EDITED TRANSCRIPT

Snam SpA Full Year 2016 Results &

2017-2021 Plan Update

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Investor Relations Snam
T +39 02 37037272 F +39 02 37037803
investor.relations@snam.it

Corporate Participants

- Marco Alverà
  Snam SpA - CEO
- Alessandra Pasini
  Snam SpA - CFO

Conference Call Participants

- Stefano Gamberini
  Equita SIM - Analyst
- Monica Girardi
  Barclays Capital – Analyst
- Jose Ruiz
  Macquarie Analyst
- Olivier Van Doosselaere
  Exane BNP Paribas - Analyst
- Javier Suarez
  Mediobanca – Analyst
- Enrico Bartoli
  MainFirst Bank - Analyst
- James Brand
  Deutsche Bank – Analyst
- Antonella Bianchessi
  Citi - Analyst
- Rui Dias
  UBS - Analyst
- Harry Wyburd
  Bank of America Merril Lynch - Analyst
- Maurice Choy
  Royal Bank of Canada - Analyst

Presentation

Unidentified Company Representative

Ladies and gentlemen, good afternoon, and welcome to Snam's 2016 Full year results and business plan update. Today, Alexander and I will take you through the progress we've made so far and the key elements of our plan. I will also highlight some additional opportunities which are not currently included in our forecast, but may provide further upside to 2021 and beyond.

Starting from our 2016 results. In June last year, we presented a plan based on five key pillars. Some of you may remember this slide from that occasion. Today, we can report solid progress on each of these areas.

Starting with investments. In 2016, CapEx in our core Italian portfolio amounted to EUR906 million, over 3% higher than 2015. In addition, our equity investment in TAP was a EUR170 million. We have continued to deliver the operational excellence in project management that distinguishes us now, running over 1,000 construction sites and executing our investment plan on time and on budget for the 10th consecutive year.

In June, I also highlighted that we had additional value-creating opportunities. We've made early progress on some of these. The new balancing regime came into effect in October. In October, we also signed an agreement to promote gas in vehicles in Italy. And we've created a new business line, Snam Global Solutions, that aims to offer project management services to third parties. This business won an important contract from TAP worth EUR50 million in revenues over the next three years.

Lastly, we invested EUR135 million to acquire a strategic stake in Gas Connect Austria. We've also made good progress on the optimization of our financial structure, thanks to a significant liability management exercise. Taking advantage of the favorable market context, Snam was the first to issue a zero coupon bond in Italy, and we reduced our financing costs to 2.4% in 2016.

In 2016, we also continued to deliver good results from our international portfolio. We've leveraged our distinctive competences in order to further support and enhance the performance of our affiliates. For example, in TAG, we deployed Snam's workforce management tool. This is a tool to support the efficient scheduling of the maintenance activity, something that we've developed in-house and we were able to roll out to TAG. We've also rolled out a proprietary simulation tool, which uses demand forecasts in order to better precede the compressor activity along the entire network. In TAG, TIGF and also in GCA, we have supported the launch of cost cutting programs. This is a consequence of the benchmarking we've done and trying to roll out Snam's best practices across the affiliates. In addition, thanks to our strength and expertise and liability management, we were able to support the refinancing of TIGF and TAG, which resulted in a lower cost of debt and an improved structure. These activities together have supported a 5% increase in adjusted net income for TAG, TIGF and Interconnector UK in 2016.

Overall, the progress we are making has enabled us to exceed our 2016 guidance. Our regulated asset base is expected to be EUR19.4 billion, in line with guidance. We partly mitigated the lower WACC, thanks to the entrance into operation of Bordolano storage as well as volume-linked incentives on the gas injected in Snam's network. This led to revenues and EBITDA higher than last year if we exclude the impact of the lower WACC. Adjusted net profit therefore was EUR845 million on a pro forma basis, well ahead of the guidance of EUR800 million. The strong results was driven by operational performance, strong income from associates and lower financial and fiscal charges.

Finally, year-end net debt was in line with guidance, including EUR100 million of negative working capital movement and notwithstanding the EUR103 million that we spent buying back our own shares in Q4 of last year. I will now hand over to Alessandra for a closer look at our 2016 results.

**Alessandra Pasini – ** Snam SpA - CFO

Thank you, Marco, and good afternoon, everyone. Before analyzing our financial performance, I will describe the adjustments on our numbers to make our results coherent with the new group perimeter post demerger and consistent with 2017 and 2021 plan that Marco will describe. 2016 reported net profit of EUR861 million includes Italgas result for the whole year as part of the Group until the demerger and subsequently as an associate. Excluding Italgas results from January 1 to November 7, which in our count (inaudible) discontinued operations and the non-recurring impact of our 2016 liability management exercise, we obtained adjusted net profit of EUR826 million. In order to give you a reference for the plan evolution, at 2016 pro forma adjusted net profit of EUR845 million being calculated, adjusted for the contribution of associates on a full year basis, net of one-off effect. The reported adjusted EBITDA and EBIT numbers for 2016 are consistent with the 2017-2021 perspective.

Moving to the operational performance, EBITDA was negatively impacted by the well-known WACC reduction on transport regulated revenues from 6.3% to 5.4%. This was partially offset by the WACC increase in storage from 6% to 6.5%. The total effect of the changes in WACC on regulated revenues was negative EUR114 million. This was partially offset by our operating efforts and in particular, our growth and technical investments with the Bordolano storage field. The reduction of regulated revenues therefore amounted to EUR85 million. As Marco said, in 2016, we started an efficiency program, which will deliver benefits during the course of the plan. In 2016, we achieved a decrease in controllable fixed costs of EUR1 million at constant perimeter corresponding to a 2% reduction in real terms, ahead of the provided guidance. The positive effect for EUR14 million mainly related to the risk from provision of EUR32 million connected to the balancing activities accounted for in 2015. This was partially offset by one-off costs for Italgas demerger of EUR7 million and other non-recurring costs, mainly related to non-regulated activities. EBITDA was up 2.1%, excluding the negative WACC effect and down 3.4% overall.

Turning to the net profit, the EBIT decrease was due to operating elements that I just described and to higher depreciation charges of EUR75 million. This includes non-recurrent impact of asset devaluation of about EUR32 million. The continues optimization of our financial structure led to a net positive impact on interest expenses of EUR69 million, mainly related to lower average cost of debt, which went from 2.8 in 2015 to 2.4 in 2016. The increase in net income from associate of EUR10 million include the EUR6 million growth on a like-for-like basis, as recommend by Marco, and which referred to TIGF, TAG and Interconnector and some 2016 non-recurring and other effects for a net positive amount of EUR4 million to be added. On a pro forma adjusted basis, this translates, as explained (inaudible), in EUR845 million, ahead of the EUR800 million guidance.

Let's now focus on our cash flow. 2016 adjusted cash flow from operations of EUR1.4 billion was negatively impacted by the working capital balance absorption of EUR100 million, mainly related to the one-off effect of the new balancing regime, which started in October. This cash flow from operation allowed us to fully finance the one-off cash absorption of the liability management exercise carried out in October and net investments, which include and EUR303 million for the acquisition of Gas Connect and the (inaudible). This resulted in a positive free cash flow of EUR90 million. If then we consider the Italgas free cash flow for the period January 1, November 7, the distribution of dividends and the share buyback activity that we -- has concluded by year-end, the total cash absorption for the year was EUR773 million. Net financial debt as of 2016 year-end amounted to EUR11.56 billion, EUR2.7 billion lower than 2015, thanks to the EUR3.5 billion net debt reduction following the Italgas merger and EUR773 million of cash absorption in the year just commented. This level of debt is well in line with the provided guidance, including the EUR100 million of negative impact in working capital that I just commented and notwithstanding the buyback amount of EUR103 million carry out until the end of last year. As of year-end, the net debt-to-RAB including associates is 52%.

Let's now move to the financial structure. In the second part of 2016, we focus on resizing and reshaping our financial structure to better fit with the new group perimeter. We executed EUR2.75 billion bond buyback financed by new bonds and existing credit lines. We also cancelled circa EUR1 billion of bilateral committed credit lines. We extended, by one year our, EUR3.2 billion syndicated facility and by two years, EUR600 million of bilateral term loans, achieving margin reduction and increase in fixed rate portion that is now back to two third, which was the provided guidance. But the fourth continued to pursue a more efficient funding mix, leveraging on institutional lenders and investors for the steel attractive cost and tenure for the medium to long term and the abundant market liquidity and flexibility offered by the banking system at favorable terms to meet cash flow swings and rating agencies requirement in terms of available committed funding. Thanks to the reductions, 2016 has been another year of strong delivery on that management. Our cost of debt decreased 2.4, 40 bps lower than 2015 and 10 bps ahead of guidance. The liability management exercise combined with the early described new issuances allowed for an increase in the average maturity by one year and paved the way for the cheaper cost of debt in the coming years, for which we will start to see the benefit in 2017. Following such exercise, our future maturity profile is well spread over time with no major refinancing peeks going forward. Liquidity profile also remained very strong, as we will detail in the next slide, where we'll elaborate on the key pillars of our financial strategy and structure. We affirm our commitment to keep our ratios aligned with the credit metrics implied in our current rating. In this regard, over the plan, we aim for net debt rub, including associates, to remain well below the 60% threshold, set by Moody's, the most region agency, and our FFO to net debt to well exceed the 11% threshold set by Moody's and S&P on average. As of year-end 2016, we have around EUR3.2 billion of undrawn committed credit facilities, which largely cover our 24 months financing needs. Our solid financial position benefit from the regulatory framework, which offers a natural hedge against potential movements in the spreads, also considering Snam one notch uplift against the Sovereign, a floor for the risky rate and possible upside from the mark-to-market of the BTP boomed spread. We adopt asset and liability management approach to optimize tariff-related risk benefit balance in terms of maturities and fixed to floating mix, locking in today's cost of debt condition in the medium term without losing potential future opportunity offered by the market.

Now let's move on to the next slide to comment on future plan action and guidance. We expect our cost of debt reach 2.2% in 2017, 20 bps lower than 2016. Our net debt guidance for 2017 is EUR11.5 billion, assuming a true up for approximately EUR300 million for TAP financing at the end of 2017 consistent with what TAP is expected. This guidance assumes the partial reversal of working capital movement related to the new balancing regime. This slight increase is a reflection of increased CapEx versus 2016, as well the impact of the ongoing buyback. Going forward, we believe that our refinancing needs could offer potential opportunities for further funding cost savings, thanks to the rollover of EUR3 billion worth of bond in the plan period with average savings well in excess of 200 bps for the potential new issuances versus the expiring one, a proactive and opportunistic attitude in treasury management, banking line renegotiation and funding mix, as proven by our recent private placement. We plan increase of fixed rate debt to circa three quarter of total spending debt over the fund horizon versus the previously provided two-third guidance, still preserving the average maturity.

To conclude, part of our financial flexibility has been used during the course of 2016 and in the first months of 2017 to complete the acquisition with GCA and carry out the EUR233 million of buyback. Marco will walk you through our approach for utilization as remaining financial flexibility and our investment criteria later in the presentation.

I would now hand over to Marco to go through our 2017-2021 plan.

Marco Alverà – Snam SpA - CEO

Thank you, Alessandra. Our good performance in 2016 puts us on a strong footing to deliver growth over the next five years. The first two years of our plan -- the five key elements of our plan are first, an enhanced investment program of EUR5 billion, of which EUR4.7 billion is in Italian CapEx and EUR270 million is equity invested in TAP. The EUR400 million increase in Italian CapEx compared to last year's plan is partly driven by EUR150 million of new investments in our CNG business and new investments in technology and innovation. Second, the improved contribution from the new activities. Snam Global Solutions and other asset like services will together deliver EUR150 million of accumulated revenues. And the CNG business will be EBIT accretive by the end of the plan. Third, the solid contribution from our associates. Fourth, the significant effort on new technology, competences and sustainability that will also support our enhanced efficiency program. And lastly, we will continue to focus on debt cost reduction and financial discipline.

I will now take you through each of these five drivers in more detail. Starting with our enhanced investment program. Of the EUR4.7 billion of Italian CapEx, development initiatives amount to EUR1.4 billion and include the completion of the reverse flow infrastructure in the north of Italy, 55 kilometers of pipeline to interconnect TAP to our own network in Puglia in the Southeast of Italy, the further development of the Fiume Treste storage in the Centre South of Italy and the rollout of an estimated 300 CNG refueling stations throughout the country. About EUR1.7 billion of the CapEx will be devoted to maintenance and EUR800 million will relate to pipeline substitution. The Italian gas system was one of the first to be built and has to deal with an adoptive -- has to adapt with the moving geological landscape, thus requires significant maintenance as well as substitutions for the pipelines that have reached the end of their useful life. The rest of the CapEx is distributed between upgrades to the re-delivery points and IT investments. In the same period, and this is outside of our CapEx plan and investment guidance, our associates will cumulatively be investing EUR1.4 billion. Now because these are self-financed investments their outside are investment numbers. The first two years of our five-year plan will be particularly intensive from an investment perspective. In 2017, our investment plan is EUR1.3 billion and includes the full amount of our EUR270 million TAP equity investment and includes EUR1 billion of CapEx in Italy. Of the EUR1 billion, almost half relates to the new development initiatives including essentially the completion of the reverse flow this year and further methanization of Calabria in Southern Italy. On top of this, we plan to upgrade redelivery points in the network and replace part of the Ravenna - Chieti old Adriatic line. We will also be making in 2017 the first CNG investments.

And now let's take a closer look at our CNG initiative. CNG is a prime technology for sustainable mobility. Compared to diesel, it reduces CO2 emissions by 40%. But more importantly, it reduces PM10 and other particles which are really the ones causing the pollution in urban areas by over 90%. CNG has the same performance, but is economically sustainable because it costs 30% or 40% less than diesel and petrol and requires very limited additional infrastructure. All of these attributes mean that CNG is the quickest, cheapest and most effective way of addressing air quality issues which are becoming a real and growing health concern. Overall, as mentioned, we plan to develop around 300 stations in Italy to host the infrastructure and expect to be inaugurating the first one in 2018. In our plan, we assume EUR60 million of essentially additional RAB. These are connection points between the networks and the filling stations and EUR90 million to build the stations themselves, these will be located with our customers who will be continuing the customer-facing activity, we will be essentially building and leasing to creditworthy partners this infrastructure. Snam is well positioned to develop this business.

The phasing of the development will be obviously a function of demand and we're working with our partners FCA, Fiat, IVECO, API and others to really assess the demand province by province. Our plan also includes a contribution from what we call the CapEx light businesses. In the new Italian balancing regime, which has finally come into place in October, Snam is economically incentivized to provide accurate market data, demand forecasts and to promote the balancing of the network, this is through our daily activities, through the exchange, as opposed to through the physical storage, which was the way we used to balance the market. This is an effort by the regulator to increase the liquidity at the PSV.

Snam Global Solutions is selling our distinctive capabilities and project management expertise to other companies starting from our associates as we've shown with TAP. Snam will use, in this case, our capability to carry out the project management for the entire offshore section as well as the onshore Italian part of the project. Specifically the contract will involve managing TAP's existing EPC contracts without taking EPC risk at Snam. We are pleased to be playing a greater industry role in this strategic project.

Overall combined, these asset-light activities will contribute about a EUR150 million of cumulated revenues in the plan period. Our plan will also benefit from a strong growth in contribution from associates, which will be about EUR200 million by 2021. Growth will be driven by TAP, the addition of GCA to the portfolio and the growth of Italgas. The contribution of TAP will be about EUR50 million in 2021. Compared to last year, we now depreciate the assets over the 25-year life of the shipping contracts instead of the 50 years which is the technical life of the project. This of course reduces the net income, but will not impact the cash flows or NPV of this investment. The performance of our associates means that by the end of the plan period, we will have recovered 90% of our investments in TAG and Interconnector UK, as well as 70% of our investment in TIGF.

Cash returns on invested equity will be in the region of 10% over the course of the plan in line with our track record. We are continuing to invest in the operational excellence, which is a key pillar of our strategy. Over EUR200 million will be invested in innovation and technology of which EUR160 million qualify for the Italian 4.0 industry incentive scheme, which means we have enhanced amortization and tax savings on these investments. Among the initiatives we're deploying, we have, for instance, remote monitoring of pipeline stress and leak detection, which is very important to reduce the reaction time and improve the efficiency of the network. We also have an augmented reality viewing platform, so all our technicians are now able to be use their mobile devices to see the pipelines around them and this is allowing us to reduce the amount of people in the team that we need to do repairs and maintenance activity from three to one in many instances and this is being very carefully looked at by the other operators. We then have a whole series of actions that we're putting in place to reduce emissions further and reduce methane leakage. This includes the installation of new gas recovery systems, substituting gas valves with electricity valves as well as control devices. Operational efficiency and excellence depends on technology and investments but most importantly on our people. We have launched a new corporate university called Snam Academy to upgrade our training and development capabilities. And we have put in place a new organization, which supports the integration and synergies across all our businesses. Lastly, we believe that one of the key reasons we can deliver projects is that we are a trusted corporate citizen and this is more and more important, particularly locally.

On this front, we have launched the Snam Foundation, which is used to leverage our project management expertise in the areas where we are already present. And we continue to work with Transparency International and are the first and only Italian company to have joined the Global Corporate Forum. Our focus on operational excellence will contribute to our new efficiency program launched in the second half of 2016 and run by Alessandra. The program has already identified 80 specific cost-saving actions which together will lead to savings of over EUR25 million. Let me just give you three examples. First, we're integrating our transport and storage operation and maintenance centers, which allows us to rationalize maintenance costs. Before Stogit and Snam Rete Gas were run as separate entities. By putting them in the same business unit, we're able to extract these synergies. Second, we're using technology to become more efficient. For instance, replacing human surveillance patrols with video technology alone will save us over EUR2 million a year. Replacing LED lightings will allow us to reduce energy costs, both in our facilities throughout the country and on the grid. And third, we are renegotiating, have already renegotiated some IT contracts. The renegotiations behind us have already generated on a forward-looking basis around EUR9 million of savings. On top of the efficiency program, we've also launched a lean program across the whole Group. This is to ensure that continuous improvement and efficiency and the mindset around efficiency become an integral part of Snam's DNA.

Comparing costs, our efficiency program will fully offset not only the emerging costs from the Italgas demerger, which was our guidance last year, but now we're able to offset also the new costs and related to the new regulated activities and the growing core business that we talked about. This is an improvement compared to the plan we presented in June. As a result of this, the core business costs will remain flat in real terms, excluding CNG and Snam Global Solutions.

Turning to regulation, the last resolution published by the regulator on the 27 of February raises a number of possibilities which we think are positive. First, we can postpone or they plan to postpone the gas transmission regulatory review by one year. Second, there is a possibility of extending the entire regulatory period by a further year. Third, there is talk of reviewing the total CapEx incentives from an input-based towards an output-based model. And finally, there is some reference to a future introduction of totex.

In our plan, we assume the current regulatory framework to remain stable and the WACC to be adjusted for lower tax and possible some increase in the leverage on the debt-to-equity parameter. This is for Italy.

Moving to Europe, the new regulatory periods for transport in France and Austria have been set in 2017 for four years. This increases the visibility of the income streams from these businesses. With regards to storage in France, the regulator, we think is likely to move from a negotiated situation, which we have today, to a regulated regime. We expect this to take a couple of years.

As a result of our enhanced investment profile consolidated RAB will grow by 1% a year on average. Operating profits will grow broadly in line with the RAB. Net income growth will be 4% a year, benefiting from growth in EBIT and income from associates as well as lower taxes and interest costs. This 4% target is starting from a higher net income that we achieved in 2016 compared to previous guidance.

This slide summarizes the key targets in our plan with specific guidance for 2017 which will be a particularly strong year. Thanks to our accelerated Italian CapEx efforts, RAB will grow by 2%. Our effective liability management at the end of 2016 will drive strong net income growth. Also thanks to the lower fiscal charges in 2017. We're confirming the dividend growth announced in June last year with 2.5% CAGR between 2016 and 2018. This will provide increasing returns while reducing the payout from the currently high level. We consider going forward the 2018 dividend to be a floor. We have also decided to move to an interim payment on the 2017 dividend, which we expect to pay in January 2018. The interim dividend will be 40% of the overall amount with the final dividend worth the remaining 60% and expected to be paid in June. With regards to our financial structure, net debt is expected to rise to EUR11.5 billion in 2017 because of CapEx commitment and the ongoing buyback. While by 2021, we expect that debt-to-RAB ratio to be in line with year-end 2016. Our robust growth plan is entirely based on the developments of organic opportunities and also provides financial flexibility to create additional value beyond these targets.

Before going through the additional potential opportunities that are not included in our plan, let's revisit our investment criteria. Whenever we look at how to deploy capital, we remain first of all committed to our current credit metrics and risk profile. And we will not consider initiatives that do not generate a higher risk adjusted return when compared to our Italian regulated business. Furthermore, we assess investments based on whether they enhance the value of our existing assets, allows Snam to play an industrial role and third, support additional growth beyond the asset in itself or gives Snam strategic optionality. Moreover, we will continue to consider the buyback as a tool to manage financial flexibility and shareholder returns. And we will ask shareholders in the AGM to extend the program's duration, confirming the overall amount. We currently envisage to complete two-thirds of the program by the end of 2017. We've applied these criteria for the investment decisions we've made since our last strategy update in June.

First, we have significantly increased our organic CapEx plan in Italy by EUR400 million. Second, we have completed the acquisition of a stake in Gas Connect, strengthening our leadership in Austria, which we expect to play a key role in European gas flows. And third, we have activated the share buyback. We have invested EUR233 million as of the end of last week. Our organic plan already delivers industry leading growth and we will not pursue additional growth for growth sake. With that in mind, let's now look at the market evolution and what additional value creation opportunities may exist. The first thing to note is that over the last couple of years we have finally seen an improvement in gas demand in Europe as well as in Italy. We're expecting this improvement to be consolidated in 2017 based on real data, with demand in the first two months of this year up 17% in Italy. Not only has annual demand started recovering, but what's also important for a business is daily demand. In Italy, in the cold snap of 2017, daily demand peaked at 425 million cubic meters per day. This is not far off the all-time high of 2012. We are pleased to report that Snam's strong balancing and dispatching capabilities, as well as the reliability of our physical infrastructure, we're able to withstand this demand stress, despite unforeseen shortages from North Africa.

In the long run, we see gas as a key pillar of a sustainable and affordable energy mix, given it combines reduced emissions, lower costs, and on-demand availability. We see opportunities for increased gas penetration, especially in the transport sector. Small scale LNG technology is the only real solution to meet emissions targets on heavy vehicles and maritime transport. The EU recent DAFI directive, which is being implemented country-by-country on alternative fuels and the new IMO limits on sulfur content from 2020 will make switching to gas the most compelling and cheapest option compared to meeting the new requirements with traditional fuels.

Turning to biomethane, this is a carbon-neutral, cost effective and fully renewable fuel. Gas with biofuel is no longer just an effective bridge, but an important component of the fully decarbonized world. There are signs that this is beginning to take ground and happen in Italy with Snam receiving many requests to tie in biomethane plants to our network. With indigenous European gas production falling by around 30% and some historical take or pay contracts expiring, Europe will need to import more gas from new sources. Supply from the north and south of Europe will be declining or stable at best. Assuming Russian volumes remain flat, additional supply will have to come from two sources. First, the Southeast, through the southern corridor, which we are opening up with TAP with additional potential from the gas discoveries that have been made in the Eastern Mediterranean. Second, LNG supply will need to increase, also supported by the expected decline in prices, particularly in summer months. This will trigger demand for new infrastructure to import gas whether it's pipe or LNG, to capture winter-summer spreads through additional storage and to move gas from the new sources around Europe through new interconnections. The European Union is working actively to accelerate the creation of an Energy Union moving from 27 separate markets to a large liquid and interconnected European gas market. Snam is ideally positioned, thanks to its Italian and European assets, and is playing a key role on this infrastructure effort to increase liquidity, security and environmental sustainability whilst making energy more affordable. The Italian Ministry of the Economy is in the final stages of launching a new national energy strategy which we expect will include an important role for gas to achieve Italy's objectives in terms of competitiveness and environmental sustainability.

In Italy, we see specifically opportunities for new LNG infrastructure, the methanization of Sardinia and as we discussed, additional use of gas for transport. And in Europe with a strong presence in France and Austria, we are ideally positioned to deliver projects including the step to better interconnect Western Europe. Nothing we've talked about on the scenarios and any demand expectations will impact in any way the plan that we discussed in the earlier section. So we have now come to the end of our presentation. 2016 has been a very important year of delivery, including the demerger of Italgas. We have an enhanced domestic CapEx program which benefits from accelerated, regulated investments, increased maintenance and substitution requirements, and an attractive new business line in CNG. We have made progress on launching a new stream of asset light services and activities. We have established a strong network of affiliates where we can increasingly leverage our competencies to support leading performance and we continue to invest in operational excellence and efficiency, our people, our competencies, our technologies and our processes, which will continue to support our ability to get things done on time and on budget. This will allow us to deliver strong results and solid shareholder returns in the plan period and beyond.

On top of this, we have the potential to create additional value whether by accelerating organic investments, accessing new projects or buying back more of our stock. Our leading position at the heart of Europe makes this a very exciting time for Snam and we will continue to assess potential opportunities with the financial and industrial discipline which we have demonstrated so far.

Thank you for your attention. We'll now be pleased to answer any questions.

Questions and Answers

Operator

We now will open the floor to the Q&A section. So I kindly ask you to ask for the microphone and wait for the microphone and say your name and company name before asking the question.

Monica Girardi - Barclays Capital - Analyst

Monica Girardi, Barclays. I have a few questions actually. The first one is on your capital allocation say beyond the EUR5 billion that you announced, you have a bit of capital flexibility that's clear. I was wondering -- you gave to us a few guidances on your capital allocation, I was wondering if in these highlights that you gave to us, you can be more explicit on defining the perimeter in terms of a regulated activities, if you might be interested into picking up more risk if the return is worsened. And also in terms of geographies, if you are running yourself from any specific geography or if you want to stay in Europe, if you may consider any other geographies around the world?

The second question is on the dividend policy. I was wondering, if you can give us the level -- Marco, you said that the payout is going down, I was wondering, if you can give us a level of payout that you feel comfortable with, even in the longer run.

The third question is on margins from asset-light activities. If you can give us a little bit of disclosure on what you expect at the end of the plan? And your assumptions -- looking at the associates, your assumptions on the tender process for Italgas? And that's it.

Marco Alverà - Snam SpA - CEO

Thank you, Monica. I'll take them in the order you asked them. So with capital allocation, we will not take any commercial risk or any commodity risk. So we are very clear in our minds that we can take contracts as a substitution for regulation. We will always stay safe within our current risk profile. And then, we can discuss whether contracts are safer or less safer for regulation, but it's in the same context of not taking commodity exposure.

In terms of geography, I think our plan is of the EUR5 billion, EUR4.7 billion in Italy. So we are still a very Italian business and I think there is a lot potentially happening in Europe. And so I think we should look at our plan and what we have highlighted there in terms of opportunities. I don't want to preclude specific geographies, but I would say there is enough happening where we are ready and we've made that point of wanting investments to add value to our existing assets.

In terms of dividend, well, I definitely think we were too high in terms of payouts. I don't want to give any new policy, because this is not the -- the policy we stated is our current policy. I think getting below 80% is certainly something desirable and we're happy to see this already happening in the early years of our plan, which as we said, is early loaded in terms of investments and also in terms of performance, as you can imagine.

In terms of margins with the asset light businesses, well, here in terms of return on capital invested, they are very, very high because this is where I am capital invested. I would say also the margins are high. I don't want to give you the sense that we can use exactly the same people that we have today because these are new activities. But as we evolve and

Paolo is here, he's running our commercial effort, as we evolve our commercial competences without too much cost, we should be able to extract the regulated incentives.

In terms of Snam Global Solutions, this is really, I would call it a project management business where we do what we've done with and TAP and with TAG and what we're trying to do with our associates also to third parties. So here you can assume an industry marginality for this business. In terms of Italgas, I'm afraid, you have to ask Paolo what his own views are regarding his plan and the tenders. What we have, by the way in our numbers is our expectation because of the plan, as you know, is not -- hasn't been published yet.

Stefano Gamberini - Equita SIM - Analyst

Stefano Gamberini, Equita SIM. Two questions if I may. The first regarding the different products you said as upside in term of new LNG in Italy, new opportunity also in the mobility in Italy and some other investments you can do. So, could you quantify what could be the potential investments that you can have in these different areas? And the second point is mainly regarding the change in regulation. You stressed that totex could enter in 2019 as well as output-based incentives could arise. So what are the upside that you expect, if you can elaborate a little bit more regarding the opportunities or the risk you have with these new regulations?

Marco Alverà - Snam SpA - CEO

Thank you. So, in terms of the additional, you called an upside, we called it potential opportunities, Snam doesn't have a regasification project as such. So we're saying we think Italy can afford extra regasification capacity that we need to see which of the projects gets chosen, we need to see if Snam plays a role in these projects. You can estimate the cost of a regasifier and assess the probability of us getting a chance to do that. Sardinia is about backbone, mainly that's the opportunity. And CNG, I think we are already including enough in the plan. So don't expect too much upside from CNG. Many LNG will be, to be seen. This is the sum of different infrastructure. You can have distribution at the petrol station level. This is kind of similar to what we're doing on CNG. So petrol station can have petrol, diesel, CNG and mini LNG. So there a in-the-pump-station activity which certainly has synergies with our CNG effort.

Then you have storages which are necessary as trucks and ships begin to use it throughout the country, you need depots and logistics. This is potentially a business for us.

And then you have possible liquefaction infrastructure where you are far away from storages or terminals, liquefaction is a small business in itself. These are very local and marginal, I would say, investments compared to the bulk of our CapEx which continues to be in pipeline with some CapEx on storage. In terms of regulation, I do not expect totex to happen in 2019. To be very clear, the decree that has been published by the regulator essentially hints to the possibility of totex down the line.

Now, if I look at what happened on the electricity side with the same regulator, they were given, I think four or five years before totex would be implemented. So we're looking at something which is further out than 2019 if the regulator indeed decides to pursue this. Talking of totex, I don't think we should be concerned about totex, in fact, looking at the efficiency gains that we are making on the OpEx, if we go towardsa totex regime, there could be efficiency gains to be made on the capital investments as well. I think that was your question on regulation.

Stefano Gamberini - Equita SIM - Analyst

(inaudible - microphone inaccessible)

Marco Alverà - Snam SpA - CEO

The output based id, I think as the development of CapEx diminishes, you need less incentives to do more CapEx. And so we're very happy about it and output-based system, which recognizes the efforts we're making towards evolving and providing more services and more focused on the output of what we do as opposed to simply spending money.

Jose Ruiz - Macquarie **-** Analyst

Jose Ruiz, Macquarie. Just one question. I'm trying to understand this initiative of CNG. I'm trying to understand in a world where we are moving to electricity vehicles and driverless vehicles, is this an option that the Italian government wants to give to low-income families to have the opportunity to have the contribution to reduction of CO2? I'm trying to understand. Thank you.

Marco Alverà – Snam SpA - CEO

So, no. I would say, the government is of course supportive, as is the European legislature, the DAFI initiative talks specifically about gas in transport. The cost effectiveness certainly helps lower income families keep more money in their pocket, because we estimate that an average family can save EUR1000 per year, by switching from a petrol car to a gas car. And this EUR1000 is more or less the diminished purchase power that families have had since the crisis. But more importantly we're starting from a big business. We are starting from a fleet of 1 million gas cars in Italy.

And the reason there aren't more cars, we are told by the car manufacturers is that there aren't enough petrol stations. The reason there aren't enough petrol stations, we are told by the petrol stations is because there aren't enough cars. So what we're trying to do is to bridge this gap and work with the petrol stations and the car manufacturers to really assess demand and go region by region and see if there are patches where we can add stations where we're not taking any commercial risk, we're simply leasing it back to the station owner, who may not want in this part of the cycle to take out money and spend his own CapEx on this.

I must say when you really look at the details of the benefits of running a gas car, it makes absolute sense because it costs half, depending on whether it's diesel or petrol, which country you're in, which tax regime you are in, but let's say gas -- natural gas today on the wholesale market costs around $6.5 MMBTU, if you take diesel, you're at $13 to $14 MMBTU. So you have -- the wholesale value of the commodity is a lot lower for gas and the performance is the same, the car is exactly the same. So, we think this would be, I don't know it would be a growing market, but certainly, it's a growing opportunity within Europe. Now, I don't think they should be addressing electric cars. I think electric cars will enjoy their success in their own niches. Today we're starting from a European number which is in the thousands whereas, as I said, in Italy alone, we have 1 million cars and I think natural gas should really aim at gaining market share from diesel, which even in 2030 is estimated to be around 60%, 70% of the European fleet. This is not a huge game changer for our plan. We're talking about the investments we will do if we see the demand there. So EUR300 million is the target.

Olivier Van Doosselaere - Exane BNP Paribas - Analyst

Olivier Van Doosselaere, Exane. I had four questions please. First one is relating to the guidance. As you flagged the medium-term earnings guidance is quite similarly in fact to last year. We were talking then about 5% of average earnings growth. Now we talk about four, but clearly from a higher starting point. But I guess the question would be, that at the same time, you're talking about new opportunity that you will be developing including on low capital intensive services, you will be spending more in Italy and your cost of debt is also lower then you had initially expected. So, I'm wondering, are there other parts of the developments versus where we were six months ago that have developed more negatively or do you think your guidance actually might be cautious.

Second point, and I guess we're seeing that on the incremental capital injection in TAP, yes, there would be a need now to inject some equity but actually that would be recovered at the refinancing later on. Is that something that you expect as well so do you think that EUR300 million investment will come back? And then just to confirm some small points. Can you confirm that the write-downs that you have taken in 2016 have not been restated from the EUR845 million net profit that you report and may be give us also your inflation assumption on the rev growth guidance. Thank you.

Marco Alverà – Snam SpA - CEO

Okay. I will take the first two and a half and then hand over to Alessandra. So, regarding guidance, yes, the 5% of last year turns into 4%. This year, if you look at the details, it's actually slightly more than what the 5% was. I think it's easy to see that there is a reduction in income from associates compared to last year. This has to do a lot with the TAP change in amortization, but this has no impact on the cash flow, the dividend, we expect and the NPV of the project. And we have, I think changed our regulatory assumptions for France, where the regulator came out with a lower WACC for transport and we briefly talked before about the uncertainties around storage, as we have to see how that moves from a negotiated to regulated business.

The new activities we have are -- you start by spending money and become accretive marginally towards the very end of the plan. So they're not really contributing to this plan but they are an important part, I think of our future. The cost of debt, we're doing better than expected and quicker than expected, but I think over the planned period, if anything, the market has worsened compared to where we were last year. And if you look at regulation, as I mentioned, we assume some reduction in WACC due to the debt-to-equity parameter and the taxes coming into play, so that addresses the change. So we're basically confirming last year's targets with some slight changes.

Regarding the financing of TAP, we are fully aligned with every other shareholder for everything that regards to TAP. And our change in amortization is part of that alignment, so we do expect to recover the equity invested from the financing. And we expect the project to be starting in 2020 as disclosed by some of our other partners. Regarding the write-downs, we have EUR33 million of write-downs on the work in progress. Alessandra will explained it relates to the EUR845 million, maybe you want to go through that again.

Alessandra Pasini – Snam SpA - CFO

Nothing in [EUR845 million] changes as it relates to this. Because as I said, EBIT and EBITDA on a pro form or adjusted basis are exactly the same. So there is no impact whatsoever on that number. The last question was on the inflation. The average (inaudible) we are assuming is 1%.

Marco Alverà – Snam SpA - CEO

We can a take a couple of question from the conference call.

Operator

Javier Suarez, Mediobanca.

Javier Suarez - Mediobanca - Analyst

Javier Suarez from Mediobanca. Two or three questions on the financials. The first one is on the net debt to total assets. The Company has mentioned 52% at the current level. I was questioning myself, which level of net debt to total asset the Company feels comfortable with. Is that 55%, 60%? Help us to understand which is the additional gearing potential or acquisition potential firepower that the Company has then within the threshold fixed by the credit rating agencies? That is the first question.

The second one is on the cost of debt. You have guided for 2.2% in 2017. Can you help us to understand if the Company does see additional capacity to reduce the cost of debt in 2018 onwards below that 2.2% level? And the final point is again on the payout. In your plan where the payout is at the maximal level during the life of this business plan and at what level the year on a floor level? Thank you.

Marco Alverà – Snam SpA - CEO

I will start with the third and then take the first and let Alessandra do the second question. In terms of pay out, I think what I said before is what I will stick to. So I think we're getting to below 80% which is good and you already yourself have a plan. As net income grows, of course, we said 2018 dividend is the floor. So that payout should improve. And I think, we should basically leave it at that.

In terms of net debt, Javier, we previously given a guidance of 57.5% as our soft target. That is not our credit target, which is closer to 60%. So we're keeping this kind of extra buffer, so I would at this point confirm this number that we've disclosed previously, 57.5% debt to asset. Alessandra on the cost of debt?

Alessandra Pasini - Snam SpA - CFO

The cost of debt guidance of 2.2%, we think leave some further room for optimization in the earlier part of the plan. As it relates to the latter part of the plan it's a function of how the medium term curve and spread will evolve. But of course, we will keep trying to optimize our financial structure with all opportunities available.

Marco Alverà - Snam SpA - CEO

Another one from the conference call.

Operator

Enrico Bartoli, MainFirst.

Enrico Bartoli - MainFirst Bank - Analyst

A few questions on my side as well. First of all, a question regarding your slide 34 about, let's say, the medium and long-term opportunities at European level for Snam. And particularly, could you elaborate a bit on how you see the possibility for the gas in the Eastern Mediterranean, so from Cipro Israele and Egypt to be transported to Europe, is this really a feasible scenario and elaborate a bit on what the opportunity could be for Snam, particularly related to the Italian transport grid? With regarding the medium-term opportunities, I would need to see some comments on additional potential on the storage business, if you can see any in the medium loan term, particularly for the possible usage of Italian fields at European level. And the last one is related to your strategy in terms of external growth. Actually, in this presentation, the focus was very limited. If you can confirm if you're looking at some opportunities, this is something that is still interesting for the

Company or you think that you prefer in this moment to be more focused on the organic growth in Italy? Thank you.

Marco Alverà – Snam SpA - CEO

Thank you very much. So, regarding the EastMed, the cost benefits of exporting through LNG or through a pipe is very much a function of volumes. If you can put enough volumes together, a pipe becomes more competitive than LNG. And so this is would be my comment. But we're not involved in these projects, so I would leave it to the partners who are involved to discuss their export opportunities. In terms of Snam's potential role, certainly, any of these developments, whether it's LNG or a pipe, Italy is the first large market as a destination for these. For Italy in itself, but more importantly for Southern Northern Europe, let's say, so the South of Germany and France, which are markets from which Italy can export to, so the reverse flow combined with these possible developments will support further the role of Italy as the gas hub, which makes our infrastructure, let's say, more pressure and more valuable. Now, none of this is of course included in our estimates. I would say, coming to your second question, similar reasoning applies to storage. First, yes, we think Italy can export flexibility as it's already doing on the power side with the flexibility of Italy's combined cycle stepping in when there is need for power in bordering countries to the north. With reverse flow, the gas system will be able to play exactly the same role, which is again good news for our infrastructure and opens up the possibility of having additional storage. Storage is going to be vital for anyone wanting to import LNG because LNG will be extremely seasonal and so summer LNG would be cheap, a lot cheaper than winter LNG and the only people who will be able to participate in this seasonality positively are those who have access to storage. So LNG and storage will go more and more together and Italy already has some of the largest storage fields and potentially, we have more to develop which are cost effective. In terms of external growth, I would say there is a lot to do in our plan. It's a very, let's say, intense plan with a number of activities. We look at market opportunities proactively as well as when they arise. So I would simply comment that we are not stopping to look at opportunities, but we are certainly very selective in looking at these opportunities because we feel absolutely no need to do anything that's beyond our plan. And now, we have this buyback instrument available, tried and tested, and this is really the benchmark we use when comparing opportunities that may arise in the market.

Antonella Bianchessi - Citi - Analyst

Antonella Bianchessi from Citi. Just a question on the reserve flow and the gas potential of Italy. To reverse the flow, you need to be more competitive than other operator. Can you give us a feel on how the fields of Snam, how the infrastructure of Snam, the price of infrastructure is compared to your potential competitors? The second question is on the Russia flows, you are expecting Russia to remain pretty stable. But are you expecting also the flow from Russia on -- via Ukraine to remain stable and so gas from -- is guiding in a different direction, and that's the pipeline that is connected to Italy. And the other question would be how much the overall role of Snam will be affected by the dynamic of the demand because you're bringing more gas from the south, but you really need to consume more of this gas to be -- how the demand can affect the overall picture of the role of Snam in Europe.

Marco Alverà - Snam SpA CEO

Thank you for your questions, Antonella. So let me just reemphasize that nothing around reverse flow, the Italian market as a hub and transit flows has anything to do with our plan. So our plan is fully based on existing assumptions. On the reverse flow, I think the current regulation is really supporting the reverse flow in the decree, there is talk as well as possibility to change the allocation of tariffs from entry to exit. This would be neutral for Snam, but we certainly make the reverse flow even more attractive from a regulatory perspective. The PSV, of course, in order to export would need to be at a discount, whereas now the PSV is trading at a premium to Northern hubs. We see more and more focus from government and regulator to bring the PSV in line. Then as you get additional gas, that should provide that incentive to export out. And certainly, the balancing regime that came into effect in October 2016 is a good first step in this direction. In terms of Russia flows, again, these do not impact our businesses. I wouldn't want to comment on the specifics of what they will do on Ukraine, which will be a function of what will happen on Nord Stream and Turk Stream. Certainly, we are advocates of more import infrastructure, which is not to say that we need to increase Russian gas, but certainly to have abundant import infrastructure, it can only be positive in order to not only have diversified sources like the southern corridor allows, but also diversified roots. In terms of demand in Italy, again, our plan is not contingent on any demand assumption, so our numbers are demand neutral. But we see finally an effort to really address the environmental issues around coal and the cost efficiency of sustainability, and I think this can only be good for gas. Now, we're not banking on it, we don't have any upsides attached to that, but the role of Italy as a hub can function even with this demand because, as I said, eventually, more gas will bring the PSP to be lower and create that pull from abroad to export gas.

James Brand - Deutsche Bank - Analyst

James Brand from Deutsche Bank. Just two questions, please. The first is just on the net debt. I just want to check my understanding of your footnotes where you say, including the

TAP true-up, does that mean you'll netting off the equity against your (inaudible) bring down the net debt, and also just to clarify assuming the whole EUR500 million buyback has something in that net debt number of (inaudible) just to check that. And the second question is just on the CapEx plan and the incentives you qualify for your CapEx. I guess given that you will be having a review at some point in the next couple of years, it's going to be a bit hard to predict exactly what you can be getting in terms of CapEx incentives and things like that, so is there anything you can say about your plan and how much of the CapEx (inaudible) has been sensed, that would be interesting.

Marco Alverà - Snam SpA - CEO

Okay. So, yes, on net debt, we assume to recover from the project financing the equity injected in TAG, and there is EUR250 million of additional buyback in 2017, which brings the total to EUR500 million.

Alessandra Pasini - Snam SpA - CFO

The buyback including the net debt for 2017 is approximately, including the EUR100 million done in 2016, two-thirds of the EUR500 million, so you're left with one-third after 2017.

Marco Alverà - Snam SpA - CEO

And do you want to take the next question on --?

Alessandra Pasini - Snam SpA - CFO

Yes. You understood correctly, we are including the cash call, but also we are assuming as other shareholders that by year-end with financial close, we'll get true-up for effective the same amount.

James Brand - Deutsche Bank - Analyst

The second question was just on the CapEx incentives. Obviously, it's been difficult going to review in next couple of years to know what types of CapEx will be incentivized for the second half of the plan, but is there anything you can say in terms of how much your CapEx --?

Alessandra Pasini - Snam SpA - CFO

I think what we can say is that, as you know, we currently have an incentive 1% to compensate for the delay of entering operation. That is the fact that we are still benefiting on and that's the element that (inaudible) maybe could be impacted. But as we progress through the life of the plan, the amount of incentivized CapEx that we had from the past, it's obviously going down as an overall blended number.

Marco Alverà - Snam SpA - CEO

I would say that when we say we expect stable regulatory framework in the plan, we don't have the moving from T minus 2 to T minus 1, which would cancel that 1% incentive that was given to us for that extra timeline. That's on the CapEx coming into the RAB. Then, when we think about output-based CapEx, in the plan, there's probably EUR20 million less overall round number incentives that partially could be turned, not the full amount, into incentive schemes to be discussed, of course, with the regulator going forward on a case-by-case situation.

Unidentified Company Representative

And we take another question from the conference call.

Operator

Rui Dias, UBS.

Rui Dias - UBS - Analyst

I have just two questions. One is if I understood obviously that you are focusing Europe, but would it make sense for Snam to invest in floating storage and regasification units in Europe or even outside of Europe, if you have the opportunity? And so this will be the first question. And the second question, very broadly regarding the global gas demand outlook, particularly if you are seeing these new forms of gas demand that you just mentioned for -- that are showing up in Europe and Italy, are you seeing these new forms of gas demand in other regions of the world and how you think this could impact the so-called LNG glut globally?

Marco Alverà - Snam SpA - CEO

Okay. So I would say that if -- when we think about floating LNG, we would apply the same metrics that we've discussed earlier. So, ability to add value to our existing assets is very limited. Creating potential upside an optionality, probably a significant ability for Snam to play an industrial role, not very strong because we don't have any specific capability around floating. But certainly, it's an area where if we look at the market, we see significant growth there. So with caution and keeping in mind our investment priorities, I wouldn't rule it out, but I wouldn't even say it's something that we are particularly keen on in this time horizon. Looking globally, I think there is less pressure on gas for transport in the emerging markets, where the first point is to switch from coal to gas, and that's happening. There is big pushes for natural gas in many markets. And we see the global growth CAGRs of the Middle East, Southeast Asia, China, South America.

The US demand for gas is really growing in its core business, which is that to produce electricity and heating. So I think the new uses are something where perhaps Europe is more mature. Having said that, markets like Pakistan, Iran and Argentina have gas fleets of cars in the millions, which is not to say that we're in anyway interested in this, but we just observe this as you ask the question of what's going on internationally. And this has been true for many years, which is for us a demonstration that when you have the infrastructure, the compelling case for natural gas vehicles makes the switch happen quite quickly.

Marco Alverà - Snam SpA - CEO

We have time for the last couple of questions.

Harry Wyburd - Bank of America Merrill Lynch - Analyst

It's Harry Wyburd from Merrill Lynch and couple of questions from me, please. Firstly, just on the delay of the transmission regulation, I wonder what your assumption for that regulation actually were on earnings and whether the delay from 2017 to 2018, that changed your guidance this year. So is there any impact from EUR0.9 billion guidance from that delay? And then secondly, on M&A opportunities, we are obviously in a very different rates environment to the one that we were in last time you had a Capital Markets Day. Does that had any appreciable impact on success coming across your desk in terms of info, memorandums and so on that you're seeing potentially better opportunities to maybe acquire things at more reasonable prices than things you might have done nine months ago?

Marco Alverà - Snam SpA - CEO

I would say on the second question, I don't think I've seen big changes. Certainly, I've seen a very busy 2016 and beginning of 2017 with a number of the big high-profile disposals happening and a somewhat still less activity now, which I don't think is a reflection of the rates. I think just a lot happened last year. In terms of the delay in the regulation, we think it's positive. We like where we are right now, and so a delay simply means more of the status quo, which is good. The other positive is that we will be addressing possible reduction in the WAAC based on tax and the debt-to-equity. And as you know, the beta is also under discussion, even though I don't see any industrial reason why there should be any adjustment to the beta, but we were having this discussion when we know what the country risk premium will be. Whereas, otherwise, we would have had the regulatory discussion with the uncertainty around the country risk premium. And I think it's wiser and more prudent to be having those discussions at the same time, so you're discussing a kind of overall absolute amount as well as a specific amounts. I don't know if this makes sense, but certainly, we saw this postponement or this possible postponement because it's still not a formal decision taken. We see the possible postponement as a positive for this reason.

Maurice Choy - Royal Bank of Canada - Analyst

Maurice Choy from Royal Bank of Canada. Two questions from me. The first question is on slide 18. The very last line on slide 18 says cash flow from operations to cover CapEx and dividends. I guess just clarify on that. And then, turning back to slide 11, where you break down the cash flow for 2016. Obviously in 2016, you are EUR770 million down and even if you adjust for some one-offs, let's call it, EUR600 million between (inaudible) can you share where you see the movements between these components to get you to I guess the cash flow neutral position for the next five years in total?

And the second question in line with that is on slide 29, net debt to RAB is to stay in line 2016, if your cash flow fully covers your CapEx and dividends, assuming you have a few other adjustments which is a true up for TAP and any other adjustments and your RAB goes up by 1% every year, why would the net debt to RAB stay flat? Maybe I am missing something.

Marco Alverà - Snam SpA - CEO

So I think the two questions are clearly tied. The 2016 number from a cash flow perspective reflects liability management effort, higher interest costs and higher tax rate. And then you have in 2016 and 2017, very rich CapEx years. And so if you take the EUR5 billion, you will see that we've guided in 2017 for EUR1.3 billion which is a lot higher than the EUR5 billion divided by 5. So that's what justifies. The outer years have less CapEx and more free cash flow as the net income from associates and TAP begins to generate cash flow actually outside of the time period. So this is really answering the first question.

The second question, I think, is tied to this in the sense that you will have some cash absorption in the first years of the plan and then some cash generation in the outer years of the plan that more or less balance each other out so that the debt to RAB will remain, let's say, stable.

Maurice Choy - Royal Bank of Canada - Analyst

(technical difficulty) 2021, not for five year?

Marco Alverà - Snam SpA - CEO

No, that's for the full five years, I would say, excluding the buyback, of course.

Unidentified Company Representative

Monica for the very last question.

Monica Girardi - Barclays Capital - Analyst

Just a super-quick question. The final destination of your treasury share, what do you want to do?

Marco Alverà - Snam SpA - CEO

We haven't decided yet. We haven't discussed this. But certainly we see share buyback as a means of shareholder distribution, shareholder value creation as opposed to a means to something extraordinary. As a general principle, but to be specific, we'll need to wait till we take it to the Board and ask permission to shareholders to do something with them.

Unidentified Company Representative

Thanks everybody.

Marco Alverà - Snam SpA - CEO

Thank you.

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