

Italeaf: green light from the Board of Directors of TerniEnergia to the 2018-2022 relaunch and recovery plan and the related financial package

- **Planned measures to dispose of assets, the merger by incorporation of Softeco into TerniEnergia to complete the industrial turnaround process, a financial package for debt rescheduling**
- **Continuation of negotiations with the main creditors**
- **Call of the meeting of the bondholders of the "TerniEnergia Euro 25,000,000.00 Notes due 2019" bond issue to approve participation in the recovery and relaunch plan**

The Board of Directors of TerniEnergia S.p.A. ("TerniEnergia" or the "Company"), smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, which met today, approved the main contents of a recovery and relaunch plan, aimed at restoring the financial and equity balance of the Company in the long term, 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").

The Plan, prepared with the assistance of KPMG as an industrial and financial advisor, is mainly based on:

- (i) a plan to divest the assets relating to the construction and sale of photovoltaic plants and the management of plants for the power generation from alternative sources, which until now have been the core business of the group, as well as those relating to the CleanTech Business Unit, with the simultaneous refocusing on the "digital energy" sector;
- (ii) the merger by incorporation of Softeco Sismat Srl into TerniEnergia, to be carried out at the end of 2019 following the outcome of the disposal plan, to facilitate entry into the hi-tech and digital sector;
- (iii) a financial package which, in addition to providing for debt restructuring and rescheduling, is based, alternatively: (a) on a principle of "pari passu" distribution, between financial institutions and bondholders, of the proceeds deriving from the disposal of the above mentioned assets without recourse to the hypothesis of cancellation of the credit ("Pari-Passu Maneuver"); or (b) on a different principle of distribution between the financial institutions and bondholders of the proceeds deriving from the disposals, with payments in full and in part and waivers of the credit by the banking class, without intervention on the amounts of the credits claimed by the bondholders (the "Balance and Withdrawal Maneuver").

The main terms of the Plan approved today by the Board of Directors of TerniEnergia, which is still the subject of negotiations with the creditors, are set out below. These negotiations concern, among other things, the choice of the financial package to be applied with respect to the two alternative proposals mentioned above. All the measures envisaged must be considered as a single measure, as they compete with each other to achieve the objective of restoring the Company: The main terms of the Plan approved today by the Board of Directors of TerniEnergia, which is still subject of negotiations with the

creditors, are set out below. These negotiations concern, among other things, the choice of the financial package to be applied with respect to the two alternative proposals mentioned above. All the measures envisaged must be considered as a single measure, as they compete with each other to achieve the objective of restoring the Company:

A. Proposed divestiture measures

The photovoltaic assets and those of the CleanTech Business Unit will be disposed of by 31 December 2019 and, in particular, (i) the sale of the controlling interest in the EPC and O&M business units (aimed respectively at the construction and maintenance of photovoltaic plants); (ii) the sale of photovoltaic power generation plants, held directly or indirectly; (iii) the sale of plants for the treatment and recovery of end-of-life tyres; (iv) the sale of a plant for the purification of liquid waste and two biodigesters. As a result of these disposals, the Plan provides for a total financial benefit of approximately € 125 million (of which approximately € 48.6 million Equity Value and approximately € 77.2 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, once the divestment process has been completed, by the end of 2019. This transaction will allow TerniEnergia to complete the process of industrial turnaround with the entry into the hi-tech sector, qualifying the Company as a player fully engaged in the emerging sectors of energy digitization, thanks to the positive industrial results achieved by Softeco and the reserve of innovative prospects of the latter, guaranteed by research and development activities. The merger by incorporation will allow the control of the new market of "Digital Energy", allowing TerniEnergia to fully exploit Softeco's expertise in the development of increasingly advanced digital technologies for the entire energy chain, involving all stages, from production to sale, to final consumption. 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 rationalization of costs.

C. Financial manoeuvre

a.1) Pari Passu Manoeuvre: this proposal for a financial manoeuvre provides for the full repayment of the Company's debts and is based on the principle of a pari passu distribution, between financial institutions and bondholders, of the proceeds deriving from the disposal of the assets mentioned above without any write-off of receivables. On the basis of this proposal, taking into account the timeframe envisaged for the disposal of the above assets, the Group's indebtedness towards financial institutions and bondholders at 31 March 2018 would be reduced by 31 December 2019 from approximately Euro 142.4 million to approximately Euro 35 million, while the remaining exposures at 31 December 2019 would be repaid, pari passu between the different types of exposures (see below) in annual instalments, with the flows deriving from TerniEnergia's operations, until the full extinction of the debt due to financial institutions (with the exception of the financing institutions exposed to the subsidiary Softeco) and bondholders scheduled for 31 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 with the subsidiary Softeco), which will be repaid partly with the proceeds from disposals by 31

December 2019 and partly by 31 December 2026 with the cash flows from TerniEnergia's operations, in the latter case in annual instalments equal to passu with the other exposures, (ii) moratorium on medium/long-term exposures outstanding at 31 March 2018. By 31 December 2019, these exposures will be reduced partly as a result of the acceptance of the related debt by the purchasers of the assets and partly through the proceeds from the disposals. The remainder will be repaid in annual instalments with the operating flows, by 31 December 2026, equal passu with respect to the other exposures; (iii) the moratorium on exposures deriving from leasing contracts until 31 December 2019. By 31 December 2019, the Leasing Exposures will be reduced to zero as a result of the assumption of the debt relating to the Leasing Exposures by the purchasers of the assets; (iv) the renegotiation of the interest rates accrued and accruing from 1 July 2018 for all the aforesaid exposures to Euribor 6 months + 150 basis points; or alternatively

a.2) Full and final settlement Manoeuvre: this proposal for financial manoeuvre is based on a different principle of distribution between financial institutions and bondholders of the proceeds deriving from the disposals and consists in the payment in full and final settlement of 68% of the past due exposures claimed by the financial institutions to the Group as at 31 December 2019 with a benefit linked to the waiver of part of the receivables for approximately Euro 7.4 million, to be divided proportionally between financial institutions. This partial waiver would not be applied to receivables claimed by bondholders. The residual due date as at 31 December 2019 would be repaid, *pari passu*, in annual instalments with the flows deriving from the operations of TerniEnergia, until the full extinction of the debt to financial institutions (with the exception of the financing institutions exposed to the subsidiary Softeco) and bondholders scheduled for 31 December 2025. This manoeuvre also envisages: (i) consolidation and moratorium on short-term lines outstanding as at 31 March 2018 (other than those due from the subsidiary Softeco), with payment in full and final settlement of 68% of these exposures by 31 December 2019, therefore with a partial waiver of the credit by financial institutions; (ii) the moratorium on medium/long-term exposures as at 31 March 2018 until 31 December 2019, which is expected to be reduced by that date partly as a result of the acceptance of the related debt by the purchasers of the assets and partly through the proceeds from the disposals, which will be used to make the payment in full and final settlement of the 68% of the share of these exposures which will be due on 31 December 2019 with a consequent partial waiver of the credit. The remainder will be repaid in annual instalments with the operating flows, until 31 December 2025, equal passu with respect to the other exposures; (iii) moratorium on exposures deriving from leasing contracts until 31 December 2019. By 31 December 2019, the Leasing Exposures will be cancelled as a result of the assumption of the debt relating to the Leasing Exposures by the purchasers of the assets; (iv) the renegotiation of the interest rates accrued and accruing from 1 July 2018 for all the aforesaid exposures to Euribor 6 months + 150 basis points.

b) A moratorium is envisaged on the exposures relating to the "TerniEnergia Euro 25,000,000.00 Notes due 2019" bond outstanding at 31 March 2018 until 31 December 2019, with a total reduction of Euro 11.7 million through the use of the proceeds from the disposals. The remainder will be repaid in annual instalments with the flows deriving from TerniEnergia's activities, until the full extinction envisaged for 31 December 2026, in the case of *Pari Passu* Manoeuvre, or 31 December 2025, in the case of Full and final settlement Manoeuvre. The amendments to the "TerniEnergia Euro 25,000,000.00 Notes due 2019" bond issue must be approved by the relevant meeting of bondholders, whose

resolutions must be adopted with the favorable vote, respectively, of as many bondholders as represent half of the bonds issued and not extinguished, on any call held at the meetings. Pending the definition of the financial package, the Board of Directors deems it appropriate to convene a preliminary meeting of bondholders to postpone the current final maturity date of the aforementioned bond issue, and the payment of interest 2018, to 30 September 2019. Furthermore, this bondholders' meeting have to approve the participation of the bondholders in the Plan and take the necessary or appropriate measures to avoid that the participation of TerniEnergia in the Plan determines, in accordance with the regulations of the bond loan, a hypothesis of early repayment of the same. This meeting will be called for 5 December 2018 and 14 December 2018 on second call. The appointment of the common representative has also been proposed as part of the agenda. The Company will publish the report illustrating the resolutions submitted to the approval of the bondholders within the terms of the law.

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

The Board of Directors therefore resolved to continue negotiations with creditors and bondholders, on the basis of what was approved today, reserving the right to follow closely the progress of negotiations and with the aim of concluding them and defining the Plan by the end of the year or at the beginning of 2019.

Finally, it should be noted that the decision on the implementation of one or other of the proposed financial measures depends on the willingness of the financial institutions and that activities are underway to ensure that these institutions express their opinion on the matter in time to allow the bondholders to be fully informed during the aforementioned call for a shareholders' meeting and to allow the group companies involved to take any initiative in this regard.

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, 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.

This press release is also available on the Company website: www.italeaf.com

Italeaf SpA is obliged to make public this information pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 15.00 CET on 25 October 2018.

Certified Adviser

Mangold Fondkommission AB, +46 (0)8 5030 1550, is the Certified Adviser of Italeaf SpA on Nasdaq 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.

The company controls the smart energy company TerniEnergia, listed on the MTA of the Italian Stock Exchange, Skyrobotic, active in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market, Numanova, operating in the field of innovative metallurgy and additive manufacturing, and Italeaf RE, a real estate company. Italeaf holds, among others, a minority stake in Vitruviano LAB, a research center active in the R&D sector for special materials, green chemistry, digital transformation and cleantech.