

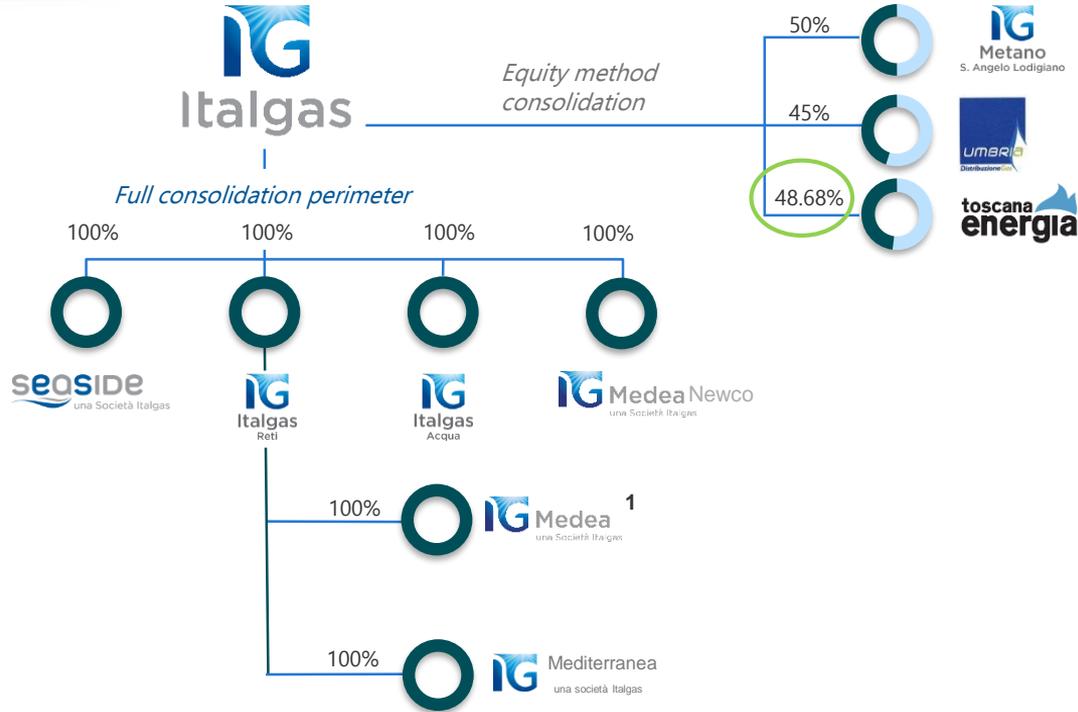


3Q 2019 Consolidated Results

7th November 2019, Milan



Corporate structure as at September 2019



 50.66% from October 1st, 2019; consolidated in 4Q 2019

¹ Holds a 10% stake in Isgastrentatrè (fair value method consolidation)

9M 2019: confirming a strong profitable growth

€ mn

vs 9M 2018

▪ Revenue

€916.9



3.7%

▪ EBITDA

€660.7



5.0%

EBITDA Margin

72%

▪ EBIT

€376.9



12.9%

▪ Net Profit

€262.6



16.0%

vs 9M 2018

▪ Operating cash flow

€528.8



-10.4%

▪ Capex

€495.3



41.9%

▪ Consolidated Net Debt *

€3,978.2**



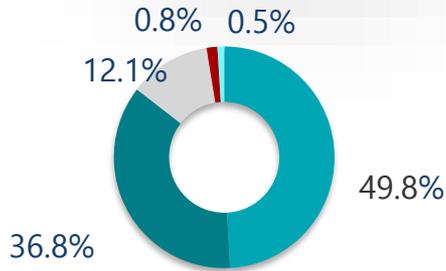
164 mn

(*) Excluding 68.6mn for operating leases (IFRS 16)

(**) Year end 2018: €3,814.3 mn

9M 2019: robust capex delivery

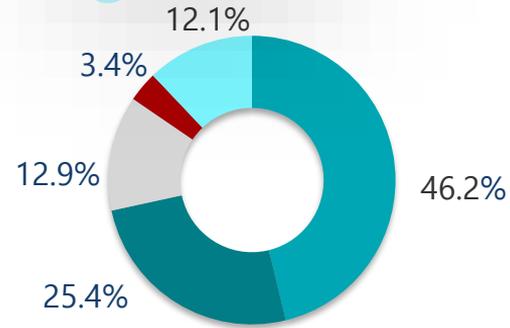
9M 2018
€349.1m
n



~1,200,000 smart meters installed*

* Of which ~1,070,000 units related to the replacement of traditional meters

9M 2019
€495.3mn



~1,300,000 smart meters installed*

* Of which ~1,140,000 units related to the replacement of traditional meters

Distribution
 Metering

Others
 Sardinia

Digitization

9M 2019: network capex

9M 2018

175.3 € mn

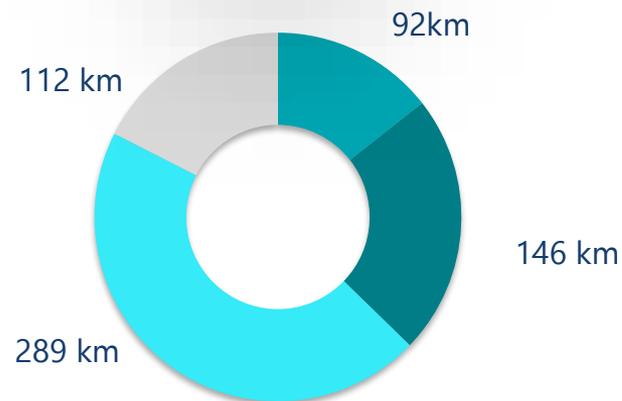
163 km



9M 2019

289.1 € mn

639 km



Extension New network Maintenance Sardinia

Income Statement

€mn

	9M 2018	9M 2019	Change
Revenues	884.6	916.9	32.3
Operating expenses	- 255.4	- 256.2	- 0.8
EBITDA	629.2	660.7	31.5 ↑ 5.0%
Depreciation & amortisation	- 295.3	- 283.8	11.5
EBIT	333.9	376.9	43.0 ↑ 12.9%
Net interest income (expenses)	- 35.6	- 37.2	- 1.6
Net income from associates	15.3	17.2	1.9
EBT	313.6	356.9	43.3 ↑ 13.8%
Income taxes	- 87.2	- 94.3	- 7.1
NET PROFIT	226.4	262.6	36.2 ↑ 16.0%

Consolidated Revenues

€mn

	9M 2018	9M 2019	Change
Regulated revenues	862.5	869.4	6.9
Distribution	753.8	794.4	40.6
Tariff contribution for meters replacement	61.5	19.8	- 41.7
Other distribution revenues	47.2	55.2	8.0
Other revenues	22.1	47.5	25.4
TOTAL REVENUES	884.6	916.9	32.3

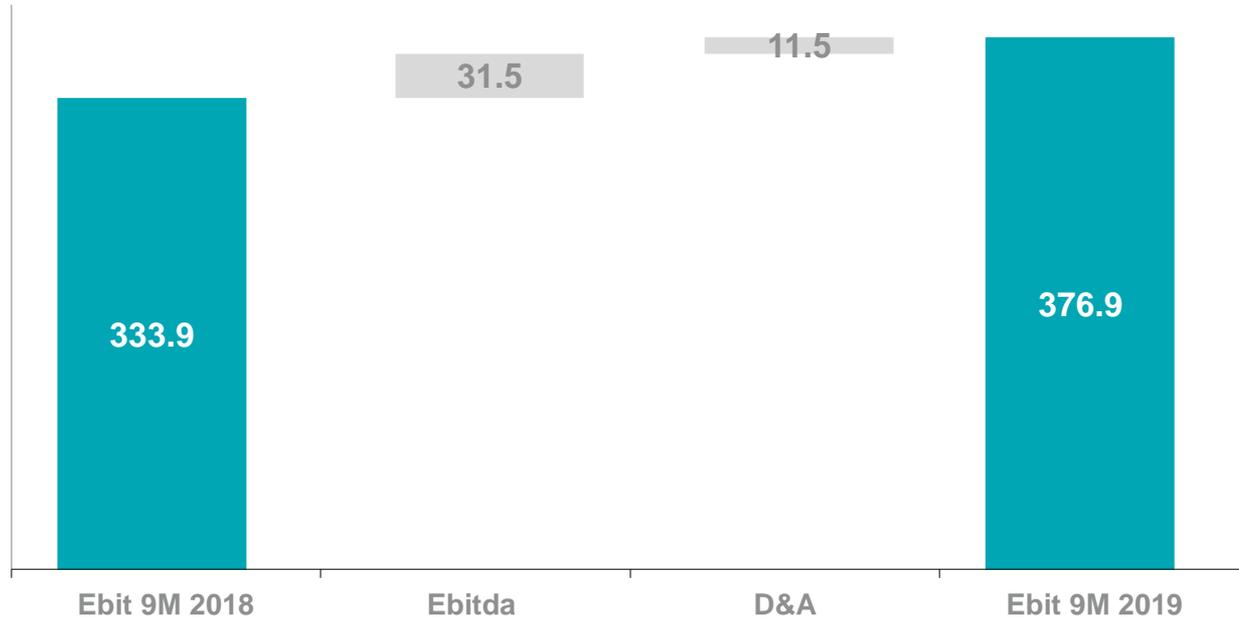
Consolidated Opex

€mn

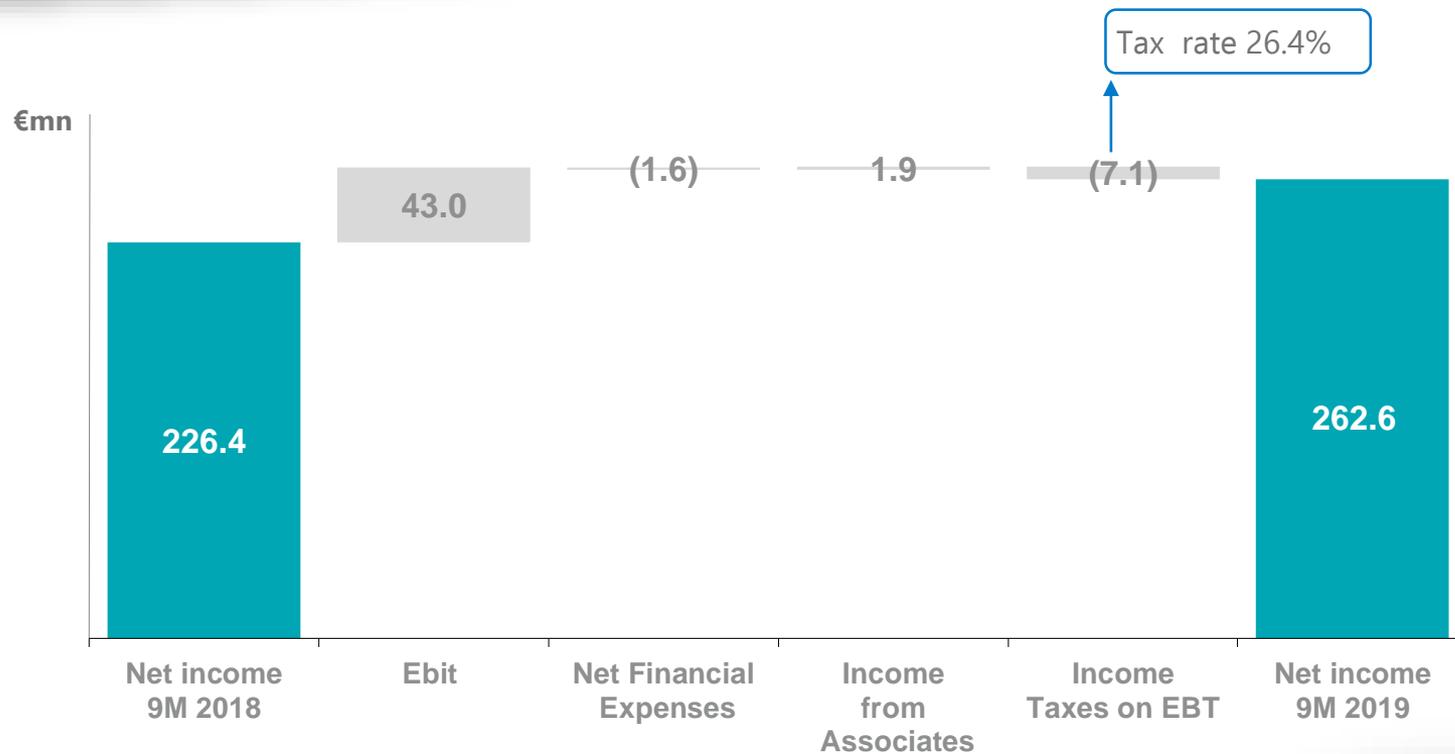
	9M 2018	9M 2019	Change
Gas Distribution activities	242.5	236.9	- 5.6
Fixed costs	193.5	173.9	- 19.6
Net labour cost	108.4	101.3	- 7.1
Net external cost	85.1	72.6	- 12.5
Variable costs	3.5	4.8	1.3
Other costs	2.2	4.5	2.3
Tee	2.4	7.8	5.4
Concessions fees	40.9	45.9	5.0
Other activities	12.9	19.3	6.4
Net labour cost	2.1	3.7	1.6
Net external cost	10.8	15.6	4.8
TOTAL COSTS	255.4	256.2	0.8

Ebit: +12.9% vs 9M 2018

€mn

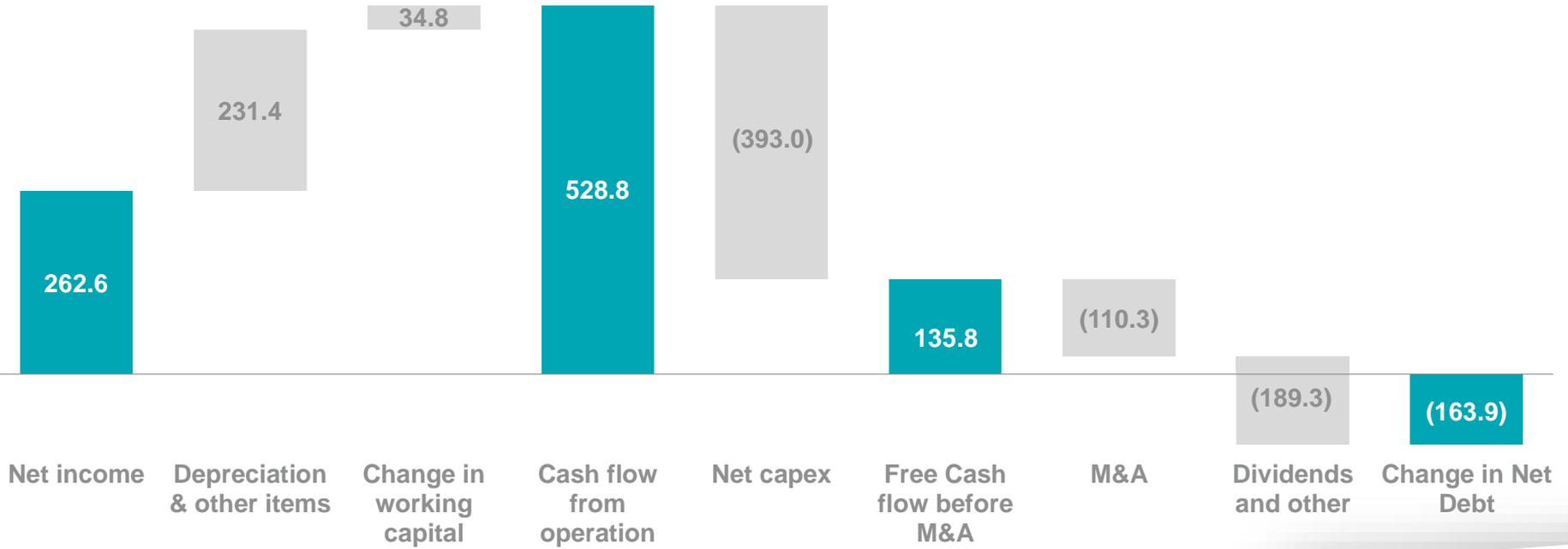


Net Income: + 16% vs 9M 2018



Consolidated Cash Flow

€mn



Debt Structure: solidity and efficiency

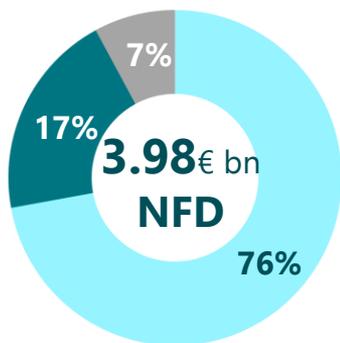
Debt Structure as at September 30th, 2019

Bond €600mn coupon 0.875% maturity Apr 2030

IRS EIB Loan €300mn all-in cost 0.42% maturity Nov 2029

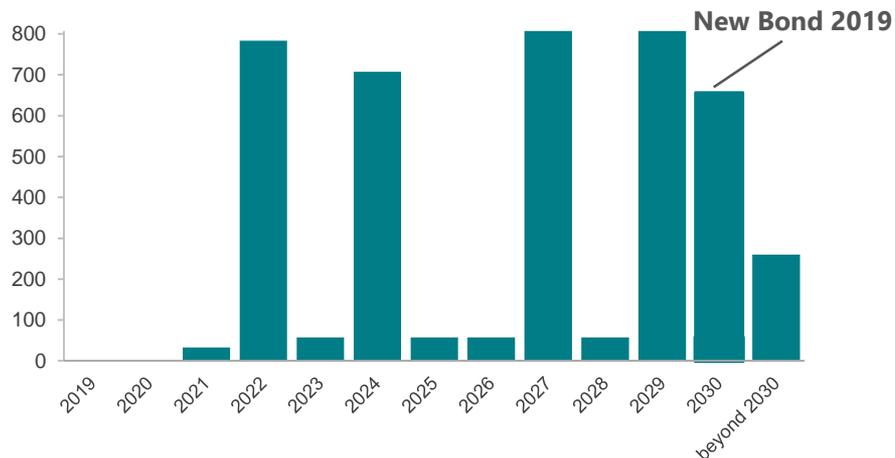
5.4 € bn

Total Committed Funds



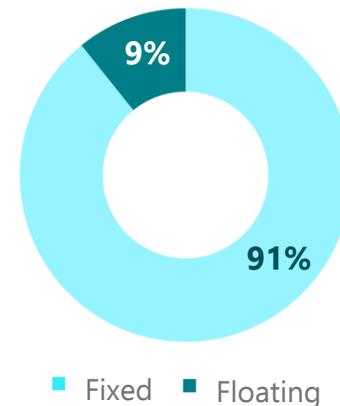
- Bond
- Institutional Lenders Financing (EIB)
- Banking Lines

No refinancing risks until 2022



Expected 2019 cost of debt
~1.2%

Fixed Floating ratio



- Fixed
- Floating

Balance sheet

€mn

	2018 Dec, 31st	9M 2019	Change
Net invested capital	5,193.5	5,438.3	244.8
Fixed capital	5,284.1	5,514.0	229.9
Tangible fixed assets	259.2	287.3	28.1
Net intangible fixed assets	4,982.8	5,230.9	248.1
Net payables investments	- 133.1	- 185.8	- 52.7
Equity-accounted and other investments	175.2	181.6	6.4
Net working capital	5.7	26.7	21.0
Receivables	737.1	721.2	- 15.9
Liabilities	- 731.4	- 694.5	36.9
Provisions for employee benefits	- 107.9	- 102.8	5.1
Assets held for sale and directly related liabilities	11.6	0.4	- 11.2
Net financial debt	3,814.3	3,978.2	163.9
Financial debt for operating leases (IFRS 16)	49.9	68.6	18.7
Shareholders' equity	1,329.3	1,391.5	62.2



Q & A





Annexes



Income statement

€mn	2018 3 rd Quarter	2019 3 rd Quarter	Change
Revenues	289.0	307.5	18.5
Operating expenses	- 84.0	- 80.7	3.3
EBITDA	205.0	226.8	21.8
Depreciation & amortisation	- 94.1	- 91.5	2.6
EBIT	110.9	135.3	24.4
Net interest income (expenses)	- 11.9	- 13.1	- 1.2
Net income from associates	5.6	5.4	- 0.2
EBT	104.6	127.6	23.0
Income taxes	- 28.9	- 31.2	- 2.3
NET PROFIT	75.7	96.4	20.7

Income statement

€mn	2019 1 st Quarter	2019 2 nd Quarter	2019 3 rd Quarter
Revenues	310.8	298.6	307.5
Operating expenses	- 91.6	- 83.9	- 80.7
EBITDA	219.2	214.7	226.8
Depreciation & amortisation	- 95.6	- 96.7	- 91.5
EBIT	123.6	118.0	135.3
Net interest income (expenses)	- 12.2	- 11.9	- 13.1
Net income from associates	5.8	6.0	5.4
EBT	117.2	112.1	127.6
Income taxes	- 30.9	- 32.2	- 31.2
NET PROFIT	86.3	79.9	96.4

Toscana Energia key figures

Key financials¹

€m	2016A	2017A	2018A
RAB	813	820	833
Capex	50	53	54
NFP	369	389	398
Revenues	134	138	143
o/w Distribution	125	128	133
% Distribution growth	2.3%	2.7%	3.7%
EBITDA	98	102	104
% Margin	73.1%	74.0%	72.7%
EBIT	63	60	58
% Margine	47.3%	43.2%	40.9%
Net Income	40	40	41
% Margin	30.2%	29.3%	29.1%
RdP ('000)	789	792	794
Concessions	104	103	102
Employees	457	458	454
Network (km)	7,788	7,866	7,900
Gas Volume (mcm)	1,087	1,140	1,134

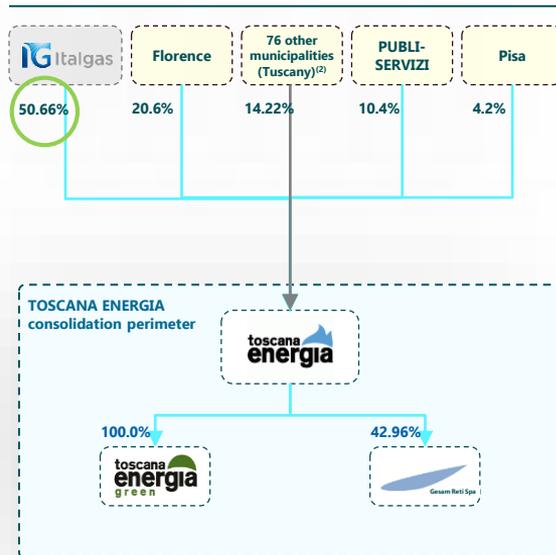
Note:

(1) Consolidated financials.

(2) Each with stake <2%.

○ From October 1st 2019

Shareholding Structure



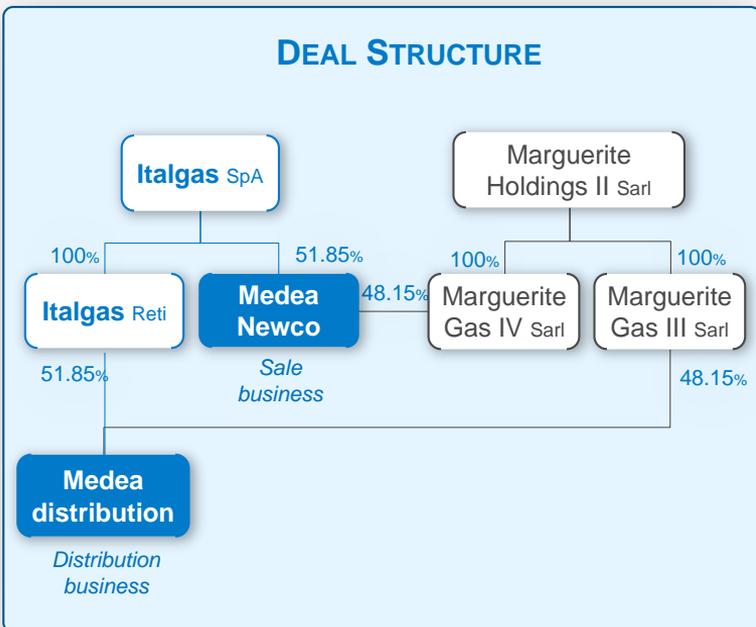
Transaction rationale

- The transaction would allow Italgas to fully consolidate RAB (€ 833 mn) & EBITDA (€ 104 mn)
- Consolidation outcomes:
 - Operational & financial efficiencies
 - Full value from tenders in Toscana Region

✓ Consolidated in 4Q 2019

— Sardinia – transaction with Marguerite II Fund

DEAL STRUCTURE



Transaction details

- ❖ Sale of 48.15% of both Medea Distribution and Medea Newco
- ❖ EV recognized (as at 31.12.2018) for 100% Medea assets in Sardinia equal to **€91.2mn, corresponding to a premium of ~ 25% vs Italgas disbursements** for acquisitions and relevant capex up to YE 2018 (~ € 73 mn)
- ❖ Marguerite II Fund **equity commitment equal to ~ €69m** for shares acquisition and capital increases (2019-2025 capex development plan)
- ❖ Closing expected by year end 2019

Deal rationale

- ✓ **Unlocking of a "market value" for the whole project**
- ✓ **Reputable financial investor with an institutional profile and long-term investment approach**

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.

Words such as 'expects', 'anticipates', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', variations of such words, and similar expressions are intended to identify such forward-looking statements.

These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future.

Therefore, Italgas's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, political, economic and regulatory developments in Italy and internationally.

Any forward-looking statements made by or on behalf of Italgas speak only as of the date they are made. Italgas does not undertake to update forward-looking statements to reflect any changes in Italgas's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The reader should, however, consult any further disclosures Italgas may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.



3Q 2019 Consolidated Results

7th November 2019, Milan

