



# SPAFID

## CONNECT

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*Testo del comunicato*

Vedi allegato.



## 2017-2021 Plan

- **Increased investments of €5bn of which €4.7bn in Italy (+€400m vs previous plan):** focus on pipeline and storage development, maintenance and replacement in Italy, completion of TAP interconnection and CNG infrastructure development
- **Investments in Italy in 2017 of €1bn (€0.9bn in 2016)**
- **RAB growth of 1% a year on average**
- **New services: €150m of cumulated revenues from new asset-light services,** including a €50m project management contract awarded by TAP, and regulated services for gas market balancing
- **Enhanced efficiency plan: over €25m of savings by the end of the plan period** and continuing focus on debt structure optimization, with an expected cost of 2.2% for 2017
- **Contribution from associates: €200m in 2021**
- **Net income growth of 4% a year on average**
- **Dividend policy confirmed with 2.5% growth per year in the 2016-2018 period:** 2018 dividend is a floor for the following years; introduction of *interim dividend* on 2017 dividend

Marco Alverà, Snam CEO, said:

*“Snam is in a unique position to deliver clean, affordable and secure energy to Europe.*

*Our home market benefits from the most extensive gas infrastructure network on the continent, and over the next five years we will invest five billion euro to make the system stronger, more interconnected and more sustainable, significantly contributing to the creation of the Energy Union and providing an effective contribution to the decarbonisation process.*

*We will leverage our leadership in the European infrastructure landscape, our core competencies and our 75 years of experience to provide new services to operators. For example, we have recently concluded a contract to support TAP on the offshore and onshore section in Italy, fully coherent with the strategy of Snam Global Solutions.*

*Cash flow generation will substantially cover our capex plan and attractive dividend policy. Moreover, our robust financial structure will enable us to seize additional opportunities to create value – also through the authorised buyback programme – while confirming our commitment to maintain ratios aligned with our current credit metrics and ratings”.*



London, 7 March 2017 – Snam CEO Marco Alverà today presents the Company's 2017-2021 Plan which was approved yesterday by the Board of Directors, chaired by Carlo Malacarne.

### **5 billion euro to further develop the Italian gas network**

Over the 2017-2021 period Snam will invest 5 billion euro, of which 4.7 billion euro will be deployed to further develop the Italian gas network and its interconnection with the European infrastructure system, and 270 million euro will be invested in TAP, thus enhancing the security, flexibility and liquidity of the overall gas system.

This target will be achieved mainly through the completion of the reverse flow infrastructure, the 55 km-long pipeline that will connect TAP from its landing point onshore in Italy to the existing network, along with the further development of the Fiume Treste storage field.

Snam will also support the roll-out of 300 CNG filling stations throughout Italy. CNG is a prime technology for sustainable mobility as, compared to diesel, it reduces CO<sub>2</sub> emissions by 40% and reduces PM10 particles, the main cause of air pollution, by approximately 90%, with limited infrastructure requirements. Italy is also one of world's best candidates for CNG development.

Within the overall 5 billion euro investment plan, over 200 million euro is earmarked for innovation and new technologies to improve the efficiency of the pipeline network, including remote monitoring of pipelines, real time detection of possible leakages and an augmented reality platform to support operating activities of maintenance and network control. Out of this 200 million euro, 160 million euro qualifies for Italy's "Industry 4.0" incentive scheme, with enhanced amortization and tax savings.

### **Launch of new asset-light services**

Snam also expects a significant contribution to revenues, in the range of 150 million euro cumulated over the plan period, from new asset-light businesses, through the leveraging of existing expertise and competencies within the business. This will comprise mainly regulated services to the Italian market and services for gas operators, delivered through Snam Global Solutions.

In this perspective, a 50 million euro contract has been awarded by TAP for permitting and project management activities. This contract will allow Snam to exploit its capabilities to secure first gas from TAP on time and in line with the budget.



### **Increased efficiency programme**

Snam's efficiency programme, launched during the second half of 2016, is expected to reduce costs by more than 10 million euro in 2017 and more than 25 million euro by 2020.

### **Income from affiliates**

The contribution from affiliates is expected to rise to around 200 million euro in 2021, primarily due to the contributions expected from TAP, GCA and Italgas.

### **Debt structure optimization**

In 2016, Snam made strong progress in its debt structure optimization activities, refinancing a large part of its debt through a liability management exercise to increase average maturity to 5 years and lowering the cost of debt to 2.4% compared to 2.8% in 2015. This exercise will continue to deliver financing cost reductions, bringing down the cost of debt to approximately 2.2% in 2017. The company ended 2016 with a 52% net debt/RAB ratio and is committed to maintaining ratios aligned with the credit metrics implied in its current ratings over the plan period.

### **2017-2021 targets**

Snam's enhanced investments, new initiatives, cost efficiencies, increasing income from associates and reduced financial and fiscal charges will drive robust growth over the plan period. Snam expects consolidated RAB to grow by an average of approximately 1% per year. The RAB including affiliates, which totalled 21.3 billion euro in 2016, is expected to show a similar growth trend.

Operating profits will grow broadly in line with the regulated asset base. Net income growth will be in the region of 4% a year.

In 2017, net income is expected to be approximately 0.9 billion euro and net debt 11.5 billion euro considering the true-up of TAP for 0.3 billion.

Consolidated RAB is expected to total approximately 19.8 billion euro at year end.

### **Additional growth opportunities**

In addition to the 2017-2021 Plan, there are also possibilities for Snam to create value by seizing new market opportunities in Italy and abroad, thus contributing to market integration, security of supply and the process of decarbonisation.

In Italy, Snam will evaluate opportunities related to LNG infrastructure, the methanization of Sardinia and the utilization of natural gas for transports. Outside of Italy, for instance through its presence in France, Snam is ideally positioned to participate in infrastructure projects such as the STEP (former Midcat) pipeline, which would enable a better interconnection between Spain and France. The Company will



also continue to monitor opportunities related to gas infrastructure that may offer interesting perspectives for value creation through meeting Snam's clear investment criteria.

**Attractive dividend policy and shareholder remuneration**

Snam confirms its commitment to an attractive and sustainable shareholder remuneration policy. The dividend is expected to grow by 2.5% a year in the 2016-2018 period. The 2018 dividend is a floor for the following years.

Starting from 2017, an *interim dividend* will be introduced. The Company will propose to the Shareholder Meeting the payment of the *interim dividend* in January 2018, corresponding to 40% of the total 2017 dividend, with payment of the remaining 60% in June.

*The 2017-2021 Plan Update to financial analysts and institutional investors will take place at 3 pm CET (2 pm GMT). The event can be followed by conference call; the support material will be made available online at [www.snam.it](http://www.snam.it), in the Investor Relations section, at the beginning of the conference call. The video webcast of the presentation will also be available in the same section of the website.*

*Pursuant to paragraph 2, article 154-bis of the TUF, the manager in charge of preparing the company's financial reports, Franco Pruzzi, states that the accounting information included in this press release corresponds to documents, accounting ledgers and other records.*

**Disclaimer**

*This press release includes forward-looking statements, particularly referred to the evolution of natural gas demand, investment plans and future management performances. Such statements by their very nature are subject to risk and uncertainty as they depend on the fact that certain events and developments will take place. The actual results may therefore differ from those communicated due to different reasons, such as foreseeable trends in demand, offer and prices of natural gas, general macro-economic conditions, the effect of new energy and environment legislation, the successful development and implementation of new technologies, changes in the stakeholders' expectations and other changes in business conditions.*

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