

<p>Informazione Regolamentata n. 0542-12-2024</p>	<p>Data/Ora Inizio Diffusione 14 Marzo 2024 07:45:56</p>	<p>Euronext Milan</p>
---	--	-----------------------

Societa' : SNAM

Identificativo Informazione Regolamentata : 187325

Utenza - Referente : SNAMN05 - Pezzoli

Tipologia : 1.1; 3.1

Data/Ora Ricezione : 14 Marzo 2024 07:45:56

Data/Ora Inizio Diffusione : 14 Marzo 2024 07:45:56

Oggetto : Snam 2023 financial results: adjusted net profit of 1,168 million euros, above guidance; growth in revenues, investments, and Ebitda

Testo del comunicato

Vedi allegato



press release

Snam 2023 financial results: adjusted net profit of 1,168 million euros, above guidance; growth in revenues, investments, and EBITDA

- Total investments of over 2 billion euros (+13.9%)
- First phase of the Adriatic Line ready to start and eligible for REPowerEU funds
- New FSRUs: Piombino's capacity for the 2023-2024 thermal year fully booked and work progressing on Ravenna, with capacity booking auctions to begin by April
- Scope 1 & 2 emissions reduced by 10%, confirming leadership position in sustainability results and achieving the target of 80% share of sustainable finance on total funding
- Dividend increased by 2.5% to 0.2820 euros per share

Highlights

- **Total revenues:** 3,875 million euros ¹(+16.8% on 2022) reflecting the growth in regulated revenues connected with the implementation of investments and with output-based incentives as well as the contribution of the energy-efficiency business.
- **Adjusted EBITDA:** 2,417 million euros (+8.0%), reflecting the increase in regulated revenues and the contribution of the energy-transition businesses.
- **Group adjusted net profit²:** 1,168 million euros (+0.4%). 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 mainly due to the rise in interest rates.
- **Total investments:** 2,194 million euros (+13.9%) of which 1,774 million euros was for technical investments (+31.3% compared to 2022). Out of the overall figure for total investments, 29% is aligned with the EU Taxonomy and 61% with the Sustainable Development Goals. On top of total investments, which incorporate 331 million euros for the purchase of the FSRU BW Singapore, there are additional 410 million euros for the acquisition of 49.9% of SeaCorridor.
- **Net financial debt:** 15,270 million euros (11,923 million euros compared with 31 December 2022), ahead of guidance, with the increase mainly due to the expected development of working capital related to balancing activities, financial investments and payment of the 2022 dividend.
- **Dividend:** 0.2820 euros per share (up 2.5%, in line with the dividend policy of the 2022-2026 Strategic Plan).

San Donato Milanese (Milan), March 14th 2024 - The Board of Directors of Snam, meeting yesterday under the chairmanship of Monica de Virgiliis, approved the consolidated financial statements and draft financial statements for 2023 and the 2023 consolidated non-financial statement (NFS), prepared pursuant to Legislative Decree No. 254/2016. The Board also resolved to propose to the Shareholders' Meeting the distribution of a balance dividend of 0.1692 euros per share, which, together with the

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

² Excluding non-controlling interests.



interim dividend of 0.1128 euros per share distributed in January 2024, results in a total dividend for 2023 of 0.2820 euros per share.

Snam's CEO, Stefano Venier, made the following comments: *"We close 2023 with solid results, accomplished in a global context that remains volatile and uncertain, and with important milestones on the industrial front, including commissioning of the regasification vessel in Piombino. The key economic and financial indicators show a positive performance and are better than guidance, with technical investments growing by more than 30% year-on-year. The results on the emissions reduction and sustainable finance front are also above expectations and ahead of targets. We continue to implement our strategic ambition to strengthen the country's energy security and equip it with a multi-molecule infrastructure capable of accelerating its energy transition path, through the most ambitious investment plan in Snam's recent history"*.

Summary of results for financial year 2023

Key performance highlights

(millions of euros)	2022	2023	Change	% change
Total revenues (a)	3,317	3,875	558	16.8
Gas infrastructure business revenues (a)	2,622	2,770	148	5.6
- of which regulated revenues (a)	2,521	2,691	170	6.7
Energy transition business revenues	695	1,105	410	59.0
Adjusted EBITDA	2,237	2,417	180	8.0
Adjusted EBIT	1,364	1,477	113	8.3
Adjusted net profit (b)	1,163	1,168	5	0.4
Special items (c)	(492)	(33)	459	(93.3)
Reported net profit (b)	671	1,135	464	69.2

(a) Net of fees covering energy costs (413 million euros; 198 million euros in 2022).

(b) Attributable to Snam shareholders.

(c) The special items for 2023 are mainly represented by: (i) the write-down of non-current assets with reference to the FORSU biomethane business; (ii) the capital gains from the sale of shares in Industrie De Nora S.p.A; (iii) the capital gains of Industrie De Nora S.p.A in connection with the sale of shares of the associate company Thyssenkrupp Nucera, aimed at listing the company; (iv) from the normalisation of interest rates used for discounting the contractual rates of the investee company ADNOC; (v) from the derecognition of assets in progress; (vi) from accruals to provisions for risks and charges, relating to matters not representative of normal business performance. Please refer to the table on page 10 for more details.

Total revenues

Total revenues net of energy costs amounted to 3,875 million euros, up 558 million euros (+16.8%). Energy-transition business revenues increased (+410 million euros; +59.0%), mainly due to the development of energy-efficiency operations, especially in the residential sector. The gas



infrastructure business saw an increase in regulated revenues (+170 million euros; +6.7%) and a decrease in non-regulated revenues (-22 million euros; -21.8%), primarily reflecting a decline in positive one-off effects compared with 2022.

In particular, the increase in regulated revenues is mainly attributable to: (i) a rise in revenues related to RAB growth (+78 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 and flexibility services provided to users (+85 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 year³); (iii) the recognition of revenues connected with an increase in regasification volumes in 2022 compared with the revenues determined by the regulatory authority for that year (a total of +12 million euros); and (iv) revenues connected with the start of operations at the Piombino terminal (+21 million euros). These effects were offset by a decline in volumes of transported gas (-21 million euros), as a result of significantly milder weather conditions overall compared with 2022 and the implementation of gas demand limitation measures.

Adjusted EBITDA

Adjusted EBITDA in 2023 was 2,417 million euros, an increase of 180 million euros (8.0%) on 2022. The increase is attributable to growth of the gas infrastructure business (+144 million euros; +6.5%), reflecting the expansion of regulated revenues connected with the RAB and output-based incentives. Fixed costs resulting from the commissioning of the FSRU plant in Piombino were partly offset by lower net losses (gains) from asset disposals. There was an increase in the contribution of the energy-transition businesses (+36 million euros), and, in particular, the energy-efficiency business (+29 million euros; +76.3%).

Adjusted EBIT

Adjusted EBIT for the 2023 financial year was 1,477 million euros, an increase of 113 million euros (+8.3%) compared to the corresponding figure for financial year 2022, as a result of the change in EBITDA and higher depreciation and amortisation (-67 million euros, or 7.7%), mainly due to the commissioning of new assets, including the FSRU in Piombino, for which depreciation is related to the duration of the state-owned concession.

Net financial expenses

Net financial expenses amounted to 221 million euros, up 98 million euros, or 79.7%, on 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 2% in 2023 compared with about 1.1% in 2022. The increase in the average cost of debt is mainly attributable to the evolution of interest rates in the past 12 months.

³ 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, are a consequence of the provisions of ARERA resolution no. 419/2023/R/gas, published on 29 November 2023.



Net income from equity investments

Net income from equity investments amounted to 315 million euros, an increase of 7 million euros (+2.3%) compared with 2022. With regard to international associates, the increased contribution of the Greek DESFA, mainly due to the auction premiums obtained on the export point to Bulgaria and on the entry point from the LNG terminal, the inclusion of the SeaCorridor joint venture as well as GCA's increased contribution, with the revenue adjustment to cover 2022 energy costs, offset the lower contribution from the Austrian associate company TAG. In fact, at the end of 2022, most of TAG's long-term transportation contracts expired, and in 2023 there was a substantial decline, in line with expectations, in the volumes of gas imported into Italy from the Tarvisio entry point. The performance of the associates 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

Group adjusted net profit⁴ for 2023 amounts to 1,168 million euros; an increase of 5 million euros, or 0.4%, compared to 2022 adjusted net profit. The positive results from operations, together with the solid performance of associate companies, were partly offset by the increase in financial expenses and by the income tax.

Total investments

In 2023, total investments amounted to 2,194 million euros (1,926 million euros in 2022), of which 29% are aligned and with the European Taxonomy 61% with the Sustainable Development Goals. . Of these, 1,774 million euros regarded technical investments, an increase of 423 million euros on 2022 (+31.3%) in reflection of increased expenditure in the gas infrastructure business, in the context, in particular, of upgrading work at the Ravenna and Piombino terminals. Technical investments refer primarily to the transport segment (1,139 million euros), regasification (256 million euros) and storage (225 million euros), while the investments of the energy-transition businesses amounted to 127 million euros. Total investments, which incorporate 331 million euros for the purchase of the FSRU BW Singapore, also included an additional 410 million euros for the acquisition of 49.9% of SeaCorridor.

Cash flow

The positive self-financing flow amounted to 2,027 billion euros was significantly impacted by the cash absorption connected with expected reversal of working capital associated with balancing activities, opposite of that recorded in 2022, and an increase in tax credits under environmental upgrading schemes. Considering cash requirements for investments (2,231 million euros, primarily consisting of 1,643 million euros in technical investments and 615 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 2,366 million euros. Net financial debt, including the equity cash flow (936 million euros), deriving from the

⁴ Excluding non-controlling interests.



payment of the 2022 dividend to shareholders and non-monetary changes, increased by 3,347 million euros compared with 31 December 2022, to 15,270 million euros.

Sustainable finance

With reference to sustainable finance, at the end of 2023 Snam used about 2.7 billion euros from its new Euro Commercial Paper programme, the maximum size of which was increased to 3.5 billion euros in November, and at the same time Standard Ethics confirmed its EE+ rating.

Furthermore, since the beginning of the year, Snam has signed medium/long term banking sustainable financing contracts totalling 3.2 billion euros, including a Revolving Credit Facility (RCF) pool financing of up to 1.8 billion euros backed by the SupportItalia guarantee issued by SACE.

In September 2023 Snam issued its first EU Taxonomy-aligned Exchangeable Transition Bond for 500 million euros exchangeable into up to around 54.5 million Italgas shares, corresponding to 50% of the stake currently held by Snam in Italgas. Finally, in November 2023, Snam issued an EU Taxonomy-aligned Transition bond for 650 million euros.

At 31 December 2023, Snam's sustainable finance share accounted for about 80% of committed financing, up from 70% at the end of 2022. This has allowed the achievement, three years ahead of schedule, of the 80% sustainable finance target on the available sources of financing, originally set for 2026. In the new Strategic Plan presented in January 2024, the sustainable finance target has been raised to 85% by 2027, and the new Sustainable Finance Framework published in early February 2024 will play a key role in the full achievement of this target. Following its publication, Snam raised 1.5 billion euros through a dual-tranche bond, issuing the first green bond and the first sustainability-linked bond linked to scope 3 target, as well as scope 1 and 2 targets.

Snam receives public grants for the implementation of projects, mainly in the area of decarbonisation and sustainable mobility, financed with funds from the National Recovery and Resilience Plan (NRRP), National Complementary Plan and various European programmes.

In addition, the first phase of the Adriatic line and upgrading of the "reverse flow" to Austria, key projects for supply security in line with the REPowerEU objectives, have been identified by the government as eligible for funding in the form of grants in the context of revision of the National Recovery and Resilience Plan.

Dividend policy

The results achieved and the company's solid fundamentals make it possible to propose to the Shareholders' Meeting the distribution of a final dividend of 0.1692 euros per share, payable as of 26 June 2024 (record date 25 June 2024), with an ex-dividend date of 24 June 2024. The dividend for financial year 2023 is therefore determined as **0.2820 euros per share**, of which 0.1128 euros per share has already been distributed in January 2024 as an interim dividend (378 million euros). The proposed



dividend, up 2.5% from 2022, in line with the dividend policy announced to the market, confirms Snam's commitment to providing shareholders with sustainable remuneration over time.

Energy transition

Snam's commitment to actively contributing to the energy transition is in execution as per plan.

Renovit, the platform launched by Snam together with CDP Equity to promote energy efficiency within companies, condominiums, the tertiary sector and the public administration, has contributed to growth of the Group's EBITDA through projects for comprehensive upgrading in the residential sector and measures for the decarbonisation of public and industrial sectors.

By the end of 2023, Renovit's backlog had reached 1.2 billion euros and order intake over the year exceeded 500 million euros.

Regarding biomethane, Snam has a dual role: on the one hand, the optimisation of interconnections between power plants and the network, through Snam Rete Gas, and on the other hand, the development of a platform with approximately 41 MW of biomethane and biogas plants operational by the end of 2023 through Bioenerys, full subsidiary of Snam. Bioenerys' companies were also awarded four projects in the first two tariff-auction session called by the Energy Services Operator (GSE) in 2023, two of which were later withdrawn and submitted, along with four other projects, to the succeeding auction round, whose ranking will be published in May 2024. This represents a tangible first step towards the realisation of Bioenerys' business plan, which envisages the conversion of all biogas plants to biomethane, increasing installed capacity from 41 to 80 MW by 2027.

Looking at infrastructure projects related to hydrogen and CCS technology, both the SouthH2Corridor and Callisto Mediterranean CO2 Network, in which Snam is involved as a partner, have been included in the list of Projects of Common Interest (PCI) adopted by European Commission. The first, known as the "Italy-Austria-Germany Hydrogen Corridor", sees Snam involved as lead partner together with Transmission System Operators (TSO) Trans Austria Gasleitung (TAG), Gas Connect Austria (GCA) in Austria, and Bayernets in Germany. The Callisto Mediterranean CO2 Network, coordinated by French company Air Liquide and supported by 18 companies, includes the Carbon Capture and Storage (CCS) project in Ravenna, which sees Snam in a joint venture with Eni, as operator.

Finally, in February 2024, Snam launched a survey on the potential hydrogen market in Italy and gathered expressions of interest for the transportation and storage of CO2 at the Ravenna site, a project whose pilot phase is currently underway and on schedule.

Sustainability

The sustainability strategy was extended and developed with a 360-degree approach, recording significant progress in all areas.



Snam is the first TSO to join the Corporate Engagement Program of Science-Based Targets for Nature dedicated to biodiversity and, at the Capital Markets Day on 25 January, the company made commitments to achieve a positive impact on nature by 2027.

The emissions-reduction commitment saw a 7% reduction in Scope 1 & 2 emissions across the Group and a 10% reduction for the area to which the target applies compared to 2022. Compared to 2018, the first year of the commitment, emissions from regulated business decreased by 16%. One area of particular success is methane emissions, down 21% from 2022 and 57% from 2015 (UNEP commitment baseline). Finally, Scope 3 emissions dropped 4% compared to a 2022 baseline that already took into account the SeaCorridor acquisition. Snam's decarbonisation plan was assessed by Moody's, in the first Net-Zero Assessment made public globally.

Snam also conducted a Climate Change Risk Assessment exercise that confirmed the resilience of Snam's assets to various climate-change scenarios. The Company has also published a formal commitment to the goals of the Paris Agreement in all its public and institutional activities.

The results of Snam's commitment to sustainability are demonstrated by its leadership position in several ESG ratings: inclusion in the CDP - Carbon Disclosure Project A-list, AA rating from MSCI, confirmation in the Dow Jones Sustainability Index, and global leadership status among gas utilities from Sustainalytics.

In line with the sustainability strategy adopted by the Company and illustrated to the financial community at the Capital Markets Day on 25 January 2024, the Board of Directors resolved to change the name of the Environmental, Social & Governance Committee to the Sustainability and Energy Transition Scenarios Committee.

Outlook

In a global energy scenario that remains challenging and volatile, Snam's goal is to ensure the development of increasingly flexible infrastructure capable of handling a multiplicity of molecules, thus supporting path to carbon neutrality for Italy and guaranteeing the security, sustainability and competitive nature of energy supplies.

To achieve these goals, Snam plans investments in two main areas:

- **investment in infrastructure** throughout the value chain (construction of the Adriatic backbone and dual-fuel compressor stations, the strengthening and optimization of the storage and export system, the commissioning of the Ravenna FSRU, small-scale LNG development and the expansion of bio-LNG station networks and, in the future, hydrogen stations);
- **contribution to decarbonization**, through the energy-transition platform, with the development of green gases (hydrogen and biomethane), the launch of the Italian and European hydrogen backbone project (South2 Corridor), the development of infrastructure for Carbon Capture and Storage (CCS) and the further expansion of energy-efficiency activities.



To support the strengthening of the country's energy infrastructure, FSRU BW Singapore, which will be located off the coast of Ravenna, was acquired on 4 December 2023. The ship, with a regasification capacity of five billion cubic metres per year, meets Snam's commitment to ensure greater security and diversification of Italy's energy supplies.

With reference to the current financial year, economic results are expected to benefit from the increase in revenue due to the growth of the RAB, thanks to the investments made, the WACC update and the introduction of the new ROSS (Regulation by Objectives of Expenditure and Service) transportation regulation.

In a global context that continues to be volatile, high interest rates will continue to have an incremental impact on next year's net financial expenses. The main levers for optimising the financial structure concern increasing diversification of financing sources and instruments, as well as the optimization of working capital and treasury flows. Snam intends to maintain a solid financial structure, capable of maximising the natural hedging implicit in the tariff system through periodic revisions to the recognised cost of capital.

With regard to the development of events in the Middle East and in particular in the Red Sea, Snam will continue to monitor the possible consequences and effects on the Group's activities. To date, with regard to the management of operations and implementation of the investment programme, there are no critical issues associated with these events.

However, a possible, prolonged interruption of shipping (e.g. LNG ships) from the Suez Canal in the current year could lead to international tensions, with consequent impacts on the price of energy goods for which Italy, and Europe in general, are heavily dependent on foreign imports. These events could affect the world economy, increasing production costs and further impacting economic stability and national and European growth, as well as the management of energy supplies.

Financial targets for 2024 are confirmed:

- investments of 2.9 billion euros (of which 2.7 billion euros in gas infrastructure and 0.2 billion euros in the energy transition);
- tariff RAB of 23.8 billion euros;
- adjusted EBITDA of 2.7 billion euros;
- adjusted net profit of approximately 1.18 billion euros;
- net debt of approximately 17.6 billion euros.

The 2023 Annual Report, which contains the 2023 Consolidated Non-Financial Statement, in the form of a specific section of the Directors' Report in accordance with the provisions of Article 5, paragraph 1 (a) of Legislative 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 Company's registered



office and on the Company's website www.snam.it, together with the reports of the Board of Statutory Auditors and the Independent Auditors, in compliance with the terms of Legislative Decree no. 58/98 (Consolidated Finance Act - TUF).

A conference call will take place at 10:00 today, 14 March 2024, to present the consolidated results for financial year 2023 to investors and financial analysts. 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

		2022	2023	Change	% change
Natural injected into the National Gas Transportation Network (a) (b)	(billions of m3)	75.42	64.07	(11.35)	(15.0)
Gas demand (a)	(billions of m3)	68.71	61.85	(6.86)	(10.0)
LNG regasification (a)	(billions of m3)	2.24	3.69	1.45	64.8
Available storage capacity (a) (c)	(billions of m3)	16.5	16.7	0.2	1.2
Natural gas moved through storage system (a)(b)	(billions of m3)	18.47	13.72	(4.75)	(25.7)
Employees in service at period end (d)	(number)	3,610	3,798	188	5.2

- (a) With regard to 2023, 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 approximately 39.3 MJ/SCM (10.919 kWh/SCM) natural gas storage for the 2023-2024 thermal year.
- (b) The data for 2023 is current as at 26 January 2024. The corresponding figure for 2022 has been definitively updated.
- (c) Of which 4.5 billion cubic metres related to strategic gas and 12.2 billion cubic metres related to capacity available for modulation, mining and balancing services (working gas). Available storage capacity at 31 December 2023 is that reported to the Regulatory Authority for Energy, Networks and the Environment 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. The change is attributable mainly to the Energy Transition and Transportation sectors, due to inclusion of new companies within the scope of the group as well as new additions to strengthen the business.

Natural gas injected into the national transportation network

Gas demand in 2023 amounted to 61.85 billion cubic metres, down 6.86 billion cubic metres or -10.0% on 2022, reflecting lower consumption recorded in all the main business segments. Specifically, the reduction in gas demand is attributable to: (i) the thermoelectric sector (-4.10 billion cubic metres; -13.6%) following the increase in electricity imports, mainly resulting from the recovery of French nuclear power, higher hydroelectric production, the reduction in electricity demand also following the slow recovery of the industrial sector, the increased use of renewable sources supported by photovoltaic power in the civil sector; (ii) the residential and tertiary sector (-2.16 billion cubic metres;



-8.6%), with overall milder temperatures compared to 2022, as well as the energy efficiency and consumption limitation actions that influenced the first few months of the year; (iii) the industrial sector (-0.61 billion cubic metres; -5.2%) affected, as last year, by commodity price trends and the unstable macroeconomic situation, which led to a decline in industrial production in certain energy-intensive sectors.

Gas demand in temperature-normalised terms, estimated at 63.35 billion cubic metres, shows a decrease of 6.01 billion cubic metres (-8.66%) compared to the corresponding value in 2022 (69.36 billion cubic metres), in the context of a general decrease in consumption due to the gradual increase in energy-efficiency measures and the modernisation of heating systems with more efficient boilers, together with actions to curb the demand for natural gas required to cope with the winter risk due to reduced imports from Russia (measures suspended for the winter of 2023-2024).

Regasification of Liquefied Natural Gas (LNG)

Volumes regasified in 2023 amounted to 3.69 billion cubic metres (+1.45 billion cubic metres compared to 2022; +64.7%), and 62 tanker loads unloaded, compared to 59 tanker loads unloaded in 2022. The increase in the volume of LNG regasified and a consequent increase in the number of tanker loads 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. The higher volumes also reflect the effects of the entry into operation of the Piombino FSRU, which in the second half of 2023 regasified a total of 1.12 billion m³, corresponding to 12 tanker loads unloaded, with 14 tanker loads loaded.

Natural gas storage

Overall storage capacity managed by the Snam Group at 31 December 2023, including strategic storage, amounted to 16.7 billion cubic metres, the largest capacity in Europe. At 31 December 2023, the available capacity for the 2023-2024 thermal year was 100% allocated (94% for the entire 2022-2023 thermal year). Natural gas stocks at 31 December 2023 in the Stogit subsidiary's storage facilities amounted to 9.1 billion cubic metres, plus 4.5 billion cubic metres of strategic storage. In percentage terms, the fill rate is around 75%, compared to 84% at the end of 2022.

Pursuant to Article 154-bis, paragraph 2 of the TUF, the Manager responsible for preparing the Company's financial reports Luca Oglialoro declares that the accounting information included in this press release corresponds to the documents, accounting ledgers and other records.

Disclaimer

The Annual Report contains forward-looking statements, in particular in the Strategy and Outlook sections with reference to natural gas demand trends, investment plans and future operating performance. Such forward-looking 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, geopolitical factors such as international tensions and socio-political instability, 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.

INCOME STATEMENT

(milioni di €)	2022		2023		2023 adjusted vs 2022 adjusted	
	Reported	Adjusted (a)	Reported	Adjusted (a)	Change	% change
Gas infrastructure business revenues	2,820	2,820	3,183	3,183	363	12.9
Regulated revenues	2,719	2,719	3,104	3,104	385	14.2
- Transport	2,162	2,162	2,474	2,474	312	14.4
- Storage	515	515	553	553	38	7.4
- Regasification	42	42	77	77	35	83.3
Non-regulated revenues	101	101	79	79	(22)	(21.8)
Energy transition business revenues	695	695	1,105	1,105	410	59.0
Total revenues	3,515	3,515	4,288	4,288	773	22.0
Gas infrastructure business costs	(616)	(607)	(834)	(826)	(219)	36.1
Fixed costs	(305)	(305)	(324)	(324)	(19)	6.2
Variable costs	(152)	(152)	(269)	(269)	(117)	77.0
Other costs	(159)	(150)	(241)	(233)	(83)	55.3
Energy transition business costs	(681)	(671)	(1,057)	(1,045)	(374)	55.7
Total operating costs	(1,297)	(1,278)	(1,891)	(1,871)	(593)	46.4
EBITDA	2,218	2,237	2,397	2,417	180	8.0
Amortization and impairment losses	(890)	(873)	(1,126)	(940)	(67)	7.7
EBIT	1,328	1,364	1,271	1,477	113	8.3
Net financial expenses	(140)	(123)	(221)	(221)	(98)	79.7
Share of profit (loss) of equity-accounted investments	(138)	308	484	315	7	2.3
Profit before tax	1,050	1,549	1,534	1,571	22	1.4
Income tax	(378)	(385)	(389)	(393)	(8)	2.1
Net profit	672	1,164	1,145	1,178	14	1.2
- Attributable to Snam shareholders	671	1,163	1,135	1,168	5	0.4
- Non-controlling interests	1	1	10	10	9	

(a) Excluding special items.



Summary reconciliation of adjusted net profit

(millions of euros)	2022	2023	Change	% change
EBITDA	2,218	2,397	179	8.1
Exclusion of items:	19	20	1	5.3
- <i>Provision for risk and charges</i>	10	12	2	20.0
- <i>Capital losses on writeoff of assets under development</i>	0	8	8	
- <i>Impairment losses on current assets</i>	3	0	(3)	(100.0)
- <i>Indemnities for termination of employment</i>	6	0	(6)	(100.0)
Adjusted EBITDA	2,237	2,417	180	8.0
EBIT	1,328	1,271	(57)	(4.3)
Exclusion of special items:	36	206	170	
- <i>Special items from EBITDA</i>	19	20	1	5.3
- <i>Impairment losses on non-current assets</i>	17	186	169	
Adjusted EBIT	1,364	1,477	113	8.3
Net profit	672	1,145	473	70.4
Exclusion of special items:	492	33	(459)	(93.3)
- <i>Special items from EBIT</i>	36	206	170	
- <i>Profit (loss) from equity-accounted investments</i>	519	(93)	(612)	
- <i>Gain on sale of Industrie De Nora shares</i>	(73)	(76)	(3)	4.1
- <i>Financial expense on liability management</i>	17	0	(17)	(100.0)
- <i>Taxation of special items</i>	(7)	(4)	3	(42.9)
Adjusted net profit	1,164	1,178	14	1.2
<i>Non-controlling interests</i>	1	10	9	
Adjusted net profit attributable to Snam shareholders	1,163	1,168	5	0.4

Reclassified statement of financial position

(millions of euros)	31.12.2022	31.12.2023	Change
Non-current assets	21,562	23,002	1,440
Property, plant and equipment	17,859	18,941	1,082
- <i>of which right-of-use leased assets</i>	33	44	11
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,321	1,449	128
Equity-accounted investments	2,313	3,019	706
Other financial assets	175	163	(12)
Net payables relating to investments activities	(469)	(933)	(464)
Net working capital	(2,155)	(24)	2,131
Liabilities due to employees benefits	(27)	(28)	(1)
Assets held for sale and directly associated liabilities	67	(67)	(134)
NET INVESTED CAPITAL	19,447	22,950	3,503
Equity	7,524	7,680	156
- Attributable to Snam's shareholders	7,468	7,635	167
- Non-controlling interests	56	45	(11)
Net financial debt	11,923	15,270	3,347
- <i>of which financial liabilities on leased assets</i>	33	43	10
COVERAGE	19,447	22,950	3,503



CASH FLOW STATEMENT

(millions of euros)	2022	2023
Net profit	672	1,145
<i>Adjusted for:</i>		
- Amortization and other non-cash components	1,006	644
- Net losses (gains) on asset sales and write-offs	24	10
- Dividends, interest and income taxes	484	552
Change in net working capital	2,408	(2,237)
Dividends, interest and income taxes collected (paid)	(485)	(249)
Cash flows from operating activities	4,109	(135)
Capital expenditure	(1,322)	(1,796)
Disposals	7	1
Investments in consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(458)	(402)
Net investments in associates	143	(181)
Change in long-term financial assets	197	27
Other changes relating to investment activities	65	120
Free cash flow	2,741	(2,366)
Repayment of financial liabilities for leased assets	(8)	(13)
Change in short-and long-term financial liabilities	(1,440)	2,939
Equity cash flow	(866)	(936)
Change in cash and cash equivalents relating to assets for sale and directly associated liabilities	(7)	1
Net cash flow for the year	420	(375)

CHANGE IN NET FINANCIAL DEBT

(millions of euros)	2022	2023
Free cash flow	2,741	(2,366)
Equity cash flow	(866)	(936)
Change in financial liabilities for leased assets	(16)	(19)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation	(116)	7
Convertible Bond	381	
Change in cash and cash equivalents relating to assets for sale and directly associated liabilities	(7)	1
Other changes	(19)	(34)
Change in net financial debt	2,098	(3,347)



Methodological note

This press release, prepared on a voluntary basis in line with market best practices, sets out the audited consolidated results for the financial year 2023. 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 19 July 2002. The recognition and measurement criteria used are unchanged from those adopted for the 2022 Annual Report, to which reference should be made for a description of these criteria.

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

The changes in the Snam Group's scope of consolidation at 31 December 2023 with respect to that at 31 December 2022 regard the following acquisitions: (i) by the subsidiary Bioenerys Agri S.r.l.: (a) 100% of the capital of five companies operating in the production of electricity using agricultural waste and biomass; (b) 100% of the capital of Bietifin S.r.l, a company that provides technical assistance to companies operating biogas plants; and (c) 100% of the capital of two companies that own plants for the production of electricity using agricultural waste and biomass, as part of the sale of Iniziativa Biometano S.p.A.; (ii) by the subsidiary Bioenerys Ambiente S.r.l.: (a) 100% of the capital of two companies owning plants for the production of biomethane from FORSU; (iii) by Snam FSRU Italia S.r.l. of FSRU I Limited, the company that owns the floating storage and regasification unit (FSRU) "BW Singapore".

Changes in the scope of consolidation also concerned: (iv) the merger by incorporation of Golar LNG NB13 Corporation, owner of the floating unit (FSRU) Golar Tundra, into Snam FSRU Italia S.r.l.; and (v) the sale of Iniziativa Biometano S.p.A., a company 51% owned by Snam through its wholly-owned subsidiary Bioenerys S.r.l., as well as four subsidiaries of Iniziativa Biometano S.p.A.

Non-GAAP measures

In addition to the financial measures required under the IFRS, Snam uses certain measures in its Directors' Report 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 28 July 2006, as amended (most recently on 5 May 2021 to transpose the new recommendations contained in ESMA 32-232-1138 of 4 March 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 measures⁵ compliant with international accounting standards.

EBITDA, EBIT and adjusted net profit

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 2023 mainly regard: (i) the write-down of non-current assets with reference to the FORSU biomethane business (186 million euros); (ii) income arising from the valuation at fair value of the contractual tariffs, until 2040, of the investee ADNOC Gas Pipeline Assets due to the effect of the change in market interest rates (65 million euros). In order to reflect the substance of the transaction and the actual return for ADNOC investors, this effect has been normalized

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



by using a constant interest rate for the entire contractual duration, set equal to the Internal Rate of Return (IRR) for investors at the acquisition date; (iii) the capital gain resulting from the sale of shares of Industrie De Nora S.p.A. (75 million euros, net of incidental charges and related taxes), after which Snam holds 21.59% of the company's share capital (25.79% pre-sale); (iv) the capital gain realized by Industrie De Nora S.p.A. related to the sale of shares of the associated company Thyssenkrupp Nucera, aimed at the company's listing on the Frankfurt Stock Exchange (28 million euros); (v) provisions for risks and charges (12 million euros), relating to matters that are not representative of normal business performance; (vi) to the write-off of assets in progress (8 million euros in total; 6 million euros net of related taxes).

Special items

Income components are classified under special items, if significant, 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 27 July 2006, where present, are also reported separately in IFRS financial reporting.

Net financial debt

Snam calculates net financial debt as the sum of current and non-current financial liabilities, including financial liabilities for leasing contracts as per 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 5 May 2021, other current financial assets that do not constitute liquidity (e.g. short-term financial receivables with a maturity of more than 90 days) are excluded from the calculation of net financial debt.

Fine Comunicato n.0542-12-2024

Numero di Pagine: 17