

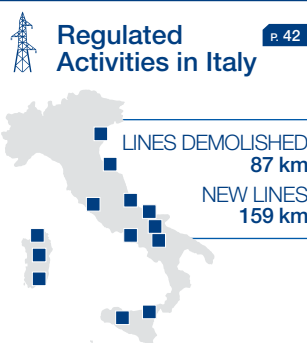
Highlights



On **21 March 2019**, the revised **Grids and Values corporate strategies for 2019-2023**, approved by the Board of Directors, were presented to the market and to stakeholders.

In 2018, Terna's substantial commitment to developing the grid continued, supporting the energy transition in progress, and building a secure and sustainable electricity system for the benefit of future generations.

2018 was an excellent year: the improvements in all key performance indicators confirm the effectiveness of the management actions implemented, and support the virtuous growth path outlined in the *Grids and Values* Strategic Plan.



Reorganisation of the Venetian lagoon:

entry into service of the Sacca Serenella primary substation - Cavallino primary substation 132kV underground and submarine cable, which together with other works will launch the modernisation phase of the lagoon.

Entry into service of 5 new lines, extending for 98 km:

- Bono (SS) - Buddusò (OT)
- Villanova (PE) - Cepagatti (PE)
- Benevento II (BN) - Benevento III (BN)
- Messina Riviera (ME) - Villafranca (AG)
- Cimmina (PA) - Casuzze (AG)

Entry into service of 8 new substations.



Cable laying started for the Italy-France interconnector on the A32.

Acquisition via Terna Plus of a 70% stake in Avvenia The Energy Innovator S.r.l., a leading company in the energy efficiency sector.

Open Fiber project: extraction of value from Terna's assets to serve the digitisation of Italy continues; 5,800 km of regional rings delivered.

Tamini: recovery of operating margins in progress.



Entry into service of the new 230kV Santa Maria 3 - Santo Angelo 2 power line in south-eastern Brazil, which is vital for the integration of energy from renewable sources (especially wind power). 12 months of work involving 10 companies and 500 technicians: 80% of the project constructed using low environmental impact single-stem pylons.

Activities in **Brazil**, **Uruguay** and **Peru** continue.



World leader in electric utilities sector - Dow Jones Sustainability Index 2018.

Inclusion for the first time in the Bloomberg Gender Equality Index (GEI).

Inclusion for the 8th consecutive year in the STOXX Global ESG Leaders sustainability indices.

Inclusion for the 10th year in the Ethibel Sustainability Index (ESI) Excellence Europe.

FINANCIAL HIGHLIGHTS

P. 100

(€m)	2018	2017	Δ
Revenue	2,197.0	2,162.8	1.6%
EBITDA	1,650.6	1,603.9	2.9%
Profit attributable to owners of the Parent	706.6	688.3	2.7%
Capital expenditure	1,091.1	1,033.9	5.5%
Net debt (FY)	7,899.4	7,796.4	

STOCK MARKET AND FINANCE

Terna share performance P. 112

Annual performance outstrips main peers and the European DJ Stoxx Utilities benchmark index (-2.1%).

+2.25%

(€4.95 per share at 31 December 2018 compared with €4.84 per share at 31 December 2017)

€5.502 per share, new record high registered on 14 March 2019.

Green Finance P. 94

July 2018: launch of a €750m green bond issue with a 5-year maturity and 1% coupon, reopened in January 2019 in the form of a private placement of €250m maturing on 2023.

September 2018: subscription of a back-up ESG linked Revolving Credit Facility.

“Latin America Transmission/Distribution deal of the year” award for financing the 500kV power line in Uruguay.

April 2019: successful launch of a new green bond for €500m, tenor of 7 years and coupon of 1.000%.

BUSINESS ENABLERS

P. 82 Our people



468 new hires to support the Strategic Plan and generational turnover. Important initiatives for the enhancement of skills and occupational safety.

P. 90 Innovation



Launch of a latest-generation green transformer at the Udine West power plant, which combines efficiency, safety and sustainability, thanks to the revolutionary use of ester and renewable and biodegradable vegetable oils. Two green autotransformers entered service at Travagliato and Cagno.

PERFORMANCE OF THE ELECTRICITY SYSTEM

P. 30 Demand [TWh]



DEMAND MET BY RENEWABLES



(*) Provisional data. RS: Renewable sources - NRS: Non-renewable sources

P. 56 ENSR quality [MWh]

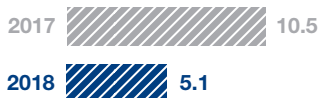


SIGNIFICANT EVENTS

Performance in 2017: significant event due to a weather emergency in Abruzzo and Marche (480 MWh)

Performance in 2018: exceptional event in north-eastern Italy (currently being recognised by ARERA)

P. 57 Quality costs [€/m]



COST BREAKDOWN 2018

