



SNAM 2015 CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS OF THE PARENT COMPANY

San Donato Milanese, 17 March 2016 – The Snam Board of Directors, chaired by Lorenzo Bini Smaghi, met yesterday to approve the consolidated Group financial statements and the draft financial statements of the parent company, Snam S.p.A, for 2015, showing net profit of €1,238 million and €825 million respectively. The Board also resolved to propose a dividend of €0.25 per share to the Shareholders' Meeting.

Financial highlights

- **Total revenue:** €3,649 million (+2.3%)
- **Adjusted EBIT:** €1,990 million (+0.9%)
- **Net profit:** €1,238 million (+3.3%)
- **Adjusted net profit:** €1,209 million (+12.2%)
- **Net cash flow from operating activities:** +€2,054 million
- **Technical investments:** €1,272 million

Operating highlights

- **Gas injected into the transportation network:** 67.25 billion cubic metres (+8.0%)
- **Number of active meters:** 6.526 million (+1.8%)
- **Available storage capacity:** 11.5 billion cubic metres (+0.9%), allocated in full in the 2015-2016 thermal year

Significant events

- **Acquired a 20% stake in the Trans Adriatic Pipeline AG (TAP) on 17 December 2015 for a total disbursement of €208 million**
- **Launch of a feasibility study on a possible industrial and corporate re-organization designed to separate Italgas from Snam, which could be carried out through the partial and proportional demerger of Snam relating to its ownership in Italgas, in whole or in part**
- **Financial calendar changed accordingly: approval of the 2016-2019 Strategic Plan and Strategy Presentation expected by July 2016 instead of 29 and 30 March, respectively**

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

“The 2015 results confirm our sound growth strategy which is dedicated to building a network that is increasingly efficient, interconnected and capable of generating further benefits for Italy.

For the full year, we reported EBIT of around 2 billion euro, while adjusted net profit totalled 1.2 billion euro, up by 12% compared to 2014.

During the year we successfully delivered against the objectives outlined in the Strategic Plan, empowering Italy's gas infrastructure and developing projects devoted to European network integration and diversification of supply sources. In 2015, this resulted in overall capex of 1.3 billion euro in addition to the investment in TAP.

Cash flow from operations fully financed our growth and the dividend payment to shareholders, while maintaining net financial debt below 13.8 billion euro.

Our results and sound capital structure enable us to confirm the Group dividend policy and to propose at the forthcoming Annual General Meeting a dividend of €0.25 per share, in line with 2014 level.”



The 2015 Annual Report has been submitted to the Board of Statutory Auditors and to the Independent Auditors. The Report will be made available to the public at Snam's registered office and on the Company's website at www.snam.it, together with the reports of the Board of Statutory Auditors and the Independent Auditors, within the timeframes established by Legislative Decree 58/98 (the Consolidated Finance Act, or TUF). The Directors' Report, in the 2015 Annual Report, is Snam's first integrated report, a single document containing financial and sustainability data in accordance with the framework proposed by the IIRC (International Integrated Reporting Council).

The 2015 Report on Corporate Governance and Ownership Structure, the 2016 Remuneration Report, drawn up pursuant to Article 123-ter of the TUF, and the Report on Social Responsibility (GRI-G4 compliant) will be published at the same time as the 2015 Annual Report.

Financial highlights

(€ million)	2014	2015	Change	% change
Total revenue	3,566	3,649	83	2.3
- of which from regulated activities	3,506	3,573	67	1.9
Operating costs	790	850	60	7.6
EBITDA	2,776	2,799	23	0.8
EBIT	1,973	1,950	(23)	(1.2)
Adjusted EBIT (a)	1,973	1,990	17	0.9
Net profit (b)	1,198	1,238	40	3.3
Adjusted net profit (a) (b)	1,078	1,209	131	12.2
EBIT per share (c)	(€) 0.583	0.557	(0.03)	(4.5)
Net profit per share (c)	(€) 0.354	0.354		
Adjusted net profit per share (c)	(€) 0.318	0.345	0.03	8.5
Technical investments	1,313	1,272	(41)	(3.1)
Number of shares outstanding on 31 December	(millions) 3,499.5	3,499.5		
Average number of shares outstanding during the year	(millions) 3,384.7	3,499.5	115	3.4

(a) For the reconciliation of reported net profit and EBIT and adjusted net profit and EBIT, see the paragraph "Reconciliation of EBIT and net profit to adjusted figures" on page 11 of this Press Release.

(b) Net profit is attributable to Snam.

(c) Calculated considering the average number of shares outstanding during the year.

Total revenue

Total revenue generated by Snam in 2015 was €3,649 million, an increase of €83 million, or 2.3%, compared with 2014 (€3,566 million).

Total revenue net of items offset in costs was €3,523 million, representing an increase of €74 million or 2.1% compared with 2014. The increase is due to higher regulated revenue (up €58 million or 1.7%) attributable to the distribution segment, partly due to the change in the scope of consolidation¹, and to the transport segment, mainly as a result of the contribution of investments made in 2013, along with higher non-regulated revenue (up €16 million or 26.7%).

¹ It refers, specifically, to the effects of gaining control of Acam Gas (1 April 2015) and AES Torino (1 July 2014).



Adjusted EBIT

Adjusted EBIT, which excludes special items, amounted to €1,990 million, up €17 million or 0.9% compared with 2014. The higher revenue (+€74 million) was, in part, absorbed by the increase in operating costs (-€11 million, net of items offset in revenue), due mainly to the impact of the change in the scope of consolidation, and to the increase in amortisation (-€49 million) recorded in all business segments.

Adjusted net profit

Adjusted net profit, which excludes the positive impact of the adjustment of deferred taxes pursuant to the 2016 Stability Law² and the costs associated with the closure of the Gas Fund pursuant to the Law of 6 August 2015³, stood at €1,209 million, representing an increase of €131 million (12.2%) compared with 2014. In addition to the higher contribution of adjusted EBIT (+€17 million), the increase is mainly due to the reduction in net financial expense (+€17 million), mainly attributable to the lower cost of borrowing and Group financial structure optimisation programme implemented by Snam, and to the higher income from equity investments valued using net equity method (+€47 million). Adjusted net profit also benefited from the reduction in income taxes (+€93 million) primarily associated with the elimination from 1 January 2015 of the additional IRES (the "Robin Hood Tax").

Technical investments

Technical investments totalled €1,272 million (€1,313 million in 2014) in 2015 and referred mainly to the transportation (€693 million), distribution (€393 million) and natural gas storage (€170 million) business segments.

Net financial debt

Net financial debt was €13,779 million at 31 December 2015, compared with €13,652 million at 31 December 2014. Net cash flow from operating activities (€2,054 million) was boosted by the contribution from associated companies accounted for using the equity method, and allowed the Company to fully cover the financial requirements associated with net technical and financial investments for the period, and generate a free cash flow of €771 million. After payment to shareholders of the 2014 dividend of €875 million, net financial debt increased by €127 million.

2015 dividend

Thanks to its sound results and solid business fundamentals, the Company will propose a dividend of €0.25 per share to the Shareholders' Meeting, to be paid from 25 May 2016, confirming Snam's commitment to an attractive and sustainable remuneration of its shareholders.

² Law No. 208/2015 (2016 Stability Law) which includes "Provisions for the establishment of the annual and multi-annual state budget", published in the Official Gazette of 30 December 2015, and in force from 1 January 2016, provided, among other tax measures, for the reduction, from 1 January 2017, of the IRES rate from 27.5% to 24%.

³ As of 1 December 2015, Law No. 125 of 6 August 2015 eliminated the Supplementary Fund of compulsory general insurance for disability, old age and survivors for employees of private gas companies (hereinafter referred to as the "Gas Fund") in which approximately 3,500 people from the Group were enrolled, particularly in the distribution segment. The Law established a series of additional contributions, to be made by the employer, estimated, on the basis of actuarial theories, at €40 million (€28 million net of the tax effect).



Operating highlights

	2014	2015	Change	% change
Natural gas transportation (a)				
Natural gas injected into the national gas transportation network (billions of cubic metres) (b)	62.25	67.25	5.00	8.0
Gas transportation network (kilometres in use)	32,339	32,534	195	0.6
Installed power in the compression stations (MW)	893.9	876.5	(17.4)	(1.9)
Liquefied Natural Gas (LNG) regasification (a)				
LNG regasification (billions of cubic metres)	0.01	0.03	0.02	
Natural gas storage (a)				
Available storage capacity (billions of cubic metres) (c)	11.4	11.5	0.1	0.9
Natural gas moved through the storage system (billions of cubic metres)	15.70	19.58	3.88	24.7
Natural gas distribution (d)				
Active meters (millions)	6.408	6.526	0.118	1.8
Gas distribution concessions (number)	1,437	1,472	35	2.4
Distribution network (kilometres) (e)	55,278	56,717	1,439	2.6
Employees in service at period end (number) (f)				
<i>of which business segments:</i>				
- Transportation	1,874	1,918	44	2.3
- Regasification	77	73	(4)	(5.2)
- Storage	291	299	8	2.7
- Distribution (d)	3,124	3,298	174	5.6
- Corporate and other activities	706	715	9	1.3

(a) For 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.

(b) The data for 2015 was updated at 14 January 2016. The 2014 figures were definitively updated and aligned with those published by the Ministry of Economic Development.

(c) Working gas capacity for modulation, mining and balancing services, allocated in full as at 31 December 2015.

(d) The data relating to 2015 include Acam Gas S.p.A., which has been fully consolidated since 1 April 2015, and Metano Arcore S.p.A. and SETEAP S.p.A., which merged with Italgas S.p.A. and Napoletanagas S.p.A., respectively, effective as of 1 January 2015.

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

(f) Fully consolidated companies.

Natural gas transportation

The amount of gas injected into the transportation system stood at 67.25 billion cubic metres, representing an increase of 5.00 billion cubic metres (+8.0%) compared with 2014. The increase is mainly due to the rise in demand for natural gas in Italy (+5.53 billion cubic metres compared with 2014; +8.9%), primarily due to higher consumption in the thermoelectric (+16.8%) and residential and service industries (+11.5%), partly offset by the greater use of gas in storage (-0.53 billion cubic metres). When adjusted to take account of the weather, gas demand is estimated at 68.56 billion cubic metres, up 1.83 billion cubic metres or 2.7% compared with the corresponding figure in 2014 (66.73 billion cubic metres).

Liquefied Natural Gas (LNG) regasification

In 2015, the Panigaglia (SP) LNG terminal regasified 0.03 billion cubic metres of natural gas, representing an increase of 0.02 billion cubic metres compared with 2014. The LNG regasification activity took place as part of the peak shaving service.



Natural gas storage

In 2015, 19.58 billion cubic metres of natural gas was moved through the storage system, an increase of 3.88 billion cubic metres (24.7%) compared to 2014 (15.70 billion cubic metres). The increase was mainly attributable to higher withdrawals from storage (up 2.17 billion cubic metres, or 28.7%) due to substantial use of stocks by operators during the early months of 2015, primarily due to the cold weather, as well as due to higher injections to replenish stocks (+1.71 billion cubic metres, or 21.0%). The available storage capacity at 31 December 2015 was 11.5 billion cubic metres, representing an increase of 0.1 billion cubic metres compared with 31 December 2014, which was allocated in full for the 2015-2016 thermal year.

Natural gas distribution

At 31 December 2015, Snam had concessions for gas distribution services in 1,472 municipalities (1,437 as at 31 December 2014), of which 1,401 had operational networks. The Company also had 6.526 million active meters at gas redelivery points to end users (households, businesses, etc.), compared with 6.408 million at 31 December 2014.

Significant events

Feasibility study on the possible demerger of Italgas from Snam

As part of the ongoing process of analysis and evaluation of strategic options to maximize value for its shareholders, and taking into account the evolution of the businesses the Group is involved in at a domestic and international level, the Board of Directors of Snam identified the opportunity to launch a feasibility study on a possible industrial and corporate re-organization designed to separate Italgas from Snam. This could be carried out through the partial and proportional demerger of Snam relating to its ownership in Italgas, in whole or in part.

Snam plans to submit the outcomes of the feasibility study to the Board of Directors for approval and, therefore, to approve and present its 2016-2019 Strategic Plan to institutional investors and financial analysts by July 2016, instead of 29 and 30 March, respectively. Consequently, the roadshow will start following the Strategy Presentation.

International development - TAP

On 17 December 2015, Snam S.p.A. completed the acquisition of the 20% interest held by Statoil Holding Netherlands B.V. in the Trans Adriatic Pipeline AG (TAP), for an amount of €130 million.

In addition, as a result of the acquisition, Snam took over from Statoil a shareholders' loan granted to TAP, which totalled €78 million at the closing date, as well as all the rights and commitments for completion of the project.

TAP is the company developing the gas pipeline which extends from the Turkish-Greek border as far as Italy (Puglia Region) along the South Corridor, and will allow for the transportation of gas produced in the Shah Deniz II field in Azerbaijan to European markets, through multi-annual ship or pay contracts.

Snam's participation in the project will strengthen the leading role of Italian infrastructure in facilitating greater competitiveness among energy sources and in increasing the security of supply of the European gas system.

Optimisation of the Group's financial structure

Liability management operation

In November 2015, Snam launched and successfully concluded a liability management operation, featuring the repurchase of outstanding bonds, with a 3.82% fixed rate average coupon and remaining



average maturity of less than 2 years for a total nominal amount of approximately €1.0 billion, and the simultaneous issue of a new 1.375% fixed rate bond maturing in 8 years' time for €0.75 billion.

The success of the operation, made possible by Snam's low risk profile and high credit standing, allowed the risk associated with the refinancing of the maturing debt securities to be reduced, as well as the average length of the debt to be extended, thereby optimising Snam's liquidity profile.

Renewal of Euro Medium Term Notes (EMTN) programme

On 22 June 2015, the Board of Directors of Snam resolved to renew the EMTN programme, leaving the maximum value of the bonds issued unchanged at €12 billion⁴. As of end-2015, the programme enables the issue, by 20 June 2016, of more bonds up to a maximum amount of approximately €2.3 billion, to be placed with institutional investors mainly operating in Europe, in accordance with the terms and conditions of the programme.

Snam Rete Gas S.p.A. - Balancing activities - Resolution 608/2015/R/gas

Through resolution 608/2015/R/gas, published on 17 December 2015, the Authority closed the process launched through resolution 145/2013/R/gas, relating to the share of expenses to be paid to the balance director (Snam Rete Gas) with regard to receivables not collected related to the balance sheet entries in the period 1 December 2011 - 23 October 2012. Through this resolution, the Authority did not recognise the share of receivables not collected with regard to the specific cases under investigation, for a total amount of approximately €130 million including VAT, but, in any event, without prejudice to Snam Rete Gas' right to withhold receivables relating to any balance sheet entries already recovered following legal action undertaken with regard to defaulting shippers, to the extent corresponding to the amounts not paid. In addition, the Authority paid Snam Rete Gas the remaining part of the receivables not collected for the period from 1 December 2011 - 23 October 2012. The Company, believing that the conditions existed for paying the share of expenses resulting from receivables not collected and subject to the proceedings in question, challenged the resolution before the competent legal authorities.

Corporate operations in the distribution segment

Acquisition of control of Acam Gas S.p.A.

On 1 April 2015, Italgas completed the purchase of 51% of Acam Gas, for €46 million. Through this operation, Italgas, which already owned 49% of Acam Gas, acquired the entire share capital of the company, further consolidating its local authority gas distribution activities in the territorial area of La Spezia. Acam Gas is the gas distribution service provider in the city of La Spezia and another 28 municipalities located in the province, with approximately 112,000 active redelivery points.

Merger by incorporation of AES Torino S.p.A.

On 21 December 2015, the merger by absorption of AES Torino S.p.A. (wholly owned by the acquiring company) into Italgas S.p.A. was signed, with accounting and tax effect from 1 January 2016, following the conclusion of the acquisition by the latter of the entire share capital of AES in July 2014. By virtue of the operation, as of 1 January 2016 all operational and management activities are directly attached to Italgas.

Italgas S.p.A. - Exit from judicial administration and reappointment of the company's Board of Directors

On 9 July 2015, the activities related to the revocation of the judicial administration ordered by the Court of Palermo with regard to Italgas were concluded. The Court, taking into account the outcome of the

⁴ Snam's Board of Directors, on 23 June 2014, resolved the renewal of the EMTN Programme for a total amount of €12 billion.



investigations conducted and the proactive collaboration provided by the Snam Group, ordered the Company's restitution with a decision of 29 June 2015.

Having noted the revocation, Italgas' Shareholders' Meeting, which took place on 9 July 2015, appointed the Company's Board of Directors, until the approval of the year ended 31 December 2015 financial statements, confirming all outgoing members.

Following the revocation of the judicial administration ordered by the Court of Palermo and the confirmation of the Board of Directors at the Shareholders' Meeting, Italgas is establishing measures to implement the organisational and procedural plan as well as monitoring and checking on the Company's activities. Italgas is also providing the information flows required by Article 34, paragraph 8 of Legislative Decree 159/2011 (Judicial Control) for the competent authorities with regard to significant transactions; Italgas filed an appeal against the provision of these information flows with the Palermo Court of Appeal. Italgas also provides the competent authorities with the results of the periodic reports from the Supervisory Body.

Outlook

The main management guidelines provide for organic growth in Italy and the consolidation of the Company's presence in Europe, with the objective of improving supply security, flexibility and the quality of service of the entire gas system.

Gas demand

According to the most recent estimates, demand for natural gas in Italy in 2016 will remain more or less unchanged from 2015 levels in terms, normalised for temperature.

Investments

Snam has confirmed its commitment to the development of natural gas infrastructures in Italy through a programme of technical investments for 2016, which is essentially in line with 2015 for the same scope of activities.

The priorities of the investment plan for the various business segments are as follows:

Transportation and Regasification

- Development of foreign importation and connection infrastructures;
- Increased flexibility and security of the transportation system in Italy;
- Ongoing improvements to the quality of the transportation service.

There are plans for a slight increase in the length of the transportation network (32,534 km in 2015) and the installed power in the compression stations (approximately 877 MW in 2015).

Storage

The Company is aiming to complete the new Bordolano storage site, which will benefit the system in terms of increasing the storage capacity (16 billion standard cubic metres in 2015) and the peak supply capacity (282.5 million standard cubic metres/day in 2015), while maintaining the level of efficiency of the operating infrastructures, and increasing the overall flexibility and safety of the system.

Distribution

The planned interventions, along with the selective management of the concessions portfolio in order to maximise profitability, will allow the Company to continue to support the development of the business. Snam will also continue to make ongoing improvements to the level of safety, reliability and service quality.



Operational efficiency

Snam will continue to focus on operational efficiency in 2016 through initiatives that enable monitoring of operating costs.

Financial management

Snam will also continue to pursue its goal for 2016 of optimising the group's financial structure in terms of maturity and exposure to interest rates.

This press release, which is prepared voluntarily in line with best market practice, illustrates the audited consolidated results for 2015.

The financial statements were compiled in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission under Article 6 of (EC) Regulation 1606/2002 of the European Parliament and Council of 19 July 2002. The measurement and evaluation criteria used conform to those adopted for the preparation of the 2014 Annual Report. For a description, see the "Preparation criteria" section of the Annual Report, with the exception of the accounting principles and the interpretations adopted by the Group from 1 January 2015⁵.

The application of the above accounting standards and the adoption of the amendments made to the existing accounting standards had no effects on the 2015 Annual Report.

The scope of consolidation at 31 December 2015 changed compared with the situation at 31 December 2014 following the entry of Acam Gas S.p.A. after the purchase by Italgas S.p.A. of the remaining 51% of the company's share capital. Following that acquisition, effective as of 1 April 2015, Italgas S.p.A. now holds the entire share capital of Acam Gas S.p.A.

Also in the natural gas distribution segment, the extraordinary operations for the merger by absorption of Metano Arcore S.p.A (100% Italgas) and Seteap S.p.A. (100% Napoletanagas S.p.A.) with Italgas S.p.A. and Napoletanagas S.p.A., respectively, came into effect on 1 January 2015.

Lastly, the effects of the consolidation of AES Torino S.p.A. on 1 July 2014 are reflected in the half-year income statement for 2014 and the full-year income statement for 2015.

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

Pursuant to Article 154-bis, paragraph 2 of the TUF, the Chief Financial Officer, Antonio Paccioretti, declares that the accounting information included in this press release corresponds to the documents, accounting ledgers and other records.

Disclaimer

This press release contains forward-looking statements, specifically in the "Outlook" section, relating to changes in demand for natural gas, investment plans, future management performance and the execution of projects. 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 announced with regard to various factors, including: foreseeable trends in natural gas demand, supply and price, actual operating performance, general macro-economic conditions, geopolitical factors such as international conflicts, the effect of new energy and environmental

⁵ As of 1 January 2015, the provisions of the document "Annual Improvements to International Financial Reporting Standards 2011-2013 Cycle" came into force, as approved by Regulation No. 1361/2014 of the European Commission of 18 December 2014. The main amendments regard 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".



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 CET today, 17 March 2016, to present the consolidated results for 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 2015 results

INCOME STATEMENT

(€ million)	2014	2015	Change	% change
Regulated revenues	3,506	3,573	67	1.9
Non-regulated revenue	60	76	16	26.7
Total revenue (*)	3,566	3,649	83	2.3
Operating costs (*)	(790)	(850)	(60)	7.6
EBITDA	2,776	2,799	23	0.8
Amortisation, depreciation and impairment losses	(803)	(849)	(46)	5.7
EBIT	1,973	1,950	(23)	(1.2)
Adjusted EBIT	1,973	1,990	17	0.9
Net financial expenses	(397)	(380)	17	(4.3)
Net income from equity investments	131	135	4	3.1
Pre-tax profit	1,707	1,705	(2)	(0.1)
Income taxes	(509)	(467)	42	(8.3)
Net profit (**)	1,198	1,238	40	3.3
Adjusted net profit (**)	1,078	1,209	131	12.2

(*) Only for the reclassified income statement, revenue from the construction and upgrading of distribution infrastructure entered in accordance with IFRIC 12 "Service concession arrangements" and recognised in an amount equal to the costs incurred (€321 million and €316 million respectively in 2015 and 2014) is shown as a direct reduction of the respective cost items.

(**) Net profit is attributable to Snam.

EBIT in 2015, which stood at €1,950 million, was down by €23 million, or 1.2%, compared with 2014. Increased revenue (+€74 million, net of items offset in costs) was absorbed by the increase in operating costs (-€51 million, net of items offset in revenue), due mainly to the impact from changes to the scope of consolidation along with expenses relating to the closure of the Gas Fund, pursuant to Law No.125 of 6 August 2015 (€40 million), as well as higher amortisation (-€49 million) recorded in all business segments, primarily due to the entry into operation of the new infrastructures.

Net profit in 2015 stood at €1,238 million, up by €40 million, or 3.3%, compared with 2014. The increase is due to the improvement in financial management and also in equity investments (+€21 million) compared, respectively, with the reduction in the average cost of borrowing and the contribution of the assets as part of the business development strategy, and the reduction in income taxes (+€42 million), partly offset by lower EBIT (-€23 million). Specifically, the reduction in taxes is mainly due to: (i) the elimination, from 1 January 2015, of additional IRES (the "Robin Hood Tax"), as a result of the declaration of unlawfulness by the Constitutional Court through ruling 10/2015 of 9 February 2015 (+€87 million); (ii) the adjustment of deferred taxes, as a result of the reduction, from 1 January 2017, of the IRES rate from 27.5% to 24% (+€57 million), in accordance with the 2016 Stability Law. These factors were partly offset by the effects in 2014 of the adjustment of deferred taxes following the declaration of the Robin Hood Tax as unlawful (-€120 million).

The tax rate was 27.4% (29.8% in 2014). The change is mainly due to the above-mentioned tax effects.



Reconciliation of EBIT and reported net profit with adjusted EBIT and adjusted net profit

Snam's management assesses Group performance on the basis of adjusted EBIT and adjusted net profit, which exclude special items from EBIT and net profit respectively.

The income components are classified under special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business.

The tax rate applied to the items excluded from the calculation of adjusted net profit is determined on the basis of the nature of each revenue item subject to exclusion. Adjusted EBIT and adjusted net profit are not provided for by either IFRS or other standard setters. Management considers that these performance metrics allow for analysis of the business trends, making it easier to compare results.

The income components classified under special items in 2015 relate to: (i) the estimate, made on an actuarial basis, of the expenses that the employer is responsible for resulting from the closure, from 1 December 2015, of the Gas Fund pursuant to Law No.125 of 6 August 2015 (€40 million; €28 million net of the tax effect)⁶. Overall estimated expenses relate to past provision of labour and, therefore, are measured entirely in the income statement at the time of valuation; (ii) income from the adjustment of deferred taxes resulting from the reduction, from 1 January 2017, of the IRES rate from 27.5% to 24% (€57 million), as required by Law No. 208/2015 (2016 Stability Law), including "Provisions for the establishment of the annual and multi-annual state budget", published in the Official Gazette of 30 December 2015 and in force from 1 January 2016.

With regard to 2014, income components classed as special items related to the effects of adjusting deferred taxes (€120 million) for natural gas transportation and distribution companies after the application of the additional IRES, the so-called Robin Hood Tax, was declared unconstitutional with effect from 12 February 2015.

The table below shows the reconciliation of reported net profit with adjusted net profit.

⁶ In particular, Articles 9-*decies* and 9-*undecies* of the Law stipulate that the employer must cover: (i) an extraordinary contribution to cover the expenses related to existing supplementary pensions at the time of the closure of the Gas Fund for 2015 to 2020; (ii) an amount equal to 1% for every year of enrolment in the supplementary fund multiplied by the social security taxable base for 2014, to be allocated to the employer or the complementary pension in favour of those registered or making voluntary payment contributions that are not entitled to supplementary pension treatment by the former Gas Fund at 30 November 2015. We are currently waiting for information about the payment criteria, methods and times of the extraordinary contribution. Employee decisions about the allocation of the amounts (supplementary pension or to the employer) have been made, as required by the Law of 14 February 2016. Approximately 74% of those with rights have decided to allocate the sums to the supplementary pension.



(€ million)	2014	2015	Change	Change %
EBIT	1,973	1,950	(23)	(1.2)
<i>Excluding special items</i>		40	40	
Adjusted EBIT	1,973	1,990	17	0.9
Net financial expenses	(397)	(380)	17	(4.3)
Net income from equity investments	131	135	4	3.1
Income taxes	(509)	(467)	42	(8.3)
- of which special items	120	69	(51)	(42.5)
Net profit	1,198	1,238	40	3.3
<i>Excluding special items</i>				
- costs resulting from Gas Fund closure (*)		28	28	
- adjustment of deferred taxes (2016 Stability Law)		(57)	(57)	
- adjustment of deferred taxes (Robin Hood Tax)	(120)		120	(100.0)
Adjusted net profit	1,078	1,209	131	12.2

(*) Net of tax effect.

Below is a breakdown of adjusted EBIT by business segment:

(€ million)	2014	2015	Change	Change %
Business segments				
Transportation	1,196	1,165	(31)	(2.6)
Regasification		1	1	
Storage	318	319	1	0.3
Distribution	477	509	32	6.7
Corporate and other activities	(18)	(4)	14	(77.8)
	1,973	1,990	17	0.9

Adjusted EBIT in 2015, which excludes special items resulting from the closure of the Gas Fund (€40 million), stood at €1,990 million, representing an increase of €17 million, or 0.9%, compared with 2014. With reference to the operating business segments, the increase is due to the operating performance of the distribution segment, partly offset by the reduction recorded by the transportation segment, attributable mainly to the following factors:

- Distribution (+€32 million; +6.7%): higher revenue (+€46 million), due essentially to the change in the scope of consolidation, and decreased operating costs (+€14 million, net of items offset in revenue; +€28 on a like-for-like basis) were partly offset by higher amortisation (-€28 million);
- Transportation (-€31 million; -2.6%): higher revenue (+€46 million) was more than offset by increased operating costs (-€71 million) resulting primarily from the change in natural gas inventories following higher withdrawals and sales (-€42 million in total), along with increased amortisation, depreciation and impairment losses (-€6 million).

In the storage segment, 2015 EBIT was in line with 2014 (+€1 million, or 0.3%). The reduction in operating costs (+€30 million, net of items offset in revenue) primarily due to the impairment in 2014 of strategic gas wrongfully withdrawn from several users in 2010 and 2011, was offset by higher amortisation (-€11 million) and lower revenue (-€18 million), attributable mainly to the elimination of the additional storage revenues resulting from contractual agreements between Eni and Stogit as part of the activities associated with Legislative Decree 130/2010 (€13 million).



Adjusted net profit in 2015, which excludes special items, amounted to €1,209 million, representing an increase of €131 million, or 12.2%, compared with 2014. The increase is due to: (i) the reduction in net financial expense (+€17 million), attributable mainly to the lower cost of borrowing and also to optimisation operations in the group financial structure implemented by Snam; (ii) higher income from equity investments valued using the equity method (+€47 million); (iii) reduction in income taxes (+€93 million) essentially associated with the elimination from 1 January 2015 of the additional IRES; and (iv) an increase in adjusted EBIT (+€17 million). These effects were partly offset by lower income from equity investments connected with the revaluation in 2014 of the shareholding (49%) previously held in AES Torino (€51 million).

The adjusted tax rate, calculated as the ratio between taxes and pre-tax profit net of special items, was 30.72% (36.85% in 2014).

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



Total revenue

(€ million)	2014	2015	Change	Change %
Business segments				
Transportation	2,087	2,145	58	2.8
Regasification	28	25	(3)	(10.7)
Storage	541	535	(6)	(1.1)
Distribution	1,053	1,098	45	4.3
Corporate and other activities	202	209	7	3.5
Consolidation eliminations	(345)	(363)	(18)	5.2
Total revenue	3,566	3,649	83	2.3

Regulated and non-regulated revenue

(€ million)	2014	2015	Change	Change %
Regulated revenues	3,506	3,573	67	1.9
Business segments				
Transportation	2,058	2,085	27	1.3
Regasification	19	18	(1)	(5.3)
Storage	403	399	(4)	(1.0)
Distribution	1,026	1,071	45	4.4
Non-regulated revenue	60	76	16	26.7
Total revenue	3,566	3,649	83	2.3

Operating costs

(€ million)	2014	2015	Change	% change
Business segments				
Transportation	402	485	83	20.6
Regasification	23	19	(4)	(17.4)
Storage	163	145	(18)	(11.0)
Distribution	331	356	25	7.6
Corporate and other activities	216	208	(8)	(3.7)
Consolidation eliminations	(345)	(363)	(18)	5.2
	790	850	60	7.6

Operating costs - Regulated and non-regulated activities

(€ million)	2014	2015	Change	Change %
Costs of regulated activities	750	792	42	5.6
Controllable fixed costs	471	482	11	2.3
Variable costs	54	71	17	31.5
Other costs	225	239	14	6.2
- of which special items		40	40	
Costs of non-regulated activities	40	58	18	45.0
	790	850	60	7.6



Amortisation, depreciation and impairment losses

(€ million)	2014	2015	Change	Change %
Depreciation and amortisation	797	846	49	6.1
Business segments				
Transportation	483	492	9	1.9
Regasification	5	5		
Storage	60	71	11	18.3
Distribution	245	273	28	11.4
Corporate and other activities	4	5	1	25.0
Impairment losses (Reversals)	6	3	(3)	(50.0)
	803	849	46	5.7

EBIT

(€ million)	2014	2015	Change	Change %
Business segments				
Transportation	1,196	1,165	(31)	(2.6)
Regasification		1	1	
Storage	318	319	1	0.3
Distribution	477	469	(8)	(1.7)
Corporate and other activities	(18)	(4)	14	(77.8)
	1,973	1,950	(23)	(1.2)

Net financial expenses

(€ million)	2014	2015	Change	Change %
Expense (income) on financial debt	435	392	(43)	(9.9)
- Interest and other expense on short- and long-term financial debt	435	395	(40)	(9.2)
- Interest on financial receivables not held for operations		(3)	(3)	
Other net financial expense (income)	(1)	18	19	
- Accretion discount	17	14	(3)	(17.6)
- Other net financial expense (income)	(18)	4	22	
Financial expense capitalised	(37)	(30)	7	(18.9)
	397	380	(17)	(4.3)

Net income from equity investments

(€ million)	2014	2015	Change	% change
Effect of valuation using the equity method	79	126	47	59.5
Other net income (expense)	52	9	(43)	(82.7)
	131	135	4	3.1

**Income taxes**

(€ million)	2014	2015	Change	Change %
Current taxes	731	595	(136)	(18.6)
(Prepaid) deferred taxes				
Deferred taxes	(68)	(52)	16	(23.5)
Deferred tax assets (prepaid taxes)	(34)	(19)	15	(44.1)
	(102)	(71)	31	(30.4)
Adjustment of deferred taxes	(120)	(57)	63	(52.5)
Tax rate (%)	29.8	27.4	(2.4)	
	509	467	(42)	(8.3)



Reclassified statement of financial position

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 of investment, the financial year and financing.

Management believes that this format presents useful additional information for investors as it allows identification of the 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 STATEMENT OF FINANCIAL POSITION

(€ million)	31.12.2014	31.12.2015	Change
Fixed capital	21,813	22,121	308
Property, plant and equipment	15,399	15,478	79
Compulsory inventories	363	363	
Intangible assets	5,076	5,275	199
Equity investments	1,402	1,372	(30)
Financial receivables held for operating activities		78	78
Net payables for investments	(427)	(445)	(18)
Net working capital	(864)	(607)	257
Provisions for employee benefits	(141)	(166)	(25)
Assets held for sale and directly related liabilities	16	17	1
NET INVESTED CAPITAL	20,824	21,365	541
Shareholders' equity (including minority interests)			
- attributable to Snam	7,171	7,585	414
- attributable to minority interests	1	1	
	7,172	7,586	414
Net financial debt	13,652	13,779	127
COVERAGE	20,824	21,365	541

Fixed capital (€22,121 million) rose by €308 million compared with 31 December 2014. The increase is essentially due to the increase in property, plant and equipment and intangible assets (+€278 million) and the increase in financial receivables held for operating activities (+€78 million).

Equity investments

Equity investments (€1,372 million) include the valuation of equity investments using the equity method and refers to the companies Trans Austria Gasleitung GmbH - TAG (€496 million), TIGF Holding S.A.S. (€446 million), Toscana Energia S.p.A. (€167 million), Gasbridge 1 B.V. and Gasbridge 2 B.V. (€131 million cumulatively) and Trans Adriatic Pipeline AG - TAP (€130 million).



Financial receivables held for operating activities

Financial receivables held for operating activities (€78 million) refer to Snam taking over from Statoil the shareholders' loan granted to the associate company Trans Adriatic Pipeline AG (TAP), under contractual agreements entered at the time of the acquisition⁷.

Net working capital

(€ million)	31.12.2014	31.12.2015	Change
Trade receivables	1,728	1,677	(51)
Inventories	155	152	(3)
Tax receivables	90	96	6
Derivative assets (liabilities)	(4)	7	11
Other assets	217	167	(50)
Trade payables	(816)	(694)	122
Provisions for risks and charges	(1,014)	(776)	238
Liabilities for deferred taxes	(513)	(388)	125
Accruals and deferrals from regulated activities	(36)	(56)	(20)
Tax liabilities	(22)	(51)	(29)
Other liabilities	(649)	(741)	(92)
	(864)	(607)	257

Net working capital (-€607 million) increased by €257 million compared with 31 December 2014, owing mainly to: (i) the reduction in the provision for risks and charges (+€238 million) mainly attributable to a decrease in the provision for decommissioning and restoring sites in the transportation and storage segments (+€135 million in total), primarily due to the impact of the change in expected discounting rates, and the reclassification to the provision for doubtful debts of estimated expenses resulting from commercial balancing at 31 December 2014 (+€85 million)⁸; (ii) the reduction in liabilities for deferred taxes (+€125 million), including the effects of the adjustment of the deferred taxes resulting from the reduction, with effect from 1 January 2017, of the IRES rate from 27.5% to 24% (+€57 million); (iii) a reduction in trade payables (+€122 million) which refers primarily to the transportation segment (+€98 million, of which +€42 million for lower payables resulting from the balancing service).

These factors were partly offset by: (i) an increase in other liabilities (-€92 million) which refers primarily to the transportation segment due to greater payables to the Cassa per i Servizi Energetici e Ambientali - CSEA (-€86 million) mainly related to additional tariff components; (ii) the reduction in trade receivables (-€51 million) mainly attributable to the transportation segment (-€75 million) partly absorbed by the increase recorded by the distribution segment (+€54 million). The reduction in the transportation segment is primarily due to lower receivables resulting from the balancing services (-€174 million, including the effects of the impairment loss on the share of receivables relating to the period between 1 December 2011 and 23 October 2012 not recognised by the Authority), partly offset by greater

⁷ The contractual agreements require the shareholders, in proportion to their respective shareholdings, to be responsible for the funding of the project until the gas pipeline comes into operation and if its capacity is expanded.

⁸ The reclassification took place when the Authority closed the procedure to determine the portion of expenses deriving from uncollected receivables payable to Snam Rete Gas. The Authority, with Resolution 608/2015/R/gas, provided for the partial payment to the balance director (Snam Rete Gas), of uncollected receivables for the period 1 December 2011 to 23 October 2012. With regard to these receivables, the provision for doubtful debts, including the relative interest, totalled around €126 million at 31 December 2015.



receivables from additional tariff items compared with the transportation tariff; and (iii) a reduction in other assets (-€50 million) resulting from the effects of fuel gas allocated by transportation users compared with the quantities actually used.

Shareholders' equity

(€ million)

Shareholders' equity as at 31 December 2014	7,172
<i>Increases owing to:</i>	
- Comprehensive income for 2015	1,253
- Other changes (*)	36
	1,289
<i>Decreases owing to:</i>	
- Distribution of 2014 dividend	(875)
	(875)
Shareholders' equity including minority interests at 31 December 2015	7,586
attributable to:	
- Snam	7,585
- Minority interests	1
	7,586

(*) The other changes essentially refer to the effects of the entry of a new shareholder into the capital of TIGF.

Net financial debt

(€ million)	31.12.2014	31.12.2015	Change
Financial and bond debt	13,942	13,796	(146)
Short-term financial debt (*)	2,057	2,729	672
Long-term financial debt	11,885	11,067	(818)
Financial receivables and cash and cash equivalents	(290)	(17)	273
Financial receivables not held for operations	(216)		216
Cash and cash equivalents	(74)	(17)	57
	13,652	13,779	127

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

Net financial debt stood at €13,779 million at 31 December 2015, up €127 million compared with 31 December 2014 (€13,652 million).

Net cash flow from operating activities (€2,054 million), which benefited from the contribution from the associated companies valued using the net equity method (ordinary dividends of €141 million⁹), allowed Snam to fully cover the financial requirements associated with the technical investments and equity investments for the period (€1,283 million), net of divestment flows, and to generate a free cash flow of

⁹ Overall collections from equity investments valued using the equity method relating to ordinary and extraordinary dividends, and to financial income, totalled approximately €214 million.



€771 million. After the payment to shareholders of the 2014 dividend of €875 million, net financial debt increased by €127 million.

Financial and bond debt at 31 December 2015, equal to €13,796 million (€13,942 million at 31 December 2014) breaks down as follows:

(€ million)	31.12.2014	31.12.2015	Change
Bonds	10,631	9,811	(820)
Bank loans	3,296	3,950	654
Other loans	15	35	20
	13,942	13,796	(146)

Financial and bond debts are denominated in euro¹⁰ and mainly refer to bonds (€9,811 million, or 71.1%) and bank loans (€3,950 million, or 28.6%, of which €1,627 million is provided by the European Investment Bank - EIB).

The €146 million reduction in financial and bond debt compared with 31 December 2014 is mainly due to: (i) lower bond loans (-€820 million) following the repayment of a bond maturing in November 2015 with a nominal value of €750 million, and the net repurchase of bond loans for a nominal value of €250 million as part of the liability management operation concluded in November 2015, which was partly offset by a new issue, completed in January 2015, for a nominal value of €250 million; (ii) the increase in bank loans (+€654 million) connected to new loans taken out with the EIB (+€376 million, net of repayments) and the greater net use of uncommitted bank lines of credit (+€278 million).

Long-term financial debt (€11,067 million) represents around 80% of gross financial debt (around 85% at 31 December 2014). Fixed rate financial debt amounted to approximately 64% of gross financial debt.

The reduction in financial receivables not held for operations (€216 million) is due to the closure and simultaneous repayment of the shareholders' loan provided by Snam in 2014 to the jointly owned associate company TAG as part of an operation to refinance TAG's entire debt through the banking system.

Cash and cash equivalents (€17 million) mainly refer to the cash at Gasrule Ltd for the Group's insurance activities (€15 million). The reduction of €57 million, compared with 31 December 2014, is due mainly to the use in 2015 of the safe custody account (€47 million) set up in 2014 following the closing of the operation by Italgas S.p.A. to acquire 51% of Acam Gas S.p.A.

At 31 December 2015, Snam had unused committed long-term credit lines worth €3.95 billion.

¹⁰ Except for a fixed rate bond loan for ¥10 billion (Japanese yen), fully converted into euros through a cross-currency swap (CCS) financial derivative.



Covenants

As at 31 December 2015, Snam has unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions. Some of these contracts provide, inter alia, for the following: (i) negative pledge commitments pursuant to which Snam and its subsidiaries are subject to limitations concerning the pledging of real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) pari passu and change-of-control clauses; and (iii) limitations on certain extraordinary transactions that the Company and its subsidiaries may carry out.

At 31 December 2015, the banking financial liabilities subject to these restrictive clauses amounted to approximately €2.6 billion.

The bonds issued by Snam as at 31 December 2015 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, inter alia, negative pledge and pari passu clauses.

Failure to meet these covenants, and the occurrence of other events, for example cross-default events, some of which are subject to specific materiality thresholds, may result in Snam's failure to comply and could trigger the early repayment of the relative loan. Exclusively for the EIB loans, the creditor has the option of requesting additional guarantees if Snam's rating is downgraded to BBB- (Standard & Poor's/Fitch Ratings Limited) or Baa3 (Moody's) by at least two of the three ratings agencies.

At 31 December 2015 there were not events not in compliance with said obligations and contractual covenants.

Reclassified statement of cash flows and change in net financial debt

The reclassified statement of cash flows below summarises the legally required financial reporting 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

(€ million)	2014	2015
Net profit	1,198	1,238
<i>Adjusted for:</i>		
- Amortisation, depreciation and other non-monetary components	670	744
- Net capital losses (capital gains) on asset sales and eliminations	20	32
- Interest and income taxes	840	804
Change in working capital due to operating activities	(88)	40
Dividends, interest and income taxes collected (paid)	(1,111)	(804)
Net cash flow from operating activities	1,529	2,054
Technical investments	(1,283)	(1,186)
Equity investments	(5)	3
Financial receivables held for operating activities		(78)
Change in scope of consolidation and business units	(10)	(46)
Divestments	10	6
Other changes relating to investment activities	56	18
Free cash flow	297	771
Change in financial receivables not held for operations	(216)	216
Change in short- and long-term financial debt	490	(169)
Equity cash flow	(505)	(875)
Effect of the change in scope of consolidation	6	
Net cash flow for the period	72	(57)

CHANGE IN NET FINANCIAL DEBT

(€ million)	2014	2015
Free cash flow	297	771
Financial payables and receivables from acquired companies	(112)	
Equity cash flow (*)	(505)	(875)
Other changes (**)	(6)	(23)
Change in net financial debt	(326)	(127)

(*) The dividend paid in 2014 refers to the balance of the 2013 dividend (€507 million). Snam did not pay out an interim dividend in 2014 and 2015.

(**) Include the effects of adjustment to fair value and to the exchange rate of financial payables at the end of the period.



IFRS financial statements

Statement of financial position

(€ million)	31.12.2014	31.12.2015
ASSETS		
Current assets		
Cash and cash equivalents	74	17
Trade receivables and other receivables	2,081	1,824
Inventories	155	152
Current income tax assets	48	54
Other current tax assets	10	8
Other current assets	108	98
	2,476	2,153
Non-current assets		
Property, plant and equipment	15,399	15,478
Compulsory inventories	363	363
Intangible assets	5,076	5,275
Investments valued using the equity method	1,402	1,372
Other receivables		78
Other non-current assets	167	137
	22,407	22,703
Non-current assets held for sale	23	24
TOTAL ASSETS	24,906	24,880
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term financial liabilities	1,058	1,351
Short-term portion of long-term financial liabilities	999	1,378
Trade payables and other payables	1,769	1,746
Current income tax liabilities	1	1
Other current tax liabilities	20	50
Other current liabilities	51	71
	3,898	4,597
Non-current liabilities		
Long-term financial liabilities	11,885	11,067
Provisions for risks and charges	1,014	776
Provisions for employee benefits	141	166
Liabilities for deferred taxes	513	388
Other non-current liabilities	276	293
	13,829	12,690
Liabilities directly associated with assets held for sale	7	7
TOTAL LIABILITIES	17,734	17,294
SHAREHOLDERS' EQUITY		
<i>Snam shareholders' equity</i>		
Share capital	3,697	3,697
Reserves	2,281	2,655
Net profit	1,198	1,238
Treasury shares	(5)	(5)
Total Snam shareholders' equity	7,171	7,585
<i>Minority interests</i>	1	1
TOTAL SHAREHOLDERS' EQUITY	7,172	7,586
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,906	24,880



Income Statement

(€ million)	2014	2015
REVENUE		
Core business revenue	3,784	3,856
Other revenue and income	98	114
Total Revenue	3,882	3,970
OPERATING COSTS		
Purchases, services and other costs	(763)	(782)
Personnel cost	(343)	(389)
	(1,106)	(1,171)
AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	(803)	(849)
EBIT	1,973	1,950
FINANCIAL INCOME (EXPENSES)		
Financial income	19	12
Financial expense	(416)	(392)
	(397)	(380)
INCOME FROM EQUITY INVESTMENTS		
Effect of valuation using the equity method	79	126
Income (expense) from equity investments	52	9
	131	135
PRE-TAX PROFIT	1,707	1,705
Income taxes	(509)	(467)
Net profit	1,198	1,238
attributable to:		
- Snam	1,198	1,238
- Minority interests		
Profit per share (€ per share)		
- basic	0.35	0.35
- diluted	0.35	0.35

Statement of comprehensive income

(€ million)	2014	2015
Net profit	1,198	1,238
Other components of comprehensive income		
<i>Components that can be reclassified to the income statement:</i>		
Change in fair value of cash flow hedging derivatives (effective portion)	(3)	
Portion of equity investments valued using the equity method pertaining to "other components of comprehensive income"	6	11
Tax effect	1	
	4	11
<i>Components that cannot be reclassified to the income statement:</i>		
Actuarial gains (losses) from employee defined benefit plans remeasurement	(15)	6
Tax effect	4	(2)
	(11)	4
Total other components of comprehensive income, net of tax effect	(7)	15
Total comprehensive income for the period	1,191	1,253
Attributable to:		
- Snam	1,191	1,253
-Minority interests		
	1,191	1,253



Cash flow statement

(€ million)	2014	2015
Net profit	1,198	1,238
Adjustments for reconciling net profit with cash flows from operating activities:		
Depreciation and amortisation	797	846
Impairment losses	6	3
Effect of valuation using the equity method	(79)	(126)
Net capital losses (capital gains) on asset sales, cancellations and eliminations	20	32
Interest income	(19)	(8)
Interest payable	350	345
Income taxes	509	467
Other changes	(52)	(9)
Changes in working capital:		
- Inventories	(18)	55
- Trade receivables	65	(9)
- Trade payables	(154)	(128)
- Provisions for risks and charges	23	(14)
- Other assets and liabilities	(4)	136
<i>Working capital cash flows</i>	<i>(88)</i>	<i>40</i>
Change in provisions for employee benefits	(2)	30
Dividends collected	99	141
Interest collected	2	5
Interest paid	(347)	(345)
Income taxes paid net of reimbursed tax credits	(865)	(605)
Net cash flow from operating activities	1,529	2,054
Investments:		
- Property, plant and equipment	(917)	(793)
- Intangible assets	(366)	(393)
- Change in scope of consolidation and business units	(10)	(46)
- Equity investments	(5)	(144)
- Financial receivables held for operations		(78)
- Change in payables and receivables relating to investments	54	18
<i>Cash flow from investments</i>	<i>(1,244)</i>	<i>(1,436)</i>
Divestments:		
- Property, plant and equipment	3	6
- Equity investments	7	147
- Change in payables and receivables relating to divestment activities	2	
<i>Cash flow from divestments</i>	<i>12</i>	<i>153</i>
Net cash flow from investment activities	(1,232)	(1,283)
Assumption of long-term financial debt	2,971	1,167
Repayment of long-term financial debt	(1,474)	(1,620)
Increase (decrease) in short-term financial debt	(1,007)	284
Financial receivables not held for operations	(216)	216
	274	47
Sale of treasury shares	2	
Dividends paid to Snam shareholders	(507)	(875)
Net cash flow from financing activities	(231)	(828)
Effect of the change in scope of consolidation	6	
Net cash flow for the period	72	(57)
Cash and cash equivalents at the beginning of the period	2	74
Cash and cash equivalents at the end of the period	74	17



Reclassified financial statements of Snam S.p.A.

Reclassified statement of financial position

(€ million)	31.12.2014	31.12.2015	Change
Fixed capital	18,925	18,650	(275)
Property, plant and equipment	4	3	(1)
Intangible assets	14	18	4
Equity investments	8,696	8,693	(3)
Financial receivables held for operations	10,241	9,965	(276)
Net receivables (payables) for investments	(30)	(29)	1
Net working capital	69	83	14
Provisions for employee benefits	(19)	(19)	
NET INVESTED CAPITAL	18,975	18,714	(261)
Shareholders' equity	6,885	6,835	(50)
Net financial debt	12,090	11,879	(211)
COVERAGE	18,975	18,714	(261)

Reclassified income statement

(€ million)	2014	2015	Change	% change
Financial income and expense				
Income from equity investments	536	875	339	63.2
Interest income and other financial income	385	355	(30)	(7.8)
Interest expense and other financial expense	(435)	(395)	40	(9.2)
Total financial income and expense	486	835	349	71.8
Income from services rendered	185	186	1	0.5
Other income	12	12		
Other operating income	197	198	1	0.5
Other operating expenses				
For personnel	(68)	(68)		
For non-financial services and other costs	(147)	(134)	13	(8.8)
Total other operating expenses	(215)	(202)	13	(6.0)
Pre-tax profit	468	831	363	77.6
Income taxes	2	(6)	(8)	
Net profit	470	825	355	75.5