

# 2020 nine-month results



Milan

November 5<sup>th</sup>, 2020

# Key highlights: strong delivery on results



## Continuous improvement in our core business

- Capex plan **€762m** (+17% vs LY). Delays due to Covid to be fully recovered by year end
- Efficiency plan ongoing: **€60m** cumulated already achieved
- Wacc review process initiated

## Enhanced exposure to the energy transition

- Closing for a 50% stake in **Iniziativa Biometano**
- Closing for a 70% stake of **Mieci** and **Evolve**
- Progress on hydrogen value chain development:
  - Strategic partnership with ITM Power, leading electrolyzers producer
  - Signed MoU with Ferrovie dello Stato to promote the study of Hydrogen in rail transport

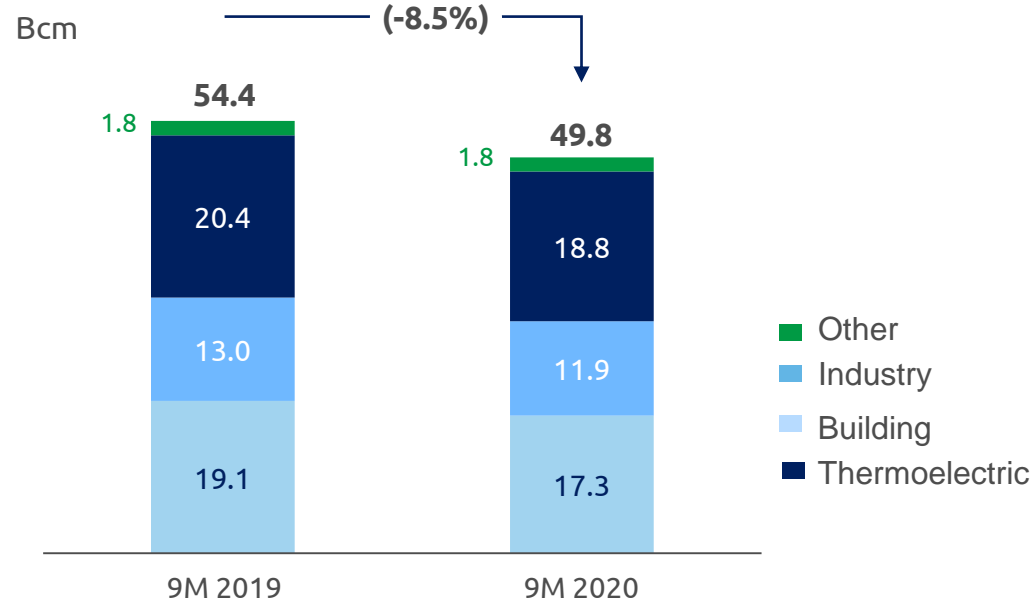
## Progress on international activities

- **TAP** commercial operating date confirmed in mid November
- First contribution of **Adnoc Gas Pipelines Assets** to P&L and successful first tranche take out (**USD 4bn**) via long term bond of acquisition financing

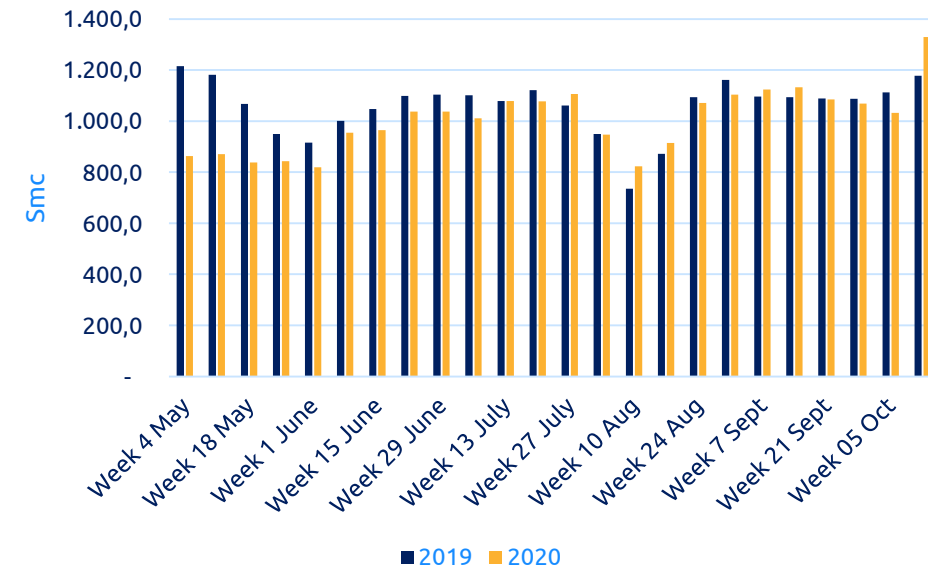
## Value creation from optimization of financial structure

- Lower financial charges **-21%** (from €126m in 9M 2019 to €100m 9M 2020)
- Annual renewal of the EMTN Programme approved for a total maximum amount of **€11bn**
- S&P affirms rating at BBB+, outlook improved to stable
- Snam founding member of the UN Global Compact CFO taskforce

## Gas consumption in Italy (Jan-September)



## Weekly gas consumption



### Reduction of gas demand of ca. 4.6bcm (-8.5% y-o-y)

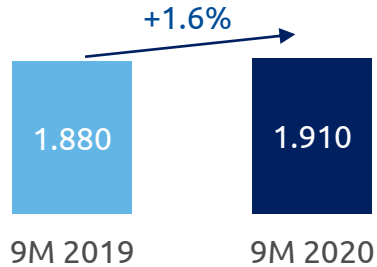
- Civil sector: - 1.8bcm
- Power sector: - 1.6 bcm mainly due to lower electricity demand (-7%)
- Industrial sector: -0.9 bcm mainly due to the Covid-19 lockdown
- Gas demand: -7% y-o-y in Q1, -18% y-o-y in Q2, -1.5% in Q3

### Progressive improvement in demand

- Industrial sector is continuing to recover from the end of the lockdown (May 4th, 2020) as the building sector too
- Increase of gas consumption for thermolectric plants in September versus the previous year

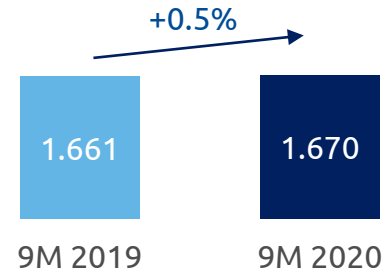


## Regulated revenues



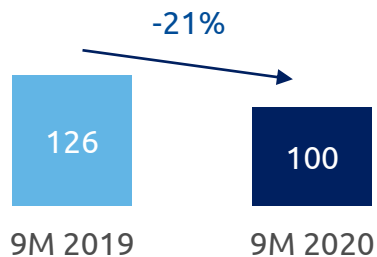
- Higher transport tariff RAB
- Negative commodity effect

## EBITDA



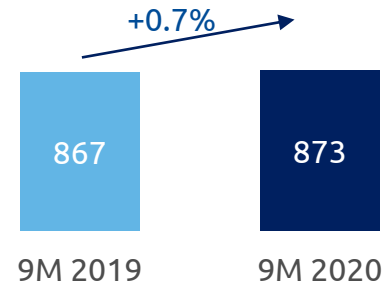
- Positive effect from efficiency programme
- New businesses contribution

## Net financial charges



- Treasury management optimization measures
- Liability management

## Net income



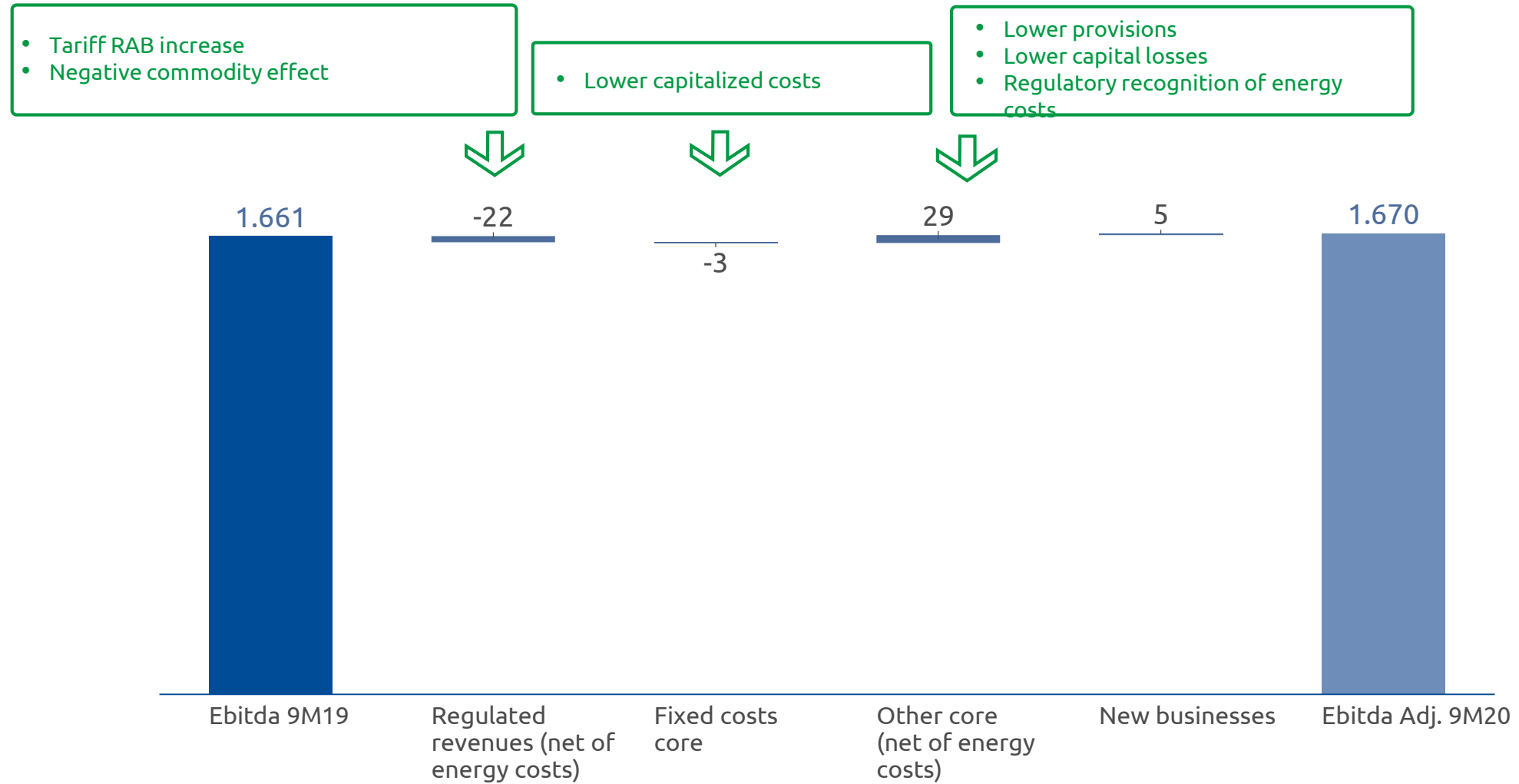
- Lower financial charges
- Normalization of associates contribution

**FY 2020 net profit guidance confirmed**

# 2020 9M results: Ebitda analysis



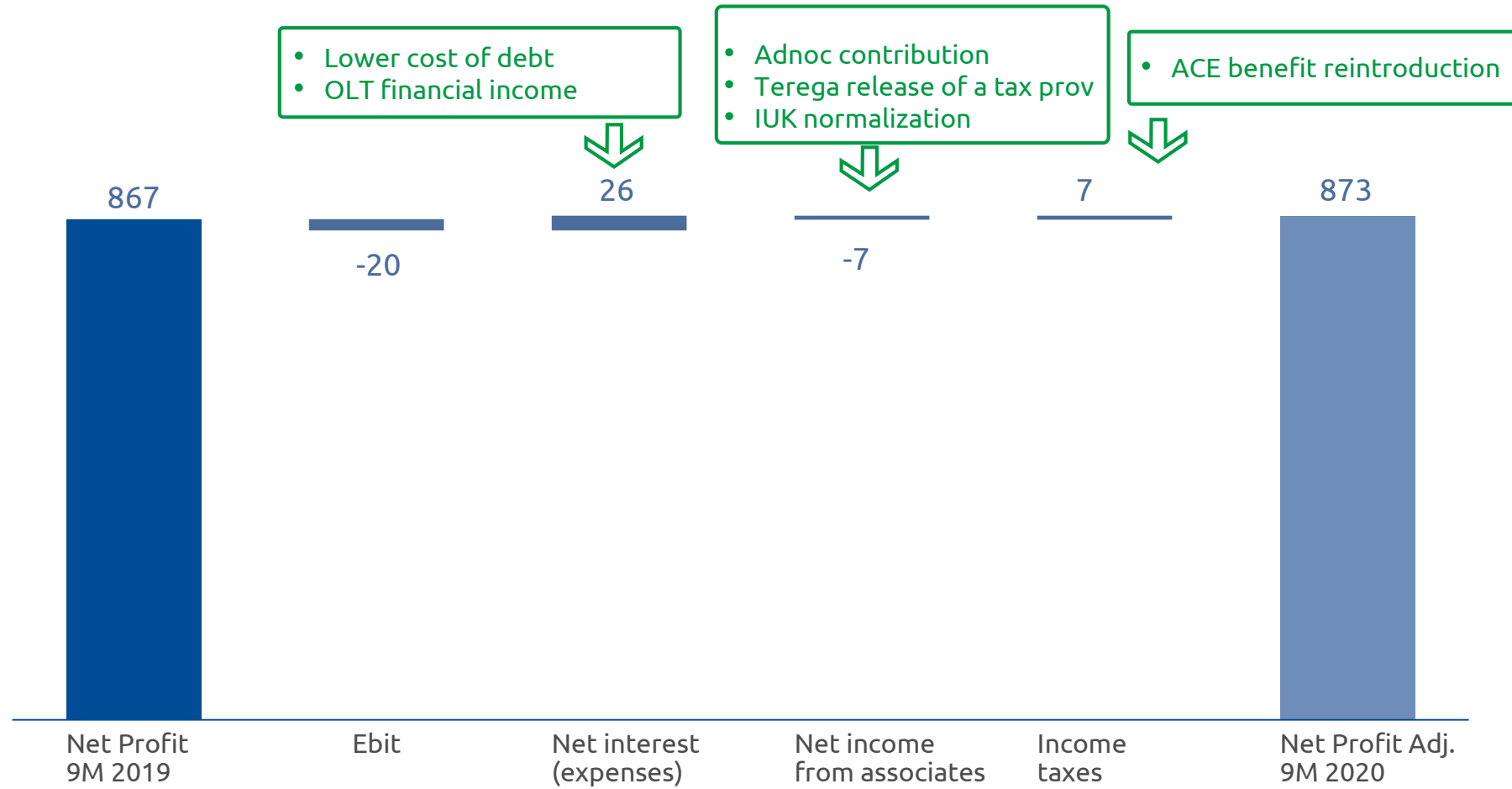
€ mn



# 2020 9M results: Net profit analysis



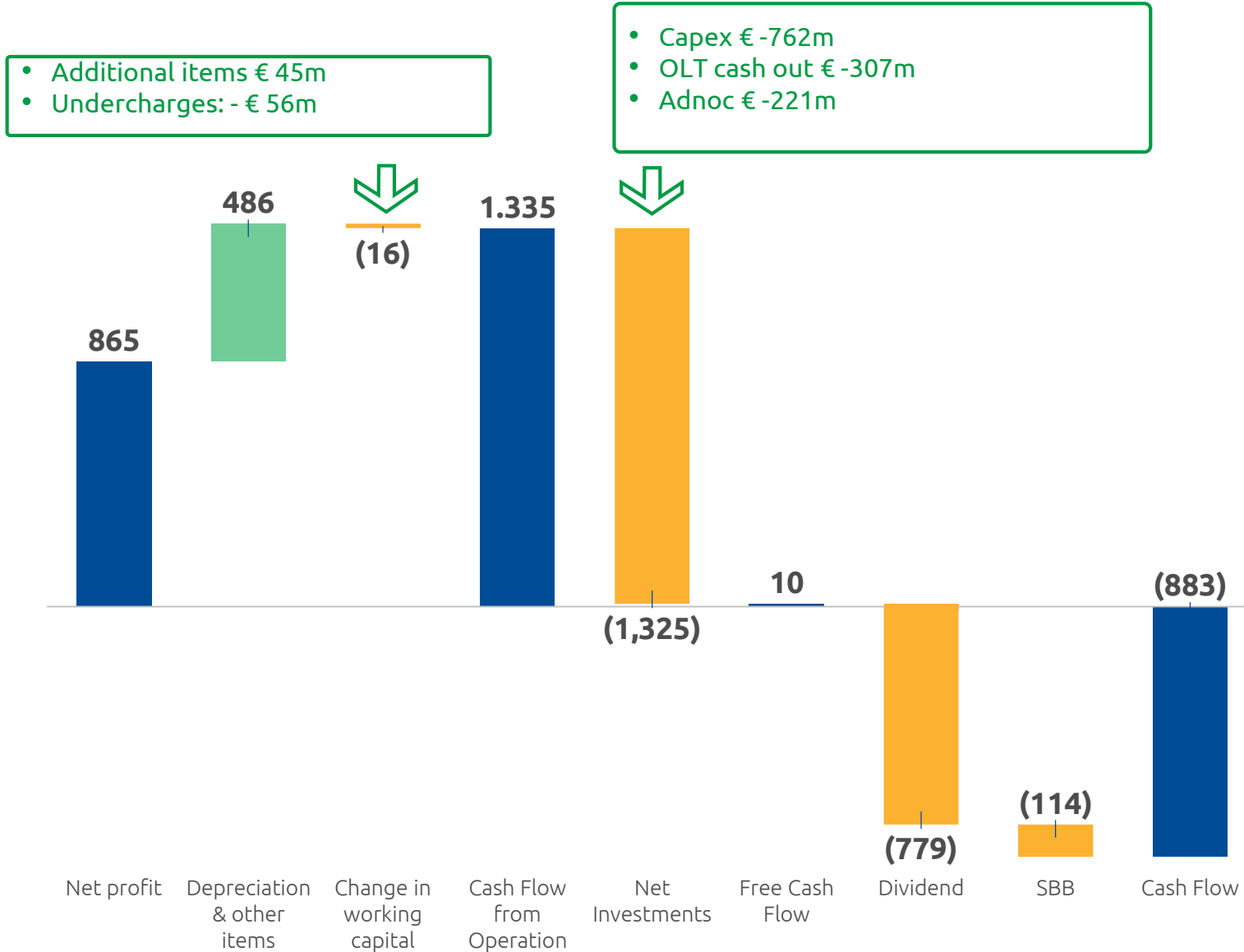
€ mn



# Cash flow



€ mn

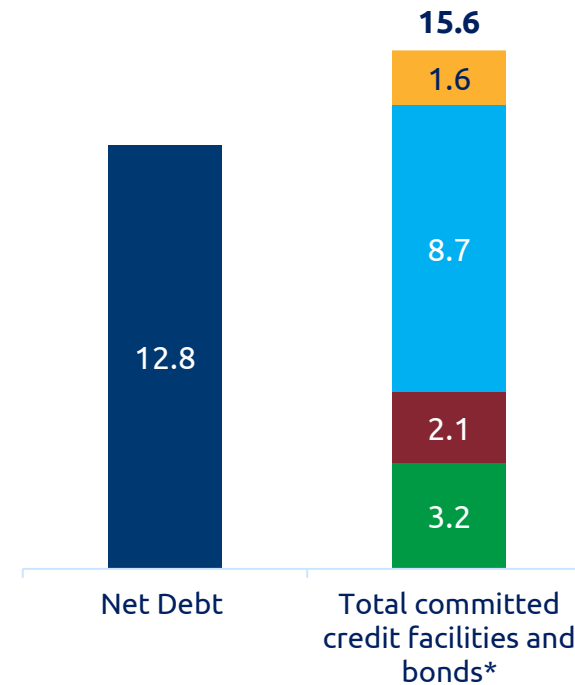




## Highlights first 9M 2020

- **Strong liquidity profile** leveraging on 700mln€ term loans, new 500m€ Transition bond, relevant cash on hand and the undrawn 3.2bn€ RCF credit line
- **Solid financial structure** with 71-29% fix-floating rate and 5.3 year M/LT maturity
- **Sustainable finance:** approx. 6bn€ in sustainable financing (ca. 40% of total funding)
- **Recent developments:**
  - ✓ **Further Treasury Management Optimization** leveraging on uncommitted credit lines and Commercial Paper at negative yields
  - ✓ **Renewal of ECP Programme** approved for a total maximum amount of €2.5bn (from 2.0bn currently) with potential ESG content

## Net debt and funding sources as of 30 September 2020

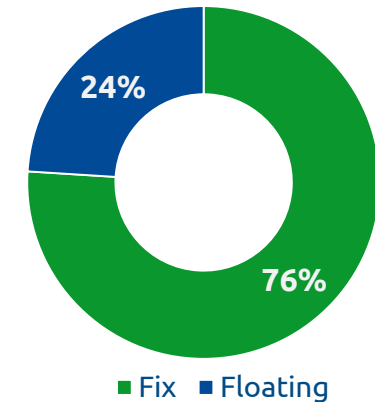


- Institutional Lenders
- Debt Capital Market
- Bilateral Banking Facilities
- Pool Banking Facilities

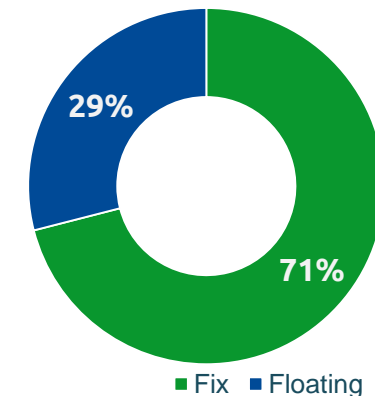
\* Not including €2 billion Euro Commercial Paper and uncommitted credit lines

## Fixed – Floating gross debt breakdown

FY 2019



3Q 2020



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





Q&A



**BACKUP**

# Income Statement



[ € mn ]	9M 2019	9M 2020*	Change	Change %
Revenues	1,955	2,032	77	3.9%
Operating expenses	(294)	(362)	(68)	23.1%
<b>EBITDA</b>	<b>1,661</b>	<b>1,670</b>	<b>9</b>	<b>0.5%</b>
Depreciation & amortisation	(536)	(565)	(29)	5.4%
<b>EBIT</b>	<b>1,125</b>	<b>1,105</b>	<b>(20)</b>	<b>(1.8%)</b>
Net interest income (expenses)	(126)	(100)	26	(20.6%)
Net income from associates	170	163	(7)	(4.1%)
<b>EBT</b>	<b>1,169</b>	<b>1,168</b>	<b>(1)</b>	<b>(0.1%)</b>
Income taxes	(302)	(295)	7	(2.3%)
<b>NET PROFIT</b>	<b>867</b>	<b>873</b>	<b>6</b>	<b>0.7%</b>

\* Adjusted for 9M 2020: Covid – 19 emergency (€ 11m of one-off donation, DPLs for internal needs; € 8m net of taxes)

[ € mn ]	9M 2019	9M 2020	Change	Change %
<b>Regulated revenues</b>	<b>1,880</b>	<b>1,910</b>	<b>30</b>	<b>1.6%</b>
Transport	1,489	1,519	30	2.0%
Storage	377	374	(3)	(0.8%)
LNG	14	17	3	21.4%
<b>Non regulated revenues</b>	<b>20</b>	<b>20</b>	<b>-</b>	<b>-</b>
<b>Total core business revenues</b>	<b>1,900</b>	<b>1,930</b>	<b>30</b>	<b>1.6%</b>
<b>New business revenues</b>	<b>55</b>	<b>102</b>	<b>47</b>	<b>85.5%</b>
<b>TOTAL REVENUES</b>	<b>1,955</b>	<b>2,032</b>	<b>77</b>	<b>3.9%</b>

# Operating Expenses



[ € mn ]	9M 2019	9M 2020	Change	Change %
<b>Core business costs</b>	<b>239</b>	<b>265</b>	<b>26</b>	<b>10.9%</b>
Variable costs	15	32	17	113.3%
Fixed costs	199	202	3	1.5%
Other costs	25	31	6	n/a
<b>New business costs</b>	<b>55</b>	<b>97</b>	<b>42</b>	<b>76.4%</b>
<b>TOTAL COSTS</b>	<b>294</b>	<b>362</b>	<b>68</b>	<b>23.1%</b>

# Balance Sheet



[ € mn ]	2019	9M 2020	Change	Change %
<b>Net invested capital</b>	<b>18,181</b>	<b>19,315</b>	<b>1,134</b>	<b>6.2%</b>
Fixed capital	19,311	20,137	826	4.3%
Tangible fixed assets	16,802	16,963	161	1.0%
Intangible fixed assets	990	1,045	55	5.6%
Equity-accounted and other investments	1,828	2,103	275	15.0%
Financial receivables held for operating activities	3	308	305	n.m.
Net payables for investments	(312)	(282)	30	(9.6%)
<b>Net working capital</b>	<b>(1,094)</b>	<b>(782)</b>	<b>312</b>	<b>(28.5%)</b>
Receivables	1,549	1,458	(91)	(5.9%)
Liabilities	(2,643)	(2,240)	403	(15.2%)
Provisions for employee benefits	(46)	(40)	6	(13.0%)
Non current assets held for sale	10	-	(10)	n.m.
<b>Net financial debt</b>	<b>11,923</b>	<b>12,805</b>	<b>882</b>	<b>7.4%</b>
<b>Shareholders' equity</b>	<b>6,258</b>	<b>6,510</b>	<b>252</b>	<b>4.0%</b>

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