



# 9M11 Consolidated Results

Flavio Cattaneo - Chief Executive Officer

Giuseppe Saponaro - Chief Financial Officer

NOVEMBER 9<sup>th</sup>, 2011



# Agenda

▪ HIGHLIGHTS	3
▪ 9M11 RESULTS	6
▪ KEY TAKEAWAYS	11
▪ ANNEXES	13



# Highlights

PV: Another Good Shot

## 2<sup>nd</sup> Disposal



### Transaction Details

- Transfer of 100% of the shares of Nuova Rete Solare S.r.l. (NRTS) to Terra Firma
- NRTS owns **78.5 MWp**
- **Enterprise Value 264 €mn** (implied average EV/MWp 3.3 €mn)
- Overall **Gross Proceeds 69 €mn**
- **Net Gain to partly integrate 2011 dividend**

## Strategic Value





### Strong Track Record in Non Traditional Activities

- Terna confirmed as the **leading PV developer** in Italy (PV1+PV2)
  - Installed more than **220 MWp**
  - Spent about **620 €mn** and cumulated Gross Capital Gain of **275 €mn**
  - 846mn of financing, based on a non-recourse project financing
- In less than one year, **reached about 20% of the 5-yr capex target** in Non Traditional Activities



# Highlights

9M11 at a Glance

P&L RESULTS	BALANCE SHEET	ROBIN HOOD TAX
<b>Total Revenues</b> <b>+3.8%</b> yoy at 1,215€mn 	<b>Total Traditional Capex</b> <b>+10%</b> yoy at 844€mn 	<b>Impact on P&amp;L</b> <b>143</b> €mn*
<b>EBITDA</b> <b>+5.6%</b> yoy at 939€mn 	<b>Net Debt</b> Continuing Operations <b>4,888</b> €mn +165€mn vs. FY10	
<b>Group Net Income Adjusted</b> <b>+6.3%</b> yoy at 396€mn 		

Note: Group Net Income Adjusted excludes the non recurring and non cash effect on deferred tax liabilities (details on slide 8 and 16)

\* Including the restatement of the Deferred Tax Fund as of January 1, 2011: 84mn, of which 8mn already released in the January-September period.



# Highlights

## Interim Dividend

### 2011 Interim Dividend

**8** € cents

Ex Dividend Date: November 21  
Payment Date: November 24

### FY11DPS - *Commitment*

### Confirming 2010 Level

Thanks to contribution of Non Traditional Activities

### Dividend Policy

### Announced in 2012

With New Strategic Plan, after the Regulatory Review



# 9M11 Results

## Consolidated Revenues

### Total Revenues

**+3.8%** yoy  
at 1,215 €mn



### Grid Fee

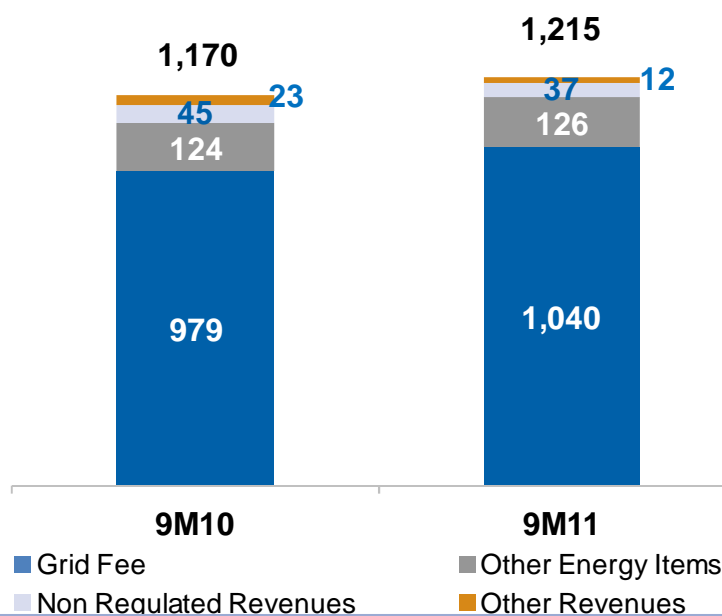
**+6.2%** yoy  
at 1,040 €mn



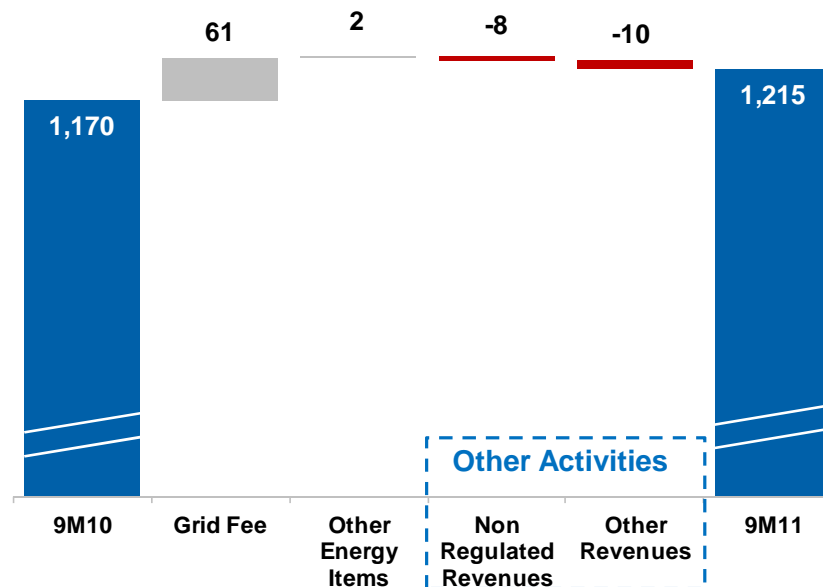
### Dispatching Premia

**63** €mn  
Fair Value

### Revenues by Nature



### Revenues Breakdown



Note: 2010 figures restated according to IFRS 5

In € mn

# 9M11 Results

## Consolidated Costs & EBITDA

### Total Operating Costs

**-5mn** yoy  
at 275€mn



### EBITDA

**+5.6%** yoy  
at 939€mn

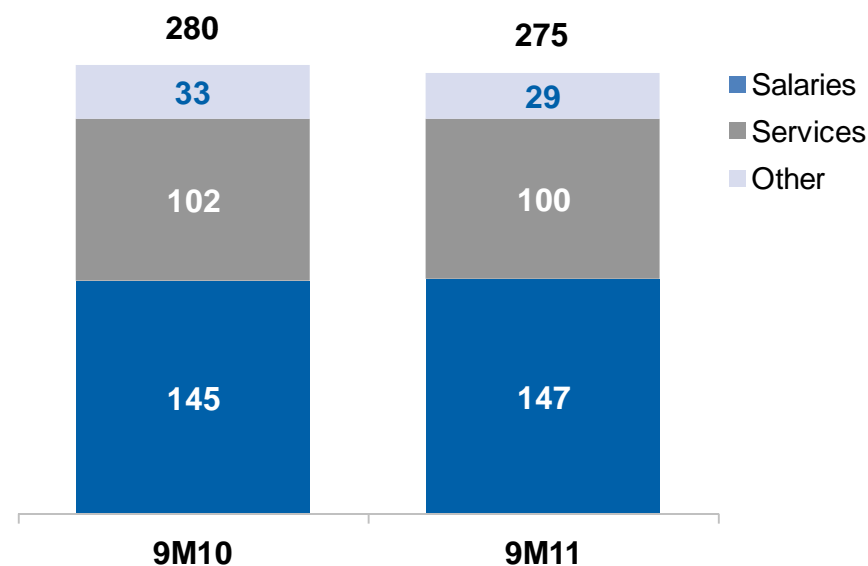


### EBITDA Margin

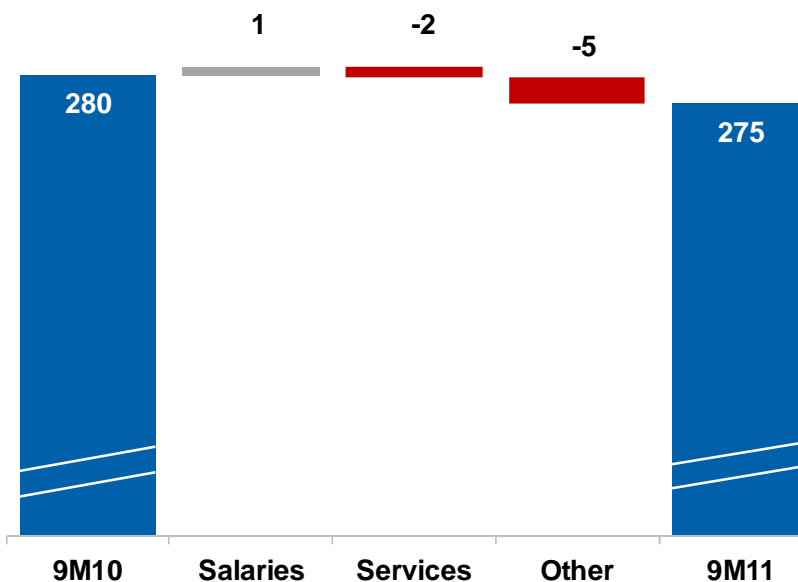
**77.3%**  
+1.3pp yoy



### Cost by Nature



### Costs Breakdown



Note: 2010 figures restated according to IFRS 5

In € mn



# 9M11 Results

From EBIT to Net Income

<b>EBIT</b> <b>+3.2%</b> yoy at 650€mn	€ mn	9M10	9M11	Δ	Δ %
	D&A	260	289	29	11.2%
	<b>EBIT</b>	<b>630</b>	<b>650</b>	<b>20</b>	<b>3.2%</b>
<b>Profit Before Taxes</b> <b>+0.7%</b> yoy at 563€mn	Net Financial Expenses	71	88	17	23.4%
	<b>PBT</b>	<b>559</b>	<b>563</b>	<b>4</b>	<b>0.7%</b>
<b>Tax Rate Impacted by Robin Hood Tax</b>	<b>Taxes</b>	<b>186</b>	<b>343</b>	<b>157</b>	<b>84.5%</b>
	Tax Rate	33.2%	60.9%	+27.7pp	
<b>Group Net Income Adjusted</b> <b>+6.3%</b> yoy at 396€mn	Net Income Continuing Operations	373	220	-153	-41.0%
	Net Income Discontinued Operations	-1	95	96	
	<b>Group Net Income</b>	<b>372</b>	<b>315</b>	<b>-57</b>	<b>-15.4%</b>
	Adjustments <sup>1</sup>	0	81		
	<b>Group Net Income Adj.</b>	<b>372</b>	<b>396</b>	<b>24</b>	<b>6.3%</b>





# 9M11 Results

## Capex Breakdown

### Total Traditional Capex

**+10%** yoy

at 844 €mn

### Incentivized Capex

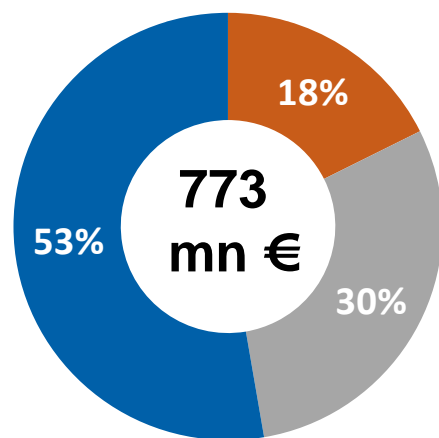
**82%** of Reg. Capex

at 637 €mn

### FY11 Guidance

**>1.1** €bn

### Capex Regulated Activities



€ mn	9M10	9M11	Δ yoy	Δ % yoy
Base Return +3%	358	407	49	14%
Base Return +2%	233	229	-4	-2%
Base Return	141	137	-4	-3%
<b>Capex Regulated Act.</b>	<b>732</b>	<b>773</b>	<b>41</b>	<b>6%</b>
Not Included in RAB	35	71	35	
<b>Total Traditional Capex</b>	<b>767</b>	<b>844</b>	<b>77</b>	<b>10%</b>
<b>Non Traditional Capex</b>	<b>-</b>	<b>7</b>		
<b>Total Group Capex</b>	<b>767</b>	<b>851</b>	<b>84</b>	<b>11%</b>

# 9M11 Results

## Net Debt Evolution & Financial Structure

Net Debt<sup>1</sup>
**4,888** €mn

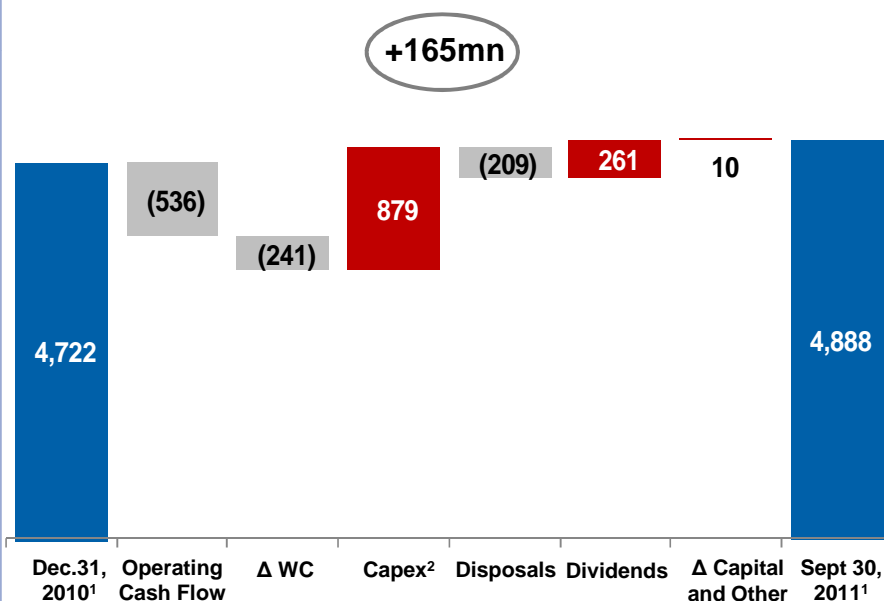
Fix/Floating Ratio

**51/49%**

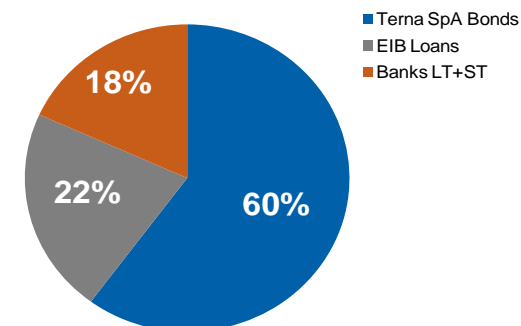
Avg. Maturity

**10** years

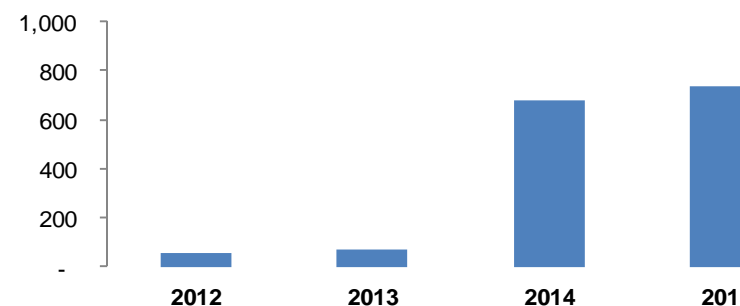
### Net Debt Evolution €mn



### Gross Debt



### Refinancing Needs €mn





## Key Takeaways

**1****Strong Operational Efficiency**EBITDA Margin at  
**77.3 %****2****Outperforming in  
Non Traditional Activities**PV2 Gross Capital Gain at  
**69 €mn****3****Resilient Shareholders' Returns**2011 Interim Dividend  
**8 € cents****Next****Strong focus on Regulatory Review****New Strategic Plan** with details on Capex Plan, Dividend Policy and Non-Traditional Activities **due in early 2012**

# THANK YOU. QUESTIONS?

**Flavio Cattaneo** Chief Executive Officer

**Giuseppe Saponaro** Chief Financial Officer

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NOVEMBER 9<sup>th</sup>, 2011



# ANNEXES

# 9M11 Results

## Macro Trends

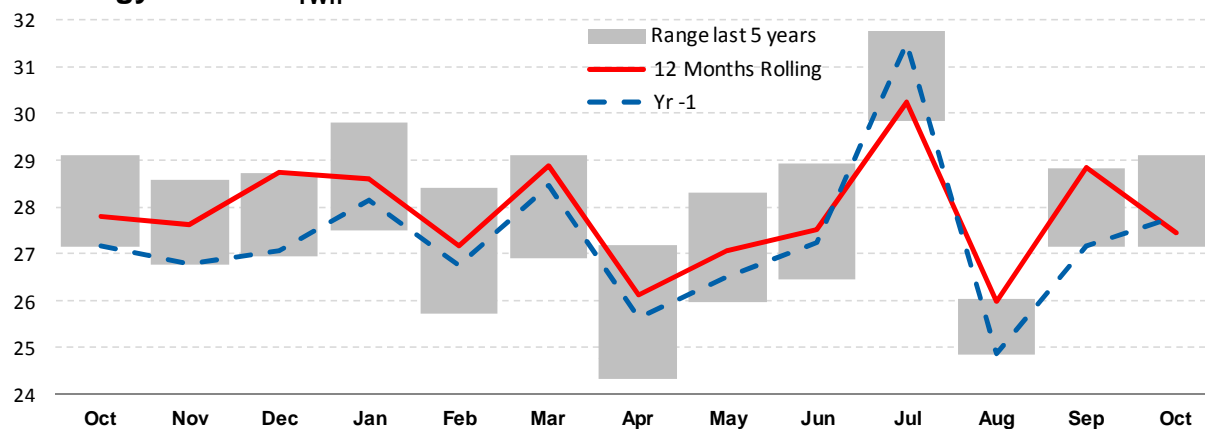
### 9M11 Energy Demand

**+1.7% yoy**  
+2.2% 12 months rolling

	9M10	9M11	Δ %
Demand <sub>TWh</sub>	246.3	250.5	1.7%

2010 final figures; 2011 provisional figures

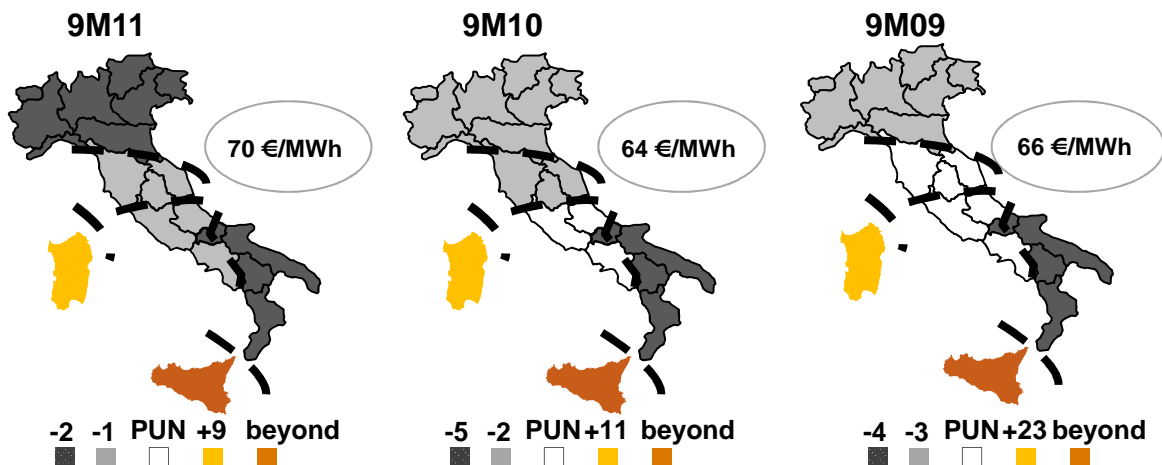
### Energy Demand <sub>TWh</sub>



### Electricity Prices (PUN)

**70 €/MWh**

--- Critical Sections



Source: GME



# 9M11 Results

## Consolidated Income Statement

€ mn	9M10	9M11	Δmn	Δ%
<b>Operating Revenues</b>	<b>1170</b>	<b>1215</b>	<b>45</b>	<b>3.8%</b>
<i>of which</i>				
Grid Fee	979	1040	61	6.2%
Other Energy Items	124	126	2	1.5%
Other Activities	67	49	-18	-26.8%
<b>Operating Expenses</b>	<b>280</b>	<b>275</b>	<b>-5</b>	<b>-1.8%</b>
<i>of which</i>				
Salaries	145	147	1	1.0%
Services	102	100	-2	-1.7%
Other	33	29	-5	-14.1%
<b>EBITDA</b>	<b>890</b>	<b>939</b>	<b>50</b>	<b>5.6%</b>
D&A	260	289	29	11.2%
<b>EBIT</b>	<b>630</b>	<b>650</b>	<b>20</b>	<b>3.2%</b>
Financial Income & Equity Inv.	11	32	21	179.8%
Financial Charges	82	120	37	45.0%
<b>Pre Tax Profit</b>	<b>559</b>	<b>563</b>	<b>4</b>	<b>0.7%</b>
Taxes	186	343	157	84.5%
Tax Rate (%)	33.2%	60.9%		
<b>Net Income Continuing Operations</b>	<b>373</b>	<b>220</b>	<b>-153</b>	<b>-41.0%</b>
Net Income Discontinued Operations	-1	95		
<b>Total Net Income</b>	<b>372</b>	<b>315</b>	<b>-57</b>	<b>-15.4%</b>

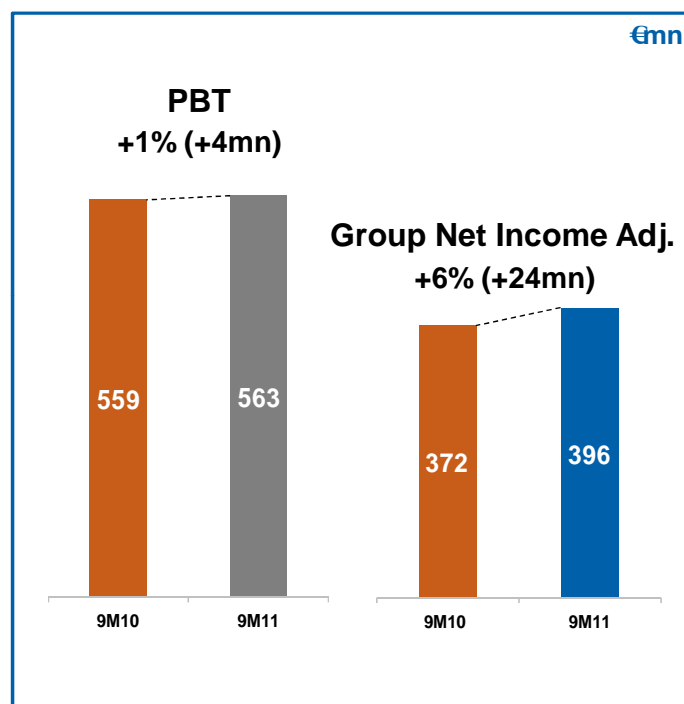
Note: 2010 figures restated according to IFRS 5



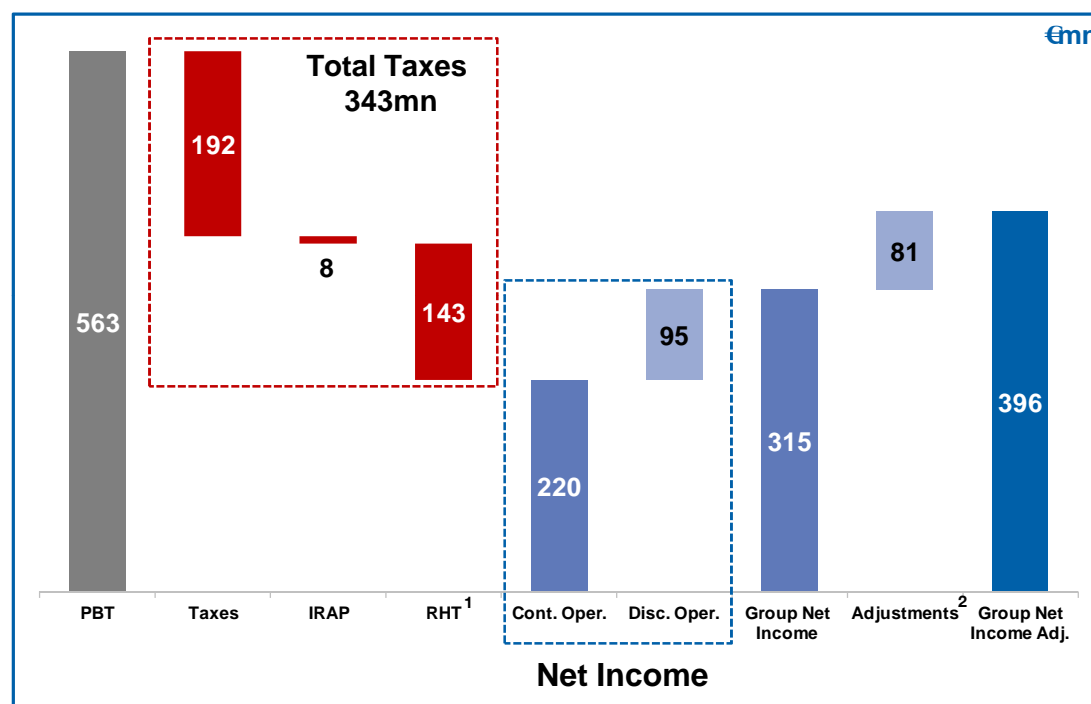
# 9M11 Results

## Group Net Income Adjusted

### 9M10 vs 9M11



### 9M11: from PBT to Group Net Income Adjusted



1) Including the restatement of the Deferred Tax Fund as of January 1, 2011: 84mn, of which 8mn already released in the January-September period

2) Adjustments for the restatement of the Deferred Tax Fund, as of September 30, 2011, to take into account higher future IRES and IRAP rates





# 9M11 Results

## IFRIC 12

€ mn	9M10	9M11	Δ
<b>Operating Revenues</b>	<b>1170</b>	<b>1215</b>	<b>45</b>
<i>of which</i>			
<i>Grid Fee</i>	979	1040	61
<i>Other Energy Items</i>	100	103	3
<i>Other Activities</i>	67	49	-18
<i>IFRIC 12</i>	24	23	-1
<b>Operating Expenses</b>	<b>280</b>	<b>275</b>	<b>-5</b>
<i>of which</i>			
<i>Salaries</i>	141	143	2
<i>Services</i>	88	87	-1
<i>Other</i>	28	23	-4
<i>IFRIC 12</i>	24	23	-1

Note: 2010 figures restated according to IFRS 5



# 9M11 Results

## Quarterly Analysis

€ mn	1Q10	1Q11	Δ	2Q10	2Q11	Δ	3Q10	3Q11	Δ
<b>Operating Revenues</b>	<b>365</b>	<b>385</b>	<b>20</b>	<b>397</b>	<b>410</b>	<b>12</b>	<b>407</b>	<b>421</b>	<b>13</b>
<i>of which</i>									
<i>Grid Fee</i>	331	352	21	317	337	20	332	352	20
<i>Other Energy Items</i>	12	13	1	51	47	-3	37	42	5
<i>Other Activities</i>	16	14	-2	19	17	-2	32	19	-14
<i>IFRIC 12</i>	6	6	0	12	9	-3	6	8	2
Operating Expenses	91	90	-1	102	98	-4	87	88	0
<b>EBITDA</b>	<b>274</b>	<b>295</b>	<b>21</b>	<b>295</b>	<b>312</b>	<b>17</b>	<b>320</b>	<b>333</b>	<b>13</b>
D&A	84	95	11	89	98	9	87	96	9
<b>EBIT</b>	<b>190</b>	<b>200</b>	<b>10</b>	<b>207</b>	<b>214</b>	<b>8</b>	<b>233</b>	<b>237</b>	<b>4</b>
Financial Income & Equity Inv.	4	11	7	4	8	5	4	13	9
Financial Charges	28	36	8	27	41	14	27	42	15
<b>Pre Tax Profit</b>	<b>166</b>	<b>174</b>	<b>8</b>	<b>183</b>	<b>181</b>	<b>-2</b>	<b>209</b>	<b>207</b>	<b>-2</b>
Taxes	59	60	1	57	62	5	70	221	151
<b>Net Income Continuing Operations</b>	<b>107</b>	<b>114</b>	<b>7</b>	<b>127</b>	<b>120</b>	<b>-7</b>	<b>139</b>	<b>-14</b>	
Net Income Discontinued Operations	0	59	59	0	36	36	0	-0.1	0
<b>Total Net Income</b>	<b>107</b>	<b>174</b>	<b>67</b>	<b>127</b>	<b>156</b>	<b>29</b>	<b>139</b>	<b>-14</b>	
Minority Interest	0	0	0	0	0	0	0	0	0
<b>Group Net Income</b>	<b>107</b>	<b>174</b>	<b>67</b>	<b>127</b>	<b>156</b>	<b>29</b>	<b>139</b>	<b>-14</b>	

Note: 2010 figures restated according to IFRS 5



# 9M11 Results

## Consolidated Balance Sheet

€ mn	FY10	9M11	Δmn
<b>Assets</b>			
PP&E	7,803	8,357	554
Intangible Asset, net	471	468	-3
Financial Inv. And Other	30	71	41
<b>Total Fixed Assets</b>	<b>8,304</b>	<b>8,895</b>	<b>592</b>
Net WC	-369	-609	-241
Funds	-624	-618	6
Net Assets of Disc. Operations	399	197	-202
<b>Total Net Invested Capital</b>	<b>7,710</b>	<b>7,864</b>	<b>155</b>
<i>Financed by</i>			
<b>Consolidated Net Debt</b>	<b>4,949</b>	<b>5,095</b>	<b>147</b>
<i>of which Effective Net Debt from Continuing Operations</i>	<i>4,722</i>	<i>4,888</i>	<i>165</i>
<b>Total Shareholder's Equity</b>	<b>2,761</b>	<b>2,769</b>	<b>9</b>
<b>D/E Ratio Continuing Operations</b>	<b>1.7</b>	<b>1.8</b>	
<b>Number of Shares ('000)</b>	<b>2,004</b>	<b>2,010</b>	



# 9M11 Results

## Consolidated Cash Flows

€ mn	9M10	9M11
<i>Net Income</i>	373	220
<i>Depreciation<sup>1</sup></i>	259	288
<i>Net Change in Funds</i>	-23	28
<b>Operating Cash Flow</b>	<b>610</b>	<b>536</b>
<i>Change in Working Capital</i>	43	241
<b>Cash Flow from Operating Activities</b>	<b>652</b>	<b>776</b>
Capital Expenditures	-767	-852
Other Fixed Asset Changes	-49	-28
<b>Free Cash Flow</b>	<b>-163</b>	<b>-103</b>
Dividends	-240	-261
Change in Capital and Other	21	-10
PV Disposal	0	209
<b>Change in Net Cash (Debt)</b>	<b>-382</b>	<b>-165</b>

1) Net of assets' disposal



# PV Projects

## PV Transaction Details

### PV1 Project



- Total Capacity: 144 MWp
- Enterprise Value: 641 €mn
- Gross Proceeds: 209 €mn
- Net Proceeds: 204 €mn\*
- Project Announcement: July 2009
- Signing/Closing Date: October 2010/March 2011

### PV2 Project



- Total Capacity: 78.5 MWp
- Enterprise Value: 264 €mn
- Gross Proceeds: 69 €mn
- Project Announcement: November 2010
- Signing/Closing Date: July 2011/October 2011



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