



# FY09 Consolidated Results

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MARCH 19<sup>TH</sup>, 2010



# Agenda

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# Highlights

## 2009 at a Glance

- Double digit growth at all levels
- Impact of Brazilian disposal: 417mn
- 2009 Dividend: 19 euro/cent

€mn	Reported		Change		Pre-closing
	FY08 *	FY09	mn	Δ%	FY09
Operating Revenues	1,196	1,361	165	13.8 %	>1,350
EBITDA	850	1,003	153	18.0%	~1,000
EBITDA Margin (%)	71.1%	73.7%			~74%
Net Income Continuing Operations	301	354	54	17.8 %	
Group Net Income	328	771	444	135.4%	
Capex	765	900	135	17.7%	~900
Net Debt	2,954	3,758	805	27.2%	3,755
Dividends	316	380	64	20.3%	

(\*) Net of Brazilian operations



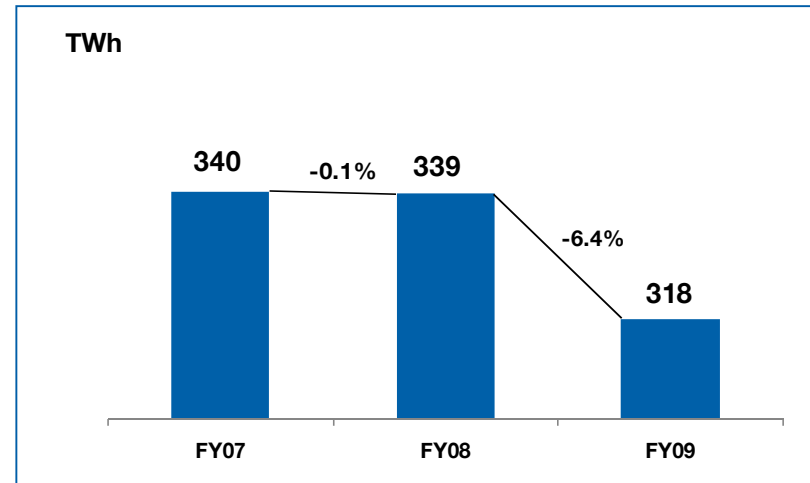
# Highlights

## Energy Items

### 2009

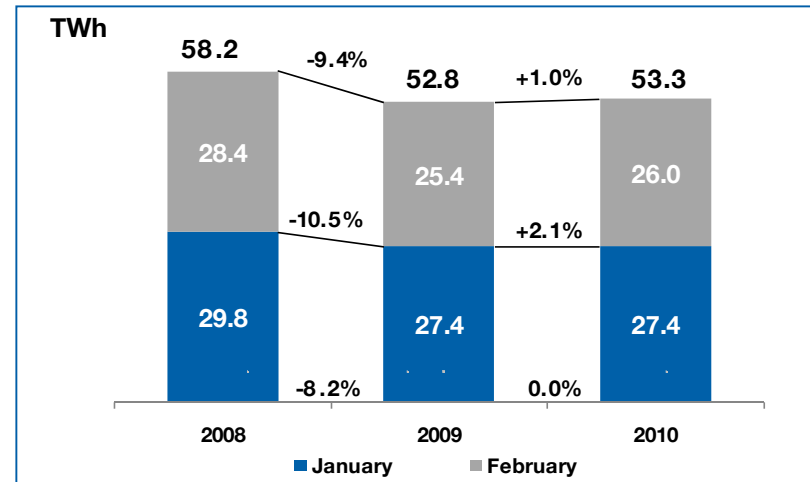
Demand down by -6.4% vs FY08

- Total Gross Production -9.2% (290 TWh)
- Pumping and Auxiliary Services: -14.8% (17 TWh)
- Net Import: +11% (44 TWh)



### 2010

Negative trend reversed, but still heavy comparison with 2008



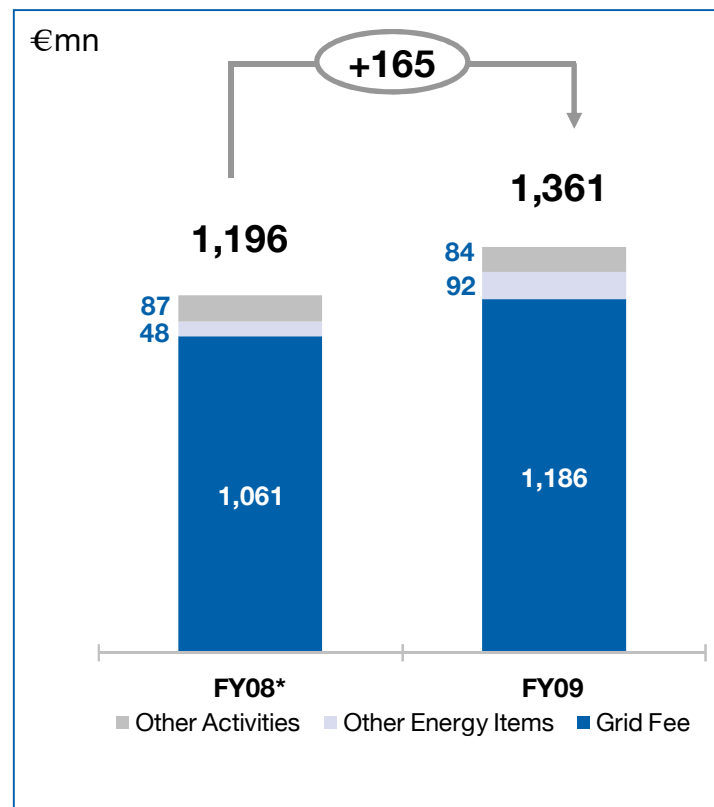
Source: TERNA's monthly reports. 2009 Provisional figures updated as of March 10, 2010



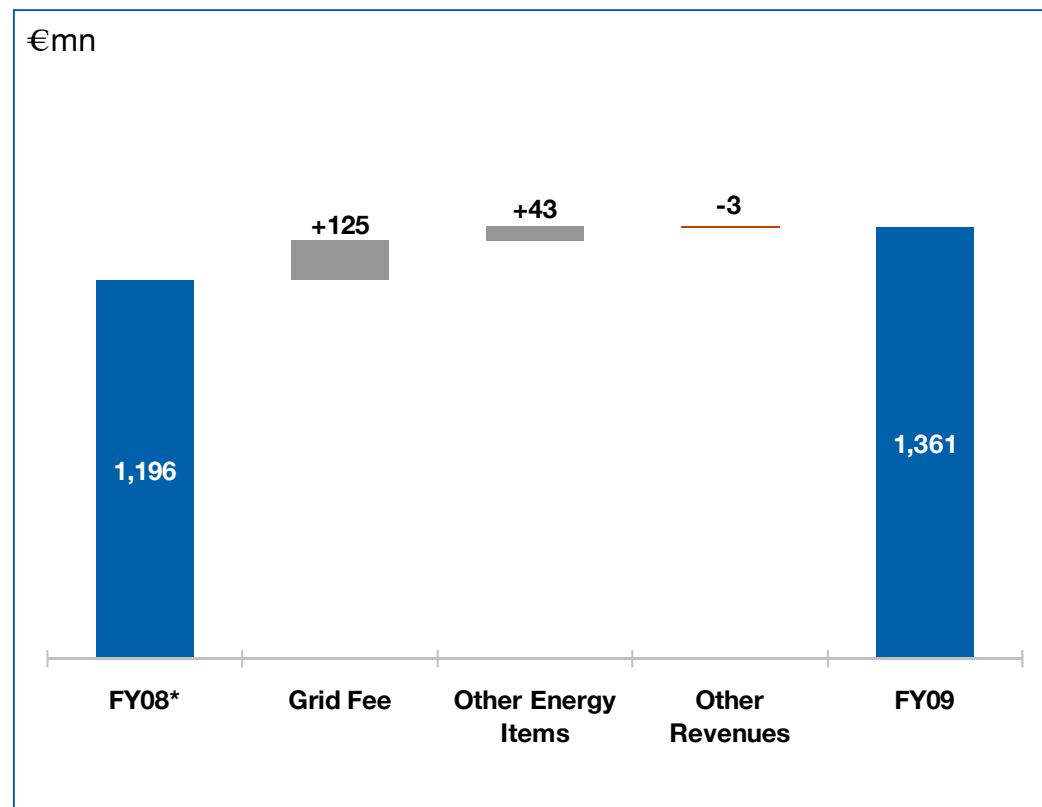
# FY09 Results

## Consolidated Revenues

### Revenues by Nature



### Revenues Breakdown



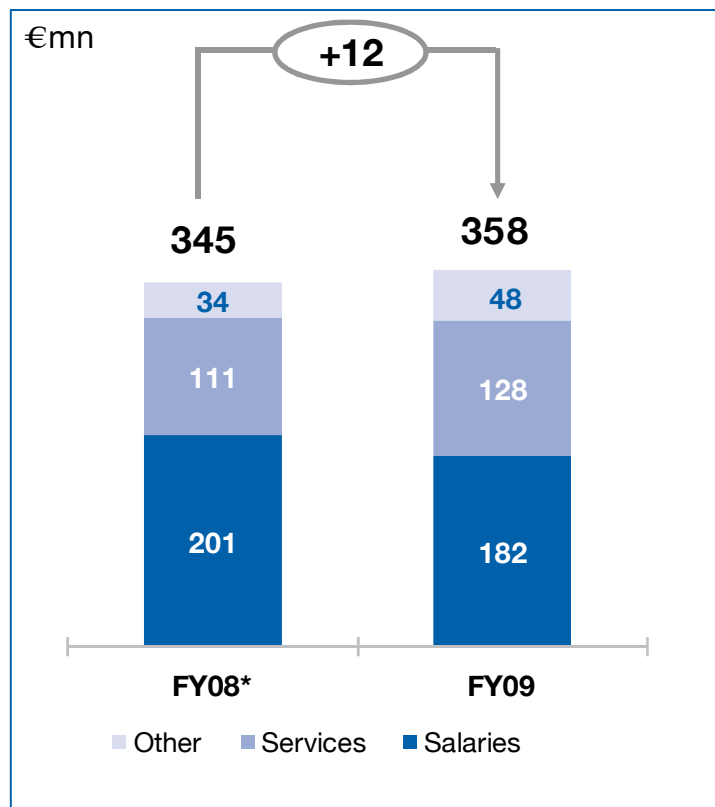
(\*) Net of Brazilian operations



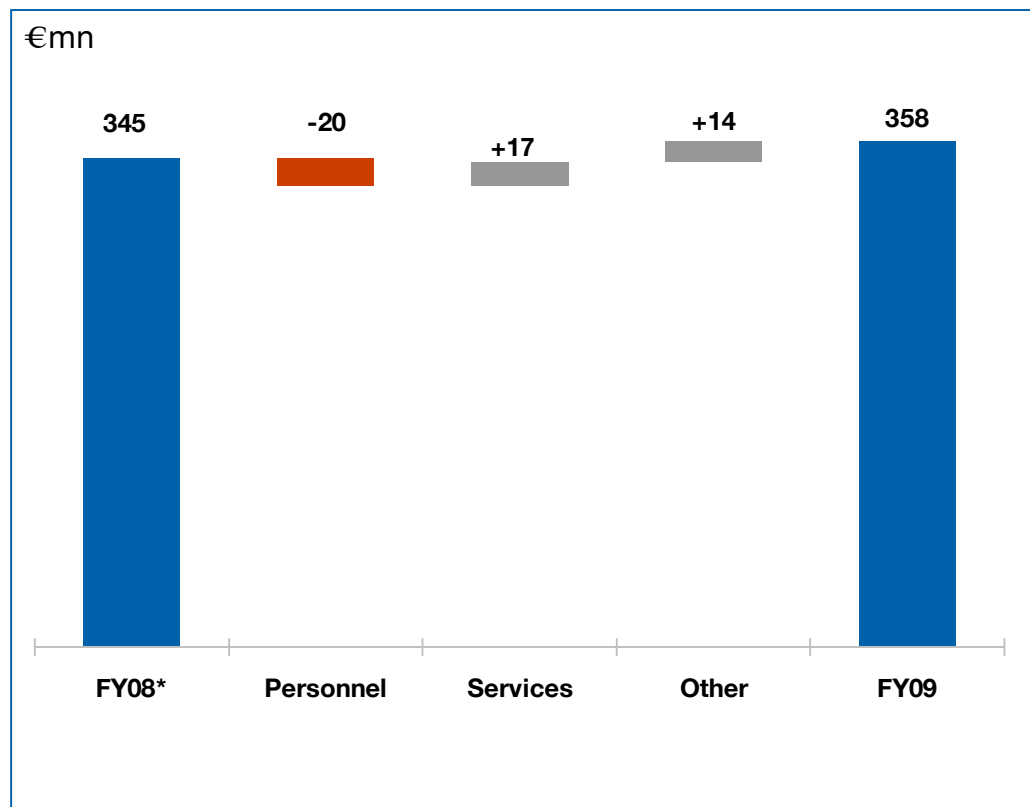
# FY09 Results

## Consolidated Costs

### Costs by Nature<sup>1</sup>



### Costs Breakdown



(\*) Net of Brazilian operations  
 (1) Net of capitalized costs



# FY09 Results

## From EBITDA to Net Income

€mn	Consolidated		Change	
	FY08*	FY09	mn	Δ%
<b>EBITDA</b>	<b>850</b>	<b>1,003</b>	<b>153</b>	<b>18.0%</b>
<i>EBITDA Margin (%)</i>	<i>71.1%</i>	<i>73.7%</i>		
D&A	254	309	55	21.8%
<b>EBIT</b>	<b>597</b>	<b>694</b>	<b>98</b>	<b>16.3%</b>
Financial Charges	122	148	27	21.8%
Taxes	175	192	18	10.0%
<i>Tax rate (%)</i>	<i>36.8%</i>	<i>35.2%</i>		
<b>Net Income Continuing Operations</b>	<b>301</b>	<b>354</b>	<b>54</b>	<b>17.8%</b>
Net Income Discontinued Operations	41	417	376	919.6%
<b>Total Net Income</b>	<b>341</b>	<b>771</b>	<b>430</b>	<b>125.8%</b>
of which:				
Minority Interest	14	0	-14	0.0%
<b>Group Net Income</b>	<b>328</b>	<b>771</b>	<b>444</b>	<b>135.4%</b>

(\*) Net of Brazilian operations



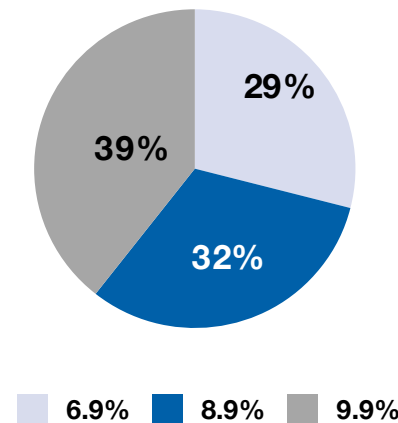
# FY09 Results

## Capex Breakdown

- SAPEI first cable operational
- 300 construction sites already open

€mn	Consolidated		Change	
	FY08 *	FY09	mn	%
Incentivized remuneration	561	624	63	11%
Ordinary remuneration	182	232	50	27%
- Maintenance	97	103	6	6%
- Other	85	129	44	52%
TELAT	-	22	22	
<b>CAPEX REGULATED ACTIVITIES</b>	<b>743</b>	<b>878</b>	<b>135</b>	<b>18%</b>
Capex not included in RAB	22	23	1	3%
- of which SunTergrid	0	6		
<b>TOTAL CAPEX</b>	<b>765</b>	<b>900</b>	<b>135</b>	<b>18%</b>

### Capex Regulated Activities



(\*) Net of Brazilian operations

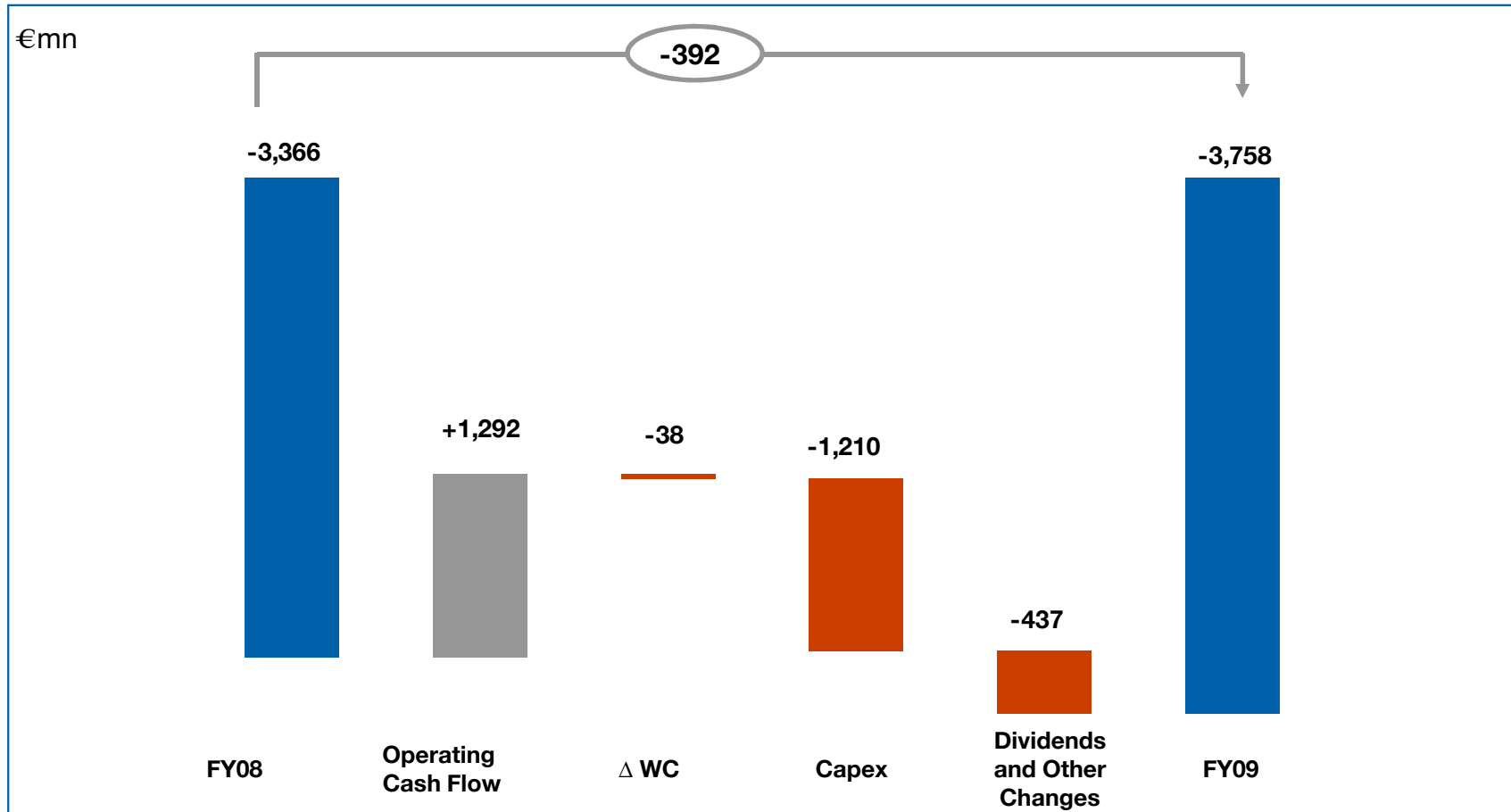




# FY09 Results

## Consolidated Net Debt

### ▪ Net Debt Evolution



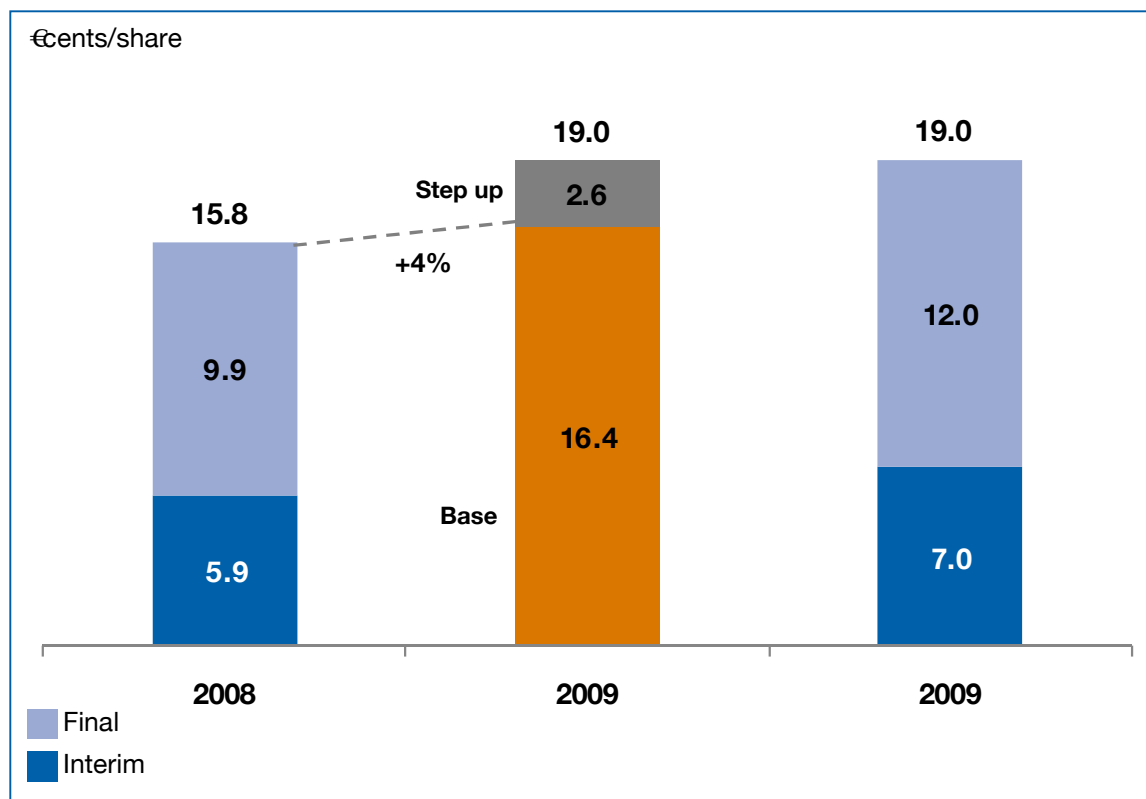


# Closing Remarks

## Dividends

### 2009 Total DPS 19 €cents/share

- **Interim Dividend 7 €cents**  
(already paid in November 09)
- **Final Dividend 12 €cents**  
Ex date 21st June, 2010  
Payment date 24th June, 2010





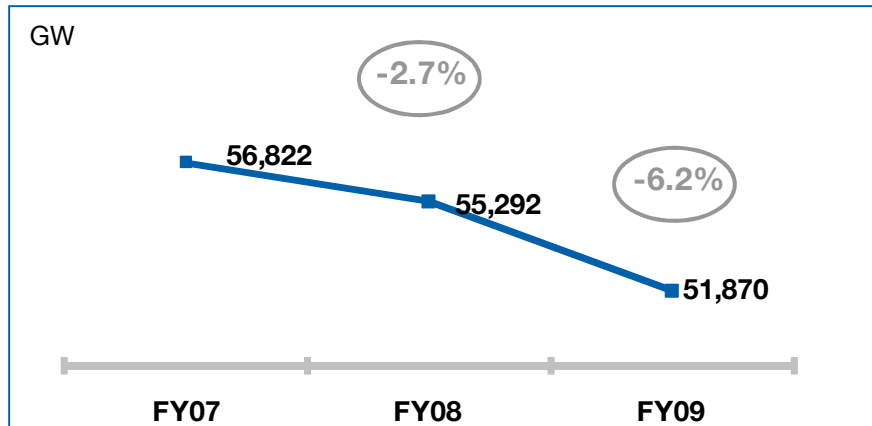
# ANNEXES



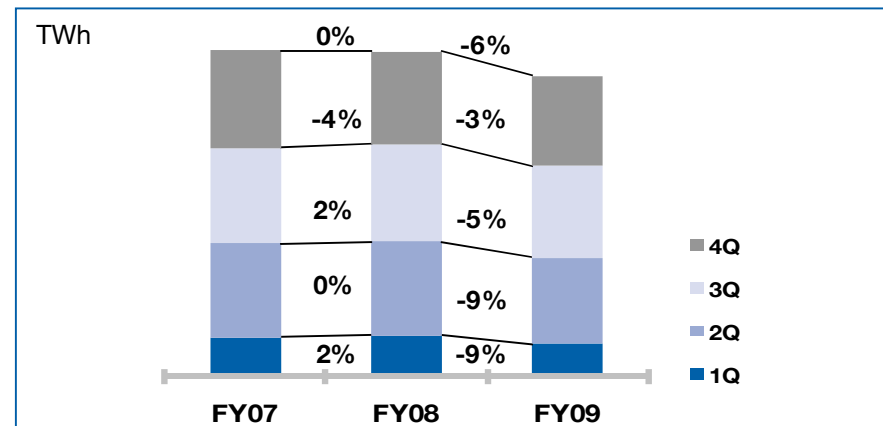
# Italian Electricity Market Evolution

## Energy Demand

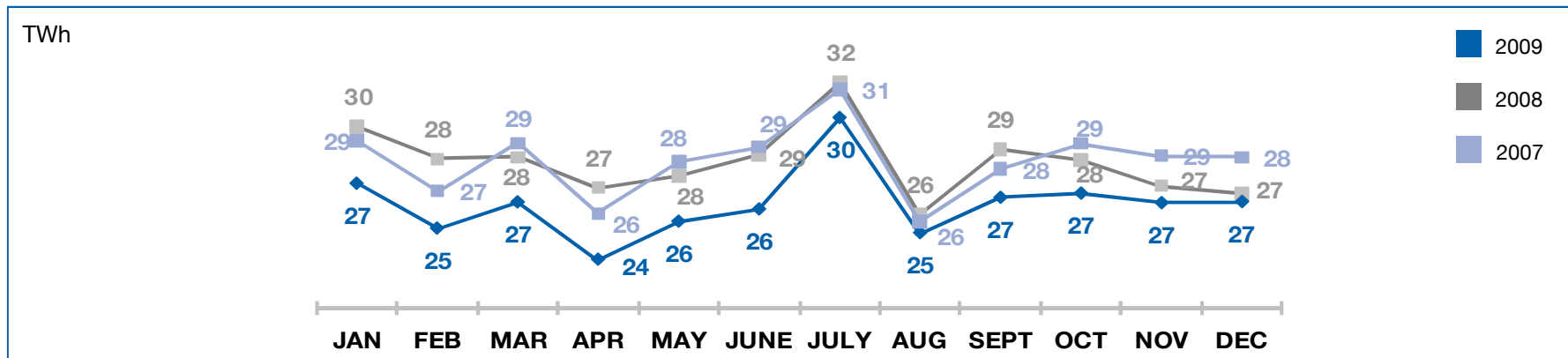
### ▪ Peak Demand in FY09



### ▪ Energy Demand in FY09



### ▪ Monthly Trend



Source: TERNA's monthly reports. 2009 Provisional figures updated as of March 10, 2010



# FY09 Results

## Consolidated Income Statement

€mn	Change FY09 vs FY08*				
	FY08	FY08*	FY09	mn	Δ%
<b>Operating Revenues</b>	<b>1,395</b>	<b>1,196</b>	<b>1,361</b>	<b>165</b>	<b>13.8%</b>
<i>Grid Fee</i>	1,061	1,061	1,186	125	11.8%
<i>Other Energy Items</i>	48	48	92	43	89.0%
<i>Regulated Activities in Brazil</i>	180	0	0	0.0	0.0%
<i>Other Activities</i>	107	87	84	-3	-3.8%
<b>Operating Expenses</b>	<b>401</b>	<b>345</b>	<b>358</b>	<b>12</b>	<b>3.5%</b>
<i>Salaries</i>	211	201	182	-20	-9.7%
<i>Services</i>	131	111	128	17	15.6%
<i>Other</i>	59	34	48	14	43.0%
<b>EBITDA</b>	<b>995</b>	<b>850</b>	<b>1,003</b>	<b>153</b>	<b>18.0%</b>
<i>EBITDA Margin (%)</i>	71.3%	71.1%	73.7%		
<i>D&amp;A</i>	280	254	309	55	21.8%
<b>EBIT</b>	<b>714</b>	<b>597</b>	<b>694</b>	<b>98</b>	<b>16.3%</b>
<i>Financial (Income) Charges</i>	180	122	148	27	21.8%
<i>Taxes</i>	193	175	192	18	10.0%
<i>Tax rate (%)</i>	36.1%	36.8%	35.2%		
<b>Net income continuing operations</b>	<b>341</b>	<b>301</b>	<b>354</b>	<b>54</b>	<b>17.8%</b>
<b>Net income discontinued operations</b>		<b>41</b>	<b>417</b>	<b>376</b>	<b>919.6%</b>
<b>Total Net Income</b>	<b>341</b>	<b>341</b>	<b>771</b>	<b>430</b>	<b>125.8%</b>
<i>Minority Interest</i>	14	14	0	-14	0.0%
<b>Group Net Income</b>	<b>328</b>	<b>328</b>	<b>771</b>	<b>444</b>	<b>135.4%</b>

(\*) Net of Brazilian operations



# FY09 Results

## Consolidated Income Statement – Quarterly Analysis

€mn	Consolidated		Change	Consolidated		Change	Consolidated		Change	Consolidated		Change
	1Q08*	1Q09	mn	2Q08*	2Q09	mn	3Q08*	3Q09	mn	4Q08*	4Q09	mn
<b>Operating Revenues</b>	<b>291</b>	<b>309</b>	<b>19</b>	<b>284</b>	<b>347</b>	<b>63</b>	<b>312</b>	<b>340</b>	<b>28</b>	<b>309</b>	<b>364</b>	<b>55</b>
<i>Grid Fee</i>	265	279	13	254	296	42	285	311	26	257	300	43
<i>Other Energy Items</i>	11	11	0	11	31	20	11	11	0	16	38	23
<i>Regulated Activities in Brazil</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Other Activities</i>	15	20	5	19	21	1	16	18	2	37	26	-11
<b>Operating Expenses</b>	<b>79</b>	<b>80</b>	<b>1</b>	<b>86</b>	<b>70</b>	<b>-16</b>	<b>76</b>	<b>84</b>	<b>8</b>	<b>105</b>	<b>125</b>	<b>20</b>
<b>EBITDA</b>	<b>211</b>	<b>230</b>	<b>18</b>	<b>198</b>	<b>277</b>	<b>79</b>	<b>237</b>	<b>257</b>	<b>20</b>	<b>205</b>	<b>239</b>	<b>35</b>
D&A	59	65	6	62	79	17	63	79	16	69	85	16
<b>EBIT</b>	<b>152</b>	<b>164</b>	<b>12</b>	<b>136</b>	<b>199</b>	<b>62</b>	<b>173</b>	<b>177</b>	<b>4</b>	<b>135</b>	<b>154</b>	<b>19</b>
Financial (Income) Charges	32	40	8	-27	47	74	57	34	-23	60	27	-33
Taxes	45	45	0	55	54	-2	43	52	9	31	42	11
<b>Net Income Continuing Operations</b>	<b>75</b>	<b>79</b>	<b>4</b>	<b>108</b>	<b>99</b>	<b>-10</b>	<b>73</b>	<b>91</b>	<b>18</b>	<b>44</b>	<b>85</b>	<b>41</b>

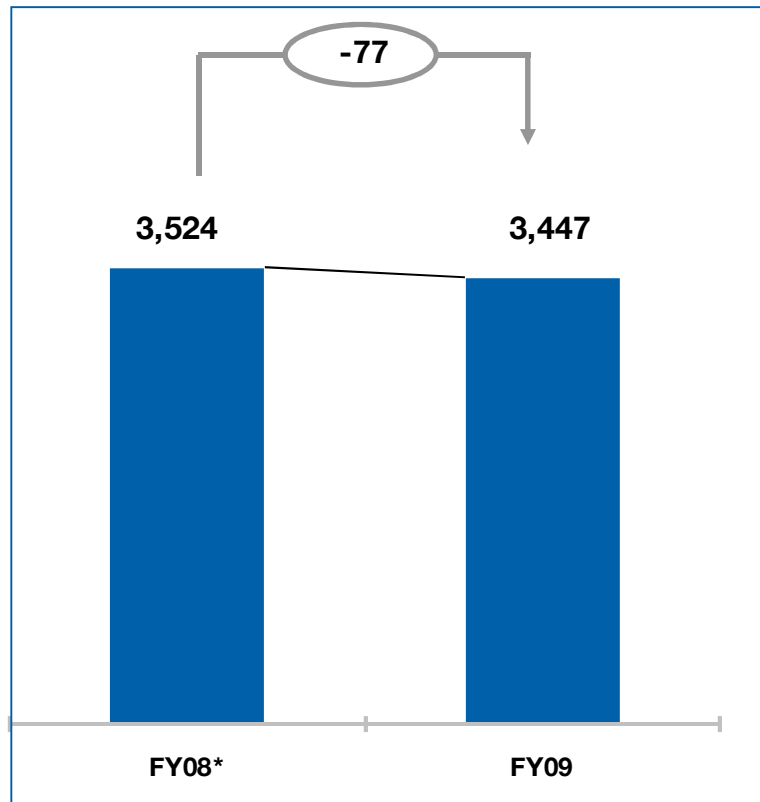
(\*) Net of Brazilian operations



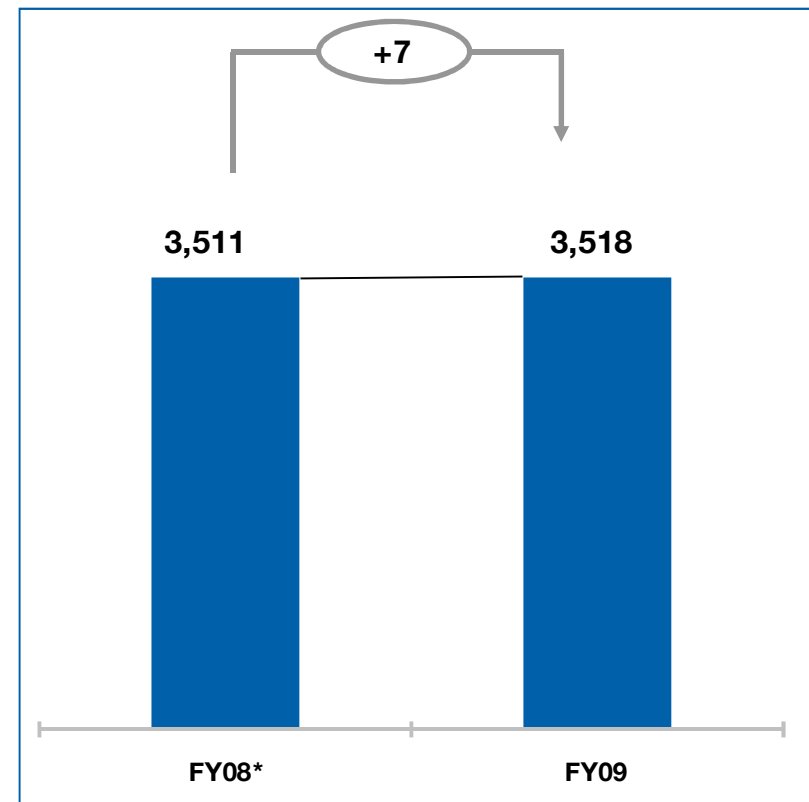
# FY09 Results

## Headcount Evolution

### Final Headcount



### Average Headcount



(\*) Net of Brazilian operations



# FY09 Results

## Consolidated Balance Sheet

€mn	FY08	FY09	Δ%	FY08 Italy	Δ%
<b>Assets</b>					
PP&E	6,036	7,075	17.2%	5,416	30.6%
Intangible Asset, net	483	372	-23.0%	256	45.4%
Financial Inv. and Other	44	21	-51.9%	14	45.8%
<b>Total Fixed Assets</b>	<b>6,563</b>	<b>7,469</b>	<b>13.8%</b>	<b>5,686</b>	<b>31.4%</b>
Net WC	-608	-571	-6.2%	-364	56.9%
Funds	-425	-638	50.2%	-546	16.8%
<b>Total Net Invested Capital</b>	<b>5,530</b>	<b>6,260</b>	<b>13.2%</b>	<b>4,776</b>	<b>31.1%</b>

Financed by:

<b>Net Debt</b>	<b>3,366</b>	<b>3,758</b>	<b>11.7%</b>
<i>of which continuing operations<sup>(a)</sup></i>	2,954	3,758	27.2%
<b>Total Shareholder's Equity</b>	<b>2,164</b>	<b>2,502</b>	<b>15.6%</b>
<i>Terna Group<sup>(b)</sup></i>	2,077	2,502	20.4%
<i>Minorities</i>	87	-	0.0%
<b>D/E ratio<sup>(a/b)</sup></b>	<b>1.42</b>	<b>1.50</b>	





# FY09 Results

## Consolidated Cash Flows

€mn	Consolidated		
	FY08 *	FY09	FY09 Italy
Net Income	341	771	354
Depreciation <sup>(1)</sup>	280	309	309
Net Change in Funds	-39	212	92
<b>Operating Cash Flows</b>	<b>583</b>	<b>1,292</b>	<b>755</b>
Change in WC	-44	-38	207
<b>Cash Flow from Operating Activities</b>	<b>540</b>	<b>1,254</b>	<b>962</b>
Capital Expenditures	-765	-900	-900
Other Fixed Asset Changes	-117	-310	-1,188
<b>Free Cash Flow</b>	<b>-343</b>	<b>44</b>	<b>-1,126</b>
Dividends	-328	-338	-338
Change in Capital	-46	-99	-99
Cash related to Brazilian Assets and Liabilities			758
<b>Change in Net Cash/(Debt)</b>	<b>-716</b>	<b>-392</b>	<b>-805</b>

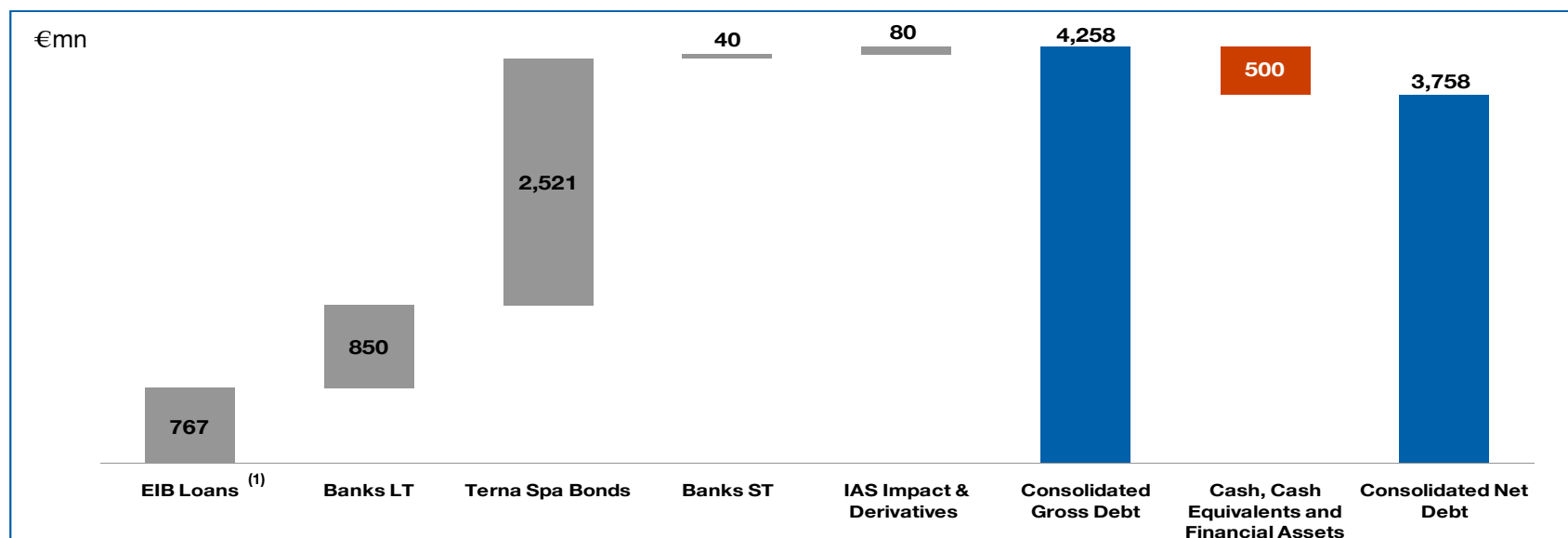
(\*) Net of Brazilian operations

(1) Net of assets' disposal



# FY09 Results

## Consolidated Net Financial Position



Change in Net Financial Position (mn €)	
Net Debt 2008YE	3,366
<i>Δ Fair Value on Bonds and Derivatives</i>	20
<i>Change in Financial Position</i>	372
<i>Δ Exchange Rates + Int. Cap.</i>	-
<b>Net Debt FY09</b>	<b>3,758</b>
<b>Change in Net Debt</b>	<b>392</b>

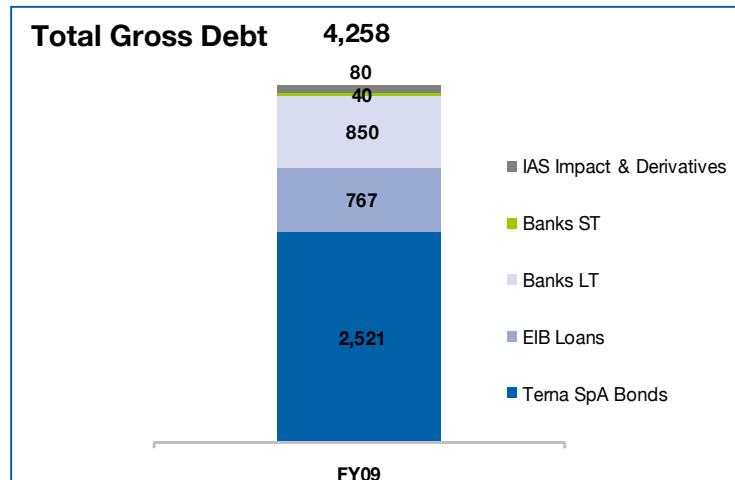
(1) EIB (European Investment Bank) Loans



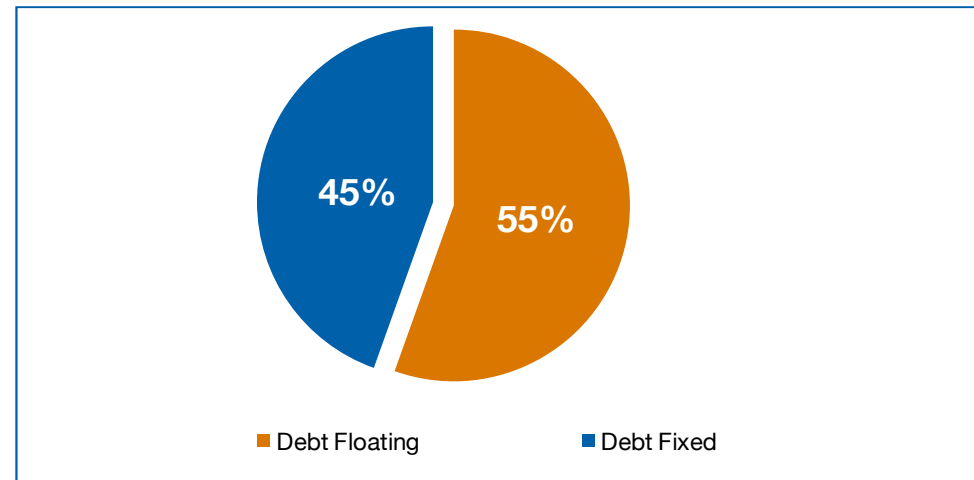
# FY09 Results

## Financial Structure

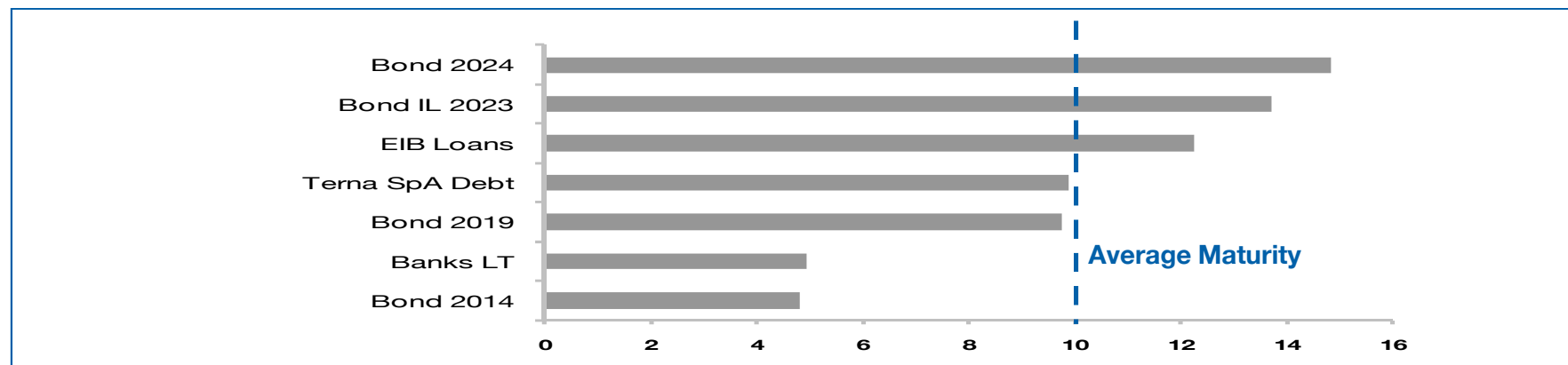
### Gross Debt by Instruments (€mn)



### Fixed/Floating Mix

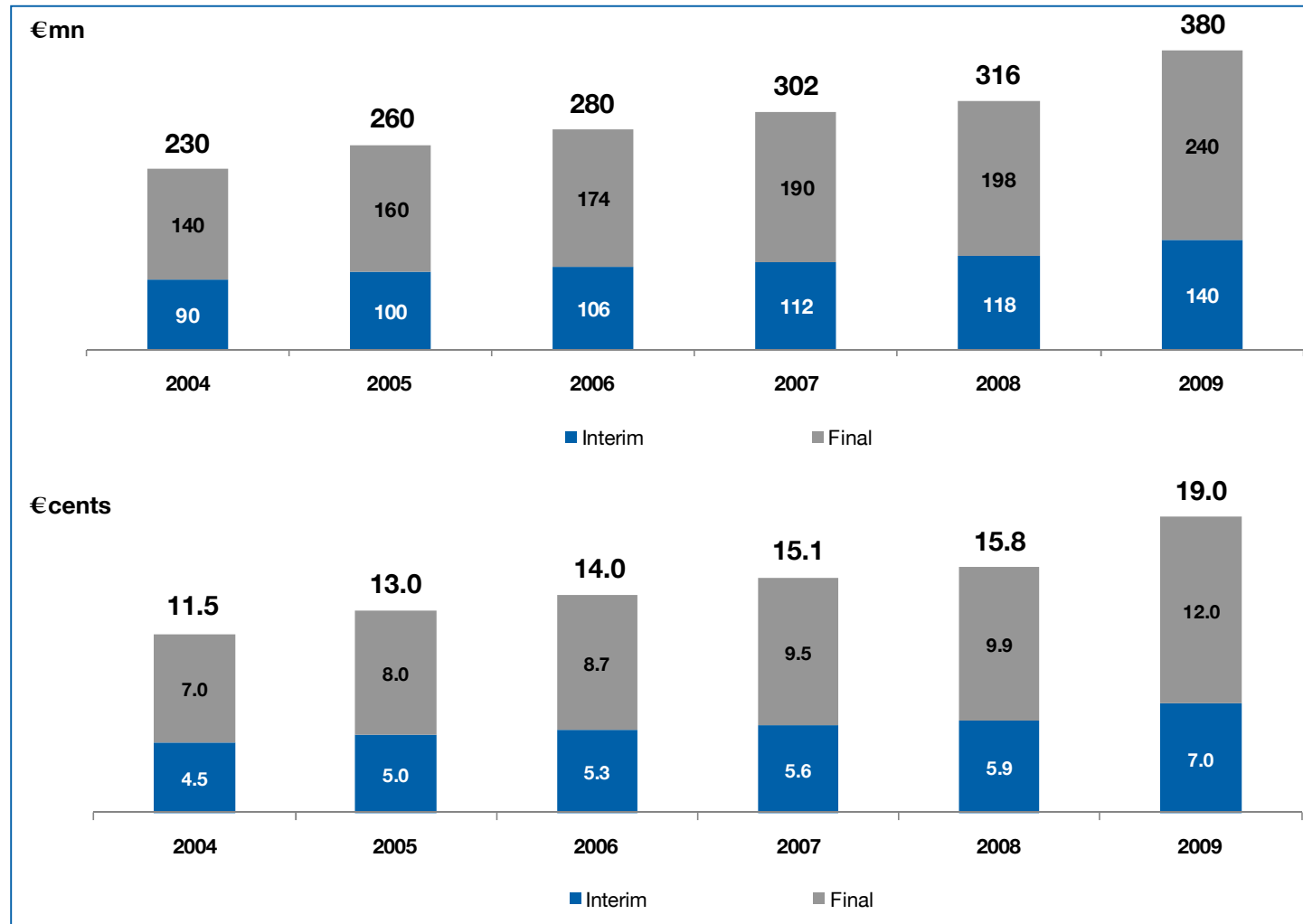


### Debt Maturity





# Dividends Evolution





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