

Outlook



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The business outlook is described below with reference to the main drivers characterising natural gas transportation, regasification and storage activities.

INVESTMENTS

Snam is now confirming a significant 2017-2021 investment plan of roughly €5.2 billion, of which €1.0 billion was made in 2017, to support the development of Italian infrastructure and its interconnection with European infrastructure, strengthening the safety, flexibility and liquidity of the entire gas system. The Plan provides for the strengthening of the transportation network, also enabling the creation of additional reverse flow capacity towards other European countries, and opening new gas flows from the Caspian region through the TAP gas pipeline. In particular investments in the transportation business aim to achieve:

- 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 (32,500 km in 2017) by around 2% and to increase the installed power in the compression stations by around 5% (922 MW in 2017). The investments in the storage and LNG business are intended to improve the overall flexibility and security of the system, delivering an increase in available storage capacity (12.2 billion standard cubic metres in 2017) of about 4% over the period in question and an increase of around 2% in delivery point capacity (250 million standard cubic metres per day in 2017). Throughout the term of the plan, Snam will also be committed to building natural gas fuelled vehicle fuelling stations, with a view to boosting the number of current methane service stations, improving service quality and guaranteeing a more balanced geographical distribution of the stations. Snam will also be able to leverage its international subsidiaries to promote increasing interconnection between European infrastructure systems, and develop greater diversification and flexibility of gas flows, while at the same time maximising the profitability of its assets. The company, applying a selective approach and its financial policy, will monitor new opportunities to invest in infrastructure assets, including at the international level, with a risk profile in line with the one of its current business portfolio.

GAS DEMAND

The most recent estimates as to the evolution of natural gas demand in the Italian market point to a situation of substantial stability with respect to 2017 levels in the 2017-2021 period, even in the presence of a progressive reduction in internal European production, which will be balanced by increasing dependence on imports.

OPERATING EFFICIENCY

Snam will continue to focus on operating efficiency in 2018, through initiatives that will enable it to keep the level of costs more or less stable in real terms for the core business. Snam will also ensure all necessary measures for promoting the use of its expertise in gas infrastructure to serve investees and third parties.