

This is a translation of the article;

‘Snam Rete Gas, il Cane a sei zampe e le scommesse sull’uscita published in ‘Corriere Della Sera’

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Snam Rete Gas and the six-legged Dog: betting on the spin-off

The operation is not going to be either simple or rapid. However, the time for Snam Rete Gas to progressively be freed from Eni’s control seems to become shorter and shorter. After a (brief) period of silence, (insistent) rumours about the six-legged Dog’s spin-off of the gas business - from transport to stocking – are coming back to life; these activities were concentrated a year ago in “Supersnam”, now encompassing Italgas and Stogit. Hypotheses put forward by analysts are supported by the fact that, by only reducing its current 52% share by half, Eni would obtain 3 billion Euro cash, tax-free, allowing the company to eliminate Snam’s debt from its balance. In addition, a possible spin-off would make it easier for Eni to concentrate its regulated activities in a single business; this would, in turn, increase the necessary financial flexibility to support oil exploration and production, as well as foster a profitable dividend policy. Nevertheless, such an operation is extremely complicated and entails numerous strategic implications; therefore, it will not be carried out in a short time, even though the topic is constantly in Eni’s agenda, according to industrial sources. As a matter of fact, this was officially confirmed by Eni: last December the company admitted the beginning of an assessment process for projects concerning the reorganisation of its regulated activities’ portfolio. However, CEO Paolo Scaroni has recently remarked that, even if disinvesting in Snam is a possibility for Eni, there is no hurry in doing so; he has also underlined that the sale of the controlled company must receive the Government’s approval, in any event.