



# 9M10 Consolidated Results

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# Agenda

- STRATEGIC UPDATE 3
- 9M10 RESULTS 5
- ANNEXES 12



# Strategic Update

## Sale Agreement on Photovoltaic Project

### Agreement's Details

- Sale of **up to 150MWp** solar plants to **Terra Firma** for about **620-670mn**
- EV determined on a modular basis, considering the PV plants that will benefit alternatively from 2010 or early 2011 *Conto Energia* Feed-in tariff
- Closing: March 31, 2011
- Terna to provide RTR with land leasing contracts, plants' maintenance and surveillance services
- At the expiring of each land leasing contract, Terna will regain possession of the areas

### Future Developments

- In 2011 a second PV project will be implemented
- We are investigating other opportunistic projects that will maximize the profitability of existing assets

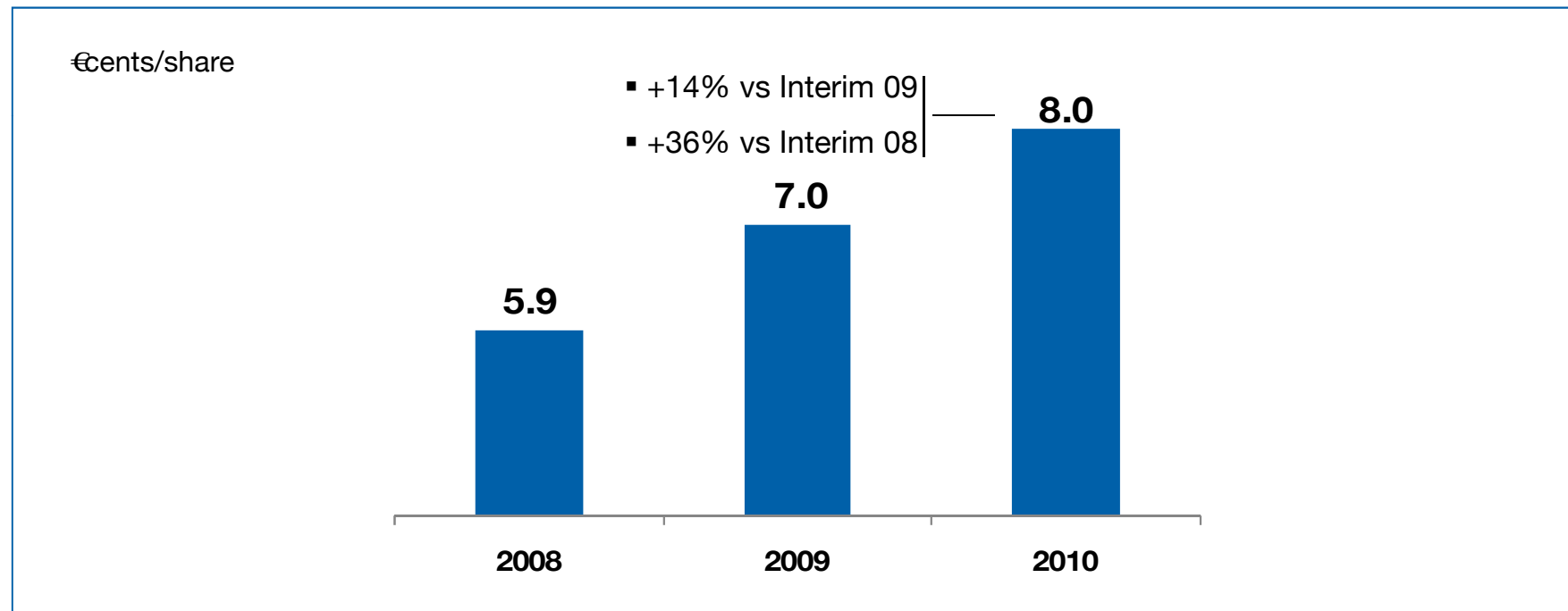


# Strategic Update

## Interim Dividend

### 2010 Interim Dividend

- 8€ (+14% vs 2009 Interim)
- Ex date: November 22<sup>nd</sup>
- Payment date: November 25<sup>th</sup>





# 9M10 Results

## Highlights

- Double digit top line growth led by tariff evolution and higher dispatching premia
- Healthy net income, supported also by lower financial charges
- Impressive acceleration in capex deployment driven by regulated and photovoltaic

€ mn	Change			
	9M09 <sup>(1)</sup>	9M10	mn	Δ%
<b>Operating Revenues</b>	<b>1,013</b>	<b>1,166</b>	<b>153</b>	<b>15.1%</b>
<b>EBITDA</b>	<b>764</b>	<b>889</b>	<b>125</b>	<b>16.4%</b>
<b>EBITDA Margin (%)</b>	<b>75.4%</b>	<b>76.2%</b>		
<b>EBITDA adjusted<sup>(2)</sup></b>	<b>737</b>	<b>889</b>	<b>152</b>	<b>20.6%</b>
<b>EBITDA Margin (%) adjusted<sup>(2)</sup></b>	<b>72.7%</b>	<b>76.2%</b>		
<b>Net Income Continuing Operations</b>	<b>281</b>	<b>372</b>	<b>91</b>	<b>32.4%</b>
<b>Capex</b>	<b>571</b>	<b>879</b>	<b>308</b>	<b>54.0%</b>

(1) Figures restated according to IFRIC 12 and net of Brazilian activities

(2) Excluding the partial release of "Energy Discount Fund" accounted in 2009 (26.8mn in 2Q09)



# 9M10 Results

## Energy Items

### 9M10

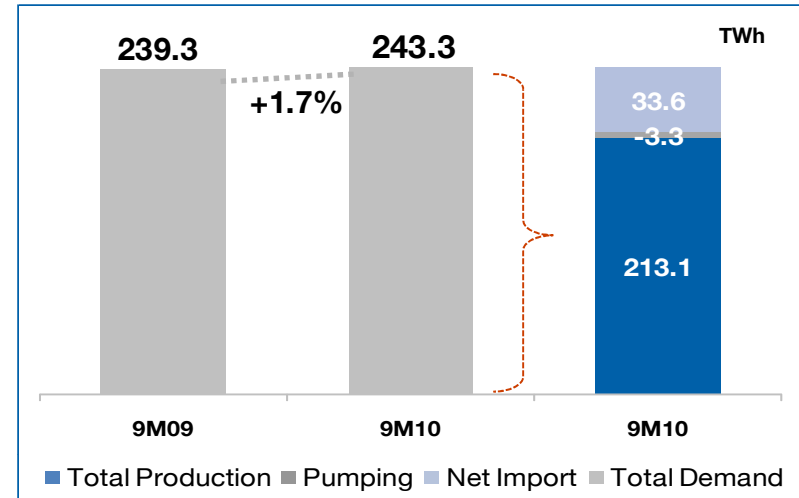
Demand up by 1.7% yoy

- Total Production +2.1%
- Pumping -21.0%
- Net Import -3.6%

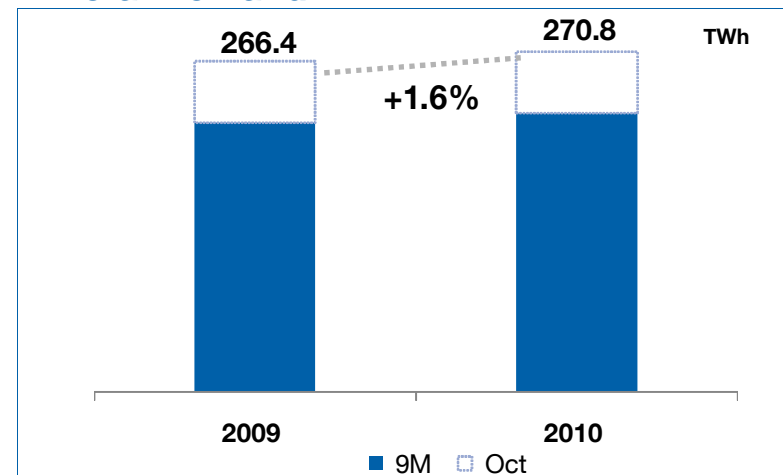
### YTD

- In October energy demand grew by 1.1% (+1.6% normalized)
- YTD demand up by 1.6% yoy

### ▪ Total Demand 9M10



### ▪ Total Demand YTD



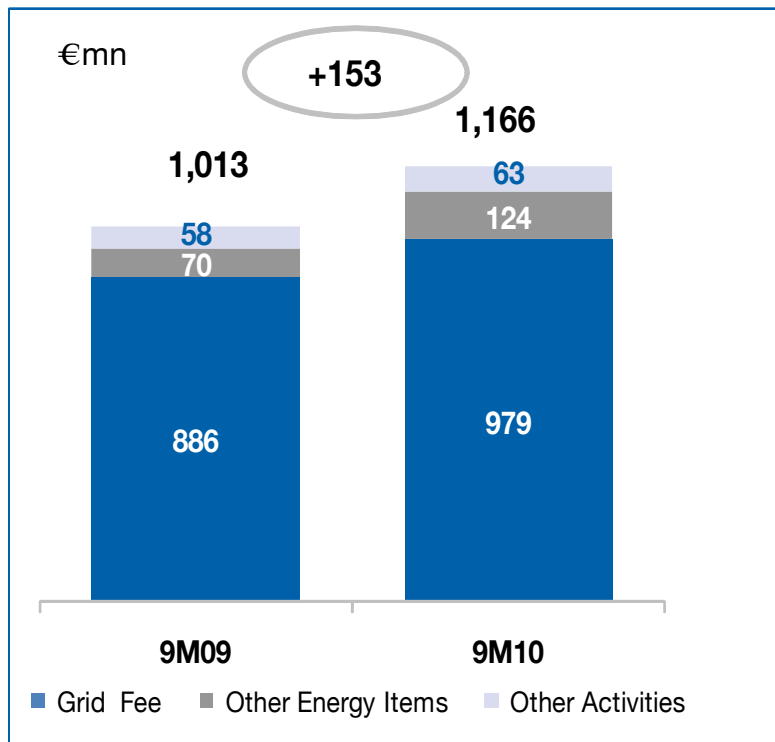
Source: 2009 final figures; 2010 provisional figures (as of November 8<sup>th</sup>)



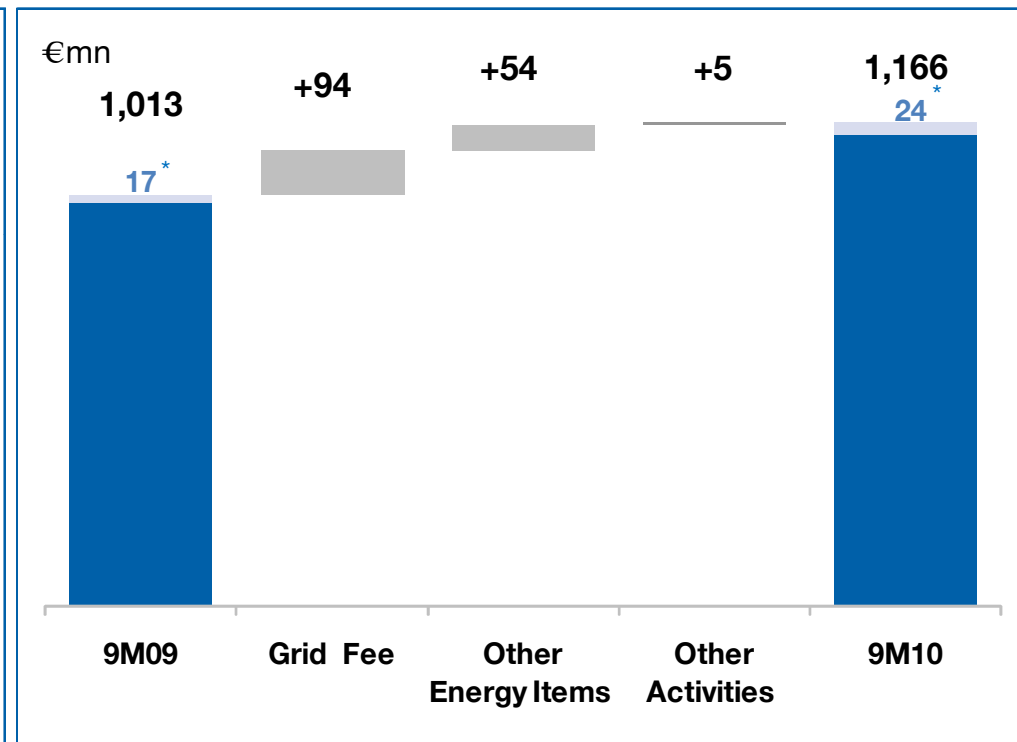
# 9M10 Results

## Consolidated Revenues

### Revenues by Nature



### Revenues Breakdown



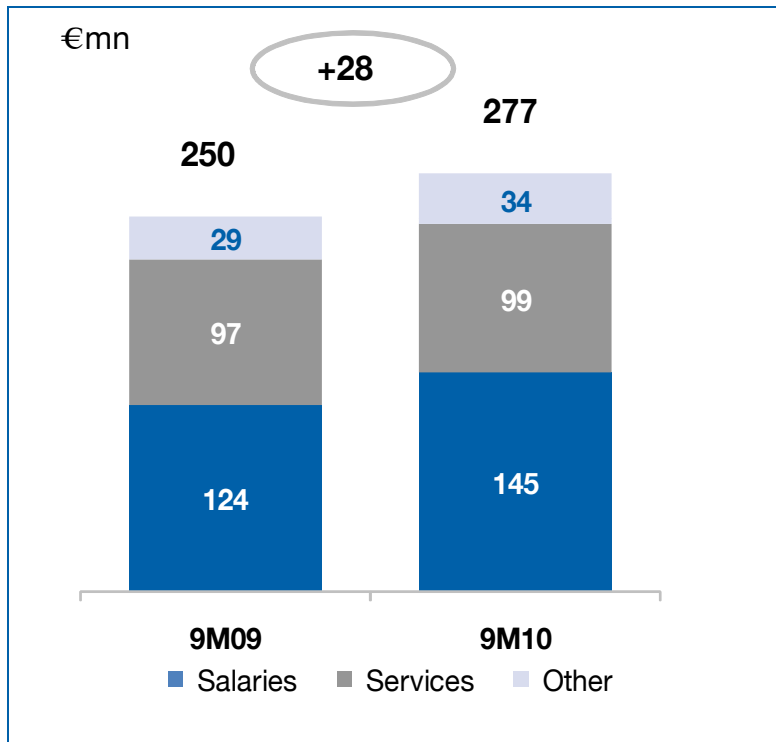
(\*) Impact from the application of IFRIC 12, reported in the Other Energy Items



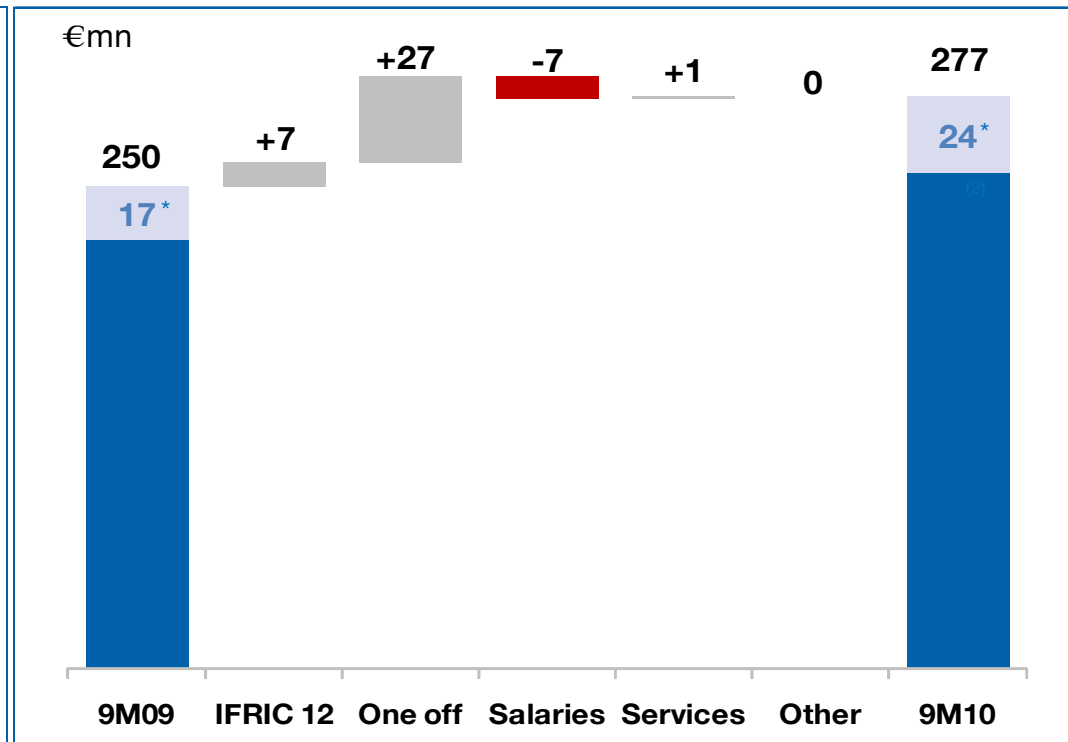
# 9M10 Results

## Consolidated Costs

### Costs by Nature<sup>1</sup>



### Costs Breakdown



(1) Net of capitalized costs

(\*) Impact from the application of IFRIC 12 (see slide 15 for details)





# 9M10 Results

From EBITDA to Net Income

€mn	Consolidated		Change	
	9M09*	9M10	mn	Δ%
<b>EBITDA</b>	<b>764</b>	<b>889</b>	<b>125</b>	<b>16.4%</b>
<i>EBITDA Margin (%)</i>	<i>75.4%</i>	<i>76.2%</i>		
D&A	223	260	37	16.4%
<b>EBIT</b>	<b>540</b>	<b>629</b>	<b>88</b>	<b>16.4%</b>
Financial Charges	109	71	-38	-34.7%
Taxes	151	186	35	23.3%
<i>Tax rate (%)</i>	<i>34.9%</i>	<i>33.3%</i>		
<b>Net Income Continuing Operations</b>	<b>281</b>	<b>372</b>	<b>91</b>	<b>32.4%</b>

(\*) Note: Figures restated according to IFRIC 12 and net of Brazilian activities



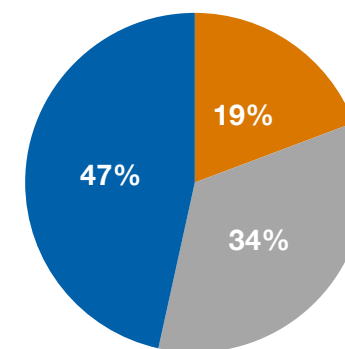
# 9M10 Results

## Capex Breakdown

- Regulated capex: still accelerating and improving the mix
- Photovoltaic project: capex spending on track

€mn	Consolidated		Change	
	9M09	9M10	mn	Δ%
Capex base return+3%	213	341	128	60%
Capex base return+ 2%	169	250	82	48%
Capex base return	167	141	-26	-16%
<b>Capex Regulated Activities</b>	<b>548</b>	<b>732</b>	<b>183</b>	<b>33%</b>
Capex not included in RAB	22	147	125	558%
<i>of which PV Project</i>	0	112	112	
<b>TOTAL CAPEX</b>	<b>571</b>	<b>879</b>	<b>308</b>	<b>54%</b>

Capex Regulated Activities

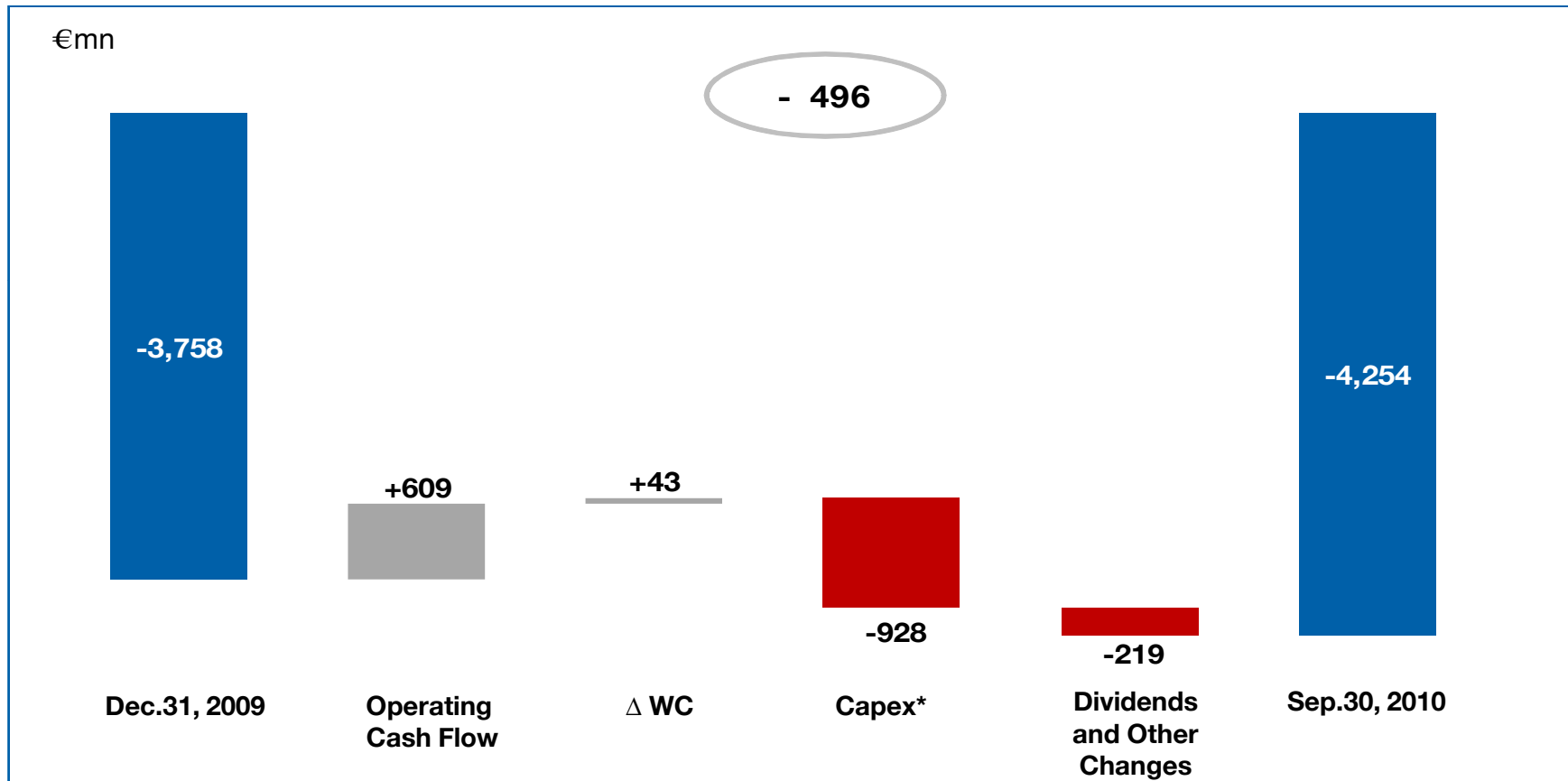


- Capex base return
- Capex base return+ 2%
- Capex base return+3%



# 9M10 Results

## Cash Flow and Consolidated Net Debt



(\*) Including Other Fixed Assets Change



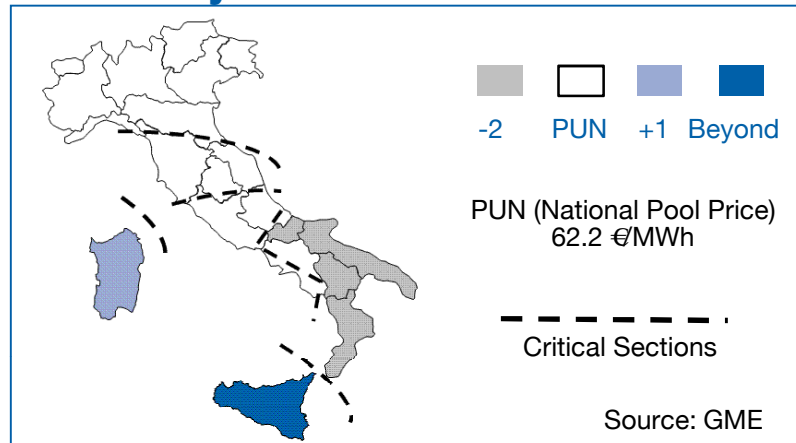
# ANNEXES



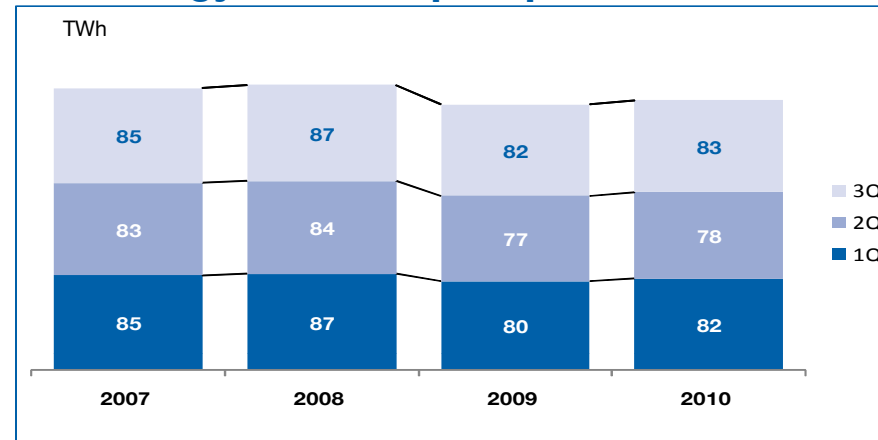
# Italian Electricity Market Evolution

## Energy Demand

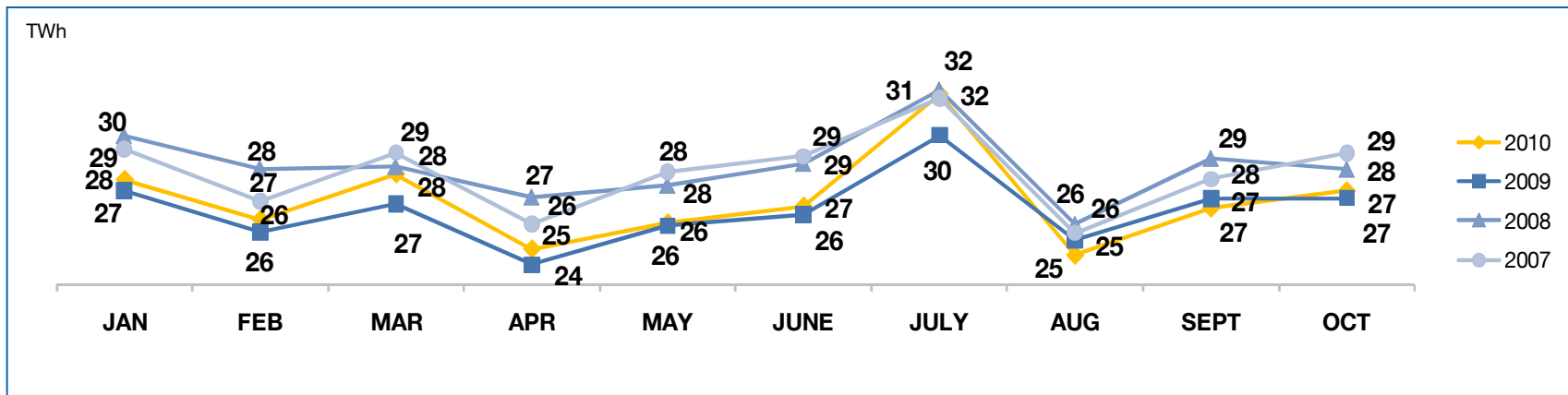
### Electricity Prices



### Energy Demand per quarter



### Monthly Trend



Source: Terna's monthly reports. 2010 Provisional figures updated as of November 8<sup>th</sup>, 2010



# 9M10 Results

## Consolidated Income Statement

€mn	Change 9M10 vs 9M09 *			
	9M09	9M10	mn	Δ%
<b>Operating Revenues</b>	<b>1,013</b>	<b>1,166</b>	<b>153</b>	<b>15.1%</b>
<i>Grid Fee</i>	886	979	94	10.6%
<i>Other Energy Items</i>	70	124	54	77.3%
<i>Other Activities</i>	58	63	5	9.3%
<b>Operating Expenses</b>	<b>250</b>	<b>277</b>	<b>28</b>	<b>11.1%</b>
<i>Salaries</i>	124	145	21	17.0%
<i>Services</i>	97	99	2	1.9%
<i>Other</i>	29	34	5	17.1%
<b>EBITDA</b>	<b>764</b>	<b>889</b>	<b>125</b>	<b>16.4%</b>
<i>EBITDA Margin (%)</i>	75.4%	76.2%		
D&A	223	260	37	16.4%
<b>EBIT</b>	<b>540</b>	<b>629</b>	<b>88</b>	<b>16.4%</b>
Financial (Income) Charges	109	71	-38	-34.7%
Taxes	151	186	35	23.3%
<i>Tax rate (%)</i>	34.9%	33.3%		
<b>Net income continuing operations</b>	<b>281</b>	<b>372</b>	<b>91</b>	<b>32.4%</b>
Net income discontinued operations	59	0	-59	-99.8%
<b>Total Net Income</b>	<b>340</b>	<b>372</b>	<b>32</b>	<b>9.5%</b>
of which:				
<i>Minority Interest</i>	20	0	-20	-100.0%
<b>Group Net Income</b>	<b>320</b>	<b>372</b>	<b>52</b>	<b>16.3%</b>

(\*) Note: 9M09 Figures have been restated according to IFRIC 12 and net of Brazilian activities



# 9M10 Results

## Impacts of IFRIC 12

P&L	IFRIC 12		Change 9M10 vs 9M09 *		EXCLUDING IFRIC 12 EFFECT		Change 9M10 vs 9M09 *	
	9M09 *	9M10	mn	Δ%	9M09 *	9M10	mn	Δ%
<b>Operating Revenues</b>	<b>1,013</b>	<b>1,166</b>	<b>153</b>	<b>15.1%</b>	<b>997</b>	<b>1,143</b>	<b>146</b>	<b>14.6%</b>
Operating Expenses	250	277	28	11.1%	233	254	21	8.8%
<i>of which:</i>								
Salaries	124	145	21	17.0%	121	141	20	16.4%
Services	97	99	2	1.9%	84	85	1	1.0%
Other	29	34	5	17.1%	28	28	0	-0.2%
<b>EBITDA</b>	<b>764</b>	<b>889</b>	<b>125</b>	<b>16.4%</b>	<b>764</b>	<b>889</b>	<b>125</b>	<b>16.4%</b>
EBITDA Margin (%)	75.4%	76.2%			76.6%	77.8%		

(\*) Note: 9M09 Figures have been restated net of Brazilian activities



# 9M10 Results

## Quarterly Analysis

€mn	Consolidated			Change			Consolidated			Change		
	1Q09 <sup>*</sup>	1Q10	mn	2Q09 <sup>*</sup>	2Q10	mn	3Q09 <sup>*</sup>	3Q10	mn			
<b>Operating Revenues</b>	<b>313</b>	<b>365</b>	<b>52</b>	<b>355</b>	<b>396</b>	<b>41</b>	<b>346</b>	<b>405</b>	<b>60</b>			
<i>Grid Fee</i>	279	331	52	296	317	21	311	332	21			
<i>Other Energy Items</i>	15	18	3	38	62	24	16	43	27			
<i>Other Activities</i>	20	16	-4	21	17	-3	18	30	12			
<b>Operating Expenses</b>	<b>84</b>	<b>91</b>	<b>7</b>	<b>77</b>	<b>101</b>	<b>24</b>	<b>89</b>	<b>85</b>	<b>-3</b>			
<b>EBITDA</b>	<b>230</b>	<b>274</b>	<b>44</b>	<b>277</b>	<b>295</b>	<b>17</b>	<b>257</b>	<b>320</b>	<b>63</b>			
D&A	65	84	19	79	89	10	79	88	8			
<b>EBIT</b>	<b>164</b>	<b>190</b>	<b>26</b>	<b>199</b>	<b>206</b>	<b>7</b>	<b>177</b>	<b>233</b>	<b>55</b>			
Financial (Income) Charges	38	24	-14	42	23	-19	29	24	-5			
Taxes	45	59	14	54	57	3	52	70	18			
<b>Net Income Continuing Operations</b>	<b>81</b>	<b>107</b>	<b>27</b>	<b>103</b>	<b>126</b>	<b>23</b>	<b>97</b>	<b>139</b>	<b>42</b>			
Net income discontinued operations	14	0	-14	22	0	-22	23	0	-23			
<b>Total Net Income</b>	<b>94</b>	<b>107</b>	<b>13</b>	<b>126</b>	<b>127</b>	<b>1</b>	<b>120</b>	<b>139</b>	<b>18</b>			
of which:												
<i>Minority Interest</i>	5	0	-5	7	0	-7	8	0	-8			
<b>Group Net Income</b>	<b>89</b>	<b>107</b>	<b>18</b>	<b>118</b>	<b>127</b>	<b>8</b>	<b>113</b>	<b>139</b>	<b>26</b>			

(\*) Note: Figures restated according to IFRIC 12 and net of Brazilian activities

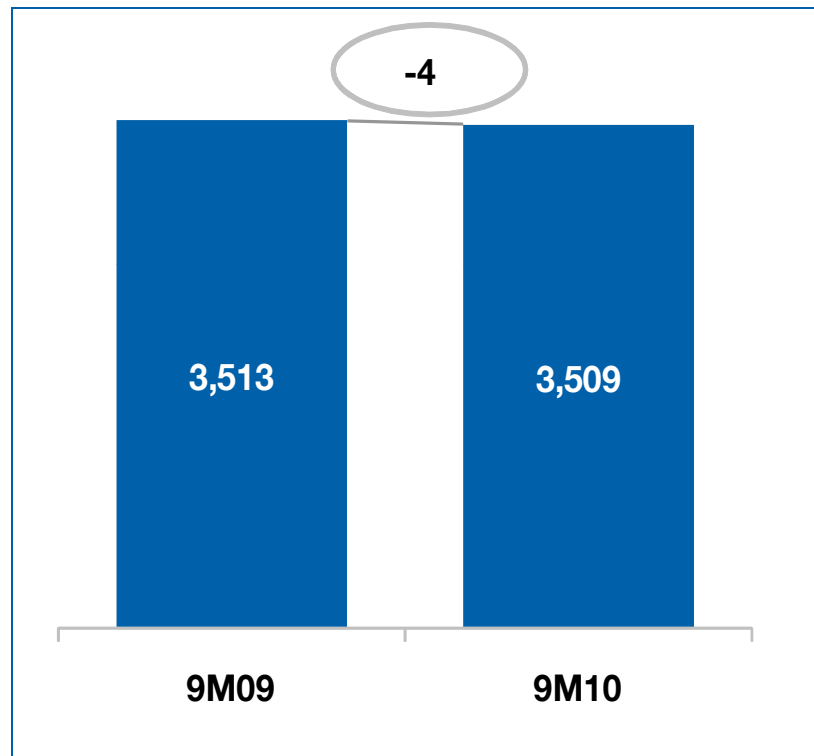




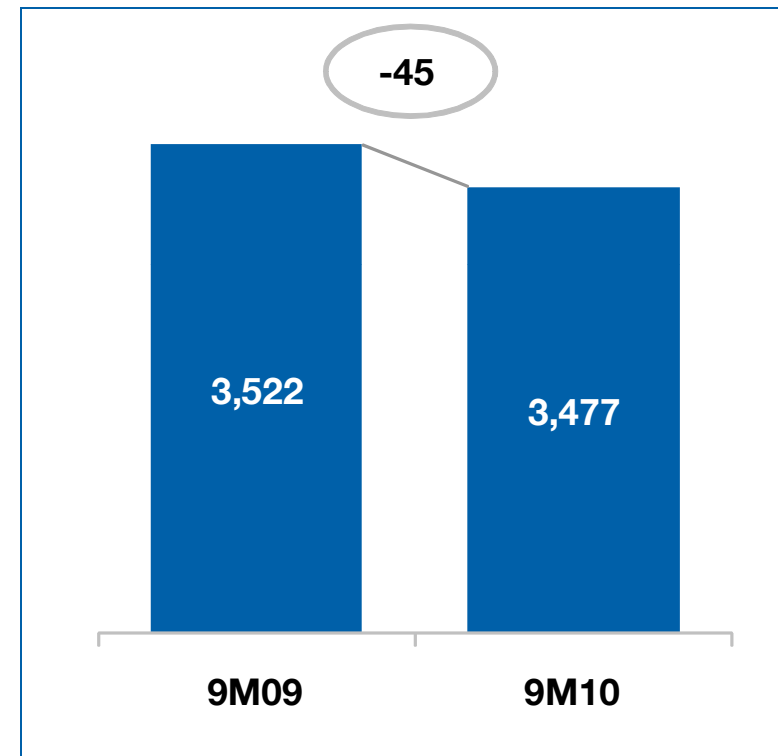
# 9M10 Results

## Headcount Evolution

### Final Headcount



### Average Headcount





# 9M10 Results

## Consolidated Balance Sheet

€mn	FY09 <sup>*</sup>	9M10	mn
<b>Assets</b>			
PP&E	6,990	7,650	660
Intangible Asset, net	458	462	4
Financial Inv. and Other	21	25	4
<b>Total Fixed Assets</b>	<b>7,469</b>	<b>8,137</b>	<b>669</b>
Net WC	-571	-613	-43
Funds	-638	-616	23
Net assets of discontinued operations	0.1	0.0	0
<b>Total Net Invested Capital</b>	<b>6,260</b>	<b>6,908</b>	<b>649</b>
Financed by:			
<b>Net Debt</b>	<b>3,758</b>	<b>4,254</b>	<b>496</b>
Total Shareholder's Equity	2,502	2,654	153
<b>D/E ratio</b>	<b>1.5</b>	<b>1.6</b>	
<b>Number of Shares</b>	<b>2,001</b>	<b>2,004</b>	

(\*) Note: Figures restated according to IFRIC 12



# 9M10 Results

## Consolidated Cash Flows

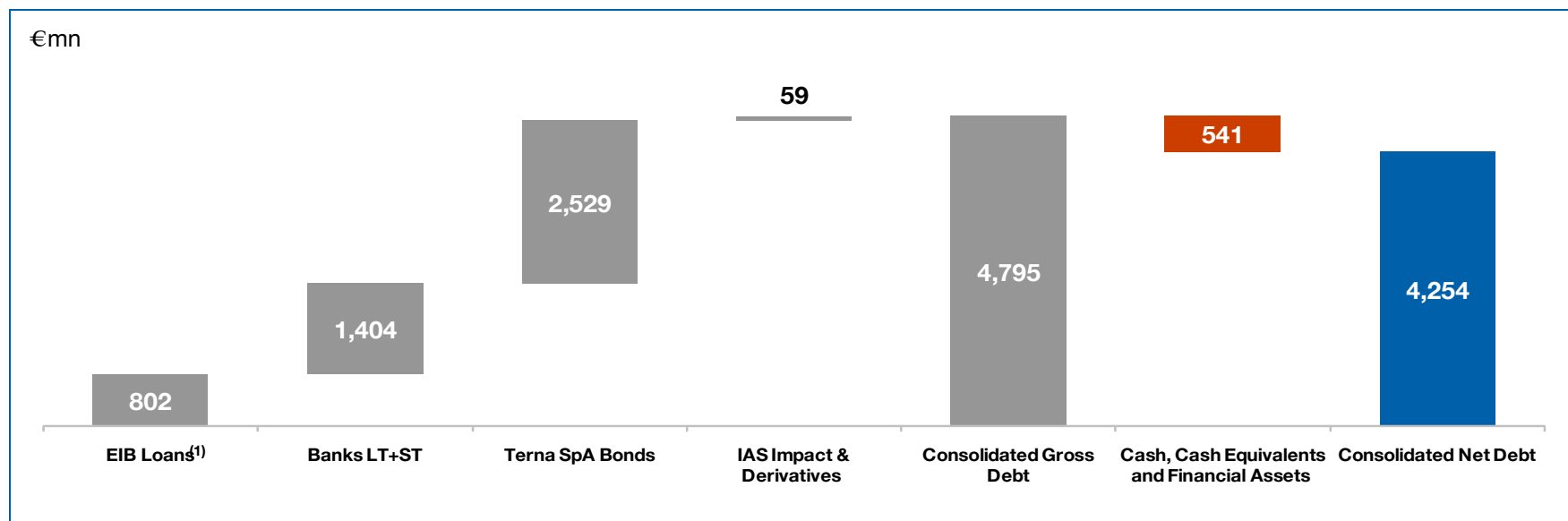
€mn	9M09	9M10
Net Income	340	372
Depreciation <sup>(1)</sup>	231	259
Net Change in Funds	-17	-23
<b>Operating Cash Flows</b>	<b>555</b>	<b>609</b>
Change in WC	357	43
<b>Cash Flow from Operating Activities</b>	<b>912</b>	<b>652</b>
Capital Expenditures	-584	-879
Other Fixed Asset Changes	-1,399	-49
<b>Free Cash Flow</b>	<b>-1,071</b>	<b>-276</b>
Dividends	-199	-240
Change in Capital	-94	21

(1) Net of assets' disposal



# 9M10 Results

## Consolidated Net Financial Position



### Change in Net Financial Position (mn €)

<b>Net Debt 2009YE</b>	<b>3,758</b>
<i>Δ Fair Value on Bonds</i>	237
<i>Change in Financial Position</i>	+517
<i>Δ Fair Value on Derivatives</i>	-258
<b>Net Debt 9M10</b>	<b>4,254</b>
<b>Change in Net Debt</b>	<b>+496</b>

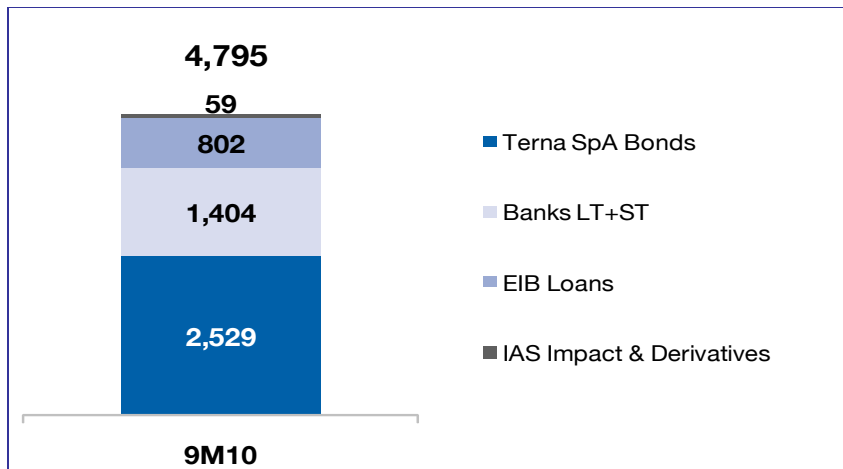
(1) EIB (European Investment Bank) Loans



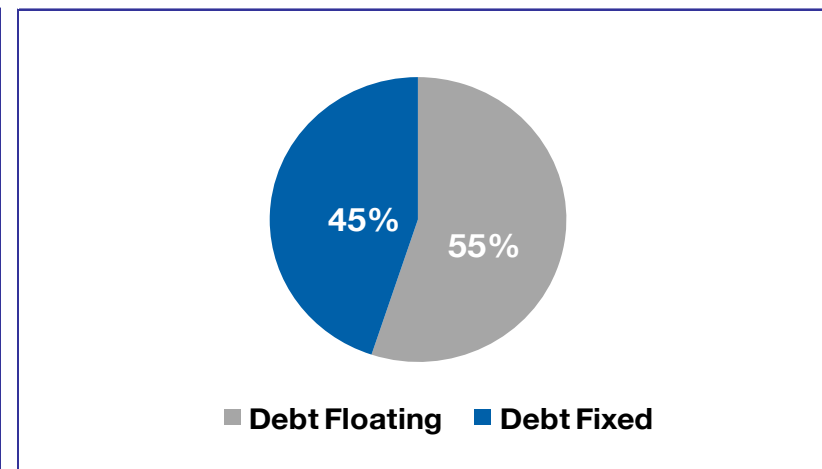
# 9M10 Results

## Financial Structure

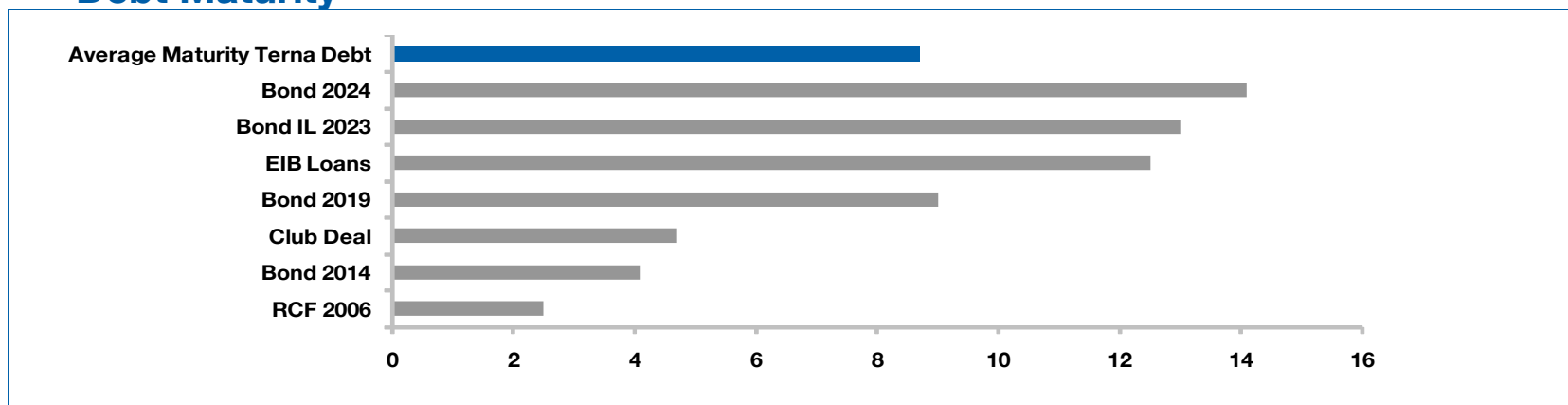
### Gross Debt by Instruments (€mn)



### Fixed/Floating Mix



### Debt Maturity





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