2019-2023 strategic plan

San Donato Milanese
November 21st, 2019
Consolidated position to deliver future growth

2016-2019: strong delivery on our strategic pillars

Continuous improvement in core business
- Capex delivered on time and on budget (c. €4bn in RAB)
- €600m of bolt-on acquisitions (OLT, ITG and ALNG)
- €50m of cost savings; core costs down since 2016

Strong performance of international activities
- TAP on track for 2020 completion
- Average cash return on portfolio of >10%
- Significant one off contribution in 2019 from Desfa and Teregà

Enhanced exposure to energy transition
- Two biomethane acquisitions agreed
- Supportive CNG market and enhanced position in LNG
- Strong pipeline of energy efficiency contracts
- H2 pilot: delivered 5% blend of H2NG to industrial users (10% planned)

Financial structure value creation
- Debt related financial charges -40% (from €281m in 2016 to c. €170 FYE 2019)
- Dividend growth enhanced to 5% CAGR
- €739m of buyback

Favourable market context

Sustained gas demand growth

Confirmed central role of gas in energy transition

Significant growth expected in green gas

Stable regulatory framework

Improved company outlook
## Industry-leading results

### Tariff RAB

<table>
<thead>
<tr>
<th>Year</th>
<th>€bn</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>19.0</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>20.4</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

- Capex consistently on time and on budget
- Faster capex inclusion in RAB
- Average inflation <1%

### Net Income

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>845</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1,080</td>
<td>28%</td>
</tr>
</tbody>
</table>

- Cost of debt reduction
- Investments in GCA and Desfa
- Outperforming the efficiency program
- 2019 guidance at the high end of the range

### EPS

<table>
<thead>
<tr>
<th>Year</th>
<th>€cent</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>24.1</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>31.8</td>
<td>32%</td>
</tr>
</tbody>
</table>

- €739m share buyback; average repurchase price 3.72
- 106m shares cancelled

### DPS

<table>
<thead>
<tr>
<th>Year</th>
<th>€cent</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>21.00</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>23.76</td>
<td>13%</td>
</tr>
</tbody>
</table>

- Dividend policy increased to +5% p.a.
- Payout reduced to c. 75%

---

**2019 FY net income guidance at the high end of the range**
Fully committed to ESG agenda

Environment

- >15% CH4 emissions reduction in 2019E vs 2016
- >650km of morphological and vegetation restoration 2016-2018
- First Climate Action Bond launched in Europe
- Launch of Snam Plastic Less

Social

- Improvement in safety records
- Inclusion in the Forbes list of the best 150 companies in the world to work for
- >275 k hours training 2016-2018
- Smart working open to 1,000 people
- Suppliers with a good/excellent evaluation increased by 60%

Governance

- First listed company to introduce an ESG board committee
- Gender policy for BoD enshrined in Bylaws
- One of 4 companies worldwide part of the Global Forum of Transparency International
- C. 4500 reputational checks on suppliers and other 3rd parties in 2019
- Policy on Inclusion and diversity

Top ranked in all the main sustainable indexes
>€5bn in sustainable financing
2. Favourable context
The global context for gas is favourable

**Gas is becoming more abundant and competitive**

- 2018 global gas demand **+4.9%** (2% p.a. for the last 5 years)
- LNG exports growth: **+33bcm** in 2018 (+8.3%)
- Price declines at major hubs YTD vs 2018: NBP -40% TTF -34%
- Gas wholesale price today **1/3** of gasoil
- 70% of proven gas reserves breakeven below $3/MMbtu
- **+170 bcm/y new LNG** expected online by 2025, mainly from the US (80 bcm/y) & Russia (30 bcm/y)
- Sustained growth in global gas demand to 2040 in reference scenarios
- **$500bn** of implied infrastructure requirements

**Improving potential for the coal to gas switch**

Average Levelized Cost of gas vs. coal (2018 - 1Q 2019).

$/MWh

<table>
<thead>
<tr>
<th>Region</th>
<th>CCGT in H2 2018</th>
<th>CCGT in Q1 2019</th>
<th>Coal in Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>89</td>
<td>70</td>
<td>76</td>
</tr>
<tr>
<td>South Corea</td>
<td>63</td>
<td>57</td>
<td>60</td>
</tr>
<tr>
<td>China</td>
<td>100</td>
<td>74</td>
<td>72</td>
</tr>
<tr>
<td>Germany</td>
<td>90</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>UK</td>
<td>219</td>
<td>110</td>
<td>110</td>
</tr>
</tbody>
</table>

Source: Global Gas Report 2019 (Snam, IGU, BCG)
Tailwind for gas in Italy

Gas consumption in Italy

<table>
<thead>
<tr>
<th>Year</th>
<th>Bcm</th>
<th>Industry</th>
<th>Building</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>67.5</td>
<td>20.6</td>
<td>29.0</td>
<td>2.0</td>
</tr>
<tr>
<td>FY 2018</td>
<td>72.7</td>
<td>24.2</td>
<td>28.8</td>
<td>2.3</td>
</tr>
<tr>
<td>FY 2019E</td>
<td>75.9</td>
<td>27.0</td>
<td>29.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

The coal to gas switch is happening already

- Thermoelectric generation cost (€/MWh)

And will further accelerate with the formal exit of 8GW of coal capacity

- Ca.3bcm of additional gas demand expected with coal phase-out
- Capacity market launched to improve flexibility to serve renewables and demand peaks
- Authorization process launched for the construction of >2 GW of new gas capacity (peaking and flexibility) by the main power operators

Source: National Transport Network Balance, Snam elaboration on Thomson Reuters and ICIS
Gas will have a central role in the energy transition

Decarbonisation will need to speed up 10X

Annual emissions EU28, MtCO2

Europe is moving to enable green gas development

Biomethane
- C. 1,010 TWh potential (Navigant)
- Incentives to support market development already in place in countries in EU (France, Italy, Germany, Denmark, Sweden)

Hydrogen
- C. 1,800 TWh hydrogen in 2050 (Navigant);
- France: 10% of H2 to be decarbonised by 2023;
- German hydrogen strategy to be published in December
- Entsos jointly call for power to gas for sector coupling

CCS
- Pilots ongoing in Norway, Netherlands and UK

Green financing
Strong support from the EIB for development of Green Gas Sector, including through the adaptation of existing infrastructure

Source: NIR 2019, Le Quéré et al. (2018), Global Carbon Project CDIAC, National Inventory report Italy 2018, Snam analysis
Green hydrogen to become competitive in <10 years

Cost evolution (€/MWh)

- Green hydrogen may develop particularly rapidly in Italy owing to solar resource
- Cost decline, driven by cost of solar and wind, and electrolyzers
- Breakeven between blue and green hydrogen expected before 2030
- First two H2 uses to become competitive will be «grey» hydrogen and long-distance heavy transport, also owing to fuel cell efficiency
- Internalisation of rising CO2 costs necessary to make H2 competitive with natural gas

**Electrolyser Capex €/kW**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex</th>
<th>...</th>
<th>Large-scale adoption</th>
<th>Capex reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,800</td>
<td>1080</td>
<td>350</td>
<td>162</td>
</tr>
<tr>
<td>2020</td>
<td>324</td>
<td>48</td>
<td>21</td>
<td>12</td>
</tr>
</tbody>
</table>

**Solar/Wind cost €/MWh**

Source: Thomson Reuters, Snam Terna scenarios, GME, ICIS, analysis on market estimates
**Key role of gas confirmed in Italy**

**Constructive approach to investment returns**
- **WACC confirmed** in all businesses; β confirmed
- Storage regulatory period extended to 6 years
- **Revenue guarantee mechanisms** confirmed in transport at c. 99.5%, guarantee factor @ 100% for storage

**Support for selective development, asset health, market functioning**
- Incentives on **new development capex**
  - 2020-22 (+1.5% for 10 years, if CBA > 1.5)
- Ongoing constructive discussion on regulatory solutions for an effective approach to **asset health**
- Progressive introduction of **output-based incentives** (discussion on track for 2020 definition)

**Importance of gas for the energy transition**
- Regulator supportive of gas role in the energy transition
- Ongoing discussion on **innovation stimulus** for energy transition projects

**Snam-Terna scenarios confirm key role for green gas**

**Long-term visibility on consistent regulatory framework**

[Graph showing bcm from 2008 to 2040 with BAU, DEC, CEN, Hystorical, and Green gas and CCS]
3. Strategic plan 2019-2023
Investment plan 2019-2023: stronger capex profile

New investment plan: € 6.5m

Transport

€ 5.3 bn

- Development: 36%
- Replacement: 22%
- Maintenance & other: 42%

Storage, LNG

€ 0.8 bn

- Development: 30%
- Biomethane: 13%
- L-CNG: 13%
- SSLNG: 63%

Energy Transition (not RAB based)

€ 0.4 bn

- Energy Efficiency: 13%

Building tomorrow’s energy network
Italian regulated business: capex highlights

Key development initiatives

1. Support to the bidirectional cross-border flow (completed 2019)
2. Sardinia energy network
3. Interconnection with TAP
4. Dual fuel compression stations:
   - Direct emission reduction
   - More efficient compression
   - Sector coupling: flexibility services to the electric sector

New interconnections

- CNG and biomethane plants

Maintenance initiatives

- Maintenance automatically planned and scheduled by “Smart gas”\(^1\)
- Hydrogeological interventions
- Nodes revamping

Replacements

- About 1,000km of transport pipelines replaced during the plan period
- >45% authorized or under construction

Pipeline replacement approach

- Asset health prioritization based on technical ranking (asset/operating conditions/scenarios)
- Further parameters:
  - Service continuity & quality
  - Network resilience,
  - Environmental/social aspects
- Identification of effective solutions between replacement and maintenance of the asset

1. Snam’s proprietary asset management platform
High-quality RAB with superior long-term growth

Tariff RAB evolution confirmed even with lower expected inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>RAB (€ bn)</th>
<th>CAGR (in line with previous plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>19.3</td>
<td>Ca.2.5% CAGR</td>
</tr>
<tr>
<td>2018</td>
<td>20.3</td>
<td>&gt;2% CAGR</td>
</tr>
<tr>
<td>2019</td>
<td>20.4</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2023-2030

- Long term growth confirmed 1% real CAGR over inflation (in line with previous plan)
- Growing awareness of strategic role of gas infrastructure for energy transition
- High visibility on replacement needs

Superior RAB growth in the next decade
## €1.4bn investments in Snamtec: Tomorrow’s Energy Company

### Energy efficiency in core business

**Methane emissions reduction plan**
- Leak Detection and Repair (LDAR) applied to network, compressing and storage stations
- Replacement of ca. 3,000 pneumatic actuators and instrumentation

**Energy efficiency**
- Investments in the first 6 Dual fuel Compression stations
- Energy efficiency measures in our buildings
- 11 GWh/year of energy produced through PV

### Innovation & technology

- Digital Asset Model to enhance infrastructure management
- Digital twin, I-IOT and wearables for operational excellence
- Improving neural network forecasting (2 days ahead and infra-day)
- Drone and satellite images testing for asset monitoring progressing
- “Smart gas” (Snám’s asset management platform) extended to re-gasification processes
- Blockchain pilot for PSV transactions

### Energy transition

**Support the evolution of Green gas**
- C. 250m€ investments in biomethane
- H2 blending up to 10%; studies ongoing on asset readiness and power to gas

**CNG and LNG development in Italy**
- C. 150 CNG/LCNG stations
- 2 small-scale LNG plants

**Energy efficiency with third parties**
- Real estate deep renovation
- Revenues granted from fiscal benefit

<table>
<thead>
<tr>
<th>CH4 reduction target increased from 25% to -40% by 2025</th>
<th>&gt;85% of the grid remotely controlled</th>
<th>&gt;40MW of biomethane capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.€700 m (RAB)</td>
<td>c.€350 m (RAB)</td>
<td>c.€400 m (not in RAB)</td>
</tr>
</tbody>
</table>
New emissions target

**Direct Co2 emissions – 40% @2030**
- Electrification of 6 compressor units
- Direct emissions reduction
- More efficient compression
- Energy efficiency on our assets
- Renovation of H&C and lighting systems
- Heaters replacement

**Indirect Co2 emissions: – 40% @2030**
- 55% of green electricity out of total consumption

**CH4 target updated: – 40% @2025**
- Leak Detection and Repair (LDAR) applied to network, compressing and storage stations
- >85,000 emission measurements over 50 sites
- Real-time remote leak detection alarms to dispatching centre
- In-field measurement to update emission factors
- Replacement of ca. 3,000 pneumatic actuators and instrumentation

**Scope 1 and 2: -40% @2030 vs 2016**
Enhanced role in the energy transition

Incentives on biomethane for mobility for 10 years

- Organic & agricultural waste
- Power to gas
- Natural Gas
- Biomethane
- LNG

Energy efficiency for residential and industrial customers

€400m investment targeting high single/low double-digit low-risk returns

Future proofing the network
Market evolution underpin energy transition businesses

Biomethane connections overview (grid)

- Biomethane Incentive 1.1bcma
- Preliminary requests suggest high potential
- Slow ramp up on agricultural plants

C/LCNG connections overview (grid)

>150 new CNG stations connected to the grid since 2016

C/LCNG stations in Italy

- 1,236 2017
- 1,308 2018
- 1,376 10M 2019

- 86 Offers
- 104 under construction
- 839 operational
Energy transition: progress on strategy

**Improved biomethane prospect**

- Key enabler to accelerate market development
- Distinctive internal competences from our subsidiary IES biogas, leading EPC player
- Two platforms in biomethane production from both urban waste and agriculture feedstock to internalize competences and capture further growth opportunities:
  - **Renerwaste**: acquisition of 100% (€46m equity)
  - **Iniziative Biometano**: binding LOI signed (50% stake with option for control)
- Overall 19MW is already authorized
- Low-risk business model confirmed:
  - Long term incentives
  - Contracts or partnership with waste management operators

**Snam4mobility CNG & LCNG refilling stations**

- **6 CNG and 2 LCNG** S4M stations already in operation, expected delivery of further 13 by 1Q2020
- further **69 CNG/LCNG** contractualized
- Low-risk business model confirmed:
  - Long term contracts with credit-worthy counterparties
  - Base return set with potential upside on volumes
  - Risk-adjusted returns higher than Italian regulated business

**c. €250m overall investment, target >40MW**

**c. € 50 m of investments, 150 stations**
Growing role in the LNG market

Fast growing LNG market

Italian expected LNG demand for transport (MTPA)

- +86% LNG to Italy in the first 8 months of 2019
- Increasing competitiveness of LNG
- Competitive regasification tariffs
- Crucial role of LNG going forward

Expand our capabilities through OLT acquisition:

- Exposure to an offshore infrastructure directly connected to our grid
- Offshore LNG terminal with a maximum annual regasification capacity of **3.75 bcm, 100% capacity booked** for 2019/2020
- Net amount of the transaction ca. **345 € million**

Snam to support gas for mobility

- Snam to build & operate 2 liquefaction plants
- Bio-LNG for transport
- Truck loading facility upgrade in Panigaglia

Overall Capacity: c 250Ktpa LNG

(OLT future source of additional small-scale LNG services via ships)
Energy efficiency

Rationale

- **Better use of energy** in the territories in which we operate
- **Accelerate the growth** of TEP leveraging on Snam’s strengths: industrial expertise, local presence, low cost of funding

Fast-growing market

Investments in energy efficiency in Italy (bn €)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>2.0</td>
<td>2.3</td>
<td>2.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Home&amp;Building</td>
<td>3.9</td>
<td>4.3</td>
<td>4.7</td>
<td>0.1</td>
</tr>
<tr>
<td>PA</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

>8% CAGR

Strong growth over the plan period

- **Fiscal incentive** (ecobonus and sismabonus) confirmed also in the current budget law
- >60m€ **contracts** secured with buildings
- Relevant and growing **commercial pipeline**
- >€20m revenues expected in 2019, expected to grow over the plan period, potential partnership with third party investors
- Risk adjusted return higher than regulated business

TEP products

TEP operates as a main contractor for

- Carbon footprint assessment
- Energy Efficiency and Deep renovation for buildings

10Y Tax Credit transferred to Snam 70% - 85%

Deep renovation investment

Paid by customers 15% - 30%
The Hydrogen opportunity

1. Asset Readiness
   - **Pipelines**: network is largely hydrogen ready, key reason to underpin replacement
   - **Components**: gas chromatographs and other minor instruments would need replacing (<1% RAB)
   - **Gas compressor units**: testing the impact of a 5-10% blend.
   - **Geological storage sites**: ongoing analysis and research
   - Ongoing assessment of use of membranes to separate NG and H2 out of NGH2 blend

2. System design
   - **Long-term scenarios**: expected key role of hydrogen in the energy mix
   - **Grid evolution**: development of pathway analyses with increasing share of green gasses
   - **Technical standards**: involvement in focus groups to develop common rules on H2 in Italy and Europe

3. Value chain development
   - Evaluating potential opportunities/pilot projects to scale up clean H2 production and use
   - **Potential partnership** with other operators of the value chain
   - Scouting for promising technologies

Negligible investment to reach 5-10% NGH2 readiness
Ongoing investment in the grid «Hy-ready»

Ongoing work to support long-term grid planning

Scouting the market for investment opportunities and partnership

Snam as an Enabler; Hydrogen BU created
Strong returns from investments in Europe

- Interconnector Teréga
  - Snam’s stake 24%
  - Commercial business model, strong 2019 sales
  - Cost efficiency plan
  - LNG availability and cost reduces need for capacity booking
  - Payback c. 80% by the end of the plan

- TAG
  - Snam’s stake 84%
  - Solid capex plan
  - Capital structure optimization
  - Ongoing regulatory review (2020-23)
  - Payback >100% within the plan

- GCA
  - Snam’s stake 20%
  - Ongoing regulatory review (for 2021-24)
  - Long-term TAG contracts expiry may lead to headwinds in 2023, although flows are expected to remain strong
  - Ongoing assessment of SSLNG projects
  - Pay back >60% by the end of the plan

- TAP
  - Snam’s stake 20%
  - ~90% progress, 2020 completion confirmed
  - Non binding interest from shippers for capacity expansion
  - Snam exposure at completion: c. € 310m

- DESFA
  - Snam’s stake 40%
  - Stronger Greek macro environment
  - Strategic position along the southern gas corridor
  - New capex plan to be approved by YE
  - New regulation improves risk adjusted returns

>10% average cash return\(^1\) on investments to date; consistently outperformed acquisition budgets

>10% cash return confirmed to 2023

---

1. Yearly average cash in/acquisition price of Teregà, TAG, IUK & GCA
Efficiency Plan further improved: >65m in 2023 vs 2016

Core Business costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Net pass-through</th>
<th>One off costs &amp; write off &amp; service contract</th>
<th>Efficiency Program</th>
<th>Demerger dissynergies</th>
<th>Labour inflation</th>
<th>Other incl. network expansion</th>
<th>2016 core</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>€428</td>
<td>€65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>€428</td>
</tr>
</tbody>
</table>

More than €65m of expected saving to 2023

<table>
<thead>
<tr>
<th>Year</th>
<th>External Costs</th>
<th>Internal Costs</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>20</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>2018</td>
<td>9M 2019</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>2023</td>
<td>c. 80%</td>
<td>c. 20%</td>
<td>&gt; € 65m</td>
</tr>
</tbody>
</table>

Actions ongoing

Examples of efficiency projects under the plan

- Renewing of DT&T infrastructure
  - SAVING: €7.0m
- Network patrolling via satellites
  - SAVING: €2.3m
- Automation of IT services for users
  - SAVING: €3.8m
- Private fiber network to connect our centers
  - SAVING: €1.5m
- Insourcing of grid maintenance activities
  - SAVING: €0.9m
- Lower maintenance from data centers renewal
  - SAVING: €1.1m
- Insourcing of recruiting activities
  - SAVING: €0.9m
A solid financial structure

- Average tenor of M/L term debt: **>5 years**
- Maturities well-spread over time
- **€ 3.2 bn** undrawn committed lines and approx. €3.7 cash available
- **>3/4** fixed rate debt vs floating with opportunistic attitude to benefit from lower for longer interest rate scenario
- Proactive management of maturities
  - 2017 and 2018 Liability Management exercises
  - Extension of approx. € 3.9bn banking facilities
  - New EIB funding for approx. € 0.3bn
  - **€ 1.1bn bonds** in early September for 2020 prefunding
- Access to large and diversified sources of funding
  - 1/3 of total committed funding from sustainable financing

---

**Bond maturity Profile¹ (€ bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed</th>
<th>Floating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.7</td>
<td>0.0</td>
</tr>
<tr>
<td>2021</td>
<td>1.6</td>
<td>0.1</td>
</tr>
<tr>
<td>2022</td>
<td>3.2</td>
<td>0.3</td>
</tr>
<tr>
<td>2023</td>
<td>9.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2024</td>
<td>2.0</td>
<td>0.6</td>
</tr>
<tr>
<td>2025</td>
<td>1.6</td>
<td>0.4</td>
</tr>
<tr>
<td>2026</td>
<td>1.5</td>
<td>0.3</td>
</tr>
<tr>
<td>2027</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Beyond 2027</td>
<td>0.5</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**Fixed – Floating Gross debt¹**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed</th>
<th>Floating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.7</td>
<td>0.0</td>
</tr>
<tr>
<td>2021</td>
<td>1.6</td>
<td>0.1</td>
</tr>
<tr>
<td>2022</td>
<td>3.2</td>
<td>0.3</td>
</tr>
<tr>
<td>2023</td>
<td>9.5</td>
<td>0.5</td>
</tr>
<tr>
<td>2024</td>
<td>2.0</td>
<td>0.6</td>
</tr>
<tr>
<td>2025</td>
<td>1.6</td>
<td>0.4</td>
</tr>
<tr>
<td>2026</td>
<td>1.5</td>
<td>0.3</td>
</tr>
<tr>
<td>2027</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Beyond 2027</td>
<td>0.5</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**Total committed credit facilities and bonds¹**

- Pool banking facilities: € 16bn
- Debt capital market: 1.7bn
- Bilateral banking facilities: 1.6bn
- Institutional lenders financing: 3.2bn

**2019-2023 Fixed rate debt: ~ ¾**

1. As of 30th September 2019
Resiliency and efficiency secured over the Plan horizon

- Flat cost of debt over the Plan horizon, leveraging on:
  - Actions already executed to lock in favorable market conditions
  - Normalization of country risk premium, supporting bond-roll over
  - Investors’ awareness of Snam’s credit profile in spite of sovereign cap

- Lower than sector-average gearing with Net Debt /RAB well below 60% which remains our reference threshold and FFO/ND consistent with an A- rating space

- Potential upside from:
  - Treasury management optimization in both banking and CP segments
  - Further diversification of investors’ base
  - Bond-roll over

- Growing share of sustainable finance

---

**Moody’s**

- Assigned Rating outlook: stable
- Rating from Grid /SACP: A2

**Standard & Poor’s**

- Baa2
- Negative

**Fitch Ratings**

- BBB+
- Stable
- N.A.

**Adj. FFO²/Net Debt**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019E</th>
<th>2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net Debt/RAB³**

- Self-imposed threshold: 55%

**Cost of debt**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3,7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,5%</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,1%</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Avg 2019-23 cost of debt @ 1.4%**

(Not including short-term uncommitted lines and Commercial Paper)

**Bond Roll-Over**

- Already locked-in thanks to 2020 prefunding

---

1. Rating from the Grid for Moody’s, Stand alone credit profile for S&P
2. Before change in working capital
3. Considering rating adjustments and affiliates
4. New coupon based on forward curve
Use of financial flexibility

<table>
<thead>
<tr>
<th>Capital allocation approach</th>
<th>Already invested or earmarked</th>
<th>Additional earning accretive opportunities not in the plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Committed to current credit rating metrics and risk profile</td>
<td>Industrial opportunities</td>
<td>• Brown and greenfield growth opportunities</td>
</tr>
<tr>
<td>• Accretive returns (risk adjusted returns at least in line with Italian regulated assets)</td>
<td>Additional capex of €1.8bn on Italian infrastructure vs first stand-alone plan</td>
<td>• Further replacement of fully depreciated pipelines</td>
</tr>
<tr>
<td></td>
<td>ITG; OLT¹ acquisition €562m</td>
<td>• Additional connections of local markets in Sardinia</td>
</tr>
<tr>
<td></td>
<td>GCA; IUK acquisition €155m</td>
<td>• Additional investments in the energy transition businesses</td>
</tr>
<tr>
<td></td>
<td>Energy transition at least €400m</td>
<td>• Strategic M&amp;A</td>
</tr>
<tr>
<td></td>
<td>Desfa €119m</td>
<td>• Buyback</td>
</tr>
<tr>
<td>a) <strong>Industrial opportunities</strong></td>
<td>Enhanced returns to shareholders</td>
<td></td>
</tr>
<tr>
<td>• Enhance existing infrastructure</td>
<td>• Share buy back activated and €739m executed to date</td>
<td></td>
</tr>
<tr>
<td>• Leverage industrial capabilities</td>
<td>• New dividend policy</td>
<td></td>
</tr>
<tr>
<td>• Unlock additional growth/optionality</td>
<td>• New share buy back tranche of €150m</td>
<td></td>
</tr>
<tr>
<td>b) <strong>Enhanced returns to shareholders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Dividend policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Buyback</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Share buyback: new tranche launched**

1. Closing expected 1Q 2020
Increased earnings growth and superior shareholder returns
Our targets are confirmed or improved

Tariff RAB

<table>
<thead>
<tr>
<th>€bn</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>c. 2.5%</td>
<td>19.3</td>
<td>20.3</td>
<td>20.4</td>
<td></td>
</tr>
</tbody>
</table>

(in line vs previous plan even with lower inflation)

EBITDA

<table>
<thead>
<tr>
<th>€bn</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 3.0%</td>
<td>2,022</td>
<td>2,095</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net income

<table>
<thead>
<tr>
<th>€m</th>
<th>2017</th>
<th>2018</th>
<th>2019E</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 4.0%</td>
<td>940</td>
<td>1,010</td>
<td>1,080</td>
<td></td>
</tr>
</tbody>
</table>

(in line vs previous plan)

EPS

<table>
<thead>
<tr>
<th>€ cent</th>
<th>2017</th>
<th>2018</th>
<th>2019E</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>c. 5.5%</td>
<td>0.27</td>
<td>0.29</td>
<td>0.32</td>
<td></td>
</tr>
</tbody>
</table>

(target improved)

1. Includes further 150m€ further buyabck
## 2020 guidance and targets

<table>
<thead>
<tr>
<th></th>
<th>Guidance 2020</th>
<th>2019-2023 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>€ ~ 1.1 bn</td>
<td>€ 6.5 bn 2019-2023</td>
</tr>
<tr>
<td>Tariff RAB</td>
<td>€ ~ 20.6 bn</td>
<td>&gt;2% CAGR 2019-2023</td>
</tr>
<tr>
<td>Net income</td>
<td>€ ~ 1,100 m</td>
<td>4% CAGR 2018-2023</td>
</tr>
<tr>
<td>DPS</td>
<td>€ cent 24.95</td>
<td>5% DPS growth 2017-2022</td>
</tr>
<tr>
<td>Net debt(^1)</td>
<td>€ ~ 12.4 bn</td>
<td>Debt/RAB broadly stable (excluding expected release of TAP construction guarantee)</td>
</tr>
</tbody>
</table>

---

**Enhanced targets and continuous ESG focus**

1. excluding change in tariff related items (expected negative for €0.1bn)
2. Old plan roll forward 2018-2023 with new deflator
BACK UP
Visible and stable regulation

**Wacc 2019-2021:**
- 5.7% transport
- 6.7% storage
- 6.8% LNG*

* Assuming flat beta as indicated in the last consultation document

**Final resolution 114/2019/R/gas**
- WIP included in RAB
- Beta unlevered at 0.364 (unchanged)
- Incentives on new development capex 2020-22 (+1.5% for 10 years, if CBA > 1.5)

**Final resolution 419/2019/R/gas**
- Length extension to 6 years
- Beta equal to 0.524
- Tariff RAB calculation methodology confirmed

**Consultation document 391/2019/R/gas**
- Length extension to 5 or 6 years
- Beta equal to 0.524
- Tariff RAB calculation methodology confirmed

**Transparent regulatory framework**
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This presentation contains forward-looking statements regarding future events and the future results of Snam that are based on current expectations, estimates, forecasts, and projections about the industries in which Snam operates and the beliefs and assumptions of the management of Snam.

In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature.

Words such as ‘expects’, ‘anticipates’, ‘targets’, ‘goals’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, ‘seeks’, ‘estimates’, variations of such words, and similar expressions are intended to identify such forward-looking statements.

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