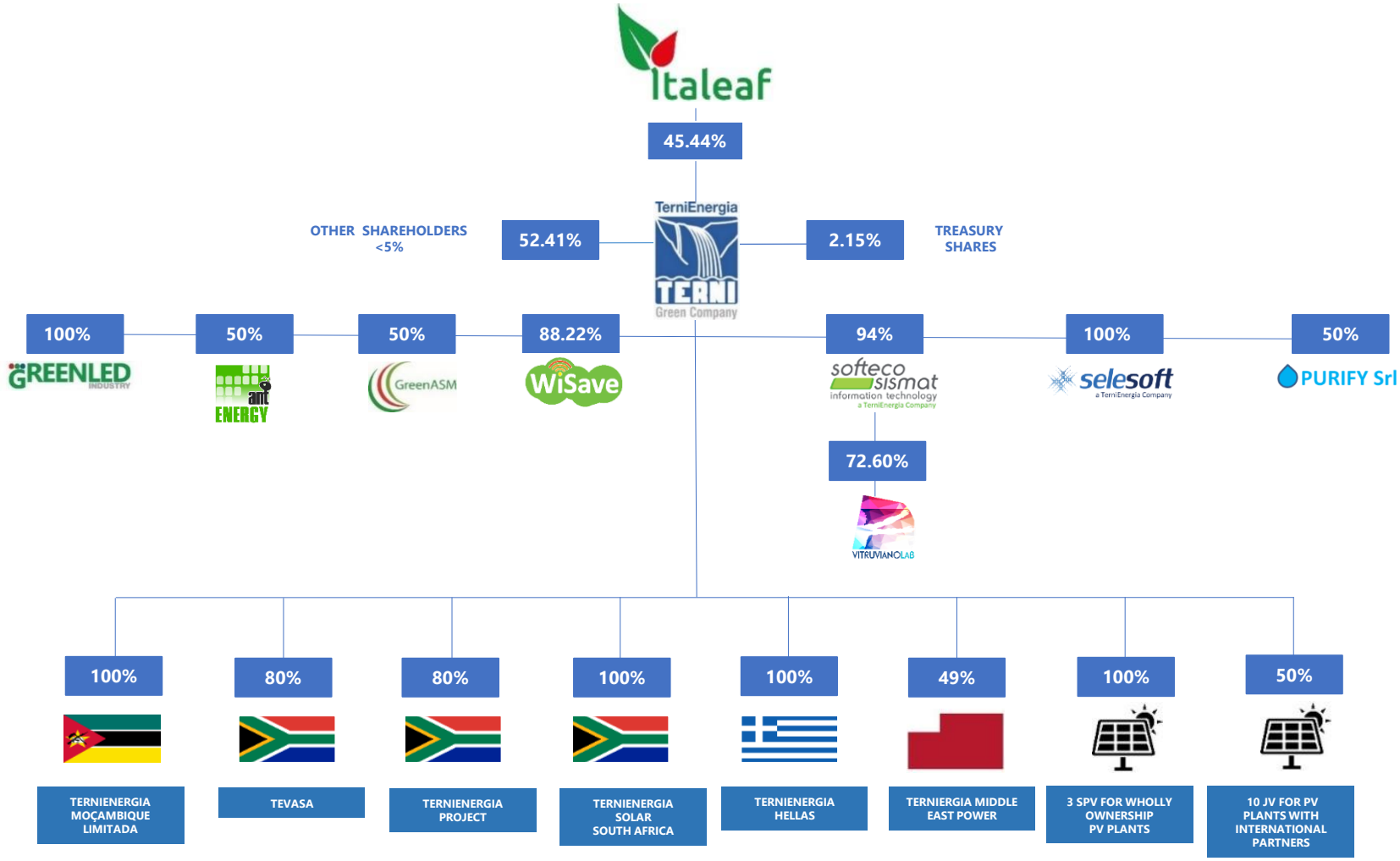
BANCA IMI
Roadshow
8 October 2017

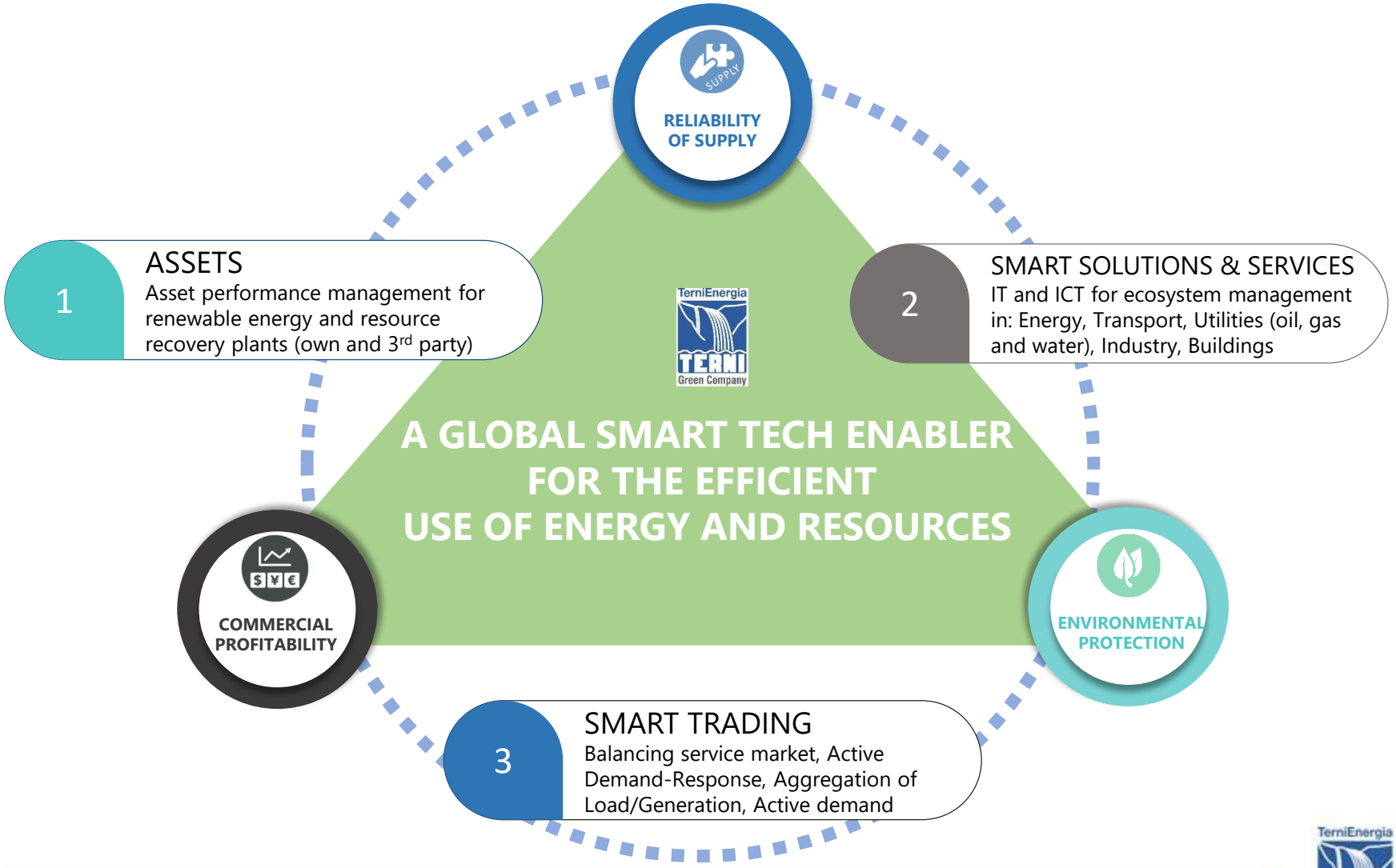
A global smart technology enabler for energy and environmental efficiency

Strategic guidelines 2018-2020
Change as an opportunity

TerniEnergia simplified Group chart



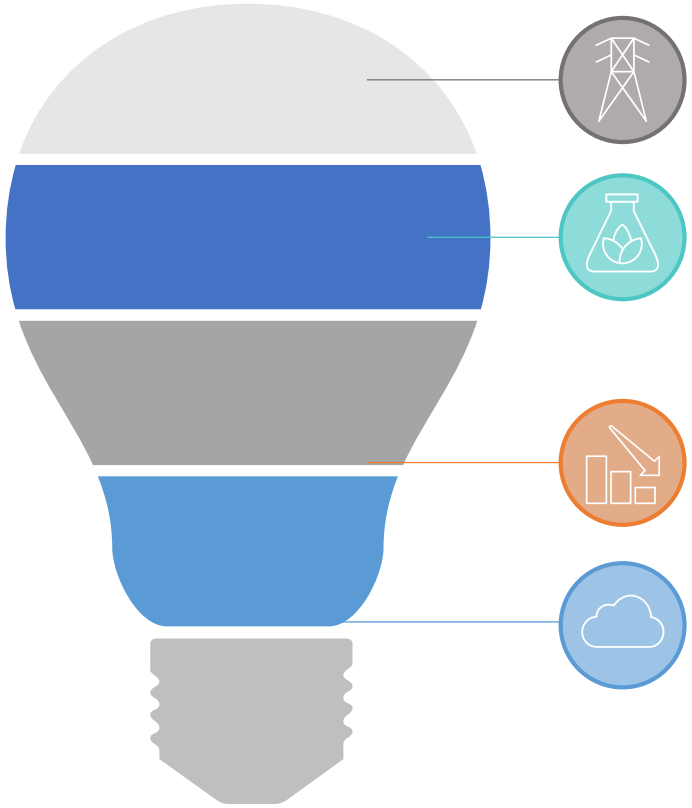
Repositioning into a new playing field



The results of Softeco and Selesoft integration

In November 2016 TerniEnergia acquired Softeco Sismat and Selesoft consulting. The digital companies provide consultancy, solutions, services and products for energy, transport and industry. These include Energy Efficiency, Building Management Systems, ERP for electricity and gas, Interruptibility, Smart Cities and Smart mobility for public and private transport

An ecosystem becomes "smart" and "sustainable" through strategic deployment of ICT solutions and services to achieve objectives on some key areas: energy efficiency, smart grids, transportation, utilities (oil, gas and water) and buildings (areas where IT intersects industry). "Exponential improvement in core digital technologies is fueling exponential innovation across industrial sectors".



ENERGY AND RESOURCE EFFICIENCY

ICT deployed to increase energy efficiency in industry, commercial, transport, buildings and beyond, including urban planning; Digital optimized water and waste management, oil & gas, etc.

CARBON NEUTRALITY

ICT deployed to decrease carbon footprint of private and public real estate, to feed distributed renewables into the grid, to optimize traffic management, to manage public lighting, etc.

COST-EFFECTIVENESS

ICT deployed to achieve savings through reduced peak energy demand, to turn consumers into prosumers, to optimize logistics; to reduce technical complexity in services, etc.

FURTHER EMERGING OBJECTIVES

such as cybersecurity, open data, interoperability, simulation, gamification, prediction, hybridization, etc.

R&I : new knowledge for new business

www.research.softeco.it

Softeco Sismat R&I
Key facts

- 5-8% of company resources to R&I activities
- 90+ R&I projects since 1993
- 500+ international partners

2017
Key figures

- 12 running projects
- 8 new projects starting 2017
- Over 3 Million € new grant awarded (2017-2019)

New projects 2017

PODCAST
Smart distribution network balancing and monitoring with distributed storage and capillary smart metering data

PredICT
Model predictive energy management and control for non residential building for efficiency improvement and assessment

ANASTACIA
Security/trust assessment in IoT and distributed systems including Smart Grids

IMOVE
Mobility as a service (MaaS) piloting in Berlin, Greater Manchester, Goteborg and Turin

PROSFET
Smart city logistics training network

INCLUSION
Accessible and sustainable mobility services, piloting in Barcelona, Florence, Flanders, Cologne, Budapest, Scotland

WInSiC4AP
Smart power converters validation

ROC-POP Life
Monitoring sustainability in marine ecosystem

Digital energy

Cybersecurity

Smart Mobility

Industry 4.0

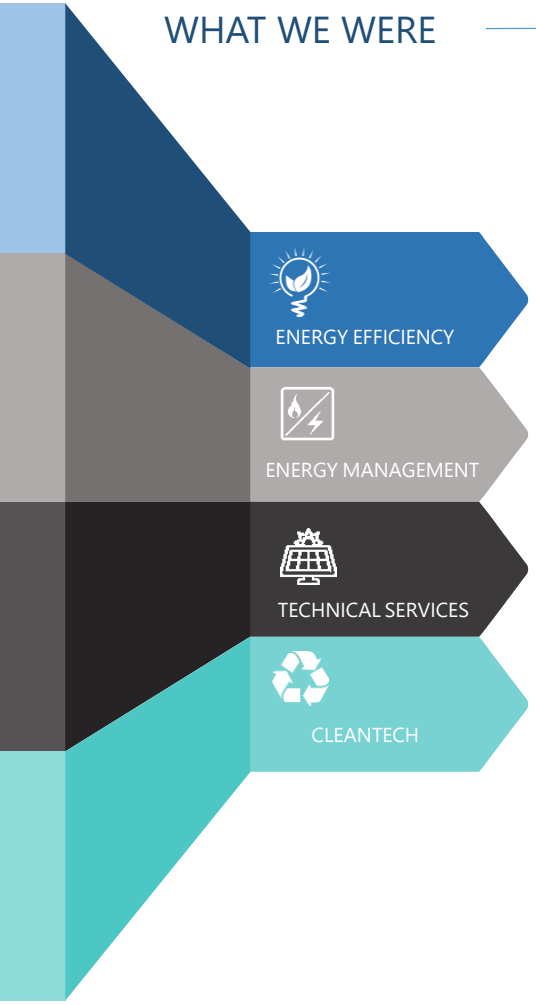
Clean environment

A flexible approach to drive strategic change

WHAT WE WERE

Research and innovation have a critical role to play in making TerniEnergia a smart technology enabler capable of shaping the digital energy market and setting trends in circular economy

WHAT WE ARE BECOMING



STRATEGIC BUSINESS UNITS

ASSETS

LOB
- Power generation
- Waste treatment and recycling

SMART SOLUTIONS AND SERVICES

LOB
- Consulting
- Solutions
- Management
- On-site engineering and operations
- Smart trading

- 2 new strategic business units
- Transitioning from EPC player to provider of on-site engineering and operations services
- Leveraging on O&M expertise (in PV and Cleantech) to become a leading asset performance manager
- Making technology central to the energy market
- Implementation of truly innovative smart energy concepts ranging from microgrids, demand respond and capacity aggregation to virtual power plants (VPPs)
- Strengthening smart energy trading activities
- Giving industry access to the latest technologies for energy efficiency (advanced BMS, software development, hardware supply, IoT)
- Providing consultancy services to allow our international partners to develop innovative solutions across industrial sectors
- Contributing to the development of smart mobility with digital, ITS and EV solutions which are the forefront of market innovation

TerniEnergia Group's References

STRATEGIC BUSINESS UNIT: ASSETS

PV power generation assets

- **45 PV plants in Italy**
- **All the plants entirely built and operated by TerniEnergia**
- **42 MW of total capacity**
- **12 MW in full ownership**
- **30 MWp in JV with funds, investors and industrial partners**
- **The total power generation is equal to around 60.4 million kWh/year**
- **The energy produced is sold to trading companies and to the national energy services management company (GSE)**

Circular economy assets

Pyrogassifier of virgin wood plant
850 kWe
BORGOSESIA (VC)

End of life tires recovery plant
Capacity 24,600 t/y
BORGO VAL DI TARO (PR)

End of life tires recovery plant
Capacity 18,000t/y
NERA MONTORO (TR)

PURIFY
Groundwater remediation plants
Capacity 438,000 mc/y
NERA MONTORO (TR)

PURIFY
Liquid waste remediation plants
Capacity 58,000 mc/y
NERA MONTORO (TR)

GREENASM
Anaerobic biodigestion and composting plants
Power generation 740kWe
Capacity 43,500 t/y Organic Waste
NERA MONTORO (TR)

DOUBLING PROJECT OF N.M. BIODIGESTOR
Anaerobic biodigestion and composting plants
Biomethane 270 Smc/h
Capacity 30,000t/y Organic Waste
NERA MONTORO (TR)

NEWCOENERGY
Anaerobic biodigestion and composting plant
Biomethane 270S mc/h
Capacity 30,000t/y Organic Waste
CALIMERA (LE)

- UNDER CONSTRUCTION
- IN OPERATION
- IN STANDBY
- PROJECT

STRATEGIC BUSINESS UNIT: SMART SOLUTIONS AND SERVICES

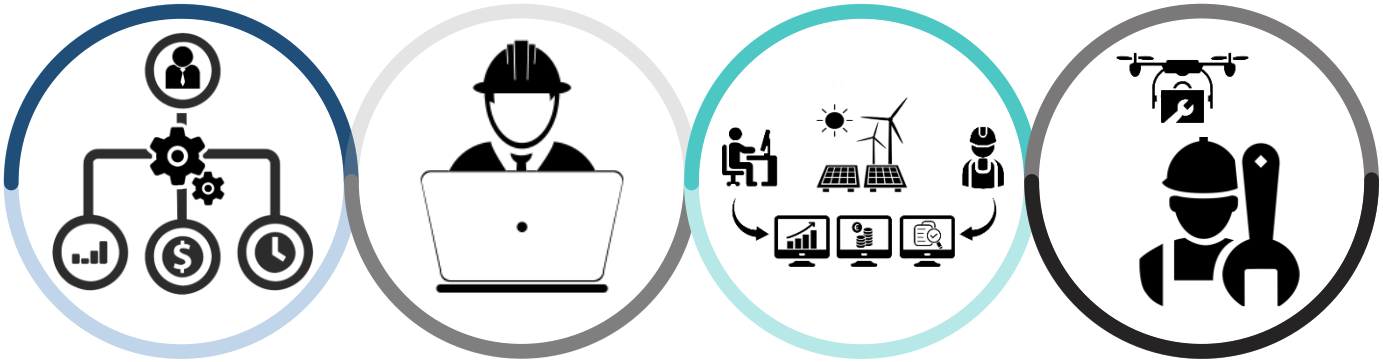
On-site engineering and operations

As an EPC contractor and a system integrator TerniEnergia has built over 420 MW of solar PV globally.
Two further PV plants are currently being completed:

- 10 MW PV plant in Tozeur, Tunisia
- 34 MW PV plant in Lusaka, Zambia

Solar PV remains an area of activity in this transitional phase from EPC player to provider of on-site engineering and operations services. These services ensure maximized energy production, minimal downtime, reduced O&M costs and, ultimately, highly performing assets.

Asset performance management



1 **ASSET SUPERVISION**

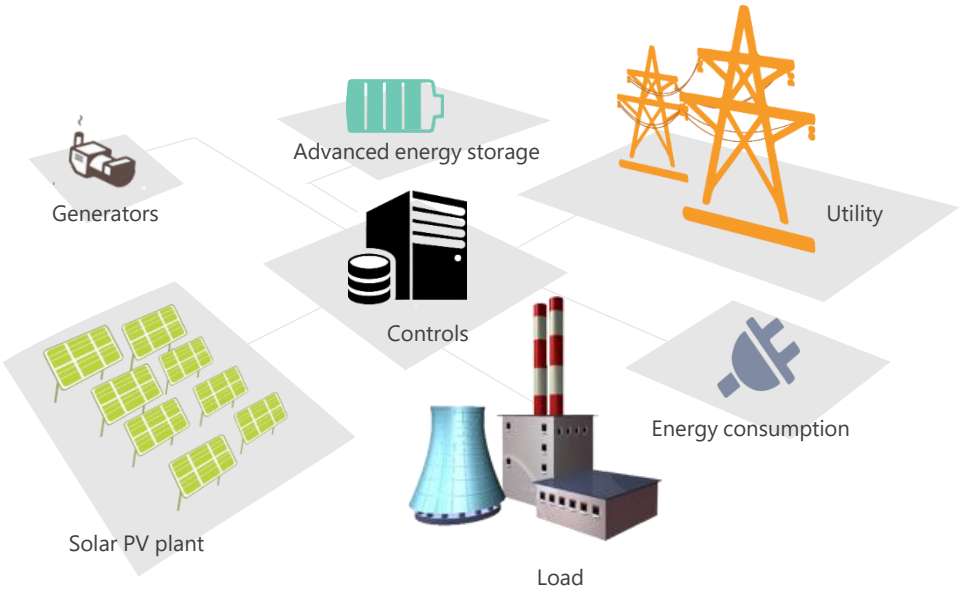
2 **ENGINEERING**

3 **OPERATION MANAGEMENT**

4 **MAINTENANCE**

Microgrids, a future TerniEnergia is ready for

As a pioneer in digital energy solutions, TerniEnergia is increasingly focusing on activities with a highly innovative technological content. By combining its considerable track record as a system integrator and the proven world class expertise of Softeco and Selesoft, TerniEnergia is perfectly prepared for the emerging microgrid market



- Intelligent energy storage, based on special weather-related or process needs;
- Full optimization of combined heating and power (CHP);
- DER functionality without a dedicated generator control system, because the EMS will dispatch only voltage and power;
- Microgrid operation based on the energy market predictions for both gas and electricity;
- Optimization of heating, ventilation and air conditioning (HVAC) through advanced control strategies;
- Minimized pollution based on sophisticated algorithms that consider CHP and displaced emissions;
- Enhanced power quality where, for example, a loss of grid power causes a seamless transfer to standalone power involving only a loss of non-critical loads within the microgrid;
- Support of the future grid through an array of ancillary services, such as voltage regulation and reserve power.

Softeco and Selesoft: the smart side of the Group

MARKET

- **System integration**
- **Smart processes**
- **Digital services**
- **IT and ICT Solutions**
- **Mission critical applications**

ENERGY | TRANSPORT | UTILITIES | INDUSTRY | BUILDINGS

CONSULTING

VERTICAL MARKETS

- Technology market partnership with leading companies
- Data Integration
- SCADA (Supervisory Control and Data Acquisition)
- Firmware and hardware development in embedded systems
- Embedded systems
- Image processing and remote diagnostic
- IoT

SMART
Smart City
Smart Grid

NGAN
Network Engineering
Network Services

BUILDING
Wireless Sensor Networks (WSNs) and Internet of Things (IoT)

ENERGY & UTILITIES
Transmission Grid, Distribution Network, Process Control, Energy Efficency

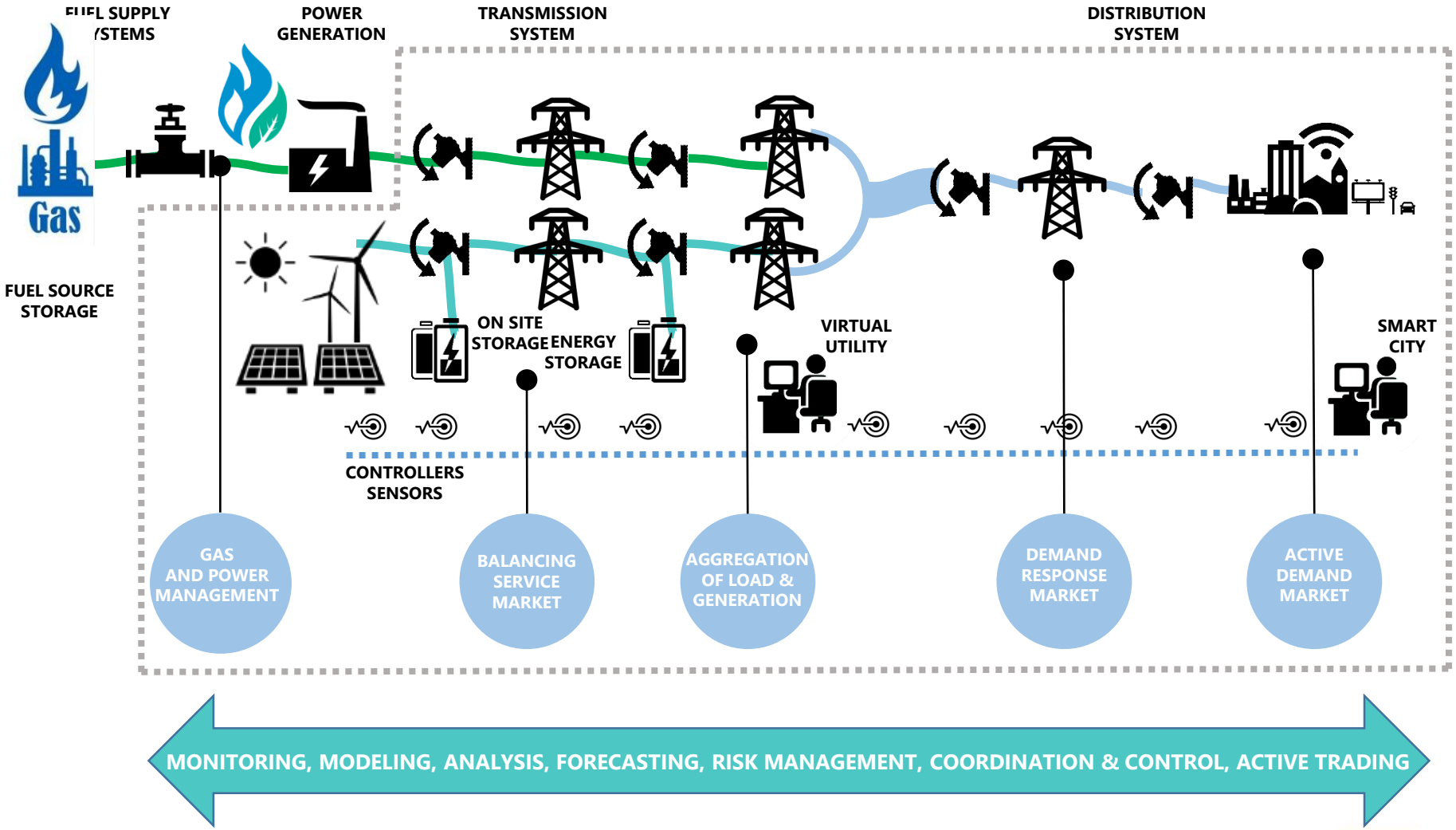
INTELLIGENT TRANSPORT SYSTEM
Large Infrastructures

INDUSTRY
Process Control Systems Oil & Gas
Data mining

LOCAL & CENTRAL GOVERNMENT
Tailored solutions to migrate apps in a cloud environment

RESEARCH & DEVELOPMENT

A first mover in Italian smart energy trading

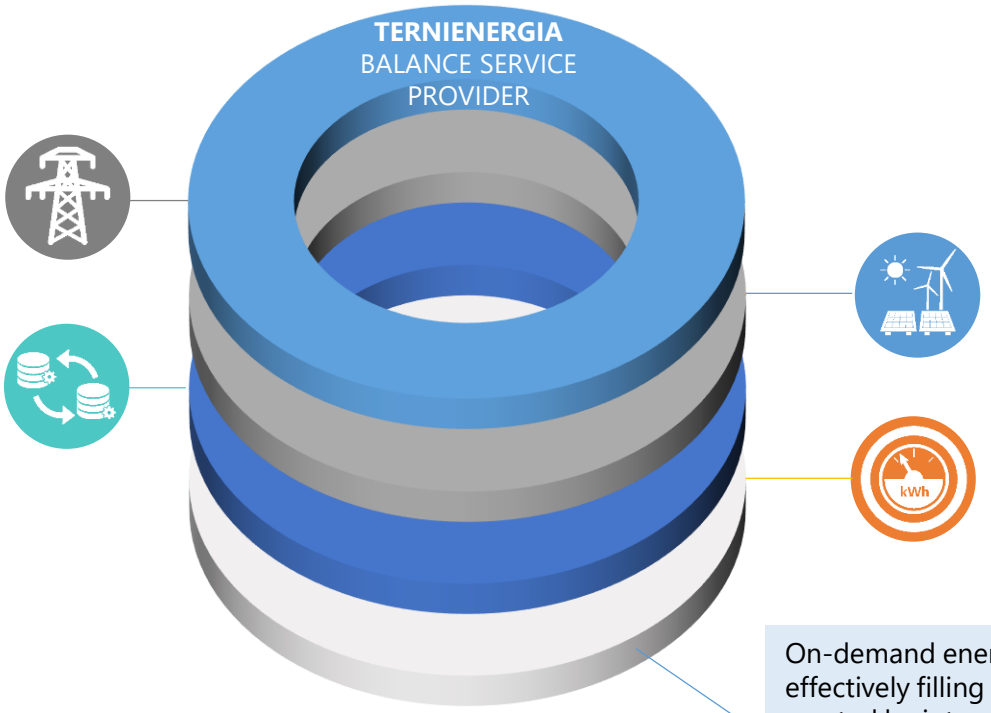


Distributed energy management on balancing

Subscription fee for the EMS, energy trading brokerage (shared earning)

TSO/RTO
Transmission System Operators/Regional Transmission Organizations
Need:
Increase electricity availability in response to system contingency

TERNIENERGIA SMART TRADING
Identify flexible Renewable Energy Generation capacity and find the best value for it, across balancing, capacity and wholesale markets. Present a more reliable and valuable service to network operators



UVAP*
Aggregation of generation plants including renewable
Need:
Maximise energy output, optimise the price for the energy generated. Introducing storage

TERNIENERGIA VIRTUAL UTILITY
Provide access to balancing service revenue to UVAP

On-demand energy provision, effectively filling the gaps created by intermittent renewable generation. Accurately identify and switch between the best opportunities

Payment for UVAP balancing capability

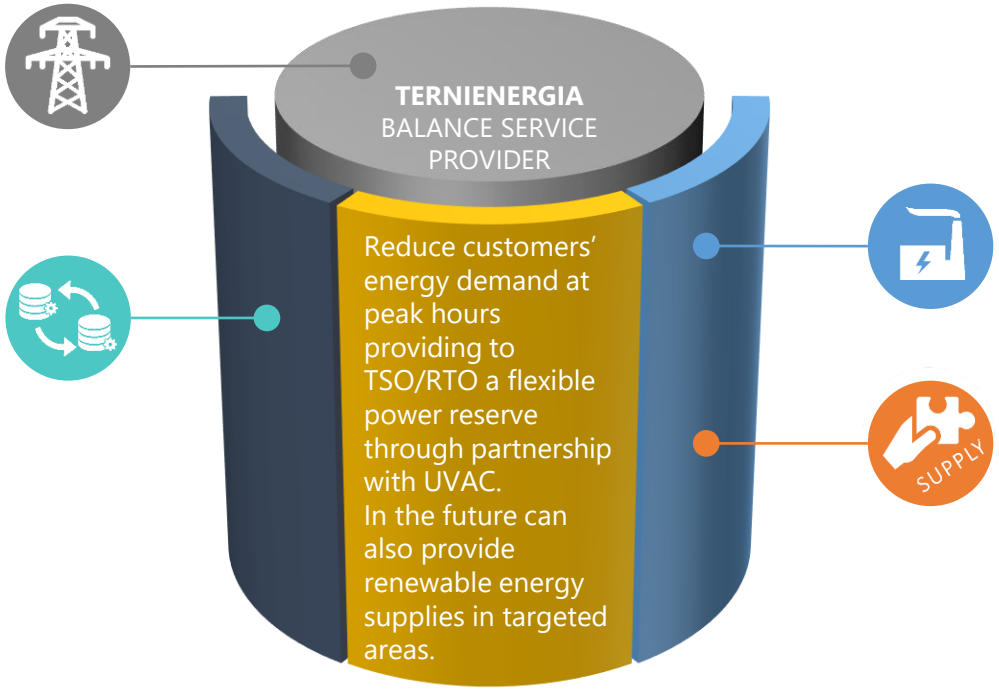
*UVAP: Unità Virtuali Abilitate di Produzione / Virtual generation units enabled to balancing service market

Aggregated electricity management on balancing

Subscription fee for the EMS, energy supply tariff, brokerage (shared saving)

TSO/RTO
Transmission System Operators/Regional Transmission Organizations
Need:
Reduce electricity demand in response to system contingency

TERNIENERGIA SMART TRADING
Providing "negawatts" of reduced energy use to transmission operators, thanks to an active energy and data management



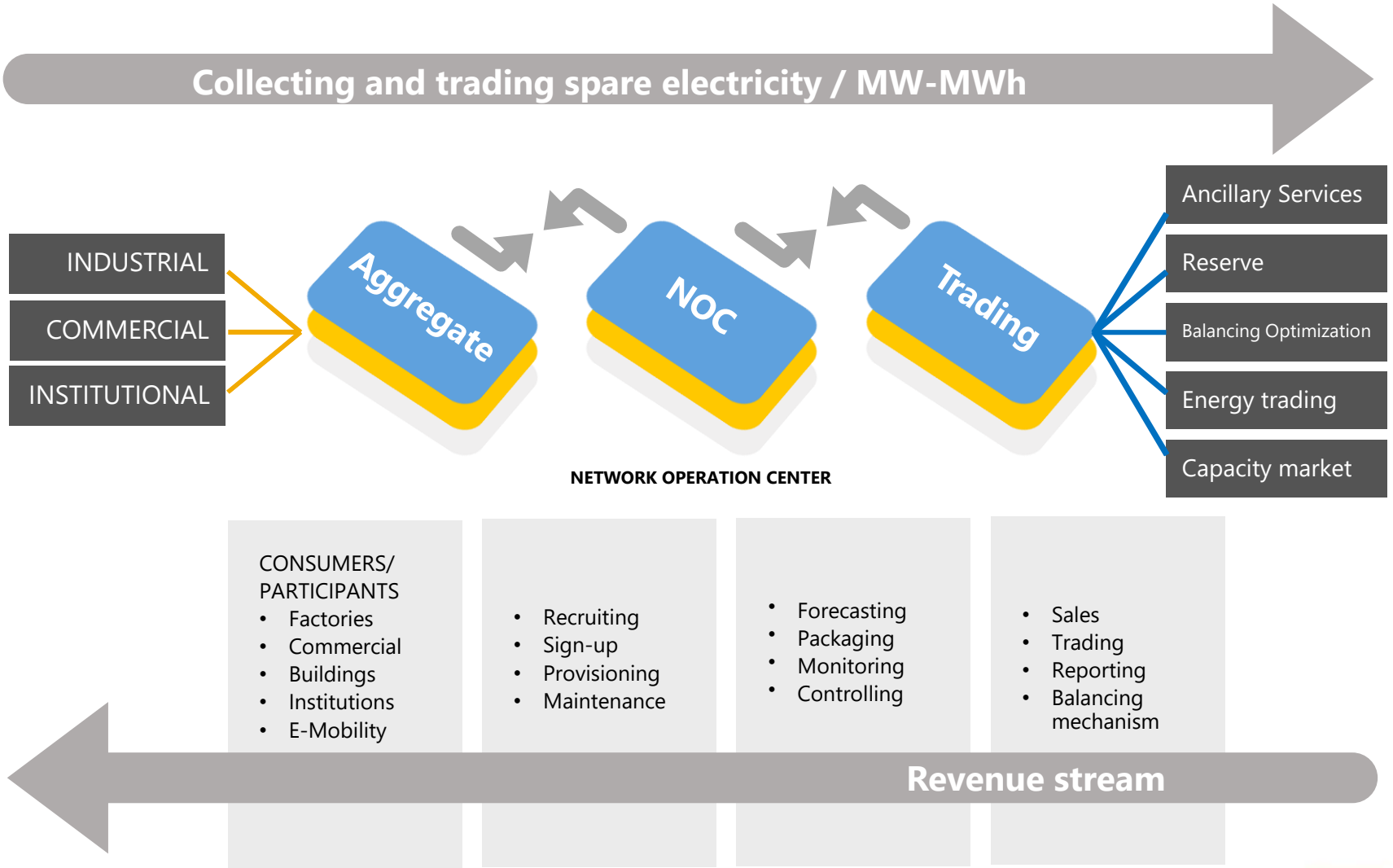
UVAC*
Aggregation of energy users
Need:
reduce energy cost by exploiting demand flexibility

TERNIENERGIA SMART TRADING
Leveraging the energy supply to target industrial and commercial customers and to build more robust aggregation portfolios

Payments for UVAC capacity, operating reserve constraint mitigation provided

*UVAC: Unità Virtuali Abilitate di Consumo / Virtual demand units enabled to balancing service market.

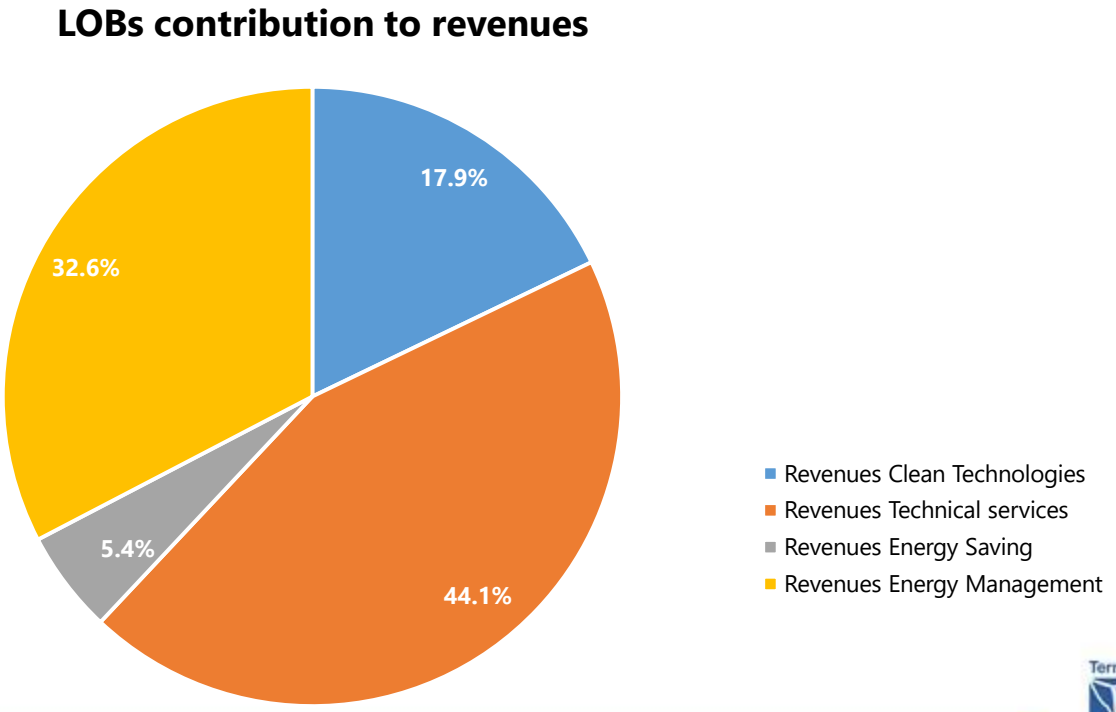
Demand Response and Active Demand



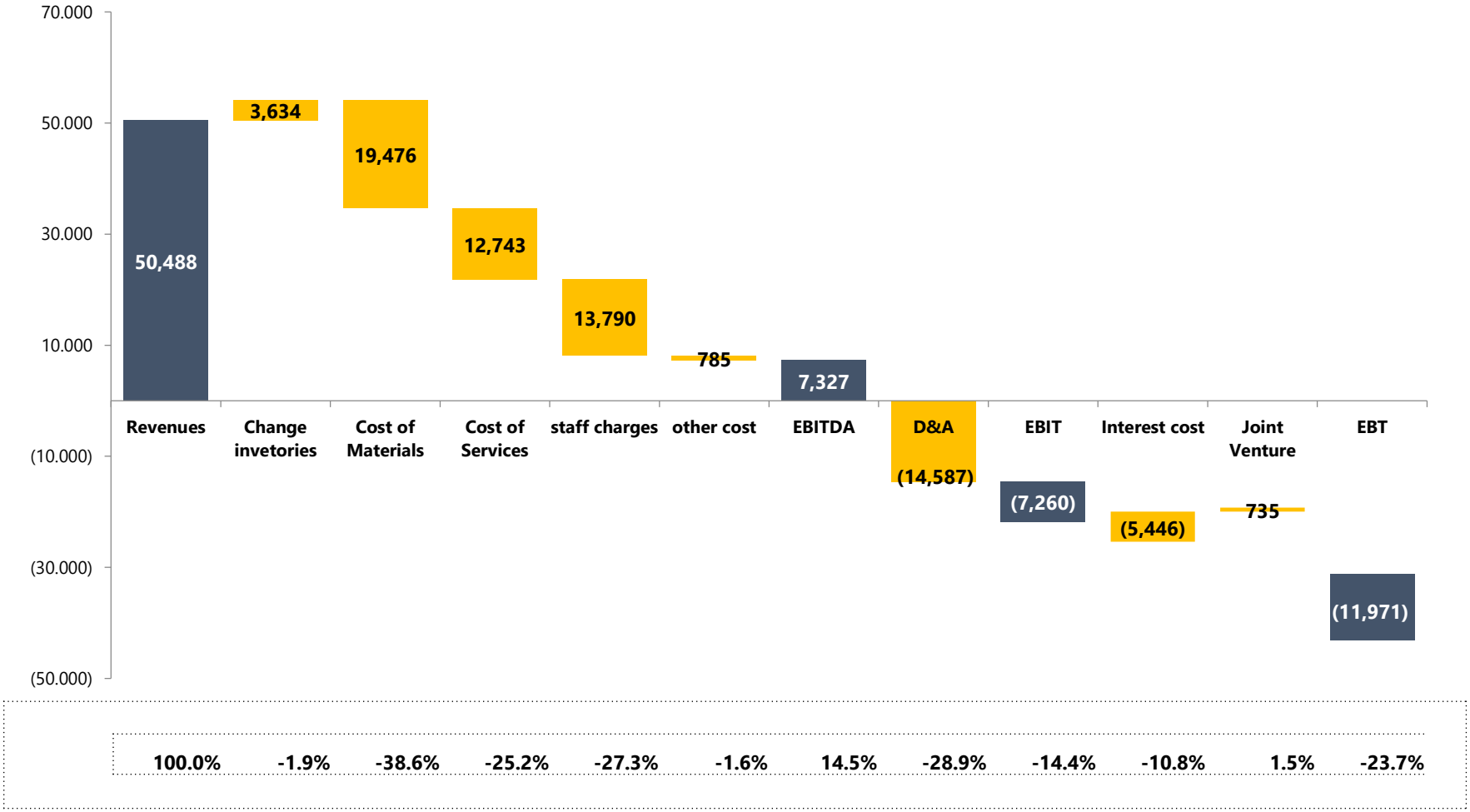
SOLID FINANCIAL FOUNDATIONS ON WHICH TO BUILD

Consolidated financial results 3Q 2017

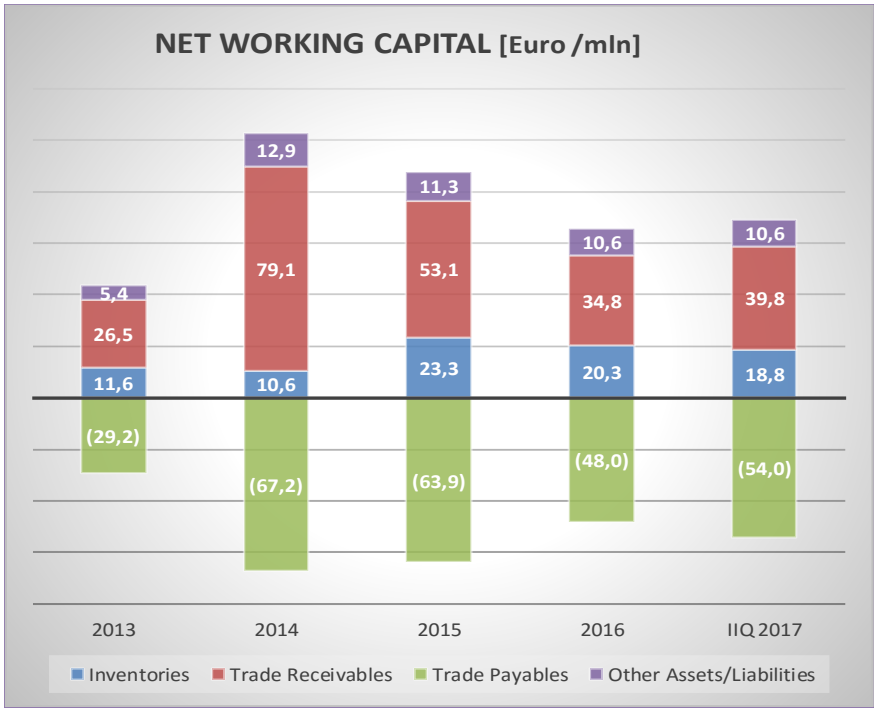
(in Euro)	Nine months 30 September 2017	Nine months 30 September 2016	Change	Change %
Revenues Clean Technologies	9,016,857	7,429,922	1,586,935	21.40%
Revenues Technical services	22,287,555	46,973,826	-24,686,271	-52.60%
Revenues Energy Saving	2,700,024	1,766,588	933,436	52.80%
Revenues Energy Management	16,483,065	5,181,538	11,301,528	n.a.
Total	**50,487,501**	**61,351,874**	**-10,864,372**	**-17.70%**

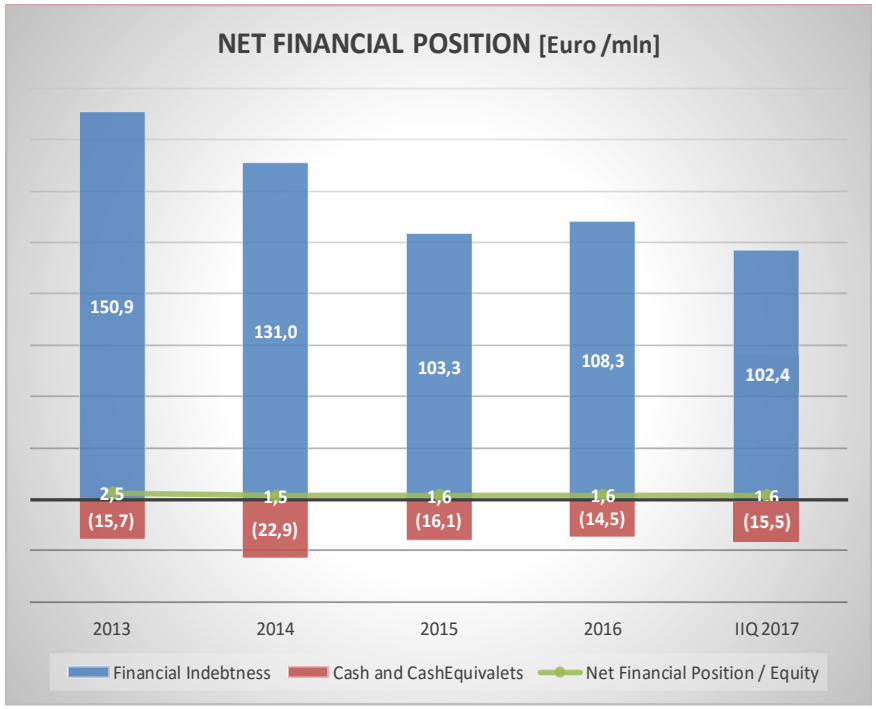


Consolidated Financial Results – Bridging To Ebt



Consolidated Financial Results – Balance sheet





	2013	2014	2015	2016	3Q 2017
Inventories	11,6	10,6	23,3	20,3	19,5
Trade Receivables	26,5	79,1	53,1	34,8	36,3
Trade Payables	(29,2)	(67,2)	(63,9)	(48,0)	(52,6)
Other Assets/Liabilities	5,4	12,9	11,3	10,6	8,5
Net Working Capital	**14,4**	**35,4**	**23,7**	**17,6**	**11,7**
NWC/Sales (%)	**29,6%**	**37,2%**	**6,4%**	**20,4%**	**23,2%**

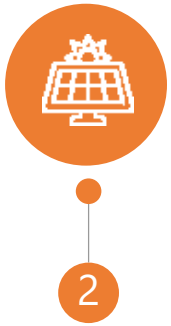
	2013	2014	2015	2016	3Q 2017
Financial Indebtness	150,9	131,0	103,3	108,3	102,4
Cash and CashEquivalets	(15,7)	(22,9)	(16,1)	(14,5)	(15,5)
Net Financial Position	**135,2**	**108,2**	**87,2**	**93,8**	**87,0**
Current NFP	18,2	18,3	8,0	15,7	11,7
Non Current NFP	117,0	89,8	79,2	78,1	75,2
Short NFP/Equity	0,3	0,3	0,1	0,3	0,2
NFP/Equity	2,5	1,5	1,6	1,6	1,7

Transiction plan for the strategic repositioning

Adopted and immediately implemented a transition plan, aimed at stabilizing the company's economic and financial situation by December 31,2017 and ensuring the optimization of the resources available in the challenging phase of the change. These actions confirm the strategic guidelines 2018-2020 and provide for savings in company fixed costs of over € 2 million on an annual basis.

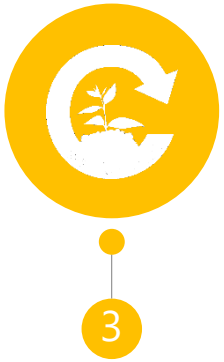
1

Personnel management through the use of social safety nets for one year and 45 employees,, with a reduction in costs compared to the collective redundancy plan



2

Potential sale of non-strategic assets in order to obtain liquidity. Non-controlling investments in PV plants with a total power of 30 MWp. The timeframe for defining this type of transaction on the secondary market varies between 3 and 8 months



3

Full or partial sale of Newcoenergy S.r.l.: biodigestion plant under construction in Calimera (Lecce), for the treatment of organic waste for the production of biomethane. It avoids the need for capital intensive investment

4

Opportunities for the sale of Greenled Industry S.p.A.

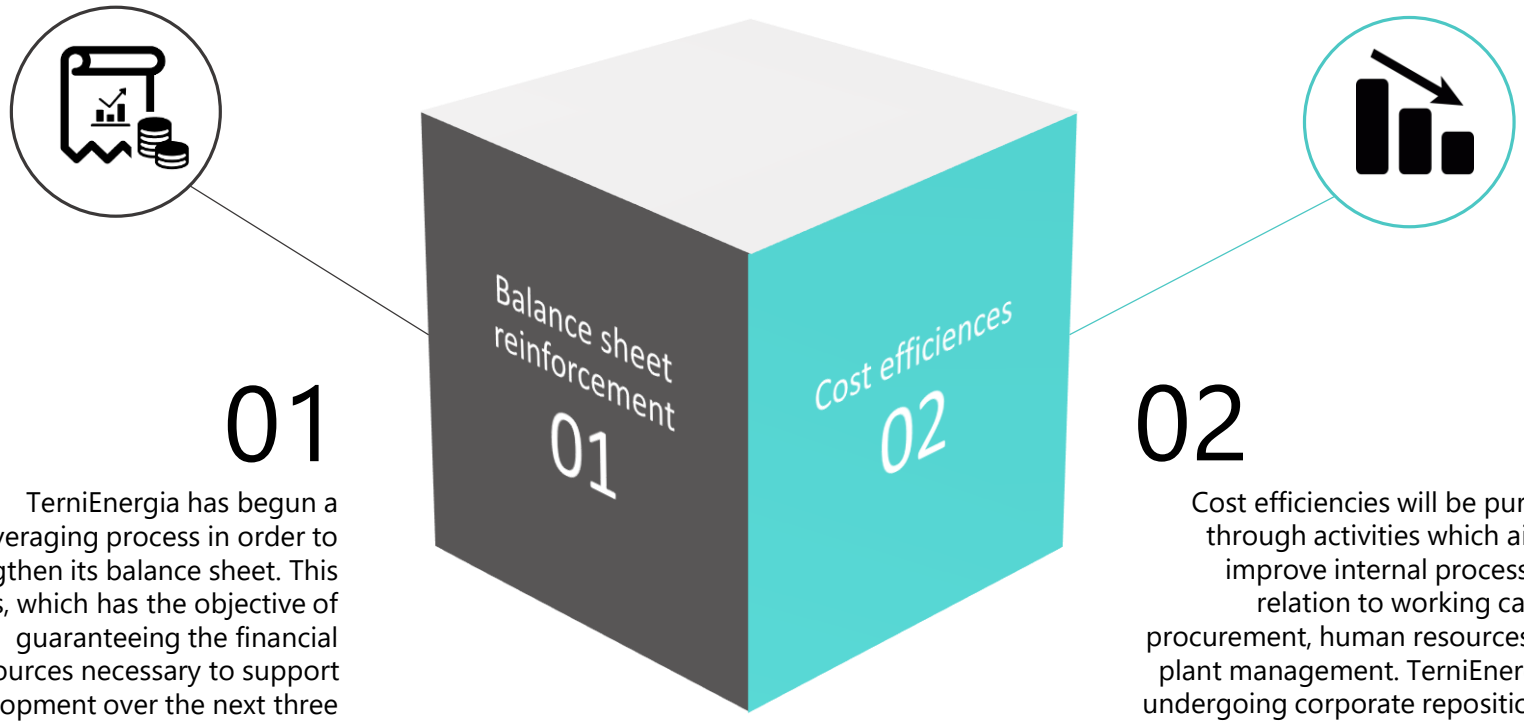
5

Contribution in kind of the EPC and O&M branch or business units (engineering and technical office, operating teams and equipment) to industrial companies to give continuity to the LOB "On Site Engineering and Services", transforming fixed costs into variable costs

6

Revision of the cost of service contracts, adapting to the new, smaller requirements

Deleveraging and cost efficiencies



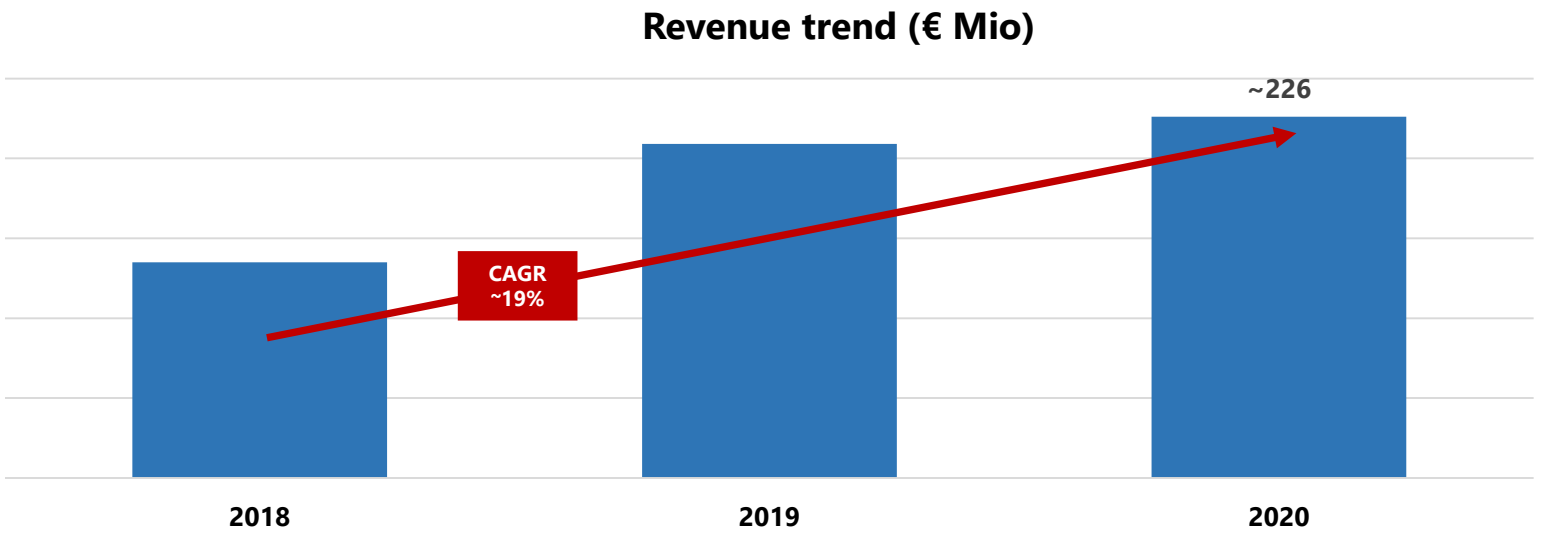
01

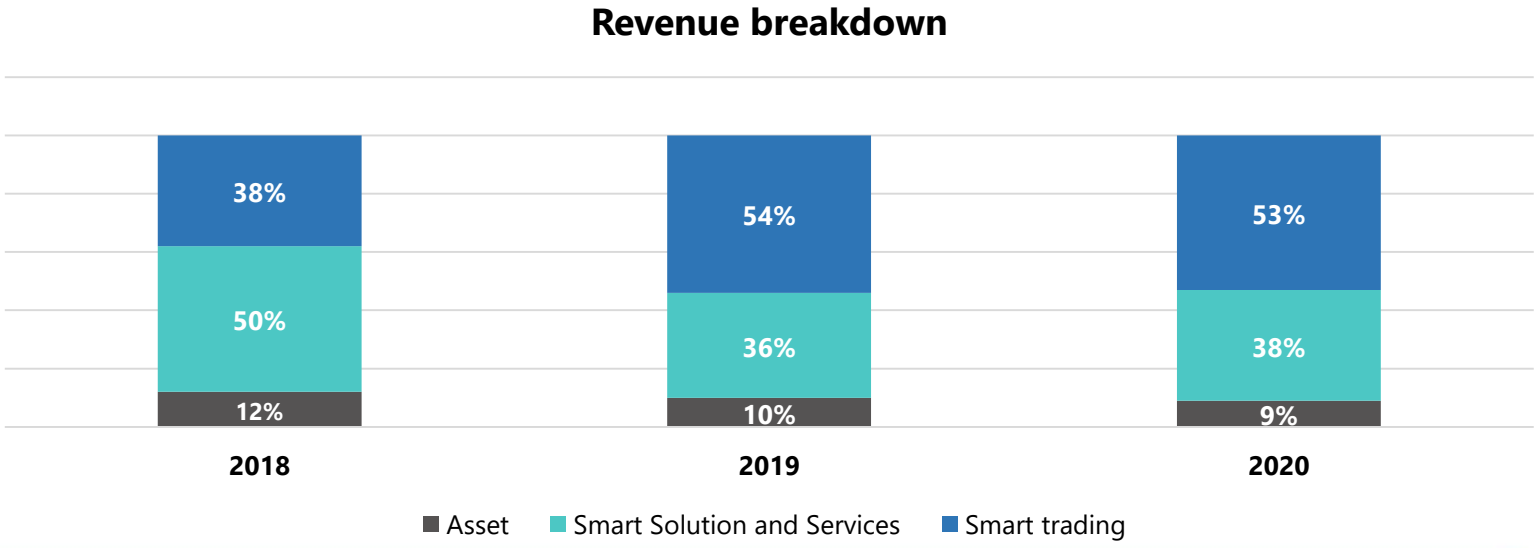
TerniEnergia has begun a deleveraging process in order to strengthen its balance sheet. This process, which has the objective of guaranteeing the financial resources necessary to support development over the next three years, may involve current shareholders as well as potential investors and/or industrial partners.

02

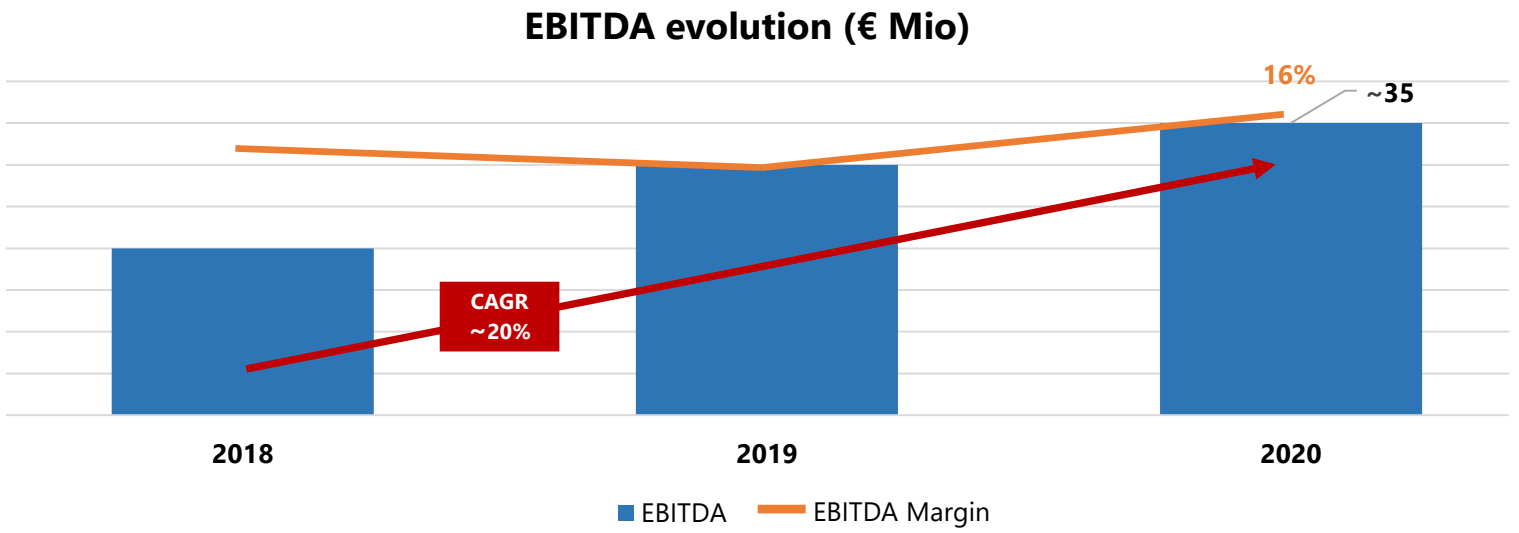
Cost efficiencies will be pursued through activities which aim to improve internal processes in relation to working capital, procurement, human resources and plant management. TerniEnergia is undergoing corporate repositioning to focus on service activities which do not require significant investments.

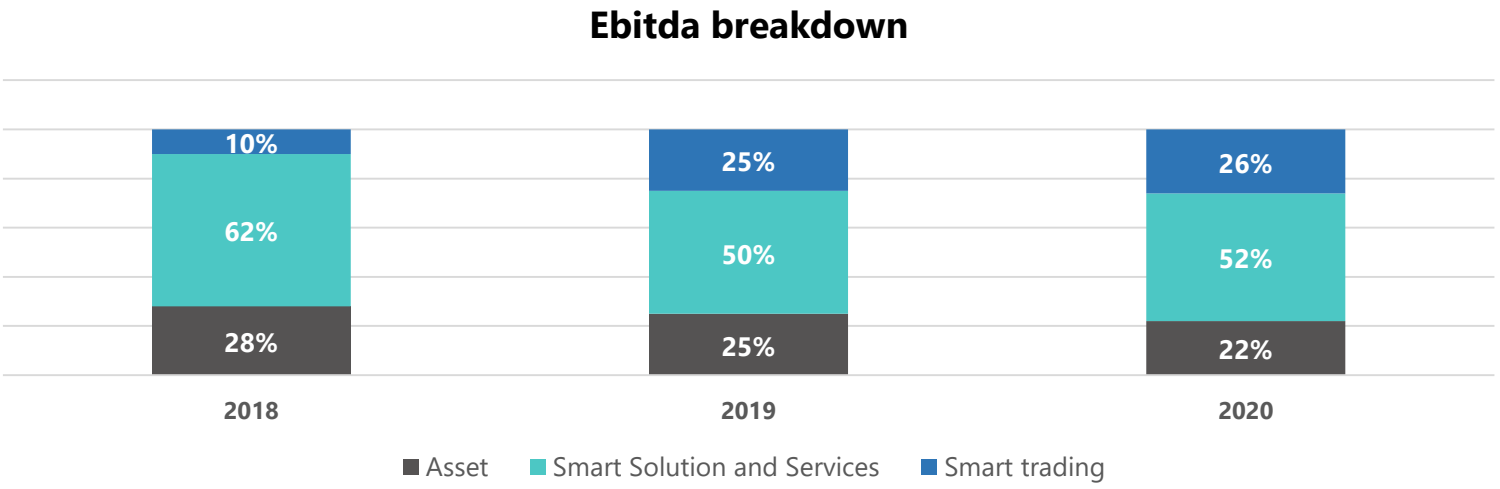
Revenue growth and breakdown



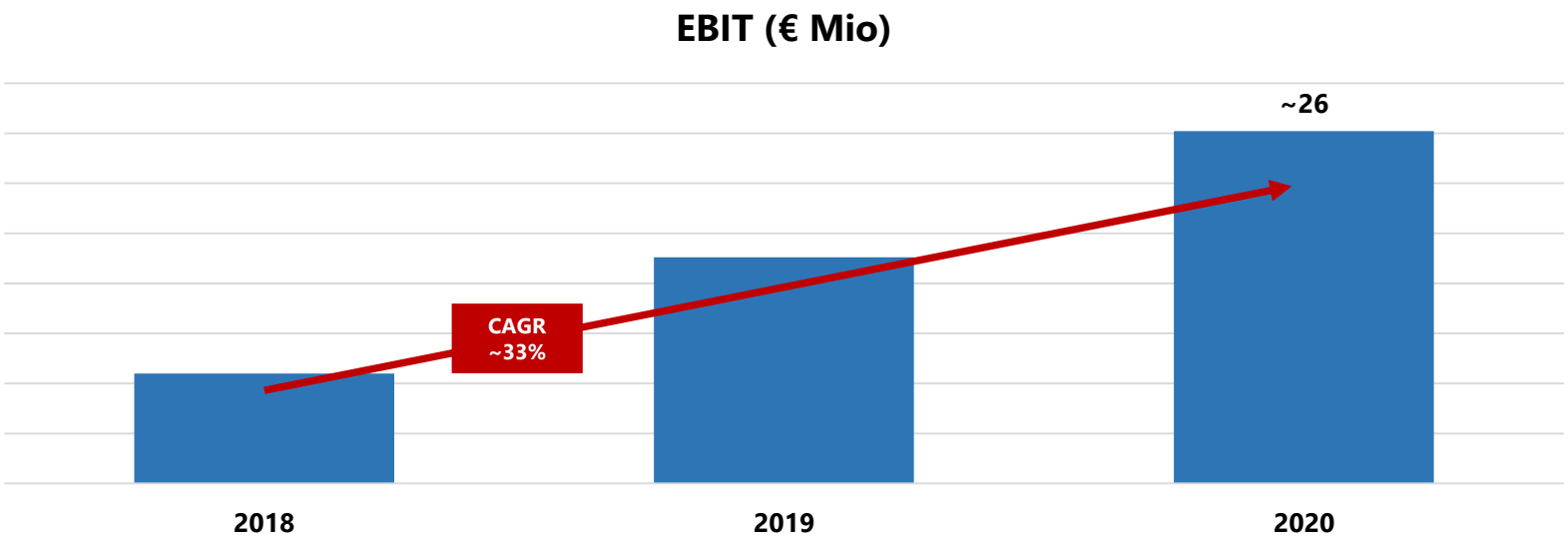


Ebitda and breakdown





Ebit trend



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Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to: changes in global economic business, changes in the price of certain commodities including electricity and gas, the competitive market and regulatory factors.

Moreover, forward-looking statements are current only at the date they are made.

For further information

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