

# 1Q 2024 Consolidated Results



May 16<sup>th</sup>, 2024

E N E R G Y I N F R A S T R U C T U R E F O R A S U S T A I N A B L E F U T U R E

# 1Q 2024 key highlights

## Financial Highlights

- **€ 703 m EBITDA Adj.** (+18% yoy)
- **€ 335 m Net income Adj.**<sup>1</sup> (+11% yoy)
- **€ 462 m investments** (+48% yoy)
- **€ 15,793 m Net Debt** (€15,270 m in FY 2023)
- **Net cost of debt** at 2.4%

## Gas Market

- 1Q 2024 Italian gas demand stood at **~ 20 bcm** (-2.6% YoY<sup>2</sup>)
- Average TTF price at **€ 27.5/MWh** in 1Q 2024 (-49% yoy)
- **~ 20%** of gas demand **covered by LNG**
- **8 cargos delivered** to FSRU Golar Tundra (Piombino)

## Regulation and Policy

- **Wacc uplift** from Jan 2024
- Application of **Base ROSS** on transport from Jan 2024
- Contributing to the working Group set by the Ministry of Environment and Energy for the development of an **Italian H2 strategy and CCS framework**
- **EU H2 bank first auction** fully awarded

## Associates' Portfolio

- **Adriatic LNG:** pre-emption right exercised to increase our stake to 30% (from 7.3%)
- Exclusive negotiation for the potential acquisition of **Edison Stoccaggio ongoing**
- **Austria regulatory review:** guidelines on the Reference Price Methodology under consultation
- **PCI recognition for 5 projects**<sup>3</sup> highlights the energy transition potential of our international portfolio

1. Net profit Reported at € 337m (+11% y-o-y). Adjustments are related to ADNOC discount rate effect  
2. Non weather adjusted

3. Terega (H2 Med and Pycasso), Desfa (Prinos CCS, Greece-Bulgaria H2 Pipeline), TAG/GCA (project on H2 transport, part of the South H2 Corridor).

# 1Q 2024 key achievements

## Gas infrastructure

- **Adriatic Line works** started in May (phase 1)
- **FSRU Ravenna works** started: onshore (70% completed) and offshore (30% completed). Capacity auctions to be launched soon
- **Storage** level at **~60%** at the end of the winter (March 2024) also thanks to the **commercial reverse flow service** delivered
- Fully allocated the storage capacity offered in April, for the thermal year 2024/2025

## Energy Transition

- South H2 Corridor and Ravenna CCS **confirmed as PCI**
- **Market sound** on H2 and CCS completed
- IPCEI Hy2Infra award for **Puglia's H2 Valley**
- Submission of Super-Ecobonus tax credits in due time
- **~ € 1.2 bn** of Energy efficiency backlog at March 24
- On biomethane: **8 plants (~ 18 MW)** won tariffs auctions, of which 2 are already under upgrade to biomethane

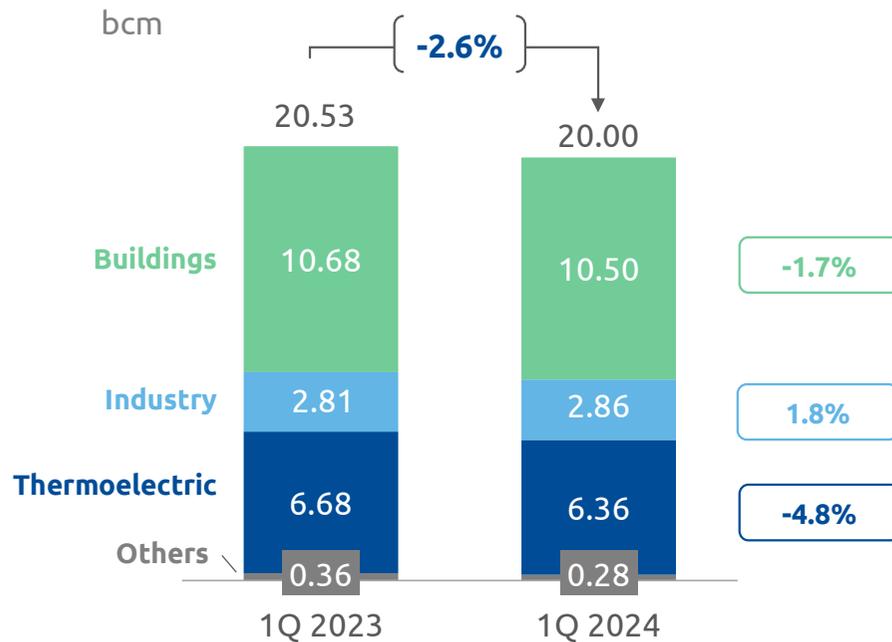
## Sustainability and Governance

- **34%** of Capex Taxonomy aligned and **55%** of Capex SDGs aligned
- **Extensive engagement** with shareholders and average approval rate in the **AGM** at **~99%** on all the items
- **CDP A-list** and **best in class for Sustainalytics**
- **ESG investors** representing **47.5%** of institutional shareholders<sup>1</sup>
- **Tax Transparency framework** published
- **Transition Bond of the Year** awarded
- **Moody's Net zero Assessment**

1. According to Nasdaq IR shareholders identification analysis, at the end of February 2024. Institutional investors represent ca 50% of total shareholders

# 1Q 2024 gas demand and flows

## Italian gas demand 1Q 2024



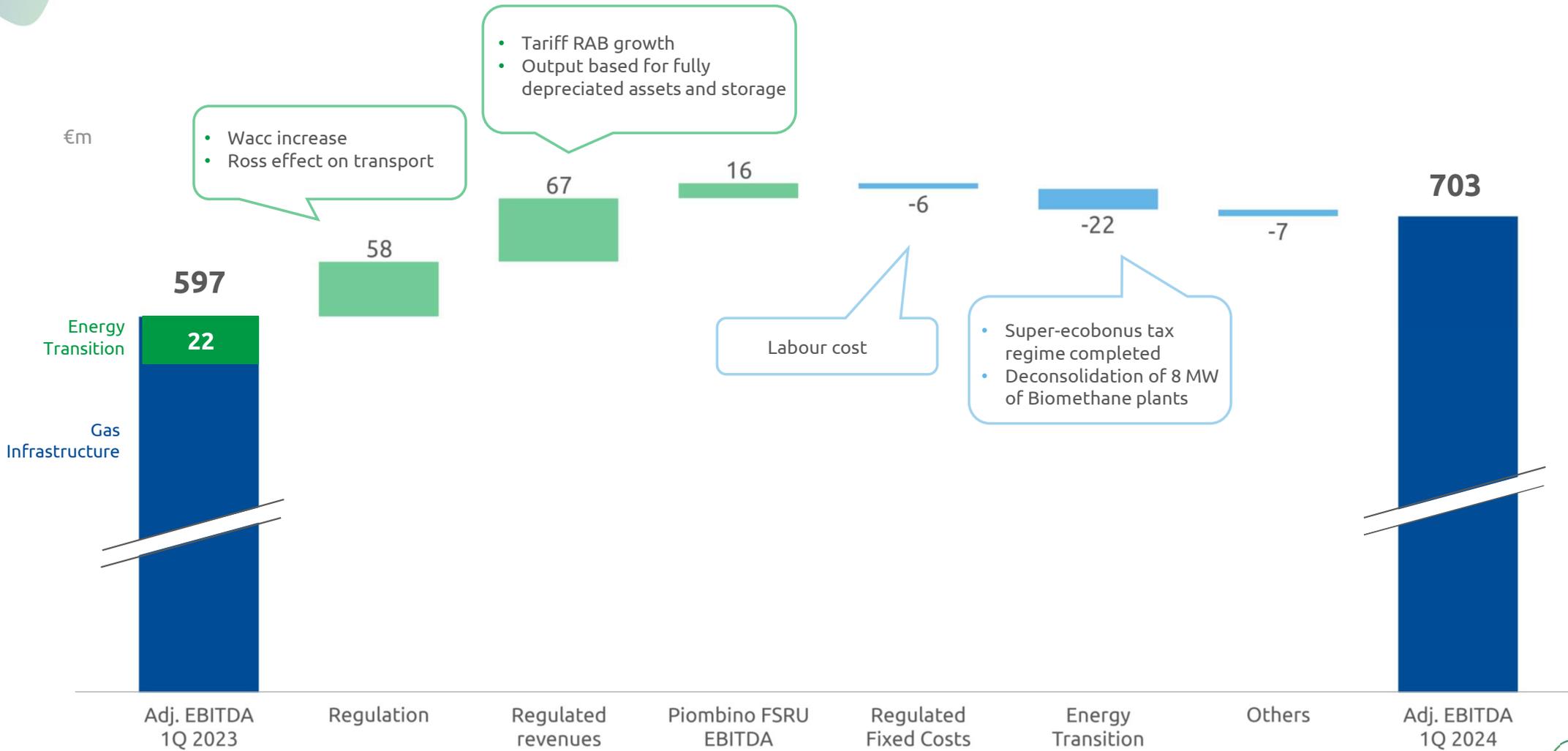
## Gas flows FY 2023

| bcm                        | 1Q 2023      | 1Q 2024      | Change (bcm) | Change (%)   |
|----------------------------|--------------|--------------|--------------|--------------|
| <b>National production</b> | <b>0.73</b>  | <b>0.68</b>  | <b>-0.0</b>  | <b>-6.1%</b> |
| <b>Pipelines</b>           | <b>11.92</b> | <b>10.97</b> | <b>-1.0</b>  | <b>-8.0%</b> |
| Gela                       | 0.67         | 0.47         | -0.2         | -30.2%       |
| Mazara del Vallo           | 5.00         | 4.78         | -0.2         | -4.4%        |
| Passo Gries                | 2.34         | 1.82         | -0.5         | -22.3%       |
| Tarvisio                   | 1.46         | 1.31         | -0.2         | -10.4%       |
| Gorizia                    | 0.0          | 0.0          | 0.0          | -            |
| Melendugno                 | 2.45         | 2.59         | 0.1          | 5.8%         |
| <b>LNG</b>                 | <b>4.05</b>  | <b>4.10</b>  | <b>0.1</b>   | <b>1.3%</b>  |
| Adriatic LNG               | 2.16         | 2.18         | 0.0          | 0.6%         |
| OLT                        | 1.04         | 0.66         | -0.4         | -36.4%       |
| Panigaglia                 | 0.85         | 0.46         | -0.4         | -45.5%       |
| Piombino                   | -            | 0.80         | 0.8          | -            |
| <b>Total injection</b>     | <b>16.70</b> | <b>15.75</b> | <b>-0.9</b>  | <b>-5.7%</b> |

Gas demand decline driven by weak thermolectric production and mild weather

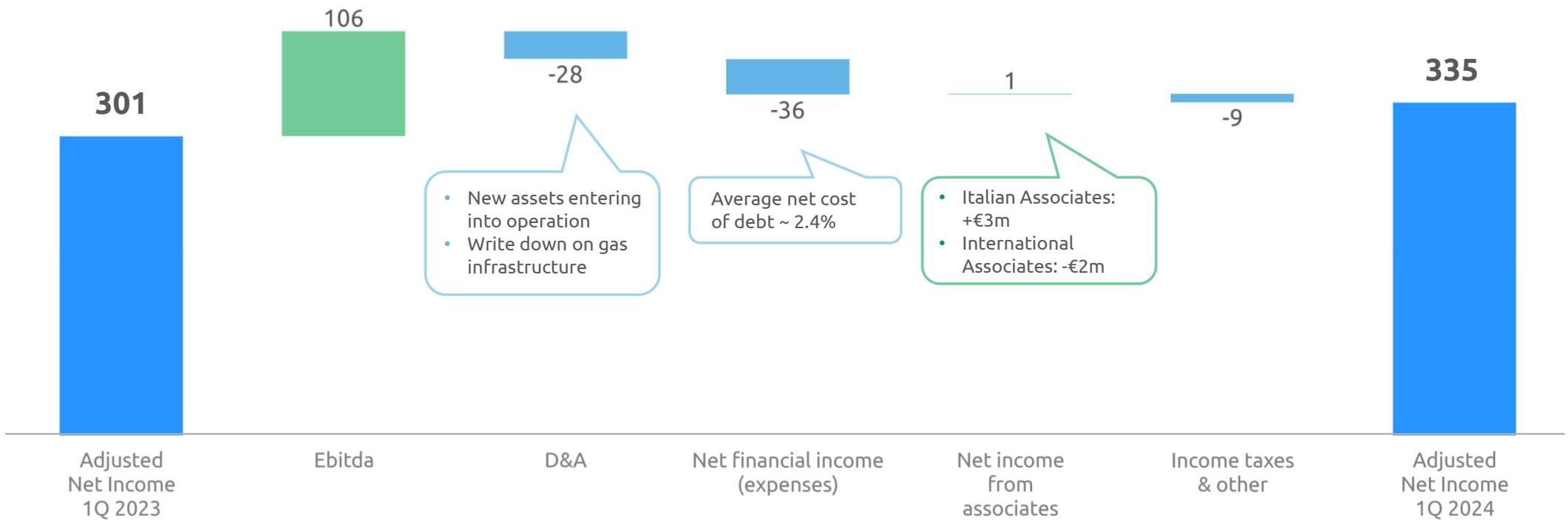
~ 20% of gas demand covered by LNG

# Adj. EBITDA analysis

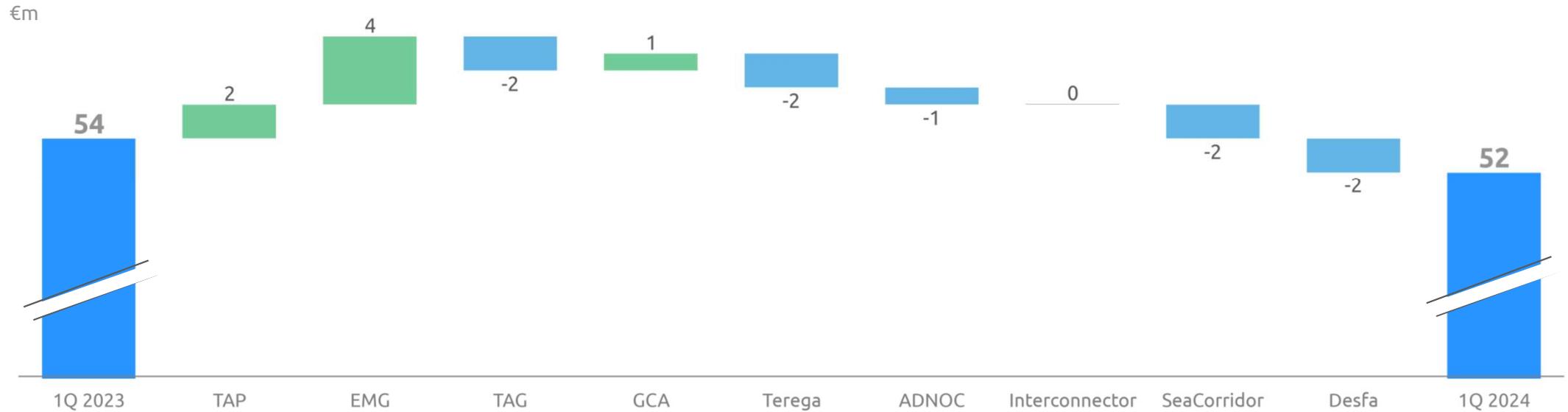


# Adj. Net Income analysis

€m



# International associates contribution

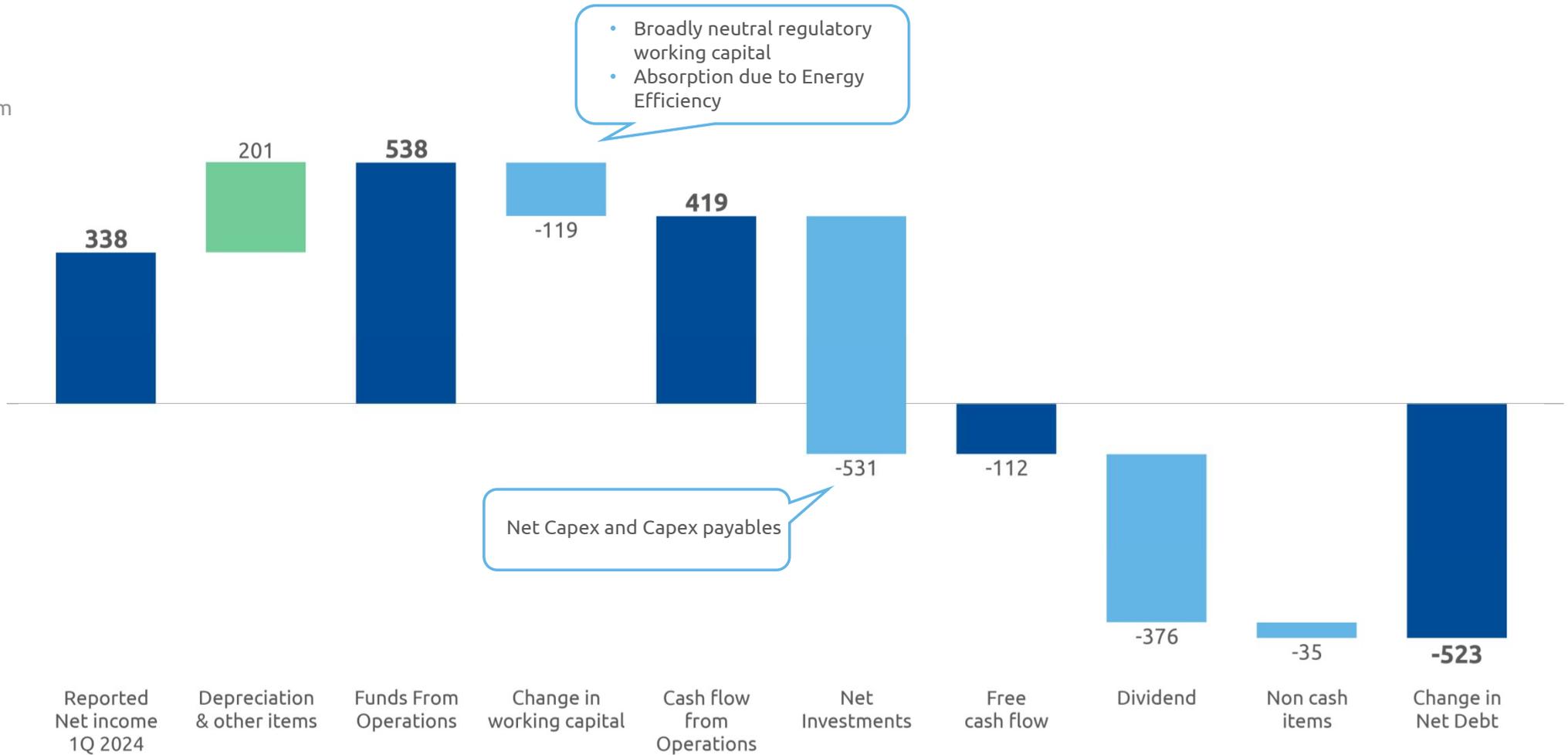


| Net income contribution 1Q 2024 (€m) | TAP | EMG | TAG | GCA | Terega | ADNOC | Interconnector | SeaCorridor | Desfa |
|--------------------------------------|-----|-----|-----|-----|--------|-------|----------------|-------------|-------|
|                                      | 17  | 4   | -8  | -1  | 11     | 7     | 3              | 8           | 11    |

**Overall stable contribution from International associates**

# Cash flow

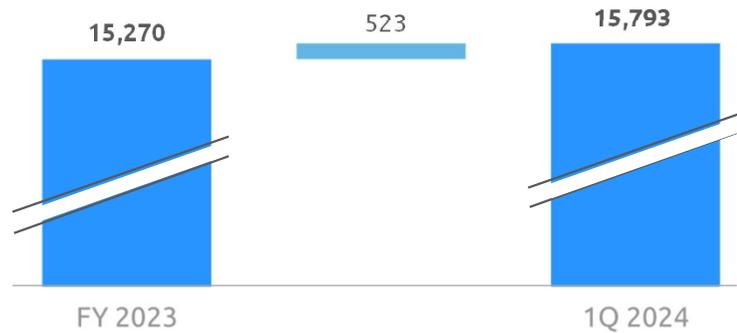
€m



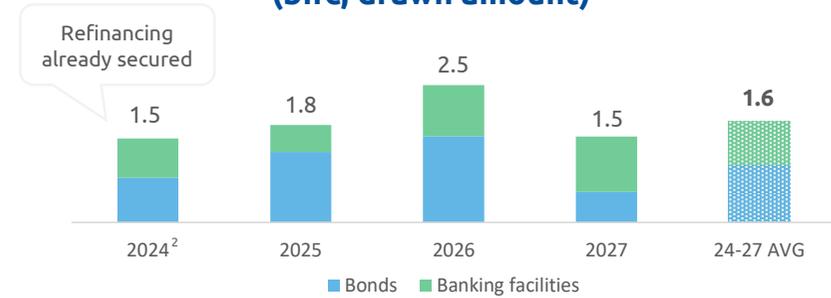
Any failure to reconcile the stated figures arises exclusively from rounding.

# Net Debt evolution and financial structure

Net debt evolution (€m)



Maturities profile as of 31 March 2024 (bn€, drawn amount) <sup>1</sup>



Average net cost of debt

2.0%

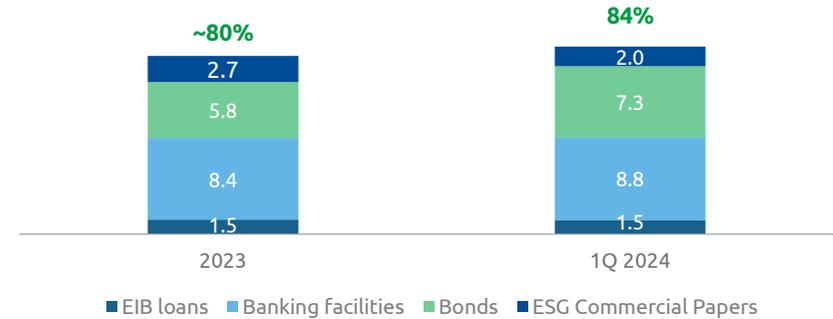
2.4%

Fix / Floating

70% / 30%

72% / 28%

Sustainable Finance on Committed financing (bn€)



Continuous focus on cost of debt optimization despite high interest rates



1. Excluding uncommitted lines and Commercial Paper

2. Maturities from April to December

## 2024 Guidance and closing remarks

|                    | FY 2023  | Guidance FY 2024   | Previous Guidance  | Reason for the change in guidance  |
|--------------------|--|--|--|--|
| <b>Investments</b> | <b>€2.2 bn</b> <ul style="list-style-type: none"> <li>• € 2.0 bn Gas Infrastructure</li> <li>• € 0.2 bn Energy Transition</li> </ul> | <b>~ €3.0 bn</b> <ul style="list-style-type: none"> <li>• € 2.8 bn Gas Infrastructure</li> <li>• € 0.2 bn Energy Transition</li> </ul> | ~ €2.9 bn <ul style="list-style-type: none"> <li>• € 2.7 bn</li> <li>• € 0.2 bn</li> </ul> | Mostly due to the breakwater realization in Ravenna  |
| <b>Tariff RAB</b>  | <b>€22.4 bn</b>  | <b>€23.8 bn</b>  |  |  |
| <b>Ebitda</b>      | <b>€2.4 bn</b>   | <b>&gt; €2.75 bn</b>   | ~ €2.7 bn  | Mostly higher output-based incentives  |
| <b>Net income</b>  | <b>€1.17 bn</b>  | <b>~ €1.23 bn</b>  | ~ €1.18 bn   | Higher EBITDA coupled with lower financial charges and better international associates performance |
| <b>Net debt</b>    | <b>€15.3 bn</b>  | <b>~ € 17.5 bn</b>   | ~ €17.6 bn   | Higher cash conversion   |
| <b>DPS</b>         | <b>€0.2820/share</b>   | <b>Min +3.0% yoy</b>   |  |  |

**Increased EBITDA and Net Profit guidance**

# Q&A Session



# Annexes



# Sustainability Scorecard

Strategic KPIs

| KPIs                        |  | Q1 2024     | 2024 Target | 2027 Target | KPIs   |  | Q1 2024   | 2024 Target            | 2027 Target            |                    |
|-----------------------------|--|-------------|-------------|-------------|--|--|---|------------------------|------------------------|--------------------|
| Green transition            | • Avoided CO <sub>2</sub> emissions (ktCO <sub>2</sub> e) <sup>1</sup>   | 28.3        | 105         | 500         | People   | • Employees engagement index (%)                   | EVERY TWO YEARS   | >80                    | >80                    |                    |
|                             | • H <sub>2</sub> readiness length of network certified (km)  | 1,513       | 1,900       | 3,000       |  | • Women in exec. and middle-mgmt. roles (%)        | 25.6  | 26                     | 27.5                   |                    |
| Multi-molecule infrastruct. | • Gas Transportation operational availability <sup>2</sup> (%)   | >99         | >99         | >99         |  | • IpFG (Combined Frequency and Severity Index)     | 0.4   | < min. 3y <sup>5</sup> | < min. 3y <sup>5</sup> |                    |
|                             | • Production of biomethane (Mscm)  | 4.4         | 20          | 160         |  | • Gender pay gap (%) <sup>6</sup>                  | YEARLY  | -                      | +/- 5                  |                    |
|                             | • Invest. related to the CCS Ravenna Project Phase 1+2 (€M) <sup>3</sup>   | 66.6        | 120         | 370         |  | • Participation in welfare initiatives (%)         | 72  | 75                     | 80                     |                    |
| Carbon Neutrality           | • Reduction of total natural gas emissions (%)   | HALF-YEARLY | -57.5       | -64.5       |  | • Training hours delivered to employees (h/capita) | YEARLY  | 36                     | 40                     |                    |
|                             | • Introd. ESG criteria in scoring models (% of contracts)  | 35          | 35          | 65          |  | Local Communit.                                    | • Benefits for local communities over reg. revenues (%)       | YEARLY                 | ~1                     | ~1                 |
|                             | • RES <sup>4</sup> on total electricity consumption (%)  | YEARLY      | 52-55       | 100         |  |  | • Value released at local communities (€M)                    | YEARLY                 | >1,000                 | >1,000             |
|                             | • Tot. procurem. spending on suppliers w/ decarb. plan (%)   | 39.8        | 25          | 35          |  |  | • Avg customer satis. rate in terms of service quality (1-10) | YEARLY                 | >=8.1                  | >=8.1 <sup>7</sup> |
| Biodiversity & Regener.     | • Zero Net Conversion by 2024  |             | -           |             |  | Transform. Innovation                              | • Investments in Innovation over revenues (%)                 | YEARLY                 | 3                      | 3                  |
|                             | • Net Positive impact by 2027  |             |             | -           | • Start-ups accelerated after PoC (#) <sup>8</sup>                           |  | YEARLY  | 15(25)                 | 27(30)                 |                    |
|                             | • Vegetation restored in areas of pipes constr. (%)  | HALF-YEARLY | 99.9        | 99.9        | • Process digitalized and processes with AI (% of total)                     |  | YEARLY  | 100/12                 | 100/20                 |                    |
| Financial & CO2             | • ESG Finance over total funding available (%)   | 84          |             | 85          | • Projects covered by Security by Design cyber approach (%)                  |  | YEARLY  | 100                    | 100                    |                    |
|                             | • CapEx EU Taxonomy-aligned (% of total)   | 34          |             |             | • CapEx SDG-aligned (% of total)   | 55   |   |                        |                        |                    |
|                             | • Revenues EU Taxonomy-aligned (% of total)  | YEARLY      |             |             | • Scope 1 and 2 CO <sub>2</sub> emissions reduction (% v. 2022) <sup>9</sup> | HALF-YEARLY  |   | -25                    |                        |                    |
| Sustainable principles      | • ESG matters discussed at BoD meetings (>40% of BoD discussions with ESG topic discussed)   |             |             |             |  |  |   |                        |                        |                    |
|                             | • 3rd parties subject to procur. Process on which reputational checks are performed (100% of suppliers with reputational checks performed) |             |             |             |  |  |   |                        |                        |                    |
|                             | • Italian territory covered by cyber resilience field tested scenarios (100% of Italian territory covered)                                 |             |             |             |  |  |   |                        |                        |                    |

1. Emissions avoided to 3<sup>rd</sup> parties thanks to the Group's activities and investments in the infrastructure; in a first phase, the emissions avoided from bio-methane activities and energy efficiency interventions are considered  
 2. Previously called "Reliability levels on gas supply" 3. Cumulated figure 2023-2027 4. Renewable Energy Source computed on regulated perimeter 5. Snam targets to have an index lower than the minimum of the latest 3 years 6. For equivalent organizational positions

7. The target indicated refers to a spontaneous initiative by Snam to measure service quality through the annual survey, using a scale of values from 1 to 10; however, we are expecting a change in the service quality assessment methodology in the coming years. In this case, the annual target will have to be modified accordingly 8. KPI represents both the number of startup accelerated and the number of Proofs of Concept (PoC) 9. Reduction computed on regulated perimeter

# Income Statement

| €m                                     | 1Q 2023    | 1Q 2024    | Change     | Change %     |
|--|------------|------------|------------|--------------|
| Revenues                               | 921        | 896        | (25)       | (2.7%)       |
| Operating expenses                     | (324)      | (193)      | 131        | (40.5%)      |
| <b>EBITDA</b>                          | <b>597</b> | <b>703</b> | <b>106</b> | <b>17.7%</b> |
| Depreciation & amortisation            | (225)      | (253)      | (28)       | 12.4%        |
| <b>EBIT</b>                            | <b>372</b> | <b>450</b> | <b>78</b>  | <b>20.9%</b> |
| Net interest income (expenses)         | (42)       | (78)       | (36)       | 85.7%        |
| Net income from associates             | 74         | 75         | 1          | 1.4%         |
| <b>EBT</b>                             | <b>404</b> | <b>447</b> | <b>43</b>  | <b>10.6%</b> |
| Income taxes                           | (99)       | (111)      | (12)       | 12.1%        |
| <b>NET PROFIT BEFORE THIRD PARTIES</b> | <b>305</b> | <b>336</b> | <b>31</b>  | <b>10.1%</b> |
| Third Parties Net Profit               | (4)        | (1)        | 3          | -            |
| <b>NET PROFIT</b>                      | <b>301</b> | <b>335</b> | <b>34</b>  | <b>11.3%</b> |
| <b>EBITDA REPORTED</b>                 | <b>597</b> | <b>703</b> | <b>106</b> | <b>17.8%</b> |
| <b>EBIT REPORTED</b>                   | <b>372</b> | <b>450</b> | <b>78</b>  | <b>21.0%</b> |
| <b>NET PROFIT REPORTED</b>             | <b>304</b> | <b>337</b> | <b>33</b>  | <b>10.9%</b> |

# Revenues

| €m  | 1Q 2023    | 1Q 2024    | Change       | Change %       |
|---|------------|------------|--------------|----------------|
| <b>Regulated revenues</b>                           | <b>660</b> | <b>799</b> | <b>139</b>   | <b>21.0%</b>   |
| Transport   | 522        | 616        | 94           | 18.0%          |
| Storage   | 127        | 153        | 26           | 20.5%          |
| LNG   | 11         | 30         | 19           | -              |
| <b>Non regulated revenues</b>                       | <b>13</b>  | <b>11</b>  | <b>(2)</b>   | <b>(15.4%)</b> |
| <b>Total Gas Infrastructure Businesses revenues</b> | <b>673</b> | <b>810</b> | <b>137</b>   | <b>20.3%</b>   |
| <b>Energy Transition Businesses revenues</b>        | <b>248</b> | <b>86</b>  | <b>(162)</b> | <b>(65.3%)</b> |
| <b>TOTAL REVENUES</b>                               | <b>921</b> | <b>896</b> | <b>(25)</b>  | <b>(2.7%)</b>  |

# Operating Costs

| €m   | 1Q 2023    | 1Q 2024    | Change       | Change %       |
|--|------------|------------|--------------|----------------|
| <b>Gas Infrastructure Businesses costs</b> | <b>98</b>  | <b>107</b> | <b>9</b>     | <b>9.1%</b>    |
| Variable costs                             | 7          | 7          | 0            | 4.5%           |
| Fixed costs                                | 79         | 91         | 12           | 15.2%          |
| Other costs                                | 12         | 9          | (3)          | (27.4%)        |
| <b>Energy Transition Businesses costs</b>  | <b>226</b> | <b>86</b>  | <b>(140)</b> | <b>(61.9%)</b> |
| <b>TOTAL COSTS</b>                         | <b>324</b> | <b>193</b> | <b>(131)</b> | <b>(40.5%)</b> |

# Balance Sheet

| €m                                      | 2023          | 1Q 2024       | Change     | Change %    |
|---|---------------|---------------|------------|-------------|
| <b>Net invested capital</b>             | <b>22,950</b> | <b>23,816</b> | <b>866</b> | <b>3.8%</b> |
| <b>Fixed capital</b>                    | <b>23,002</b> | <b>23,338</b> | <b>336</b> | <b>1.5%</b> |
| Tangible fixed assets                   | 19,304        | 19,480        | 176        | 0.9%        |
| Intangible fixed assets                 | 1,449         | 1,449         | -          | -           |
| Equity-accounted investments            | 3,019         | 3,090         | 71         | 2.4%        |
| Other Financial assets                  | 163           | 163           | -          | -           |
| Net payables for investments            | (933)         | (844)         | 89         | (9.5%)      |
| <b>Net working capital</b>              | <b>(24)</b>   | <b>507</b>    | <b>531</b> | <b>-</b>    |
| Receivables                             | 8,181         | 7,961         | (220)      | (2.7%)      |
| Liabilities                             | (8,205)       | (7,454)       | 751        | (9.2%)      |
| <b>Provisions for employee benefits</b> | <b>(28)</b>   | <b>(29)</b>   | <b>(1)</b> | <b>3.6%</b> |
| <b>Net financial debt</b>               | <b>15,270</b> | <b>15,793</b> | <b>523</b> | <b>3.4%</b> |
| <b>Shareholders' equity</b>             | <b>7,680</b>  | <b>8,023</b>  | <b>343</b> | <b>4.5%</b> |

## Alternative performance indicators reconciliation

| €m   | 1Q 2023    | 1Q 2024    | Change    | Change %      |
|--|------------|------------|-----------|---------------|
| <b>Net profit</b>  | <b>308</b> | <b>338</b> | <b>30</b> | <b>9.7</b>    |
| <b>Exclusion of special items:</b>   | <b>(3)</b> | <b>(2)</b> | <b>1</b>  | <b>(33.3)</b> |
| • Special items from EBIT  | -          | -          | -         |               |
| • Profit from equity-accounted investments –<br>ADNOC discount rate effect | (3)        | (2)        | 1         | (33.3)        |
| <b>Adj. Net profit before third parties</b>                                | <b>305</b> | <b>336</b> | <b>31</b> | <b>10.2</b>   |
| Non-controlling interests  | 4          | 1          | (3)       | (75.0)        |
| <b>Adj. Net profit</b>   | <b>301</b> | <b>335</b> | <b>34</b> | <b>11.3</b>   |

## International associates' contribution

| Company               | %                         |  | 1Q 2023       | 1Q 2024       | Delta          |
|-----------------------|---------------------------|--|---------------|---------------|----------------|
| <b>SeaCorridor</b>    | <b>49.90%</b>             | <ul style="list-style-type: none"> <li>Slight decrease vs 1Q 2023 due to lower imports to Italy</li> <li>Strategic route for Italy reaching approx. 1/3 of overall Italian imports</li> </ul>  | € 10 m        | € 8 m         | - € 2 m        |
| <b>Desfa</b>          | <b>35.64%<sup>1</sup></b> | <ul style="list-style-type: none"> <li>Y-o-y comparison affected by lower auction premia on LNG import and exports</li> <li>Investment plan ongoing, supporting Greek lignite phase-out and SEE gas market development</li> </ul>                | € 13 m        | € 11 m        | - € 2 m        |
| <b>TAP</b>            | <b>20.00%</b>             | <ul style="list-style-type: none"> <li>Inflation-indexed tariffs drive company's revenues growth</li> <li>Covering 17% of Italian imports in Q1 2024. Works for +1.2 bcm expansion on track</li> </ul>   | € 15 m        | € 17 m        | + € 2 m        |
| <b>Teréga</b>         | <b>40.50%</b>             | <ul style="list-style-type: none"> <li>Decrease vs 1Q 2023 mainly from higher operating costs (mostly phasing), limited impacts from the tariff review</li> </ul>  | € 13 m        | € 11 m        | - € 2 m        |
| <b>Adnoc</b>          | <b>5.88%<sup>1</sup></b>  | <ul style="list-style-type: none"> <li>Business performance in line with expectations</li> </ul>   | € 8 m         | € 7 m         | - € 1 m        |
| <b>Interconnector</b> | <b>23.68%</b>             | <ul style="list-style-type: none"> <li>Sound operating performance in line with the regulatory cap</li> <li>Bookings achieved in 2023 and previous years guarantee a M/L term earnings visibility</li> </ul>                                     | € 3 m         | € 3 m         | -              |
| <b>TAG</b>            | <b>84.47%<sup>2</sup></b> | <ul style="list-style-type: none"> <li>Lower volumes to Italy despite more favorable product mix towards short-term bookings in March</li> <li>New regulatory framework in Austria, starting from 2025, to be set in the coming weeks</li> </ul> | - € 6 m       | - € 8 m       | - € 2 m        |
| <b>GCA</b>            | <b>19.60%<sup>1</sup></b> | <ul style="list-style-type: none"> <li>Quarter performance benefits from lower energy costs (mainly due to price effect)</li> <li>New regulatory framework in Austria, starting from 2025, to be set in the coming weeks</li> </ul>              | - € 2 m       | - € 1 m       | + € 1 m        |
| <b>EMG</b>            | <b>25.00%</b>             | <ul style="list-style-type: none"> <li>Benefiting from the recording of positive non-recurring items related to previous years</li> </ul>  | -             | € 4 m         | + € 4 m        |
|                       |                           |  | <b>€ 54 m</b> | <b>€ 52 m</b> | <b>- € 2 m</b> |

1. Indirect participation

2. 89.22% financial rights

## Investments detailed by business

| €m                                     | 1Q 2023    | 1Q 2024    |
|--|------------|------------|
| <b>Transport<sup>(1)</sup></b>         | 215        | 320        |
| <b>Storage</b>                         | 41         | 46         |
| <b>LNG<sup>(2)</sup></b>               | 40         | 86         |
| <b>Energy Transition<sup>(3)</sup></b> | 17         | 10         |
| <b>Total</b>                           | <b>313</b> | <b>462</b> |

**34% taxonomy aligned and 55% SDGs aligned**

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

## Disclaimer

Luca Oglialoro, in his position as manager responsible for the preparation of financial reports, certifies pursuant to paragraph 2, article 154-bis of the Legislative Decree n. 58/1998, that data and accounting information disclosures herewith set forth correspond to the company's evidence and accounting books and entries.

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In particular, among other statements, certain statements with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management are forward-looking in nature.

Words such as 'expects', 'anticipates', 'targets', 'goals', 'projects', 'intends', 'plans', 'believes', 'seeks', 'estimates', variations of such words, and similar expressions are intended to identify such forward-looking statements.

These forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict because they relate to events and depend on circumstances that will occur in the future.

Therefore, Snam's actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, political, economic and regulatory developments in Italy and internationally.

Any forward-looking statements made by or on behalf of Snam speak only as of the date they are made. Snam does not undertake to update forward-looking statements to reflect any changes in Snam's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The reader should, however, consult any further disclosures Snam may make in documents it files with the Italian Securities and Exchange Commission and with the Italian Stock Exchange.



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