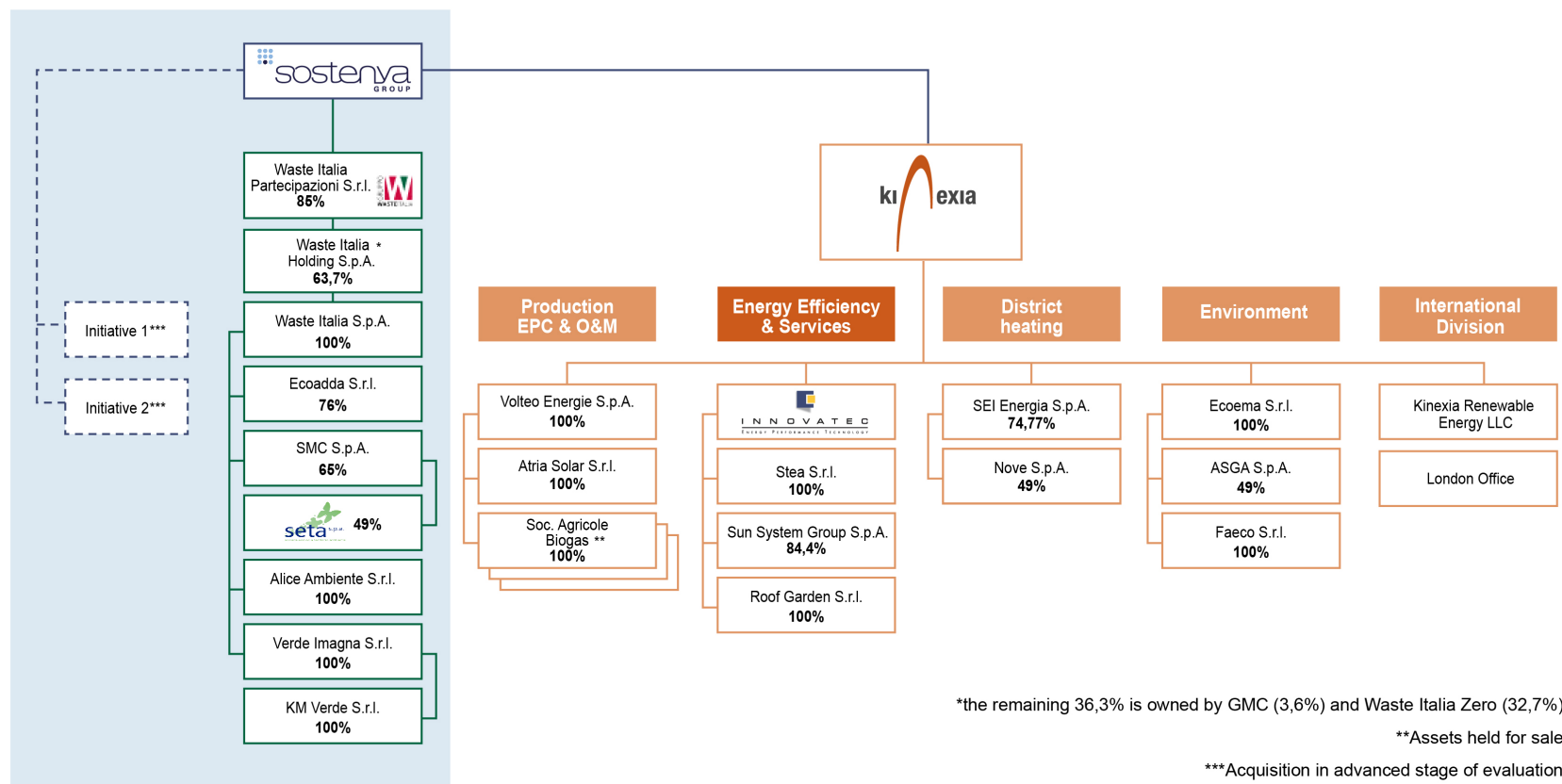


## GREEN INVESTOR DAY

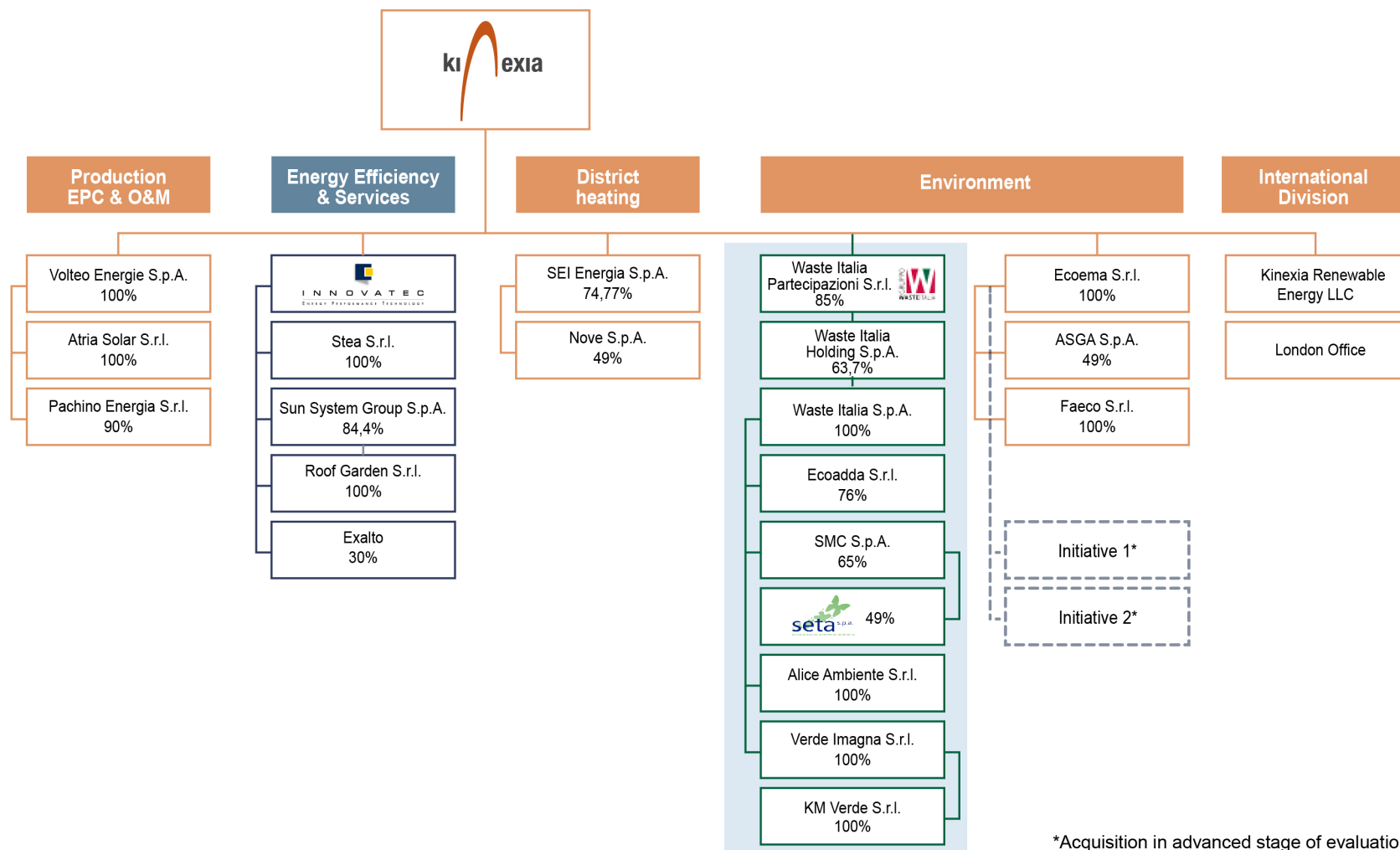
May 8th 2014



## Overview: Full Group Organisation as is



## Overview: Kinexia Post Merger



## Overview: the Group at the Glance



**Revenues 2013:** Euro 79,2 mln  
**EBITDA 2013:** Euro 21,0 mln  
**HR:** 134 (of which 4 of the controlled company NOVE)  
**MKT Cap:** Euro 70 mln  
**NFP as at 31/12/2013:** Euro (92,3) mln  
**PN as at 31/12/2013:** Euro 71,4 mln



**Revenues 2013:** Euro 87,7 mln  
**EBITDA 2013:** Euro 35,4 mln  
**HR:** 167\*\*\*  
**NFP as at 31/12/2013:** Euro (87,7) mln  
**PN as at 31/12/2013:** Euro 82,1 mln

### BUSINESS AREA

#### PV Plant

- 46 MW constructed (of which 1,2 MW still in possession)

#### Wind power plants

- 30MW under construction

#### Biogas and Biomass\*\* plants

- 6 plants biogas by landfill with capacity of 6,3 MW
- 7\*\* plants biomass with capacity of 7 MW

#### District Heating

- 1 cogeneration power plant with installed power of 19,4MWe, plus a support thermal plant totaling a combined thermal power of 100 MWth

#### Environment

- Disposal landfill with a residual capacity of 2,8 mln tons aimed at special hazardous and non hazardous waste (Faeco S.p.A)
- Valid Authorization for 1MW waste digestion plant in Vigevano
- Acquisition of two new initiatives in the environmental area (disposal landfill, waste treatment platform for liquid and solid waste, hazardous and non hazardous), leading to important synergies

#### Waste Collection

- **Waste type:** industrial and commercial, non hazardous
- 7 depots
- About 150 collection vehicles of which 65 owned

#### Selection & Treatment

- 8 selection plants
- 1 RDF production plant
- 1 tires treatment site

#### Landfill

- 5 landfill sites in operation
- 3 sites in post-closure

\* Only Waste Italia figures

\*\*Assets held for sale


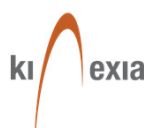
\*\*\*Waste Italia. Ecoadda, SMC, Alice Ambiente

## Merger rationale / key drivers leading to integration

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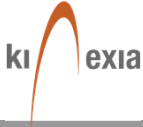
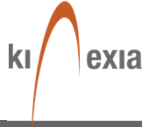
Scale	<ul style="list-style-type: none"><li>▪ Improved access conditions to capital markets (lower risk leads to lower rates)</li><li>▪ Stronger capital structure</li><li>▪ Costs reduction</li><li>▪ Elimination of central functions</li><li>▪ Enhancement of internal resources also to attract new talents</li></ul>
Commercial Synergies	<ul style="list-style-type: none"><li>▪ New business opportunities arising from the complementary presence in most sectors</li><li>▪ Opportunities for cross-selling arising from the presence of an established customer base portfolio in the field of waste management (&gt;3.000 customers)</li><li>▪ Mutually foster and promote areas of influence</li></ul>
Competitiveness	<ul style="list-style-type: none"><li>▪ Approach the market as the leading private operator able to combine the two businesses</li></ul>
Financial Optimization	<ul style="list-style-type: none"><li>▪ Increased attention from international investors passing from “Small Cap” to “Mid Cap”</li><li>▪ Increased attractiveness for institutional investors</li><li>▪ Exchange of funds generated from activities more profitable in the short period to the benefit of activities with longer return time</li></ul>
Diversification	<ul style="list-style-type: none"><li>▪ Revenues diversifications leading to lower risk</li><li>▪ Cash flows maximization as related to initiatives with have different investment profiles</li></ul>

## Actual Results 2013

 Kinexia 2013 (Before Merger)		 Post-merger Kinexia 2013 (After Merger*)	
Revenues	79,2	Revenues	165,3
EBITDA	21	EBITDA	55,8
EBITDA Margin	26,5%	EBITDA Margin	33,8%
EBT	5,5	EBT	7,6
Net Profit	2	Net Profit	3,8

\*Data after merger are based on pro-forma balance starting from 01/01/2013.  
Figures Euro Millions if not otherwise specified

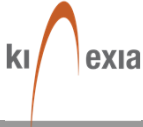
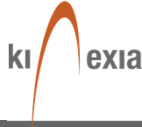
## Kinexia Ratios 2013

 <b>Kinexia 2013 (Before Merger)</b>		 <b>Kinexia 2013 (After Merger*)</b>	
PFN/EBITDA	4,4x	PFN/EBITDA	3,2x
PFN/PN	1,3x	PFN/PN	1,5x
EPS	0,07	EPS	0,08
P/E*	36x	P/E	29x
EV/EBITDA**	7,75x	EV/EBITDA	5,2x

\* P/E is the ratio between a share's market price and the related company's Net Profit.

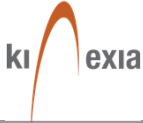
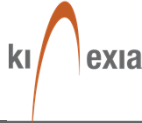
\*\* Kinexia EV before merger has been calculated as the product between the number of Kinexia shares before merger and his share's market price (2,4 €), plus the NFP value as at 31/12/2013. Kinexia EV after merger is the product between the number of shares after the merger and share's price (2,4 €), plus Kinexia and Sostenya combined NFP value as at 31/12/2013.

## Kinexia Figures and Ratios 2013/2014E


		 Post merger	
Kinexia (After Merger) 2013		Kinexia 2014 (After Merger)	
Revenues	165,3	Revenues	187
EBITDA	55,8	EBITDA	51,0
NET DEBT	178	NET DEBT	128
PFN/EBITDA	3,2x	PFN/EBITDA	2,5x
PFN/PN	1,5x	PFN/PN	1,0x



## Kinexia Net Debt Break down 2013/2014E

 <b>Kinexia (After Merger) 2013</b>		 <b>Kinexia 2014 (After Merger)</b>	
NET DEBT	178	NET DEBT	128
NET DEBT KNX RECOURSE	31,0	NET DEBT KNX RECOURSE	28,0
NET DEBT WI RECOURSE	71,0	NET DEBT WI RECOURSE	70
NET DEBT KNX NON RECOURSE	62,0	NET DEBT KNX NON RECOURSE	30,0
NET DEBT WI NON RECOURSE	14,0	NET DEBT WI NON RECOURSE	0

## Business Plan Target for 2018

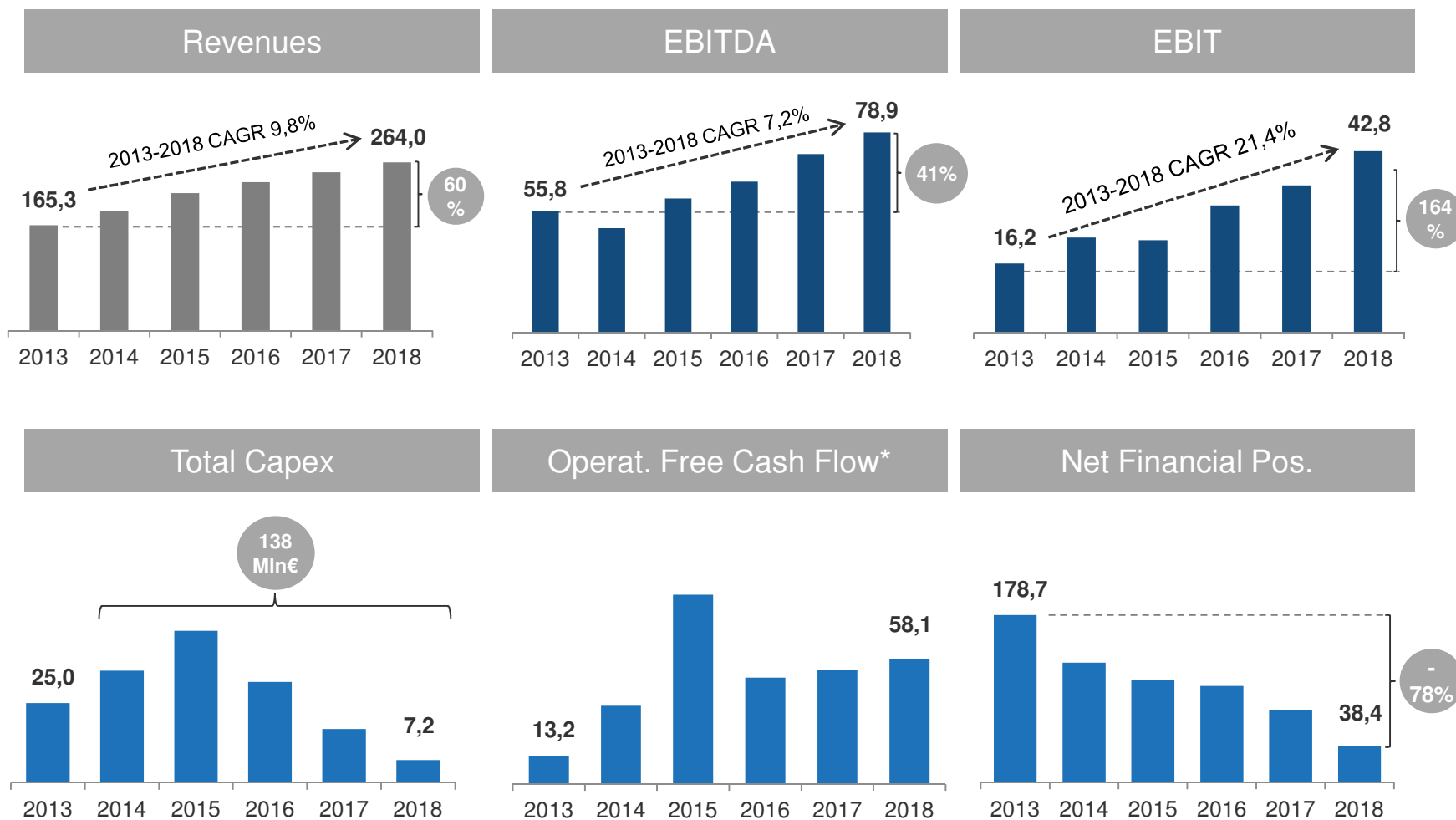
 <b>klaxia</b> Post merger			
Revenues	264	Revenues Total Growth*	60%
EBITDA	79	EBITDA Margin	29,9%
EBIT	43	EBIT Margin	16,2%
Net Financial Position	38,4	Net Gearing**	16,8%
Total Capex***	138,5	PFN/PN	0,2x

\*Revenues Total Growth in the period 2013/2018.

\*\*Net Gearing has been calculated as the ratio between Net Financial Position and Total Assets.

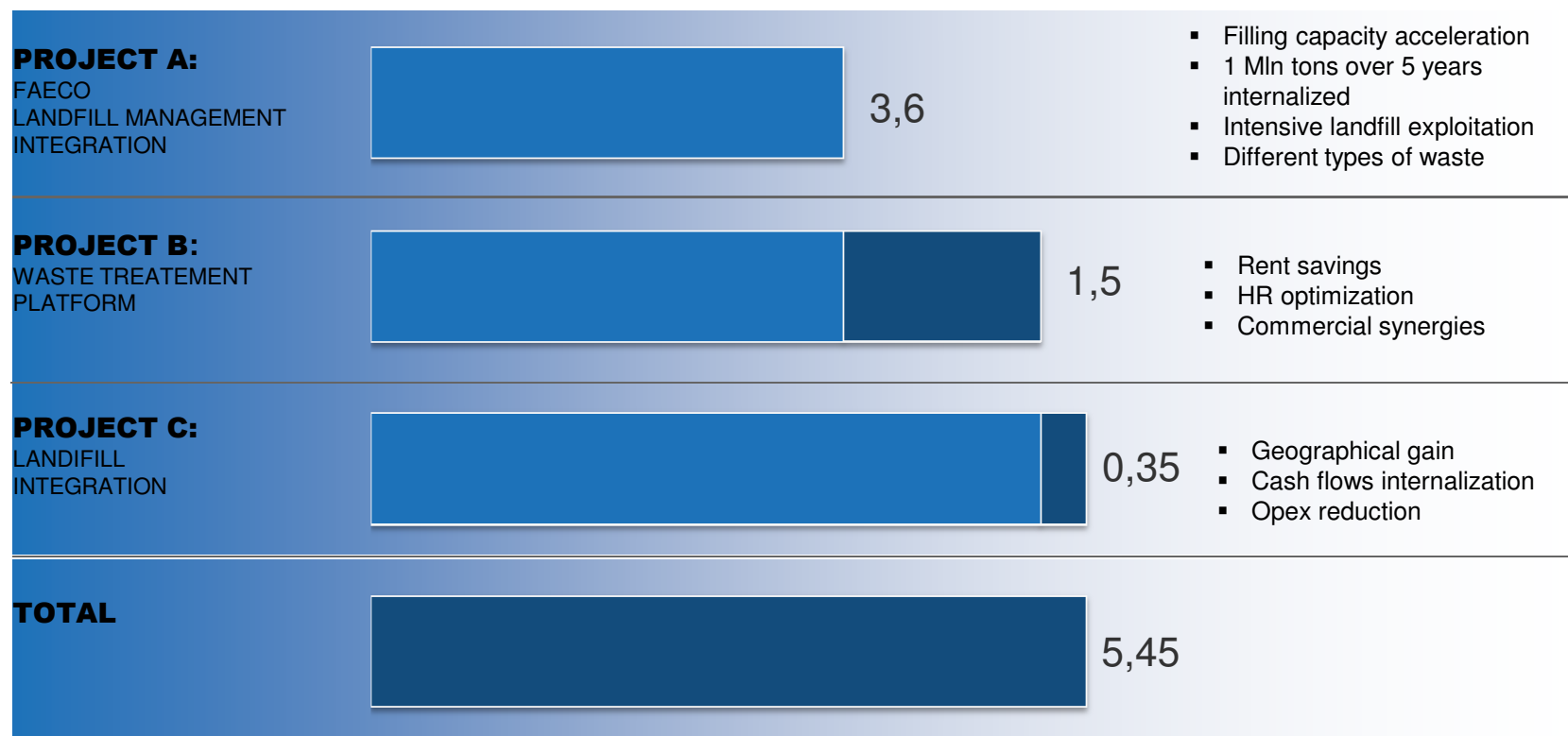
\*\*\*Total Capex for the entire Business Plan 2014/2018 comprising companies' acquisitions.

## Combined Plan: Main Financial Data



\*Operating Cash Flow considering the investment cash needs, not considering positive cash flows deriving from asset disposals.  
Figures Euro Millions if not otherwise specified.

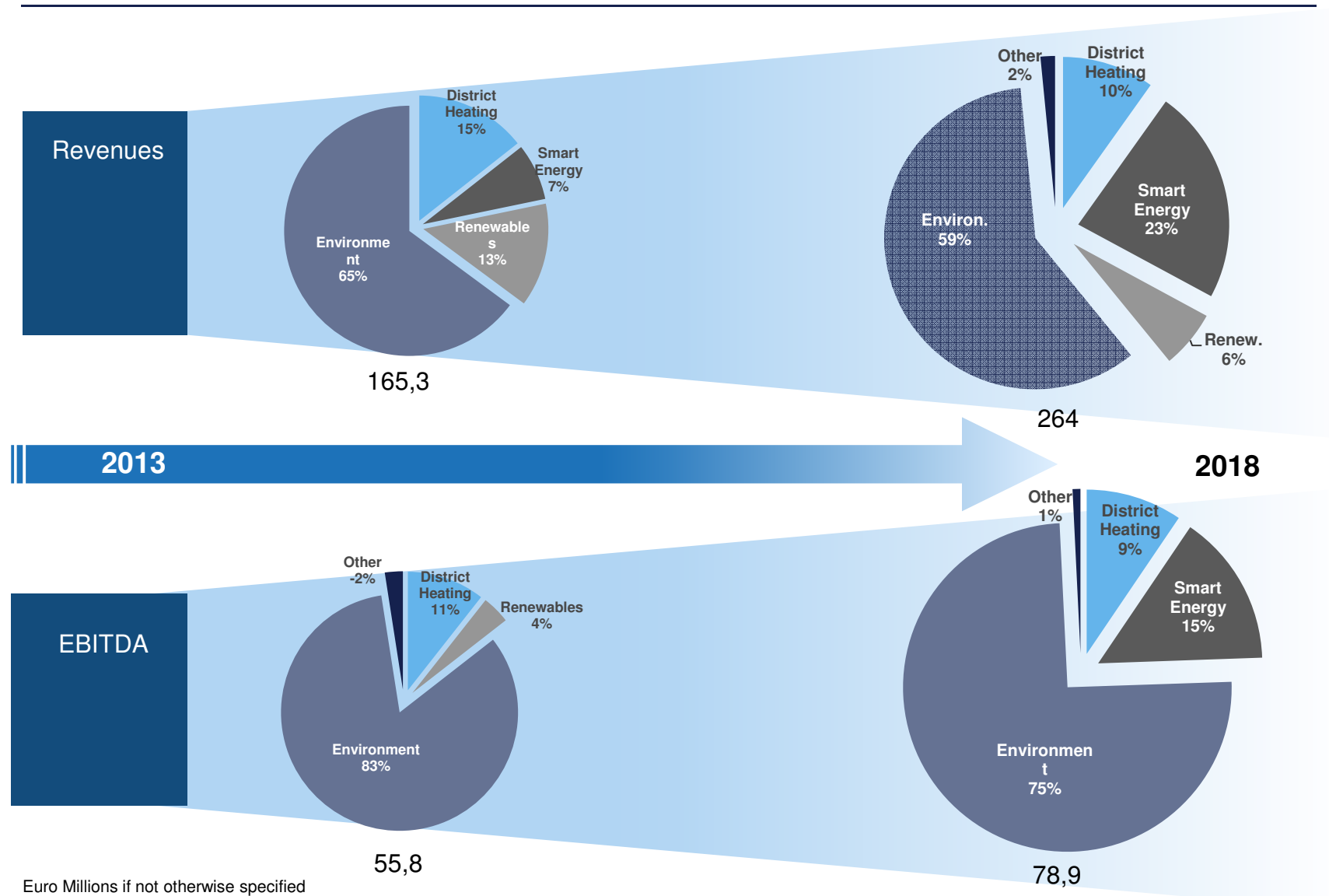
## Synergies and Optimizations – Possible Further Effect on EBITDA



The possible synergies identified and here represented have not been used in the development of the business plan, they thus represent a further EBITDA improvement margin that could result from the merger operation.

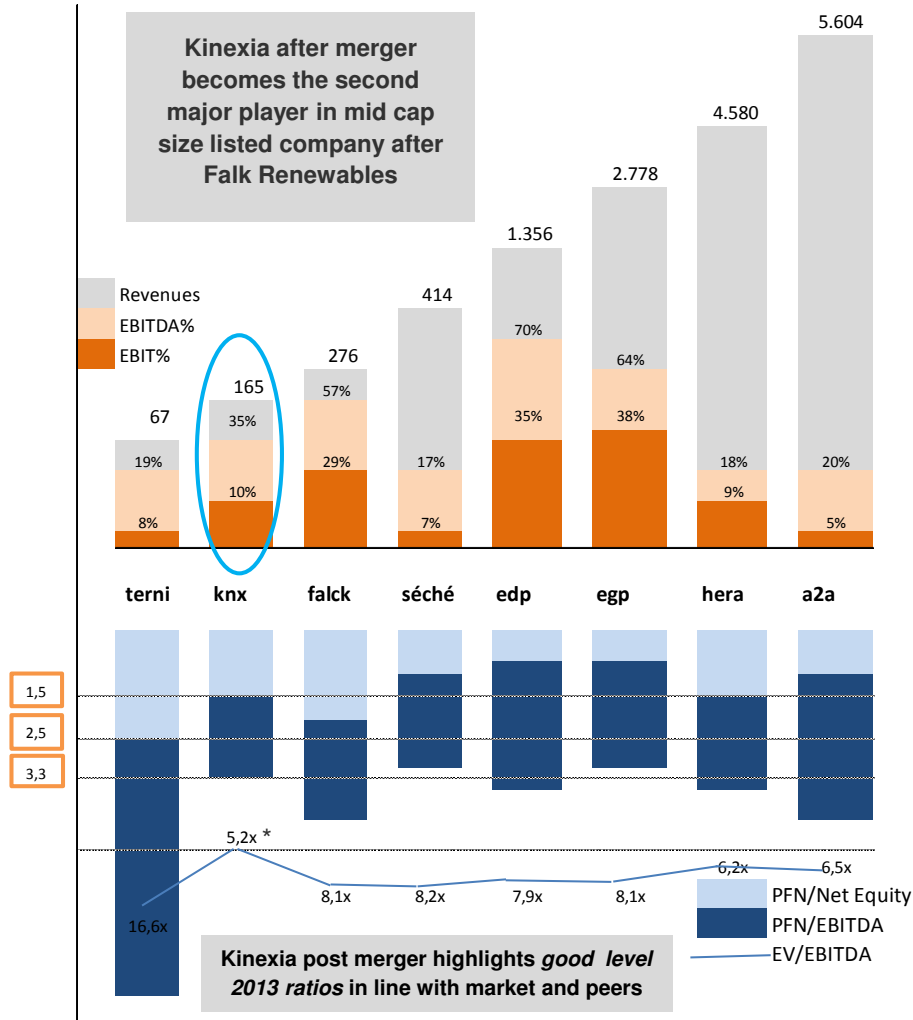
Euro Millions if not otherwise specified.

## Overview of the Combined Group – The future



# Kinexia Post Merger: Financial Benchmarking vs Peers & Potential Leverage Increase for the New Group

## Financial Benchmarking vs Main Comparables



\* EV/EBITDA 2013: 5,2X

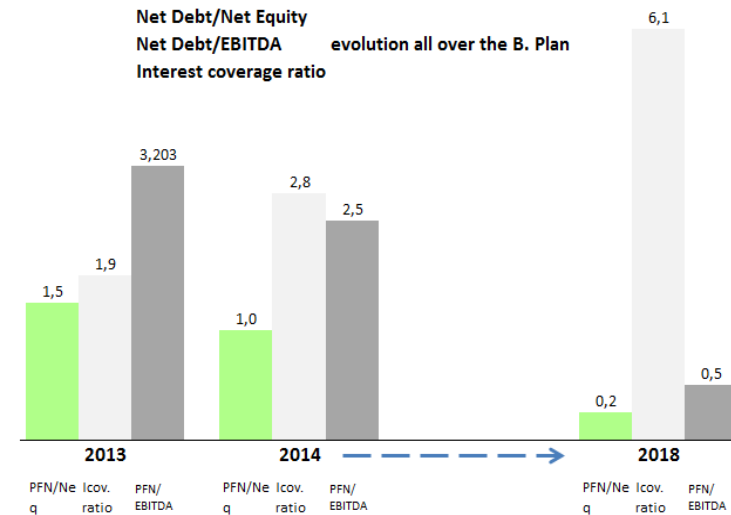
Current EV/EBITDA ratio is undervalued vs peers space for additional increase in value

TARGETS 2018

Financial ratios improvements allows increase leveraging for further investments and acquisitions outside Italy

PFN/EBITDA: 0,5x  
PFN/Net Equity: 0,2x  
Interest Cov. Ratio: 6,1x

Net Debt/Net Equity  
Net Debt/EBITDA  
Interest coverage ratio



## Key Financial Policies & Governance

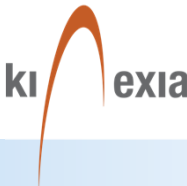





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Leverage	<ul style="list-style-type: none"><li>▪ Steadily increasing cash flows will allow to reduce the exposition towards financial sector, with a sharp deleveraging of the Group</li><li>▪ 2018 target net gearing (&lt;20%) will guarantee a great space to drain new financing in order to support the following investment plan</li><li>▪ Constant decrease in NFP will also allow to discuss actual terms of existing financings eventually obtaining better conditions (interest rates) or faster repayments</li></ul>
Cash Generation	<ul style="list-style-type: none"><li>▪ The Business Plan has been developed around the construction and management of a balanced mix of initiatives with fast cash generation (Treatment plants) and investments more slow and steady (landfills)</li><li>▪ Investment plan is initially supported by a sound cash generation guaranteed by existing businesses (district heating, operating landfills and waste collection)</li><li>▪ Smart Energy is considered as a fast growing business unit, with marginality and cash flow scaling up with revenue volume</li></ul>
Divestments	<ul style="list-style-type: none"><li>▪ The business plan developed foresees strategically chosen asset disposal in order to obtain fresh cash to support new investments</li><li>▪ Biomass plants totaling 7 MWe are considered as assets held for sale in 2013 and are to be sold in 2014, their cash generation dynamic not being in line with the revised Group strategies</li></ul>
Dividend Policy	<ul style="list-style-type: none"><li>▪ Considering the relevant cash generation and the constant increase in both revenues and net profit, the Group deems correct to consider in his future plans to have a dividend pay-out ratio of 30% referring to net profit</li></ul>

The Merger

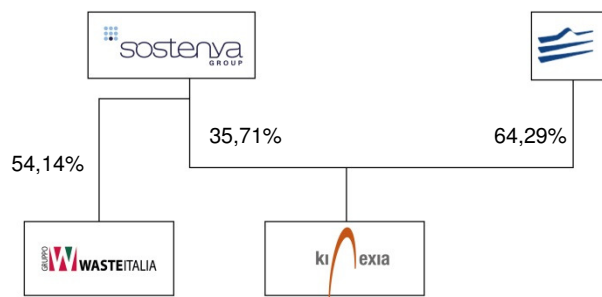


## Governance Process & Timing of the Merger

Parties Involved	<p>Report from the Expert nominated by the Italian court:</p> <p>Financial Advisor:</p> <p>Committee for related Party Transactions:</p> <p>Fairness opinion Advisor:</p> <p>Legal Advisor:</p>	<div></div> <div></div> <div></div> <p>Independent Directors assisted by</p> <div></div> <div></div>	<div></div> <p>Sostenya Group has decided to rely on the findings of the qualified advisors selected by Kinexia</p>
Timing	<ul style="list-style-type: none"><li>▪ Merger project will be submitted to Kinexia's extraordinary Shareholders' Meeting that has been convened for May the 23rd in first call and May the 26th in second call</li><li>▪ Merger project will be submitted to Sostenya Group's extraordinary Shareholders' Meeting that has been convened for May the 23rd in first call and May the 26th in second call</li><li>▪ All the documentation will be available to the public from the of April 20th 2014</li><li>▪ According with management forecast, the merger agreement could be undersigned by the end of July 2014</li></ul>		

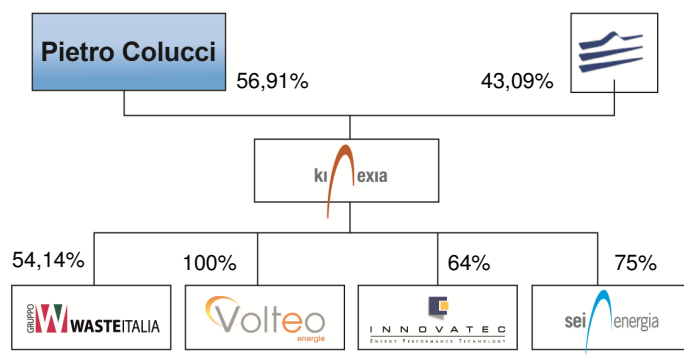
## The Merger: Terms of Operation

### Pre merger shareholders structure



Ordinary shares: 29.311.377  
Share capital: 60.3 Min €

### Post merger shareholders structure



Ordinary shares: 43.698.670  
Share capital: 65 Min €

### Exchange Rate Calculation

The valuations were undertaken using:

- Main valuation method: Discounted Cash Flow ("DCF", Sum-of-the-parts or SOTP)
- Control/check method: KNX share price evolution in the stock market
- **The Exchange Ratio was set at 4,971 Kinexia ordinary shares for each Sostenya S.p.A. share (5 millions shares outstanding)**
- The Exchange Ratio set foresees:
- The assignment of 24.855.000 ordinary shares to Sostenya S.p.A. of which
  - 10.467.707 Kinexia ordinary shares, with no par value, held by Sostenya S.p.A.
  - 14.387.293 newly issued Kinexia ordinary shares, with no par value

Euro 000's

	Gr. KNX Proforma 31.12.13
Share Capital	65.000
Other Reserves	11.572
Net Results 2013 Pro-forma basis	2.418
<b>Net Equity Group</b>	<b>78.990</b>
Net Equity Third Party	42.338
<b>Net Equity</b>	<b>121.328</b>

- Minority shareholders will maintain the shares they currently possess
- Pietro Colucci post-merger participation: 56,91%
- If apx Euro 3 millions Convertible Bond expiring date end 2015 (conversion rights n. 1.474.245 Kinexia shares) will be exercised by the 5th May 2014\*, Pietro Colucci post-merger participation: will be 55,05%

\* (30days right to exercise given to the Bondholder as per Italian Civil Code)