



2016 Interim Review

Milan, July 27th, 2016

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Outline



Highlights and operational performance

1H 2016 Consolidated Results



Highlights and operational performance

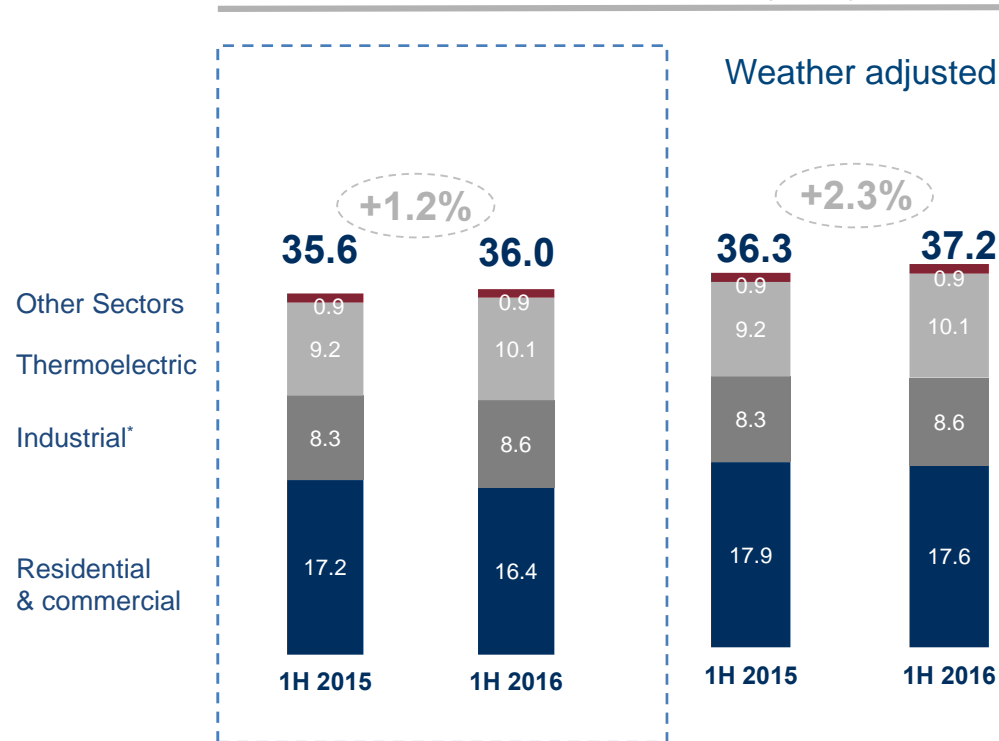
Marco Alverà

Chief Executive Officer



Italian Gas Market in 1H 2016

GAS CONSUMPTION (bcm)



GAS INJECTED

34.1 bcm

+4% vs 1H 2015

STORAGE CAPACITY**

16.3 bcm

+2.5% vs June 2015

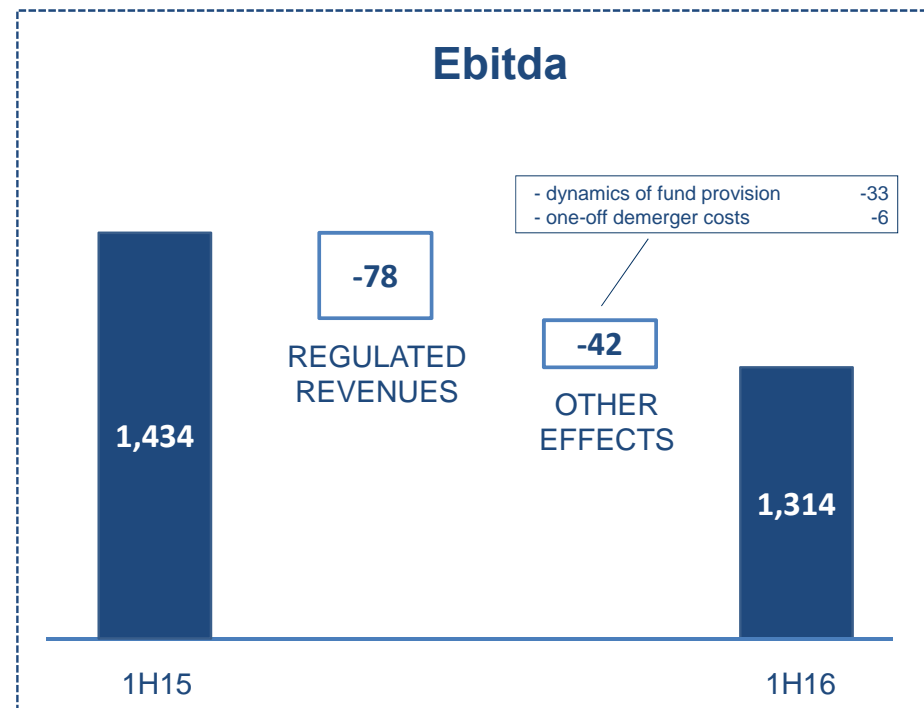
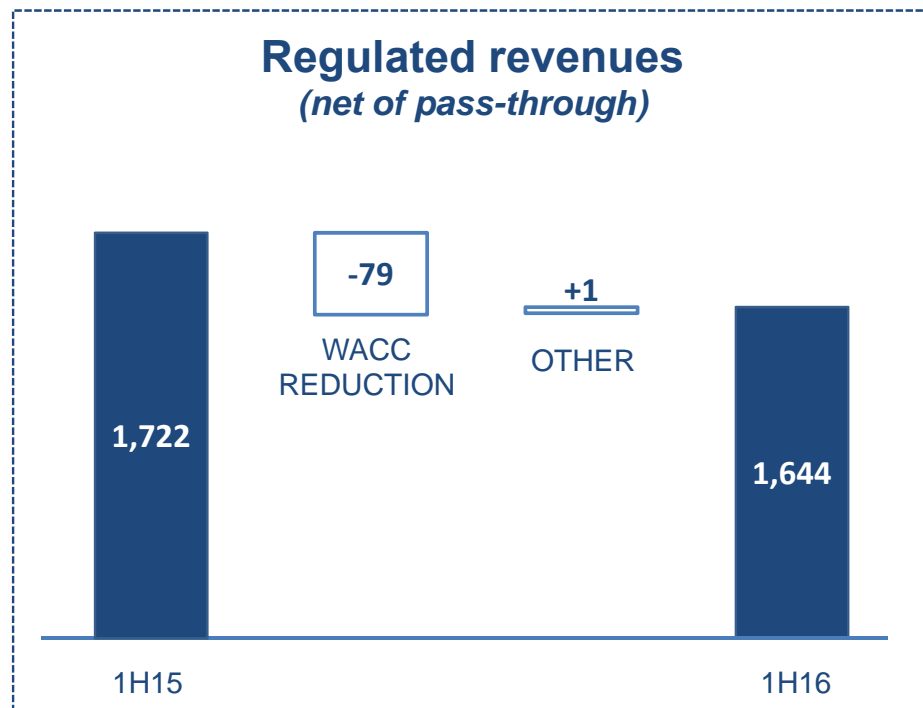


* Includes: NGV, Agriculture and Non-Energy Use
Source: National Transport Network Balance

**including strategic reserve

Summary performance

[€mn]



Performance in line with expectations thanks to our solid business model



1H 2016 Highlights

REVENUES

€ **1,724** mn

-6.2% vs 1H 2015

EBIT

€ **867** mn

-14.3% vs 1H 2015

NET PROFIT

€ **526** mn

-14.1% vs 1H 2015

CAPEX

€ **526** mn

+8% vs 1H 2015

OP. CASH FLOW

€ **1.2** bn

+4.7% vs 1H 2015

NET DEBT

€ **14.2** bn



Progress in the Demerger process

ACCOMPLISHED

- Credit rating assigned to ITG Holding
- Financing commitments granted to Italgas
- Snam Lenders waiver obtained
- Snam Board of Directors approval of the demerger
- Snam Capital Market Day and roadshow
- Demerger Information Document published



NEXT STEPS

- | | |
|--|-------------|
| • Snam Shareholder meeting to approve the demerger | 1 August |
| • ITG Holding Board of Directors appointment | 3rd quarter |
| • Filing of listing documentation to Borsa Italiana and Consob | 3rd quarter |
| • Snam Bond Holders meeting for demerger consent | 3rd quarter |
| • ITG Holding CMD and Roadshow | 4th quarter |
| • ITG Holding Listing | By year end |



1H 2016 Consolidated Results

Antonio Paccioretti

Chief Financial Officer



Income Statement

[€ mn]	2015 1H	2016 1H	Change
Revenues	1,837	1,724	- 113
Operating expenses	- 403	- 410	- 7
EBITDA	1,434	1,314	- 120
Depreciation & amortisation	- 422	- 447	- 25
EBIT	1,012	867	- 145
Net interest income (expenses)	- 186	- 176	+10
Net income from associates	69	64	- 5
EBT	895	755	- 140
Income taxes	- 283	- 229	+54
NET PROFIT	612	526	- 86



Revenues

[€ mn]	2015 1H	2016 1H	Change
Regulated revenues	1,796	1,700	- 96
Transport	947	881	-66
Distribution	528	501	-27
Storage	236	252	+16
LNG	11	10	-1
Pass-through revenues	74	56	-18
Other revenues	41	24	- 17
TOTAL REVENUES	1,837	1,724	- 113



Operating Expenses

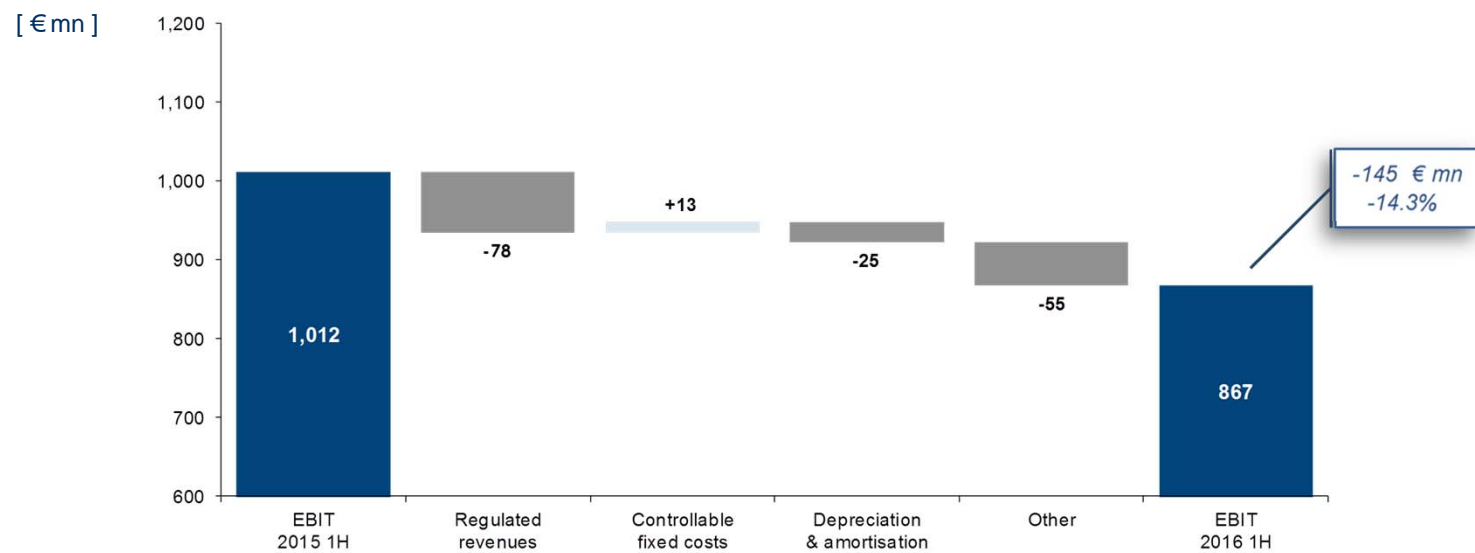
[€ mn]	2015 1H	2016 1H	Change
Regulated activities	367	372	+5
Controllable fixed costs	248	235	-13
Variable costs	11	14	+3
Other costs	34	67	+33
Pass-through costs	74	56	-18
Non regulated activities	36	38	+2
TOTAL COSTS	403	410	+7

[€ mn]	2015 1H	2016 1H	Change
Cost breakdown by business⁽¹⁾:			
<i>Transport</i>	127	106	-21
<i>LNG</i>	7	6	-1
<i>Storage</i>	31	32	+1
<i>Distribution</i>	156	188	+32



⁽¹⁾ Net of pass-through costs.

EBIT Analysis



Snam debt structure

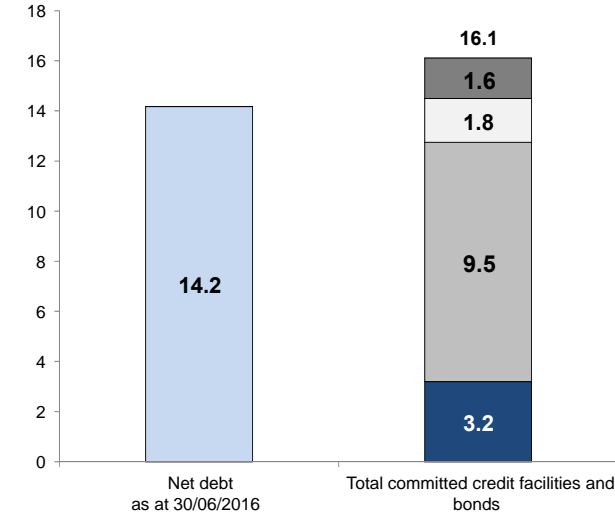
Key figures

- ✓ **Fixed/variable rate debt:** 62% / 38%

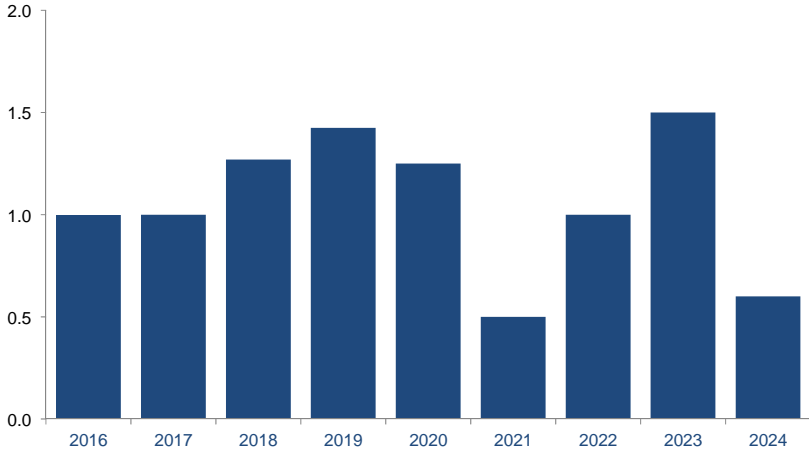
- ✓ **M/L Term debt maturity:** ca. 5 years

- ✓ **Banking facilities:**
 - Waiver on demerger of Italgas
 - 1-year extension of pool banking facilities

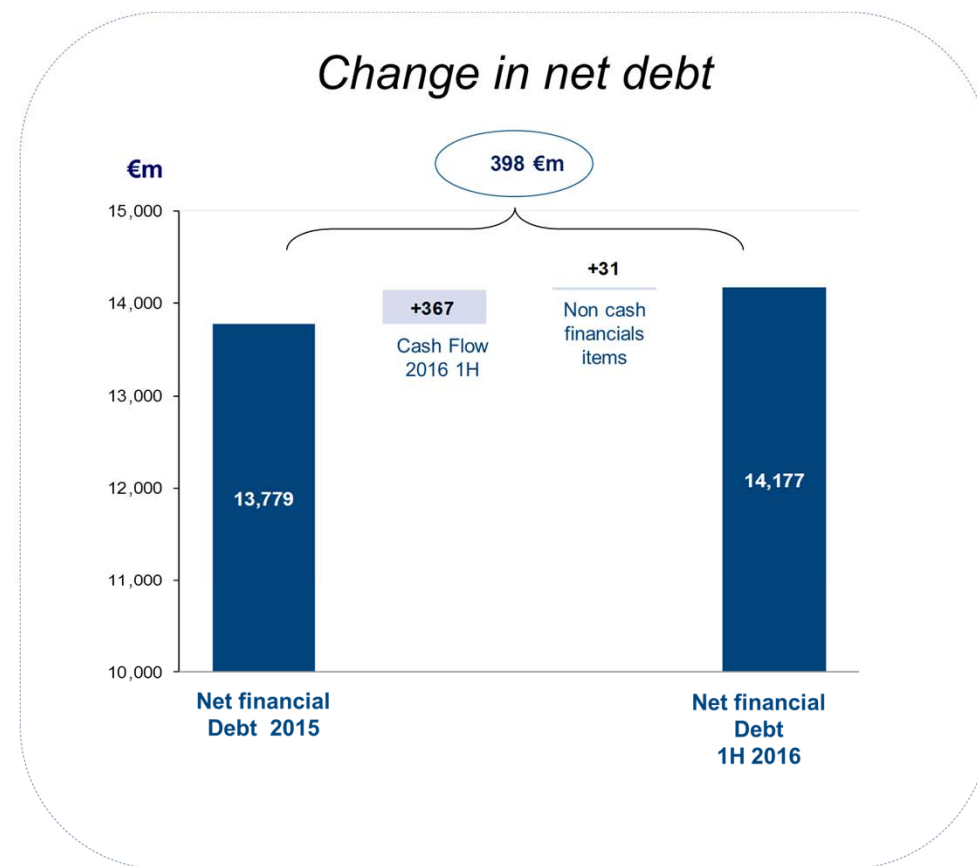
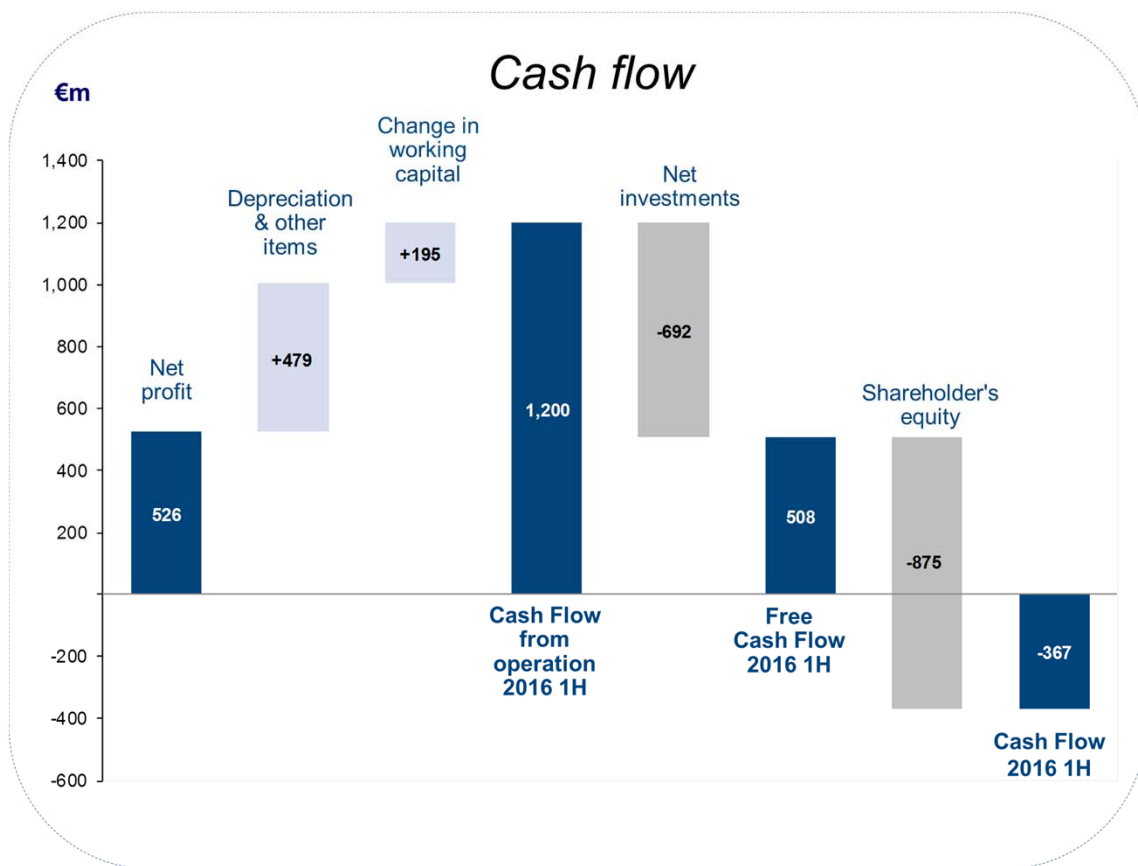
Existing debt as of 30 June 2016 (€ bn)



Bond Maturity Profile (€ bn) as of 30 June 2016



2016 1H: cash flow and change in net debt



Balance Sheet

[€ mn]	Dec, 31 2015	Jun, 30 2016	Change
Net invested capital	21,365	21,427	+62
Fixed capital	22,121	22,464	+343
Tangible fixed assets	15,396	15,715	+319
Intangible fixed assets	5,275	5,265	-10
Financial receivables held for operating activities	78	147	+69
Equity-accounted and other investments	1,372	1,337	-35
Net working capital	-607	-890	-283
Receivables	2,092	1,754	-338
Liabilities	-2,699	-2,644	+55
Provisions for employee benefits	-166	-165	+1
Assets held for sale and directly related liabilities	17	18	+1
Net financial debt	13,779	14,177	+398
Shareholders' equity	7,586	7,250	-336



Annexes



Operational Data

		1H 2015	1H 2016	Δ %
Transport	Gas injected into the network (bcm)	32.8	34.1	+4.0
	Gas pipeline network (km in operation)	32,354	32,444	+0.3
Storage	Storage capacity (bcm)	15.9	16.3	+2.5
	•Modulation (*)	11.4	11.8	+3.5
	•Strategic	4.5	4.5	--
	Gas moved through storage system (bcm)	11.96	11.42	-4.5
	•Injection	4.76	4.88	+2.5
	•Withdrawal	7.20	6.54	-9.2
Distribution	Gas distributed (bcm)	4.43	4.27	-3.7
	Active Gas Metering at redelivery points (# million)	6.52	6.53	+0.1



(*) Available capacity.

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