

Italgas acquires 100% of Ichnusa Gas S.p.A.

Through the transaction, Italgas plays a pivotal role in the methanisation project of Sardinia

Milan, 8 November 2017 – Today Italgas has signed a binding agreement with CPL Concordia and Impresa Costruzioni Ing. Raffaello Pellegrini S.r.l. for the acquisition of 100% of Ichnusa Gas S.p.A., a holding company controlling 12 firms with 12 concessions for implementing and operating gas distribution networks in 81 Sardinian municipalities.

The overall valuation of Ichnusa Gas (enterprise value) has been set at €26.2m. At the closing of the transaction, the sum will be paid entirely in cash, net of debt.

On the day of the acquisition, 2 of the 12 concessions are in temporary operation with the first customers served with LPG. The remaining 10 refer to networks under construction and to be built, for an overall investment of over €170m which will be partially financed with regional public subsidies.

These infrastructures will be progressively completed in the course of approximately three years reaching, when fully operational, an extension of about 1,300 kilometres of networks for a potential pool of over 150,000 users.

The transaction concluded today marks the beginning of a pivotal presence of Italgas in Sardinia. Through the acquisition of Ichnusa Gas, which will serve 12 out of 38 pools of users defined by regional subdivisions, Italgas will cover about a third of Sardinia.

The completion of the operation is expected within the first few months of 2018 and is subject to certain conditions precedent.

Paolo Gallo, CEO of Italgas, said:

“The transaction closed today is part of a wider collaboration between Italgas and CPL Concordia, aimed at enhancing the value of both companies’ gas distribution assets and their major competences relative to the construction and maintenance of networks and plants. Our entry into Sardinia – the only Italian region that does not benefit from an

interconnected gas distribution infrastructure – signal Italgas' willingness not only to play a consolidating role in an extremely fragmented sector, but also to promote the further methanization of the country system in view of the future construction of the infrastructures that will bring natural gas to the island. The acquisition of Ichnusa's assets, one year after our return to the Stock Exchange, is additional to the transactions carried out in recent weeks, and confirms the strategic objectives announced in the 2017-2023 Business Plan”.