



# 1H 2020 consolidated results

Milan

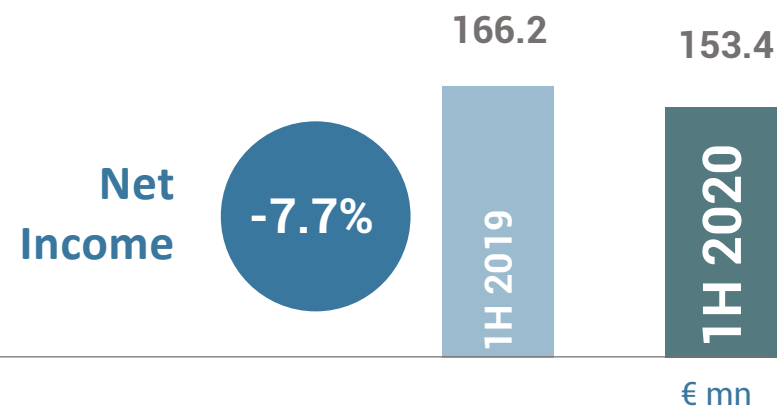
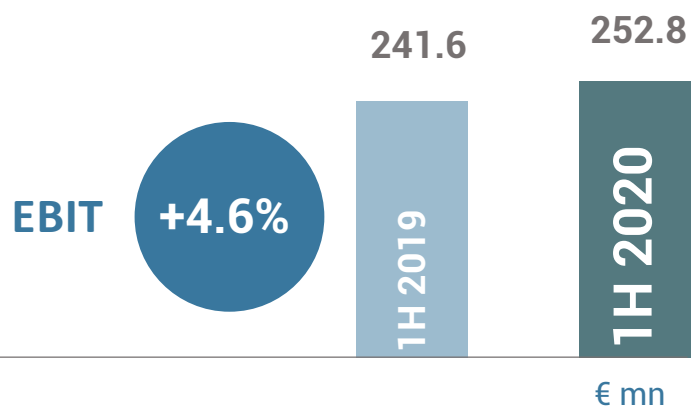
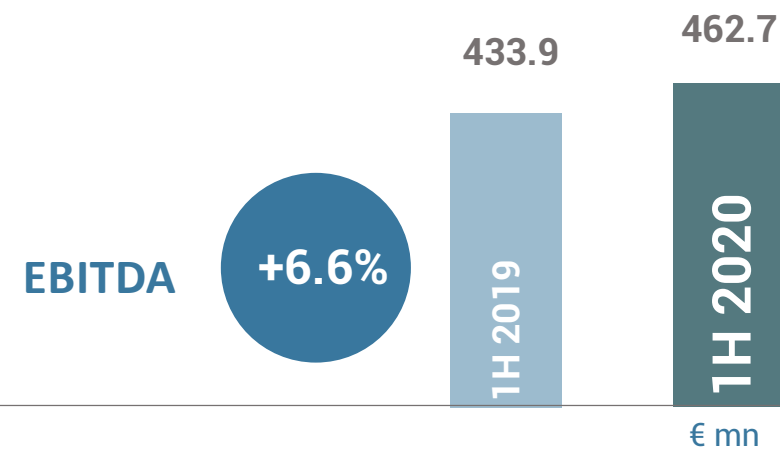
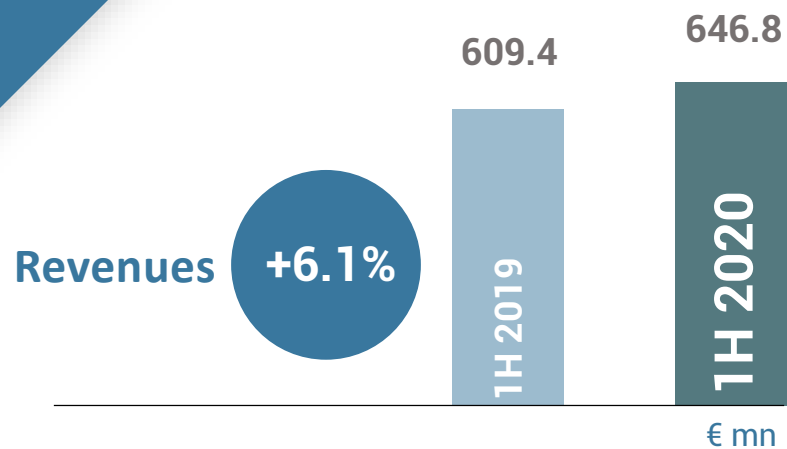
27.07.2020



# 1H 2020 RESULTS

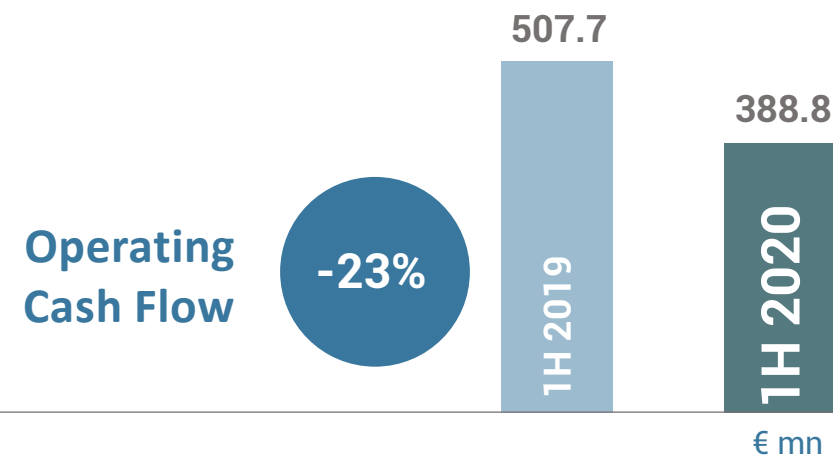
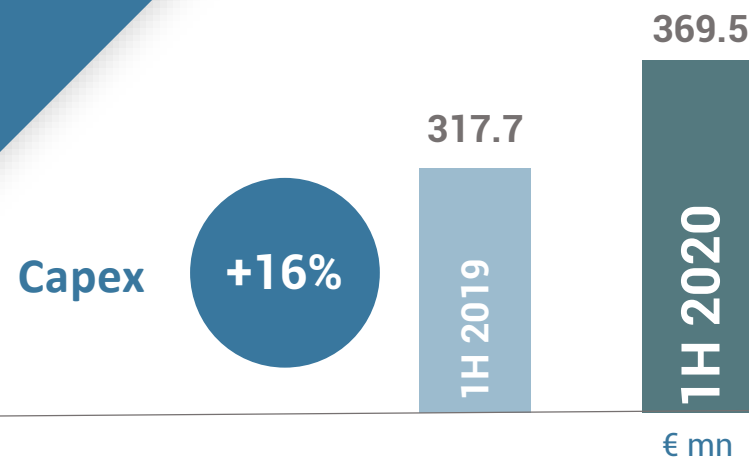
## Key highlights

2Q saw at operating level an acceleration of the trends of 1Q  
The negative impacts of resolution 570 and Covid-19 were mitigated



# 1H 2020 RESULTS

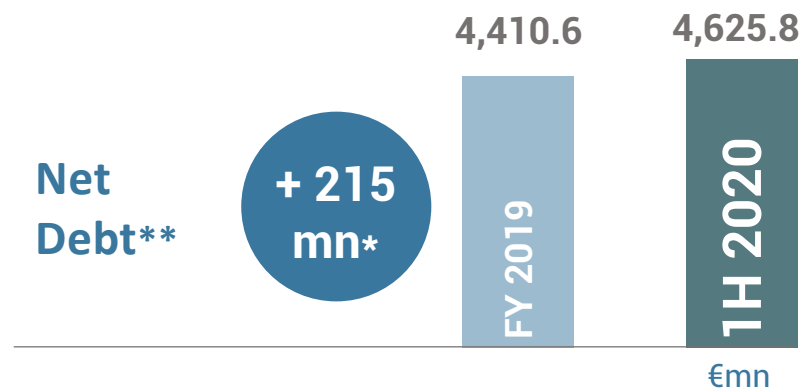
## Key highlights



Capex was up 16%, despite Covid-19

Operating Cashflow declined due to differences in working capital (TEE, regulation & taxes) that will be recovered

Net Debt grew as a result



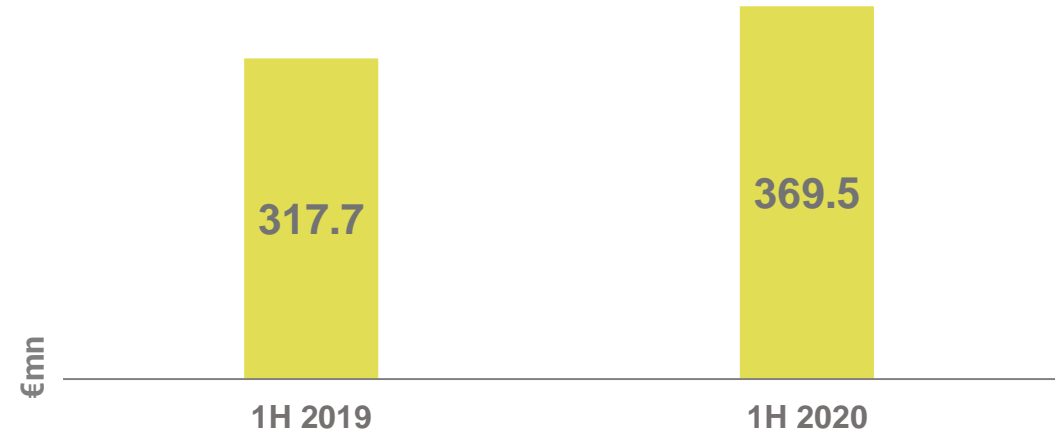
(\*) versus 31/12/2019,

(\*\*) excluding €75.5 mn for operating leases ex IFRS16 at 1H 2020 and €74.7 mn in 2019

# CAPEX

1H 2020 marks a new high

1H capex +16% yoy of which c90mn in digitization\*

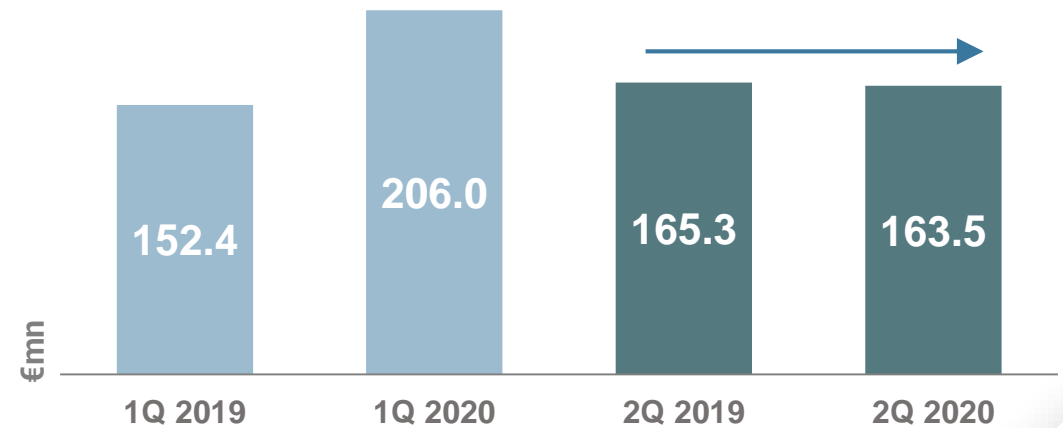


Investment activity: we confirm our target

Network construction supported by effort on digitization

Access to private properties remained difficult in June

2Q capex almost in line with 2Q 2019 despite Covid-19 related lock down



\* digitization and smart meters

# CAPEX

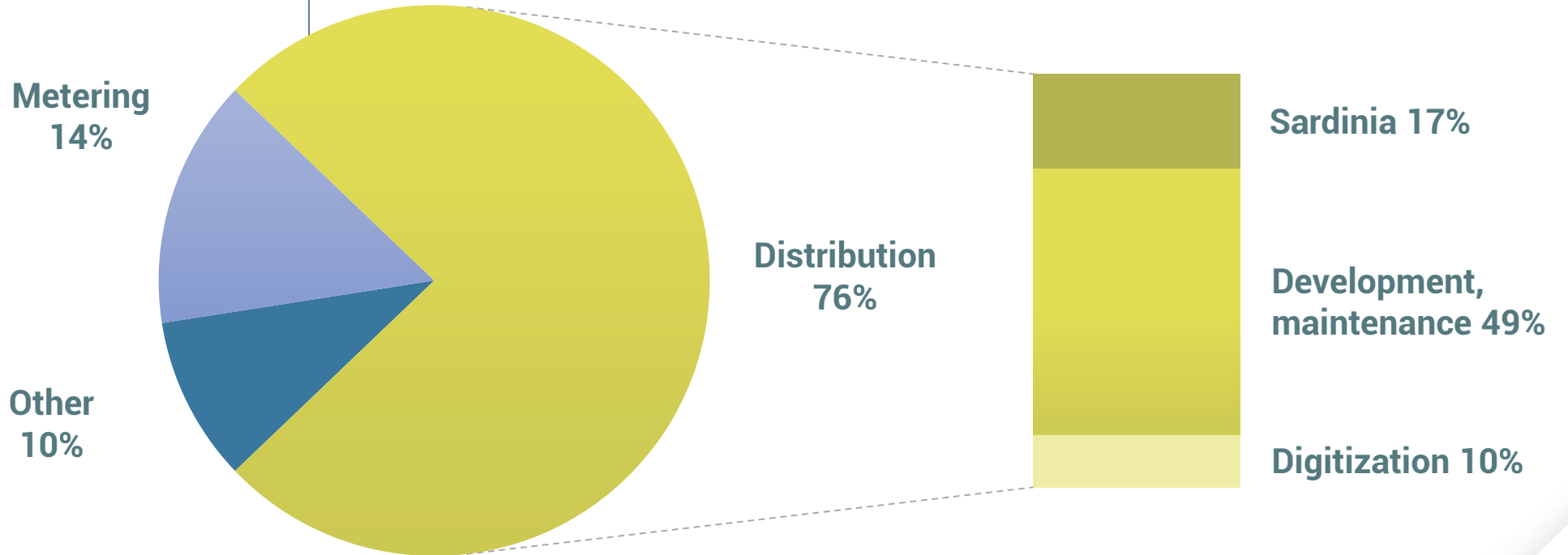
Some changes  
in mix

1H 2020

486km new networks pipes built of which 216km in Sardinia

555k\* new smart meters installed

14.7k\*\* net increase in active PDR connected since January



(\*) of which 411k related to the replacement of traditional meters including affiliates

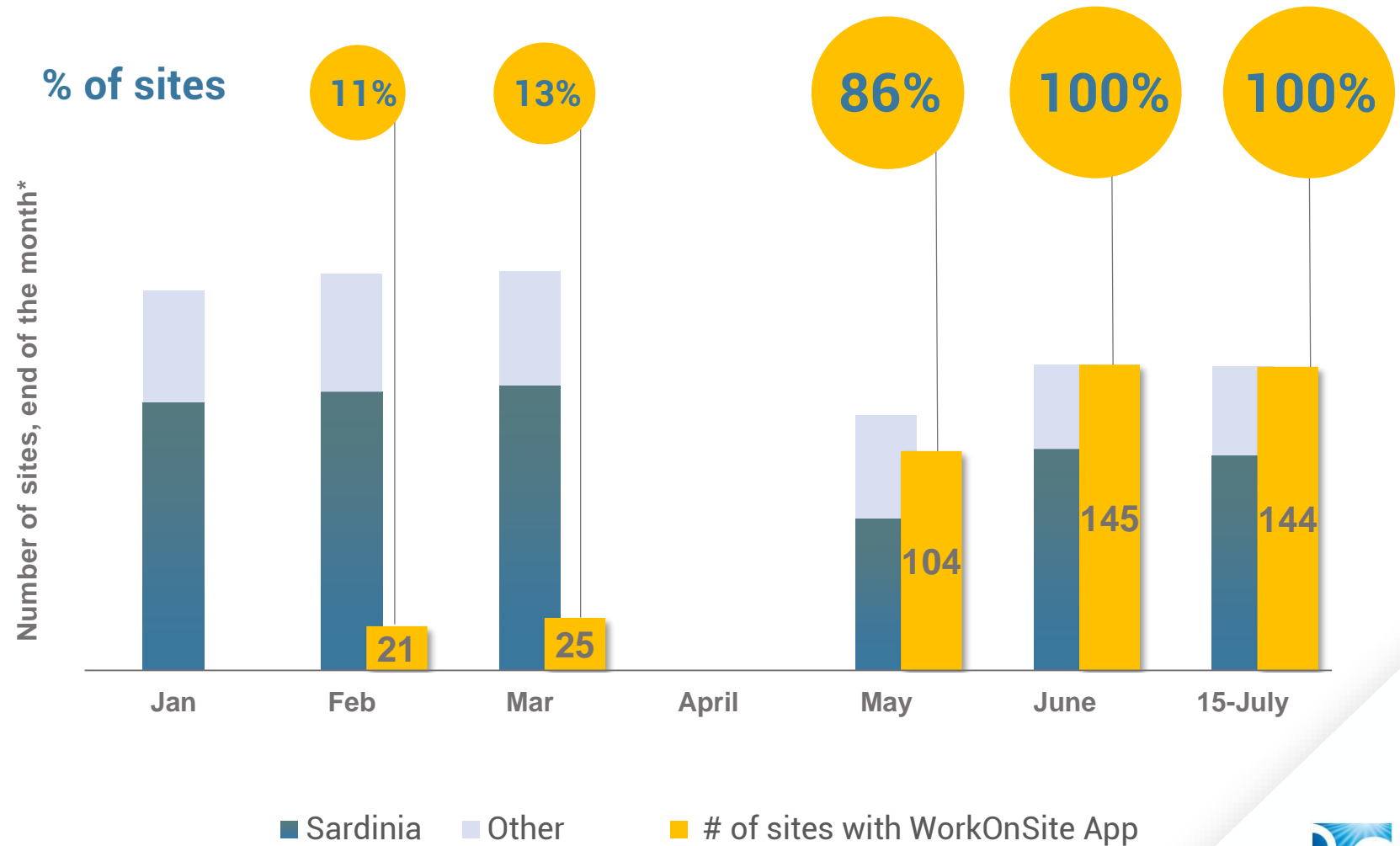
(\*\*) of which 7.6k related to M&A

# MAJOR CONSTRUCTION SITES

including Sardinia

Full takeout of WorkOnSite App in enabled sites

This is positive for costs, quality and safety



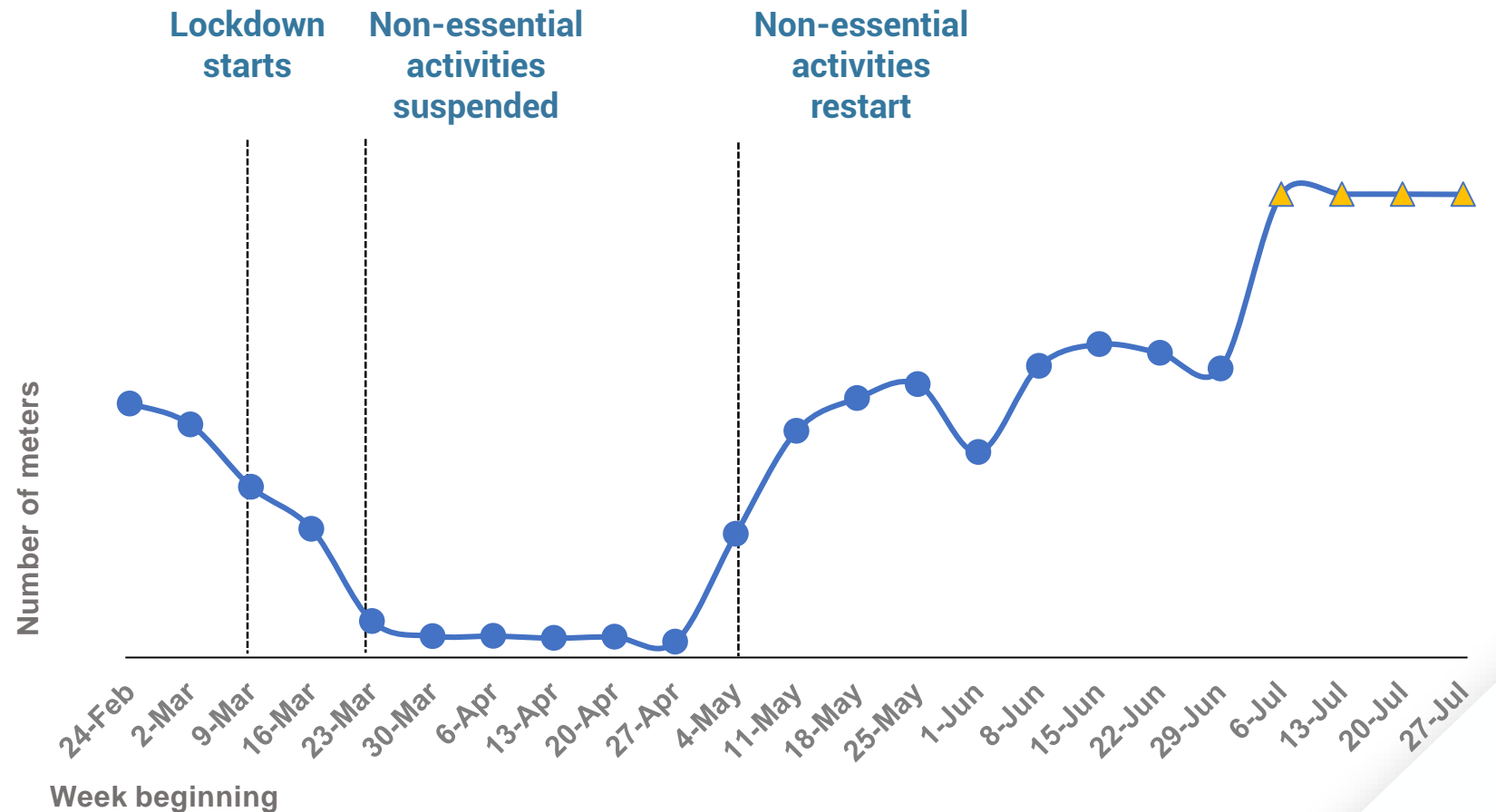
(\*) within the WorkOnSite App perimeter

# SMART METERS REPLACEMENT

June remained challenging

Access to private sites was slower than expected in June

We expect a pick-up in the coming weeks now that the operating procedures have been agreed

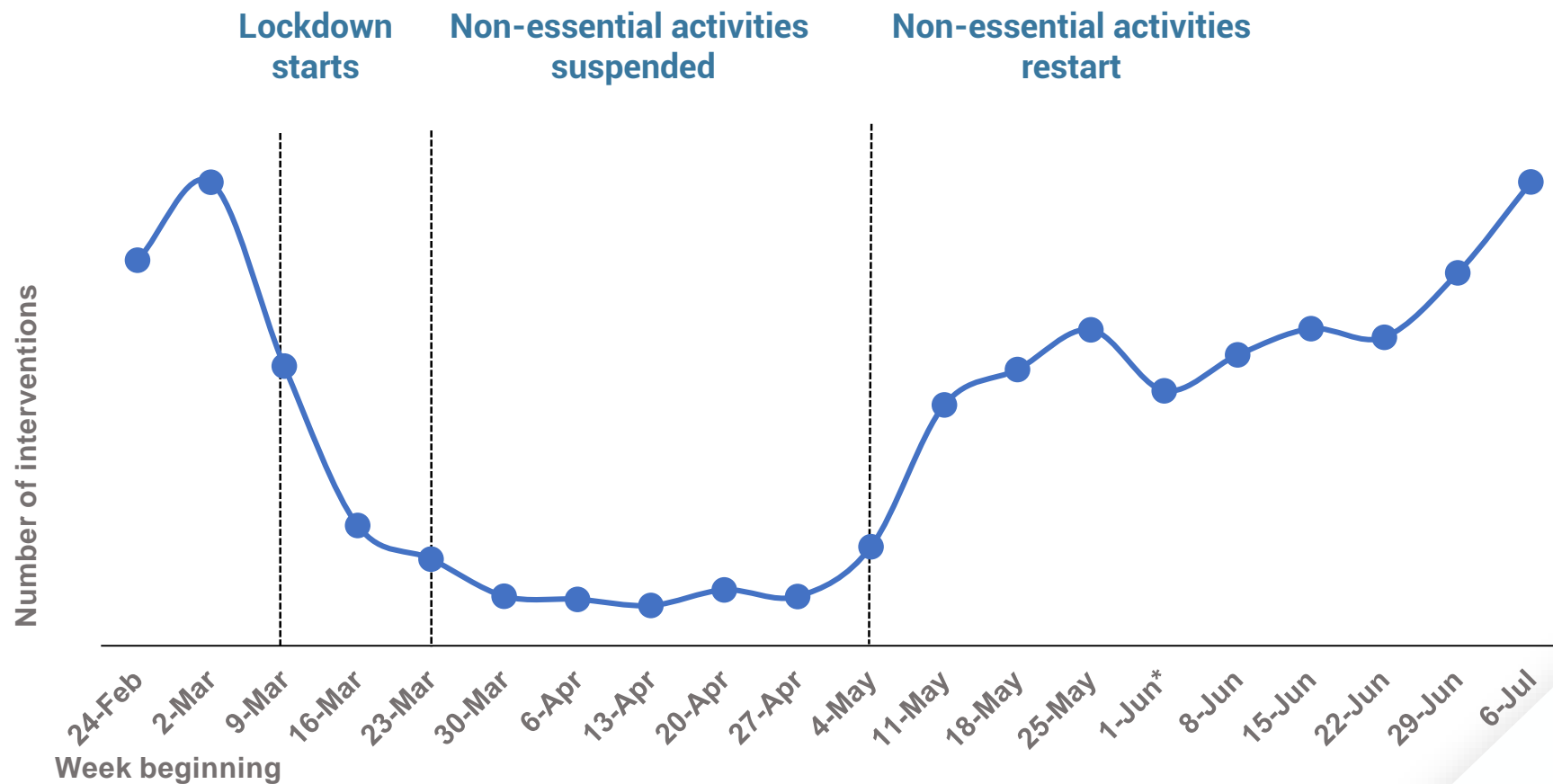


▲ Estimated data

# REGULATED SERVICES back to pre-lockdown levels

We see a clear pick up  
in requests for regulated  
services from gas sale  
companies

We expect a further  
acceleration



(\*) Week of 1st June includes two days of holidays

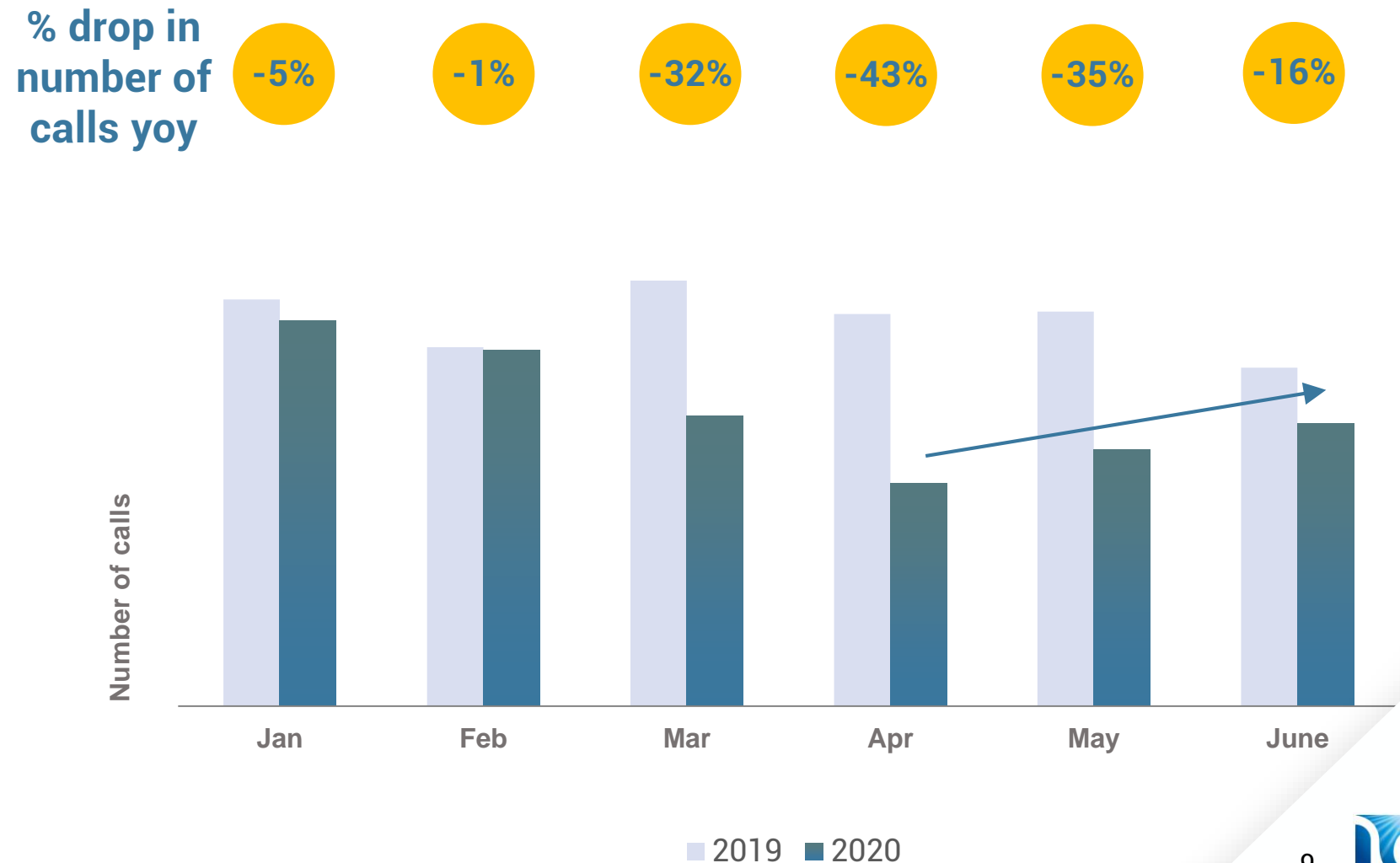
▲ Estimated data



# INCOMING CALLS

significant reduction  
vs 2019

The number of incoming calls\* is recovering but remains below last year levels as expected



(\*) to the integrated supervision centre

# RESULTS

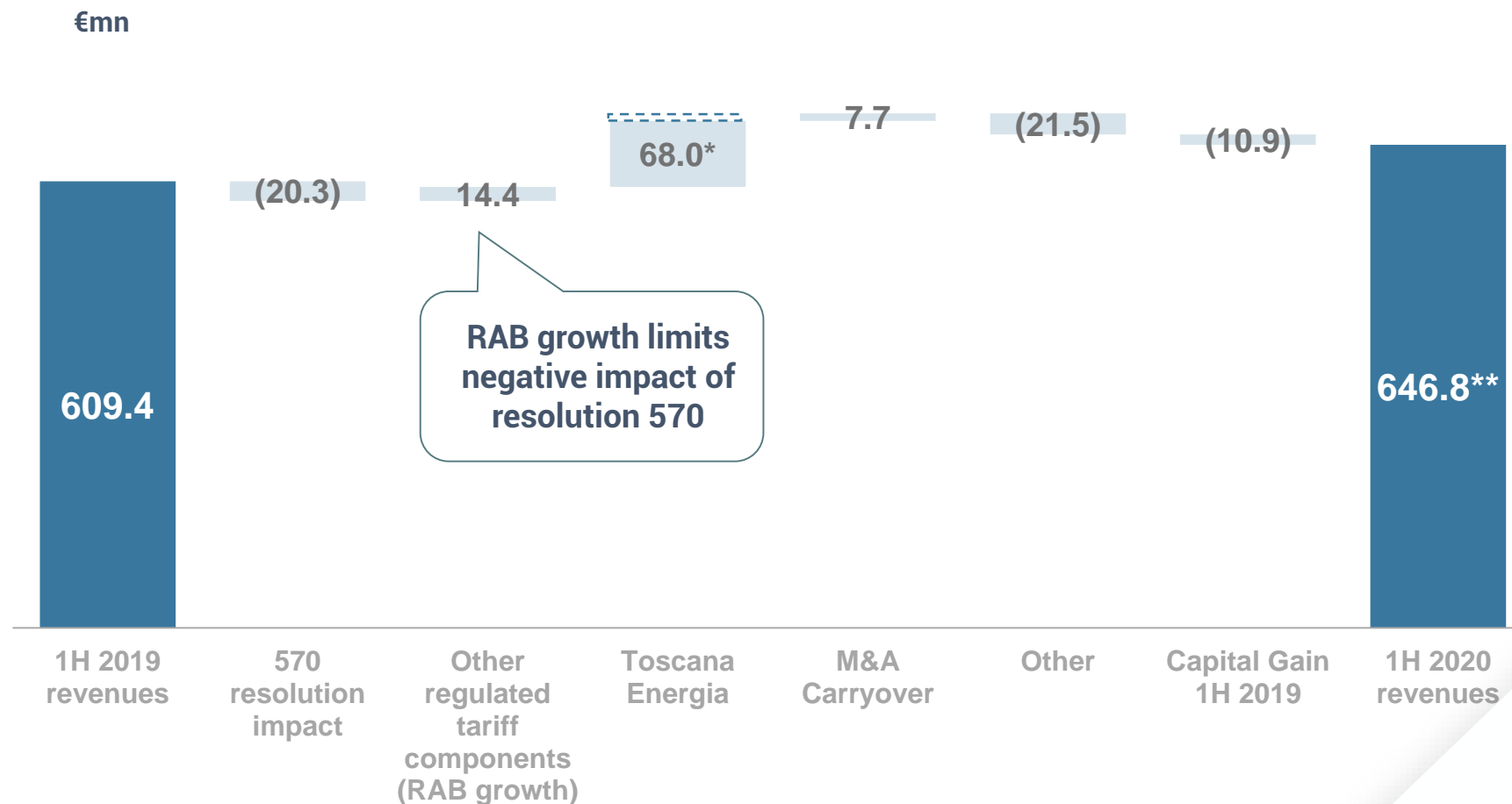
## 1H 2020

€mn	1H 2019	1H 2020	Change	
Revenues	609.4	646.8	37.4	
Operating expenses	- 175.5	- 184.1	- 8.6	
<b>EBITDA</b>	<b>433.9</b>	<b>462.7</b>	<b>28.8</b>	↑ + 6.6%
Depreciation & amortisation	- 192.3	- 209.9	- 17.6	
<b>EBIT</b>	<b>241.6</b>	<b>252.8</b>	<b>11.2</b>	↑ + 4.6%
Net interest income (expenses)	- 24.1	- 26.4	- 2.3	
Net income from associates	11.8	1.0	- 10.8	
<b>EBT</b>	<b>229.3</b>	<b>227.4</b>	<b>- 1.9</b>	
Income taxes	- 63.1	- 64.6	- 1.5	
<b>NET PROFIT before minorities</b>	<b>166.2</b>	<b>162.8</b>	<b>- 3.4</b>	
<b>NET PROFIT after minorities</b>	<b>166.2</b>	<b>153.4</b>	<b>- 12.8</b>	↓ - 7.7%

# RESULTS

## 1H 2020

### Revenues +6.1% vs 1H 2019



(\*) negative impact of resolution 570 €2.5 mn euro for Toscana Energia in 1H

(\*\*) does not include any contribution for residual value of meters replaced in 2020 ex Resolution 570

# RESULTS

## 1H 2020

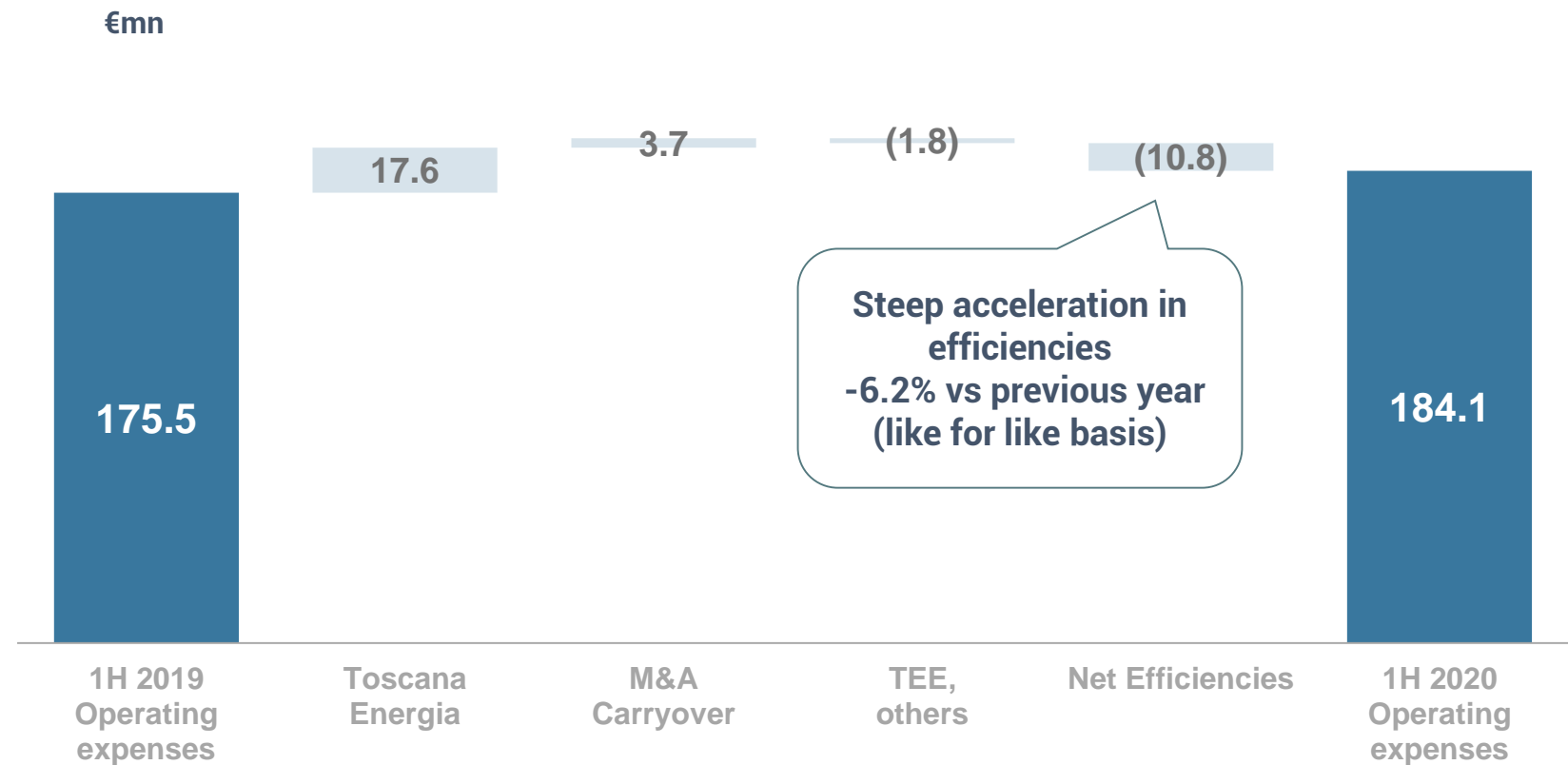
€mn	1H 2019	1H 2020	Change
<b>Regulated revenues</b>	<b>576.4</b>	<b>626.0</b>	<b>49.6</b>
Distribution	524.2	590.1	65.9
Tariff contribution for meters replacement	15.5	5.2	- 10.3
Other distribution revenues	36.7	30.7	- 6.0
<b>Other revenues</b>	<b>33.0</b>	<b>20.8</b>	<b>- 12.2</b>
<b>TOTAL REVENUES*</b>	<b>609.4</b>	<b>646.8</b>	<b>37.4</b>

(\*) does not include any contribution for residual value of meters replaced in 2020 ex Resolution 570

# RESULTS

## 1H 2020

### Operating expenses +4.9% vs 1H 2019



# RESULTS

## 1H 2020

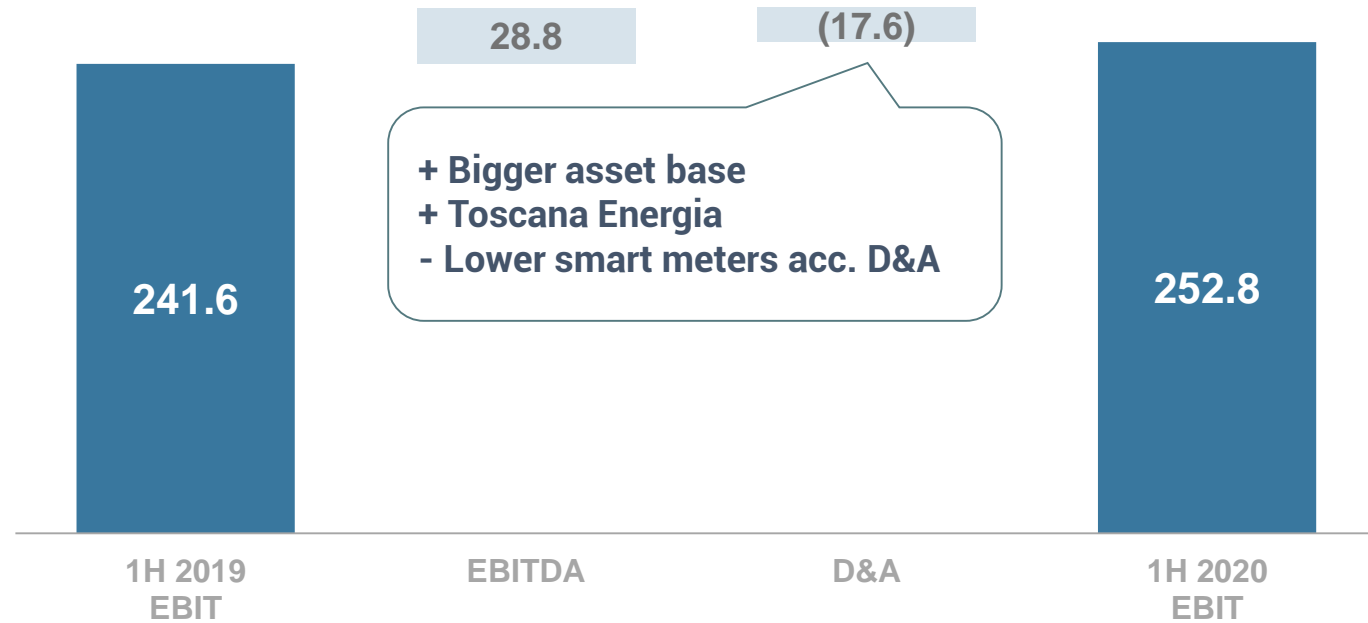
€mn	1H 2019	1H 2020	Change
<b>Distribution fixed costs</b>	<b>125.5</b>	<b>127.3</b>	<b>1.8</b>
Net labour cost	69.0	73.3	4.3
Net external cost	56.5	54.0	- 2.5
<b>Other activities</b>	<b>10.8</b>	<b>13.4</b>	<b>2.6</b>
Net labour cost	0.9	1.8	0.9
Net external cost	9.9	11.6	1.7
Other costs	1.0	4.0	3.0
Tee	7.8	4.9	- 2.9
Concessions fees	30.4	34.5	4.1
<b>TOTAL COSTS</b>	<b>175.5</b>	<b>184.1</b>	<b>8.6</b>

# RESULTS

## 1H 2020

EBIT +4.6% vs 1H 2019

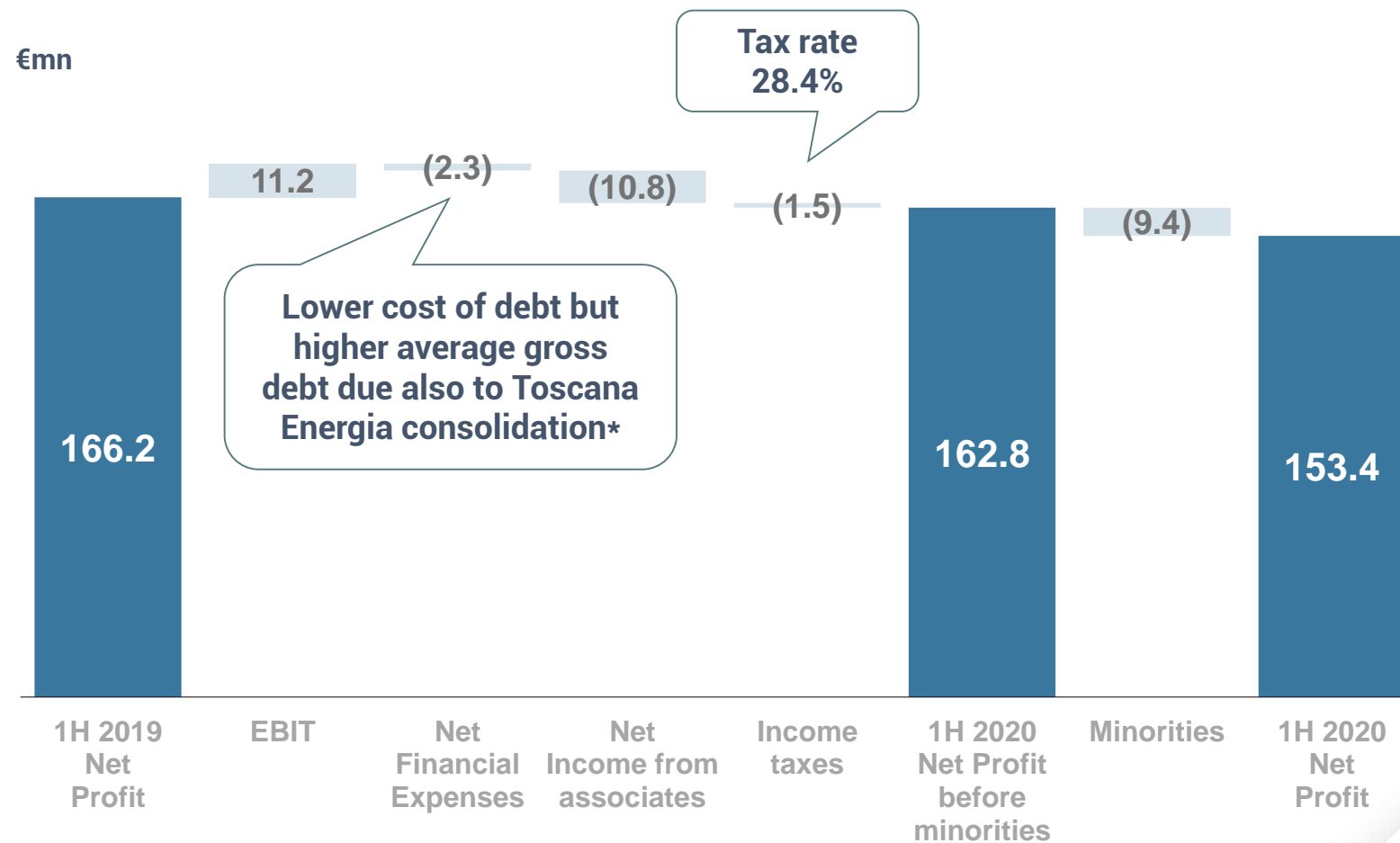
€mn



# RESULTS

## 1H 2020

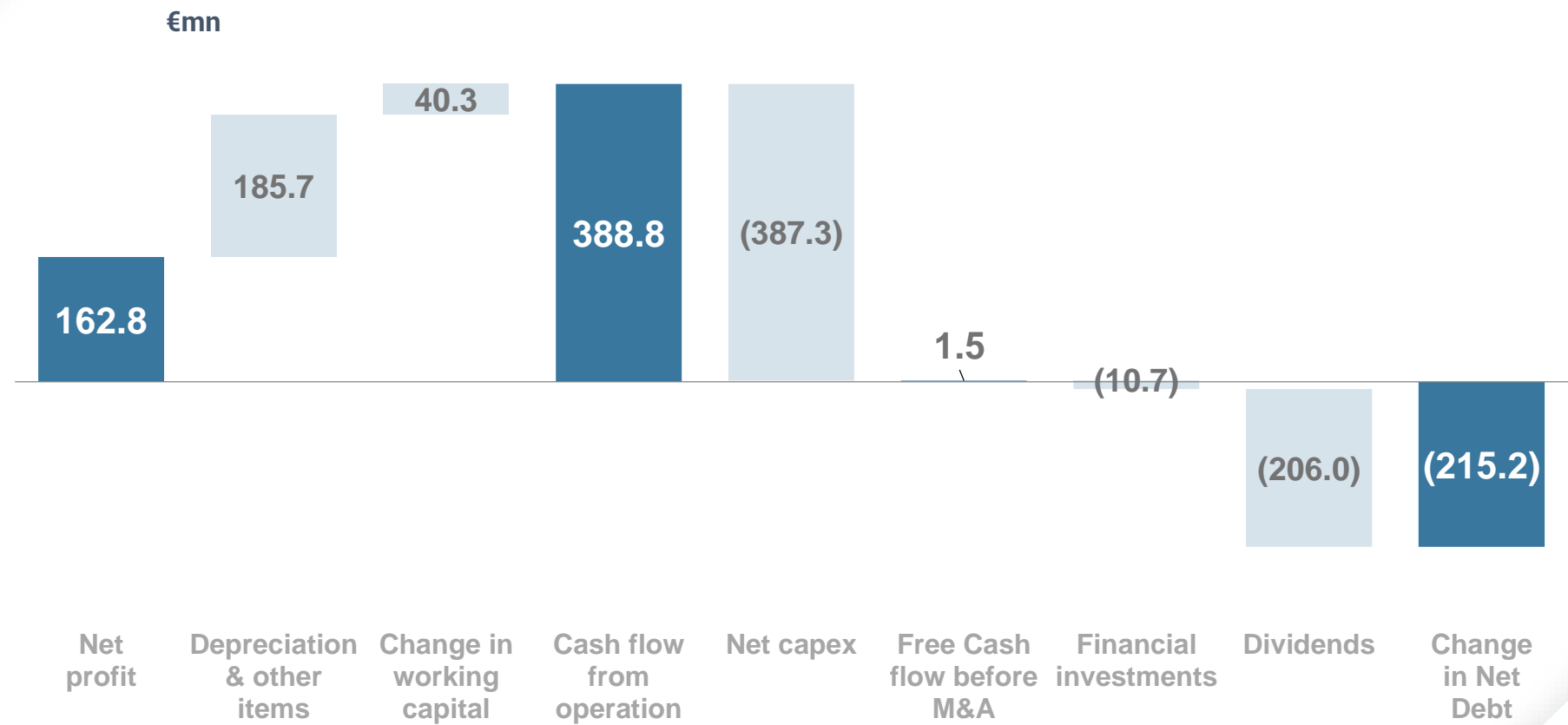
### Net Profit after minorities -7.7% vs 1H 2019



(\*) Toscana Energia average gross debt in 1H €0.4 bn



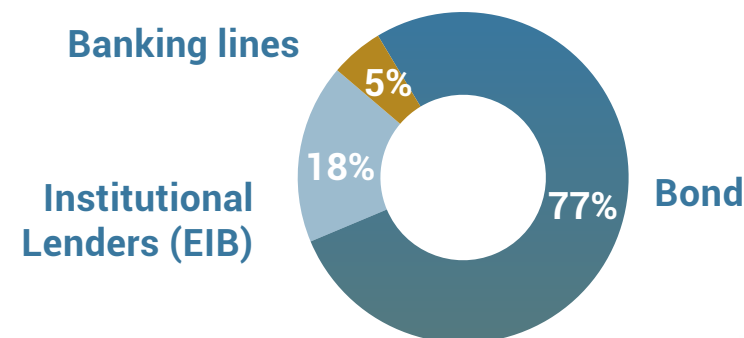
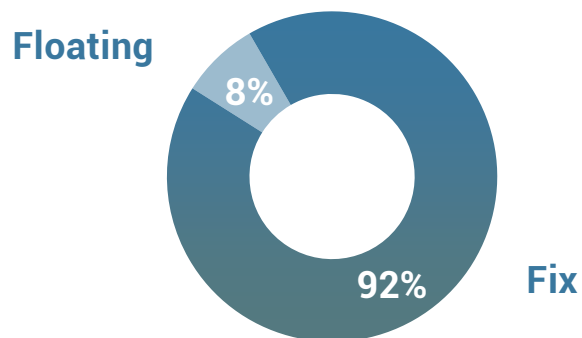
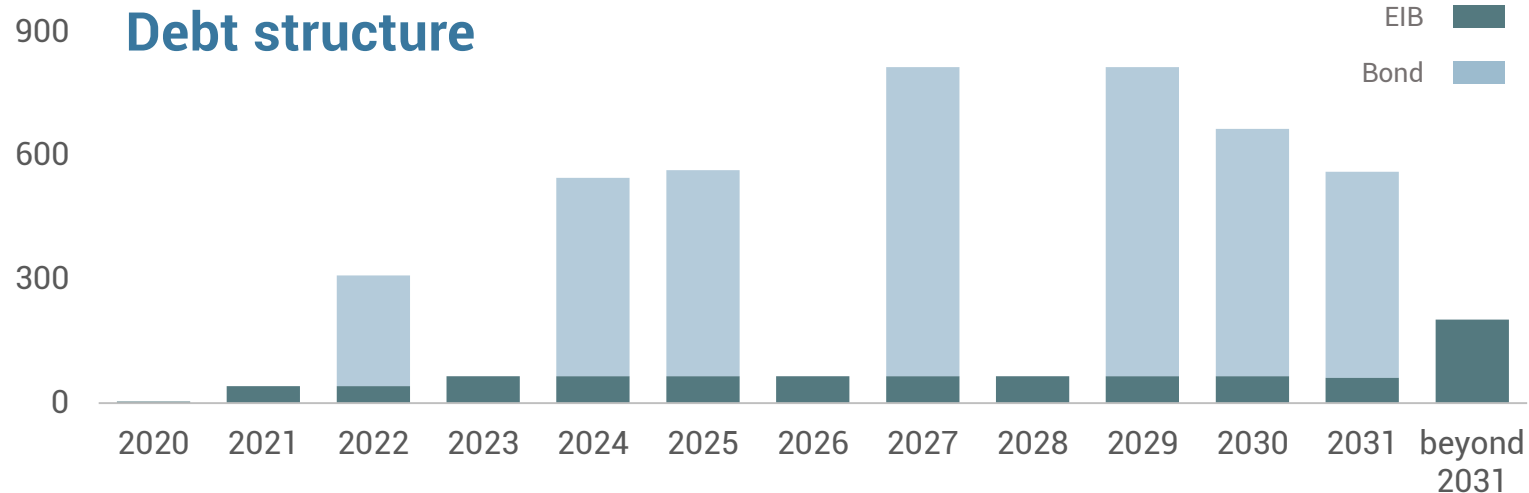
**Cashflow from operations covers capex**



# DEBT STRUCTURE

solid

- New €500m bond, maturity 2025, coupon 0.25%
- No refinancing needs until 2022
- Cost of debt 1.1% best in class in the sector
- Ample liquidity, cash and undrawn credit lines



# RESULTS

## 1H 2020

€mn	FY 2019 ▼	1H 2020 ▼	Change ▼
<b>Net invested capital</b>	<b>6,280.2</b>	<b>6,432.9</b>	<b>152.7</b>
Fixed capital	6,335.0	6,526.5	191.5
Tangible fixed assets	350.0	357.2	7.2
Net intangible fixed assets	6,176.1	6,326.1	150.0
Net payables investments	- 225.0	- 190.9	34.1
Equity-accounted and other investments	33.9	34.1	0.2
Net working capital	56.3	16.9	- 39.4
Provisions for employee benefits	- 113.2	- 110.6	2.6
Assets held for sale and directly related liabilities	2.1	0.1	- 2.0
<b>Net financial debt</b>	<b>4,410.6</b>	<b>4,625.8</b>	<b>215.2</b>
<b>Financial debt for operating leases (IFRS 16)</b>	<b>74.7</b>	<b>75.5</b>	<b>0.8</b>
<b>Shareholders' equity</b>	<b>1,794.9</b>	<b>1,731.6</b>	<b>- 63.3</b>

# CLOSING REMARKS

## 1H 2020

**Innovation and digitization have proven to be an invaluable asset**

**1H 2020 performance proves the resiliency of our business and the goodness of our choices**

**Efficiencies and capex delivery are key priorities**

**New 5-years bond confirms our sound financial profile**

**We confirm our guidance for 2020**

In this contest we keep an  
**open dialogue**  
with all the stakeholders

# SUSTAINABILITY



# SUSTAINABILITY PLAN

main achievements



## MAIN ACHIEVEMENTS



### DEVELOPING A SUSTAINABILITY CULTURE

- Inclusion in main sustainability indexes
- Suppliers rating system with sustainability topics included



### PUT PEOPLE AT THE CENTRE

- Adoption of a Diversity Policy
- 21 h training hours / person
- 81% of new joiners were below 30
- 28% of new joiners were female
- 2.78 accidents frequency index (vs. 4.1 in 2017)



### CREATE VALUE FOR THE COMMUNITY

- Sponsorships, donations and social actions
- 1500 PC donated to schools in earthquake areas
- 800 students involved in safety walks



## MAIN ACHIEVEMENTS

IV

### CREATE VALUE FOR CUSTOMERS AND THE MARKET

- **95% of gas sales companies** involved in training and webinars
- **More than €700 mn** spent for the innovation and digitization of the network



V

### CONTRIBUTE TO THE EFFICIENCY AND SECURITY OF THE ENERGY SYSTEM

- **-5%** energy intensity (vs 2017)
- **-5,5%** emission factor of the network, weighted by network km (vs 2016)
- **100%** methanisation of service fleet
- **79%** smart meters replacement plan completed



# FOCUS

developing a sustainability culture

Our effort to integrate sustainability in the corporate culture and industrial process is getting recognised by the market

## ITALGAS SRI SHAREHOLDERS



Of total share capital as of June 2020



FTSE4Good



Dow Jones Sustainability Indexes



DRIVING SUSTAINABLE ECONOMIES





# APPENDIX

# GUIDANCE

2020 expected performance

€mn

2020

Trend  
vs 2019

Revenues

~1.3bn



EBITDA

960-980



EBIT

530-550



Capex

>700



Net Debt\*

~4.5bn



Leverage\*\*

~60%



(\*) ex IFRS 16, expected in line with 2019, (\*\*) including IFRS 16, TFR and work in progress

# RESULTS

## P&L quartely

€mn	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Revenues	327.1	319.7		
Operating expenses	- 99.8	- 84.3		
<b>EBITDA</b>	<b>227.3</b>	<b>235.4</b>		
Depreciation & amortisation	- 104.4	- 105.5		
<b>EBIT</b>	<b>122.9</b>	<b>129.9</b>		
Net interest income (expenses)	- 13.4	- 13.0		
Net income from associates	0.9	0.1		
<b>EBT</b>	<b>110.4</b>	<b>117.0</b>		
Income taxes	- 29.9	- 34.7		
<b>NET PROFIT before minorities</b>	<b>80.5</b>	<b>82.3</b>		
<b>NET PROFIT after minorities</b>	<b>74.9</b>	<b>78.5</b>		

# RESULTS

## 2Q 2020

€mn	2Q 2019 ▼	2Q 2020 ▼	Change ▼
Revenues	298.6	319.7	21.1
Operating expenses	- 83.9	- 84.3	- 0.4
<b>EBITDA</b>	<b>214.7</b>	<b>235.4</b>	<b>20.7</b>
Depreciation & amortisation	- 96.7	- 105.5	- 8.8
<b>EBIT</b>	<b>118.0</b>	<b>129.9</b>	<b>11.9</b>
Net interest income (expenses)	- 11.9	- 13.0	- 1.1
Net income from associates	6.0	0.1	- 5.9
<b>EBT</b>	<b>112.1</b>	<b>117.0</b>	<b>4.9</b>
Income taxes	- 32.2	- 34.7	- 2.5
<b>NET PROFIT before minorities</b>	<b>79.9</b>	<b>82.3</b>	<b>2.4</b>
<b>NET PROFIT after minorities</b>	<b>79.9</b>	<b>78.5</b>	<b>- 1.4</b>

# RESULTS

2016 - 2019

€ mln	2016	2017	2018	2019	Delta 2019 vs 2016
	▼	▼	▼	▼	▼
Revenues	1,077.9	1,124.2	1,178.1	1,257.9	+16.7%
Operating Costs	(416.3)	(348.0)	(338.6)	(350.4)	-15.8%
EBITDA adjusted	684.4	781.2	842.0	907.5	+32.6%
EBIT adjusted	358.8	422.9	456.0	516.0	+43.8%

# RESULTS

## 2016 - 2019

€ mn	2016	2017	2018	2019	Variazione 2019 vs 2016
<b>Net Income (*)</b>	221.1	296.4	315.5	345.2	<b>+56.1%</b>
<b>Operating Cash Flow</b>	498.5 (*)	549.4	718.7	697.2	<b>+39.9%</b>
<b>Net debt(**)</b>	3,617.4	3,720.3	3,814.3	4,410.6	<b>+21.9%</b>

(\*) Adjusted

(\*\*) Excluding financial charges ex IFRS 16 in 2018 and 2019

# RESULTS

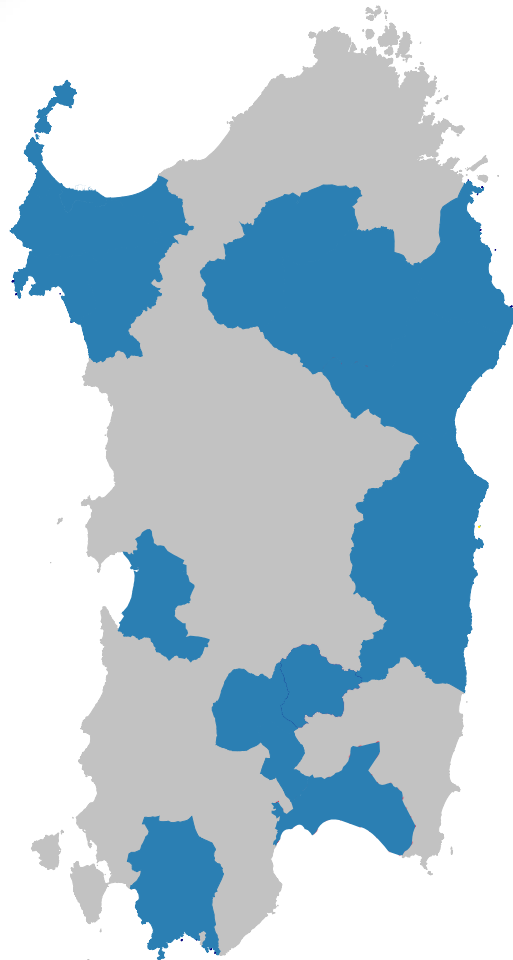
2016 - 2019

€ mln	2016	2017	2018	2019	Variazione 2019 vs 2016
<b>Capex</b>	378.0	521.9	522.7	740,0	<b>+95.8%</b>
<b>RAB</b>	€6.0bn	€6.1bn	€6.4bn	€7.4bn	<b>+23.0%</b>
<b>Leverage (*)</b>	59.0%	59.4%	58.7%	60.6%	
<b>Total Dividends</b>	161.8	168.3	189.3	207.1	<b>+28.0%</b>

(\*) including IFRS 16, TFR in debt and work in progress in RAB

# SARDINIA

a strategic role for Italgas



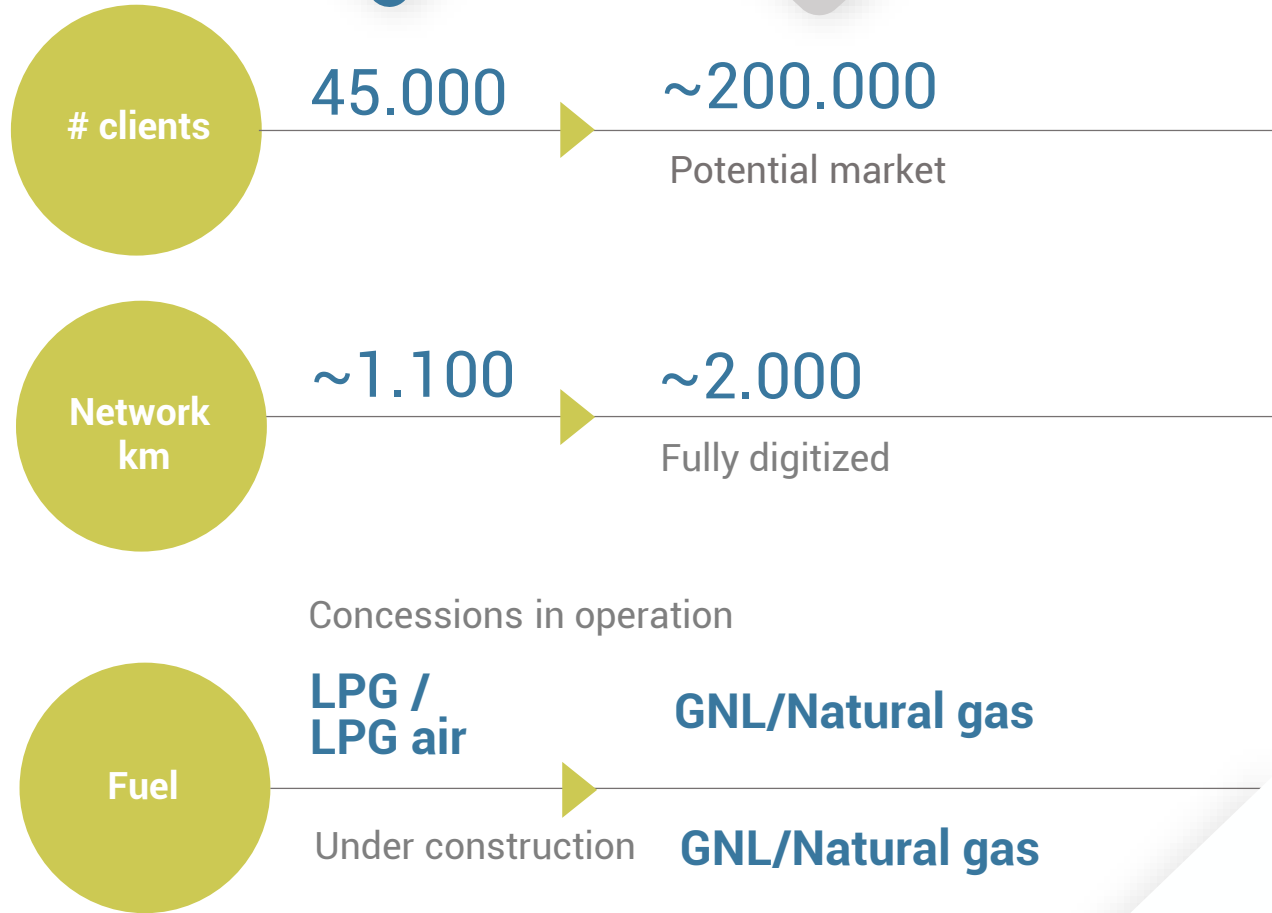
## Medea

7 operating concessions  
10 under construction

**~650 Km  
completed  
as of June  
2020**

**TODAY**

**TOMORROW**





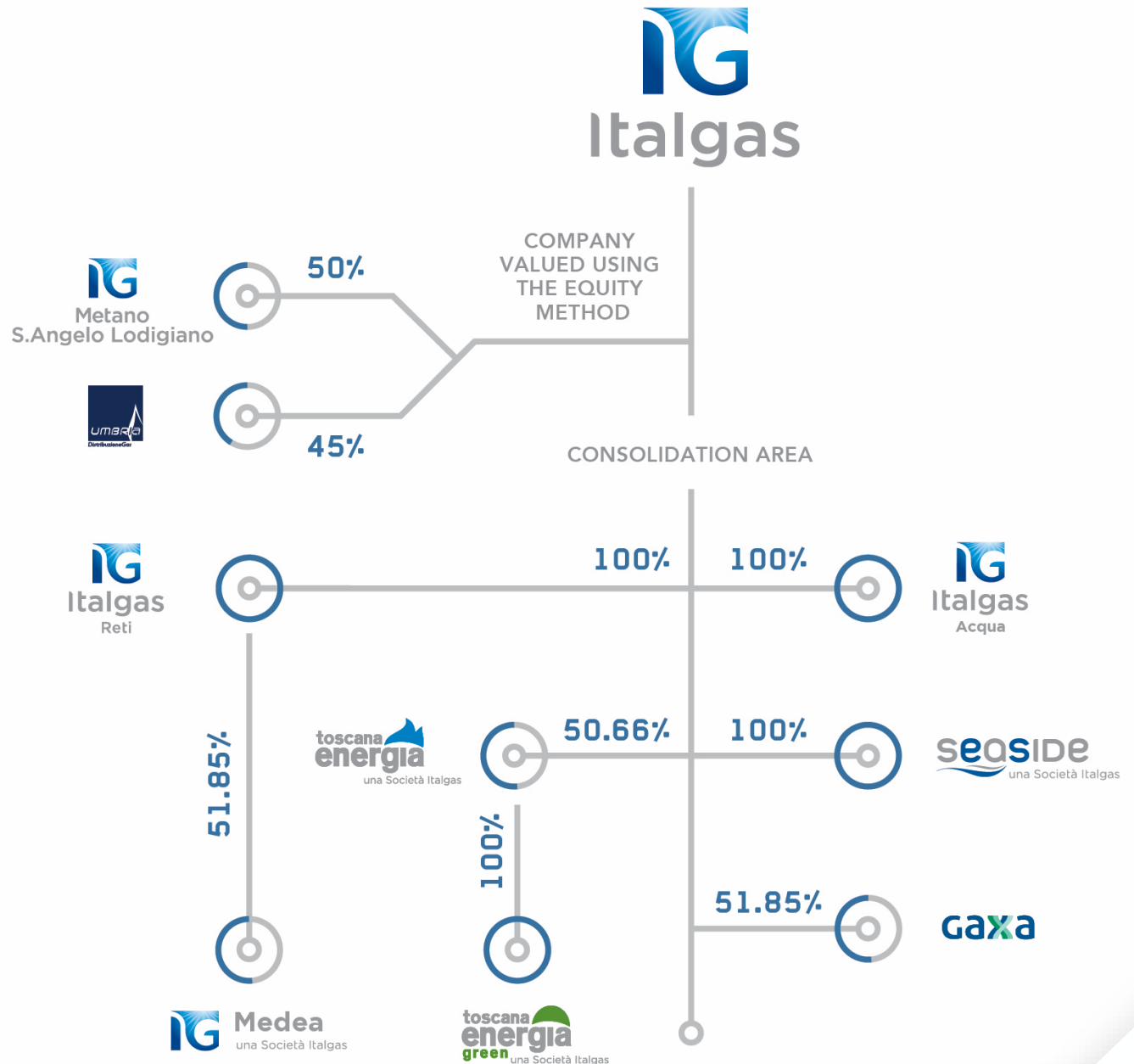
# THE LEADING GAS DISTRIBUTOR in ITALY

	OPERATING HIGHLIGHTS (TOTAL)	OF WHICH AFFILIATES
Network length	<b>72,667 km</b>	<b>1.871 km</b>
Municipalities	<b>1,886</b>	<b>61</b>
Redelivery Points	<b>7.740 mn</b>	<b>0.153 mn</b>
Market Share <sup>(1)</sup>	<b>35%</b>	<b>0,1%</b>

(1) Calculated by redelivery points



# GROUP STRUCTURE



# Disclaimer

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