

TERNA

Sector: Utilities

NEUTRAL

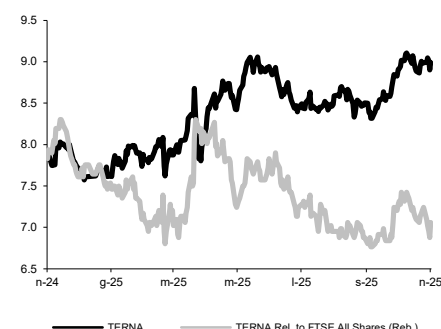
Price: Eu8.99 - Target: Eu9.50

3Q25 P&L a Touch Softer, FY Guidance Confirmed

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 9.00 to 9.50		
	2025E	2026E	2027E
Chg in Adj EPS	1.4%	2.3%	2.3%

TERNA - 12M Performance



Stock Data			
Reuters code:	TRN.MI		
Bloomberg code:	TRN IM		
Performance	1M	3M	12M
Absolute	0.9%	4.7%	14.9%
Relative	-3.3%	1.7%	-12.7%
12M (H/L)	9.10/7.57		
3M Average Volume (th):	3,339.79		

Shareholder Data	
No. of Ord shares (mn):	2,010
Total no. of shares (mn):	2,010
Mkt Cap Ord (Eu mn):	18,074
Total Mkt Cap (Eu mn):	18,074
Mkt Float - Ord (Eu mn):	11,567
Mkt Float (in %):	64.0%
Main Shareholder:	
Cassa Depositi e Prestiti	29.9%

Balance Sheet Data	
Book Value (Eu mn):	7,866
BVPS (Eu):	3.91
P/BV:	2.3
Net Financial Position (Eu mn):	-13,481
Enterprise Value (Eu mn):	33,395

■ **3Q25 P&L slightly below expectations, net debt better.** On Thursday, Terna reported 3Q25 results that were just slightly below our expectations in terms of the bottom line, while CF generation was better than expected. In detail: regulated revenues closed at Eu763mn (+flat YoY; 2% below expectations), with the contribution from RAB growth and the impact of a higher deflator counterbalanced by the reduction of allowed returns and a much lower contribution from output-based incentives. Furthermore, non-regulated activities at Eu225mn were 56% above 3Q24 levels (higher contribution from the Equipment segment), pushing total revenues to Eu988mn (+9% YoY). EBITDA was Eu667mn (+3% YoY, -2% vs estimates), taking 5.9% growth of regulated operating costs into account, and net income was Eu265mn (-6% YoY and 5% below expectations). CapEx was Eu768mn in the quarter (+17% YoY; in line) and net debt closed at c.Eu11.67bn (vs Eu11.89bn), down from Eu11.97bn in 1H thanks to very favourable evolution of working capital (Eu600mn contraction in the quarter to be largely reabsorbed).

■ **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. Despite the good results recorded in 9M, management still needs full visibility on some elements, such as the dispatching incentives for which Terna needs to wait until the end of the year in order to determine the performance with complete certainty.

■ **Key conference call messages.** Output-based incentives: for the FY, expectations are still to achieve and possibly exceed Eu50mn. For future years, the business plan assumes a total of Eu550mn to be recorded in the 2025-2028 period (back-end loaded). The Eu93mn interzonal incentives recently approved by ARERA will be accounted for over 3 years starting from next month (in 1H, Eu16mn in interzonal incentives were recognized from the previous year). Press rumours on the potential sale of a stake in the grid: this is not currently an option on the table. Several options exist for financing the increase in development CapEx, including up to Eu4.0bn in hybrid bonds (Eu1.8bn already issued), public grants (Eu1.0bn included in the current plan), and even cashing in on non-core assets. The upgrade by S&P, and the revision of the outlook to positive by Moody's are confirmation of the company's financial solidity. Procurement: around 88% of the 2024-2028 CapEx plan is already covered by procurement contracts, up from more than 80% in March. All the major projects (inc. Tyrrhenian, Adriatic and Sa.Co.I.3) are fully contracted; for the Elmed interconnection between Italy and Tunisia, the cable portion has already been secured, while tenders for the converter stations are under way.

■ **Change in estimates.** Following results, we merely tweak our EPS numbers (2% above guidance on 2025) while our target moves from Eu9.00 to Eu9.50 on the back of the 50bp reduction in the risk-free rate (now 3.5%) used by the Research Team.

■ **NEUTRAL confirmed; target Eu9.50 (from Eu9.00).** 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 see some upside to FY guidance from output-based incentives but we confirm our NEUTRAL view based on the expected return implied at our target price.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,187	3,680	4,041	4,330	4,716
EBITDA Adj (Eu mn)	2,169	2,566	2,722	2,908	3,106
Net Profit Adj (Eu mn)	885	1,062	1,102	1,125	1,148
EPS New Adj (Eu)	0.440	0.528	0.548	0.560	0.571
EPS Old Adj (Eu)	0.440	0.528	0.541	0.547	0.558
DPS (Eu)	0.340	0.390	0.390	0.390	0.397
EV/EBITDA Adj	12.3	11.1	12.3	12.2	12.1
EV/EBIT Adj	19.5	17.0	19.0	19.1	19.1
P/E Adj	20.4	17.0	16.4	16.1	15.7
Div. Yield	3.8%	4.3%	4.3%	4.3%	4.4%
Net Debt/EBITDA Adj	4.8	4.4	5.0	5.4	5.7

Peer Performances and Valuation Multiples

Utilities Sector: Market Multiples Comparison

Utilities Sector: Market Multiples Comparison																
Company	Price	Mkt. cap (Eu mn)	Abs. Perf. (%)					P/E adj.			EV/EBITDA			Div. Yield (%)		
			-1m	-3m	-6m	-12m	YTD	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Integrated Utilities																
Enel	8.98	91,053	7%	13%	16%	35%	30%	12.9	12.5	11.9	7.6	7.4	7.3	5.3%	5.5%	5.7%
A2A	2.43	7,660	9%	14%	13%	22%	14%	11.1	11.6	11.2	7.0	7.1	7.1	4.3%	4.5%	4.6%
Hera	4.00	6,036	5%	11%	0%	21%	18%	12.8	12.7	12.2	7.1	7.1	6.9	3.9%	4.0%	4.1%
Acea	21.40	4,511	4%	8%	4%	23%	13%	12.2	12.8	12.9	7.5	7.3	7.0	4.7%	4.9%	5.1%
Iren	2.54	3,317	-4%	1%	6%	33%	33%	10.9	10.3	9.8	6.5	6.3	6.1	5.5%	5.9%	6.4%
Ascopiave	3.28	779	8%	10%	13%	24%	21%	15.2	14.8	0.0	8.1	8.6	0.0	5.6%	5.8%	0.0%
Average		113,356	7%	12%	14%	33%	28%	12.7	12.4	11.7	7.5	7.4	7.2	5.2%	5.3%	5.5%
Renewable Utilities																
Erg	21.42	3,337	-1%	18%	21%	10%	13%	18.4	17.1	17.5	9.4	8.9	8.8	4.7%	4.7%	4.7%
Average		3,337	-1%	18%	21%	10%	13%	18.4	17.1	17.5	9.4	8.9	8.8	4.7%	4.7%	4.7%
Regulated Utilities																
Snam	5.69	19,002	10%	10%	13%	35%	32%	13.4	13.2	12.4	11.4	11.1	10.5	5.3%	5.5%	5.7%
Terna	8.99	17,889	1%	5%	6%	16%	17%	16.4	16.1	15.7	12.3	12.2	12.1	4.3%	4.3%	4.4%
Italgas	9.35	7,564	13%	25%	39%	80%	83%	14.1	12.4	11.9	11.2	9.9	9.5	4.6%	5.2%	5.5%
Enav	4.50	2,488	4%	8%	15%	20%	13%	29.9	26.8	22.9	10.2	9.5	8.7	6.2%	6.4%	6.7%
Average		46,943	7%	10%	15%	34%	34%	15.5	14.9	14.1	11.6	11.3	10.9	4.9%	5.1%	5.2%
Italian Utilities Avg.		163,636	7%	12%	14%	33%	29%	13.6	13.2	12.5	8.7	8.5	8.3	5.1%	5.2%	5.4%

Source: Intermonte SIM estimates

European Regulated Utilities: Market Multiples Comparison

European Regulated Utilities: Market Multiples Comparison																
Company	Price	Mkt. cap (Eu mn)	Abs. Perf. (%)					P/E adj.			EV/EBITDA			Div. Yield (%)		
			-1m	-3m	-6m	-12m	YTD	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Italy																
Snam	5.69	19,002	10%	10%	13%	35%	32%	13.4	13.2	12.4	11.4	11.1	10.5	5.3%	5.5%	5.7%
Terna	8.99	17,889	1%	5%	6%	16%	17%	16.4	16.1	15.7	12.3	12.2	12.1	4.3%	4.3%	4.4%
Italgas	9.35	7,564	13%	25%	39%	80%	83%	14.1	12.4	11.9	11.2	9.9	9.5	4.6%	5.2%	5.5%
Spain																
Red Elctrica	15.08	8,165	-8%	-7%	-15%	-7%	-9%	16.2	15.6	15.0	10.5	10.3	10.2	5.4%	5.4%	5.5%
Enagas	14.09	3,719	5%	8%	9%	14%	21%	13.6	15.7	14.6	5.7	6.0	6.0	7.0%	7.0%	7.1%
UK																
National Grid	11.70	66,495	6%	12%	12%	16%	17%	15.2	13.3	12.4	13.1	12.1	11.6	4.1%	4.2%	4.2%
Severn Trent	27.43	9,436	2%	5%	2%	1%	3%	16.1	14.9	12.6	14.0	13.0	12.0	4.5%	4.7%	4.8%
United Utilities	11.87	9,286	1%	5%	8%	8%	7%	11.9	10.6	10.6	11.7	11.3	11.4	4.5%	4.6%	4.7%
Pennon Group	4.99	2,703	0%	3%	1%	15%	1%	17.5	13.6	12.6	12.7	11.7	11.3	5.8%	6.0%	6.1%
Eu Average		136,694	4%	8%	9%	16%	16%	15.0	13.8	12.9	12.3	11.7	11.3	4.5%	4.6%	4.3%

Source: Intermonte SIM estimates, Factset consensus.

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	TERNA		
Current Recomm:	NEUTRAL		Previous Recomm:
Current Target (Eu):	9.50		Previous Target (Eu):
Current Price (Eu):	8.99		Previous Price (Eu):
Date of report:	17/11/2025		Date of last report:
			30/07/2025