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FY 2021 Consolidated results

Milan, March 17th, 2022

Ukraine crisis and recent developments

Recent developments



- Ukraine crisis not currently impacting gas flows; natural gas currently exempt from sanctions
- EU and Italian gas storage levels sufficient for 2021-22 winter needs
- Russia supplies ca. 150bcm of gas on EU 27 + UK, NO, CH, UA consumption of 490bcm

RePowerEU



EU published a joint action for more affordable, secure and sustainable energy by 2030. Key points are:

- Mandating filling of storage capacity to 90%
- Solidarity arrangements
- Mitigating retail prices
- Diversification of supply through increasing LNG and pipeline imports (+60bcm)
- Debottlenecking EU grids and networks through “hydrogen-ready infrastructure”
- Accelerating the deployment of >100bcm of renewable gases, of which:
 - 70bcm equivalent of H2, in large part imported from the Mediterranean region, and
 - 35bcm of biomethane
- Accelerating RES and efficiency



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Implications for Snam



Impacts on Snam

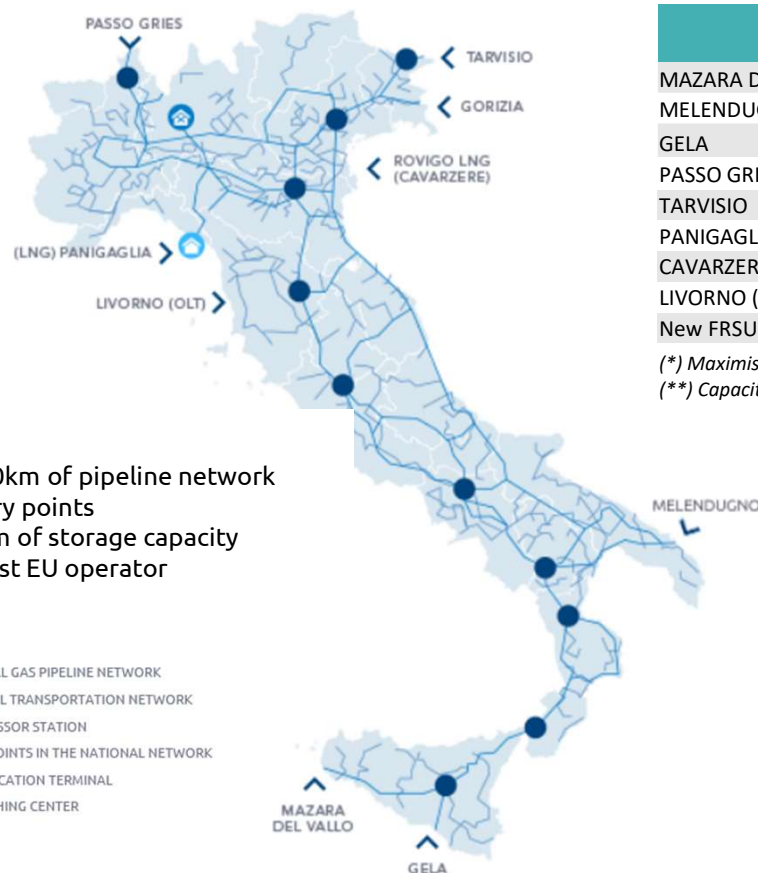
- Snam has **no direct investment or activity in Russia and Ukraine**
- Regulated revenues have **low exposure to volume risk** (ca ± € 10m max at transport and 100% storage revenues guaranteed)
- Only **1.5%** of Snam transported volumes are shipped by Russian companies, covered by guarantees as per Network Code
- Snam, as infrastructure operator, guarantees the adequacy of the national gas infrastructure and is monitoring the situation.
- New measures to maximise use of gas storage underline centrality of the assets
- Current context, RepowerEU raises the likelihood of new infrastructure requirements including:
 - New FSRUs under a regulated regime
 - IntraEU interconnections (eg project connecting Spanish regassification capacity)
 - Investments to transport increased imports into Europe from the MENA (CH4 and H2)



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Italian gas import capacity has ample flexibility

Entry points and national infrastructure



- 33000km of pipeline network
- 8 entry points
- 17bcm of storage capacity
- Largest EU operator



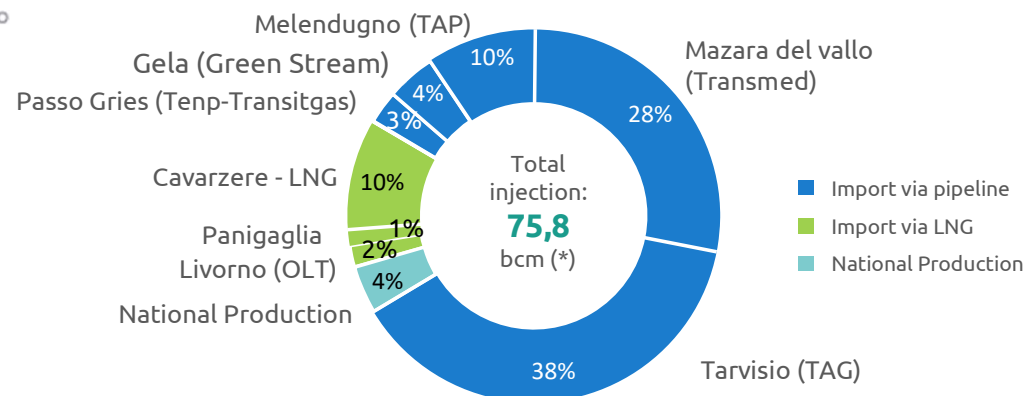
(*) 2021 data
Source: Snam Analysis

Gas supply by entry point, potential capacity

	LAST 3Y average volumes (bcm)	2021 average volumes (bcm)	Technical capacity (bcm)	Pontential additional infrastructures (bcm)
MAZARA DEL VALLO	14,5	21,2	35,9	
MELENDUGNO		7,2	15,4	1.5– 10
GELA	4,5	3,2	15,3	
PASSO GRIESS	7,3	2,1	21,1 (14,3) (**)	
TARVISIO	28,4	29,1	38,5	
PANIGAGLIA	2,0	1,1	3,5	
CAVARZERE (A-LNG)	7,4	7,3	8,0	
LIVORNO (OLT)	2,8	1,4	3,8	
New FRSUs				5+5

(*) Maximising imports from the first 3 import routes would require debottlenecking of Italian infrastructure
(**) Capacity AT Passo Gries IP is 21,5 bcm, but due to TENP capacity reduction only 14,3 can reach Italy

2021 gas flows by source



Increasing flows from the South requires accelerating Italian investments

Impact on associates

Potential upsides for assets in the portfolio

- Higher volumes/utilization in the short/medium term (DESFA, Interconnector, TAP and Terega)
- New investments energy infrastructures and interconnections (Spain-France, TAP expansion, LNG terminals and storage)
- Strengthen the strategic role of Italian assets in view of European security of supply

Focus on TAG



In case of disruption of gas flows from the East, TAG would be the most affected asset given its role of transit route to Italy. In this regard:

- Flows continued with no impact to date
- Standard transport contracts provisions backing shippers' capacity commitments
- Energy costs increase captured by the Austrian regulatory framework.

Possible reduction in gas flows could affect near term profitability, whilst the **strategic value** of these assets remain intact thanks to:

- **Reverse flows** from Italy towards central-eastern Europe (reverse flows capacity already today could cover up to 80% of Austrian demand)
- Acceleration of investment for green gas transportation leveraging on **H2 European backbone following RePower EU**

**Diversified portfolio with presence along all key Med flows routes
10% average cash return and 2/3 of invested capital paid back by 2025**

FY 2021: strong results and strengthened strategic position



FY 2021 performance

- FY net income adj up 4.6% yoy to **€1,218m**, exceeding €1,170m guidance
 - Strong operating performance
 - Record-breaking cost of debt <1%
 - Associates up 18% yoy
- Capex increased to **€1,270m** (+6.8% yoy) o/w € 173m in digitalization, technology and innovation



Regulatory visibility increased

- FY 2021 gas demand at **76.2bcm** (+6.9% vs LY due to cold weather and economic recovery) further highlights centrality of gas storage
- Wacc review in line with market expectations ensuring long term visibility
- Replied to consultation document on fully depreciated assets published on 23rd of December
- Discussion on possible additional output based incentives on dual fuel compression stations through a profit sharing of potential revenues



Strengthened position in green transition

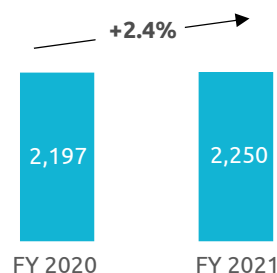
- EU **Hydrogen and decarbonized gas package** to create a framework for H2 infrastructures regulation
- **10Y plan** presented to Arera including H2 backbone project now under consultation
- Tests confirmed the **H2 compatibility of storage**
- De Nora filed listing prospectus. **2GWe electrodes manufacturing capacity** and 1GW electrolyzers capacity through Nucera. Secured, through Nucera 2.5GW of green H2 projects
- Agreement with Asja Ambiente Italia for the acquisition of a portfolio of plants and biomethane projects (**8.5 MW** + future acquisition of additional **16MW**)
- Renovit obtained the **B Corp** certification
- First H2 startups awarded in the hyaccelerator program

TSR of 21.4% in 2021 (ca 2x Stoxx Utilities EU)

Continuing to deliver growth

EBITDA adj.

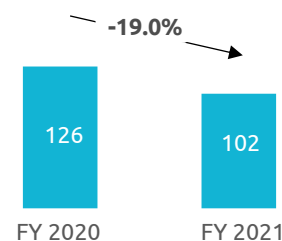
€m



- Tariff RAB growth
- Good contribution from Energy Efficiency offset by slower ramp-up in Biomethane and continuous investments on H2

Financial charges

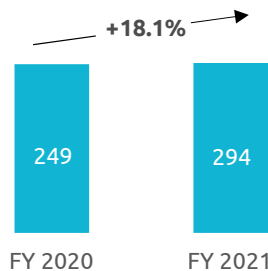
€m



- Lower cost of debt¹ (0.8% in 2021 vs 0.9% LY)
- 60% of sustainable finance

Income from associates

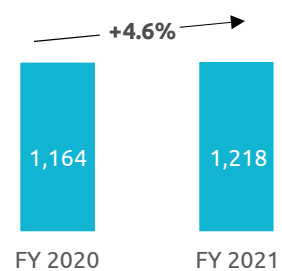
€m



- Perimeter effect (De Nora and Adnoc) and first year of TAP full contribution
- New regulatory period in Austria and lower unitary tariffs in Greece

Net income adj.

€m



- Stronger than expected performance of associates
- Lower cost of debt

FY 2022 net profit guidance at ca €1.1bn ⁽²⁾

Long term growth supported by investment opportunities and inflation

1. Gross cost of debt

2. Assuming output based incentives at €40m (incentives on fully depreciated assets under discussion), current stake in DeNora)

Consolidated position in ESG

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Environment

- Increased **ambition on emissions' reduction** despite current challenges – high gas volumes in 2021 led to increased reported CO2 emissions
 - Methane emissions reduction target by 2025 increased to -55% vs 2015
 - First Gas TSO to set a Scope 3 emissions reduction target
 - 159m mcm of biomethane injected in the network in FY21 up 70% yoy
 - Issued bond linked to Scope1+2 emissions reduction targets
- Taxonomy**-eligible capex in 2021-25 plan equal to 73%, alignment at 47%
- Increased growth in green businesses:** 7,2 MScm of biomethane production and 14ktons of CO2e reduced through energy efficiency projects

Social

- 89.375 hours of **training** carried out with employees
- Launched Ecological and Digital Transition High School with focus on STEM subjects.
- Diversity**
 - Female executives increased to 22,3%
 - 35% more female new hires vs previous year
 - Generazione Donna project launched, leading 25 companies to take common commitments
- 40,7% procurement spend to **local suppliers**
- 4.562 hours of **volunteering** carried out in our communities

Governance

- >40% of BoD time** dedicated to ESG issues
- Non financial reporting 2021:
 - Risks updated taking into account **ESG risks**
 - Deep-dive on **taxonomy and SDGs**
 - Introduction of case studies on **double materiality**
- Awarded "**Oscar di Bilancio**" prize for Large Listed Company category
- New anti-harassment policy

Investor and stakeholder roadshows to be rolled out in 2022
ESG scorecard FY 2021 performance details in back up

ESG POSITIONING



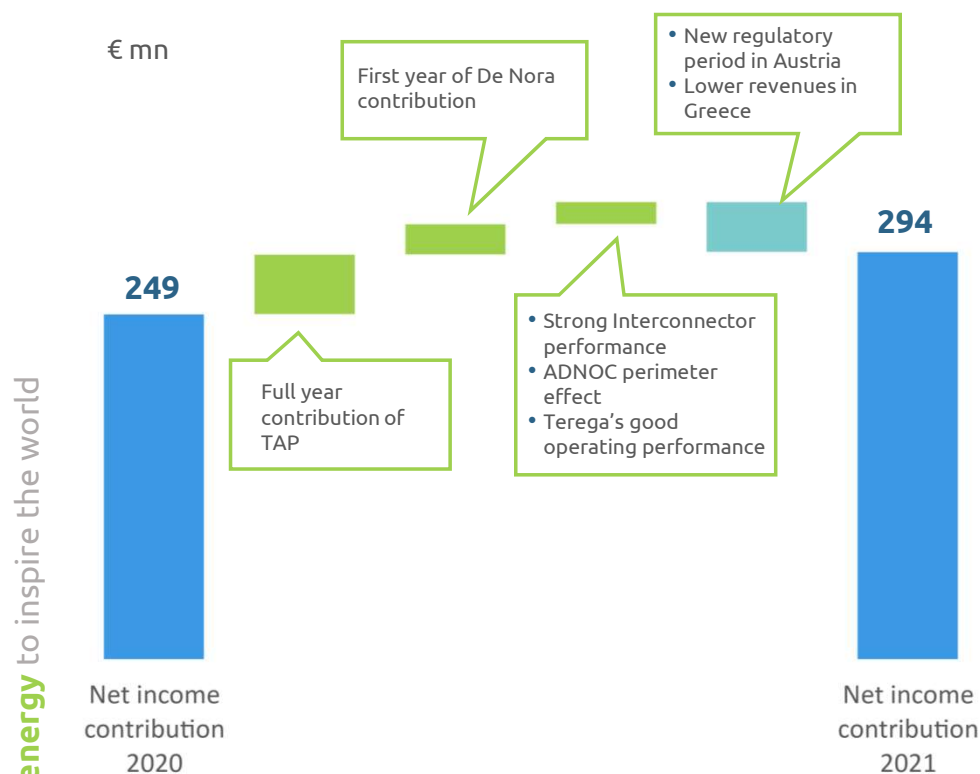
Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



Gender-Equality Index
Invest in a more equal future.

MIB ESG

Another year of strong performance of our associates portfolio



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Key highlights



Strong FY2021 results (€616m revenues and €127m EBITDA, up 43.5% y-o-y) driven by revenue growth in all businesses associated with strict cost control



- Around 10% of the Italian gas demand covered by TAP in 2021 (ca 7 bcm delivered in Italy)
- Contributed to close PSV - TTF spread and enabled export



- Strong performance due to gas prices spreads supporting export flows



- Lower regulatory tariffs and higher energy costs, partially offset by strong gas demand +10%



- Healthy business performance in line with expectations



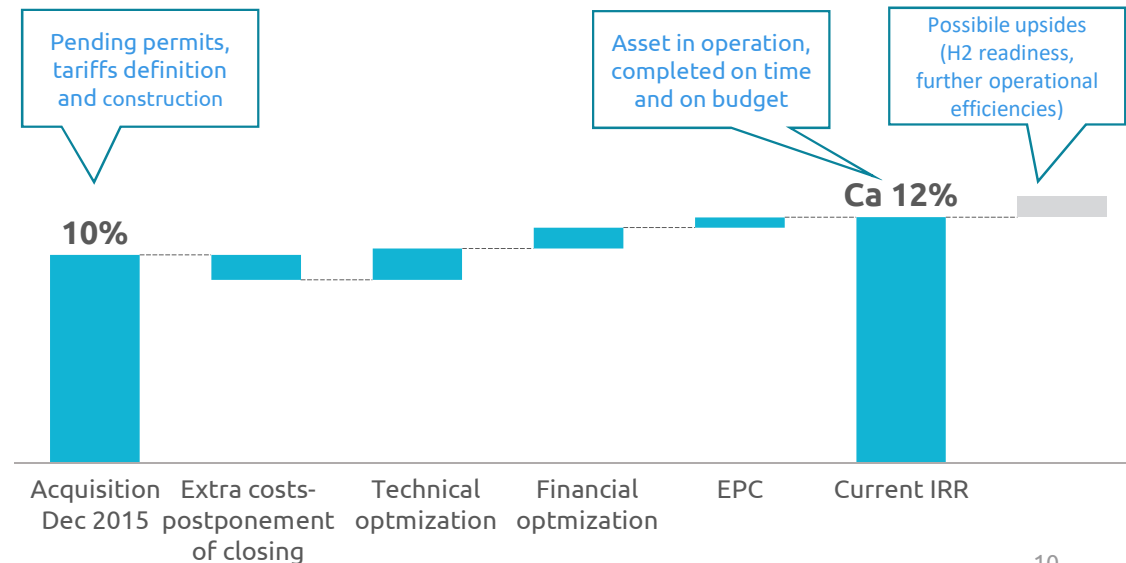
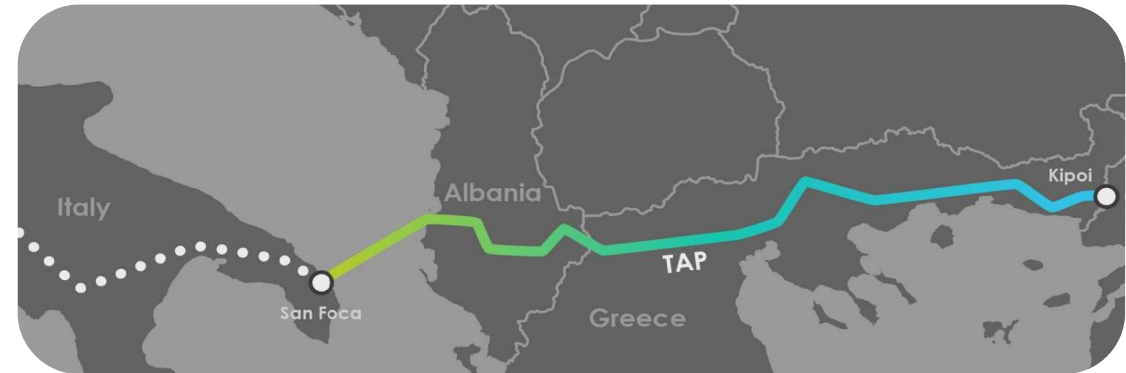
- New regulatory period (wacc reduction)
- Increase in energy costs (pass-through with time lag)
- TAG reduced by 30% CO2 emissions vs. 2018 (1 year in advance)



- Revenues increase due to higher subscription at Spain connection points and cost control

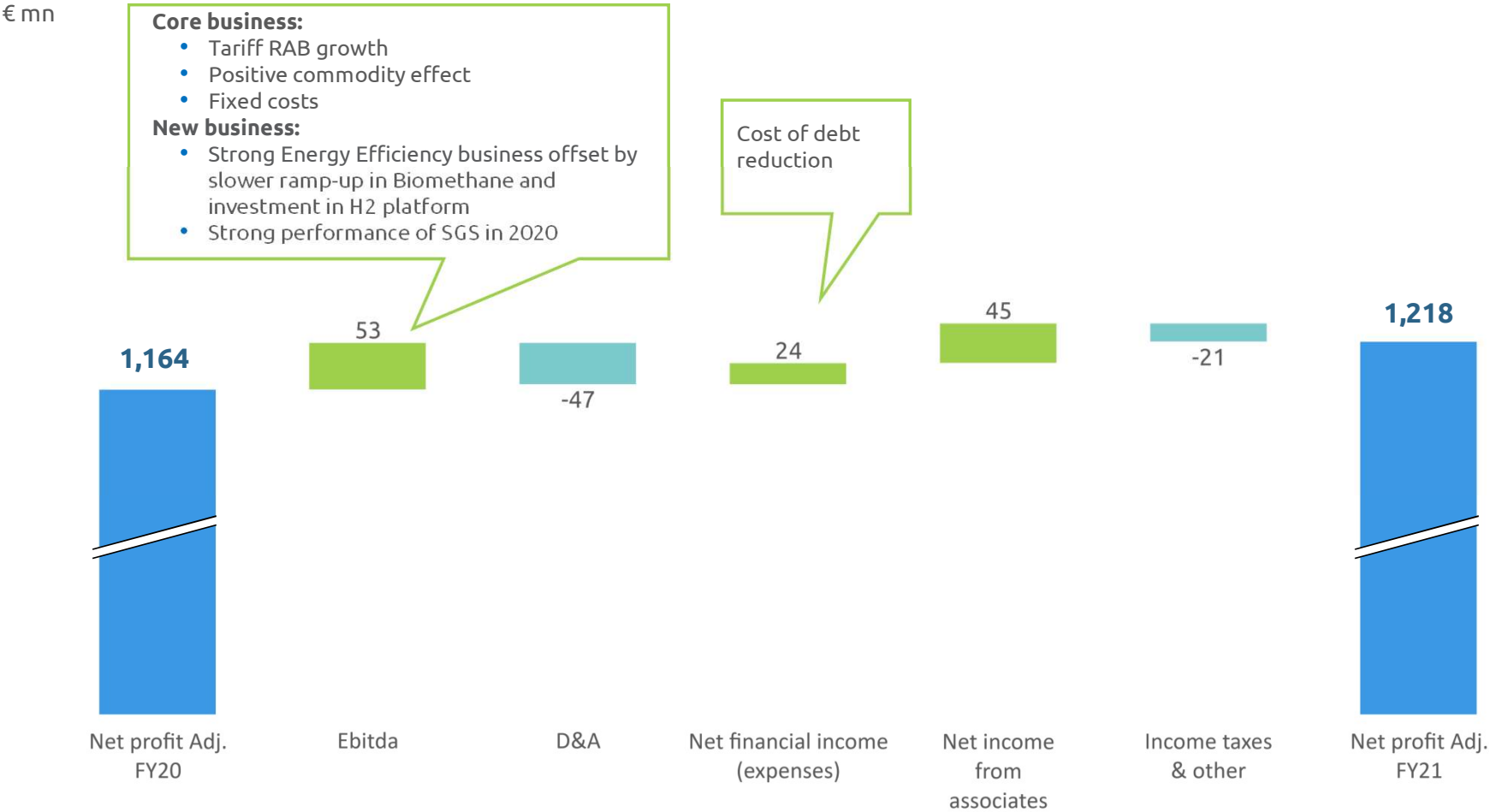
TAP: Key infrastructure offering a compelling IRR

- TAP is a **key infrastructure that brings** gas from Azerbaijan to Europe, significantly enhancing diversification of supply thanks to **long term contracts** (25-years) providing **10 bcm/y** capacity and additional short term capacity (at least 0,5 bcm/y) to be offered
- Since the entry into operation TAP has contributed to close the TTF – PSV spread allowing export flows from Italy
- Ongoing market test allows to add from **1.5 bcm** to **10 bcm** of transport capacity (in addition to current capacity of 10bcm/y).
- Snam's successful integrated approach to TAP project:
 - **Invested capital ca €130m¹** (20% stake) in 2015
 - Contribution to TAP success providing institutional and technical support with EPCM contract
 - **IRR** enhancement over time
 - **Ca 55-60m annual** contribution at net income level
 - Inflation linked transport contracts

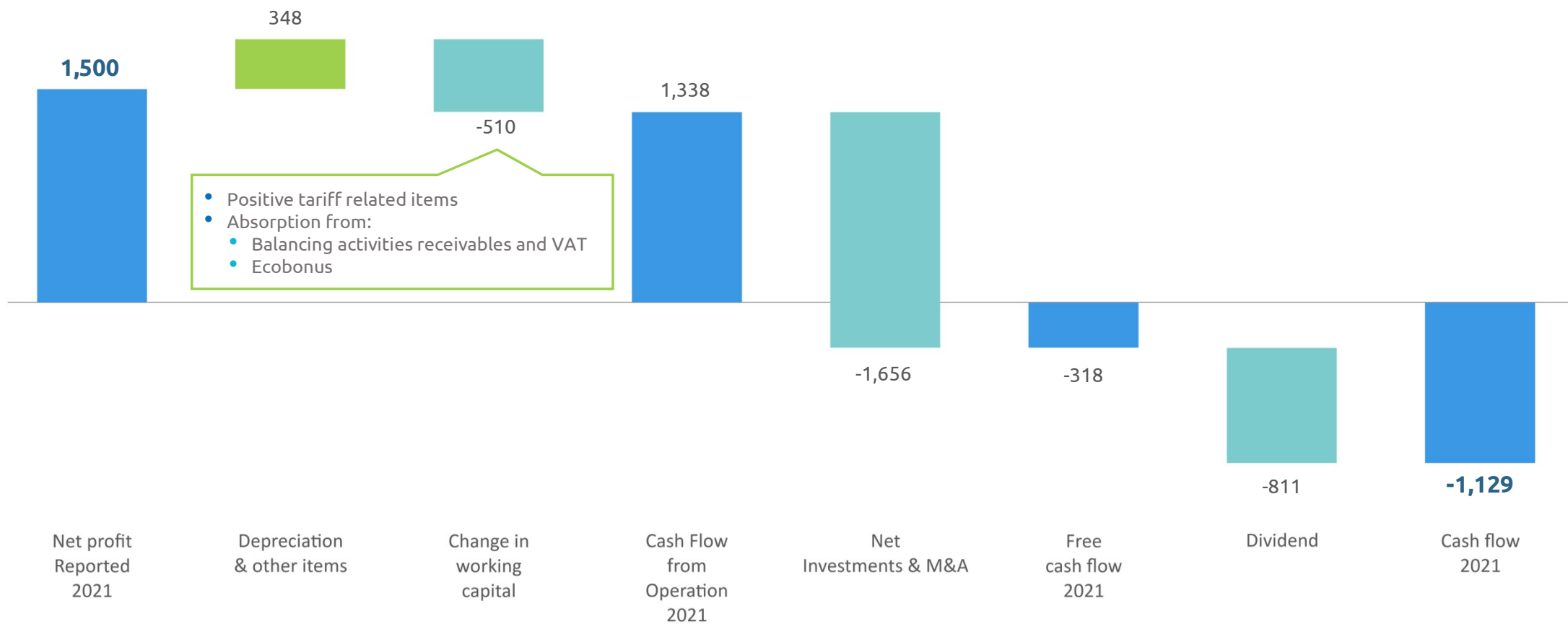


1. Book value of 20% stake in TAP equal to 310 mln at Dec 2021

2021 FY results: Net profit analysis



Cash flow



Solid financial structure and rising role of sustainable finance

Key Highlights

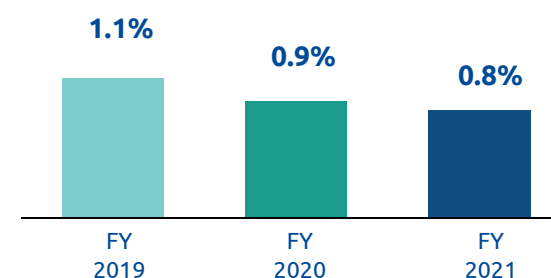
- **M/L term debt maturity**: ~5,5Y with maturities well spread over time
- **~¾ Fix-Floating** in line with our target
- **Sustainable Finance achieving ca. 60% on total committed funding** furtherly increased in early January '22 thanks to **Inaugural sustainability linked bond for 1.5bn€**
- **Treasury management optimization** exploiting supportive market conditions
- €400m convertible bond expiring on 20th March 96% converted in equity
- **Rating affirmed** after Business Plan 2021-25 presentation by all the agencies and credit metrics well positioned within the thresholds
- **Solid balance sheet** with levers to unlock further **financial flexibility** supporting our vision to 2030

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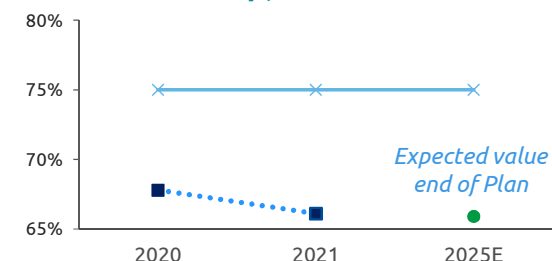


1. Calculated on Gross debt
2. Book value of equity participation as per Moody's calculation
3. Shaded Area consistent with credit metrics inferred from current rating by Moody's and S&P

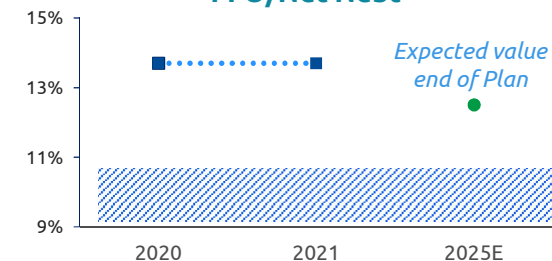
Cost of Debt¹



Net Debt/(Fixed Assets + BVEP²)



FFO/Net Debt³



Snam's 6-year delivery

2016



Today



Net profit: €845m ⁽¹⁾
Capex: €906m
EPS: €0.24
DPS: €0.21

€1,218 **(+44%)**
 €1,270m **(+40%)**
 €0.36 **(+50%)**
 €0.26 **(+25%)**

Employees: 2,883
Average age: 50
Org. levels: 8

3,430
 44
 6

Energy transport and storage

~ **33,000**Km of H2 ready transport network **17**bcm of storage capacity
 tests confirmed H2 compatibility

New businesses



International portfolio



>€5bn of cash returned to shareholders through dividends and buybacks

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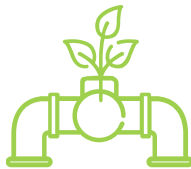


1. Pro-forma adjusted.

Closing remarks



Industry-leading
capabilities
and **skills**



Diversified **asset portfolio** with central role in guaranteeing **energy security** and accelerating **energy transition**



Strong
track record of delivery



Disciplined investment approach, strong balance sheet and attractive shareholder remuneration



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Q&A SESSION



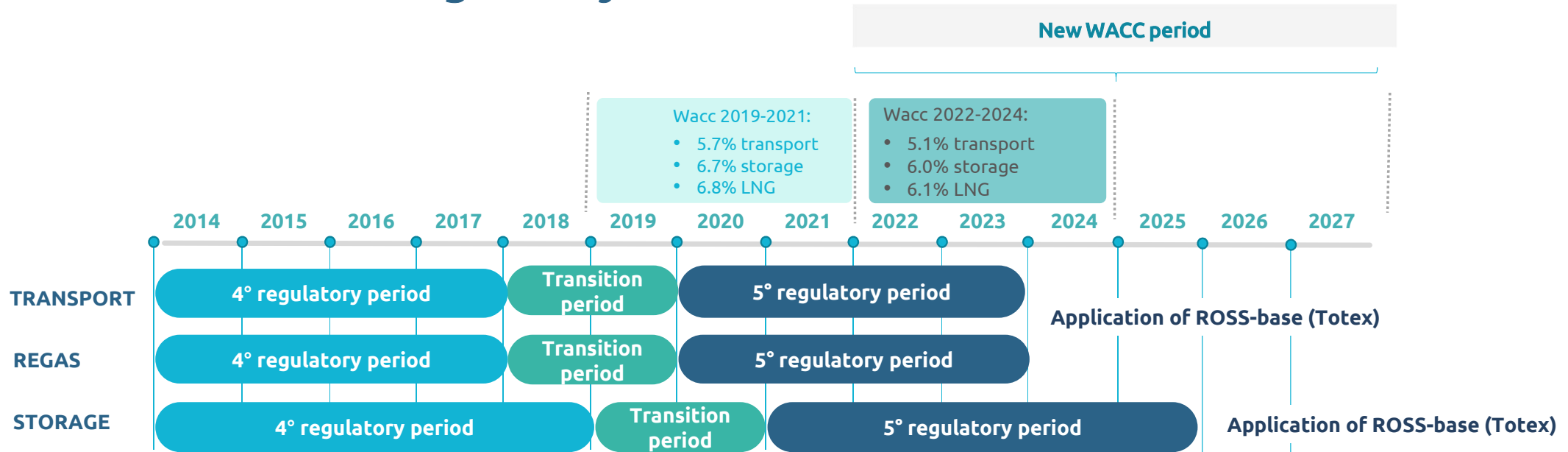
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Back up



Stable and visible regulatory framework



- Wacc set for the period 2022-24 broadly in line with market expectations and BP assumptions
- Long term visibility and de-risked WACC: 6Y period, infra-period review every 3Y and possible annual update on a *trigger* base (>50 bps Wacc change)
- Consultation document on **fully depreciated assets**
- Progressive introduction of **output-based incentives**



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ESG Scorecard – 2021 performances



Target reached



Target not reached

Highlights 2021

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Strictly Confidential

ESG Focus Areas	KPI	Status
Natural Gas Emissions	• Reduction of total natural gas emissions	✓
Energy savings of operational management	• Electricity production by photovoltaic plants retrofit and methane fuelled cars on car fleet	✓
New Business - Green Innovation	• New businesses growth (biomethane, energy efficiency, mobility)	⚠
Land Protection & Biodiversity	• Vegetation restoration of the natural and semi-natural areas involved in the construction of the pipeline routing	✓
Welfare	• Participation in welfare initiatives	✓
Safety	• IpFG (Combined Frequency and Severity Index)	⚠
Gender Diversity	• Women in executive and middle-management roles and in succession planning	⚠
Responsible Supply	• Spending to local suppliers on total non-public procurement and increase third sector suppliers in Vendor List	✓
Local Community Engagement	• Employees involvement in Snam Foundation's initiatives supporting local communities	✓
Governance Functioning and Structure	• Time dedicated by the BoD to ESG matters in strategy meetings and induction sessions	✓
Infrastructure Reliability	• Average annual customer satisfaction rate in terms of service quality and reliability levels on gas supply	✓
Anti-corruption	• Reputational due diligence on third party counterparts	✓

ENVIRONMENT

- Larger reduction of **natural gas emissions** vs 2021 target (- 28.87%)
- **Higher production of energy from photovoltaic plants** been achieved by year end (950 MWh vs target of >860 MWh) and target on **Retrofit and methane fuelled cars** out of total car fleet has been reached thanks to careful planning of the needs
- Delay in **new businesses ramp up** due to Covid-19 (biomethane, energy efficiency interventions, mobility)
- **Biodiversity target (vegetation restoration)** of the natural and semi-natural areas involved in the construction of the pipeline routing reached

SOCIAL

- **Employee participation in the welfare initiatives** has been on track and achieved the target (50%)
- The **IpFG index** has been higher than the 5-year average due to 10 injuries this year of which 1 fatality
- The **employee engagement index** was replaced with a smart leadership survey, then it was not possible to compare the ESG Scorecard target
- Great effort in **initiatives for reducing gender diversity**
- The number of **third sector suppliers** approved for our vendor list has been well above the 2021 target
- **New volunteering activities** have been introduced (tutoring STEM, social supply chain, relationship volunteering) that has allowed us to achieve the target despite not in person volunteering

GOVERNANCE

- **41% of BoD time dedicated to ESG matters**, target achieved (above 40%)
- **99.99% of reliability levels on gas supply** target has achieved also on Q4 2021
- **Reputational due diligence checks** performed on all third parties subject to the procurement process within the period of time considered (for a total amount of 267 counterparties, which should be added to the previous no. 988)
- The **Annual customer satisfaction rate (3-year average)** in terms of service quality has been 8.4, above the expected target value of 7.8

Income Statement Adjusted

[€ mn]	2020	2021	Change	Change %
Revenues	2.770	3.297	527	19,0%
Operating expenses	(573)	(1.047)	(474)	82,7%
EBITDA	2.197	2.250	53	2,4%
Depreciation & amortisation	(773)	(820)	(47)	6,1%
EBIT	1.424	1.430	6	0,4%
Net interest income (expenses)	(126)	(102)	24	(19,0%)
Net income from associates	249	294	45	18,1%
EBT	1.547	1.622	75	4,8%
Income taxes	(383)	(400)	(17)	4,4%
NET PROFIT BEFORE THIRD PARTIES	1.164	1.222	58	5,0%
Third Parties Net Profit	-	(4)	(4)	-
NET PROFIT	1.164	1.218	54	4,6%

Operating Expenses

[€ mn]	2020	2021	Change	Change %
Core business costs	393	647	254	64,6%
Variable costs	46	210	164	356,5%
Fixed costs	280	289	9	3,2%
Other costs	67	148	81	120,9%
New business costs	180	400	220	122,2%
TOTAL COSTS	573	1.047	474	82,7%

Revenues

[€ mn]	2020	2021	Change	Change %
Regulated revenues	2.548	2.869	321	12,6%
Transport	2.028	2.327	299	14,7%
Storage	499	523	24	4,8%
LNG	21	19	(2)	(9,5%)
Non regulated revenues	30	28	(2)	(6,7%)
Total core business revenues	2.578	2.897	319	12,4%
New business revenues	192	400	208	108,3%
TOTAL REVENUES	2.770	3.297	527	19,0%

Balance Sheet

[€ mn]	2020	2021	Change	Change %
Net invested capital	19.364	21.261	1.897	9,8%
Fixed capital	20.265	21.296	1.031	5,1%
Tangible fixed assets	17.178	17.567	389	2,3%
Intangible fixed assets	1.125	1.167	42	3,7%
Equity-accounted and other investments	1.923	2.560	637	33,1%
Financial receivables held for operating activities	426	403	(23)	(5,4%)
Net payables for investments	(387)	(401)	(14)	3,6%
Net working capital	(861)	1	862	-
Receivables	1.930	3.756	1.826	94,6%
Liabilities	(2.791)	(3.755)	(964)	34,5%
Provisions for employee benefits	(40)	(36)	4	(10,0%)
Non current assets held for sale	-	-	-	-
Net financial debt	12.892	14.021	1.129	8,8%
Shareholders' equity	6.472	7.240	768	11,9%



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