

March 2015

News@Facts



The intervention: Message from the CEO of Snam, Carlo Malacarne

The 2015-2018 Plan leverages on investments aimed at meeting market needs

Also in the 2015-2018 period, investments are at the core of Snam Strategic Plan. Even though in the coming years in Europe gas demand is expected to remain stable, transport and storage needs will deeply change: as a result of reductions in production capacity, the Continent will become increasingly dependent on extra-European energy sources. In line with such a scenario, we have outlined a strategic plan primarily targeting selected projects that will pave the way to the integration of European networks and the security of supply.

In the 2015-2018 period in Italy we will overall invest 5.1 billion euro, of which 1.3 billion in 2015; we will especially focus on ensuring that the system can support the transit of gas flows



Carlo Malacarne,
CEO of Snam

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Performance: 2014 results

Net profit increases by 30.6%

2014 was the first year of the fourth regulation period for three Snam operating area: gas transportation, regasification and distribution. During the year the Company had to face a still unfavourable economic environment, as proven by a 9.7% reduction in the gas injected into the network.

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RESULTS	2013	2014	Change
<u>GAS INJECTED INTO THE NETWORK (BCM)</u>	69.00	62.28	-9.7%
<u>TOTAL REVENUE (MN €)*</u>	3,529	3,566	+1.0%
<u>EBITDA (MN €)</u>	2,803	2,776	-1.0%
<u>REPORTED EBIT (MN €)</u>	2,034	1,973	-3.0%
<u>REPORTED NET PROFIT (MN €)</u>	917	1,198	+30.6%
<u>OPERATING INVESTMENTS (MN €)</u>	1,290	1,313	+1.8%

(*) Net profit is attributable to Snam.

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News@Facts Issue 1 / Year 6
Information as of 20 March, 2015
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Registration n. 534
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towards the European markets.

Over 60% of the overall investments in the four-year period, for an amount of approximately 3.1 billion euro, will be concentrated in the Transport business. Thanks to the projects that we will execute in the Plan's four-year period, an extension of the transport network of about 1,000 km is expected (+3% versus the length at the end of 2014), while the installed capacity of the compression stations is expected to increase by around 130 megawatts (+15%).

Beyond the plan period, further 1.7 billion will be invested, mainly aimed at completing new entry capacity from the South.

In the period covered by the Plan, the Storage business will absorb around 500 million euro investments, targeting an increase both in modulation (ca.+11%) and peak capacity (ca.+8%).

In the four-year period we expect to invest some 1.5 billion in Distribution, particularly aimed at upgrading the service, replacing ca. 800 km of existing pipelines and realizing approximately 1,000 km of new sections and connections. Thanks to the new projects, we expect

to grow the number of meters to ca. 6.6 million units (+200 thousands vs. the end of 2014).

A second pillar in our strategy is represented by the enhancement of existing international assets along the two main European energy corridors, namely South-North and East-West.

Along the latest route, TIGF can play a key-role in increasing the integration of the French market and the interconnection with Spain. Such asset has already proven to be able to deliver significant value increases over time: the entry of Crédit Agricole Assurances into the share capital with a 10% stake has highlighted an equity value enhancement of around 40% compared to the one acknowledged in 2013, when the company was acquired.

Surely, the recently acquired TAG pipeline is a strategic asset, considered its importance as leading gas import infrastructure for the Italian market and its potential use in reverse flow, towards Eastern Europe and Southern Germany. In 2018 we expect that the contribution to Snam P&L from the two international assets, TIGF and TAG, will exceed 100

million euro.

In the 2015-2018 four-year period we aim to maintain a solid financial structure, allowing us to have an "investment grade" credit rating; in particular, our leverage (Debt to Total Assets) will continue to be lower than 55%. Similarly, we expect to maintain a solid and efficient financial structure, exploiting opportunities of further decline in the cost of debt, which has already decreased from 3.7% in 2013 to 3.2% in 2014: in 2015 we estimate to achieve a further optimisation.

Meanwhile we will be committed to maximise operating efficiency; over the Plan period, in the current business perimeter, we expect to be able to maintain controllable fixed costs stable in real terms.

Thanks to this disciplined structure of our business strategy and the financial flexibility achieved, Snam will continue to generate strong cash flows and provide shareholders with returns that are both attractive and sustainable over time.

We confirm the guidance of a dividend of 0.25 euro per share for the 2015 fiscal year.

continue Performance: 2014 results

The 61 million euro decrease (-3.0%) recorded at EBIT level reflects how higher revenue (59 million euro) were compensated by the rise in operating expenses (86 million euro) and the increase in depreciation and amortization (34 million). Considering EBIT from a sector viewpoint, storage has shown a positive performance (+3 million euro), while the other businesses presented a decline, respectively by 28 million euro in distribution, 21 million euro in transport and 5 million euro in regasification.

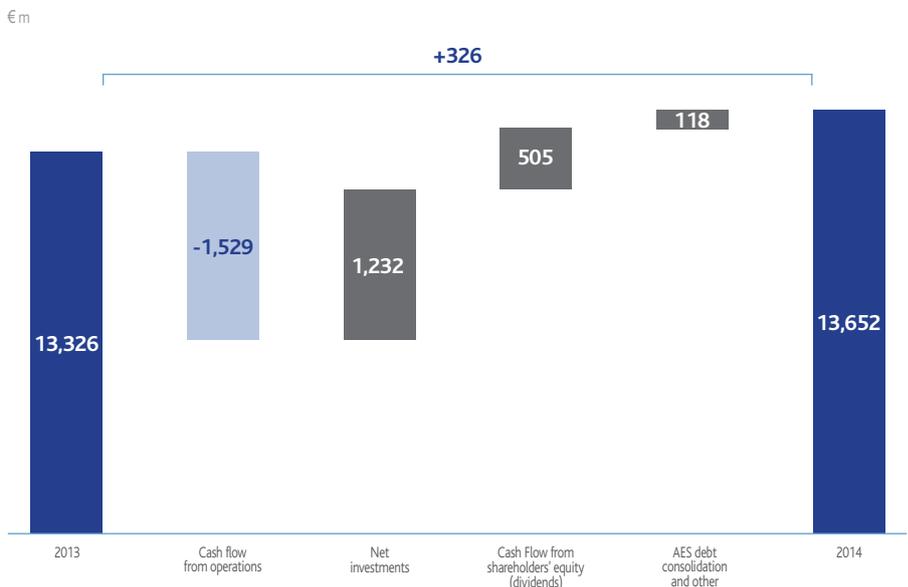
Net profit presents a 30.6% growth, reaching 1,198 million euro; the EBIT decrease has been offset by:

- lower net financial charges (75 million euro), mainly as a consequence of the decrease in the cost of debt, also favoured by the optimisation of the financial structure under way;
- higher net income from equity investments (86 million euro);
- lower income taxes (181 million euro, of which 120 million due to the adjustment made to deferred taxes after the so called Robin Hood Tax was declared to be unconstitutional, with effect from 12 February 2015).

Net financial debt at the end of 2014 amounts to 13,652 million euro. Strong cash flow from operations (1,529 million euro), highly exceeding the need for funding net technical investments (1,232 million euro), has allowed to reach a 297 million euro free cash flow. The 326

million euro change in net financial debt in the 31 December 2013 – 31 December 2014 period also reflects the payment to shareholders of the 2013 final dividend (507 million euro) and the impact of the acquisition of control of AES Torino SpA, effective from 1 July 2014.

NET FINANCIAL DEBT – 2014 VS. 2013



Focus: Shareholder Returns

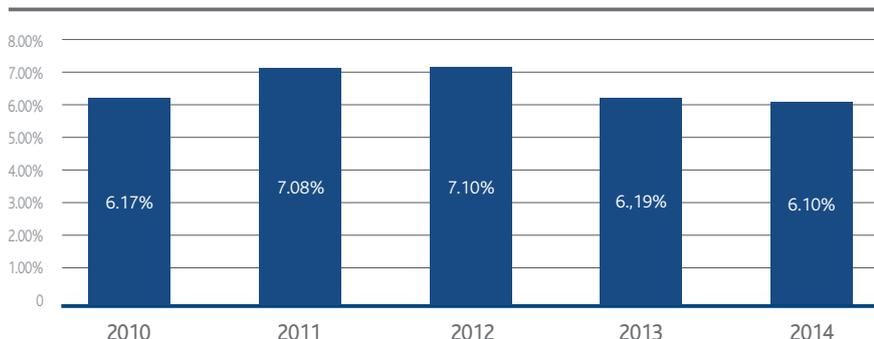
2014 dividend of 0.25 euro

In light of the good results achieved in the 2014 fiscal year, the Board of Directors will propose to the Shareholders' Meeting, called on 29 April 2015, to approve the distribution of a dividend per share of 0.25 euro, in line with the one of the

2013 fiscal year.

Shareholders will receive the payment as of 20 May 2015, with an ex-dividend date of 18 May 2015. The record date has been set on 19 May 2015.

DIVIDEND YIELD



The 2014 dividend yield, calculated on the basis of the year-end official price of 4.11 euro, is equal to 6.10%: a high absolute level, which results in being even more attractive when compared to the average yield of the utility sector and the returns offered by bond investments whose ratings are comparable to the Snam one.

The bar chart shows that over the last five years, in line with its strategic targets in terms of dividend distribution policy, Snam has actually provided its shareholders with an attractive level of remuneration; such a policy proved to be sustainable, thanks to the good financials that the Group has achieved over time.

News: Financial Optimisation

New bond placement for further 250 million euro

In line with the process of optimising the debt structure and minimising the cost of capital, in the second half of January Snam has launched TAP of the existing fixed rate bond with maturity 21 April 2023 for further 250 million euro.

The placement has been successfully completed on 21 January, being 4 times oversubscribed by high-profile international investors.

Snam debt is rated by two agencies: BBB from Standard & Poor's and Baa1 from Moody's.

PLACEMENT DETAILS

Incremental Amount	250 million euro
Stock Exchange	Luxembourg Stock Exchange
Maturity	21 April 2023
Annual Coupon	1.5%
Re-offer Price	101.341
Re-offer Yield	1.327%



News: International Assets

Crédit Agricole enters into TIGF share capital

On 27 February 2015, Crédit Agricole Assurances entered into the share capital of TIGF with a 10% stake, after an agreement signed with Snam, GIC and EDF Invest on 28 January 2015. The stakes sold by the three shareholders generated an overall income of 180 million euro. Upon completion of the transaction, the Snam stake decreased from 45% to 40.5%, the GIC one from 35% to 31.5% and the EDF Invest one



from 20% to 18%. The entry of the new shareholder opens up further opportunities for the financial backing of TIGF developments.

News: Governance

Yunpeng He appointed as new director



Snam has a new Board Member, Yunpeng He. On 26 January 2015 he has been appointed in place of Roberta Melfa.

The non-executive and non-independent Director has been designated by CDP RETI, main shareholder of Snam; he will remain in office until the next Shareholders' Meeting of 29 April that will have to

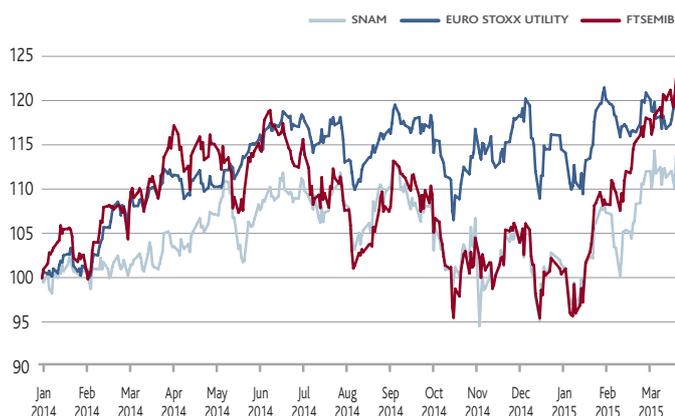
decide whether his role will be confirmed.

Yunpeng He will bring in Snam's BoD a contribution of competencies and experience in the grid business, as he graduated with a degree in Electric System and Automation and is Deputy Director of the European Office of State Grid Corporation of China.

Snam and the financial markets

STOCK PRICE PERFORMANCE (2 JANUARY 2014 – 20 MARCH 2015)

STOCK PRICE (CLOSING PRICE OF 20 MARCH 2015 = 4.60 EURO)
COMPARED WITH SECTOR AND MARKET INDEX (BASE 2 JAN.2014 =100).



The Snam share has shown a 12.2% last-price increase over the 31 December 2014 – 20 March 2015 period. Such a rise took place in the general framework of European equity markets benefitting from the ECB launching the Quantitative Easing programme.

Low interest rates provide further support to stock prices: especially in the utility sector investors focused their interest on stocks presenting high and sustainable yields.

During the first quarter of 2015, the Snam share increase has been driven by some Company-specific factors: the agreement, in late January, for the entry of Crédit Agricole in TIGF capital with a 10% stake, the Constitutional Court's declaration of illegitimacy for the additional corporate tax (so called "Robin tax"), which took place in February, and lastly, in March, the financial community welcoming both the good FY2014 results, which allow to distribute a dividend with a 6% yield, and the 2015-2018 Strategic Plan.

The average of target prices indicated by the analysts covering the stock has improved if compared to the last issue of N@F: it moved from 4.4 euro to 4.6 euro. Noteworthy, 5 brokers present target prices that are equal or higher than 5 euro. Rating consensus remained positively oriented: among the 26 brokers covering the stock, buying and holding recommendations continue to prevail (respectively, 5 Outperform and 5 Buy/Add and 13 Hold ratings).

2015 FINANCIAL CALENDAR

CONSOLIDATED FINANCIAL STATEMENTS AND DRAFT FINANCIAL STATEMENTS AT 31 DECEMBER 2014. DIVIDEND PROPOSAL FOR 2014. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE FOR 2014. REPORT ON REMUNERATION FOR 2014. SUSTAINABILITY REPORT FOR 2014.

2015-2018 STRATEGIC PLAN.

11 MARCH 2015 > BoD

12 MARCH 2015 > PRESS RELEASE AND CONFERENCE CALL

FINANCIAL STATEMENTS AT 31 DEC. 2014. DIVIDEND APPROVAL FOR 2014. 29 APRIL 2015 > SHAREHOLDERS' MEETING (SINGLE CALL)

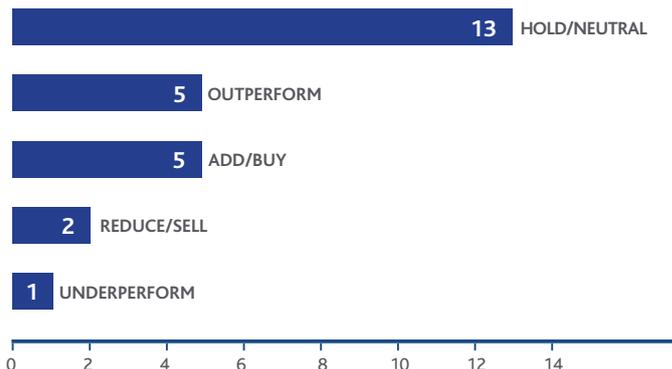
FIRST QUARTER 2015 REPORT.

13 MAY 2015 > BoD

14 MAY 2015 > PRESS RELEASE AND CONFERENCE CALL

BROKER RECOMMENDATIONS

NUMBER OF BROKERS: 26



CONSENSUS TARGET PRICE

NUMBER OF BROKERS: 26



SNAM AND THE STOCK EXCHANGE

OFFICIAL LISTING MARKET > BORSA ITALIANA EQUITY MARKET

TYPE OF SHARES > ORDINARY SHARES

INDEX MEMBERSHIP > FTSEMIB / FTSE ALL-SHARE / EURO STOXX / EURO STOXX UTILITY / STOXX EUROPE 600

ETHICAL INDEX MEMBERSHIP > FTSE4GOOD / ETHIBEL / CAPITAL PARTNERS / DOW JONES SUSTAINABILITY WORLD/ STOXX GLOBAL ESG LEADERS INDICES / VIGEO WORLD 120 / VIGEO EUROPE 120 / GC100 / CDLI / MSCI GLOBAL SUSTAINABILITY INDEX

CREDIT RATINGS > S&P'S: BBB; MOODY'S: BAA1

CODES

ISIN > IT0003153415

REUTERS > SRG.MI

BLOOMBERG > SRG IM

HIGH (365 DD) > € 4.62 – 5 MARCH 2015

LOW (365 DD) > € 3.82 – 3 NOVEMBER 2014

LAST DIVIDEND PAID (INTERIM 2013) > € 0.15 - 22.5.2014

TOTAL N. OF SHARES OF THE SHARE CAPITAL > 3,500,638,294

MKT CAP (BILLION EURO) > 16.08

2014 DIVIDEND DISTRIBUTION.

18 MAY 2015 > 2014 DIVIDEND EX-DIVIDEND DATE

20 MAY 2015 > 2014 DIVIDEND PAYMENT DATE

INTERIM FINANCIAL REPORT AT 30 JUNE 2015.

28 JULY 2015 > CDA

29 JULY 2015 > PRESS RELEASE AND CONFERENCE CALL

THIRD QUARTER 2015 REPORT.

27 OCTOBER 2015 > BoD

28 OCTOBER 2015 > COMUNICATO STAMPA E CONFERENCE CALL

Press release will be issued in the morning (non-trading hours), with the exception of the one on 29 April 2015, which will be issued at the end of the Meeting.

Conference Calls and Strategy Presentation take place in the afternoon.

In-depth in Snam businesses - TRANSPORT AND DISPATCHING

8 entry points of the National Network for natural gas coming from abroad: Tarvisio, Gorizia, Passo Gries, Mazara del Vallo, Gela, as well as the LNG terminals in Panigaglia, Rovigo (Cavarzere) and Livorno

53 entry points of the National Network at which national production is injected.

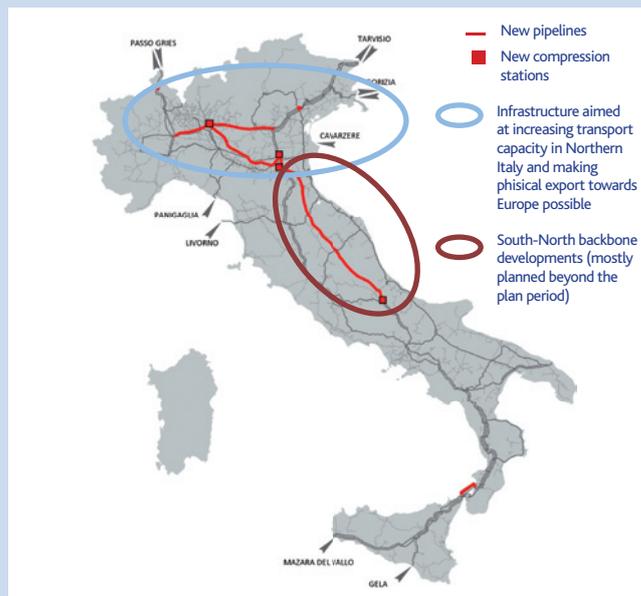
2 virtual entry points, one for each storage (Stogit SpA and Edison Stocaggio SpA).

62.28 bcm of natural gas injected into the Network in 2014.

32,339 km Transportation Network in use at 2014 year-end.

893.9 megawatt of installed capacity at the compression stations at 2014 year-end.

134 shipper having transport contracts with Snam Rete Gas.



INVESTMENTS OBJECTIVES

- Develop new infrastructure, in particular in the Po Valley, with the aim to increase transport capacity and make physical export to North Europe possible.
- Increase flexibility and liquidity of the domestic and European market, even through the offer of new integrated services to system operators.
- Increase flexibility and interconnections with the regional network.

Transport represents the most relevant portion of the four-year Investment Plan of Snam.

Snam has planned to invest 5.1 billion euro in Italy in the 2015-2018 four-year period, of which approximately **61%**, that is **3,1 billion euro**, in the transport business (0.7 billion euro in 2015).

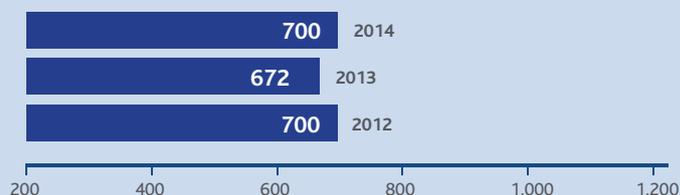
Beyond the plan period, further **1,7 billion euro** will be invested, mainly aimed at completing new entry capacity from the South.

REMUNERATION RATE FOR NEW INVESTMENTS: 7.3%

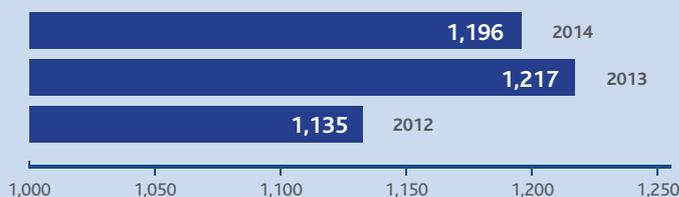
TRANSPORT CAPACITY SOLAR YEAR 2014 (bcm/d)

Transport Capacity	Allocated Capacity	Saturation (%)
374	316.9	84.7

TRANSPORT OPERATING INVESTMENTS (mn euro)

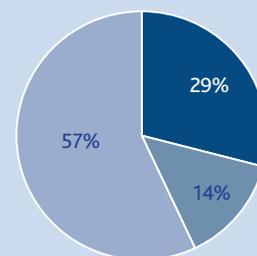


TRANSPORT EBIT (mn euro)



TRANSPORT INVESTMENTS IN 2015-2018 Breakdown by level of remuneration

- Basic rate of return
- Regional and national capacity develop. Greater return of 1% for 7-10 yrs
- Entry capacity develop. Greater return of 2% for 10 yrs



TRANSPORT INVESTMENT PROJECTS

Over the 2015-2018 period, main Transport investment projects will be focused in the Country's Northern area, where the network infrastructure of the **Po Valley** will be strengthened through a 450 km extension of pipelines, on top of the empowerment/construction of compression stations for around 100 MW.

Investments in the South-North backbone, for approximately 1.5 billion, represent the core of projects planned over the 2019-2021 period (1.7 billion). They will allow to develop 8 bcm of new entry capacity from the South.

The investments planned over the 2015-2018 period will be

moreover aimed at paving the way to the Group further steps along the path of turning from infrastructure owner to **market facilitator**, in a deeply changing sector environment.

The competition grown on the European market has generated higher liquidity, favouring "spot" contracts vs. the "take or pay" ones.

The consequent opening to new commercial opportunities requires **higher flexibility** in the offer of transport and storage services: from this perspective Snam, as an integrated infrastructure operator, invests in order to provide an increasingly more effective contribution to the development of new interconnections and new dedicated services.