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# 1H 2023 Consolidated Results

July 27<sup>th</sup>, 2023

# 1H 2023 key highlights

## GAS MARKET

- 1H 2023 Italian gas demand stood at **32.7 bcm** (-16.4% YoY<sup>(1)</sup>)
- Average TTF at **€44/MWh** in H1 2023 (-55% yoy) with high volatility
- Decline in volumes from North offset by LNG (+20% yoy) and lower demand (-16%)

## REGULATION AND POLICY

- **Fully amortized assets incentives** approved for 2023-24
- 2023/24 transport and LNG tariffs approved
- Integrated national energy and climate plan (**PNIEC**) confirms the relevance of security of supply, the role of gas and green gases
  - Maximization of biomethane: 6bcm target by 2030
  - Relevance of H2 also via import
  - CCS opportunity to reach decarbonization targets

## FINANCIAL HIGHLIGHTS

- **€1,221m Adj. EBITDA** (+5.7% yoy)
- **€621m Adj. Net profit** (-3.9% yoy) <sup>(2)</sup>
- **€734m of Investments** (-23% yoy)
- **€14.6 bn Net Debt** (€11.9 bn in FY 2022)
- **S&P rating BBB+ affirmed** in June 2023

## ASSOCIATES' PORTFOLIO

- De Nora:
  - Capital gain on **ABB**
  - **Successful IPO of Nucera**
- **Desfa wacc** updated for next regulatory period (2024-27) **at 7.85%**

# 1H 2023 key achievements

## SECURITY OF SUPPLY

- **Golar Tundra** started operations in July in Piombino
- Storage level **ca 87%**
- Adriatic Line recognized as strategic infrastructure
- Several projects submitted for the allocation of **Repower EU funds**

## ENERGY TRANSITION

- Political **support to South H2 Corridor** reiterated
- H2 readiness: **1,513 km of** pipelines certified by RINA (+750 km vs FY 2022)
- dCarbonX obtained Bains gas storage licence
- De Nora Italy Hydrogen Technologies signed **€32m** public funding to finance the Gigafactory Project

## SUSTAINABILITY

- **37%** of Capex Taxonomy aligned and **56%** of Capex SDGs aligned
- Sustainable Finance at ca **75%**
- Methane emissions **-32%** vs H1 2022
- Inclusion in **CDP "A List"**
- Employee engagement index at **84%**
- **Certifications:**
  - UNI ISO 37001:2016 for **anti-corruption** system
  - UNI/PdR 125:2022 for **gender equality**
- Climate advocacy position and Tax transparency framework published
- Snaminnova Open Innovation program
- Investors engagement post AGM

# Strategic Plan tracking

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## Transport

- **Output based incentives** on fully depreciated assets approved ✓
- **Adriatic Line** approved, eligible for RePower EU funds and deemed strategic infrastructure ✓
- Progressing on replacements, H2 readiness roadmap and leak detection and repair program ✓
- **South H2 corridor** developments, project filed for PCI ✓

## Storage

- **Reverse flow and flexibility services** offered to the system ✓
- Progressing on permitting on **over-pressure** on some storage facilities and **performance upgrade** ✓

## LNG

- Piombino **FSRU in operating on time** and authorization for relocation after 3Y filed ✓
- Preliminary works for Ravenna Terminal started ✓
- **Panigaglia** truckloading project approved ✓

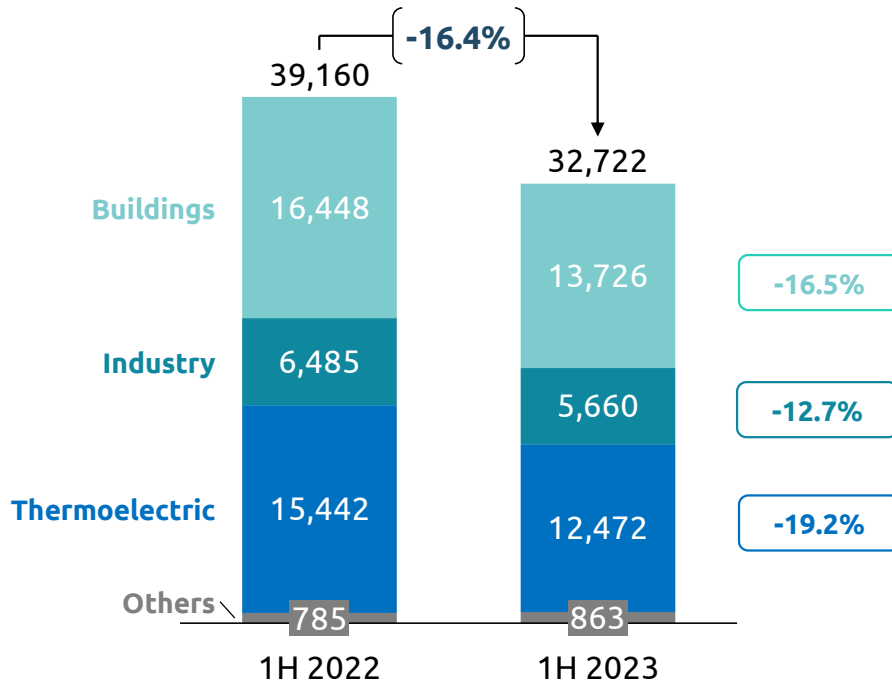
## Energy Transition Platform

- **Biomethane:** execution of the acquisition pipeline and successful auctions for assets upgrade ✓
- **Decarbonization projects:**
  - **H2:** IdrogeMo (Modena H2 valley) ✓
  - **CCS:** progressing on pilot CCS project in Ravenna ✓
- **Energy efficiency:** strong delivery on deep renovation projects while repositioning the portfolio ✓

Progress and delivery on schedule of key Strategic Plan milestones

# 1H 2023 gas demand and flows

## Italian gas demand 1H 2023



Gas demand decline driven by mild weather and weak thermolectric production

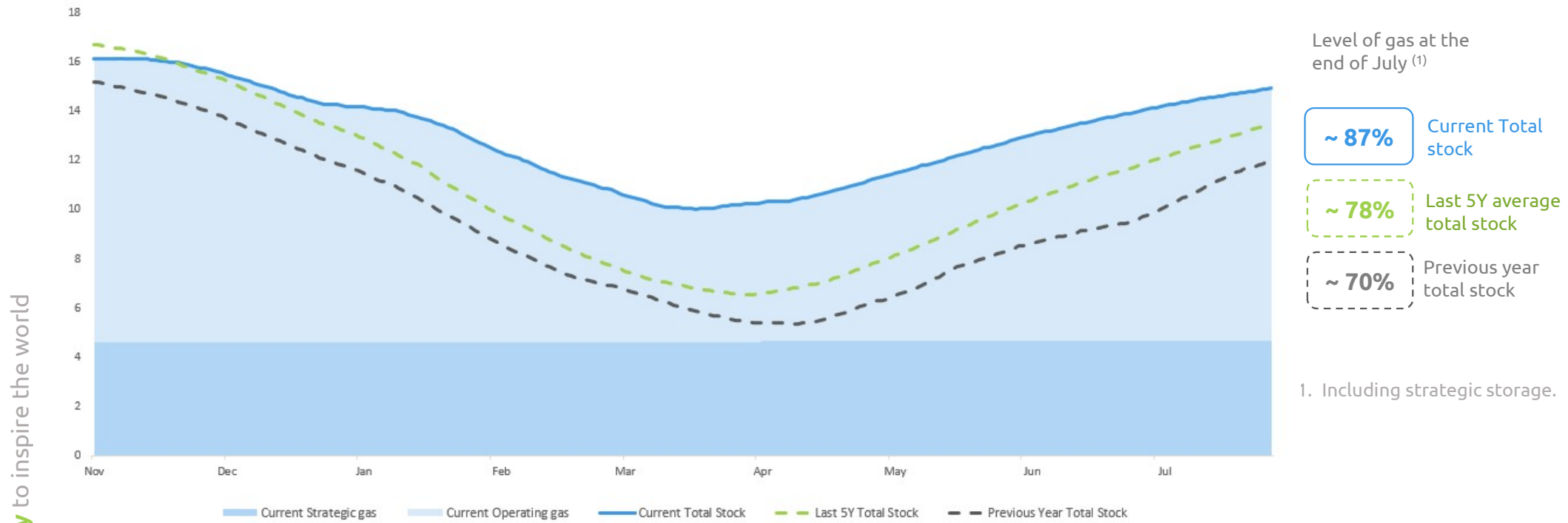
## Gas flows 1H 2023



Decline in volumes from North offset by LNG and lower demand

# Gas storage volumes evolution

bcm



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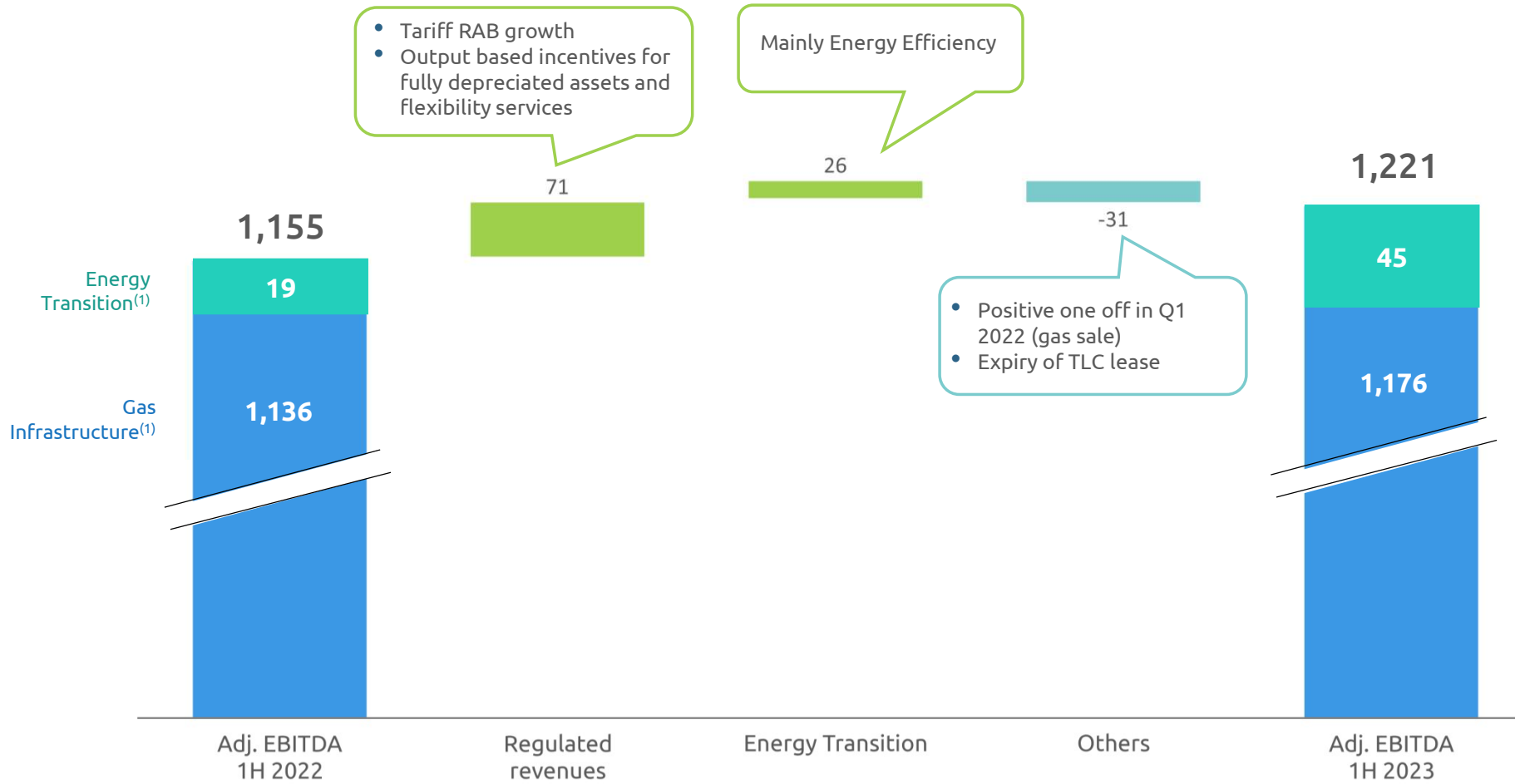


**Decrease in supply risk for next winter but gas market remains tight**

# Adj. EBITDA analysis

€m

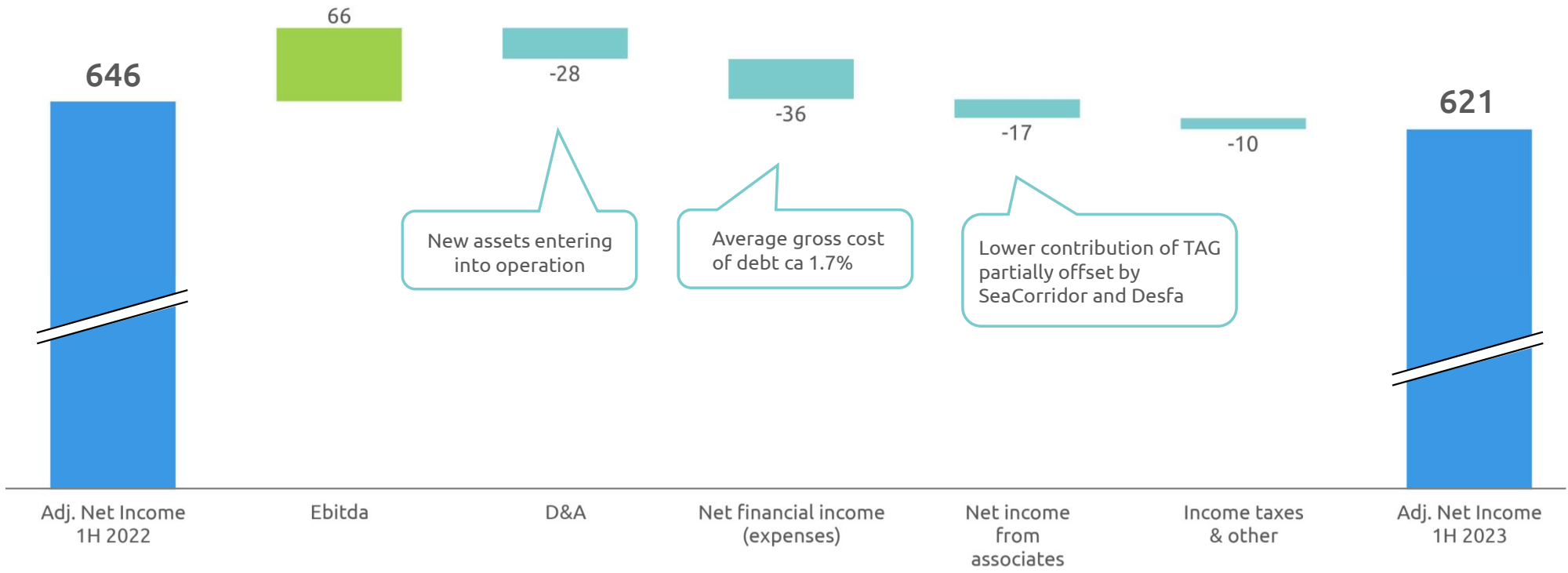
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1. In line with the 2022-2026 Strategic Plan, on December 31<sup>st</sup>, 2022 Greenture (SSLNG and Mobility) was reclassified from Energy transition to Gas Infrastructure as it is now focused on the construction of mid-stream infrastructure. The related H1 2022 figures have been restated accordingly.

# Adj. Net Income analysis









€m





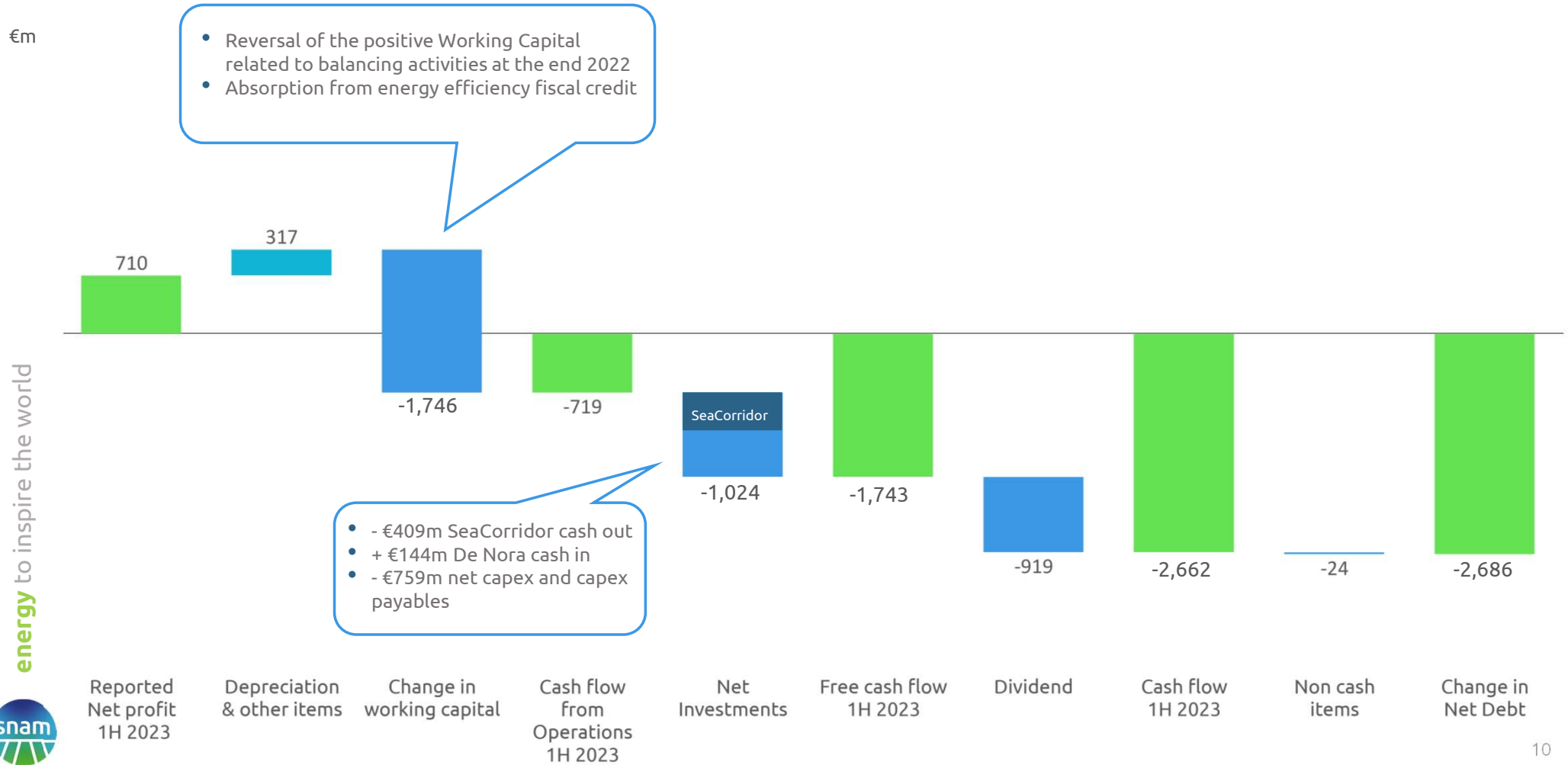
# International associates contribution to H1 2023 Adjusted Net Income

Yoy change in net profit contribution (€m)

	<ul style="list-style-type: none"> <li>Acquisition completed in Jan 2023</li> <li>Strategic import route for Italy: approx. 11 bcm in H1 2023 (first import source)</li> </ul>	+€23 m
	<ul style="list-style-type: none"> <li>Strong performance driven by higher volumes (LNG imports and exports to Bulgaria) and auction premia</li> <li>Lower OpEx thanks to passthrough recognition of energy costs from July '22</li> </ul>	+€15 m
	<ul style="list-style-type: none"> <li>Healthy performance working beyond contractual capacity</li> <li>1<sup>st</sup> phase of the market test triggering a +1.2 bcm/y expansion from 2026</li> <li>2<sup>nd</sup> binding phase for larger expansion expected by year end/beginning of next year</li> </ul>	+€3 m
	<ul style="list-style-type: none"> <li>Increase of revenues mainly due to higher bookings between Spain and France</li> </ul>	+€3 m
	<ul style="list-style-type: none"> <li>Business performance in line with H1 2022</li> </ul>	-€1 m
	<ul style="list-style-type: none"> <li>High M/L term booking visibility</li> <li>Operating performance remained strong, but profit cap mechanism kicked in and was stricter than last year</li> </ul>	-€14 m
	<ul style="list-style-type: none"> <li>TAG results affected by the expiry of majority of long-term contracts and lower volumes to Italy partly offset by higher reverse flow bookings</li> <li>Yearly auctions confirmed relevant role of TAG reverse flow (booked for approx. 90/95% until 2025 and 50% for 2026) with significant auction premia</li> <li>GCA business performance in line with previous year</li> </ul>	-€49 m
 	<ul style="list-style-type: none"> <li>Business performance in line with previous year</li> </ul>	-
		<b>-€20m</b>

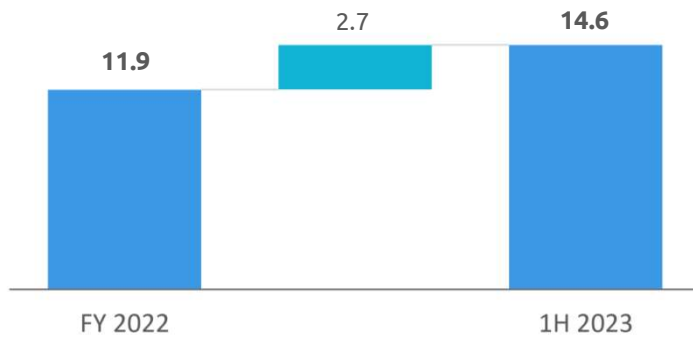
# Cash flow

€m

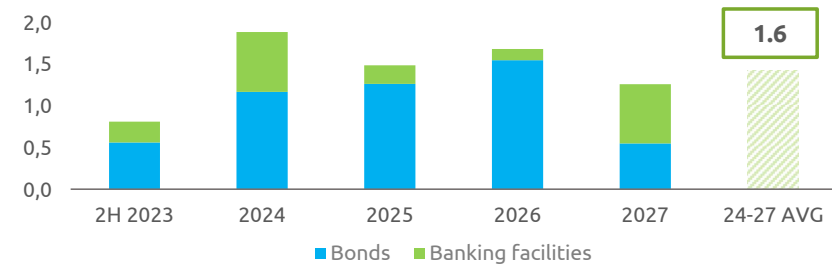


# Net Debt evolution and financial structure

Net debt evolution (€bn)



Maturities profile (bn€, amount drawn) <sup>1</sup>



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Average gross cost of debt

1.1%

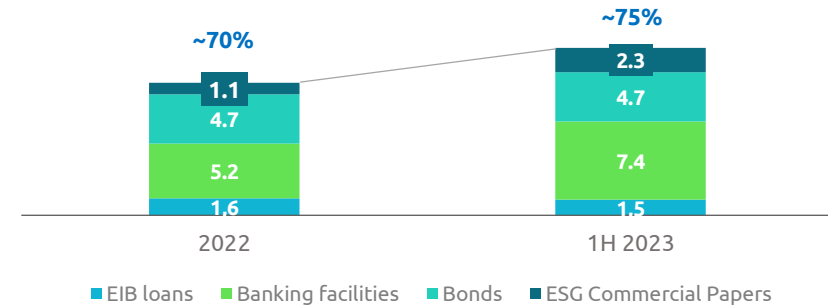
1.7%

Fixed / Floating

80% / 20%

75% / 25%

Sustainable Finance on Committed financing (bn€)



**Solid financial structure, rising interest rates to be mitigated by expected WACC reset**



1. Excluding uncommitted lines and Commercial Paper

# Closing remarks



**Solid results in a volatile environment**



**FY 2023 Guidance confirmed**



**Stronger gas system to face winter 2023/2024  
need to continue building a more resilient energy system**



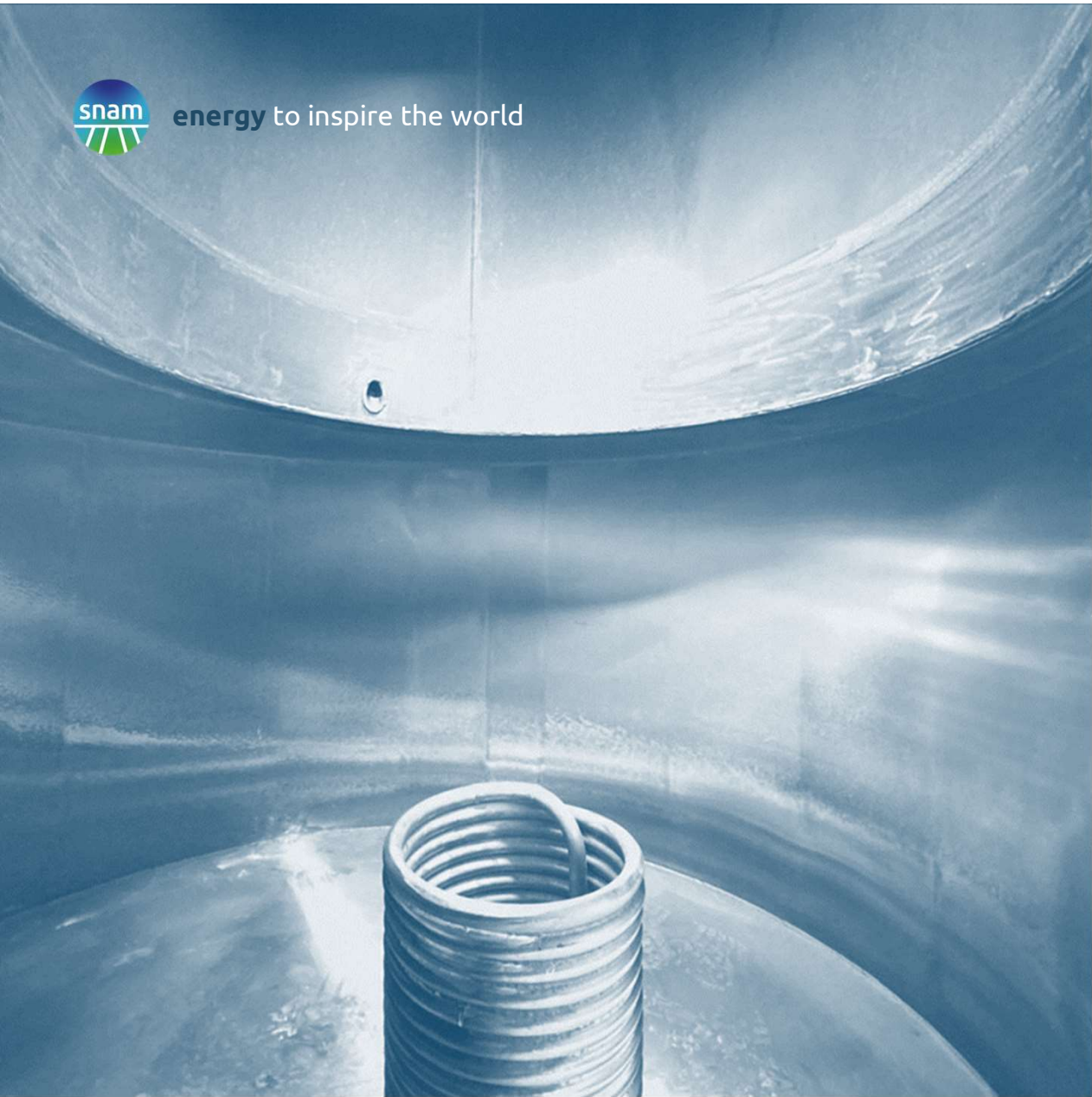
**EU and Italian policy support**



**Sound progress and delivery on key strategic milestone**



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# Q&A SESSION



# Annexes



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# Income Statement

€ mn	1H 2022	1H 2023	Change	Change %
Revenues	1,680	2,094	414	24.6%
Operating expenses	(525)	(873)	(348)	66.3%
<b>EBITDA ADJUSTED</b>	<b>1,155</b>	<b>1,221</b>	<b>66</b>	<b>5.7%</b>
Depreciation & amortisation	(427)	(455)	(28)	6.6%
<b>EBIT ADJUSTED</b>	<b>728</b>	<b>766</b>	<b>38</b>	<b>5.2%</b>
Net interest income (expenses)	(51)	(87)	(36)	70.6%
Net income from associates	176	159	(17)	(9.7%)
<b>EBT ADJUSTED</b>	<b>853</b>	<b>838</b>	<b>(15)</b>	<b>(1.8%)</b>
Income taxes	(204)	(205)	(1)	0.5%
<b>NET PROFIT BEFORE THIRD PARTIES</b>	<b>649</b>	<b>633</b>	<b>(16)</b>	<b>(2.5%)</b>
Third Parties Net Profit	(3)	(12)	(9)	-
<b>NET PROFIT ADJUSTED</b>	<b>646</b>	<b>621</b>	<b>(25)</b>	<b>(3.9%)</b>
<b>EBITDA REPORTED</b>	<b>1,139</b>	<b>1,213</b>	<b>74</b>	<b>6.5%</b>
<b>EBIT REPORTED</b>	<b>707</b>	<b>758</b>	<b>51</b>	<b>7.2%</b>
<b>NET PROFIT REPORTED</b>	<b>686</b>	<b>698</b>	<b>12</b>	<b>1.7%</b>

# Revenues

€ mn	1H 2022	1H 2023	Change	Change %
<b>Regulated revenues</b>	<b>1,338</b>	<b>1,529</b>	<b>191</b>	<b>14.3%</b>
Transport	1,076	1,239	163	15.1%
Storage	249	253	4	1.6%
LNG	13	37	24	-
<b>Non regulated revenues<sup>(1)</sup></b>	<b>66</b>	<b>44</b>	<b>(22)</b>	<b>(33.3%)</b>
<b>Total Gas Infrastructure Businesses revenues</b>	<b>1,404</b>	<b>1,573</b>	<b>169</b>	<b>12.0%</b>
<b>Energy Transition Businesses revenues<sup>(1)</sup></b>	<b>276</b>	<b>521</b>	<b>245</b>	<b>88.8%</b>
<b>TOTAL REVENUES</b>	<b>1,680</b>	<b>2,094</b>	<b>414</b>	<b>24.6%</b>

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 H1 2022 figures have been restated accordingly.



# Operating Costs

€ mn	1H 2022	1H 2023	Change	Change %
<b>Gas Infrastructure Businesses costs</b>	<b>268</b>	<b>397</b>	<b>129</b>	<b>48.1%</b>
Variable costs	64	133	69	-
Fixed costs	146	148	2	1.4%
Other costs	58	116	58	-
<b>Energy Transition Businesses costs <sup>(1)</sup></b>	<b>257</b>	<b>476</b>	<b>219</b>	<b>85.2%</b>
<b>TOTAL COSTS</b>	<b>525</b>	<b>873</b>	<b>348</b>	<b>66.3%</b>

1. In line with the 2022-2026 Strategic Plan, on December 31<sup>st</sup>, 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 H1 2022 figures have been restated accordingly.

# Balance Sheet

€ mn	2022	1H 2023	Change	Change %
<b>Net invested capital</b>	<b>19,447</b>	<b>22,289</b>	2,842	14.6%
Fixed capital	21,562	22,257	695	3.2%
Tangible fixed assets	18,222	18,483	261	1.4%
Intangible fixed assets	1,321	1,356	35	2.6%
Equity-accounted investments	2,313	2,953	640	27.7%
Other Financial assets	175	162	(13)	(7.4%)
Net payables for investments	(469)	(697)	(228)	48.6%
<b>Net working capital</b>	<b>(2,155)</b>	<b>(26)</b>	<b>2,129</b>	<b>(98.8%)</b>
Receivables	8,020	6,565	(1,455)	(18.1%)
Liabilities	(10,175)	(6,591)	3,584	(35.2%)
Provisions for employee benefits	(27)	(27)	-	-
Asset and liabilities held for sale	67	85	18	26.9%
<b>Net financial debt</b>	<b>11,923</b>	<b>14,609</b>	<b>2,686</b>	<b>22.5%</b>
<b>Shareholders' equity</b>	<b>7,524</b>	<b>7,680</b>	<b>156</b>	<b>2.1%</b>

## Investments detailed by business

€mn	1H2022	1H2023
<b>Transport<sup>(1)</sup></b>	434	471
<b>Storage</b>	60	91
<b>LNG<sup>(2)</sup></b>	345	103
<b>Energy Transition<sup>(3)</sup></b>	116	69
<b>Total</b>	<b>955</b>	<b>734</b>

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

**37% taxonomy aligned and 56% SDGs aligned in H1 2023**

# ESG Scorecard – H1 2023



## Environment



## Social



## Governance

	H1 2023	Target 2023		H1 2023	Target 2023		H1 2023	Target 2023
1 % reduction of NG emissions vs 2015	<b>-53%<sup>1</sup></b>	<b>-48.6%</b>	9 % participation in welfare initiative	<b>34%</b>	<b>54%</b>	17 Average annual customers satisfaction rate in terms of service quality	<b>-*</b>	<b>8.1</b>
2 % NG recovered from maintenance activities (avg. last 5y)	<b>58%</b>	<b>&gt;40%</b>	10 % employee engagement index	<b>84%</b>	<b>70-75%</b>	18 % of reliability levels on gas supply	<b>99.9%</b>	<b>99.9%</b>
3 MWh of electricity production by photovoltaic plants	<b>435</b>	<b>&gt;860</b>	11 IpFG (Combined Frequency and Severity Index)	<b>0.40</b>	<b>&lt; minimum last 3 years (0.55)</b>	19 % of third parties on which reputational due diligence checks done	<b>100%</b>	<b>100%</b>
4 Production of biomethane (Mscm)	<b>6.7</b>	<b>39</b>	12 % of women in executive and middle-management roles	<b>23.14%</b>	<b>25%</b>	20 % of ESG Financing on the total Committed Funding	<b>75%</b>	<b>75%</b>
5 Reduction of CO2 equivalent from energy efficiency (Kton)	<b>8</b>	<b>72</b>	13 % of women in succession planning	<b>-*</b>	<b>26%</b>			
6 Cumulated number of installed CNG and LNG stations	<b>85</b>	<b>100</b>	14 % of local suppliers involved out of total contractualized suppliers	<b>69%</b>	<b>50%</b>			
7 Available LNG capacity for SSLNG market (mln m3)	<b>-</b>	<b>-2</b>	15 Introduction of ESG criteria in scoring models (% of spending on assigned contracts)	<b>27%</b>	<b>30%</b>			
8 % of vegetation restoration of the natural and semi-natural areas involved in the construction of pipelines routing	<b>99.95%</b>	<b>&gt;99%</b>	16 % employees hours devoted to Snam Foundation initiatives supporting local communities	<b>1,227</b>	<b>4,800</b>			

1. Full-year forecast  
 2. SSLNG capacity will be in place in 2025 as planned  
 \* Results not available in Q2

# Gas injection details

## Gas injection details

bcm	1H 2022	1H 2023	Change (bcm)	Change (%)
<b>National production</b>	<b>1.5</b>	<b>1.4</b>	<b>-0.1</b>	<b>-7.2%</b>
<b>Pipelines</b>	<b>30.8</b>	<b>24.2</b>	<b>-6.7</b>	<b>-21.6%</b>
Gela	1.2	1.4	0.2	15.6%
Mazara del Vallo	11.5	11.4	-0.2	-1.3%
Passo Gries	3.8	4.3	0.5	14.2%
Tarvisio	9.3	2.2	-7.1	-76.5%
Gorizia	0.0	0.0	0.0	12.7%
Melendugno	5.0	4.9	-0.1	-2.4%
<b>LNG</b>	<b>6.8</b>	<b>8.1</b>	<b>1.3</b>	<b>19.9%</b>
Adriatic LNG	4.3	4.3	0.0	0.3%
OLT	1.7	2.0	0.3	16.6%
Panigaglia	0.8	1.8	1.0	122.7%
Piombino	-	0.1	0.1	-
<b>Total injection</b>	<b>39.1</b>	<b>33.7</b>	<b>-5.4</b>	<b>-13.9%</b>

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

*Photograph by*  
Carlo Valsecchi