



2012 Interim Review

Milan, July 31st, 2012

snam.it

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Agenda



Highlights and operational performance

2012 1H Consolidated Results

Highlights and operational performance

Carlo Malacarne

Chief Executive Officer



A Consistently Set of Deliveries...

Solid Results

• Revenues ^(*)	Up 4.8%	↑
• Ebitda	Up 4.5%	↑
• Ebit	Up 2.7%	↑
• Net income	Down 11.8%	↓
• Net debt	€ 11,734 mln	

... in a changing environment

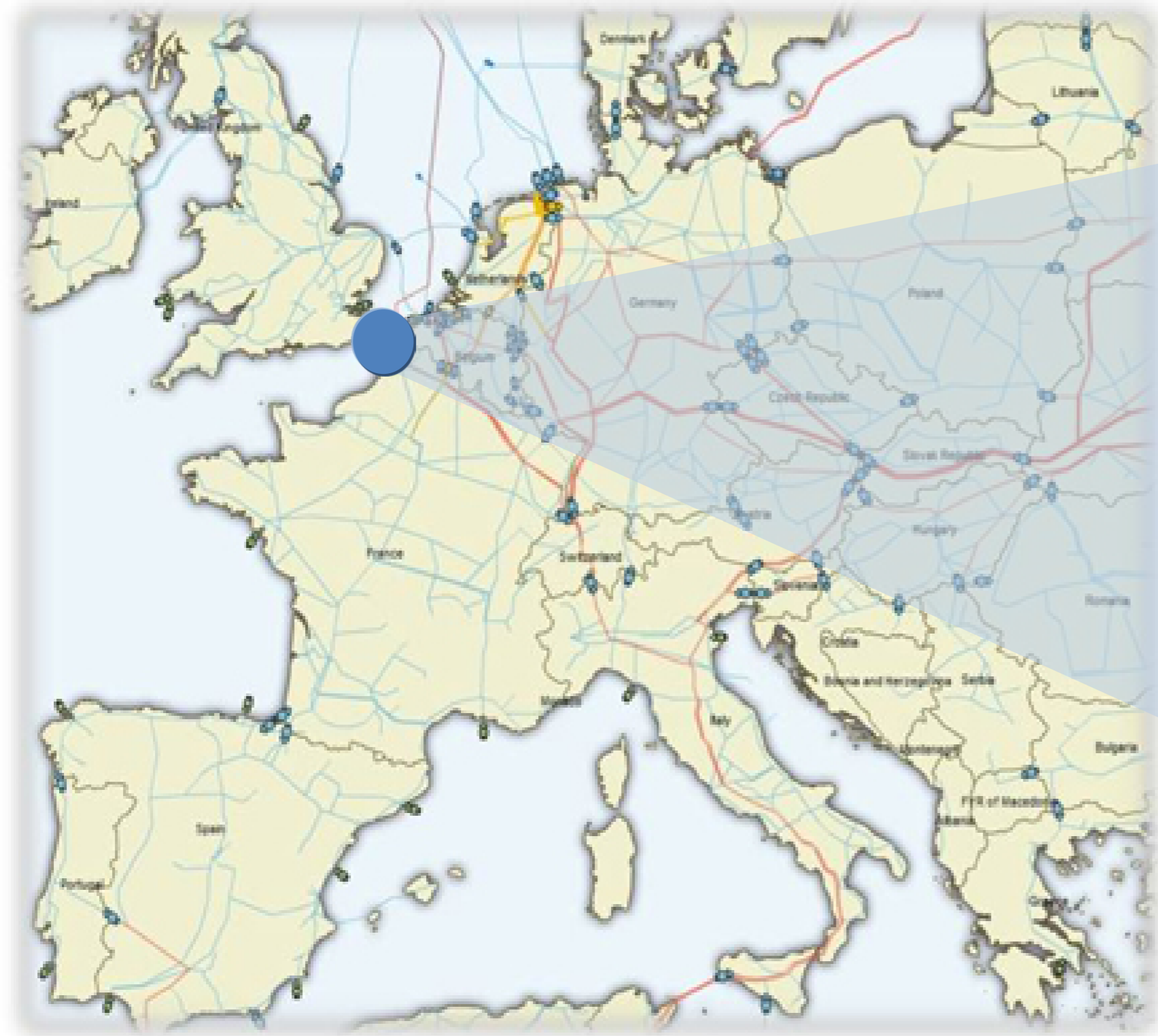
Legislative framework

- Decree of the Prime Minister on May, 25 Ownership unbundling from eni

Refinancing process well on track

- Credit rating: S&P A- ; Moody's Baa1
- M/L banking credit lines signed: €9 bln in pool; €3.2 bln on bilateral basis
- Bond issue: two issues of €1 bln each placed with institutional investors
- Debt repayment to eni : started

The First Steps towards a Key Player in the European Infrastructure Gas Market



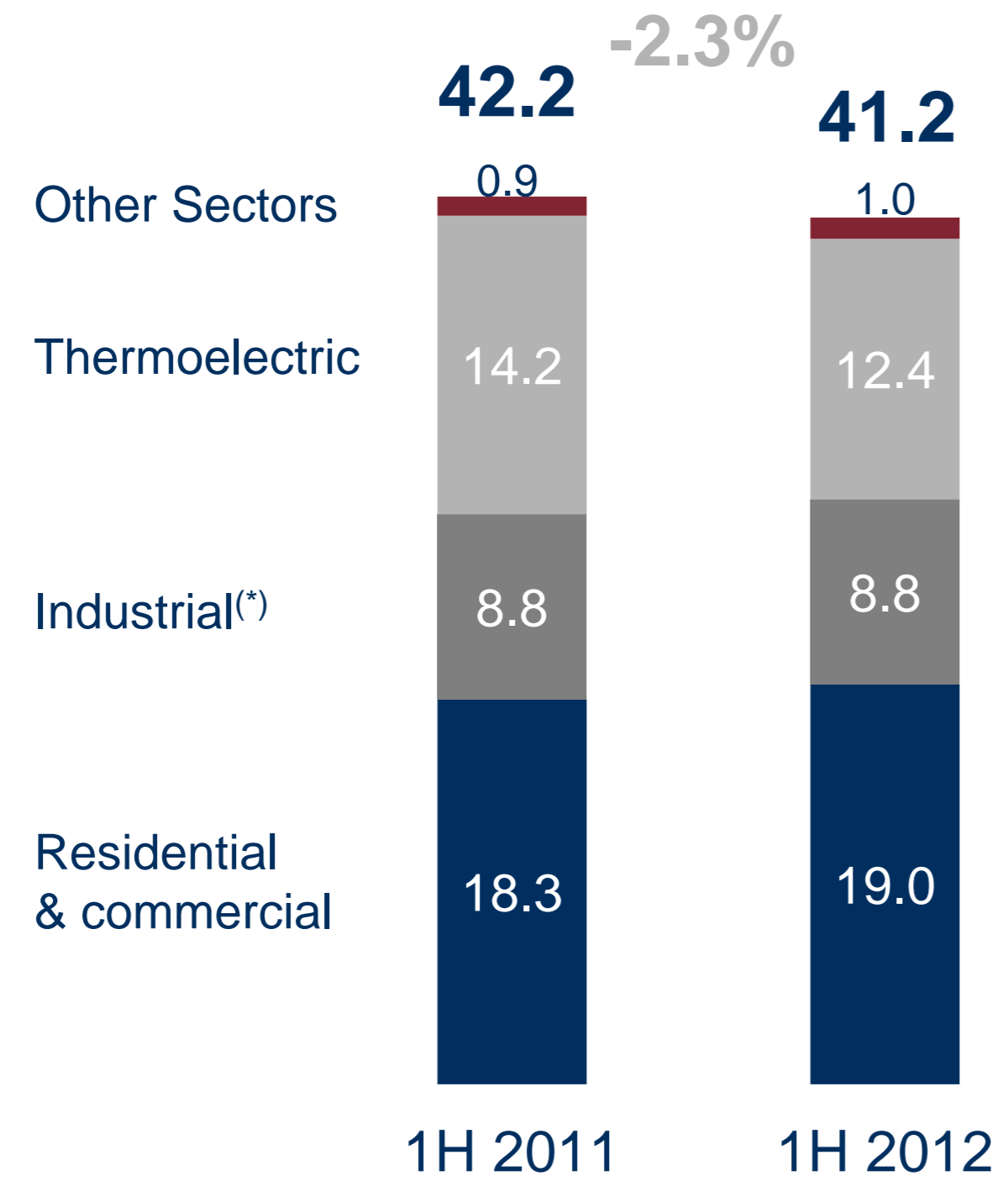
Agreement finalized to Jointly Purchase*

- 31.5% Interests in UK Interconnector
- 51% Interconnector Zeebrugge Terminal
- 10% Huberator

(*) Prior to completion, the transaction requires approval from the relevant authorities.

Italian Gas Market in 1H 2012

Gas Consumption



Gas injected into the network



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

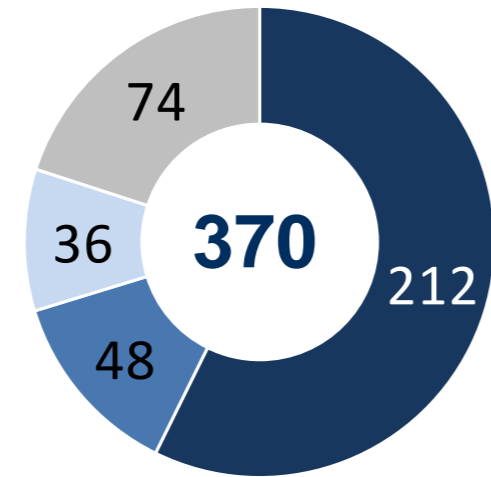
Source Italian Ministry of Economic Development and SRG estimates



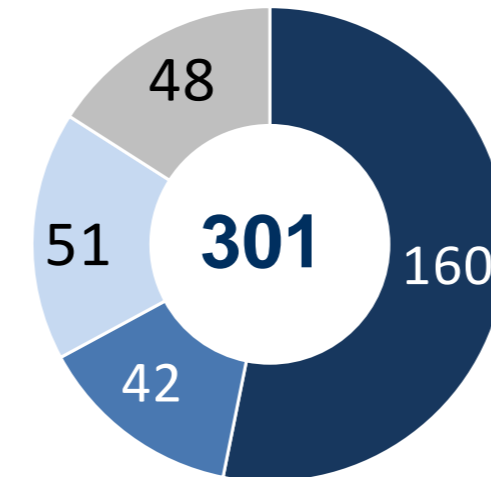
Capital Expenditure*

[€m]

Transport and LNG



1H 2011

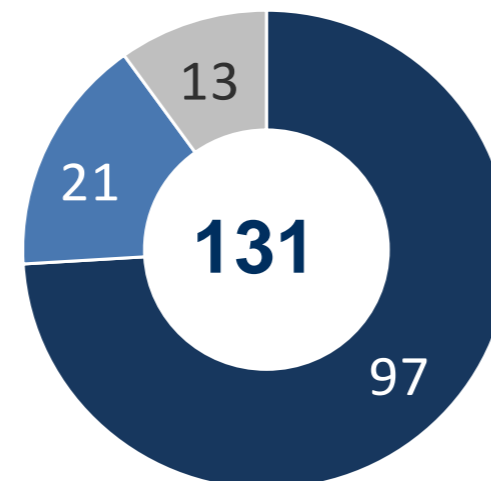


1H 2012

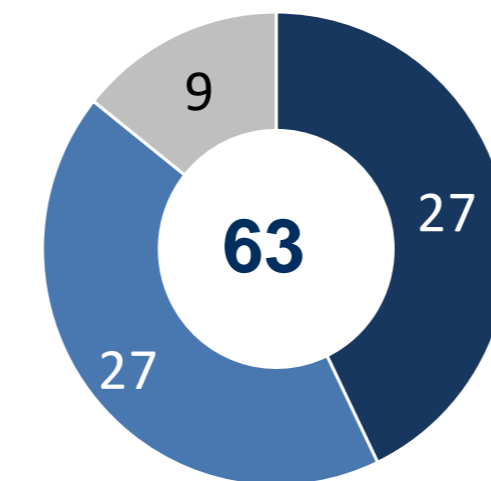
Incentive scheme

- Expansion & new entry points: 3% premium for 10 – 15 yrs
- Regional & national development: 2% premium for 7 – 10 yrs
- Safety: 1% premium for 5 yrs
- Maintenance: Base return: 6.4%

Storage



1H 2011

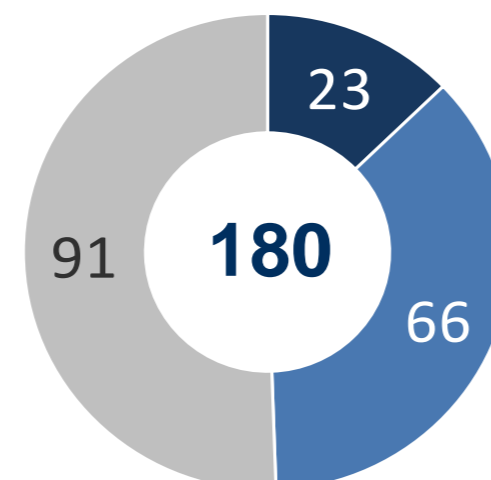


1H 2012

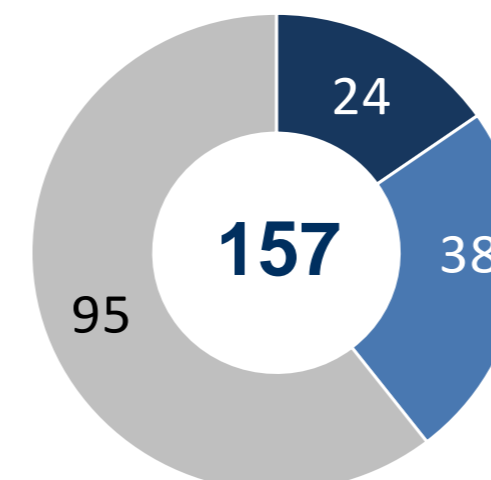
Incentive scheme

- Development of new fields: 4% premium for 16 yrs
- Expansion of existing fields: 4% premium for 8 yrs
- Maintenance: Base return: 6.7%

Distribution



1H 2011



1H 2012

Incentive scheme

- Substitution of cast iron pipes: 2% premium for 8 yrs
- Metering: 8% allowed return
- Other investments: Base return: 7.6%



(*) Gross of subsidies. In 1H 2012 capex for €3 million was carried out by Snam S.p.A.

Delivering shareholder return

INTERIM DIVIDEND

2012 Interim Dividend
0.10 €/share

Payable from October 25th 2012*

* Ex dividend date October 22nd 2012

Confirming 2012 DPS 4% increase

2012 SHAREHOLDER RETURN

2011 Final Dividend	May 24 th 0.14 €/ share	0.47 €billion
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2012 Interim Dividend	October 25 th 0.10 €/ share	0.34 €billion
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		=
2012 Overall cash distribution		0.81 €billion

Yield**

~7%

** Overall cash distribution/ 1H 2012 average market cap (net of treasury shares)

Robust shareholder return in a growing business
DPS sustainable with a sector leading yield



Committed to a sustainable and value creating strategy

Regulated business risk profile...

Long term capex execution in Italy with a strong track record in delivery

Driving profitable long term growth

Foster European network integration

Optimising investments in Italy leveraging a supportive European framework, with strict financial discipline and better risk diversification

Preserve solid capital structure

Sustainable return policy and investment plan consistent with Net Debt/RAB target of 50-55%

Deliver efficiency

Focused on pursuing economic and financial outperformance

Allow a well balanced delivery to all stakeholders

Building the conditions for a constructive and stable environment to drive further value creation

... in the context of a robust balance sheet

2012 1H Consolidated Results

Antonio Paccioretti

Chief Financial Officer



Income statement

€m

	1H 2011	1H 2012	Change
Revenues (*)	1,594	1,716	+122
Operating expenses (*)	- 294	- 358	-64
EBITDA	1,300	1,358	+58
Depreciation & amortisation	- 314	- 345	-31
EBIT	986	1,013	+27
Net interest income (expenses)	- 145	- 167	-22
Net income from associates	28	24	-4
EBT	869	870	+1
Income taxes	- 293	- 362	-69
NET PROFIT	576	508	-68

(*) do not include the effect of IFRIC 12.

Revenues

€m

	1H 2011	1H 2012	Change
Regulated revenues	1,579	1,700	+121
Transport	935	1,000	+65
Revenues	893	912	+19
Pass-through revenues	42	88	+46
LNG	12	11	-1
Storage	192	215	+23
Distribution	440	474	+34
Other revenues	32	36	+4
Consolidation adj. (<i>modulation services</i>)	- 17	- 20	-3
TOTAL REVENUES	1,594	1,716	+122

Operating expenses

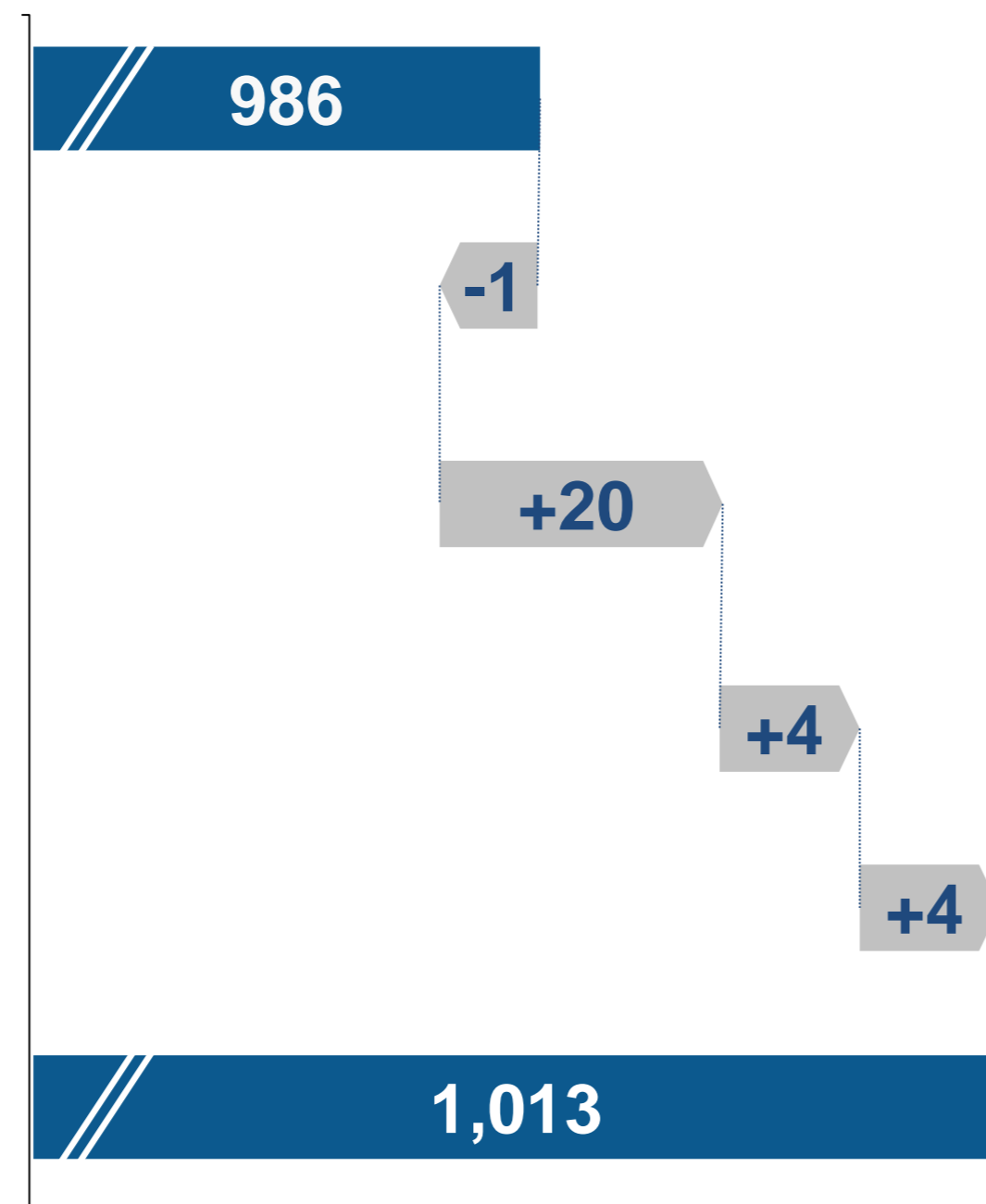
€m

	1H 2011	1H 2012	Change
Regulated activities	281	332	+51
Controllable fixed costs	216	230	+14
Variable costs	8	54	+46
Other	57	48	-9
Non regulated activities	13	26	+13
TOTAL COSTS	294	358	+64

	1H 2011	1H 2012	Change
Transport and Lng	155	201	+46
Storage	29	30	+1
Distribution	127	147	+20
Consolidation adj. (<i>modulation services</i>)	-17	-20	-3
TOTAL COSTS	294	358	+64

EBIT analysis

€m



1H 2011

SNAM RG & LNG

STOGIT

ITALGAS

SNAM

1H 2012

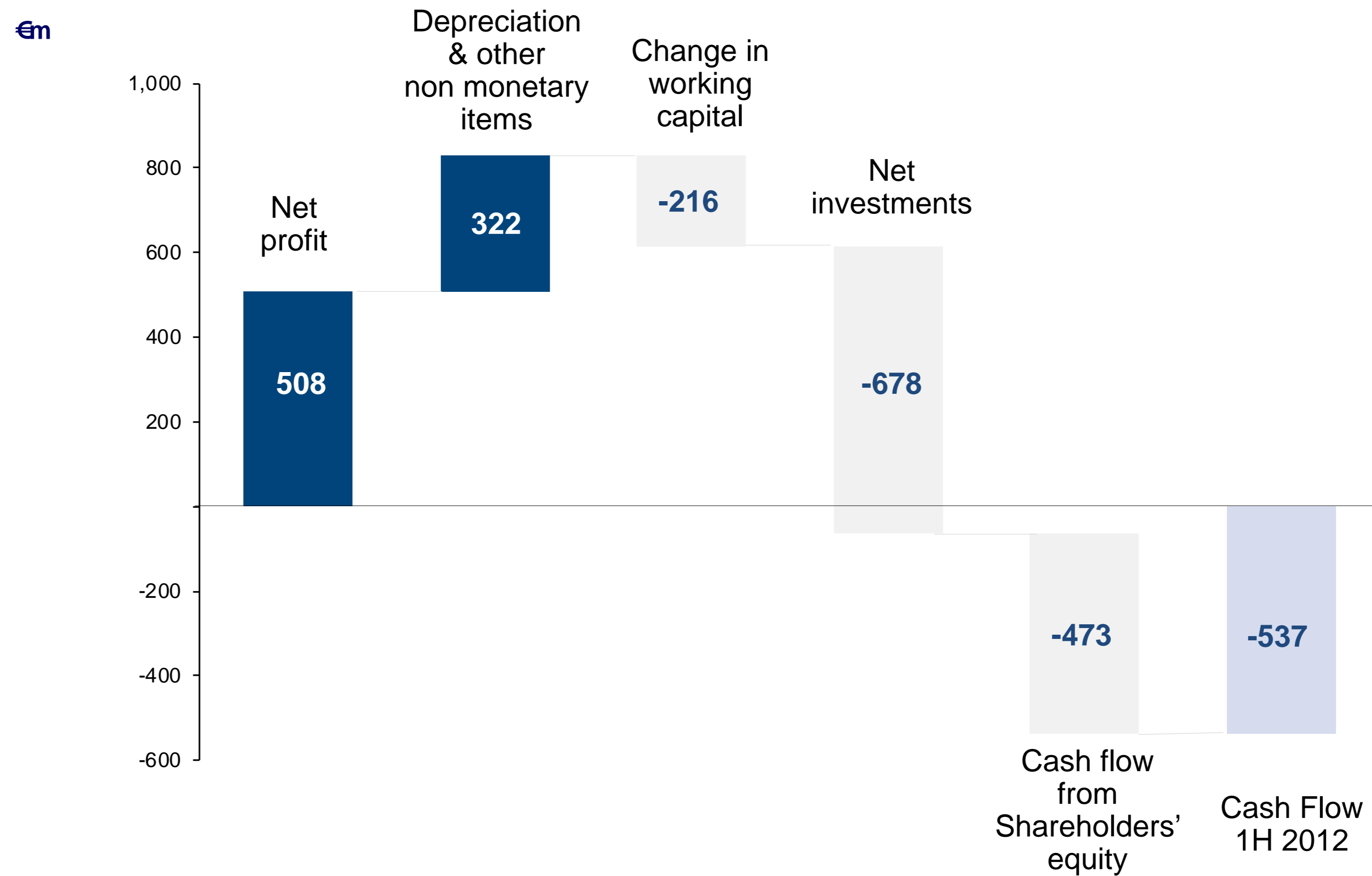
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Cash flow



Balance sheet

€m

	Dec, 31 2011	Jun, 30 2012	Change
Net Invested Capital	16,989	17,529	+540
Fixed assets	18,778	19,185	+407
Tangible fixed assets	14,015	14,382	+367
Intangible fixed assets	4,444	4,493	+49
Equity-accounted and other investments	319	310	- 9
Net working capital	- 1,698	- 1,560	+138
Receivables	1,782	2,393	+611
Liabilities	- 3,480	- 3,953	- 473
Staff benefits provision	- 107	- 108	- 1
Assets held for sale	16	12	- 4
Net financial debt	11,197	11,734	+537
Shareholders' equity	5,792	5,795	+3

Snam refinancing process

**February 2012:
Launch of refinancing process with 4 main goals**

Credit Rating



- Standard & Poor's: A-
- Moody's: Baa1

EMTN Program / Bond issue



- EMTN program approved
- 2 Bond issues executed in July for a total amount of 2 bln €

Banking facilities



- 9 bln € pool financing signed
- ~ 3.2 bln € bilateral facilities signed
- ~ 0.3 bln € bilateral facilities underwritten

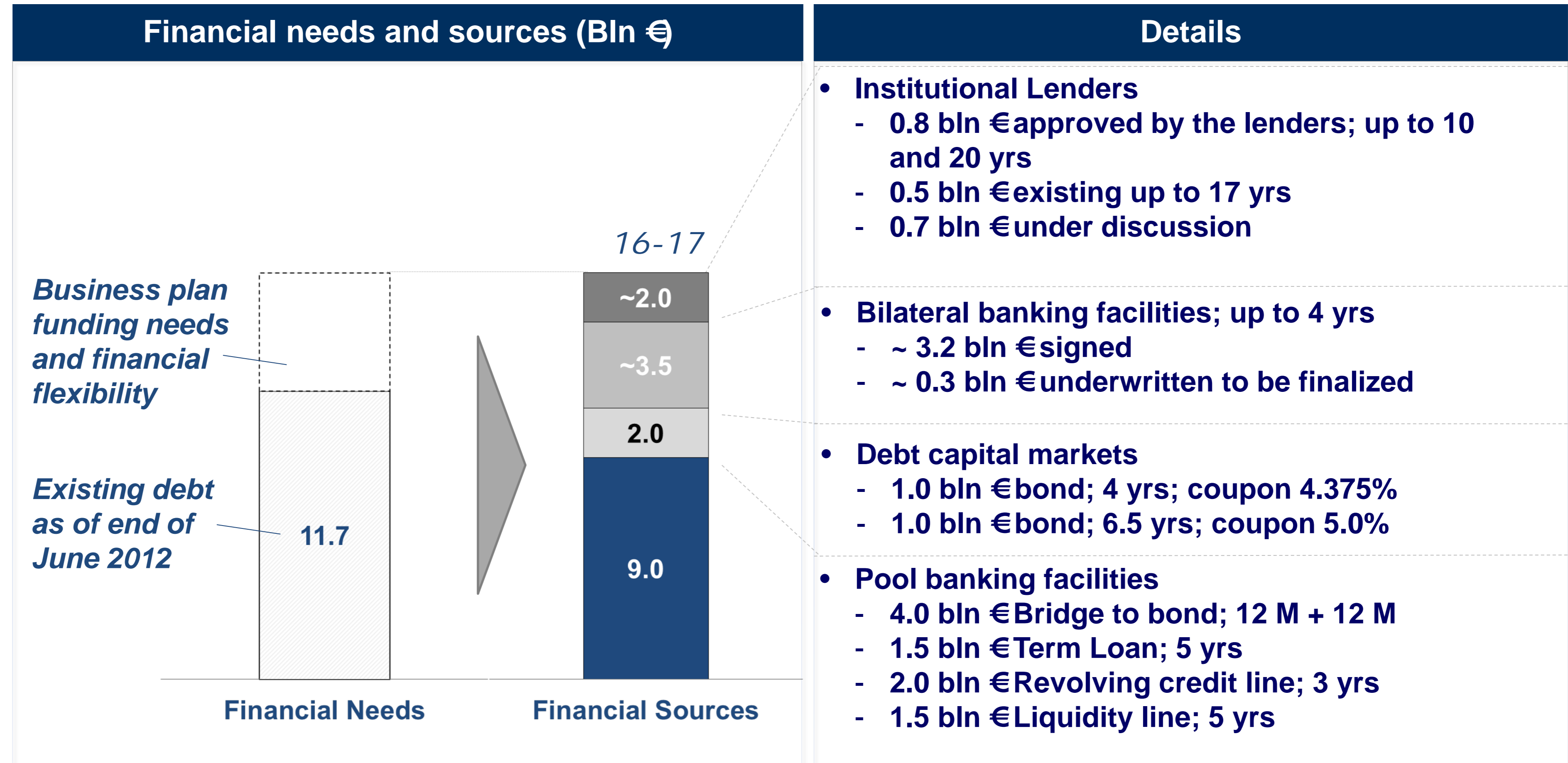
Institutional lenders financing



- 0.8 bln € approved by lenders
- 0.5 bln € existing

**July 2012:
Targets achieved enabling full financial independence**

Snam financial structure





Q & A Session



Annex

Operational Data

		1H 2011	1H 2012	Δ %
Transport	Gas injected into the network (bcm)	41.9	40.9	-2.5
	Gas pipeline network (km in operation)	31,716	32,108	+1.2
Storage	Storage capacity (bcm)	15.0	15.7	+4.7
	•Modulation (*)	10.0	11.2	+12.0
	•Strategic	5.0	4.5	--
	Gas moved through storage system (bcm)	8.37	9.67	+15.5
	•Injection	4.05	4.74	+17.0
	•Withdrawal	4.32	4.93	+14.1
Distribution	Gas distributed (bcm)	4.42	4.55	+2.9
	Active Gas Metering at redelivery points (# million)	5.87	5.91	+0.6



(*) Available capacity



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