



Snam presents its 2014-2017 Strategic Plan

- Overall investment plan of 6 billion euro for the further development of the domestic infrastructure in order to enhance security and flexibility of the gas system
- RAB: expected average annual increase of approximately 3.3%
- Dividend policy: attractive and sustainable remuneration confirmed; annual DPS of 0.25 euro for 2014 and 2015
- International development: MoU signed for the purchase of the stake held by CDP in TAG GmbH

San Donato Milanese, 19 March 2014 - Snam CEO, Carlo Malacarne, today will present the Strategic Plan for the period 2014-2017, which was approved yesterday by the Company's Board of Directors, chaired by Lorenzo Bini Smaghi.

"For the 2014-2017 period we are confirming a robust investment plan of 6 billion euro, focused on further enhancing the security and flexibility of the Italian gas infrastructure in the context of a more closely integrated European network," commented Carlo Malacarne.

"The execution of this plan will be characterized by the usual strict financial discipline, which will allow Snam to pursue its profitable growth strategy, as well as to confirm an attractive and sustainable dividend policy while retaining a solid capital structure," concluded Mr. Malacarne.

Development of gas infrastructure system in Italy

The overall investment plan in the 2014-2017 period for the domestic market amounts to 6 billion euro, of which 1.3 billion euro will be spent in 2014. The plan is aimed at further developing the gas infrastructure system in Italy, with a view to promoting the true interconnection of the European networks, increasing diversification of supply and flexibility of the system.

The main guidelines for the 2014-2017 strategic plan for each business are as follows:

Transport and Regasification:

- develop infrastructure along Italy's South-North backbone and in the Po Valley, with the aim of further strengthening the security of the gas system by increasing the transport capacity in the North of the Country, while at the same time making physical export to northern Europe possible;
- increase flexibility and liquidity of the domestic and European markets by making new integrated services – among other things – available to shippers.

The 2014-2017 plan envisages an extension of the gas network of about 1,000 km (+3% versus 32,306 km as at the end of 2013) and an increase in the installed capacity of the compression stations of around 130 megawatts (+15% versus 867 megawatts at the end of 2013).

Storage:

- improve the overall flexibility and security of the system, through increased modulation capacity and peak demand management;
- support the development of new services through the integrated management of transport and storage capacity.



The investments in the storage business for 2014-2017 are expected to deliver a roughly 18% increase in modulation capacity (from 11.4 billion standard cubic meters in 2013 to around 13.5 billion standard cubic meters by 2017) and a 12% increase in peak capacity (from 281 to 316 million standard cubic meters per day).

Distribution:

- continue to drive the improvement in reliability and quality of the distribution service, lifting the technological level of metering through the introduction of digital meters;
- develop new sections of the distribution network in order to extend coverage to currently un-serviced municipalities, in accordance with regulatory requirements and/or agreements with the licensing entities;
- portfolio optimization, particularly in the light of new tenders for concessions, which could potentially benefit from further efficiencies in terms of cost through the realization of economies of scale.

The projects planned for the 2014-2017 period and the portfolio optimization will allow the Company to grow the number of meters to an expected 6.6 million units by 2017, an increase of 12% over the 5.9 million units at the end of 2013.

International Development

In the last two years, Snam has purchased a 45%-stake in the French transport and storage company TIGF (along with GIC and EDF, which hold the remaining 35% and 20% respectively) and has acquired, in joint venture with Fluxys, an overall 31.5% stake in Interconnector (UK), the undersea pipeline connecting the United Kingdom to continental Europe. These acquisitions are delivering results in line with expectations.

Snam's development strategy in Europe is progressed a step further by the signing of a Memorandum of Understanding with Cassa Depositi e Prestiti (CDP) which defines the negotiation process for the purchase by Snam of CDP's stake in TAG GmbH, the company holding transport rights in the pipeline connecting the Slovakian-Austrian border with the entry-point of Tarvisio in Italy. The system is made up of 3 pipelines, each 380 km long (for an overall length of 1,140 km) and 5 compression stations, with a transport capacity of around 48 billion cubic meters of gas.

Financial Structure

In spite of the significant investment outlay over the plan period, Snam's capital structure remains solid and efficient in the medium to long term, maintaining its average net debt / total assets (i.e. consolidated RAB plus equity-consolidated associates) ratio at around 55% in the period.

Thanks to the refinancing operations carried out in the first part of the year and those in the months to come in 2014, Snam expects to further optimize its cost of debt.

Operating Efficiency

Snam confirms its commitment to operating efficiency and control of costs, which during the plan period are expected to remain stable in real terms, despite a growing scope of operational activity.



Dividend Policy

The Board of Directors has proposed to the Annual General Meeting scheduled for 15 April 2014 in a single call a dividend for the FY2013 of 0.25 euro per share, of which 0.10 euro was distributed in October 2013 as an interim payment. The final dividend of 0.15 euro per share will be paid from 22 May 2014, with an ex-dividend date of 19 May 2014 and a record date of 21 May 2014.

Snam confirms its commitment to an attractive and sustainable remuneration policy for shareholders and, based on the Company's economic and financial prospects, forecasts a dividend per share for fiscal years 2014 and 2015 of 0.25 euro, to be paid each year in May.

The Strategy Presentation to financial analysts and institutional investors will take place at 3 pm CET (2 pm GMT). The event can be followed in conference call; the support material will be made available online at www.snam.it, in the Investor Relations section, at the beginning of the conference call. The video webcast of the presentation will also be available in the same section of the website.

Pursuant to paragraph 2, article 154-bis of the TUF, the manager in charge of preparing the company's financial reports, Antonio Paccioretti, states that the accounting information included in this press release corresponds to documents, accounting ledgers and other records.

Disclaimer

This press release includes forward-looking statements. Such statements by their very nature are subject to risk and uncertainty as they depend on the fact that certain events and developments will take place. The actual results may differ from those communicated due to different reasons, such as foreseeable trends in demand, offer and natural gas prices, general macro-economic conditions, the effect of new energy and environment legislation, the successful development and implementation of new technologies, changes in the stakeholders' expectations and other changes in business conditions.