



1Q09 Consolidated Results

Flavio Cattaneo - Chief Executive Officer

Fabio Todeschini - Chief Financial Officer

MAY 15TH, 2009



Agenda

- HIGHLIGHTS 3
- SALE OF 66% OF TERNA PARTICIPAÇÕES 4
- 1Q09 RESULTS 6
- CLOSING REMARKS 13
- ANNEXES 14



Highlights

Strategic M&A Transactions

Acquisition

Successfully completed the acquisition of the Enel HV Grid

- New entity renamed “TELAT” (Terna Linee Alta Tensione)
- Consolidation starting from April 1st

Disposal

Agreement for the sale of 66% of Terna Participações



Sale of 66% of Terna Participações

Key Features

- Buyer: Cemig Geração e Transmissão S.A., wholly-owned subsidiary of Companhia Energética de Minas Gerais (Cemig)
- Total consideration for our 65.86% stake, 2,330mn reais
 - 40.29 reais per unit⁽¹⁾, or 13.43 reais per common shares
 - Price adjustments are foreseen in case of dividend payments
- Upon closing, all business relationships between Terna SpA and Terna Part. will be terminated
- The Buyer will launch a Public Offer (MTO) for the acquisition of the remaining shares⁽²⁾
- Closing expected on or after September 30th, 2009

Condition Precedents

- Ratification by Cemig's EGM
- ANEEL approval

(1) Each unit is composed by one common and two preferred shares

(2) Terna will tender its additional 10,000 units



Sale of 66% of Terna Participações

Strategic Rationale

Optimization of the Group's Asset Portfolio

Returns from Brazil fully captured via anticipation of future dividend flows

Interesting opportunities to effectively redeploy cash in the domestic market

Use of Proceeds

New capex opportunities

Market friendly approach

Improvement in the Risk Profile

Pure domestic player in a regulated business

Cash proceeds and deconsolidation of debt add financial flexibility

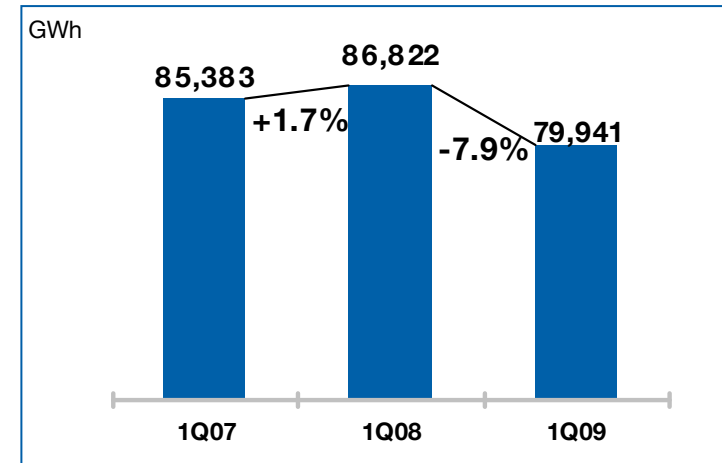


1Q09 Results

Energy Items

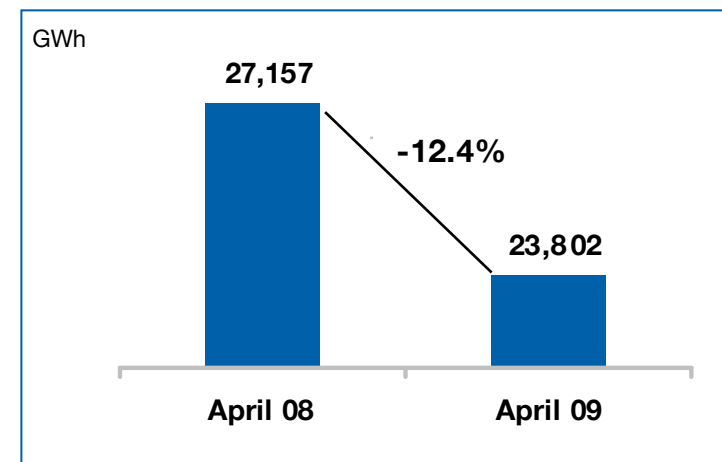
1Q09

- Demand down by 7.9% vs 1Q08
 - Total Net Production -12% (68,839GW)
 - Pumping: -18.6% (1,468GW)
 - Net Import: +21.1% (12,570GW)



April 09

- Weak demand trend confirmed (-12.4% or -8.8% normalized)



Note: 2008 provisional figures



1Q09 Results

Results at a Glance

- Revenues up by 9%, notwithstanding demand fall
- EBITDA growth mainly due to cost control in Italy
- Higher Net Income

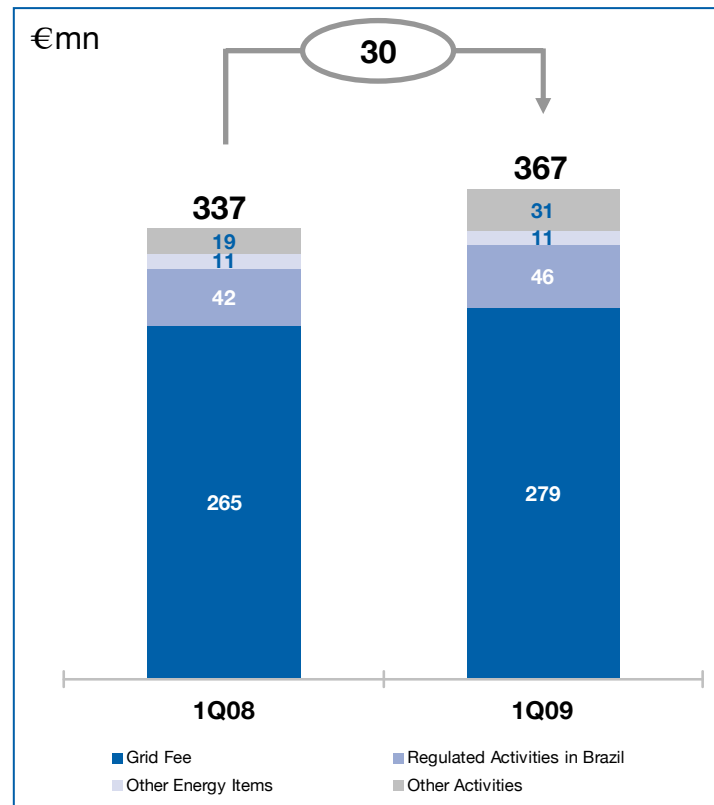
€mn	Consolidated		Change	
	1Q08	1Q09	mn	Δ%
Operating Revenues	337	367	30	8.7%
Operating Expenses	91	100	8	9.2%
<i>of which Italy</i>	79	80	1	0.8%
EBITDA	246	267	21	8.6%
EBITDA Margin (%)	73.0%	72.9%		
Group Net Income	86	89	4	4.2%
Capex	145	149	4	3.0%



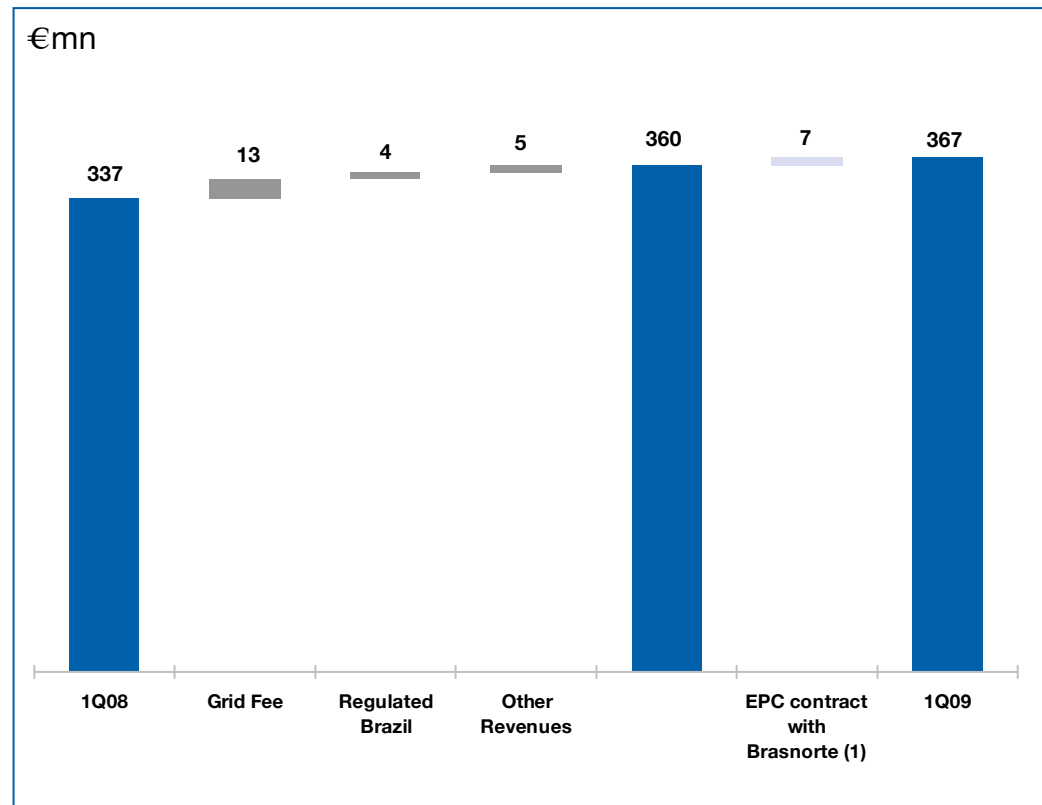
1Q09 Results

Consolidated Revenues

Revenues by Nature



Revenues Breakdown



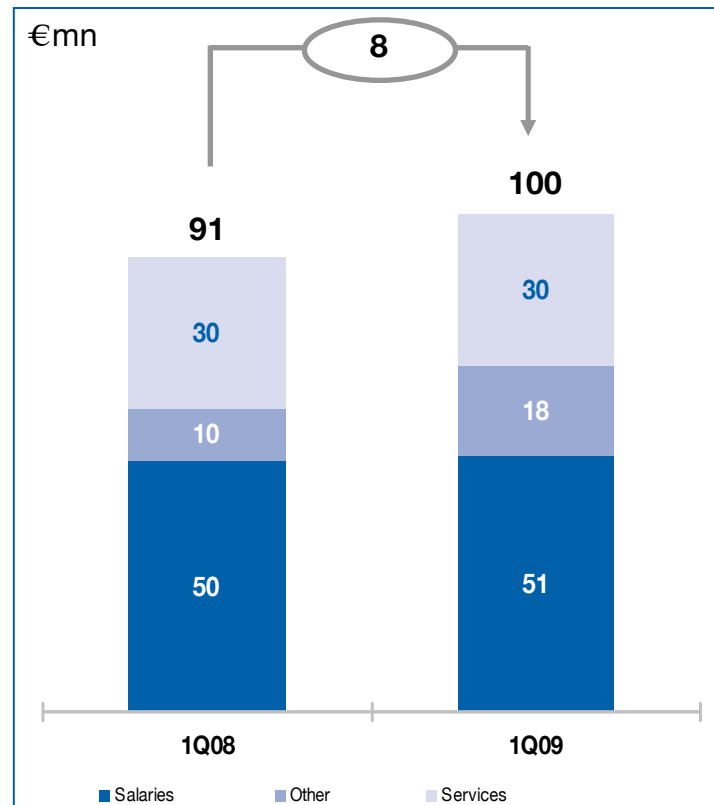
(1) Accounted in Other Revenues (7mn)



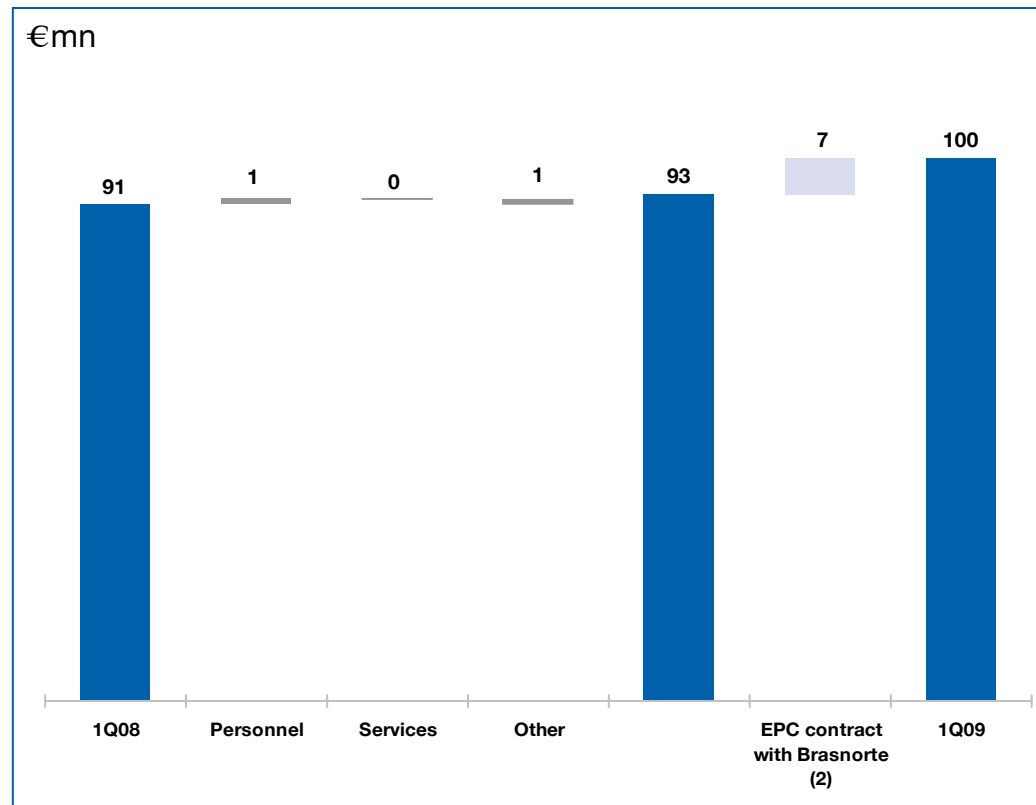
1Q09 Results

Consolidated Costs

Costs by Nature⁽¹⁾



Costs Breakdown



(1) Net of capitalized costs

(2) Accounted in Other Costs (7mn)



1Q09 Results

From EBITDA to Net Income

€mn	Consolidated		Change	
	1Q08	1Q09	mn	Δ%
EBITDA	246	267	21	8.6%
<i>EBITDA Margin (%)</i>	<i>73.0%</i>	<i>72.9%</i>		
D&A	65	72	7	11.1%
EBIT	181	195	14	7.7%
Financial Charges	40	49	9	23.3%
Taxes	51	52	1	2.4%
<i>Tax rate (%)</i>	<i>35.9%</i>	<i>35.5%</i>		
Total Net Income	91	94	3	3.7%
Minority Interest	5	5	0	-3.8%
Group Net Income	86	89	4	4.2%



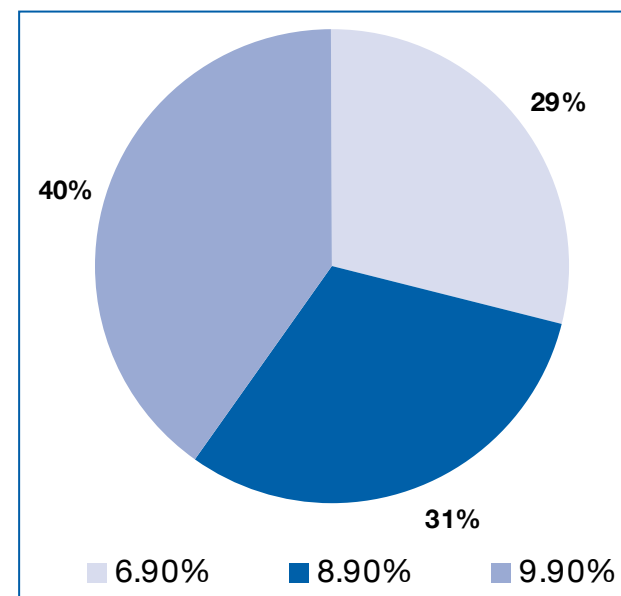
1Q09 Results

Capex Breakdown

- Capex Plan ongoing

€mn	Consolidated		Change	
	1Q08	1Q09	mn	%
Incentivized remuneration	113	99	-14	-12%
Ordinary remuneration	25	40	16	63%
- Maintenance	16	23	7	42%
- Other	8	17	9	103%
Non regulated activities	5	6	0	6%
TOTAL ITALY	143	145	2	1%
TOTAL BRAZIL	3	5	2	95%
TOTAL CAPEX	145	149	4	3%

▪ Capex Remuneration⁽¹⁾



NOTE: 1Q08 accounts are restated in order to consider the earlier application of IAS 23 accounting principle

(1) Italy, excluding Non Regulated activities



1Q09 Results

Consolidated Cash Flows

€mn	Consolidated	
	1Q08	1Q09
Net Income	91	94
Depreciation ⁽¹⁾	66	70
Net Change in Funds	1	-33
Operating Cash Flows	157	131
Change in WC	48	152
Cash Flow from Operating Activities	205	284
Capital Expenditures	-145	-149
Other Fixed Asset Changes	23	-22
Free Cash Flow	83	112
Dividends	-7	-1
Change in Capital	1	-24
Change in Financial Position	77	87

(1) Net of assets disposals



Closing Remarks

Said and Done

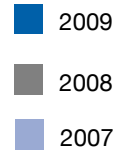
Disciplined M&A conduct
Well-timed delivery of the strategy
Accurate risk management

Strategic Outlook

No additional M&A
Future accretion from new investments in Italy and Balkans



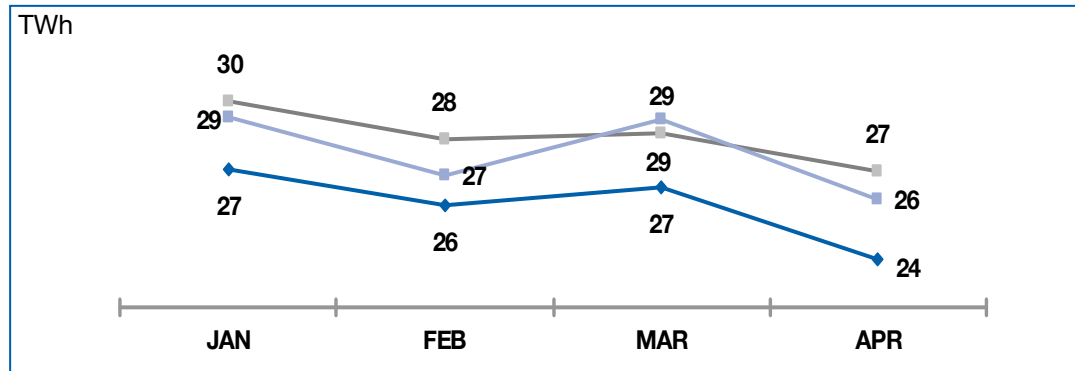
ANNEXES



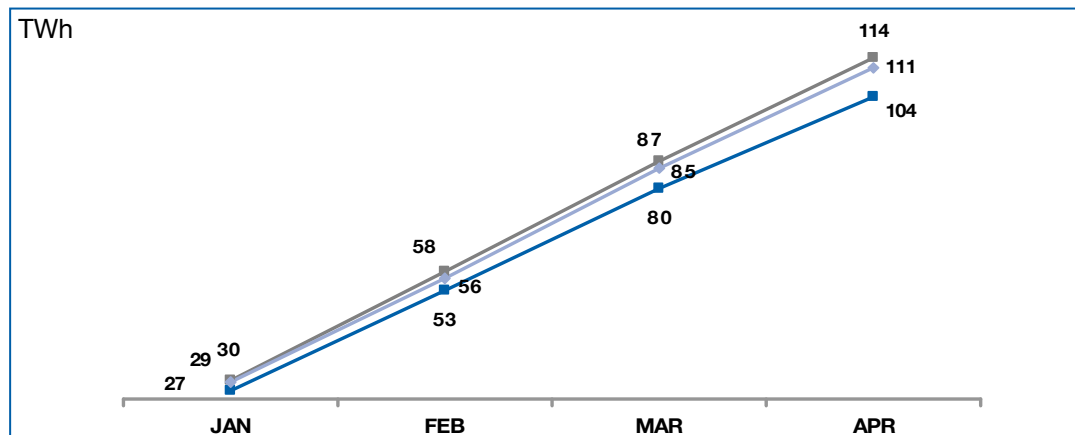
Italian Electricity Market Evolution

Energy Demand

Monthly Trend



Cumulated Trend



(1) Source: TERNA's monthly reports



1Q09 Results

Consolidated Income Statement

€mn	Consolidated		Change	
	1Q08	1Q09	mn	Δ%
Operating Revenues	337	367	30	8.7%
<i>Grid Fee</i>	265	279	13	5.1%
<i>Other Energy Items</i>	11	11	0	2.8%
<i>Regulated Activities in Brazil</i>	42	46	4	9.4%
<i>Other Activities</i>	19	31	12	62.8%
Operating Expenses	91	100	8	9.2%
<i>Salaries</i>	50	51	1	2.0%
<i>Services</i>	30	30	0	-0.7%
<i>Other</i>	10	18	8	73.1%
EBITDA	246	267	21	8.6%
<i>Italy</i>	211	230	18	8.6%
<i>Brazil</i>	35	38	3	8.3%
<i>EBITDA Margin (%)</i>	73.0%	72.9%		
<i>D&A</i>	65	72	7	11.1%
EBIT	181	195	14	7.7%
<i>Financial (Income) Charges</i>	40	49	9	23.3%
<i>Taxes</i>	51	52	1	2.4%
<i>Tax rate (%)</i>	35.9%	35.5%		
Total Net Income	91	94	3	3.7%
<i>Minority Interest</i>	5	5	0	-3.8%
Group Net Income	86	89	4	4.2%

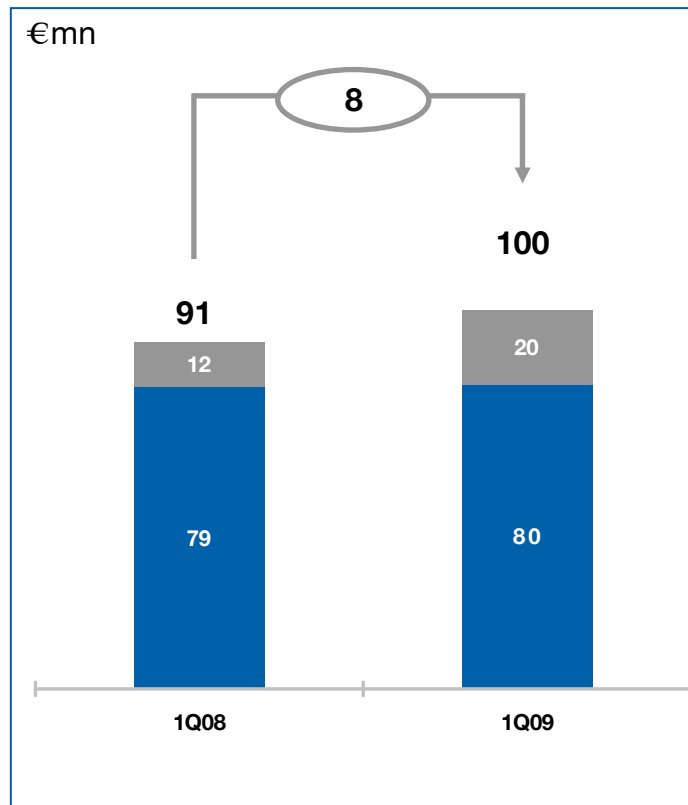


1Q09 Results

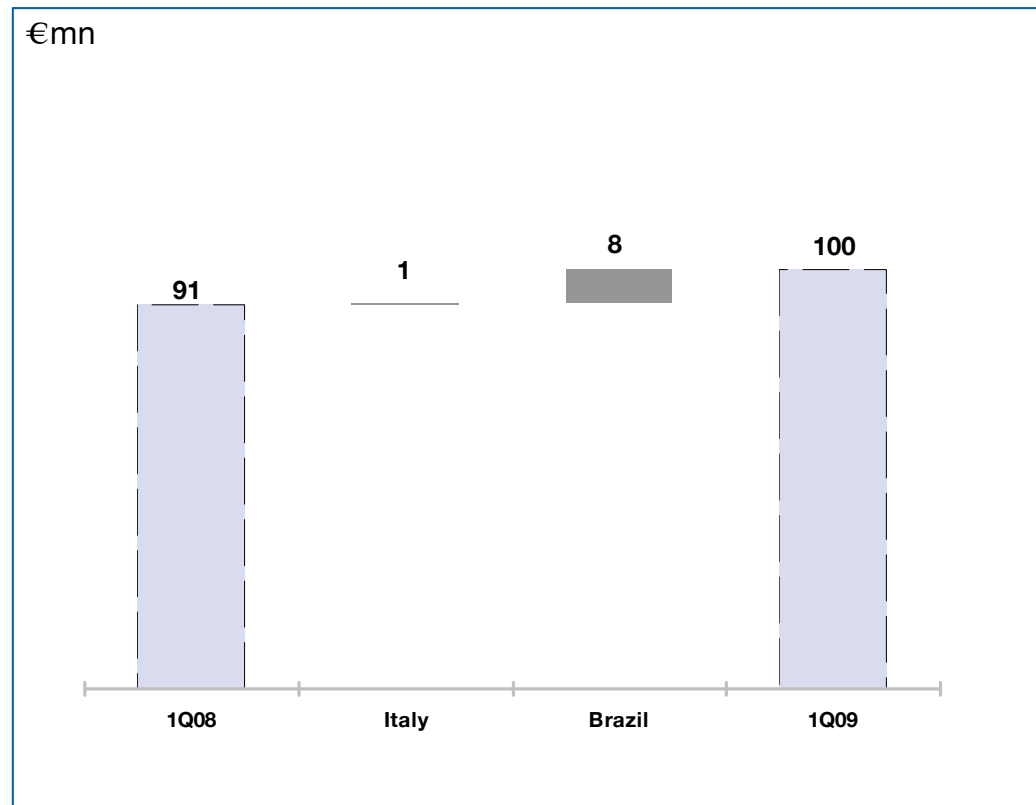
Consolidated Costs

- Italy
- Brazil
- Group

Costs by Entity⁽¹⁾



Costs Breakdown



(1) Net of capitalized costs

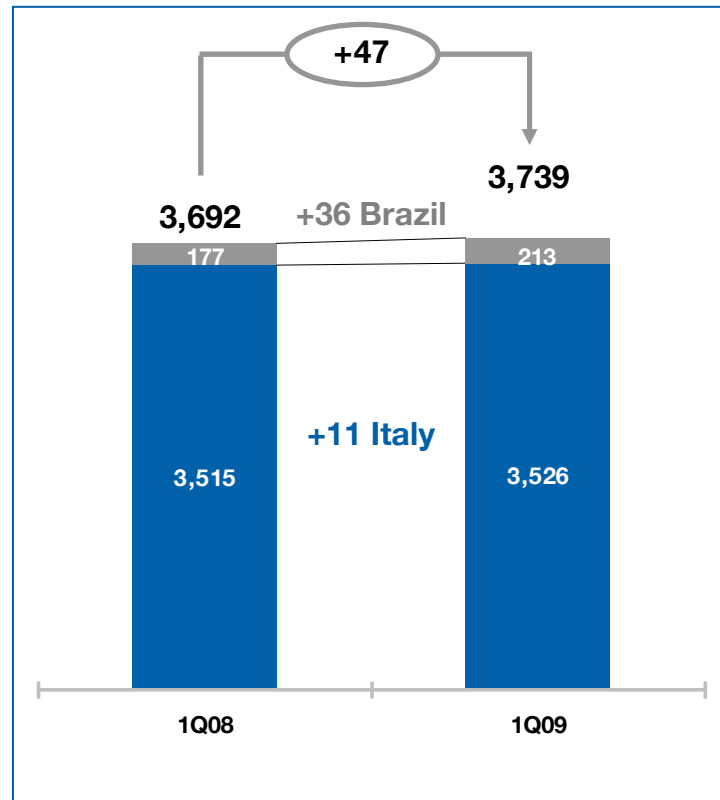


■ Italy
■ Brazil

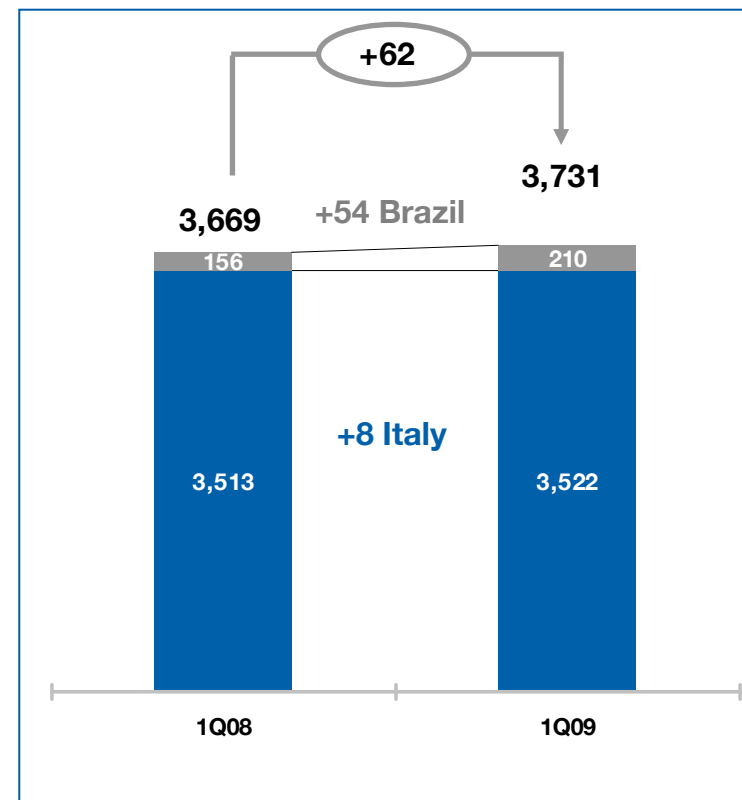
1Q09 Results

Headcount Evolution

Final Headcount



Average Headcount





1Q09 Results

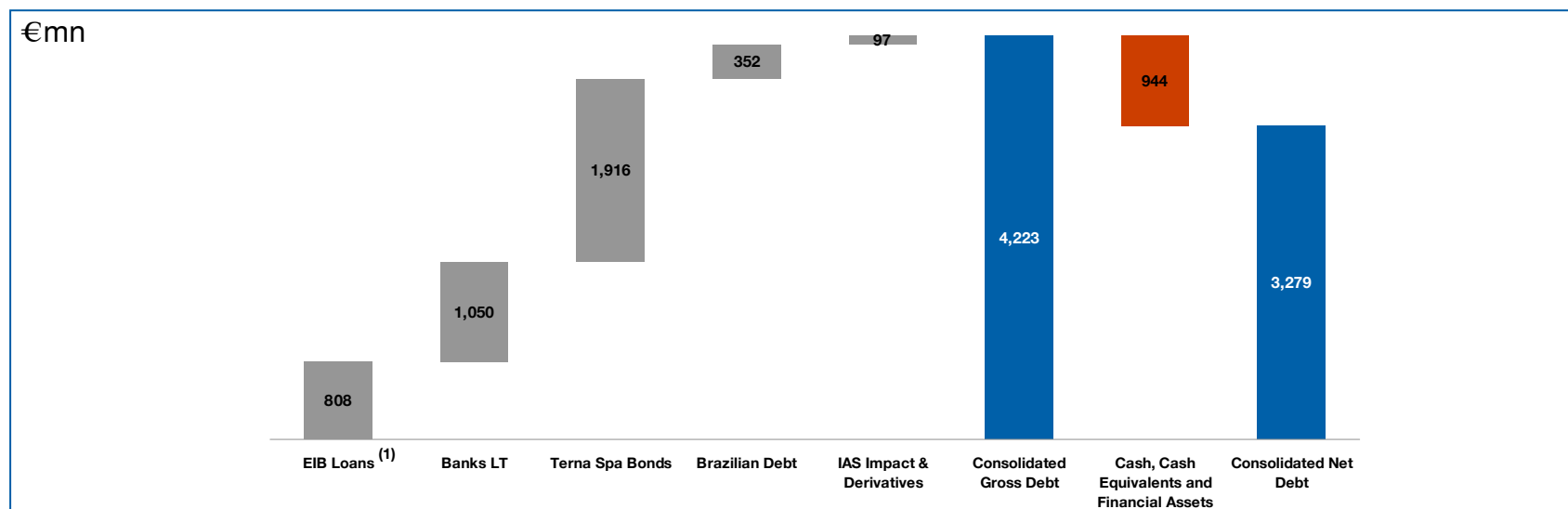
Consolidated Balance Sheet

€mn	Consolidated		Change
	FY08	1Q09	Δ%
Assets			
PP&E	6,036	6,143	1.8%
Intangible Asset, net	483	494	2.2%
Financial Inv. and Other	44	45	3.2%
Total Fixed Assets	6,563	6,682	1.8%
Net WC	-608	-761	25.0%
Funds	-425	-392	-7.8%
Net Invested Capital	5,530	5,530	0.0%
Financed by:			
Net Debt	3,366	3,279	-2.6%
Total Shareholder's Equity	2,164	2,251	4.0%
<i>Terna Group</i>	2,077	2,155	3.8%
<i>Minorities</i>	87	96	10.1%
D/E ratio	1.56	1.46	-6.3%



1Q09 Results

Consolidated Net Financial Position



Change in Net Financial Position (mn €)

Net Debt 2008YE	3,366
Δ Fair Value on Bonds and Derivatives	35
Change in Financial Position	(129)
Δ Exchange Rates + Int. Cap.	7
Net Debt 1Q09	3,279
Change in Net Debt	(87)

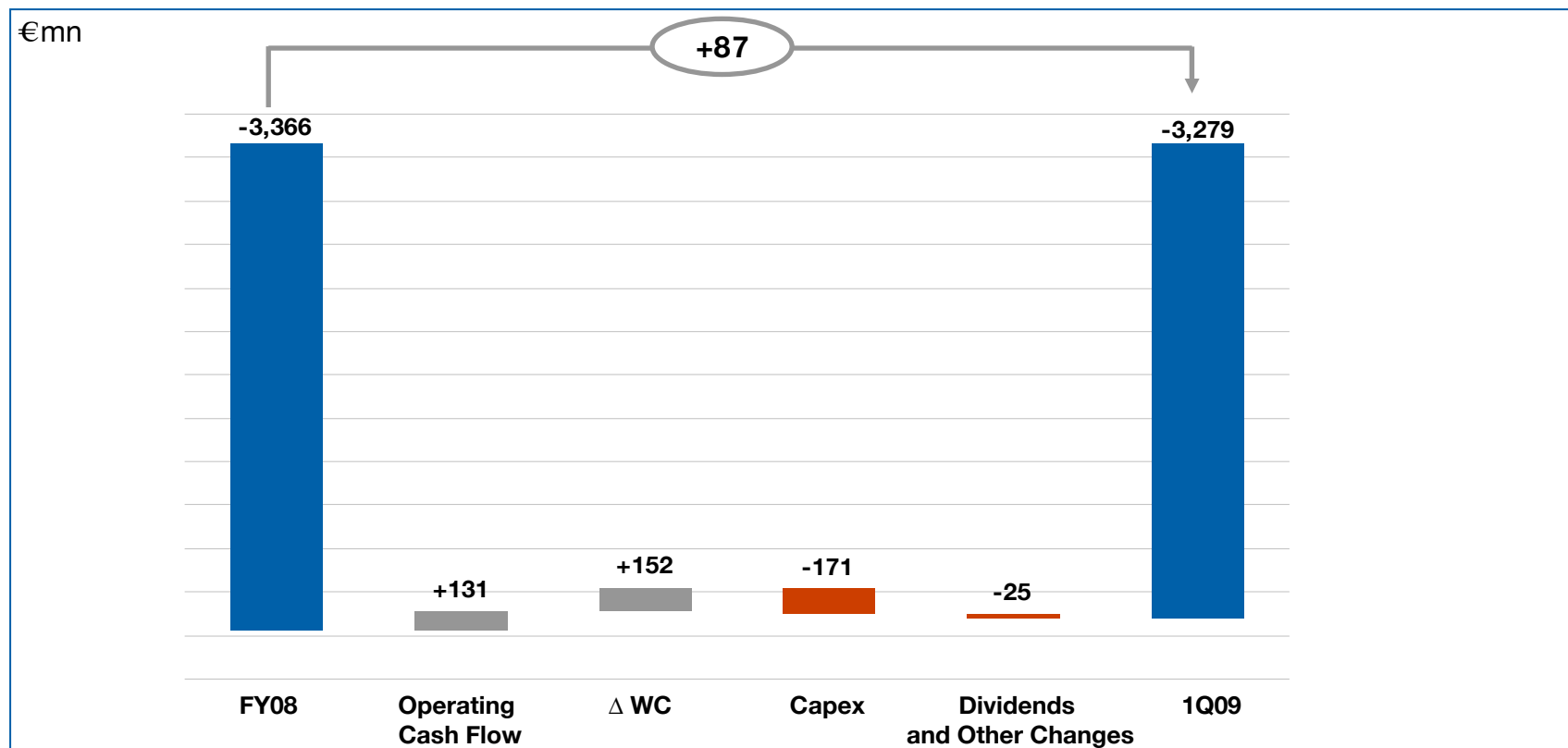
(1) EIB (European Investment Bank) Loans



1Q09 Results

Consolidated Net Debt

▪ Net Debt Evolution





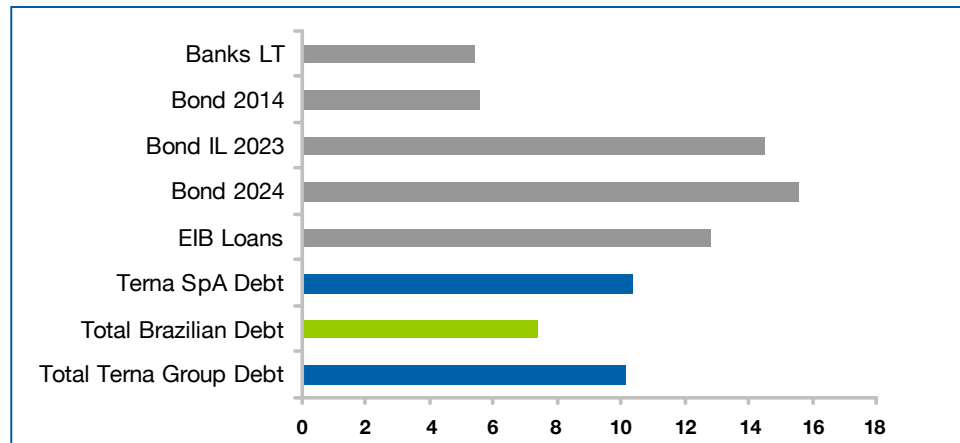
1Q09 Results

Financial Structure

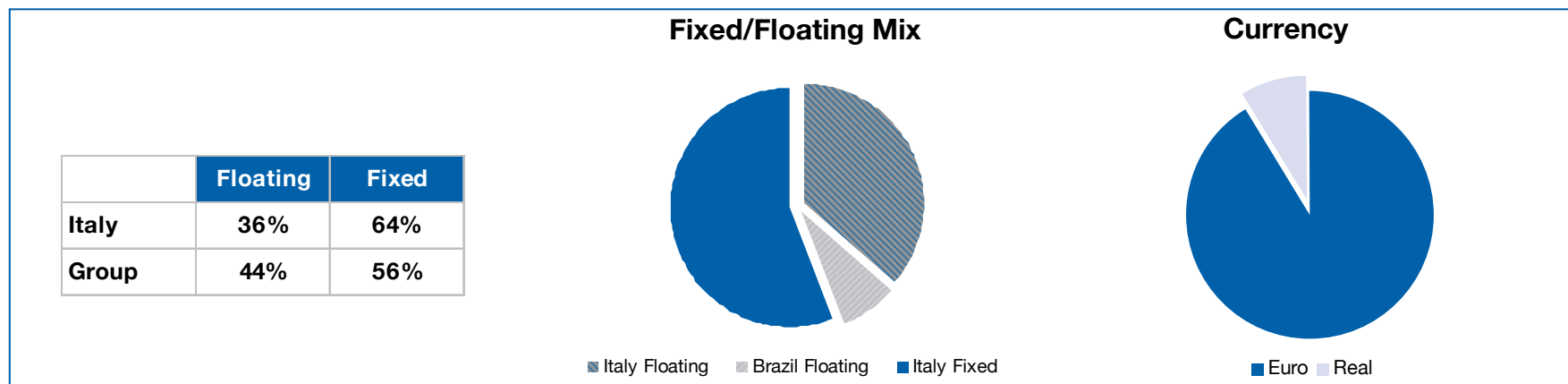
Cost of Debt

	ITALY	BRAZIL	GROUP
FY08	5.0%	11.0%	6.0%
1Q09	4.6%	11.0%	5.4%

Average Maturity



Debt Breakdown





1Q09 Results

TERNA Participações (IAS)

	€mn			BRLmn		
	1Q08	1Q09	Δ%	1Q08	1Q09	Δ%
Operating Revenues	47	57	23%	121	173	43%
Operating Expenses	12	20	67%	31	59	93%
EBITDA	35	38	9%	90	114	26%
<i>EBITDA Margin (%)</i>	75%	66%		75%	66%	
D&A	5	7	28%	14	20	49%
EBIT	29	31	5%	77	94	22%
Net Interest Expenses	9	11	23%	23	32	43%
Taxes	5	7	24%	14	20	44%
Net Income	15	14	-12%	40	41	2%
Net Invested Capital	621	695	12%	1,710	2,137	25%
Financed by:						
Net Debt	315	415	32%	868	1,277	47%
Shareholders' Equity	306	280	-9%	842	861	2%



1Q09 Results

Exchange Rates

	1Q08	FY08	1Q09
Closing Rate Euro/BRL	2.76	3.24	3.08
Average Rate for the Period	2.60	2.67	3.02
IGPM (cumulated LTM)	9.1%	9.8%	6.3%

Impacts on: (€ mn)	1Q09
Revenues	-7.1
EBITDA	-5.4
EBIT	-4.6
Net Financial Interests	-1.8
Net Income	-1.9



Disclaimer

THIS DOCUMENT HAS BEEN PREPARED BY TERNA S.P.A. (THE “COMPANY”) FOR THE SOLE PURPOSE DESCRIBED HEREIN. IN NO CASE MAY IT BE INTERPRETED AS AN OFFER OR INVITATION TO SELL OR PURCHASE ANY SECURITY ISSUED BY THE COMPANY OR ITS SUBSIDIARIES.

THE CONTENT OF THIS DOCUMENT HAS A MERELY INFORMATIVE AND PROVISIONAL NATURE AND THE STATEMENTS CONTAINED HEREIN HAVE NOT BEEN INDEPENDENTLY VERIFIED. NEITHER THE COMPANY NOR ANY OF ITS REPRESENTATIVES SHALL ACCEPT ANY LIABILITY WHATSOEVER (WHETHER IN NEGLIGENCE OR OTHERWISE) ARISING IN ANY WAY FROM THE USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH THIS DOCUMENT OR ANY MATERIAL DISCUSSED DURING THE PRESENTATION.

THIS DOCUMENT MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON. THE INFORMATION CONTAINED HEREIN AND OTHER MATERIAL DISCUSSED AT THE CONFERENCE CALL MAY INCLUDE FORWARD-LOOKING STATEMENTS THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE COMPANY’S BELIEFS AND EXPECTATIONS. THESE STATEMENTS ARE BASED ON CURRENT PLANS, ESTIMATES, PROJECTIONS AND PROJECTS, AND CANNOT BE INTERPRETED AS A PROMISE OR GUARANTEE OF WHATSOEVER NATURE.

HOWEVER, FORWARD-LOOKING STATEMENTS INVOLVE INHERENT RISKS AND UNCERTAINTIES AND ARE CURRENT ONLY AT THE DATE THEY ARE MADE. WE CAUTION YOU THAT A NUMBER OF FACTORS COULD CAUSE THE COMPANY’S ACTUAL RESULTS AND PROVISIONS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN ANY FORWARD-LOOKING STATEMENT. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO: TRENDS IN COMPANY’S BUSINESS, ITS ABILITY TO IMPLEMENT COST-CUTTING PLANS, CHANGES IN THE REGULATORY ENVIRONMENT, DIFFERENT INTERPRETATION OF THE LAW AND REGULATION, ITS ABILITY TO SUCCESSFULLY DIVERSIFY AND THE EXPECTED LEVEL OF FUTURE CAPITAL EXPENDITURES. THEREFORE, YOU SHOULD NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS. TERNA DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE FORWARD-LOOKING STATEMENTS TO REFLECT ANY CHANGES IN TERNA’S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGES IN EVENTS.

EXECUTIVE IN CHARGE OF THE PREPARATION OF ACCOUNTING DOCUMENTS “LUCIANO DI BACCO” DECLARES, PURSUANT TO PARAGRAPH 2 OF ARTICLE 154-BIS OF THE CONSOLIDATED LAW ON FINANCE, THAT THE ACCOUNTING INFORMATION CONTAINED IN THIS PRESENTATION CORRESPONDS TO THE DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.

investor.relations@terna.it

+39 06 8313 8106

www.terna.it



FTSE4Good
Global



Axia Ethical Index



Global



Ethical Index EURO®

BEST IN CLASS
environmental and
social performance
STOREBRAND SRI



 sam | 2009
bronze class

 sam | 2009
sector mover

