

Rating object	Rating information		
Italgas S.p.A. Creditreform ID: 400981239 Foundation: 12.09.1837 Incorporation: 20.10.2016 Based in: Milan, Italy Main (Industry): Natural gas distribution CEO: Paolo Gallo <u>Rating objects:</u> Long- and short-term Corporate Issuer Rating: Italgas S.p.A. Long-term Local Currency (LT LC) Senior Unsecured Issues	Corporate Issuer Rating: BBB+ / stable	Type: Initial rating Unsolicited Public rating	
	LT LC Senior Unsecured Issues: BBB+ / stable	Short-term rating: L3	
	Rating date: 06 November 2024 Monitoring until: withdrawal of the rating Rating methodology: CRA "Corporate Ratings" CRA "Non-Financial Corporate Issue Ratings" CRA "Corporate Short-Term Ratings" CRA "Government Related Companies" CRA "Rating Criteria and Definitions"		
	Rating history: www.creditreform-rating.de		

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Summary

Company

Italgas S.p.A. (hereinafter also referred to as 'the Company', 'the Group', or 'Italgas') is the Italian market leader in natural gas distribution for domestic and industrial use. Italgas was part of the Snam Group from July 2009 until its demerger in November 2016. The aim of the demerger was to separate the Italian gas distribution activities of the Snam Group from its gas transportation, dispatching, regasification, and storage activities in Italy and abroad. The Italgas Group's gas distribution business operates under concessions from local public authorities.

The Company transports gas via medium and low-pressure pipeline networks from pressure reduction stations (city gates) to end customers. With 2,099 municipal concessions, Italgas managed roughly 83,390 kilometers of gas distribution network as of September 2024 and served over 8.0 million end customers. As of 2023 year-end, the RAB (Regulatory Asset Base) of Italgas amounted to EUR 9.7 billion. The Group's market share in terms of delivery points is roughly 34% in Italy. With revenues amounting to EUR 2,564.2 million in 2023 (2022: EUR 2,182.7 million), the Company achieved an adjusted EBITDA of EUR 1,226.8 million (2022: EUR 1,120.5 million) and EAT of EUR 439.6 million (2022: EUR 407.3 million).

Rating result

The current rating attests Italgas S.p.A. a highly satisfactory level of creditworthiness, representing a low-to-medium default risk. Italgas' operations are closely linked to the economic performance of Italy, which has shown weakness over the past several years but has been improving more recently, resulting in an upgrade of the outlook on the sovereign rating from stable to positive by Creditreform Rating (CRA) early this year. Based on the regulatory stability of Italgas' operations, its track record of solid financial performance, and the Company's leading position in the Italian gas distribution sector, we assess that Italgas has stronger creditworthiness than the sovereign. For this reason, we have assigned the Group a corporate rating two notches above the unsolicited sovereign rating of the Italian Republic (CRA: **BBB-** / **positive** as of January 19, 2024).

The acquisition of 2i Rete Gas was also taken into account in the rating result. This is a large transaction, and while we expect it to have a significant temporary impact on financial credit metrics, it can also bring structural improvements to the business profile and its market relevance in the long term.

Outlook

The one-year outlook for the rating remains **stable**. The Company operates mainly in Italy, due to which we see a certain dependence on the country's overall economic situation. Despite the change in the sovereign outlook from stable to positive in early 2024, and our view that the Company's systemic importance at national level will increase once the acquisition of 2i Rete Gas is concluded, the outlook for Italgas' ratings remains stable. The outlook could be revised upwards if the economic condition of Italy continues to improve, the financial risks associated with the recent announced acquisition are mitigated, and if Italgas is able to sustain a solid credit profile.

Relevant rating factors

Table 1: Financials I Source: Italgas S.p.A. Annual Report 2023, standardized by CRA

Italgas S.p.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, etc.)	CRA standardized figures ¹	
	2022	2023
Sales (million EUR)	2,182.71	2,564.19
EBITDA (million EUR)	1,120.52	1,226.80
EBIT (million EUR)	642.23	704.27
EAT (million EUR)	436.13	467.47
EAT after transfer (million EUR)	407.29	439.57
Total assets (million EUR)	11,131.33	11,253.62
Equity ratio (%)	23.27	24.61
Capital lock-up period (days)	170.25	39.62
Short-term capital lock-up (%)	16.53	63.00
Net total debt / EBITDA adj. (Factor)	7.53	6.48
Ratio of interest expenses to total debt (%)	0.72	1.22
Return on investment (%)	4.42	5,03

General rating factors

- + Leader in natural gas distribution in Italy
- + Stable and reliable cash flows from regulated activities
- + Transparent regulatory framework
- + Good access to financial market
- Low geographical diversification
- High investment needs to expand and improve the national energy system
- Subject to regulatory changes and country risk

Reference:

The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations from the rating process, the derived valuations of the analysts participating in the rating, and, if applicable, other rating committee members. The fundamental external sources used are specified in the sections "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

Excerpts from the financial key figures analysis 2023:

- + Good access to capital markets
- + Positive earnings results due to changes in the pricing methodology
- + Growing operating cash flows
- High investment needs
- Sequential increase in debt levels
- Relatively low availability of internal funds

General rating factors summarize the key issues which – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

¹ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt considers all balance sheet liabilities. Therefore, the key financial figures shown often deviate from the original values of the company.

Current rating factors

Current rating factors are the key factors which, in addition to the underlying rating factors, have an impact on the current rating.

- + Expansion of its asset base has been accompanied by growth in operating cash flows
- + Positive impact on earnings, following changes on pricing methodology during 2024
- + Good access to capital markets: two new bonds issued in 2024 for a total of EUR 900 million.
- + Liquidity supported by the signing of EUR 600 million revolving credit facility
- High investment needs, with capex consistently above operating cash flows
- Sequential increase in net financial debt over the past years
- The liquidity available, including cash and revolving credit lines, was not enough to cover short-term financial obligations at the end of September 2024
- Financial risks increased by the acquisition of 2i Rete Gas

Prospective rating factors are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing, positive effect (+), or a weakening, negative effect (-) on future ratings if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors, whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

Prospective rating factors

- + RAB will continue to grow in the coming years
- + Operations will continue to be supported by the supportive regulatory framework
- + Future acquisitions will be strategic and will help diversify and strengthen Italgas' business profile
- Italgas' reliance on external funds will increase in the coming year as it executes its strategic investment plan
- The Company will maintain a stable to growing dividend payout, which, to certain extent, could exert negative pressure on its liquidity profile

ESG-factors

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Italgas S.p.A., we have not identified any ESG factors with significant influence.

ESG factors are factors related to environment, social issues and governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or outlook.

Based on the sustainability report of Italgas, we assess ESG risks in relation to the rating object as manageable. As a gas network operator, the Company shows relatively low CO₂ emissions as well as energy and water consumption; however, due to its business model, Italgas is dependent on environmentally harmful suppliers (gas producers). Italgas has been able to significantly cut its gas emissions (scope 1 and 2) in the past years – from 173,000 tCO₂eq in 2020 to 150,000 tCO₂eq in 2023, and 96 tCO₂eq in September 2024, mainly due to the prevention of leaked gas through the use of a predictive model for the maintenance of networks.

Through numerous measures, Italgas strives to retain and train its workforce, achieve a high level of customer satisfaction, and uphold human rights. In addition, the Company is socially committed to fostering sustainability by supporting a number of projects in the areas of education, development and the environment.

The proportion of women in the Company's total workforce has increased over recent consecutive years, from 15.1% in 2020 to 20.3% in 2023. Although this is still relatively low, we take into account that this is typical in the industry. Hence, it has not had any influence on the rating decision thus far.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

Best-case scenario: BBB+

In our best-case scenario for one year, we have assumed a rating of BBB+. Such a scenario could occur if the Company's positive operating performance is sustained and its investment plan is executed without deterioration of the Group's financial profile. An upgrade would only be possible if there is an improvement in the sovereign rating of the Italian Republic in tandem with Italgas maintaining or improving its current credit metrics.

Worst-case scenario: BBB

In our worst-case scenario for one year, we have assumed a rating of BBB. Such a scenario could materialize if there is a significant downturn in the sector, such that the level of business activity deteriorates with negative consequences on Italgas' overall performance. This could also be the case if Italgas' financial strength is impaired for a prolonged period due to the acquisition of 2i Rete Gas and the significant amount of debt assumed, with no prospect of improvement in the near term. Downward rating adjustments could also happen if the sovereign rating is downgraded or if the Company's overall performance becomes increasingly tied to Italy's economic conditions.

Business development and outlook

Table 2: Business development of Italgas S.p.A. | Source: Annual Report 2023, reported informatio

Italgas S.p.A.				
In million EUR	2022	2023	Δ	Δ %
Sales	2,182.94	2,564.19	+381.25	+17.46%
EBIT	642.23	704.27	+62.04	+9.66%
EBITDA	1,120.52	1,226.80	+106.28	+9.48%
EBT	588.50	586.10	-2.40	-0.41%
EAT	407.29	439.57	+32.28	+7.93%

During 2023, Italgas showed a significant improvement in its operational performance, with revenues growing by 17.5% year-over-year to EUR 2,564.19 million (2022: EUR 2,182.71 million). The growth in sales is mainly due to the newly consolidated Enaon Group and to the increase in RAB. In the nine months to September 2024, net revenues fell slightly, balanced by an increase in gas distribution revenues (after positive adjustments to the pricing methodology) and a deceleration in the other segments. Operating costs followed the same trend, increasing during 2023 due to consolidation effects and decreasing in the nine months of 2024 due to lower activity in the energy efficiency segment. As a result, Italgas' reported EBITDA showed continued growth, from EUR 1,121 million in 2022 to EUR 1,227 million in 2023 and EUR 1,316 million in the twelve months to September 2024. Operating margins, however, decreased over time.

Italgas' natural gas distribution segment is the Company's largest generator of revenues and cash flows (98% of the total EBITDA in 9M2024). Over the last few years, the Company has raised investments to expand its infrastructure, as well as to increase the efficiency and security of its networks, including smart metering, automation and remote control of grids (DANA), and diversification into biogas projects. Over the last five years, the length of Italgas' network has ex-

panded by more than 10,000 km, driving the consecutive y-o-y growth in the Company's consolidated historical EBITDA (at an annual growth rate of 5-6%). Additionally, the positive results in recent years have also been supported by changes in the pricing methodology as set up by ARERA's resolutions, in particular the increase in WACC (from 5.6% to 6.5% since beginning 2024), as well as in the deflator of gross fixed investments (from 3.8% to 5.3% as set up in May 2024).

The other segments of Italgas include Water and Energy efficiency services, which together represented 2% of the Company's total EBITDA in the first nine months of 2024. During 2023, the energy efficiency segment grew significantly, EBITDA almost doubled compared to the previous year after the introduction of tax incentives (known as Superbonus) for work carried out on houses to increase energy efficiency, before slowing throughout 2024. Operating performance in the Water segment improved during 2024, nevertheless accounting for a minor share of the consolidated earnings results. Over the 2024-2030 period, Italgas will spend around EUR 1 billion to expand these businesses, focusing on targeted M&A operations.

Over the last seven years (2017-2023 period), Italgas' investments, on an accumulated basis, amounted to EUR 6.0 billion, significantly lower than the new strategic plan to be executed during 2024-2030, which foresees expenditures in total of EUR 15.6 billion in the period. Most of the investments will be directed towards the gas distribution sector, with EUR 12.8 billion to be spent on gas operations in Italy and EUR 1.0 billion in Greece. This new strategic plan was recently revised, almost doubling in relation to the previous investment plan (raised by +92%). It now includes not only investments to expand and strengthen its gas networks infrastructure, but also the acquisition of 2i Rete Gas (the second-largest gas distributor in Italy), which will likely strengthen Italgas' business profile through gains of scale and greater market relevance. Once the strategic plan is concluded, and the 2i Rete Gas is fully integrated, the Company's RAB is expected to grow from EUR 9.7 billion in 2023 to more than EUR 15 billion in 2030, with the annual EBITDA generation likely surpassing EUR 2.0 billion, compared to EUR 1,227 in 2023. Italgas' market share will likely grow from the current 33% to roughly 55% in Italy on a combined basis.

According to our methodology, the stronger the link between the sovereign and the company, the smaller the notching difference should be. In our assessment, Italgas can have a rating up to two notches higher than the sovereign rating. Should its relationship with the sovereign change significantly in such a way that there is an increasingly interdependence between the Company's overall performance and the country's economic conditions, the possible notching difference could decrease. In our view, even after the integration of 2i Rete Gas and the higher exposure to the Italian gas market, for the time being there are no structural changes in the notching difference between Italgas and the Sovereign rating.

Italgas has thus far been able to raise investments prudently, ensuring both future growth and the maintenance of solid credit metrics. We believe, however, that the recently announced acquisition will weigh negatively on the Company's balance sheet for some time to come, given the size of the transaction and the significant amount of debt to be assumed. The transaction value is EUR 5.3 billion, roughly two times Italgas' annual revenue generation, for which the Company already secured a EUR 2.2 billion bridge loan and will also raise EUR 1 billion through capital increase.

Despite a more leveraged capital structure in the short and medium term, we assume that Italgas will be able to complete its strategic plan successfully, based on its track record of continuous growth and regulatory support. The business combination with 2i Rete Gas will raise the

Company's business profile structurally in the long-term, putting it on a better footing to conduct its energy transition in Italy, and to achieve the goals set out in the REPowerEU plan and the National Integrated Energy and Climate Plan (PNIEC).

Table 3: Reported figures of current financial report | Source: Nine-months report 2024)

Italgas S.p.A.		
in Mio. EUR	9M2023	9M2024
Total Revenues	1,369.8	1,299.4
EBIT	536.7	595.7
EBITDA	910.5	999.4
EBT	464.1	517.3
EAT	339.3	375.0

Structural risk

Italgas was founded in Turin on 12 September 1837 under the name Compagnia di Illuminazione a Gaz per la Città di Torino, and has been renamed several times over the years. On 1 June 2016, Italgas S.p.A. was spun off from Snam S.p.A., and was listed on the FTSE MIB index of the Milan Stock Exchange on 7 November 2016.

The main shareholders are CDP Reti S.p.A. and Snam S.p.A, with a share of 26.0% and 13.5%, respectively. CDP Reti S.p.A. is a joint stock company, 59.1% of which belongs to CDP (Casa Depositi e Prestiti), a financial institution controlled by the Italian Ministry of Economy and Finance (82.8% of shares) and engaged in the development of the Italian economic and industrial system. The remaining 60.5% are in free float and owned by a variety of shareholders, largely by institutional investors.

The Company's overall oversight is carried out by the Board of Directors (currently featuring nine members) and the Board of Statutory Auditors (currently featuring five members). At the end of the fiscal year 2023, the Company employed 4,297 people (2022: 4,238) and reported its financial statements in accordance with IFRS.

The Company's strategic plan defines the following key objectives:

- Digital transformation and technological innovation
- Business development through organic growth and M&A activities
- Further development in the areas of water networks and energy efficiency
- Optimization of its financial structure as well as a growing and sustainable dividend policy

Given the specifics of its main business in the gas distribution sector, Italgas is required to comply with high legislative, regulatory and corporate governance standards. Structural risks are associated with the relevant directives and legal provisions of the European Union and the Italian government, the Italian Parliament, the resolutions of the ARERA, general changes in legislation (including accounting and tax legislation), and with the legal framework (including the Energy Efficiency Certificates regulation). According to publicly available information regarding corporate governance and compliance measures, we assume sufficiently developed structures with regard to risk management, accounting and controlling, and other administrative and operational functional areas, and do not see any core risks related to the Company's structure.

Business risk

Italgas is an integrated Group whose main activity is the distribution of natural gas throughout Italy. The Company's gas distribution service consists of transporting gas on behalf of authorized sales companies for marketing to end customers. Despite the restructuring and consolidation process seen in this sector in recent years, the gas distribution market in Italy nevertheless remains fragmented. According to the ARERA Summary Annual Report, a total of 186 operators were involved in natural gas distribution in 2023, operating 6,578 concessions and serving roughly 7,359 municipalities with approximately 22 million customers. In terms of the percentage of connected end consumers, Italgas Group's market share in gas supply was 33% in 2023, making it the leading operator in Italy. In 2023, Italgas and its investee companies distributed 8,145 million cubic meters of gas (2022: 8,500 million cubic meters) and managed a gas distribution network totaling 82,034 kilometers. Throughout the first nine months of 2024, 1,356 km of new pipelines were laid, comprising a total of 83,390 km of gas distribution network at the end of the period.

The Company's gas distribution business is dependent on the renewal of gas distribution concessions following the local tender processes, as well as on the quantification of reimbursements for the operators according to the regulations in force. As of September 2024, Italgas Group, including its investee companies, held 2,099 concessions, of which 2,011 were in operation. Potential risks such as fines or sanctions can arise from the failure of Italgas, as the concession holder, to fulfil its material obligations, as well as from loss of revenue from expired concessions if the Group is not able to renew or replace the contracts. Furthermore, smart metering system in natural gas distribution is strategic for the Group in order to improve the flexibility, resilience, and security of the managed network. As of September 2024, the number of active meters of the Group, including its participating companies, was 8,008 million.

According to Italian law, the distribution and metering, as well as the implementation of gas services, are regulated and controlled by the independent Italian Energy Authority for Energy, Networks and Environment (ARERA). Its tasks include calculating and updating tariffs, and the provision of rules for access to infrastructures and for the delivery of the related services. The tariff system is designed to cover the capital and operating costs directly related to the respective business activities. It covers remuneration on net invested capital, depreciation allowances, and the authorized operating costs. Based on the RAB, the regulator determines the tariffs on an annual basis. The Company is permitted to earn a certain maximum weighted average cost of capital. Each regulatory period has a duration of six years. The revenues are updated, in most cases, annually.

In addition, all companies distributing gas and / or electrical power to users over 50,000 units are obliged to achieve the target for energy consumption defined annually by ARERA. Companies can achieve these targets by directly carrying out specific energy efficiency projects or, alternatively, by acquiring the white certificates "Energy Efficiency Certificates" (EECs) on the market managed by the Gestore dei Mercati Energetici or through bilateral agreements with qualified operators. The negative difference from the acquisition of energy efficiency certificates at excessively disadvantageous conditions, and the sanctions in the event of failure to meet the energy efficiency target, can result in considerable costs, with a negative effect on the economic and financial position of the Company.

Overall, we assess the Italgas Group as having a low-to-moderate business risk profile, as the Company is a leading gas distributor in Italy and operates in a regulated environment. The Group operates a well-developed and continuously evolving risk management system, which is in line with current market practices and regulatory requirements.

Financial risk

For the purposes of its financial ratio analysis, Creditreform Rating AG (CRA) adjusted the original values in the Company's financial statements. For example, we deducted the goodwill shown on Italgas' balance sheet from equity by only 50%, suggesting a certain recoverability of the goodwill—contrary to our conservative approach of deducting 100%.

The Italgas Group has maintained an overall satisfactory credit rating and robust capital structure over time. Still, Italgas' net financial debt position has increased over the past several consecutive years, from EUR 4.5 billion in 2019 to EUR 6.9 billion at the end of September 2024 (on a reported basis), but leverage has remained at around 5.5x (reported net financial debt to EBITDA) since 2022 and below 5.0x in the preceding years. From an analytical point of view, we also consider the adjusted equity ratio of 24.6% (2022: 23.3%) to be in need of improvement. Furthermore, the increase in short-term capital lock-up to 63.0% (2022: 16.5%) indicates a significant outflow of liquidity in the following financial year; or rather, a high need for refinancing.

Italgas' financing sources are largely composed of bonds (75% of total), followed by bank loans and financial leases (25%). Since the beginning of 2024, Italgas has issued EUR 900 million in new bonds—EUR 650 million in February and EUR 250 million in early October as repap of notes 2029—and proceeds have been used to repay upcoming debt maturities. The bonds are part of the EMTN program, launched in 2016 and renewed in October 2023, with a volume of EUR 6,500 million, traded on the Luxembourg stock exchange. We expect the Company's debt levels to increase at a much faster pace in the coming year in view of the 2i rete Gas acquisition and the investments planned to expand and improve efficiency of the grids.

The Company's liquidity position is relatively tight considering its cash holdings of EUR 629 million at the end of September 2024 and EUR 600 million available under the revolving credit line, signed in March 2024 and with maturity in five years, which was not sufficient to cover the EUR 1.4 billion debt maturities due in the near term. To add, Italgas' operating cash flow generation has been consistently lower than the amount of investments made historically, indicating a prolonged period of negative free cash flows and increased dependence on external funding sources. During 2023, Italgas generated EUR 548 million in net operating cash, one-third of the amount spent with organic investments and business acquisitions. Moreover, Italgas has maintained a growing dividend distribution over time, which, in times of market turbulence, could exert additional pressure on the Company's financial strength. This notwithstanding, Italgas' liquidity profile is supported by the predictability of its business model and stable cash flows, as well as by its proven access to the capital markets.

Overall, we assess Italgas' financial risks as moderate and manageable, despite the high investment requirements. The Group has diversified financing sources, as well as a manageable debt maturity profile, ensuring an adequate liquidity profile through active refinancing. The increasingly leveraged capital structure of Italgas will be, to certain extent, compensated by the stability of its operations. In addition, the Company benefits from proven access to the capital markets. However, disproportionate increases in net debt, without being accompanied by growth in EBITDA and RAB over an extended period, would have a negative impact on the rating.

Further ratings

Based on the long-term issuer rating, and taking into account our liquidity analysis, the short-term rating of Italgas S.p.A. has been set at **L3** (standard mapping), which corresponds to an adequate liquidity assessment for one year.

The rating objects of the issue rating are exclusively long-term senior unsecured issues, denominated in euro, issued by Italgas S.p.A., which are included in the list of ECB-eligible marketable assets. The notes have been issued under Italgas' Euro Medium Term Notes Programme (EMTN), with the last basis prospectus of 24.10.2023, and with the first supplement dated 15.01.2024.

We have provided the long-term local currency senior unsecured notes issued by Italgas S.p.A. with an unsolicited rating of **BBB+ / stable**. The rating is based on the corporate issuer rating.

Long-term local currency senior unsecured notes to be issued by Italgas S.p.A. which have similar conditions to the current EMTN Programme, denominated in euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Table 4: Overview of CRA Ratings | Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
Italgas S.p.A.	06.11.2024	BBB+ / stable / L3
Long-term Local Currency (LC) Senior Unsecured Issues issued by Italgas S.p.A.	06.11.2024	BBB+ / stable
Other	--	n.r.

Financial ratio analysis

Table 5: Financial key ratios |Source: Italgas annual report 2023, structured by CRA

Asset structure	2020	2021	2022	2023
Fixed asset intensity (%)	78.66	75.00	78.77	81.07
Asset turnover	0.23	0.21	0.20	0.23
Asset coverage ratio (%)	78.35	86.24	81.95	71.12
Liquid funds to total assets	7.07	13.37	4.06	2.22
Capital structure				
Equity ratio (%)	24.71	23.67	23.27	24.61
Short-term debt ratio (%)	21.85	18.34	17.04	21.54
Long-term debt ratio (%)	36.93	41.02	41.28	33.05
Capital lock-up period (in days)	93.67	95.31	170.25	39.62
Trade-accounts payable ratio (%)	5.62	5.27	9.15	2.47
Short-term capital lock-up (%)	47.56	37.84	16.53	63.00
Gearing	2.76	2.66	3.12	2.97
Leverage	3.98	4.14	4.26	4.18
Financial stability				
Cash flow margin (%)	40.69	35.39	36.59	36.76
Cash flow ROI (%)	8.91	7.14	7.18	8.38
Total debt / EBITDA adj.	6.49	7.77	7.95	6.67
Net total debt / EBITDA adj.	5.88	6.41	7.53	6.48
ROCE (%)	9.32	7.83	6.92	8.00
Total debt repayment period	9.30	9.39	12.49	15.42
Profitability				
Gross profit margin (%)	67.90	63.54	62.94	61.46
EBIT interest coverage	11.13	9.04	10.47	6.80
EBITDA interest coverage	19.18	15.91	18.26	11.84
Ratio of personnel costs to total costs (%)	13.04	12.13	11.79	10.79
Ratio of material costs to total costs (%)	32.12	36.48	37.12	38.59
Cost income ratio (%)	71.51	73.05	72.35	73.39
Ratio of interest expenses to total debt (%)	0.77	0.81	0.72	1.22
Return on investment (%)	4.84	4.26	4.42	5.03
Return on equity (%)	18.00	16.03	17.26	17.44
Net profit margin (%)	19.69	18.27	19.96	18.22
Operating margin (%)	29.46	27.83	29.39	27.44
Liquidity				
Cash ratio (%)	32.34	72.91	23.83	10.31
Quick ratio (%)	83.44	123.60	106.98	69.20
Current ratio (%)	97.64	136.27	124.59	87.89

Appendix

Rating history

The rating history is available under the following [link](#).

Table 6: Long-Term Corporate Issuer Rating of Italgas S.p.A.

Event	Rating created	Publication date	Result
Initial rating	08.02.2021	11.02.2021	BBB+ / negative

Table 7: LT LC Senior Unsecured Issues issued by Italgas S.p.A.

Event	Rating created	Publication date	Result
Initial rating	08.02.2021	11.02.2021	BBB+ / negative

Table 8: Short-Term Corporate Issuer Rating of Italgas S.p.A.

Event	Rating created	Publication date	Result
Initial rating	06.11.2024	www.creditreform-rating.de	L3

Regulatory requirements

The rating² was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating, that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

A management meeting did not take place within the framework of the rating process.

The information gathered was sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Government-related Companies	1.1	May 2023
Non-financial Corporate Issue Ratings	2.0	March 2024
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

² In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was carried out by the following analysts:

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The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Stephan Giebler	PAC	S.Giebler@creditreform-rating.de

On 6 November 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 7 November 2024. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

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You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

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Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

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