



2013 Interim Review

Milan, July 31st, 2013

snam.it

Agenda



Highlights and operational performance

2013 1H Consolidated Results

Highlights and operational performance

Carlo Malacarne

Chief Executive Officer



1H 2013 Highlights

€m

Solid Results

| | | | |
|------------------|--------|---|-----------|
| • Revenues | 1,775 | ↑ | Up 3.4% |
| • Ebitda | 1,396 | ↑ | Up 2.8% |
| • Ebit | 1,020 | ↑ | Up 0.7% |
| • Net income | 462 | ↓ | Down 9.1% |
| • Free cash flow | 342 | | |
| • Net debt | 12,560 | | |

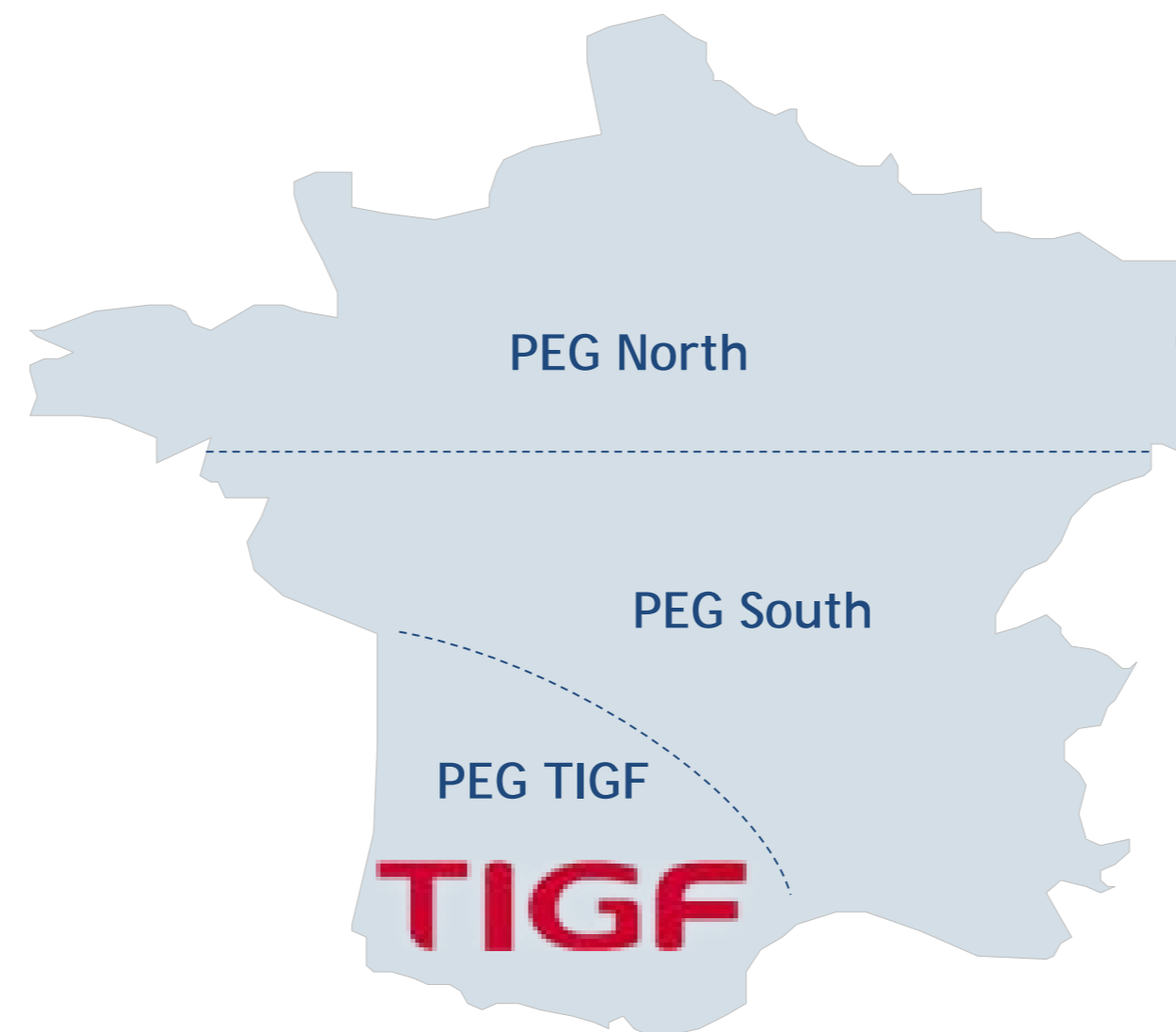
Financial Efficiency

- Lowering average cost of debt through:
 - debt structure optimization
 - renegotiation of banking facilities

Implementing International Growth in European Gas Infrastructures

Completion of TIGF acquisition

- Network length: 5,000 km
- 7 compressor station: 70 MW installed capacity
- 2 interconnection lines with Spain
- 2 storage fields: 2.7 bcm of working gas capacity and 5.7 overall capacity
- Headcount: ~500
- 2012 revenues: € 363 mln

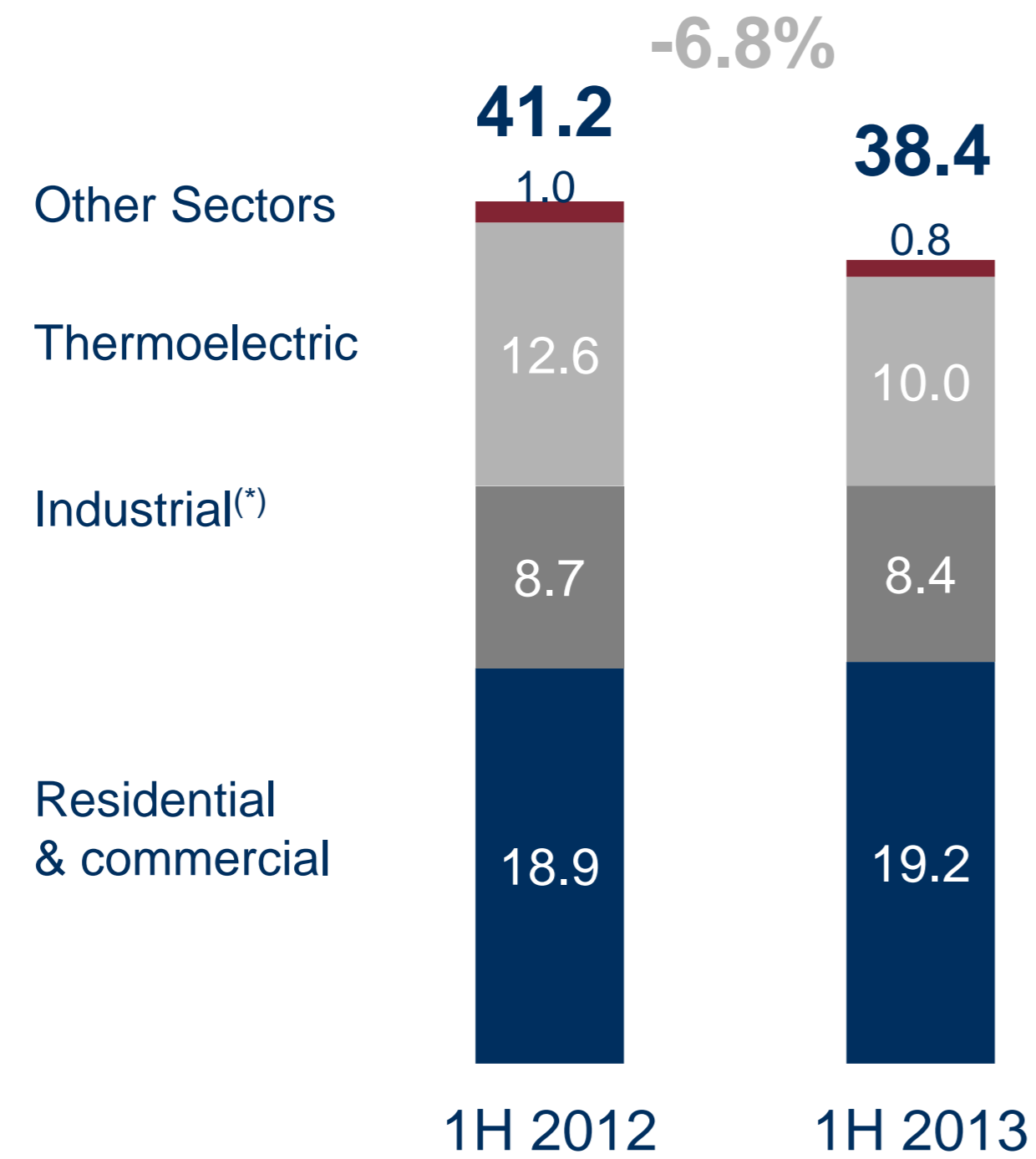


- Snam 45% shareholding: joint control with GIC and industrial partner
- Strategic and geographical fit: crossroad for gas transport corridors
- Business model fit: integrated management of transport and storage activities

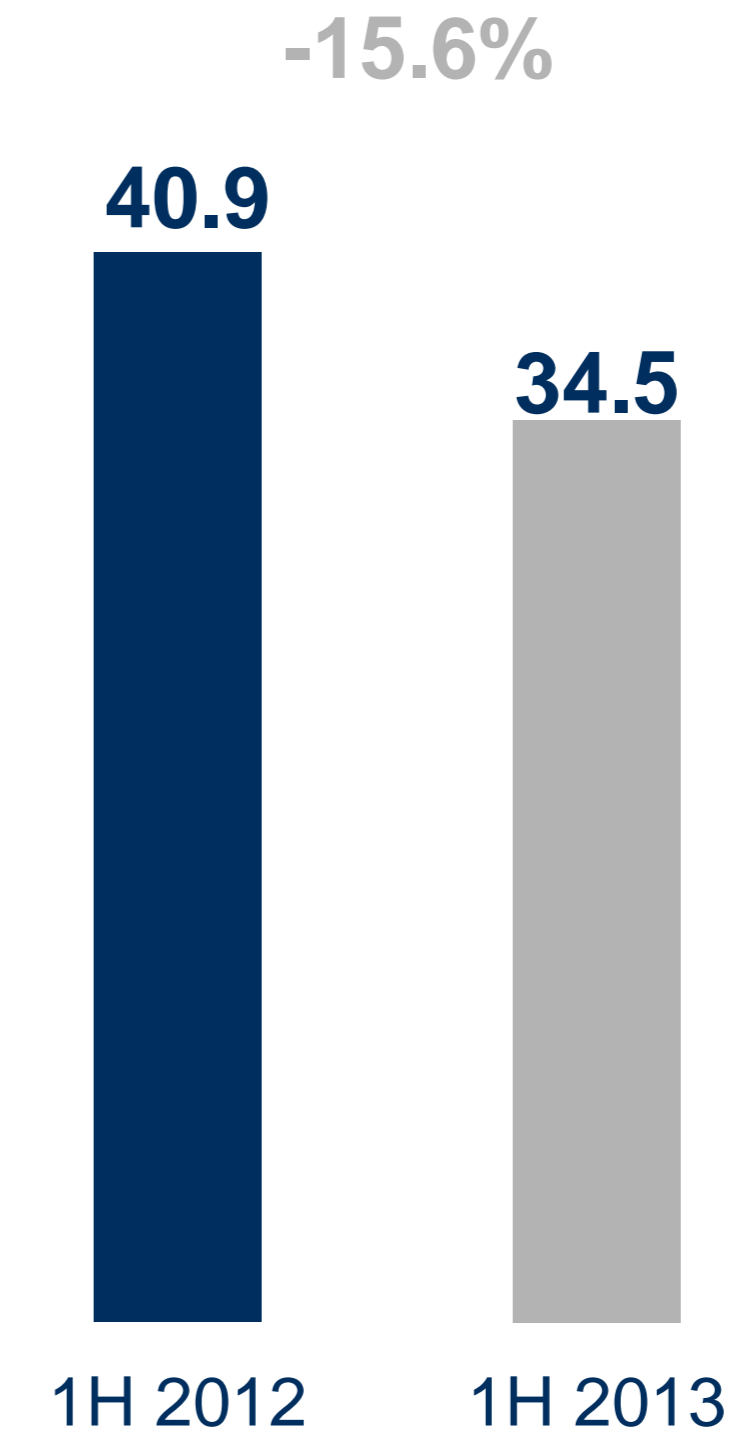
TIGF is the 2nd largest operator in France in gas transport and storage

Italian Gas Market in 1H 2013

Gas Consumption



Gas injected into the network



(*) Includes: NGV, Agriculture and Non-Energy Use

Source Italian Ministry of Economic Development and SRG estimates



Delivering shareholder return

INTERIM DIVIDEND

2013 Interim Dividend
0.10 €/share

Payable from October 24th 2013*

Confirming 2012 DPS of 0.25 €/share

2013 SHAREHOLDER RETURN

| | | |
|---------------------|---------------------------------------|----------------------|
| 2012 Final Dividend | May 23 rd 0.15 €/ share | 0.51 €billion |
|---------------------|---------------------------------------|----------------------|

| | | |
|-----------------------|---|----------------------|
| 2013 Interim Dividend | October 24 th 0.10 €/ share | 0.34 €billion |
|-----------------------|---|----------------------|

| | | |
|---------------------------------------|--|----------------------|
| = | | |
| 2013 Overall cash distribution | | 0.85 €billion |

Yield**

~7%

** Overall cash distribution / 1H 2013 average market cap (net of treasury shares)



Robust shareholder return in a growing business



* Ex dividend date October 21st 2013 – Record date October 23rd 2013

2013 1H Consolidated Results

Antonio Paccioretti

Chief Financial Officer



Income Statement

€m

| | 1H 2012 | 1H 2013 | Change |
|--------------------------------|--------------|--------------|------------|
| Revenues (*) | 1,716 | 1,775 | +59 |
| Operating expenses (*) | - 358 | - 379 | -21 |
| EBITDA | 1,358 | 1,396 | +38 |
| Depreciation & amortisation | - 345 | - 376 | -31 |
| EBIT | 1,013 | 1,020 | +7 |
| Net interest income (expenses) | - 167 | - 262 | -95 |
| Net income from associates | 24 | 35 | +11 |
| EBT | 870 | 793 | -77 |
| Income taxes | - 362 | - 331 | +31 |
| NET PROFIT | 508 | 462 | -46 |

(*) do not include the effect of IFRIC 12.

Revenues

€m

| | 1H 2012 | 1H 2013 | Change |
|---|--------------|--------------|------------|
| Regulated revenues | 1,706 | 1,782 | +76 |
| Transport | 1,000 | 1,034 | +34 |
| Revenues | 912 | 929 | +17 |
| Pass-through revenues | 88 | 105 | +17 |
| LNG | 11 | 12 | +1 |
| Storage | 215 | 238 | +23 |
| Distribution | 480 | 498 | +18 |
| Other revenues | 30 | 20 | -10 |
| Consolidation adj. (<i>modulation services</i>) | - 20 | - 27 | - 7 |
| TOTAL REVENUES | 1,716 | 1,775 | +59 |

Operating expenses

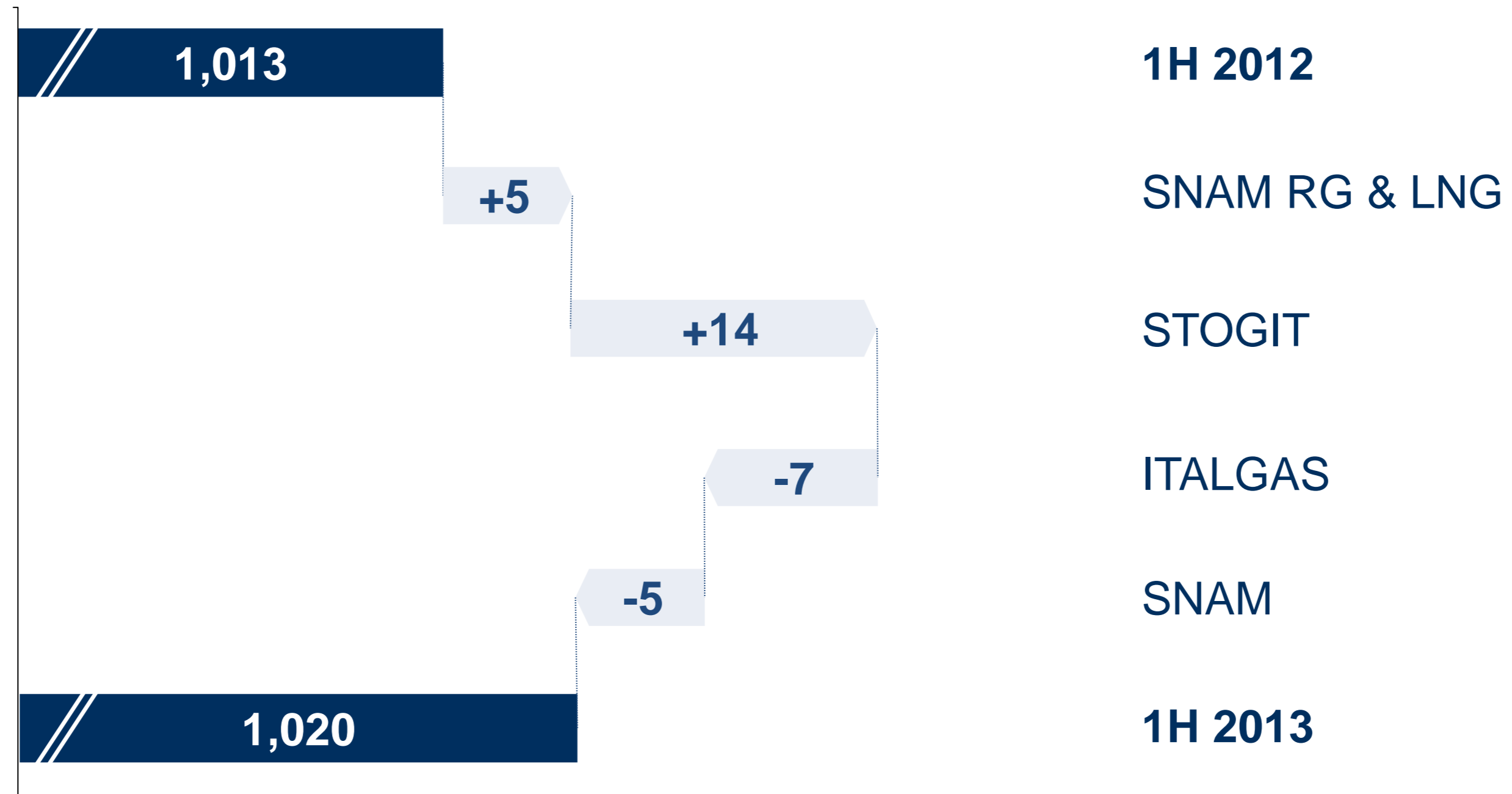
€m

| | 1H 2012 | 1H 2013 | Change |
|---------------------------------|------------|------------|------------|
| Regulated activities | 332 | 360 | +28 |
| Controllable fixed costs | 230 | 228 | -2 |
| Variable costs | 54 | 63 | +9 |
| Other | 48 | 69 | +21 |
| Non regulated activities | 26 | 19 | -7 |
| TOTAL COSTS | 358 | 379 | +21 |

| | 1H 2012 | 1H 2013 | Change |
|---|------------|------------|------------|
| Transport and Lng | 201 | 215 | +14 |
| Storage | 30 | 34 | +4 |
| Distribution | 147 | 152 | +5 |
| Snam | - | 5 | +5 |
| Consolidation adj. (<i>modulation services</i>) | -20 | -27 | -7 |
| TOTAL COSTS | 358 | 379 | +21 |

EBIT analysis

€m



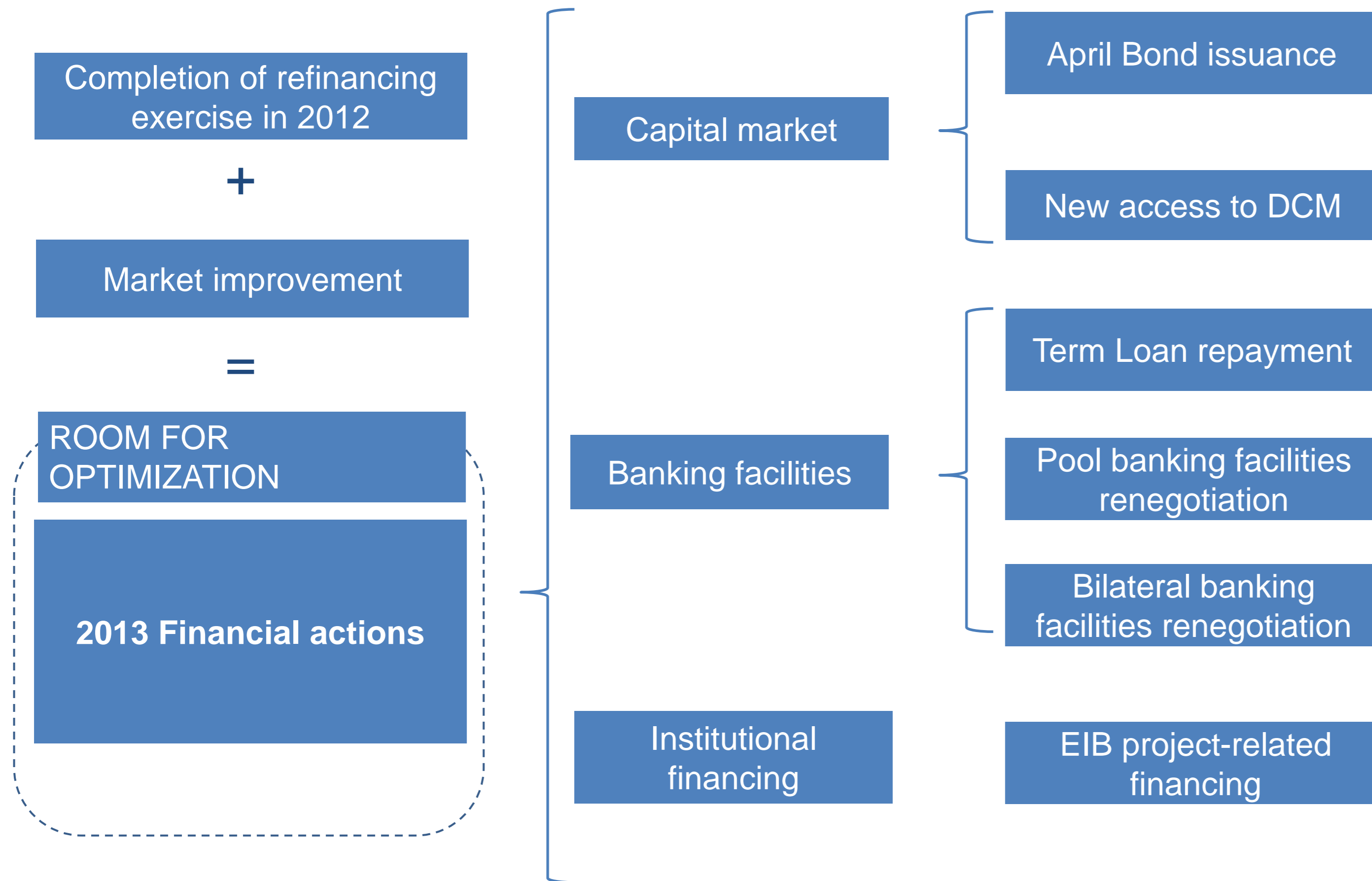
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€m

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Overview of 2013 Financial actions

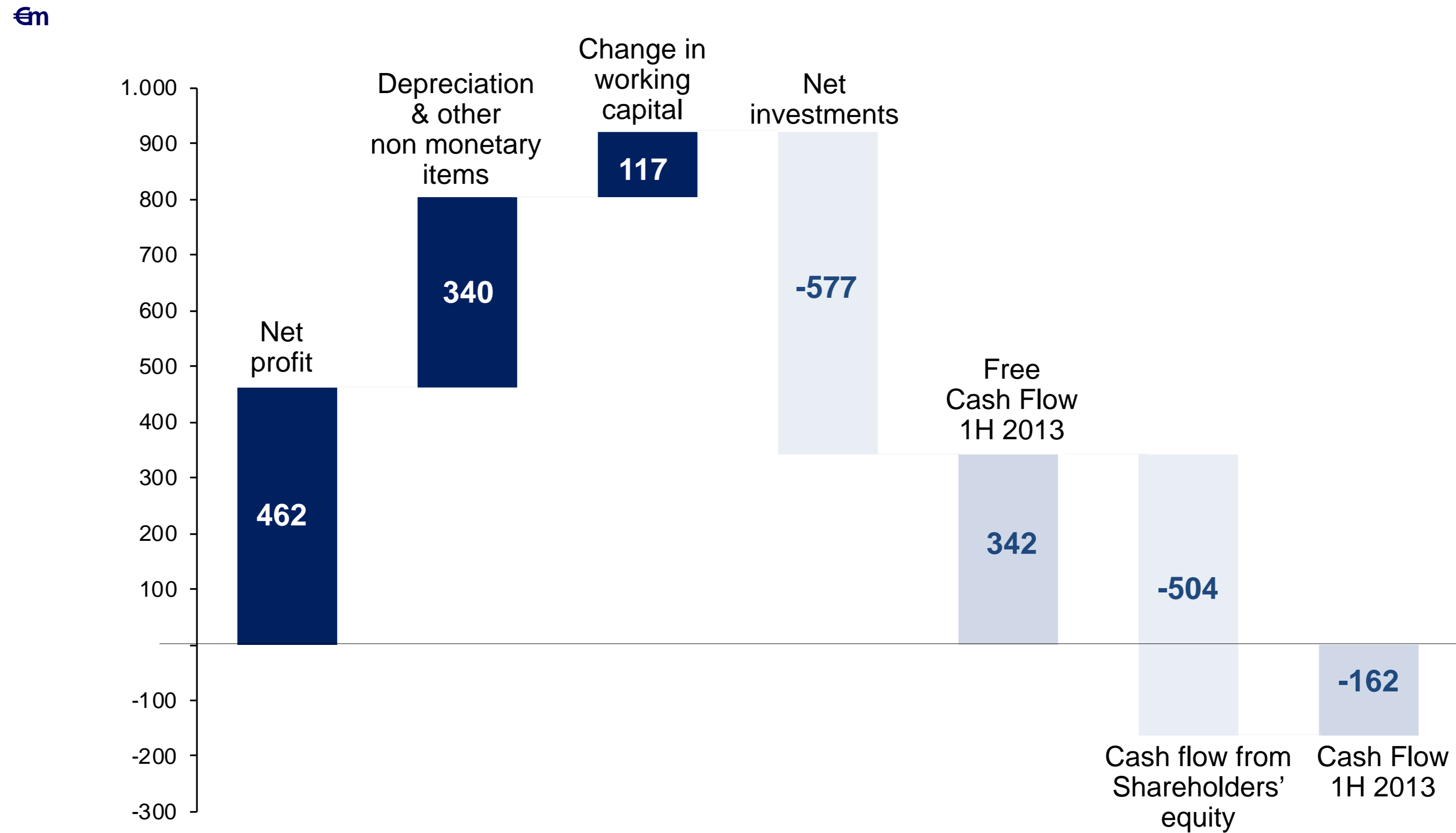


KEY THEMES

- open market for Snam
- increasing disintermediation of the banking system and reducing needs of committed undrawn facilities
- reducing cost of debt and extending maturity
- reducing cost of debt (margin)
- reducing cost of liquidity (commitment fees)
- Increasing maturity with financing from institutional lenders at competitive costs



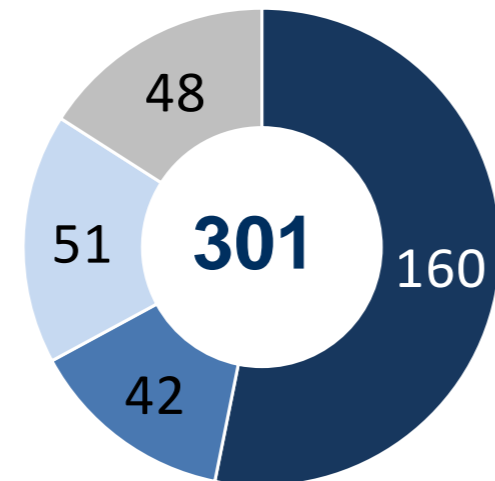
Cash flow



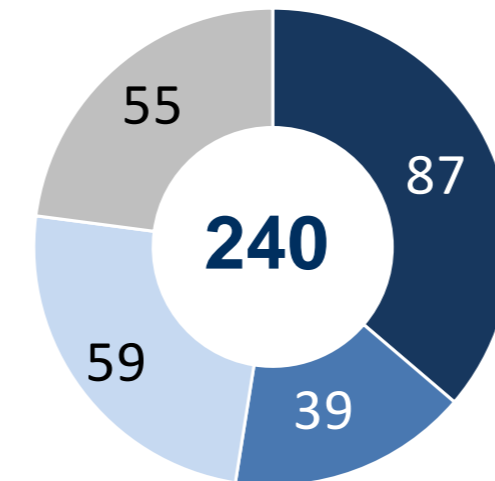
Capital Expenditure*

€m

Transport and LNG



1H 2012

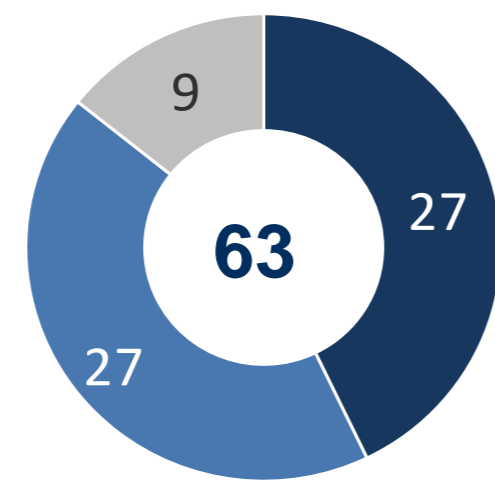


1H 2013

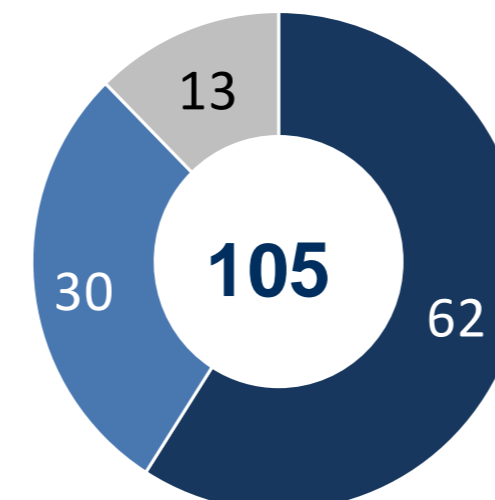
Incentive scheme (**)

- Expansion & new entry points: 3% premium for 10 – 15 yrs
- Regional & national development: 2% premium for 7 – 10 yrs
- Safety: 1% premium for 5 yrs
- Maintenance: Base return: 6.4%

Storage



1H 2012

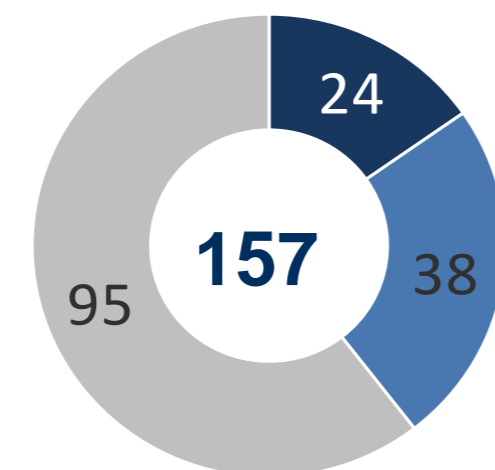


1H 2013

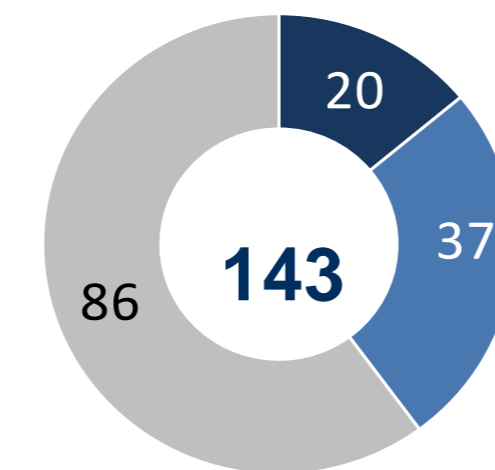
Incentive scheme (**)

- Development of new fields: 4% premium for 16 yrs
- Expansion of existing fields: 4% premium for 8 yrs
- Maintenance: Base return: 6.7%

Distribution



1H 2012



1H 2013

Incentive scheme (**)

- Substitution of cast iron pipes: 2% premium for 8 yrs
- Metering: 8% allowed return
- Other investments: Base return: 7.6%

(*) Gross of subsidies. In 1H 2012 and in 1H 2013 capex for €3 million was carried out by Snam S.p.A.

** Based on the current regulatory framework



Balance sheet

€m

| | Dec, 31 2012 | Jun, 30 2013 | Change |
|--|----------------|----------------|-------------|
| Net invested capital | 18,314 | 18,426 | +112 |
| Fixed capital | 19,567 | 19,707 | +140 |
| Tangible fixed assets | 14,501 | 14,661 | +160 |
| Intangible fixed assets | 4,593 | 4,616 | +23 |
| Equity-accounted and other investments | 473 | 430 | - 43 |
| Net working capital | - 1,139 | - 1,166 | - 27 |
| Receivables | 2,441 | 2,526 | +85 |
| Liabilities | - 3,580 | - 3,692 | - 112 |
| Provisions for employee benefits | - 129 | - 130 | - 1 |
| Assets held for sale and directly related liabilities | 15 | 15 | - |
| Net financial debt | 12,398 | 12,560 | +162 |
| Shareholders' equity | 5,916 | 5,866 | - 50 |

Q & A Session

Annex

Operational Data

| | | 1H 2012 | 1H 2013 | Δ % |
|---------------------|--|---------|---------|-------|
| Transport | Gas injected into the network (bcm) | 40.9 | 34.5 | -15.6 |
| | Gas pipeline network (km in operation) | 32,108 | 32,229 | +0.4 |
| Storage | Storage capacity (bcm) | 15.7 | 15.9 | +1.3 |
| | •Modulation (*) | 10.7 | 11.4 | +6.5 |
| | •Strategic | 5.0 | 4.5 | -- |
| | Gas moved through storage system (bcm) | 9.67 | 11.24 | +16.2 |
| | •Injection | 4.74 | 3.88 | -18.1 |
| | •Withdrawal | 4.93 | 7.36 | +49.3 |
| Distribution | Gas distributed (bcm) | 4.55 | 4.48 | -1.5 |
| | Active Gas Metering at redelivery points (# million) | 5.91 | 5.92 | +0.1 |



(*) Available capacity.

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