1H2020 *Consolidated Results*

July 29th 2020

Agenda

Highlights

Highlights (1/3)

Main achievements of the period

DOMESTIC REGULATED ACTIVITIES

Well on track on construction activities and authorization procedures

NON REGULATED ACTIVITIES

Brugg Cables consolidation

INTERNATIONAL ACTIVITIES

Brazil and Uruguay projects in operation ongoing as expected

SHAREHOLDERS REMUNERATION

16.53 €cents/share paid in June as final 2019 dividend

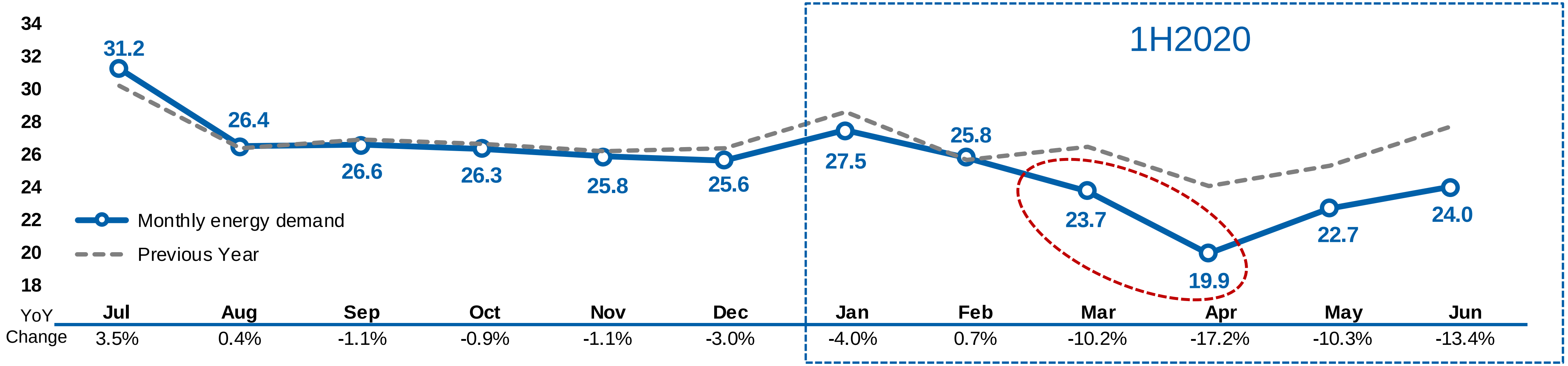
Focus on execution

Highlights (2/3)

Demand Evolution – Last 12 months

DEMAND AS REPORTED (TWh)

1H20	1H19	Δ %
143.5	157.6	-8.9%



1H2020 data:

- National Demand at 144 TWh, o/w 40.5% covered by RES
- Net Total Production at 131 TWh

Ensuring security of supply even in a challenging scenario

Note: 2018 final figures, 2019 and 2020 preliminary figures

Highlights (3/3)

1H 2020 Key Numbers

€mn	1H 2020	1H 2019	Δ vs 1H19
Revenues	*1,183*	*1,098*	***+8%***
EBITDA	*876*	*846*	***+4%***
Group Net Income[1]	*378*	*367*	***+3%***
Capex	*428*	*396*	***+8%***

	1H 2020	FY 2019
Net Debt	*8,846*	*8,259*

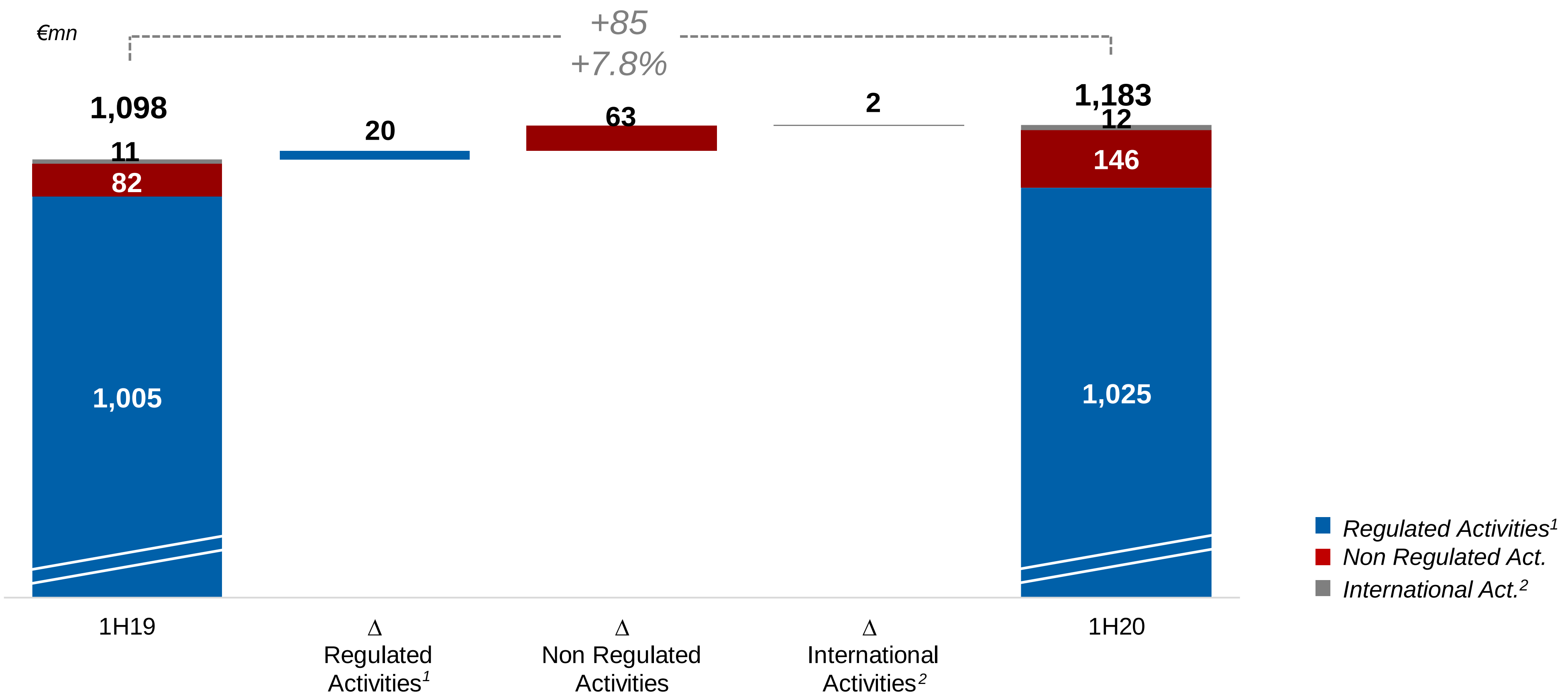
Resilient business model. Well on track to meet all targets

1. Attributable to Terna

1H20 Results

1H 2020 results

Revenues



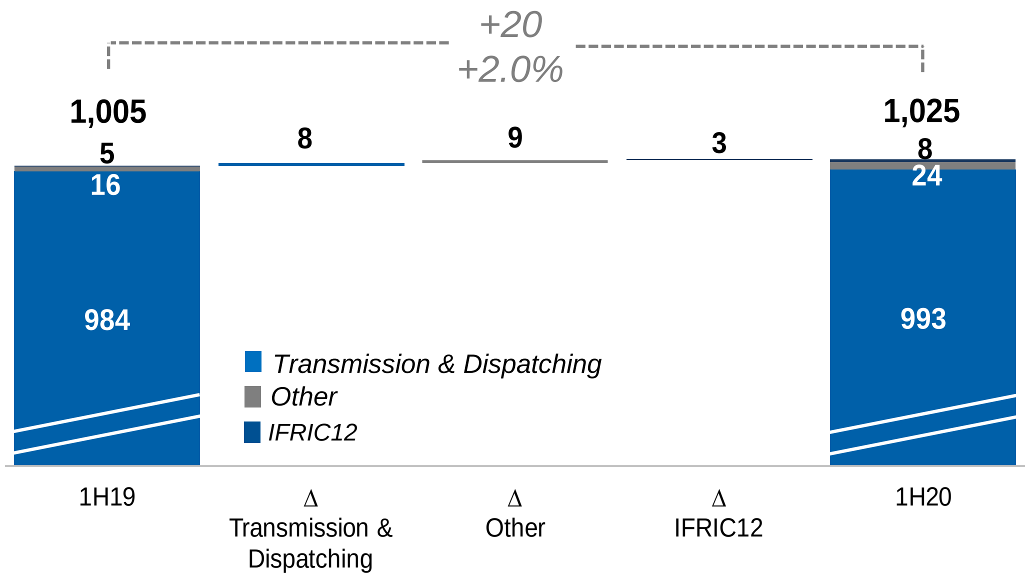
Regulated investments and Brugg consolidation as a growth driver

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

1H 2020 results
Revenues Analysis

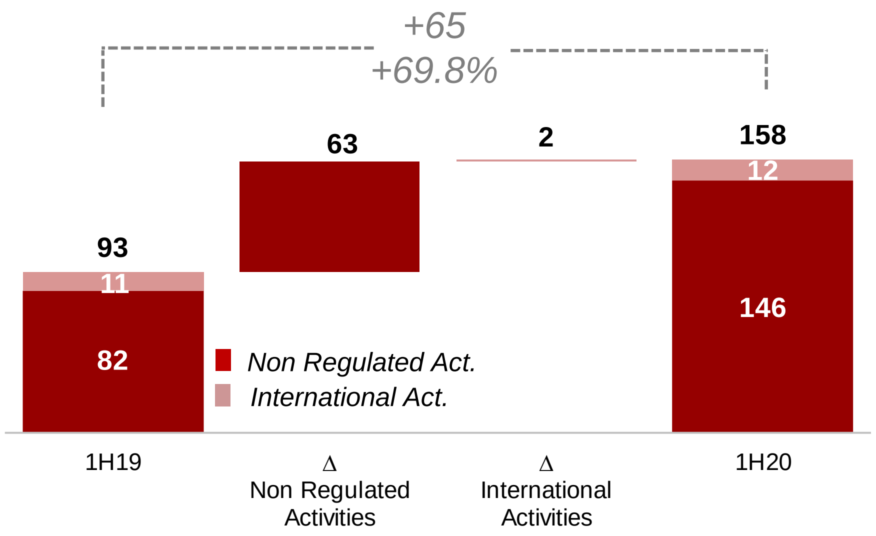
REGULATED

€mn



NON REGULATED AND INTERNATIONAL

€mn

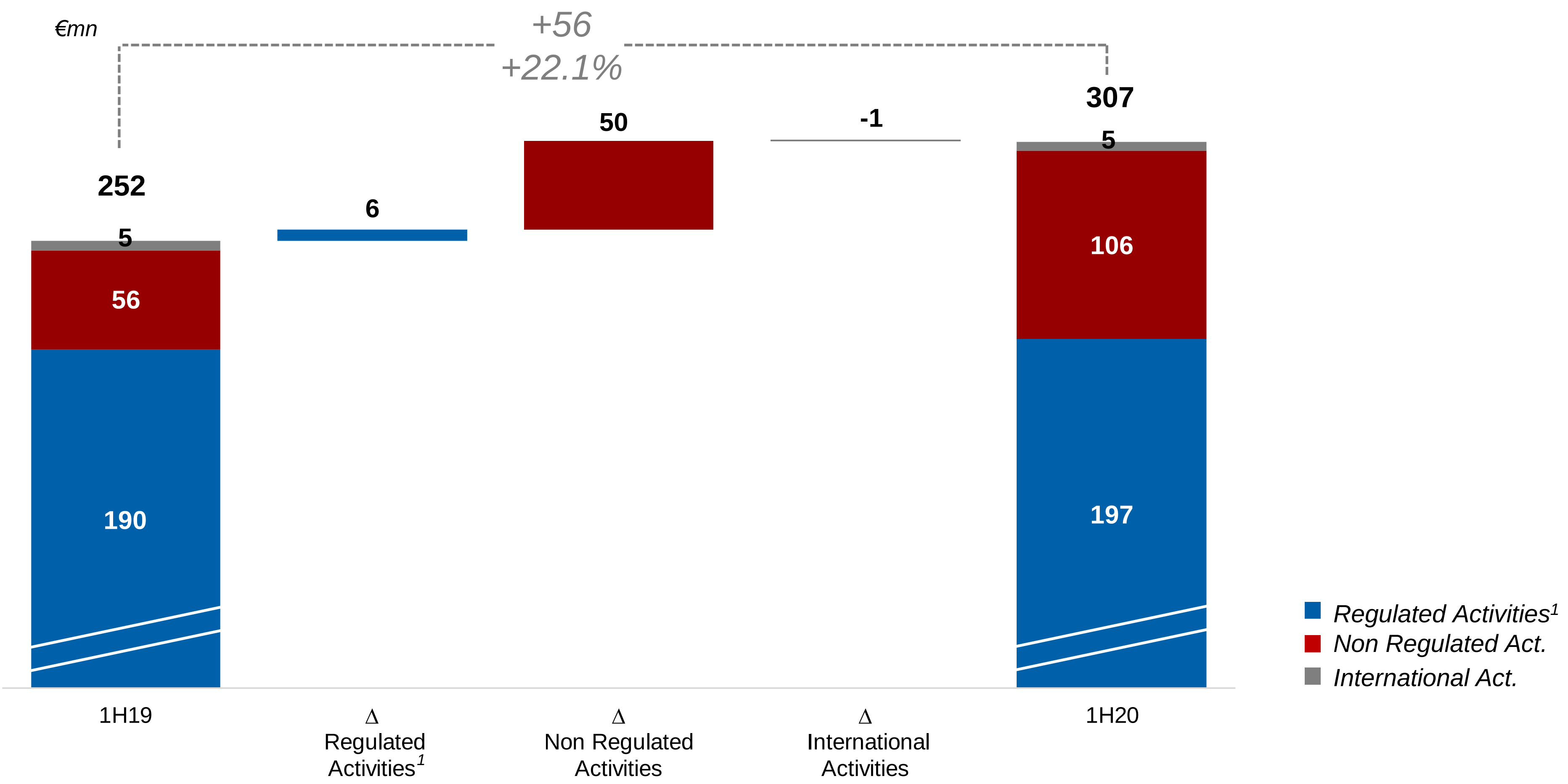


High quality of service ensured

Note: figures may not add up due to rounding

1H 2020 results

Opex



Operating costs evolution reflecting perimeter change

Note: figures may not add up due to rounding

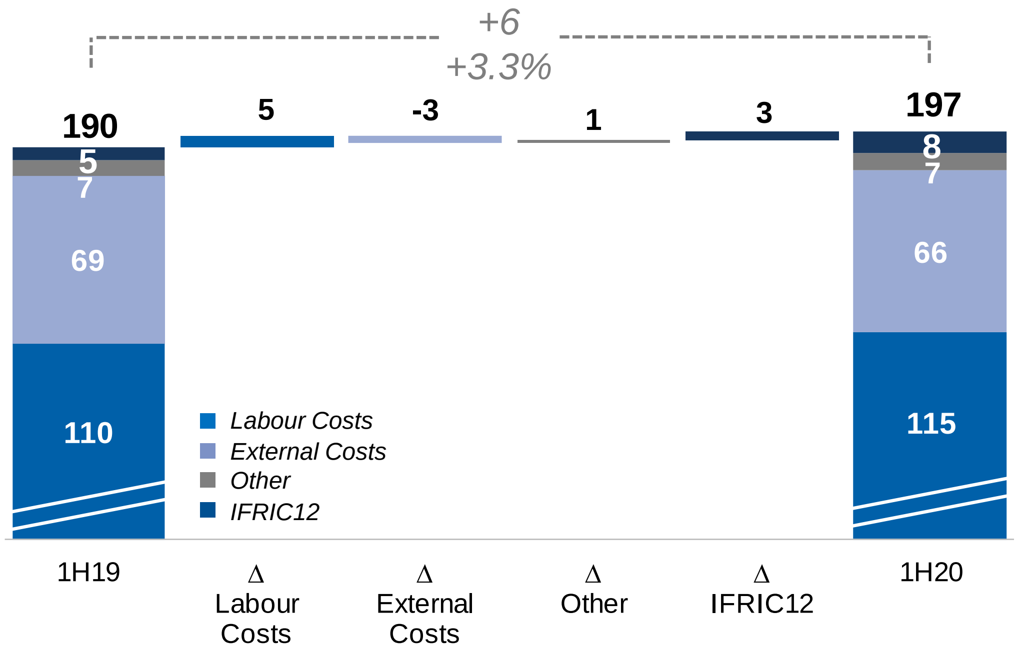
1. *Including IFRIC12*

1H 2020 results

Opex Analysis

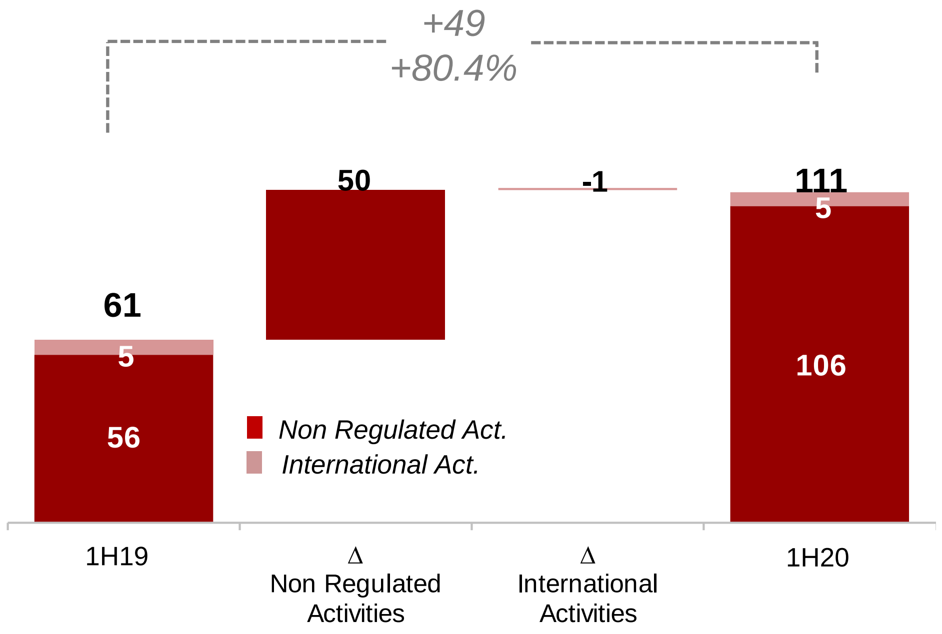
REGULATED

€mn



NON REGULATED AND INTERNATIONAL

€mn

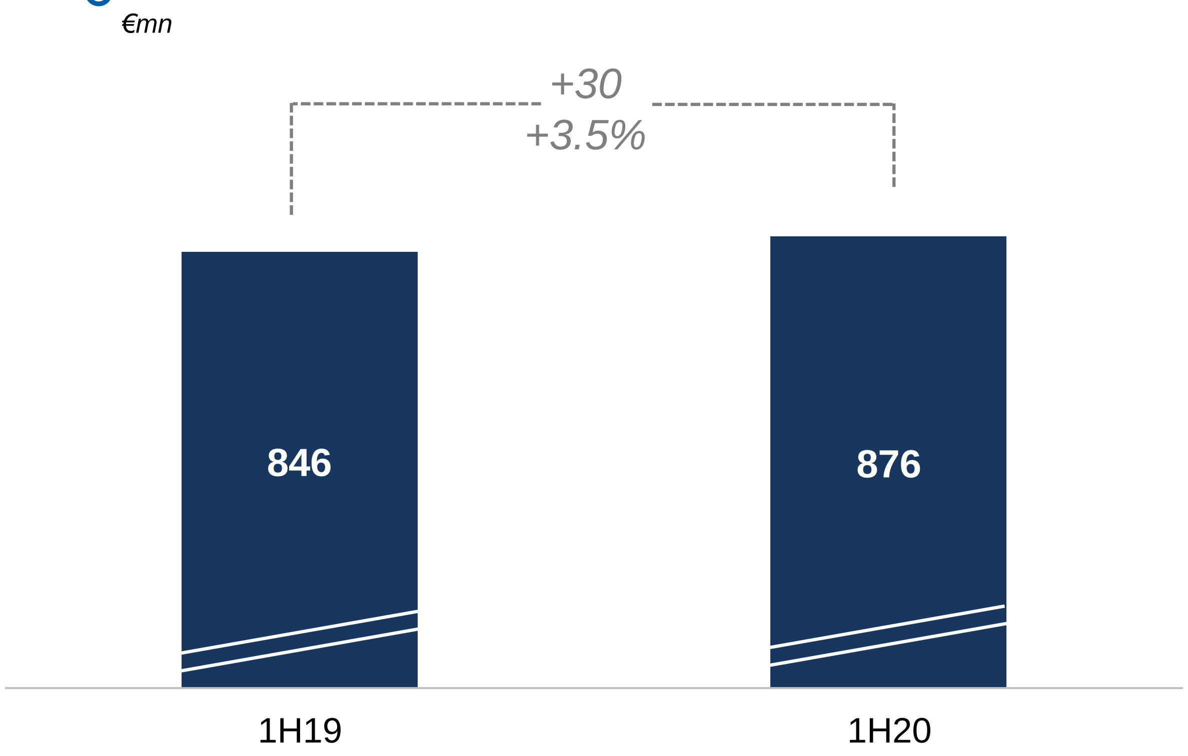


Costs dynamics under control

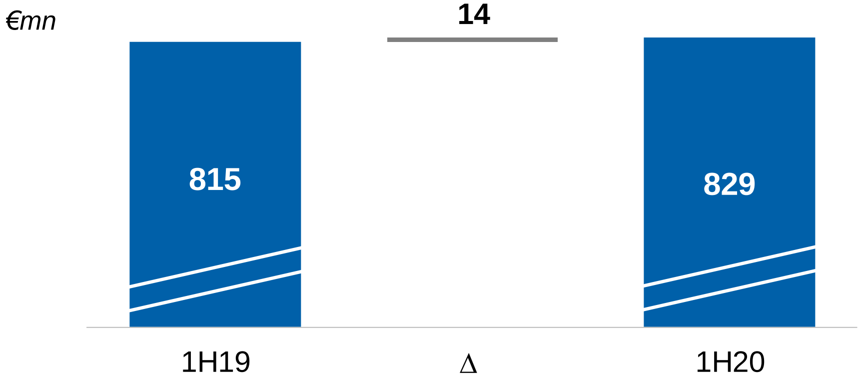
1H 2020 results

EBITDA

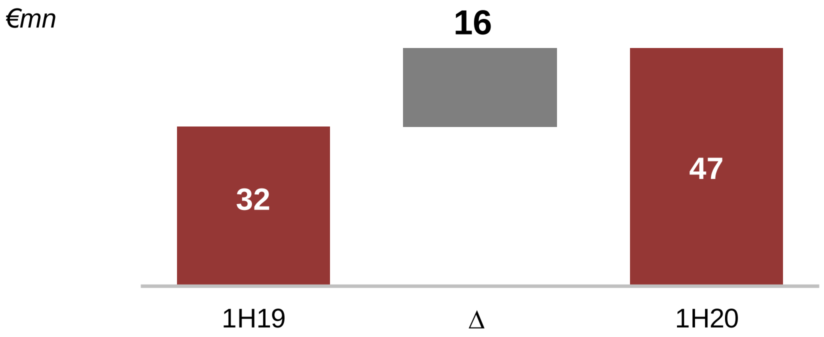
TOTAL EBITDA



REGULATED



NON REGULATED AND INTERNATIONAL

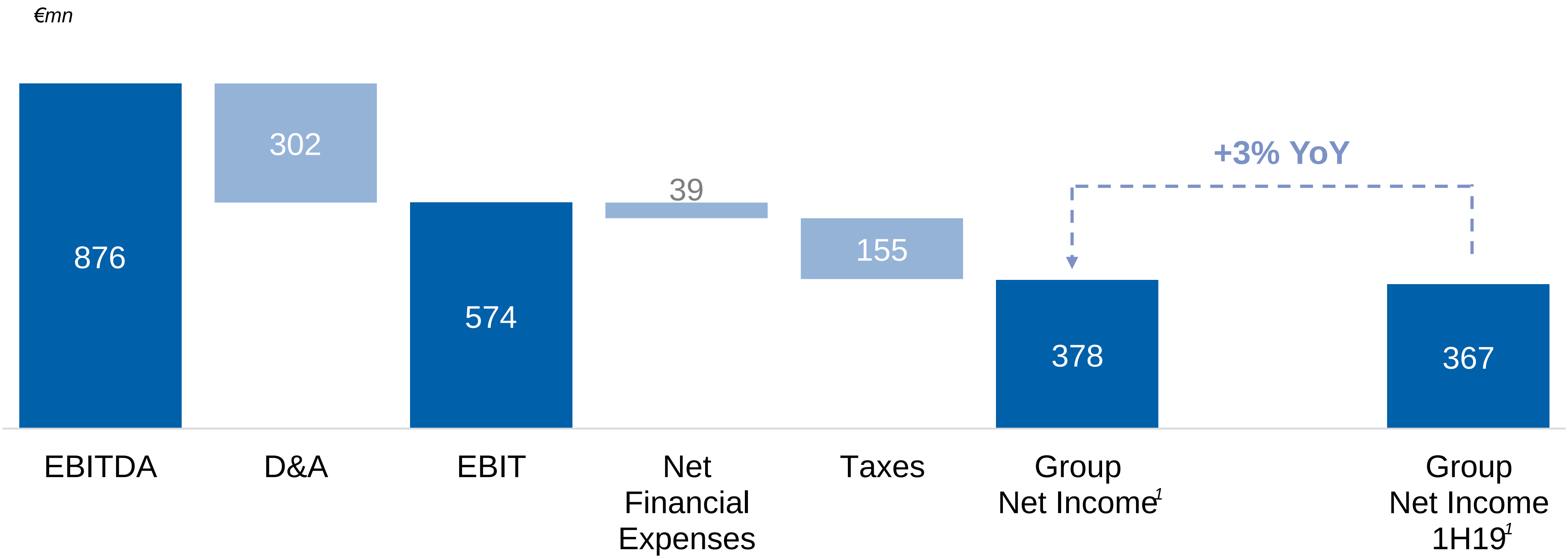


Investments acceleration driving EBITDA growth

Note: figures may not add up due to rounding

1H 2020 results

From EBITDA to Net Income



+3% Group Net Income growth

Note: figures may not add up due to rounding

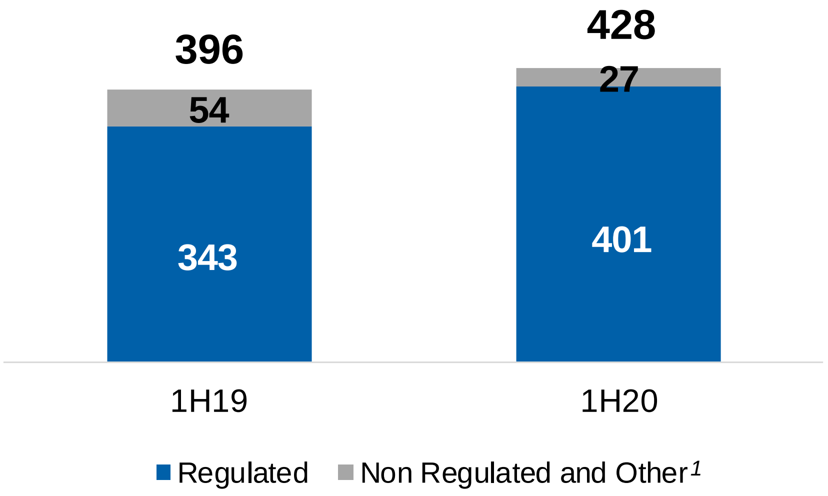
1. Attributable to Terna. Excluding Minorities

1H 2020 results

Capex

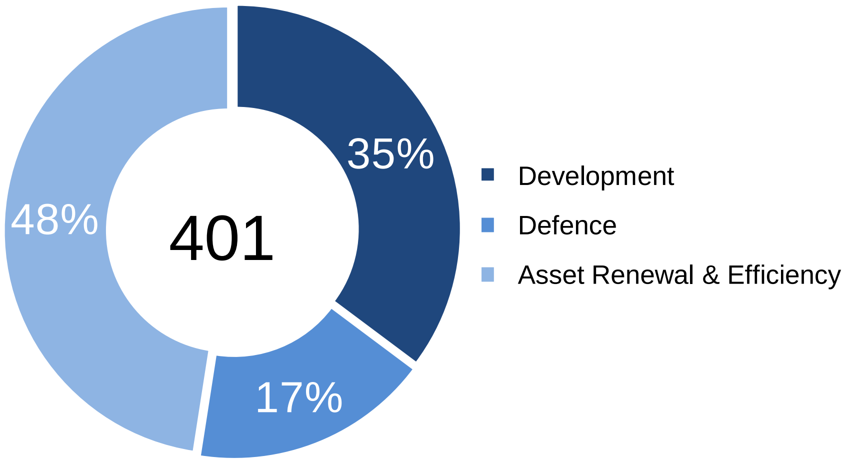
TOTAL CAPEX

€mn



REGULATED CAPEX

€mn



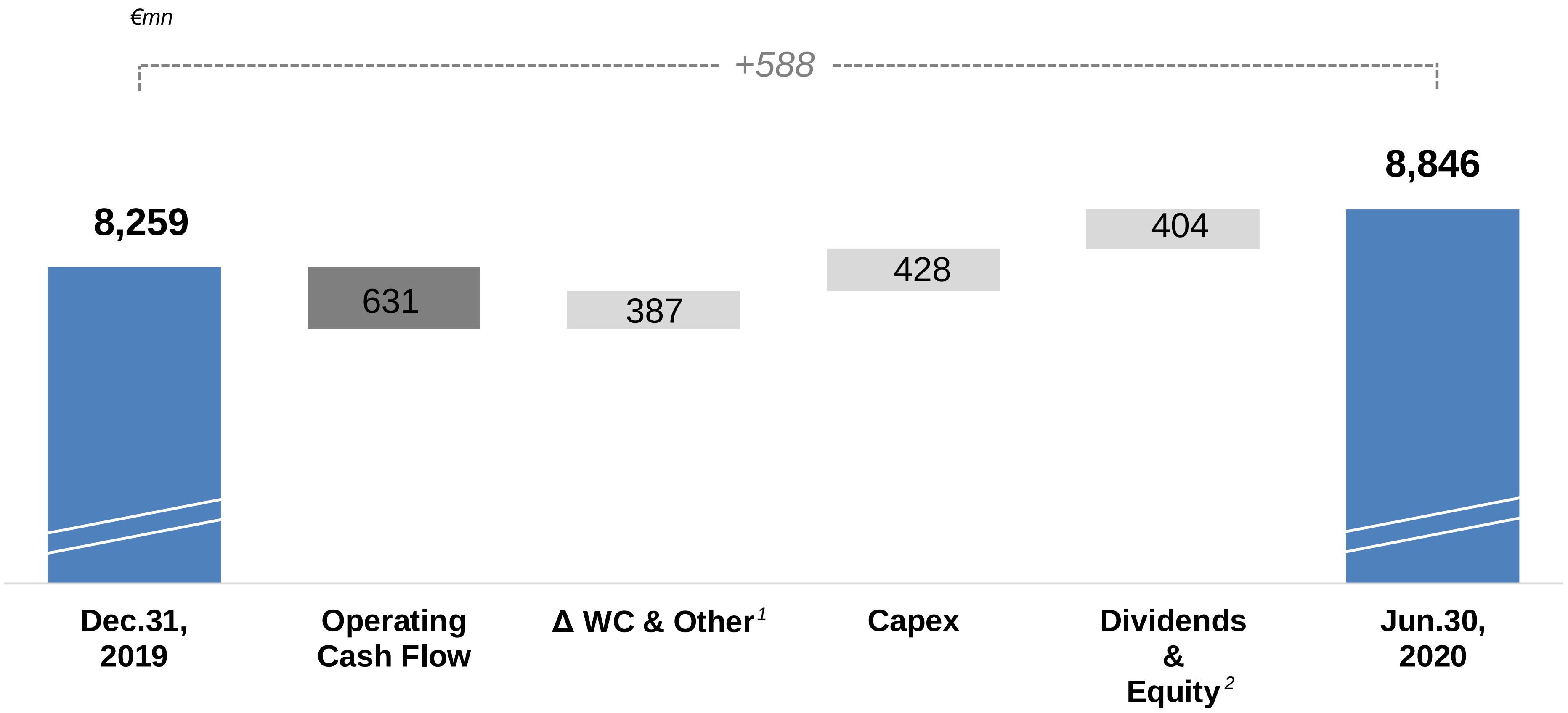
Ongoing Capex acceleration

Note: figures may not add up due to rounding

1. *Of which about 4 €mn of Capitalized Financial Charges in 1H20 and 6 €mn in 1H19*

1H 2020 results

Cash Flow & Net Debt Evolution



Operating cash flow generation to support capex plan

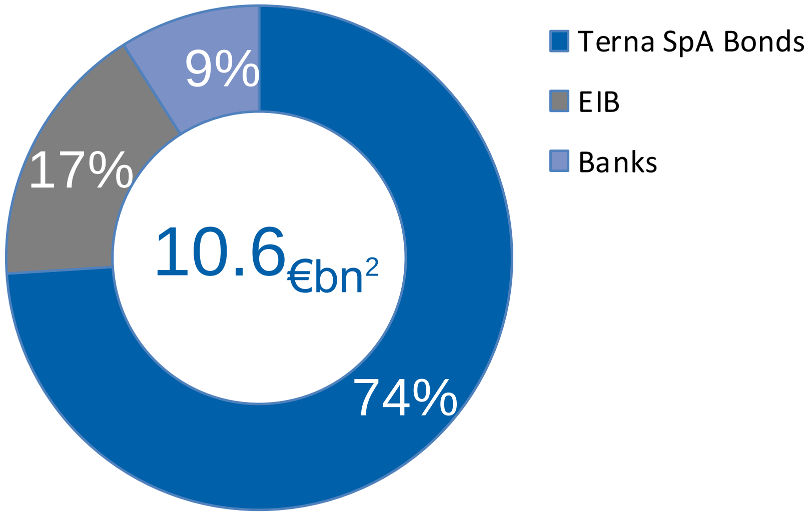
Note: figures may not add up due to rounding

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

1H 2020 results

Net Debt Evolution & Financial Structure

GROSS DEBT BREAKDOWN[1]



KEY RATIOS[1]

Fixed/Floating Ratio

~82% Fixed

Calculated on Gross Debt

Duration

4.5 years

Maintaining a solid financial structure

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

Closing Remarks

Closing Remarks

Focus on Domestic Regulated Activities

Enhance the central role of the TSO in the Energy Transition

Maintain a low risk profile

Preserve our solid financial structure

Annexes

Annex

Consolidated Income Statement[1]

€ mn	1H20	1H19	Δmn	Δ%
Total Revenue	**1,183**	**1,098**	**85**	**7.8%**
Regulated Activities	*1,025*	*1,005*	*20*	*2.0%*
Transmission	*939*	*929*	*10*	*1.1%*
Dispatching	*54*	*56*	*-2*	*-3.6%*
Other [2]	*24*	*16*	*9*	*56.1%*
IFRIC12	*8*	*5*	*3*	*66.0%*
Non Regulated Activities	*146*	*82*	*63*	*77.1%*
International Activities	*12*	*11*	*2*	*13.9%*
Total Costs	**307**	**252**	**56**	**22.1%**
Regulated Activities	*197*	*190*	*6*	*3.3%*
Labour Costs	*115*	*110*	*5*	*4.2%*
External Costs	*66*	*69*	*-3*	*-3.8%*
Other [2]	*7*	*7*	*1*	*13.9%*
IFRIC12	*8*	*5*	*3*	*66.0%*
Non Regulated Activities	*106*	*56*	*50*	*89.1%*
International Activities	*5*	*5*	*-1*	*-11.3%*
EBITDA	**876**	**846**	**30**	**3.5%**
D&A	*302*	*289*	*14*	*4.7%*
EBIT	**574**	**558**	**16**	**2.9%**
Net Financial Charges	*39*	*39*	*0*	*0.8%*
Pre Tax Profit	**535**	**519**	**16**	**3.1%**
Taxes	*155*	*150*	*5*	*3.1%*
Tax Rate (%)	*29.0%*	*29.0%*	*-0.0 pp*	
Total Net Income	**380**	**368**	**11**	**3.0%**
Minority Interest	*2*	*2*	*0*	*16.7%*
Group Net Income	**378**	**367**	**11**	**3.0%**

1. *Managerial Accounting*
2. *Including Quality of Service*

Annex

Consolidated Balance Sheet

€ mn	Jun. 30,2020	Dic. 31,2019	Δmn
PP&E	*14,003*	*13,864*	*139*
Intangible Asset	*542*	*543*	*-1*
Financial Inv. and Other	474	502	-28
Total Fixed Assets	15,018	14,908	110
Net WC	-1,802	-2,208	406
Funds	-162	-210	48
Net Capital Invested	**13,054**	**12,490**	**564**
Financed by:			
Consolidated Net Debt	8,846	8,259	588
Total Shareholder's Equity	4,208	4,232	-24
Total	**13,054**	**12,490**	**564**
D/E Ratio	**2.1**	**2.0**	
D/D+E Ratio	**0.7**	**0.7**	
Number of Shares (mn)	**2,010**	**2,010**	

Annex

Consolidated Cash Flow

€ mn	**1H20**	**1H19**
Total Net Income	*380*	*368*
D&A [1]	*299*	*287*
Net Change in Funds	*-48*	*-70*
Operating Cash Flow	**631**	**586**
Δ Working Capital & Other [2]	*-387*	*-162*
Cash Flow from Operating Activities	**244**	**424**
Capital Expenditures	*-428*	*-396*
Free Cash Flow to Equity	**-184**	**28**
Dividends & Equity [3]	*-404*	*-422*
Change in Net Cash (Debt)	***-588***	***-394***

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

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