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Oggetto : Snam: profit increases in first 9 months of 2023. A stronger energy system thanks to the Piombino regasification terminal and the filling of storage

Testo del comunicato

Vedi allegato.



Snam: profit increases in first 9 months of 2023. A stronger energy system thanks to the Piombino regasification terminal and the record filling of storage capacity

- Growing total revenues, EBITDA, and Adjusted Net Profit
- Storage filling levels at more than 99%
- New FSRUs: capacity at Piombino booked for the 2023/24 thermal year, and construction work begun at Ravenna
- Successful placement of very first EU Taxonomy-aligned Transition Bond convertible into Italgas shares
- Sustainable finance's share in total rises to about 80%. ESG investors rise to more than 47% of all institutional investors

Main highlights

- **Total revenues:** 2,809 million euros¹ (+17.0% on the first nine months of 2022) reflecting the growth in regulated revenues connected with the implementation of investments and with output-based incentives as well as the significant contribution of the energy efficiency business.
- **Adjusted EBITDA:** 1,862 million euros (+9.1%), reflecting the increase in regulated revenues and the contribution of the energy transition businesses.
- **Group adjusted net profit:**² 942 million euros (+1.1%). The growth in adjusted EBITDA was partly offset by an increase in depreciation and amortisation connected with the entry into service of investments and an increase in financial expense attributable to the rise in interest rates.
- **Investment:** 1,232 million euros (1,309 million euros in the first nine months of 2022, including the acquisition of the FSRU Golar Tundra), of which 1,143 million euros in capital expenditure (+29.4%). Out of the overall figure for total investment, 53% is aligned with the Sustainable Development Goals and 37% with the EU Taxonomy. An additional 410 million euros for the acquisition of 49.9% of SeaCorridor also formed part of total investment.
- **Net financial debt:** 14,336 million euros (+2,413 million euros compared with December 31st, 2022), with the increase mainly due to the expected developments in working capital related to balancing activities, financial investments and the payment of 2022 dividends
- **Guidance FY 2023:** the targets for 2023 have been confirmed
- **2023 interim dividend:** 0.1128 euros per share

¹ Net of fees to cover energy costs (cost of gas needed for network operation).

² Excluding non-controlling interests.



San Donato Milanese (MI), November 9th, 2023 - The Board of Directors of Snam, meeting yesterday under the chairmanship of Monica de Virgiliis, approved the consolidated accounts for the first nine months of 2023.³ The Board, having received an opinion from the audit firm,⁴ also approved the distribution of an interim dividend for 2023 of 0.1128 euros per share, with payment as from January 24th, 2024.

Stefano Venier, Snam CEO, remarked: *“Our performance in the first nine months of 2023 demonstrates the sound foundation underpinning the Group and the leading role it plays in ensuring the security of supply and, at the same time, developing initiatives to effectively foster the energy transition in an uncertain and constantly evolving global environment. We have increased our capital expenditure in fundamental infrastructure projects in order to bolster the resilience and foster the transition of the country’s energy system, which today is well placed to face the winter season.*

Our strategy for a just and credible energy transition commits us to undertake significant investment, with over 50% aligned with the European Union’s Sustainable Development Goals (SDGs), and to develop substantial projects, such as the South2Corridor and that for Carbon Capture and Storage in Ravenna, whose key role has also been recognized in the Integrated National Energy and Climate Plan.

In support of our plan, we are continuing our commitment to use sustainable and innovative financial instruments, such as the successful placement of the first EU Taxonomy-aligned Exchangeable Transition Bond in September, which allowed us to achieve 3 years in advance our 80% target of sustainable finance on total committed financing instruments”.

Summary of performance in the first nine months of 2023

(millions of euros)	First nine months		Change	% change
	2022	2023		
Total revenues (a)	2,400	2,809	409	17.0
Gas infrastructure business revenues (a) (b)	1,950	2,073	123	6.3
- of which regulated revenues (a)	1,871	2,017	146	7.8
Energy transition business revenues (b)	450	736	286	63.6
Adjusted EBITDA	1,706	1,862	156	9.1
Adjusted EBIT	1,065	1,171	106	10.0

³ Not audited

⁴ On November 8th, 2023 the audit firm Deloitte & Touche S.p.A. issued the favourable opinion referred to in Article 2433-bis of the Italian Civil Code. The accounting schedule and the report on the basis of which the Board of Directors of Snam S.p.A. approved the distribution of the interim dividend and the associated opinion of the audit firm are filed at the registered office.



Adjusted net profit (c)	932	942	10	1.1
Special items (d)	40	105	65	
Reported net profit (c)	972	1,047	75	7.7

- (a) Net of fees to cover energy costs (336 million euros; 148 million euros in the first nine months of 2022).
- (b) As from December 31th, 2022 the values for Greenture (SSLNG and Mobility) were reclassified from the energy transition businesses to gas infrastructure, following the repositioning of the business, which is now focused on the construction of mid-stream infrastructure. The corresponding values for the first nine months of 2022 have been adjusted accordingly.
- (c) Attributable to Snam shareholders.
- (d) The special items for the first nine months of 2023 are mainly represented by: (i) the capital gain realised on the sale of shares in Industrie De Nora S.p.A (ii) the capital gain achieved by Industrie De Nora S.p.A. on the sale of shares of one of its subsidiaries; (iii) the normalisation of the interest rates used to discount the contractual rates of the associate ADNOC; and (iv) the elimination of assets under development.

Total revenues

Total revenues net of energy costs amounted to 2,809 million euros, up 409 million euros (+17.0%) on the first nine months of 2022. Energy transition business revenues increased significantly (+286 million euros; +63.6%), mainly due to the development of energy efficiency operations, especially in the residential sector. The gas infrastructure business registered an increase in regulated revenues (+146 million euros; +7.8%) and a decrease in non-regulated revenues (-23 million euros; -29.1%), reflecting a decline in positive one-off effects compared with the first nine months of 2022.

More specifically, the increase in regulated revenues is mainly attributable to: (i) a rise in revenues related to RAB growth (+59 million euros, including the effect of lower input-based incentives); (ii) output-based incentives granted for the continued operation of transport assets that have been fully depreciated for rate purposes and flexibility services provided to users (+84 million euros; including the use of incentives connected with greater use by storage service users of the flexibility services offered for short-term auctions in the 2022-2023 thermal year⁵); (iii) the recognition of revenues connected with an increase in regassification volumes in 2022 compared with the revenues determined by the regulatory authority for that year, and with the increase in volumes regasified in the first nine months of 2023 (a total of +18 million euros); and (iv) revenues connected with the start of operations at the Piombino terminal. These effects were offset by a decline in volumes of transported gas (-23 million euros), as a result of significantly milder weather conditions overall compared with the first nine months of 2022 and the implementation of gas demand containment actions.

⁵ The grant of the greater incentives accrued during the 2022-2023 thermal year, impacted by extraordinary measures to address the energy supply crisis caused by the Russia-Ukraine conflict, is a consequence of the provisions of ARERA resolution no. 419/2023/R/gas, published on November 29th, 2023.



Adjusted EBITDA

Adjusted EBITDA in the first nine months of 2023 came to 1,862 million euros, an increase of 156 million euros (+9.1%) on the first nine months of 2022. The increase is attributable to the growth of the gas infrastructure business (+112 million euros; +6.7%), reflecting the expansion of regulated revenues connected with the RAB and output-based incentives, and to the growth of the energy transition business (+44 million euros).

Adjusted EBIT

Adjusted EBIT in the first nine months of 2023 came to 1,171 million euros, up 106 million euros (+10.0%) on the first nine months of 2022. The increase in adjusted EBITDA was partially offset by an increase in depreciation, amortisation and impairment losses (-50 million euros, or 7.8%), mainly reflecting the effect of new assets entering service.

Net financial expense

Net financial expense in the first nine months of 2023 amounted to 155 million euros, up 66 million euros compared to the first nine months of 2022. The increase is due in particular to a rise in expenses related to financial debt, following a higher average cost of gross debt, equal to about 1.9% in the first nine months of 2023 compared with about 1.1% in the corresponding period of 2022. The increase in the average cost of debt is mainly attributable to the evolution of the interest rate scenario in the past 12 months.

Net income from equity investments

Net income from equity investments amounted to 248 million euros, substantially in line with the first nine months of 2022 (-0.8%). With regard to international equity investments, the increased contribution from the Greek associate DESFA, mainly for the auction premiums obtained on the export point to Bulgaria and on the entry point from the LNG terminal, as well as the inclusion of the operations of the SeaCorridor joint venture, were offset by a decrease in the contribution of the Austrian subsidiary TAG following the expiry, at the end of 2022, of the majority of its long-term transport contracts and the significant decline, in line with expectations, in gas volumes imported into Italy from the Tarvisio entry point. The performance of the foreign subsidiaries was also affected by the decline in the contribution of Interconnector Limited, whose strong operational performance was limited by the regulatory cap, which was less stringent in 2022 as it benefited from the recovery of underperformance from previous years.

Adjusted net profit

Adjusted net profit for the first nine months of 2023 came to 942 million euros, up 10 million euros (+1.1%), compared with adjusted net profit for the first nine months of 2022, reflecting strong operating performance, partly offset by an increase in financial expense and income taxes.

Investments

In the first nine months of 2023, total investments amounted to 1,232 million euros (1,309 million euros in the first nine months of 2022, including the acquisition of the FSRU Golar Tundra), of which 53% are aligned with the Sustainable Development Goals and 37% with the European Taxonomy. Of these, 1,143 million euros regarded capital expenditure, an increase of 260 million euros on the first nine months of 2022 (+29.4%) in reflection of increased expenditure in the gas infrastructure business, in particular upgrading work at the Piombino terminal. Capital expenditure involved the



transport segment (757 million euros), regassification (151 million euros) and storage (148 million euros), while the investments of the energy transition businesses amounted to 73 million euros. Accompanying these investments were 410 million euros connected with the acquisition of 49.9% of SeaCorridor.

Cash flow

Cash flow from operating activities was significantly impacted by the cash absorption connected with expected developments in working capital associated with balancing activities and an increase in tax credits under environmental upgrading schemes. Considering cash requirements for investments (1,439 million euros, of which 1,182 million euros in capital expenditure and 257 million euros connected with equity investments, net of proceeds from the sale of 4.2% of Industrie De Nora S.p.A.), free cash flow was a negative 1,430 million euros. Net financial debt, including the equity cash flow (933 million euros), deriving from the payment of the 2022 dividend to shareholders and non-monetary changes, increased by 2,413 million euros compared with December 31th 2022, to 14,336 million euros.

With regard to sustainable finance, in the first nine months of 2023, Snam made extensive use of its Euro Commercial Paper programme for the issue of ESG notes for a total amount of about 2.3 billion euros at the end of September. Furthermore, since the beginning of the year, Snam has signed medium/long term ESG-linked financing contracts totalling 2.2 billion euros, including a Revolving Credit Facility (RCF) financing in pool of up to 1.8 billion euros backed by the SupportItalia guarantee issued by SACE.

Finally, in September 2023 Snam issued its first EU Taxonomy-aligned Exchangeable Transition Bond of 500 million euros convertible into up to around 54,6 million Italgas shares, corresponding to 50% of the stake currently held by Snam in Italgas.

At September 30th, 2023, Snam's sustainable finance accounted for about 80% of committed financing, up from 70% at the end of 2022. This has allowed the achievement of the 80% sustainable finance target on the available sources of financing, originally planned for 2026, three years ahead of schedule.

Interim dividend

Based on results for the first nine months and the forecasts for 2023 as a whole, and in line with the dividend policy, the Board of Directors of Snam approved the distribution to the shareholders of an interim dividend for 2023 of 0.1128 euros per share, with payment starting from January 24th, 2024, with an ex-dividend date of January 22nd and a record date of January 23rd.

Energy transition and Sustainability

Snam continues its commitment to supporting the energy transition, bolstered by a growing presence of ESG investors, as highlighted by a recently conducted analysis, representing 47% of institutional investors, an increase from the 43% in January.

On the hydrogen front, in partnership with Hera Group, Snam launched IdrogeMO in Modena, the first Hydrogen Valley project in Emilia-Romagna - funded by the European Union - NextGenerationEU as part of the PNRR - dedicated to industrial applications and transportation. The project involves the



construction of a renewable hydrogen production plant with a 6 MW power capacity, capable of producing up to approximately 400 tons of green hydrogen per year using renewable energy sources.

Through Renovit, the Italian platform launched together with CDP Equity to promote energy efficiency and sustainable development in the country, the emissions of 25 thousand tonnes of CO₂ were avoided in the first nine months through initiatives taken with businesses, condominiums and government entities.

Two projects by Bioenerys, a company within the Group that currently operates 29 agricultural facilities and 11 organic waste biogas plants with a total installed capacity of around 40 MWe, have been admitted to the available quota for the first competitive procedure envisaged by the PNRR measure regarding biogas development managed by the Energy Services Operator (GSE).

Efforts to reduce emissions continue, with methane emissions, classified as Scope 1, having decreased by 25% compared with the first nine months of 2022.

Furthermore, Snam has recently joined the SBTN Corporate Engagement Program as the first step toward obtaining biodiversity certification. Snam has supplemented its Diversity & Inclusion policies with a new policy on social gender transitioning, underscoring Snam's constant commitment to promoting and encouraging a climate of respect and inclusion that makes the work environment welcoming for all of the Group's people.

On the occasion of World Food Day, Snam and the Snam ETS Foundation organized a corporate volunteering week that involved over 500 employees in volunteer activities to combat food poverty.

Outlook

The most recent estimates for the evolution of natural gas demand in Italy for 2023 point to a decline compared with 2022, influenced by the milder weather conditions overall, demand containment measures and the decline in gas-fired thermal generation, mainly due to reduced electric demand, increased net electricity imports from other countries and increased hydroelectric generation.

For this year, we expect that our performance will continue to benefit from the increase in revenues related to the growth of the RAB thanks to the investments undertaken and from the expansion of our assets with the commissioning of the new Piombino FSRU, from an increase in revenues connected with fully depreciated assets and flexibility services, and from the contribution of the energy transition businesses.

For 2023, interest rates are expected to increase further compared to 2022, with an incremental impact on financial expenses, managed by increasing the diversification of our financial sources and instruments (such as the recent issue of the bond exchangeable into Italgas shares) and through the use of more flexible debt instruments. In the medium to long term, it is expected that the Italian regulatory framework will allow to recoup these increased costs by means of periodic reviews of the recognised cost of capital.



In the second half of the year, we expect gas flows from Russia to Europe to continue to decrease from the reduced level already recorded in 2022, with a consequent impact on our foreign investees, TAG (joint control) and GCA (associate).

With regard to the recent conflict in the Middle East, the continuation of hostilities in the coming months could generate further tensions at the international level, with a consequent impact on the prices of energy goods, for which Italy, and Europe in general, are heavily dependent on foreign imports.

This turbulence could weigh on the world economy, increasing production costs and further impacting economic stability and national and European growth, as well as posing further challenges for the management of energy supplies.

Since October 7th this year, Snam has been monitoring the evolution of the conflict, its possible consequences and the effects on the Group. Nevertheless, these events have currently not created any critical issues for management of operational activities and the implementation of the 2023 investment programme.

Financial targets for 2023 as a whole 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 10% compared with 2022;
- a tariff RAB of about 22.4 billion euros, up 5% from 2022;
- an adjusted net profit of at least 1.1 billion euros;
- net debt of 15.5 billion euros, depending on developments in working capital connected with regulated activities.

Subsequent events

On October 31st, the Italian regulatory authority, ARERA, issued Resolution 497/2023/R/com introducing the “ROSS-base” regulatory approach as from 2024. The document provides visibility and continuity with a number of positive aspects, such as the reduction in the time period for recognition of depreciation to year t+1 (starting from 2025), the updating of the deflator, improvements in the recognition of work in progress and capitalization rates based on historical and forward-looking averages proposed by industry operators (2021-2025 average). Overall, the document is in line with expectations.

At 10:00 a.m. CET today, November 9th, 2023, a conference call will be held to present the consolidated results for the first nine months of 2023 to financial analysts and investors. It will be possible to follow the event via conference call and all supporting documentation will be available at



www.snam.it in the *Investor Relations* section from the beginning of the call. The presentation can also be followed through a video webcast in the same section.



Key operational highlights

		First nine months		Change	% change
		2022	2023		
Natural injected into the National Gas Transportation Network (a) (b)	(billions of m ³)	58.08	49.00	(9.08)	(15.6)
Gas demand (a)	(billions of m ³)	51.58	44.44	(7.14)	(13.8)
LNG regasification (a)	(billions of m ³)	1.47	2.31	0.84	57.1
Available storage capacity (a) (c)	(billions of m ³)	16.5	16.7	0.2	1.2
Natural gas moved through storage system (a)(b)	(billions of m ³)	15.71	9.91	(5.80)	(36.9)
Employees in service at period end (d)	(number)	3,568	3,741	173	4.8

- (a) With regard to the first nine months of 2023, gas volumes are expressed in standard cubic metres (SCM) with an average higher heating value (HHV) of about 38.1 MJ/SCM (10.573 kWh/SCM) for transport and regasification activities and 39.3 MJ/SCM (10.919 kWh/SCM) for natural gas storage activity for the 2023-2024 thermal year.
- (b) The figure for the first nine months of 2023 has been updated to October 12th, 2023. The corresponding figure for 2022 has been definitively updated.
- (c) Working gas capacity for modulation, mineral and balancing services. Available storage capacity at September 30th, 2023 is that reported to the Authority for the Electricity, Gas and Water System at the start of the 2023-2024 thermal year. Following allocation procedures for storage services offered for the 2023-2024 thermal year, all available capacity had been fully allocated.
- (d) Fully consolidated companies.

Natural gas injected into the national gas transport network

Gas demand in the first nine months of 2023 amounted to 44.44 billion cubic metres, down 7.14 billion cubic metres or 13.8% compared with the first nine months of 2022, reflecting lower consumption in all the sectors in which Snam operates. More specifically, the contraction in gas demand is attributable to the decline in consumption in: (i) the thermal generation sector (-3.57 billion cubic metres or -15.5%) as a result of a decline in electricity demand, partly reflecting the slow recovery of the industrial sector, an increase in hydroelectric output and an increase in imports; (ii) the residential and services sector (-2.82 billion cubic meters or -15.6%), essentially reflecting milder temperatures overall compared with the first nine months of 2022, especially during the winter months, and the effects of demand containment measures in response to the reduction in imports from Russia; and (iii) the industrial sector (-0.81 billion cubic metres or -8.9%) as a result of higher commodity prices and the unstable macroeconomic situation, which led to a drop in industrial production in certain energy-intensive sectors.

Excluding the climate impact, gas demand amounted to 44.91 billion cubic metres, a decrease of 6.23 billion cubic metres (-12.2%) from the first nine months of 2022 (51.14 billion cubic metres), in line with the progressive expansion of energy efficiency measures and the modernisation of higher efficiency heating systems, together with the actions to curb demand for natural gas in order to manage the risk posed by the reduction in imports from Russia for the winter.

In the first nine months of 2023, 49.00 billion cubic metres were injected into the national transport network, a decrease of 9.08 billion cubic metres or 15.6% compared with the first nine months of 2022, the result of falling gas demand and less use of gas in storage.



Regasification of Liquefied Natural Gas (LNG)

In the first nine months of 2023, 2.31 billion cubic metres of LNG were regasified at the LNG terminal in Panigaglia (La Spezia), (1.47 billion cubic metres in the first nine months of 2022) with 55 methane tankers unloaded (38 in the first nine months of 2022), with 64 vessels arriving for unloading. The increase in the volume of LNG regasified in Italy and a consequent increase in the number of vessels unloaded was due to the impact of the war between Russia and Ukraine on the gas market, which drove an increase in the demand for LNG to meet domestic demand.

With regard to the FSRU terminal at Piombino, at the end of the procedure for the first allocation of regasification capacity for the 20-year period between the 2023-2024 and 2043-2044 thermal years, to date more than 86% of the capacity offered has been allocated, with the exception of the first 3 thermal years, for which more than 95% has been allocated. The excellent result achieved will enable more natural gas to be fed into the national transport network, making a substantial contribution to the diversification of supply and the security of the national energy system. On May 31st, 2023, following commissioning, the FSRU Golar Tundra was made available for use. On July 7th, the plant received its first shipment of about 93 million cubic metres of natural gas from Eni (equal to 155 thousand cubic meters of LNG).

Natural gas storage

Overall storage capacity managed by the Snam Group at September 30th, 2023, including strategic storage, amounted to 16.7 billion cubic metres, the largest capacity in Europe. At September 30th, 2023, the available capacity for the 2023-2024 thermal year was 100% allocated (84% at September 30th, 2022; 94% for the entire 2022-2023 thermal year).

The significant actions undertaken during 2022, including those taken in response to Decree Law 17 of March 1st, 2022, ratified with amendments with Law 34 of April 27th, 2022, containing urgent measures for the containment of the costs of electricity and natural gas, for the development of renewable energy and for the revival of industrial policy made it possible to fill storage facilities, by the end of the supply campaign (March 31st, 2023), to about 60% of maximum capacity. With the subsequent start of the injection campaign, at June 30th, 2023, storage capacity was filled to more than 80%, well above the levels registered at the same date in 2022 (about 60%), while at September 30th, 2023, 96% of storage was filled (about 90% at September 30th, 2022).



This press release on consolidated results for the first nine months of 2023, which have not been audited, has been prepared on a voluntary basis in accordance with the procedures set out in Article 82-ter “Additional periodic financial information” of Consob Issuers’ Regulation No. 11971 of March 14th, 1999 as amended, in continuity with the quarterly disclosures provided by Snam in the past and consistent with the minimum content and timing provided for in the Group Financial Calendar.

The officer responsible for the preparation of the Company’s financial reports, Luca Oglialoro, hereby certifies, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in the accounting documentation, books and records.

Disclaimer

This press release contains forward-looking statements concerning, in particular, the evolution of natural gas demand, investment plans and future operating performance. Such statements are by their very nature exposed to risk and uncertainty as they depend on the occurrence of future events and developments. Actual results could therefore differ from those announced due to various factors, including: developments 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 stakeholder expectations and other changes in business conditions.


RECLASSIFIED INCOME STATEMENT

(millions of euros)	First nine months 2022		First nine months 2023		2023 adjusted vs 2022 adjusted	
	Reported	Adjusted (a)	Reported	Adjusted (a)	Change	% change
Gas infrastructure business revenues	2,098	2,098	2,409	2,409	311	14.8
Regulated revenues	2,019	2,019	2,353	2,353	334	16.5
- Transport	1,617	1,617	1,874	1,874	257	15.9
- Storage	379	379	422	422	43	11.3
- Regasification	23	23	57	57	34	
Non-regulated revenues	79	79	56	56	(23)	(29.1)
Energy transition business revenues	450	450	736	736	286	63.6
Total revenues	2,548	2,548	3,145	3,145	597	23.4
Gas infrastructure business costs	(432)	(415)	(622)	(614)	(199)	48.0
Fixed costs	(226)	(223)	(221)	(221)	2	(0.9)
Variable costs	(106)	(106)	(209)	(209)	(103)	97.2
Other costs	(100)	(86)	(192)	(184)	(98)	
Energy transition business costs	(427)	(427)	(669)	(669)	(242)	56.7
Total operating costs	(859)	(842)	(1,291)	(1,283)	(441)	52.4
EBITDA	1,689	1,706	1,854	1,862	156	9.1
Amortization and impairment losses	(646)	(641)	(693)	(691)	(50)	7.8
EBIT	1,043	1,065	1,161	1,171	106	10.0
Net financial expenses	(106)	(89)	(155)	(155)	(66)	74.2
Share of profit (loss) of equity-accounted investments	323	250	362	248	(2)	(0.8)
Profit before tax	1,260	1,226	1,368	1,264	38	3.1
Income tax	(285)	(291)	(307)	(308)	(17)	5.8
Net profit	975	935	1,061	956	21	2.2
- Attributable to Snam shareholders	972	932	1,047	942	10	1.1
- Non-controlling interests	3	3	14	14	11	

(a) Excluding special items.



Summary reconciliation of adjusted net profit

(millions of euros)	First nine months			
	2022	2023	Change	% change
EBITDA	1,689	1,854	165	9.8
Exclusion of items:	17	8	(9)	(52.9)
- Capital losses on writeoff of assets under development		8	8	
- Impairment losses on current assets	8		(8)	(100.0)
- Termination benefits	6		(6)	(100.0)
- Other	3		(3)	(100.0)
Adjusted EBITDA	1,706	1,862	156	9.1
EBIT	1,043	1,161	118	11.3
Exclusion of special items:	22	10	(12)	(54.5)
- Special items from EBITDA	17	8	(9)	(52.9)
- Impairment losses on non-current assets	5	2	(3)	(60.0)
Adjusted EBIT	1,065	1,171	106	10.0
Net profit	975	1,061	86	8.8
Exclusion of special items:	(40)	(105)	(65)	
- Special items from EBIT	22	10	(12)	(54.5)
- Profit (loss) from equity-accounted investments		(38)	(38)	
- Gain on sale of Industrie De Nora shares	(73)	(76)	(3)	4.1
- Financial expense on liability management	17		(17)	(100.0)
- Taxation of special items	(6)	(1)	5	(83.3)
Adjusted net profit	935	956	21	2.2
Non-controlling interests	3	14	11	
Adjusted net profit attributable to Snam shareholders	932	942	10	1.1

Reclassified statement of financial position

(millions of euros)	31.12.2022	30.09.2023	Change
Non-current assets	21,562	22,497	935
Property, plant and equipment	17,859	18,256	397
- of which right-of-use leased assets	33	43	10
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,321	1,378	57
Equity-accounted investments	2,313	3,000	687
Other financial assets	175	225	50
Net payables relating to investments activities	(469)	(725)	(256)
Net working capital	(2,155)	(185)	1,970
Liabilities due to employees benefits	(27)	(28)	(1)
Assets held for sale and directly associated liabilities	67	94	27
NET INVESTED CAPITAL	19,447	22,378	2,931
Equity	7,524	8,042	518
- Attributable to Snam's shareholders	7,468	7,974	506
- Non-controlling interests	56	68	12



Net financial debt	11,923	14,336	2,413
- of which financial liabilities on leased assets	33	40	7
COVERAGE	19,447	22,378	2,931

RECLASSIFIED STATEMENT OF CASH FLOWS

(millions of euros)	First nine months	
	2022	2023
Net profit	975	1,061
<i>Adjusted for:</i>		
- Amortization and other non-cash components	326	334
- Net losses (gains) on asset sales and write-offs	6	3
- Dividends, interest and income taxes	375	411
Change in net working capital	1,087	(1,770)
Dividends, interest and income taxes collected (paid)	(222)	(30)
Cash flows from operating activities	2,547	9
Capital expenditure	(850)	(1,169)
Disposals	2	1
Investments in consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(362)	(11)
Net investments in associates	140	(235)
Change in long-term financial assets	198	21
Other changes relating to investment activities	(48)	(46)
Free cash flow	1,627	(1,430)
Repayment of financial liabilities for leased assets	(6)	(8)
Change in short-and long-term financial liabilities	(1,348)	1,464
Increase in short-term financial receivables		(24)
Equity cash flow	(845)	(933)
Net cash flow for the period	(572)	(931)

CHANGE IN NET FINANCIAL DEBT

(millions of euros)	First nine months	
	2022	2023
Free cash flow	1,627	(1,430)
Equity cash flow	(845)	(933)
Change in financial liabilities for leased assets	(11)	(15)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation	(65)	(7)
Convertible Bond	381	
Other changes	(11)	(28)
Change in net financial debt	1,076	(2,413)



Methodological note

The information on performance and financial position was prepared in accordance with the assessment and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19th, 2002. The recognition and measurement criteria adopted in preparing the results for the first nine months of 2023 are unchanged with respect to those adopted in the preparation of the Annual Report 2022 and the 2023 Half-Year Report, which readers are invited to consult for more information.

The changes in the scope of consolidation of the Snam Group at September 30th, 2023 compared with that at December 31st, 2022, concerned the following acquisitions by the subsidiary Bioenerys Agri S.r.l. (formerly les Biogas S.r.l.): (i) in January 2023 100% of the capital of Agriwatt Castel Goffredo S.a.r.l., a company active in the generation of electricity using agricultural waste and biomass; (ii) in April 2023 two companies, Soragna Agroenergie Società Agricola S.r.l. and Zibello Agroenergie Agricultural Society S.r.l., each of which owns a biogas plant and is active in the generation of electricity through the use of agricultural waste and biomass; (iii) in July 2023 100% of Bietifin S.r.l., a company providing technical assistance to companies operating biogas plants. The changes with respect to December 31st, 2022 regarded the exit from the scope of consolidation of the company Golar LNG NB13 Corporation, owner of the Golar Tundra FSRU, which was merged into Snam FSRU Italia S.r.l. (with accounting and tax effect from January 1st, 2023).

The changes in the scope of consolidation of the Snam Group at September 30th, 2023 compared with September 30th, 2022 also involved: (i) the acquisition by Snam FSRU Italia S.r.l. of Golar LNG NB13 Corporation, owner of the Golar Tundra vessel (FSRU) (merged into Snam FSRU Italia S.r.l. effective for accounting and tax purposes at January 1st, 2023), and of Ravenna LNG Terminal S.r.l., owner of the sea terminal off the port of Ravenna and holder of the state concession, relinquished in favour of Snam FSRU Italia, necessary for the commissioning of the BW Singapore vessel, which will be available to Snam at the end of 2023; (ii) the acquisition from the subsidiaries Bioenerys Ambiente S.r.l. (formerly Renerwaste S.r.l.) and Bioenerys Agri S.r.l., of 1 and 19 companies, respectively, specialising in the construction and operation of plants for the energy conversion of the organic fraction of waste (OFMSW) and agricultural waste

Non-GAAP measures

In addition to the financial measures required under the IFRS, Snam uses certain measures in its report on operations that are derived from the latter although they are not required under the IFRS or by other standard setters (non-GAAP measures).

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

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

In accordance with Consob Communication DEM/6064293 of July 28th, 2006, as amended (most recently on May 5th, 2021 to transpose the new recommendations contained in ESMA 32-232-1138 of March 4th, 2021), the following sections provide information on the composition of the main alternative performance measures used in this document, which cannot be directly derived from reclassifications or algebraic summing of defined measures⁶ compliant with international accounting standards.

EBITDA, EBIT and adjusted net profit

⁶ Defined measures include all information reported in audited IFRS financial statements, either on the face of the balance sheet, income statement, statement of changes in equity, cash flow statement or in the notes.



EBITDA, EBIT and adjusted net profit are obtained by excluding special items from reported EBIT and net profit (as reported in the statutory income statement format), gross and net of the related taxation respectively. The income components classified as special items in the first nine months of 2023 mainly regard: (i) the capital gain on the sale of shares of Industrie De Nora S.p.A. (75 million euros, net of ancillary charges and related taxes), following which Snam holds 21.59% of that company's share capital (25.79% pre-sale); (ii) the capital gain realised by Industrie De Nora S.p.A. on the sale of shares in one of its investees (28 million euros); (iii) the effects of the fair value measurement of contractual rates through 2040 of the associate ADNOC Gas Pipeline Assets as a result of the changes in market interest rates (10 million euros); and (iv) the elimination of assets under development (6 million euros, net of taxes).

Special items

Income components are classified under special items, if material, when they: (i) derive from events or transactions whose occurrence is non-recurring or such transactions or events that are not repeated frequently in the normal course of business; (ii) derive from events or transactions that are not representative of normal business operations.

The tax effects associated with the components excluded from the calculation of adjusted net profit are determined on the basis of the nature of each excluded income component.

The income components deriving from non-recurring transactions pursuant to Consob Resolution no. 15519 of July 27th, 2006, where present, are also reported separately in IFRS financial reporting.

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