

Snam Company profile

Snam is Europe's leading gas utility. Founded in 1941 as "Società Nazionale Metanodotti", it has been building and managing sustainable and technologically advanced infrastructure guaranteeing energy security for over 75 years. Snam operates in Italy and, through subsidiaries, in Albania (AGSCo), Austria (TAG and GCA), France (Terēga), Greece (DESFA) and the United Kingdom (Interconnector UK). It is one of the main shareholders of TAP (Trans Adriatic Pipeline) and is the company most involved in projects for the creation of the Energy Union.

First in Europe by transport network size (about 32,600 km in Italy, more than 41,000 with international subsidiaries) and natural gas storage capacity (16.9 billion cubic meters in Italy, more than 20 billion with international subsidiaries), Snam manages the first liquefied natural gas (LNG) plant built in Italy and is a shareholder of Adriatic LNG, the country's main terminal and one of the most strategic in the Mediterranean, and - via DESFA - the Greek terminal in Revithoussa, with a total pro rata regasification capacity of around 6 billion cubic metres per year.

Snam's business model is based on sustainable growth, transparency, nurturing talent, and development of local areas by constantly listening to and exchanging dialogues with local communities, also thanks to the social initiatives of the Snam Foundation. Through the "Snamtec" project, launched under the scope of the 2018-2022 business plan, Snam has given a great boost to investments for energy transition, focused on technology initiatives, innovation and R&D supporting large national and international networks and green economy businesses, like sustainable mobility, renewable gas, hydrogen and energy efficiency.

Corporate bodies

BOARD OF DIRECTORS ^(*)

Chairman

Carlo Malacarne ⁽¹⁾

Chief Executive Officer

Marco Alverà ⁽¹⁾

Directors

Sabrina Bruno ^{(2) (3)}

Monica De Virgiliis ^{(1) (2)}

Francesco Gori ^{(2) (3)}

Yunpeng He ⁽¹⁾

Lucia Morselli ^{(1) (2)}

Elisabetta Oliveri ^{(2) (3)}

Alessandro Tonetti ⁽¹⁾

BOARD OF STATUTORY AUDITORS ^(*)

Chairman

Leo Amato ⁽⁴⁾

Statutory auditors

Massimo Gatto ⁽⁵⁾

Maria Luisa Mosconi ⁽⁴⁾

Alternate auditors

Sonia Ferrero ⁽⁵⁾

Maria Gimigliano ⁽⁴⁾

CONTROL, RISK AND RELATED-PARTY TRANSACTIONS COMMITTEE

Elisabetta Oliveri - Chairman

Sabrina Bruno

Lucia Morselli

APPOINTMENTS COMMITTEE

Francesco Gori - Chairman

Monica De Virgiliis

Alessandro Tonetti

REMUNERATION COMMITTEE

Monica De Virgiliis - Chairman

Elisabetta Oliveri

Alessandro Tonetti

SUSTAINABILITY COMMITTEE ^(**)

Sabrina Bruno - Chairman

Yunpeng He

Lucia Morselli

INDEPENDENT AUDITING FIRM ^(***)

PricewaterhouseCoopers S.p.A.

(*) Appointed by the Shareholders' Meeting on 27 April 2016 and in office until the date of the Shareholders' Meeting that shall be called in 2019 to approve the financial statements as at 31 December 2018.

(**) Instituted by the Board of Directors on 11 May 2016.

(***) Engaged by the Shareholders' Meeting on 24 April 2018 for the period 2018-2026.

(1) Candidate directors on the list presented by shareholder CDP Reti S.p.A.

(2) Independent directors pursuant to the TUF and the Code of Corporate Governance.

(3) Directors that were candidates on a list submitted jointly by Institutional Investors.

(4) Candidate standing auditors on the list presented by shareholder CDP Reti S.p.A.

(5) Directors that were candidates on a list submitted jointly by Institutional Investors.

Group structure as at 31 December 2018

The changes in the consolidation area of the Snam Group as at 31 December 2018, as compared with that in place as at 31 December 2017, regarded the entrance into the consolidation scope of the Companies¹: (i) Snam International B.V. (GasBridge 2 B.V. until 31 July 2018), following the share swap transaction with Fluxys, completed on 26 April 2018, after which Snam became the sole shareholder of GasBridge 2 B.V. and Fluxys, sole shareholder of GasBridge 1 B.V.; (ii) Asset Company 4 S.r.l., a newly established company held 100% by Snam S.p.A.; (iii) Tep Energy Solution S.r.l., held 82% by Asset Company 4 S.r.l. and operating in the energy efficiency sector as Energy Service Company (ESCO) following the acquisition of 82% of the company's share capital effective as of 30 May 2018; (iv) IES Biogas, operating in the design, development and management of biogas and biomethane production plants, following the acquisition on 05 July 2018 of 70% of the company's share capital; (v) Cubogas S.r.l., a newly established company following the acquisition on 25 July 2018, from M.T.M., a company of the Westport Fuel Systems group, of the business unit dedicated to technological solutions for natural gas vehicle refuelling stations; (vi) Enersi Sicilia S.r.l., a company authorised to develop infrastructure to produce biomethane from the organic fraction of municipal solid waste ("OFMSW") in the province of Caltanissetta, following the acquisition of 100% of the company's share capital with effect as from 29 November 2018.

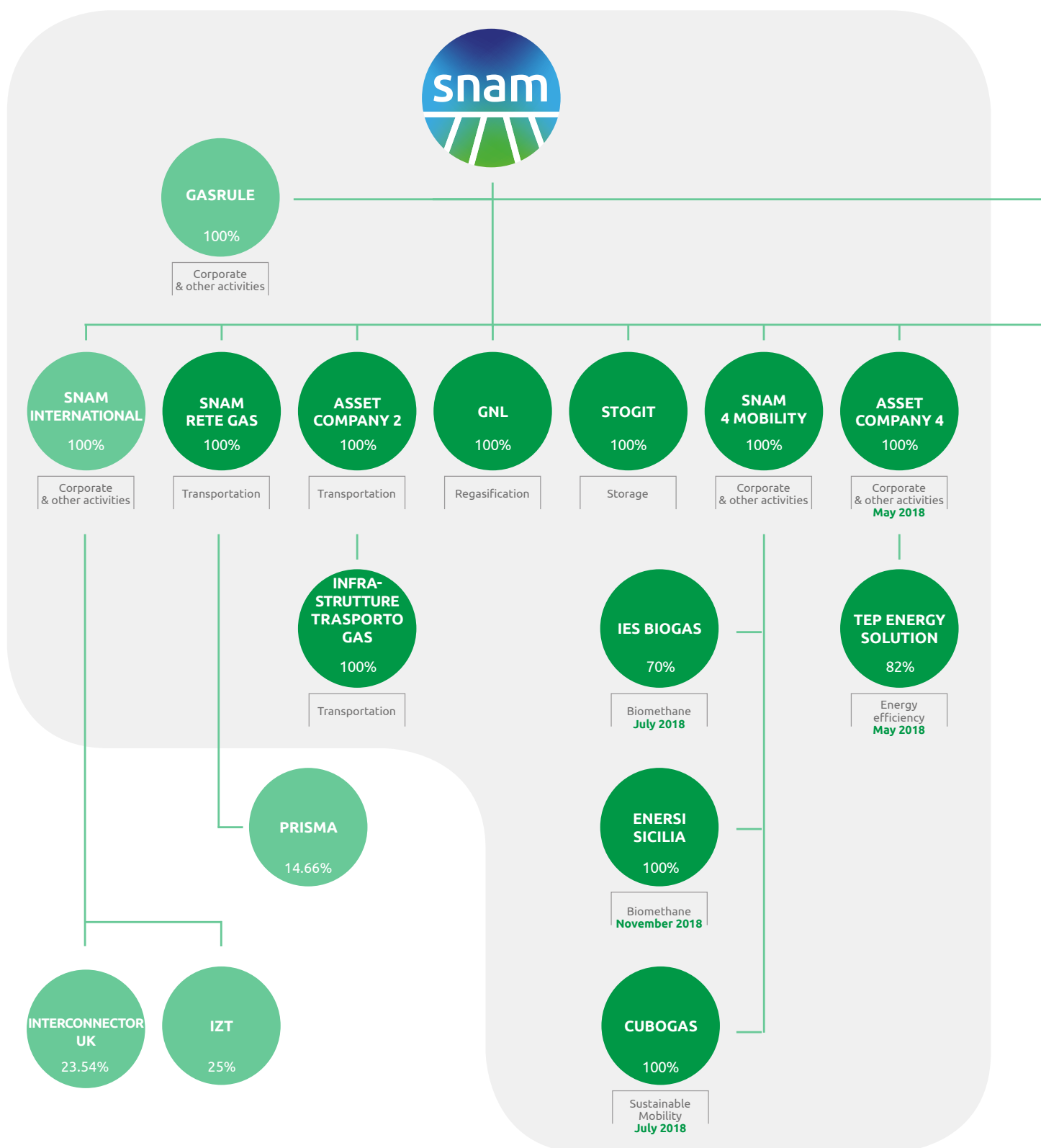
The aforementioned companies were consolidated, under the "Corporate and other activities"² sector.

¹ For more information, refer to the section "Summary data and information – Main events" of this Report.

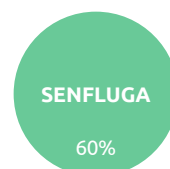
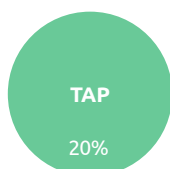
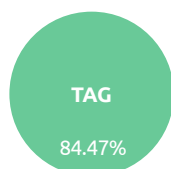
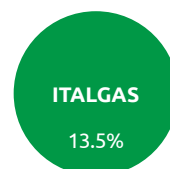
² In compliance with IFRS 8 "Operating segments", the "Corporate and other activities" sector is not an operating segment, which is defined on the basis of the internal reporting used by the Company's management for allocating resources to the different segments and for analysing the respective performances.

NFS Group structure as at 31 December 2018

The structure of the Snam Group as at 31 December 2018³ is shown below:

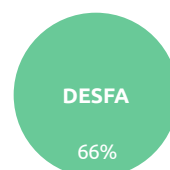


³ More information can be found in the Appendix "Snam S.p.A. equity investments at 31 December 2018" to the Notes to the consolidated financial statements.

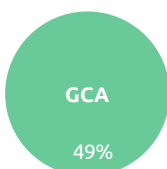


February 2018

December 2018



December 2018



Highlights

Financial



Total revenue

2,528 million euro

+87 million euro (+3.6%)

Free cash flow

+1,161 million euro

Adjusted results

Adjusted EBIT

+42 million euro (+3.1%)

Adjusted net profit

+70 million euro (+7.4%)

Reported net profit

960 million euro

+63 million euro (+7.0%)

Supported the strategy with Technical investments

for **882** million euro

and equity investments

for **205** million euro

Acquired in 2018

113,881,762 Snam shares

for a total cost

of 426 million euro

Proposed dividend

0.2263 euro per share

Operating



Gas injected in the national network

72.82 billion cubic metres

Gas Demand

72.66 billion cubic metres

Storage capacity conferred

12.4 billion cubic metres (+0.2 billion)

99.7% of available capacity

Sustainability



New natural gas emissions target

-25% in 2025 vs 2016

Natural gas emissions

-7.9% on 2016

Number of employee and contract worker injuries

-36% on 2017

Hours of training provided

107,771

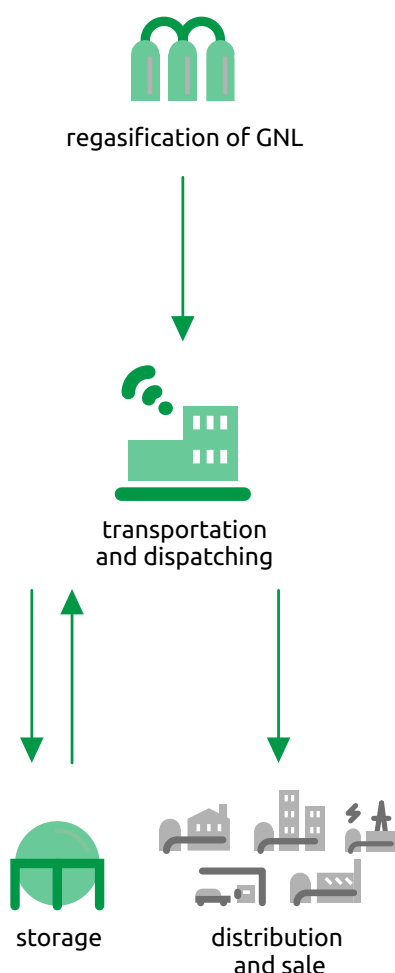
+26% on 2017

Snam Profile



NFS Summary

Snam: integrated network to drive the energy sector evolution



Snam is Europe's top operator in the implementation and integrated management of natural gas infrastructure. With approximately 3,000 employees, it conducts regulated gas segment activities in Italy and is a leading European operator in terms of regulatory asset base (RAB). Snam operates in and assures the integrated, efficient management of the transmission, dispatch and storage of natural gas, as well as the regasification of liquefied natural gas (LNG).

Snam operates in Europe's major markets through agreements with the leading industry players and direct equity investments in the share capital of various companies. Snam also offers engineering and technical-operational services for gas operators in national and international markets.

Snam's business is mainly focused on regulated activities and is capital intensive. Regulation makes provision for tariff systems that cover the costs incurred by the operator and for a fair return on invested capital. Snam is therefore able to maintain a **limited risk profile** and to **provide its shareholders with attractive and sustainable returns**, while ensuring that it provides its services to all operators in a non-discriminatory manner and with the **highest standards of quality and safety**.

The company actively promotes **the use of natural gas as a flexible, low environmental-impact energy source** in the classic industrial and residential sectors, as well as in generation and transport. In recent years, Snam has launched numerous projects aimed at assuring the promotion of a more sustainable, efficient energy system, developing initiatives and interventions under the scope of energy efficiency, compressed natural gas (CNG), biomethane and liquefied natural gas (LNG).

To fulfil its role as an integrated gas player in an effective, efficient manner, Snam has redesigned its organisational structure towards a "One company" divided into business units and staff functions, renewed with a view to simplifying processes, efficiency and continuous improvement. The four business units respectively supervise: the management of transmission, storage and regasification activities carried out by **Italian subsidiaries**, the coordination of **foreign holdings**, the **development and commercial** activities, and the **development of services dedicated to operators in the gas sector**.

The company has been listed on the Italian Stock Exchange since 2001. The Snam security is included not only on the Italian FTSE Mib stock exchange, but also on some of the most important international indices (Stoxx Europe 600 and Stoxx Europe 600 Utilities) and on numerous sustainability indices, including some of the most prestigious, like the Dow Jones Sustainability World Index and the FTSE4Good; it is also high up in the ESG ratings of MSCI, Sustainalytics and Vigeo.

In the current context of change to the energy balances and increasing awareness of the impacts of our actions on the climate, Snam's role is increasingly central toward achieving the national and European commitments to mitigate the effects of climate change and develop decarbonised economies at accessible costs.

In November 2018, Snam launched its new **Strategic Plan** for the period **2019-2022**, marking out the route that would allow the company to generate sustainable growth and value for its stakeholders over the next few years, as well as to rise to the challenges connected with climate change.

The targets set in the new Strategic Plan, all of which are improvements on the previous one, aim to create continuous value from regulated activities and ensure a growing presence in the energy transition sector in which biomethane may play an increasingly important role. Snam's desire to make a commitment to reduce the environmental impact of its activities and help develop the energy transition, is confirmed by a dedicated investment plan called Snamtec and by the 2018 **acquisitions** aimed at expanding upon the company's know-how with regards to decarbonisation technology.

Over the next few years, the company will continue its efficient development of the core business and to expand its business into the segments of **energy efficiency**, **sustainable mobility**, **biomethane** and innovative

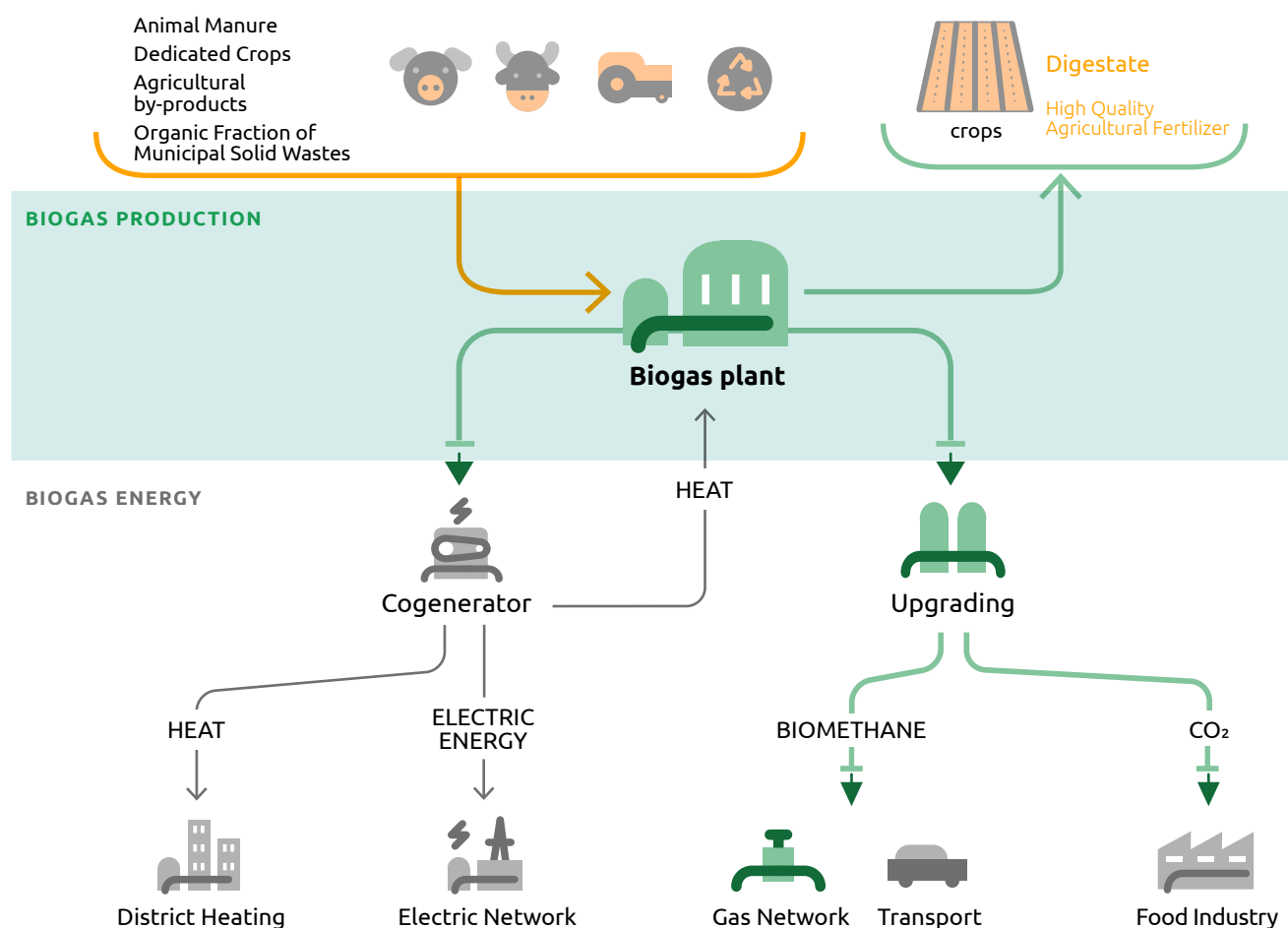
technologies in support of the use of renewable gas, a key resource for the development of the green economy of the national green economy.

The ease of transmission and storage of natural gas makes it possible to develop multiple projects linked to the promotion of **compressed natural gas (CNG)** for vehicles and **liquefied natural gas (LNG)** in heavy goods transport both overland and by sea. In this context, the next few years will see Snam committed to **strengthening the existing infrastructure** with a view to extending the network of **natural gas refuelling stations**.

The Company offers a point of reference in the integration into the Italian energy mix of **biomethane**, a renewable, programmable source that optimises existing transmission and storage infrastructures and allows for an increase in national production and reduction of Italian energy dependency, at the same time also helping reduce waste and greenhouse gas emissions in the Italian agricultural-food sector.

Snam: the biomethane network

FEEDING



2018 - Snam and the new brand identity

In March 2018, Snam re-launched its brand identity, renewing the logo and values that will accompany the group in its future challenges, from the development of infrastructures to guarantee stable, secure energy supplies, through to the development of gas as a renewable source.

“**Energy to inspire the world**” is the message around which Snam’s strategic repositioning is hinged, in an increasingly global market that is characterised by changes and innovations that are transforming energy and environmental scenarios.

In 2018, growth in the core business of regulated activities continued, also involving the December acquisition, through a European consortium, of **DESFA**, the Greek national natural gas infrastructures operator. With reference to the energy transition, Snam has completed investments in the development of new businesses aimed at fostering decarbonisation and a better use of energy, in particular in the **biomethane** segment (IES Biogas and Enersi Sicilia), **sustainable mobility** (Cubogas) and **energy efficiency** (TEP Energy Solution).

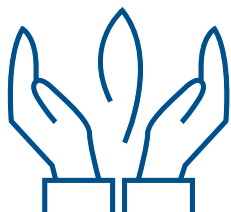
We have stipulated important agreements for the development of sustainable mobility, including through the possible development, as part of a partnership, of certain micro-liquefaction plants and agreements in China for the supply of services and evaluation of possible collaborations, in biomethane, in the research and development of renewable gas, in sustainable mobility and in storage. More specifically, as at 31 December 2018, a total of 50 CNG/L-CNG, biomethane and bio LNG refuelling stations had been contracted, of which 34 with Eni.

With the aim of globally optimising the consolidated experience of Snam, under the scope of the activities carried out by the **Snam Global Solution** business unit, we have established a joint venture with the Albanian infrastructure operator Albgaz, aimed at supplying services connected with the operation and maintenance (O&M) of gas pipelines in Albania.

During the year, moreover, the non-recourse financing of TAP was completed, the largest project finance operation for a European greenfield infrastructural project in 2018. Named “Project Finance deal of the year” for the Oil & Gas sector by Project Finance International (PFI), the project refers to a total amount financed of 3.9 billion euro, in which Snam played a role in supporting and coordinating the project, together with the other sponsors, and which involved institutional lenders like the EIB (which individually financed the project with 700 million euro), BERS and various export credit agencies, such as SACE, BPI France and Euler Hermes, as well as 17 international commercial banks.

2017

75 YEARS OF SNAM



In 2017 Snam celebrated its first **75 years of activity**, proving that the ability to put its commitment and skills to the service of the community and to keep a constant dialogue with the territories are and will be the key to its success. With the acquisition from Edison of 100% of the share capital of **Infrastrutture Trasporto Gas** and a **7.3% share in Adriatic LNG**, Snam has notably further strengthened its infrastructures in Italy and managed to build further synergies in the integrated management of the entire gas system, connecting to the national transport network a strategic entry point for the Italian natural gas market.

Concerning the commitment to sustainable development, in December 2017 Snam entered into the first executive contract for the development of methane supply stations in Italy starting the activities of Snam 4 Mobility S.p.A. (wholly owned by Snam).

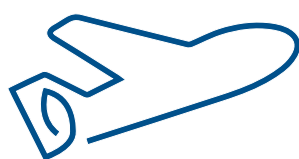
2016



In 2016, Snam completed the separation of its distribution business, acquired a new organisation and continued its path toward development

As at 7 November 2016, a corporate transaction was successfully completed that resulted in the separation of Snam from the national gas distribution business in Italy, whereby the Snam Group sought to strengthen and enhance its leadership in Europe in its core business: natural gas transportation, storage and regasification. Also in connection with the aforementioned transaction, in October Snam defined a new organisational structure, designed to be an instrument that enables focused management and control of the strategic guidelines of the plan and more efficient and effective operational management, including through the simplification of decision-making processes. Pursuant to the strategy of strengthening and enhancing leadership on the European gas market, on 16 December 2016 Snam, in a joint venture with Allianz, completed the acquisition from OMV of 49% of Gas Connect Austria GmbH (GCA), with an indirect equity investment of 19.6% in the company share capital for Snam.

2012/ 2015

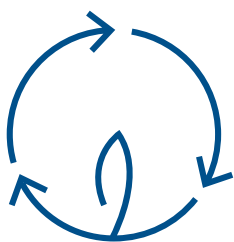


Snam separates from Eni and expands its scope of activity to cover Europe

On 1 January 2012, the Company changed its name from Snam Rete Gas to Snam and transferred the gas transportation business to a new company, which inherited the respected Snam Rete Gas name. The ownership unbundling from Eni was completed on 15 October 2012 through the sale of approximately 30% of Snam's capital to CDP Reti S.r.l., and Snam began its path toward growth in Europe. Having acquired 31.5% of Interconnector UK in 2012 as part of a joint venture with Fluxys, Snam (45%; 40.5% as at 31 December 2018 following the entry of Credit Agricole Assurances (CAA) in the corporate structure of TIGF Holding), alongside the Singapore sovereign wealth fund GIC (35%) and EDF (20%), successfully completed the acquisition of TIGF (renamed Terêga) from Total in July 2013, active in gas transportation and storage in south-west France, with a gas transportation network over 5,000 km and two storage fields. On 19 December 2014, the Company acquired from CDP Gas S.r.l. 84.47% (equivalent to 89.22% of the economic rights) of Trans Austria Gasleitung GmbH (TAG), the

company that owns the Austrian section of the gas pipeline linking Russia and Italy. The objective of those transactions was to increase and enhance Snam's industrial capacity in the integrated management of natural gas transportation and storage infrastructure. Snam's international development continued with the acquisition of a 20% stake in Trans Adriatic Pipeline AG (TAP), the company responsible for developing the pipeline that will run from the Turkey-Greece border to Italy along the Southern corridor, enabling gas produced in Azerbaijan to reach European markets. Our investment in the project will consolidate the primary position of Snam and Italian infrastructure in improving competition between energy sources and securing gas supplies for Europe.

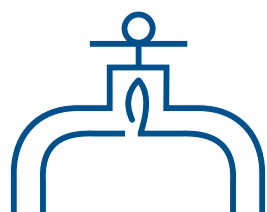
**2009/
2011**



The integration of all regulated gas activities

In 2009, the Company acquired 100% of Stogit, Italy's largest natural gas storage field operator, and 100% of Italgas, the country's biggest gas distributor. This added the other two regulated gas activities in Italy to Snam's offering: storage and distribution. The June 2009 transaction turned Snam into a key integrated regulated gas activities operator, and the largest by regulatory asset base (RAB) in mainland Europe

**1941/
2008**



Methanisation in Italy and expansion of the gas infrastructure, up to listing on Borsa Italiana

Snam (Società Nazionale Metanodotti) has provided integrated natural gas supply, transportation and sale services in Italy since 1941. It gradually put together an intricate system of methane pipelines, covering the whole of Italy, and built important pipelines that today allow the country to import from different areas: from Russia, the Netherlands, Algeria, the North Sea, and Libya. In 1971, Snam designed and built Italy's first liquefied natural gas (LNG) regasification plant at Panigaglia, in the Gulf of La Spezia. Snam Rete Gas was incorporated on 15 November 2000 to house all Snam's Italian transportation, dispatching and LNG regasification activities. The unbundling of these activities was decided pursuant to the Letta Decree (164/2000), which transposed the European Directive on the liberalisation of the European gas market. On 6 December 2001, after the Electricity and Gas Authority (today the Energy Grid and Environment Regulation Authority - ARERA) issued a resolution establishing the criteria for defining transportation tariffs, Snam Rete Gas was listed on the stock exchange.



Snam presence in Italy and in the international infrastructure system



2012

1 Interconnector (23.54%)

235 km undersea pipeline between Bacton (UK) and Zeebrugge (Belgium)

1 terminal and 1 compression station at Bacton, and 1 terminal and 1 compression station at Zeebrugge (totalling 260 MW)



2013

2 Terëga (40.5%)

5,050 km of network; 6 compression stations (114 MW)

About 15% of French totale gas volume

5.8 bn m³ of storage capacity (2.8 bn m³ working gas): around 25% of national capacity



2014

3 TAG (84.47%)

3 parallel pipelines of about 380 km each

5 compression stations (421 MW)





2015

4 TAP (20%)

Assets under development: final section of the South gas Corridor from Azerbaijan to Europe.

878 km long (773 km on-shore and 105 km off-shore) through Greece, Albania, Adriatic sea and Italy.

Initial capacity of 10 bn m³/year, which can be increased to 20 bn m³/year.

Expected to come into service in 2020



2016

5 GCA (49% via AS Gasinfrastructure)

554 km of transportation network

315 km of distribution network

5 compression stations (totalling 145 MW)



2018

6 DESFA (66% via Senfluga)

1,450 km of transportation network:

- 2 entry point (Bulgaria and Turkey)

- 1 exit point (Bulgaria)

1 LNG terminal (5 bn m³/year)

1 compression station

INFRASTRUCTURE IN ITALY

NATURAL GAS TRANSPORTATION

→ ENTRY POINT 8

⇄ REVERSE FLOW

COMPRESSOR STATION 13

PIPELINES UNDER OPERATIONS

NATURAL GAS STORAGE

OPERATING CONCESSIONS 9

LNG REGASIFICATION

REGASIFICATION PLANT 1

INVESTMENTS OVERSEAS

INTERNATIONAL PIPELINES

COMPRESSOR STATION

STORAGE FIELDS

REGASIFICATION PLANT

