



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

May 8, 2018



# 1Q 2018: a solid set of results



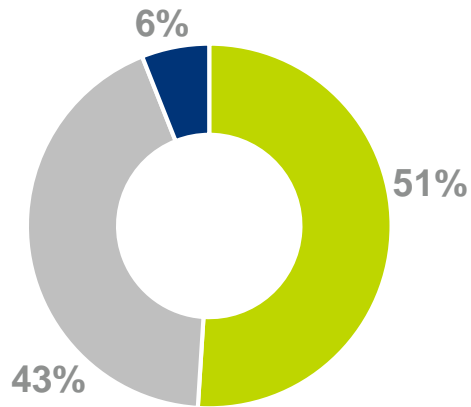
€mn			vs 1Q 2017
<b>Revenues</b>	<b>281.0</b>		<b>1.0%</b>
<b>EBITDA</b>	<b>198.4</b>		<b>2.7%</b>
<b>EBIT</b>	<b>112.4</b>		<b>8.4%</b>
<b>Net Profit</b>	<b>74.7</b>		<b>4.5%</b>

€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**

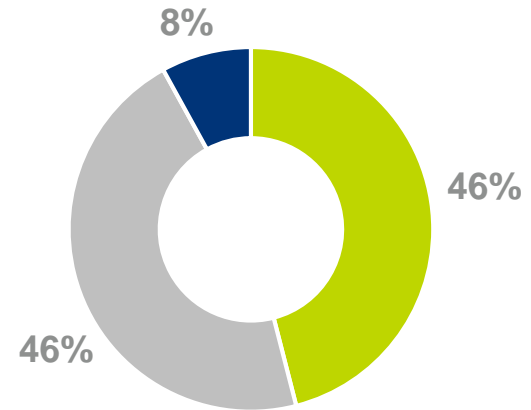


**~429,000 smart meters installed**





- 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>

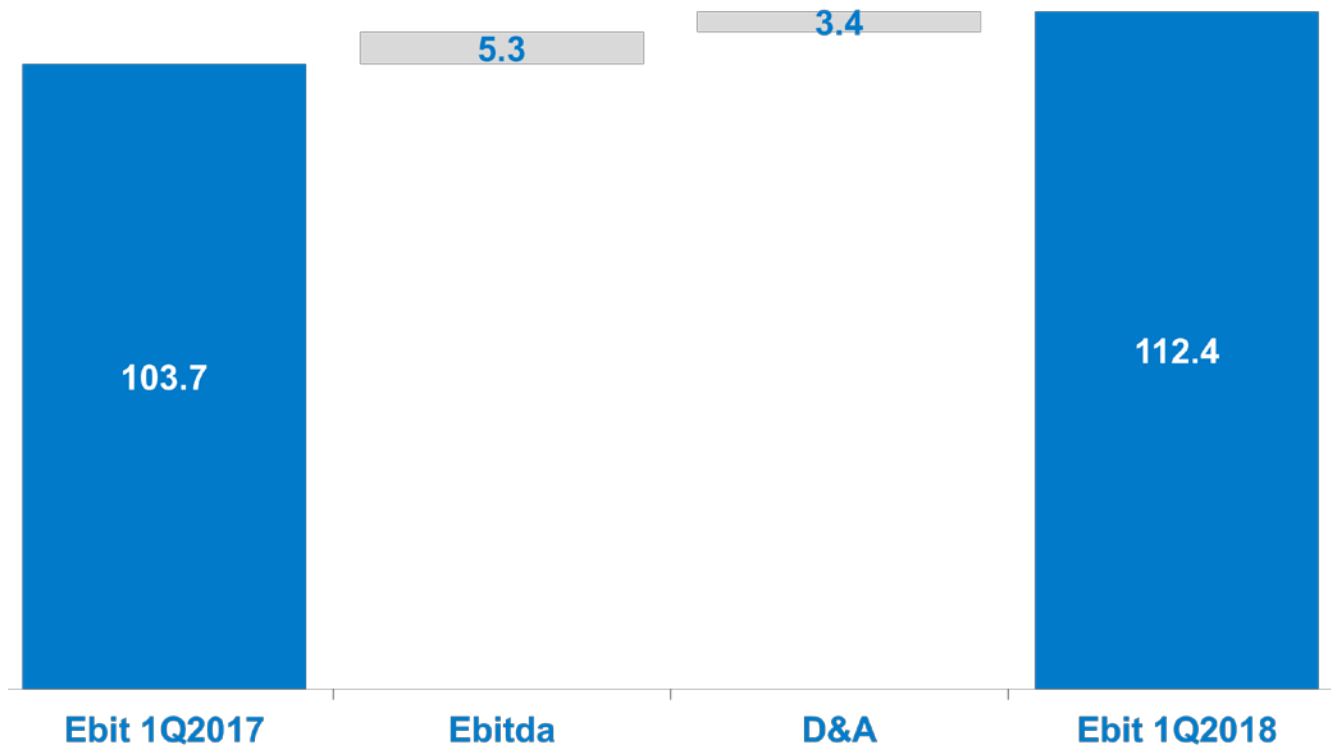
# Consolidated Opex



[€ 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

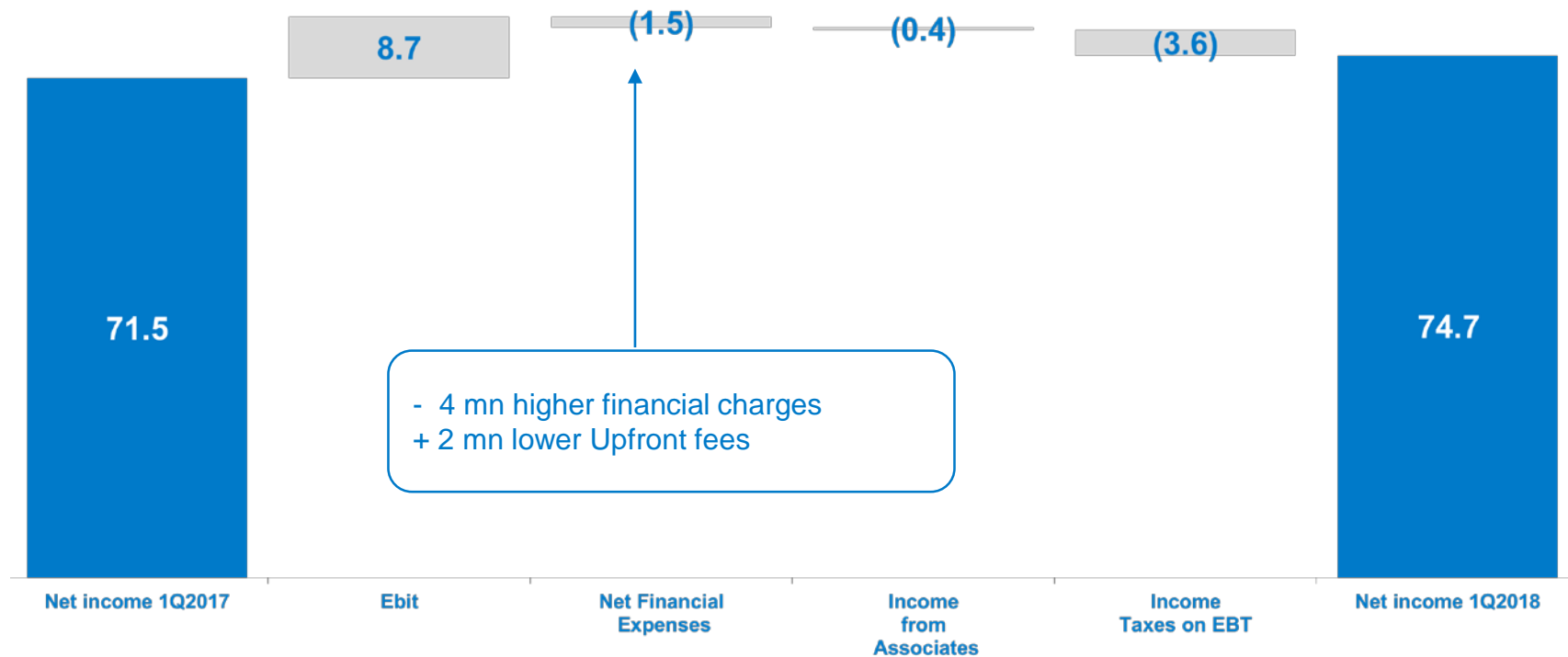
[€mn]





# Consolidated Net Income

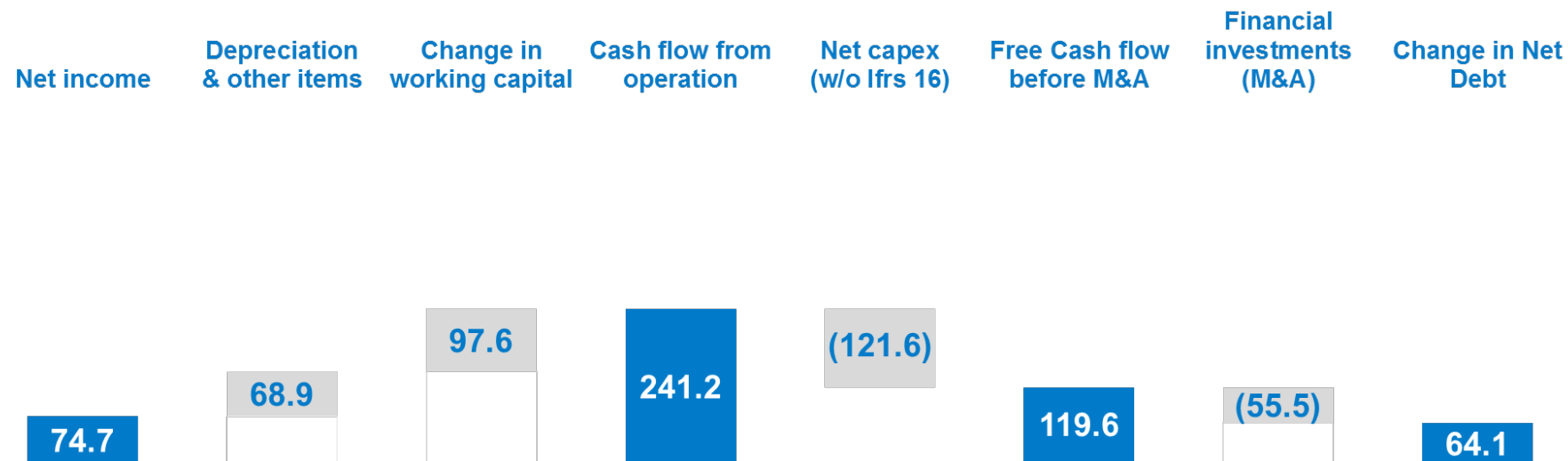
[ €mn ]



# Consolidated Cash Flow



[ €mn ]



# A solid, efficient and resilient debt structure

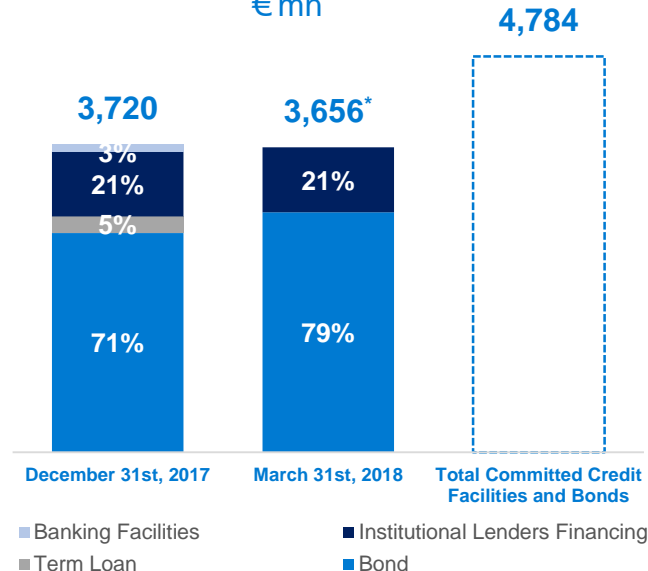


## 1Q 2018 main activities

- ✓ 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

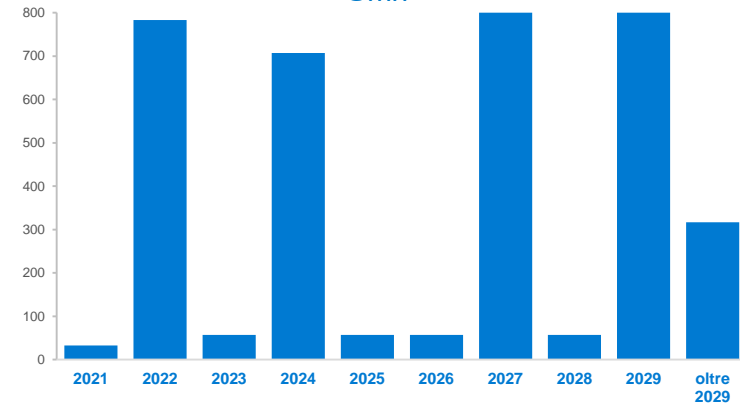
€ mn



### 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

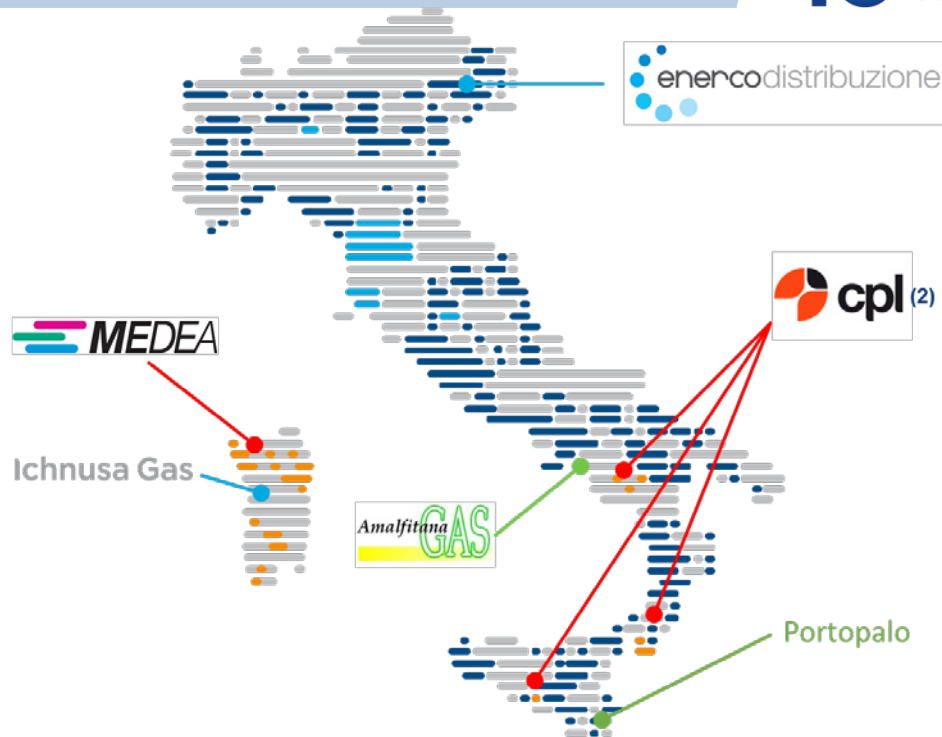
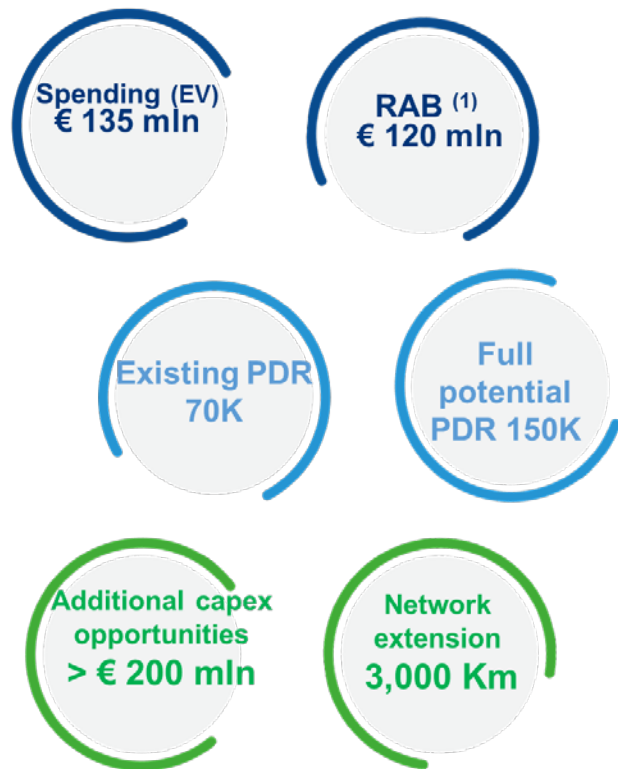
**Potential for penetration in digital services** market (Big Data, Machine Learning, Predictive Energy Analytics) through **proprietary technology**



## 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 31/12/2017

■ 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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This presentation contains forward-looking statements regarding future events and the future results of Italgas that are based on current expectations, estimates, forecasts, and projections about the industries in which Italgas operates and the beliefs and assumptions of the management of Italgas.

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