



energy to inspire the world

2022-26 Strategic Plan

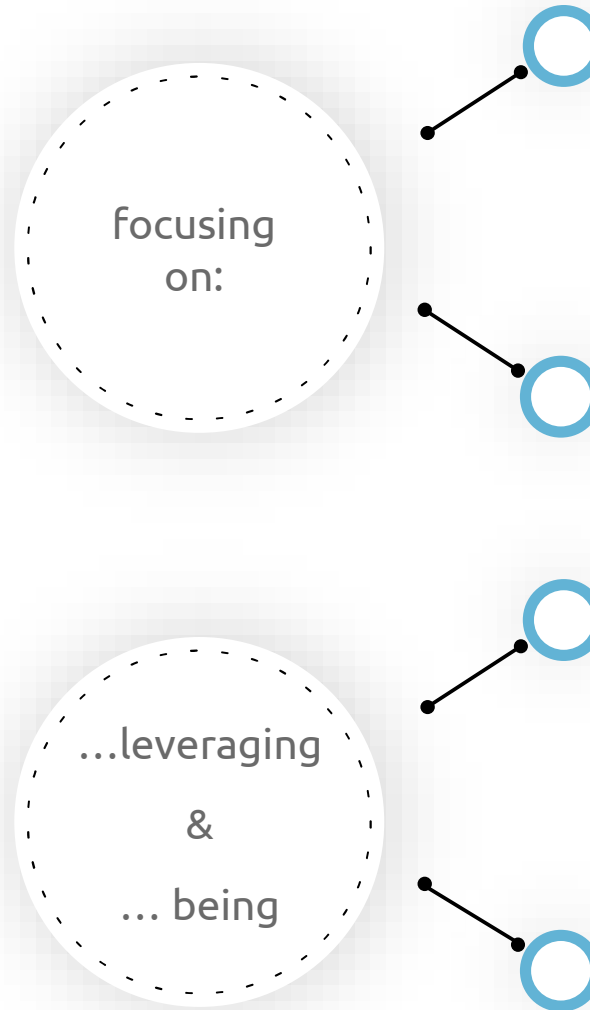
Building a Secure and Sustainable Energy System

19th January 2023

Opening remarks: a new Energy System centricity

In the last year, the world has changed and we have **dealt with the emergency while reinforcing our leadership** in the industry

Reactiveness and Responsiveness allowed to **evolve our strategy** and to effectively put capital to work...



short-term response to the energy crisis

maintaining a **long-term vision**

our assets and distinctive innovation capabilities to shape a **"resilient" Energy System transitioning towards Carbon Neutrality...**

a **sustainable and reliable partner for stakeholders'** during times of high volatility and uncertainty



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Agenda



**Setting
the scene**



Strategic developments
and core priorities



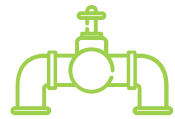
Business Plan
projections



Closing
remarks

Building a secure future from 2022 challenges...

Delivering short-term responses to the energy crisis...



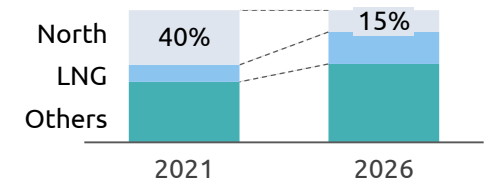
Managed the **reversal of natural gas flows** in our network and supported **gas export** (4.2 bcm)



...while building a “resilient” Energy System for the long-term

Expand **South-North gas transport capacity** strengthening the role of Italy as **corridor** towards European markets

Import, Flow mix



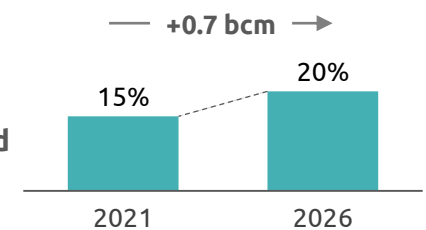
Contributed with 2 bcm in achieving the **gas storage infilling target** (95% by end of Oct)



Increase gas storage **flexibility** and **expand capacity**

Storage capacity

Share storage on gas demand



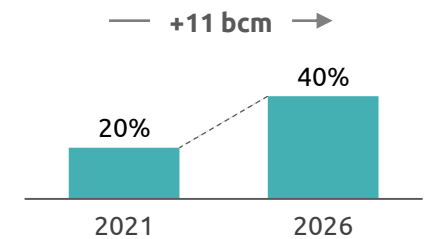
Contracted **2 FSRUs** and **completed the authorization** process in record time



Rebalance and diversify sourcing mix

LNG capacity

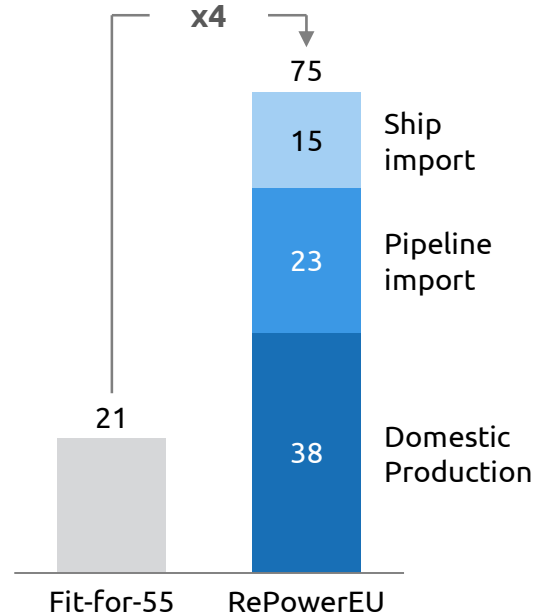
Share LNG on gas demand



...consistent with where we are heading to

Infrastructure and import essential to achieve hydrogen targets

EU H2 demand targets by 2030, bcm eq

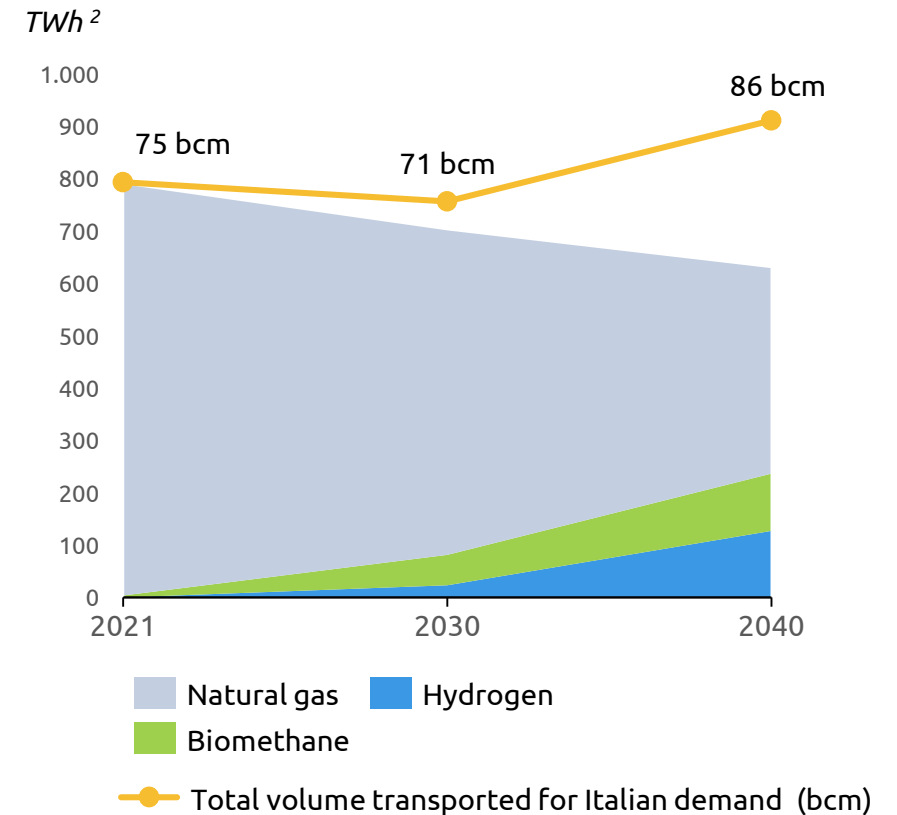


Repower EU H2 import corridors by 2030



Potential impact of green gases on volumes shipped

Italian demand & gas shipped¹



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Source: European Commission "Implementing the RePowerEU action plan: investment needs, hydrogen accelerator and achieving the bio-methane target".

1. Snam Terna - Global Ambition scenario. 2. Conversion factor: 1bcm eq of natural gas equal to 10.6 TWh.



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Agenda



Setting the scene



Strategic developments and core priorities



Business Plan projections



Closing remarks

System needs: addressing the energy trilemma

SYSTEM NEEDS

Security of Supply

Develop the **gas value chain infrastructure** to enhance resilience through flexibility and adequate sizing

Sustainability

Accelerate **energy transition** through green and low-carbon gases development

Affordability

Ensure energy cost-competitiveness through **innovation efforts and efficiency initiatives**



Snam actions: Three major areas to deliver on core objectives

SNAM ACTIONS

Gas Infrastructure

- **LNG** import: New FRSUs
- **Network** development: Adriatic Line
- **Storage**: pressure optimization & Alfonsine field
- Strengthen **interconnections**: reverse flow and corridor
- **Small Scale mid-stream LNG**

greenture

Energy Transition Platform

- **Biomethane**: >100MW target
- **Energy Efficiency**: diversify growth
- **CCS** ecosystem: Italy and UK
- **H2** projects: focus on delivery

bioenerys

renovit

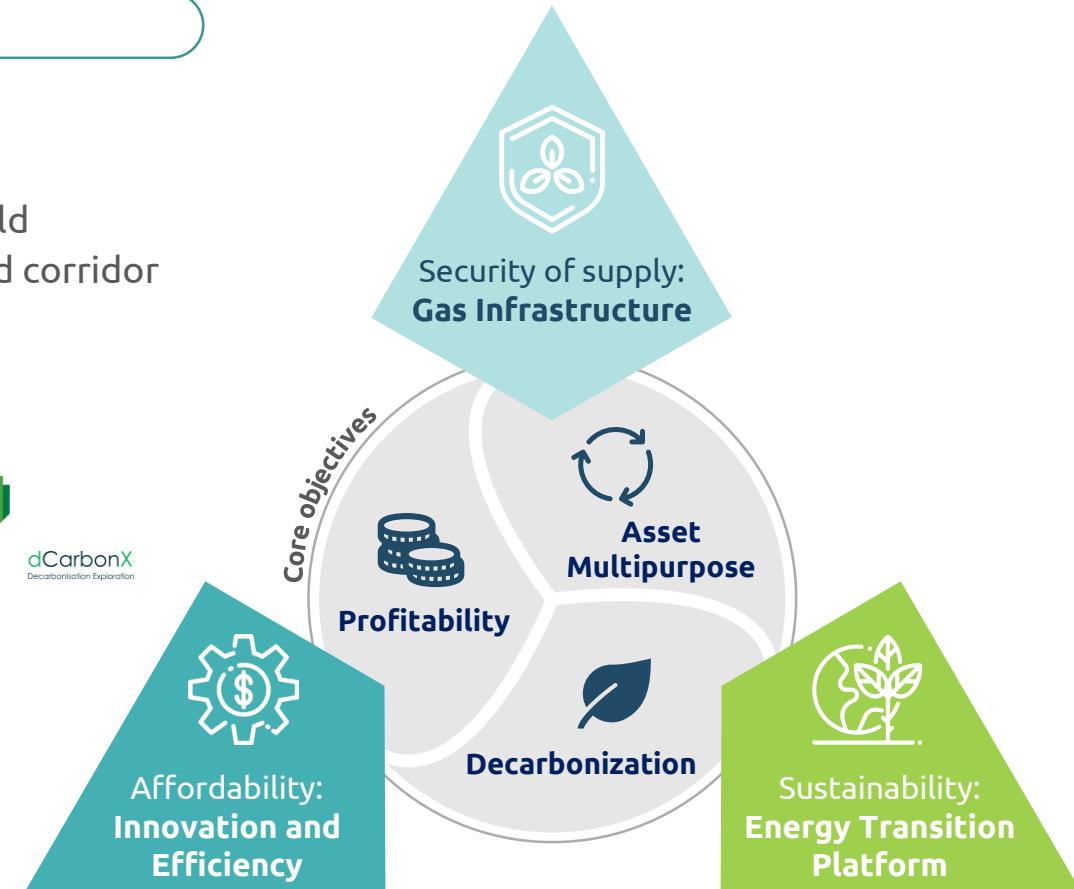
STOREGGA

dCarbonX
Decarbonisation Exploration

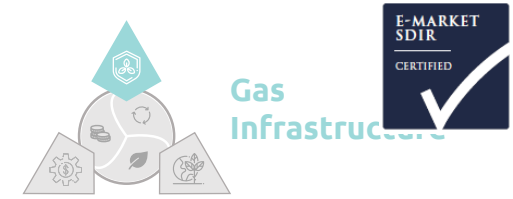
Innovation and Efficiency

- **SnamTEC**: >50 active projects
- Focus on costs efficiency, preparing for ROSS*
- Flexibility & effectiveness for output based incentives

*ROSS: new regulation based on total expenditure (capex + opex)



Building a more resilient and future-proof Energy System



From...

**'21-'25
Capex
Plan**

€6.9bn

Sourcing mix

FSRUs

Capex: **1.3bn€** in 2022-26 Plan
Commissioning in 2023 and 2024



South/North capacity

Adriatic Network and reverse flow

Capex: **0.9bn€** in 2022-26 Plan
Commissioning by the end of 2027



- Adriatica Network accomplished
- Adriatica Network to be built
- Compressor plant
- Natural gas flows

Storage capacity

Pressure & Alfonsine storage field

Capex: **0.05bn€** in 2022-26 Plan
ca 1bn€ to reach full capacity ca2bcm



...To

**'22-'26
Capex
Plan**

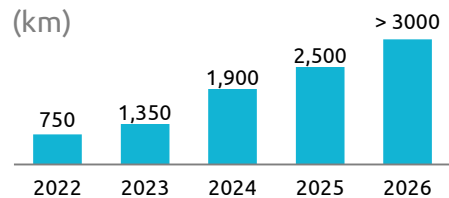
€9bn

Asset transition: From hydrogen asset readiness...



~ 33k km of H2 ready pipelines

- **99%** of the **network** is ready to transport 100% H2 ¹ o/w **70%** with **no or limited reductions** on max operating pressure
- **Roadmap** to obtain certification by



Compression stations

On field tests with **H2-NG blending** mix up to 10% on key Gas Turbines (>50% installed GT)



~17 bcm of storage capacity

- **Verified the possibility of storing up to 100% H2** in a lab test unit (2 fields)
- **Detailed engineering for deeper layer of F. Treste field** to be completed by **June 2023**
- **Industrial-scale tests** on tubular material, wellhead & downhole valves planned in 2023



Gas Metering & other component

- Coordinating a **project** focusing on the **metering** ability to accurately measure H2NG mixtures
- **H2 ready gas chromatographs to be installed from Q1-23** at key foreign interconnections



Final users

- **Joint initiative with ENEA and DSOs** to assess the H2 blend readiness of the whole infrastructure chain, down to residential users
- **HyTecHeat**, EU research project aimed at adopting hybrid heating technology (based on NG with progressive H2 utilization) in downstream

Plan on track for assets repurposing



1. Based on Option A of ASME B31.12.

...to the future multi-molecule Energy System



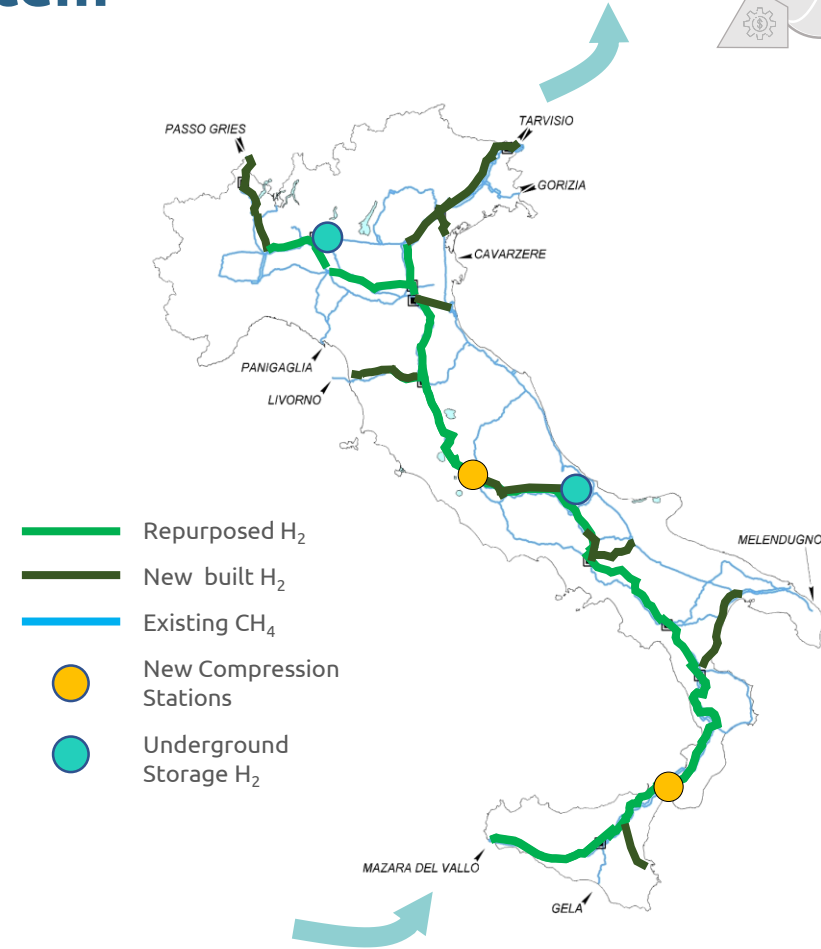
H2 BACKBONE

- **€4bn** cumulated capex throughout 2030-32 to serve Italian market demand (+ upside from export)
- **2300km** of H2 network o/w 70% repurposed
- **Up to 500MW** compression stations to enable export

H2 STORAGE

- **€3bn** cumulated capex to 2030-35 (seasonal and intra-day)
- **1.5 bcm** of capacity
- One new site and reconversion of one existing field

Decarbonized gas and H2 package promoting a regulated model



Accelerating Energy Transition by fostering the scale-up of green gas...

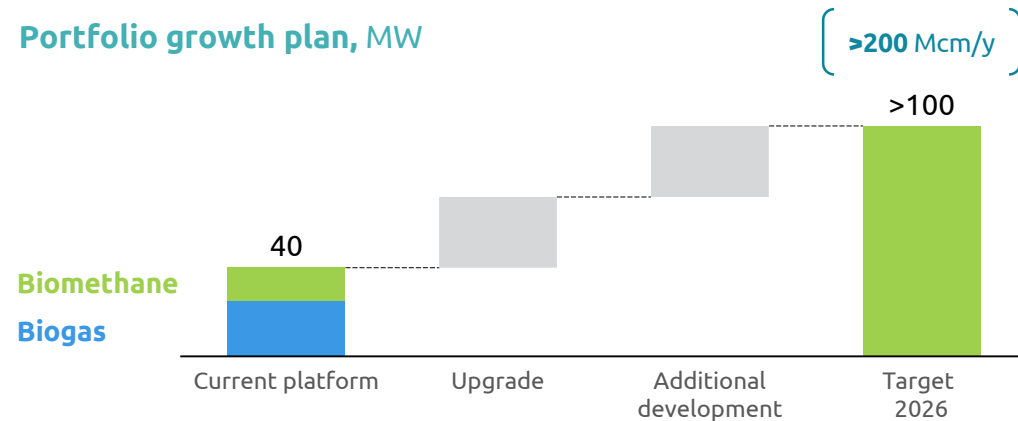


BIOMETHANE

Acting as industrial developer of **biomethane platform**:

- Focus on segments with **highest return** (agricultural feedstock)
- Synergies with **Small Scale (bio)LNG** and **Downstream LNG**
- Support from new **biomethane decree**, relying also on PNRR funds

Portfolio growth plan, MW



c. €550m
of investments 2022-26 (net of grants)

HYDROGEN

Pursue options **for H2 production** and use leveraging on:

- Public funding contributions as key enablers
- H2 network readiness and **blending** as system service
- R&D of **innovative technologies**



Strategic partnership with De Nora:

- **Complementing Snam capabilities** with technical know-how on core electrolyzer components
- **Gigafactory** project selected by the EU Commission within IPCEI wave "Hy2Tech", **€63m of grants authorized**



c. €100m
of investments 2022-26

...and supporting the decarbonization of final energy uses



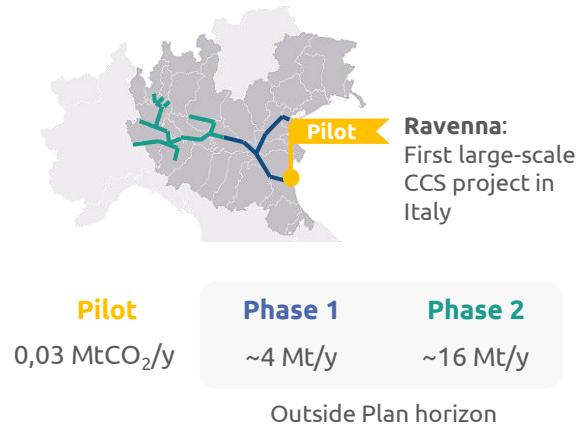
CO2 Capture, Transport And Storage (CCS)

Focus on Hard-to-Abate industries in North Italy and UK clusters

Learning from experience in leading markets

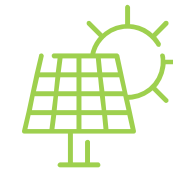


Responding to Italian decarbonization needs

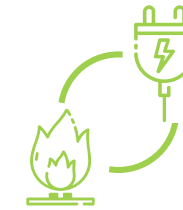


Energy efficiency **renovit**

Foster energy independence through demand efficiency and distributed generation



Solar PV



Combined Heat and Power



Building Deep Renovation

Leadership in energy services

- Focus on **Long-term Energy Performance** Contracts
- Increasing visibility on revenues: **backlog** growth from 1.6bn€ in 2022 to 2.9bn€ in 2026

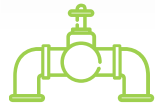
c. **€120m**
of investments 2022-26

c. **€200m**
of investments 2022-26

Unchanged long-term commitment on decarbonization



2022 Achievements



Our operations

- Speed-up dual-fuel compressors stations
- **-43%** methane emissions (vs 2015)



Supply chain

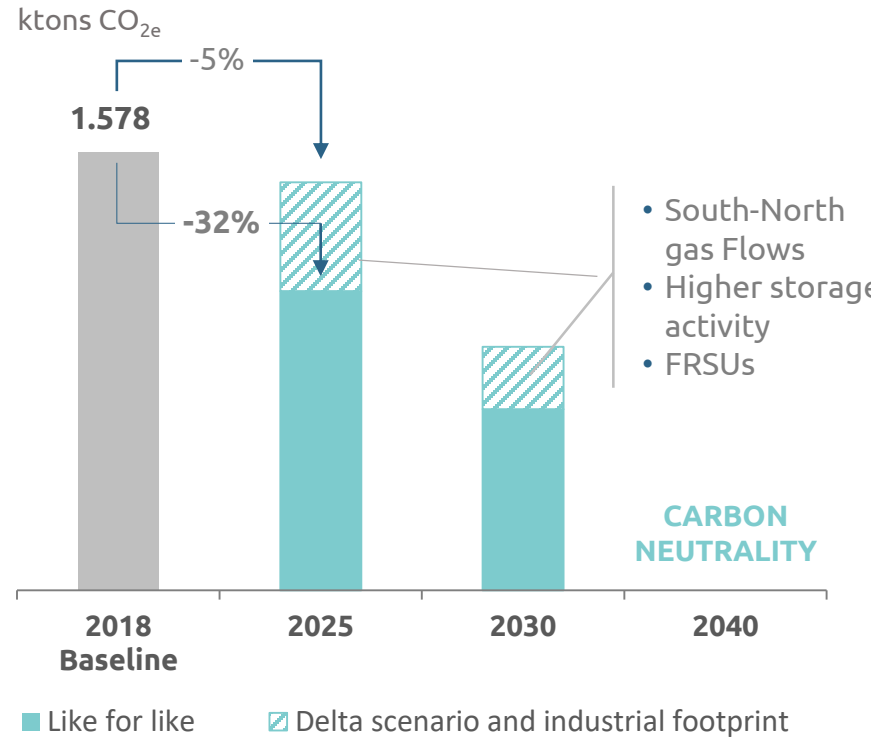
- **~30%** of spending through tenders with ESG criteria
- Joint working with key suppliers



Associates

- Stretching commitments towards global alignment

Snam scope 1&2 emissions

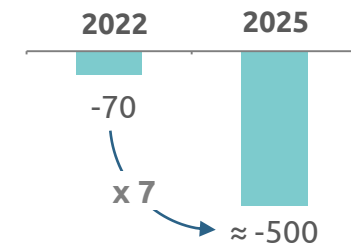


Emissions updated according to the methane GWP indicated in the last IPCC report (AR6). Figures related to core business activities.

Emissions avoidance enabled

kttons CO_{2e}

- Snam biomethane production @2025
- Energy efficiency projects @2025



Running assets efficiently through innovation

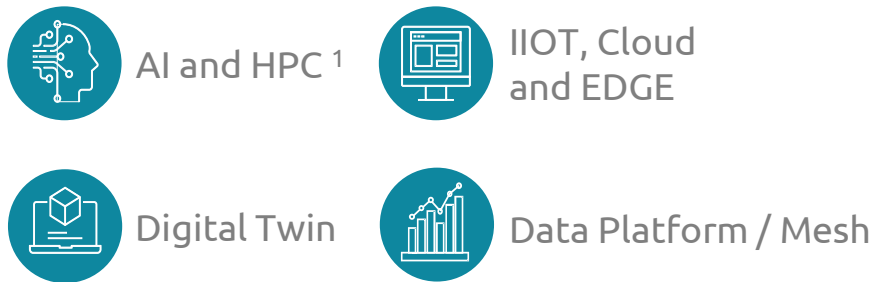


SnamTEC asset innovation platform

Business challenges:



Enabling technologies:

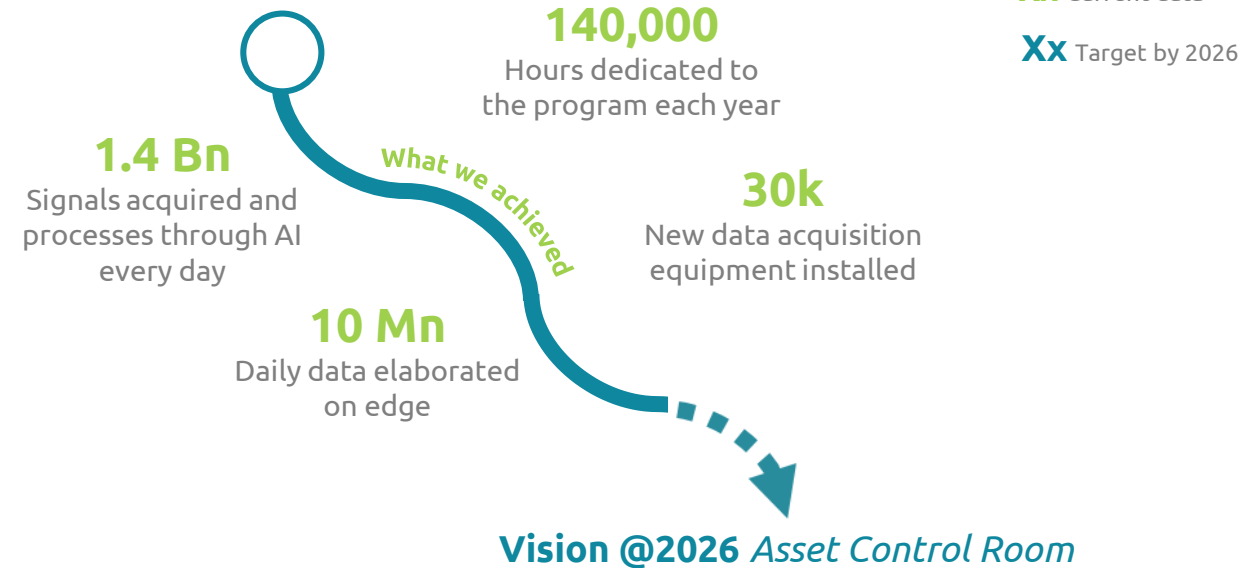


1. High Performance Computing.



Towards full asset digitalization

Journey started in 2018

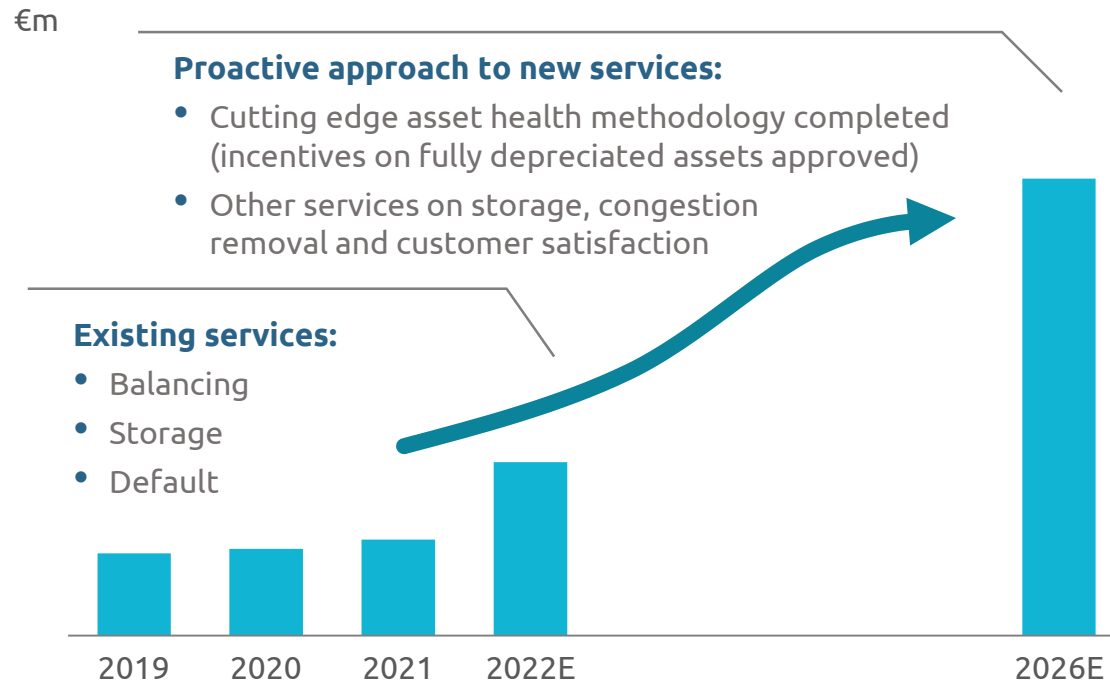


- 100%** assets 3D-digitalized and real time data augmented
- >40** AI algorithms to enable data-driven decision making
- >70** processes re-engineered leveraging on digitalization
- Single** data platform to allow E2E data view by process

Profitability: seize additional return from assets

Security and assets integrity underpinning the development of output based incentives

Options to extract value from tangible/intangible assets



Ca 100 bps per year EPS growth contribution by 2026



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Agenda



Setting the scene



Strategic developments and core priorities



Business Plan projections



Closing remarks

2022-26 investments : €10 bn to accelerate security of supply and future-proof the asset base

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Transport

- **Adriatic Line** (to enhance South–North flows)
- **Replacement of >1,000 km** pipelines
- Net zero investments, technological innovation & network digitalization

Storage

- **Storage wells** refurbishment and performance upgrading
- First investments in **Alfonsine** new storage field

LNG

- Acquisition of **2 FSRUs**
- Mooring infrastructures
- **Small Scale LNG** infrastructures

Energy Transition Platform

- **Biomethane: >100MW** of installed capacity
- **Decarbonization projects:** refocus on **H2** and development of **CCS**
- **Energy efficiency:** focus on PPP² and energy performance contracts

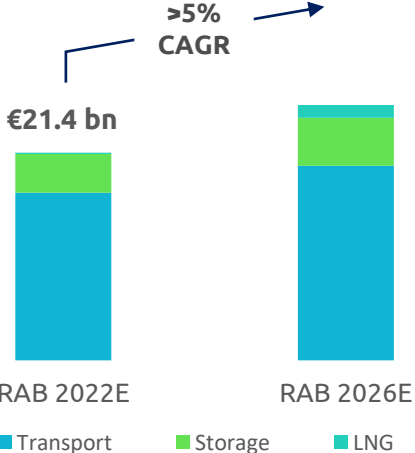


€10 bn ¹

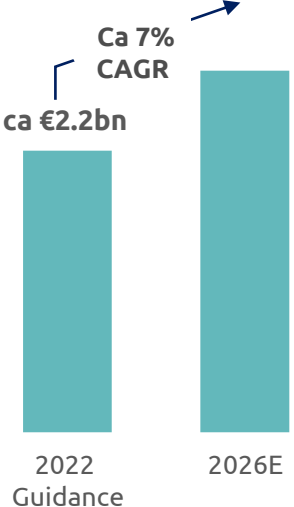
1. Net of ca €200m of grants.
2. Public Private Partnership.

Targets: delivering growth ...

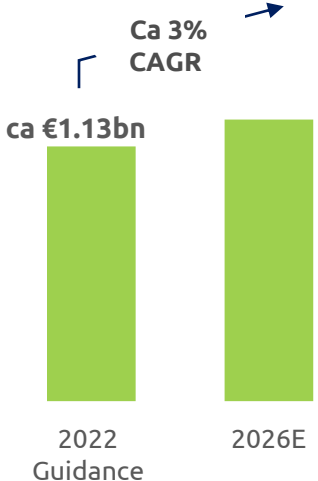
Tariff RAB



EBITDA



Net income

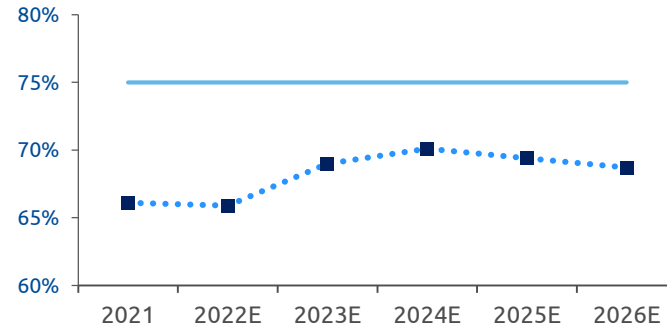


...while keeping financial solidity

Net debt

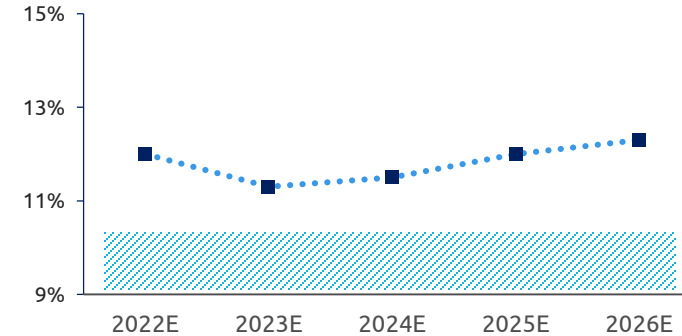
ca € 18 bn
by 2026

Net Debt/(Fixed Assets + BVEP ¹)



1. Moody's threshold: Including book value of equity participations.

FFO/Net Debt ²



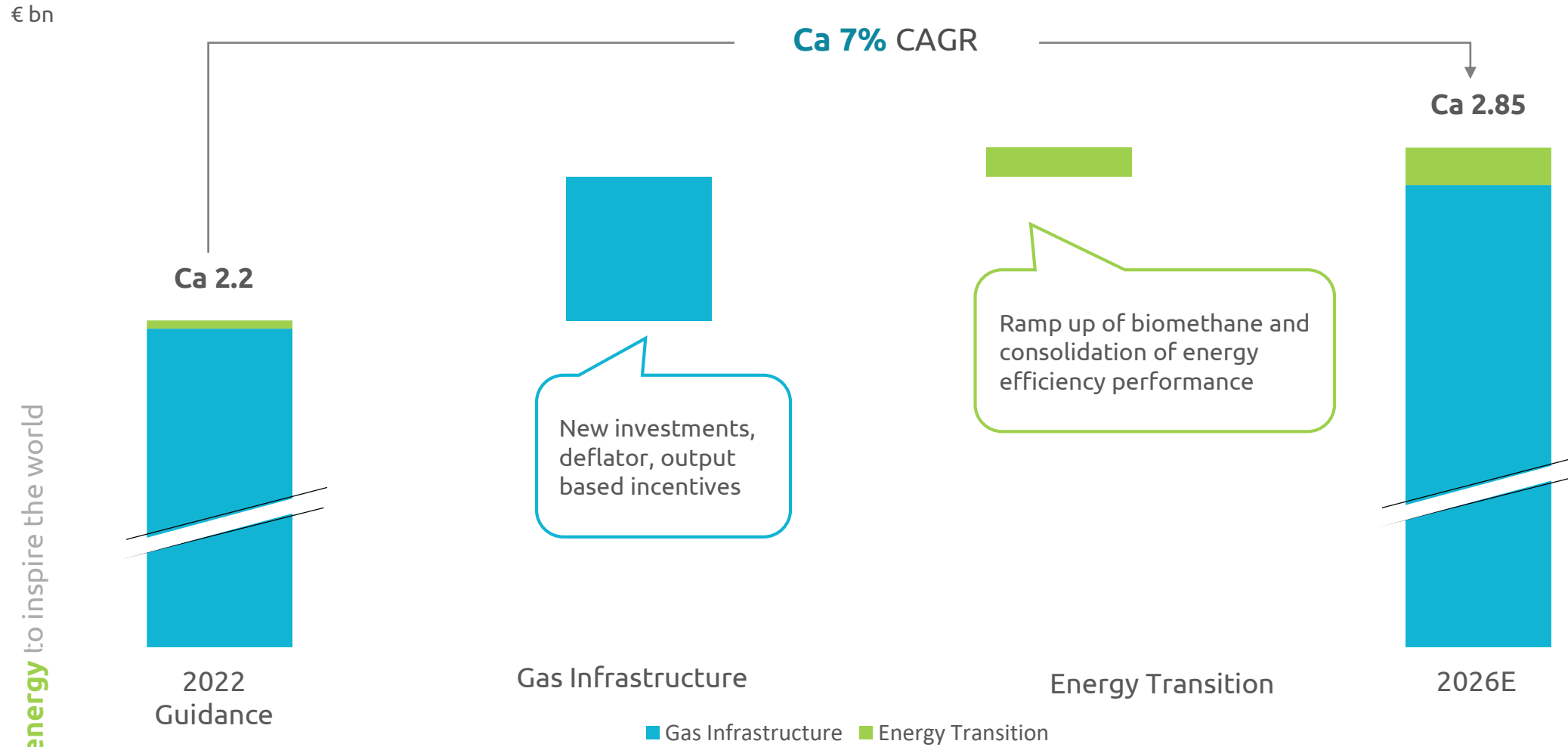
2. Shaded area consistent with current rating metrics by Moody's and S&P (inferred).

	MOODY'S	S&P Global	FitchRatings
Assigned Rating	Baa2	BBB+	BBB+
Outlook	negative	stable	stable
Rating from Grid /SACP ³	A2	a-	n.a.

3. Rating from the grid for Moody's, Stand alone credit profile for S&P.

Credit metrics consistent with rating thresholds

Accelerating EBITDA growth to deliver value

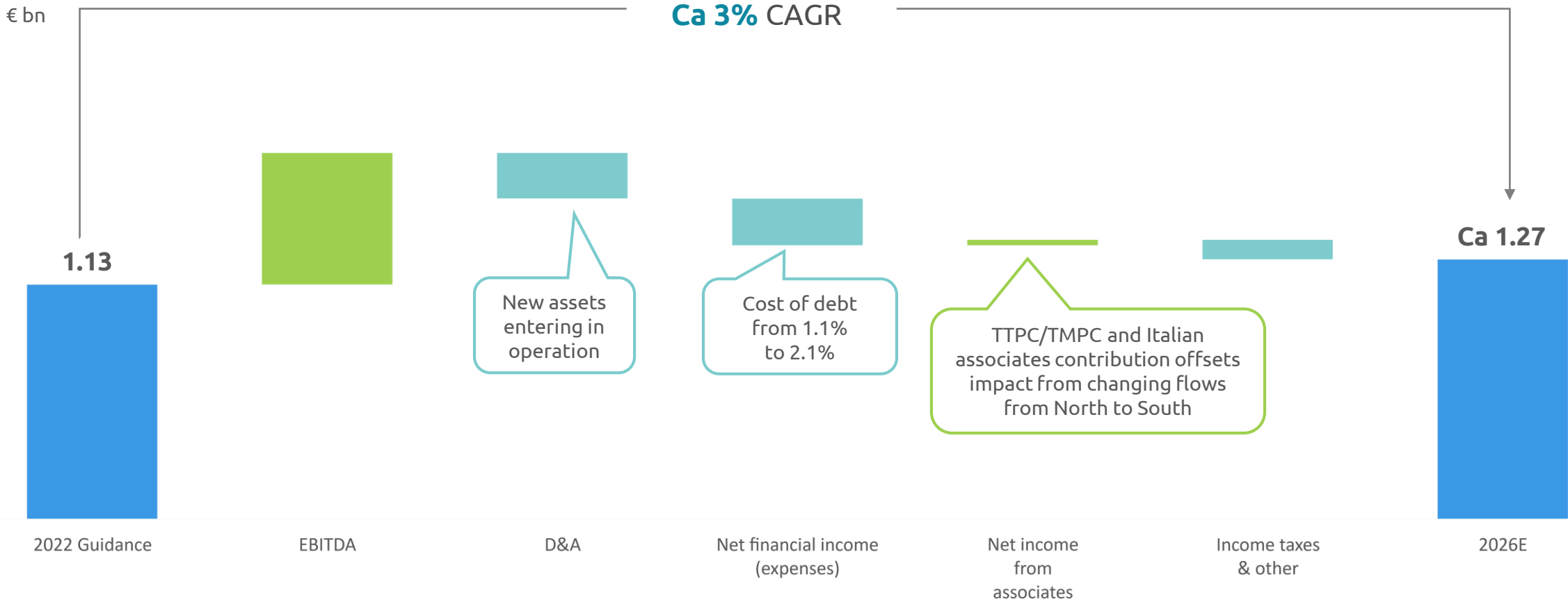


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> 80% of growth coming from visible regulated business

Net Income posting a sound growth



EBITDA growth more than offsetting impact of rising interest rates

Funding strategy aiming at optimizing cost of debt through new optionalities



Funding strategy

- **Shift towards more flexible instruments:**
 - to benefit from expected normalization of central banks' rate hike cycle and regulation-related natural hedging
 - to manage increasing volatility of net working capital
- **Continuous efforts towards higher diversification** also leveraging on associates portfolio and treasury optimization
- **Average cost of debt ca 2%** over plan horizon (vs 1.1% previous plan)
- **Sustainable Finance ca 80%** of total committed funding in 2026



Capital allocation

- **Key priorities:**
 - Execution of future-proof investments in Italian regulated business for security of supply
 - Extract additional return from associates and tangible / intangible assets
- **Committed to** current **credit rating** metrics and risk profile
- **Asset rotation:** Potential inorganic opportunities financed via asset rotation

Active asset portfolio management to maximize value



- Italy Network
- PARTICIPATIONS IN INTERNATIONAL PIPELINES
- Regasification plants
- Storage facilities
- Terminali LNG
- Regasification plants
- Terminali LNG

**Value enhancers
of Italian infrastructure,**
thanks to direct or virtual
connection

ca 60% of
contribution from
associates in 2026



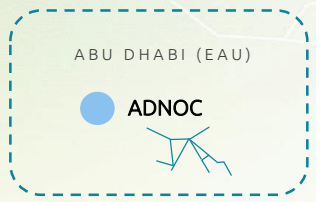
**Enablers
of business optionalities**

ca 20% of
contribution from
associates in 2026



Opportunistic assets

ca 20% of
contribution from
associates in 2026



Short term: offsetting rising interest rates

	Guidance FY 2022	Guidance FY 2023
Investments	<p>€1.9 bn</p> <ul style="list-style-type: none"> • € 1.6 bn Gas Infrastructure ¹ • € 0.3 bn Energy Transition 	<p>€2.1 bn</p> <ul style="list-style-type: none"> • € 1.9 bn Gas Infrastructure • € 0.2 bn Energy Transition
Tariff RAB	€21.4 bn	€22.4 bn
Net income	≥ €1.13 bn	Ca €1.1 bn

1. Including €0.4bn for the acquisition of Golar Tundra & other investments in LNG infrastructure.

Vision to 2030: Hydrogen underpinning new investment opportunities



Security of Supply

Sustainability

Affordability

Capex 2022-26

€10
bn

Towards 2030

- Maintain assets reliability and resilience, reduce carbon footprint, replace aging assets
- Enhance flexibility:
 - Complete Adriatic pipeline
 - Develop new storage capacity (Alfonsine ca 2bcm or +15%)
- Asset repurposing
 - H2 backbone to serve Italian market demand and export according to ramp up
 - H2 fields repurposing and development
- Leverage on existing Energy Transition Platform
- Continue focus on operational efficiency also through innovation and digitalization
- Maximize assets repurposing to deliver a cost effective future Energy System

Capex 2022-30

>€20
bn

>€20bn of capex 2022-30 driven by H2 backbone development and storage facilities



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Agenda



Setting the scene



Strategic developments and core priorities



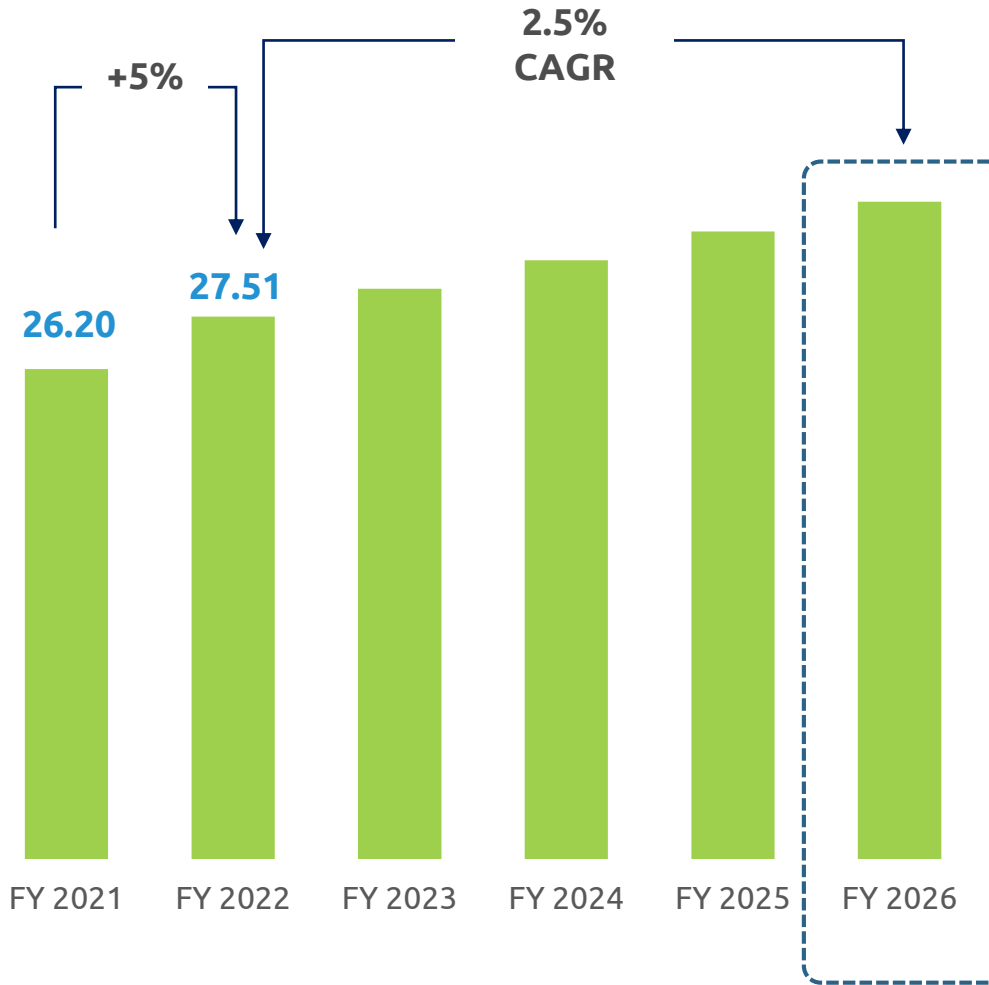
Business Plan projections



Closing remarks

Dividend growth: one year more

DPS € cent



Policy extended by 1Y

- 5% DPS annual growth in 2022
- 2.5% DPS minimum annual growth 2022-26

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Consistent EPS / DPS growth profile

Closing remarks

Sound and consistent strategy focused on **3Ds**:

Development of resilient, efficient and H2 ready infrastructure

Decarbonization through green gases, carbon neutral solutions and unchanged commitment to carbon neutrality

Digitalization of asset and data driven effective management

BUSINESS PLAN 2022-26 WILL

Accelerate growth...

- Unprecedented **>5% RAB CAGR**¹ underpinned by **€10bn** of investments
- **Ca 7% EBITDA CAGR** thanks to growing contribution of new businesses and maximization of the assets value
- **Ca 3% EPS CAGR**

...while keeping compelling shareholders return and a solid financial structure

- Ca **14%** average ROE and **50 bps** uplift in ROIC by 2026
- **<70%** Net debt/Fixed Assets and FFO/Net debt at **ca 12%** over the plan horizon
- Dividend policy of min **2.5%** DPS annual growth 2022-26

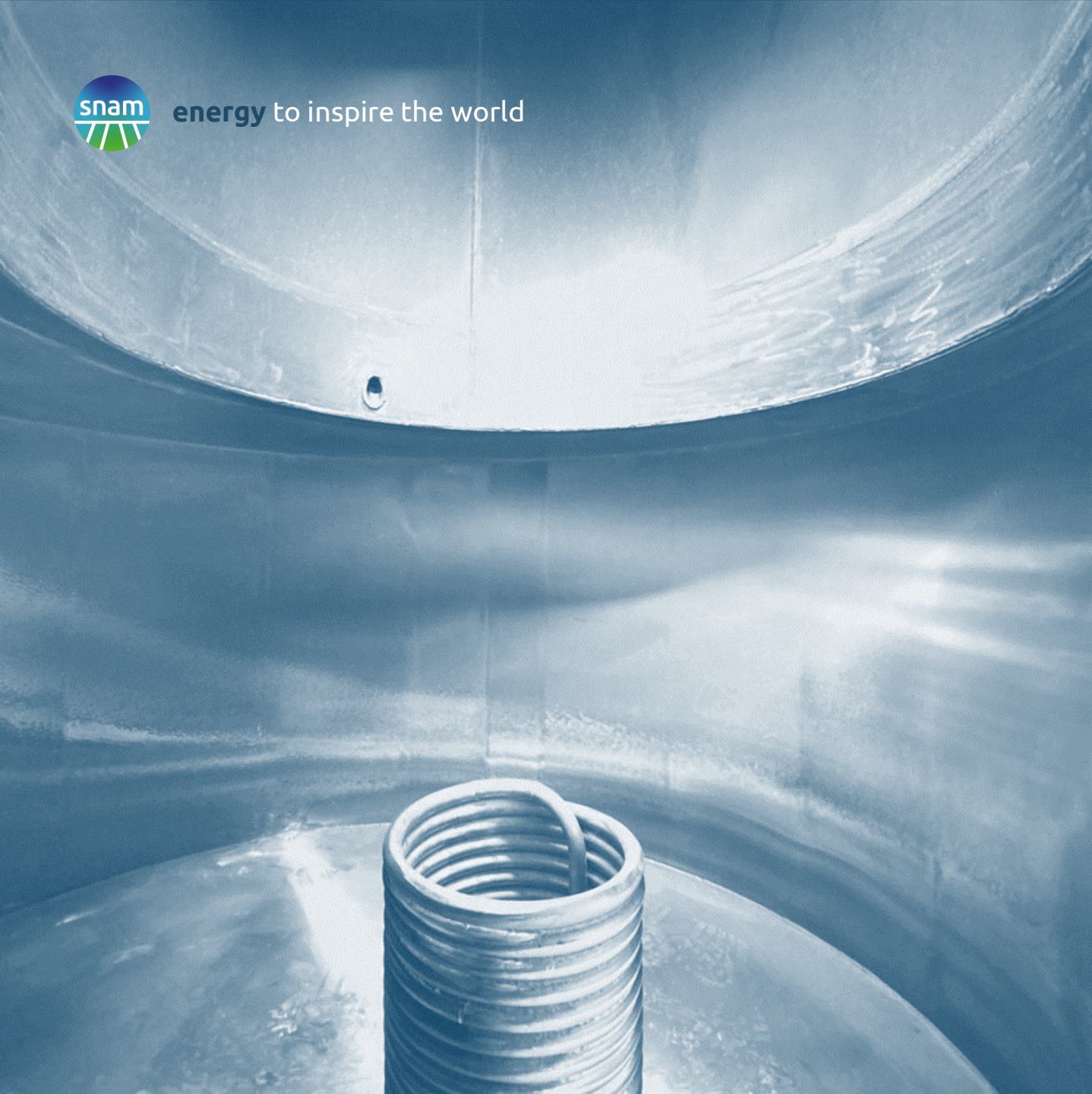


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1. > 2x last 3Y Business Plan CAGR.

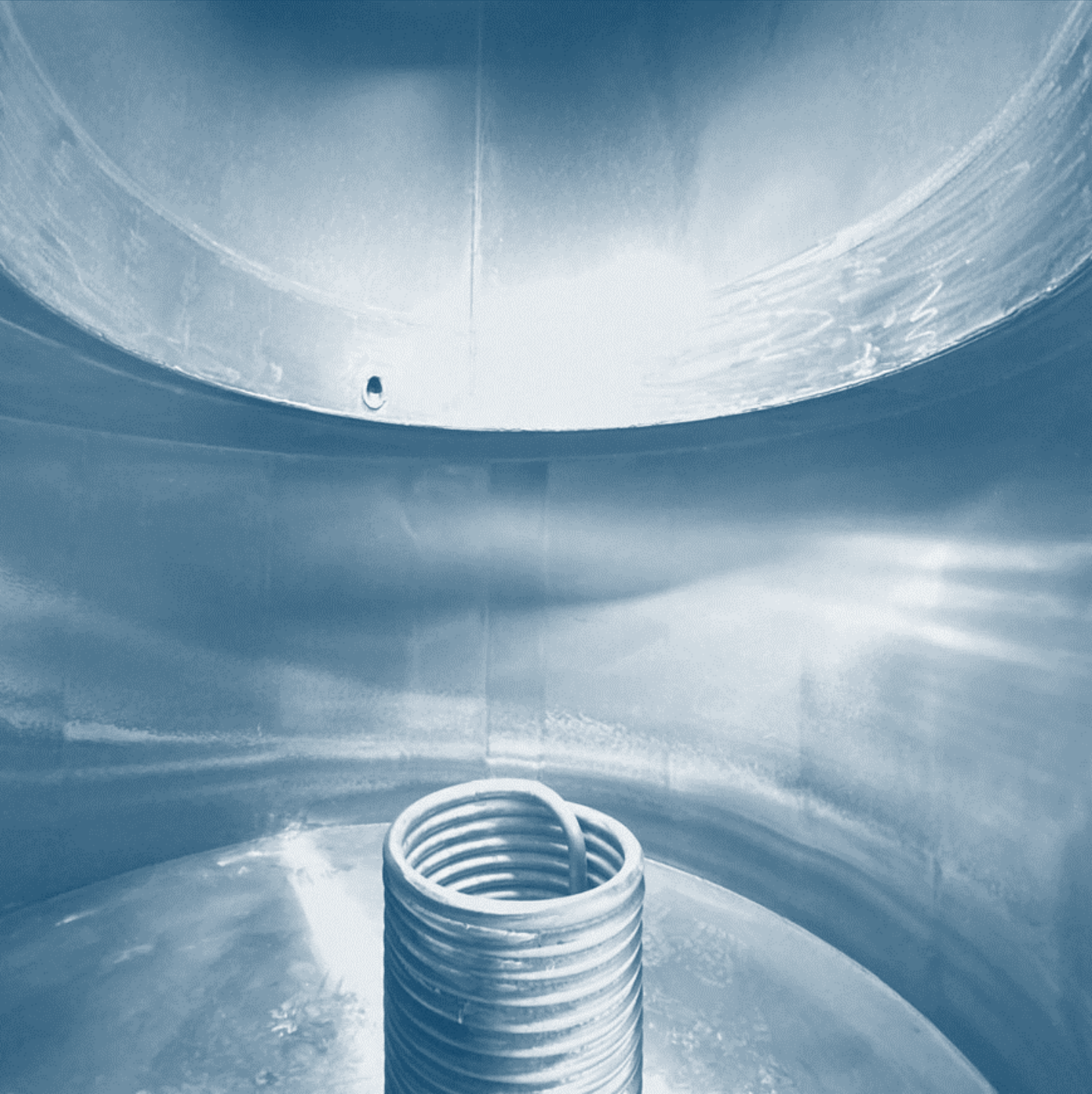


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Q&A SESSION





Annexes



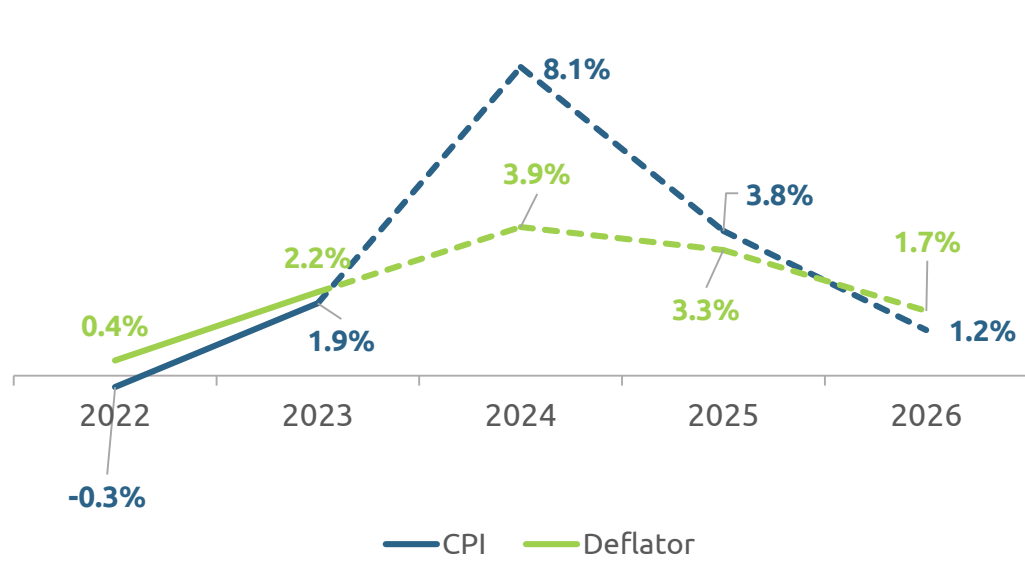
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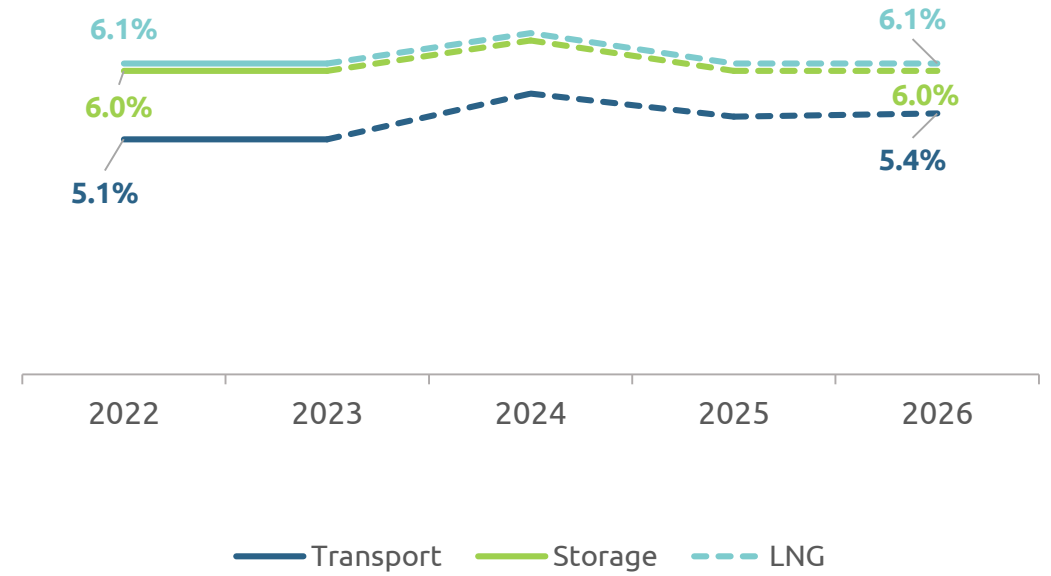
Plan assumptions

CPI and deflator

in terms of impact on Revenues



Wacc



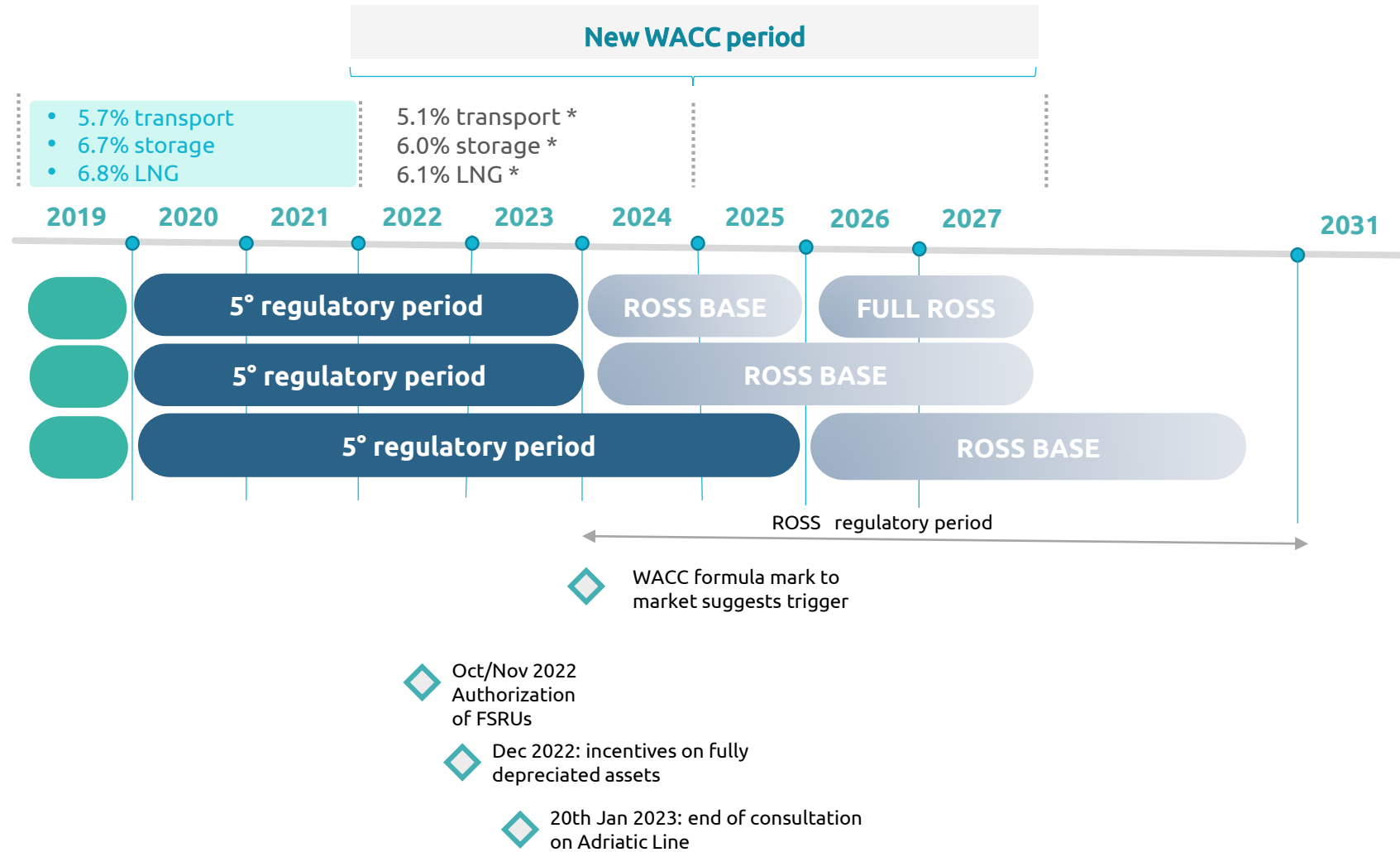
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Stable and visible regulatory framework

WACC & REGULATION

Other regulatory / permitting milestones

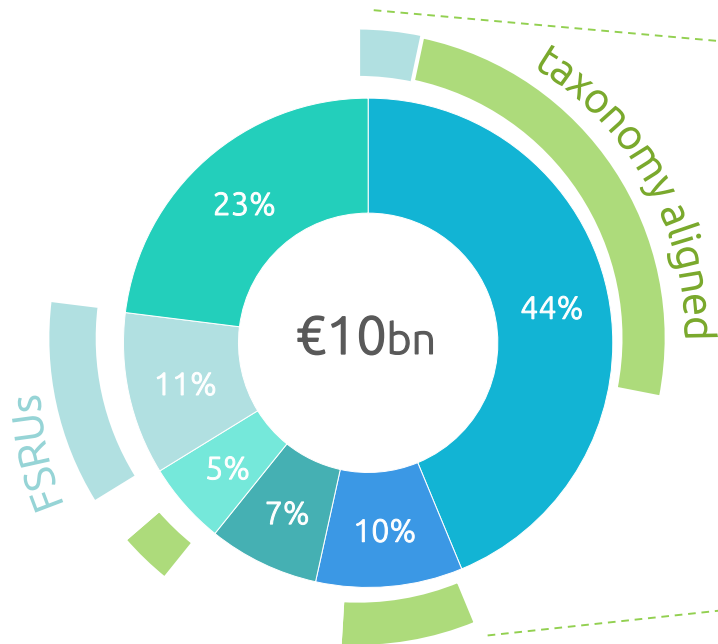


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* De risked formula: annual update on a trigger base (>50 bps change).

Capex breakdown ¹

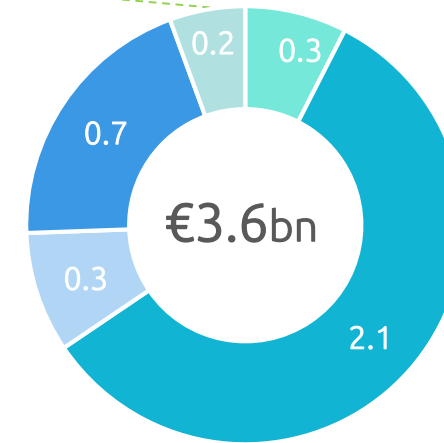
Overall Capex mix



- H2 Ready (*)
- Digitalization/Technology
- FSRUs
- Energy transition
- Net zero investments
- Maintenance & other

36% of capex is taxonomy aligned

Taxonomy aligned Capex mix (€bn)



- Development
- Replacement
- Maintenance
- Energy transition
- Others

Capex by year (€bn)

	2022	2023	2024	2025	2026	Total
Transport	1.0	1.2	1.4	1.4	1.3	6.3
Storage	0.2	0.2	0.3	0.3	0.4	1.3
LNG	0.4	0.5	0.3	0.1	0.1	1.4
Energy Transition	0.3	0.2	0.2	0.2	0.1	1.0
Total	1.9	2.1	2.2	1.9	1.8	10.0

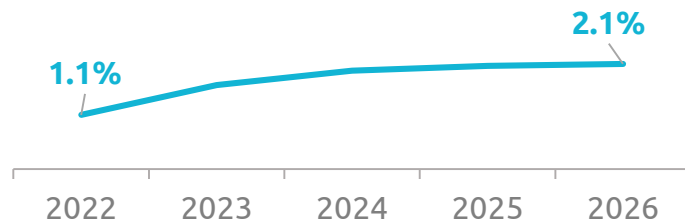
Any failure to reconcile the stated figures arises exclusively from rounding.

(*) Replacement, development and maintenance done using H2 ready procurement standard.

1. Includes the acquisition of FSRUs, net of grants.

Cost of debt and maturity profile

Cost of debt evolution

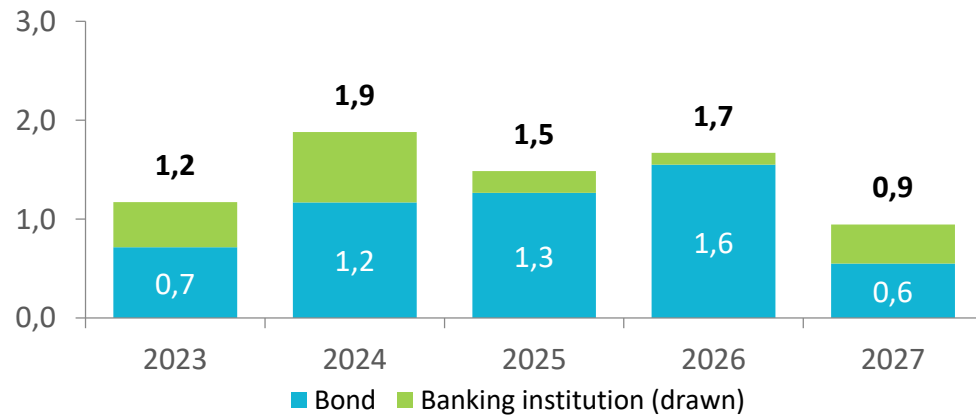


- **Strong liquidity profile with undrawn committed lines** corresponding to 3 years of maturities of existing debt
- **Solid and flexible financial structure** consistent with the Regulatory framework
 - ~2/3 fix rate and 4-5Y M/LT maturity

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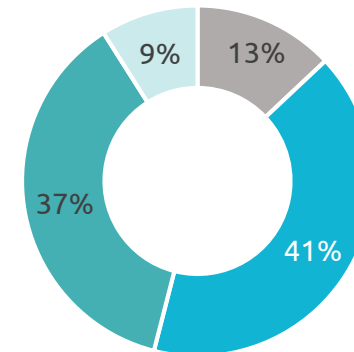


Maturities profile at Dec 2022 (bn€)

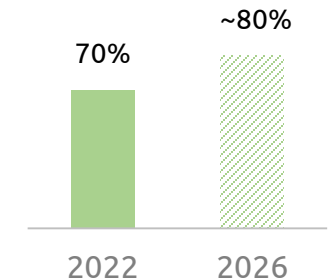


Sustainable finance breakdown as of Dec-22

- EIB Loans
- Banking facilities
- Bonds
- ESG Commercial Paper

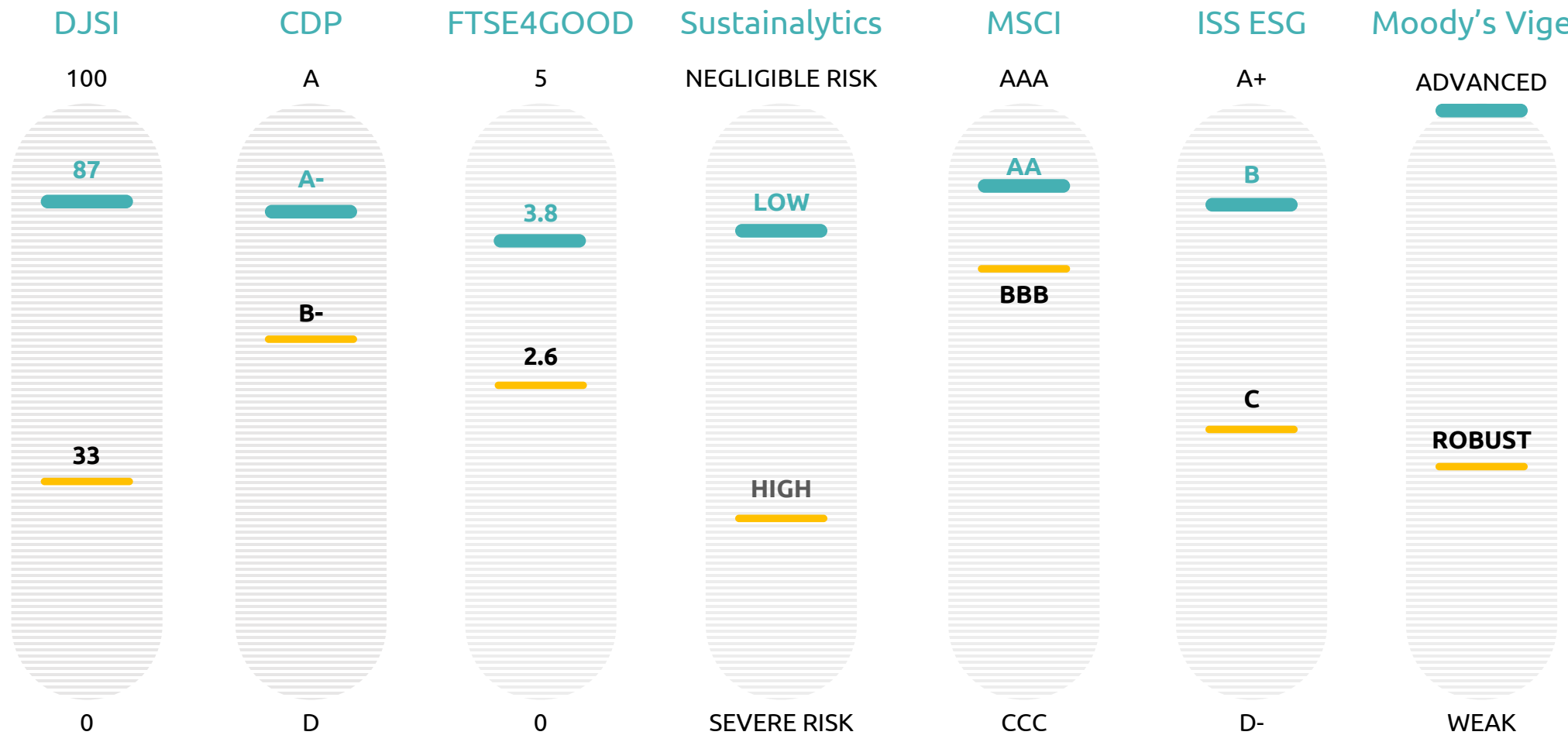


% ESG financing on Total Committed Funding



Snam ESG index positioning

energy to inspire the world



— Snam
— Sector average

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.

These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future.

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The reader should, however, consult any further disclosures Snam may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.



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Detail of a cooling unit
of a vaporizer.
Snam regasification
plant, Panigaglia, 2022.

Photograph by
Carlo Valsecchi