E-MARKET SDIR CERTIFIED

Terna
Driving Energy

# 1Q 2022
# Consolidated Results

Rome, May 11th 2022

# Agenda

# Highlights

# Highlights

Latest main achievements

2021-2025 Industrial Plan Update

Green hybrid bond

Rating affirmation

Latam valorization process

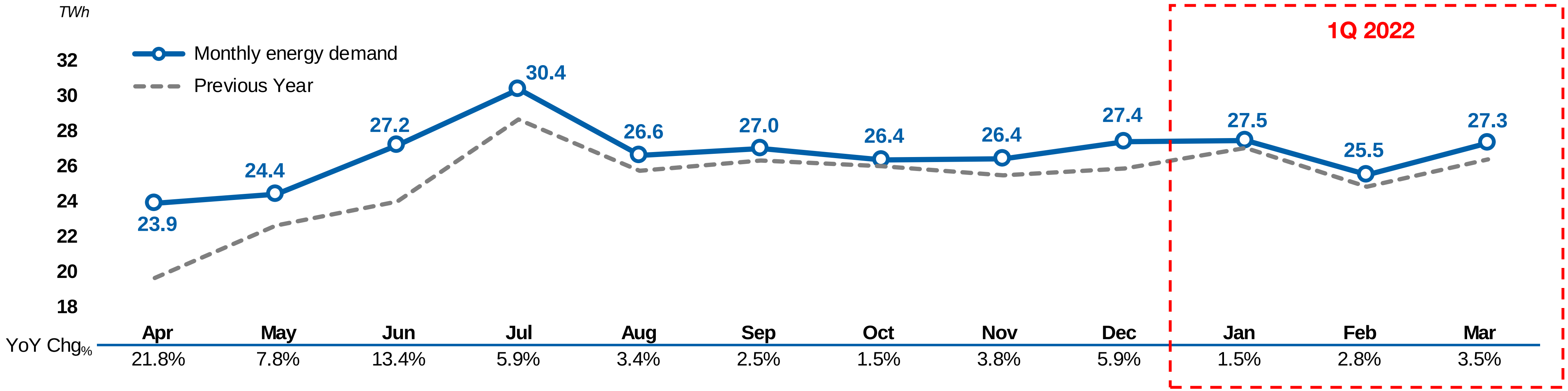
**Focus on execution**

# Highlights

## Demand Evolution – Last 12 months

### DEMAND AS REPORTED (TWh)

| 1Q22 | 1Q21 | Δ % |
|---|---|---|
| 80.3 | 78.3 | *2.6%* |




**1Q 2022**

- National Demand at 80 TWh, o/w ~29% covered by RES
- Net Total Production at 71 TWh, o/w ~33% covered by RES

# Full recovery of electricity consumption

*Note: 2020 final figures, 2021 and 2022 preliminary figures*

# Highlights

1Q 2022 Key Numbers

| | 1Q 2021 Actual €mn | 1Q 2021 Restated €mn | 1Q 2022 Actual €mn | Δ vs 1Q 2021 restated |
|---|---|---|---|---|
| **Revenues** | 622 | 616 | 644 | **+5%** |
| **EBITDA** | 454 | 448 | 461 | **+3%** |
| **Group Net Income[1]** | 190 | 190 | 192 | **+1%** |
| **Capex** | 242 | 242 | 293 | **+21%** |

| | 1Q 2022 | FY 2021 |
|---|---|---|
| **Net Debt** | 8,683 | 10,003 |

## Reconfirmed capex acceleration

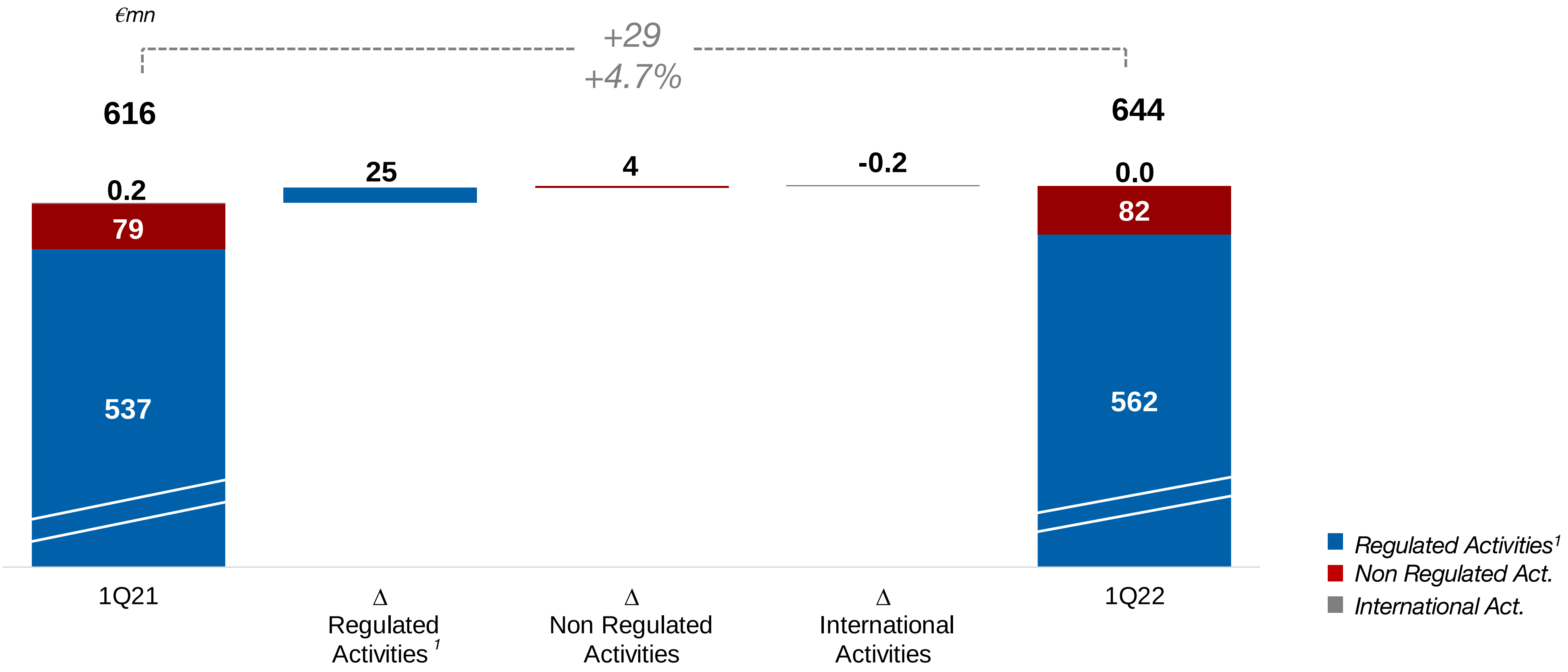
1. *Attributable to Terna*

Terna Driving Energy

# 1Q 2022 Results

# 1Q 2022 Results

## Revenues




# Revenues increase driven by Regulated Activities

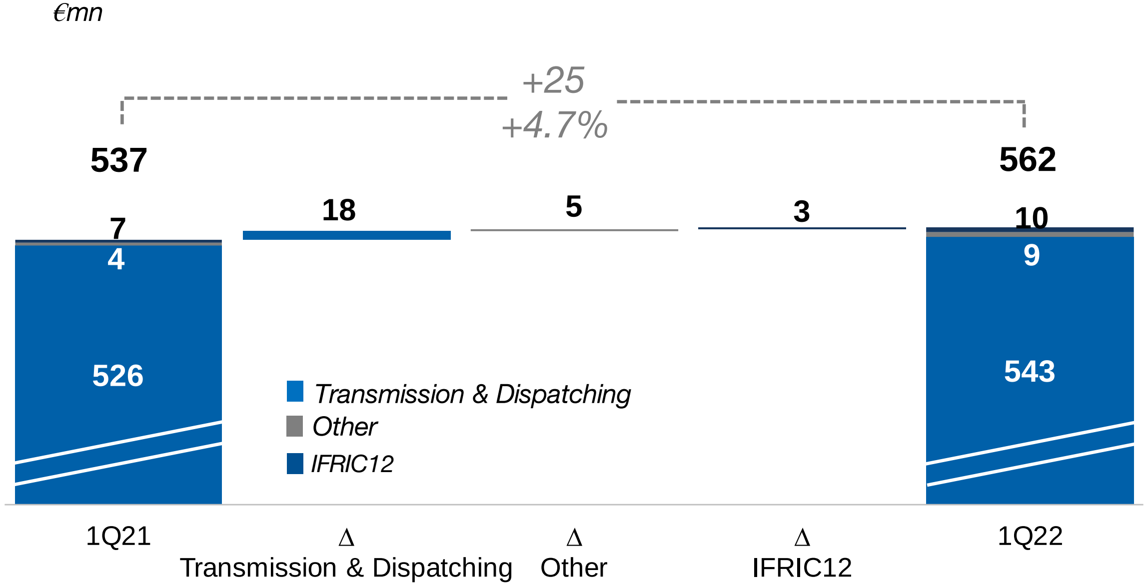
*Note: figures may not add up due to rounding*

1. *Including IFRIC12*

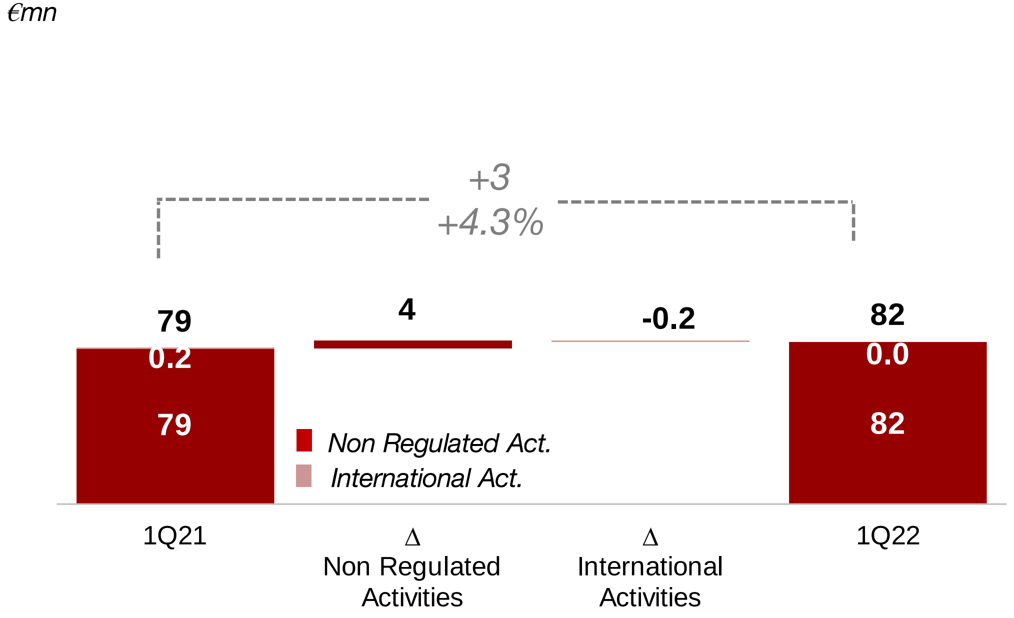
# 1Q 2022 Results

## Revenues Analysis

### REGULATED




### NON REGULATED AND INTERNATIONAL

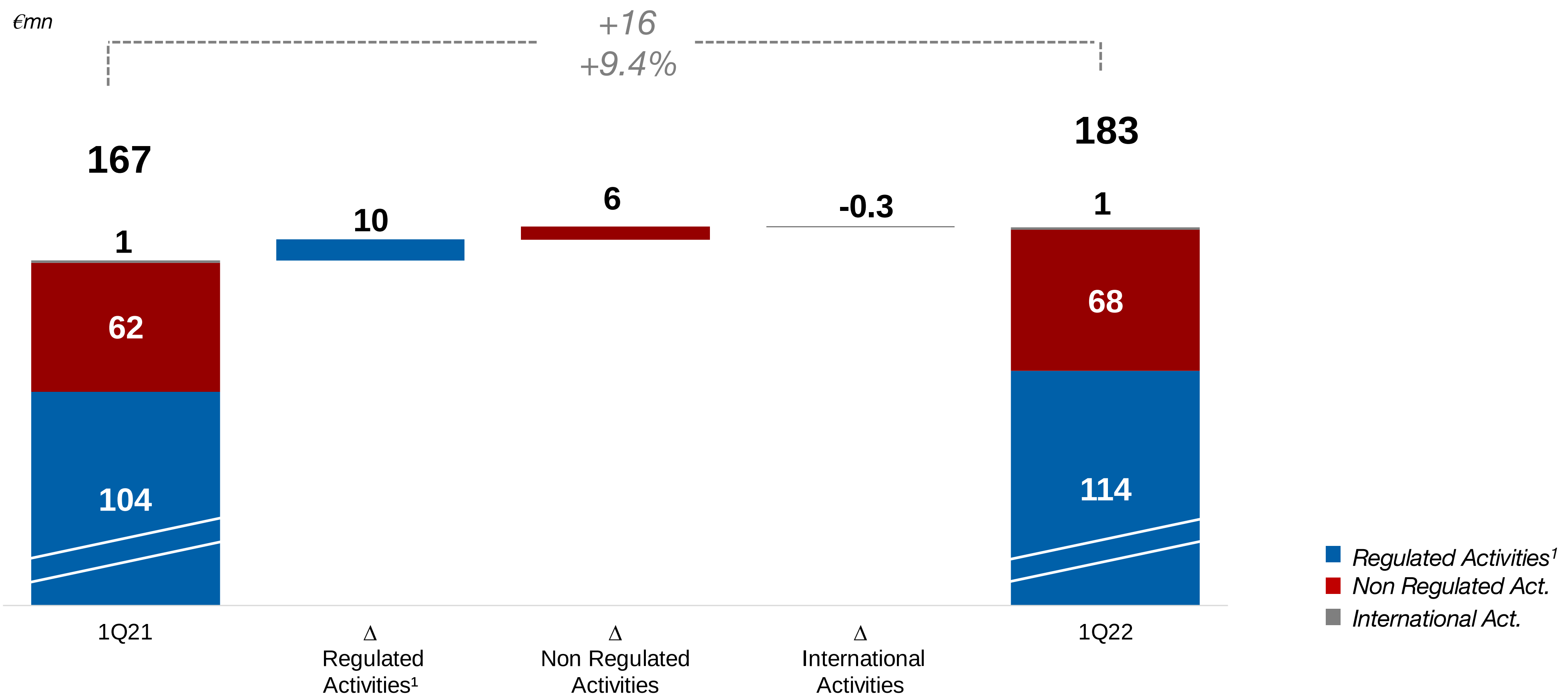



**Regulated investments as growth driver**

*Note: figures may not add up due to rounding*

# 1Q 2022 Results

## Opex




## Operating costs evolution driven by business acceleration

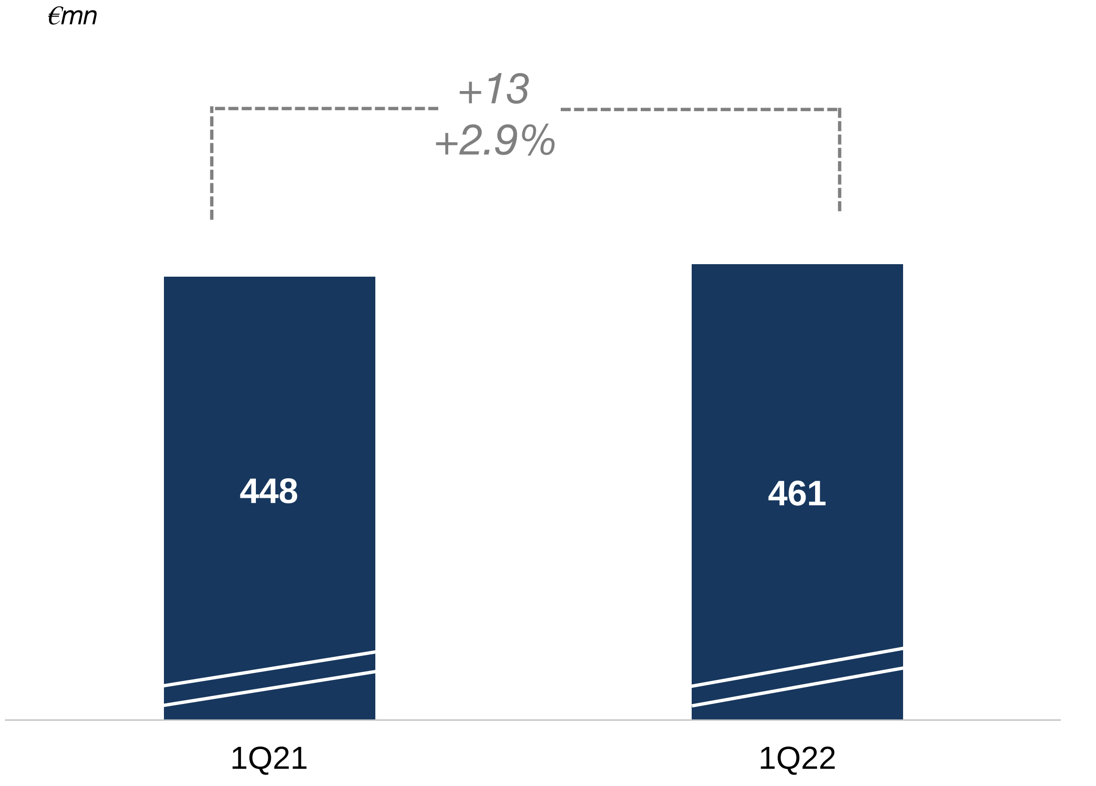
*Note: figures may not add up due to rounding*

*1. Including IFRIC12*

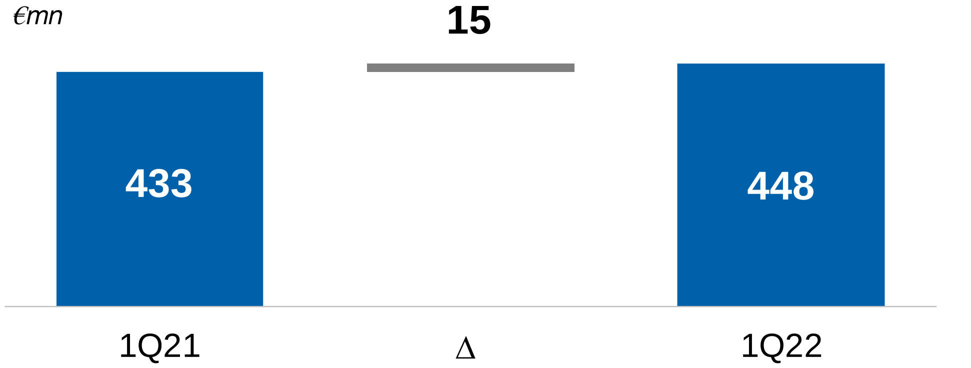
# 1Q 2022 Results

## EBITDA

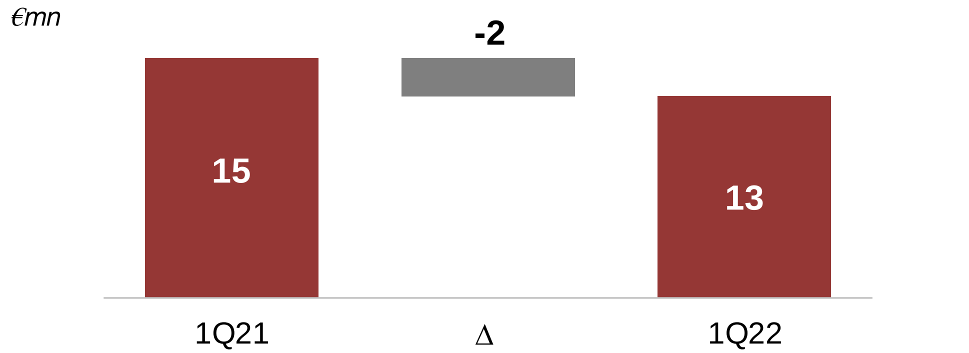
### GROUP




### REGULATED




### NON REGULATED AND INTERNATIONAL

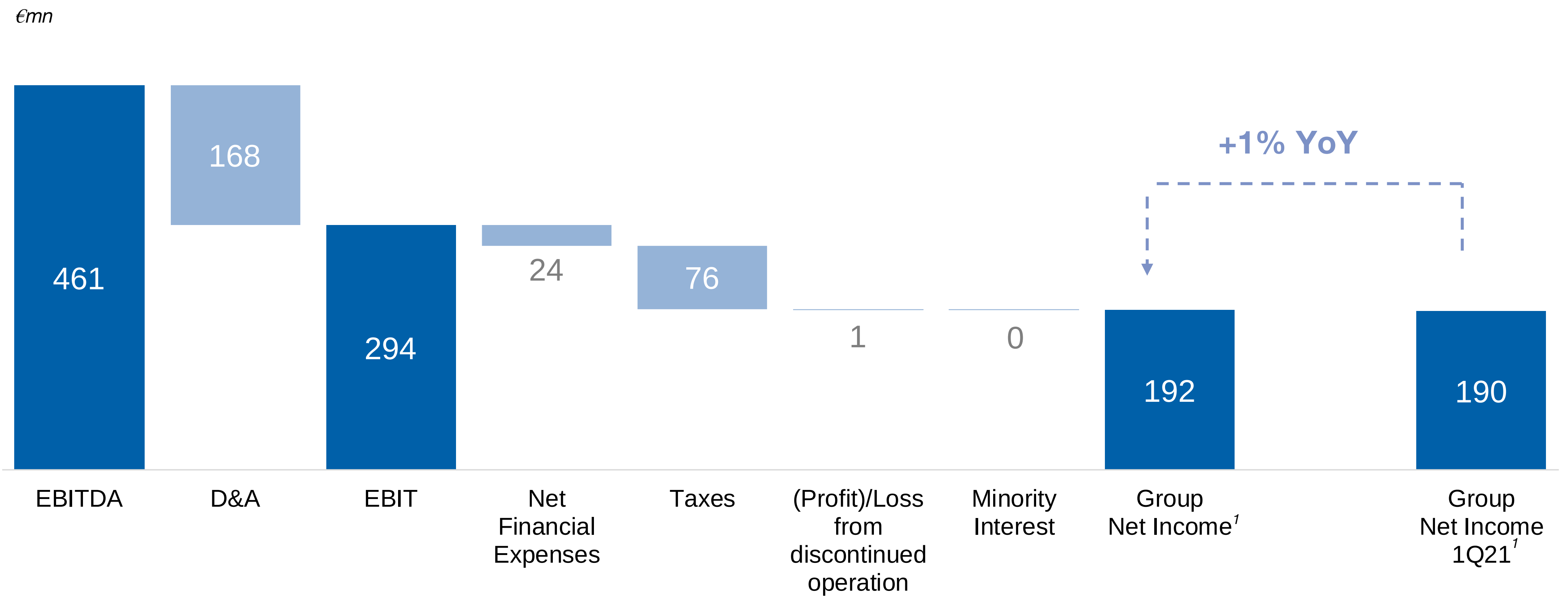



**3% EBITDA growth**

Note: *figures may not add up due to rounding*

# 1Q 2022 Results

From EBITDA to Net Income




## In line with updated targets

Note: figures may not add up due to rounding

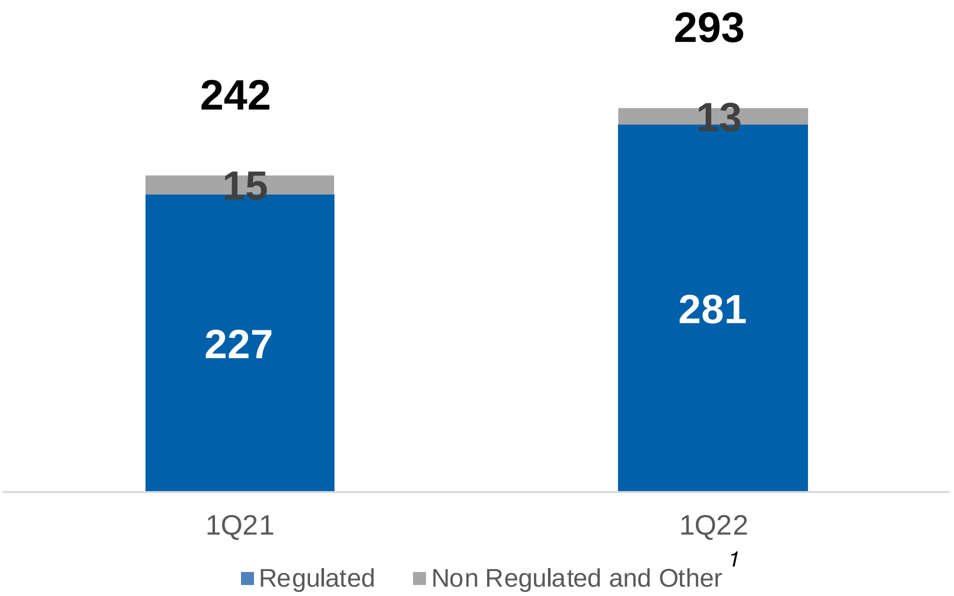
1. Attributable to Terna.

# 1Q 2022 Results

## Capex

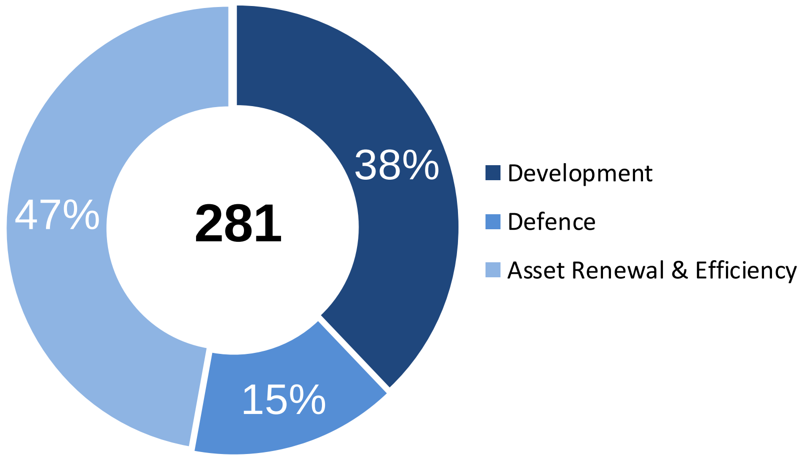
### TOTAL CAPEX

*€mn*




### REGULATED CAPEX

*€mn*



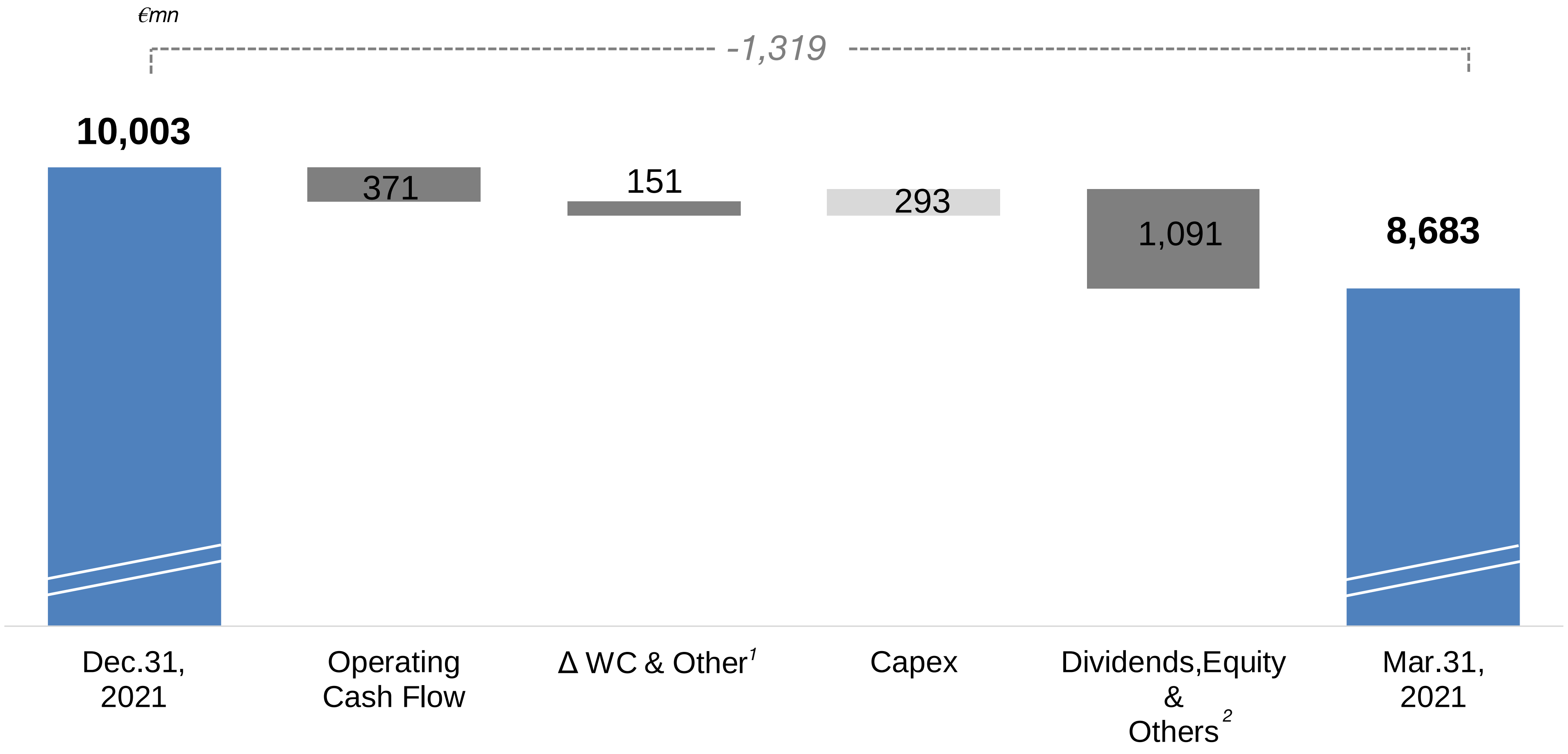

# Over 21% capex acceleration

*Note: figures may not add up due to rounding*

*1. Of which about 4 €mn of Capitalized Financial Charges in 2022 and 2 €mn in 2021*

# 1Q 2022 Results

## Cash Flow & Net Debt Evolution




# Operating cash flow covering investment needs

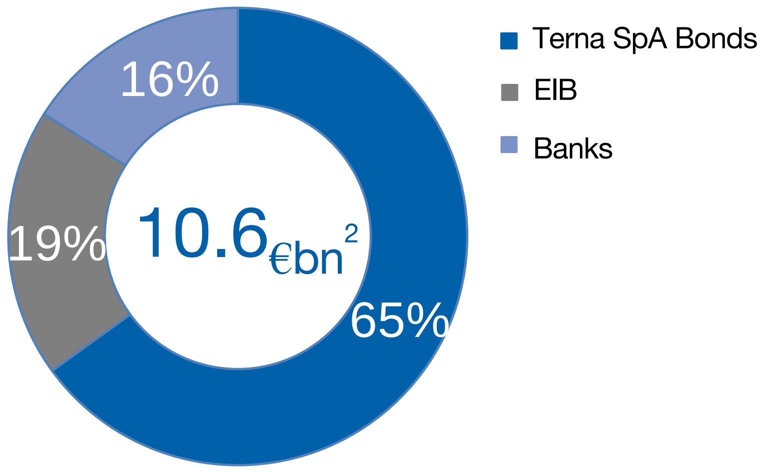
1. Including Other Fixed Assets Changes
2. Including Assets Held for Sale, Cash Flow Hedge reserve, Hybrid Green Bond and other

*Note: figures may not add up due to rounding*

# 1Q 2022 Results

## Net Debt Evolution & Financial Structure

### GROSS DEBT BREAKDOWN[1]




### KEY RATIOS[1]

**Fixed/Floating Ratio**

~ 86% Fixed

*Calculated on Gross Debt*

**Maturity**

~ 5 years

# Solid and diversified financial structure

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

# Q&A Session

# Annexes

# Annexes

## Consolidated Income Statement[1]

| *€ mn* | 1Q22 | 1Q21 | Δmn | Δ% |
|---|---|---|---|---|
| **Total Revenue** | **644** | **616** | **29** | **4.7%** |
| *Regulated Activities* | *562* | *537* | *25* | *4.7%* |
| *Transmission* | *485* | *498* | *-13* | *-2.7%* |
| *Dispatching* | *58* | *27* | *31* | *112.4%* |
| *Other²* | *9* | *4* | *5* | *104.7%* |
| *IFRIC12* | *10* | *6* | *3* | *50.8%* |
| *Non Regulated Activities* | *82* | *79* | *4* | *4.6%* |
| *International Activities* | *0* | *0* | *0* | *-100.0%* |
| **Total Costs** | **183** | **167** | **16** | **9.4%** |
| *Regulated Activities* | *114* | *104* | *10* | *9.6%* |
| *Labour Costs* | *63* | *56* | *7* | *12.0%* |
| *External Costs* | *35* | *35* | *-1* | *-2.5%* |
| *Other²* | *6* | *5* | *1* | *14.6%* |
| *IFRIC12* | *10* | *6* | *3* | *50.8%* |
| *Non Regulated Activities* | *68* | *62* | *6* | *9.8%* |
| *International Activities* | *1* | *1* | *0* | *-21.4%* |
| **EBITDA** | **461** | **448** | **13** | **2.9%** |
| *D&A* | *168* | *163* | *5* | *2.9%* |
| **EBIT** | **294** | **286** | **8** | **2.8%** |
| *Net Financial Charges* | *24* | *18* | *6* | *35.6%* |
| **Pre Tax Profit** | **269** | **268** | **2** | **0.6%** |
| *Taxes* | *76* | *78* | *-1* | *-1.9%* |
| *Tax Rate (%)* | *28.3%* | *29.0%* | *-* | *-0.7 pp* |
| **Net Income** | **193** | **190** | **3** | **1.7%** |
| *(Profit)/Loss From Discontinued Operations* | *-1* | *1* | *-2* | *-* |
| **Total Net Income** | **192** | **191** | **1** | **0.7%** |
| *Minority Interest* | *0* | *0* | *0* | *-33.3%* |
| **Group Net Income** | **192** | **190** | **1** | **0.7%** |

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

*Note: figures may not add up due to rounding*

# Annexes

## Consolidated Income Statement[1]

| € mn | 1Q 21 Reported | Restatement | 1Q 21 Restated | Δ% |
|---|---|---|---|---|
| **Total Revenue** | **622** | **-6** | **616** | **-1.0%** |
| *Regulated Activities* | *537* | *0* | *537* | *0.0%* |
| *Transmission* | *498* | *0* | *498* | *0.0%* |
| *Dispatching* | *27* | *0* | *27* | *0.0%* |
| *Other[2]* | *4* | *0* | *4* | *0.0%* |
| *IFRIC12* | *6* | *0* | *6* | *0.0%* |
| *Non Regulated Activities* | *79* | *0* | *79* | *0.0%* |
| *International Activities* | *6* | *-6* | *0* | *-96.8%* |
| **Total Costs** | **168** | **-1** | **167** | **-0.5%** |
| *Regulated Activities* | *104* | *0* | *104* | *0.0%* |
| *Labour Costs* | *56* | *0* | *56* | *0.0%* |
| *External Costs* | *35* | *0* | *35* | *0.0%* |
| *Other[2]* | *5* | *0* | *5* | *0.0%* |
| *IFRIC12* | *6* | *0* | *6* | *0.0%* |
| *Non Regulated Activities* | *62* | *0* | *62* | *0.0%* |
| *International Activities* | *2* | *-1* | *1* | *-39.1%* |
| **EBITDA** | **454** | **-5** | **448** | **-1.1%** |
| *D&A* | *163* | *0* | *163* | *0.0%* |
| **EBIT** | **291** | **-5** | **286** | **-1.8%** |
| *Net Financial Charges* | *22* | *-4* | *18* | *-17.1%* |
| **Pre Tax Profit** | **269** | **-1** | **268** | **-0.5%** |
| *Taxes* | *78* | *-1* | *78* | *-0.8%* |
| *Tax Rate (%)* | *29.1%* | *-0.1 pp* | *29.0%* | |
| **Net Income** | **191** | **-1** | **190** | **-0.4%** |
| *(Profit)/Loss From Discontinued Operations* | *0* | *1* | *1* | *100.0%* |
| **Total Net Income** | **191** | **0** | **191** | **0.0%** |
| *Minority Interest* | *0* | *0* | *0* | *-15.2%* |
| **Group Net Income** | **190** | **0** | **190** | **0.2%** |

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

*Note: figures may not add up due to rounding*

# Annexes

## Consolidated Balance Sheet

| *€ mn* | **Mar. 31,2022** | **Dec. 31,2021** | **Δmn** |
|---|---|---|---|
| *PP&E* | *15,422* | *15,317* | *105* |
| *Intangible Asset* | *670* | *657* | *13* |
| *Financial Inv. and Other* | *433* | *380* | *53* |
| Total Fixed Assets | 16,524 | 16,353 | 171 |
| Net WC | -1,902 | -1,707 | -196 |
| Funds | -60 | -48 | -12 |
| **Net Capital Invested** | **14,561** | **14,598** | **-36** |
| *Net Assets Held for Sale* | 134 | 118 | 16 |
| **Total Net Capital Invested** | **14,695** | **14,716** | **-20** |
| *Financed by:* | | | |
| Consolidated Net Debt | 8,683 | 10,003 | -1,319 |
| Total Shareholder's Equity | 6,012 | 4,713 | 1,299 |
| **Total** | **14,695** | **14,716** | **-20** |

# Annexes

## Consolidated Cash Flow

| *€ mn* | **1Q22** | **1Q21** |
|---|---|---|
| *Total Net Income* | *192* | *191* |
| *D&A[1]* | *167* | *157* |
| *Net Change in Funds* | *12* | *-15* |
| **Operating Cash Flow** | **371** | **333** |
| *Δ Working Capital & Other[2]* | *151* | *-265* |
| **Cash Flow from Operating Activities** | **522** | **68** |
| *Capital Expenditures* | *-293* | *-242* |
| **Free Cash Flow to Equity** | **228** | **-174** |
| *Net Assets Held for Sale* | *-16* | |
| *Dividends & Equity[3]* | *1,107* | *26* |
| **Change in Net Cash (Debt)** | ***1,319*** | ***-148*** |

*Note: figures may not add up due to rounding*
*1. Net of assets' disposal*
*2. Including Other Fixed Assets Changes*
*3. Including Cash Flow Hedge accruals, Hybrid Green Bond and other*

# Annexes

## 2022 Total Grid Fee*

### 2021

**Transmission**

1.95 €bn

*Resolution 565/2020*

+

**Dispatching**

0.11 €bn

*Resolution 599/2020*

=

**2.06 €bn**

### 2022

**Transmission**

1.91 €bn

*Resolution 622/2021*

+

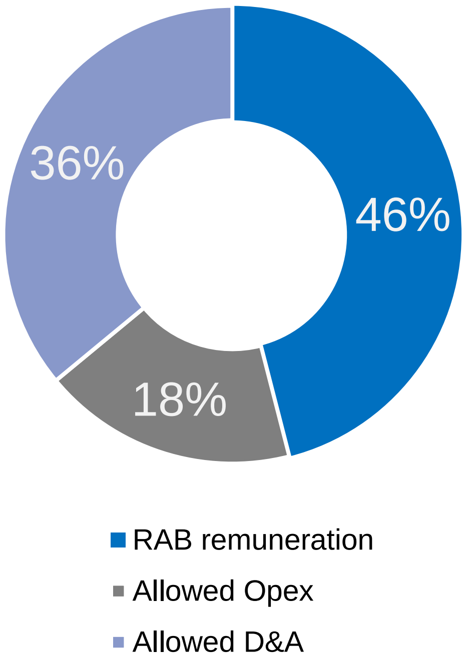
**Dispatching**

0.11 €bn

*Resolution 629/2021*

=

**2.02 €bn**




*ARERA Resolutions and Terna's preliminary estimates, net of pass-through items*

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# Notes

Sustainability Award
Gold Class 2021
S&P Global

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

EURONEXT
vigeoeiris
INDICES

MSCI
2017 Constituent MSCI Global Sustainability Indexes

ECPI Sense in sustainability

STOXX
Member 2021/2022
ESG Leaders Indices

GLOBAL LISTED INFRASTRUCTURE ORGANISATION

SOLACTIVE
Solactive Europe Corporate Social Responsibility Index

THE GLOBAL COMPACT 100
Sustainability Stock Index
powered by Sustainalytics

Bloomberg
Gender-Equality Index
2022

Corporate ESG Performance
Prime
RATED BY ISS ESG

Terna
Driving Energy