

PRESS RELEASE 14 NOVEMBER 2014

ITALEAF: TerniEnergia, the Board of Directors approved the results as at September 30th, 2014

Net profit Euro 6.3 million, significant increase for EBITDA and margins. Green light to the proposed expansion of the Board of Directors from 7 to 9 members, with an indication of Mr Sergio Agosta and Mr Umberto Paparelli for the appointment of managing directors by the General Shareholders' Meeting

- **Revenues of 32.4 million (Euro 45.9 million as at September 30, 2013)**
- **EBITDA of Euro 15.3 million, +71% (Euro 8.9 million as at September 30, 2013)**
- **Ebitda Margin 47.3% (20% as at September 30, 2013)**
- **EBIT of Euro 6.3 million, +4% (Euro 6 million as at September 30, 2013)**
- **Net Profit of Euro 1.2 million (Euro 5.4 million as at September 30, 2013)**
- **NFP of Euro 155.6 million, Euro 16.7 million of which in short time (Euro 135.2 million as at 31/12/2013, Euro 18.2 million of which in short time)**
- **Net Equity amounted to Euro 55.5 million (53.9 million as at 31/12/2013)**

The Board of Directors of **TerniEnergia**, a smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of Borsa Italiana and part of Italeaf Group, approved today the interim financial report as at September 30, 2014..

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

"The Group's results for the third quarter confirm an underlying trend in line with the goals that we have anticipated to the financial community for the full year 2014, with an expected net profit of approximately Euro 6 million and the target of a reduction of the NFP of around a third. With the strategic repositioning of TerniEnergia Group, following the acquisition of Free Energia and the business development in the areas of energy management and the energy efficiency, we set and already started a new phase of growth as "smart energy company" with increasing opportunities in highly competitive markets. We are confident that this strategic approach is appropriate to produce positive effects regarding the industrial and financial results in the current context, helping to consolidate the positive end of the year".

CONSOLIDATED RESULTS AS AT SEPTEMBER 30, 2014

The Net revenues amounted to Euro 32.4 million (Euro 45.9 million as at September 30, 2013) with a decrease in prevalence attributable to the drop of the revenues from photovoltaic EPC. The contribution of the environmental sector and the power generation activity, characterized by high margins and a long-term visibility, is equal to approximately 56% of total revenues in growth compared to the same period of 2013.

The EBITDA amounted to Euro 15.3 million (+71%) compared to Euro 8.9 Million recorded as at September 30, 2013. The EBITDA Margin was 47.3%, with a significant increase compared to the same period of 2013 (19.51%) Net operating income (EBIT) amounted to Euro 8.3 million (Euro 4.4 million as at September 30, 2013), an increase of 90%, after amortization amounted to Euro 5.9 million related to growth of the number of PV plant in full ownership (Euro 4.6 million as at 30 September 2013) and depreciations of intangible assets consist of licenses acquired in previous years for the construction of photovoltaic plants, for a total of Euro 1.1 million.

Net income, that includes the share of profit generated from the activity of JV, amounted to Euro 6.3 million, benefiting of income tax resulting from the application of the so-called "Tremonti Ambientale" to certain subsidiaries holders of utility scale PV plants. Net income as at September 30, 2013 was Euro 6 million.

The Net Financial Position amounted to Euro 155.6 million (Euro 135.2 million at 31/12/2013). The non-current net financial position is Euro 138.9 million, and includes the the bond issue carried out in February 2014. The short-term NFP is Euro 16.7 million (Euro 18.2 million as at 31/12/2013).

The net equity amounted to Euro 55.4 million (Euro 53.9 million at 31/12/2013), while the Fixed Assets amounted to Euro 183.1 million, of which € 155.8 million related to tangible fixed assets. The short-term NFP/net equity ratio, equal to 0.3x improves appreciably and constantly, consolidated in full security area.

INDUSTRIAL RESULTS AS AT SEPTEMBER 30, 2014

The total number of photovoltaic plants built by TerniEnergia from the beginning of its activity is equal to 273, with an aggregate capacity of approximately 284.1 MWp (33.3 MWp in full ownership and 5.8 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 44 million kWh. For the full year 2014 it is estimated that the PV assets owned by the Company will ensure a production of over 60 million kWh. In the environmental sector are operating a 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 THE PERIOD

Noteholders' Meeting of the bonds "TerniEnergia Euro 25,000,000.00 Notes due 2019"

October, 11, 2014 - The Noteholders' Meeting expressed the approval to the share capital increase of TerniEnergia SpA, with the exclusion of option rights pursuant to Article 2441, paragraph 4, of the Italian Civil Code which is reserved to the shareholders of Free Energia SpA, through the issuance of new ordinary shares up to n. 6,637,168 to complete the acquisition of 100% of Free Energia, a company engaged in the trading and energy efficiency. The General Meeting approved the amendments to the financial covenants provided pursuant to art. 8 (vii) of the Terms and Conditions of the Notes, to support the repositioning of the TerniEnergia Group's business.

Shareholders' Meeting of TerniEnergia SpA

October, 13, 2014 - The Shareholders' Meeting approved the proposal of a capital increase with the exclusion of the option rights, reserved to the shareholders of Free Energia SpA, through the issuance of new ordinary shares up to n. 6,637,168 to complete the acquisition of 100% of Free Energia, a company active in the trading and energy efficiency sectors. The issue price of the new shares amounts to Euro 2.26 per share. Countervalue of the transaction amounts to Euro 15 million for 100% of the shares of Free Energia SpA. The Shareholders' Meeting approved the buy-back plan.

Launched share buy-back programme

October, 17, 2014 - Pursuant to art. 144-bis, clause 3, Consob Regulation 11971/1999 ("Issuers' Regulation"), TerniEnergia S.p.A. launched a share buy-back programme for a total of 2.656.720, ordinary treasury shares (6% of the share capital as it was before the share capital increase resolved by the extraordinary General

Shareholders' Meeting on 13 October 2014), as authorized by the Ordinary Shareholders' Meeting held on 13 October 2014. The programme allows the Company to carry out investment operations and to set up of a pool of securities, directly or through intermediaries, as allowed by current legislation.

Registered in the Companies Register the resolution to the capital increase for the acquisition of Free Energia SpA

October, 21, 2014 - Registered in the Companies Register the resolution to the capital increase for the acquisition of Free Energia SpA approved by the Extraordinary Shareholders' Meeting on October 13, 2014. Subscribed to 96.63% the divisible share capital increase of TerniEnergia reserved to Free Energia S.p.A. shareholders, a company operating in the energy management and energy efficiency fields. In relation to the capital increase, Free Energia' shares were conferred for a number equal to 96,63 % of the share capital of the company in order to finalize the transaction.

Disclosed the new strategic lines, comes the first Italian "Smart energy company"

October, 31, 2014 – TerniEnergia disclosed the evolution of the strategic lines, towards the new Strategic Plan post-Acquisition of Free Energia SpA,, to the Italian financial community. The presentation took place in Milan, in Borsa Italiana, during the workshop "Smart to restart industry" organized by Italeaf Group, holding company and the first Italian company builder, main shareholder of TerniEnergia. The Group aims to maintain a solid financial balance and confirms a dividend policy-oriented to the shareholder remuneration. The target net income for the current year is approximately EUR 6 million. TerniEnergia has confirmed its intention to reduce the NFP in the current year (2014) by around a third. The development of a new organizational structure will be based on 4 business lines: Technical Services, Cleantech, Energy saving and Energy management.

BUSINESS OUTLOOK

The global market for photovoltaic and environmental sectors is characterized by a global high growth of investments and demand. As regards the internal market, it is published in the Italian Official Gazette the operating decree for the so-called "Spalma-Incentivi", for PV systems over 200 kW. TerniEnergia, while confirming the profitability of the owned PV plants, has decided to take legal action to bring out the principles of unconstitutionality of the law and protect the interests of the Company and its shareholders. The Group also intends to pursue a policy of enhancement of the portfolio plants, maintaining their management, seizing the opportunities guaranteed by the secondary market and the objective of a reduction of the NFP by around a third during the year.

In the photovoltaic sector, TerniEnergia will continue to pursue growth in installed capacity, looking at those markets with stable regulatory systems and high economic growth. In addition, the Group is constantly looking for new opportunities in countries with high potential for reliability, increasing the geographic diversification of its operations.

Regarding the order backlog in South Africa, for an amount of approximately Euro 147 million, the Group is awaiting the decision of the South African authorities for the opening of the sites. The Company also continues to monitor the progress of the so-called IV BID phase of the South African government, that includes the construction of eight photovoltaic plants with a total capacity of over 500 MWp, in which TerniEnergia been identified as EPC contractor for a further two potential orders.

In the short term, the Group - as a result of the acquisition of Free Energia SpA, active in energy management field with 1.3 TWh of electricity delivered to customers energy-intensive and/or consolidated re-sellers - will start the integration completing downstream the energy value chain, resulting in increased revenue and diversification of the business. With the development of the activities of Lucos Alternative Energies, the integration of the new activities will potentially strong synergies and business opportunities, which will be the basis for a strong growth in energy efficiency and the enhancement of power generation from renewable sources.

TerniEnergia, with the goal of creating the first Italian industrial "Smart energy company", will pursue the development of the organizational structure through 4 functional business lines: Technical Services; Cleantech; Energy saving; Energy management.

The Company will also continue the process of strengthening the scope of the environmental asset, completing a new facility for the treatment and recovery of "secondary raw material" from end of life tires in Northern Italy, at Borgo Val di Taro (PR). Finally, it is completed the process of environmental impact assessment (VIA) for the new treatment plant of industrial waste fluids in Nera Montoro (TR), for which consequently is upcoming the release of the Integrated Environmental Authorization (AIA).

FURTHER RESOLUTIONS OF THE BOARD OF DIRECTORS

The Board of Directors of TerniEnergia stated favorably about the value audit, pursuant to art. 2343-quater of the Italian Civil Code, referred to the transfer of the shares of Free Energia SpA received as a coverage of the share capital increase of TerniEnergia. In particular, the Board has approved the report stating that in the period following the execution of the Shareholders' Meeting of October 13, 2014 which approved the capital increase by contribution in kind, there have been no exceptional circumstances that have affected the price of the shares contributed in a way that significantly change the value of such assets at the date of registration of the resolution referred above. The Council also expressed a favorable opinion on the requirements of professionalism and independence of the expert who made the evaluation in accordance with the art. 2342-ter, second paragraph, of the Italian Civil Code.

The Board of Directors, finally, in perspective of the proof changes in the Company corporate structure and activities as a result of the acquisition of Free Energia Group and considering the strategical, managerial and organizational changing needs, approved to propose to the Shareholders' Meeting the increase of the number of the Board Directors from the current seven members to nine members, subject to the maximum limit of eleven members, set by the Articles of Association. The Board granted to the Chairman Stefano Neri the authority to proceed to convene an Ordinary Shareholders' Meeting, taking into account the mode of appointment prescribed by law and the Articles of Association, to vote on increasing the number of directors and proceed to their appointment, to fix the term of their office and the related remuneration. The Board of Directors has shared an indication as candidates for executive directors of dr. Sergio Agosta and dr. Umberto Paparelli.

Biographical notes of the Directors indicated by the Board of Directors

Sergio Agosta was born in Novara in 1965. He served until 2013 as Director of the Energy Industrial Area of Acea SpA, coordinating the entire energy chain of Acea Group engaged in manufacturing, trading and sale of electricity and gas. From 2003 to 2009 he was the CEO of GME – Gestore del Mercato Elettrico SpA, a public company that manages the electricity markets. From 1994 to 2003 he was General Director of the Enertad Group, listed on the

Milan Stock Exchange, one of the first Italian groups to operate in an integrated way in the supply chain waste-environment-production of electricity, operating successfully in Italy and abroad. During the period he was also the CEO of the TAD Holding Group. He was a member of the Board of Falck S.p.A. and Acciai Speciali Terni S.p.A.. He was a Senior Associate M&A of the Law Firm NCTM - Negri Clementi, Toffoletto, Montironi e Associati in Milan, member of the team of the Legal and M&A Directorate of Akros Finance SpA. Degree in Law at the University of Milan, participated to the "Summer School" at the London School of Economics and to the "Advanced Executive Programme", a specialized course general management for high-potential executives of the London Business School.

Umberto Paparelli was born in Narni (TR) in 1953 and he is Chairman and CEO of Free Energia SpA. Since 2003 he has held the positions of Chairman and/or CEO in various companies, primarily in the energy sector, with whom he collaborated in development projects and reorganization and revitalization. From 2005 to 2010 he was Managing Director and General Manager of Scandolara SpA, a global leader in European primary packaging industry, taking care of internationalization (Russia, Switzerland and Slovakia) and managing the entry in the share capital of the company of a leading bank. From 1978 to 2003 he worked with increasing responsibility in the multinational corporation SGL Carbon Group, initially in the Internal Auditing and Controlling, then at the top of Global Supply Chain Management and Personnel Management, becoming a member of the Italian Board of Directors. Degree in Political Science at the University of Rome "La Sapienza".

Declaration of the Officer responsible for preparing the corporate accounting documents

The Officer appointed for the preparation of accounting and corporate documents, Dr. Paolo Allegretti, states, pursuant to paragraph 2 of art. 154-bis of the consolidated Financial Act, that the accounting information that is contained in this press release corresponds to the results contained in the documents, books, and accounting records.

Deposit of documents

Please note that the Interim Financial Report as at June 30, 2014 of the Group TerniEnergia approved by the Board of Directors of TerniEnergia today, will be available to the public, together with the report of the independent auditors, in the manner and within the time provided by law.

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; decommissioning of industrial plants, recovery of demolition metals and cleaning of industrial sites; development and production of technological apparatus. Through Free Energia, 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. TerniEnergia, through Lucos Alternative Energies, 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..

This press release is also available on the Companies' website: www.italeaf.com and www.ternienergia.com.

Certified Adviser

Mangold Fondkommission AB is the Certified Adviser of Italeaf on NASDAQ OMX First North.

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Italeaf SpA, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong and a research and development centre in the Hong Kong Science and Technology Park. The company controls TerniEnergia, listed on the STAR segment of the Italian Stock Exchange and active in the fields of renewable energy, energy efficiency and waste management, Greenled Industry, working in the development and production of power LED lamps for industrial energy efficiency and public lighting, WiSave in the "internet of things" field, for the development and production of thermostats and smart technologies for the remote control of electrical and heating items of buildings managed through a cloud infrastructure, and Skyrobotic, in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market.

ANNEXES

Consolidated balance sheet as at September 30, 2014

Income statement as at September 30, 2014

Consolidated Net financial position as at September 30, 2014

Consolidated Balance Sheet as at September 30, 2014

	As at September 30, 2014	As at December 31, 2013	Change	Change %
<i>(in Euro)</i>				
Intangible assets	3,388,965	4,337,960	(948,995)	(21.88)%
Property, plant and equipment	153,565,964	160,574,401	(7,008,437)	(4.36)%
Financial fixed assets and other intangible assets	26,007,789	17,493,201	8,514,588	48.67%
Fixed Assets	182,962,718	182,405,562	557,156	0.31%
Inventories	9,941,123	8,208,886	1,732,237	21.10%
Trade receivables	27,390,616	28,063,651	(673,035)	(2.40)%
Other assets	17,408,477	16,573,353	835,124	5.04%
Trade payables	(11,762,484)	(31,416,529)	19,654,045	(62.56)%
Other liabilities	(4,599,683)	(7,329,882)	2,730,199	(37.25)%
Net working capital	38,378,049	14,099,479	24,278,570	n.a.
Provisions and other non-trade liabilities	(10,276,006)	(7,444,424)	(2,831,582)	38.04%
Net Invested Capital	211,064,761	189,060,617	22,004,144	11.64%
Shareholders' Equity	55,428,081	53,887,823	1,540,258	2.86%
Current net financial position	16,763,862	18,161,094	(1,397,232)	(7.69)%
Non-current net financial position	138,872,819	117,011,700	21,861,119	18.68%
Total net financial position	155,636,681	135,172,794	20,463,887	15.14%
Net Invested Capital	211,064,762	189,060,617	22,004,145	11.64%

Consolidated Income Statement as at September 30, 2014

<i>(in Euro)</i>	As at September, 30 2014	As at September, 30 2013	Change	Change %
Net revenues from sales and services	32,377,309	45,926,160	(13,548,851)	(29.50)%
Production costs	(12,776,269)	(32,640,869)	19,864,600	(60.86)%
Added value	19,601,040	13,285,291	6,315,749	47.54%
Personnel costs	(4,291,540)	(4,326,917)	35,377	(0.82)%
EBITDA	15,309,500	8,958,374	6,351,126	70.90%
Amortization, depreciation, provisions and write-downs	(6,996,994)	(4,578,180)	(2,418,814)	52.83%
EBIT	8,312,506	4,380,194	3,932,312	89.77%
Financial income and charges	(7,872,298)	(190,720)	(7,681,578)	n.a.
Portions of results attributable to the JV	(150,877)	1,257,399	(1,408,276)	(112.00)%
Pre-tax result	289,331	5,446,873	(5,157,542)	(94.69)%
Income taxes	5,970,932	597,149	5,373,783	n.a.
Net profit for the period	6,260,263	6,044,022	216,241	3.58%

Consolidated Net Financial Position as at September 30, 2014

<i>(in Euro)</i>	As at September, 30 2014	As at December, 31 2013
Cash	(33,318)	(17,909)
Available bank current accounts	(7,213,434)	(13,038,001)
Liquidity	(7,246,752)	(13,055,910)
Bond debt	1,111,301	
Current bank debt (current account overdraft)	3,349,287	4,793,838
Current bank debt (advance)	6,762,468	11,945,016
Financial payables to other lenders	603,469	948,034
Current financial debt (other lenders)	3,744,471	3,734,434
Current financial debt (other lenders)	13,119,961	12,452,165
Current financial receivables	(4,680,343)	(2,656,483)
Current financial debt	24,010,614	31,217,004
Current net financial position	16,763,862	18,161,094
Bond debt	24,221,862	
Non-current financial debt (other lenders)	50,893,317	48,015,688
Financial payables to other lenders	16,285	35,430
Non-current financial debt (Leasing)	63,741,355	68,960,582
Non-current net financial position	138,872,819	117,011,700
Total net financial position	155,636,681	135,172,794