



Terna 9M15

Consolidated Results

November 11th, 2015

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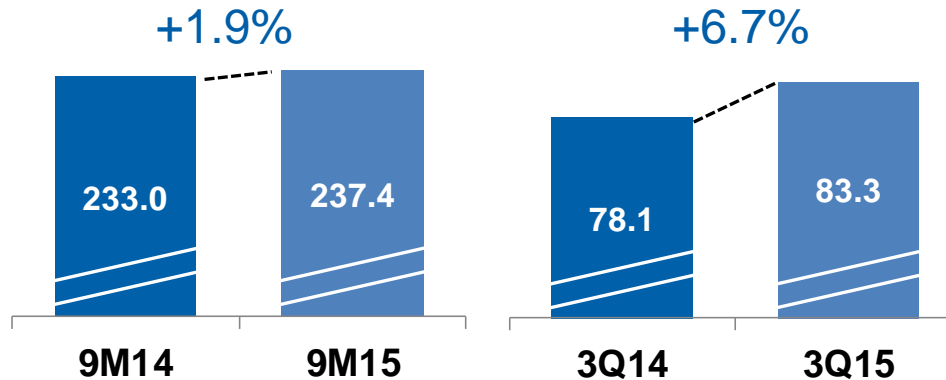
Strategic Update

Electricity Market Trends

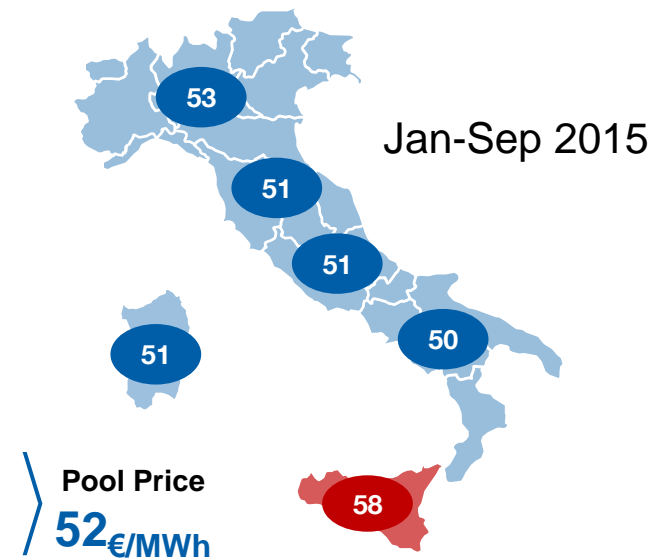
- Electricity demand **recovered** in 9M15
- New historical consumption peak at **59.4_{GW}**
- Higher efficiency** in the dispatching market

Electricity Demand Trend

Demand as Reported (TWh)



Italian Pool Price (PUN)



Strategic Update

Regulatory Reviews Ongoing

MAIN **DOCS** RECENTLY PUBLISHED BY AEEGSI & CONSULTATION **TIMEFRAME**

Electricity and Gas WACC Review

> **WACC** formula
DCO 509/2015/R/com

By the first decade of
December

Electricity Transmission Review

> **Volume** effect
DCO 446/2015/R/eel

> **Capex** incentives scheme
DCO 464/2015/R/eel

By year end

Strategic Update

M&A

REGULATED

Grid Expansion

Italian railways HV network acquisition



Main regulatory parameters determined by Authority¹

NON REGULATED

Non Traditional



Business combination between Tamini Trasformatori and TES

Strategic Update

9M15 at a glance

KEY FINANCIALS



1,517 €mn

Revenues

+4.8%_{yoy}



1,161 €mn

EBITDA

+2.3%_{yoy}



455 €mn

Group Net Income

+8.9%_{yoy}



702 €mn

Total Capex



6,561 €mn

Net Debt



7 €cents/share

2015 Interim Dividend¹

9M15 Results

Revenues

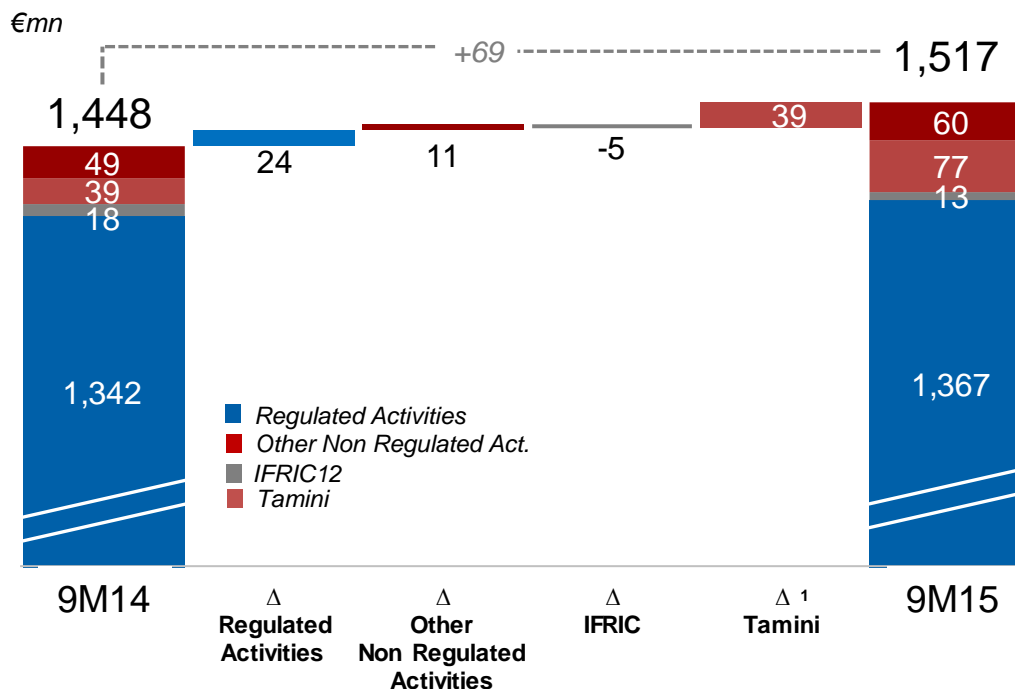
KEY FIGURES

Total Revenues
1,517 €mn
 +4.8%_{yoy}

Regulated Activities
1,367 €mn
 +1.8%_{yoy}

Non Regulated Activities
138 €mn

TOTAL REVENUES EVOLUTION



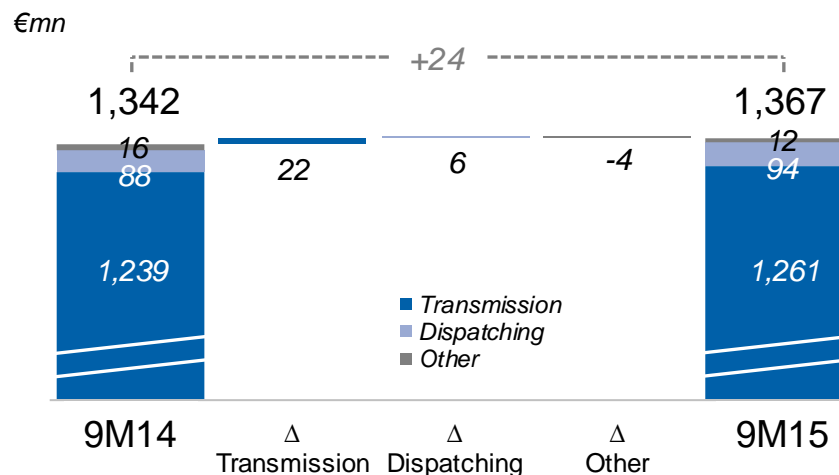
€ mn	9M14	9M15	Δ _{yoy}	Δ % _{yoy}
Regulated Activities	1,342	1,367	24	1.8%
Non Regulated Act.	88	138	50	57.1%
o/w Tamini	39	77	39	100%
Other Non Regulated Act.	49	60	11	22.9%
IFRIC12	18	13	-5	-29.6%
Total	1,448	1,517	69	4.8%

9M15 Results

Revenues Analysis

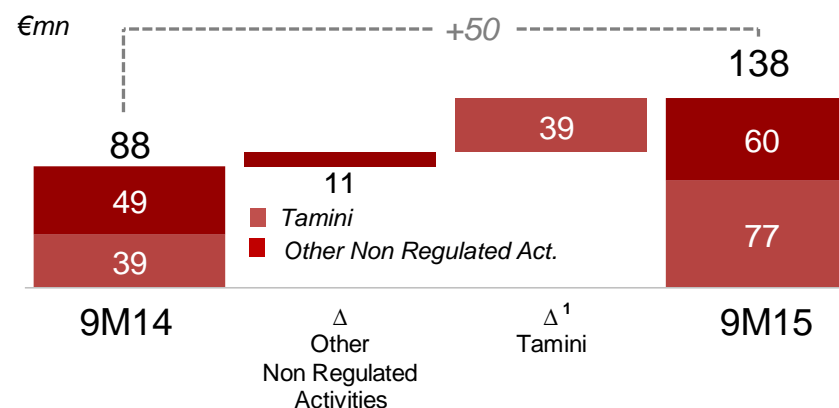
REGULATED ACTIVITIES

2015 RAB evolution



NON REGULATED ACTIVITIES

Engineering activities



9M15 Results

Opex

KEY FIGURES

Total Costs

356 €mn

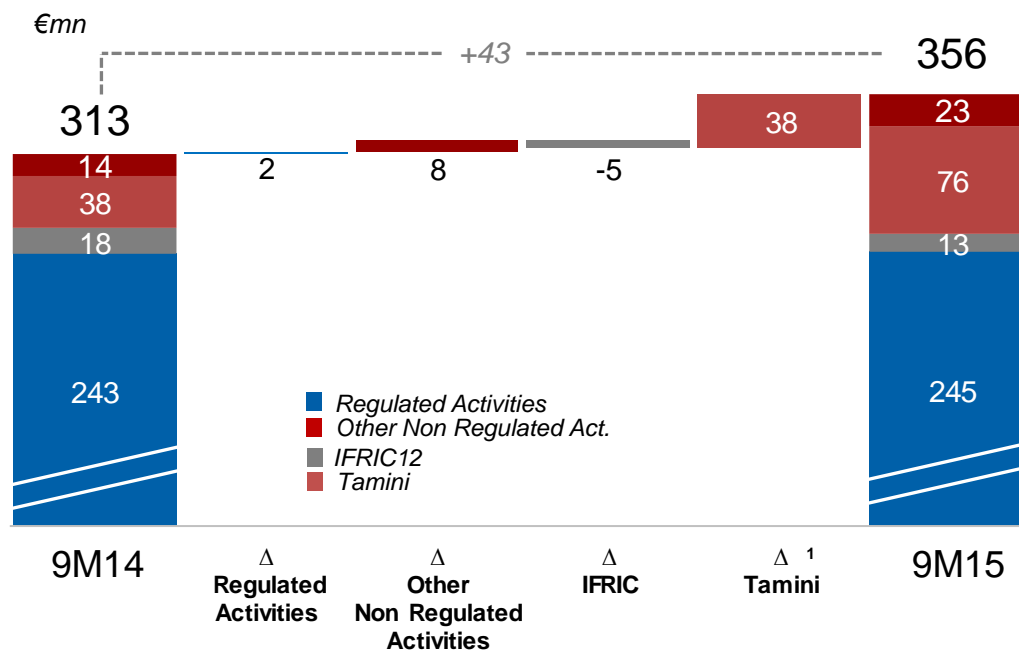
Regulated Activities

245 €mn

Non Regulated Activities

99 €mn

TOTAL COSTS EVOLUTION



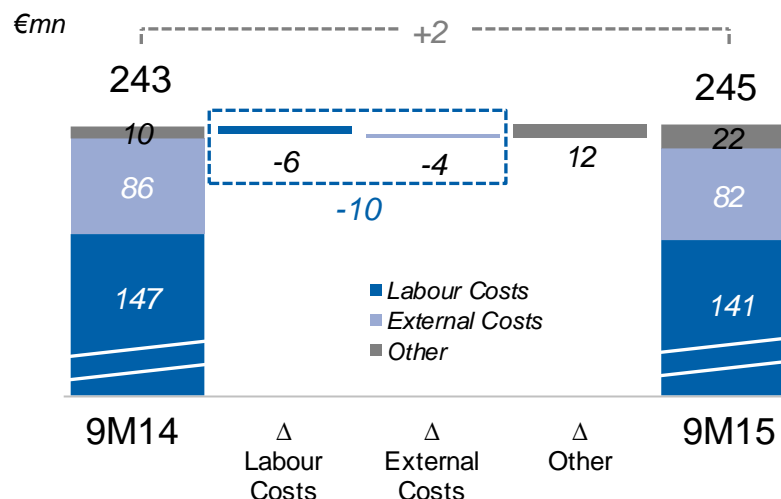
€ mn	9M14	9M15	Δ _{yoy}	Δ % _{yoy}
Regulated Activities	243	245	2	0.7%
Non Regulated Act.	52	99	47	89.3%
o/w Tamini	38	76	38	101%
Other Non Regulated Act.	14	23	8	56.7%
IFRIC12	18	13	-5	-29.6%
Total	313	356	43	13.8%

9M15 Results

Opex Analysis

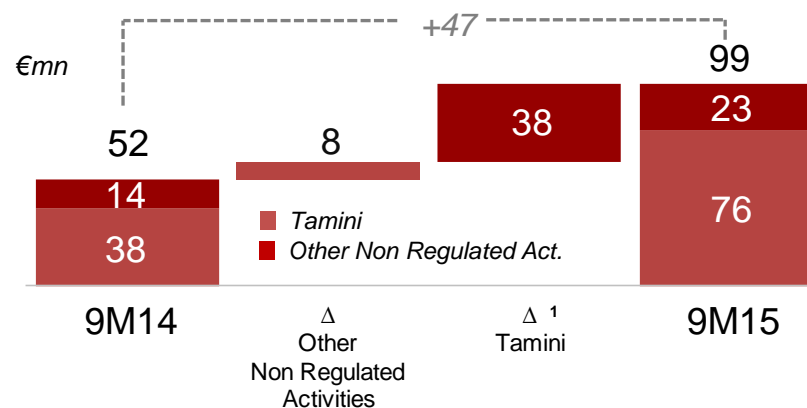
REGULATED ACTIVITIES

Labour and External Costs
-10 €mn



NON REGULATED ACTIVITIES

Higher activities



9M15 Results

From EBITDA to Net Income

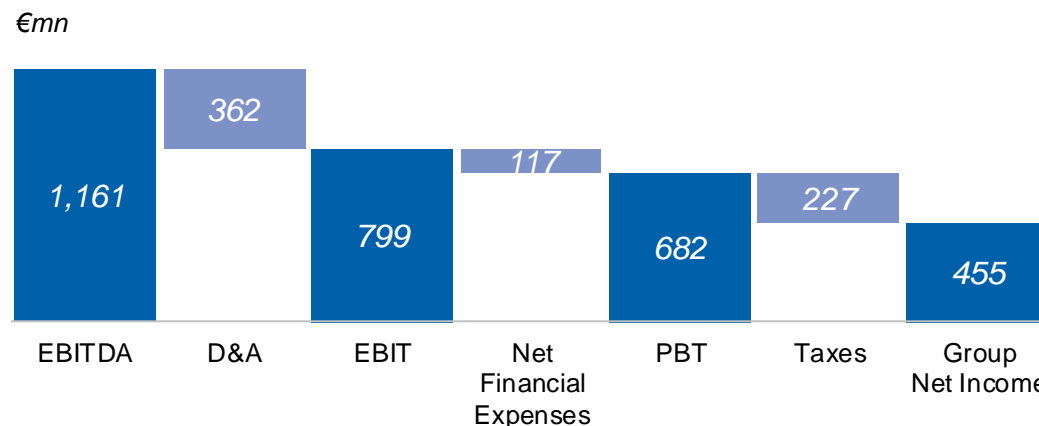
KEY FIGURES

Group EBITDA
1,161 €mn
 +2.3%_{yoy}

Group EBITDA Margin
76.5%

Group Net Income
455 €mn
 +8.9%_{yoy}

PROFIT & LOSS



€ mn	9M14	9M15	Δ	Δ %
EBITDA	1,135	1,161	26	2.3%
<i>Ebitda %</i>	78.4%	76.5%	-1.9pp	
D&A	343	362	19	5.4%
EBIT	791	799	7	0.9%
Net Financial Expenses	100	117	17	17.3%
PBT	692	682	-10	-1.4%
Tax Rate	39.6%	33.3%	-6pp	
Taxes	274	227	-47	-17.1%
Group Net Income	418	455	37	8.9%

9M15 Results

Capex

KEY FIGURES

Total Capex
702 €mn

Development Capex
538 €mn

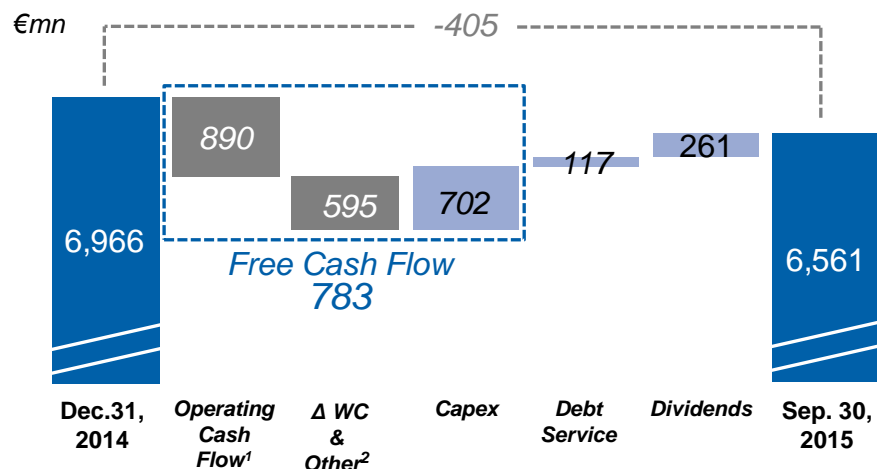
BREAKDOWN

Category (€mn)	9M14	9M15	Δ_{yoy}	$\Delta \%_{\text{yoy}}$
+2%	259	307	48	19%
+1.5%	215	231	16	8%
Development Capex	474	538	64	14%
Maintenance (Base Return)	147	128	-19	-13%
Regulated Capex	621	666	46	7%
Other	32	36 ¹	4	13%
Total Group Capex	652	702	50	8%

9M15 Results

Net Debt Evolution & Financial Structure

FCF AND NET DEBT EVOLUTION



Fixed/floating ratio³

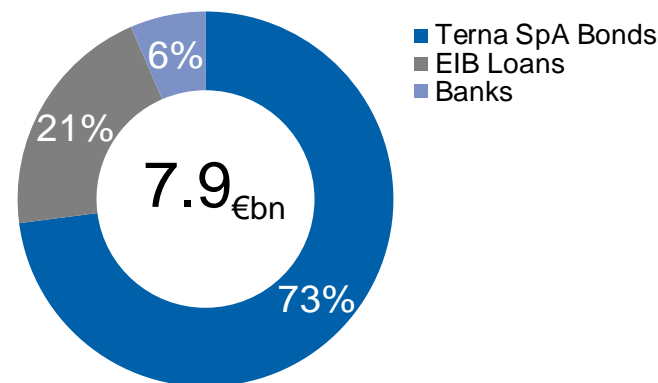
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KEY FIGURES

Operating Cash Flow¹
890 €mn +41€mn_{yoy}

Net Debt
6,561 €mn

GROSS DEBT BREAKDOWN



> THANK YOU. > QUESTIONS?

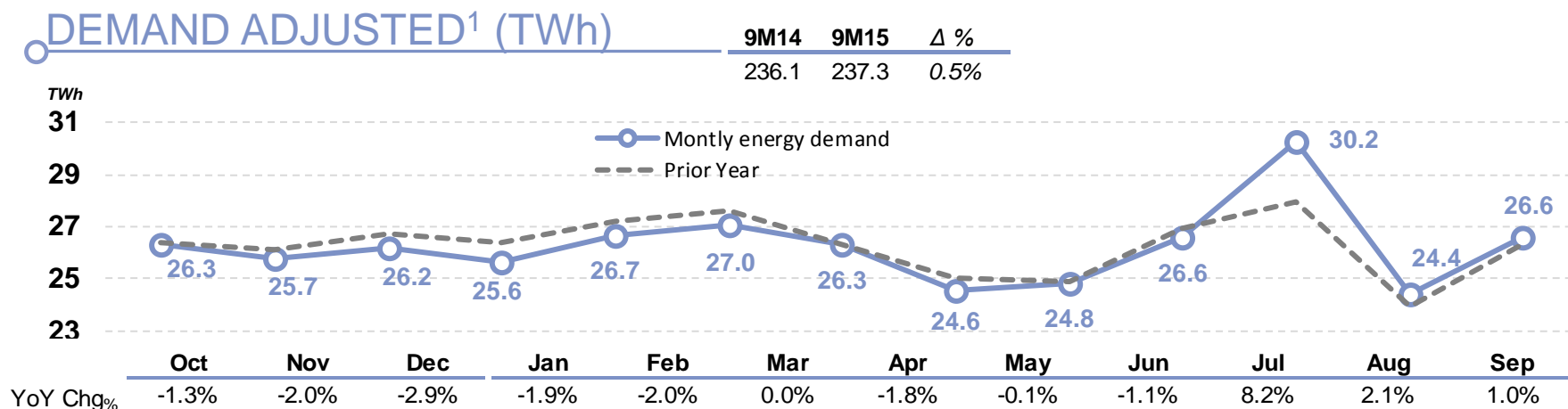
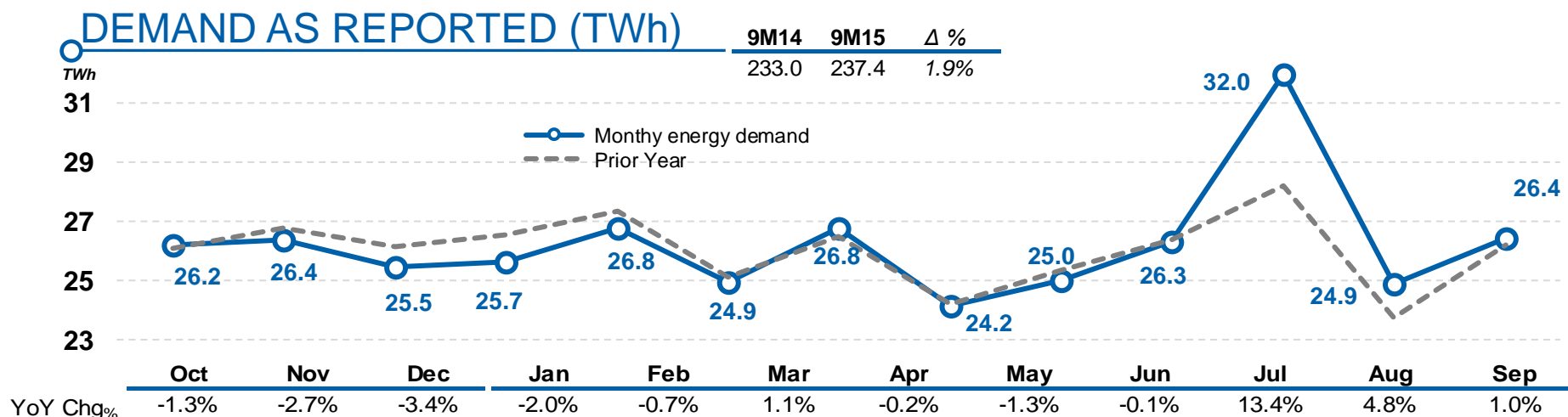
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> Annexes

Annex

Electricity Market Trends – Last 12 Months



Annex

Consolidated Income Statement¹

€ mn	9M14	9M15	Δmn	Δ%
<i>Transmission</i>	1,239	1,261	22	1.8%
<i>Dispatching</i>	88	94	6	7.2%
<i>Other ²</i>	16	12	-4	-27%
Regulated Activities	1,342	1,367	24	1.8%
Non Regulated Act.	88	138	50	57%
IFRIC12	18	13	-5	-30%
Total Revenues	1,448	1,517	69	4.8%
<i>Labour Costs</i>	147	141	-6	-4.2%
<i>External Costs</i>	86	82	-4	-4.6%
<i>Other</i>	10	22	12	120%
Regulated Activities	243	245	2	0.7%
Non Regulated Act.	52	99	47	89%
IFRIC12	18	13	-5	-30%
Total Costs	313	356	43	13.8%
EBITDA	1,135	1,161	26	2.3%
<i>D&A</i>	343	362	19	5.4%
EBIT	791	799	7	0.9%
<i>Net Financial Charges</i>	100	117	17	17.3%
Pre Tax Profit	692	682	-10	-1.4%
<i>Taxes</i>	274	227	-47	-17.1%
<i>Tax Rate (%)</i>	39.6%	33.3%		
Group Net Income	418	455	37	8.9%

Annex

Group Costs Breakdown

€ mn	9M14	9M15	Δmn	Δ%
<i>Labour Costs</i>	161	163	2	1%
<i>Services</i>	90	97	7	8%
<i>Materials</i>	30	56	26	88%
<i>Other</i>	14	27	13	94%
<i>IFRIC12</i>	18	13	-5	-30%
Total Costs	313	356	43	14%

Annex

P&L Quarterly Analysis

€ mn	1Q14	1Q15	Δ	2Q14	2Q15	Δ	3Q14	3Q15	Δ
<i>Regulated Activities</i>	457	479	22	430	432	3	456	456	0
<i>Non Regulated Act.</i>	17	32	15	34	52	18	37	54	18
<i>IFRIC 12</i>	4	3	-1	8	5	-4	5	5	-1
Operating Revenues	478	513	35	472	489	17	498	515	17
<i>Regulated Activities</i>	81	85	5	81	83	2	81	76	-4
<i>Non Regulated Act.</i>	3	23	20	20	36	16	29	40	10
<i>IFRIC 12</i>	4	3	-1	8	5	-4	5	5	-1
Operating Expenses	88	112	24	110	124	14	115	121	5
EBITDA	390	402	11	362	365	3	382	394	12
<i>D&A</i>	113	120	7	122	123	1	108	119	11
EBIT	277	281	4	240	242	2	274	275	1
<i>Net Financial Charges</i>	31	31	0	33	33	0	36	53	18
Pre Tax Profit	246	250	4	207	210	2	238	222	-17
<i>Taxes</i>	101	85	-16	78	65	-13	95	77	-18
Group Net Income	145	165	20	129	145	16	144	145	1
Total Group Capex	164	177	13	222	262	40	266	263	-3
Net Debt (end of period)	6,629	6,518		7,083	6,876		6,688	6,561	

Annex

Consolidated Balance Sheet

€ mn	Dec. 31,2014	Sep. 30,2015	Δmn
<i>PP&E</i>	10,779	11,093	315
<i>Intangible Asset</i>	453	433	-20
<i>Financial Inv. and Other</i>	89	91	2
Total Fixed Assets	11,320	11,617	297
Net WC	-821	-1,346	-525
Funds	-441	-399	42
Total Net Invested Capital	10,059	9,873	-186
<i>Financed by</i>			
Consolidated Net Debt	6,966	6,561	-405
Total Shareholder's Equity	3,093	3,312	219
Total	10,059	9,873	-186
D/E Ratio	2.3	2.0	
D/D+E Ratio	0.69	0.66	
Number of Shares ('000)	2,010	2,010	

Annex

Consolidated Cash Flow

€ mn	9M14	9M15	Δmn
<i>Group Net Income</i>	418	455	37
<i>D&A¹</i>	343	361	18
<i>Debt Service</i>	100	117	17
<i>Net Change in Funds</i>	-11	-42	-31
Operating Cash Flow	849	890	41
<i>Δ Working Capital & Other²</i>	105	595	490
Cash Flow from Operating Activities	954	1,485	531
<i>Capital Expenditures</i>	-652	-702	-50
Free Cash Flow	302	783	482
<i>Dividends</i>	-261	-261	0
<i>Debt Service</i>	-100	-117	-17
Change in Net Cash (Debt)	-59	405	

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