

Italeaf: The Board of Directors of TerniEnergia approved the half-year financial report as at June 30, 2016; growth in the EBITDA margin and EBT, decreases the NFP

- Revenues of Euro 50.5 million, -67% (Euro 151.3 million as at 06/30/2015)
- EBITDA amounted to Euro 9.5 million, -11,5% (Euro 10.8 million as at 06/30/2015) with EBITDA margin to 18.8% (7.10% as at 06/30/2015)
- EBIT of Euro 5.9 million, -24% (Euro 7.9 million as at 06/30/2015)
- EBT of Euro 3 million, +9.7% (Euro 2.7 million as at 06/30/2015)
- Net profit amounted to 1.1 million, -25.4% (Euro 1.5 million as at 06/30/2015)
- Net Financial Position of Euro 79.4 million, short-term NFP of Euro 0.9 million (Euro 87.4 million as at 12/31/2015, short-term NFP Euro 8 million)
- Net equity amounted to Euro 54.6 million (Euro 55.8 million as at 12/31/2015)

The Board of Directors of TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, approved today the half-year financial report as at June 30, 2016.

CONSOLIDATED RESULTS AS AT JUNE 30, 2016

Revenues amounted to Euro 50.5 million, showing the contribution of the two giant PV plants in South Africa, now connected to the grid and coming to completion, through two EPC contracts. The comparison with the first half of 2015 (Euro 151.3 million; -67%), is attributable to the significant contraction in energy management activity leading to the exit from the consolidation scope of Free Energia, pending the finalization of the merger of TerniEnergia Gas & Power in TerniEnergia and the acquisition of a target company operating in the same sector (as already indicated in the Group's strategic guidelines), in order to confirm the business model.

EBITDA amounted to Euro 9.5 million, showing a decrease (-11,5%) compared to June 30, 2015 (Euro 10.7 million), but proportionally improved compared to the revenues. An evolution confirmed by the **Ebitda Margin**, equal to 18.8% (7.1% as at 06/30/2015) with an increase attributable to the incidence of the results of the business lines with higher added value.

Net operating income (EBIT) amounted to Euro 5.9 million (Euro 7.9 million as at June 30, 2015, -24%), after depreciation, amortization and write-downs of Euro 3.6 million (Euro 2.9 million in the same period of 2015), resulting, on the one hand, from non-core investment write-downs recorded in the first half of 2016 for Euro 1.1 million, and, secondly, from depreciation attributable to the lower number of wholly owned photovoltaic plants by the Group.

Earnings before tax (EBT) amounted to Euro 3 million and is growing by 9.7% over the same period of the previous year (Euro 2.7 million as at June 30, 2015).

Net profit, which includes the share of results from the activity of photovoltaic JV, amounted to Euro 1.1 million. Net income as at June 30, 2015 was Euro 1.5 million (-25.4%).

The **net financial position** amount to Euro 79.4 million (Euro 87.4 million as at 12/31/2015). The non-current NFP is Euro 80.3 million, while the net financial position in short term is positive and amounted to Euro 0.9 million. The NFP/Net equity ratio equal to 1.45x, improves significantly (1.56x as at 31/12/2015).

The Net Equity amounted to Euro 54.6 million (Euro 55.8 million at 12/31/2015), while the Fixed assets amounted to Euro 125.8 million, of which Euro 83.2 million referring to tangible assets. Net equity takes into account the treasury shares held in portfolio, which amounted to No. 4,012,998 (9.10% of the Share Capital).

INDUSTRIAL RESULTS AS AT JUNE 30, 2016

The total number of photovoltaic plants built by TerniEnergia from the beginning of its activity is equal to 274, with an aggregate capacity of approximately 366.6 MWp (13.2 MWp in full ownership and 30 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 30.85 million kWh. In the environmental sector are operating two 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).

TerniEnergia Gas & Power has managed 14.2 million standard cubic meters of gas equivalent to 150,250 MWh. The group has realized interventions of lighting energy efficiency of industrial scale for about 5,150 light points with a expected savings higher than 9.76 million kWh and 1,842 TEP.

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF FINANCIAL PERIOD

TERNIENERGIA SUSI AND ENERGY EFFICIENCY FUND SIGNED AN AGREEMENT FOR THE SALE OF CREDITS OF EURO 1.2 MILLION

TerniEnergia and a securitization company controlled by SUSI Partners AG ("SUSI"), managing authority of the SUSI Energy Efficiency Fund, have signed an agreement for the sale without recourse of loans of approximately Euro 1.2 million, paid in cash, related to lighting energy efficiency assets installed by TerniEnergia. The credit portfolio sale agreement is conditional on the occurrence, by 3 September 2016, of a number of conditions including the finalization and signing of all documents relating to the transaction by the previous Banks lenders of the ESCo projects.

ALLIANCE BETWEEN TERNIENERGIA AND ROMA GAS & POWER TO RESPOND TO THE GROWING DEMAND FOR ENERGY EFFICIENCY IN THE CORPORATE SECTOR AND PUBLIC ADMINISTRATIONS

On July 21, 2016, TerniEnergia and Roma and Gas & Power (RGP), among the largest private national player in the field of energy management, vertically integrated in gas and electricity business, present on all major European hub, have signed a two-year framework agreement to collaborate on energy efficiency projects in the corporate, industrial and public administration sectors in Italy. Through the transaction the two companies intend to develop new opportunities to supply integrated addressed to

energy users, covering the entire value chain. Roma Gas & Power and TerniEnergia, each for its own part, will share and integrate their respective know how to provide innovative solutions to large industries, small and medium enterprises and public administrations. The Framework Agreement will concern the development of projects, cross-selling trade, methods of energy audit, supply chain, technology options, and will enable innovative financial instruments.

BUSINESS OUTLOOK

TerniEnergia, as announced in the strategic development lines and in various press releases, has developed a scouting activity in order to use the portfolio of treasury shares as consideration in the context of extraordinary transactions for the conclusion of alliances and industrial and strategic integrations. This process is ended with the identification of two companies in the target-field of digital energy and is going forward in the energy management sector.

Including, therefore, in the next year-half the potential effects of the completion of the agreements for the acquisition, in the smart energy sector, of Softeco-Sismat Srl and Selesoft Consulting Srl¹ (whose contribution is substantially expected in the fourth quarter), and of a target company already identified in the energy management sector, it is reasonable to estimate for the current year a significant contribution to revenues as early as the second half of 2016, and a significant TerniEnergia strategic repositioning.

In particular, the Group aims to enter in the field of services and development and industrial production solutions and smart technologies for the transmission and distribution of energy (smart grid), the flexible and timely management of production and energy consumption, energy efficiency, management of renewable energy and cleantech (energy islands).

The transaction with Softeco Sismat and Selesoft Consulting target-companies will integrate the activities in renewables, energy efficiency and energy management with systems and innovative solutions with high added value, making it possible to introduce new technologies in the industry capable of act as a bridge between the industrial and "physical" business and the digital and "virtual" too.

Similarly, the integration transaction envisaged in the Gas & Power segment, will strengthen the Business Line "Energy Management", enhancing the power generation from renewable energy plants and generating a large bouquet of offers and services, strategic to pursue the claim on the market dual fuel for industrial and public administrations customers.

TerniEnergia is strengthening the activities of scouting and market analysis for the development of new projects and to participate in new international tenders as "EPC contractor" for large utility or primary investors. In particular, it is expected in the second half of the year the opening of a worksite in Zambia for the construction of a photovoltaic plant of industrial size of the total capacity of 34 MWp, on behalf of a leading utility.

TerniEnergia aims to develop new growth opportunities in countries with considerable potential of growth, with the aim to consolidate its global presence, with a view to geographical diversification and maximization of the value created with internationalization strategy. In particular, in the field of photovoltaic plants, are ongoing preliminary activities to achieve important contracts in emerging target

¹ The contents of the signed Memorandum of Understanding concerning the "Target Companies" and the business description of the same, will be subject to a separate press release.

countries with abundant renewable resources, stable regulatory systems and high economic growth systems. In this context, TerniEnergia is negotiating a new contract for the construction of a new photovoltaic plant "giant" with the EPC (engineering, procurement and construction) formula in South Africa, comparable in size to the two already recently connected to the grid.

In addition, TerniEnergia intends to strengthen and consolidate the activities of the Business Line "Energy Saving". In this perspective it was launched the "HUB" project, a new operating mode to unlock the industrial energy efficiency market through the formula of the "third party financing" in Italy. The business line will see interesting growth prospects from the financial and commercial partnership agreements signed respectively with investment funds and players in the energy management sector, for cross-selling activities.

Within the scope of the business line "Cleantech", in the second half of the year, it will be evaluated the decision to proceed with the eventual sale of the assets, according to procedures to be defined, consistently with the strategic choice of focusing on smart energy business, deriving by the expected successful integration of the target-companies.

OTHER RESOLUTIONS OF THE BOARD

The Board of Directors, therefore the entry into force of the EU Regulation no. 596/2014 ("Market Abuse Regulation") and the related implementing provisions, also approved the adjustment of the "Procedure for keeping and updating the Register of persons with access to privileged information" and the new "Procedure for internal management and external communication of confidential information".

These procedures will be available on the Company's website under Investor Relations section (www.ternienergia.com) as well as at the central storage mechanism "1INFO" (www.1info.it).

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 Paolo Allegretti, 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.

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; development and production of technological apparatus. Through TerniEnergia Gas & Power, 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. The Group is also active on the natural gas and liquefied natural gas (LNG) market, offering a range of services and activities in order to develop Client's business and achieve a competitive advantage providing the best market conditions and creating a high added value. TerniEnergia 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..

In attach:

- Reclassified consolidated income statement as at 30/06/2016
- Consolidated statement of financial position as at 30/06/2016
- Consolidated net financial position as at 30/06/2016

Reclassified consolidated income statement as at 30/06/2016

	As at June, 30 2016	As at June, 30 2015	Change	Change %
<i>(in Euro)</i>				
Net revenues from sales and services	50,535,713	151,270,656	(100,734,942)	(66.59)%
Production costs	(38,857,759)	(137,032,633)	98,174,873	(71.64)%
Added value	11,677,954	14,238,023	(2,560,069)	(17.98)%
Personnel costs	(2,174,503)	(3,502,480)	1,327,977	(37.92)%
EBITDA	9,503,452	10,735,543	(1,232,092)	(11.48)%
Amortization, depreciation, provisions and write-downs	(3,554,529)	(2,869,611)	(684,918)	23.87%
EBIT	5,948,923	7,865,932	(1,917,009)	(24.37)%
Financial income and charges	(3,603,971)	(5,211,808)	1,607,836	(30.85)%
Portions of results attributable to the JV	619,659	49,532	570,127	n.a.
Pre-tax result	2,964,611	2,703,657	260,954	9.65%
Income taxes	(1,856,929)	(1,219,317)	(637,612)	52.29%
Net profit for the period	1,107,682	1,484,340	(376,658)	(25.38)%

Consolidated statement of financial position as at 30/06/2016

<i>(in Euro)</i>	As at June, 30 2016	As at December, 31 2015	Change	Change %
Intangible assets	4,745,210	4,460,745	284,465	6.38%
Property, plant and equipment	83,187,674	82,616,544	571,130	0.69%
Financial fixed assets and other intangible assets	37,894,838	38,882,887	(988,049)	(2.54)%
Fixed Assets	125,827,722	125,960,176	(132,454)	(0.11)%
Inventories	12,550,554	23,329,978	(10,779,424)	(46.20)%
Trade receivables	31,988,059	52,361,935	(20,373,876)	(38.91)%
Other assets	22,418,253	24,104,536	(1,686,283)	(7.00)%
Trade payables	(44,125,617)	(63,543,245)	19,417,628	(30.56)%
Other liabilities	(8,271,596)	(13,106,938)	4,835,342	(36.89)%
Net working capital	14,559,653	23,146,266	(8,586,613)	(37.10)%
Provisions and other non-trade liabilities	(6,411,547)	(5,943,540)	(468,007)	7.87%
Net Invested Capital	133,975,828	143,162,902	(9,187,074)	(6.42)%
Shareholders' Equity	54,614,152	55,791,353	(1,177,201)	(2.11)%
Current net financial position	(932,424)	8,099,515	(9,031,939)	(111.51)%
Non-current net financial position	80,294,101	79,272,033	1,022,068	1.29%
Total net financial position	79,361,677	87,371,548	(8,009,871)	(9.17)%
Net Invested Capital	133,975,829	143,162,901	(9,187,072)	(6.42)%

Consolidated net financial position as at 31/03/2016

<i>(in Euro)</i>	As at December, 31 2016	As at December, 31 2015
Cash	(35,150)	(20,354)
Available bank current accounts	(26,266,917)	(11,873,035)
Liquidity	(26,302,067)	(11,893,389)
Bond debt	255,002	1,544,521
Current bank debt (current account overdraft)	4,070,593	3,683,254
Current bank debt (advance)	9,215,854	7,867,675
Financial payables to other lenders		
Current financial debt (other lenders)	2,105,434	1,882,573
Current financial debt (other lenders)	9,241,720	9,207,073
Current financial receivables	(3,110,604)	(4,192,193)
Current financial debt	21,777,999	19,992,904
Current net financial position	(4,524,068)	8,099,515
Bond debt	24,445,658	24,419,853
Non-current financial debt (other lenders)	31,472,883	33,243,168
Non-current financial debt (Leasing)	21,289,622	21,609,012
Non-current net financial position	77,208,163	79,272,033
Total net financial position	72,684,095	87,371,548

This press release is also available on the Companies' websites: 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, 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, Numanova, operating in the field of innovative metallurgy and additive manufacturing and Italeaf RE, a real estate company.