

# snam rete gas



## 2010 3Q Results

Milan, October 27<sup>th</sup>, 2010



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**Highlights**

**2010 3Q Results**

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## Highlights



**Carlo Malacarne**  
Chief Executive Officer

# Confirming Sound Performance & Low risk profile

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## Strong Results

- **Ebit:**  **Up 64.4%** reported  
**Up 19.5%** combined
- **Net income:**  **Up 76.7%** reported  
**Up 24.5%** combined

## Operational & Financial Efficiency

- **Cost savings:** well on track for 2010 target
- **Low cost of debt:** down to 2.8%



## Storage Regulatory & Legislative Framework

- **3rd Regulatory period:** stable & transparent
- **New Ministerial Decree\*:** support Stogit strategy



# Key Facts of the Third Regulatory Period in the Storage Activity

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## Return on RAB

- 6.7% in real terms pre-tax
- 4% premium for 8 years for expansion of existing fields
- 4% premium for 16 years for developing of new fields
- Base rate and premium recognised on spending

## Depreciation

- 60 years fields
- 50 years pipelines
- 20 years compressor stations
- 5 years for ICT system
- No depreciation on gas (as in previous periods)

## Operating costs

- Actual cost of year 2009
- Claw back mechanism: 50% of extra efficiency
- (RPI-X) applied only on opex
  - X-factor determined to transfer extra efficiency in 8 years

## Dismantling costs

- Recognition of a specific revenues component to cover "dismantling fund" costs
- Annual revenues calculated as:  $\left\{ \begin{array}{l} \text{technical appraisal of the fund /} \\ \text{concession life (40 years)} \end{array} \right.$
- Yearly adjusted for inflation

# Impacts of the New Ministerial Decree\* on the Storage Business

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## New Infrastructure

- New storage capacity requirements of 4 Bcm in 5 years
- Development plan proposed by the storage operator and shared with the Ministry (MSE)

## New Services

- Open access to industrial and power generation customers with long-term storage contracts
- Higher flexibility for the market

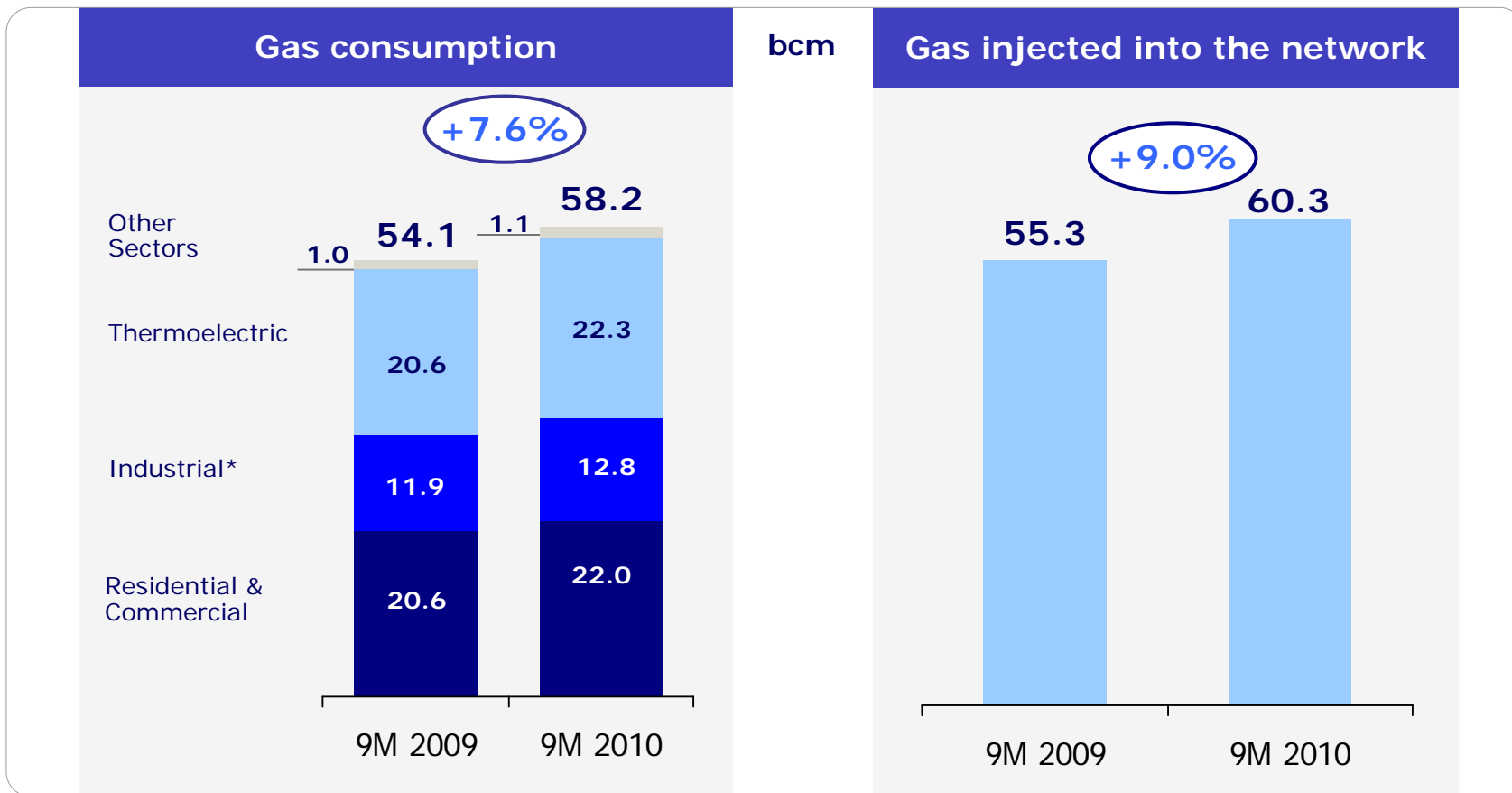
## Regulated regime

- Revenues and tariffs established by the Authority (AEEG)
- Return on new investments defined by the Authority (AEEG)

**Reinforce Stogit investment strategy**



\* D.Lgs 130/2010: "Measures to increase competition in gas natural market"



\* Includes: NGV, Agriculture and Non-Energy Use



# Snam Rete Gas 2010 9M Consolidated Results



		9M 2009	9M 2010	Δ %
<b>REVENUES (*)</b>	(€m)	1,640	2,306	+40.6
<b>EBIT</b>	(€m)	843	1,386	+64.4
<b>EBIT (Combined)</b>	(€m)	1,160	1,386	+19.5
<b>NET PROFIT</b>	(€m)	468	827	+76.7
<b>NET PROFIT (Combined)</b>	(€m)	664	827	+24.5
<b>CAPEX (Combined)</b>	(€m)	1,076	991	-7.9

(\*) 9M 2010 figures do not include the effect of IFRIC 12

Combined figures: the results of Snam Rete Gas, GNL Italia, Italgas and Stogit for the 9M 2009 were aggregated line by line.

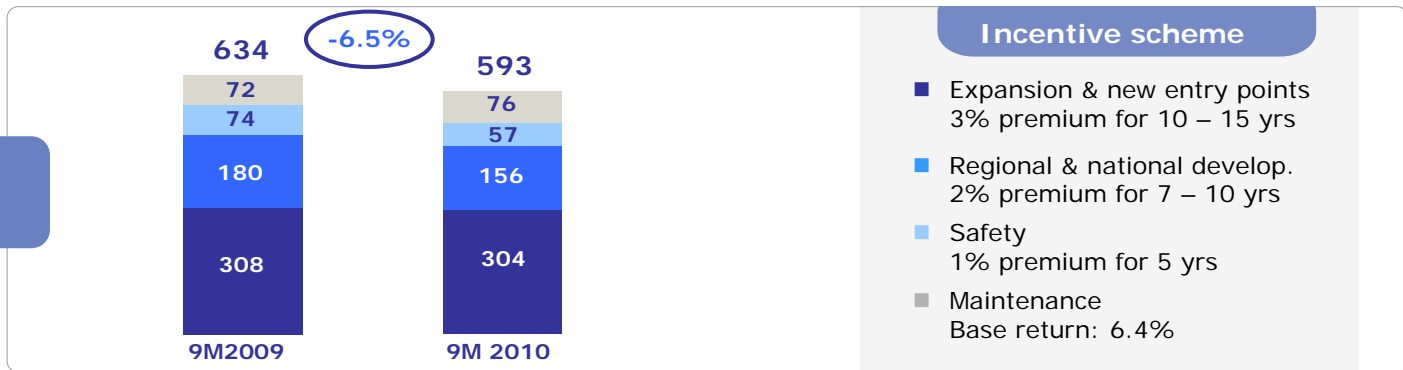


# Capital Expenditure<sup>(\*)</sup>

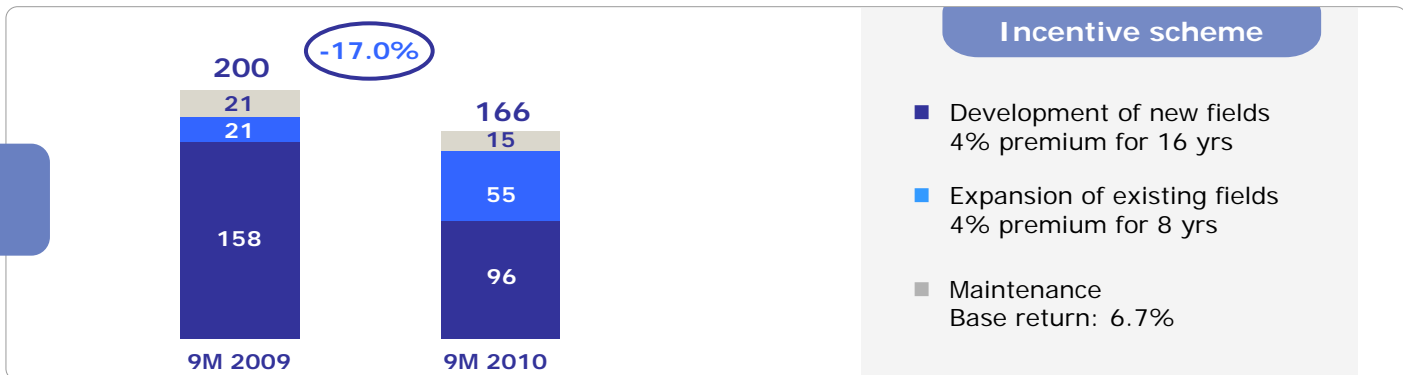


€m

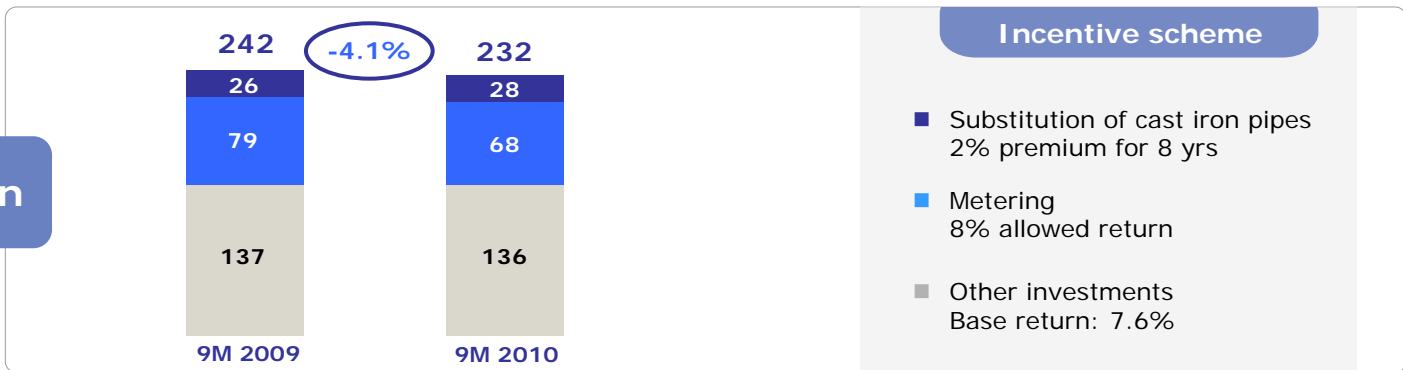
## Transport and LNG



## Storage



## Distribution



\* Gross of subsidies

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## 2010 3Q Results

**Antonio Paccioretti**  
Chief Financial Officer

€m

	9M 2009	9M 2010	Change
Revenues *	1,640	2,306	+666
Operating expenses *	-375	-426	-51
<b>EBITDA</b>	<b>1,265</b>	<b>1,880</b>	<b>+615</b>
Depreciation & amortisation	-422	-494	-72
<b>EBIT</b>	<b>843</b>	<b>1,386</b>	<b>+543</b>
Net interest income (expenses)	-161	-197	- 36
Net income from associates	14	38	+24
<b>EBT</b>	<b>696</b>	<b>1,227</b>	<b>+531</b>
Income taxes	-228	-400	- 172
<b>NET PROFIT</b>	<b>468</b>	<b>827</b>	<b>+359</b>

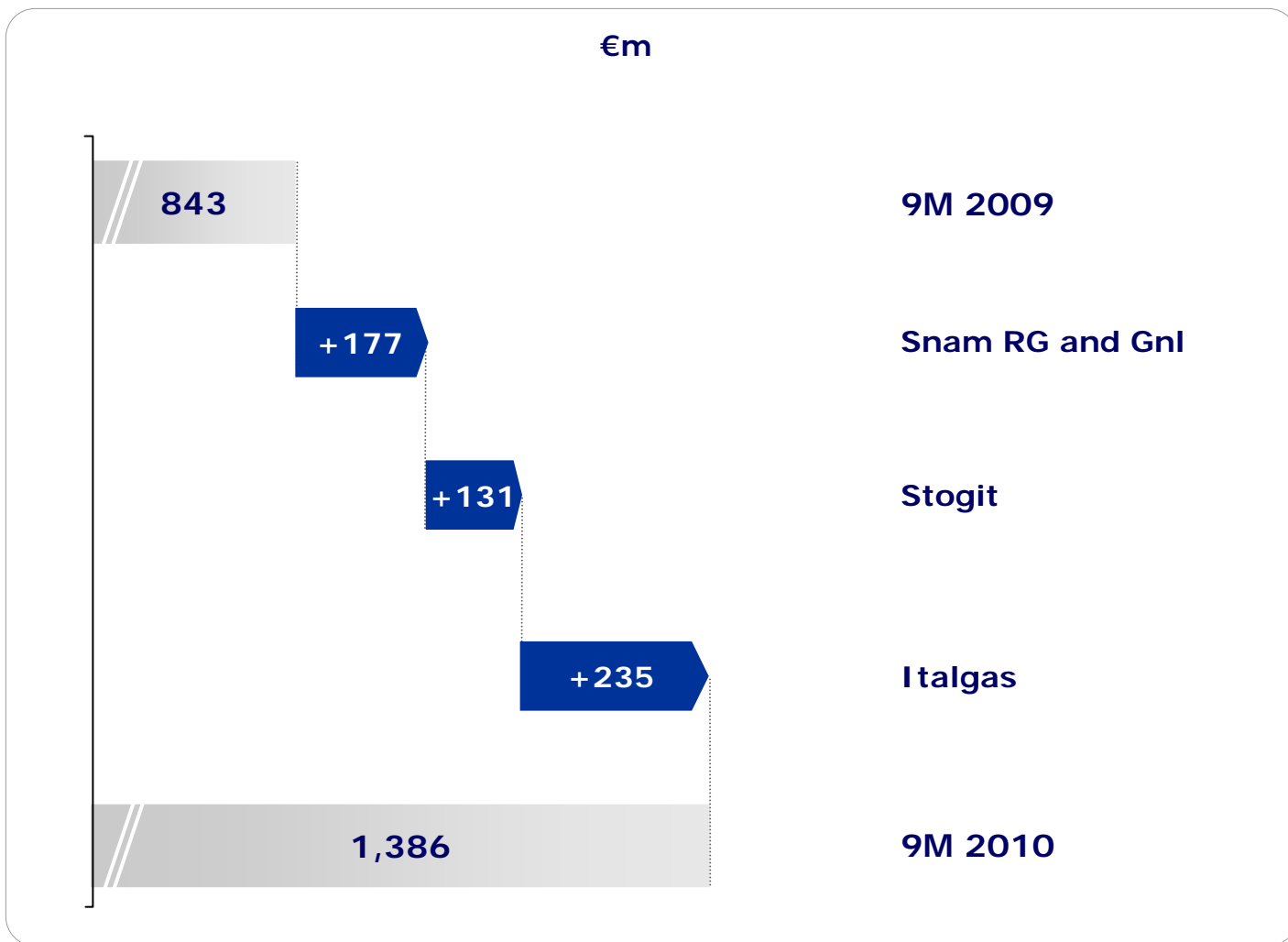
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€m

	9M 2009	9M 2010	Change
<b>Regulated revenues</b>	<b>1,623</b>	<b>2,283</b>	<b>+660</b>
<b>Transport</b>	<b>1,344</b>	<b>1,357</b>	<b>+13</b>
Revenues	1,304	1,305	+1
Pass-through revenues	40	52	+12
<b>LNG</b>	<b>15</b>	<b>18</b>	<b>+3</b>
<b>Storage</b>	<b>68</b>	<b>261</b>	<b>+193</b>
<b>Distribution</b>	<b>196</b>	<b>647</b>	<b>+451</b>
<b>Other revenues</b>	<b>22</b>	<b>40</b>	<b>+18</b>
<b>Consolidation adj. (modulation services)</b>	<b>-5</b>	<b>-17</b>	<b>-12</b>
<b>TOTAL REVENUES</b>	<b>1,640</b>	<b>2,306</b>	<b>+666</b>

# Operating Expenses

€m			
	9M 2009	9M 2010	Change
<b>Regulated activities</b>	<b>372</b>	<b>403</b>	<b>+31</b>
Controllable fixed costs	219	329	+110
Variable costs	92	15	-77
Other	61	59	-2
<b>Non regulated activities</b>	<b>3</b>	<b>23</b>	<b>+20</b>
<b>TOTAL COSTS</b>	<b>375</b>	<b>426</b>	<b>+51</b>
	9M 2009	9M 2010	Change
<b>Transport and LNG</b>	<b>306</b>	<b>202</b>	<b>-104</b>
<b>Storage</b>	<b>14</b>	<b>43</b>	<b>+29</b>
<b>Distribution</b>	<b>60</b>	<b>198</b>	<b>+138</b>
<b>Consolidation adj. (modulation services)</b>	<b>-5</b>	<b>-17</b>	<b>-12</b>
<b>TOTAL COSTS</b>	<b>375</b>	<b>426</b>	<b>+51</b>



€m

	9M 2009	9M 2010	Change
Revenues	1,640	2,306	+666
Operating expenses	-375	-426	-51
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Storage

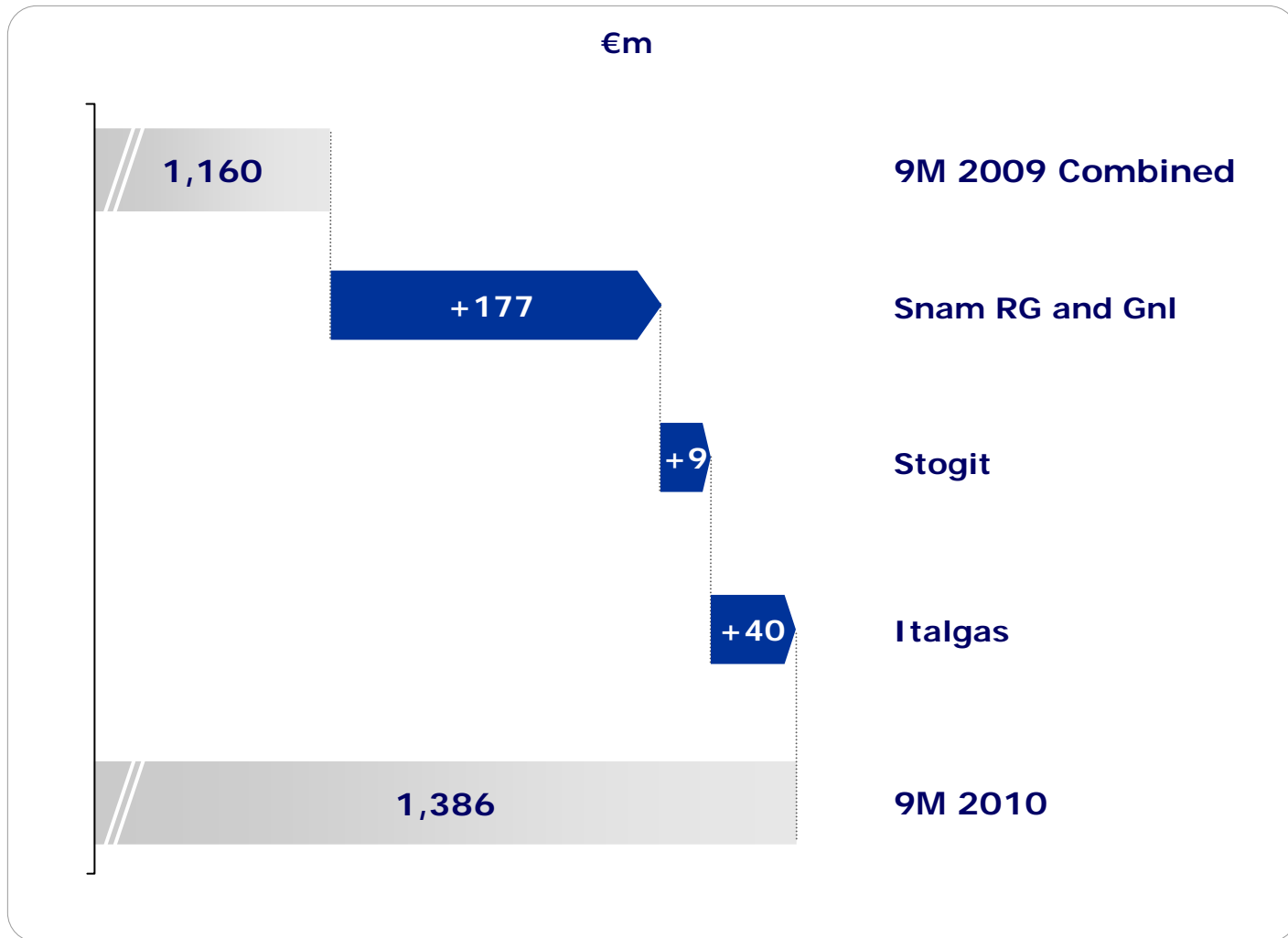
€m

	9M 2009	9M 2010	Δ%
Revenues	252	268	+6.3%
<i>of which: regulated</i>	251	261	+4.0%
<i>other revenues</i>	1	7	<i>n.m.</i>
Operating costs	40	43	+7.5%
EBIT	160	169	+5.6%

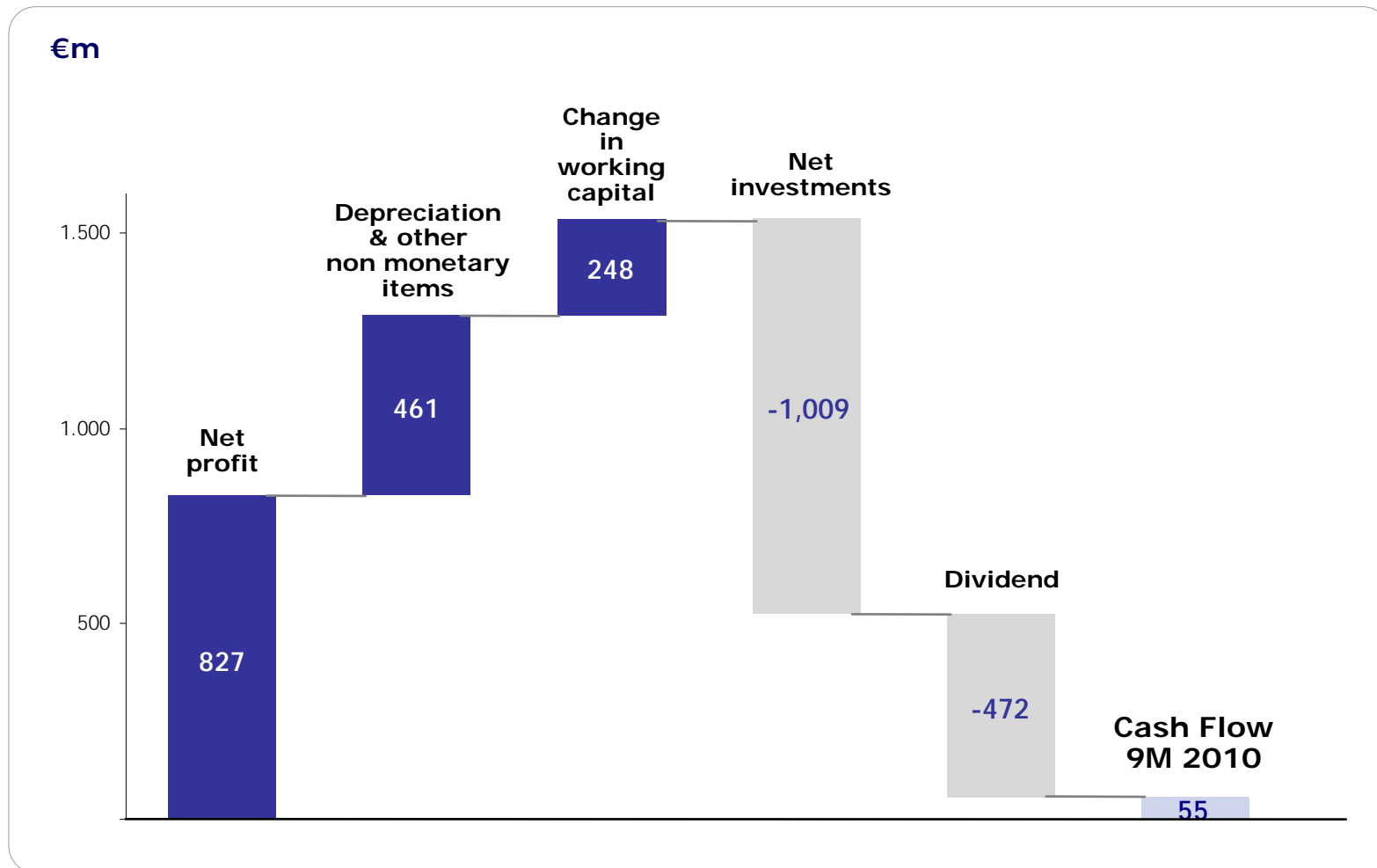
Distribution

	9M 2009	9M 2010	Δ%
Revenues	613	671	+9.5%
<i>of which: regulated</i>	594	647	+8.9%
<i>other revenues</i>	19	24	+26.3%
Operating costs	204	200	-2.0%
EBIT	305	345	+13.1%

# EBIT Analysis 9M 2010 vs 9M 2009 Combined



€m			
	Dec, 31 2009	Sep, 30 2010	Change
<b>Net Invested Capital</b>	<b>15,652</b>	<b>15,592</b>	<b>- 60</b>
<b>Fixed assets</b>	<b>17,077</b>	<b>17,611</b>	<b>+534</b>
Tangible fixed assets	12,694	13,136	+442
Intangible fixed assets	4,082	4,170	+88
Equity-accounted and other investments	301	305	+4
<b>Net working capital</b>	<b>- 1,332</b>	<b>- 1,925</b>	<b>- 593</b>
Receivables	1,315	1,184	- 131
Liabilities	- 2,647	- 3,109	- 462
<b>Staff benefits provision</b>	<b>- 107</b>	<b>- 108</b>	<b>- 1</b>
<b>Assets held for sale</b>	<b>14</b>	<b>14</b>	<b>-</b>
<b>Net financial debt</b>	<b>9,949</b>	<b>9,894</b>	<b>- 55</b>
<b>Shareholders' equity</b>	<b>5,703</b>	<b>5,698</b>	<b>- 5</b>





**Q & A Session**



**Annex**

		9M 2009	9M 2010	Δ %
<b>Transport</b>	■ Gas injected into the network (bcm)	55.3	60.3	+9.0
	■ Gas pipeline network (km in operation)	31,557	31,577	+0.1
<b>Storage</b>	■ Storage capacity (bcm)	13.9	14.2	+1.4
	■ Modulation	8.9	9.2	+3.4
	■ Strategic	5.0	5.0	--
	■ Gas moved through storage system (bcm)	13.35	11.68	-12.5
	■ Injection	7.30	6.84	- 6.3
	■ Withdrawal	6.05	4.84	-20.0
<b>Distribution</b>	■ Gas distributed (bcm)	5.1	5.3	+4.7
	■ Active Gas Metering at redelivery points (# million)	5.74	5.82	+1.4

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