, efficiency, innovation, reliability, security, proximity to the people. Every day, for more than 180 years, the work of the men and women at Italgas has drawn inspiration from these values. Italgas always accompanies the economic and social development of the country promoting sustainable growth. It is currently the leading natural gas distributor in Italy and number three in Europe. On these strong foundations, the Group is now looking forward and striving to strengthen its market presence. Investments, quality of service and digitisation are the main channels of the strategy implemented to achieve these ambitious goals and to continue to generate value. Italgas, over 180 years of history and a successful future yet to be written.

# ITALGAS PROFILE



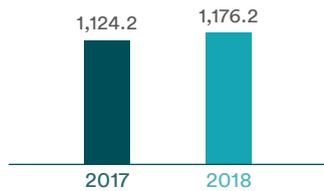
\*Gas distribution companies acquired from CPL Concordia, located in Campania, Calabria and Sicily (Barano Gas Reti, Ischia Reti, Progas Metano, Grecanica Gas, Favaragas Reti and Sicilianagas Reti)

\*\*12 SPVs located in Sardinia

During 2018 in the scope of consolidation of Italgas there have been the following changes:

- The establishment of Italgas Acqua SpA (1 January).
- The acquisitions of Ichnusa Gas SpA (28 February); Seaside srl (13 March); Medea SpA (6 April), in addition to Favaragas Reti srl, Sicilianagas Reti srl, Baranogas Reti srl, Ischia Reti Gas srl, Progas Metano srl and Grecanica Gas srl (27 November); lastly, a stake of 60% in EGN srl, Fontenergia srl and Naturgas srl (30 November).
- The merger by incorporation of Acam Gas SpA, Enerco Distribuzione SpA and SGS srl into Italgas Reti and the merger of Ichnusa Gas SpA into Medea SpA.

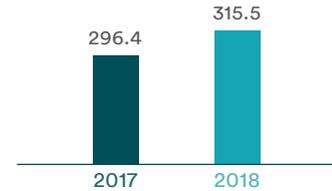
**Revenues**  
[€ mln]



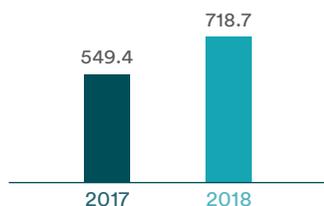
**Adjusted EBITDA**  
[€ mln]



**Adjusted Net Profit**  
[€ mln]



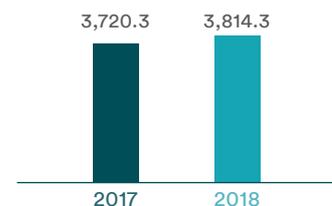
**Cash Flow from Operations**  
[€ mln]



**Technical Investments**  
[€ mln]



**Net Financial Debt**  
[€ mln]



The main key performance indicators in the 2018 P&L show significant growth. Strong Cash Flow from Operations (718.7 € mln, +30% compared to 2017) allowed for a complete funding of the capex plan and produced a Free Cash Flow before M&A of 274.4 mln €. After the M&A cash out of 173.1 € mln and the payment of FY2017 dividends for 168.3 € mln, at the end of 2018 Net Financial Debt stood at 3,814.3 € mln (+94 € mln compared to the level at 2017 year-end).

# GOVERNANCE



## BOARD OF DIRECTORS

in office till the AGM called for 4 April 2019

- **Non-Executive Director and Chairman** Lorenzo Bini Smaghi
- **Chief Executive Officer and General Manager** Paolo Gallo
- **Non-Executive Directors**  
Nicola Bedin, independent  
Federica Lolli, independent  
Maurizio Dainelli  
Cinzia Farisè, independent  
Yunpeng He  
Paolo Mosa  
Paola Annamaria Petrone, independent

The Committees are composed of three Non-Executive Directors, in the majority independent, except for the Committee for Control and Risks and Transactions with Related Parties, which is composed of only Independent Directors, and the Sustainability Committee, which is composed in the majority of Non-Executive Directors.

### The Shareholders' Meeting called for 4 April 2019 will appoint the new Board of Directors.

More specifically, the meeting agenda includes:

- Determination of the term of office of Directors.
- Appointment of the Directors and the Chairman of the Board.
- Determination of the remuneration of the Board Directors.

## GUIDANCE OF THE BOD OF ITALGAS S.P.A. TO THE SHAREHOLDERS

*"The outgoing Board of Directors considers the following to be appropriate:*

- *the current number of nine Directors,*
- *the balance of four non-Executive Independent Directors out of nine members of the Board and*
- *ongoing compliance with the regulations on gender balance in force at the time."*

*"The outgoing Board suggests that Shareholders ensure, compatible with Corporate Governance restrictions and rules, that a substantially similar composition of the administrative body be maintained to enhance the wealth of knowledge of Italgas S.p.A., acquired by the Directors, necessary to continue and support the current development phase of the company and the group. This continuity would allow the next Board, which is already sufficiently knowledgeable about industry matters and the operational content of the activities, to be even more active and proactive in the performance of its governance and guidance role."*

## STRATEGIC LEVERS

The 2018-2024 Strategic Plan, presented on 13 June 2018, leverages two important competitive advantages: the leadership in the Italian gas distribution market and the clarity and visibility offered by regulation.

### LEADERSHIP IN GAS DISTRIBUTION IN ITALY

Italgas is the gas distribution leader in Italy, with a share that at the end of 2018 was close to 31%, excluding affiliates. Even now, Italgas benefits from a widespread and extensive presence across the Italian territory: a competitive advantage that the Company aims to strengthen, increasing the market share to 40%.

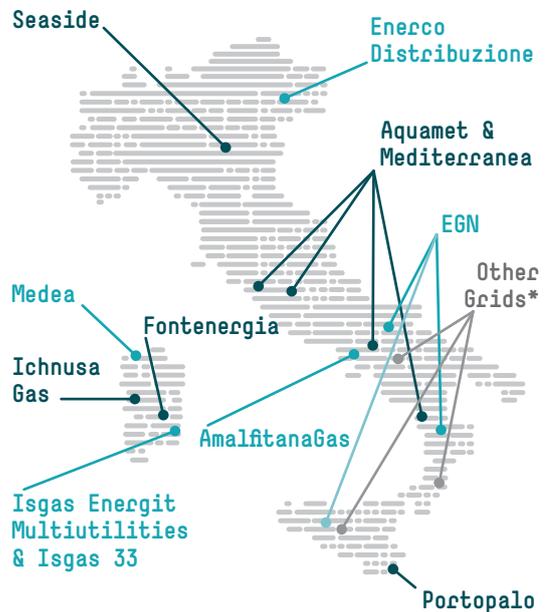
The Company intends to play a key role in the process for the gas concession tenders, meant to lead the market to higher consolidation, once the current delays due to procedural difficulties will be over.

Today Italgas has a presence in 114 ATEMs (113 at 2017 year-end) out of a total of 177, in which the new 12-year concessions will be assigned over the next few years.

With a view to consolidating its presence in strategic geographical areas and entering regions which still lack infrastructures for gas distribution, in November 2017 Italgas started a process for the acquisition of new companies, pursued with determination also in 2018. Since then, 9 transactions have been signed, of which 8 already completed, also establishing a strong presence in Sardinia, where Italgas will play a key role in the island methanization.

The total EV of the M&A deals was 335 € mln, slightly higher than the RAB (315 € mln). The newly acquired Companies brought 190 thousands new active meters and allowed for a network expansion of approximately 4,600 km.

### Acquisitions from November 2017

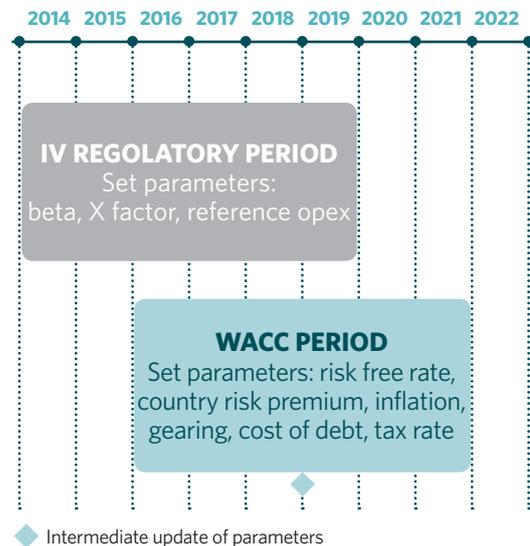


\*Gas distribution companies acquired from CPL

### CLARITY AND VISIBILITY OF THE REGULATORY FRAMEWORK

The current regulatory period will conclude at the end of 2019, whereas the WACC period, which establishes the rate of return on invested capital, runs until the end of 2021, with an intermediate revision of certain parameters that has already been completed at the end of 2018. With 97.2% of 2018 revenues deriving from regulated operations, Italgas can develop and execute its investment plans within a very well-defined regulatory environment, relying on visible revenues and returns.

**In 2019 real pre-tax WACC set by the Regulator is 6.3% for the distribution business and 6.8% for metering.**



# STRATEGIC ACHIEVEMENTS

## TARGETS OF THE 2018-2024 STRATEGIC PLAN

### Overall investments of 4.0 € bn, on top of which 1.6 € bn for gas tenders

- 2 € bn for the development and improvement of the network;
- 800 € mln for technological innovation and digitization, of which 500 € mln for the completion, by 2020, of the installation program for smart meters;
- 450 mn € for the Sardinia methanization;
- 420 mn € for M&A operations and related investments;
- 300 mln € for supporting initiatives (cloud strategy).

### RAB up to 7.3 € bn in 2024; above 8 € bn when also considering gas tenders

Increase in consolidated RAB over the Plan's period, through investments in network, technological innovation, M&A and tenders for gas concessions.

### Program of operational efficiency

Constant focus on opex optimization, with the aim of exceeding the efficiency target set by the Regulator.

### Financial efficiency

Focus on the optimization of both the structure and the cost of debt.

### Maintaining a solid capital structure

By leveraging the robust cash generation, keep rating indicators at levels in line with a solid investment grade area.

### Dividend policy for the 2018-2019-2020 period

- Dividend equal to the higher of
- the amount resulting from the 2017 DPS (0.208 €) increased by 4% per annum and
  - the DPS equivalent to 60% of the consolidated net income.

## RESULTS ALREADY ACHIEVED

More than 520 € mln of capex deployed for the second year in a row (521.9 € mln in 2017 and 522.7 € mln in 2018).  
Smart meters installed: 1.66 mln in 2017 and 1.65 mln in 2018, for an overall amount of 4.4 mln already installed at 2018YE (58.6% of the whole program already covered, ahead of the 50% set by the Regulator in 2018).

Ca. 6.2 € bn: estimated RAB at 2018YE (+0.5 € bn vs. RAB at 2016YE).  
315 € mln: additional RAB from M&A starting from November 2017.

2018 costs: -3% vs. 2017 and -19% vs. 2016, despite the increased business scope.

At the end of 2018, 86% of debt at fixed rate. Debt cost lower than that of peers and limited exposure to interest rate volatility.

Leverage down to 59.6% at the end of 2018 vs. 61% at the end of 2017.

Proposed dividend for 2018: 23.4 € cts (+12.5% vs. 2017).

# ITALGAS ON THE STOCK EXCHANGE

## ITALGAS SHARES

**Official listing:** Italian Stock Exchange - MTA

**Segment:** Blue Chips

**Type:** ordinary shares

**Index membership:** FTSE MIB, FTSE Italy All-Share, Euro Stoxx, Euro Stoxx Utility, FTSE4Good and DJSI World Enlarged

**Number of outstanding shares as at 22 March 2019:** 809,135,502

**Market capitalization as at 22 March 2019:** 4.44 € bn

**ISIN code:** IT0005211237

**Reuters code:** IG.MI

**Bloomberg code:** IG IM



FTSE4Good



ESG ISSUER COMMUNICATIONS



In 2018 the Italgas shares were included in the DJSI World Enlarged from Robeco SAM. In August 2018 Italgas was confirmed for the second consecutive year in the series of FTSE4Good indices. Moreover, Italgas is included in the MSCI Italy Small Cap Index with an AA rating and was recognized by CDP (Carbon Disclosure Project) among the leading companies in addressing climate change.

## ITALGAS BONDS

**As at 2018 year-end, Italgas financial payables and bonds amount to 3.8 € bn, of which 2.91 € bn referring to issued bonds.**

Italgas also has 1.1 € bn of undrawn committed credit lines. 86% of the total debt is at fixed rate, with an average duration of 6.6 years. Italgas does not need to refinance its debt before 2022, nonetheless it can count on significant financial flexibility.

The BoD held on 5 November 2018 approved the renewal of the EMTN program, launched in 2016, for a maximum nominal amount of 3.5 € bn. The BoD also authorized the issue, by 4 November 2019, of one or more bond to be placed with institutional investors. The total amount of bonds issued may not in any case exceed the maximum amount of 3.5 € bn.

### ISSUER RATING

MOODY'S FitchRatings

Last update:  
23 Oct. 2018

Last update:  
1 Aug. 2018

Long-term:  
Baa2

Long-term:  
BBB+

Short-term:  
Not assigned

Short-term:  
Not assigned

Outlook:  
stable

Outlook:  
stable

	5-YEAR BOND	10-YEAR BOND	7-YEAR BOND	12-YEAR BOND
Amount	750 € mln	750 € mln	650 € mln	500 € mln
Maturity	19 January 2022	19.1.2027	14.3.2024	18.1.2029
Annual coupon	0.50%	1.625%	1.125%	1.625%
Re-offer price	99.123%	99.170%	99.123%	99.746%
Spread on mid-swap rate	60 basis points	105 basis points	75 basis points	72 basis points
Listing	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange

## SHAREHOLDING STRUCTURE

Share capital in March 2019 amounts to € 1,001,231,518.44, represented by 809,135,502 shares without indication of nominal value, while free float is 60.5%.

At the end of February 2019, investment funds including socially responsible investing (SRI) criteria in their screening process represent approximately 5% of total Italgas shareholders and approximately 11% of Italgas institutional investors.

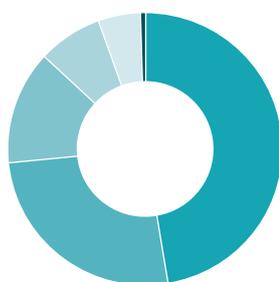
Relevant participations, relative to holders

owning more than 3% of Italgas share capital:

	NO. SHARES OWNED
CDP SpA	210,738,424
Snam SpA	109,233,293
Lazard Asset Management LLC	70,486,979
Romano Minozzi	40,406,531
BlackRock Inc	33,689,894

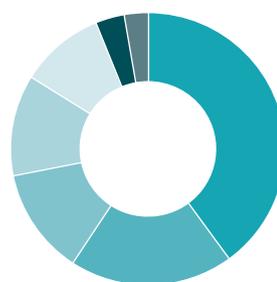
Source: Shareholder register, information available and communications received pursuant to Art. 120 of the Consolidated Financial Act (TUF). Update: February 2019.

### SHAREHOLDERS' STRUCTURE



● Institutional investors	47.40%
● CDP Reti	26.05%
● Snam	13.50%
● Retail investors	7.60%
● Romano Minozzi	4.99%
● Bank of Italy	0.46%

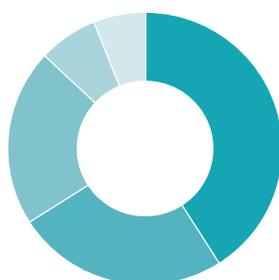
### SHAREHOLDING GEOGRAPHICAL BREAKDOWN



● Italy - Strategic holders	40.0%
● USA and Canada	19.3%
● Italy - Retails	12.6%
● Continental Europe	12.0%
● UK and Ireland	10.0%
● Italy - Institutionals	3.4%
● Rest of the World	2.7%

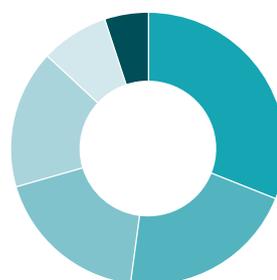
The stake of strategic holders includes CDP Reti, Snam, Bank of Italy. The stake of Italy-Retails includes Romano Minozzi.

### GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL INVESTORS



● USA and Canada	41%
● Continental Europe	25%
● UK and Ireland	21%
● Italy	7%
● Rest of the World	6%

### INSTITUTIONAL INVESTORS BY INVESTMENT STYLE



● Value	31%
● Growth	21%
● Index	18%
● GARP	16%
● Other	8%
● Hedge Funds	5%

(February 2019 update)

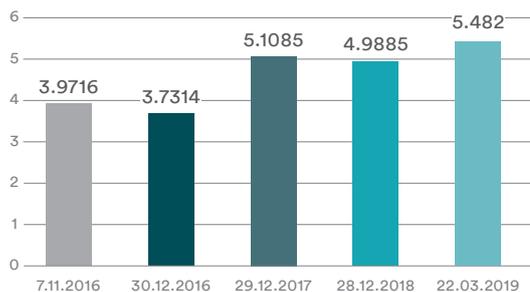
## SHAREHOLDER RETURNS

The Board of Directors has proposed to the Shareholders' Meeting, called for 4 April 2019, to approve the distribution of a € 0.234 dividend per share, a 12.5% increase over the 2017 dividend. Dividend yield, calculated on the official price at the end of 2018 (4.9885 €), amounts to 4.7%. The dividend proposed by the BoD confirms the commitment indicated in the 2018-2024 Strategic Plan for an attractive and sustainable policy of shareholder remuneration. Such policy, for the 2018-2019-2020 period provides the distribution of a dividend equal to the higher

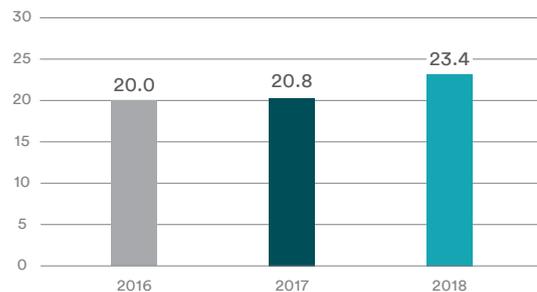
of (i) the amount resulting from the 2017 DPS (0.208 €) increased by 4% per annum and (ii) the DPS equivalent to 60% of the consolidated net income. The 2018 dividend will be paid as of 22 May 2019, with an ex-dividend date of 20 May 2019 and record date of 21 May 2019.

From 7 November 2016, when Italgas shares were re-listed, to 22 March 2019 (issue date of this publication), the share price increased by 38.1%, while dividend per share cumulatively distributed amounted to 0.408 €. Total Shareholder Return therefore was 50.4%.

**ITALGAS  
OFFICIAL SHARE PRICE (€)**

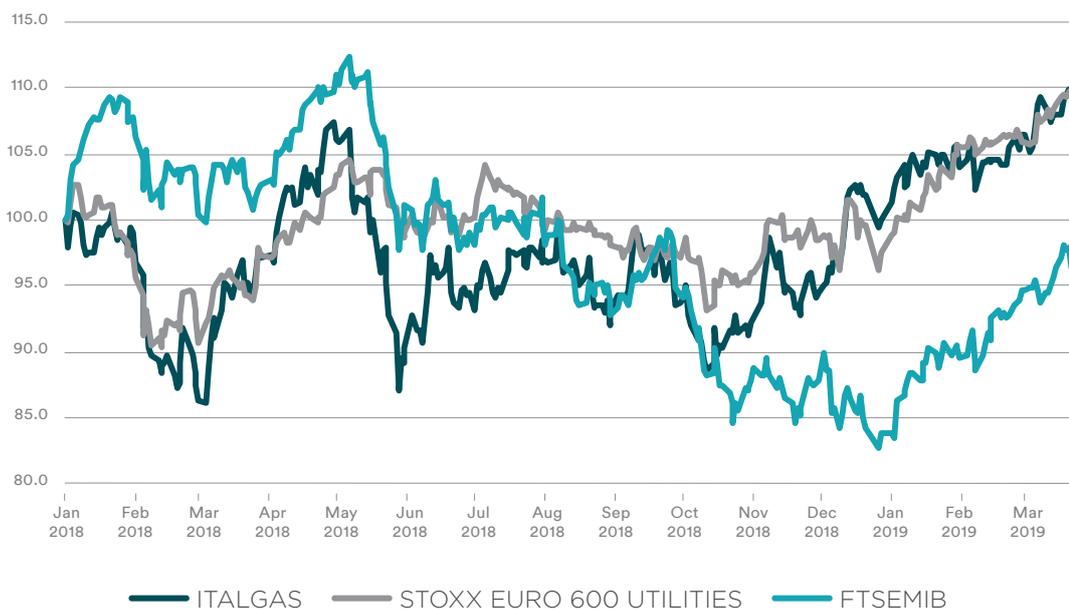


**DIVIDEND  
PER SHARE (EURO CENTS)**



**ITALGAS VS. FTSE MIB AND EURO STOXX 600 UTILITIES**

(2 January 2018 – 22 March 2019) Base 2 January 2018 = 100



## HOW TO INVEST

Anyone acquiring Italgas shares becomes an owner of a portion of the Company's capital. The status of shareholder not only entitles the investor to be remunerated through the distribution of earnings, but also to take an active part in the Company's life, contributing to decisions that are discussed and voted upon in the Shareholders' Meeting.

### REQUISITES

In order to become an Italgas shareholder, you will need a securities deposit account with an authorized intermediary, such as a bank or a brokerage firm ("SIM").

### PURCHASING SHARES

Italgas shares are purchased on the Italian Stock Exchange, with the investor indicating to the intermediary the quantity of shares that he/she wishes to put into his/her portfolio. It is also possible to specify a maximum price limit for the purchase, as well as a time period for the order's validity. If the order is submitted without any maximum price being specified, the purchase will be done on the basis of best execution, namely, at the lowest price available for the quantity of shares being sold. The intermediary will provide a notification of order execution when completed. At that time, the Italgas shares will be booked to the securities deposit account.

### MONITORING INVESTMENT PERFORMANCE

The **Investors** section of the corporate web site contains a sub-section dedicated to the **Share**, which makes it possible to track Italgas' stock-market performance, compare the Italgas shares with those of peers, and calculate an updated value of an investor's holding at any time.

### COLLECTING DIVIDENDS

All investors who own Italgas shares at the record date (i.e. on 21 May 2019) are entitled to receive the annual dividend approved by the 2019 Shareholders' Meeting. The amount of the dividend payment will be automatically credited to the shareholder's current account through the financial intermediary with whom the securities account is held.

Italgas dividends paid to physical persons who are tax residents of Italy are subject to a source withholding tax at a rate of 26%. Additional information on the subject can be found on the web site of the Italian Revenue Agency ([www.agenziaentrate.gov.it](http://www.agenziaentrate.gov.it)).

In order to avoid dual taxation, Italgas shareholders who receive dividends and are not residents in Italy may file for a tax reimbursement. Such reimbursement is governed by specific treaties between Italy and the foreign country of residence. Additional information on the subject can be found on the web site of the Italian Ministry of the Economy and Finance, at the following link: <http://www.finanze.gov.it/opencms/it/fiscalita-comunitaria-e-internazionale/convenzioni-e-accordi/convenzioni-per-evitare-le-doppie-imposizioni/>

## PARTICIPATING IN THE SHAREHOLDERS' MEETING

### NOTICE OF SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is convened through a **notice** that indicates the day, time and location of the meeting, and the meeting agenda. The **meeting notice** is published on the web sites of Italgas and Borsa Italiana, and possibly, including in abbreviated form, in one national daily newspaper, usually 30 days prior to the date of the first or single session of the meeting.

The abbreviated notice for the 2019 was published on two newspapers, Il Sole 24 Ore and Financial Times. When a Shareholders' Meeting is convened for the purpose of appointing the Board of Directors and the Board of Statutory Auditors, the meeting notice is published at least 40 days prior to the date of the meeting.

**The Italgas Shareholders' Meetings are held in a single session.**

### CONFIRMING ATTENDANCE

In order to participate and vote at the Shareholders' Meeting, the shareholder must own the Italgas shares at the record date, which is the seventh open market day prior to the date of the Shareholders' Meeting (26 March 2019 - record date), and must send a **notice** to the Company, through the authorized intermediary, **of participation in the Shareholders' Meeting**. The notice must be received by Italgas no later than on the third open market day prior to the Shareholders' Meeting (1 April 2019).

### PARTICIPATING IN THE SHAREHOLDERS' MEETING

**Italgas Shareholders' Meeting is held, in a single call, on 4 April 2019, at 10.30am, in Milan, at Spazio Edit, Via Pietro Maroncelli, 14.**

Shareholders may participate in person at the Shareholders' Meeting, following the instructions outlined in the meeting notice and attending the meeting with a valid identification document, or they may elect **to be represented** by another person. Shareholders can download the proxy form from the Italgas web site (in the sub-section: Governance/ Corporate Governance System/ Shareholders' Meetings/ Meeting 2019). The proxy should be sent to

Italgas at least two days prior to the date of the Shareholders' Meeting, by:

1) **Mail** to the following address:

Italgas S.p.A.  
Company Secretary  
Via Carlo Bo, 11 - 20143 Milan Italy  
(Proxy Shareholders' Meeting April 2019)

2) **e-mail** to the address:

italgas.assemblea@pec.italgas.it.

Should any shareholder not have a person to delegate as proxy holder, the proxy along with voting instructions on all or some of the proposals on the meeting agenda may be conferred, without charge, to the Shareholder Representative designated by the Company. For the 2019 Shareholders' Meeting, Italgas Designated Representative is Georgeson srl. The special proxy form, which can be downloaded from the Italgas web site, must be received by the **Designated Representative** by no later than the end of the second open market day prior to the date of the Shareholders' Meeting, together with a copy of a valid identification document:

- **by fax**, to +39 06 99332795;
  - **by email** to: georgeson@legalmail.it;
  - **by hand, Priority Mail, or courier**, to: Georgeson S.r.l., Via Emilia 88, 00187, Rome.
- For all other information concerning the Designated Representative, a Freephone number has been made available, 800 123794, for those calling from Italy, and phone number + 39 06 42171834, for those calling from abroad, on business days Monday through Friday from 09:00am to 06:00pm, as well as a dedicated email account (rappresentanteitalgas@georgeson.com).

The documentation related to the matters on the meeting agenda is available at the Italgas registered office, on the Borsa Italiana web site ([www.borsaitaliana.it](http://www.borsaitaliana.it)), at the mechanism for storage of regulatory information, eMarket STORAGE ([www.emarketstorage.com](http://www.emarketstorage.com)), as well as on the corporate web site ([www.italgas.it](http://www.italgas.it)) in the section: Governance/Corporate Governance System/Shareholders' Meeting/ 2019 Meeting.

## KEEPING UP TO DATE AND GETTING INVOLVED

### FINANCIAL CALENDAR

**Consolidated Financial Statements and Draft Financial Statements as at 31 December 2018; Dividend proposal for 2018; Report on Corporate Governance and Ownership Structure 2018; Report on Remuneration 2019; Sustainability Report 2018; Call of the Shareholders' Meeting**

**22 February 2019**

Board of Directors  
Press Release and Conference Call\*

**Shareholders' Meeting**

**4 April 2019**

Press Release\*\*

**First quarter 2019 Report**

**14 May 2019**

Board of Directors

**15 May 2019**

Press Release and Conference Call\*\*\*

**FY2018 dividend**

**22 maggio 2019** Payment date

**20 maggio 2019** Ex-dividend date

**2019-2025 Strategic Plan**

**11 June 2019**

Board of Directors

**12 June 2019**

Press Release and Strategy Presentation\*\*\*

**Second quarter 2019 Report and Interim**

**Financial Report as at 30 June 2019**

**29 July 2019**

Board of Directors

**30 July 2019**

Press Release and Conference Call\*\*\*

**Third quarter 2019 Report**

**7 November 2019**

Board of Directors

**8 November 2019**

Press Release and Conference Call\*\*\*

### HOW TO STAY INFORMED

The corporate web site ([www.italgas.it](http://www.italgas.it)) is the main reference point for staying informed on a real-time basis and for learning more about Italgas.

The **Investors** section of the web site contains disclosure documents, such as **Financial Statements** and **Presentations**, as well as information about share performance and financials, all of which is useful for evaluating investment decisions. The subsection entitled **Retail shareholders/ Publications** allows for consulting documents that assist shareholders in better understanding Italgas, the natural gas distribution business, and the way in which the financial markets reflect the Company's and the sector's historical performance and prospects. In addition to this Guide, the publications include the IG focus newsletter dedicated to investors.

Price-sensitive **Press Releases** can be found in the **Media** section, which also features a subsection dedicated to **News**.

Finally, the **Governance** section contains the Company's **By-laws**, and its **Ethics Code**, while the 2019 **Shareholders' Meeting** subsection presents the **Shareholders' Meeting Regulations** and documentation useful for participating in the Shareholders' Meeting and finding out about voting results.

Shareholders may also consult social-media channels for continuous updates of news. Italgas is present on Twitter, Facebook, LinkedIn, You-Tube and Instagram.

\* Press release and the conference call for the presentation of results to the financial community in the afternoon on the same day.

\*\* Press release will be issued at the end of Shareholders' meeting.

\*\*\* Press release will be issued in the morning (non trading hours) and Conference Call for the presentation of results/Strategic Plan will be held in the afternoon on the same day.

# GLOSSARY

The following glossary focuses on financial, commercial and technical terms used in this publications. A comprehensive glossary is available online at [www.italgas.it](http://www.italgas.it).

## FINANCIAL TERMS

### **Cash flow**

Net cash flow from operating activities (cash flow) is represented by the cash generated by a company over a certain period of time. Specifically, the difference between current inflows (mainly cash revenue) and current cash outflows (costs in the period that generated cash outflows).

### **EBIT (Operating profit)**

Result of the operating performance, calculated as the sum of the values related to Net income, Income taxes, and Net finance costs excluding Net income from financial investments.

### **EBIT adjusted (adjusted operating profit)**

EBIT that components of the total income classified as special item will be subtracted from (as defined in the chapter "Comment on the economic and financial results" of this report).

### **EBITDA (Gross operating profit)**

EBITDA, calculated as the sum of values relating to the Operating profit and Depreciation and amortisation.

### **Free cash flow**

The free cash flow represents the free cash flow of the company and is the difference between the cash flow from operating activities and the cash flow for investments in fixed assets.

### **Net financial debt**

Indicator of capacity to cope with financial obligations, determined as the sum of the values relating to Short and long-term loans, net of Cash and cash equivalents.

## COMMERCIAL AND TECHNICAL TERMS

### **ATEM**

Minimum Geographical Areas for conducting tenders and assigning the gas distribution service calculated as 177 pursuant to the definition of Article 1 of the Ministerial Decree of 19 January 2011. The Municipalities belonging to each area are listed in the Ministerial Decree of 18 October 2011.

### **Concession**

The deed by which a Local authority entrusts a company to the management of a service which falls within the scope of the prerogatives of this Authority, and for which said company assumes the operating risk.

### **Local Tender**

The local tender is the only tender for the concession of the gas distribution service carried out in each of the 177 ATEM identified by Decree of the Ministry of Economic Development on 19 January 2011, pursuant to Arts. 1 and 2 of the Decree of the Ministry of Economic Development on 19 January 2011.

### **Gas distributed or circulated**

Amount of gas redelivered to users of the distribution network at the redelivery points.

### **Regulatory Asset Based (RAB)**

The term RAB (Regulatory Asset Base) refers to the value of net invested capital for regulatory purposes, calculated on the basis of the rules defined by Regulatory Authority for Energy, Networks and Environment (ARERA) for determining the reference tariff.

### **WACC**

Weighted Average Cost of Capital. Rate of return on net invested capital.

## USEFUL SOURCES

### **BORSA ITALIANA**

[www.borsaitaliana.it](http://www.borsaitaliana.it)

### **CONSOB**

[www.consob.it](http://www.consob.it)

### **REGULATORY AUTHORITY FOR ENERGY, NETWORKS AND ENVIRONMENT**

[www.arera.it](http://www.arera.it)

### **EMARKET STORAGE SYSTEM OF REGULATED INFORMATION**

[www.emarketstorage.com](http://www.emarketstorage.com)

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