



News & Insights

IR, the bridge between Italgas and the market

Investor Relations, the bridge between Italgas and the market

The policy for managing the dialogue with all shareholders has been approved by Italgas Board of Directors in December 2020. During 2021, it has found concrete expression, among other things, in an intensive program of Investor Relations activities.

The numerous external awards for the quality of corporate, financial and sustainability reporting, as well as the broad analyst coverage, prove the Company's continuous efforts in terms of transparency, timeliness and symmetry in the communication with the financial community.

A commitment to dialogue that continues over time, even when faced with the restrictions due to the pandemic, which sees Italgas senior management at the forefront. A commitment that provides investors with a rich set of content, channels and tools to properly formulate their own evaluations of the stock and better understand the drivers behind the Group's strategic vision. Let's explore this topic by looking at the activities carried out in 2021 in the IR area.

Despite long periods of restrictions imposed by the pandemic continued in 2021, Italgas still managed to maintain a constant and intensive dialogue with investors. The main events were the conference calls for the quarterly results and, on 15 June 2021, for the Strategy Presentation in which the group's CEO and CFO presented the strategy to 2027.

Italgas was the first Italian company in the utility industry to organize a **roadshow in presence in the United States** in the fourth quarter of 2021. The Group also put on **several virtual meeting throughout the year** using digital platforms. In this way, Italgas could continuously update the main institutional investors the are present in the shareholder register while expanding the audience of potential shareholders interested in exploring the equity story of the Company to invest in its shares or bonds.

During the past year, the **senior management** again made a generous effort to implement a diversified program of meetings with the buy-side, in line with the intentions stated in the "Policy for managing dialogue with all shareholders" approved by the Board of Directors at the end of 2020. Italgas also participated to a total of **10 conferences**, especially to the annual events dedicated to the utilities, and made many roadshows organized in collaboration with brokers. Moreover, it attended events dedicated to SRI themes and a conference with only bond investors.



During 2021 Italgas met a total of:

166 investors

representing

103 investment companies

Summing one-to-one and group meetings, Italgas held a total of 115 meetings, including 7 physical meetings during last November's roadshow in the USA.

Around 89% of institutions met were based abroad. More specifically, 34% were based in UK, 25% in North America, 22% in the rest of Europe, excluding Italy, and the remaining 8% in the Rest of the World, especially Australia.

The institutional investors that were met belong to many different countries:



UK, USA and Canada, Italy, Australia, Germany, France, Switzerland, Spain, Portugal, Netherlands, Belgium, Luxemburg, Ireland and UAE.

Due to the persistence of the health emergency, also in 2021 the Annual Shareholders' Meeting was held exclusively through the designated Representative of the Company. Italgas nevertheless offered Shareholders the opportunity to follow the Shareholders' Meeting via live streaming on the Company's website. The percentage of voting capital at the Shareholders' Meeting on 20 April 2021 remained at a high level, in line with the previous year, as 751 shareholders were in attendance, representing 77.2% of the share capital.

Although the introduction of the MiFID II directive, effective from 2018, has generally penalized the broker coverage, Italgas has distinguished itself by continuing to have a large and qualified group of sell-side analysts covering the stock. This differentiates the Company from other utilities of similar capitalization, not only considering the absence of corporate-sponsored research (i.e., research commissioned and paid by the Company), but also given the coverage retention by brokers who are at the top of pan-European rankings.

Italgas can therefore count on the voluntary coverage of the following **20 brokers**



Banca Akros, Banca IMI, Barclays, Berenberg, Bernstein, BofA, Citi, Credit Suisse, Deutsche Bank, Equita, Exane BNP Paribas, Goldman Sachs, Intermonte, Kepler Cheuvreux, Mediobanca, Morgan Stanley, Royal Bank of Canada, Santander, Société Générale and Stifel.

ITALGAS IN THE TOP 10 OF DIGITAL TRANSPARENCY



Even the results of the effort in **digital communication** contribute to Italgas commitment to maximum transparency and symmetrical disclosure of corporate information.

With the **new release of its website**, scoring 84.7 points out of 100, Italgas **ranked sixth in Comprend's Italian Webranking 2021-2022**, conducted by Lundquist, confirming its position as a "5 stars" company for transparency in corporate and financial communication through digital channels, thus achieving an improvement vs the seventh position for the previous year.

The score of 84.7/100 also pushed Italgas higher in the **European ranking**, moving it from the tenth to the sixth position.

In the Webranking analysis, Italgas was also recognized as best practice for its **Investor Proposition**.

Taking inspiration from these data and information, we asked some questions to Anna Maria Scaglia, Head of Investor Relations of Italgas.



[Anna Maria Scaglia](#)

We saw that in 2021 Italgas conducted an intensive programme of investor meetings, mainly through digital platforms. What are the major advantages and disadvantages you have found in virtual meetings?

A first obvious benefit of using the virtual mode is that we can easily create and strengthen new relationships with investors who are based in distant countries -- investors who in the pre-Covid world we would only have met if they had come to Europe for a conference or on a field trip.

However, the virtual format has its limitations, because for example it makes less fluid the relationship with some of the investors that we used to meet frequently in person. This becomes more evident when comparing the quality of past interactions in some group meetings. If there no participant who animates the dialogue with many questions, larger meetings can become less interactive. Hence, our decision to favor one-to-one or small group meetings, especially in the case of meetings that involve the management, as they allow for a more effective exchange, as investors have more freedom to express their personal opinions and provide direct feedback to the management on current actions or on those planned for the future.

Italgas is one of the very few Italian companies to make a physical roadshow in the US in 2021. What drove you to make this decision?

The geographical distribution of institutional investors in Italgas' capital has seen an increased concentration in the United States, having largely exceeded 40% of the total. Due to the pandemic, we had been missing from that area for some time. It was important, therefore, to return there in person, to meet with important investors and to create direct interaction with those who have recently entered the capital without having met us in person before. The results of the roadshow gave us credit for making the effort to be physically present. It is a choice that we made, however, strictly following the protocol for the protection of the health of management and myself, since Italgas is a company that is very sensitive to Health & Safety issues by DNA. During these meetings, we were able to see great attention and preparation on the part of the various institutions. We had the presence of senior portfolio managers or/and the Chief Investment Officer in most of the meetings. The considerations and questions from these high-profile professionals were particularly interesting and stimulating for our team as well.

How do you explain that Italgas has such a high-profile coverage by the sell-side analysts?

I believe that the principles we have indicated in the Investor Engagement Policy a year ago have always been applied in the dialogue we have every day with the sell-side. I must add that these principles have always characterized the Company and have been pursued over time by my predecessor and those who work with me. Actually, we try and continue to be transparent in explaining the drivers underlying our results and targets, respond promptly to requests and always observe the principle of symmetry in the information we provide to the various stakeholders. We do not limit ourselves to a logic of compliance with the regulations that govern the relations with the financial community, but we really try to transfer the Company's purpose, both when, for example, we explain the details of the Strategic Plan and when we explain how an acquisition will create value. The results emerged last September from the annual Institutional Investor ranking demonstrate that this effort has been recognized and appreciated. In the general ranking of the European utilities most voted by both the sell-side and the buy-side, the Italgas IR team reached the third position, behind blue chips of the calibre of Iberdrola and Enel.

In addition, based on the sell-side votes, we were the first overall. Looking at the sell-side rankings for the Best IR Professional, my colleague Armando Iobbi and I took second and first place respectively, ahead of Iberdrola's IRO, which came third. To complete the picture, in the Small & MidCap Utilities category, Italgas also achieved a very respectable ranking, in second place, in the Best Investor Event category, and as third Most Honoured Company. I would say that these are recognitions, like the quality of the analyst coverage, which confirm that we are working in the right direction.

What are the benefits of an accurate coverage from brokers?

When we meet portfolio managers at roadshows, we can count on the fact that the broker analysts have already addressed the basics of our equity story and the numbers with the buy-side analyst. In turn, the fund analyst refines the model and educates his colleagues who manage the portfolios. Italgas meetings with the buy-side can then have a much more strategic focus, with a far more efficient allocation of senior management's time, as they are not asked to provide basic explanations but can concentrate on the key points for the fund's investment decisions. This also triggers a virtuous circle: management is satisfied with the quality of the dialogue during the meetings and is more willing to engage in further meetings. Maintaining good analyst coverage therefore remains a priority for us.

Do you also have IR-only meetings with investors?

Yes, even though they are quite limited. In 2021, in three quarters of the cases we had the CEO and/or CFO present, and this is also because our management team generally shows a broad availability to meet with investors who have requested it.

On which other fronts has the IR team offered a significant contribution?

I think that, as IR, we offered a substantial contribution on sustainability issues.

It is the responsibility of the IR team to ensure that the questionnaires that are sent to the various assessors, such as CSA S&P (for the Dow Jones Sustainability Indexes), FTSE4Good, CDP - Carbon Disclosure Project or Vigeo, are filled out correctly and completely, so that Italgas can be included in the most important sustainability indexes. In 2021, a decisive factor for the general improvement in the score obtained in the ESG surveys was the joint effort by the IR team and the sustainability team to ensure that the questionnaires were completed by all the different areas of the Company and that they were an opportunity to rethink some of the current strategies or to highlight the good things that have already been done. Great support also came from the first line of management.

Besides conference calls and meetings, what are tools do you use to strengthen the relationship with the market?

We have been producing a number of publications for some time now that are designed specifically for engagement. The "IG focus" newsletter provides in-depth coverage of strategic news, economic and financial performance, stock market performance and sustainability, while the monthly "Financial Market Review" looks at the factors that have influenced the performance of the stock markets, providing an overview by sector and placing the analysis of Italgas share price trends in the context of the macroeconomic and stock market environment. Once a year, we also prepare a publication, "The Italgas Shareholder", which is a guide for those who wish to actively participate in the life of the Company, expressing their vote at the Shareholders' Meeting on the basis of informed choices. In addition, we hold presentations to the market on the occasion of quarterly results and the presentation of the strategic plan.

The AGM campaign is another topical moment for IRs?

Of course. Pre-Meeting shareholder engagement takes up a large part of our work in the first quarter of the year. We spend a lot of time talking to passive investors and proxy advisors to explain in depth the remuneration and ESG policies, with an added value that is then detectable in the percentages of votes in favor and the absence of criticalities at the Meeting. I was an analyst for many years, and when I moved to become Head of Investor Relations at Italgas I realized that this work is much more extensive and demanding than it is perceived from the outside. With regard to sustainability, for example, the complexity and depth of the aspects that are assessed goes far beyond what an investor or analyst would normally imagine, as they basically focus on the 'net zero' or energy efficiency issue. On the other hand, it is essential to give visibility to everything that Italgas actually does in the various ESG areas, which in the past was not yet adequately reflected.