

TERNIENERGIA: the Board of Directors approves the Half-Yearly Financial Report as at 30 June 2019

Reviewed the Group's economic and financial performance and the progress of the Recovery and Relaunch Plan: strong recovery of profitability and improvement of operations in the second half of 2019

- Revenues for the half-year amount to Euro 11 million (Euro 11.2 million as at 30/6/2018)
- EBITDA equal to Euro 0.3 million (Euro 0.7 million as at 30/6/2018) with Ebitda Margin at 3.1%.
- EBIT equal to Euro -2.7 million (Euro -1.3 million as at 30/6/2018), Earnings before taxes (EBT) equal to Euro -4.4 million (Euro -3.6 million as at 30/6/2018)
- Net result of Euro -3.3 million (Euro -3.5 million as at 30/6/2018)
- Net Financial Position of Euro 66.7 million (Euro 65.2 million at 31/12/2018)
- Shareholders' equity equal to Euro 8.5 million (Euro 11.4 million at 31/12/2018)

The Board of Directors of **TerniEnergia**, a smart company listed on the Italian Stock Exchange's telematic share market (MTA) and part of the **Italeaf** Group, approved today the half-yearly financial report as at June 30, 2019 and reviewed the ongoing implementation of the Recovery and Relaunch Plan.

ECONOMIC AND FINANCIAL TREND

The Board of Directors also reviewed the Group's operating and financial position with regard to the progress made in implementing the Restoration and Relaunch Plan, the effectiveness of which was communicated to the market on September 30, 2019. An assessment of the performance indicators, the state of progress of the integration of Softeco Sismat into the TerniEnergia Group (which will be completed by the effectiveness of the merger at the beginning of 2020) and an analysis of the trend of the operational and industrial turnaround and of the process of disposing of assets that are no longer core, shows a trend of significant improvement in the business. This positive evolution of the company's performance, mainly driven by the growth of Softeco's revenues in the second half of the year, is also characterized by a strong recovery in profitability and an improvement in operations. In particular, the business of the Group's digital company, linked to the acquisition of multi-year contracts, is characterised by a traditional cyclical nature, which involves peaks in activity during the period of contractual expiry dates and lower load phases in the period of contract renewals or acquisition of new contracts. For the second half of 2019, Softeco's EBITDA is therefore expected to grow to a higher level than in the previous year, which amounted to approximately Euro 3.2 million.

CONSOLIDATED RESULTS AS AT 30 JUNE 2019

It should be noted that the Half-Yearly Financial Report, approved today by the Board of Directors of TerniEnergia, does not yet include the effects of the debt restructuring agreements as part of the Plan pursuant

to Article 67 of Royal Decree No. 67 of 16 March 1942 (the Recovery and Relaunch Plan and related Financial Agreement). These effects are mainly represented by:

- the reclassification under non-current financial indebtedness of approximately Euro 52 million in payables to banks and bondholders, classified at June 30, 2019 as still current indebtedness;
- the recognition of a gain in the income statement of approximately Euro 1 million, gross of the tax effect, resulting from the application from 1 July 2018 of lower interest rates on bank and bond debt.

Revenues amounted to Euro 11 million, -1.3% (Euro 11.2 million as at 30/6/2018). The expected and marginal decrease in revenues was caused by the lower load on the activities of the digital company Softeco, deriving from the process of acquiring new contracts and from participation in tenders for new orders, as well as the reduction in the number of employees compared to the same period of the previous year, whose benefits in terms of efficiency are already expected in the second half of the current year (314 employees on average in the first half of 2018, compared to 290 employees on average in the first half of 2019). For this reason, **EBITDA** amounted to Euro 0.3 million, decreasing compared to June 30, 2018 (Euro 0.7 million), with **Ebitda Margin** equal to 3.1%. As a result of the dynamics described above, a recovery in margins is expected in the second half of 2019.

The Net Operating Result (**EBIT**) is equal to Euro -2.7 million, with an increase in loss (Euro -1.3 million as at 30 June 2018), also due to higher amortisation, depreciation, provisions and write-downs of approximately Euro 3.1 million, compared to approximately Euro 2 million in the previous year. The Earnings before taxes (**EBT**) amounted to Euro -4.4 million (Euro -3.6 million as at 30/6/2018).

The **Net result**, equal to Euro -3.3 million, improved by 6.6% compared to Euro -3.5 million as at 30 June 2018.

The **Net Financial Position** is equal to Euro 66.7 million (Euro 65.2 million as at 31/12/2018), an increase due to the application of the recording of the financial debt relating to the Group's leasing contracts in accordance with IFRS 16, for a total amount of approximately Euro 1.3 million.

Shareholders' Equity amounts to Euro 8.5 million (Euro 11.4 million at 31/12/2018, -22.3%), also taking into account treasury shares held in portfolio, which amount to 1,012,998 (2.15% of the share capital).

Assets held for sale

Net income from assets held for sale, positive by Euro 0.3 million, includes the economic results of assets held for sale or disposal, such as the management of renewable power generation plants, the development and management of environmental plants (Cleantech) and financial assets relating to energy efficiency projects already completed. These assets have been classified as "held for sale" or "discontinued operations", in accordance with the international accounting standard IFRS 5. The planned disposals are operations aimed at supporting the industrial turnaround project, as envisaged in the Recovery and Relaunch Plan. The EPC business unit remained substantially inactive during the year, with the exclusion of activities relating to the contract in Tunisia, as a result of the Company's strategic transformation and pending the completion of the disposal processes. With reference to the EPC business unit, a provision of Euro 345 thousand was set aside in the six-month period ended 30 June 2019 to cover redundancy incentives, as reported in the press release issued to the public on 19 June 2019.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

Digital company Softeco consolidates its partnership with ATM in the Radiobus "on-call" transport service

On July 3, 2019, TerniEnergia announced that ATM (Milanese transport company) has integrated in the official App to move to Milan some important updates of the Personalbus technology platform developed by the Group's digital company, Softeco Sismat. Through this supply, Softeco consolidates its collaboration with ATM to support the operation of the ATM Radiobus "on-demand" service in the district, which has been operating since 2010 in 15 districts of Milan's urban area.

Energy consumption analysis service for ENAV is underway, with a dedicated platform created by Softeco

On July 19, 2019, TerniEnergia announced that the digital company of the Softeco Group has obtained a contract from ENAV, the company that manages civil air traffic in Italy, for the supply of a platform dedicated to the analysis of the consumption data of the individual sites where electricity is delivered to the customer (POD) and of those cost related to the contract stipulated with energy suppliers. The objective of the supply is to provide the energy management sector of the Authority with a decision support service, capable of optimizing energy consumption and promoting actions aimed at increasing consumption efficiency.

The Bondholders' Meeting of the "Euro 25,000,000.00 notes two 2019 - ISIN Code: IT0004991573" loan approves participation in the Recovery and Relaunch Plan and the amendment of the bond Terms and Conditions

On July 30, 2019, the meeting of the bondholders (the "Bondholders' Meeting") of the "TerniEnergia Euro 25,000,000.00 notes due 2019 – ISIN code IT0004991573" bond (the "Bond"), was held with the participation of the bondholders representing 62,80 % of the Bond. The Bondholders' Meeting resolved, with the majorities requested by the law, upon the participation of the bondholders to the Plan and the adoption of a new bond regulation (the "Bond Regulation"), which includes the amendments necessary to make the Bond Terms and Conditions consistent with the provisions of the Plan, in order for TerniEnergia S.p.A. (the "Company" or "TerniEnergia") to execute an agreement in accordance with article 67, paragraph 3, letter d), of Italian Royal Decree number 267 of 16 March 1942 (the "Plan").

In particular, the Bond Regulation (as amended), includes, inter alia, the following:

- the postponement of the final maturity date of the Bond from 30 September 2019 to 31 December 2027, in order to allow the Company to repay in full the Bond, as this new timeline is compliant with the cash flows generated by the disposal of the assets (directly or indirectly owned by TerniEnergia) provided under the Plan and by the operational management (gestione corrente) of the Company (after the merger with Softeco);
- the mandatory prepayment of the Bond (in compliance with the par condicio creditorum principle with the other financial creditors and in according to the priority of payments provided under the Plan) utilizing the proceeds deriving from the disposal of the aforementioned assets;

- the amendment to the interest calculation period, specifying that the new interest calculation period will be on a semi-annual basis and that the first interest calculation period has started on 6 February 2018 and will end on 31 December 2019;
- the amendment to the actual fixed interest rate to a floating rate equal to 6 Months Euribor plus 150 basis points (starting from 1 July 2018). Moreover, in compliance with the provisions of the Plan, the interest payment dates shall occur on a semi-annual basis falling on 30 June and 31 December of each year, provided that, the first interest payment date will be on 31 December 2019;
- the introduction of an amortization plan for the redemption of the Notes according to which (i) the first payment date will fall on 31 December 2019; (ii) the second payment date will fall on 31 December 2020, without prejudice to the fact that on 31 December 2020 the Bond will have to be reimbursed by the Issuer for a percentage equal to 35,6% of the total outstanding amount of the Bond. It is understood that, starting from 30 June 2021 until the final maturity date of the Bond (as postponed), the payment dates will be on a semi-annual basis (on 30 June and 31 December of each year). Moreover, considering that the amount to be paid on the first and second payment dates (i.e. 31 December 2019 and 31 December 2020) is linked to the revenues deriving from the disposal of the assets (directly or indirectly owned by TerniEnergia) and the timing of such disposal can't be predicted with certainty, in order to avoid the Plan to be too restrictive, the Bond Regulation will provide that if the Issuer will not comply with its payment obligations scheduled on 31 December 2019, such payments will be postponed on 31 December 2020 and will be equal to the difference between (i) the amount due on 31 December 2019; and (ii) the amount which will be actually paid on 31 December 2019. Therefore, on the basis of the above, (i) the amount due on 31 December 2020 will be equal to the sum of (a) the amount due on 31 December 2020 and (b) the difference between (x) the amount due on 31 December 2019 (capital and interest); and (y) the amount which has been actually corresponded on 31 December 2019, and (ii) the failure of the Issuer to pay the amounts due on 31 December 2019 will not be an event of default;
- the introduction of certain mechanisms that may grant an acceleration of the repayment of the Bond in the case of overperformance by the Company compared to the results provided under the Plan (i.e. mandatory prepayment; step-up; excess cash).

In addition to the above the Bondholders' Meeting has approved the granting of a waiver for any breach of covenants which have occurred or which could be qualified as event of default and / or any other event or other conditions (i.e. the failure by the Issuer to comply with (i) its financial covenants, (ii) its payment obligation (other than those payment obligations arising from the Bond), (iii) its obligations under the Bond Regulation) which may entitle the bondholders to request the acceleration and therefore the early redemption of the Bond. It is understood that non-effectiveness of the financial agreement to be executed for the purposes of implementing the Plan by the Company, on the one hand, and its financial creditors, on the other hand, by no later than 30 September 2019 would automatically imply the non-effectiveness of the participation by the bondholders to the Plan and of the amendments to the Bond Terms and Conditions.

Signed closing for the sale of 50% of the shares of a JV owner of two photovoltaic plants for 1.9 MW

On 2 August 2019, TerniEnergia signed the closing for the sale to NextPower II Alpha S.r.l., an investment vehicle managed by the London merchant bank NextEnergy Capital, of 50% of the shares in NextPower II Prima Srl. The joint venture between TerniEnergia and Errenergia is the owner of two photovoltaic plants in Puglia for a total installed capacity of about 1.9 MW. The consideration for the sale of the company's shares amounts to approximately Euro 1.3 million, while the transaction also provides for the assumption by the Purchasers of financial debts related to the plants for approximately Euro 2 million (relating to the share of TerniEnergia). NextPower II Italia S.r.l., parent company of the vehicle company that acquired the plants, provided a guarantee of performance by the Buyer. The consideration will be paid in cash upon the effectiveness of the certification of the TerniEnergia Recovery and Relaunch Plan, as well as upon the fulfilment of certain conditions precedent and resolution typical for this type of transaction.

Softeco wins two framework contracts with Leonardo for the design of SCADA systems and software applications for airport sorting

On August 7, 2019, TerniEnergia announced that the digital company of the Softeco Group has been awarded two framework contracts with a duration of 24 months, for the period between 30/7/2019 and 29/7/2021, and renewable for a further 12 months, respectively for the SCADA area and for the software applications area on behalf of Leonardo S.p.A., an Italian company leader in the defense, aerospace and security sectors. The activity is related to the design and development of supervision software for the simulation and emulation of sorting systems (airport sorting) for couriers and airports. The company of the TerniEnergia Group will provide the customer with an innovative service, thanks to the use of established market platforms and qualified technicians, with many years of experience in the application contexts covered by the supply. The supply of services will be carried out according to a procedure regulated by the agreements, which provides for the issue of orders containing the details of the activities, the methods and times of execution and the relative amount.

Signed the closing for the sale of 11 photovoltaic plants for a total price of Euro 10.3 million

On 20 September 2019, TerniEnergia announced that it had completed the sale of the first tranche of a total perimeter of 22 photovoltaic plants to Mareccio Energia S.r.l., a platform for the aggregation of assets in Italy of a major investment fund, in partnership with the sponsor LCF Alliance, through the vehicle company Italia T1 Roncolo. The total capacity of the plants subject to the closing was equal to 9.4 MW, while the net collection for TerniEnergia was equal to about Euro 9.5 million, including a trade receivable from an SPV (net of the Escrow account and minority interests in the JV). The total value of the transaction (Enterprise Value) was approximately Euro 29.1 million. Part of the purchase price, equal to Euro 1 million, was paid into an Escrow account as a guarantee of the Seller's obligations and indemnity obligations. The transaction involved the assumption by the buyer of financial debts related to the plants for approximately Euro 17.9 million, of which Euro 0.7 million related to the JV. The transaction was carried out as part of the TerniEnergia Group's Recovery and Relaunch Plan.

Softeco and Fincons win framework contract with EASA for a new platform for air transport safety

On September 23, 2019, TerniEnergia announced that the Group's digital company, Softeco Sismat, in

partnership with Fincons S.p.A., has won the tender launched by EASA (European Aviation Safety Agency) based in Cologne for the development of a new platform for air transport safety based on the refactoring of the ECCAIRS system. The frame-work contract for refactoring the ECCAIRS system, developed by Softeco, will be on a three-year basis for a total amount of approximately Euro 3.5 million. The new E2 platform will assist national and European transport bodies in the collection, sharing and analysis of their information, to improve the safety of civil air transport.

The Board of Directors approves the results as at 31 December 2018. Significant improvement in margins due to strong structural cost reduction actions

On 24 September 2019, the Board of Directors of TerniEnergia S.p.A. approved the draft financial statements and the consolidated financial statements at 31 December 2018. Business continuity was based on the assumption of effectiveness of the Restoration and Relaunch Plan, together with the Financial Agreement in execution of the same, by September 30, 2019. The results for the period are summarised below: revenues of Euro 24.5 million, -14% (Euro 28.5 million as at 31/12/2017) with EBITDA of Euro 1.7 million, (Euro -1.8 million as at 31/12/2017) and Ebitda Margin at 7%; EBIT of Euro -4 million; +71.2% (Euro -14 million as at 31/12/2017). The Result before taxes (EBT) of continuing operations was Euro -8.6 million; +57.3% (Euro -20.2 million as at 31/12/2017), while the Net Result was Euro -10 million +75.2% (Euro -40.5 million as at 31/12/2017). The Net Financial Position was equal to Euro 65.2 million (Euro 104.3 million at 31/12/2017), with a Shareholders' Equity of Euro 11.4 million (Euro 21.3 million at 31/12/2017). The Board of Directors also resolved to call the Shareholders' Meeting on 6 November 2019.

Independent Auditors' Report on the Consolidated and Separate Financial Statements at December 31, 2018

On 30 September 2019, TerniEnergia announced that the independent auditors EY S.p.A. had filed their report on the Consolidated and Separate Financial Statements of TerniEnergia S.p.A. pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010 and Article 10 of Regulation (EU) No. 537/2014. The reports of the Independent Auditors EY S.p.A. express a positive and unqualified opinion, with references to the information contained in the Consolidated Annual Financial Report as at 31.12.2018 and in the Draft Separate Financial Statements as at 31.12.2018 of TerniEnergia with regard to business continuity.

The Financial Agreement and the Recovery and Relaunch Plan become effective

On 30 September 2019, TerniEnergia announced that the conditions precedent to the effectiveness of the financial agreement signed, inter alia, between TerniEnergia S.p.A. had been met. ("Company" or "TerniEnergia") and its creditor banks (the "Financial Agreement"), in execution of the recovery and relaunch plan drawn up pursuant to Article 67, paragraph 3, letter d), of the bankruptcy law (the "Recovery and Relaunch Plan"), the final version of which was approved by the Board of Directors on 7 August 2019 (for a description of the main terms and conditions of this Recovery Plan please refer to the press release published on 27 June 2019). The effectiveness of the Financial Agreement represents the positive outcome of a long and complex negotiation process involving numerous counterparties, including, inter alia, the Company's main creditor

banks, in addition to the bondholders (who had already expressed - according to the majorities required by law - their consent to the renegotiation of the bond loan - according to the terms and conditions of the Recovery and Relaunch Plan - in the context of the shareholders' meeting held on July 30, 2019). The transactions reflected in the Recovery and Relaunch Plan mark a fundamental turning point for TerniEnergia and its group companies, as they will enable them to secure and overcome the crisis situation in which they found themselves, while at the same time enabling the recovery of the related debt exposure and the rebalancing of the financial situation through the implementation, among other things, of the industrial turnaround process envisaged and reflected in the Recovery and Relaunch Plan and already partly successfully launched by the Company.

Effectiveness of the closing of the sale of 11 photovoltaic plants and collection of the amount of Euro8.65 million

On October 1, 2019, TerniEnergia announced that, following the effectiveness of the Certification of the Recovery and Relaunch Plan ("the Plan") and of the Financial Agreement for the restructuring of the debt towards the credit institutions (as per press release released today), the closing conditions for the transfer (by TerniEnergia itself, also through investee companies) to the special purpose vehicle Italia T1 Roncolo, headed by Mareccio Energia S.r.l., have been met, platform for the aggregation of photovoltaic plants in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, of 11 photovoltaic plants in Italy with a total installed capacity of 9.4 MW, of the total perimeter subject to preliminary contracts represented by 22 photovoltaic plants for a total installed capacity of 19.3 MW.

Softeco delivers to Caronte & Tourist the first maritime connection terminal Villa San Giovanni-Messina

On October 10, 2019, TerniEnergia announced that the Group's digital company, Softeco Sismat, has completed and delivered to Caronte & Tourist, a leading company in maritime connections to and from Central Italy, the first terminal (Villa Agip) planned in a large project of digital reorganization of the activities of the port terminal of Villa San Giovanni for maritime transport to Sicily. The plant is equipped with solutions for ticketing, smart payment and access control for vehicles. The project aims to automate and speed up the processes of payment of tolls and embarkation on ferries, thereby optimizing the resources and costs of operational management of the customer. The Villa Agip terminal was fully operational throughout the summer phase of high traffic operating regularly.

Settlement agreement with Piero Manzoni

On October 11, 2019, TerniEnergia S.p.A. and Piero Manzoni, former Chief Executive Officer and General Manager of the Company, announced that all issues relating to the employment and corporate affairs had been resolved with mutual satisfaction. In the framework of an amicable definition of mutual relations, following a discussion between the Parties and an in-depth analysis of the work of Mr. Manzoni, TerniEnergia S.p.A. considered that all issues relating to the same had been resolved. The Parties have therefore renounced all reciprocal claims.

Press Release

Milan – 18 December 2019



Digital company Softeco signs strategic alliance with Ailux for virtual power plants (UVAM)

On October 24, 2019, TerniEnergia announced that the digital company Softeco Sismat has signed a cooperation agreement with Ailux Srl, digital connection company, to develop innovative solutions for the services of aggregation of flexibility of electrical resources (UVAM). The strategic alliance provides for the creation and marketing of a platform for the management of Virtual Mixed Aggregated Units (UVAM) called LIBRAX, to participate in the Dispatching Services Market (MSD) of the Electric System as envisaged by Terna's pilot projects. The agreement aims to create an end-to-end solution for the entire operating process of BSPs (Balancing Service Providers) that automates the entire operating process (measurement, communication with Terna, execution of orders, monitoring of commands, offers on the MSD/MB market) and is largely interoperable with the company's business process.

The merger by incorporation of Softeco Sismat Srl into TerniEnergia S.p.A. was approved.

On 30 October 2019, the Board of Directors of TerniEnergia and the Board of Directors of Softeco Sismat Srl, the Group's digital company, approved the proposal for the merger by incorporation of the wholly-owned subsidiary Softeco Sismat Srl into the parent company TerniEnergia S.p.A., as well as the related merger plan (hereinafter also the "Merger"). The transaction envisaged in the Group's Recovery and Relaunch Plan. The merger will generate a "one smart company", focused on the sectors with the greatest added value of digital transformation in energy, networks and energy efficiency, transport, mobility, environmental industry and smart cities, as well as technological and industrial activities in the energy sector. The objective of the merger is to strengthen the activities included within the scope of the "IT and Digital" segment, reducing the capital-intensive activities of the "Renewable Utilities" segment, with consequent management improvement, reduction of operating costs and recovery of value generation. Since the share capital of Softeco Sismat Srl is wholly owned by TerniEnergia S.p.A., the merger will be implemented according to the simplified procedure set out in Article 2505 of the Italian Civil Code. As provided for by Article 2501-ter, first paragraph, no. 6 of the Italian Civil Code, the Merger will take effect from the day following the date of the last registration of the merger deed with the competent Company Register, or from the first day of the month following the date of registration of the merger deed. Considering that the Merger is expected to take effect in 2020, for accounting purposes, the operations of the Merged Company will be charged to the financial statements of the Merging Company as from the first day of the current financial year on the date on which the Merger took effect, and, therefore, as from 1 January 2020. The merger in question is also exempt from the application of the Procedure for the regulation of transactions with related parties of TerniEnergia S.p.A., as it is carried out with a subsidiary and there are no significant interests of other related parties of TerniEnergia; it is also excluded from the obligation to publish the information document referred to in Article 70 of Consob Issuers' Regulation no. 11971/1999, since the legal requirements are not met.

The Shareholders' Meeting approves the results as at 31 December 2018. Appointment of the new Board of Directors

On 6 November 2019, the ordinary and extraordinary Shareholders' Meeting of TerniEnergia met under the

chairmanship of Stefano Neri. The Group's operating result and margins are growing, thanks to sustainable business action in the digital sector and more efficient business processes. Revenues amount to Euro 24.5 million. The decrease compared to the previous year (28.5 million Euros; -14%) is attributable to the decision to contain the activity related to the business line "consulting" of the digital company Softeco Sismat and to the contraction of the energy saving activity of TerniEnergia. With regard to energy efficiency, this reduction is due to the Group's financial tension, which has prevented the continuation of activities according to the original business model ("FTT - Financing Through Third Parties"). The new Recovery and Relaunch Plan provides, in fact, for a change in the business model of the sector and the start of new projects with the supply and installation of technological systems. As regards the reduction in revenues from Softeco's consulting activities, on the other hand, it is attributable to a strategic choice made by the Company aimed at efficiency and the development of new solutions, which has generated, on the one hand, a reduction in fixed costs but, at the same time, has enabled a considerable increase in margins. Thanks to these actions, EBITDA returned to positive levels, reaching Euro 1.7 million (Euro -1.8 million as at 31 December 2017), with the contribution guaranteed for the most part by the growth of activities in the digital sector. These results show the start of the trend of strategic repositioning of the Group in sectors with higher added value, which characterize the development of the business in the period of the Plan. The Ebitda Margin is 7%, an improvement compared to 2017. The Net Operating Result (EBIT) is equal to Euro -4 million (Euro -14 million as at 31 December 2017), after amortisation and depreciation for Euro 4.5 million and non-recurring provisions and write-downs for Euro 1.3 million. Net of non-recurring provisions and write-downs, EBIT amounted to € -2.8 million, an improvement of 54% compared to the previous year. The significant improvement shows a growth trend due to the actions taken by management to reposition the Group, in line with the strategic guidelines of the Recovery and Relaunch Plan. The net result amounted to Euro -10 million (Euro -40.5 million at 31/12/2017), an improvement of 75.2% due to the significant write-downs recorded in the previous year for assets classified as "held for sale disposal" or "Discontinued operations", in accordance with the international accounting standard IFRS 5. The disposals envisaged are operations aimed at supporting the industrial turnaround project, as envisaged in the Recovery and Relaunch Plan. Profit before taxes (EBT) from continuing operations amounted to Euro -8.6 million (Euro -20.2 million at 21/12/2017; +57.3%). The Net Financial Position amounted to Euro 65.2 million (Euro 104.3 million at 31/12/2017), an improvement of 37.5%. Shareholders' Equity amounted to Euro 11.4 million (Euro 21.3 million at 31/12/2017). Shareholders' Equity also takes account of treasury shares held in portfolio, which amount to 1,012,224. Approved by the Shareholders' Meeting, the First Section of the Remuneration Report pursuant to art. 123-ter of the Consolidated Law on Finance, and approved the remuneration and incentive policies. Appointed the Board of Directors of TerniEnergia S.p.A. with 5 members and its Chairman, Stefano Neri, who will remain in office for the years 2019, 2020 and 2021. The directors proposed in the list submitted by the majority shareholder Italeaf S.p.A. and voted by the Shareholders' Meeting are: Stefano Neri, born in Terni (TR) on 14/09/1959, who took up the position of Chairman; Laura Bizzarri born in Foligno (PG) on 22/09/1971; Stefania Bertolini born in Milan (MI) on 30/12/1968; Mario Marco Molteni born in Varese (VA) on 18/09/1958; Paolo Piccini born in Genoa (GE) on 11/12/1960. For the first time, the majority of the members of the Board of Directors are independent directors. The Board of Statutory Auditors of TerniEnergia S.p.A. was also appointed, which will remain in office for the

financial years 2019, 2020 and 2021, composed of Ernesto Santaniello born in Naples (NA) on 06/09/1943, who assumed the position of Chairman of the Board of Statutory Auditors; Andrea Bellucci born in Perugia (PG) on 10/11/1963, elected standing auditor; Simonetta Magni, born in Terni (TR) on 18/02/1966, elected statutory auditor; Marco Chieruzzi, born in Terni (TR) on 30/04/1960, elected alternate auditor; Caterina Brescia, born in Terni (TR) on 07/06/1971, elected alternate auditor. Finally, the integration of art. 4 of the Articles of Association with the object of the activities carried out by the subsidiary Softeco Sismat S.r.l. was approved, in view of the merger by incorporation between the latter and TerniEnergia S.p.A. in implementation of the sworn Recovery and Relaunch Plan pursuant to art. 67, third paragraph, letter d), of Royal Decree 267/42 and, in particular, the inclusion of the following activities: "the design, production, development, installation and maintenance of hardware, software and electronic and electromechanical equipment and components for Information Technology, automation and control". This integration does not entail any significant change in the activities carried out.

First meeting of the Board of Directors to confer powers of representation

On 7 November 2019, the Board of Directors of TerniEnergia met for the first time since its appointment by the Shareholders' Meeting held on 6 November 2019. The Board appointed Director in charge of the Internal Control and Risk Management System, Laura Bizzarri. The Chairman, Mr. Neri, was appointed Chief Executive Officer, with powers of ordinary and extraordinary administration, with specific powers to personnel and the environment. Laura Bizzarri, currently Chief Executive Officer of Softeco Sismat Srl, was appointed Chief Executive Officer with broad powers of ordinary and extraordinary administration. The Board of Directors also confirmed the establishment of the Control and Risk Committee, the Committee for Transactions with Related Parties and the Remuneration Committee within the Board, appointing, in the persons of Stefania Bertolini, Mario Marco Molteni and Paolo Piccini, the directors to be members of each committee. Director Mario Marco Molteni was appointed Lead Independent Director.

Closing for the sale of 5 photovoltaic plants for a total price of Euro 5 million

On November 14, 2019, TerniEnergia announced that it proceeded to the closing for the sale (by the same TerniEnergia, also through subsidiaries) of a second tranche of 5 photovoltaic plants in Italy with total installed capacity of 4.8 MW, the total perimeter subject to preliminary contracts represented by 22 photovoltaic plants for a total installed capacity of 19.3 MW. The total capacity of the plants subject to the closing is equal to 4.8 MW, with net collection of the second tranche for TerniEnergia of about Euro 2.7 million (net of the Escrow account, equal to Euro 1 million, and minority interests in the JV, equal to Euro 1.3 million). The total value of the transaction (Enterprise Value) is approximately Euro 15 million. Part of the purchase price, equal to Euro 1 million, will be paid into an Escrow account as a guarantee of the Seller's obligations and indemnity obligations. The transaction involves the assumption by the buyer of financial debts related to the plants for approximately Euro 10 million, of which approximately Euro 4 million related to the JV. The transaction was carried out as part of the TerniEnergia Group's Recovery and Relaunch Plan.

Digital company Softeco participates in the project InGE - Innovative solutions for Intermodal Node

Press Release

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"Genoa Erzelli"

On November 14, 2019, TerniEnergia announced that the digital company Softeco Sismat is a partner of the InGE project, coordinated by the City of Genoa and funded by the measure CEF - Connecting Europe Facility 2014-2020 aimed at promoting growth and competitiveness through infrastructure investment at European level. The project has obtained a contribution of about 0.7 million Euros, entirely financed by the European Union. The financing granted by the EU to Softeco amounts to €0.2 million. The objective of the project is the study and analysis of the ICT support structures for the realization of the intermodal node of Genoa Erzelli. In particular, Softeco is involved in the analysis of innovative ICT services for intermodal transport to and from the Erzelli node, through the identification of appropriate MaaS (Mobility-as-a-Service) solutions.

Merger by incorporation of the wholly owned company Softeco Sismat Srl into TerniEnergia S.p.A. approved

On December 3, 2019, the Board of Directors of TerniEnergia and the Shareholders' Meeting of Softeco Sismat Srl, meeting in extraordinary session, approved the merger by incorporation (hereinafter also the "Merger") into TerniEnergia of Softeco (a company wholly owned by TerniEnergia), by approving the merger plan drawn up pursuant to Articles 2501-ter and 2505 of the Italian Civil Code, and already made public pursuant to law. The strategic objective of the merger is to generate a "one smart company", focused on the sectors with the greatest added value of digital transformation in energy, networks and energy efficiency, transport, mobility, environmental industry and smart cities, as well as technological and industrial activities in the energy sector. The operation provided for in the Group's Recovery and Relaunch Plan.

The closing date for the third tranche of photovoltaic plants at Mareccio Energia has been set at 13 December 2019.

On December 4, 2019, TerniEnergia announced that it had agreed with the counterparty, represented by Mareccio Energia, an asset pooling platform in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, through the vehicle company Italia T1 Roncolo, to set December 13, 2019 as the deadline for the closing-date of the third tranche of photovoltaic systems of the total perimeter covered by preliminary contracts, represented by 22 photovoltaic systems for an installed capacity of 19.3 MW. The extension was agreed to allow the completion of a series of bureaucratic formalities relating to the due diligence in progress on the plants subject to the transaction.

Extension of the closing date for the third tranche of photovoltaic plants at Mareccio Energia to 23 December 2019

On December 13, 2019, TerniEnergia announced that it had agreed with the counterparty, represented by Mareccio Energia, an asset pooling platform in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, through the vehicle company Italia T1 Roncolo, to extend to December 23, 2019 the deadline for the closing of the third tranche of photovoltaic systems of the total perimeter, subject to preliminary contracts, represented by 22 photovoltaic systems for an installed capacity of 19.3 MW.

The extension was agreed to allow the completion of a series of bureaucratic formalities relating to the due

diligence in progress on the plants subject to the transaction.

BUSINESS OUTLOOK

The management is strongly committed to the implementation of the Recovery and Relaunch Plan, the implementation of the strategic guidelines whose objective is to pursue the transformation of the Group into a "One Smart Company" and to overcome the current situation of financial tension. The next few months will therefore be decisive to complete the process of merger by incorporation of Softeco Sismat into TerniEnergia, giving the Company a new identity of "technological enabler". Through this operation, it will be possible to build customer loyalty and open up new markets, allowing old and new customers of the company to access technological solutions aimed at optimally addressing the energy transition and digital transformation. It will thus be possible to propose services and solutions enhanced by the integration of digital, technological and information technology skills of Softeco Sismat and those of industrial, plant development, asset management in the renewable energy and environment of TerniEnergia.

The Plan, in particular, provides for the Group to focus on the industrial activities with the greatest added value, with an enhancement of skills in the integration of technology and models from the digitization, in all areas of business with the related changes in the way of working of the company and its staff, but also in the way of addressing customers with new opportunities to promote the offer through new services.

The management's objective is to intercept growth for digital transformation and innovation projects in the ICT market, which is expected to continue to consolidate in 2020, reaching almost 31.5 billion euros, with the IT sector growing by 3.8% in one year, for a total expenditure of more than 24.2 billion euros, thanks to a renewed interest of companies especially for the software part (+6.3% compared to 2019), IoT (+19% in 2020), AI (+34% in 2020), AR and Virtual (+ 285.6% in 2020) and Big Data & Analytics (+7.8% in 2020). (*source: Assintel Report 2020*)

The Company envisages a decisive enhancement of the Group's technological strengths, through the development and enhancement of the Consulting, Green Enterprise & City, Smart Mobility and Digital Energy business lines, mainly based on the activities currently carried out by Softeco. The integration of the two companies will allow a rapid reaction to the equally rapid evolution in the reference markets represented: (a) the entire energy value chain (digital energy), also by virtue of the transition of the energy sector towards distributed generation models, which involves an increasing weight in smart components in energy production, transmission and distribution networks; (b) the electrification and digitalization of transport and mobility; (c) the "intelligent" management of economic and environmental resources, urban policies, services and relations between people and methods of administration of territories, cities and communities (smart cities); the introduction of criteria of sustainability and efficiency in the use of resources by industry (circular economy).

The objective of the management is to develop alliances and partnerships with synergistic actors, i.e. with complementary skills, with which to deal with projects in new areas. To this end, the national territory will be strengthened in terms of the offer of products and solutions, and selections will continue to be made for implementation and for the technical-operational structure to meet the growing need for high professional standards.

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Additional information required by Consob pursuant to Article 114 of Legislative Decree No. 58/98 (TUF)

The Net Financial Position of the Company and its Group, with the short-term components shown separately from the medium/long-term components.

Net Financial Position of the Parent Company

<i>(in Euro)</i>	30 Giugno 2019	31 Dicembre 2018
Cash	(40,999)	(36,525)
Available bank accounts	(333,693)	(912,157)
Liquidity	(374,692)	(948,682)
Debt Bond	27,321,762	26,462,387
Current bank debt (current account overdraft)	10,075,907	9,422,074
Current bank debt (advance)	4,694,147	4,701,578
Financial payables to other financial institutions	2,010,927	2,010,927
Current portion of the lease	87,386	84,995
Liabilities for lease contracts (ex IFRS 16)	62,689	
Short-term loans	20,209,936	20,606,509
Financial payables /(Receivables)	(1,468,160)	(1,429,962)
Intercompany current account	25,694	23,013
Current financial indebtedness	63,020,288	61,881,521
Current net financial indebtedness	62,645,596	60,932,840
Financial payables to Leasing	881,473	912,182
Liabilities for lease contracts (ex IFRS 16)	91,248	
Non-current net financial debt	972,721	912,182
Total net financial debt	63,618,317	61,845,022

Group Net Financial Position

<i>(in Euro)</i>	30 Giugno 2019	31 Dicembre 2018
Cash	(113,046)	(53,422)
Available bank accounts	(2,739,411)	(2,584,796)
Liquidity	(2,852,456)	(2,638,218)
Debt Bond	27,321,762	26,462,387
Current bank debt (current account overdraft)	12,772,487	12,480,506
Current bank debt (advance)	4,694,147	4,701,578
Financial payables to other financial institutions	2,252,998	2,520,804
Current portion of the lease	87,386	84,995
Liabilities for lease contracts (ex IFRS 16)	418,257	
Short-term loans	20,401,443	20,824,918
Financial payables /(Receivables)	(227,755)	(154,838)
Current financial indebtedness	67,720,725	66,920,352

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Current net financial indebtedness	64,868,269	64,282,133
Non-current financing	15,848	21,003
Financial payables to Leasing	881,473	912,182
Liabilities for lease contracts (ex IFRS 16)	897,048	
Non-current net financial debt	1,794,369	933,185
Total net financial debt	66,662,638	65,215,318

The overdue debts of the Company and its Group, broken down by nature (financial, commercial, tax, social security and towards employees) and any related initiatives to react by creditors (reminders, injunctions, suspensions in supplies, etc.)

OVERDUE PAYMENTS AS AT 30.06.2019 - TERNIENERGIA SPA			
	Overdue by less than 6 months	Over 6 months overdue	TOTAL
<i>in euro</i>			
Trade payables	666,615	2,628,441	3,295,056
Tax payables	27,237	54,474	81,711
Social security payables	512,213	0	512,213
Payables for IRPEF withholdings	289,354	611,542	900,896
Payables to leasing and mortgages	3,959,230	8,539,019	12,498,250
Short-term bank payables		8,564,752	8,564,752
TOTAL	5,454,649	20,398,229	25,852,878

OVERDUE PAYMENTS AS AT 30.06.2019 - GRUPPO TERNIENERGIA SPA			
	Overdue by less than 6 months	Over 6 months overdue	TOTAL
<i>in euro</i>			
Trade payables	1,143,698	3,044,441	4,188,139
Tax payables	238,101	1,060,168	1,298,269
Social security payables	1,758,590	0	1,758,590
Payables for IRPEF withholdings	1,361,454	3,112,450	4,473,903
Payables to leasing and mortgages	3,959,230	8,539,019	12,498,250
Short-term bank payables	298,062	8,564,752	8,862,814
TOTAL	8,759,135	24,320,830	33,079,965

ACTIONS BY CREDITORS AS AT 30.06.2019		
DECRIPION	NUMBER OF FILES	AMOUNT (Euro)
INSTALMENT AGREEMENT	43	1,737,138.49
SETTLEMENT AGREEMENT	2	219,000.00
INJUNCTION	4	68,039.55
DIFFIDATION	52	745,032.02

Total	2,769,210.06
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(*) for 4 injunctions (for a total value of 68 thousand euro) an agreement was reached for an instalment payment

The main changes in related party transactions of this company and its Group compared to the last annual or half-yearly financial report approved pursuant to Article 154-ter of the Consolidated Law on Finance

For details of transactions with related parties, reference should be made to the Half-Yearly Financial Report, which will be made available to the public in the manner required by current legislation.

Any failure to comply with covenants, negative pledges and any other clauses of the Group's indebtedness that restrict the use of financial resources, with an updated indication of the degree of compliance with these clauses

With regard to compliance with the covenants, negative pledges and any other clause of the Group's indebtedness, on July 30, 2019 the Bondholders' Meeting approved the amendments to the Bond Regulations proposed by TerniEnergia in accordance with the guidelines of the Recovery and Relaunch Plan, on the assumption that the Financial Agreement will become effective by September 30, 2019. With regard to the effectiveness of the Financial Agreement, on September 30, 2019 all the conditions precedent imposed for the Agreement to become effective were met. At the date of preparation of this Semiannual Financial Report, there were no covenants, negative pledges or other clauses that had not been complied with pursuant to the Financial Agreement or the new Bond Regulations.

The state of implementation of the 2018 - 2020 Strategic Plan, with the highlighting of the deviations of the actual data with respect to those forecast

It should be noted that the guidelines presented on 28 September 2017, which also contained the latest prospective data published by the Company, are exceeded by the contents of the Recovery and Relaunch Plan, on which the Parent Bank provided timely information during 2018 and this year.

The Manager responsible for preparing the company's financial reports, Filippo Calisti, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Deposit of documentation

The Company informs that the Half-Yearly Financial Report as at 30 June 2019 of the TerniEnergia Group, approved by the Board of Directors of TerniEnergia S.p.A. today, will be made available to the public, together with the report of the independent auditors, in the manner provided for by current legislation.

This press release is also available on the Company's website: www.ternienergia.com.

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TERNIENERGIA (TER. MI), established in September 2005 and part of the Italeaf Group, is the first Italian global technological enabler, committed to bringing energy solutions and efficient recovery of integrated and sustainable resources to the world. Organized into two strategic business lines (Assets and Smart solutions and services), with about 200 employees and a geographical presence worldwide, with operative and commercial offices, TerniEnergia develops innovative solutions, products and services based on digital and industrial technologies for the energy supply chain, grids, smart mobility, industrial automation and the recovery of marginal resources. TerniEnergia, also through its subsidiaries (Softeco Sismat, Greenled Industry, GreenAsm, GreenAsm, Purify, Wisave, Ant Energy), pursues the objectives of increasing energy production from renewable sources, saving energy and reducing emissions and actively participates in the energy revolution of distributed power generation and smart grids, with innovative digital solutions. TerniEnergia is the ideal partner for large utilities, distribution operators and network operators, energy producers, public administrations, industrial customers and investors who intend to realize large projects for the production of renewable energy, modern systems and plants with high energy efficiency, solutions for the management and maintenance of infrastructure and electrical installations. TerniEnergia has completed its transformation from a leader in the international photovoltaic market into a smart energy company and technological enabler for the sustainable use of resources through a complete commercial offer of solutions, the development and supply of digital technologies and the creation of "intelligent" services and solutions aimed at public and private customers in emerging sectors. TerniEnergia is listed on the MTA of Borsa Italiana.

For further info:

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Attached:

- **Consolidated statement of financial position as at June 30th, 2019**
- **Reclassified consolidated income statement as at June 30th, 2019**
- **Consolidated statement of financial position as June 30th, 2019**

Consolidated statement of financial position as at June 30th, 2019

<i>(in Euro)</i>	As at June, 30 2019	As at December, 31 2018	Change	Change %
Intangible assets	24,112,090	25,684,937	(1,572,847)	(6.1)%
Property, plant and equipment	8,998,065	7,855,947	1,142,118	14.5%
Financial fixed assets and other intangible assets	25,299,691	25,343,986	(44,295)	(0.2)%
Fixed Assets	58,409,847	58,884,870	(475,023)	(0.8)%
Inventories	12,920,565	11,587,744	1,332,822	11.5%
Trade receivables	18,223,831	19,431,088	(1,207,257)	(6.2)%
Other assets	4,876,317	4,920,833	(44,516)	(0.9)%
Trade payables	(25,785,608)	(27,243,743)	1,458,135	(5.4)%
Other liabilities	(23,958,171)	(20,072,849)	(3,885,321)	19.4%
Net working capital	(13,723,066)	(11,376,928)	(2,346,138)	20.6%
				0.0%
Provisions and other non-trade liabilities	(12,540,254)	(12,509,686)	(30,568)	0.2%
Net Invested Capital	32,146,527	34,998,255	(2,851,729)	(8.1)%
Shareholders' Equity	8,511,325	11,428,344	(2,917,019)	(25.5)%
Current net financial position	64,868,269	64,282,133	586,136	0.9%
Non-current net financial position	1,794,369	933,185	861,184	92.3%
Total net financial position	66,662,638	65,215,318	1,447,319	2.2%
(Assets) Net liabilities held for sale	(43,027,436)	(41,645,407)	(1,382,029)	3.3%
Net Invested Capital	32,146,527	34,998,255	(2,851,729)	(8.1)%

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Reclassified consolidated income statement as at June 30th, 2019

<i>(in Euro)</i>	As at June, 30 2019	As at June, 30 2018	Change	Change %
Net revenues from sales and services	11,015,543	11,157,787	(142,244)	(1.3)%
Production costs	(3,304,741)	(3,663,791)	359,050	(9.8)%
Added value	7,710,802	7,493,995	216,807	2.9%
Personnel costs	(7,371,715)	(6,796,763)	(574,952)	8.5%
EBITDA	339,087	697,232	(358,145)	(51.4)%
Amortization, depreciation, provisions and write-downs	(3,066,992)	(1,966,192)	(1,100,800)	56.0%
EBIT	(2,727,905)	(1,268,961)	(1,458,945)	115.0%
Financial income and charges	(1,628,285)	(2,259,529)	631,244	(27.9)%
Portions of results attributable to the JV		(34,802)	34,802	(100.0)%
Pre-tax result	(4,356,190)	(3,563,291)	(792,899)	22.3%
Income taxes	679,366	741,244	(61,878)	(8.3)%
Result of ongoing activities	(3,676,824)	(2,822,047)	(854,778)	30.3%
Net result from assets held for sale	396,881	(688,010)	1,084,891	n.a.
Net profit for the period	(3,279,944)	(3,510,057)	230,113	(6.6)%

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Consolidated statement of financial position as June 30th, 2019

<i>(in Euro)</i>	As at June, 30 2019	As at December, 31 2018
Cash	(113,046)	(53,422)
Available bank current accounts	(2,739,411)	(2,584,796)
Liquidity	(2,852,456)	(2,638,218)
Bond debt	27,321,762	26,462,387
Current bank debt (current account overdraft)	12,772,487	12,480,506
Current bank debt (advance)	4,694,147	4,701,578
Financial payables to other lenders	2,252,998	2,520,804
Current financial debt (Leasing)	87,386	84,995
Liabilities for lease contracts (ex IFRS 16)	418,257	
Current financial debt (other lenders)	20,401,443	20,824,918
Current financial receivables	(227,755)	(154,838)
Current financial debt	67,720,725	66,920,352
Current net financial position	64,868,269	64,282,133
Bond debt		
Non-current financial debt (other lenders)	15,848	21,003
Financial payables to other lenders		
Non-current financial debt (Leasing)	881,473	912,182
Passività per contratti di locazione (ex IFRS 16)	897,048	
Non-current net financial position	1,794,369	933,185
Total net financial position	66,662,638	65,215,318