



# 1H19 *Consolidated Results*

**GRIDS AND VALUES**  
ACCELERATING A SUSTAINABLE GROWTH

July 30<sup>th</sup> 2019

# Agenda

○ Highlights	3
○ 1H19 Results	9
○ Closing Remarks	19
○ Annexes	20

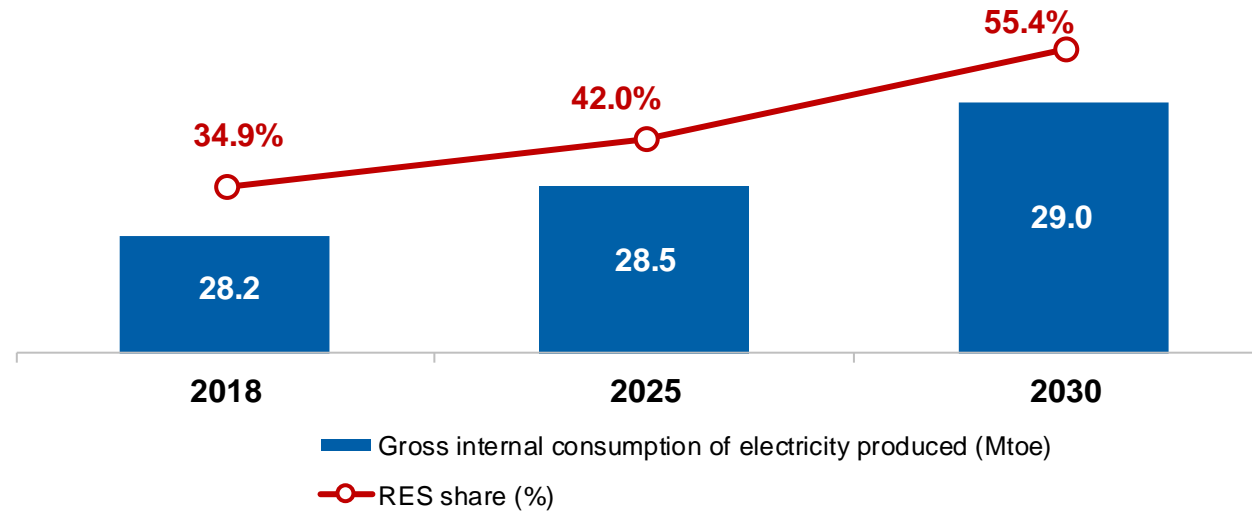
## ○ Highlights

---

# Highlights (1/5)

## The Italian Energy Transition

### NATIONAL INTEGRATED ENERGY AND CLIMATE PLAN\*



*RES penetration on internal gross electricity consumption*

### MAIN ACTIONS TO SUPPORT DECARBONIZATION

Grid's investments

Storage

Long-term market price signals

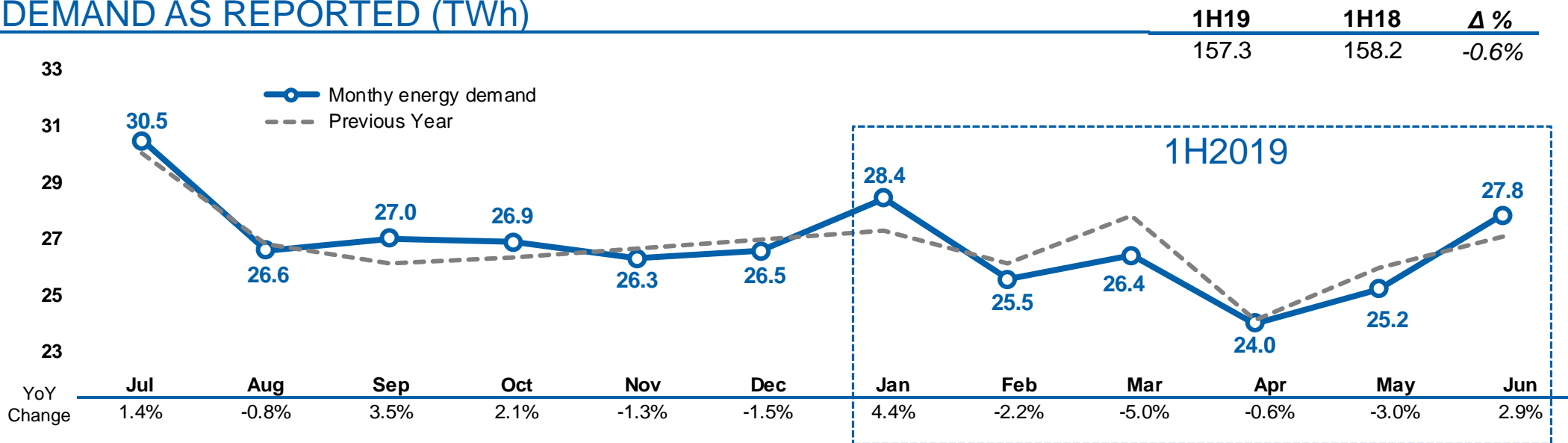
Market flexibility

Playing a key role in the ongoing energy transition

# Highlights (2/5)

## Demand Evolution – Last 12 months

### DEMAND AS REPORTED (TWh)



1H19 data:

- National Demand at 157 TWh, o/w 35.4% covered by RES
- Net Total Production at 139 TWh

 Wind increased by 16%

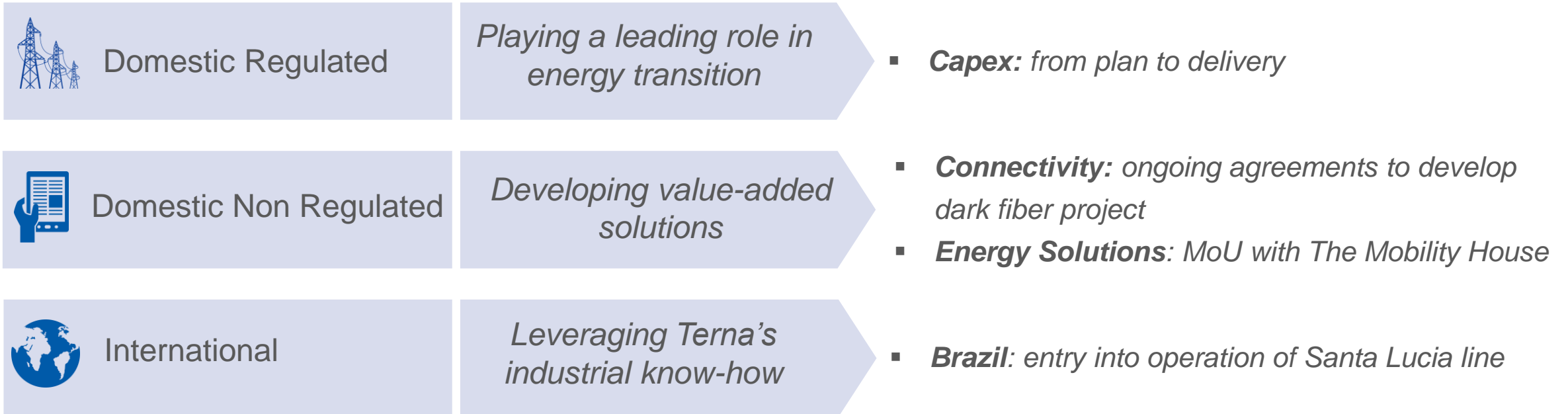
 PV increased by 10%

Accelerating the pace of energy transition

# Highlights (3/5)

## Strategic Overview (1/2)

### STRATEGIC GUIDELINES



Execution well on track

# Highlights (4/5)

## Strategic Overview (2/2)

### ENABLING FACTORS



Innovation & Digitization

*Enabling energy transition*

- **Grid Digitization:** project ongoing, both for lines and for substations
- Opening of the first **TERNA INNOVATION HUB** in Turin



People

*Strengthening core competences and innovation openness*

- **Training:** upskilling and reskilling

### FINANCE



*Enhanced Financial Structure*

- **New 500 €mn bond emission**
  - Effective cost of issuance of 0.25%
  - Tenor of 6 years
  - Oversubscription of about 4 times

**Execution well on track**

# Highlights (5/5)

## 1H 2019 Key Numbers

€mn	1H 2019	1H 2018	Δ vs 1H18
<b>Revenues</b>	1,098	1,063 <sup>1</sup>	<b>+3%</b>
<b>EBITDA</b>	846	815	<b>+4%</b>
<b>Group Net Income<sup>2</sup></b>	367	360	<b>+2%</b>
<b>Capex</b>	396	338	<b>+17%</b>

**Positive P&L results and strong capex acceleration**

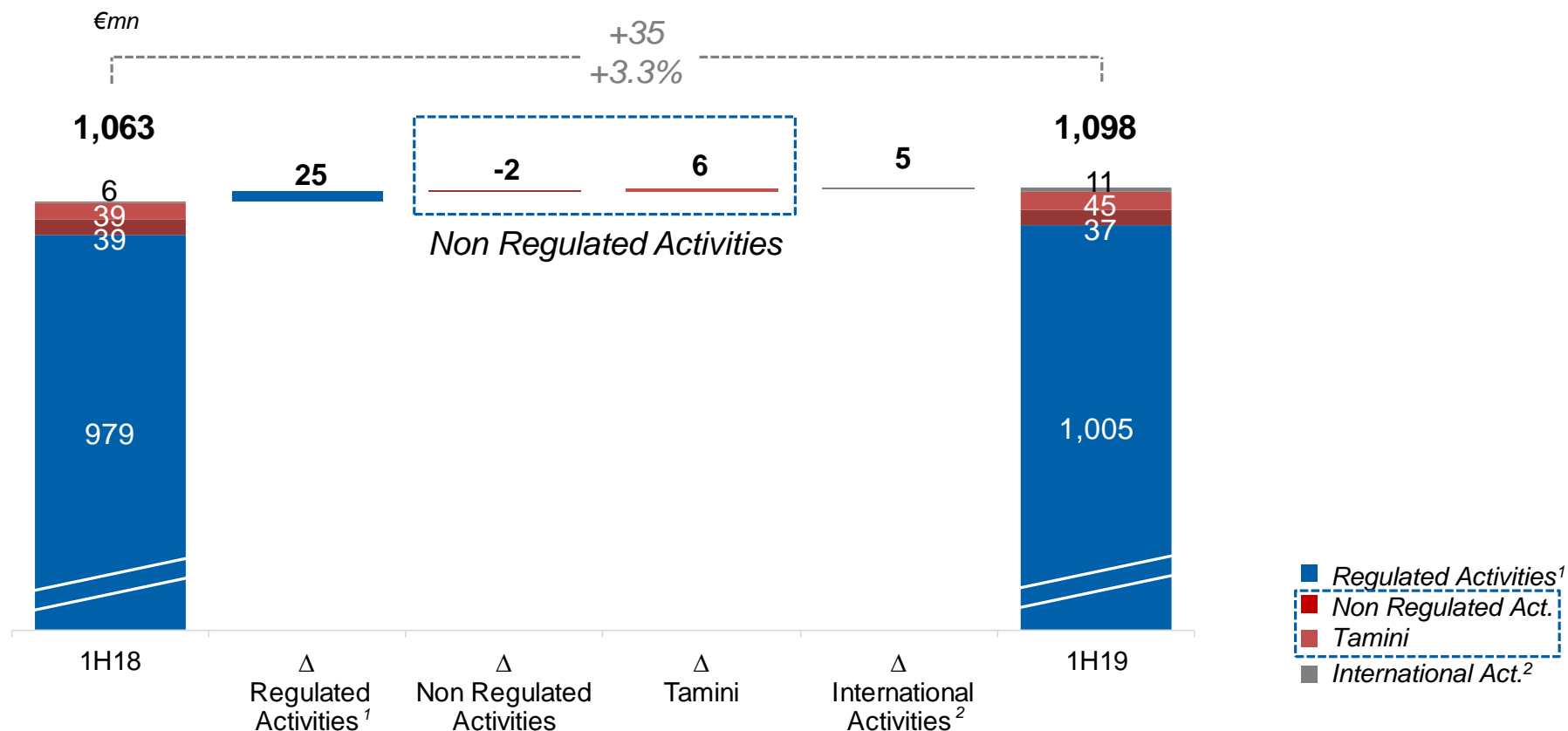


## ○ 1H19 Results

---

# 1H 2019 results

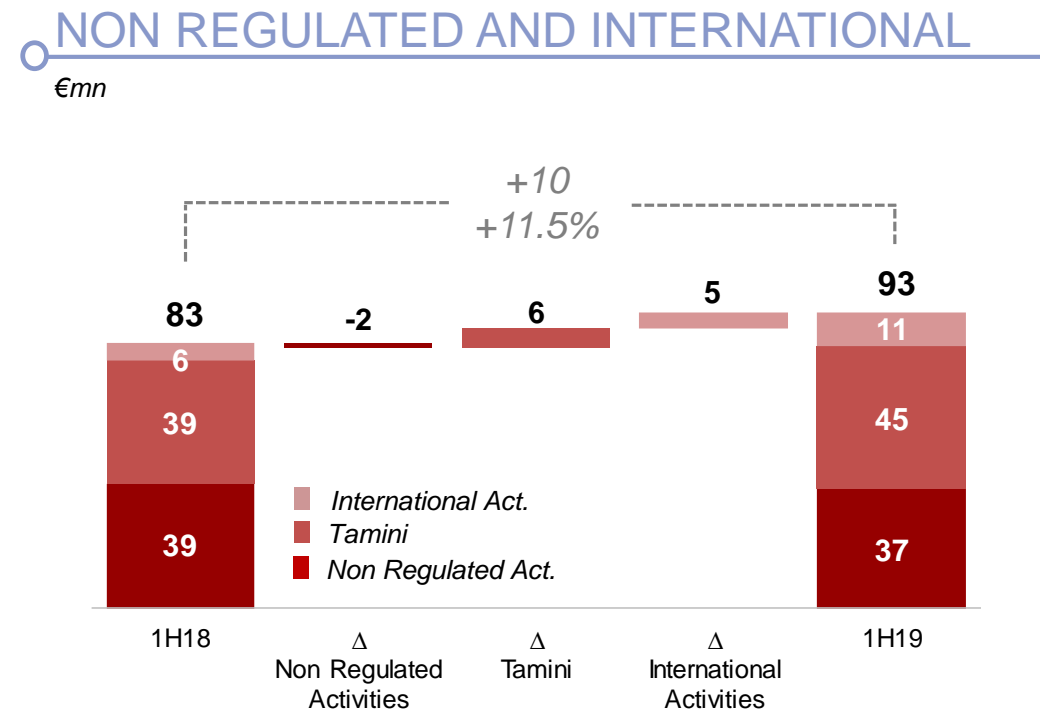
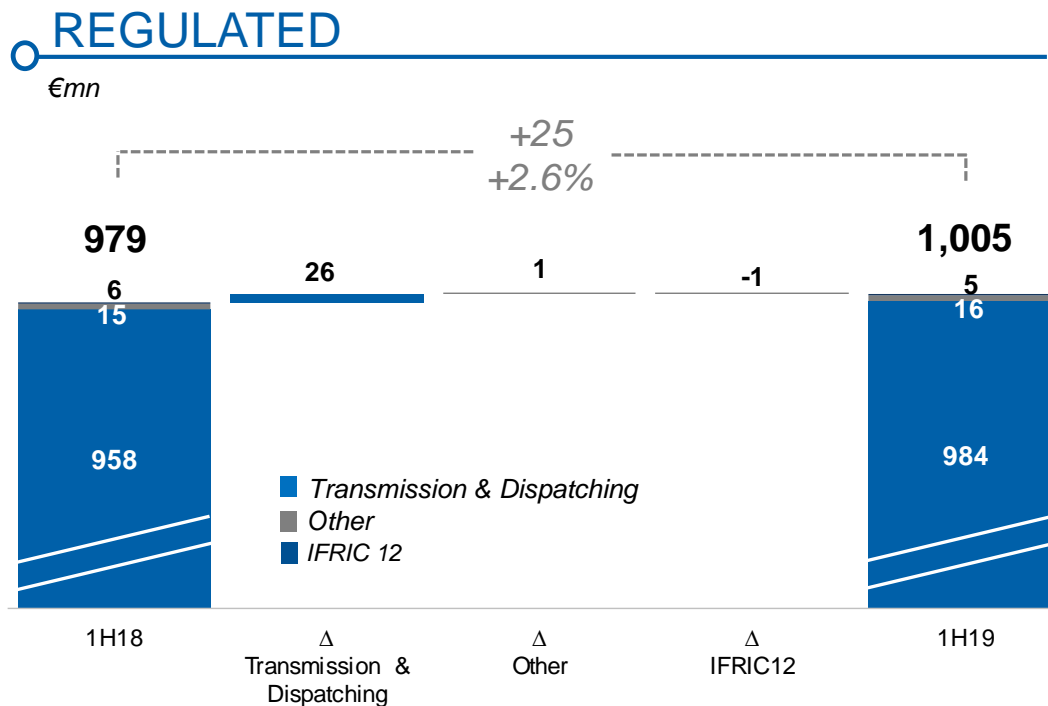
## Revenues



Revenues increase in all business lines

# 1H 2019 results

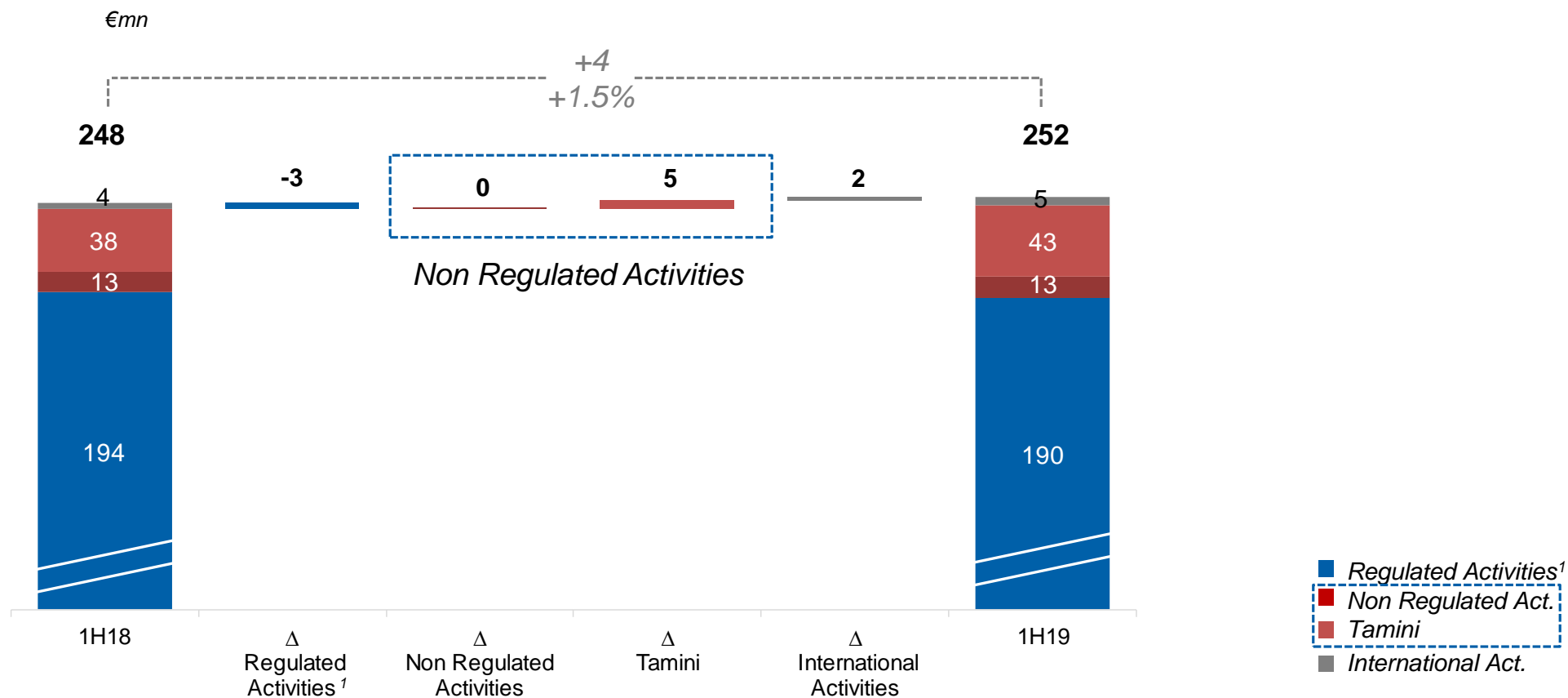
## Revenues Analysis



Higher contribution from Regulated, Tamini and International

# 1H 2019 results

Opex



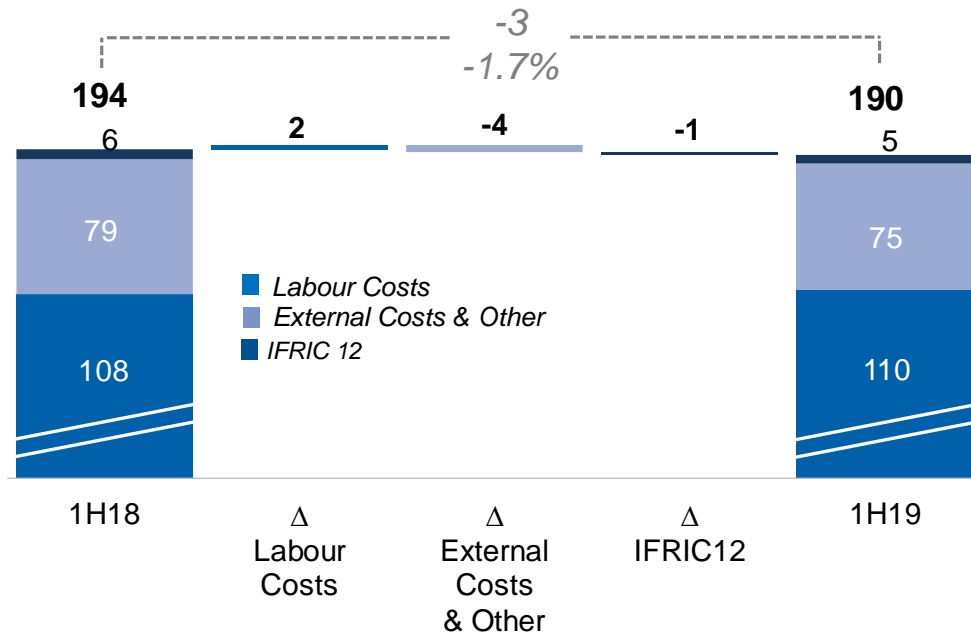
Opex dynamics driven by Non Regulated and International higher volumes of activity

# 1H 2019 results

## Opex Analysis

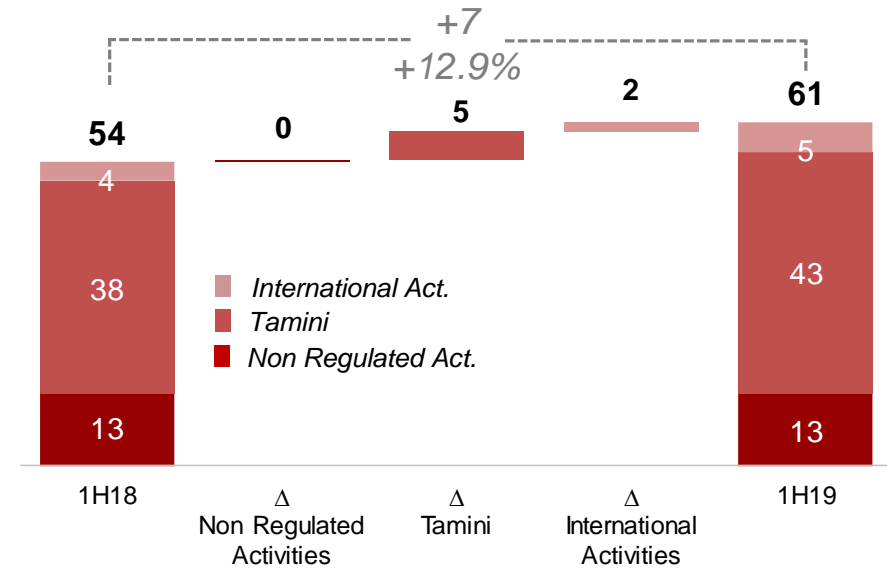
### REGULATED

€mn



### NON REGULATED AND INTERNATIONAL

€mn



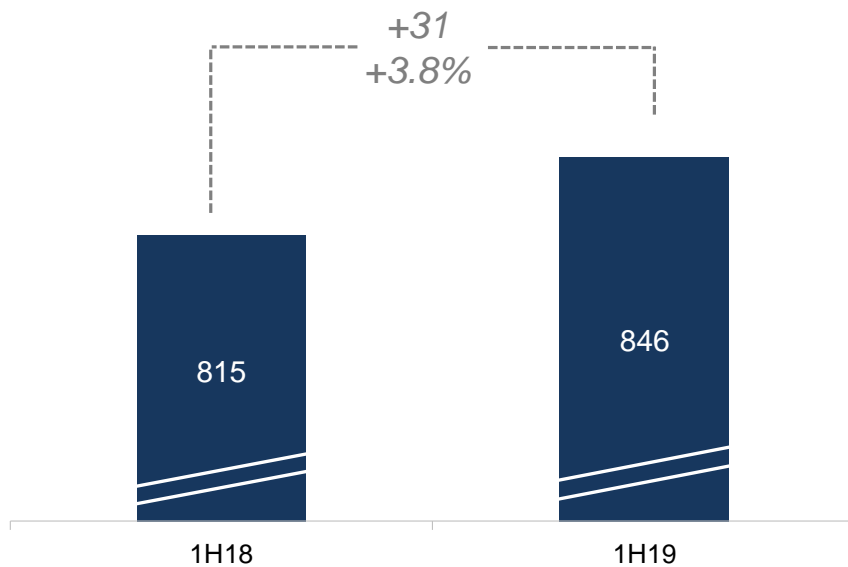
Maintaining Regulated Opex discipline

# 1H 2019 results

## EBITDA

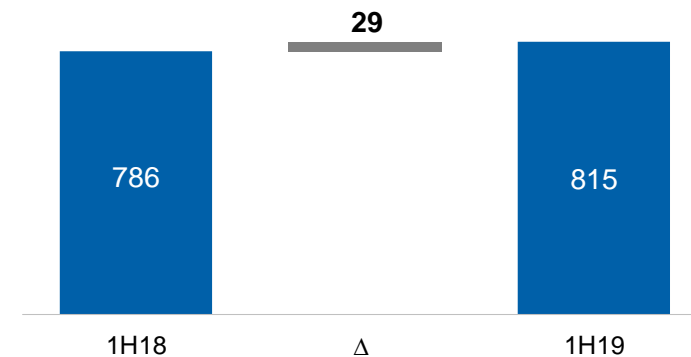
### TOTAL EBITDA

€mn



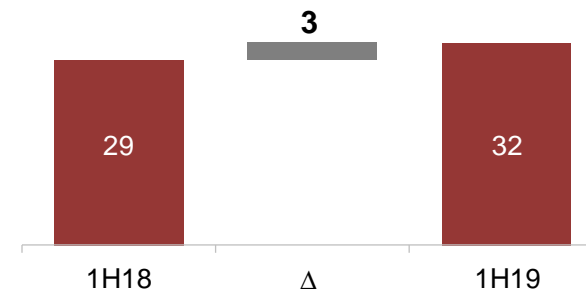
### REGULATED

€mn



### NON REGULATED AND INTERNATIONAL

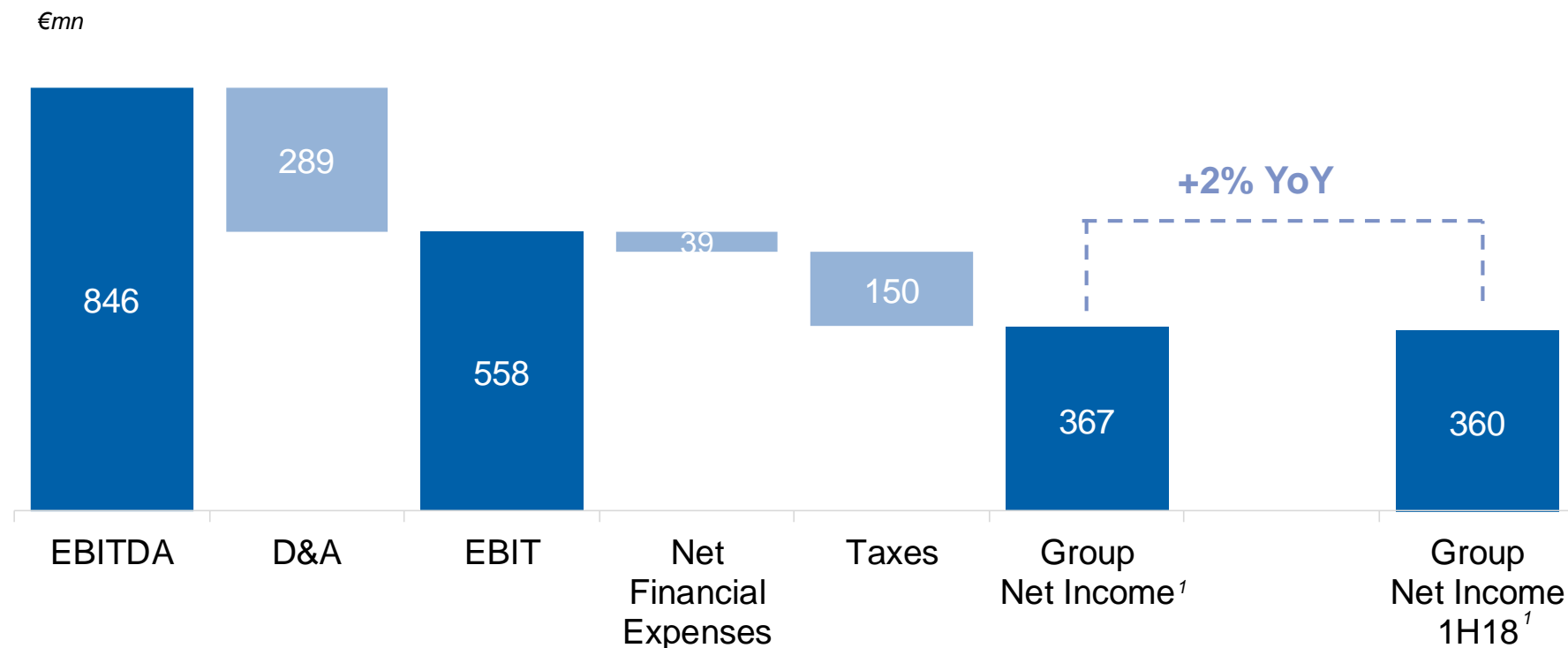
€mn



4% growth at EBITDA level

# 1H 2019 results

From EBITDA to Net Income



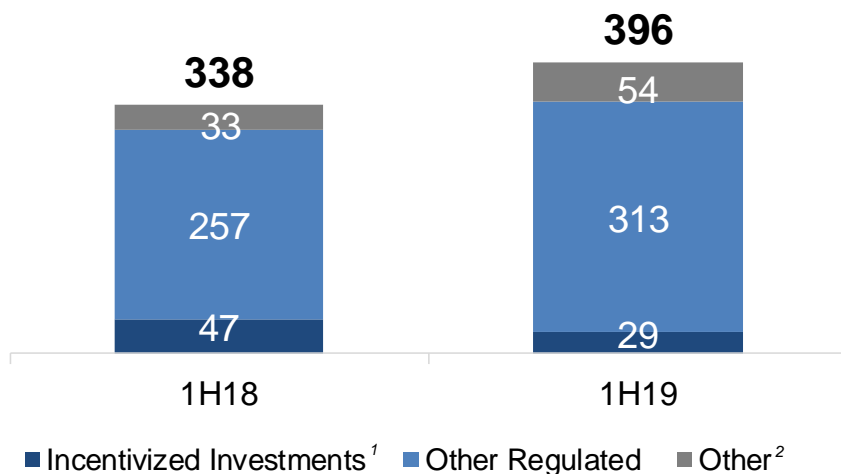
2% growth at Net Income level

# 1H 2019 results

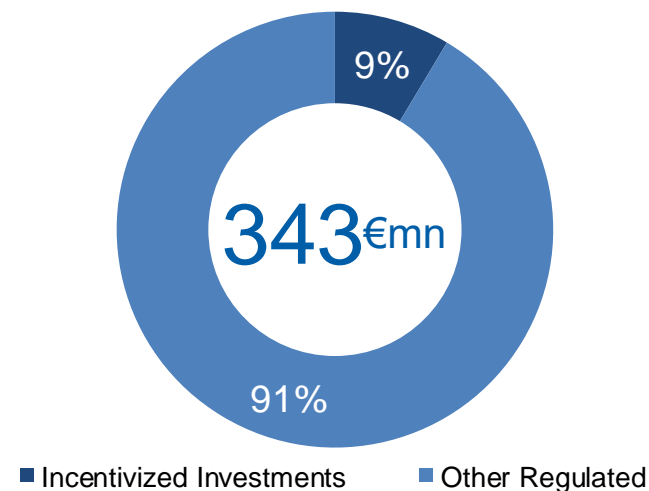
## Capex

### TOTAL CAPEX

€mn



### REGULATED CAPEX

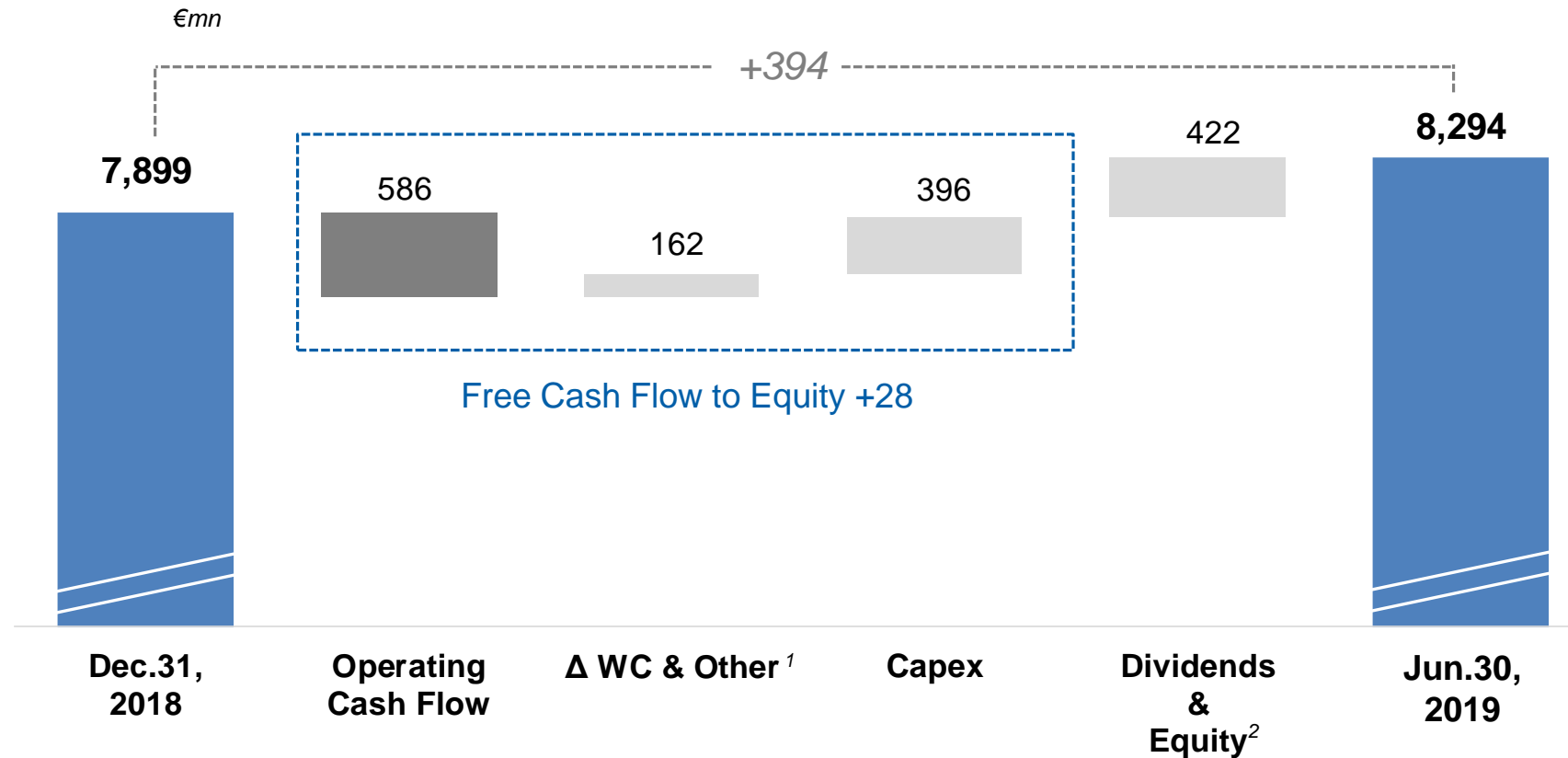


Capex acceleration in line with Strategic Plan



# 1H 2019 results

## Cash Flow & Net Debt Evolution

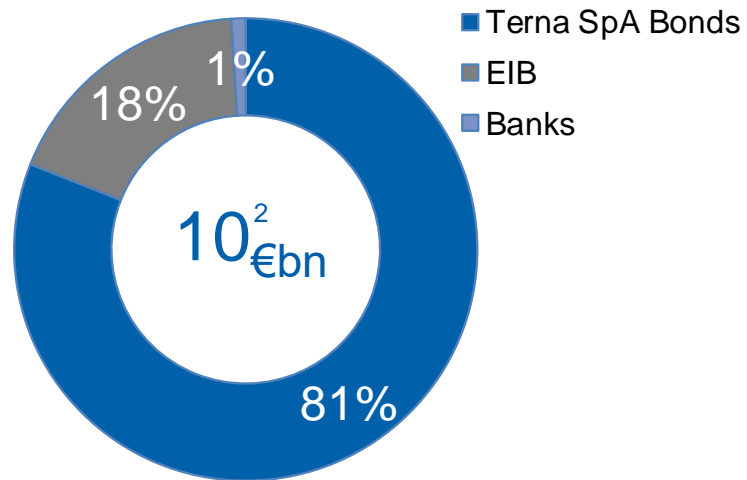


Positive operating cash flow generation to support capex plan

# 1H 2019 results

## Net Debt Evolution & Financial Structure

### GROSS DEBT BREAKDOWN<sup>1</sup>



### KEY RATIOS<sup>1</sup>

Fixed/Floating Ratio

**~82% Fixed**

*Calculated on Gross Debt*

Duration

**5.1 years**

**Enhanced solid financial structure**

## Closing Remarks

**Domestic  
Regulated**

Implementing capex acceleration

**Domestic  
Non  
Regulated**

Developing innovative services to support core activities

**International**

Leveraging Terna's core competences  
to finalize ongoing projects

**Well on track on 2019 guidance**

## ○ Annexes

---

## Annex

Consolidated Income Statement<sup>1</sup>

€ mn	1H19	1H18 <sup>2</sup>	Δmn	Δ%
<b>Total Revenue</b>	<b>1,098</b>	<b>1,063</b>	<b>35</b>	<b>3.3%</b>
Regulated Activities	1,005	979	25	2.6%
Transmission	929	899	30	3.4%
Dispatching	56	60	-4	-7.2%
Other <sup>3</sup>	16	15	1	5.4%
IFRIC12	5	6	-1	-20.6%
Non Regulated Activities	82	78	4	5.5%
International Activities	11	6	5	96.4%
<b>Total Costs</b>	<b>252</b>	<b>248</b>	<b>4</b>	<b>1.5%</b>
Regulated Activities	190	194	-3	-1.7%
Labour Costs	110	108	2	2.0%
External Costs	69	71	-3	-3.8%
Other <sup>3</sup>	7	8	-2	-18.8%
IFRIC12	5	6	-1	-20.6%
Non Regulated Activities	56	51	5	10.5%
International Activities	5	4	2	47.2%
<b>EBITDA</b>	<b>846</b>	<b>815</b>	<b>31</b>	<b>3.8%</b>
D&A	289	267	21	8.0%
<b>EBIT</b>	<b>558</b>	<b>548</b>	<b>10</b>	<b>1.8%</b>
Net Financial Charges	39	43	-4	-9.1%
<b>Pre Tax Profit</b>	<b>519</b>	<b>505</b>	<b>14</b>	<b>2.8%</b>
Taxes	150	143	8	5.3%
Tax Rate (%)	29.0%	28.3%	+0.7 pp	
<b>Total Net Income</b>	<b>368</b>	<b>362</b>	<b>6</b>	<b>1.7%</b>
Minority Interest	2	2	0	-5.3%
<b>Group Net Income</b>	<b>367</b>	<b>360</b>	<b>6</b>	<b>1.8%</b>

# Annex

## Consolidated Balance Sheet

€ mn	Jun. 30,2019	Dec. 31,2018	Δmn
<i>PP&amp;E</i>	13.348	13.244	104
<i>Intangible Asset</i>	507	519	-12
<i>Financial Inv. and Other</i>	339	320	19
Total Fixed Assets	14.194	14.084	111
Net WC	-1.662	-1.823	160
Funds	-238	-308	70
<b>Net Capital Invested</b>	<b>12.294</b>	<b>11.954</b>	<b>341</b>
<i>Financed by:</i>			
Consolidated Net Debt	8.294	7.899	394
Total Shareholder's Equity	4.001	4.054	-54
<b>Total</b>	<b>12.294</b>	<b>11.954</b>	<b>341</b>
<b>D/E Ratio</b>	<b>2,1</b>	<b>1,9</b>	
<b>D/D+E Ratio</b>	<b>0,7</b>	<b>0,7</b>	
<b>Number of Shares (mn)</b>	<b>2.010</b>	<b>2.010</b>	

# Annex

## Consolidated Cash Flow

€ mn	1H19	1H18
<i>Total Net Income</i>	368	362
<i>D&amp;A<sup>1</sup></i>	287	266
<i>Net Change in Funds</i>	-70	-28
<b>Operating Cash Flow</b>	<b>586</b>	<b>600</b>
<i>Δ Working Capital &amp; Other<sup>2</sup></i>	-162	-45
<b>Cash Flow from Operating Activities</b>	<b>424</b>	<b>555</b>
<i>Capital Expenditures</i>	-396	-338
<b>Free Cash Flow to Equity</b>	<b>28</b>	<b>217</b>
<i>Dividends &amp; Equity<sup>3</sup></i>	-422	-316
<b>Change in Net Cash (Debt)</b>	<b>-394</b>	<b>-99</b>

# Annex

## Capex

€ mn	1H18	1H19	Δ mn	Δ%
<i>Incentivized Investment</i> <sup>1</sup>	47	29	-18	-38%
<i>Other Reguleted</i>	257	313	56	22%
<b>Regulated Capex</b>	<b>305</b>	<b>343</b>	<b>38</b>	<b>13%</b>
<i>Other</i> <sup>2</sup>	33	54	20	60%
<b>Total Group Capex</b>	<b>338</b>	<b>396</b>	<b>58</b>	<b>17%</b>



## 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 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 “AGOSTINO SCORNAJENCHI” DECLARES, PURSUANT TO PARAGRAPH 2 OF ARTICLE 154-BIS OF THE CONSOLIDATED LAW ON FINANCE, THAT THE ACCOUNTING INFORMATION CONTAINED IN THIS PRESENTATION, FOR WHAT CONCERNS THE ACTUAL FIGURES, CORRESPONDS TO THE DOCUMENT RESULTS, BOOKS AND ACCOUNTING RECORDS.*







FTSE4Good



rated by **ekom research**

[investor.relations@terna.it](mailto:investor.relations@terna.it) | +39 06 8313 8282 | [www.terna.it](http://www.terna.it)