

Company Presentation

March 2019



Section 1: Company and Asset Overview

Section 2: Highlights

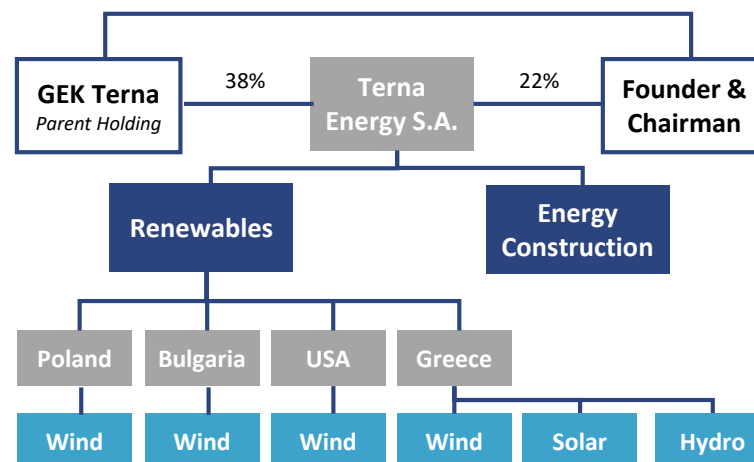
Section 3: Financial Performance

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

Key Financials

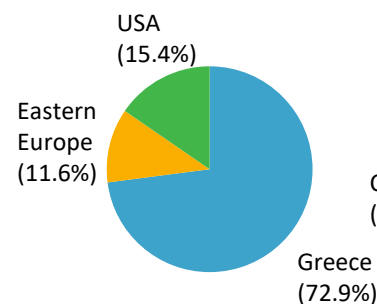
€ MM	FY13	FY14	FY15	FY16	FY17	FY 18
Sales	139.6	158.3	198.6	225.6	276.5	292
Sales Growth	13%	13%	26%	14%	23%	5,6%
EBITDA	69.9	74.1	99.3	115.8	147.5	167.9
EBITDA Margin	50%	47%	50%	51%	53%	58%
EBIT	35.3	43.5	62.7	74.8	105.3	120.1
Net Income	4.4	5.8	17.4	21.4	37.1	47.1
Cash Flow before Working Capital Changes	70.2	74.8	103.8	116.3	150.0	167.5
Cash Flow Conversion ⁽⁶⁾	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



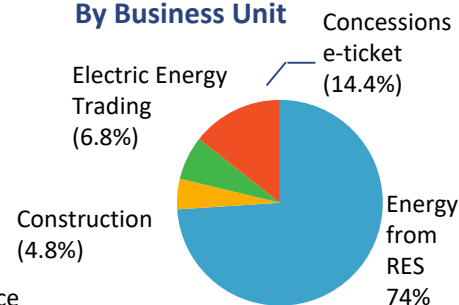
Sales by Geography and by Business Unit

FY 2018

By Geography



By Business Unit



Asset Portfolio Overview

48 Projects



Assets in Operation

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

*Hedging agreement

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

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 Poland 102 Bulgaria 30 USA 293</i>	978	18	8.5	1
Under construction (or ready to built)	<i>Greece 122 USA 158</i>	278			2.4
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



Notes:

1. 170.92 MW of Wind and 160.40 MW of Solar have already been auctioned on 2nd July 2018 and announced on 4th July 2018

Vertically Integrated and Efficient Platform

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

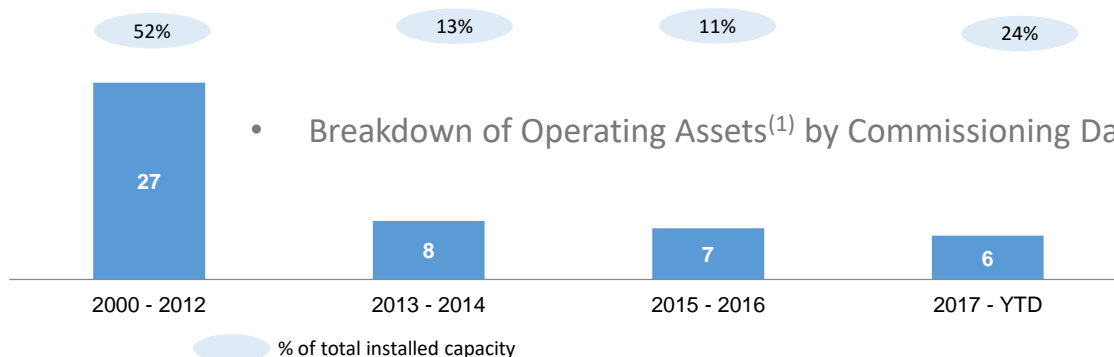


High-Quality Renewable Asset Portfolio

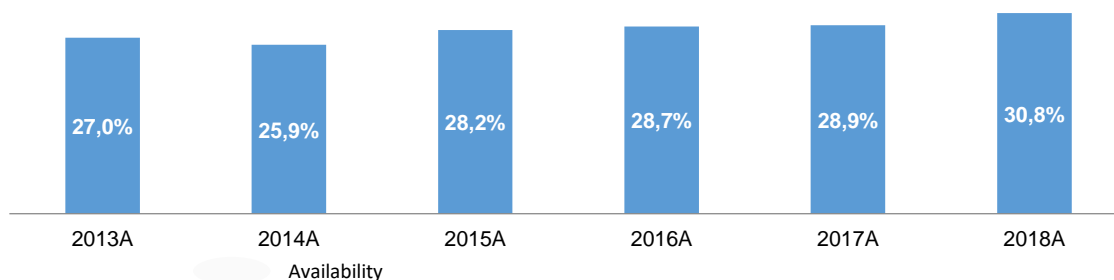
Young Asset Portfolio with a Weighted Average Operating Life of 5 Years

of operating assets as of 22 March 2019

Breakdown of Operating Assets⁽¹⁾ by Commissioning Date



Load Factors Evolution⁽²⁾



Notes:

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

Key Considerations

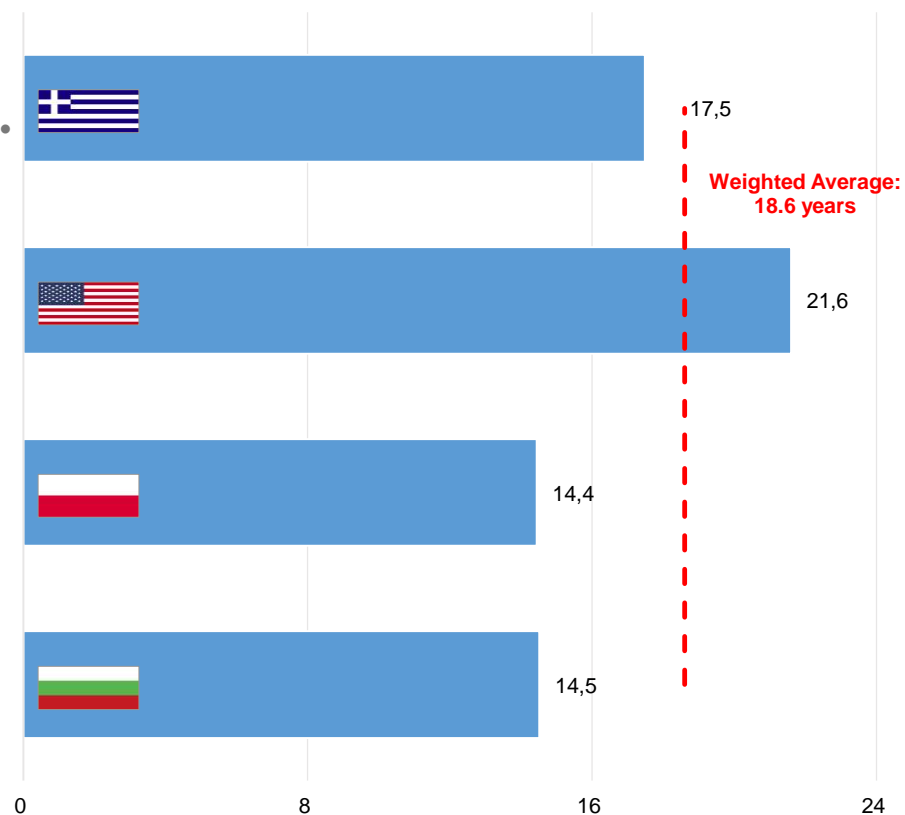
- Young asset portfolio with a weighted average operating life of c. 5 years
 - c. 50% of the assets (in terms of total capacity) been commissioned in the past 5 years
- Stable and industry leading load factors, supported by best in class practices, in-house O&M capabilities and management expertise
 - 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

Stable and Predictable Cash Flow Supported by Long-term Contracted Assets

Stable Cash Flow Derived From a Mix of Regulated Feed-in-Tariffs (FiTs) and Off-Take Agreements (PPAs)

Weighted Average Remaining Contracted Life⁽¹⁾

Years

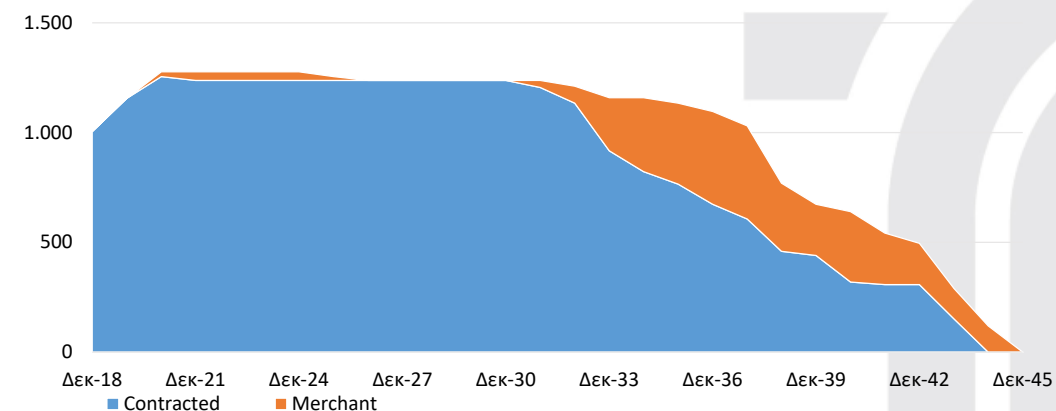


Notes:

1. Includes Wind, Solar and hydro technologies and includes also plants under construction as of May 2018 (included with an average contracted life of 25 years – PPA maturity)

Illustrative Terna Energy Portfolio Contract Profile⁽¹⁾

MW



Key Considerations

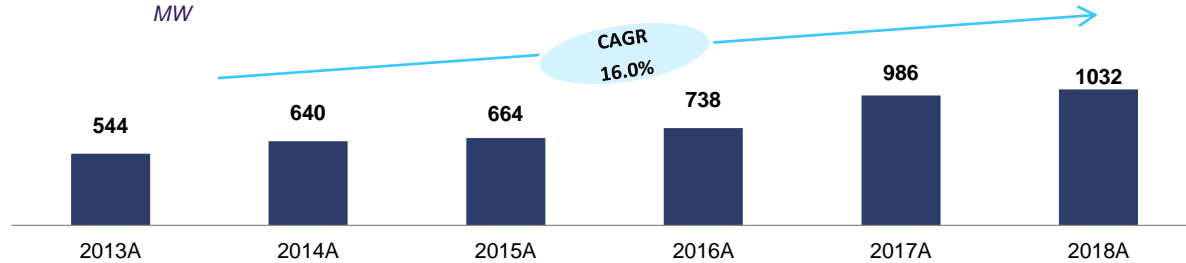
- Stable cash flow derived from a mix of regulated feed-in-tariffs (FiTs) and off-take agreements (PPAs)
 - Portfolio with c. 18.6 years of remaining contracted life
- Contracts in place with high credit quality counterparties;
 - Greece: LAGIE (market operator)
 - US: commercial banks
 - Bulgaria: Bulgaria Energy Holdings (local state owned utility)
 - Poland: local utilities
- Cash yielding / unlevered portfolio beyond the contractual life

Success Story of Organic Growth and Value Creation...

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

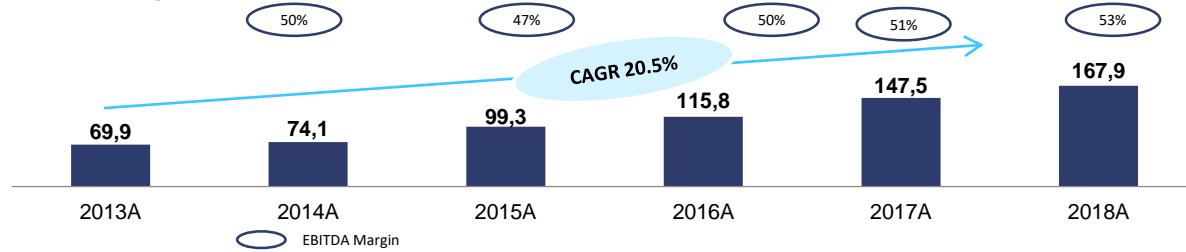
Installed Capacity

MW

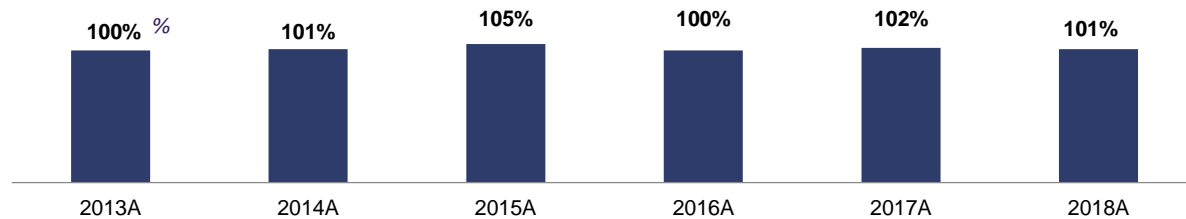


EBITDA

€ MM



Cash flow conversion⁽¹⁾



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

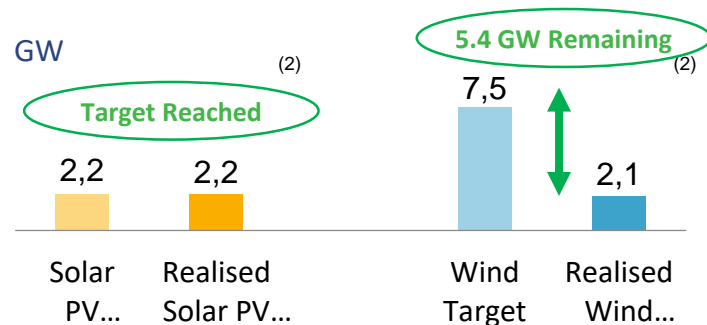
- Very strong operational and technical capabilities given backbone of the construction focused parent GEK Terna
- In-house construction of projects
- Track record of projects completed on time and on budget

Maintenance & Insurance Coverage

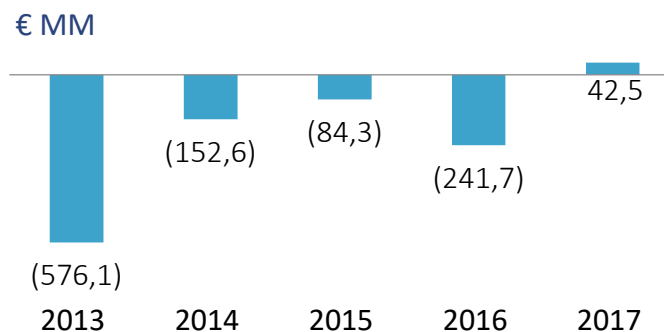
- Maintenance agreements with the turbine manufactures working with Terna Energy's engineering teams ensures transfer of valuable know-how to the company
- Full insurance coverage both for damages and revenue loss
- Turbines come with 5-year guarantees; expected life of c.25 years

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:

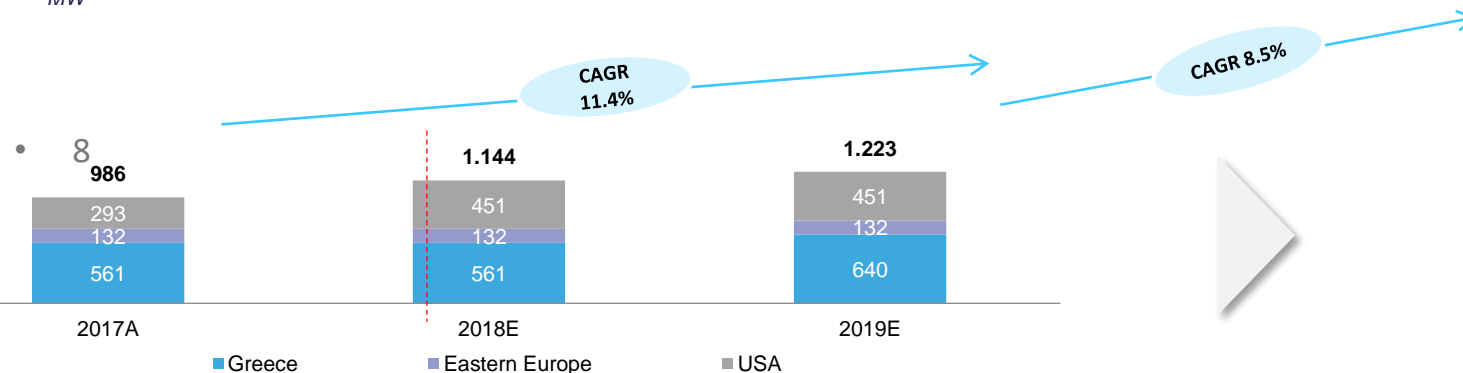
1. IMF Forecasts World Economic Outlook, April 2017
2. As of June 2017

...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 ⁽¹⁾ 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
UNDER CONSTRUCTION		278 MW					
Fluvanna 2 (USA)*	Wind	158 MW	210	125	50	35	H1-2019
Evoia SPA (A+B phase)	Wind	120 MW	140	-	105	35	2019-20
PRE-CONSTRUCTION PROJECTS		2.4 MW					
Peloponnese Waste Management	Waste	2.4 MW	122	64	43	15	2019
TOTAL HIGH PRIORITY		280 MW	472	189	198	85	

Notes:

- 170.92 MW of Wind and 160.40 MW of Solar have already been auctioned on 2nd July 2018 and announced on 4th 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

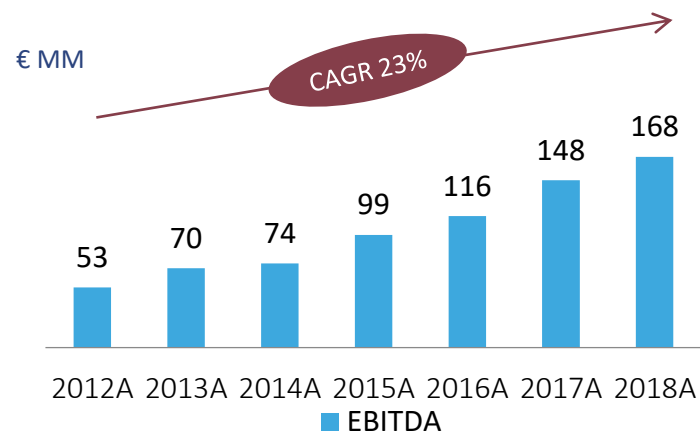
Terna Energy Market Positioning

Rapid Deleveraging from EBITDA Growth and High Cash Flow Conversion

Steady 23% EBITDA CAGR

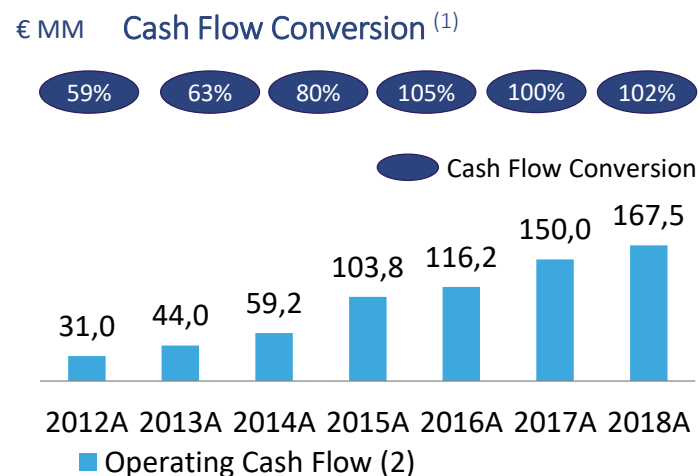
- Long term visibility on volume off takes
- Contracted prices
- Track record of project developments

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

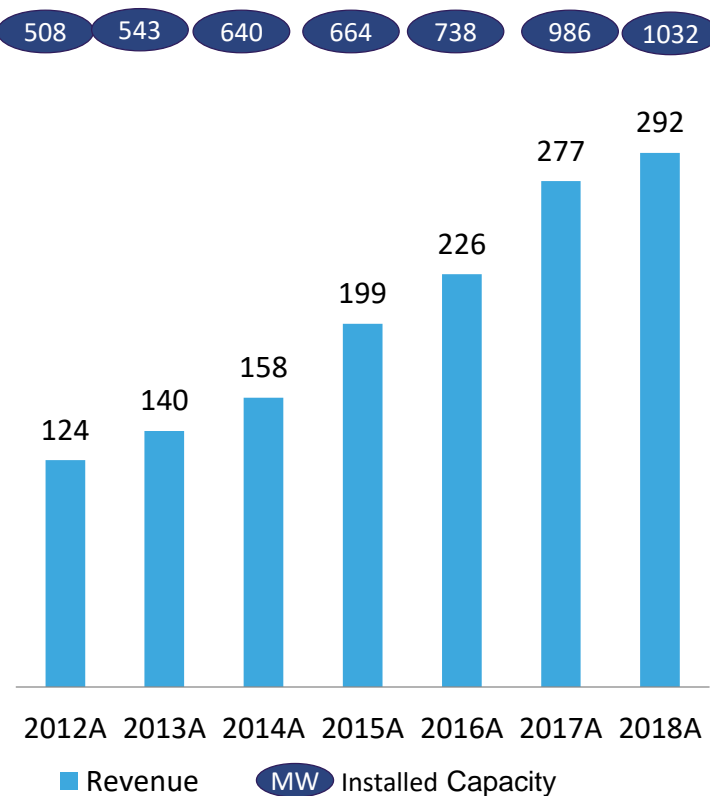
Strong Financial Performance

million €	SALES			EBITDA			EBIT			NET INCOME bm		
Segments	FY 17	FY 16	Ch%	FY 17	FY 16	Ch%	FY 17	FY 16	Ch%	FY 17	FY 16	Ch%
Energy from RES	216.3	173.0	25.0	156.3	126.0	24.0	108.6	87.9	23.5	37.2	22.8	63.2
Construction	14.4	38.7	-62.8	5.2	18.5	-71.9	5.1	18.4	-72.3	3.7	12.3	-69.9
Electric Energy Trading	19.7	13.6	44.8	1.6	1.0	60.0	1.6	0.9	77.8	1.5	0.7	114.3
Concessions (e-ticket)	41.6	51.1	-18.6	4.8	2.1	128.6	4.8	2.1	128.6	4.7	1.3	261.5
Total	292.0	276.4	5.6	167.9	147.6	13.7	120.1	109.3	9.9	47.1	37.1	26.9

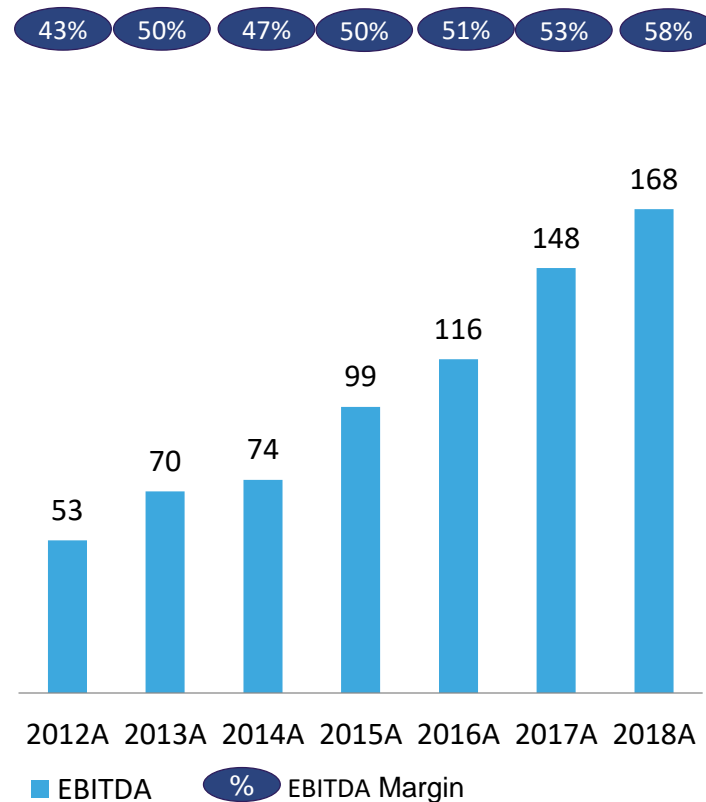
Strong Financial Performance

Run-rate EBITDA increases with capacity

Installed Capacity and Revenue
€MM

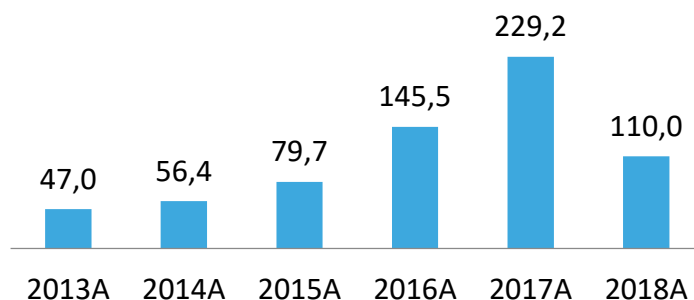


EBITDA and EBITDA Margin
€MM



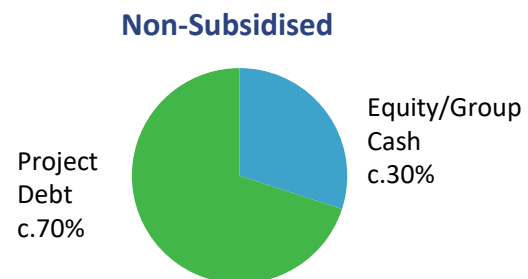
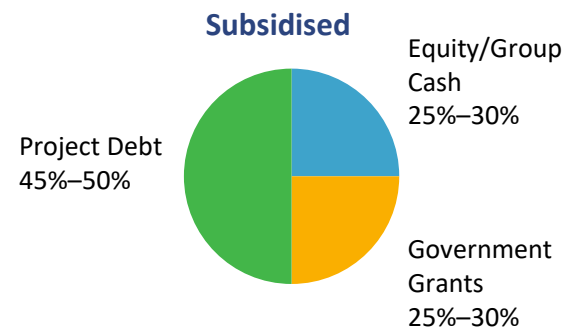
Capital Expenditure

Historical Capital Expenditure
€MM



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

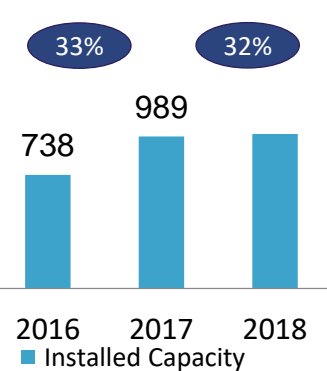
Typical Funding Structure



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

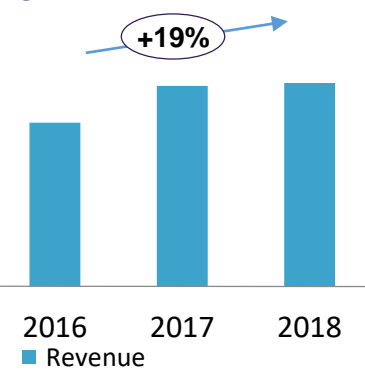
2017 Performance Update

Key drivers MW



% Load Factor

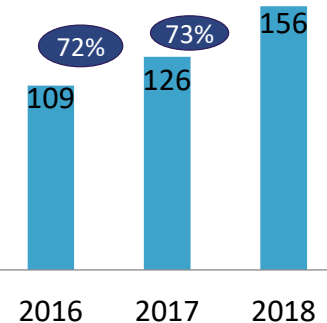
Revenues €MM



■ Revenue

EBITDA and EBITDA Margin €MM

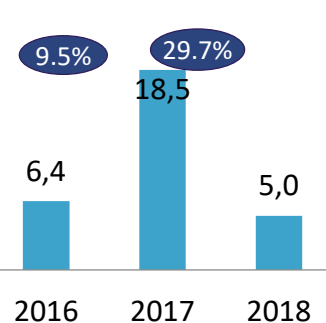
Renewables



■ EBITDA

% EBITDA Margin

Construction



- 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
Continued activities		
Net Sales	292.052	276.535
Cost of sales	(168.445)	(162.410)
Gross profit	123.608	114.125
Administrative expenses	(16.389)	(14.198)
Research & development expenses	(1.060)	(1.186)
Other income/(expenses)	11.909	6.602
Operating results	118.067	105.343
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)
Net Profit from continued activities	47.053	37.120
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
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44.903	37.998
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		
in '000 €	31/12/2018	31/12/2017
ASSETS		
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
TOTAL ASSETS	1.646.270	1.603.318
LIABILITIES AND EQUITY		
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
TOTAL EQUITY	391.133	378.749
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
TOTAL LIABILITIES	1.255.137	1.224.569
TOTAL LIABILITIES AND EQUITY	1.646.270	1.603.318

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
Operating profit before changes in working capital	167.464	150.028
(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)
Net cash inflows from operating activities	137.291	151.477
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)	-
Cash flows from investment activities	(126.223)	(292.198)
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		-
Cash inflows/(outflows) from financing activities	(47.137)	181.061
Net increase/(decrease) in cash and cash equivalents	(36.069)	40.340
Effect of exchange rate changes on cash & cash equivalents	1.100	(3.411)
Opening cash and cash equivalents	201.328	164.399
Closing cash and cash equivalents	166.259	201.328

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