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Oggetto : Financial results for the first half of 2024: +57.9% investments, sustained growth of adjusted EBITDA, adjusted net profit at 691 million euros

*Testo del comunicato*

Vedi allegato



## Financial results for the first half of 2024: +57.9% investments, sustained growth of adjusted EBITDA, adjusted net profit at 691 million euros

- Investments of around 1.2 billion euros (+57.9%), significantly higher than H1 2023
- Regulated revenues up, adjusted EBITDA +16.1% and adjusted net profit +11.3%
- Ravenna FSRU works on schedule, with the plant starting operations in Q1- 2025
- Agreement for Edison Stoccaggio acquisition reached, strengthening the industrial footprint in gas storage for the benefit of the energy system
- Hydrogen to decarbonise steel: First trial launched in Italy
- Sustainable finance at 83%, including EIB financing of a total of 100 million euros to support energy efficiency projects
- Potential hybrid bond issue approved

### Main highlights

- **Total investments:** 1,159 million euros (+57.9% compared to the first half of 2023), for higher investments related to the Ravenna LNG terminal and the start of the Adriatic Backbone construction. Out of the overall total investment, 52% is aligned with the Sustainable Development Goals (SDGs) and 32% with the EU Taxonomy.
- **Total revenues:** 1,799 million euros (-6.1% compared to the first half of 2023). Regulated revenues increase driven by gas infrastructure business thanks to WACC increase, ROSS application and the investment plan implementation; energy efficiency business revenues declined, particularly in the residential sector.
- **Adjusted EBITDA:** 1,417 million euros (+16,1%), thanks to the growth in regulated revenues, partly offset by the energy transition business lower contribution.
- **Group adjusted net profit<sup>1</sup>:** 691 million euros (+11.3%) attributable to the growth in EBITDA, which was partly offset by an increase in depreciation and amortisation connected with the entry into service of investments and write-downs of assets, as well as by an increase in financial expenses mainly due to the interest rates rise.
- **Net financial debt:** 16,352 million euros (+1,082 million euros compared to 31 December 2023), increased mainly due to the investments in the period and FY 2023 dividend payment.
- **Guidance FY 2024:** 2024 targets have been confirmed, already revised upwards at the end of the first quarter.

*San Donato Milanese (Milan), 31 July 2024* – The Snam’s Board of Directors, chaired by Monica de Virgiliis, has approved today the consolidated half-year report at 30 June 2024 (limited audit).

“Despite a global volatile context, the first half results are solid and beyond expectations, with investments up by almost 60% and the main financial indicators up double-digit, allowing us to confirm the guidance, already revised upwards, for the end of 2024”, **Snam CEO Stefano Venier commented**. “The agreement for Edison Stoccaggio acquisition, the progress on Ravenna LNG terminal and the

<sup>1</sup> Excluding non-controlling interests.



Adriatic Backbone confirm our commitment to the country's security of supply. We are also progressing on the energy transition projects, both CCS and hydrogen. By 2024 year end we expect a significant -17% reduction in our direct emissions compared to the 2022 baseline, in line with our decarbonisation strategy, part of a Transition Plan which will be released in the autumn".

## Summary of results for the first half of 2024

**Introductory note:** with Resolution No. 139/2023/R/gas regulating the sixth regulatory period of the natural gas transportation service, starting on 1 January 2024, the Authority ordered that the variable fee applied to users to cover the costs of gas supply, necessary for the operation of the transportation network, be paid in full to the CSEA, consequently not representing a revenue component. The gas procurement costs actually incurred are recognised in full, on a monthly basis, by CSEA itself. Therefore, with reference to the first half of 2023, the period under comparison, the revenues covering the costs of gas procurement (178 million euros) necessary for the operation of the transportation network were reclassified as a reduction of the related costs.

### Economic Highlights

(millions of euros)	First six months			
	2023	2024	Abs. change	% change
<b>Total revenues</b>	<b>1,916</b>	<b>1,799</b>	<b>(117)</b>	<b>(6.1)</b>
<b>Gas infrastructure business revenues</b>	<b>1,395</b>	<b>1,643</b>	<b>248</b>	<b>17.8</b>
- of which regulated revenues	1,351	1,623	272	20.1
<b>Energy transition business revenues</b>	<b>521</b>	<b>156</b>	<b>(365)</b>	<b>(70.1)</b>
<b>Adjusted EBITDA (*)</b>	<b>1,221</b>	<b>1,417</b>	<b>196</b>	<b>16.1</b>
<b>Adjusted EBIT (*)</b>	<b>766</b>	<b>918</b>	<b>152</b>	<b>19.8</b>
<b>Adjusted net profit (a)</b>	<b>621</b>	<b>691</b>	<b>70</b>	<b>11.3</b>
Special items (b)	77	(57)	(134)	
<b>Reported net profit (a)</b>	<b>698</b>	<b>634</b>	<b>(64)</b>	<b>(9.2)</b>

(\*) 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), in order to 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. For more details on the Non-GAAP measures adopted by Snam, please refer to the Methodological Note on pages 13/14.

(a) Attributable to Snam shareholders.



- (b) The special items of the first half of 2024 are represented, respectively, by: (i) the expenses arising from the signing of settlement agreements; (ii) the estimated expenses recognised by the Austrian associates TAG and GCA related to the repayment of the higher revenues obtained from the risk premium accrued in the period 2013-2024 net of lost revenues recognised due first and foremost to the drop in volumes in 2023 and 2024; (iii) the income arising from the normalisation of the interest rates used to discount the contractual rates of the associate ADNOC.

### Total investments

In the first half of 2024, total investments amounted to 1,159 million euros, up 57.9% compared to the first half of the previous year (734 million euros), due to higher investments in the gas infrastructure business, in particular for the Ravenna terminal upgrading, the transportation network relative connections implementation and the Adriatic Backbone works. Total investments were 52% and 32% aligned with the Sustainable Development Goals (SDGs) and the EU Taxonomy respectively. With regard to investments per business segment, 792 million euros related to the transportation segment (466 million euros in the first half of 2023; +70.0%), 101 million euros to the storage segment (91 million euros in the first half of 2023) and 185 million euros to the Regasification segment (100 million euros in the first half of 2023). Energy transition business investments amounted to 58 million euros (49 million euros in the first half of 2023).

### Total revenues

Total revenues amounted to 1,799 million euros, down 117 million euros (-6.1%) on the first half of 2023. With regard to the gas infrastructure business, there was a growth in revenues (+248 million euros; +17.8%) as regulated revenues increased. Revenues from the energy transition business decreased (-365 million euros; -70.1%) due to the lower contribution of energy efficiency following the end of the so-called Superbonus incentives.

The increase in regulated revenues (+272 million euros; +20.1%) is mainly attributable to: (i) the WACC increase in all business segments (+86 million euros); (ii) the higher revenues related to the RAB growth in the transportation and storage segments (+74 million euros, including lower “input-based” incentives) thanks to the investment plan implementation; (iii) the ROSS (Regulation by Objectives of Expenditure and Service) application effects to the gas transportation business (+33 million euros); (iv) revenues related to the Piombino regasification terminal operations (+43 million euros); (v) the revenues recognition resulting from the higher volumes regasified in 2023 (+29 million euros compared with the higher revenues for 2022 recognised in 2023); (vi) output-based incentives (+8 million euros) thanks to greater flexibility services provided to users of the storage service for short-term auctions, particularly for the counterflow service (+13 million euros), partly offset by lower incentives in the transportation sector (-5 million euros) associated with the default service.

### Adjusted EBITDA

Adjusted EBITDA in the first half of 2024 amounted to 1,417 million euros, an increase of 196 million euros (+16.1%) on the first half of 2023. The gas infrastructure business higher revenues (+248 million euros; +17.8%) were partly absorbed by the higher fixed costs related to the FSRU plant commissioning in Piombino and by the labour costs increase also following the extension of the welfare services offered to employees. The energy transition businesses contribution decreased (-49 million euros), mainly due to the energy efficiency business, as a result of the Superbonus incentives end and the biogas/biomethane business as a result of the change in the perimeter.



### **Adjusted EBIT**

Adjusted EBIT in the first half of 2024 amounted to 918 million euros, an increase of 152 million euros (+19.8%) on the first half of 2023. The EBITDA increase was partly offset by higher amortisation, depreciation and impairment losses (-44 million euros, or 9.7%), mainly due to new assets coming on stream, and the write-down related to ongoing assets in the transportation segment.

### **Net financial expenses**

Net financial expenses amounted to 130 million euros, up 43 million euros compared to the first half of 2023. The increase is due in particular to the net financial debt increase and the higher average cost of net debt, equal to about 2.5% in the first half of 2024 compared to 1.7% in the same period of 2023. The average cost of debt increase is mainly attributable to the different interest rate scenario between the two periods under comparison, offset by income related to active cash management increase. The financial expense increase was partly offset by higher default interest within the default service, higher capitalised financial expense, and higher income from the time value effect of the Superbonus credits and other minor bonuses.

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

Net income from equity investments amounted to 157 million euros, slightly down on the first half of 2023 (-1.3%). With regard to the international associates, the higher contribution of EMG was largely due to the recognition of one-off income from previous years and the SeaCorridor better result, also thanks to a one-off tax benefit. These effects were mainly counterbalanced by the lower contribution of the Greek company DESFA, mainly due to lower auction premiums on the export point to Bulgaria and on the entry point from the Revithoussa LNG terminal, while the other associates confirmed their solid performance recorded in 2023. The Italian associates' contribution is substantially in line with the first half of 2023.

### **Adjusted net profit**

Group adjusted net profit for the first half of 2024 was 691 million euros, up 70 million euros (+11.3%), compared to the adjusted net profit for the first half of 2023, due to EBIT growth and partly absorbed by higher net financial expenses and higher income tax against the pre-tax profit increase and the ACE benefit elimination from 2024.

### **Cash flow**

Cash flow from operations activities (+1,054 million euros), which was impacted to a limited extent by the working capital dynamics related to balancing activities and Superbonus credits, made it possible to finance almost entirely the net investments for the period (1,122 million euros, including the change in investment payables), generating a negative free cash flow of 68 million euros. Net financial debt, including the equity cash flow (-937 million euros), deriving from the 2023 dividend payment to shareholders and non-monetary changes (-77 million euros), increased by 1,082 million euros compared with 31 December 2023, to 16,352 million euros.

### **Sustainability**

During the second quarter, activities continued along the sustainability strategy seven pillars, including the "Sustainable Work Site" projects, the first trial conducted in Italy involving the use of hydrogen in the processing of steel products in cooperation with Tenova and Tenaris Dalmine, the methane



emissions reduction plan including preparatory activities for the new European Regulation 2024 implementation, the Gender Equality Certification renewal and the Policy on Biodiversity publication. Internal activities are also under way for the implementation of the CSRD starting from next year's sustainability reporting.

In June, the new Code of Ethics was published, for the first time flanked by a new operational tool called the "Ethics Chart", with the aim of making the contents of the Code easier to use and to present them in a modern format that engages and involves the user in the ethical issues of interest to the company. Sustainable finance accounts for 83% of total funding, which includes, among other instruments, the loan obtained from the EIB for a total of 100 million euros to support energy efficiency measures signed in June, as well as the new Sustainability-linked credit line, for a total amount of 1 billion euros, in accordance with the Group's new Sustainable Finance Framework, signed in May.

During the quarter, Snam confirmed its AA rating from MSCI and was listed for the first time among the *European Climate Leaders* by the Financial Times and among the 500 "most sustainable companies" globally by Statista and Time Magazine, as well as in the top 5 of the *ESG Identity Corporate Index* by Eticanews.

By the end of the year, Snam is expected to publish its first "Transition Plan Report", which will outline in more details the company's strategy to decarbonise its activities, have a positive impact on nature and contribute to the system's transition to a zero-emission economy; the document will leverage the PNIEC (*Piano Nazionale Integrato Energia e Clima* – National Integrated Energy and Climate Plan) recently presented and the upcoming Snam-Terna integrated scenarios.

## Outlook

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 associated with 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 the period in question, Snam:

- announced, together with Edison, the start of exclusive negotiations for the sale of 100% of Edison Stoccaggio, concluded with an agreement announced to the market on 25 July 2024;
- exercised its pre-emption right to increase its shareholding in Terminale GNL Adriatico S.r.l., the regasification terminal operating in the waters off Porto Viro (Rovigo), from the current 7.3% to 30%.

These operations reflect Snam's focus on ensuring a secure, diversified and sustainable energy system for the country.

In June, the European Central Bank cut its benchmark rates by 25 basis points for the first time since 2019. The global context and downward trajectory of the rates continue to be uncertain and 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 adequate flexibility around the rating metrics and a solid financial structure.

With reference to the stakes held by Snam in the Austrian companies TAG and GCA, note the issue by the Austrian regulator on 29 May 2024 of the *Final Cost Decree and Tariff Ordinance* (the “Decree”), which defines the reference framework applicable to the new regulatory period (2025-2027). The decree significantly altered the previous regulatory framework and, in addition to providing for the elimination of volume risk for the two TSOs, it defined, *inter alia*, compensatory mechanisms to be borne by the companies, operating as of 2025. In close cooperation with the two Austrian TSOs, Snam is investigating the implications of the new regulatory framework, which will be incorporated into the corporates’ plans in the coming months.

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 or the operation of the pipeline linking Israel and Egypt (EMG), which is working as usual 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 turmoil 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.

In the ESG area, the monitoring of Snam’s performance on the Sustainability Scorecard KPIs continues, with respect to which the KPIs show good progress against year-end targets. In particular, the Scope 1 & 2 emissions expected in 2024 are down 17% from the 2022 baseline, a further improvement on the -10% reported in 2023.

The financial targets for 2024, which were already improved when the quarterly report was presented, are confirmed 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 after 30 June 2024**

On 25 July 2024, Edison and Snam signed an agreement for Edison to sell 100% of Edison Stocaggio S.p.A. to Snam. Subject to the fulfilment of the conditions precedent stipulated in the contract, the





transaction is expected to be completed by March 2025 for a base price of approximately 560 million<sup>2</sup> euros, subject to certain contractually defined price adjustment mechanisms. Edison Stoccaggio contributes to the security of Italy's energy system through three natural gas storage facilities, located in Cellino (Teramo), Collalto (Treviso) and San Potito e Cotignola (Ravenna), with a total capacity of about 1 billion cubic metres per year.

In relation to the storage business, injection activity continues in view of the winter season: currently, the filling percentage is over 86%, compared to a European average of just over 84%.

### **Board approval for a potential hybrid bond**

In the context of Snam strategic plan and related financing for the next 12 months, in addition to traditional financing instruments, the board of directors has approved a potential issuance of hybrid bonds, to be completed by the 31 December 2025, for a maximum total amount of 1.25bn, to finance recent strategic and non-organic initiatives of the Group, including the acquisition of Edison Stoccaggio S.p.A. and relevant investment plan. The Board has considered a hybrid bond to be the best instrument to support such investments, taking into consideration that it would (i) keep the current financial flexibility of the Company, including the rating agencies metrics, allowing the Company's organic growth (ii) further diversify its funding mix and investor base and (iii) optimize its financial structure.

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*At 16:00 a.m. CEST today, 31 July 2024, a conference call will be held to present the consolidated results for the first half 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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<sup>2</sup> This consideration was calculated on the basis of a so-called locked box mechanism on 30 June 2023. A ticking fee with an average rate of about 3% will accrue on the consideration, which will be paid by Snam following the closing of the transaction.





## Key operating figures

		First six months		Abs. change	% change
		2023	2024		
<b>Natural Gas injected into the National Gas Transportation Network</b>					
(a) (b)	(billion m <sup>3</sup> )	33.70	31.57	(2.13)	(6.3)
<b>Gas demand (a)</b>	(billion m <sup>3</sup> )	32.65	31.23	(1.42)	(4.3)
<b>LNG regasification (a)</b>	(billion m <sup>3</sup> )	1.85	2.37	0.52	28.1
<b>Available storage capacity (a) (c)</b>	(billion m <sup>3</sup> )	16.5	16.9	0.4	2.4
<b>Natural gas moved through the storage system (a) (b)</b>	(billion m <sup>3</sup> )	7.48	7.92	0.44	5.9
<b>Biomethane/biogas plants in operation (d)</b>	(number)	33	35	2	6.1
<b>Energy efficiency - Backlog (e)</b>	(millions of euros)	1,220	1,233	13.00	1.1
<b>Employees in service at period end (f)</b>	(number)	3,681	3,803	122	3.3

- (a) With regard to the first half of 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 2024-2025 thermal year.
- (b) The data for the first half of 2024 is current as at 10 July 2024. The corresponding figure for 2023 has been definitively updated.
- (c) Of which 4.48 billion cubic metres related to strategic gas and 12.40 billion cubic metres related to capacity available for modulation, mining and balancing services (working gas). Available storage capacity at 30 June 2024 is that reported to the Authority for the Electricity, Gas and Water System at the start of the 2024-2025 thermal year. Following allocation procedures for storage services offered for the 2024-2025 thermal year, all available capacity had been fully allocated.
- (d) The figure as of 30 June 2024 includes the Marsala plant under commissioning.
- (e) Indicates the value of revenues pertaining to after 2024, associated with contracts awarded and entered into as of 30 June 2024.
- (f) Fully consolidated companies.

### Natural gas injected into the national transportation network

In the first half of 2024, 31.57 billion cubic metres were injected into the national transportation network, a decrease of 2.13 billion cubic metres (-6.3%) compared with the first half of 2023, due to lower demand and falling exports.

Gas demand in the first half of 2024, at 31.23 billion cubic metres, fell compared to the same period in 2023 (-1.42 billion cubic metres; -4.3%), attributable to the decline in consumption in: (i) in the thermoelectric sector (-1.22 billion cubic metres; -9.8%) as a result of higher hydroelectric production due to heavy rainfall in the period and increased production from renewable sources, effects partly absorbed by the increase in electricity demand and the lower use of other fossil fuels in thermoelectric generation; (ii) in the residential and services sector (-0.26 billion cubic metres; -1.9%), due essentially to the overall milder temperatures compared to the first half of 2023, particularly in the winter months. Industrial sector consumption was broadly in line with the previous half-year (+0.11 billion cubic metres; +1.9%).

Excluding the climate impact, gas demand amounted to 32.75 billion cubic metres, a decrease of 0.40 billion cubic metres (-1.2%) from the first six months of 2023 (33.15 billion cubic metres), in line with



the progressive expansion of energy efficiency measures and the modernisation of higher efficiency heating systems.

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

In the first half of 2024, 2.37 billion cubic metres of gas were regasified (1.85 billion cubic metres in the first half of 2023) and 37 unloaded from LNG carriers (44 unloaded in the first half 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 1.52 billion cubic metres in the first half of 2024, unloading 17 LNG carriers (2.64 billion cubic metres and 29 loads unloaded since the start of operations of the terminal). This effect was partly offset by the reduction in regasified volumes at the LNG terminal in Panigaglia (La Spezia), 0.85 billion in the first half of 2024 compared to 1.85 billion in the same period of 2023, impacted by the war between Russia and Ukraine on the gas market.

### **Natural gas storage**

Overall storage capacity as of 30 June 2024, including strategic storage, amounted to 16.9 billion cubic metres (an increase of 0.37 billion cubic metres compared to 30 June 2023), of which 4.5 billion cubic metres related to strategic storage (unchanged from the 2023-2024 thermal year), and 12.4 billion cubic metres related to available capacity. At 30 June 2024, the available capacity for the 2024-2025 thermal year was 100% allocated (entirely allocated with reference to the entire 2023-2024 thermal year).

At the end of the supply campaign (31 March 2024), storage facilities were at about 60% of maximum capacity. With the subsequent launch of the injection campaign, storage was over 82% full as of 30 June 2024, in line with the levels present on the same date in 2023.

### **Energy transition**

As of 30 June 2024, 35 biomethane/biogas plants were in operation, an increase of 2 plants compared to the same period in 2023, and with an installed capacity of 40 MW, in line with the same period in 2023. The increase is mainly due to the addition of 7 new waste (FORSU) and agricultural plants to the portfolio, totalling 8 MW of installed capacity. In addition, during the year, 4 biogas and agricultural biomethane plants left the Bioenergys portfolio following the sale of Iniziativa Biometano S.p.A., for an installed operating capacity of 8 MW.

With regard to the energy efficiency backlog, a total value of 1,233 million euros was recorded, of which more than 95% related to EnPC (Energy Performance Contracts).

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This press release, prepared on a voluntary basis in line with market best practices, sets out the part-audited consolidated results for the first half of 2024. The half-year results, together with the main business trends, represent a summary of the Half-Year Report prepared pursuant to Article 154-ter of the Consolidated Finance Act (TUF), approved by Snam's Board of Directors on 27 July 2023, which will be published in accordance with the law.



*Pursuant to Article 154-bis, paragraph 2 of the TUF, the Manager responsible for the preparation of financial reports, Luca Passa, 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.*



## INCOME STATEMENT

(millions of euros)	First half of 2023			First half of 2024			2024 adjusted vs 2023 adjusted	
	Reported	Special Items	Adjusted (b)	Reported	Special Items	Adjusted (b)	Abs. change	% change
<b>Gas infrastructure business revenues (a)</b>	<b>1,395</b>		<b>1,395</b>	<b>1,643</b>		<b>1,643</b>	<b>248</b>	<b>17.8</b>
<b>Regulated revenues (a)</b>	<b>1,351</b>		<b>1,351</b>	<b>1,623</b>		<b>1,623</b>	<b>272</b>	<b>20.1</b>
- Transportation (a)	1,061		1,061	1,223		1,223	162	15.3
- Storage	253		253	298		298	45	17.8
- Regasification	37		37	102		102	65	175.7
<b>Non-regulated revenues</b>	<b>44</b>		<b>44</b>	<b>20</b>		<b>20</b>	<b>(24)</b>	<b>(54.5)</b>
<b>Energy transition business revenues</b>	<b>521</b>		<b>521</b>	<b>156</b>		<b>156</b>	<b>(365)</b>	<b>(70.1)</b>
<b>TOTAL REVENUES (a)</b>	<b>1,916</b>		<b>1,916</b>	<b>1,799</b>		<b>1,799</b>	<b>(117)</b>	<b>(6.1)</b>
<b>Gas infrastructure business operating costs (a)</b>	<b>(227)</b>	<b>8</b>	<b>(219)</b>	<b>(222)</b>		<b>(222)</b>	<b>(3)</b>	<b>1.4</b>
Fixed costs	(148)		(148)	(173)		(173)	(25)	16.9
Variable costs (a)	(38)		(38)	(26)		(26)	12	(31.6)
Other costs (a)	(41)	8	(33)	(23)		(23)	10	(30.3)
<b>Energy Transition business operating costs</b>	<b>(476)</b>		<b>(476)</b>	<b>(191)</b>	<b>31</b>	<b>(160)</b>	<b>316</b>	<b>(66.4)</b>
<b>TOTAL OPERATING COSTS (a)</b>	<b>(703)</b>	<b>8</b>	<b>(695)</b>	<b>(413)</b>	<b>31</b>	<b>(382)</b>	<b>313</b>	<b>(45.0)</b>
<b>EBITDA</b>	<b>1,213</b>	<b>8</b>	<b>1,221</b>	<b>1,386</b>	<b>31</b>	<b>1,417</b>	<b>196</b>	<b>16.1</b>
Amortization, depreciation and impairment losses	(455)		(455)	(499)		(499)	(44)	9.7
<b>EBIT</b>	<b>758</b>	<b>8</b>	<b>766</b>	<b>887</b>	<b>31</b>	<b>918</b>	<b>152</b>	<b>19.8</b>
Net financial expenses	(87)		(87)	(130)		(130)	(43)	49.4
Share of profit (loss) of equity-accounted investments	242	(83)	159	119	38	157	(2)	(1.3)
<b>Profit before taxes</b>	<b>913</b>	<b>(75)</b>	<b>838</b>	<b>876</b>	<b>69</b>	<b>945</b>	<b>107</b>	<b>12.8</b>
Income tax	(203)	(2)	(205)	(241)	(12)	(253)	(48)	23.4
<b>Net profit</b>	<b>710</b>	<b>(77)</b>	<b>633</b>	<b>635</b>	<b>57</b>	<b>692</b>	<b>59</b>	<b>9.3</b>
- Attributable to Snam shareholders	698	(77)	621	634	57	691	70	11.3
- Non-controlling interests	12		12	1		1	(11)	(91.7)

(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 half of 2023 (178 million euros) were reclassified as a reduction of the related costs.

(b) Excluding special items.

### Reconciled summary of adjusted net profit

(millions of euros)	First six months			
	2023	2024	Abs. change	% change
<b>EBITDA</b>	<b>1,213</b>	<b>1,386</b>	<b>173</b>	<b>14.3</b>
<i>Exclusion of special items</i>				
Capital losses on write-off of assets under development	8		(8)	(100.0)
Charges from signing settlement agreements		31	31	
<b>Adjusted EBITDA</b>	<b>1,221</b>	<b>1,417</b>	<b>196</b>	<b>16.1</b>



<b>EBIT</b>	<b>758</b>	<b>887</b>	<b>129</b>	<b>17.0</b>
<i>Exclusion of special items</i>				
Exclusion of EBITDA special items	8	31	23	
<b>Adjusted EBIT</b>	<b>766</b>	<b>918</b>	<b>152</b>	<b>19.8</b>
<b>Net profit</b>	<b>710</b>	<b>635</b>	<b>(75)</b>	<b>(10.6)</b>
<i>Exclusion of special items</i>				
Special items from EBIT	8	31	23	
Loss (profit) of equity investments	(76)	42	118	
ADNOC rate change effect	(7)	(4)	3	(42.9)
Taxation of special items	(2)	(12)	(10)	
<b>Adjusted net profit (Group and non-controlling interests)</b>	<b>633</b>	<b>692</b>	<b>59</b>	<b>9.3</b>
Non-controlling interests	12	1	(11)	(91.7)
<b>Group adjusted net profit</b>	<b>621</b>	<b>691</b>	<b>70</b>	<b>11.3</b>

### Reclassified statement of financial position

(millions of euros)	<b>31.12.2023</b>	<b>30.06.2024</b>	<b>Abs. change</b>
<b>Fixed capital</b>	<b>23,002</b>	<b>23,562</b>	<b>560</b>
Property, plant and equipment	18,941	19,489	548
- of which right-of-use leased assets	44	57	13
Non-current inventories – Compulsory inventories	363	363	
Intangible assets and goodwill	1,449	1,488	39
Equity-accounted investments	3,019	2,964	(55)
Other financial assets	163	165	2
Net payables for investments	(933)	(907)	26
<b>Net working capital</b>	<b>(24)</b>	<b>596</b>	<b>620</b>
<b>Liabilities for employees benefits</b>	<b>(28)</b>	<b>(29)</b>	<b>(1)</b>
<b>NET INVESTED CAPITAL</b>	<b>22,950</b>	<b>24,129</b>	<b>1,179</b>
<b>Shareholders' equity</b>	<b>7,680</b>	<b>7,777</b>	<b>97</b>
- Snam Shareholders' equity	7,635	7,730	95
- Non-controlling interests	45	47	2
<b>Net financial debt</b>	<b>15,270</b>	<b>16,352</b>	<b>1,082</b>
- of which financial payables for leased assets	43	53	10
<b>COVERAGE</b>	<b>22,950</b>	<b>24,129</b>	<b>1,179</b>

### RECLASSIFIED STATEMENT OF CASH FLOWS

(millions of euros)	<b>First six months</b>	
	<b>2023</b>	<b>2024</b>
<b>Net profit</b>	<b>710</b>	<b>635</b>
<i>Adjusted for:</i>		
- Amortization and other non-cash components	219	371
- Net capital losses (gains) on asset sales and write-offs	8	4



- Dividends, interest and income tax	258	345
Change in net working capital	(1,887)	(331)
Dividends, interest and income tax collected (paid)	(27)	30
<b>Cash flows from operating activities</b>	<b>(719)</b>	<b>1,054</b>
Technical investments	(735)	(1,110)
Disposals	4	1
Investments in consolidated subsidiaries and business units net of cash and cash equivalent acquired	(10)	
Net investments in associates	(255)	(2)
Change in long-term financial assets	21	(2)
Other changes relating to investment activities	(49)	(9)
<b>Free cash flow</b>	<b>(1,743)</b>	<b>(68)</b>
Repayment of financial payables for leased assets	(8)	(7)
Change in current and non-current financial liabilities	1,558	1,569
Equity cash flow	(919)	(937)
Change in cash and cash equivalents relating to assets held for sale and directly associated liabilities	4	
<b>Net cash flow for the period</b>	<b>(1,108)</b>	<b>557</b>

## CHANGE IN NET FINANCIAL DEBT

(millions of euros)	2023	2024
<b>Free cash flow</b>	<b>(1,743)</b>	<b>(68)</b>
Equity cash flow	(919)	(937)
Change in financial liabilities for leased assets	(15)	(17)
Trade payables and other long-term debts		(16)
Financial liabilities and assets from subsidiaries entered in the basis of consolidation	(7)	
Change in cash and cash equivalents relating to assets held for sale and directly associated liabilities	4	
Other changes	(6)	(44)
<b>Change in net financial debt</b>	<b>(2,686)</b>	<b>(1,082)</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 half 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 30 June 2024, compared to that in place as of 31 December 2023, concerned the exit of 4 companies operating in the Biomethane-Agri business and 7 companies operating in the Biomethane-Waste business, following their merger by incorporation.

The changes in the Snam Group's scope of consolidation at 30 June 2024 with respect to that at 30 June 2023 also concerned: (i) the acquisition by the subsidiary Bioenerys Agri S.r.l. of 100% of the capital of 4 companies active in the generation of electricity using agricultural waste and biomass, of which 2 companies as part of the sale of Iniziative Biometano S.p.A.; (ii) the acquisition by the subsidiary Bioenerys Ambiente S.r.l. of 100% of the capital of 2 companies that own plants for the production of biomethane from FORSU; (iii) the acquisition by Snam FSRU Italia S.r.l. of FSRU I Limited, a company that owns the "BW Singapore" Floating, Storage and Regasification Unit (FSRU); (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 4 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.

#### *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 the first half of 2024 mainly regard: (i) expenses arising from the signing of settlement agreements, amending previous framework agreements for new investments and acquisition of equity investments related to the Biomethane - Waste business (43 million euros, 31 million euros net of related taxes) (ii) the estimated expenses recognised by the Austrian associates TAG and GCA related to the repayment of the higher revenues obtained from the risk premium accrued in the period 2013-2024, to be implemented by reducing the allowed revenues over a 15-year period starting in 2025 (30 million euros); (iii) the income arising from the normalisation of the interest rates used to discount the contractual rates of the associate ADNOC (4 million euros).

#### *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.

<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 shareholders' equity, cash flow statement or in the notes.



