



# 2018 1<sup>st</sup> Q Consolidated Results

May 8, 2018



# 1Q 2018: a solid set of results



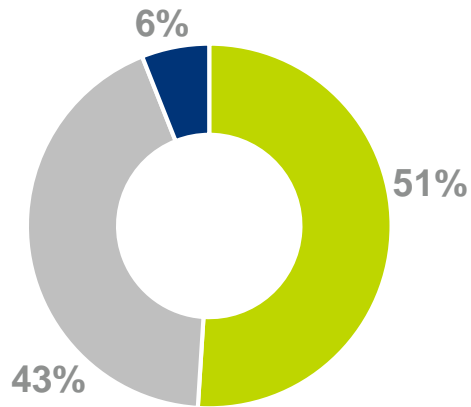
€mn			vs 1Q 2017
<b>Revenues</b>	<b>281.0</b>		<b>1.0%</b>
<b>EBITDA</b>	<b>198.4</b>		<b>2.7%</b>
<b>EBIT</b>	<b>112.4</b>		<b>8.4%</b>
<b>Net Profit</b>	<b>74.7</b>		<b>4.5%</b>

€mn	
<b>Capex</b>	<b>106.1</b>
<b>Operating Cash Flow</b>	<b>241.2</b>
<b>Consolidated Net Debt</b>	<b>3,656.2</b>

**Confirming a profitable growth path**

# Consistently capex delivery

**1Q 2017**  
**€123.4 mn**

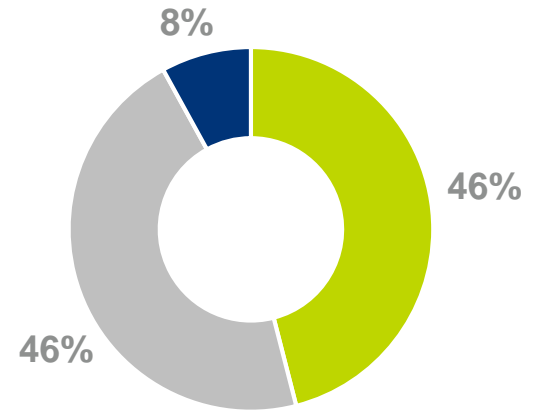


**~429,000 smart meters installed**





- Network
- Metering
- Other

**1Q 2018**  
**€106.1 mn**



**~401,000 smart meters installed**

# Consolidated Perimeter as of 31<sup>st</sup> March 2018

-  Fully consolidation method
-  Equity method



- Italgas Reti includes branch of business Amalfitana (acquired on 26/1) and Portopalo (acquired on 31/1)
- Ichnusa acquired on 28/2
- Seaside acquired on 13/3

# Income Statement

[ €mn ]	1Q2017	1Q2018	Change
Revenues	278.2	281.0	2.8
Operating expenses	-85.1	-82.6	2.5
<b>EBITDA</b>	<b>193.1</b>	<b>198.4</b>	<b>5.3</b>
Depreciation & amortisation	-89.4	-86.0	3.4
<b>EBIT</b>	<b>103.7</b>	<b>112.4</b>	<b>8.7</b>
Net interest income (expenses)	-10.5	-12.0	-1.5
Net income from associates	5.2	4.8	-0.4
<b>EBT</b>	<b>98.4</b>	<b>105.2</b>	<b>6.8</b>
Income taxes	-26.9	-30.5	-3.6
<b>NET PROFIT</b>	<b>71.5</b>	<b>74.7</b>	<b>3.2</b>

# Consolidated Revenues

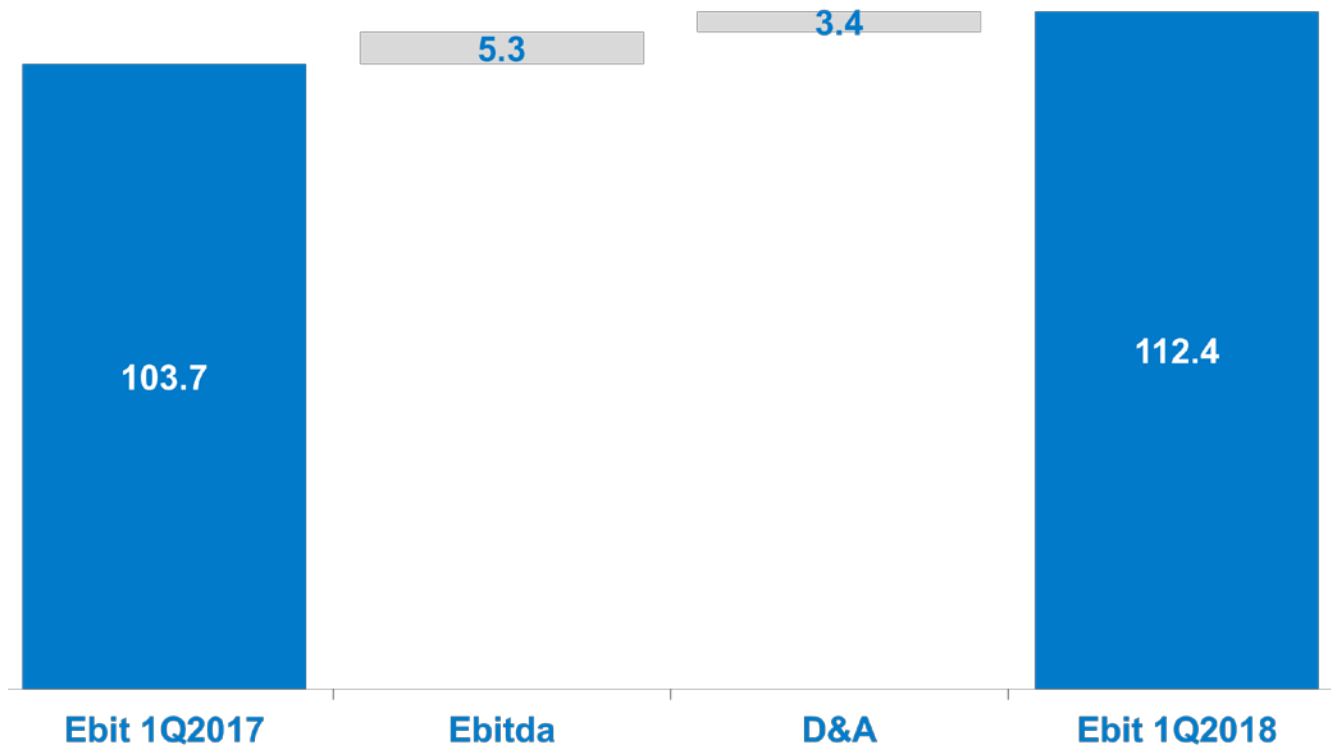
[ €mn ]	1Q2017	1Q2018	Change
<b>Regulated revenues</b>	<b>273.7</b>	<b>274.2</b>	<b>0.5</b>
Distribution	249.0	249.9	0.9
Tariff contribution for meters replacement	13.6	12.9	-0.7
Other distribution revenues	11.1	11.4	0.3
<b>Other revenues</b>	<b>4.5</b>	<b>6.8</b>	<b>2.3</b>
<b>TOTAL REVENUES</b>	<b>278.2</b>	<b>281.0</b>	<b>2.8</b>

# Consolidated Opex

[€ mn]	1Q2017	1Q2018	Change
<b>Gas Distribution activities</b>	<b>81.7</b>	<b>79.2</b>	<b>- 2.4</b>
Fixed costs	64.9	65.7	0.7
<i>Net labour cost</i>	33.2	36.5	3.4
<i>Net external cost</i>	31.8	29.1	- 2.6
Variable costs	1.0	1.7	0.7
Other costs	2.3	- 0.5	- 2.8
Tee	0.2	- 1.1	- 1.2
Concessions fees	13.2	13.4	0.2
<b>Other activities</b>	<b>3.5</b>	<b>3.3</b>	<b>- 0.1</b>
<i>Net labour cost</i>	0.5	0.5	0.0
<i>Net external cost</i>	3.0	2.8	- 0.2
<b>TOTAL COSTS</b>	<b>85.1</b>	<b>82.6</b>	<b>- 2.5</b>

# EBIT - Analysis

[€mn]

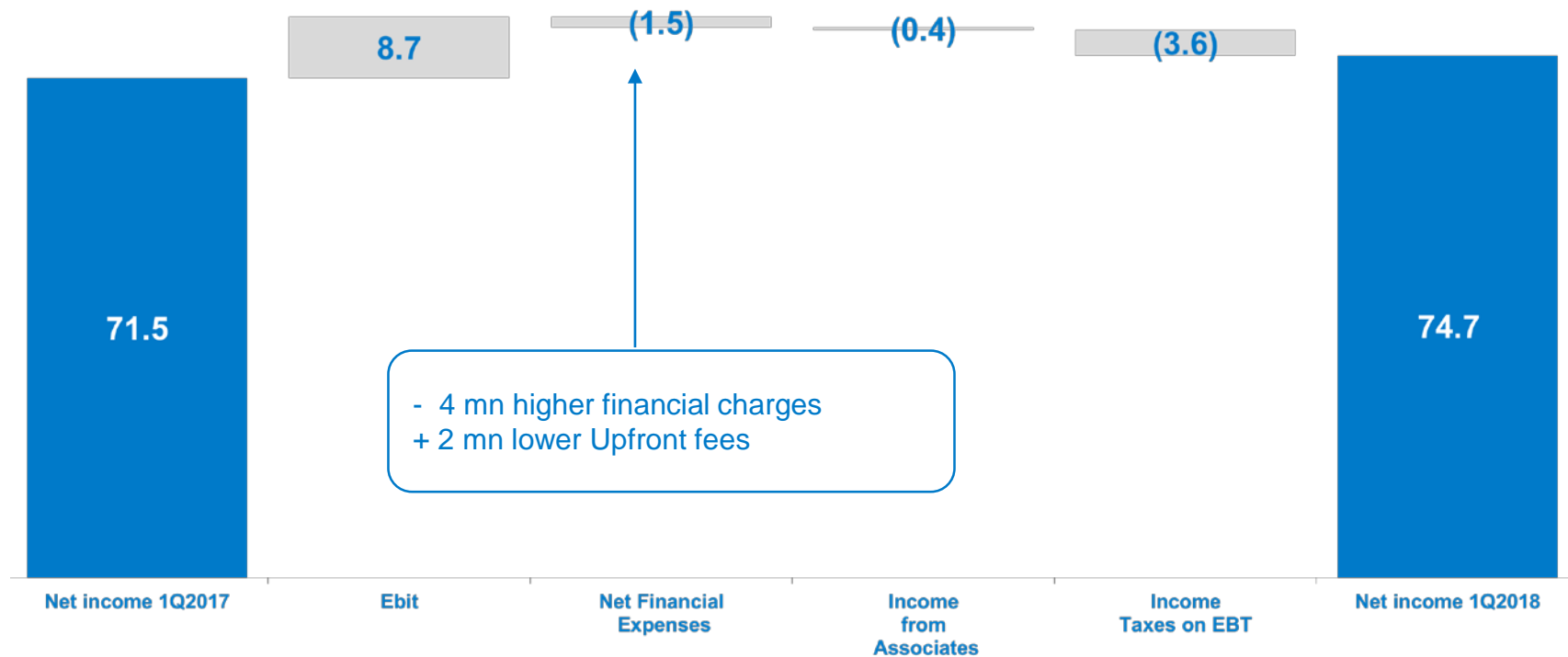




# Consolidated Net Income



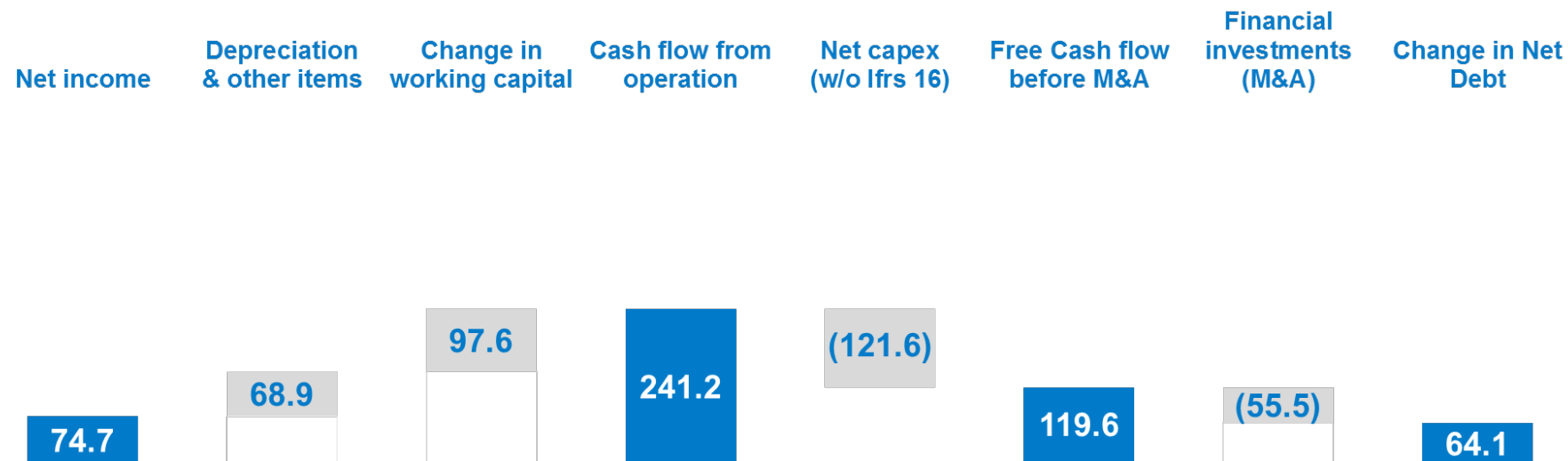
[ €mn ]



# Consolidated Cash Flow



[ €mn ]



# A solid, efficient and resilient debt structure

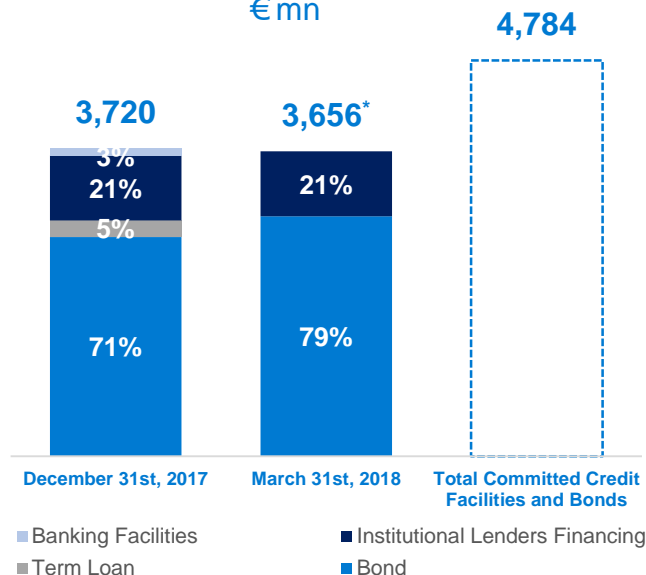


## 1Q 2018 main activities

- ✓ January 2018: **€250 mn** reopening of bond issued in September 2017 (maturing in January 2029, 1.625%) at a spread of 58 bps vs previous 72 bps
- ✓ January 2018: **€360 mn** EIB loan **locked to fixed rate for 7 years** (“all in” 97 bps)

### Italgas Net Debt Structure

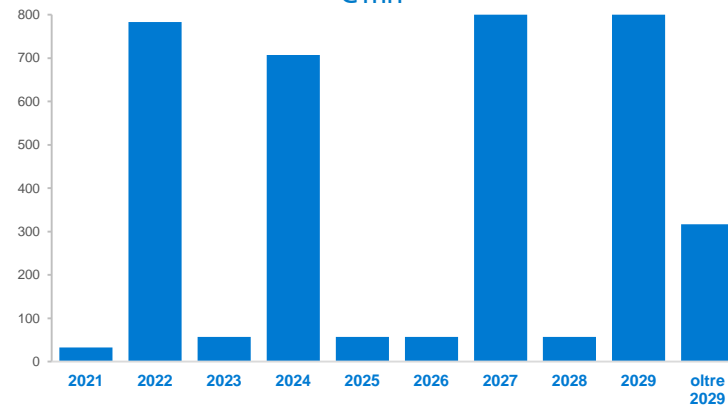
€ mn



### Debt Maturity Profile

As of March 31<sup>st</sup>, 2018

€ mn



**Fixed rate debt ~ 88%**

\* Not including debt resulting from IFRS 16 first time adoption (operating leasing) starting from Jan. 2018)

# Balance Sheet



[€ mn ]	Dec, 31 2017	1Q2018	Change
<b>Net invested capital</b>	<b>4,905.9</b>	<b>4,949.7</b>	<b>43.8</b>
Fixed capital	4,950.9	5,087.5	136.6
Tangible fixed assets	224.6	257.4	32.8
Intangible fixed assets	4,676.6	4,743.6	67.0
Net payables investments	-135.3	-103.4	31.9
Equity-accounted and other investments	185.0	189.9	4.9
Net working capital	71.1	-21.7	-92.8
Receivables	749.9	836.5	86.6
Liabilities	-678.8	-858.2	-179.4
Provisions for employee benefits	-116.1	-116.1	-
Assets held for sale and directly related liabilities		-	-
<b>Net financial debt</b>	<b>3,720.3</b>	<b>3,656.2</b>	<b>-64.1</b>
<b>Net financial debt from operative leasing</b>		<b>31.4</b>	<b>31.4</b>
<b>Shareholders' equity</b>	<b>1,185.6</b>	<b>1,262.1</b>	<b>76.5</b>



Q & A



## Annexes

## Acquisition of 100% stake in



**FY 2017**

- Revenues: 4.5 € mn
- Ebitda: 2.8 € mn
- Net profit: 2 € mn

~100k TEE already approved by GSE  
over 2018-21

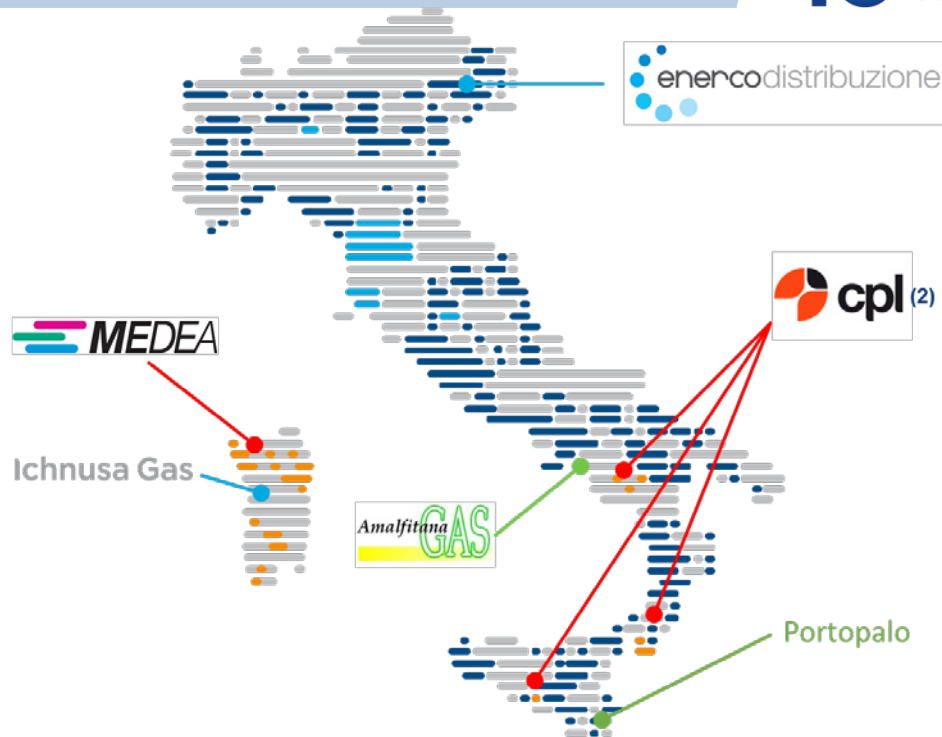
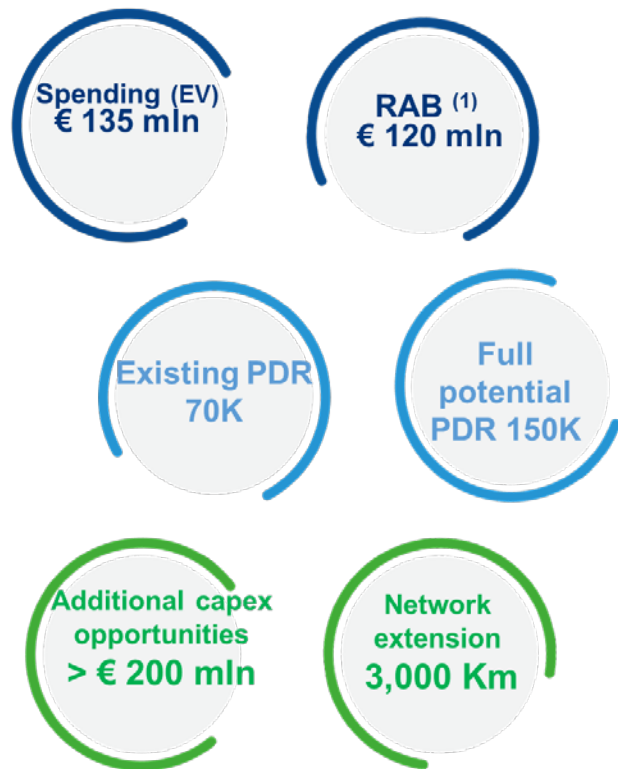
**Potential for penetration in digital services** market (Big Data, Machine Learning, Predictive Energy Analytics) through **proprietary technology**



## Advantages for Italgas Group

- ✓ Investment portfolio in energy efficiency projects
- ✓ «Captive» energy efficiency projects
- ✓ Hedging TEE short position
- ✓ Competitive TEE bilateral agreement
- ✓ Competitive advantage in ATEMs tender

# M&A: Bolt-on acquisitions fueling RAB growth



<sup>(1)</sup> Includes Net Assets value of LPG networks under construction

<sup>(2)</sup> Binding agreements expected to be finalized within 1H 2018



# The leading Italian natural gas distributor



	Operating Metrics (TOTAL)	OF WHICH AFFILIATES	Highlights M&A GAS BUSINESS 2018 (TOTAL)
Network length	66,700 km	8,400 km	67,470 km
Concessions	1,609	109	1,697
Redelivery points	7.5 mn	0.9 mn	7.54 mn
Market Share*	34.0%	3.6%	34.2%
Gas distributed**	9 Bcm	1.2 Bcm	9.03 Bcm
Employees	4,034	450	4,077

■ Consolidated at 31/12/17
 ■ Affiliates at 31/12/2107

■ M&A 2018 finalized as at 30/4/2018: Amalfitana Gas, Ichnusa Gas, Portopalo, Medea, Seaside

\* Calculated by redelivery points

\*\* Annual Volume

Source: Companies reports at Year End 2017

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