

INDUSTRIAL PLAN

2013-2016 TARGETS UPDATE
OCTOBER 1, 2013 – LONDON, UK

**DISCOVER
THE NEW
GREEN ERA**

TERNIENERGIA

INVESTOR BOOKLET



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Statement

The Manager mandated to draft corporate accounting documents of TerniEnergia SpA, Paolo Allegretti, attests – as per art.154-bis. comma 2 of the Testo Unico della Finanza (D.Lgs. 58/1998) – that all the accounting information contained in this presentation correspond to the documented results, books and accounting of the Company.

TERNIENERGIA AGENDA

STEFANO NERI
CHAIRMAN & CEO

DISCOVER THE NEW GREEN ERA – STRATEGIC OVERVIEW

PAOLO RICCI
MANAGING DIRECTOR

A NEW WORLD MARKET ASSESSMENT

FABRIZIO VENTURI
MANAGING DIRECTOR

INDUSTRIAL ROADMAP

PAOLO ALLEGRETTI
CFO

DISCOVER THE NEW GREEN ERA - FINANCIALS

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**DISCOVER
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STEFANO NERI
CHAIRMAN & CEO



A SMALL GLOBAL COMPANY FULLY INTEGRATED IN THE GREEN INDUSTRY HANDLED THE SLOWDOWN SCENARIO THROUGH BUSINESS INTERNATIONALIZATION



**INDEPENDENT
POWER
PRODUCER**

- 33.3 MW in full ownership
- 11.1 MW in JV 50:50
- 1.5 MW biomass



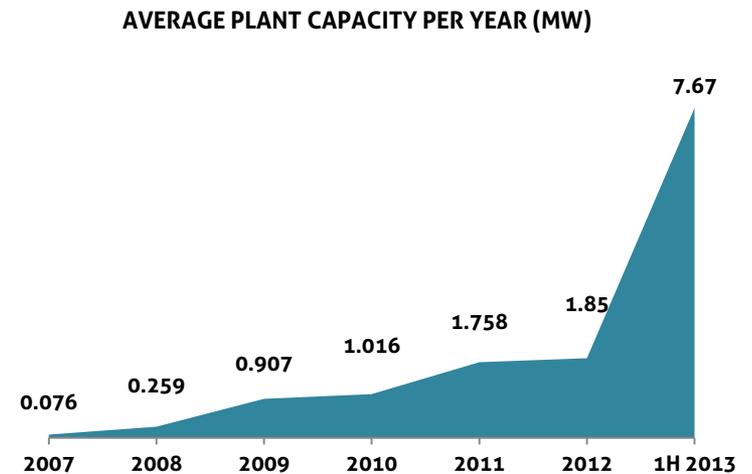
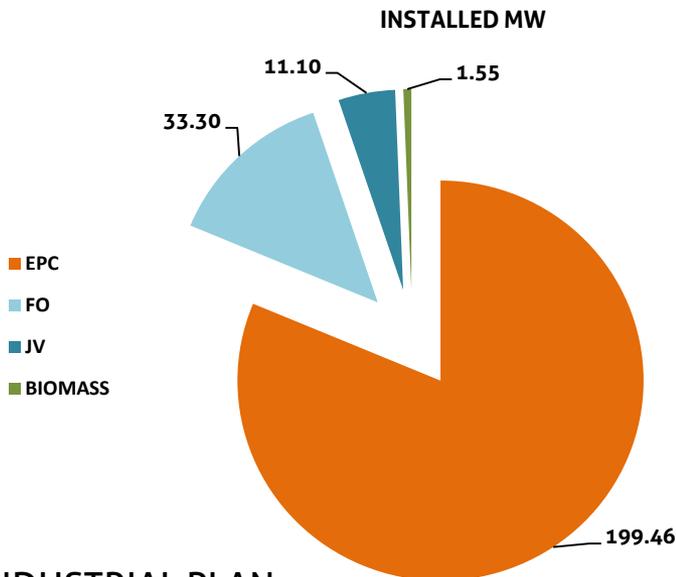
**INTEGRATED
ENERGY
SOLUTIONS**

- 272 PV Plants installed
- 272.2 MW installed
- 20,000 area lights managed



**ENVIRONMENTAL
RESOURCES
SOLUTIONS**

- 2 Biomass plants installed
- 1 Discarded Tyres recovery plant installed
- 2 water remediation plant installed



A SMALL GLOBAL COMPANY FULLY INTEGRATED IN THE GREEN INDUSTRY
**HANDLED THE SLOWDOWN SCENARIO
THROUGH BUSINESS INTERNATIONALIZATION**

2013 FORECAST



**FOREIGN
SUBSIDIARIES**



**INDUSTRIAL
ENFORCEMENT
WITH FINANCIAL
BALANCE**



**NET PROFIT
≈ 7 Mio €**

A CLEAR SET OF INDUSTRIAL AND FINANCIAL PRIORITIES

DISCOVER THE NEW GREEN ERA



INCREASE
INTERNATIONAL
ACTIVITY



FOCUS
ON UTILITY SCALE
PLANTS



CUSTOMERS AND
PARTNERS WITH
ACKNOWLEDGMENT
OF CREDIT RATING



AN INNOVATIVE MODEL
FOR ACCESSING CAPITAL



HIGHER CASH FLOW
PRODUCTION



OUTPUT OF STABLE
PROFITABILITY
IN THE LONG TERM



STRONG SELECTION OF VALUE-DRIVEN CAPITAL ALLOCATION

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TERNIENERGIA IS READY TO START A NEW GROWTH STAGE

KEY INDUSTRY TRENDS ACTION PLAN BREAKDOWN

**WHERE WE SEE
OPPORTUNITIES**



- EMERGING COUNTRY MARKETS WHERE PV ENERGY DEMAND INCREASING
- MARKETS CHARACTERIZED BY DEMAND FOR REPLACEMENT CAPACITY AND ENERGY EFFICIENCY
- DEVELOPMENT OF PLANTS IN COUNTRIES WHERE GRID PARITY MOST LIKELY TO HAPPEN OR THROUGH PRIVATE OR PUBLIC PPA (POWER PURCHASE AGREEMENTS)

**KEY SUCCESS
FACTORS**



- TRACK RECORD AS EPC PROVIDER ON OVER 20 MW OF UTILITY SCALE PROJECTS
- OUR TEAM HAS THE ABILITY TO UNDERSTAND COUNTRY OPPORTUNITIES AND TO CONDUCT RISK ASSESSMENT
- TARGET OPTIMIZED ON LATE STAGE PROJECT BACKLOG
- REVENUES BY SELECTED INVESTMENTS WITH HIGH POWER CAPACITY

**CUSTOMERS
AND INVESTORS**



- DRIVE THE INCREASING DEMAND FROM INSTITUTIONAL INVESTORS TO A NEW ASSETS CLASS REPRESENTED BY RENEWABLE ENERGY PLANTS
- FOCUS ON PARTNERSHIP WITH DEVELOPERS AND END BUYERS (INVESTOR FUND AND MAJOR UTILITIES) OF GRID CONNECTED PLANTS

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TERNIENERGIA IS READY TO START A NEW GROWTH STAGE

KEY FINANCIAL SOLUTIONS



IMPROVE ACCESS TO CAPITAL



CREATE VALUE
BY A NEW MODEL
OF ASSET MANAGEMENT



INVESTMENT FUND
ALLOWING ADDITIONAL
OPPORTUNITIES

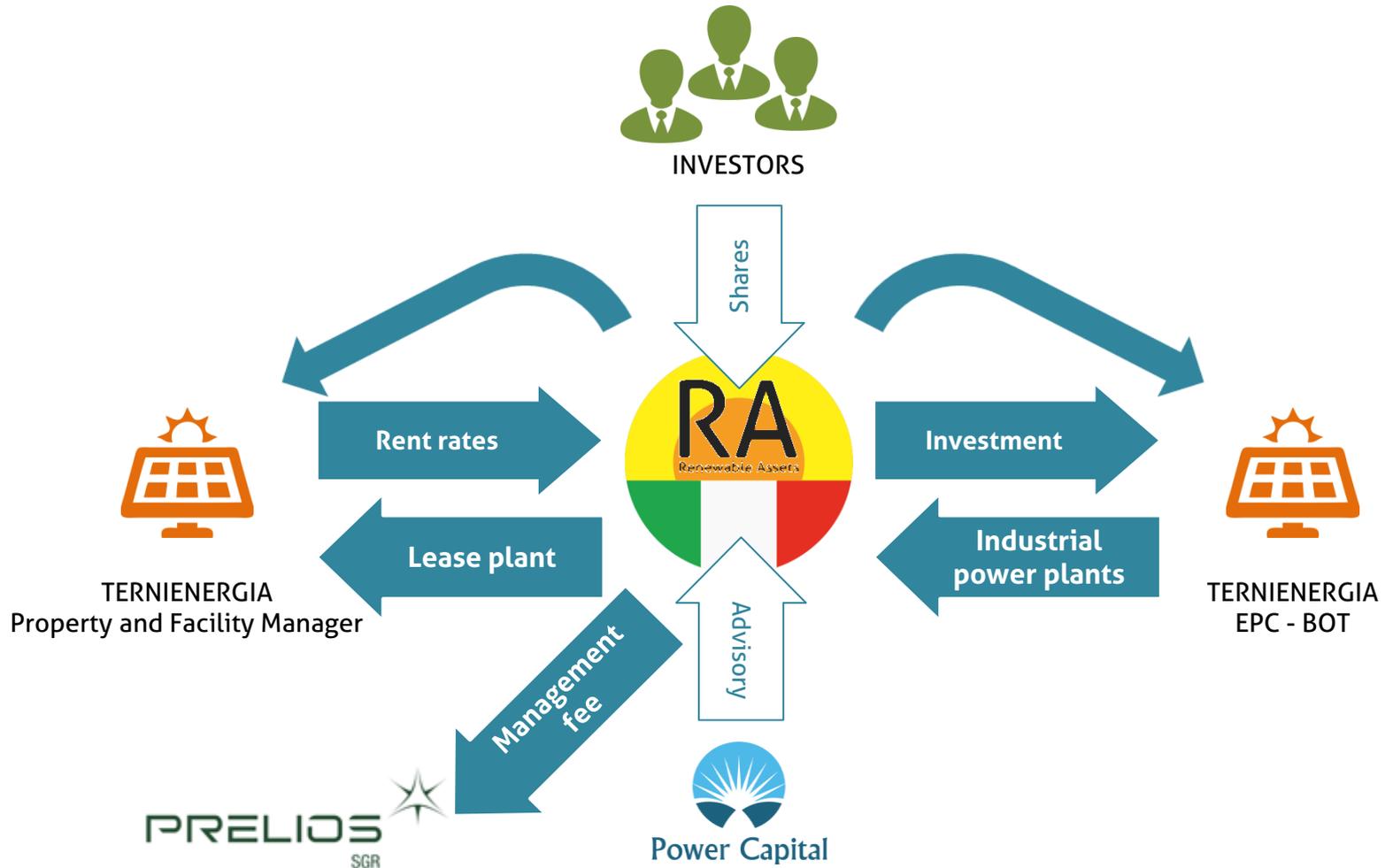


THE INDUSTRIAL PLAN
SELF-FINANCING
THE CASH NEEDS

NFP UNDER CONTROL

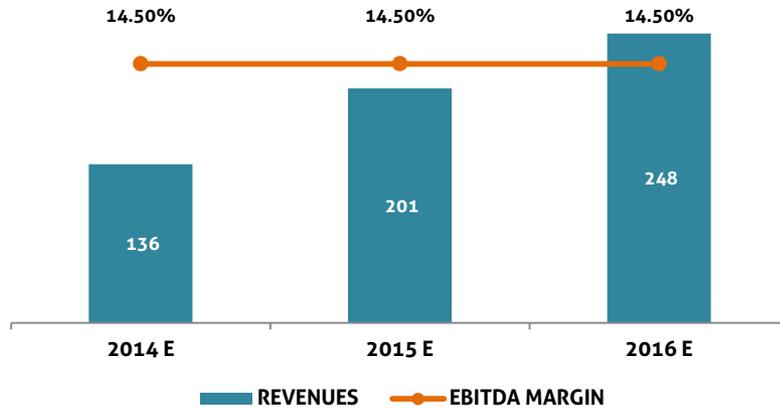
TERNIENERGIA IS READY TO START A NEW GROWTH STAGE

STRATEGIC ASSET CLASS IN GROWING MARKETS



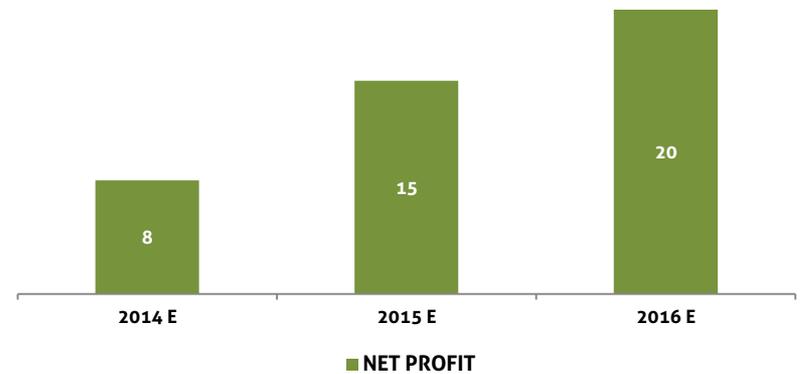
A SOLID PERSPECTIVE OF CAPITAL EFFICIENCY

REVENUES (Mio €) – EBITDA MARGIN (%)



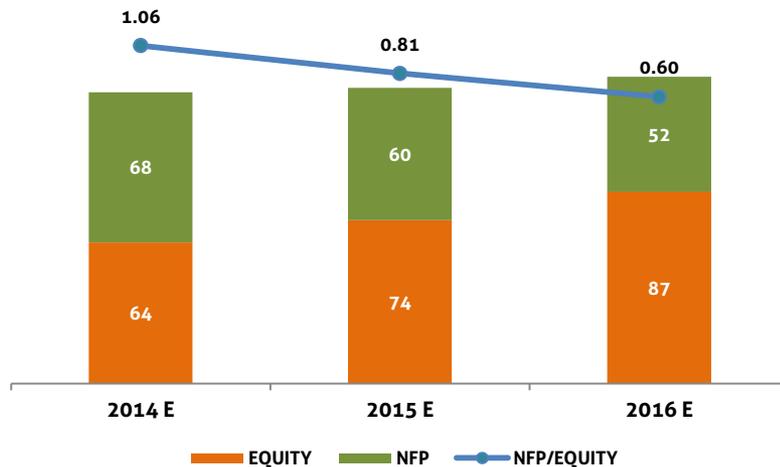
TOTAL REVENUES: 585 Mio €

NET PROFIT (Mio €)



TOTAL NET PROFIT: 43 Mio €

NFP/EQUITY (Mio €)



**DIVIDENDS:
~ 50 % OF THE
CONSOLIDATED PROFIT**

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PAOLO RICCI
MANAGING DIRECTOR



WORLD WIDE PV INDUSTRY STATE OF THE ART



PV TECHNOLOGY

**MATURE MAINSTREAM
SOURCE OF ENERGY**

**102 GW CUMULATED
CAPACITY AS AT 2012
INSTALLED**

2012 SUMMARY

- **STRONG PV TECHNOLOGY PRICE DECREASE**
- **ELECTRICITY PRICE INCREASE**
- **NUMBER ONE ELECTRICITY SOURCE IN EU IN TERMS OF NEWLY INSTALLED CAPACITY (2.6% ELECTRICITY DEMAND – 5.2% PEAK ELECTRICITY DEMAND)**
- **31.1 GW INSTALLED (30.4 IN 2011)**
- **17.2 GW GRID CONNECTED IN EUROPE (22.4 IN 2011)**
- **GERMANY IS THE MARKET LEADER WITH 7,6 GW FOLLOWED BY CHINA (5 GW), ITALY (3.4), USA AND JAPAN**

A NEW WORLD MARKET ASSESSMENT*



SINCE 2012 THE EUROPEAN LEADING ROLE IN THE PV POLICY DRIVEN MARKET IS COMING TO AN END



NEW PV EUROPEAN INSTALLATIONS DECREASED (FROM 74% TO 55%)



2013 INSTALLATION GROWTH OF PV WILL BE MOSTLY REALIZED OUTSIDE EUROPE



PV MARKET IS BECOMING TRULY GLOBAL



FOCUS ON PV MARKET EUROPE VS WORLD FORECAST UNTIL 2020



**DRASTIC DECREASE OF
FEED IN TARIFF PROGRAMMES**

**GROWTH POTENTIAL
OUTSIDE EUROPE**

**UNCERTAIN FUTURE FOR THE
EUROPEAN PV MARKET**

**OPPORTUNITIES IN PPA, FIT AND
REPLACEMENT OF FOSSIL SOURCE**

**BASELINE SCENARIO* ESTIMATES
THAT 4% IN 2020 AND UP TO 10% IN
2030 OF THE ELECTRICITY DEMAND
WILL BE PROVIDED BY PV**

**FAST GROWING MARKETS:
CHINA, INDIA, SOUTHEAST ASIA, LATIN
AMERICA and MENA**

**YEAR 2012 SLOWED FIRST PV
MARKET DECLINE IN EUROPE SINCE
2000**

**POTENTIALITY:
60 TO 250 GW IN 2020
260 TO 1.100 GW IN 2030**

TWO SETS OF DRIVERS

ATTRACTIVENESS
OF PV
FOR THE COUNTRY



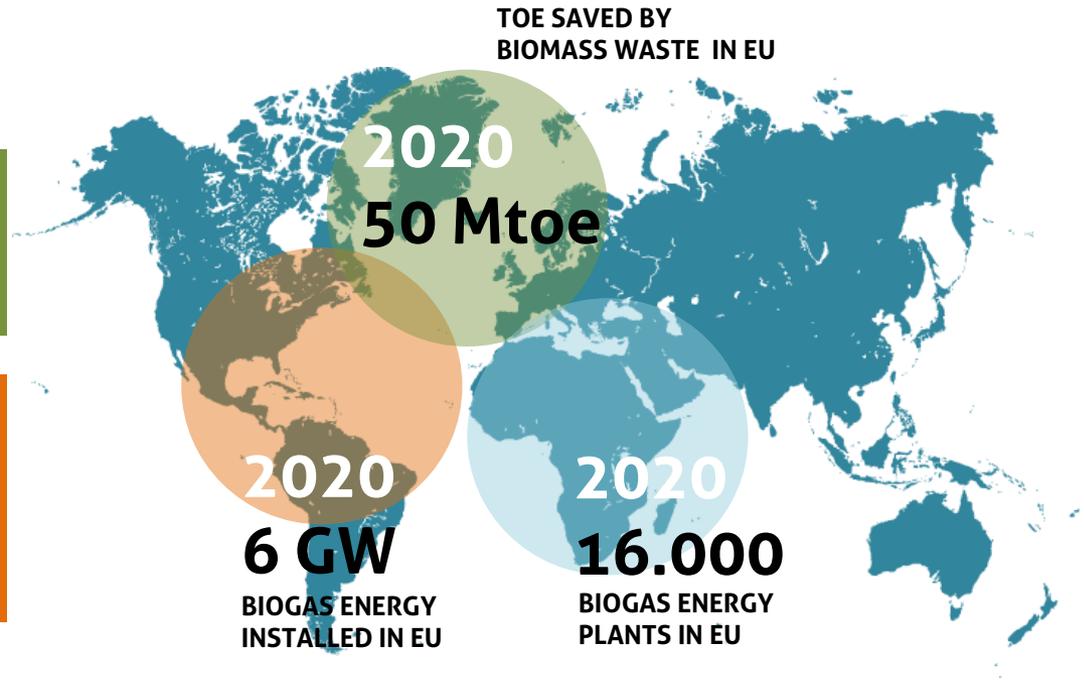
ATTRACTIVENESS
OF THE COUNTRY
FOR INVESTORS

**INVESTORS' MOOD CAN RAPIDLY CHANGE
VERY VARIABLE DEVELOPMENT PANORAMA**

GROWTH OF ENERGY FROM MARGINAL RESOURCES

**GROWING
AT AN AVERAGE RATE
OF 3.3% PER YEAR**

**DEMAND FOR BIOENERGY*
WILL BE MORE THAN DOUBLED
FROM 526 MTOE IN 2010 TO
NEARLY 1,200 MTOE BY 2035**



**THE INDUSTRIAL SECTOR IS THE LARGEST BIOENERGY CONSUMER
IN 2010 AT 196 MTOE, INCREASING TO OVER 300 MTOE IN 2035**

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FABRIZIO VENTURI
MANAGING DIRECTOR



TERNIENERGIA BUSINESS DIFFERENTIATION EXECUTING THE NEW GREEN ERA 2016

WHY WE ARE READY

LEADING EXPERIENCE IN RENEWABLE SECTOR

TARGETING GROWTH DEMAND SUPPORTED BY FINANCIAL DRIVER

BUSINESS AND TECHNOLOGY DIVERSIFICATION



Renewable energy production by direct investments or with primary co-investors.



Development and construction (EPC or BOT) of utility scale plants for premium customers. Energy efficiency activity with third part financing formula. O&M activity.



Direct investments for sustainable solutions to recover energy and material from marginal resources.

TERNIENERGIA COUNTRY DIFFERENTIATION EXECUTING THE NEW GREEN ERA 2016

WHY WE ARE GOING GLOBAL



FLEXIBLE FOCUS ON MARKETS WHERE WE BELIEVE IT'S MORE PROFITABLE TO DEVELOP NEW PLANTS

**BUSINESS CORE IN EMERGING COUNTRIES WITH STRONG GROWTH
IN ENERGY AND ENVIRONMENTAL DEMAND**

EXECUTING THE NEW GREEN ERA 2016

OUR ANSWERS TO OPTIMIZE THE VALUE CHAIN



PROJECT DEVELOPMENT

- SELECT AND PERMIT INTERNATIONAL UTILITY SCALE PROJECTS
- DEVELOP PORTFOLIO OF NEW PLANTS MIX TOWARDS FULLY PERMITTED PROJECTS
- ADVISE NEW INVESTMENT TO FUND ADVISOR (POWER CAPITAL) AND MANAGENT COMPANY (PRELIOS SGR)



EPC & BOT

- PROVIDE ENGINEERING AND DETAIL DESIGN
- PROCUREMENT OF PROJECT MATERIALS
- SECURE THE SUPPLY CHAIN BY PROVIDING MAJOR COMPONENTS THROUGH GLOBAL PURCHASING
- CONSTRUCTION OF PLANTS AND CONNECTION TO THE GRID AND/OR SELL



POWER GENERATION

- MANAGE FULL OWNED OR IN JV OWNED CONNECTED PLANTS IN THE SOLAR OR BIOMASS SECTOR (19 MW TOT)
- RECEIVE FEED IN TARIFF OR INCENTIVES FOR RENEWABLE POWER PRODUCTION
- SALE THE SOLAR POWER TO LOCAL OR NATIONAL GRID AUTHORITY OR TO PREMIUM CUSTOMERS



FINANCING NEW PROJECTS & ASSET CONTRIBUTION

- CLOSE RELATIONSHIPS WITH INVESTMENT FUND (RA- RENEWABLE ASSETS) AND MAJOR FINANCIAL INSTITUTIONS
- CONTRIBUTE OPERATING AND CONNECTED PLANTS TO INVESTMENT FUND (19,4 MW TOT) OBTAINING IN COUNTERPART A SHARE OF FUND



OPERATION & MAINTENANCE

- ACHIEVE THE HIGHEST LEVEL OF PERFORMANCE AND RELIABILITY FROM THE SOLAR ASSETS
- PROVIDE A COMPREHENSIVE SCHEME FOR TECHNICAL OPERATIONAL MANAGEMENT
- AUDIT ENERGY PRODUCTION, MONITOR REAL-TIME DATA, SUPPLY IN-DEPTH PERFORMANCE REPORTS

PORTFOLIO OPTIMIZATION TROUGH PROJECTS BACKLOG REPRESENTED BY RA FUND INVESTMENTS

STRENGTHEN THE CORE ACTIVITY IN UTILITY SCALE PLANTS DEVELOPMENT

EXECUTING THE NEW GREEN ERA 2016

FOCUS CORE ACTIVITIES IN GREEN INDUSTRY



EXCELLENCE

HIGH RETURNS IN RELATION TO RISK (IRR DOUBLE DIGIT)



HIGH QUALITY DESIGN

STRONG ENGINEERING AND INNOVATION SCOUTING



EASE OF PROCUREMENT

CONSOLIDATED PV INDUSTRY SUPPLY CHAIN



INSTALLATION RAPIDITY

FAST EXECUTION OF PROJECTS WORLD WIDE



BANKABILITY

RELATIONSHIP AND TRACK RECORD WITH MAJOR BANKS



MARKET COMPETITIVE

ABILITY TO GENERATE SCALE ECONOMIES

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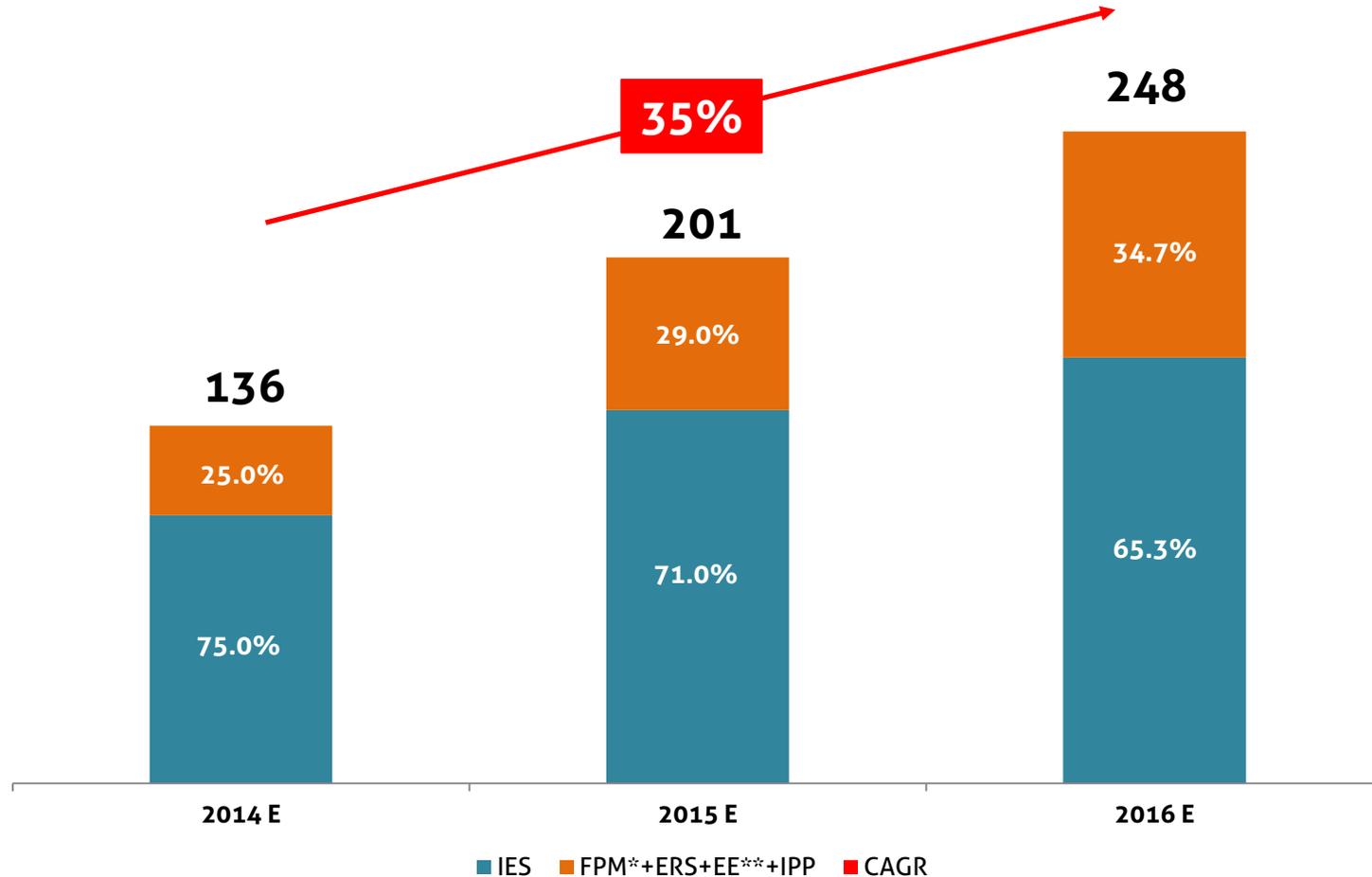
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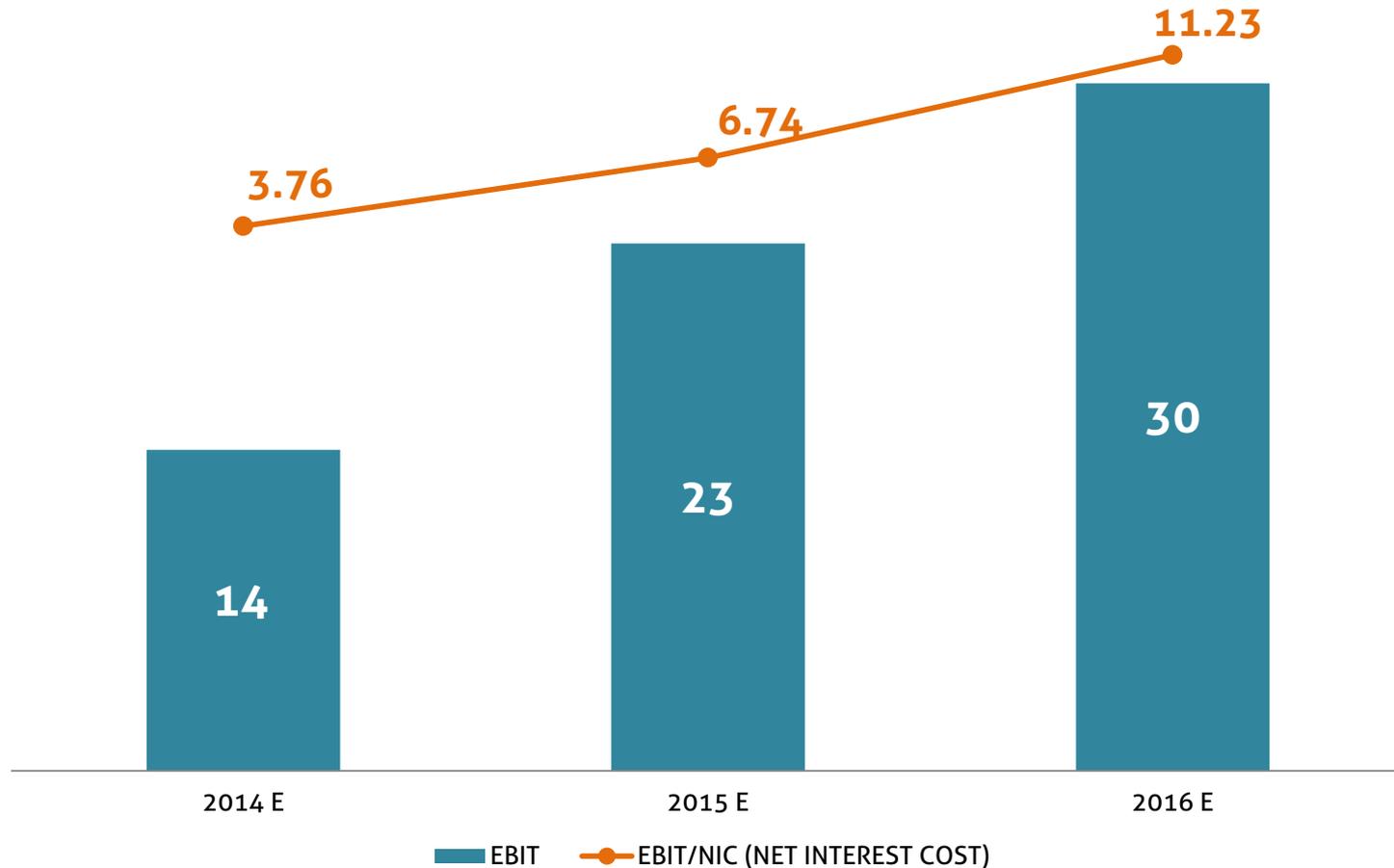
TERNIENERGIA FINANCIAL ROADMAP

FOCUS ON REVENUES (Mio €)

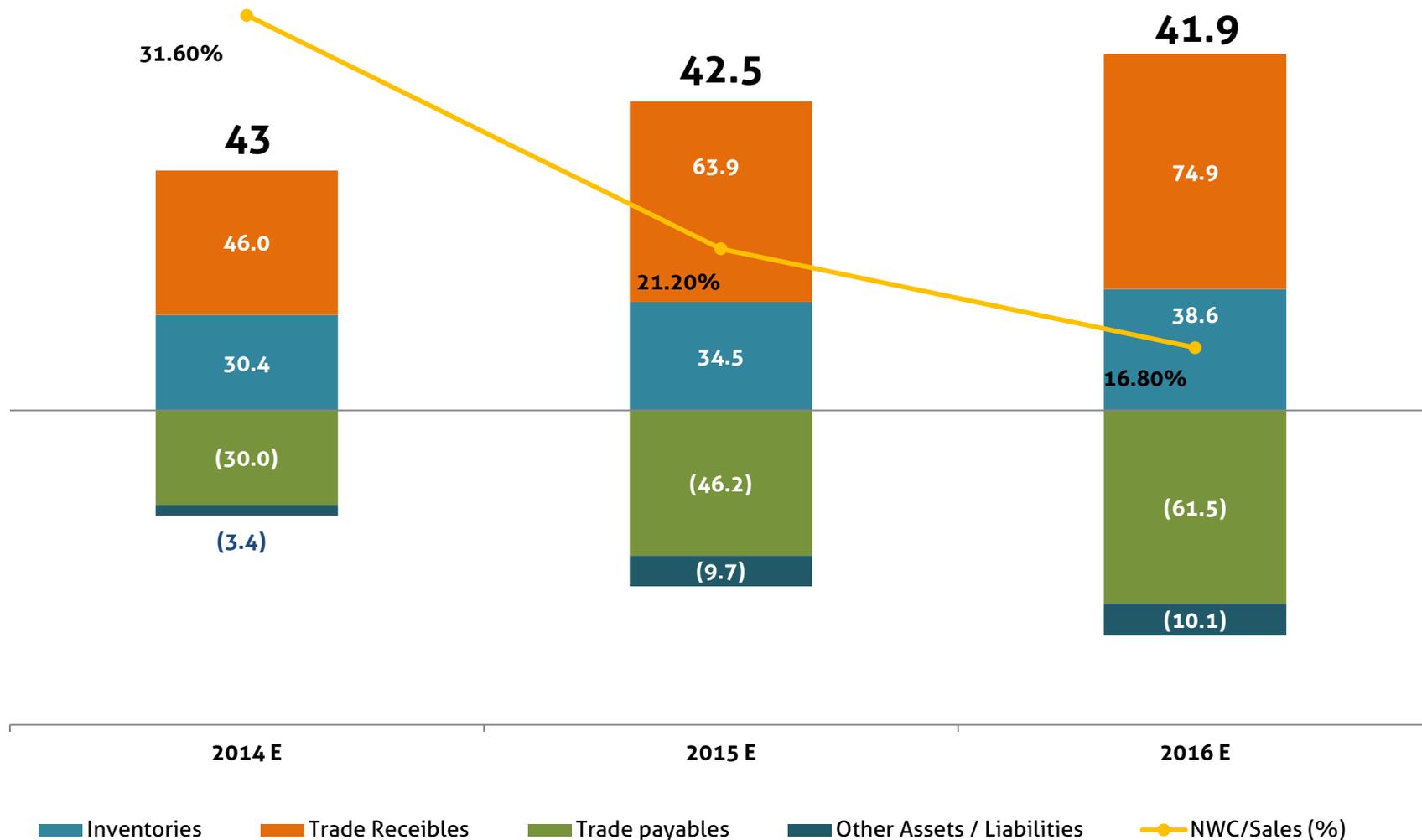


TERNIENERGIA FINANCIAL ROADMAP

FOCUS ON EBIT (Mio €)



FOCUS ON NET WORKING CAPITAL (Mio €)



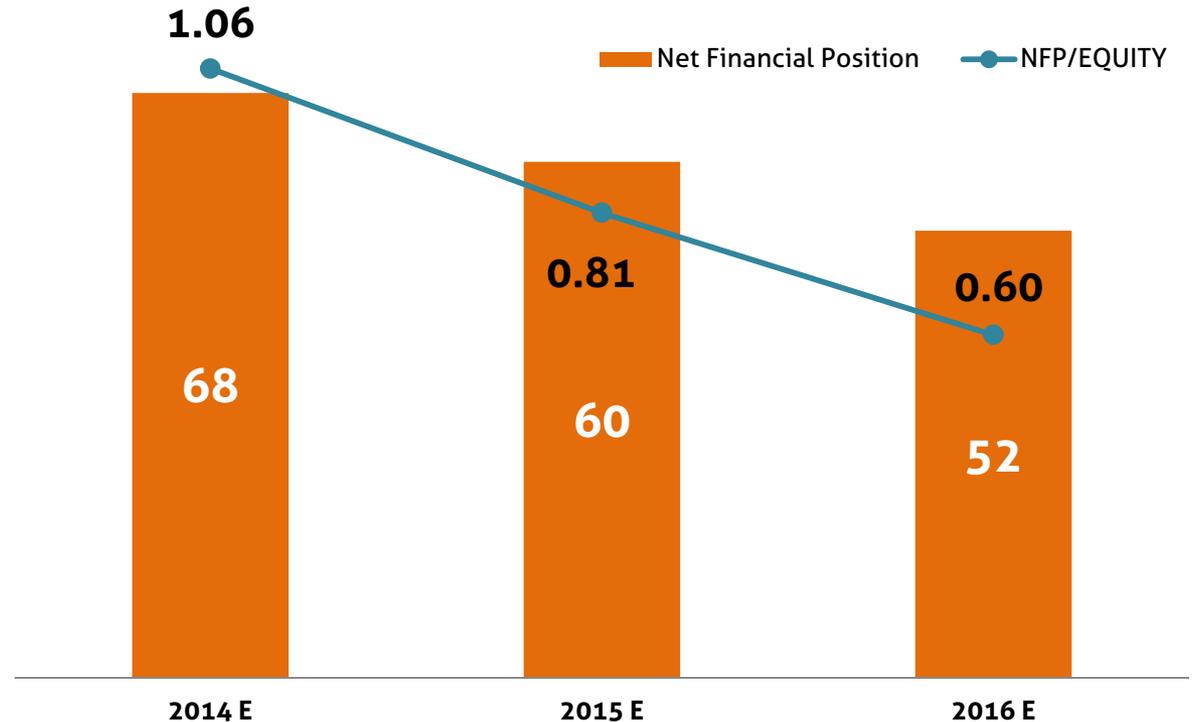
TERNIENERGIA FINANCIAL ROADMAP

FOCUS ON CAPEX & NFP (Mio €)

TOTAL INVESTMENTS
IN THE PLAN PERIOD

16.5 Mio €

ESCO ACTIVITIES TPF



NET CASH FLOW (Mio €)

9

8

8

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TERNIENERGIA FINANCIAL ROADMAP

FOCUS ON INDICATORS

	2014 E	2015 E	2016 E
NFP/EBITDA	3,44	2,07	1,45
NFP/EQUITY	1,06	0,81	0,60
EBIT/NET INTEREST COST	3,76	6,74	11,23
ROE	15,3%	24,7%	30,6%
ROI	10,9%	17,2%	21,5%

TERNIENERGIA

FOR FURTHER INFORMATIONS

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