

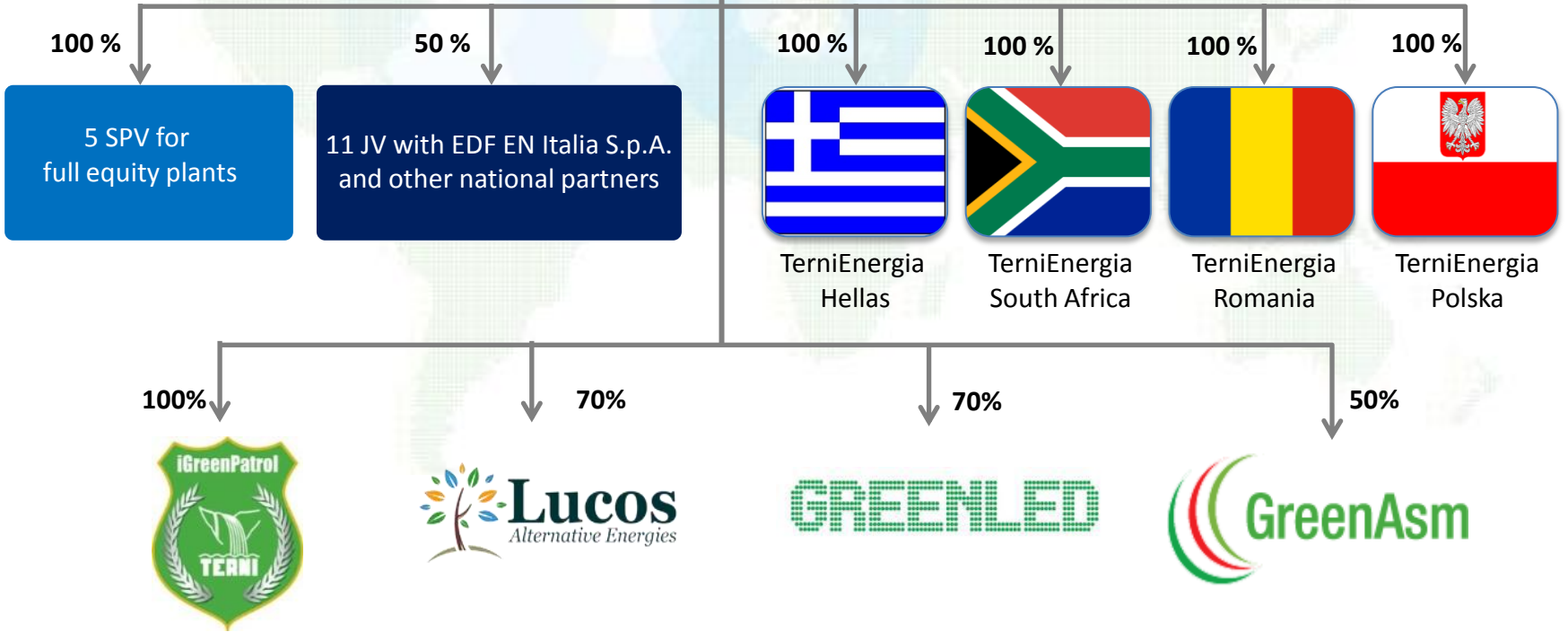
STAR Conference - Milan  
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2013



# TerniEnergia Unmatched







### Main events of the 2012 management

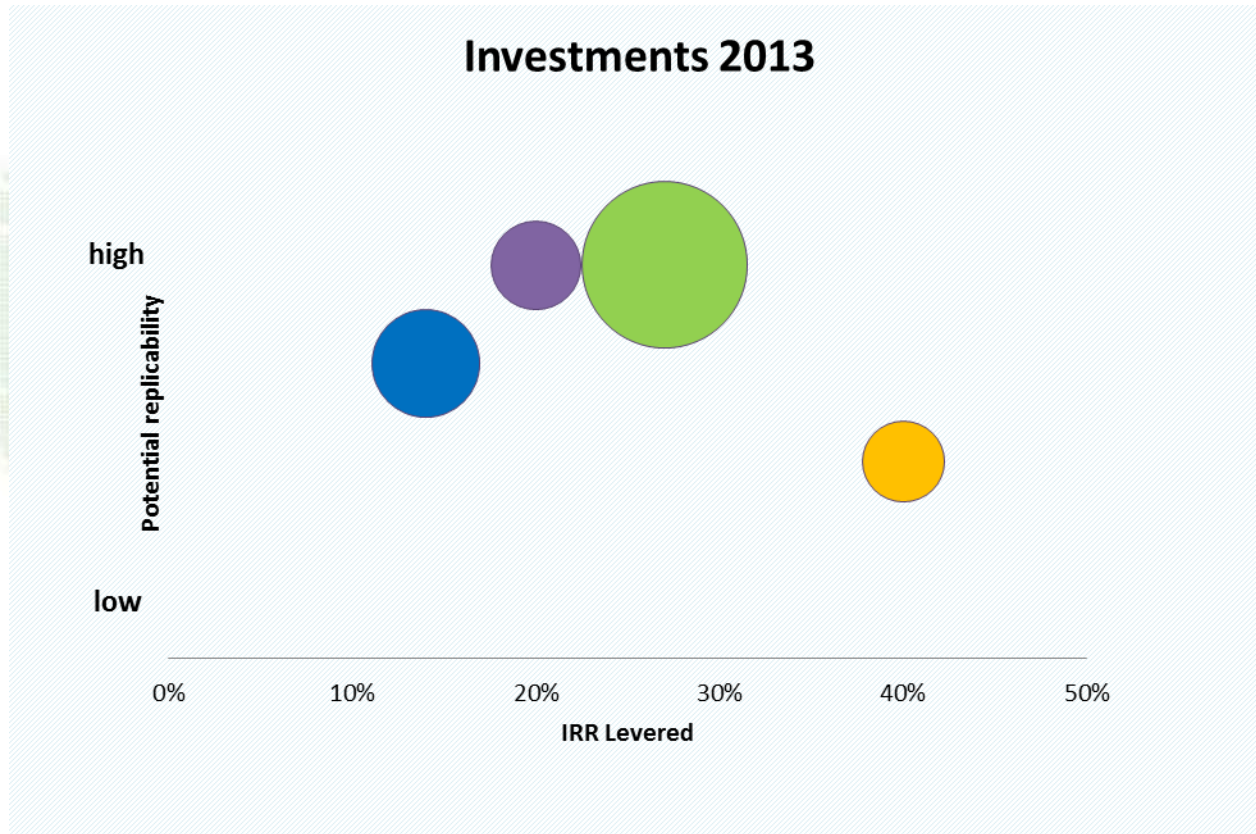
- Among the facts of the 2012 report is :
  - The merger of TerniGreen (already listed on the AIM market organized and managed by the Italian Stock Exchange), aimed at integrating the energy sector with the environment, with the advantages dell'efficientamento company in terms of resources and accretion in terms of size.
  - The beginning of the internationalization:
    - Through the creation of three subsidiary to support the activity;
    - The start of operations in South Africa is under contract (with the first-ever approval for 10 MW PV to be carried out on behalf of a major European player) for both direct investment in local developments not subject to the schedule of public incentive;
    - The consolidation and further development of EPC activities in Greece;
    - The start of the activity in Poland, one of the few European countries currently growing, aiming to enhance the Group's overall system of supply.

### Ongoing activities in 2012

- During 2012 were made a series of investments primarily aimed to:
  - Acquire contracts to build plants abroad (South Africa: 10MW, Greece: 26MW) as EPC contractor;
  - Integrate skills needed to sustain the new strategic positioning (TerniGreen merger, Lucos integration , etc.);
  - Making new industrial property in Italy (PV, biomass / biogas, ELT);
  - Consolidate the ownership of the plant in owned JV, to allow the optimization of the tax and cash management.

### A stable base for the future

- In the course of 2012 was designed not only to handle the shock of the fall of the Italian market for renewables, the euro crisis and the general process of market consolidation, but it is intended to play in advance of the new requirements posed by the characteristics market resulting from these developments.
- Consistent with the repositioning of business, the Group TerniEnergia (post-merger) in 2012, to anticipate market trends, investments made or started going for about € 34m, towards the building of facilities owned and designated for generating a stable and recurring cash flow.
- The investment plan, in line with the three new business units identified, has already led in 2012 to replace the whole source of revenues, EBTDA and cash flow in order to have as a starting point of 2013 a business plan with a baseline stabilized cash flow and long-term, allocating investments on business lines with higher margins, without absorbing cash for investments to a lower margin business.
- The investments have led to a proprietary portfolio of power plants in operation with a total of 61.1 MWp in Joint Venture and 9.2 MWp in full ownership. To these are added :
  - a plant in operation to recovery end of life tires for the treatment of over 20 thousand tons / year;
  - a second identical implant in progress;
  - a biodigestion system of the organic fraction of municipal solid waste with recovery of materials and energy in the process of completion (capacity of over 40 000 tons / year) that will be connected to the national grid by 2012;
  - a pyrogasification plant of woody biomass (virgin wood) for the production of electrical energy that will be connected to the network by 2012;
  - a biodigestion system of the organic fraction of municipal solid waste with recovery of materials (capacity 30 000 tons / year) in progress.
- During the 2013 investment will continue to open new geographic markets and selected new plants to produce energy from renewable sources and for the recovery of materials for an additional estimated amount of approximately € 20m.
- The investment plan of 2012 is supported by its own means and by resorting to debt financing (mainly through the use of leases), and acting on the refinancing of the construction. The investments planned for 2013 (approximately € 20m) will be financed in the same way.



- Planned investments for 2013 amounted to € 20 million in the areas of:
  - Treatment and recovery marginal resources █
  - Power generation █
  - water purification █
  - Energy efficiency and cogeneration █
- Profitability and investment high replicability



### Revenues and EBITDA Profile

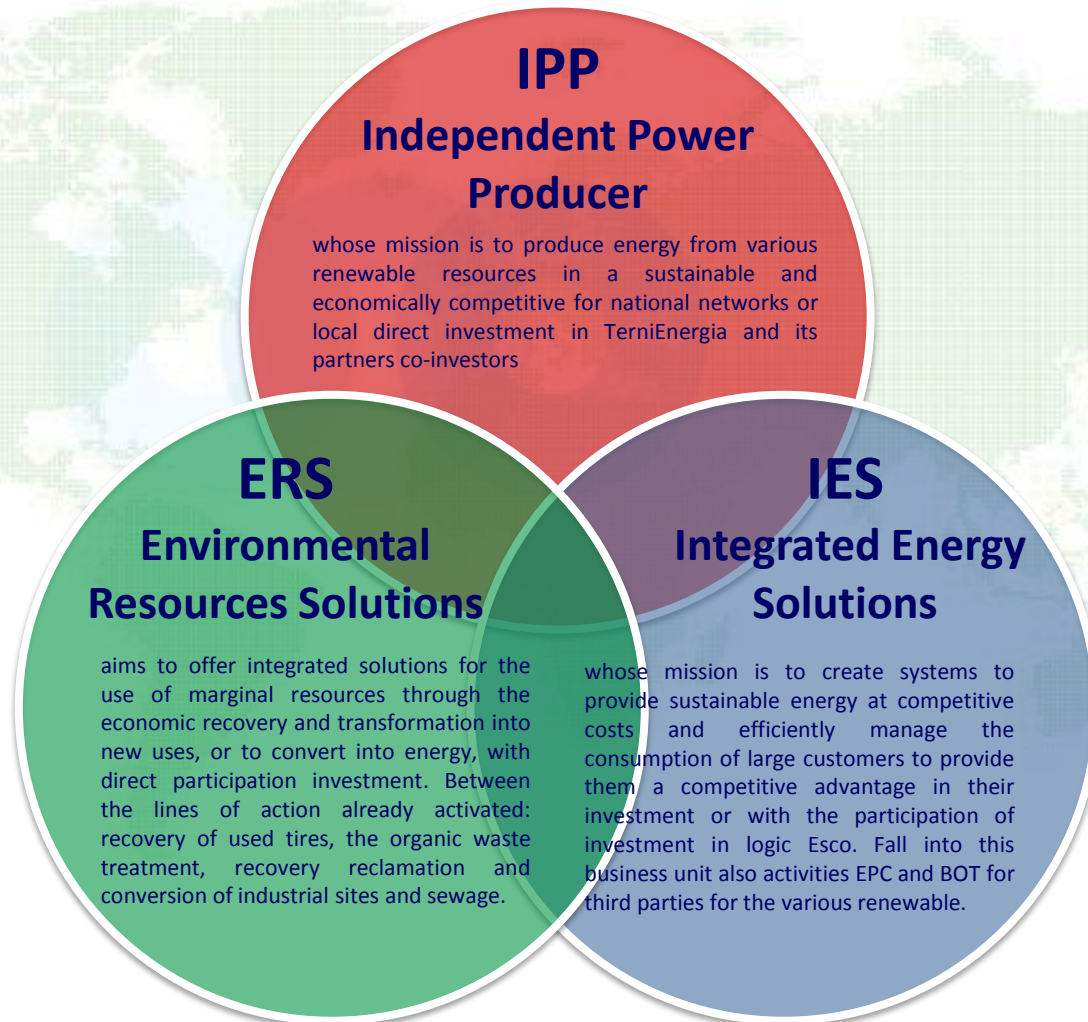
- The repositioning carried out led to the creation of an economic and financial with a hard core of business with capacity to generate income and long-term, recurring EBITDA, while keeping within the skills necessary for the further development of the business, even spreading them through the merger with TerniGreen.
- These results were obtained in the context of a particular sector difficulties resulting from macroeconomic and regulatory uncertainty.
- This based business can look to the aggregation process under way in the market, having a stable cash flow and at the same time an opportunity for growth through additional investment and development in new markets.
- The plan was built 2013-2015 as a baseline, or the ability to self-generation business using the resources of financing in the company, without resorting to extraordinary capital.

### The stable base for the future

- The investments made during 2012 is twofold:
- On the one hand you have created a base of recurring revenues and EBITDA, and extremely stable for the next year that constitute a significant portion of revenues and EBITDA as early as 2013, following the entry into operation of plants now being finalized These revenues are derived from the generation of electricity from plants owned (PV, biomass), the transformation of marginal resources with the use of equipment owned (eg treatment plants outside tires to use), the operation of two wastewater treatment plants within a reclamation project and long-term contracts for O & M. the remainder of the expected revenues in 2013 is attributable to contracts, mainly arising from EPC contracts with major customers, mostly abroad.
- On the other hand you have created the foundation to change the business mix between business units, with a reduction of country risk and diversification of technologies, resulting in a higher predictability of the value of production and EBITDA.

## 3 Business Units

- The three business units on which is built the development of TerniEnergia 3.0 are:



## Integrated and multi-technology

- Integrate different technologies generating clean energy, energy efficiency and recovery marginal resources.
  - During 2012, the Group achieved a merger with TerniGreen and have made direct investments in solar, biomass, waste treatment and waste materials (eg tires) and industrial energy efficiency measures (eg for cement), thus completing the expansion plan of skills and applications.
  - The Group has completed the course to be the Green Company integrated, multi-technology and multi-function.
  - Priority will be given to projects aimed at integrating further generation, energy efficiency, resource recovery marginal, re-use of scarce resources, to benefit from the competitive advantage gained by the group with integrated skills. Furthermore, the investments will be able to give long-term stability EBITDA.
  - Independent with regard to the technology, unless it can be demonstrated a clear and sustainable differential technology to allow you to win on projects (eg the acquisition Greenled Srl, which has an innovative know-how for the production of specific equipment for lighting LED).
  - Focus R&D on integrated solutions rather than individual technologies.

## International

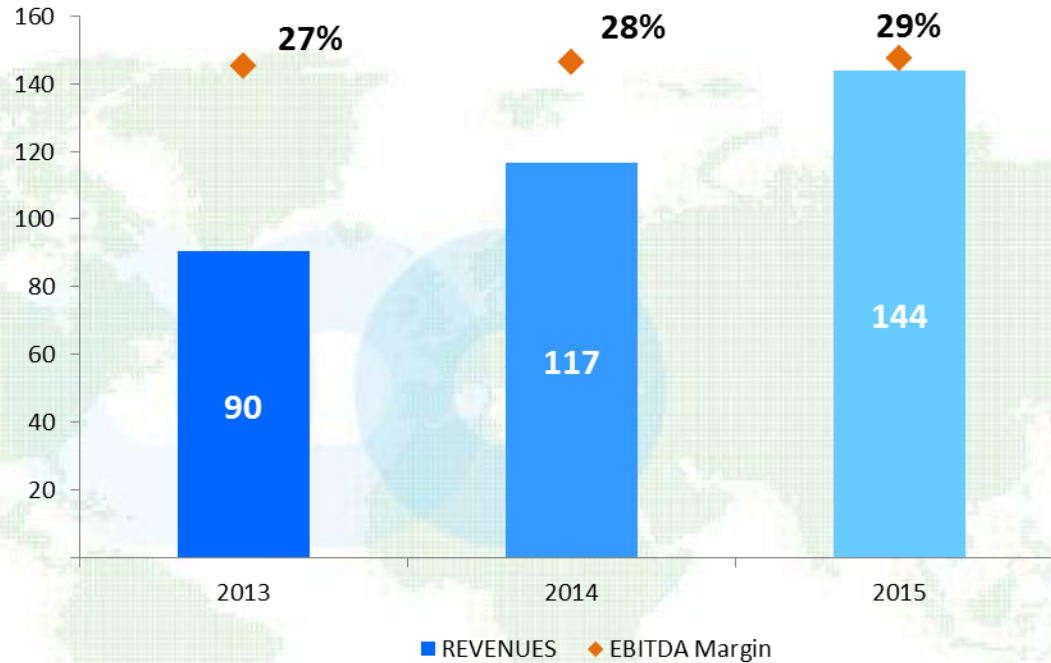
- Internationalization to seize the opportunities of development and spread risk country.
  - In the last period TerniEnergia initiated the necessary steps to go in developing countries, to develop and direct investment in plant and the construction under contract (EPC + BOT) in South Africa, Greece, and recently Poland and India, some of countries with more attractive in in this sector.
  - Develop generation plants from renewable sources in different logical next Grid Parity with PPA (Production Purchasing Agreements) private or public, without incentives.
  - International Development materializes both in emerging countries with strong growth in energy demand and environmental (South Africa, India), both in mature markets characterized by demand for replacement capacity and energy efficiency Energy (Europe).

## Baseline and Growth

- Investments.
  - Maintain a proactive organization, capable of presiding over the geographical markets and vertical markets industry.
  - Given the increasing demand from institutional investors to invest in renewable energy assets and environmental assets, the Group will continue its policy of involving equity investors and lenders in debt at project / system, in order to support direct investment needed for growth international.
  - The current plan is structured on a baseline for the strategic development and with the forecast for investment limited to 2013 given the current macroeconomic situation and the situation of the credit crunch.



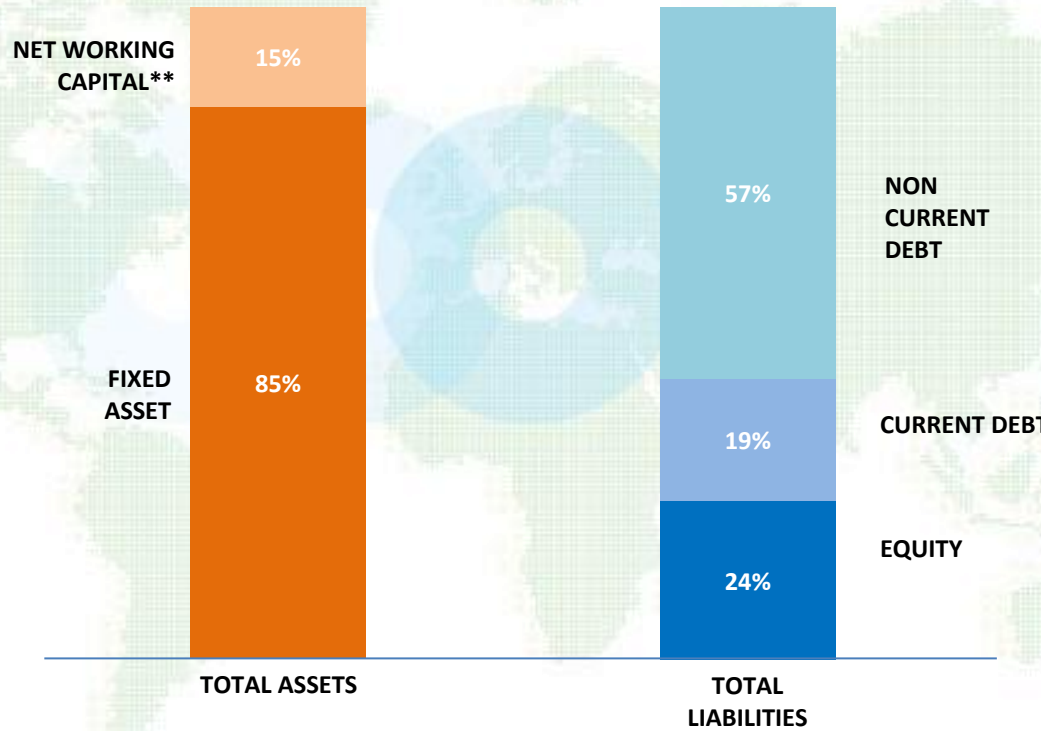
## Changes in the value of production and margins



- Revenues rose from € 90m in 2013 with a CAGR of 17%. Continue the gradual change in the composition started in 2012 in favor of business in recurring revenue resulting from the entry into operation of facilities owned, with a diversity of plants that are not only more but also solar and biomass recovery of marginal materials.
- The EBITDA margin increased gradually to the impact of margins generation, more stable due to the new mix of the business.

(\*) Data relating to the aggregate business of the Group TerniEnergia, after the merger with TerniGreen - Proforma resulting from the proportional consolidation of the Power Generation.

## Break down Balance sheet 2013



- **Gearing Ratio < 1,1** (PFN/Debit short)
- **Copertura Fixed Assets 3,3** (Fixed Asset\Equity)

(\*) Data relating to the aggregate business of the Group TerniEnergia, after the merger with TerniGreen - Proforma resulting from the proportional consolidation of the Power Generation.

(\*\*) Including Provision and other liabilities

## Cash flow stable and controllable

- The repositioning of course has already achieved significant results in 2012 and has brought the following benefits :
  - A profile of better control of cash generated by the business, which helps stabilize the cash flow for years to come, having a "hard core" of cash flows with an easier financial forecast of the business will have positive impact to cover the costs fixed and less dependence on the acquisition of orders and less competitive pressure on margins.
    - EBITDA in 2012, despite the dramatic downturn in the Italian market, and targets 2013 (supported by an enhanced predictability) is in fact very positive due to the entry into operation of the investments made in 2012.

## Lower volatility

- A progressive reduced dependence on business EPC contractors who margins less attractive compared to new business but a financial position almost neutral and whose revenues are more susceptible to market dynamics and competitive pressure In the presence of a dramatic market downturn resulting from the end of the PV incentives in Italy, the development since 2012 has moved to the other technologies and other countries.

## Diversification of country risk

- The development of the business was relocated mainly on foreign markets to diversify country risk, eg to avoid the double effect of the overlap of the termination of the incentives in Italy and the financial crisis that hit the euro hard most of the competitors.

## Lower counterparty risk

- A reduction of counterparty risk through diversification initiatives and a careful selection of counterparties (developers, utilities, investors and co-investors, suppliers and subcontractors) to maintain the level of the partners who have so far had confidence in TerniEnergia, which consist of major European players.

## Technological diversification

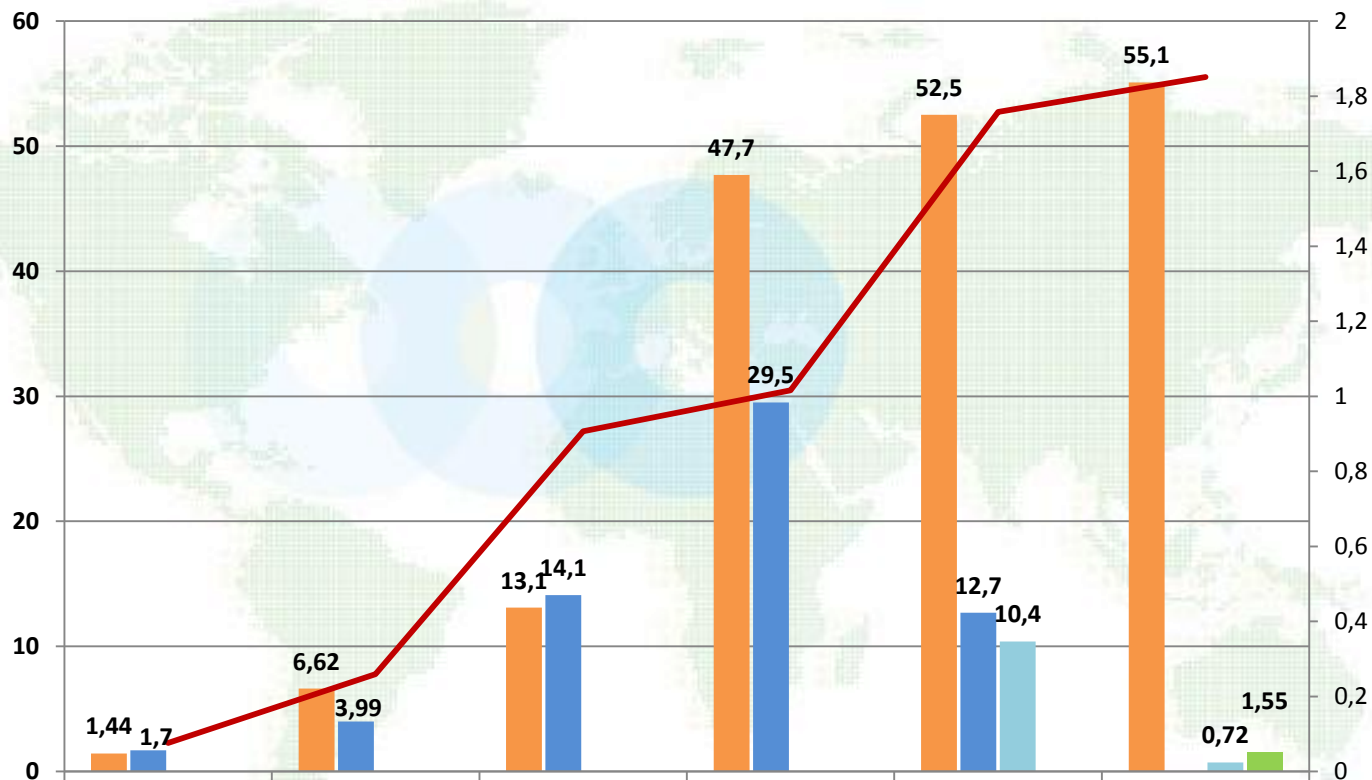
- The start of a process of diversification of technologies for generating (PV, biomass, biogas etc), For the recovery of marginal resources (PFU etc) And for energy efficiency, which takes place without sacrificing the profitability of short period.






## Growth potential

- Building a business with growth potential because it is oriented to countries with growing energy demand technologies and less impacted by the revision of the incentive systems or independent of government incentives.



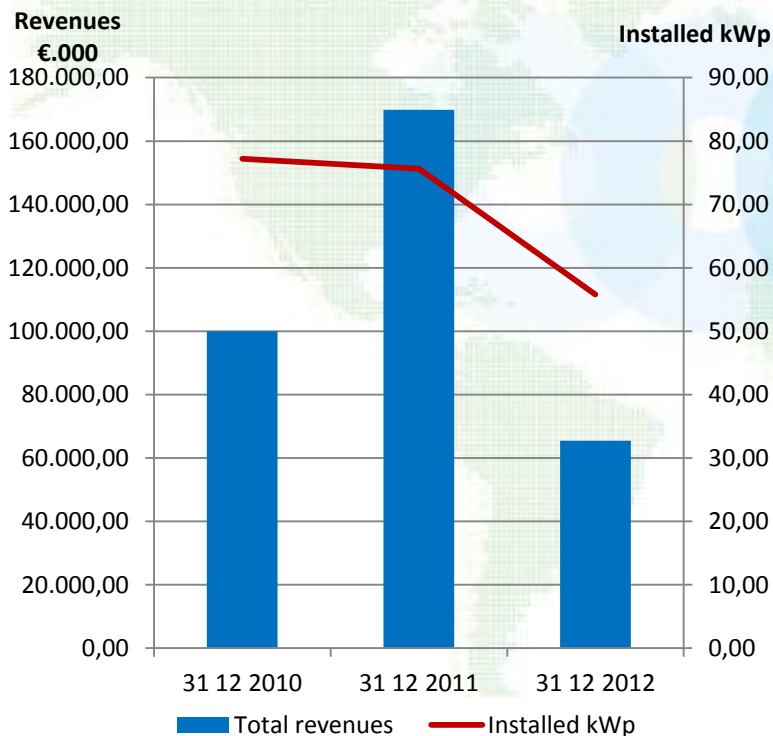
## Total Installed at December 31<sup>th</sup>, 2012: 251 MWp



	PV - EPC (MWp)	1,44	6,62	13,1	47,7	52,5	55,1
	PV - JV (MWp)	1,7	3,99	14,1	29,5	12,7	
	PV - FE (MWp)					10,4	0,72
	BIOMASSE - FE (MWp)						1,55
	Average MWp	0,076	0,259	0,907	1,016	1,758	1,85

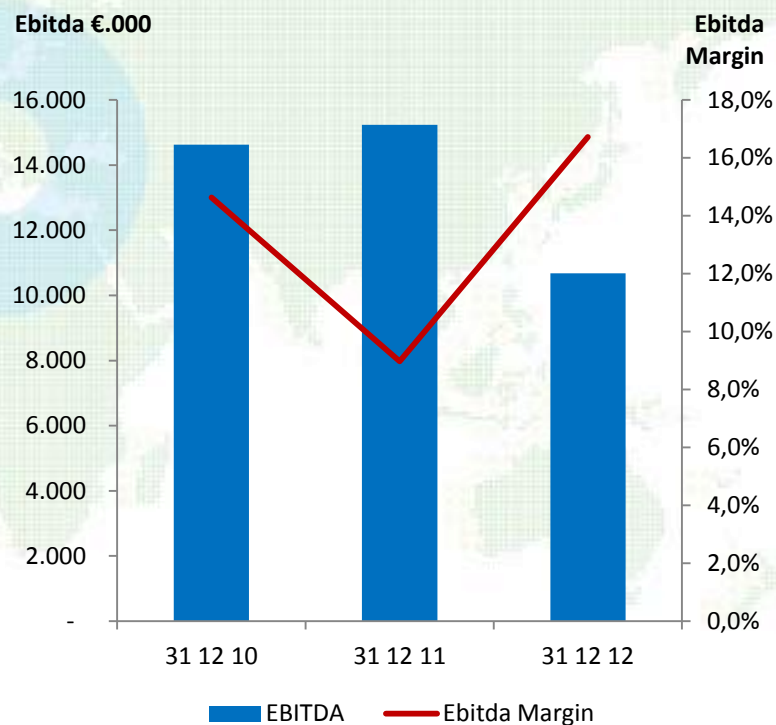
## Revenues

	31 12 2010	31 12 2011	31 12 2012
Installed kWp	€ 77,20	€ 75,66	55,8
Total revenues	€ 99.932,60	€ 169.845,33	65.400



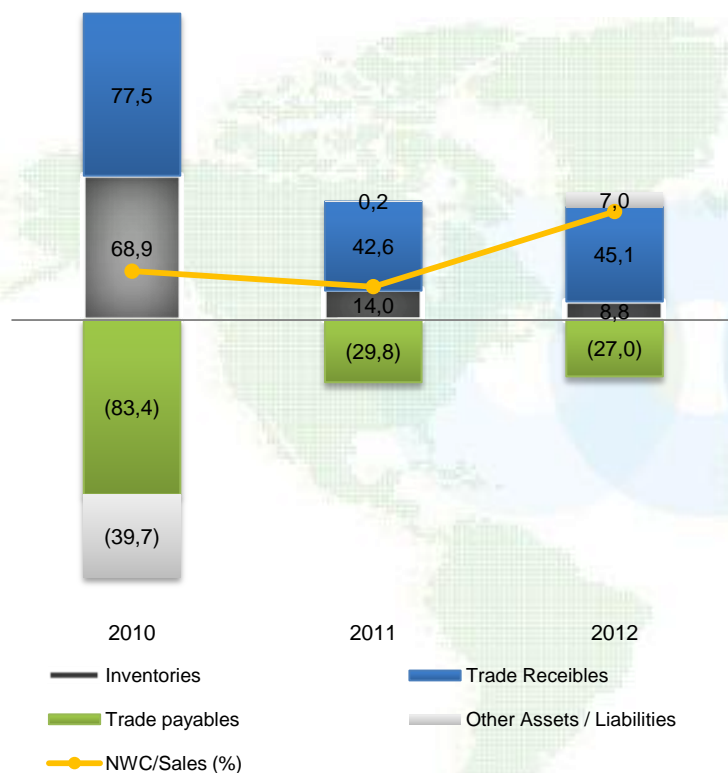
## Ebitda

	31 12 2010	31 12 2011	31 12 2012
EBITDA	14.625	15.235	10.676
Ebitda Margin	14,6%	9,0%	16,7%



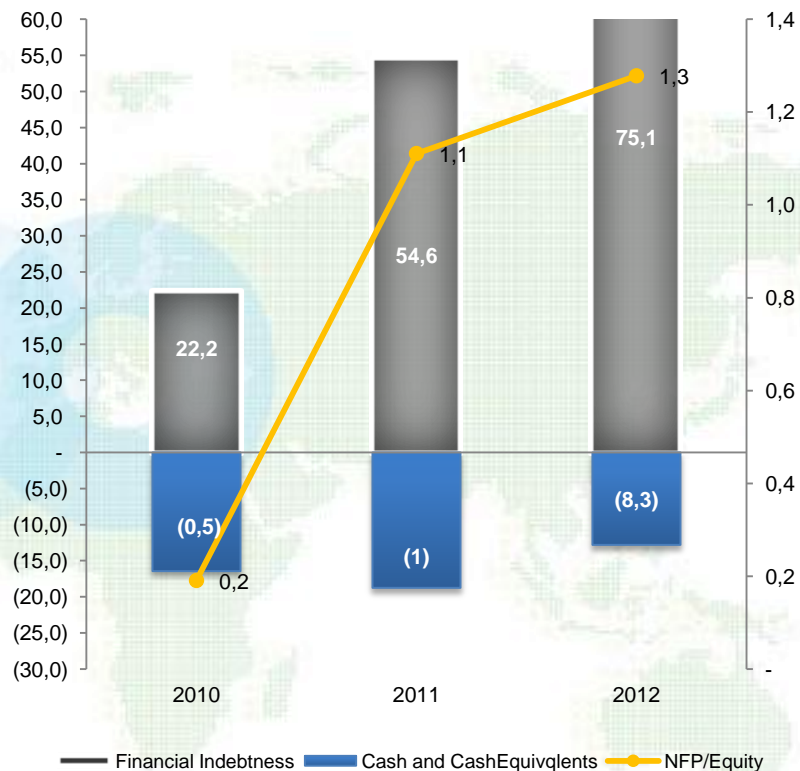
**Financial results FY2012 - Euro 6,879 ml (9,048 ml FY2011)**

## Net Working Capital



	2010	2011	2012
Inventories	68,9	14,0	8,8
Trade Receivables	77,5	42,6	45,1
Trade payables	(83,4)	(29,8)	(27,0)
Other Assets / Liabilities	(39,7)	0,2	7,0
<b>NetWorking Capital</b>	<b>23,3</b>	<b>27,0</b>	<b>33,9</b>
<b>NWC/Sales (%)</b>	<b>23,3</b>	<b>15,9</b>	<b>51,8</b>

## Net Financial Position



	2010	2011	2012
Financial Indebtness	22,2	54,6	75,1
Cash and CashEquivlents	(16,4)	(18,7)	(12,8)
<b>Net Financial Position</b>	<b>5,7</b>	<b>35,9</b>	<b>62,3</b>
<b>NFP/Equity</b>	<b>0,2</b>	<b>1,1</b>	<b>1,3</b>
Short Net Financial Position	2,6	22,4	34,2
Short NFP/Equity	0,1	0,7	0,7



The Green Economy is representing profiles of industrial relevance in rapidly growing not only in Italy, in particular with regard to the production of clean energy, recycling and recovery of materials and energy from marginal resources. In the face of new needs related to sustainability are not yet integrated industrial subjects exclusively in Green, which may constitute an aggregation platform, and at the same time it is an opportunity for institutional investors.

This platform should meet the following requirements :

- Focus on clearly identifiable segments, consisting largely of tangible assets that can generate stable cash flows from long-term with a low risk profile;
- Operate in a regulated market in order to ensure transparency and the adoption of best practices and appropriate form of governance;
- International profile;
- Industrial track record adequate to demonstrate high ability to carry out management and achieve optimal performance over time;
- Size that could be an element aggregator without constraints on growth posed by the shareholder.

TerniEnergia following the merger with TerniGreen has the features to provide a platform for aggregation at the international level that meets the expectations of the financial community and in particular the large institutional investors to allocate in the Green part of their investments, favoring the early strengthening of a new industry.