



**PRESS RELEASE**  
**Terni, May 13, 2016**

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**TERNIENERGIA: approved the interim report as at 31 March 2016;  
growth in the EBITDA margin, decreases the NFP**

- Revenues of Euro 31.3 million, -54.37% (Euro 68.6 million as at 03/31/2015)
- EBITDA amounted to Euro 4 million, -22.17% (Euro 5.2 million as at 03/31/2015), with EBITDA margin at 7.6%
- EBIT amounted to Euro 2.8 million, -26.49% (Euro 3.8 million as at 03/31/2015)
- Net profit amounted to Euro 0.6 million, -50.85% (Euro 1.2 million as at 03/31/2015)
- NFP of Euro 72.7 million, short-term NFP positive of Euro 4.5 million (Euro 87.4 million as at 31/12/2015, short-term NFP of 8 million)
- Net equity amounted to Euro 56.3 million, +0.95% (Euro 55.8 million as at 03/31/2015)
- Portfolio of No. 4,012,998 treasury shares (9.10% of the share capital) for extraordinary operations
- Ongoing the participation in tenders for photovoltaic EPC in Africa for a total of 170 MWp
- The Board of directors has confirmed Stefano Neri as CEO of the Company; Massimiliano Salvi appointed Vice President, Fabrizio Venturi and Laura Bizzarri Executive Directors

**Terni, May 13, 2016**

The Board of Directors of TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, approved today the interim financial report as at March 31, 2016.

**Stefano Neri, Chairman and CEO of TerniEnergia** commented as follows:

*"The first quarter figures show positive elements for the performance of the Company, despite the significant downsizing of energy trading, with a consequent lower revenues resulting from the divestment of Free Energy. It is, in particular, the first report that provides a snapshot of the TerniEnergia transition phase, initiated at the end of 2015. The Company intends, in fact, to complete the path aimed to increase the lead role of TerniEnergia in the smart energy sector, integrating the activities in renewables, energy efficiency*



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*and energy management with innovative systems and solutions with high added value that make it possible to introduce technologies that can act as a bridge between the industrial and "physical" business and the digital and "virtual" one. At the same time, the Company is preparing to develop its role in the field of circular economy and environmental business. To achieve these goals, the management has paid particular attention to strengthening the process of internationalization, to increase the margins and to maintain the balance and financial sustainability of the Group's activities. TerniEnergia is therefore in the best position to prosecute the most decisive strategic choices already highlighted in the business plan: from the spin-off of the environmental activities in order to increase investment in new technology systems to create a broader platform, to the acquisition of additional technologies and expertise, also through the optimal use of the portfolio of treasury shares".*

### **CONSOLIDATED RESULTS AS AT MARCH 31, 2016**

**Revenues** amounted to Euro 31.3 million, showing the contribution of the two giant construction sites in South Africa, during its progress through two EPC contracts. The comparison with the first quarter of 2015 (Euro 68.6 million; -54.37%), is conditioned from the exit from the consolidation scope of Free Energia, which while not causing substantial changes in the business model, resulting in a significant redefinition of the energy trading business.

**EBITDA** amounted to Euro 4 million, showing a decrease (-22.17%) compared to March 31, 2015 (Euro 5.2 million), but proportionally improved compared to the revenues. An evolution confirmed by the **Ebitda Margin**, equal to 12.89%, with an increase compared to 03/31/2015 (7.56%) thanks to the incidence of the results of the business lines with higher added value.

**Net operating income (EBIT)** amounted to Euro 2.8 million (Euro 3.8 million as at March 31, 2015, -26.49%), after depreciation, amortization and write-downs of Euro 1.2 million (Euro 1.3 million in the same period of 2015).

**Net profit**, which includes the share of results from the activity of photovoltaic JV, amounted to Euro 0.6 million. Net income as at March 31, 2015 was Euro 1.2 million (-50.85%).

The **net financial position** amount to Euro 72.7 million (Euro 87.4 million at 12/31/2015). The non-current NFP is Euro 77.2 million, while the net financial position in short term is positive and amounted to Euro 4.5 million. The NFP/Net equity ratio equal to 1.29x, improves significantly (1.56x as at 31/12/2015).

**The Net Equity** amounted to Euro 56.3 million, with an increase of 0.95% (Euro 55.8 million at 12/31/2015), while the Fixed assets amounted to Euro 125.3 million, of which Euro 82.2 million referring to tangible assets. Net equity takes into account the treasury shares held in portfolio, which amounted to No. 4,012,998 (9.10% of the Share Capital).



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#### **INDUSTRIAL RESULTS AS AT MARCH 31, 2016**

Completed the first of the two "giant" worksites in South Africa, the second of Tom Burke (a PV plant with a total power of 66 MWp on behalf of a leading Italian utility) is in line with the timetable envisaged by the final contracts for EPC (engineering, procurement and construction) and O&M (operation and maintenance).

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 366.6 MWp (13.2 MWp in full ownership and 30 MWp in joint venture for the Power Generation activity). Moreover, are connected to the grid biomass plants for a total of 1.5 MWe and 2 MWt.

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 17.8 million kWh. In the environmental sector are operating two treatment and recycle plant of end of life tires (ELTs), the GreenAsm biodigestion and composting plant and finally the groundwater remediation plant in Nera Montoro (TR).

#### **SIGNIFICANT EVENTS OCCURRED AFTER THE END OF FINANCIAL PERIOD**

##### ***Established in Mozambique the subsidiary "TerniEnergia Moçambique Limitada"***

On April 20, 2016, TerniEnergia announced the successful establishment in Maputo (Mozambique) of TerniEnergia Moçambique Limitada Company, a 100% subsidiary, as part of its development strategy and business internationalization. The Mozambican subsidiary will operate to carry out the program of activities that the Group is planning to develop in African countries, considered strategic in terms of the trend for the growth of the business related to renewable energy and smart energy.

##### ***Connected to the grid the "giant" PV plant of Paleisheuvel (South Africa)***

On April 26, 2016, the first of the two "giant" photovoltaic worksites in South Africa, on behalf of a leading Italian utility, has been completed. The PV plant has been connected to the national transmission grid managed by Eskom. In particular, TerniEnergia Projects PTY Ltd, a South African subsidiary of TerniEnergia SpA, has completed the construction of the PV plant in Paleisheuvel (for a total installed capacity of 82.5 MWp), in advance of the timeline envisaged by the final contracts for EPC (engineering, procurement and construction) and O&M (operation and maintenance) four-year and renewable term, and in compliance with the expected financial results.

***Shareholders' meeting approves 2015 Financial Statements and the distribution of dividends equal to Euro 0,025 per share***



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On April 27, 2016, The Annual Shareholders' Meeting of TerniEnergia approved the draft financial statements and noted the presentation of the consolidated financial statements as at December 31, 2015.. Shareholders' meeting also approved the distribution of a dividend of Euro 0,025 per share, corresponding to a payout ratio of 43% on consolidated net profit. The dividend will be paid on May, 25 2016, and the relevant coupon No. 7 shall be separated on May, 23 2016. The Shareholders' Meeting appointed the members of the Board of Directors, which will remain in office for the years 2016, 2017 and 2018, until the Shareholders' Meeting called to approve the financial statements as at 31 December 2018, the number of which has been determined in 9 members. Also appointed the three members of the Board of Statutory Auditors and 2 alternate auditors from Slate no. 1, who will remain in office for the years 2016, 2017 and 2018.

#### **BUSINESS OUTLOOK**

TerniEnergia is strengthening the activities of scouting and market analysis for the development of new projects and to participate in new international tenders as "EPC contractor" for large utility or primary investors. TerniEnergia aims to develop new growth opportunities in countries with considerable potential of growth, with the aim to consolidate its global presence, with a view to geographical diversification and maximization of the value created with internationalization strategy. In particular, in the field of photovoltaic plants, are ongoing preliminary activities to achieve important contracts in emerging target countries with abundant renewable resources, stable regulatory systems and high economic growth systems. In this context, 4 tenders for the construction of photovoltaic systems on behalf of a leading utility with the formula EPC (engineering, procurement and construction) have reached the final stage, respectively, in Zambia, South Africa, Egypt and Mozambique for a total of 170 MWp.

In addition, consistent with the strategic objectives set in the updated business plan, TerniEnergia has undertaken a new initiative to strengthen and consolidate the activities of the Business Line "Energy Saving", from which are expected contracts for industrial scale energy saving projects to be implemented for primary industrial players. In this perspective it was launched the "HUB" project, a new operating mode to unlock the industrial energy efficiency market through the formula of the "third party financing" in Italy.

In the short term it will be completed the integration of TerniEnergia Gas & Power, with the completion of the merger into TerniEnergia in order to strengthen the Business Line "Energy Management" to access the dual fuel market for industrial customers.

TerniEnergia, moreover, will continue its scouting of the best opportunities to enter into the field of development and industrial production of smart solutions and technologies for the renewables management, the energy efficiency and the cleantech. This target aims to achieve a strong business



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diversification in anti-cyclical sectors and contribute to the completion of the Group's "core" activities along the entire energy value chain, from plants design to after-sales evolved services.

Within the scope of the Cleantech business line, a strategic element of newness, however, is represented by the scouting for potential corporate and industrial partnerships in the environmental sector, including even the possibility of giving life to the spin-off of the plants in the "waste management" industry in a newco, which will provide a "national leader" industrial platform open to the participation of new investors focused on the green & circular economy fields.

TerniEnergia may use all or part of the portfolio of treasury shares as consideration in the context of possible extraordinary transactions for the conclusion of industrial or strategic alliances regarding the involvement of third-party investors, who are not yet identified.

#### **ASSIGNMENT OF POWERS TO THE BOARD OF DIRECTORS**

The Board of Directors has appointed the Chairman Stefano Neri as CEO of the Company, granting the relevant powers for the exercise of the office, in continuity with the previous mandate. The Board then proceeded to the appointment of Mr Massimiliano Salvi as Vice President and to the appointment of Mr Fabrizio Venturi and Ms Laura Bizzarri as Executive Directors.

The Board of Directors in accordance with the Corporate Governance Code published by Borsa Italiana and following the changes that occurred in the components of the administrative body (in number of 9, including 4 - Domenico De Marinis, Marco Mario Molteni, Paolo Ottone Migliavacca and Laura Rossi - who meet the independence requirements provided for by art. 148-ter of TUF and those provided for by the Corporate Governance Code promoted by Italian Stock Exchange), appointed by the Shareholders' Meeting on April 27, 2016, made the self-assessment procedure, expressing positive judgment about the adequacy of its size, its composition, the type and variety of skills and experience as a whole, of its operation and the one of the committees set up within the Company.

The Board of Directors has also carried out the verification of the existence of the independence requirements of the legislation and the Corporate Governance Code for Listed Companies. As a result of this evaluation, was confirmed the existence of the independence requirements of the four Directors qualified as independent.

Within the Board of Directors were set up control and risk committee and the Committee for transactions with related parties and the Remuneration Committee, in the persons of the Directors Migliavacca, De Marinis, Molteni and Rossi.

The Board of Directors appointed Director in charge of Internal Control System and Risk Management Ms Laura Bizzarri and appointed Lead Independent Director Mr Paolo Ottone Migliavacca.



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It also noted that the Board of Auditors, in compliance with art. 8.C.1. the Code of Conduct, verified the existence of the independence requirements of all its members also on the basis of the criteria provided by art. 3.C.1 by the aforementioned Code regarding the independence of directors and has informed the Board of Directors.

### **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](http://www.ternienergia.com).*

**TerniEnergia**, a company incorporated in September of 2005 and part of Italeaf Group, is the first Italian smart energy company and operates in renewable energy, energy efficiency, energy and waste management. TerniEnergia operates as system integrator, with a turn-key offer of industrial sized photovoltaic plants, on behalf of third parties and on its own, for the Power Generation business, also through joint venture companies with leading national players. TerniEnergia operates in the waste management sector, recovery of the material and energy, development and production of technologies. In particular, the Company is active in the recovery of tires out of use, in the treatment of biodegradable waste through the implementation of biodigesters, management of plant for the biological depuration; development and production of technological apparatus. Through TerniEnergia Gas & Power, the Group is active in the energy management, energy sales to energy intensive customers, software and services for energy management, administrative, financial and credit management. The Group is also active on the natural gas and liquefied natural gas (LNG) market, offering a range of services and activities in order to develop Client's business and achieve a competitive advantage providing the best market conditions and creating a high added value.

TerniEnergia operates in the development of energy efficient plants both through EPC scheme and FTT scheme (Financing Through Third Parties), pursuing the objectives of increasing energy production from renewable sources, of energy saving and reduction of emissions as set forth by environmental European policy.

TerniEnergia is listed on STAR segment of Borsa Italiana S.p.A..

### **For further info:**

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**Consolidated statement of financial position as at 03/31/2016**

<i>(in Euro)</i>	As at December, 31 2016	As at December, 31 2015	Change	Change %
Intangible assets	4,461,710	4,460,745	965	0.02%
Property, plant and equipment	82,226,041	82,616,544	(390,503)	(0.47)%
Financial fixed assets and other intangible assets	38,538,401	38,882,887	(344,486)	(0.89)%
<b>Fixed Assets</b>	<b>125,226,152</b>	<b>125,960,176</b>	<b>(734,024)</b>	<b>(0.58)%</b>
Inventories	15,747,104	23,329,978	(7,582,874)	(32.50)%
Trade receivables	46,928,008	52,361,935	(5,433,927)	(10.38)%
Other assets	18,715,377	24,104,536	(5,389,159)	(22.36)%
Trade payables	(66,849,582)	(63,543,245)	(3,306,337)	5.20%
Other liabilities	(4,775,594)	(13,106,938)	8,331,344	(63.56)%
<b>Net working capital</b>	<b>9,765,313</b>	<b>23,146,266</b>	<b>(13,380,953)</b>	<b>(57.81)%</b>
<b>Provisions and other non-trade liabilities</b>	<b>(5,986,603)</b>	<b>(5,943,540)</b>	<b>(43,063)</b>	<b>0.72%</b>
<b>Net Invested Capital</b>	<b>129,004,862</b>	<b>143,162,902</b>	<b>(14,158,040)</b>	<b>(9.89)%</b>
<b>Shareholders' Equity</b>	<b>56,320,767</b>	<b>55,791,353</b>	<b>529,414</b>	<b>0.95%</b>
Current net financial position	(4,524,068)	8,099,515	(12,623,583)	n.a.
Non-current net financial position	77,208,163	79,272,033	(2,063,870)	(2.60)%
<b>Total net financial position</b>	<b>72,684,095</b>	<b>87,371,548</b>	<b>(14,687,453)</b>	<b>(16.81)%</b>
<b>Net Invested Capital</b>	<b>129,004,862</b>	<b>143,162,901</b>	<b>(14,158,039)</b>	<b>(9.89)%</b>



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**Reclassified consolidated income statement as at 03/31/2016**

<i>(in Euro)</i>	As at December, 31 2016	As at December, 31 2015	Change	Change %
Net revenues from sales and services	31,303,908	68,607,817	(37,303,910)	(54.37)%
Production costs	(25,779,568)	(61,817,817)	36,038,248	(58.30)%
<b>Added value</b>	<b>5,524,339</b>	<b>6,790,000</b>	<b>(1,265,661)</b>	<b>(18.64)%</b>
Personnel costs	(1,488,281)	(1,604,335)	116,054	(7.23)%
<b>EBITDA</b>	<b>4,036,058</b>	<b>5,185,665</b>	<b>(1,149,607)</b>	<b>(22.17)%</b>
Amortization, depreciation, provisions and write-downs	(1,212,138)	(1,343,921)	131,783	(9.81)%
<b>EBIT</b>	<b>2,823,920</b>	<b>3,841,745</b>	<b>(1,017,824)</b>	<b>(26.49)%</b>
Financial income and charges	(1,802,693)	(2,234,704)	432,011	(19.33)%
Portions of results attributable to the JV	(118,142)	(99,433)	(18,709)	18.82%
<b>Pre-tax result</b>	<b>903,086</b>	<b>1,507,608</b>	<b>(604,522)</b>	<b>(40.10)%</b>
Income taxes	(331,054)	(343,741)	12,687	(3.69)%
<b>Net profit for the period</b>	<b>572,032</b>	<b>1,163,867</b>	<b>(591,835)</b>	<b>(50.85)%</b>

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**Consolidated net financial position as at 31/03/2016**

<i>(in Euro)</i>	As at December, 31 2016	As at December, 31 2015
Cash	(35,150)	(20,354)
Available bank current accounts	(26,266,917)	(11,873,035)
<b>Liquidity</b>	<b>(26,302,067)</b>	<b>(11,893,389)</b>
Bond debt	255,002	1,544,521
Current bank debt (current account overdraft)	4,070,593	3,683,254
Current bank debt (advance)	9,215,854	7,867,675
Financial payables to other lenders		
Current financial debt (other lenders)	2,105,434	1,882,573
Current financial debt (other lenders)	9,241,720	9,207,073
Current financial receivables	(3,110,604)	(4,192,193)
<b>Current financial debt</b>	<b>21,777,999</b>	<b>19,992,904</b>
<b>Current net financial position</b>	<b>(4,524,068)</b>	<b>8,099,515</b>
Bond debt	24,445,658	24,419,853
Non-current financial debt (other lenders)	31,472,883	33,243,168
Non-current financial debt (Leasing)	21,289,622	21,609,012
<b>Non-current net financial position</b>	<b>77,208,163</b>	<b>79,272,033</b>
<b>Total net financial position</b>	<b>72,684,095</b>	<b>87,371,548</b>