



PRESS RELEASE
Terni, September 28, 2017

TERNIENERGIA: approved the interim report as at June 30, 2017

- Revenues of Euro 40.2 million, -20.4 % (Euro 50.5 million as at 06/30/2016)
- EBITDA amounted to Euro 6.8 million, -28.2 % (Euro 9.5 million as at 06/30/2016) with EBITDA margin to 17% (18.8% as at 06/30/2016)
- EBIT of Euro -6.2 million, (Euro 5.9 million as at 06/30/2016)
- Net profit amounted to -6.5 million, (Euro 1.1 million as at 06/30/2016)
- Net Financial Position of Euro 87.5 million, short-term NFP of Euro 10.9 million (Euro 93.9 million as at 12/31/2016, short-term NFP Euro 14.8 million)
- Net equity amounted to Euro 54.1 million (Euro 57.5 million as at 12/31/2016)
- Resignation of Independent Director Laura Rossi

The Board of Directors of TerniEnergia, smart energy company active listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, approved today the half-year financial report as at June 30, 2017.

CONSOLIDATED RESULTS AS AT JUNE 30, 2017

Revenues amounted to Euro 40.2 million (Euro 50.5 million; -20.4%), showing the contribution of the energy management activities and of the new plants based in Tunisia and in Zambia, and the revenues attributable to the energy efficiency project of Copernico Torino.

EBITDA amounted to Euro 6.8 million, showing a decrease (-28.2%) compared to June 30, 2016 (Euro 9.5 million) with **Ebitda Margin** equal to 17% (18.8% as at 06/30/2016).

Net operating income (EBIT) amounted to Euro - 6.2 million (Euro 5.9 million as at June 30, 2016), after depreciation, amortization and write-downs of Euro 13 million. The depreciation is largely attributable to the suspension of EPC's activities, resulting from the choices made by previous management and partly to the alignment of the impairment of an asset.

Net profit amounted to Euro - 6.5 million (1.1 million at June 30, 2016).

The **net financial position** amount to Euro 87.5 million (in reduction compared to Euro 93.9 million as at 12/31/2016). The non-current NFP is Euro 76.6 million, while the net financial position in short term amounted to Euro 10.9 million. The NFP/Net equity ratio equal to 1.62x (1.63x as at 12/31/2016).

The Net Equity amounted to Euro 54.1 million (Euro 57.5 million at 12/31/2016). Net equity takes into account the treasury shares held in portfolio, which amounted to No. 1,012,998 (2.15% of the Share Capital).

INDUSTRIAL RESULTS AS AT JUNE 30, 2017



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The design phase for the 10MW photovoltaic plant on STEG in Tunisia was started and 34 MW in Zambia have been initiated on behalf of the leading international utility. The total number of photovoltaic plants built by TerniEnergia from the beginning of its activity is equal to 274, with an aggregate capacity of approximately 425.27 MWp (12 MWp in full ownership and 42MWp in joint venture for the Power Generation activity). The total energy production of the full ownership and joint ventures plants for the power generation business, in the first half was equal to around 34 million kWh.

The Energy management business line has managed 36.984.102 standard cubic meters of gas equivalent to 404.736 MWh.

Softeco Sismat, the Group's digital company, managed and coordinated 11 research projects. Softeco's services and solutions activities have seen a significant expansion of some strategic partnerships with ENEL, SIEMENS and LEONARDO in distribution networks, with TOSHIBA in the significant HVDC connection industry for Terna.

The Energy saving business line has realized interventions of lighting energy efficiency for about 1.392 light points with a expected savings higher than 7 million kWh and 1.309 TEP.

In the environmental sector are operating two treatment and recycle plants of end of life tires (ELTs), a plant based in Nera Montoro (ELTs treated equal to 3,223 tons, granulated and powder rubber sold for 2,693 tons), other plant based in Borgo Val di Taro (ELTs treated equal to 4,141 tons; granulated and powder rubber sold for 2,620 tons); the GreenAsm biodigester and composting plant (17,736 tons of waste delivered; 2,217 MWh energy delivered into the grid; 1,653 tons of compost produced) and finally the ground water remediation plant in Nera Montoro (TR).

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE HALF-YEAR

TRANSFERRED THE 50% OF PURIFY SRL TO A.T.P. SRL

On July 20, 2017, TerniEnergia has signed an agreement with Appalti Tecnologie Progettazione Ambienti & Costruzioni Srl (A.T.P) for the transfer of 50% of the shares held by TerniEnergia in Purify Srl, owner of groundwater and liquid waste treatment plants.

The transaction has foreseen a consideration for the transfer of Euro 3,425 million, which will be settled in two tranches: by July 2017 for Euro 1.48 million and by June 30, 2019 for Euro 1.94 million.

NO CONFIDENCE OF THE BOARD OF DIRECTORS AGAINST THE CEO AND RESIGNATION OF MR. PIERO MANZONI

On September 15, 2017, The Board of Directors of TerniEnergia, a company listed on the Star segment of Borsa Italiana, approved by a majority the no confidence against the Chief Executive Officer Piero Manzoni,



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taking note of the resignation of Mr. Piero Manzoni, and contesting in full the reasons put forward by the CEO for his resignation. The Board of Directors does not believe that the conditions are met for the payment of any indemnity in favour of the same.

The Board also reconfirmed the powers already delegated to the directors Mr. Fabrizio Venturi and Ms Laura Bizzarri, as well as to the Chairman of the Board of Directors Mr. Stefano Neri, in order to ensure the stability and continuity of the Company's governance.

INTEGRATION OF THE PRESS RELEASE ISSUED ON 15 SEPTEMBER 2017

On September 18, 2017, TerniEnergia announces that with reference to the Press Release issued on Friday 15 September 2017, and concerning the resignation of the Chief Executive Officer, Mr. Piero Manzoni – as requested by Consob – TerniEnergia clarifies that the interruption of the fiduciary relationship with the CEO was due to an irremediable difference of view between Mr. Manzoni and the Board of Directors regarding TerniEnergia's strategic vision, its prospective positioning as well as the Group's administrative and organizational management.

BUSINESS OUTLOOK

Following the acquisition of Softeco Sismat and Selesoft and the strategic development programs identified by the management, TerniEnergia will complete the transformation process and will launch a phase of relaunching and reorganizing added-value businesses in the sector of smart services and solutions that allow the efficient use of natural resources, developing and implementing these solutions in the fields of power generation, energy saving and sustainable mobility. These businesses will be added to the evolution of asset management activity for the production of energy from renewable sources, energy efficiency, recovery and transformation of raw materials into profitable resources within the environmental industry.

In particular, in the environmental sector, the group aims to complete the new liquid industrial waste treatment plant in Nera Montoro (TR), which will allow to intercept a substantial demand (58,000 cubic meters per year) in a high technological market segment, with high growth prospects. The repositioning of activities will also enable the development and production of smart technologies for the transmission and distribution of energy (smart grid), the flexible and timely management of production and energy consumption, energy efficiency, management of renewable energy and clean tech (energy islands).

It will be so possible to integrate the activities in renewables, energy efficiency, asset and energy management with systems and innovative solutions with high added value, that allow to introduce new technologies in the industry capable of act as a bridge between the industrial and "physical" business and the digital and "virtual" too.



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Among the planned activities and, in part, already underway there are important commissions in Africa (Tunisia and Zambia) and the approach to new high potential growth markets (India) that will be the basis for managing the transition towards the Group's new identity as a global "technology enabler", which will be described in the guidelines of the 2018-2020 Strategic Plan. This will allow the fixed costs to be managed more flexibly and through a more rational allocation of the same, also owing to the withdrawal - decided by the Board - of the plan for the collective redundancy of the staff of the Nera Montoro's Headquarter.

TerniEnergia has begun a deleveraging process in order to strengthen its balance sheet, with the objective of guaranteeing the financial resources necessary to support development over the next years.

RESIGNATION OF THE INDEPENDENT BOARD MEMBER MS LAURA ROSSI

The Board of Directors of TerniEnergia, a company listed on STAR segment, announces that today the Independent Board Member, Laura Rossi, has resigned from her office of administrator for claimed lacked promptness of information, necessary for the informed conduction of its role of Independent Board Member. The Board of Directors has taking note of the resignation, not sharing the reasons given by Ms Rossi, pointing out, on the contrary, how the corporate structure reacted promptly to recent events and provided adequate and consistent information, also considering the need for a 'timely action.

The report of the independent auditors on the condensed half-yearly financial statements, due to the timing with which the related documentation has been made available to them - as a result of the no confidence vote and resignation of the Chief Executive Officer as stated in the press release issued on 15 September 2017 - will be published after the deadline set forth in art. 154 ter paragraph 2 of the Legislative Decree 58/98, as soon as the limited audit activities have been completed.

Declaration pursuant to Article 154-bis, paragraph two, of the Consolidated Finance Act

The Officer responsible for the preparation of the corporate accounting documents, Mr Paolo Allegretti, declares, pursuant to paragraph 2, art. 154-bis of the Consolidated Financial Act, that the accounting information that is contained in this press release correspond to the documentary results, the accounting books and records.

This press release is also available on the Company's website: www.ternienergia.com.

TERNIENERGIA (TER.MI), established in September 2005, and part of Italeaf Group, is the first Italian smart energy company, committed to bring worldwide integrated and sustainable energy solutions. Organized into four business lines (Technical services, Energy management, Energy efficiency and Cleantech), with about 400 employees and a geographic presence in almost the continents, with



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operational and sales offices, TerniEnergia develops solutions, innovative products and services based on digital and industrial technologies for the energy sector.

TerniEnergia, also through its subsidiaries(Softeco Sismat, Selesoft, Greenled Industry, GreenAsm, Wisave, Ant Energy), shall pursue the objectives of increasing energy production from renewable sources, energy efficiency and emissions reduction, as laid down by European environmental policy, and participates actively in the distributed power generation revolution and energy smart grids.

TerniEnergia is the ideal partner for large utilities, distributors and grid operators, power producers, public authorities, industrial customers and investors who intends to carry out large projects for the production of renewable energy plants and modern systems with high energy efficiency, solutions for the management and maintenance of the infrastructure and the electrical systems. TerniEnergia, through a complete technological and commercial offer, develops and provides technologies, turn-key services and solutions for energy consumers in the public and private sectors. The company is listed on the STAR segment of the Italian Stock Exchange.

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In attach:

- Reclassified consolidated income statement as at 30/06/2017
- Consolidated statement of financial position as at 30/06/2017
- Consolidated net financial position as at 30/06/2017

Reclassified consolidated income statement as at 30/06/2017

<i>(in Euro)</i>	As at June, 30 2017	As at June, 30 2016	Change	Change %
Net revenues from sales and services	40.217.315	50.535.713	(10.318.399)	(20,4%)
Production costs	(23.623.376)	(38.857.759)	15234.383	(39,2%)
Added value	16.593.939	11.677.954	4.915.984	42,1%
Personnel costs	(9.766.909)	(2.174.503)	(7.592.406)	n.a.
EBITDA	6.827.030	9.503.452	(2.676.422)	(28,2%)
Amortization, depreciation, provisions and write-downs	(13.032.468)	(3.554.529)	(9.477.939)	n.a.
EBIT	(6.205.438)	5.948.923	(12.154.361)	n.a.
Financial income and charges	(3.758.732)	(3.603.971)	(154.761)	4,3%
Portions of results attributable to the JV	207.993	619.659	(411.666)	(66,4%)
Pre-tax result	(9.756.177)	2.964.611	(12.720.788)	n.a.
Income taxes	3.217.786	(1.856.929)	5.074.715	n.a.
Net profit for the period	(6.538.391)	1.107.682	(7.646.073)	n.a.

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Consolidated statement of financial position as at 30/06/2017

<i>(in Euro)</i>	As at June, 30 2017	As at December, 31 2016	Change	Change %
Intangible assets	33.119.110	33.275.543	(156.433)	(0,47%)
Property, plant and equipment	71.592.256	79.383.325	(7.791.069)	(9,81%)
Financial fixed assets and other intangible assets	42.632.022	38.064.978	4.567.044	12,00%
Fixed Assets	147.343.388	150.723.846	(3.380.458)	(2,24%)
Inventories	18.828.540	20.556.437	(1.727.897)	(8,41%)
Trade receivables	39.788.234	33.305.361	6.482.873	19,46%
Other assets	29.334.072	28.103.819	1.230.254	4,38%
Trade payables	(53.956.707)	(47.251.543)	(6.705.164)	14,19%
Other liabilities	(19.007.014)	(14.327.802)	(4.679.212)	32,66%
Net working capital	14.987.125	20.386.272	(5.399.146)	(26,48%)
Provisions and other non-trade liabilities	(20.786.735)	(19.762.673)	(1.024.062)	5,18%
Net Invested Capital	141.543.779	151.347.445	(9.803.666)	(6,48%)
Shareholders' Equity	54.087.657	57.489.165	(3.401.508)	(5,92%)
Current net financial position	10.877.662	14.777.748	(3.900.086)	(26,39%)
Non-current net financial position	76.578.460	79.080.531	(2.502.070)	(3,16%)
Total net financial position	87.456.122	93.858.279	(6.402.157)	(6,82%)
Net Invested Capital	141.543.779	151.347.445	(9.803.666)	(6,48%)

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Consolidated net financial position as at 30/06/2017

<i>(in Euro)</i>	As at June, 30 2017	As at December, 31 2016
Cash	(62.927)	(51.337)
Available bank current accounts	(9.409.031)	(11.027.363)
Liquidity	(9.471.958)	(11.078.700)
Bond debt	678.082	1.553.618
Current bank debt (current account overdraft)	7.508.181	9.302.363
Current bank debt (advance)	9.368.170	10.344.625
Financial payables to other lenders	2.402.529	1.543.450
Current financial debt (other lenders)	2.470.785	2.525.268
Current financial debt (other lenders)	6.713.729	6.595.387
Current financial receivables	(8.791.857)	(6.008.262)
Current financial debt	20.349.620	25.856.449
Current net financial position	10.877.662	14.777.748
Bond debt	24.651.017	24.577.075
Non-current financial	30.249.518	30.726.915
Non-current financial debt (other lenders)	-	1.206.254
Non-current financial debt (Leasing)	21.677.925	22.570.286
Non-current net financial position	76.578.460	79.080.531
Total net financial position	87.456.122	93.858.279