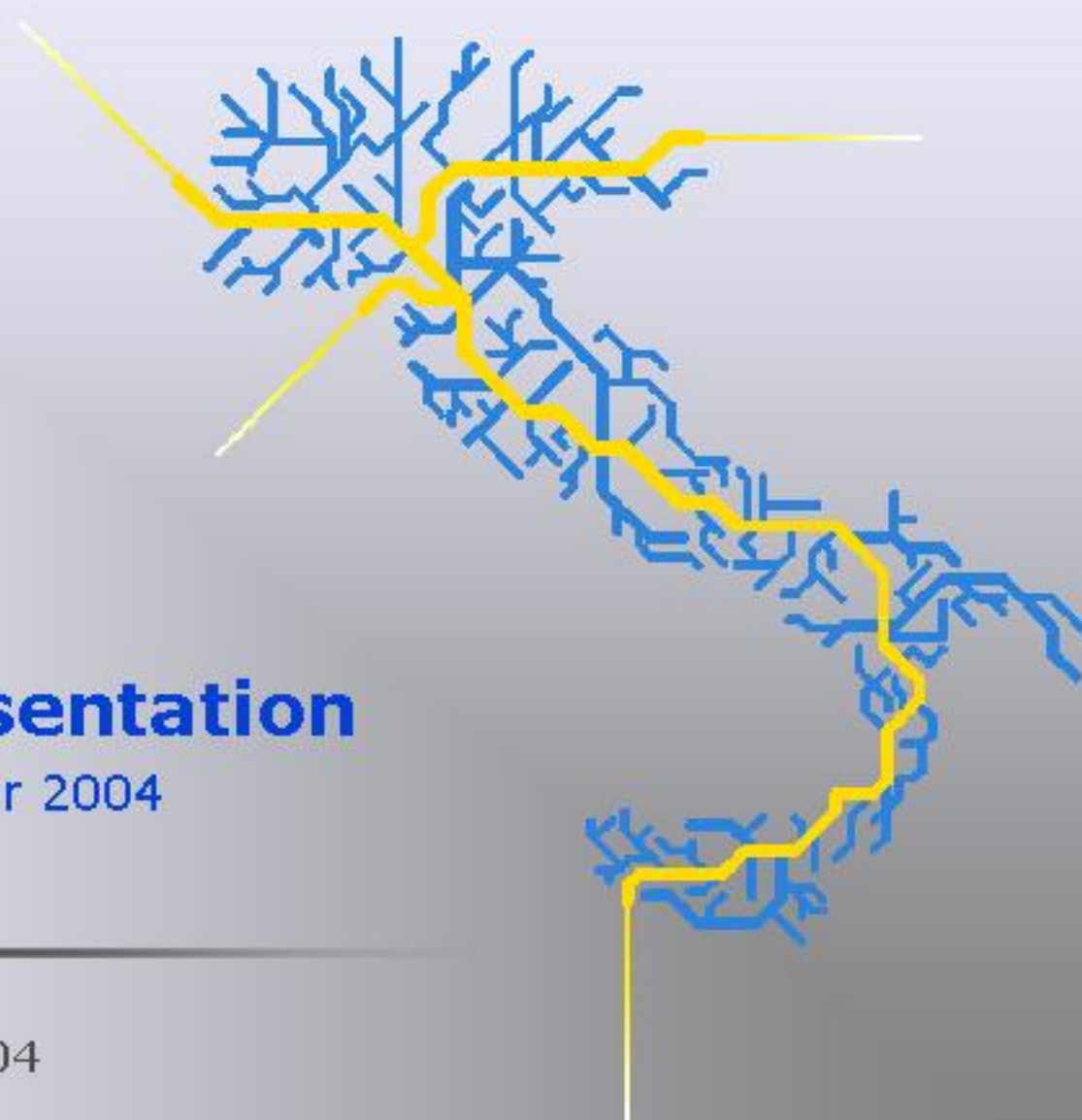




Snam
Rete Gas



Analyst Presentation

First quarter 2004

May 11, 2004



1st Q Highlights

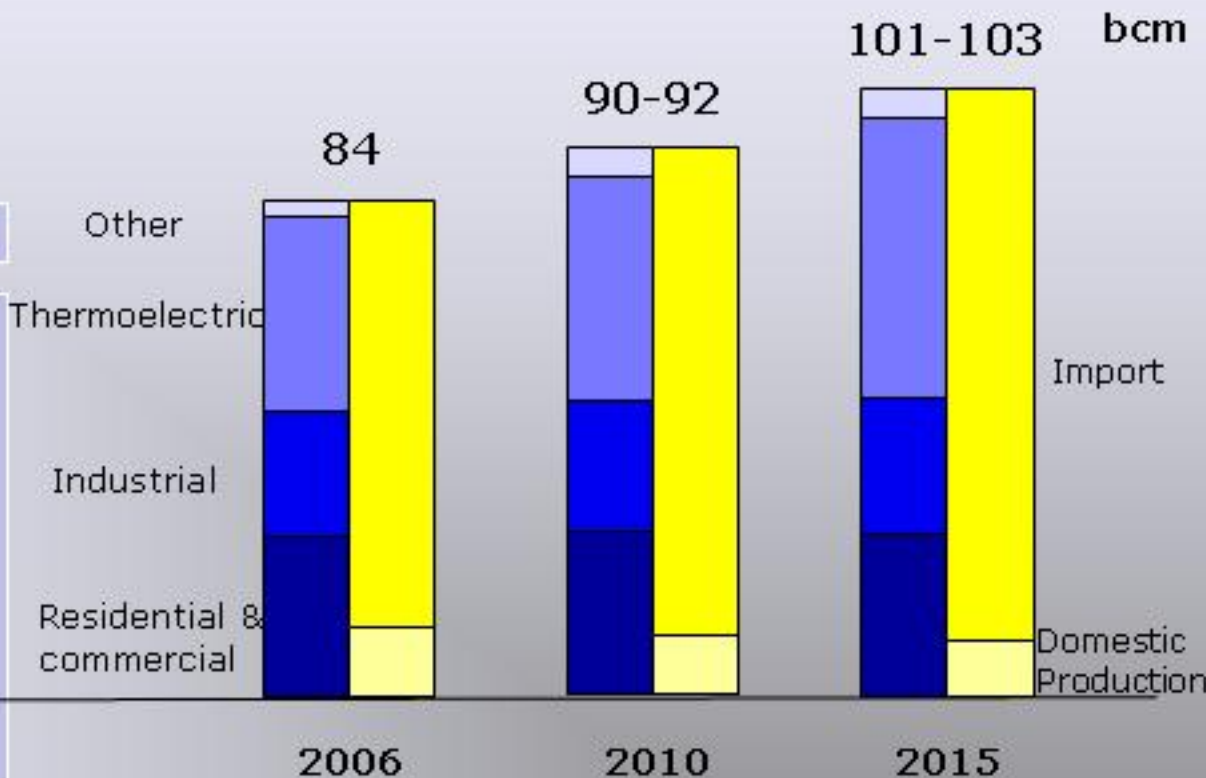
GAS DEMAND

CAPITAL EXPENDITURE

EFFICIENCY



Market Scenario: expected gas demand in Italy



Estimated import increase vs. 2002

≈ 15

≈ 23÷25

≈ 33÷35

Progress on CCGT Programme

27 GW already authorised

8.1 GW in operation/start up

La Casella (Enel)	1.52 GW
Porto Corsini (Enel)	0.76 GW
Pietrafitta (Enel)	0.38 GW
Priolo (Enel)	0.76 GW
Ostiglia (Endesa)	0.76 GW
Sannazzaro (Enipower)	0.78 GW
Ravenna (Enipower)	0.78 GW
Cassano d'Adda (AEM)	0.38 GW
Sermide (Edipower)	1.14 GW
Chivasso (Edipower)	0.38 GW
IPP/Municipalities	0.44 GW

11.5 GW under construction

Edipower	1.5 GW
Endesa	1.5 GW
Enipower	2.2 GW
Tirreno Power	1.1 GW
Edison	2.7 GW
Energia	0.8 GW
IPP/Municipalities	1.7 GW



- 23 GW in operation by 2007
- Further growth later on

Projects for Network Development: in progress and under design



**DEVELOPMENT PROJECTS
UNDER CONSTRUCTION**



PROJECTS UNDER STUDY



Communicated
2004-2007
investment plan

Tariff Proposal
gas year 2004-2005


Further steps towards
secondary organized market





1Q 2004 Financial Results

1Q 2004 Highlights



		1Q03	1Q04	Change
Gas injected in the network	(bcm)	21.9	22.3	+0.4
Capex	(€m)	65	131	+66
Controllable fixed costs	(€m)	58	56	-2
EBITDA	(€m)	363	366	+3
EBIT	(€m)	248	249	+1
Net profit	(€m)	127	135	+8

Volumes

bcm

Residential and Commercial

Industrial

Thermoelectric

Other

Gas consumption (*)

Storage

Other

Gas injected in the network

1Q03

1Q04

Change

13.5

13.5

-

6.5

6.8

+0.3

6.3

7.0

+0.7

0.2

0.2

-

26.5

27.5

+1.0

-4.7

-5.4

-0.7

+0.1

+0.2

+0.1

21.9

22.3

+0.4

(*) Snam Rete Gas estimates

Revenues

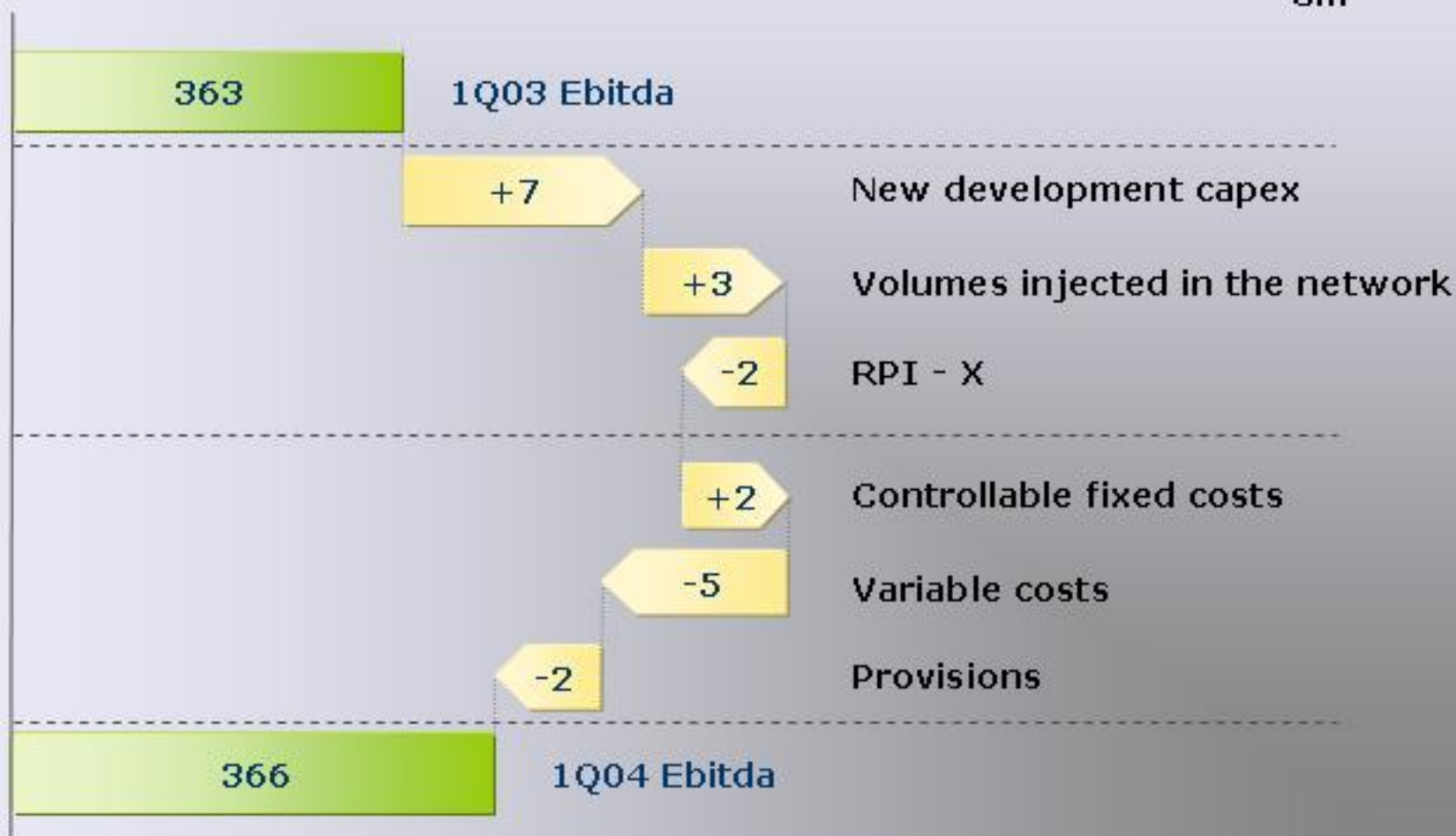
€m	1Q03	1Q04	Change
Regulated revenues	455	455	-
Transport	445	447	+2
Revenues	428	436	+8
Pass-through revenues	17	11	-6
LNG	10	8	-2
Revenues	7	7	-
Pass-through revenues	3	1	-2
Non regulated revenues	4	4	-
TOTAL	459	459	-

Operating Expenses

€m	1Q03	1Q04	Change
Regulated activities	95	92	-3
Controllable opex	72	75	+3
Fixed costs	58	56	-2
Variable costs	14	19	+5
Other	23	17	-6
Non regulated activities	1	1	-
TOTAL	96	93	-3

EBITDA Growth

€m



Income Statement

€m

	1Q03	1Q04	Change
REVENUES	459	459	-
Operating expenses	-96	-93	+3
EBITDA	363	366	+3
Depreciation & Amortisation	-115	-117	-2
EBIT	248	249	+1
Net interest income (expenses)	-35	-28	+7
Extraordinary income (expenses)	-2	-1	+1
EBT	211	220	+9
Income taxes	-84	-85	-1
NET PROFIT	127	135	+8

Balance Sheet

€m

	31Dec 2003		31Mar 2004
Net Invested Capital	8,803	-36	8,767
Fixed assets	9,208	+46	9,254
Tangible fixed assets	9,119	+47	9,166
Intangible fixed assets	89	-1	88
Net working capital	-386	-81	-467
Receivables	416	-6	410
Liabilities	-802	-75	-877
Staff-leaving indemnity	-19	-1	-20
Net financial debt	3,120	-171	2,949
Shareholders' equity	5,683	+135	5,818
Leverage	35.4%	-1.8%	33.6%

CAPEX

€m

	1Q03	1Q04	Change
DEVELOPMENT	45	93	+48
Transportation - national	24	74	+50
Transportation - regional	20	19	-1
LNG	1	-	-1
MAINTENANCE AND OTHER	20	38	+18
TOTAL	65	131	+66

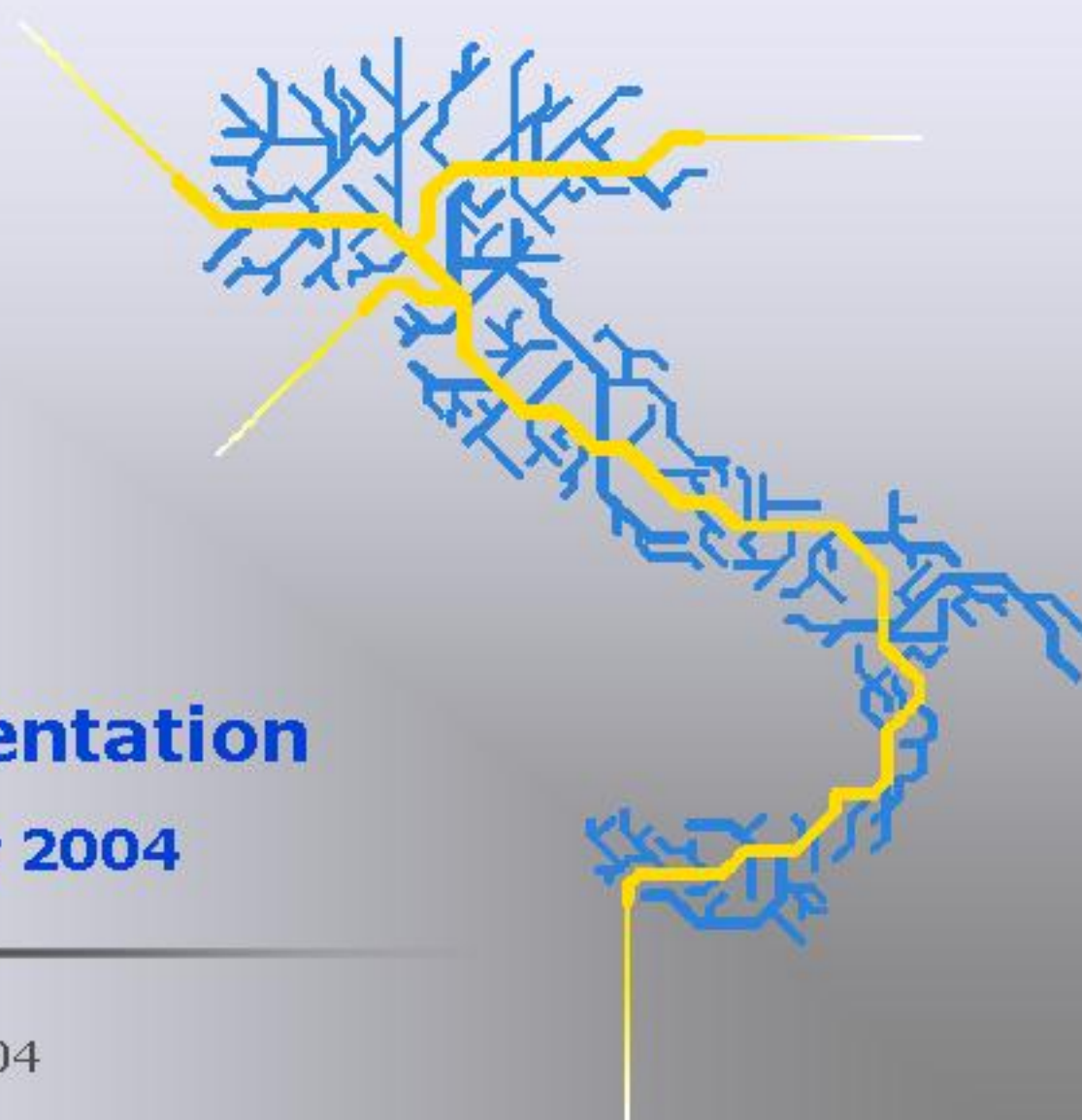
Cash Flow

€m

	1Q03	1Q04	Change
Net income	127	135	+8
Depreciation and other non-monetary items	116	120	+4
Cash flow before change in working capital	243	255	+12
Change in net working capital	124	79	-45
Cash flow from operations	367	334	-33
Net investments	-96	-163	-67
Free cash flow	271	171	-100
Dividends	-	-	-
Cash Flow	271	171	-100



Snam
Rete Gas



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