

<p>Informazione Regolamentata n. 0542-12-2023</p>	<p>Data/Ora Ricezione 16 Marzo 2023 08:01:02</p>	<p>Euronext Milan</p>
---	--	-----------------------

Societa' : SNAM

Identificativo : 173532

Informazione
Regolamentata

Nome utilizzatore : SNAMN05 - Pezzoli

Tipologia : 2.2

Data/Ora Ricezione : 16 Marzo 2023 08:01:02

Data/Ora Inizio : 16 Marzo 2023 08:01:03

Diffusione presunta

Oggetto : Snam results for 2022: Adjusted net profit at 1,163 million euros, above guidance; investments increased by over 50%

Testo del comunicato

Vedi allegato.



Snam results for 2022: Adjusted net profit at 1,163 million euros, above guidance; investments increased by over 50%

Main highlights

- **Total revenues:** 3,317 million euros¹ (+11.1% compared to 2021), driven by growth in the energy transition businesses
- **Adjusted EBITDA:** 2,237 million euros (-0.6%). The decline in regulated revenues, which was related to the reduction in WACC (by 130 million euros), and the increase in utility costs were largely offset by additional revenues as well as the greater contribution from energy transition businesses
- **Group adjusted net profit²:** 1,163 million euros (-4.5%), due to the change in adjusted EBITDA, higher depreciation and amortisation and the increase in net financial expenses, partially offset by the positive performance of associates
- **Total investments: 1,926 million euros** (+52%) of which 1,351 million euros in technical investments (+6.4% compared to 2021)
- **Net financial debt:** 11,923 million euros (14,021 million euros as of December 31st, 2021). The significant decrease was mainly due to the change in working capital related to gas balancing activities
- **SeaCorridor:** the partnership agreement between Eni and Snam on gas pipelines between Algeria and Italy was finalised in January 2023
- **Dividend:** 0.2751 euros per share (up 5%, in line with the dividend policy of the 2022-2026 Strategic Plan)

San Donato Milanese (Milan), March 16th, 2023 - The Board of Directors of Snam met yesterday under the chairmanship of Monica de Virgiliis and unanimously approved the consolidated financial statements, the draft statutory financial statements for 2022 and the 2022 Consolidated Non-Financial Statement (NFS) prepared in accordance with Law Decree No. 254/2016. The Board also resolved to propose to Shareholders at the next meeting the distribution of a dividend of 0.2751 euros per share, of which 0.1100 euros per share have already been distributed as an interim dividend in January 2023.

Stefano Venier, CEO of Snam, commented: *"We are releasing the results for 2022 with satisfaction and a hint of pride, but at the same time we are aware that the path we must follow to provide Italy with the infrastructure it needs to ensure full energy security has only just begun. Over the past 12 months, we have been confronted with an extremely volatile scenario that has wrought deep changes in the energy markets and in the structure of the national system. This forced us to react quickly and*

¹ Net of fees covering energy costs (costs for the gas needed for network operation).

² Excluding non-controlling interests.



effectively to ensure the availability of gas in the short and medium term. Today we have presented solid financial results to the Board of Directors. At the same time, we made investments that were 50% higher than in the previous year, mostly aligned to the European Taxonomy and to Sustainable Development Goals. In 2022 we also made significant progress on key operational and ESG performance indicators concerning both the gas infrastructure and the energy transition businesses. Snam's commitment to help solve the energy Trilemma was outlined in the latest Strategic Plan and the year 2022 ended with a significant step in that direction."

Summary of the results for the financial year 2022

Economic highlights

(millions of euros)	2021	2022	Change	% change
Total revenues (a)	2,986	3,317	331	11.1
Revenues from gas infrastructure business (a) (b)	2,616	2,622	6	0.2
- of which regulated revenues (a)	2,558	2,521	(37)	(1.4)
Revenues from energy transition businesses (b)	370	695	325	87.8
Adjusted EBITDA	2,250	2,237	(13)	(0.6)
Adjusted EBIT	1,430	1,364	(66)	(4.6)
Adjusted net profit (c)	1,218	1,163	(55)	(4.5)
Special items (d)	278	(492)	(770)	
Reported net profit (b)	1,496	671	(825)	(55.1)

(a) Net of fees covering energy costs (198 million euros in 2022).

(b) In line with the 2022-2026 Strategic Plan, as of December 31st, 2022 Greenture values (SSLNG and Mobility) were reclassified from energy transition to gas infrastructure businesses, following a repurposing of the activities, now focused on the construction of mid-stream infrastructure. The corresponding values for 2021 have been consequently restated.

(c) Attributable to Snam shareholders.

(d) An analysis of special items is given on page 10 of this press release. For a definition, please see "Methodological note - Non-GAAP measures".

Total revenues

Total revenues net of energy costs amounted to 3,317 million euros, up by 331 million euros (+11.1%). Energy transition business revenues increased (+325 million euros; +87.8%), mainly due to the development of energy efficiency, particularly in the residential sector. Revenues from the gas infrastructure businesses increased by 6 million euros as a result of the implementation of planned investments and delivery of output-based services, as well as positive one-off effects. The reduction in WACC had a negative impact for 130 million euros, of which 102 million euros were related to transport.

Regulated revenues, net of energy costs, amounted to 2,521 million euros, down by 37 million euros (-1.4%) compared to 2021. The reduction in the WACC was partly offset: (i) by an increase in revenues connected with the RAB (+58 million euros, including the effect of lower input-based incentives); (ii) an increase in volumes of gas transported (+9 million euros) due to the growth in exports and the filling of storage facilities; (iii) an increase in revenues from output-based services



(+37 million euros connected with transport and storage for flexibility services offered in short-term auctions). The financial year 2021 had also benefited from the release of prior-period balance sheet items in the amount of 17 million euros.

Adjusted EBITDA

The adjusted EBITDA for 2022 amounted to 2,237 million euros, substantially in line (-13 million euros; -0.6%) with the corresponding figure in 2021. The expansion of the energy transition businesses (+15 million euros), connected with the positive contribution from energy efficiency (+11 million euros) as well as in biogas/biomethane activities (+8 million euros), was offset by the reduction recognised by gas infrastructure businesses (-28 million euros), mainly due to the WACC reduction noted above and, to a lesser extent, to increased utility costs attributable to higher energy prices, as well as to growth in labour cost due to a business expansion and to inflation trends. These factors were mostly offset by the solid performance in revenues connected with RAB, by output-based incentives as well as some one-off positive effects.

Adjusted EBIT

Adjusted EBIT in the financial year 2022 amounted to 1,364 million euros, down by 66 million euros (-4.6%) compared with the corresponding 2021 figure, due to the variation in adjusted EBITDA and to greater amortisation and depreciation (-53 million euros, 6.5%) mainly attributable to the entry of new assets into service.

Net financial expenses

Net financial expenses stood at 123 million euros, with an increase of 21 million euros (+20.6%) compared with the financial year 2021. The increase was mainly due to higher expenses related to net financial debt mainly as a result of the higher average cost of debt, which increased to about 1.1% in 2022 from about 0.8% in 2021. The increase in the average cost of debt can mostly be attributed to the changed interest rate scenario during the year.

Net income from equity investments

Net income from equity investments amounted to 308 million euros, with an increase of 14 million euros (+4.8%) compared with the financial year 2021. Among the associates, more specifically, Interconnector Limited benefitted from an increase in available export capacity fostered by current market conditions and, in particular, the abundant supply of liquefied natural gas in the United Kingdom, with a consequent increase in price competitiveness. The increase in income from equity investments was also affected by the increased contribution from associate companies such as Teréga, mainly due to the larger quantity of gas they exported and DESFA for an increase in LNG terminal flows and exports to Bulgaria.

Adjusted net profit

Group adjusted net profit for the financial year 2022 was 1,163 million euros, down by 55 million euros (-4.5%) compared to the 2021 adjusted net profit, due to the lower operating profit and offset by the positive performance of associates.

Reported net profit

Group reported net profit for the fiscal year 2022 stood at 671 million euros, down by 825 million euros (-55.1%) compared to the net profit reported in 2021. The decrease was mainly due to the



impairment of Snam's stake in TAG (340 million euros) further to impact from Russia and Ukraine war as well as related changes in the macro-economic backdrop, and the associate company ADNOC, which was affected by the increase in interest rates (179 million euros). The results reported in 2021 had also benefited from the effects of the realignment of values assigned for reporting and tax purposes (a total of 292 million euros), carried out in accordance with Art. 110, paragraph 8 of Decree Law no. 104 of 14 August 2020.

Total investments

In 2022, total investments amounted to 1,926 million euros, with an increase of 52% over the previous year. Of these, 1,351 million euros were related to technical investments, +81 million euros compared to 2021 (+6.4%); they were mainly related to the transport (1,007 million euros) and storage (172 million euros) sector, while investments in the energy transition businesses reached 94 million euros.

Cash Flow

The positive net cash flow from operating activities (4,109 million euros), mainly attributable to the dynamics of working capital related to balancing activities, together with the proceeds from the repayment of the financial receivable by OLT and from the disposal of an interest in Industrie De Nora, made it possible to fully finance technical investments as well as equity investments and generate a free cash flow of 2,741 million euros. Net financial debt, including the equity cash flow (-866 million euros) connected with the distribution of the 2021 dividend to shareholders, and non-monetary changes (+223 million euros) mainly related to the extinguishment of the convertible bond through the assignment of Snam treasury shares, decreased by 2,098 million euros compared to December 31st, 2021, ending at 11,923 million euros.

Dividend

Despite the uncertain backdrop, the 2022 economic results have shown the solidity of the Group and this allows us to propose a **final dividend of 0.1651 euros per share** at the Shareholders' Meeting on May 4th, which will be paid from June 21st, 2023 (record date June 20th, 2023) with an ex-dividend date of June 19th, 2023. The dividend for the financial year 2022 is therefore **0.2751 euros per share**, of which 0.1100 euros per share were distributed in January 2023 as an interim dividend (369 million euros). The total dividend, which is 5% higher than in 2021, in line with the dividend policy communicated to the market, confirms Snam's commitment to guaranteeing shareholders an attractive and sustainable return over time.

As regards CO2 emissions, changes in gas flows had implications for Scope 1 and 2 emissions. However, they decreased by 0.6% compared to 2021, taking into account the scope of regulated activities, mainly thanks to a significant reduction in methane emissions (-23% year on year).

With regard to carbon neutrality targets (Scope 1 and 2), Snam undertook several initiatives in 2022, including the reduction of methane emissions (Scope 1) and the commitment to maintain its target to reduce Scope 3 emissions: about 30% of our tenders were awarded through procedures that included ESG (Environmental, Social and Governance) criteria and most of our foreign associates



have already set decarbonisation targets. Snam's commitment to achieving the 2040 carbon neutrality target remains solid even in the current extremely challenging environment, marked by major changes in the industry and in gas transport flows to the country.

An in-depth analysis of 2022 investments has been completed, indicating a 39% alignment to the EU Taxonomy and 62% alignment to SDGs.

Outlook

In a scenario of profound uncertainty and volatility, Snam has guaranteed maximum support to cope with the energy emergency, building solid foundations for actions needed to create a more resilient energy system, and in particular:

- investments in gas infrastructure along the entire value chain:
 - operations for the acquisition and commissioning of two FSRUs (near Piombino and Ravenna)
 - measures to gradually upgrade and optimise the storage system
 - activities for the development of small-scale midstream LNG and the expansion of networks of LNG/bio LNG (and in the future hydrogen) stations
- the development of green gases (hydrogen and biomethane) and a contribution to decarbonising consumption by implementing energy efficiency measures and Carbon Capture and Storage (CCS) technology
- the digitisation and optimisation of assets and industrial processes.

With regard to the current financial year, we expect that Snam's economic results will benefit from the increase in revenues related to the growth of the RAB thanks to investments and to the expansion of our infrastructure with the commissioning of the new FSRU, from higher revenues for output-based services also connected with incentives on fully depreciated assets and from the contribution of the energy transition businesses. Conversely, the rise in interest rates will have an impact on financial expenses that will be managed through an increased diversification in the sources and in financial instruments as well as a recourse to more flexible debt instruments. Anyway, in the medium to long term, the Italian tariff system offers a form of natural hedging by means of periodic reviews of the allowed return on capital

As regards foreign associates, it is worth mentioning the closing on January 10th, 2023 of the acquisition of a 49.9% stake in the newly established company SeaCorridor in the Southern Corridor connecting the Algerian-Tunisian border to Mazara del Vallo (Sicily), which consists of the TTPC and TMPC gas pipelines. The acquisition of this interest will help rebalance our asset portfolio in line with the change in gas flows from Russia via the TAG pipeline.

With regard to the war between Russia and Ukraine, it should be noted that Snam does not operate in the Russian market, nor does it hold interests, even in joint ventures, in Russian companies. Gas flows from Russia to Europe significantly decreased in 2022; the continuing uncertainty and fear of further supply problems resulted in a significant increase in gas prices. TAG (a jointly controlled



company) and GCA (an associate company) are the foreign associate companies with the largest exposure to Russian gas supplies through contracts for transportation. Thanks to long-term contracts, neither company showed significant changes in their 2022 economic results. However, TAG faces higher volatility in its 2023 results owing to the uncertainty of gas flows from the north towards Italy, which are expected to decrease compared to historical levels, although this will be partly offset by higher booked volumes of gas flowing from Italy to Austria.

Due to the above-mentioned changes in the scenario, which are expected to become permanent, an impairment of Snam's stake in TAG was carried out in 2022, resulting in a reduction in its book value. This impairment reflects the expectations of future use of these assets, which will continue to be strategic for Europe to support new gas flows from the south.

Targets for 2023 are confirmed:

- investments of 2.1 billion euros (of which 1.9 billion euros in gas infrastructure and 0.2 billion euros in the energy transition), up by 9% compared to 2021
- a tariff RAB of about 22.4 billion euros, up 5% from 2022
- an adjusted net profit of approximately 1.1 billion euros
- debt is expected to be in the range of between 15.0 and 15.5 billion euros, depending on the development of regulated working capital.

The Annual Financial Report 2022, which contains the 2022 Consolidated Non-Financial Statement, drawn up in the form of a specific section of the Management Report as provided for by article 5, paragraph 1 (a), of Law Decree no. 254/2016, has been made available to the Board of Statutory Auditors and the independent auditors and will be made available to the public at the registered office, on the Company's website www.snam.it, together with the reports of the Board of Statutory Auditors and the independent auditors, observing the periods provided for by Law Decree no. 58/98 (Consolidated Finance Act - TUF).

At 10:00 CET today, March 16th, 2023, a conference call will be held to present the consolidated results for the financial year 2022 to financial analysts and investors. It will be possible to follow the event via conference call and the supporting material will be made available on www.snam.it in the Investor Relations section at the beginning of the conference call. In the same section it will also be possible to follow the presentation via video webcasting.



Key operating figures

		2021	2022	Change	% change
Natural gas injected into the National Gas Transportation Network (a) (b)	(billions of m ³)	75.77	75.40	(0.37)	(0.5)
Gas demand (a)	(billions of m ³)	76.37	68.69	(7.68)	(10.1)
LNG regasification (a)	(billions of m ³)	1.05	2.24	1.19	
Total storage capacity (a) (c)	(billions of m ³)	16.5	16.5		
Natural gas moved through the storage system (a) (b)	(billions of m ³)	18.41	18.47	0.06	0.3
Employees in service at year end (d)	(No.)	3430	3610	180	5.2

(a) With regards to 2022, 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 39.6 MJ/SCM (10.919 kWh/SCM) natural gas storage for the 2022-2023 thermal year.

(b) The data for 2022 was last updated on January 23rd, 2023. The corresponding 2021 value has been definitively updated.

(c) Of which 4.5 billion cubic metres related to strategic gas and 12.0 billion cubic metres related to capacity available for modulation, mining and balancing services (so-called working gas). The capacity allocated for the thermal year 2022-2023 is 94% of the available capacity and 68% of the total capacity as of December 31st, 2022, respectively.

(d) Fully consolidated companies. The change reflects the arrival of 60 new employees due to the change in the scope of consolidation and the strengthening of the new energy efficiency and biomethane business.

Natural gas injected into the national gas transport network

Gas demand in 2022 amounted to 68.69 billion cubic metres, down by 7.68 billion cubic metres or 10.1% compared to 2021 due to lower consumption in all the sectors Snam operates in. More specifically, the drop in gas demand is attributable: (i) to the residential and tertiary sector (-4.62 billion cubic metres; -15.5%), as a result of significantly warmer weather than in 2021, particularly in the fourth quarter of the year, in addition to the effects of the actions to curb gas demand following the Ministerial Decree no. 383 of October, 6th 2022 to cope with the reduction in imports from Russia; (ii) to the industrial sector (-1.85 billion cubic metres; -13.6%) due to the effect of the increase in commodity prices and the unstable macroeconomic situation that led to a drop in industrial production in some energy-intensive sectors; (iii) the thermoelectric sector (-1.02 billion cubic metres; -3.3%) as a result of the drop in hydroelectric production caused by extreme drought, which was partly absorbed by the lower use of natural gas to produce electricity due to the increase in gas prices.

Excluding the impact of climate, gas demand amounted to 69.05 billion cubic metres, with a decrease of 5.92 billion cubic metres (-7.9%) from the corresponding figure for 2021 (74.97 billion cubic metres), in line with the steady increase in energy efficiency measures and the modernisation of heating systems with more efficient boilers, together with the actions to curb demand for natural gas required to cope with the risk resulting from the reduction in imports from Russia, particularly for the winter months.



In 2022, 75.40 billion cubic metres were injected into the national gas transport network, broadly in line with the volume recorded in 2021 (-0.37 billion cubic metres; -0.5%).

Liquefied Natural Gas (LNG) regasification

In 2022, 2.24 billion cubic metres of LNG were regasified at the LNG terminal in Panigaglia (La Spezia) (1.05 billion cubic metres in 2021) with 59 methane tankers unloaded (25 tankers had been unloaded in 2021). Starting in April 2022 there was an increase in the volume of LNG regasified in Italy and a consequent increase in the number of ships unloaded, mainly due to the impact of the war between Russia and Ukraine on the gas market, which led to an increase in the demand for LNG to meet domestic demand.

Natural gas storage

Overall storage capacity managed by the Snam Group as of December 31st, 2022, including strategic storage, amounted to 16.5 billion cubic metres, the highest level in Europe in this period marked by difficulties in supply. As of December 31st, 2022, natural gas storage in facilities of its subsidiary Stogit amounted to 9.3 billion cubic metres, plus 4.5 billion cubic metres of strategic storage. This is about 2.6 billion more than the 6.7 billion cubic metre storage that were measured at the end of December 2021. In percentage terms, the filling rate is about 84% compared with 68% in 2021.

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, particularly with regard to: changes in demand for natural gas, capital expenditure 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 trends 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 stakeholders' expectations and other changes in business conditions.


RECLASSIFIED INCOME STATEMENT

(millions of euros)	2021		2022		2022 adjusted vs 2021 adjusted	
	Reported	Adjusted (a)	Reported	Adjusted (a)	Var. ass.	Var. %
Gas infrastructure business revenues	2,927	2,927	2,820	2,820	(107)	(3.7)
Regulated revenues	2,869	2,869	2,719	2,719	(150)	(5.2)
- Transport	2,327	2,327	2,162	2,162	(165)	(7.1)
- Storage	523	523	515	515	(8)	(1.5)
- Regasification	19	19	42	42	23	121.1
Non-regulated revenues	58	58	101	101	43	74.1
Energy transition business revenues	370	370	695	695	325	87.8
Total revenues	3,297	3,297	3,515	3,515	218	6.6
Gas infrastructure business costs	(693)	(686)	(616)	(607)	79	(11.5)
Fixed costs	(289)	(289)	(305)	(305)	(16)	5.5
Variable costs	(210)	(210)	(152)	(152)	58	(27.6)
Other costs	(194)	(187)	(159)	(150)	37	(19.8)
Energy transition business costs	(361)	(361)	(681)	(671)	(310)	85.9
Total operating costs	(1,054)	(1,047)	(1,297)	(1,278)	(231)	22.1
EBITDA	2,243	2,250	2,218	2,237	(13)	(0.6)
Amortization, depreciation and impairment losses	(820)	(820)	(890)	(873)	(53)	6.5
EBIT	1,423	1,430	1,328	1,364	(66)	(4.6)
Net financial expenses	(102)	(102)	(140)	(123)	(21)	20.6
Share of profit (loss) of equity-accounted investments	294	294	(138)	308	14	4.8
Profit before tax	1,615	1,622	1,050	1,549	(73)	(4.5)
Income tax	(115)	(400)	(378)	(385)	15	(3.8)
Net profit	1,500	1,222	672	1,164	(58)	(4.7)
- Attributable to Snam's shareholders	1,496	1,218	671	1,163	(55)	(4.5)
- Non-controlling interests	4	4	1	1	(3)	(75.0)

(a) Excluding special items.



Special item detail

(millions of euros)	2021	2022	Change	% change
EBIT special items	7	36	29	
- COVID -19 expenses:	7		(7)	(100.0)
Severance indemnity		6	6	
Provisions for risks and charges		10	10	
Writedown of current and non-current asset		20	20	
Net financial expenses		17	17	
- Liability management financial expenses		17	17	
Net income from equity investments		446	446	
- Gain on sale of share of equity investments		(73)	(73)	
- Expenses from equity investments		519	519	
Income taxes	(285)	(7)	278	(97.5)
- Tax realignment pursuant to Law-Decree 104/2020	(292)		292	(100.0)
- Tax effect on reorganisation operations	9		(9)	(100.0)
- Income taxes on special items	(2)	(7)	(5)	
Net profit special items	(278)	492	770	

Reclassified statement of financial position

(millions of euros)	31.12.2021	31.12.2022	Change
Non-current assets	21,296	21,562	266
Property, plant and equipment	17,204	17,859	655
- of which right-of-use leased assets	20	33	13
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,167	1,321	154
Equity-accounted investments	2,560	2,313	(247)
Other financial assets	403	175	(228)
Net payables relating to investment activities	(401)	(469)	(68)
Net working capital	1	(2,155)	(2,156)
Liabilities due to employee benefits	(36)	(27)	9
Assets held for sale and directly related liabilities		67	67
NET INVESTED CAPITAL	21,261	19,447	(1,814)
Equity	7,240	7,524	284
- Attributable to Snam's shareholders	7,203	7,468	265
- Non-controlling interests	37	56	19
Net financial debt	14,021	11,923	(2,098)
- of which financial liabilities on leased assets	20	33	13
COVERAGE	21,261	19,447	(1,814)



RECLASSIFIED STATEMENT OF CASH FLOWS

(millions of euros)	2021	2022
Net profit	1,500	672
<i>Adjusted for:</i>		
- Amortization and depreciation and other non-cash components	527	1,006
- Net losses (gains) on asset sales and write-offs	13	24
- Dividends, interest and income taxes	206	484
Change in net working capital	(613)	2,408
Dividends, interest and income taxes collected (paid)	(295)	(485)
Cash flows from operating activities	1,338	4,109
Capital expenditure	(1,244)	(1,322)
Disposals		7
Investments in consolidated subsidiaries and businesses net of cash and cash equivalent acquired		(458)
Net investments in associates	(453)	143
Change in long-term financial assets	12	197
Other changes relating to investment activities	7	65
Free cash flow	(340)	2,741
Repayment of financial liabilities for leased assets	(7)	(8)
Change in short- and long-term financial liabilities	(584)	(1,440)
Equity cash flow	(775)	(866)
Change in cash and cash equivalents relating to assets for sale and directly associated liabilities		(7)
Change in cash and cash equivalents companies exit from the basis of consolidation	(1)	
Net cash flow for the period	(1,707)	420

CHANGE IN NET FINANCIAL DEBT

(millions of euros)	2021	2022
Free cash flow	(340)	2,741
Convertible Bond		381
Equity cash flow	(775)	(866)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation	(1)	(116)
Change in financial liabilities for leased assets	(6)	(16)
Change in cash and cash equivalents relating to assets for sale and directly associated liabilities		(7)
Other changes	(7)	(19)
Change in net financial debt	(1,129)	2,098



Methodological note

This press release was prepared on a voluntary basis in line with market best practice and shows the audited consolidated results of the financial year 2022. 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 July 19th, 2002. The measurement and recognition criteria used have remained unchanged in relation to those adopted to prepare the 2021 Annual Financial Report. Please refer to that report for a description of the criteria.

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

The changes in the scope of consolidation of the Snam Group as at December 31st, 2022 compared to December 31st, 2021 concerned the following: (i) the acquisition by Snam FSRU Italia S.r.l. of the Golar LNG NB13 Corporation, which owns the Golar Tundra floating unit (FSRU) and of Ravenna LNG Terminal S.r.l., which owns a sea terminal off the port of Ravenna and the state concession relinquished in favour of Snam FSRU Italia, which is necessary for the commissioning of the BW Singapore ship, which will be available to Snam at the end of 2023; (ii) the acquisition from its subsidiaries Renerwaste and les Biogas of 6 and 19 companies, respectively, specialising in the construction and management of plants and in the promotion of circular economy projects for the energy valorisation of the organic fraction of waste - FORSU, and of agricultural waste; (iii) the acquisition of a controlling stake (instead of joint control) of Iniziative Biometano S.p.A by increasing its interest from 50% to 51% of the share capital following the exercise of a call option included in the contractual agreements between the shareholders.

Non-GAAP measures

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

The Snam management team believes that these measures facilitate the analysis of the Group's performance and of the business segments, ensuring better comparability of results over time.

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

In accordance with Consob Communication DEM/6064293 of July 28th, 2006, as amended (and as most recently amended on May 5th, 2021, in implementation of the new ESMA recommendations 32-232-1138 of March 4th, 2021), the following paragraphs provide 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 indicators³ in accordance with international accounting standards.

EBITDA, EBIT and adjusted net profit

EBITDA, EBIT and adjusted net profit are obtained by excluding special items, gross and net of related taxes, respectively, from reported EBIT and net profit (as per the statutory income statement format). Income components classified as special items in 2022 consist of: (i) the write-down of the stake held by Snam S.p.A. (84.47%) in the Austrian company TAG (340 million euros), which owns the pipeline that transports Russian gas to Italy, as a result of the effects of the war between Russia and Ukraine and the consequent changes in the economic scenario; (ii) the costs arising from the fair value-based assessment of the contractual rates for the 2023-2040 period of the investee company ADNOC Gas Pipeline Assets (179 million euros) due to changes in market interest rates. In order to reflect the essence of the operation and the actual return for ADNOC's investors, this effect has been normalised, using a constant interest rate for the entire duration of the contract

³ Conventional indicators are all the 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.



made equal to the Internal Rate of Return (IRR) for investors at the date of acquisition; (iii) the capital gain resulting from the sale of shares in Industrie De Nora S.p.A. with a view to the company's listing on the stock exchange (IPO) and other income related to capital increases serving the IPO subscribed by shareholders who joined the company (72 million euros in total, net of additional charges and related taxation). After these operations, Snam holds a 25.79% stake in the company (35.63% prior to the IPO) (iv) the write-down of current and non-current assets (20 million euros in total; 18 million euros net of related taxation) related to the sustainable mobility business (v) financial expenses resulting from the repurchase of bonds on the market as part of the liability management operation completed in January 2022 (17 million euros; 14 million euros, net of the related tax effect); (vi) provisions for risks and charges (10 million euros; 8 million euros net of the related tax effect), relating to circumstances that do not reflect normal business performance; (vii) the severance payment made to the outgoing Chief Executive Officer, following the termination of his employment as Chief Executive Officer and General Manager of Snam S.p.A. (6 million euros; 5 million euros net of related taxation).

Special items

The income components are classified under special items, if significant, when: (i) they result from non-recurring events or operations or from operations or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or operations which are not representative of the normal course of business. The tax rate applied to the items excluded from the calculation of adjusted net profit is determined on the basis of the nature of each revenue item subject to exclusion. Any income components deriving from non-recurring operations in accordance with Consob Resolution no. 15519 of July 27th, 2006 are also shown separately in the IFRS financial report.

Net financial debt

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

In accordance with Consob Communication DEM/6064293 of 2006, as last amended on May 5th, 2021, other current financial assets that do not constitute liquidity (e.g. short-term financial receivables maturing beyond 90 days) are excluded from the calculation of net financial debt.

Fine Comunicato n.0542-12

Numero di Pagine: 15