

TERNA

Sector: Utilities

NEUTRAL

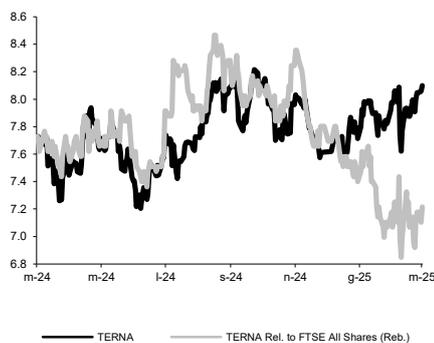
Price: Eu8.10 - Target: Eu8.70

Strong FY25 Guidance and 2028 Targets Broadly in Line

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 8.50 to 8.70		
	2025E	2026E	2027E
Chg in Adj EPS	8.1%	5.0%	3.3%

TERNA - 12M Performance



Stock Data			
Reuters code:	TRN.MI		
Bloomberg code:	TRN IM		
Performance	1M	3M	12M
Absolute	1.6%	6.4%	4.8%
Relative	2.1%	-8.7%	-7.2%
12M (H/L)	8.22/7.20		
3M Average Volume (th):	4,496.42		

Shareholder Data	
No. of Ord shares (mn):	2,010
Total no. of shares (mn):	2,010
Mkt Cap Ord (Eu mn):	16,281
Total Mkt Cap (Eu mn):	16,281
Mkt Float - Ord (Eu mn):	10,420
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:	2.1
Net Financial Position (Eu mn):	-13,549
Enterprise Value (Eu mn):	31,670

- 2024-2028 business plan update:** yesterday Terna presented an update to its 5-year plan, with the issues of decarbonisation, market efficiency, resilience and sustainability confirmed as the main strategic drivers. To achieve the decarbonisation goals set in the European Green Deal and the National Integrated Energy and Climate Plan, Terna plans to increase its investments over the life of the plan to Eu17.7bn, the highest level ever in the Group's history and up 7% on the last plan.
- Eu15.6bn of net CapEx on regulated activities.** The group plans to invest Eu15.6bn in regulated CapEx (net of the EU contribution), with Development CapEx still amounting to Eu10.8bn (Tyrrhenian Link, the Adriatic Link, Central Link and Sacoi 3 among the main projects); Eu3.6bn will be spent on asset renewal and efficiency (up from Eu2.9bn) for the improvement of quality of service and processes, while about Eu2.3bn (up from Eu1.7bn) will be invested in the Defence Plan, with the aim of boosting the system's technical and technological capabilities. The calendar RAB CAGR is foreseen at 9%, taking it to Eu31.8bn in 2028 (up from Eu30.6bn in the previous plan).
- Eu730mn of EBITDA from non-regulated activities.** Non-regulated activities will focus on developing innovative, digital technological solutions and management expects them to account for about Eu730mn in terms of cumulative EBITDA over the plan period (up from Eu600mn), in return for limited investment (Eu1.0bn confirmed) and risk exposure.
- 2028 financial targets not far off expectations.** The group committed to 2028 EBITDA of Eu3.36bn (up from Eu3.25bn) for a CAGR of 9% (from 8%), including some Eu150mn from ROSS-base (fast-money), and an exit EPS at Eu0.59 (up from Eu0.55), a CAGR of c.6% (up from ca. 5%). In terms of leverage, Terna foresees an FFO/net debt ratio of c.11% in 2028. The plan does not factor in further hybrid bond issues and assumes an average deflator of 2.7%, in line with last year.
- Dividend policy improved slightly.** The company also committed to a dividend policy that for the entire period foresees the higher of (i) 2024 DPS (Eu0.3962) and (ii) a 4% CAGR assuming 2023 as the benchmark year (Eu0.3396 euro), with an implied 2028 DPS at Eu0.414, in line with previous plan.
- Strong 2025 guidance.** The group also provided strong FY25 guidance, with EPS c.9% above consensus (the main positive news, in our view) mostly thanks to a higher-than-expected contribution from "fast-money". Management guidance indicates EBITDA of Eu2.70bn and EPS at ca. Eu0.54, with CapEx at around Eu3.4bn and a RAB at Eu24.8bn.
- Change in estimates and target.** Following management's presentation, we have broadly aligned our numbers to management's indications, including slightly higher CapEx, a mid single-digit increase in 2025-27 EPS, and substantial confirmation of EPS for 2028. Our target moves from Eu8.50 to Eu8.70 on the back of the change in estimates, and the one-year rollover of our DCF.
- NEUTRAL confirmed, TP Eu8.70 (from Eu8.50).** The new plan once again shows the company's commitment to driving Italy's energy transition while also keeping a close eye on financial stability, and for this reason we believe it will continue to attract a premium to other regulated peers. We confirm our NEUTRAL view, based on the upside to our new target price.

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	0.520	0.499	0.520	0.539
DPS (Eu)	0.340	0.390	0.374	0.389	0.403
EV/EBITDA Adj	12.3	11.1	11.7	11.8	11.7
EV/EBIT Adj	19.5	17.0	18.2	18.5	18.5
P/E Adj	18.4	15.3	15.0	14.8	14.5
Div. Yield	4.2%	4.8%	4.6%	4.8%	5.0%
Net Debt/EBITDA Adj	4.8	4.4	5.0	5.5	5.8

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