



FY 2020 results

Milan

11.03.2021



2020 MAIN TAKEAWAYS

**Covid impact contained, while ensuring safety of all our people
and best in class network performance**

Numbers in line with targets

New bonds issuance confirms attractiveness of our debt

**Sustainability effort recognised by ESG rating agencies resulting
in indexes inclusion confirmation**

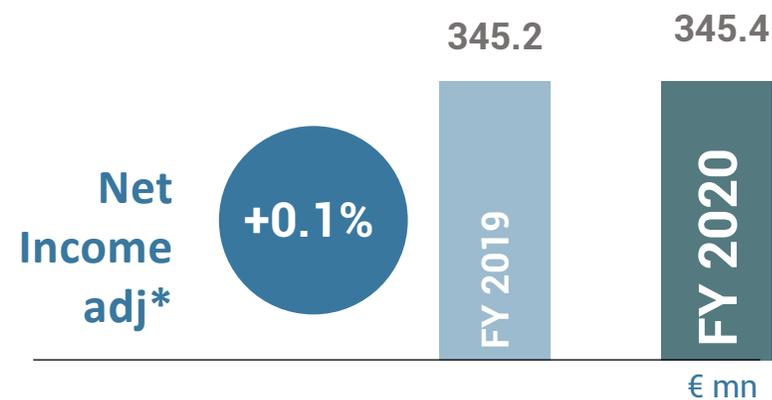
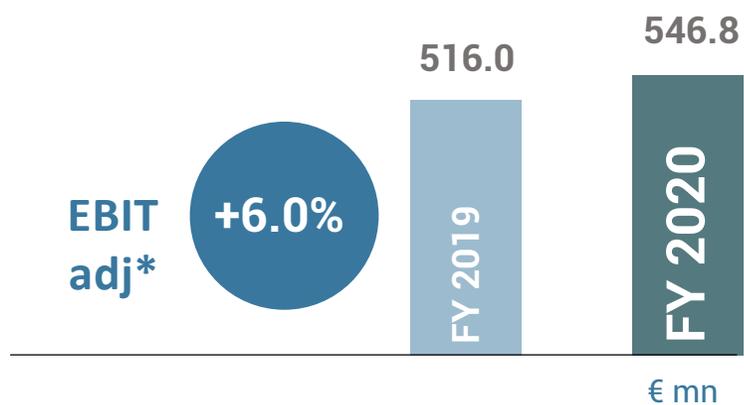
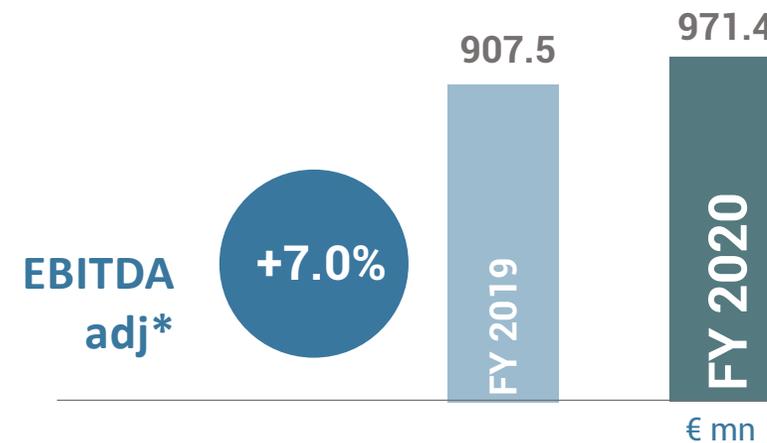
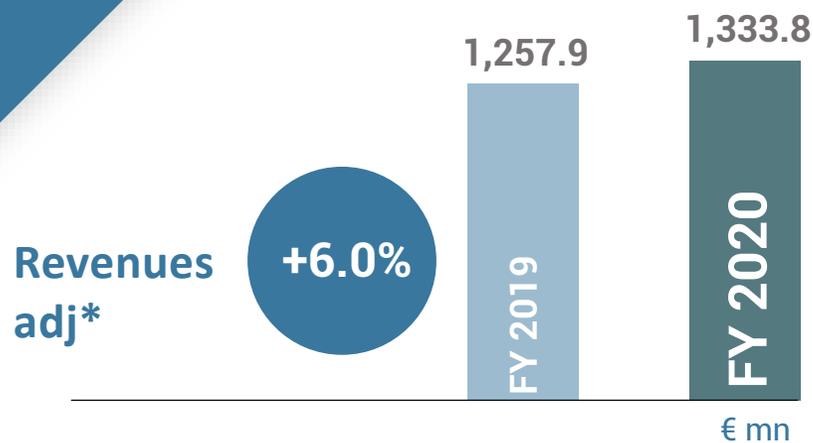
Keep creating value for our shareholders

We propose a DPS of € 0.277

FY 2020 RESULTS

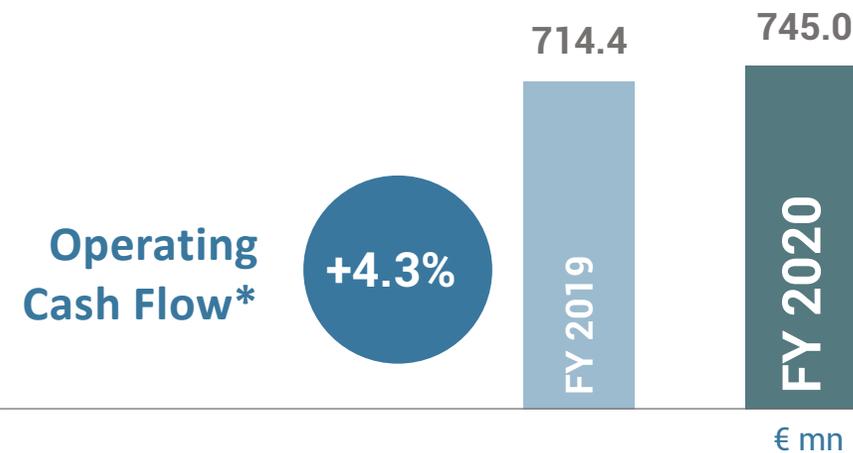
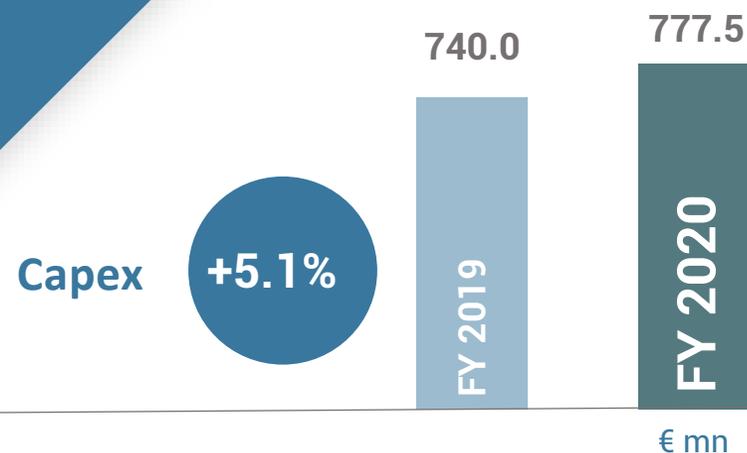
Key highlights

2020 targets met



FY 2020 RESULTS

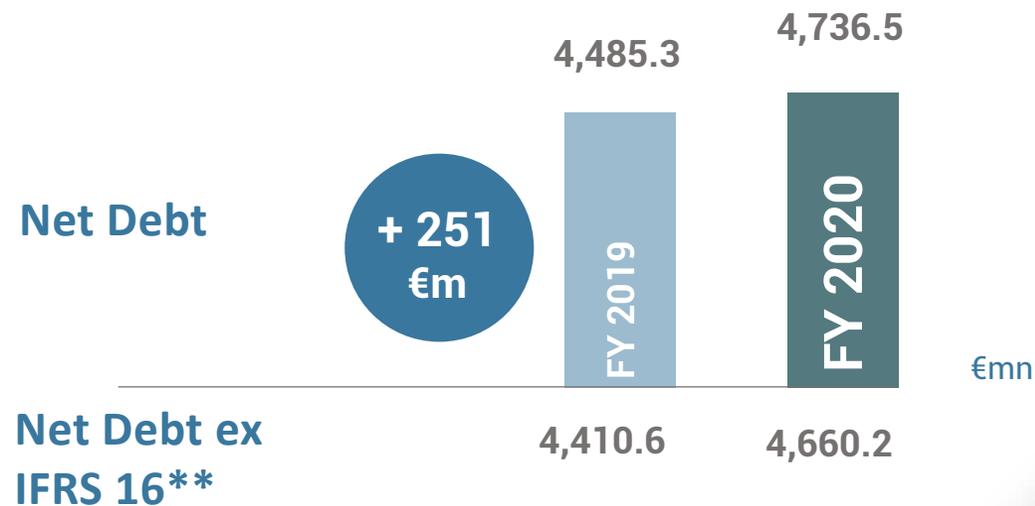
Key highlights



Capex at new all time highs

Cashflow generation capacity confirmed

Net Debt increased as a result of higher capex and supply chain support



(* Including operating leases

(**) Operating leases ex IFRS 16 €76.3mn at the end of 2020 and €74.7mn at the end of 2019

FY 2020 SUSTAINABILITY

Key highlights

Continuous effort to improve sustainability performance and accountability



ENVIRONMENT

- Gas leakage rate* 0.1%
- Energy intensity** -5.4% vs 2019
- >95% of network inspected for leaks detection with Picarro Surveyor
- Digitisation investments to enhance and optimise grid management and maintenance (gas and water)
- Sardinia methanisation ongoing

SOCIAL

- More than 20,000 hours training on digitization topics
- Increased share of woman in the workforce to 15%
- Workforce empowerment and safety focus, considering also Covid-19 implications

GOVERNANCE

- Sustainability KPIs in the remuneration scheme of CEO and top management
- 67% independent directors in the board, including the Chairman***
- Integrated annual report (2020 FY results)
- Integration of ESG and climate risks in the Enterprise Risk Management

(*) Gas emissions / gas distributed

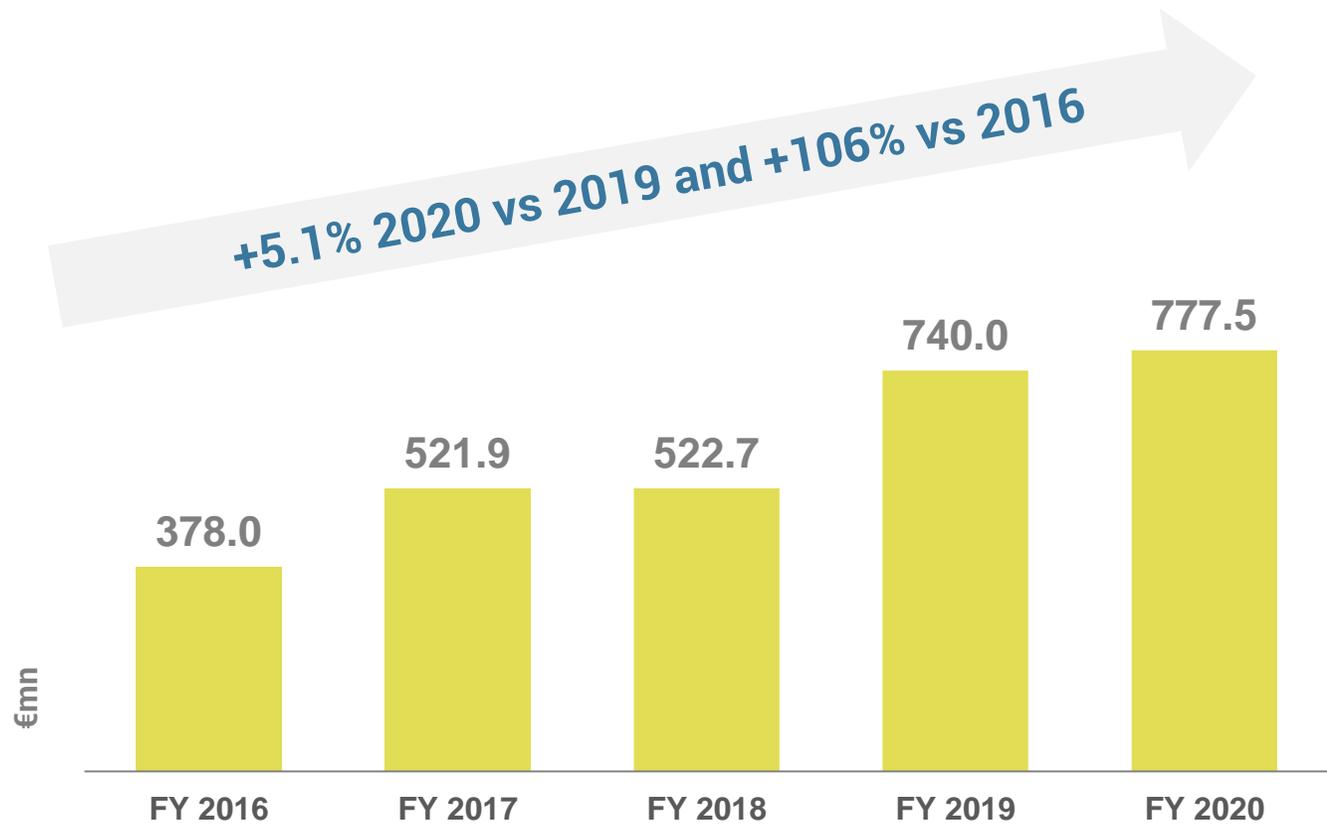
(**) Energy intensity calculated as the ratio between total energy consumption and gas distributed

(***) Based on assessment of 10 March 2021 and Corporate Governance Code applicable from 1 January 2021

CAPEX

FY 2020 marks a new record

New record highs achieved in 2020, led by network capex growth and despite Covid19 impact



CAPEX

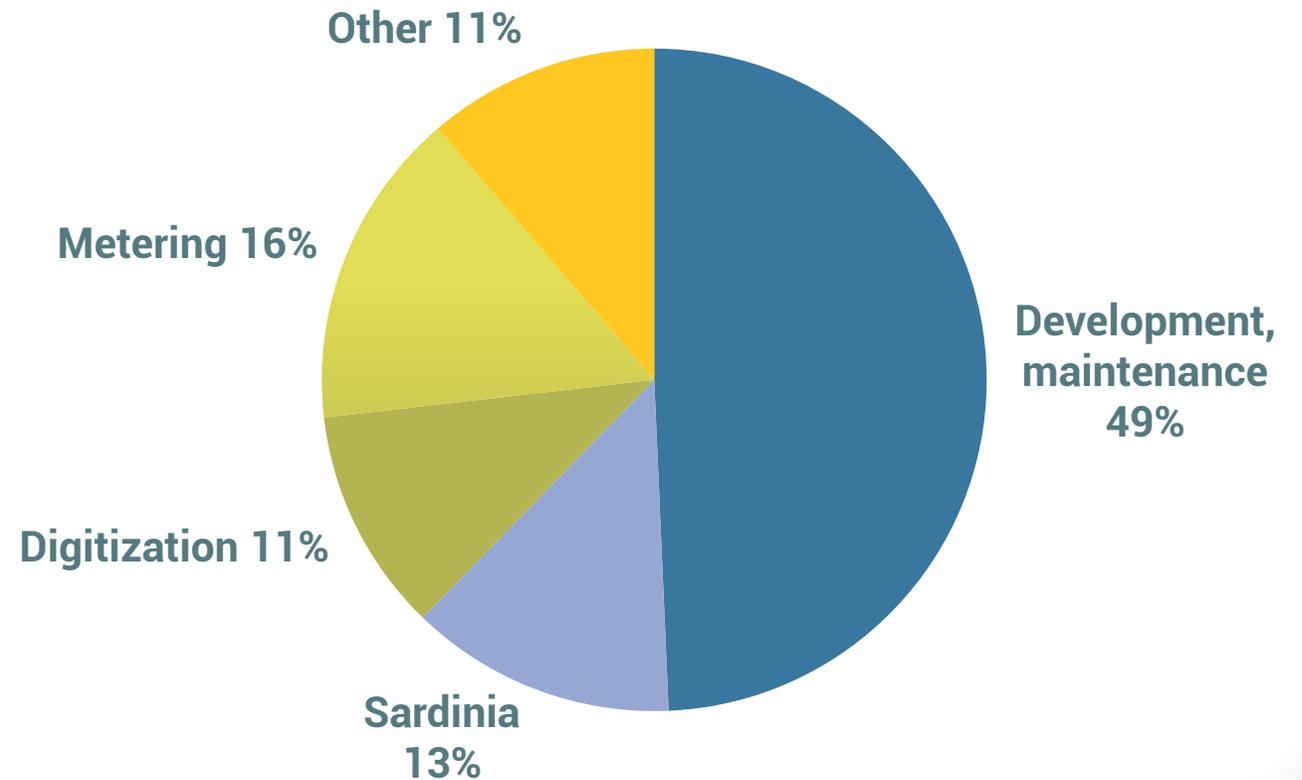
Mix changes, meters replacement plan close to end

905km new networks pipes of which 334km in Sardinia

1.22m new smart meters installed**

FY 2020

€777.5mn* +5,1% yoy



(*) including IFRS 16

(**) of which 0.79m related to the replacement of traditional meters excluding affiliates

RESULTS

FY 2020

Reported vs
adjusted

€mn	FY 2020 reported	FY 2020 adjusted		special items
Revenues	1,442.2	1,333.8	108.4	<i>+108.4mn</i> mainly related to depreciation of traditional meters replaced with smart ones by 2019
Operating expenses	- 414.3	- 362.4	- 51.9	- <i>38.5mn</i> smart meters replacement fund provision - <i>13.0mn</i> severance plan fund provision - <i>0.4mn</i> co-investment plan
EBITDA	1,027.9	971.4	56.5	
Depreciation & amortisation	- 424.6	- 424.6	-	
EBIT	603.3	546.8	56.5	
Net interest income (expenses)	- 49.2	- 49.2	-	
Net income from associates	1.5	1.5	-	
EBT	555.6	499.1	56.5	
Income taxes	- 152.0	- 135.1	- 16.9	- <i>16.9mn</i> fiscal impact of non-recurring items
NET PROFIT before minorities	403.6	364.0	39.6	
Minorities	- 20.6	- 18.6	- 2.0	
NET PROFIT after minorities	383.0	345.4	37.6	

RESULTS

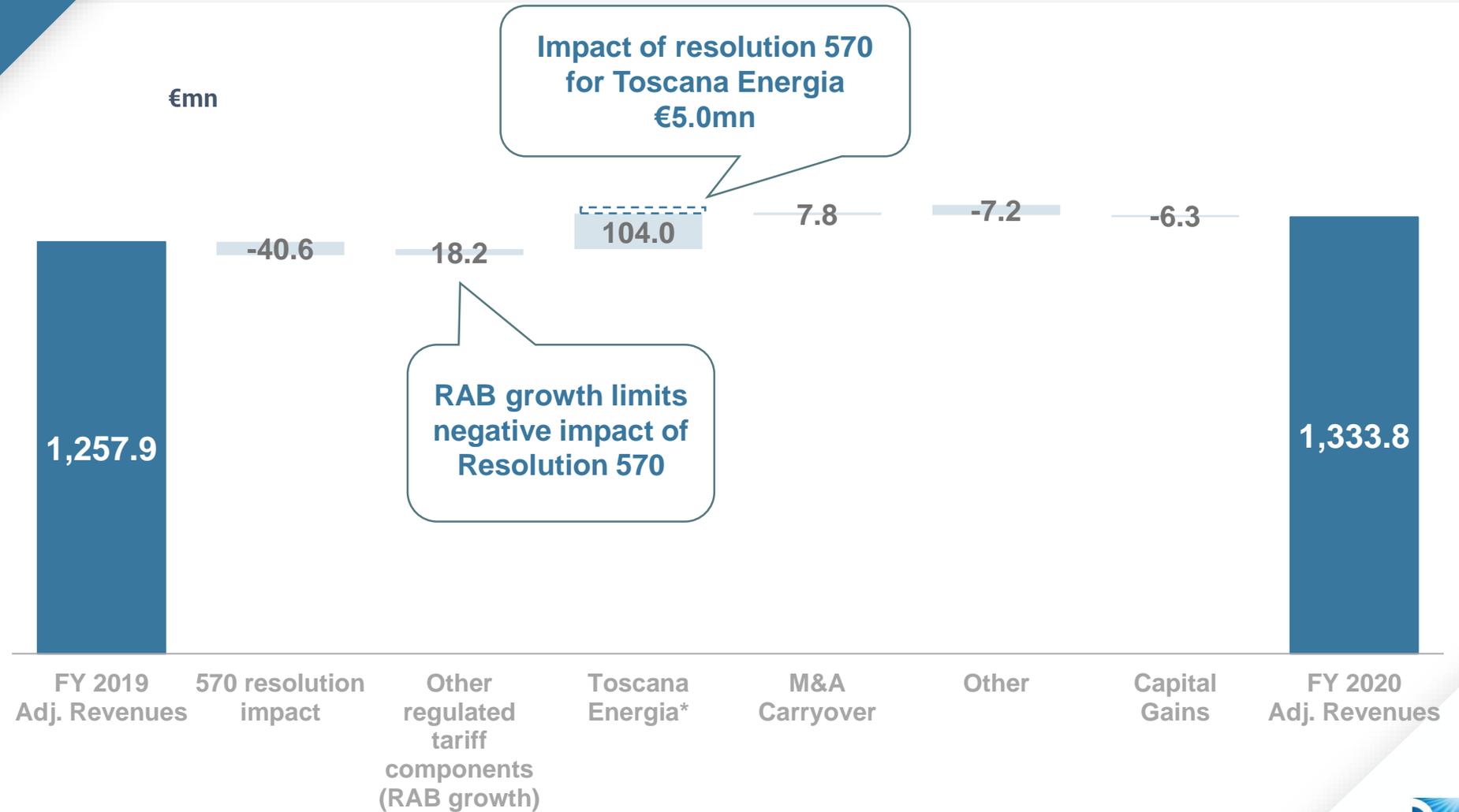
FY 2020 Adjusted

€mn	FY 2019 adjusted	FY 2020 adjusted	Change	
Revenues	1,257.9	1,333.8	75.9	
Operating expenses	- 350.4	- 362.4	- 12.0	
EBITDA	907.5	971.4	63.9	↑+ 7.0%
Depreciation & amortisation	- 391.5	- 424.6	- 33.1	
EBIT	516.0	546.8	30.8	↑+ 6.0%
Net interest income (expenses)	- 51.0	- 49.2	1.8	
Net income from associates	14.9	1.5	- 13.4	
EBT	479.9	499.1	19.2	
Income taxes	- 128.3	- 135.1	- 6.8	
NET PROFIT before minorities	351.6	364.0	12.4	
Minorities	- 6.4	- 18.6	- 12.2	
NET PROFIT after minorities	345.2	345.4	0.2	↑+ 0.1%

RESULTS

FY 2020 Adjusted

Adjusted Revenues +6.0% vs FY 2019



(*) Net of intercompany revenues change for €5.5 mn

RESULTS

FY 2020 Adjusted

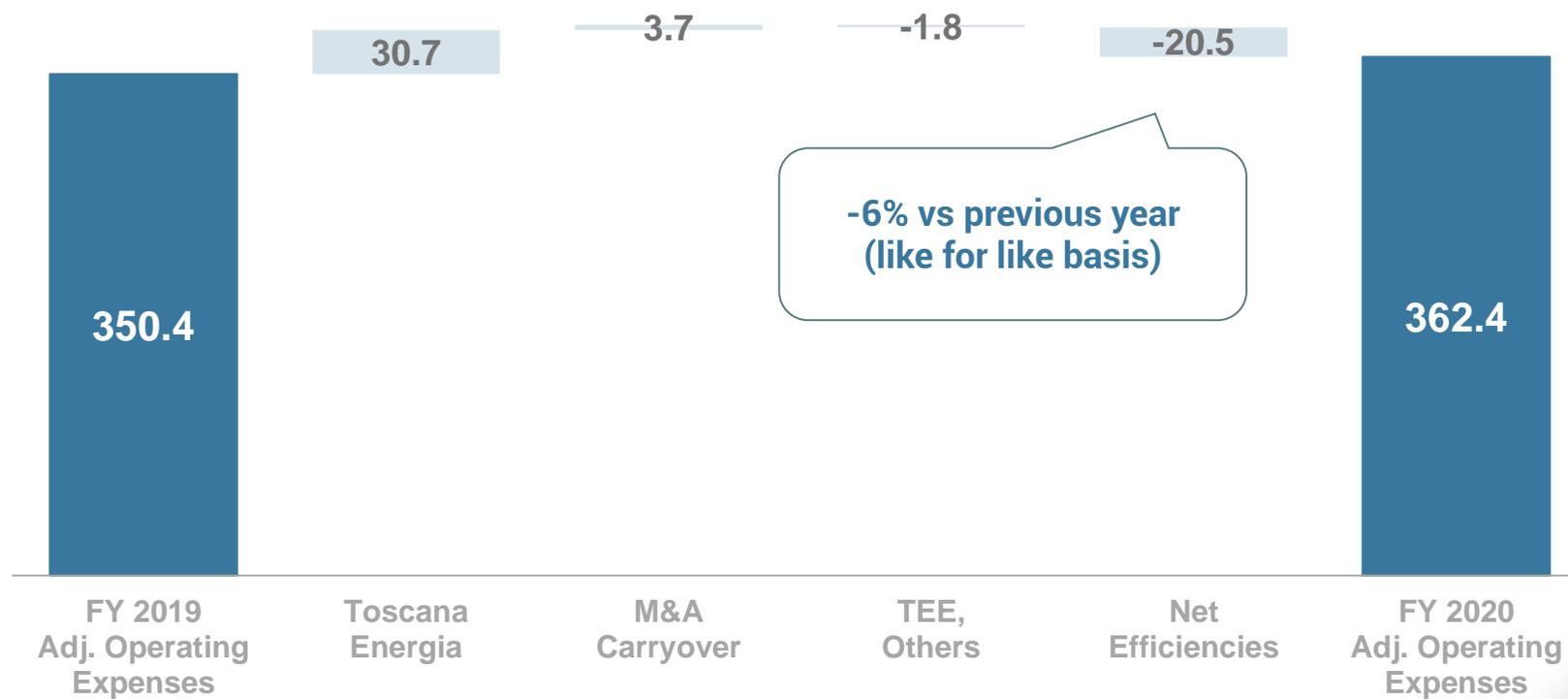
€mn	FY 2019 adjusted	FY 2020 adjusted	Change
Regulated revenues	1,206.9	1,285.9	79.0
Distribution	1,109.1	1,183.7	74.6
Tariff contribution for meters replacement	22.9	30.2	7.3
Other distribution revenues	74.9	72.0	- 2.9
Other revenues	51.0	47.9	- 3.1
TOTAL REVENUES	1,257.9	1,333.8	75.9

RESULTS

FY 2020
Adjusted

Adjusted Operating expenses +3.4% vs FY 2019

€mn



(*) Net of change of intercompany operating expenses for €5.5 mn

RESULTS

FY 2020 Adjusted

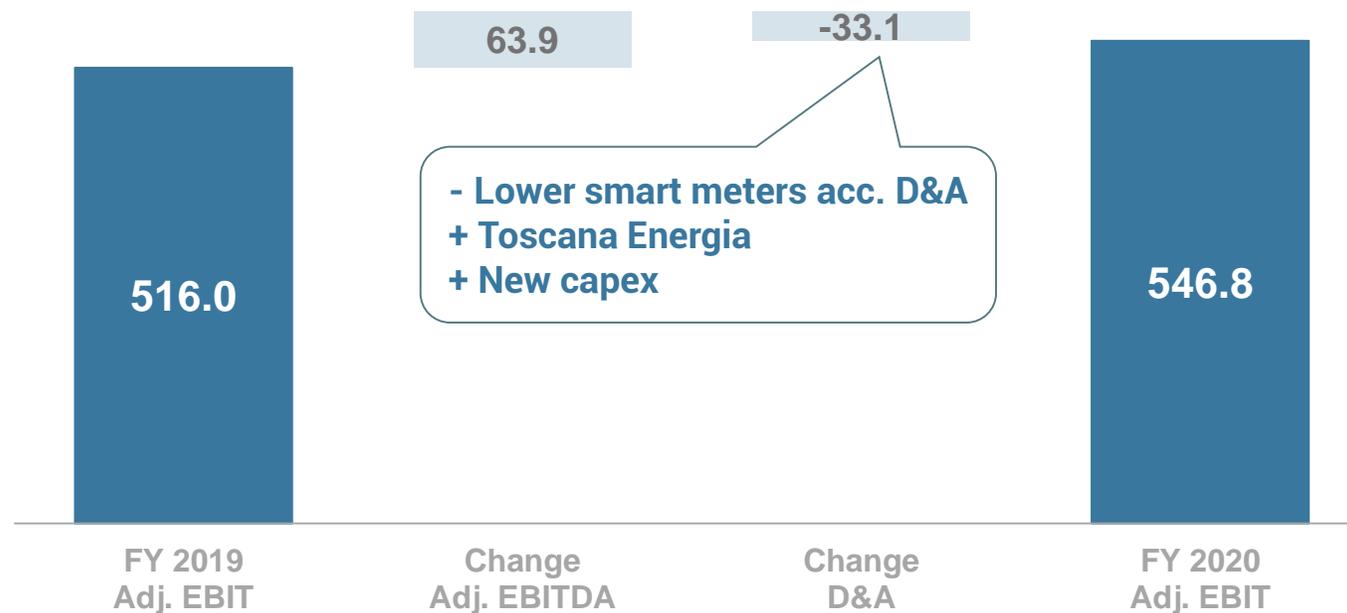
€mn	FY 2019 adjusted	FY 2020 adjusted	Change
Distribution fixed costs	254.7	258.1	3.4
Net labour cost	144.1	145.3	1.2
Net external cost	110.6	112.8	2.2
Other activities	22.9	24.9	2.0
Net labour cost	2.1	3.6	1.5
Net external cost	20.8	21.3	0.5
Other costs	2.2	6.4	4.2
Tee	7.8	5.0	- 2.8
Concessions fees	62.8	68.0	5.2
TOTAL COSTS	350.4	362.4	12.0

RESULTS

FY 2020
Adjusted

Adjusted Ebit +6.0% vs FY 2019

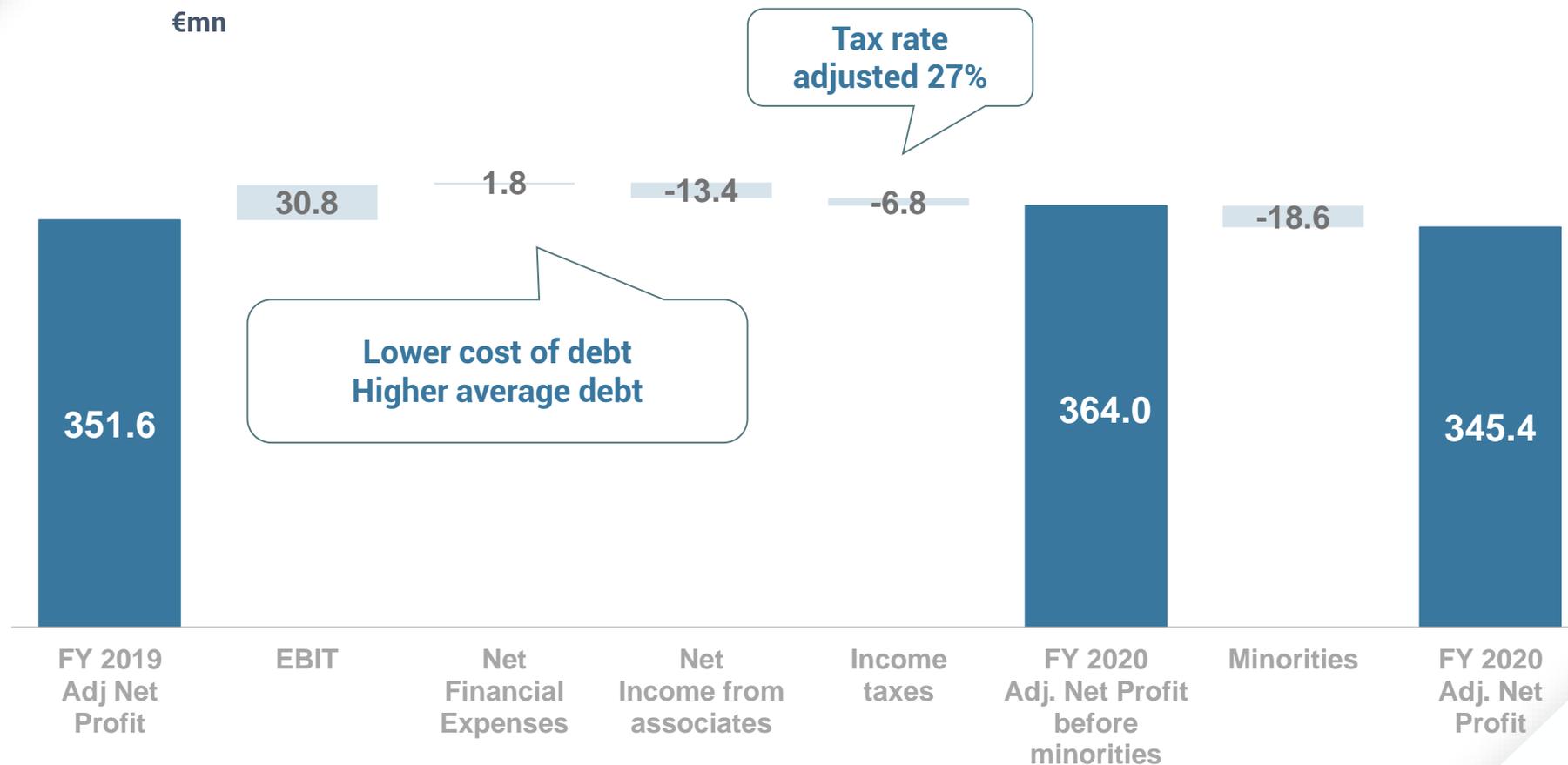
€mn



RESULTS

FY 2020
Adjusted

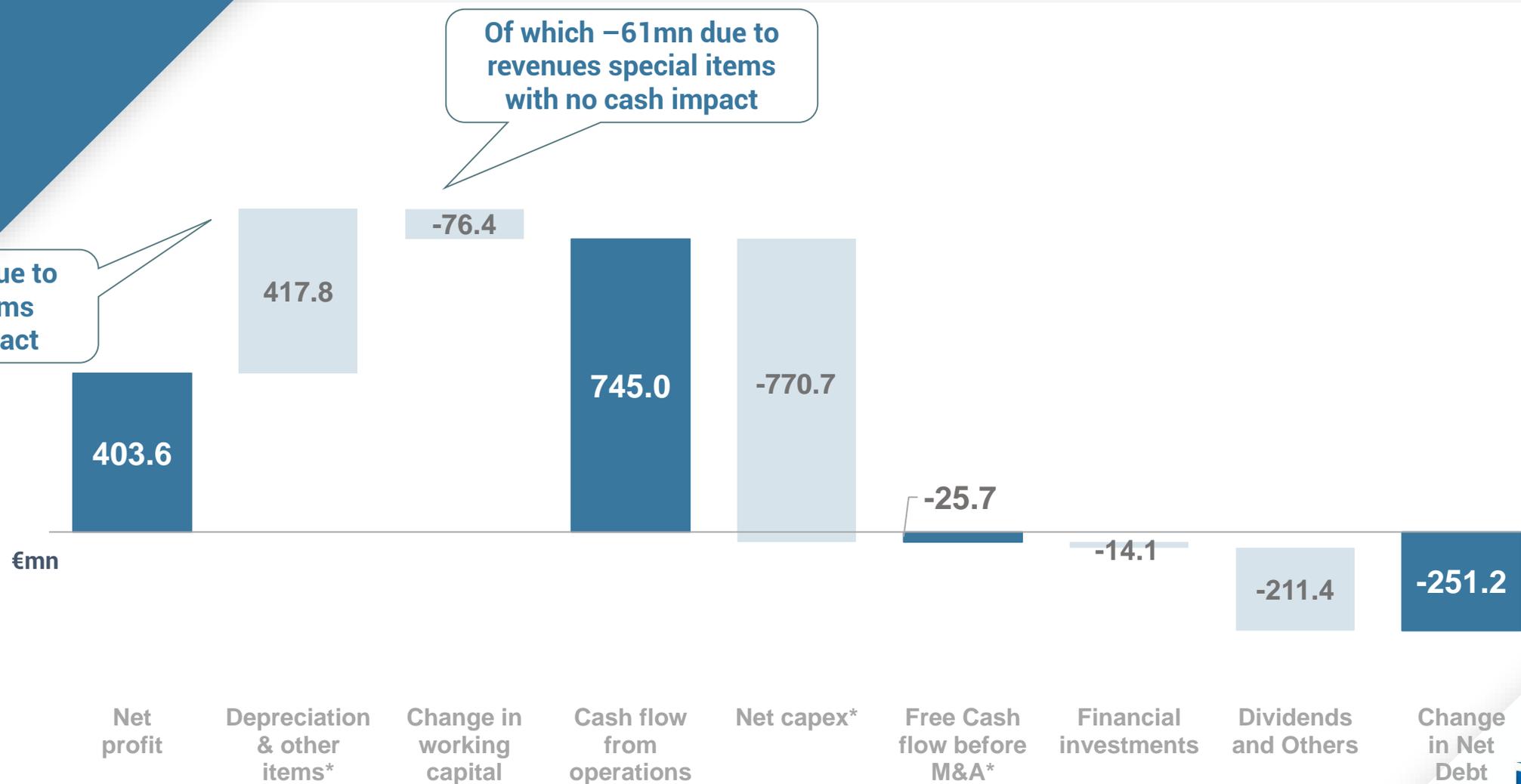
Adjusted Net Profit after minorities in line with FY 2019



RESULTS

FY 2020

Cash Flow



(*) includes IFRS16 effects

FINANCIAL STRATEGY

A key source of value creation

Limited refinancing and liquidity needs

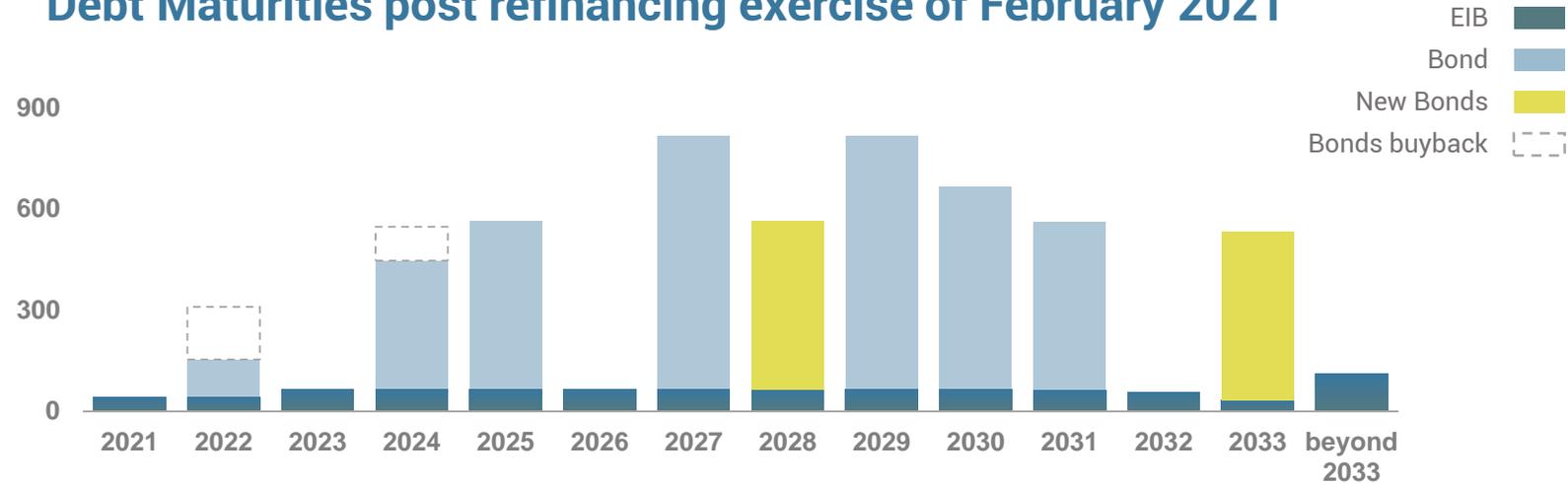
Low exposure to interest rates volatility

Long debt tenor

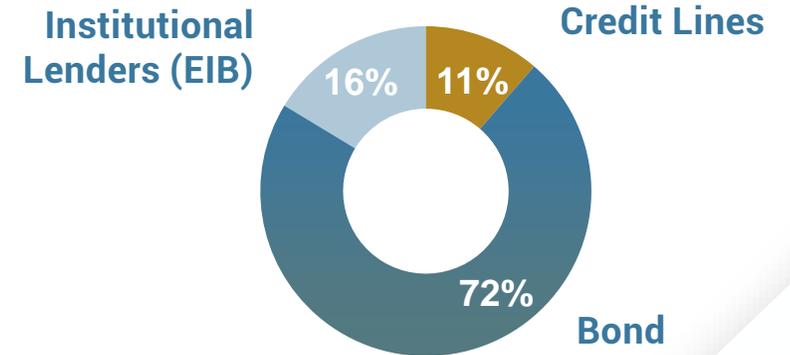
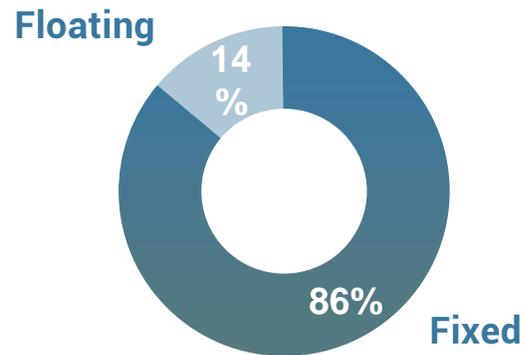
Best in class cost of debt below 1% in 2020

New €1bn dual-tranche bond issue completed in February 2021

Debt Maturities post refinancing exercise of February 2021



FY 2020 Gross Debt Structure*



(*) excluding IFRS16

RESULTS

FY 2020

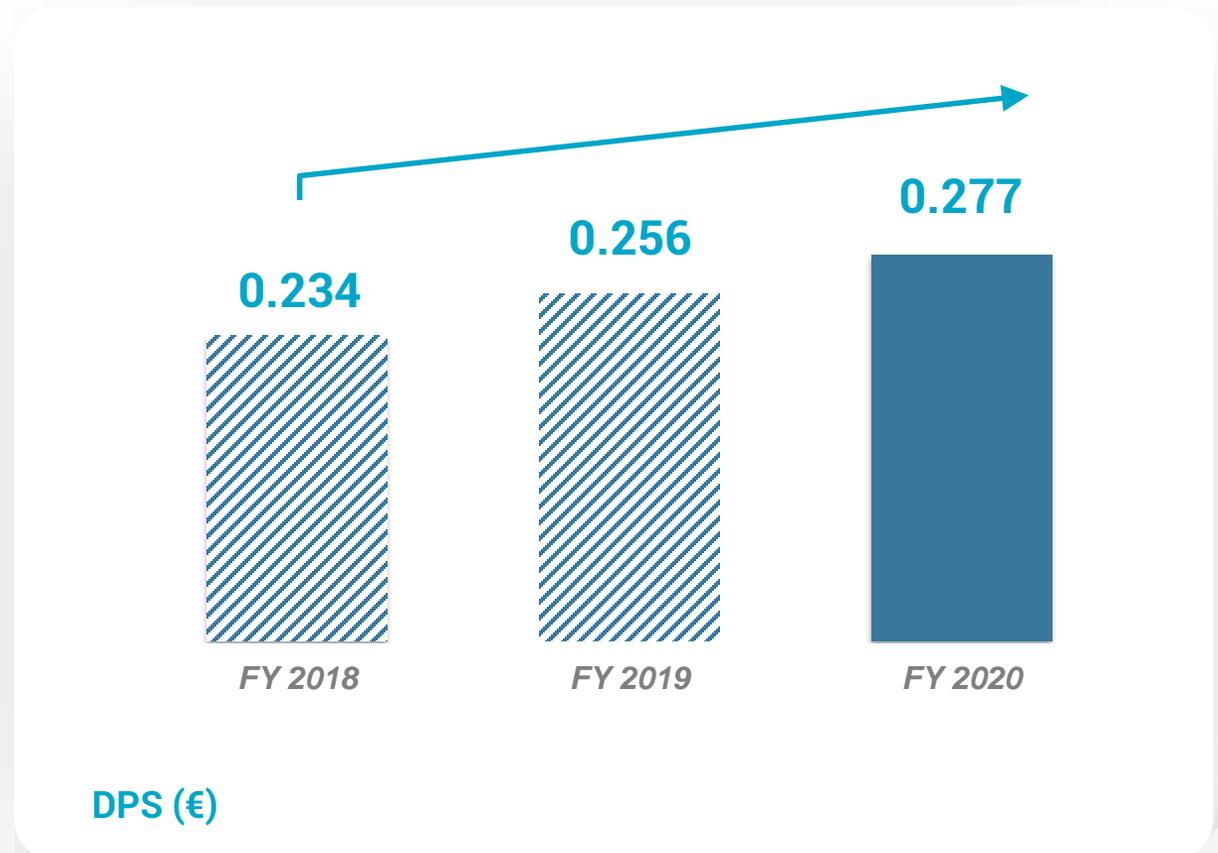
€mn	FY 2019	FY 2020	Change
Net invested capital	6,280.2	6,717.5	437.3
Fixed capital	6,335.0	6,712.3	377.3
Tangible fixed assets	350.0	369.9	19.9
Net intangible fixed assets	6,176.1	6,516.6	340.5
Net payables investments	- 225.0	- 208.6	16.4
Equity-accounted and other investments	33.9	34.4	0.5
Net working capital	56.3	109.7	53.4
Provisions for employee benefits	- 113.2	- 104.6	8.6
Assets held for sale and directly related liabilities	2.1	0.1	- 2.0
Net financial debt	4,485.3	4,736.5	251.2
Financial debt for operating leases (IFRS 16)	74.7	76.3	1.6
Net financial debt ex operating leases	4,410.6	4,660.2	249.6
Shareholders' equity	1,794.9	1,981.0	186.1

SHAREHOLDERS' REMUNERATION

Allows investors to keep benefitting from underlying growth & efficiencies delivering additional value

Dividend proposal 65% payout

implies 8.2% growth vs 2019
and 18.4% growth vs 2018



APPENDIX

RESULTS

FY 2020

€mn	FY 2019 reported	FY 2020 reported	FY 2019 adjusted	FY 2020 adjusted	Change*
Revenues	1,257.9	1,442.2	1,257.9	1,333.8	75.9
Operating expenses	- 350.4	- 414.3	- 350.4	- 362.4	- 12.0
EBITDA	907.5	1,027.9	907.5	971.4	63.9
Depreciation & amortisation	- 391.5	- 424.6	- 391.5	- 424.6	- 33.1
EBIT	516.0	603.3	516.0	546.8	30.8
Net interest income (expenses)	- 69.3	- 49.2	- 51.0	- 49.2	1.8
Net income from associates	100.8	1.5	14.9	1.5	- 13.4
EBT	547.5	555.6	479.9	499.1	19.2
Income taxes	- 123.9	- 152.0	- 128.3	- 135.1	- 6.8
NET PROFIT before minorities	423.6	403.6	351.6	364.0	12.4
Minorities	- 6.4	- 20.6	- 6.4	- 18.6	- 12.2
NET PROFIT after minorities	417.2	383.0	345.2	345.4	0.2

(*) adjusted numbers

RESULTS

FY 2020 Reported

€mn	FY 2019 reported	FY 2020 reported	Change	Of which special items
Revenues	1,257.9	1,442.2	184.3	2020 +108.4mn mainly related to depreciation of traditional meters replaced with smart ones by 2019
Operating expenses	- 350.4	- 414.3	- 63.9	2020 -51.9mn mainly severance plan fund provisions and smart meters replacement fund provision
EBITDA	907.5	1,027.9	120.4	
Depreciation & amortisation	- 391.5	- 424.6	- 33.1	
EBIT	516.0	603.3	87.3	
Net interest income (expenses)	- 69.3	- 49.2	20.1	2019 -18.3mn liability management costs pre-tax
Net income from associates	100.8	1.5	- 99.3	2019 +85.9mn positive capital gain on Toscana Energia
EBT	547.5	555.6	8.1	
Income taxes	- 123.9	- 152.0	- 28.1	2020 -16.9mn fiscal impact of non recurring items 2019 -4.4mn fiscal impact of non recurring items
NET PROFIT before minorities	423.6	403.6	- 20.0	
Minorities	- 6.4	- 20.6	- 14.2	
NET PROFIT after minorities	417.2	383.0	- 34.2	

RESULTS

P&L quarterly
adjusted
numbers

€mn	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Revenues	327.1	319.7	331.2	355.8
Operating expenses	- 99.8	- 84.3	- 78.2	- 100.1
EBITDA	227.3	235.4	253.0	255.7
Depreciation & amortisation	- 104.4	- 105.5	- 106.1	- 108.6
EBIT	122.9	129.9	146.9	147.1
Net interest income (expenses)	- 13.4	- 13.0	- 13.8	- 9.0
Net income from associates	0.9	0.1	0.2	0.3
EBT	110.4	117.0	133.3	138.4
Income taxes	- 29.9	- 34.7	- 35.6	- 34.9
NET PROFIT before minorities	80.5	82.3	97.7	103.5
NET PROFIT after minorities	74.9	78.5	93.1	98.9

RESULTS

4Q 2020
adjusted
numbers

€mn

	4Q 2019	4Q 2020	Change
Revenues	341.0	355.8	14.8
Operating expenses	- 94.2	- 100.1	- 5.9
EBITDA	246.8	255.7	8.9
Depreciation & amortisation	- 107.7	- 108.6	- 0.9
EBIT	139.1	147.1	8.0
Net interest income (expenses)	- 13.8	- 9.0	4.8
Net income from associates	- 2.3	0.3	2.6
EBT	123.0	138.4	15.4
Income taxes	- 34.0	- 34.9	- 0.9
NET PROFIT before minorities	89.0	103.5	14.5
NET PROFIT after minorities	82.6	98.9	16.3

THE LEADING GAS DISTRIBUTOR in ITALY

	OPERATING HIGHLIGHTS (TOTAL)	OF WHICH AFFILIATES
Network length	73,058 km	1,873 km
Municipalities	1,887	61
Redelivery Points	7.749 mn	0.154 mn
Market Share ⁽¹⁾	35%	0.1%
Employees	4,029	44

(1) Calculated by redelivery points



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