

1H13 Consolidated Results

Flavio Cattaneo Chief Executive Officer

Giuseppe Saponaro Chief Financial Officer

JULY 25th, 2013

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Highlights

1H2013 at a Glance

OPERATING PERFORMANCE

Total Revenues

+7.3% yoy

at 919_{€mn}



EBITDA

+9.4% yoy

at 732_{€mn}



EBITDA Margin

79.7%

+1.6_{pp} yoy



CAPEX & NET DEBT

Total Group Capex

504_{€mn}

Net Debt

6,575_{€mn}

NET INCOME

Group Net Income

+19% yoy

at 264_{€mn}



Highlights

Strategic Update

Strategic Targets

Growth

Capital Structure

Actions

- **Projects' execution on track**
 - Recent kick-off of important projects, such as Italy-France interconnection and Capri-Mainland link
 - Battery project progressing
- **Sustainable growth + sustainable approach**
Innovative, high-tech and eco-sustainable projects

- **Permanent management of capital structure to constantly add funding flexibility**
 - Renewed EMTN programme, up to 6bn
 - New EIB loan (570mn) to support Grid capex


1H13 Results

Consolidated Revenues

Total Revenues

+7.3% yoy

at **919**€mn



Grid Fee

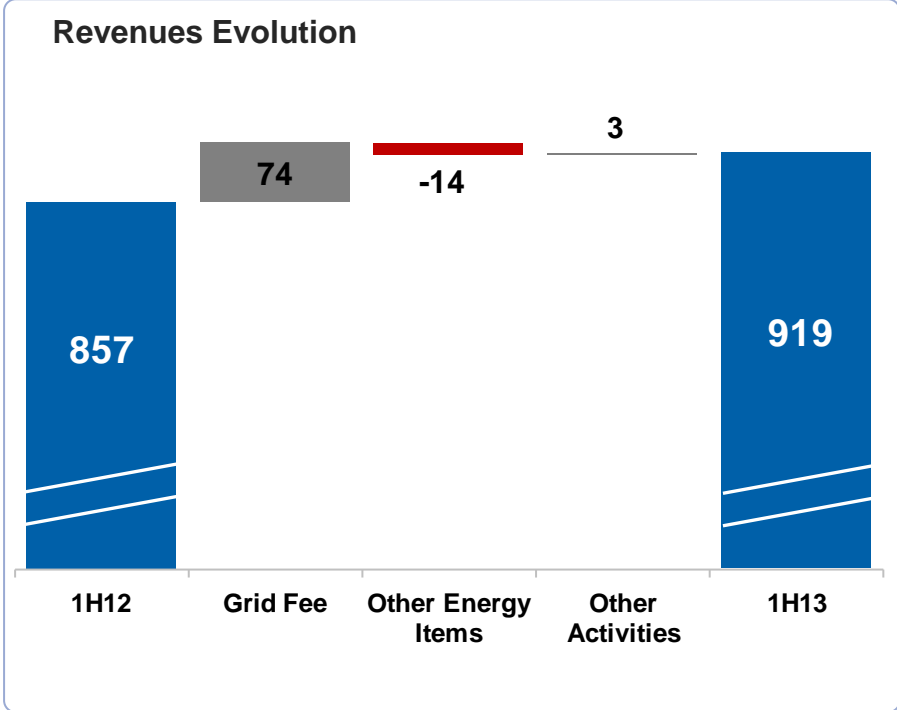
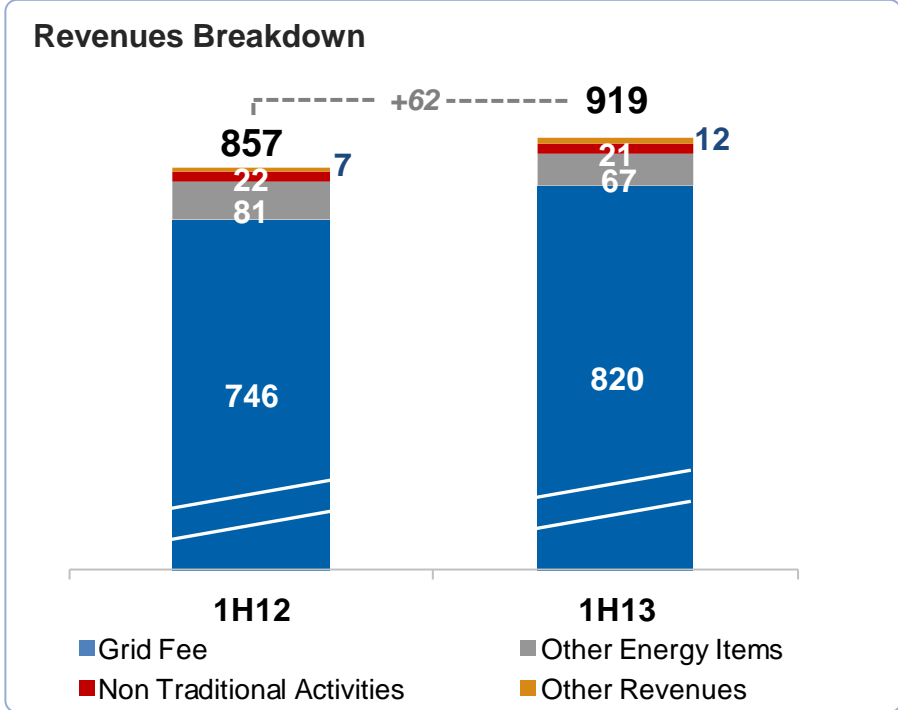
+10% yoy

at **820**€mn



Other Activities

at **32**€mn



In € mn

1H13 Results

Consolidated Costs & EBITDA

Total Operating Costs 


Stable yoy

at 187€mn

EBITDA 

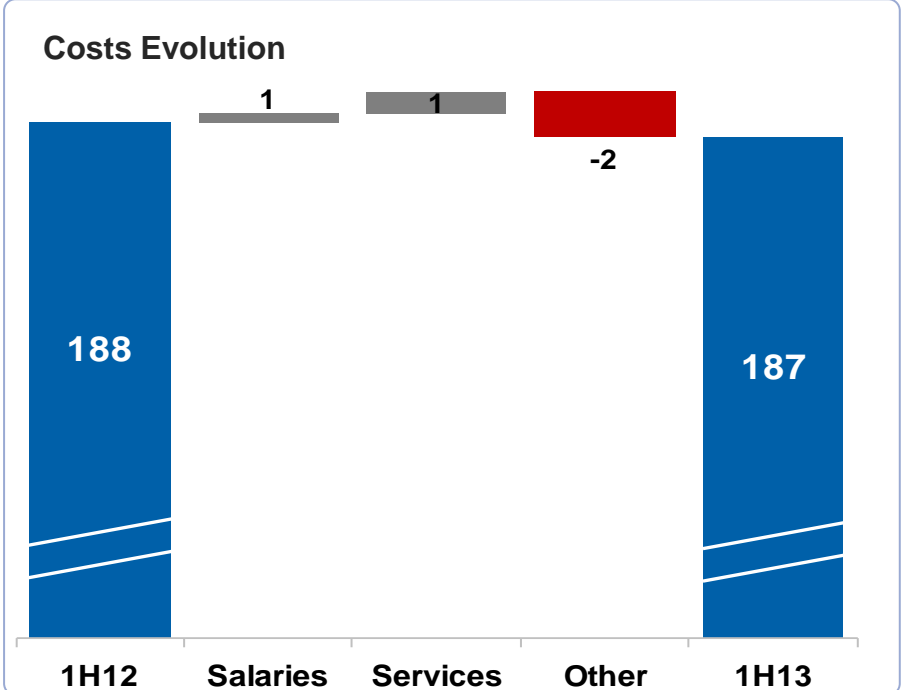
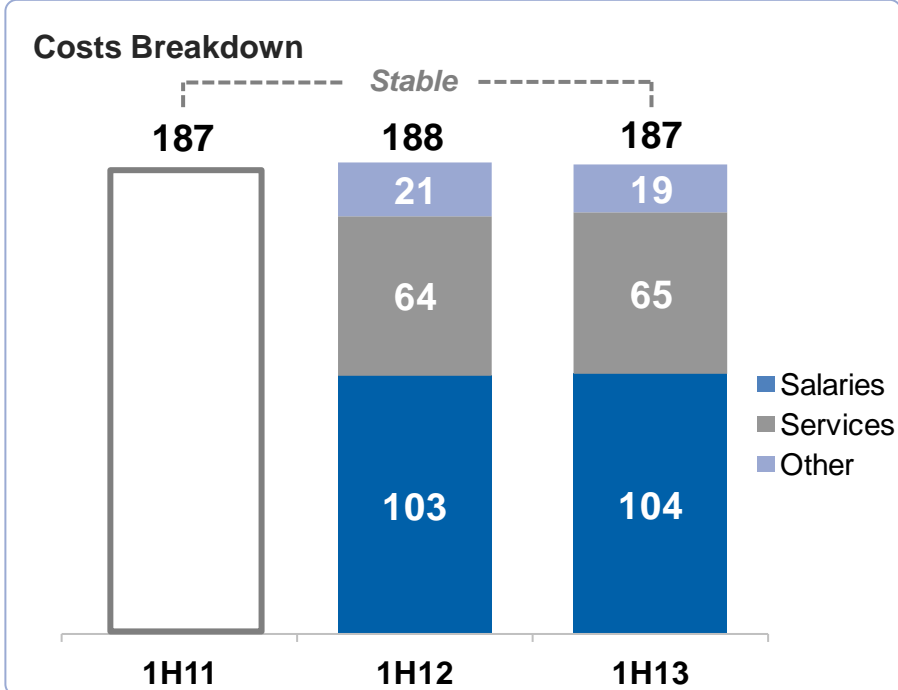
+9.4% yoy

at 732€mn

EBITDA Margin 

79.7%

+1.6 pp yoy



In € mn

1H13 Results

From EBIT to Net Income

EBIT
+11.6% yoy
 at 519_{€mn}



€ mn	1H12	1H13	Δ	Δ %
EBITDA	669	732	63	9.4%
D&A	205	213	9	4.4%
EBIT	464	519	54	11.6%

Profit Before Taxes
+18.3% yoy
 at 476_{€mn}



Net Financial Expenses	62	43	-19	-31.2%
PBT	402	476	73	18.3%

Group Net Income
+18.8% yoy
 at 264_{€mn}



Tax Rate	44.8%	44.6%		
Taxes	180	212	32	17.6%
Group Net Income	222	264	42	18.8%

1H13 Results

Capex Breakdown

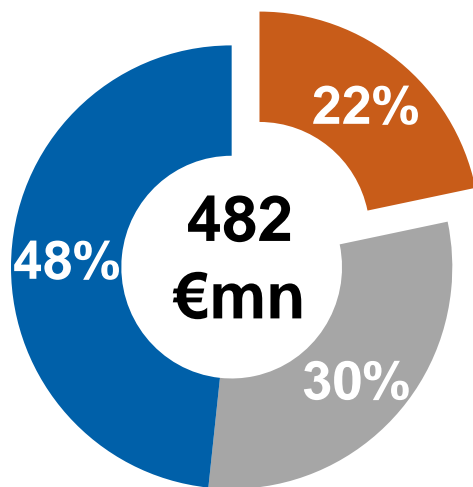
Total Regulated Capex

482 €mn

Work in Progress

>200 Building Sites
for **3** €bn Cumulated Capex

Total Regulated Capex



■ Base Return ■ +1.5% ■ +2%

Capex Breakdown €mn

Category	1H12	1H13 ¹	Δ _{yoy}	Δ % _{yoy}
+2%	295	233	-62	-21%
+1.5%	131	144	13	10%
Incentivized Capex	426	377	-48	-11%
Base Return	98	105	7	7%
Total Regulated Capex	523	482	-41	-8%
Other ²	28	22	-6	
Total Group Capex	551	504	-47	-9%

1H13 Results

Net Debt Evolution & Financial Structure

Net Debt

6,575 €mn

+720 €mn vs. Dec. 31, 2012

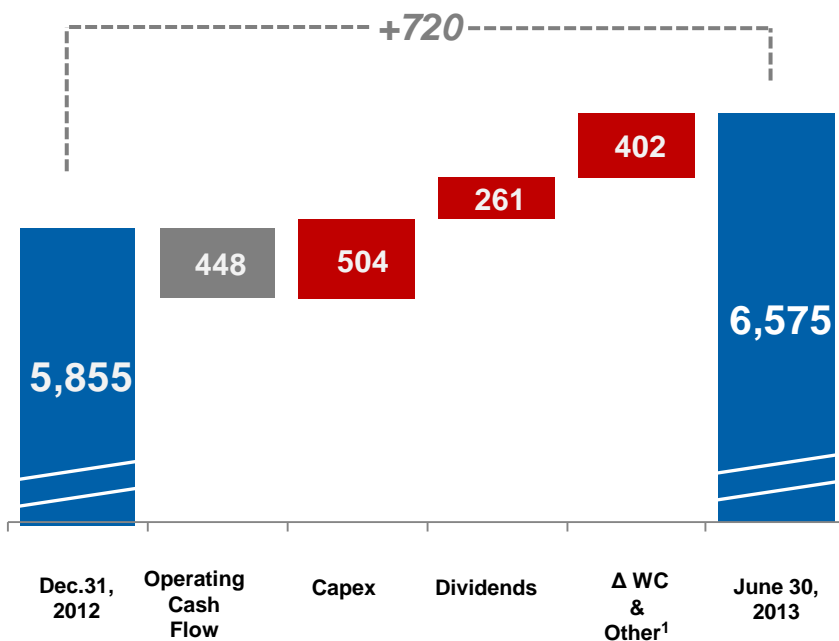
Fixed/Floating Ratio

69/31

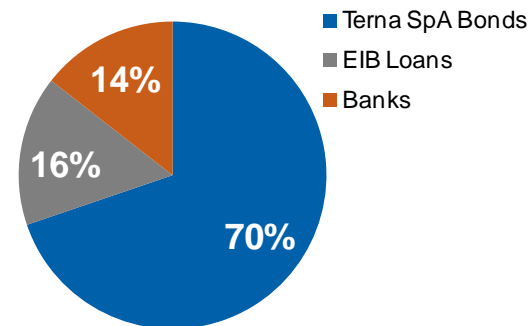
Avg. Maturity

7.2 years

Net Debt Evolution €mn



Financial Indebtedness



Rating

Rating	M/L Term		Delta	Outlook	
	Terna ²	Sovereign		Terna ²	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 July, 25 2013

Closing Remarks

- **Capex** to step up in the second half of the year
- **Storage** project gradually entering into a more operational phase
- **WACC** interim revision: a mathematical adjustment
- Building the conditions to perform on **Non Traditional Activities**

THANK YOU. QUESTIONS?

Flavio Cattaneo Chief Executive Officer

Giuseppe Saponaro Chief Financial Officer

1H13 Consolidated Results
JULY 25th, 2013

ANNEXES

Annexes

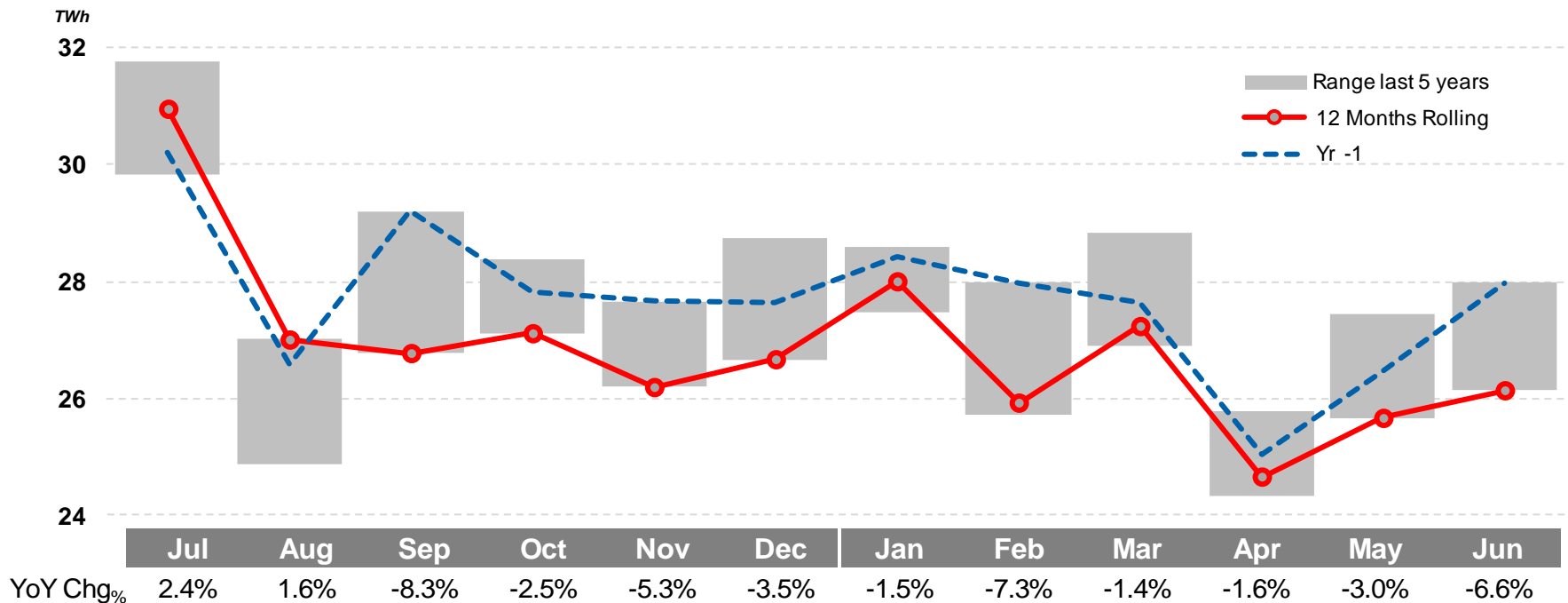
Electricity Market Trends

1H13 Energy Demand

-3.6% yoy

-3.1% 12 months rolling

	1H12	1H13	Δ %
Demand TWh	164	158	-3.6%



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

Annexes

Consolidated Income Statement

€ mn	1H12	1H13	Δmn	Δ%
Operating Revenues	857	919	62	7.3%
<i>of which</i>				
Grid Fee	746	820	74	9.9%
Other Energy Items	81	67	-14	-17.7%
Other Activities*	29	32	3	10.3%
Operating Expenses	188	187	-1	-0.4%
<i>of which</i>				
Salaries	103	104	1	0.5%
Services	64	65	1	1.7%
Other	21	19	-2	-11.4%
EBITDA	669	732	63	9.4%
D&A	205	213	9	4.4%
EBIT	464	519	54	11.6%
Net Financial Charges	62	43	-19	-31.2%
Pre Tax Profit	402	476	73	18.3%
Taxes	180	212	32	17.6%
Tax Rate (%)	45%	45%		
Group Net Income	222	264	42	18.8%

Annexes

Consolidated Balance Sheet

€ mn	Dec. 31,2012	Jun. 30,2013	Δmn
Assets			
<i>PP&E</i>	9,342	9,650	308
<i>Intangible Asset, net</i>	470	463	-8
<i>Financial Inv. And Other</i>	81	83	2
Total Fixed Assets	9,894	10,196	302
<i>Net WC</i>	-770	-348	422
<i>Funds *</i>	-480	-451	29
Total Net Invested Capital	8,643	9,397	753
<i>Financed by</i>			
Consolidated Net Debt	5,855	6,575	720
Total Shareholder's Equity *	2,788	2,822	33
D/E Ratio Continuing Operations	2.1	2.3	
Number of Shares ('000)	2,010	2,010	

* Including the effect of the application of the IAS 19 R accounting principle "Benefits for employees"

Annexes

Consolidated Cash Flow

€ mn	1H12	1H13
<i>Net Income</i>	222	264
<i>Depreciation*</i>	203	213
<i>Net Change in Funds</i>	-27	-29
Operating Cash Flow	398	448
<i>Change in Working Capital</i>	-330	-422
Cash Flow from Operating Activities	67	26
<i>Capital Expenditures</i>	-551	-504
<i>Other Fixed Asset Changes</i>	6	-11
Free Cash Flow	-478	-490
<i>Dividends</i>	-261	-261
<i>Change in Capital and Other</i>	-24	31
Change in Net Cash (Debt)	-764	-720

Annexes

Quarterly Analysis

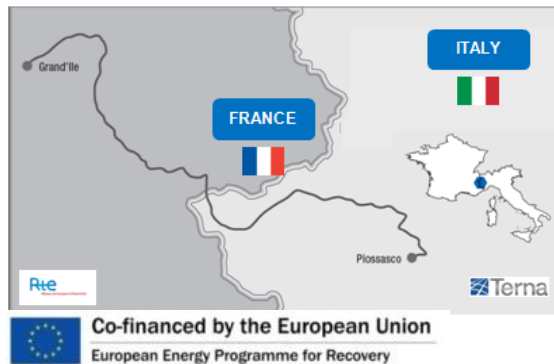
€ mn	1Q12	1Q13	Δ	2Q12	2Q13	Δ
Operating Revenues	432	470	38	425	449	24
<i>of which</i>						
<i>Grid Fee</i>	384	423	39	362	397	35
<i>Other Energy Items</i> ¹	27	29	2	40	26	-14
<i>Other Activities</i> ²	15	13	-2	15	19	5
<i>IFRIC 12</i>	5	5	-1	9	7	-2
Operating Expenses	92	89	-3	96	98	2
EBITDA	340	381	41	329	351	22
D&A	101	106	5	103	107	4
EBIT	239	275	36	226	244	18
Net Financial Charges	31	18	-13	31	25	-6
Pre Tax Profit	208	257	49	195	219	24
Taxes	93	115	22	87	97	10
Group Net Income	114	142	28	108	122	14
Total Group Capex	246	206	-40	305	298	-7
Net Debt (end of period)	5,273	5,924		5,887	6,575	

Annexes

Main Projects – New Openings

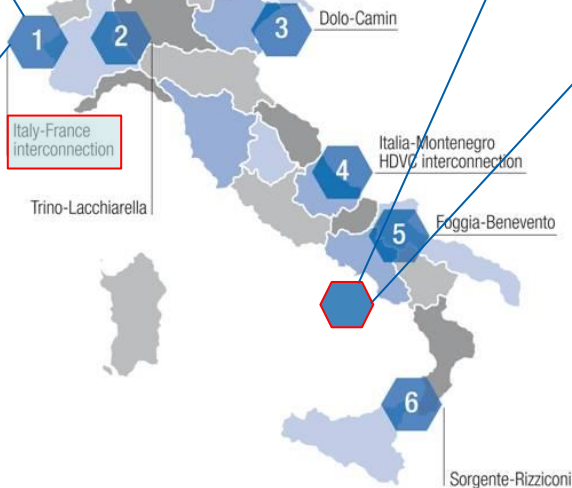
Italy-France Interconnection

190 km of DC extra-high voltage underground cable - **the longest connection in the world of this type**

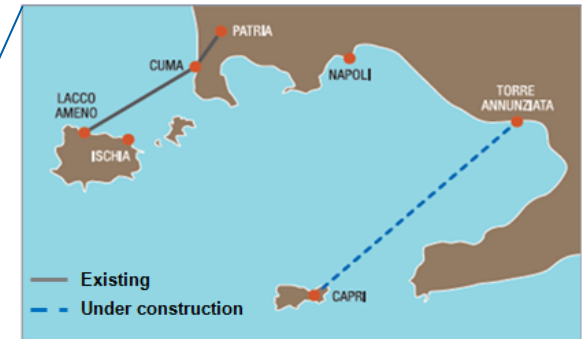


PROJECT IN NUMBERS

- **Total Capex:** 1.4€bn
of which Terna ~ 0.4€bn*
- **Length:** 190km, HVDC
- **Capacity:** up to 1,200MW
- To become the **23rd interconnection**



Capri-Mainland Link



PROJECT IN NUMBERS

- **Total Capex:** ~ 100€mn
- **Length:** 31km
of which 30km via submarine

Annexes

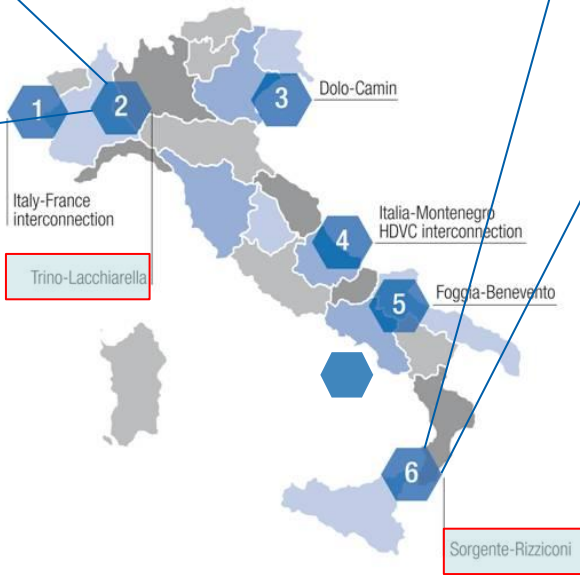
Main Projects – Work In Progress

Trino-Lacchiarella

95 km of new high-tech overhead lines with a low environmental impact



- ✓ Installed the innovative **Tubular*** and the high-tech and aesthetically pleasing **Rosenthal pylons**



Sorgente-Rizziconi

38 km below the Strait of Messina:
World record for AC cables

Co-financed by the European Union
European Energy Programme for Recovery



PROJECT IN NUMBERS

Substations: 4
Overhead Lines: ~ 60km
Underground cable: ~ 5km
Submarine cable: ~ 38km
Capacity: up to 2,000MW

- ✓ Submarine cables placed
- ✓ Sorgente substation powered
- ✓ Currently digging the Favazzina shaft (reached 210mt) and the sub-horizontal tunnel (reached 180mt)

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investor.relations@terna.it | +39 06 8313 8397 | www.terna.it

