

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

The most recent estimates on the evolution of natural gas demand on the Italian market envisage a situation of substantial stability compared to 2017 levels in the period 2017-2021, albeit in the presence of a progressive reduction of European domestic production that will be balanced by an increasing dependence on imports.

INVESTMENTS

Snam confirms a significant investment plan of around €5.2 billion in the period 2017-2021, of which €1.0 billion were invested in 2017, to support the development of Italian infrastructures and their interconnection with the European ones, strengthening the security, flexibility and liquidity of the entire gas system. The Plan envisages a strengthening the transportation network, allowing also for the completion of the creation of additional reverse flow capacity towards other European countries, and open new flows from the Caspian region through the TAP gas pipeline.

In particular, investments in the transportation business are aimed at:

- increased flexibility and security of the transportation system in Italy;
- ongoing improvements to the quality of the transportation service;

- increased interconnection between infrastructures and greater flexibility of gas flows in Europe.

Over the period in question, the planned investments should allow the Company to extend the total length of the transportation network (about 32,500 km in 2017) by around 2% and to increase the installed power in the compression stations by around 5% (922 Megawatts in 2017).

Investments in the storage and LNG business are aimed at improving the overall safety and flexibility of the system, allowing an increase in the period considered of around 4% of available storage capacity (12.2 billion standard cubic metres in 2017) and about 2% of peak capacity (251 million standard cubic metres/day in 2017).

Furthermore, during the period of the plan, Snam will undertake the construction of stations for the supply of vehicles powered by natural gas, with the aim of increasing the number of current methane service stations, improving the quality of service and ensuring balanced stations.

Snam will be able to use its international subsidiaries to promote increasing interconnectivity among European infrastructure systems, and develop greater diversification and flexibility of gas flows, while at the same time maximising the profitability of its assets. Snam, applying a selective approach and its financial policy, will monitor new opportunities to invest in infrastructure assets, including at the European level, with a risk profile in line with the one of its current

business portfolio.

OPERATING EFFICIENCY

Snam will continue to focus on operating efficiency in 2018, through initiatives that will enable it to keep the level of controllable costs more or less stable in real terms, on a constant-size basis.

Snam will also ensure all necessary measures for promoting the use of its know-how in gas infrastructure to serve investees and third parties.