



# Terna 9M13

## *Consolidated Results*

**Flavio Cattaneo** *Chief Executive Officer*

**Giuseppe Saponaro** *Chief Financial Officer*

November 13<sup>th</sup>, 2013

# Agenda

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# Strategic Update

## Traditional Activities

### Traditional Capex

**Regulator confirmed the extra remuneration on 2011 and 2012 Work in Progress<sup>1</sup>**

- Milestones met
- Incentives recognized starting from 2014 tariff

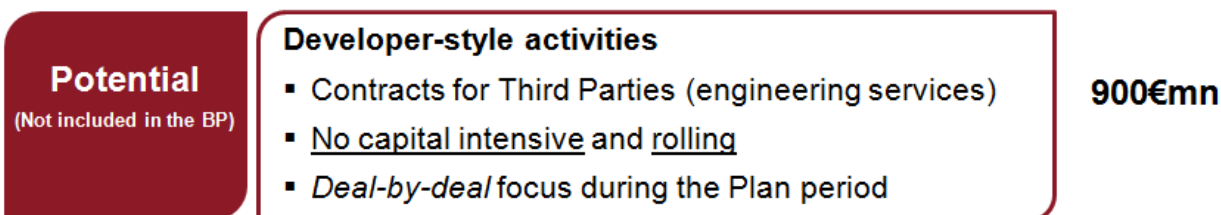
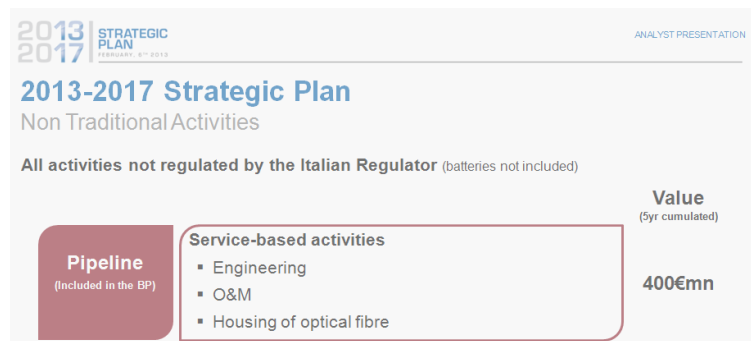
### Storage

**3 Sites fully authorized**

- 2 Energy Intensive, 1 Power Intensive
- Entered into the construction phase
- In 9M13 spent already 31mn€

# Strategic Update

## Non Traditional Activities



Working hard to **convert the Potential into a Pipeline**, to guarantee a steady contribution from NTAs during the Plan period

- Tangible steps forward on renewable projects abroad

# 9M13 Results

At a Glance

## OPERATING PERFORMANCE

Total Revenues

**+7.9%** yoy  
at 1,401 €mn



EBITDA

**+10.1%** yoy  
at 1,133 €mn



EBITDA Margin

**80.8%**  
+1.6 pp yoy



## CAPEX & NET DEBT

Total Group Capex

**758** €mn

Net Debt

**6,340** €mn

## NET INCOME

Group Net Income

**+15.8%** yoy  
at 412 €mn




# 9M13 Results

## Consolidated Revenues

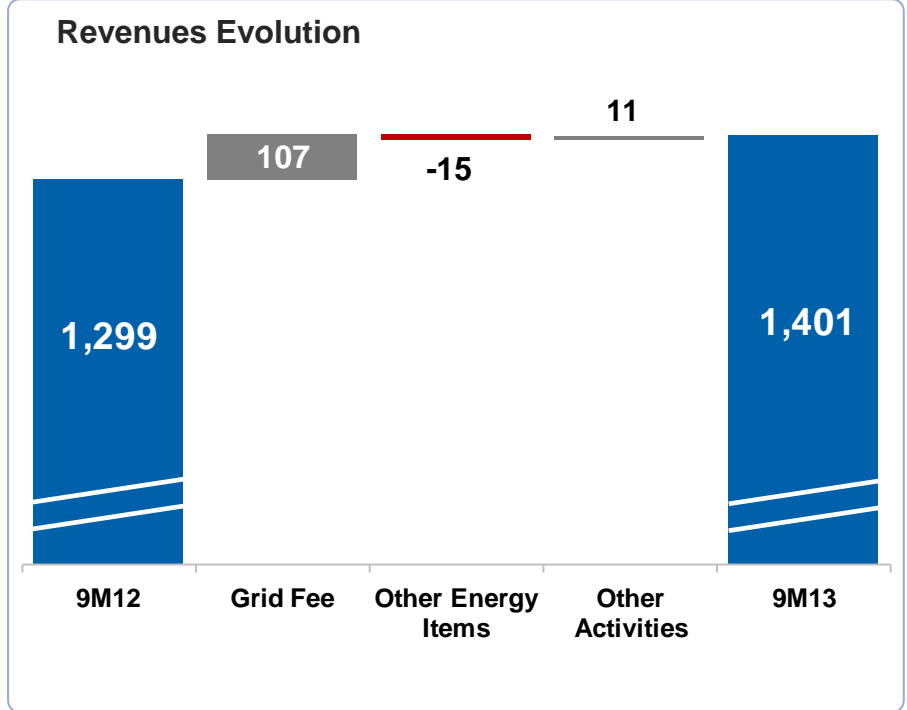
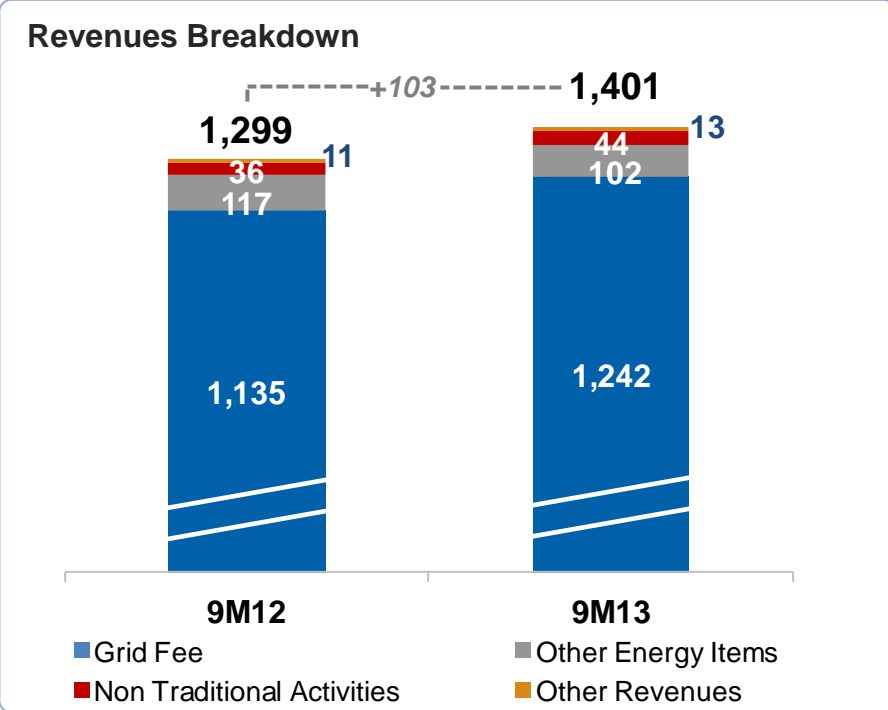
**Total Revenues**  
**+7.9%** yoy  
 at 1,401 €mn



**Grid Fee**  
**+9.4%** yoy  
 at 1,242 €mn



**Other Activities**  
 at **58** €mn



In € mn


# 9M13 Results

## Consolidated Costs & EBITDA

Total Operating Costs 


**Stable** yoy

at 269<sub>€mn</sub>

EBITDA 

**+10.1%** yoy

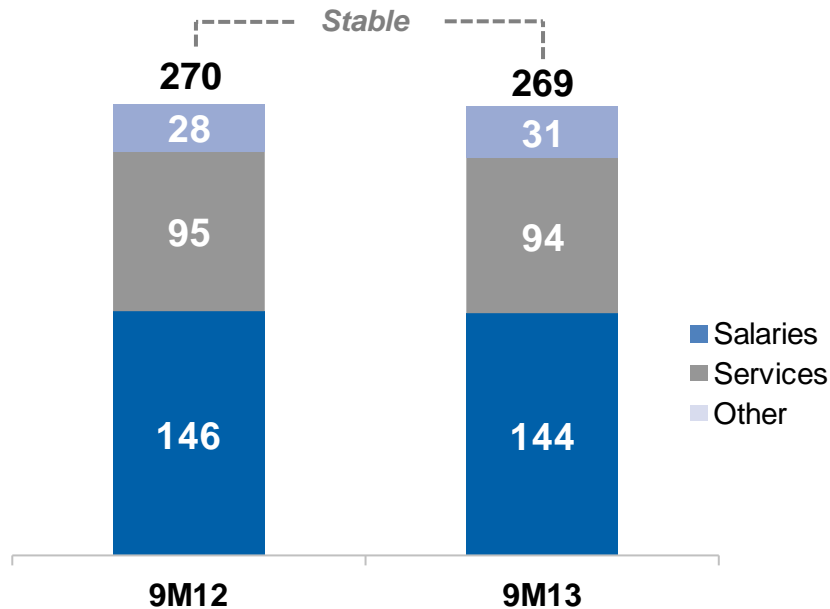
at 1,133<sub>€mn</sub>

EBITDA Margin 

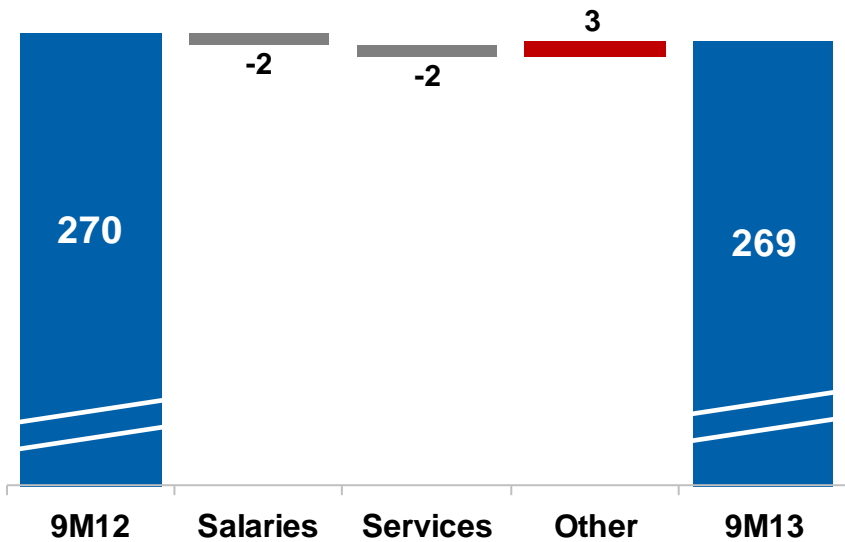
**80.8%**

+1.6<sub>pp</sub> yoy

Costs Breakdown



Costs Evolution



In € mn

# 9M13 Results

From EBIT to Net Income

**EBIT**  
**+12.9%** yoy  
 at **811** €mn



€ mn	9M12	9M13	Δ	Δ %
<b>EBITDA</b>	<b>1,029</b>	<b>1,133</b>	104	10.1%
D&A	311	322	11	3.6%
<b>EBIT</b>	<b>718</b>	<b>811</b>	93	12.9%

**Profit Before Taxes**  
**+14.5%** yoy  
 at **740** €mn



Net Financial Expenses	72	71	-1	-1.5%
<b>PBT</b>	<b>646</b>	<b>740</b>	94	14.5%

**Group Net Income**  
**+15.8%** yoy  
 at **412** €mn



Tax Rate	45.0% <sup>1</sup>	44.4% <sup>2</sup>		
Taxes	291	328	38	12.9%
<b>Group Net Income</b>	<b>356</b>	<b>412</b>	56	15.8%



# 9M13 Results

## Capex Breakdown

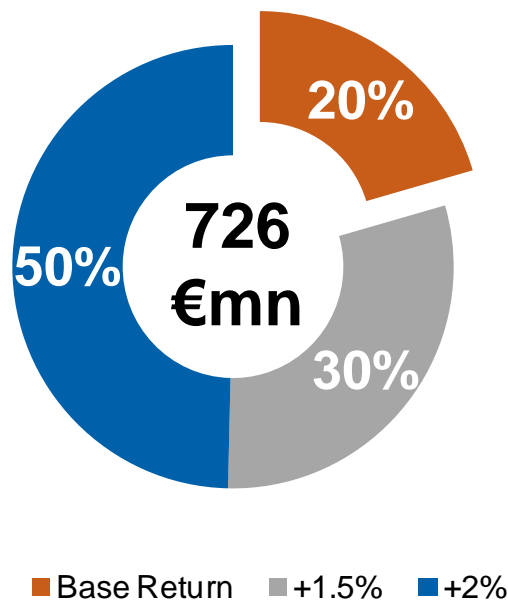
Total Regulated Capex

**726** €mn

Storage Business

**Construction Phase**

Total Regulated Capex



Capex Breakdown €mn

Category	9M12	9M13	Δ <sub>yoy</sub>	Δ % <sub>yoy</sub>
+2%	398	360	-37	-9%
+1.5%	203	217	13	7%
<b>Incentivized Capex</b>	<b>601</b>	<b>577</b>	<b>-24</b>	<b>-4%</b>
Base Return	135	149	14	10%
<b>Total Regulated Capex</b>	<b>736</b>	<b>726</b>	<b>-10</b>	<b>-1%</b>
Other <sup>1</sup>	42	32	-10	
<b>Total Group Capex</b>	<b>778</b>	<b>758</b>	<b>-20</b>	<b>-3%</b>

# 9M13 Results

## Net Debt Evolution & Financial Structure

Net Debt

**6,340** €mn

+485 €mn vs. Dec. 31, 2012

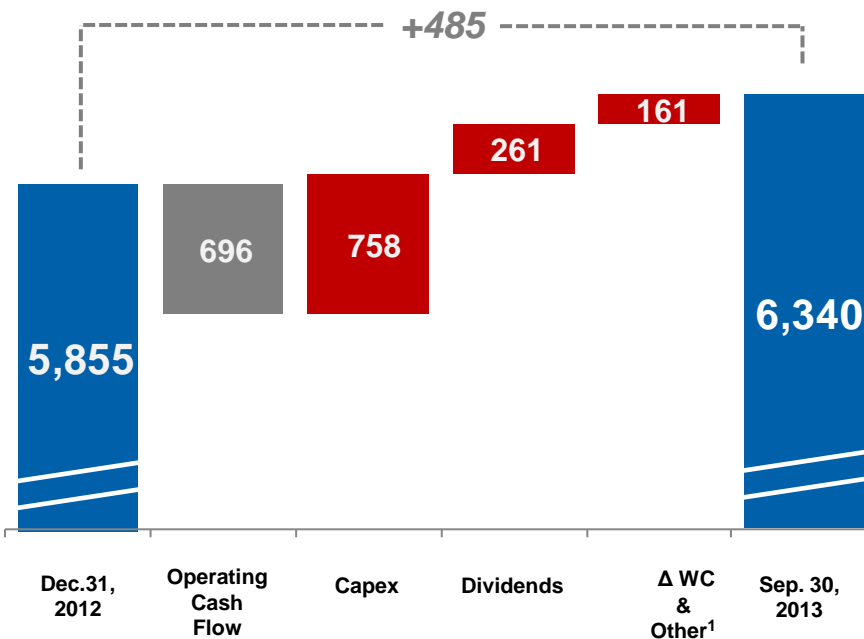
Fixed/Floating Ratio

**71/29**

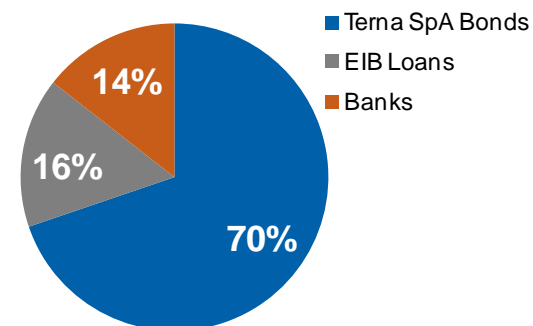
Avg. Maturity

**7** years

Net Debt Evolution €mn



Financial Indebtedness



Rating	M/L Term		Delta	Outlook	
	Terna <sup>2</sup>	Sovereign		Terna <sup>2</sup>	Sovereign
S&P	BBB+	BBB	+1 notch	Negative	Negative
Moody's	Baa1	Baa2	+1 notch	Negative	Negative
Fitch	A-	BBB+	+1 notch	Negative	Negative

As of November, 13 2013

# 9M13 Results

## Closing Remarks

### 2013 Outlook

Proceeding in line with the Strategic Plan

### 2013 Interim Dividend

**7** €cents

Ex Dividend Date: *November 18<sup>th</sup> 2013*

Payment Date<sup>1</sup>: *November 21<sup>st</sup> 2013*

# THANK YOU. QUESTIONS?

**Flavio Cattaneo** Chief Executive Officer

**Giuseppe Saponaro** Chief Financial Officer

9M13 Consolidated Results  
NOVEMBER 13<sup>th</sup>, 2013

# ANNEXES

# Annexes

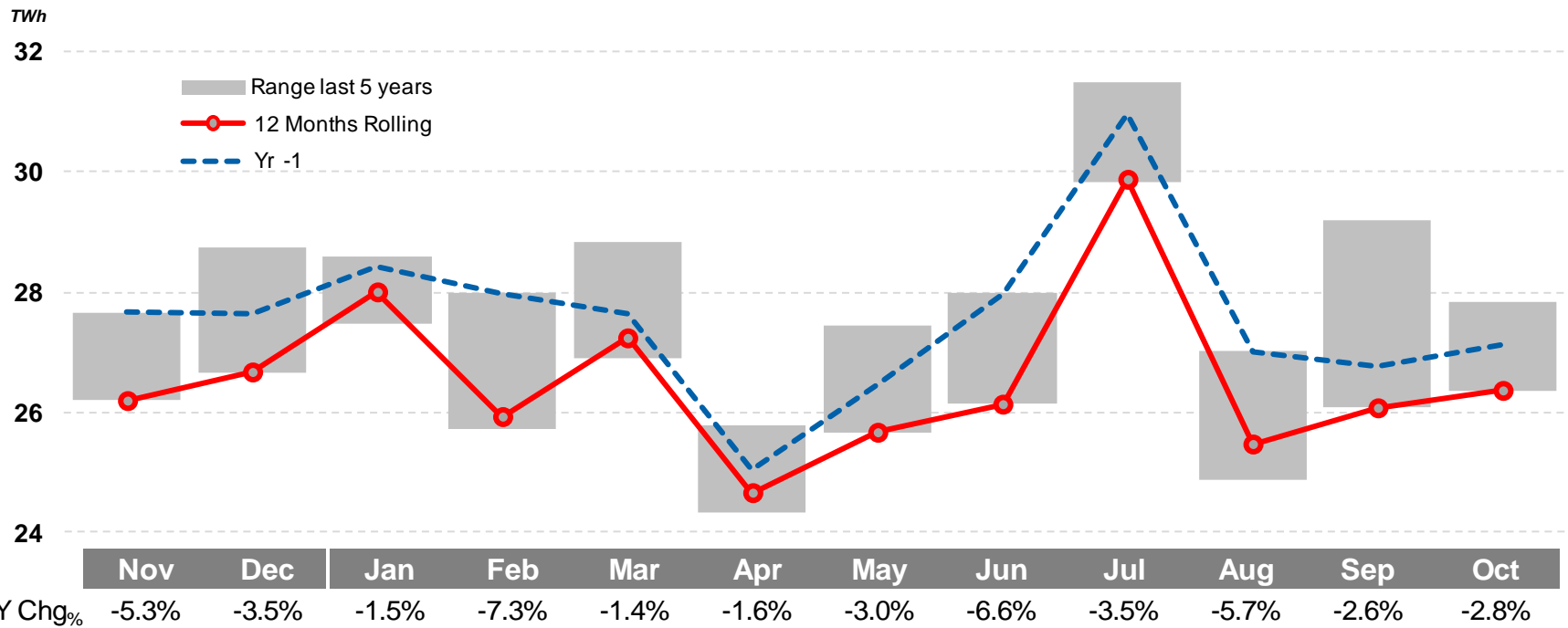
## Electricity Market Trends

### 9M13 Energy Demand

**-3.7% yoy**

**-3.7%** 12 months rolling

	9M12	9M13	Δ %	YtD	Jan/Oct 2012	Jan/Oct 2013	Δ %
Demand <sub>TWh</sub>	248	239	-3.7%	Demand <sub>TWh</sub>	275	265	-3.6%



2012 final figures, 2013 provisional figures (as of October 2013)

# Annexes

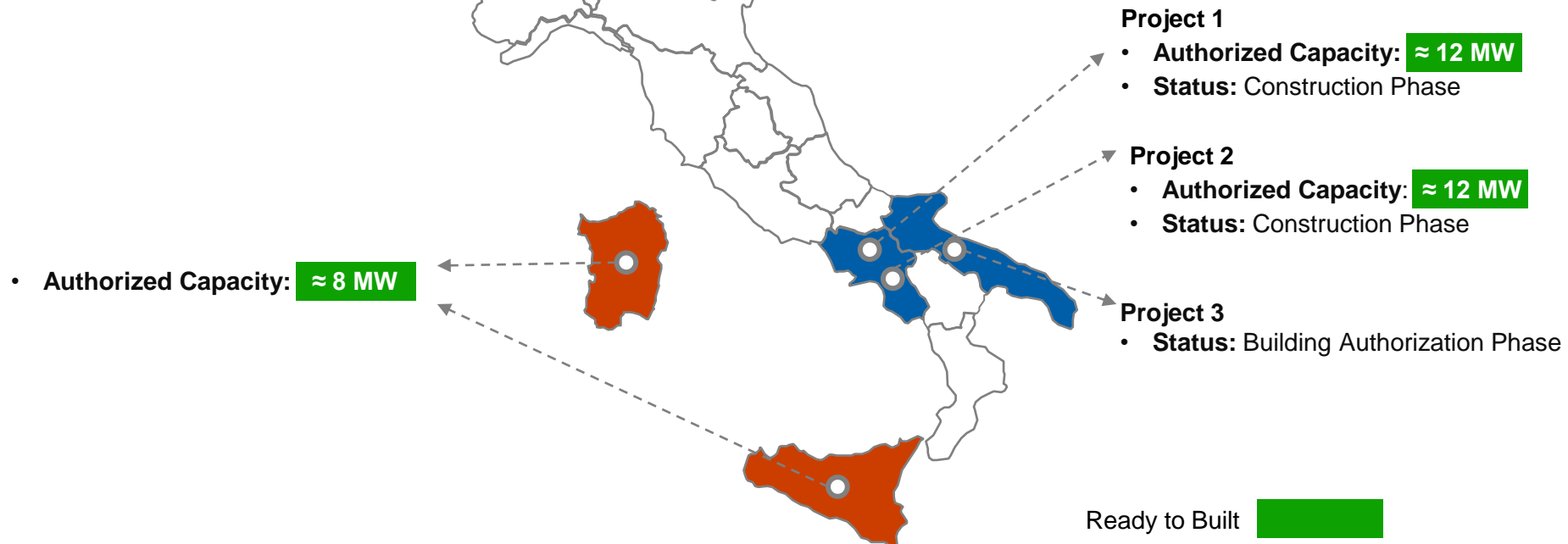
## Overview on Storage

### Power Intensive Line

- **Scope:** Safe management of the grid
- **Total Capacity:** **40 MW**
- **Technology:** Li-Ion *Lithium*, Zebra
- **Number Of Projects:** **2**

### Energy Intensive Line

- **Scope:** Solve Grid congestion / bottlenecks
- **Total Capacity:** **35 MW**
- **Technology:** NaS *Sodium Sulfur*
- **Number Of Projects:** **3**



# Annexes

## Consolidated Income Statement

€ mn	9M12	9M13	Δmn	Δ%
<b>Operating Revenues</b>	<b>1,299</b>	<b>1,401</b>	<b>103</b>	<b>7.9%</b>
<i>of which</i>				
Grid Fee	1,135	1,242	107	9.4%
Other Energy Items	117	102	-15	-12.6%
Other Activities <sup>1</sup>	47	58	11	22.3%
<b>Operating Expenses</b>	<b>270</b>	<b>269</b>	<b>-1</b>	<b>-0.4%</b>
<i>of which</i>				
Salaries	146	144	-2	-1.3%
Services	95	94	-2	-2.0%
Other	28	31	3	9.3%
<b>EBITDA</b>	<b>1,029</b>	<b>1,133</b>	<b>104</b>	<b>10.1%</b>
D&A	311	322	11	3.6%
<b>EBIT</b>	<b>718</b>	<b>811</b>	<b>93</b>	<b>12.9%</b>
Net Financial Charges	72	71	-1	-1.5%
<b>Pre Tax Profit</b>	<b>646</b>	<b>740</b>	<b>94</b>	<b>14.5%</b>
Taxes	291	328	38	12.9%
Tax Rate (%)	45.0% <sup>2</sup>	44.4% <sup>3</sup>		
<b>Group Net Income</b>	<b>356</b>	<b>412</b>	<b>56</b>	<b>15.8%</b>



# Annexes

## Consolidated Balance Sheet

€ mn	Dec. 31,2012	Sep. 30,2013	Δmn
<b>Assets</b>			
<i>PP&amp;E</i>	9,342	9,796	454
<i>Intangible Asset, net</i>	470	458	-12
<i>Financial Inv. And Other</i>	81	83	2
<b>Total Fixed Assets</b>	<b>9,894</b>	<b>10,337</b>	<b>443</b>
<i>Net WC</i>	-770	-578	192
<i>Funds</i>	-480	-443	37
<b>Total Net Invested Capital</b>	<b>8,643</b>	<b>9,315</b>	<b>672</b>
<i>Financed by</i>			
<b>Consolidated Net Debt</b>	<b>5,855</b>	<b>6,340</b>	<b>485</b>
<b>Total Shareholder's Equity</b>	<b>2,788</b>	<b>2,976</b>	<b>187</b>
<b>D/E Ratio Continuing Operations</b>	<b>2.1</b>	<b>2.1</b>	
<b>Number of Shares ('000)</b>	<b>2,010</b>	<b>2,010</b>	

# Annexes

## Consolidated Cash Flow

€ mn	9M12	9M13
<i>Net Income</i>	356	412
<i>Depreciation<sup>1</sup></i>	308	321
<i>Net Change in Funds</i>	-41	-37
<b>Operating Cash Flow</b>	<b>622</b>	<b>696</b>
<i>Change in Working Capital</i>	-19	-192
<b>Cash Flow from Operating Activities</b>	<b>603</b>	<b>504</b>
<i>Capital Expenditures</i>	-778	-758
<i>Other Fixed Asset Changes</i>	17	-7
<b>Free Cash Flow</b>	<b>-158</b>	<b>-261</b>
<i>Dividends</i>	-261	-261
<i>Change in Capital and Other</i>	-34	37
<b>Change in Net Cash (Debt)</b>	<b>-453</b>	<b>-485</b>

# Annexes

## Quarterly Analysis

€ mn	1Q12	1Q13	Δ	2Q12	2Q13	Δ	3Q12	3Q13	Δ
Operating Revenues	432	470	38	425	449	24	442	482	40
<i>of which</i>									
Grid Fee	384	423	39	362	397	35	389	422	33
Other Energy Items <sup>1</sup>	27	29	2	40	26	-14	28	30	2
Other Activities <sup>2</sup>	15	13	-2	15	19	5	18	26	8
IFRIC 12	5	5	-1	9	7	-2	7	5	-2
Operating Expenses	92	89	-3	96	98	2	82	82	0
EBITDA	340	381	41	329	351	22	360	401	41
D&A	101	106	5	103	107	4	106	109	2
EBIT	239	275	36	226	244	18	254	292	39
Net Financial Charges	31	18	-13	31	25	-6	10	28	18
Pre Tax Profit	208	257	49	195	219	24	244	264	20
Taxes	94	115	21	87	97	10	110	116	6
Group Net Income	114	142	28	108	122	14	134	148	14
Total Group Capex	246	206	-40	305	298	-7	227	254	27
Net Debt (end of period)	5,273	5,924		5,887	6,575		5,576	6,340	

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