

**Italeaf: the Board of directors of TerniEnergia approves the results as at 31 December 2018**

**Significant improvement in margins due to strong structural cost reduction actions**

- **Going concern basis on the assumption of effectiveness of the Recovery and Relaunch Plan, together with the Financial Agreement in execution of the same, by September 30, 2019**
- **Revenues equal to Euro 24.5 million, -14% (Euro 28.5 million at 31/12/2017)**
- **EBITDA equal to Euro 1.7 million, (Euro -1.8 million at 31/12/2017) with Ebitda Margin equal 70.7%**
- **EBIT equal to Euro -4 million; +71.2% (Euro -14 million as at 31/12/2017), Earnings before taxes (EBT) of ongoing activities equal to Euro -8.6 million; +57.3% (Euro -20.2 million as at 31/12/2017)**
- **Net result equal to Euro -10 million +75.2% (Euro -40.5 million at 31/12/2017)**
- **Net Financial Position of Euro 65.2 million (Euro 104.3 million at 31/12/2017)**
- **Shareholders' equity equal to Euro 11.4 million (Euro 21.3 million at 31/12/2017)**
- **Update Calendar of corporate events: call of the Shareholders' Meeting for ... October 2019**

The Board of Directors of **TerniEnergia S.p.A.** ("TerniEnergia" or the "Company"), a smart company listed on the electronic share market (MTA) of Borsa Italiana and part of the **Italeaf Group**, which met today, approved the draft financial statements and the consolidated financial statements as at 31 December 2018. *It should be noted that the income statement figures for the previous year, both for the separate and consolidated financial statements, have been restated in accordance with IFRS 5, taking into account the classification of the results of assets held for sale - in accordance with the provisions of the Recovery and Relaunch Plan - as "held for sale held for sale" or discontinued operations, in order to provide uniform information in relation to discontinued operations or those in the process of being disposed of. Furthermore, with reference only to the consolidated financial statements, the balance sheet and income statement have also been restated in accordance with IAS 8, paragraph 42, as reported in the information disclosed to the public in the press release of 23 July 2019.*

**Going concern basis**

This resolution was taken on the reasonable assumption that the Rehabilitation and Relaunch Plan would become effective, together with the Financial Agreement implementing it by September 30, 2019, taking into account that this deadline was set by the Bondholders' Meeting of July 30, 2019.

**CONSOLIDATED RESULTS AS AT DECEMBER 31, 2018**

**Revenues** amounted to 24.5 million euros. The decrease compared to the previous year (28.5 million euros; 14%) is attributable to a contraction in the consulting business of the digital company Softeco Sismat

and in the energy saving business of TerniEnergia. With regard to energy efficiency, the contraction is due to the financial tension of the Group, which has prevented the continuation of activities according to the original business model ("FTT - Financing Through Third Parties"). The new Recovery and Relaunch Plan envisages, in fact, a change in the business model of the sector and the launch of new projects in collaboration with financial partners, in order to minimise the cash commitment required. As regards the reduction in revenues from Softeco's consulting activities, on the other hand, the reduction is attributable to a reduction in the number of employees dedicated and to the strategic repositioning of the Company. This decrease was, however, faced with strong actions to reduce structural costs, which allowed a significant recovery in margins.

Thanks to these actions, **EBITDA** reached Euro 1.7 million (Euro -1.8 million as at 31 December 2017), with a significant recovery in overall margins. The **Ebitda Margin** is equal to 7%, improved compared to 2017.

**The Net Operating Result (EBIT)** amounts to Euro -4 million (Euro -14 million as at 31 December 2017), after amortisation, provisions and non-recurring write-downs of Euro 5.8 million.

**The Net result** amounted to Euro -10 million (Euro -40.5 million at 31/12/2017), an improvement of 75.2% due to the significant write-downs recorded in the previous year for assets classified as "held for sale" or "Discontinued operations", in accordance with the international accounting standard IFRS 5. The disposals envisaged are operations aimed at supporting the industrial turnaround project, as envisaged in the Recovery and Relaunch Plan. Earnings before taxes (**EBT**) of ongoing activities amounted to Euro -8.6 million (Euro -20.2 million as at 21/12/2017; +57.3%).

The **Net Financial Position** amounted to Euro 65.2 million (Euro 104.3 million at 31/12/2017), an improvement of 37.5%.

**Shareholders' Equity** amounted to Euro 11.4 million (Euro 21.3 million at 31/12/2017). Shareholders' Equity also takes account of treasury shares held in portfolio, which amount to 1,012,224.

## **TERNIENERGIA S.P.A. RESULTS AS AT 31 DECEMBER 2018**

**Net Revenues** amounted to Euro 5.7 million (Euro 6.6 million at 31/12/2017). The gross operating margin (**EBITDA**) amounted to Euro 1 million (Euro -1.5 million as at 31/12/2017). The Net operating result (**EBIT**) is equal to Euro -0.5 million (Euro -4.8 million as at 31/12/2017).

The **Net result** is negative for Euro 6.3 million (Euro -42.2 million as at 31/12/2017). The **NFP** amounts to Euro 61.8 million (Euro 71.3 million as at 31/12/2017), while the **Shareholders' Equity** amounts to Euro 4.4 million (Euro 10.7 million as at 31/12/2016).

The balance sheet of TerniEnergia S.p.A. as at December 31, 2018 shows a Net Equity decreased by more than one third compared to the Share Capital because of realized losses. Consequently, occurs the case in point provided for by art. 2446 of the Italian Civil Code.

## **BUSINESS CONTINUITY AND BUSINESS OUTLOOK**

### **Recovery and Relaunch Plan**

During the next months, TerniEnergia will be committed to implementing the recovery and relaunch plan, aimed at pursuing, in the medium term, the transformation of the Group into a "One Smart Company" and the overcoming of the current situation of financial tension. The Plan is based on three pillars: divestment,

rationalisation and strategic repositioning with a focus on the Internet of energy, smart mobility and IT consultancy.

- **Divestments.** A plan to divest the assets relating to the construction and sale of photovoltaic plants and the management of plants for the production of energy 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 sector of "digital energy", to be completed no later than December 31, 2020. In addition to the transactions already completed, TerniEnergia is currently negotiating the sale of additional assets, which are expected to be sold as part of the Recovery and Relaunch Plan.
- **Streamlining.** The Plan provides for a reorganisation of the Group, which will be structured through the sale of the Companies linked to the assets referred to in the first point (disposals) and a rationalisation of the Group's structural costs as a result of the disposal policy and, above all, the merger by incorporation of Softeco Sismat Srl into TerniEnergia, to facilitate entry into the hi-tech and digital sector. The planned merger stems from the need to proceed with the concentration of the activities previously carried out independently by the Merged Company (Softeco Sismat) on the part of the Merging Company (TerniEnergia). The operation aims at a corporate reorganization, which should result, among other things, a greater flexibility of internal processes, the simplification of the structure of the holding chain, as well as the optimization of the management of resources and economic and financial flows arising from the activities currently divided into the two companies. The Merger's operational purposes are associated with some significant synergies deriving from the elimination of corporate and administrative duplications and overlaps, with the consequent containment of general costs due to entrepreneurial activity by means of a single company instead of the current two. The post-merger company will therefore have the identity of technological enabler to enable its customers to deal optimally with the energy transition and digital transformation, with services and solutions enhanced by the integration between Softeco Sismat's technological and IT skills and those of industrial, plant development, asset management in the renewable energy and environment sectors of TerniEnergia.
- **Strategic repositioning.** The plan provides for a decisive enhancement of the technological strengths of the Group, through the development and strengthening of business consulting, industry, smart mobility and digital energy lines with a high technological content, mainly based on the activities currently carried out by Softeco. The integration of the two companies will allow a rapid reaction to the equally rapid evolution in the reference markets represented: (a) the entire energy value chain (digital energy), also by virtue of the transition of the energy sector towards distributed generation models, which involves an increasing weight in smart components in energy production, transmission and distribution networks; (b) the electrification and digitalization of transport and mobility; (c) the "intelligent" management of economic and environmental resources, urban policies, services and relations between people and methods of administration of territories, cities and communities (smart cities); the introduction of criteria of sustainability and efficiency in the use of resources by industry (circular economy). This will allow a consistent focus of industrial activities on activities with greater added value, with an enhancement of the expertise of Softeco Sismat in the integration of technology and models from digitization, in all areas of business with

the related changes in the way of operating of the company and its staff, but also in the way of addressing customers with new opportunities to promote the offer through new services.

In this direction, activities are underway to strengthen the commercial structure in support of the sectors with the highest technological content, in order to position the Group with customers and partners of high standing; the presence of the national territory has been strengthened with regard to the offer of products, solutions and services for the consulting, industry, smart mobility and digital energy sectors; selections continue for the implementation and the technical-operational structure to meet the growing need for high professionalism. To this end, agreements and conventions have been signed with universities and research centres.

The Plan provides a debt restructuring and rescheduling agreement with banks, bondholders and creditors in general, which represents a shared solution aimed at overcoming the current financial crisis.

TerniEnergia is assisted by KPMG Advisory SpA as financial advisor and by the law firm DLA Piper as legal advisor in drawing up the above mentioned Plan. The reasonableness of the Plan is awaiting to be certified by the professional identified by the Company in the person of Dr. Massimiliano Bonamini, pursuant to Article 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022.

#### **Other resolutions of the Board of Directors and updating of the corporate events calendar**

The Board of Directors of TerniEnergia then reviewed and approved the Report on Corporate Governance and the Company's Ownership Structure for the 2017 financial year, the Report of the Control and Risk Committee and the Report on the Remuneration of Executive Directors and Managers with Strategic Responsibilities, as required by Article 154-bis of the Italian Civil Code. 123-ter of the Legislative Decree. 58/98, which will be submitted to the Shareholders' Meeting for approval.

The Board also convened the Ordinary Shareholders' Meeting on first call for 6 November 2019, and on second call for 7 November 2018, to resolve on the approval of the financial statements at 31/12/2018.

The documentation relating to the items on the agenda of the Shareholders' Meeting will be made available to the public within the time limits and in the manner provided for by current legislation.

Finally, pursuant to art. 2.6.2 of the Regulations of Borsa Italiana S.p.A., TerniEnergia announces the following amendment to the Calendar of Corporate Events 2019, published on 16 January 2019:

26 November 2019 - Meeting of the Board of Directors: approval of the half-yearly financial report as at 30/06/2019.

It should be noted that the dates set out in this press release are purely indicative: any changes, which may be made to them, will in any case be promptly disclosed to the market, in the same manner as for the dissemination of this press release.

*The Manager responsible for preparing the company's financial reports, Filippo Calisti, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.*

**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.

*This press release is also available on the Company website: [www.italeaf.com](http://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 19.30 CET on 24 September 2019.*

**Certified Adviser**

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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, and at Milano.

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.