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Oggetto : Snam: Net Profit 8.3% up in the first quarter  
of 2021

*Testo del comunicato*

Vedi allegato.



## Snam: Net Profit 8.3% up in the first quarter of 2021

- **Total Revenues:** 717 million euros (+5.6% compared to the first quarter of 2020 pro-forma, mainly attributable to the growth in the energy transition businesses);
- **EBITDA:** 559 million euros (+0.7% compared to the first quarter of 2020 pro-forma);
- **Net Profit:** 313 million euros (+8.3% compared to the first quarter of 2020 pro-forma due to higher contributions from associates and to activities carried out to optimise the financial structure);
- **Technical Investments:** 231 million euros (+5% compared with 220 million euros in the first quarter of 2020);
- **Net Financial Debt:** 13,709 million euros (+822 million euros compared to 31<sup>st</sup> December 2020, mainly as a result of the acquisition of equity investments made during the period and the payment of the 2020 interim dividend).

San Donato Milanese (Milan), 12<sup>th</sup> May 2021 - The Board of Directors of Snam met yesterday under the chairmanship of Nicola Bedin and approved the consolidated results for the first quarter of 2021 (unaudited).

Marco Alverà, Snam's CEO, commented: *"Results posted in the first quarter of 2021 confirm Snam's growth path, thanks to the soundness of our core business, and the important contribution from new associate companies such as De Nora. Our work to optimise the financial structure continues through the issuance, in February 2021, of transition bonds for further 750 million euros, whereas our commitment towards sustainable finance is further strengthened by its contribution now representing 50% of the total.*

*We have increased our investments, exceeding 230 million euros in the quarter, thereby contributing to Italy's economic recovery. We are implementing our initiatives in the hydrogen segment - from the certification of the transport network to the launch of new projects - as well as in energy efficiency, biomethane and sustainable mobility to support the ongoing ecological transition and the achievement of domestic and European climate targets. Commitment to the environment and ESG factors, in general, are at the core of our strategies to achieve sustainable success in the interests of all our stakeholders".*



## Summary of results for the first quarter of 2021

In order to allow for a better assessment of Group performance and greater comparability of data, the pro-forma income statement of the first quarter of 2020 has been prepared, assuming as from 1<sup>st</sup> January 2020 the effectiveness of the changes to the Unaccounted-for Gas (UFG) <sup>1</sup> recognition criteria <sup>2</sup> for the fifth regulatory period (2020-2023), as defined by the regulatory authority ARERA with Resolution no. 569/2020/R/gas<sup>2</sup> of December 2020.

### Economic Highlights

(Million euros)	First quarter			Change	% change vs 2020 Pro- forma
	2020 Reported	2020 Pro- forma (*)	2021		
<b>Regulated revenues</b>	656	644	<b>647</b>	3	0.5
<b>New business revenues</b>	30	30	<b>64</b>	34	
<b>Total revenues</b>	691	679	<b>717</b>	38	5.6
<b>Operating costs</b>	124	124	<b>158</b>	34	27.4
<b>EBITDA</b>	567	555	<b>559</b>	4	0.7
<b>EBIT</b>	380	368	<b>359</b>	(9)	(2.4)
<b>Net profit (**)</b>	298	289	<b>313</b>	24	8.3

(\*) For the reconciliation between reported and pro forma data for the first quarter of 2020, please refer to the table on page 11 of this press release.

(\*\*) Entirely attributable to the Parent company shareholders.

### Key financial figures

(Million euros)	First quarter			% change
	2020	2021	Change	
<b>Technical investments</b>	220	<b>231</b>	11	5.0
<b>Fixed capital</b>	19,688	<b>20,870</b>	1,182	6.0
<b>Net financial debt</b>	12,256	<b>13,709</b>	1,453	11.9
<b>Snam Shareholders' equity</b>	6,426	<b>6,821</b>	395	6.1
<b>Market capitalisation</b>	13,744	<b>15,462</b>	1,717	12.5

<sup>1</sup> Unaccounted-for gas (UFG) is the result of the network balance equation. This term represents the non-determinable energy due to measurement uncertainties: it is therefore an accounting "adjustment" that can have a positive or negative value in a non-systematic way.

<sup>2</sup> In July 2020, with Resolution no. 291/2020/R/gas, the Authority initiated a procedure aimed at clarifying the criteria for recognising UFG for the fifth regulatory period (2020-2023), which ended with the publication, on 22<sup>nd</sup> December 2020, of Resolution no. 569/2020/R/gas. This resolution has introduced an incentive mechanism relating to the difference between the UFG recognised in one year and the actual UFG in the same year. In particular, the incentive is calculated by applying a unit amount, equal to 3.3 euros/MWh (3.5 eurocents/standard cubic metres), to the difference between actual and recognised UFG, with a cap equal to the value of the remuneration of the metering service.



### **Total Revenues**

Total Revenues amounted to 717 million euros, an increase of 38 million euros (+5.6%) compared to the first quarter of 2020 pro-forma.

Regulated revenues amounted to 647 million euros, up 3 million euros (+0.5%). The higher revenues resulting from the increase in the RAB of the transportation segment (+10 million euros), due to the contribution from new investments and the higher amortisation/depreciation recognised, were partly absorbed by a temporary reduction in the RAB of the storage segment (-2 million euros), which is expected to increase due to the investments planned in the year, and the lower input-based incentives (-3 million euros).

Revenues from the new energy transition businesses increased by 34 million euros compared with the first quarter of 2020 due to the strong development of energy efficiency activities, particularly in the residential sector, as well as the contribution from Miecì and Evolve, two companies that have entered the consolidation scope at the end of 2020.

### **EBITDA**

EBITDA for the first quarter of 2021 amounted to 559 million euros, an increase of 4 million euros (+ 0.7%), compared to the first quarter 2020 pro-forma, as a result of higher revenues from the core business against operating costs in line with the same period of 2020. As regards the new businesses, the positive contribution from energy efficiency activities was offset by the continuous investments in hydrogen and mobility platforms, a reduction in the contribution from Snam Global Solutions compared to strong results achieved in 2020, a year recording a high concentration of projects, and slower rump up in biomethane.

### **EBIT**

Operating income, in the first quarter of 2021, amounted to 359 million euros, down by 9 million euros (-2.4%) compared with the corresponding pro-forma 2020 figure, due to greater depreciation/amortisation (-13 million euros, 7.0%) resulting primarily from the entry into operation of new assets.

### **Net financial expenses**

Net financial expenses amounted to 25 million euros, down 10 million euros (-28.6%) compared to the first quarter of 2020 pro-forma. The reduction was mainly due to activities carried out to optimise the financial structure and to the positive market conditions, at the cost of a gross debt of 0.8%, despite the greater average debt for the period due to continuous investments as well as De Nora acquisition.

### **Net Income from equity investments**

Net Income from equity investments amounted to 69 million euros, up by 17 million euros (+32.7%), compared with the first quarter of 2020, mainly as a result of the positive contribution from Group's foreign associate companies attributable, in particular, to TAP (+16 million euros), which started operations on 15<sup>th</sup> November 2020, and, from July 2020, to the entry of ADNOC Gas Pipelines into the Group's perimeter, as well as of



Industrie De Nora, finalised in January 2021. These effects were partly offset by the expected lower contribution from Desfa as a result of lower tariffs related to the reduction in the recognised WACC and other regulatory parameters, and TAG.

### **Net Profit**

Net Profit for the first quarter of 2021 amounted to 313 million euros, an increase of 24 million euros (+8.3%), compared to the pro-forma net profit achieved in the first quarter of 2020, as a result of the positive contribution from the associate companies and the optimisation of the financial structure, as well as the benefit from ACE - Aid to Economic Growth<sup>3</sup>.

### **Technical Investments**

Technical Investments in the first quarter of 2021 amounted to 231 million euros (220 million euros in the first quarter of 2020), up by 11 million euros (5%). Investments mainly relate to the natural gas transportation (184 million euros) and storage (31 million euros) segments.

### **Cash Flow**

The positive net cash flow from operating activities (243 million euros) financed a large part of the technical investments for the period (net of payables for investments) for a total of 303 million euros. Taking into account disbursements related to equity investments and repayments concerning financial receivables from OLT, the free cash flow was negative by 528 million euros.

Net Financial Debt, after the Shareholders' equity cash flow (291 million euros), arising from the payment to the shareholders of the 2020 interim dividend (323 million euros)<sup>4</sup> in January 2021, increased by 822 million euros compared to 31<sup>st</sup> December 2020.

In the first quarter of 2021, Snam confirmed its commitment to sustainable finance as a key element of its strategy, through the issuance in February of a dual tranche Transition Bond for a total of 750 million euros, the third Transition issuance in less than a year. These proceeds are intended to finance energy transition projects, the so-called Eligible Projects, as defined in the Transition Bond Framework published on 9<sup>th</sup> June 2020. In addition, the Euro Commercial Paper programme is fully utilised as of 31<sup>st</sup> March 2021 for 2.5 billion issuance. As of the date of this press release, all Commercial Papers issued by Snam are ESG rated.

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<sup>3</sup> The ACE - Aiuto alla Crescita Economica (Aid to Economic Growth) benefit, repealed in 2019 and then reintroduced by the 2020 Budget Law, was recognised starting from the second quarter of 2020.

<sup>4</sup> The total interim dividend from 2020 profits amounted to 326 million euros, of which 323 million euros was paid on 31<sup>st</sup> March 2021 and 3 million euros is still outstanding due to the deferral of the collection as requested by some shareholders.



Finally, in March 2021, as part of the Environmental Finance Bond Awards, Snam's Transition Bond Framework published in June 2020 received the "Award for Innovation - use of proceeds (green bond)", demonstrating the market's recognition of the company's commitment to sustainable finance.

### **Outlook**

The most recent estimates on the evolution of demand for natural gas in Italy for the current year show an increase over 2020, as a result, in particular, of the expected recovery of the industrial production index and to the coldest temperature recorded in the 2021 winter.

The level of the announced investment plan is confirmed, in particular, as regards the core business aimed at supporting Snam's industrial growth.

The activity to optimise the financial structure implemented over the last five years led to a reduction in the average cost of the gross debt from 2.4% in 2016 to an average of 1.2% over the time horizon, as a result of actions implemented to take full advantage of current favourable market conditions and improve the interest rate and credit spread scenario with respect to the previous plan. Further possible savings could result from treasury optimisation, as well as from the additional diversification of the sources and a greater use of sustainable finance instruments.

Regarding the management of the Covid-19 pandemic, Snam continues to focus on measures that will ensure the safety of the personnel working in the control rooms, plants and local offices, and to guarantee regular operations and energy security for the country. While at present the company cannot reliably determine the effects on its targets for 2021 and subsequent years, based on the information available, it anticipates a limited impact with respect to its 2021 objectives, thus confirming the guidance on net profit of 1.170 million euros, including the contribution from De Nora. Any additional further impact on the Group's economic/financial performance, as well as on business development plans, will be evaluated in light of the evolution and duration of the pandemic both in Italy and abroad. The same remarks also apply to possible impacts on development initiatives and on suppliers and clients, as well as for the activities carried out abroad by the Snam Group.



## Key events

- **Hydrogen initiatives:**

On 22<sup>nd</sup> April 2021, Snam4Mobility, a company of the Snam Group active in sustainable mobility, and Woltank Hydrogen, a company of the Austrian Woltank-Adisa Group dedicated to hydrogen and renewable energy production and distribution plants, announced a collaboration aimed at boosting hydrogen mobility through the construction of refuelling stations for cars, buses and trucks.

Moreover, on 22<sup>nd</sup> March 2021, Snam and Mubadala Investment Company, an investor active in global energy transition, signed a Memorandum of Understanding (MoU) with the aim of collaborating on joint hydrogen investment and development initiatives.

- **Renewal of the share buy-back plan**

The Snam Ordinary Shareholders' Meeting, held on 28<sup>th</sup> April 2021, greenlighted, subject to revocation of the resolution to authorise a share buy-back by the Ordinary Shareholders' Meeting on 18<sup>th</sup> June 2020, for the part that remained unexecuted, a share buy-back plan, to be carried out on one or more occasions through one or more primary intermediaries appointed by the Company, for a maximum duration of 18 months from the Shareholders' Meeting, with a maximum disbursement of 500 million euros and up to a maximum limit of shares in portfolio equal to 6.5% of subscribed and paid-up share capital.

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*At 1:30 p.m. CEST today, 12<sup>th</sup> May 2021, a conference call will be held to present the consolidated results for the first quarter of 2021 to financial analysts and investors. It will be possible to follow the event via conference call and all supporting material will be available at [www.snam.it](http://www.snam.it) in the Investor Relations section, concurrently with the start of the conference call. In the same section it will also be possible to follow the presentation via video webcasting.*



## Key operating figures

		First quarter			% change
		2020	2021	Change	
<b>Natural gas injected into the National Gas Transportation Network (a) (b)</b>					
	(billions of m3)	17.06	<b>18.22</b>	1.16	6.8
<b>Gas demand (a)</b>	(billions of m3)	24.01	<b>25.19</b>	1.18	4.9
<b>LNG regasification (a)</b>	(billions of m3)	0.46	<b>0.38</b>	(0,08)	(17.4)
<b>Available storage capacity (a) (c)</b>	(billions of m3)	12.5	<b>12.5</b>		
<b>Natural gas moved through the storage system (a)</b>					
	(billions of m3)	6.38	<b>6.55</b>	0.17	2.7
<b>Employees in service at the period end (d)</b>	(number)	3,026	<b>3,289</b>	263	8.7

- (a) With regards to the first quarter 2021, gas volumes are expressed in standard cubic metres (SCM) with an average higher heating value (HHV) of 38.1 MJ/SCM (10.573 kWh/SCM) for transportation and regasification activities and 39.253 MJ/SCM (10.892 kWh/SCM) natural gas storage for the 2020-2021 thermal year.
- (b) The data for the first quarter 2021 were updated as of 6<sup>th</sup> April 2021. 2020 figures were definitively updated.
- (c) Working gas capacity for modulation, mining and balancing services, fully allocated as of 31<sup>st</sup> March 2021.
- (d) The change includes resources coming from the entry of Mieci and Evolve into the Group's scope of consolidation, and new hires from the market, also for the strengthening of the new energy transition businesses, particularly in biomethane and hydrogen fields.

### Natural gas injected into the National Gas Transportation Network

The volumes of gas injected into the network in the first quarter of 2021 totalled 18.22 billion cubic metres, up by 1.16 billion cubic metres (+6.8%), in line with the increase in demand for natural gas which in March 2020 had shown a decline due to the restrictive measures put in place to contain the Covid-19 infection. The increase in gas demand, recorded in all consumption sectors, is mainly attributable to: (i) the residential and tertiary sectors (+0.67 billion cubic metres; +5.3%) due to the colder temperatures recorded in the quarter, which was characterised by an average daily temperature that was around 0.7°C lower than in the same period of last year; (ii) the industrial sector (+0.30 billion cubic metres, of which 0.25 billion cubic metres were concentrated in March; +6.9%) due to a recovery in the industrial production after the sharp drop in production last year, due to the lockdown measures in March to contain- COVID-19 infection; (iii) the thermoelectric sector (+0.20 billion cubic metres; +3.2%) due to an increase in demand for electricity compared to the first quarter of 2020 impacted by the lockdown measures, as well as the increased use of natural gas in electricity generation. These effects were partly offset by the increase in hydroelectric production and the rise in electricity import flows.

Net of the climate impact, gas demand in temperature-normalised terms was 24.89 billion cubic metres, an increase of 0.58 billion cubic metres (+2.4%), compared with the





corresponding value for the first quarter of 2020 (24.31 billion cubic metres) in line with the trend of strengthening energy efficiency measures.

#### **Regasification of Liquefied Natural Gas (LNG)**

In the first quarter of 2021, 0.38 billion cubic metres of LNG were regasified at the Panigaglia (SP) LNG terminal (0.46 billion cubic metres in the first quarter of 2020) and 7 methane tankers were unloaded, compared with 9 allocated (12 tankers unloaded in the first quarter of 2020, equal to the number allocated).

#### **Natural gas storage**

The storage capacity available as of 31<sup>st</sup> March 2021 (12.5 billion cubic metres, unchanged from 31<sup>st</sup> December 2020) was fully allocated for the 2020-2021 thermal year. The volumes of gas moved in the Storage System in the first quarter of 2021 amounted to 6.55 billion cubic metres, an increase of 0.17 billion cubic metres, (+2.7%), compared with the first quarter of 2020. The increase is mainly attributable to higher withdrawal from storage as a result of colder temperatures in the first quarter of the year compared to the corresponding period in 2020.

#### *Analysis of the Reclassified Statement of Financial Position*

#### **Fixed Capital**

Fixed Capital (20.870 million euros) increased by 610 million euros with respect to 31<sup>st</sup> December 2020, essentially due to: (i) the increase in the contribution from associate companies accounted for using the equity method (+570 million euros) mainly due to the acquisition of 37.47% of Industrie De Nora S.p.a. on 8<sup>th</sup> January 2021, as well as to profits earned in the first quarter of 2021 by associate companies; (ii) the increase in tangible and intangible assets (+50 million euros), including the change in net payables related to investment activities.



### Net financial debt

(Million euros)	31.12.2020	31.03.2021	Change
<b>Bond loans</b>	<b>8,140</b>	<b>8,639</b>	<b>499</b>
- of which short-term (*)	308	593	285
<b>Bank loans</b>	<b>5,273</b>	<b>5,207</b>	<b>(66)</b>
- of which short-term (*)	2,788	2,739	(49)
<b>Euro Commercial Paper - ECP (**)</b>	<b>2,503</b>	<b>2,503</b>	-
<b>Financial liabilities for leased assets (***)</b>	<b>21</b>	<b>22</b>	<b>1</b>
<b>GROSS FINANCIAL DEBT</b>	<b>15,937</b>	<b>16,371</b>	<b>434</b>
Cash and cash equivalents	(3,044)	(2,656)	388
Short-term financial receivables	(5)	(5)	-
Short-term securities held for sale	(1)	(1)	-
<b>NET FINANCIAL DEBT</b>	<b>12,887</b>	<b>13,709</b>	<b>822</b>

(\*) Includes the current portion of non-current financial liabilities.

(\*\*) Entirely short-term.

(\*\*\*) Including non-current lease liabilities (16 million euros) and the current portion of non-current lease liabilities (6 million euros).

The increase in Net Financial Debt by 822 million euros is due to: (i) an increase in bonds (+499 million euros), mainly due to the dual-tranche issuance of the Transition Bond in February 2021, for a total nominal amount of 750 million euros, partly absorbed by the repayment of a bond loan that reached its natural maturity with a nominal value of 259 million euros; (ii) lower cash and cash equivalents (+388 million euros). This effect was partially offset by the reduction in bank loans (-66 million euros) mainly as a result of the repayment of Term Loans for a total nominal value of 700 million euros, partly offset by higher net utilisations of uncommitted credit lines (+650 million euros).

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This press release on the unaudited consolidated results for the first quarter of 2021 is prepared on a voluntary basis in accordance with the methods set forth in Article 82-ter "Additional periodic financial information" of Consob Issuers' Regulation no. 11971 of 14<sup>th</sup> March 1999, as amended, and in continuity with the quarterly information provided by Snam in the past, consistent with the minimum content and time frame set out in the Group Financial Calendar.

*Pursuant to Article 154-bis, paragraph 2 of the TUF, the Officer responsible for the preparation of financial reports, Luca Oglialoro, declares that the accounting information included in this press release corresponds to the documents, accounting ledgers and other records.*

**Disclaimer**

*This press release contains forward-looking statements, in particular, relating to: the evolution in natural gas demand, investment plans and future operating performance. Such statements are, by their very nature, subject to risk and uncertainty as they depend on whether future events and developments take place. Actual results could therefore differ from those announced due to various factors, including: foreseeable natural gas demand evolution, supply and prices evolution, general macroeconomic conditions, the impact of energy and environmental legislation, success in the development and implementation of new technologies, changes in stakeholders' expectations and other changes in business conditions.*



**RECLASSIFIED INCOME STATEMENT and reconciliation between reported income statement with pro-forma income statement for the first quarter of 2020**

(Million euros)	First quarter				Change	% change vs 2020 Pro-forma
	2020 Reported	Effects of resolution no. 569/2020/R/gas	2020 Pro-forma	2021		
<b>Core business revenues</b>	<b>661</b>	<b>(12)</b>	<b>649</b>	<b>653</b>	<b>4</b>	<b>0.6</b>
<b>Regulated revenues</b>	<b>656</b>	<b>(12)</b>	<b>644</b>	<b>647</b>	<b>3</b>	<b>0.5</b>
- Transportation	527	(12)	515	521	6	1.2
- Storage	124		124	121	(3)	(2.4)
- Regasification	5		5	5		
<b>Non-regulated revenues</b>	<b>5</b>		<b>5</b>	<b>6</b>	<b>1</b>	<b>20.0</b>
<b>New business revenues</b>	<b>30</b>		<b>30</b>	<b>64</b>	<b>34</b>	
<b>Total revenues</b>	<b>691</b>	<b>(12)</b>	<b>679</b>	<b>717</b>	<b>38</b>	<b>5.6</b>
<b>Core business costs</b>	<b>(94)</b>		<b>(94)</b>	<b>(92)</b>	<b>2</b>	<b>(2.1)</b>
Fixed costs	(73)		(73)	(71)	2	(2.7)
Variable costs	(16)		(16)	(24)	(8)	50.0
Other costs	(5)		(5)	3	8	
<b>New business costs</b>	<b>(30)</b>		<b>(30)</b>	<b>(66)</b>	<b>(36)</b>	
<b>Total operating costs</b>	<b>(124)</b>		<b>(124)</b>	<b>(158)</b>	<b>(34)</b>	<b>27.4</b>
<b>EBITDA</b>	<b>567</b>	<b>(12)</b>	<b>555</b>	<b>559</b>	<b>4</b>	<b>0.7</b>
Amortisation, depreciation and impairment losses	(187)		(187)	(200)	(13)	7.0
<b>EBIT</b>	<b>380</b>	<b>(12)</b>	<b>368</b>	<b>359</b>	<b>(9)</b>	<b>(2.4)</b>
Net financial expenses	(35)		(35)	(25)	10	(28.6)
Net income from equity investments	52		52	69	17	32.7
<b>Pre-tax profit</b>	<b>397</b>	<b>(12)</b>	<b>385</b>	<b>403</b>	<b>18</b>	<b>4.7</b>
Income tax	(99)	3	(96)	(90)	6	(6.0)
<b>Net profit (*)</b>	<b>298</b>	<b>(9)</b>	<b>289</b>	<b>313</b>	<b>24</b>	<b>8.3</b>

(\*) Entirely attributable to the Parent company shareholders.



## STATEMENT OF COMPREHENSIVE INCOME

(Million euros)	First quarter	
	2020	2021
<b>NET PROFIT (*)</b>	<b>298</b>	<b>313</b>
<b>OTHER COMPONENTS IN THE COMPREHENSIVE INCOME STATEMENT</b>		
Cash flow hedge - effective portion of fair value change	(8)	5
Equity investments accounted for using the equity method - portion of other components of comprehensive income	(14)	28
Tax effect	2	(1)
<b>Total components which are or could be reclassified in profit for the year, net of tax effect</b>	<b>(20)</b>	<b>32</b>
Equity investments accounted for at FVTOCI ("fair value through other comprehensive income")	0	(6)
Tax effect	0	0
<b>Total components which will not be reclassified in profit for the year, net of tax effect</b>	<b>0</b>	<b>(6)</b>
<b>TOTAL OTHER COMPONENTS IN THE COMPREHENSIVE INCOME STATEMENT, NET OF TAX EFFECT</b>	<b>(20)</b>	<b>26</b>
<b>TOTAL COMPREHENSIVE INCOME STATEMENT (*)</b>	<b>278</b>	<b>339</b>

(\*) Entirely attributable to the Parent company shareholders.



## RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Million euros)	31.12.2020	31.03.2021	Change
<b>Fixed capital</b>	<b>20,260</b>	<b>20,870</b>	<b>610</b>
Property, plant and equipment	16,815	16,775	(40)
- of which right-of-use leased assets	21	22	1
Non-current inventories - Compulsory inventories	363	363	
Intangible assets and goodwill	1,125	1,131	6
Investments accounted for using the equity method	1,923	2,493	570
Other financial assets	421	411	(10)
Net payables for investments	(387)	(303)	84
<b>Net working capital</b>	<b>(861)</b>	<b>(277)</b>	<b>584</b>
<b>Liabilities for employee benefits</b>	<b>(40)</b>	<b>(39)</b>	<b>1</b>
<b>NET INVESTED CAPITAL</b>	<b>19,359</b>	<b>20,554</b>	<b>1,195</b>
<b>Shareholders' equity</b>	<b>6,472</b>	<b>6,845</b>	<b>373</b>
- Shareholders' equity pertaining to parent company shareholders	6,469	6,821	352
- Minority interests	3	24	21
<b>Net financial debt</b>	<b>12,887</b>	<b>13,709</b>	<b>822</b>
- of which financial liabilities for leased assets (*)	21	22	1
<b>COVERAGE</b>	<b>19,359</b>	<b>20,554</b>	<b>1,195</b>

(\*) Including non-current lease liabilities (16 million euros) and the current portion of non-current lease liabilities (6 million euros).

## Shareholders' equity

(Million euros)		
<b>Shareholders' equity at 31 December 2020</b>		<b>6,472</b>
- First quarter 2021 Comprehensive income	+	339
Other changes	+	34
<b>Shareholders' equity at 31 March 2021:</b>		<b>6,845</b>
- attributable to Parent company shareholders		6,821
- minority interests		24



## RECLASSIFIED CASH FLOWS STATEMENT

(Million euros)	First quarter	
	2020	2021
<b>Net profit</b>	<b>298</b>	<b>313</b>
<i>Adjusted for:</i>		
- Amortisation, depreciation and other non-monetary components	135	132
- Net capital losses (capital gains) on asset sales and write-offs	1	1
- Dividends, interest and income taxes	128	111
Change in net working capital	144	(312)
Dividends, interest and income taxes collected (paid)	(24)	(2)
<b>Cash flows from operating activities</b>	<b>682</b>	<b>243</b>
Technical investments	(231)	(220)
Technical disinvestments		1
Equity investments	4	(478)
Change in long-term financial receivables	(314)	10
Other changes relating to investment activities	(50)	(84)
<b>Free cash flow</b>	<b>91</b>	<b>(528)</b>
Repayment of financial liabilities for leased assets	(1)	(2)
Change in current and non-current financial liabilities	271	433
Equity cash flow	(424)	(291)
<b>Net cash flow for the period</b>	<b>(63)</b>	<b>(388)</b>

## CHANGE IN NET FINANCIAL DEBT

(Million euros)	First quarter	
	2020	2021
<b>Free cash flow</b>	<b>91</b>	<b>(528)</b>
Change in financial liabilities for leased assets	0	(3)
Equity cash flow	(424)	(291)
<b>Change in net financial debt</b>	<b>(333)</b>	<b>(822)</b>



### **Methodological note**

The economic, equity and financial information has been prepared in accordance with the valuation and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure referred to in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19<sup>th</sup> July 2002. The recognition and measurement criteria adopted in the preparation of the results of the first quarter of 2021 are unchanged from those adopted for the preparation of the 2020 Annual Report, where their description is available for reference.

There were no changes in the scope of consolidation of the Snam Group at 31<sup>st</sup> March 2021 compared to that at 31<sup>st</sup> December 2020. The changes in the scope of consolidation compared to the scope of consolidation at 31<sup>st</sup> March 2020 relate to the acquisition, on 5<sup>th</sup> October 2020, through the subsidiary Renovit S.p.a. (formerly Snam 4 Efficiency), of 70% of two companies active in the energy efficiency sector in Italy, Mieci S.p.a. and Evolve S.p.a.

Given their size, amounts are expressed in millions of euros.

### **Non-GAAP measures**

In addition to the financial parameters required by the IFRS, as part of its management disclosure, Snam is presenting some parameters resulting from the latter, not yet required by the IFRS or by other standard setters (non-GAAP measures).

Snam's management team believes that these measures facilitate the analysis of the performance of the Group and its business segments, ensuring that it is easier to compare the results over a period of time and to enable financial analysts to evaluate Snam's results based on their forecast models.

Non-GAAP financial information must be considered as complementary and does not replace the information prepared in accordance with IFRS.

The content and meaning of non-GAAP outcome measures and other alternative performance indicators is explained by specific explanatory notes, in line with Consob Communication DEM/6064293 of 28<sup>th</sup> July 2006, as amended (Consob Communication No. 0092543 of 3<sup>rd</sup> December 2015 implementing ESMA/2015/1415 guidelines on alternative performance indicators). The following paragraph provides information on the composition of the main alternative performance indicators used in this document, which cannot be directly derived from reclassifications or algebraic sums of conventional indicators in accordance with international accounting standards<sup>5</sup>.

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<sup>5</sup> According to the CESR/05-178b recommendation of October 2005, conventional indicators are all data included in the certified financial statements drafted in compliance with IFRS or within the Balance Sheet, Income Statement, Statement of changes in shareholders' equity, Cash Flows Statement and commentary notes. Please refer to the Glossary for the definition of these items at: [www.snam.it/en/utilities/glossary/](http://www.snam.it/en/utilities/glossary/).



**EBITDA, EBIT and pro-forma net profit**

In view of the changes to the regulatory framework concerning the criteria for recognising CNG, that were introduced in 2020 and applied by Snam starting from the second quarter of 2020, the Non-GAAP measures for the first quarter of 2020 are represented by the pro-forma financial results which assume the effects of these regulatory changes from 1<sup>st</sup> January 2020. To this end, the CNG recognition fees for the first quarter of 2020 have been adjusted to the actual cost incurred in the period.

For more information on the above changes in the regulatory framework, please refer to page 2 “Summary of first quarter 2021 results” of this press release.

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