

Italeaf: TerniEnergia plugs in the smart energy company

Update of the 2016-18 business plan with strategic vision to 2019

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 the Update of the 2016-18 business plan with strategic vision to 2019.

MAIN GOALS

Transformation for the value creation - Stefano Neri (Chairman and CEO)

"The energy industry is facing a very complex challenge: create new competitive business models with respect to the change of paradigm of distributed generation, resulted from environmental concerns, rising energy prices and regulatory pressures and incentives. TerniEnergia, with this plan, intends to develop the potential to create greater value for the future, completing the transformation from being "pure green company" in "smart energy company". The goal will be achieved, first of all, favoring the impetuous irruption of the digital transformation in all our business lines, thanks to the integration of Softeco Sismat and Selesoft in our Group. These are two companies that has made the history of Made in Italy in the smart application to power grids, telecommunications, energy efficiency. With the new skills introduced by the transaction, TerniEnergia candidates itself for the role of ideal partner for large utilities, power distributors, energy producers and network operators wishing to implement large distributed energy projects, smart and mini grids, participating as EPC (Engineering, procurement and construction) and BOP (Balance of Plants) contractor in tenders and international procurement. At the same time, the Group will be operative in the market of integrated solutions provided to self-consumption for large industrial users or group customers, to approach with BOT (build, operate and transfer) formula to be transferred the end customer or third party investors. The positioning along the entire energy value chain, will be completed by replacing the contribution of Free Energia (the divestment from which it was generated exclusively by external factors not predictable), with a new company target in the energy management sector (Energetic) to enter strongly in the dual fuel market, with an integrated package of energy and gas. This integration will also allow the access to a loyal customer base for the business line of energy efficiency, a strategy also enhanced by the alliance partnership with the Roma Gas and Power Group. Finally, we pursue the strengthening of the internationalization process towards the most attractive markets in the world.

Industrial change: the new "smart" business model

EPC and Digital Renewable Energy: Smart grids and large plants installation

The power distribution system is at a paradigm sliding door: from a traditional model of one-way, to that of distributed generation. TerniEnergia by embedding Softeco Sismat and Selesoft (with maintenance of the employment level in the Genoa headquarters), aims to play a leading role in the rising of the smart

and mini market, characterized by the spread on the electricity grid (both transmission, both distribution) of "smart" systems and "connected", such the Internet of Things (IoT). The microgrid market is estimated to grow to 34.9 billion by 2022, with a CAGR of 10.9% between 2016 and 2022. TerniEnergia will combine its track record in the installation of plants for the production of energy renewable with digital business. The company will continue the course of realization of production plants from renewable sources (photovoltaic) sized "giant".

Energy management

Integrating Energetic (the outcome of the acquisition process underway), a Tuscan company operating in the dual fuel market of gas and electricity with approximately Euro 100 million in revenues in 2015, the Group will develop the business of energy management from a portfolio of loyal customers, including corporate customers, small and medium enterprises and public administrations. The company aim is to reduce the risks typical of the sector (through appropriate contracts insurance policies) and to facilitate the growth in size in the services and solutions for the energy consumer customers.

Energy saving

Exploiting the customer-based energy management and enhancing commercial partnerships with key players at national level, such as Roma Gas & Power, TerniEnergia intends to maximize opportunities to cross-sell and significantly increase the number of energy saving interventions. A functional development of the new business model will also be the strengthening of the "Hub" platform which aims to create a specialized asset investment class, that allows capital markets to invest in Italian projects of energy saving.

Cleantech

For the business line cleantech is expected the containment of the capital intensive business, considering the single investment for the completion of the remediation of industrial liquid waste Nera Montoro (TR).

Transversal divisions: Business development and commercial and R&D "Digital energy"

TerniEnergia in the organization of the Group introducing two new transversal divisions. The first will be focused on research and development, pursuing the digital transformation goals for the four TerniEnergia LOB (Technical Services, Energy Management, Energy Saving and Cleantech). The second will be active, from the headquarters of Milan and London, in the global development of projects and business in core business areas, strengthening the business and bringing the Group to customers around the world.

Strategic vision to 2019 - Stefano Neri (Chairman and CEO)

"TerniEnergia intends to grow dimensionally by implementing an integration of other industries and companies through acquisitions. We believe a strategic target to achieve a significant increase in revenues and market cap, in line with the intention of setting up an "independent Italian industrial champion" in the construction and operation of power generation plants from renewable sources and integrated systems for the distributed generation (smart grids). We intend to consider the possibility of diversifying the EPC activities also in wind energy and hydropower sectors, promoting M&A with players of international standing. The concentration of the core business on the energy supply chain will

determine the potential alienation of environmental assets, even in the positive rate of environmental market, which sees an interest of large multi-utility and industry asset managers in this type of plants in operation".

FORECAST 2016

The Board of Directors took note of the forecast for the year 2016, in which the Company has decided to accelerate the search for a partner in the digital business, rather than focusing on changing the contribution to revenues led by the energy management. The estimate for the year-end provides Euro 85 million in revenues, EBITDA of approximately Euro 16 million, a further reduction of the NFP to Euro 92 million and the Net equity growth to Euro 63 million.

Plug in the smart energy company: TerniEnergia in figures

The Company intends to operate in the short term a modest capital raising, in the order of up to Euro 2.5 million, to support the growth of new business activities related to the integration of acquired companies. The capital increase will also represent the tool to the entry of new investor-supportive shareholders, strengthening the management and exploitation of potential opportunities in the market environment.

TerniEnergia expects to 2017 and 2018 a substantial increase in revenues and profitability and, simultaneously, a reduction of NFP and an increase in margins.

The plan estimates a value of production growth (CAGR 2016-18) of 67%, for about Euro 762 million in three years, with interim targets of Euro 282 million in 2017 and Euro 395 million in 2018, an increase of revenues by the activity of lines Technical services business and energy management.

EBITDA is estimated to Euro 19 million in 2017 and Euro 31 million in 2018. In 2018 it is expected the main contribution of the business line technical services (approximately two thirds of the total) to EBITDA training and a balanced intake of other line of business (LOB) cleantech, energy management and energy efficiency. Margins will keep growing over the plan period, to 7% in 2017 and 8% in 2018, demonstrating the robustness and repeatability of the new business model and risk lowering, thanks to the diversification of activities and the integration of digital energy in the value chain.

EBIT is expected to grow from Euro 12 million in 2017 to Euro 24 million in 2018.

With the new structure, the NFP will be reduced in the period of the plan to Euro 90 million in 2017 and Euro 82 million in 2018. The ratios will be improved significantly: in particular, the NFP/Net equity ratio (gearing ratio) will decline 1,37x to 1,09x in 2017 up to 2018.

With regard to the remuneration policy for shareholders, the Company intends to not distribute dividends in 2017 to support the development of the acquired companies and the launch of the new business of smart and mini grids, while for 2018 the proposal to the Board of Directors is to distribute a maximum of 50% of the consolidated Net Profit.

Bond TERNIENERGIA 6.875% February 6, 2019 - Eur 25 million

The TerniEnergia Group has outlined a solid plan for the reimbursement of the bond issue "TERNIENERGIA 6.875% February 6, 2019 - Eur 25 million". In particular, the Company intends to access to the capital market, in a favorable environment for corporate bonds, to refinance or reschedule the bond. In any case, the possible enhancement through alienation of the environmental assets covers

about two-thirds of the funding requirements for reimbursement. In the period of the plan, finally, TerniEnergia will provide for the activation of new lines of credit for an amount significantly lower than the repaid capital.

In conclusion, the strategic transformation outlined in the plan will give rise to a TerniEnergia much more robust, which will propose itself to the market as the first smart Italian energy company. The new corporate configuration will see a Group active in the core area of digital energy, of the construction of renewable energy plants, of energy management, of energy saving and cleantech, with about 500 employees and a geographic presence in almost all the continents, with operational and sales headquarters and offices.

The TerniEnergia of the future will be a smart energy company which - in the era of the energy revolution - will be able to represent the ideal partner for large utilities, leading operators in the field of energy transmission and distribution, large multinational companies in the establishment of highly innovative grids, plants systems and solutions.

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 devices. 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..

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.

2016
2018

TerniEnergia

Plug in the smart energy company

TerniEnergia



Business Plan Presentation

Plug in the smart energy company: TerniEnergia path of evolution

Milan, November 4th 2016

ternienergia.com

TerniEnergia highlights and track record

BUSINESS OVERVIEW

- ✓ A LEADING ITALIAN FULLY INTEGRATED PV ENERGY COMPANY OPERATING IN THE **PHOTOVOLTAIC SEGMENT** AS A **SUPPLIER OF PV PLANTS AND "GIANT" PHOTOVOLTAIC PLANTS** ("SYSTEM INTEGRATOR") AND **ENERGY PRODUCER** ("POWER GENERATION")
- ✓ A CLEANTECH PLAYER FOCUSED ON THE CIRCULAR ECONOMY INDUSTRY OPERATING IN THE **TECHNOLOGICAL ENVIRONMENTAL SECTOR**, WASTE TO ENERGY, WASTE MANAGEMENT AND WATER REMEDIATION
- ✓ AN ULTIMATE HUB FOR THE INDUSTRIAL ENERGY EFFICIENCY AIMS TO **SOLVE THE GAP BETWEEN ESCO AND CAPITAL MARKETS** THROUGH A PLATFORM OF CONVERGENCE FOR THE ENERGY SAVING CHAIN OPERATORS
- ✓ AN INTEGRATED GAS&POWER MANAGEMENT COMPANY **LEVERAGING RENEWABLES POWER GENERATION** FOR INDUSTRIAL HEAVY CONSUMERS AND SUPPORTING CUSTOMERS **THROUGH ADVANCED SERVICES**

KEY INVESTMENT HIGHLIGHTS

- ✓ SUCCESSFUL HISTORICAL GROWTH AND BALANCED DIVERSIFICATION OF THE BUSINESS
- ✓ RELIABLE AND EFFICIENT BUSINESS MODEL
- ✓ RAPIDLY GROWING INTERNATIONALIZATION PROCESS

PORTFOLIO OVERVIEW

- ✓ 2 "GIANT" WORKSITES IN SOUTH AFRICA GRID CONNECTED (148.5 MWP PV PLANTS)
- ✓ 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 350.1 MWP (13.2 MWP IN FULL OWNERSHIP AND 30 MWP IN JOINT VENTURE FOR THE POWER GENERATION ACTIVITY)
- ✓ 2 BIOMASS PLANTS CONNECTED TO THE GRID FOR A TOTAL OF 1.5 MWE AND 2 MWT
- ✓ TOTAL ANNUAL RENEWABLE ENERGY PRODUCTION AROUND 60 MILLION KWH
- ✓ IN THE ENVIRONMENTAL SECTOR ARE OPERATING TWO TREATMENT AND RECYCLE PLANTS OF END OF LIFE TIRES (ELTS), THE GREENASM BIODIGESTION AND COMPOSTING PLANT AND FINALLY THE GROUNDWATER REMEDIATION PLANT IN NERA MONTORO (TR)
- ✓ TOTAL ANNUAL ENERGY SAVED AROUND 5 GWh TROUGH THIRD PARTY FINANCING ESCo ACTIVITY



2016
2018

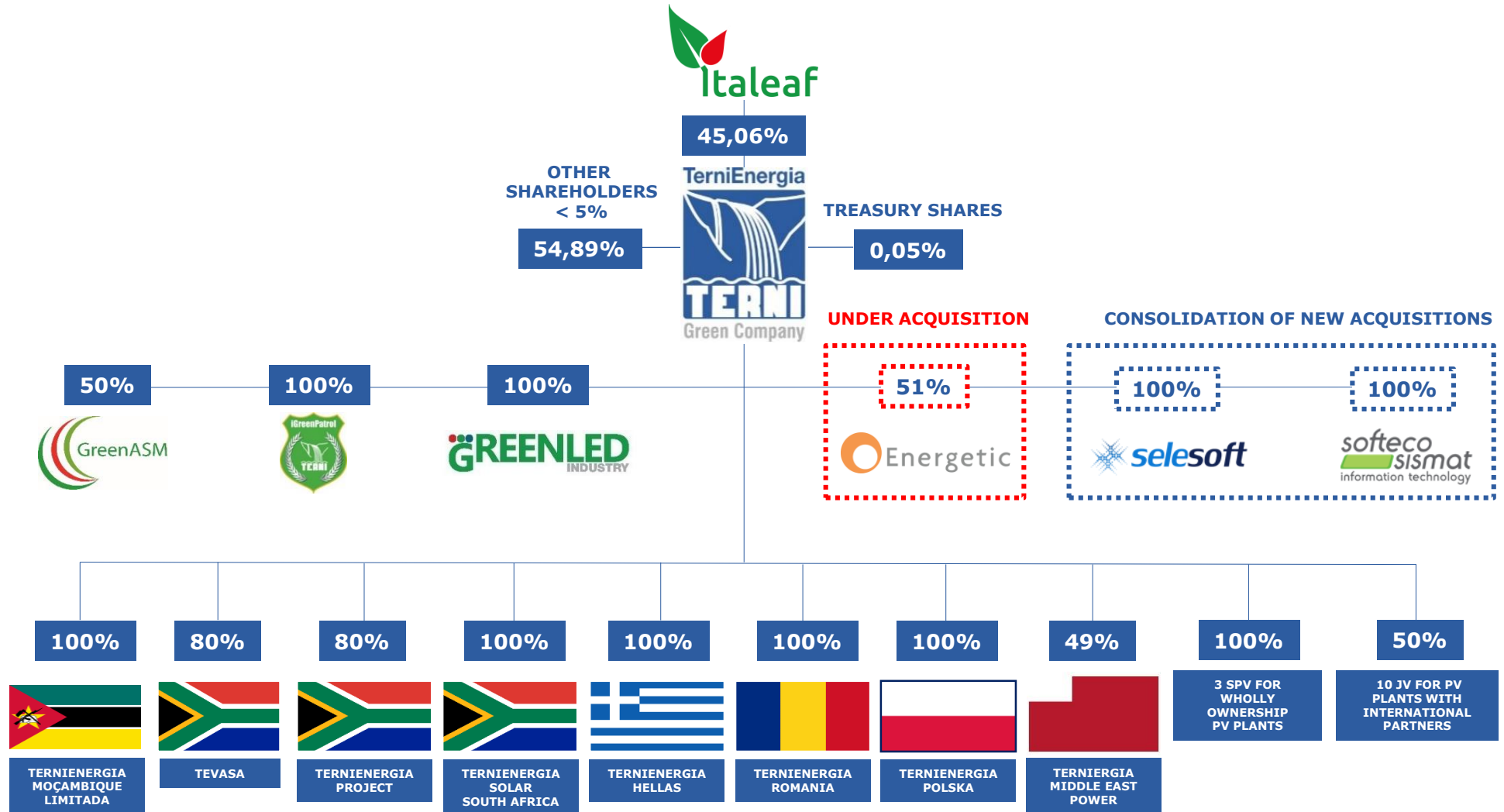
Business plan update

Plug in the smart energy company

Shareholders structure – Group chart

DESCRIPTION

- TerniEnergia is controlled by Italeaf S.p.A. (the "Parent Company"), a company builder and holding active in the cleantech and smart innovation sectors. Italeaf is listed on NASDAQ First North at Stockholm Stock Exchange.
- TerniEnergia used 3,000,000 treasury shares (6.8% of the share capital), resulting from the deconsolidation of Free Energia and not yet listed, to acquire Softeco Sismat and Selesoft.
- TerniEnergia sold 767,095 treasury shares (1.74% of the share capital) resulting from the deconsolidation of Free Energia and not yet listed, to Roma Gas & Power S.p.A..



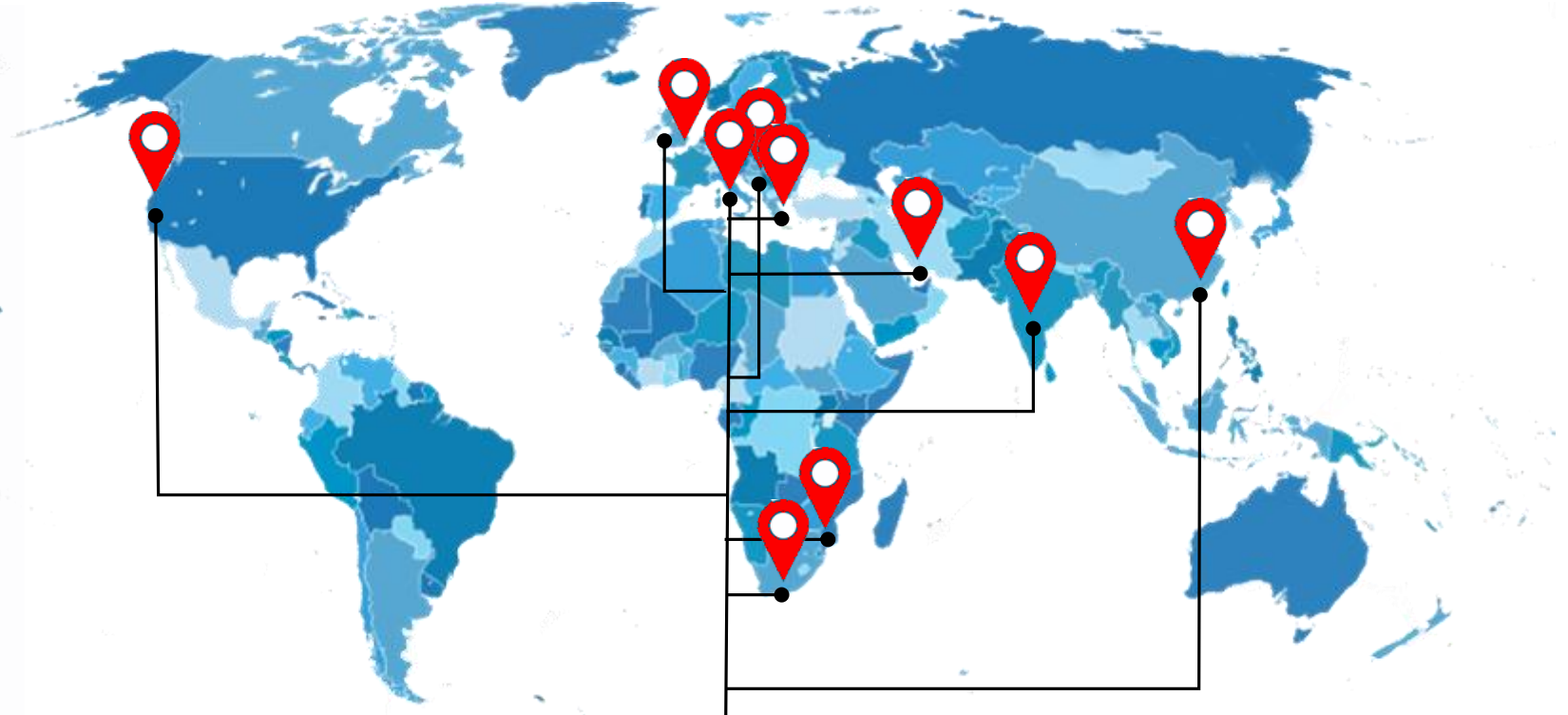
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Business plan update

Global presence – Close to customers all over the world



Headquarter: Narni (TR) – Nera Montoro Industrial park
Offices: Milan (Financial and commercial hub), Lecce, Genova (Softeco Sismat & Selesoft Headquarter)
Others: Bologna, Roma, Napoli, Catania (Protecogroup)



Headquarter: Narni (TR) – Nera Montoro Industrial park
Offices: (UK) London, (UAE) Abu Dhabi, (RSA) Cape Town, (CP) Hong Kong (Financial and commercial hub), (MZ) Maputo, (GR) Athens, (RO) Bucarest, (Q) Doha (Softeco Sismat & Selesoft)
Others: (USA - Silicon Valley) Palo Alto, (IND) Gurgaon (Protecogroup)

Why the Plan update: founding a transformation with an eye to the future

1

2017

Transition year Starting the transformation

Integration of Energetic to increase revenues and business
Strategic alliance with Roma Gas & Power in energy saving
Start of smart energy new business integrating EPC and digital solutions

2

2018

Providing the foundation for growth

Focus on stable earnings fostering the right capabilities
Targeting new partners for M&A
Boost to the international smart energy business
Become a reliable industrial partner for leading groups

3

Beyond

Acting for leadership in smart energy

Pursue attractive opportunities within established core businesses operating as a solutions provider in generation, transmission, smart & mini grid development and management, storage, distribution and sale of energy

**We are developing the first Italian smart energy company
Enabling ourself and our long term partners to manage electricity
from the point of generation to the point of consumption**



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Business plan update

Plug in the smart energy company

Acquisition of Softeco Sismat and Selesoft offers great value

Transaction scope

- Acquisition of **100% of Softeco Sismat and Selesoft** including related **services business**
- Achieve the most advantageous return of capital with the highest probability of success
- **Strengthen the energy core business** (through the acquisition of a digital and ICT company)
- **Faster to respond to changing energy demand** and market dynamics
- **Enhance channel relationships with industrial partners**
- **Push digital-based services and solutions** to renew classic energy services
- **Strong TLC expertise** as foundation for supplying any smart solution

Transaction facts

- **Dynamic re-allocation of treasury share**
- **3 million treasury shares of TerniEnergia**
- **Euro 2.3 million** to be paid in cash **in two phases** (Euro 1 million by November 30, 2017 to Ingefi SpA and Euro 1.3 million to B.Soft by March 31, 2018) with no award of interest
- **Closing** by **end of October 2016**

Transaction rationale

- **Excellent fit – complementary technologies**
- **Boost internationalization** and presence in emerging markets, substantial synergies expected
- Innovative leadership with **"best in breed" and distinctive solutions** for a hyper-competitive sector
- **First Italian mover in a new market**, combining physical & virtual world across energy value chain
- **Significant synergies and enabling business**
- Rebuilt financial foundation – **stronger balance sheet, predictable performance**

softeco
sismat
information technology

selesoft

Export worldwide the italian excellence in the industrial smart technologies



**POWER GENERATION,
EPC, ESCo, ENERGY
EFFICIENCY AND
ENERGY MANAGEMENT**



**POWER TRANSMISSION,
DISTRIBUTION, SMART
GRIDS, MICROGRIDS,
TLC, IOT, APPLICATIONS**



**A FULLY INTEGRATED SETUP
TO LEVERAGE
OPPORTUNITIES
IN A CHANGING WORLD**

**AN UNMATCHED MIX OF KNOW-HOW TO BOOST THE INTERNATIONAL GROWTH
RIDING THE WAVE OF THE ENERGY [R] EVOLUTION**

The digital energy integration into core business

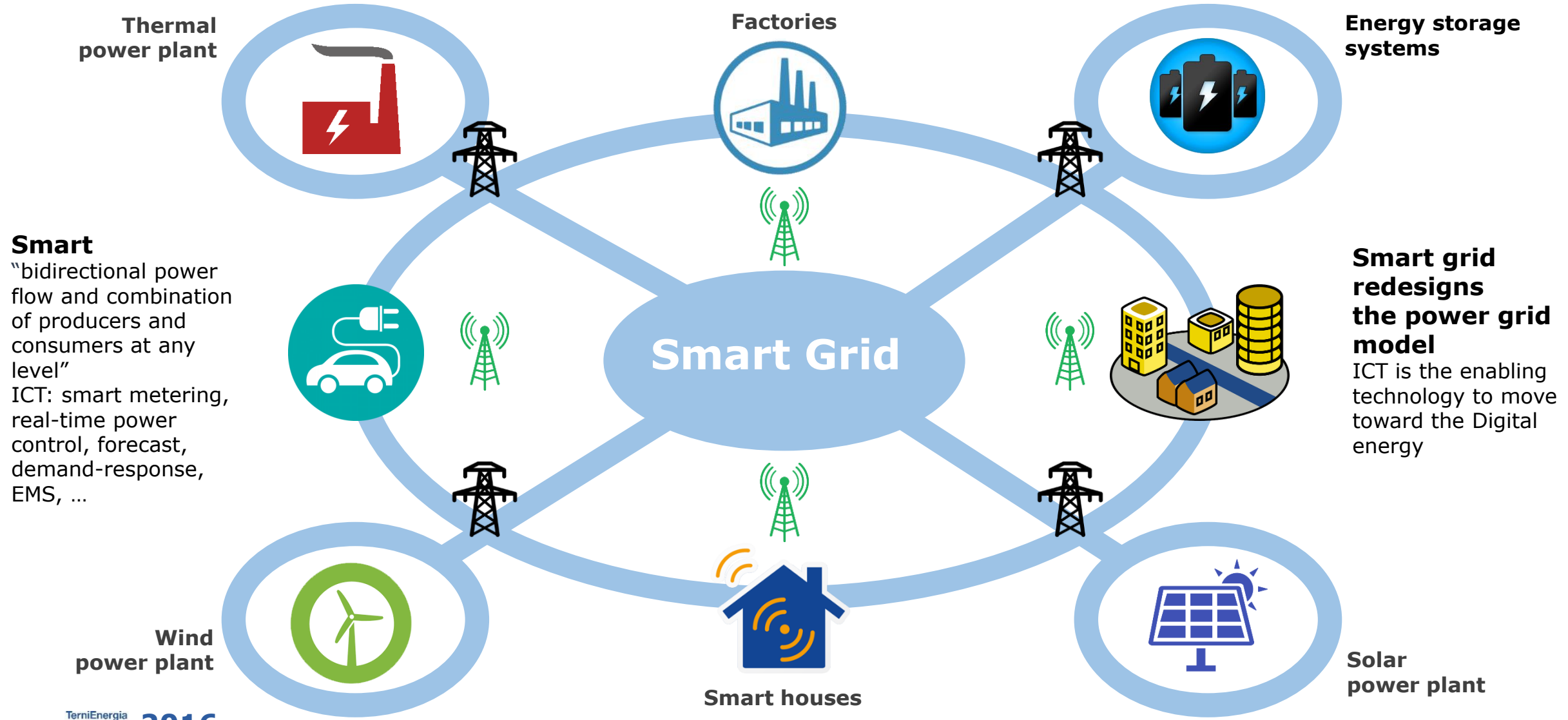


2016
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Business plan update

Plug in the smart energy company

Smart Grids: the huge paradigm shifters

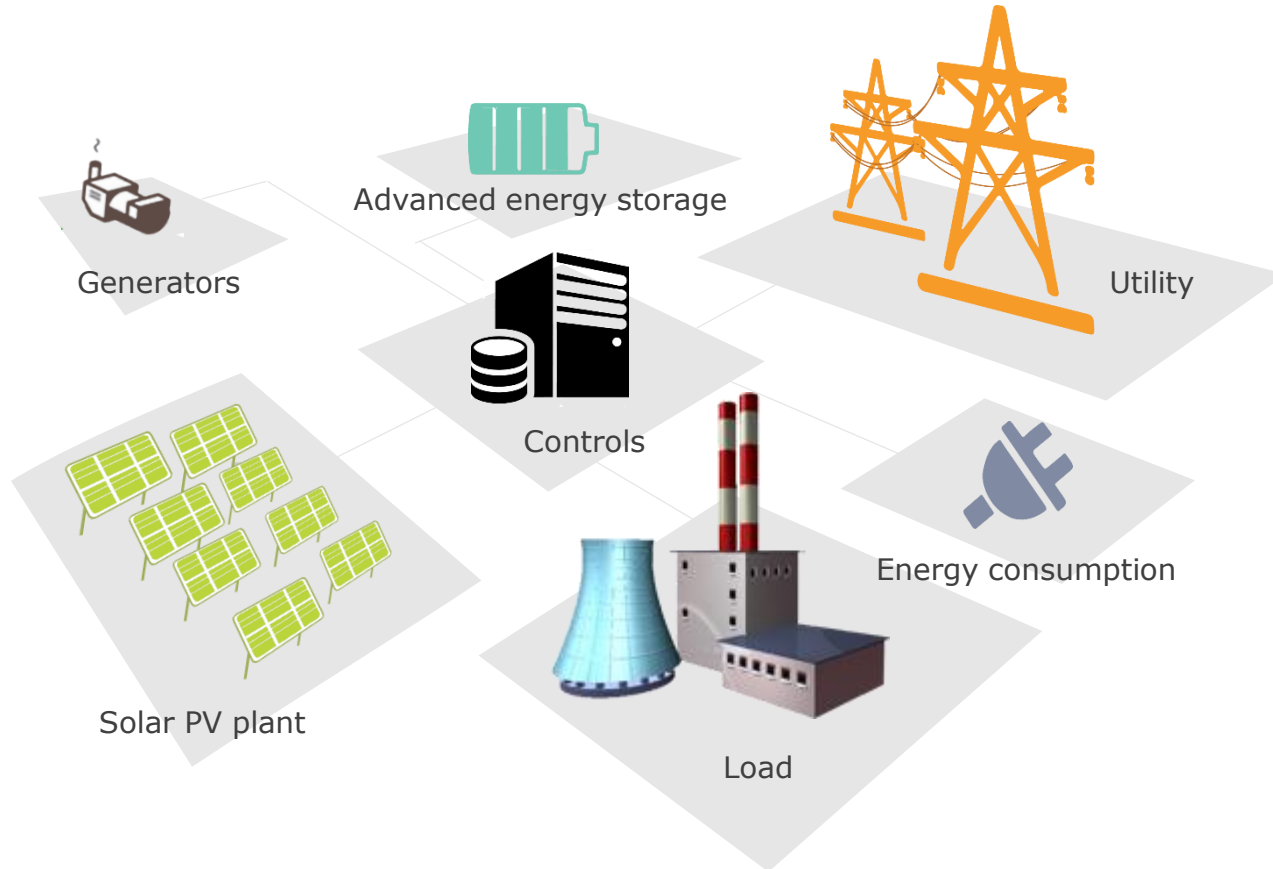


Smart
 "bidirectional power flow and combination of producers and consumers at any level"
 ICT: smart metering, real-time power control, forecast, demand-response, EMS, ...

Energy storage systems

Smart grid redesigns the power grid model
 ICT is the enabling technology to move toward the Digital energy

Microgrids: the next big thing for the digital energy



Microgrids are electricity distribution systems containing **loads** and **distributed energy resources**, (such as distributed generators, storage devices, or controllable loads) that can be **operated** in a **controlled, coordinated way** either while **connected** to the main power network or while **islanded**.
(Cigré)

A microgrid is a small energy system capable of **balancing captive supply** and **demand resources** to maintain **stable service** within a defined boundary. Microgrid are defined by **their function** not their size.
(Berkey Lab)

What all microgrids share in common, however, is the need to optimize both energy usage and generation to achieve customer goals for **resilience, reliability, and sustainability**.
(Microgrid institute Burr Energy LLC)

WE ARE READY TO GRAB THE "FIRST MOVER ADVANTAGE" IN AN EMERGING GROWING NEW MARKET, WITH OUR HANDS-ON EXPERIENCE AND TRACK RECORD

Potential synergy: infrastructure

Application areas

- Smart cities
- Building automation



Market

- Global (Middle and Far East, emerging countries)



Strengths

- Softeco: technology provider
- TerniEnergia: financial solidity, business-logistics base and market commercial support



Operation

- Projects plus EPC
- Competitive advantage through proprietary technology and customer-focused innovation



THE SYNERGY WILL ENABLE SOFTECO TO INCREASE SIGNIFICANTLY ITS CURRENT "STAND-ALONE" MARKET PENETRATION THANKS TO THE GREATER FINANCIAL AND INTERNATIONAL CAPACITY OF THE TERNIENERGIA GROUP, WITH THE AIM TO SEIZE ADDITIONAL GROWTH INITIATIVES IN THE SMART CITIES AND BUILDING AUTOMATION BUSINESS

Potential synergy: control and management for electric grids

Application areas

- Transmission and distribution
- Smart grids
- Micro grids



Market

- Global with leading partners (e.g. Enel, Terna, other leading companies)



Strengths

- Softeco: technology and products provider
- TerniEnergia: PV track record, financial solidity, business-logistics base and market commercial support



Operation

- Projects plus EPC
- Competitive advantage through proprietary technology and customer-focused innovation



INTEGRATION WILL ALLOW THE TERNIENERGIA GROUP TO GENERATE OPERATIONAL AND MANAGEMENT SYNERGIES THROUGH THE SWIFT IMPLEMENTATION IN ALL THE GROUP'S OPERATIONAL UNITS OF SOFTECO EXISTING AND TESTED BEST PRACTICES, LEVERAGING THE PV-EPC INTERNATIONAL TRACK RECORD



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Business plan update

Potential synergy: energy efficiency

Application areas

- Energy audit
- Lightining (LED), thermal flows, cogeneration
- Digitalization and smart metering



Market

- Italy and Global (Middle and Far East, emerging countries, Latin America, Africa)



Strengths

- Softeco: technology and products provider
- TerniEnergia: ESCO for italian market, commercial support, proprietary technology (LED and IoT devices)



Operation

- TPF (Third party financing)
- EPC worldwide
- Competitive advantage through proprietary technology and customer-focused innovation



INTEGRATION WILL ALLOW THE TERNIENERGIA GROUP TO PROVIDE SMART ENERGY SERVICES TO FINAL ENERGY USERS, INCLUDING THE SUPPLY AND INSTALLATIONS OF ENERGY EFFICIENT EQUIPMENT, FINANCING OR ARRANGING FINANCE FOR THE OPERATION IN ITALY AND ABROAD

Acquisition of Energetic provides integration and cross-selling opportunities

Transaction scope

- Acquisition of **51% of Energetic S.p.A.** including stake in two subsidiaries: **Mya Energia Srl**, which operates in the electricity, natural gas and energy efficiency, with a stake equal to 74% of the share capital, and **Energetic Vendite Srl**, active in the trade of gas transmitted by pipeline, with a stake of 100% of the share capital
- **Strengthen the business line “Energy management”**, after the deconsolidation of Free Energia, **integrating downstream the value chain of the gas and power management business**
- **Embedded revenue synergies**

Transaction rationale

- **Excellent fit – cross selling opportunities for the energy efficiency business**
- **Integrating energy business** along the value chain for corporate customers, large energy consumers and SMEs, PA and private end users
- **Significant increase and diversification of the Group’s turnover**, the **expansion** of the scope of the core activities, the **enhancement of the portfolio of investments** with an established brand, **promote innovative services and solutions**

Transaction facts

- The transaction **consideration** for the acquisition by TerniEnergia of **n. 177,634 shares representing 51% of the share capital of Energetic**, amounted to **Euro 7.3 million** and takes into account the income from the sale of subsidiaries Mya Energia and Energetic Vendite (for approximately Euro 4.1 million)
- TerniEnergia will recognize the fee in cash in three distinct phases after the closing date
- Energetic has entered into a **binding agreement with Roma Gas & Power for the sale** of the stake in **Mya Energia Srl** and **Energetic Vendite Srl** for an amount of **Euro 4.1 million**, corresponding to the value of budgeting of these investments
- **Closing by end of November 2016**



Potential synergy: reinforce the dual fuel energy management business

Application areas

- Integrate specific skills and proven track record in the energy management
- Increase revenue stream



Market

- Italy
- Corporate customers, large energy consumers and SMEs, public administrations and private end users



Strengths

- Energetic: loyal corporate customers
- TerniEnergia: maximize the returns associated with the integrated activities of power generation, management and trading



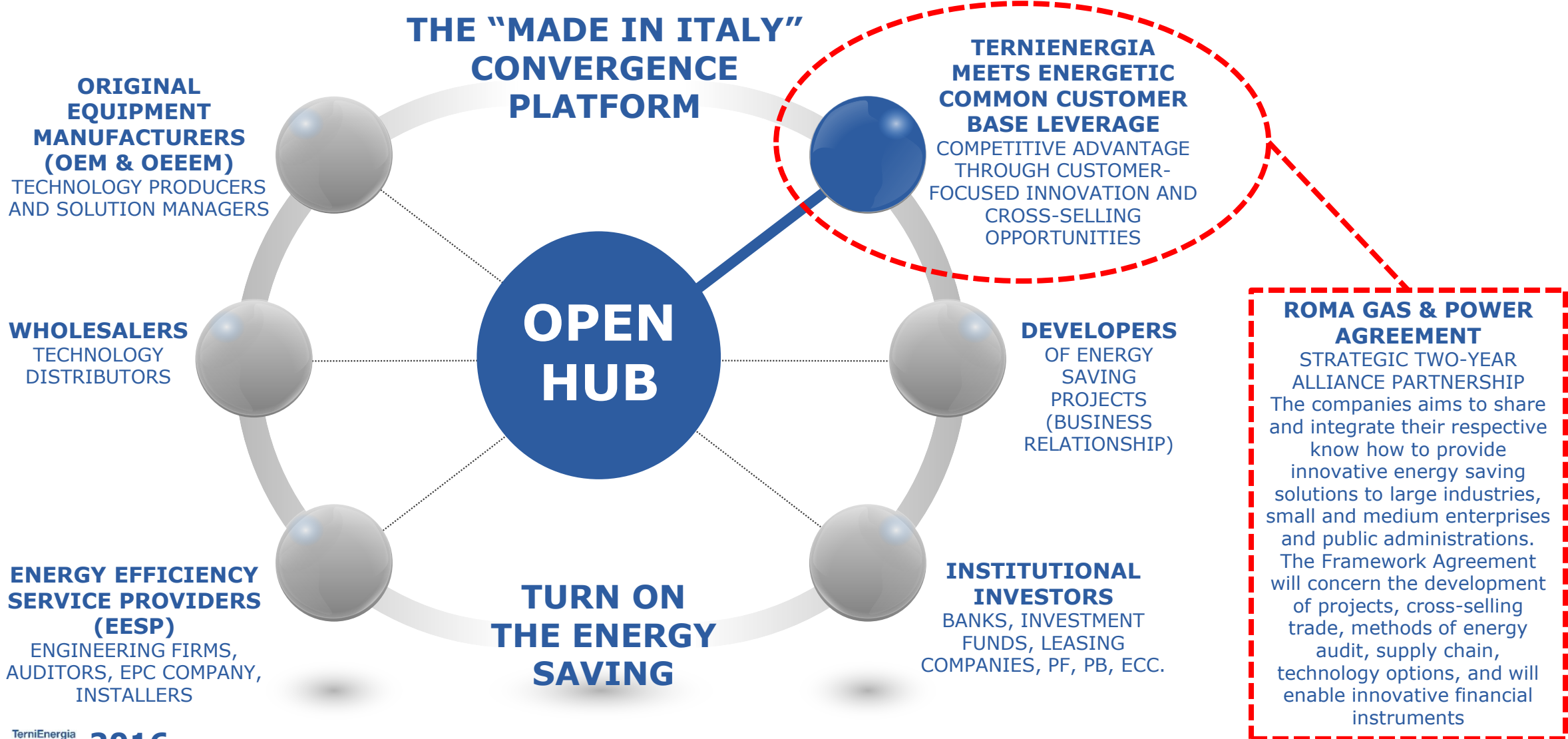
Operation

- Downstream integration of PV power generation
- Amplify the services with high added value in the supply system



INTEGRATION WILL ALLOW TERNIENERGIA AND ENERGETIC TO STRENGTHEN THEIR CUSTOMER BASE PROVIDING A DUAL FUEL (GAS AND POWER) OFFER. EMBEDDING IN THE GROUP'S PORTFOLIO A VALUABLE BRAND, WHICH GREW MORE THAN THE MARKET AVERAGE

Potential synergy: a new bullet for the HUB energy efficiency platform



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Business plan update

Plug in the smart energy company

The execution of the business transformation starts now

Leadership team



- Board of Directors
- CEO
- Executive directors
- Business lines coordinators
- CFO
- Middle management



Technical Services

Renewable energy (EPC and system integrator), O&M, power generation, construction and supply of smart turn-key solutions with the integration of digital technologies, smart, mini and micro grid providing, remote control systems, cyber and physical security, TLC



Energy management

Dual fuel (Gas & Power) marketing and trading for energy-intensive customers and consolidated re-sellers and providing of smart energy services and solutions, pricing strategies, remote control systems, development of innovative softwares
Presence on all European largest hub



Energy saving

ESCo and ESPCo with EPC and TPF formula, energy audit, proprietary technology production (LED lamps and smart thermostat), remote control, support and coordination of relations with institutional investors and specialized financial operators (HUB platform)



Cleantech

Recovery of energy and material from marginal resources, Waste management, Waste to energy, Water remediation

R&D Digital energy division

Commercial & business development division

Corporate core

Ride the digitalization

introducing the OT/IT convergence in energy business

Re-balance business mix

focusing on the energy value chain and improving efficiency

Go innovative & global

exporting worldwide the italian's smart technology excellence



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TerniEnergia

Plug in the smart energy company

TerniEnergia



Business Plan Presentation

Plug in the smart energy company: Financial strategies

Milan, November 4th 2016

ternienergia.com

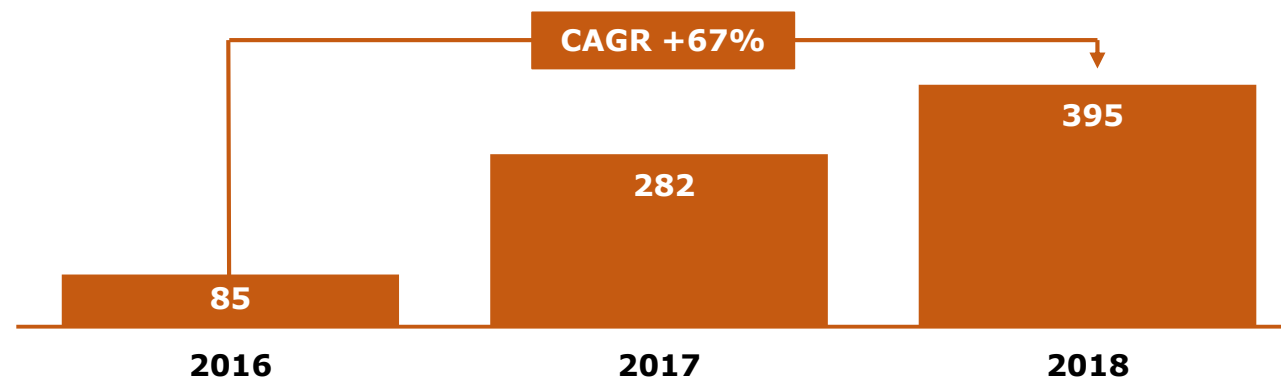
Forecast 2016 and foundation of the revenues growth

Forecast 2016* (Eur MIO)

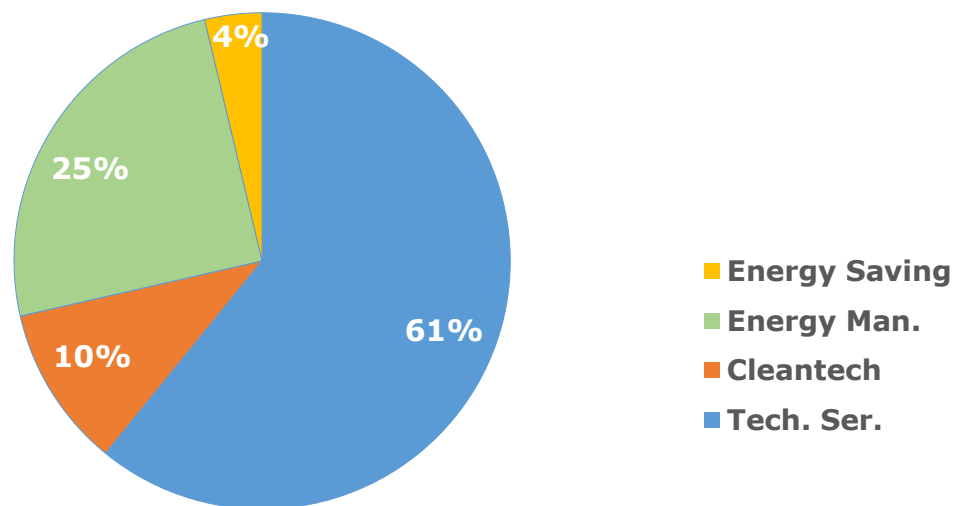
Revenues: ≈ 85
Ebitda: ≈ 16
NFP: ≈ 92
Net equity: ≈ 63

*This forecast is based on information available at the time of publication, and current assumptions regarding uncertain factors affecting future business results.

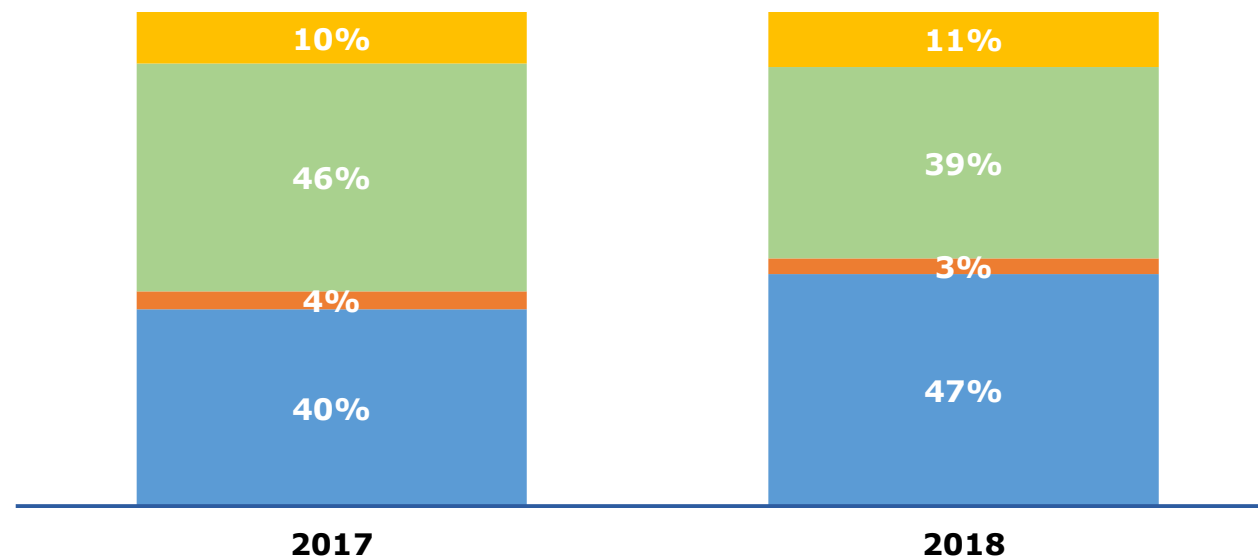
2016-2018 Revenues E (Eur MIO)



2016 Revenues breakdown F

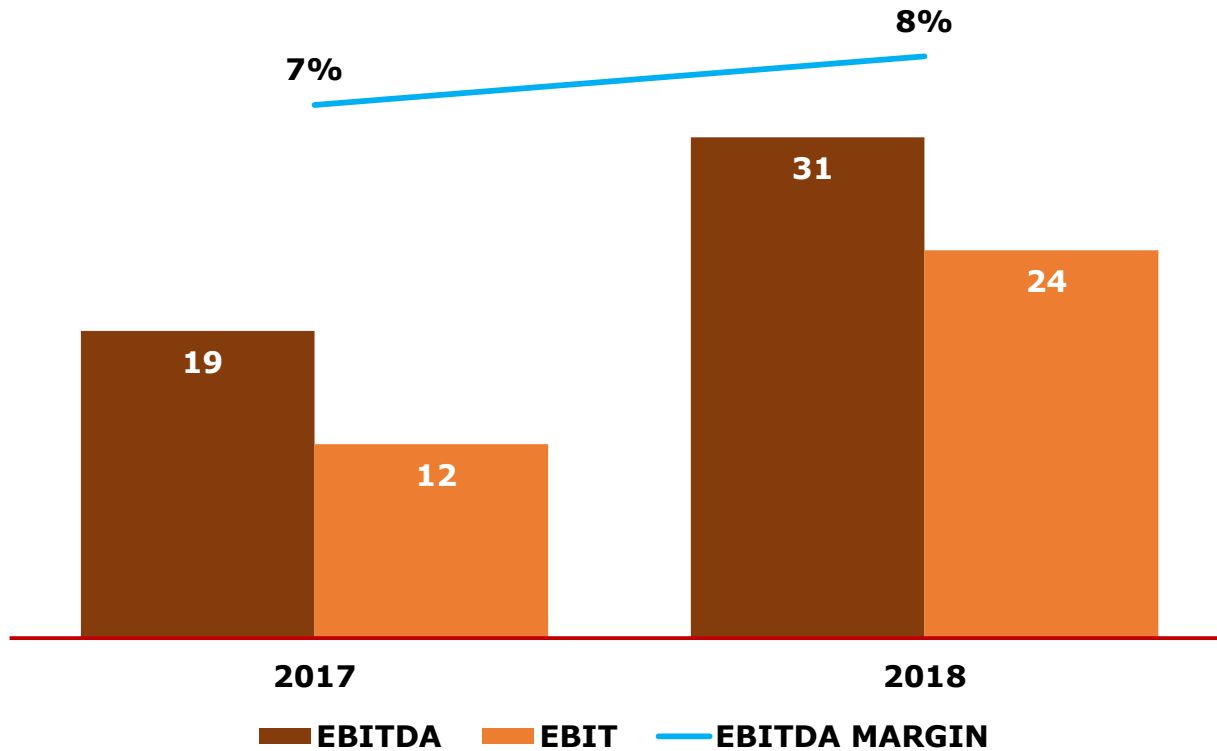


2017-2018 Revenues breakdown E

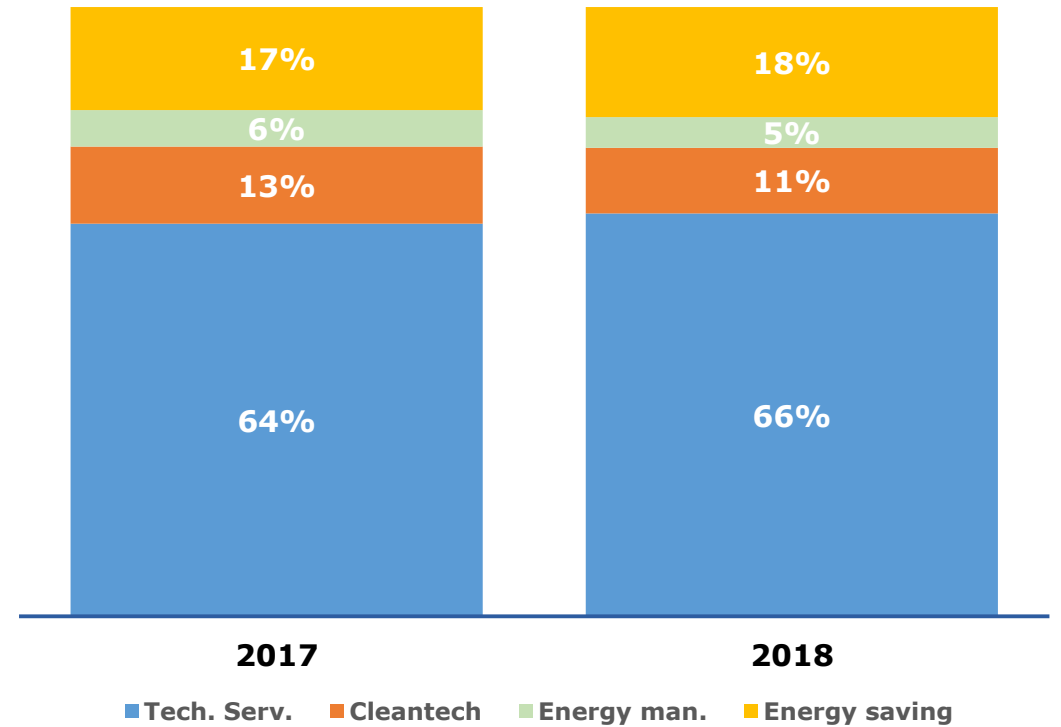


Ebitda and Ebit boost with a balanced mix

2017-2018 EBITDA – EBIT E^(Eur MIO) | EBITDA MARGIN



2017-2018 EBITDA % BREAKDOWN E

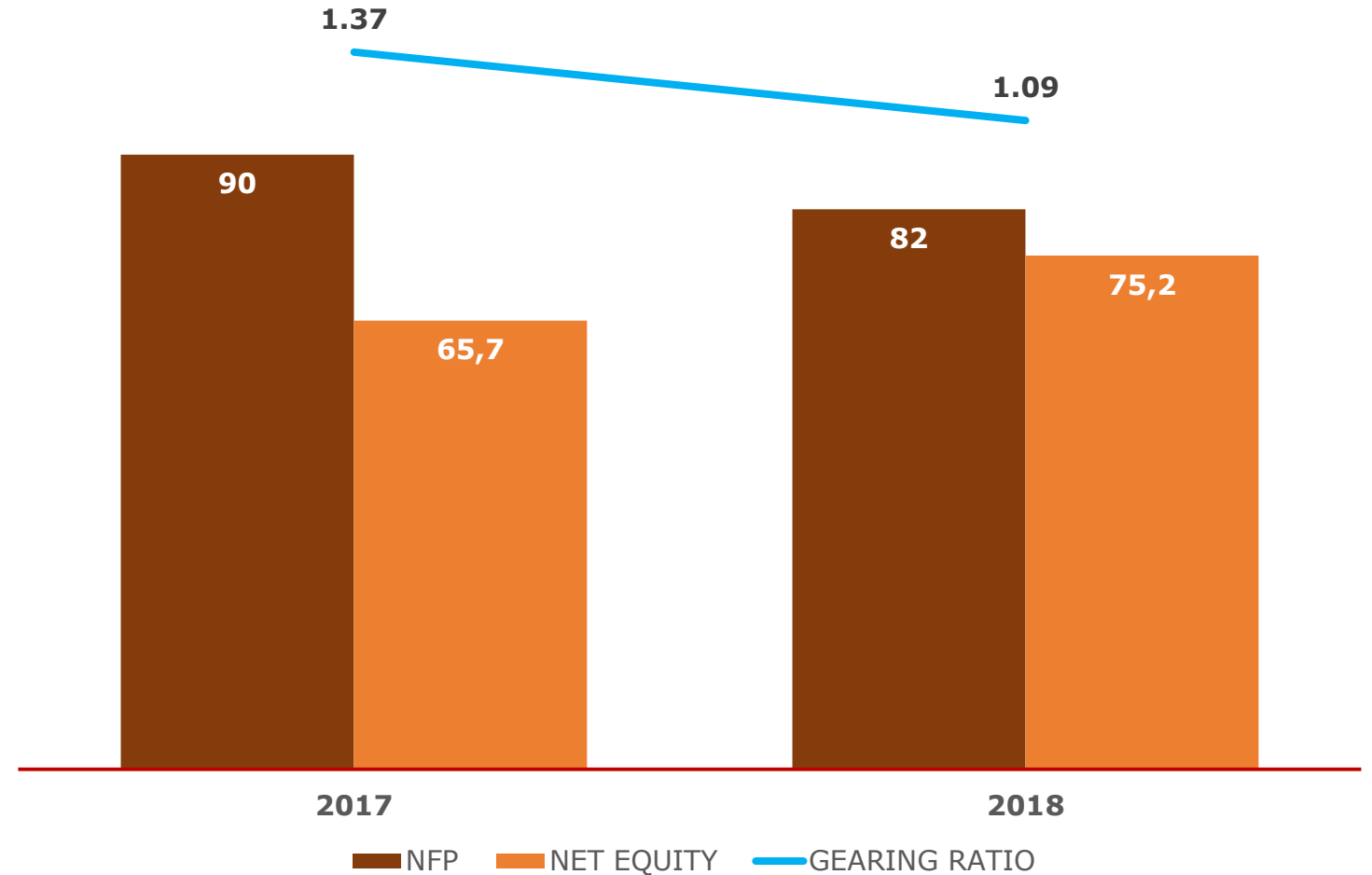


Disciplined reduction of the NFP and focus on the improvement of Net Equity

2017-2018 NFP – NET EQUITY E | GEARING RATIO

Financial strategy

- Balance sheet optimization and deleveraging
- Disciplined focus of the management to maintain and improve the financial balance of the Group
- Greater financial flexibility will also allow TerniEnergia to comfortably progress other growth prospects across the business and to strengthen the capital structure
- Well controlled risk and improved positioning to leverage the opportunities of capital allocation towards a profitable but lower risk business
- Net debt reduction significantly ahead of schedule even after adjusting for acquisitions
- Robust and reliable financial ratios



TERNIENERGIA 6.875% Feb 06, 2019 – Eur 25 million

The Group intends to provide the refund of the bond thanks to:

- Potential alienation or enhancement by extraordinary transactions of the environmental assets
- Refinancing of the existing bond with the issuance of a new bond loan
- Activation of new loan facilities for an amount significantly lower than the capital reimbursed

Limited share capital increase

Around 2.5 million capital raising to develop and build up the acquired companies, through the entry of new supportive investors, which may be deemed significant, by taking advantage of possible chances in the future market context.

Dividend policy



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TerniEnergia

Plug in the smart energy company

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Business Plan Presentation

Plug in the smart energy company: Vision 2019 - Strategic focus

Milan, November 4th 2016

ternienergia.com

Ternienergia - Vision 2019: Strategic focus

1

Seize growth opportunities by external lines through M&A transactions with industrial targets

- 1. EPC and system integration company in wind energy**
- 2. EPC and system integration company in hydro energy**

Promote the integration of distinctive and complementary geographic and technological coverage, enhancing overall capabilities, permitting further expansion into new technologies and new solutions

2

Deliver the imperative dimensional growth integrating an energy management company with two corporate targets:

- 1. Attract supportive investors and new shareholders, strengthen the management**
- 2. Significantly improving results and mkt cap embedding revenue synergies**

Faster to respond to changing energy demand and market dynamics, improving the conditions which encourage large institutional investors that invest substantially in growth companies to become "partners" in the best interests of the Company

3

Enhance the waste to energy and waste management business: potential disposal of the Cleantech assets

Separation of the TerniEnergia's cleantech line of business (LOB) plants and assets with the target to create a tool enhancing the asset value. This strategic management of the asset portfolio and the related cash inflows may be utilized to ensure the company's growth prospects and to reduce the total indebtedness



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Annexes

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Corporate governance

BOARD OF DIRECTORS	BOARD	COMMITTEE FOR RELATED PARTIES TRANSACTIONS	REMUNERATION COMMITTEE	RISK CONTROL COMMITTEE
 Stefano Neri	Chairman & CEO			
 Massimiliano Salvi	Vice President Managing Director			
 Fabrizio Venturi	Executive Director			
 Laura Bizzarri	Executive Director			
 Monica Federici	Non Executive Director			
 Laura Rossi	Independent Director	Member	Member	Chairman
 Domenico De Marinis	Independent Director	Chairman		Member
 Paolo Migliavacca	Independent Director	Member	Member	Chairman
 Mario Molteni	Independent Director		Chairman	

Board of Statutory Auditors

Ernesto Santaniello (Chairman)
Andrea Bellucci
Simonetta Magni

Auditors



Director in charge of Internal Control System and Risk Management

Laura Bizzarri (Executive Director)

Lead independent director

Paolo Ottone Migliavacca (Independent Director)

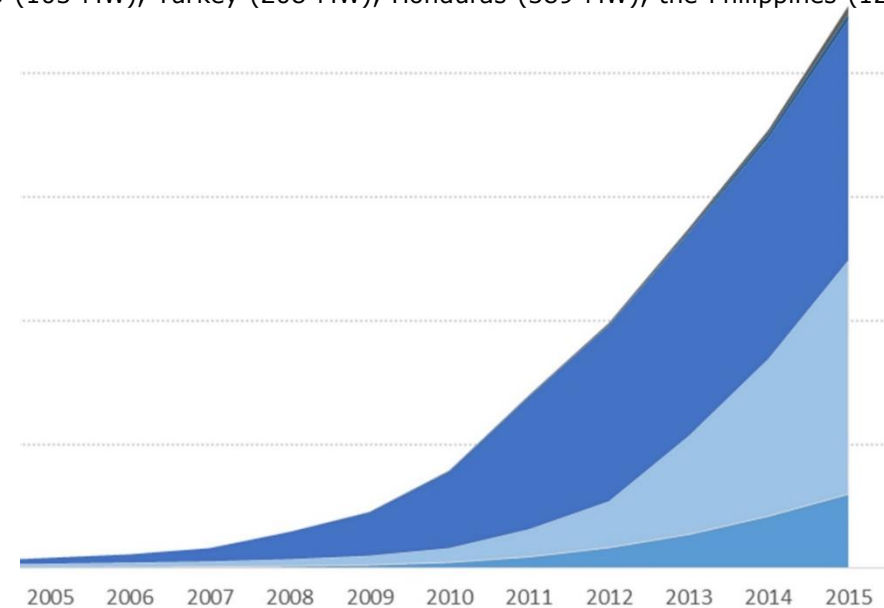
Internal audit

Giovanni Braconi

The global PV market

- The total installed capacity at the end of 2015 globally amounted to at least 227.1 GW. Preliminary reported market data shows a growing market in 2015, with at least 48.1 GW of PV systems installed and connected to the grid (25% growth yoy). Additional 2 GW comes from non IEA PVPS markets countries such as Pakistan, Uruguay, Brazil, Guatemala and more.
 - Asia ranks in first place for the third year in a row with around 60% of the global PV market. China reached 15,2 GW in 2015, and is now the leader in terms of cumulative capacity with 43,5 GW. Japan continued to grow slightly with around 11 GW installed and connected to the grid in 2015.
 - The US market increased again to 7.3 GW, with large-scale and third-party ownership dominating.
 - India progressed significantly to around 2 GW and Pakistan installed an estimated 600 MW.
 - In the top 10 countries, there are 5 Asia-Pacific countries (China, Japan, India, Korea and Australia), three European countries (UK, Germany and France) and two countries in the North American region (USA, Canada). The level to enter the top 10 in 2015 was around 600 MW. The MEA markets experienced growth, thanks to South Africa, Algeria, Israel and Turkey.
 - Several established markets confirmed their maturity in 2015, including Korea (1.0 GW), Australia (0.9 GW), Canada (0,6 GW), Taiwan (0,4 GW est.) and more. Emerging markets continued to contribute to the global PV development in 2015: South Africa (200 MW), Chile (446 MW), Mexico (103 MW), Turkey (208 MW), Honduras (389 MW), the Philippines (122 MW), Algeria (270 MW) and more.

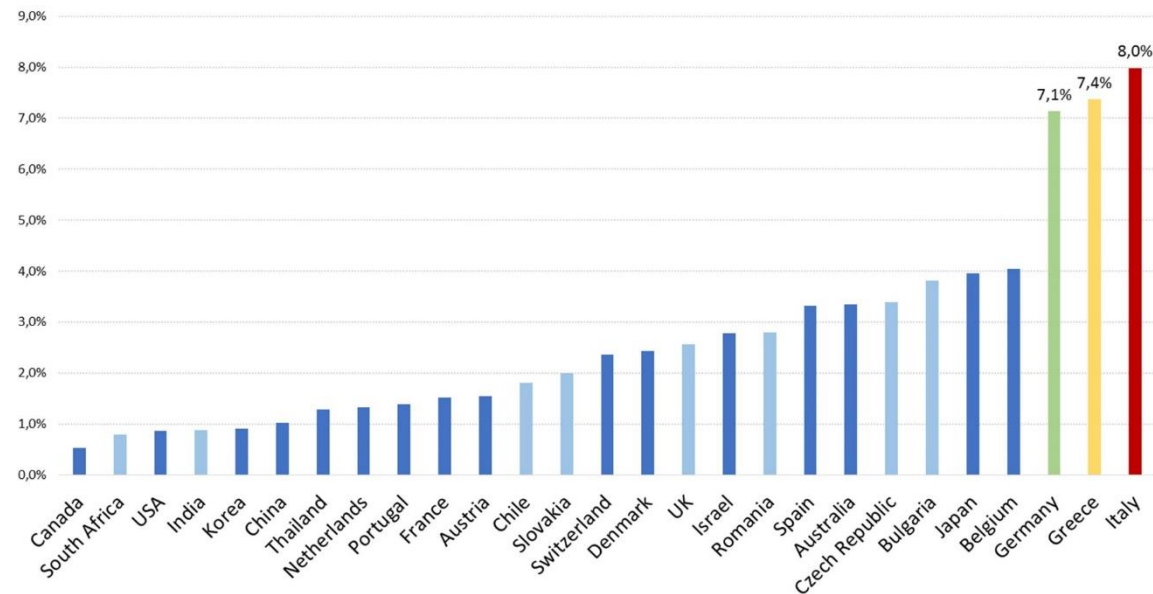
TOP 10 COUNTRIES IN 2015 FOR ANNUAL INSTALLED CAPACITY				TOP 10 COUNTRIES IN 2015 FOR CUMULATIVE INSTALLED CAPACITY			
1		China	15,2 GW	1		China	43,5 GW
2		Japan	11 GW	2		Germany	39,7 GW
3		USA	7,3 GW	3		Japan	34,4 GW
4		UK	3,5 GW	4		USA	25,6 GW
5		India	2 GW	5		Italy	18,9 GW
6		Germany	1,5 GW	6		UK	8,8 GW
7		Korea	1 GW	7		France	6,6 GW
8		Australia	0,9 GW	8		Spain	5,4 GW
9		France	0,9 GW	9		Australia	5,1 GW
10		Canada	0,6 GW	10		India	5 GW



(1) Source: IEA SNAPSHOT OF GLOBAL PHOTOVOLTAIC MARKETS 2015

The european PV market

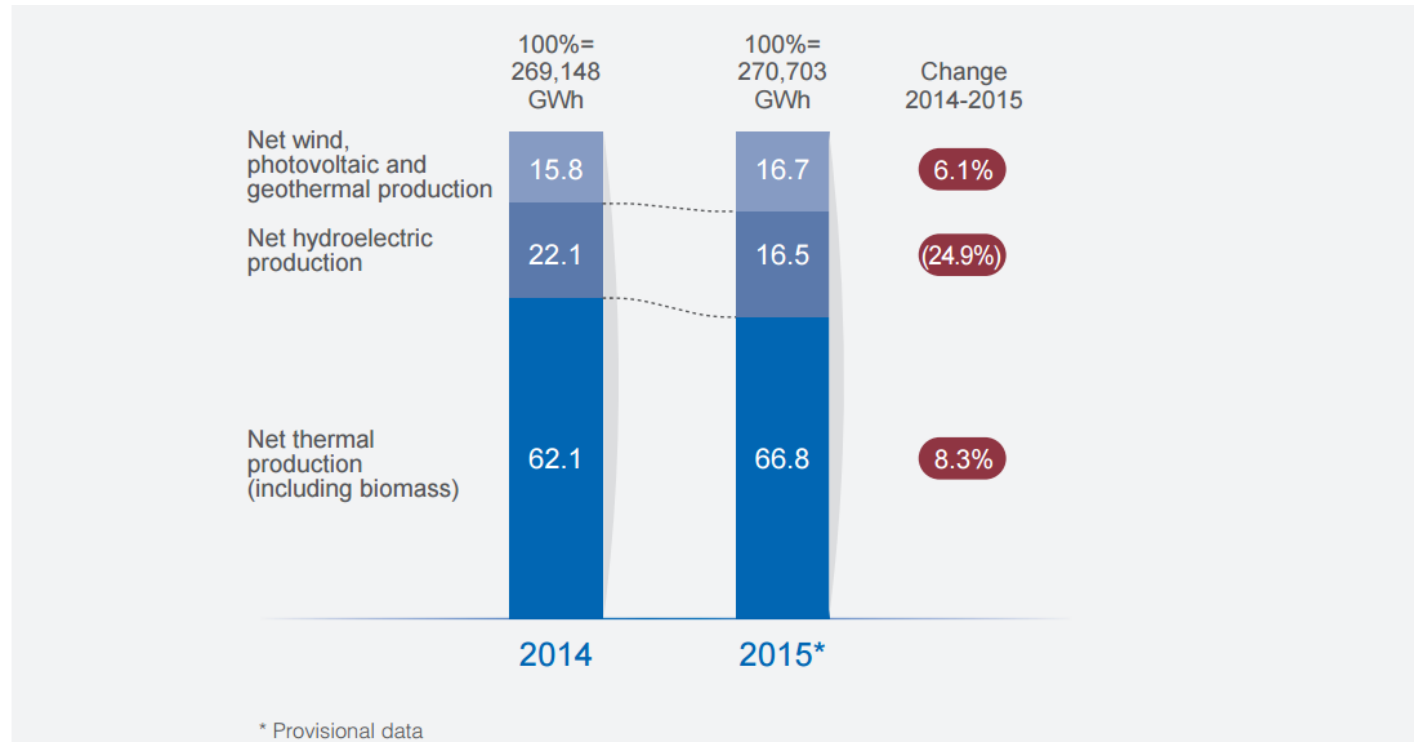
- The market in Europe has progressed for the first time in years from 7 GW in 2014 to around 8 GW in 2015. The largest European market in 2015 was UK with 3,51 GW, followed by Germany (1.5 GW) and a stable French market (0,88 GW). Italy, Greece and Germany now have enough PV capacity to produce respectively 8%, 7.4% and 7.1% of their annual electricity demand with PV. 22 countries have enough PV capacity to produce at least 1% of their electricity demand with PV. PV represents at least 3.5% of the electricity demand in Europe and 7% of the peak electricity demand.
- Italy installed only 300 MW of PV systems, compared to 9.3 GW in 2011, 3.6 GW in 2012 and 1.6 GW in 2013. This can be explained by the phase-out of the feed-in tariffs that are not granted anymore for new PV installations, leaving the market driven by the self-consumption scheme and additional tax rebates that are now in place. In 2015, several countries continued to introduce retroactive changes in the PV support policies for existing PV plants. The most important changes took place in Spain, which imposed retroactive measures to PV system owners arguing about difficult economic conditions. In Italy, in order to reduce the impact of PV on the electricity consumers, the government imposed a decrease of the FiT level compensated by an increase of the payment years.
- In several countries (China, the Netherlands and Chile), the PV contribution to the electricity demand has passed the 1% mark with Italy in first place with close to 8% and the overall European PV contribution amounting to at least 3.5 % of the electricity demand of Europe.



Source: IEA SNAPSHOT OF GLOBAL PHOTOVOLTAIC MARKETS 2015

The italian electricity market

- After three years of recurring declines, the demand for electricity in Italy has recorded a positive change. In 2015, the demand for electricity in Italy was 315,234 mln kWh (provisional data), an increase by 1.5% in comparison with 2014, which closed down 2.5% on the previous year; considering the working days, the change is +1.3%. The monthly trend of the demand for electricity in Italy in 2015 with respect to last year's figure highlights a greater demand in all months except for January, April, May and October.
- Renewable sources have covered approximately 34% of the total energy demand. There were increases in photovoltaic, biomass and geothermal production. Hydro production sources are instead down (-25% after the record of 2014), as are wind power (-3%), mainly due to the different atmospheric conditions recorded in 2015. Thermal production also increases.




(1) SOURCE: TERNA – 2015 ANNUAL REPORT

Microgrids: the smart answer to the energy needs worldwide

All over the world **sustainable, accessible** and **secure** electric energy supply is the critical enabler to social and economic growth and spread the digital revolution adoption
Increasing need of electricity is expected which cannot be fulfilled by utility grids

- An estimated **1.2 billion people** – 17% of the global population – did **not have access to electricity** in 2013 (IEA)
- In advanced countries natural disasters demonstrated the need of **resilient energy infrastructures** in “advanced” countries

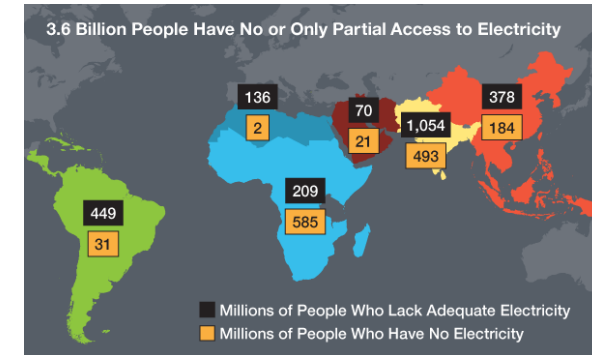
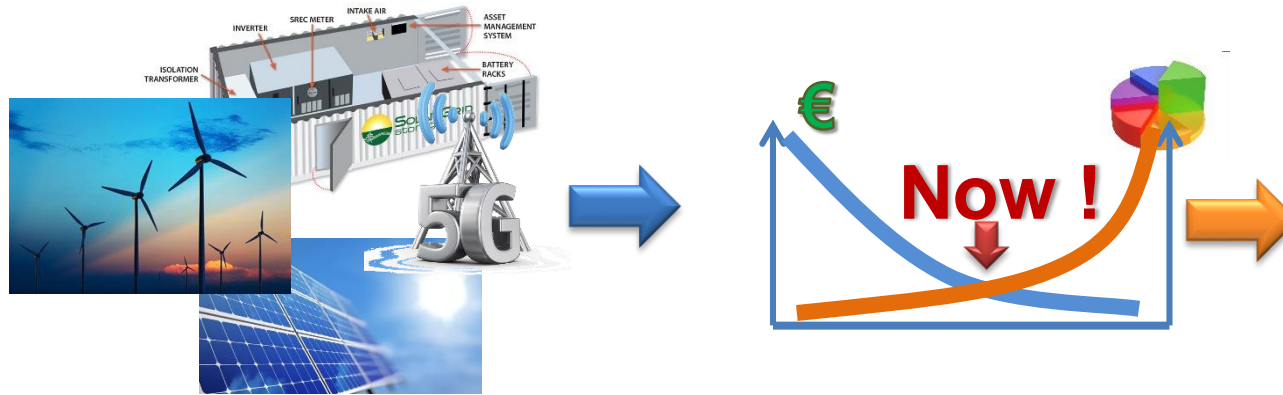


The
microgrid
answer

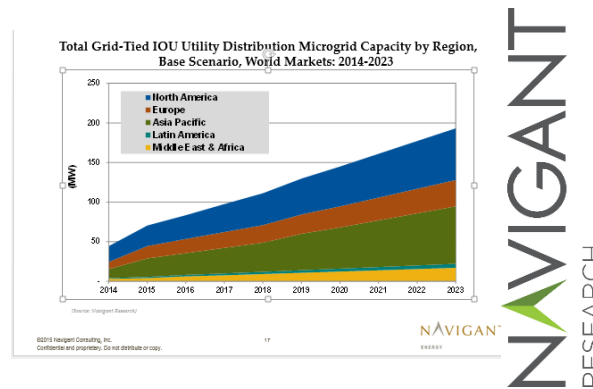
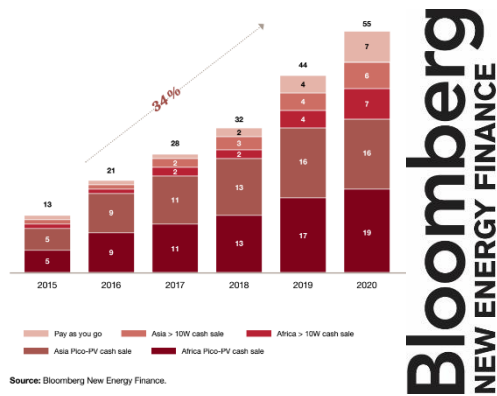
- Electricity supply to **remote communities** and islands
- Large use of **renewable** sources and **storage** to reduce energy cost and ensure **sustainability**
- Make districts and critical infrastructures more **resilient** (e.g. campus, military installations, industrial districts, ...)
- Scalability to fulfill **actual user needs** in different scenarios

Microgrids growing market

The lowering of technology cost triggers the market growth



Market studies converge on growth potential of micro grid market



The microgrid market is estimated to reach \$34.9 Billion by 2022, at a CAGR of 10.9% between 2016 and 2022.



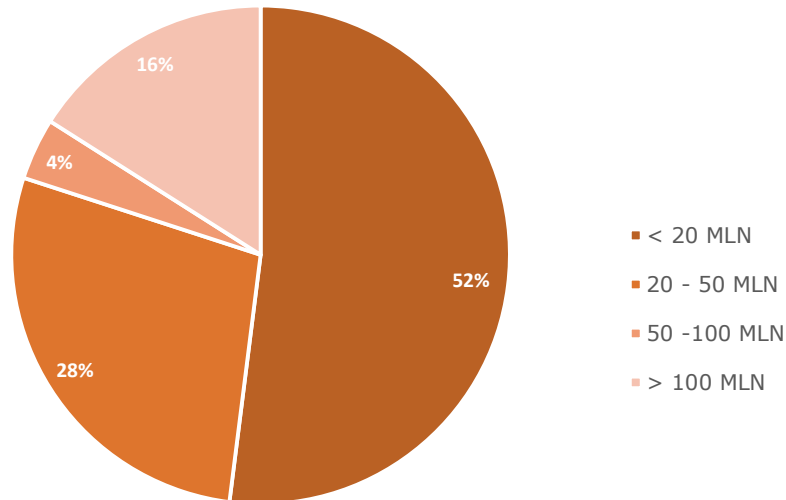
Italian circular economy market overview

Opening the circular economy to the capital markets

In a budgetary framework without resources it is crucial to be able to attract private capital, which still have too marginal role in the construction of plants for the treatment, recovery and disposal of waste.

to unlock the private capital market for the waste management sector is necessary to act both through integrated planning and effective regulation and by favoring aggregation and consolidation of business and companies.

INVESTMENT PROSPECTS IN ITALY 2016-2020 (%)*



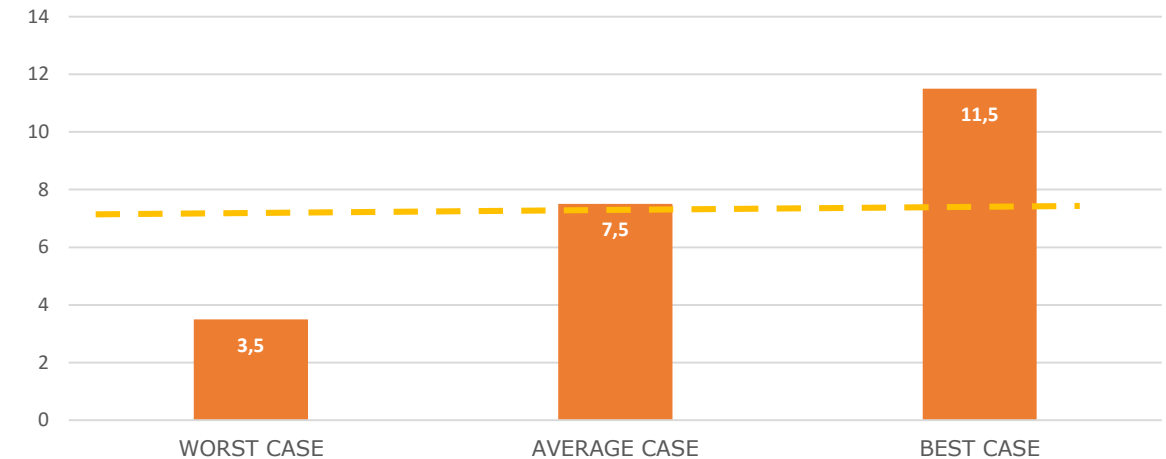
In the period 2011-2015, 70% of the investment was allocated to the plants and systems (construction of new plants 56%, expansion of existing facilities 12%, maintenance 32%) and the remaining 30% is related to collection services and urban sanitation.

Competitive scenario in a snapshot

On the side of waste management services, companies focused only in waste collection and urban sanitation representing 51% and generate 31% of turnover. "integrated" companies, throughout the supply chain of the waste cycle, represent the 32% and achieve 50% of total turnover. finally, companies which manage exclusively waste treatment and disposal plants represent the 18% and achieve 19% of the total turnover.

in terms of shareholding, numerically predominate totally public companies (55%), followed by mixed companies (27%) and private companies (18%).

ITALIAN AVERAGE RATE INVESTMENT SCENARIO 2016-2020 (%)*



According to the operators' forecasts, it is expected an increase of investments in anaerobic biodigestion systems, biological-mechanical treatment and a decrease in investment in incineration and composting.

*Source: Utilitatis and elaboration on data Aida Bureau Van Dijk