



Terna 2021 | INDUSTRIAL PLAN
2025 | UPDATE 

DRIVING ENERGY

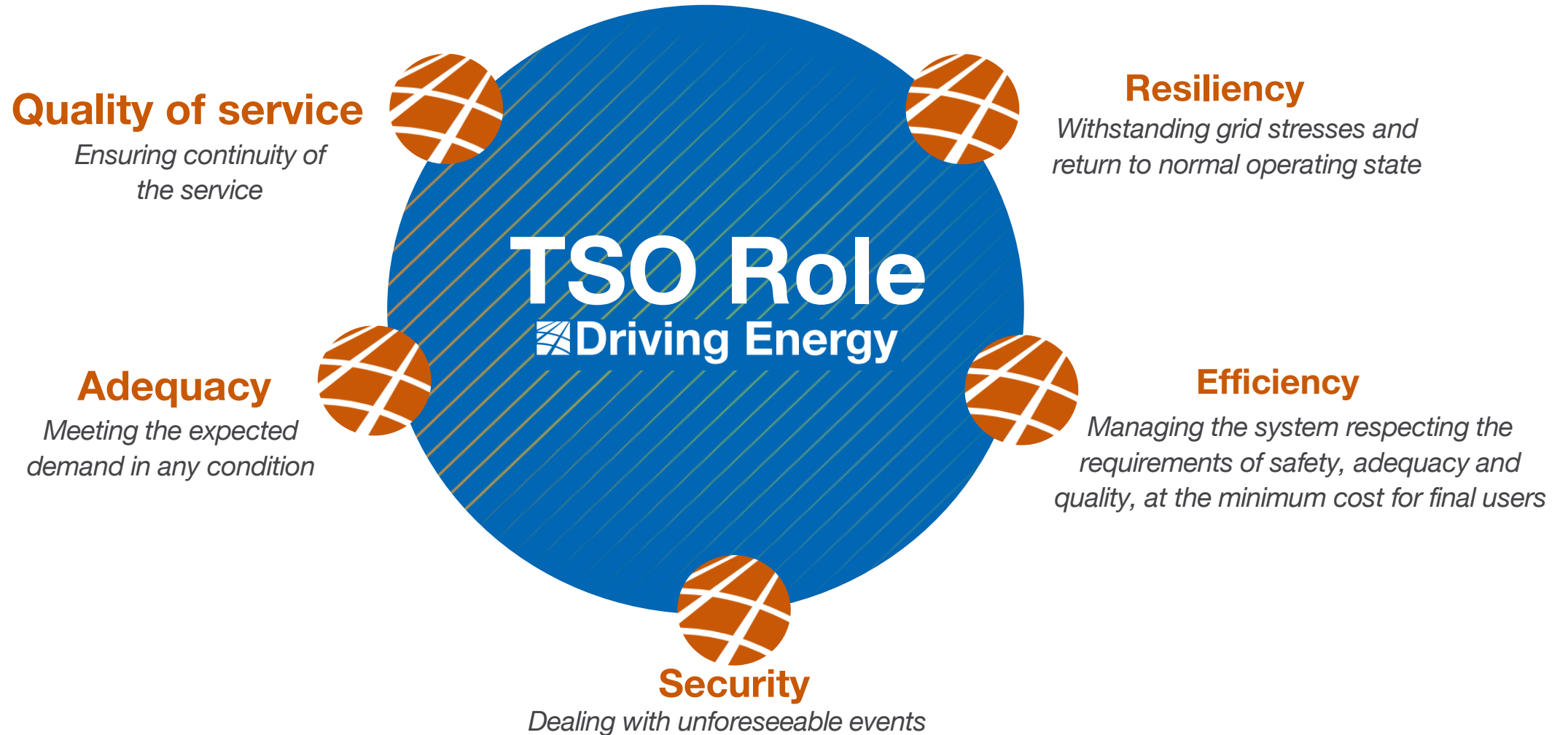
March 24th 2022

Agenda

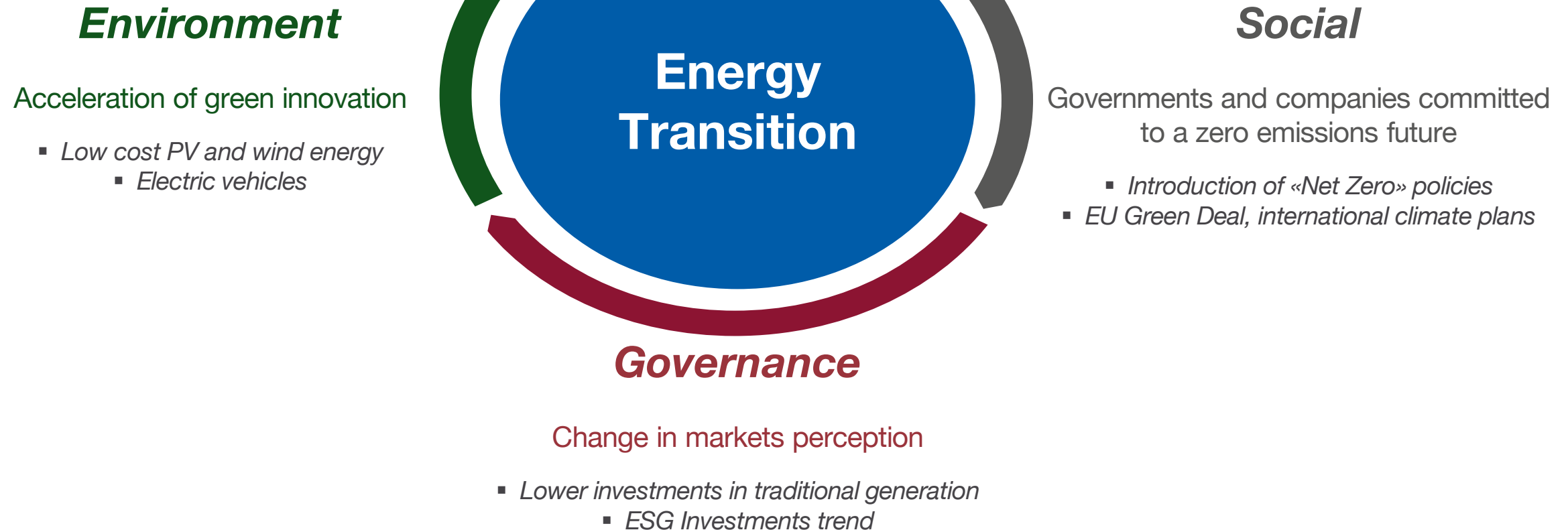
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Sustainability

Driving Energy - The Role of Terna



ESG as a growth driver



NexTerna

NeXTerna
Our work evolution



NEW
PEOPLE STRATEGY

ORGANIZATION AS
TRUE ENABLING
FACTOR

CHANGE
MANAGEMENT

Talents

Skills

Engagement and well-being

Diversity and inclusion

Employee centricity

A new model for grid
development, exercise and
maintenance

Inclusive leadership

People care and skills

Virtual and physical spaces

Technology, Digitalization

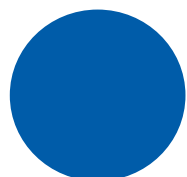
New industrial relationship

Agile solutions
applied to processes

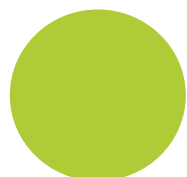
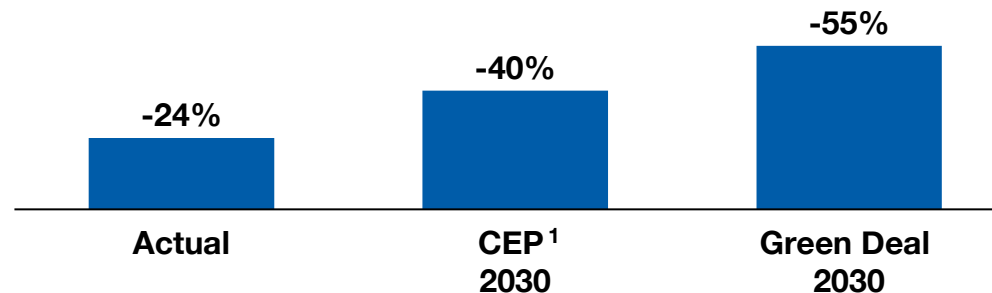
Sustainability, Communication

Energy Scenario and System Strategy

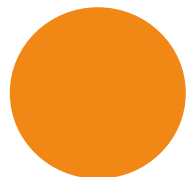
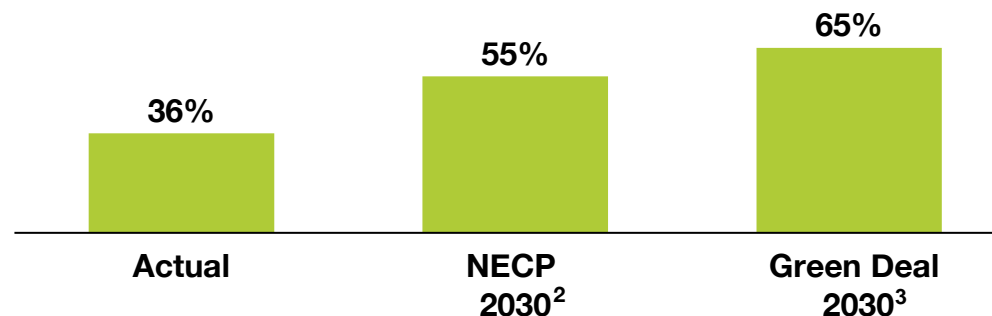
Italian decarbonization targets



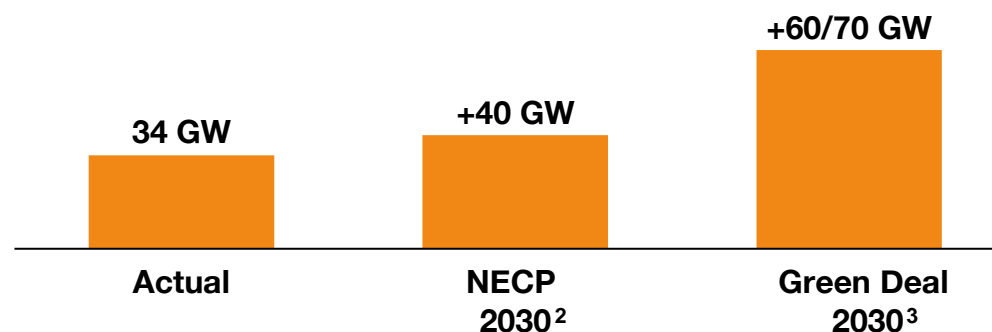
CO₂ emissions reduction



RES share in electricity consumption



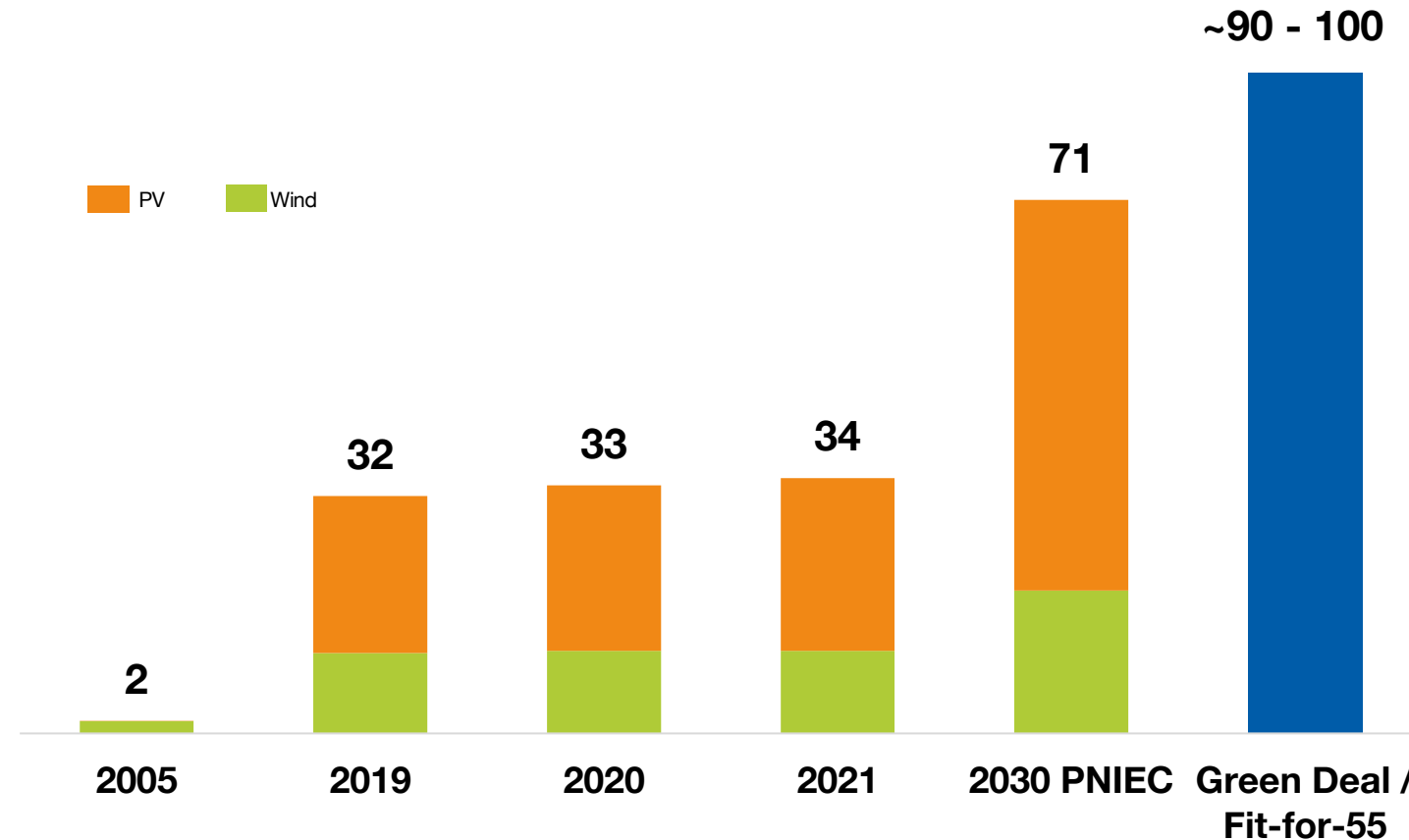
PV and wind capacities



RES Evolution in Italy

PV AND WIND INSTALLED CAPACITY EVOLUTION*

GW



- +60/70 GW of RES
- Increasing system complexity
- System investments acceleration needed

System Strategy towards Energy Transition

2030

INFRASTRUCTURE DEVELOPMENT



- Strengthening of grids and interconnections
- Increasing investments in voltage regulation devices
 - Increasing resiliency

Develop the infrastructure needed to enable RES integration

MARKET DESIGN



- Identifying the right mix of market design that optimally integrates futures markets and spot markets, both for energy and for services
- Expanding participation to the supply of flexibility services and “new” sources

Ensure alignment between effective market development and energy scenarios

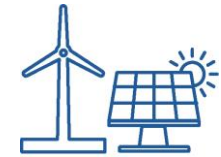
STORAGE



- Implementing new hydroelectric and electrochemical storage systems
- Managing the overgeneration and residual load ramps
- Providing security of supply

Identify optimal volumes and technology mix

RENEWABLE INTEGRATION



- Increasing installations, through simplified authorization procedures and appropriate incentive mechanisms
- Ensuring security of supply, leveraging technology
 - Ensuring geographical consistency of plants location planning

Address the technology mix and localization correctly

10-year National Development Plan

Grid Investments

A Plan to support the energy transition

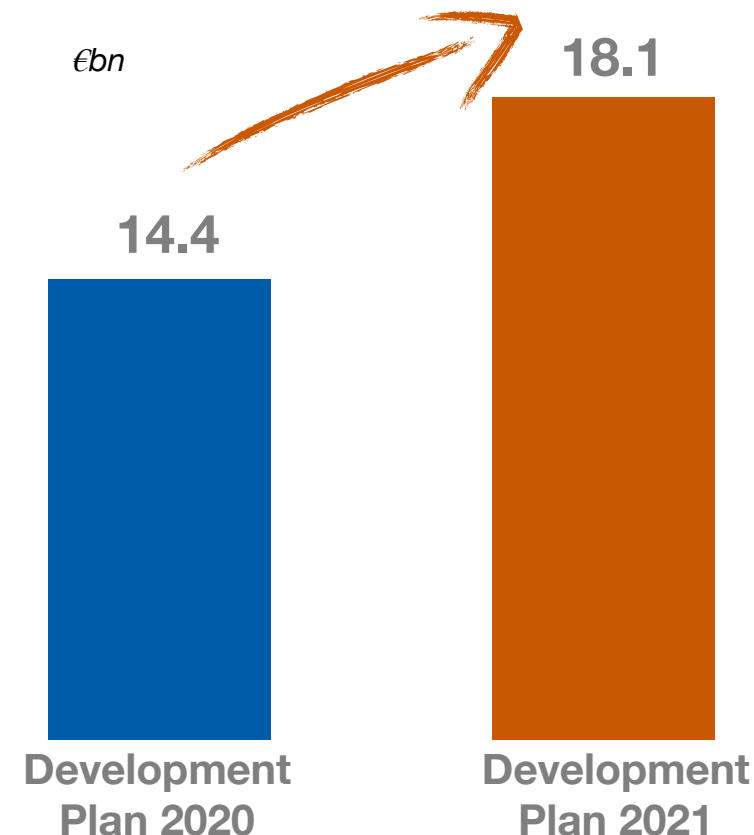
- *Increase transport capacity solving grid congestions*
- *Grid rationalization in the main metropolitan areas*
- *Increase foreign interconnections*
- *Increase safety and resiliency of the system*

Highest level of investments ever for the Country

- *Investments up by 25% compared to the previous 10-year Plan*
- *Investments to enable the energy transition and achieve decarbonization targets set by Europe*

Green and sustainable development projects

- *Transmission investments considered sustainable according to the European Taxonomy criteria*
- *Focused on achieving national targets for the integration of renewables and the phase out of coal**

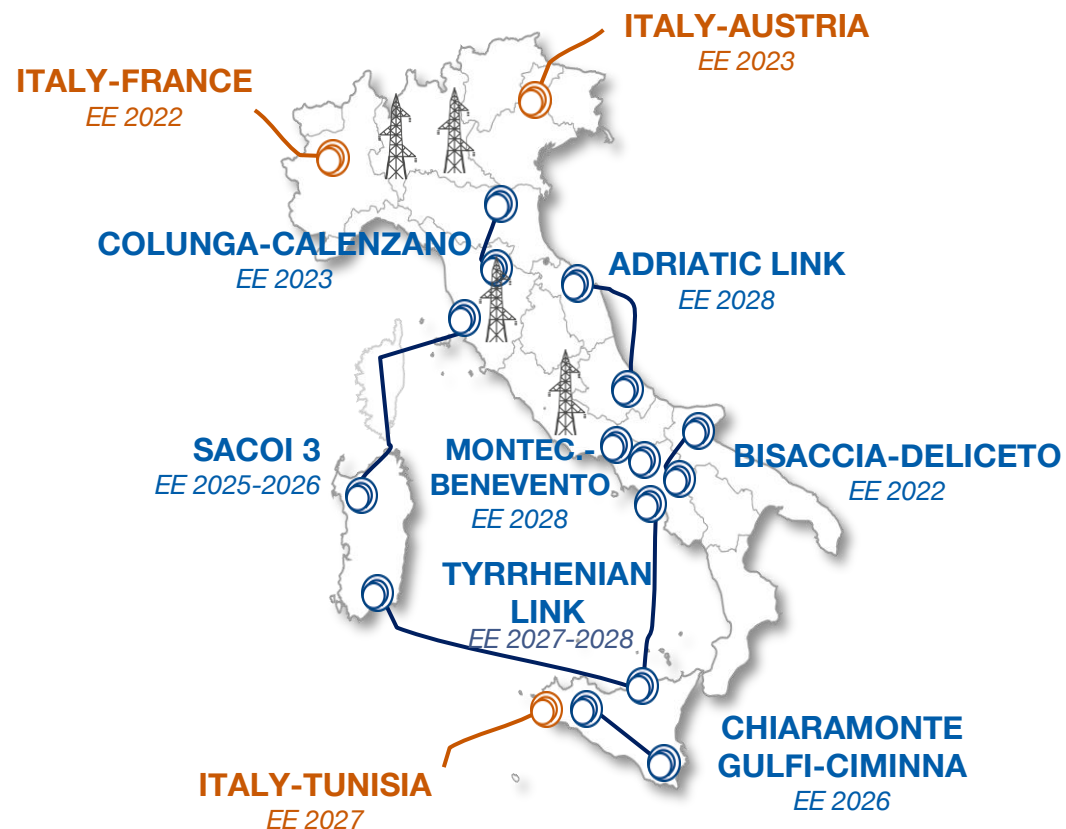


10-year National Development Plan

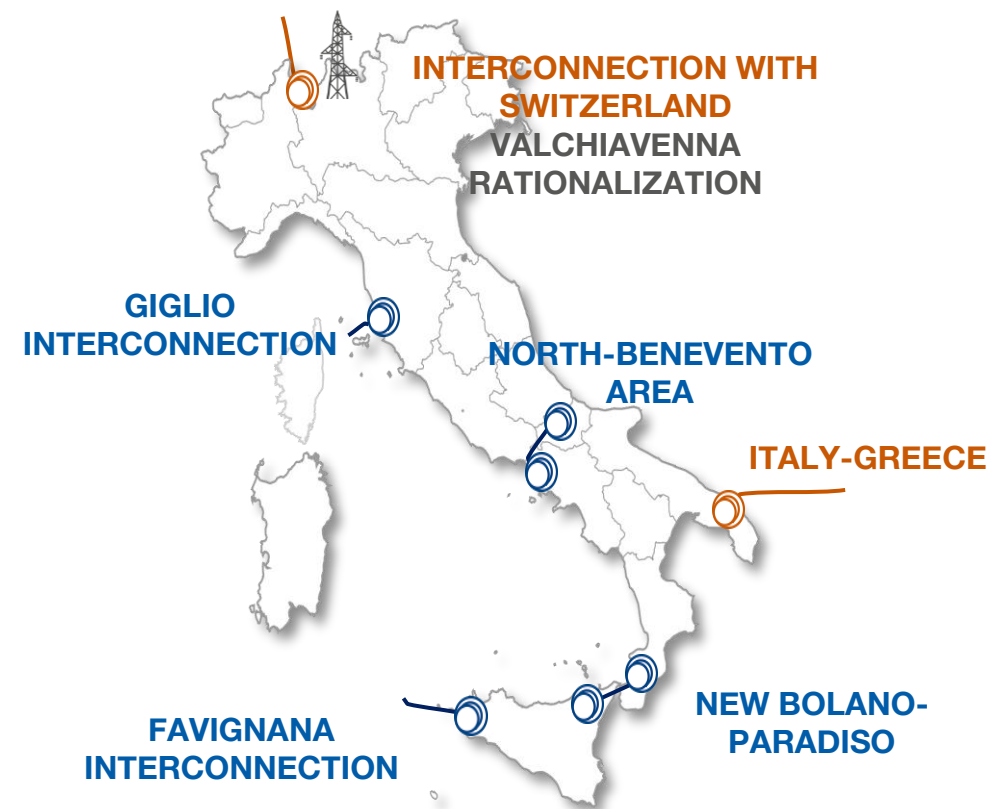
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Main ongoing and future projects

MAIN ONGOING PROJECTS




MAIN NEW PROJECTS

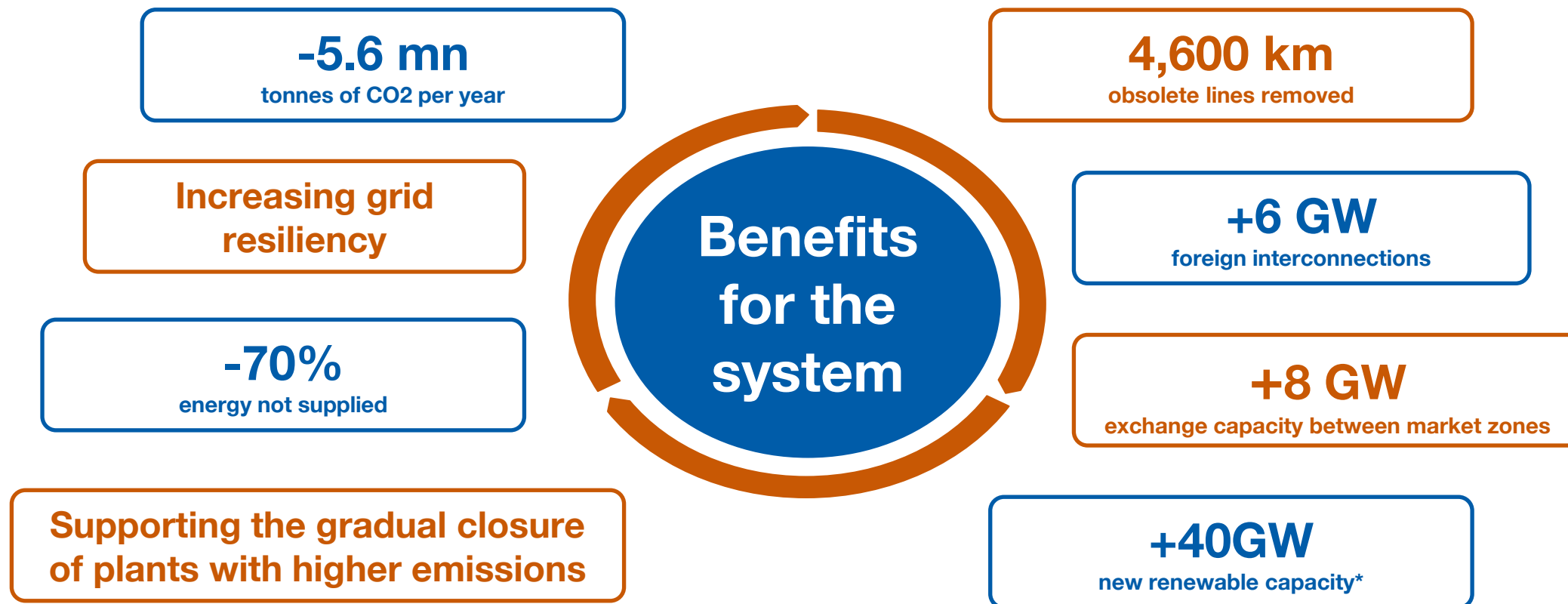


 Interconnections

 Grid reinforcements

 Rationalization of metropolitan areas

Benefits for the System



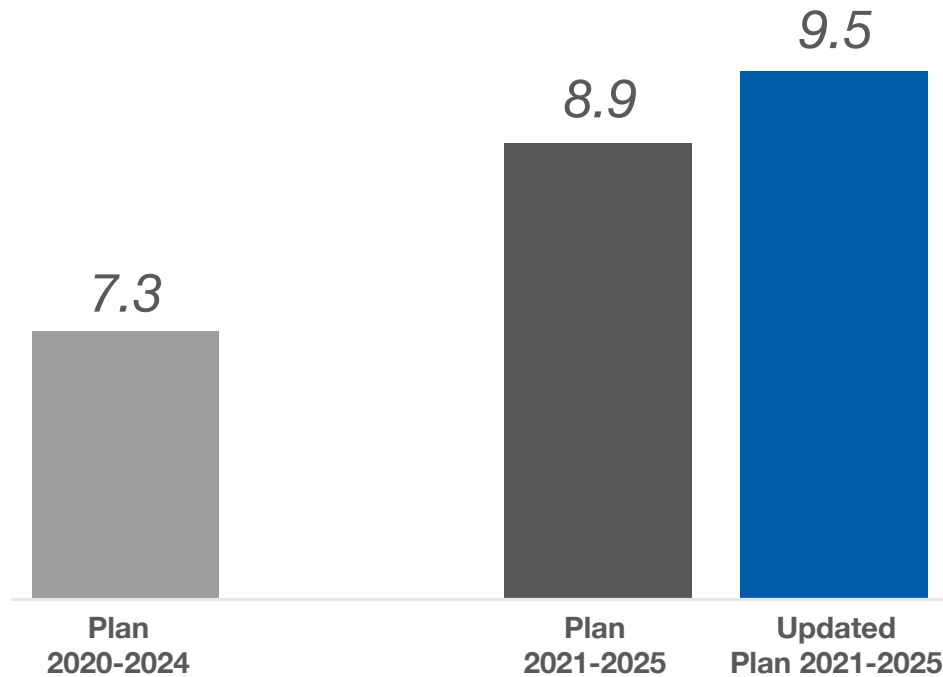
Grid investments as a key tool for the energy transition, the security of supply and the reduction of costs for final users

Strategy

Domestic Regulated Activities

DOMESTIC REGULATED CAPEX¹

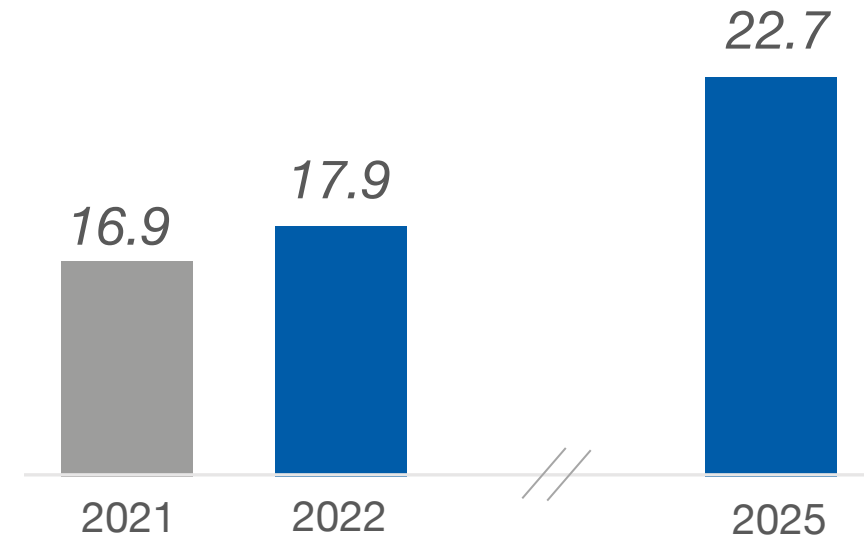
€bn



RAB EVOLUTION²

€bn

CAGR₂₀₂₀₋₂₀₂₅ 7%

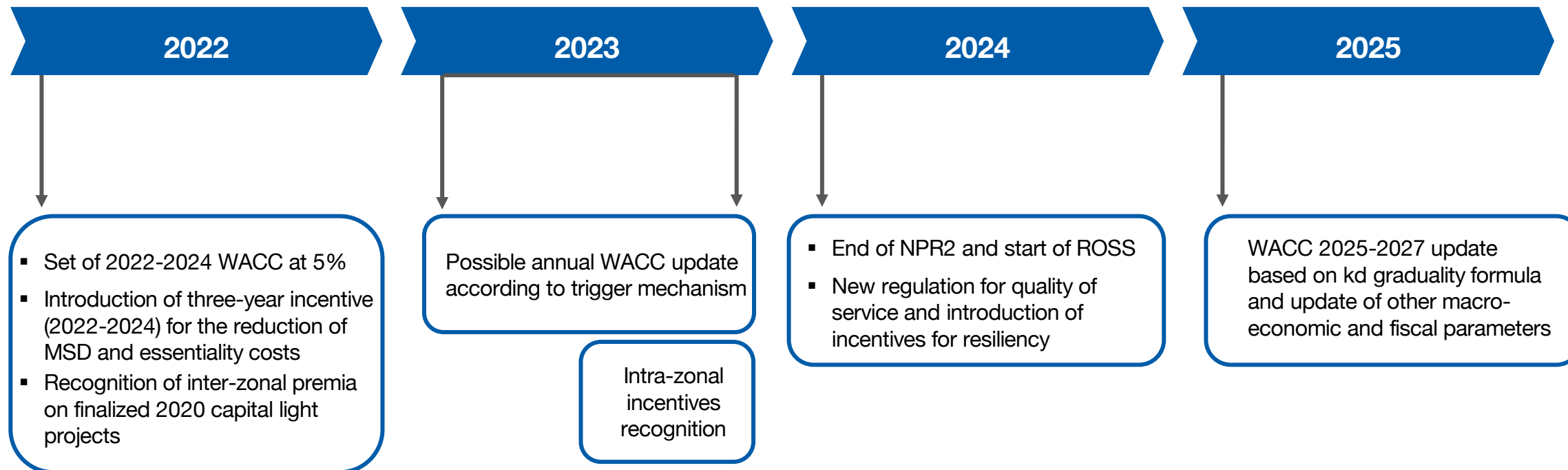


Domestic Regulated Activities

CATEGORY	CUMULATED CAPEX	MAIN PROJECTS
Development	5.6€bn	<ul style="list-style-type: none">Tyrrhenian LinkSA.CO.I 3Solving grid congestionsRES integration
Asset Renewal and Efficiency	2.6€bn	<ul style="list-style-type: none">Quality of ServiceQuality of ProcessesQuality of the environment
Defence	1.3€bn	<ul style="list-style-type: none">Voltage regulationNew control and defence systemInfrastructure security

Strong focus on quality, resiliency, technologies and sustainability

Regulatory milestones and output-based incentives



FOCUS ON OUTPUT-BASED INCENTIVES

Incentives already foreseen

- Inter-zonal
- Intra-zonal
- MSD & essentiality

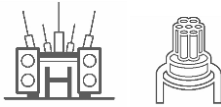
Potential new incentives

- Resiliency
- Other incentives for efficiency

Non Regulated Activities

Seizing market opportunities to
create value for the system

INDUSTRIAL



- Transformers
- HV and LMV Cables
- Services

CONNECTIVITY



- Optical Fiber
- Housing (IRU)
- Service (IRU)



ENERGY SOLUTIONS



- High Voltage (EPC/BOO/O&M)
- Smart Grid (EPC/BOO/O&M)
- Photovoltaic (EPC/O&M)
- Energy Efficiency

DIGITAL



- Monitoring Housing
- Monitoring PV Control Room
- Monitoring Consumption

EBITDA >450 €mn cumulated in 5 years

International Activities

NEW INTERNATIONAL STRATEGY



- LatAm valorization



- Potential entry into the USA



- Consolidation of the European position

**Gradual transition
towards other
geographies**

Confirming focus on the
industrial role as
Transmission Operator
based on competences

Enhancing skills in the
development of large
HVDC projects

Enhancing strategic
relationships with key
manufacturers in different
geographical areas

Innovation and Digitalization

APPROACH

Technologies clustering takes into account



Global technology trends



Energy sector peculiarity



Energy transition challenge



Growing focus on digitalization



The Sustainable Development Goals



The context and Terna's needs

TECHNOLOGICAL CLUSTERS

DIGITAL

Smart digital solutions to manage energy and power



ENERGY TECH

More efficient and green technologies



ADVANCED MATERIALS

Eco-friendly materials



ROBOTICS

Large-scale automation



2021-2025 cumulated capex* ~1.2 €bn

2021 – 2025 Group Financial Targets and Dividend Policy

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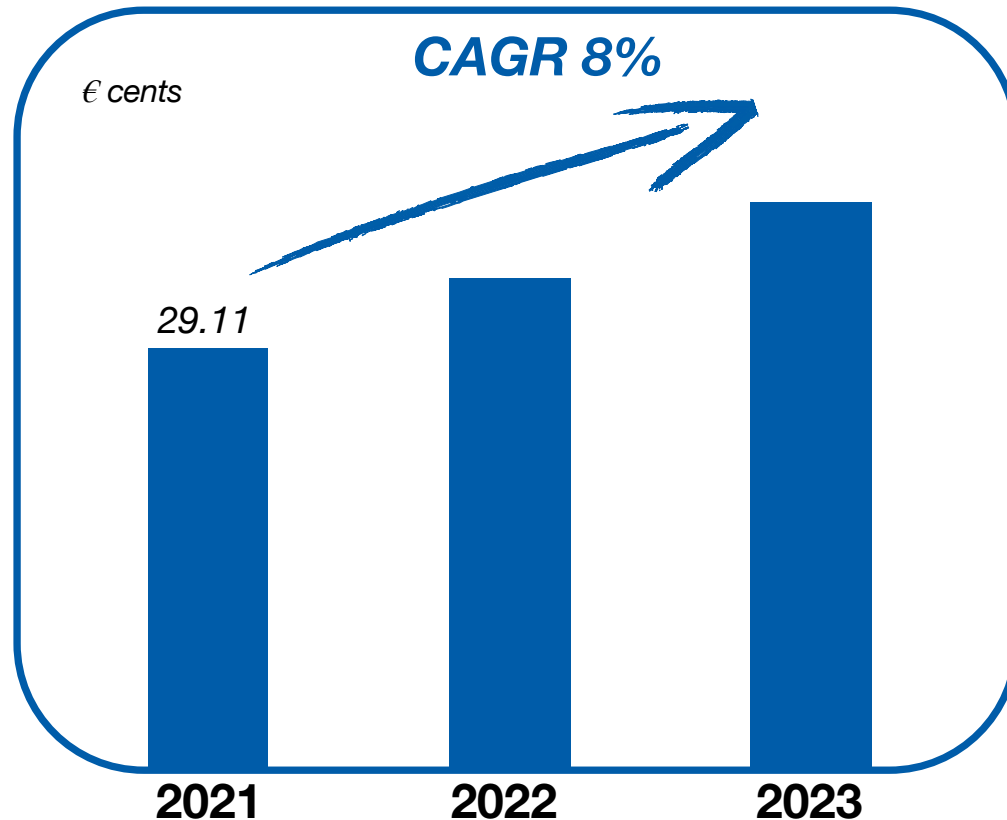
Guidance 2022 and 2025

	FY 2021	FY 2022	FY 2025
	Actual €mn	Guidance €bn	Guidance €bn
Revenues	2,605	2.74	3.08
EBITDA	1,855	1.90	2.14
Capex ¹	1,521	1.7	10.0 <i>Cumulated 2021-2025</i>
EPS €cents	39.3	39	45

Increasing growth and value creation



Dividend Policy



*For 2024 and 2025
the payout ratio is expected to be 75%
with a guaranteed minimum dividend
equal to the 2023 dividend*

Financial Efficiency and Financial Structure

- Gross Debt @ **~91% Fix rate**¹
- Average duration of **~5 years**¹

- Net Debt / RAB² **~60%** in 2025
- Average Cost of Net Debt 2021-2025 @ **1.3%**
- Strong commitment to maintain current rating level

FINANCIAL RATING

	Terna		Sovereign	
	Rating	Outlook	Rating	Outlook
S&P	BBB+	<i>Positive</i>	BBB	<i>Positive</i>
Moody's	Baa2	<i>Stable</i>	Baa3	<i>Stable</i>
Scope	A-	<i>Stable</i>	BBB+	<i>Stable</i>

ESG RATING

- **S&P Global CSA** (Corporate Sustainability Assessment) score: 89/100
- **CDP** (former Carbon Disclosure Project): A-
- **Sustainalytics**: Low risk
- **Moody's ESG Solutions** (former Vigeo Eiris): Advanced
- **ISS ESG Corporate Rating**: Prime

Solid financial structure to support investments acceleration

ESG KPIs

		TARGET	
CAPITAL	KPI	2025	2030
Human	▪ % share of women in the company (base year: 2019)	20%	22%
	▪ % share of women in the company net of workers (base year: 2019)	25%	27%
	▪ Workplace Safety Index for Terna Group's employees	≤1	≤1
Social and Relational	▪ % significant projects joined by stakeholders engagement initiatives		
	- projects with High electrical priority and capex threshold >50 €mn	100%	=
	- projects with High electrical priority and capex threshold of 10-50 €mn or with Medium electrical priority and capex threshold >50 €mn	=	100%
Intellectual	% employees trained on ESG subjects	=	100%
Natural	Yearly CO ₂ emissions avoided thanks to National Development Plan projects (equivalent tons)	-	5.6 mn

Closing Remarks

Generating further benefits for the system and confirming of Terna's role in driving the current energy transition

Focus on creating sustainable value over time for shareholders and communities

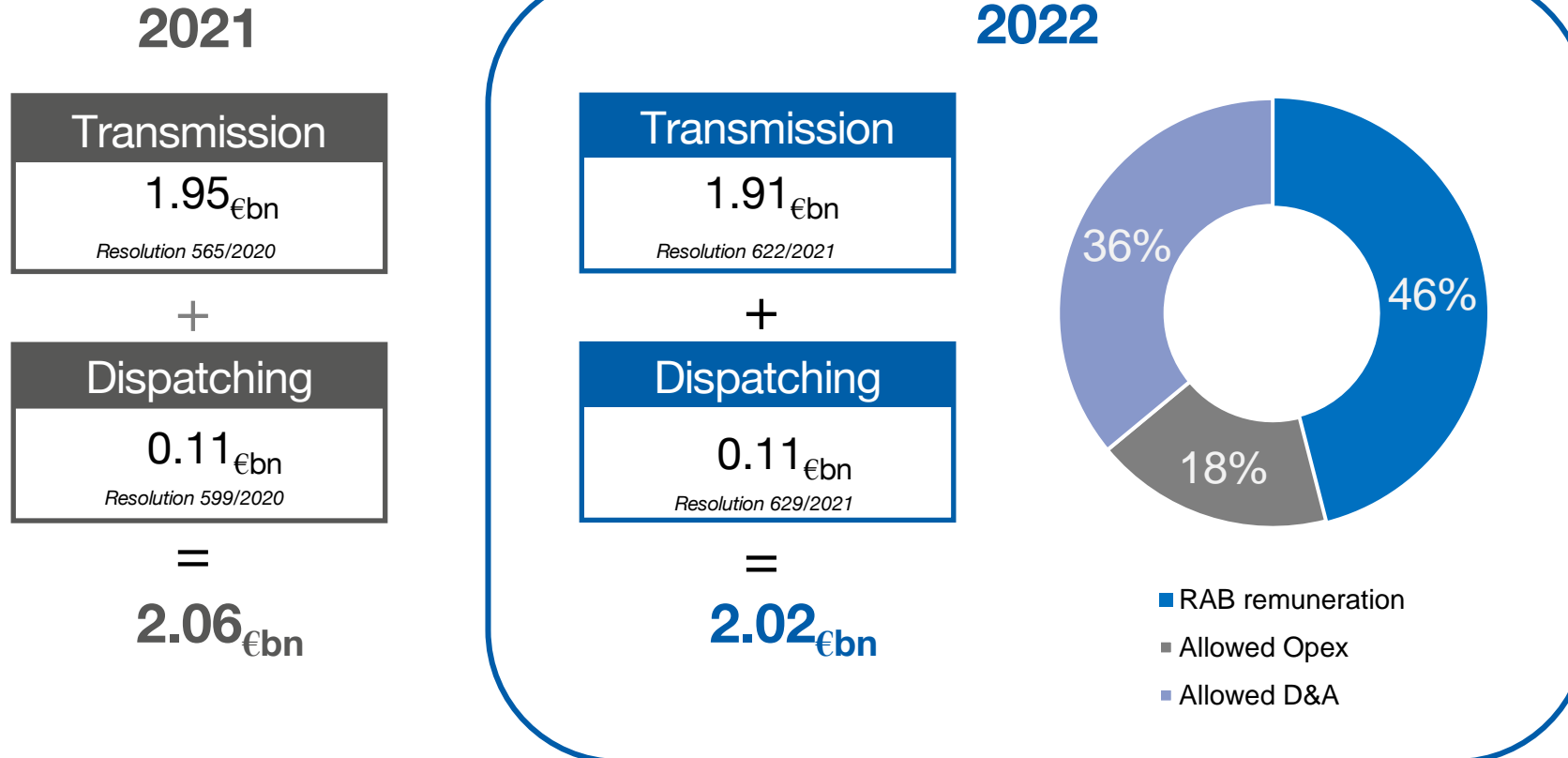
Guaranteeing low risk profile and financial stability

Ensuring access to a safe, efficient and effective system at the lowest cost possible

Reinforcing Terna's institutional role for the Country

Annexes

2022 Total Grid Fee update*

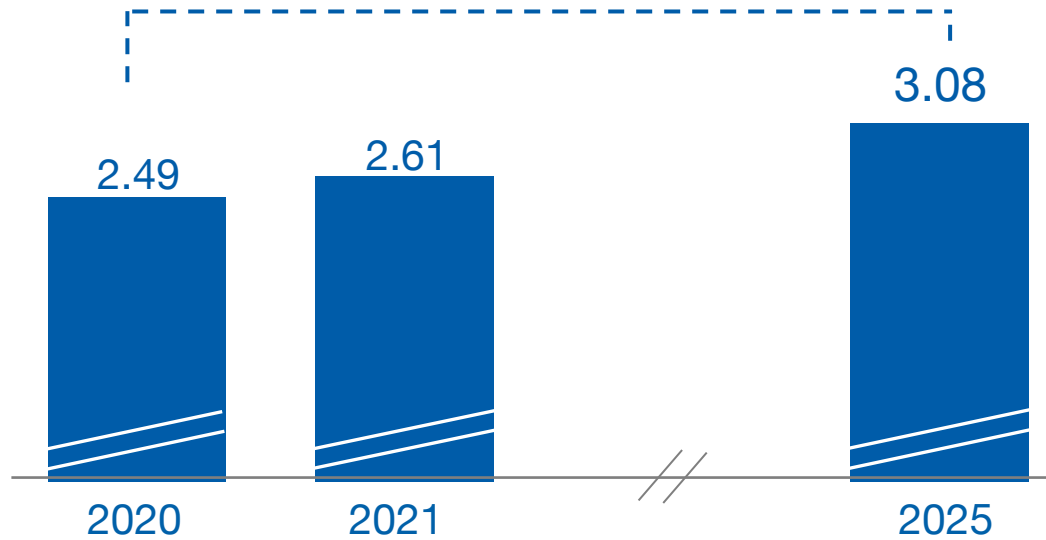


P&L Targets

REVENUES

€bn

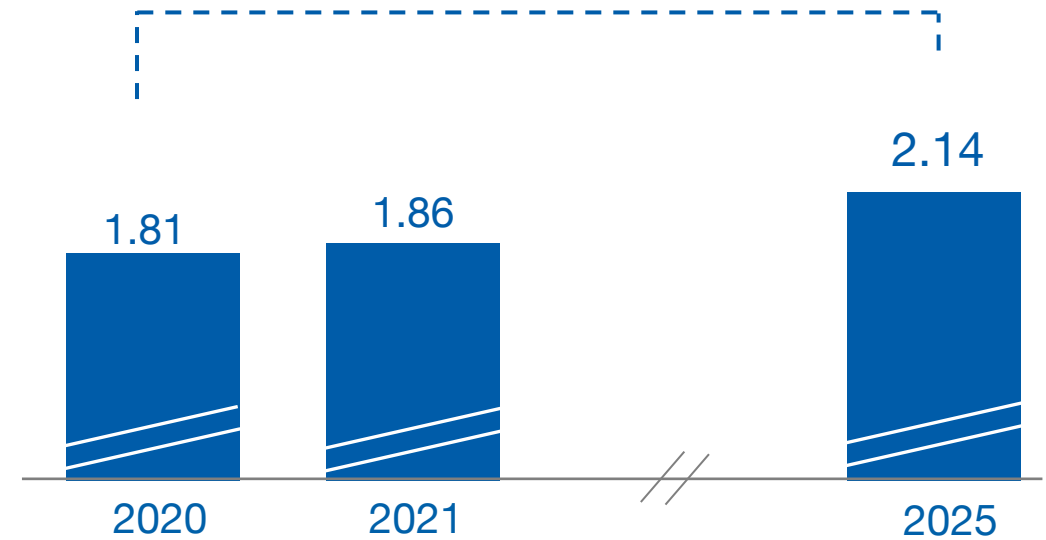
CAGR >4%



EBITDA

€bn

CAGR >3%



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