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9M 2022 Consolidated results

Milan, November 10th, 2022

9M 2022 key highlights



SCENARIO

Gas market

- Continue gas prices volatility
- 9M 2022 Italian gas demand at **51.7 bcm** (-3.2% YoY*). Q3 demand -7.2% driven by accelerating industrial decline (high prices)
- Changing gas flows in 9M y-o-y: North import -18%, Southern route +18% and LNG +27%
- Italy contributing to EU security of supply with 2.7bcm of export

Macro and regulation

- H1 2022 RAB deflator at **3.9%**
- Rising interest rates
- Snam-Terna long term joint scenarios
- Asset Health methodology - published on 31st October- under consultation
- Biomethane decree published on 26th Oct



SNAM KEY DEVELOPMENTS

Security of supply

- **Piombino and Ravenna LNG terminals authorized** by the Commissioners. Works started in Piombino
- Filling of storage facilities **>95%**. Snam contributed by storing **ca 2 bcm** of gas from April to date. Additional reverse flow services to be provided

Energy transition businesses:

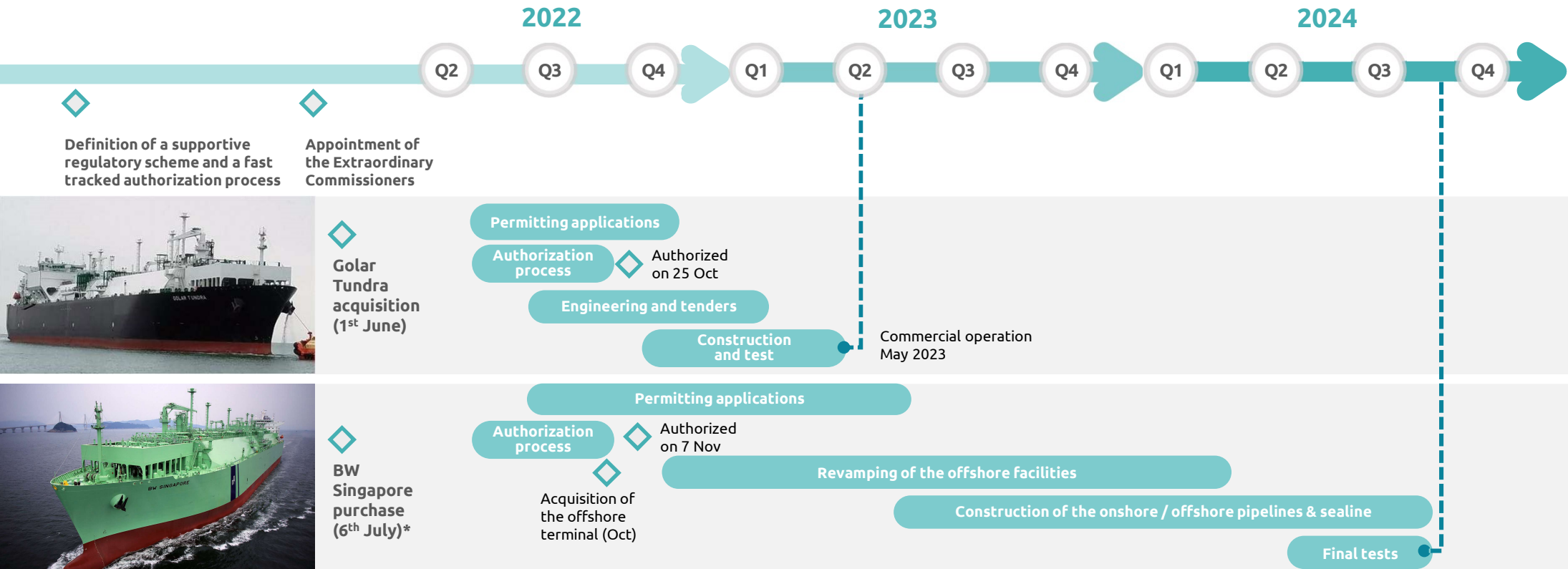
- Restart of FID for repowering to biomethane, **9 new biogas plants (9 MWe)** added to the portfolio in Q3 and ca 2MW of repowering completed in 9M
- **Gigafactory** project - in JV with DeNora - selected by the EU Commission within IPCEI wave "Hy2Tech" (EC Decision C(2022) 5158 of 15th July 2022)



KEY FIGURES

- **Adj. net profit broadly in line with last year** despite WACC revision thanks to solid operating performance, growing contribution from energy transition businesses and associates
- **Net debt at ca €13bn** impacted by positive working capital effect related to system balancing
- 2022 funding needs covered in 1H22. **ca. 2bn€ of banking facilities secured in 2H22** as 2023 pre-funding while benefiting from adequate flexibility to manage current market volatility
- **Group capex of €883m** (+2% vs LY)
- **Interim dividend of 0.11/share** (in line with the policy)

Supply security: update on the new FSRUs



Snam's execution capabilities at work to deliver needed infrastructure

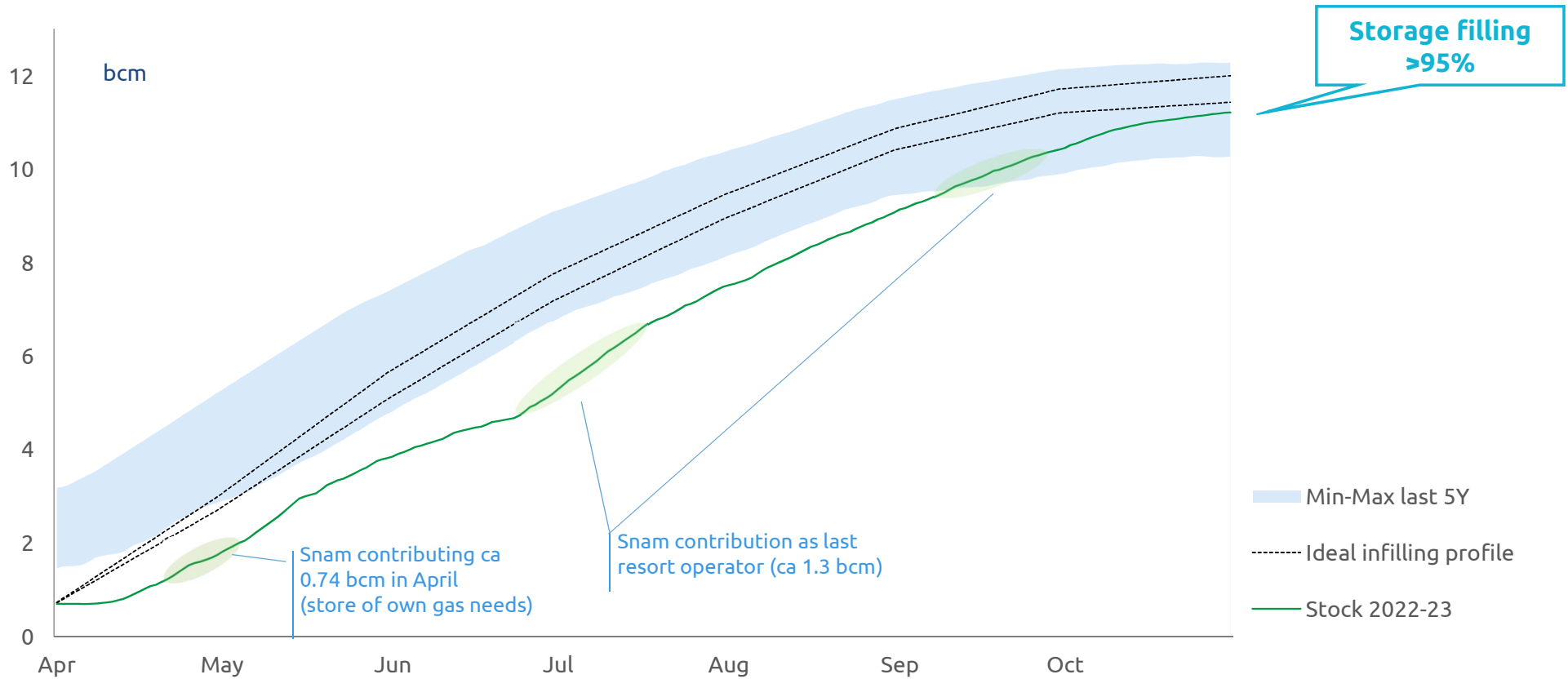


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* Closing by the end of 2023

Supply security: gas storage infilling

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Snam source
* @PCS=10,57275 kWh/Smc

No financial impact, no volume/price exposure for Snam

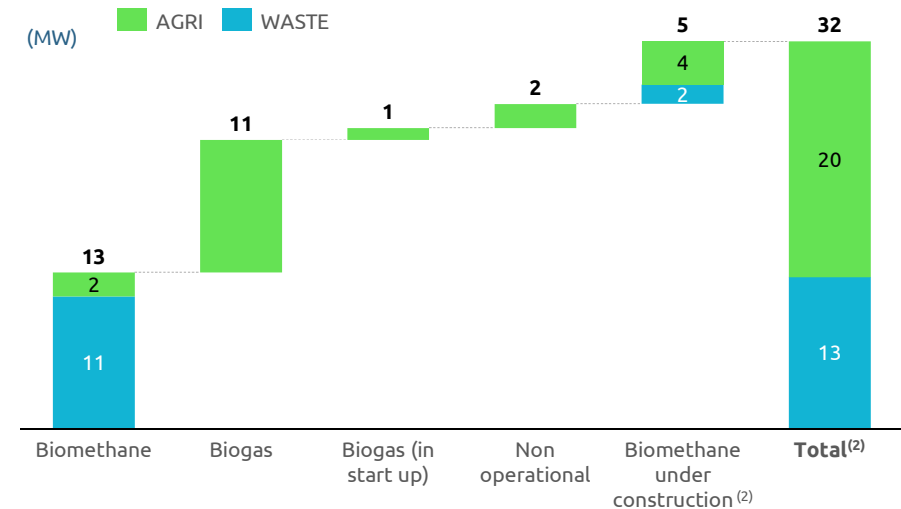
Energy transition: biomethane decree paves the way for investments ramp up

New Biomethane Decree leverage on PNRR and provides visibility

- Dedicated to **new plants or conversions of biogas plants** with entry into operations **by 30/06/2026**
- Duration: **15 years**
- Grant up to **40%** of the investment
- Access to incentives following the award of public competitive procedures in which quotas of production capacity are made available
 - Waste tariff: **62 €/MWh**
 - Agri tariff: **110 €/MWh** ¹
- From the date of publication of public competitive procedure, plants must entry into operations within:
 - 18 months for Agri
 - 24 months for Waste

1) For plants with power above to 0,5 MW
 2) MWe = MW of biogas, MWeq = MW of biomethane

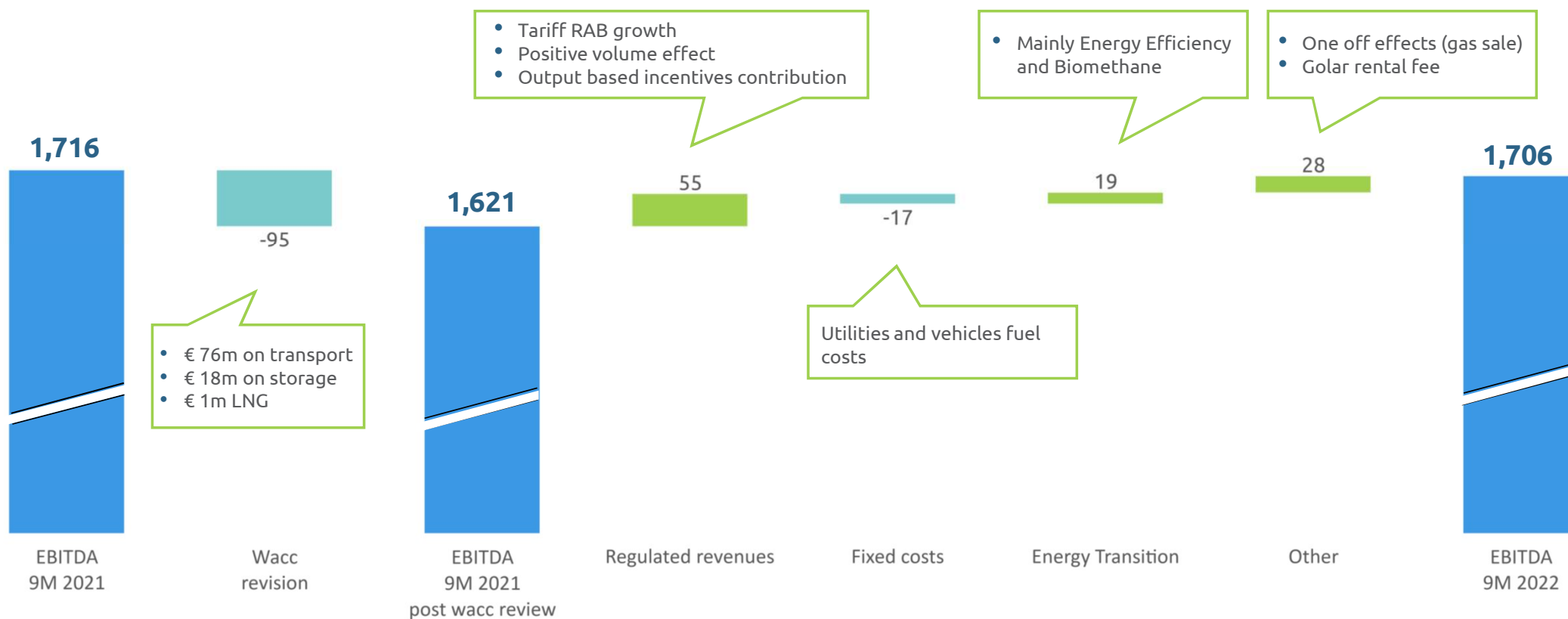
Snam platform as of today



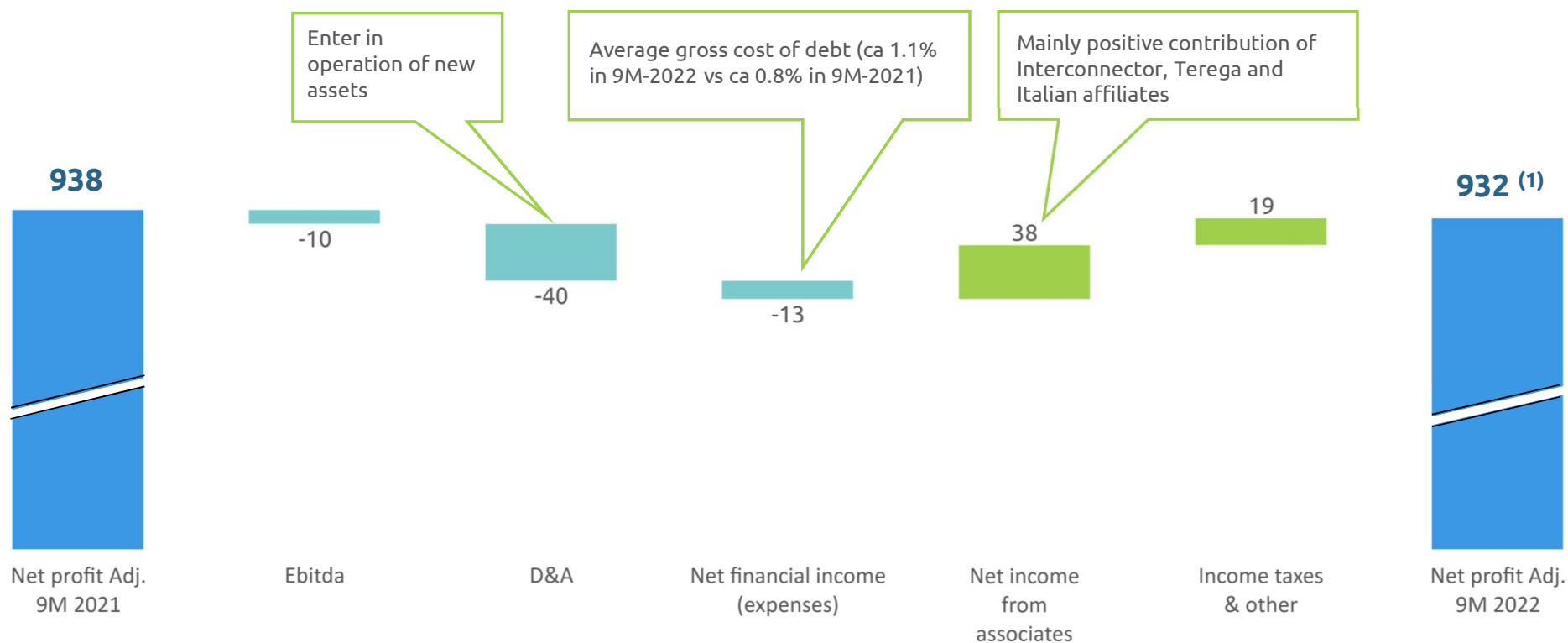
Snam can leverage on:

- An existing portfolio of biomethane assets using both urban and agricultural feedstock
- Biogas plants (9MWe recently added to the portfolio) can be converted further enhancing the growth
- A pipeline of projects at different authorization phase

9M 2022 results: EBITDA analysis



9M 2022 results: Adj Net profit analysis



≥€1.13bn Adjusted Net Profit FY 2022 guidance confirmed

1) €972m Net profit reported including €73m capital gains and other income, -€17m liability management and other items -€21m special items on operating income, net of €5m of fiscal effects

Confirmed y-o-y overperformance of international associates

Y-o-y change in net profit contribution(€m)



- Working beyond contractual capacity covering ca 14% of Italian gas import in 9M-2022
- Additional volumes will not determine additional revenues up to the expansion, whose first binding phase results planned for Q1-2023

+€1 m



- Stronger than expected performance thanks to gas prices differential vs Europe spreads boosting export flows
- Regulatory profit cap to be reached also in 2023 given more than 50% of capacity booking

+€19 m



- Higher revenues due to increased LNG imports and exports to Bulgaria
- Mitigated impact of increase of energy costs thanks to new passthrough mechanism starting from July
- TYDP approved on August with ca 800M€ (vs previous €540m)

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- Business performance in line with expectations
- Asset value regularly reassessed, for accounting purposes, consistently with interest rates scenario

+€2 m



- 2022 results in line with 2021 thanks to long term contracts in place
- Strategic value of the assets thanks to the reverse flow option (e.g. for TAG ca 6.5bcm capacity already booked in reverse flow for thermal year 2022-23 and 2bcm for 2023-25) and its role in the H2 backbone

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- Revenues increase due to higher volume booking between Spain and France and lower financial charges (bonds rollover)
- French overall storage infilling almost at 100%

+€6 m



- Capacity upgrade to 7 bcm ongoing, completion expected by H1-23
- Key infrastructure for maximization of supply to Egyptian LNG export terminals within the ISR-EGY-EU MOU

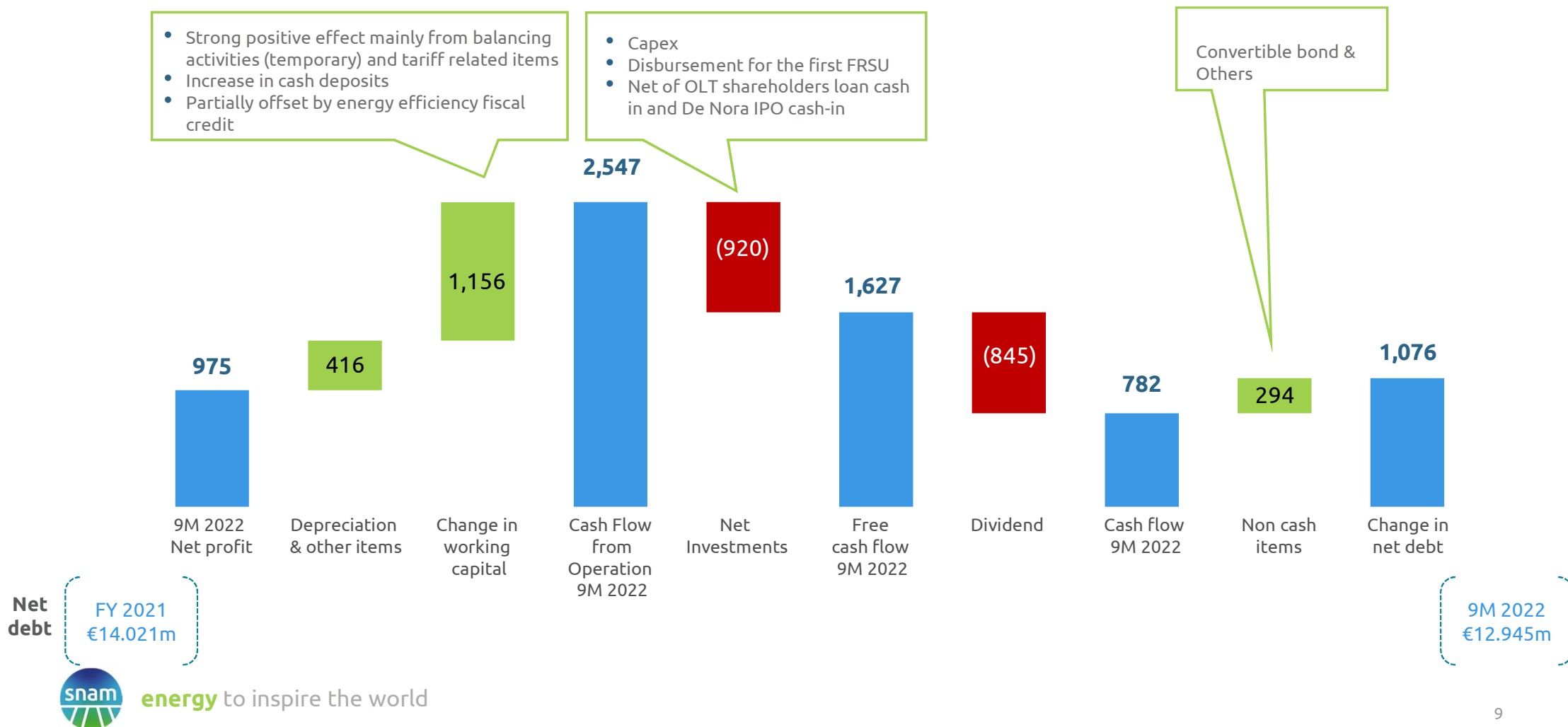
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Cash flow

- Strong positive effect mainly from balancing activities (temporary) and tariff related items
- Increase in cash deposits
- Partially offset by energy efficiency fiscal credit

- Capex
- Disbursement for the first FRSU
- Net of OLT shareholders loan cash in and De Nora IPO cash-in

Convertible bond & Others



Q&A SESSION



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Back up

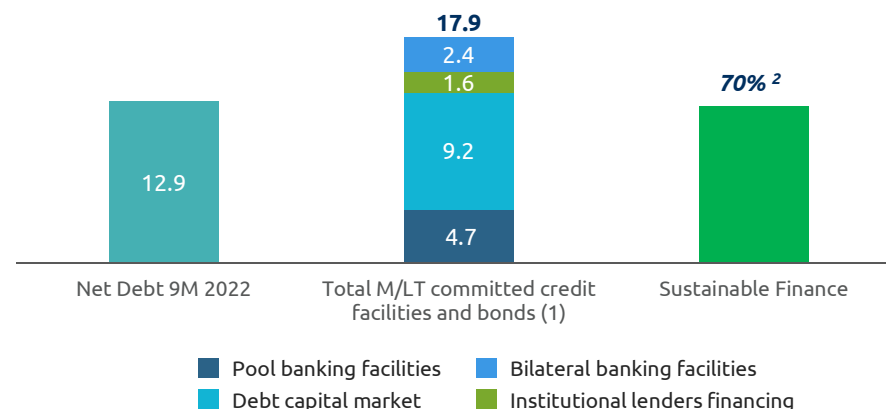


Solid financial structure

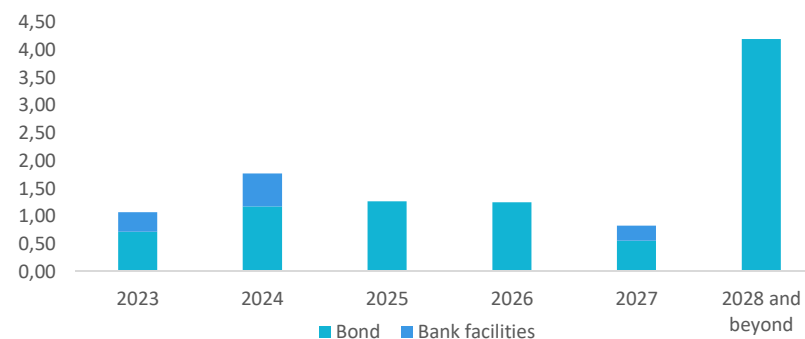
Key Highlights

- **M/L term debt maturity:** ~5,7Y with maturities spread over time
- **~¾ Fix-Floating** in line with our target
- **Funding for the year completed in the 1H2022** locking in still favorable market conditions
 - 1.5bn€ dual-tranche (10Y avg tenor) sustainability linked bond issued in January at an average cost of ca. 1%
 - 1.2bn€ 3Y RCF facilities (>90% ESG linked) secured at competitive costs
- Key factors to limit negative impacts of challenging market environment
 - OLT third party financing reducing outstanding shareholder loan
 - Higher recourse to credit factoring leveraging on strongly rooted relationship with core banks
 - Short term lines and treasury management crucial to manage working capital volatility
- **ca. 2bn€ of banking facilities secured in 2H22** as 2023 pre-funding while benefiting from adequate flexibility to manage current market volatility

Total MLT committed credit facilities and bonds (bn€)



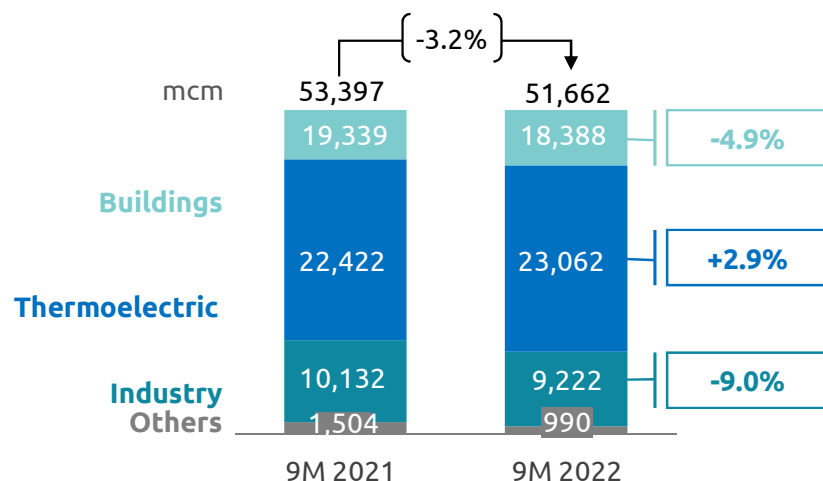
Maturities Profile as of 30 September 2022 (bn€, drawn amount)



1. Excluding uncommitted lines and Commercial Paper; 2. ca.65% including also the temporary dilutive effect of the 2023 prefunding activities

Italian demand and supply in 9M 2022

Italian gas demand 9M 2022



- **Buildings consumption** decline -4.9% due to milder weather (weather adjusted -3.7%)
- **Industry demand** decline 9.0% mainly driven by high gas prices (mainly energy intensive industries)
- **Thermoelectric demand** +2.9% boost by lower hydroelectric production partially replaced by other fossil fuels (mainly coal)

Gas supply in 9M 2022

bcm	9M 2021	9M 2022	Change (bcm)	Change (%)
National production	2.33	2.32	-0.01	-0.4%
Pipelines	45.61	45.59	-0.02	0.0%
Gela	2.45	1.77	-0.68	-27.8%
Mazara del Vallo	15.30	17.33	2.03	13.3%
Passo Gries	1.31	6.32	5.01	382.4%
Tarvisio	21.65	12.45	-9.2	-42.5%
Gorizia	0.02	0.02	0.0	0.0%
Melendugno	4.88	7.7	2.82	57.8%
GNL	7.97	10.13	2.16	27.1%
Adriatic LNG	5.50	5.83	0.33	6.0%
OLT	1.41	2.93	1.52	107.8%
Panigaglia	1.06	1.37	0.31	29.2%



- Lower import from Tarvisio was offset by rising import through TAP, Passo Gries and Mazara del Vallo
- Significant increase of volumes from GNL



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Income Statement Adjusted

[€ mn]	2021 9M	2022 9M	Change	Change %
Revenues	2,334	2,548	214	9.2%
Operating expenses	(618)	(842)	(224)	36.2%
EBITDA	1,716	1,706	(10)	(0.6%)
Depreciation & amortisation	(601)	(641)	(40)	6.7%
EBIT	1,115	1,065	(50)	(4.5%)
Net interest income (expenses)	(76)	(89)	(13)	17.1%
Net income from associates	212	250	38	17.9%
EBT	1,251	1,226	(25)	(2.0%)
Income taxes	(311)	(291)	20	(6.4%)
NET PROFIT BEFORE THIRD PARTIES	940	935	(5)	(0.5%)
Third Parties Net Profit	(2)	(3)	(1)	-
NET PROFIT	938	932	(6)	(0.6%)
EBITDA REPORTED	1,710	1,689	(21)	(1.2%)
EBIT REPORTED	1,109	1,043	(66)	(6.0%)
NET PROFIT REPORTED	1,217	972	(245)	(20.1%)

Revenues

[€ mn]	2021 9M	2022 9M	Change	Change %
Regulated revenues	2,069	2,019	(50)	(2.4%)
Transport	1,657	1,617	(40)	(2.4%)
Storage	397	379	(18)	(4.5%)
LNG	15	23	8	53.3%
Non regulated revenues	20	65	45	-
Total Gas Infrastructure Businesses revenues	2,089	2,084	(5)	(0.2%)
Energy Transition Businesses revenues	245	464	219	89.4%
TOTAL REVENUES	2,334	2,548	214	9.2%

Operating Expenses

[€ mn]	2021 9M	2022 9M	Change	Change %
Gas Infrastructure Businesses costs	373	397	24	6.4%
Variable costs	94	106	12	12.8%
Fixed costs	207	224	17	8.2%
Other costs	72	67	(5)	-
Energy Transition Businesses costs	245	445	200	81.6%
TOTAL COSTS	618	842	224	36.2%

Balance Sheet

[€ mn]	2021	2022 9M	Change	Change %
Net invested capital	21.261	21.012	(249)	(1,2%)
Fixed capital	21.296	21.660	364	1,7%
Tangible fixed assets	17.567	17.936	369	2,1%
Intangible fixed assets	1.167	1.254	87	7,5%
Equity-accounted investments	2.560	2.649	89	3,5%
Other Financial assets	403	175	(228)	(56,6%)
Net payables for investments	(401)	(354)	47	(11,7%)
Net working capital	1	(609)	(610)	-
Receivables	3.756	6.328	2.572	68,5%
Liabilities	(3.755)	(6.937)	(3.182)	84,7%
Provisions for employee benefits	(36)	(39)	(3)	8,3%
Non current assets held for sale	-	-	-	-
Net financial debt	14.021	12.945	(1.076)	(7,7%)
Shareholders' equity	7.240	8.067	827	11,4%



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