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1Q 2023 Consolidated Results

May 11th, 2023

1Q 2023 key highlights

SCENARIO

Gas market

- 1Q 2023 Italian gas demand stood at **20.5 bcm** (-19.4% YoY⁽¹⁾)
- Average TTF at **€53/MWh** in Q1 2023 (-46% yoy)
- LNG **+35%** yoy (+1 bcm)

Regulation

- ARERA resolutions 139/2023: rising visibility and consistency over the next regulatory period
- ARERA resolution 163/2023: **base ROSS** general framework points to stability
- First submission for Asset Health incentives

KEY FINANCIAL ACHIEVEMENTS

Financial highlights

- **€313m of Investments** (+4.7% yoy)
- **€597m Adj. EBITDA** (+1.5% yoy)
- **€301m Adj. Net profit** (-7.4% yoy)
- **>€2bn€** of Sustainable financing closed in April

Associates' portfolio

- Overall stable results and contribution
- Successful **ABB on 5.7% of De Nora share capital**

Solid results in a volatile environment

1Q 2023 key strategic achievements

SECURITY OF SUPPLY

- Green light from Arera for **Adriatic pipeline** development
- **Golar Tundra** commissioning started on May 5th. Full capacity booked for 3 years and **86%** for 20 years
- OLT capacity fully booked until 2027
- 1.5 bcm of Storage reverse flow capacity
- Storage level ca **65%** with next winter capacity already fully sold
- **SeaCorridor** (TTPC/TMPC) acquisition closed on Jan 10th,2023

ENERGY TRANSITION

- **South H2 Corridor** support from Italy, Germany and Austria at EU level
- H2 readiness: **1,154 km of** pipelines certified by RINA (+400 km vs FY)
- Modena's H2 Valley €19.5 m funding awarded
- H2 refuelling stations €15 m PNRR funds awarded

SUSTAINABILITY

- **30%** of Capex Taxonomy aligned and **46%** of Capex SDGs aligned
- ESG scorecard performance on track
- Extensive engagement with shareholders ahead of AGM
- ESG investors representing **43%** of institutional shareholders ⁽¹⁾

Sound progress and delivery on key strategic milestones

1. According to Nasdaq IR shareholders identification analysis, at end of January 2023. Institutional investors represent 50% of total shareholders.

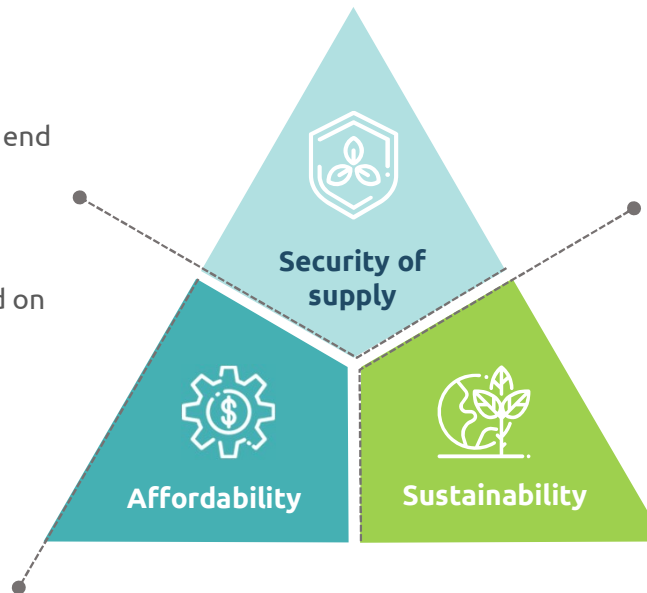
European and Italian Policy support

Security of supply

- **Gas storage filling** obligation of at least 90% by end of Oct 2023
- **Gas saving emergency measures** prolonged to March 2024
- **Gas demand aggregation EU platform** launched on April 25th
- Projects in line with the **Repower EU** objectives eligible for public funds

Affordability

- Hydrogen Bank to support production and import
- **Biomethane: new** Italian incentive framework in place
- RED 2 **Delegated Acts** conducive to centralized H2 production model
- €330 billion of estimated cost savings 2030 – 2050 according to **EU H2 Backbone study**⁽¹⁾



Sustainability

Repower EU targets @ 2030

- Biomethane 35 bcm
- Green H2: 10mton domestic production/10mton import

Net Zero Industry Act

- CCS as net-zero strategic technology
- New target for CCS by 2030 (50 mton/y CO2 storage)

Infrastructure

- Decarbonized gas and H2 Package under discussion
- H2 and CCS PCIs eligible under the new TEN-E for EU funding

H2 targets & policy

- Rules for green H2 certification finally available
- Regulation supporting widespread use of H2 by 2030:
 - Industry: 42% of the H2 used today shall become green
 - Mobility: 5% advanced biofuels with at least 1% of RFNBO²
 - Aviation (1.2% in 2030, 2% in 2032, 5% in 2035)⁴



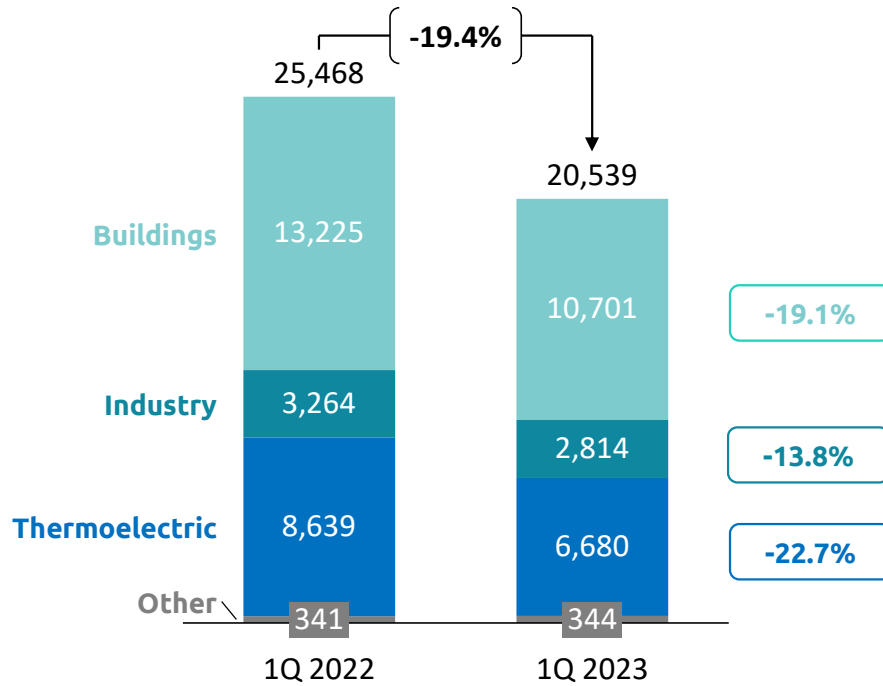
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1. European H2 Backbone study, March 2023. "Assessing the benefits of a pan-European hydrogen transmission network". [Link](#)

2. Renewable fuels of non-biological origin

1Q 2023 gas demand and flows

Italian gas demand 1Q 2023



Gas demand decline driven by mild weather and weak thermolectric production

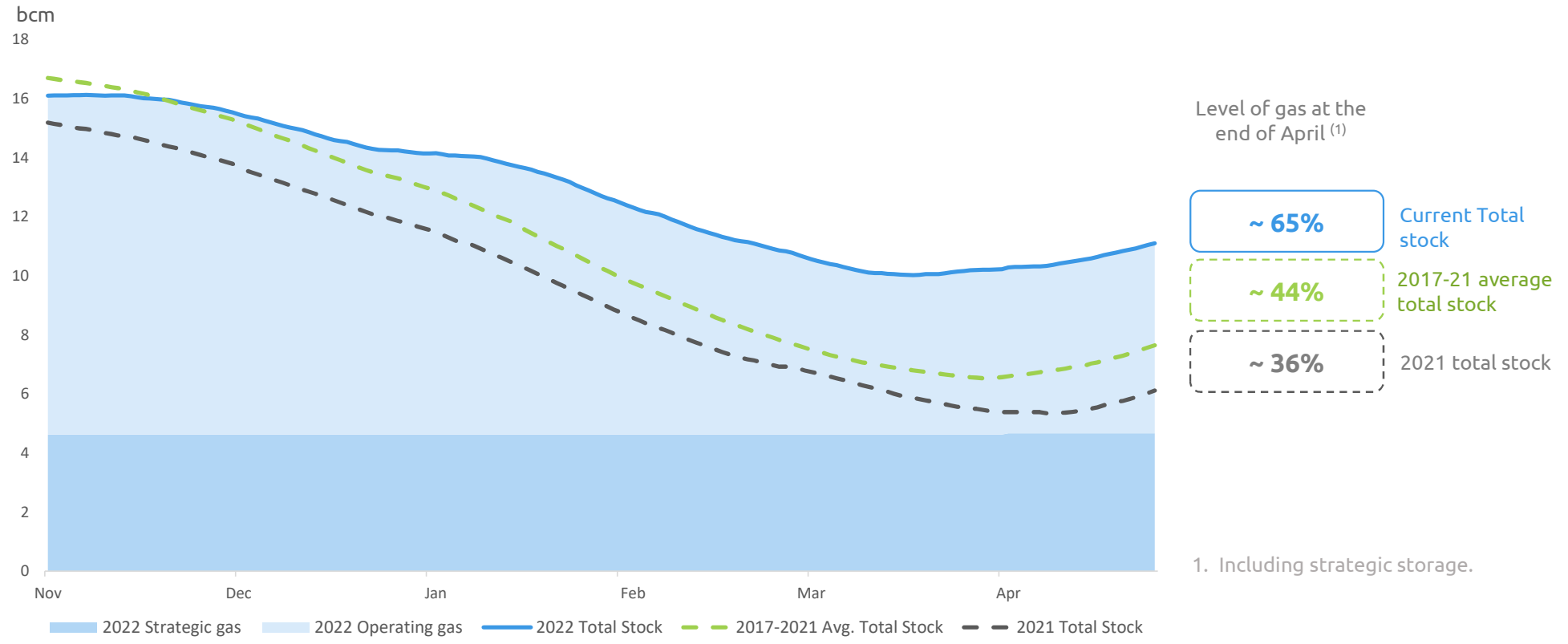
Gas flows 1Q 2023



Decline in volumes from North offset by LNG and lower demand

Supply security: gas storage volumes evolution

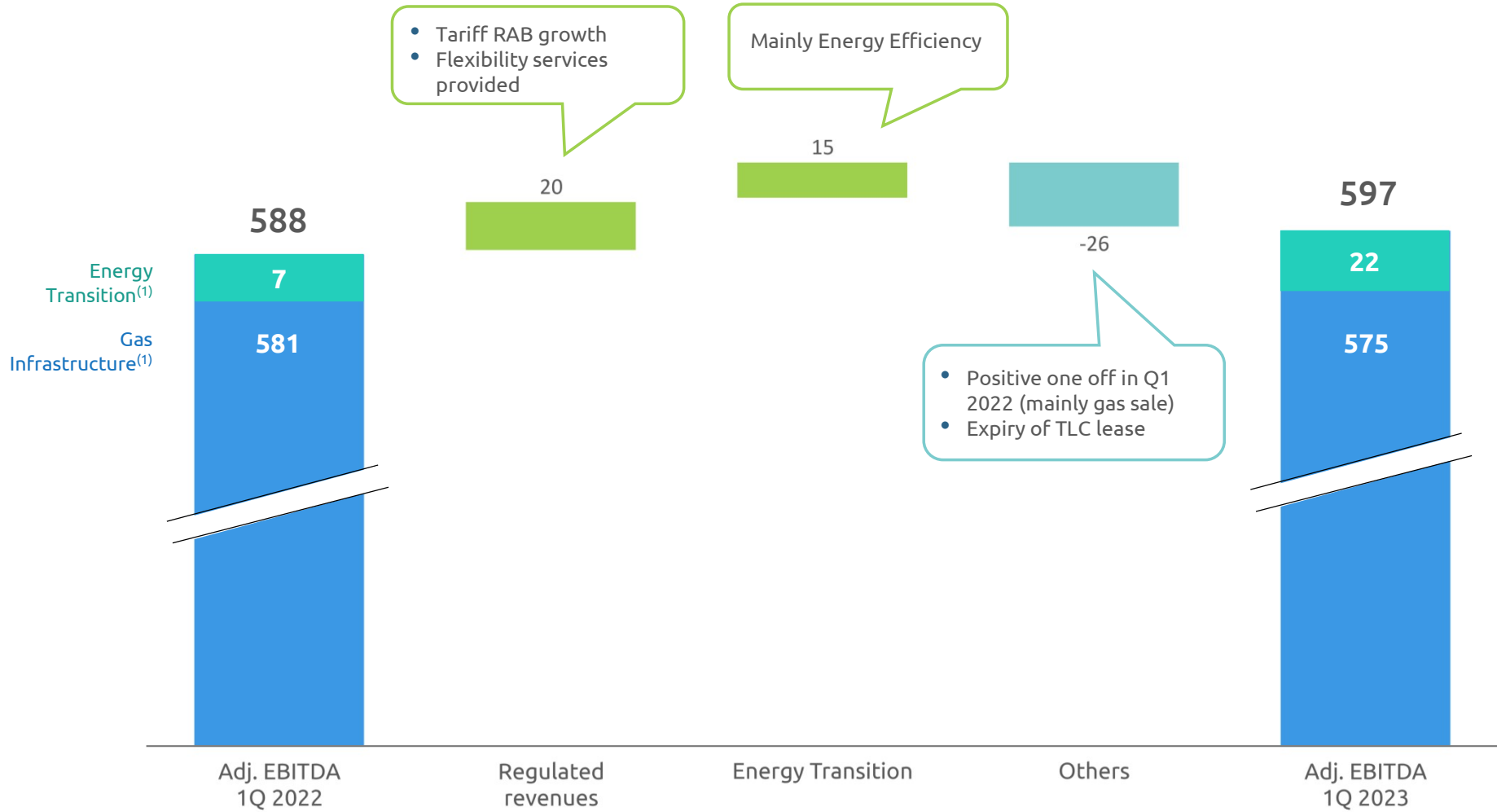
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Stronger and more resilient gas system to face 2023/2024 winter

Adj. EBITDA analysis

€m



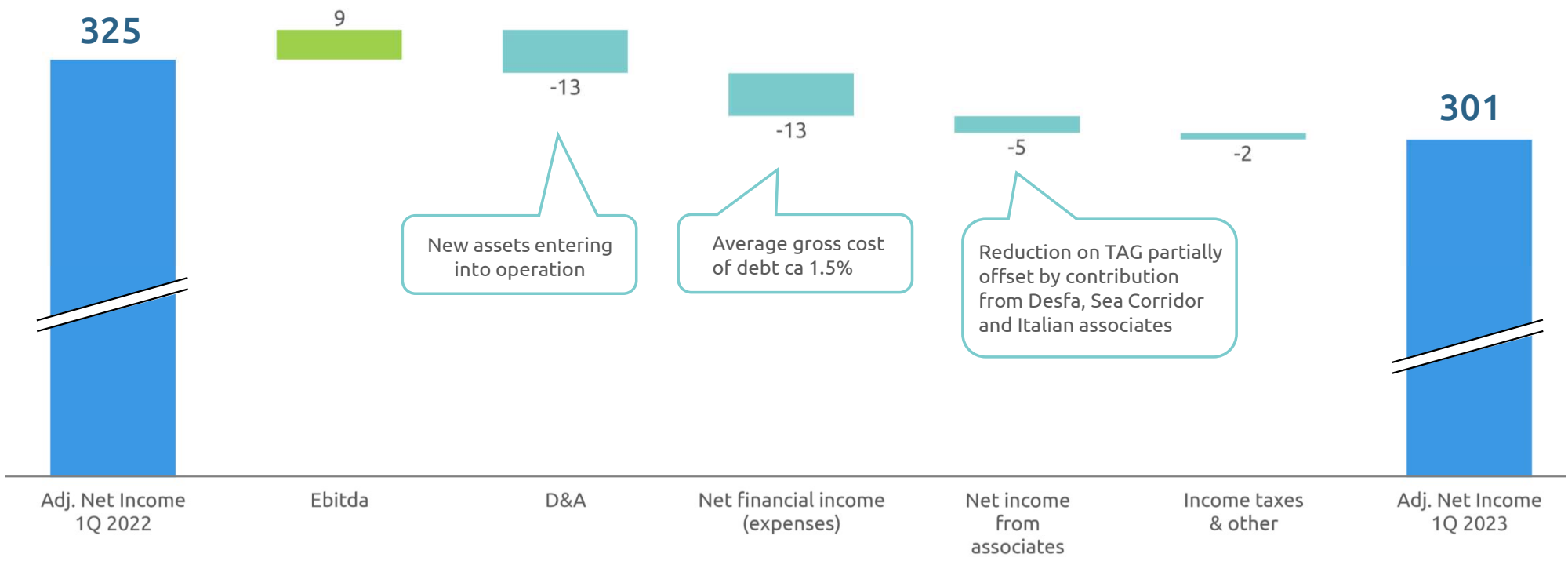
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1. In line with the 2022-2026 Strategic Plan, on December 31st, 2022 Greenture (SSLNG and Mobility) was reclassified from Energy transition to Gas Infrastructure as it is now focused on the construction of mid-stream infrastructure. The related Q1 2022 figures have been restated accordingly.

Adj. Net Income analysis

€m



International associates: solid set of results

Yoy change in net profit contribution(€m)



- Acquisition completed in Jan 2023
- Strategic import route for Italy: approx. 5 bcm in Q1 2023

+€10 m



- Stable performance while working beyond contractual capacity
- Second binding phase for higher expansion sizes expected by year end/beginning of next year

-



- Operating performance remained strong, but profit cap mechanism kicked in and was stricter than last year which also benefited from the recovery of past years underperformance

-€7 m



- Higher revenues due to increased LNG imports and exports to Bulgaria
- No impact of energy costs in Q1 2023 (passthrough since July 2022)

+€11 m



- Business performance substantially in line with Q1 2022

+€1 m



- 2023 TAG results affected by the expiry of majority of long-term contracts and lower imports to Italy partly offset by higher reverse flow bookings

-€25 m



- GCA business performance in line with previous year



- Increase of revenues due to higher bookings between Spain and France and lower energy costs
- Teréga storages booked at 100% of capacity for winter 2023

+€4 m



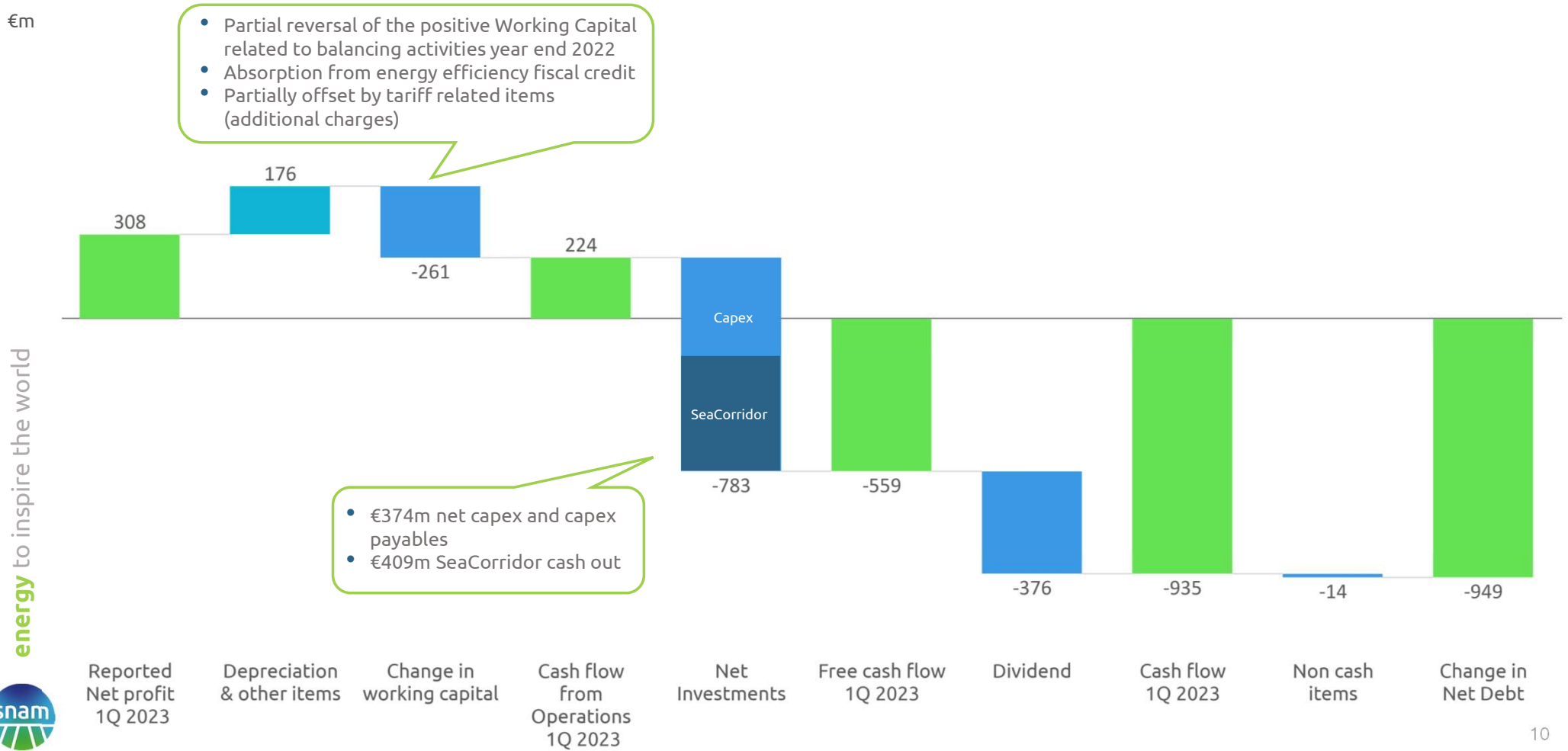
- Business performance in line with previous year

-

-€6m

Cash flow

€m

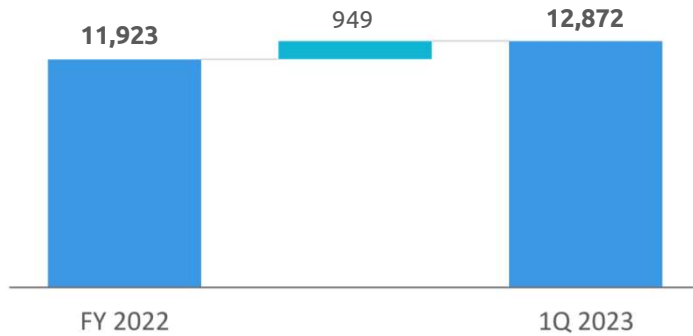


- Partial reversal of the positive Working Capital related to balancing activities year end 2022
- Absorption from energy efficiency fiscal credit
- Partially offset by tariff related items (additional charges)

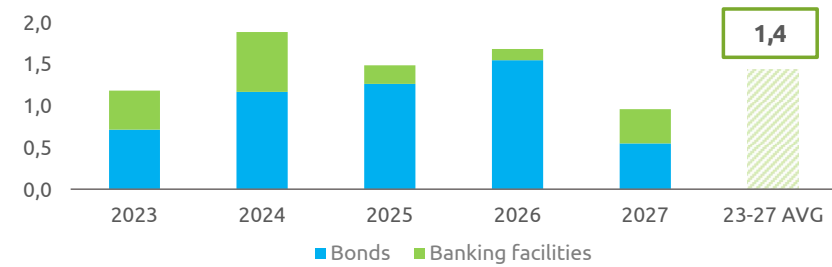
- €374m net capex and capex payables
- €409m SeaCorridor cash out

Net Debt evolution and financial structure

Net debt evolution (€m)



Maturities profile (bn€, amount drawn) ¹



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Average gross cost of debt

1.1%

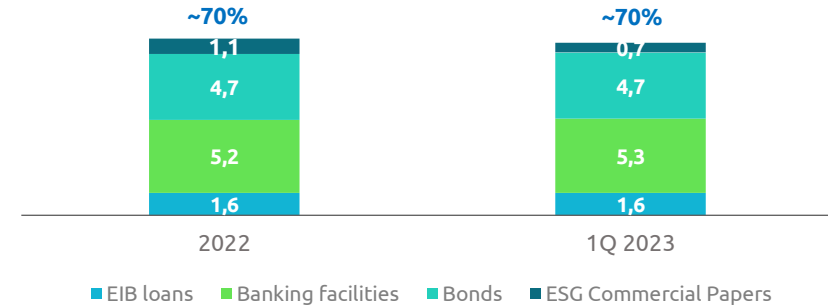
1.5%

Fixed / Floating

80% / 20%

82% / 18%²

Sustainable Finance on Committed financing (bn€)



Solid financial structure mitigating rising interest rates



1. Excluding uncommitted lines and Commercial Paper.
2. Considering the CPs and uncommitted credit lines as floating rate instruments and excluding the lock up of interest rate reset of 2023.

Closing remarks



Solid results in a volatile environment



FY 2023 Guidance confirmed



Stronger and more resilient gas system to face winter 2023/2024



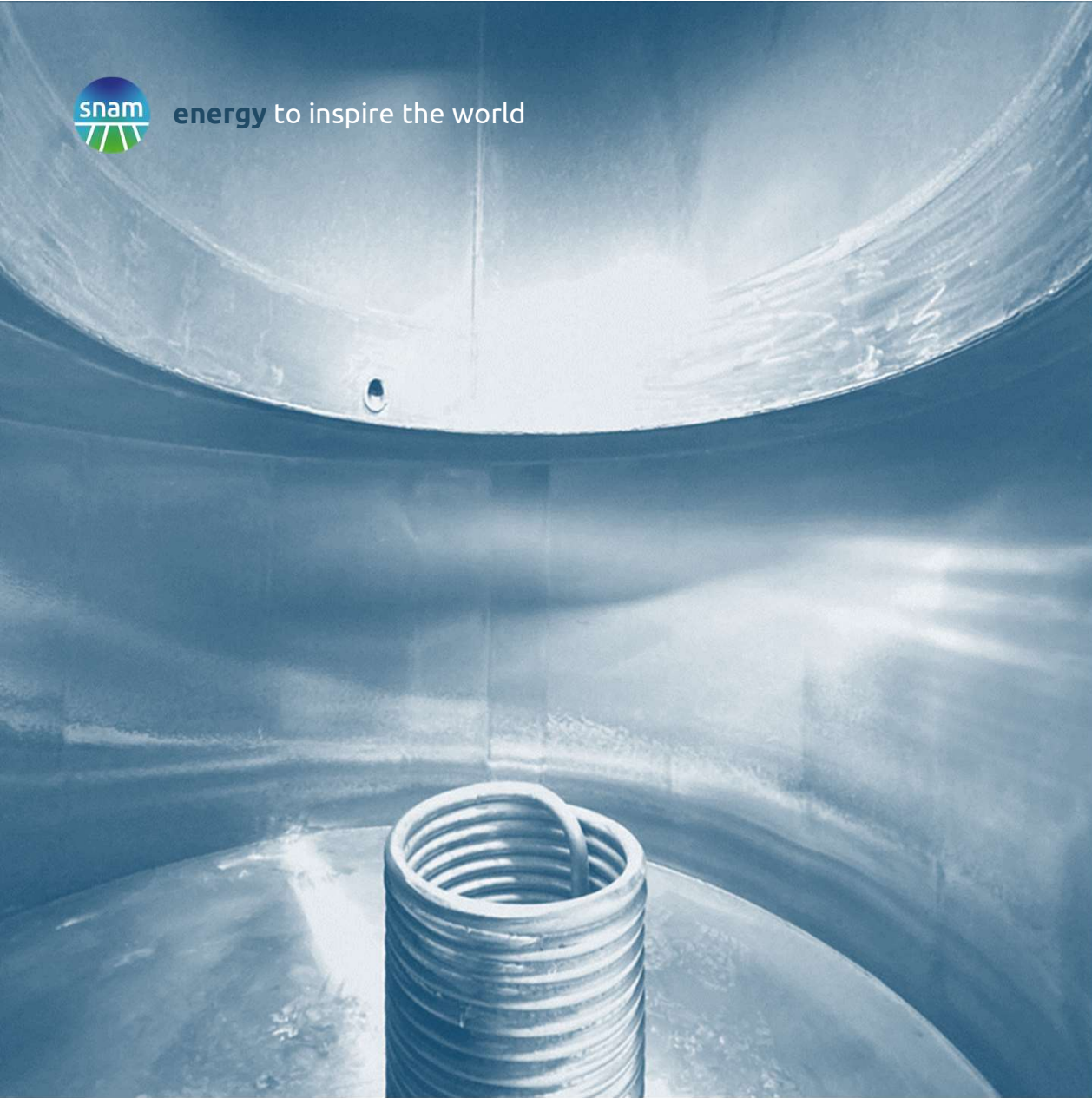
Sound progress and delivery on key strategic milestone



Rising EU and Italian policy support



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Q&A SESSION



Annexes



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Income Statement

€ mn	1Q 2022	1Q 2023	Change	Change %
Revenues	838	979	141	16.8%
Operating expenses	(250)	(382)	(132)	52.8%
EBITDA ADJUSTED	588	597	9	1.5%
Depreciation & amortisation	(212)	(225)	(13)	6.1%
EBIT ADJUSTED	376	372	(4)	(1.1%)
Net interest income (expenses)	(29)	(42)	(13)	44.8%
Net income from associates	79	74	(5)	(6.3%)
EBT ADJUSTED	426	404	(22)	(5.2%)
Income taxes	(100)	(99)	1	(1.0%)
NET PROFIT BEFORE THIRD PARTIES	326	305	(21)	(6.4%)
Third Parties Net Profit	(1)	(4)	(3)	-
NET PROFIT ADJUSTED	325	301	(24)	(7.4%)
EBITDA REPORTED	588	597	9	1.5%
EBIT REPORTED	376	372	(4)	(1.1%)
NET PROFIT REPORTED	312	304	(8)	(2.6%)

Revenues

€ mn	1Q 2022	1Q 2023	Change	Change %
Regulated revenues	661	718	57	8.6%
Transport	539	580	41	7.6%
Storage	116	127	11	9.5%
LNG	6	11	5	83.3%
Non regulated revenues⁽¹⁾	53	13	(40)	(75.5%)
Total Gas Infrastructure Businesses revenues	714	731	17	2.4%
Energy Transition Businesses revenues⁽¹⁾	124	248	124	100.0%
TOTAL REVENUES	838	979	141	16.8%

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 Q1 2022 figures have been restated accordingly.

Operating Costs

€ mn	1Q 2022	1Q 2023	Change	Change %
Gas Infrastructure Businesses costs	133	156	23	17.3%
Variable costs	32	47	15	46.9%
Fixed costs	78	79	1	1.3%
Other costs	23	30	7	30.4%
Energy Transition Businesses costs ⁽¹⁾	117	226	109	93.2%
TOTAL COSTS	250	382	132	52.8%

1. In line with the 2022-2026 Strategic Plan, on December 31st, 2022 Greenture (SSLNG and Mobility) was reclassified from Energy transition to Gas Infrastructure as it is now focused on the construction of mid-stream infrastructure. The related Q1 2022 figures have been restated accordingly.

Balance Sheet

€ mn	2022	1Q 2023	Change	Change %
Net invested capital	19,447	20,707	1,260	6.5%
Fixed capital	21,562	22,180	618	2.9%
Tangible fixed assets	18,222	18,294	72	0.4%
Intangible fixed assets	1,321	1,331	10	0.8%
Equity-accounted investments	2,313	3,050	737	31.9%
Other Financial assets	175	175	-	-
Net payables for investments	(469)	(670)	(201)	42.9%
Net working capital	(2,155)	(1,517)	638	(29.6%)
Receivables	8,020	8,435	415	5.2%
Liabilities	(10,175)	(9,952)	223	(2.2%)
Provisions for employee benefits	(27)	(27)	-	-
Asset and liabilities held for sale	67	71	4	6.0%
Net financial debt	11,923	12,872	949	8.0%
Shareholders' equity	7,524	7,835	311	4.1%



Investments detailed by business

€mn	1Q2022	1Q2023
Transport⁽¹⁾	186	215
Storage	20	41
LNG⁽²⁾	9	40
Energy Transition⁽³⁾	84	17
Total	299	313

1. Including corporate capex.
2. Including greenture (SSLNG and mobility) investments.
3. Including Biomethane acquisitions.

30% taxonomy aligned and 46% SDGs aligned in Q1 2023

ESG Scorecard - Q1 2023



Environment

	Q1 2023	Target 2023
1 % reduction of NG emissions vs 2015	-53.35%	-48.6%
2 % NG recovered from maintenance activities (avg. last 5y)	58%	>40%
3 MWh of electricity production by photovoltaic plants	195	>860
5 Production of biomethane (Mscm)	5.9	39
6 Reduction of CO2 equivalent from energy efficiency (Kton)	11	72
7 Cumulated number of installed CNG and LNG stations	85	100
8 Available LNG capacity for SSLNG market (mln m3)	-	-1
9 % of vegetation restoration of the natural and semi-natural areas involved in the construction of pipelines routing	99.95%	>99%



Social

	Q1 2023	Target 2023
10 % participation in welfare initiative	20-30%	54%
11 % employee engagement index	-*	70-75%
12 IpFG (Combined Frequency and Severity Index)	0.47	< minimum last 3 years (0.55)
13 % of women in executive and middle-management roles	23.1%	25%
14 % of women in succession planning	-*	26%
15 % of local suppliers involved out of total contractualized suppliers	67%	50%
16 Introduction of ESG criteria in scoring models (% of spending on assigned contracts)	14%	30%
17 % working hours devoted by employees to Snam Foundation initiatives supporting local communities	879	4,800



Governance

	Q1 2023	Target 2023
18 Average annual customers satisfaction rate in terms of service quality	-*	8.1
19 % of reliability levels on gas supply	99.9%	99.9%
20 % of third parties on which reputational due diligence checks have carried out	100%	100%
21 % of ESG Financing on the total Committed Funding	70%	75%

1. SSLNG capacity will be in place in 2025 as planned.
* Results not available in Q1

Gas injection details

Gas injection details

bcm	1Q 2022	1Q 2023	Change (bcm)	Change (%)
National production	0.8	0.7	-0.0	-5.0%
Pipelines	15.7	11.9	-3.8	-24.1%
Gela	0.5	0.7	0.2	34.7%
Mazara del Vallo	5.6	5.0	-0.6	-11.3%
Passo Gries	1.7	2.3	0.6	35.7%
Tarvisio	5.5	1.4	-4.1	-73.6%
Gorizia	0.0	0.0	0.0	-80.0%
Melendugno	2.3	2.5	0.1	6.3%
LNG	3.0	4.1	1.0	34.8%
Adriatic LNG	1.9	2.2	0.3	13.3%
OLT	1.0	1.0	0.1	7.2%
Panigaglia	0.1	0.9	0.7	555.4%
Total injection	19.5	16.7	-2.8	-14.2%

Disclaimer

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

Photograph by
Carlo Valsecchi

