

# 2019 nine-month results



Milan

November 14<sup>th</sup>, 2019

# Key highlights: delivery on the business plan



## Continuous improvement in our core business

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- Capex plan on budget: €650m (+15% yoy)
- Final resolution on the 5th regulatory period for storage, Wacc at 6.7% to 2021
- Agreement with Iren to acquire 49% of Olt regasification terminal (€ 345m)
- Progress on regulated services: revenues ca. 14 €m in 9M 2019
- Efficiency plan ongoing: € 45m achieved YTD

## Enhanced exposure to the energy transition

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- 74 contracts signed for new third party CNG/LCNG stations
- Snam - Terna joint scenarios presented

## Progress on international activities

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- TAP: confirmed COD at the end of 2020
- Terega: opportunity to optimize its capital structure

## Value creation from optimization of financial structure

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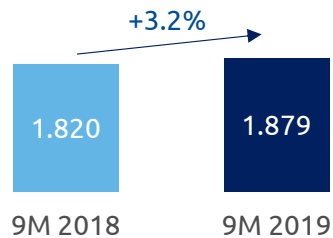
- Launch of a two-tranche note issue for a total of €1.1bn
- Renewal of EMTN programme and issuance of bond renewed

# 9M 2019 results



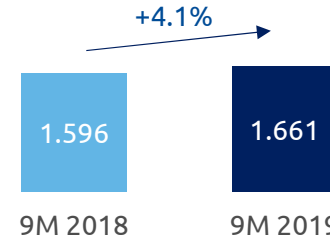
## Regulated revenues

(excluding pass through)



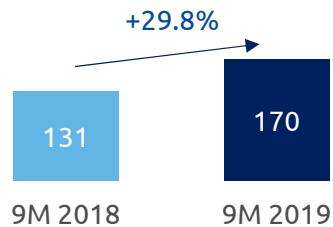
- Wacc increase
- Higher tariff RAB
- Output based incentives

## EBITDA



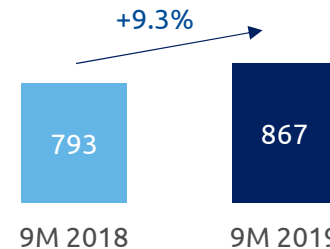
- Higher regulated revenues
- Ongoing efficiency plan

## Income from associates



- Desfa acquisition
- Terega:
  - Higher RAB mainly due to the reinforcement of Gascoigne Midi
  - Release of a tax provision accrued in 2017
  - Lower depreciation related to acquisition premium

## Net income



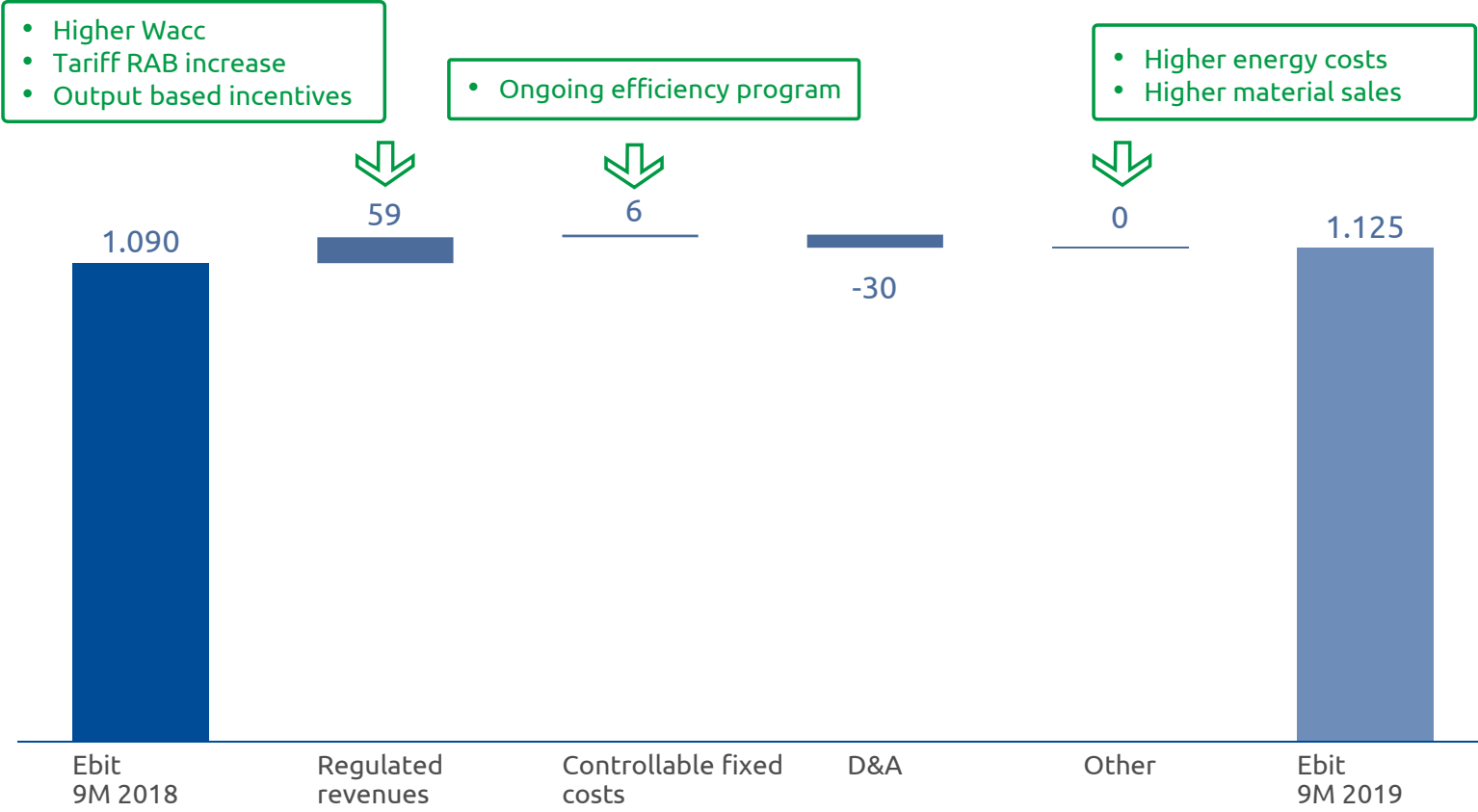
- Strong operational results
- Lower financial charges
- Solid income from associates

**FY 2019 guidance confirmed**

# 2019 9M results: Ebit analysis



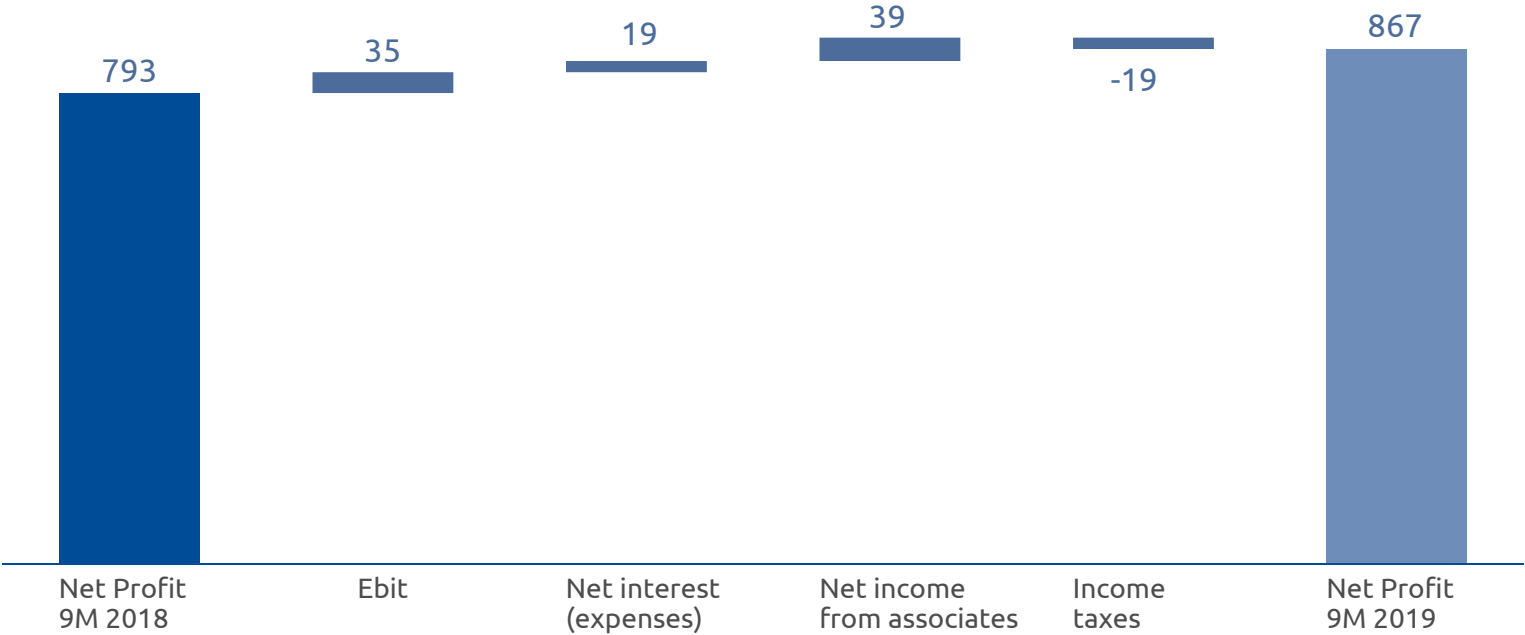
€ mn



# 2019 9M results: Net profit analysis



€ mn



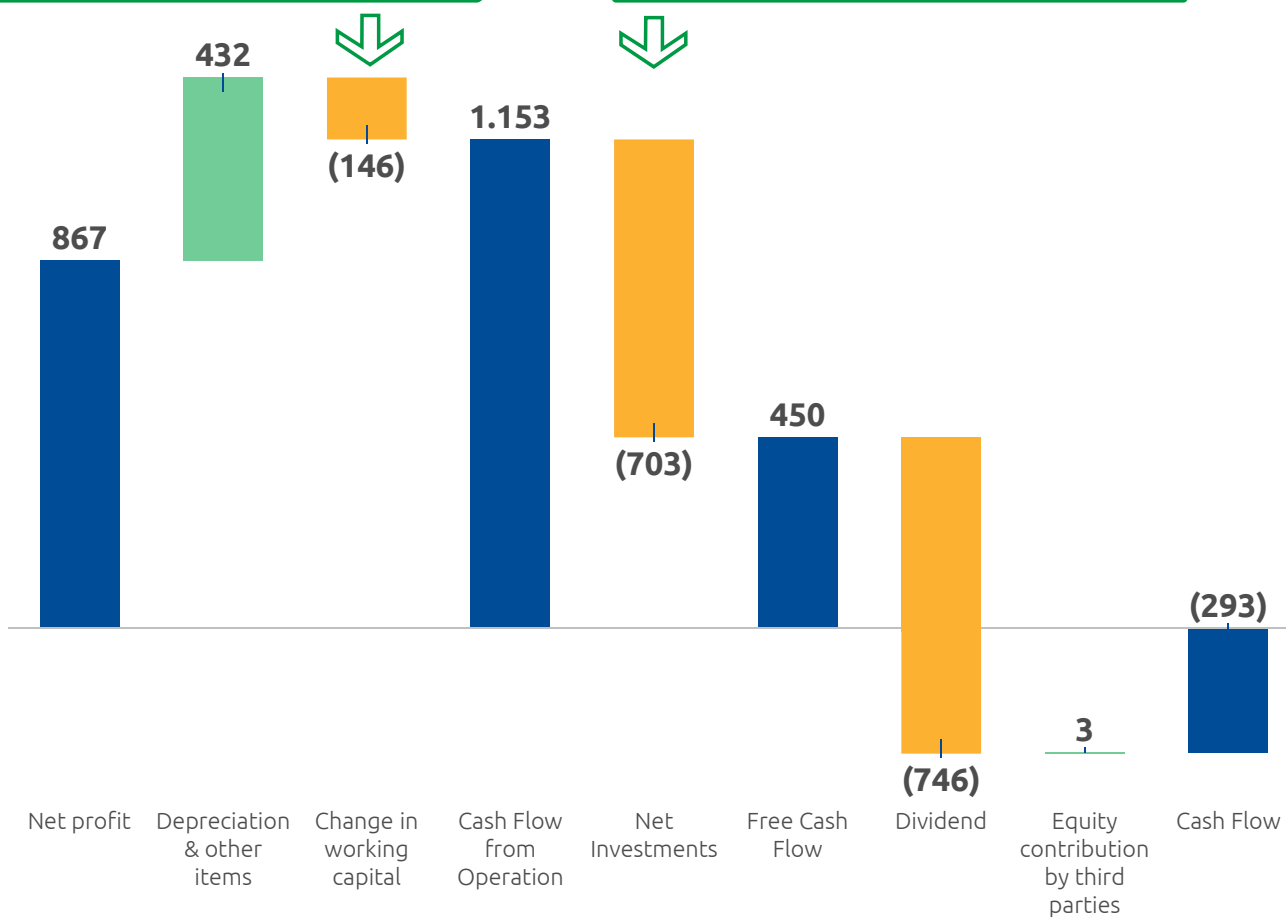
# Cash flow



€ mn

- Payment to CSEA € -180m
- Tariff related Items € -85m
- Net tax payables € 157m

- Capex € -650m



# Snam Debt Structure

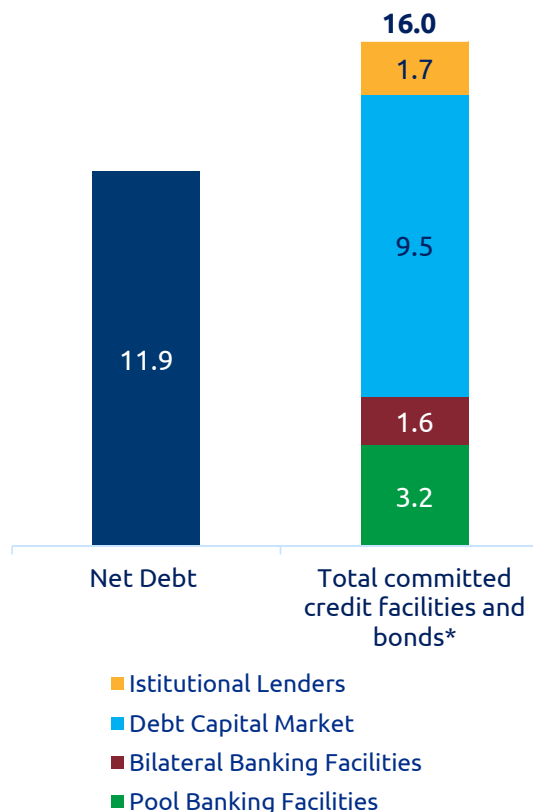


## Highlights first 9M 2019

- **Debt-related financial interest: - 25 €m vs 9M 2018 results**
- **DCM and EIB Funding of the year for 1.0 € bn – 9 years @ ca. 1.3%**
- **Pre-funding of 2020 for 1.1 € bn – 10.3 years @ ca. 0.55%**
  - ✓ **Longest ever zero coupon** issued by Snam ca. 5 years
  - ✓ **First 15 years bond** issued by Snam
- **Sustainable finance:**
  - ✓ **First Climate Action bond issuance in Europe**
  - ✓ **1Y extension** of the **sustainable loan** and target achieved for margin step-down
- **Treasury Management Optimization:**
  - ✓ significant **utilization of uncommitted credit lines**
  - ✓ Full utilization of the **ECP Programme** at 3Q-end

## Net debt and funding sources as of

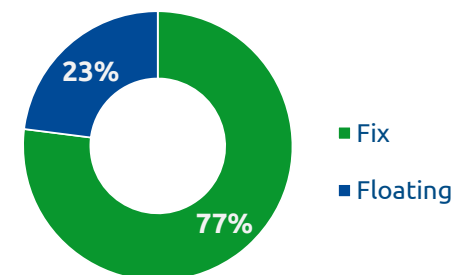
30 September 2019



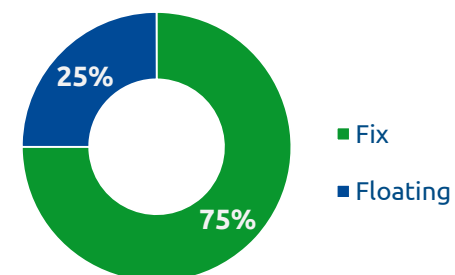
\* Not including €2 billion Euro Commercial Paper

## Fixed – Floating gross debt breakdown

FY 2018



3Q 2019



**Maturity of M/L term debt ~ 5.5 years**

Uncommitted credit lines and Commercial Papers are considered as floating rate debt, given their nature of short-term facilities used for treasury management optimization



**BACKUP**



# Income Statement



[ € mn ]	2018 3Q	2019 3Q	Change	Change %
Revenues	1,917	2,000	83	4.3%
Operating expenses	(321)	(339)	(18)	5.6%
<b>EBITDA</b>	<b>1,596</b>	<b>1,661</b>	<b>65</b>	<b>4.1%</b>
Depreciation & amortisation	(506)	(536)	(30)	5.9%
<b>EBIT</b>	<b>1,090</b>	<b>1,125</b>	<b>35</b>	<b>3.2%</b>
Net interest income (expenses)	(145)	(126)	19	(13.1)%
Net income from associates	131	170	39	29.8%
<b>EBT</b>	<b>1,076</b>	<b>1,169</b>	<b>93</b>	<b>8.6%</b>
Income taxes	(283)	(302)	(19)	6.7%
<b>NET PROFIT</b>	<b>793</b>	<b>867</b>	<b>74</b>	<b>9.3%</b>

# Revenues



[ € mn ]	2018 3Q	2019 3Q	Change	Change %
<b>Regulated revenues</b>	<b>1,864</b>	<b>1,925</b>	<b>61</b>	<b>3.3%</b>
Transport	1,429	1,489	60	4.2%
Storage	377	376	(1)	(0.3)%
LNG	14	14	-	-
Pass-through revenues	44	46	2	4.5%
<b>Other revenues</b>	<b>53</b>	<b>75</b>	<b>22</b>	<b>41.5%</b>
<b>TOTAL REVENUES</b>	<b>1,917</b>	<b>2,000</b>	<b>83</b>	<b>4.3%</b>

# Operating Expenses



[ € mn ]	2018 3Q	2019 3Q	Change	Change %
<b>Regulated activities</b>	<b>268</b>	<b>252</b>	<b>(16)</b>	<b>(6.0)%</b>
Controllable fixed costs	186	180	(6)	(3.2)%
Variable costs	8	11	3	37.5%
Other costs	30	15	(15)	(50.0)%
Pass-through costs	44	46	2	4.5%
<b>Non regulated activities</b>	<b>53</b>	<b>87</b>	<b>34</b>	<b>64.2%</b>
<b>TOTAL COSTS</b>	<b>321</b>	<b>339</b>	<b>18</b>	<b>5.6%</b>

# Balance Sheet



[ € mn ]	2018	2019 3Q	Change	Change %
<b>Net invested capital</b>	<b>17,533</b>	<b>18,198</b>	<b>665</b>	<b>3.8%</b>
Fixed capital	18,856	19,237	381	2.0%
Tangible fixed assets	16,516	16,763	247	1.5%
Intangible fixed assets	907	919	12	1.3%
Equity-accounted and other investments	1,750	1,823	73	4.2%
Financial receivables held for operating activities	11	1	(10)	(90.9)%
Net payables for investments	(328)	(269)	59	(18.0)%
<b>Net working capital</b>	<b>(1,259)</b>	<b>(985)</b>	<b>274</b>	<b>(21.8)%</b>
Receivables	1,487	1,267	(220)	(14.8)%
Liabilities	(2,746)	(2,252)	494	(18.0)%
Provisions for employee benefits	(64)	(54)	10	(15.6)%
<b>Net financial debt</b>	<b>11,548</b>	<b>11,871</b>	<b>323</b>	<b>2.8%</b>
<b>Shareholders' equity</b>	<b>5,985</b>	<b>6,327</b>	<b>342</b>	<b>5.7%</b>

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