



FY09 Consolidated Results

Flavio Cattaneo - Chief Executive Officer
Fabio Todeschini - Chief Financial Officer

MARCH 19TH, 2010



Agenda

▪ HIGHLIGHTS	3
▪ FY09 RESULTS	5
▪ CLOSING REMARKS	10
▪ ANNEXES	11



Highlights

2009 at a Glance

- Double digit growth at all levels
- Impact of Brazilian disposal: 417mn
- 2009 Dividend: 19 euro/cent

	Reported		Change		Pre-closing
€mn	FY08 *	FY09	mn	Δ%	FY09
Operating Revenues	1,196	1,361	165	13.8 %	>1,350
EBITDA	850	1,003	153	18.0%	~1,000
EBITDA Margin (%)	71.1%	73.7%			~74%
Net Income Continuing Operations	301	354	54	17.8 %	
Group Net Income	328	771	444	135.4%	
Capex	765	900	135	17.7%	~900
Net Debt	2,954	3,758	805	27.2%	3,755
Dividends	316	380	64	20.3%	

(*) Net of Brazilian operations



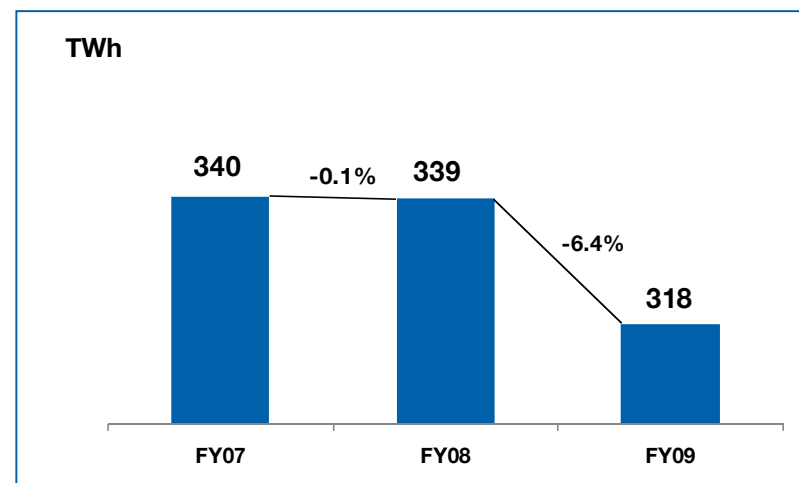
Highlights

Energy Items

2009

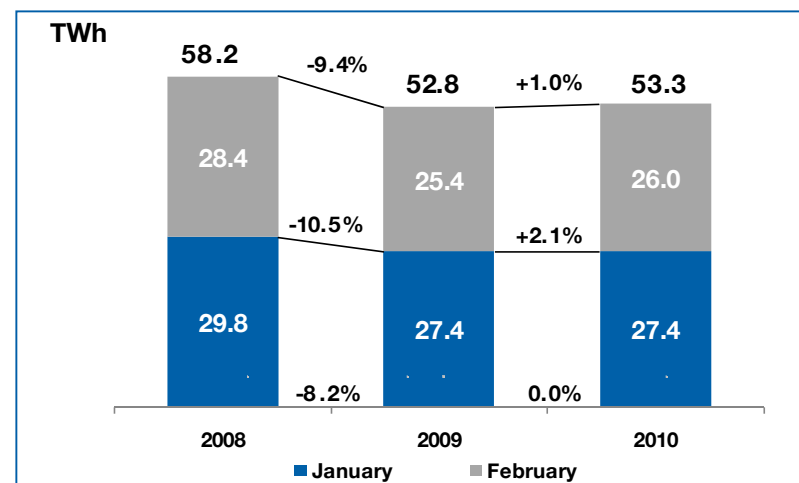
Demand down by -6.4% vs FY08

- Total Gross Production -9.2% (290 TWh)
- Pumping and Auxiliary Services: -14.8% (17 TWh)
- Net Import: +11% (44 TWh)



2010

Negative trend reversed, but still heavy comparison with 2008



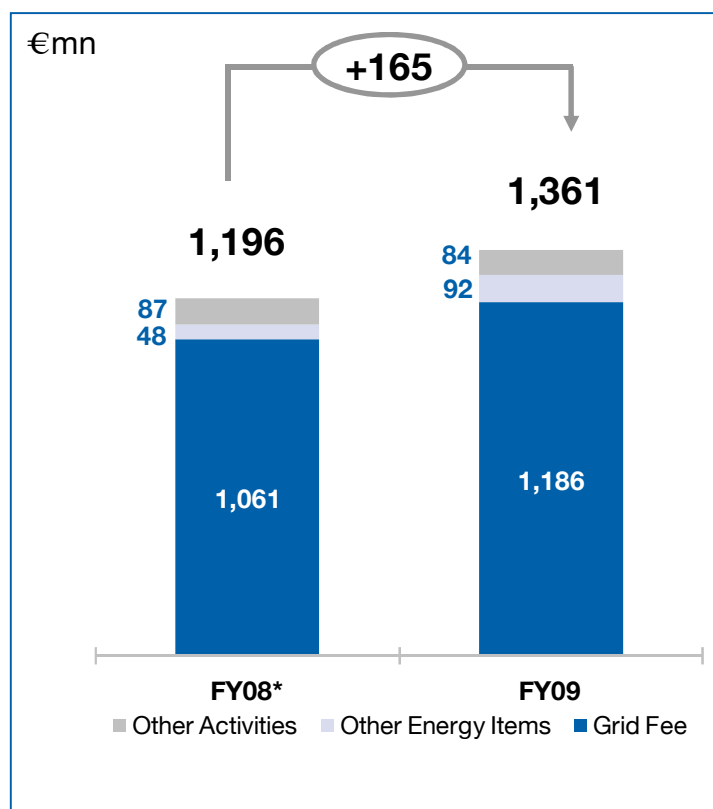
Source: Terna's monthly reports. 2009 Provisional figures updated as of March 10, 2010



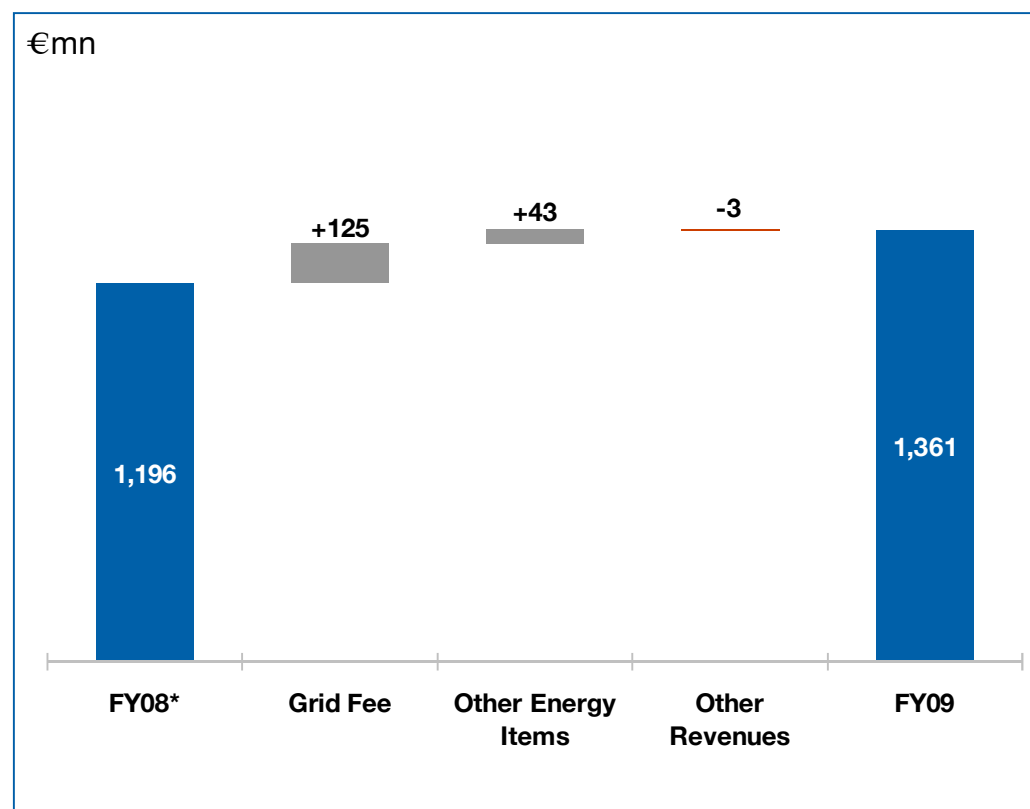
FY09 Results

Consolidated Revenues

Revenues by Nature



Revenues Breakdown



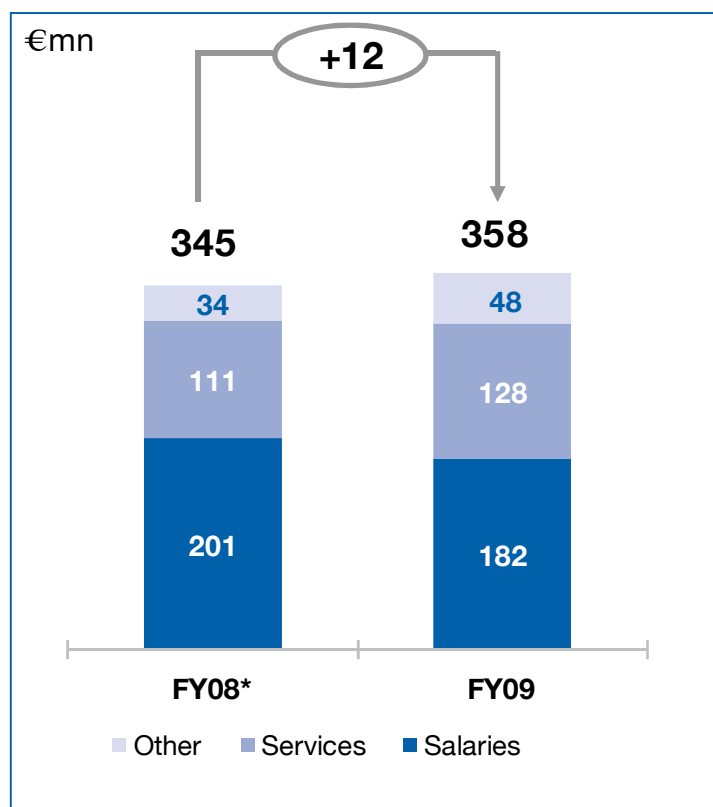
(*) Net of Brazilian operations



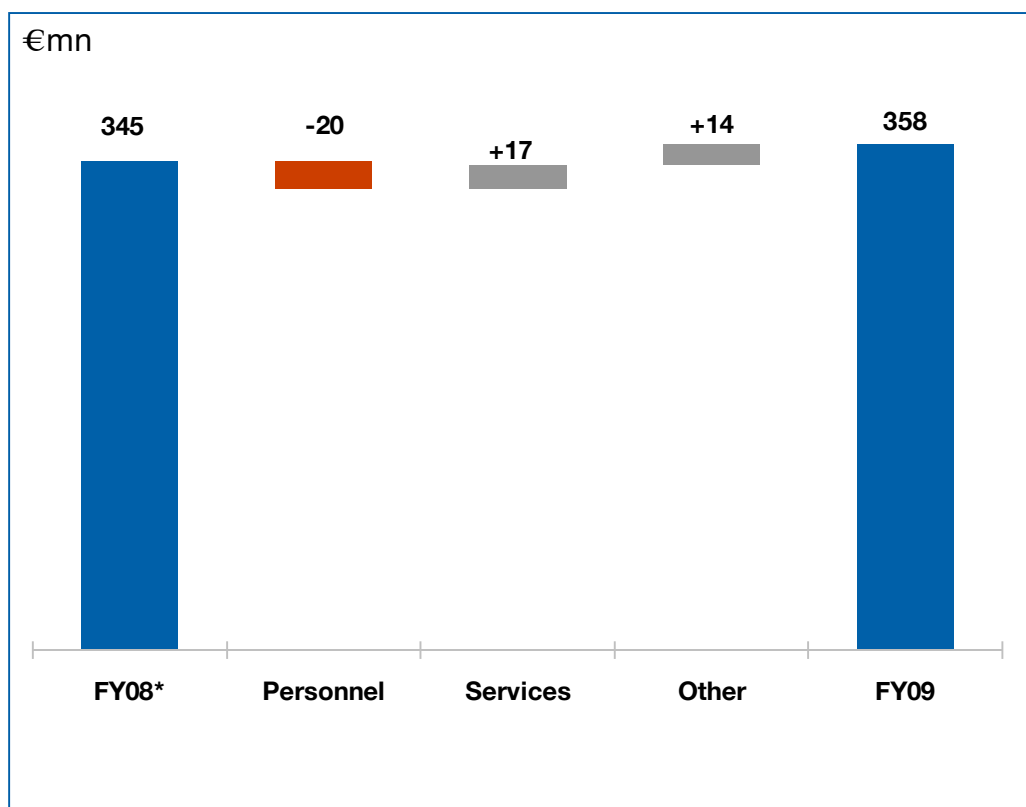
FY09 Results

Consolidated Costs

Costs by Nature¹



Costs Breakdown



(*) Net of Brazilian operations
 (1) Net of capitalized costs



FY09 Results

From EBITDA to Net Income

	Consolidated		Change	
€mn	FY08 *	FY09	mn	Δ%
EBITDA	850	1,003	153	18.0%
<i>EBITDA Margin (%)</i>	<i>71.1%</i>	<i>73.7%</i>		
D&A	254	309	55	21.8%
EBIT	597	694	98	16.3%
Financial Charges	122	148	27	21.8%
Taxes	175	192	18	10.0%
<i>Tax rate (%)</i>	<i>36.8%</i>	<i>35.2%</i>		
Net Income Continuing Operations	301	354	54	17.8%
Net Income Discontinued Operations	41	417	376	919.6%
Total Net Income	341	771	430	125.8%
of which:				
Minority Interest	14	0	-14	0.0%
Group Net Income	328	771	444	135.4%

(*) Net of Brazilian operations



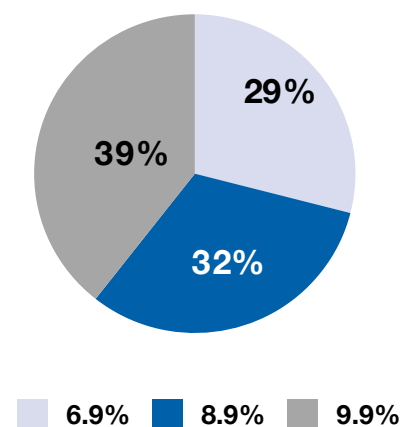
FY09 Results

Capex Breakdown

- SAPEI first cable operational
- 300 construction sites already open

€mn	Consolidated		Change	
	FY08 *	FY09	mn	%
Incentivized remuneration	561	624	63	11%
Ordinary remuneration	182	232	50	27%
- Maintenance	97	103	6	6%
- Other	85	129	44	52%
TELAT	-	22	22	
CAPEX REGULATED ACTIVITIES	743	878	135	18%
Capex not included in RAB	22	23	1	3%
- of which SunTergrid	0	6		
TOTAL CAPEX	765	900	135	18%

Capex Regulated Activities



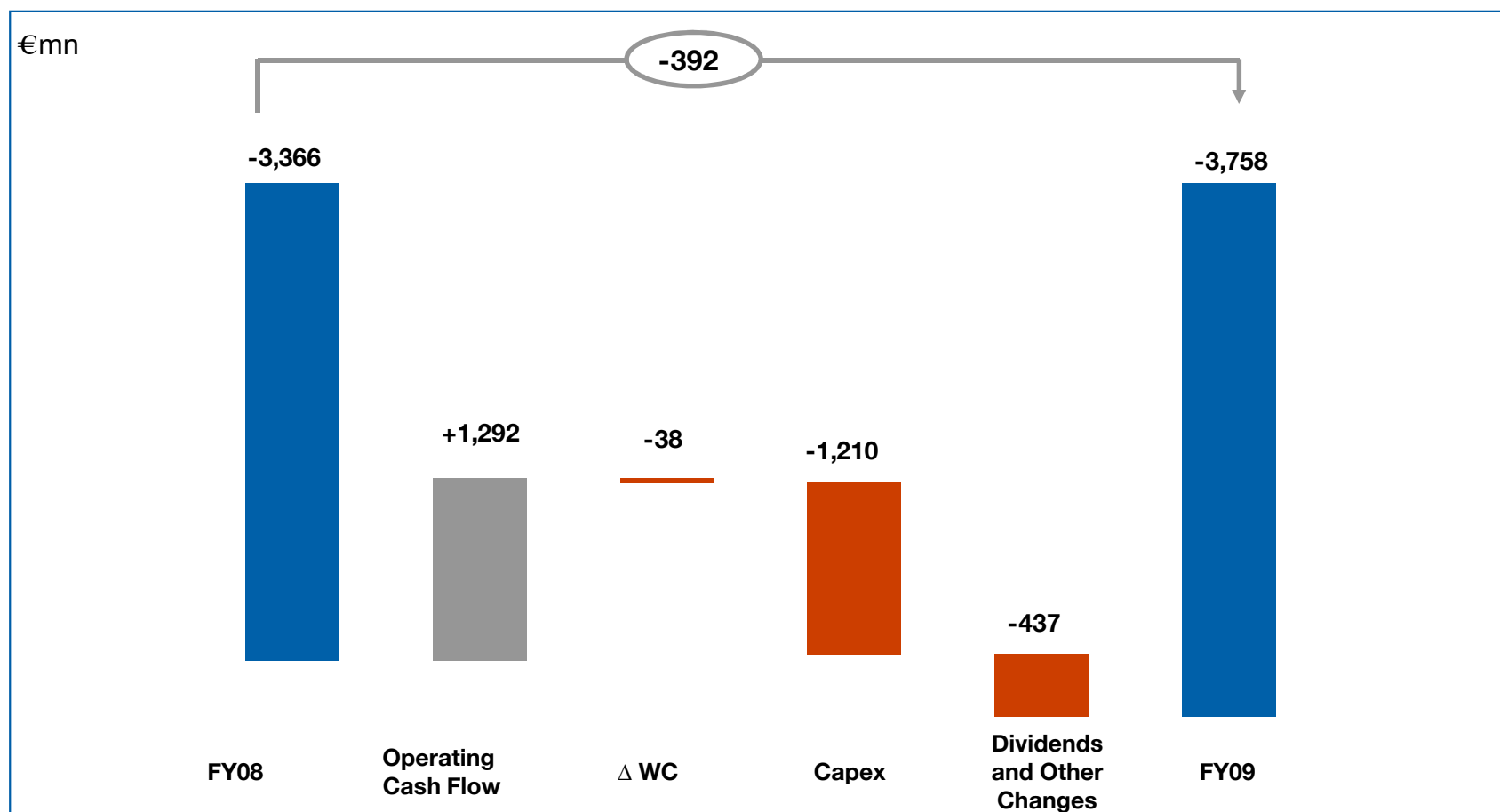
(*) Net of Brazilian operations



FY09 Results

Consolidated Net Debt

▪ Net Debt Evolution



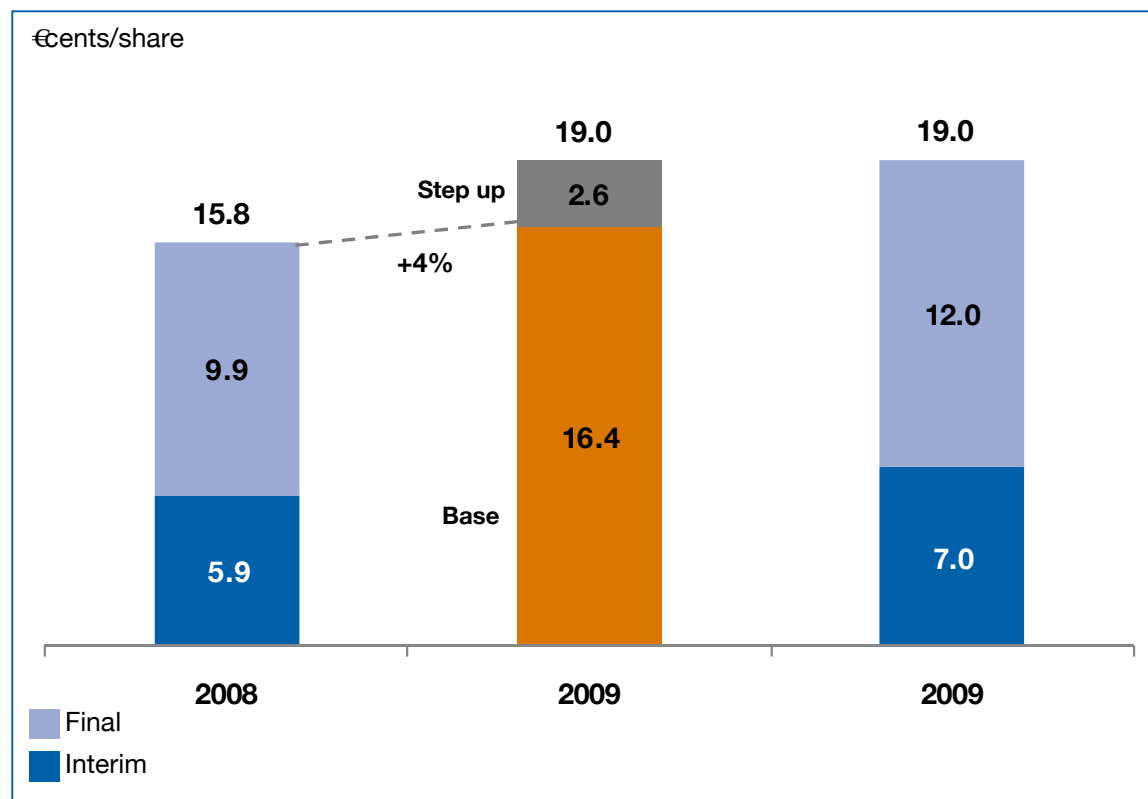


Closing Remarks

Dividends

2009 Total DPS 19 €cents/share

- **Interim Dividend 7 €cents**
(already paid in November 09)
- **Final Dividend 12 €cents**
Ex date 21st June, 2010
Payment date 24th June, 2010





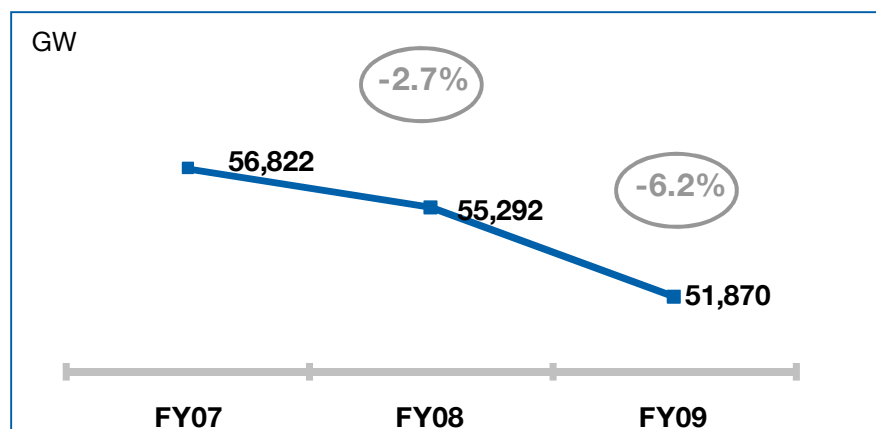
ANNEXES



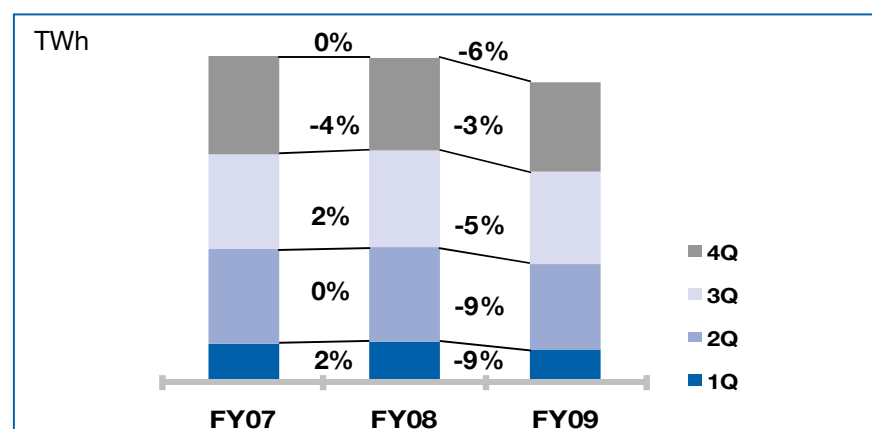
Italian Electricity Market Evolution

Energy Demand

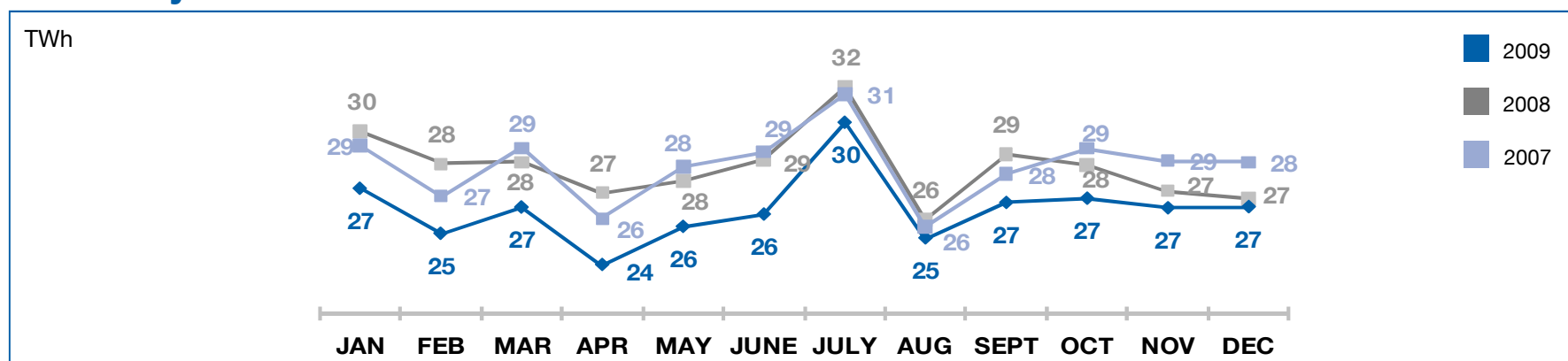
▪ Peak Demand in FY09



▪ Energy Demand in FY09



▪ Monthly Trend



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



FY09 Results

Consolidated Income Statement

€mn	Change FY09 vs FY08*				
	FY08	FY08 *	FY09	mn	Δ%
Operating Revenues	1,395	1,196	1,361	165	13.8 %
Grid Fee	1,061	1,061	1,186	125	11.8%
Other Energy Items	48	48	92	43	89.0%
Regulated Activities in Brazil	180	0	0	0.0	0.0%
Other Activities	107	87	84	-3	-3.8%
Operating Expenses	401	345	358	12	3.5%
Salaries	211	201	182	-20	-9.7%
Services	131	111	128	17	15.6%
Other	59	34	48	14	43.0%
EBITDA	995	850	1,003	153	18.0%
EBITDA Margin (%)	71.3%	71.1%	73.7%		
D&A	280	254	309	55	21.8%
EBIT	714	597	694	98	16.3%
Financial (Income) Charges	180	122	148	27	21.8%
Taxes	193	175	192	18	10.0%
Tax rate (%)	36.1%	36.8%	35.2%		
Net income continuing operations	341	301	354	54	17.8 %
Net income discontinued operations		41	417	376	919.6%
Total Net Income	341	341	771	430	125.8 %
Minority Interest	14	14	0	-14	0.0%
Group Net Income	328	328	771	444	135.4%

(*) Net of Brazilian operations



FY09 Results

Consolidated Income Statement – Quarterly Analysis

	Consolidated			Change			Consolidated			Change			Consolidated			Change		
€mn	1Q08*	1Q09	mn	2Q08*	2Q09	mn	3Q08*	3Q09	mn	4Q08*	4Q09	mn	1Q08*	1Q09	mn	2Q08*	2Q09	mn
Operating Revenues	291	309	19	284	347	63	312	340	28	309	364	55						
Grid Fee	265	279	13	254	296	42	285	311	26	257	300	43						
Other Energy Items	11	11	0	11	31	20	11	11	0	16	38	23						
Regulated Activities in Brazil	0	0	0	0	0	0	0	0	0	0	0	0						
Other Activities	15	20	5	19	21	1	16	18	2	37	26	-11						
Operating Expenses	79	80	1	86	70	-16	76	84	8	105	125	20						
EBITDA	211	230	18	198	277	79	237	257	20	205	239	35						
D&A	59	65	6	62	79	17	63	79	16	69	85	16						
EBIT	152	164	12	136	199	62	173	177	4	135	154	19						
Financial (Income) Charges	32	40	8	-27	47	74	57	34	-23	60	27	-33						
Taxes	45	45	0	55	54	-2	43	52	9	31	42	11						
Net Income Continuing Operations	75	79	4	108	99	-10	73	91	18	44	85	41						

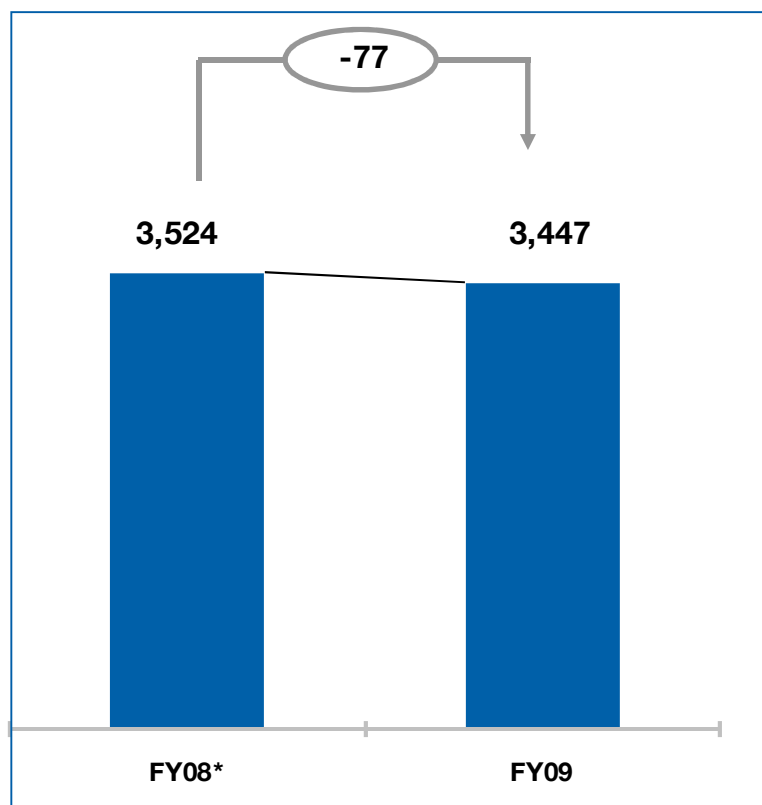
(*) Net of Brazilian operations



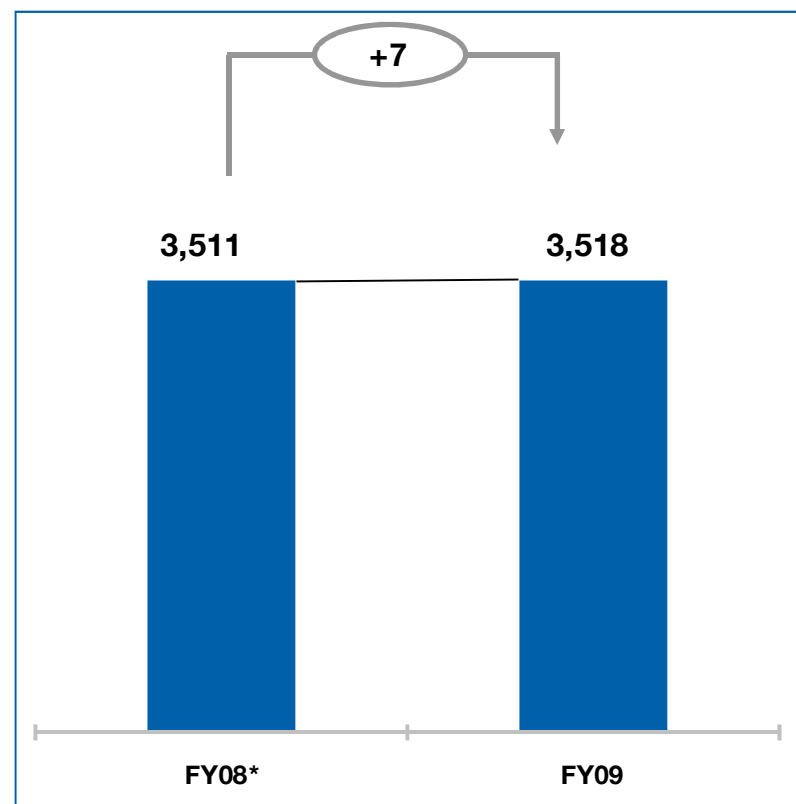
FY09 Results

Headcount Evolution

Final Headcount



Average Headcount



(*) Net of Brazilian operations



FY09 Results

Consolidated Balance Sheet

€mn	FY08	FY09	Δ%	FY08 Italy	Δ%
Assets					
PP&E	6,036	7,075	17.2%	5,416	30.6%
Intangible Asset, net	483	372	-23.0%	256	45.4%
Financial Inv. and Other	44	21	-51.9%	14	45.8%
Total Fixed Assets	6,563	7,469	13.8%	5,686	31.4%
Net WC	-608	-571	-6.2%	-364	56.9%
Funds	-425	-638	50.2%	-546	16.8%
Total Net Invested Capital	5,530	6,260	13.2%	4,776	31.1%

Financed by:

Net Debt	3,366	3,758	11.7%
<i>of which continuing operations^(a)</i>	2,954	3,758	27.2%
Total Shareholder's Equity	2,164	2,502	15.6%
<i>Terna Group^(b)</i>	2,077	2,502	20.4%
<i>Minorities</i>	87	-	0.0%
D/E ratio^(a/b)	1.42	1.50	



FY09 Results

Consolidated Cash Flows

€mn	Consolidated		
	FY08 *	FY09	FY09 Italy
Net Income	341	771	354
Depreciation ⁽¹⁾	280	309	309
Net Change in Funds	-39	212	92
Operating Cash Flows	583	1,292	755
Change in WC	-44	-38	207
Cash Flow from Operating Activities	540	1,254	962
Capital Expenditures	-765	-900	-900
Other Fixed Asset Changes	-117	-310	-1,188
Free Cash Flow	-343	44	-1,126
Dividends	-328	-338	-338
Change in Capital	-46	-99	-99
Cash related to Brazilian Assets and Liabilities			758
Change in Net Cash/(Debt)	-716	-392	-805

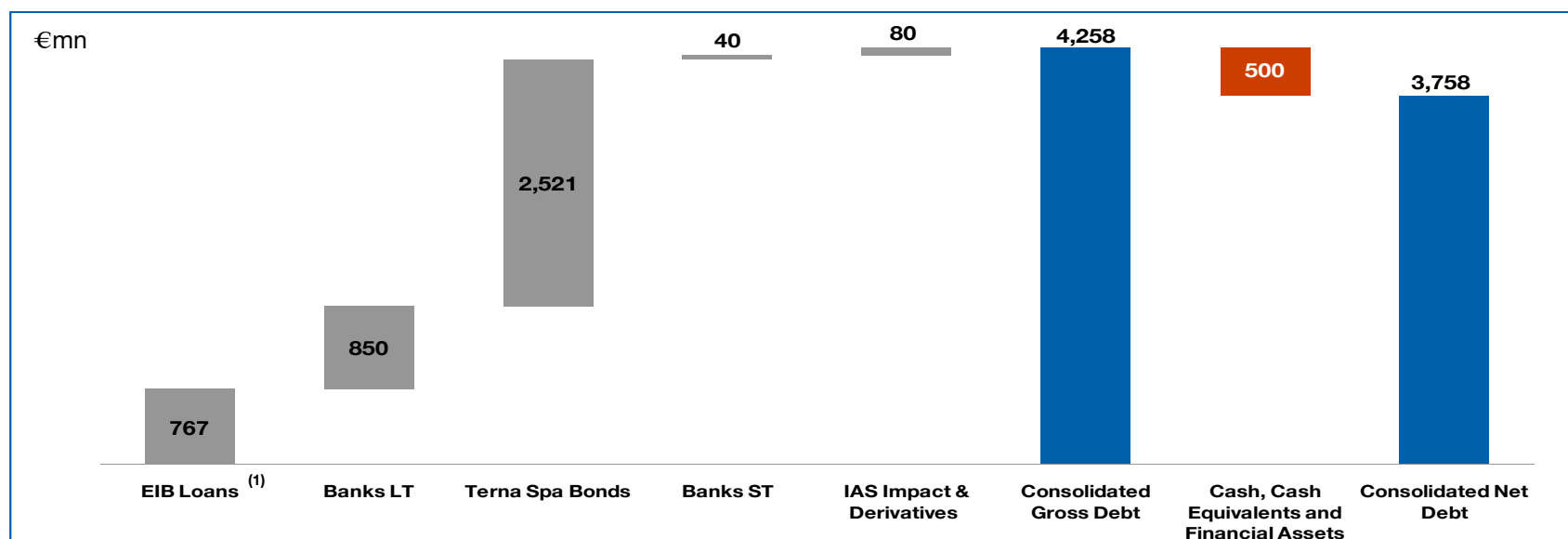
(*) Net of Brazilian operations

(1) Net of assets' disposal



FY09 Results

Consolidated Net Financial Position



Change in Net Financial Position (mn €)

Net Debt 2008YE	3,366
Δ Fair Value on Bonds and Derivatives	20
Change in Financial Position	372
Δ Exchange Rates + Int. Cap.	-
Net Debt FY09	3,758
Change in Net Debt	392

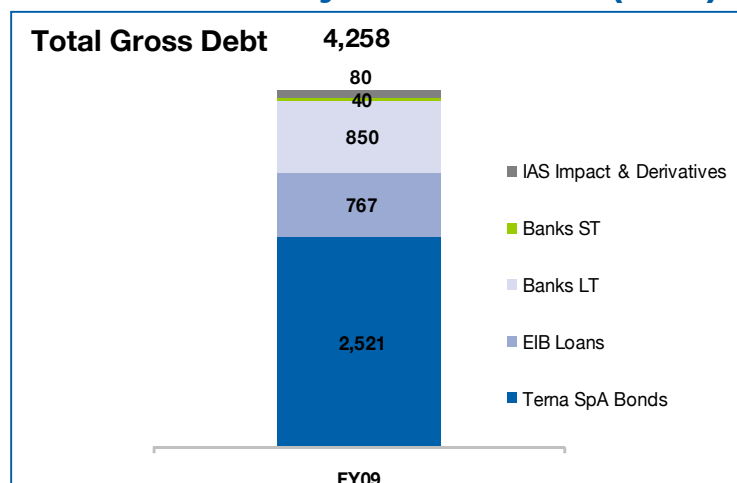
(1) EIB (European Investment Bank) Loans



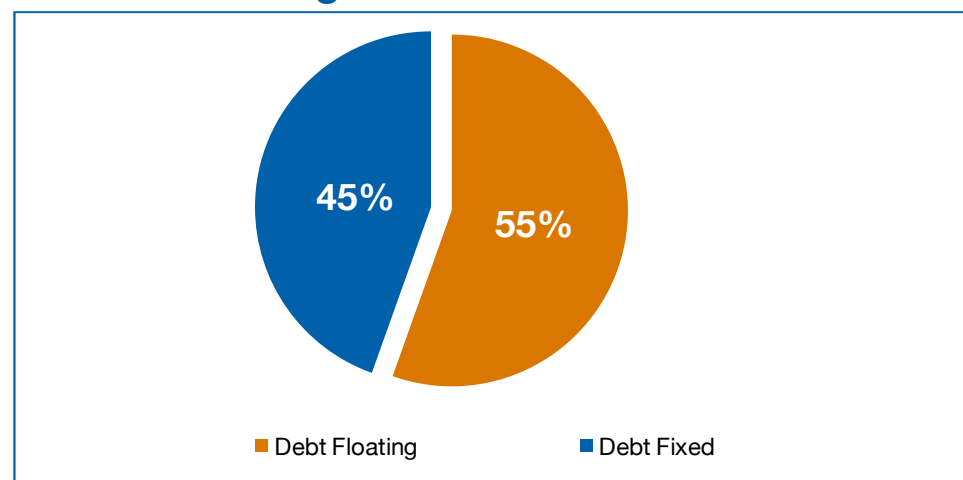
FY09 Results

Financial Structure

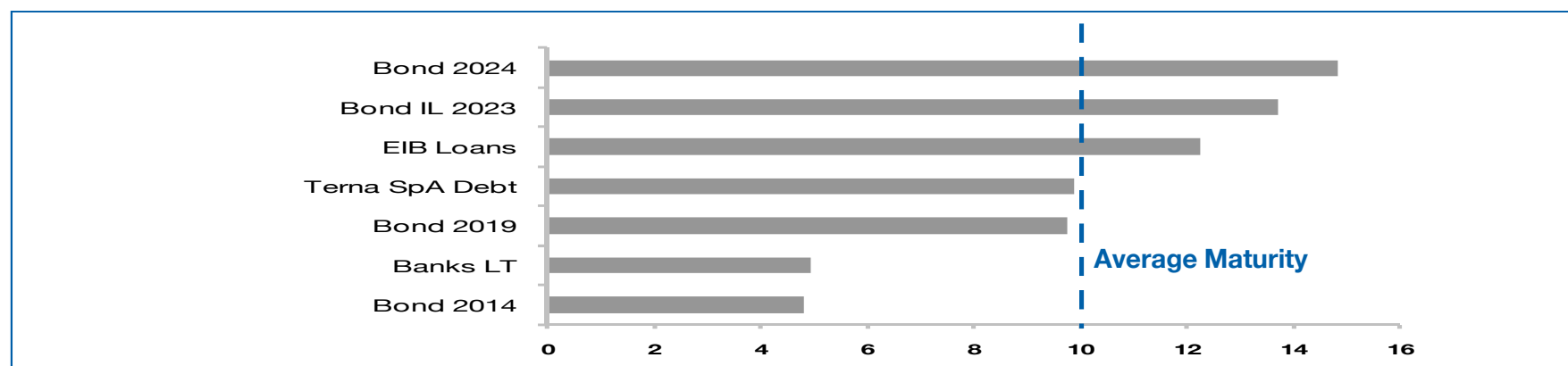
▪ Gross Debt by Instruments (€mn)



▪ Fixed/Floating Mix

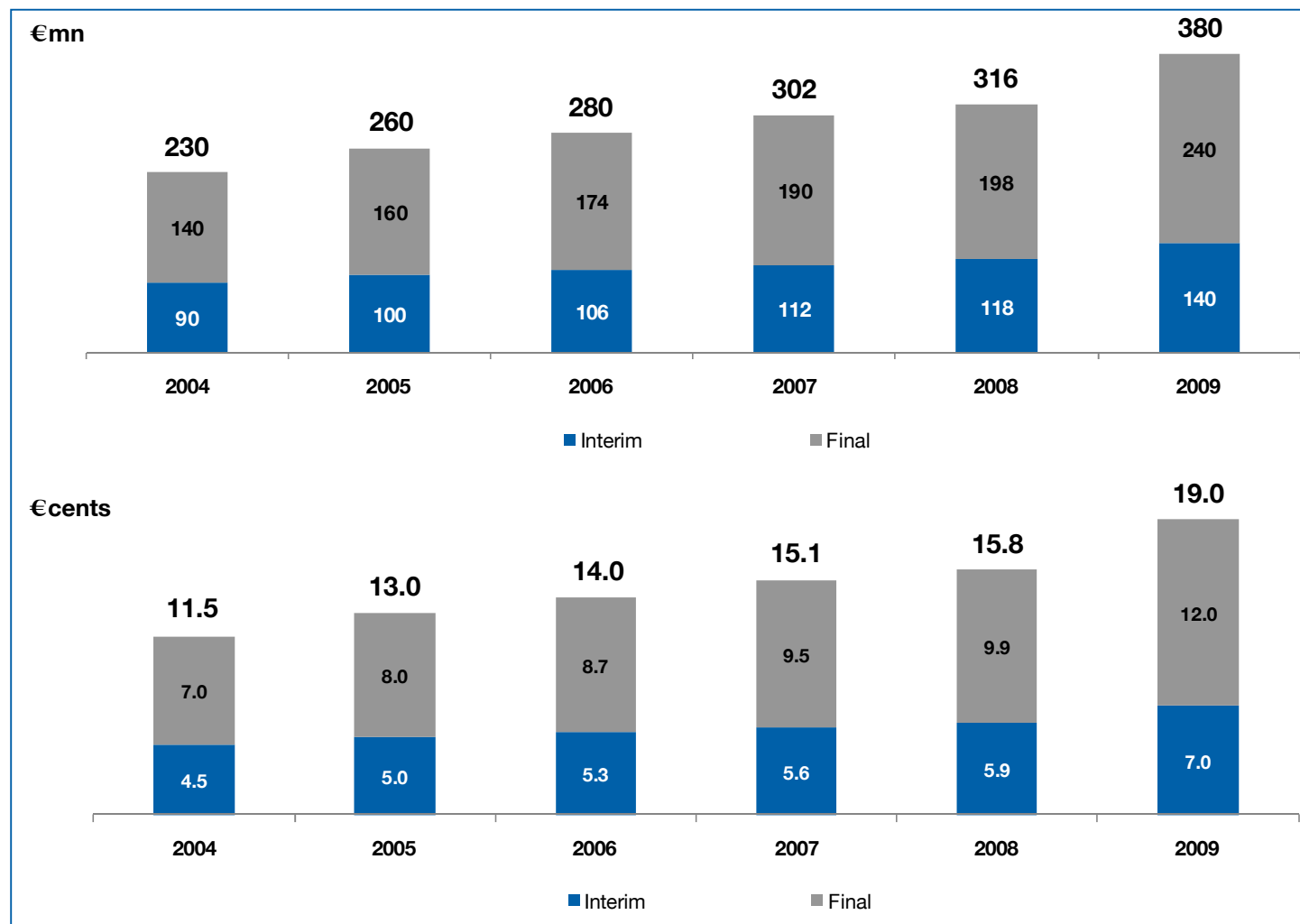


▪ Debt Maturity





Dividends Evolution





Disclaimer

THIS DOCUMENT HAS BEEN PREPARED BY TERNA S.P.A. (THE “COMPANY”) FOR THE SOLE PURPOSE DESCRIBED HEREIN. IN NO CASE MAY IT BE INTERPRETED AS AN OFFER OR INVITATION TO SELL OR PURCHASE ANY SECURITY ISSUED BY THE COMPANY OR ITS SUBSIDIARIES.

THE CONTENT OF THIS DOCUMENT HAS A MERELY INFORMATIVE AND PROVISIONAL NATURE AND THE STATEMENTS CONTAINED HEREIN HAVE NOT BEEN INDEPENDENTLY VERIFIED. NEITHER THE COMPANY NOR ANY OF ITS REPRESENTATIVES SHALL ACCEPT ANY LIABILITY WHATSOEVER (WHETHER IN NEGLIGENCE OR OTHERWISE) ARISING IN ANY WAY FROM THE USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION WITH THIS DOCUMENT OR ANY MATERIAL DISCUSSED DURING THE PRESENTATION.

THIS DOCUMENT MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON. THE INFORMATION CONTAINED HEREIN AND OTHER MATERIAL DISCUSSED AT THE CONFERENCE CALL MAY INCLUDE FORWARD-LOOKING STATEMENTS THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE COMPANY’S BELIEFS AND EXPECTATIONS. THESE STATEMENTS ARE BASED ON CURRENT PLANS, ESTIMATES, PROJECTIONS AND PROJECTS, AND CANNOT BE INTERPRETED AS A PROMISE OR GUARANTEE OF WHATSOEVER NATURE.

HOWEVER, FORWARD-LOOKING STATEMENTS INVOLVE INHERENT RISKS AND UNCERTAINTIES AND ARE CURRENT ONLY AT THE DATE THEY ARE MADE. WE CAUTION YOU THAT A NUMBER OF FACTORS COULD CAUSE THE COMPANY’S ACTUAL RESULTS AND PROVISIONS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN ANY FORWARD-LOOKING STATEMENT. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO: TRENDS IN COMPANY’S BUSINESS, ITS ABILITY TO IMPLEMENT COST-CUTTING PLANS, CHANGES IN THE REGULATORY ENVIRONMENT, DIFFERENT INTERPRETATION OF THE LAW AND REGULATION, ITS ABILITY TO SUCCESSFULLY DIVERSIFY AND THE EXPECTED LEVEL OF FUTURE CAPITAL EXPENDITURES. THEREFORE, YOU SHOULD NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS. TERNA DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE FORWARD-LOOKING STATEMENTS TO REFLECT ANY CHANGES IN TERNA’S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGES IN EVENTS.

EXECUTIVE IN CHARGE OF THE PREPARATION OF ACCOUNTING DOCUMENTS “LUCIANO DI BACCO” DECLARES, PURSUANT TO PARAGRAPH 2 OF ARTICLE 154-BIS OF THE CONSOLIDATED LAW ON FINANCE, THAT THE ACCOUNTING INFORMATION CONTAINED IN THIS PRESENTATION CORRESPONDS TO THE DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.

investor.relations@terna.it

+39 06 8313 8106

www.terna.it

