Condensed interim consolidated financial statements

BALANCE SHEET

(€ million)

	Notes	31.12.2013 Total	31.12.2013 *of which with related parties*	30.06.2014 Total	30.06.2014 *of which with related parties*
ASSETS					
Current assets					
Cash and cash equivalents		2		2	
Trade and other receivables	(5)	2,442	*676*	2,067	*473*
Inventories	(6)	156		162	
Current income tax assets		15		28	
Other current tax assets		8		8	
Other current assets	(7)	95		65	
		2,718		2,332	
Non-current assets					
Property, plant and equipment	(8)	14,851		14,969	
Compulsory inventories		363		363	
Intangible assets	(9)	4,710		4,735	
Equity-accounted investments	(10)	1,024		1,008	
Other non-current assets	(11)	147		151	
		21,095		21,226	
Non-current assets held for sale	(12)	**23**		23	
TOTAL ASSETS		**23,836**		23,581	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term financial liabilities	(13)	1,947	*11*	1,503	*7*
Short-term portion of long-term financial liabilities	(17)	303	*3*	182	
Trade and other payables	(14)	1,898	*405*	1,274	*222*
Current income tax liabilities	(15)	95		53	
Other current tax liabilities	(15)	47		48	
Other current liabilities	(16)	88		74	
		4,378		3,134	
Non-current liabilities					
Long-term financial liabilities	(17)	11,078	*400*	12,047	
Provisions for risks and charges	(18)	837		842	
Provisions for employee benefits		124		126	
Deferred tax liabilities	(19)	727		687	
Other non-current liabilities	(20)	691		682	
		13,457		14,384	
Liabilities directly associated with assets held for sale	(12)	**7**		7	
TOTAL LIABILITIES		**17.842**		17,525	
SHAREHOLDERS' EQUITY	(21)				
Snam shareholders' equity					
Share capital		3,571		3,571	
Reserves		1,850		1,928	
Net profit		917		561	
Treasury shares		(7)		(5)	
Interim dividend		(338)			
Total Snam shareholders' equity		**5,993**		6,055	
Minority interests		**1**		1	
TOTAL SHAREHOLDERS' EQUITY		**5,994**		6,056	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**23,836**		23,581	

INCOME STATEMENT

(€ million)

	Notes	First half 2013 Total	First half 2013 *of which with related parties*	First half 2014 Total	First half 2014 *of which with related parties*
REVENUE	(23)				
Core business revenue		1,839	*1,218*	**1,867**	***1,132***
Other revenue and income		66	*2*	**55**	***11***
Total revenue		**1,905**		**1,922**	
OPERATING COSTS	(24)				
Purchases, services and other costs		(339)	*(17)*	**(324)**	***(22)***
Personnel expense		(170)		**(170)**	
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES	(24)	**(376)**		**(384)**	
EBIT		**1,020**		**1,044**	
FINANCIAL INCOME (EXPENSE)	(25)				
Financial income		3		**11**	
Financial expense		(265)	*(6)*	**(217)**	***(3)***
Derivatives				**2**	
		(262)		**(204)**	
INCOME (EXPENSE) ON EQUITY INVESTMENTS	(26)				
Equity method valuation effect		**35**		**49**	
		35		**49**	
PRE-TAX PROFIT		**793**		**889**	
Income taxes	(27)	(331)		**(328)**	
Net profit		462		**561**	
Attributable to:					
- Snam		462		**561**	
- Minority interests					
Profit per share (€ per share)	(28)				
- basic		0.14		**0.17**	
- diluted		0.14		**0.17**	

STATEMENT OF COMPREHENSIVE INCOME

(€ million)

	Notes	First half 2013	First half 2014
Net profit		**462**	**561**
Other components of comprehensive income			
Components that can be reclassified to the income statement:			
Change in fair value of cash flow hedge derivatives			**(2)**
Portion of equity investments valued using the equity method pertaining to "other components of comprehensive income"		(8)	**3**
Tax effect			
Total other components of comprehensive income, net of tax effect		**(8)**	**1**
Total comprehensive income	(21)	**454**	**562**
Attributable to:			
- Snam		454	**562**
- Minority interests			
		454	**562**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ million)	Snam shareholders' equity													
	Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Cash flow hedge reserve	Reserve for remeasurement of employee benefit plans, IAS 19	Other reserves	Retained earnings	Treasury shares	Interim dividend	Net profit	Total	Minority interests	Total shareholders' equity
Shareholders' equity at 31 December 2012	**3,571**	**(1,701)**	**1,772**	**714**		**(13)**	**12**	**1,131**	**(12)**	**(338)**	**779**	**5,915**	**1**	**5,916**
Profit for first half of 2013											462	462		**462**
Other components of comprehensive income:														
Components that can be reclassified to the income statement														
- Share of "other components of comprehensive income" represented by equity-accounted investments							(8)					(8)		**(8)**
							(8)					**(8)**		**(8)**
Comprehensive income for first half of 2013							**(8)**				**462**	**454**		**454**
Transactions with shareholders:														
- 2012 dividend distribution (€0.15 per share as a balance on the interim dividend of €0.10 per share)			(455)					389		338	(779)	(507)		**(507)**
- Disposal of treasury shares for stock option plans			4				(5)		4			3		**3**
			(451)				**(5)**	**389**	**4**	**338**	**(779)**	**(504)**		**(504)**
Shareholders' equity at 30 June 2013	**3,571**	**(1,701)**	**1,321**	**714**		**(13)**	**(1)**	**1,520**	**(8)**		**462**	**5,865**	**1**	**5,866**
Profit for second half of 2013											**455**	**455**		**455**
Other components of comprehensive income														
Components that cannot be reclassified to the income statement														
- Actuarial (losses)/gains from remeasurement on defined-benefit obligations net of tax effect						4						4		**4**
						4						**4**		**4**
Components that can be reclassified to the income statement														
- Share of "other components of comprehensive income" represented by equity-accounted investments net of tax effect							3					3		**3**
- Change in fair value of cash flow hedge derivatives (effective share)					(1)							(1)		**(1)**
					(1)		**3**					**2**		**2**
Comprehensive income for second half of 2013					**(1)**	**4**	**3**				**455**	**461**		**461**
Transactions with shareholders:														
- 2013 interim dividend (€0.10 per share)										(338)		(338)		**(338)**
- Disposal of treasury shares for stock option plans			1				(1)		1			1		**1**
			1				**(1)**		**1**	**(338)**		**(337)**		**(337)**
Other changes in shareholders' equity:														
- Equity method valuation effect							4					4		**4**
							4					4		**4**
Shareholders' equity at 31 December 2013 (Note 21)	**3,571**	**(1,701)**	**1,322**	**714**	**(1)**	**(9)**	**5**	**1,520**	**(7)**	**(338)**	**917**	**5,993**	**1**	**5,994**

(€ million)		Snam shareholders' equity													Minority interests	Total shareholders' equity
		Share capital	Consolidation reserve	Share premium reserve	Legal reserve	Cash flow hedge reserve	Reserve for remeasurement of employee benefit plans, IAS 19	Other reserves	Retained earnings	Treasury shares	Interim dividend	Net profit	Total			
Shareholders' equity at 31 December 2013	(Nota 21)	**3,571**	**(1,701)**	**1,322**	**714**	**(1)**	**(9)**	**5**	**1,520**	**(7)**	**(338)**	**917**	**5,993**		**1**	**5,994**
Profit for first half of 2014												561	561			**561**
Other components of comprehensive income:																
Components that can be reclassified to the income statement																
- Share of "other components of comprehensive income" represented by equity-accounted investments								3					3			**3**
- Change in fair value of cash flow hedging derivatives (effective share)						(2)							(2)			**(2)**
						(2)		**3**					**1**			**1**
Comprehensive income for first half of 2014						**(2)**		**3**				**561**	**562**			**562**
Transactions with shareholders:																
- 2013 dividend distribution (€0.15 per share as a balance on the interim dividend of €0.10 per share)									72		338	(917)	(507)			**(507)**
- Disposal of treasury shares for stock option plans				2				(2)		2			2			**2**
				2				**(2)**	**72**	**2**	**338**	(917)	**(505)**			**(505)**
Other changes in shareholders' equity:																
- Equity method valuation effect								5					5			**5**
								5					5			**5**
Shareholders' equity at 30 June 2014	(Nota 21)	**3,571**	**(1,701)**	**1,324**	**714**	**(3)**	**(9)**	**11**	**1,592**	**(5)**		**561**	**6,055**		**1**	**6,056**

STATEMENT OF CASH FLOWS

(€ million)	Note	First half 2013	First half 2014
Net profit		462	561
Adjustments for reconciling profit for the period with cash flow from operating activities:			
Amortisation and depreciation	(24)	376	384
Equity method valuation effect	(26)	(35)	(49)
Net capital losses (capital gains) on asset sales, cancellations and eliminations		(2)	5
Interest income		(3)	(11)
Interest expense		225	178
Income taxes	(27)	331	328
Changes in working capital:			
- Inventories		47	21
- Trade receivables		(56)	509
- Trade payables		133	(420)
- Provisions for risks and charges		1	(16)
- Other assets and liabilities		118	(288)
Working capital cash flows		*243*	*(194)*
Change in provisions for employee benefits		1	2
Dividends collected		1	39
Interest collected		1	4
Interest paid		(215)	(176)
Income taxes paid net of reimbursed tax credits		(325)	(424)
Net cash flow from operating activities		**1,060**	**647**
- of which with related parties	(30)	*1,216*	*1,219*
Investments:			
- Property, plant and equipment	(8)	(304)	(363)
- Intangible assets	(9)	(134)	(149)
- Companies included in the consolidation scope and business units		(10)	
- Change in payables and receivables relating to investments		(139)	(38)
Cash flow from investment activities		*(587)*	*(550)*
Divestments:			
- Property, plant and equipment		1	
- Intangible fixed assets		9	
- Equity investments			7
Cash flows from divestments		*10*	*7*
Net cash flow from investment activities		**(577)**	**(543)**
- of which with related parties	(30)	*(56)*	*(10)*
Taking on long-term financial debt		1,864	1,375
Repaying long-term financial debt		(2,147)	(530)
Increase (decrease) in short-term financial debt		293	(444)
		10	401
Sale of treasury shares		3	2
Dividends paid to Snam shareholders		(507)	(507)
Net cash flow from financing activities		**(494)**	**(104)**
- of which with related parties	(30)	*(330)*	*(602)*
Net cash flow for the period		**(11)**	
Cash and cash equivalents at start of period		**15**	**2**
Cash and cash equivalents at end of period		**4**	**2**