



# 9M09 Consolidated Results

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# Agenda

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# Strategic Update

## Disposal of Terna Participações

**Successfully completed the disposal of Terna Participações**

### Key figures

Overall Amount: 797mn euro (net of hedging)

Impact on Consolidated Net Income: >400mn euro

Reduction in Consolidated Net Debt: ca. 1,150mn euro



# Strategic Update

## New Dividend Policy

### New Dividend Policy

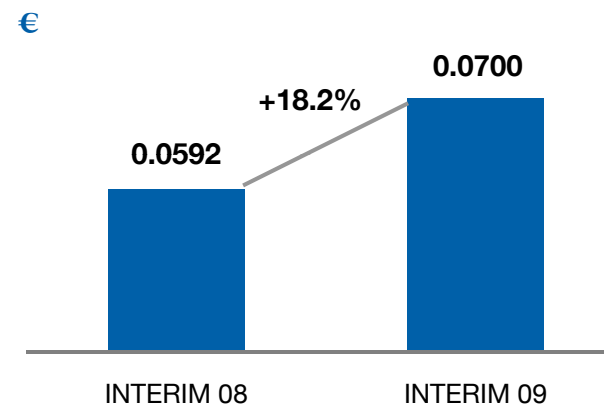
- +4% annual growth, starting from DPS08
- Step Up: 150mn distributed in 4 years
- Dividend yield sustainable and at the top of the sector

### 2009 Interim Dividend

7€ (+18.2% vs 2008 Interim)

Ex date: November 23<sup>rd</sup>

Payment date: November 26<sup>th</sup>





# 9M09 Results

## Energy Items

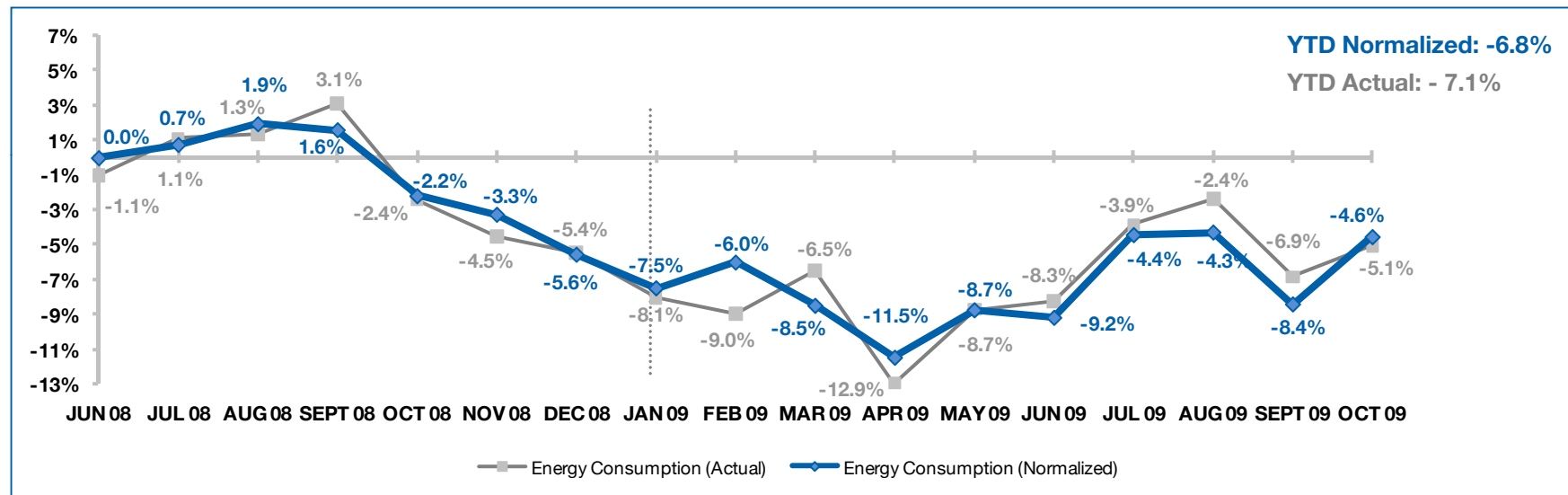
### 9M09

Demand down by -7.4% vs 9M08

- Total Gross Production -11% (216 TWh)
- Pumping and Auxiliary Services: -16% (12 TWh)
- Net Import: +16% (34 TWh)

### Forecast

Weak demand trend confirmed



Note: % change based on 2008 actual figures, published on July 16, 2009



# 9M09 Results

## Results at a Glance

- Double digit growth in top and bottom line
- 18% EBITDA increase
- Strong capex

€ mn	Consolidated		Change	
	9M08 PF	9M09	mn	Δ%
Operating Revenues	887	997	110	12.4%
Operating Expenses	241	233	-8	-3.2%
EBITDA	646	764	118	18.3%
EBITDA Margin (%)	72.9%	76.6%		
Group Net Income	283	320	37	13.1%
Capex	481	571	90	18.6%

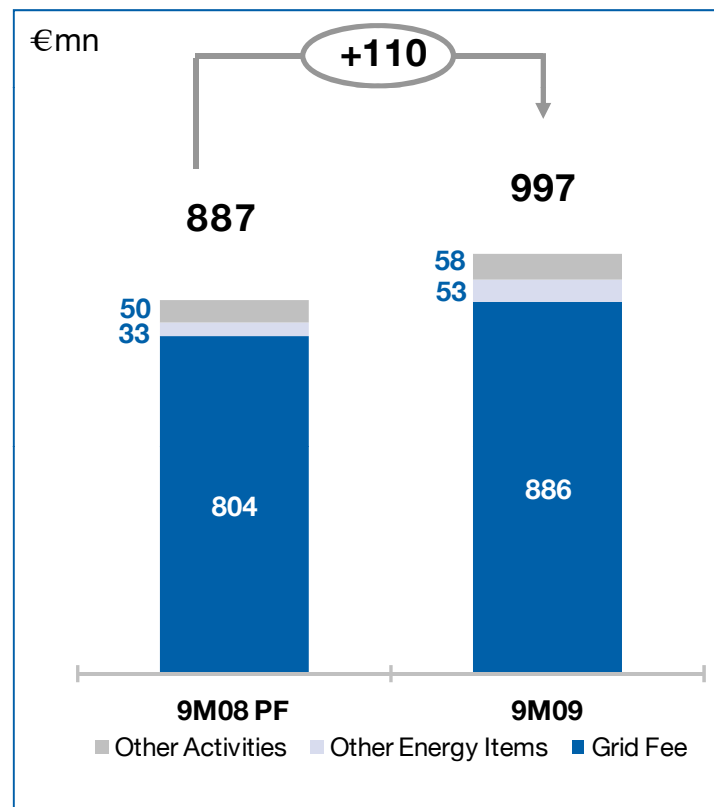
Note: 2008 Pro Forma excluding Terna Part, reported as Discontinued Operations



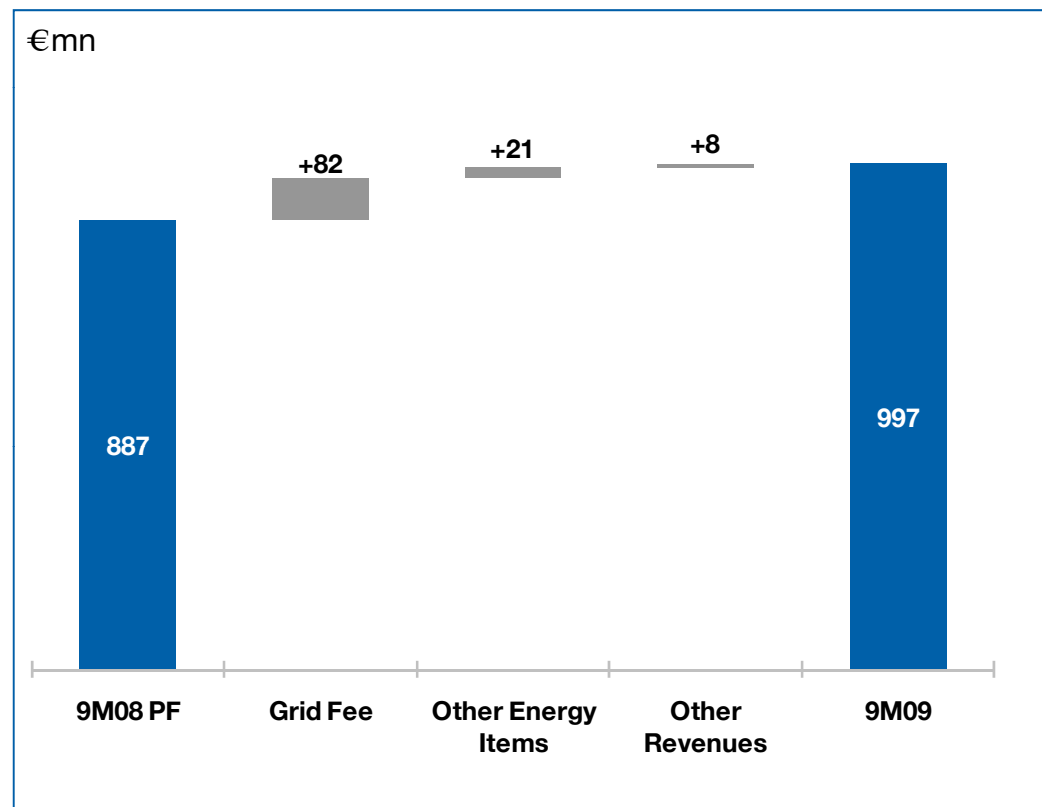
# 9M09 Results

## Consolidated Revenues

### Revenues by Nature



### Revenues Breakdown



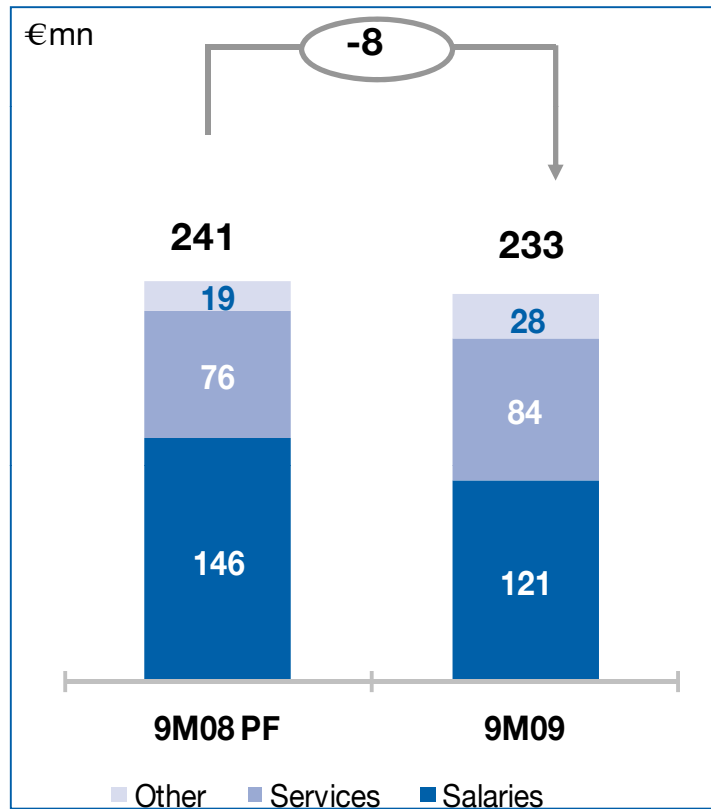
Note: 2008 Pro Forma excluding Terna Part, reported as Discontinued Operations



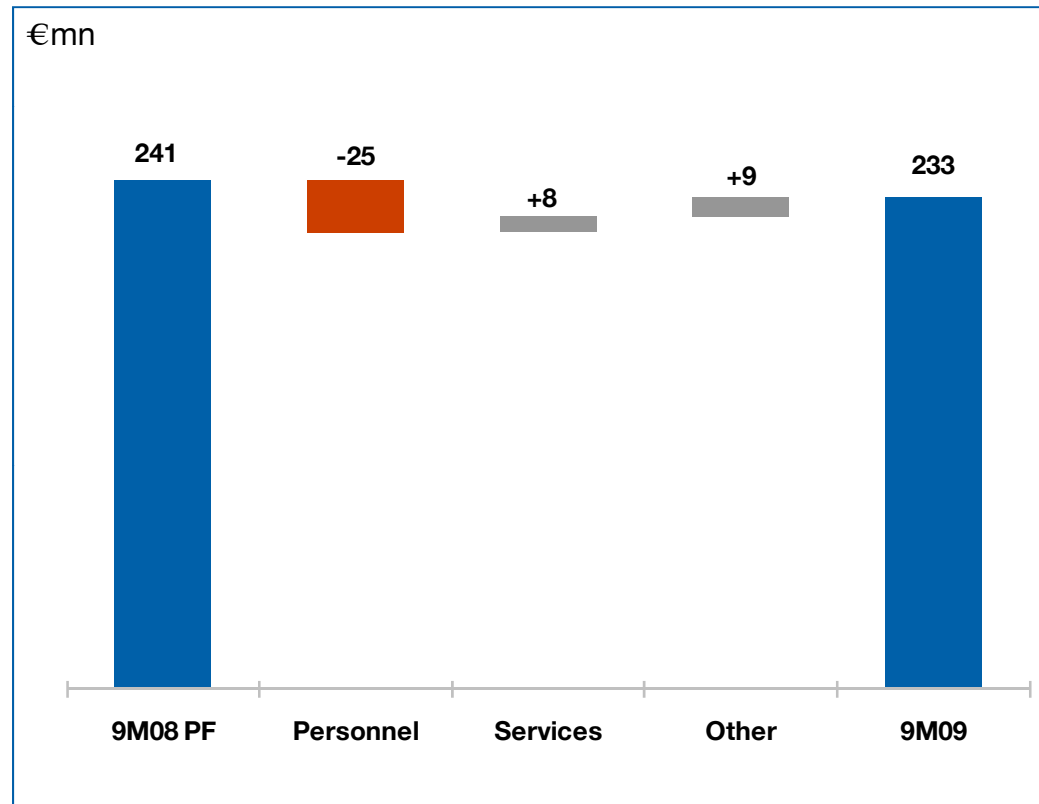
# 9M09 Results

## Consolidated Costs

### Costs by Nature<sup>(1)</sup>



### Costs Breakdown



Note: 2008 Pro Forma excluding Terna Part, reported as Discontinued Operations  
 (1) Net of capitalized costs





# 9M09 Results

From EBITDA to Net Income

€mn	Consolidated		Change	
	9M08 PF	9M09	mn	Δ%
<b>EBITDA</b>	<b>646</b>	<b>764</b>	<b>118</b>	<b>18.3%</b>
<i>EBITDA Margin (%)</i>	72.9%	76.6%		
D&A	184	223	39	21.3%
<b>EBIT</b>	<b>462</b>	<b>540</b>	<b>79</b>	<b>17.0%</b>
Financial Charges	62	121	60	96.8%
Taxes	144	151	7	4.7%
<i>Tax rate (%)</i>	36.0%	35.9%		
<b>Net Income Continuing Operations</b>	<b>256</b>	<b>269</b>	<b>12</b>	<b>4.8%</b>
Net Income Discontinued Operations	41	72	31	75.9%
Minority Interest	14	20	6	44.6%
<b>Group Net Income</b>	<b>283</b>	<b>320</b>	<b>37</b>	<b>13.1%</b>

Note: 2008 Pro Forma excluding Terna Part, reported as Discontinued Operations

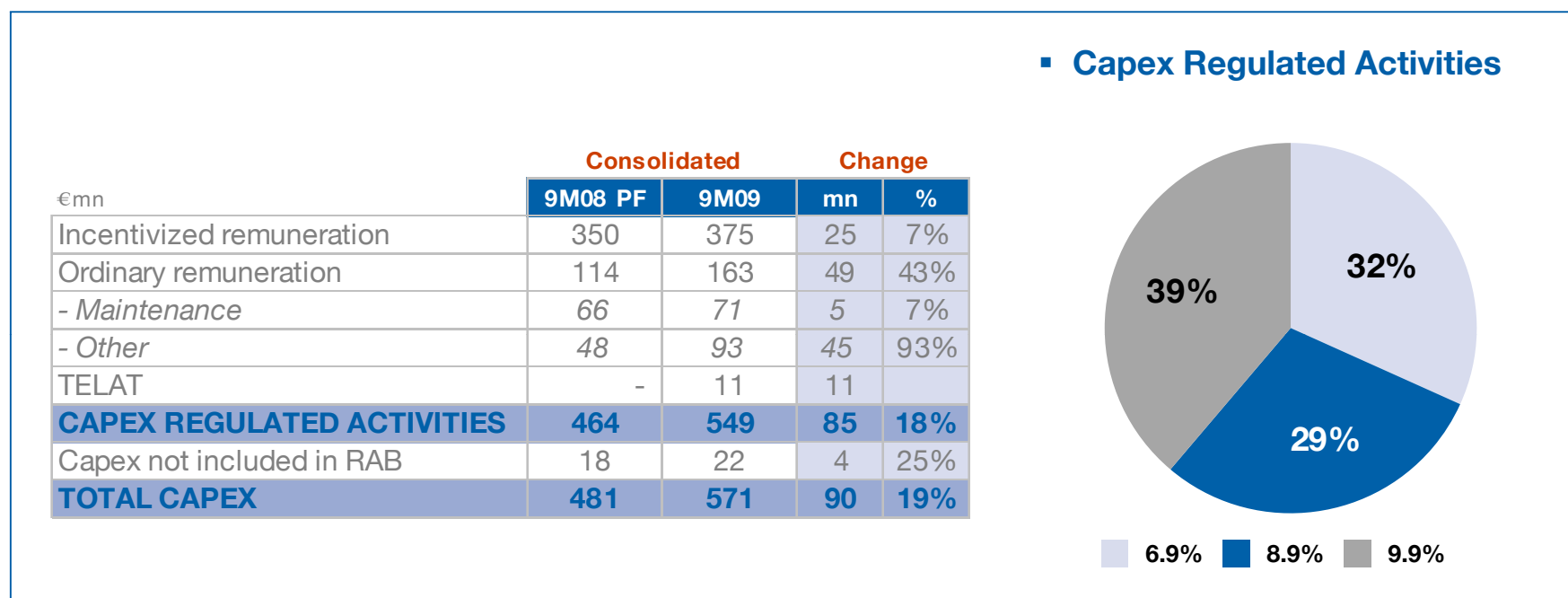


# 9M09 Results

## Capex Breakdown

### Outlook

FY09 Capex in the region of 850mn



Note: 2008 Pro Forma excluding Terna Part, reported as Discontinued Operations.

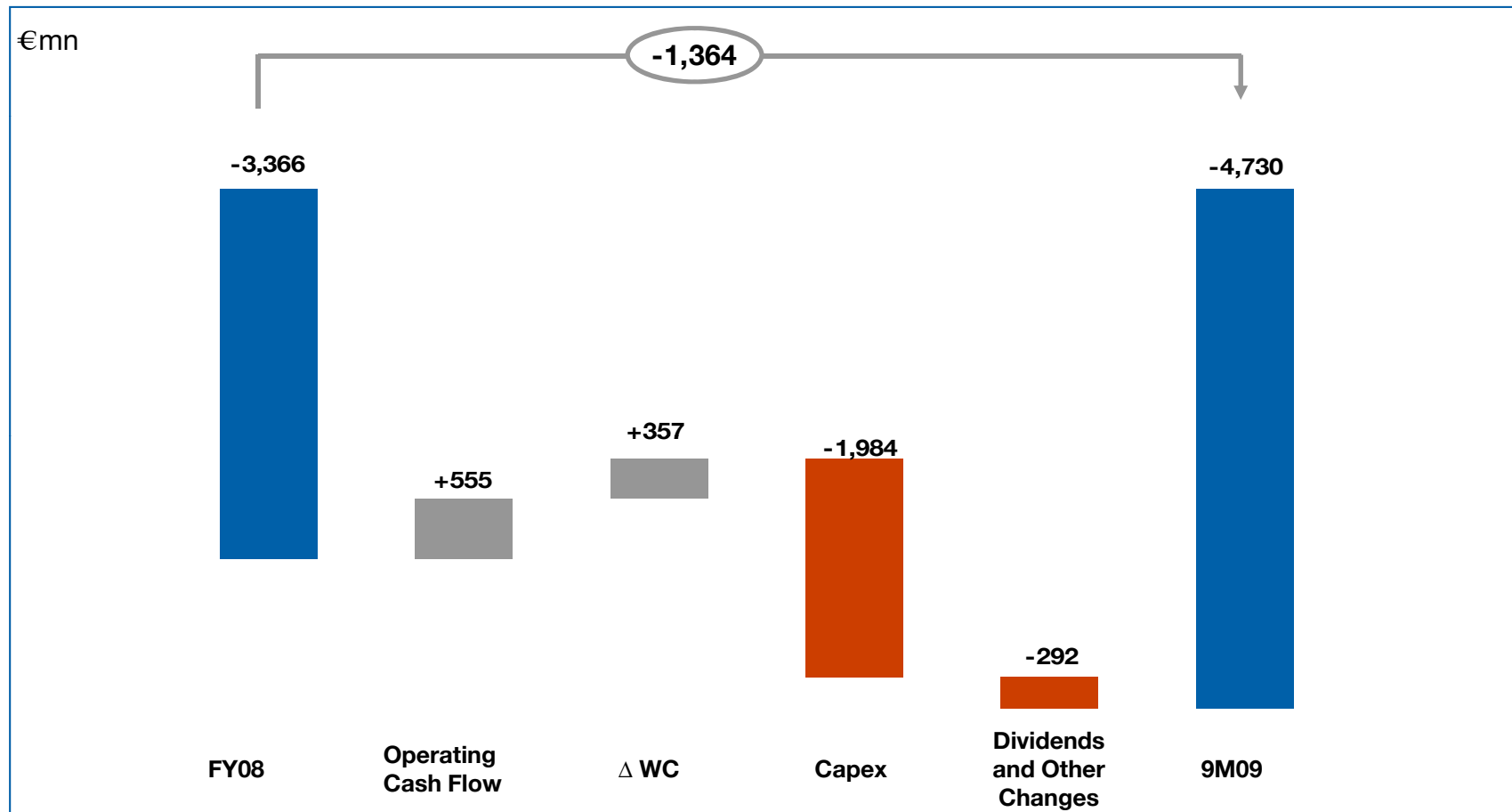
9M08 accounts are restated in order to consider the earlier application of IAS23 accounting principle.



# 9M09 Results

## Consolidated Net Debt

### ▪ Net Debt Evolution





# Closing Remarks

## Resilient results

### **FY 2009: positive outlook**

Seasonality in costs

Capex picking in 4Q

Working to maximise the incentives

### **Group set to be soundly profitable over the next years**

Capex: our fuel for growth

New dividend policy: shareholders' assurance up to 2012



# ANNEXES



# Strategic Update

## Disposal of Terna Participações

Successfully completed the disposal of Terna Participações

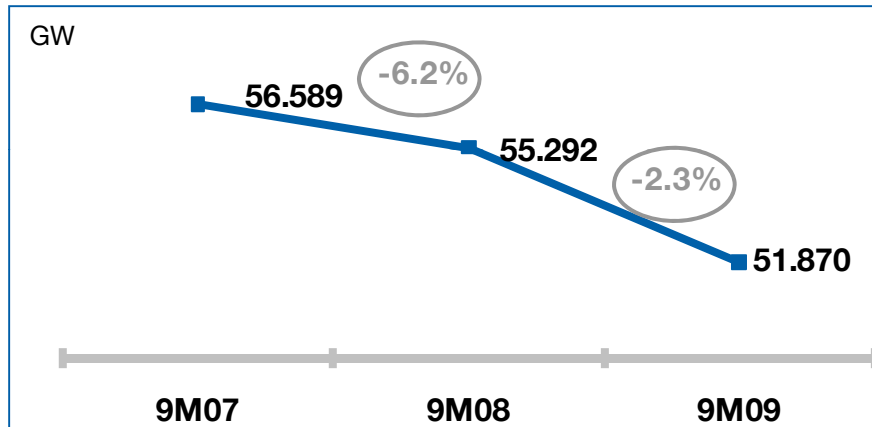
<b>Overall Amount:</b>	<b>797mn euro (net of hedging)</b> 2,347.6mn reais
Amount for the Sale:	2,148.4mn reais (37.14 reais/unit, or 12.38 reais/common share)
Dividends cashed by Terna SpA:	199.2mn reais (3.44 reais/unit, or 1.15 reais/common share)
<b>Reimbursed Intercompany Loan:</b>	<b>180.3mn euro (net of hedging and taxes)</b> 540.1mn reais
<b>Impact on Consolidated Net Income &gt;400mn euro</b>	
<b>Reduction in Consolidated Net Debt ca. 1,150mn euro</b>	



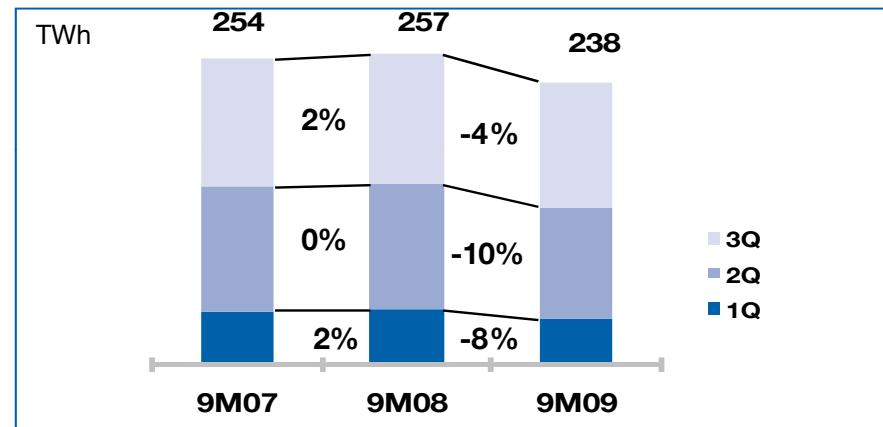
# Italian Electricity Market Evolution

## Energy Demand

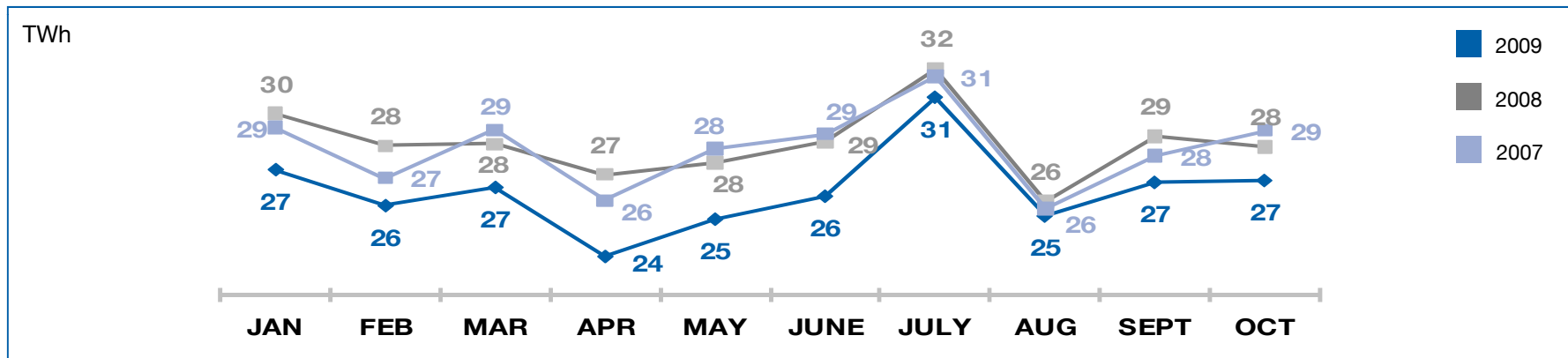
### ▪ Peak Demand in 9M



### ▪ Energy Demand in 9M



### ▪ Monthly Trend



Source: TERNA's monthly reports. 2008 data and % change based on 2008 actual figures, published on July 16, 2009



# 9M09 Results

## Consolidated Income Statement

Change 9M09 vs 9M08 PF

€mn	9M08	9M08 PF	9M09	mn	Δ%
<b>Operating Revenues</b>	<b>1,040</b>	<b>887</b>	<b>997</b>	<b>110</b>	<b>12.4%</b>
<i>Grid Fee</i>	804	804	886	82	10.2%
<i>Other Energy Items</i>	33	33	53	21	62.9%
<i>Regulated Activities in Brazil</i>	138	0	0	0.0	0.0%
<i>Other Activities</i>	65	50	58	8	16.0%
<b>Operating Expenses</b>	<b>281</b>	<b>241</b>	<b>233</b>	<b>-8</b>	<b>-3.2%</b>
<i>Salaries</i>	153	146	121	-25	-16.9%
<i>Services</i>	91	76	84	8	10.4%
<i>Other</i>	37	19	28	9	49.5%
<b>EBITDA</b>	<b>759</b>	<b>646</b>	<b>764</b>	<b>118</b>	<b>18.3%</b>
<i>EBITDA Margin (%)</i>	73.0%	72.9%	76.6%		
<i>D&amp;A</i>	201	184	223	39	21.3%
<b>EBIT</b>	<b>558</b>	<b>462</b>	<b>540</b>	<b>79</b>	<b>17.0%</b>
<i>Financial (Income) Charges</i>	103	62	121	60	96.8%
<i>Taxes</i>	156	144	151	7	4.7%
<i>Tax rate (%)</i>	34.4%	36.0%	35.9%		
<b>Net income continuing operations</b>	<b>299</b>	<b>256</b>	<b>269</b>	<b>12</b>	<b>4.8%</b>
<b>Net income discontinued operations</b>		<b>41</b>	<b>72</b>	<b>31</b>	<b>75.9%</b>
<b>Total Net Income</b>	<b>299</b>	<b>297</b>	<b>340</b>	<b>43</b>	<b>14.6%</b>
<i>Minority Interest</i>	16	14	20	6	44.6%
<b>Group Net Income</b>	<b>283</b>	<b>283</b>	<b>320</b>	<b>37</b>	<b>13.1%</b>

Note: 2008 restated in order to consider the earlier application of IAS23 accounting principle.  
2008 Pro Forma excluding Terna Part, reported as Discontinued Operations





# 9M09 Results

## Consolidated Income Statement – Quarterly Analysis

€mn	1Q08 PF	1Q09	mn	2Q08 PF	2Q09	mn	3Q08 PF	3Q09	mn
<b>Operating Revenues</b>	<b>291</b>	<b>309</b>	<b>19</b>	<b>284</b>	<b>347</b>	<b>63</b>	<b>312</b>	<b>340</b>	<b>28</b>
<i>Grid Fee</i>	265	279	13	254	296	42	285	311	26
<i>Other Energy Items</i>	11	11	0	11	31	20	11	11	0
<i>Regulated Activities in Brazil</i>	0	0	0	0	0	0	0	0	0
<i>Other Activities</i>	15	20	5	19	21	1	16	18	2
<b>Operating Expenses</b>	<b>79</b>	<b>80</b>	<b>1</b>	<b>86</b>	<b>70</b>	<b>-16</b>	<b>76</b>	<b>84</b>	<b>8</b>
<b>EBITDA</b>	<b>211</b>	<b>230</b>	<b>18</b>	<b>198</b>	<b>277</b>	<b>79</b>	<b>237</b>	<b>257</b>	<b>20</b>
D&A	59	65	6	62	79	17	63	79	16
<b>EBIT</b>	<b>152</b>	<b>164</b>	<b>12</b>	<b>136</b>	<b>199</b>	<b>62</b>	<b>173</b>	<b>177</b>	<b>4</b>
Financial (Income) Charges	32	40	8	-27	47	74	57	34	-23
Taxes	45	45	0	55	54	-2	43	52	9
<b>Net income continuing operations</b>	<b>75</b>	<b>79</b>	<b>4</b>	<b>108</b>	<b>99</b>	<b>-10</b>	<b>73</b>	<b>91</b>	<b>18</b>
<b>Net income discontinued operations</b>	<b>16</b>	<b>16</b>	<b>0</b>	<b>18</b>	<b>27</b>	<b>9</b>	<b>7</b>	<b>29</b>	<b>22</b>
<b>Total Net Income</b>	<b>91</b>	<b>94</b>	<b>3</b>	<b>126</b>	<b>126</b>	<b>-1</b>	<b>80</b>	<b>120</b>	<b>41</b>
Minority Interest	5	5	0	6	7	1	2	8	6
<b>Group Net Income</b>	<b>86</b>	<b>89</b>	<b>4</b>	<b>120</b>	<b>118</b>	<b>-2</b>	<b>77</b>	<b>113</b>	<b>35</b>

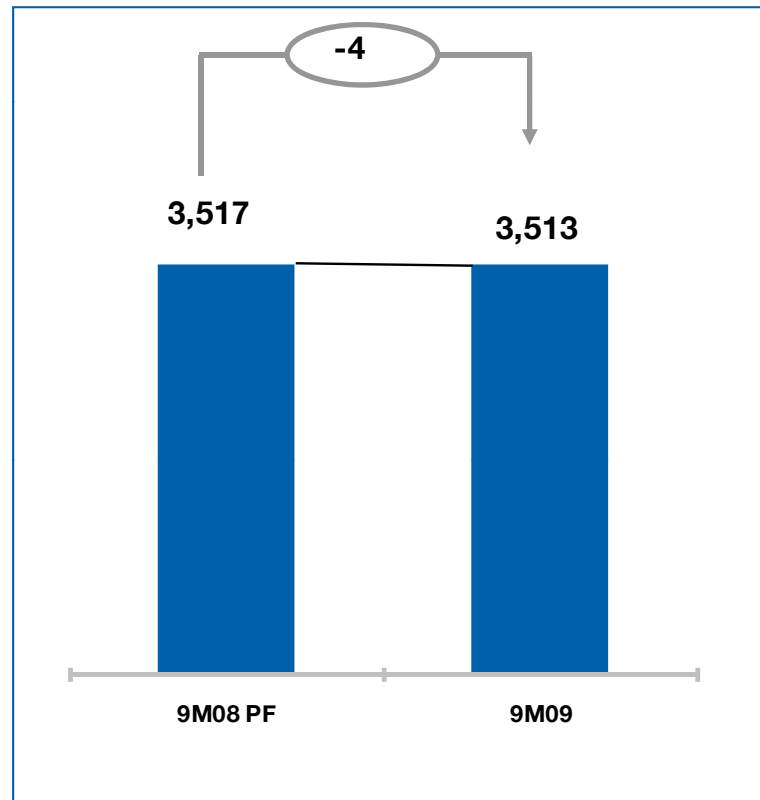
Note: 2008 Pro Forma excluding Terna Part, reported as Discontinued Operations



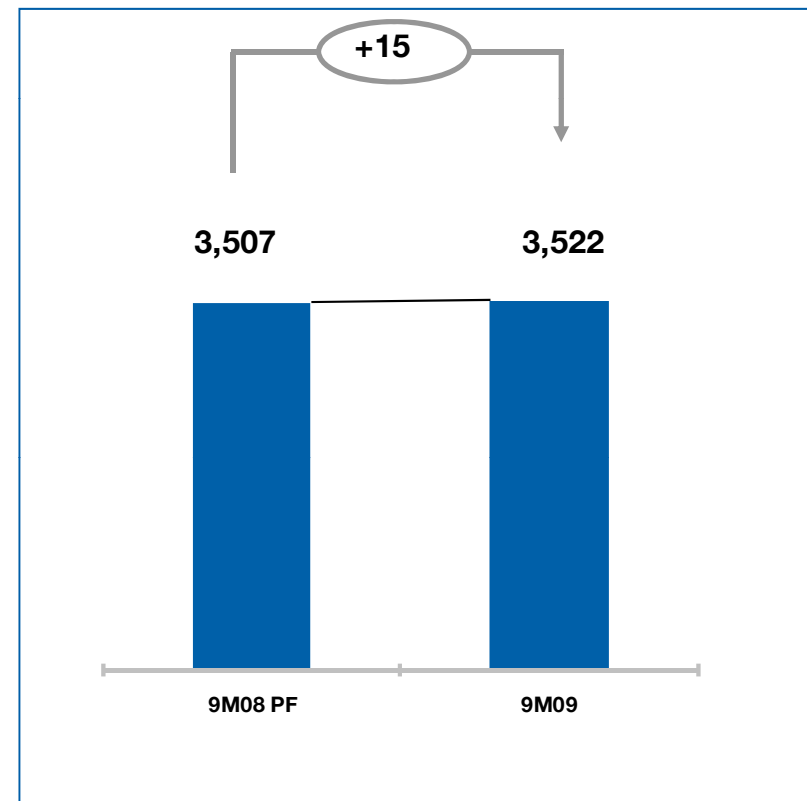
# 9M09 Results

## Headcount Evolution

### Final Headcount



### Average Headcount



Note: 2008 Pro Forma excluding Terna Part



# 9M09 Results

## Consolidated Balance Sheet

€ mn	FY08	9M09	Δ%
<b>Assets</b>			
PP&E	6,036	6,918	14.6%
Intangible Asset, net	483	360	-25.6%
Financial Inv. and Other	44	17	-61.6%
<b>Total Fixed Assets</b>	<b>6,563</b>	<b>7,294</b>	<b>11.1%</b>
Net WC	-608	-597	-1.8%
Funds	-425	-590	38.9%
Net assets of continuing operations	5,530	6,106	10.4%
Net assets of discontinued operations	-	923	
<b>Total Net Invested Capital</b>	<b>5,530</b>	<b>7,030</b>	<b>27.1%</b>

Financed by:

<b>Net Debt</b>	<b>3,366</b>	<b>4,730</b>	<b>40.5%</b>
<i>Net Debt continuing operations</i>	3,366	4,498	33.6%
<i>Intercompany Loan</i>	-	206	
<i>Effective Net Debt continuing operations</i>	-	4,293	
<i>Net Debt discontinued operations</i>	-	232	
<b>Total Shareholder's Equity</b>	<b>2,164</b>	<b>2,300</b>	<b>6.3%</b>
<i>Terna Group</i>	2,077	2,171	4.5%
<i>Minorities</i>	87	129	48.3%
<b>D/E ratio</b>		<b>1.98</b>	



# 9M09 Results

## Consolidated Cash Flows

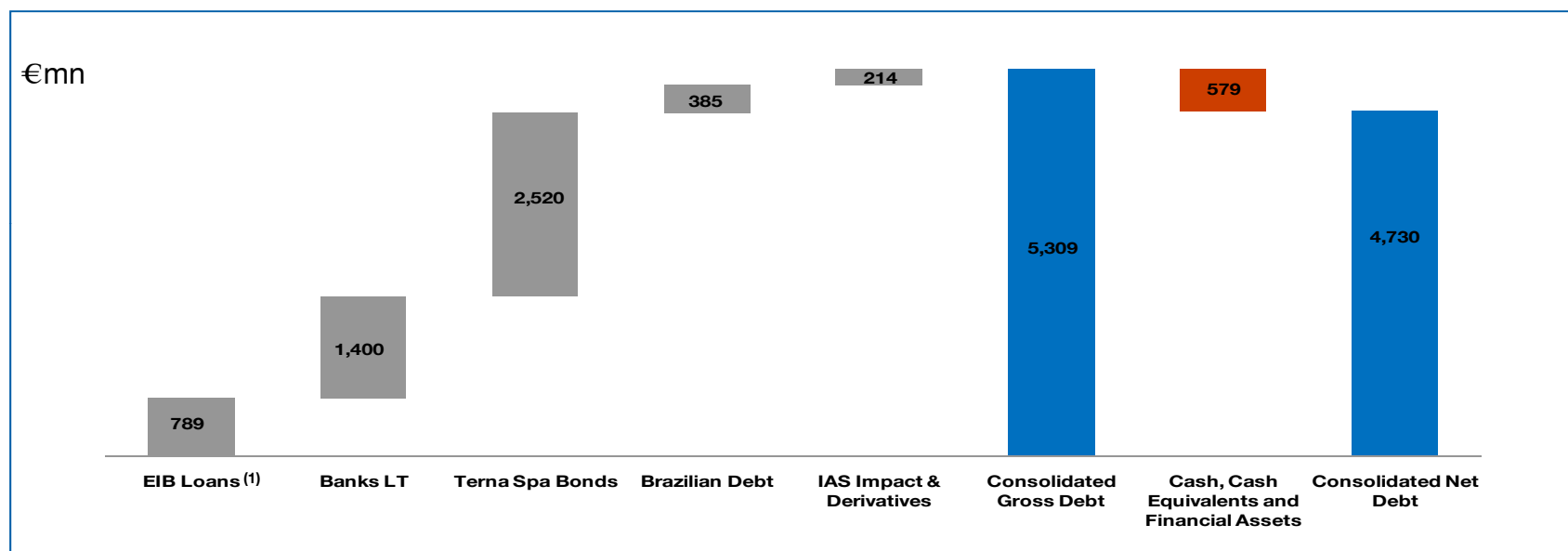
€mn	<b>Consolidated</b>	
	<b>9M08 PF</b>	<b>9M09</b>
Net Income	297	340
Depreciation <sup>(1)</sup>	206	231
Net Change in Funds	-33	-17
<b>Operating Cash Flows</b>	<b>469</b>	<b>555</b>
Change in WC	114	357
<b>Cash Flow from Operating Activities</b>	<b>583</b>	<b>912</b>
Capital Expenditures	-490	-584
Other Fixed Asset Changes	-215	-1,399
<b>Free Cash Flow</b>	<b>-123</b>	<b>-1,071</b>
Dividends	-328	-199
Change in Capital	0	-94
<b>Change in Net Cash/(Debt)</b>	<b>-451</b>	<b>-1,364</b>

(1) Net of assets disposals



# 9M09 Results

## Consolidated Net Financial Position



### Change in Net Financial Position (mn €)

Net Debt 2008YE	3,366
Δ Fair Value on Bonds and Derivatives	154
Change in Financial Position	1,149
Δ Exchange Rates + Int. Cap.	61
<b>Net Debt 9M09</b>	<b>4,730</b>
<b>Change in Net Debt</b>	<b>1,364</b>

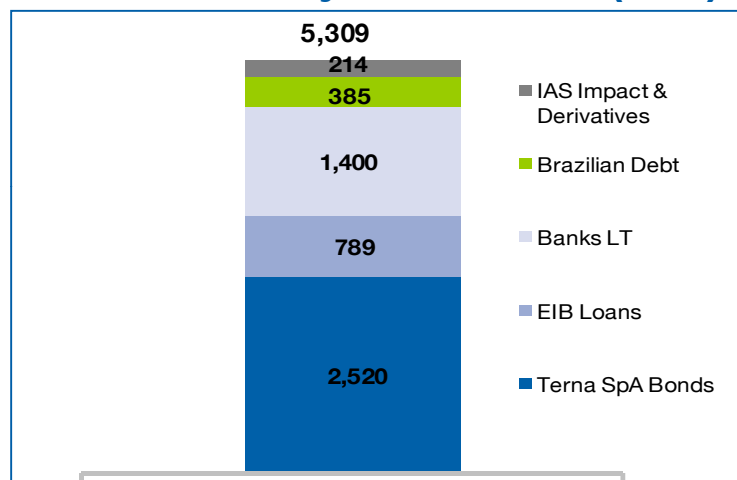
(1) EIB (European Investment Bank) Loans



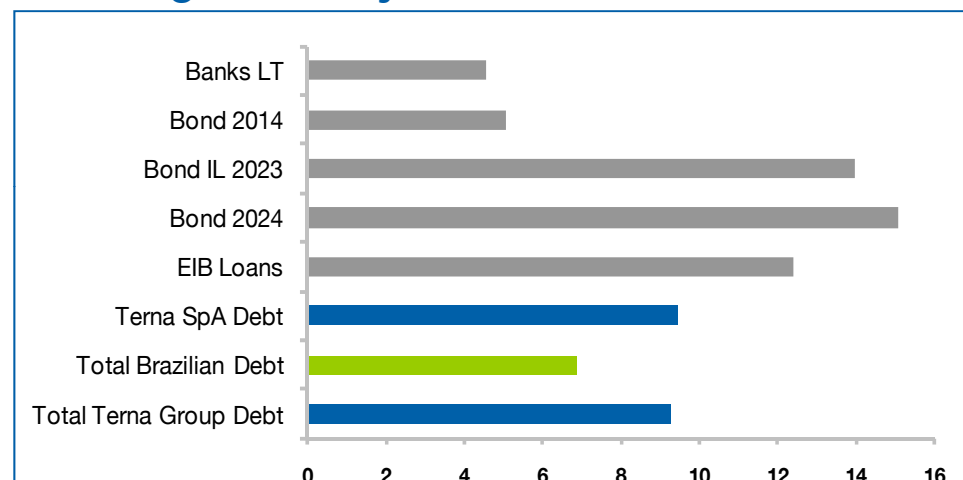
# 9M09 Results

## Financial Structure

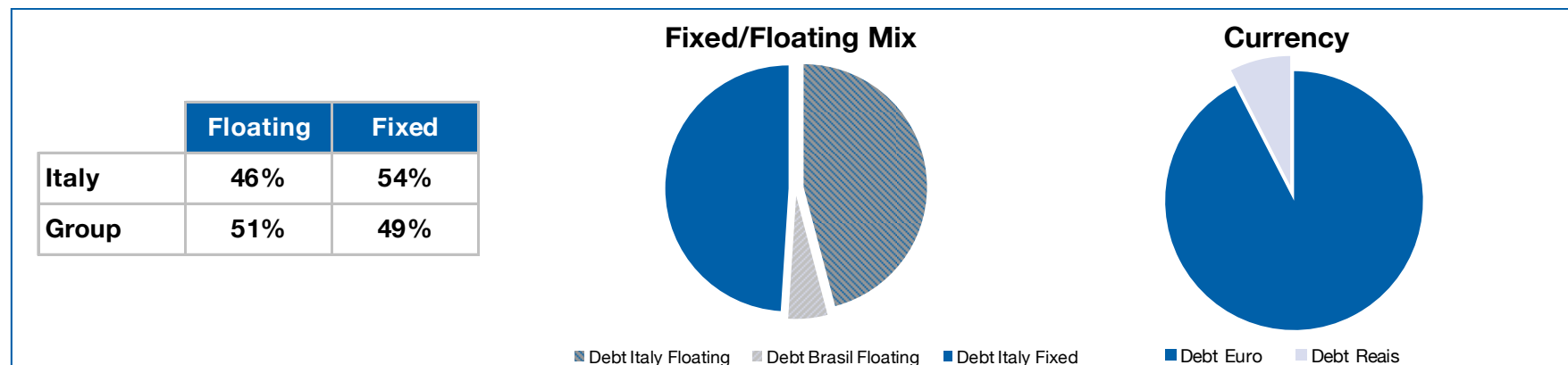
### Gross Debt by Instruments (€mn)



### Average Maturity



### Debt Breakdown





# 9M09 Results

## TERNA Participações (IAS)

	€mn			BRLmn		
	9M08 PF	9M09	Δ%	9M08 PF	9M09	Δ%
<b>Operating Revenues</b>	<b>154</b>	<b>178</b>	<b>16%</b>	<b>391</b>	<b>504</b>	<b>29%</b>
Operating Expenses	40	56	39%	102	158	55%
<b>EBITDA</b>	<b>113</b>	<b>122</b>	<b>8%</b>	<b>289</b>	<b>346</b>	<b>20%</b>
<i>EBITDA Margin (%)</i>	74%	69%		74%	69%	
D&A	20	10	-52%	51	27	-47%
<b>EBIT</b>	<b>93</b>	<b>112</b>	<b>20%</b>	<b>238</b>	<b>318</b>	<b>34%</b>
Net Interest Expenses	35	25	-29%	90	71	-22%
Taxes	17	28	65%	44	80	83%
<b>Net Income</b>	<b>41</b>	<b>59</b>	<b>45%</b>	<b>104</b>	<b>167</b>	<b>61%</b>
<b>Net Invested Capital</b>	<b>808</b>	<b>816</b>	<b>1%</b>	<b>2,223</b>	<b>2,126</b>	<b>-4%</b>
Financed by:						
Net Debt	508	437	-14%	1,397	1,139	-18%
<b>Shareholders' Equity</b>	<b>300</b>	<b>379</b>	<b>26%</b>	<b>826</b>	<b>988</b>	<b>20%</b>

Note: 9M09 Euro/BRL: Closing Rate 2.61 – Average for the period 2.83  
 (1) 9M08 accounts consider the restatement of PPA of ETEO, GTESA, PATESA



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