1Q19 *Consolidated Results*

GRIDS AND VALUES
ACCELERATING A SUSTAINABLE GROWTH

May 9th 2019

Agenda

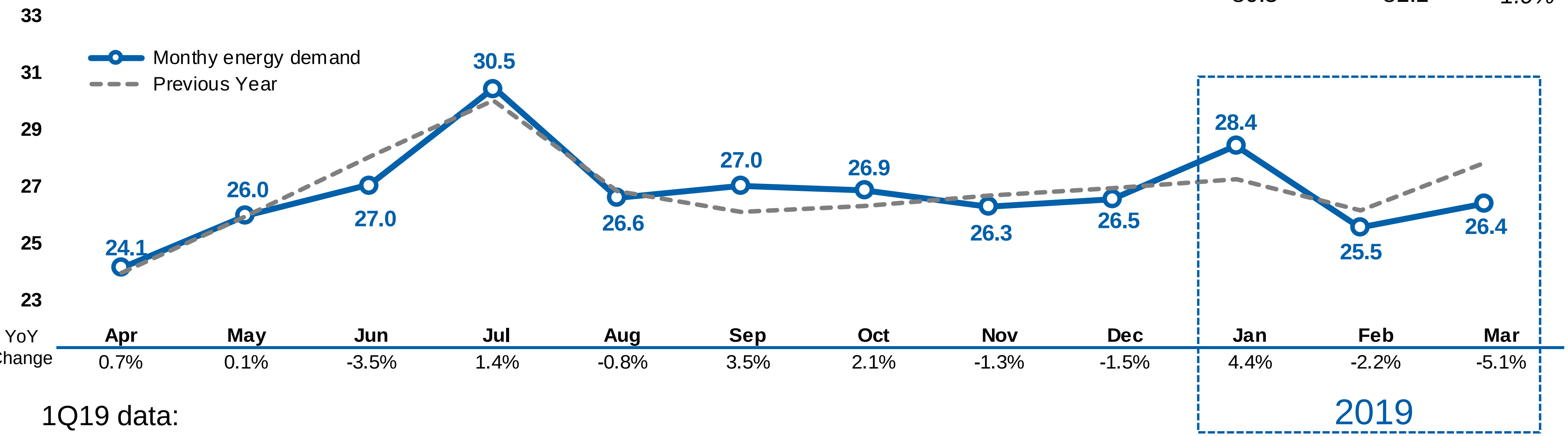
Highlights

Highlights (1/2)

Demand Evolution – Last 12 months

DEMAND AS REPORTED (TWh)

1Q19	1Q18	Δ %
80.3	81.1	*-1.0%*



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
YoY Change	0.7%	0.1%	-3.5%	1.4%	-0.8%	3.5%	2.1%	-1.3%	-1.5%	4.4%	-2.2%	-5.1%

1Q19 data:

- National Demand at 80 TWh, o/w 32% covered by RES vs 30% in 1Q18
- Net Total Production at 71 TWh
  - *PV increased by 36%*
  - *Wind increased by 16%*

Strong growth in PV and wind production

Note: 2017 final figures. 2018 and 2019 preliminary figures

Highlights (2/2)
1Q 2019 Key Numbers

€mn	1Q 2019	1Q 2018	Δ vs 1Q18
Revenues	537	523[1]	+3%
EBITDA	420	409	+3%
Group Net Income[2]	186	183	+2%
Capex	164	142	+16%

	1Q 2019	FY 2018
Net Debt	7,919	7,899

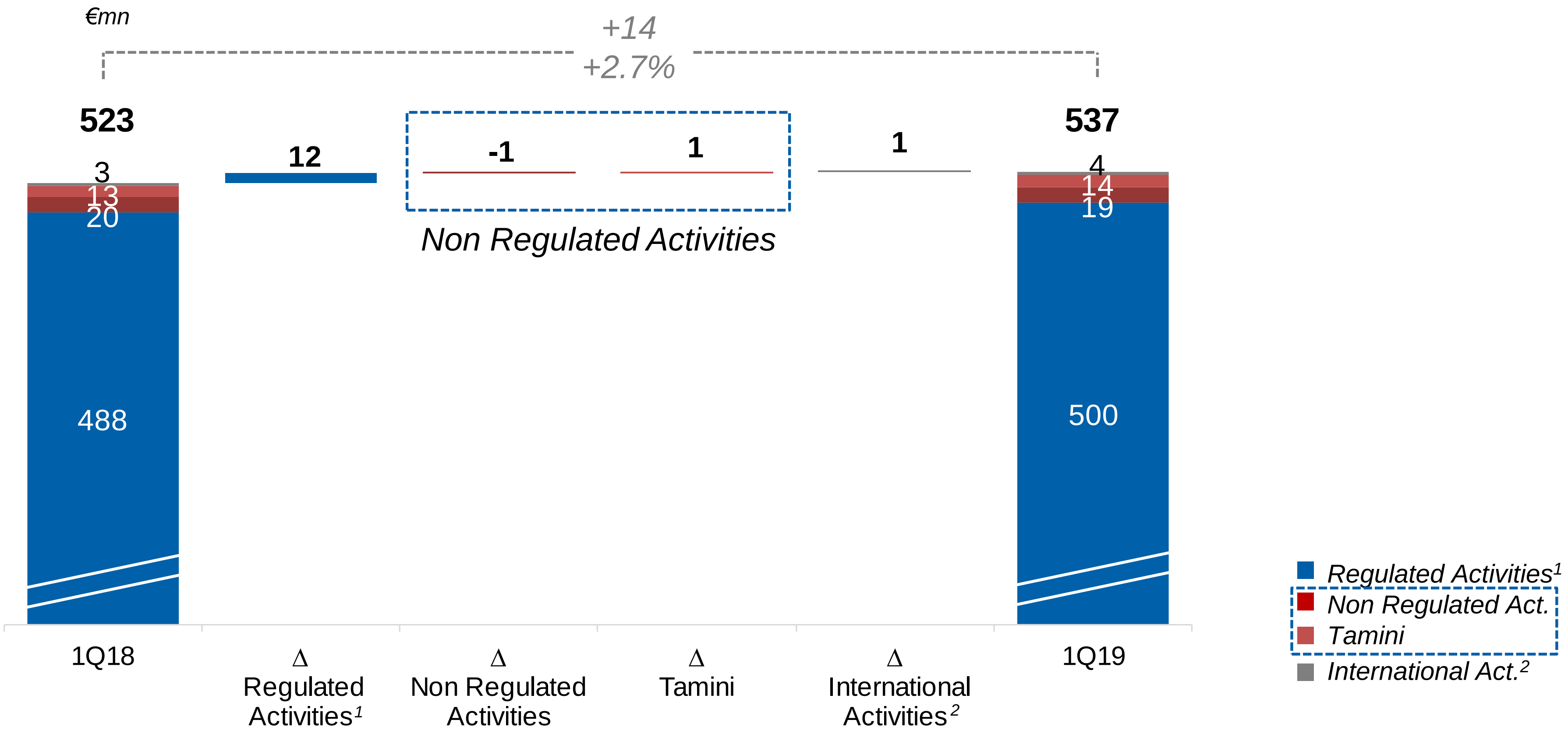
Solid results in all P&L lines

1. 1Q18 revenues reclassified in accordance with new IFRS. No impact at EBITDA level
2. Attributable to Terna

1Q19 Results

1Q 2019 results

Revenues



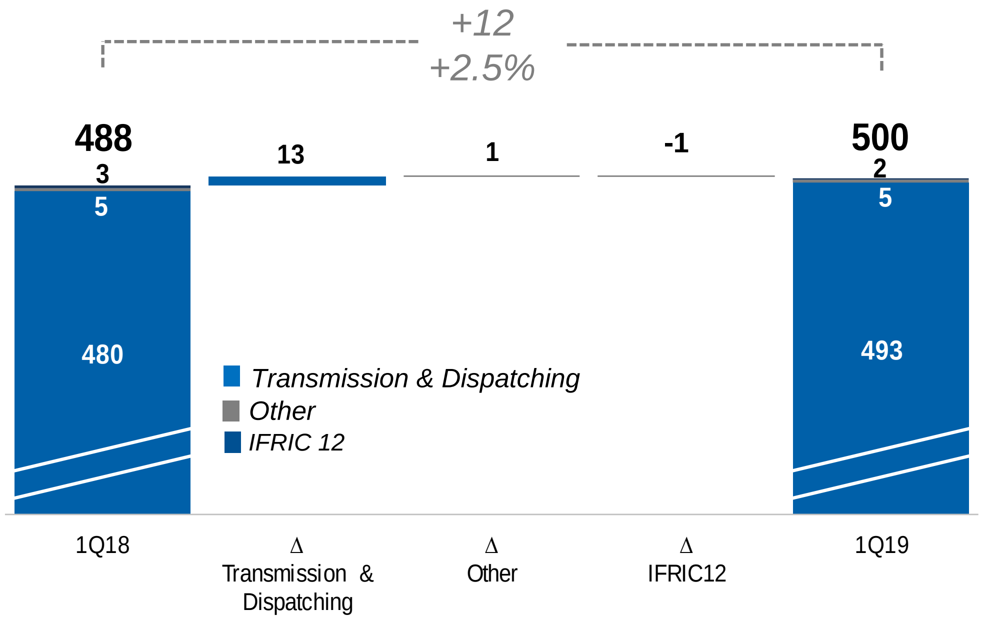
Revenues increase mainly driven by Regulated Activities

Note: figures may not add up due to rounding
1. *Including IFRIC12*
2. *Construction margin, including IFRIC12*

1Q 2019 results
Revenues Analysis

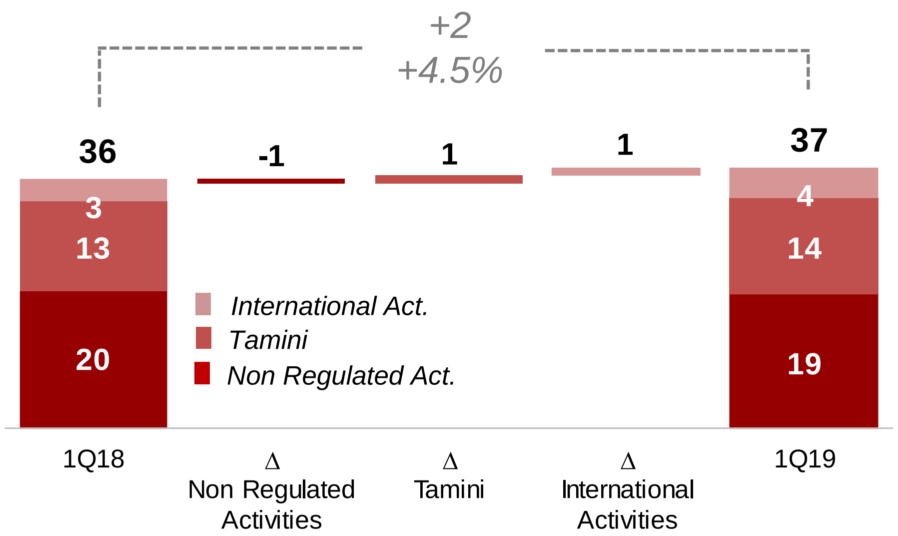
REGULATED ACTIVITIES

€mn



NON REGULATED AND INTERNATIONAL

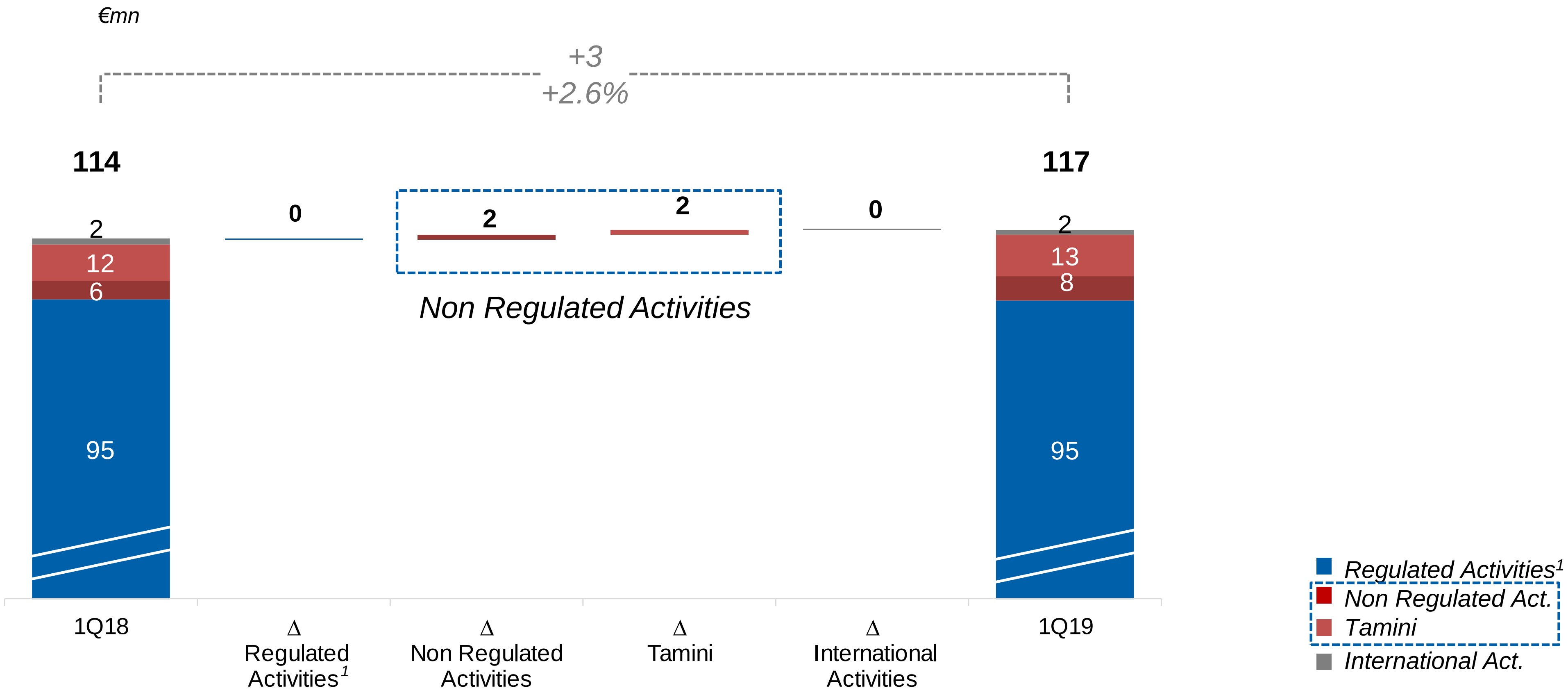
€mn



Higher contribution from Regulated, Tamini and International

1Q 2019 results

Opex



Opex under control

Note: figures may not add up due to rounding

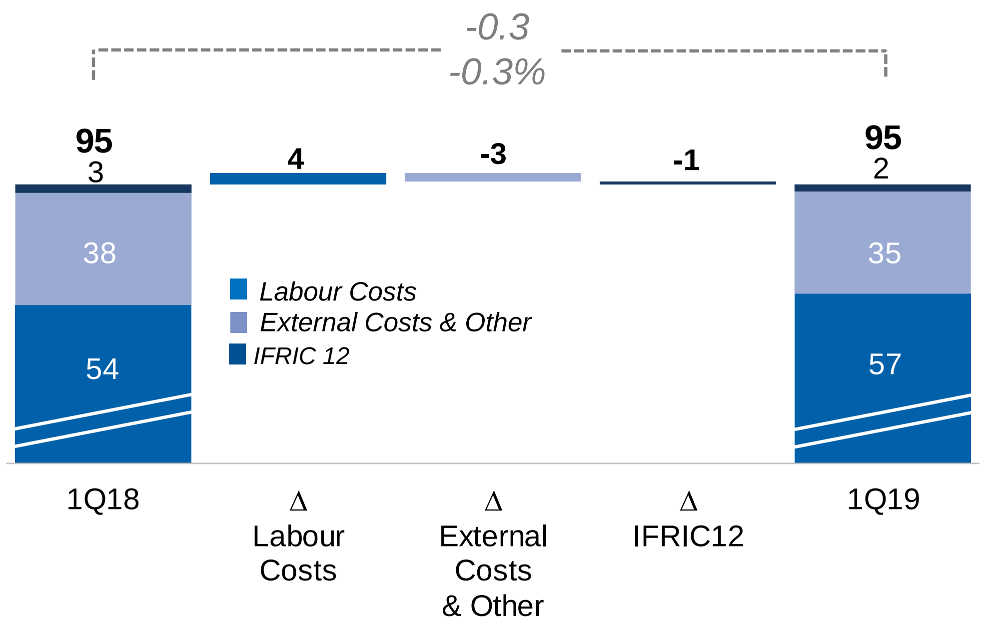
1. *Including IFRIC12*

1Q 2019 results

Opex Analysis

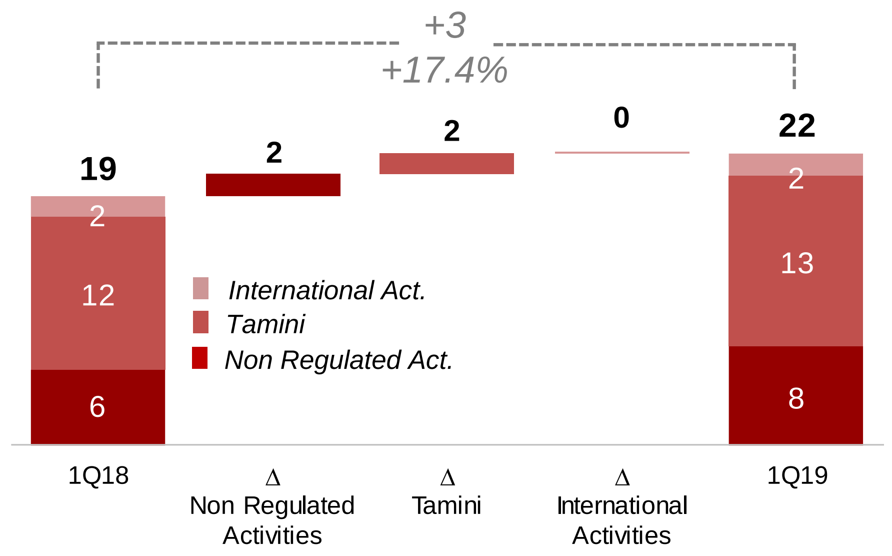
REGULATED ACTIVITIES

€mn



NON REGULATED AND INTERNATIONAL

€mn



Non Regulated Opex driven by higher volumes of activity

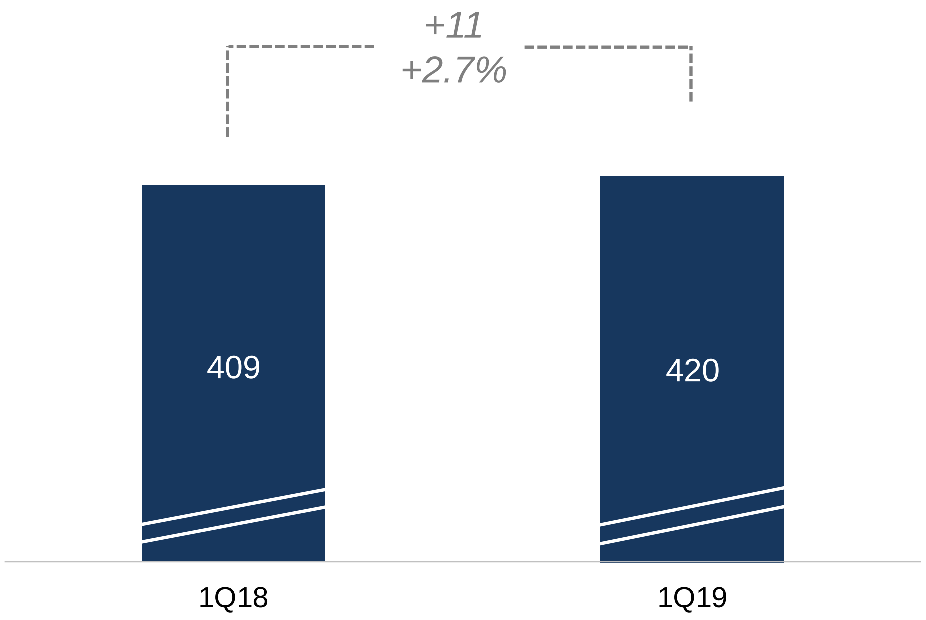
Note: figures may not add up due to rounding

1Q 2019 results

EBITDA

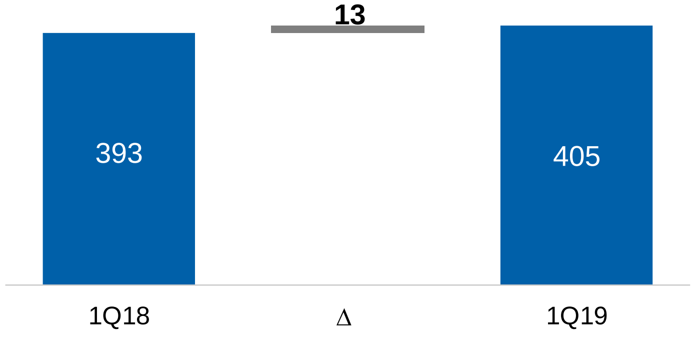
TOTAL EBITDA

€mn



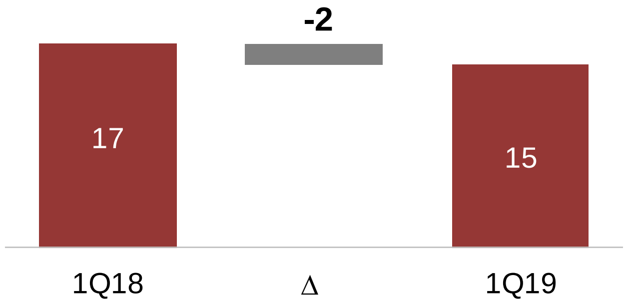
REGULATED ACTIVITIES

€mn



NON REGULATED AND INTERNATIONAL

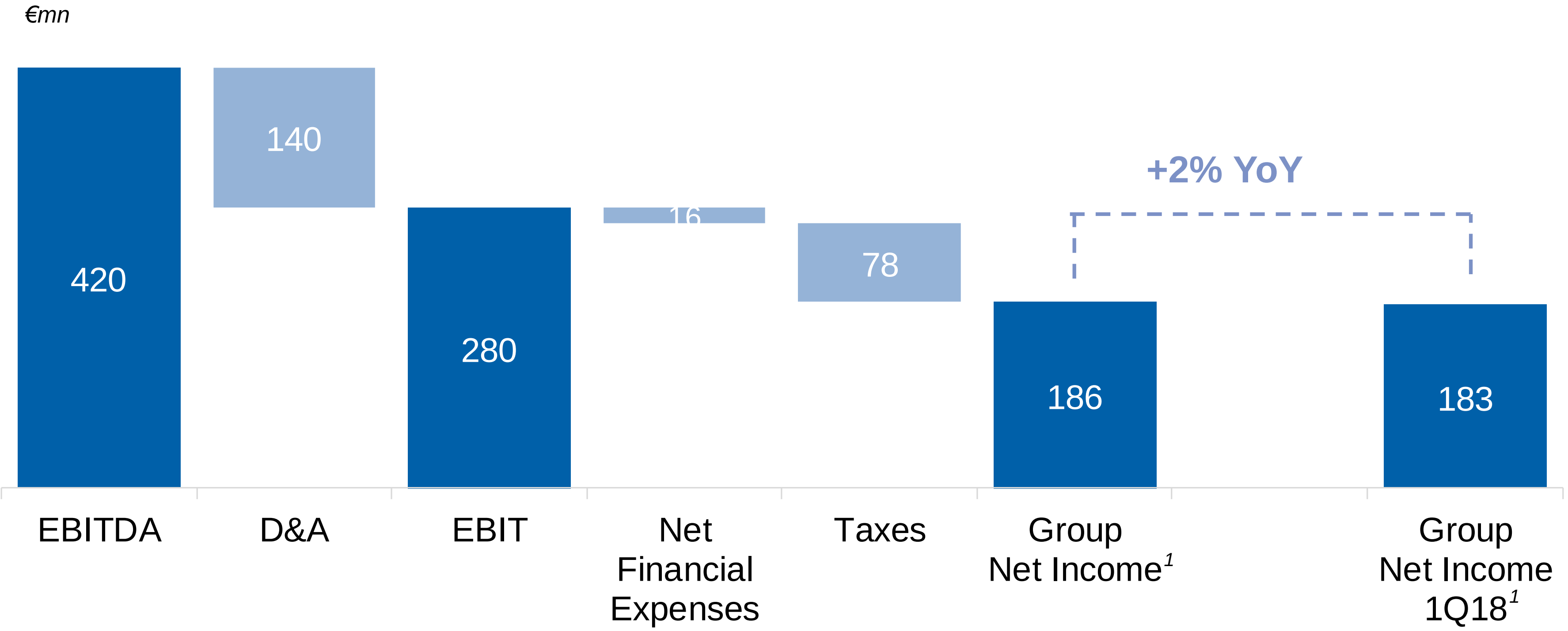
€mn



3% growth at EBITDA level

1Q 2019 results

From EBITDA to Net Income



2% growth at Net Income level

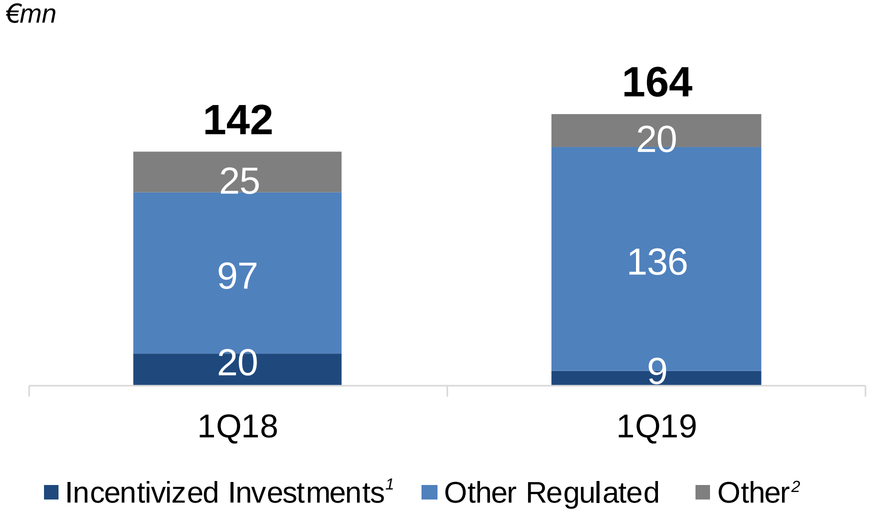
Note: figures may not add up due to rounding

1. Attributable to Terna. Excluding 1 €mn of Minorities in 1Q18.

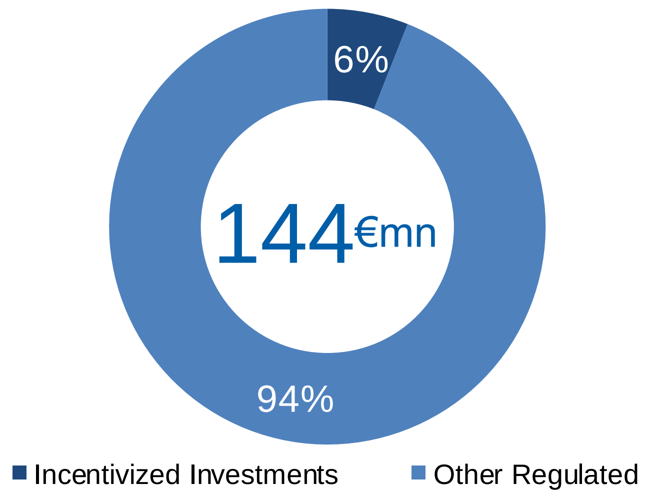
1Q 2019 results

Capex

TOTAL CAPEX



REGULATED CAPEX

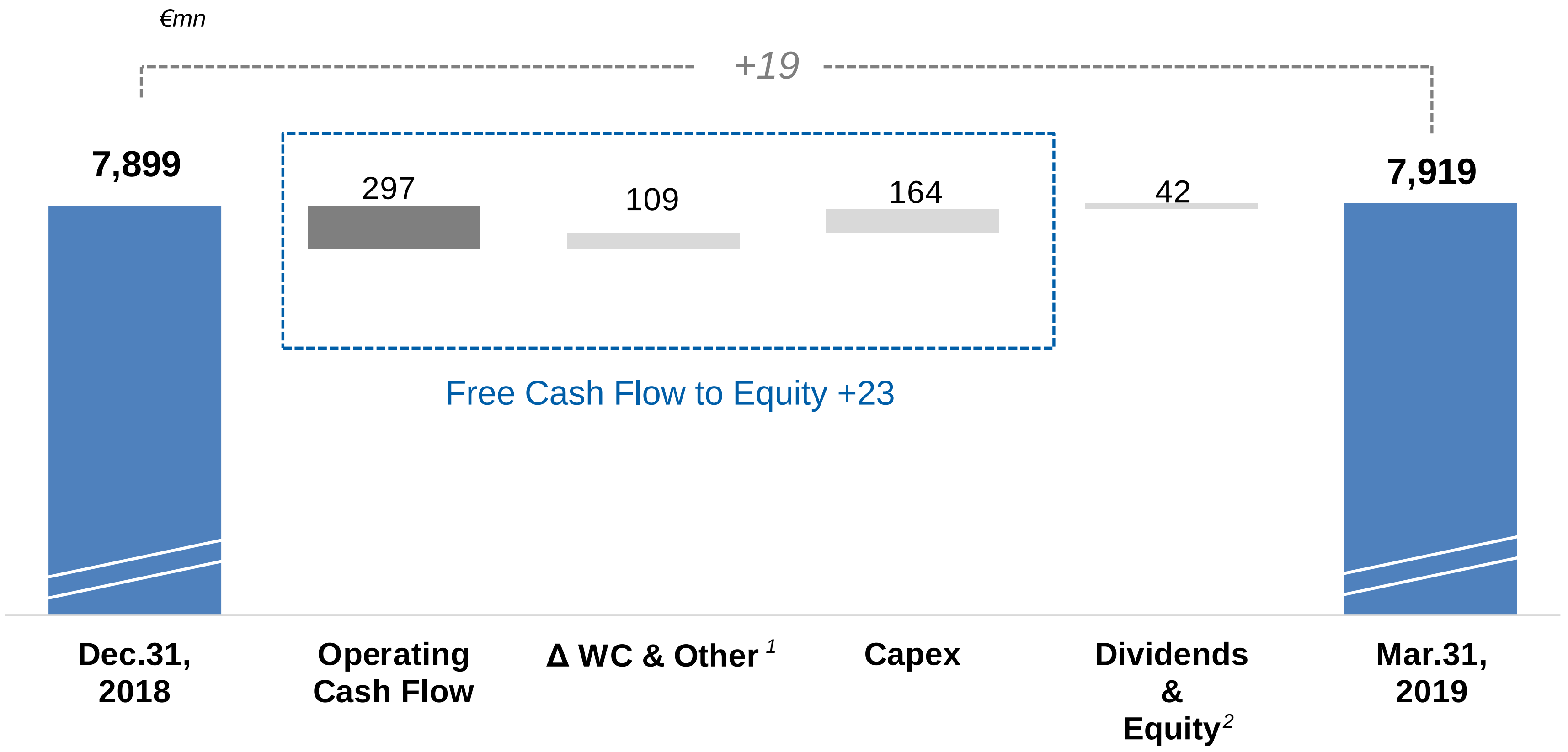


2019 Capex well on track

Note: figures may not add up due to rounding
1. *I-NPR1+O-NPR1 in line with ARERA Resolution n. 579/17*
2. *Of which about 3 €mn of Capitalized Financial Charges*

1Q 2019 results

Cash Flow & Net Debt Evolution



Strong operating cash flow generation

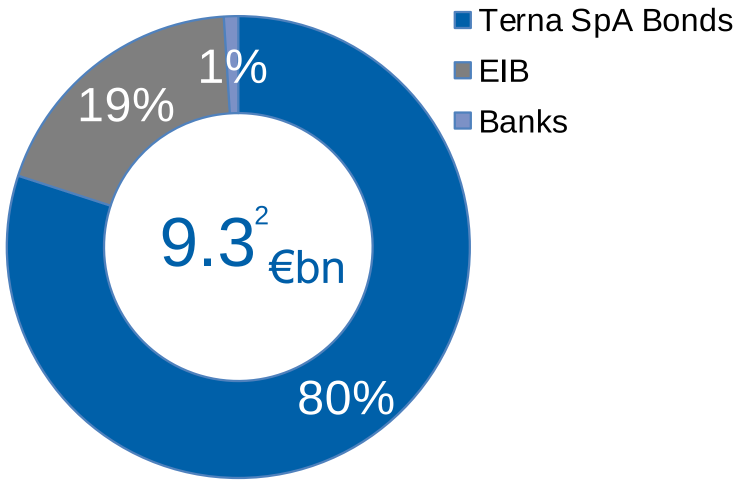
Note: figures may not add up due to rounding

1. *Including Other Fixed Assets Changes*
2. *Including Cash Flow Hedge reserve and other*

1Q 2019 results

Net Debt Evolution & Financial Structure

GROSS DEBT BREAKDOWN[1]



KEY RATIOS[1]

Fixed/Floating Ratio
~100% Fixed
Calculated on Gross Debt

Maturity
5.2 years

Maintaining a solid financial structure

1. *Percentages and key ratios calculated on Gross Debt nominal value*
2. *IAS value*

Annexes

Annex

Consolidated Income Statement[1]

€ mn	1Q19	1Q18[2]	Δmn	Δ%
Total Revenue	**537**	**523**	**14**	**2.7%**
Regulated Activities	*500*	*488*	*12*	*2.5%*
Transmission	*464*	*451*	*13*	*2.9%*
Dispatching	*28*	*29*	*0*	*-1.1%*
Other[3]	*5*	*5*	*1*	*15.2%*
IFRIC12	*2*	*3*	*-1*	*-35.5%*
Non Regulated Activities	*33*	*32*	*1*	*1.5%*
International Activities	*4.2*	*3*	*1*	*35.5%*
Total Costs	**117**	**114**	**3**	**2.6%**
Regulated Activities	*95*	*95*	*0*	*-0.3%*
Labour Costs	*57*	*54*	*4*	*7.3%*
External Costs	*34*	*34*	*0*	*-1.2%*
Other[3]	*1*	*4*	*-3*	*-65.9%*
IFRIC12	*2*	*3*	*-1*	*-35.5%*
Non Regulated Activities	*21*	*17*	*3*	*18.4%*
International Activities	*2*	*2*	*0*	*6.2%*
EBITDA	**420**	**409**	**11**	**2.7%**
D&A	*140*	*133*	*8*	*6.0%*
EBIT	**280**	**277**	**3**	**1.1%**
Net Financial Charges	*16*	*25*	*-9*	*-35.4%*
Pre Tax Profit	**264**	**252**	**12**	**4.6%**
Taxes	*78*	*69*	*9*	*13.7%*
Tax Rate (%)	*29.5%*	*27.2%*	*+2.4 pp*	
Total Net Income	**186**	**184**	**2**	**1.3%**
Minority Interest	*0*	*1*	*-1*	*-100.0%*
Group Net Income	**186**	**183**	**3**	**1.8%**

1. *Managerial Accounting*
2. *1Q18 reclassified in accordance with new IFRS. No impact at EBITDA level*
3. *Including Quality of Service*

Annex

2017 Restated P&L Quarterly Figures[1]

€ mn	1Q17	2Q17	3Q17	4Q17	FY17
Total Revenue	**524**	**522**	**525**	**592**	**2,163**
Regulated Activities	*490*	*477*	*490*	*510*	*1,967*
Transmission	*451*	*444*	*453*	*457*	*1,804*
Dispatching	*29*	*27*	*29*	*27*	*112*
Other [2]	*8*	*4*	*4*	*15*	*31*
IFRIC12	*2*	*3*	*4*	*11*	*21*
Non Regulated Act.	*34*	*44*	*34*	*77*	*189*
International Activities[3]	*0*	*0*	*1*	*5*	*6*
Total Costs	**121**	**130**	**113**	**196**	**559**
Regulated Activities	*93*	*97*	*82*	*154*	*426*
Labour Costs	*53*	*54*	*46*	*65*	*218*
External Costs	*31*	*35*	*30*	*59*	*155*
Other [2]	*7*	*5*	*1*	*19*	*32*
IFRIC12	*2*	*3*	*4*	*11*	*21*
Non Regulated Act.	*27*	*32*	*29*	*39*	*127*
International Activities	*1*	*1*	*2*	*3*	*7*
EBITDA	**403**	**392**	**412**	**397**	**1,604**
D&A	*130*	*131*	*129*	*137*	*527*
EBIT	**273**	**261**	**283**	**260**	**1,077**
Net Financial Charges	*21*	*19*	*29*	*21*	*89*
Pre Tax Profit	**252**	**242**	**254**	**240**	**988**
Taxes	*74*	*70*	*78*	*72*	*294*
Tax Rate (%)	*29.2%*	*29.0%*	*30.6%*	*30.2%*	*29.8%*
Total Net Income	**179**	**172**	**177**	**167**	**694**
Minority Interest	-1	0	-1	8	6
Group Net Income	**179**	**172**	**178**	**159**	**688**

1. *Unaudited Managerial Accounting*
2. *Including Quality of Service*
3. *Construction margin, including IFRIC 12*

Annex

Consolidated Balance Sheet

€ mn	**Mar. 31,2019**	**Dec. 31,2018**	**Δmn**
PP&E	*13,268*	*13,244*	*23*
Intangible Asset	*511*	*519*	*-8*
Financial Inv. and Other	333	320	13
Total Fixed Assets	14,112	14,084	28
Net WC	-1,717	-1,823	106
Funds	-279	-308	29
Net Capital Invested	**12,117**	**11,954**	**163**
Financed by:			
Consolidated Net Debt	7,919	7,899	19
Total Shareholder's Equity	4,198	4,054	144
Total	**12,117**	**11,954**	**163**
D/E Ratio	**1.9**	**1.9**	
D/D+E Ratio	**0.7**	**0.7**	
Number of Shares (mn)	**2,010**	**2,010**	

Annex

Consolidated Cash Flow

€ mn	**1Q19**
Total Net Income	*186*
D&A[1]	*140*
Net Change in Funds	*-29*
Operating Cash Flow	**297**
Δ Working Capital & Other[2]	*-109*
Cash Flow from Operating Activities	**187**
Capital Expenditures	*-164*
Free Cash Flow to Equity	**23**
Dividends & Equity[3]	*-42*
Change in Net Cash (Debt)	***-19***

1. *Net of assets' disposal*
2. *Including Other Fixed Assets Changes*
3. *Including Cash Flow Hedge accruals and other*

Annex

Capex

€ mn	**1Q18**	**1Q19**	**Δ mn**	**Δ%**
Incentivized Investment[1]	*20*	*9*	*-11*	*-54%*
Other Reguleted	*97*	*136*	*38*	*39%*
Regulated Capex	**117**	**144**	**28**	**24%**
Other[2]	*25*	*20*	*-5*	*-19%*
Total Group Capex	**142**	**164**	***23***	***16%***

1. *I-NPR1+O-NPR1 in line with ARERA Resolution n. 579/17*
2. *Of which about 3 €mn of Capitalized Financial Charges*

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