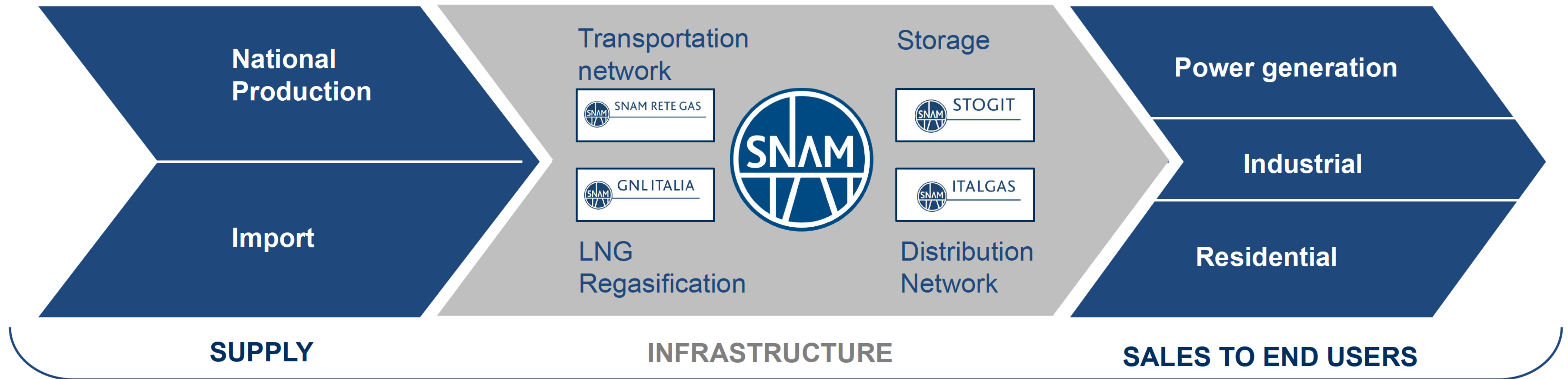




# Snam in the European gas market

# Snam: An integrated Operator with a Leadership Position in the Regulated Gas Infrastructure in Italy



[ 2013 ]

## Transportation

- Regul. Revenues: €m 2,011
- EBIT: €m 1,217
- RAB<sup>(1)</sup>: €bn 15.0
- Network: 32,306 km
- Market positioning: 94% of the Italian market

## Distribution

- Regul. Revenues: €m 1,008
- EBIT: €m 505
- RAB(1) : €bn 5.1
- Network: 52,993 km
- Market positioning: 33% of the Italian market

## Storage

- Regul. Revenues: €m 450
- EBIT: €m 315
- RAB: €bn 3.9
- Capacity: 8 storage sites (16 bcm)
- Market positioning: 96% of the Italian market

## Regasification

- Regul. Revenues: €m 22
- EBIT: €m 5
- RAB: €bn 0.1
- Capacity: 1 LNG plant (3.5 bcm)





# SNAM

Shareholders structure – December 2014



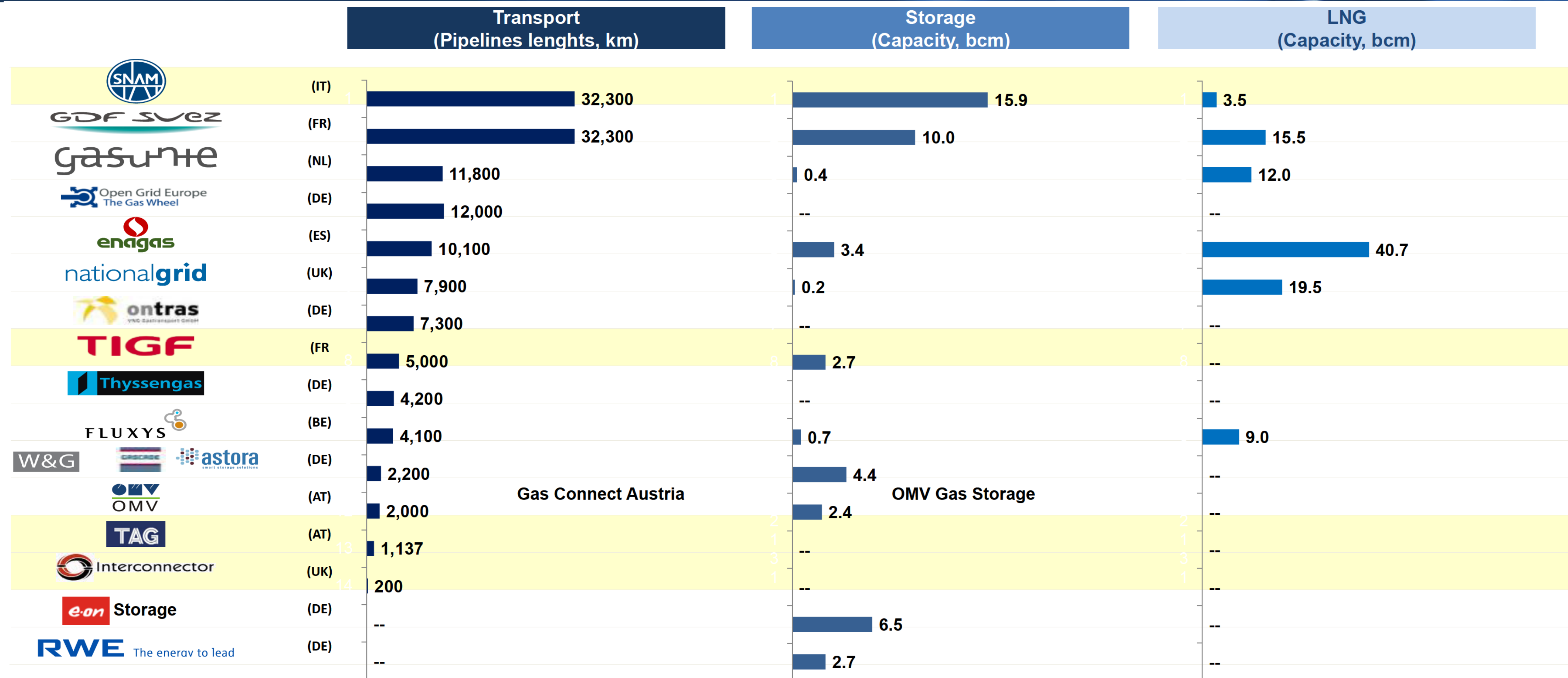
Institutional Investors  
Geographical Distribution



Shareholding Geographical  
Break Down



# SNAM Group position within the gas infrastructure sector at EU level



**SNAM has today a leadership position with an European perspective**



Source: Snam elaboration on public data



# Key Pillars of Snam's Growth Strategy

**A propelling strategy consistent with the European and Italian political and legislative framework**

**Selective investments**

**Exploiting high-quality investment opportunities in Italy**  
**Focusing on main European gas corridors to integrate our diversified and valuable asset portfolio**

**Operational efficiency**

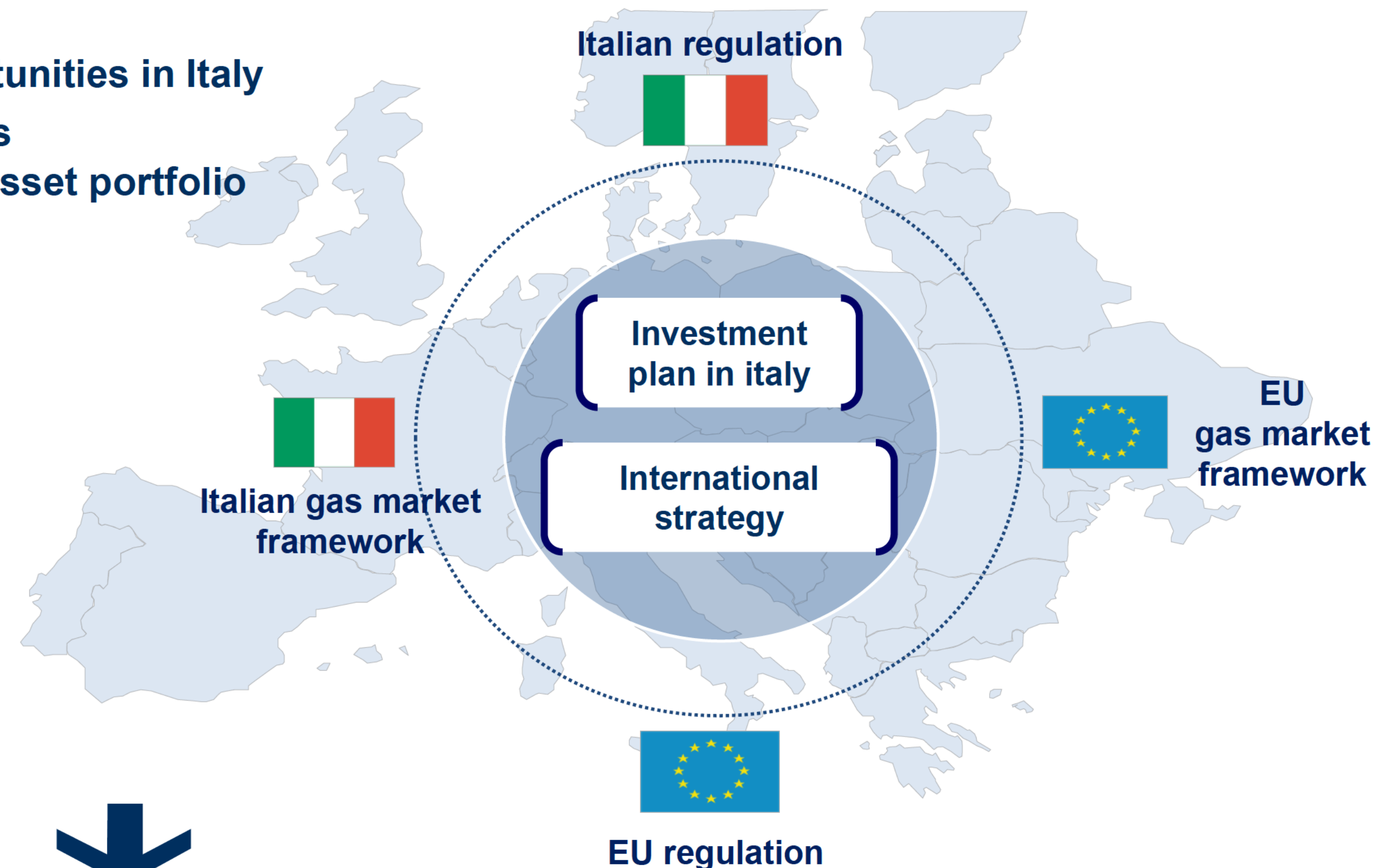
**Maintaining cost control in the context of a growing asset base**

**Financial discipline**

**Preserving a solid and efficient capital structure**

**Attractive returns**

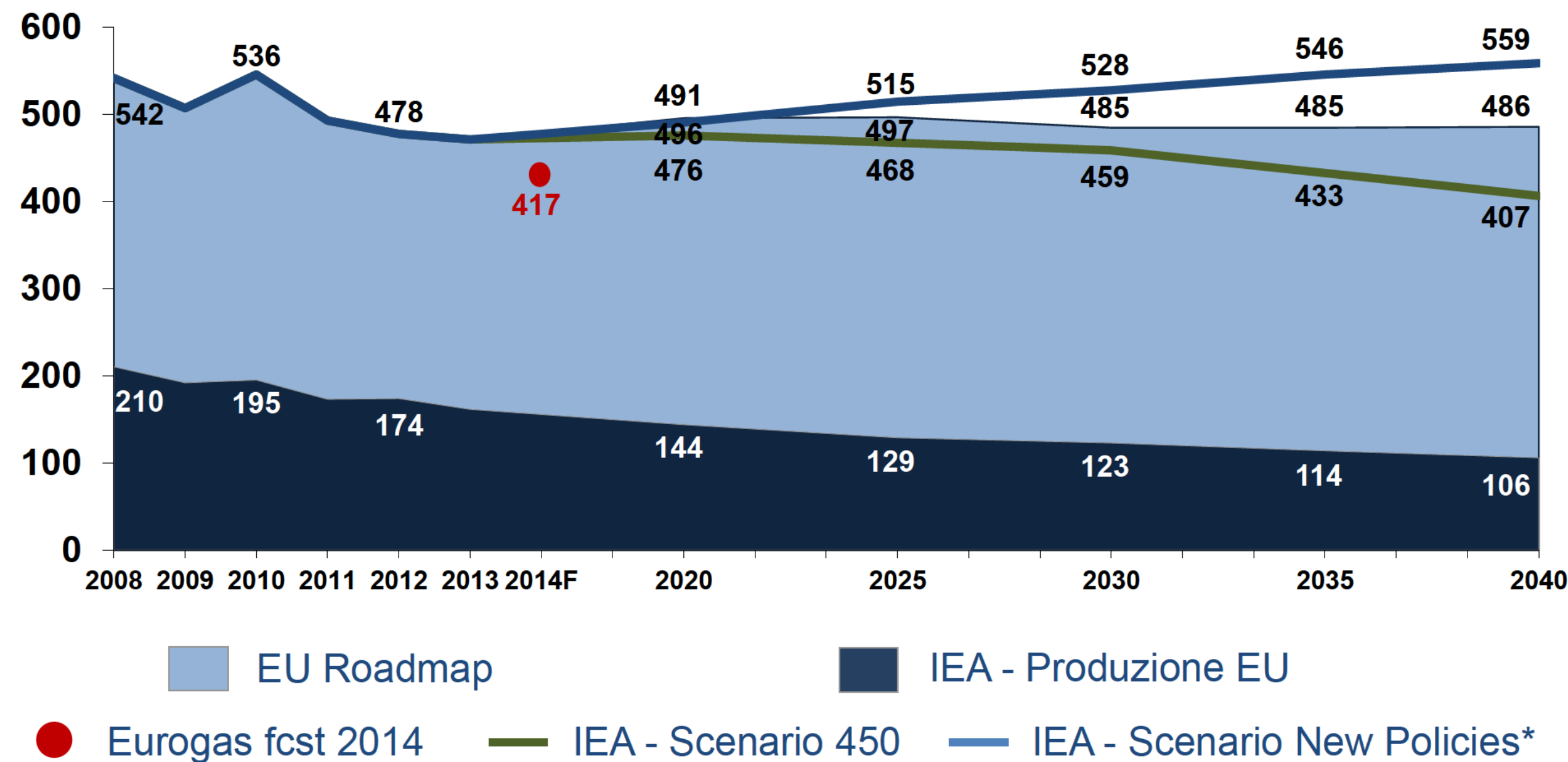
**Driving value creation for all stakeholders**



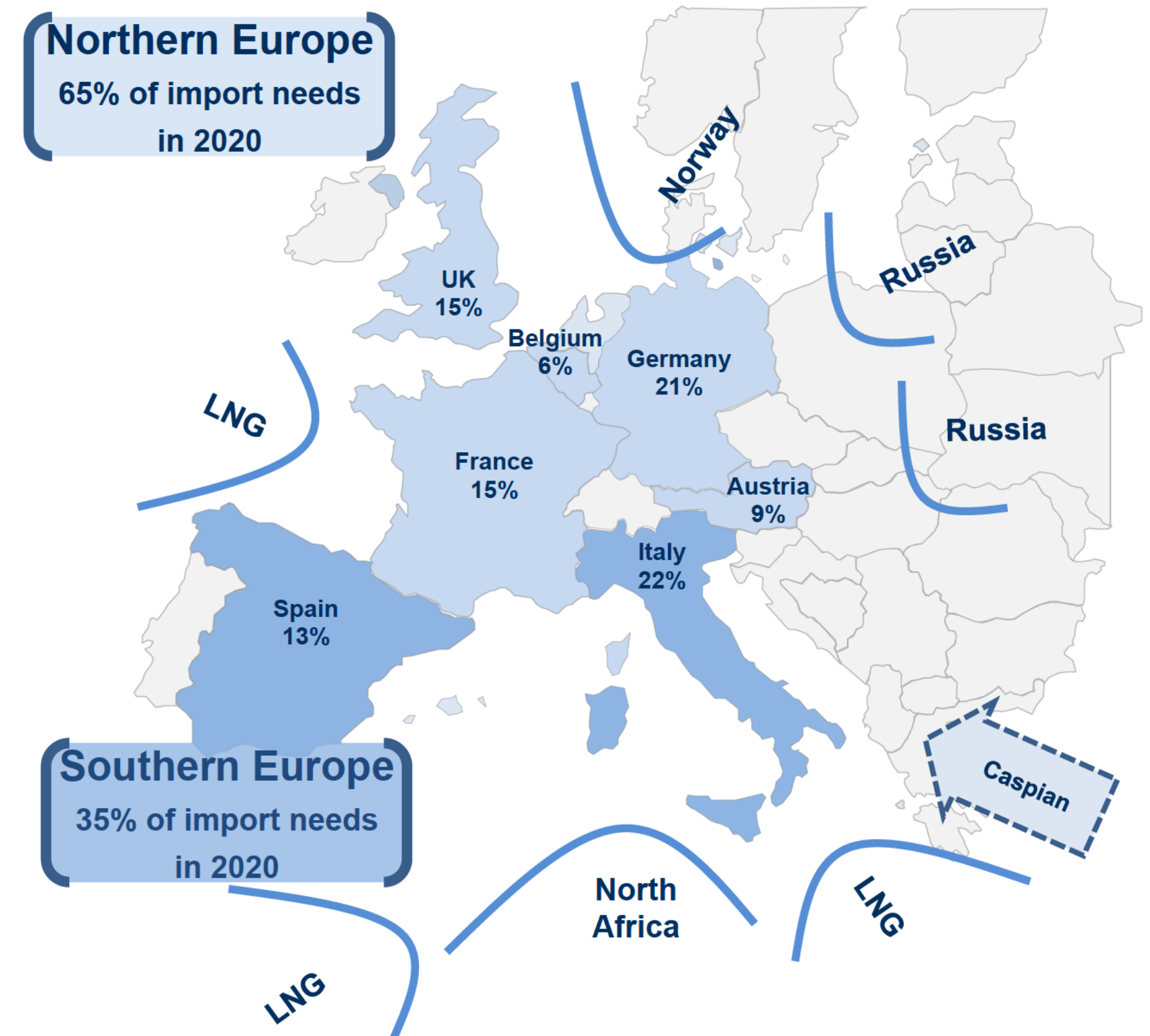
# Key Themes in the European Gas Market

## Gas demand trends

### Gas demand in EU (Bcm)



## Gas supply trends



**Augmented dependence on imports and need for flexibility  
to cope with increasingly volatile supply trends**

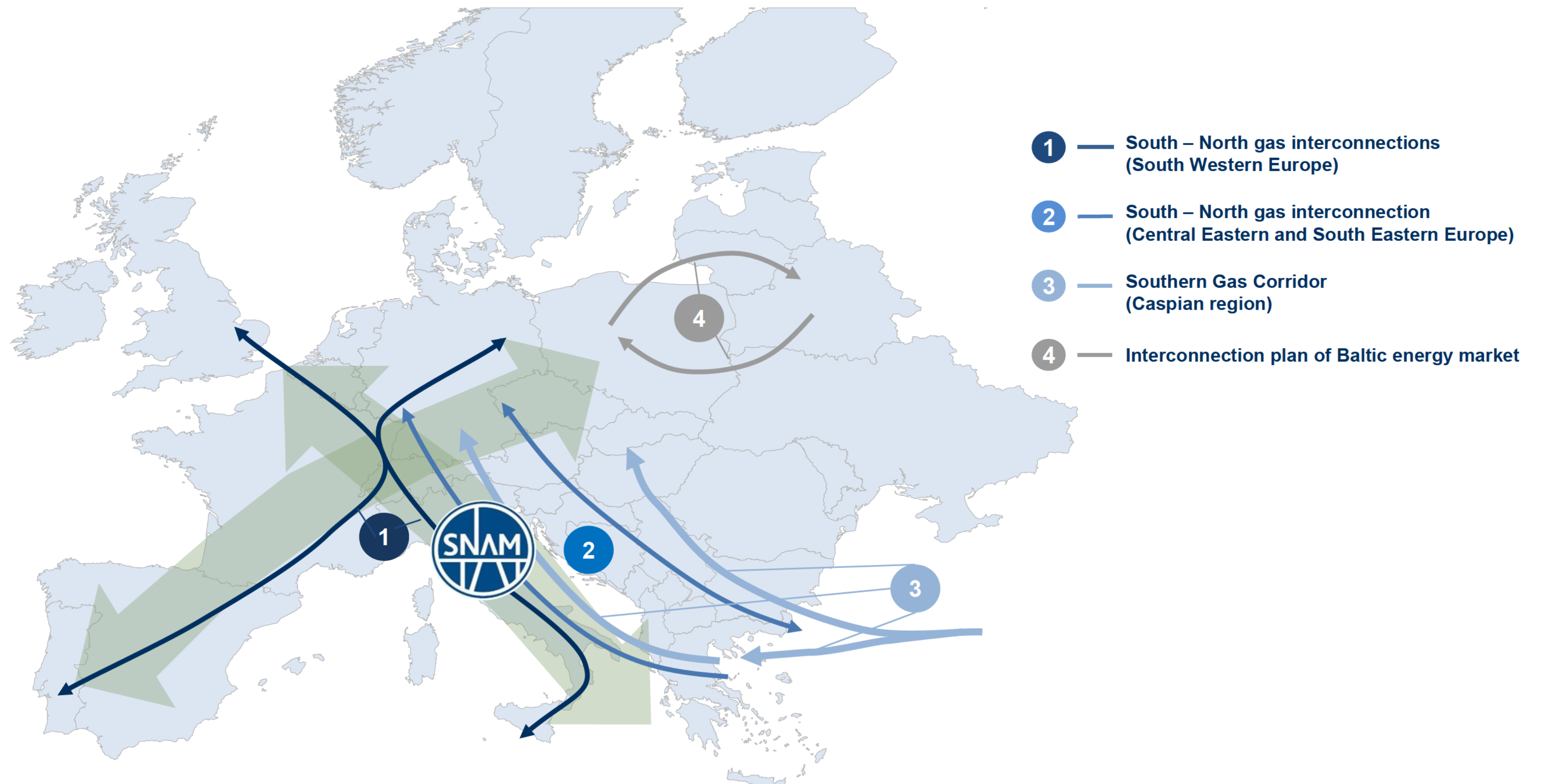


Source OECD/IEA, "World Energy Outlook 2014"; EU Commission "EU Energy: Transport and GHG emissions trends to 2050", 2013

<sup>1</sup> Snam "elaboration"; data including Italy, France, Spain, UK and Germany



# Italy is situated at the Heart of the EU Energy Corridors...



... positioning Snam in a fundamental role  
for supporting European gas market dynamics and regulation

# A European role with a solid Assets Base

## IUK

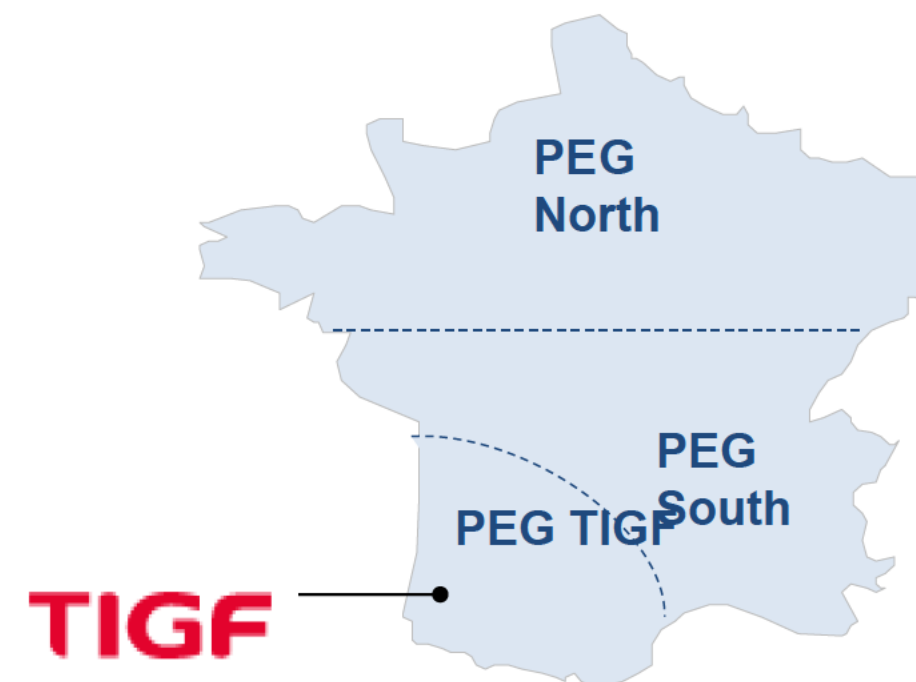
- Represents last section of the South-North corridor connecting to the continental grids one of the major European gas markets
- Bi-directional flow capacity provides flexibility and diversification of supply sources to UK and Continental Europe
- Essential link between major gas hubs of North-West Europe



2012

## TIGF

- Represents a leg of the East-West EU corridor
- Contributes to French gas area unification through strong transportation investments and improving storage business offer
- Available to increase investments to Spanish-French interconnections de-bottlenecking



2013

## TAG

- Pipeline bringing Russian gas from Austrian/Slovak border (Baumgarten) to Italy (Arnoldstein-Tarvisio)
- Already developed reverse flow capacity to manage substantial flows towards East European countries
- Incremental role for South Eastern Europe



2014





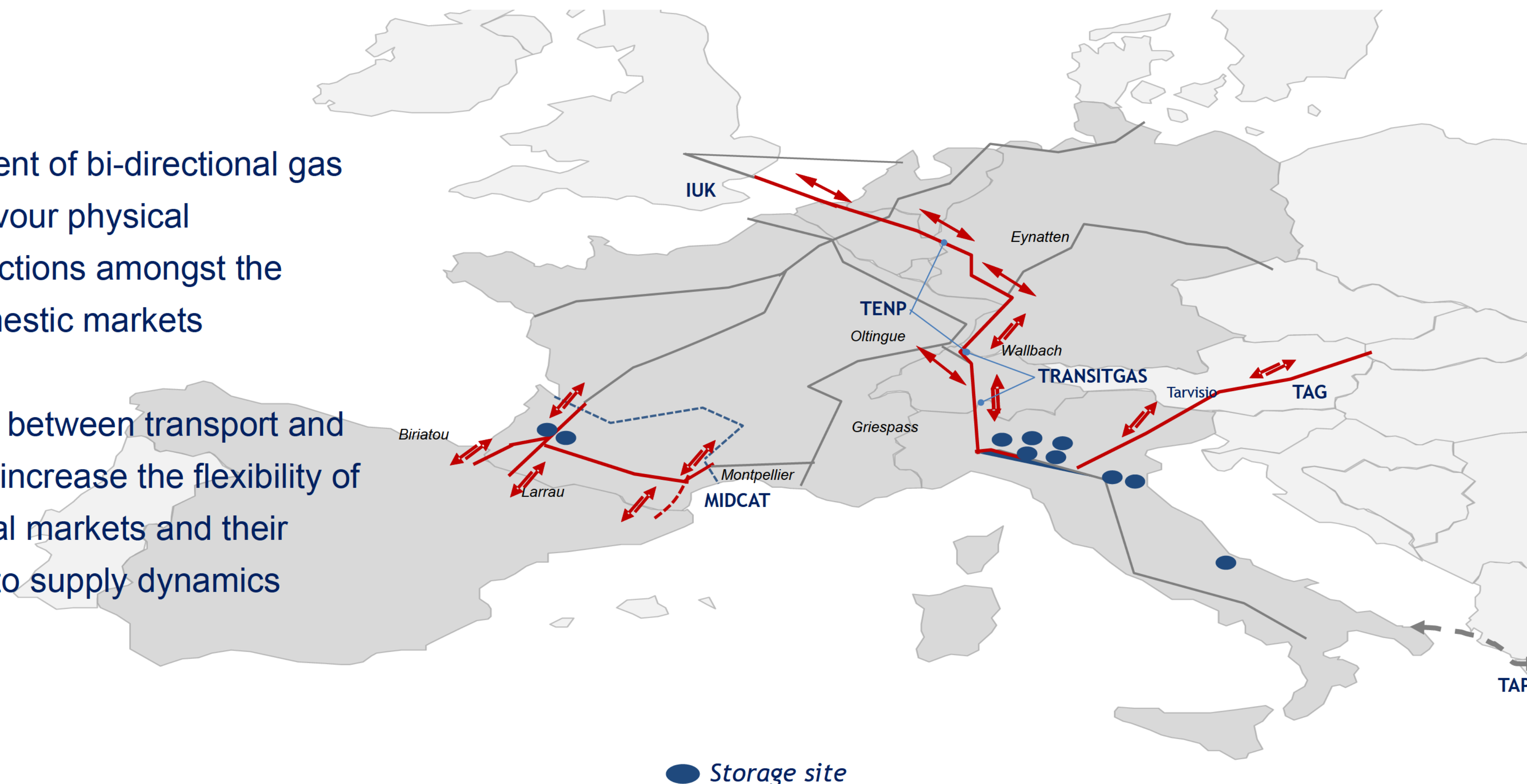
# Snam's Assets Portfolio



A well balanced and diversified portfolio of investments to improve interconnectivity and security of supply in the EU market

# Physical interconnections, flexibility and security of supply: key milestones of Snam investments

- Development of bi-directional gas flows to favour physical interconnections amongst the single domestic markets
- Interaction between transport and storage to increase the flexibility of the regional markets and their resilience to supply dynamics





# Snam Investment Priorities in Italy

**Strengthen security, liquidity, flexibility  
and service quality of the gas system**

## Transport & LNG

- Selected projects to meet capacity requirements and supply source diversification
- Facilitate technical and commercial swap among different supply sources
- Development of reverse flow capacity to create conditions for the gas transit to European markets

## Storage

- Increase capacity for:
  - Modulation services and peak demand control
  - New services for industrial customers
  - Supporting gas swaps in Europe
- Optimize utilization of regasification plant offering integrated services
- Develop new balancing services to enhance flexibility

## Distribution

- Development of new distribution network or new connections
- Further improvement of service quality also through smart metering project
- Portfolio optimization

**Consistent with the EU and Italian legislative framework and market trends**



# Main Projects in the Transport Business



- New pipelines
- New compressor stations

## North gas market and reverse flow capacity developments

### Main projects

- Po Valley Infrastructure (~450 km )
- Empowerment/construction of compressor stations (~100 MW)

## South – North developments

### Main projects

- Length: ~420 km
- Installed power capacity: ~30 MW

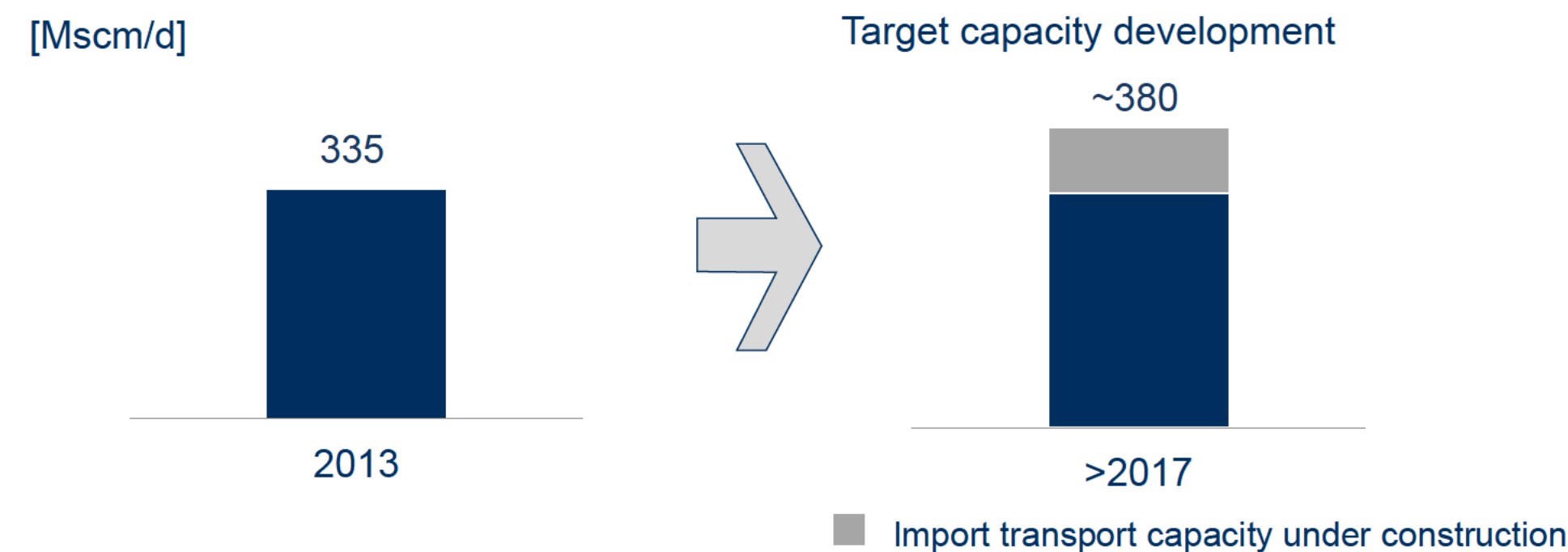
### Capacity at entry points from South

- +8 Bcm

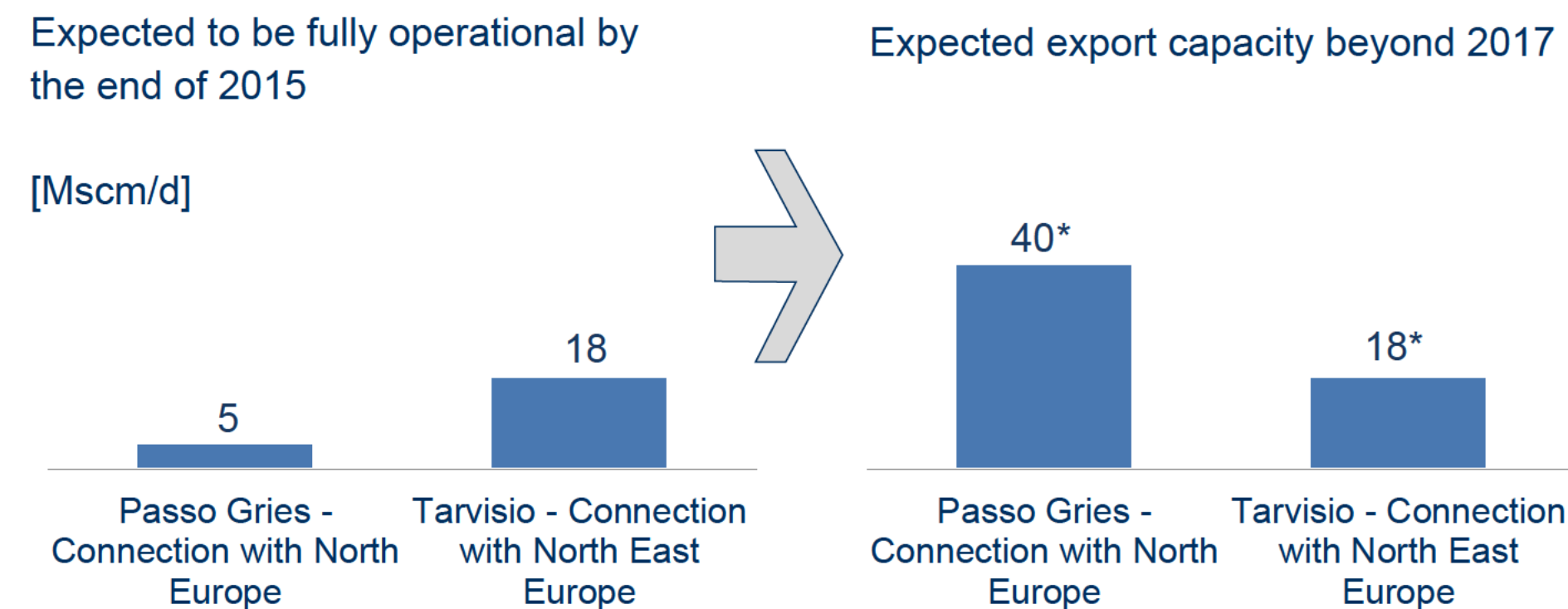


# Gas Flow Trends in Italy

## Import transport capacity to accommodate more diversified gas flows

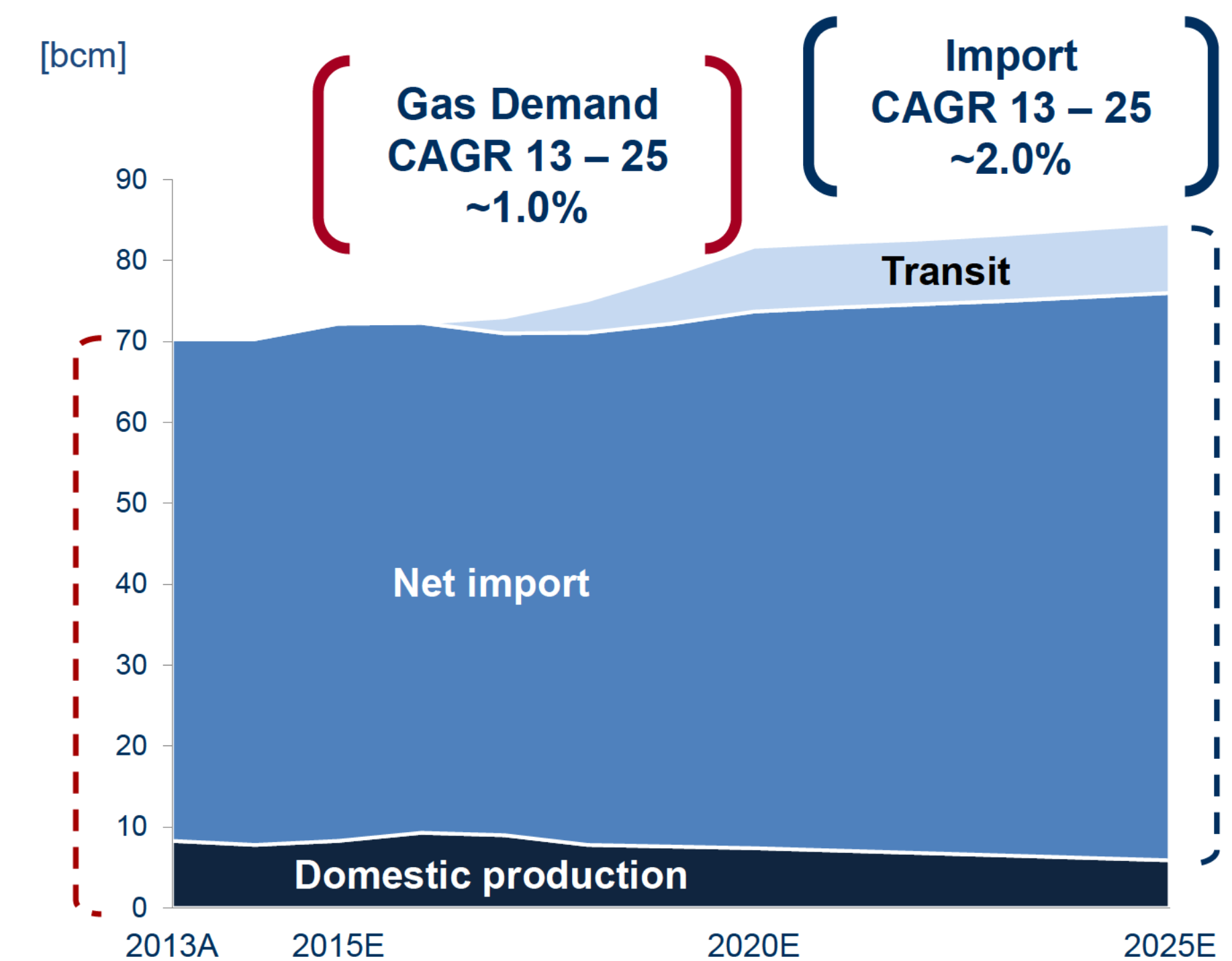


## Italian export capacity



\* Maximum daily export capacity is 40Mscm/d

## Italian gas flows



Source: Italian Ministry of Economic Development and Snam estimates



## Snam network to play a transit role from South to North