



# 2018 1H **Consolidated Results**

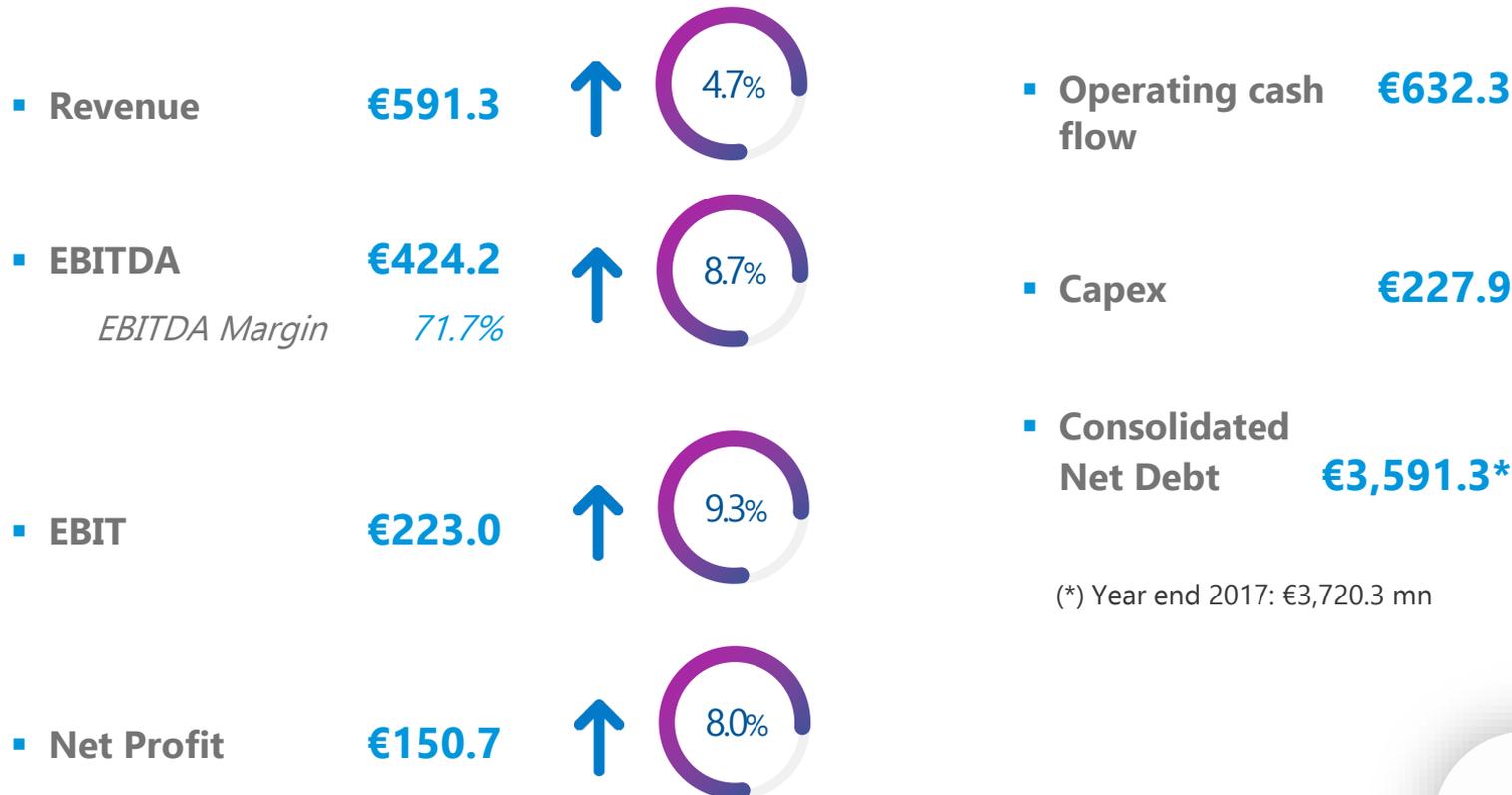
31<sup>st</sup> July 2018, Milan



# — 1H 2018: confirming a profitable growth path

€ mn

vs 1H 2017



(\*) Year end 2017: €3,720.3 mn

# 1H 2018: Consistently capex delivery

€ mn



**~800,000 smart meters installed**

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\* Of which ~770K units related to the replacement of traditional meters

## 2. Bolt on acquisitions: well on track to reach strategic plan target

### Already completed in 2018

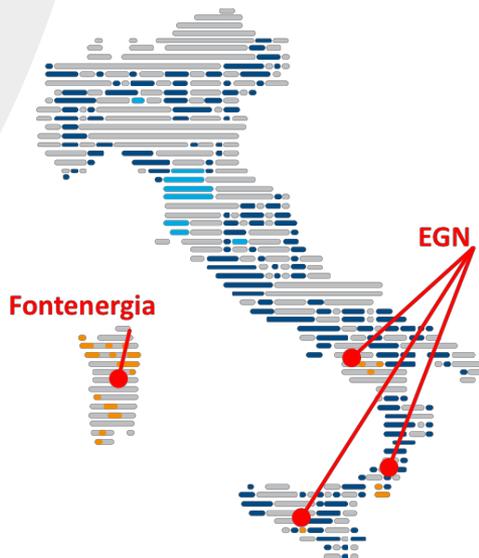
- ✓ **Amalfitana** 22k RdP
- ✓ **CPL (new grid)** 1k RdP
- ✓ **Medea** 13k RdP
- ✓ **Ichnusa** 2k RdP
- ✓ **Portopalo** 1k RdP

~ 40k RdP

Spending ~ € 90mn

### June 2018: EGN acquisition signed

- **Binding agreement for the acquisition of**
  - **A 60% stake in European Gas Network (“EGN”)** holding 37 concessions in Southern Italy (Campania, Calabria, Sicilia) through 3 subsidiaries with ~ **60,000 users**
  - **A 100% stake in Naturgas S.r.l.** holding one concession in Campania with ~ **2,700 users**
  - **A 100% stake in Fontenergia S.r.l.** holding one concession in Sardinia with ~ **7,000 users** temporarily served with LPG
- **Total valuation (EV) €116 mln aligned with RAB\***
- A put and call option on the remaining 40% exercisable from the 6th month from the closing date of the transaction



\* Includes Net Assets value of LPG networks

2018 RdP target still to be achieved: ~ 40K

# Consolidated Perimeter as of 30th June 2018

-  Fully consolidation method
-  Equity method



- Italgas Reti includes Enerco and branch of business Amalfitana (acquired on 26/1)
- Ichnusa acquired on 28/2
- Seaside acquired on 13/3
- Medea acquired on 6/4
- Cpl (New Grid) acquired on 31/5

# Income Statement

€mn	2017 1st Half	2018 1st Half	Change
Revenues	564.7	591.3	26.6
Operating expenses	- 174.5	- 167.1	7.4
<b>EBITDA</b>	<b>390.2</b>	<b>424.2</b>	<b>34.0</b>
Depreciation & amortisation	- 186.1	- 201.2	- 15.1
<b>EBIT</b>	<b>204.1</b>	<b>223.0</b>	<b>18.9</b>
Net interest income (expenses)	- 18.5	- 23.7	- 5.2
Net income from associates	10.6	9.7	- 0.9
<b>EBT</b>	<b>196.2</b>	<b>209.0</b>	<b>12.8</b>
Income taxes	- 56.6	- 58.3	- 1.7
<b>NET PROFIT</b>	<b>139.6</b>	<b>150.7</b>	<b>11.1</b>

# Consolidated Revenues

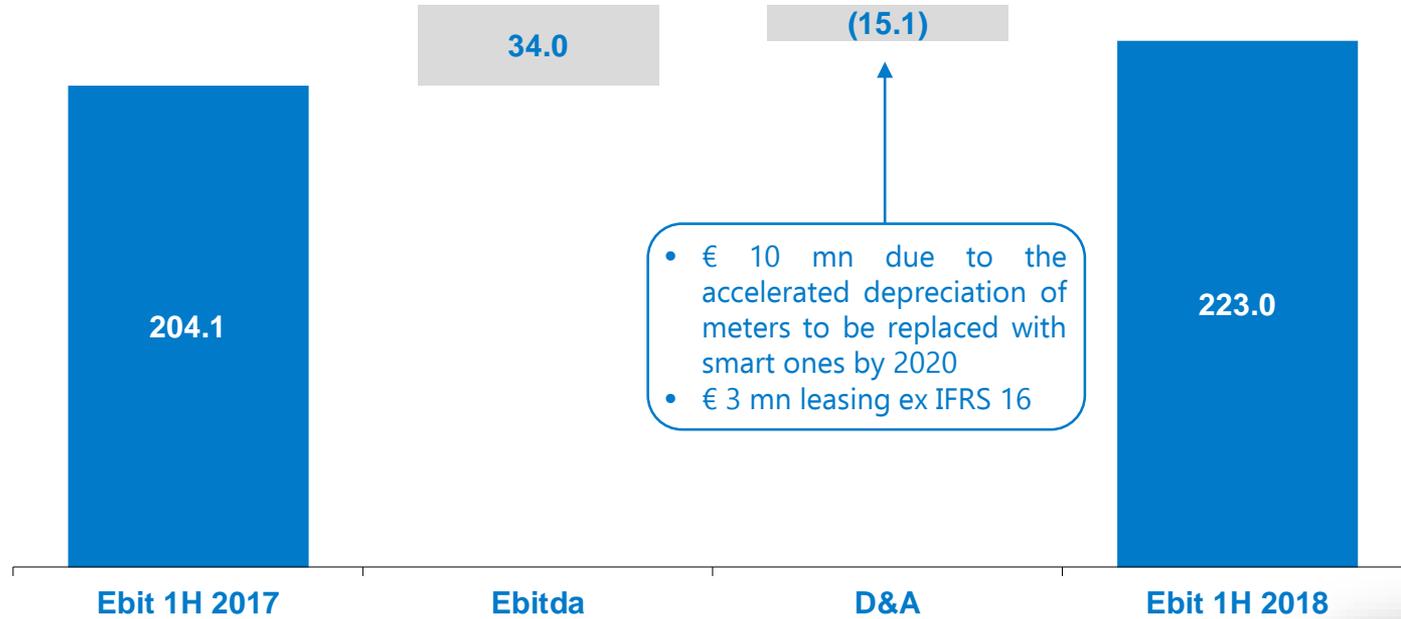
€mn	2017 1st Half	2018 1st Half	Change
<b>Regulated revenues</b>	<b>554.7</b>	<b>577.3</b>	<b>22.6</b>
Distribution	498.7	502.2	3.5
Tariff contribution for meters replacement	28.9	47.0	18.1
Other distribution revenues	27.1	28.1	1.0
<b>Other revenues</b>	<b>10.0</b>	<b>14.0</b>	<b>4.0</b>
<b>TOTAL REVENUES</b>	<b>564.7</b>	<b>591.3</b>	<b>26.6</b>

# Consolidated Opex

€mn	2017 1st Half	2018 1st Half	Change
<b>Gas Distribution activities</b>	<b>168.6</b>	<b>158.8</b>	<b>- 9.8</b>
Fixed costs	130.8	126.7	- 4.1
Net labour cost	64.5	71.9	7.4
Net external cost	66.3	54.8	- 11.5
Variable costs	2.7	2.7	- 0.0
Other costs	6.8	5.6	- 1.2
Tee	2.2	- 2.7	- 4.9
Concessions fees	26.1	26.5	0.4
<b>Other activities</b>	<b>5.9</b>	<b>8.3</b>	<b>2.4</b>
Net labour cost	1.1	1.4	0.3
Net external cost	4.8	6.9	2.1
<b>TOTAL COSTS</b>	<b>174.5</b>	<b>167.1</b>	<b>- 7.4</b>

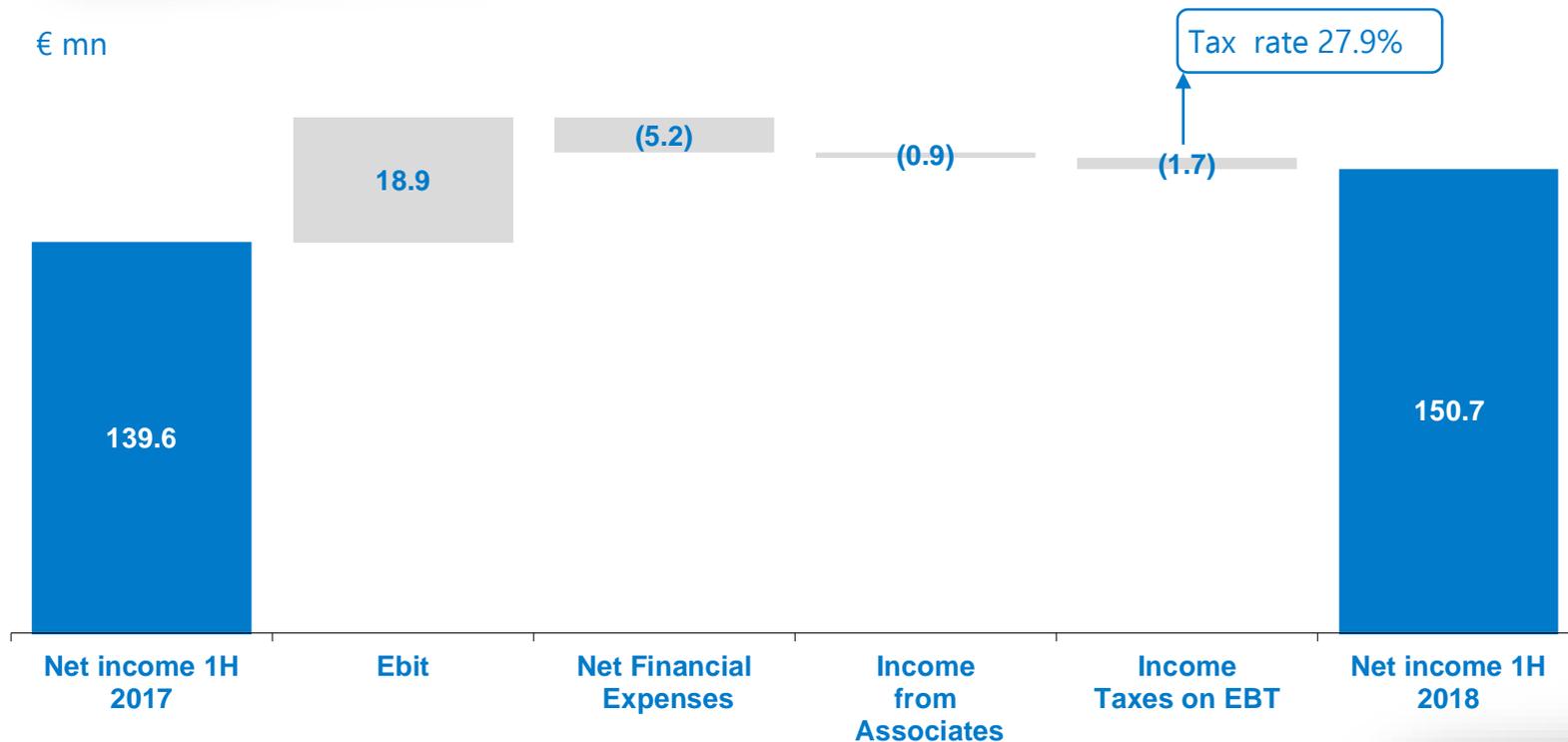
# Ebit: +9.3% vs 1H 2017

€ mn



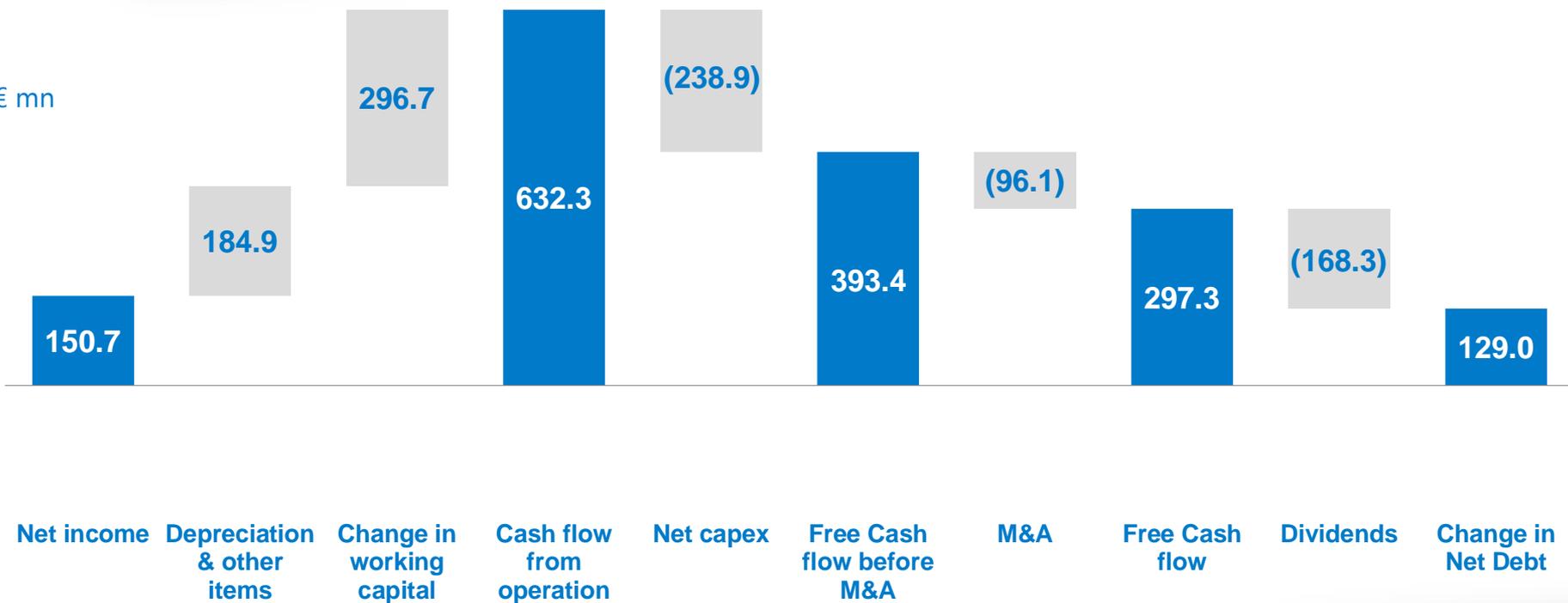
# Net Income: + 8% vs 1H 2017

€ mn



# Consolidated Cash Flow

€ mn

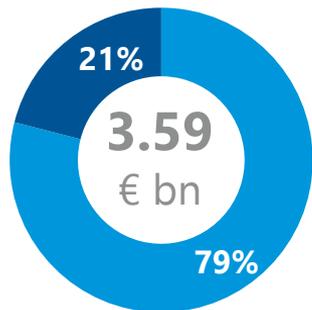
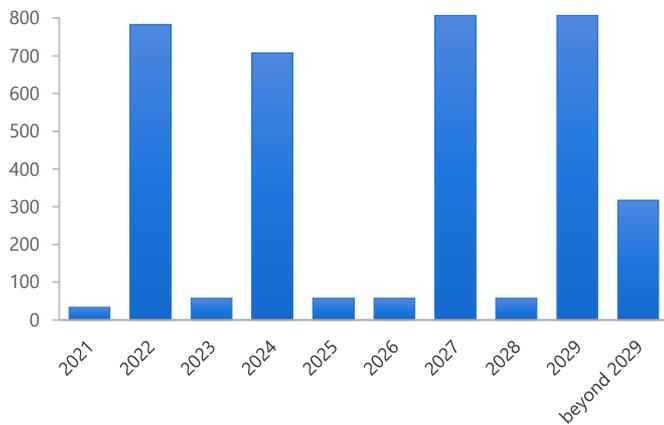


# A solid, efficient and resilient debt structure

## Italgas Debt Structure

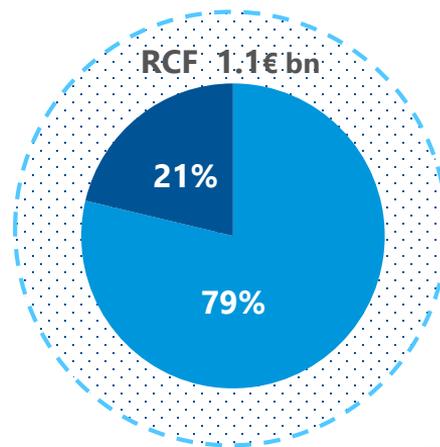
As of June 30<sup>th</sup>, 2018

### Limited refinancing risks thanks to maturities profile

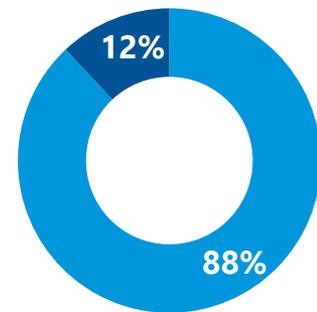


- Bond
- Institutional Lenders Financing (EIB)

4.8 € bn  
Total Committed  
Credit Facilities and Bonds



### Fixed Floating ratio



- Fixed
- Floating

# Balance sheet

€mn	2017 Dec, 31st	2018 1 <sup>st</sup> Half	Change
<b>Net invested capital</b>	<b>4,905.9</b>	<b>4,793.8</b>	<b>- 112.1</b>
Fixed capital	4,950.9	5,119.3	168.4
Tangible fixed assets	224.6	256.9	32.3
Net intangible fixed assets	4,676.6	4,786.0	109.4
Net payables investments	- 135.3	- 104.7	30.6
Equity-accounted and other investments	185.0	181.1	- 3.9
Net working capital	71.1	- 210.0	- 281.1
Receivables	749.9	526.2	- 223.7
Liabilities	- 678.8	- 736.2	- 57.4
Provisions for employee benefits	- 116.1	- 115.5	0.6
Assets held for sale and directly related liabilities	-	-	-
<b>Net financial debt</b>	<b>3,720.3</b>	<b>3,591.3</b>	<b>- 129.0</b>
<b>Net financial debt from operative leasing</b>	<b>-</b>	<b>37.2</b>	<b>37.2</b>
<b>Shareholders' equity</b>	<b>1,185.6</b>	<b>1,165.3</b>	<b>- 20.3</b>



— Q & A



— **Annex**

# Income statement

€mn	2017 2 <sup>nd</sup> Quarter	2018 2 <sup>nd</sup> Quarter	Change
Revenues	286.5	310.3	23.8
Operating expenses	- 89.4	- 84.5	4.9
<b>EBITDA</b>	<b>197.1</b>	<b>225.8</b>	<b>28.7</b>
Depreciation & amortisation	- 96.7	- 115.2	- 18.5
<b>EBIT</b>	<b>100.4</b>	<b>110.6</b>	<b>10.2</b>
Net interest income (expenses)	- 8.0	- 11.7	- 3.7
Net income from associates	5.4	4.9	- 0.5
<b>EBT</b>	<b>97.8</b>	<b>103.8</b>	<b>6.0</b>
Income taxes	- 29.7	- 27.8	1.9
<b>NET PROFIT</b>	<b>68.1</b>	<b>76.0</b>	<b>7.9</b>

# — Disclaimer

Italgas's Manager, Giovanni Mercante, in his position as manager responsible for the preparation of financial reports, certifies pursuant to paragraph 2, article 154-bis of the Legislative Decree n. 58/1998, that data and information disclosures herewith set forth correspond to the company's evidence and accounting books and entries.

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.

In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature.

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31<sup>st</sup> July 2018, Milan