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Oggetto : 2024 1Q financial results: investments up 47.5%, and growth in EBITDA, adjusted net profit at 335 million euros

*Testo del comunicato*

Vedi allegato



press release

## 2024 1Q financial results: investments up 47.5%, and growth in EBITDA, adjusted net profit at 335 million euros; 2024 guidance raised for EBITDA and net profit

- Investments of around 0.5 billion euros (+47.5%)
- Pre-emption right exercised to increase the share in Adriatic LNG to 30%
- Exclusive negotiations commenced for the acquisition of 100% of Edison Stoccaggio
- Storage auctions: 100% of the storage capacity offered for the thermal year 2024-2025 allocated
- Sustainable finance at 84%; “Transition Bond of the Year” award received for the second year in a row from Environmental Finance
- Approval of all items on the shareholders’ meeting agenda, with an overall average of 99% in favour; ESG-rated investors accounting for 47.5% of the institutional basis

### Highlights

- **Total investments:** 462 million euros (+47.5% compared to the first quarter of 2023), for higher investments related to the upgrading of the Ravenna and Piombino terminals. Out of the overall figure for total investment, 55% is aligned with the Sustainable Development Goals and 34% with the EU Taxonomy.
- **Total revenues:** 895 million euros<sup>1</sup> (-1.9% compared to the first quarter of 2023). Increase in regulated revenues related to the implementation of the investment plan, the increase in WACC and higher output-based incentives; revenues from the energy efficiency business declined, particularly in the residential sector.
- **EBITDA:** 703 million euros (+17.8%), thanks to the growth in regulated revenues, partly absorbed by the lower contribution of the energy transition business.
- **Group adjusted net profit<sup>2</sup>:** 335 million euros (+11.3%) attributable to the effect of the growth in EBITDA, which was partly offset by an increase in depreciation and amortisation connected with the entry into service of realized investments and current write-downs of assets, as well as by an increase in financial expense mainly due to the rise in interest rates.
- **Net financial debt:** 15,793 million euros (+523 million euros compared to 31 December 2023), up mainly due to the investments made during the period and the payment of the 2023 interim dividend.

*San Donato Milanese (Milan), 16 May 2024* - The Board of Directors of Snam, which met yesterday under the chairmanship of Monica de Virgiliis, approved the consolidated results for the first quarter of 2024 (unaudited).

*“The results for the first quarter of 2024 are very positive, with investments and the main indicators showing a robust growth, both for domestic business and those of our associates, against a backdrop of continuing volatility at global level. The results achieved and the visibility of our business allow us to*

<sup>1</sup> Net of fees covering energy costs.

<sup>2</sup> Excluding non-controlling interests.



improve our 2024 EBITDA and net profit guidance, with a significant acceleration on the targets set out in our business plan”, Snam CEO Stefano Venier commented.

## Summary of results for the first quarter 2024

*Introductory note: with Resolution No. 139/2023/R/gas regulating the sixth regulatory period of the natural gas transportation service, starting from 1 January 2024, the Authority introduced measures aimed at simplifying the administrative procedures for managing the mechanisms for recognising the costs of procuring the gas necessary for the operation of the transportation network (self-consumption, network losses and Unaccounted For Gas - UFG). In particular, the variable fee charged to users to cover these costs is passed on in full to the CSEA, as it is not a revenue component. The gas procurement costs actually incurred are recognised in full, on a monthly basis, by CSEA itself.*

*In order to provide a uniform representation of the items in the income statement for the period under comparison, the revenues covering the costs of gas procurement necessary for the operation of the transportation network in the first quarter of 2023 (58 million euros) were reclassified as a reduction of the related costs.*

### Economic Highlights

(millions of euros)	First quarter		Abs.	
	2023	2024	change	% change
<b>Total revenues (a)</b>	<b>912</b>	<b>895</b>	<b>(17)</b>	<b>(1.9)</b>
<b>Gas infrastructure business revenues (a)</b>	<b>664</b>	<b>809</b>	<b>145</b>	<b>21.8</b>
<i>- of which regulated revenues (a)</i>	<i>651</i>	<i>798</i>	<i>147</i>	<i>22.6</i>
<b>Energy transition business revenues</b>	<b>248</b>	<b>86</b>	<b>(162)</b>	<b>(65.3)</b>
<b>EBITDA</b>	<b>597</b>	<b>703</b>	<b>106</b>	<b>17.8</b>
<b>EBIT</b>	<b>372</b>	<b>450</b>	<b>78</b>	<b>21.0</b>
<b>Adjusted net profit (b)</b>	<b>301</b>	<b>335</b>	<b>34</b>	<b>11.3</b>
<i>Special items (c)</i>	<i>3</i>	<i>2</i>	<i>(1)</i>	<i>(33.3)</i>
<b>Reported net profit (b)</b>	<b>304</b>	<b>337</b>	<b>33</b>	<b>10.9</b>

- (a) Net of fees covering energy costs other than procurement costs of gas needed for transportation network operation.  
 (b) Attributable to Snam shareholders.  
 (c) The special items for the first quarter of 2024 and 2023, respectively, are the normalisation of the interest rates used to discount the contractual rates of the subsidiary ADNOC. For more details on the Non-GAAP measures adopted by Snam, please refer to the Methodological note on pages 11-12.

### Total investments

In the first quarter of 2024, total investments amounted to 462 million euros, up 47.5% compared to the first quarter of the previous year, due to higher investments in the gas infrastructure business, in particular for the upgrading of the Ravenna and Piombino terminals. Total investments were 55% and 34% aligned with the *Sustainable Development Goals* and the European Taxonomy respectively. With regard to business segments, 319 million euros related to the transportation segment (213 million



euros in the first quarter of 2023; +50.0%), 46 million euros to the storage segment (41 million euros in the first quarter of 2023) and 82 million euros to the Regasification segment (39 million euros in the first quarter of 2023). Investments in the energy transition business amounted to 10 million euros (17 million euros in the first quarter of 2023).

### **Total revenues**

Total revenues net of energy costs amounted to 895 million euros, down 17 million euros (-1.9%) on the first quarter of 2023. With reference to the gas infrastructure business, regulated revenues increased (+147 million euros; +22.6%) while non-regulated revenues were substantially in line with the previous quarter. A decrease was recorded in revenues from the energy transition business (-162 million euros; -65.3%) due to the lower contribution of energy efficiency, particularly in view of the completion in 2023 of the majority of construction sites for energy efficiency projects in the residential sector.

The increase in regulated revenues is mainly attributable to: (i) the growth in RAB (+46 million euros, including the effect of lower input-based incentives); (ii) the increase in WACC for all regulated businesses (+42 million euros); (iii) revenues related to the Piombino regasification plant (+22 million euros), not yet operational at 31 March 2023; (iv) the effects of applying ROSS (Regulation by Expenditure and Service Objectives) to the natural gas transportation service (+16 million euros); (v) output-based incentives related to the maintenance in operation of transportation assets fully amortised for tariff purposes, recognised as of the first half of 2023, and to flexibility services provided to users of the storage service for short-term auctions, particularly for the counterflow service (+15 million euros).

### **EBITDA**

EBITDA in the first quarter of 2024 came to 703 million euros, an increase of 106 million euros (+17.8%) on the first quarter of 2023. The increase is due to the growth recorded by the gas infrastructure business (+128 million euros; +22.3%) due to higher regulated revenues, partly absorbed by higher fixed costs resulting from the commissioning of the FSRU plant in Piombino. A decrease was recorded in the contribution from the energy transition business (-22 million euros) and, in particular, from energy efficiency due to the closure at the end of 2023 of most construction sites for energy efficiency projects in the residential sector.

### **EBIT**

EBITDA in the first quarter of 2024 came to 450 million euros, an increase of 78 million euros (+21.0%) on the first quarter of 2023. The increase in EBITDA was partly offset by higher amortisation and depreciation (-16 million euros, or 7.1%), mainly due to new assets coming on stream, and higher write-downs (-12 million euros) related to ongoing assets in the natural gas transportation segment.

### **Net financial expenses**



Net financial expenses amounted to 78 million euros, up 36 million euros compared to the first quarter of 2023. The increase is due in particular to a rise in expenses related to net financial debt, following a higher average cost of net debt, equal to about 2.4% in the first quarter of 2024 compared to 1.5% in the same period of 2023. The increase in the average cost of debt is mainly attributable to the changed interest rate scenario between the two quarters under comparison, offset by the increase in income related to active cash management. In addition, the increase in financial expense was partly absorbed by higher default interest within the default service, the increase in capitalised financial expense, and higher income from accretion discount on ecobonus credits.

### **Net income from equity investments**

Net income from equity investments amounted to 75 million euros, substantially in line with the first quarter of 2023 (+1.4%). With regard to international participations, the benefits of the inflation adjustment of TAP's revenues and EMG's higher contribution mainly due to the recognition of non-recurring income from previous years should be noted. These effects were for the most part absorbed by the lower contribution of the Greek company DESFA, mainly due to the lower auction premiums on the export point to Bulgaria and on the entry point from the LNG terminal, and by the lower contribution recorded by the Austrian subsidiary TAG and by SeaCorridor, both impacted by lower gas imports to Italy also as a result of the reduction in domestic demand.

### **Adjusted net profit**

Group adjusted net profit for the first quarter of 2024 was 335 million euros, up 34 million euros (+11.3%), compared to the adjusted net profit for the first quarter of 2023, due to EBIT growth and partly absorbed by higher net financial expenses and higher income taxes against the increase in Pre-tax profit.

### **Cash flow**

Cash flow from operations (+419 million euros), which was impacted to a limited extent by the dynamics of working capital related to balancing activities and ecobonus credits, made it possible to finance a large part of net investments for the period (531 million euros, including the change in investment payables), generating a negative free cash flow of 112 million euros. Net financial debt, including the equity cash flow (-376 million euros), deriving from the payment of the 2023 interim dividend to shareholders and non-monetary changes (-35 million euros), increased by 523 million euros compared with 31 December 2023, to 15,793 million euros.

### **Sustainability**

Snam's commitment to the seven pillars of the sustainability strategy, updated in the 2023-2027 Strategic Plan, continued during the quarter: progress against the annual targets set out in the Sustainability Scorecard, including decarbonisation objectives, is proceeding according to plan.



The beginning of 2024 was marked in particular by sustainable finance activities, an area in which Snam has set a target of 85% of total funding, to be achieved by 2027, and which currently stands at 84%.

In this regard, Snam recently published the Sustainable Finance Framework, which updates the version from 2021 and integrates the Green and Sustainability-Linked worlds, focusing on transparency in capital allocation and clarity in the Company's objectives.

In line with this commitment, in February 2024, Snam issued the first Green Bond aimed at financing European Taxonomy-aligned projects, at the same time as the first Sustainability-linked bond related to Scope 3 – and Scopes 1 and 2 – emission reduction targets. For the first time ever by a European company, the operation saw the two instruments combined in a single issue.

In the context of publishing the new Sustainable Finance Framework, Snam was also the first company in the world to receive the "Net Zero Assessment" from Moody's, an independent assessment of a company's commitment to achieving decarbonisation targets. In particular, Moody's Net Zero Assessment evaluates the soundness of the companies' transition plan of the analyzed entities towards a zero-emission path consistent with the goals of the 2015 Paris Agreement on climate change. The analysis confirmed the soundness of the action plan for Scope 1 and 2 emissions through mature, well proven and scalable technologies.

In March 2024, Snam also signed an ESG-linked loan (linked to the achievement of sustainable targets) with Cassa Depositi e Prestiti (CDP) for 200 million euros, expiring in 4 years, to rebuild the Ravenna-Chieti gas pipeline. The project will strengthen the infrastructure dedicated to transporting natural gas from southern to northern Italy and will also allow for hydrogen transportation. It will thus ensure the safety and competitiveness of the country's energy system by pursuing the decarbonisation targets outlined by the European Union.

The company was also reconfirmed at the top of the Sustainalytics index for the gas utility sector (first out of 96), a leading independent ESG and corporate governance analysis, ratings and research company. The Sustainalytics assessment model covers a wide range of sector- and company-specific ESG risk issues. Also in the first quarter, Snam was included in the CDP Carbon Disclosure Project A-List, and a similar result was obtained with reference to the Suppliers Engagement Rating, also by CDP: in Italy, only 3 companies were awarded a double A rating. These recognitions confirm the Group's commitment to reducing emissions and combating climate change, as well as the adoption of ESG practices throughout the entire value chain, through the adoption of an all-round sustainable approach on several fronts: from the new biodiversity target to regeneration, from local communities to DE&I (diversity, equity and inclusion) activities within the company, to carbon neutrality.

Lastly, for the second year in a row, Snam received the "Transition Bond of the Year" award from Environmental Finance for the EU Taxonomy-aligned transition bond convertible into Italgas shares issued in September 2023.



## Outlook

In an energy scenario that continues to be challenging and volatile, Snam is committed to the implementation of the investment programme defined in the 2023-2027 Strategic Plan for the development of an infrastructure capable of managing an increasingly flexible multi-molecularity towards the country's carbon neutrality, guaranteeing security, sustainability and competitiveness of energy supplies.

The most recent estimates on the evolution of natural gas demand in Italy for 2024 foresee a slight decrease compared to 2023, mainly influenced by the drop in gas-fired thermoelectric production as a result of higher net electricity imports from other countries.

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 uncertain, during 2024 high interest rates will continue to have an incremental impact on net financial expenses. The main levers for optimising the financial structure concern increasing diversification of financing sources and instruments, as well as the dynamic management of working capital and treasury flows. At the same time, 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 reference to the situation in the Middle East, the conflict in the Gaza Strip does not have a direct impact on Snam's assets and the operation of the pipeline linking Israel and Egypt (EMG), which is ordinarily working at the moment.

Even with regard to the recent escalation of maritime attacks in the Red Sea, there are no critical issues regarding the management of operational activities and the implementation of the investment programme. However, a 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. 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. Snam will continue to monitor the evolution of the situation in the Middle East, including the possible consequences and the effects on the Group.

Based on the performance in the first quarter, the financial targets for 2024 have improved as follows:

- investments of 3.0 billion euros (of which 2.8 billion euros in gas infrastructure and 0.2 billion euros in the energy transition);
- tariff RAB of 23.8 billion euros;
- adjusted EBITDA > 2.75 billion euros;
- adjusted net profit of approximately 1.23 billion euros;





- net debt of approximately 17.5 billion euros.

### Recent events

On 3 April, Snam exercised its pre-emption right to increase its shareholding in Terminale LNG Adriatico S.r.l., the company owned by Adriatic LNG, the regasification terminal operating in the Italian waters off Porto Viro (Rovigo), from the current 7.3% to 30%. The pre-emption right was exercised following the signing of an agreement by VTTI, a Dutch energy storage and infrastructure company, to acquire a majority stake in the company. The transaction is expected to close by the end of 2024 and is subject to, among other things, the necessary regulatory approvals. Upon closing, the 70% of the share capital of Adriatic LNG will be held by VTTI and 30% by Snam.

On 8 April, the two projects SouthH2Corridor and Callisto Mediterranean CO2 Network, in which Snam is involved as a partner, were confirmed by the European Commission in the EU's sixth list of Projects of Common Interest (PCI). At the end of the scrutiny period by the European Parliament and the EU Council, the sixth list was formally adopted, confirming the projects within it. The projects were put on the list last 28 November.

Moreover, the variable-rate bond issue of 750 million euros, with a duration of two years and a coupon of 3-month Euribor plus 0.40 %, was successfully completed on 8 April. The transaction is part of the company's financial strategy to optimise the cost of debt, which is expected to average 2.6% over the Plan period.

On 2 May, the Austrian regulator E-Control published the Reference Price Methodology, a document currently subject to consultation, which defines the tariff criteria for the period 2025-2027 and the tariffs applicable to the two TSOs (TAG and GCA) for the year 2025. The tariffs take into account the change in volumes and imply the removal of so-called volume risk. The Cost Decree, expected in the coming weeks, will instead define the assumptions underlying the revenue baseline recognised for the two TSOs under the Reference Price Methodology, as well as details of the new regulatory framework.

Furthermore, on 7 May, the Ordinary Shareholders' Meeting approved the annual financial statements as at 31 December 2023, which closed with a profit of 1,203,704,953.88 euros. The Shareholders' Meeting also resolved to distribute a dividend of 0.2820 euros per share approved for the entire year (with 0.1128 euros per share already distributed in January 2024 as interim dividend), authorised the purchase and disposal of treasury shares, and approved the remuneration policy with an overall average of 99% votes in favour of the agenda items.

Lastly, in line with Snam's sustainability process, the Group prepared the new Tax Transparency Report for 2023, which, for the second year running, confirms its commitment to tax transparency towards tax authorities and all stakeholders.





Published on a voluntary basis, the Report aims to represent the Group's tax strategy and tax governance as well as to provide an overview of taxes paid at national and international level. It also describes the ESG impacts of the tax variable and provides a summary of how the Group's activities contribute to the creation of value for the community.

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At 10:30 a.m. CEST today, May 16, 2024, a conference call will be held to present the consolidated results for the first quarter of 2024 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](http://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.

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## Key operating figures

		First quarter		Abs. change	% change
		2023	2024		
<b>Natural injected into the National Gas Transportation Network (a)</b>					
(b)	(billion m <sup>3</sup> )	<b>16.70</b>	<b>15.75</b>	(0.95)	(5.7)
<b>Gas demand (a)</b>	(billion m <sup>3</sup> )	<b>20.53</b>	<b>20.00</b>	(0.53)	(2.6)
<b>LNG regasification (a)</b>	(billion m <sup>3</sup> )	<b>0.88</b>	<b>1.24</b>	0.36	40.6
<b>Available storage capacity (a) (c)</b>	(billion m <sup>3</sup> )	<b>16.5</b>	<b>16.7</b>	0.2	1.2
<b>Natural gas moved through storage system (a)(b)</b>	(billion m <sup>3</sup> )	<b>4.22</b>	<b>3.90</b>	(0.32)	(7.6)
<b>Employees in service at period end (d)</b>	(number)	<b>3,639</b>	<b>3,797</b>	158	4.3

- (a) With regard to the first quarter 2024, 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 the first quarter of 2024 is current as at 15 April 2024. The corresponding figure for 2023 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 March 2024 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.

### **Natural gas injected into the national gas transport network**

In the first quarter of 2024, 15.75 billion cubic metres were injected into the national transport network, a decrease of 0.95 billion cubic metres or 5.7% compared with the first quarter of 2023 due to falling demand and lower exports.

Gas demand in the first quarter of 2024 amounted to 20.00 billion cubic metres, down 0.53 billion cubic metres or 2.6% on the first quarter of 2023, attributable to: (i) the thermoelectric sector (-0.32 billion cubic metres; -4.8%) as a result of the increase in electricity imports, mainly due to the resumption of French nuclear power, and higher hydroelectric production; the effects were partly absorbed by the greater use of natural gas in thermoelectric generation compared to other fossil fuels; (ii) the residential and tertiary sector (-0.18 billion cubic metres; -1.7%), as a result of milder average temperatures compared to the first quarter of 2023 and the effects of the gradual increase in energy efficiency measures; these effects were partly absorbed by the lack of gas demand containment measures to cope with the reduction in imports from Russia implemented in the first quarter of 2023. Industrial sector consumption was broadly in line with the previous quarter (+0.05 billion cubic metres; +1.8%).

Excluding the climate impact, gas demand amounted to 21.33 billion cubic metres, an increase of 0.18 billion cubic metres (+0.9%) compared to the corresponding figure for the first quarter of 2023 (21.15 billion cubic metres). The actions adopted in the first quarter of 2023 to curb demand for natural gas in order to manage the risk posed by the reduction in imports from Russia for the winter were offset by the progressive expansion of energy efficiency measures and the modernisation of higher efficiency heating systems.

### **Regasification of Liquefied Natural Gas (LNG)**

Volumes regasified in the first quarter of 2024 amounted to 1.24 billion m<sup>3</sup> (+0.36 billion cubic metres compared to the first quarter of 2023; +40.6%), and 20 tanker loads unloaded, compared to 21 tanker loads unloaded in the first quarter of 2023. The increase in regasified volumes is attributable to the commissioning of the FSRU plant in Piombino, operational as of July 2023, which regasified a total of 0.74 billion m<sup>3</sup> in the first quarter of 2024, unloading 8 LNG carriers.

### **Natural gas storage**

Overall storage capacity managed by the Snam Group at 31 March 2024, including strategic storage, amounted to 16.7 billion cubic metres, the largest capacity in Europe. Stocks of natural gas as at 31 March 2024 in the Stogit subsidiary's storage facilities amounted to about 5.2 billion cubic metres, plus 4.5 billion cubic metres of strategic storage, with a fill rate of about 60% at the end of March.

Beginning in February 2024, Edison and Snam began exclusive negotiations – which are still underway – for the possible sale by Snam of 100% of Edison Stoccaggio S.p.A., an Edison Group company that operates three natural gas storage facilities located in Cellino (TE), Collalto (TV) and San Potito e Cotignola (RA) with a total capacity of about 1 billion cubic metres per year.



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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

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.

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### INCOME STATEMENT

(millions of euros)	First quarter 2023			First quarter 2024			IQ 2024 adjusted vs IQ 2023 adjusted	
	Reported	Special Items	Adjusted (b)	Reported	Special Items	Adjusted (b)	Abs. change	% change
<b>Gas infrastructure business revenues (a)</b>	<b>673</b>		<b>673</b>	<b>810</b>		<b>810</b>	<b>137</b>	<b>20.4</b>
<b>Regulated revenues (a)</b>	<b>660</b>		<b>660</b>	<b>799</b>		<b>799</b>	<b>139</b>	<b>21.1</b>
- Transportation (a)	522		522	616		616	94	18.0
- Storage	127		127	153		153	26	20.5
- Regasification	11		11	30		30	19	
<b>Non-regulated revenues</b>	<b>13</b>		<b>13</b>	<b>11</b>		<b>11</b>	<b>(2)</b>	<b>(15.4)</b>
<b>Energy transition business revenues</b>	<b>248</b>		<b>248</b>	<b>86</b>		<b>86</b>	<b>(162)</b>	<b>(65.3)</b>
<b>Total revenues (a)</b>	<b>921</b>		<b>921</b>	<b>896</b>		<b>896</b>	<b>(25)</b>	<b>(2.7)</b>
<b>Gas infrastructure business costs (a)</b>	<b>(98)</b>		<b>(98)</b>	<b>(107)</b>		<b>(107)</b>	<b>(9)</b>	<b>9.2</b>
Fixed costs	(79)		(79)	(91)		(91)	(12)	15.2
Variable costs (a)	(7)		(7)	(7)		(7)	(0)	
Other costs (a)	(12)		(12)	(9)		(9)	3	(25.0)
<b>Energy transition business costs</b>	<b>(226)</b>		<b>(226)</b>	<b>(86)</b>		<b>(86)</b>	<b>140</b>	<b>(61.9)</b>
<b>Total operating costs (a)</b>	<b>(324)</b>		<b>(324)</b>	<b>(193)</b>		<b>(193)</b>	<b>131</b>	<b>(40.4)</b>
<b>EBITDA</b>	<b>597</b>		<b>597</b>	<b>703</b>		<b>703</b>	<b>106</b>	<b>17.8</b>
Amortization and impairment losses	(225)		(225)	(253)		(253)	(28)	12.4
<b>EBIT</b>	<b>372</b>		<b>372</b>	<b>450</b>		<b>450</b>	<b>78</b>	<b>21.0</b>
Net financial expenses	(42)		(42)	(78)		(78)	(36)	85.7
Share of profit (loss) of equity-accounted investments	77	(3)	74	77	(2)	75	1	1.4
<b>Profit before taxes</b>	<b>407</b>	<b>(3)</b>	<b>404</b>	<b>449</b>	<b>(2)</b>	<b>447</b>	<b>43</b>	<b>10.6</b>



Income tax	(99)	(99)	(111)	(111)	(12)	12.1		
<b>Net profit</b>	<b>308</b>	<b>(3)</b>	<b>305</b>	<b>338</b>	<b>(2)</b>	<b>336</b>	<b>31</b>	<b>10.2</b>
- Attributable to Snam shareholders	304	(3)	301	337	(2)	335	34	11.3
- Non-controlling interests	4	4	1	1	(3)	(75.0)		

- (a) In order to provide a uniform representation of revenues and expenses for the period under comparison, the revenues covering the costs of gas procurement necessary for the operation of the transportation network (self-consumption, network losses and Unaccounted For Gas - UFG) in the first quarter of 2023 (58 million euros) were reclassified as a reduction of the related costs.
- (b) Excluding special items.

### Reclassified statement of financial position

(millions of euros)	31.12.2023	31.03.2024	Abs. change
<b>Fixed capital</b>	<b>23,002</b>	<b>23,338</b>	<b>336</b>
Property, plant and equipment	18,941	19,117	176
- of which right-of-use leased assets	44	48	4
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,449	1,449	
Equity-accounted investments	3,019	3,090	71
Other financial assets	163	163	
Net payables relating to investments activities	(933)	(844)	89
<b>Net working capital</b>	<b>(24)</b>	<b>507</b>	<b>531</b>
<b>Liabilities due to employees benefits</b>	<b>(28)</b>	<b>(29)</b>	<b>(1)</b>
<b>NET INVESTED CAPITAL</b>	<b>22,950</b>	<b>23,816</b>	<b>866</b>
<b>Equity</b>	<b>7,680</b>	<b>8,023</b>	<b>343</b>
- Attributable to Snam's shareholders	7,635	7,976	341
- Non-controlling interests	45	47	2
<b>Net financial debt</b>	<b>15,270</b>	<b>15,793</b>	<b>523</b>
- of which financial payables for leased assets	43	46	3
<b>COVERAGE</b>	<b>22,950</b>	<b>23,816</b>	<b>866</b>



## RECLASSIFIED STATEMENT OF CASH FLOWS

(millions of euros)	First quarter	
	2023	2024
<b>Net profit</b>	<b>308</b>	<b>338</b>
<i>Adjusted for:</i>		
- Amortization and other non-cash components	150	179
- Net losses (gains) on asset sales and write-offs		1
- Dividends, interest and income taxes	122	175
Change in net working capital	(357)	(230)
Dividends, interest and income taxes collected (paid)	1	(44)
<b>Cash flows from operating activities</b>	<b>224</b>	<b>419</b>
Technical investments	(295)	(437)
Investments in consolidated subsidiaries and businesses net of cash and cash equivalent acquired	(2)	
Net investments in associates	(409)	(5)
Change in long-term financial assets	1	
Other changes relating to investment activities	(78)	(89)
<b>Free cash flow</b>	<b>(559)</b>	<b>(112)</b>
Repayment of financial liabilities for leased assets	(2)	(3)
Change in current and non-current financial liabilities	(283)	663
Equity cash flow	(376)	(376)
<b>Net cash flow for the period</b>	<b>(1,220)</b>	<b>172</b>

## CHANGE IN NET FINANCIAL DEBT

(millions of euros)	2023	2024
<b>Free cash flow</b>	<b>(559)</b>	<b>(112)</b>
Equity cash flow	(376)	(376)
Change in financial liabilities for leased assets	(2)	(6)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation	(2)	
Other changes	(10)	(29)
<b>Change in net financial debt</b>	<b>(949)</b>	<b>(523)</b>



## Methodological note

This press release, prepared on a voluntary basis in line with market best practices, sets out the audited consolidated results for the first quarter of 2024. 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 2023 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 scope of consolidation of the Snam Group as of 31 March 2024, compared to that in place as of 31 December 2023, concerned the exit of Soragna Agroenergie Società Agricola S.r.l., operating in the Biomethane-Agri business, Ecoprogetto Tortona S.r.l. and Renerwaste Lodi S.r.l., operating in the Biomethane-Waste business, following their merger by incorporation.

The changes in the Snam Group's scope of consolidation at 31 March 2024 with respect to that at 31 March 2023 regard the following acquisitions: (i) by the subsidiary Bioenerys Agri S.r.l.: (a) of 100% of the capital of 6 companies active in the production of electricity through the use of agricultural waste and biomass, of which 2 companies included in the sale of Iniziative Biometano S.p.A; (b) of 100% of the capital of Bietifin S.r.l., a company that provides technical assistance to companies active in the management of biogas plants; (ii) by the subsidiary Bioenerys Ambiente S.r.l.: of 100% of the capital of 2 companies owning plants for the production of biomethane from FORSU; (iii) by Snam FSRU Italia S.r.l. of FSRU I Limited, a company that owns the Floating, Storage and Regasification Unit (FSRU) "BW Singapore". Changes in the scope of consolidation also concerned: (iv) the sale of Iniziative 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 Iniziative Biometano S.p.A. itself.

## 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 measures<sup>3</sup> compliant with international accounting standards.

### *Adjusted net profit*

The adjusted net profit is obtained by excluding special items from net profit (as reported in the statutory income statement format), gross and net of the related taxation respectively. Income components classified as special items in the first quarter of 2024 and in the first quarter of 2023 refer to income from the fair value measurement of contractual tariffs, until 2040, of the subsidiary ADNOC Gas Pipeline Assets due to changes in market interest rates (2 million euros; 3 million euros in the first quarter of 2023). In order to reflect the substance of the transaction and the actual return for ADNOC's investors, this effect is normalised, using a constant interest rate throughout the contractual term, made equal to the Internal Rate of Return (IRR) for investors at the acquisition date.

<sup>3</sup> 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.



#### *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.



