



PRESS RELEASE
Terni, August 7, 2014

TERNIENERGIA: The Board of Directors approved the results as at June 30th, 2013. Ebitda and margins grow. Net profit of Euro 1.2 million

- Revenues of 21.5 million (Euro 31.7 million as at June 30, 2013)
- EBITDA of Euro 9.8 million, +72% (Euro 5.7 million as at June 30, 2013)
- Ebitda Margin 45.5% (18% as at June 30, 2013)
- EBIT of Euro 6 million, +99% (Euro 3 million as at June 30, 2013)
- Net Profit of Euro 1.2 million (Euro 5.4 million as at June 30, 2013)
- NFP of Euro 152.8 million, Euro 11.6 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 50.4 million (53.9 million as at 31/12/2013)
- Following the signing of the investment agreement for the acquisition of Free Energia and the change of the reference scenario, the Board of Directors considers outdated the industrial plan "Discover the new green era" and gives the green light to the strategic review
- Confirmed the aim of a significantly reduction of the NFP within the year, through the placement of some photovoltaic assets, maintaining the industrial management

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The Board of Directors of **TerniEnergia**, a company active in the renewable energy fields, energy efficiency listed on Star Segment of Borsa Italiana, approved today the interim financial report as at June 30, 2014.

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

"The first half results show an increase in EBITDA and margins due to increased revenues from power generation and positive contribution of the environmental sector, against of a drop in revenues due to the transition phase related to the development of photovoltaic EPC activities in South Africa. Following the forthcoming revision of the national incentive system for PV plants, planned by the Italian Government, being converted into law by the parliamentary institutions, the company assumed the determination to consider ended the placement of the



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closed investment fund "RA - Renewable Assets". Within the year, however, TerniEnergia intends to occur a range of opportunities to enhance the value of some photovoltaic assets. This prospective transaction can allow a consequent significant reduction in the NFP. The signing of the investment agreement for the acquisition of Free Energia, in the case of success of the transaction, will also entail a strategic realignment of the Group. This will produce a significant increase and diversification of revenues, the expansion of the scope of core activities, with entry into the new business of electricity trading and the management and sale of services to the central vegetable oil, the integration in the value chain of innovative services with high technological content, the development of strong business opportunities of cross-selling in the areas of energy efficiency and energy trading. Because of this changing scenario, TerniEnergia considers updated the business plan 2014-2016 "Discover the new green era" and intends to launch a comprehensive strategic review and an update of its objectives and quality targets, through the presentation of a new consolidated business plan, after the acquisition of Free Energia, highlighting the visibility of growth in the medium term and ensuring the creation of value for shareholders".

Consolidated results as at June 30, 2014

The **Net revenues** amounted to **Euro 21.5 million** (Euro 31.7 million as at June 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 54% of total revenues in growth compared to the same period of 2013 (24%).

The **EBITDA** amounted to Euro 9.8 million (+72%) compared to Euro 5.7 Million recorded as at June 30, 2013. The **EBITDA Margin** was 45.5%, with a significant increase compared to the same period of 2013 (18%)

Net operating income (EBIT) amounted to Euro 6 million (Euro 3 million as at June 30, 2013), an increase of 99%, after amortization, depreciation and provisions amounted to Euro 3.7 million (Euro 2.7 million as at 30 June 2013).

Net income amounted to Euro 1.2 million and includes the share of profit generated from the activity of JV. Net income as at June 30, 2013 was Euro 5.3 million, result that benefited of income from extraordinary transactions resulting from the consolidation of the companies previously held in JV.

The **Net Financial Position** amounted to Euro 152.8 million (Euro 135.2 million at 31/12/2013). The non-current net financial position is Euro 141.2 million, and includes the the bond issue carried out in February 2014. The short-term NFP is Euro 11.6 million. The NFP at 31/12/2013 amounted to Euro 135.2 million.



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The **net equity** amounted to Euro 50.4 million (Euro 53.9 million at 31/12/2013), while the **Fixed Assets** amounted to Euro 178.6 million, of which € 159.7 million related to tangible fixed assets. The short-term NFP/net equity ratio, equal to 0.23x improves appreciably and constantly, consolidated in full security area.

Industrial results as at June 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 about 24 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

July 2, 2014: TerniEnergia has exercised the call option on the 30% of Lucos Alternative Energies, granted by the shareholders by the agreements entered into on August 10, 2011, completing the acquisition of the 100% sharecapital of the ESCO UNI CEI 11352 certified company. The price for the transaction is equal to Euro 1.952 million and the payment was entirely financed by cash.

July 9, 2014: TerniEnergia won a national tender organized by Ecopneus scpa, the no-profit company for the tracking, collection, treatment and final destination of End of Life Tires (ELT) created by the major tire manufacturers operating in Italy, for the "granulation/crushing activities of ELTs (ERC 160 103) for the period 2015-2017". TerniEnergia can receive in Nera Montoro (TR) plant up to a total of 15,000 tons of PFU delivered only by Ecopneus for a three-year aggregate revenues of Euro 4.1 million.

July 10, 2014: TerniEnergia is the award winner of "Company to watch 2013". The recognition is awarded every year by Databank (a Group Cerved division specialized in consulting services and marketing solutions) to the



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companies that have distinguished themselves in a deepened selection process, the result of both quantitative and qualitative analysis. TerniEnergia has been acknowledged as the company more virtuous and best-performing in 2013 in the field of panels and solar systems.

July 31, 2014: TerniEnergia has signed two definitive agreements for the EPC (engineering, procurement and construction) and O&M (operation and maintenance) activities with a primary European utility for the construction in South Africa of two industrial size PV plants for the total power capacity of 148.5 MWp. In particular, the contracts following the framework agreements communicated to the market on October 31, 2013, and concerned the installation by TerniEnergia Projects PTY Ltd, a South African subsidiary of TerniEnergia, of two photovoltaic plants with “EPC Contract” (turnkey) with the supply of panels and inverters, respectively, in Paleisheuwel for an installed capacity of 82.5 MW and in Tom Burke for 66 MW, for a total consideration of approximately ZAR 2 billion, corresponding to the current exchange rate to approximately Euro 147 million. The effectiveness of the two contracts is subject to the signing of the financial closing between the final customer company and the South African Government (Department of Energy).

August 4, 2014: TerniEnergia, and Italeaf, majority shareholder of TerniEnergia, signed an investment agreement for the acquisition of 100% of the share capital of Free Energia S.p.A. with the representative shareholders of the Company, Umberto Paparelli, Pierluigi Cernieri and Salvatore Pelleriti, who acted also on behalf of some remaining shareholders of Free Energia S.p.A. Free Energia, a company that in 2013 had revenues for Euro 100 million, and that in the first half of 2014 recorded a turnover of € 85 million, with an EBITDA of 3.5 million, operates as an innovative energy trader, with 1.3 TWh of electricity delivered to energy-intensive customers and/or consolidated re-sellers. The structure of the transaction will consist of a capital increase of TerniEnergia, reserved to shareholders of Free Energia to be subscribed through the contribution of Free Energia shares. There is no cash outlay.

BUSINESS OUTLOOK

The current market situation is characterized by strong global growth of investments in the photovoltaic and the environmental industry, but there are critical issues arising from the forthcoming revision of the Italian legal system and incentives for renewable energy sources, the quota restrictions on access to capital, the growth of the size of the plants and the consequent need for a careful and prospective view of financial management of projects.



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Because of this changing market, TerniEnergia has diversified its sources of access to capital through the bond issue, has revised its business model from which derives stability of cash flow and growth opportunities resulting from replicability, has diversified the risk country and the counterparty in B2B.

At the same time, precisely because of the rumors of the development of legal and regulatory framework and the start of the parliamentary conversion of the so-called "Tagliabollette" decree, the Company has prudently suspended the transfer of assets to the closed real estate investment fund "RA - Renewable assets", increasing its ownership of PV plants and maintaining a bouquet assets with very high margins, to be exploited in the case of future opportunities, resulting in a reduction of the NFP.

TerniEnergia confirms, therefore, for the future, a strategy that combines the size of the business, growth and development policy of relations with capital markets and debt.

As a result, the Company expects the following lines of development :

- **International Development** - In the period 2014/2015 is planned the construction of the projects in portfolio in South Africa for an amount of approximately Euro 147 million. The time schedule of the sites previously announced, which included the opening by the end of August 2014, be postponed for a few months. The date of start will be determined by the South African authorities. The company has also been identified as EPC contractor by a leading utility for a further two potential contracts relating to the so-called IV BID by the South African government that includes the construction of 8 photovoltaic plants with a total capacity of over 500 MWp.

In the short term there are plans to set up a company in partnership with Al Hamed Group, called TerniEnergia Gulf LLC, based in Abu Dhabi, active in the fields of power generation, waste to energy and waste management. By 2014 it is expected to open early sites and the start of construction of a plant for the end of life tires

- **Italian Development** - Strengthening in the growing sectors of smart energy and energy efficiency. In particular, in the case of a successful completion of the acquisition of Free Energia, it will allow the downstream integration of the value energy chain, adding to the activities of power generation and energy efficiency of industrial scale, even new business of electricity trading, smart energy services, in a phase of high growth and significant development opportunities, and the management and sale of services to the vegetable traced oil burning power plants. The acquisition also will meet a number of strategic TerniEnergia's target. Free Energia has a volume of estimated revenues for the year 2014 amounted to approximately Euro 170 million. This transaction, along with the acquisition of 100% of Lucos Alternative



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Energies, will be the basis for a strong growth in energy efficiency and for the enhancement of energy production from renewable sources by the managed plants.

- Strategic development - Focus on business lines with major development, consolidating investments without recourse to new lines of business with lower potential return and growth, where the recent development (EPC, O&M) was based. Concentration on the activity of power generation with the full technological independence and diversification of sources and technologies themselves, to enhance the opportunities for the short term and the coverage requirements of the demand curve. TerniEnergia intends to have a balanced portfolio for each Country in the process of internationalization of PV EPC and environmental business. In particular, continues to conduct intensive scouting activities to promote development projects in the most attractive countries for the installation of large-scale plants.

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, will be completed the new plant for the treatment of industrial waste fluids in Nera Montoro (TR), now in an advanced authorization phase, that will intercept a substantial demand in a market segment with high technological content and high growth prospects.

On the financial side, TerniEnergia intends to consolidate the excellent reputation with investors through its own presence on the Stock Exchange in order to candidate itself to be an investment platform for institutional investors, creating conditions, through the stability of cash flows, using the debt in a efficient manner with respect to changes in demand of the market.

FURTHER RESOLUTIONS OF THE BOARD OF DIRECTORS

The Board of Directors of TerniEnergia stated that the proposal plan for the purchase of own shares (buy-back), will be subject to the same Shareholders' Meeting to be convened for the approval of capital increase planned for the acquisition of 100% of Free Energia SpA.

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.



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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.

This press release is also available on the Company's website: www.ternienergia.com.

TerniEnergia, a company incorporated in September of 2005 and part of Italeaf, operates in renewable energy sector and is active in the photovoltaic field. 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.

TerniEnergia, through its controlled company 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..

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ANNEXES

- Consolidated balance sheet as at June 30, 2014
- Income statement as at June 30, 2014
- Consolidated Net financial position as at June 30, 2014



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Consolidated balance sheet as at June 30, 2014

<i>(in Euro)</i>	As at June, 30 2014	As at December, 31 2013	Change	Change %
Intangible assets	4,134,558	4,337,960	(203,402)	(4.69)%
Property, plant and equipment	155,322,292	160,574,401	(5,252,109)	(3.27)%
Financial fixed assets and other intangible assets	19,147,398	17,493,201	1,654,197	9.46%
Fixed Assets	178,604,248	182,405,562	(3,801,314)	(2.08)%
Inventories	9,821,165	8,208,886	1,612,279	19.64%
Trade receivables	27,568,069	28,063,651	(495,582)	(1.77)%
Other assets	16,309,596	16,573,353	(263,757)	(1.59)%
Trade payables	(12,371,366)	(31,416,529)	19,045,163	(60.62)%
Other liabilities	(6,526,052)	(7,329,882)	803,830	(10.97)%
Net working capital	34,801,412	14,099,479	20,701,933	146.83%
Provisions and other non-trade liabilities	(10,158,602)	(7,444,424)	(2,714,178)	36.46%
Net Invested Capital	203,247,058	189,060,617	14,186,441	7.50%
Shareholders' Equity	50,405,845	53,887,823	(3,481,978)	(6.46)%
Current net financial position	11,593,094	18,161,094	(6,568,000)	(36.17)%
Non-current net financial position	141,248,119	117,011,700	24,236,419	20.71%
Total net financial position	152,841,213	135,172,794	17,668,419	13.07%
Net Invested Capital	203,247,058	189,060,617	14,186,441	7.50%



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Income statement as at June 30, 2014

<i>(in Euro)</i>	As at June, 30 2014	As at June, 30 2013	Change	Change %
Net revenues from sales and services	21,509,685	31,691,016	(10,181,331)	(32.13)%
Production costs	(8,502,636)	(23,220,415)	14,717,779	(63.38)%
Added value	13,007,049	8,470,601	4,536,448	53.56%
Personnel costs	(3,225,862)	(2,771,231)	(454,631)	16.41%
EBITDA	9,781,187	5,699,370	4,081,817	71.62%
Amortization, depreciation, provisions and write-downs	(3,723,662)	(2,655,840)	(1,067,822)	40.21%
EBIT	6,057,525	3,043,530	3,013,995	99.03%
Financial income and charges	(4,705,666)	1,467,346	(6,173,012)	n.a.
Portions of results attributable to the JV	(314,935)	627,190	(942,125)	n.a.
Pre-tax result	1,036,924	5,138,066	(4,101,142)	(79.82)%
Income taxes	166,740	238,796	(72,056)	(30.17)%
Net profit for the period	1,203,664	5,376,862	(4,173,198)	(77.61)%



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Consolidated Net financial position as at June 30, 2014

<i>(in Euro)</i>	As at June, 30 2014	As at December, 31 2013
Cash	(21,549)	(17,909)
Available bank current accounts	(10,018,970)	(13,038,001)
Liquidity	(10,040,519)	(13,055,910)
Bond debt	678,082	
Current bank debt (current account overdraft)	2,486,403	4,793,838
Current bank debt (advance)	8,333,138	11,945,016
Financial payables to other lenders	791,201	948,034
Current financial debt (other lenders)	3,700,438	3,734,434
Current financial debt (other lenders)	10,281,962	12,452,165
Current financial receivables	(4,637,611)	(2,656,483)
Current financial debt	21,633,613	31,217,004
Current net financial position	11,593,094	18,161,094
Bond debt	24,184,102	
Non-current financial debt (other lenders)	52,358,779	48,015,688
Financial payables to other lenders	16,285	35,430
Non-current financial debt (Leasing)	64,688,953	68,960,582
Non-current net financial position	141,248,119	117,011,700
Total net financial position	152,841,213	135,172,794