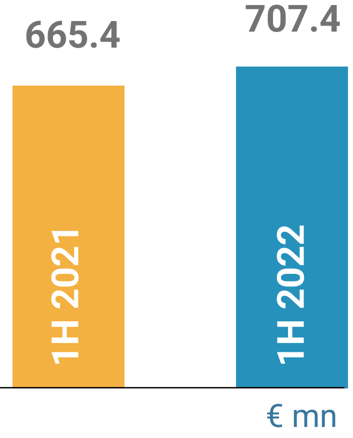
1H 2022 RESULTS

Milan
25.07.2022

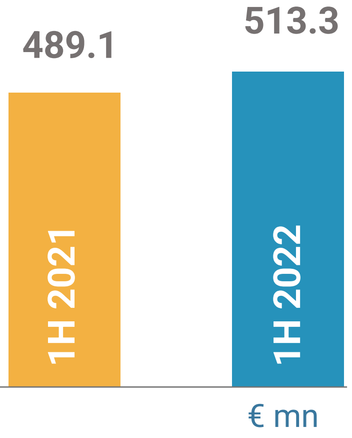
1H 2022 Results key highlights

1H results on track with guidance, led by RAB growth, ESCOs and efficiencies, despite negative impact of WACC and Resolution 570 (€31.4mn)

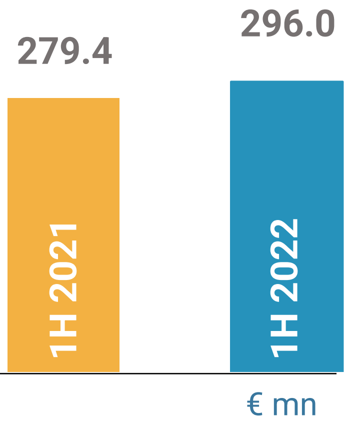
Revenues **+6.3%**



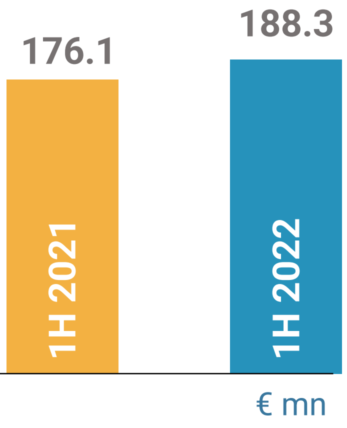
EBITDA **+4.9%**



EBIT **+5.9%**

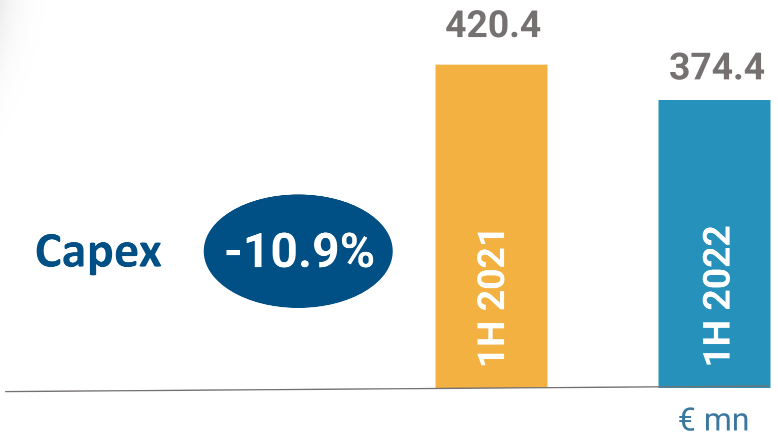


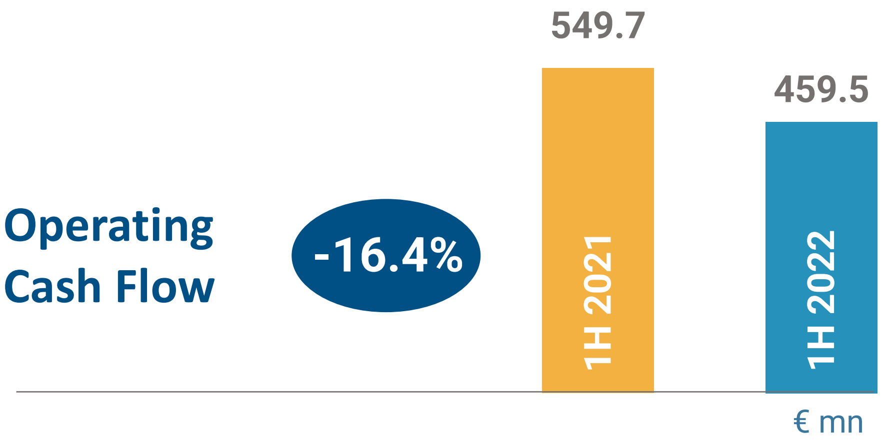
Net Income* **+6.9%**



(*) 2021 numbers adjusted for the post tax cost of €4.9mn of the bond buyback transaction finalised in February 2021

1H 2022 Results
key highlights

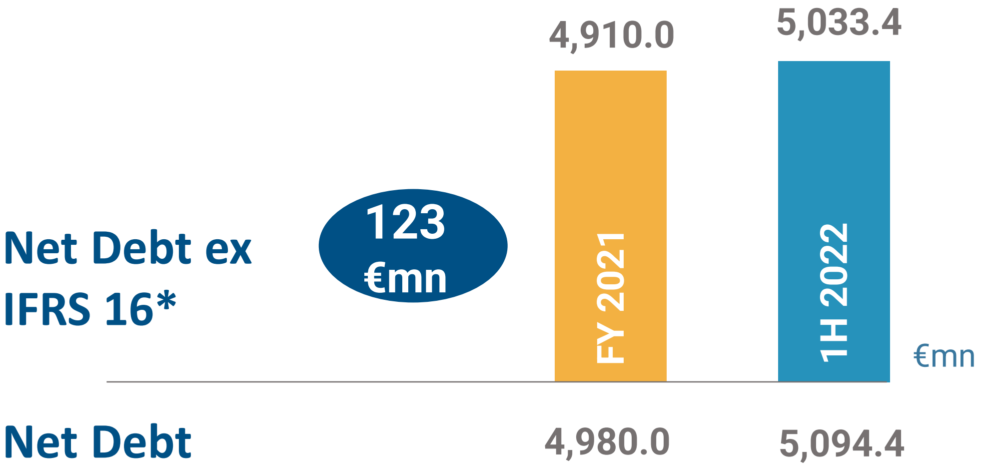




Capex re-allocation as planned, resulting in yoy reduction

Cashflow generation reflects some temporary effects

Net Debt increase, led by DPS payment in May



(*) Operating leases ex IFRS 16 €66.6mn at the end of 1H 2022 and €70.0mn at the end of 2021

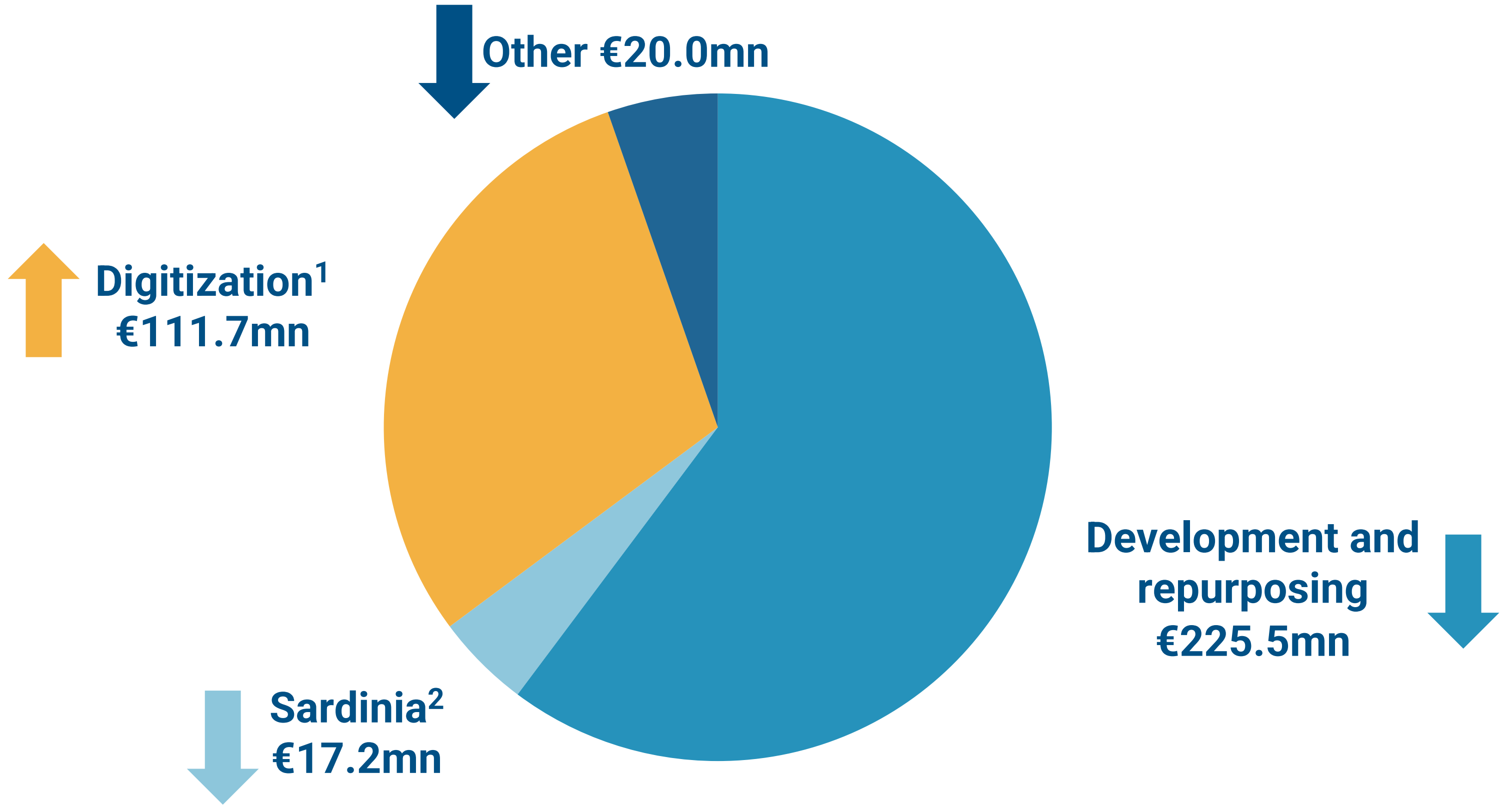
1H 2022 Results key highlights

1H 2022 **€374.4mn**

230km new networks pipes

Additional 11 new small scale LNG storage and regasification plants installed in Sardinia[3]

275k smart meters installed[4]



Note: capex including IFRS 16, total amounts; (1) including metering (2) new networks only; (3) bringing the total in operations to 64; (4) of which 62k related to the replacement of traditional meters excluding affiliates

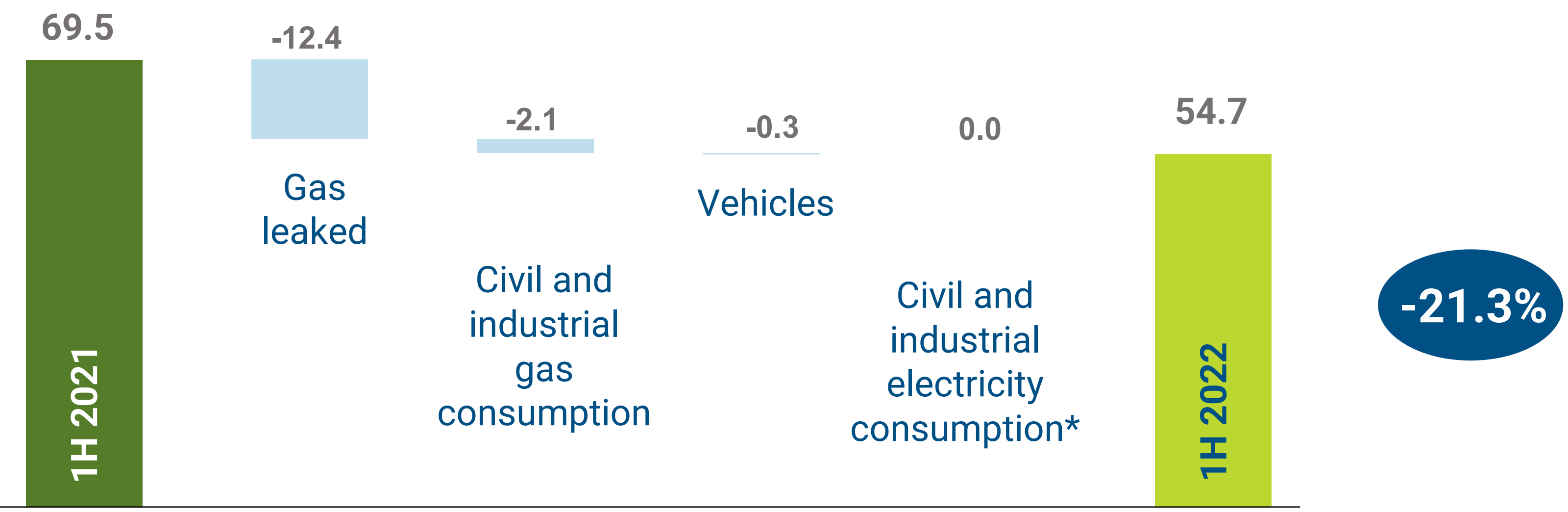
1H 2022
Results ESG
GHG emissions

- 47,667 km inspected (+35.4%)
- Gas leaked / km surveyed: 49.02 smc/km (-43.7%)
- Gas leaked / gas distributed: 0.047% (-22%)

- Emissions trend (-9.1%) reflects less km travelled
- Operative bi-fuel fleet: 92% CNG fuelled

Scope I and II GHG emissions

10^3 tCO^2 eq



(*) Scope 2

1H 2022 Results ESG
Net energy consumption

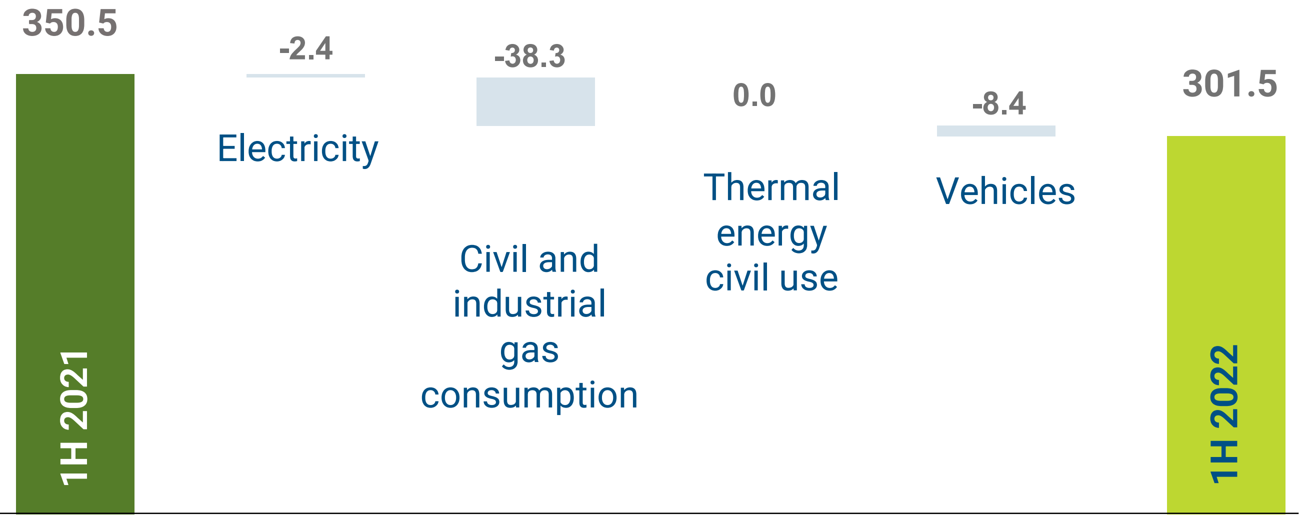
Mainly related to Italgas Acqua

of which -34.6 TJ from efficiencies in industrial processes, mainly pre-heating

-10.4% km travelled
-11.8% energy consumption

Net energy consumption

TJ



-14.0%

(*) Total energy consumed within the organization / gas distributed (TJ/Sm3)

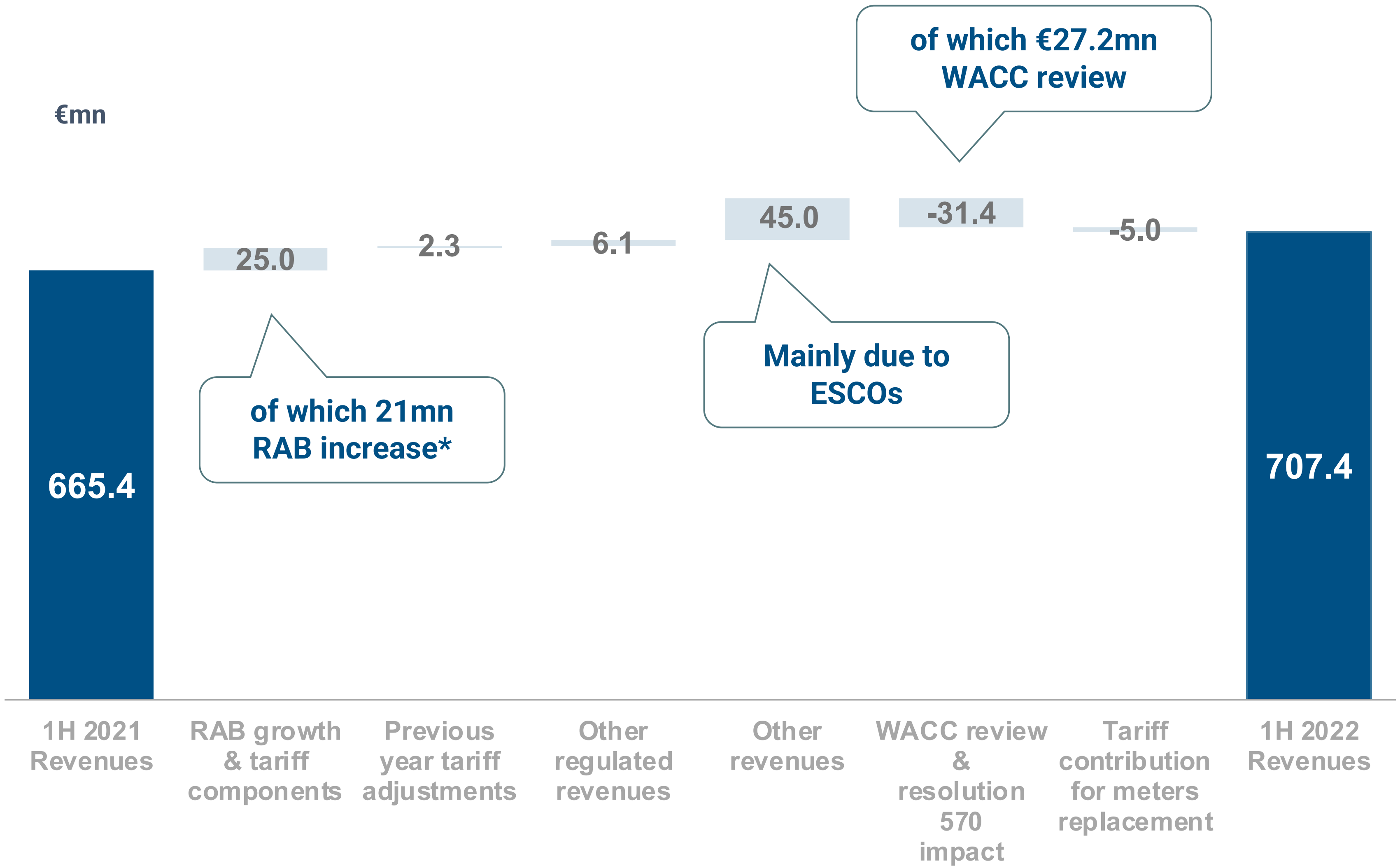
1H 2022 Results

P&L, € mln	1H 2021 adjusted*	1H 2022	Change	
Total Revenues	**665.4**	**707.4**	**42.0**	
Operating expenses	- 176.3	- 194.1	- 17.8	
EBITDA	**489.1**	**513.3**	**24.2**	↑ *+ 4.9%*
Depreciation & amortisation	- 209.7	- 217.3	- 7.6	
EBIT	**279.4**	**296.0**	**16.6**	↑ *+ 5.9%*
Net interest income (expenses)	- 25.4	- 26.3	- 0.9	
Net income from associates	1.1	3.2	2.1	
EBT	**255.1**	**272.9**	**17.8**	
Income taxes	- 70.2	- 75.1	- 4.9	
NET PROFIT before minorities	**184.9**	**197.8**	**12.9**	
Minorities	- 8.8	- 9.5	- 0.7	
NET PROFIT after minorities	**176.1**	**188.3**	**12.2**	↑ *+ 6.9%*

(*) 2021 numbers adjusted for the post tax cost of €4.9mn of the bond buyback transaction finalised in February 2021

1H 2022 Results

Revenues +6.3% vs 1H 2021



(*) Including Sardinia

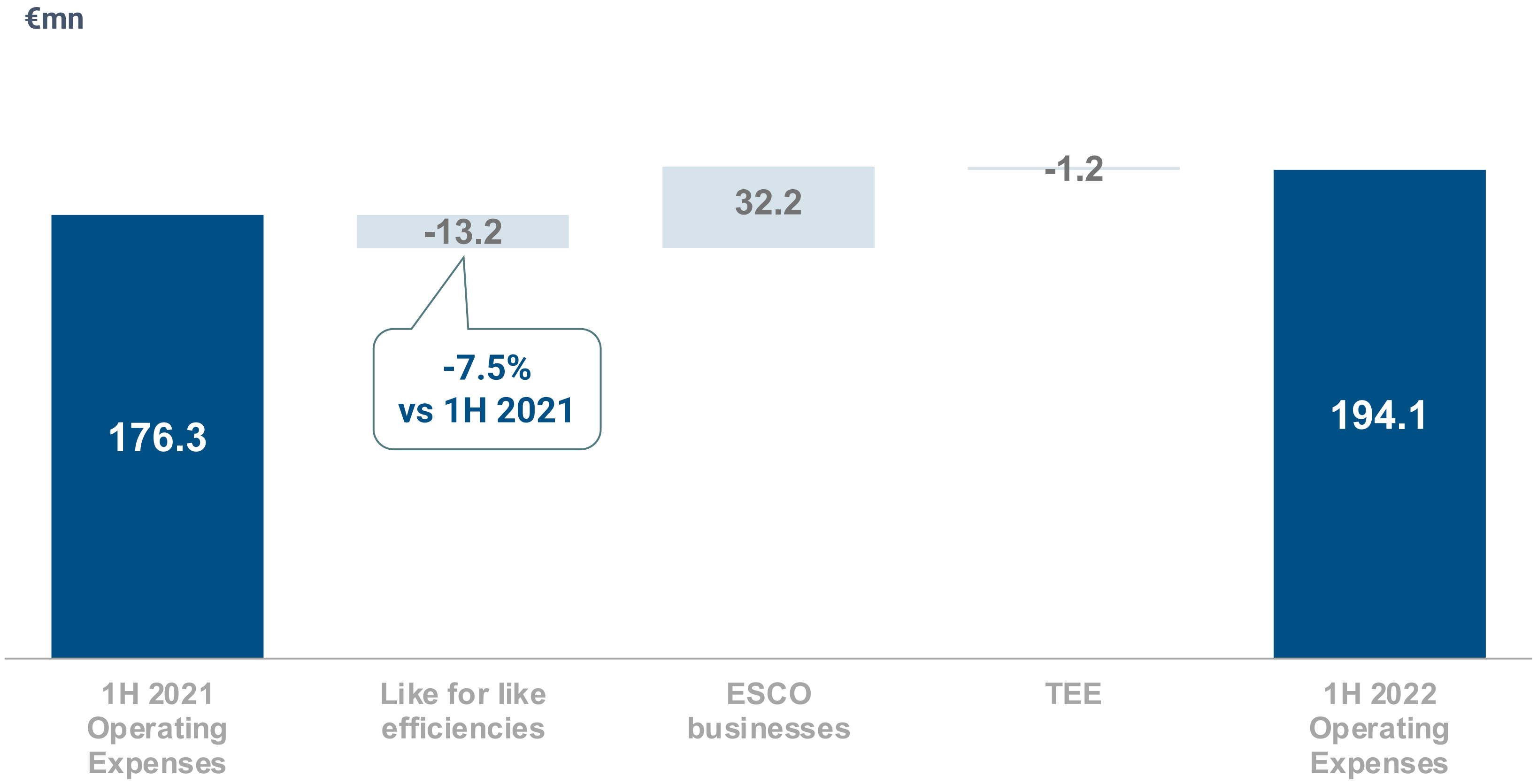
1H 2022 Results

E-MARKET SDIR CERTIFIED

REVENUES, € mln	1H 2021	1H 2022	Change
Regulated revenues	**642.2**	**639.2**	**- 3.0**
Distribution	595.5	591.4	- 4.1
Tariff contribution for meters replacement	6.1	1.1	- 5.0
Other distribution revenues	40.6	46.7	6.1
Other revenues	**23.2**	**68.2**	**45.0**
TOTAL REVENUES	**665.4**	**707.4**	**42.0**

1H 2022 Results

Operating expenses +10.1% vs 1H 2021



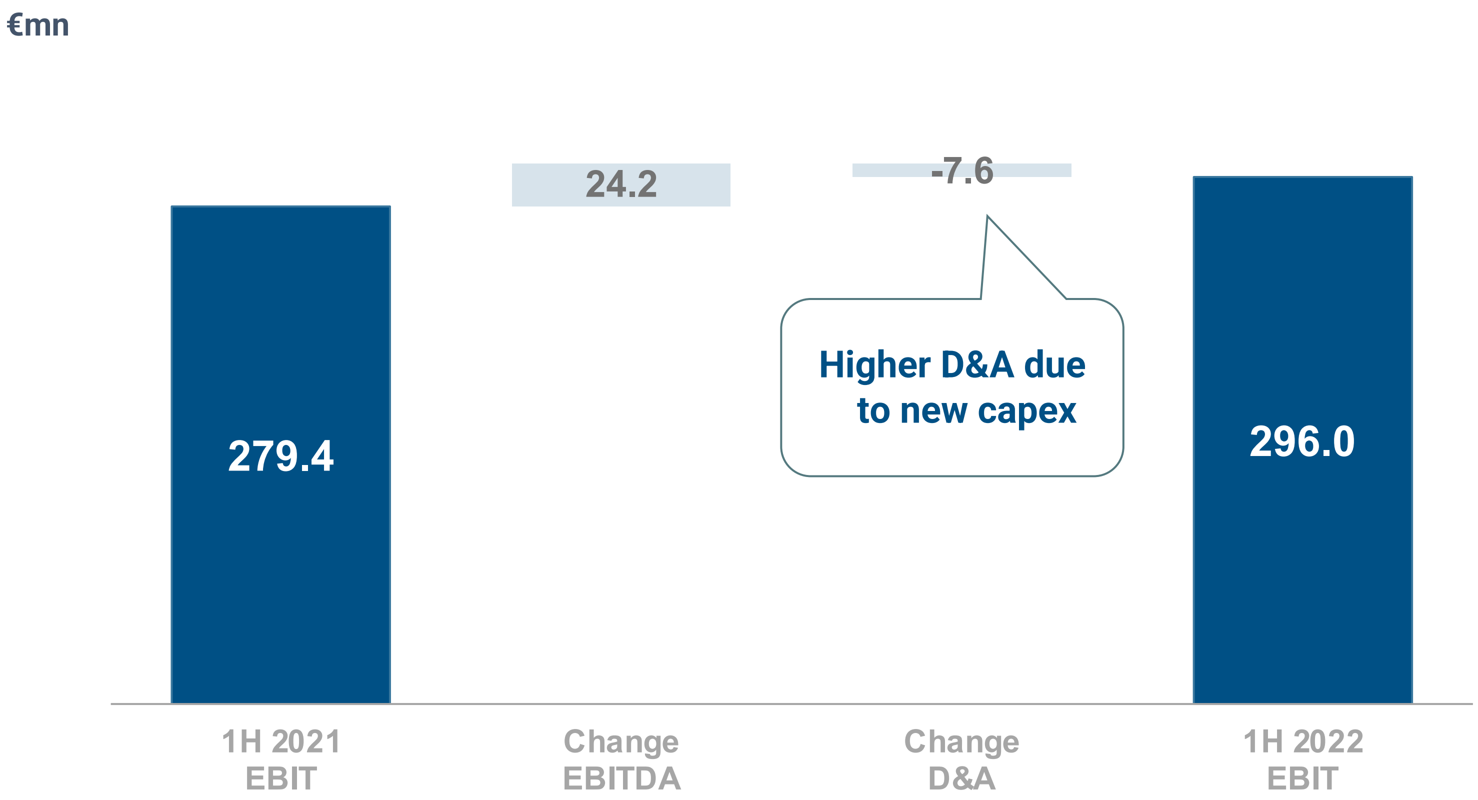
1H 2022 Results

E-MARKET SDIR CERTIFIED

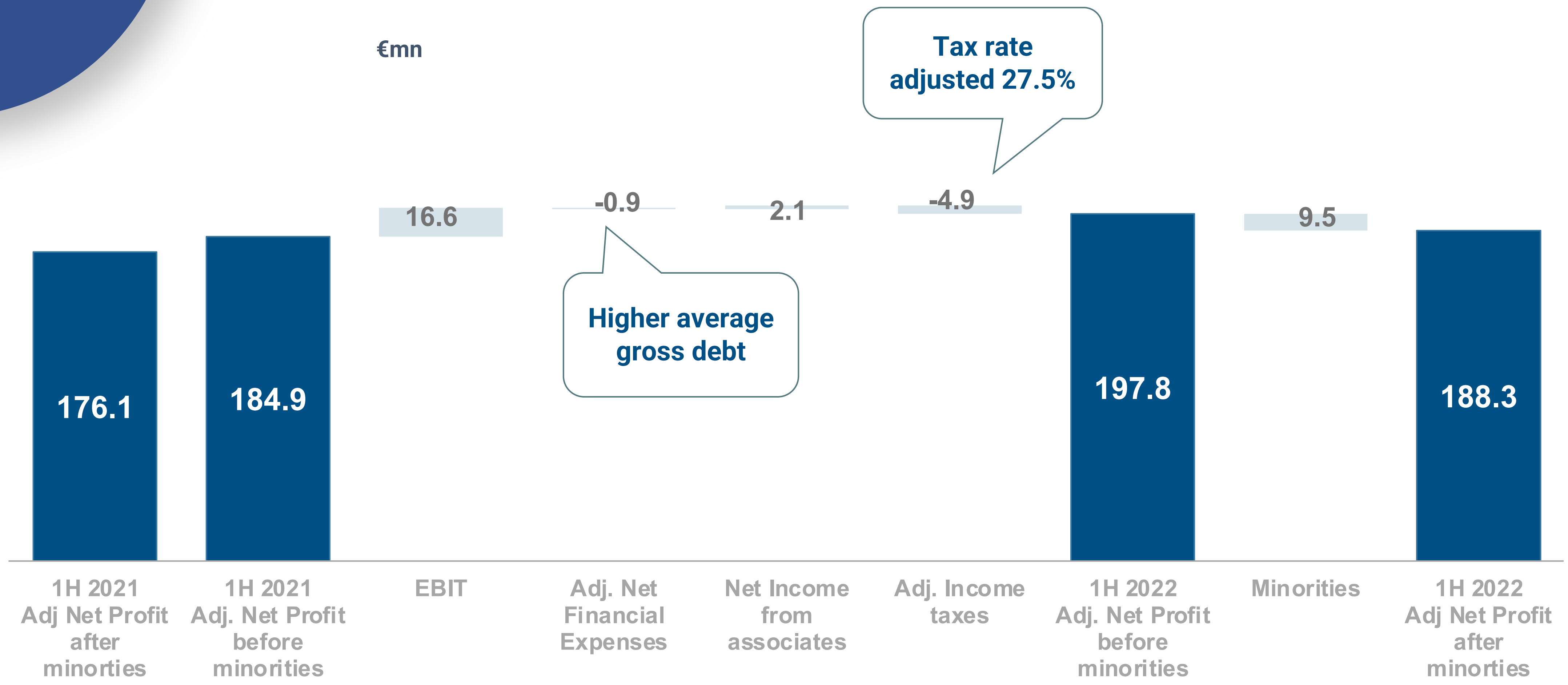
OPERATING EXPENSES, € mln	1H 2021	1H 2022	Change
Distribution fixed costs	**119.9**	**108.4**	**- 11.5**
Net labour cost	67.7	66.7	- 1.0
Net external cost	52.2	41.7	- 10.5
Other activities	**17.5**	**51.7**	**34.2**
Net labour cost	2.5	3.4	0.9
Net external cost	15.0	48.3	33.3
Other costs	1.2	- 2.2	- 3.4
Tee	3.0	1.8	- 1.2
Concessions fees	34.7	34.4	- 0.3
OPERATING EXPENSES	**176.3**	**194.1**	**17.8**

1H 2022 Results

Ebit +5.9% vs 1H 2021

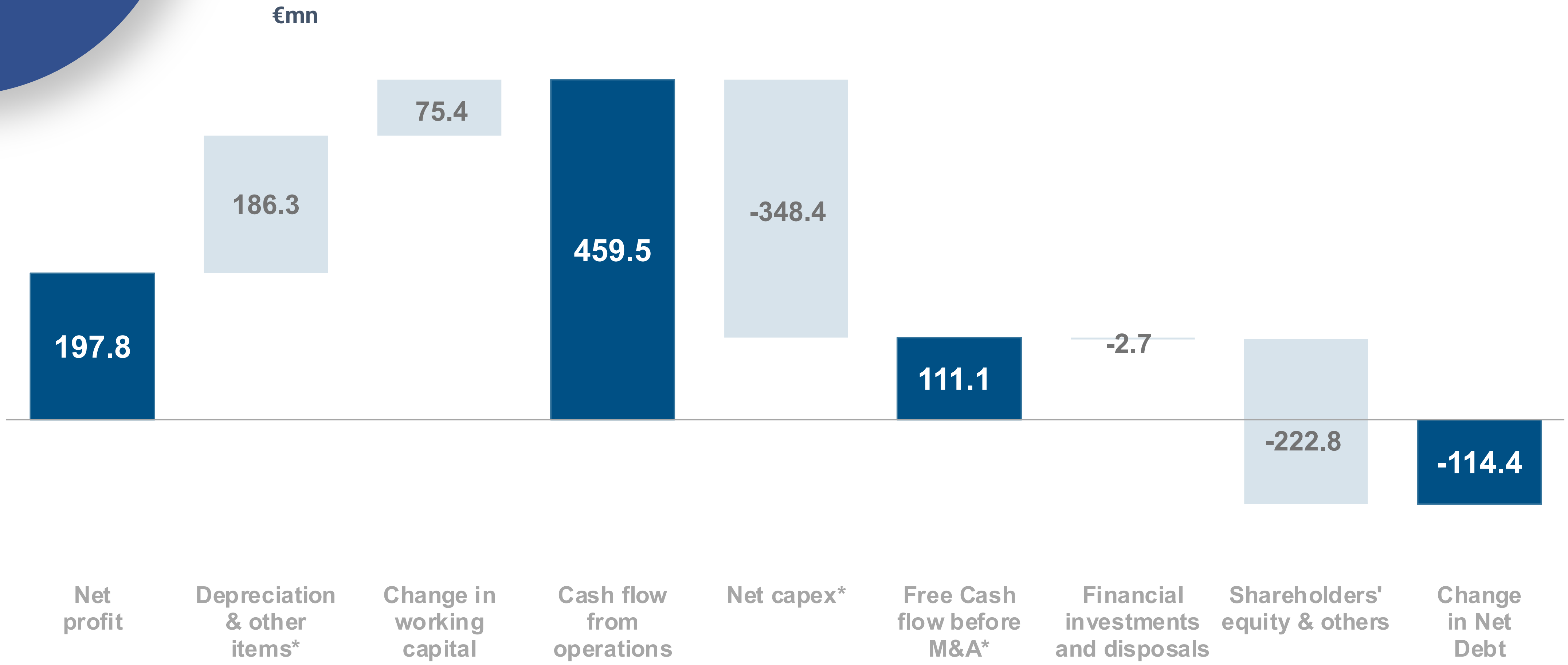


Adjusted Net Profit +6.9% vs 1H 2021



Excluding the post-tax cost of bond buyback transaction finalised in February 2021 for €4.9bn

Cash Flow



(*) includes IFRS16 effects

Debt Structure
a key source of value creation

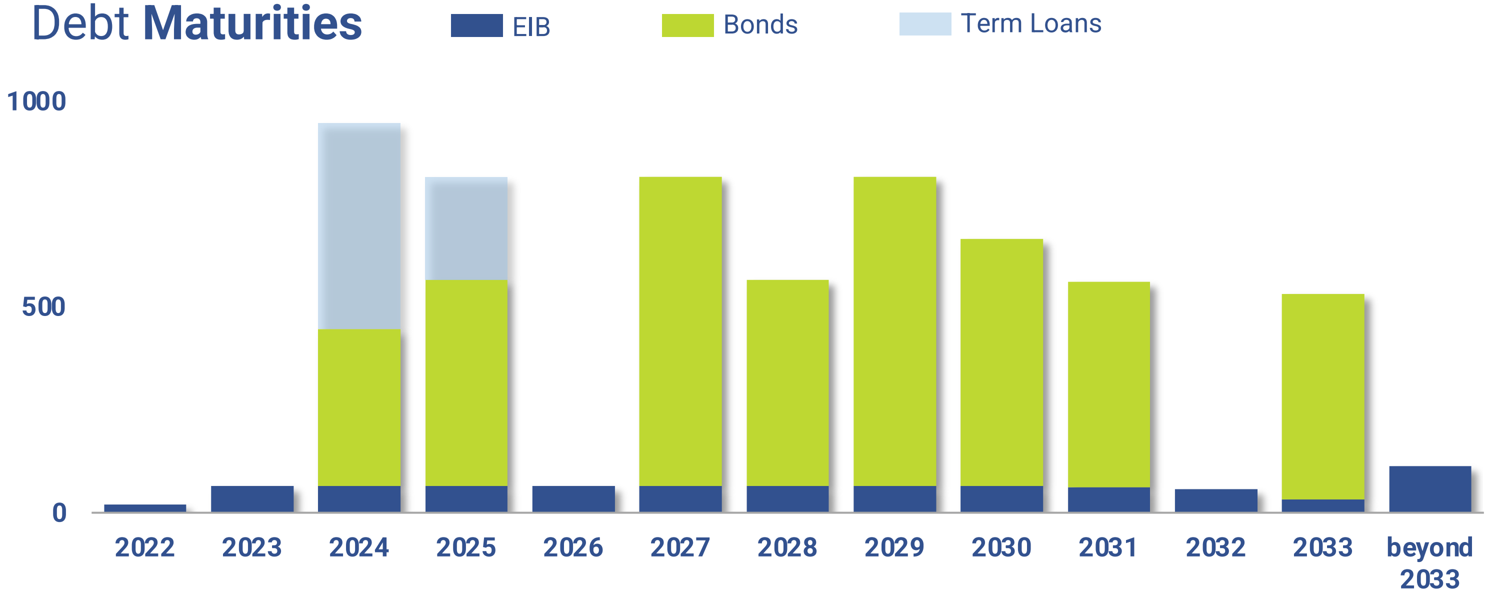
No major refinancing needs until 2024

Liquidity currently >1.3bn to cover short term outflows and to keep an adequate buffer going forward

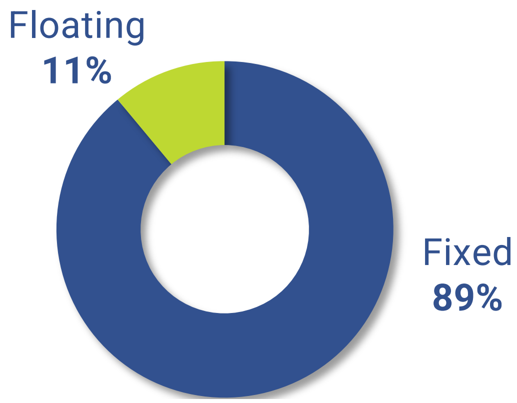
Average cost of debt <1% in H1 2022

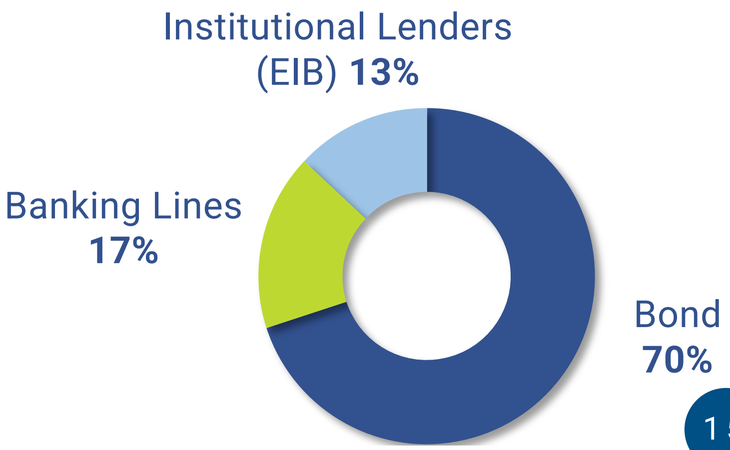
New **sustainable bank loan** signed

Debt **Maturities**



30/06/2022 **Gross Debt Structure**[1]





(1) excluding IFRS16

1H 2022 Results
Balance sheet

€ mln	31/12/21	30/06/22	Change
Net invested capital	**7,122.5**	**7,215.7**	**93.2**
Fixed capital	7,106.2	7,004.8	- 101.4
Tangible fixed assets	372.1	366.1	- 6.0
Net intangible fixed assets	6,938.1	6,846.0	- 92.1
Net payables investments	- 241.9	- 253.0	- 11.1
Equity-accounted and other investments	37.9	45.7	7.8
Net working capital	109.7	60.8	- 48.9
Provisions for employee benefits	- 95.6	- 85.0	10.6
Assets held for sale and directly related liabilities	2.2	235.1	232.9
Net financial debt	**4,980.0**	**5,094.4**	**114.4**
Financial debt for operating leases (IFRS 16)	70.0	61.0	- 9.0
Net financial debt ex operating leases	**4,910.0**	**5,033.4**	**123.4**
Shareholders' equity	**2,142.5**	**2,121.3**	**- 21.2**

1H 2022 Results conclusions

Working on the implementation of the Strategic Plan 2022-2028

1H performance well on track with guidance

Strong top line growth led by RAB increase and ESCOs despite negative regulatory impacts

Cost efficiencies continue, driven by digitization

Closing of Depa Infrastructure transaction approaching

Q&A

E-MARKET SDIR CERTIFIED

Appendix

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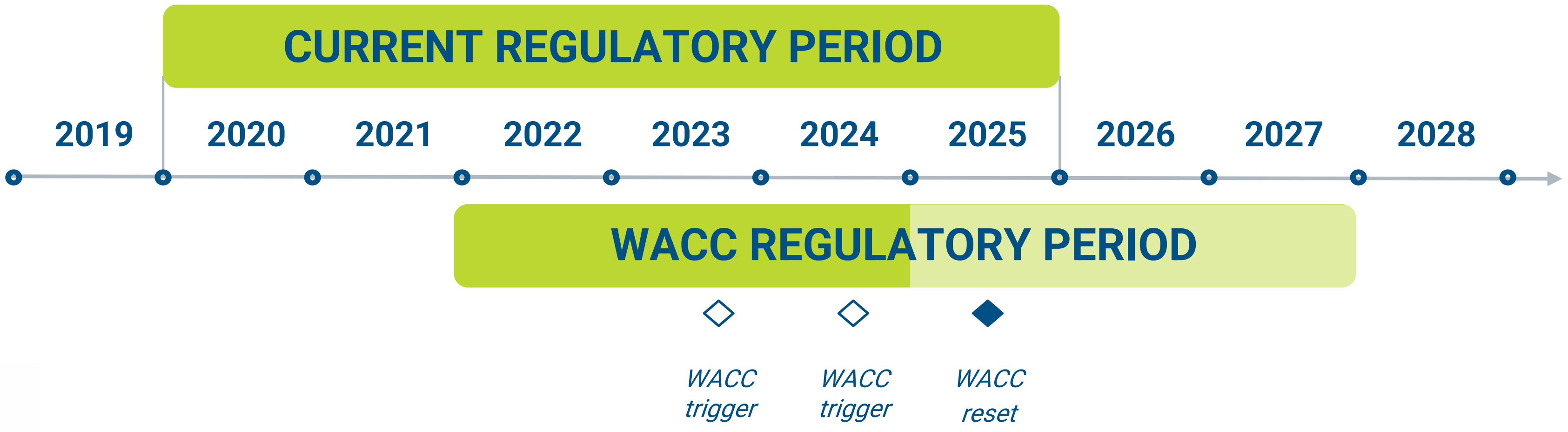
E-MARKET SDIR CERTIFIED

P&L, € mln	2Q 2021	2Q 2022	Change
Total Revenues	**332.1**	**353.4**	**21.3**
Operating expenses	- 77.4	- 90.1	- 12.7
EBITDA	**254.7**	**263.3**	**8.6**
Depreciation & amortisation	- 105.2	- 109.2	- 4.0
EBIT	**149.5**	**154.1**	**4.6**
Net interest income (expenses)	- 11.8	- 12.3	- 0.5
Net income from associates	0.5	2.9	2.4
EBT	**138.2**	**144.7**	**6.5**
Income taxes	- 39.2	- 40.6	- 1.4
NET PROFIT before minorities	**99.0**	**104.1**	**5.1**
Minorities	- 4.1	- 4.7	- 0.6
NET PROFIT after minorities	**94.9**	**99.4**	**4.5**

1H 2022 Results

P&L, € mln	1Q 2022	2Q 2022	3Q 2022	4Q 2022
Total Revenues	**354.0**	**353.4**		
Operating expenses	- 104.0	- 90.1		
EBITDA	**250.0**	**263.3**		
Depreciation & amortisation	- 108.1	- 109.2		
EBIT	**141.9**	**154.1**		
Net interest income (expenses)	- 14.0	- 12.3		
Net income from associates	0.3	2.9		
EBT	**128.2**	**144.7**		
Income taxes	- 34.5	- 40.6		
NET PROFIT before minorities	**93.7**	**104.1**		
Minorities	- 4.8	- 4.7		
NET PROFIT after minorities	**88.9**	**99.4**		

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 reveneus scheme

Key features

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

REQUIRED REVENUES =

RAB X Reg. WACC

RAB includes capex spent in the previous year

RAB inflated

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

+ DEPRECIATION

Calculated on assets entering into RAB

Reflects inflation

Useful lives set by ARERA

+ OPEX

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

Efficiency factor of 2.8%

Opex inflated annually

Greece regulation

CURRENT REGULATORY PERIOD (2019–2022)

2017	2018	2019	2020	2021	2022	2023
					Tariff revision	
Tariff Reference Year	*Tariff Calculation Year*			*Tariff Reference Year*	*Tariff Calculation Year*	

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

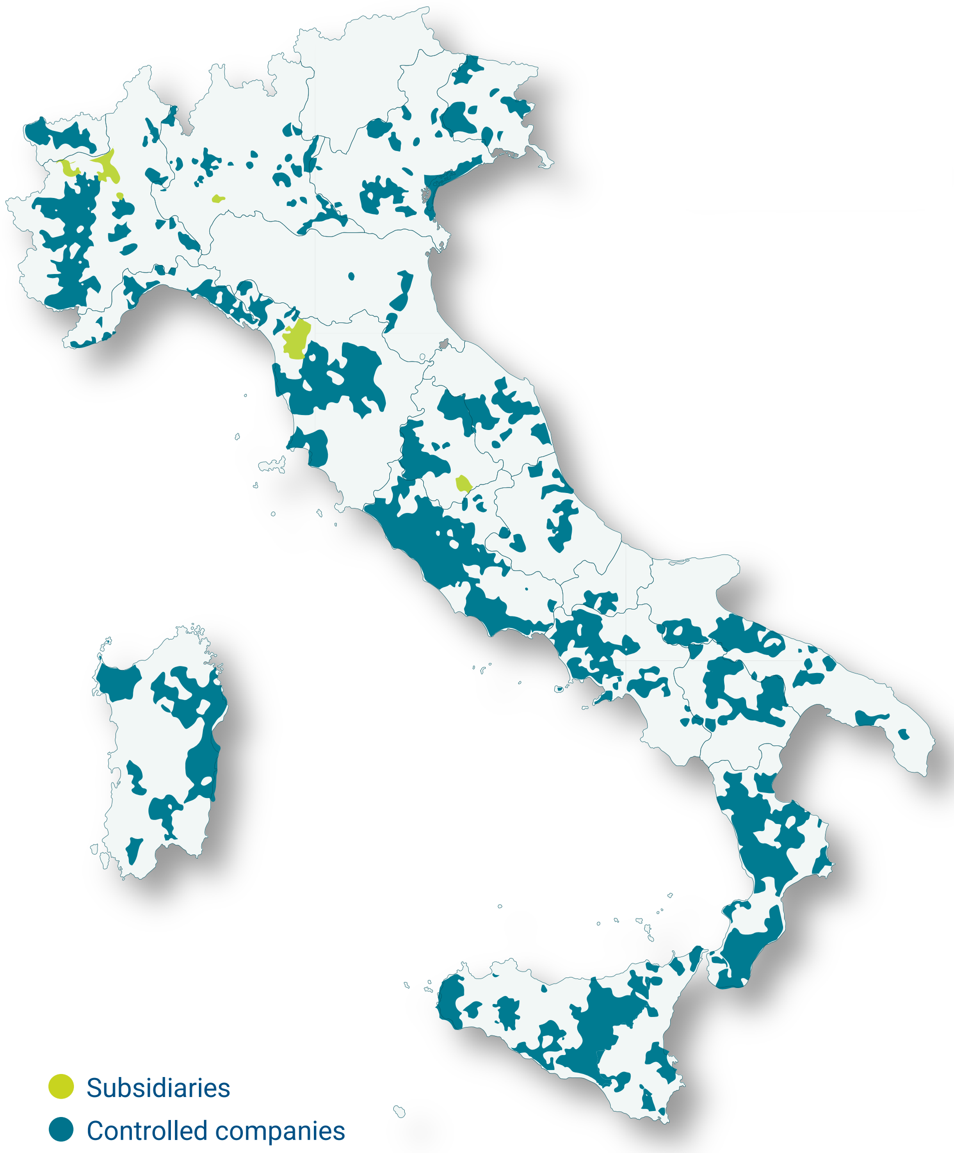
REQUIRED REVENUES =

RAB X Reg. WACC	+ DEPRECIATION	+ OPEX	- ADDITIONAL REVENUES	± RECOVERABLE DIFFERENCE
RAB includes capex planned in the year RAB is not inflated Regulated return set at 7.03% in nominal terms for 2021-22E	Calculated on fixed assets	Estimated through the regulatory period Opportunity of outperformance: no adjustments ex-post in case of outperformance	Planned revenues related to services to other companies or non-regulated services	Based on the difference between required revenues and actual revenues[1] 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

Main Numbers 30/06/2022

	OPERATING HIGHLIGHTS (TOTAL)	OF WHICH AFFILIATES
Network length	74,788 km	1,899 km
Municipalities	1,899	61
Redelivery Points	7.745 mn	0.154 mn



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1H 2022 RESULTS

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