

TERNA

Sector: Utilities

NEUTRAL

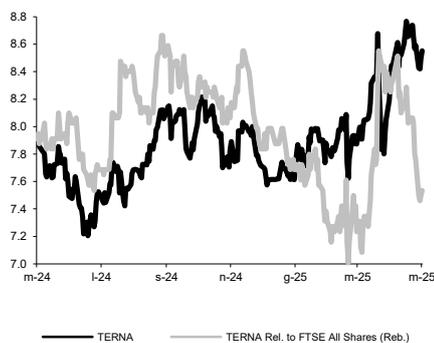
Price: Eu8.55 - Target: Eu8.70

1Q25 Results in Line and FY25 Guidance Confirmed

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

TERNA - 12M Performance



Stock Data			
Reuters code:	TRN.MI		
Bloomberg code:	TRN IM		
Performance	1M	3M	12M
Absolute	2.6%	9.3%	8.1%
Relative	-10.1%	2.9%	-5.9%
12M (H/L)	8.77/7.20		
3M Average Volume (th):	5,427.15		

Shareholder Data	
No. of Ord shares (mn):	2,010
Total no. of shares (mn):	2,010
Mkt Cap Ord (Eu mn):	17,190
Total Mkt Cap (Eu mn):	17,190
Mkt Float - Ord (Eu mn):	11,001
Mkt Float (in %):	64.0%
Main Shareholder:	
Cassa Depositi e Prestiti	29.9%

Balance Sheet Data	
Book Value (Eu mn):	7,847
BVPS (Eu):	3.90
P/BV:	2.2
Net Financial Position (Eu mn):	-13,549
Enterprise Value (Eu mn):	32,579

■ **1Q25 results broadly in line with expectations.** Yesterday, Terna reported 1Q25 results that were broadly in line with expectations, with slightly lower revenues counterbalanced by lower-than-estimated operating expenses. In detail: regulated revenues closed at Eu755mn (+3.4% YoY and 1.7% below estimates), with the contribution from RAB growth and the impact from resolution 130/2025 (higher deflator) partly counterbalanced by the reduction in allowed returns and a zero contribution from output-based incentives (ca. Eu60mn in 1Q24). Furthermore, non-regulated activities increased to Eu147mn (+14.5% YoY), pushing total revenues (ex-IFRIC) to Eu885mn (+4.4% YoY). Adj. EBITDA was Eu652mn (+3.8% YoY, in line) thanks to good control of regulated operating costs, and adj. net income was Eu275mn (+2.6% YoY; 3.6% above estimates), positively impacted by lower-than-expected D&A and financial charges. CapEx was Eu562mn in the quarter (+17% YoY vs. Eu578mn expected) and net debt closed at ca. Eu11.1bn (in line) thanks to the good control of working capital.

■ **2025 guidance confirmed.** Terna has confirmed its 2025 guidance, with revenues still indicated at Eu4.03bn, EBITDA at Eu2.70bn, and net profit at Eu1.08bn. As for CapEx, the 2025 target of approximately Eu3.4bn was also confirmed.

■ **Key conference call messages.** Expectations for 2026 WACC: despite it currently being too early for a clear view, management commented that based on the marking to market of the various variables, they were still at a level that would not trigger a change in remuneration; Output-based incentives: the contribution was zero in 1Q25 as recognition will be made during the course of the year, in keeping with accounting principles; for the FY, the company expects an impact of over Eu50mn; for future years, the business plan assumes a total of Eu550mn to be recorded in the 2025-2028 period (back-end loaded); Resolution 130/2025: the recalculation of the deflators for the 2024 and 2025 tariffs will have no new effect as it was already included in the company's guidance.

■ **Estimates and target price.** We confirm our numbers following this set of results. Our target price is confirmed at Eu8.70.

■ **NEUTRAL confirmed (TP Eu8.70).** The company remains very much at the heart of the global energy transition, and we believe it will continue to attract a premium to regulated peers. We confirm our NEUTRAL view, as we see limited upside at current prices.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,187	3,680	4,032	4,332	4,718
EBITDA Adj (Eu mn)	2,169	2,566	2,708	2,885	3,087
Net Profit Adj (Eu mn)	885	1,062	1,083	1,097	1,120
EPS New Adj (Eu)	0.440	0.528	0.539	0.546	0.557
EPS Old Adj (Eu)	0.440	0.528	0.539	0.546	0.557
DPS (Eu)	0.340	0.390	0.390	0.390	0.397
EV/EBITDA Adj	12.3	11.1	12.0	12.1	12.0
EV/EBIT Adj	19.5	17.0	18.7	19.0	19.0
P/E Adj	19.4	16.2	15.9	15.7	15.4
Div. Yield	4.0%	4.6%	4.6%	4.6%	4.6%
Net Debt/EBITDA Adj	4.8	4.4	5.0	5.5	5.8

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed; among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5%-6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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- BUY: stock expected to outperform the market by over 25% over a 12 month period;
- OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
- NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
- UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
- SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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