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Oggetto : Snam: net profit up 3.8% to 325 million  
euros in the first quarter of 2022

*Testo del comunicato*

Vedi allegato.



## Snam: net profit up 3.8% to 325 million euros in the first quarter of 2022

- **Total revenues:** 808 million euros<sup>1</sup> (+14.8% compared with the first quarter of 2021, reflecting growth in our regulated and energy transition businesses);
- **EBITDA:** 588 million euros (+5.2% compared with the first quarter of 2021);
- **Group adjusted net profit:**<sup>2</sup> 325 million euros (+3.8% compared with the first quarter of 2021, reflecting strong operating performance and an increase in the contribution of associates);
- **Capital expenditure:** 223 million euros (231 million euros in the first quarter of 2021);
- **Net financial debt:** 12,620 million euros (14,021 million euros at December 31<sup>st</sup>, 2021), with the decline largely attributable to a temporary variation in working capital connected with balancing activities.

San Donato Milanese (Milan), May 12<sup>th</sup>, 2022 – The Board of Directors of Snam, meeting yesterday under the chairmanship of Monica de Virgiliis, approved the consolidated results for the first quarter of 2022 (unaudited).

**Stefano Venier, Snam's CEO**, remarked:

*"Our first quarter results underscore the sound foundation of Snam's core business, our strong operating performance and the greater contribution of our associates; all factors which contributed to counterbalance effects from the measures of the new regulatory period relating to capital remuneration for the core business. Our transport, storage and regasification infrastructure confirms its key role in the current complex geopolitical environment. For this reason, the entire Snam team is working to take the necessary initiatives to contribute to the security and to support the diversification of energy supply in Italy and in the territories in which we operate, while remaining committed to enabling the energy transition and achieving our carbon neutrality goals, in the interest of all our stakeholders".*

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<sup>1</sup> Net of "energy costs" (cost of gas needed for network operation).

<sup>2</sup> Excluding non-controlling interests.



## Summary of performance in the first quarter of 2022

### Performance highlights

(millions of euros)	First quarter		Change	% change
	2021	2022		
<b>Regulated revenues</b>	647	<b>661</b>	14	2.2
<b>New business revenues</b>	64	<b>127</b>	63	98.4
<b>Total revenues</b>	717	<b>838</b>	121	16.9
<b>Total revenues net of energy costs</b>	704	<b>808</b>	104	14.8
<b>Operating costs</b>	158	<b>250</b>	92	58.2
<b>EBITDA</b>	559	<b>588</b>	29	5.2
<b>EBIT</b>	359	<b>376</b>	17	4.7
<b>Net profit (a) (b)</b>	313	<b>325</b>	12	3.8

- (a) Net profit for the first quarter of 2022 is reported in adjusted form, net of special items represented by financial expense connected with the repurchase of bonds as part of liability management operations (17 million euros; 13 million euros net of tax effects). For more details, please see the section "Non-GAAP measures" on page 14 of this press release. No special items were recognised in the first quarter of 2021.
- (b) Attributable to Snam's shareholders.

### Financial highlights

(millions of euros)	First quarter		Change	% change
	2021	2022		
<b>Capital expenditure</b>	231	<b>223</b>	(8)	(3.5)
<b>Net capital employed at period end</b>	21,261	<b>20,589</b>	(672)	(3.2)
<b>Net financial debt</b>	14,021	<b>12,620</b>	(1,401)	(10.0)
<b>Equity attributable to Snam's shareholders</b>	7,203	<b>7,931</b>	728	10.1
<b>Market capitalisation</b>	15,462	<b>17,536</b>	2,075	13.4

### Total revenues

The total revenues net of energy costs amounted to 808 million euros in the first quarter of 2022, up 104 million euros (+14.8%) on the same period of 2021. The increase is attributable to the growth of our energy transition businesses (+ 63 million euros), notably energy efficiency activities, and the regulated businesses (+41 million euros), due in part to one-off income connected with the sale of past years gas inventories owned by Snam, despite the adverse effect of the reduction of the WACC.

Regulated revenues net of energy costs amounted to 631 million euros, a slight decrease (-3 million euros, or -0.5%) compared with the first quarter of 2021. This reflected the effects of the revision of the WACC starting from January 1<sup>st</sup>, 2022. These effects (a reduction of 32 million euros overall, of which 25 million euros related to the transport



sector and 7 million euros to the storage sector) were partially offset: (i) by an increase in the RAB for transport (+10 million euros, including the effect of lower “input-based” incentives); (ii) an increase in volumes of gas transported (+8 million euros) due to the recovery in domestic consumption and the growth in exports; and (iii) an increase in revenues from “output-based” services (+7 million euros).

Revenues from energy transition businesses amounted to 127 million euros, an increase of 63 million euros compared with the first quarter of 2021, due to the positive contribution of energy efficiency activities, which were driven by strong growth in the residential sector.

#### **EBITDA**

EBITDA for the first quarter of 2022 amounted to 588 million euros, up 29 million euros (+ 5.2%), reflecting, in particular, the strong performance of our regulated businesses (+23 million euros, or 4.1%). The adverse impact of the WACC was more than offset by the increase in revenues generated by the execution of the investment plan, the effects of the gas sale of past years gas owned inventories, the increase in the volume of gas transported and the positive performance of output-based revenues. The EBITDA of the energy transition businesses increased by 6 million euros, mainly due to the positive contribution of energy efficiency activities.

#### **EBIT**

EBIT for the first quarter of 2022 amounted to 376 million euros, up 17 million euros (+4.7%) compared with the first quarter of 2021. The increase in EBITDA reported above was partly offset by an increase in depreciation and amortisation (-12 million euros, or 6.0%), mainly attributable to the entry into service of new assets.

#### **Net financial expense**

Net financial expense amounted to 29 million euros, an increase of 4 million euros (+16.0%) compared with the first quarter of 2021. The increase is mainly attributable to a rise in the average cost of gross debt, which went from 0.8% in the first quarter of 2021 to 0.9% in the corresponding period of 2022. This reflected a decline in the optimisation of treasury operations in view of the substantial decrease in working capital, together with the issue of a dual-tranche sustainability-linked bond in the total amount of 1,500 million euros, with an average maturity of 10 years and a weighted average cost of about 1.0%, slightly higher than Snam’s average borrowing cost.

The issue of this instrument in January in such a substantial amount, before the significant increase in rates in spreads that occurred in the following months, made a major contribution to reducing the funding risk expected for 2022.

#### **Net income from equity investments**

Net income from equity investments amounted to 79 million euros, an increase of 10 million euros (+14.5%) compared with the first quarter of 2021, mainly reflecting the positive contribution of Interconnector Limited (+9 million euros), attributable to an increase in available export capacity fostered by current market conditions and, in



particular, the strong availability of liquefied natural gas in the United Kingdom, with a consequent increase in price competitiveness.

#### **Adjusted net profit**

The adjusted net profit for the first quarter of 2022, net of financial expense connected with the repurchase of bonds as part of liability management operations in January 2022, amounted to 325 million euros, an increase of 12 million euros or 3.8% compared with the corresponding period of 2021. This reflected strong operating performance and an increase in the contribution of associates, partly offset by higher income taxes.

#### **Capital expenditure**

Capital expenditure amounted to 223 million euros in the first quarter of 2022, substantially in line with the 231 million euros posted in the first quarter of 2021. Capex essentially regarded natural gas transport (185 million euros; +1 million euros compared with the first quarter of 2021) and natural gas storage (20 million euros; -11 million euros compared with the first quarter of 2021).

#### **Cash flow**

The positive net cash flow from operating activities (1,731 million euros), mainly attributable to developments in working capital connected with balancing activities, made it possible to fully finance the cash requirements of capital expenditure and equity investments (-308 million euros, net of payables for investments), generating free cash flow of 1,423 million euros.

Net financial debt, including the equity cash flow (344 million euros) connected with the distribution of the 2021 interim dividend to shareholders and non-monetary changes mainly relating to the extinguishment of the convertible bond through the assignment of Snam treasury shares, decreased by 1,401 million euros compared with December 31<sup>st</sup>, 2021.

#### **Outlook**

The most recent projections for the evolution of natural gas demand in Italy this year point to a decline compared with 2021, due in particular to the effect of the increase in energy prices in the industrial sector and for expected warmer temperatures compared with those recorded in 2021.

The optimisation of the financial structure over the past six years lowered the average cost of gross debt to an average of less than 1% in 2021, compared with 2.4% in 2016. Current market conditions and interest rate and credit spreads are expected to impact this level in the remaining part of this year, albeit to a limited extent thanks to the pre-funding and liability management operations concluded at beginning of 2022.

Snam is not active in the Russian market and does not hold investments in Russian companies, including joint ventures.

At the moment, flows from Russia are continuing uninterrupted, but the uncertainty and fear of possible impacts on supply have sparked a significant rise in gas and oil prices.



TAG (joint control) and GCA (associate company) are the foreign associates with the greatest exposure to Russian gas supplies through transport contracts.

With regard to the operational management of ordinary activities and the implementation of the 2022 investment programme, we can confirm that the announced level of expenditure will continue, with particular regard to regulated businesses, in order to support Snam's industrial growth as well as the security of the system.

To date, on the basis of the information available and management estimates, the above situation is expected to have a limited overall impact on our performance and financial position this year. This enables us to confirm the guidance issued for 2022 net profit of about 1.1 billion euros, assuming the stability of the investment in De Nora and the contribution of the Austrian associates and constant gas demand.

### Key events

- **MoU with Enagás for a feasibility study on an offshore pipeline between Spain and Italy**

On May 11<sup>th</sup>, Snam signed a Memorandum of Understanding with Enagás to jointly mandate a technical feasibility study aimed at the potential construction of an offshore pipeline connecting Spain with Italy, which would be beneficial to further diversify energy supply towards our country as well as Europe.

- **Major acquisitions in the biomethane industry**

Following agreements signed in December 2021 for the acquisition from Asja Ambiente Italia S.p.A. of a portfolio of plants and development projects in the field of treatment of OFMSW (organic fraction of municipal solid waste) and the production of biomethane, Renerwaste s.r.l. on March 3<sup>rd</sup>, 2022 Snam, acting through the subsidiary Snam4Environment, completed the acquisition of 100% of Biowaste CH4 Anzio S.r.l. and Biowaste CH4 Foligno S.r.l., owners of plants for the production of biomethane from OFMSW as well as 100% of the share capital of Biowaste CH4 Group s.r.l. a company providing personnel to the plants.

- **Resolution 165/2022/R/Gas "Urgent measures for the provision of storage capacity"**

With Resolution 165/2022/R/Gas, published on April 8<sup>th</sup>, 2022, the Authority applied the decree of the Ministry for the Ecological Transition of April 1<sup>st</sup>, 2022 establishing: (i) a consultation on possible implementation approaches for two-way contracts for differences to be applied to users in order to incentivise the filling of storage facilities; (ii) the application to capacity products with seasonal and monthly injection of a "storage premium" initially equal to 5 euros/MWh. This premium will be applied to shippers' actual gas stocks as at November 1<sup>st</sup>, 2022 and paid to the shipper by the CSEA through SRG; (iii) that Snam Rete Gas shall provision amounts to cover so-called "system gas" (consumption, losses, CNG, delta in-out) and gas for storage technical



consumption for next winter, to be injected into storage by April 2022, through purchases on the GME's AGS platform; (iv) that the costs incurred by Snam Rete Gas to provision gas to be injected in April (paid to GME on a weekly basis) shall be paid through the CSEA by May 2022; (v) that if the CSEA should require liquidity in September 2022, the Authority may require Snam Rete Gas to return in whole or in part the amount received in May to CSEA. In the latter case, Snam Rete Gas may request the financial expense actually incurred within the limit of the borrowing rate implicit in the WACC.

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The Board of Directors reappointed Luca Oglialoro as officer responsible for preparing the financial reports pursuant to Article 154-bis of Legislative Decree 58/1998. He was appointed subject to obtaining a favourable opinion of the Board of Statutory Auditors and in compliance with the expertise requirements provided for in the Articles of Association in accordance with applicable law. Luca Oglialoro's curriculum vitae is available on the website [snam.it](http://snam.it).

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At 3:00 p.m. CET, on May 12<sup>th</sup>, 2022, a conference call will be held to present the consolidated results for the first quarter of 2022 to financial analysts and investors. It will be possible to follow the event via conference call and all supporting documentation will be available at [www.snam.it](http://www.snam.it) in the Investor Relations section from the beginning of the call. The presentation can also be followed through a video webcast in the same section.

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### Key operational highlights

		First quarter			%
		2021	2022	Change	
<b>Natural injected into the National Gas Transportation Network (a) (b)</b>	(billions of m <sup>3</sup> )	18.22	<b>19.46</b>	1.24	6.8
<b>Gas demand (a)</b>	(billions of m <sup>3</sup> )	25.20	<b>25.53</b>	0.33	1.3
<b>LNG regasification (a)</b>	(billions of m <sup>3</sup> )	0.38	<b>0.13</b>	(0.25)	(66.7)
<b>Total storage capacity (a) (c)</b>	(billions of m <sup>3</sup> )	17.0	<b>16.5</b>	(0.5)	(2.9)
<b>Natural gas moved through storage system</b>	(billions of m <sup>3</sup> )	6.55	<b>6.10</b>	(0.45)	(6.9)
<b>Employees in service at period end (d)</b>	(number)	3,289	<b>3,468</b>	179	5.4

(a) For the first quarter 2022, gas volumes are expressed in standard cubic metres (SCM) with an average higher heating value (HHV) of 38.1 MJ/SMC (10.573 kWh/SMC) for transport and regasification and 39.253 MJ/SMC (10.883 kWh/SMC) for natural gas storage for the 2021-2022 thermal year.



- (b) The figure for the first quarter of 2022 is updated to April 19<sup>th</sup>, 2022. The corresponding value for 2021 has been definitively updated.
- (c) Of which 4.5 billion cubic metres of strategic gas and 12.0 billion cubic metres of working gas available for modulation, mineral and balance services. Available storage capacity at March 31<sup>st</sup>, 2022 is that reported to the Authority for the Electricity, Gas and Water System at the start of the 2021-2022 thermal year (of which 89.6% allocated at March 31<sup>st</sup>, 2022).
- (d) Companies consolidated line-by-line. The change reflects the entry of new personnel to strengthen the new businesses connected with the energy transition and changes in the scope of consolidation.

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

The volume of gas injected into the network in the first quarter of 2022 totalled 19.46 billion cubic metres, up 1.24 billion cubic metres, or 6.8%, due to a reduction in recourse to storage in response to the increase in gas demand in Italy and an expansion of exports. Gas demand in the first quarter of 2022 amounted to 25.53 billion cubic metres, posted an increase of 0.33 billion cubic metres, or 1.3%, compared with the corresponding period of 2021. This growth is mainly attributable to the increase in consumption in the thermal generation sector (+0.82 billion cubic metres, or 10.4%) due to an increase in electricity demand, while hydroelectric output and electricity imports declined.

The growth in consumption for thermal generation was offset by a decline in industrial consumption (-0.23 billion cubic metres, or 6.5%), due to the high prices of raw materials and supply difficulties, and in the residential and services sectors (-0.15 billion cubic metres, or 1.1%), reflecting milder weather overall compared with 2021.

Adjusted for climate effects, gas demand was equal to 25.14 billion cubic metres, an increase of 0.20 billion cubic metres (+0.8%) compared with the first quarter of 2021 (24.94 billion cubic metres), in line with the expansion of energy efficiency measures.

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

In the first quarter of 2022, the LNG terminal of Panigaglia (La Spezia) 0.13 billion cubic metres of LNG were regasified (0.38 billion cubic metres in the first quarter of 2021) and 3 LNG carriers were unloaded, equal to the number allocated (7 carriers unloaded in the first quarter of 2021, compared with 9 allocated). The reduction in the volume of activity is attributable to price dynamics and, in particular, the increase in liquefied Algerian gas flows to France and Spain compared with Italy. Beginning in April 2022, this trend reversed, with a consequent increase in carrier unloading and volumes regasified by GNL Italia.

### **Natural gas storage**

The volume of gas handled within the storage system in the first quarter of 2022 amounted to 6.10 billion cubic metres, down 0.45 billion cubic metres, or 6.9%, compared with the first quarter of 2021. The reduction is mainly attributable to a decline in withdrawals from storage as a result of the milder temperatures recorded in the first quarter of the year compared with the corresponding period of 2021.





### *Analysis of the reclassified statement of financial position*

#### **Non-current assets**

Non-current assets (21,456 million euros) increased by 160 million euros compared with December 31<sup>st</sup>, 2021, essentially due to: (i) an increase in equity investments (+124 million euros) mainly attributable to profits achieved in the first quarter of 2022 by associates; and (ii) an increase in property, plant and equipment and intangible assets (+40 million euros, including the change in net payables connected with investment activities).

#### **Financial debt**

(millions of euros)	<b>31.12.2021</b>	<b>31.03.2022</b>	<b>Change</b>
<b>Financial debt and bonds</b>	<b>15,358</b>	<b>14,370</b>	<b>(988)</b>
<i>Current financial debt (a)</i>	<i>4,975</i>	<i>2,863</i>	<i>(2,112)</i>
<i>Non-current financial debt</i>	<i>10,363</i>	<i>11,488</i>	<i>1,125</i>
<i>Lease liabilities (b)</i>	<i>20</i>	<i>19</i>	<i>(1)</i>
<b>Liquidity</b>	<b>(1,337)</b>	<b>(1,750)</b>	<b>(413)</b>
Cash and cash equivalents	(1,337)	(1,750)	(413)
<b>Net financial debt</b>	<b>14,021</b>	<b>12,620</b>	<b>(1,401)</b>

(a) Includes current portion of non-current financial liabilities.

(b) Including non-current lease liabilities (13 million euros) and the current portion of non-current lease liabilities (6 million euros).

The reduction of 1,401 million euros in net financial debt compared with December 31<sup>st</sup>, 2021 is mainly attributable to: (i) a reduction in net issues of Euro commercial paper (-964 million euros); (ii) a decrease in net drawings on uncommitted credit lines (-609 million euros); and (iii) an increase in cash and cash equivalents (-413 million euros). These factors were partly offset by an increase in bonds (+602 million euros). This essentially reflected the issue of a dual-tranche sustainability-linked bond with total nominal value of 1,500 million euros, partly offset by the repayment of two maturing bonds in the total nominal amount of 547 million euros and the repurchase of outstanding bonds in the total nominal amount of 350 million euros.

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This press release on the unaudited consolidated results for the first quarter of 2022 has been prepared on a voluntary basis in accordance with the provisions of Article 82-ter "Additional periodic financial information" of Consob Issuers Regulation no. 11971 of March 14<sup>th</sup>, 1999, as amended, and is consistent with the quarterly reporting provided by Snam in the past and with the minimum content and schedule set out in the Group financial calendar.



*The officer responsible for the preparation of the Company's financial reports, Luca Oglialoro, hereby certifies, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.*

**Disclaimer**

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



## RECLASSIFIED INCOME STATEMENT

(million euros)	First quarter 2021	First quarter 2022		2022 adjusted vs 2021 reported	
	Reported	Reported	Adjusted (a)	Change	% change
<b>Core business revenues</b>	<b>653</b>	<b>711</b>	<b>711</b>	<b>58</b>	<b>8.9</b>
<b>Regulated revenues</b>	<b>647</b>	<b>661</b>	<b>661</b>	<b>14</b>	<b>2.2</b>
- Transport	521	539	539	18	3.5
- Storage	120	116	116	(4)	(3.3)
- Regasification	6	6	6	0	0.0
<b>Non-regulated revenues</b>	<b>6</b>	<b>50</b>	<b>50</b>	<b>44</b>	
<b>New business revenues</b>	<b>64</b>	<b>127</b>	<b>127</b>	<b>63</b>	<b>98.4</b>
<b>Total revenues</b>	<b>717</b>	<b>838</b>	<b>838</b>	<b>121</b>	<b>16.9</b>
<b>Core business costs</b>	<b>(92)</b>	<b>(127)</b>	<b>(127)</b>	<b>(35)</b>	<b>38.0</b>
Fixed costs	(71)	(79)	(79)	(8)	9.9
Variable costs	(24)	(32)	(32)	(8)	33.3
Other costs	3	(16)	(16)	(19)	
<b>New business costs</b>	<b>(66)</b>	<b>(123)</b>	<b>(123)</b>	<b>(57)</b>	86.4
<b>Total operating costs</b>	<b>(158)</b>	<b>(250)</b>	<b>(250)</b>	<b>(92)</b>	58.2
<b>EBITDA</b>	<b>559</b>	<b>588</b>	<b>588</b>	<b>29</b>	<b>5.2</b>
Amortization, depreciation and impairment losses	(200)	(212)	(212)	(12)	6.0
<b>EBIT</b>	<b>359</b>	<b>376</b>	<b>376</b>	<b>17</b>	<b>4.7</b>
Net financial expenses	(25)	(46)	(29)	(4)	16.0
Share of profit (loss) of equity- accounted investments	69	79	79	10	14.5
<b>Profit before tax</b>	<b>403</b>	<b>409</b>	<b>426</b>	<b>23</b>	<b>5.7</b>
Income tax	(90)	(96)	(100)	(10)	11.1
<b>Net profit</b>	<b>313</b>	<b>313</b>	<b>326</b>	<b>13</b>	<b>4.2</b>
- Attributable to Snam's shareholders	313	312	325	12	3.8
- Non-controlling interests		1	1	1	

(a) The values exclude special items.

### Reconciled summary of adjusted results

(million euros)	First quarter			
	2021	2022	Change	% change
<b>Net profit</b>	<b>313</b>	<b>313</b>	<b>0</b>	<b>0.0</b>
Exclusion of special items:		13	13	



- Liability management financial expenses		17	17	
- Income taxes on special items		(4)	(4)	
<b>Adjusted net profit (group and non-controlling interests)</b>	<b>313</b>	<b>326</b>	<b>13</b>	<b>4.2</b>
Non-controlling interests		1	1	
<b>Adjusted Snam shareholders' net profit</b>	<b>313</b>	<b>325</b>	<b>12</b>	<b>3.8</b>

### Statement of comprehensive income

(million euros)	First quarter	
	2021	2022
<b>NET PROFIT</b>	<b>313</b>	<b>313</b>
<b>OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT</b>		
Cash flow hedge – effective portion of fair value change	5	5
Investments valued by the equity method – portion of other comprehensive income components	28	36
Tax effect	(1)	(1)
<b>Total components that are or may be reclassified in the profit for the financial year, net of the tax effect</b>	<b>32</b>	<b>40</b>
Investments valued at FVTOCI (“Fair Value Through Other Comprehensive Income”)	(6)	(6)
<b>Total components that will not be reclassified in the profit for the financial year, net of the tax effect</b>	<b>(6)</b>	<b>(6)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF THE TAX EFFECT</b>	<b>26</b>	<b>34</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>339</b>	<b>347</b>
<i>attributable to:</i>		
- Snam’s shareholders	339	346
- Non-controlling interests		1



### Reclassified statement of financial position

(million euros)	31.12.2021	31.03.2022	Change
<b>Non-current assets</b>	<b>21,296</b>	<b>21,456</b>	<b>160</b>
Property, plant and equipment	17,204	17,162	(42)
- of which right-of-use leased assets	20	20	
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,167	1,201	34
Equity-accounted investments	2,560	2,684	124
Other financial assets	403	399	(4)
Net payables relating to investment activities	(401)	(353)	48
<b>Net working capital</b>	<b>1</b>	<b>(830)</b>	<b>(831)</b>
<b>Liabilities due to employee benefits</b>	<b>(36)</b>	<b>(37)</b>	<b>(1)</b>
<b>NET INVESTED CAPITAL</b>	<b>21,261</b>	<b>20,589</b>	<b>(672)</b>
<b>Equity</b>	<b>7,240</b>	<b>7,969</b>	<b>729</b>
- Attributable to Snam's shareholders	7,203	7,931	728
- Non-controlling interests	37	38	1
<b>Net financial debt</b>	<b>14,021</b>	<b>12,620</b>	<b>(1,401)</b>
- of which financial liabilities on leased assets (*)	20	19	(1)
<b>COVERAGE</b>	<b>21,261</b>	<b>20,589</b>	<b>(672)</b>

(\*) Including non-current lease liabilities (13 million euros) and the current portion of non-current lease liabilities (6 million euros).

### Shareholders' Equity

(million euros)	
<b>SHAREHOLDERS' EQUITY AT 31 DECEMBER 2021</b>	<b>7,240</b>
- First quarter 2022 Comprehensive income	+ 347
- Convertible Bond	+ 381
- Other Changes	+ 1
<b>SHAREHOLDERS' EQUITY AT 31 MARCH 2022</b>	<b>7,969</b>
- Attributable to Snam's shareholders	7,930
- Non-controlling interests	38



## RECLASSIFIED STATEMENT OF CASH FLOWS

(million euros)	First quarter	
	2021	2022
<b>Net profit</b>	<b>313</b>	<b>313</b>
<i>Adjusted for:</i>		
- Amortization and depreciation and other non-cash components	132	136
- Net losses (gains) on asset sales and write-offs	1	1
- Dividends, interest and income taxes	111	138
Change in net working capital	(312)	1,166
Dividends, interest and income taxes collected (paid)	(2)	(23)
<b>Cash flows from operating activities</b>	<b>243</b>	<b>1,731</b>
Capital expenditure	(220)	(215)
Disposals	1	
Investments in consolidated subsidiaries and businesses net of cash and cash equivalent acquired		(30)
Net investments in associates	(478)	(10)
Change in long-term financial assets	10	(1)
Other changes relating to investment activities	(84)	(52)
<b>Free cash flow</b>	<b>(528)</b>	<b>1,423</b>
Repayment of financial liabilities for leased assets	(2)	(2)
Change in short- and long-term financial liabilities	433	(664)
Equity cash flow (a)	(291)	(344)
<b>Net cash flow for the period</b>	<b>(388)</b>	<b>413</b>

## CHANGE IN NET FINANCIAL DEBT

(million euros)	First quarter	
	2021	2022
<b>Free cash flow</b>	<b>(528)</b>	<b>1,423</b>
Convertible Bond		381
Equity cash flow (a)	(291)	(344)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation		(46)
Change in financial liabilities for leased assets	(3)	(1)
Other changes		(12)
<b>Change in net financial debt</b>	<b>(822)</b>	<b>1,401</b>

(a) Includes cash flows deriving from payment of the dividend to shareholders.



### Methodological note

The information on performance and financial position was prepared in accordance with the assessment and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19<sup>th</sup>, 2002. The recognition and assessment criteria adopted in preparing the results for the first quarter of 2022 are unchanged with respect to those adopted in the preparation of the Annual Report 2021, which readers are invited to consult for more information.

There were no changes in the scope of consolidation of the Snam Group at March 31<sup>st</sup>, 2021 compared with that at December 31<sup>st</sup>, 2020. The changes in the scope of consolidation of the Snam Group at March 31<sup>st</sup>, 2022 compared with that at March 31<sup>st</sup>, 2021 and December 31<sup>st</sup>, 2021, regarded: (i) the acquisition, on February 28<sup>th</sup>, 2022, of 85% of Renerwaste Cupello S.r.l., a company involved in the development and subsequent operation of a plant for the production of biomethane from OFMSW; (ii) the acquisition, on March 3<sup>rd</sup>, 2022, of 100% of three companies, of which two that own plants for the production of biomethane from OFMSW (Biowaste CH4 Foligno S.r.l. and Biowaste CH4 Anzio S.r.l.) and a service company (Biowaste CH4 Group S.r.l.).

Taking account of their significance, the values for the items are reported in millions of euros.

### Non-GAAP measures

In addition to the financial measures required under the IFRS, as part of its management reporting Snam uses certain measures derived from the latter although they are not required under the IFRS or by other standard setters (non-GAAP measures).

Snam's management team believes that these measures facilitate the analysis of the Group's performance and business segments, improving the comparability of performance over time and enabling financial analysts to evaluate Snam's results on the basis of their forecast models.

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

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

### Adjusted net profit

Adjusted net profit is obtained by excluding special items from reported net profit (as reported in the statutory income statement format), gross and net of the related taxation respectively. The income components classified as special items in the first quarter of 2022 are represented by the financial expense connected with the repurchase of outstanding bonds as part of the liability management operations completed in January 2022 (17 million euros; 13 million euros net of the related tax effects).

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<sup>3</sup> According to Recommendation CESR/05-178b of October 2005, defined measures include all information reported in audited IFRS financial statements, either on the face of the balance sheet, income statement, statement of changes in equity, cash flow statement or in the notes. For a definition of these measures, please see the Glossary: [www.snam.it/it/utilita/glossario/](http://www.snam.it/it/utilita/glossario/).



No special items were reported for the first quarter of 2021.

**Special items**

Income components are classified under special items, if material, when they: (i) derive from events or transactions whose occurrence is non-recurring or such transactions or events that are not repeated frequently in the normal course of business; (ii) derive from events or transactions that are not representative of normal business operations. The tax effects associated with the components excluded from the calculation of adjusted net profit are determined on the basis of the nature of each excluded income component. The income components deriving from non-recurring transactions pursuant to Consob Resolution no. 15519 of July 27<sup>th</sup>, 2006, where present, are also reported separately in IFRS financial reporting.

**Net financial debt**

Snam calculates net financial debt as the sum of short-term and long-term financial debt, including lease liabilities pursuant to IFRS 16, net of cash and cash equivalents and current financial assets, such as securities held for trading, that are not cash and cash equivalents, or derivatives used for hedging purposes.

In accordance with Consob Communication DEM/6064293 of 2006, as last amended on May 5<sup>th</sup>, 2021, other current financial assets that do not constitute liquidity (for example short-term financial receivables falling due at more than 90 days) are excluded from the calculation of net financial debt.



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