



# 2012 3Q Results

Milan, October 26<sup>th</sup>, 2012

[snam.it](http://snam.it)

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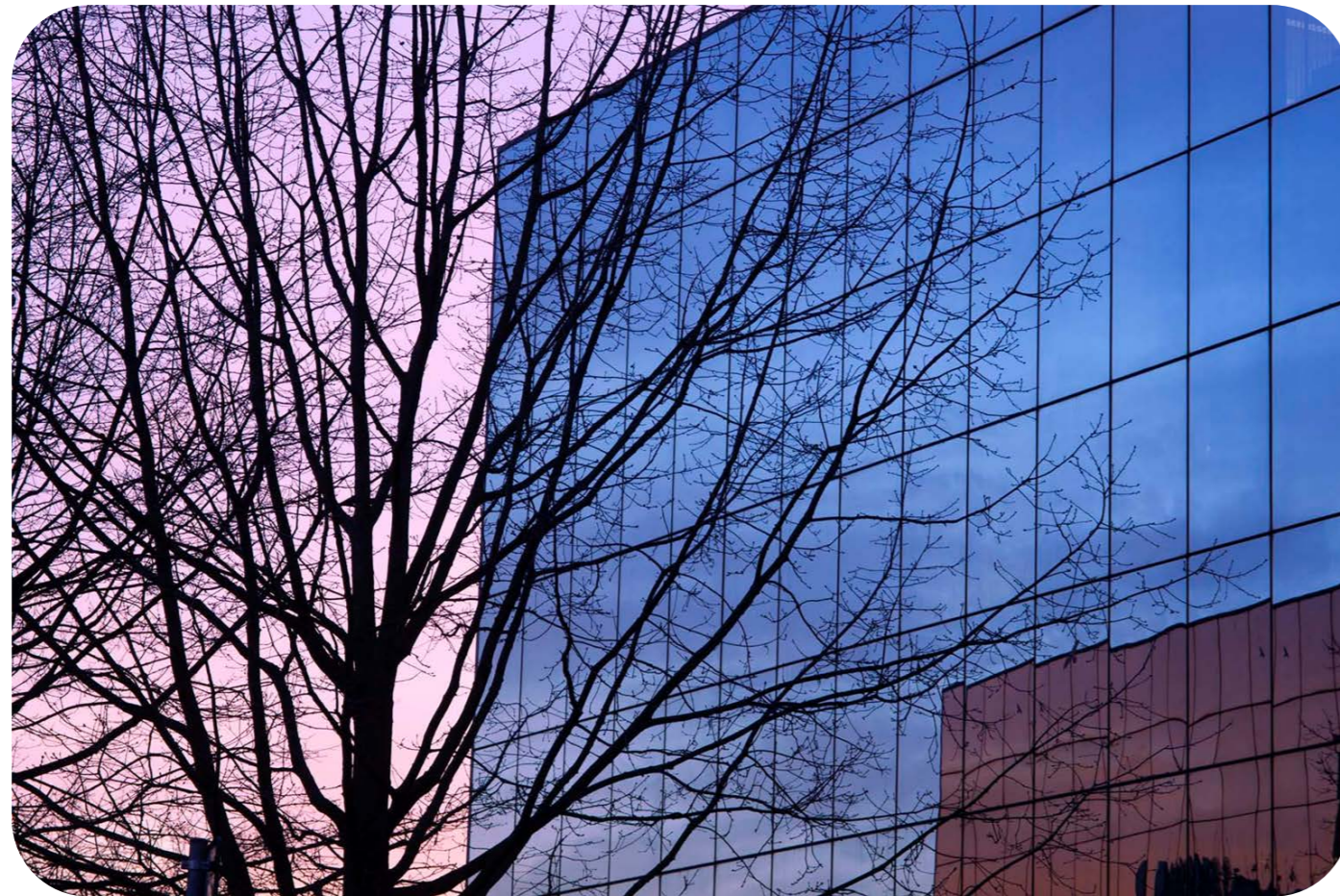
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# Agenda



Highlights and operational performance

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2012 3Q Consolidated Results

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# Highlights and operational performance

**Carlo Malacarne**

Chief Executive Officer



## A Consistently Set of Deliveries...

### Solid Results

• Revenues <sup>(*)</sup>	Up 3.5%	↑
• Ebitda	Up 4.6%	↑
• Ebit	Up 3.1%	↑
• Adj Net income	Down 1.6%	↓
• Net debt	€ 12,097 mln	



(\*) Net of pass - through

... in a changing business environment

### **New corporate governance**

- Ownership unbundling from eni

completed with the sale of 30% of Snam shares to CDP

### **Full financial independence**

- Outstanding banking facilities:
- Bond issue:
- Institutional lenders:
- Debt repayment to eni :

€ 10 bln

€ 4.5 bln

€ 0.8 bln

completed

### **International developments**

- Completion of IUK acquisitions

31.5% in UK Interconnector

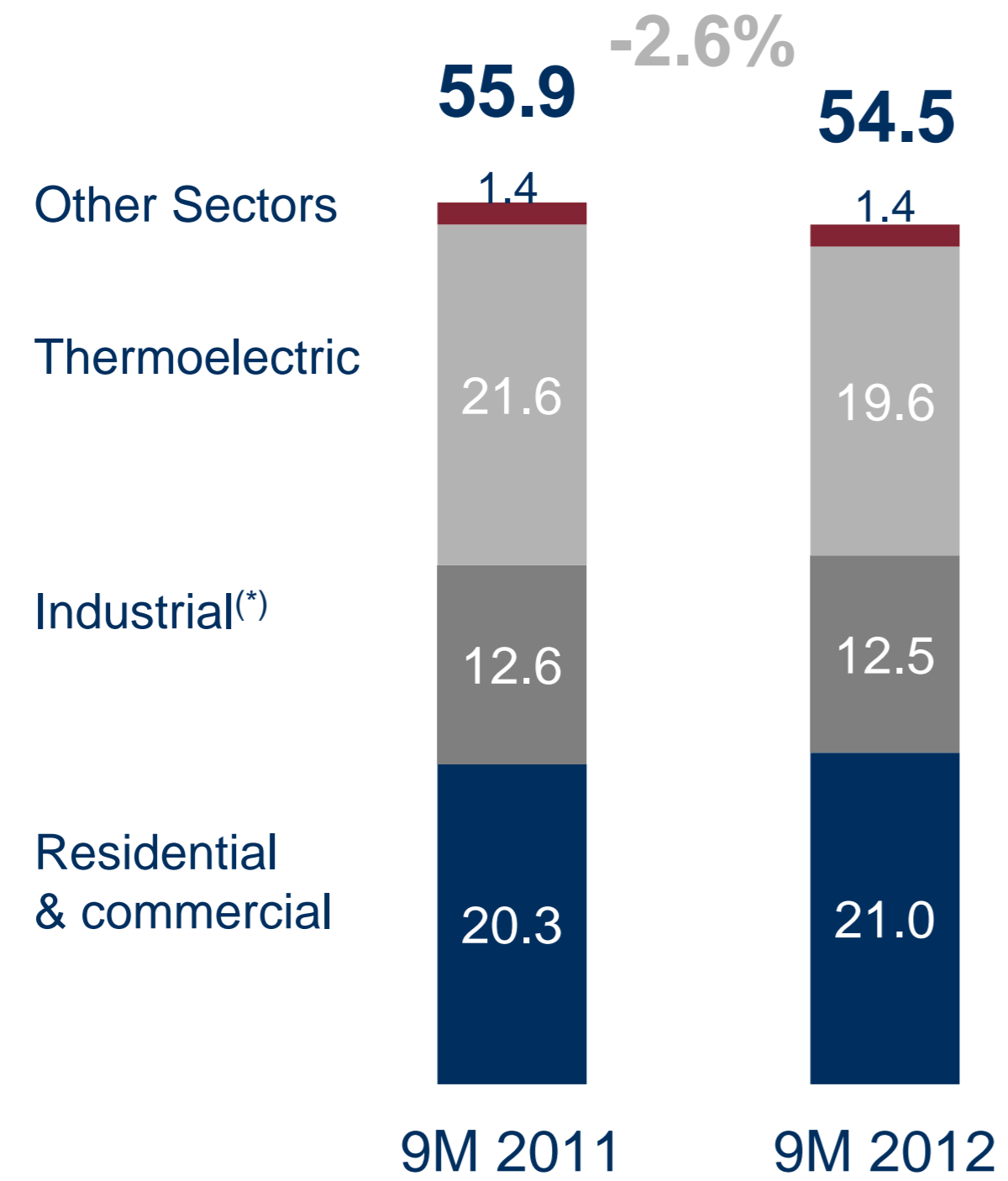
51% in Interconnector Zeebrugge terminal (IZT)

10% Huberator SA



# Italian Gas Market in 9M 2012

## Gas Consumption



## Gas injected into the network



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

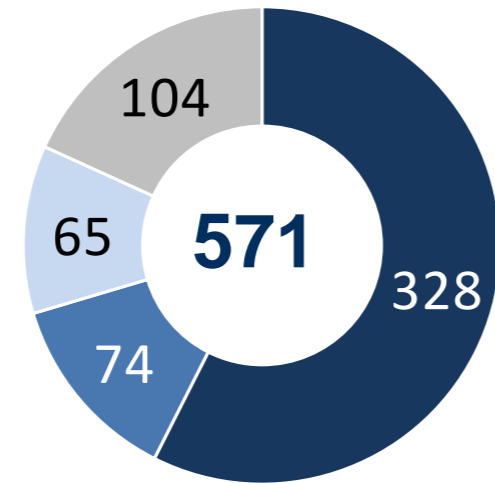
Source Italian Ministry of Economic Development and SRG estimates



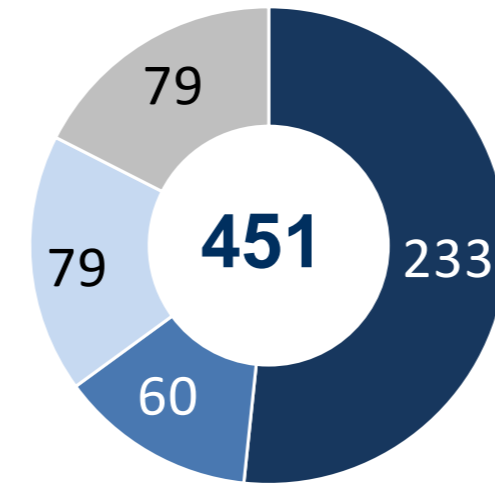
# Capital Expenditure\*

[ €m ]

Transport and LNG



9M 2011

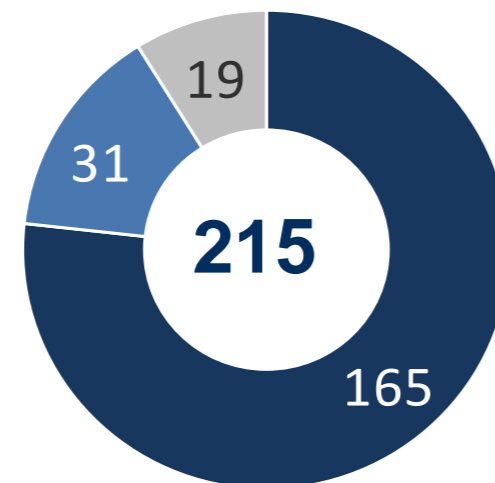


9M 2012

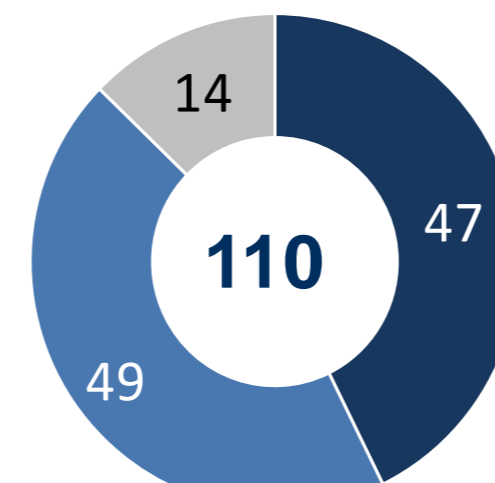
## Incentive scheme

- 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



9M 2011

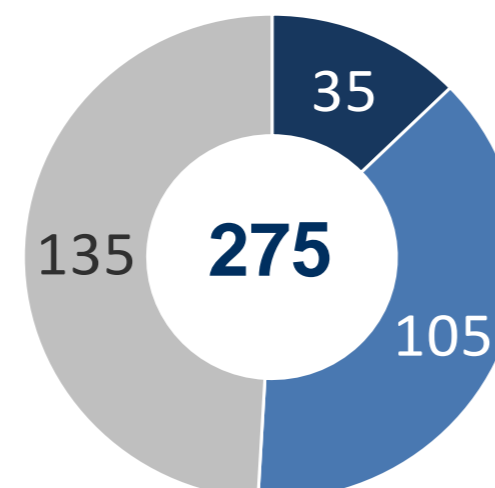


9M 2012

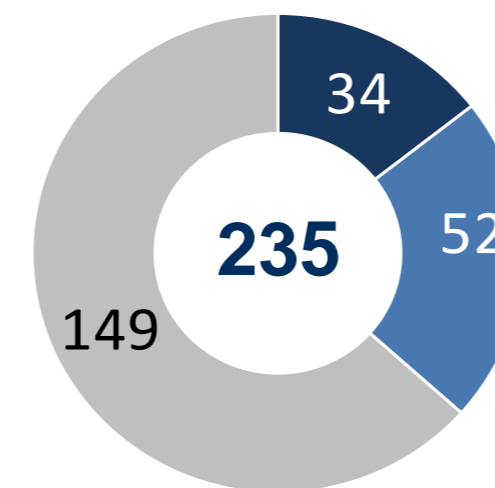
## Incentive scheme

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

Distribution



9M 2011



9M 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 9M 2012 capex for € 4 million was carried out by Snam S.p.A.



# 2012 3Q Consolidated Results

Antonio Paccioretti

Chief Financial Officer



# Income statement

€m

	9M 2011	9M 2012	Change
Revenues (*)	2,410	2,536	+126
Operating expenses (*)	- 467	- 504	-37
<b>EBITDA</b>	<b>1,943</b>	<b>2,032</b>	<b>+89</b>
Depreciation & amortisation	- 477	- 520	-43
<b>EBIT</b>	<b>1,466</b>	<b>1,512</b>	<b>+46</b>
Net interest income (expenses)	- 222	- 632	-410
Net income from associates	39	39	-
<b>EBT</b>	<b>1,283</b>	<b>919</b>	<b>-364</b>
Income taxes	- 733	- 406	+327
<b>NET PROFIT</b>	<b>550</b>	<b>513</b>	<b>-37</b>
Adj. on deferred tax liabilities <i>at December 31st, 2010</i>	188	-	-188
Adj. on unwinding of IRS	-	213	+213
<b>NET PROFIT Adjusted</b>	<b>738</b>	<b>726</b>	<b>-12</b>

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

# Revenues

€m

	9M 2011	9M 2012	Change
<b>Regulated revenues</b>	<b>2,389</b>	<b>2,493</b>	<b>+104</b>
Transport	1,400	1,469	+69
Revenues	1,338	1,358	+20
Pass-through revenues	62	111	+49
LNG	18	18	-
Storage	276	297	+21
Distribution	695	709	+14
<b>Other revenues</b>	<b>46</b>	<b>74</b>	<b>+28</b>
Consolidation adj. ( <i>modulation services</i> )	- 25	- 31	-6
<b>TOTAL REVENUES</b>	<b>2,410</b>	<b>2,536</b>	<b>+126</b>

# Operating expenses

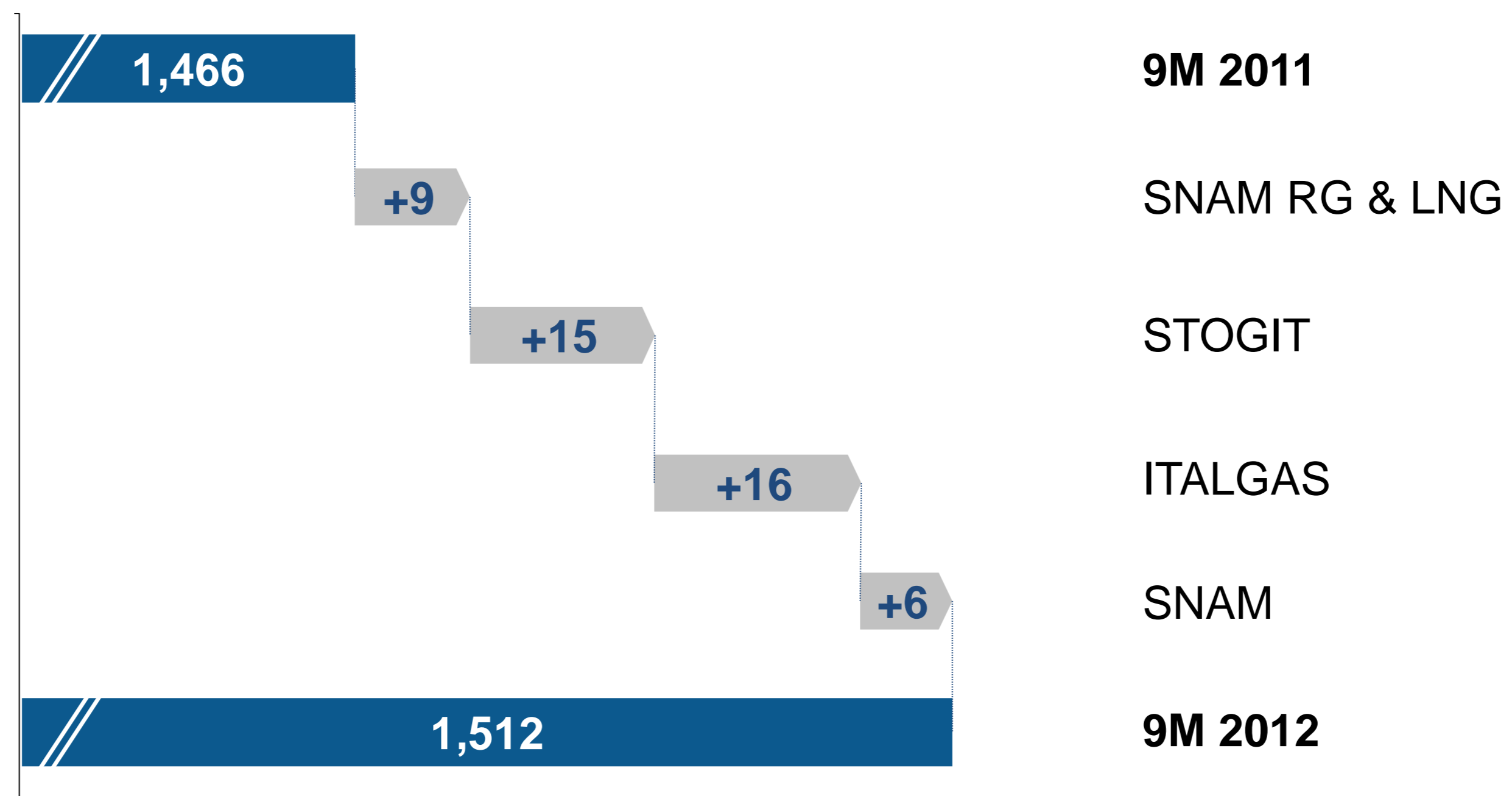
€m

	9M 2011	9M 2012	Change
<b>Regulated activities</b>	<b>449</b>	<b>476</b>	<b>+27</b>
Controllable fixed costs	320	334	+14
Variable costs	13	61	+48
Other	116	81	-35
<b>Non regulated activities</b>	<b>18</b>	<b>28</b>	<b>+10</b>
<b>TOTAL COSTS</b>	<b>467</b>	<b>504</b>	<b>+37</b>

	9M 2011	9M 2012	Change
Transport and Lng	250	288	+38
Storage	43	46	+3
Distribution	199	198	-1
Snam	-	3	+3
Consolidation adj. ( <i>modulation services</i> )	-25	-31	-6
<b>TOTAL COSTS</b>	<b>467</b>	<b>504</b>	<b>+37</b>

# EBIT analysis

€m



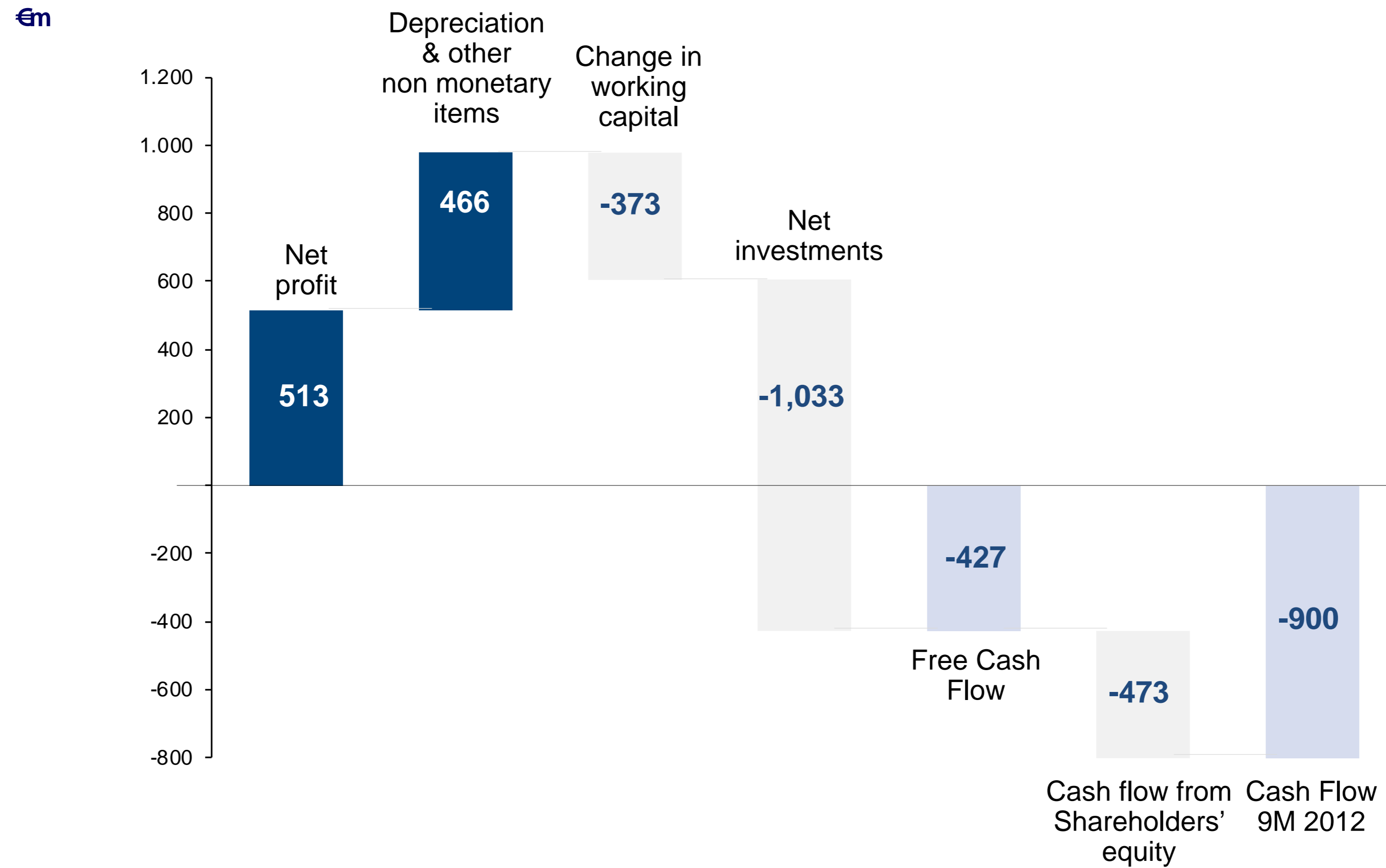
# Income statement

€m

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<b>EBITDA</b>	<b>1,943</b>	<b>2,032</b>	<b>+89</b>
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<sup>(\*)</sup> do not include the effect of IFRIC 12.

# Cash flow



# Balance sheet

€m

	Dec, 31 2011	Sep, 30 2012	Change
<b>Net Invested Capital</b>	<b>16,989</b>	<b>17,762</b>	<b>+773</b>
<b>Fixed assets</b>	<b>18,778</b>	<b>19,449</b>	<b>+671</b>
Tangible fixed assets	14,015	14,473	+458
Intangible fixed assets	4,444	4,518	+74
Equity-accounted and other investments	319	458	+139
<b>Net working capital</b>	<b>- 1,698</b>	<b>- 1,576</b>	<b>+122</b>
Receivables	1,782	2,478	+696
Liabilities	- 3,480	- 4,054	- 574
<b>Staff benefits provision</b>	<b>- 107</b>	<b>- 111</b>	<b>- 4</b>
<b>Assets held for sale</b>	<b>16</b>	<b>-</b>	<b>- 16</b>
<b>Net financial debt</b>	<b>11,197</b>	<b>12,097</b>	<b>+900</b>
<b>Shareholders' equity</b>	<b>5,792</b>	<b>5,665</b>	<b>- 127</b>



# Snam refinancing process

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

**Credit Rating**



- Standard & Poor's: A-
- Moody's: Baa1 (confirmed on 27 September)
- One notch above current Italian sovereign credit rating for both Moody's and S&P's

**EMTN Program / Bond issue**



- EMTN Program approved
- 4 bond issues executed (July and September) for a total amount of 4.5 bln €

**Banking facilities**



- 9 bln € pool banking financing
- 3.5 bln € bilateral banking facilities

**Institutional lenders financing**

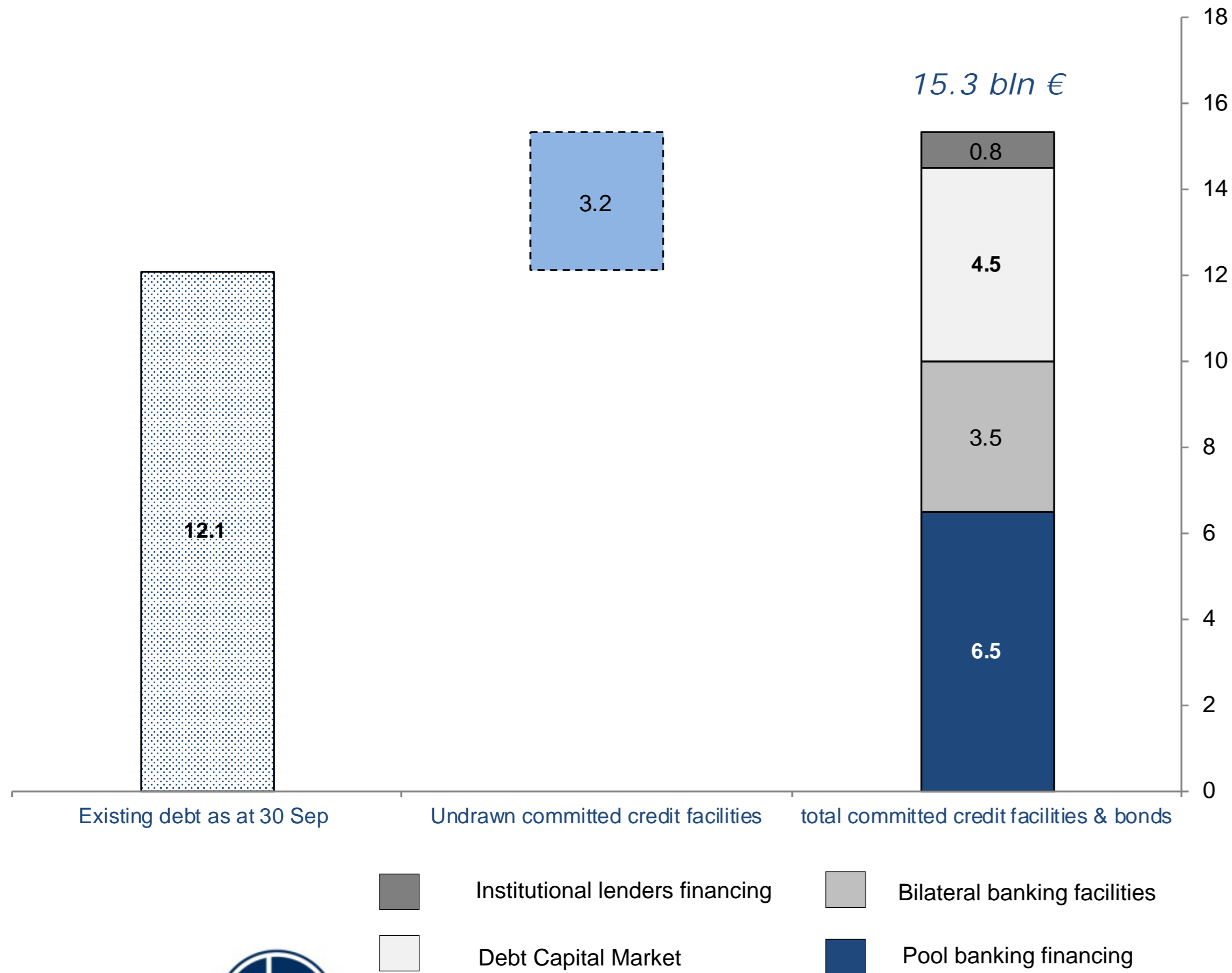


- 0.8 bln € existing
  - 0.5 bln € directly from EIB
  - 0.3 bln € from EIB via CDP

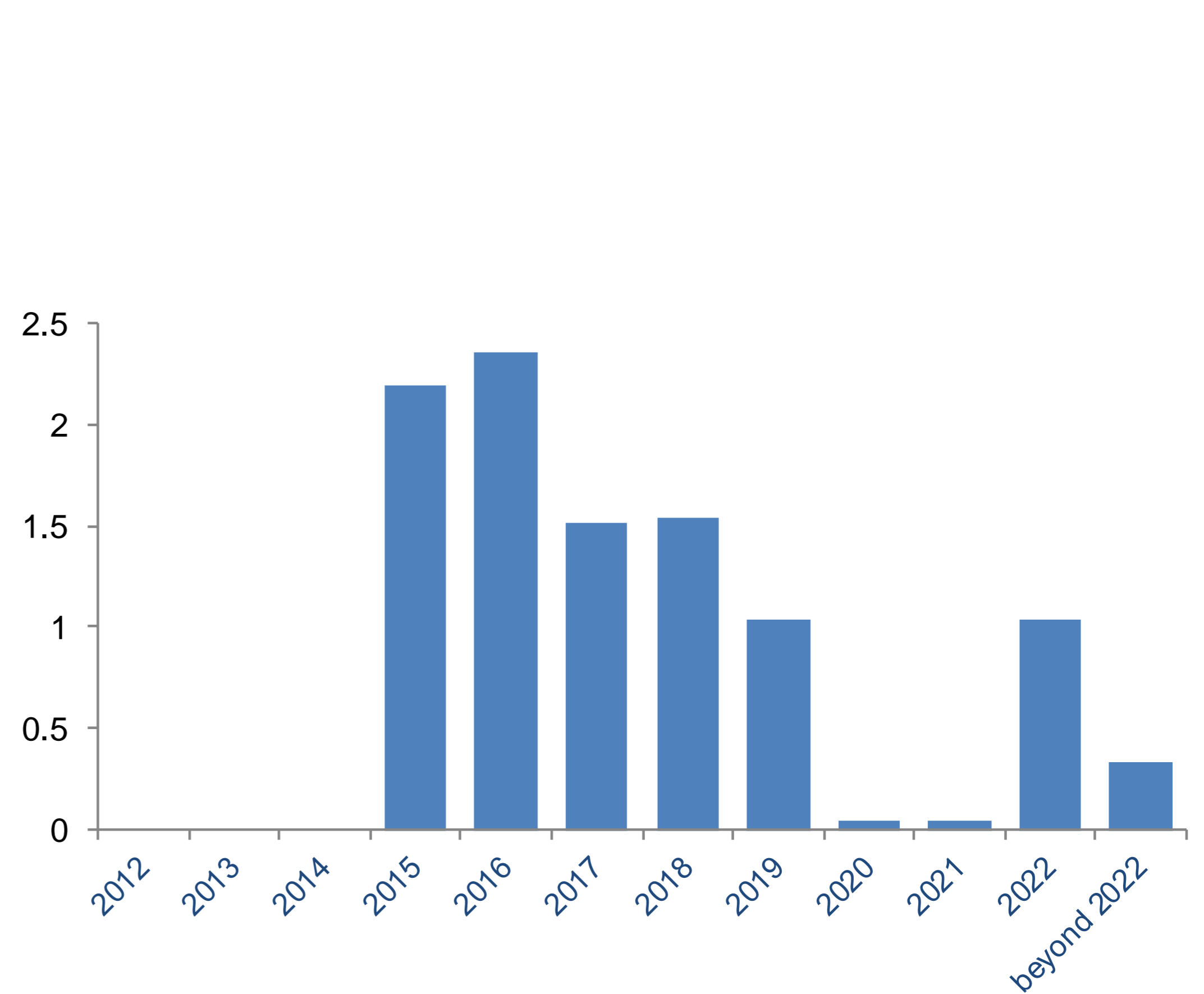
**July - September 2012: targets achieved enabling full financial independence; debt repayment towards eni**

# Snam debt structure

Existing debt and undrawn facilities (bln €)



Maturity Profile (bln €): M/L Term Debt as at 30 Sep





**Q & A Session**



**Annex**

## Operational Data

		9M 2011	9M 2012	Δ %
<b>Transport</b>	Gas injected into the network (bcm)	59.4	57.5	-3.3
	Gas pipeline network (km in operation)	31,725	32,154	+1.4
<b>Storage</b>	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)	11.75	12.86	+9.4
	•Injection	7.43	7.93	+6.7
	•Withdrawal	4.32	4.93	+14.1
<b>Distribution</b>	Gas distributed (bcm)	5.06	5.16	+1.8
	Active Gas Metering at redelivery points (# mln)	5.88	5.89	+0.2



(\*) Available capacity



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