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**FY 2021**  
**Consolidated results**

Milan, March 17th, 2022

# Ukraine crisis and recent developments

## Recent developments



- Ukraine crisis not currently impacting gas flows; natural gas currently exempt from sanctions
- EU and Italian gas storage levels sufficient for 2021-22 winter needs
- Russia supplies ca. 150bcm of gas on EU 27 + UK, NO, CH, UA consumption of 490bcm

## RePowerEU



EU published a joint action for more affordable, secure and sustainable energy by 2030. Key points are:

- Mandating filling of storage capacity to 90%
- Solidarity arrangements
- Mitigating retail prices
- Diversification of supply through increasing LNG and pipeline imports (+60bcm)
- Debottlenecking EU grids and networks through “hydrogen-ready infrastructure”
- Accelerating the deployment of >100bcm of renewable gases, of which:
  - 70bcm equivalent of H2, in large part imported from the Mediterranean region, and
  - 35bcm of biomethane
- Accelerating RES and efficiency



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# Implications for Snam

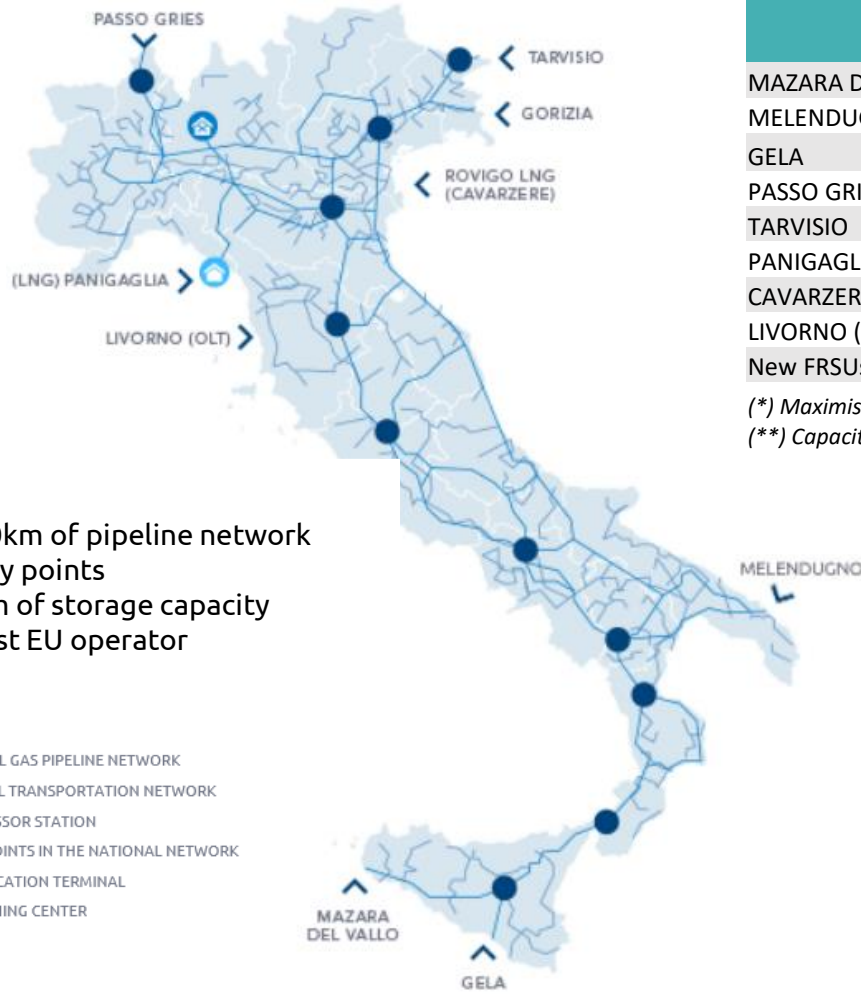


## Impacts on Snam

- Snam has **no direct investment or activity in Russia and Ukraine**
- Regulated revenues have **low exposure to volume risk** (ca ± € 10m max at transport and 100% storage revenues guaranteed)
- Only **1.5%** of Snam transported volumes are shipped by Russian companies, covered by guarantees as per Network Code
- Snam, as infrastructure operator, guarantees the adequacy of the national gas infrastructure and is monitoring the situation.
- New measures to maximise use of gas storage underline centrality of the assets
- Current context, RepowerEU raises the likelihood of new infrastructure requirements including:
  - New FSRUs under a regulated regime
  - IntraEU interconnections (eg project connecting Spanish regassification capacity)
  - Investments to transport increased imports into Europe from the MENA (CH4 and H2)

# Italian gas import capacity has ample flexibility

## Entry points and national infrastructure



- 33000km of pipeline network
- 8 entry points
- 17bcm of storage capacity
- Largest EU operator

- NATIONAL GAS PIPELINE NETWORK
- REGIONAL TRANSPORTATION NETWORK
- COMPRESSOR STATION
- > ENTRY POINTS IN THE NATIONAL NETWORK
- REGASIFICATION TERMINAL
- ⊗ DISPATCHING CENTER



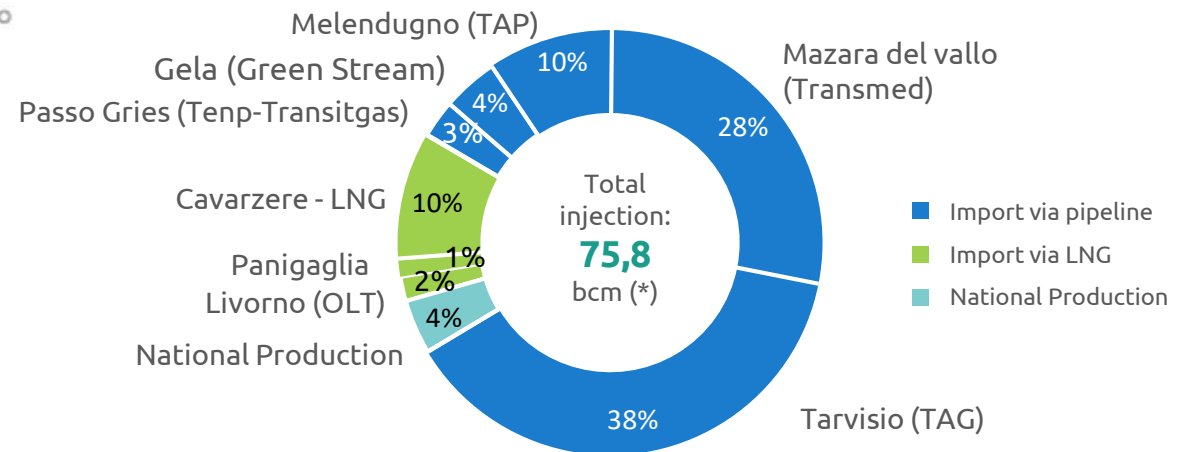
(\*) 2021 data  
Source: Snam Analysis

## Gas supply by entry point, potential capacity

	LAST 3Y average volumes (bcm)	2021 average volumes (bcm)	Technical capacity (bcm)	Pontential additional infrastructures (bcm)
MAZARA DEL VALLO	14,5	21,2	35,9	
MELENDUGNO		7,2	15,4	1.5– 10
GELA	4,5	3,2	15,3	
PASSO GRIESS	7,3	2,1	21,1 (14,3) (**)	
TARVISIO	28,4	29,1	38,5	
PANIGAGLIA	2,0	1,1	3,5	
CAVARZERE (A-LNG)	7,4	7,3	8,0	
LIVORNO (OLT)	2,8	1,4	3,8	
New FRSUs				5+5

(\*) Maximising imports from the first 3 import routes would require debottlenecking of Italian infrastructure  
(\*\*) Capacity AT Passo Gries IP is 21,5 bcm, but due to TENP capacity reduction only 14,3 can reach Italy

## 2021 gas flows by source



**Increasing flows from the South requires accelerating Italian investments**

# Impact on associates

## Potential upsides for assets in the portfolio

- Higher volumes/utilization in the short/medium term (DESFA, Interconnector, TAP and Terega)
- New investments energy infrastructures and interconnections (Spain-France, TAP expansion, LNG terminals and storage)
- Strengthen the strategic role of Italian assets in view of European security of supply

In case of disruption of gas flows from the East, TAG would be the most affected asset given its role of transit route to Italy. In this regard:

- Flows continued with no impact to date
- Standard transport contracts provisions backing shippers' capacity commitments
- Energy costs increase captured by the Austrian regulatory framework.

Possible reduction in gas flows could affect near term profitability, whilst the **strategic value** of these assets remain intact thanks to:

- **Reverse flows** from Italy towards central-eastern Europe (reverse flows capacity already today could cover up to 80% of Austrian demand)
- Acceleration of investment for green gas transportation leveraging on **H2 European backbone following RePower EU**

## Focus on TAG



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**Diversified portfolio with presence along all key Med flows routes  
10% average cash return and 2/3 of invested capital paid back by 2025**

# FY 2021: strong results and strengthened strategic position



## FY 2021 performance

- FY net income adj up 4.6% yoy to **€1,218m**, exceeding €1,170m guidance
  - Strong operating performance
  - Record-breaking cost of debt <1%
  - Associates up 18% yoy
- Capex increased to **€1,270m** (+6.8% yoy) o/w € 173m in digitalization, technology and innovation



## Strengthened position in green transition

- EU **Hydrogen and decarbonized gas package** to create a framework for H2 infrastructures regulation
- **10Y plan** presented to Arera including H2 backbone project now under consultation
- Tests confirmed the **H2 compatibility of storage**
- De Nora filed listing prospectus. **2GWe electrodes manufacturing capacity** and 1GW electrolyzers capacity through Nucera. Secured, through Nucera 2.5GW of green H2 projects
- Agreement with Asja Ambiente Italia for the acquisition of a portfolio of plants and biomethane projects (**8.5 MW** + future acquisition of additional **16MW**)
- Renovit obtained the **B Corp** certification
- First H2 startups awarded in the hyaccelerator program



## Regulatory visibility increased

- FY 2021 gas demand at **76.2bcm** (+6.9% vs LY due to cold weather and economic recovery) further highlights centrality of gas storage
- Wacc review in line with market expectations ensuring long term visibility
- Replied to consultation document on fully depreciated assets published on 23rd of December
- Discussion on possible additional output based incentives on dual fuel compression stations through a profit sharing of potential revenues

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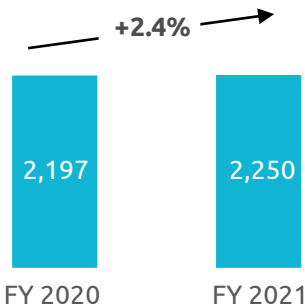


**TSR of 21.4% in 2021 (ca 2x Stoxx Utilies EU)**

# Continuing to deliver growth

## EBITDA adj.

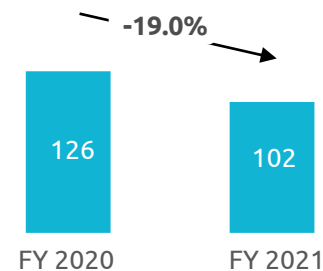
€m



- Tariff RAB growth
- Good contribution from Energy Efficiency offset by slower ramp-up in Biomethane and continuous investments on H2

## Financial charges

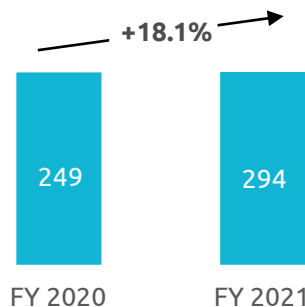
€m



- Lower cost of debt<sup>1</sup> (0.8% in 2021 vs 0.9% LY)
- 60% of sustainable finance

## Income from associates

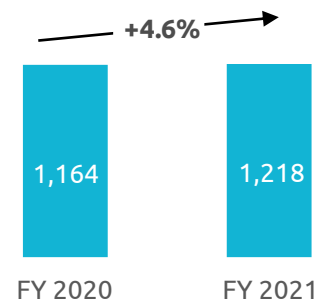
€m



- Perimeter effect (De Nora and Adnoc) and first year of TAP full contribution
- New regulatory period in Austria and lower unitary tariffs in Greece

## Net income adj.

€m



- Stronger than expected performance of associates
- Lower cost of debt

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**FY 2022 net profit guidance at ca €1.1bn <sup>(2)</sup>**  
**Long term growth supported by investment opportunities and inflation**

1. Gross cost of debt

2. Assuming output based incentives at €40m (incentives on fully depreciated assets under discussion), current stake in DeNora)

# Consolidated position in ESG

## Environment

- Increased **ambition on emissions' reduction** despite current challenges – high gas volumes in 2021 led to increased reported CO2 emissions
  - Methane emissions reduction target by 2025 increased to -55% vs 2015
  - First Gas TSO to set a Scope 3 emissions reduction target
  - 159m mcm of biomethane injected in the network in FY21 up 70% yoy
  - Issued bond linked to Scope 1+2 emissions reduction targets
- **Taxonomy**-eligible capex in 2021-25 plan equal to 73%, alignment at 47%
- **Increased growth in green businesses:** 7,2 MScm of biomethane production and 14ktons of CO2e reduced through energy efficiency projects

## Social

- 89.375 hours of **training** carried out with employees
- Launched Ecological and Digital Transition High School with focus on STEM subjects.
- **Diversity**
  - Female executives increased to 22,3%
  - 35% more female new hires vs previous year
  - Generazione Donna project launched, leading 25 companies to take common commitments
- 40,7% procurement spend to **local suppliers**
- 4.562 hours **of volunteering** carried out in our communities

## Governance

- **>40% of BoD time** dedicated to ESG issues
- Non financial reporting 2021:
  - Risks updated taking into account **ESG risks**
  - Deep-dive on **taxonomy and SDGs**
  - Introduction of case studies on **double materiality**
- Awarded "**Oscar di Bilancio**" prize for Large Listed Company category
- New anti-harassment policy

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**Investor and stakeholder roadshows to be rolled out in 2022**  
**ESG scorecard FY 2021 performance details in back up**

ESG POSITION



Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

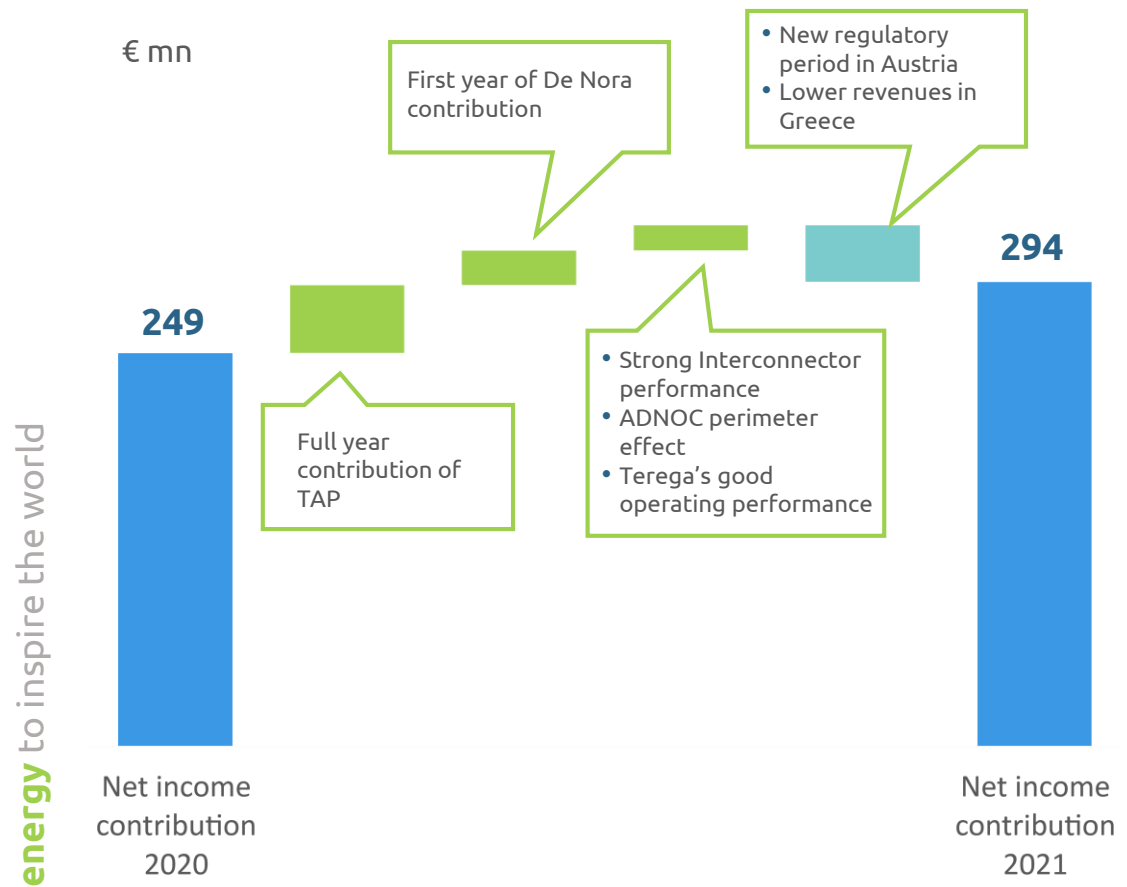


**Gender-Equality Index**  
Invest in a more equal future.

**MIB ESG**



# Another year of strong performance of our associates portfolio



## Key highlights

Strong FY2021 results (€616m revenues and €127m EBITDA, up 43.5% y-o-y) driven by revenue growth in all businesses associated with strict cost control

- Around 10% of the Italian gas demand covered by TAP in 2021 (ca 7 bcm delivered in Italy)
- Contributed to close PSV - TTF spread and enabled export

- Strong performance due to gas prices spreads supporting export flows

- Lower regulatory tariffs and higher energy costs, partially offset by strong gas demand +10%

- Healthy business performance in line with expectations

- New regulatory period (wacc reduction)
- Increase in energy costs (pass-through with time lag)
- TAG reduced by 30% CO2 emissions vs. 2018 (1 year in advance)

- Revenues increase due to higher subscription at Spain connection points and cost control

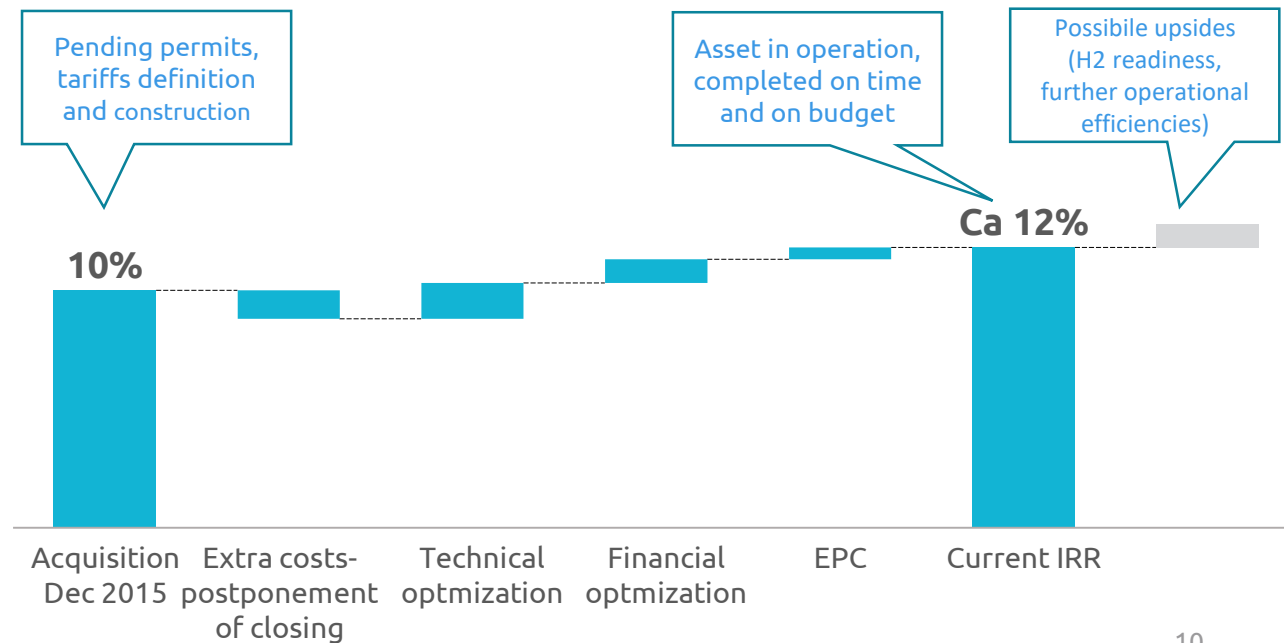


# TAP: Key infrastructure offering a compelling IRR

- TAP is a **key infrastructure that brings** gas from Azerbaijan to Europe, significantly enhancing diversification of supply thanks to **long term contracts** (25-years) providing **10 bcm/y** capacity and additional short term capacity (at least 0,5 bcm/y) to be offered
- Since the entry into operation TAP has contributed to close the TTF – PSV spread allowing export flows from Italy
- Ongoing market test allows to add from **1.5 bcm** to **10 bcm** of transport capacity (in addition to current capacity of 10bcm/y).



- Snam's successful integrated approach to TAP project:
  - Invested capital ca €130m<sup>1</sup>** (20% stake) in 2015
  - Contribution to TAP success providing institutional and technical support with EPCM contract
  - IRR** enhancement over time
  - Ca 55-60m annual** contribution at net income level
  - Inflation linked transport contracts



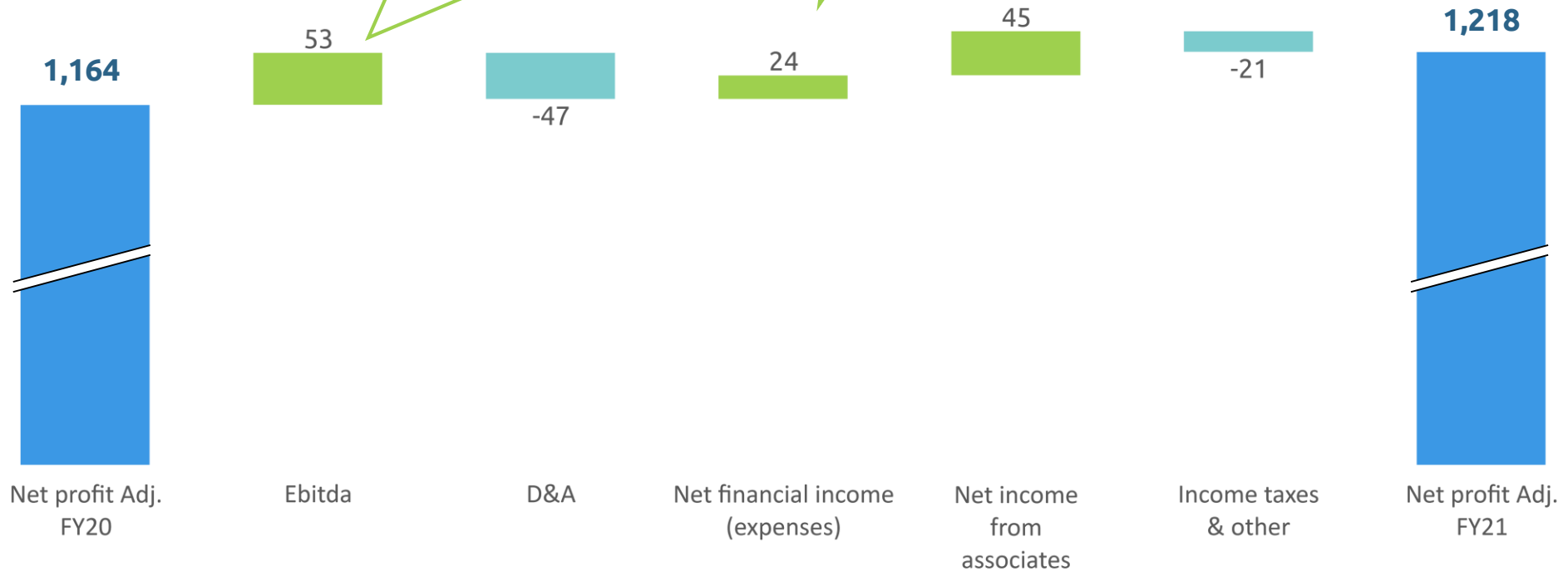
1. Book value of 20% stake in TAP equal to 310 mln at Dec 2021

# 2021 FY results: Net profit analysis

€ mn

- Core business:**
- Tariff RAB growth
  - Positive commodity effect
  - Fixed costs
- New business:**
- Strong Energy Efficiency business offset by slower ramp-up in Biomethane and investment in H2 platform
  - Strong performance of SGS in 2020

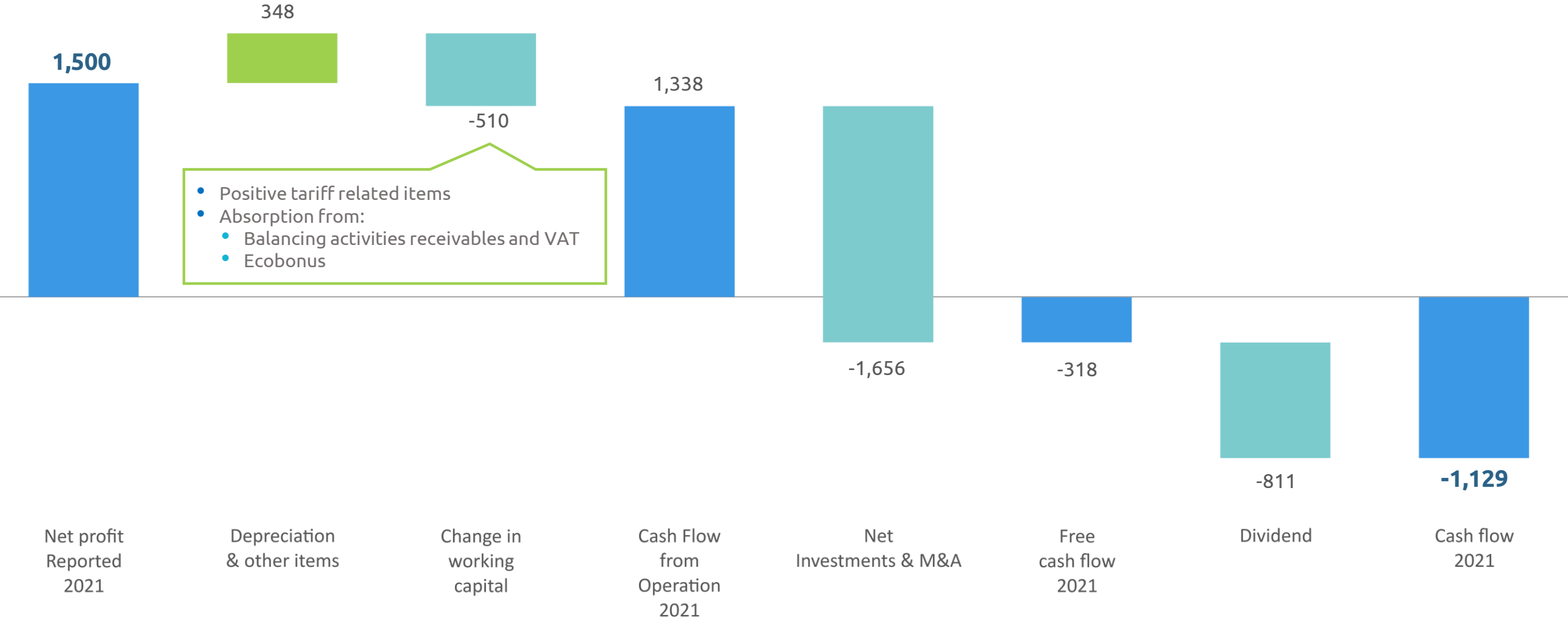
Cost of debt reduction



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# Cash flow



- Positive tariff related items
- Absorption from:
  - Balancing activities receivables and VAT
  - Ecobonus

# Solid financial structure and rising role of sustainable finance

## Key Highlights

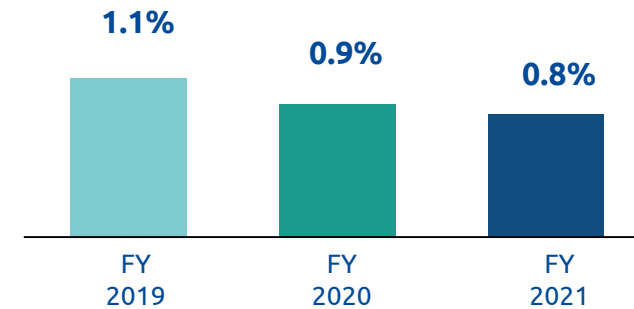
- **M/L term debt maturity:** ~5,5Y with maturities well spread over time
- **~3/4 Fix-Floating** in line with our target
- **Sustainable Finance achieving ca. 60% on total committed funding** furtherly increased in early January '22 thanks to **Inaugural sustainability linked bond for 1.5bn€**
- **Treasury management optimization** exploiting supportive market conditions
- €400m convertible bond expiring on 20th March 96% converted in equity
- **Rating affirmed** after Business Plan 2021-25 presentation by all the agencies and credit metrics well positioned within the thresholds
- **Solid balance sheet** with levers to unlock further **financial flexibility** supporting our vision to 2030

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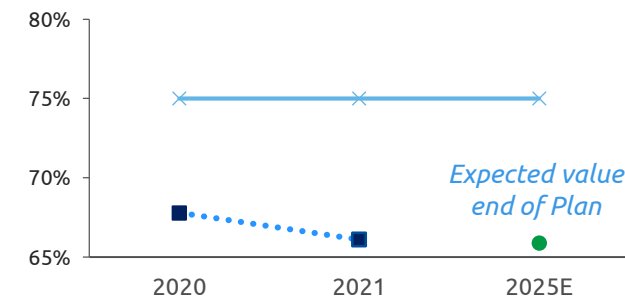


1. Calculated on Gross debt
2. Book value of equity participation as per Moody's calculation
3. Shaded Area consistent with credit metrics inferred from current rating by Moody's and S&P

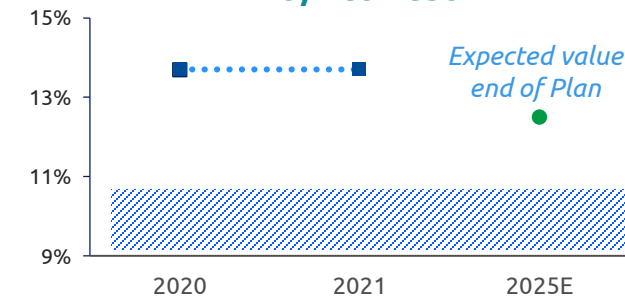
Cost of Debt<sup>1</sup>



Net Debt/(Fixed Assets + BVEP<sup>2</sup>)



FFO/Net Debt<sup>3</sup>



# Snam's 6-year delivery



<b>Net profit:</b>	€845m <sup>(1)</sup>	€1,218 <b>(+44%)</b>
<b>Capex:</b>	€906m	€1,270m <b>(+50%)</b>
<b>EPS:</b>	€0.24	€0.36 <b>(+50%)</b>
<b>DPS:</b>	€0.21	€0.26 <b>(+25%)</b>
<b>Employees:</b>	2,883	3,430
<b>Average age:</b>	50	44
<b>Org. levels:</b>	8	6

## Energy transport and storage

~ **33,000** Km of H2 ready transport network      **17** bcm of storage capacity tests confirmed H2 compatibility

## New businesses



## International portfolio



**>€5bn of cash returned to shareholders through dividends and buybacks**

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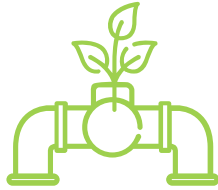


1. Pro-forma adjusted.

# Closing remarks



Industry-leading  
**capabilities**  
and **skills**



Diversified **asset portfolio** with central role in guaranteeing **energy security** and accelerating **energy transition**



Strong  
**track record of delivery**



**Disciplined investment approach**, strong balance sheet and attractive shareholder remuneration



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# Q&A SESSION



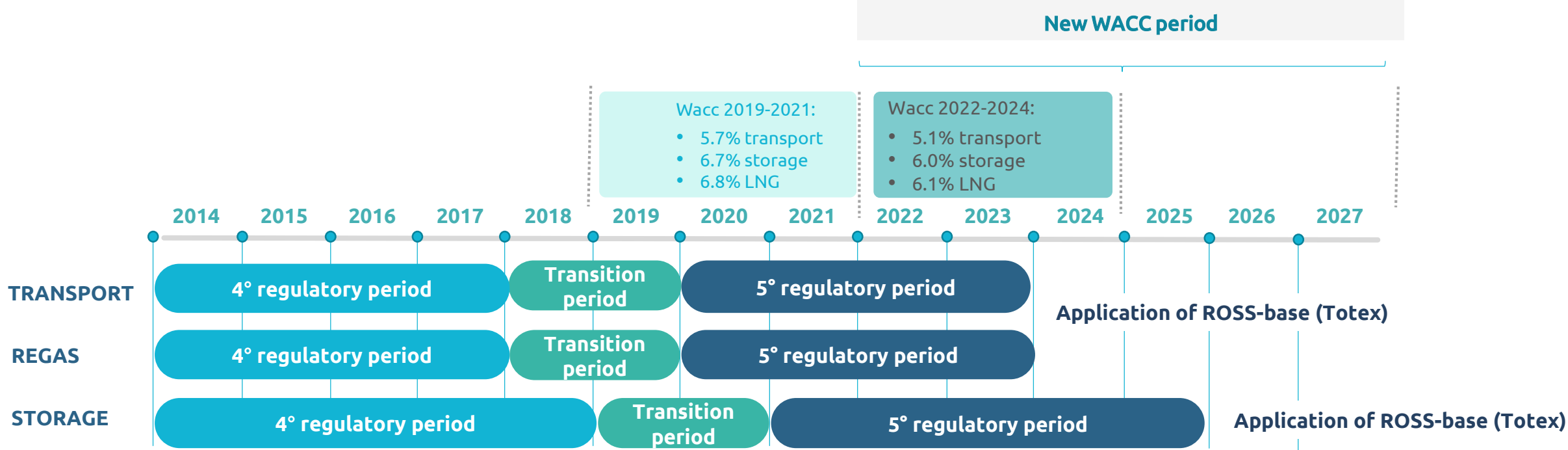
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# Back up



# Stable and visible regulatory framework



- Wacc set for the period 2022-24 broadly in line with market expectations and BP assumptions
- Long term visibility and de-risked WACC: 6Y period, infra-period review every 3Y and possible annual update on a *trigger* base (>50 bps Wacc change)
- Consultation document on **fully depreciated assets**
- Progressive introduction of **output-based incentives**

# ESG Scorecard – 2021 performances



Target reached



Target not reached



## Highlights 2021

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Strictly Confidential

ESG Focus Areas	KPI	Status
Natural Gas Emissions	• Reduction of total natural gas emissions	✓
Energy savings of operational management	• Electricity production by photovoltaic plants retrofit and methane fuelled cars on car fleet	✓
New Business - Green Innovation	• New businesses growth (biomethane, energy efficiency, mobility)	⚠
Land Protection & Biodiversity	• Vegetation restoration of the natural and semi-natural areas involved in the construction of the pipeline routing	✓
Welfare	• Participation in welfare initiatives	✓
Safety	• IpFG (Combined Frequency and Severity Index)	⚠
Gender Diversity	• Women in executive and middle-management roles and in succession planning	⚠
Responsible Supply	• Spending to local suppliers on total non-public procurement and increase third sector suppliers in Vendor List	✓
Local Community Engagement	• Employees involvement in Snam Foundation's initiatives supporting local communities	✓
Governance Functioning and Structure	• Time dedicated by the BoD to ESG matters in strategy meetings and induction sessions	✓
Infrastructure Reliability	• Average annual customer satisfaction rate in terms of service quality and reliability levels on gas supply	✓
Anti-corruption	• Reputational due diligence on third party counterparts	✓

### ENVIRONMENT

- Larger reduction of **natural gas emissions** vs 2021 target (- 28.87%)
- **Higher production of energy from photovoltaic plants** been achieved by year end (950 MWh vs target of >860 MWh) and target on **Retrofit and methane fuelled cars** out of total car fleet has been reached thanks to careful planning of the needs
- Delay in **new businesses ramp up** due to Covid-19 (biomethane, energy efficiency interventions, mobility)
- **Biodiversity target (vegetation restoration)** of the natural and semi-natural areas involved in the construction of the pipeline routing reached

### SOCIAL

- **Employee participation in the welfare initiatives** has been on track and achieved the target (50%)
- The **IpFG index** has been higher than the 5-year average due to 10 injuries this year of which 1 fatality
- The **employee engagement index** was replaced with a smart leadership survey, then it was not possible to compare the ESG Scorecard target
- Great effort in **initiatives for reducing gender diversity**
- The number of **third sector suppliers** approved for our vendor list has been well above the 2021 target
- **New volunteering activities** have been introduced (tutoring STEM, social supply chain, relationship volunteering) that has allowed us to achieve the target despite not in person volunteering

### GOVERNANCE

- **41% of BoD time dedicated to ESG matters**, target achieved (above 40%)
- **99.99% of reliability levels on gas supply** target has achieved also on Q4 2021
- **Reputational due diligence checks** performed on all third parties subject to the procurement process within the period of time considered (for a total amount of 267 counterparties, which should be added to the previous no. 988)
- The **Annual customer satisfaction rate (3-year average)** in terms of service quality has been 8.4, above the expected target value of 7.8

# Income Statement Adjusted

[ € mn ]	2020	2021	Change	Change %
Revenues	2.770	3.297	527	19,0%
Operating expenses	(573)	(1.047)	(474)	82,7%
<b>EBITDA</b>	<b>2.197</b>	<b>2.250</b>	<b>53</b>	<b>2,4%</b>
Depreciation & amortisation	(773)	(820)	(47)	6,1%
<b>EBIT</b>	<b>1.424</b>	<b>1.430</b>	<b>6</b>	<b>0,4%</b>
Net interest income (expenses)	(126)	(102)	24	(19,0%)
Net income from associates	249	294	45	18,1%
<b>EBT</b>	<b>1.547</b>	<b>1.622</b>	<b>75</b>	<b>4,8%</b>
Income taxes	(383)	(400)	(17)	4,4%
<b>NET PROFIT BEFORE THIRD PARTIES</b>	<b>1.164</b>	<b>1.222</b>	<b>58</b>	<b>5,0%</b>
Third Parties Net Profit	-	(4)	(4)	-
<b>NET PROFIT</b>	<b>1.164</b>	<b>1.218</b>	<b>54</b>	<b>4,6%</b>

# Operating Expenses

[ € mn ]	2020	2021	Change	Change %
<b>Core business costs</b>	<b>393</b>	<b>647</b>	<b>254</b>	<b>64,6%</b>
Variable costs	46	210	164	356,5%
Fixed costs	280	289	9	3,2%
Other costs	67	148	81	120,9%
<b>New business costs</b>	<b>180</b>	<b>400</b>	<b>220</b>	<b>122,2%</b>
<b>TOTAL COSTS</b>	<b>573</b>	<b>1.047</b>	<b>474</b>	<b>82,7%</b>

# Revenues

[ € mn ]	2020	2021	Change	Change %
<b>Regulated revenues</b>	<b>2.548</b>	<b>2.869</b>	<b>321</b>	<b>12,6%</b>
Transport	2.028	2.327	299	14,7%
Storage	499	523	24	4,8%
LNG	21	19	(2)	(9,5%)
<b>Non regulated revenues</b>	<b>30</b>	<b>28</b>	<b>(2)</b>	<b>(6,7%)</b>
<b>Total core business revenues</b>	<b>2.578</b>	<b>2.897</b>	<b>319</b>	<b>12,4%</b>
<b>New business revenues</b>	<b>192</b>	<b>400</b>	<b>208</b>	<b>108,3%</b>
<b>TOTAL REVENUES</b>	<b>2.770</b>	<b>3.297</b>	<b>527</b>	<b>19,0%</b>

# Balance Sheet

[ € mn ]	2020	2021	Change	Change %
<b>Net invested capital</b>	<b>19.364</b>	<b>21.261</b>	<b>1.897</b>	<b>9,8%</b>
Fixed capital	20.265	21.296	1.031	5,1%
Tangible fixed assets	17.178	17.567	389	2,3%
Intangible fixed assets	1.125	1.167	42	3,7%
Equity-accounted and other investments	1.923	2.560	637	33,1%
Financial receivables held for operating activities	426	403	(23)	(5,4%)
Net payables for investments	(387)	(401)	(14)	3,6%
<b>Net working capital</b>	<b>(861)</b>	<b>1</b>	<b>862</b>	<b>-</b>
Receivables	1.930	3.756	1.826	94,6%
Liabilities	(2.791)	(3.755)	(964)	34,5%
Provisions for employee benefits	(40)	(36)	4	(10,0%)
Non current assets held for sale	-	-	-	-
<b>Net financial debt</b>	<b>12.892</b>	<b>14.021</b>	<b>1.129</b>	<b>8,8%</b>
<b>Shareholders' equity</b>	<b>6.472</b>	<b>7.240</b>	<b>768</b>	<b>11,9%</b>

# Disclaimer

Luca Oglialoro, in his position as manager responsible for the preparation of financial reports, certifies pursuant to paragraph 2, article 154-bis of the Legislative Decree n. 58/1998, that data and accounting information disclosures herewith set forth correspond to the company's evidence and accounting books and entries.

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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