



Strategic Plan  
2022-2028

# CRAFTING THE ENERGY (R)EVOLUTION

Turin  
15.06.2022



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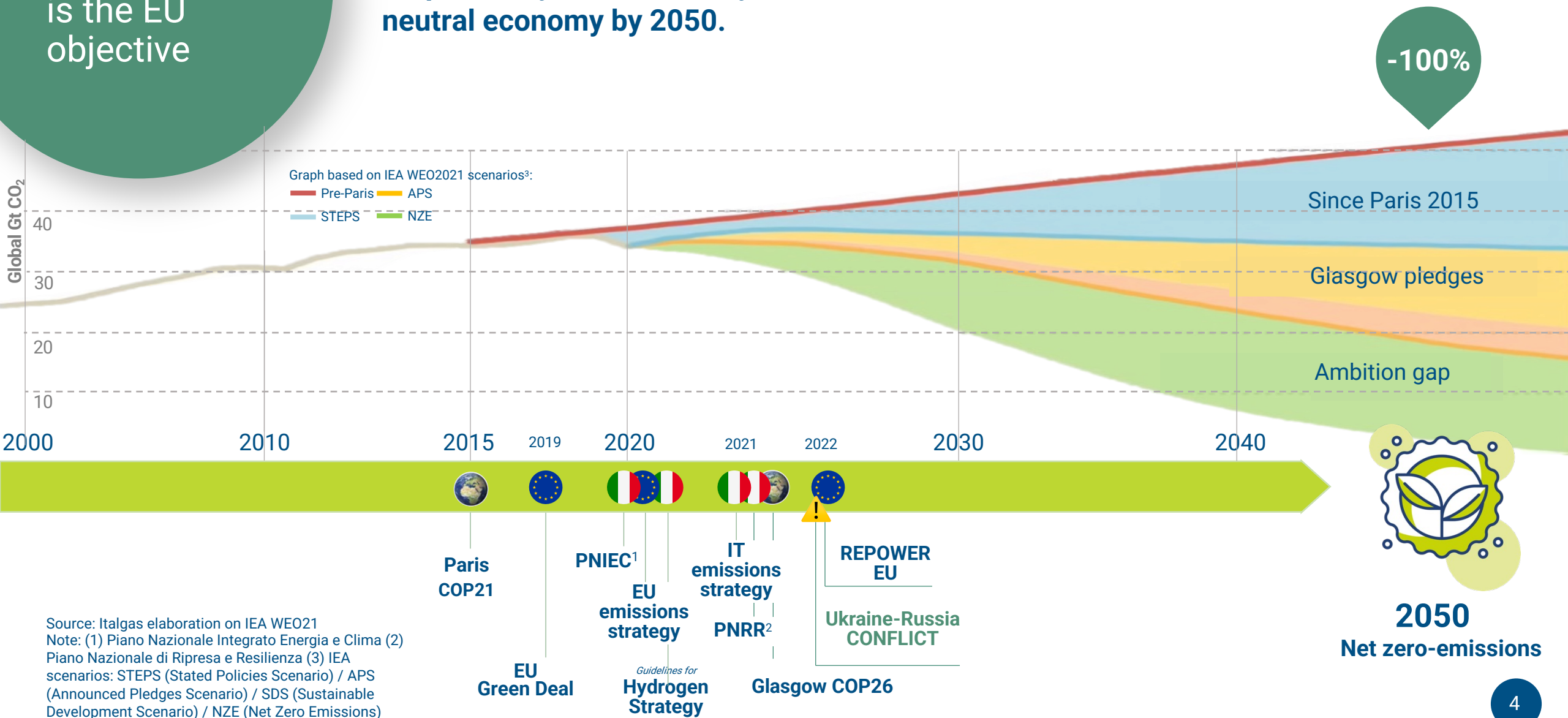


# Italgas a Player of the Energy Transition



# Carbon Neutrality is the EU objective

EU politically and financially committed towards a climate neutral economy by 2050.





# Gas in Europe dependence on Russia is topical

Conflict in Ukraine has made the security of supply the core of energy policies, given dependency on Russian energy sources.  
The crisis struck in a context of already high commodity prices

## GAS INCIDENCE IN ENERGY MIX<sup>1</sup>

24%  
EU<sup>2</sup>



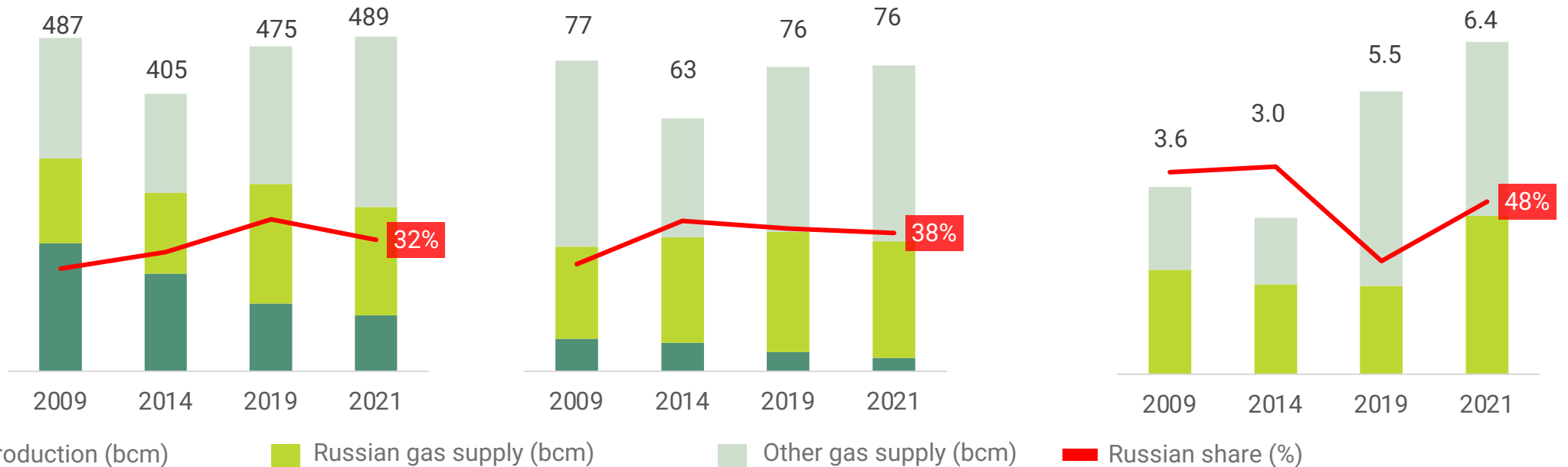
40%  
ITALY



22%  
GREECE



## GAS SUPPLIES AND RUSSIAN SHARE



# REPowerEU a tipping point

The REPowerEU plan sets a new multi-year path, accelerates the energy transition, creates the basis for a proper Energy Union, increases security of supply and reduces dependence on Russia

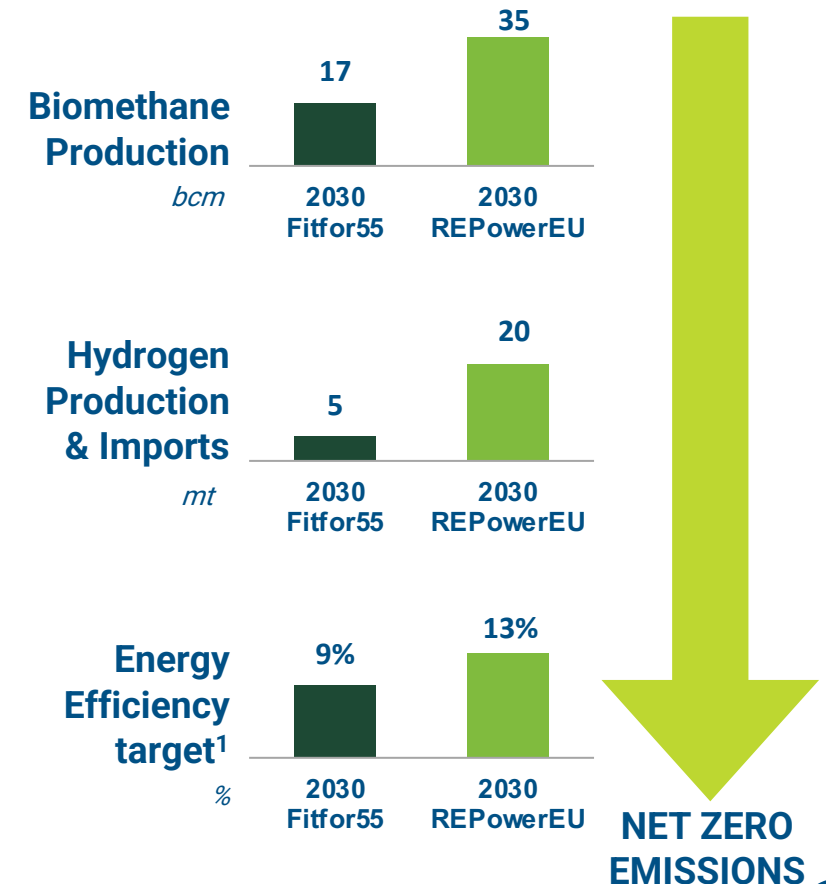
## Short-term

- Diversification of gas pipeline routes
- Additional LNG under current infrastructure or new FSRU units
- **Demand-side behavioural measures**
- **Energy efficiency investments**
- Industry gas prioritisation (emergency measure)
- Common purchase of gas

## REPowerEU MULTI-YEAR PATH

## Medium-term:

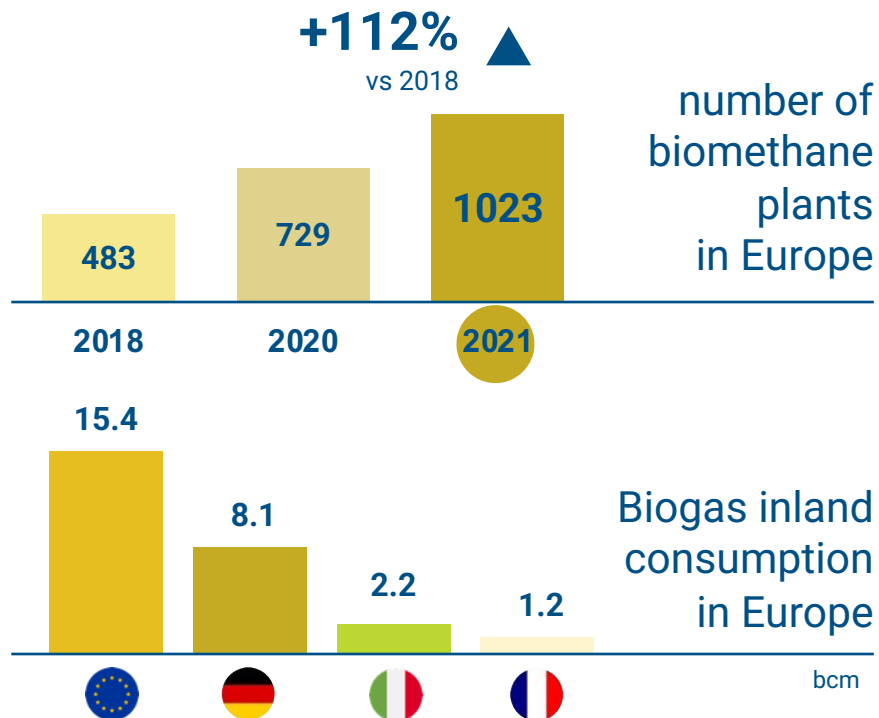
- **Energy efficiency investments and innovation**
- **Development of bio-methane production and infrastructure**
- Additional electricity renewable production
- Investment in power networks and storage
- **Additional LNG/gas pipeline infrastructures and investments to adapt existing gas networks to biomethane and green-hydrogen**
- **Development of green-hydrogen production and hydrogen infrastructure**



# Biomethane growing appreciation

**Biomethane accounts for 5% of EU gas demand.  
Offers significant advantages in terms of assets readiness.  
Still below potential, but part of REPowerEU plan.**

## EUROPEAN CAPACITY GROWTH



## Benefits of Biomethane

- Carbon neutral as CO<sub>2</sub> emitted equals that previously captured
- Potential for becoming Carbon Negative if production integrated with CCS-CCUS units
- High combustion quality
- Technological readiness
- Flexible and programmable resource (plan production and storage of energy)
- Promotion of circular economy models

# Biomethane under-exploited opportunity

Italy is the world's fourth largest biogas producer<sup>1</sup>  
Biomethane production is expected to accelerate in the coming years  
supported by regulation

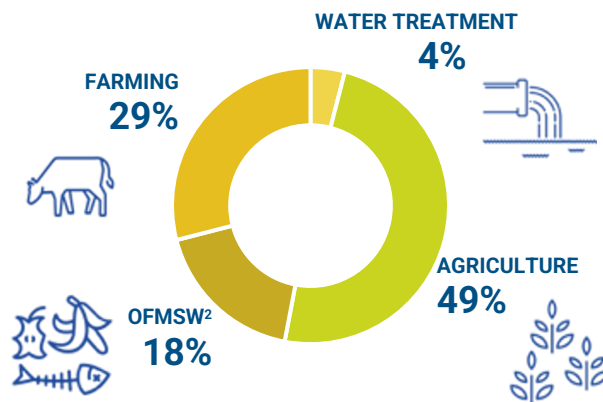
## FROM BIOGAS

In Italy, ~2,000<sup>3</sup> plants  
produce **2.2 Bcm of biogas**,  
mainly from agricultural  
feedstocks

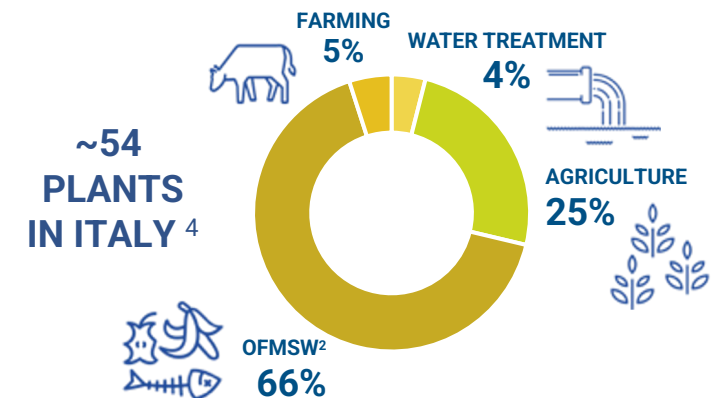
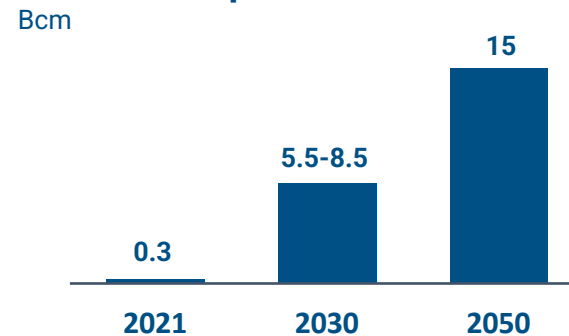
## PURIFICATION UPGRADE

## TO BIOMETHANE

In 2021 **less than 0.5bcm of biomethane** were produced in Italy.  
**Significant growth targeted by 2030 and 2050.**  
**Current incentive scheme is expected to be revised and improved** in order to  
foster biomethane production, including capex subsidies.



## Biomethane production outlook Italy



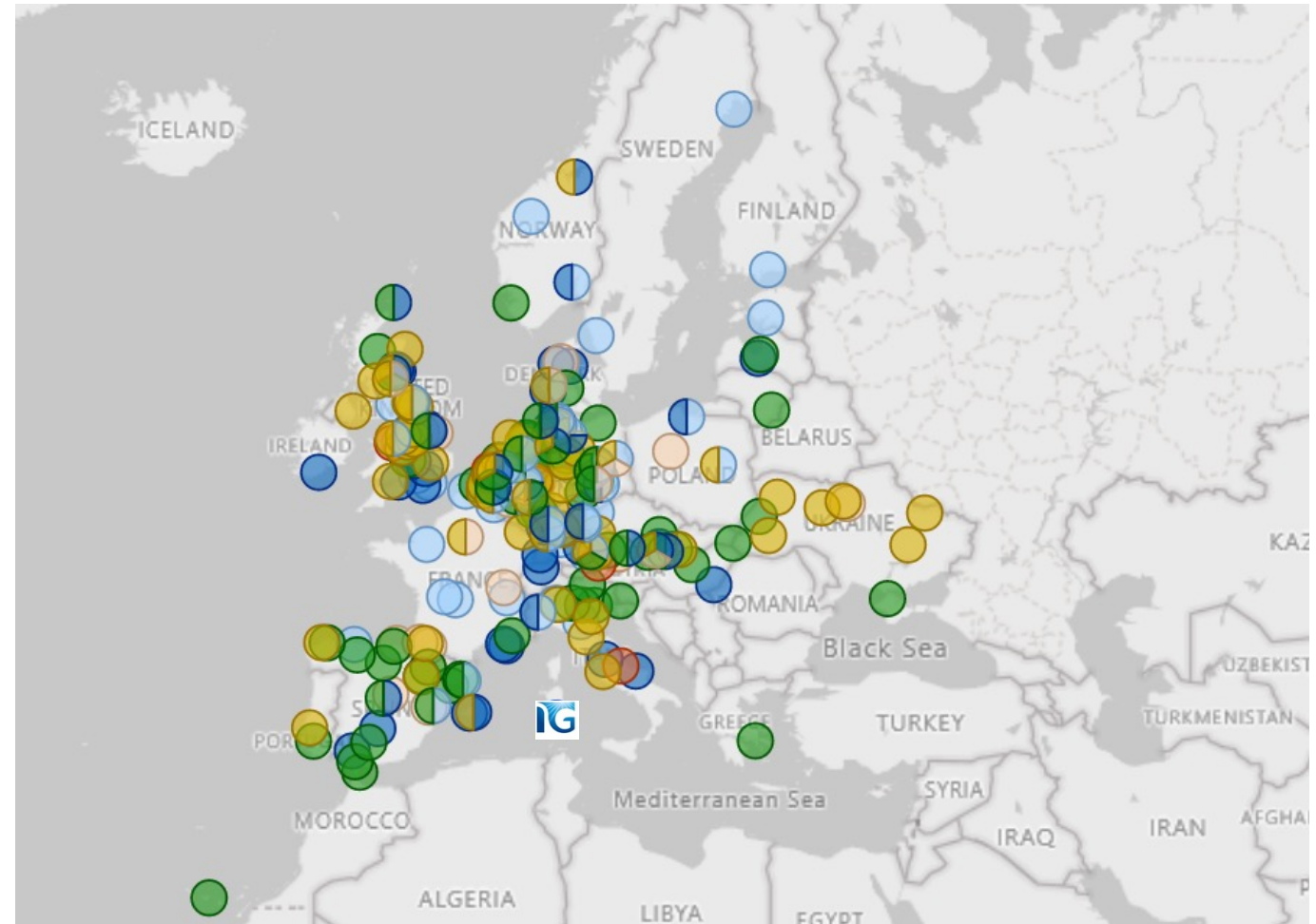
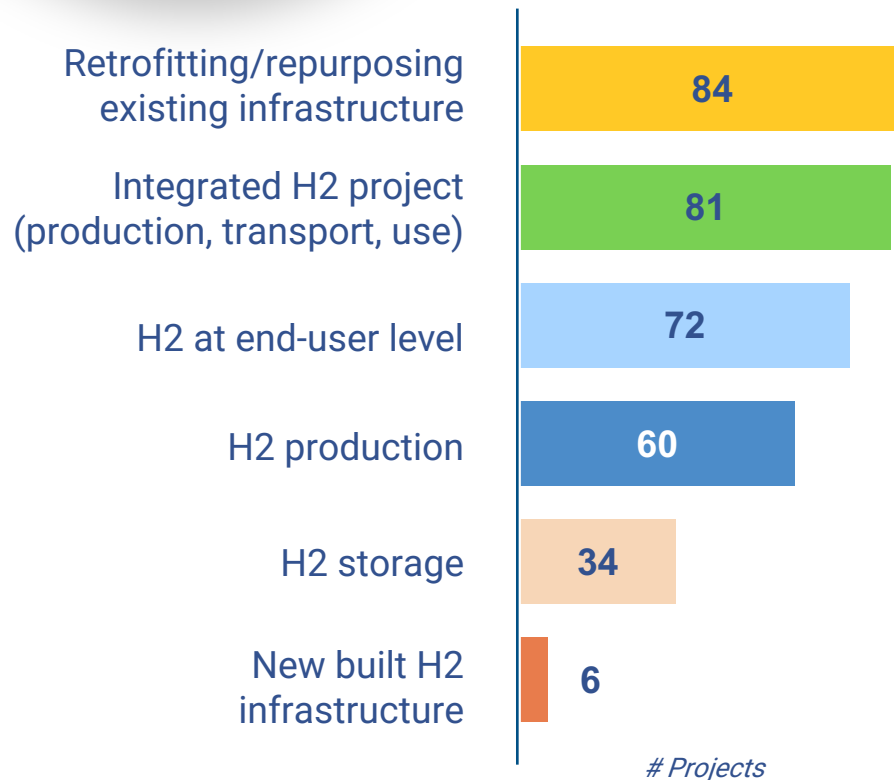
Source: elaboration on Eurostat 2020, Snam, GSE, Italian National Plan for Recovery and Resilience (PNRR)

Note: (1) After Germany, China and US. (2) OFMSW – Organic Fraction Municipal Solid Waste (3) % based on the total number of plants (4) 2021, 54 plants in operation and additional ~50 to be connected to the network



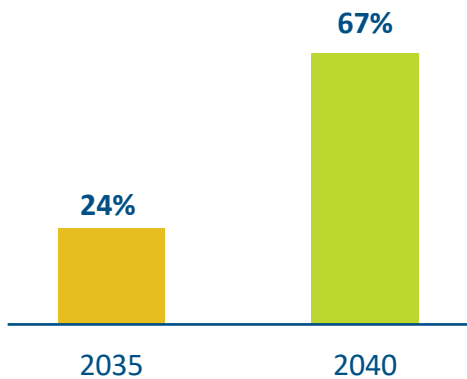
Hydrogen  
momentum  
building, with  
Europe playing  
a leading role

More than 335 hydrogen projects in Europe with focus on infrastructure  
retrofitting (25%) and integrated projects (24%)  
Europe also at the forefront of regulation

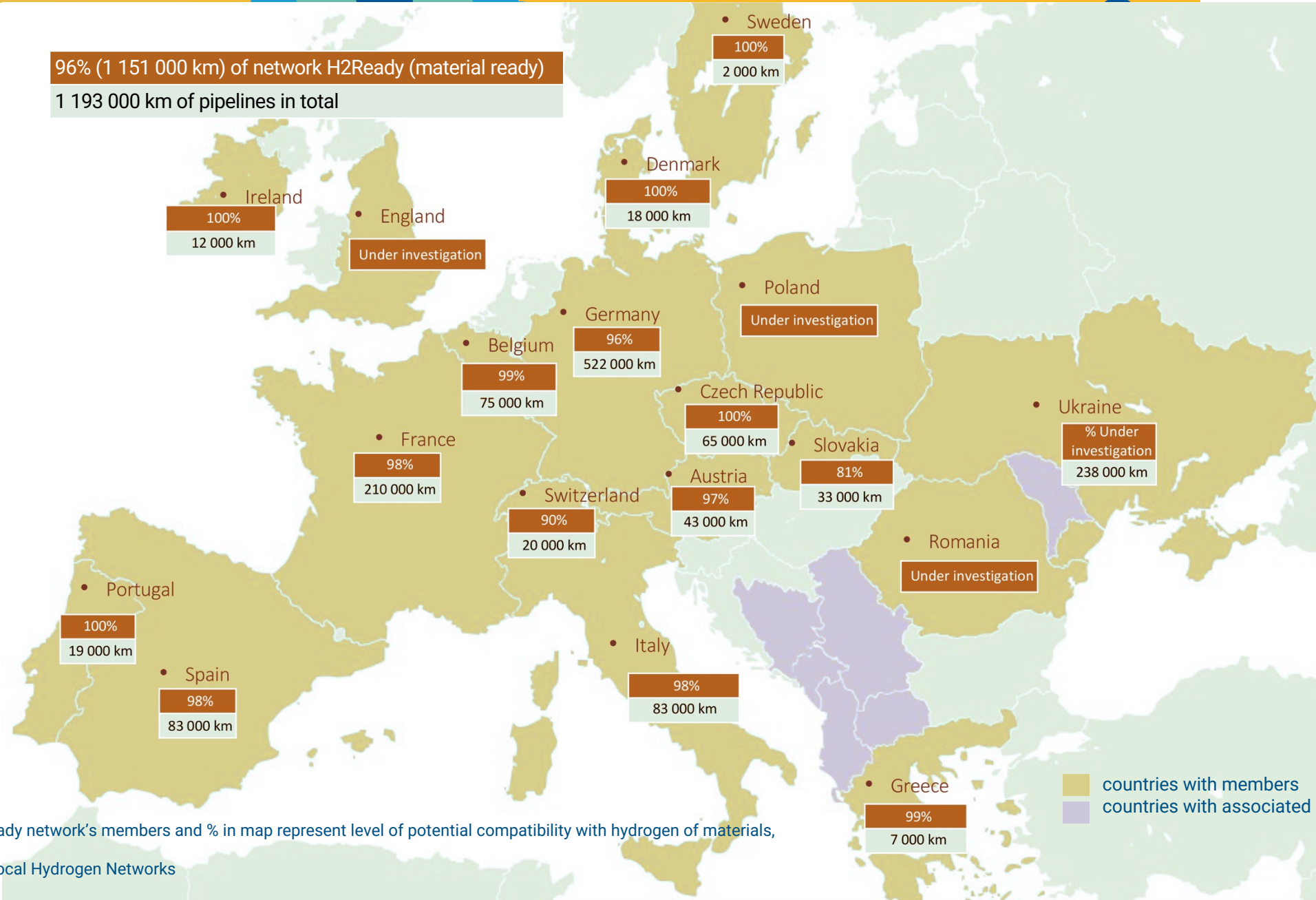


# Hydrogen distribution unappreciated high level of readiness

By 2040 ~67% of EU  
distribution network  
planned to be ready to  
carry pure hydrogen<sup>1</sup>



96% (1 151 000 km) of network H2Ready (material ready)  
1 193 000 km of pipelines in total



Note: (1) Results refer to networks analysed of H2Ready network's members and % in map represent level of potential compatibility with hydrogen of materials, not of components that are getting tested

Source: EHB report April 2022, Ready4H2: Europe's Local Hydrogen Networks

# REPowerEU and ITALGAS' STRATEGY

**Since 2017  
Italgas' Strategy  
anticipated the change.**

Already aligned  
with REPowerEU  
new targets and  
guidelines

Contribution to Italian and  
Greek energy transition and  
energy security over the  
long term



## **Foster energy transition & contribute to security of supply**

Development, injection, widespread usage of green-gases in networks.



## **Repurposing of Italian gas network into a smart one**

Upgrade and repurposing to increase efficiencies and resilience, enable green-gases distribution, via digital transformation.



## **Emission reduction and energy efficiency, also via EScO business**

Decarbonization of operations and full deployment of energy efficiency initiatives.



## **External growth/ New opportunities**

Acquisition, network development, tenders; growth in water and digital services.



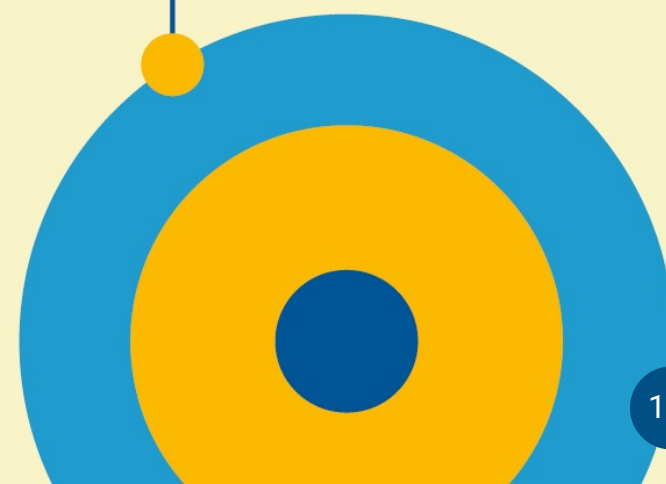
## **Greece**

Depa Infrastructure acquisition and development.





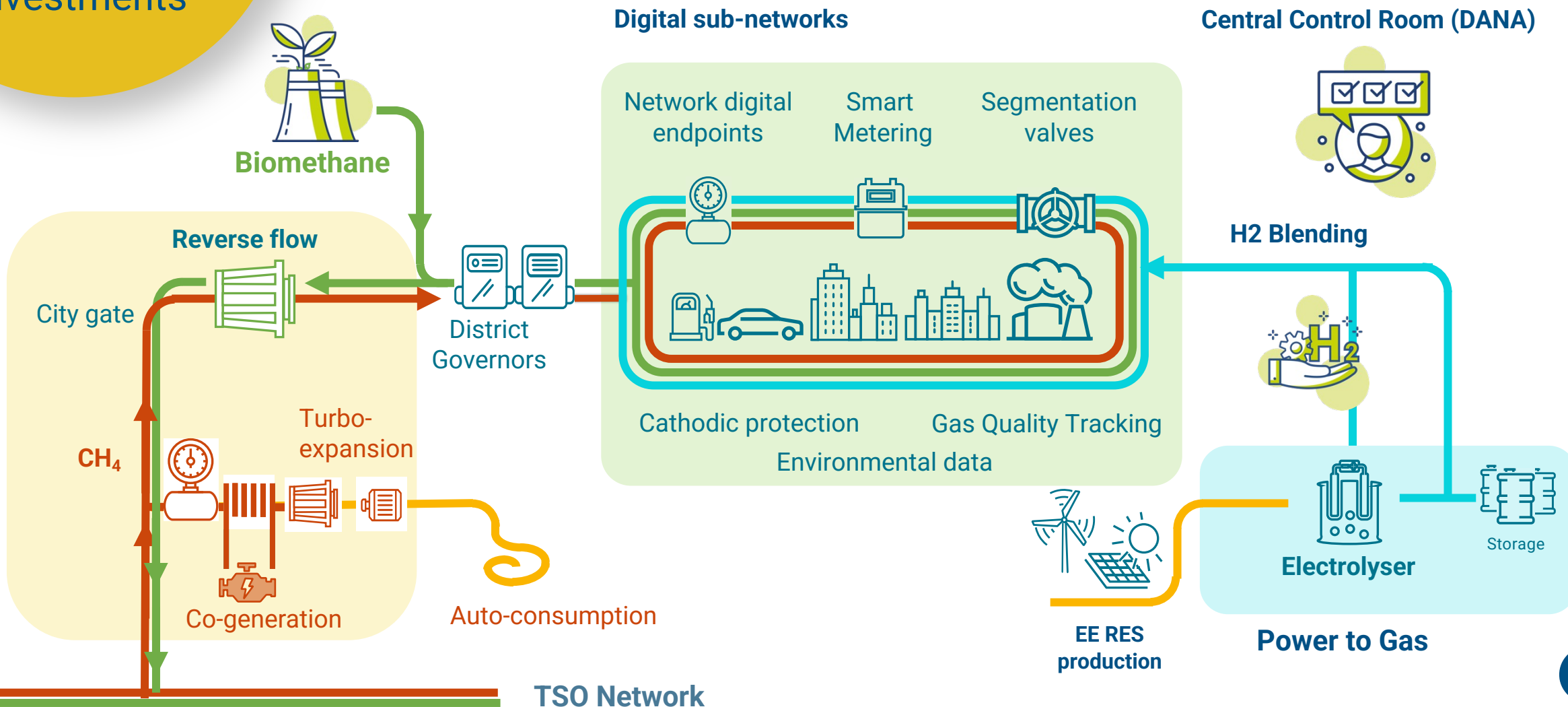
# Setting the Network Of Tomorrow





# Smart Gas Networks at the core of our investments

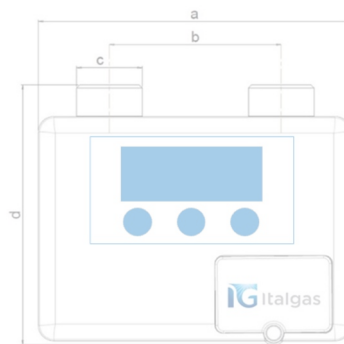
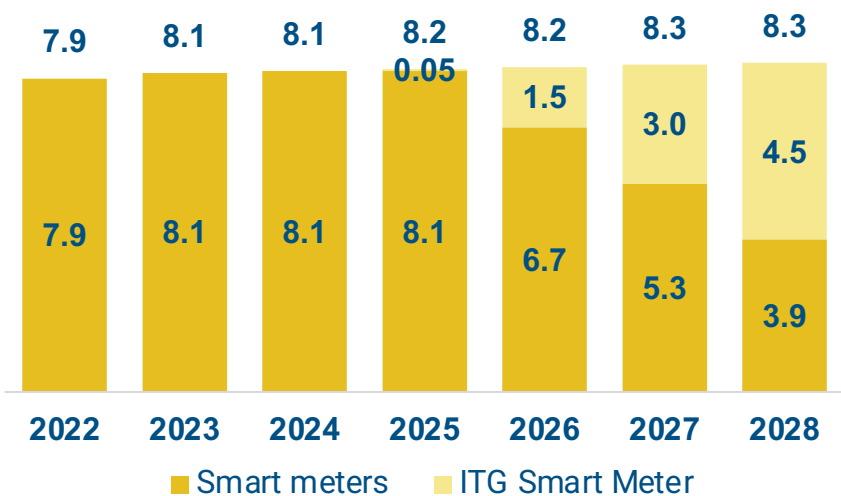
Italian network investment plan perfectly aligned with the long term objectives of the REPowerEU



# Assets Digitization

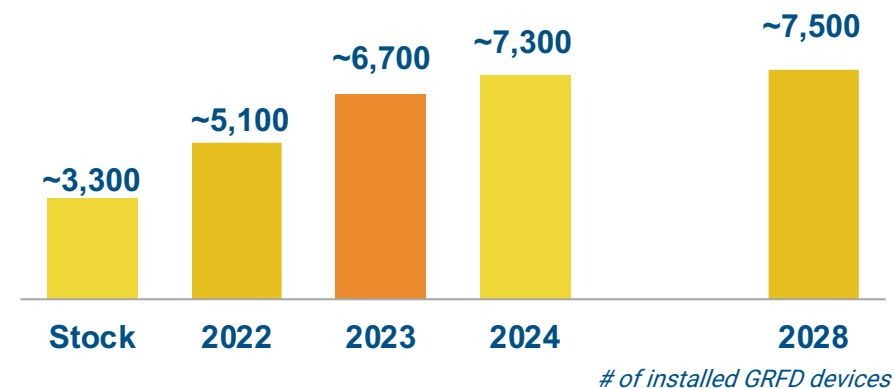
## SMART METERS<sup>1</sup>

Working to develop new in-house hydrogen ready smart meter. Progressive substitution of GPRS based meters also due to technology phase out by TELCOs



## Assets Digitization

- 1 City gates upgrade, including remote control systems
- 2 Biomethane connections & reverse flow connections at IPRM
- 3 District governors GRFD/GMPV replacement and upgrade



- 4 Gas distribution network upgrade, including THT and gas quality monitoring
- 5 Central Control Room (Dana)
- 6 Other

Innovation  
multiple  
approaches  
nourishing the  
transformation

Innovation driven by a combination of internal R&D, open innovation and venture capital investing Leverage on internal and external capabilities

>€0.2bn  
CAPEX  
2022-28

Internal  
R&d



**Digital factory**  
the first accelerator of the  
digital transformation

**Italgas lab** revamping and  
new **renewable gases**  
**testing centre** in Sardinia

Design new **Italgas**  
**smart meter**

**Power to gas** project  
and **biomethane**  
**connections**

Open  
Innovation



**International** «open innovation»  
scouting in main ecosystems,  
leading to **adoption and**  
**industrialization of new cutting**  
**edge technologies**



**MAIN FOCUS**

USA CANADA ISRAEL EUROPE UK



+ Other countries

Venture  
Capital  
Investing



Participation in **corporate**  
**venture capital initiatives** to get  
in contact with high potential  
SME / start-ups with positive  
impact for gas distribution  
sector

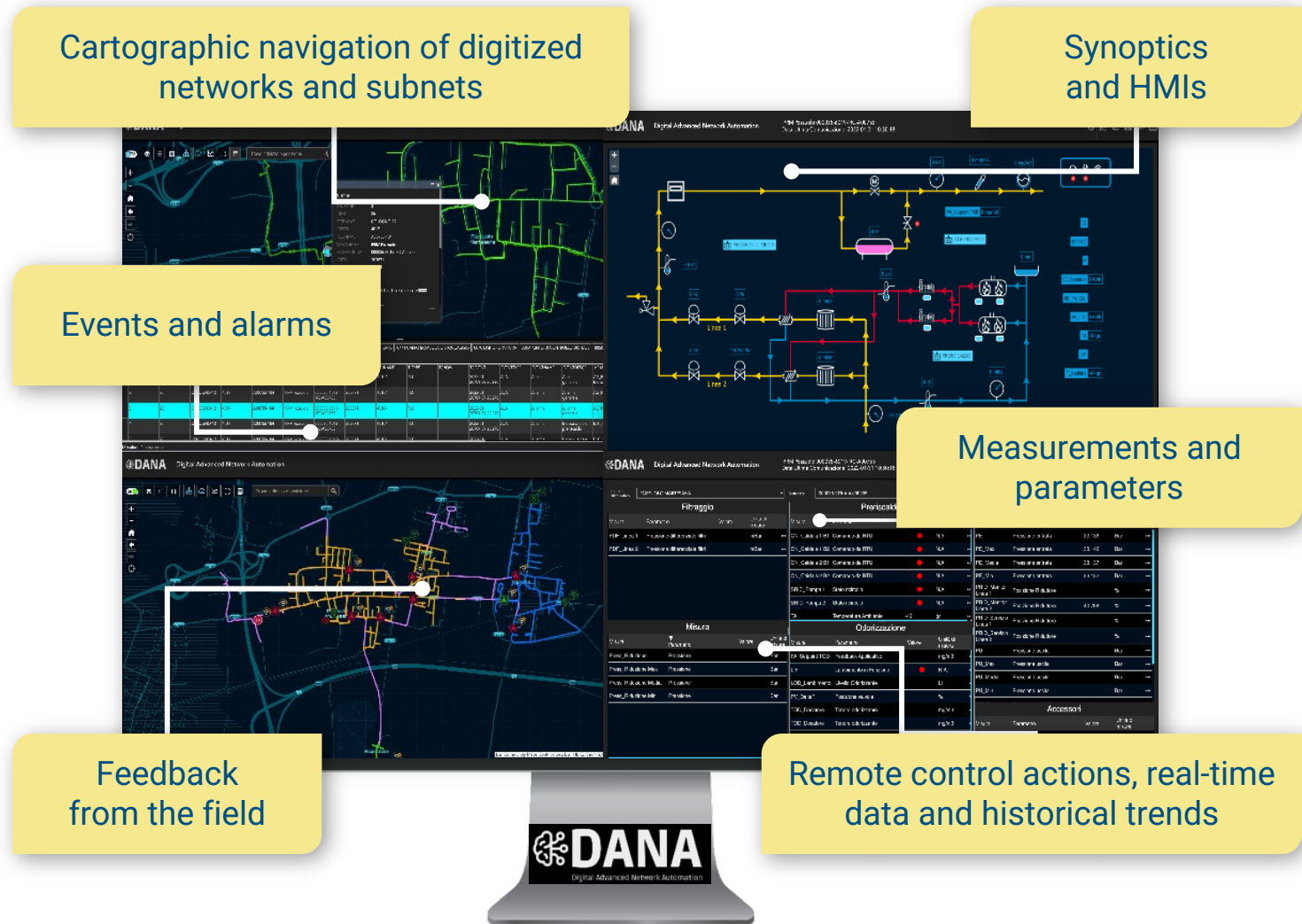
# DANA

a comprehensive  
output of  
innovation

DANA, our *command-and-control* system  
revolutionising network supervision

## 3 MAJOR BENEFITS:

- **Monitoring of a distributed system** where physical variables are interdependent
- **Remote management with commands** on main network processes and plants and **increased governed processes efficiency and flexibility**
- **Enabler of renewable gases management**





# Italgas and Biomethane

Anticipate a step-up in connection requests over 2022-28  
Working with producers to define best technical solutions

~€0.1bn

CAPEX  
2022-28

~150

CONNECTIONS

From 80/20 to 20/80

BIOMETHANE  
PRODUCER



Request

55

Since 2019

Feasibility  
Assessment

7

Ongoing

23

Positively  
assessed

3

Quotations to  
customer



NETWORK  
MANAGER



2 pilot reverse flow projects under  
evaluation while waiting for regulation  
definition<sup>1</sup>



PILOT REVERSE FLOW  
PROJECTS

- ✓ OSTIGLIA
- ✓ MANDURIA AVETRANA

<sup>1</sup>ARERA consultation document published

# Italgas and Hydrogen pulling several levers

Several initiatives ongoing to ensure network readiness for hydrogen distribution and blending

H<sub>2</sub>



Ongoing assessment, upgrade and digitization of the network to allow distribution of green gases as well as to increase efficiency and reliability  
Design of new H<sub>2</sub> ready smart meter



Development and construction of a **P2G pilot project** in Sardinia to test the entire **green hydrogen value chain**, including implications on equipment



**Hydrogen Lab** to be located next to ITG P2G plant in Sardinia to test boilers/ water heaters, gas metering and odorization, gas quality check equipment, piping and gas meters aging



MOU with **Buzzi Unicem** for the development of a feasibility study relating to the construction of **P2G plants in combination with Carbon Capture Systems** in Buzzi Unicem's production sites



International partnerships for knowledge sharing, like those with **Jemena (Australia)** and **Marubeni (Japan)**

**Hydrogen  
Readiness  
equipment  
testing**

**Preliminary results of Italgas' network technical assessment has showed high levels of compatibility with hydrogen blends up to 10%**

**Distribution  
network  
compatibility to  
H2 under test**

Ongoing evaluation of  
Italgas network  
compatibility in order to  
identify the investments  
necessary to upgrade the  
network

### **Phase 1**

Analysis and preliminary assessment of suitability to distribute a natural gas / hydrogen blends in networks and pressure reduction stations.

Completed

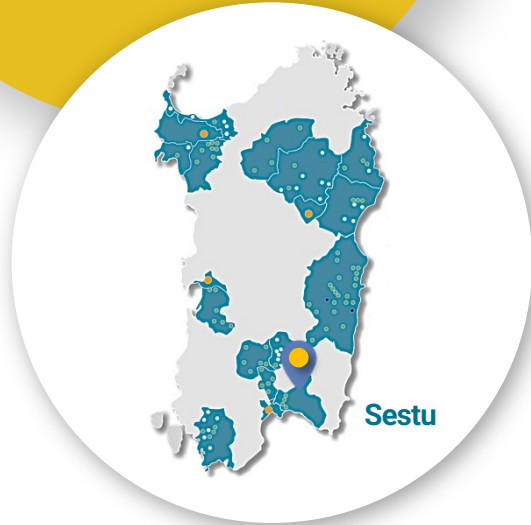
### **Phase 2**

Identification of sample networks to test materials and equipment on site and in collaboration with internal R&D laboratories



# Hydrogen Readiness Italgas P2G project

An example of sector coupling.  
Basic design completed; permitting  
& procurement ongoing.  
Expected to be in operation  
in 2023



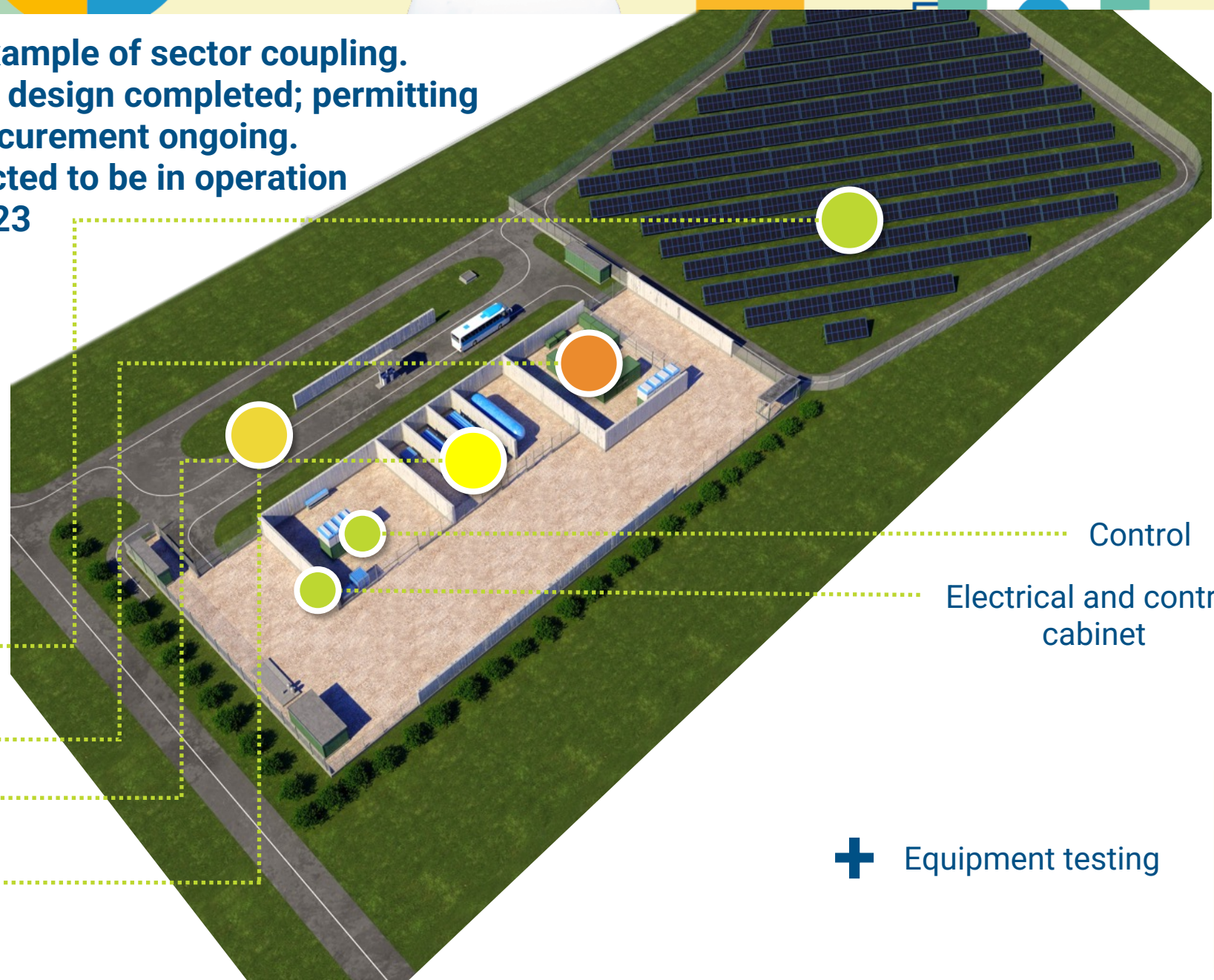
Sestu

Owned RES Plant 1 MW

Electrolyser 0.5 MW

Storage & blending 300 kg

Refuelling station 300 kg/d



Control

Electrical and control  
cabinet

+ Equipment testing





Italgas

Tier 1 Player  
in Energy  
Efficiency

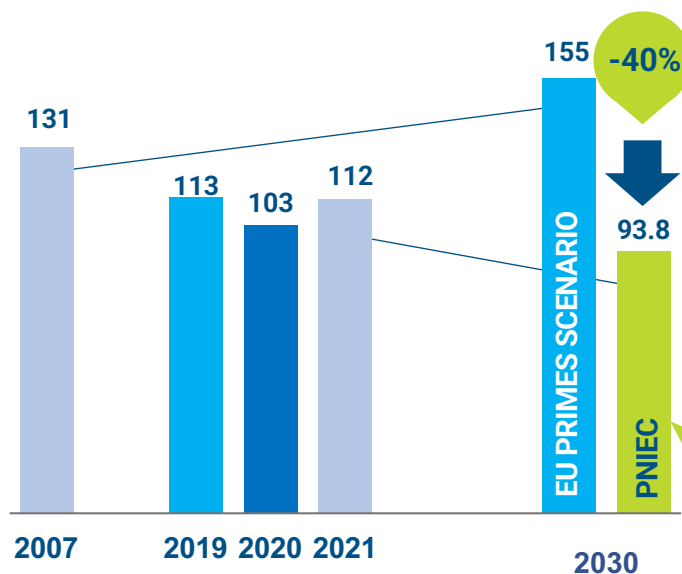


# Energy Efficiency a EU priority

## REPowerEU enhanced energy efficiency targets at EU wide levels Existing Italian targets already require additional efforts to 2030

### Final energy consumption 2007-2030

Mtoe

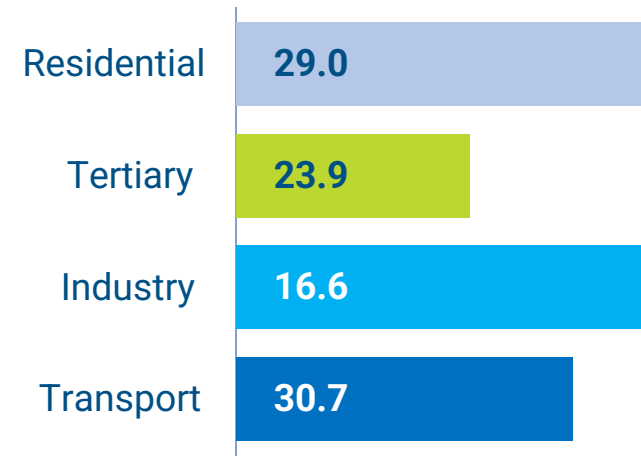


**PNIEC** targets  
-40% final energy by  
2030 vs Primes  
scenarios<sub>2007</sub>.

**PNIEC<sub>2030</sub> implies**  
-16% 2021-30  
-9% 2020-30

### Final energy consumption 2020

Mtoe



### Reduction objective by 2030<sup>1</sup>

Mtoe



TOTAL

~100

-9.3

-9.0%

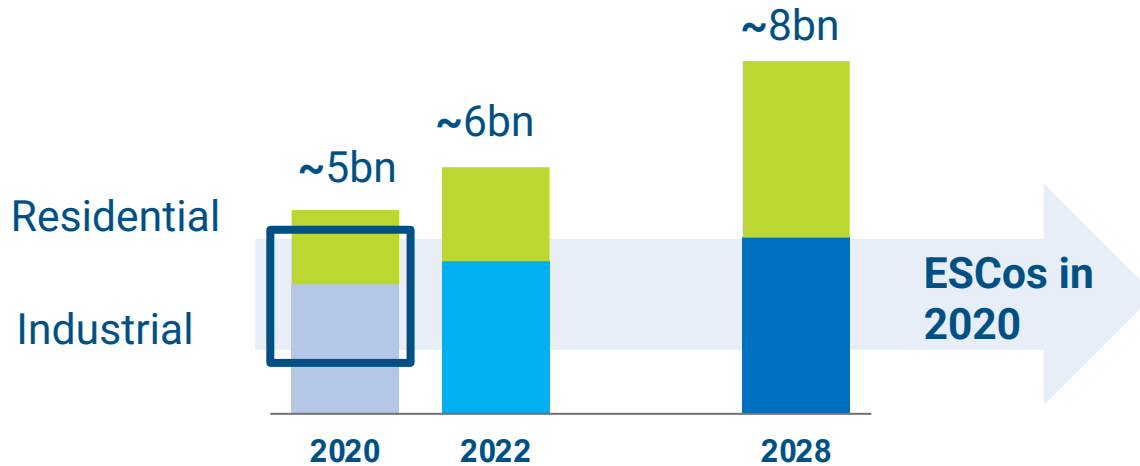
Source: Final energy consumption Eurostat; target consumption from PNIEC

Note: (1) PNIEC defines savings expected over the period 2021-2030 based on the ~40% target vs PRIMES 2007 scenario

# Energy Efficiency strong market outlook for ESCOs

Meeting the targets implies a strong market outlook, while awareness of benefits increases  
Consolidation opportunity, given overly fragmented market

Size of the Italian  
Energy Services market  
€



		Small size (≤ €25m rev.)	Large size (> €25m rev.)
379	Certified ESCOs	88%	12%
10,309	Employees		
€3.5bn	Total revenues (9.4M€ on average)	~3 m€	~56 m€
€0.4bn	EBITDA (10% average margin)		

**ESCos**  
3 pillars / 4  
core areas  
strategy

Since its foundation, Seaside has expanded its business through organic growth and M&A, also offering services to the Group Ceresa to be merged with Seaside in July 2022



**Internal  
effort**

Support Italgas energy transition, providing services within the Group  
Key asset for tenders

**Organic  
growth**

Leverage and expand existing client base focusing on digital services, heat plants management and building renovation

**External  
growth**

M&A initiatives to expand the scale of services offered and to consolidate a fragmented sector  
**Selective approach**

**4 CORE  
FOCUS  
AREAS**

**BUILDING**

**INDUSTRY  
SERVICES**

**PUBLIC  
SECTOR**

**SUSTAINABILITY /  
ENVIRONMENT**

## ESCos key targets

Targets enhanced aiming at 6-8% market share  
Majority of capex dedicated to M&A  
Acquire new added value competences and clients development

### Capex

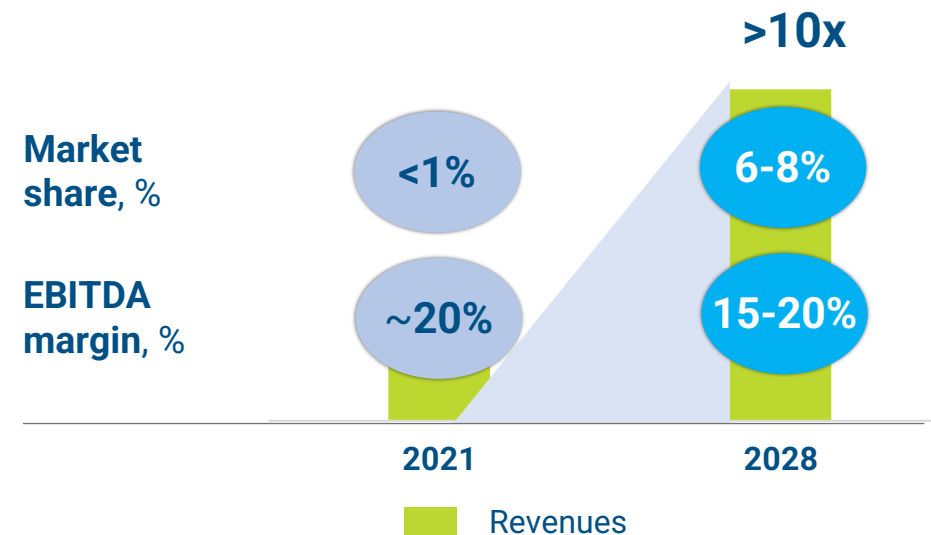
Internal Growth

EPC / Industrial

M&A

### Operating performance

Growing revenues contribution  
from increasing market share







Greece





## DEPA Infrastructure in a nutshell

DEPA Infrastructure is the holding company which owns the three gas distribution operators EDA Thess<sup>1</sup>, EDA Attikis<sup>2</sup> and DEDA<sup>3</sup> in Greece

The three distribution network operators have **exclusive rights in their respective regions**. Combined, they cover the **quasi-entirety of the Greek market**.

Penetration rate is set to **increase sharply** to let **Greece reach its decarbonization goals**



① Thessaloniki Thessaly regions

② Attiki region

③ Other territories

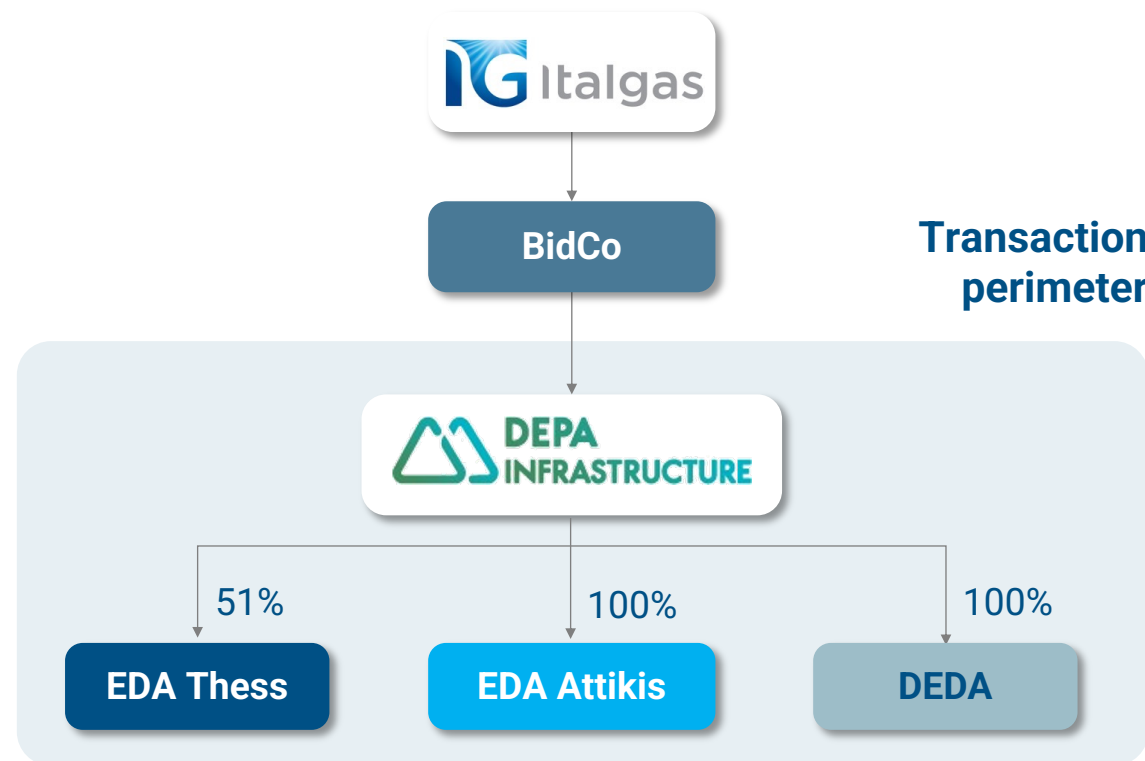
(1) Thessaloniki – Thessalia Gas Distribution S.A.

(2) Attiki Natural Gas Distribution Single Member Company S.A.

(3) Public Gas Distribution Networks S.A.

# DEPA Infrastructure timeline update

- **RAE approval pending for closing.** Antitrust approval granted in March 2022
- Italgas to acquire DEPA Infrastructure through an Italian BidCo
- Consideration of €733<sup>1</sup> mn for 100% of the equity of DEPA Infrastructure<sup>2</sup>

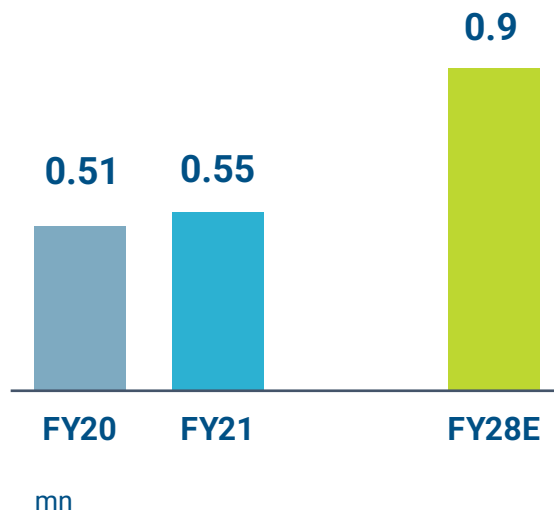


Note: (1) As of 31/12/2020, (2) DEPA signed an agreement for the acquisition of the remaining 49% of EDA Thess at pre-agreed conditions, post closing, source European Commission, Enhanced Surveillance Report – Greece, June 2021

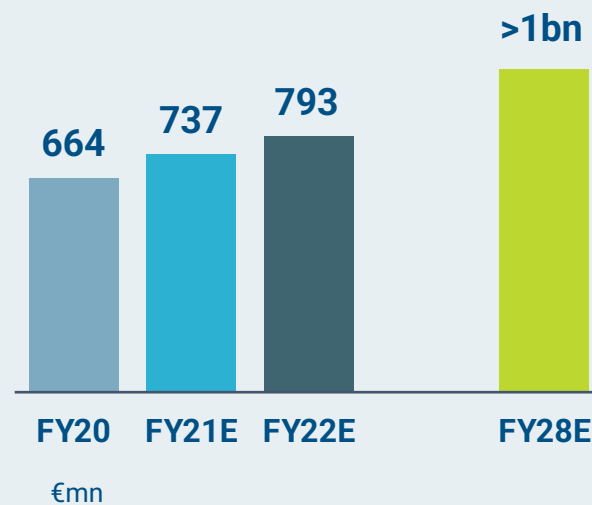
# DEPA Infrastructure key plan assumptions

Pending closing the plan incorporates preliminary projections provided by the targets

## REDELIVERY POINTS



## RAB



**~€1.8bn**

ACQUISITION,  
DEVELOPMENT &  
MAINTENANCE  
CAPEX  
2022-28



# Other Opportunities



**Water**  
committed to  
scale up our  
presence

**Best practices in gas network management applied to water networks to make water distribution more sustainable and reduce losses**  
**Targeting selective acquisition**



**Italgas Acqua**

**Serving 5 municipalities**  
in the province of Caserta  
**100% of the network remotely controlled**

**Plan Period, digitization continues**  
CEM technology<sup>1</sup> implementation  
NB-IoT smart meters roll-out

Note: (1) CEM Central Event Management; (2) Organic and M&A

### Strategic Positioning

- ★ **Deep understanding** of the regulation and knowledge of the business
- ★ **Expertise in managing** pipeline networks, improving their performance & **solid partnerships with technical experts**
- ★ **Opportunity to digitise** new grids replicating what Italgas' model
- ★ **Sustainability** focus

**Scouting for M&A opportunities**

**€160mn**  
CAPEX<sup>2</sup>  
2022-28



**Bludigit**  
the digital  
company of  
Italgas Group

**Competence centre for the entire Group, unlocking value  
of proprietary solutions in the market**



### Bludigit

**Spun-off in July 2021**

Brings together all the **Information  
Technology (IT)** activities and the  
**Digital Factory**

**Fully owned by Italgas**

### Objectives



**Technological Portfolio Optimisation:** ensure the constant  
update of technologies while optimizing costs



**Business Goal Enablement:** develop digital services  
available to the business, improving resiliency and  
scalability



**Commercial service development:** open sales channels and  
new partnerships

Bludigit  
pushing capex  
effectiveness  
with **Capexforce**

**Capexforce is the further step in capex management effectiveness.  
Integrated with proprietary solutions, tailored for our core business.**

Solution created by  and  una Società Italgas

### CAPEXFORCE

**End-to-end digital solution**, for the optimization of the capital investment cycle

Leverages on Salesforce technology and on an ecosystem of proprietary solutions (e.g. WorkOnSite, ShareView) to ensure on-quality and on-time deployment of capex

### Advantages



**Increase capital productivity:** roadblocks and downtimes removal through improved end-to-end visibility



**Push digital transformation:** simplification and automation of internal processes involved, i.e. Planning, Engineering, Permitting, Procurement, Deployment, Operations



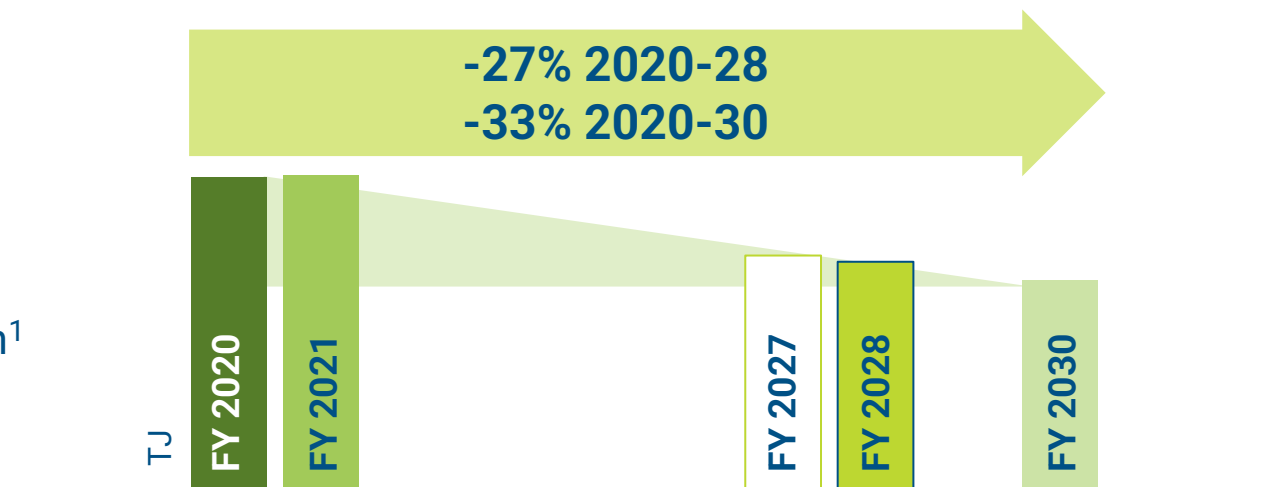
**New business opportunities:** proprietary solutions offered as license to energy and infrastructure operators



# ESG targets

ESG  
environmental  
targets  
enhanced

Net Energy  
Consumption<sup>1</sup>



Actions identified  
and reflected into  
capex plan

**Efficiency measures for industrial consumption:** preheating processes, onsite renewable energy production and auto-consumption, digitalization of monitoring and control systems of the plants

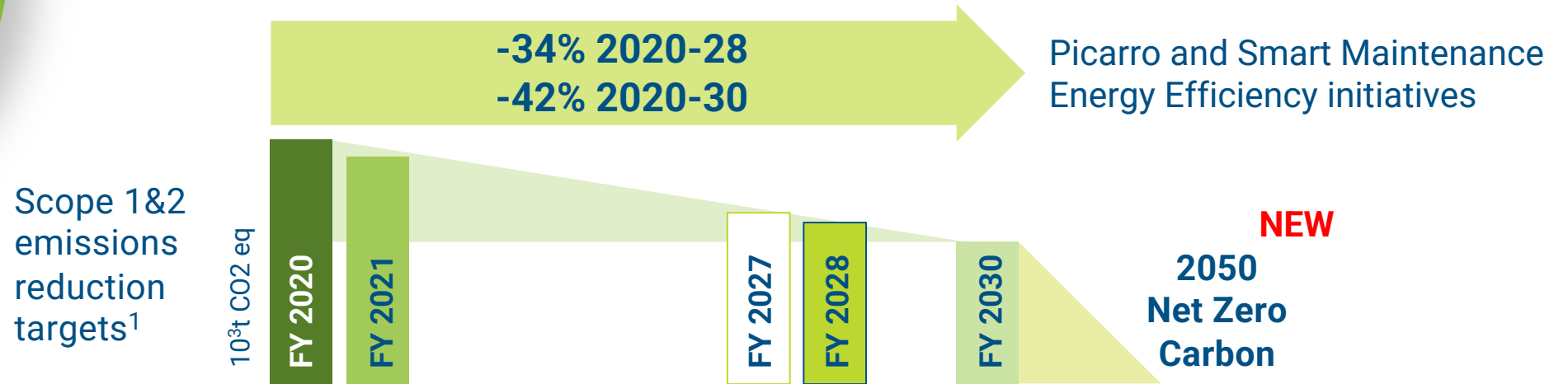
**Office management and buildings renovation** effort together with constant process of optimisation, renewal, **digitalization of monitoring and control systems** of the buildings

Optimisation and renewal of the **car fleet**

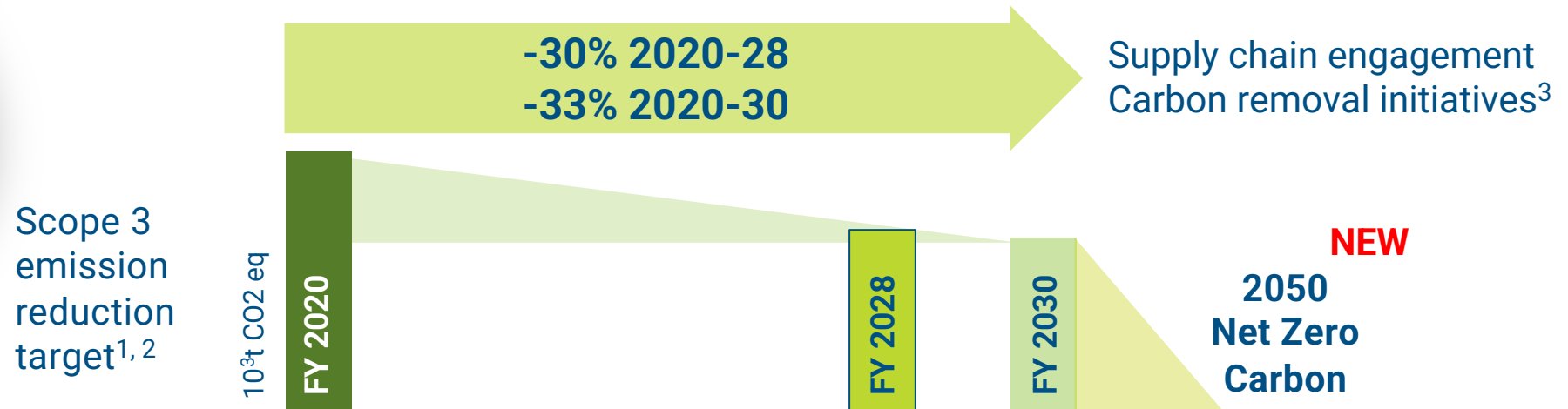


## ESG

new Net Zero  
and Scope 3  
reduction  
targets



Actions identified  
and reflected into  
capex plan



Note: (1) unchanged perimeter, ie excluding M&A, DEPA Infrastructure and tenders (market based scope 2), targets aligned with SBTi in terms of linear annual reduction and in absence of SBTi methodology for gas distribution; (2) baseline recalculated taking into account specific suppliers' emission factors; (3) post 2030;

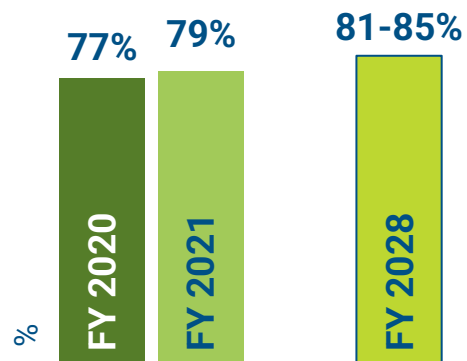


ESG  
social targets  
prove the  
change is  
ongoing

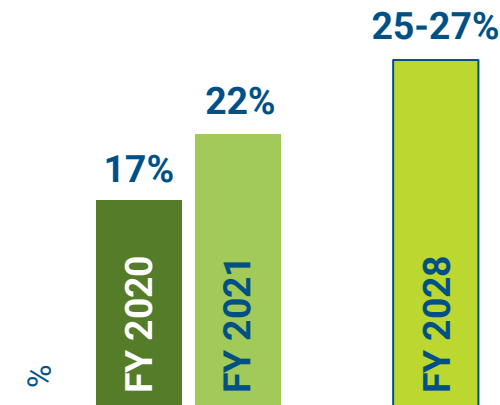


### Engagement

Net Promoter Score (NPS)

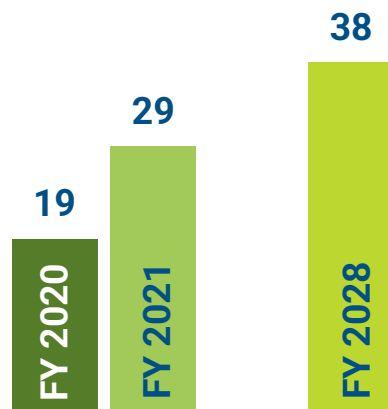


### Women in responsibility roles



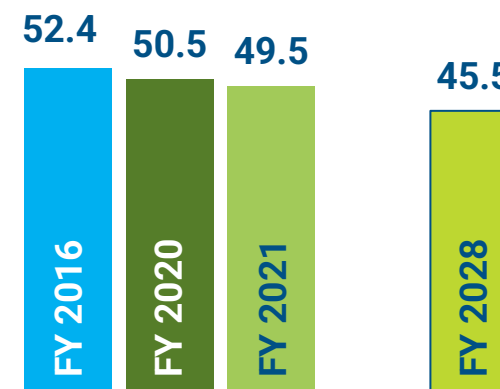
### Training hours

Hours per employee



### Average age

years

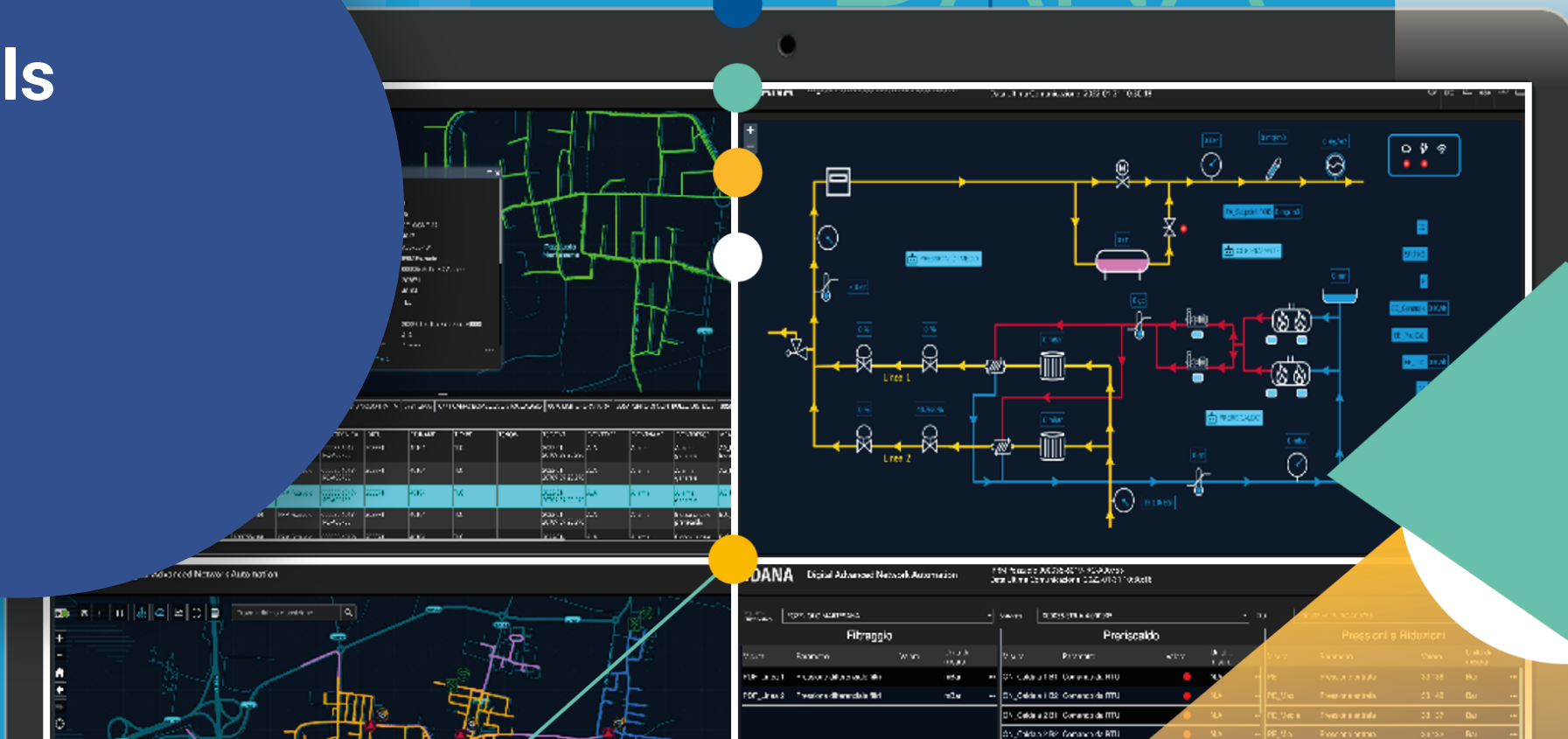


Total over plan period

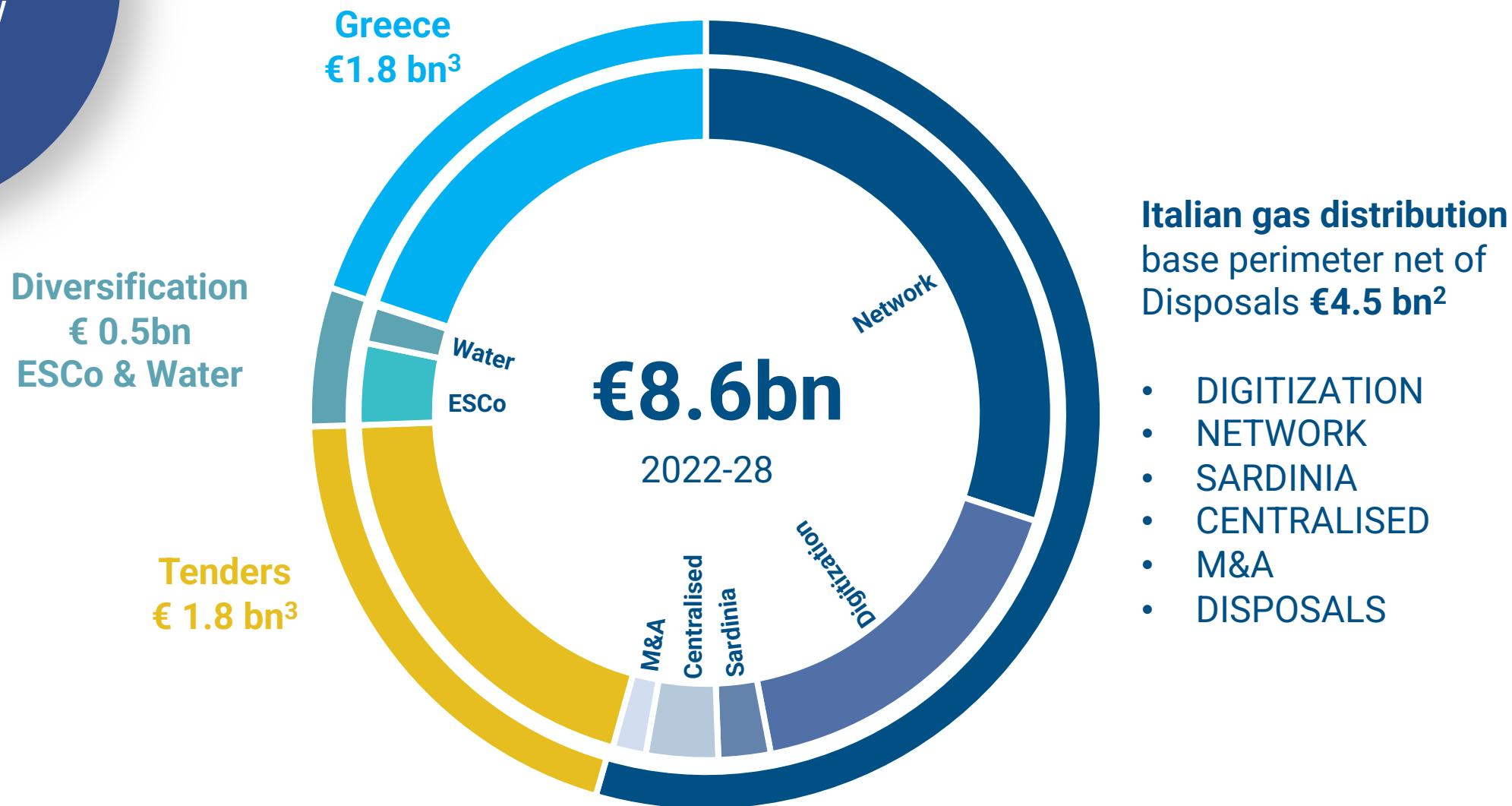
600k

# Financials

# DANA



Investments  
allocation  
reflects new  
contest



# Italian Network repurpose and upgrade

## Network spending, between repurposing and extensions

~€2.9bn

CAPEX  
2022-28

DPCM on strategic  
infrastructures  
published.

Virtual Transport  
Pipeline confirmed

In line with Medea's  
development plan



Repurposing  
and upgrade



Extensions  
and new  
grids



Maintenance  
of existing  
network



Technical  
Innovation and  
energy efficiency

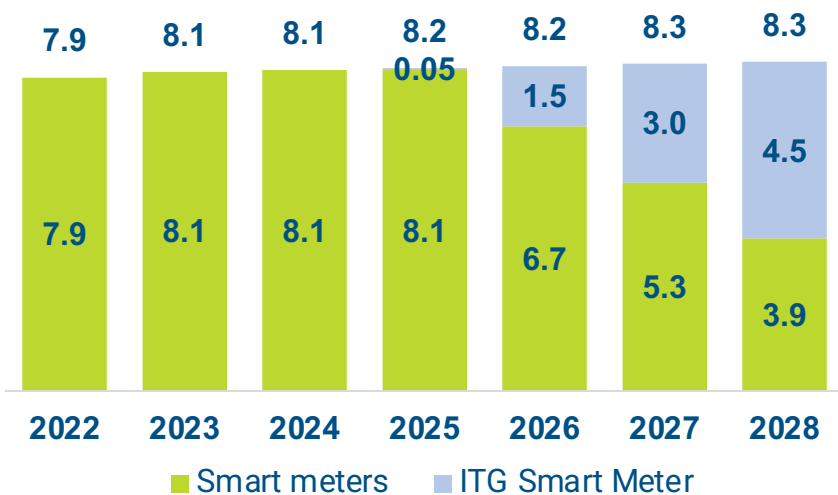


Sardinia  
new grids

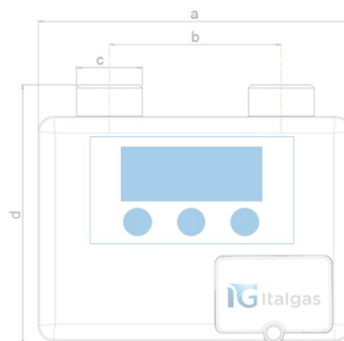
Note: of which Sardinia Capex €0.2bn, does not include Centralised capex for €0.3bn

## SMART METERS<sup>1</sup>

Working to develop new in house hydrogen ready smart meter. Progressive substitution of GPRS based meters due to technology phase out by TELCOs

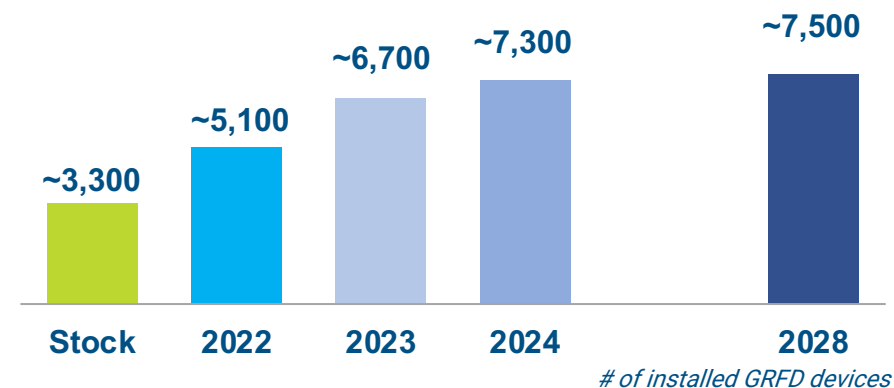


Note: (1) meters gross of disposals



## Assets Digitization

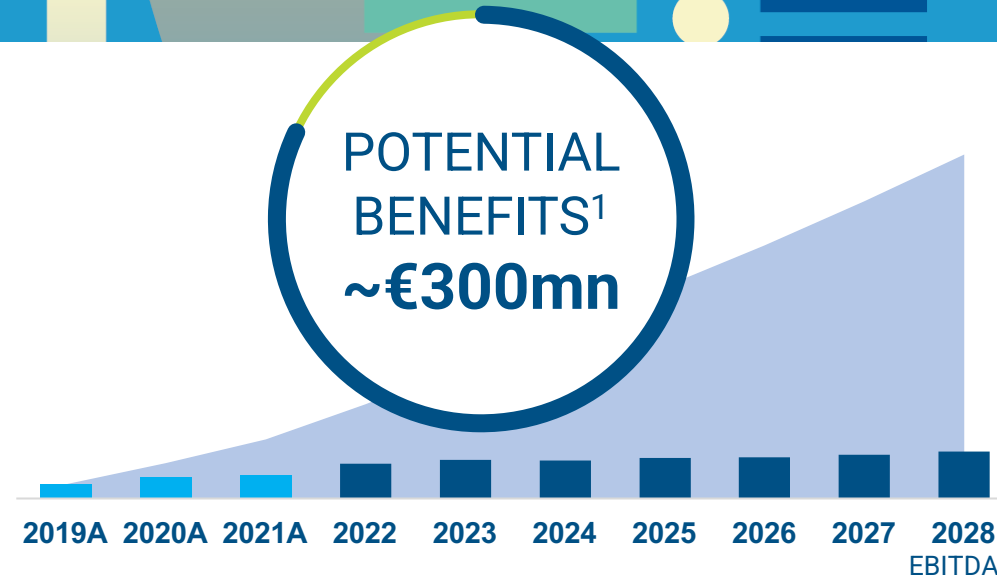
- 1 City gates upgrade, including remote control systems
- 2 Biomethane connections & reverse flow connections at IPRM
- 3 District governors GRFD/GMPV replacement and upgrade



- 4 Gas distribution network upgrade, including THT and gas quality monitoring
- 5 Central Control Room (Dana)
- 6 Other



**Digitization**  
a unique  
efficiency and  
value driver



**~ €240mn EBITDA impact**  
**~ €50-60mn capex impact**

**Digital transformation now  
impacts every business area**



**ICT**



**OPERATIONS**



**PROCUREMENT**



**HR**



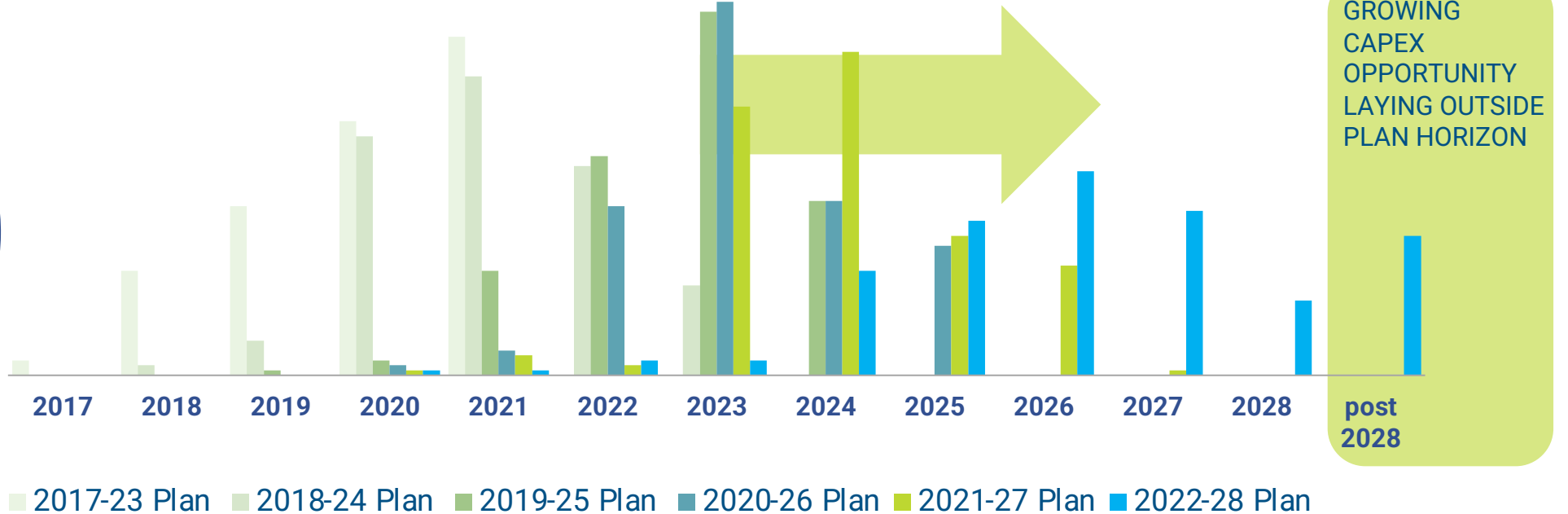
**REGULATION**

Note: (1) Cumulated over 2022-28 compared with a scenario of no digitization

**Tenders**  
new timeline  
reflects more  
cautious  
approach

Visibility on timing is low, peak moved to 2026 and tenders to complete  
beyond plan period  
Capex opportunity laying outside plan horizon growing

**~€1.8bn**  
CAPEX 2022-28



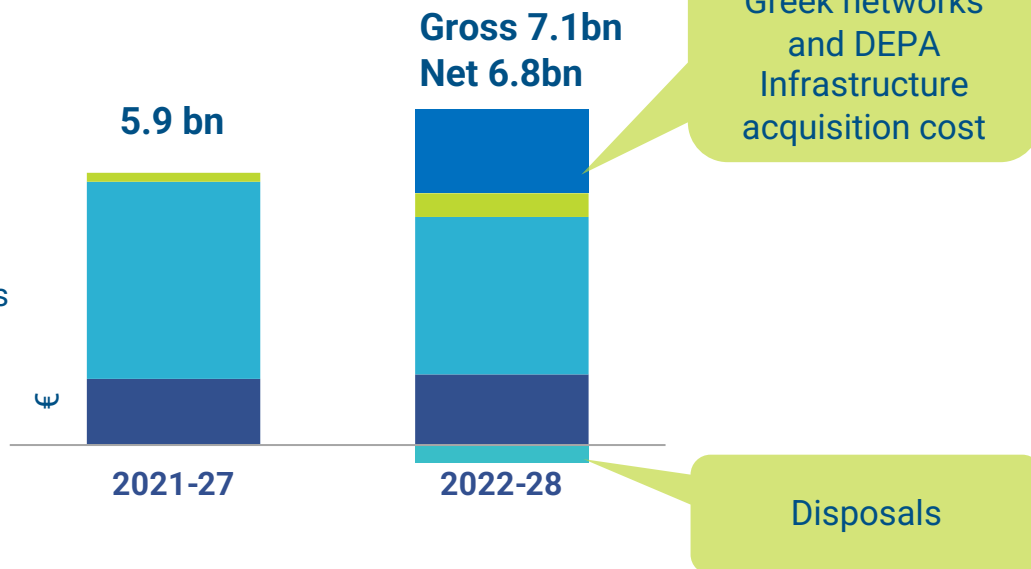
# Investments still growing

Investment plan reflects Greek acquisition and repositioning of capex to maximise returns as well as selective disposals

## Without Tenders

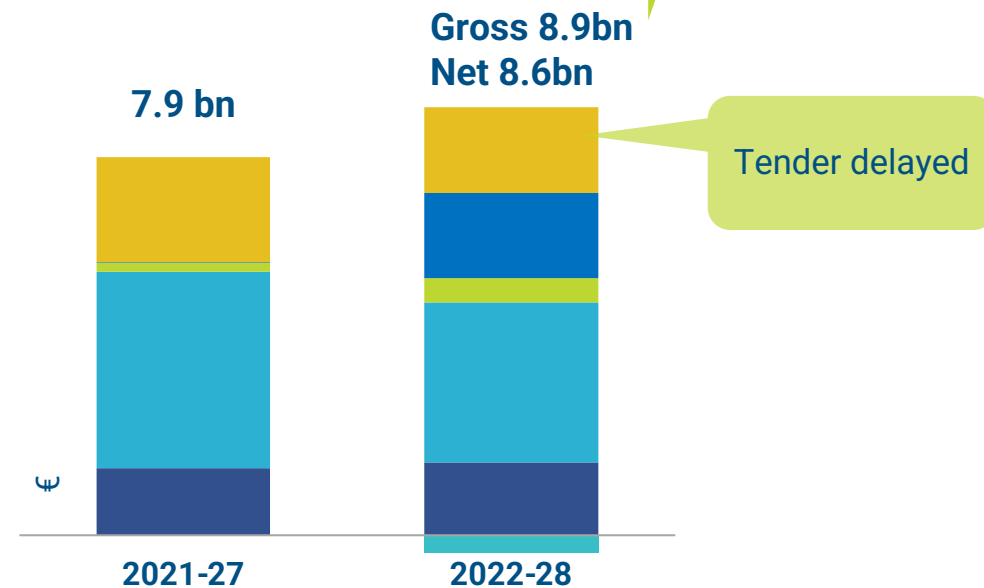
Gross investments +22%  
Net investments +16%

- Tenders
- Greece
- New opportunities
- Network<sup>1</sup>
- Digitization
- Disposal



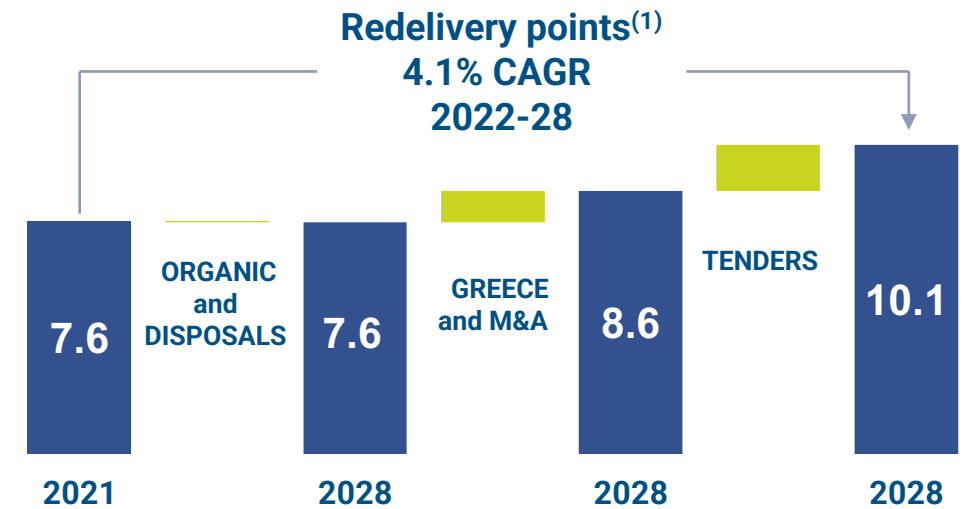
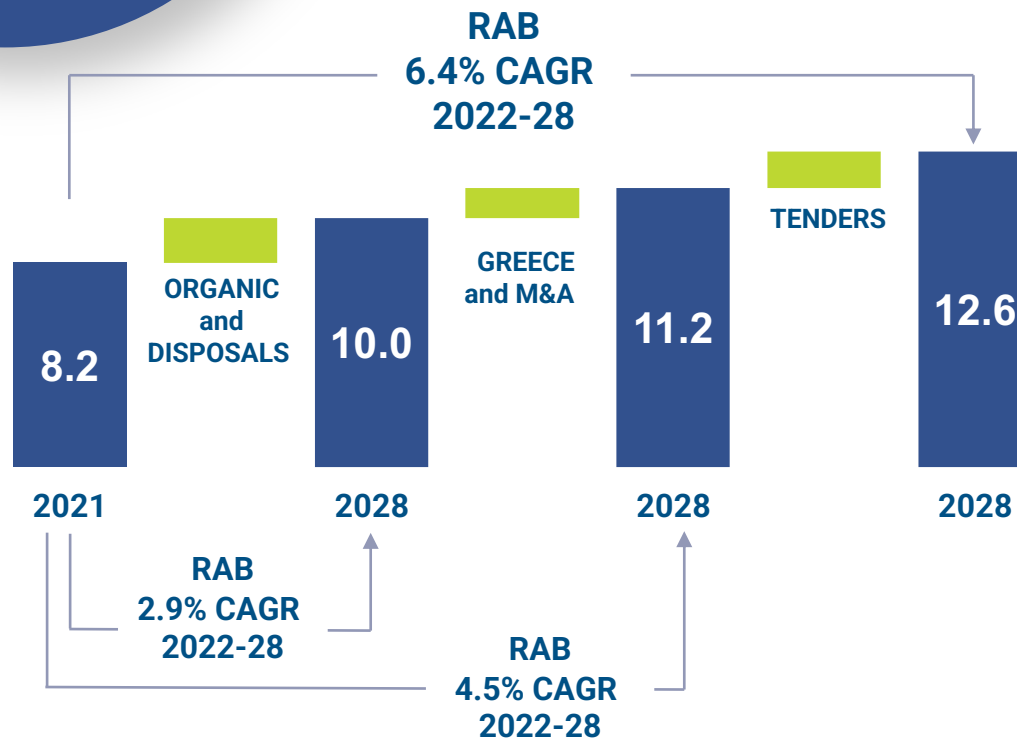
## With Tenders

Gross investments +13%  
Net investments +9%



# RAB and Redelivery Points

Growth in RAB and redelivery points driven by organic investments, M&A and tenders



Market share to reach 45% at completion of tenders

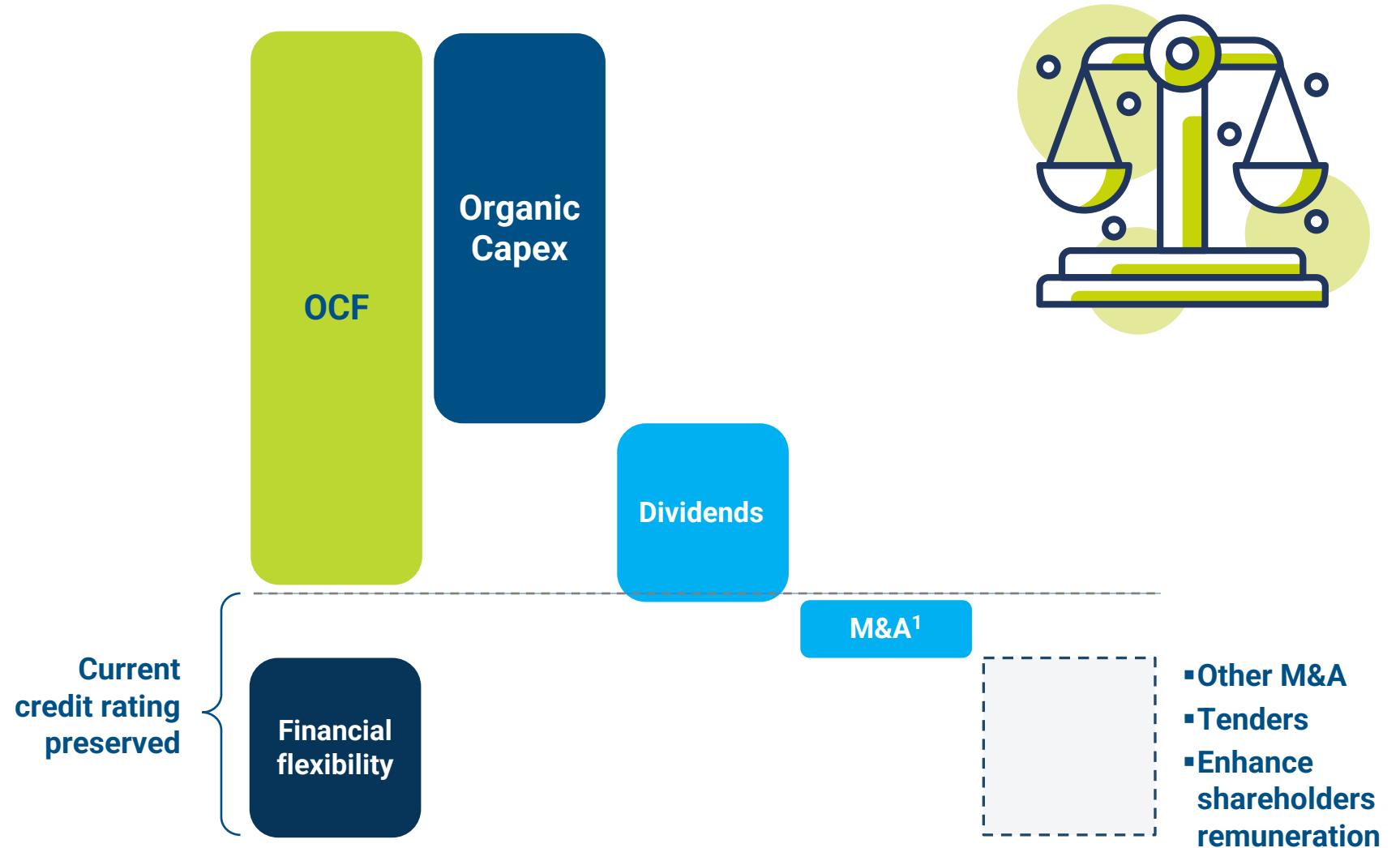
RAB referred to the year end T - revenues in the year T+1, gas distribution only  
Average deflator over the plan period assumed at 2.5%, starting from 0.7%

Note: (1) millions



# Balanced Financial Structure through plan period

To ensure value creation, support growth opportunities, guarantee a robust shareholder's return



# DEBT STRUCTURE a key source of value creation

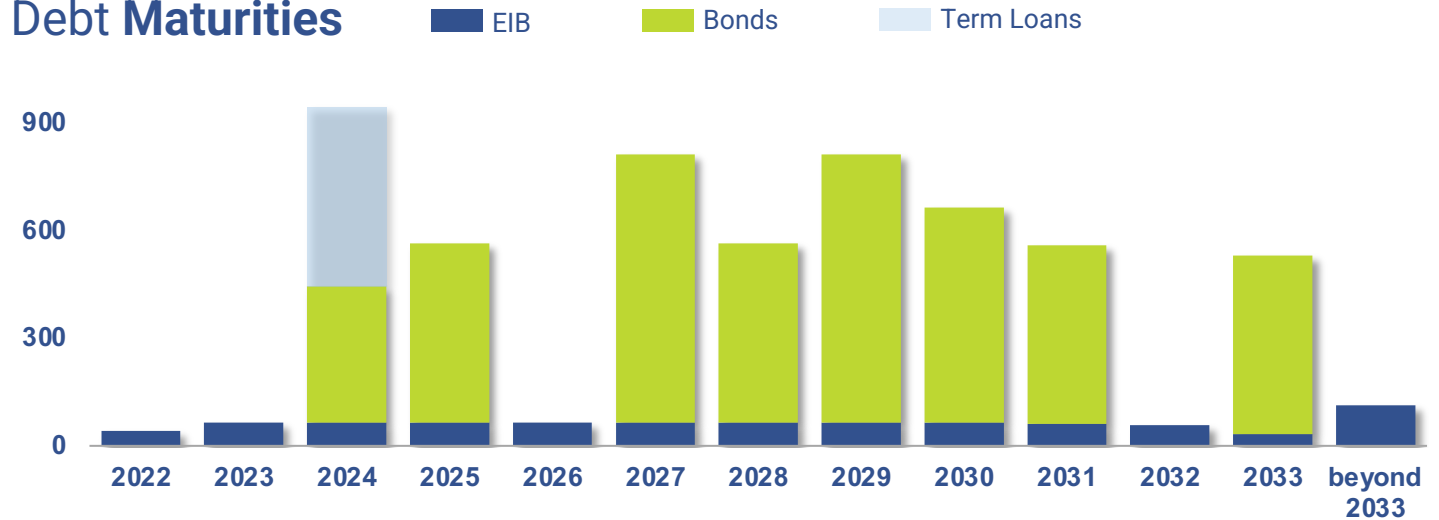
**No major refinancing needs until 2024**

**Liquidity currently >1.2bn** to cover short term outflows and to keep an adequate buffer going forward

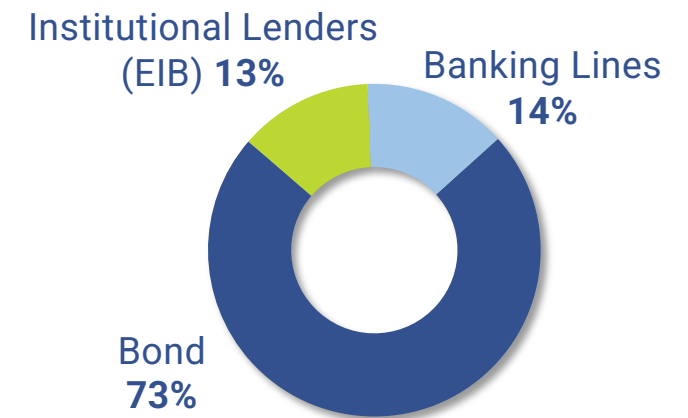
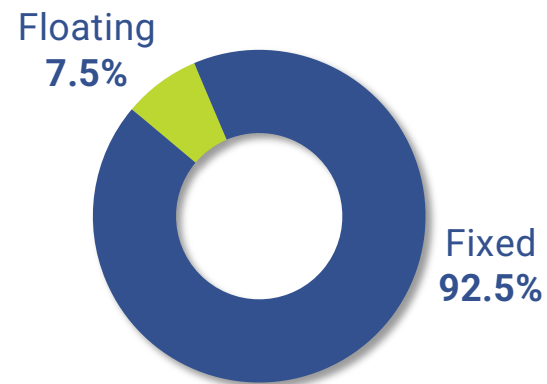
Current debt structure allows to **keep an average cost of debt <1.2%** over plan period

Recourse to **sustainable finance sources**

## Debt Maturities



## 31/03/2022 Gross Debt Structure<sup>1</sup>



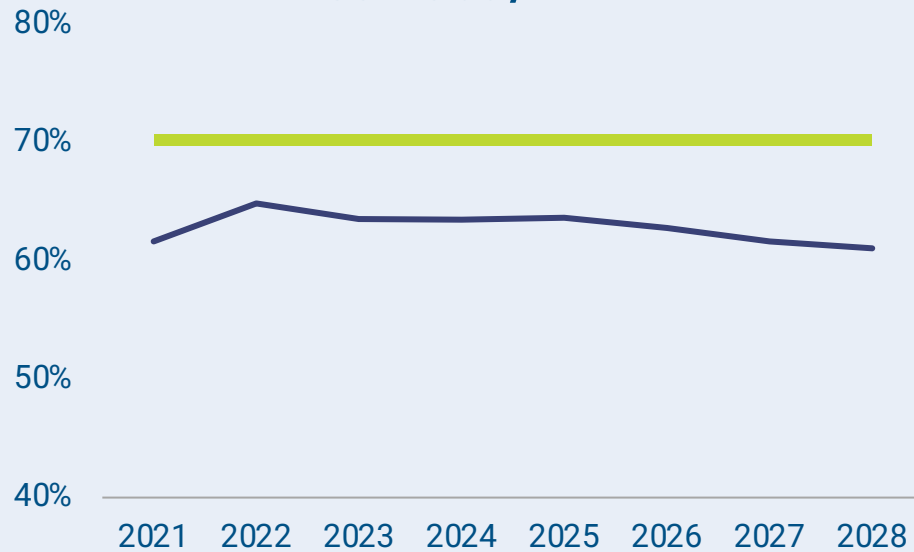
Note: (1) excluding IFRS16

**Credit Metrics**  
MOODY'S Baa2  
FITCH BBB+

Credit metrics remain within range throughout the plan



**Net Debt / RAB**



**FFO / Net Debt**



# Guidance With Tenders

2022

2025

2028

€ mn

**Revenues adjusted** >1.4bn

**Revenues** ~2.0bn >2.6bn

**EBITDA adjusted** 1.00-1.03bn

**EBITDA** ~1.45bn >1.8bn

**EBIT adjusted** 570-590

**EBIT/RAB<sup>2</sup>** ~7.9% ~8.8%

**Technical Capex** 700-750

**Consolidated RAB** 11.0bn 12.6bn

**Net Debt**  
with IFRS 16<sup>1</sup> ~5.9bn

**FFO / RAB** 10% 11%

**Leverage<sup>1</sup>** 64.9%

**Leverage** <64% ~61%



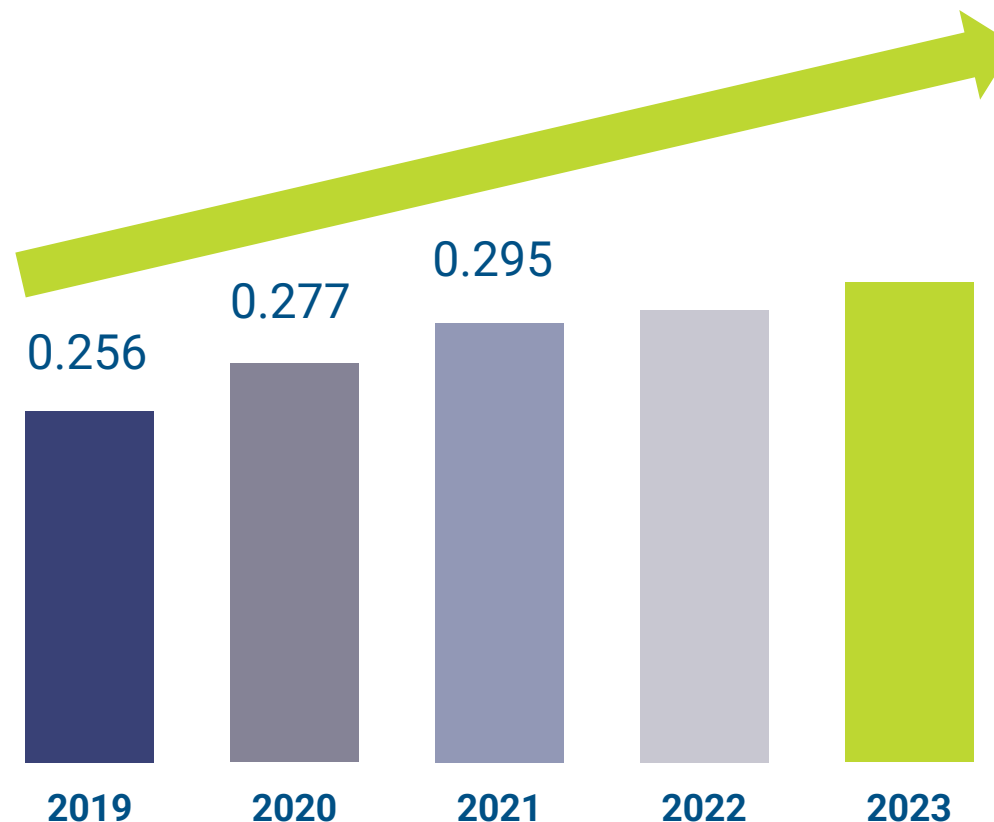


# Current Dividend Policy to 2023

Solid and visible return, while allowing investors to benefit from growth

## DPS equal to

- 65% payout on Adjusted Net Income
- DPS 2019 +4% per annum



Dividend per share (€)

*Illustrative chart, DPS paid in the following year*

# Q&A

3

Italgas a Player  
of the Energy Transition

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Setting the Network  
of Tomorrow

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Tier 1 Player in Energy  
Efficiency

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Greece

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Other Opportunities

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Financials

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Appendix

# Appendix



## ESG

people to  
support the  
growth

**3 pillars HRO strategy defined in 2021 confirmed and improved.  
Strategy designed to sustain people development and well-being as  
a tool to achieve industrial growth**

### ENGAGEMENT & CHANGE MANAGEMENT

Change passes through people, their engagement. Integration between core and new businesses, safeguarding the unique Italgas' culture



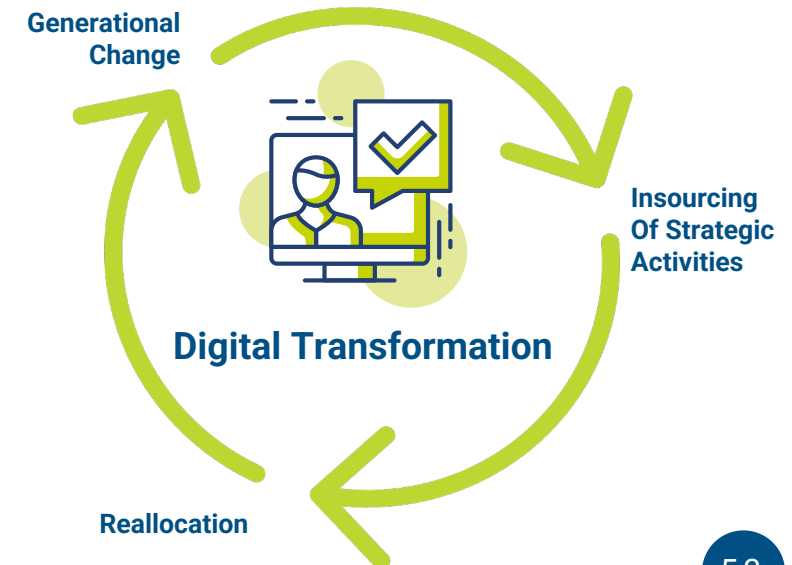
### SUSTAINABILITY, DIVERSITY & INCLUSION

Improve business sustainability, diversity, inclusion and gender equality

Launch and set up of a number of new initiatives to support well-being, safety, working instruments and patterns, inclusion and diversity, learning opportunities.

### OPERATIONAL EFFICIENCIES

Operational excellence leveraging on digitization



# Energy Policy

## REPower EU and national policies



**EUROPE**



**ITALY**



**GREECE**

### GREEN GASES

Accelerated green gases development vs Fitx55 (biomethane & hydrogen)

Development of biomethane to reach 2.5 Bcm by 2026

### NATIONAL ENERGY PRODUCTION

Nuclear and coal potential phase-out delay

Increase of national gas production to 5 Bcm (+50%)

Lignite power plants phase out delay to 2028, +50% increase in lignite mining

### INFRASTRUCTURES DEVELOPMENT

Increase supply from non-Russian routes, new interconnections and maximisation of LNG import capacity

New agreements with exporting countries (Algeria, Azerbaijan, Egypt, Qatar, USA) + new FSRU/LNG

New pipeline (IGB) + TAP expansion + new FSRU units

### STORAGE

Set up of minimum storage requirement targets by end of summer

Strategic storage– exploring option of strategic storage in Italy

### GAS and ENERGY PRICES

Allow actions to mitigate commodity prices impact on end users – discussion on European gas price

Actions to mitigate commodity prices impact on end users

### ENERGY EFFICIENCY

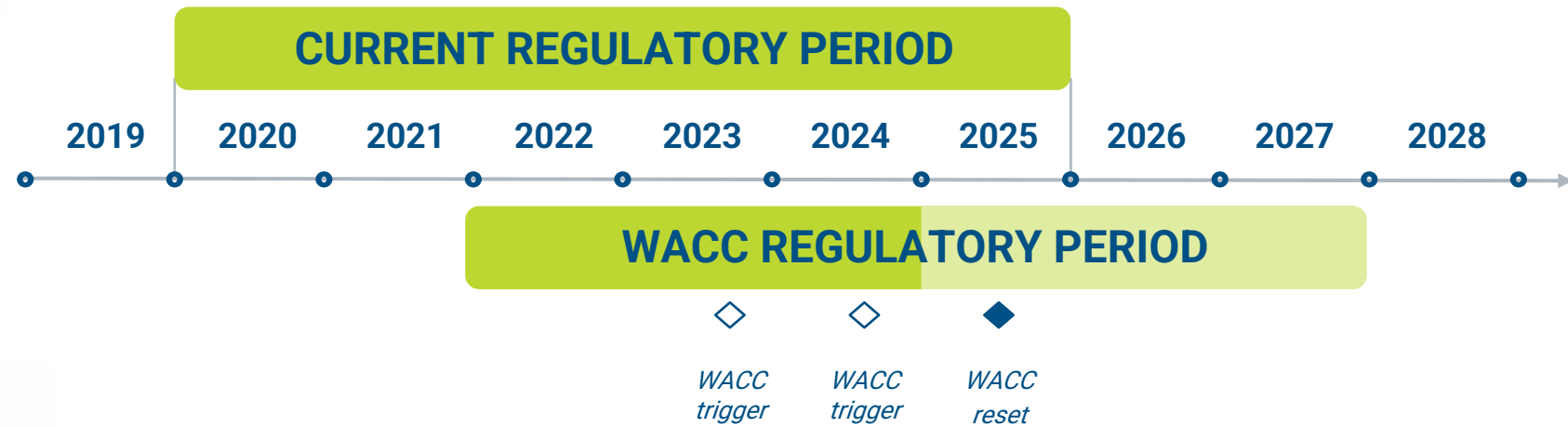
Push for energy efficiency to 13% vs 2020 (from 9%)

Incentives for buildings renovations (superbonus, ecobonus) and temperatures control

### FER ACCELERATION

Renewables acceleration to 45% (from 40%) of final energy consumption led by solar





**New regulatory  
period for allowed  
return started in  
January 2022**

## Key features of Italian regulation

- RAB-based framework set and regulated by ARERA
- Tariffs ensure return on assets
- No volume risks, temporary tariffs mismatch impact working capital
- Different regulatory period for WACC and other tariff components
- Majority of capex recognized at cost
- 5.6% real allowed return for 2022, trigger mechanism for 2023-24 and rest in 2025 with pre-established rules
- Inflation protection

# Italy regulated revenue scheme

## Key features

Unitary tariffs are **set for the regulatory period** for each distribution area:  
Achieved revenues reflect return on asset base.  
Working capital temporarily impacted by volumes fluctuations.

REQUIRED  
REVENUES =

RAB X  
Reg. WACC

RAB includes capex spent in the  
previous year

RAB inflated

Rel pre-tax allowed return applied  
(5.6% in 2022)

+ DEPRECIATION

Calculated on assets entering into  
RAB

Reflects inflation

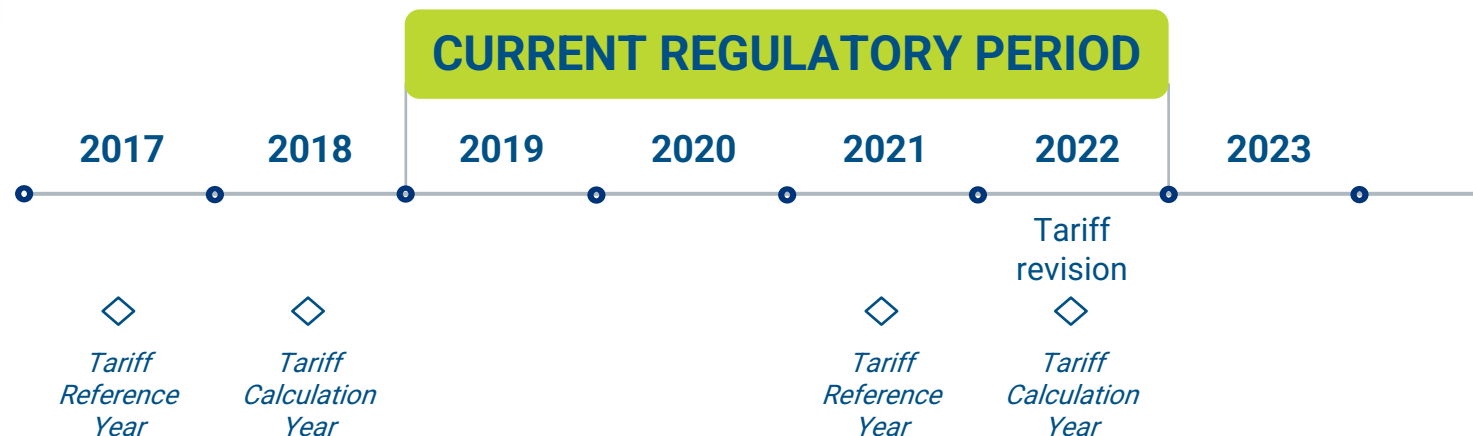
Useful lives set by ARERA

+ OPEX

Unitary opex set by ARERA at the  
beginning of the regulatory period

Efficiency factor of 2.8%

Opex inflated annually



## Transparent regulatory framework

with numerous  
similarities to the  
Italian system

## Long concession duration

allowing to  
implement Italgas'  
long-term  
strategic vision

## Downside protection

through  
compensation  
mechanism for  
under-recoveries

## Key features of Greek regulation

- RAB-based framework regulated by the Regulatory Authority for Energy
- Tariffs reflect business plans presented by the company, including investments agreed with RAE
- Regulatory periods last 4 years
- 7.03% nominal return in 2021-22E, with an implied tax rate of 24%
- 1.5% additional return for investments meeting certain criteria
- Mechanism in place to compensate of any under / over recovery of required revenues

## Greece regulated revenues scheme

### Key features

Unitary tariffs are **set for the regulatory period** for each distribution area:

- Based on the approved business plans and allowed returns, and inflated annually: the DSO is entitled to collect (required) revenues based on all investments and operational costs
- Taking into consideration estimated growth in redelivery points and volumes distributed

**Achieved revenues** are based on actual bills collection but there is a **recoverable difference mechanism** in place

REQUIRED  
REVENUES =



<sup>1</sup> Actual revenues are the revenues collected by the company based on the application of the distribution tariffs to the redelivery points served

RAB includes capex planned in the year  
RAB is not inflated  
Regulated return set at 7.03% in nominal terms for 2021-22E

Calculated on fixed assets

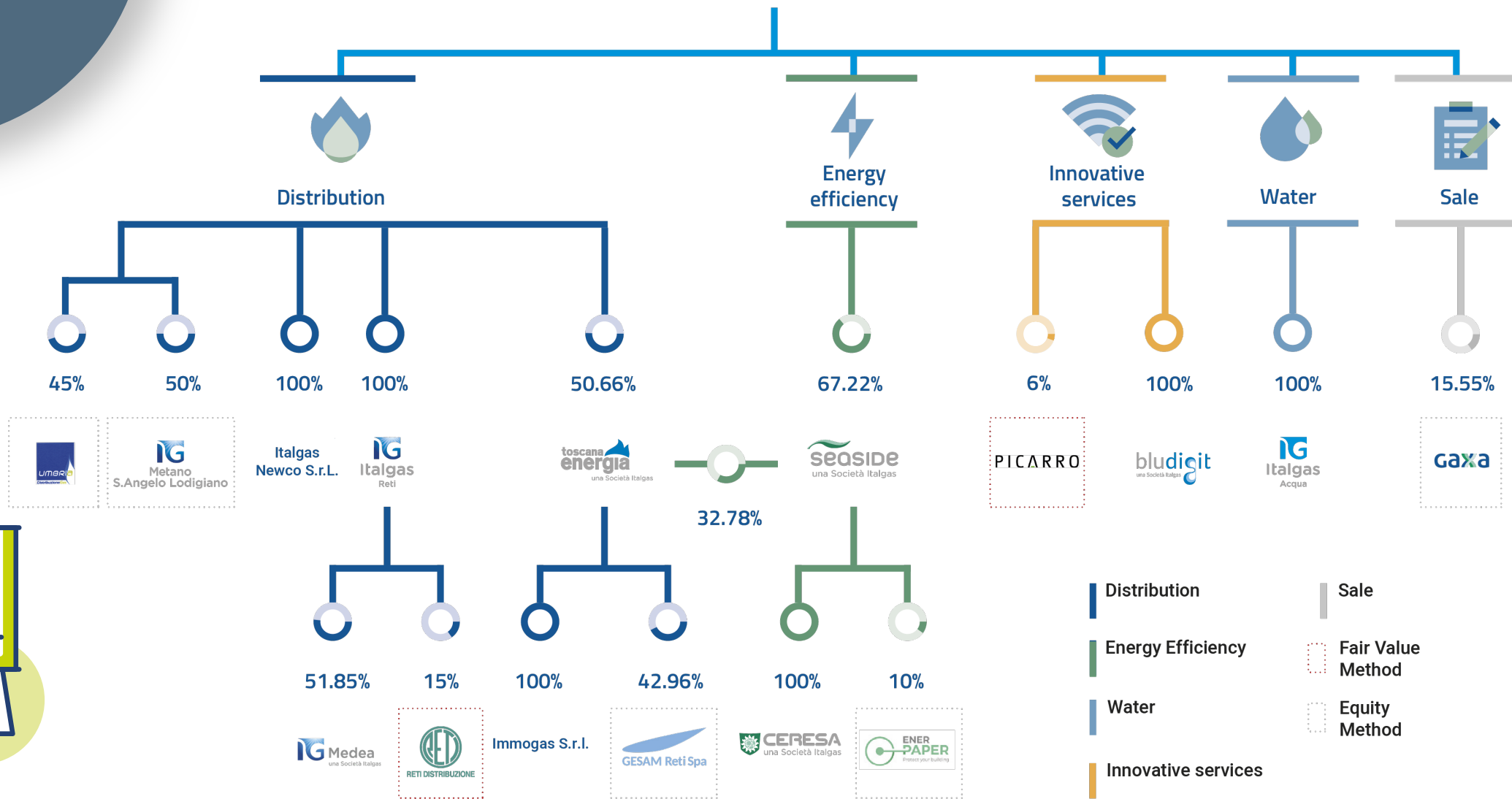
Estimated through the regulatory period  
Opportunity of outperformance: no adjustments ex-post in case of outperformance

Planned revenues related to services to other companies or non-regulated services

Based on the difference between required revenues and actual revenues<sup>1</sup> in the previous regulatory period

# Group Structure

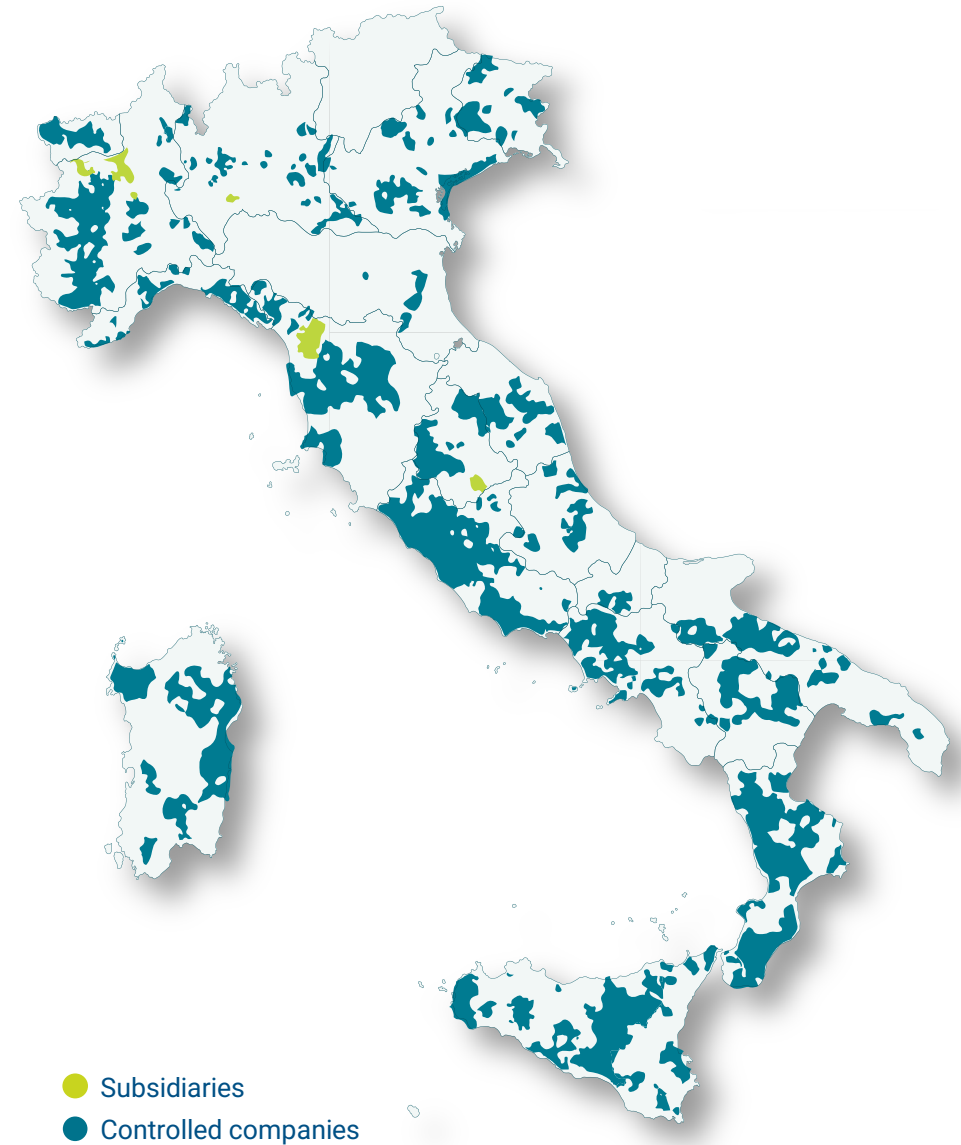
**IG**  
Italgas





# Main Numbers 1Q 2022

	OPERATING HIGHLIGHTS (TOTAL)	OF WHICH AFFILIATES
Network length	74,473 km	1,897 km
Municipalities	1,899	61
Redelivery Points	7.749 mn	0.159 mn
Market Share <sup>(*)</sup>	35%	0.7%



(\*) Calculated by redelivery points



# Strategic Plan 2022-2028

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