

TerniEnergia 3.0

Business Plan and guidelines for the strategic development 2013 – 2015

- 3 phases of development
- 3 business units: Independent Power Producer (IPP), Integrated Energy Solutions (IES), Environmental Resources Solutions (ERS)
- 3 continents for internationalization



Lugano – September, 28th 2012

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Baseline Business Plan 2013-2015

Repositioning

- In 2012 TerniEnergia began its business repositioning from a mainly PV-centered construction company (EPC model that characterized the business of 2011) to a broader model focused on directly investing in power plants using different technologies for power generation (solar, biomass, biogas etc.), on marginal material and waste recovery plants (e.g. tires), on energy efficiency. The new season of Terni Energia enlarges the span of its competencies on the market, it sets aside public subsidies and incentives and looks at those geographical markets where renewable energy is a strategic infrastructure for the long term solution of energy needs.
- The new season of development of TerniEnergia ignores the dependence on government incentives and look at the markets (geographies and technologies, vertical applications) where renewable energy is a strategic infrastructure for the solution of a basic need.

TerniEnergia 3.0

- The Business Plan is conventionally called TerniEnergia 3.0 because it is the third phase of company's development, after its start-up and its growth in the market boom, fueled by public incentives.

Vision

- Power generation and energy consumption are becoming more and more integrated, bringing together distributed power sources and energy efficiency of the final use, either a community or a business. Marginal resources will become critical due to sustainability requirements and public opinion attitude towards a cleaner world.

Mission

- TerniEnergia is the industrial Green Company leader in the sustainable and integrated energy resources management for territories or corporations, whose mission is to build and manage economically and environmentally sustainable solutions to energy and environment issues, integrating clean power generation with energy efficiency and marginal materials recovery.

3 Business Units

- The three business units on which is built the development of TerniEnergy 3.0 are:
 - a. **IPP Independent Power Producer:** whose mission is to produce energy from various renewable resources in a sustainable and economically competitive for national networks or local direct investment in TerniEnergy and its partners co-investors.
 - b. **IES Integrated Energy Solutions:** whose mission is to create systems to provide sustainable energy at competitive costs and efficiently manage the consumption of large customers to provide them a competitive advantage in their investment or with the participation of investment in logic Esco. Fall into this business unit also activities EPC and BOT for third parties for the various renewable.
 - c. **ERS Environmental Resources Solutions:** aims to offer integrated solutions for the use of marginal resources through the economic recovery and transformation into new uses, or to convert into energy, with direct participation investment. Between the lines of action already activated: recovery of used tires, the organic waste treatment, recovery reclamation and conversion of industrial sites and sewage.

Main events of the 2012 management

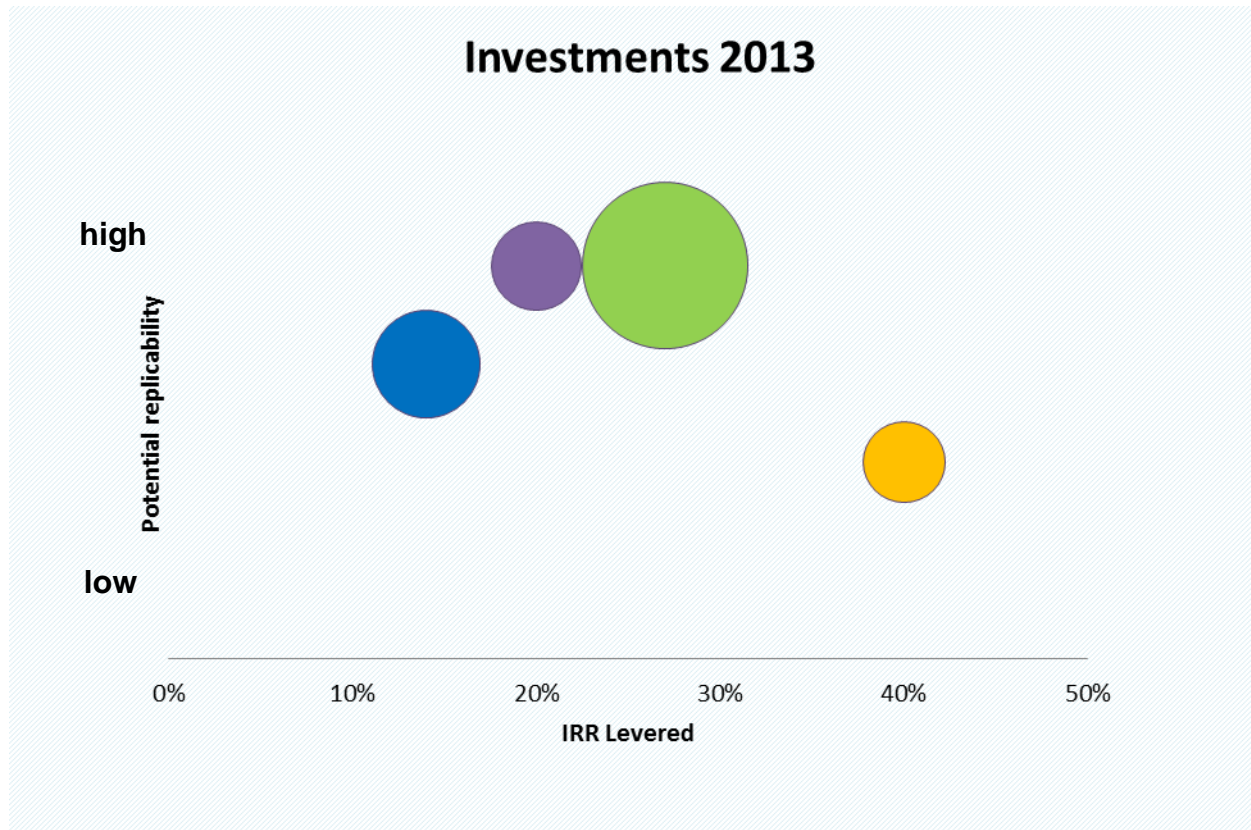
- Among the facts of the 2012 report is :
 - The merger of TerniGreen (already listed on the AIM market organized and managed by the Italian Stock Exchange), aimed at integrating the energy sector with the environment, with the advantages dell'efficientamento company in terms of resources and accretion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

Ongoing activities in 2012

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

A stable base for the future

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

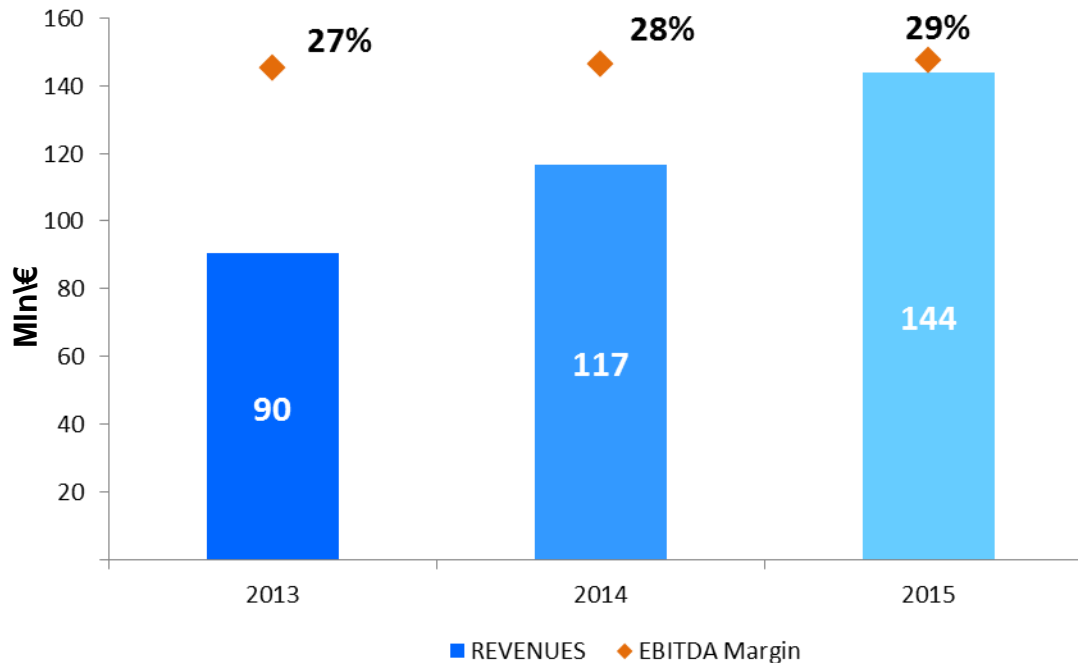


Planned investments for 2013 amounted to € 20 million in the areas of:

- Treatment and recovery marginal resources █
- Power generation █
- water purification █
- Energy efficiency and cogeneration █

Profitability and investment high replicability

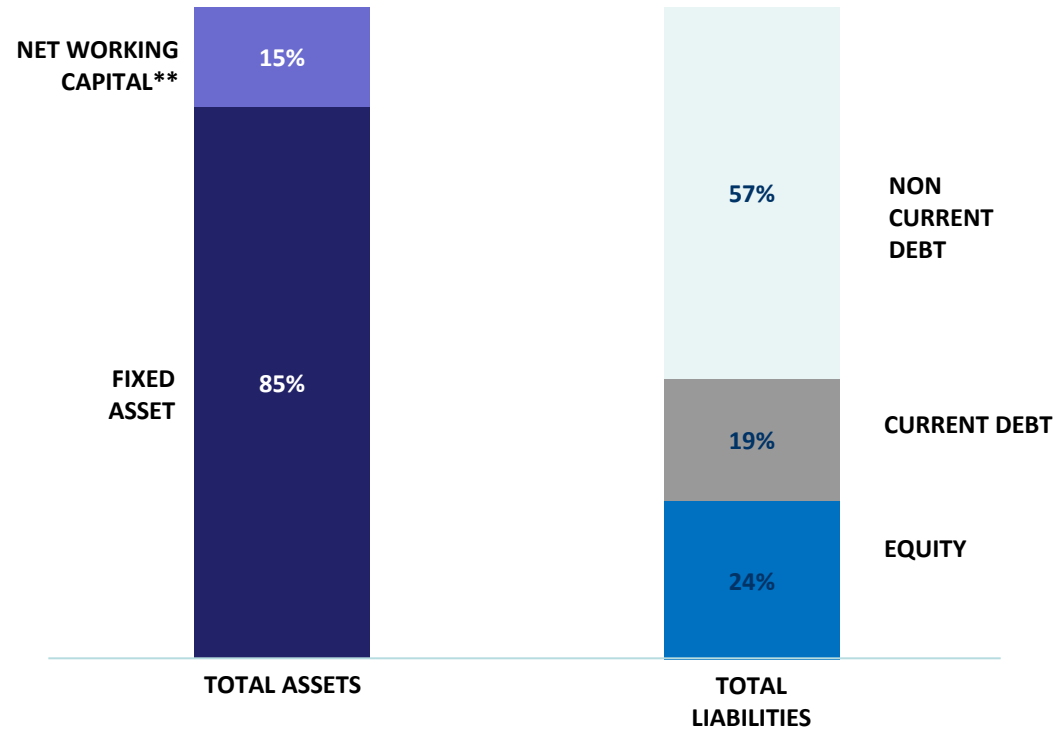
Financial Highlights – Business Plan Baseline 2013-2015 (*)



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

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

Break down Balance sheet 2013



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

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

(**) Including Provision and other liabilities

Cash flow stable and controllable

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

Lower volatility

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

Diversification of country risk

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

Lower counterparty risk

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

Technological diversification

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

Growth potential

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

Market CAP = 86m

Equity = 50m (total amount
before derivatives)

Short NFP / Equity = < 1

**Stable and recurring cash flow from
investment activities**

A Platform for the future

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

This platform should meet the following requirements :

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

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