



SECOND QUARTER 2016 RESULTS

5 AUGUST 2016

LUCA BETTONTE, CEO





DISCLAIMER

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There can be no assurance that the projections or forecasts will ultimately prove to be accurate; accordingly, the Company makes no representation or warranty as to the accuracy of such information or the likelihood that the Company will perform as projected.



AGENDA



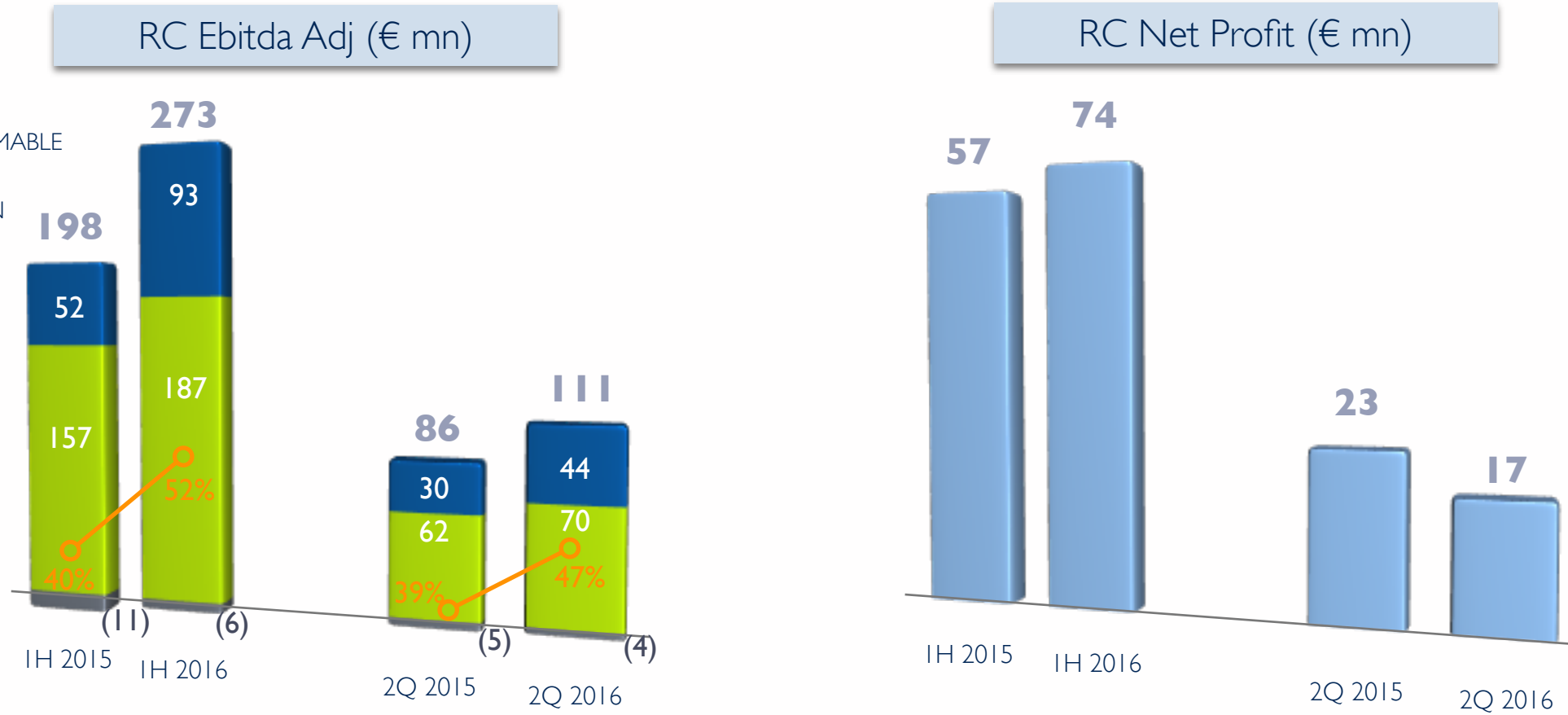
- 2Q 2016 Highlights
 - ✓ Key Figures
 - ✓ Debt Structure optimized
- Results Review
 - ✓ Business Environment
 - ✓ 2Q 2016 Group EBITDA
 - ✓ Results by Segments
- Key Financials
 - ✓ Profit & Loss
 - ✓ Investments
 - ✓ Cash Flow Statement
- 2016 Guidance and Conclusions
- Appendix



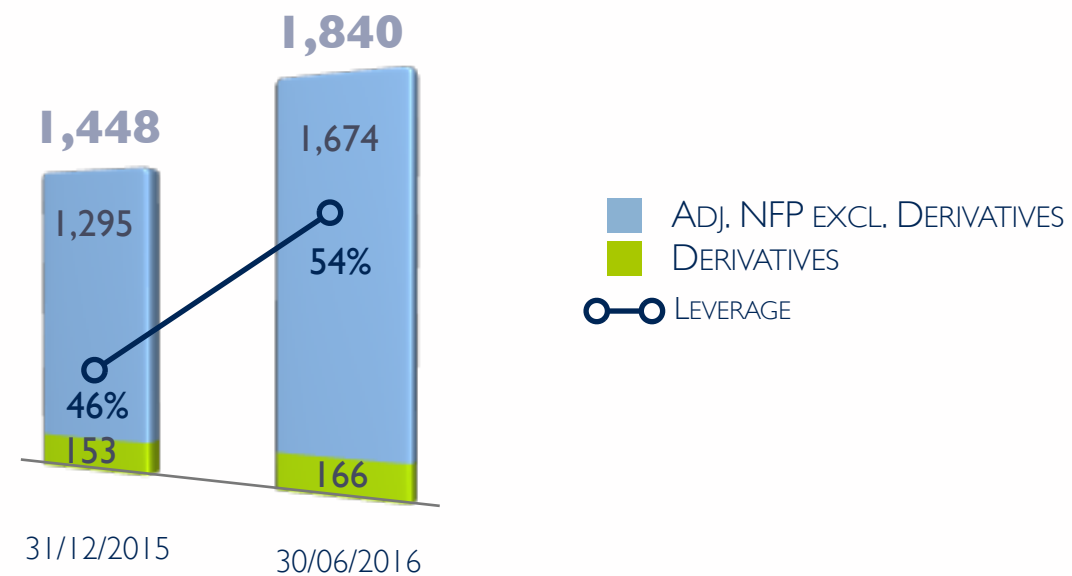
HIGHLIGHTS: KEY FIGURES



- PROGRAMMABLE
- NON-PROGRAMMABLE
- CORPORATE
- EBITDA MARGIN



Adj NFP (€ mn)



A good set of results spread over all the business areas



DEBT STRUCTURE OPTIMIZED



Action delivered

- ✓ Repricing of roughly €0.4bn⁽¹⁾ of PF with an average reduction of 100bps
- ✓ Pre-payment of tranche A⁽²⁾ (€350mn) and PF facility in Romania (€70mn)
- ✓ Fund raising for €325mn⁽³⁾ through 3 corporate lines (5y tenor) and KD slightly above 1%
- ✓ PF for €42mn (9.5y tenor) for 63.4MW wind farms in France

Results⁽⁴⁾

- ✓ Net KD⁽⁵⁾ @ 4.7% in 1H 2016 vs. 14.8% in 1H 2015
- ✓ Gross KD⁽⁶⁾ @ 3.4% in 1H 2016 vs. 4.2% in 1H 2015
- ✓ Full benefits from 2H 2016

Execution better than Business Plan guidance

⁽¹⁾ It includes several different PF facilities in Italy and abroad

⁽²⁾ Related to the Hydro Terni acquisition

⁽³⁾ To partially replace pre-payments

⁽⁴⁾ Average NFP in 1H 2015 of €415mn vs. €1.63bn in 1H 2016

⁽⁵⁾ Annualized ratio between net financial charges and average net debt in the period

⁽⁶⁾ Annualized ratio between financial charges and average gross debt in the period (both referred to long-term facilities)



RESULTS REVIEW

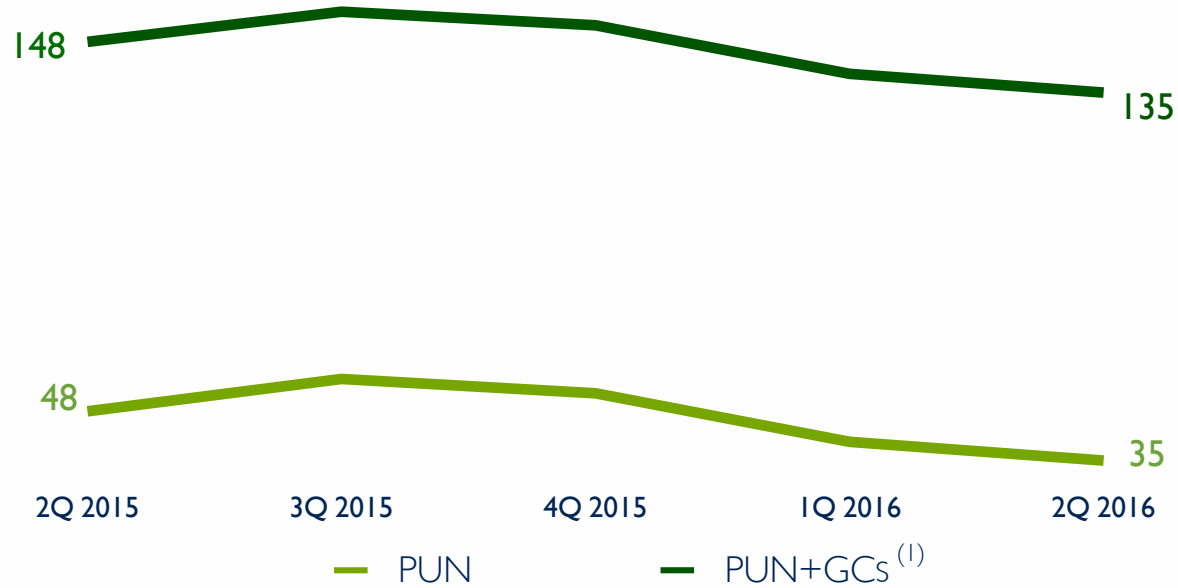
PAOLO MERLI, CFO



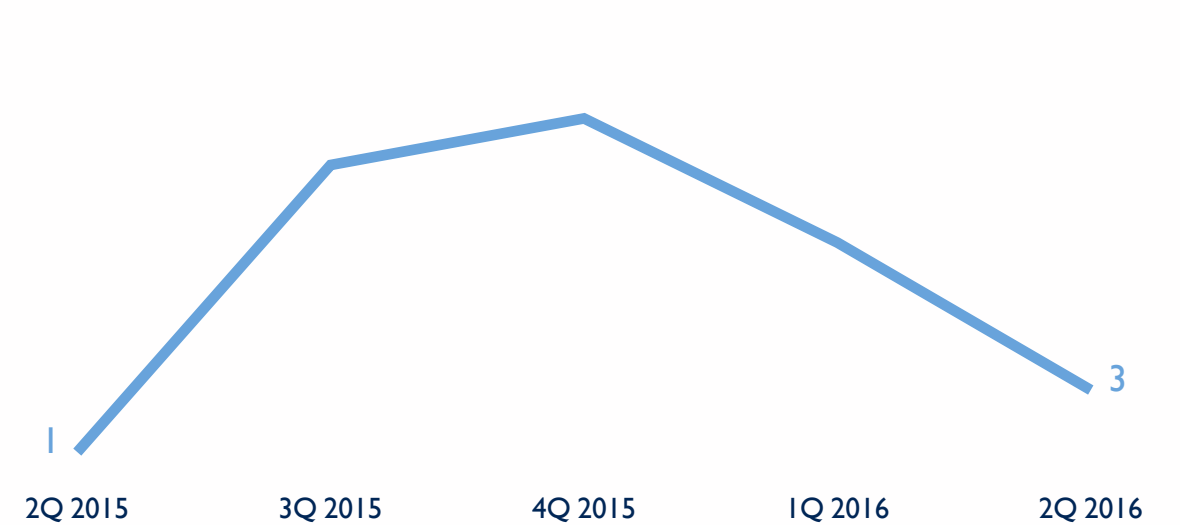
BUSINESS ENVIRONMENT



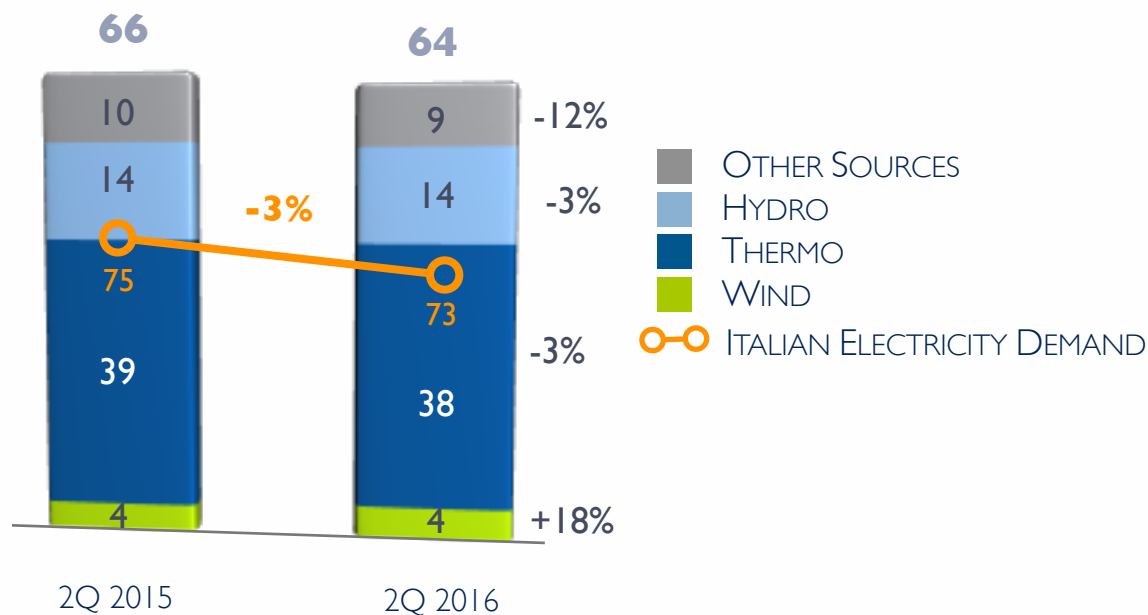
Electricity Prices in Italy (€/MWh)



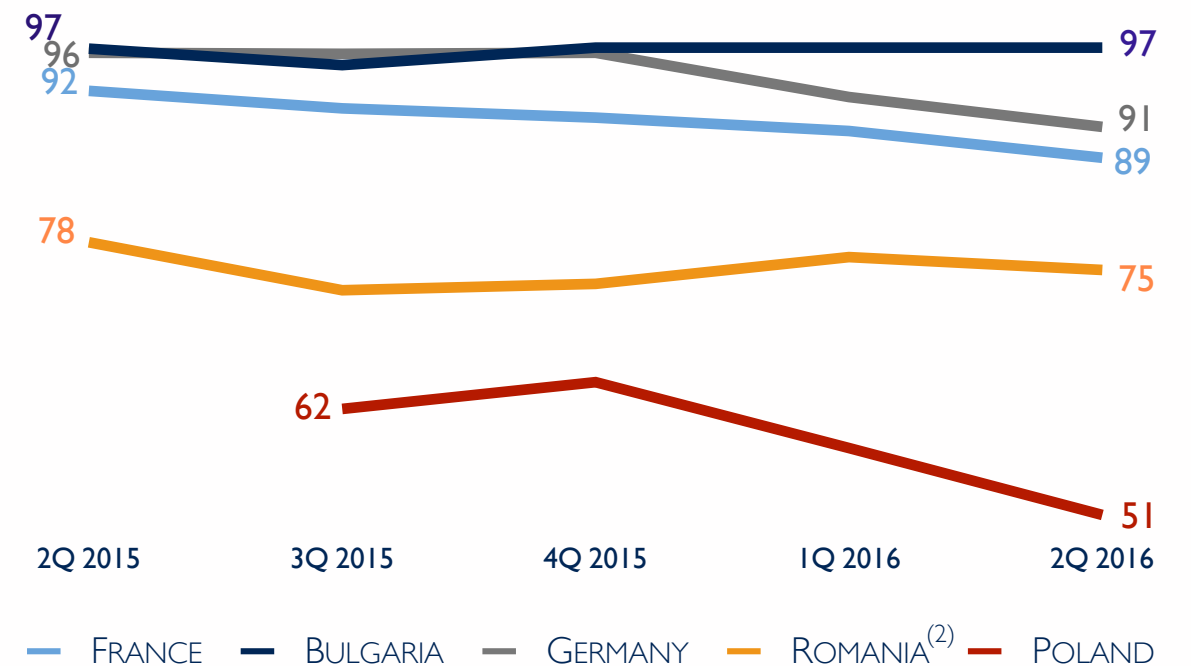
Baseload Spark Spread in Italy (€/MWh)



Italy: Electricity Production vs Demand (TWh)



All-in Wind Prices abroad (€/MWh)

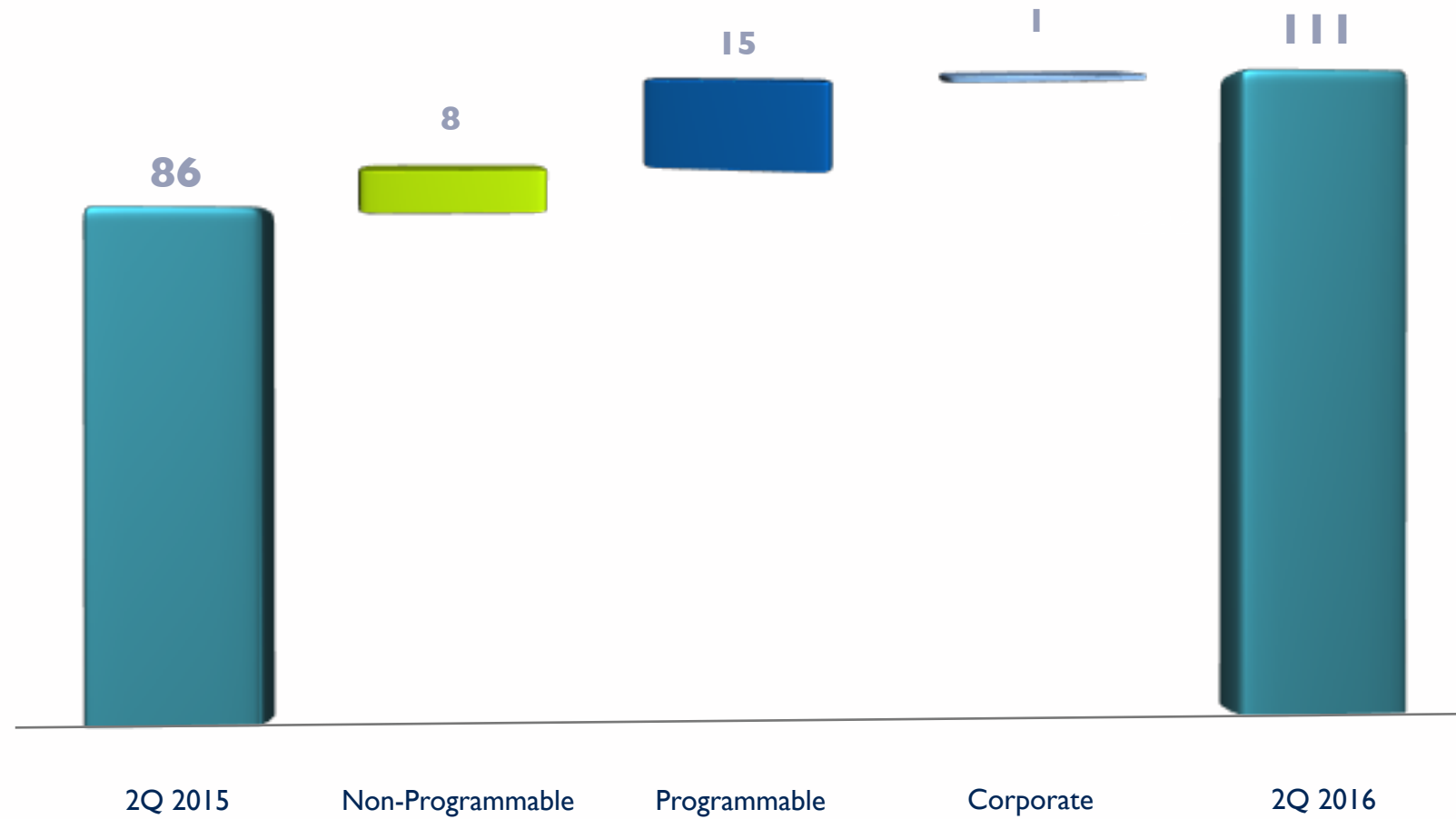


(1) Italian theoretical price based on National Average Electricity Price (PUN) in Italy + feed-in premium

(2) Figures refer only to Gebeleisis wind farm



2Q 2016 GROUP EBITDA



New electricity mix implied very good results from all ERG divisions

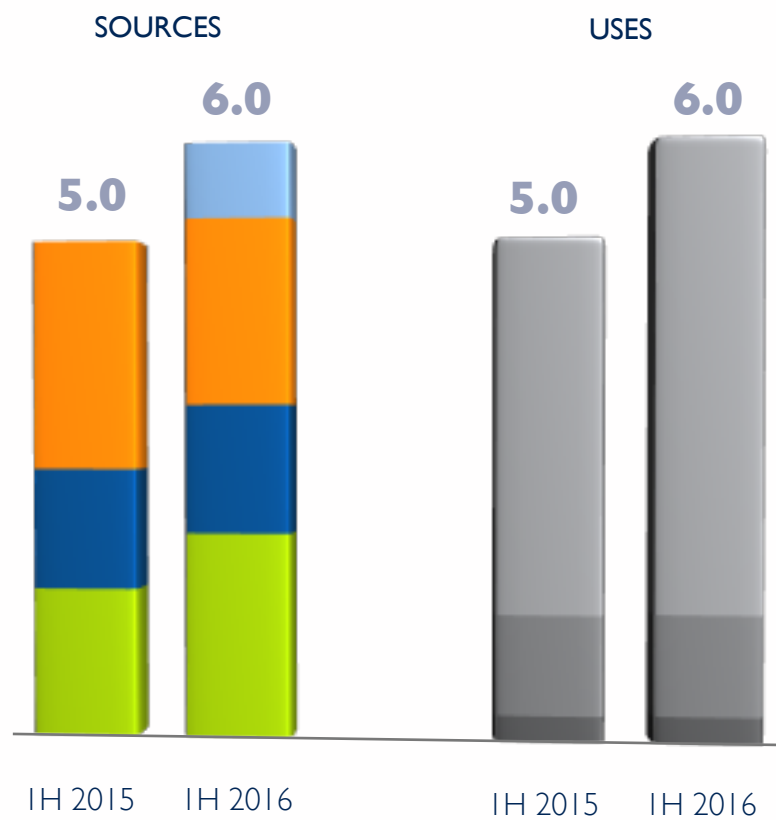


ENERGY PORTFOLIO

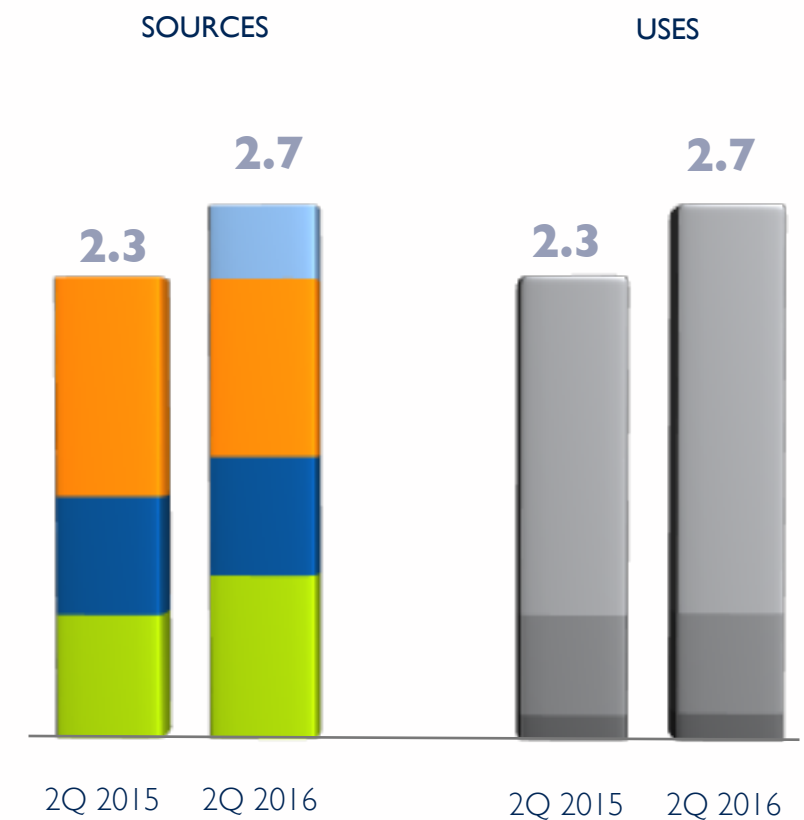


IH 2015 vs IH 2016 (TWh)

2Q 2015 vs 2Q 2016 (TWh)



- ELECTRICITY SOURCES:**
- WIND PRODUCTION
 - THERMO PRODUCTION
 - HYDRO PRODUCTION
 - PURCHASES
- ELECTRICITY USES:**
- SITE CLIENTS
 - BILATERAL
 - WHOLESALE



An enlarged and diversified electricity portfolio

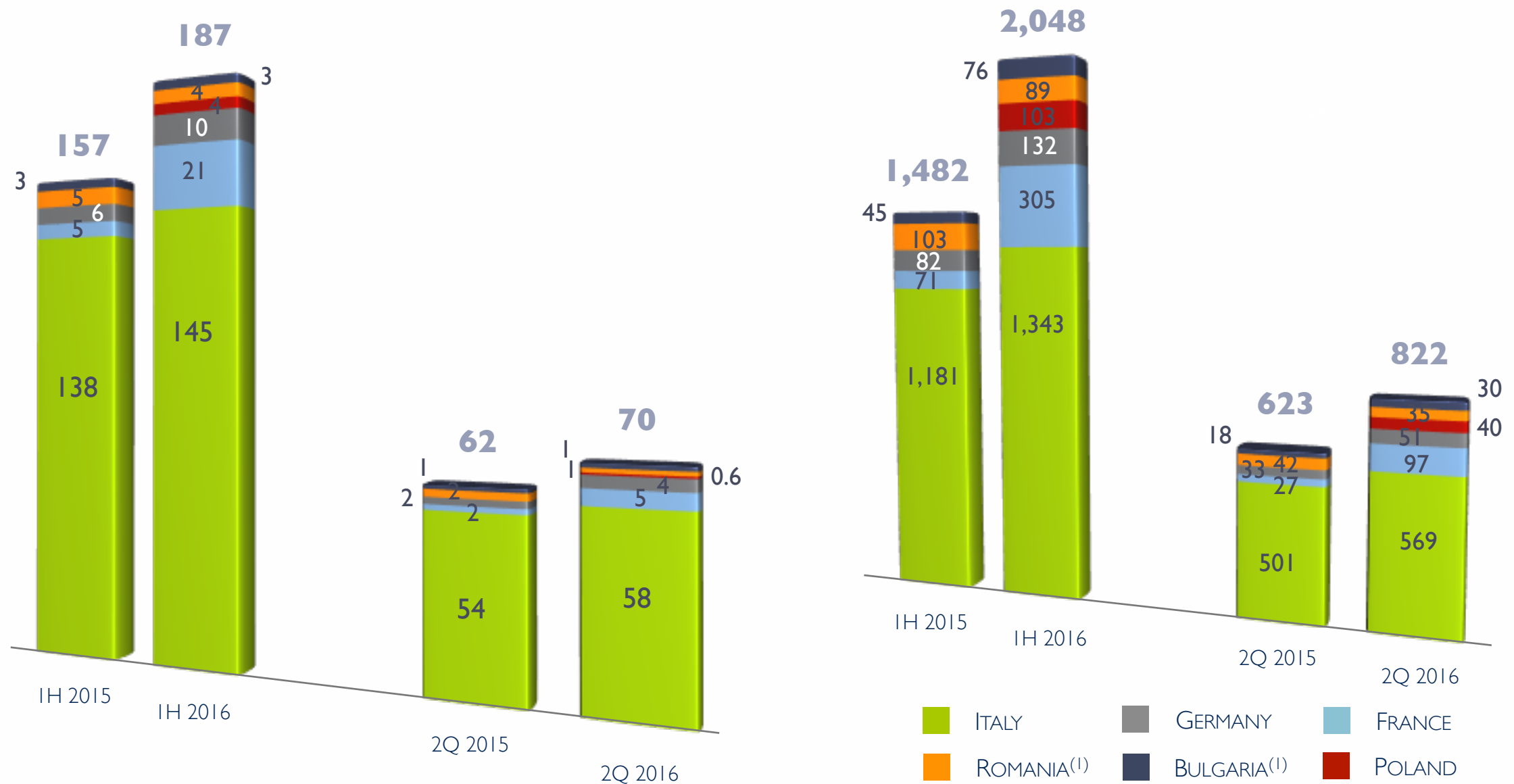


NON-PROGRAMMABLE RESULTS



RC Ebitda (€ mn)

Volumes (GWh)



Good wind conditions and consolidation of new assets

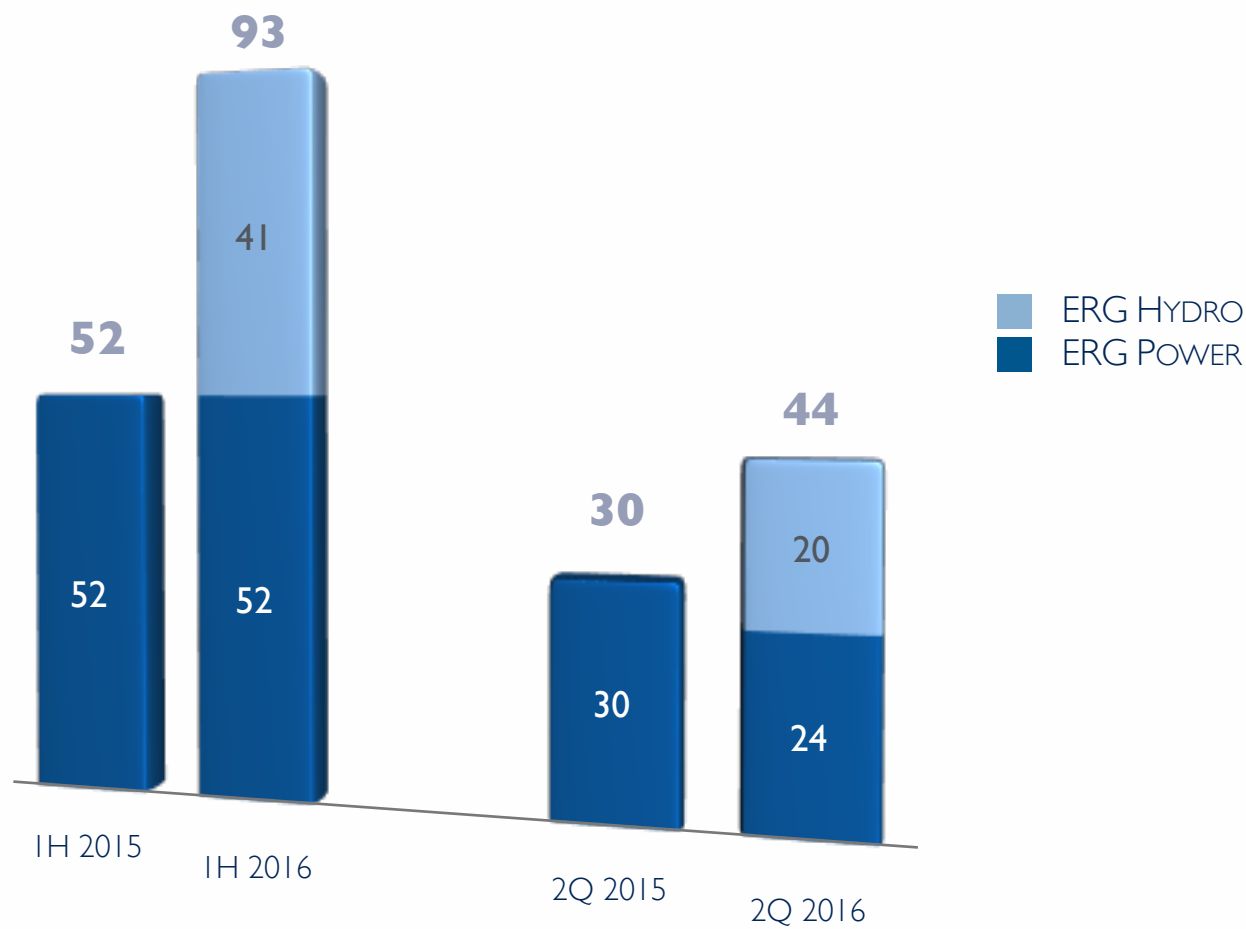
⁽¹⁾ As of December 23, 2015 LUKERG asset split became effective. From I.I.2016 ERG Renew owns Tcherga and Hrabrovo wind farms in Bulgaria, and Gebeleisis wind farm in Romania.



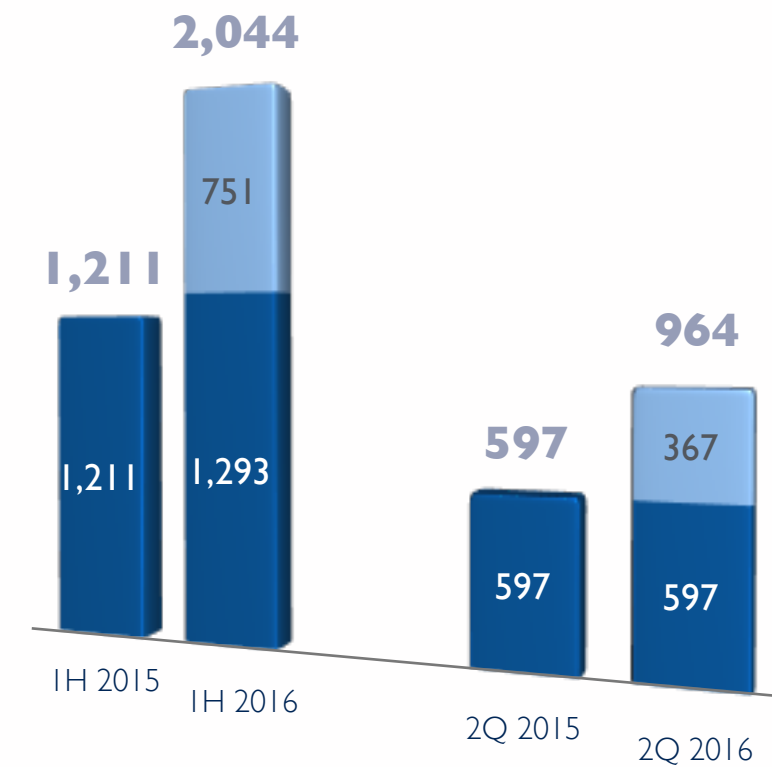
PROGRAMMABLE RESULTS



RC Ebitda (€ mn)



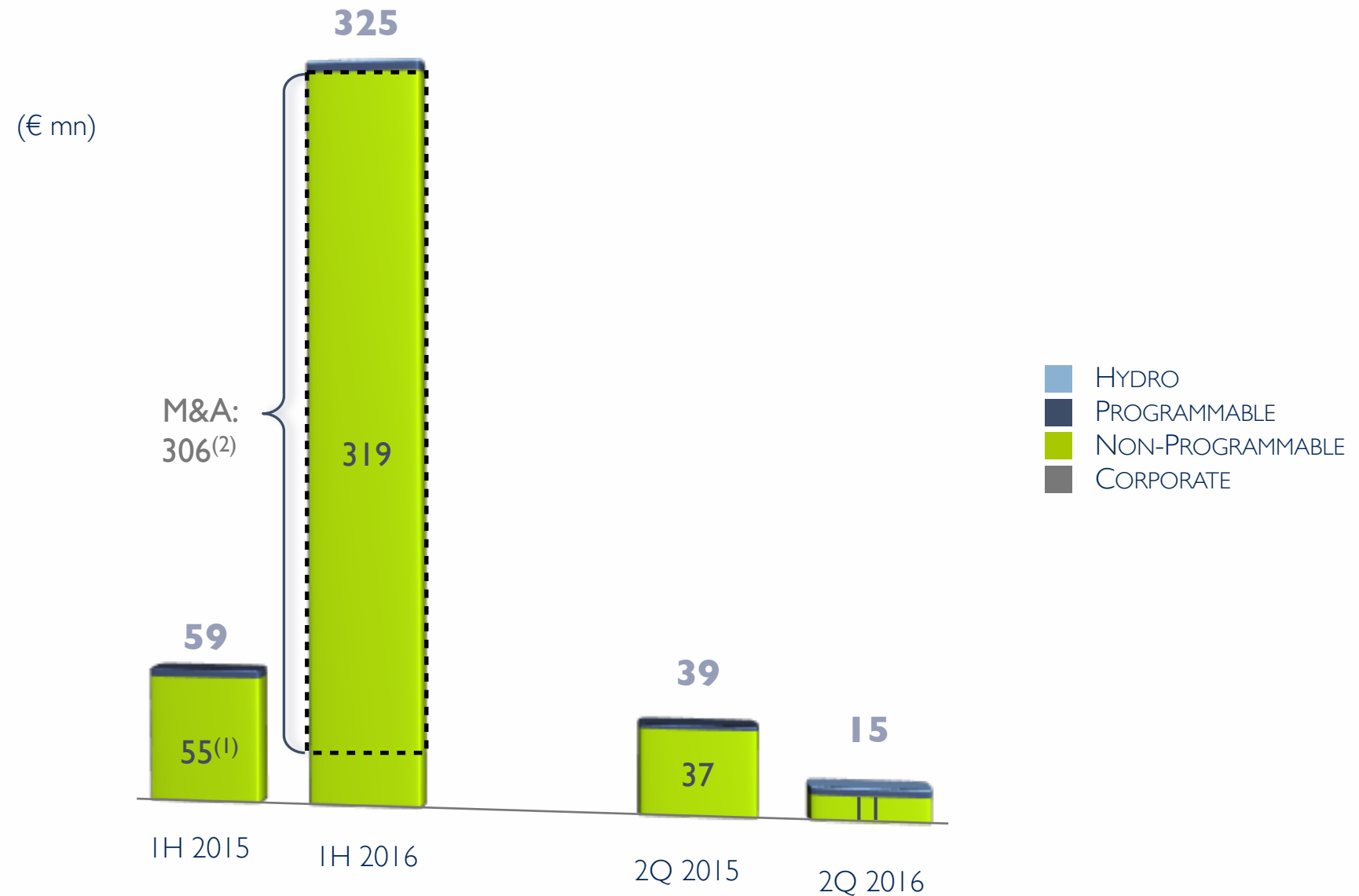
Volumes (GWh)



Strong set of results



ADJUSTED INVESTMENTS



⁽¹⁾ It includes €7mn of equity consideration for the acquisition of two wind farms in Poland now in operation

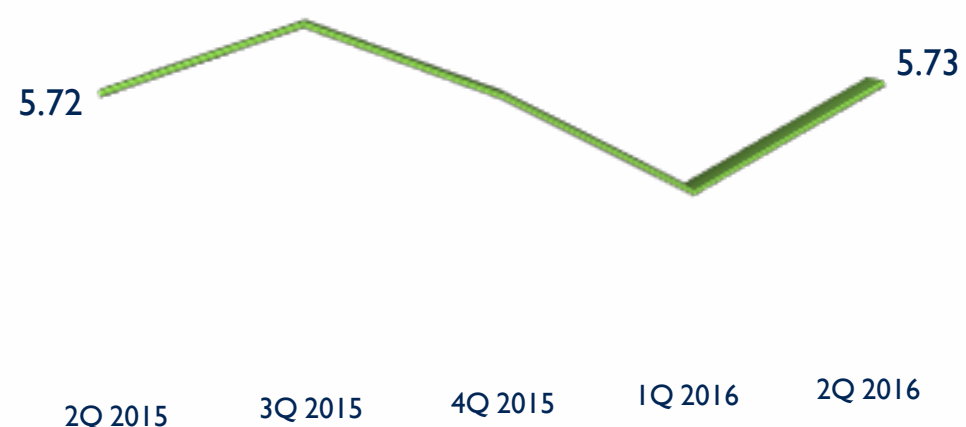
⁽²⁾ M&A CAPEX related to the closing of IMPAX acquisition (which took place on February 2, 2016, amounting to €293mn) and Brockaghboy acquisition (€13mn)



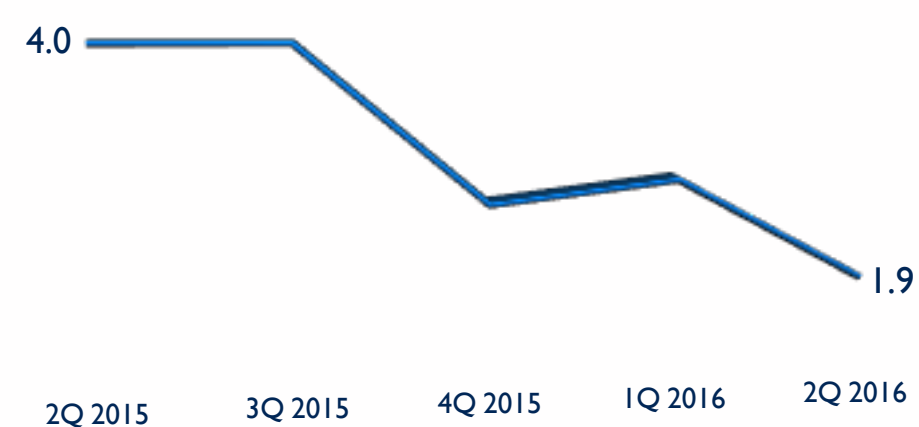
TOTALERG: KEY FIGURES⁽¹⁾



Industry Retail Fuels Volumes (M tons)



EMC Margin (\$/bbl)



IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015
53	53	Adjusted RC EBITDA	23	31
17	12	Adjusted RC EBIT	4	10
5	(3)	Adjusted Net Profit	0	3
246	255	NFP	246	255
10.9%	10.6%	TOTALERG retail market share	10.8%	10.5%

⁽¹⁾ Figures refer to 100% of TOTALERG contribution



KEY FINANCIALS



PRO-FORMA REPLACEMENT COST P&L

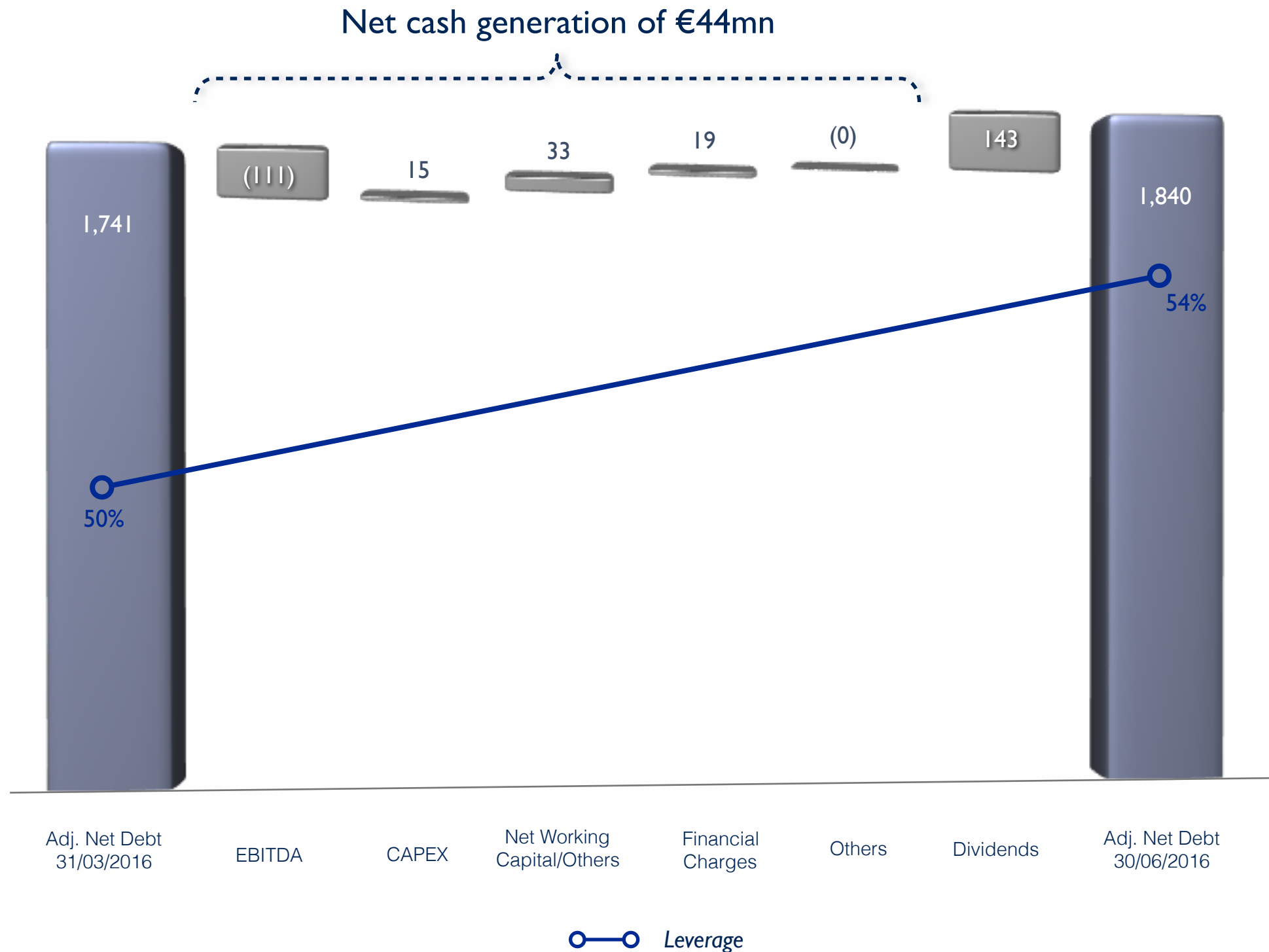


IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015
273	198	RC Adjusted EBITDA	111	86
(129)	(81)	<i>Amortization and depreciation</i>	(65)	(41)
145	116	RC Adjusted EBIT	46	46
(38)	(31)	<i>Net financial income (expenses)</i>	(19)	(15)
3	(1)	<i>Net income (loss) from equity investments</i>	0	2
109	84	RC Results before taxes	27	32
(31)	(24)	<i>Income taxes</i>	(10)	(9)
78	60	RC Results for the period	17	23
(4)	(3)	<i>Minority interests</i>	(0)	(1)
74	57	RC Net profit	17	23
28%	28%	Tax Rate	37%	27%

Note: figures based on NO GAAP measures



2Q 2016 ADJUSTED CASHFLOW STATEMENT



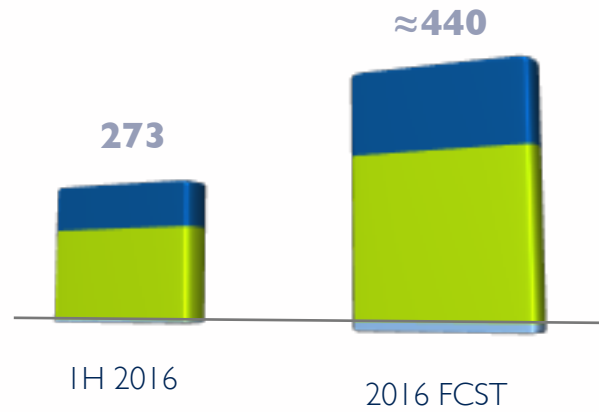


2016 GUIDANCE AND CONCLUSIONS

LUCA BETTONTE, CEO



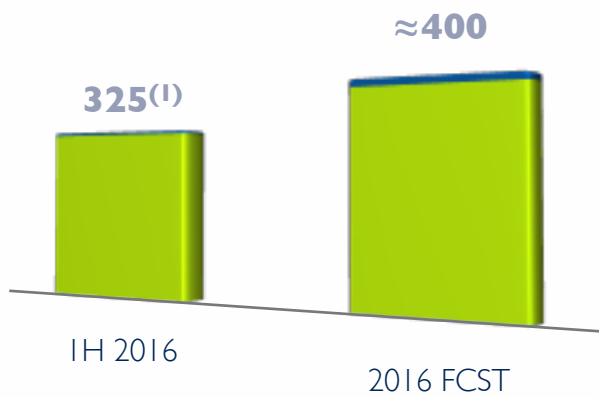
2016 GUIDANCE



EBITDA:

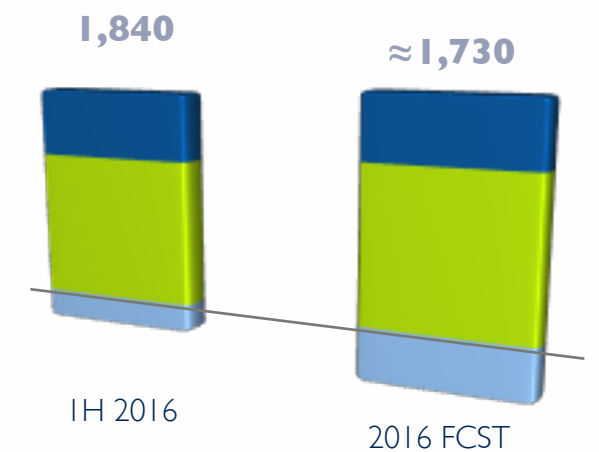
✓ 2016 guidance confirmed at €440mn

PROGRAMMABLE NON-PROGRAMMABLE CORPORATE



CAPEX:

✓ 2016 guidance confirmed at €400mn



NFP:

✓ 2016 guidance confirmed at €1.73bn

LIQUIDITY PF OTHER AT MLT

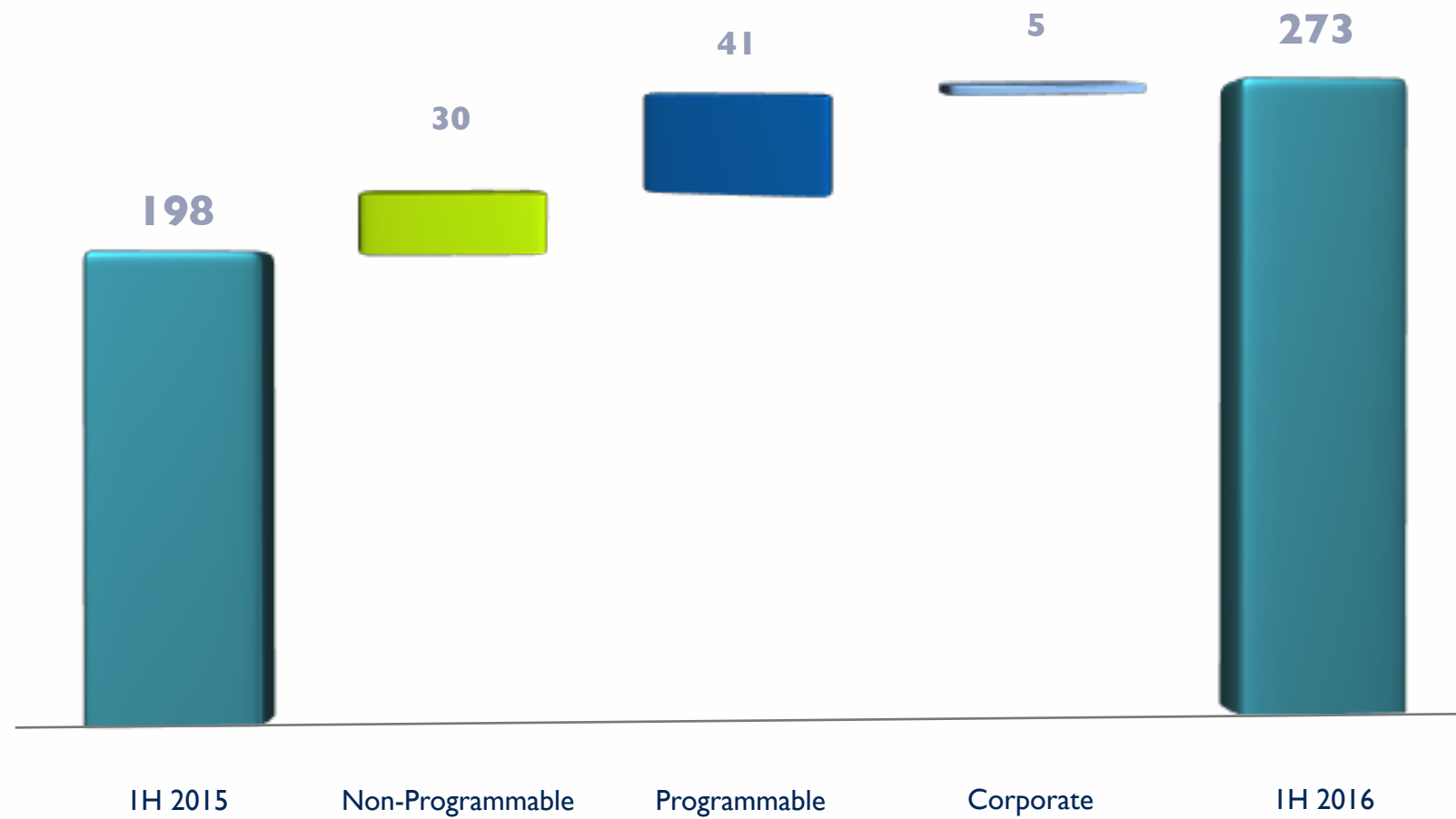
⁽¹⁾ It includes M&A CAPEX related to the closing of IMPAX acquisition (which took place on February 2, 2016, amounting to €293mn) and Brockaghboy acquisition (€13mn)



APPENDIX



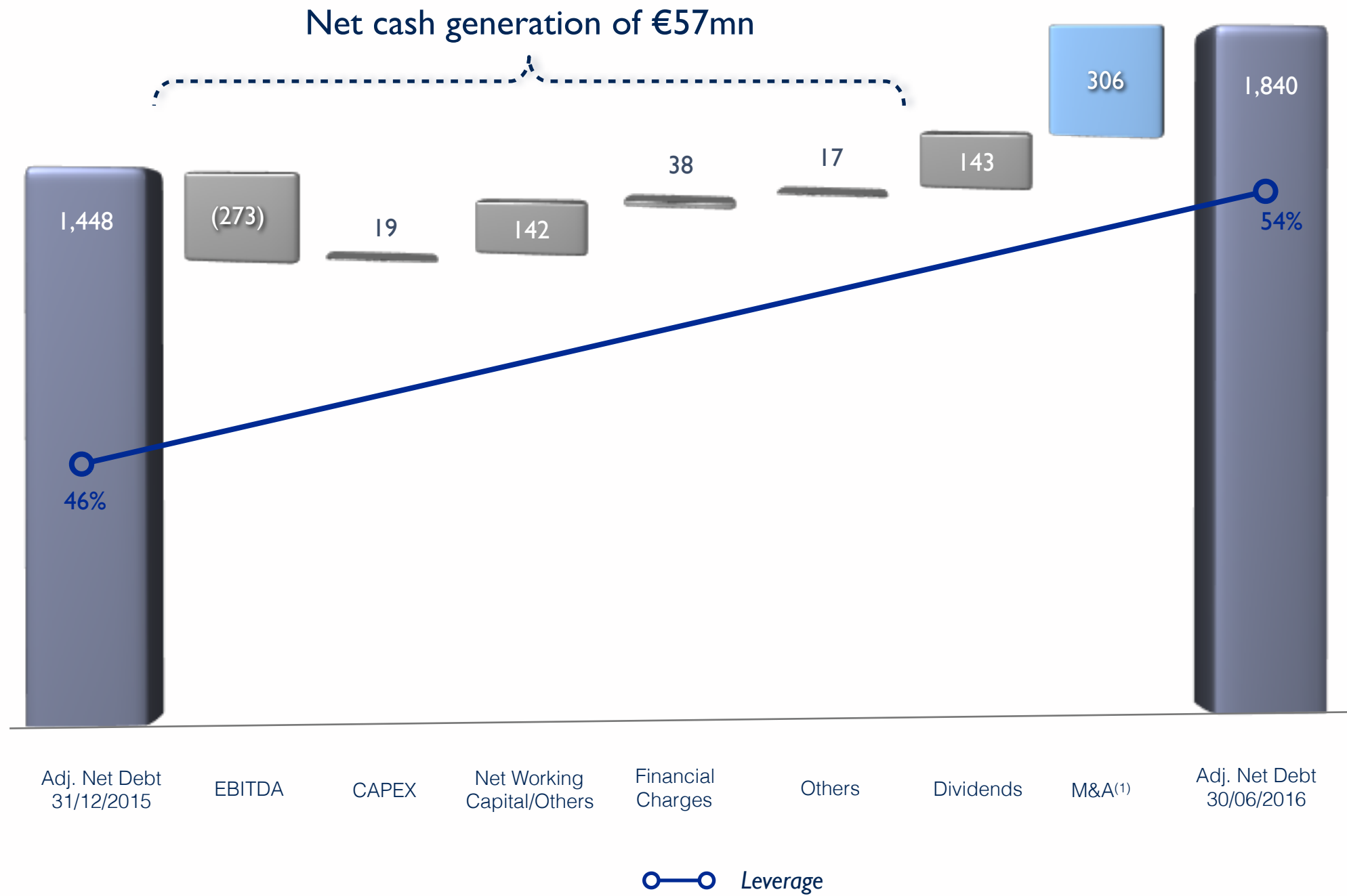
IH 2016 GROUP EBITDA



New electricity mix resulted in a positive contribution from all ERG divisions



I H 2016 ADJUSTED CASHFLOW STATEMENT



⁽¹⁾ Equity consideration for IMPAX acquisition (€293mn) and Brockaghboy acquisition for about €13mn



IH AND 2Q 2016 RESULTS



	IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015	
	530	497	Adjusted Revenues	235	222	
↑	273	198	RC EBITDA Adjusted	111	86	↑
↑	187	157	- Non-Programmable	70	62	↑
			<i>of which:</i>			
	145	138	- Italy	58	54	
	41	19	- Abroad	12	7	
↑	93	52	- Programmable	44	30	↑
			<i>of which:</i>			
	52	52	- Thermo	24	30	
	41		- Hydro	20	0	
↑	(6)	(11)	- Corporate	(4)	(5)	↑



NON-PROGRAMMABLE: KEY FIGURES (1/2)



IH 2016	IH 2015		2Q 2016	2Q 2015
1,720	1,383	Installed capacity (end-period, MW)	1,720	1,383
		<i>of which:</i>		
1,094	1,087	- Italy	1,094	1,087
252	64	- France	252	64
168	86	- Germany	168	86
82	42	- Poland ⁽¹⁾	82	42
70	77	- Romania ⁽²⁾	70	77
54	27	- Bulgaria ⁽²⁾	54	27
2,048	1,482	Electricity Production (GWh)	822	623
		<i>of which:</i>		
1,343	1,181	- Italy	569	501
305	71	- France	97	27
132	82	- Germany	51	33
103	n.a.	- Poland ⁽¹⁾	40	n.a.
89	103	- Romania ⁽²⁾	35	42
76	45	- Bulgaria ⁽²⁾	30	18

⁽¹⁾ Production in Poland started in July 2015

⁽²⁾ 2015 figures correspond to ERG's stake in the joint venture LUKERG = 50%



NON-PROGRAMMABLE: KEY FIGURES (2/2)



IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015
RC EBITDA:				
145	138	Italy	58	54
21	5	France	5	2
10	6	Germany	4	2
4	0	Poland ⁽¹⁾	1	n.a.
4	5	Romania ⁽²⁾	1	2
3	3	Bulgaria ⁽²⁾	1	1
187	157	Total RC EBITDA	70	62
(83)	(66)	Depreciation	(42)	(33)
104	91	RC EBIT	28	29

⁽¹⁾ Production in Poland started in July 2015

⁽²⁾ 2015 figures correspond to ERG's stake in the joint venture LUKERG = 50%



ERG POWER: KEY FIGURES



IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015
1,293	1,211	Electricity Production (GWh)	597	597
52	52	RC EBITDA	24	30
(15)	(15)	Depreciation	(7)	(7)
37	37	RC EBIT	17	22



ERG HYDRO: KEY FIGURES



IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015
751	n.a.	Electricity Production (GWh)	367	n.a.
41	n.a.	RC EBITDA	20	n.a.
(29)	n.a.	Depreciation	(15)	n.a.
12	n.a.	RC EBIT	5	n.a.



INVESTMENTS



IH 2016	IH 2015	Euro millions	2Q 2016	2Q 2015
319	55	Non-Programmable ⁽¹⁾	11	37
5	3	Programmable	3	2
		<i>of which:</i>		
4	3	- Thermo	3	2
1	0	- Hydro	1	0
1	1	Corporate	0	0
325	59	Adjusted Total	15	39

⁽¹⁾ IH 2015 figure includes €7mn of equity consideration for the acquisition of two wind farms in Poland now in operation. IH 2016 figure includes M&A CAPEX related to the closing of IMPAX acquisition (which took place on February 2, 2016, amounting to €293mn) and Brockaghboy acquisition (€13mn)