



ACCEPTANCE OF THE BINDING OFFER SUBMITTED BY MEIL FOR THE ACQUISITION OF THE OIL&GAS SECTOR

EXAMINATION OF THE SCHEME FOR THE EQUITY STRENGTHENING AND DEBT RESTRUCTURING TRANSACTION

CALL OF THE BOARD OF DIRECTORS MEETING ON 19 DECEMBER 2018 FOR THE APPROVAL OF THE TRANSACTION OF THE GROUP

REPLY TO CONSOB REQUEST PURSUANT TO ARTICLE 114 OF THE ITALIAN FINANCIAL LAW

Cesena, December 4, 2018 – Trevi Finanziaria Industriale S.p.A. (the "**Company**"), hereby communicates that the board of directors meeting has been held today, and has resolved to approve the binding offer submitted by Megha Engineering & Infrastructures Ltd. (MEIL Group) for the acquisition of the group companies which are part of the Oil & Gas sector, namely Drillmec S.p.A. and Petreven S.p.A. MEIL Group is one of the major Indian groups in the infrastructure sector with yearly revenues equal to roughly \$ 2.5 billion. MEIL Group is having major interests in development of mega infrastructure projects in the sectors of Water, Hydrocarbons, major engineering projects, highways, energy, Electric Mobility and manufacturing in India and abroad.

The offer has been selected at end of an extensive and thorough process for the research of potential purchasers and for the analysis of the letters of intents and offers received, amongst which it has resulted as the most convenient as well as consistent with the goals of the Company, with a view to preserving the going concern of the business.

The offer implies a valuation of the participations based on an enterprise value equal to Euro 140 million, on a debt free basis. The closing of the transaction is subject to certain conditions precedent, standard for transactions of this kind, including the deposit and homologation of the debt restructuring agreement as well as the obtainment of all required authorizations.

The acceptance of the offer will determine a significant impairment loss of the book value of the investments and of the financial receivables *vis-à-vis* the group companies of the above mentioned divisions. The above impairment losses will be cause a significant reduction of the Company's net equity which is estimated to fall below the limits set forth by Article 2447 of the Italian Civil Code.

The Board of Directors has also examined the update on the status of the negotiations relating to the equity strengthening and debt restructuring transaction to which the main shareholders (Trevi Holding SE, FSI Investimenti S.p.A. and Polaris Capital Management) and representatives of the financial lenders are taking part. In particular, on the basis of the discussions occurred during the last weeks, the Company has received a preliminary confirmation that the agreement relating to the main elements of the above mentioned transaction is about to be reached, with the participation of the banks and of the shareholders FSI Investimenti S.p.A. and Polaris Capital Management. Such agreement is

based on a capital increase to be paid in cash, for an amount equal to Euro 130 million, to be offered to the existing shareholders, in the context of a broader transaction for the capital and financial strengthening which will entail, amongst other things, a swap of the banks' debt into ordinary shares of the Company, up to a maximum amount of Euro 310 million, with a conversion ratio equal to 4.5:1.

On the basis of the above, the Board has resolved to call a new Board meeting on 19 December 2018 in order to approve the transaction for the capital strengthening and debt restructuring of the Group, after having received from the main shareholders the irrevocable commitment to subscribe the capital increase for the amount required to support the transaction, and to resolve upon the resolutions provided under Article 2447 of the Italian Civil Code. On such occasion, the 2018-2022 industrial plan shall be submitted to the Board of Directors for its approval.

INFORMATION REQUIRED BY CONSOB PURSUANT TO ART.114 OF THE LEGISLATIVE DECREE No. 58/98

On 3 December 2018, Consob requested the Company, pursuant to Article 114 of Legislative Decree no. 58/98, to inform the public about the following aspects:

1. the reasons for the delay in finalizing the documentation required for the closing of the Group's capital strengthening and debt restructuring transaction with respect to the timing indicated by the Company in the aforementioned press release dated 8 October 2018, also providing updates on the timing of said finalization and acquired elements relating to the availability of financial capacity of the main shareholders required by the financial restructuring;
2. the evaluations of the directors with reference to (i) the operational and financial risks deriving from the failure to complete the aforementioned financial restructuring within the expiry date of the standstill signed with the financing banks and (ii) the activities to be carried out in this regard;
3. the analysis carried out in order to verify the possible occurrence of the conditions set forth in Articles 2446 or 2447 of the Italian Civil Code and the relevant outcomes;
4. the timing for the approval of the financial reports pursuant to Article 154-*ter* of the Legislative Decree No. 58/98.

Consob also requested that the Board of Statutory Auditors express its observations on the matters indicated above, and on any initiatives taken and to be taken.

In this respect, also taking into account the above, the Company specifies the following.

1. *Reasons for the delay in finalizing the documentation required for the closing of the capital strengthening and debt restructuring transaction*

The delay with respect to what has been communicated on 8 October 2018 is due to the extended continuation of the discussions among the various stakeholders, also in consideration of the number of parties involved, the importance and complexity of the envisaged transaction as well as the negotiation with MEIL Group for the sale of the Oil & Gas sector.

As already anticipated to the market on November 14th, the negotiations between the Company, its shareholders and the financing banks have continued intensively and it is considered reasonable that the financial restructuring scheme is defined in time for its approval by the Board of Directors meeting scheduled for 19 December 2018.

2. *Updates on the expected timing*

As indicated above, the Board of Directors has been reconvened for 19 December 2018 for the approval, among other things, of the financial restructuring scheme, and in this context it will also be possible to define and disclose to the market the timing of the subsequent steps, having regard to the contents of the understandings reached.

3. Acquired elements relating to the financial capacity of the main shareholders to meet the resources required for the financial restructuring

With reference to the financial capacity of the main shareholders to meet the requests envisaged under the capital increase, FSI Investimenti S.p.A. and Polaris Capital Management have repeatedly expressed, although preliminarily and subject to the reaching of a definitive agreement with the financing banks, their willingness to subscribe their pre-emptive rights, as well as any additional unexercised portion up to a maximum amount equal to Euro 38.9 million each.

In particular, the position of FSI Investimenti S.p.A. was reflected in the communication sent by the latter to the Company on date hereof whereby FSI, following the statements already made in the previous communication to the Company as well as the discussions with the financing banks, confirmed its intention to submit to its board of directors, as well as the other competent bodies of its group, the possible subscription of a portion up to Euro 38.9 million of the expected capital increase. The communication is based on the assumption that such scheme of financial restructuring is accepted by both the shareholder Polaris Capital Management and the financing banks.

The shareholder Trevi Holding SE has repeatedly expressed the intention to subscribe the proposed capital increase and, in order to further explore the discussions with the financing banks and other relevant shareholders, it has recently declared that it is working to identify an investor that support its participation.

2. Evaluations of the directors on (i) the operational and financial risks deriving from the failure to complete the abovementioned transaction within the expiry date of the standstill signed with the financing banks and (ii) the activities to be carried out in this regard.

Also referred to what has been illustrated in paragraph 1 above, the Company hereby specify that it has continued the discussions with the financing banks and on the basis of the same, it believes reasonable to foresee that, if the agreement will be reached in relation to the capital strengthening and to the debt restructuring transaction, the formal expiry of the standstill agreement will not expose the Company to any significant risk towards the banks part of the standstill. In any case, as part of the formal requests that will be submitted to the competent bodies of the banks, the extension of the effectiveness of the standstill agreement until the homologation of the restructuring agreement will be included, as well as the request for maintenance of the credit lines needed for the financial support of the Company.

3. Analysis carried out in order to verify the possible occurrence of the conditions set forth under Articles 2446 o 2447 of the Italian Civil Code and relevant outcomes.

The Company constantly monitored the situation of its net equity. As a result of the acceptance of the binding offer submitted by MEIL Group concerning the dismissal of the Group companies active in the Oil&Gas sector, the Company deems that the effect set forth under Article 2447 of the Italian Civil Code have occurred. In this regard, the Board of Directors resolved, as already mentioned, to reconvene itself on 19 December 2018 in order to adopt the necessary resolutions to cover the losses, and requested to the delegated bodies to draft the reference financial statements.

4. Timing for the approval of the financial reports pursuant to Article 154-ter of the Legislative Decree No. 58/98

The Company specifies that the timing for the approval of the financial reports will be more precisely indicated once the capital strengthening and debt restructuring transaction will have been defined, based on the approval of the 2018-2022 industrial plan, in relation to which, as already mentioned, the Board of Directors has been reconvened for 19 December 2018. In light of the above, the Company believes that such reports may be approved (on the assumption of going concern basis) according to the same timelines envisaged for the execution and the filing of the final debt restructuring agreement, on which the Board of Directors will provide more details at the end of the next Board meeting.

Observations of the Board of Statutory Auditors

The Board of Statutory Auditors constantly monitored that the Board of Directors carried out actions aimed at preserving the going concern, including through the exercise of the authorization received from the extraordinary meeting pursuant to Article 2443 of the Italian Civil Code. The Statutory Auditors agreed on the need to reconvene the Board of Directors in accordance with the timing indicated, in order to resolve upon the approval of the capital strengthening and the industrial plan, also for the purposes of prepare the impairment test and the draft financial statements. Regarding the occurrence of the conditions set out in Article 2447 of the Italian Civil Code, the Board of Statutory Auditors will continue to monitor compliance with the duties provided of the Company under Italian law.

Without prejudice to what has been mentioned in letter a) in the second part of the press release, the C.F.O., Marco Andreasi, in his position as the Director responsible for drawing up the Company's accounting statements, hereby declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance, that the information contained in this press release accurately represents the figures contained in the Company's accounting records.

This press release contains forward-looking statements. These statements are based on the current estimates and projections of the Group, relating to future events and, by their nature, are subject to an intrinsic component of risk and uncertainty. Actual results may differ materially from those contained in such statements due to a variety of factors, including continued volatility and further deterioration of capital and financial markets, changes in macroeconomic conditions and economic growth and other changes in business conditions, in addition to other factors, the majority of which is beyond the control of the Group.

About Trevi:

Trevi Group is a worldwide leader in the field of soil engineering (special foundations, tunnel excavation, soil consolidation and the building and marketing of special rigs and equipment relevant to this engineering sector); the Group is also active in the drilling sector (oil, gas and water) both in the production of plant and the supply of services, and it also builds automated underground car parks. The Group was established in Cesena in 1957 and today has more than 30 branches and is present in over 80 countries. Its success is due to the vertical integration of the main divisions

making up the Group: Trevi, the division that supplies special services in the field of soil engineering, Petreven, the oil drilling division of the Group, Soilmec, the division that produces and develops plant and machinery for soil engineering and Drillmec the division that produces and develops drilling rigs (oil, gas and water). The parent company has been listed on the Milan stock exchange since July 1999.

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