

# 2011 Preliminary Results

MILAN, FEBRUARY 14<sup>TH</sup>, 2012





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# Agenda



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2011 Highlights and operational performance

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2011 Preliminary Results

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# 2011 Highlights and Operational Performance



Carlo Malacarne

*Chief Executive Officer*




# Good & Steady Performance

## Solid Results

- Ebit: Up 5.2% 
- PBT Up 3.5% 
- Adj.Net Income: Down 11.6% 

## Sound Growth

- Capex : € 1.6 bn (>70% incentivized)
- Operating Cash Flow : € 1.5 bn 
- Net debt: € 11.2 bn

## Operational & Financial Efficiency

- Low cost of debt: 3.1 %
- Cost savings: 2012 target already achieved 



# Italian Gas Market in 2011

[ bcm ]

	2010	2011	Δ%
Residential and Commercial	33.9	31.1	-8.2
(weather adjusted)	(32.1)	(32.1)	--
Industrial (*)	17.3	17.0	-1.9
Thermoelectric	30.1	28.0	-6.9
Other	1.8	1.7	-3.7
<b>Gas Consumption (**)</b>	<b>83.1</b>	<b>77.8</b>	<b>-6.3</b>
<b>(weather adjusted)</b>	<b>(81.3)</b>	<b>(78.8)</b>	<b>(-3.1)</b>
Storage and Other (***)	+0.2	+0.5	n.m.
<b>Gas injected into the network</b>	<b>83.3</b>	<b>78.3</b>	<b>-6.0</b>

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

(\*\*) Source: Ministry of Economic Development and Snam estimates

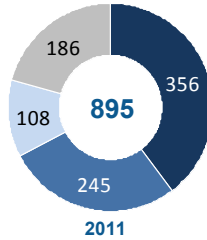
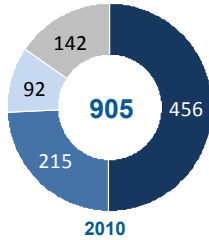
(\*\*\*) Includes exports and other consumption



# Capital Expenditure(\*)

[ €m ]

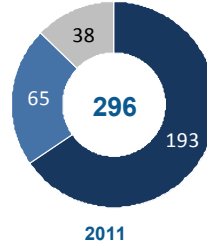
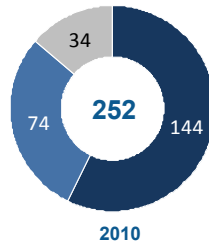
## Transport and LNG



### Incentive scheme

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

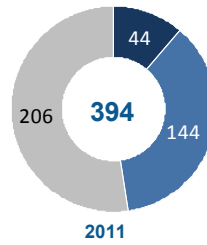
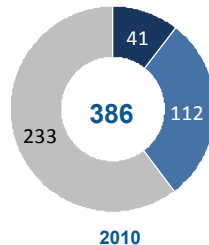
## Storage



### 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



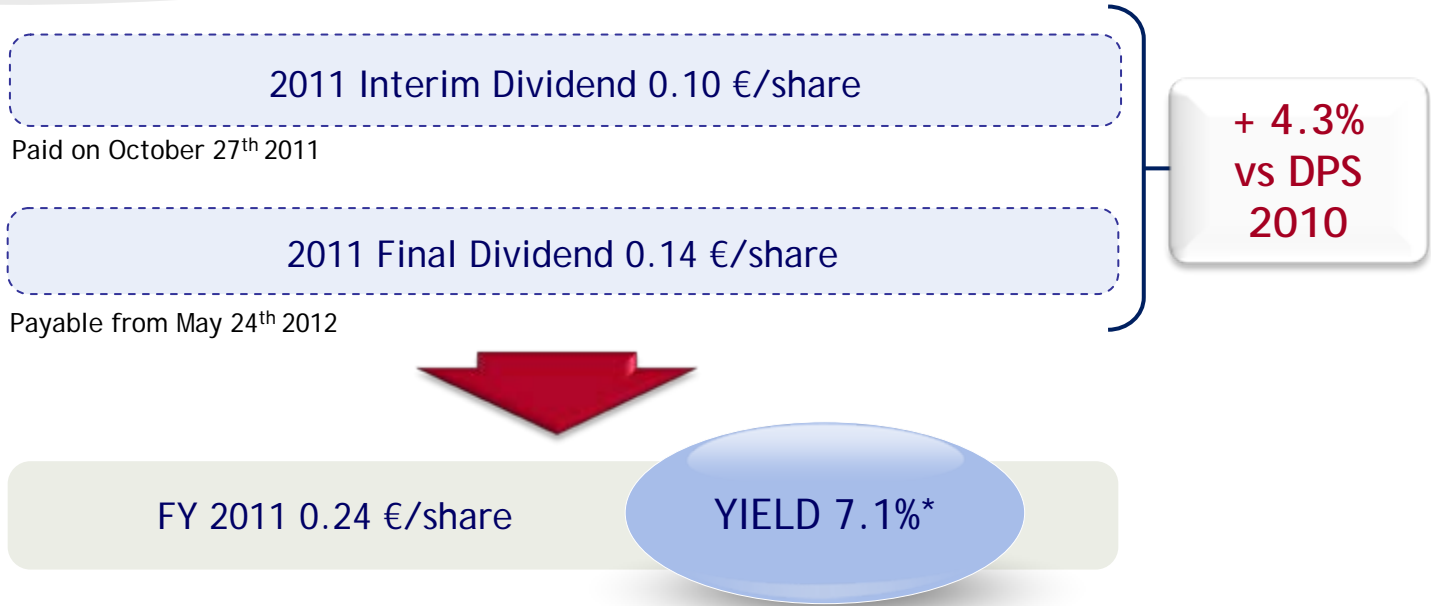
### Incentive scheme

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

(\*) Full year basis and gross of subsidies. Net of subsidies the amount of consolidated capex is equal to € 1,508 million (€ 1,460 million in 2010)



# Confirming Attractive Shareholder Returns



Robust shareholder returns in a growing business  
DPS sustainable with an attractive yield

\* Calculated on the basis of Snam official closing price of December 30th 2011: € 3.39/share



# 2011 Preliminary Results

Antonio Paccioretti  
*Chief Financial Officer*



# Income Statement

[ €m ]

	2010	2011	Change
Revenues (*)	3,159	3,245	+86
Operating expenses (*)	- 619	- 633	-14
<b>EBITDA</b>	<b>2,540</b>	<b>2,612</b>	<b>+72</b>
Depreciation & amortisation	- 678	- 654	+24
<b>EBIT</b>	<b>1,862</b>	<b>1,958</b>	<b>+96</b>
Net interest income (expenses)	- 271	- 313	-42
Net income from associates	47	51	+4
<b>EBT</b>	<b>1,638</b>	<b>1,696</b>	<b>+58</b>
Income taxes	- 532	- 906	-374
<b>NET PROFIT</b>	<b>1,106</b>	<b>790</b>	<b>-316</b>
Adj. on deferred tax liabilities <i>at December 31st, 2010</i>	-	188	+188
<b>NET PROFIT Adjusted</b>	<b>1,106</b>	<b>978</b>	<b>-128</b>

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



# Revenues

[ €m ]

	2010	2011	Change
<b>Regulated revenues</b>	<b>3,116</b>	<b>3,197</b>	<b>+81</b>
Transport	1,873	1,870	-3
Revenues	1,803	1,784	-19
Pass-through revenues	70	86	+16
LNG	24	23	-1
Storage	349	373	+24
Distribution	870	931	+61
<b>Other revenues</b>	<b>66</b>	<b>83</b>	<b>+17</b>
Consolidation adj. ( <i>modulation services</i> )	- 23	- 35	-12
<b>TOTAL REVENUES</b>	<b>3,159</b>	<b>3,245</b>	<b>+86</b>

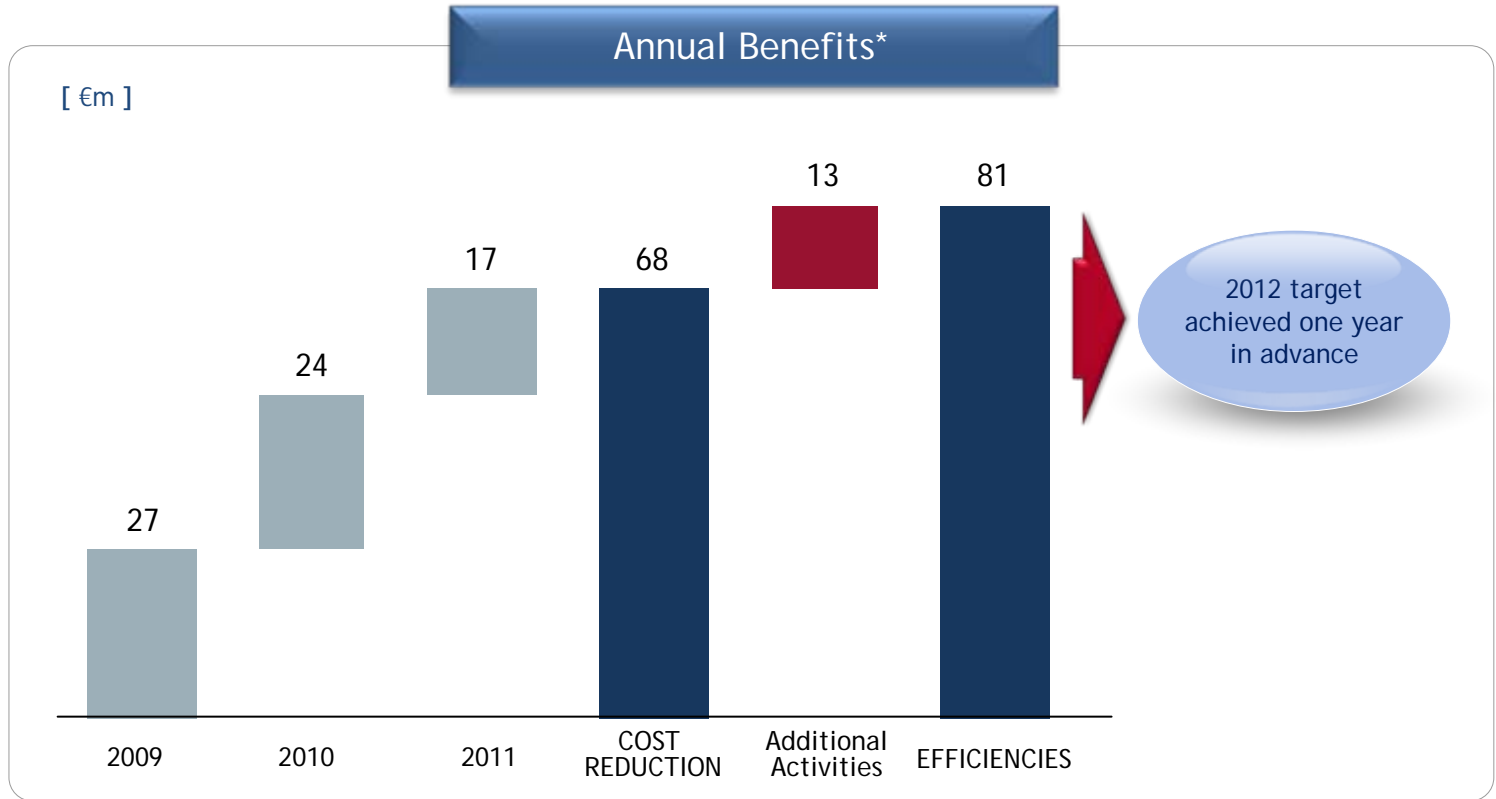


# Operating Expenses

[ €m ]

	2010	2011	Change
<b>Regulated activities</b>	<b>593</b>	<b>607</b>	<b>+14</b>
Controllable fixed costs	465	456	-9
Variable costs	19	18	-1
Other	109	133	+24
<b>Non regulated activities</b>	<b>26</b>	<b>26</b>	<b>-</b>
<b>TOTAL COSTS</b>	<b>619</b>	<b>633</b>	<b>+14</b>

	2010	2011	Change
Transport and LNG	<b>290</b>	<b>335</b>	+45
Storage	<b>63</b>	<b>64</b>	+1
Distribution	<b>289</b>	<b>269</b>	-20
Consolidation adj. ( <i>modulation services</i> )	<b>- 23</b>	<b>- 35</b>	-12
<b>TOTAL COSTS</b>	<b>619</b>	<b>633</b>	<b>+14</b>

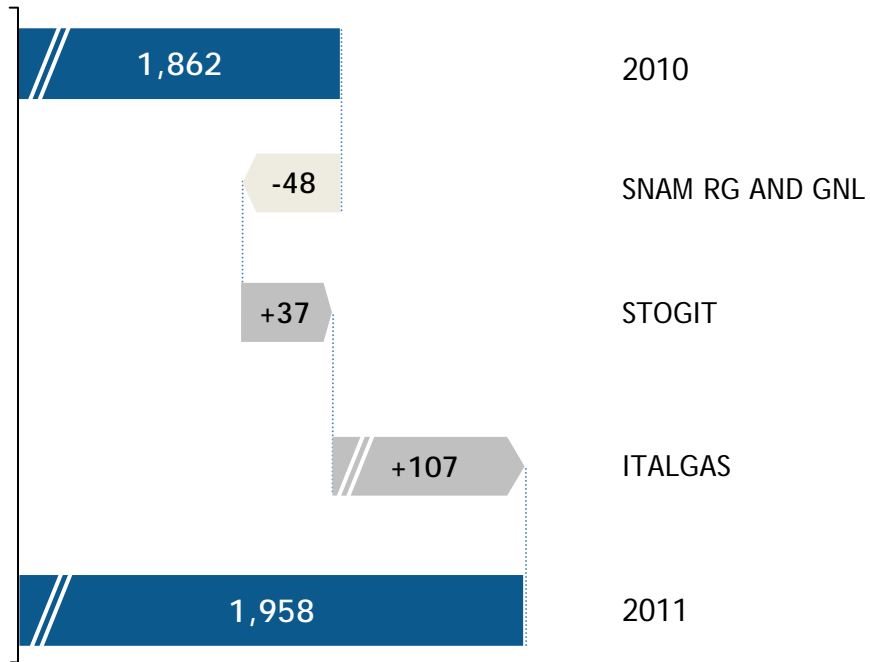


(\*) In real terms, based on 2008 perimeter of activities



# EBIT Analysis

[ €m ]





# Income Statement

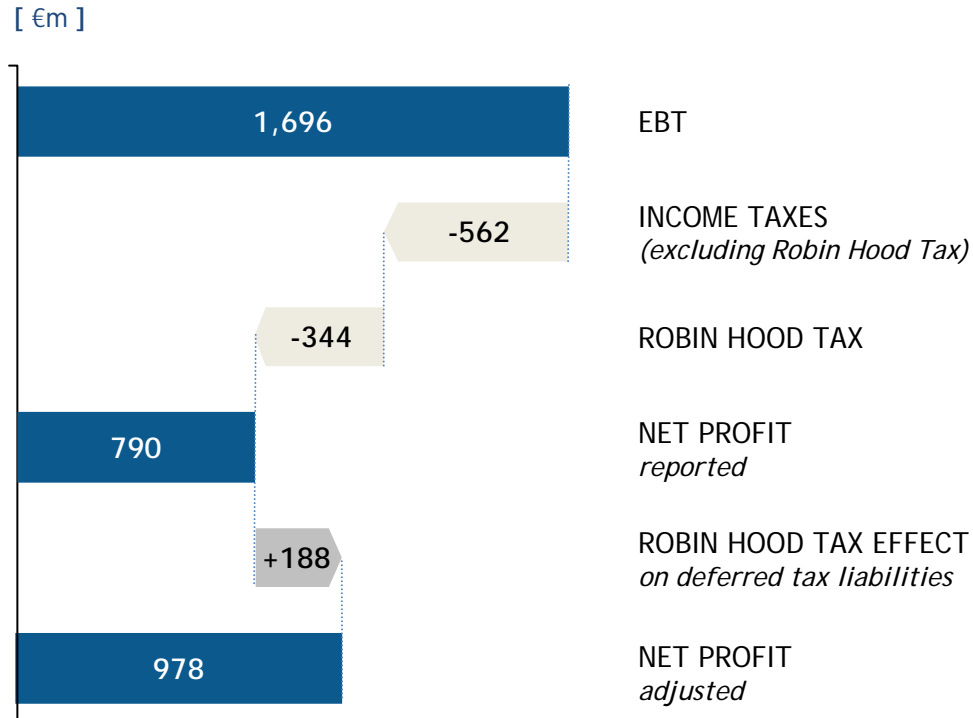
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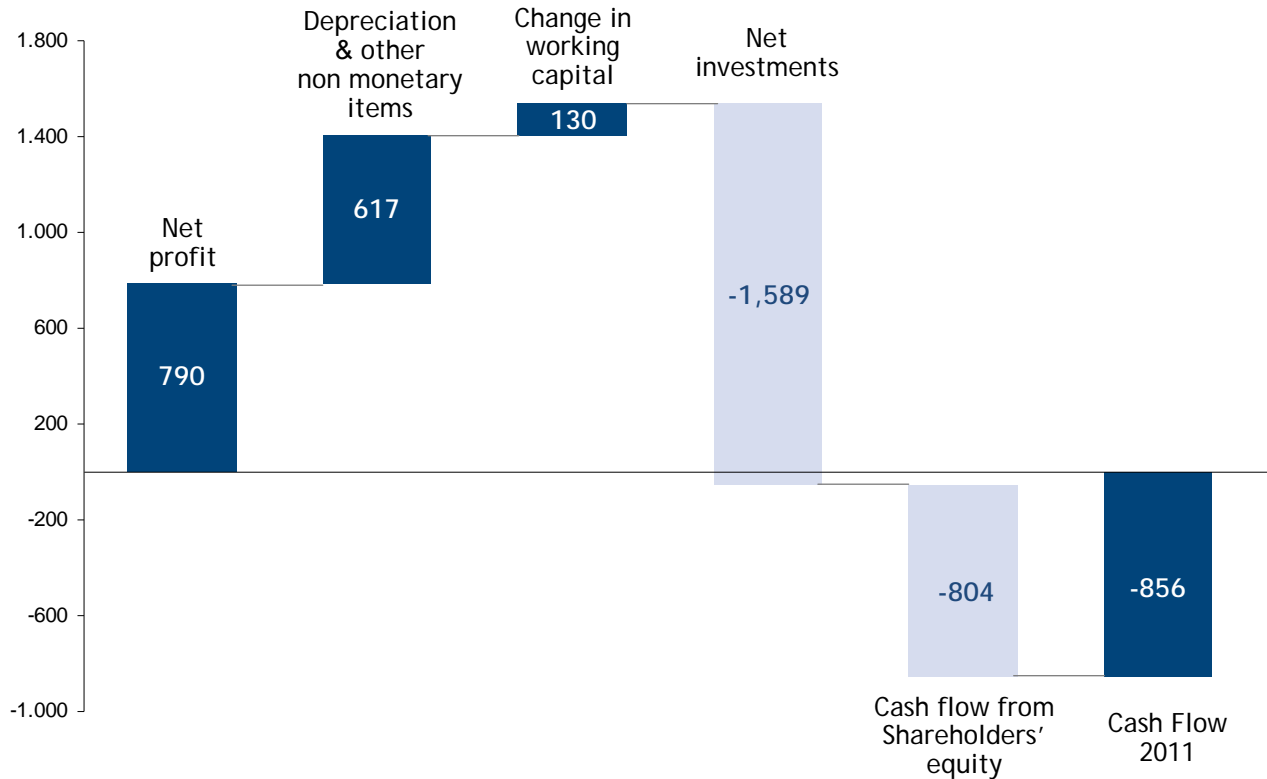


# Robin Hood Tax Impact on 2011 Net Profit





# Cash Flow





# Balance Sheet

[ €m ]

	Dec, 31 2010	Dec, 31 2011	Change
<b>Net Invested Capital</b>	<b>16,257</b>	<b>16,989</b>	<b>+732</b>
<b>Fixed assets</b>	<b>17,972</b>	<b>18,778</b>	<b>+806</b>
Tangible fixed assets	13,391	14,015	+624
Intangible fixed assets	4,262	4,444	+182
Equity-accounted and other investments	319	319	-
<b>Net working capital</b>	<b>- 1,625</b>	<b>- 1,698</b>	<b>- 73</b>
Receivables	1,040	1,782	+742
Liabilities	- 2,665	- 3,480	- 815
<b>Staff benefits provision</b>	<b>- 105</b>	<b>- 107</b>	<b>- 2</b>
<b>Assets held for sale</b>	<b>15</b>	<b>16</b>	<b>+1</b>
<b>Net financial debt</b>	<b>10,341</b>	<b>11,197</b>	<b>+856</b>
<b>Shareholders' equity</b>	<b>5,916</b>	<b>5,792</b>	<b>- 124</b>



# Q & A S E S S I O N



# A N N E X



# Operational Data

		2010	2011	Δ %
Transport	• Gas injected into the network (bcm)	83.3	78.3	-6.0
	• Gas pipeline network (km in operation)	31,680	32,010	+1.0
Storage	• Storage capacity (bcm)	14.2	15.0	+5.6
	• Modulation	9.2	10.0	+8.7
	• Strategic	5.0	5.0	--
	• Gas moved through storage system (bcm)	15.59	15.31	-1.8
	• Injection	8.00	7.78	-2.8
	• Withdrawal	7.59	7.53	-0.8
Distribution	• Gas distributed (bcm)	7.95	7.45	-6.3
	• Active Gas Metering at redelivery points (# million)	5.85	5.90	+0.8

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