



# 1Q10 Consolidated Results

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MAY 11<sup>TH</sup>, 2010



# Agenda

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# Highlights

## 1Q10 at a Glance

- Consolidation of TELAT, tariff evolution and lower interest charges contributed to achieve double-digit growth
- Hefty EBITDA margin notwithstanding accounting changes (IFRIC 12)

€mn	<b>Change</b>			
	<b>1Q09<sup>(1)</sup></b>	<b>1Q10</b>	<b>mn</b>	<b>Δ%</b>
<b>Operating Revenues</b>	<b>314</b>	<b>365</b>	<b>51</b>	<b>16.2%</b>
<b>EBITDA</b>	<b>230</b>	<b>274</b>	<b>44</b>	<b>19.3%</b>
<b>EBITDA Margin (%)</b>	<b>73.1%</b>	<b>75.0%</b>		
<b>EBITDA Margin (%) excluding IFRIC 12 effect</b>	<b>74.2%</b>	<b>76.4%</b>		
<b>Net Income Continuing Operations</b>	<b>81</b>	<b>107</b>	<b>27</b>	<b>32.9%</b>
<b>Capex</b>	<b>145</b>	<b>193</b>	<b>49</b>	<b>33.7%</b>
<b>Net Debt</b>	<b>3,758<sup>(2)</sup></b>	<b>3,776</b>	<b>18</b>	<b>0.5%</b>

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

(2) Net Debt as of December 31, 2009



# Highlights

## Outlook

- Favourable operating environment for the development of the Grid
- Efforts in the dispatching activity could offer incremental upsides on FY incentives
- Photovoltaic project
  - On track
  - Detailed update on the project in July
  - No regulatory risk on current incentive schemes



# Highlights

## Energy Items

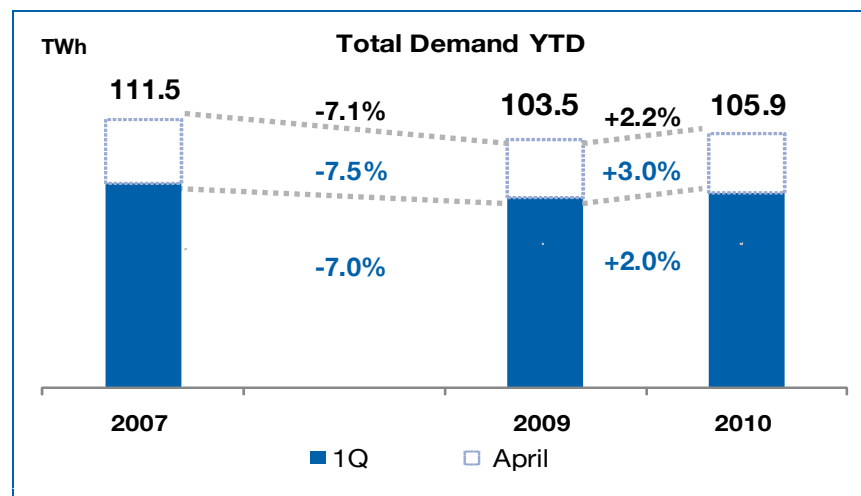
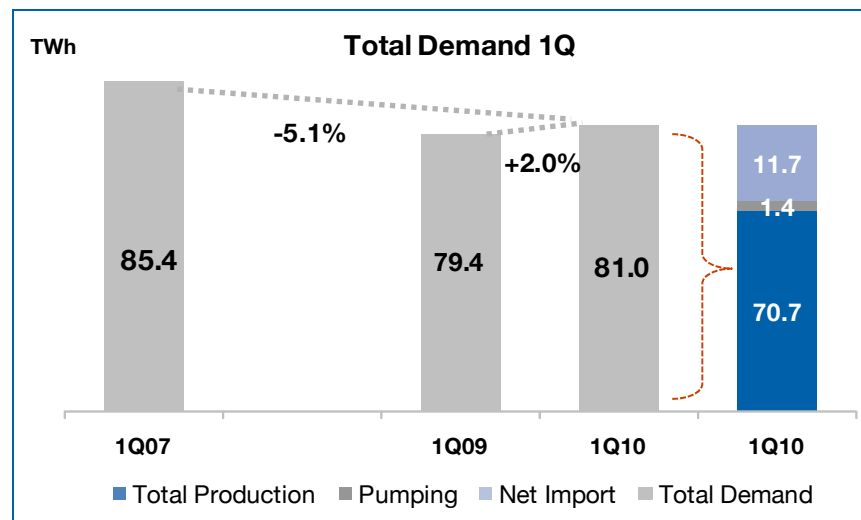
### 1Q10

Demand up by 2% vs 1Q09:

- Total Production +3.5%
- Pumping -8.0%
- Net Import -7.0%

### YTD

- April (+3% vs April 2009) confirms demand recovery trend
- YTD demand up by 2.2%



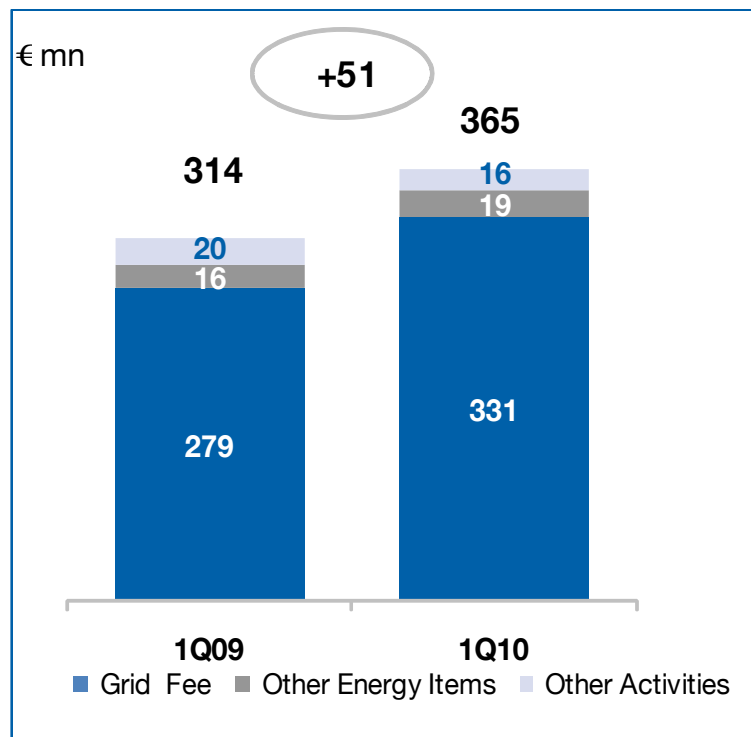
Source: TERNA's monthly reports. 2009 provisional figures updated as of May 2010



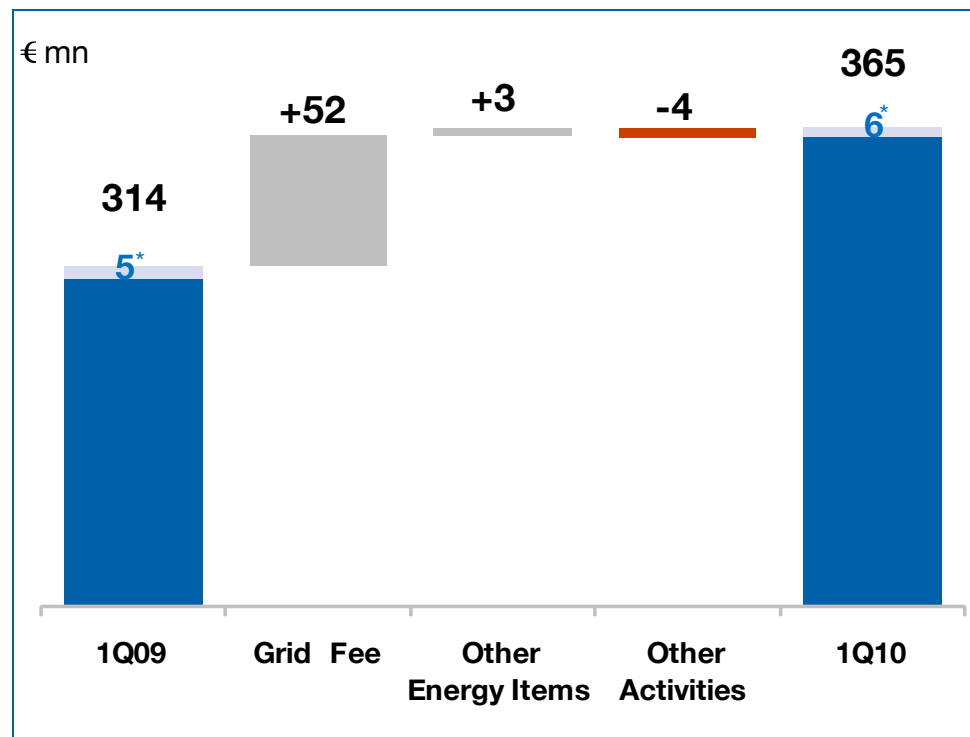
# 1Q10 Results

## Consolidated Revenues

### Revenues by Nature



### Revenues Breakdown



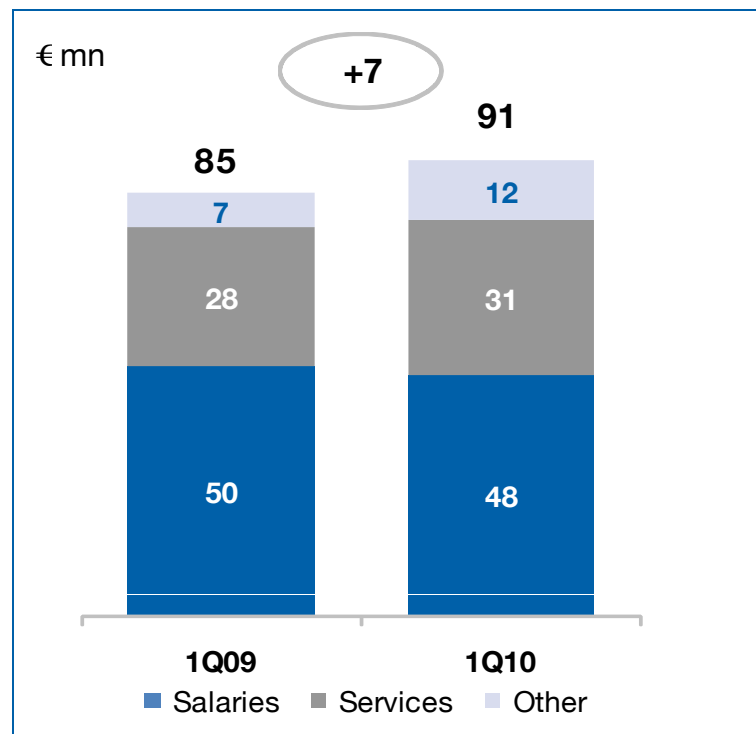
(\*) Impact from the application of IFRIC 12



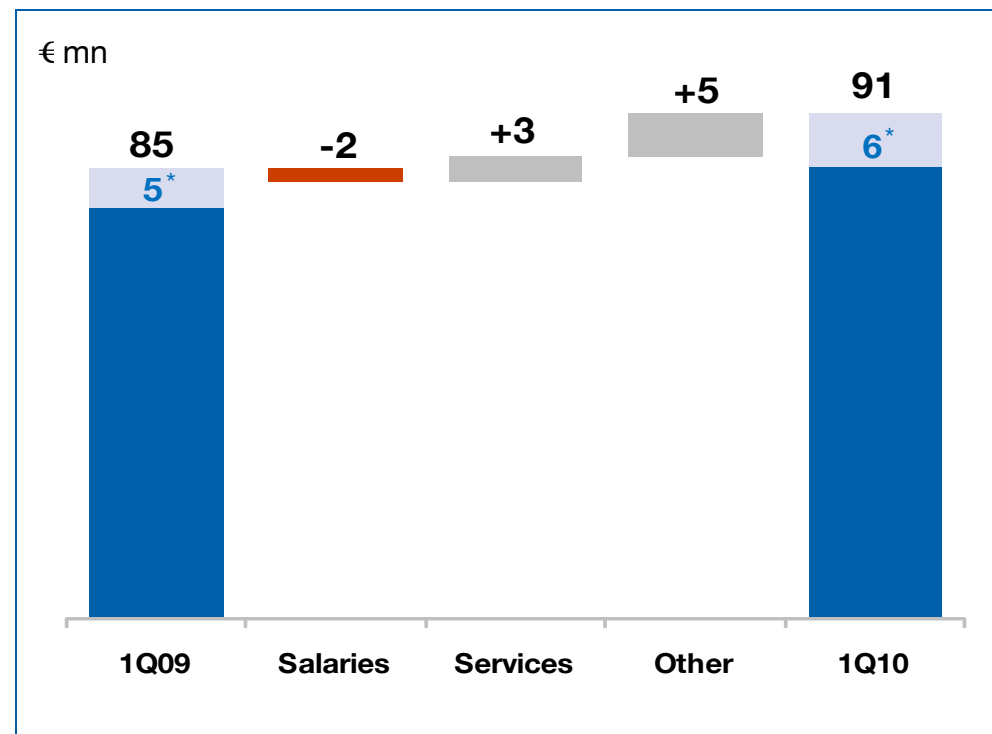
# 1Q10 Results

## Consolidated Costs

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



### Costs Breakdown



(\*) Impact from the application of IFRIC 12

(1) Net of capitalized costs



# 1Q10 Results

From EBITDA to Net Income

€mn	Consolidated		Change	
	1Q09 <sup>(*)</sup>	1Q10	mn	Δ%
<b>EBITDA</b>	<b>230</b>	<b>274</b>	<b>44</b>	<b>19.3%</b>
<i>EBITDA Margin (%)</i>	<i>73.1%</i>	<i>75.0%</i>		
<i>EBITDA Margin (%) excluding IFRIC 12 effect</i>	<i>74.2%</i>	<i>76.4%</i>		
D&A	65	84	19	28.3%
<b>EBIT</b>	<b>164</b>	<b>190</b>	<b>26</b>	<b>15.8%</b>
Financial Charges	38	24	-14	-37.5%
Taxes	45	59	14	30.5%
<i>Tax rate (%)</i>	<i>35.9%</i>	<i>35.5%</i>		
<b>Net Income Continuing Operations</b>	<b>81</b>	<b>107</b>	<b>27</b>	<b>32.9%</b>

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

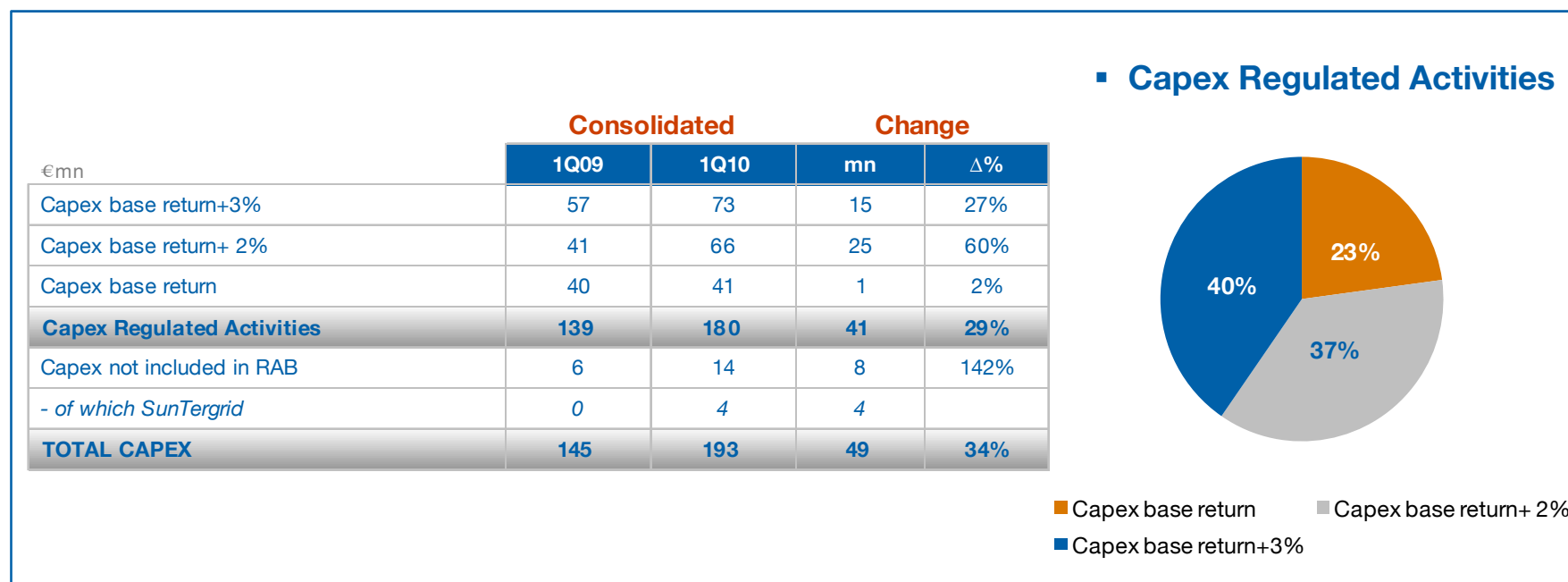




# 1Q10 Results

## Capex Breakdown

- Remarkable increase in incentivized capex

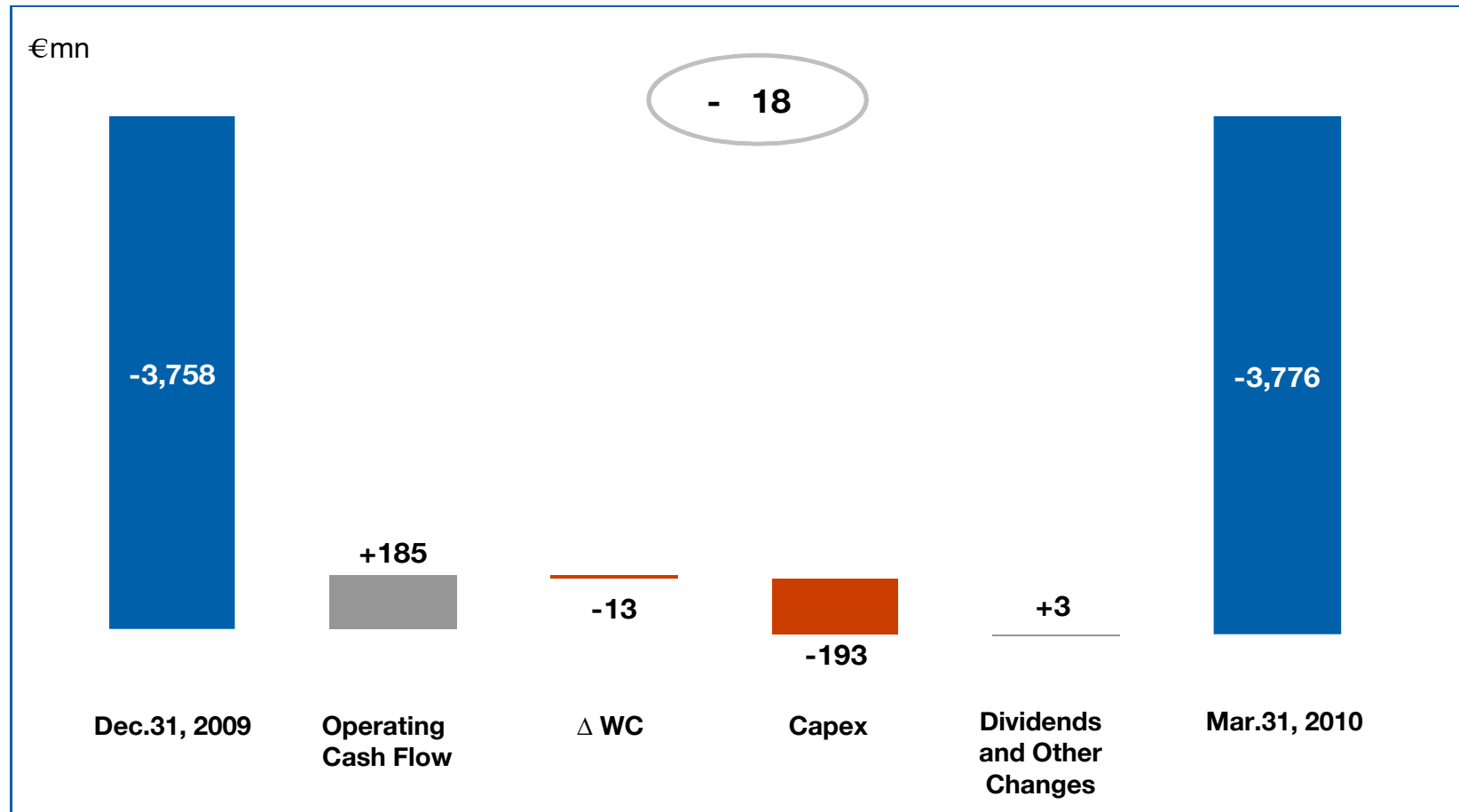




# 1Q10 Results

## Consolidated Net Debt

### ▪ Net Debt Evolution





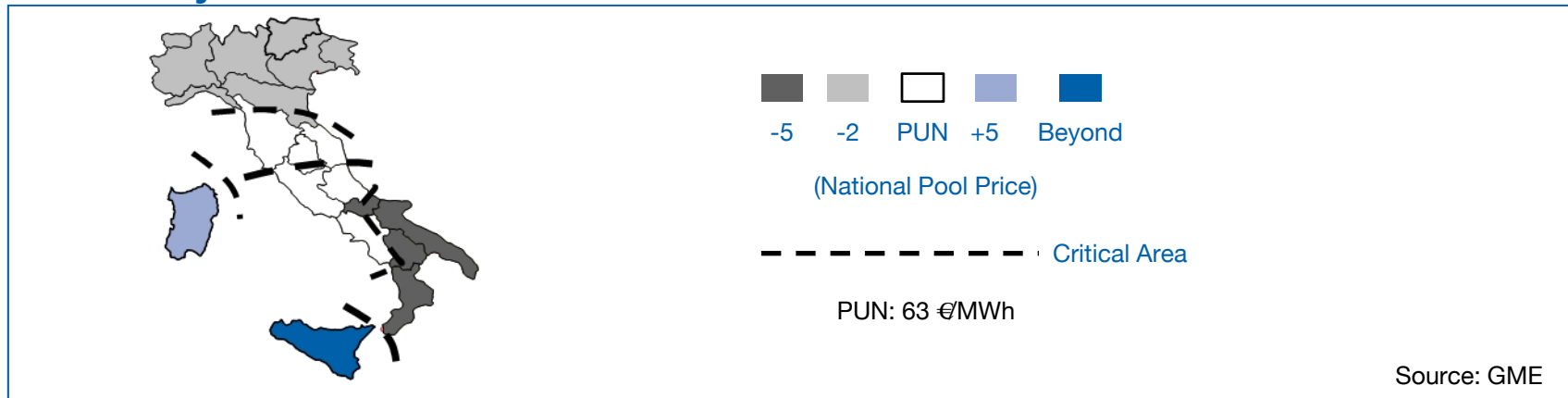
# ANNEXES



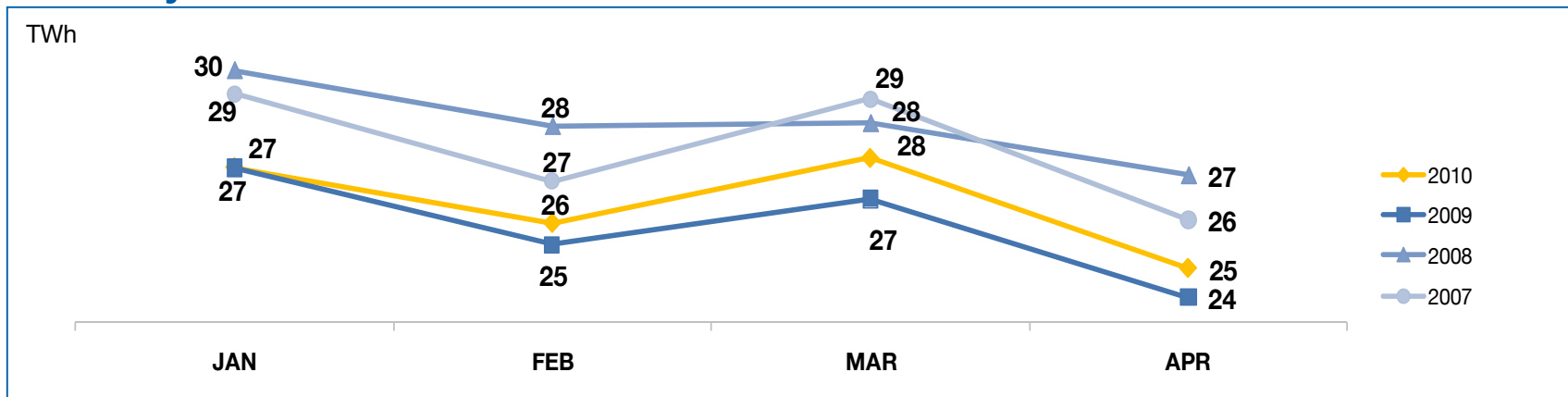
# Italian Electricity Market Evolution

## Energy Demand

### Electricity Prices



### Monthly Trend



Source: TERNA's monthly reports. 2009 Provisional figures updated as of March 10, 2010



# 1Q10 Results

## Consolidated Income Statement

€mn	Change 1Q10 vs 1Q09 (*)			
	1Q09	1Q10	mn	Δ%
<b>Operating Revenues</b>	<b>314</b>	<b>365</b>	<b>51</b>	<b>16.2%</b>
<i>Grid Fee</i>	279	331	52	18.7%
<i>Other Energy Items</i>	16	19	3	16.9%
<i>Other Activities</i>	20	16	-4	-19.4%
<b>Operating Expenses</b>	<b>85</b>	<b>91</b>	<b>7</b>	<b>7.8%</b>
<i>Salaries</i>	50	48	-2	-3.4%
<i>Services</i>	28	31	3	11.6%
<i>Other</i>	7	12	5	75.0%
<b>EBITDA</b>	<b>230</b>	<b>274</b>	<b>44</b>	<b>19.3%</b>
<i>EBITDA Margin (%)</i>	73.1%	75.0%		
<i>EBITDA Margin (%) excluding IFRIC 12 effect</i>	74.2%	76.4%		
<i>D&amp;A</i>	65	84	19	28.3%
<b>EBIT</b>	<b>164</b>	<b>190</b>	<b>26</b>	<b>15.8%</b>
<i>Financial (Income) Charges</i>	38	24	-14	-37.5%
<i>Taxes</i>	45	59	14	30.5%
<i>Tax rate (%)</i>	35.9%	35.5%		
<b>Net income continuing operations</b>	<b>81</b>	<b>107</b>	<b>27</b>	<b>32.9%</b>
<i>Net income discontinued operations</i>	14	0	-14	-100.0%
<b>Total Net Income</b>	<b>94</b>	<b>107</b>	<b>13</b>	<b>13.8%</b>
of which:				
<i>Minority Interest</i>	5	0	-5	-100.0%
<b>Group Net Income</b>	<b>89</b>	<b>107</b>	<b>18</b>	<b>20.2%</b>

(\*) Note: 1Q09 Figures have been restated according to IFRIC 12 and net of Brazilian activities



# 1Q10 Results

## Impacts of IFRIC 12

P&L	IFRIC 12		Change 1Q10 vs 1Q09		EXCLUDING IFRIC 12 EFFECT		Change 1Q10 vs 1Q09	
	1Q09 <sup>(*)</sup>	1Q10	mn	Δ%	1Q09 <sup>(*)</sup>	1Q10	mn	Δ%
<b>Operating Revenues</b>	314	365	51	16.2%	309	359	49	16.0%
Operating Expenses	85	91	7	7.8%	80	85	5	6.3%
<b>EBITDA</b>	230	274	44	19.3%	230	274	44	19.3%
<i>EBITDA Margin (%)</i>	73.1%	75.0%			74.2%	76.4%		

Balance Sheet	IFRIC 12		Change 31.03.10 vs 31.12.09		EXCLUDING IFRIC 12 EFFECT		Change 31.03.10 vs 31.12.09	
	31.12.2009	31.03.2010	mn	Δ%	31.12.2009	31.03.2010	mn	Δ%
<b>Assets</b>								
PP&E	6,884	6,997	113	1.6%	7,075	7,187	111	1.6%
Intangible Asset, net	564	559	-4	-0.8%	372	370	-3	-0.7%
Financial Inv. and Other	21	22	1	2.9%	21	22	1	2.9%
<b>Total Fixed Assets</b>	7,469	7,578	109	1.5%	7,469	7,578	109	1.5%

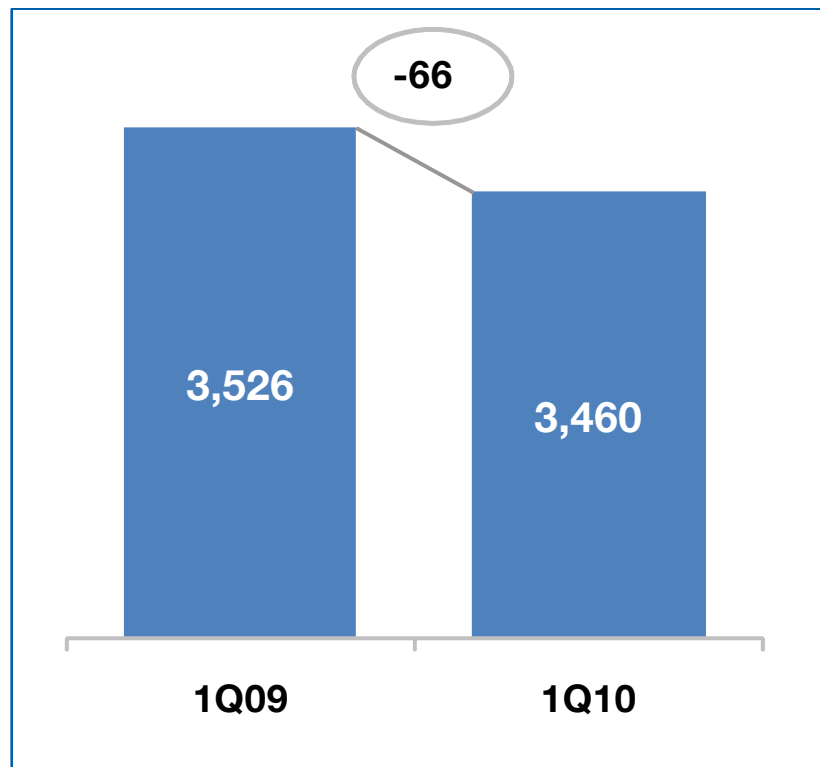
(\*) Note: 1Q09 Figures have been restated net of Brazilian activities



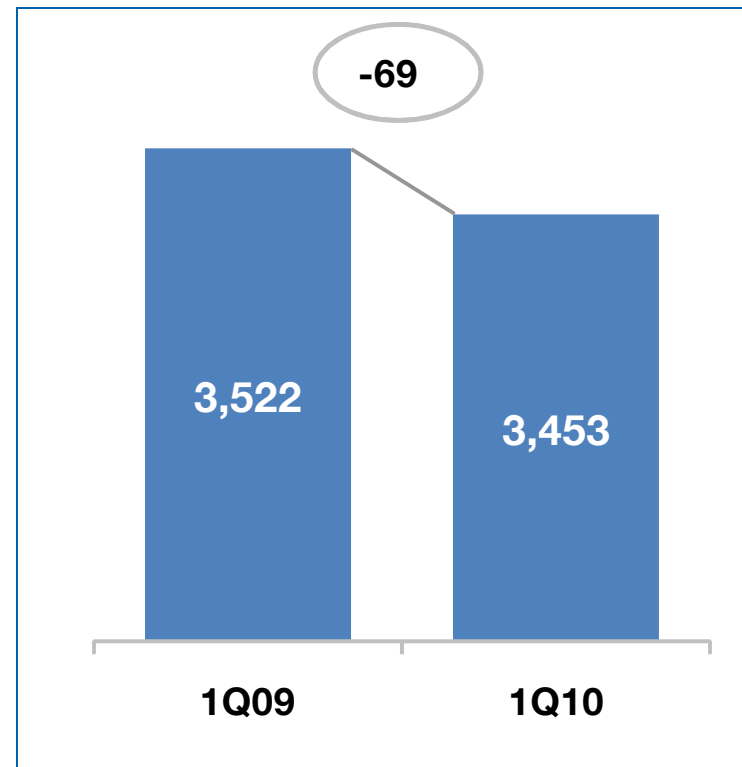
# 1Q10 Results

## Headcount Evolution

### Final Headcount



### Average Headcount





# 1Q10 Results

## Consolidated Balance Sheet

€ mn	FY09 (*)	1Q10	mn
<b>Assets</b>			
PP&E	6,884	6,997	113
Intangible Asset, net	564	559	-4
Financial Inv. and Other	21	22	1
<b>Total Fixed Assets</b>	<b>7,469</b>	<b>7,578</b>	<b>109</b>
Net WC	-571	-558	13
Funds	-638	-633	6
Net assets of discontinued operations	0.1	0.0	0
<b>Total Net Invested Capital</b>	<b>6,260</b>	<b>6,387</b>	<b>128</b>
Financed by:			
<b>Net Debt</b>	<b>3,758</b>	<b>3,776</b>	<b>18</b>
Total Shareholder's Equity	2,502	2,611	110
<b>D/E ratio</b>	<b>1.5</b>	<b>1.4</b>	
<b>Number of Shares</b>	<b>2,001</b>	<b>2,003</b>	

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





# 1Q10 Results

## Consolidated Cash Flows

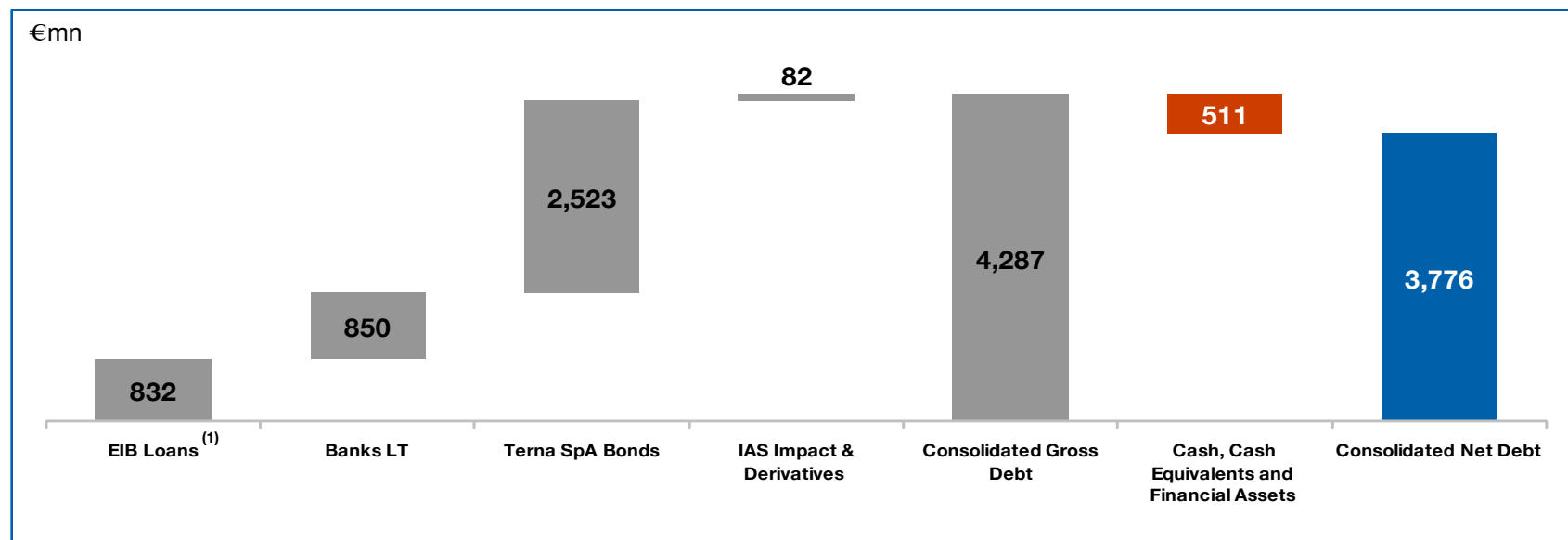
€mn	1Q09 (*)	1Q10
Net Income	94	107
Depreciation <sup>(1)</sup>	70	84
Net Change in Funds	-33	-6
<b>Operating Cash Flows</b>	<b>131</b>	<b>185</b>
Change in WC	152	-13
<b>Cash Flow from Operating Activities</b>	<b>284</b>	<b>173</b>
Capital Expenditures	-149	-193
Other Fixed Asset Changes	-22	0.0
<b>Free Cash Flow</b>	<b>112</b>	<b>-21</b>
Dividends	-1	0
Change in Capital	-24	3
<b>Change in Net Cash/(Debt)</b>	<b>87</b>	<b>-18</b>

(1) Net of assets' disposal



# 1Q10 Results

## Consolidated Net Financial Position



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

Net Debt 2009YE	3,758
<i>Δ Fair Value on Bonds</i>	77
<i>Change in Financial Position</i>	16
<i>Δ Fair Value on Derivatives</i>	-75
Net Debt 1Q10	3,776
<b>Change in Net Debt</b>	<b>+18</b>

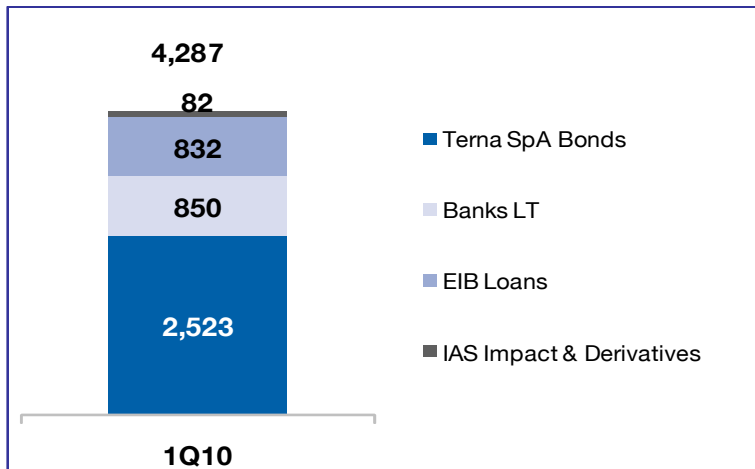
(1) EIB (European Investment Bank) Loans



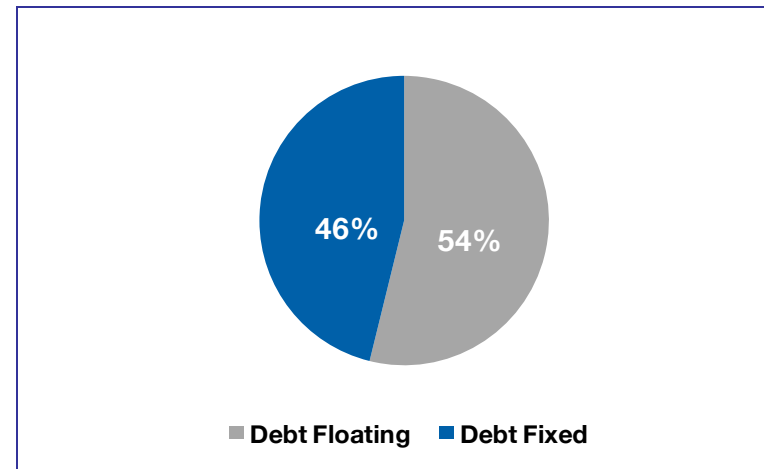
# 1Q10 Results

## Financial Structure

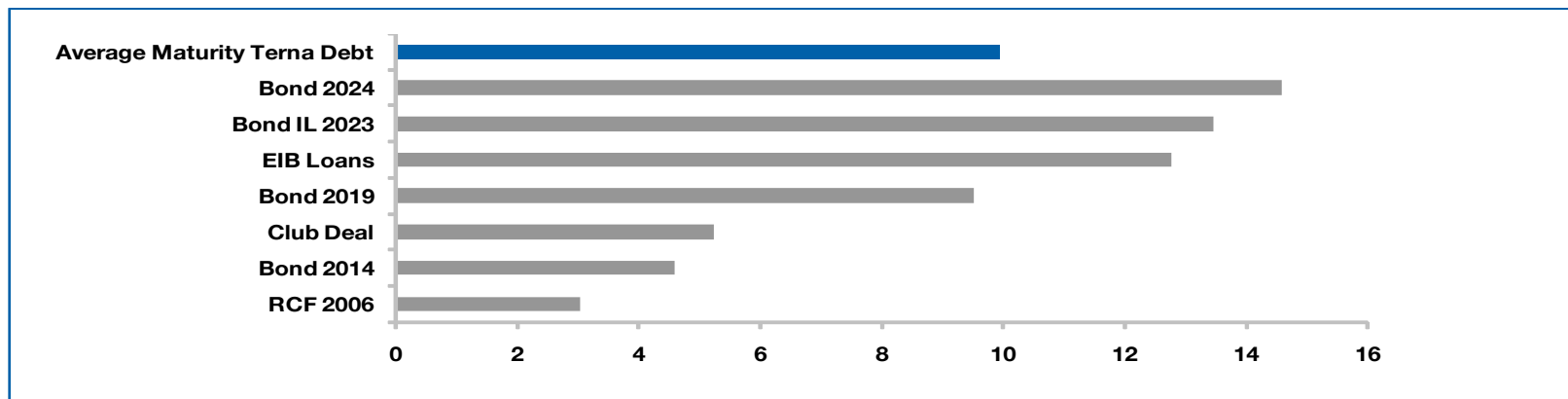
### Gross Debt by Instruments (€mn)



### Fixed/Floating Mix



### Debt Maturity





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