



PRESS RELEASE Terni, May 14, 2018

TERNIENERGIA: the BoD approves the results as at 31 March 2018

- Revenues equal to Euro 8.5 million, -71.7% (Euro 29.9 million as at 31/3/2017)
- EBITDA of Euro 1.5 million, -55.3% (Euro 3.4 million as at 31/3/2017) with Ebitda Margin at 18% (11.4% as at 31/3/2017)
- EBIT of Euro -0.9 million (Euro 1.4 million as at 31 March 2017), Result before taxes (EBT) of Euro -3.1 million (Euro 0.1 million as at 31 March 2017)
- Net result equal to Euro -2.4 million (Euro 0.2 million as at 31 March 2017)
- Net Financial Position equal to Euro 97 million (Euro 89.8 million as at 31/12/2017)
- Net equity equal to Euro 19.7 million (Euro 21 million as at 31/12/2017)
- The Board of Directors resolves to propose to the Shareholders' Meeting the reduction of the share capital to cover losses, the revocation of the "2017-2019 Stock Grant Plan", the reduction of the maximum compensation for the Board of Directors and the appointment of a new independent director.

The Board of Directors of **TerniEnergia** S.p.A., smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, which met today, approved the interim financial report as at 31 March 2018. Further to what was communicated on April 27, 2018, TerniEnergia informs that Borsa Italiana has provided that, as of today, the shares of the Company will be transferred to the MTA following the voluntary request of TerniEnergia to exit from the MTA-STAR segment. For this reason, TerniEnergia will continue to provide periodic financial information in addition to the annual and half-yearly financial report, as required by Article 154-ter, paragraphs 1 and 2, of the TUF, in summary form although in compliance with Article. 82-ter of the Issuers' Regulation.

CONSOLIDATED RESULTS AS OF MARCH 31, 2018

Revenues totaled 8.5 million euros. The decrease compared to the first quarter of 2017 (Euro 29.9 million; -71.7%) is mainly attributable to the presence in the previous quarter of approximately Euro 19.9 million in turnover related to the "Energy Management" activity (purchase and sale of natural gas). This activity was suspended as from the end of the first half of 2017, as explained in more detail in the 2017 Annual Financial Report. Revenues as at March 31, 2018 were mainly attributable to the activities of the companies Softeco Sismat Srl and Selesoft Consulting Srl, which contributed for approximately Euro 4.5 million to Group



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revenues, and to the activities of the "Asset SBU" (i.e. the Group's photovoltaic and environmental plant business) for approximately Euro 2.3 million (in line with the first quarter of the previous year). The remaining part of the turnover mainly refers to O&M activities (management and maintenance) carried out on photovoltaic plants in Italy and South Africa.

EBITDA amounted to Euro 1.5 million (Euro 3.4 million as at 31 March 2017, -55.3%). **Ebitda Margin** was 18%, an increase compared to the same period of 2017 (11.4%). The results as at 31 March 2018 show the growing contribution made by the IT sector activities (of the companies Softeco and Selesoft) and by the first important measures to reduce operating costs, in particular service costs and payroll costs. This trend is expected to have a greater impact in the coming months.

The **Net Operating Result (EBIT)** amounted to Euro -0.9 million (Euro 1.4 million as of 31 March 2017), after amortisation/depreciation, provisions and write-downs of Euro 2.5 million (Euro 2 million in total as of 31 March 2017). This figure, in particular, was mainly influenced by the line-by-line consolidation of Energia Alternativa and Solter from 12 March 2018.

The **Net result** amounted to Euro -2.4 million (Euro 0.2 million as of 31 March 2017), while the result before taxes (**EBT**) amounted to Euro -3.1 million.

The **Net Financial Position** amounted to Euro 97 million (Euro 89.8 million at 31/12/2017, +8%). This change is mainly due to the decrease in the item "Financial payables/(receivables)", which went from Euro 9.2 million as at December 31st , 2017 to Euro 1.4 million as at March 31st , 2018. The change is due to the inclusion in the 2017 balance of financial receivables due from the Parent Company to Energia Alternativa and Solter, totalling Euro 7.8 million. These companies were held in Joint Ventures (50% owned) at 31/12/2017 and therefore consolidated using the equity method, while in the situation at 31 March 2018 they were fully consolidated, following the purchase of the remaining 50% of the shares. The change in the consolidation method resulted in the elimination of all intercompany receivables, including the financial receivables in question. Net of this effect, due to the change in the consolidation method of the companies Energia Alternativa and Solter, the Group's net financial debt as of 31 March 2018 was substantially unchanged compared to 31 December 2017.

Net equity amounted to Euro 19.7 million (Euro 21 million as at 31/12/2017), a reduction of 6.25%. Shareholders' equity also takes into account treasury shares held in portfolio, which amount to 1,012,224.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

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Issuance of the Independent Auditors' Report

On April 30, 2018, TerniEnergia communicated, pursuant to art. 154-ter of the Legislative Decree. February 24, 1998 No. 58, which were published the Annual Consolidated Financial Report at December 31, 2017 and the Separate Financial Statements at December 31, 2017 of TerniEnergia SpA, accompanied by reports of the Independent Auditors EY SpA. The reports of the independent auditors EY conclude that it is impossible to express an opinion on the financial statements as at 31 December 2017. Please refer to the full text of these reports, which are available on the Company's website www.ternienergia.com in the Investor Relations/Balance Sheets section.

Request for exit from the MTA-STAR segment and transition to the MTA

On April 27, 2018, the Board of Directors of TerniEnergia S.p.A. resolved to implement, in the best interest of the Company, all the necessary and appropriate requirements to request the transition from the MTA-STAR segment to the MTA. The Company has considered that, at this time of reorganisation and implementation of the recovery and relaunch plan, its position in the STAR segment is not ideal, since it is a priority to focus all the company's attention and resources on the implementation of the recovery and relaunch plan itself. The company confirms, however, that it does not want to break with those practices now consolidated within the company which, although no longer becoming obligations following exit from the Star, meet the requirements of transparency and guarantee for all investors, such as the adequate presence of non-executive and independent directors on the Board of Directors and the constant and timely updating of the company website to enable all investors to be constantly informed about the performance of the company, and undertakes, therefore, to maintain the procedures of Corporate Governance and best practices adopted to date. The Company also reserves the right, once the current reorganization phase has been completed and the industrial development process has resumed, to assess the possibility of requesting Borsa Italiana again for inclusion in the STAR segment.

BUSINESS CONTINUITY AND BUSINESS OUTLOOK

Recovery and relaunch plan

During the coming months, the Group will be committed to implementing the recovery and relaunch plan, aimed at pursuing, in the medium term, the transformation of the Company into a smart company and the overcoming of the current situation of financial tension of the Group. The Plan is based on three pillars: divestments, rationalisation and strategic repositioning with a focus on the issues of the internet of energy, smart mobility and IT consulting.



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- **Divestments.** The Plan provides for the disposal of the photovoltaic and Clean Tech activities currently present in the Group. In particular, the sale of a controlling stake in the EPC and O&M business units (for the construction and maintenance of photovoltaic plants), the sale of photovoltaic power generation plants (held directly and indirectly through SPV), the sale of treatment and recovery plants for ELTs (end-of-life tyres), the remediation plants of liquid waste in Nera Montoro, the biodigester in Nera Montoro, the one under construction in Calimera and the virgin wood pyrogasification plant in Borgosesia.
- **Streamlining.** The Plan provides for a reorganisation of the Group, which will be structured through the sale of the companies linked to the assets mentioned in the first point (divestments) and a rationalisation of the Group's structural costs as a result of the synergies deriving from the mergers and the disposal policy.
- **Strategic repositioning.** The plan provides for a decisive enhancement of the Group's technological strengths, through the development and strengthening of the consulting, industry, smart mobility and digital energy business lines with high technological content, mainly based on the activities currently carried out by Softeco. The Company's turnaround is based on the transformation of the energy sector towards models of distributed power generation, which involves an increasing weight in the smart components in the energy generation, transmission and distribution grids.

With regard to the three pillars of the Plan, the Company highlights the progress made to date in the implementation of the planned actions:

- **Divestments:**
 - I. with reference to the sale of 10 photovoltaic plants for a total of 11 MW to Sonnedix San Giorgio Srl, the preparatory activities for the closing are proceeding rapidly, with the final date set for October 31, 2018;
 - II. in relation to the PV plants still owned by TerniEnergia, the Company received numerous expressions of interest from potential buyers and the relevant confidentiality agreements (NDAs) were signed;
 - III. in relation to the sale of Newcoenergy Srl, owner of the authorisations and properties of the biodigester of Calimera (LE) under construction, the Company received various expressions of interest for which the relative NDAs have been signed;
 - IV. with regard to the objective of selling the EPC and O&M business units to an industrial player already active in the sector, in order to transform fixed costs into variable costs, while



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safeguarding employment levels, the Company informs that an NDA has been signed with a leading international industrial player and that the due diligence phase is underway;

- V. the revision of the service contracts has been started, which will be defined on the basis of the forecasts of the Recovery and relaunch plan and which will involve, and in part is already involving, a significant reduction in costs for TerniEnergia.

- **Streamlining:**

- I. The procedures for the merger by incorporation of Selesoft Consulting and Consorzio Proteco, respectively, into Softeco were completed, with the aim of simplifying the Group's organization and making it more efficient;
- II. Following these merger procedures by incorporation, TerniEnergia holds 100% of Softeco's shares.

- **Strategic repositioning:**

- I. Activities are underway to strengthen the commercial structure in support of the sectors with the highest technological content, in order to reinforce the Group positioning with customers and partners of high standing;
- II. the presence in Italy was strengthened to enhance the proposition of products, solutions and services for the consulting, industry, smart mobility and digital energy sectors with the strengthening of the Catania office and the opening of new offices in Rome and Terni;
- III. staff selections are underway for the implementation of the technical-operational structure to respond to the growing need for high professionalism. To this end, agreements and conventions have been signed with Universities and Research Centers.

For the preparation of the above mentioned Plan, TerniEnergia is assisted by KPMG Advisory SpA as financial advisor.

The Plan provides for the start of meetings with banks, bondholders and creditors in general to define a shared solution aimed at overcoming the current financial crisis.

It should be noted that the guidelines presented on 28 September 2017 have been superseded by the contents of the Recovery and relaunch plan launched, on the development of which the Company will provide timely information.

Other resolutions of the Board of Directors

The Board of Directors resolved to propose to the Shareholders' Meeting, called in extraordinary and ordinary session, at the company's registered office on 14 June 2018, the adoption of the appropriate measures



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referred to in art. 2446 of the Italian Civil Code and, in this context, to proceed with the reduction of the share capital in proportion to the ascertained losses. For further details, please refer to the Report of the Board of Directors, drawn up pursuant to 74 of the Issuers' Regulations no. 11971/99, which will be published according to the terms of current legislation.

Furthermore, the Board of Directors, with the opinion of the Remuneration Committee and after consulting the Board of Statutory Auditors, resolved to propose to the Shareholders' Meeting - in the light of the current financial position of the Company and the measures pursuant to art. 2446 of the Italian Civil Code - the following proposals were made which are on the agenda of the shareholders' meeting called for 14 June 2018 - to revoke the 2017-2019 Stock Grant Plan, approved on 2 May 2017 by the same shareholders' meeting, and to release the profit reserve serving the said Plan and named "restricted capital increase reserve serving the 2017-2019 Stock Grant Plan" for the corresponding amount to be allocated to the available equity reserve. The Board of Directors, after consulting the Remuneration Committee and consulting the Board of Statutory Auditors, resolved to propose to the Shareholders' Meeting a reduction in the maximum total remuneration payable to the Board of Directors from Euro 720,000 to Euro 330,000, with the exclusion, for 2018, of the variable part of the remuneration for executive Directors.

Finally, the Board of Directors resolved to propose on the agenda of the next Shareholders' Meeting the appointment of the ninth Board Member, with independence requirements, who will remain in office until the expiry of the entire Board of Directors, i.e. with the approval of the financial statements for the year ending on 31 December 2018.

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 Filippo Calisti, 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 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 400 employees and a geographical presence worldwide, with operative and commercial offices, TerniEnergia develops



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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, Selesoft Consulting, 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 STAR segment of Borsa Italiana.

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