



Terna 9M14

Consolidated Results

November 12th, 2014

Matteo Del Fante *Chief Executive Officer*

Pierpaolo Cristofori *Chief Financial Officer*

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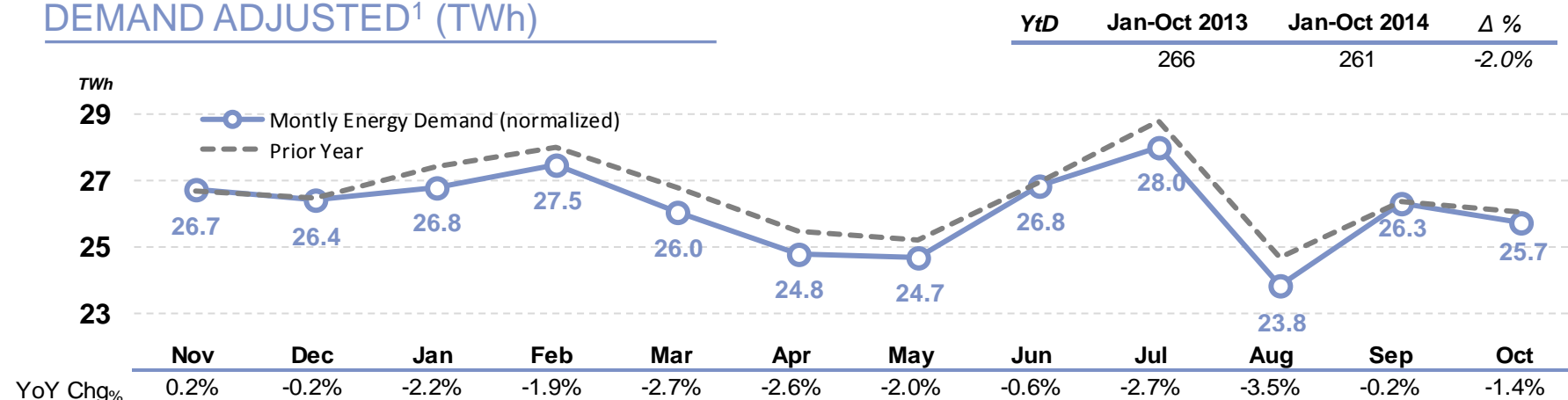
Highlights

Strategic Update

ITALIAN ELECTRICITY DEMAND

- YTD variation remains **negative** (-2.9%)
- More **stable** trend in the last two months

DEMAND ADJUSTED¹ (TWh)

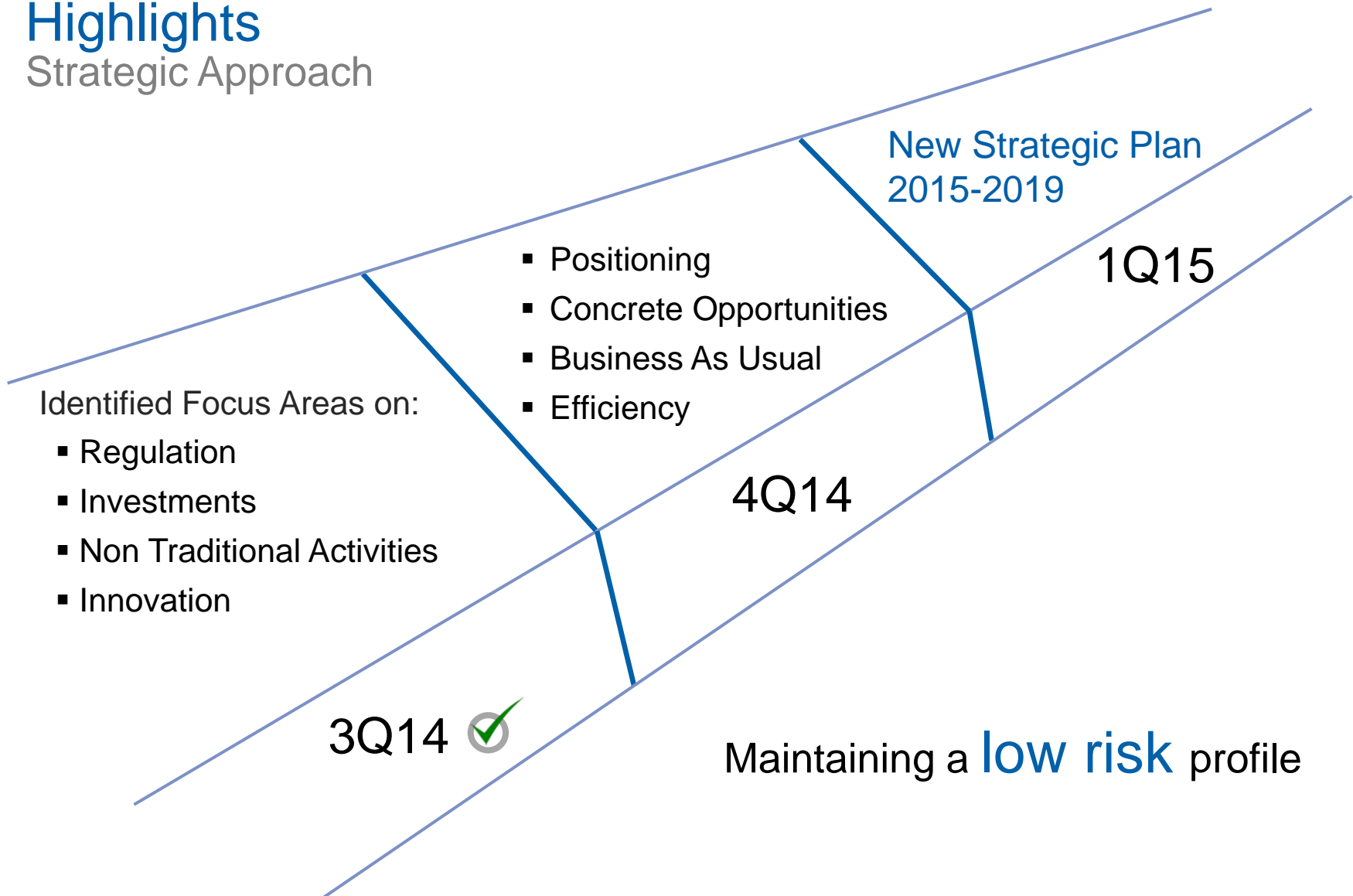


RECENT NEWS-FLOW

- CDP's stake in Terna transferred to **CDP Reti**

Highlights

Strategic Approach



Highlights

Strategic Update

OPPORTUNITIES FOR EXTERNAL GROWTH

- › Italian Railways' High Voltage Grid
- › Greek TSO tender



Industrial approach

M&A to be **value** accretive

9M14 Results

At a Glance

PROFIT & LOSS

Total Revenues
+3.3%_{yoy}
at 1,448_{€mn}

EBITDA
+0.2%_{yoy}
at 1,135_{€mn}

Group Net Income
+1.5%_{yoy}
at 418_{€mn}

NET DEBT & CAPEX

Net Debt
6,688_{€mn}

Total Group Capex
652_{€mn}

9M14 Results

Revenues

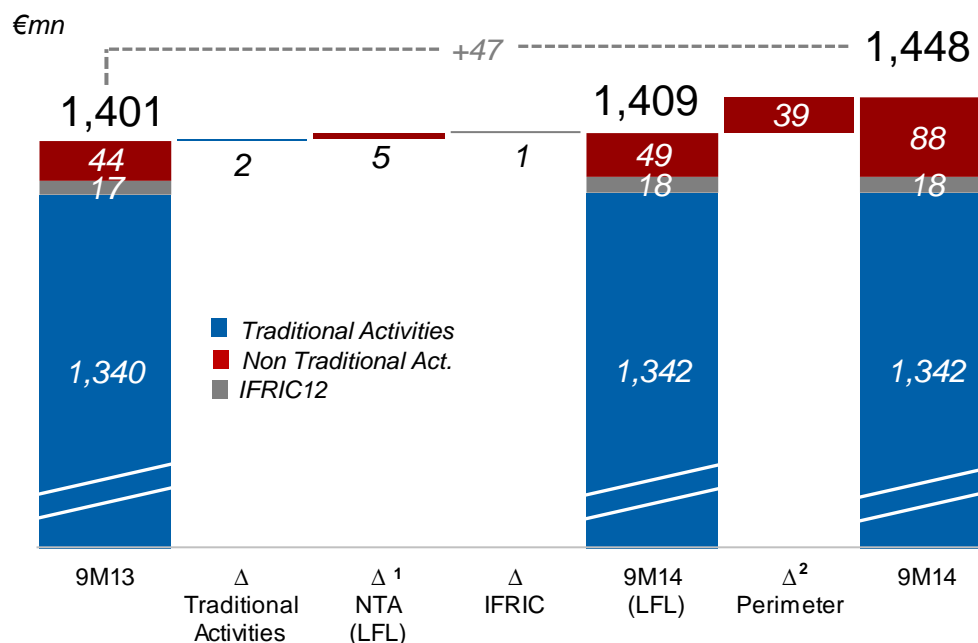
KEY FIGURES

Total Revenues
1,448 €mn
 +3.3%_{yoy}

Traditional Activities
1,342 €mn
 +0.2%_{yoy}

Non Traditional Activities
88 €mn

TOTAL REVENUES EVOLUTION



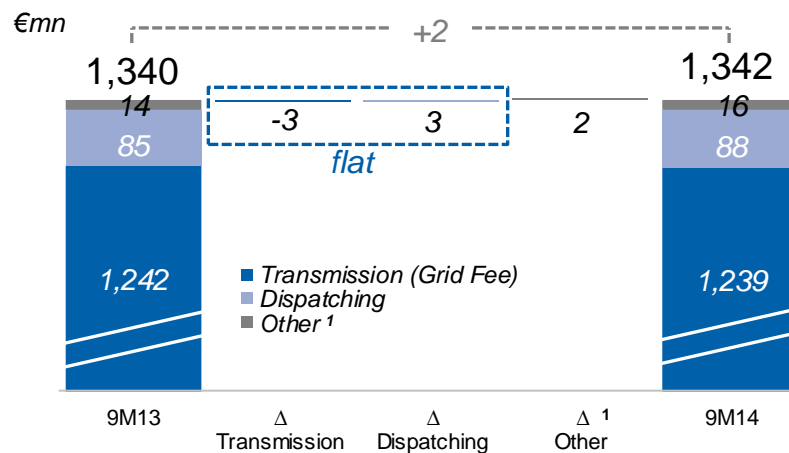
€ mn	9M13	9M14	Δ _{yoy}	Δ % _{yoy}
Traditional Activities	1,340	1,342	2	0.2%
Non Traditional Act.	44	88	44	99.1%
IFRIC12	17	18	1	5.3%
Total	1,401	1,448	47	3.3%

9M14 Results

Revenues Analysis

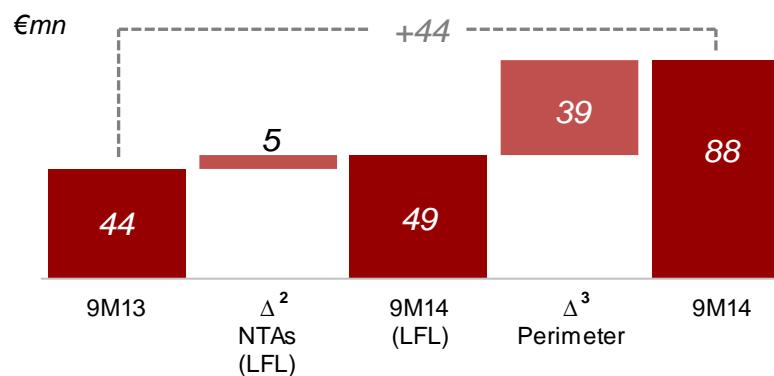
TRADITIONAL ACTIVITIES

1,342 €mn
+0.2% yoy



NON TRADITIONAL ACTIVITIES

88 €mn
o/w Tamini } 39 €mn



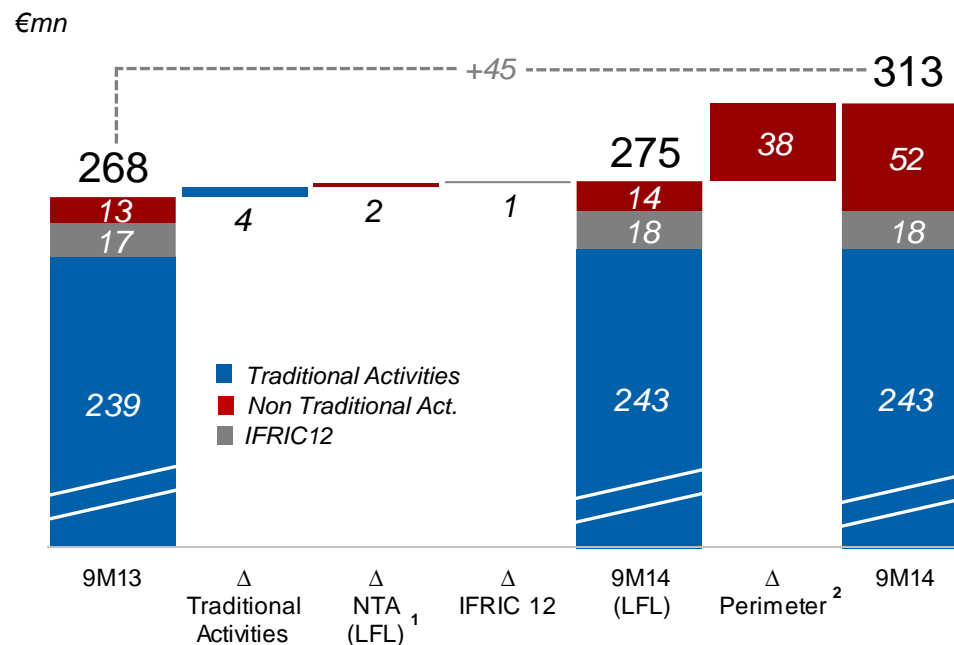
9M14 Results

Costs & EBITDA

KEY FIGURES

Total Costs
313 €mn
 +17%_{yoy}

TOTAL COSTS EVOLUTION



€ mn	9M13	9M14	Δ _{yoy}	Δ % _{yoy}
Traditional Activities	239	243	4	1.8%
Non Traditional Act.	13	52	40	314.3%
IFRIC12	17	18	1	5.3%
Total	268	313	45	16.7%

9M14 Results

From EBITDA to Net Income

KEY FIGURES

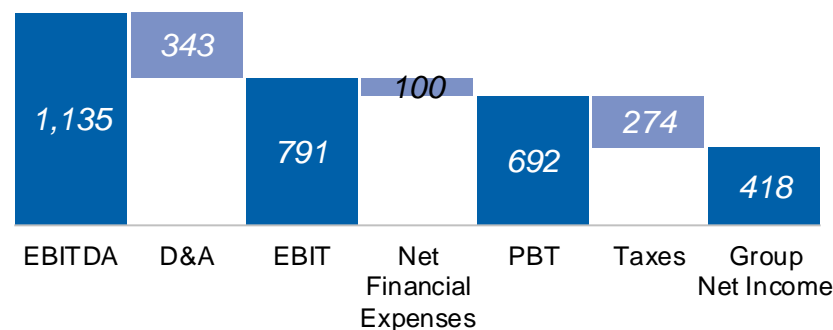
Group EBITDA
1,135 €mn
 +0.2%_{yoy}

Group EBITDA %
78.4%

Group Net Income
418 €mn
 +1.5%_{yoy}

PROFIT & LOSS

€mn



€mn	9M13	9M14	Δ	Δ %
EBITDA	1,133	1,135	2	0.2%
<i>Ebitda %</i>	80.9%	78.4%	-2.5pp	
D&A	322	343	21	6.5%
EBIT	811	791	-19	-2.4%
Net Financial Expenses	71	100	29	40.8%
PBT	740	692	-48	-6.5%
Tax Rate	44.4%	39.6%	-4.8pp	
Taxes	328	274	-54	-16.6%
Group Net Income	412	418	6	1.5%

9M14 Results

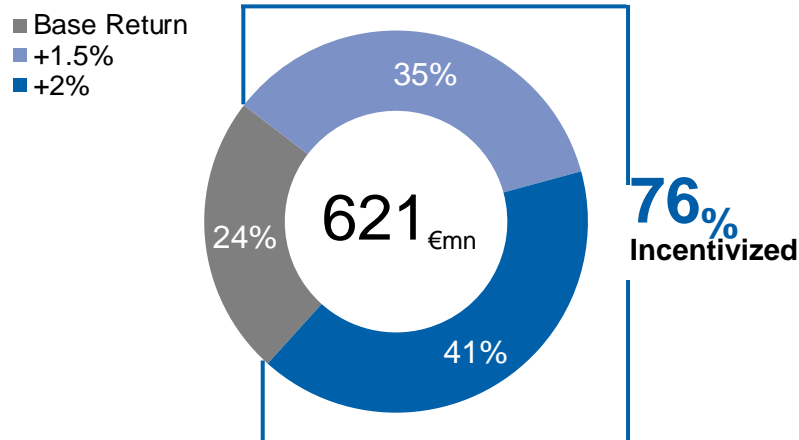
Capex Breakdown

KEY FIGURES

9M14 Total Capex
652 €mn

3Q14 Total Capex
266 €mn

TRADITIONAL CAPEX BREAKDOWN



Category (€mn)	9M13	9M14	Δ_{YOY}	$\Delta \%_{\text{YOY}}$
+2%	360	254	-106	-29%
+1.5%	217	220	3	1%
Incentivized Capex	577	474	-103	-18%
Base Return	149	148	-1	-1%
Traditional Activities	726	621	-105	-14%
Other ¹	32	31	-1	
Total Group Capex	758	652	-106	-14%

9M14 Results

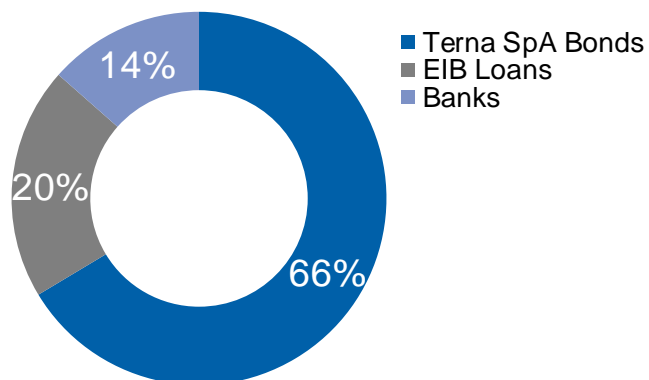
Net Debt Evolution & Financial Structure

KEY FIGURES

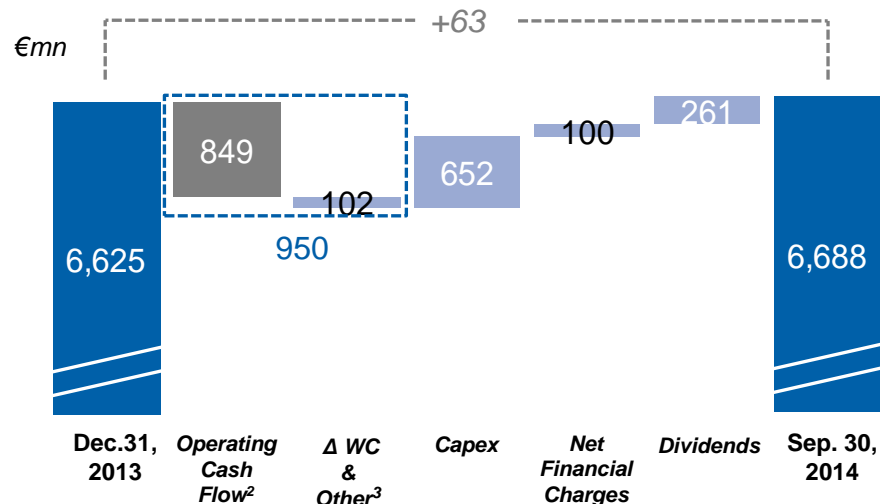
Net Debt
6,688 €mn

Fixed/floating ratio¹
66/34

FINANCIAL INDEBTENESS



NET DEBT EVOLUTION



9M14 Results

Closing Remarks

> Interim Dividend 7 €cents¹

- **In line** with 2013
- **Consistent** with the Dividend Policy

> 2014 Outlook

- **Resilient** despite interim review

> THANK YOU. > QUESTIONS?

Matteo Del Fante *Chief Executive Officer*

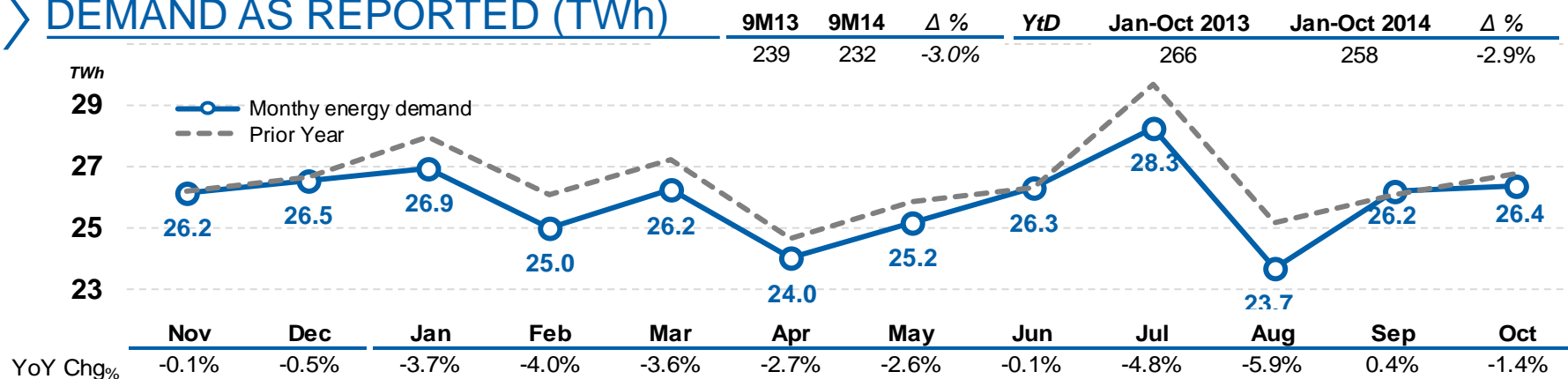
Pierpaolo Cristofori *Director of Administration, Finance and Control*

> Annexes

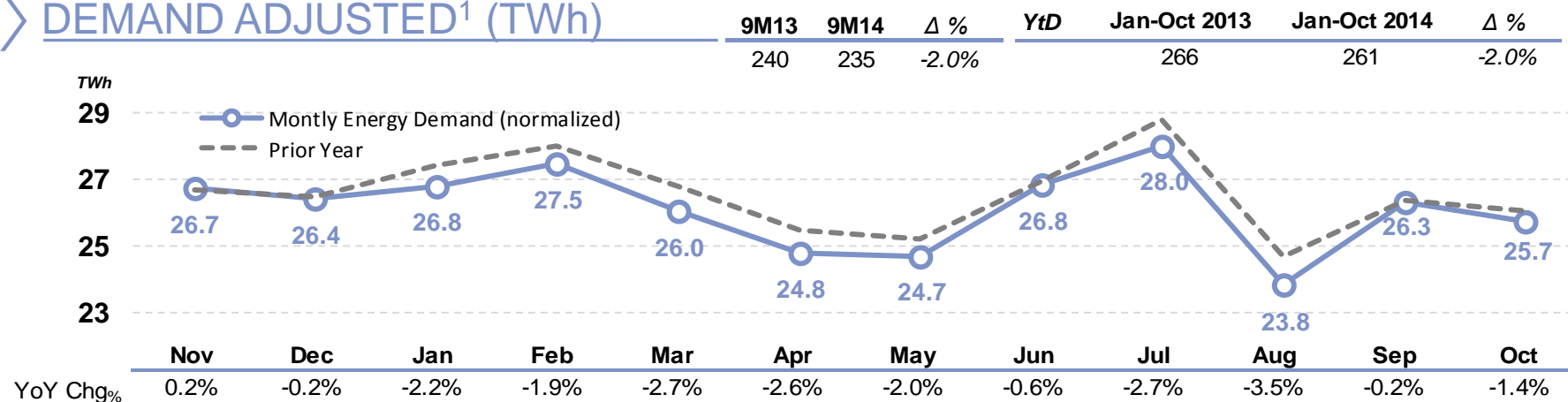
Annex

Electricity Market Trends – Last 12 Months

DEMAND AS REPORTED (TWh)



DEMAND ADJUSTED¹ (TWh)



Annex

Consolidated Income Statement¹

€ mn	9M13	9M14	Δmn	Δ%
<i>Transmission</i>	1,242	1,239	-3	-0.2%
<i>Dispatching</i>	85	88	3	3.4%
<i>Other ²</i>	14	16	2	16.2%
Traditional Activities	1,340	1,342	2	0.2%
Non Traditional Act.	44	88	44	99.1%
IFRIC12	17	18	1	5.3%
Total Revenues	1,401	1,448	47	3.3%
<i>Labour Costs</i>	133	147	14	10.5%
<i>Services</i>	88	86	-2	-2.1%
<i>Other</i>	18	10	-8	-44.3%
Traditional Activities	239	243	4	1.8%
Non Traditional Act.	13	52	40	314.3%
IFRIC12	17	18	1	5.3%
Total Costs	268	313	45	16.7%
EBITDA	1,133	1,135	2	0.2%
<i>D&A</i>	322	343	21	6.5%
EBIT	811	791	-19	-2.4%
<i>Net Financial Charges</i>	71	100	29	40.8%
Pre Tax Profit	740	692	-48	-6.5%
<i>Taxes</i>	328	274	-54	-16.6%
<i>Tax Rate (%)</i>	44.4%	39.6%		
Group Net Income	412	418	6	1.5%

Annex

Group Costs Breakdown

€ mn	9M13	9M14	Δmn	Δ%
<i>Labour Costs</i>	140	161	22	15.7%
<i>Services</i>	83	90	7	8.7%
<i>Materials</i>	8	30	22	284.6%
<i>Other</i>	21	14	-8	-35.4%
IFRIC12	17	18	1	5.3%
Total Costs	268	313	45	16.7%

Annex

Quarterly Analysis

€ mn	1Q13	1Q14	Δ	2Q13	2Q14	Δ	3Q13	3Q14	Δ
<i>Traditional Activities</i>	456	457	1	431	430	-1	454	456	2
<i>Non Traditional Act.</i>	9	17	8	11	34	23	24	37	13
<i>IFRIC 12</i>	5	4	0	7	8	1	5	6	0
Operating Revenues	470	478	8	449	472	23	482	498	15
<i>Traditional Activities</i>	81	81	0	87	81	-5	71	80	9
<i>Non Traditional Act.</i>	4	3	-1	4	20	16	5	29	24
<i>IFRIC 12</i>	5	4	0	7	8	1	5	6	0
Operating Expenses	89	88	-1	98	110	12	82	115	34
EBITDA	381	390	9	352	363	11	401	382	-18
<i>D&A</i>	106	113	7	108	122	14	109	108	0
EBIT	275	277	3	244	241	-3	292	274	-18
<i>Net Financial Charges</i>	18	31	14	25	33	8	28	36	7
Pre Tax Profit	257	246	-11	219	208	-11	264	239	-25
<i>Taxes</i>	116	101	-15	96	78	-18	116	95	-21
Group Net Income	142	145	4	122	129	7	148	144	-4
Total Group Capex	206	164	-42	298	222	-76	254	266	12
Net Debt (end of period)	5,924	6,629		6,575	7,083		6,340	6,688	

Annex

Consolidated Balance Sheet

€ mn	Dec. 31,2013	Sep. 30,2014	Δmn
<i>PP&E</i>	10,120	10,458	338
<i>Intangible Asset</i>	462	449	-13
<i>Financial Inv. and Other</i>	83	85	2
Total Fixed Assets	10,665	10,992	327
Net WC	-646	-751	-105
Funds	-453	-442	11
Total Net Invested Capital	9,566	9,799	233
<i>Financed by</i>			
Consolidated Net Debt	6,625	6,688	63
Total Shareholder's Equity	2,941	3,110	170
Total	9,566	9,799	233
D/E Ratio	2.3	2.2	
D/D+E Ratio	0.69	0.68	
Number of Shares ('000)	2,010	2,010	

Annex

Consolidated Cash Flow

€ mn	9M13	9M14
<i>Net Income</i>	412	418
<i>D&A ¹</i>	321	343
<i>Net Financial Charges</i>	71	100
<i>Net Change in Funds</i>	-37	-11
Operating Cash Flow	767	849
<i>Change in Working Capital</i>	-192	105
Cash Flow from Operating Activities	575	954
<i>Capital Expenditures</i>	-758	-652
<i>Other Fixed Asset Changes</i>	-7	-17
Free Cash Flow	-190	285
<i>Dividends</i>	-261	-261
<i>Net Financial Charges</i>	-71	-100
<i>Change in Capital and Other</i>	37	13
Change in Net Cash (Debt)	-485	-63

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