

## **TERNIENERGIA: the BoD approves the results as at 31 December 2018**

### **Significant improvement in margins due to strong structural cost reduction actions**

- **Going concern basis on the assumption of effectiveness of the Recovery and Relaunch Plan, together with the Financial Agreement in execution of the same, by September 30, 2019**
- **Revenues equal to Euro 24.5 million, -14% (Euro 28.5 million at 31/12/2017)**
- **EBITDA equal to Euro 1.7 million, (Euro -1.8 million at 31/12/2017) with Ebitda Margin equal 70.7%**
- **EBIT equal to Euro -4 million; +71.2% (Euro -14 million as at 31/12/2017), Earnings before taxes (EBT) of ongoing activities equal to Euro -8.6 million; +57.3% (Euro -20.2 million as at 31/12/2017)**
- **Net result equal to Euro -10 million +75.2% (Euro -40.5 million at 31/12/2017)**
- **Net Financial Position of Euro 65.2 million (Euro 104.3 million at 31/12/2017)**
- **Shareholders' equity equal to Euro 11.4 million (Euro 21.3 million at 31/12/2017)**
- **Update Calendar of corporate events: call of the Shareholders' Meeting for ... October 2019**

The Board of Directors of **TerniEnergia** S.p.A. ("TerniEnergia" or the "Company"), a smart company listed on the electronic share market (MTA) of Borsa Italiana and part of the Italeaf Group, which met today, approved the draft financial statements and the consolidated financial statements as at 31 December 2018.

*It should be noted that the income statement figures for the previous year, both for the separate and consolidated financial statements, have been restated in accordance with IFRS 5, taking into account the classification of the results of assets held for sale - in accordance with the provisions of the Recovery and Relaunch Plan - as "held for sale held for sale" or discontinued operations, in order to provide uniform information in relation to discontinued operations or those in the process of being disposed of. Furthermore, with reference only to the consolidated financial statements, the balance sheet and income statement have also been restated in accordance with IAS 8, paragraph 42, as reported in the information disclosed to the public in the press release of 23 July 2019.*

#### **Going concern basis**

This resolution was taken on the reasonable assumption that the Rehabilitation and Relaunch Plan would become effective, together with the Financial Agreement implementing it by September 30, 2019, taking into account that this deadline was set by the Bondholders' Meeting of July 30, 2019.

## **CONSOLIDATED RESULTS AS AT DECEMBER 31, 2018**

**Revenues** amounted to 24.5 million euros. The decrease compared to the previous year (28.5 million euros; 14%) is attributable to a contraction in the consulting business of the digital company Softeco Sismat and in the energy saving business of TerniEnergia. With regard to energy efficiency, the contraction is due to the financial tension of the Group, which has prevented the continuation of activities according to the original business model ("FTT - Financing Through Third Parties"). The new Recovery and Relaunch Plan envisages, in fact, a change in the business model of the sector and the launch of new projects in collaboration with financial partners, in order to minimise the cash commitment required. As regards the reduction in revenues from Softeco's consulting activities, on the other hand, the reduction is attributable to a reduction in the number of employees dedicated and to the strategic repositioning of the Company. This decrease was, however, faced with strong actions to reduce structural costs, which allowed a significant recovery in margins.

Thanks to these actions, **EBITDA** reached Euro 1.7 million (Euro -1.8 million as at 31 December 2017), with a significant recovery in overall margins. The **Ebitda Margin** is equal to 7%, improved compared to 2017.

**The Net Operating Result (EBIT)** amounts to Euro -4 million (Euro -14 million as at 31 December 2017), after amortisation, provisions and non-recurring write-downs of Euro 5.8 million.

**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" 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. Earnings before taxes (**EBT**) of ongoing activities amounted to Euro -8.6 million (Euro -20.2 million as 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.

## **TERNIENERGIA S.P.A. RESULTS AS AT 31 DECEMBER 2018**

**Net Revenues** amounted to Euro 5.7 million (Euro 6.6 million at 31/12/2017). The gross operating margin (**EBITDA**) amounted to Euro 1 million (Euro -1.5 million as at 31/12/2017). The Net operating result (**EBIT**) is equal to Euro -0.5 million (Euro -4.8 million as at 31/12/2017).

The **Net result** is negative for Euro 6.3 million (Euro -42.2 million as at 31/12/2017). The **NFP** amounts to Euro 61.8 million (Euro 71.3 million as at 31/12/2017), while the **Shareholders' Equity** amounts to Euro 4.4 million (Euro 10.7 million as at 31/12/2016).

The balance sheet of TerniEnergia S.p.A. as at December 31, 2018 shows a Net Equity decreased by more than one third compared to the Share Capital because of realized losses. Consequently, occurs the case in

point provided for by art. 2446 of the Italian Civil Code.

#### **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

##### **Digital company Softeco grows in the field of inspections of photovoltaic power plants with drones**

On January 31, 2019, TerniEnergia announced that Softeco, the Group's digital company, has completed the acquisition of a further 19% of the share capital of the technology startup Sundrone Srl, active in the field of thermographic and visual inspections of industrial-sized photovoltaic systems with the use of remote pilot aircraft systems (drones).

##### **TerniEnergia won the lawsuits at the TAR for Sardinia for the revocation of the Single Authorizations of two photovoltaic plants for 1.6 MW**

On February 5, 2019, the Regional Administrative Court of Sardinia upheld, with two separate sentences, the appeals presented by the Company for the annulment of the measures revoking the authorisations for two photovoltaic plants on greenhouses, owned respectively by Società Agricola Fotosolara Bonnanaro Srl (with a capacity of approximately 0.7 MWp) and Società Agricola Fotosolara Oristano Srl (with a capacity of approximately 0.9 MWp), fully owned by TerniEnergia S.p.A..

##### **The digital company Softeco obtains UNI CEI ISO/IEC 27001:2013 certification**

On February 20, 2019, Softeco, a digital company of the TerniEnergia Group, obtained the ISO 27001:2013 Certification for Information Security Management for the provision of its services. This certification represents the international standard that covers every aspect of information security and ensures that the company manages information in complete security, meeting the principles of confidentiality, integrity and availability.

##### **The Board of Directors approves the update of the Recovery and Relaunch Plan and the related financial manoeuvre**

On February 26, 2019, approved the update of the proposed Relaunch and recovery plan, compared to the version approved on 25 October 2018, the reasonableness of which must be certified by a professional pursuant to art. 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022 (the "Plan"), who has been identified in Dr. Massimiliano Bonamini (subject of proven experience in the field). The Plan, prepared with the help of KPMG as industrial and financial advisor, in its updated version, unequivocally represents a further step forward in the recovery process undertaken by the Company.

##### **Softeco enters the innovative sector of self-guided vehicles**

On April 15, 2019, TerniEnergia announced that Softeco Sismat Srl, digital company of the Group, will coordinate the project "Trustonomy" on cars and self-driving vehicles. In fact, the European Commission funded the "Trustonomy" project to increase safety, trust and acceptance of Autonomous Driving. The

Consortium, coordinated by Softeco Sismat, involves industrial partners, car manufacturers, research centres and universities, non-profit organisations and technology suppliers. The total financing obtained amounts to over Euro 3.9 million, of which Euro 0.52 million related to the activities carried out by the digital company of the TerniEnergia Group.

#### **Softeco in the Zero Defects Manufacturing Platform (ZDMP) project for industry 4.0**

On April 18, 2019, TerniEnergia announced that Softeco Sismat Srl, digital company of the Group, and Zero Defect Manufacturing Platform project, have started the activities of the ZDMP Project, thanks to an investment of Euro 19 million, supported by 30 partners (companies, universities and research centers) and the European Commission for a period of 48 months. The objective of the project is to develop and implement a digital platform aimed at excellence in manufacturing through Zero Defect products and production processes for Industry 4.0. Softeco participates in the Consortium as a technology supplier and obtains UE funding of Euro 0.45 million. ZDMP will be validated through industrial demonstrators in the Automotive, Industrial Machinery, Electronics and Construction areas.

#### **Agreement reached for the sale of 22 photovoltaic plants for a total price of Euro 23.875 million**

On 16 May 2019, TerniEnergia announced that it had reached an agreement for the sale to Italia T1 Roncolo S.r.l., in partnership with the LCF Alliance, of plants with a total installed capacity of 19.3 MW. Consideration for the transaction of Euro 23.875 million (Equity Value for 100% of the assets to be sold), of which about Euro 0.5 million (corresponding to 50% of the Equity value of no. 1 JV) will be paid to the partner of the vehicle company owner of 2 plants and about Euro 4.5 million will be paid to the 2 JV owners of 3 plants for the conferment of the business unit in 2 Newco. The total value of the transaction (Enterprise Value) is approximately Euro 59 million. Part of the purchase price, equal to Euro 2.5 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 43.3 million, of which approximately Euro 6.9 million related to the Joint Venture companies. The closing is expected by November 30, 2019. TerniEnergia will continue to manage the O&M activities on the plants subject to the transaction for a period of three years.

#### **Review of the financial calendar and appointment of the Supervisory Board**

On 22 May 2019, the Board of Directors of TerniEnergia resolved, in light of regulatory changes in Italy, not to publish the interim report for the first and third quarters of each year, following the transition to the MTA of Borsa Italiana SpA, as announced on 27 April 2018. The Board of Directors also appointed, after consulting the Board of Statutory Auditors, the new Supervisory Body pursuant to Legislative Decree 231/01, in the person of Mr. Francesco Migliorati, who was called upon to perform the following functions Chairman and former head of Internal Audit of the Company, Aldo De Bellis and Francesco Vitelli, as members, instead of Emiliano Barcaroli and Roberto Piersantini, who resigned.

**Minimum shareholding of 2.5% for the presentation of lists for the renewal of the administrative and control bodies**

On 4 June 2019, the Board of Directors of TerniEnergia resolved that the Company will apply the minimum shareholding of 2.5% for the presentation of the lists of candidates for the election of the administrative and control bodies, to protect the participation of minority shareholders.

**Contracts signed for the sale of 22 photovoltaic plants with Mareccio Energia**

On 5 June 2019, TerniEnergia signed all the contracts relating to the sale of 22 photovoltaic plants for a total price of Euro 23.875 million with Mareccio Energia S.r.l., a platform for the aggregation of photovoltaic plants in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, through the vehicle company Italia T1 Roncolo, following the approval of the operation by the investment committee of the Purchasers.

**Signed a preliminary contract with NextPower II Alpha for the sale of 50% of the shares of a JV owner of two photovoltaic plants for 1.9 MW**

On 7 June 2019, TerniEnergia signed a preliminary contract 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, which simultaneously signed the preliminary contract for the sale of its shares to the buyers, owns 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 4 million.

**Transferred energy efficiency project, debt reduction of about Euro 0.5 million**

On June 11, 2019, TerniEnergia transferred to a leading national consortium, active in the construction, maintenance and management of real estate and plant assets, an energy efficiency contract carried out in Tuscany with the project financing formula. The agreement signed provides for the assumption by the Consortium of financial debts related to the plants (leasing contracts and electricity supply) for approximately Euro 0.5 million.

**The digital company Softeco obtains EU Commission contract for air, sea and rail transport security system**

On 13 June 2019, TerniEnergia announced that the digital company Softeco Sismat has obtained from the European Commission, through the Joint Research Centre (JRC) of Ispra, the renewal of the contract for the continuation of services relating to the ECCAIRS project, a system for the analysis of transport accidents developed by Softeco Sismat. The duration of the new contract will be 2 years, plus 2 renewable ones for an equivalent value of Euro 0.3 million per year.

**The digital company Softeco signs a strategic alliance in energy efficiency in Sicily with the Ecodomus Consortium**

On June 13, 2019, TerniEnergia announced that the digital company Softeco Sismat has signed a cooperation agreement with the "Ecodomus Consortium: Sustainable building, energy saving and renewable technologies", for the joint development of commercial actions in the areas of sustainable construction and energy efficiency. The Ecodomus Consortium, based in Licata (AG) is the instrumental body of the Ecodomus District, a cluster of enterprises from the Sicily Region that includes 152 enterprises located in 33 municipalities, 25 public sector bodies and 13 municipalities.

**Agreement signed with trade unions for the management of redundancies in the photovoltaic EPC sector**

On June 19, 2019, TerniEnergia signed trade union agreements with the national and local secretariats of Filctem Cgil and Flaei Cisl and with those of Ugl Chimici-Energia for the management of redundancies at the end of the procedure of extraordinary redundancy payments, active until October 2, 2019 for 50 employees at the headquarters in Nera Montoro (TR), mainly employed in the photovoltaic EPC sector, in functions related to logistics, warehousing and administration. The trade union agreements allow TerniEnergia to take a significant step in the direction of industrial turnaround, based on the focus of the core business on the most value-added activities of smart energy and digital transformation in the areas of transport and mobility, environmental industry and smart cities.

**The Board of Directors approves the update of the 2018-2022 Recovery and Recovery Plan and the related financial manoeuvre**

On 27 June 2019, the Board of Directors of TerniEnergia approved the update to the proposed recovery and relaunch plan, aimed at restoring the financial and equity balance of the Company in the long term, the reasonableness of which is awaiting to be certified by the professional identified by the Company in the person of Mr. Massimiliano Bonamini, pursuant to art. 67, paragraph 3, letter. d) r.d. 267/42 for the period 2018-2022 (the "Plan"). The update of the Plan, prepared with the assistance of KPMG as industrial and financial advisor and the law firm DLA Piper as legal advisor, confirms the main strategic repositioning objectives based on:

(i) a plan to divest the assets relating to the construction and sale of photovoltaic plants and the management of plants for the production of energy from alternative sources, which until now have been the core business of the group, as well as those relating to the CleanTech Business Unit, with the simultaneous refocusing on the sector of "digital energy", to be completed no later than December 31, 2020;

(ii) the merger by incorporation of Softeco Sismat Srl into TerniEnergia, to be completed by the end of 2019 to facilitate entry into the hi-tech and digital sector;

(iii) a financial package whose variations, compared to the one approved on 25 October 2018, are a consequence of the activity carried out by the expert assessor, Mr. Massimiliano Bonamini, appointed by the Company to carry out the analyses required by law, mainly concerning the truthfulness of company data and

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the feasibility of the Recovery and Relaunch Plan.

As part of these analyses, the plan's assumptions were in fact subjected to major stress tests that led to inevitable changes in the Financial Maneuver.

The Board of Directors also resolved to convene the meeting of bondholders on July 30, 2019 in Milan, Corso Magenta, 85, at 11:00 a.m., on first call, and on July 31, same place and time, on second call.

### **The 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 Bondholders' Meeting relating to the "Euro 25,000,000.00 notes due 2019 - ISIN code IT0004991573" has resolved upon the bondholders' participation to the Plan and upon the amendments to the Bond Regulation**

On July 30, 2019 The Bondholders' Meeting of the "*TerniEnergia Euro 25,000,000.00 notes due 2019 - ISIN code IT0004991573*" bond (the "Bond"), was held before the Chairman Stefano Neri and the Notary Adele Cesàro in Milan at the first convening, 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 Regulation 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").

### **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.

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

On September 20, 2019, TerniEnergia announced that it had signed the closing for the sale of 11 photovoltaic plants for a total price of Euro 10.3 million. The operation, which concerns the first tranche of a total perimeter of 22 photovoltaic plants, provides for the acquisition of plants for a total installed capacity of 9.4 MW by Mareccio Energia S.r.l., a platform for aggregation of assets in Italy of a primary investment fund, in partnership with the sponsor LCF Alliance, through the vehicle company Italia T1 Roncolo. The net proceeds for TerniEnergia will amount to approximately Euro 9.5 million, including a trade receivable from an SPV (net of the Escrow account of Euro 1 million and minority interests in JV G NC Radicci S.r.l.). The total value of the transaction (Enterprise Value) is approximately Euro 29.1 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 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 new air transport safety platform**

On September 23, 2019, TerniEnergia announced that the Group's digital company, Softeco Sismat, in partnership with Fincons S.p.A., 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 three-year framework contract (2019-2021) provides for the assignment of works to

three different groups, for a total amount of Euro 3.5 million. The group formed by Softeco and Fincons S.p.A., an international IT consulting firm, will be responsible for the development and implementation of the new platform that will be called ECCAIRS 2.0 (in short E2).

## **BUSINESS CONTINUITY AND BUSINESS OUTLOOK**

### **Recovery and Relaunch Plan**

During the next months, TerniEnergia will be committed to implementing the recovery and relaunch plan, aimed at pursuing, in the medium term, the transformation of the Group into a "One Smart Company" and the overcoming of the current situation of financial tension. The Plan is based on three pillars: divestment, rationalisation and strategic repositioning with a focus on the Internet of energy, smart mobility and IT consultancy.

- **Divestments.** A plan to divest the assets relating to the construction and sale of photovoltaic plants and the management of plants for the production of energy from alternative sources, which until now have been the core business of the group, as well as those relating to the CleanTech Business Unit, with the simultaneous refocusing on the sector of "digital energy", to be completed no later than December 31, 2020. In addition to the transactions already completed, TerniEnergia is currently negotiating the sale of additional assets, which are expected to be sold as part of the Recovery and Relaunch Plan.
- **Streamlining.** The Plan provides for a reorganisation of the Group, which will be structured through the sale of the Companies linked to the assets referred to in the first point (disposals) and a rationalisation of the Group's structural costs as a result of the disposal policy and, above all, the merger by incorporation of Softeco Sismat Srl into TerniEnergia, to facilitate entry into the hi-tech and digital sector. The planned merger stems from the need to proceed with the concentration of the activities previously carried out independently by the Merged Company (Softeco Sismat) on the part of the Merging Company (TerniEnergia). The operation aims at a corporate reorganization, which should result, among other things, a greater flexibility of internal processes, the simplification of the structure of the holding chain, as well as the optimization of the management of resources and economic and financial flows arising from the activities currently divided into the two companies. The Merger's operational purposes are associated with some significant synergies deriving from the elimination of corporate and administrative duplications and overlaps, with the consequent containment of general costs due to entrepreneurial activity by means of a single company instead of the current two. The post-merger company will therefore have the identity of technological enabler to enable its customers to deal optimally with the energy transition and digital transformation, with services and solutions enhanced by the integration between Softeco Sismat's technological and IT skills and those of industrial, plant development, asset management in the renewable energy and environment sectors of TerniEnergia.

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- **Strategic repositioning.** The plan provides for a decisive enhancement of the technological strengths of the Group, through the development and strengthening of business consulting, industry, smart mobility and digital energy lines with a high technological content, 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). This will allow a consistent focus of industrial activities on activities with greater added value, with an enhancement of the expertise of Softeco Sismat in the integration of technology and models from digitization, in all areas of business with the related changes in the way of operating of the company and its staff, but also in the way of addressing customers with new opportunities to promote the offer through new services.

In this direction, activities are underway to strengthen the commercial structure in support of the sectors with the highest technological content, in order to position the Group with customers and partners of high standing; the presence of the national territory has been strengthened with regard to the offer of products, solutions and services for the consulting, industry, smart mobility and digital energy sectors; selections continue for the implementation and the technical-operational structure to meet the growing need for high professionalism. To this end, agreements and conventions have been signed with universities and research centres.

The Plan provides a debt restructuring and rescheduling agreement with banks, bondholders and creditors in general, which represents a shared solution aimed at overcoming the current financial crisis.

TerniEnergia is assisted by KPMG Advisory SpA as financial advisor and by the law firm DLA Piper as legal advisor in drawing up the above mentioned Plan. The reasonableness of the Plan is awaiting to be certified by the professional identified by the Company in the person of Dr. Massimiliano Bonamini, pursuant to Article 67, paragraph 3, letter d) r.d. 267/42 for the period 2018-2022.

### **Additional information required by Consob pursuant to Article 114 of Legislative Decree No. 196/2003. n.58/98 (TUF)**

In compliance with the request sent to the Company by the National Commission for Companies and the Stock Exchange (Consob), pursuant to Art. 114 of Legislative Decree no. 58/98, the following is hereby communicated:

### **The Net Financial Position of the Company**

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<i>(in Euro)</i>	As at December, 31 2018	As at December, 31 2017
Cash	(56,594)	(10,461)
Available bank accounts	(701,004)	(380,221)
Liquidity	<b>(757,598)</b>	<b>(390,682)</b>
Debt Bond	26,462,387	26,290,018
Current bank debt (current account overdraft)	8,915,347	6,173,376
Current bank debt (advance)	3,913,768	5,456,472
Financial payables to other financial institutions	938,329	2,234,209
Current portion of the lease		11,871,016
Short-term loans	20,606,509	20,223,879
Financial payables /(Receivables)	(3,282,863)	(10,068,750)
Intercompany current account		4,042,236
Current financial indebtedness	<b>57,553,477</b>	<b>66,222,456</b>
<b>Current net financial indebtedness</b>	<b>56,795,879</b>	<b>65,831,774</b>
Financial payables to Leasing		5,500,110
<b>Non-current net financial debt</b>		<b>5,500,110</b>
<b>Total net financial debt</b>	<b>56,795,879</b>	<b>71,331,884</b>

### Net financial position of the TerniEnergia Group:

<i>(in Euro)</i>	As at December, 31 2018	As at December, 31 2017
Cash	(56,594)	(31,564)
Available bank accounts	(2,480,675)	(5,284,599)
Liquidity	<b>(2,537,269)</b>	<b>(5,316,163)</b>
Debt Bond	26,462,387	26,290,018
Current bank debt (current account overdraft)	9,454,888	11,147,638
Current bank debt (advance)	6,928,559	5,456,472
Financial payables to other financial institutions	938,329	2,289,082
Current portion of the lease	0	12,217,607
Short-term loans	20,606,509	21,746,366
Financial payables /(Receivables)	(1,266,292)	(9,176,900)
<b>Current financial indebtedness</b>	<b>63,124,380</b>	<b>69,970,282</b>
<b>Current net financial indebtedness</b>	<b>60,587,111</b>	<b>64,654,119</b>
Non-current financing		14,288,436
Financial payables to Leasing		10,847,229
<b>Non-current net financial debt</b>		<b>25,135,665</b>
<b>Total net financial debt</b>	<b>60,587,111</b>	<b>89,789,784</b>

**OVERDUE GROUP DEBT POSITIONS BROKEN DOWN BY NATURE AND ANY RELATED ACTION TAKEN BY THE GROUP'S CREDITORS TO REACT**

<b>TERNIENERGIA S.P.A. - OVERDUE SITUATION AS AT 31.12.2018</b>			
<b>Description</b>	<b>Overdue by 6 months</b>	<b>Overdue by more than 6 months</b>	<b>Total</b>
<i>in Euro</i>			
Trade payables	420,230	6,126,349	<b>6,546,579</b>
Tax payables	27,237	54,474	<b>81,711</b>
Social security payables	100,803	0	<b>100,803</b>
Payables for IRPEF withholdings	341,647	271,557	<b>613,203</b>
Payables to leasing and mortgages	3,766,458	5,985,285,04	<b>9,751,743</b>
Short-term bank payables		8,564,752,00	<b>8,564,752</b>
<b>TOTAL</b>	<b>4,656,375</b>	<b>21,002,417</b>	<b>25,658,792</b>

<b>TERNIENERGIA GROUP - OVERDUE SITUATION AS AT 31.12.2018</b>			
<b>Description</b>	<b>Overdue by 6 months</b>	<b>Overdue by more than 6 months</b>	<b>Total</b>
<i>in Euro</i>			
Trade payables	1,000,451	6,805,772	<b>7,806,224</b>
Tax payables	763,469	498,123	<b>1,261,592</b>
Social security payables	547,879	0	<b>547,879</b>
Payables for IRPEF withholdings	1,324,821	2,026,374	<b>3,351,195</b>
Payables to leasing and mortgages	3,766,458	5,985,285	<b>9,751,743</b>
Short-term bank payables	298,062	8,564,752	<b>8,862,814</b>
<b>TOTAL</b>	<b>7,701,141</b>	<b>23,880,306</b>	<b>31,581,447</b>

<b>CREDITOR INITIATIVES</b>		
<b>Description</b>	<b>Number of files</b>	<b>Amount</b>
INSTALMENT AGREEMENT	29	1,170,951.36
SETTLEMENT AGREEMENT	2	433,000.00
INJUNCTION	21	326,607.57
DIFFIDATION	72	977,305.02
<b>Total</b>		<b>2,907,863.95</b>

(\*) for 18 injunctions (for a total value of 276 thousand euro) an agreement was reached for an instalment payment.

**THE MAIN CHANGES IN TRANSACTIONS WITH RELATED PARTIES**

There have been no significant changes in the Company's or the Group's transactions with related parties since the last approved half-yearly financial report. Any failure to comply with the covenants, negative pledges or any other clause of the Group's indebtedness that entails limits to the use of financial resources, with an indication at the updated date of the degree of compliance with said clauses.

**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**

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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, it is worth mentioning that the resolution approving the draft financial statements for the year ended December 31, 2018 was based on the reasonable assumption that the Restoration and Relaunch Plan and the Financial Agreement implementing it would become effective by the same deadline of September 30, 2019.

#### **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 Company provided timely information during 2018 and the current year.

#### **Other resolutions of the Board of Directors and updating of the corporate events calendar**

The Board of Directors of TerniEnergia then reviewed and approved the Report on Corporate Governance and the Company's Ownership Structure for the 2017 financial year, the Report of the Control and Risk Committee and the Report on the Remuneration of Executive Directors and Managers with Strategic Responsibilities, as required by Article 154-bis of the Italian Civil Code. 123-ter of the Legislative Decree. 58/98, which will be submitted to the Shareholders' Meeting for approval.

The Board also convened the Ordinary Shareholders' Meeting on first call for 6 November 2019, and on second call for 7 November 2018, to resolve on the approval of the financial statements at 31/12/2018.

The documentation relating to the items on the agenda of the Shareholders' Meeting will be made available to the public within the time limits and in the manner provided for by current legislation.

Finally, pursuant to art. 2.6.2 of the Regulations of Borsa Italiana S.p.A., TerniEnergia announces the following amendment to the Calendar of Corporate Events 2019, published on 16 January 2019:

26 November 2019 - Meeting of the Board of Directors: approval of the half-yearly financial report as at 30/06/2019.

It should be noted that the dates set out in this press release are purely indicative: any changes, which may be made to them, will in any case be promptly disclosed to the market, in the same manner as for the dissemination of this press release.

*This press release is also available on the Company's website: [www.ternienergia.com](http://www.ternienergia.com).*

**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 300 employees and a geographical presence worldwide, with operative and commercial offices, TerniEnergia develops innovative solutions, products and services based on digital and industrial

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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, 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.

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### Attached:

- Reclassified consolidated income statement as at 31/12/2018
- Consolidated statement of financial position as at 31/12/2018
- Consolidated net financial position as at 31/12/2018
- Reclassified Income TerniEnergia SpA as at December 31st, 2018
- Reclassified Balance Sheet TerniEnergia SpA as at December 31st, 2018
- Net Financial Statement TerniEnergia SpA as at December 31st, 2018

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS AT 31/12/2018**

<i>(in Euro)</i>	As at December, 31 2018	As at December, 31 2017 (Restated)	Change	Change %
Net revenues from sales and services	24,512,657	64,672,124	(3,994,133)	(14.0)%
Production costs	(8,501,201)	(43,287,382)	5,985,345	(41.3)%
<b>Added value</b>	<b>16,011,457</b>	<b>21,384,741</b>	<b>1,991,213</b>	<b>14.2%</b>
Personnel costs	(14,289,302)	(19,154,936)	1,603,075	(10.1)%
<b>EBITDA</b>	<b>1,722,154</b>	<b>2,229,806</b>	<b>3,594,288</b>	<b>n.a.</b>
Amortization, depreciation, provisions and write-downs	(5,754,758)	(39,562,511)	6,354,436	(52.5)%
<b>EBIT</b>	<b>(4,032,603)</b>	<b>(37,332,705)</b>	<b>9,948,724</b>	<b>(71.2)%</b>
Financial income and charges	(4,581,358)	(8,086,294)	1,492,130	(24.6)%
Portions of results attributable to the JV		(333,519)	103,098	(100.0)%
<b>Pre-tax result</b>	<b>(8,613,961)</b>	<b>(45,752,517)</b>	<b>11,543,952</b>	<b>(57.3)%</b>
Income taxes	3,882,576	6,195,956	(7,369,752)	(65.5)%
<b>Result of ongoing activities</b>	<b>(4,731,385)</b>	<b>(39,556,561)</b>	<b>4,174,200</b>	<b>(46.9)%</b>
Net result from assets held for sale		(5,319,230)	26,294,923	(83.2)%
<b>Net profit for the period</b>	<b>(10,050,615)</b>	<b>(39,556,561)</b>	<b>30,469,124</b>	<b>(75.2)%</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31/12/2018**

<i>(in Euro)</i>	<b>As at December, 31 2018</b>	<b>As at December, 31 2017 (Restated)</b>	<b>Change</b>	<b>Change %</b>
Intangible assets	25,684,937	32,092,177	(1,876,784)	(6.8)%
Property, plant and equipment	7,855,947	59,590,962	(60,385,125)	(88.5)%
Financial fixed assets and other intangible assets	20,801,381	32,487,736	(10,038,680)	(32.6)%
<b>Fixed Assets</b>	<b>54,342,265</b>	<b>124,170,875</b>	<b>(72,300,589)</b>	<b>(57.1)%</b>
Inventories	11,587,744	13,843,569	(2,255,825)	(16.3)%
Trade receivables	19,431,088	35,289,654	(15,919,467)	(45.0)%
Other assets	4,920,833	16,076,441	(12,837,613)	(72.3)%
Trade payables	(27,243,743)	(54,098,698)	27,013,440	(49.8)%
Other liabilities	(20,072,849)	(19,524,624)	(357,913)	1.8%
<b>Net working capital</b>	<b>(11,376,928)</b>	<b>(8,413,659)</b>	<b>(4,357,378)</b>	<b>62.1%</b>
				0.0%
<b>Provisions and other non-trade liabilities</b>	<b>(12,509,686)</b>	<b>(19,374,854)</b>	<b>5,573,873</b>	<b>(30.8)%</b>
<b>Net Invested Capital</b>	<b>30,455,650</b>	<b>96,382,362</b>	<b>(71,084,094)</b>	<b>(70.0)%</b>
<b>Shareholders' Equity</b>	<b>11,428,344</b>	<b>21,034,123</b>	<b>(9,909,370)</b>	<b>(46.4)%</b>
Current net financial position	64,282,133	64,654,119	(8,406,764)	(11.6)%
Non-current net financial position	933,185	25,135,665	(30,722,842)	(97.1)%
<b>Total net financial position</b>	<b>65,215,318</b>	<b>89,789,784</b>	<b>(39,129,606)</b>	<b>(37.5)%</b>
<b>(Assets) Net liabilities held for sale</b>	<b>(46,188,012)</b>	<b>(14,441,545)</b>	<b>(22,045,119)</b>	<b>91.3%</b>
<b>Net Invested Capital</b>	<b>30,455,650</b>	<b>96,382,362</b>	<b>(71,084,094)</b>	<b>(70.0)%</b>

**CONSOLIDATED NET FINANCIAL POSITION AS AT 31/12/2018**

<i>(in Euro)</i>	<b>As at December, 31 2018</b>	<b>As at December, 31 2017 (Resrated)</b>
Cash	(53,422)	(31,564)
Available bank current accounts	(2,584,796)	(5,284,599)
<b>Liquidity</b>	<b>(2,638,218)</b>	<b>(5,316,163)</b>
Bond debt	26,462,387	26,290,018
Current bank debt (current account overdraft)	12,480,506	11,147,638
Current bank debt (advance)	4,701,578	5,456,472
Financial payables to other lenders	2,520,804	2,289,082
Current financial debt (Leasing)	84,995	12,217,607
Current financial debt (other lenders)	20,824,918	21,746,366
Current financial receivables	(154,838)	(9,176,900)
<b>Current financial debt</b>	<b>66,920,352</b>	<b>69,970,282</b>
<b>Current net financial position</b>	<b>64,282,133</b>	<b>64,654,119</b>
Bond debt		
Non-current financial debt (other lenders)	21,003	14,288,436
Financial payables to other lenders		
Non-current financial debt (Leasing)	912,182	10,847,229
<b>Non-current net financial position</b>	<b>933,185</b>	<b>25,135,665</b>
<b>Total net financial position</b>	<b>65,215,318</b>	<b>89,789,784</b>

**RECLASSIFIED INCOME TERNIENERGIA SPA AS AT DECEMBER 31ST, 2018**

<i>(in Euro)</i>	<b>As at December, 31 2018</b>	<b>As at December, 31 2017</b>	<b>Change</b>	<b>Change %</b>
Net revenues from sales and services	5,792,553	8,662,034	(2,869,480)	(33.1)%
Production costs	(3,166,156)	(7,309,222)	4,143,066	(56.7)%
<b>Added value</b>	<b>2,626,398</b>	<b>1,352,812</b>	<b>1,273,586</b>	<b>94.1%</b>
Personnel costs	(1,670,419)	(2,881,519)	1,211,100	(42.0)%
<b>EBITDA</b>	<b>955,979</b>	<b>(1,528,707)</b>	<b>2,484,685</b>	<b>n.a.</b>
Amortization, depreciation, provisions and write-downs	(1,504,331)	(3,293,008)	1,788,677	(54.3)%
<b>EBIT</b>	<b>(548,353)</b>	<b>(4,821,715)</b>	<b>4,273,362</b>	<b>(88.6)%</b>
Financial income and charges	(4,296,566)	(5,967,353)	1,670,787	(28.0)%
<b>Pre-tax result</b>	<b>(4,844,919)</b>	<b>(10,789,068)</b>	<b>5,944,149</b>	<b>(55.1)%</b>
Income taxes	3,337,858	9,349,044	(6,011,186)	(64.3)%
<b>Result of ongoing activities</b>	<b>(1,507,061)</b>	<b>(1,440,025)</b>	<b>(67,037)</b>	<b>4.7%</b>
Net result from assets held for sale	(4,830,382)	(40,749,487)	35,919,105	(88.1)%
<b>Net profit for the period</b>	<b>(6,337,444)</b>	<b>(42,189,512)</b>	<b>35,852,068</b>	<b>(85.0)%</b>

**RECLASSIFIED BALANCE SHEET TERNIENERGIA SPA AS AT DECEMBER 31ST, 2018**

<i>(in Euro)</i>	<b>As at December, 31 2018</b>	<b>As at December, 31 2017</b>	<b>Change</b>	<b>Change %</b>
Intangible assets	3,027,946	3,093,350	(65,404)	(2.1)%
Property, plant and equipment	4,598,633	32,213,928	(27,615,294)	(85.7)%
Financial fixed assets and other intangible assets	28,541,976	45,659,266	(17,117,290)	(37.5)%
<b>Fixed Assets</b>	<b>36,168,556</b>	<b>80,966,543</b>	<b>(44,797,987)</b>	<b>(55.3)%</b>
Inventories	1,928,700	5,313,831	(3,385,131)	(63.7)%
Trade receivables	7,564,236	17,656,815	(10,092,579)	(57.2)%
Other assets	3,300,877	20,842,615	(17,541,738)	(84.2)%
Trade payables	(8,157,128)	(25,154,155)	16,997,027	(67.6)%
Other liabilities	(7,055,318)	(7,626,907)	571,589	(7.5)%
<b>Net working capital</b>	<b>(2,418,632)</b>	<b>11,032,199</b>	<b>(13,450,831)</b>	<b>(121.9)%</b>
				0.0%
<b>Provisions and other non-trade liabilities</b>	<b>(7,236,397)</b>	<b>(9,975,244)</b>	<b>2,738,847</b>	<b>(27.5)%</b>
<b>Net Invested Capital</b>	<b>26,513,527</b>	<b>82,023,498</b>	<b>(55,509,971)</b>	<b>(67.7)%</b>
<b>Shareholders' Equity</b>	<b>4,364,936</b>	<b>10,691,614</b>	<b>(6,326,678)</b>	<b>(59.2)%</b>
Current net financial position	60,932,840	65,831,774	(4,898,935)	(7.4)%
<b>Total net financial position</b>	<b>61,845,022</b>	<b>71,331,884</b>	<b>(9,486,862)</b>	<b>(13.3)%</b>
<b>(Assets) Net liabilities held for sale</b>	<b>(39,696,432)</b>		<b>(39,696,432)</b>	<b>n.a.</b>
<b>Net Invested Capital</b>	<b>26,513,527</b>	<b>82,023,498</b>	<b>(55,509,971)</b>	<b>(67.7)%</b>

**NET FINANCIAL STATEMENT TERNIENERGIA SPA AS AT DECEMBER 31ST, 2018**

<i>(in Euro)</i>	<b>As at December, 31 2018</b>	<b>As at December, 31 2017</b>
Cash	(36,525)	(10,461)
Available bank current accounts	(912,157)	(380,221)
<b>Liquidity</b>	<b>(948,682)</b>	<b>(390,682)</b>
Bond debt	26,462,387	26,290,018
Current bank debt (current account overdraft)	9,422,074	6,173,376
Current bank debt (advance)	4,701,578	5,456,472
Financial payables to other lenders	2,010,927	2,234,209
Current financial debt (Leasing)	84,995	11,871,016
Current financial debt (other lenders)	20,606,509	20,223,879
Current financial receivables	(1,429,962)	(10,068,750)
<b>Current financial debt</b>	<b>61,881,521</b>	<b>66,222,456</b>
<b>Current net financial position</b>	<b>60,932,840</b>	<b>65,831,774</b>
Non-current financial debt (Leasing)	912,182	5,500,110
<b>Non-current net financial position</b>	<b>912,182</b>	<b>5,500,110</b>
<b>Total net financial position</b>	<b>61,845,022</b>	<b>71,331,884</b>