

2019 1Q Consolidated results



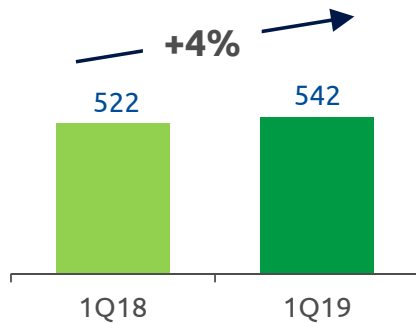
Milan

May 15th , 2019

Strong Q1 performance

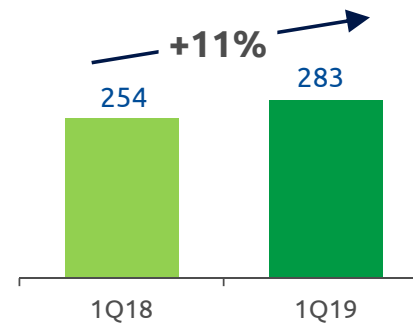


Ebitda (€ bn)



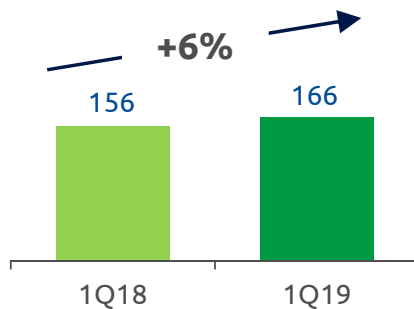
- Higher regulated revenues
- Ongoing efficiency program

Net profit (€ bn)



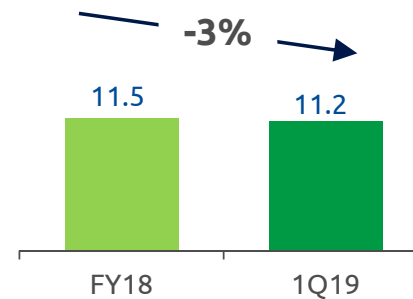
- Strong operational results
- Solid income from associates
- Lower interest costs

Capex plan (€ bn)



- Confirmed FY guidance

Net debt (€ bn)



- Positive impact from working capital to be reabsorbed
- Confirmed FY guidance

FY 2019 guidance confirmed

Key Highlights – continuing progress on strategy



Continuous improvement in our core business



- Revenues from regulated services ca. 3.5 €m in first quarter 2019 (+15%)
- Storage 2019-20 booked capacity > 98% ca. 12.4 bcm at the 13th of May 2019 (+4% vs LY)
- Final resolution on the 5th regulatory period for transport, Wacc at 5.7% to 2021

Enhanced exposure to the energy transition



- Europe's first supply of hydrogen and natural gas blend into transmission network to industrial users
- Contract signed with Tamoil for the realization of 5 CNG stations
- TEP progressing well with its offer in the residential sector
- 7 new connection to the grid (3 - Biomethane + 4 - CNG)

Progress on international activities



- TAP ca. 87% complete
- Desfa: reviewing capex plan for the period (2020 – 2024)

Value creation from optimization of financial structure

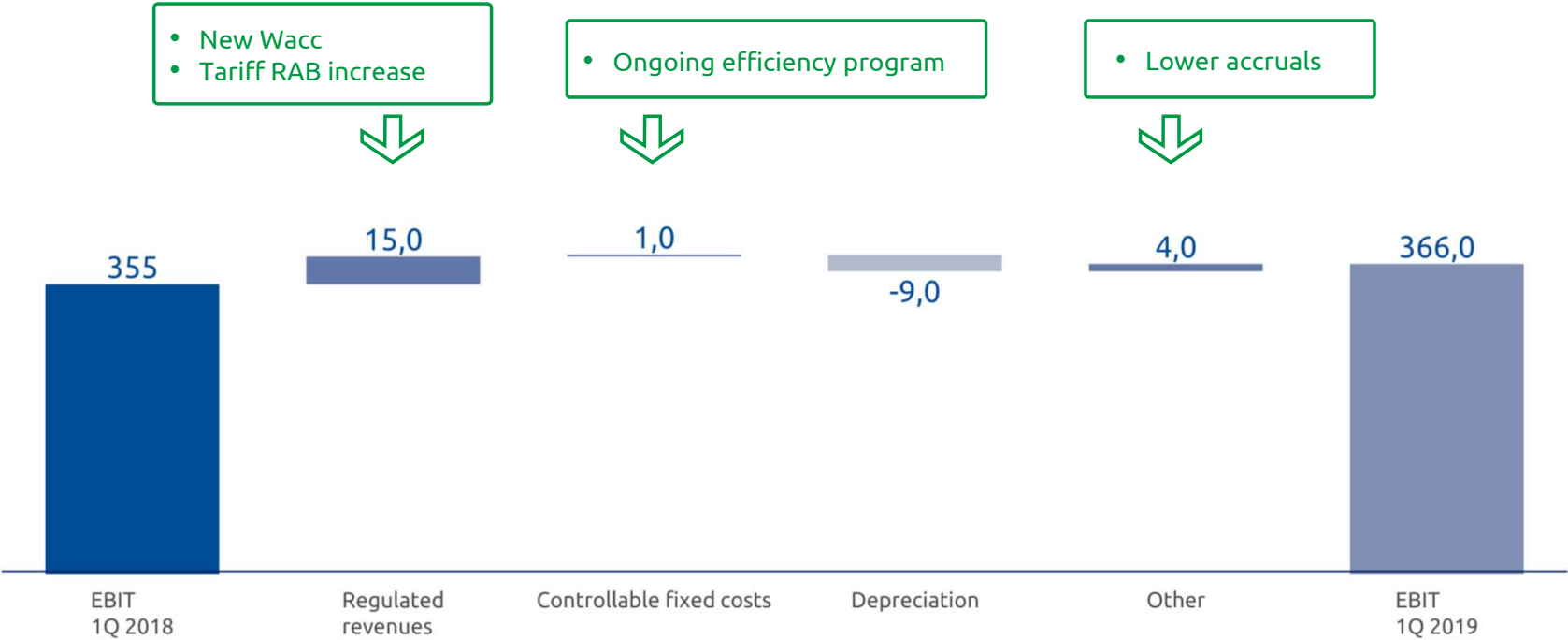


- Launched the first Climate Action Bond in Europe for an amount of € 500m at 1.25% per year
- Euro commercial paper upsized to € 2bn
- 74.2m shares cancelled in April and new SBB program authorized by AGM

2019 1Q results: Ebit analysis



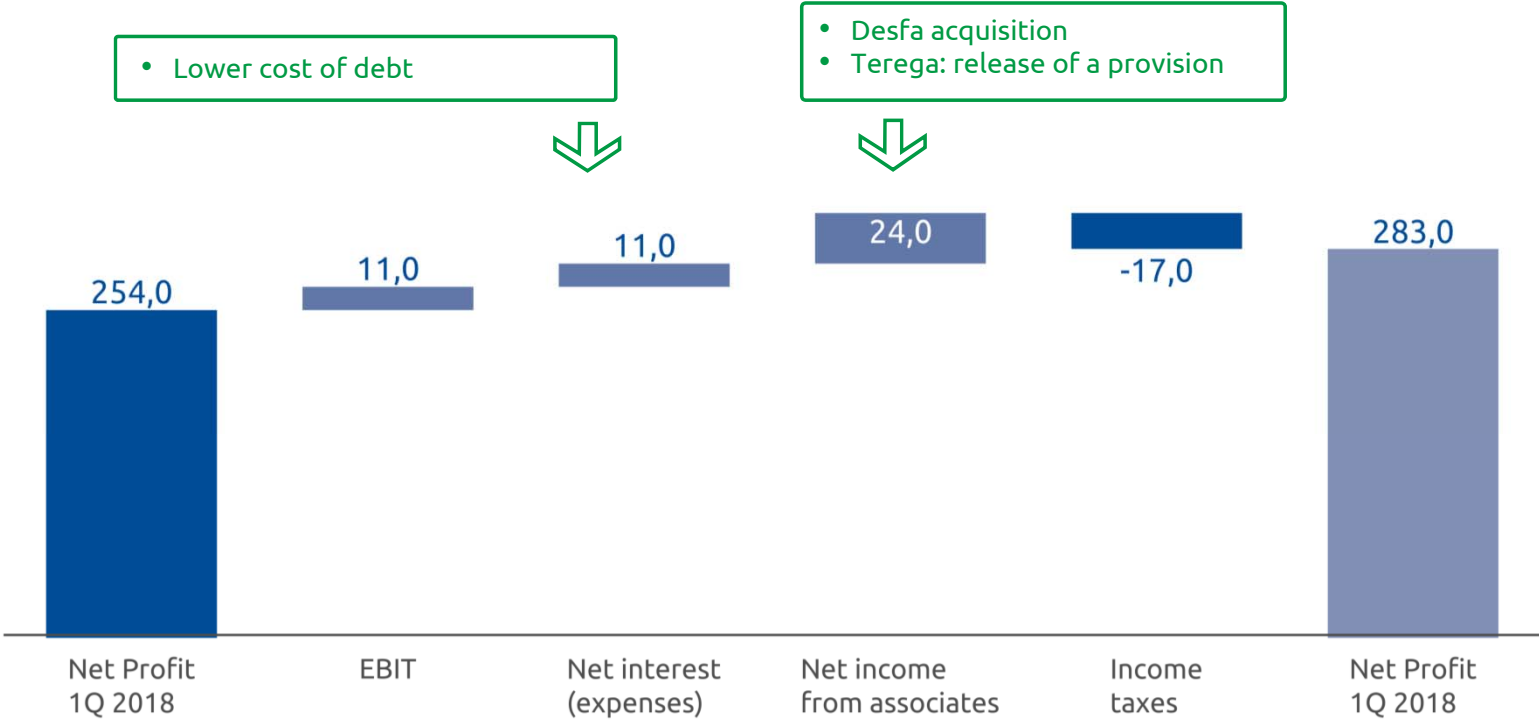
€ mn



2019 1Q results: net profit analysis



€ mn



2019 1Q Cash Flow



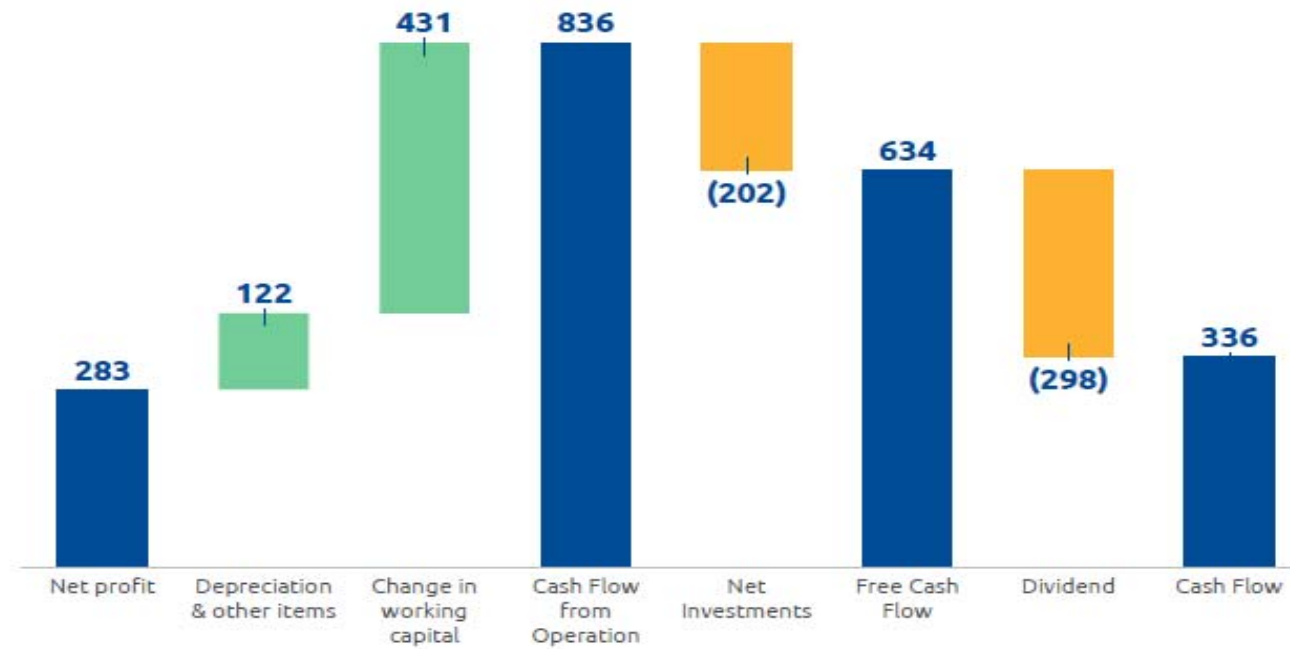
€ mn

- Tariff related items € 151m
 - Balancing activities € 91m
 - Net tax payable € 102m
- Capex € -166m
 - Net capex payables € -42m
 - Subsidies € +6m



€m

Cash Flow



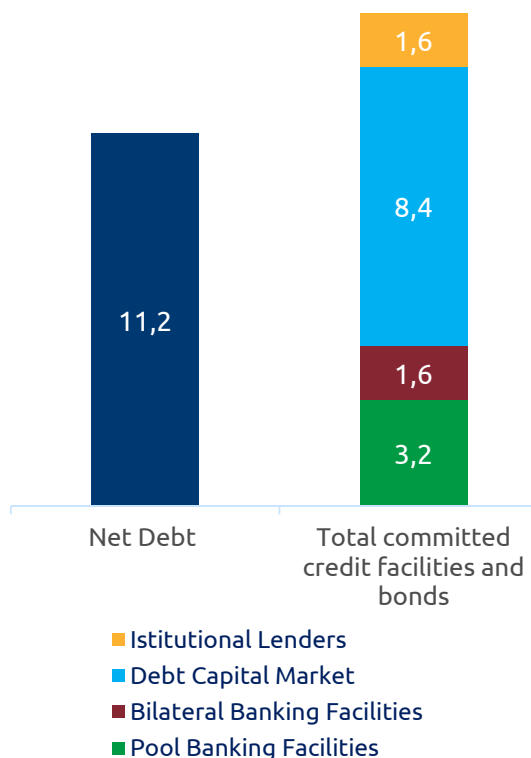
Snam Debt Structure



Key Figures

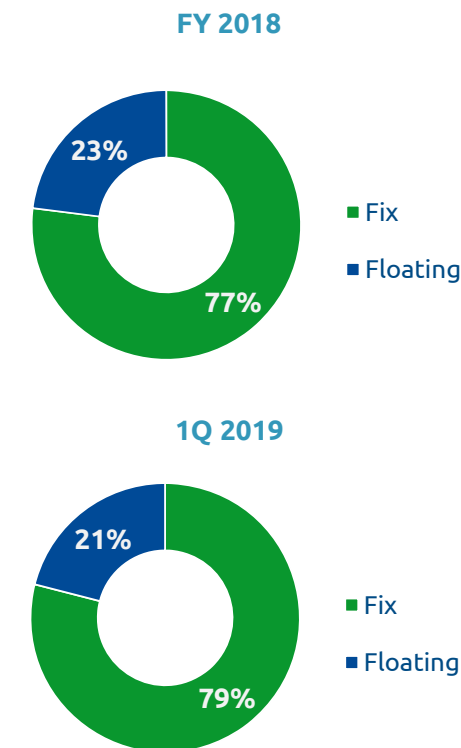
- **Climate Action bond issuance:** € 500mln – 6.5 years coupon 1.25%
- **New EIB loan:** € 135mln – 20 years @ ca. 1.4%
- **Further Treasury Management Optimization** leveraging on negative yield instruments:
 - ✓ significant **utilization of uncommitted credit lines**
 - ✓ in 1Q 2019 the **ECP Programme** reached € 1bn amount and the increase of the Programme size up to € 2bn has been resolved by BoD
- **Share Buyback Program**
 - ✓ ca. 74m treasury shares cancelled. Remaining treasury shares: 94m
 - ✓ new opportunistic SBB plan approved: 500m€ – 18 months – 6.5% of outstanding shares

Existing debt as of 31 March 2019



Maturity of M/L term debt ~ 5 years

Fixed – Floating gross debt breakdown*



*Including uncommitted credit lines and Commercial Papers



ANNEXES

Income Statement



[€ mn]	2018 1Q	2019 1Q	Change	Change %
Revenues	630	654	24	3.8%
Operating expenses	(108)	(112)	(4)	3.7%
EBITDA	522	542	20	3.8%
Depreciation & amortisation	(167)	(176)	(9)	5.4%
EBIT	355	366	11	3.1%
Net interest income (expenses)	(53)	(42)	11	(20.8)%
Net income from associates	38	62	24	63.2%
EBT	340	386	46	13.5%
Income taxes	(86)	(103)	(17)	19.8%
NET PROFIT	254	283	29	11.4%

Revenues



[€ mn]	2018 1Q	2019 1Q	Change	Change %
Regulated revenues	614	630	16	2.6%
Transport	473	490	17	3.6%
Storage	123	121	(2)	-1.6%
LNG	4	4	-	0.0%
Pass-through revenues	14	15	1	7.1%
Other revenues	16	24	8	50.0%
TOTAL REVENUES	630	654	24	3.8%

Operating Expenses



[€ mn]	2018 1Q	2019 1Q	Change	Change %
Regulated activities	96	87	(9)	-9.4%
Controllable fixed costs	69	68	(1)	-1.4%
Variable costs	3	4	1	33.3%
Other costs	10	0	(10)	-100.0%
Pass-through costs	14	15	1	7.1%
Non regulated activities	12	25	13	108.3%
TOTAL COSTS	108	112	4	3.7%

Balance Sheet



[€ mn]	2018	2019 1Q	Change	Change %
Net invested capital	17,533	17,486	(47)	(0.3)%
Fixed capital	18,856	19,011	155	0.8%
Tangible fixed assets	16,516	16,569	53	0.3%
Intangible fixed assets	907	909	2	0.2%
Equity-accounted and other investments	1,750	1,819	69	3.9%
Financial receivables held for operating activities	11	1	(10)	-90.9%
Net payables for investments	(328)	(287)	41	-12.5%
Net working capital	(1,259)	(1,462)	(203)	16.1%
Receivables	1,487	1,434	(53)	-3.6%
Liabilities	(2,746)	(2,896)	(150)	5.5%
Provisions for employee benefits	(64)	(63)	1	-1.6%
Net financial debt	11,548	11,234	(314)	-2.7%
Shareholders' equity	5,985	6,252	267	

Share buyback recap



Shares held by Snam before April 2016	1,127,250
Shares bought by April 2018	121,395,090
Shares cancelled – A.G.M. April 2018	-31,599,715
Shares bought after April 2018	77,275,038
Shares held by Snam at 31/12/2018	168,197,663 (4.85% of Share Capital)
Shares serving convertible and management incentives	94 million
Outstanding shares at 31/12/2018	3,469,038,579
Outstanding shares after cancellation in April 2019	3,394,840,916
Outstanding shares after cancellation in April 2019 and excluding treasury shares	3,300,840,916

➔ **EPS guidance 2019 (ex treasury shares): 32.1 € cent**

Regulation provides stability and visibility



V Regulatory Period - Resolution 114/2019/R/gas

- Length of the regulatory period confirmed (4 years)
- Beta unlevered confirmed at 0.364 and wacc 2020/21 at 5.7%
- Incentives on new development capex increased to 1.5% (vs 1%) and prolonged to capex entering into operation by 2022 (vs 2021)
- Opex to be calculated on the basis of certified costs of year 2017 increased by justified incremental costs occurred in 2018
- Possible introduction of incentives to keep into operation fully depreciated assets
- Proposal to introduce TOTEX on certain projects from 2023

Next expected documents

- Consultation document on Tariff Criteria for the 5th regulatory period (2020 – 2023) for Storage and Regasification
- Consultation document on service quality criteria for the 5th regulatory period for Transport
- Consultation document on reorganization of the metering activity for Transport

Visible and transparent regulatory framework

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