

## **ITALEAF: the Board of Directors approved the results as at December 31, 2016**

### **Starting the new era of smart energy company**

- **Revenues of Euro 86.1 million, -76.7% (Euro 368.7 million as at 31/12/2015)**
- **EBITDA of Euro 17.3 million, -31.4% (Euro 25.2 million as at 31/12/2015), Ebitda Margin equal to 20.1% (6,85% as at 31/12/2015)**
- **EBIT of Euro 7.9 million, -54%% (Euro 17.1 million as at 31/12/2015)**
- **EBT of Euro 2.5 million, -59.6% (Euro 6.1 million as at 31/12/2015)**
- **Net income of Euro 1.1 million, -58.8% (Euro 2.5 million as at 31/12/2015)**
- **Net financial position of Euro 93.7 million, of which in short term Euro 15.7 million (Euro 89.5 million, al 30/09/2016, of which in short term Euro 9.6 million)**
- **Net equity amount to Euro 57.1 million (Euro 54.2 million as at 30/09/2016)**
- **Conferred to the executive directors the mandate to sign the contracts for the new PV plants of Zambia and Tunisia, the development of giant PV plant in Egypt and the acquisition of Energetic SpA**

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 interim financial report as at December 31, 2016.

Mr. Stefano Neri, Chairman of TerniEnergia, stated:

*"TerniEnergia is totally focused on the execution of the new business plan, but with the approval of the 2016 financial statement, we are virtually closing the phase of transition to the strategic redesign and transformation of the Group. We are confident to have completed the most appropriate actions to change gear and to finalize a strong international outlook with ambitious profit target, outlined in the plan "Plug in the smart energy company". Our Group is now ready to enter in a new growth era. The new TerniEnergia will play a role of Italian first mover in the digitization applied to the electricity sector, pursuing the new identity of Smart Energy Company. Through the process of growth through acquisitions, although not yet completed, we will complete the transformation from an identity of provider and system integrator, with high capital intensive business, to a technological player fully integrated along the entire energy value chain, able to combine the plant construction expertise with digital solutions to be implemented on the electrical infrastructure and the energy management services".*

### **CONSOLIDATED RESULTS AS AT DECEMBER 31, 2016**

**Revenues** amounted to Euro 86.1 million. The decrease compared to the previous year (Euro 368.7 million; -77%) is attributable to the significant reduction in energy management business, resulting by the exit from the consolidation scope of Free Energia, pending the acquisition of a target company operating in the same sector (as already indicated in the Group's strategic guidelines), in order to don't change substantially the business

model. The revenues of the acquired companies Softeco Sismat and Selesoft Consulting entered, however, in the scope of consolidation since 1 November 2016, following the signing of the relevant investment contracts. The acquisition of the mentioned companies contributed for around Euro 7 million to this result. This amount represents the so-called "Gain on bargain purchase" that, at the end of the Purchase Price Allocation process in accordance with international accounting standards, was recognised through profit or loss.

**EBITDA** amounted to Euro 17.3 million (Euro 25.2 million at December 31, 2015, -31.4%). The **EBITDA margin** amounted to 20.1%, with an increase compared to 2015 (6.85%), thanks to the mentioned "Gain on bargain purchase".

**Net operating income (EBIT)** amounted to Euro 7.9 million (Euro 17.1 million as at December 31, 2015), after depreciation, amortization and non-recurring write-downs of Euro 9.5 million (Euro 8.1 million total in 2015). In particular, this result is affected by the negative effects arising from write-downs of investments in Veneto Banca, as well as other operating and financial assets totaling Euro 3.8 million.

**Net income**, which includes the share of earnings from the activity of JV, amounted to Euro 1.1 million (Euro 2.6 million as at 31/12/2015), while the **profit before tax (EBT)** amounted to Euro 2.5 million. On the Net income there is a significant incidence of a tax rate of 57% (similarly to the previous year, due to the effects of tax impositions held by some foreign subsidiaries).

**Net financial position (NFP)** was Euro 93.7 million (Euro 89.5 million at 30/09/2016), growing for entry into the perimeter of the Group companies and Softeco Selesoft. The current NFP is equal to Euro 78 million, while the short-term NFP amounted to Euro 15.7 million. The ratio NFP/EBITDA was 5.4x (compared to 3.46x of the year 2015).

**Net equity** amounted to Euro 57.1 million (Euro 54.2 million at 30/09/2016), while the **Immobilized capital** amounted to Euro 153 million, of which € 79.4 million related to tangible assets. Net equity takes into account the treasury shares held in portfolio, which amounted to no. 1,012,224.

## **INDUSTRIAL RESULTS AS AT DECEMBER 31, 2016**

The the two "giant" worksites active in South Africa (photovoltaic plants of total capacity of 148.5 MWp on behalf of a leading Italian utility) has been completed with the consequent activation of the O&M (operation and maintenance) final contracts. 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 425,27 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 60.4 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).

The line of business energy management handled 5.86 GWh of energy and 42.2 million standard cubic meters of gas equivalent to 446.640 MWh.

The energy saving LOB reported installations for approximately 6,200 lighting points with an expected savings of 14.66 million of kWh, equal to 2742 TEP.

The subsidiaries Softeco Sismat and Selesoft Consulting have managed, among others, the technological renewal of components (storage hardware and software) and back-up data center of a leading certification

institute, while were started supply services and maintenance agreements contracts of remote control systems for customers of international standing, among which may be mentioned Siemens Digital Grid, ENEL GDS (Global Distribution Service), Unicredit. Finally, it was launched the project phase of testing for the installation of the automation solutions for the two interconnection stations of the HVDC link between Italy and Montenegro. The plant, with a capacity of 1000 MW of rated power, is at an advanced stage of construction site. All the automation logic is designed and built on proprietary technology MP48, on behalf of a leading international technological company.

#### **TERNIENERGIA SPA RESULTS AS AT DECEMBER 31, 2016**

**Net revenues** amounted to Euro 30.7 million (Euro 32.2 million at 31/12/2015). **EBITDA** amounted to Euro 3.8 million (Euro 11.5 million as at 31/12/2015). The **Net result** was a loss of Euro 6.7 million (Euro 2.1 million as at 31/12/2015).

#### **SIGNIFICANT EVENTS OCCURRED AFTER THE END OF PERIOD**

##### ***Fully subscribed the share capital increase approved on December 30, 2016***

On **January 16, 2017**, Opened and simultaneously concluded the placement of n. 3 million of TerniEnergia shares (6.8% of the share capital). Transaction value of Euro 2.19 million, corresponding to a price of placement of the shares of new emission of Euro 0.73 p.s.. The Capital Increase will be used to support the internationalization of the Group and the Development of the digital energy business, particularly the growing market of the smart and micro grids.

##### ***Acquired order worth of USD 12.5 million in Tunisia***

On **January 17, 2017**, TerniEnergia announced that has been acquired a order worth of approximately \$ 12.5 million for the construction in Tunisia of an industrial scale photovoltaic plant for a total capacity of 10 MWp, on behalf of S.T.E.G. – Société Tunisienne de l'Electricité et du Gaz. The plant will be installed in locations Tozeur, about 450 km from Tunisi close to the Sahara desert. The order includes the full EPC (engineering, procurement and construction) activity, with the supply of PV modules and inverters.

##### ***TerniEnergia enters into the cybersecurity industry and strengthens the activity on smart grids***

On **January 23, 2017**, TerniEnergia announced that the digital company Softeco Sismat was appointed as coordinator of the Anastacia project, which involves a consortium of 14 partners including Thales, Atos, Ericsson and CNR, with a funding of approximately Euro 4 million under EU program Horizon 2020. The research project will focus on developing an IT risk prevention tools for systems based on the Internet of Things (IoT) and virtualized cloud architectures. It was assigned to the company also the second phase of the project "Smartgen", a platform for smart grid management, financed for approximately Euro 1.3 million. The project involves the introduction of storage technologies on the city of Sanremo distribution grid. Finally, it was funded the project Prosfet on sustainability mobility in which Softeco Sismat is between 9 partners.

##### ***Final results of the Share Capital Increase***

On **January 25, 2017**, TerniEnergia announced that were paid the considerations relating to all n 3,000,000 newly issued shares of the Company deriving from the reserved share capital increase resolved by the

Shareholders' Meeting on 30 December 2016 ("The Share Capital Increase") at a price of Euro 0.73 each, for a total already paid amounted of Euro 2.19 million. The share capital increase has been subscribed and paid by n. 3 investors. The newly issued ordinary shares subscribed have been made available to beneficiaries through authorized intermediaries on the same date.

### ***Communication of changes in share capital***

On **January 27, 2017**, TerniEnergia announced the new composition of the share capital (fully paid) after successful of the issuance of n. 3 million of new ordinary shares of the Company, resulting from the reserved capital increase resolved by the shareholders on December 30, 2016. The new share capital amounts to Euro 59,197,230.00.

## **BUSINESS OUTLOOK**

TerniEnergia, consequently to the acquisition of Softeco Sismat and Selesoft and to the strategic development programs identified by management, will complete the process of transformation in smart energy company active along the entire energy value chain, integrating, at the outcome of the due diligence procedures, the company Energetic, active in the energy management and trading "dual fuel" of gas and power. This agreement will also allow a significant increase in the activity of energy efficiency LOB, with an offer dedicated to the loyalty of the established customers of the company being acquired. This target will be pursued through the "hub" tools, an operational formula to unlock the industrial energy efficiency market through the formula "financing through third parties" (FTT) in Italy, will allow high growth potential thanks to the integration with Energetic and thanks to financial partnership and commercial agreements subscribed respectively with investment funds and players of the Energy efficiency sector for cross-selling activities.

Similarly, the transaction of integration 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.

The initial phase of the year 2017, will be focused in the entering 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 Group intends to 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.

TerniEnergia' LOB Technical services 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. Among the planned activities, the development of a giant scale plant in Egypt, important orders in Africa (Tunisia and Zambia) and landing in new high-growth markets (India). 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.

The Cleantech LOB of the Company intends to complete a new plant in southern Italy for energy recovery through composting and anaerobic biodigestion. Finally it will completed the new treatment plant of industrial fluid waste in Nera Montoro (TR), which will intercept a substantial demand (58 thousand cubic meters/year) in a market segment experiencing a high technological activity with high growth prospects.

#### **Other resolutions of the Board of Directors**

The Board of Directors has resolved to grant to the executive directors Stefano Neri, Fabrizio Venturi and Laura Bizzarri the mandate to sign the contracts for the execution of orders for the construction of photovoltaic plants of utility scale in Tunisia and Zambia, respectively of installed capacity of 12.5 MWp and 34 MWp. Similarly, the Board has conferred to the executive directors a mandate to sign the contracts preparatory to the development of a new "giant" scale project in Egypt. Finally, the Board of Directors resolved to grant to the executive directors Stefano Neri and Laura Bizzarri the mandate for the signing of contracts for the purchase of the controlling stake in the company Energetic SpA, active in the energy management and energy trading sectors, with "dual fuel" offer of gas and power.

*The Officer appointed for the preparation of accounting and corporate documents, Dott. 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.*

*This press release is also available on the Company's website: [www.ternienergia.com](http://www.ternienergia.com).*

**TERNIENERGIA (TER.MI)**, established in September 2005, and part of Italeaf Group, is the first Italian smart energy company, committed to bring worldwide integrated and sustainable energy solutions. Organized into four business lines (Technical services, Energy management, Energy efficiency and Cleantech), with about 500 employees and a geographic presence in almost the continents, with operational and sales offices, TerniEnergia develops solutions, innovative products and services based on digital and industrial technologies for the energy sector.

TerniEnergia, also through its subsidiaries, shall pursue the objectives of increasing energy production from renewable sources, energy efficiency and emissions reduction, as laid down by European environmental policy, and participates actively in the distributed power generation revolution and energy smart grids.

TerniEnergia is the ideal partner for large utilities, distributors and grid operators, power producers, public authorities, industrial customers and investors who intends to carry out large projects for the production of renewable energy plants and modern systems with high energy efficiency, solutions for the management and maintenance of the infrastructure and the electrical systems. TerniEnergia, through a complete technological and commercial offer, develops and provides technologies, turn-key services and solutions for energy consumers in the public and private sectors. The company is listed on the STAR segment of the Italian Stock Exchange.

This press release is also available on the Companies' websites: [www.italeaf.com](http://www.italeaf.com) and [www.ternienergia.com](http://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, 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.