

Financial Markets Review

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Positive performance on the stock markets, mainly affected by an increase in crude oil prices

The Snam stock closed down

Oil prices rose

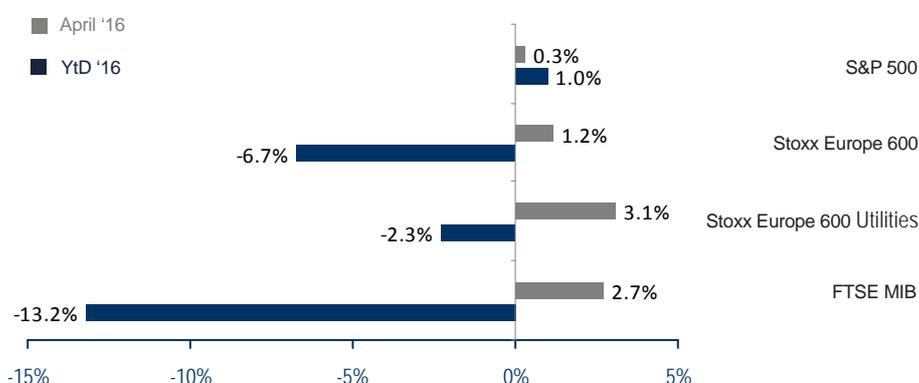
Snam S.p.A. Investor Relations

The financial markets

The stock market registered a positive performance in April, with rises of +0.3% for the US S&P 500, +1.2% for the Stoxx Europe 600, +2.7% for the Italian FTSE MIB and +3.1% for the Stoxx Europe Utilities sector index. The financial markets benefitted from a significant recovery in oil prices and the confirmation of the monetary easing policies by the ECB and the Fed. Furthermore, in Europe the markets were boosted by decreasing tensions in the banking sector. In Italy, the banking sector benefitted from the introduction of a new fund (The Atlas fund) to support banks in difficulty and, in Europe, from the potential adoption of less restrictive regulations for calculating the value of derivatives on the balance sheet.

From a macroeconomic perspective, in the United States (with reference to March's data on a monthly basis) durable goods were up (+0.8), as was the sale of existing households (+5.1%), whilst industrial production was down (-0.6%). GDP growth was

Performance of the main stock indices



Source: Snam on the Bloomberg data

below expectations in the first quarter 2016 (+0.5% on an annualized quarterly basis, the smallest increase in two years). The Fed confirmed the current official interest rate (0.5%). In the Eurozone industrial production slowed down at an aggregate level (-0.8% with reference to February's data on a monthly basis), and in Italy (-0.6%). With reference to April's data, the manufacturing PMI

remained flat (at 51.5 points, from 51.6 the previous month), whilst the German index Zew had a positive performance (11.2 points in April, from 4.3 the previous month). GDP (preliminary) data registered a positive growth in the Eurozone in the first quarter of 2016 (+0.6% on an annualized quarterly basis). The ECB confirmed the current official interest rate (0.0%).

The oil markets

Oil prices rose in April: +19.8% for the U.S. crude benchmark WTI (closing the month at \$45.9/barrel) and +19.7% for the Brent (closing the month at \$46.4/barrel), positively impacted mainly by new falls in the produc-

tion of U.S. shale oil and by the U.S. dollar depreciation. Prices were further supported by the U.S. Energy Information Administration's forecasts which stated that the total U.S. oil production should decrease from an

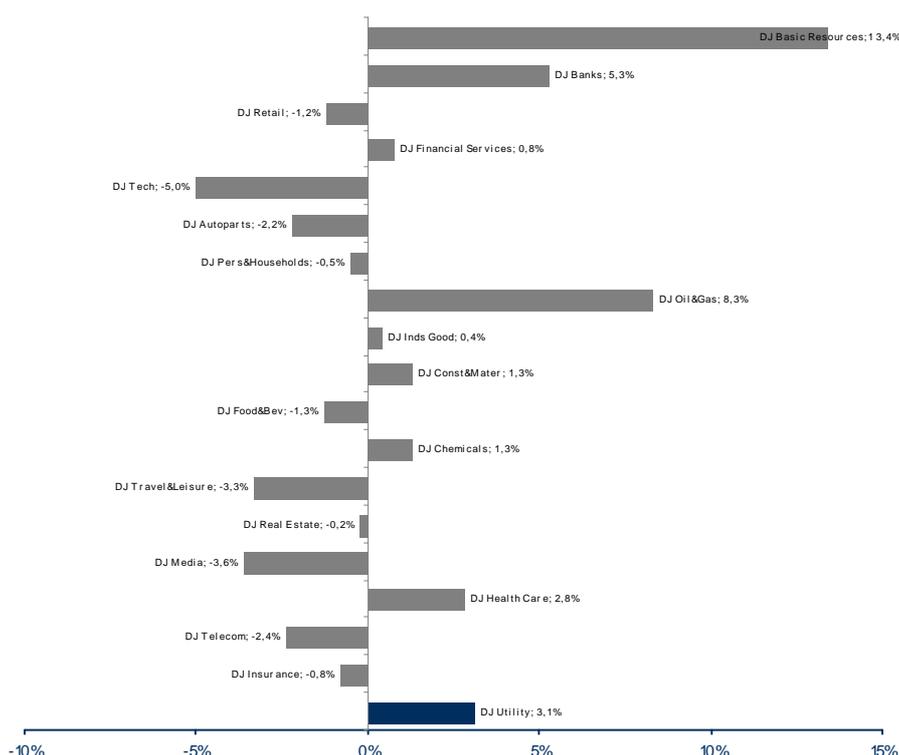
average of 9.4 million of barrel/day (mbd) in 2015, to 8.6 mbd in 2016 and 8.0 mbd in 2017.

Sectors in the Stock markets

The sectors registered a mixed performance in April. Among the sectors that registered a positive performance, the strongest one included the Basic resources sector (+13.4%) and the Oil&Gas sector (+8.3%), which benefitted from the rise in commodities prices and from signs of recovery in Chinese imports, and the Banking sector (+5.3%), thanks to financial measures directed at mitigating some of the major concerns. The Pharmaceutical sector also registered a positive growth, thanks to interesting growth and consolidation prospects.

The worst performing sectors were the technology sector (-5.0%) due to worse-than-expected company results, and the Travel and leisure sector (-3.3%), still penalised by recent terrorist attacks. The Automotive sector also registered a negative trend (-2.2%), following new emission irregularities detected by the German Ministry of Transport for several car manufacturers (in addition to Volkswagen).

Main sector performance, April 2016

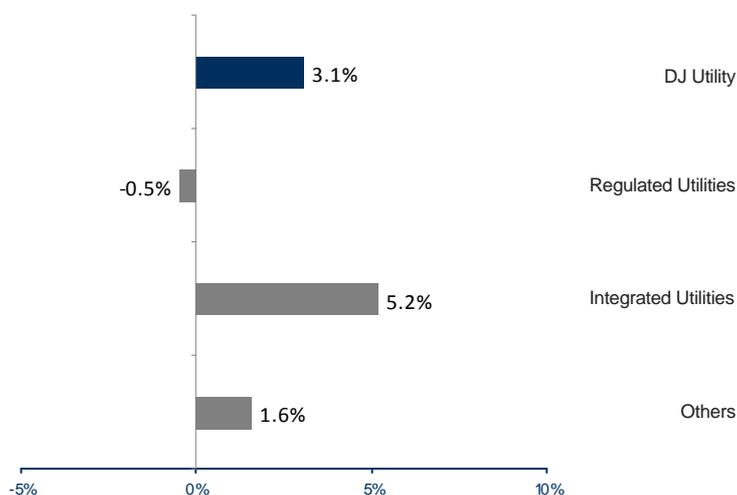


Source: Snam on the Bloomberg data

The Utility sector performance

In April, the utility sector rose 3.1% compared to the close of the previous month. This positive performance was driven mainly by the integrated Utilities (+5.2%), thanks to very positive performances registered by EDF (+27.2%), in connection with the expected price increase in electricity market, by RWE (+14.7%) and by E.ON (+6.8%), which benefitted from recent official estimates on the decommissioning costs of nuclear plants, lower than the provisions made. Also the "Others" utility subsector registered a positive performance (+1.6%), thanks in particular to the overperformance of Drax Group (+17.5%). Regulated companies were down (-0.5%), due to the negative performance registered by Snam (-3.2%) and Terna (-1.8%).

Sector and subsector performance, April 2016



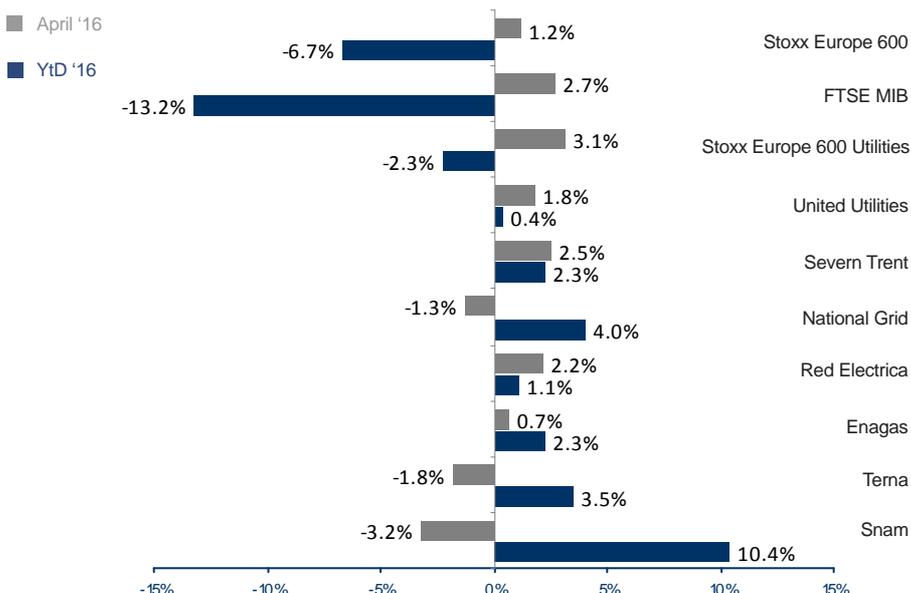
Source: JP Morgan

The Snam shares and its peers in the Stock markets

The Snam share closed the last session of April down -3.2% (at €5.33 per share), in contrast to the sector index and the Italian stock exchange. Following the share outperformance in the first half of the month, it was then impacted in particular by profit takings and by downgrades from a few brokers.

The stock's average daily trading volume in April totalled 13.3 million units, down from 14.5 million of the previous month.

Snam and its peers



Source: Snam on the Bloomberg data

May

Agenda

- 23 Ex-dividend 2015
- 25 Dividend payment 2015

Corporate News

Snam: results for the first quarter of 2016

On 11 May the Snam Board of Directors, chaired by Carlo Malacarne, met to approve the consolidated results for the first quarter of 2016 (unaudited).

Marco Alverà, Snam's CEO, made the following comments on the results:

"As expected, Snam's performance in the first quarter of 2016 reflects the reduction in the weighted average cost of capital for the new regulatory period. The significant cash flow generation from operating activities fully financed our investments in the development of our infrastructure, supporting the European network integration and the wider gas system."

Snam's BoD appoints Marco Alverà as Chief Executive Officer

Snam's Board of Directors, chaired by Carlo Malacarne, on 27 April appointed Marco Alverà as Chief Executive Officer, giving him the powers of administration of the Company excluding the specific attributions reserved by the law, bylaws or by virtue of BoD resolution for the Board or the Chairman, who has a non-executive role.

Snam's Board of Directors has also determined that, with regard to the 9 Directors, the majority of whom are independent (5), there are no causes of ineligibility or incompatibility, and that each of them possess the integrity requirements laid down by current legislation.

Shareholders' Meeting approved the 2015 financial statements and appointed Malacarne as Chairman

Snam's ordinary Shareholders' Meeting, held on 27 April in San Donato Milanese, has approved the financial statements as at 31 December 2015, which ended with a profit of €824,675,951.88. It also established the number of Directors at 9 and appointed the Board of Directors for three financial years (ending on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2018), appointing Carlo Malacarne as Chairman. The Shareholders' Meeting has also approved the allocation of the profit of €824,675,951.88 to the shareholders as a dividend of €0.25 per share; has approved, with a non-binding resolution, the 2016 Remuneration Report; and appointed the Board of Statutory Auditors for three financial years.

Snam and its peers: 1Q 2016 results



On 12th May Snam presented the 1Q 2016 results

Financial Highlights

(million euro)	1Q 2015	1Q 2016	Change
Total revenue	929	852	(8.3%)
EBITDA	717	643	(10.3%)
EBIT	510	429	(15.9%)
Net profit ¹	325	266	(18.2%)
Investments	225	231	+2.7%
Net debt	13,779*	13,543	(1.7%)

¹ Net profit is attributable to Snam.

* Debt at 12.31.2015.

Operating Highlights

(billion cubic meters)	1Q 2015	1Q 2016	Change
Gas injected into the transportation network	16.00	16.50	+3.2%
Available storage capacity	11.4	11.5	+0.9%
Number of active meters (mln)	6.41	6.53	+1.8%



On 4th May Terna presented the 1Q 2016 results

Financial Highlights

(million euro)	1Q 2015	1Q 2016	Change
Total revenue	513	517	+0.8%
EBITDA	402	395	(1.6%)
EBIT	281	264	(6.2%)
Net profit	165	162	(1.8%)
Investments	177	158	(10.7%)
Net debt	8,003*	7,687	(3.9%)

*Debt at 12.31.2015.



On 27th April Red Electrica presented the 1Q 2016 results

Financial Highlights

(million euro)	1Q 2015	1Q 2016	Change
Total revenue	487	488	+0.2%
EBITDA	387	393	+1.4%
EBIT	270	273	+1.1%
Net profit	166	174	+4.6%
Investments	99	277	+179.0%
Net debt	4,906*	5,163	+5.2%

* Debt at 12.31.2015.



On 19th April Enagas presented the 1Q 2016 results

Financial Highlights

(million euro)	1Q 2015	1Q 2016	Change
Total revenue	302	299	(1.2%)
EBITDA	222	207	(6.6%)
EBIT	147	138	(6.3%)
Net profit	101	101	+0.5%
Investments	50	72	+44.0%
Net debt	4,237*	4,146	(2.0%)

* Debt at 12.31.2015.

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