

Strategic Plan
2022-2028

**CRAFTING THE
ENERGY
(R)EVOLUTION**

Turin
15.06.2022

Agenda

3

Italgas a Player
of the Energy Transition

12

Setting the Network
of Tomorrow

21

Tier 1 Player in Energy
Efficiency

26

Greece

30

Other Opportunities

34

ESG

38

Financials

52

Appendix



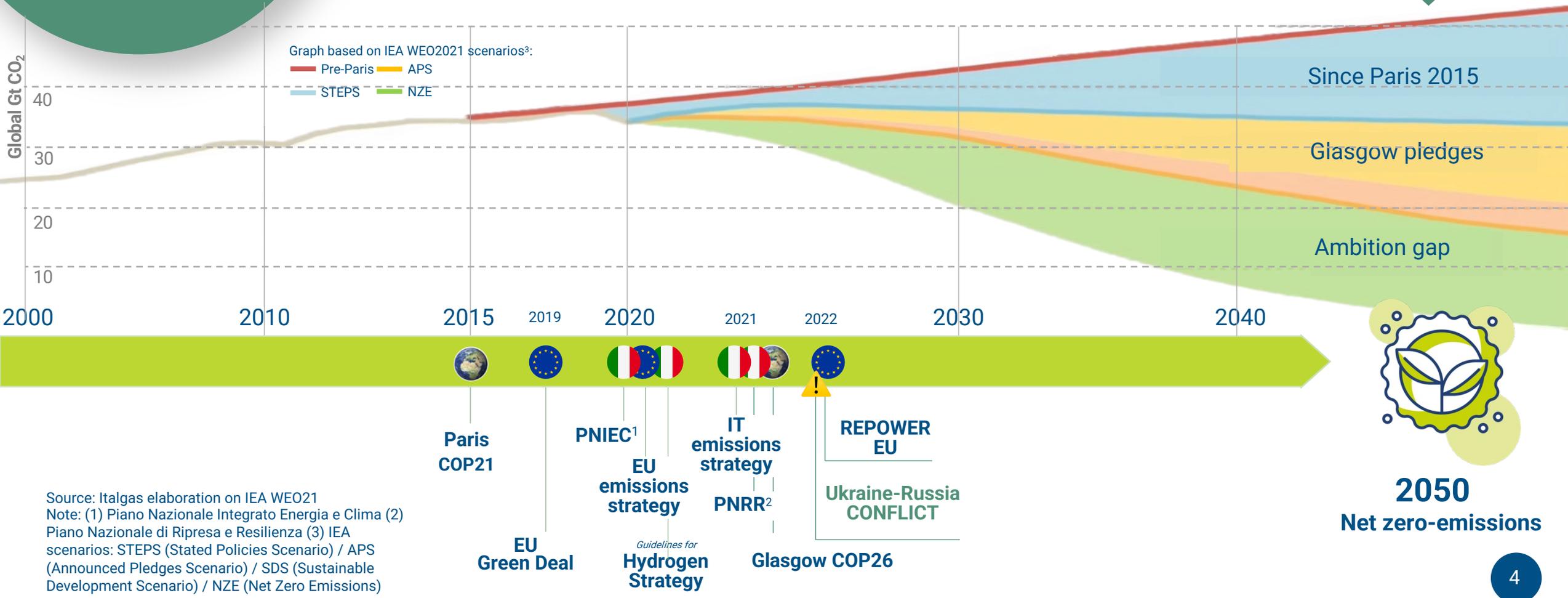
Italgas a Player of the Energy Transition



Carbon Neutrality is the EU objective

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

-100%



Source: Italgas elaboration on IEA WEO21
 Note: (1) Piano Nazionale Integrato Energia e Clima (2) Piano Nazionale di Ripresa e Resilienza (3) IEA scenarios: STEPS (Stated Policies Scenario) / APS (Announced Pledges Scenario) / SDS (Sustainable Development Scenario) / NZE (Net Zero Emissions)

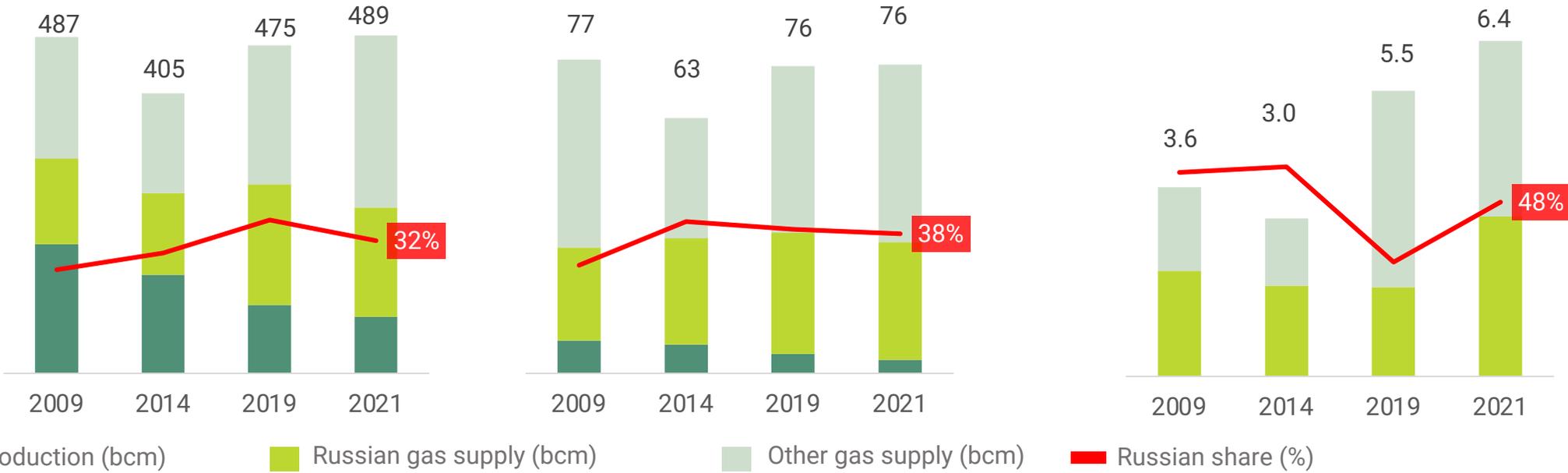
Gas in Europe dependence on Russia is topical

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 MIX¹



GAS SUPPLIES AND RUSSIAN SHARE



Source: IEA – Gas Market and Russian Supply, Eurostat 2020 data, Snam gas balance 2021, MiTE Gas Balance 2021, Eurostat 2020 data, IEA - Reliance on Russian Fossil Fuels Data Explorer
 Note: (1) Gross available energy; (2) Data include UK

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

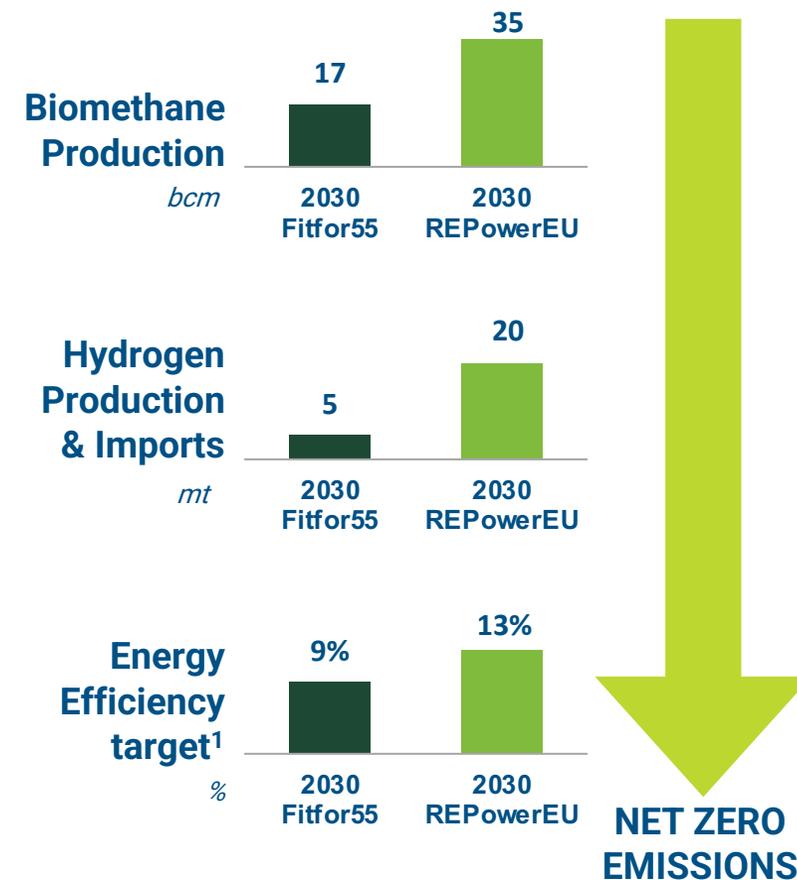
Short-term

- 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

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**

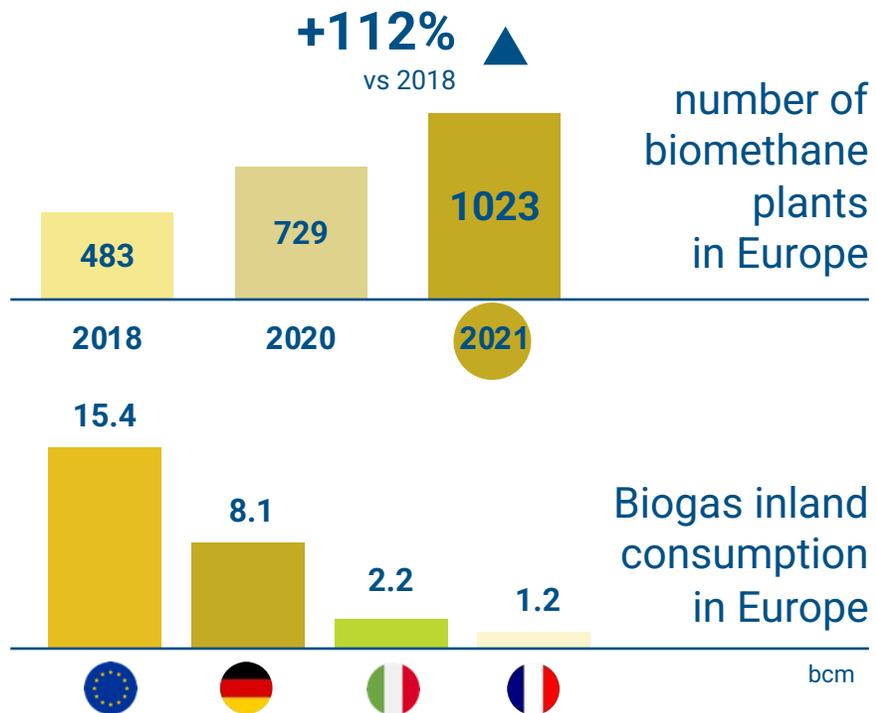
REPowerEU MULTI-YEAR PATH



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 CO₂ 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 producer¹
Biomethane production is expected to accelerate in the coming years supported by regulation

FROM BIOGAS

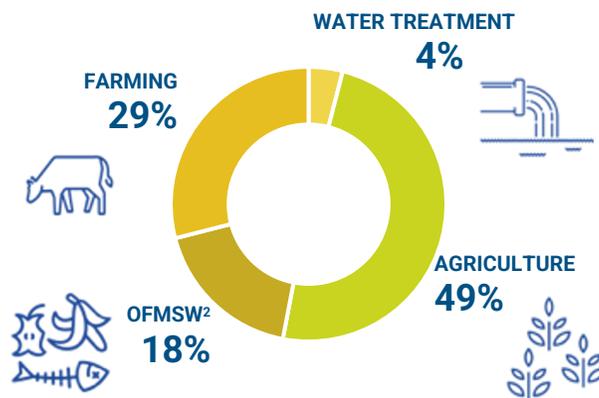
In Italy, ~2,000³ plants produce 2.2 Bcm of biogas, mainly from agricultural feedstocks

PURIFICATION UPGRADE

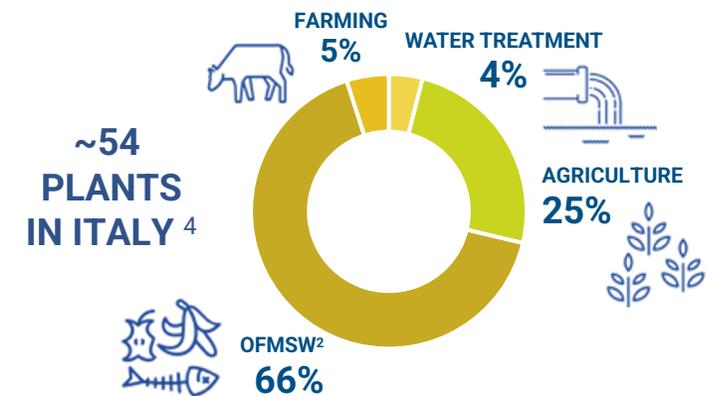
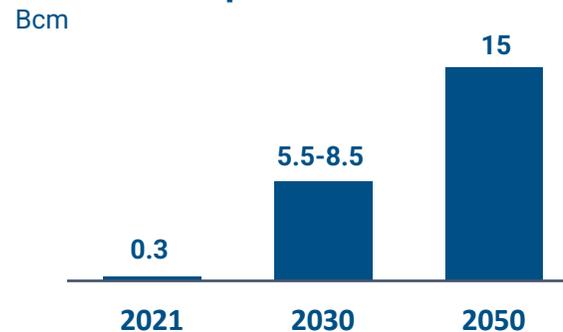
TO BIOMETHANE

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

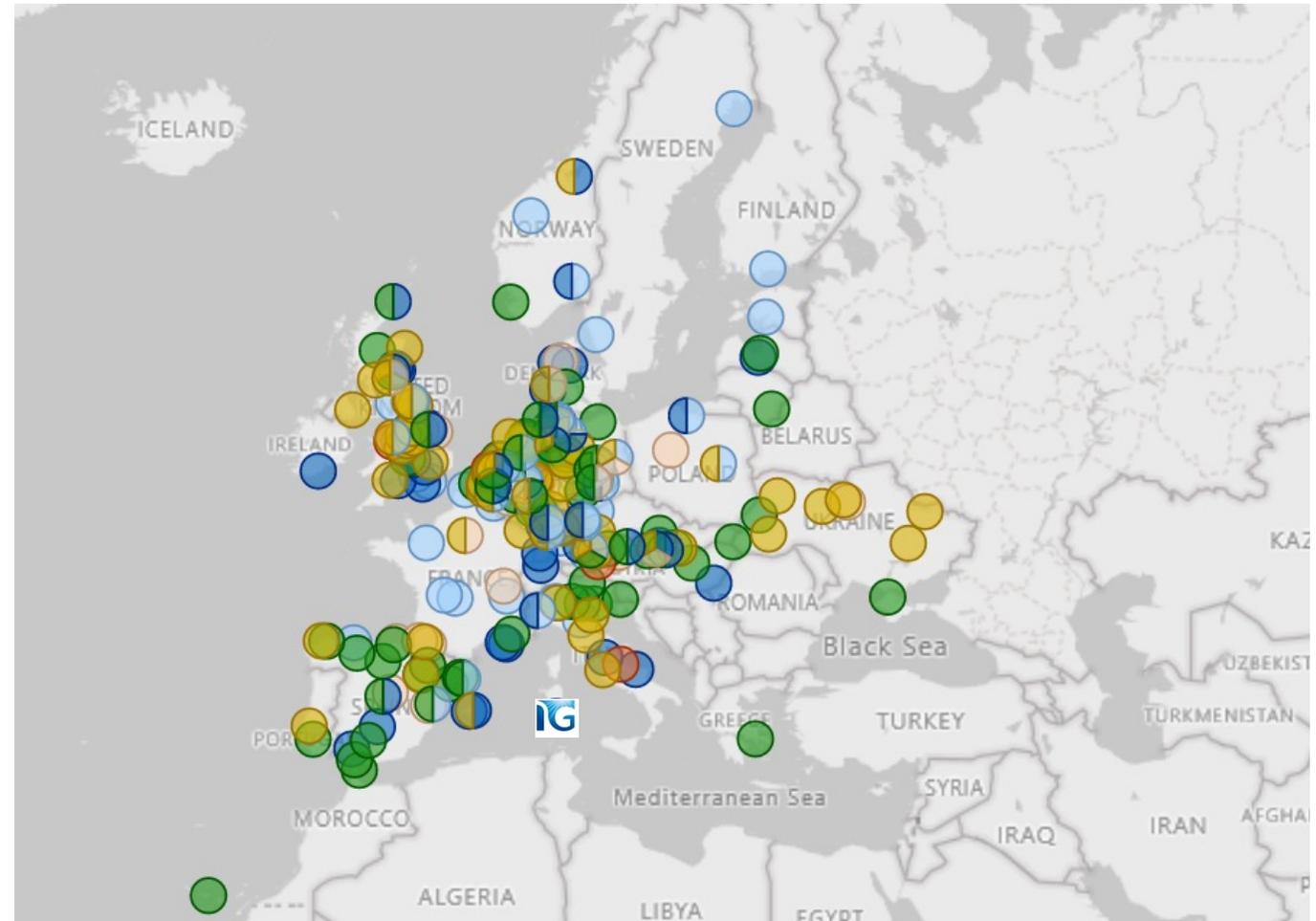
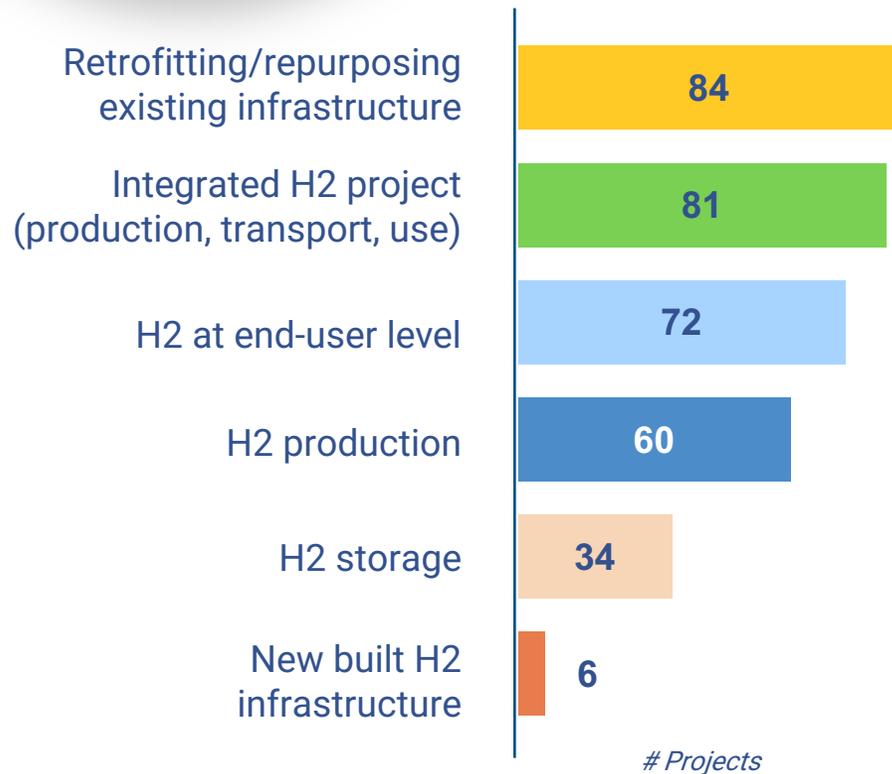


Source: elaboration on Eurostat 2020, Snam, GSE, Italian National Plan for Recovery and Resilience (PNRR)

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

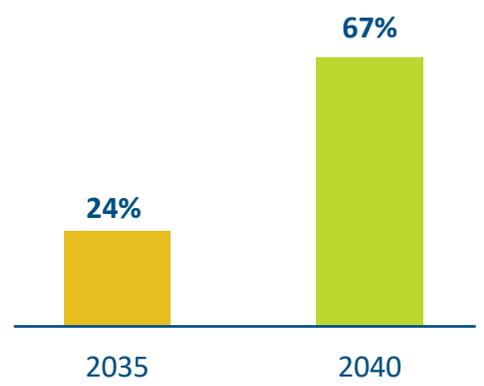
More than 335 hydrogen projects in Europe with focus on infrastructure retrofitting (25%) and integrated projects (24%)
Europe also at the forefront of regulation



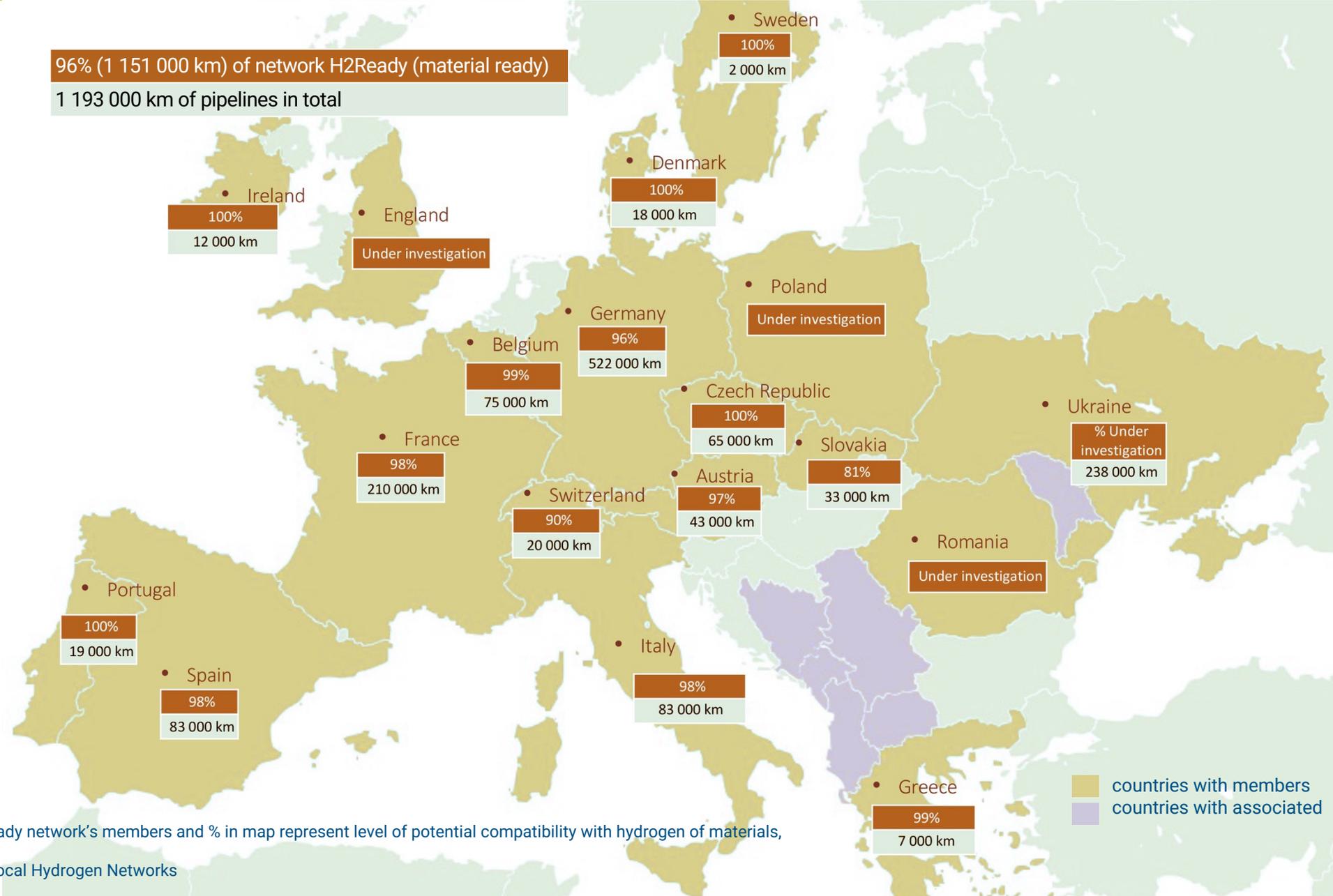
Source: ENTSO-G Hydrogen Projects Database, June 2022

Hydrogen distribution unappreciated high level of readiness

By 2040 ~67% of EU distribution network planned to be ready to carry pure hydrogen¹



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.

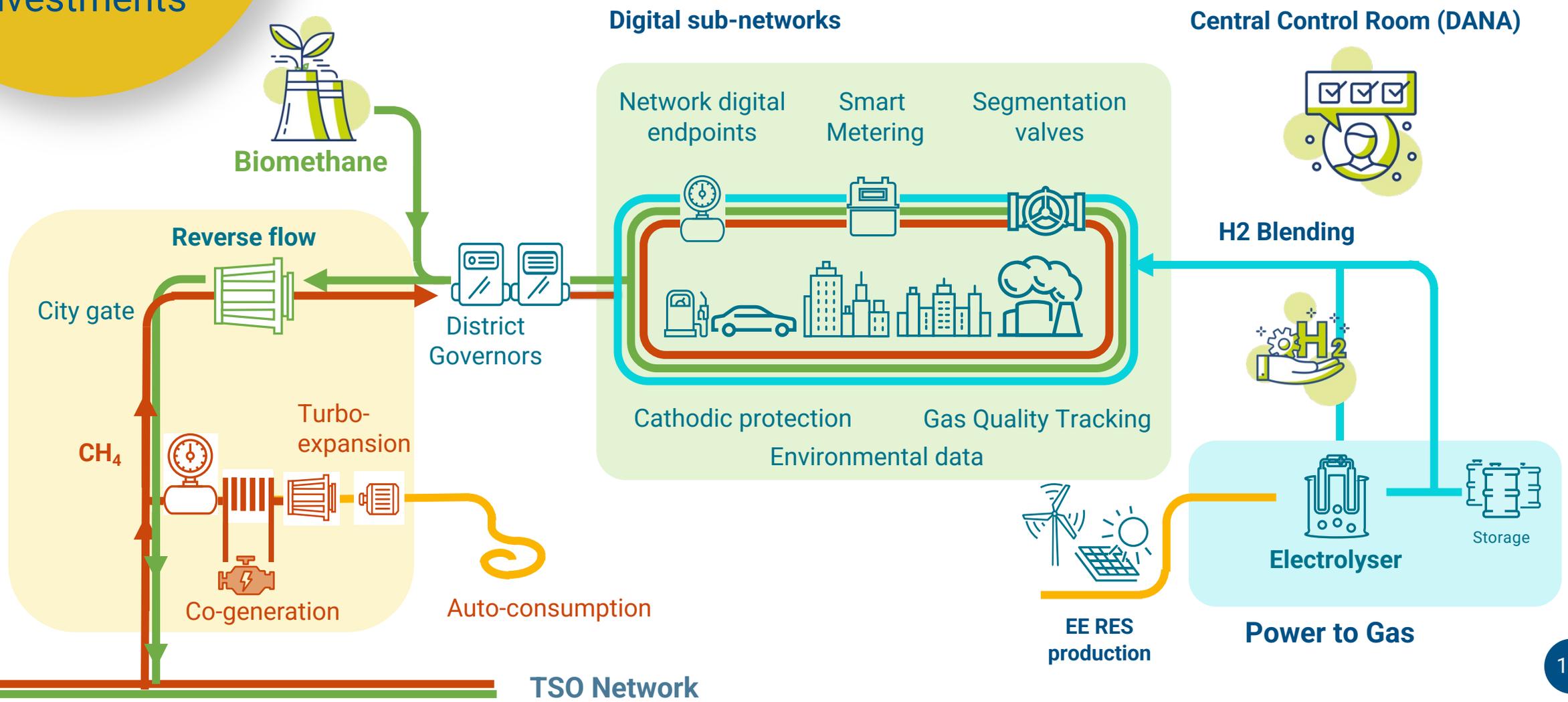


Setting the Network Of Tomorrow



Smart Gas Networks at the core of our investments

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

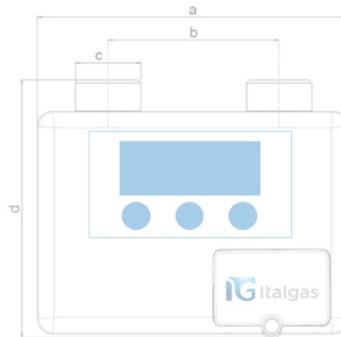
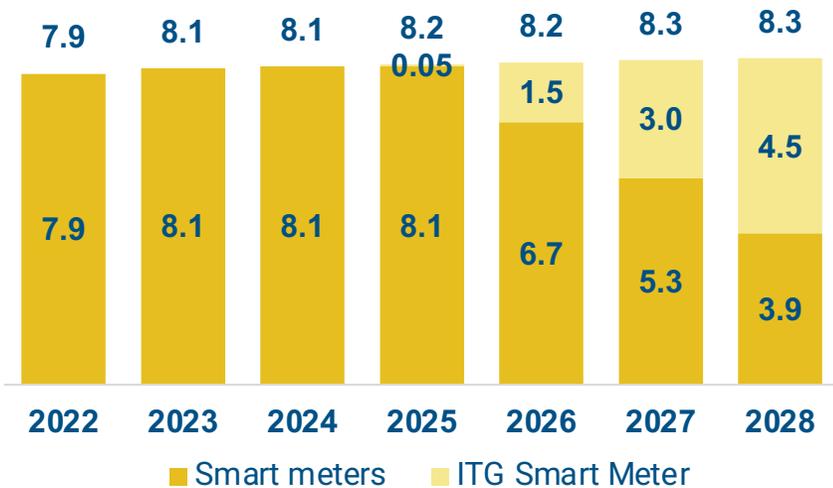


Assets Digitization



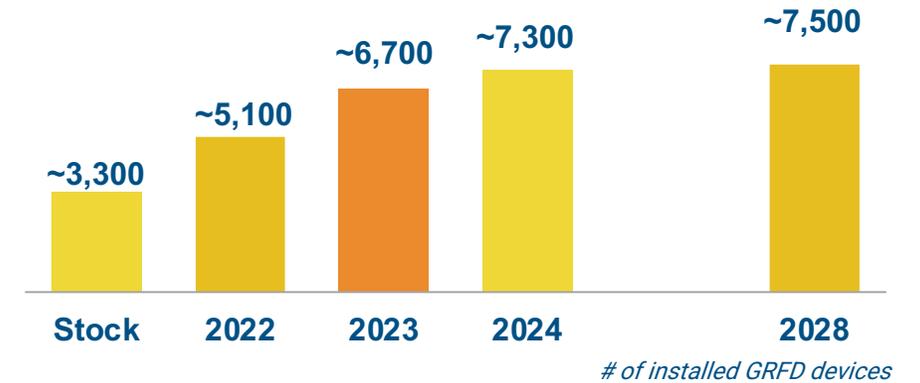
SMART METERS¹

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

Note: (1) meters gross of disposals

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



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**



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



MAIN FOCUS



+ Other countries



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**

Cartographic navigation of digitized networks and subnets

Synoptics and HMIs

Events and alarms

Measurements and parameters

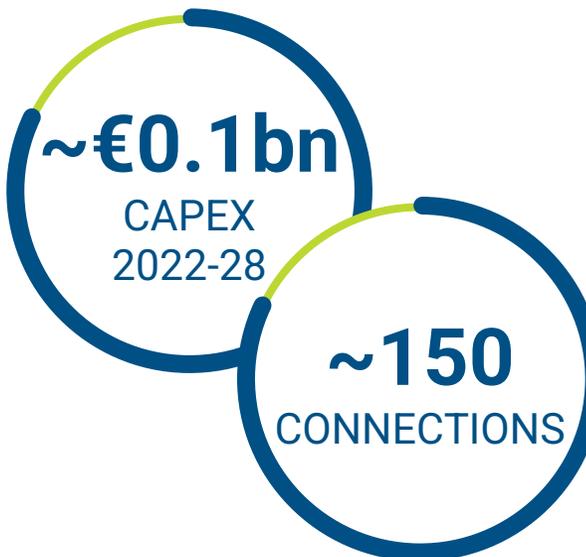
Feedback from the field

Remote control actions, real-time data and historical trends

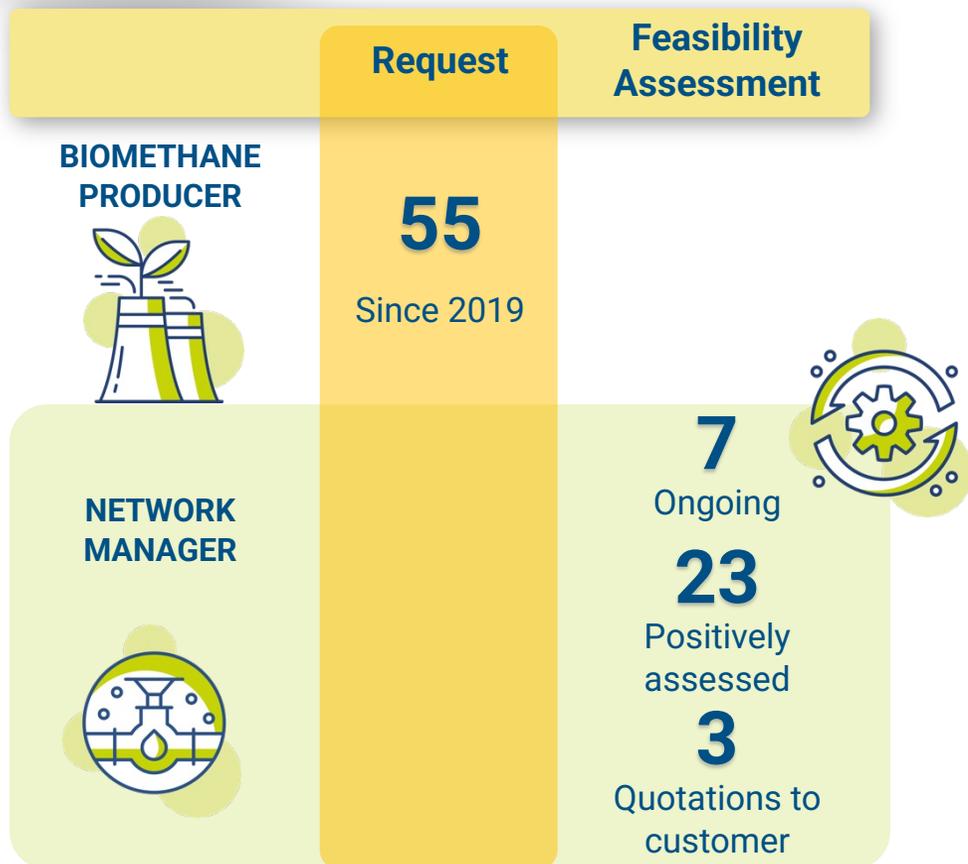
DANA
Digital Advanced Network Automation

Italgas and Biomethane

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



From 80/20 to 20/80



2 pilot reverse flow projects under evaluation while waiting for regulation definition¹

- PILOT REVERSE FLOW PROJECTS**
- ✓ OSTIGLIA
 - ✓ MANDURIA AVETRANA

¹ARERA consultation document published

Italgas and Hydrogen pulling several levers

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

H₂



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 H₂ 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

Completed

Phase 1

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

Phase 2

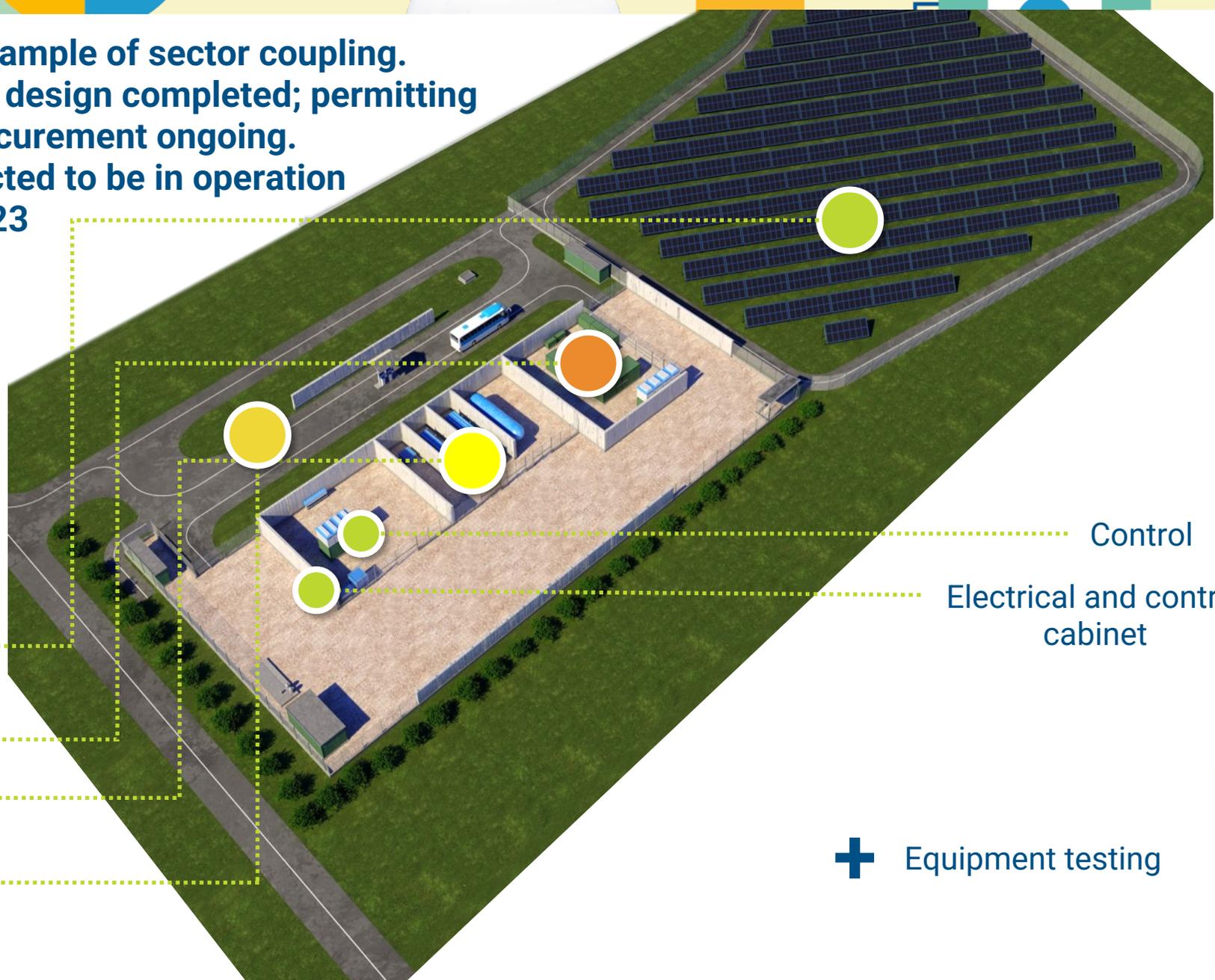
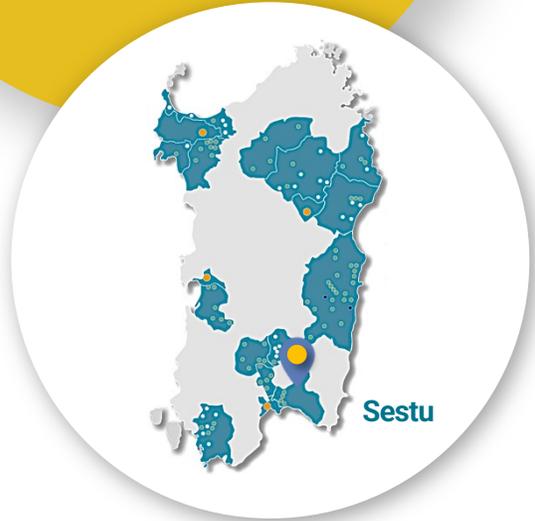
Identification of sample networks to test materials and equipment on site and in collaboration with internal R&D laboratories



Hydrogen Readiness

Italgas P2G project

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



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

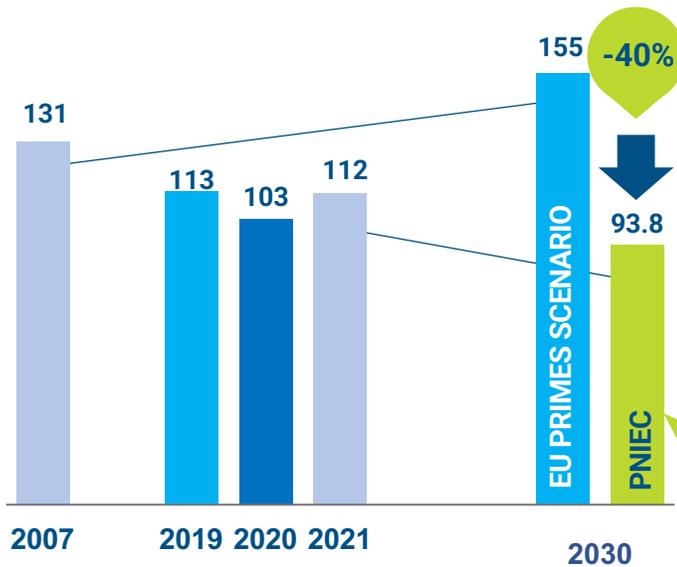


Energy Efficiency a EU priority

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
scenarios₂₀₀₇.

PNIEC₂₀₃₀ implies
-16% 2021-30
-9% 2020-30

Final energy consumption 2020

Mtoe



Reduction objective by 2030¹

Mtoe

TOTAL

~100

-9.3

-9.0%

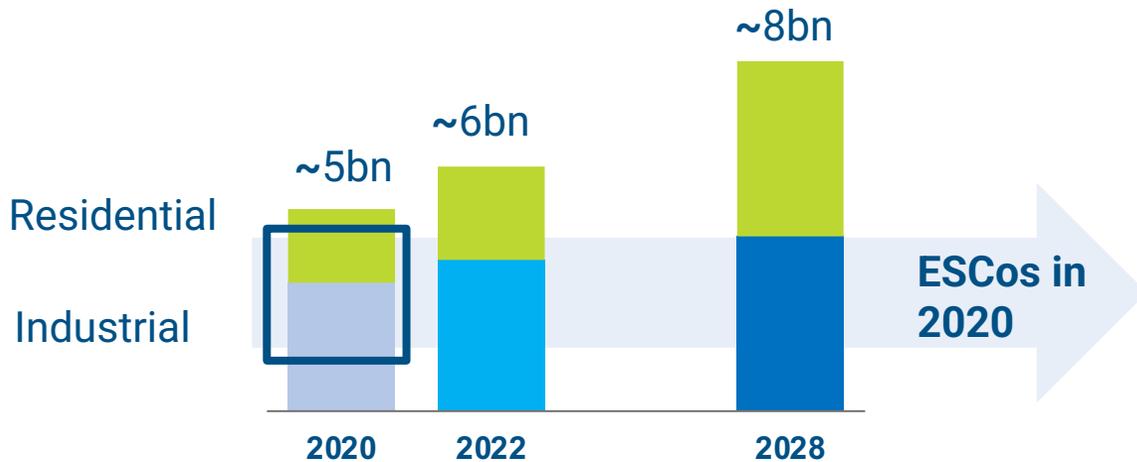
Source: Final energy consumption Eurostat; target consumption from PNIEC

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

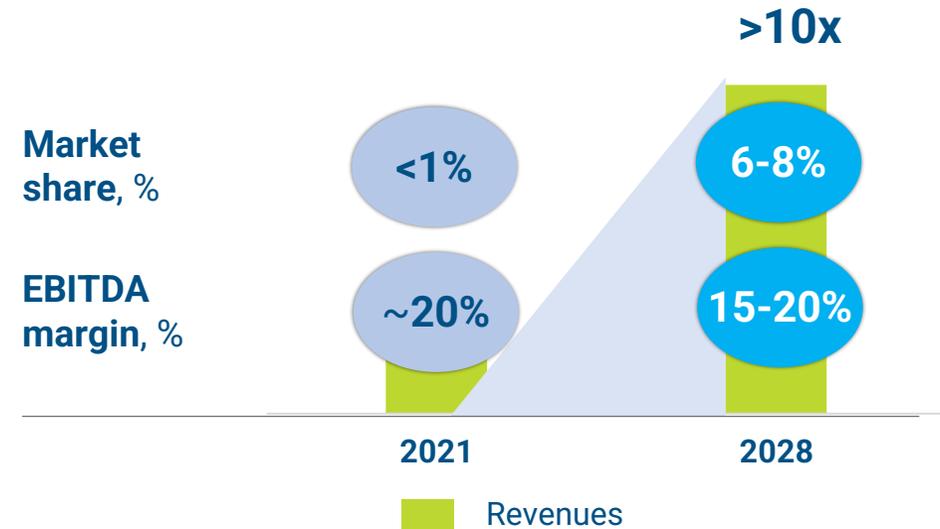
EPC / Industrial

M&A



Operating performance

Growing revenues contribution from increasing market share





IG Italgas

Greece

IG Italgas
Reti

io viaggio
a metano



DEPA Infrastructure in a nutshell

DEPA Infrastructure is the holding company which owns the three gas distribution operators EDA Thess¹, EDA Attikis² and DEDA³ 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**

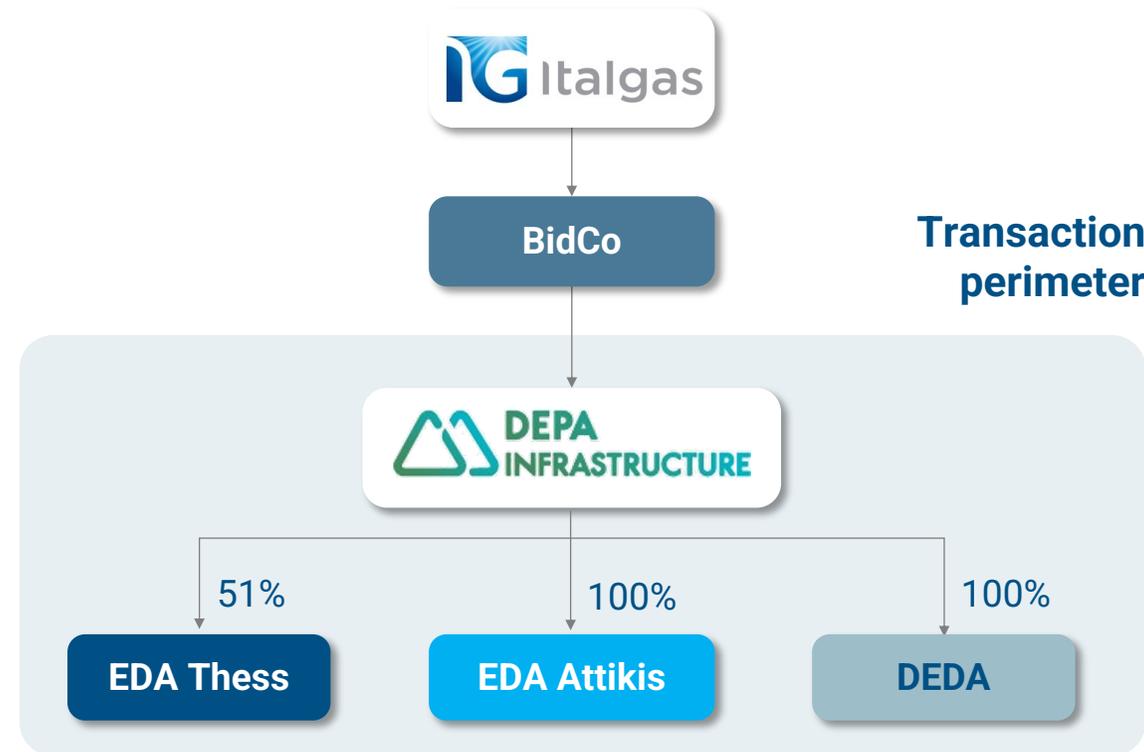


- 1 Thessaloniki Thessaly regions
- 2 Attiki region
- 3 Other territories

(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 €733¹ mn for 100% of the equity of DEPA Infrastructure²



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



Note: RAB 2020-22 from RAE



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 technology¹ implementation
NB-IoT smart meters roll-out

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
CAPEX²
2022-28

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

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



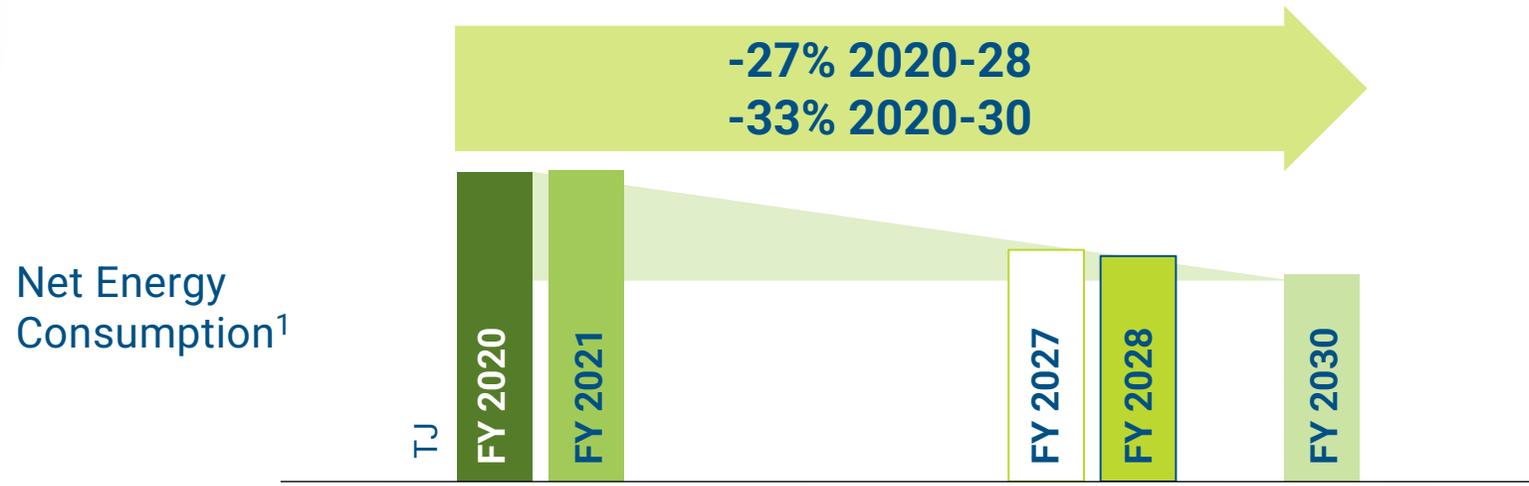
New business opportunities: proprietary solutions offered as license to energy and infrastructure operators



ESG targets



ESG
environmental
targets
enhanced



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

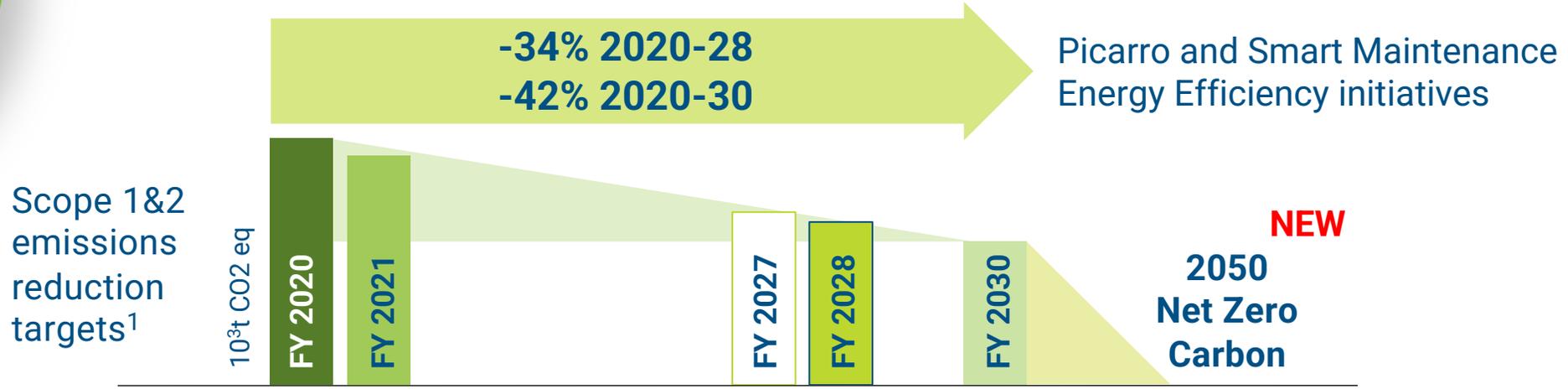
Office management and buildings renovation effort together with constant process of optimisation, renewal, **digitalization of monitoring and control systems** of the buildings

Optimisation and renewal of the **car fleet**

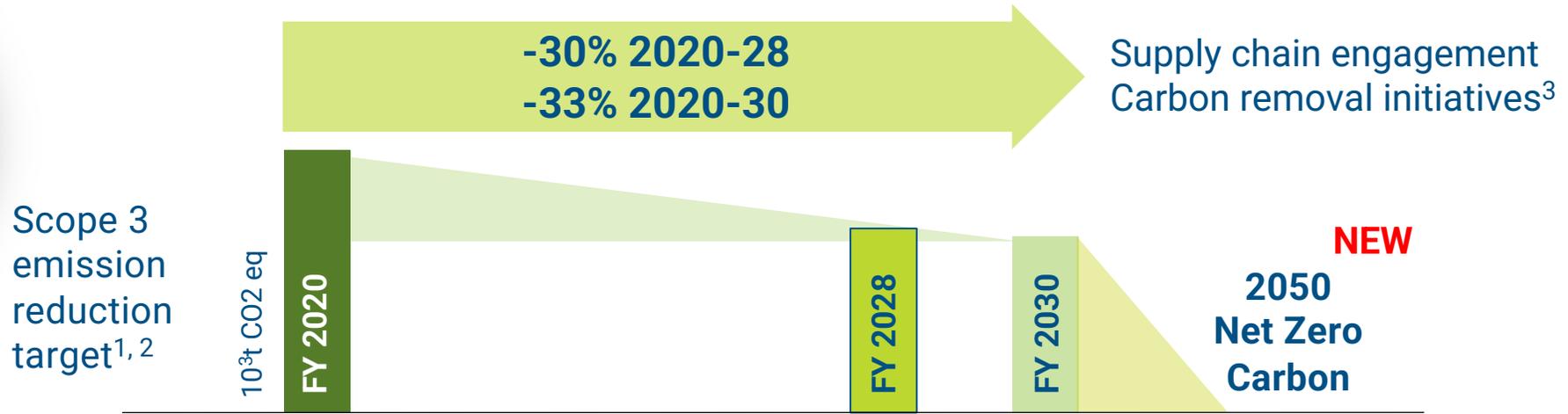


Note: (1) unchanged perimeter, ie excluding M&A, DEPA Infrastructure and tenders

ESG
new Net Zero
and Scope 3
reduction
targets



Actions identified and reflected into capex plan



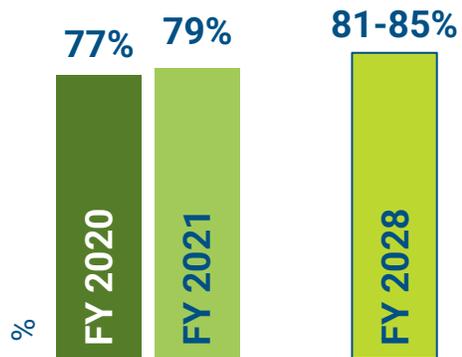
Note: (1) unchanged perimeter, ie excluding M&A, DEPA Infrastructure and tenders (market based scope 2), targets aligned with SBTi in terms of linear annual reduction and in absence of SBTi methodology for gas distribution; (2) baseline recalculated taking into account specific suppliers' emission factors;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

ESG
social targets
prove the
change is
ongoing

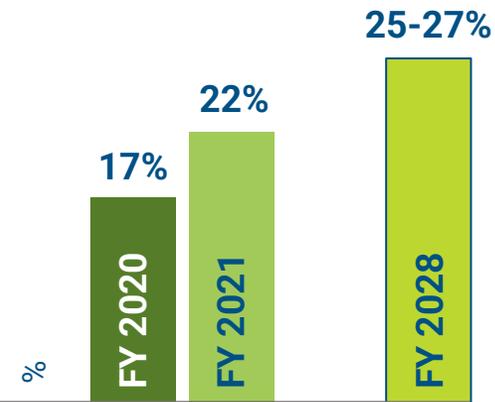


Engagement

Net Promoter Score (NPS)

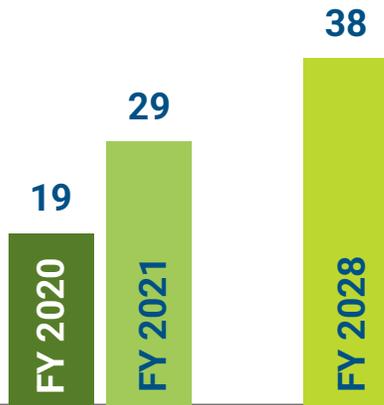


Women in responsibility roles



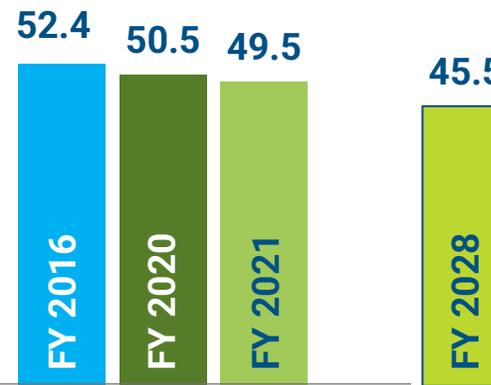
Training hours

Hours per employee



Average age

years



Total over plan period

600k



DANA

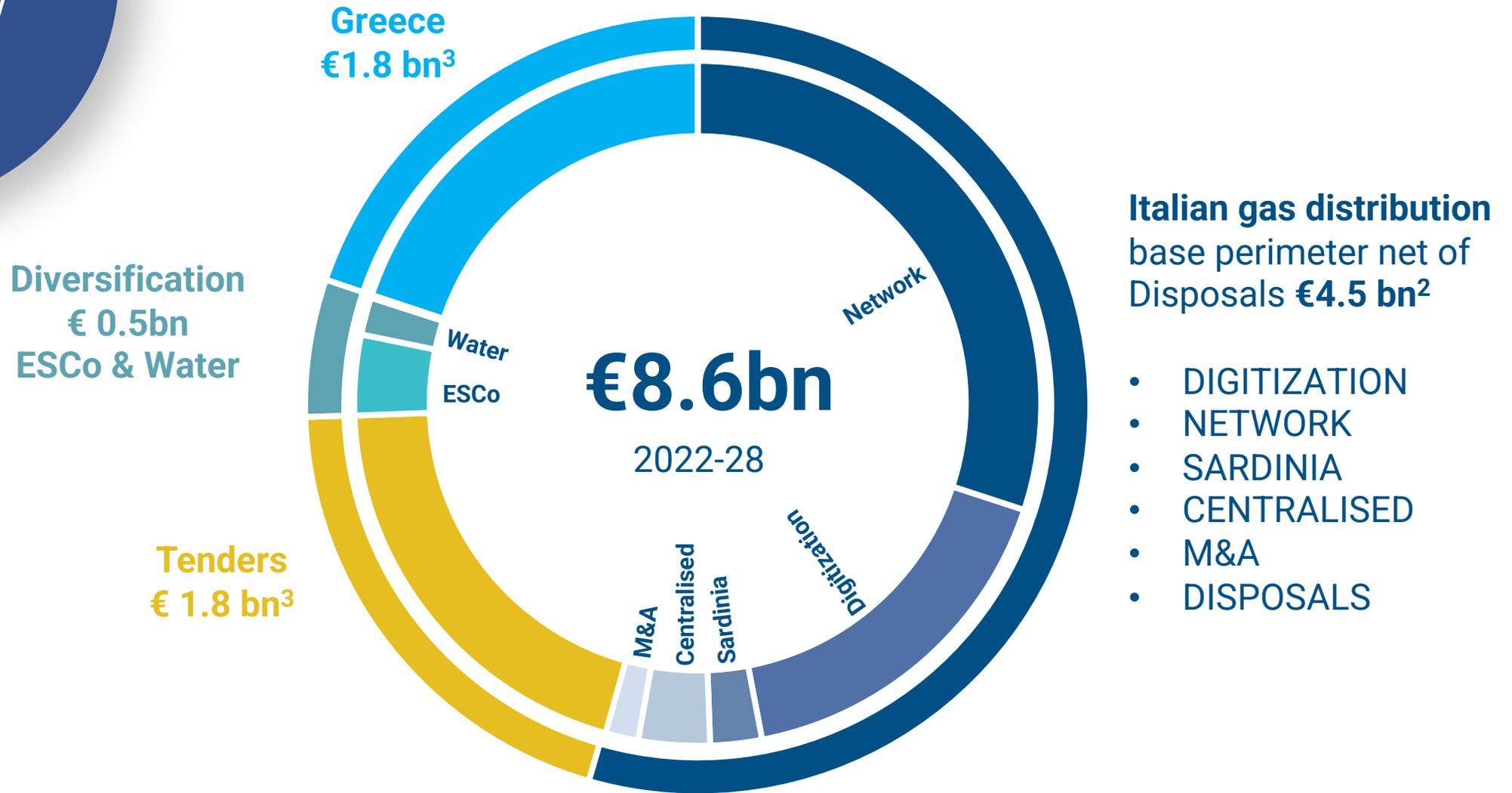
Financials

The image displays three overlapping screenshots of the DANA software interface. The top-left screenshot shows a network map with a table of data below it. The top-right screenshot shows a detailed network diagram with various components like pumps and valves. The bottom screenshot shows a detailed view of a network section with a table of data.

Nome	Descrizione	Stato	Ultima Modifica
PIP_1001	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1002	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1003	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1004	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1005	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1006	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1007	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1008	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1009	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1010	Trasformatore 100kVA	OK	2023-10-27 10:00

Nome	Descrizione	Stato	Ultima Modifica
PIP_1001	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1002	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1003	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1004	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1005	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1006	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1007	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1008	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1009	Trasformatore 100kVA	OK	2023-10-27 10:00
PIP_1010	Trasformatore 100kVA	OK	2023-10-27 10:00

Investments
allocation
reflects new
contest



Note: (1) Net of divestment. Gross of divestment capex is €8.9bn; (2) Net of divestment; (3) Net capital employed and induced capex

Italian Network repurpose and upgrade

Network spending, between repurposing and extensions

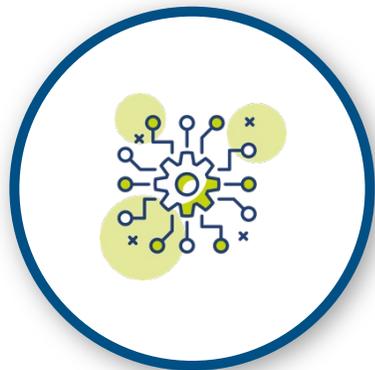
~€2.9bn
CAPEX
2022-28

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

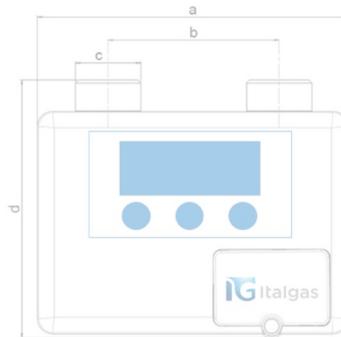
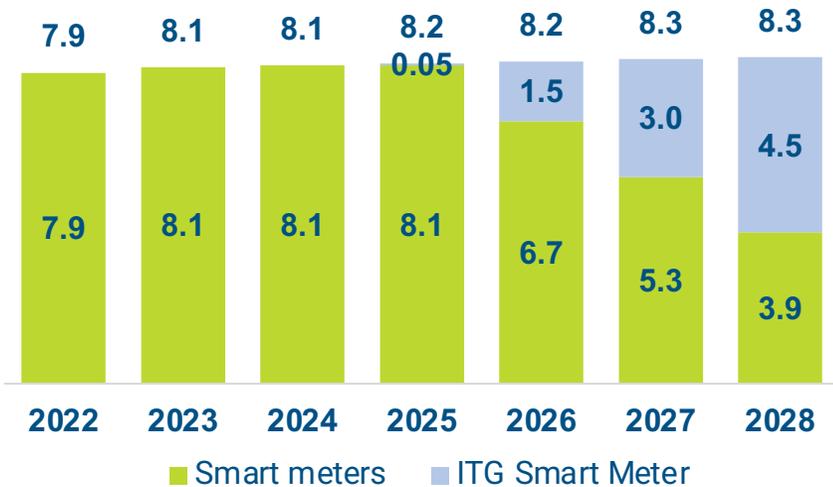
Note: of which Sardinia Capex €0.2bn, does not include Centralised capex for €0.3bn

Assets Digitization



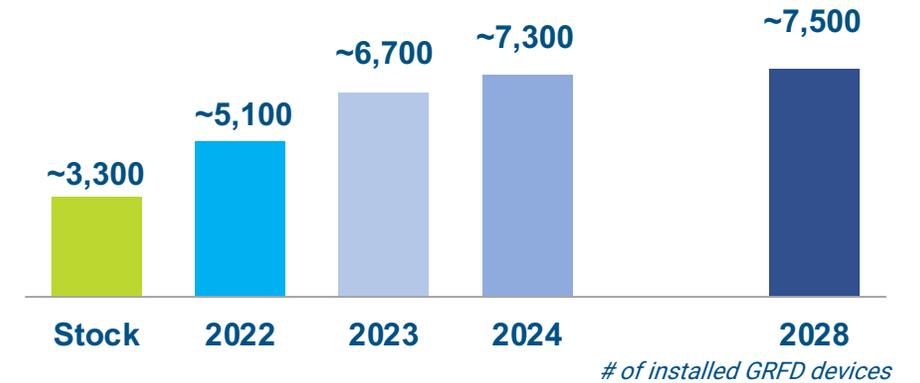
SMART METERS¹

Working to develop new in house hydrogen ready smart meter. Progressive substitution of GPRS based meters 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

Note: (1) meters gross of disposals

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



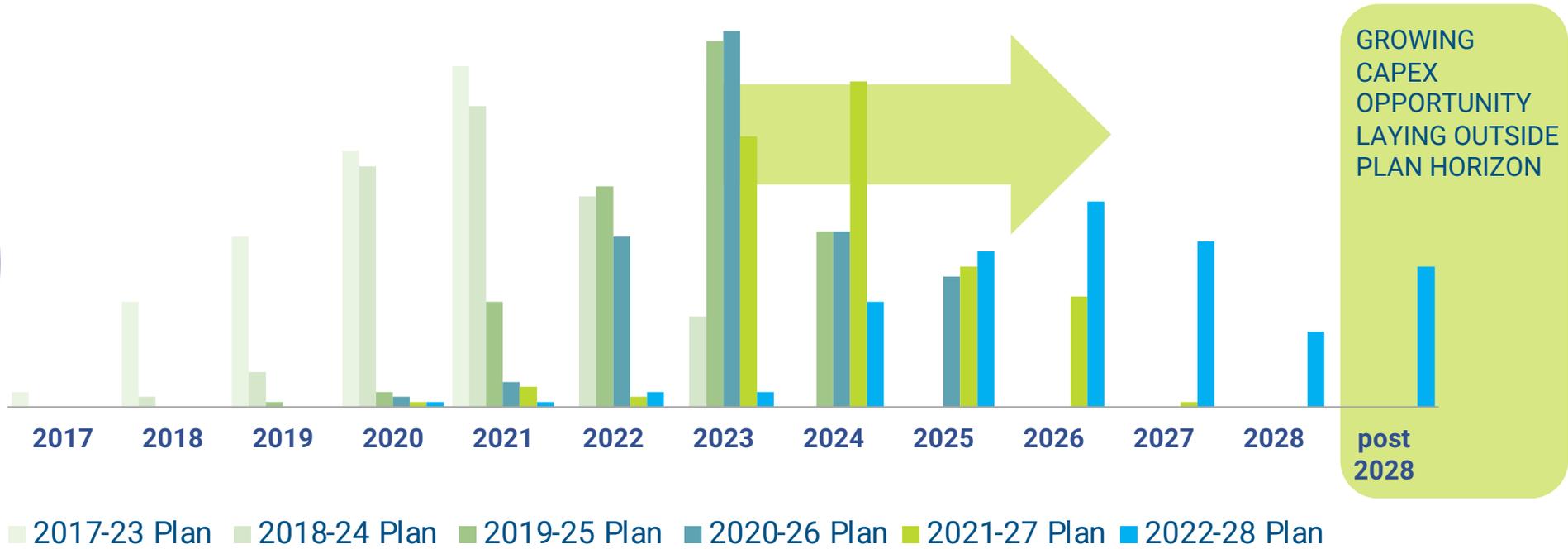
REGULATION

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



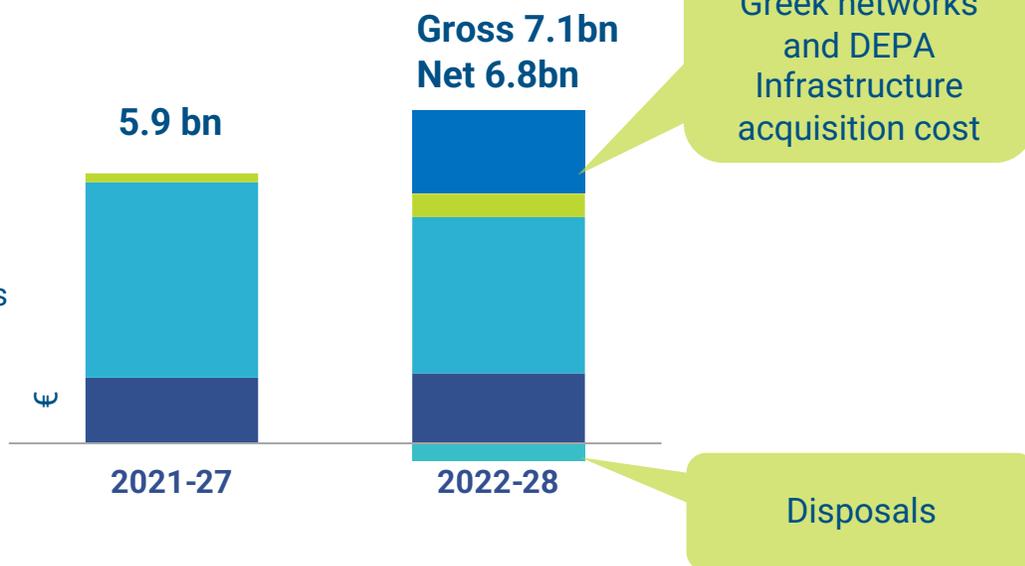
Investments still growing

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

Without Tenders

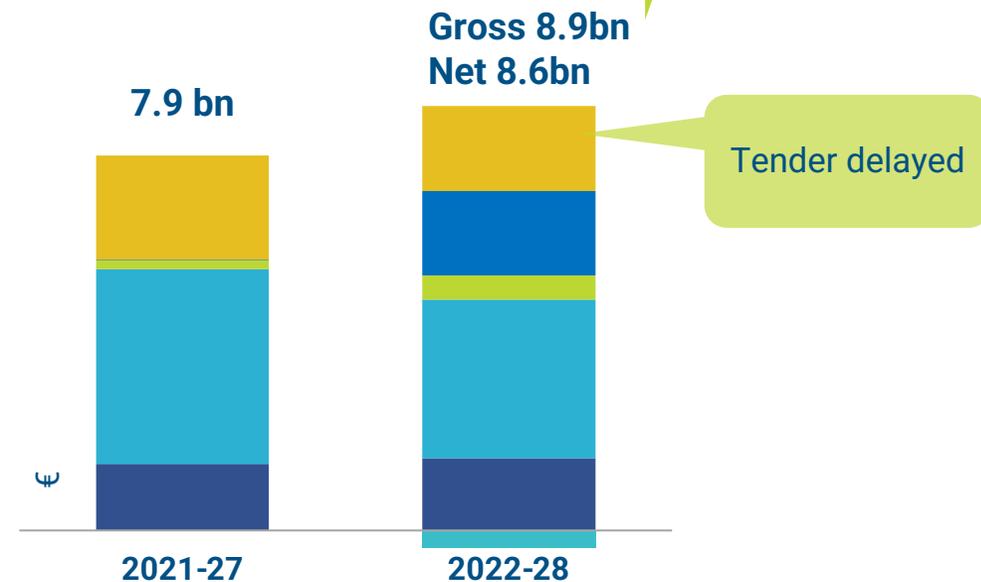
Gross investments +22%
Net investments +16%

- Tenders
- Greece
- New opportunities
- Network¹
- Digitization
- Disposal



With Tenders

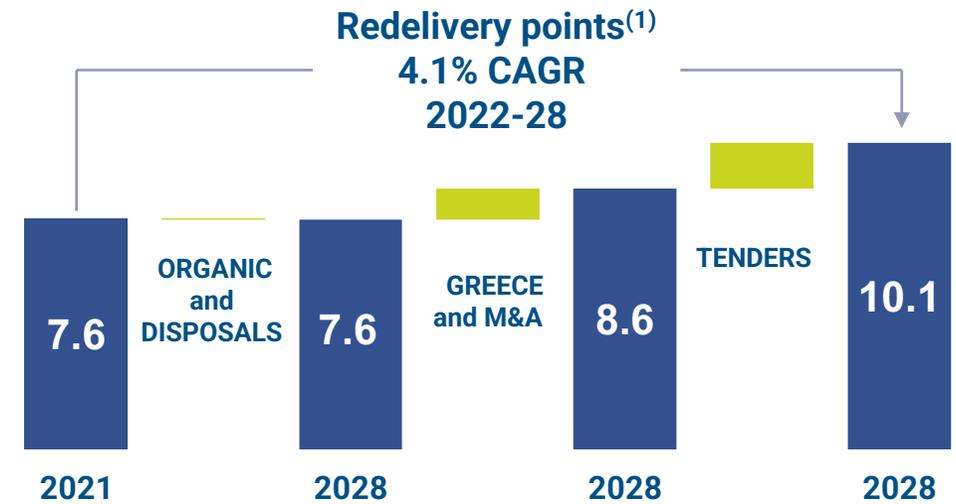
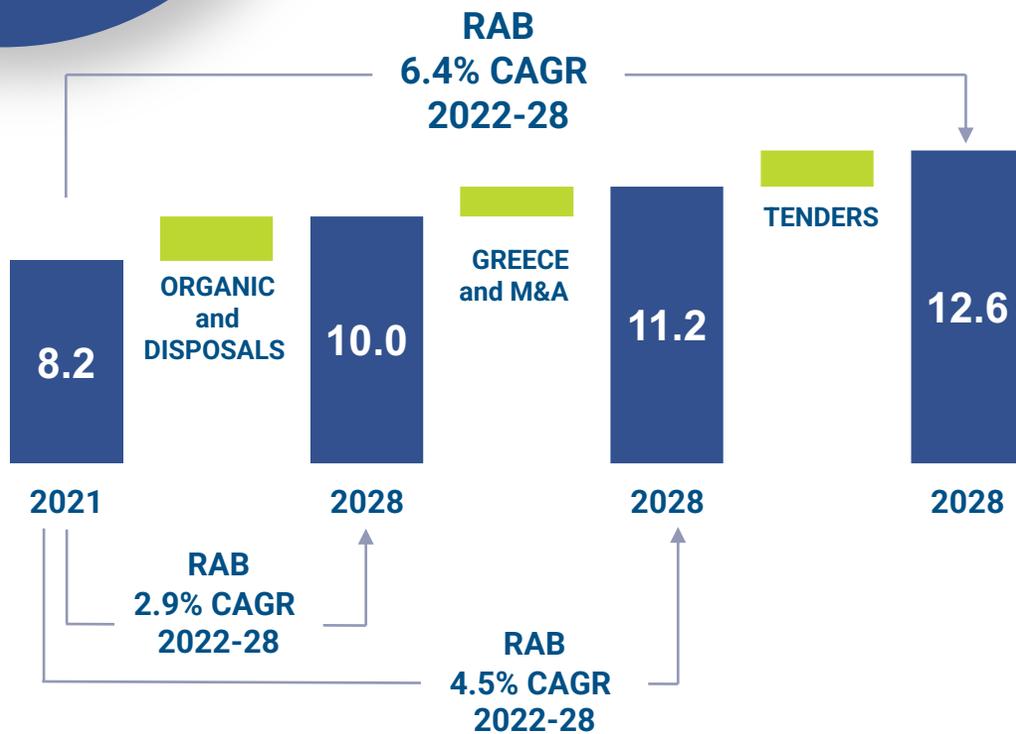
Gross investments +13%
Net investments +9%



Note: (1) Including centralised capex, Sardinia, expansion of gas distribution perimeter

RAB and Redelivery Points

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



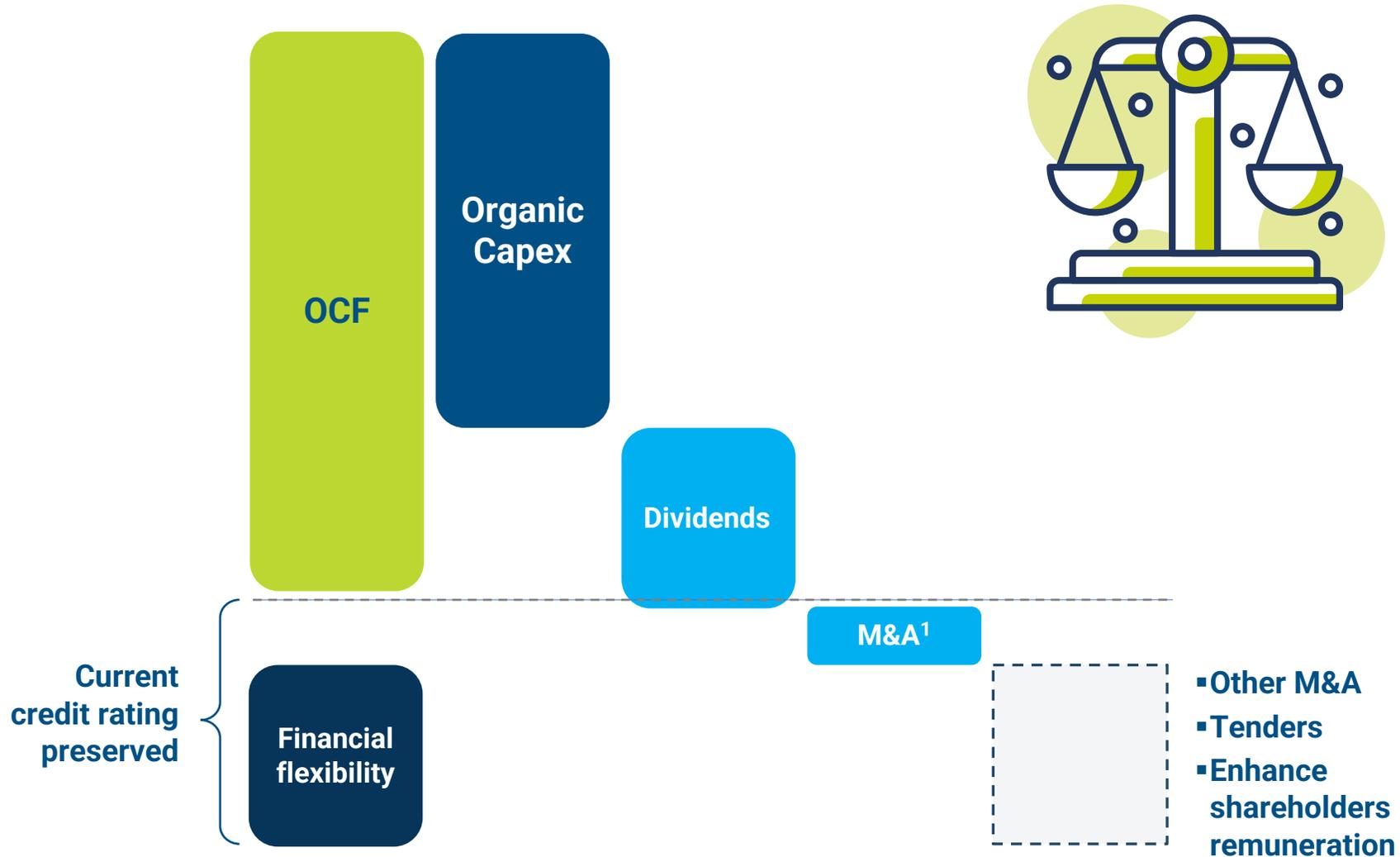
Market share to reach 45% at completion of tenders

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



Note: (1) committed

DEBT STRUCTURE a key source of value creation

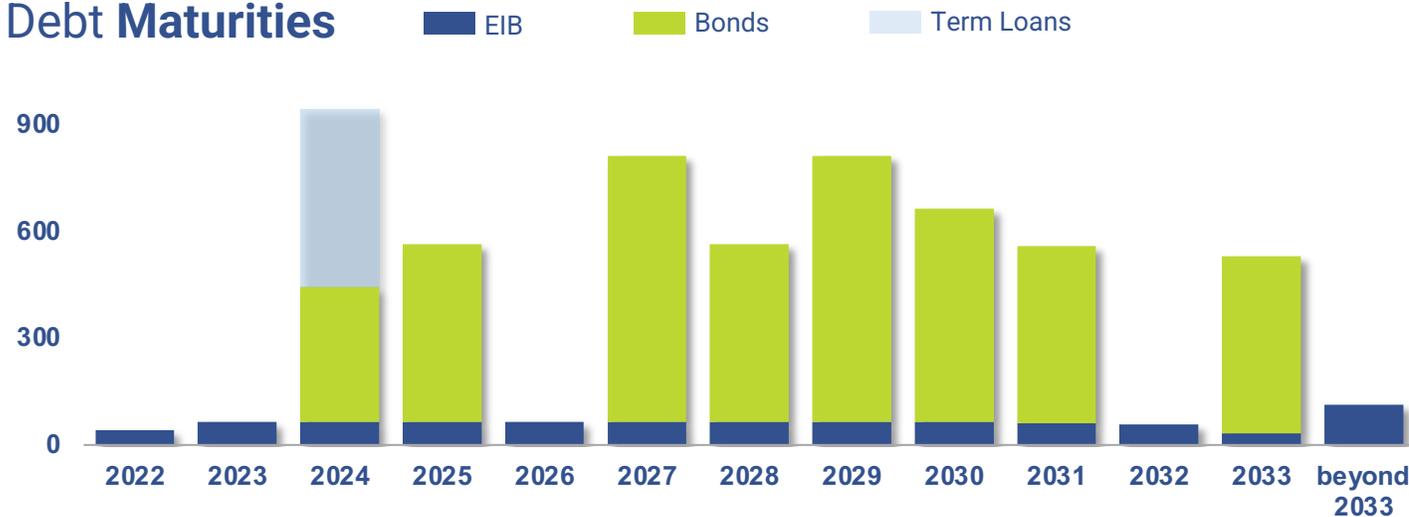
No major refinancing needs until 2024

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

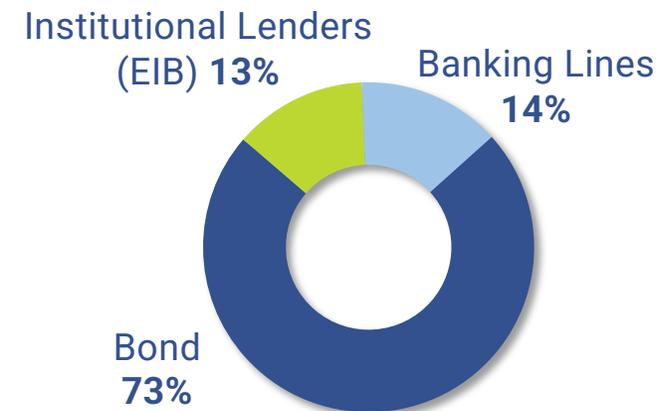
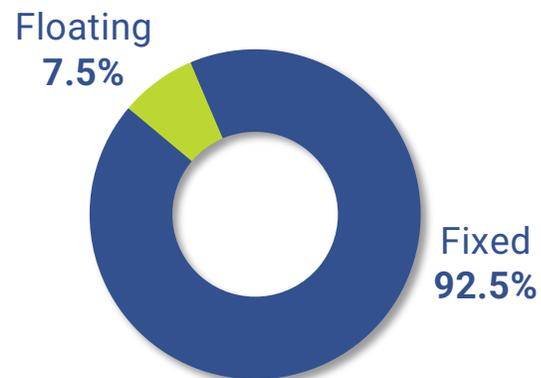
Current debt structure allows to **keep an average cost of debt <1.2%** over plan period

Recourse to **sustainable finance sources**

Debt Maturities



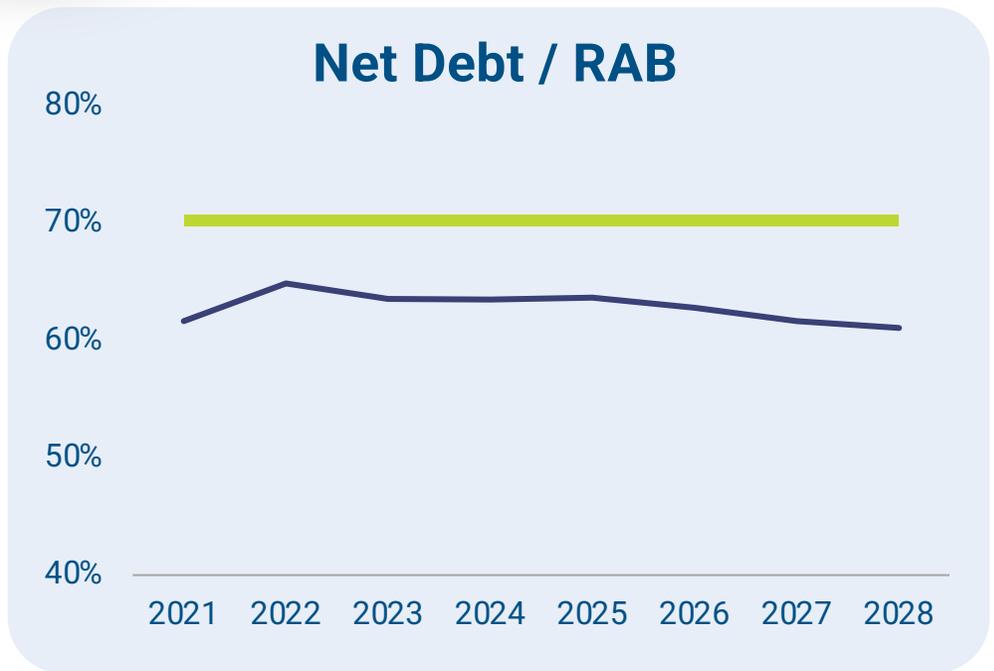
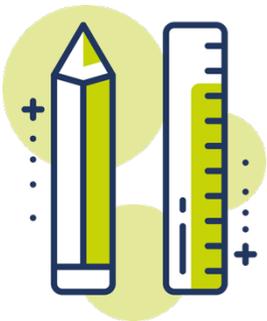
31/03/2022 Gross Debt Structure¹



Note: (1) excluding IFRS16

Credit Metrics
MOODY'S Baa2
FITCH BBB+

Credit metrics remain within range throughout the plan



Guidance With Tenders

2022

2025

2028

€ mn

	2022		2025	2028
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/RAB²	~7.9%	~8.8%
Technical Capex	700-750	Consolidated RAB	11.0bn	12.6bn
Net Debt with IFRS 16¹	~5.9bn	FFO / RAB	10%	11%
Leverage¹	64.9%	Leverage	<64%	~61%

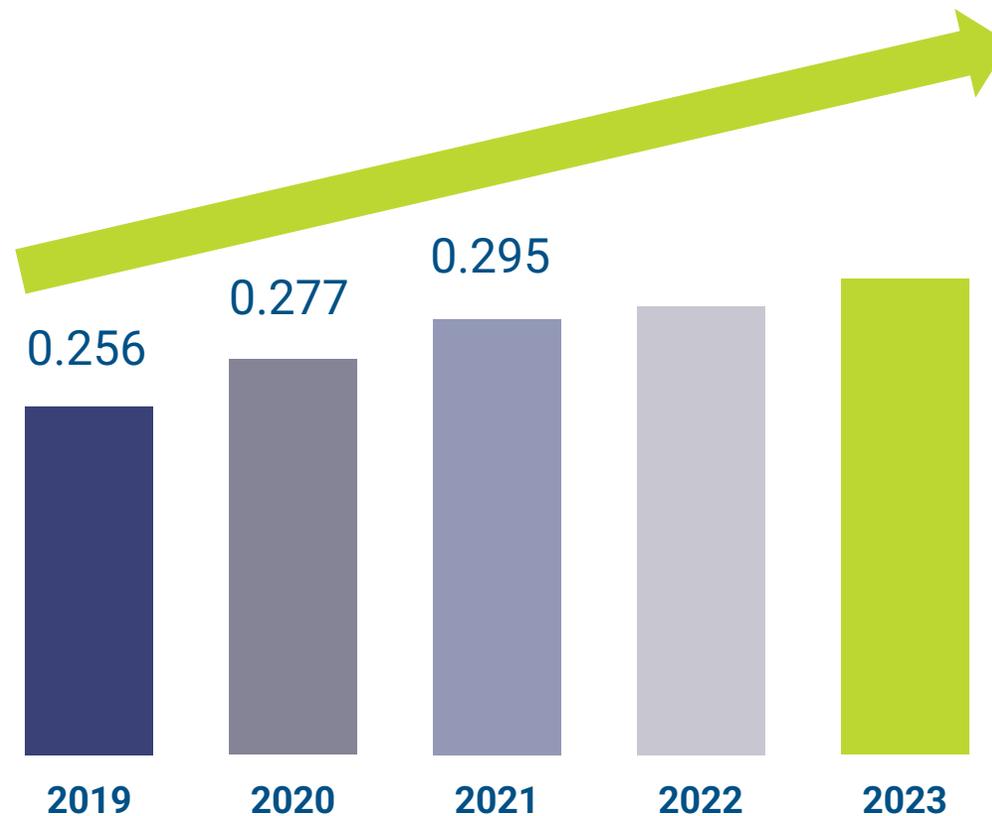


Current Dividend Policy to 2023

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

12

Setting the Network of Tomorrow

21

Tier 1 Player in Energy Efficiency

26

Greece

30

Other Opportunities

34

ESG

38

Financials

52

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



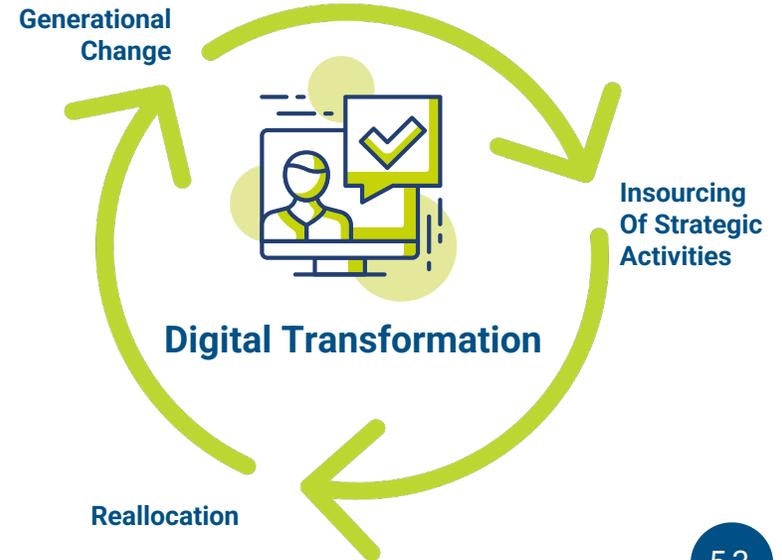
SUSTAINABILITY, DIVERSITY & INCLUSION

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

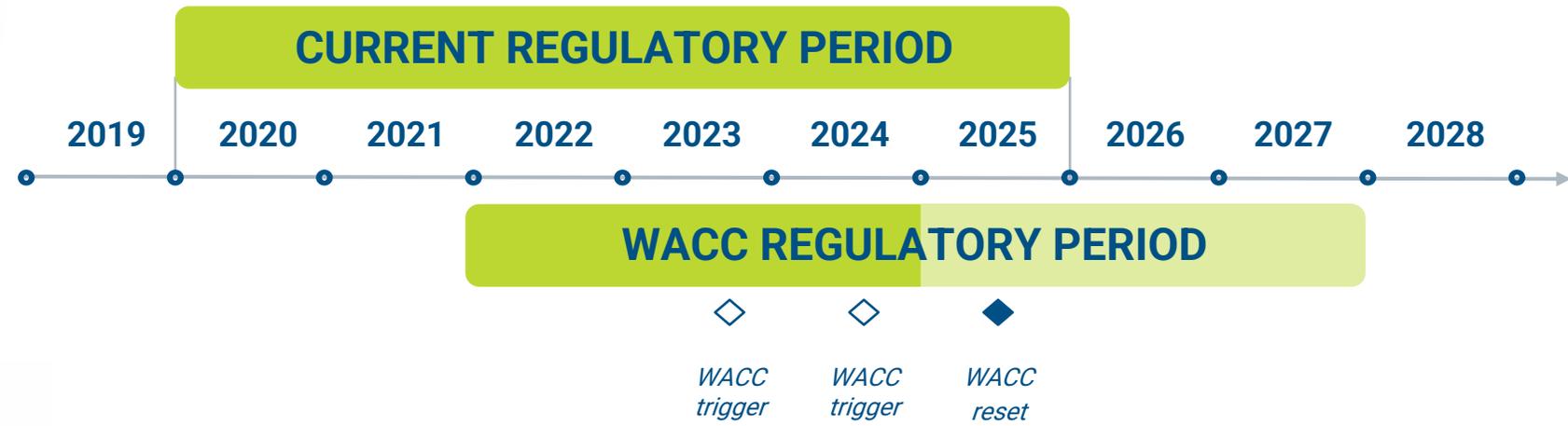


Energy Policy REPower EU and national policies



	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		

Italy regulation



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 =

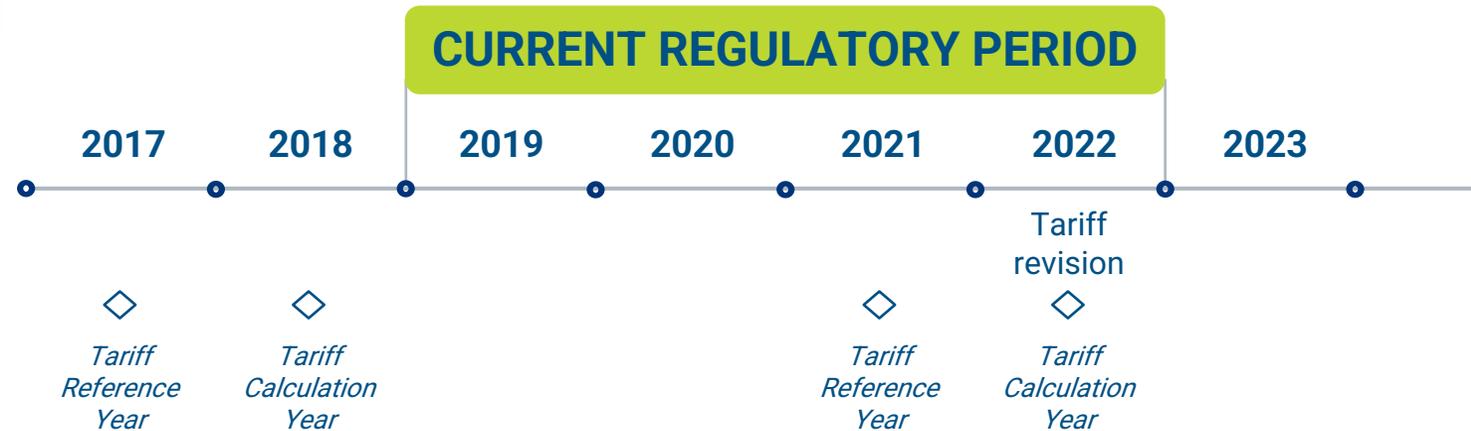


RAB includes capex spent in the previous year
 RAB inflated
 Rel pre-tax allowed return applied (5.6% in 2022)

Calculated on assets entering into RAB
 Reflects inflation
 Useful lives set by ARERA

Unitary opex set by ARERA at the beginning of the regulatory period
 Efficiency factor of 2.8%
 Opex inflated annually

Greece regulation



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 =



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

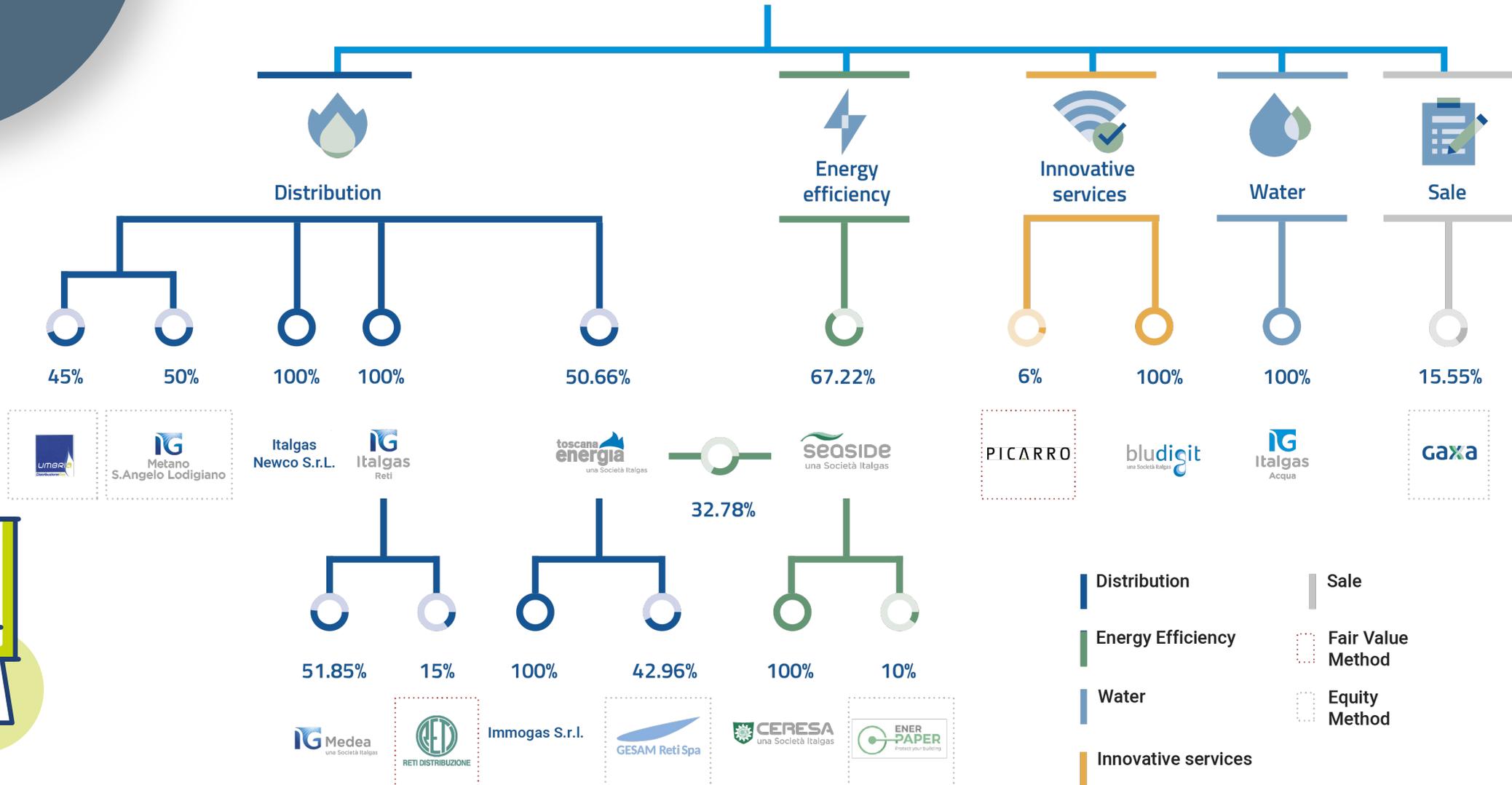
Estimated through the regulatory period
Opportunity of outperformance: no adjustments ex-post in case of outperformance

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

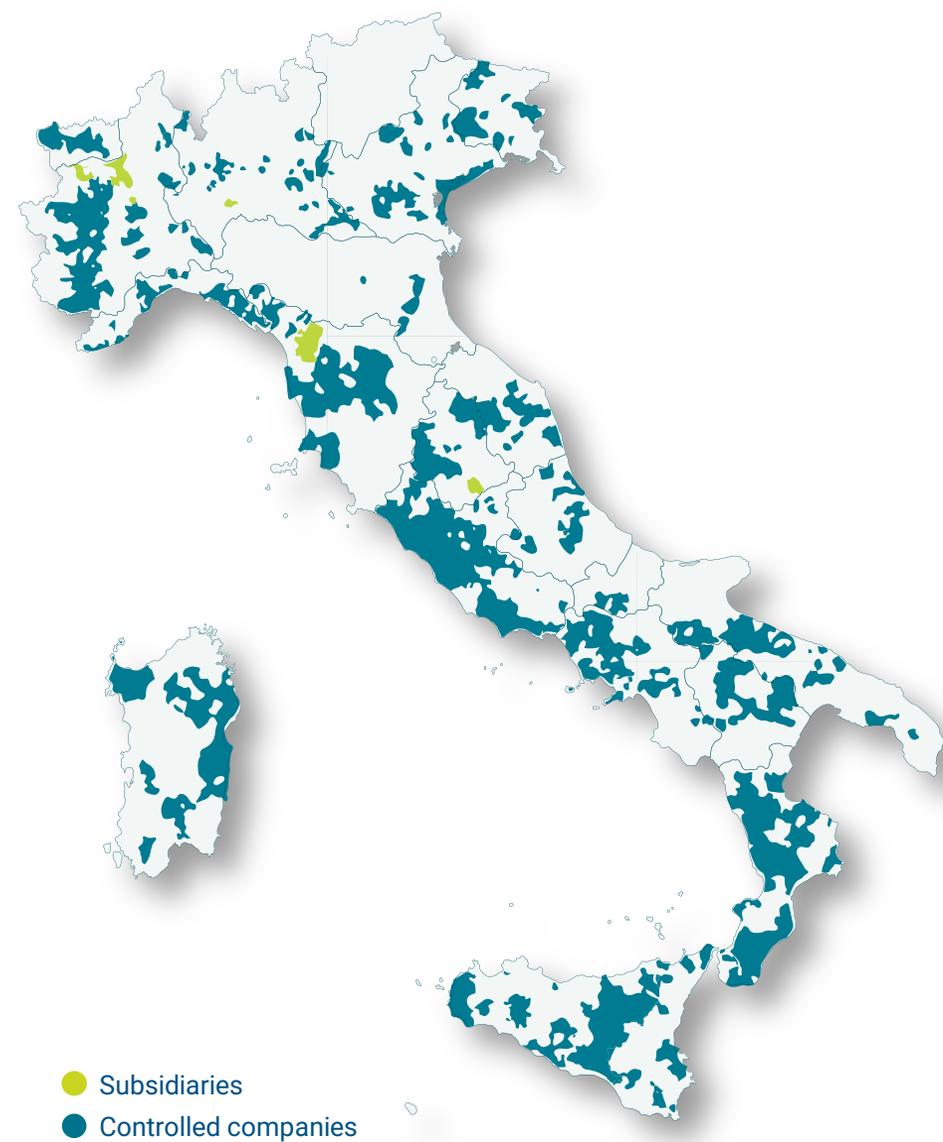
Based on the difference between required revenues and actual revenues¹ in the previous regulatory period

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

Group Structure



Main Numbers 1Q 2022



● Subsidiaries
● Controlled companies

	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 ⁽¹⁾	35%	0.7%

(*) Calculated by redelivery points



Strategic Plan 2022-2028

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