

# Company Presentation

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June 2019



**Section 1: Company and Asset Overview**

**Section 2: Highlights**

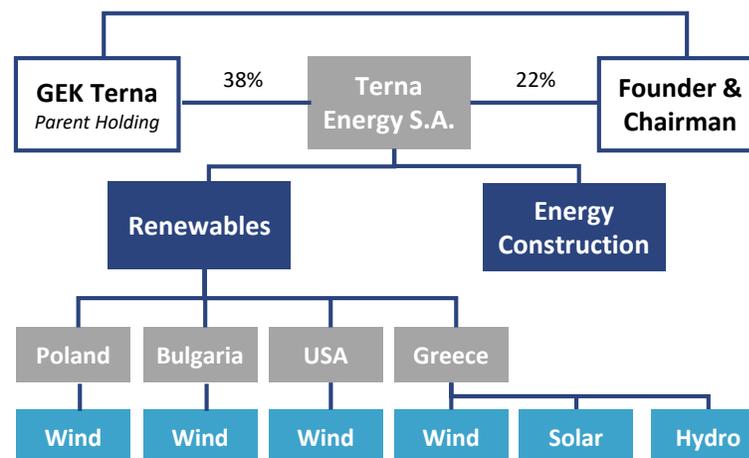
**Section 3: Financial Performance**





# Terna Energy Company Overview

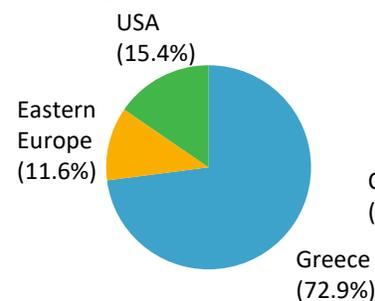
- Largest Greek renewable company
- 1032 MW of currently installed capacity
- c280 MW under construction or ready to build capacity
- Geographic diversification with 27% of sales in Eastern Europe and US
- Strong financial profile with 2018 revenues of €292 MM and EBITDA of €167.9 MM
- Market capitalization: €740 MM as of 26th March 2019



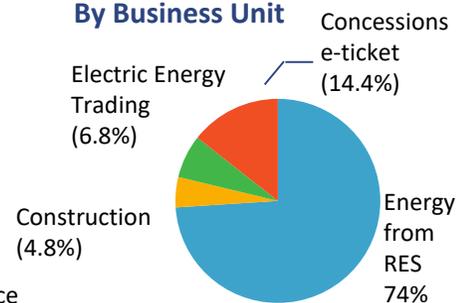
## Sales by Geography and by Business Unit

FY 2018

### By Geography



### By Business Unit



€ MM	FY13	FY14	FY15	FY16	FY17	FY 18
Sales	139.6	158.3	198.6	225.6	276.5	292
Sales Growth	13%	13%	26%	14%	23%	5,6%
EBITDA	69.9	74.1	99.3	115.8	147.5	167.9
EBITDA Margin	50%	47%	50%	51%	53%	58%
EBIT	35.3	43.5	62.7	74.8	105.3	120.1
Net Income	4.4	5.8	17.4	21.4	37.1	47.1
Cash Flow before Working Capital Changes	70.2	74.8	103.8	116.3	150.0	167.5
Cash Flow Conversion <sup>(6)</sup>	100%	101%	105%	100%	102%	101%
Capital Expenditure	36.0	58.1	85.9	145.5	229.2	109.3
Net Financial Debt	242.2	254.5	346.3	554.5	563.9	606
Net Financial Debt / EBITDA	3.5x	3.4x	3.5x	4.8x	3.8x	3.6x

# Asset Portfolio Overview

48 Projects



**Legends**

-  Wind Energy
-  Solar Energy
-  Hydroelectric Projects

## Assets in Operation

	Energy Type	Capacity (MW)	COD	PPA Life Left (Y)
<b>Greece</b> 		<b>560.7</b>		
Tsilikoka		10.2	2000	1.8
Tsouka Tsougari		12.0	2000	1.8
Profitis Elias		11.2	2001	2.6
Pyrgari		5.4	2001	2.8
Didimos Lofos		26.0	2005	13.8
Perdikokorifi		14.5	2006	14.9
Mytoula		34.2	2006	14.7
Chonos		4.5	2006	14.5
Chylos		11.7	2013	15.1
Rhodos		17.9	2014	15.3
Ksirovouni		6.3	2014	15.2
Gouri		32.2	2014	15.6
Loggarakia		18.0	2014	15.6
Raxoula (2)		8.0	2014	15.9
Derveni		24.0	2014	16.3
Mavrovouni (2)		8.0	2015	16.5
Louzes		24.0	2008	16.5
Eleoussa		6.6	2008	17.1
Adendro		1.0	2016	17.6
St. George Project		73.2	2016	17.8
Mavroplagia – Kastro		17.2	2017	18.2
Mougoulios		16.5	2017	18.5
Plagia – Psiloma		14.9	2017	18.7
Scopia		20.0	2010	19.2
Raxoula (3)		6.0	2018	19.4
Eressou Ipsoma - Fourka		36.0	2018	19.2

	Energy Type	Capacity (MW)	COD	PPA Life Left (Y)
<b>Greece</b> 				
Lefkes Kerasia		8.0	2018	19.2
Dafnozonara		11.2	2011	19.7
Mavrovouni (1)		19.6	2011	19.9
Krekeza		30.0	2011	20.1
Raxoula (1)		30.0	2011	20.4
Vathichori Station I		6.0	2011	20.0
Louzes (PV)		1.1	2012	20.7
Vathichori Station II		1.5	2013	21.2
<b>USA</b> 		<b>293</b>		
Mountain Air, Idaho		138.0	2012	14.1
Fluvanna I, Texas		155.4	2017	12*
<b>Poland</b> 		<b>102</b>		
Chelmza		4.0	2015	N/A
Chojnice		6.0	2015	N/A
Czarnozylly		16.0	2012	N/A
Gorzkowice		12.0	2011	N/A
Krzyzanow		20.0	2011	N/A
Makow		12.0	2014	N/A
Nasielsk		10.0	2012	N/A
Sieradz		8.0	2013	N/A
Szadek		8.0	2012	N/A
Tuchola		6.0	2015	N/A
<b>Bulgaria</b> 		<b>30.0</b>		
Karapelit		12.0	2012	5.1
Vranino		18.0	2013	5.2
<b>Total Portfolio:</b>		<b>986.1</b>		

\*Hedging agreement

## Diversified portfolio of RES projects

## Expansion outside Greece

Status		Wind (MW)	SHPS & Pump Storage (MW)	P/V (MW)	Biomass & Co-generation (MW)
In operation	<i>Greece 607</i>	978	18	8.5	1
	<i>Poland 102</i>				
	<i>Bulgaria 30</i>				
	<i>USA 293</i>				
Under construction (or ready to built)		278			2.4
	<i>Greece 122</i> <i>USA 158</i>				
With production licence		1.605	761	18	
Application for production license filed		3.263	3.444	15	19

# Key Investment Highlights

An Established Renewables Energy Platform with Strong In-House Capabilities, Proven Track Record and Attractive Growth Potential



# Vertically Integrated and Efficient Platform

Fully Integrated Platform, With Proven Capabilities  
Across the Whole Value Chain

## 5 Asset Operation and Management

- Accounting, financial reporting
- Licensing and regulatory documentation management
- Operation and monitoring services
- Preventive and corrective maintenance
- Improvement plans and management of spare parts

## 4 Construction

- Preconstruction
  - Technical feasibility
  - Mapping and site preparation
- Construction
  - Civil works
  - Mechanical and electrical installation
  - Engineering
  - Evacuation infrastructure
- Commissioning

## 3 Financing

- Economic and financial analysis / reporting
- Capital structure optimization
- Relationships with debt providers (both public capital markets and financing institutions)
- Draft and negotiate financing agreements

## 1 Pre-Development Phase

- Analysis and selection of location / market / country
- Load factor assessment
- Permitting, public consultations and coordination with local authorities
- Land agreements
- Secure power grid connection and capacity

## 2 Development / Permitting

- Project design: scheduling and budget
- Permits and licenses (administrative, legal, environmental, social)
- Technology selection (WTG / PV Panels, inverters)
- Supply and O&M / EPC agreements

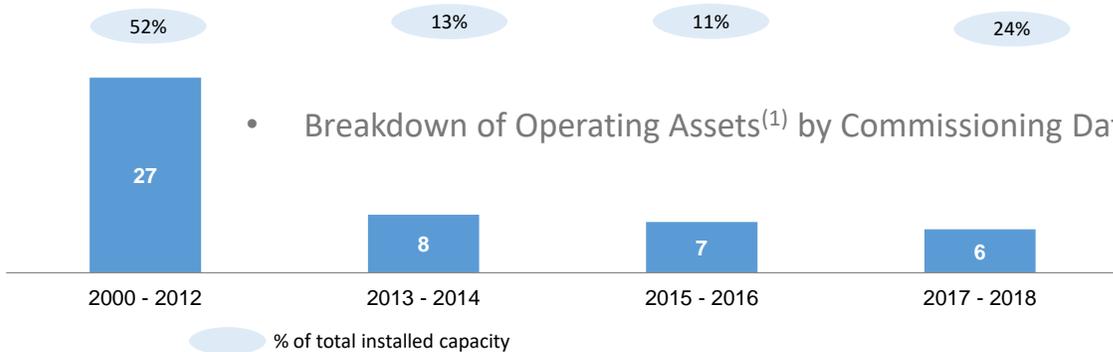




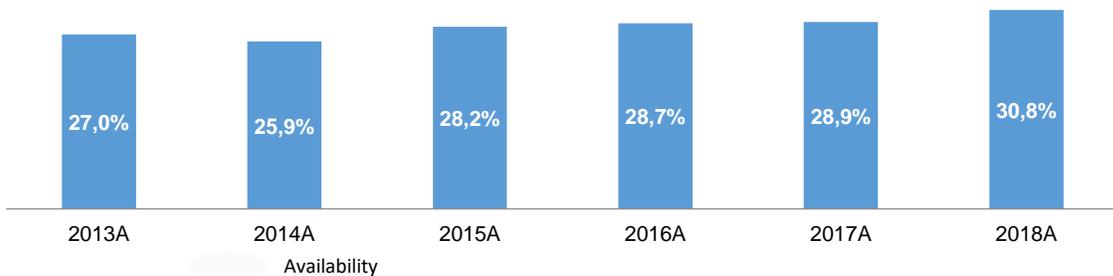
Young Asset Portfolio with a Weighted Average Operating Life of 5 Years

# of operating assets as of 22 March 2019

• Breakdown of Operating Assets<sup>(1)</sup> by Commissioning Date



Load Factors Evolution<sup>(2)</sup>



Notes:

- 42 Wind assets, 3 Solar assets, 2 Hydro assets and 1 Biomass asset
- Load factors refer to Terna Energy Total including Wind, Mini Hydro and Solar.

## Key Considerations

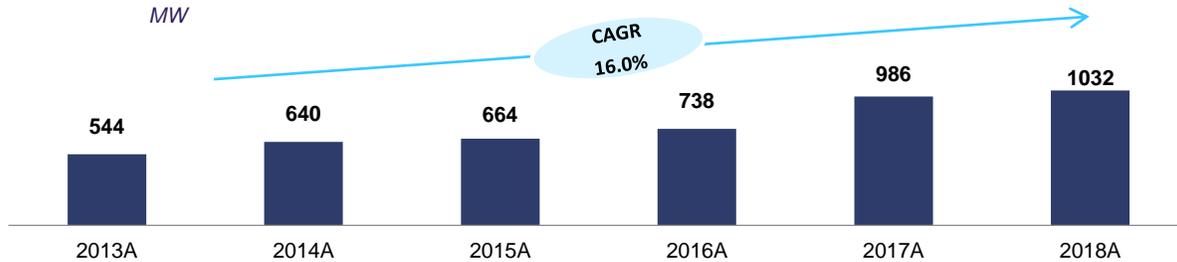
- Young asset portfolio with a weighted average operating life of c. 5 years
  - c. 50% of the assets (in terms of total capacity) been commissioned in the past 5 years
- Stable and industry leading load factors, supported by best in class practices, in-house O&M capabilities and management expertise
  - Load factor of 30.8% in 2018
  - Substantially higher than a number of other European wind markets
- Terna Energy holds a #1 position by market share in Greece with 607 MW of installed capacity
  - As the first mover in wind energy, the Company secured the best locations for its farms
- Strong operational performance is supported by best-in-class technology, supplied mainly by top tier international contractors; Gamesa, Siemens and Vestas

# Success Story of Organic Growth and Value Creation...

Strong Track Record Of Organic Growth, Resulting in Increasing EBITDA and Cash Flow Conversion

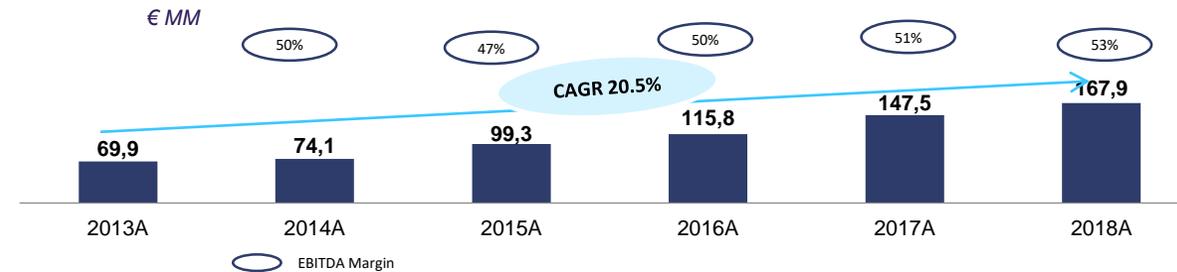
## Installed Capacity

MW

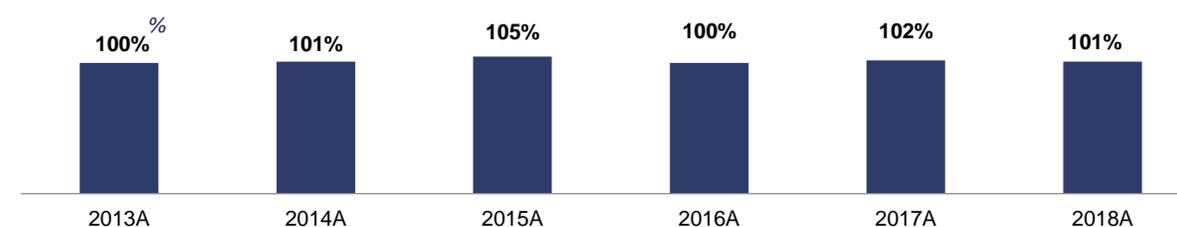


## EBITDA

€ MM



## Cash flow conversion<sup>(1)</sup>



**Notes:**

1. Defined as cash flow before working capital changes over EBITDA

## Key Considerations

### Installed capacity

- Terna Energy has delivered strong growth historically – for the period between 2013-2018;
  - increased its installed capacity at a 16% CAGR (from 544 MW to 1032 MW)
  - grown its installed capacity in Greece at a CAGR of more than 17% (from 302 MW to 561 MW)
  - delivered projects on budget and on time

### EBITDA

- Strong EBITDA growth reflecting the increase in installed capacity
- EBITDA margins have been increasing from 45% to 58%

### Cash Flow Conversion

- High cash flow conversion increasing together with the delivery of new capacity

## Strong Operational and Technical Excellence

### Skilled Engineering Team

- Founder and shareholder, as well as key senior managers have civil and mechanical engineering backgrounds
- Large technical team of over 80 engineers

### Construction Synergies

- Very strong operational and technical capabilities
- In-house construction of projects
- Track record of projects completed on time and on budget

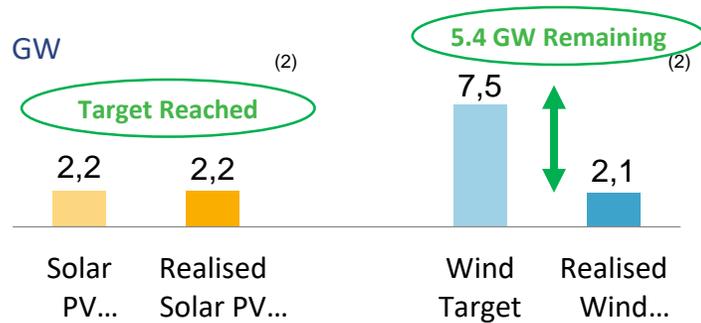
### Maintenance & Insurance Coverage

- Maintenance agreements with the turbine manufactures working with Terna Energy's engineering teams ensures transfer of valuable know-how to the company
- Full insurance coverage both for damages and revenue loss
- Turbines come with 5-year guarantees; expected life of c.25 years

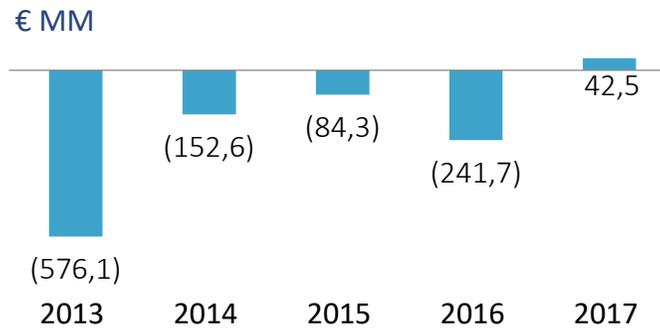


## A Stabilized Renewable Regulatory Framework in a Recovering Greek Economy

Government remains committed to its RES target for 2020



By resolving the RES deficit, the new regime offers a stable framework for the long term



Notes:

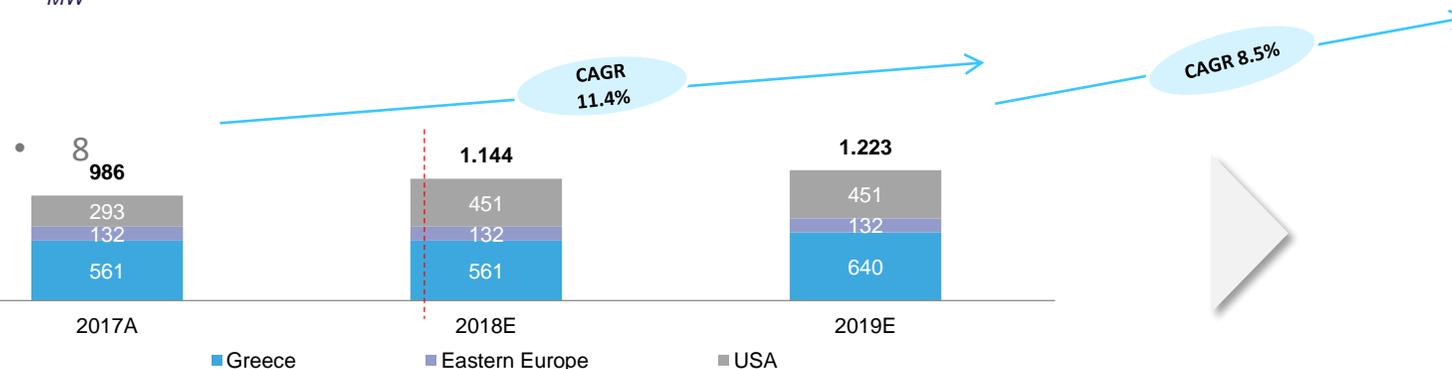
1. IMF Forecasts World Economic Outlook, April 2017
2. As of June 2017

# ...With a Focused Growth Strategy and Attractive Pipeline

## Focused Growth Strategy with Attractive and Visible Pipeline

A Successful Growth Story So Far With a 2 GW Target by 2025...

MW



- The Company has a strong and credible 7-year growth plan to reach c. 2 GW (by 2025)

- This can be comfortably achieved through:

- Competitive tenders in Greece (2.6 GW <sup>(1)</sup> between 2018 and 2020)
- Additional capacity in the US
- Additional capacity of 241 MW in pre- / under- construction phase
- Existing production license for c. 2.4 GW of additional capacity

2.000

2025E

## ...With an Attractive and Visible Pipeline to Achieve it

Project	Type	Capacity (MW)	Total Project Cost* € MM	Cash Grant/Tax Equity € MM (1)	Project Finance Debt € MM (2)	Equity / Cash € MM (3)	COD
<b>UNDER CONSTRUCTION</b>		<b>279 MW</b>					
Fluvanna 2 (USA)*	Wind	158 MW	224	124	60	40	H1-2019
Evoia SPA (A+B phase)	Wind	121 MW	150	-	120	30	2019-20
<b>PRE-CONSTRUCTION PROJECTS</b>		<b>2.4 MW</b>					
Peloponnese Waste Management	Waste	2.4 MW	123	66	43	14	2019
<b>TOTAL HIGH PRIORITY</b>		<b>281 MW</b>	<b>497</b>	<b>190</b>	<b>223</b>	<b>84</b>	

**Notes:**

- 170.92 MW of Wind and 160.40 MW of Solar have already been auctioned on 2<sup>nd</sup> July 2018 and announced on 4<sup>th</sup> July 2018
- €140 MM PPP agreement signed on 14 June for 28 years which will be split between a two-year construction period and a 26-year operation period
- 237 MW of Wind and 3.9 MW of Waste
- 1,605 MW of Wind, 761 MW of SHPS and 18 MW of Solar
- 3,263 MW of Wind, 3,444 MW of SHPS, 15 MW of Solar and 19 MW of Biomass and Co-generation

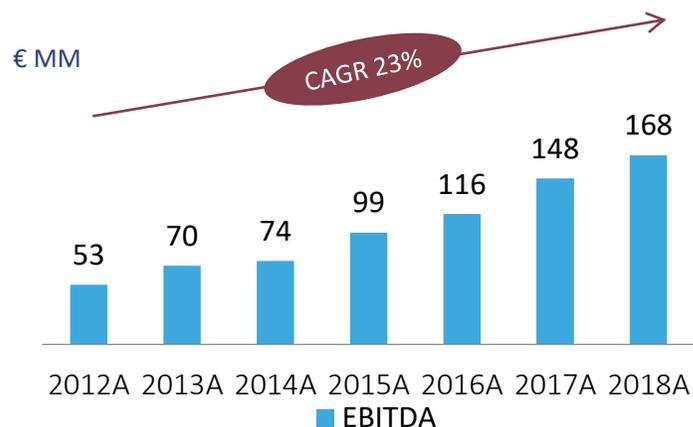
\* Total project cost = (1)+(2)+(3) = Cash grant/Tax equity + Project finance Debt + Equity

## Rapid Deleveraging from EBITDA Growth and High Cash Flow Conversion

### Steady 23% EBITDA CAGR

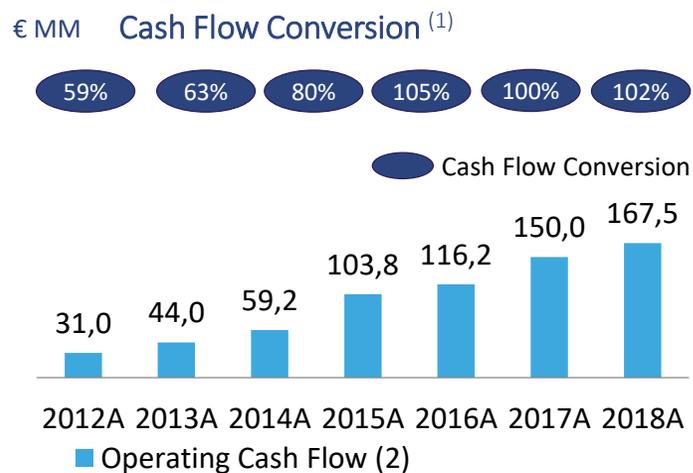
- Long term visibility on volume off takes
- Contracted prices
- Track record of project developments

### Strong Growth in Realized EBITDA



### Outstanding cash flow conversion

- No maintenance capex
- Rapid deleveraging on a like-for-like basis



**Notes:**

1. Cash Flow Conversion = Operating Cash Flow / EBITDA
2. Operating Cash Flow after Working Capital Changes



# Strong Financial Performance

million €	SALES			EBITDA			EBIT			NET INCOME bm		
	FY 18	FY 17	Ch%	FY 18	FY 17	Ch%	FY 18	FY 17	Ch%	FY 18	FY 17	Ch%
<b>Segments</b>												
<b>Energy from RES</b>	216.3	173.0	25.0	156.3	126.0	24.0	108.6	87.9	23.5	37.2	22.8	63.2
<b>Construction</b>	14.4	38.7	-62.8	5.2	18.5	-71.9	5.1	18.4	-72.3	3.7	12.3	-69.9
<b>Electric Energy Trading</b>	19.7	13.6	44.8	1.6	1.0	60.0	1.6	0.9	77.8	1.5	0.7	114.3
<b>Concessions (e-ticket)</b>	41.6	51.1	-18.6	4.8	2.1	128.6	4.8	2.1	128.6	4.7	1.3	261.5
<b>Total</b>	292.0	276.4	5.6	167.9	147.6	13.7	120.1	109.3	9.9	47.1	37.1	26.9

# Net Debt position

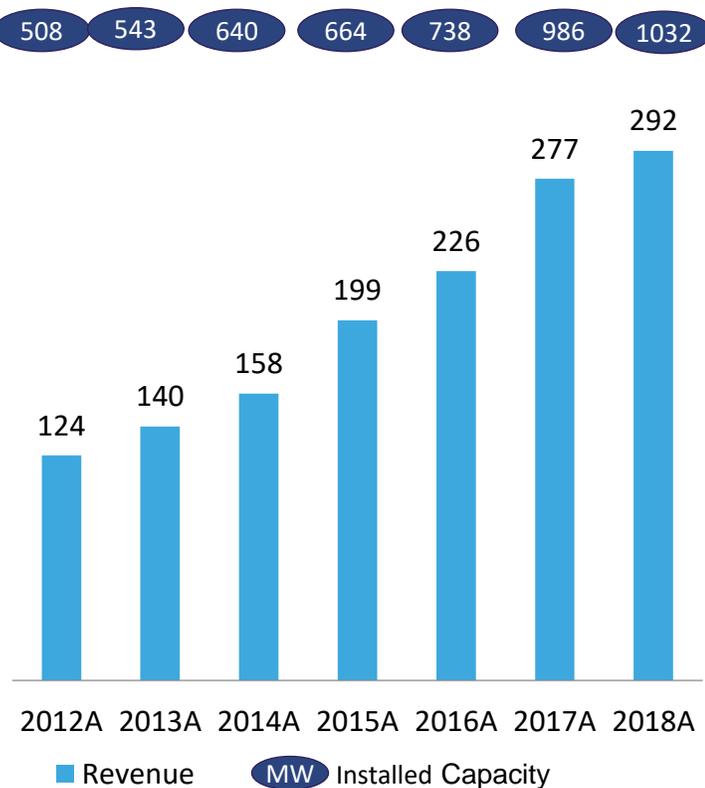
€ million	Q1 2019	FY 2018
<b>Net Financial Debt</b>	<b>679</b>	<b>606</b>
<b>Other Financial obligations (US Tax Equity)</b>	<b>161</b>	<b>160</b>

**Net Financial Debt increased in Q1 by c73m due to strong Capital Expenditure**

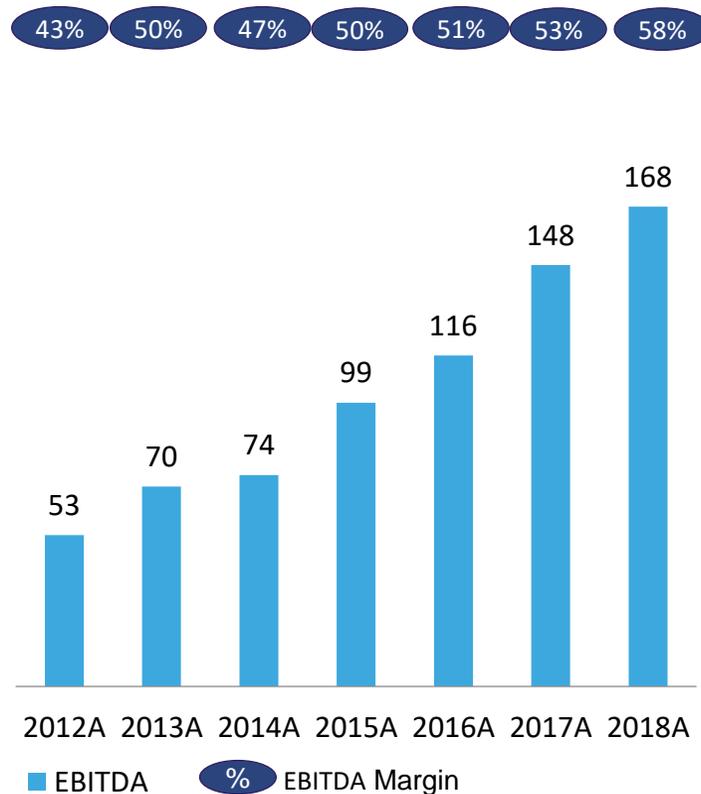
# Strong Financial Performance

Run-rate EBITDA increases with capacity

**Installed Capacity and Revenue**  
€MM



**EBITDA and EBITDA Margin**  
€MM



# Q1 2019 Key Performance Indicators

Revenue  
(vs Q1 2018)

**€82.7m**

+15.5%

EBITDA  
(vs Q1 2018)

**€53.9m**

+ 17.9%

EBITDA Margin  
(vs Q1 2018)

**65.1%**

Net Profit (A.M.)  
(vs Q1 2018)

**€23.0m**

+ 101.7%

Net Financial Debt  
(vs Q4 2018)

**€679m**

Other Financial Debt (US Tax Equity)

**€161m**

Revenue Outside Greece  
(vs Q1 2018)

**35.2%**

Installed Capacity<sup>1</sup>

**1,032 MW**

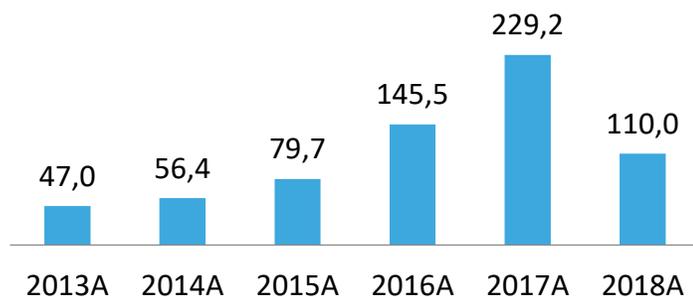
Under Construction  
(or ready to be built/acquired)

**477 MW**

1. As of Apr-19. Includes wind, hydro, solar and biomass capacity

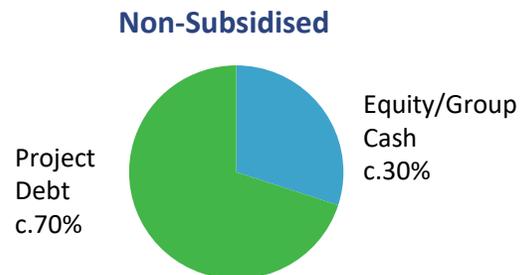
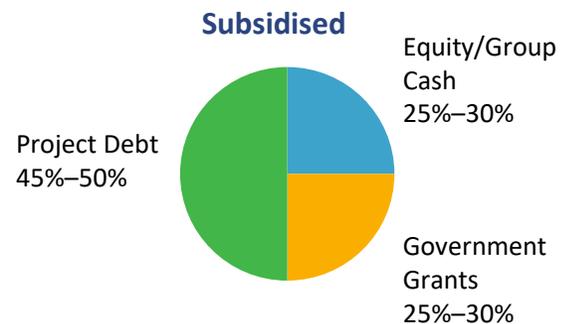
# Capital Expenditure

## Historical Capital Expenditure €MM



- No maintenance capex
  - Maintenance costs accounted for as operating expenses on the Income Statement
- All capex is for expansion

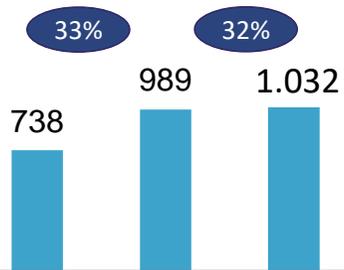
## Typical Funding Structure



Projects without grants benefit from higher contracted tariffs, allowing to raise more project debt and to de-lever faster

# 2018 Performance Update

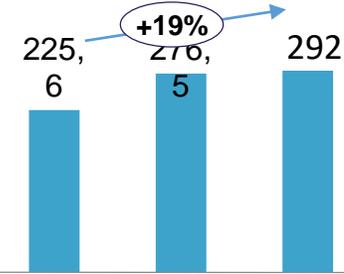
## Key drivers MW



2016 2017 2018  
■ Installed Capacity

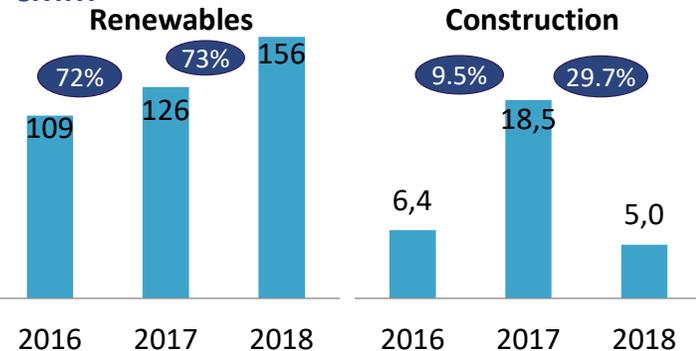
● % Load Factor

## Revenues €MM



2016 2017 2018  
■ Revenue

## EBITDA and EBITDA Margin €MM



■ EBITDA ● % EBITDA Margin

- Continued increase in capacity (+18% y-o-y)
- High load factor
  - Energy results negatively impacted by weather conditions, in H1 in particular
- Outstanding performance in both renewables and construction segments
  - Extraordinary levels of EBITDA margins in the renewables segment with 73% for the 2018

# APPENDIX

Financial Data

# Profit & Loss

FY 2018		
in '000 €	1/1 – 31/12/2018	1/1 – 31/12/2017
<b>Continued activities</b>		
Net Sales	292.052	276.535
Cost of sales	(168.445)	(162.410)
<b>Gross profit</b>	<b>123.608</b>	<b>114.125</b>
Administrative expenses	(16.389)	(14.198)
Research & development expenses	(1.060)	(1.186)
Other income/(expenses)	11.909	6.602
<b>Operating results</b>	<b>118.067</b>	<b>105.343</b>
Net Financial Income/(Expenses)	(57.207)	(47.226)
Gains / (Losses) from financial instruments measured at fair value	1.551	(1.101)
Pre tax profit	62.411	57.015
Taxes	(15.358)	(19.895)
<b>Net Profit from continued activities</b>	<b>47.053</b>	<b>37.120</b>
Other comprehensive income/(losses) to be reclassified to profit or loss in subsequent periods:		
Foreign exchange differences from incorporation of foreign units	121	(891)
Income tax effect	(30)	258
Income/(expenses) from hedging of cash flows	(2.300)	2.120
Income tax effect	49	(676)
Other comprehensive income/(losses) not to be reclassified to profit or loss in subsequent periods:		
Gains on defined benefit plans	(36)	92
Income tax effect	16	(25)
Expenses of capital increase	(20)	(61)
Other comprehensive gains/(losses) for the period net of tax	(2.150)	878
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>44.903</b>	<b>37.998</b>
Net results attributed to:		
Shareholders of the parent from continued activities	44.863	37.089
Minority interest from continued activities	2.189	31
	47.052	37.120
Total comprehensive income attributed to:		
Shareholders of the parent from continued activities	42.709	37.948
Minority interest from continued activities	2.194	50
	44.903	37.998
Earnings per share (in Euro)		
From continued activities attributed to shareholders of the parent	0.3984	0.3542
Average weighted number of shares		
Basic	112.601.534	104.700.123

# Balance Sheet

FY 2018		
<i>in '000 €</i>	31/12/2018	31/12/2017
<b>ASSETS</b>		
Fixed Assets	1.189.515	1.122.834
Investment Property	538	509
Intangible assets	23.483	22.853
Participations and other long-term financial assets	87.167	65.117
Inventories	4.783	4.218
Trade receivables	77.413	77.584
Other current assets	97.012	108.875
Cash & cash equivalents	166.359	201.328
<b>TOTAL ASSETS</b>	<b>1.646.270</b>	<b>1.603.318</b>
<b>LIABILITIES AND EQUITY</b>		
Share Capital	34.176	32.794
Other Equity	345.715	336.578
Total Shareholders' equity	379.891	369.372
Minority Interest	11.242	9.377
<b>TOTAL EQUITY</b>	<b>391.133</b>	<b>378.749</b>
Long term bank debt	668.409	670.152
Provisions/Other L/T Liabilities	329.546	320.885
Short term bank debt	144.030	111.808
Other S/T Liabilities	113.151	121.724
<b>TOTAL LIABILITIES</b>	<b>1.255.137</b>	<b>1.224.569</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1.646.270</b>	<b>1.603.318</b>

# CASH FLOW

In '000 €	1/1 – 31/12/2018	1/1 – 31/12/2017
Cash flows from operating activities		
Earnings for the period before tax	62.411	57.015
Adjustments for reconciliation of net flows from operating activities		
Depreciation	55.625	46.112
Provisions	138	61
Impairment	4.000	2.296
Interest and related income	(5.153)	(2.569)
Interest and other financial expenses	62.360	49.794
Gains and losses from intangible and tangible assets and investment property	(1.095)	187
Gains and losses from participating interest and equity interests	(491)	2
Unrealized losses from derivatives	512	-
Gains and losses from derivatives	(1.088)	(12)
Amortization of grants	(7.862)	(7.901)
Gains and losses of associates	28	1.113
Foreign currency exchange differences	(1.921)	3.930
<b>Operating profit before changes in working capital</b>	<b>167.464</b>	<b>150.028</b>
(Increase)/Decrease in:		
Inventories	(664)	(163)
Trade and non-invoiced receivables from contracts with customers	(10.920)	3.910
Prepayments and other short term receivables	27.212	36.196
Unrealized loss from derivatives		
Increase/(Decrease) in:	(14.820)	(21.617)
Suppliers and liabilities from contracts with customers	3.223	(2.470)
Accruals and other short term liabilities	(17.619)	1.923
Income tax paid	(16.585)	(16.330)
<b>Net cash inflows from operating activities</b>	<b>137.291</b>	<b>151.477</b>
Cash flows from investment activities:		
Acquisition/Disposal of tangible and intangible fixed assets	(109.292)	(229.194)
Grant subsidies collected	2.408	-
Rebated grants (capital)	(21.604)	(63.777)
Interest and related income collected	952	1.273
Dividends collected	500	-
Issued loans	(303)	(500)
Proceeds from issued loans	1.184	-
Acquisition / Disposal of participating interest and equity interests	(68)	-
<b>Cash flows from investment activities</b>	<b>(126.223)</b>	<b>(292.198)</b>
Cash flows from financing activities		
Share capital return	(25.028)	(5.239)
Proceeds from share capital increases	39.475	58
Acquisition of Treasury Shares	(7.755)	(2.070)
Proceeds/(payments) from changes in participating interest	(1.625)	1.000
Proceeds for long term loans	89.518	211.503
Payments for long term loans	(100.624)	(98.073)
Proceeds from equity interests having a substance of financial liability	-	127.882
Payments for equity interests having a substance of financial liability	(6.157)	(4.598)
Net change in short term loans	29.873	8.250
Dividends paid	(5.868)	(10.561)
Interest paid	(58.946)	(47.091)
Net change in financial liabilities		
<b>Cash inflows / (outflows) from financing activities</b>	<b>(47.137)</b>	<b>181.061</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(36.069)</b>	<b>40.340</b>
Effect of exchange rate changes on cash & cash equivalents	1.100	(3.411)
Opening cash and cash equivalents	201.328	164.399
<b>Closing cash and cash equivalents</b>	<b>166.259</b>	<b>201.228</b>

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