



**Snam**  
Rete Gas

# 2008 Interim Review

Milan, July 29<sup>th</sup>, 2008





## Disclaimer

Snam Rete Gas's Chief Financial Officer, Antonio Paccioretti, in his position as manager responsible for the preparation of financial reports, certifies pursuant to paragraph 2, article 154-bis of the Legislative Decree n. 58/1998, that data and information disclosures herewith set forth correspond to the company's evidence and accounting books and entries.

This presentation contains forward-looking statements regarding future events and the future results of Snam Rete Gas that are based on current expectations, estimates, forecasts, and projections about the industries in which Snam Rete Gas operates and the beliefs and assumptions of the management of Snam Rete Gas.

In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature.

Words such as 'expects', 'anticipates', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', variations of such words, and similar expressions are intended to identify such forward-looking statements.

These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future.

Therefore, Snam Rete Gas's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, political, economic and regulatory developments in Italy and internationally.

Any forward-looking statements made by or on behalf of Snam Rete Gas speak only as of the date they are made. Snam Rete Gas does not undertake to update forward-looking statements to reflect any changes in Snam Rete Gas's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The reader should, however, consult any further disclosures Snam Rete Gas may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.



**Snam**  
Rete Gas

# 2008 Interim Review

Milan, July 29<sup>th</sup>, 2008

## 1H 2008 Highlight

**Carlo Malacarne**

Chief Executive Officer

# Highlight



		1H 2007	1H 2008	Δ %
<b>Gas injected into the network</b>	(bcm)	41.9	45.4	+8.3
<b>REVENUE</b>	(€m)	887	940	+6.0
<b>EBIT (*)</b>	(€m)	469	500	+6.6
<b>NET PROFIT (*)</b>	(€m)	221	259	+17.2
<b>EPS (*) (**)</b>	(€)	0.124	0.147	+18.8
<b>Capex</b>	(€m)	290	477	+64.5

(\*) 2007 figures adjusted for non recurring items

(\*\*) Avg. number of shares (m):     1H 2007: 1,785.7  
   1H 2008: 1,760.9

# Volumes



bcm

	1H 2007	1H 2008	Δ %
▪ Residential and Commercial	15.2	17.6	+16.2
▪ Industrial (*)	10.9	10.9	-
▪ Thermoelectric	16.1	16.9	+4.8
▪ Other	0.4	0.4	-
<b>Gas consumption (**)</b>	<b>42.6</b>	<b>45.8</b>	<b>+7.6</b>
▪ Storage & Other (***)	-0.7	-0.4	n.m
<b>Gas injected into the network</b>	<b>41.9</b>	<b>45.4</b>	<b>+8.3</b>

(\*) Include: NGV, Agriculture and Non-Energy Use

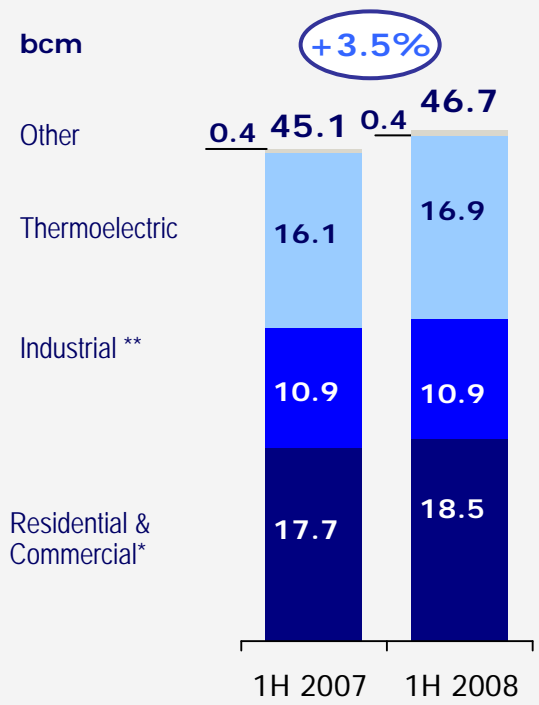
(\*\*) Source: Ministry of Industry and Snam Rete Gas estimates

(\*\*\*) Includes exports and other consumption

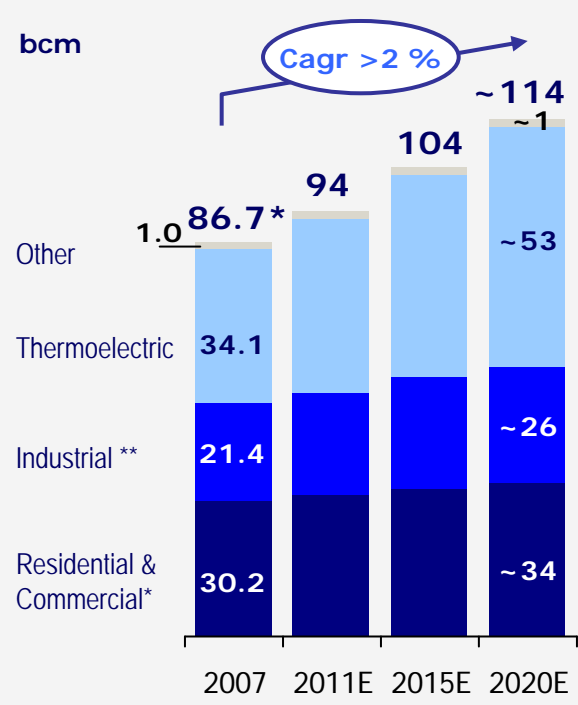
# Gas Demand Growth in Italy



## 1H 2008\*



## 2007-2020



## CCGT Programme

**34 GW in operation by 2011\***

- 23.8 GW in operation/start (23.4 at the end of 1Q 2008)
- 8.8 GW under construction (8.4 at the end of 1Q 2008)

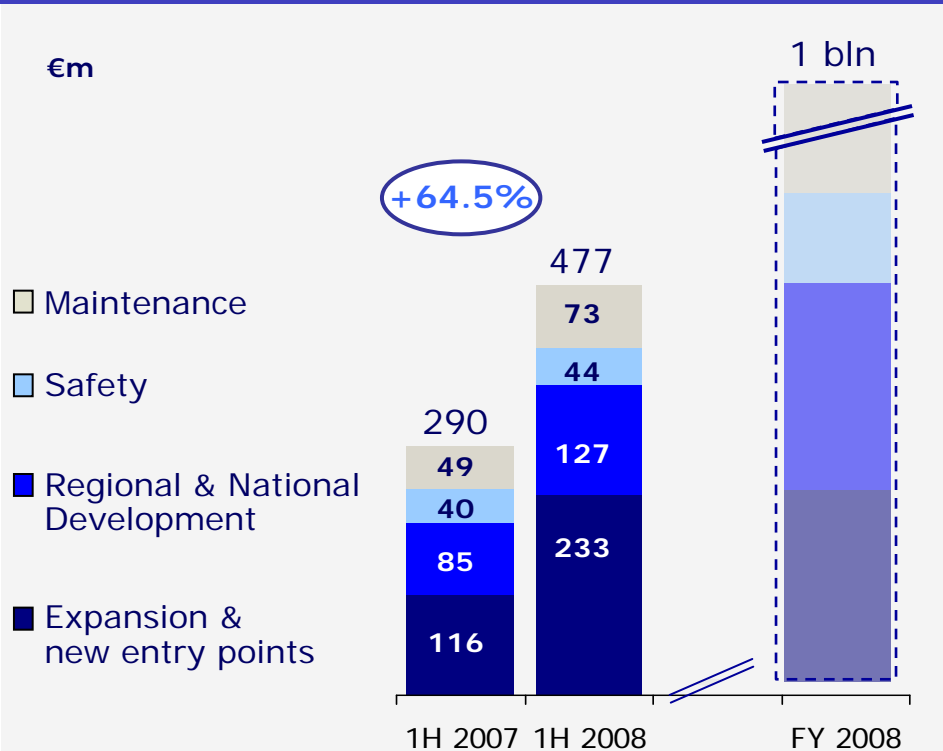
● Under construction

\* CCGT utilization estimated at an average of ~ 5,100 h/y

\* Weather adjusted  
 \*\* Include: NGV, Agriculture, Non-Energy Use  
 Source: Ministry of Industry and SRG estimates

**Driven by power generation sector**

## Update



The capex breakdown is included in the tariffs proposal

## Main Projects



### In Progress:

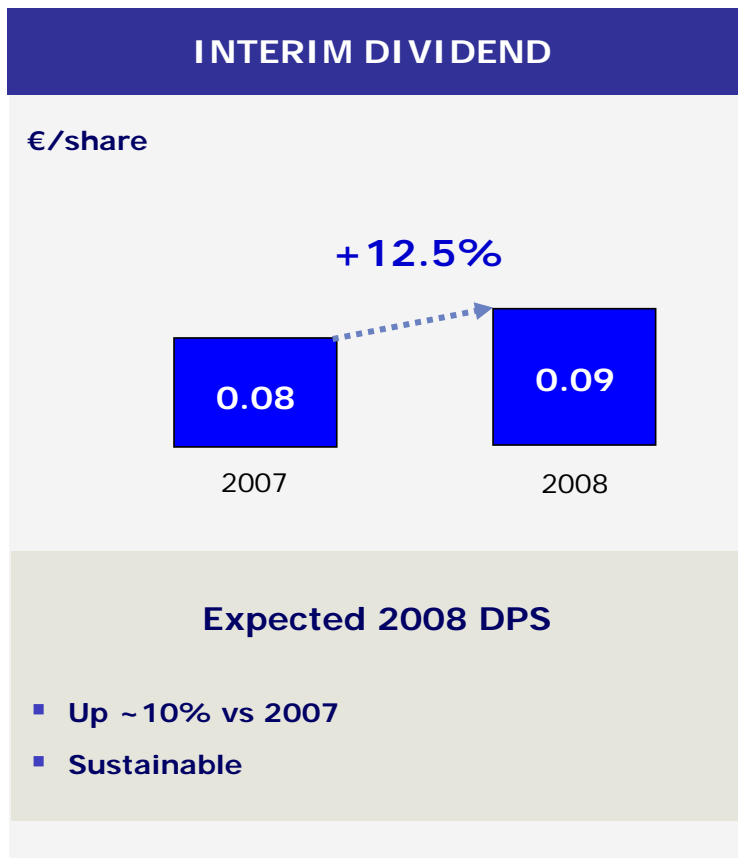
- Mazara-Menfi
- Montalbano-Messina
- Rende-Tarsia-Morano
- Martirano-Rende
- Mortara-Alessandria-Oviglio
- Flaibano-Gonars
- Poggio Renatico-Cremona
- Enna compressor station
- Poggiorenatico compressor station

### Galsi

New framework agreement to be finalized

**On track to deliver capex programme**

# Delivering on Shareholders Return



	2008	CASH OUT
2007 Final Dividend	May 22 <sup>nd</sup> 0.13 € / share	0.23 € billion
2008 Interim Dividend	October 23 <sup>rd</sup> 0.09 € / share	0.16 € billion
		=
<b>2008 Overall cash distribution</b>		<b>0.39 € billion</b>
<b>Competitive yield in the Utility sector</b>		<b>Yield** 5.1%</b>

\*\* Overall cash distribution/ 1H 2008 average market cap (net of treasury shares)



# SRG's Value Proposition



Delivered  
& Confirmed

## **STRONG BUSINESS FUNDAMENTALS**

- Consistent strategy with long term visibility
- Stable and valuable regulation

## **PROFITABLE ORGANIC LONG TERM GROWTH**

- Strong capex platform with promising further opportunities
- Operating and financial efficiency
- Solid capital structure

## **ROBUST RETURNS TO SHAREHOLDERS**

- Attractive and sustainable dividend
- Competitive yield



# 2008 Interim Review

Milan, July 29<sup>th</sup>, 2008

## 1H 2008 Results

**Antonio Paccioretti**  
Chief Financial Officer

# Income Statement



€m

	1 H 2007 adjusted*	1 H 2008	Change
Revenue	887	940	+53
Operating expenses	- 180	- 199	-19
<b>EBITDA</b>	<b>707</b>	<b>741</b>	<b>+34</b>
Depreciation & amortisation	- 238	- 241	-3
<b>EBIT</b>	<b>469</b>	<b>500</b>	<b>+31</b>
Net interest income (expenses)	- 100	- 110	-10
<b>EBT</b>	<b>369</b>	<b>390</b>	<b>+21</b>
Income taxes	- 148	- 131	+17
<b>NET PROFIT</b>	<b>221</b>	<b>259</b>	<b>+38</b>

(\*) 2007 figures adjusted for non recurring items

# Revenue



€m

	1 H 2007	1 H 2008	Change
<b>Regulated revenue</b>	<b>881</b>	<b>929</b>	<b>+48</b>
<b>Transport</b>	<b>869</b>	<b>918</b>	<b>+49</b>
Revenue	847	893	+46
Pass-through revenue	22	25	+3
<b>LNG</b>	<b>12</b>	<b>11</b>	<b>-1</b>
<b>Other revenue</b>	<b>6</b>	<b>11</b>	<b>+5</b>
<b>TOTAL</b>	<b>887</b>	<b>940</b>	<b>+53</b>

# Operating Expenses



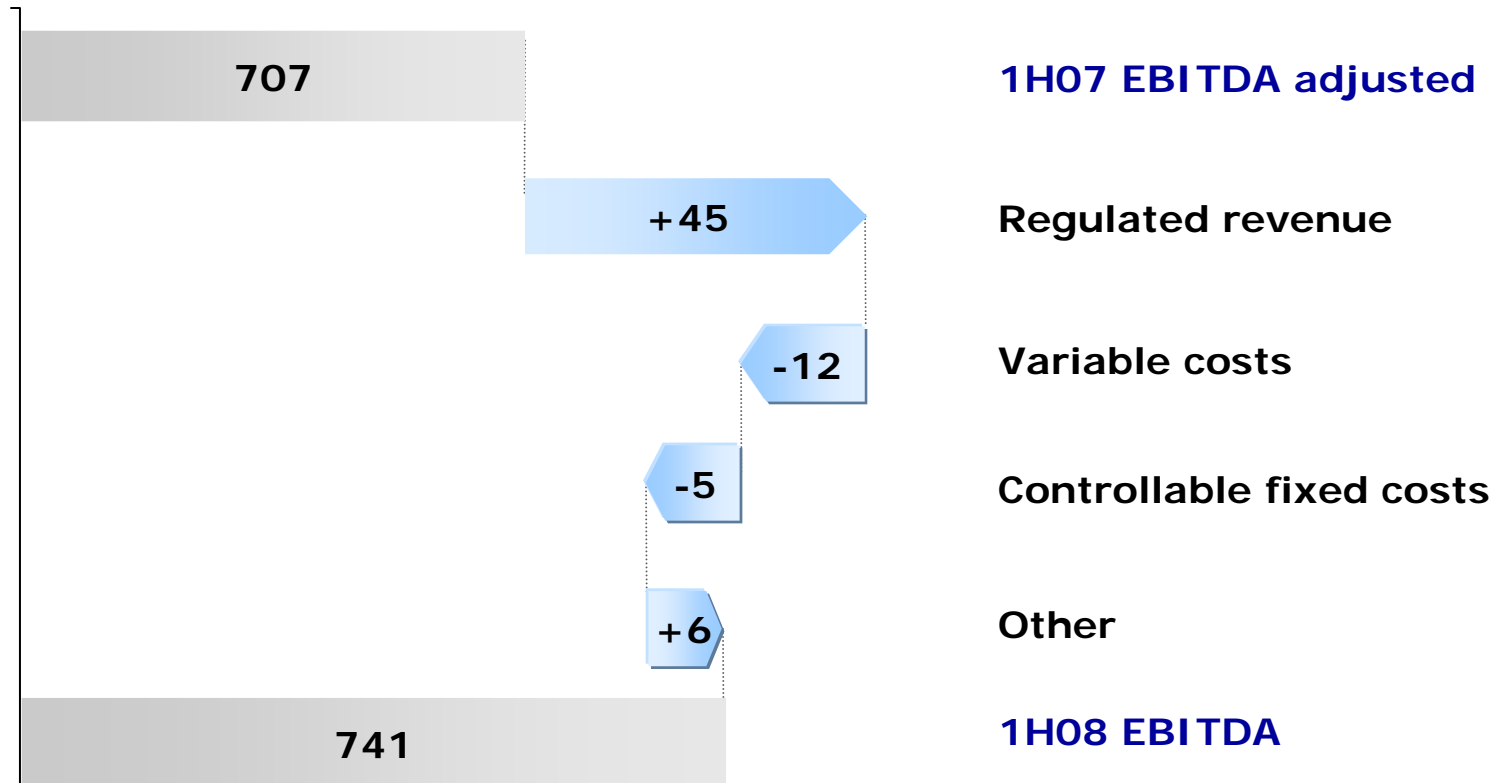
€m

	1 H 2007	1 H 2008	Change
<b>Regulated activities</b>	<b>177</b>	<b>198</b>	<b>+21</b>
Controllable fixed costs	102	107	+5
Variable costs	53	65	+12
Other	22	26	+4
<b>Non regulated activities</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>TOTAL COSTS</b>	<b>178</b>	<b>199</b>	<b>+21</b>
Adjustment for non recurring items	2	-	-2
<b>TOTAL ADJUSTED COSTS</b>	<b>180</b>	<b>199</b>	<b>+19</b>

# EBITDA Analysis



€m



# Income Statement



€m

	1 H 2007 adjusted*	1 H 2008	Change
Revenue	887	940	+53
Operating expenses	- 180	- 199	-19
<b>EBITDA</b>	<b>707</b>	<b>741</b>	<b>+34</b>
Depreciation & amortisation	- 238	- 241	-3
<b>EBIT</b>	<b>469</b>	<b>500</b>	<b>+31</b>
Net interest income (expenses)	- 100	- 110	-10
<b>EBT</b>	<b>369</b>	<b>390</b>	<b>+21</b>
Income taxes	- 148	- 131	+17
<b>NET PROFIT</b>	<b>221</b>	<b>259</b>	<b>+38</b>

(\*) 2007 figures adjusted for non recurring items

# Balance Sheet



€m

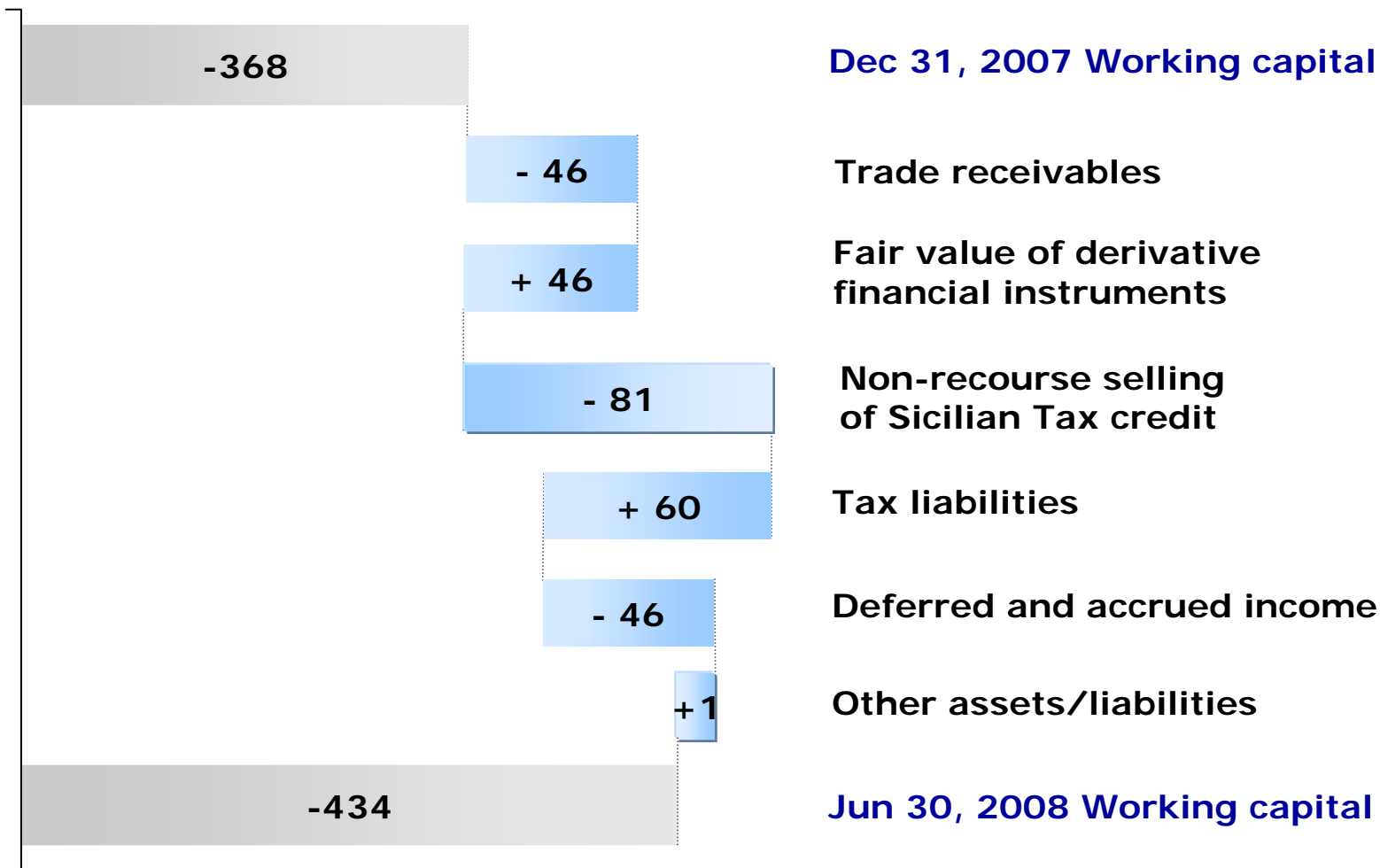
	Dec 31, 2007	Jun 30, 2008	Change
<b>Net Invested Capital</b>	<b>9,389</b>	<b>9,617</b>	<b>+228</b>
<b>Fixed assets</b>	<b>9,786</b>	<b>10,080</b>	<b>+294</b>
Tangible fixed assets	9,745	10,037	+292
Intangible fixed assets	41	43	+2
<b>Net working capital</b>	<b>- 368</b>	<b>- 434</b>	<b>-66</b>
Receivables	685	615	-70
Liabilities	- 1,053	- 1,049	+4
<b>Staff benefits provision</b>	<b>- 29</b>	<b>- 29</b>	<b>-</b>
<b>Net financial debt</b>	<b>5,882</b>	<b>6,046</b>	<b>+164</b>
<b>Shareholders' equity</b>	<b>3,507</b>	<b>3,571</b>	<b>+64</b>
<b>Leverage (D/D+E)</b>	<b>62.6%</b>	<b>62.9%</b>	<b>+0.3%</b>



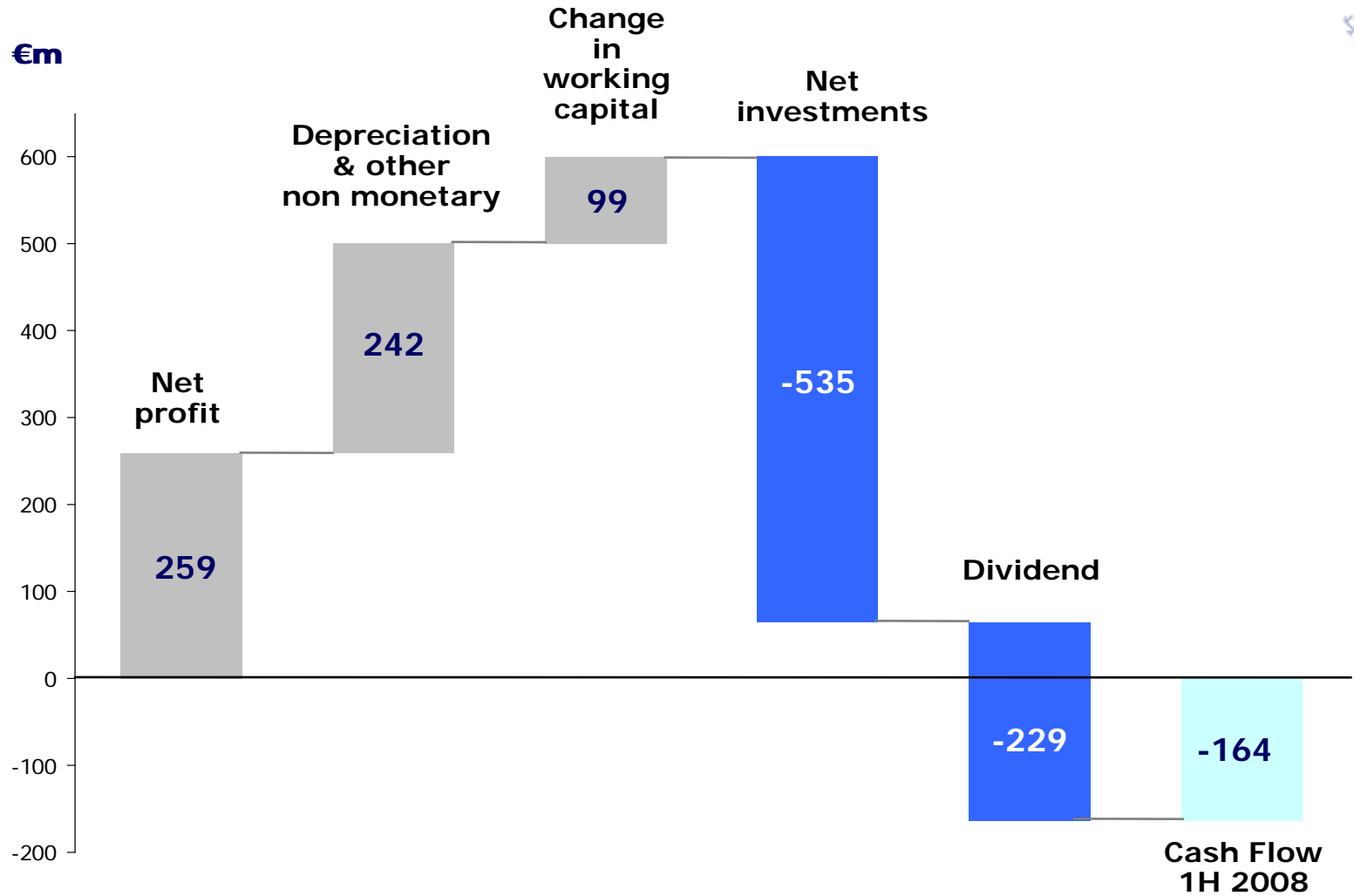
# Net Working Capital Analysis



€m



# Cash Flow





## Q & A Session

---



**Snam**  
Rete Gas

# 2008 Interim Review

Milan, July 29<sup>th</sup>, 2008

