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FY 2022 Consolidated Results

16th March 2023

Opening remarks



Solid financial results in an extremely volatile environment, despite WACC review



Sound progress across Gas infrastructure and Energy transition business KPIs



Continued sustainability performance throughout emissions, taxonomy and SGDs alignment

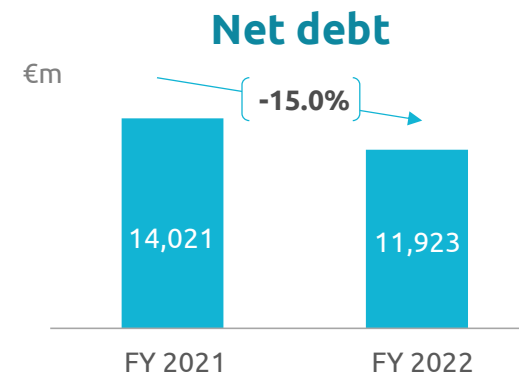
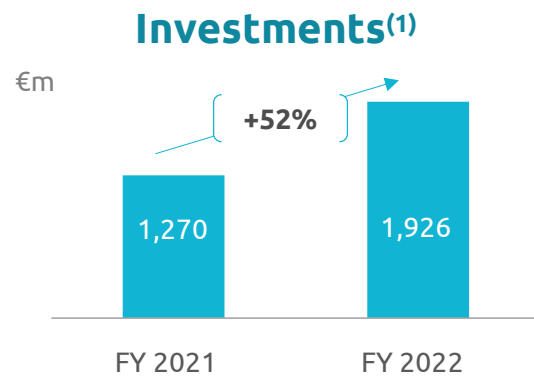
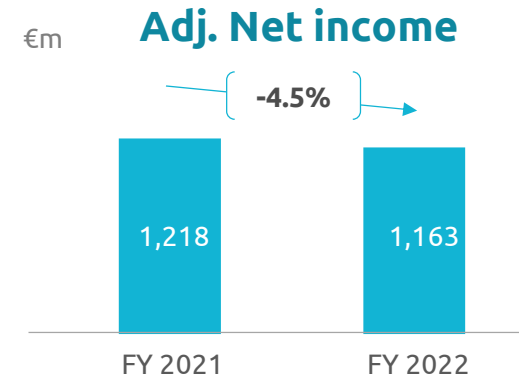
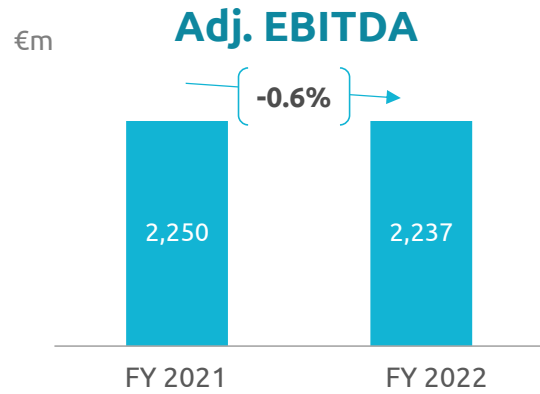


Key strategic achievements along the energy trilemma, laying the foundations for our long term strategy



Consistent shareholders remuneration with a dividend proposal of €0.2751/share on 2022 results

FY 2022 financial results



Solid results, despite WACC review, in an extremely volatile environment

1. Investments in 2022 include €0.4bn for the acquisition of Golar Tundra & other investments in LNG infrastructure and €0.2bn for Biomethane acquisitions.

2022 Dashboard

Business



Gas infrastructure

- **+18,000** yoy (+23%) hours of compression stations
- **+4.4 Bcm⁽¹⁾** volumes regasified yoy
- **4.6bcm** of export



Biomethane

- **5** plants started and **32** in operation (**40 MW**)
- **19 mcm** of production (+16 mcm yoy)



Energy Efficiency

- **€1.860 m** Backlog (+ 79% yoy)
- **46 MW** installed (+142% yoy)



SSLNG and Mobility

- **85** CNG and LNG stations (+18 yoy)
- **€25m** of grants earmarked
- MoU with Edison to foster the Italian SSLNG infrastructure

Decarbonization projects

- **Ca €11m of** grants earmarked
- Successfull De Nora IPO while progressing on the Gigafactory project

Sustainability

GHG emissions

- Scope 1&2 GHG emissions broadly flat (-0.6%) vs 2021 despite challenging scenario (-**20%** like for like⁽²⁾)
- Methane emissions **-45% vs 2015** (-23% yoy)

Alignment to



Revenues	20%	
Opex	37%	
Capex	39%	62%

ESG ratings



Best sector performer by **Sustainalytics**



S&P DJSI (87/100 score)



AA



A- list

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1. Assuming 100% stake.

2. Effect of the changed geopolitical context neutralized and new businesses excluded.

FY 2022 key highlights



KEY STRATEGIC ACHIEVEMENTS

Security of supply

- **2 new FSRUs** authorized in record time
- Gas Storage infilling target reached (**95% by end of Oct**)
- **Adriatic pipeline** consultation completed
- **SeaCorridor** (TTPC/TMPC) acquisition on 10th Jan 2023

Sustainability

- **H2 backbone PCI** application filed
- **Methane leakage** reduction 3 years ahead of UNEP targets
- **70k tons** CO2 emissions avoided
- **CCS** project in Ravenna

Affordability

- Managed material gas flows reshuffle seamlessly
- **Assets Health** methodology approved by Arera (effective Jan 1st 2023)
- Preparing for **ROSS**
- **750km** of network certified H2 ready

1. Non weather adjusted.



SCENARIO

Gas market

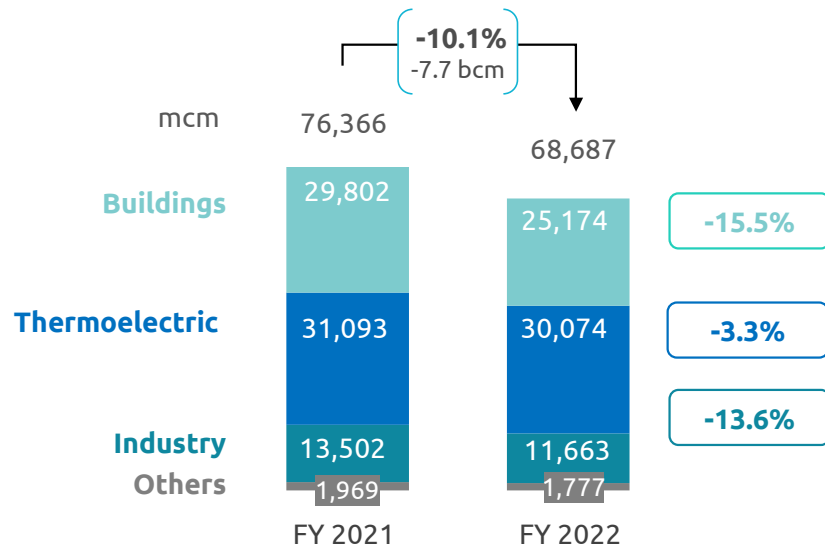
- FY 2022 Italian gas demand at **68.7 bcm** (-10% YoY⁽¹⁾)
- Average TTF at **€124/MWh** (+163% yoy)
- North import **-30%**, Southern route **+15%** and LNG **+45%**

Macro and regulation

- Rising interest rates (+250 bps by BCE)
- FY 2022 RAB deflator at **4.2%**
- No WACC trigger for 2023
- Consultation process on ROSS base

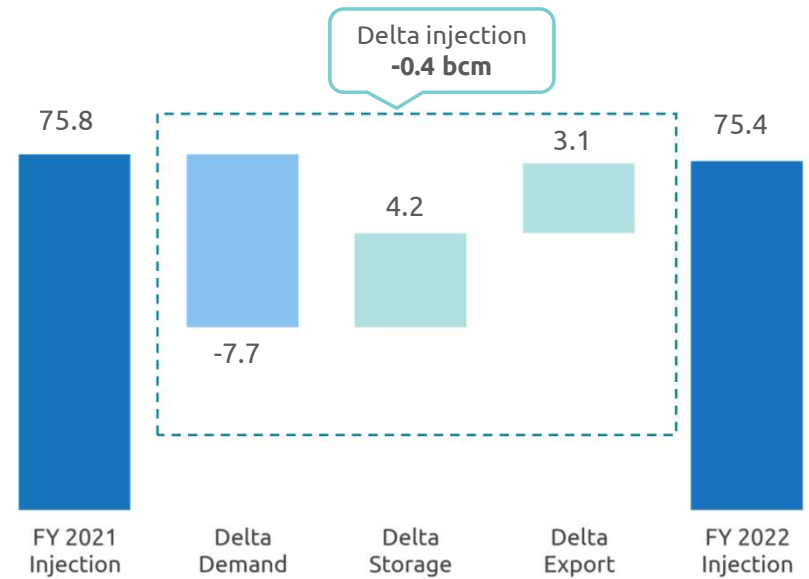
FY 2022 gas demand and injection

Italian gas demand FY 2022



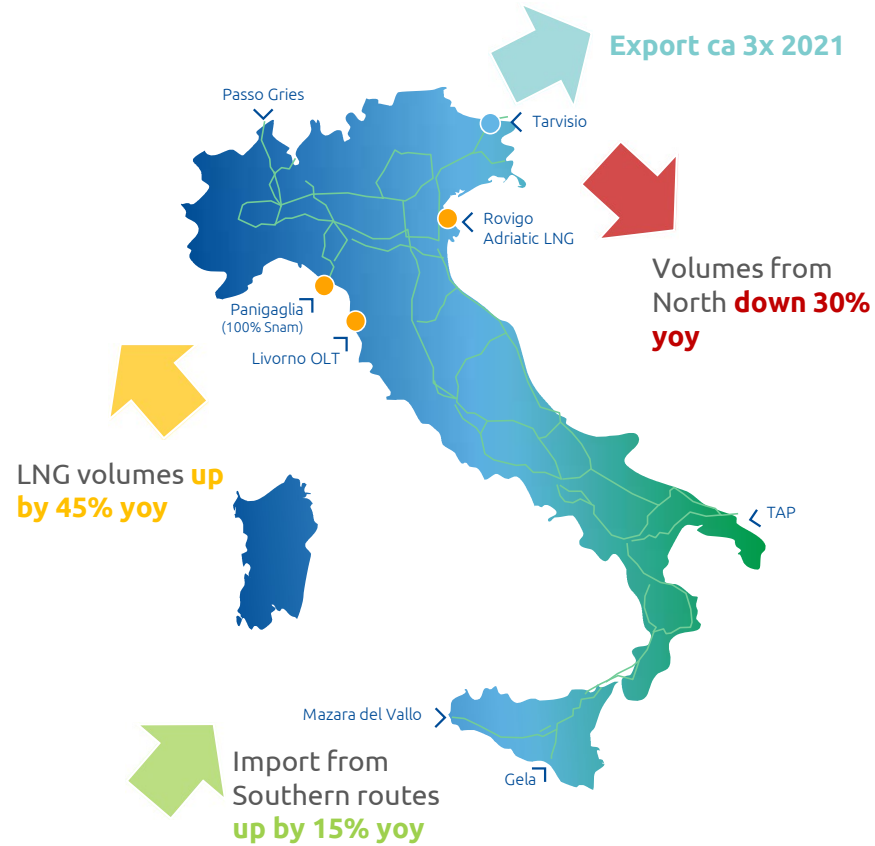
Gas demand decline driven by **mild weather and industrial demand reduction**

Gas injection – Delta 2022 vs 2021



Total gas injection substantially in line with FY 2021
Change in demand offset by export and storage

FY 2022 Italian flows



Gas injection details

bcm	FY 2021	FY 2022	Change (bcm)	Change (%)
National production	3.1	3.1	-0.0	-0.6%
Pipelines	62.9	58.1	-4.8	-7.6%
Gela	3.2	2.6	-0.6	-18.9%
Mazara del Vallo	21.2	23.6	2.4	11.3%
Passo Gries	2.2	7.6	5.4	249.9%
Tarvisio	29.1	14.0	-15.1	-51.9%
Gorizia	0.0	0.0	-0.0	-33.3%
Melendugno	7.2	10.3	3.1	43.2%
LNG	9.8	14.2	4.4	45.5%
Adriatic LNG	7.3	8.3	1.0	13.6%
OLT	1.4	3.7	2.3	162.5%
Panigaglia	1.1	2.2	1.1	108.2%
Total injection	75.8	75.4	-0.4	-0,5%

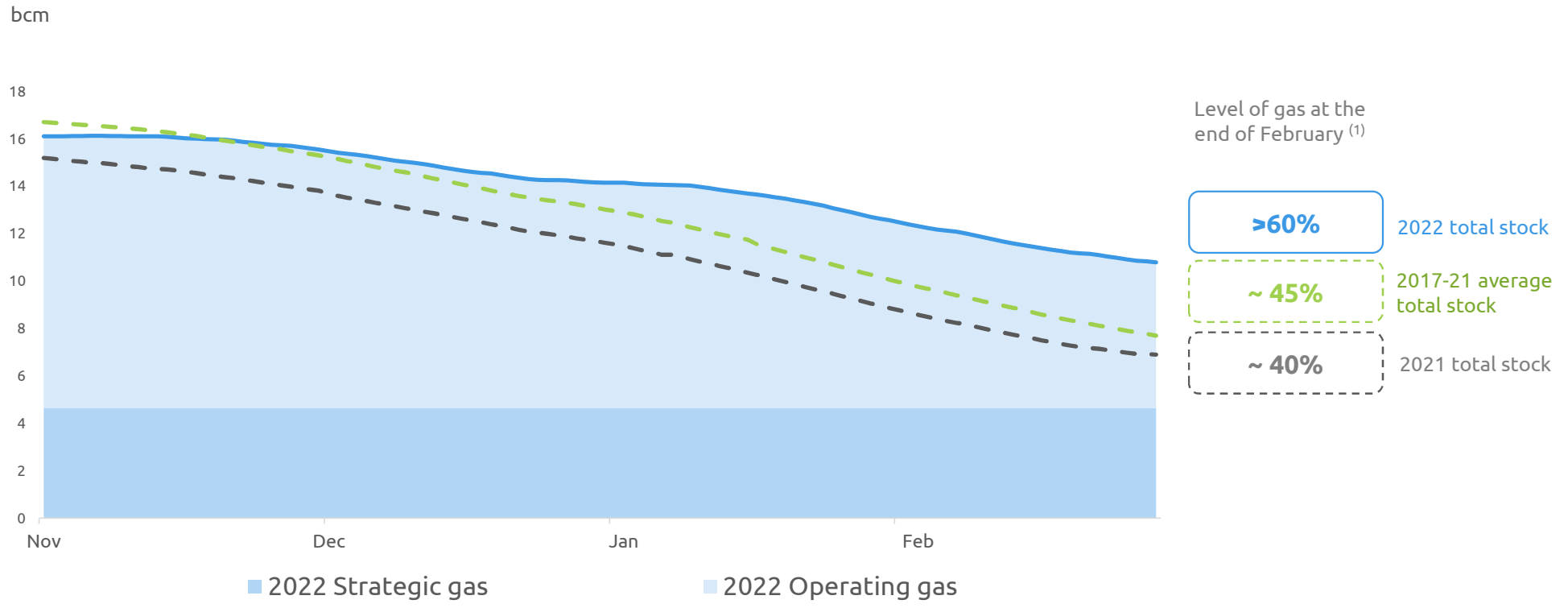
Unprecedented gas flow reversal managed in 2022



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Supply security: gas storage volumes evolution

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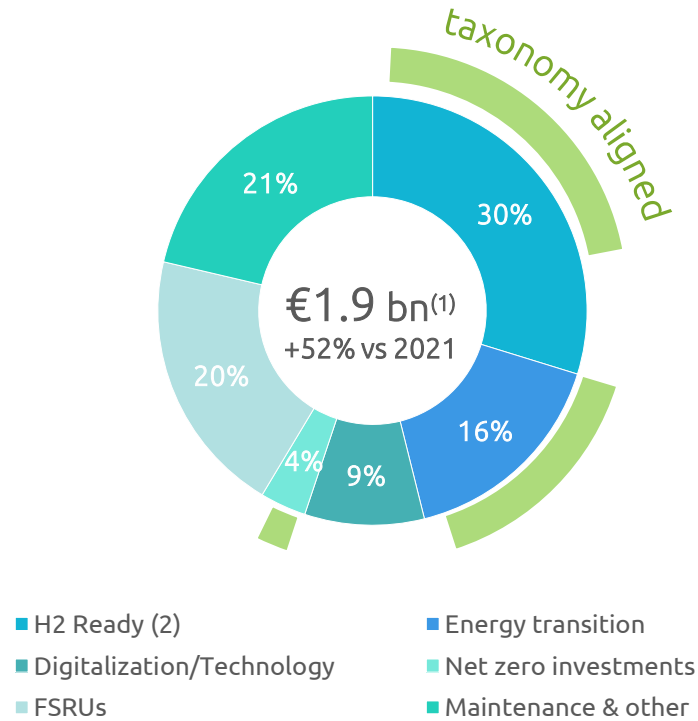
2022 storage volumes well ahead of 2021 and historical average



1. Including strategic storage.

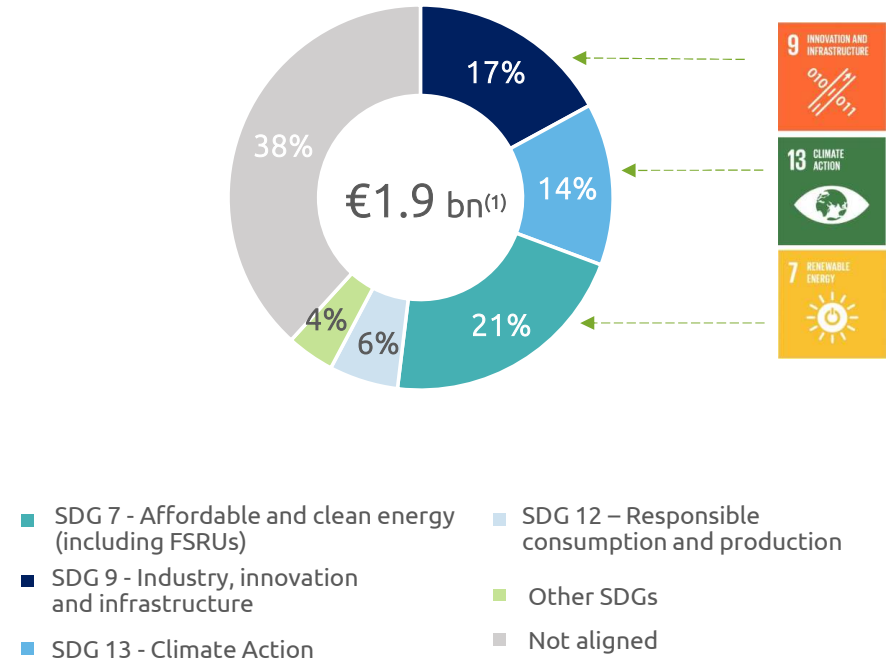
FY 2022 Investments breakdown and alignment

Investments mix and EU Taxonomy alignment



39% of investments EU taxonomy aligned

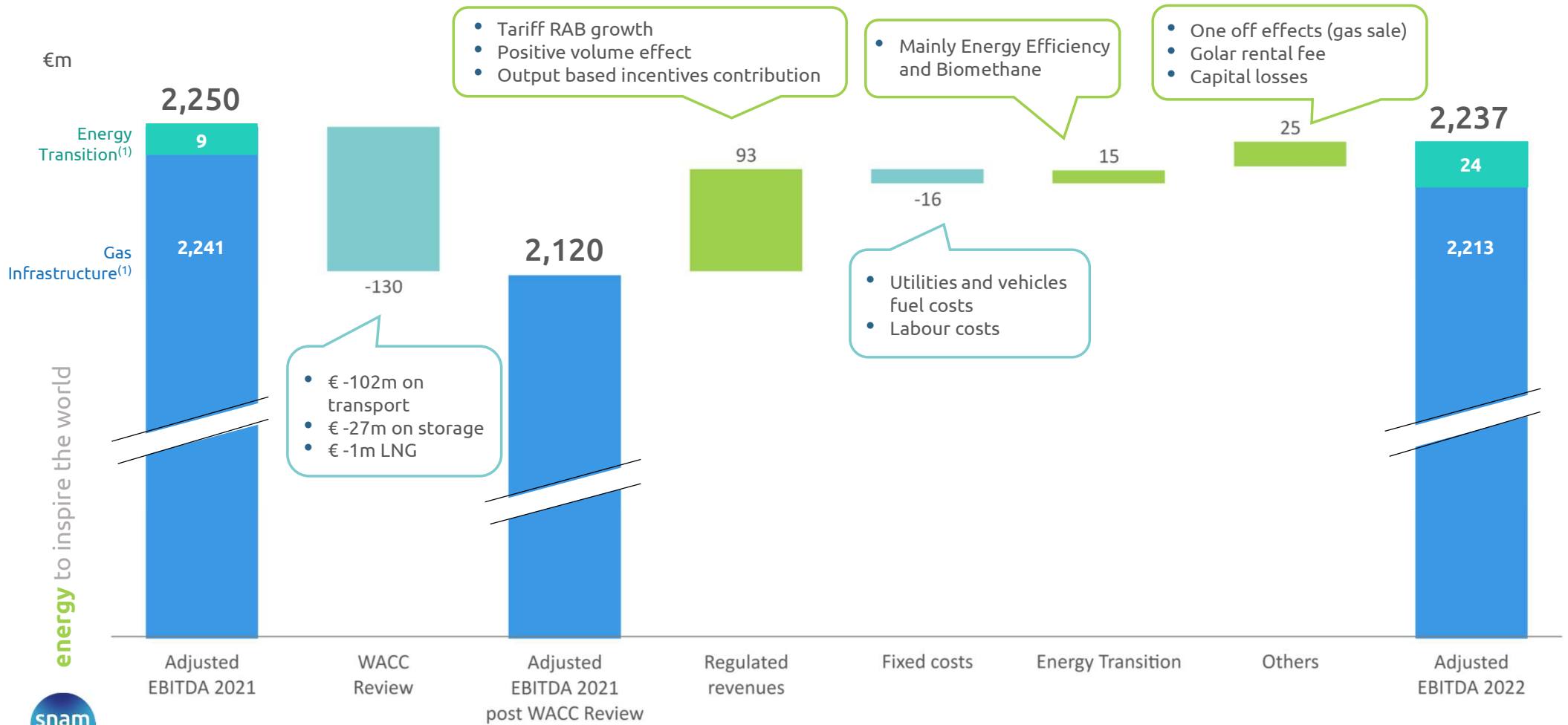
Investments alignment to SDGs



62% of investments SDGs aligned

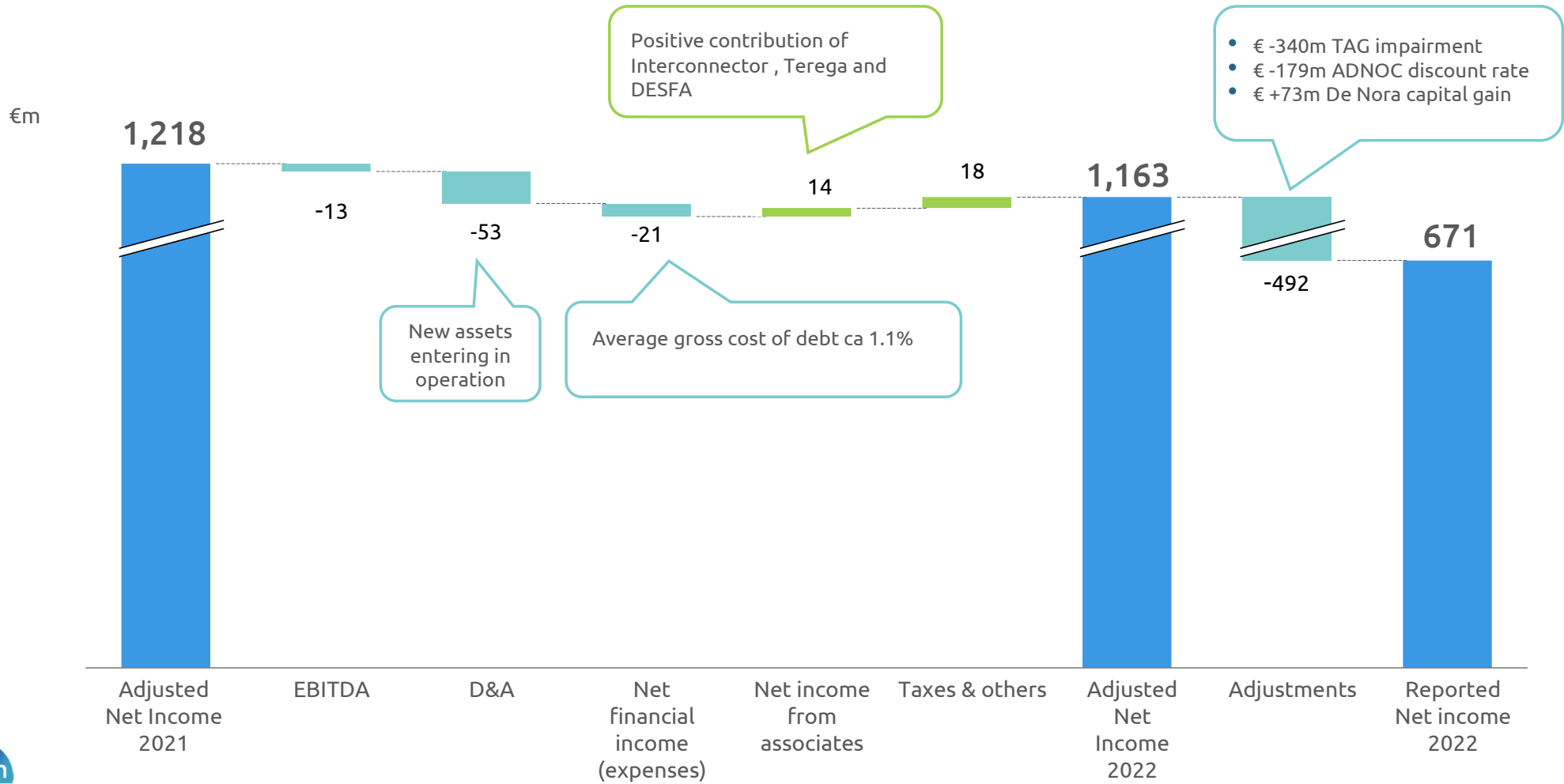
1. Investments in 2022 include €0.4bn for the acquisition of Golar Tundra & other investments in LNG infrastructure and €0.2bn for Biomethane acquisitions.
2. Replacement, development and maintenance done using H2 ready procurement standard.

Adj. EBITDA analysis

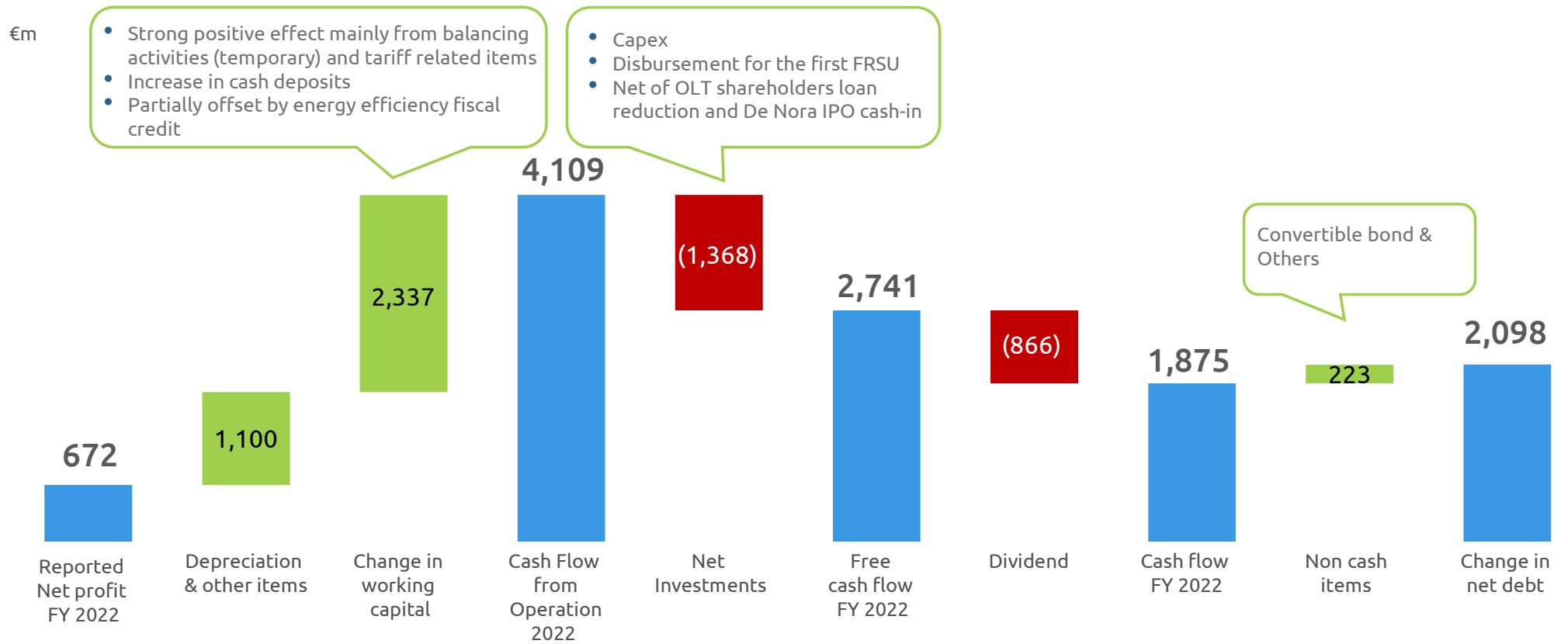


1. In line with the 2022-2026 Strategic Plan, at December 31, 2022 Greenture (SSLNG and Mobility) was reclassified from Energy transition to Gas Infrastructure as it is now focused on the construction of mid-stream infrastructures. The related 2021 figures have been restated accordingly.

Adj. Net Income analysis

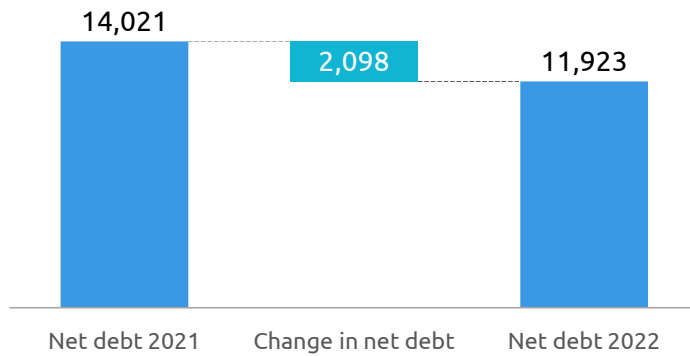


Cash flow

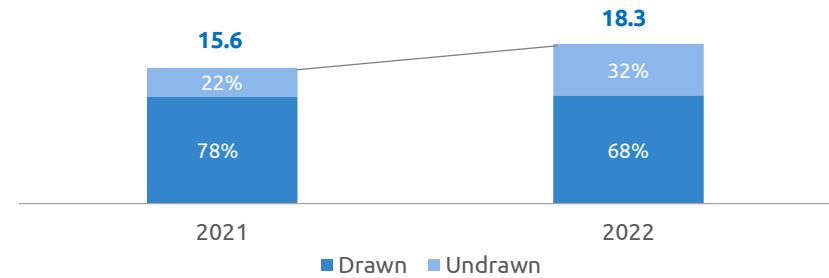


Net Debt evolution

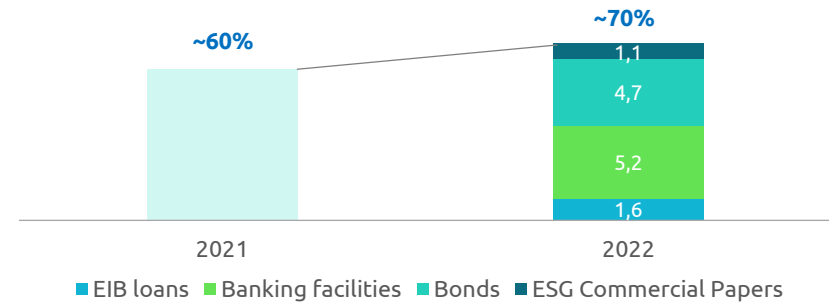
Net debt evolution (€m)



Total MLT committed financing ⁽¹⁾ (bn€)



Sustainable Finance on Committed financing (bn€)



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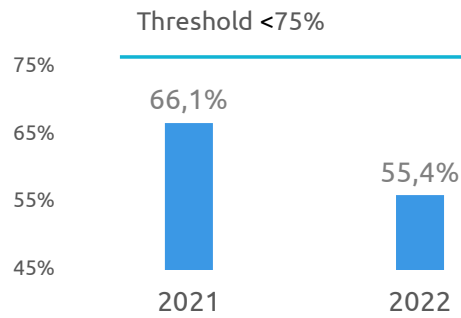
Average gross cost of debt	0.8%	1.1%
Fix / Floating	72% / 28%	80% / 20%

Better than expected Net debt evolution

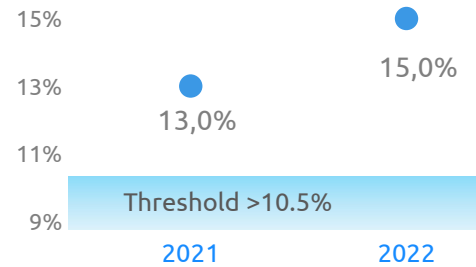
1. Excluding uncommitted lines and Commercial Paper.

Solid financial structure

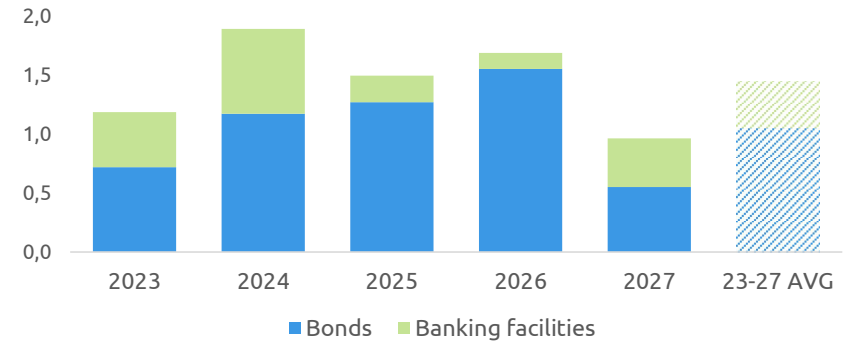
**Net Debt/
(Fixed Assets + BVEP ⁽¹⁾)**



FFO/Net Debt⁽²⁾



**Maturities profile
(€bn, drawn amount)**



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

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

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Credit metrics well inside rating thresholds and maturities well spread over time

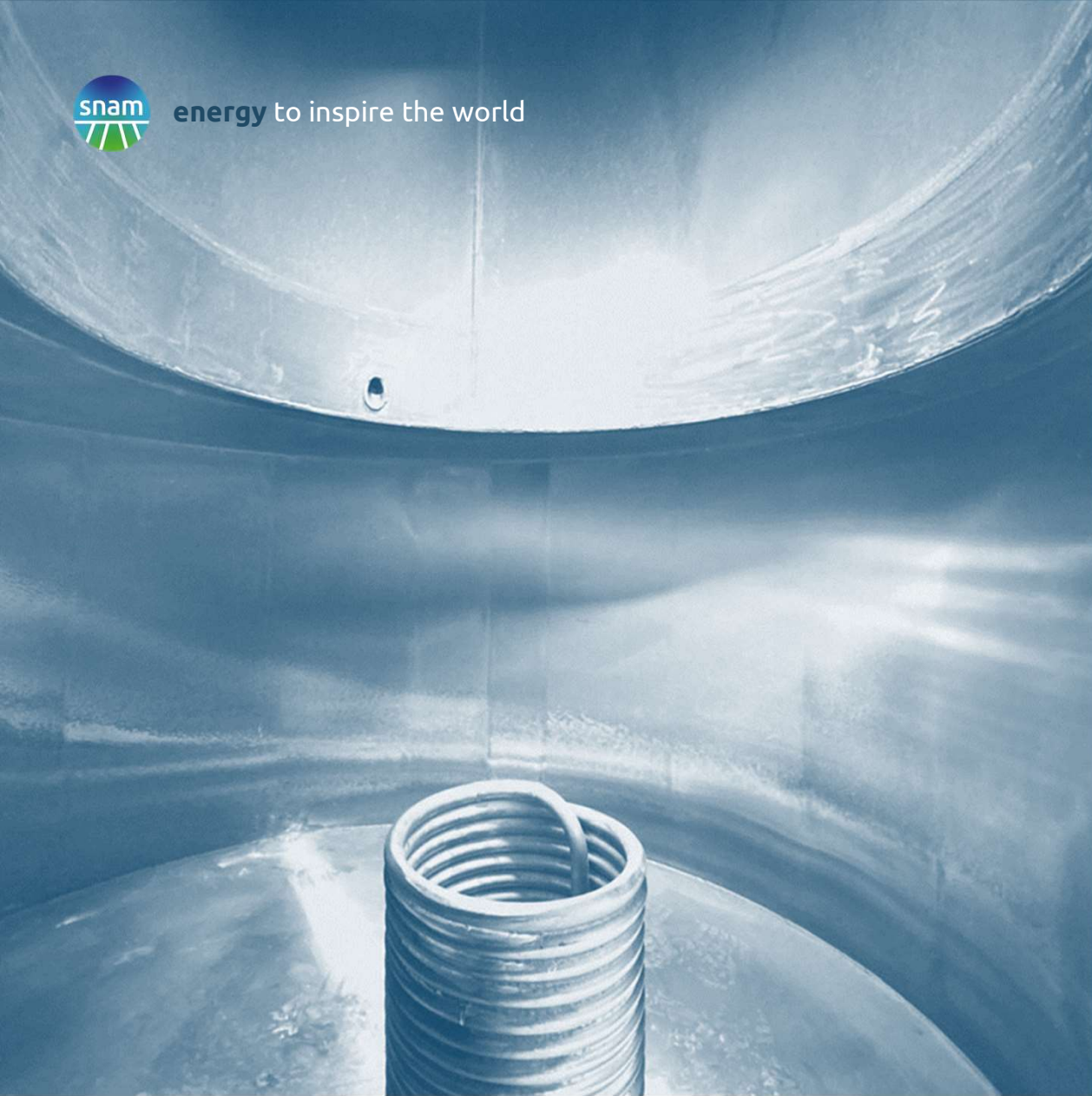
Closing remarks and 2023 Guidance

	FY 2022	Guidance FY 2023	
Investments	€1.9 bn <ul style="list-style-type: none"> • € 1.6 bn Gas Infrastructure • € 0.3 bn Energy Transition 	€2.1 bn <ul style="list-style-type: none"> • € 1.9 bn Gas Infrastructure • € 0.2 bn Energy Transition 	Further ramp up in capex mainly driven by gas infrastructure investments
Tariff RAB	€21.4 bn	€22.4 bn	+5% RAB yoy thanks to new investments
Net income	€1.16 bn	Ca €1.1 bn	Higher output-based incentives and energy transition businesses offset by expected rising financial charges
Net debt	€11.9 bn	€ 15 -15.5 bn	Assuming partial reversal of regulatory working capital
DPS	€0.2751/share	+2.5% min	In line with the policy

Solid 2022 performance paving the way for 2023



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Q&A SESSION



Annexes



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Income Statement Adjusted

€ mn	2021	2022	Change	Change %
Revenues	3,297	3,515	218	6.6%
Operating expenses	(1,047)	(1,278)	(231)	22.1%
EBITDA	2,250	2,237	(13)	(0.6%)
Depreciation & amortisation	(820)	(873)	(53)	6.5%
EBIT	1,430	1,364	(66)	(4.6%)
Net interest income (expenses)	(102)	(123)	(21)	20.6%
Net income from associates	294	308	14	4.8%
EBT	1,622	1,549	(73)	(4.5%)
Income taxes	(400)	(385)	15	(3.8%)
NET PROFIT BEFORE THIRD PARTIES	1,222	1,164	(58)	(4.7%)
Third Parties Net Profit	(4)	(1)	3	(75.0%)
NET PROFIT	1,218	1,163	(55)	(4.5%)
EBITDA REPORTED	2,243	2,218	(25)	(1.1%)
EBIT REPORTED	1,423	1,328	(95)	(6.7%)
NET PROFIT REPORTED	1,496	671	(825)	(55.1%)

Revenues

€ mn	2021	2022	Change	Change %
Regulated revenues	2,869	2,719	(150)	(5.2%)
Transport	2,327	2,162	(165)	(7.1%)
Storage	523	515	(8)	(1.5%)
LNG	19	42	23	121.1%
Non regulated revenues⁽¹⁾	58	101	43	74.1%
Total Gas Infrastructure Businesses revenues	2,927	2,820	(107)	(3.7%)
Energy Transition Businesses revenues⁽¹⁾	370	695	325	87.8%
TOTAL REVENUES	3,297	3,515	218	6.6%

(1) In line with the 2022-2026 Strategic Plan, at December 31, 2022 Greenture (SSLNG and Mobility) was reclassified from Energy transition to Gas Infrastructure as it is now focused on the construction of mid-stream infrastructures. The related 2021 figures have been restated accordingly.

Operating Costs

€ mn	2021	2022	Change	Change %
Gas Infrastructure Businesses costs	686	607	(79)	(11.5%)
Variable costs	210	152	(58)	(27.6%)
Fixed costs	289	305	16	5.5%
Other costs	187	150	(37)	(19.8%)
Energy Transition Businesses costs ⁽¹⁾	361	671	310	85.9%
TOTAL COSTS	1,047	1,278	231	22.1%

(1) In line with the 2022-2026 Strategic Plan, at December 31, 2022 Greenture (SSLNG and Mobility) was reclassified from Energy transition to Gas Infrastructure as it is now focused on the construction of mid-stream infrastructures. The related 2021 figures have been restated accordingly.

Balance Sheet

€ mn	2021	2022	Change	Change %
Net invested capital	21,261	19,447	(1,814)	(8.5%)
Fixed capital	21,296	21,562	266	1.2%
Tangible fixed assets	17,567	18,222	655	3.7%
Intangible fixed assets	1,167	1,321	154	13.2%
Equity-accounted investments	2,560	2,313	(247)	(9.6%)
Other Financial assets	403	175	(228)	(56.6%)
Net payables for investments	(401)	(469)	(68)	17.0%
Net working capital	1	(2,155)	(2,156)	-
Receivables	3,756	8,020	4,264	-
Liabilities	(3,755)	(10,175)	(6,420)	-
Provisions for employee benefits	(36)	(27)	9	(25.0%)
Asset and liabilities held for sale	-	67	67	-
Net financial debt	14,021	11,923	(2,098)	(15.0%)
Shareholders' equity	7,240	7,524	284	3.9%

International associates contribution to FY 2022 adjusted Net income

Yoy change in net profit contribution(€m)



- Working beyond contractual capacity covering ca 14% of Italian gas import in 2022
- Additional short-term bookings do not generate additional revenues
- Confirmed positive outcome of market test for a minimum expansion (+1.2 bcm/y from 2026)
- Second binding phase for higher expansion sizes expected later this year

+€2 m



- Stronger than expected performance thanks to gas prices differential vs Europe spreads boosting export flows
- Regulatory profit cap to be reached also in 2023 and given more than 50% of capacity booked (import and export)
- Asset revaluation given the high visibility thanks to significant bookings until 2026

+€42 m



- Higher revenues due to increased LNG imports and exports to Bulgaria
- New energy costs passthrough mechanism starting from July 2022
- TYDP approved with ca 800M€ investments (vs previous €540m), new tariff proposal for next regulatory period starting in 2024 under discussion

+€6 m



- Business performance in line with expectations, positive contribution from USD appreciation and no transaction costs due to refinancing

+€6 m



- 2022 TAG results in line with 2021 thanks to long term contracts in place
- Strategic value of the assets thanks to the reverse flow option (e.g. for TAG ca 6.5bcm capacity already booked in reverse flow for thermal year 2022-23 and 2bcm for 2023-25) and their role in the H2 backbone
- GCA result affected by impairment due to the spike of interest rates

-€43 m



- Revenues increase due to higher volume booking between Spain and France and lower financial charges
- Teréga overall storage infilling above 100%

+€9 m



- Capacity upgrade to 7 bcm ongoing, completion expected by 2023
- Key infrastructure to maximize supply to Egyptian LNG export terminals within the ISR-EGY-EU MOU

+€1 m

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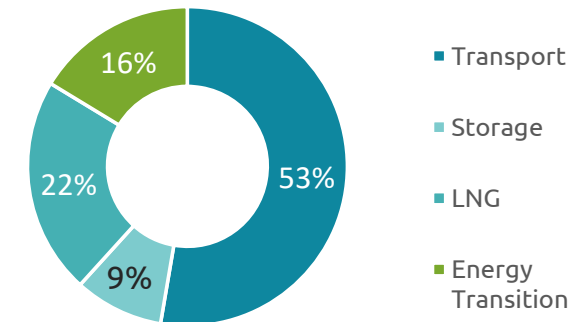


Investments detail by business

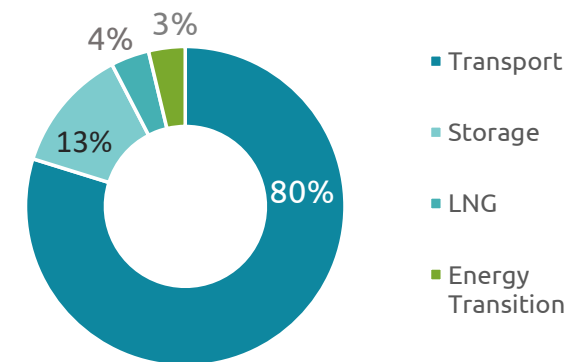
€mn	2021	2022
Transport⁽¹⁾	1,013	1,015
Storage	160	173
LNG⁽²⁾	50	423
Energy Transition⁽³⁾	47	315
Total	1,270	1,926

1. Including corporate capex
2. Including greenture (SSLNG and mobility) investments and in FY2022 €0.4bn for the acquisition of Golar Tundra
3. Including in FY2022 €0.2bn for Biomethane acquisitions

2022



2021



Taxonomy eligibility and alignment

— FY 2022
— FY 2021

Eligibility

Alignment

Revenues

• Transport of CH4 : pro-quota of yearly demand	21%
• Storage of CH4 : excluded	
• LNG : excluded	
• Biomethane : 100% eligible	81%
• Mobility : excluded	
• Energy Efficiency : 100% eligible	
• H2&CCS : 100% eligible	

• Transport of CH4 : revenues aligned pro-quota on yearly demand	20%
• Biomethane : 100% aligned	
• Energy Efficiency : cogeneration excluded	
• H2&CCS : 100% aligned	n.a.

Opex

• Only Opex for maintaining the assets	75%
• Same interpretation as Capex	94%

• Same interpretation as Capex	37%
	n.a.

Capex

• Transport of CH4 : 100% eligible	
• Storage of CH4 : excluded	
• Biomethane : 100% eligible	
• Buildings : 100% eligible	63%
• Mobility : Excluded	
• Energy Efficiency : 100% eligible	73%
• H2&CCS : 100% eligible	

• Transport of CH4 :	
• H2-ready capex 100% aligned	
• Maintenance excluded	
• Methane leakage reduction 100% aligned	
• investments to reduce emissions 100% aligned	
• Connection of biomethane plants 100% aligned	39%
• Biomethane : 100% aligned	
• Buildings : alignment depending on energy efficiency criteria	37%
• Energy Efficiency : cogeneration excluded, remainder 100% aligned	
• H2&CCS : 100% aligned	



ESG Scorecard 2022



Environment

	Actual 2022	Target 2022
1 % reduction of NG emissions vs 2015	-45%	-40%
2 % NG recovered from maintenance activities (avg. last 5y)	57%	>40%
3 MWh of electricity production by photovoltaic plants	1.035	>860
4 % retrofit and methane fuelled cars out of total car fleet	59%	55%
5 Production of biomethane (Mscm)	19,1	33,1
6 Reduction of CO2 equivalent from energy efficiency (Kton)	26	24
7 Cumulated number of installed CNG and LNG stations	85	85
8 Available LNG capacity for SSLNG market (mln m3)	-	-
9 % of vegetation restoration of the natural and semi-natural areas involved in the construction of pipelines routing	99,9%	>99%



Social

	Actual 2022	Target 2022
10 % participation in welfare initiative	71,8%	52%
11 % employee engagement index	-	-
12 IpFG (Combined Frequency and Severity Index)	0,60	0,7
13 % of women in executive and middle-management roles	23,1%	23% (Target) 25% (Max)
14 % of women in succession planning	26%	26%
15 % of spending to local suppliers on total non-public procurement	44%	40%
16 % of local suppliers involved out of total contractualized suppliers	67%	45%
17 Introduction of ESG criteria in scoring models (% of spending on assigned contracts)	34%	10%
18 % employees hours devoted to Snam Foundation initiatives supporting local communities	6.147	4.600

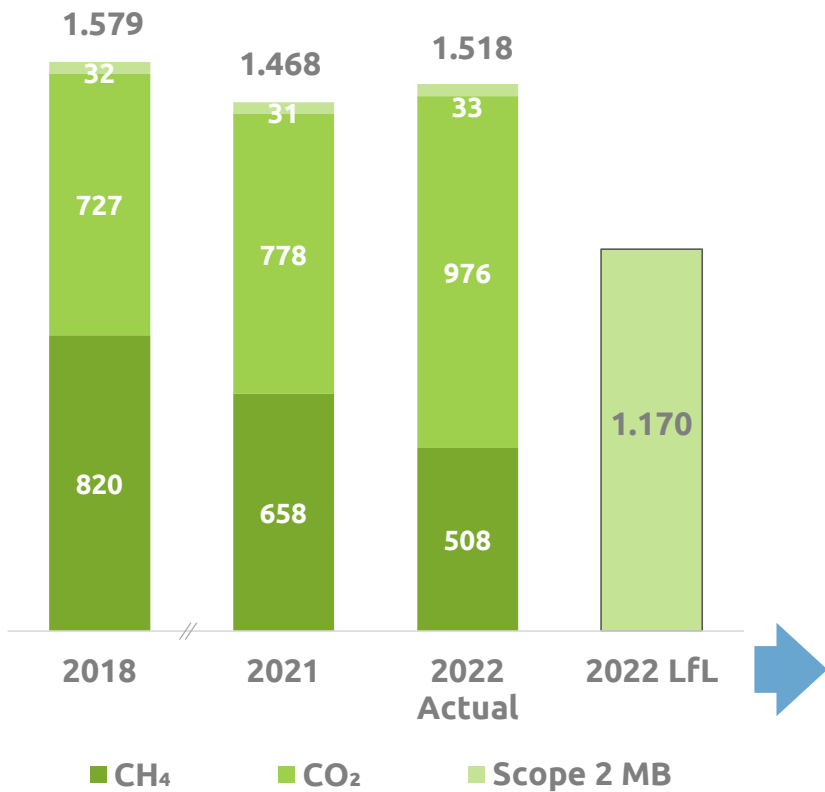


Governance

	Actual 2022	Target 2022
19 Average annual customers satisfaction rate in terms of service quality	8,4	7,95
20 % of reliability levels on gas supply	99,9%	99,9%
21 % of third parties on which reputational due diligence checks done	100%	100%
22 % of ESG Financing on the total Committed Funding	70%	65%
23 % of BoD time dedicated to ESG matters in strategy meetings and induction sections	42%	At least 40%

Scope 1&2 emissions

Scope 1&2 emissions (ktCO_{2eq})



- **Methane emissions (CH₄) reduction of -45% vs 2015** reached 3 years ahead of OGMP UNEP target (-23% vs 2021)
- **Scope 1 and 2 GHG emissions broadly in line with 2021** despite the very challenging context (+23% hours of compression stations)
 - -0,6% on regulated business
 - +3,4% on Snam Group
 - -20% on a Like for Like basis

Like for Like scenario neutralises the effect of the changed geopolitical context, considering:

- **Perimeter:** only **regulated business** in line with the Carbon Neutrality Target
- **Gas source mix** (delivery and redelivery points) as per scenarios developed in 2020

Notes:

Emissions updated according to the methane GWP indicated in the last IPCC report (AR6). Total Scope 1&2 values consider HFC emissions (2018 = 0; 2021 = 1; 2022 Actual = 1).

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.

Therefore, Snam's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, political, economic and regulatory developments in Italy and internationally.

Any forward-looking statements made by or on behalf of Snam speak only as of the date they are made. Snam does not undertake to update forward-looking statements to reflect any changes in Snam's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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

Photograph by
Carlo Valsecchi



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