

2016
2018

TerniEnergia

Plug in the smart energy company

TerniEnergia



Star Conference 2017

Plug in the smart energy company

March 2017

ternienergia.com

Today presenters – Key people



STEFANO NERI
Chairman & CEO

JOINED TERNIENERGIA GROUP:
Founder, Ceo since 2005

BORN: 1959

OTHER EXPERIENCE: Since 1985 Administrative lawyer and qualified legal advisor to the Judicial Council. Up to 2007 professor in legal affairs at the Engineering faculty of the University of Perugia. Founder of T.E.R.N.I. Research SpA, Founder and Chairman of Italeaf SpA, Chairman of Greenled Industry SpA, Skyrobotic SpA, Wisave Srl, Numanova SpA, Vice Chairman of Interpark Falck-Enertad Group



FABRIZIO VENTURI
Executive Director

JOINED TERNIENERGIA GROUP:
Executive Director since 2007

BORN: 1964

OTHER EXPERIENCE: Managing Director of Venturi SpA, Executive Director in international SPV companies (energy sector)



LAURA BIZZARRI
Executive Director

JOINED TERNIENERGIA GROUP:
Executive Director since 2016

BORN: 1971

OTHER EXPERIENCE: University of Perugia, LTM Biotech, Confindustria Umbria. CEO of Softeco Sismat and Selesoft Consulting, Executive Director of Ant Energy Srl



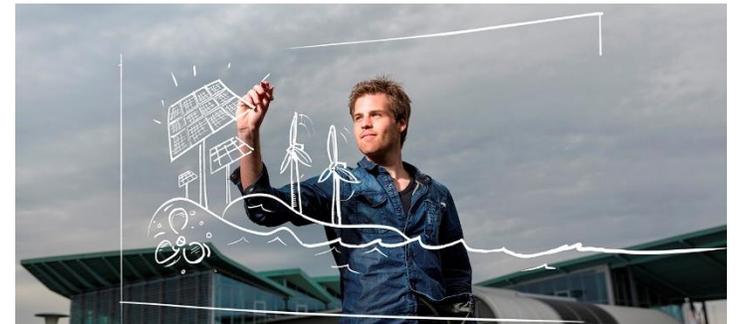
PAOLO ALLEGRETTI
CFO

JOINED TERNIENERGIA GROUP:
CFO since 2008

BORN: 1971

OTHER EXPERIENCE: Executive Director in Italian SPV companies (energy and agrifood sectors), Head of control management at Keryos SpA

The TerniEnergia Group vision – Energetic, digital, sustainable

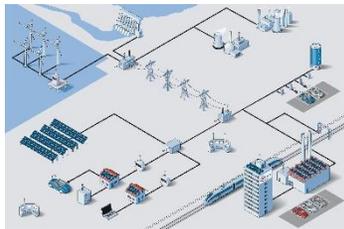


Group description – Transformation Since 2005 into a Smart Energy Company

TERNIENERGIA (TER.MI; ISIN Code IT0004359037), 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.



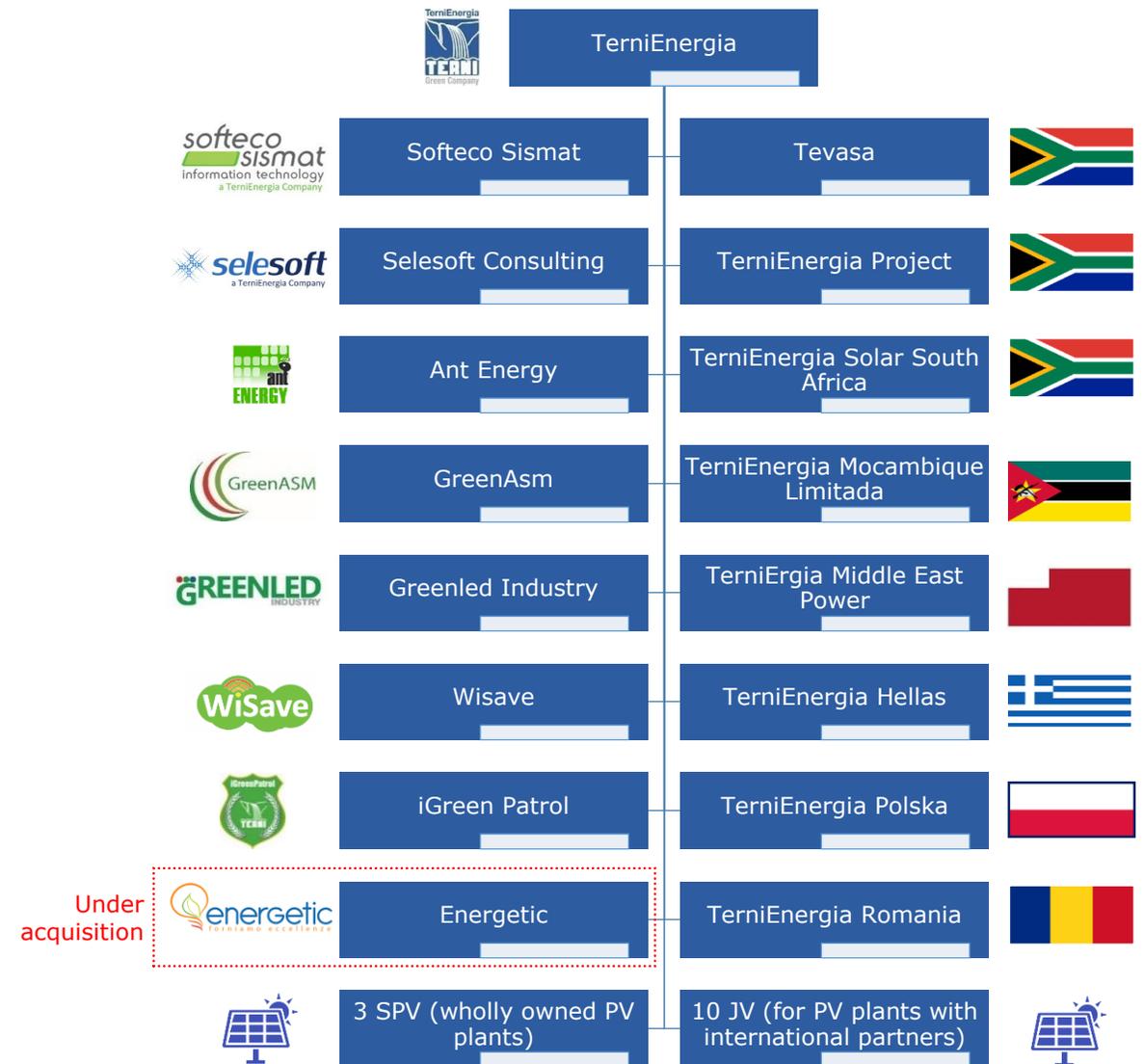
Shareholders structure – Simplified Group chart

DESCRIPTION



- TerniEnergia is controlled (45.06%) by Italeaf SpA, a company builder and holding active in the cleantech and smart innovation sectors. Italeaf is listed on NASDAQ First North at Stockholm Stock Exchange.
- The remaining treasury shares amounted to 0.05% of the share capital (1,012,224 shares).
- The quota of the free float on the market is equal to the 54.89% of the share capital. There are no shareholders who has substantial holding in the capital of the company (>5%).
- 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 SpA.

- TerniEnergia is acquiring the 51% of Energetic SpA, including stake in 2 subsidiaries: Mya Energia Srl (electricity, natural gas and energy efficiency), with a stake equal to 74% of the share capital, and Energetic Vendite Srl (trading of gas transmitted by pipeline) with a stake of 100% of the share capital.
- The transaction consideration for the acquisition 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 Q1 2017.



Corporate governance and personnel

BOARD OF DIRECTORS	BOARD	COMMITTEE FOR RELATED PARTIES TRANSACTIONS	REMUNERATION COMMITTEE	RISK CONTROL COMMITTEE
 Stefano Neri	Chairman & CEO			
 Fabrizio Venturi	Executive Director			
 Laura Bizzarri	Executive Director			
 Monica Federici	Non Executive Director			
 Piero Manzoni*	Non Executive Director			
 Giulio Gallazzi	Non Executive Director			
 Laura Rossi	Independent Director	Chairman	Member	Chairman
 Paolo Migliavacca	Independent Director	Member	Member	Member
 Mario Molteni	Independent Director	Member	Chairman	Member

*Co-opted by the Board of Directors last March 15, 2017. Pending the appointment by the Shareholders' Meeting

Board of Statutory Auditors

Ernesto Santaniello (Chairman)
Andrea Bellucci (Standing Statutory Auditor)
Simonetta Magni (Standing Statutory Auditor)

Auditors

Pricewaterhouse Coopers 

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

PERSONNEL	As at Dec 31, 2016
Managers and white collars	22
Engineers	268
Other employees	120
Collaboration and trainees	5
TOTAL	415

Timeline - An efficiently managed growing history

2004

- Foundation of TERNI Research

2005

- Foundation of TerniEnergia PV business

2008

- Listing on Borsa Italiana

2010

- Acquisition of Nera Montorno (Terni) industrial area
- Development of the environmental business
- Share capital increase (Eur 10.8 mln raised) and admission on MTA-STAR segment

2011

- Listing of TerniGreen on AIM (Eur 4.1 mln raised)
- Acquisition of Lucos Alternative Energies (energy efficiency)

2012

- Merger between TerniEnergia and TerniGreen and consequent delisting of TerniGreen

2014

- Acquisition of Free Energia (energy management) through a dedicated share capital increase

2015

- Merger with Lucos Alternative Energies and incorporation of TerniEnergia Gas & Power
- Acquisition of New Gas Trade and Greenled Industry
- Deconsolidation of Free Energia

2016

- Acquisition of Softeco Sismat and Selesoft Consulting (digital energy, smart grids and innovative solutions)
- Establishment of Ant Energy (energy efficiency), ongoing due diligence for the acquisition of Energetic (energy management)
- Acquisition of Wisave



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TerniEnergia highlights, backlog and track record

BUSINESS OVERVIEW

- ✓ **A LEADING ITALIAN FULLY INTEGRATED SMART ENERGY COMPANY**
OPERATING IN THE **PHOTOVOLTAIC SEGMENT** AS A **SUPPLIER OF PV PLANTS AND "GIANT" PHOTOVOLTAIC PLANTS** ("SYSTEM INTEGRATOR") AND **ENERGY PRODUCER** ("POWER GENERATION"), PROVIDER OF **SMART GRIDS** AND **MINI SMART GRIDS**
- ✓ **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, **PROVIDER OF ICT SOLUTIONS** AND **SERVICES**, **LED LAMPS** AND **IOT DEVICES**
- ✓ **AN INTEGRATED GAS&POWER MANAGEMENT COMPANY**
LEVERAGING RENEWABLES POWER GENERATION FOR INDUSTRIAL HEAVY CONSUMERS AND SUPPORTING CUSTOMERS **THROUGH ADVANCED SERVICES, ELECTRICITY** AND **GAS TRADING**

PORTFOLIO OVERVIEW

- ✓ 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 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
- ✓ 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)

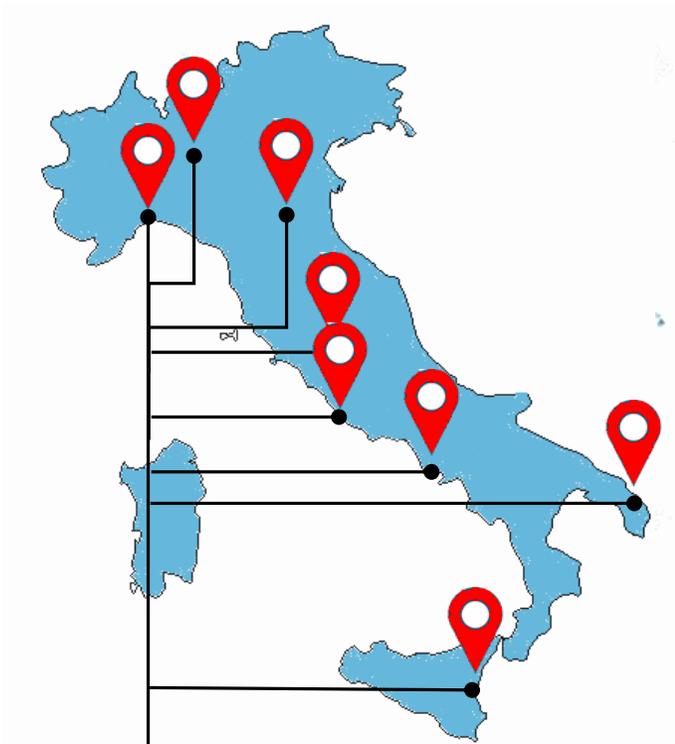
BACKLOG

- ✓ INTERNATIONAL **"GIANT" PV PLANTS** COMMITMENTS: **ZAMBIA 34 MW (USD 8 MIO)**; **EGYPT 47 MW (USD 19.2 MIO)** AND A NEW PROJECT **UNDER DEVELOPMENT**; **TUNISIA 10 MW (EUR 12 MIO)**; **RSA 80 MW (EUR 20 MIO)** AND **46 MW (EUR 12 MIO)**
- ✓ PARTNERSHIP AGREEMENT WITH **JUICEPOWER** TO DEVELOP AND BUILD IN INDIA CLEAN ENERGY GENERATION PLANTS AND ENERGY MANAGEMENT STRUCTURES WHICH COMBINE ON-SITE AND OFF-SITE GENERATION AND STORAGE, AND SMART ENERGY MANAGEMENT SYSTEMS (**SMART GRIDS AND SMART MINI GRIDS**).
- ✓ TOTAL **ANNUAL RENEWABLE ENERGY PRODUCTION** AROUND **60 MILLION KWH (EUR 6 MIO/Y)**.
- ✓ PV AND ENERGY EFFICIENCY PLANT **O&M** (AROUND **EUR 3,1 MIO/Y**).
- ✓ **CLEANTECH** PLANTS MANAGEMENT (AROUND **EUR 8 MIO/Y**).
- ✓ ENERGY EFFICIENCY **PUBLIC STREET LIGHTING** INTERVENTIONS IN ITALY (**AROUND EUR 2,5 MIO**).

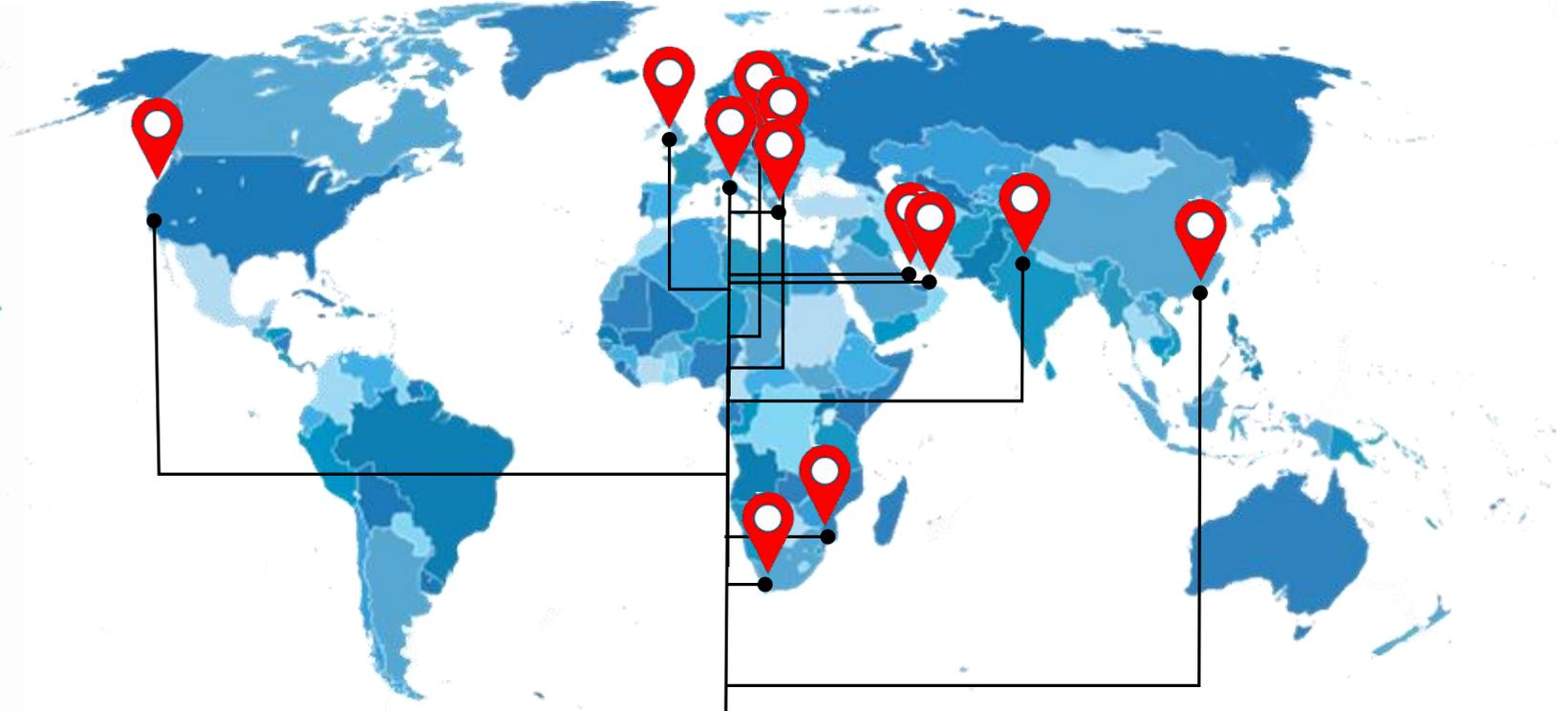


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Global presence – Close to customers all over the world



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)

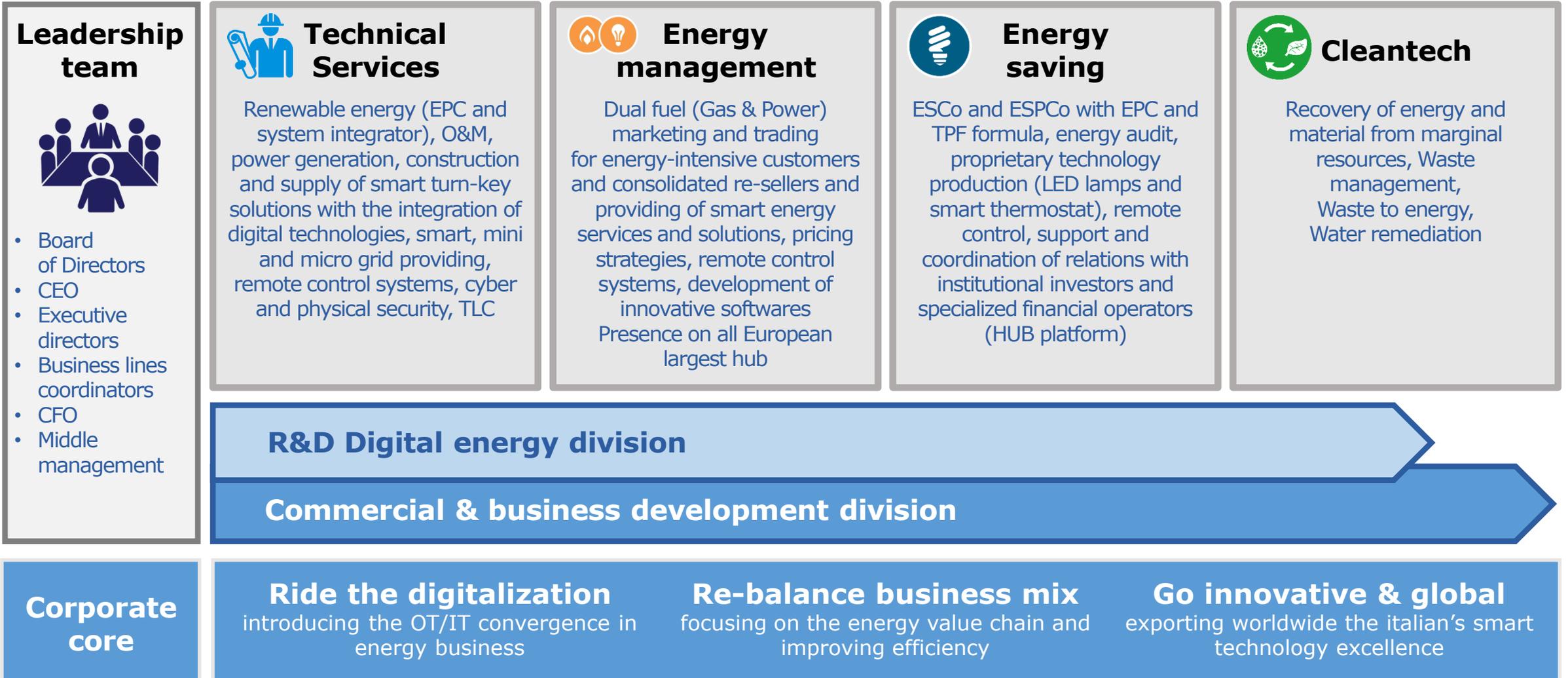


Headquarter: Narni (TR) – Nera Montoro Industrial park
Offices: (UK) London, (UAE) Abu Dhabi, (RSA) Cape Town, (CP) Hong Kong (Financial and commercial hub), (MZ) Maputo, (GR) Athens, (RO) Bucarest, (Q) Doha (Softeco Sismat & Selesoft)
Others: (USA – Silicon Valley) Atherton, (IND) Gurgaon (Protecogroup)



2016
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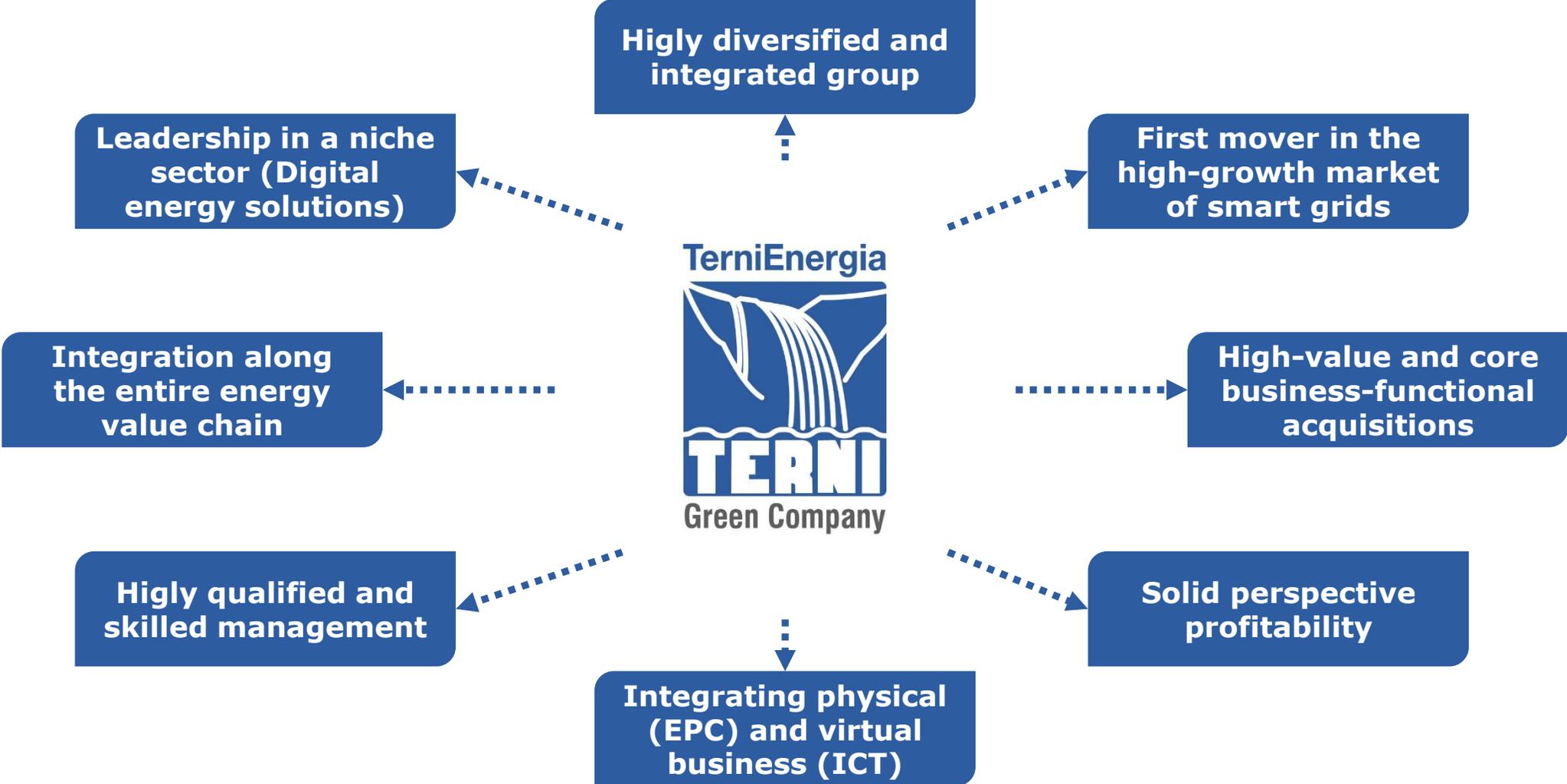
Organizational chart – 4 lines of business and 2 integrated divisions



2016
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Investment opportunity



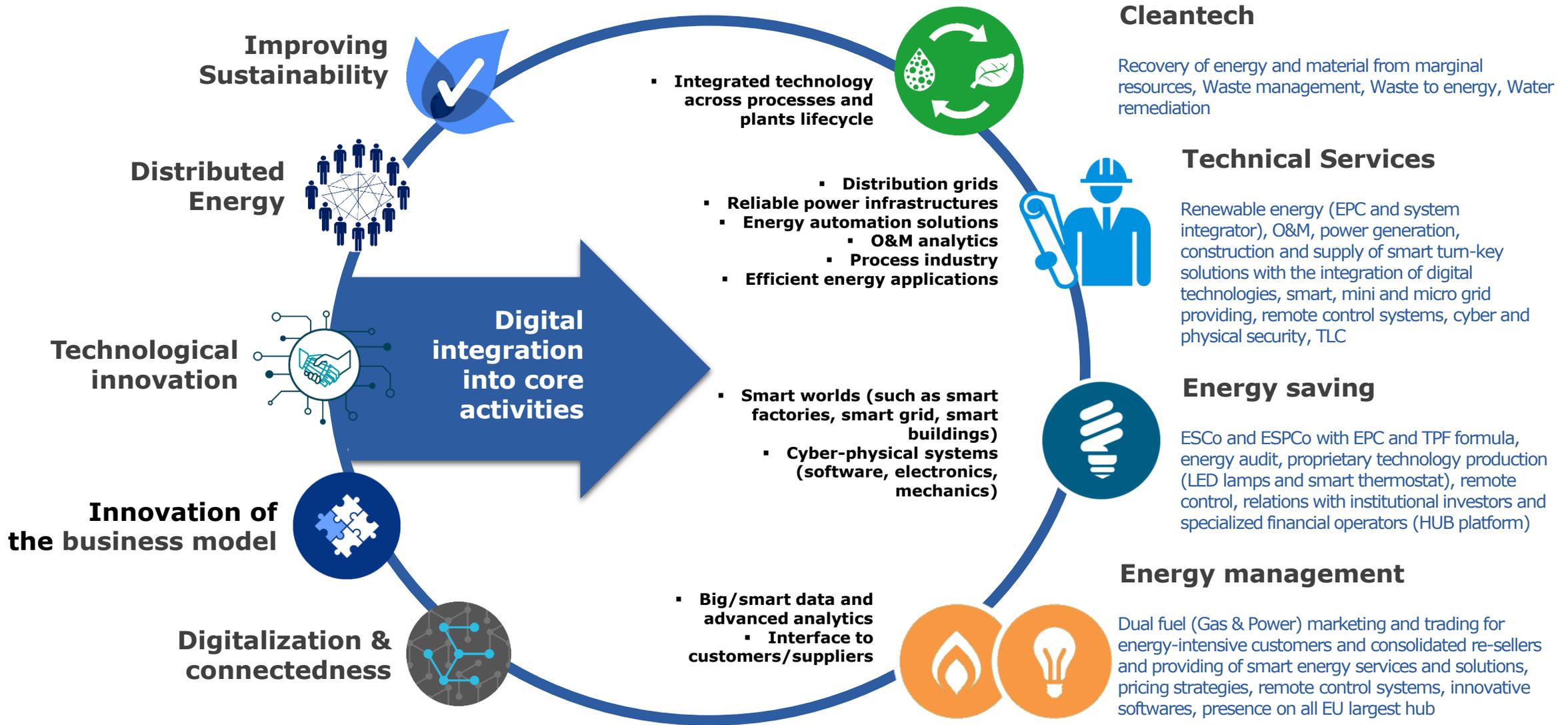
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Plug in the smart energy company: ride the renewable growth worldwide



2016
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Core business overview



Competitive advantage

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**

Business model and main clients

Revenue stream



Main clients and partners



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Backlog of New EPC Projects in Africa



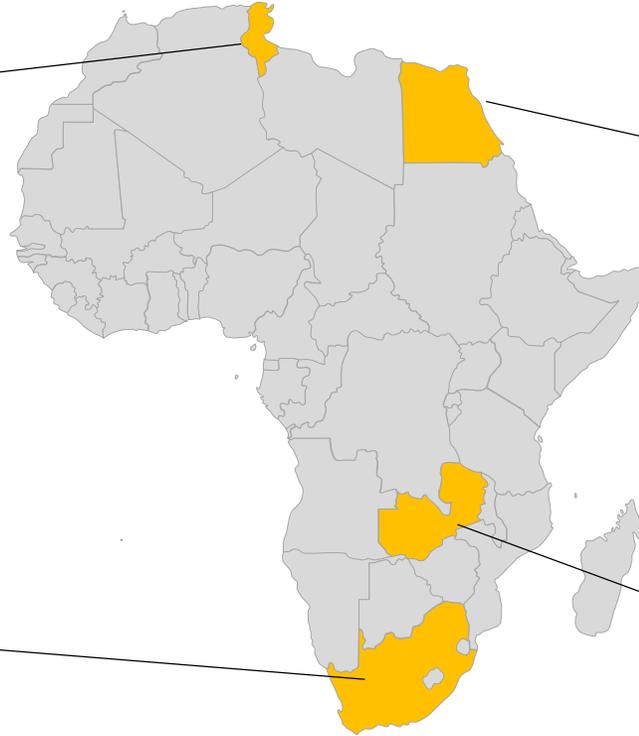
- 10 MWp project Tunisia



- 47 MWp project FIT PV Projects – Benban cluster
- New “giant” project Under development Egypt



- 86,25 MWp project
 - 40 MWp project
 - 50 MWp project
- South Africa

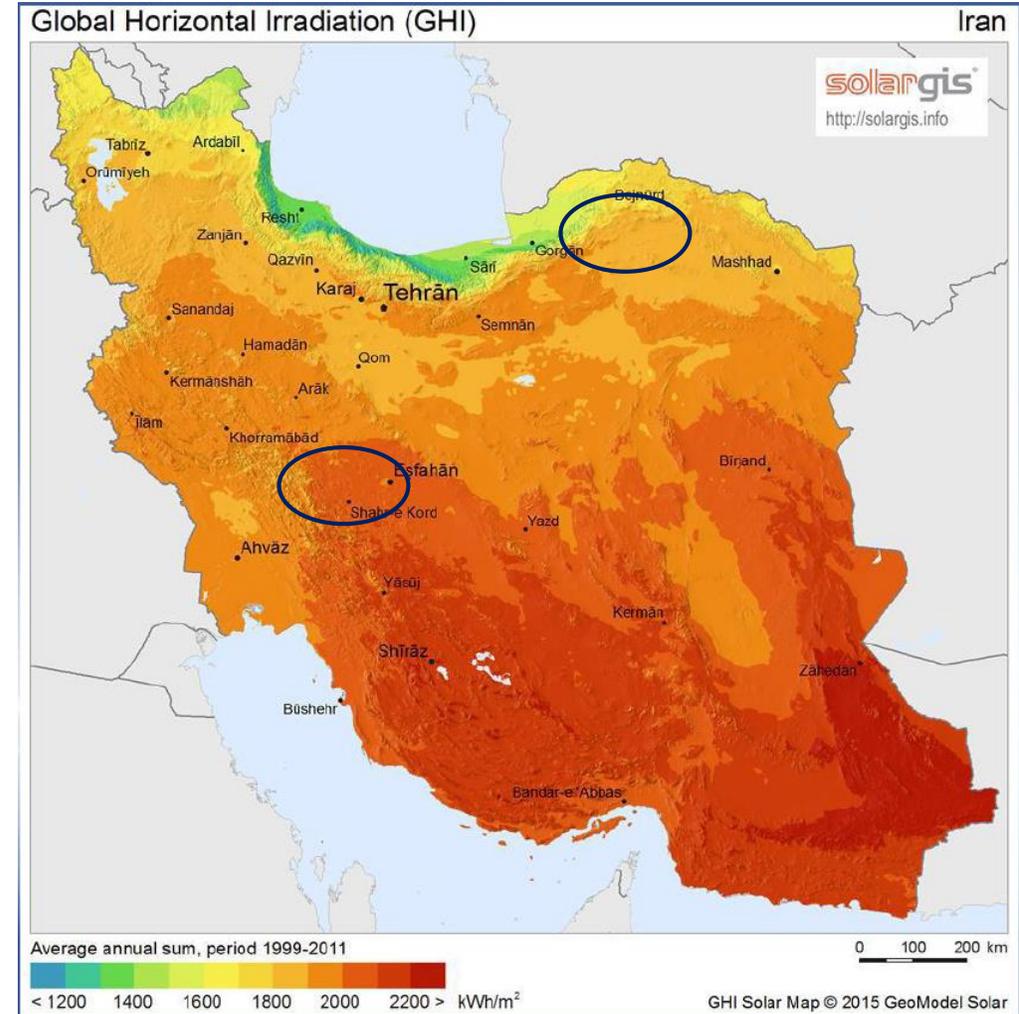


- 34 MWp project IFC Scaling Solar program Zambia

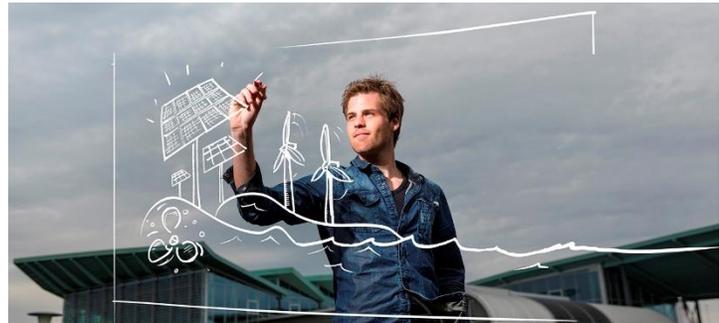
New Opportunities - EPC Projects – Iran



- 5 MWp project PPA formula Iran

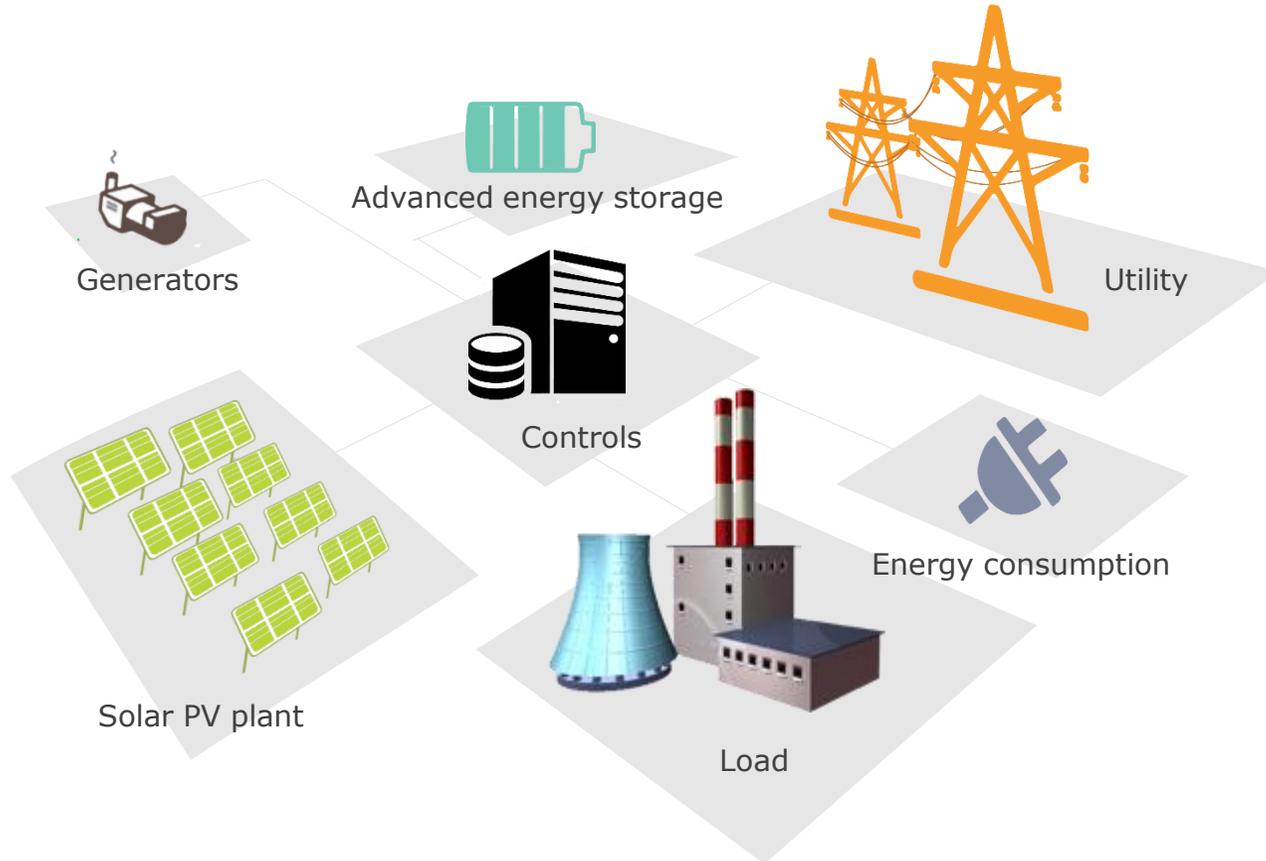


Plug in the smart energy company: digital energy execution



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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

Backlog of Microgrids business in India: the Juice Power agreement

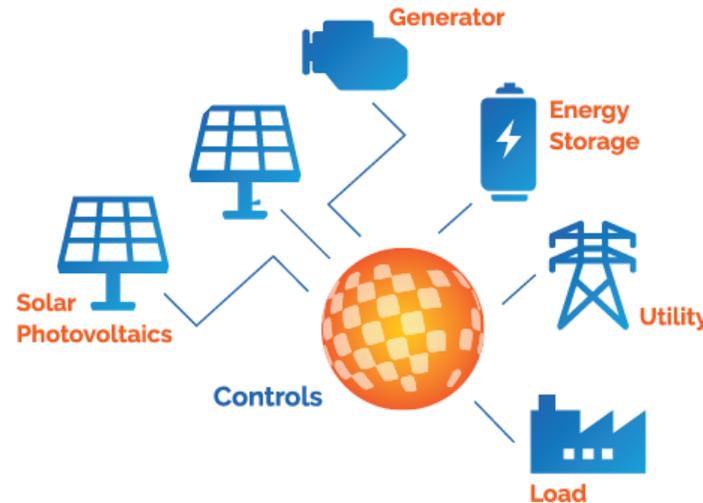
Target: to supply clean new energy in those countries with the strongest and fastest growing energy demand and where renewable energy is the fastest answer to their demand increase



- **EPC/O&M contractor (engineering, procurement and construction, and operation and maintenance)**
- **Designer and developer of smart minigrids**
- **Provider of solutions and systems for the smart energy management, both hardware and software**

Pilot project

Pilot project of smart energy island (mini smart grid) that includes energy generation plants (solar or hybrid), storage systems, back-up and stability systems (electric generator), smart metering systems and the integration with local control and grid connection systems.



JUICE POWER



- **Commercial phase of identifying final customers and creating a pipeline of projects**
- **Support for the local grid connection and the initial management of PPA contracts (power purchase agreement), including energy trading**

Plant capacity

The solutions planned under the agreement will be able to contemplate on-site plants of capacity between 1 and 5 MW and/or off-site installations of power capacity between 50 and 65 MW, able to provide several end customers.



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Business digitalization: infrastructure synergy

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

Business digitalization: control and management for electric grids synergy

Application areas

- Transmission and distribution
- Smart grids
- Micro grids



Market

- Global with leading partners (e.g. Enel, Terna, investors, energy asset funds, 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



2016
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Business digitalization: energy efficiency synergy

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 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

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



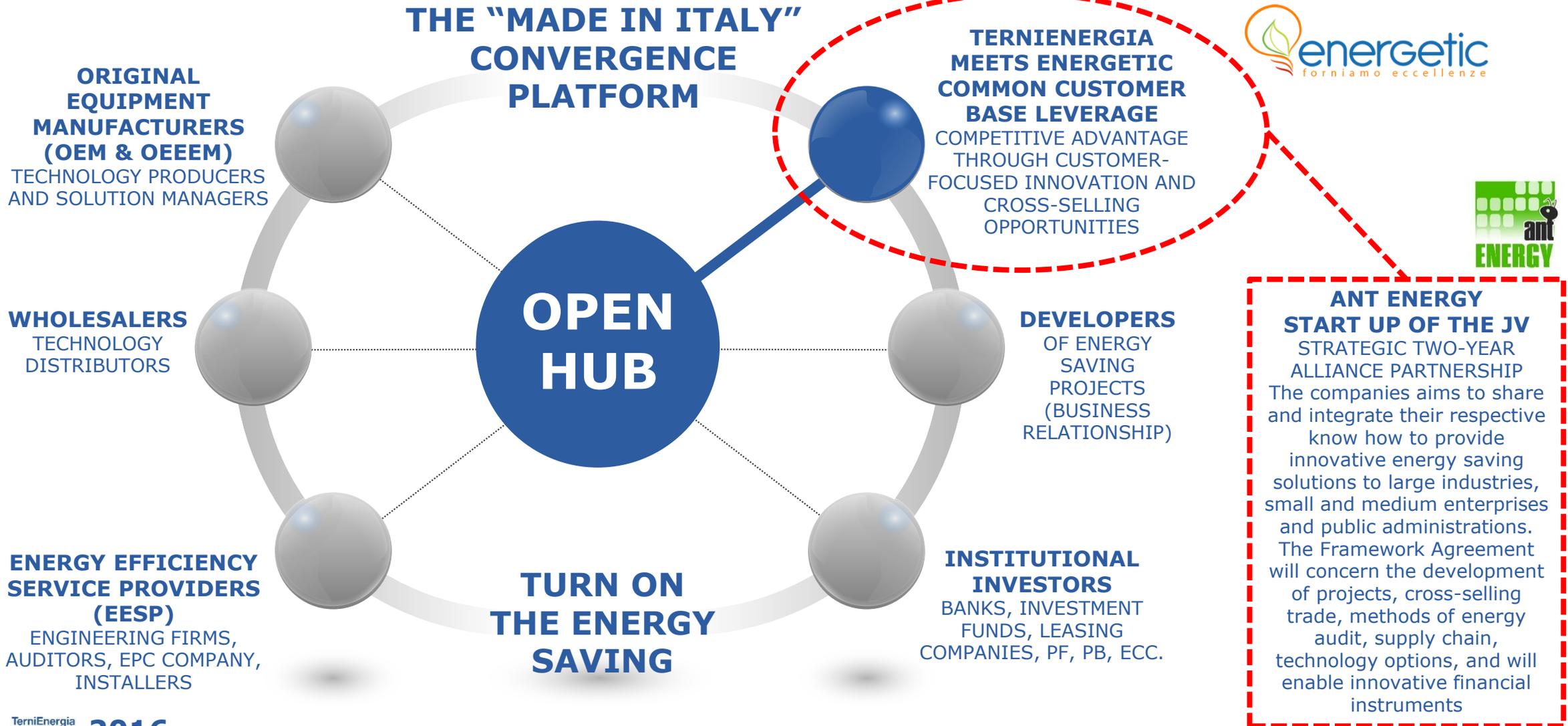
Operation

- 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

Business integration: a new bullet for the HUB energy efficiency platform



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Plug in the smart energy company: a medium term strategy



2016
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Action plan: founding a transformation with an eye to the future



**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**

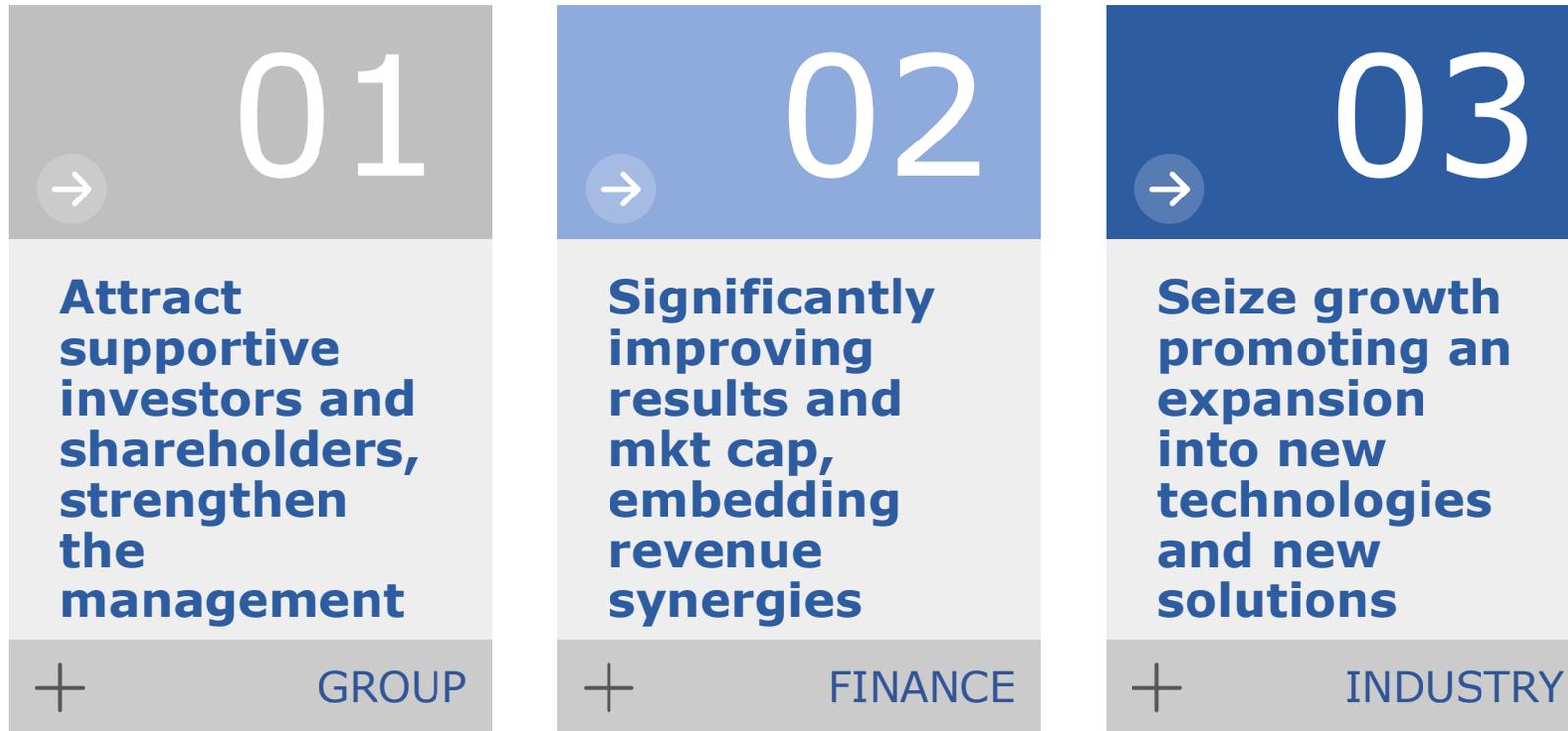


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Ternienergia - Vision 2019: Strategic focus



Deliver the imperative dimensional growth, integrating the smart energy company with 3 corporate targets



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



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Key financials

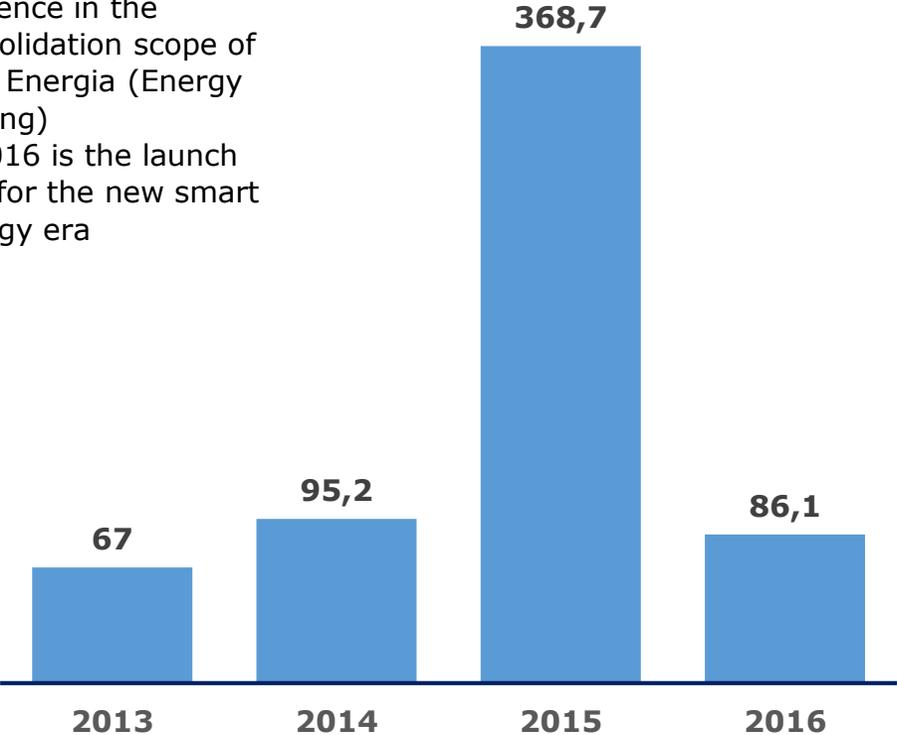


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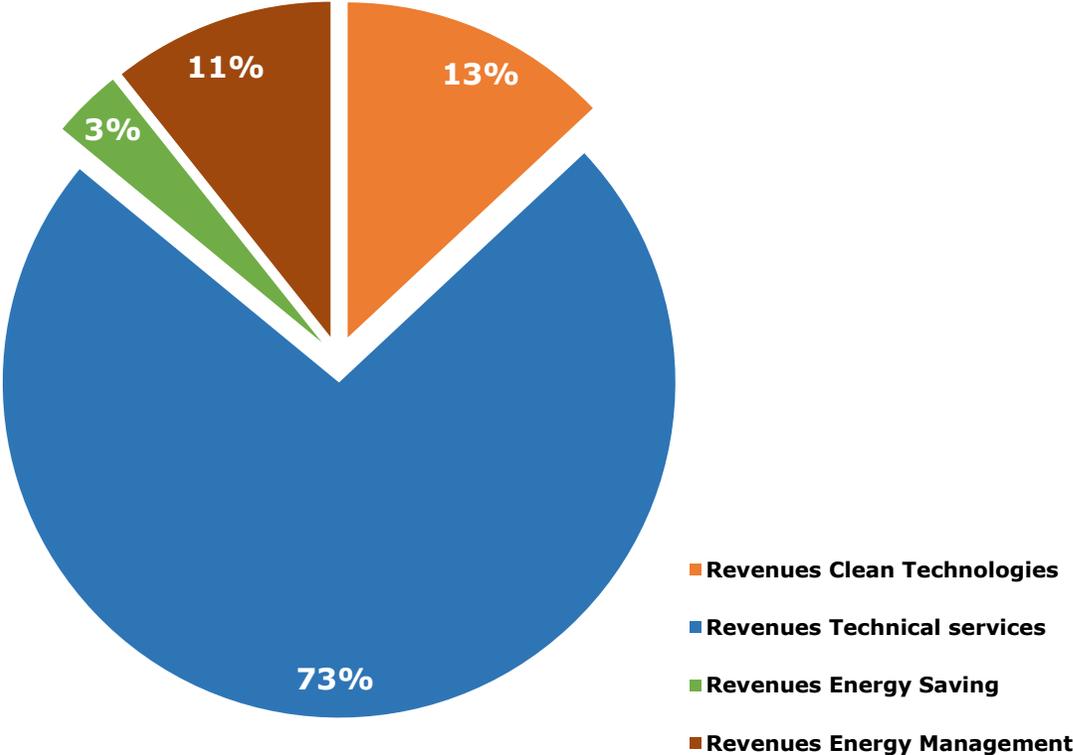
FY2016 Consolidated Financial Results: focus on Revenues

Revenues trend 2013-2016

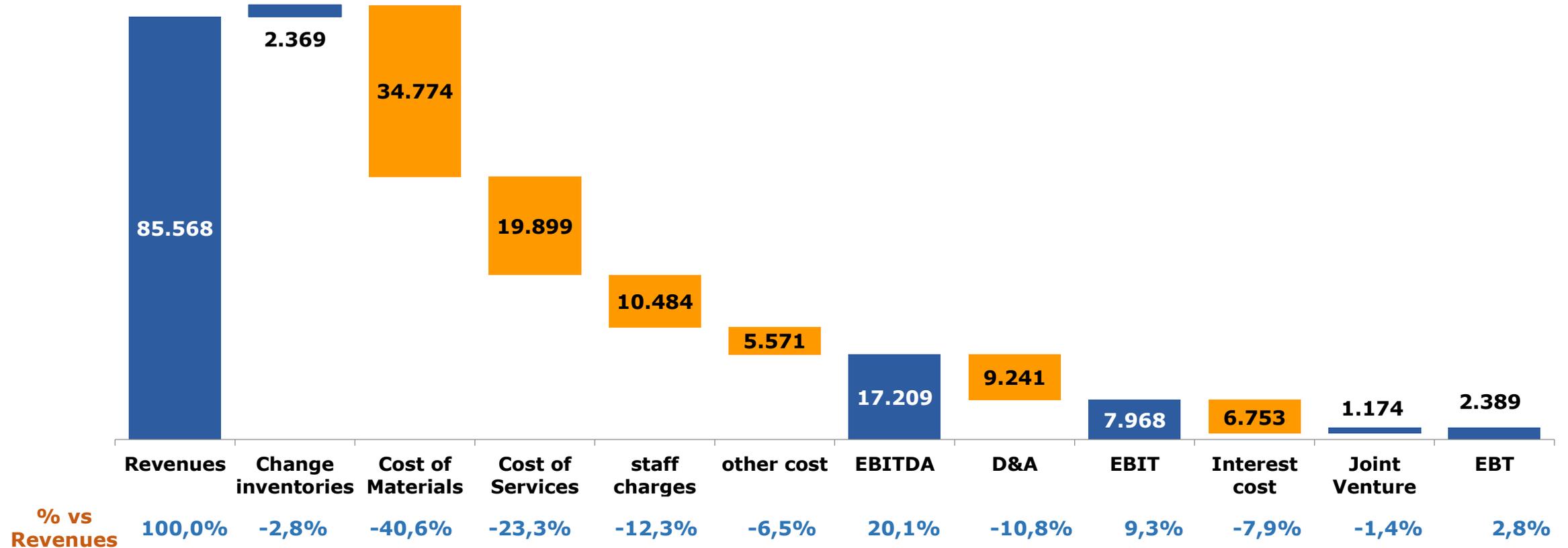
- FY2015 results was influenced by the presence in the consolidation scope of Free Energia (Energy trading)
- FY2016 is the launch pad for the new smart energy era



FY2016 Revenues split for LOB E (Eur MIO)



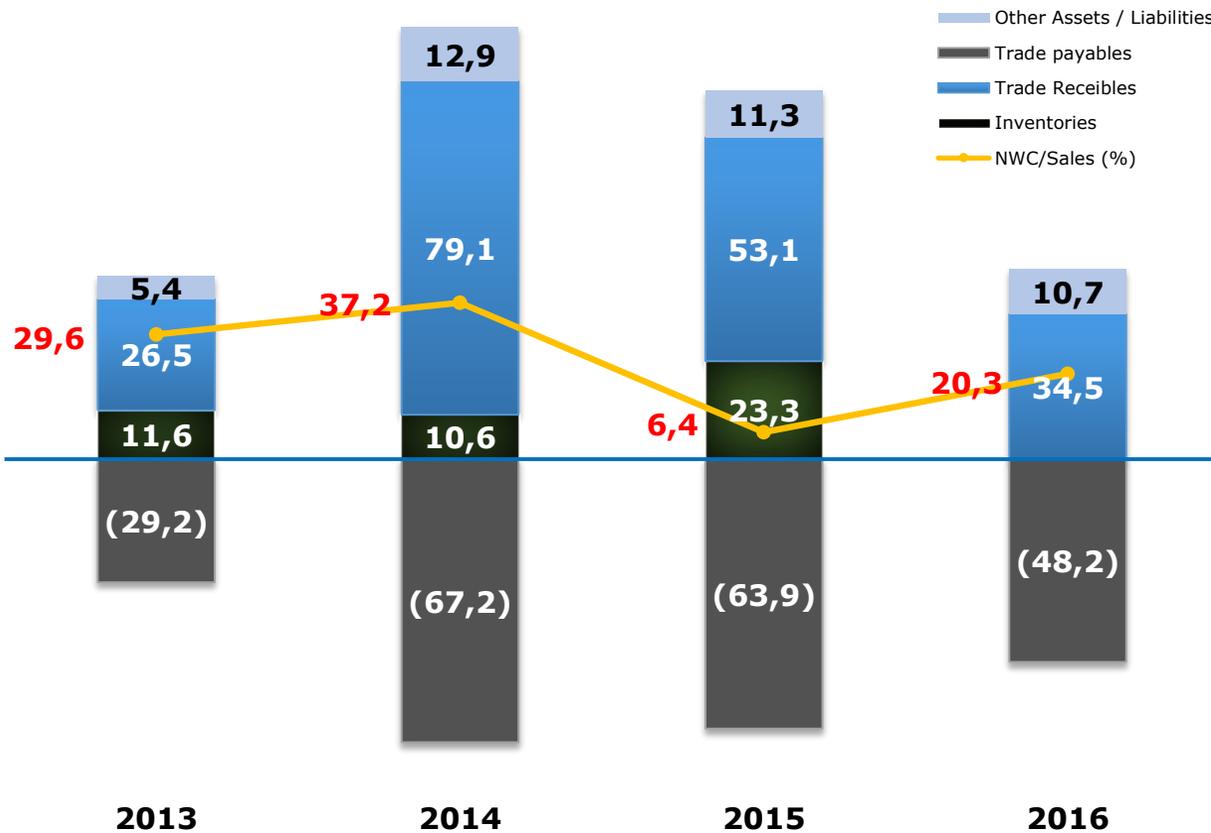
FY2016 Consolidated Financial Results: bridging to EBT



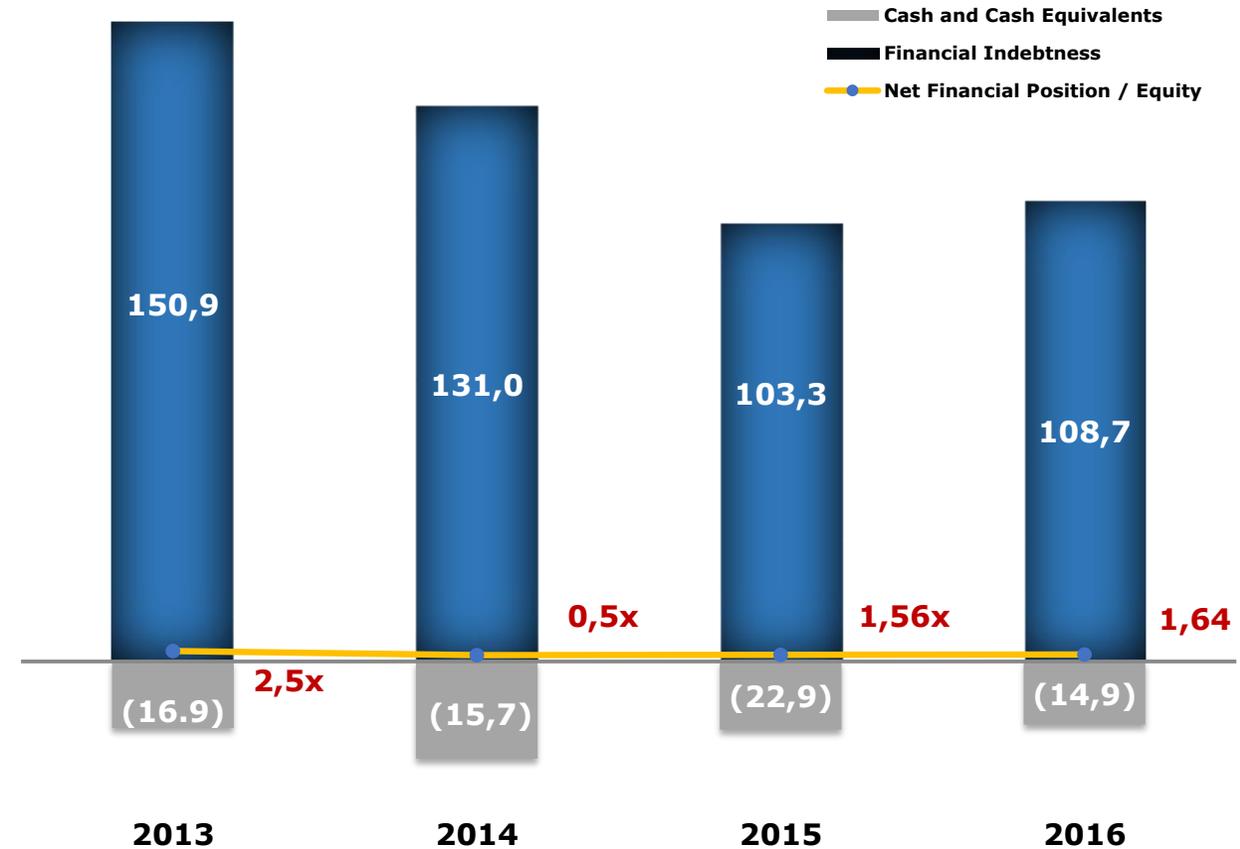
NET RESULT FULL YEAR 2016 - EUR Mio 1.1 (EUR Mio 2.5 FY2015)

FY2016 Consolidated Financial Results: Balance sheet

Net working capital

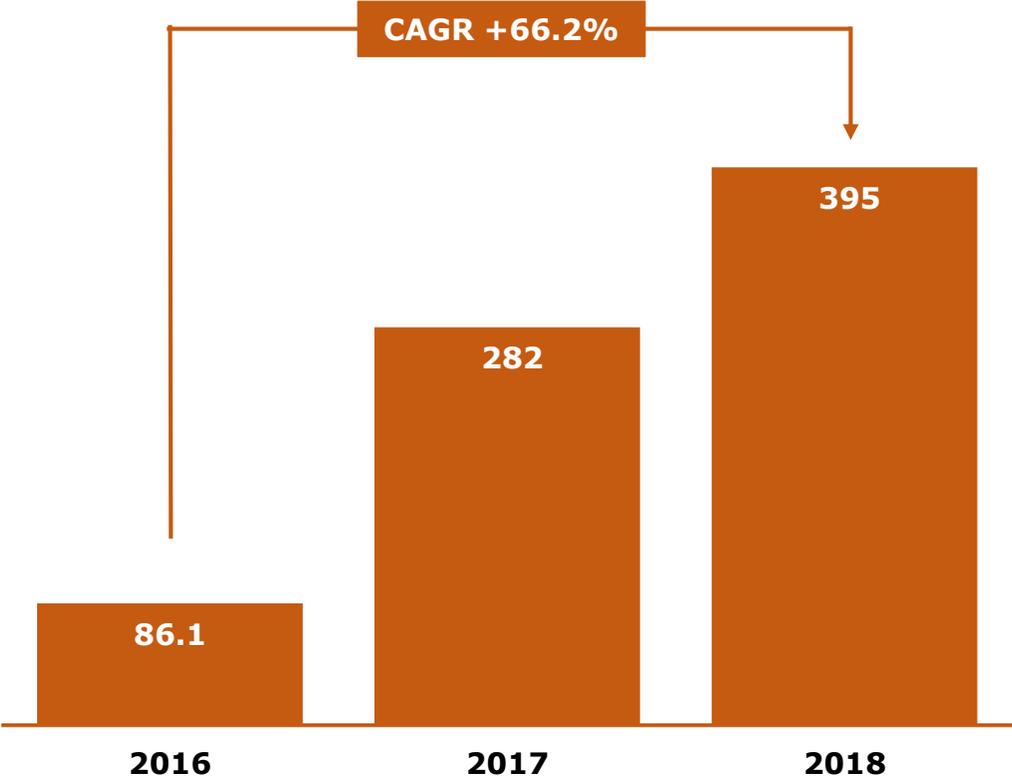


Financial position

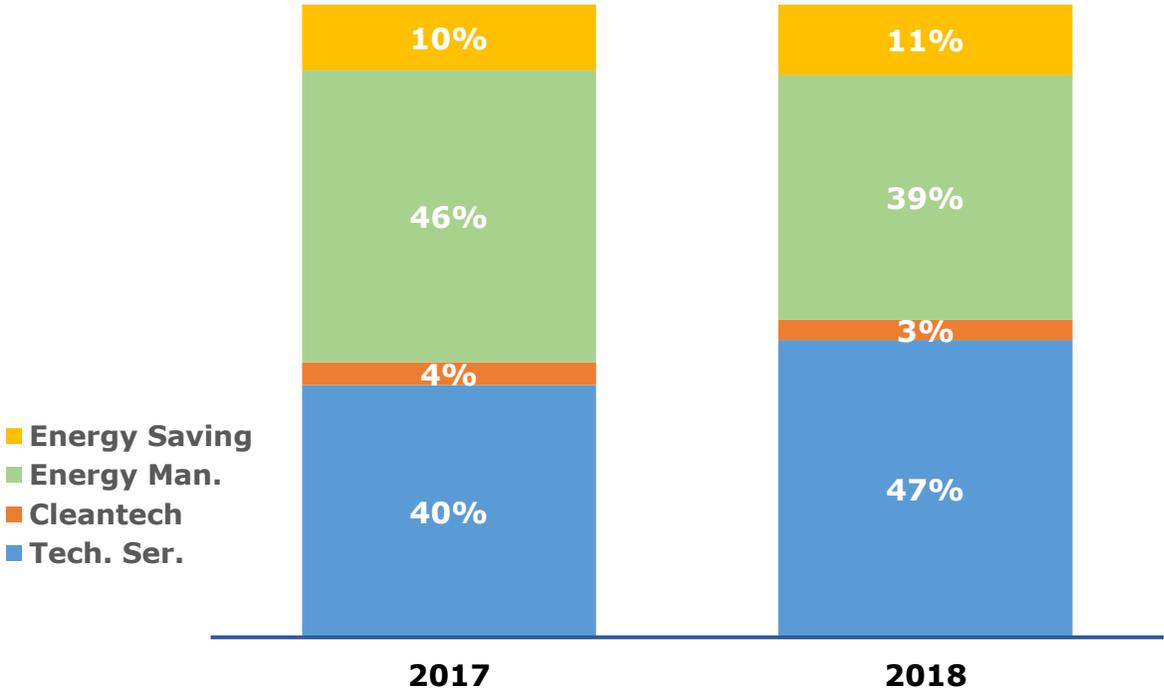


Foundation of the revenues growth

2016-2018 Revenues E (Eur MIO)



2017-2018 Revenues breakdown E

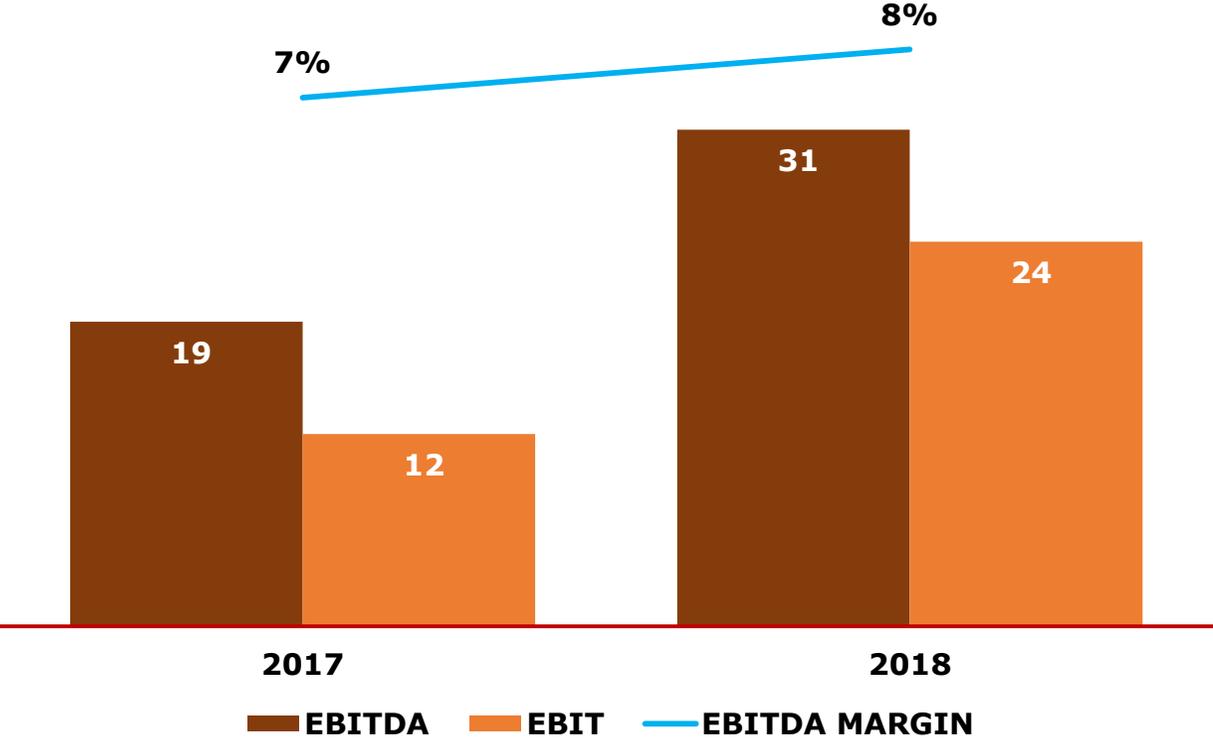


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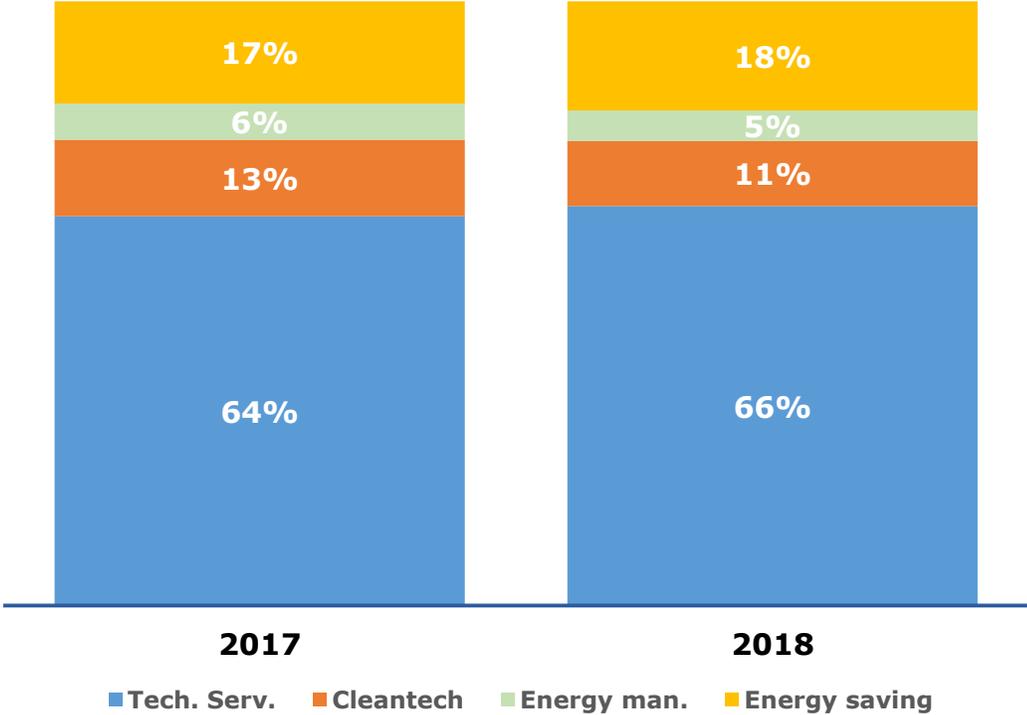
Legenda | E: Expected data

Ebitda and Ebit boost with a balanced mix

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



2017-2018 EBITDA % BREAKDOWN E



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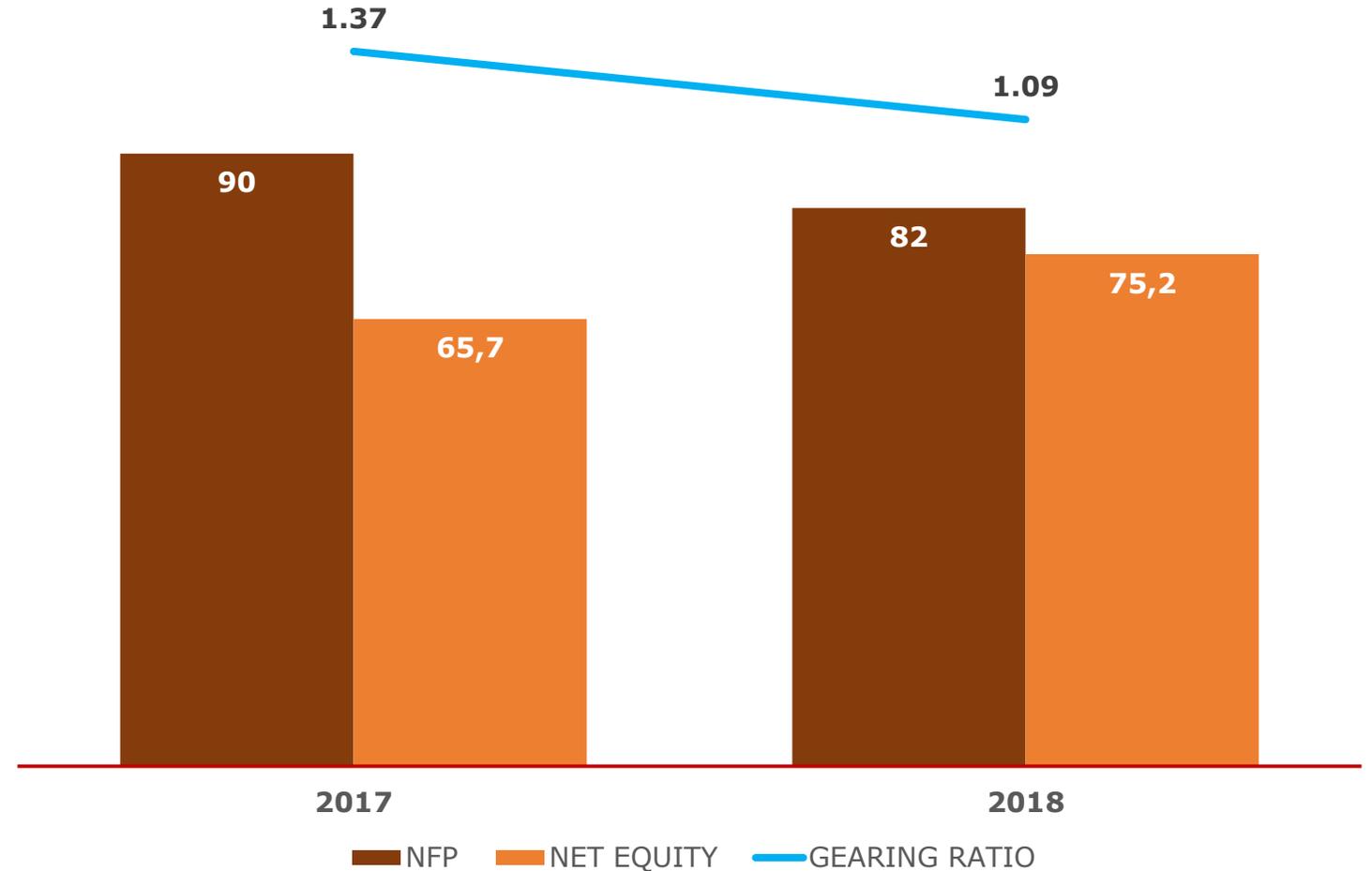
Legenda | E: Expected data

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 three different options:

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

Total equity value around EUR 18 Mio – Total deconsolidation of debts for around EUR 15 Mio*

Dividend policy

2017	2018	Beyond
It is not foreseen the distribution of dividends to support the new business model and growth strategy through acquisitions	≈ 50% of Net profit	Our policy is to grow the dividend in line with our view of the underlying earnings and cash flow of TerniEnergia Group

For further information

WWW.TERNIENERGIA.COM
TWITTER: @TERNIENERGIA
FACEBOOK: WWW.FACEBOOK.COM/TERNIENERGIA
LINKEDIN: WWW.LINKEDIN.COM/COMPANY/TERNIENERGIA

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Plug in the smart energy company