

1Q11 Consolidated Results

Flavio Cattaneo - Chief Executive Officer

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MAY 13th, 2011








Agenda

- HIGHLIGHTS 3
- 1Q11 RESULTS 4
- ANNEXES 10



Highlights

1Q11 at a Glance

P&L RESULTS	BALANCE SHEET	PV DISPOSAL
Total Revenues +5.5% yoy at 385€mn 	Total Capex +41.4% yoy at 267€mn 	Net Income <small>Discontinued Operations</small> 59* €mn Group Net Income 174€mn
EBITDA +7.6% yoy at 295€mn 	Net Debt -174 mn€ vs. FY10 at 4,549€mn 	
Net Income <small>Continuing Operations</small> +6.9% yoy at 114€mn 		

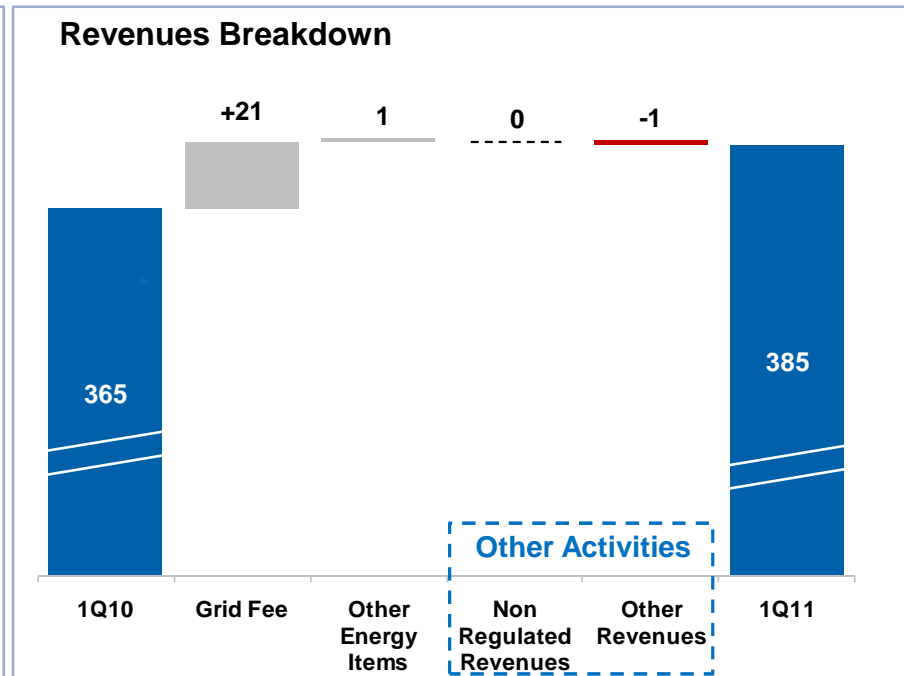
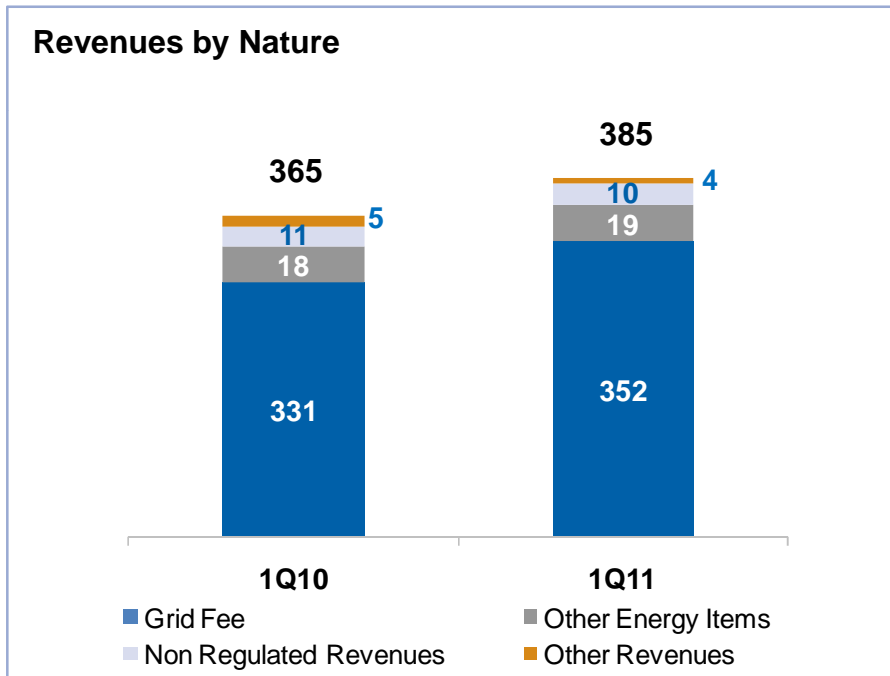
(*) Of which 2mn of intercompany



1Q11 Results

Consolidated Revenues

Total Revenues +5.5% yoy at 385 €mn	Grid Fee +6.3% yoy at 352 €mn	Non Regulated Revenues Stable yoy at 10 €mn
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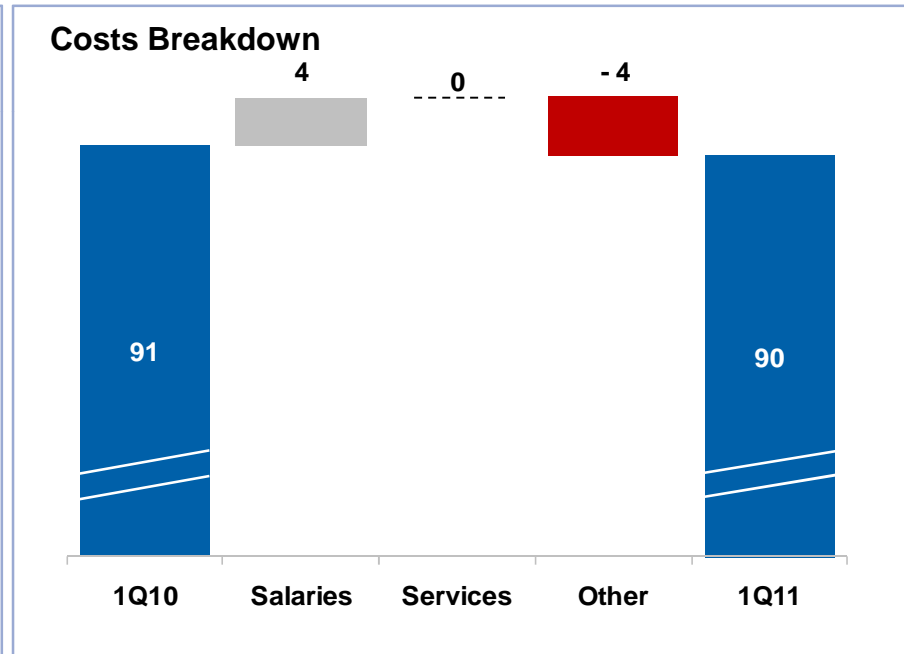
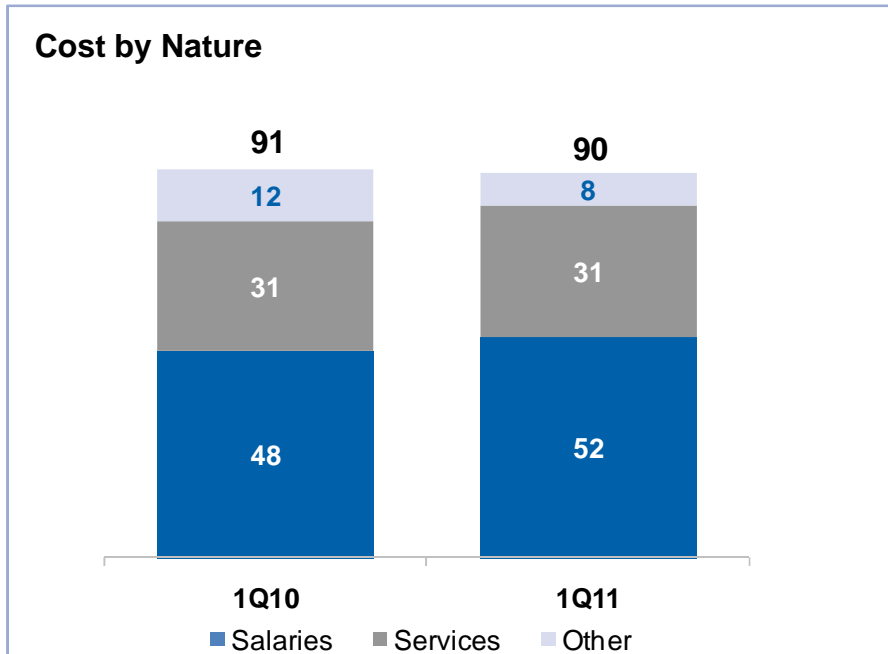
In € mn



1Q11 Results

Consolidated Costs & EBITDA

Total Operating Costs -1mn yoy Stable at 90€mn	EBITDA +7.6% yoy  at 295€mn	EBITDA Margin 76.6%  +1.5pp yoy
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In € mn



1Q11 Results

From EBIT to Net Income

EBIT +5% <small>yoy</small> at 200€mn <div style="float: right; font-size: 2em; color: white;">↑</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">€ mn</th> <th style="text-align: right;">1Q10</th> <th style="text-align: right;">1Q11</th> <th style="text-align: right;">Δ</th> <th style="text-align: right;">Δ %</th> </tr> </thead> <tbody> <tr> <td>D&A</td> <td style="text-align: right;">84</td> <td style="text-align: right;">95</td> <td style="text-align: right;">11</td> <td style="text-align: right;">13.5%</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">190</td> <td style="text-align: right;">200</td> <td style="text-align: right;">10</td> <td style="text-align: right;">5.0%</td> </tr> </tbody> </table>	€ mn	1Q10	1Q11	Δ	Δ %	D&A	84	95	11	13.5%	EBIT	190	200	10	5.0%
€ mn	1Q10	1Q11	Δ	Δ %												
D&A	84	95	11	13.5%												
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Net Financial Expenses +1mn <small>yoy</small> Stable at 25€mn	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Net Financial Expenses</td> <td style="text-align: right;">24</td> <td style="text-align: right;">25</td> <td style="text-align: right;">1</td> <td style="text-align: right;">4.6%</td> </tr> <tr> <td>PBT</td> <td style="text-align: right;">166</td> <td style="text-align: right;">174</td> <td style="text-align: right;">8</td> <td style="text-align: right;">5.1%</td> </tr> </tbody> </table>	Net Financial Expenses	24	25	1	4.6%	PBT	166	174	8	5.1%					
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Effective Tax Rate 34.4% -1.1pp <small>yoy</small> <div style="float: right; font-size: 2em; color: white;">↓</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Tax Rate</td> <td style="text-align: right;">35.5%</td> <td style="text-align: right;">34.4%</td> <td style="text-align: right;">-1.1pp</td> <td></td> </tr> <tr> <td>Taxes</td> <td style="text-align: right;">59</td> <td style="text-align: right;">60</td> <td style="text-align: right;">1</td> <td style="text-align: right;">1.7%</td> </tr> </tbody> </table>	Tax Rate	35.5%	34.4%	-1.1pp		Taxes	59	60	1	1.7%					
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Net Income <small>Continuing Operations</small> +6.9% <small>yoy</small> at 114€mn <div style="float: right; font-size: 2em; color: white;">↑</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Net Income <small>Continuing Operations</small></td> <td style="text-align: right;">107</td> <td style="text-align: right;">114</td> <td style="text-align: right;">7</td> <td style="text-align: right;">6.9%</td> </tr> <tr> <td>Net Income <small>Discontinued Operations</small> *</td> <td style="text-align: right;">0</td> <td style="text-align: right;">59</td> <td style="text-align: right;">59</td> <td></td> </tr> <tr> <td>Group Net Income</td> <td style="text-align: right;">107</td> <td style="text-align: right;">174</td> <td style="text-align: right;">67</td> <td style="text-align: right;">62.1%</td> </tr> </tbody> </table>	Net Income <small>Continuing Operations</small>	107	114	7	6.9%	Net Income <small>Discontinued Operations</small> *	0	59	59		Group Net Income	107	174	67	62.1%
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(*) Of which 2mn of intercompany



1Q11 Results

Capex Breakdown

Total Regulated Capex

+38% yoy

at 248€mn



Incentivized Capex

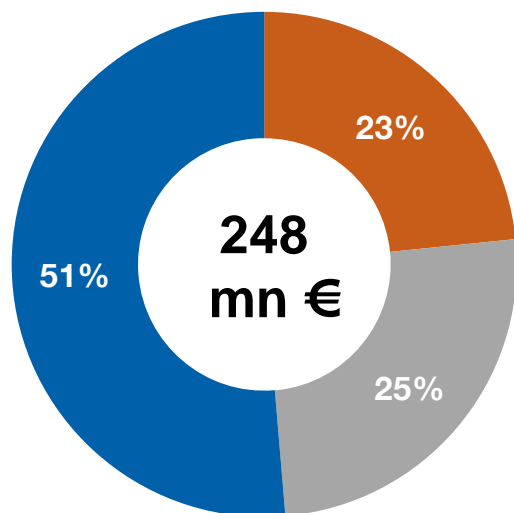
+34% yoy

at 190€mn

2nd Tranche PV Project

On Track

Capex Regulated Activities



■ Base Return (6.9%) ■ +2% ■ +3%

€ mn	1Q10	1Q11	Δ yoy	Δ % yoy	% (A)
Base Return +3%	81	127	46	57%	51%
Base Return +2%	61	63	1	2%	25%
Base Return	37	58	21	55%	23%
(A) Capex Regulated Act.	180	248	68	38%	100%
Not Included in RAB	10	20	10		
of which PV2	0	10	10		
Total Capex	189*	267	78	41%	

(*) Net of capex related to Rete Rinnovabile Srl



1Q11 Results

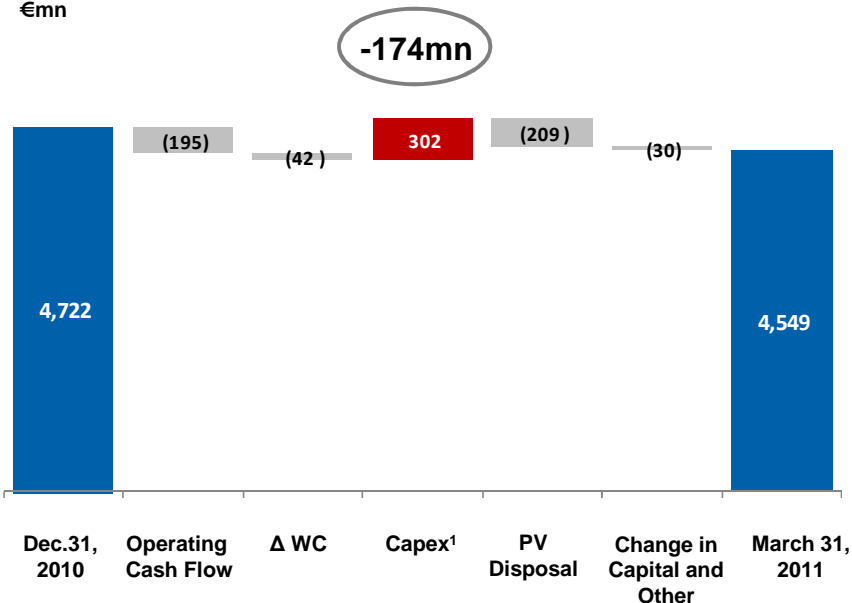
Net Debt Evolution & Financial Structure

Net Debt
4,549 €mn

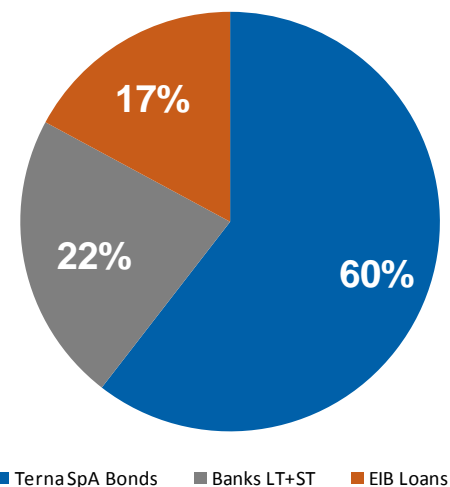
FY10 Net Debt/RAB²
49%

Avg. Maturity
10 years

Net Debt Evolution
€mn



Gross Debt



(1) Including Other Fixed Assets Changes
(2) 2010 Calendar RAB



1Q11 Results

Closing Remarks

What's Next...

Regulatory Review Process

Update on 2° PV Project

Performance on Dispatching Activities



ANNEXES



1Q11 Results

Macro Trends

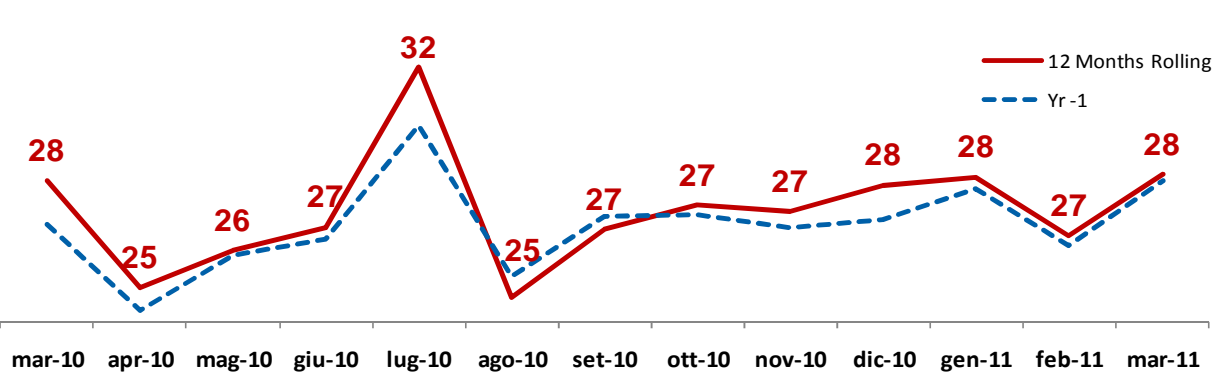
1Q11 Energy Demand

+1.1 % yoy
 +1.4% 12 months rolling

	1Q10	1Q11	Δ %
Demand _{TWh}	82.4	83.3	1.1%

2010 and 2011 provisional figures

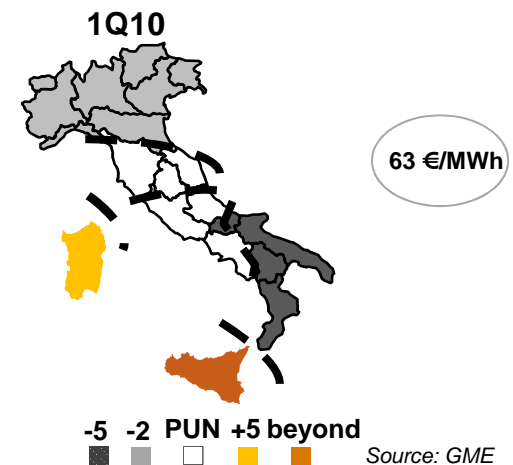
Energy Demand_{TWh}



Electricity Prices (PUN)

66.5 €/MWh

 Critical Sections



Source: GME



1Q11 Results

Consolidated Income Statement

€ mn	1Q10	1Q11	Δmn	Δ%
Operating Revenues	365	385	20	5.5%
<i>of which</i>				
Grid Fee	331	352	21	6.3%
Other Energy Items	12	13	1	9.5%
Other Activities	16	14	-2	-10.8%
IFRIC 12	6	6	0	-4.2%
Operating Expenses	91	90	-1	-0.9%
<i>of which</i>				
Salaries	48	52	4	7.3%
Services	31	31	0	0.3%
Other	12	8	-4	-37.0%
IFRIC 12	6	6	0	-4.2%
EBITDA	274	295	21	7.6%
D&A	84	95	11	13.5%
EBIT	190	200	10	5.0%
Financial Income & Equity Inv.	4	11	7	161.0%
Financial Charges	28	36	8	27.4%
Pre Tax Profit	166	174	8	5.1%
Taxes	59	60	1	1.7%
Tax Rate (%)	35.5%	34.4%		
Net Income Continuing Operations	107	114	7	6.9%
Net income discontinued operations*	0	59		
Total Net Income	107	174	67	62.1%

(*) Of which 2mn of intercompany



1Q11 Results

Consolidated Balance Sheet

€ mn	FY10	1Q11	Δmn
Assets			
<i>PP&E</i>	7,803	7,980	177
<i>Intangible Asset, net</i>	471	465	-5
<i>Financial Inv. And Other</i>	30	66	36
Total Fixed Assets	8,304	8,511	208
<i>Net WC</i>	-369	-411	-42
<i>Funds</i>	-624	-611	14
<i>Net Assets of Disc. Operations</i>	399	0	-399
Total Net Invested Capital	7,710	7,490	-220
<i>Financed by</i>			
Consolidated Net Debt	4,949	4,549	-400
<i>of which Net Debt Continuing Operations</i>	<i>4,722</i>	<i>4,549</i>	<i>-174</i>
Total Shareholder's Equity	2,761	2,941	181
D/E Ratio Continuing Operations	1.7	1.5	
Number of Shares ('000)	2,004	2,009	



1Q11 Results

Consolidated Cash Flows

€ mn	1Q10	1Q11
<i>Net Income</i>	107	114
<i>Depreciation</i>	84	95
<i>Net Change in Funds</i>	-6	-14
Operating Cash Flow	185	195
<i>Change in Working Capital</i>	-13	42
Cash Flow from Operating Activities	173	237
Capital Expenditures	-193	-267
Other Fixed Asset Changes	0	-35
Free Cash Flow	-21	-65
Change in Capital and Other	3	30
PV Disposal	0	209
Change in Net Cash (Debt)	-18	174



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