



PRESS RELEASE
Milan, November 4, 2016

TERNIENERGIA: Plug in the smart energy company
Update of the 2016-18 business plan with strategic vision to 2019

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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 the Update of the 2016-18 business plan with strategic vision to 2019.

MAIN GOALS

Transformation for the value creation - Stefano Neri (Chairman and CEO)

“The energy industry is facing a very complex challenge: create new competitive business models with respect to the change of paradigm of distributed generation, resulted from environmental concerns, rising energy prices and regulatory pressures and incentives. TerniEnergia, with this plan, intends to develop the potential to create greater value for the future, completing the transformation from being "pure green company" in "smart energy company". The goal will be achieved, first of all, favoring the impetuous irruption of the digital transformation in all our business lines, thanks to the integration of Softeco Sismat and Selesoft in our Group. These are two companies that has made the history of Made in Italy in the smart application to power grids, telecommunications, energy efficiency. With the new skills introduced by the transaction, TerniEnergia candidates itself for the role of ideal partner for large utilities, power distributors, energy producers and network operators wishing to implement large distributed energy projects, smart and mini grids, participating as EPC (Engineering, procurement and construction) and BOP (Balance of Plants) contractor in tenders and international procurement. At the same time, the Group will be operative in the market of integrated solutions provided to self-consumption for large industrial users or group customers, to approach with BOT (build, operate and transfer) formula to be transferred the end customer or third party investors. The positioning along the entire energy value chain, will be completed by replacing the contribution of Free Energia (the divestment from which it was generated exclusively by external factors not predictable), with a new company target in the energy management sector (Energetic) to enter strongly in the dual fuel market, with an integrated package of energy and gas. This integration will also allow the access to a loyal customer base for the business line of energy efficiency, a strategy also enhanced by the alliance partnership with the Roma Gas and Power Group. Finally, we pursue the strengthening of the internationalization process towards the most attractive markets in the world.



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Industrial change: the new "smart" business model

EPC and Digital Renewable Energy: Smart grids and large plants installation

The power distribution system is at a paradigm sliding door: from a traditional model of one-way, to that of distributed generation. TerniEnergia by embedding Softeco Sismat and Selesoft (with maintenance of the employment level in the Genoa headquarters), aims to play a leading role in the rising of the smart and mini market, characterized by the spread on the electricity grid (both transmission, both distribution) of "smart" systems and "connected", such the Internet of Things (IoT). The microgrid market is estimated to grow to 34.9 billion by 2022, with a CAGR of 10.9% between 2016 and 2022. TerniEnergia will combine its track record in the installation of plants for the production of energy renewable with digital business. The company will continue the course of realization of production plants from renewable sources (photovoltaic) sized "giant".

Energy management

Integrating Energetic (the outcome of the acquisition process underway), a Tuscan company operating in the dual fuel market of gas and electricity with approximately Euro 100 million in revenues in 2015, the Group will develop the business of energy management from a portfolio of loyal customers, including corporate customers, small and medium enterprises and public administrations. The company aim is to reduce the risks typical of the sector (through appropriate contracts insurance policies) and to facilitate the growth in size in the services and solutions for the energy consumer customers.

Energy saving

Exploiting the customer-based energy management and enhancing commercial partnerships with key players at national level, such as Roma Gas & Power, TerniEnergia intends to maximize opportunities to cross-sell and significantly increase the number of energy saving interventions. A functional development of the new business model will also be the strengthening of the "Hub" platform which aims to create a specialized asset investment class, that allows capital markets to invest in Italian projects of energy saving.

Cleantech

For the business line cleantech is expected the containment of the capital intensive business, considering the single investment for the completion of the remediation of industrial liquid waste Nera Montoro (TR).

Transversal divisions: Business development and commercial and R&D "Digital energy"

TerniEnergia in the organization of the Group introducing two new transversal divisions. The first will be focused on research and development, pursuing the digital transformation goals for the four TerniEnergia LOB (Technical Services, Energy Management, Energy Saving and Cleantech). The second will be active,



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from the headquarters of Milan and London, in the global development of projects and business in core business areas, strengthening the business and bringing the Group to customers around the world.

Strategic vision to 2019 - Stefano Neri (Chairman and CEO)

"TerniEnergia intends to grow dimensionally by implementing an integration of other industries and companies through acquisitions. We believe a strategic target to achieve a significant increase in revenues and market cap, in line with the intention of setting up an "independent Italian industrial champion" in the construction and operation of power generation plants from renewable sources and integrated systems for the distributed generation (smart grids). We intend to consider the possibility of diversifying the EPC activities also in wind energy and hydropower sectors, promoting M&A with players of international standing. The concentration of the core business on the energy supply chain will determine the potential alienation of environmental assets, even in the positive rate of environmental market, which sees an interest of large multi-utility and industry asset managers in this type of plants in operation".

FORECAST 2016

The Board of Directors took note of the forecast for the year 2016, in which the Company has decided to accelerate the search for a partner in the digital business, rather than focusing on changing the contribution to revenues led by the energy management. The estimate for the year-end provides Euro 85 million in revenues, EBITDA of approximately Euro 16 million, a further reduction of the NFP to Euro 92 million and the Net equity growth to Euro 63 million.

Plug in the smart energy company: TerniEnergia in figures

The Company intends to operate in the short term a modest capital raising, in the order of up to Euro 2.5 million, to support the growth of new business activities related to the integration of acquired companies. The capital increase will also represent the tool to the entry of new investor-supportive shareholders, strengthening the management and exploitation of potential opportunities in the market environment.

TerniEnergia expects to 2017 and 2018 a substantial increase in revenues and profitability and, simultaneously, a reduction of NFP and an increase in margins.

The plan estimates a value of production growth (CAGR 2016-18) of 67%, for about Euro 762 million in three years, with interim targets of Euro 282 million in 2017 and Euro 395 million in 2018, an increase of revenues by the activity of lines Technical services business and energy management.



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EBITDA is estimated to Euro 19 million in 2017 and Euro 31 million in 2018. In 2018 it is expected the main contribution of the business line technical services (approximately two thirds of the total) to EBITDA training and a balanced intake of other line of business (LOB) cleantech, energy management and energy efficiency. Margins will keep growing over the plan period, to 7% in 2017 and 8% in 2018, demonstrating the robustness and repeatability of the new business model and risk lowering, thanks to the diversification of activities and the integration of digital energy in the value chain.

EBIT is expected to grow from Euro 12 million in 2017 to Euro 24 million in 2018.

With the new structure, the NFP will be reduced in the period of the plan to Euro 90 million in 2017 and Euro 82 million in 2018. The ratios will be improved significantly: in particular, the NFP/Net equity ratio (gearing ratio) will decline 1,37x to 1,09x in 2017 up to 2018.

With regard to the remuneration policy for shareholders, the Company intends to not distribute dividends in 2017 to support the development of the acquired companies and the launch of the new business of smart and mini grids, while for 2018 the proposal to the Board of Directors is to distribute a maximum of 50% of the consolidated Net Profit.

Bond TERNIENERGIA 6.875% February 6, 2019 - Eur 25 million

The TerniEnergia Group has outlined a solid plan for the reimbursement of the bond issue "TERNIENERGIA 6.875% February 6, 2019 - Eur 25 million". In particular, the Company intends to access to the capital market, in a favorable environment for corporate bonds, to refinance or reschedule the bond. In any case, the possible enhancement through alienation of the environmental assets covers about two-thirds of the funding requirements for reimbursement. In the period of the plan, finally, TerniEnergia will provide for the activation of new lines of credit for an amount significantly lower than the repaid capital.

In conclusion, the strategic transformation outlined in the plan will give rise to a TerniEnergia much more robust, which will propose itself to the market as the first smart Italian energy company. The new corporate configuration will see a Group active in the core area of digital energy, of the construction of renewable energy plants, of energy management, of energy saving and cleantech, with about 500 employees and a geographic presence in almost all the continents, with operational and sales headquarters and offices.

The TerniEnergia of the future will be a smart energy company which - in the era of the energy revolution - will be able to represent the ideal partner for large utilities, leading operators in the field of energy transmission and distribution, large multinational companies in the establishment of highly innovative grids, plants systems and solutions.



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Please note that the presentation of the TerniEnergia Business Plan 2016-2018 Update "Plug in the smart energy company", is available to the public at the registered office, on the company website under Investor Relations (www.ternienergia.com) as well as at the centralized storage mechanism "1INFO" (www.1info.it) and at the Italian Stock Exchange.

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 devices. 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..

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Attached the slide of the business plan Plug in the smart energy company