



SPAFID  
CONNECT

Informazione Regolamentata n. 0167-16-2021	Data/Ora Ricezione 11 Marzo 2021 08:04:09	MTA
--	---	-----

Societa' : ITALGAS  
Identificativo : 143345  
Informazione  
Regolamentata  
Nome utilizzatore : ITALGASN01 - Scaglia  
Tipologia : 1.1  
Data/Ora Ricezione : 11 Marzo 2021 08:04:09  
Data/Ora Inizio : 11 Marzo 2021 08:04:10  
Diffusione presunta  
Oggetto : Italgas 2020 Full Year Results

*Testo del comunicato*

Vedi allegato.

**ITALGAS: CONSOLIDATED RESULTS AS OF 31 DECEMBER 2020 APPROVED**

AT AN UPCOMING MEETING, THE BOARD OF DIRECTORS CONVENED THE SHAREHOLDERS' MEETING FOR 20 APRIL 2021

*Milan, 11 March 2021* - Italgas' Board of Directors, chaired by Alberto Dell'Acqua, met yesterday and approved the results as of 31 December 2020 and resolved to propose to the Shareholders' Meeting the distribution of a dividend of € 0.277 per share (+8.2% compared to 2019).

**Key figures**

Consolidated economic and financial highlights:

- Adjusted total revenues: € 1,333.8 million (+6.0%)
- Adjusted EBITDA: € 971.4 million (+7.0%)
- Adjusted EBIT: € 546.8 million (+6.0%)
- Adjusted net profit<sup>1</sup>: € 345.4 million (+0.1%)
- Technical investments: € 777.5 million (+5.1%)
- Cash flow from operating activities: 745.0 million euros (714.4 million euros in 2019)
- Net financial debt: € 4,736.5 million
- Net financial debt (excluding the effects pursuant to IFRS 16): € 4,660.2 million

Operating highlights including affiliates:

- Municipalities in gas distribution concessions: 1,887
- Number of active meters: 7.7 million
- Gas distribution network: more than 73,000 Km

Sustainability highlights<sup>2</sup>:

- Gas Leakage Rate (natural gas emissions volume / distributed gas volume): 0.1%
- Reduction of 5.4% in energy intensity compared to 2019 (calculated as the ratio between the Group's total energy consumption and the gas distributed)
- Over 20,000 hours of training on digitalization topics delivered

<sup>1</sup> Adjusted net profit refers to the adjusted net profit attributable to the Italgas Group, net of the portion attributable to minority interests.

<sup>2</sup> The accounting boundary includes the consolidated Italgas Group companies. For the year 2019, the companies Toscana Energia and Toscana Energia Green have been consolidated with reference to the last quarter.

The performance achieved by Italgas as of 31 December 2020 demonstrates the company's ability to continue generating solid economic-financial and operating results, thanks to the efficiency-boosting and technological innovation measures taken by the company. These results have been achieved despite a scenario negatively impacted by the application of the tariff regulation for the gas distribution and metering activities for the period 2020-2025 (Resolution 570/2019/R/gas) and the ongoing health emergency.

The major investments carried out in 2020, amounting to € 777.5 million (up 5.1% compared to 31 December 2019), are consistent with the company's Strategic Plan, which is strongly focused on the gradual development and modernisation of the networks and plants and their digital transformation.

In 2020, 905 km of new pipelines were laid down, compared to around 935 km in the corresponding period of 2019. Construction of the digital native distribution networks continued in Sardinia, with the laying down of around 334 km, for a total of more than 806 km of the around 1,100 km to be constructed overall.

The plan to replace traditional meters with the last generation of smart meters has almost been completed, apart from a marginal share to be concluded by the end of the year.

The cash flow from operating activities at the end of 2020 amounted to € 745.0 million euros.

The net financial position as of 31 December 2020 was € 4,736.5 million (€ 4,485.3 million as of 31 December 2019). The net financial position amounted to € 4,660.2 million (€ 4,410.6 million as of 31 December 2019), net of financial liabilities pursuant to IFRS 16 of € 76.3 million (€ 74.7 million as of 31 December 2019).

The adjusted EBITDA at the end of 2020 amounted to € 971.4 million (up 7.0% compared to 31 December 2019) and adjusted net profit was € 345.4 million, confirming the results of last year (€ 345.2 million), despite the negative effects deriving from Resolution 570/2019/R/gas.

In order to provide an effective and transparent representation of its ability to create value sustainably over time, from this year Italgas has chosen to represent its financial and non-financial results in an Integrated Report, showing in a unique document the effects of its activities on the social, environmental and economic context in which it operates.

**Paolo Gallo, CEO of Italgas, commented:**

*“The health emergency and the highly adverse effects of the new tariff have not affected the path of transformation and development that today sees Italgas ending another year with a trend of growth. We have been able to face the most serious global crisis of the post-war period thanks to the strategic decisions made over the last few years. Our ability to react promptly emerges clearly from all the financial and non-financial indicators.*

*We achieved an adjusted EBITDA of € 971.4 million, up by 7% compared to 2019, and we succeeded in limiting the negative impact of Resolution 570/2019/R/gas, reporting a result of € 345.4 million, in line with last year’s figure.*

*Despite lockdown period, our investments have slightly increased, to around € 780 million, up by 5% compared to 2019.*

*These results were made possible by the digital transformation process, launched in 2017 and still ongoing, which enabled the Group to remote mode a good part of its activities, continuing providing essential services to more our than 7.7 million customers, operating in complete safety. The important applications, developed in the Italgas Digital Factory, are the most telling example of how digital technology and technologies such as artificial intelligence, machine learning and augmented reality have raised the level of efficiency of our activities. A result achieved thanks to the strong commitment of our people in digitalization also through thousands of hours of training.*

*On an operational level, despite the lengthy stoppage imposed on construction sites, work continued on the extension, maintenance and digitisation of the network throughout Italy. In this context, Sardinia has proved to be the primary incubator of a new generation of infrastructures aimed at transforming gas distribution in Italy and in Europe and making a key contribution to the energy transition. We have completed around 80% of the 1,100 km of planned networks on the island, digital native networks to accommodate gases other than methane, such as hydrogen, biomethane and synthetic methane. Technological innovation, investments, a widespread presence across the country and sustainability will continue to be our key drivers in order to create value for shareholders and the communities in which we operate, to take an active role contributing to the process of decarbonisation of the economy and containment of fugitive methane emissions, in line with the indications of the EU Commission for DSOs of gas, considered essential actors of the energy transition”.*

## Economic and financial highlights

This press release uses alternative performance indicators, including EBITDA (gross operating margin, calculated by subtracting operating costs from earnings), EBIT (operating income before taxes, calculated by subtracting operating costs, amortisation, depreciation and impairment from earnings) and Net financial debt (calculated as the sum of short- and long-term financial debt and financial liabilities pursuant to IFRS 16, net of cash and cash equivalents).

The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IAS/IFRS.

### Reclassified income statement

(€ million)	2019	2020	Abs. change	Change %
<b>Gas Distribution regulated revenues</b>	<b>1,206.9</b>	<b>1,394.3</b>	187.4	15.5
<i>of which distribution revenue</i>	1,109.1	<b>1,183.7</b>	74.6	6.7
<i>of which other gas distribution regulated revenues (*)</i>	97.8	<b>102.2</b>	4.4	4.5
<i>of which special items</i>		<b>108.4</b>	108.4	
<b>Adjusted gas distribution regulated revenue</b>	<b>1,206.9</b>	<b>1,285.9</b>	<b>79.0</b>	<b>6.5</b>
Other revenues	51.0	<b>47.9</b>	(3.1)	(6.1)
<b>Total revenues (**)</b>	<b>1,257.9</b>	<b>1,442.2</b>	<b>184.3</b>	<b>14.7</b>
<b>Adjusted total revenues</b>	<b>1,257.9</b>	<b>1,333.8</b>	<b>75.9</b>	<b>6.0</b>
Operating costs (**)	(350.4)	<b>(414.3)</b>	(63.9)	18.2
<i>of which special items</i>	0.0	<b>(51.9)</b>	(51.9)	
<b>Adjusted operating costs</b>	<b>(350.4)</b>	<b>(362.4)</b>	<b>(12.0)</b>	<b>3.4</b>
<b>EBITDA</b>	<b>907.5</b>	<b>1,027.9</b>	<b>120.4</b>	<b>13.3</b>
<b>Adjusted EBITDA</b>	<b>907.5</b>	<b>971.4</b>	<b>63.9</b>	<b>7.0</b>
Amortisation, depreciation and impairment	(391.5)	<b>(424.6)</b>	(33.1)	8.5
<b>Operating profit (EBIT)</b>	<b>516.0</b>	<b>603.3</b>	<b>87.3</b>	<b>16.9</b>
<b>Adjusted EBIT</b>	<b>516.0</b>	<b>546.8</b>	<b>30.8</b>	<b>6.0</b>
Net financial expense	<b>(69.3)</b>	<b>(49.2)</b>	<b>20.1</b>	<b>(29.0)</b>
<i>of which special items</i>	(18.3)		18.3	
<b>Adjusted net financial expense</b>	<b>(51.0)</b>	<b>(49.2)</b>	1.8	(3.5)
Net income from equity investments	100.8	<b>1.5</b>	(99.3)	(98.5)
<i>of which special items</i>	85.9	<b>0.0</b>	(85.9)	
<b>Adjusted net income from equity investments</b>	<b>14.9</b>	<b>1.5</b>	<b>(13.4)</b>	<b>(89.9)</b>
<b>Gross profit</b>	<b>547.5</b>	<b>555.6</b>	<b>8.1</b>	<b>1.5</b>
<b>Adjusted gross profit</b>	<b>479.9</b>	<b>499.1</b>	<b>19.2</b>	<b>4.0</b>
Income taxes	(123.9)	<b>(152.0)</b>	(28.1)	22.7
<i>of which special items</i>	4.4	<b>(16.9)</b>	(21.3)	
Adjusted income taxes	(128.3)	<b>(135.1)</b>	(6.8)	5.3
<b>Net profit</b>	<b>423.6</b>	<b>403.6</b>	<b>(20.0)</b>	<b>(4.7)</b>
<b>Net profit attributable to the Group</b>	<b>417.2</b>	<b>383.0</b>	<b>(34.2)</b>	<b>(8.2)</b>
<b>Net profit attributable to minority interests</b>	<b>6.4</b>	<b>20.6</b>	<b>14.2</b>	
<b>Adjusted net profit</b>	<b>351.6</b>	<b>364.0</b>	<b>12.4</b>	<b>3.5</b>
<b>Adjusted net profit attributable to the Group</b>	<b>345.2</b>	<b>345.4</b>	<b>0.2</b>	<b>0.1</b>
<b>Adjusted net profit attributable to minority interests</b>	<b>6.4</b>	<b>18.6</b>	<b>12.2</b>	

(\*) For the purposes of like-to-like comparison, as of 31 December 2019, the revenue item of the Medea company in relation to LPG distribution was reclassified from Other revenues to Distribution revenue (€ 8.9 million). Medea's 2019 revenues in relation to the sales item, which was later transferred to Gaxa through a demerger of the branch, are stated as Other revenues.

(\*\*) Unlike the legal statement pursuant to international accounting standards, the reclassified income statement shows Total revenues and Operating costs net of the impact of IFRIC 12 "Service concession agreements" (€ 668.7 million and € 621.1 million in 2020 and 2019 respectively), connection contributions (€ 19.5 million and € 16.6 million in 2020 and 2019 respectively) and net margin relating to EECs.

The **total revenues** of 2020 amounted to € 1,442.2 million (of which € 153.6 million relating to Toscana Energia consolidated from 1 October 2019), up by € 184.3 million compared to 2019

(+14.6%) and refer to natural gas distribution regulated revenue (€ 1,394.3 million) and other revenues (€ 47.9 million).

**Adjusted total revenues** for 2020, not including the € 108.4 million deriving from the updating of the calculation methodology related to the contribution for meters pursuant to Article 57, amounted to € 1,333.8 million, up by € 75.9 million compared to 2019 (+6.0%), and refer to natural gas distribution regulated revenue (€ 1,285.9 million) and other revenues (€ 47.9 million).

**Adjusted gas distribution regulated revenue** increased by € 79.0 million compared to the corresponding period of 2019, due to an increase in distribution revenue (€ 74.6 million) and an increase in other gas distribution regulated revenue (€ 4.4 million).

The increase in **distribution revenue** (€ 74.6 million) is mainly attributable to the change in tariff components (€ 18.2 million), the change in the scope of consolidation as a result of the acquisitions in Sardinia and central and Southern Italy from Conscoop (€ 5.1 million), effective from 1 May 2019, and the above-mentioned full consolidation of Toscana Energia (€ 98.9 million), impacts which were offset by lower tariff adjustments compared to previous years (€ 6.8 million), as well as by lower revenue caused by the changes introduced by Resolution 570/2019/R/gas (€40.6 million).

Resolution 570/2019/R/gas has also led to a reduction in distribution revenue for Toscana Energia equal to € 5.0 million.

The increase in **other gas distribution regulated revenue** (€ 4.4 million) is attributable to: (i) higher contribution pursuant to Article 57 of ARERA Resolution no. 367/14, as amended, (with total recovery of non-depreciation), relating to the replacement of traditional meters with smart meters ones, equal to € 30.2 million as of 31 December 2020 (€ 22.9 million in the corresponding period of 2019; up by € 7.3 million), and (ii) higher incentives linked to the safety of plants (€ 7.3 million). These effects are partially offset by lower revenues from services for work on the network (€ 4.6 million) and lower reimbursements for gas interruption activities (€ 5.9 million), mainly as a result of the COVID-19 emergency pursuant to the Government Decree (DPCM) of 22 March 2020, as amended.

At the end of 2020, **other revenues** amounted to € 47.9 million (down by € 3.1 million compared to the same period of 2019). The decrease is linked mainly to lower capital gains from the sale of assets, of € 5.0 million as of 31 December 2020 (down by € 6.1 million compared to the same period in 2019), offset by higher sales of LPG and propane air to active users in Sardinia (€ 2.7 million).

The **adjusted EBITDA** achieved as of 31 December 2020 amounted to € 971.4 million, up by € 63.9 million (+7.0%) compared to the same period in 2019, due to the increase in adjusted revenues (€ 75.9 million), despite this being offset by higher adjusted operating costs (€ 12.0 million). The increase in operating costs, caused by the change in the scope of consolidation (€

+34.4 million compared to the same period of 2019), was partially offset by the measures taken by the company to boost efficiency. Net of the change in scope of consolidation, costs decreased by € 18.6 million compared to the same period in 2019, due to lower: (i) net personnel costs (€ 8.1 million); (ii) net external costs (€ 7.8 million); (iii) net costs related to Energy Efficiency Certificates (€ 3.5 million); this impact was offset by higher concession charges (€ 0.8 million). The special items refer to higher expenses relating to the voluntary redundancy incentive plans (€ 13.0 million), the expenses relating to the co-investment plans (€ 0.4 million) and the provisions for faulty meters (€ 38.5 million).

The **adjusted EBIT** as of 31 December 2020 amounted to € 546.8 million, up by € 30.8 million (+6.0%) compared to the corresponding period of 2019, as a result of the above-mentioned increase in the adjusted EBITDA, despite this being offset by higher amortisation and depreciation (€ 33.1 million compared to the same period in 2019). The higher amortisation and depreciation was affected by the contribution of Toscana Energia, for € 32.4 million, and by higher investments made (including those pursuant to IFRS 16) for € 27.6 million. It was partly offset by the lower depreciation on meters associated with the plan to replace traditional meters with smart meters, equal to € 17.7 million at 30 December 2020 (€ 44.6 million in the corresponding period of 2019).

**Net financial expense** (€ 49.2 million) decreased by € 20.1 million compared to the 2019 financial year, mainly due to the lower expenses resulting from the bond buyback transaction completed on 11 December 2019 for a total expense of € 18.3 million.

**Adjusted net financial expense** decreased by € 1.8 million compared to the corresponding period of 2019. The increase in expenses relating to bonds (€ 4.3 million), due to the cost of the new bond issues made in July 2019, December 2019 and June 2020, is partially offset by: (i) higher other net financial income for € 4.0 million (of which € 2.8 million is attributable to interest income accrued on the receivables claimed by Italgas for the redemption of networks as part of the arbitration award in Viadana) and (ii) higher capitalised financial expense for € 1.2 million.

**Net income from equity investments** amounted to € 1.5 million in the financial year 2020 (€ 100.8 million in 2019; down by € 99.3 million). Net of the 2019 special item of € 85.9 million, relating to the capital gain generated by the recalculation of the value of the equity investment in Toscana Energia following the acquisition of control pursuant to IFRS 3 – “Business Combination”, net income decreased by € 13.4 million as a result of the full consolidation of Toscana Energia.

The **net profit attributable to the Group**, net of minority interests, mainly relating to minority shareholders of Toscana Energia, amounted to € 383.0 million.

The **adjusted net profit attributable to the Group** was € 345.4 million (+0.1%).

## Reconciliation of EBIT and the reported net profit with adjusted EBIT and adjusted net profit

Italgas' management assesses Group performance on the basis of alternative performance indicators not envisaged by IFRS, obtained by excluding special items from EBIT and net profit.

The income components are classified as special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business.

The tax rate applied to the items excluded from the calculation of adjusted net profit is determined on the basis of the nature of each revenue item subject to exclusion. Adjusted EBIT and adjusted net profit are not provided for by either IFRS or other standard setters. These performance metrics allow for analysis of the business trends, making it easier to compare results. The NON-GAAP financial report must be considered complementary to and not replacing the reports prepared according to IFRS.

The income components classed among special items in 2020 referred to:

- the higher revenues associated with the contribution pursuant to Article 57 relating to the replacement of traditional meters with electronic smart meters due to the change in methodology over previous years and the recovery of non-depreciation (so-called IRMA) pursuant to Consultation Document 545/2020/R/gas and Resolution no. 570/2019/R/gas, for a total of € 108.4 million;
- costs for staff leaving incentives incurred in the financial year and the provision for staff leaving incentives for a total amount of € 13.0 million;
- provision for the repair of faulty meters, amounting to € 38.5 million, determined on the basis of meters anomalies detected on the field as of 31 December 2020, the estimated number of outbreaks for the period 2021-2026 and the agreements with suppliers;
- expenses associated with the 2019-2021 co-investment plan, due to the adjustment of the number of rights assigned, amounting to € 0.4 million.

With reference to the higher revenues pursuant to Article 57, the company recorded the impacts in the financial statements by virtue of Consultation Document 545/2020/R/gas, whereby the Authority announced its intention to amend the RTDG 2020-2025, proposing that disposals relating to meters up to class G6 be determined using the so-called regulatory FIFO method and that this criterion also be extended to the disposal of traditional meters higher than class G6, thereby making the criterion for determining residual depreciation uniform for all the meters disposed of under the Directives.

The higher contribution is also made up of the amount for the recovery of non-depreciation (so-called IRMA) relating to meters class G6 or lower replaced with the smart meters introduced by



Resolution no. 570/2019/R/gas.

(€ million)	2019	2020
Total revenues	<b>1,257.9</b>	<b>1,442.2</b>
<i>Excluding special items</i>	0.0	<b>(108.4)</b>
Adjusted total revenues	1,257.9	<b>1,333.8</b>
Total operating costs	(350.4)	<b>(414.3)</b>
<i>Excluding special items</i>	0.0	<b>51.9</b>
Adjusted total operating costs	(350.4)	<b>(362.4)</b>
<b>EBITDA</b>	907.5	<b>1,027.9</b>
<i>Excluding special items</i>	0.0	<b>(56.5)</b>
<b>Adjusted EBITDA</b>	907.5	<b>971.4</b>
<b>EBIT</b>	<b>516.0</b>	<b>603.3</b>
<i>Excluding special items</i>	0.0	<b>(56.5)</b>
<b>Adjusted EBIT</b>	<b>516.0</b>	<b>546.8</b>
Net financial expense	(69.3)	<b>(49.2)</b>
<i>Excluding special items</i>	18.3	<b>0.0</b>
Adjusted net financial expense	(51.0)	<b>(49.2)</b>
Net income from equity investments	100.8	<b>1.5</b>
<i>Excluding special items</i>	(85.9)	<b>0.0</b>
Adjusted net income from equity investments	14.9	<b>1.5</b>
<b>Gross profit</b>	547.5	<b>555.6</b>
<i>Excluding special items</i>	(67.6)	<b>(56.5)</b>
<b>Adjusted gross profit</b>	479.9	<b>499.1</b>
Income taxes	(123.9)	<b>(152.0)</b>
<i>Excluding special items</i>	(4.4)	<b>16.9</b>
<b>Net profit (loss)</b>	<b>423.6</b>	<b>403.6</b>
<b>Net profit (loss) attributable to minority interests</b>	<b>6.4</b>	<b>20.6</b>
<b>Net profit (loss) attributable to the Group</b>	<b>417.2</b>	<b>383.0</b>
<i>Excluding special items</i>		
- revenues pursuant to Article 57 (*)	0.0	<b>(77.2)</b>
- financial expense from bond buyback (*)	13.9	<b>0.0</b>
- expense for staff leaving incentives (*)	0.0	<b>9.7</b>
- provision for faulty meters (*)	0.0	<b>27.6</b>
- co-investment plans (*)	0.0	<b>0.3</b>
- capital gain on step acquisition	(85.9)	<b>0.0</b>
<b>Adjusted net profit (loss)</b>	<b>351.6</b>	<b>364.0</b>
<b>Adjusted net profit (loss) attributable to minority interests</b>	<b>6.4</b>	<b>18.6</b>
<b>Adjusted net profit (loss) attributable to the Group</b>	<b>345.2</b>	<b>345.4</b>

(\*) net of the related tax effect

## Reclassified Statement of Financial Position

Italgas' reclassified statement of financial position as of 31 December 2020 compared with that as of 31 December 2019 is summarised below:

(€ million)	31.12.2019	31.12.2020	Abs. change
<b>Fixed capital</b>	<b>6,335.0</b>	<b>6,712.3</b>	<b>377.3</b>
Property, plant and equipment	350.0	369.9	19.9
Intangible assets	6,176.1	6,516.6	340.5
Equity investments	33.7	34.2	0.5
Financial receivables and securities instrumental to operations	0.2	0.2	0.0
Net payables for investments	(225.0)	(208.6)	16.4
<b>Net working capital</b>	<b>56.3</b>	<b>109.7</b>	<b>53.4</b>
<b>Provisions for employee benefits</b>	<b>(113.2)</b>	<b>(104.6)</b>	<b>8.6</b>
<b>Assets held for sale and directly related liabilities</b>	<b>2.1</b>	<b>0.1</b>	<b>(2.0)</b>
<b>NET INVESTED CAPITAL</b>	<b>6,280.2</b>	<b>6,717.5</b>	<b>437.3</b>
Shareholders' equity	1,794.9	1,981.0	186.1
- attributable to the Italgas Group	1,560.4	1,740.9	180.5
- attributable to third party shareholders	234.6	240.1	5.5
Net financial debt	4,485.3	4,736.5	251.2
<b>COVERAGE</b>	<b>6,280.2</b>	<b>6,717.5</b>	<b>437.3</b>

The **net invested capital** as of 31 December 2020 amounted to € 6,717.5 million and was made up of the items commented below.

The **fixed capital** (€ 6,712.3 million) increased by € 377.3 million compared to 31 December 2019, primarily due to the increase in tangible and intangible assets (€ +360.4 million) and the reduction in net payables related to investments (€ 16.4 million).

Below is an analysis of the change in **Property, plant and equipment** and **Intangible assets**:

(€ million)	Property, plant and equipment	IFRIC 12 assets	Intangible assets	Total
<b>Balance as of 31 December 2019</b>	<b>350.0</b>	<b>5,984.2</b>	<b>191.9</b>	<b>6,526.1</b>
Investments	66.0	669.8	41.7	777.5
- of which IFRS 16	26.5			26.5
Amortisation, depreciation and impairment	(36.3)	(340.7)	(47.6)	(424.6)
- of which metering instruments (ordinary D&A)		3.6		3.6
- of which, acceleration of metering instruments*		14.1		14.1
- of which, amortisation as per IFRS 16	(20.2)			(20.2)
Change in the scope of consolidation (entities and business units)		19.8		19.8
Contributions	(0.1)	(9.1)		(9.2)
Other changes	(9.7)	8.6	(2.0)	(3.1)
<b>Balance as of 31 December 2020</b>	<b>369.9</b>	<b>6,332.6</b>	<b>184.0</b>	<b>6,886.5</b>

\* Accelerated depreciation and amortisation at 31.12.2020 and 31.12.2019 amounted to € 17.7 and € 44.6 million respectively

The **equity investments** item (€ 34.2 million) refers primarily to the equity investments in Valdarno in liquidation, Gesam, Umbria Distribuzione Gas, Metano S. Angelo Lodigiano and

Enerpaper, consolidated using the equity method.

### Net working capital<sup>2</sup>

(€ million)	31.12.2019	31.12.2020	Abs. change
Trade receivables	432.3	462.2	29.9
Inventories	52.3	101.2	48.9
Tax receivables	87.7	64.4	(23.3)
Accruals and deferrals from regulated activities	127.0	202.8	75.8
Other assets	147.6	148.3	0.7
Trade payables	(288.1)	(303.0)	(14.9)
Provisions for risks and charges	(168.0)	(202.6)	(34.6)
Deferred tax liabilities	(92.5)	(55.2)	37.3
Tax payables	(11.1)	(45.0)	(33.9)
Other liabilities	(230.9)	(263.4)	(32.5)
	<b>56.3</b>	<b>109.7</b>	<b>53.4</b>

Compared to 31 December 2019, **net working capital** rose by € 53.4 million, mainly as a result of: i) an increase in trade receivables (€ 29.9 million); ii) an increase in inventories (€ 48.9 million); iii) an increase in net tax payables (€ 19.9 million) due mainly to taxes in the period; iv) an increase in accruals and deferrals from regulated activities (€ 75.8 million) due to the change in methodology of the contribution paid for meters pursuant to Article 57; v) an increase in other assets (€ 0.7 million), mainly due to higher safety incentives (€ 22.5 million), partly offset by lower receivables from the CSEA for EECs (€ 19.1 million) and lower other assets due to the valuation of existing derivatives (€ 2.4 million); vi) an increase in trade payables (€ 14.9 million); vii) an increase in provisions for risks and charges (€ 34.6 million); viii) an increase in other liabilities for the financial year (€ 32.5 million), mainly as a result of payables due to the CSEA, associated with the additional distribution components (€ 24.6 million) and payables for penalties (€ 11.6 million).

It should be noted that the Company has finalised factoring agreements with financial counterparties on the basis of which the Company's receivables can be factored without recourse.

<sup>2</sup> In order to ensure the comparability of net working capital items, receivables for incentives as of 31 December 2019, of € 46.7 million, were reclassified in the other assets item, while payables for penalties as of 31 December 2019, of € 12.6 million, were reclassified in the other liabilities item.

## Net financial debt

(€ million)	31.12.2019	31.12.2020	Abs. change
<b>Financial and bond debt</b>	<b>4,746.2</b>	<b>5,405.1</b>	<b>658.9</b>
Short-term financial debt (*) (**)	471.4	677.7	206.3
Long-term financial debt	4,200.1	4,651.1	451.0
Financial liabilities for leasing pursuant to IFRS 16	74.7	76.3	1.6
<b>Financial receivables and cash and cash equivalents</b>	<b>(260.9)</b>	<b>(668.6)</b>	<b>(407.7)</b>
Cash and cash equivalents (**)	(255.8)	(663.5)	(407.7)
Financial receivables	(5.0)	(5.0)	(0.0)
Securities not instrumental to operations	(0.1)	(0.1)	0.0
<b>Net financial debt</b>	<b>4,485.3</b>	<b>4,736.5</b>	<b>251.2</b>
<i>of which financial liabilities pursuant to IFRS 16</i>	<i>74.7</i>	<i>76.3</i>	<i>1.6</i>
<b>Net financial debt (excluding the effects pursuant to IFRS 16)</b>	<b>4,410.6</b>	<b>4,660.2</b>	<b>249.6</b>

(\*) These include the short-term portions of long-term financial debt.

(\*\*) The items are recognised net of €0.5 million relating to factoring transactions, the underlying amounts on which were collected as of 31 December 2020 and repaid to the factor in the first few business days of January 2021.

**Net financial debt** as of 31 December 2020, including the effects of the application of IFRS 16, of € 76.3 million, amounted to € 4,736.5 million, up by € 251.2 million (€ 4,485.3 million as of 31 December 2019). Net of that effect, the net financial debt amounted to € 4,660.2 million (€ 4,410.6 million as of 31 December 2019, up by € 249.6 million).

**Gross financial and bond debt** as of 31 December 2020 totalled € 5,405.1 million (€ 4,746.2 million as of 31 December 2019) and refers to: (i) bonds (€ 3,854.5 million), (ii) loan agreements with the European Investment Bank (EIB) (€ 869.5 million), (iii) bank loans (€ 604.8 million) and (iv) financial liabilities pursuant to IFRS 16 (€ 76.3 million).

Cash, amounting to € 663.5 million, is held in current accounts and fixed-term deposits promptly liquidable with leading banks.

The breakdown of gross financial debt by type of interest rate as of 31 December 2020 is as follows:

(€ million)	31.12.2019	%	31.12.2020	%
Fixed rate	4,178.4	88.0	<b>4,676.3</b>	86.5
Floating rate	567.8	12.0	<b>728.8</b>	13.5
<b>Gross financial debt</b>	<b>4,746.2</b>	<b>100.0</b>	<b>5,405.1</b>	<b>100.0</b>

Fixed-rate financial liabilities amounted to € 4,676.3 million and refer to bonds (€ 3,854.5 million), three EIB loans (€ 745.5 million) and financial liabilities pursuant to IFRS 16 (€ 76.3 million).

Fixed-rate financial liabilities increased by €497.9 million compared to 31 December 2019, mainly due to the bond issue completed in June 2020 for a nominal value of € 500 million.

Floating-rate liabilities stood at € 728.8 million and were up by € 161.0 million due to the increased use of bank credit lines.

Net of the effects of the financial liabilities pursuant to IFRS 16, the gross financial debt was

86.3% at fixed rate and 13.7% at floating rate.

Italgas, as of 31 December 2020, had unused committed credit lines amounting to € 500 million maturing in October 2021.

As of 31 December 2020, there were no loan agreements containing financial covenants and/or secured by collateral, with the exception of an EIB loan for nominal € 90 million taken out by Toscana Energia, which requires compliance with certain financial covenants.

Some of these contracts provide, inter alia, for the following: (i) negative pledge undertakings, pursuant to which Italgas and the subsidiaries are subject to limitations regarding the creation of real rights of guarantee or other restrictions concerning all or part of the respective assets, shares or goods; (ii) pari passu and change of control clauses; (iii) limitations on some extraordinary transactions that the company and its subsidiaries may carry out. As at 31 December 2020, these commitments were respected.

## Reclassified Statement of Cash Flows<sup>3</sup>

(€ million)	2019	2020
<b>Net profit</b>	<b>423.6</b>	<b>403.6</b>
<i>Correction:</i>		
- Depreciation and amortisation and other non-monetary components	290.8	428.3
- Net capital losses (capital gains) on asset sales and eliminations	(4.4)	(1.1)
- Interest and income taxes	193.2	201.2
Change in working capital due to operating activities	20.9	(110.8)
Dividends, interest and income taxes collected (paid)	(209.7)	(176.2)
<b>Cash flow from operating activities (*)</b>	<b>714.4</b>	<b>745.0</b>
Technical investments	(688.6)	(741.8)
Other changes related to investments activities	89.9	(5.2)
Divestments and other changes	8.0	2.0
<b>Free cash flow before Merger and Acquisition transactions</b>	<b>123.7</b>	<b>0.0</b>
Companies that have entered the consolidation area	(96.4)	(4.4)
of which:		
-price paid for equity	(40.2)	(4.4)
-takeover of payables of acquired companies	(56.2)	0.0
Acquisition of business branches	(25.1)	(9.7)
<b>Free cash flow</b>	<b>2.3</b>	<b>(14.1)</b>
Change in short- and long-term financial debt and financial receivables	434.7	657.3
Reimbursements of financial liabilities for leased assets	(17.2)	(24.1)
Transfer of minority interests (**)	24.8	0.0
Equity cash flow (***)	(196.8)	(211.4)
<b>Cash flow for the year</b>	<b>247.8</b>	<b>407.7</b>

(\*) Net of the effects deriving from the application of IFRS 15.

(\*\*) Disposal of interests refers to disposal of the minority interests of Medea and Gaxa to Fondo Marguerite II.

(\*\*\*) Includes, as of 31 December 2020, the dividend paid by Italgas to its shareholders for € 207.1 million, the extraordinary dividend paid by Toscana Energia to minority shareholders for € 13.9 million and payment of part of the credit still owed by the Fondo Marguerite II in the capital of Medea, for a value of € 9.6 million.

## Change in net financial debt

(€ million)	2019	2020
<b>Free cash flow before Merger and Acquisition transactions</b>	<b>123.7</b>	<b>0.0</b>
Change due to the acquisition of equity investments and business units	(121.4)	(14.1)
Transfer of minority investments	24.8	0.0
Equity cash flow	(196.8)	(211.4)
Change in financial liabilities for leased assets	<b>(37.7)</b>	<b>(25.7)</b>
Change in debt for EGN shareholder loan	<b>21.0</b>	<b>0.0</b>
Change in the scope of consolidation of financial debt from M&A transactions (*)	<b>(414.5)</b>	<b>0.0</b>
<b>Change in net financial debt</b>	<b>(600.9)</b>	<b>(251.2)</b>

(\*) The figure refers to the net financial debt of Toscana Energia and Toscana Energia Green as of 1 October 2019.

The cash flow from operations as of 31 December 2020, of € 745.0 million, was fully absorbed by net investments. As of 31 December 2020, cash flow after M&A transactions was negative, for € 14.1 million.

<sup>3</sup> For the purposes of like-for-like comparison with the position reported for 2020, including the effects of the application of the IFRS 16 accounting standard, the 2019 flows were adjusted accordingly.

Taking into account payment of the dividend for € 207.1 million and the change in financial liabilities pursuant to IFRS 16, for € 25.7 million, net financial debt increased by € 251.2 million.

## Key operating figures

### Investments

In 2020, technical investments were made for €777.5 million (2019: € 740.0 million, up by 5.1%), of which € 26.5 million relating to leases accounted for in accordance with IFRS 16.

(€ million)	2019	2020	Abs. change	Change %
<b>Distribution</b>	<b>463.0</b>	<b>569.0</b>	<b>106.0</b>	<b>22.9</b>
Network maintenance and development	360.6	455.8	95.2	26.4
- of which digitisation	39.7	84.9	45.2	
New networks	102.4	113.1	10.7	10.5
- of which Sardinia	82.8	100.7	17.9	21.6
<b>Metering</b>	<b>179.5</b>	<b>120.8</b>	<b>(58.7)</b>	<b>(32.7)</b>
<b>Other investments</b>	<b>97.5</b>	<b>87.7</b>	<b>(9.8)</b>	<b>(10.1)</b>
- of which Real Estate	32.4	41.7	9.3	28.7
- of which ICT	25.8	25.4	(.4)	(1.6)
- of which due to the effect of IFRS 16	39.4	26.5	(12.9)	(32.7)
	<b>740.0</b>	<b>777.5</b>	<b>37.5</b>	<b>5.1</b>

**Metering investments** (€ 120.8 million, down 32.7% compared to the corresponding period of 2019) refer primarily to the final stage of the plan to replace traditional meters with smart meters, which is estimated to be completed within the first months of 2021, ahead of the provisions issued by the Authority, which, with the publication of Resolution no. 501/2020/R/gas, deferred achievement of the minimum replacement target for companies with over 200 thousand clients by one year, taking into account the difficulties of replacement caused by the COVID-19 health emergency. In 2020 the Company installed 1.22 million new meters, of which 0.79 million to replace traditional meters and 0.43 million for the repair of digital meters with anomalies<sup>4</sup>.

### Key operating figures – Italgas Group

	2019	2020	Change Abs.	Change %
Active meters (millions)	7.573	7.595	0.0	0.3
Installed meters (millions)	8.464	8.515	0.1	0.6
Municipalities with gas distribution concessions (no.)	1,816	1,826	10.0	0.6
Municipalities with gas distribution concessions in operation (no.)	1,730	1,743	13.0	0.8
Distribution network (kilometres)	70,502	71,185	683.3	1.0
Gas distributed (million cubic metres)	8,001	8,477	476.0	5.9

<sup>4</sup> Also considering the affiliates, over which Italgas does not exercise control, 1.3 million new meters were installed during the period, bringing the total number of smart meters installed as of 31 December 2020 to 7.5 million.

## Key operating figures – Italgas Group and affiliates

	2019	2020	Change Abs.	Change %
Active meters (millions)	7.694	<b>7.749</b>	0.1	0.7
Installed meters (millions)	8.597	<b>8.684</b>	0.1	1.0
Municipalities with gas distribution concessions (number)	1,830	<b>1,887</b>	57	3.1
Municipalities with gas distribution concessions in operation (no.)	1,744	<b>1,804</b>	60	3.4
Distribution network (kilometres)	71,761	<b>73,058</b>	1,297	1.8
Gas distributed (million cubic metres)	8,897	<b>8,727</b>	(170)	(1.9)

## Main events of 2020

### Corporate transactions and concessions

- On 2 January 2020, Italgas was **officially awarded the tender for the concession** of the natural gas distribution service in the territorial area of “**Valle d'Aosta**”.
- Finalisation**, on 31 January 2020, **of the agreement for the sale of several non-core industrial assets between Italgas and A2A**, signed on 7 October 2019. In particular, Italgas Reti sold A2A Calore & Servizi (A2A Group) the entire district heating business managed in the municipality of Cologno Monzese (Milan); at the same time, Unareti (A2A Group) sold Italgas Reti its natural gas distribution business managed in seven municipalities belonging to the Alessandria 4 ATEM.
- Signing**, on 31 January 2020, with the contracting authority Città Metropolitana di Torino (Metropolitan City of Turin) and with the outgoing managers, of a **report for the delivery of the plants of ATEM TORINO 2** to Italgas Reti, which then officially commenced the first operations involving the gas distribution service for the Territorial Area in Italy.
- In compliance with the “Invitation to Submit Expression of Interest”, published on 9 December 2019, as part of the privatisation process launched by the Greek government, the **expression of interest in the purchase of 100% of the capital of DEPA Infrastructure** was presented on 20 February 2020. The assets transferred include more than 460 thousand re-delivery points in Greece and around 6,400 km of low-pressure networks. On 3 June 2020 it was confirmed that Italgas had been included on the shortlist of the tender procedure for the acquisition of DEPA Infrastructure.
- Completed**, through the subsidiary Italgas Reti, on 26 May 2020, the **acquisition** from AEG Soc. Coop. of **15% of the company Reti Distribuzione**, which manages the natural gas distribution service in the territory of 49 municipalities located in Canavese, Valle Orco and Soana and in the Municipality of Saluggia for a total of 32,000 re-delivery points. The consideration for the transaction was € 4.6 million.



- On 21 August 2020, Italgas was officially **awarded the tender** for the natural gas distribution service through the urban network in the **municipality of Castel San Giorgio**.

### Legal and Regulatory

- With reference to the dispute with the **Municipality of Rome** regarding the implementation of the **Business Plan**, with Order no. 3834/2020, published on 19 June 2020, the Council of State upheld the precautionary appeal filed by Italgas Reti and suspended the effectiveness of the provision by which the Municipality of Rome requested Italgas Reti to pay penalties, until the decision on the matter. With a subsequent appeal to the Court of Cassation, Italgas requested that the jurisdiction of the Regional Administrative Court of Lazio or ordinary court be established. The hearing was scheduled for 15 December 2020 and, with an order of 12 January 2021, the Court of Cassation declared the jurisdiction of the ordinary court. Italgas therefore resumed the proceedings before the Court of Rome on 11 February 2021. The next hearing is scheduled for 1 July 2021.

On 5 July 2020, Italgas Reti filed an appeal before the Regional Administrative Court of Lazio, requesting that the Municipality of Rome be ordered to pay compensation for non-fulfilment of the concession contract entered into on 20 November 2012 for the public methane gas distribution service. The setting of a date for the hearing by the Regional Administrative Court of Lazio is currently pending.

- In **Ruling no. 28249 of 27 May 2020**, published on 8 June 2020, the Antitrust Authority decided to launch an investigation to verify whether Italgas Reti, the current operator of the gas distribution service in several municipalities in the Province of Venice, has abused its dominant position as exclusive concessionaire of the service in order to significantly inhibit or delay the planned competitive procedure for assigning the service in the minimum territorial area including such municipalities (ATEM VENICE 1). The company undertook to provide the Antitrust Authority with the necessary clarifications. On 1 October 2020, Italgas Reti filed a set of commitments. The Antitrust Authority approved the publication of these with Order no. 28371 of 20 October 2020. Consequently, on that date, the Italian Competition Authority (AGCM) admitted the commitments for the market test, setting a deadline of 20 November 2020 for the submission of any comments. Italgas Reti then had the opportunity to examine the comments received and to submit an integrated commitment proposal on 21 December 2020 in the light of the feedback received.
- With reference to the **appeal** filed by the runner-up operator in the context of the awarding of the tender for the **Belluno ATEM** to Italgas Reti, the company filed an appearance on 14 July 2020. Given the Contracting Authority's commitment not to proceed with the signing of the service contract until the dispute had been settled on the merits, the claimant waived its interlocutory application. The public hearing on the merits was scheduled for 16 June 2021.

Pending this, with a ruling of 7 December 2020, the Regional Administrative Court of Veneto rejected the appeal brought by the Municipality of Feltre and other municipalities belonging to the Belluno ATEM (Minimum Territorial Area), with which they had requested the annulment of the Municipality of Belluno's decision to award the ATEM tender to Italgas Reti. The Municipality of Feltre appealed against this ruling.

### Other events

- The **renewal of the 2020 EMTN Programme** - launched in 2016 and already renewed in 2017, 2018 and 2019 - was approved on 5 October and signed on 20 October 2020, at the same time increasing its maximum amount from the previous nominal figure of € 5 billion to a **nominal figure of € 6.5 billion**.
- On 3 December 2020, the rating agencies **Fitch and Moody's confirmed the rating assigned to Italgas S.p.A. as BBB+ with stable outlook and Baa2 with stable outlook**, respectively.
- On 18 October 2020, the Board of Directors voted to comply with the **Corporate Governance Code**, approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, **as of 1 January 2021**. The company has already adapted most of its procedures to the Recommendations of the new Corporate Governance Code.
- On 29 December 2020, Italgas S.p.A. and Italgas Reti S.p.A. were admitted by the Revenue Agency to the **cooperative compliance regime**, established in order to promote forms of communication and cooperation **with the tax authority**, based on mutual trust.

### **Significant events after year end**

#### Corporate transactions and concessions

- **The acquisition of Mediterranea Energia's business branch relating to the gas concession in the Municipality of Olevano sul Tusciano was finalised** on 28 January 2021, following the framework agreement signed between Italgas and CONSCOOP on 28 December 2018. The network spans around 26 kilometres, covering a potential catchment area of 2500 households overall. Following the aforesaid agreement, the parties agreed that by the deadline of 5 July 2021 and once certain conditions precedent have been met, Italgas will acquire the entire equity investment in **Isgas 33**, in which it currently holds a minority stake of 10%.
- The **public session** on the "Open tender procedure for the concession of the natural gas distribution service in the **Napoli 1 - Città di Napoli e impianto costiero ATEM**" **was held** on 29 January 2021. The tender committee announced to proceed with the fairness checks and suspended the tender operations waiting for the outcome of verifications.

- The tender for the management of the natural gas distribution service in the territorial area of **Turin 1**, which encompasses the regional capital and the municipalities of Moncalieri, Grugliasco, Rivoli, Rivalta di Torino and Nichelino was **officially awarded** to Italgas Reti on 4 March 2021. The awarding of the ATEM, consisting of approximately 560 thousand users allows the company to seamlessly continue managing the service in an area where it has operated since 1837 and for which an investment plan worth around € 330 million has been envisaged.

### Legal and Regulatory

- **Resolution no. 550/2020/r/efr**, with which the tariff contribution for Energy Efficiency Certificates was determined for the year 2019, was **contested** on 12 February 2021. The hearing on the merits has not yet been scheduled.
- On 2 March 2021, Resolution no. 74/2021/S/gas was **published**, with which ARERA issued Italgas Reti a fine, deeming the company to be in breach of the provisions on the Regulation of the Quality of Gas Distribution and Metering services for the 2014-2019 period, as well as of the Guidelines of the Italian Gas Committee, regarding the emergency intervention service. The company is considering appealing against the Resolution.
- On 3 March 2021, the **investigation** launched by the AGCM into the alleged abuse of a dominant position in certain municipalities in the **Venice 1 ATEM** was **successfully closed**.
- With reference to the appeal before Council of State filed by municipalities belonging to the Belluno ATEM against ruling 1208 of 7 December 2020, whereby the Regional Administrative Court of Veneto rejected the appeal against the Municipality of Belluno's decision to award the ATEM tender to Italgas Reti, in the hearing of 4 March 2021, the Council of State took note of the waiver of the precautionary application by the appellant municipalities and was scheduled the hearing on the merits for 7 October 2021.

### Other events

- The launch of the fixed-rate 7- and 12-year “**dual tranche**” **bond issue**, for a total of **€ 500 million each**, with an annual coupon of 0% and 0.5% respectively, was successfully completed on 5 February 2021, implementing the EMTN Programme. On the same date, a **bond buyback transaction** was launched, relating to two bond issues - one for an original nominal value of € 750 million maturing in January 2022, and one for an original nominal value of € 650 million maturing in March 2024. The buyback was finalised on 15 February 2021 with a buyback percentage of more than 58% for the first and more than 20% for the second, and a total nominal value of around € 256.0 million.

## Coronavirus emergency and business outlook

The so-called “**Coronavirus Emergency**” unfolded in Italy in February in relation to the spread of infection across the whole of Italy and the necessary emergency measures taken by the Health and Government Authorities to contain the spread.

The Company set up a Crisis Committee in the hours immediately following the onset of the first cases. In the light of the measures and indications of the competent authorities, this committee monitored, and continues to constantly monitor, the developments of the crisis and takes appropriate measures while ensuring the continuity and efficiency of essential and necessary services, focusing in particular on emergency intervention services.

To protect the health and safety of its people, the Company has adopted a series of initiatives aimed at limiting the mobility of personnel and contractors to the company’s premises, heavily adopting smart working and suspending travel of personnel around the country.

All the procedures were shared with the trade unions, through the setting up of a specific Committee (as provided for by the Protocol entered into on 14 March 2020 between the government, trade unions and employer associations) and the signing of various corporate reports and protocols, in line with the evolving emergency and applicable regulatory updates.

In compliance with the emergency measures issued by the Authorities, only work considered to be essential was covered, and all worksite activities have been suspended.

Technical staff assigned the task of carrying out work off the company premises, where provided for under current provisions, have been equipped with the necessary personal protection equipment required in order to ensure their safety. Operating activities, both at worksites and maintenance and services on user premises, including the replacement of traditional meters with smart meters, started up again gradually from 4 May 2020, in accordance with the time frames provided for and permitted by Government Decree (DPCM) of 26 April 2020, as amended.

Italgas has also provided free serological screening for its people, on an entirely voluntary basis, also guaranteeing swab tests, in line with current regional regulations, and supervision by the Medical Officer, if the test is positive. The initiative, shared with the trade union representatives, was thereafter gradually extended to all employees.

At present, the company does not anticipate any major adverse impacts on the development and investment initiatives as a result of the slowing down and suspension of activities and the deteriorating macroeconomic situation caused by the global spread of the pandemic. Since the reopening of business under the above-mentioned Government Decree, as amended, measures have been implemented, by leveraging process digitisation, to solve delays to original work execution plans caused by the suspension of worksite activities and work on user premises.

With reference to the customer/sales companies base and their solvency, the rules for access of

users to the gas distribution service are established by ARERA and regulated in the Network Code.

In April 2020, the Company received a communication from some sales companies indicating the possibility of making use of the faculties granted by Resolution no. 116/2020/R/com, as amended, for payments due in April and, based on subsequent extensions, for payments due on or before 30 June 2020, if the conditions should be met. Considering the number of operators that have made recourse to the faculties granted by the above-mentioned resolution, the Company has not seen any significant adverse repercussions on receipts expected from gas sales companies that would jeopardise the financial balance of the Group, or on the regularity of payments by counterparties. For invoices due in April, May and June 2020, the average collection was equal to around 90%.

Moreover, with **Resolution no. 248/2020/R/com of 30 June 2020**, the Authority required sales companies to pay the balance of the total amounts invoiced by distributors and not paid during the derogation period, as a lump sum in September or in three instalments from September to November. As of 31 December 2020, the sales companies have complied with their obligations in accordance with the time frames of the above-mentioned **Resolution no. 248/2020/R/com**.

With regard to access to credit, Italgas does not foresee any significant negative impacts, taking the following into account: (i) the Company has cash deposited with major credit institutions for a total of € 663.5 million as of 31 December 2020 and a completely undrawn committed long-term credit line of € 500 million, maturing in October 2021, taken out with a pool of Italian and international banks, (ii) there are limited requirements to refinance debt (the first bond repayment is due in 2022), (iii) the bonds issued by Italgas as of 31 December 2020, as part of the Euro Medium Term Notes Programme, do not require the observance of covenants relating to the data in the financial statements.

Any downgrading of the rating of Italgas or of any guarantors in excess of pre-established thresholds, could lead to the issuance of guarantees for certain lenders or a rise in the spreads applied.

The company's financial soundness is confirmed by the success of i) the bond issue of € 500 million, completed on 24 June 2020, implementing the EMTN Programme (renewed on 20 October 2020 for € 6.5 billion), ii) the "dual-tranche" bond issue maturing in February 2028 and February 2033, for a total of € 500 million each, iii) as well as by the confirmation on 3 December 2020 of the rating by Fitch (BBB+, stable outlook) and Moody's (Baa2, stable outlook).

The Company has also introduced initiatives supporting the fight against the Coronavirus Emergency. In particular, in addition to facilitating voluntary fundraising by its employees, it has donated to hospitals, healthcare facilities and to the Civil Protection, and has also made its skills and know-how available to the community.

With reference to the impacts, including potential ones, on revenues, costs, investments and cash flows expected as a result of the limitations imposed by the Coronavirus Emergency, the Company has not found any evidence to date to suggest significant negative effects on the 2021 results.

However, the Company is currently unable to estimate the potential material negative effects on the economic, financial and equity outlook of the years to follow, should the health emergency situation return to a critical state and last significantly longer.

In this context, Italgas will therefore continue to pursue its strategic objectives, focusing on digital transformation with the goal of improving service quality, streamlining processes and operating costs, whilst paying constant attention to development opportunities. With specific regard to investments, also for the remaining part of the current year, Italgas intends to pursue its plan targeted primarily at the implementation of network digitisation projects, the installation of smart meters and the methanisation of Sardinia, plus the normal maintenance and development of the networks managed.

\*\*\*

Italian Legislative Decree no. 25 of 15 February 2016, effective from 18 March 2016, which implemented European Directive 2013/50/EU of 22 October 2013 (new Transparency Directive), eliminated the obligation to publish the interim directors' report, previously provided for by Art. 154-ter, paragraph 5 of the Consolidated Finance Act.

In accordance with the development of the reference regulatory framework and taking into account the needs of stakeholders, Italgas has chosen to voluntarily publish periodic financial information in addition to the Annual and Half-Year Financial Report.

This decision reflects the business policy of regular and transparent disclosure of the Group's financial performance to the market and investors.

The economic and financial information was drafted in compliance with the valuation and measurement criteria established by International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure pursuant to Art. 6 of (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002.

Given their size, amounts of the relevant items are expressed in millions of euros to the first decimal place.

## Conference call

At 3 p.m. today, a conference call will be held to present the results of 2020 to financial analysts and investors. The presentation may be viewed, through audio webcasting, on the Company's website ([www.italgas.it](http://www.italgas.it)). In conjunction with the conference call, the supporting material for the presentation will also be provided in the "Investors/Reports and Presentations" section of the website.

\*\*\*

The manager responsible for preparing the accounting and corporate documents, Giovanni Mercante, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this report corresponds to the documented results, books and accounting records.

### **Disclaimer**

*This press release contains forward-looking statements, specifically in the "Coronavirus Emergency and foreseeable business outlook" section, relating to: investment plans, future operating performance and project execution. The forward-looking statements, by their nature, involve risks and uncertainties as they depend on the occurrence of future events and developments. The actual results could therefore differ from those announced in relation to various factors, including: actual operating performance, general macro-economic conditions, geopolitical factors such as international tensions and socio-political instability, the effects of the pandemic, the impact of energy and environmental regulations, the successful development and application of new technologies, changes in stakeholder expectations and other changes in business conditions, action by competitors.*

Fine Comunicato n.0167-16

Numero di Pagine: 24