



Terna 1H16

Consolidated Results

July 27th, 2016

MATTEO DEL FANTE

CHIEF EXECUTIVE OFFICER

PIERPAOLO CRISTOFORI

CHIEF FINANCIAL OFFICER

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Highlights

Execution and Control

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SICILY – MAINLAND POWER LINE IN OPERATION

- > Completion **one month ahead** (28th May 2016)
- > **2%** incentive for **12** years on **>700_{€mn}** capex achieved
- > **Main bottleneck** at energy zone level **eliminated**

OTHER ACHIEVEMENTS

- > **Extra remuneration** confirmed on **2015 WIP** for 13 incentivized capex¹
Positive impact on **2016 Revenues**

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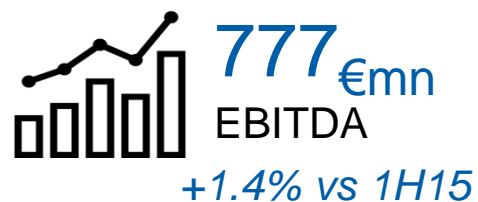
ITALY-FRANCE INTERCONNECTOR²

- > **Green light** from Italian Institutions
- > Defined main terms of **exemption**
- > **Confirmed** ~ 400 _{€mn}

Highlights

Key Financials

› Positive results across all the P&L



A solid base for the FY

1H16 Results

Revenues

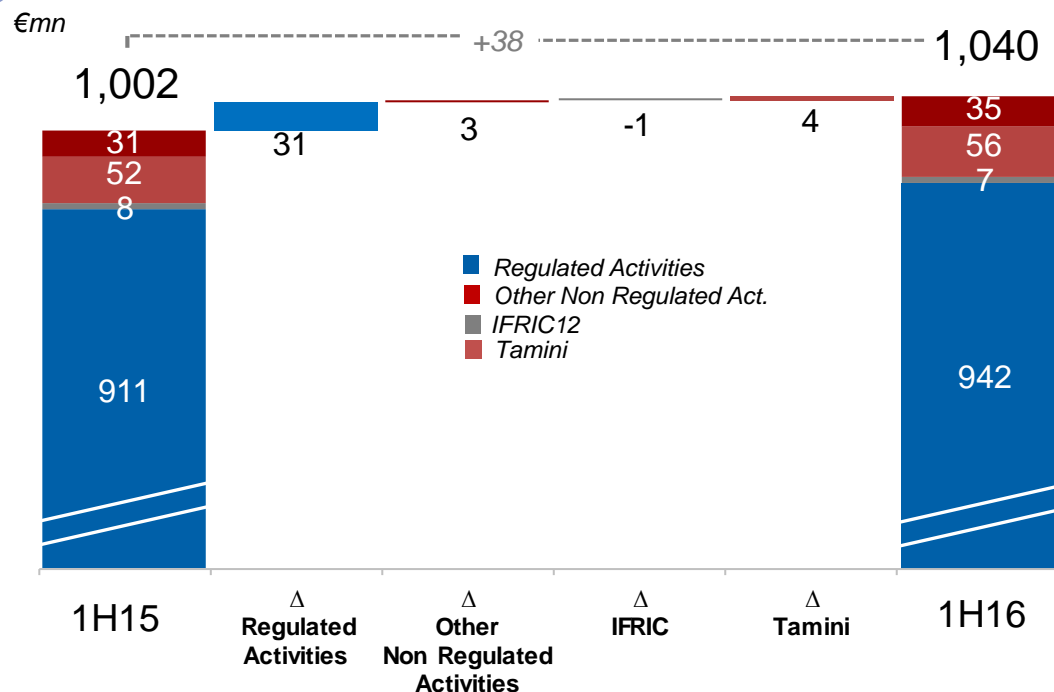
KEY FIGURES

Total Revenues
1,040 €mn
 +3.8%_{yoy}

Regulated Activities
942 €mn
 +3.4%_{yoy}

Non Regulated Activities
90 €mn

TOTAL REVENUES EVOLUTION



€ mn	1H15	1H16	Δ _{yoy}	Δ % _{yoy}
Regulated Activities	911	942	31	3.4%
Non Regulated Act.	83	90	7	8.7%
<i>o/w Tamini</i>	52	56	4	7.3%
<i>Other Non Regulated Act.</i>	31	35	3	11%
IFRIC12	8	7	-1	-7.8%
Total	1,002	1,040	38	3.8%

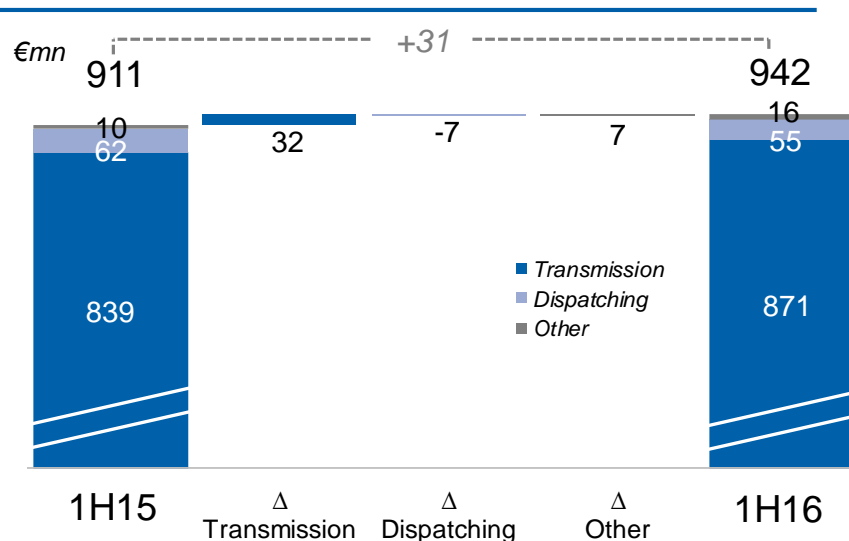
1H16 Results

Revenues Analysis

REGULATED ACTIVITIES

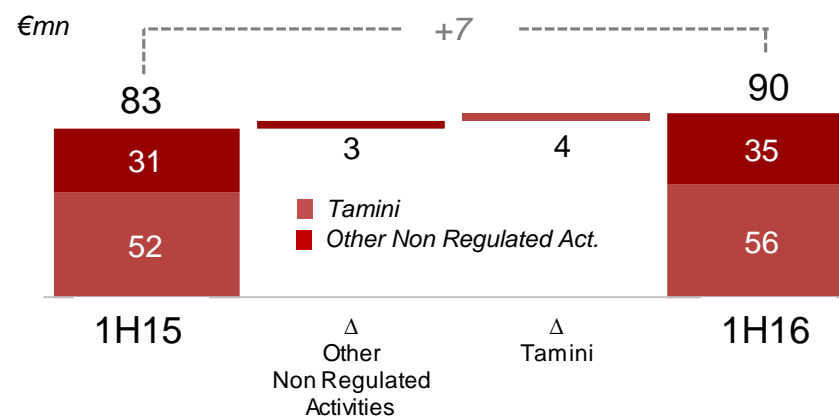
Grid Fee

- RHV Grid contribution
- WIP 2015 recognition



NON REGULATED ACTIVITIES

Tamini and TLC Growth



1H16 Results

Opex

KEY FIGURES

Total Costs

263 €mn

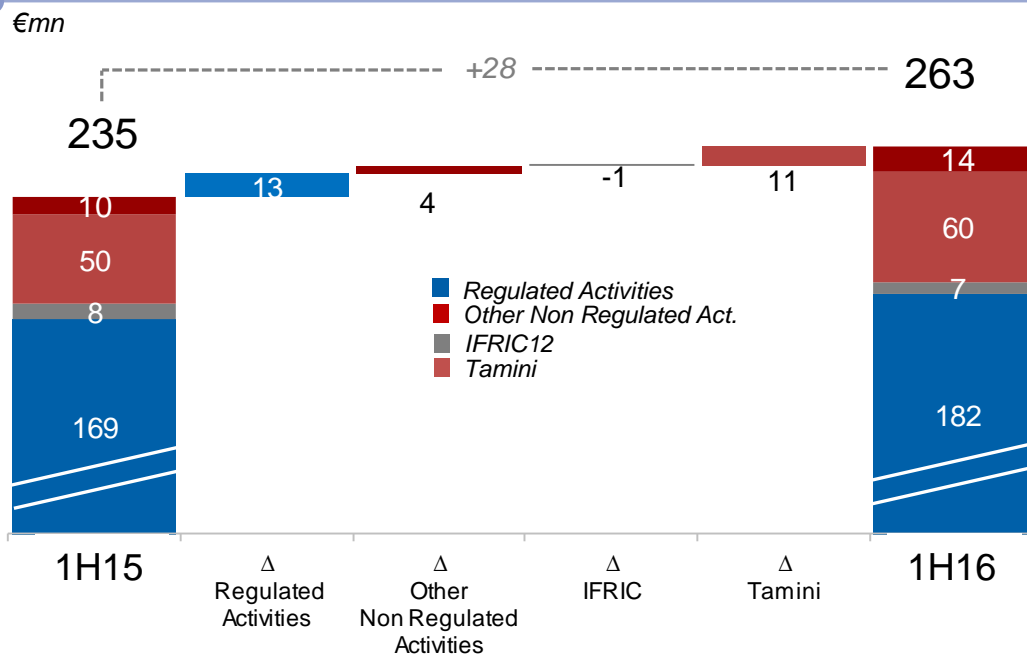
Regulated Activities

182 €mn

Non Regulated Activities

74 €mn

TOTAL COSTS EVOLUTION



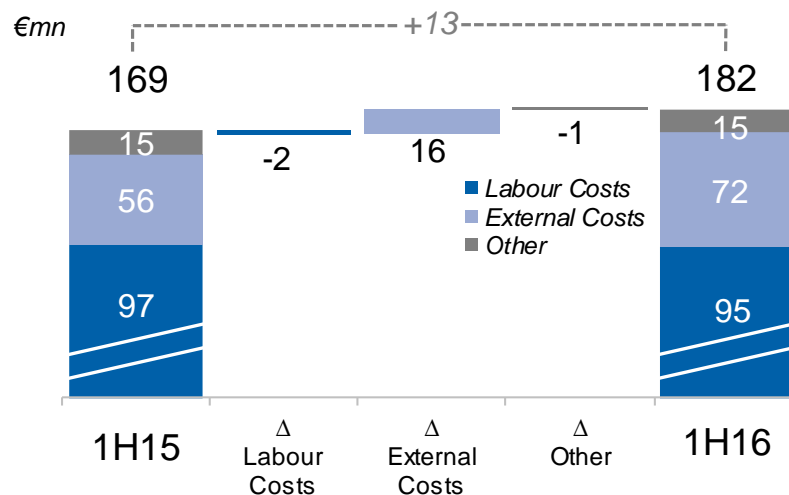
€ mn	1H15	1H16	Δ _{yoy}	Δ % _{yoy}
Regulated Activities	169	182	13	7.8%
Non Regulated Act.	59	74	15	25%
o/w Tamini	50	60	11	21%
Other Non Regulated Act.	10	14	4	46%
IFRIC12	8	7	-1	-7.8%
Total	235	263	28	12%

1H16 Results

Opex Analysis

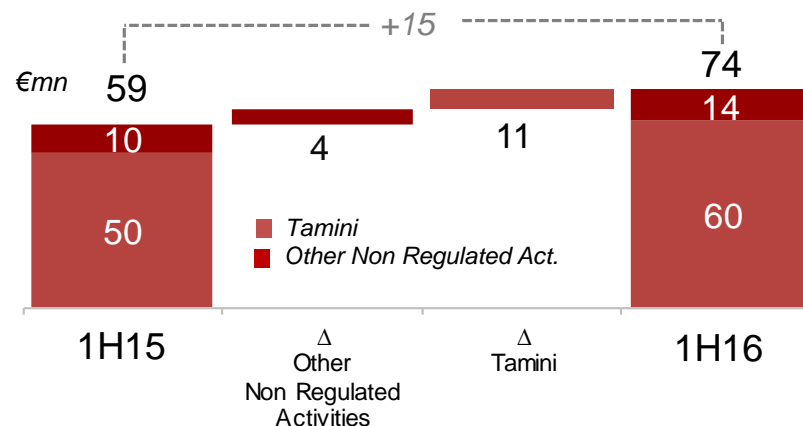
REGULATED ACTIVITIES

RHV Grid
Service Contract



NON REGULATED ACTIVITIES

Services
60%
EBITDA Margin



1H16 Results

From EBITDA to Net Income

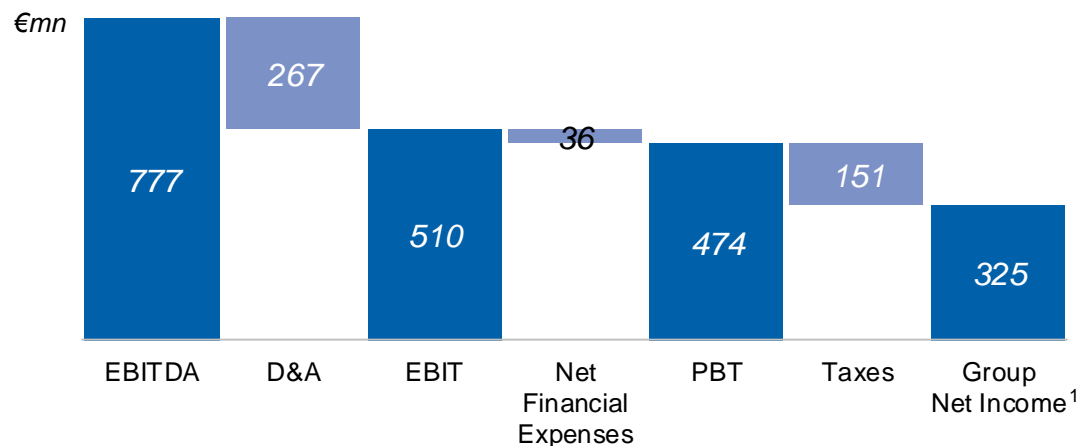
KEY FIGURES

Group EBITDA
777 €mn
 +1.4%_{yoy}

Group EBITDA Margin
74.7%

Group Net Income¹
325 €mn
 +4.8%_{yoy}

PROFIT & LOSS



€ mn	1H15	1H16	Δ	Δ %
EBITDA	767	777	10	1.4%
<i>Ebitda %</i>	76.5%	74.7%		
D&A	243	267	24	10%
EBIT	524	510	-14	-2.6%
Net Financial Expenses	64	36	-28	-43%
PBT	460	474	14	3.0%
Tax Rate	33%	32%		
Taxes	150	151	1	0.5%
Group Net Income¹	310	325	15	4.8%

1H16 Results

Capex

KEY FIGURES

Total Capex
347 €mn

Regulated Capex
333 €mn

BREAKDOWN

Category (€mn)	1H15	1H16	Δ_{YOY}	$\Delta \%_{\text{YOY}}$
Capex at 1% Incentive		126		
Capex at Base Return		206		
Regulated Capex	412	333	-79	-19%
Other	27	14 ¹	-13	-47%
Total Group Capex	439	347	-92	-21%

1H16 Results

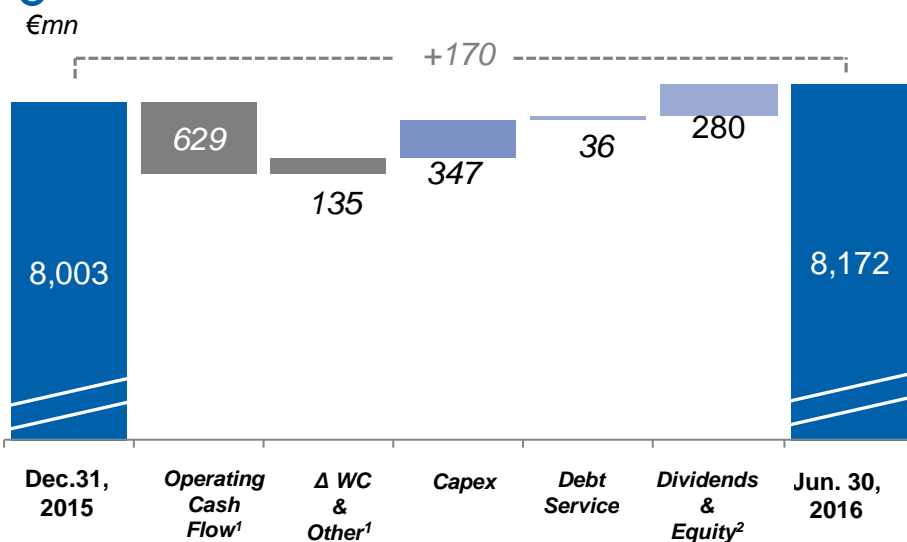
Net Debt Evolution & Financial Structure

KEY FIGURES

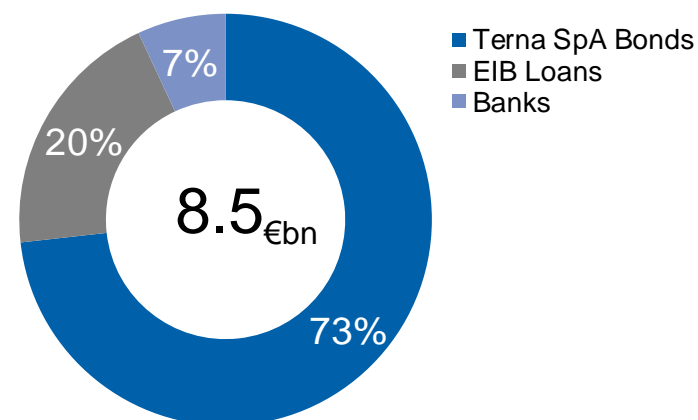
Net Debt
8,172 €mn

Fixed/floating ratio
86/14
Calculated on Net Debt

FCF AND NET DEBT EVOLUTION



GROSS DEBT BREAKDOWN³



Final Remarks

EXPLORING OPPORTUNITIES IN INTERNATIONAL

Latam

Greenfield opportunity



Greece

International tender
for 24% of TSO



In line with our **max 200€mn** Strategic Plan **commitment**

FY 2016 OUTLOOK

Revenues ~2.1€bn
previous ~ 2.09€bn

EPS ~29€cents
previous ~ 28€cents

EBITDA ~1.53€bn
previous ~ 1.52€bn

CAPEX ~0.9€bn
confirmed

> THANK YOU. > QUESTIONS?

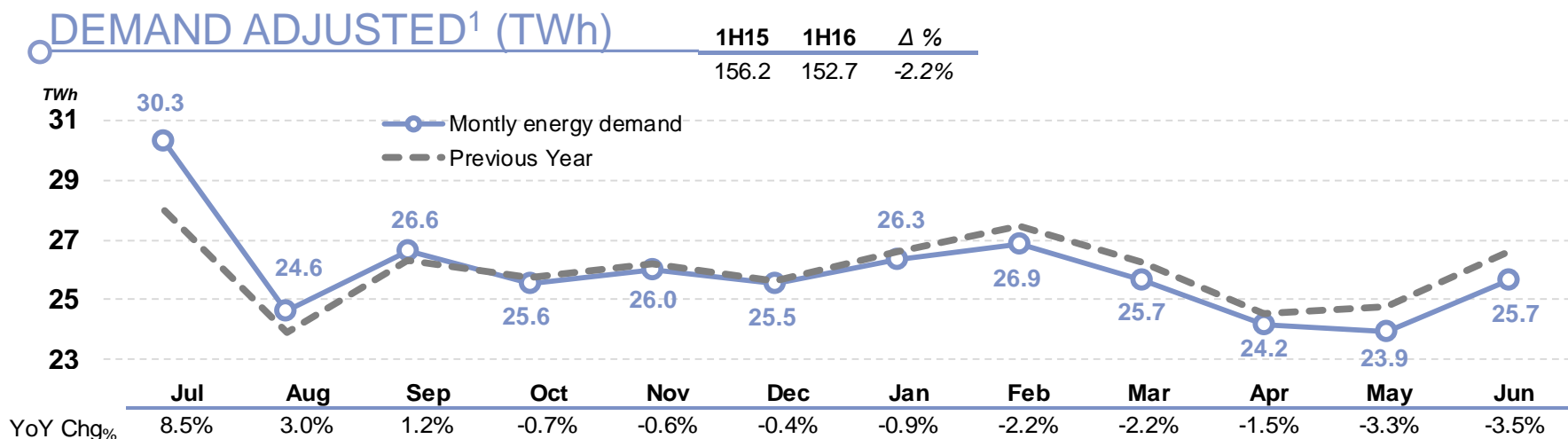
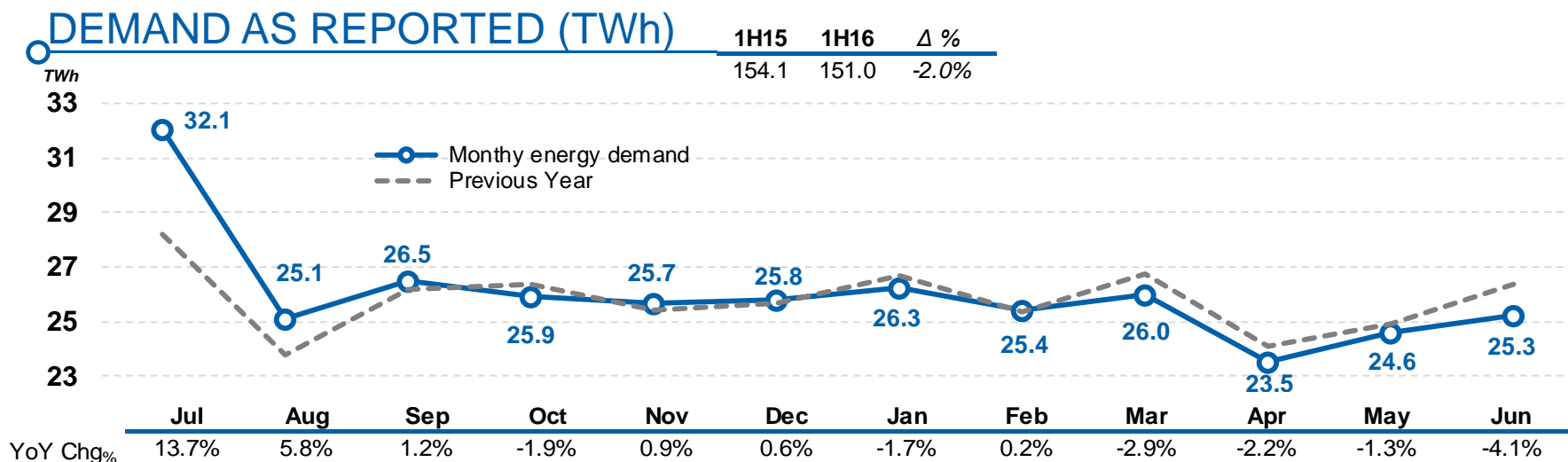
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> Annexes

Annex

Electricity Market Trends – Last 12 Months



Annex

Consolidated Income Statement¹

€ mn	1H15	1H16	Δmn	Δ%
<i>Transmission</i>	839	871	32	3.8%
<i>Dispatching</i>	62	55	-7	-12%
<i>Other²</i>	10	16	7	68%
Regulated Activities	911	942	31	3.4%
Non Regulated Act.	83	90	7	8.7%
IFRIC12	8	7	-1	-7.8%
Total Revenues	1,002	1,040	38	3.8%
<i>Labour Costs</i>	97	95	-2	-2.4%
<i>External Costs</i>	56	72	16	29%
<i>Other</i>	15	15	-1	-4.5%
Regulated Activities	169	182	13	7.8%
Non Regulated Act.	59	74	15	25%
IFRIC12	8	7	-1	-7.8%
Total Costs	235	263	28	12%
EBITDA	767	777	10	1.4%
<i>D&A</i>	243	267	24	10%
EBIT	524	510	-14	-2.6%
<i>Net Financial Charges</i>	64	36	-28	-43%
Pre Tax Profit	460	474	14	3.0%
<i>Taxes</i>	150	151	1	0.5%
<i>Tax Rate (%)</i>	33%	32%		
Total Net Income	310	323	13	4.2%
<i>Minority Interest</i>		-2	-2	
Group Net Income	310	325	15	4.8%

Annex

Group Costs Breakdown

€ mn	1H15	1H16	Δmn	Δ%
<i>Labour Costs</i>	112	113	1	1.3%
<i>Services</i>	66	84	18	28%
<i>Materials</i>	32	39	7	21%
<i>Other</i>	18	20	2	9.5%
IFRIC12	8	7	-1	-7.8%
Total Costs	235	263	28	12%

Annex

P&L Quarterly Analysis

€ mn	1Q15	1Q16	Δ	2Q15	2Q16	Δ
<i>Regulated Activities</i>	479	471	-7	432	471	39
<i>Non Regulated Act.</i>	32	43	12	52	47	-4
<i>IFRIC 12</i>	3	3	0	5	4	0
Operating Revenues	513	517	4	489	523	34
<i>Regulated Activities</i>	86	84	-2	83	98	15
<i>Non Regulated Act.</i>	23	36	12	36	38	2
<i>IFRIC 12</i>	3	3	0	5	4	0
Operating Expenses	112	122	10	124	141	17
EBITDA	402	395	-7	365	382	17
<i>D&A</i>	120	131	11	123	136	13
EBIT	281	264	-17	242	246	4
<i>Net Financial Charges</i>	31	19	-12	33	17	-16
Pre Tax Profit	250	245	-6	210	229	19
<i>Taxes</i>	85	83	-2	65	67	2
Total Net Income	165	161	-4	145	161	17
<i>Minority Interest</i>		-1	-1		-1	-1
Group Net Income	165	162	-3	145	163	18
Total Group Capex	177	158	-19	262	189	-73
Net Debt (end of period)	6,518	7,687		6,876	8,172	

Annex

Consolidated Balance Sheet

€ mn	Dec. 31,2015	Jun. 30,2016	Δmn
<i>PP&E</i>	12,079	12,171	93
<i>Intangible Asset</i>	530	519	-11
<i>Financial Inv. and Other</i>	90	90	0
Total Fixed Assets	12,698	12,780	82
Net WC	-977	-842	135
Funds	-373	-377	-4
Total Net Invested Capital	11,349	11,561	212
<i>Financed by</i>			
Consolidated Net Debt	8,003	8,172	170
Total Shareholder's Equity	3,346	3,388	43
Total	11,349	11,561	212
D/E Ratio	2.4	2.4	
D/D+E Ratio	0.7	0.7	
Number of Shares ('000)	2,010	2,010	

Annex

Consolidated Cash Flow

€ mn	1H15	1H16	Δmn
<i>Total Net Income</i>	310	323	13
<i>D&A¹</i>	242	265	23
<i>Debt Service</i>	64	36	-28
<i>Net Change in Funds</i>	-28	4	32
Operating Cash Flow	587	629	41
<i>Δ Working Capital & Other²</i>	244	-135	-379
Cash Flow from Operating Activities	831	494	-337
<i>Capital Expenditures</i>	-439	-347	92
Free Cash Flow	392	147	-245
<i>Dividends & Equity³</i>	-239	-280	-42
<i>Debt Service</i>	-64	-36	28
Change in Net Cash (Debt)	90	-170	

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