



SNAM ANNOUNCES RESULTS FOR THE FIRST HALF OF 2015

San Donato Milanese, 29 July 2015 – The Snam Board of Directors, chaired by Lorenzo Bini Smaghi, yesterday approved the consolidated half-year report to 30 June 2015 (subjected to a limited audit) and the consolidated results for the second quarter of 2015 (unaudited).

Financial highlights

- **Total revenue:** €1,837 million (+3.1%)
- **EBITDA:** €1,434 million (+0.4%)
- **Net profit:** €612 million (+9.1%)
- **Technical investments:** €487 million
- **Free cash flow:** €587 million

Operating highlights

- **Gas injected into the transportation network:** 32.77 billion cubic metres, in line with the figure for the first half of 2014
- **Number of active meters:** 6.518 million (5.911 million at 30 June 2014)
- **Available storage capacity:** 11.4 billion cubic metres (unchanged compared with 30 June 2014)

Significant events

- **Completed on 9 July 2015 the activities relating to the revocation of the judicial administration order imposed on the subsidiary Italgas by the Court of Palermo on 11 July 2014**
- **Approved on 22 June 2015 by the Snam Board of Directors the renewal of the Euro Medium Term Notes (EMTN) programme for the issuance of bonds worth a total of €12 billion, unchanged from the previous renewal of the programme**

Carlo Malacarne, Snam CEO, made the following comments on the results:

“The 9.1% growth in net profit in the first half of 2015 reflects the robustness of our operations and our strict financial discipline, as well as the growing contribution of our associates. We are continuing our selective programme of investment focused on upgrading Italian gas infrastructure and promoting closer integration of the European networks”.



Financial highlights

		(€ million)				
Second quarter		First half			%	
2014	2015	2014	2015	Change		
875	908		1,782	1,837	55	3.1
866	898		1,748	1,796	48	2.7
179	191		354	403	49	13.8
696	717		1,428	1,434	6	0.4
502	502		1,044	1,012	(32)	(3.1)
269	287		561	612	51	9.1
0.149	0.143	(€)	0.309	0.289	(0.020)	(6.5)
0.080	0.082	(€)	0.166	0.175	0.009	5.4
297	262		526	487	(39)	(7.4)
3,380.5	3,499.5	(millions)	3,380.5	3,499.5	119.0	3.5
3,380.4	3,499.5	(millions)	3,380.3	3,499.5	119.2	3.5

(*) Net profit is attributable to Snam.

(**) Calculated considering the average number of shares outstanding during the period.

EBITDA

EBITDA¹ stood at €1,434 million in the first half of 2015, an increase of €6 million (0.4%) compared with the first half of 2014 (+€21 million, or +3.0%, during the second quarter).

The increase was attributable to higher revenue (+€48 million, or +2.8%, in the first half; +€32 million, or +3.8%, in the second quarter), owing partly to the contribution of newly consolidated companies², the effect of which was offset partially by higher operating costs (-€42 million, or +14.6%, in the first half; -€11 million, or +7.5%, in the second quarter). The increase in costs was due mainly to withdrawals of gas from storage to cover the sale of natural gas no longer needed for the transportation business, a lower share of expenses absorbed by investment activities in the distribution segment, and the change in the consolidation scope.

EBIT

EBIT totalled €1,012 million in the first half of 2015, down by €32 million (3.1%) compared with the first half of 2014 (€502 million, unchanged, in the second quarter). The increase in EBITDA (+€6 million, or +0.4%, in the first half; +€21 million, or +3.0%, in the second quarter) was offset by higher amortisation and depreciation (-€38 million, or +9.9%, in the first half; -€21 million, or +10.8%, in the second quarter) in all the main business segments.

¹ EBITDA was analysed by isolating only the elements that determined a change therein. To this end, applying gas segment tariff regulations generates revenue components that are offset in costs.

² The change in the scope of consolidation is described on page 11 of this press release.



In terms of business segments, the reduction in EBIT was attributable to a lower contribution from the natural gas storage (-€29 million, or -14.6%) and distribution (-€9 million, or -3.5%) segments. The reduction in EBIT in the storage segment (-€29 million, or -14.6%) was mainly due to lower regulated revenues, due to a different timing profile over the year, compared with 2014, and a reduction in non-regulated revenues. EBIT in the transportation segment was unchanged compared with the previous year.

Net profit

Net profit totalled €612 million in the first half of 2015, up by €51 million (9.1%) compared to the first half of 2014. Net profit in the second quarter amounted to €287 million, an increase of €18 million (6.7%) compared with the second quarter of 2014.

This increase in net profit was due to: (i) lower net financial expense (+€18 million; +€12 million in the second quarter), attributable mainly to a lower average cost of borrowing, aided by Snam's efforts to optimise the Group's financial structure; (ii) higher net income from equity investments (+€20 million; +€1 million in the second quarter), due to the contribution from recently acquired assets; and (iii) lower income taxes (+€45 million; +€5 million in the second quarter), primarily from the elimination of the additional corporate income tax known as the "Robin Hood Tax", which was declared to be unconstitutional. These effects were partially offset by the reduction in EBIT (-€32 million).

Technical investments

Technical investments in the first half of 2015 amounted to €487 million (compared with €526 million in the first half of 2014) and related mainly to the natural gas transportation (€278 million), distribution (€142 million) and storage (€62 million) segments.

Net financial debt

Net financial debt as at 30 June 2015³ totalled €13,936 million (€13,652 million at 31 December 2014). Net cash flow from operating activities (€1,146 million) allowed the Group to fully cover the financial requirements associated with net investments for the period (€559 million) and to generate a free cash flow of €587 million. Net financial debt of €13,936 million, after the payment to shareholders of the 2014 dividend of €875 million, increased by €284 million compared with 31 December 2014.

Net financial debt increased by €719 million compared with 31 March 2015.

³ More information on the net financial debt can be found on page 21 of this press release.



Operating highlights (a)

Second quarter		First half			% change
2014	2015	2014	2015	Change	
		Natural gas transportation (b)			
16.49	16.79	Natural gas injected into the national gas transportation network (billions of cubic metres) (c)			
32,303	32,354	32,303	32,354	(0.01)	(0.03)
890	853	890	853	51	0.2
		Liquefied Natural Gas (LNG) regasification (b)			
	0.017	0.002	0.020	(37)	(4.2)
		Natural gas storage (b)			
11.4	11.4	11.4	11.4	Available storage capacity (billions of cubic metres) (d)	
4.67	4.80	9.51	11.96	2.45	25.8
		Natural gas distribution (e)			
5,911	6,518	5,911	6,518	Active meters (millions)	
1,435	1,472	1,435	1,472	Gas distribution concessions (number)	
53,308	56,636	53,308	56,636	Distribution network (kilometres) (f)	
6,035	6,219	6,035	6,219	Employees in service at period end (number) (g)	
		<i>by business segment:</i>			
1,941	1,912	1,941	1,912	- Transportation	
80	75	80	75	- Regasification	
308	287	308	287	- Storage	
3,001	3,221	3,001	3,221	- Distribution (e)	
705	724	705	724	- Corporate and other activities	

(a) The changes indicated in the table, as well as those below in this press release, must be considered changes from the first half of 2014 to the first half of 2015. Percentage changes, unless otherwise specified, are calculated in relation to the data indicated in the related tables.

(b) With regard to the first half of 2015, gas volumes are expressed in standard cubic metres (SCM) with an average higher heating value (HHV) of 38.1 and 39.1 MJ/SCM respectively for the businesses of natural gas transportation, regasification and storage.

(c) Data for the first half of 2015 are correct as at 2 July 2015. Data for 2014 have been aligned with data from the national transportation network report.

(d) Working gas capacity for modulation, mining and balancing services. The available capacity at 30 June 2015 is that declared to the Electricity, Gas and Water Authority (hereinafter also "the Authority") at the start of the 2015-2016 thermal year, in compliance with Resolution ARG/gas 119/10.

(e) Data for the first half of 2015 include Acam Gas S.p.A. and AES S.p.A., which were fully consolidated as of 1 April 2015 and 1 July 2014 respectively, and Metano Arcore S.p.A. and SETEAP S.p.A., which merged into Italgas S.p.A. and Napoletanagas S.p.A. respectively, with effect from 1 January 2015.

(f) This figure refers to the kilometres of network operated by Italgas.

(g) Fully consolidated companies.

Natural gas injected into the national transportation network

A total of 32.77 billion cubic metres of natural gas was injected into the national gas transportation network during the first half of 2015, in line with the amount injected during the corresponding period of the previous year (32.78 billion cubic metres). Gas demand in Italy (35.54 billion cubic metres) increased by 7.9% compared with the first half of 2014. This increase, owing to higher consumption in



the residential and tertiary (+12.4%) and thermoelectric (+9.0%) sectors, was offset entirely by the use of gas from storage, with net withdrawals amounting to €2.52 billion cubic metres compared with marginal net injections of 0.05 billion cubic metres in the first half of 2014.

When adjusted to take account of temperature, natural gas demand was 36.30 billion cubic metres, in line with the first half of 2014.

Natural gas injected into the national network from domestic production fields or collection and treatment centres was equal to 3.24 billion cubic metres (3.44 billion cubic metres in the first half of 2014), down by 0.20 billion cubic metres (-5.8%) compared with the corresponding period of 2014.

Gas injected into the network at entry points (29.53 billion cubic metres) increased by 0.19 billion cubic metres (0.6%) compared with the first half of 2014. The increase was due to higher volumes being injected at the Gela (+0.97 billion cubic metres; +34.2%) and Gries Pass (+0.84 billion cubic metres; +22.4%) entry points and by the LNG regasification plants (+0.74 billion cubic metres; +32.0%), the effects of which were partly offset by lower volumes being injected at the Tarvisio (-1.60 billion cubic metres; -10.0%) and Mazara del Vallo (-0.76 billion cubic metres; -17.3%) entry points.

Liquefied Natural Gas (LNG) regasification

In the first half of 2015, the LNG terminal at Panigaglia (SP) regasified 0.020 billion cubic metres of natural gas, an increase of 0.018 billion cubic metres compared with the first half of 2014 (0.002 billion cubic metres). This LNG regasification was carried out as part of the completion of the peak shaving service, which ended on 31 March 2015.

As a result of the increased attractiveness of natural gas prices in Japan and lower gas consumption in Europe due to the ongoing economic crisis, there were no tanker loads, as in the corresponding period of 2014.

Natural gas storage

During the first half of 2015, natural gas moved through the storage system totalled 11.96 billion cubic metres, an increase of 2.45 billion cubic metres (25.8%) compared with the first half of 2014 (9.51 billion cubic metres). This increase was attributable mainly to higher withdrawals from storage (+2.44 billion cubic metres; +51.3%) as a result of the considerable usage of storage by operators during the first quarter of 2015.

The total storage capacity as at 30 June 2015, including strategic storage, was 15.9 billion cubic metres, of which 11.4 billion cubic metres related to available storage capacity, which was allocated in full for the 2015-2016 thermal year, and 4.5 billion cubic metres related to strategic storage (unchanged compared with the 2014-2015 thermal year)⁴.

⁴ On 26 January 2015, the Ministry of Economic Development set the strategic storage volume at 4.62 billion cubic metres for the 2015-2016 contractual storage year (1 April 2015 – 31 March 2016). This was in line with the volume set for the 2014-2015 contractual year. The quota pertaining to Stogit remained unchanged, at 4.5 billion cubic metres.



Natural gas distribution

In the first half of 2015, 4,431 million cubic metres of gas were distributed, an increase of 910 million cubic metres, or 25.8%, compared with the first half of 2014, due mainly to weather conditions.

At 30 June 2015, Snam had concessions for gas distribution services in 1,472 municipalities (1,437 at 31 December 2014; 1,435 at 30 June 2014), of which 1,392 were in operation (1,361 at 31 December 2014) and 80 had to complete and/or create networks (76 at 31 December 2014). It had 6.518 million active meters at gas redelivery points to end users (households, businesses, etc.), compared with 5.911 million at 30 June 2014.

At 30 June 2015, the gas distribution network covered 56,636 km, an increase of 1,358 km compared with 31 December 2014 (55,278 km).

Main events

Italgas – Exit from judicial administration and reappointment of the company's Board of Directors

The activities relating to the revocation of the judicial administration order imposed on Italgas by the Court of Palermo were completed on 9 July 2015. In light of the outcome of the checks performed and Snam Group's active cooperation, the Court ordered the handover of the company on 29 June 2015. The revocation refers, among other things, to the sharing of an organisational and procedural plan, achieved through a technical round table, as well as a plan to monitor and verify the activities of Italgas S.p.A.

Having acknowledged the revocation of the judicial administration order, on 9 July 2015 Italgas' Shareholders' Meeting reappointed all members of the Board of Directors, whose terms expire at the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2015.

Italgas will comply with the obligation to provide the relevant authorities with the information required pursuant to Article 34, paragraph 8 of Legislative Decree 159/2011 (judicial control), in relation to the relevant transactions, but it has appealed before the Palermo Court of Appeal against the provision of such information. Italgas S.p.A. will also provide the relevant authorities with the results of the periodic reports by the Supervisory Body.

The company has kept Consob continually informed of the progress of the measure and subsequent orders ahead of the revocation, as well as giving it advance notice of the accounting principles adopted.

On 11 July 2014, the Court of Palermo notified the subsidiary Italgas of a preventive measure of judicial administration, pursuant to Article 34, paragraph 2 of Legislative Decree 159/2011 ("Anti-mafia code and prevention measures, as well as new measures relating to anti-mafia documentation in accordance with Articles 1 and 2 of Law 136 of 13 August 2010"). Pursuant to the law, this measure protects Italgas' capital structure from infiltration and/or collusion; it is a temporary measure with a fixed maximum duration, which in this case is six months and may be extended by no more than six months pursuant to Legislative Decree 159/2011. As a result, the powers of administration for Italgas' economic and business activities and assets have been assigned to a collective administrative body comprising four court-appointed members. Italgas' Board of Directors was suspended for the duration



of the measure. Snam retained full ownership of the entire share capital of Italgas and all related rights.

For the purposes of the accounting principles adopted when drawing up the 2014 half-year report, it should be pointed out that Italgas had been notified of the measure on 11 July 2014, after the end of the first half-year and prior to the approval of the report. Furthermore, for the purposes of the Group's consolidated financial statements, the collective administrative body had authorised the transmission to Snam of Italgas' half-year report at 30 June 2014, together with the relevant management certifications involved in the Group procedures in place and subject to prior examination by the Italgas Board of Statutory Auditors. Therefore, in light of the control it exercised over Italgas for the entire first half of 2014 and the full availability of the company's information flow as at 30 June 2014, in accordance with the provisions of IFRS 10 – "Consolidated Financial Statements", Snam had retained the procedures used for consolidating the subsidiary within the Group.

At the same time, Consob had informed the company that it was investigating the possible effects of the Italgas matter on the accounting methods used in relation to the subsidiary in the reports pertaining to the period of the preventive measure.

Subsequently, with an order issued on 2 October 2014, the presiding judge gave a clearer definition of the scope of the judicial administration and the activities of the administrative body (hereinafter the "Order"). The Order specified that the objectives of the judicial administration measure, of which Italgas was notified, were primarily related to the inspection of and focus on activities that may have revealed whether there are indications of potential infiltration, with a view to taking the necessary steps. Based on this purpose and taking into account, in the case in question, that no action was being taken on the block of shares of the subsidiary and the fact that the preventive measure was a short-term, temporary measure, the Order stated that there were no legal, operational or procedural grounds to call into question the parent company's powers, compliance with the Group's objectives and strategies, or observance of corporate procedures.

Confirming this, with regard to the activities of the administrative body, the Order also stated that, without prejudice to compliance with the provisions of law, this more clearly defined scope and the specific instructions given to the judicial administrators were based on the following principles and activities:

1. The continuation by Italgas along the strategic lines defined in its previously adopted Business Plan and Budget, which, in line with Snam Group's sustainability, confirmed Italgas's position as a leading operator in the Italian natural gas distribution business;
2. The maintenance of the cash-pooling services performed by Snam to cover Italgas' financial requirements by accessing the financial markets, in line with the objectives approved in the Business Plan;
3. The maintenance of the services provided centrally by the Snam Group for Italgas, in line with and without prejudice to the contracts in place and the powers granted (with the sole exception of limitations to some powers of attorney that have already been provided for);
4. The maintenance of Italgas within the scope of consolidation of the Snam Group for the purposes of the national tax consolidation scheme, since the conditions provided for by the relevant regulations had been fulfilled;



5. The availability to Snam of Italgas' information flow in order to draw up periodic Group consolidated financial reporting, including a statement from the Italgas management to Snam and to the independent auditors, in continuation of current procedures (in order to avoid comments from the independent auditors);
6. The sharing and continuation by Italgas of obligations relating to Snam's reporting control system pursuant to Law 262/2005 (in line with the steps already taken to maintain the Corporate Reporting Internal Control System);
7. Continuity of relations between the control bodies of Snam and Italgas: continuity in terms of carrying out the duties and meetings of Italgas' control and supervisory bodies, without prejudice to any appropriate and necessary involvement with the judicial administration body in relation to the requirements of the preventive measure;
8. Continuity in terms of executing the Group's Annual Audit Schedule, which consisted of the steps taken by the Group Internal Audit department in relation to Italgas' activities (as already carried out pursuant to the strategy of not introducing any amendments or delays to the annual schedule);
9. Continuity in relation to the body of Group procedures adopted by Italgas and the related interaction with Snam's departments and management (including the "Extraordinary Transactions" procedure).

In light of the above, and in view of the scope of the judicial administration, the Order concluded that there were no obstacles to the consolidation of the Italgas S.p.A. financial statements within the Snam Group, without prejudice to the subsidiary retaining full independence and responsibility with regard to the adoption of decisions under its sole competency.

Snam has continued to work closely with the judicial authorities and the administrative body. Within this context, and partly in the interests of Italgas, Snam has appointed a leading specialised international company to conduct a thorough independent investigation aimed at:

- reconstructing the circumstantial framework outlined in the Decree, particularly with regard to Italgas' relations with the counterparties mentioned in the Decree and to the control system in force at the time;
- assessing the overall stability of the current risk management and internal control system, particularly with regard to the risk of infiltration and facilitation of organised crime in tenders.

Following its technical work pertaining to accounts and records and to the internal control system, the appointed company drew the following conclusions, in summary: (i) the supply relations with the counterparties mentioned in the Decree accounted for less than 1% of Italgas's total cumulative expenditure (and 0.16% of the Snam Group's total expenditure) between 2009 and 2014; (ii) the current risk management and internal control system appeared to be effective and suitable for the purpose of identifying, preventing or minimising the corporate operational risk of infiltration/facilitation of organised crime in business and economic activities. The findings of this thorough independent investigation have been submitted to the judicial authorities.

For the purposes of the interim directors' report at 30 September 2014, and taking into account the considerations set out in the Order, Italgas S.p.A. remained within the Group's scope of consolidation.



At the end of the six-month period, the Court extended the preventive measure for an additional six months, as provided for by Legislative Decree 159/2011. At the same time, the Court ordered the administrative body to draw up a programme of measures aimed at concluding the activities, including in relation to the findings of said body. On 8 January 2015, the presiding judge issued an order confirming authorisation for Italgas to be included in the Group's consolidated financial statements, and ruled that the programme of measures should be drawn up taking into account Snam's proposals and the staging of a technical round table.

With regard to the identification of the scope of consolidation for the purpose of the 2014 annual report, Snam obtained two opinions from leading independent experts, which confirmed that Italgas should be included in the Group's scope of consolidation.

Based on the above considerations, and taking into account the opinions obtained, the fact that the events of recent months confirmed the continuity of Snam's single management structure and the full availability of Italgas' information flow regarding the 2014 financial statements, which were approved by the judicial authorities, supported by accompanying statements and subject to prior assessment by the Italgas Board of Statutory Auditors, Snam opted to keep Italgas and its subsidiaries within the Group's scope of consolidation, in line with the accounting principles adopted for the financial documents published in 2014.

Renewal of Euro Medium Term Notes (EMTN) programme to issue bonds

On 22 June 2015, Snam's Board of Directors approved the annual renewal of the EMTN programme, leaving the maximum bond issue value unchanged at €12 billion⁵. The renewal of the programme allows for the issue, by 30 June 2016, of bonds worth up to €1.3 billion, to be placed with institutional investors operating mainly in Europe.

Declaration of control by CDP

In its 2014 annual report, the shareholder CDP S.p.A., which in letters dated 25 and 31 March 2015 notified its need to fully consolidate the Snam Group, in accordance with IFRS 10 – Consolidated Financial Statements, declared that it had ascertained a situation of de facto control over Snam S.p.A., again in accordance with IFRS 10. No management or coordination activities were formalised or carried out.

⁵ On 23 June 2014, as part of the previous renewal of the EMTN programme, the Snam Board of Directors resolved to issue bonds worth a total of €12 billion in one or more tranches by 30 June 2015. As at that date, bonds worth a total of around €10.7 billion had been issued.



Post-balance sheet events

Deadline extended for the approval of natural gas storage, transportation and regasification service tariff proposals for 2016

By means of Resolution 321/2015/R/gas of 3 July 2015, the Electricity, Gas and Water Authority extended the deadline for the approval of natural gas storage, transportation and regasification service tariff proposals for 2016 to the seventh day after the adoption of the measure following the conclusion of the proceedings launched by Resolution 597/2014/R/com, aimed at redefining the ways in which the WACC is calculated and updated. The Authority made no changes to the deadlines provided for in current regulations for investigations into these tariff proposals.

Ratings

On 23 July 2015, Fitch has assigned Snam BBB+ rating with a stable outlook. This rating can be added to those previously awarded by Moody's (currently Baa1 with a stable outlook) and Standard & Poor's (currently BBB with a stable outlook).



Outlook

Gas demand

Based on the information currently available, when standardised to take account of temperature, demand for natural gas in Italy at the end of 2015 is expected to be much the same as in 2014.

Investments

Snam is continuing its commitment to the development of infrastructure for the transportation, storage and distribution of natural gas through its substantial programme of investments for 2015.

Efficiency

For 2015, Snam confirms its commitment to maximising the creation of value through both operating efficiency and an efficient capital structure.

This press release, which is prepared voluntarily in line with best market practice, illustrates the consolidated results for the first half (subjected to a limited audit) and second quarter of 2015 (unaudited). The results for the first half, together with the key business trends, represent a summary of the half-year report prepared in accordance with Article 154-*ter* of the Consolidated Finance Act (TUF). The report was approved by Snam's Board of Directors on 28 July 2015 and will be published in compliance with the terms and conditions of the law.

The income statement information provided relates to the first half and the second quarter of 2015 and to the first half and the second quarter of 2014, while the balance sheet information supplied refers to 31 December 2014 and 30 June 2015. The accounting statements are presented in the same format as those included in the interim directors' report in the consolidated half-year report and the directors' report in the annual report.

The financial statements were compiled in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission under Article 6 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The recognition and measurement criteria adopted for the preparation of the half-year report at 30 June 2015 are the same as those used for the 2014 annual report, which should be referred to for a description thereof, except for the international accounting standards that came into force on 1 January 2015⁶, as described in Note 6 "Recently issued accounting principles" to the 2014 annual report. The changes made concern situations that are not currently applicable to the Snam Group.

The changes in the Snam Group's scope of consolidation between 31 December 2014 and 30 June 2015 came in the distribution segment, with Acam Gas S.p.A. entering the scope of consolidation following the acquisition by Italgas of the remaining 51% of the company's share capital. Following this

⁶ The provisions of the document "Annual Improvements to IFRSs 2011-2013 Cycle", endorsed by means of European Commission Regulation No 1361/2014 of 18 December 2014, came into effect on 1 January 2015. The main changes affected the following standards: IFRS 1 – "First-time Adoption of International Financial Reporting Standards", IFRS 3 – "Business Combinations", IFRS 13 – "Fair Value Measurement" and IAS 40 – "Investment Property".



acquisition, which took effect on 1 April 2015, Italgas S.p.A. holds 100% of the share capital of Acam Gas S.p.A.

As well as the above, the changes between 30 June 2014 and 30 June 2015 include Gasrule Insurance Ltd and A.E.S. Torino S.p.A., wholly owned subsidiaries of Snam S.p.A. and Italgas S.p.A. respectively, being added to the consolidation scope in July 2014.

Given their size, amounts are expressed in millions of euro.

Pursuant to Article 154-bis, paragraph 2 of the TUF, the Officer responsible for the preparation of financial reports, Antonio Paccioretti, declares 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, especially in the “Outlook” section, relating to: natural gas demand, investment plans, future operating performance and project execution. Such statements are, by their very nature, subject to risk and uncertainty as they depend on whether future events and developments take place. The actual results may therefore differ from those forecast as a result of several factors: foreseeable trends in natural gas demand, supply and price, actual operating performance, general macroeconomic conditions, geopolitical factors such as international conflicts, the effect of new energy and environmental legislation, the successful development and implementation of new technologies, changes in stakeholders' expectations and other changes in business conditions.

A conference call will take place at 15:00 today, 29 July 2015, to present the results of the first half and second quarter of 2015 to investors and financial analysts. An audio webcast of the presentation will be available on the company's website (www.snam.it). In conjunction with the start of the conference call, the presentation support material will also be made available in the “Investor Relations/Presentations” section of the website.



Summary of the results for the first half and second quarter of 2015

INCOME STATEMENT

Second quarter			First half		(€ million)	
2014	2015		2014	2015	Change	% change
866	898	Regulated revenue	1,748	1,796	48	2.7
9	10	Non-regulated revenue	34	41	7	20.6
875	908	Total revenue (*)	1,782	1,837	55	3.1
(179)	(191)	Operating costs (*)	(354)	(403)	(49)	13.8
696	717	EBITDA	1,428	1,434	6	0.4
(194)	(215)	Amortisation, depreciation and impairment losses	(384)	(422)	(38)	9.9
502	502	EBIT	1,044	1,012	(32)	(3.1)
(103)	(91)	Net financial expense	(204)	(186)	18	(8.8)
27	28	Net income from equity investments	49	69	20	40.8
426	439	Pre-tax profit	889	895	6	0.7
(157)	(152)	Income taxes	(328)	(283)	45	(13.7)
269	287	Net profit (**)	561	612	51	9.1

(*) As of 1 January 2014 and purely for the purposes of the reclassified income statement, revenue relating to building and upgrading distribution infrastructures recognised pursuant to IFRIC 12, which is recorded in equal measure alongside the relevant costs incurred (€140 million and €122 million respectively in the first halves of 2014 and 2015; €74 million and €76 million respectively in the second quarters of 2014 and 2015), is stated as a direct reduction in the respective cost items.

(**) Net profit is attributable to Snam.

Total revenue

Total revenue generated by Snam in the first half of 2015 amounted to €1,837 million, up by €55 million (3.1%) compared with the first half of 2014 (€908 million in the second quarter; +€33 million, or 3.8%). The increase was due to higher regulated revenues (+€48 million, or +2.7%), relating to the natural gas transportation and distribution segments, and the increase of non-regulated revenues (+€7 million, or +20.6%), arising essentially from the sale of natural gas no longer needed for the transportation business.

The increase in revenue during the second quarter (+€33 million, or +3.8%) was due to higher regulated revenues (+€32 million, or +3.7%) across all the main business segments.

Total revenue, net of components offset in costs, amounted to €1,763 million, up by €48 million (2.8%) compared with the corresponding period of the previous year (+€32 million in the second quarter; +3.8%).

EBIT⁷ totalled €1,012 million in the first half of 2015, down by €32 million (3.1%) compared with the first half of 2014 (€502 million in the second quarter, unchanged compared with the second quarter of 2014).

⁷ EBIT was analysed by isolating only the elements that determined a change therein. To this end, applying gas segment tariff regulations generates revenue components that are offset in costs.



The reduction in the first half was due to: (i) higher operating costs (-€42 million, or 14.6%), mainly as a result of withdrawals of gas from storage to cover the sale of natural gas no longer needed for the transportation business, a lower share of expenses absorbed by investment activities, as well as the change in the consolidation scope; and (ii) higher depreciation and amortisation (-€38 million) relating, as well as to the effects of the change in the consolidation scope, to the entry into service of new infrastructure and to the reduction (from 20 years to 15 years) of the useful life of some metering facilities in the distribution segment, revised for tariff purposes by the Authority. This reduction was partly offset by higher revenue (+€48 million).

In terms of business segments, the reduction seen in the first half of 2015 (-€32 million, or -3.1%) was attributable to:

- the natural gas storage segment (-€29 million; -14.6%), owing mainly to lower regulated revenues (-€7 million; -2.9%), due to a different timing profile over the year, compared with 2014, to lower non-regulated revenues (-€14 million) and to higher amortisation and depreciation (-€7 million);
- the natural gas distribution segment (-€9 million; -3.5%), owing to higher operating costs (-€23 million), attributable mainly to a lower share of expenses absorbed by investment activities and the change in the consolidation scope, and to higher depreciation and amortisation (-€23 million), offset in part by higher revenue (+€37 million) as a result of the change in the consolidation scope.

EBIT in the transportation segment was unchanged from the same period of the previous year at €591 million. Higher revenue (+€31 million; +3.3%) was offset by higher operating costs (-€23 million), attributable mainly to withdrawals of gas from storage to cover the sale of gas no longer needed for operations, and by higher amortisation and depreciation (-€8 million), essentially as a result of the entry into service of new infrastructure.

Net profit

Net profit totalled €612 million in the first half of 2015, up by €51 million (+9.1%) on the same period of the previous year. Net profit in the second quarter of 2015 increased by €18 million (6.7%) compared with the second quarter of 2014 to €287 million. The increase was due to: (i) lower net financial expense (+€18 million; +€12 million in the second quarter) as a result of the lower average cost of borrowing, due in part to Snam's efforts to optimise the Group's financial structure, partly offset by the increase in average debt for the period; (ii) higher net income from equity investments (+€20 million; +€1 million in the second quarter), owing essentially to income from the valuation of TAG using the equity method⁸ (+€39 million), partly offset by lower income from the valuation at equity of AES Torino, fully consolidated subsidiary in the distribution segment as of 1 July 2014; and (iii) lower income taxes (+€45 million; +€5 million in the second quarter), resulting essentially from the elimination of the additional corporate income tax known as the Robin Hood Tax (+€44 million), which was declared to be unconstitutional.

The following summary tables show the reclassified consolidated income statement items.

⁸ The acquisition of the equity investment in TAG held by CDP GAS was completed on 19 December 2014.



Total revenue

(€ million)

Second quarter		First half			
2014	2015	2014	2015	Change	% change
Business segments					
526	529	1,046	1,080	34	3.3
8	7	14	13	(1)	(7.1)
115	134	287	276	(11)	(3.8)
259	276	502	543	41	8.2
49	48	91	102	11	12.1
(82)	(86)	(158)	(177)	(19)	12.0
875	908	1,782	1,837	55	3.1

(*) As at 1 April 2013, revenue in the storage sector includes the chargeback of the transportation service provided by Snam Rete Gas pursuant to Resolution 297/2012/R/gas of 19 July 2012 of the Authority. Revenue from these chargebacks (€26 million and €35 million in the first halves of 2014 and 2015 respectively; €12 million and €17 million in the second quarters of 2014 and 2015 respectively), is offset in operating costs related to the purchase of transportation capacity provided by Snam Rete Gas.

Regulated and non-regulated revenue

(€ million)

Second quarter		First half			
2014	2015	2014	2015	Change	% change
866	898	1,748	1,796	48	2.7
Business segments					
520	521	1,032	1,043	11	1.1
5	6	10	11	1	10.0
88	101	217	210	(7)	(3.2)
253	270	489	532	43	8.8
9	10	34	41	7	20.6
875	908	1,782	1,837	55	3.1



Operating costs

(€ million)

Second quarter		First half			
2014	2015	2014	2015	Change	% change
Business segments					
105	105	214	240	26	12.1
5	4	10	8	(2)	(20.0)
29	37	60	71	11	18.3
67	83	136	163	27	19.9
55	48	92	98	6	6.5
(82)	(86)	(158)	(177)	(19)	12.0
179	191	354	403	49	13.8

(*) As of 1 April 2013, operating costs in the storage segment include the costs associated with purchasing the transportation capacity provided by Snam Rete Gas pursuant to Resolution 297/2012/R/gas of 19 July 2012 of the Authority.

Operating costs – Regulated and non-regulated activities

(€ million)

Second quarter		First half			
2014	2015	2014	2015	Change	% change
169	178	341	367	26	7.6
108	117	225	248	23	10.2
22	21	43	47	4	9.3
39	40	73	72	(1)	(1.4)
10	13	13	36	23	
179	191	354	403	49	13.8

Amortisation, depreciation and impairment losses

(€ million)

Second quarter		First half			
2014	2015	2014	2015	Change	% change
194	215	384	422	38	9.9
Business segments					
121	125	241	249	8	3.3
2	1	3	2	(1)	(33.3)
15	18	29	36	7	24.1
55	69	109	132	23	21.1
1	2	2	3	1	50.0
194	215	384	422	38	9.9



EBIT

Second quarter		First half				(€ million)	
2014	2015	2014	2015	Change	%		
					change		
Business segments							
300	299	591	591				
1	2	1	3	2			
71	79	198	169	(29)	(14.6)		
137	124	257	248	(9)	(3.5)		
(7)	(2)	(3)	1	4			
502	502	1,044	1,012	(32)	(3.1)		

Net financial expense

Second quarter		First half				(€ million)	
2014	2015	2014	2015	Change	%		
					change		
110	97	223	193	(30)	(13.5)		
Financial expense (income) related to net financial debt							
- Interest and other expense on short- and long-term financial debt							
110	98	223	196	(27)	(12.1)		
	(1)		(3)	(3)			
Other net financial expense (income)							
1	2	(2)	7	9			
3	3	7	6	(1)	(14.3)		
(2)	(1)	(9)	1	10			
Expense (income) relating to derivatives – ineffective portion							
(8)	(7)	(17)	(14)	3	(17.6)		
103	91	204	186	(18)	(8.8)		

Net income from equity investments

Second quarter		First half				(€ million)	
2014	2015	2014	2015	Change	%		
					change		
27	29	49	70	21	42.9		
	(1)		(1)	(1)			
27	28	49	69	20	40.8		



Income taxes

(€ million)

Second quarter		First half			
2014	2015	2014	2015	Change	% change
175	165	368	310	(58)	(15.8)
(20)	(12)	(38)	(26)	12	(31.6)
2	(1)	(2)	(1)	1	(50.0)
(18)	(13)	(40)	(27)	13	(32.5)
36.9	34.6	36.9	31.6	(5.3)	
157	152	328	283	(45)	(13.7)



Reclassified balance sheet

The reclassified balance sheet set out below combines the assets and liabilities of the condensed balance sheet based on how the business operates, split into the three basic functions: investment, operations and financing.

Management believes that this format presents useful additional information for investors as it allows for the identification of sources of financing (equity and third-party funds) and the application of such funds for fixed and working capital.

The reclassified balance sheet is used by management to calculate the key leverage and profitability ratios.

RECLASSIFIED BALANCE SHEET

31.03.2015 (€million)	31.12.2014	30.06.2015	Change
21,930 Fixed capital	21,813	21,970	157
15,459 Property, plant and equipment	15,399	15,451	52
363 Compulsory inventories	363	363	
5,076 Intangible assets	5,076	5,180	104
1,382 Equity investments	1,402	1,270	(132)
(350) Net payables for investments	(427)	(294)	133
(1,056) Net working capital	(864)	(958)	(94)
(139) Provisions for employee benefits	(141)	(139)	2
16 Assets held for sale and directly related liabilities	16	16	
20,751 Net invested capital	20,824	20,889	65
7,534 Shareholders' equity (including minority interests)	7,172	6,953	(219)
7,533 - attributable to Snam	7,171	6,952	(219)
1 - attributable to minority interests	1	1	
13,217 Net financial debt	13,652	13,936	284
20,751 Coverage	20,824	20,889	65

Fixed capital (€21,970 million) rose by €157 million compared with 31 December 2014, due mainly to the reduction in net payables for investments (+€133 million).



Net working capital

31.03.2015 (€million)	31.12.2014	30.06.2015	Change
1,853 Trade receivables	1,728	1,389	(339)
156 Inventories	155	160	5
62 Tax receivables	90	65	(25)
229 Other assets	217	286	69
(1,054) Provisions for risks and charges	(1,014)	(1,026)	(12)
(788) Trade payables	(816)	(617)	199
(499) Deferred tax liabilities	(513)	(483)	30
(204) Tax payables	(22)	(96)	(74)
(83) Accruals and deferrals from regulated activities	(36)	(71)	(35)
13 Net derivative liabilities	(4)	(7)	(3)
(741) Other liabilities	(649)	(558)	91
(1,056)	(864)	(958)	(94)

Net working capital fell by €94 million compared with 31 December 2014 to -€958 million, owing mainly to: (i) lower trade receivables (-€339 million), attributable essentially to the transportation segment (-€184 million), as a result of lower receivables arising from the balancing service (-€107 million), and to the distribution segment (-€133 million), as a result of the seasonal nature of volumes distributed; (ii) higher tax payables (-€74 million), owing to the dynamic of payments of account.

These factors were partially offset by lower trade payables (+€199 million), mainly in the natural gas transportation segment (+€153 million), essentially as a result of lower payables arising from the balancing service (+€108 million), and by a reduction in other liabilities (+€91 million) due to lower payables to the Electricity Equalisation Fund (+€96 million), referring mainly to the natural gas distribution and transportation segments.

Shareholders' equity including minority interests (€6,953 million) fell by €219 million compared with 31 December 2014. This reduction was due mainly to the payment to shareholders of the 2014 dividend (-€375 million), partly offset by comprehensive income for the period (+€624 million).



Net financial debt

31.03.2015 (€ million)	31.12.2014	30.06.2015	Change
13,462 Financial and bond debt	13,942	14,181	239
1,555 Short-term financial debt (*)	2,057	3,152	1,095
11,907 Long-term financial debt	11,885	11,029	(856)
(245) Financial receivables and cash and cash equivalents	(290)	(245)	45
(171) Financial receivables not held for operations	(216)	(221)	(5)
(74) Cash and cash equivalents	(74)	(24)	50
13,217	13,652	13,936	284

(*) Includes the short-term portion of long-term financial debt.

Net financial debt was €13,936 million as at 30 June 2015, compared with €13,652 million at 31 December 2014.

The net cash flow from operating activities (€1,146 million) allowed us to fully cover the financial requirements associated with net investments for the period (€559 million) and to generate a free cash flow of €587 million. The net financial debt of €13,936 million, after the payment to shareholders of the 2014 dividend of €875 million, increased by €284 million compared with 31 December 2014.

Financial and bond payables totalled €14,181 million at 30 June 2015 (compared with €13,942 million at 31 December 2014), denominated in euro⁹, they refer mainly to bonds (€10.8 billion, or 76.3%), payables to banks (€2.2 billion, or 15.5%) and the European Investment Bank (EIB) funding arrangements (€1.1 billion, or 8.0%).

As part of efforts to optimise the Group's financial structure, on 16 February 2015 the EIB granted a new loan of €200 million. In March 2015, Snam engaged in the early repayment of two outstanding EIB loans in the total amount of €300 million.

Short-term financial debt (€3,152 million) increased by €1,095 million compared with 31 December 2014. Of this increase, €848 million was due to the reclassification of some outstanding EIB loans from long-term financial debt to short-term financial debt, carried out after the Court of Palermo provided Italgas with information pursuant to Article 34, paragraph 8 of Legislative Decree 159/2011 (judicial control) in relation to the revocation of the judicial administration order imposed on our subsidiary. In particular, with reference to such obligations and relating only to certain loans awarded by the EIB with a total capital amount of €848 million at 30 June 2015, the bank has the option to request early repayment from Snam, in accordance with the contractual provisions on voluntary early repayment, within 60 days of any such request.

Financial receivables not held for operations (€221 million) refer to receivables from the joint venture TAG¹⁰.

⁹ Except for a JPY 10 billion fixed-rate bond fully translated into euros by way of a cross-currency swap derivative.

¹⁰ The contractual agreements drawn up between Snam, TAG and Gas Connect Austria GmbH (GCA) stipulate that if TAG is not capable of self-financing new investments and asset replacement, the other companies must finance it according to the equity investment held by each of them. On 19 December 2014, Snam and TAG agreed a shareholders' loan in the form of a revolving credit line for a maximum of €285.5 million, currently scheduled to mature in September 2015.



Cash and cash equivalents (€24 million) refer mainly to the cash held at Gasrule Ltd for the Group's insurance activities (€19 million).

The breakdown of debt by type of interest rate at 30 June 2015 is as follows:

(€ million)	31.12.2014	%	30.06.2015	%	Change
Fixed rate	9,681	69	9,884	70	203
Floating rate	4,261	31	4,297	30	36
	13,942	100	14,181	100	239

Fixed-rate financial liabilities (€9,884 million) increased by €203 million owing mainly to a new bond issue with a nominal value of €250 million, partially offset by lower accrued interest at 30 June 2015 (€57 million).

Floating-rate debt (€4,297 million) increased by €36 million compared with 31 December 2014, owing essentially to the taking out of a new €200 million loan with the EIB and to higher net drawdowns from bank credit lines (+€158 million). These factors were partially offset by the early repayment of two EIB loans (-€300 million).

At 30 June 2015, Snam had unused committed long-term credit lines worth €3.9 billion.

Covenants

As at 30 June 2015, Snam has unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions. Some of these agreements provide for, *inter alia*, compliance with the usual covenants imposed in international market practice, e.g. negative pledge, *pari passu* and change of control clauses.

As mentioned earlier in the section on the change in net financial debt, with reference solely to some EIB loans with a total capital amount of €848 million at 30 June 2015, and in relation to the information required pursuant to Article 34, paragraph 8 of Legislative Decree 159/2011 (judicial control) provided by the Court of Palermo with regard to the revocation of the judicial administration order imposed on Italgas, the bank has the option to request early repayment from Snam, in accordance with the contractual provisions on voluntary early repayment, within 60 days of any such request.



Reclassified statement of cash flows and change in net financial debt

The reclassified statement of cash flows set out below summarises the legally required format. It shows the connection between opening and closing cash and cash equivalents and the change in net financial debt during the period. The two statements are reconciled through the free cash flow, i.e. the cash surplus or deficit left over after servicing capital expenditure. The free cash flow closes either: (i) with the change in cash for the period, after adding/deducting all cash flows related to financial liabilities/assets (taking out/repaying financial receivables/payables) and equity (payment of dividends/capital injections); or (ii) with the change in net financial debt for the period, after adding/deducting the debt flows related to equity (payment of dividends/capital injections).

RECLASSIFIED STATEMENT OF CASH FLOWS

Second quarter			First half	
2014	2015	(€million)	2014	2015
269	287	Net profit	561	612
		<i>Adjusted for:</i>		
168	187	- Amortisation, depreciation and other non-monetary components	337	351
5	6	- Net capital losses on asset sales and eliminations	5	10
244	234	- Dividends, interest and income taxes	495	452
(63)	8	Change in working capital due to operating activities	(194)	30
(473)	(229)	Dividends, interest and income taxes collected (paid)	(557)	(309)
150	493	Net cash flow from operating activities	647	1,146
(301)	(247)	Technical investments	(512)	(454)
	(45)	Companies included in the scope of consolidation and business units		(45)
	(14)	Equity investments		(14)
	3	Divestments	7	87
49	(56)	Other changes relating to investment activities	(38)	(133)
(102)	134	Free cash flow	104	587
	(50)	Change in financial receivables not held for operations		(5)
608	741	Change in short - and long - term financial debt	401	243
(506)	(875)	Equity cash flow	(505)	(875)
0	(50)	Net cash flow for the period	0	(50)

CHANGE IN NET FINANCIAL DEBT

Second quarter			First half	
2014	2015	(€million)	2014	2015
(102)	134	Free cash flow	104	587
	5	Adjustment to fair value of financial debt		(4)
(2)	17	Exchange rate differences on financial debt	(3)	8
(506)	(875)	Equity cash flow	(505)	(875)
(610)	(719)	Change in net financial debt	(404)	(284)



IFRS financial statements

Statement of financial position

31.03.2015 (€ million)	31.12.2014	30.06.2015
ASSETS		
Current assets		
74 Cash and cash equivalents	74	24
2,188 Trade and other receivables	2,081	1,837
156 Inventories	155	160
19 Current income tax assets	48	23
10 Other current tax assets	10	10
87 Other current assets	108	67
2,534	2,476	2,121
Non-current assets		
15,459 Property, plant and equipment	15,399	15,451
363 Compulsory inventories	363	363
5,076 Intangible assets	5,076	5,180
1,382 Equity-accounted investments	1,402	1,270
172 Other non-current assets	167	170
22,452	22,407	22,434
23 Non-current assets held for sale	23	23
25,009 TOTAL ASSETS	24,906	24,578
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
507 Short-term financial liabilities	1,058	1,212
1,048 Short-term portion of long-term financial liabilities	999	1,940
1,712 Trade and other payables	1,769	1,313
118 Current income tax liabilities	1	46
86 Other current tax liabilities	20	50
52 Other current liabilities	51	61
3,523	3,898	4,622
Non-current liabilities		
11,907 Long-term financial liabilities	11,885	11,029
1,054 Provisions for risks and charges	1,014	1,026
139 Provisions for employee benefits	141	139
499 Deferred tax liabilities	513	483
346 Other non-current liabilities	276	319
13,945	13,829	12,996
7 Liabilities directly associated with assets held for sale	7	7
17,475 TOTAL LIABILITIES	17,734	17,625
SHAREHOLDERS' EQUITY		
Snam shareholders' equity		
3,697 Share capital	3,697	3,697
3,516 Reserves	2,281	2,648
325 Net profit	1,198	612
(5) Treasury shares	(5)	(5)
7,533 Total Snam shareholders' equity	7,171	6,952
1 Capital and reserves attributable to minority interests	1	1
7,534 TOTAL SHAREHOLDERS' EQUITY	7,172	6,953
25,009 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,906	24,578



Income statement

		(€ million)	
Second quarter		First half	
2014	2015	2014	2015
REVENUE			
919	961	1,867	1,886
30	23	55	73
949	984	1,922	1,959
OPERATING COSTS			
(168)	(180)	(324)	(351)
(85)	(87)	(170)	(174)
(194)	(215)	(384)	(422)
502	502	1,044	1,012
FINANCIAL INCOME (EXPENSE)			
1	3	11	7
(104)	(95)	(215)	(193)
(103)	(91)	(204)	(186)
INCOME FROM EQUITY INVESTMENTS			
27	29	49	70
	(1)		(1)
27	28	49	69
426	439	889	895
(157)	(152)	(328)	(283)
269	287	561	612
269	287	561	612
Earnings per share			
0.08	0.07	0.17	0.17
0.08	0.07	0.17	0.17

Statement of comprehensive income

		First half	
(€ million)		2014	2015
Net profit		561	612
Other components of comprehensive income			
Components that can be reclassified to the income statement:			
Change in fair value of cash flow hedging derivatives (effective portion)		(2)	
Portion of equity investments valued using the equity method pertaining to "other components of comprehensive income"		3	11
Components that cannot be reclassified to the income statement:			
Actuarial (losses)/gains from remeasurement on defined-benefit obligations – IAS 19			2
Tax effect			(1)
Total other components of comprehensive income, net of tax effect		1	12
Total comprehensive income		562	624
attributable to:			
- Snam		562	624
- Minority interests			
		562	624



Statement of cash flows

Second quarter			First half	
2014	2015		2014	2015
269	287	Net profit	561	612
		Adjustments for reconciling profit for the period with cash flow from operating activities:		
194	215	Amortisation and depreciation	384	422
(27)	(29)	Equity method valuation effect	(49)	(70)
5	6	Net capital losses on asset sales, cancellations and eliminations	5	10
(2)	(3)	Interest income	(11)	(7)
89	85	Interest expense	178	176
157	152	Income taxes	328	283
	1	Other changes		1
		Changes in working capital:		
16	9	- Inventories	21	37
342	472	- Trade receivables	509	350
(208)	(176)	- Trade payables	(420)	(205)
(10)	(7)	- Provisions for risks and charges	(16)	(20)
(203)	(290)	- Other assets and liabilities	(288)	(132)
(63)	8	<i>Working capital cash flows</i>	(194)	30
1		Change in provisions for employee benefits	2	(2)
35	94	Dividends collected	39	99
4	2	Interest collected	4	4
(88)	(85)	Interest paid	(176)	(172)
(424)	(240)	Income taxes paid net of reimbursed tax credits	(424)	(240)
150	493	Net cash flow from operating activities	647	1,146
		Investments:		
(217)	(164)	- Property, plant and equipment	(363)	(313)
(84)	(83)	- Intangible assets	(149)	(141)
	(45)	- Companies included in the scope of consolidation and business units		(45)
	(14)	- Equity investments		(14)
49	(56)	- Change in payables and receivables relating to investments	(38)	(133)
(252)	(362)	<i>Cash flow from investments</i>	(550)	(646)
		Divestments:		
	1	- Property, plant and equipment		1
	2	- Equity investments	7	86
	3	<i>Cash flow from divestments</i>	7	87
(252)	(359)	Net cash flow from investment activities	(543)	(559)
546	69	Assumption of long-term financial debt	1,375	591
36	(33)	Repayment of long-term financial debt	(530)	(502)
26	705	Increase (decrease) in short-term financial debt	(444)	154
	(50)	Financial receivables not held for operations		(5)
608	691		401	238
1		Sale of treasury shares	2	
(507)	(875)	Dividends paid to Snam shareholders	(507)	(875)
102	(184)	Net cash flow from financing activities	(104)	(637)
	(50)	Net cash flow for the period		(50)
2	74	Cash and cash equivalents at start of period	2	74
2	24	Cash and cash equivalents at period end	2	24