INTEK GROUP

Registered office: 20121 Milan - Foro Buonaparte, 44
Share capital Euro 314,225,009.80 fully paid-up
Tax Code and Milan Companies Register no. 00931330583
www.itkgroup.it

PRESS RELEASE

- **THE BOD OF INTEK GROUP SPA APPROVED THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2016. HERE BELOW ARE THE HIGHLIGHTS FROM THE SEPARATE FINANCIAL STATEMENTS:**

	IN MILLIONS OF EURO
▪ **NET INVESTMENTS**	**518.8**
▪ **NET FINANCIAL DEBT**	**76.4**
▪ **TOTAL CASH AND CASH EQUIVALENTS**	**26.2**
▪ **EQUITY**	**442.3**

- **KME GROUP: SIGNIFICANT INCREASE IN EBITDA,** totalling Euro 27.8 million; up 33.6% (28.1% on a like-for-like basis) from the prior-year period;
- **ERGYCAPITAL:** ADVANCED NEGOTIATIONS TOWARD A MERGER AGREEMENT;
- **I2 CAPITAL PARTNERS FUND:** EURO 12.6 MILLION DISTRIBUTION (EURO 2.4 MILLION ATTRIBUTABLE TO INTEK)

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Today, the Board of Directors of Intek Group SpA (hereinafter also referred to as “Intek Group” or the “Company”), a diversified holding company that takes a dynamic approach to managing its investments, approved the interim financial statements as at 30 June 2016.

The Net Investments held by the Company amounted to Euro 518.8 million as at 30 June 2016 (Euro 485.1 million at the end of 2015). 87.0% were in the “copper” sector, and the rest in financial and real estate assets.

The increase in investments was attributable to the financial support provided to subsidiaries and associates during the reporting period. In particular, the Intek Group granted a Euro 35 million loan to KME AG.

The Company maintains a robust capital structure: Equity amounted to Euro 442.3 million, compared to Euro 449.2 as at 31 December 2015. The change was mainly due to the Euro 5.3 million loss for the period.

This was negatively affected by “fair value changes and other gains/losses from investing activities” (Euro 3.0 million largely related to ErgyCapital's share price performance) as well as “Net financial expense” (Euro 2.0 million).

Here below are the most significant events occurred in the first half of 2016.

(i) The **restructuring of the copper sector** led to remarkable improvements in operating profitability (the **EBITDA** for the first half of 2016 amounted to Euro 27.8 million; up 33.6% (28.1% on a like-for-like basis) from the prior-year period).

(a) In July, the Company renewed the loan agreements with the pool of banks headed by Deutsche Bank as well as the outstanding factoring agreements with Mediocredito Italiano SpA and Factofrance (formerly GE Factofrance). This is an important confirmation that the banks continue supporting the Group after its period of transition associated with the restructuring;

(b) as for the **operations in France**, the Company finalised an agreement with the Cupori Group, a Finnish copper tube manufacturer, concerning the plants in Givet and Niederbrucke as well as the one in Serravalle Scrivia. The operations to be transferred generate approximately Euro 270 million in annual consolidated revenues and employ 700 people. In recent years, they have resulted in significant losses for the KME Group;

(c) in July, the Company reached an agreement with Italian trade unions concerning the flexible use of redundancy schemes consistently with the revamping of Italian operations. These actions will result in a structurally lower break-even for the KME Group, making it more competitive.

(ii) **Streamlining and restructuring of the Group -** the Intek Group seeks to optimise operating and financial cash flows to curb operating costs and eliminate redundancies through the following mergers:

(a) at the end of May 2016, the merger of the 100%-owned subsidiary KME Partecipazioni SpA into Intek was finalised, with 1 January 2016 as the effective date for accounting and tax purposes. This allowed to reduce costs and Intek to take over KME Partecipazioni's equity investments in ErgyCapital SpA and Culti Milano Srl;

(b) in early 2016, the extraordinary shareholders' meetings of FEB – Ernesto Breda SpA (hereinafter referred to as "FEB") and Intek Group approved the merger of the former into the latter. The merger is conditional on receiving a number of requests to redeem shares from FEB shareholders ahead of the effective date of the merger not exceeding Euro 800,000 in costs overall. The Intek Group may waive this condition, which is exclusively in its interest. FEB shareholders may request to redeem shares until the end of September (deadline to be confirmed following the registration of the resolutions passed by the extraordinary shareholders' meetings on 8 September 2016). If redemptions remain below the above threshold, or Intek waives this condition, the merger is expected to close by the end of December 2016.

(iii) As for the subsidiary **ErgyCapital**, the Intek Group is in advanced negotiations to merge it with Green Utility, another renewable energy firm. As ErgyCapital, Green Utility operates in the photovoltaic sector. It owns (in full or in part) approximately 30 MWp of power plants, and operates an additional 15 MWp of power plants owned by two investment funds. These negotiations have resulted in an agreement to merge Green Utility into ErgyCapital once latter completes a rights issue up to Euro 8.2 million.

Following the rights issue, Green Utility's controlling shareholder will become the controlling shareholder in the combined entity, while Intek Group will own governance rights as a qualified non-controlling shareholder. Intek Group and the shareholders in Green Utility (or, based on the structure of the transaction, Green Utility itself), will be bound by lock-up agreements. The implementation of this agreement is conditional on the outcome of the due diligence currently under way and on any whitewash procedure not requiring to launch an initial public offering on ErgyCapital's shares.

(iv) **Investment in the I2 Capital Partners fund –** The purpose of the I2 Capital Partners fund, which is 19.15%-owned by the Intek Group, is gradually realising the investments made. In the first few months of 2016, this resulted in a distribution of Euro 12.6 million (including Euro 2.4 attributable to Intek Group) concerning the investments in Benten Srl, Isno 3 and Safim Factor. Further redemptions are expected during 2016.

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The **investment sectors** of INTEK Group are the following: the traditional sector of "**copper**", which includes the production and marketing of copper and copper-alloy semi-finished products by the German subsidiary KME AG and accounts for 87% of total net investments; and the sector of "**financial and real estate assets**", including the private equity business that is mainly carried out through the closed-end I2 Capital Partners investment fund (the "**Fund**") as well as the management of receivables (tax and non-performing receivables and those arising from insolvency procedures) and real estate assets. The equity investment in ErgyCapital is included under financial and real estate assets.

Copper sector

Consolidated Revenue for the first half of 2016 amounted to Euro 893.2 million, down 17.3% (11.4% on a like-for-like basis[1]) from Euro 1,080.0 million in 2015. The decline was driven mainly by the fall in raw material prices. Excluding this impact, sales declined from Euro 313.5 million to Euro 264.5 million, down 15.6% (11% on a like-for-like basis, accounting for the transaction with Cupori).

EBITDA for the first half of 2016 was Euro 27.8 million, up 33.6% (28.1% on a like-for-like basis) from Euro 20.8 million in the prior-year period. The cost of labour and other operating costs dropped, confirming the positive effect of the efficiency and flexibility measures adopted to counter the reduction in sales volumes, thanks also to the agreements reached with the trade unions. This made it possible, among other things, to avoid a substantial number of lay-offs by using redundancy schemes.

EBIT amounted to Euro 10.9 million (Euro 2.4 million in 2015).

The **Net Financial Position** as at 30 June 2016 was negative to the tune of Euro 222.0 million, improving compared to Euro 231.7 million at the end of December 2015 as a result of the deconsolidation of the joint venture with Cupori.

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"Financial and real estate assets" sector

With regard to "**financial and real estate assets**," in the reporting period, the Company continued pursuing the programmes aimed at accelerating their gradual realisation, especially as far as the I2 Capital Partners fund is concerned.

In the first half of 2016, the **ErgyCapital** Group reported Euro 7.6 in revenue, in line with the prior-year period.

Consolidated EBITDA amounted to Euro 4.2 million, up from 3.7 million in the same period last year—also as a result of the gain on the sale of the subsidiary Società Agricola San Vito Biogas Srl. The gross operating margin held steady at approximately 54%, excluding the contribution of the equity investment sold.

The net financial position totalled Euro 60.7 million, improving by a significant Euro 6.0 million from Euro 66.7 million as at 31 December 2015. This was attributable to the deconsolidation of the debts of Società Agricola San Vito Biogas Srl following the sale of the company as well as the settlement of the financial payables of the plants in the operating sectors.

As previously mentioned, the company is in advanced negotiations to merge ErgyCapital with Green Utility, another renewable energy firm.

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INTEK Group SpA highlights

[1] *In the comment, the reference to the like-for-like basis concerns the exclusion from the data for the first half of 2015 of the operations transferred in March 2016 into the new joint venture in France with the Cupori Group.*

The Intek Group's financial highlights can be summarised as follows:

Condensed separate statement of financial position				
(in thousands of Euro)	*30 Jun. 2016*		*31 Dec. 2015*	
Copper	**451,341**	**87.00%**	**413,317**	**85.20%**
Financial and real estate assets				
Private Equity	*6,719*		*8,580*	
Non-operating assets	*8,791*		*11,058*	
Real Estate/Others	*24,229*		*23,099*	
Ergy Capital/Other Services	*18,988*		*21,549*	
Total financial and real estate assets	**58,727**	**11.32%**	**64,286**	**13.25%**
Other assets/liabilities	**8,717**	**1.68%**	**7,493**	**1.54%**
Net investments	**518,785**	**100.00%**	**485,096**	**100.00%**
SFP and outstanding bonds (*)	*(102,699)*		*(105,164)*	
Net cash from third parties (**)	*16,249*		*39,552*	
Investments of liquidity in KME	*10,000*		*29,700*	
Holding company financial debts due to third parties	**(76,450)**	**14.74%**	**(35,912)**	**7.40%**
Total equity	**442,335**	**85.26%**	**449,184**	**92.60%**

Notes:

- *In the table, investments are showed net of any financial receivable/payable transactions outstanding with the Intek Group.*
- *(*) including accruing interests.*
- *(**) following the merger of KME Partecipazioni into the Intek Group, the item "Net cash from third parties" as at 31 December 2015 was restated by including the item "Net cash of KME Partecipazioni", which had been presented separately in the financial statements as at said date.*

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Equity

The holding company's equity as at 30 June 2016 amounted to Euro 442.3 million, compared to Euro 449.2 million as at 31 December 2015; the decline was attributable to both the result for the period (Euro 5.3 million loss) and the accounting impact of the merger of KME Partecipazioni (Euro 1.5 million).

The result for the period was negatively affected by "*fair value changes and other gains/losses from investing activities*" (Euro 3.0 million largely related to Ergy Capital's share price performance) as well as "*Net financial expense*" (Euro 2.0 million).

Equity per share amounted to Euro 1.14 compared to 1.16 at the end of December 2015.

Reclassified Net Financial Debt

The Net Financial Debt of the Holding company (which included both Intek Group and KME Partecipazioni) amounted to Euro 35.9 million as at 31 December 2015. The balance as at 30 June

2016 was Euro 76.4 million. The increase was the result of the financial support provided to the different investments.

There are no financial payables to third parties except for the bonds issued in February 2015.

At the end of June 2016, the Intek Group had Euro 14.2 million in cash and cash equivalents; part of this amount was invested in Euro 7.2 million worth of units in UCITSs.

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Intek Group Consolidated Financial Statements

Following the merger of the sub holding company KME Partecipazioni into the Intek Group, the amounts reported in the consolidated financial statements are now almost completely aligned with those in the separate financial statements.

The Intek Group reported a Euro 5.7 million loss for the period. Euro 3.2 million derived from Net losses on Equity Investments, which were negatively affected by ErgyCapital's share price performance, and Euro 2.0 million from net financial expense.

Consolidated equity amounted to Euro 441.6 million compared to Euro 447.5 million as at 31 December 2015.

The Group's reclassified net financial debt (including non-current financial assets) as at 30 June 2016 totalled Euro 46.0 million, compared to Euro 41.3 million as at 31 December 2015. The Net Financial Position was negative to the tune of Euro 95.1 million, compared to Euro 54.6 million as at 31 December 2015. This was the result of the loans granted to KME.

As at 30 June 2016, the Group had Euro 15.4 million worth of liquidity and investments in flexible (investment funds), low risk and easy to liquidate instruments.

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The Financial Reporting Manager, Giuseppe Mazza, hereby declares that, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance, (Italian Legislative Decree no. 58/1998), the accounting information contained in this press release corresponds to the company's documents, books, and accounting records.

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The press release is available on the website www.itkgroup.it, where it is possible to request information directly from the Company (phone 02-806291; email info@itk.it), and on the authorised storage mechanism NIS-Storage operated by Bit Market Services at www.emarketstorage.com.

Milan, 13 September 2016 The Board of Directors

Annexes:

1) Consolidated Statement of Financial Position
2) Consolidated Income Statement
3). Consolidated statement of cash flows

Annex 1: Statement of financial position

Assets		
(in thousands of Euro)	*30-Jun-2016*	*31-Dec-2015*
Investments in equity interests and fund units	451,947	455,275
Non-current financial assets	52,849	13,345
Investment property	3,819	3,852
Property, plant and equipment	11,733	11,987
Goodwill	-	798
Intangible assets	4	3
Other non-current assets	484	486
Deferred tax assets	7,286	7,040
Total non-current assets	**528,122**	**492,786**
Current financial assets	30,265	67,517
Trade receivables	13,577	10,959
Other current receivables and assets	11,503	11,442
Cash and cash equivalents	8,194	10,947
Total current assets	**63,539**	**100,865**
Non-current assets held for sale	1,784	1,784
Total assets	**593,445**	**595,435**

Liabilities		
(in thousands of Euro)	*30-Jun-2016*	*31-Dec-2015*
Share capital	314,225	314,225
Reserves and Profit/(Loss) for the period	127,359	133,300
Equity attributable to owners of the Parent	**441,584**	**447,525**
Non-controlling interests	-	-
Total equity	**441,584**	**447,525**
Employee benefits	409	437
Deferred tax liabilities	3,513	3,564
Non-current loans and borrowings	112,209	108,419
Other non-current liabilities	1,788	1,788
Provisions for risks and charges	4,661	4,964
Total non-current liabilities	**122,580**	**119,172**
Current loans and borrowings	24,857	24,295
Trade payables	1,096	1,271
Other current liabilities	3,328	3,172
Total current liabilities	**29,281**	**28,738**
Total liabilities and equity	**593,445**	**595,435**

N.B. The Independent Auditors have not yet completed the audit of the above figures.

Annex 2: Consolidated Income Statement

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Net income from investment management	(3,158)	613
Commissions on guarantees given	2,028	2,081
Other income	1,580	935
Personnel expenses	(1,008)	(1,218)
Amortisation, depreciation and impairment losses	(1,069)	(299)
Other operating costs	(2,260)	(2,763)
Operating profit/(loss)	**(3,887)**	**(651)**
Financial income	1,073	326
Financial expense	(3,081)	(3,096)
Net Financial Expense	*(2,008)*	*(2,770)*
Profit/(loss) before taxes	**(5,895)**	**(3,421)**
Current taxes	(47)	(24)
Deferred taxes	277	(97)
Total income taxes	**230**	**(121)**
Profit/(loss) for the period	**(5,665)**	**(3,542)**

N.B. The Independent Auditors have not yet completed the audit of the above figures.

Annex 3: Consolidated statement of cash flows

(in thousands of Euro)		*1st half 2016*	*1st half 2015*
(A) Cash and cash equivalents at the beginning of the year		**10,947**	**48,940**
Profit/(Loss) before taxes		(5,895)	(3,421)
Amortisation and depreciation		216	44
Impairment losses/(Reversal of impairment losses) on non-current assets other than financial assets		853	256
Impairment losses/(Reversal of impairment losses) on investments and financial assets		3,305	(619)
Changes in provision for pensions, post-employment benefits and stock options		(50)	11
Changes in provisions for risks and charges		(303)	(1,158)
(Increase) decrease in investments		(1,336)	-
(Increase) decrease in financial investments and financial assets		21,193	(22,106)
Increase (decrease) in current and non-current loans and borrowings from related companies		1,424	(2,868)
(Increase) decrease in current and non-current financial receivables from related companies		(17,314)	674
(Increase)/Decrease in current receivables		(2,678)	2,312
Increase/(Decrease) in current payables		(67)	(2,417)
Taxes paid during the year		-	(28)
(B) Total Cash flows from (used in) operating activities		**(652)**	**(29,320)**
(Increase) in non-current intangible assets and property, plant and equipment		(57)	(18)
Decrease in non-current intangible assets and property, plant and equipment		72	-
Increase/decrease in other non-current assets/liabilities		2	(1)
(C) Cash flows from (used in) investing activities		**17**	**(19)**
(Purchase) sale of treasury shares and similar shares		-	(277)
Bond issue and Early Redemption		-	39,796
Payment of interests on Bonds		(5,085)	(2,820)
Increase/(Decrease) in current and non-current loans and borrowings		2,297	1,463
(Increase)/Decrease in current and non-current financial receivables		670	(49)
(D) Cash flows from (used in) financing activities		**(2,118)**	**38,113**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(2,753)**	**8,774**
(F) Cash and cash equivalents at the end of the period	**(A) + (E)**	**8,194**	**57,714**

N.B. The Independent Auditors have not yet completed the audit of the above figures.