

TERNIENERGIA: green light from the Board of Directors to the update of the Recovery and Relaunch Plan and the related financial manouvre

In the approved proposal for a Plan, the following are planned:

- (a) a reshaping of the assets disposal;**
- (b) confirmation of the merger by incorporation of Softeco into TerniEnergia to complete the turnaround process, with the introduction of industrial targets in the digital O&M sector;**
- (c) the adjustment of the financial manouvre for debt rescheduling**

The Board of Directors of **TerniEnergia** S.p.A. ("TerniEnergia" or the "Company"), which met today, approved the update of the proposed Relaunch and recovery plan, compared to the version approved on 25 October 2018, the reasonableness of which must be certified by a professional pursuant to art. 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022 (the "Plan"), who has been identified in Dr. Massimiliano Bonamini (subject of proven experience in the field).

The Plan, prepared with the help of KPMG as industrial and financial advisor, in its updated version, unequivocally represents a further step forward in the recovery process undertaken by the Company and provides for the following main strategic guidelines:

- (i) a **plan for the disposal of the assets relating to the photovoltaic and environmental sectors** owned by the Company (or by other companies directly or indirectly controlled by it), updated in terms of timing with respect to the previous version of the proposed Plan, which also takes into account the offers received by the Company for the sale of the above assets, as well as the Company's industrial prospects in accordance with the Plan;
- (ii) the **merger by incorporation of Softeco Sismat Srl into TerniEnergia**, to be completed by the end of 2019, to boost entry into the hi-tech and digital sector;
- (iii) the **continuity and development of business lines in the field of "digital energy"**, advanced consultancy and application of new technologies to energy saving activities and digitalised plant maintenance;
- (iv) a **financial manoeuvre** which, in addition to providing for debt rescheduling and rescheduling, is founded: (a) on a principle of "pari passu" distribution, between financial institutions and bondholders, of the proceeds deriving from the disposal of the above assets during the two-year period 2019-2020; (b) application of a "balance and withdrawal" manoeuvre to 2020 for those institutions that have shown interest in this solution thanks to the use of the last proceeds deriving from the disposals hypothesised in that year; (c) starting in 2020, full repayment of the residual debt for bondholders and banks not participating in the "balance and write-off", through flows deriving from business continuity with the objective of completing the repayment path by 2026.

The main terms of the update of the proposed Plan approved today by the Board of Directors of TerniEnergia, still subject to negotiations with the creditors (including bondholders) and therefore still potentially subject to changes and/or additions, are set out below. All the measures envisaged must be considered as a single measure, as they compete with each other to achieve the target of recovering the Company.

A. Proposed divestiture measures

The **photovoltaic assets and those of the CleanTech Business Unit** are expected to be disposed and, in particular, **by 2019**: (i) the sale of photovoltaic energy production plants, held directly or indirectly; (ii) the sale of end-of-life tyre treatment and recovery plants; (iii) the sale of the Nera Montoro biodigester; **by 2020**: (iv) the sale of a liquid waste treatment plant and 3 remaining photovoltaic plants. As a result of these disposals, the Plan provides for a total financial benefit of approximately Euro 115.8 million (of which approximately Euro 39.8 million Equity Value and approximately Euro 76.0 million reduction in the Group's financial exposure due to the taking over of part of the debt by the purchasers of the assets).

B. Merger by incorporation of Softeco into TerniEnergia

The corporate rationalisation process of the TerniEnergia Group is expected to be completed through the **merger by incorporation of Softeco Sismat Srl into TerniEnergia by the end of 2019**. This transaction will allow TerniEnergia to complete the industrial turnaround process of the Group through: (a) the strategic control of the new "Digital Energy" market, thanks to the development and growth of the Smart Solutions and Services divisions, based on Softeco's expertise; (b) the application of the Digital Transformation paradigm as well as the adoption of new digital technologies for the energy efficiency sectors, according to a new business model, and for the maintenance of energy plants (proactive and prescriptive O&M), through an increased capacity for data analysis and the integration between the plant engineering skills of TerniEnergia and those for the development of innovative advanced analytics solutions by Softeco. Finally, it is believed that the merger will simplify the corporate architecture, confirming the industrial vocation of TerniEnergia, optimize decision-making processes and management efficiency (corporate, accounting and administrative), with a consequent greater rationalisation of costs.

C. Financial manoeuvre

a) Accelerated debt repayment over the two-year period 2019-2020: the proposed financial package provides for a reduction in the Group's indebtedness to financial institutions and bondholders (as noted at 31 March 2018) over the two-year period 2019-2020 thanks to proceeds from the disposal of photovoltaic and environmental assets. The assumed divestments will lead to a total collection of approximately Euro 39.8 million (equity value) which will be distributed for Euro 20.1 million in 2019 (equal to about 33% of the debt after the sale in 2019) to banks and bondholders. A further Euro 7.8 million will be repaid during 2020 with percentages varying between institutions and bondholders depending on whether the latter choose to adhere to the pari passu repayment plan or alternatively to the assumption of full and final settlement. For bondholders

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and banks that have already given their willingness to support the company in a medium/long-term restructuring process (*pari passu*), it is expected that cash flows from disposals will contribute to an overall early repayment of debt of approximately 43% by the end of 2020 (of the initial exposure after disposals).

b) Full and final settlement: for those institutions that have expressed their interest in adhering to a "full and final settlement" principle, payment is expected in 2020, which would lead to an overall satisfaction in 2019 and 2020 of about 67% (withdrawal of about Euro 3.2 million out of a total of Euro 9.6 million of debt associated with the institutions that have opted for the full and final settlement solution).

It should be noted that the negotiations with the Company's creditors regarding the Plan remain subject to definition and that any changes with respect to what is described above could occur as a result of the continuation of negotiations and in any case in line with them.

c) Remaining exposures as at 31 December 2020: the remaining exposures as at 31 December 2020 (equal to Euro 28.2 million) would be repaid, *pari passu*, between the different types of exposures (see below) in annual instalments, with the flows deriving from the TerniEnergia Group's operations, until the debt to the financial institutions (with the exception of the financing institutions exposed to the subsidiaries Softeco, Greenled and the Magliano Sabina plant in TerniEnergia) and the bondholders would be fully discharged by December 2026. This manoeuvre also envisages: (i) consolidation and moratorium until 31 December 2019 on short-term lines outstanding at 31 March 2018 (other than those towards the subsidiary Softeco and Greenled), which will be repaid in line with the medium/long-term treatment chosen by the individual institutions, (ii) moratorium on medium/long-term exposures outstanding at 31 March 2018, for the years 2019-2020, net of repayments as provided for in the previous points; (iii) the renegotiation of interest rates maturing and accruing from 1 July 2018 for all such 6-month Euribor exposures + 150 basis points.

The Board of Directors therefore resolved to continue negotiations with creditors and bondholders on the basis of the proposed Plan approved today, reserving the right to closely monitor the progress of negotiations with the aim of concluding them and defining the Plan by 30 June 2019.

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

TERNIENERGIA (TER. MI), established in September 2005 and part of the Italeaf Group, is the first Italian global technological enabler, committed to bringing energy solutions and efficient recovery of integrated and sustainable resources to the world. Organized into two strategic business lines (Assets and Smart solutions and services), with about 300 employees and a geographical presence worldwide, with operative and commercial offices, TerniEnergia develops innovative solutions, products and services based on digital and industrial technologies for the energy supply chain, grids, smart mobility, industrial automation and the recovery of marginal resources.

TerniEnergia, also through its subsidiaries (Softeco Sismat, Greenled Industry, GreenAsm, GreenAsm, Purify, Wisave, Ant Energy), pursues the objectives of increasing energy production from renewable sources, saving energy and reducing emissions and actively participates in the energy revolution of distributed power generation and smart grids, with innovative digital solutions.

TerniEnergia is the ideal partner for large utilities, distribution operators and network operators, energy producers, public administrations, industrial customers and investors who intend to realize large projects for the production of renewable energy, modern systems and plants with high energy efficiency, solutions for the management and maintenance of infrastructure and electrical installations.

TerniEnergia has completed its transformation from a leader in the international photovoltaic market into a smart energy company and technological enabler for the sustainable use of resources through a complete commercial offer of solutions, the development and supply of digital technologies and the creation of "intelligent" services and solutions aimed at public and private customers in emerging sectors. TerniEnergia is listed on the MTA of Borsa Italiana.

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For further info:

Investor Relations
TerniEnergia SpA
Filippo Calisti (CFO)
Tel. +39 0744 7581
calisti@ternienergia.com

Press Office
TerniEnergia SpA
Federico Zacaglioni
Tel. +39 0744 7581
Mobile +39 340 5822368
zacaglioni@ternienergia.com