



# Terna FY15

## *Consolidated Results*

March 21<sup>st</sup>, 2016

**MATTEO DEL FANTE**  
CHIEF EXECUTIVE OFFICER

**PIERPAOLO CRISTOFORI**  
CHIEF FINANCIAL OFFICER

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# Highlights

## Electricity Market

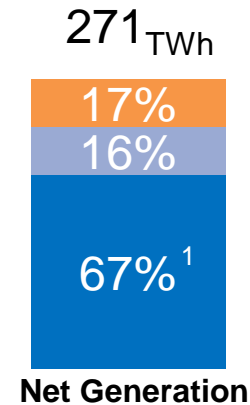
### 2015 DEMAND BREAKDOWN



**315<sub>TWh</sub>**  
Demand  
+1.5% yoy



**85%**  
National Production



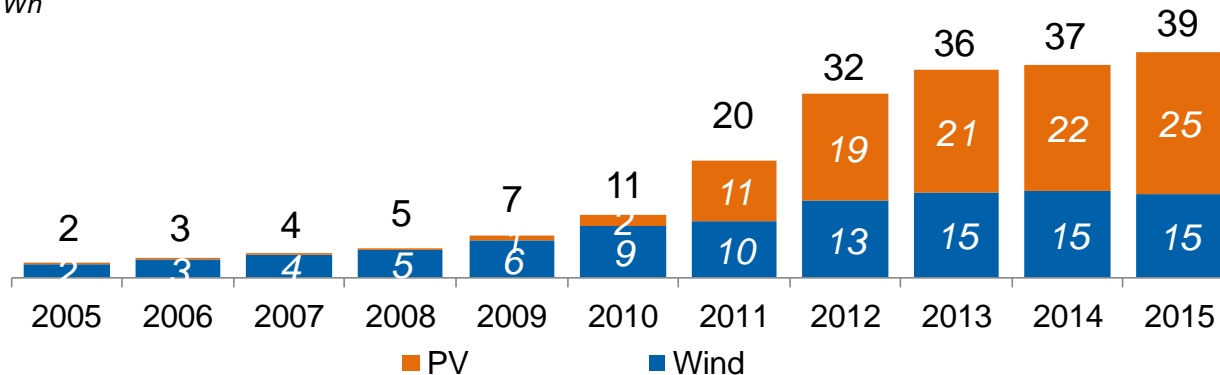
**40%**  
Renewables<sup>1</sup>



- Thermal generation
- Hydro generation
- Wind, Geo and PV

### NON PROGRAMMABLE RENEWABLES GENERATION

TWh



**39<sub>TWh</sub>**  
Historical Peak

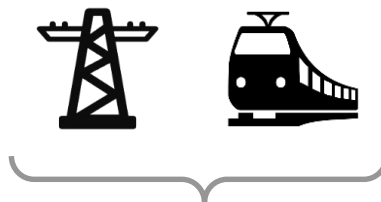
# Highlights

## Electricity Market

### 2015 GRID MANAGEMENT



**59.4<sub>GW</sub>**  
Record Demand Peak  
*July 2015*



**~690,000**  
PV plants  
+6.2% yoy

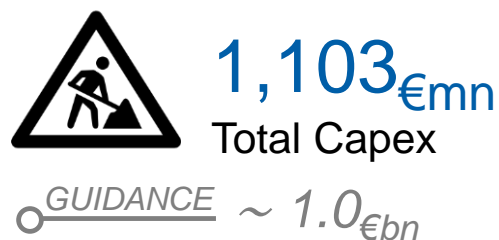
**72,600<sub>Km</sub>**  
Three-phase conductors  
+8,700<sub>km</sub> yoy

**52<sub>€/MWh</sub>**  
Pool Price  
*In line vs. 2014*

A Safe and Efficient Grid Management

# Highlights

## Key Financials



# FY15 Results

## Revenues

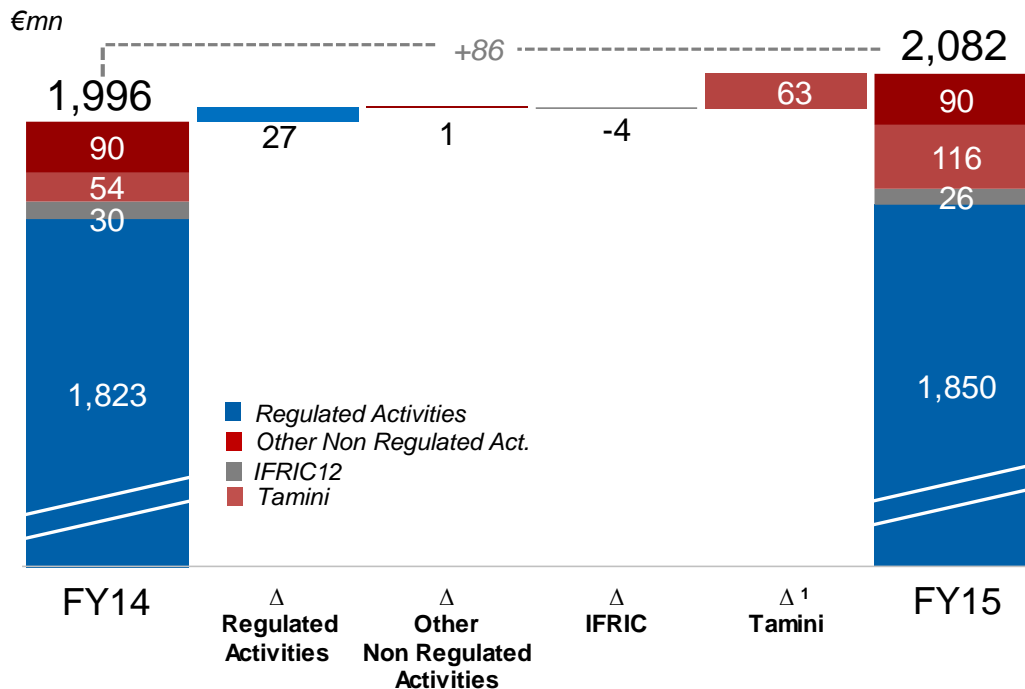
### KEY FIGURES

Total Revenues  
**2,082** €mn  
 +4.3%<sub>yoy</sub>

Regulated Activities  
**1,850** €mn  
 +1.5%<sub>yoy</sub>

Non Regulated Activities  
**206** €mn

### TOTAL REVENUES EVOLUTION



€ mn	FY14	FY15	Δ <sub>yoy</sub>	Δ % <sub>yoy</sub>
Regulated Activities	1,823	1,850	27	1.5%
Non Regulated Act.	143	206	63	44%
o/w Tamini	54 <sup>1</sup>	116	63	117%
Other Non Regulated Act.	90	90	1	0.7%
IFRIC12	30	26	-4	-14%
<b>Total</b>	<b>1,996</b>	<b>2,082</b>	<b>86</b>	<b>4.3%</b>

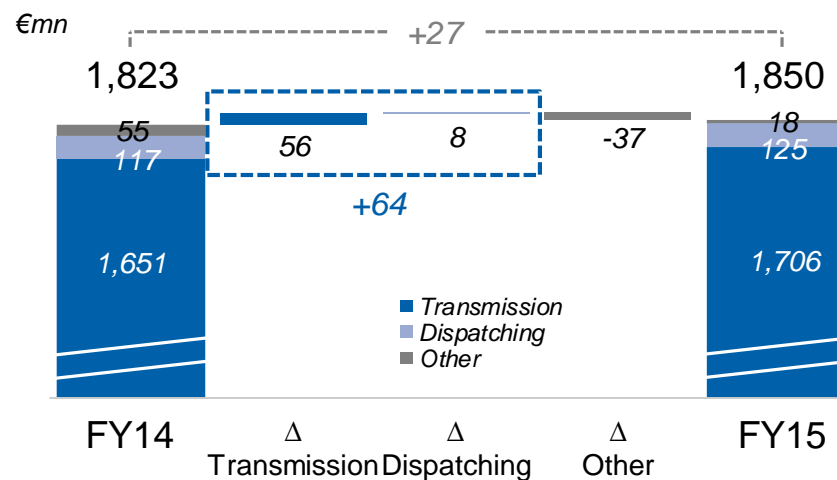
# FY15 Results

## Revenues Analysis

### REGULATED ACTIVITIES

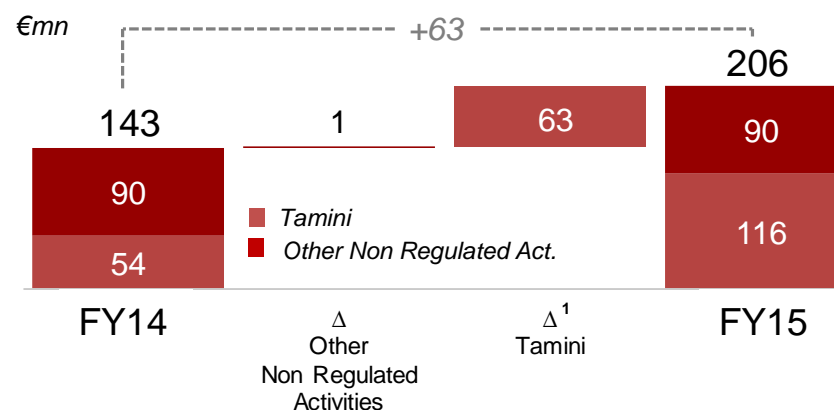
2015 RAB evolution

Volume Effect



### NON REGULATED ACTIVITIES

Tamini Consolidation



# FY15 Results

## Opex

### KEY FIGURES

Total Operating Costs

**543** €mn

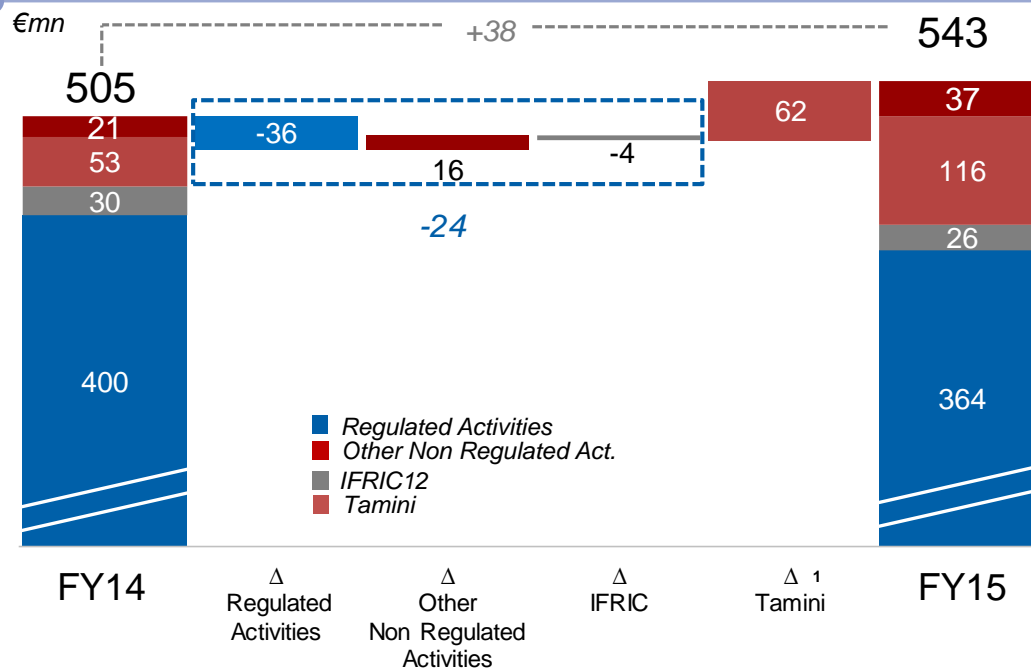
Regulated Activities

**364** €mn

Non Regulated Activities

**153** €mn

### TOTAL OPERATING COSTS EVOLUTION



€ mn	FY14	FY15	Δ <sub>yoy</sub>	Δ % <sub>yoy</sub>
Regulated Activities	400	364	-36	-9.0%
Non Regulated Act.	75	153	78	105%
o/w Tamini	53 <sup>1</sup>	116	62	117%
Other Non Regulated Act.	21	37	16	74%
IFRIC12	30	26	-4	-14%
<b>Total</b>	<b>505</b>	<b>543</b>	<b>38</b>	<b>7.5%</b>



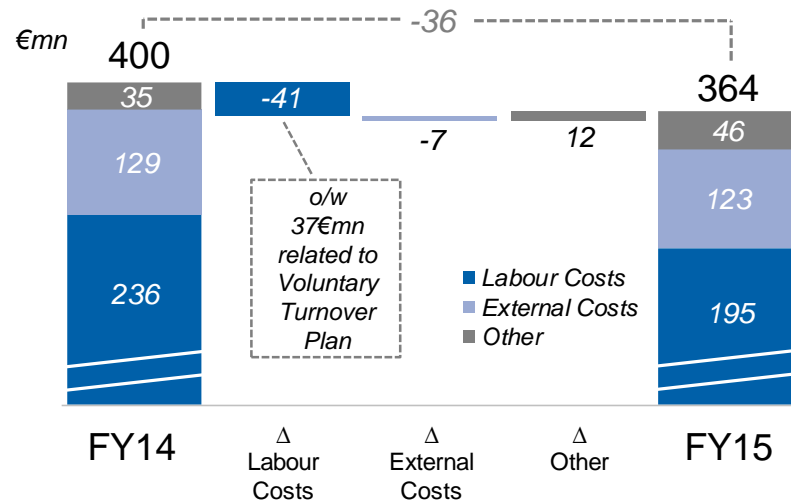
# FY15 Results

## Opex Analysis

### REGULATED ACTIVITIES

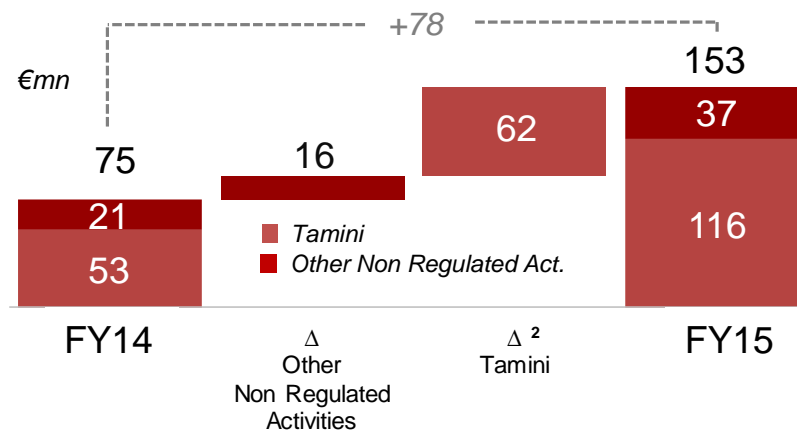
Labour and External Costs  
**-11 €mn**

*Excluding 2014 Voluntary Turnover Plan accrual <sup>1</sup>*



### NON REGULATED ACTIVITIES

Services  
**59%**  
*EBITDA Margin*



# FY15 Results

## From EBITDA to Net Income

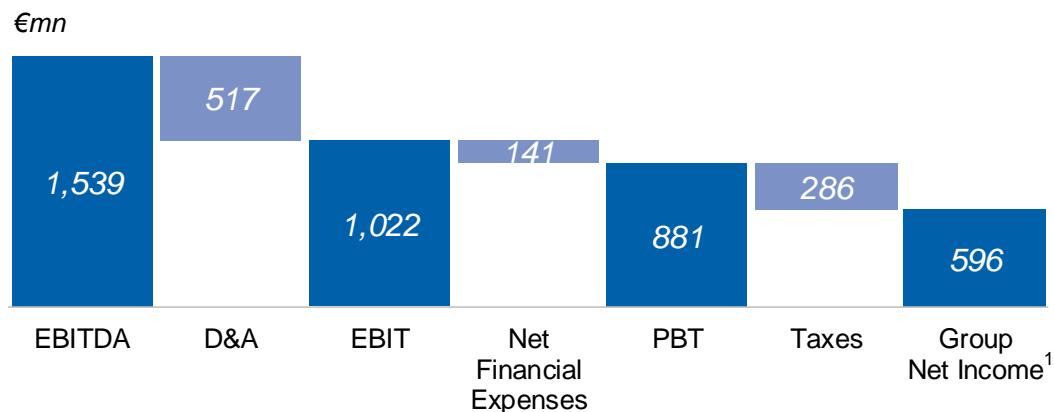
### KEY FIGURES

Group EBITDA  
**1,539** €mn  
 +3.2%<sub>yoy</sub>

Group EBITDA Margin  
**73.9%**

Group Net Income<sup>1</sup>  
**596** €mn  
 +9.4%<sub>yoy</sub>

### PROFIT & LOSS



€ mn	FY14	FY15	Δ	Δ %
<b>EBITDA</b>	<b>1,491</b>	<b>1,539</b>	48	3.2%
<i>Ebitda %</i>	74.7%	73.9%		
D&A	481	517	36	7.5%
<b>EBIT</b>	<b>1,011</b>	<b>1,022</b>	12	1.1%
Net Financial Expenses	128	141	13	10%
<b>PBT</b>	<b>883</b>	<b>881</b>	-2	-0.2%
Tax Rate	38.3%	32.5%		
Taxes	339	286	-53	-16%
<b>Group Net Income<sup>1</sup></b>	<b>544</b>	<b>596</b>	51	9.4%

# FY15 Results

## Capex

Time Lag reduction > 2015 Capex included in 2016 Tariff

### KEY FIGURES

Total Capex  
 > 1,103 €mn

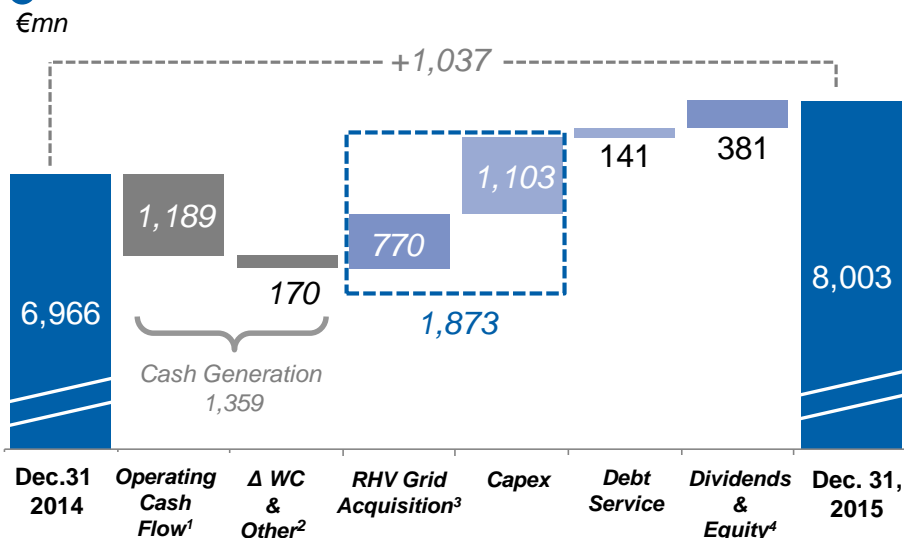
### BREAKDOWN

Category (€mn)	FY14	FY15	$\Delta_{yoy}$	$\Delta \%_{yoy}$
+2%	469	463	-6	-1.2%
+1.5%	355	371	16	4.4%
<b>Development Capex</b>	<b>824</b>	<b>834</b>	10	1.3%
Maintenance (Base Return)	226	201	-25	-11%
<b>Regulated Capex</b>	<b>1,050</b>	<b>1,035</b>	-15	-1.4%
Other	46	68 <sup>1</sup>	22	48%
<b>Total Group Capex</b>	<b>1,096</b>	<b>1,103</b>	7	0.6%

# FY15 Results

## Net Debt Evolution & Financial Structure

### FCF AND NET DEBT EVOLUTION

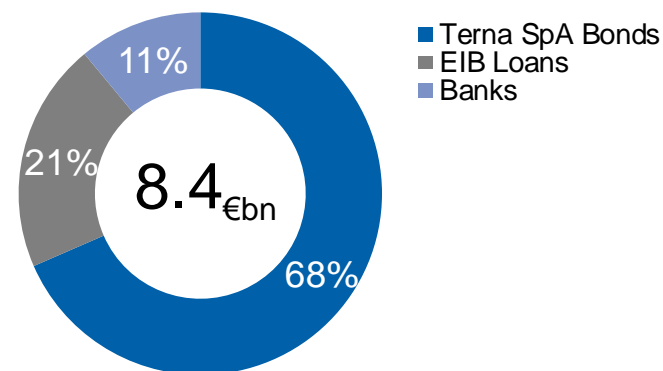


### KEY FIGURES

Operating Cash Flow<sup>1</sup>  
**1,189** €mn

Net Debt  
**8,003** €mn

### GROSS DEBT BREAKDOWN



Fixed/floating ratio  
**57/43**  
 Calculated on Net Debt

# > THANK YOU. > QUESTIONS?

MATTEO DEL FANTE  
CHIEF EXECUTIVE OFFICER

PIERPAOLO CRISTOFORI  
CHIEF FINANCIAL OFFICER

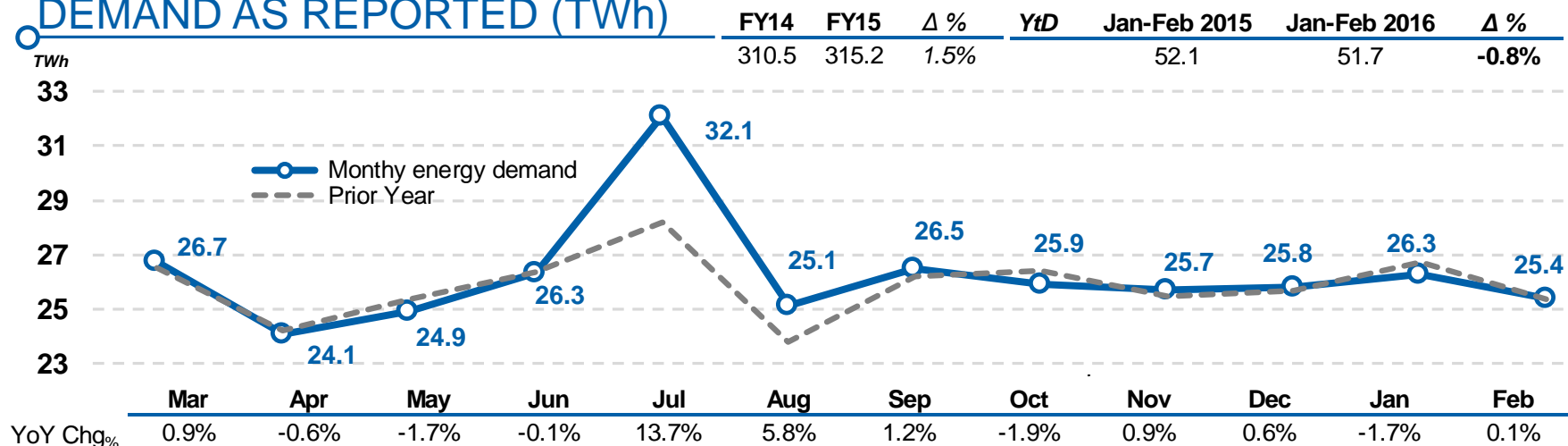
## > Annexes

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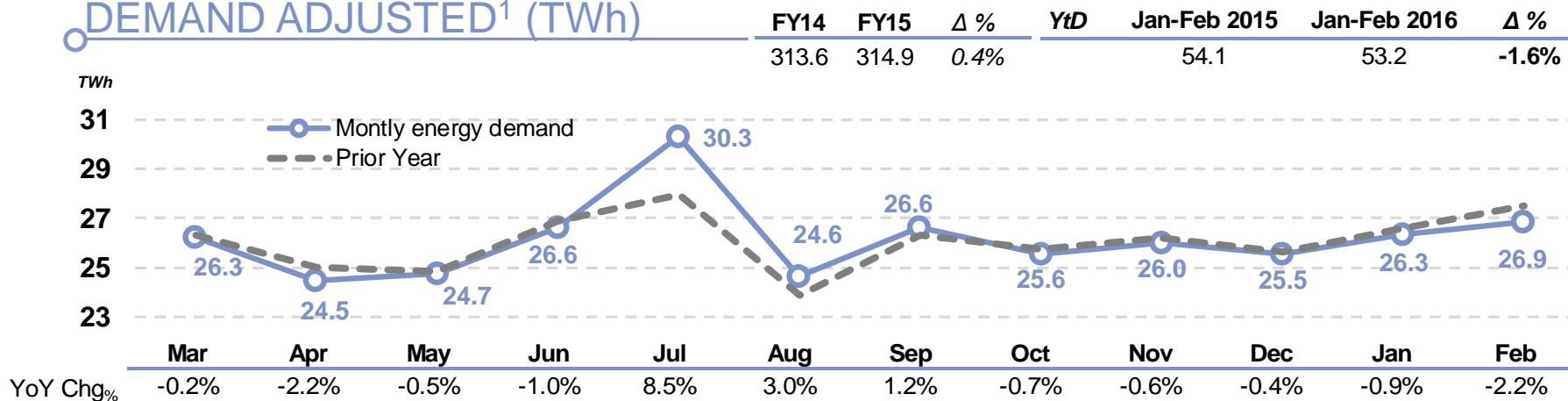
# Annex

## Electricity Market Trends – Last 12 Months

### DEMAND AS REPORTED (TWh)



### DEMAND ADJUSTED<sup>1</sup> (TWh)



# Annex

## Consolidated Income Statement<sup>1</sup>

€ mn	FY14	FY15	Δmn	Δ%
<i>Transmission</i>	1,651	1,706	56	3.4%
<i>Dispatching</i>	117	125	8	6.7%
<i>Other <sup>2</sup></i>	55	18	-37	-67%
Regulated Activities	1,823	1,850	27	1.5%
Non Regulated Act.	143	206	63	44%
IFRIC12	30	26	-4	-14%
<b>Total Revenues</b>	<b>1,996</b>	<b>2,082</b>	<b>86</b>	<b>4.3%</b>
<i>Labour Costs</i>	236	195	-41	-17%
<i>External Costs</i>	129	123	-7	-5.3%
<i>Other</i>	35	46	12	34%
Regulated Activities	400	364	-36	-9.0%
Non Regulated Act.	75	153	78	105%
IFRIC12	30	26	-4	-14%
<b>Total Costs</b>	<b>505</b>	<b>543</b>	<b>38</b>	<b>7.5%</b>
<b>EBITDA</b>	<b>1,491</b>	<b>1,539</b>	<b>48</b>	<b>3.2%</b>
<i>D&amp;A</i>	481	517	36	7.5%
<b>EBIT</b>	<b>1,011</b>	<b>1,022</b>	<b>12</b>	<b>1.1%</b>
<i>Net Financial Charges</i>	128	141	13	10%
<b>Pre Tax Profit</b>	<b>883</b>	<b>881</b>	<b>-2</b>	<b>-0.2%</b>
<i>Taxes</i>	339	286	-53	-16%
<i>Tax Rate (%)</i>	38.3%	32.5%		
<b>Total Net Income</b>	<b>544</b>	<b>595</b>	<b>51</b>	<b>9.3%</b>
<i>Minority Interest</i>	-	-0.2	-0.2	
<b>Group Net Income</b>	<b>544</b>	<b>596</b>	<b>51</b>	<b>9.4%</b>



# Annex

## Group Costs Breakdown

€ mn	FY14	FY15	Δmn	Δ%
<i>Labour Costs</i>	259	227	-32	-12%
<i>Services</i>	140	145	6	4.1%
<i>Materials</i>	37	90	53	142%
<i>Other</i>	39	55	16	40%
IFRIC12	30	26	-4	-14%
<b>Total Costs</b>	<b>505</b>	<b>543</b>	<b>38</b>	<b>7.5%</b>

# Annex

## P&L Quarterly Analysis

€ mn	1Q14	1Q15	Δ	2Q14	2Q15	Δ	3Q14	3Q15	Δ	4Q14	4Q15	Δ
<i>Regulated Activities</i>	457	479	22	430	432	3	456	456	0	481	483	2
<i>Non Regulated Act.</i>	17	32	15	34	52	18	37	54	18	55	69	13
<i>IFRIC 12</i>	4	3	-1	8	5	-4	5	5	-1	13	14	1
<b>Operating Revenues</b>	<b>478</b>	<b>513</b>	<b>35</b>	<b>472</b>	<b>489</b>	<b>17</b>	<b>498</b>	<b>515</b>	<b>17</b>	<b>549</b>	<b>565</b>	<b>17</b>
<i>Regulated Activities</i>	81	85	5	81	83	2	81	76	-4	157	119	-38
<i>Non Regulated Act.</i>	3	23	20	20	36	16	29	40	10	22	54	32
<i>IFRIC 12</i>	4	3	-1	8	5	-4	5	5	-1	13	14	1
<b>Operating Expenses</b>	<b>88</b>	<b>112</b>	<b>24</b>	<b>110</b>	<b>124</b>	<b>14</b>	<b>115</b>	<b>121</b>	<b>5</b>	<b>192</b>	<b>187</b>	<b>-5</b>
<b>EBITDA</b>	<b>390</b>	<b>402</b>	<b>11</b>	<b>362</b>	<b>365</b>	<b>3</b>	<b>382</b>	<b>394</b>	<b>12</b>	<b>357</b>	<b>378</b>	<b>22</b>
<i>D&amp;A</i>	113	120	7	122	123	1	108	119	11	137	155	18
<b>EBIT</b>	<b>277</b>	<b>281</b>	<b>4</b>	<b>240</b>	<b>242</b>	<b>2</b>	<b>274</b>	<b>275</b>	<b>1</b>	<b>220</b>	<b>224</b>	<b>4</b>
<i>Net Financial Charges</i>	31	31	0	33	33	0	36	53	18	28	24	-4
<b>Pre Tax Profit</b>	<b>246</b>	<b>250</b>	<b>4</b>	<b>207</b>	<b>210</b>	<b>2</b>	<b>238</b>	<b>222</b>	<b>-17</b>	<b>191</b>	<b>200</b>	<b>8</b>
<i>Taxes</i>	101	85	-16	78	65	-13	95	77	-18	65	59	-6
<b>Total Net Income</b>	<b>145</b>	<b>165</b>	<b>20</b>	<b>129</b>	<b>145</b>	<b>16</b>	<b>144</b>	<b>145</b>	<b>1</b>	<b>127</b>	<b>140</b>	<b>14</b>
<i>Minority Interest</i>											-0.2	
<b>Group Net Income</b>	<b>145</b>	<b>165</b>	<b>20</b>	<b>129</b>	<b>145</b>	<b>16</b>	<b>144</b>	<b>145</b>	<b>1</b>	<b>127</b>	<b>141</b>	<b>14</b>
<b>Total Group Capex</b>	<b>164</b>	<b>177</b>	<b>13</b>	<b>222</b>	<b>262</b>	<b>40</b>	<b>266</b>	<b>263</b>	<b>-3</b>	<b>444</b>	<b>401</b>	<b>-43</b>
<b>Net Debt (end of period)</b>	<b>6,629</b>	<b>6,518</b>		<b>7,083</b>	<b>6,876</b>		<b>6,688</b>	<b>6,561</b>		<b>6,966</b>	<b>8,003</b>	

# Annex

## Consolidated Balance Sheet

€ mn	Dec. 31,2014	Dec. 31,2015	Δmn
<i>PP&amp;E</i>	10,779	12,079	1,300
<i>Intangible Asset</i>	453	520	68
<i>Financial Inv. and Other</i>	89	90	0
Total Fixed Assets	11,320	12,688	1,368
Net WC	-821	-962	-141
Funds	-441	-378	63
<b>Total Net Invested Capital</b>	<b>10,059</b>	<b>11,349</b>	<b>1,290</b>
<i>Financed by</i>			
Consolidated Net Debt	6,966	8,003	1,037
Total Shareholder's Equity	3,093	3,346	253
<b>Total</b>	<b>10,059</b>	<b>11,349</b>	<b>1,290</b>
<b>D/E Ratio</b>	<b>2.3</b>	<b>2.4</b>	
<b>D/D+E Ratio</b>	<b>0.69</b>	<b>0.71</b>	
<b>Number of Shares ('000)</b>	<b>2,010</b>	<b>2,010</b>	

# Annex

## Consolidated Cash Flow

€ mn	FY14	FY15	Δmn
<i>Total Net Income</i>	544	595	51
<i>D&amp;A</i>	481	517	36
<i>Debt Service</i>	128	141	13
<i>Net Change in Funds</i>	-14	-65	-51
<b>Operating Cash Flow</b>	<b>1,139</b>	<b>1,189</b>	<b>49</b>
<i>Δ Working Capital &amp; Other <sup>1</sup></i>	191	-600	-791
<b>Cash Flow from Operating Activities</b>	<b>1,331</b>	<b>589</b>	<b>-742</b>
<i>Capital Expenditures</i>	-1,096	-1,103	-7
<b>Free Cash Flow</b>	<b>235</b>	<b>-515</b>	<b>-749</b>
<i>Dividends &amp; Equity <sup>2</sup></i>	-375	-381	-7
<i>Debt Service</i>	-128	-141	-13
<b>Change in Net Cash (Debt)</b>	<b>-268</b>	<b>-1,037</b>	

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