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# OUTLOOK


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Achieving global climate goals will lead to significant investments in decarbonising the energy industry over the next thirty years. Numerous countries, representing over 60% of global emissions, have already announced or are preparing climate neutrality goals. There are excellent development prospects for green gases, in particular hydrogen, which could potentially reach over 25% of the global energy mix by 2050. In particular, it is believed that green hydrogen could be competitive in various sectors in a few years, starting with rail and heavy transportation, thanks to the progressive and already clear reduction in the cost of producing renewable energy, combined with a simultaneous decrease in the cost of electrolyzers. Gas infrastructure represents the most efficient method of transporting green hydrogen.

Snam has set itself the goal of achieving carbon neutrality by 2040, in line with the target to limit global warming to within 1.5° C established under the Paris Climate Agreement. Snam's infrastructure is an enabler of the energy transition and will allow the company to contribute to an overall emissions reduction. The company envisages to transport entirely decarbonised gas by 2050, making of Italy a European hub for hydrogen.

Moreover, Snam is committed to establishing a market positioning across the value chain for both hydrogen and biomethane, thereby contributing to the energy transition also through the supply of energy efficiency services to the residential, industrial and public administration sectors as well as promoting sustainable mobility.

In line with this objective, Snam's corporate purpose "Energy to inspire the world", has been introduced in the company Bylaws, to reflect "the company's commitment to supporting the energy transition through resource use and energy sources compatible with protecting the environment and with progressive decarbonisation".

Environment, Social, Governance (ESG) factors will continue to play a central role in defining the company's strategy and in its management. To that end, Snam has prepared and published a "scorecard" for 13 areas, with 22 material and quantitative objectives, to offer stakeholders a holistic view of its commitment and growing sensitivity to ESG issues, while also allowing them to monitor results.

Snam planned a 7.4 billion euros in investments from 2020-2024, an increase of almost 1 billion euros with respect to the 6.5 billion euros set in the previous plan. Growth is seen in both the core business of regulated infrastructure (6.7 billion euros in investments) and in new energy transition businesses (over 0.7 billion euros in investments, almost doubling the figure in the previous plan). 50% of

the investments called for in the plan are dedicated to replacing and developing assets with hydrogen-compatible standards.

Snam also plans to strengthen the efficiency plan launched in the second half of 2016, with over 70 million euros savings expected by 2022. Additionally, it is expected that activities to optimise the financial structure implemented over the last five years will lead to a reduction in the average cost of gross debt from 2.4% in 2016 to an average of 1.2% over the time horizon of the plan (compared to 1.4% in the previous plan), thanks to actions implemented to take full advantage of current favourable market conditions and improve the interest rate and credit spread scenario with respect to the previous plan. Further possible savings could derive from treasury optimisation, as well as further diversifying sources and increasing sustainable finance instruments.

With reference to the pandemic, restrictions were introduced in Italy to contain the epidemic, by identifying measures to prevent the spread of the disease, including limitations on productive activities, individual movement and socialising. After a slowdown recorded in the summer, in the second half of 2020 the curve of contagion once again began to rise in several countries, especially in Europe, thereby registering an acceleration during the final weeks of the year due to the spread of variants. Consequent fears on the level of impact the variants could reach, and uncertainty linked to the schedule for completing the vaccination programme in Europe, as well as in the rest of the countries with which the company interacts, could give rise to further slowdowns in the returning to normal of the domestic and international economic backdrop.

While at present Snam cannot reliably determine the impacts deriving from Covid-19 on its 2021 targets and in subsequent years, the company foresees a limited impact with respect to the targets for the year in course. To that end, Snam has revised upward its guidance on adjusted net profit for 2021, bringing it to 1,170 million euros, compared to the previous figure of approx. 1,130 million euros announced in November 2020.

Any additional further impacts on economic/financial performance and on the Group's equity situation, as well as on business development plans, will be evaluated in the light of the evolution and duration of the pandemic. The same remarks also apply to possible impacts on development initiatives and on suppliers and clients, as well as for the assets held by the Snam Group outside Italy, specifically in France, Austria, Greece, Albania and the UK.