



2017 1Q Consolidated Results

Milan, May 4th, 2017

snam.it

Highlights

Higher gas demand

- +2.0 bcm vs 1Q 2016 mainly thanks to the increase in the thermoelectric sector (+18.6%) and industrial sector (+8.5%)

Strong financial results

- EBIT: €353 m (+22M€, out of which 5m€ related to storage tariff to be reabsorbed in Q2 and 5m€ for higher gas volumes transported)
- Net income: € 254 m (+19.8%, driven by debt stock reduction post demerger, debt cost optimization)
- Net Debt: € 10.7 bn (-€362m mainly driven by tariff and balancing related items)
- Capex: € 183 m (+13.7%)

Optimization of capital structure

- € 201 m share buyback
- Reduction in cost of debt thanks to the liability management executed in 2016 and new issuances (first convertible bond issued: € 400 m zero coupon)

FY 2017 guidance confirmed



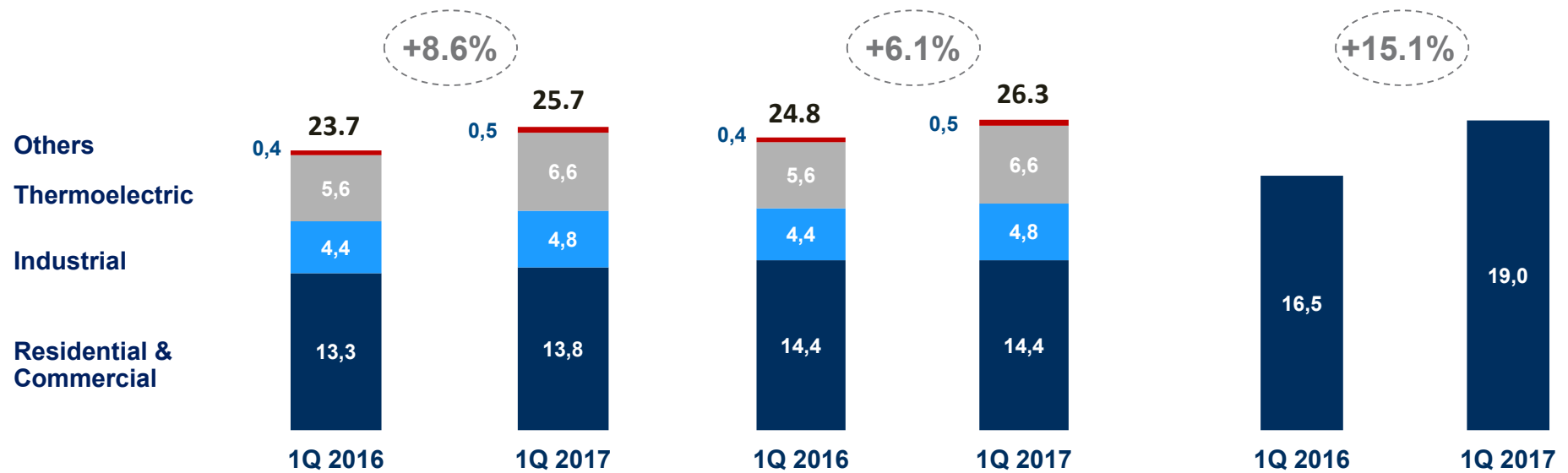
2017 1Q: gas consumption

bcm

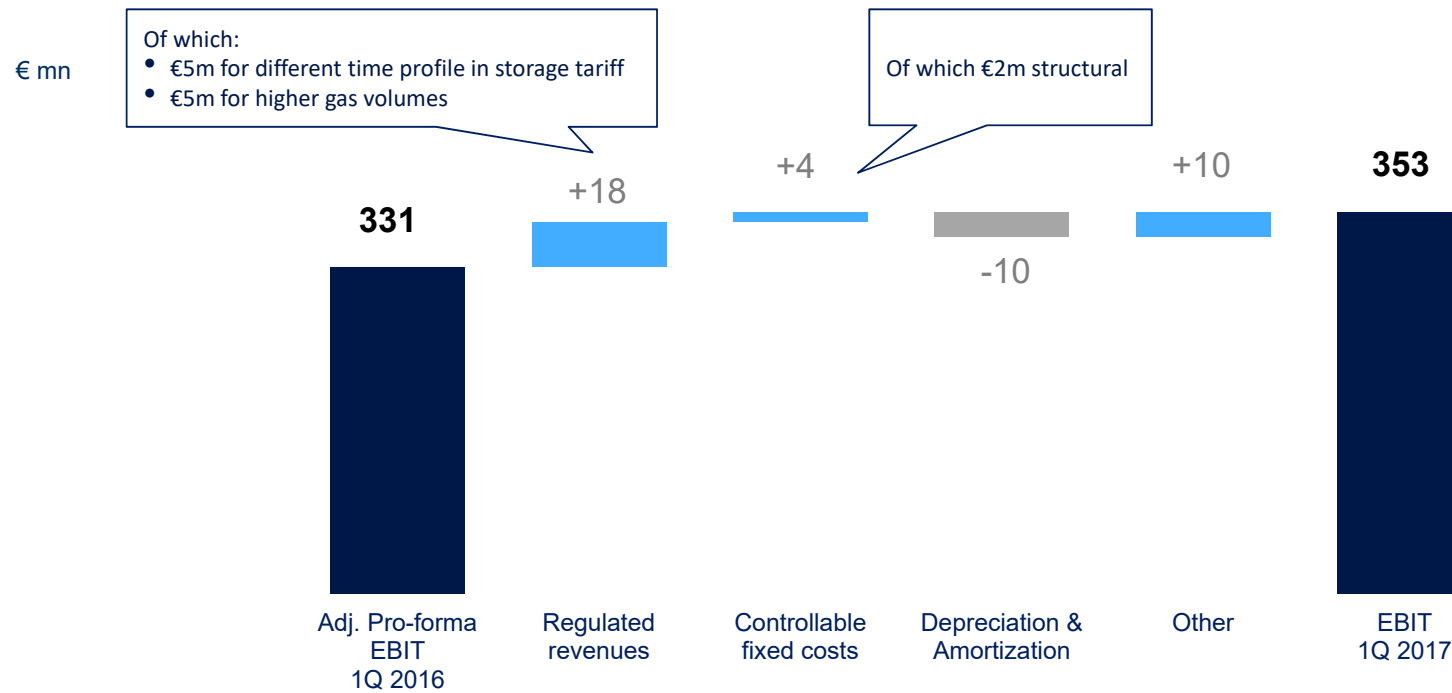
GAS CONSUMPTION

GAS CONSUMPTION (weather adjusted)

GAS INJECTED



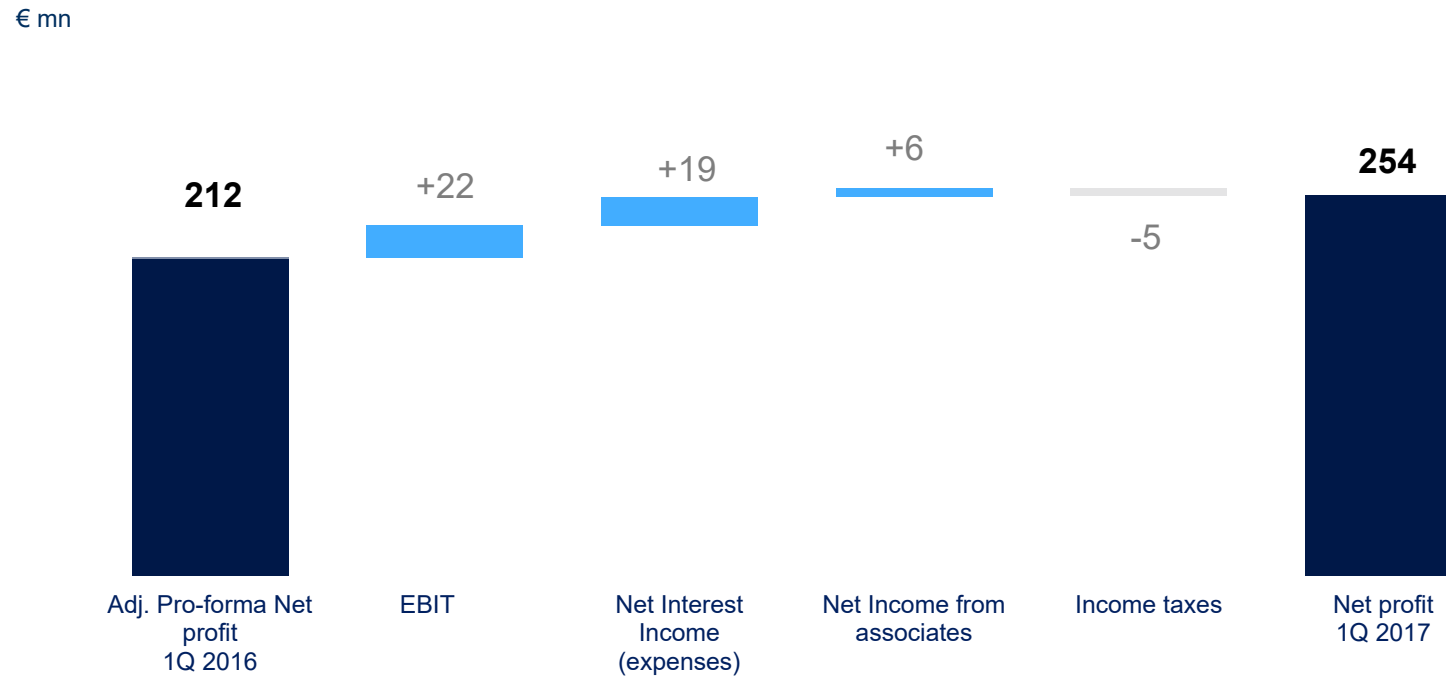
2017 1Q results: Ebit analysis



Ebit benefited from yearly tariff update, cost efficiencies and was further enhanced by temporary or seasonal effects



2017 1Q results: adjusted net profit analysis

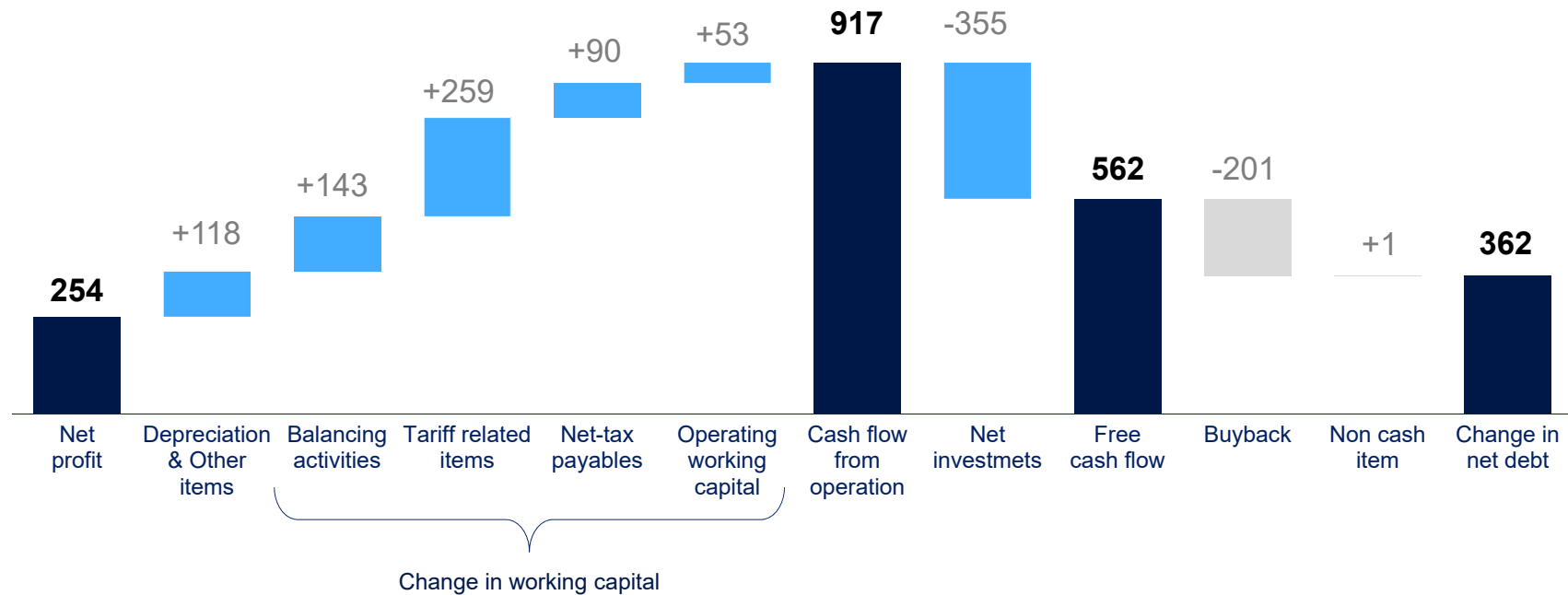


Net income benefited from lower debt stock post demerger, cost of debt optimization, reduction in tax rate and increased contribution from associates



2017 1Q cash flow

€ mn

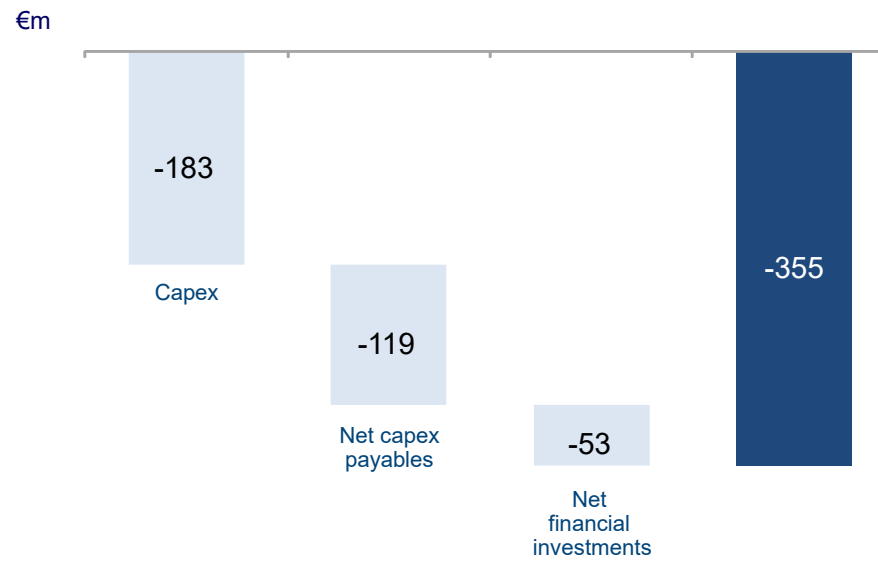


improvement in working capital mainly due to different timing in payment of tariff related items



2017 1Q cash flow: investments

NET INVESTMENTS

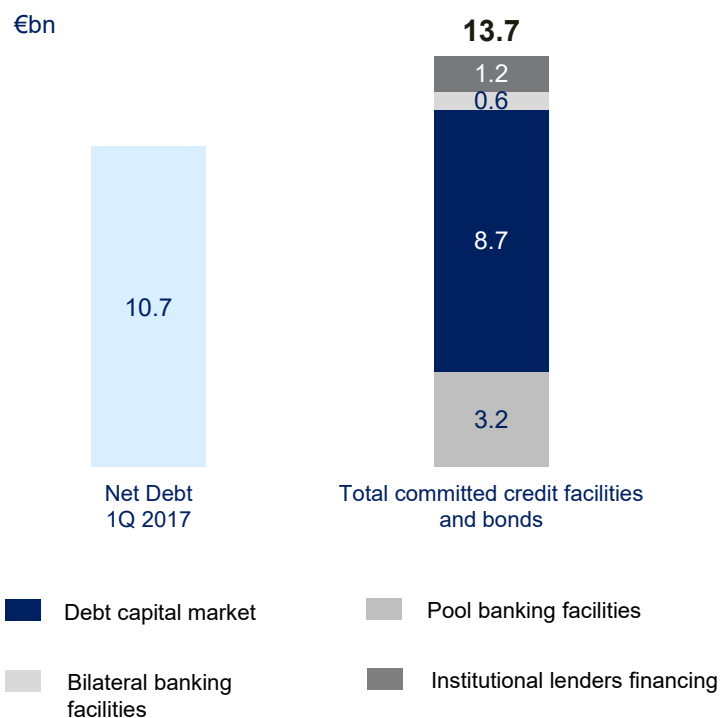


Snam debt structure

Key figures

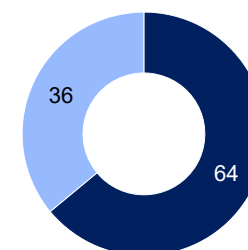
- **1.2 bn€ bond issuances** substantially covering 2017 and 2018 maturities
 - 8y fixed rate bond: €500m
 - 5y floating rate note (swapped to fixed rate): €300m
 - 5y convertible bond: €400m
- **Fixed/variable rate debt:** 85% / 15%
- **M/L Term debt maturity:** >5.5 years

Existing debt as of 31 March 2017

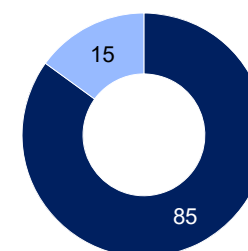


Outstanding debt – Fixed Floating breakdown

As of 31 Dec 2016: €11.1bn



As of 31 March 2017: €10.7bn



Legend:

- Fixed rate Debt
- Floating rate debt



Convertible bond issuance

Solid rationale

- **Cash flow accretion:** zero cash cost of debt and no dividend distribution on treasury shares generate 5Y cash savings of ca. 20 m€ per annum
- **Strong effective conversion premium:** entirely served by treasury shares with further value creation linked to share buyback average purchase price
- **Funding base diversification** vs. plain vanilla DCM

Convertible bond key data

- Size: **€ 400 m**
- Maturity date: **March 20th, 2022**
- Coupon/yield: **0%**
- Reference share price: **€ 3.8455**
- Conversion price: **€ 4.8453**
- Underlying shares: **82,554,228**

Share buyback key data

- N. of shares bought back: **82,583,084**
- Total consideration (€): **304,200,311**
- Avg purchase price (€): **ca. 3.7**





Annexes

2017 1Q: P&L

€m	2016 1Q	Change	2017 1Q
Revenues	615	+13	628
Operating costs	-133	+19	-114
EBITDA	482	+32	514
Depreciation & Amortization	-151	-10	-161
EBIT	331	+22	353
Net financial expences	-75	+19	-56
Net income from associates	+35	+6	+41
EBT	291	+47	338
Income taxes	-79	-5	-84
NET PROFIT	212	+42	254



2017 1Q: revenues by sector

€m	2016 1Q	Change	2017 1Q
Regulated revenues	589	+15	604
Transport	438	+11	449
Storage	116	+8	124
LNG	5	- 1	4
<i>Pass-through revenues</i>	30	- 3	27
Other revenues	26	- 2	24
TOTAL REVENUES	615	+13	628



2017 1Q: operating costs

€m	2016 1Q	Change	2017 1Q
Regulated costs	115	-16	99
Controllable fixed costs	69	-4	65
Variable costs	6	-4	2
Other costs	10	-5	5
<i>Pass-through costs</i>	30	-3	27
Non Regulated costs	18	-3	15
TOTAL COSTS	133	-19	114



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