

ITALGAS PRESENTS THE 2024-2030 STRATEGIC PLAN

€15.6 billion of investment providing the country the European champion capable of building the gas industry of the future. These include the acquisition of 2i Rete Gas and the widespread application of AI - across gas, water, energy efficiency and information technology – which is expected to drive double-digit net income growth throughout the Plan period. The floor of the dividend policy to 2026 has also been improved.

Milan, October 7, 2024 – The CEO of Italgas, Paolo Gallo, today presents the Group's Strategic Plan for the period 2024-2030 to analysts and investors, approved by the Company's Board of Directors chaired by Benedetta Navarra.

€15.6 billion are the expected investments over the plan period, with an increase of €7.5 billion (+92% compared to the previous plan) and aimed at the acquisition of 2i Rete Gas, interventions for the development of gas distribution in Italy and Greece, strengthening the presence in the water sector, and accelerating the growth in energy efficiency, with a strong commitment to achieving EU climate targets.

Italgas emphasizes its commitment to consolidating the gas distribution sector in Italy with the aim of multiplying synergies to ensure significant benefits for families and businesses in terms of safety, efficiency, service quality, decarbonization of end uses, and costs. The use of artificial intelligence across all Group activities will also enable a new phase of digital transformation, accelerating the ecological transition.

The Group will continue to benefit from a solid and efficient financial structure, with a commitment to maintaining the current credit rating. The expected synergies and operational efficiencies allow for a forecast of double-digit net income growth over the plan period¹. Therefore, it has been possible to raise the floor of the dividend policy until 2026, ensuring a growth rate of 5% annually starting from the dividend 2023 of €0.352 per share², while also confirming the 65% payout.

¹ Excluding the impact of the Purchase Price Allocation (PPA).

² Compared to the previous floor of 4% annual increase of 2022 dividend.

Highlights

- Italgas is the European leader in gas distribution, with unique capabilities of innovation, digitalization and investment.
- Acquisition of 2i Rete Gas for €5.3 billion of enterprise value, with a 4% premium on the 2025 expected RAB and closing expected within the 1H 2025.
- Financing of the transaction through debt and a €1 billion capital increase, aimed at preserving the credit rating.
- €15.6 billion of total investments for the acquisition of 2i Rete Gas, and for the development, digitalization, and repurposing of infrastructures in Italy and Greece.
- €200 million in synergies from efficiencies, cost reductions, and AI, in addition to €80 million revenues from incremental investments in digitization on 2i Rete Gas network by 2030.
- EPS accretion starting from 2026, including the expected capital increase, reaching approximately 15% in 2029.
- Double-digit net income growth anticipated by 2030.
- Dividend policy: confirmed the 65% payout and increased floor to 5% annual growth, now based on the 2023 DPS.
- Confirmation of ESG targets also including the new perimeter and Net Zero goal by 2050.
- Strong focus on people and the integration of resources from 2i Rete Gas, emphasizing training and promoting diversity, equal opportunities, and inclusion.

Italgas CEO **Paolo Gallo** stated:

“The Strategic Plan 2024-2030 will go down in Italgas’ history as the blueprint for creating the European champion in gas distribution, further reinforcing our commitment to the digital transformation of infrastructure, benefiting the entire country.

The new scale of the Group, combined with innovation and digital transformation, is the decisive factor in ensuring we meet the targets of the energy transition, the security of supply and the sustainability of energy costs for individuals and businesses.

An investment of €15.6 billion will provide a strong boost to our growth trajectory, with the largest share once again allocated to the development, digitization, and repurposing of the gas distribution network in both Italy and Greece. Our commitment to the widespread use of Artificial Intelligence will enable us to enter a new phase of digital transformation.

Digital transformation remains the primary strategic lever also for strengthening our activities in the water sector and energy efficiency. With €750 million, we will continue to work towards enhancing our role as a key player in water — which has long suffered from a lack of adequate smart investments in networks — and to grow in energy efficiency as an essential tool for achieving energy transition goals.

The figures in this Plan, with an average annual growth of 13% in EBITDA and net profit by 2030, demonstrate how the extraordinary capabilities of the women and men of Italgas and 2i Rete Gas can create value for shareholders and all stakeholders, leveraging efficiency, innovation, and sustainability.”

Creation of the European champion with the acquisition of 2i Rete Gas.

The integration of 2i Rete Gas creates the European champion in the gas distribution sector, with unique investment and innovation capabilities, based on a clear strategic rationale:

1. **The European Champion:** The consolidation of the gas distribution sector in Italy allows for the acceleration of investments and uniform development of the national infrastructure.
2. **Platform to Foster Investments and Energy Transition:** The increased investment capacity will enable the company to continue playing a leading role in supporting a safe, sustainable, and cost-effective ecological transition.
3. **Value Creation:** Growth and investment opportunities in innovation, the development of industrial synergies, and cost efficiencies will maximize value creation for shareholders and all stakeholders. The new corporate structure will benefit from Italgas' know-how in asset digitization and its track record of operational excellence from the listing to the present days.

With over 6,500 employees, the new entity will serve 12.9 million customers on gas infrastructure in Italy and Greece, distributing an average of over 13 billion cubic meters of gas each year through 154,000 kilometers of networks.

The consideration (equity value) of the transaction is 2.060 billion euros. The net financial debt and other net liabilities as of December 31, 2023, amount to 3.246 billion euros. The closing of the transaction is expected within the first half of 2025, subject to obtaining the necessary regulatory approvals.

The transaction is expected to have a positive impact on earnings per share as early as the first year following the closing, considering the planned rights issue amounting to 1 billion euros, fully secured through a stand-by underwriting agreement.

Group³	Italgas	2i Rete Gas
<i>Delivery points (millions)</i>	8.0 ⁴	4.9
<i>Distribution network (km)</i>	82,033 ⁴	71,939
<i>Gas transported (bcm)</i>	8.1 ⁴	5.3
<i>RAB (€ billion)</i>	9.7	4.9
<i>Adjusted EBITDA (€ million)</i>	1,184	546
<i>Employees (#)</i>	4,397	2,177

Integrated investment plan of €15.6 billion, nearly doubled.

The Strategic Plan 2024-2030 raises the objectives for the technological upgrade and automation of networks, plants, and processes. This “phase 2” of transformation will leverage the opportunities offered by Artificial Intelligence: a strategic ally capable of producing significant effects on daily operations, enhancing work quality, operational excellence, and profitability across all business areas of Italgas.

€12.8 billion for the Italian gas distribution network.

€12.8 billion⁵ are allocated for the development of the Italian gas distribution network, (+€7.8 billion compared to the 2023-2029 Strategic Plan), of which €2.7 billion are dedicated to digitization. This amount includes the acquisition of 2i Rete Gas, the complete digitization of its network, in line with Italgas standards, the implementation of the DANA 2.0 (Digital Advanced Network Automation) system, further enhanced by Artificial Intelligence, and commitments already made within the ATEM tenders recently awarded to the Group.

Regarding AI applications, the extensive digitization program for networks and business processes implemented in recent years now provides significant amounts of contextualized, historical, and reliable data, along with a scalable and resilient platform. Leveraging this informational asset, Artificial Intelligence and Generative AI enable increasingly efficient decision-making processes, faster response times, superior service quality, and reduced costs. Over 100 use cases have already been identified in network management, energy efficiency, investment management, operations, and maintenance of the network, with a clear implementation path and value creation for the entire Group.

Among other network activities, a massive rollout of Nimbus, the proprietary “H2 ready” smart meter, is planned, which guarantees the best performance globally in remote management and reading. The large-scale installation of Nimbus, which will replace the phasing-out GPRS

³ 2023 Values

⁴ Including affiliates

⁵ Including centralized investments and gas distribution M&A, gross of contributions.

technology meters, is set to begin in 2025 and will also involve the new assets of 2i Rete Gas, reaching 6 million Nimbus by 2030.

These investments are crucial to enable the entire network to accommodate and distribute increasing shares of renewable gas, thereby promoting the progressive decarbonization of consumption. In this regard, Italgas confirms its commitment to promoting the development of biomethane, collaborating with entities and institutions to create favorable conditions for connecting new plants to the network. The Group will also play a proactive role in the development of such projects.

Included in the total €12.8 billion are **€140 million** allocated for completing the process of methanization of Sardinia: construction of the last “native digital” networks and conversion to natural gas of the networks in the cities of Cagliari, Sassari, Oristano, and Nuoro, currently powered by propane air. Today, Italgas Group, through its subsidiary Medea, is the main operator on the island, with total or partial presence in two-thirds of the basins into which the island is divided (24 out of 38), 2,725 kilometers of networks, 94 cryogenic liquefied natural gas (LNG) storage facilities and 104 municipalities served by methane.

ATEM Tenders

Over the period the amount of investments planned for participation in ATEM tenders and the development of acquired concessions stands at €1.1 billion, net of disposals. The Group's commitment to further consolidate the market through the ATEM tenders remains unchanged. Compared to the previous plan, the impact of the ATEM tenders on total investments decreases from 18% to 7%.

Greece: €1.0 billion for the development of the gas distribution network.

The Italgas Strategic Plan 2024-2030 confirms the Group's commitment in Greece for the development of the gas distribution network in support of the country's ecological transition goals. Through its subsidiary Enaon, investments of €1 billion (an increase of €100 million compared to the previous Plan) are planned for the extension of the network and its digital transformation, thereby facilitating the penetration of natural gas into areas not yet served and enabling the distribution of renewable gases. A massive installation of Nimbus is also planned in Greece. These investments will allow the Greek network to expand from 7,924 kilometers in 2023 to over 11,000 kilometers by the end of the Plan (approximately +40%), and to increase the number of customers served from 600,000 in 2023 to just under 1 million by 2030.

Water and energy efficiency: €750 million for diversification.

The plan allocates **€450 million** for the water sector over the next seven years, aimed at selected M&A operations and incorporating best practices and technologies from gas distribution into water

networks. Key activities include the implementation of Dana4Water integrating advanced functionalities powered by artificial intelligence, installing water smart meters, and a large-scale replacement of pipes and connections to more than halve the overall recorded water losses.

Regarding energy efficiency, following the conclusion of the Superbonus program, the focus remains on organic expansion and external growth, with a total investment of **€300 million** planned (in line with the previous Strategic Plan). Geoside, the Group's Energy Service Company, will continue to leverage unique digital solutions and service quality, enhanced by the support of artificial intelligence, to expand its presence in three key areas: residential, public administration, and medium-sized enterprises.

Acceleration of RAB growth

Driven by the acquisition of 2i Rete Gas and the investment plan, the cumulative RAB (Regulatory Asset Base) for gas and water infrastructures in Italy and Greece is expected to grow at a compound annual growth rate (CAGR) of approximately 9.4%, reaching **€18.2 billion** by the end of 2030. With the contribution of regional tenders, the consolidated RAB is estimated to be around **€19.2 billion** by 2030 (+10.2% CAGR).

Double-digit EPS growth

The industrial integration between Italgas and 2i Rete Gas will offer multiple value creation opportunities. Cost synergies and efficiencies, combined with Artificial Intelligence, are expected to reach €200 million by 2030 compared to the combined cost base of 2023, primarily driven by the extension of Italgas' best practices and the anticipated benefits of extensive digitization and AI utilization within the new Group. Additionally, revenues are expected to increase due to the incremental investments necessary for the complete digitization of the 2i Rete Gas network (€0.8 billion over the plan period), contributing €80 million to expected revenues by 2030.

As a result of these actions and investments, revenues are projected to reach approximately €3.6 billion, with an EBITDA of €2.8 billion by 2030. This results in a compound annual growth rate (CAGR) of approximately 13% for EBITDA and net profit and about 10%⁶ for earnings per share (EPS), considering the capital increase, over the plan period.

Compared to the 2023-2029 Industrial Plan, the EPS accretion will be positive as early as 2026, reaching approximately 15% by 2029⁷.

⁶ Excluding the impact of the allocation of the acquisition price, applying IAS 33.

⁷ Excluding the impact of the allocation of the acquisition price, applying IAS 33.

The financial structure anticipated for the acquisition of 2i Rete Gas and the significant cash generation allow the net financial position to be kept under control, in line with the goal of preserving the current credit rating. The debt-to-RAB ratio is expected to peak in 2025, following the transaction closure, and return to around 65% by 2028.

Italgas will continue its efforts to optimize its financial structure, benefiting from high initial exposure to fixed rates and a staggered maturity profile throughout the plan period; the average cost of debt is expected to remain below 3%.

For 2024, unaffected by the acquisition, the guidance approved on May 30 remains confirmed, with technical investments of approximately €0.9 billion and adjusted revenues of around €1.8 billion, with adjusted EBITDA projected between €1.32-1.35 billion and adjusted EBIT of €0.8 billion. Excluding the impacts of IFRS 16, net debt at the end of 2024 is confirmed to be approximately €6.6 billion, with a leverage of 63%⁸.

Updated Dividend Policy. In light of the expected results, the dividend policy is confirmed until 2026, with an increased floor reflecting the high level of confidence in the anticipated results and the aim of providing shareholders with attractive, sustainable returns while continuing to benefit from the expected growth. The new policy stipulates the distribution of a dividend equal to the greater of (i) the amount resulting from the 2023 DPS of €0.352 increased by 5% annually, or (ii) the DPS equal to 65% of the adjusted net income per share.

Sustainability Goals

The Plan reaffirms the strategic importance of ESG and incorporates specific targets for reducing net energy consumption and greenhouse gas emissions by 2030, in line with achieving carbon neutrality (Net Zero) by 2050. These objectives are tailored for the gas distribution sector and the water sector, with additional targets for the latter, including a reduction in water losses.

Italgas for the Planet. The Group continues to leverage energy efficiency, digitalization, and optimization of the control and management system for all operational assets, along with the development of new initiatives, aided by the expertise of its Energy Service Company (ESCO) Geoside and collaboration with innovative start-ups.

For the gas distribution sector, expanded to include the new perimeter, the targets⁹ for 2030 include a 33% reduction in net energy consumption (baseline 2020), a 42% reduction in greenhouse gas emissions (Scope 1 and Scope 2 market-based), and a 33% reduction in Scope

⁸ Related to regulated activities only, excluding the impact of IFRS 16.

⁹ Consolidation perimeter as per the Group's structure as of June 30, 2024, including the assets of 2i Rete Gas and excluding Nepta. Any changes resulting from M&A and ATEM tenders, where significant, will be considered in the revision of targets. The baseline for 2020 is extended to the aforementioned consolidation perimeter.

3 emissions (supply chain). These goals are made possible through continuous network improvement, extensive leakage detection efforts, targeted investment planning, and constant engagement with the supply chain¹⁰.

For the water sector, the Group has established specific targets for reducing net energy consumption and Scope 1 and 2 greenhouse gas emissions (market-based) by 33%, as well as reducing water losses to 6% in transport and 30% in distribution¹¹ (with all targets set for 2030, relative to the 2023 baseline¹²).

Italgas for People. Special attention will be given to valuing and integrating the personnel of 2i Rete Gas, aiming to create a shared corporate culture based on common values of diversity, equal opportunity, and inclusion. To face various challenges and effectively lead change, the Group continues to implement policies aimed at attracting top talent and introducing new skills, including through the activities of the Italgas Academy. By 2030, it is expected to reach an average of 45 hours of training per capita per year, with one in three leadership roles held by a woman, and a reduction in the gender pay gap to within +/- 3%¹³.

At 3:00 PM CEST (2:00 PM BST), the Strategic Plan 2024-2030 will be presented to financial analysts and institutional investors. The event will be accessible via conference call, and supporting materials will be available on www.italgas.it in the Investor Relations section, concurrent with the start of the conference call. The presentation will also be available through video webcasting in the same section.

The presentation will also be made available on the authorized storage mechanism known as eMarket STORAGE (www.emarketstorage.com).

The executive responsible for preparing the company's accounting documents, Gianfranco Amoroso, declares under paragraph 2 of Article 154-bis of the TUF (Consolidated Financial Act) that the accounting information contained in this press release corresponds to the documented results, books, and accounting records.

Disclaimer

This communication contains forward-looking statements, particularly regarding the evolution of natural gas demand, investment plans, and future management performance. By their nature, forward-looking statements involve elements of risk and uncertainty because they depend on the occurrence of future events and developments. Actual results may therefore differ from those announced due to various factors, including: the foreseeable evolution of demand, supply, and prices for natural gas; general macroeconomic conditions; the impact of energy and environmental regulations; success in developing and applying new technologies; changes in stakeholder expectations; and other changes in business conditions.

¹⁰ The targets for reducing Scope 3 emissions are aligned with the "well below 2°C" scenario, while some analyses conducted have shown alignment with "1.5°C scenarios" (analysis performed by an independent consulting firm).

¹¹ Water losses are defined as the ratio of total water losses to the total volume entering the water supply system. Siciliacque reports 16.5% losses for transportation as of 2023, while Acqua Latina and Nepta Caserta report aggregate distribution losses of 73.7% for the distribution companies in 2023.

¹² Baseline 2023 and targets related to Nepta Caserta, Siciliacque, and Acqua Latina.

¹³ Calculated as the variation in the average ratio between the base hourly pay of women and men for comparable employee groups based on organizational weight.