



COMPANY OVERVIEW AND IQ 2017 RESULTS

24 MAY 2017

ITALIAN INVESTMENT CONFERENCE





DISCLAIMER

This document contains certain forward-looking information that is subject to a number of factors that may influence the accuracy of the statements and the projections upon which the statements are based.

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



- A successful transformation into Green
- IQ 2017 Results Review
- A Snapshot of 2015-2018 Business Plan
- ERG in a nutshell as at 31.12.2016
- Appendix
- Management Profiles

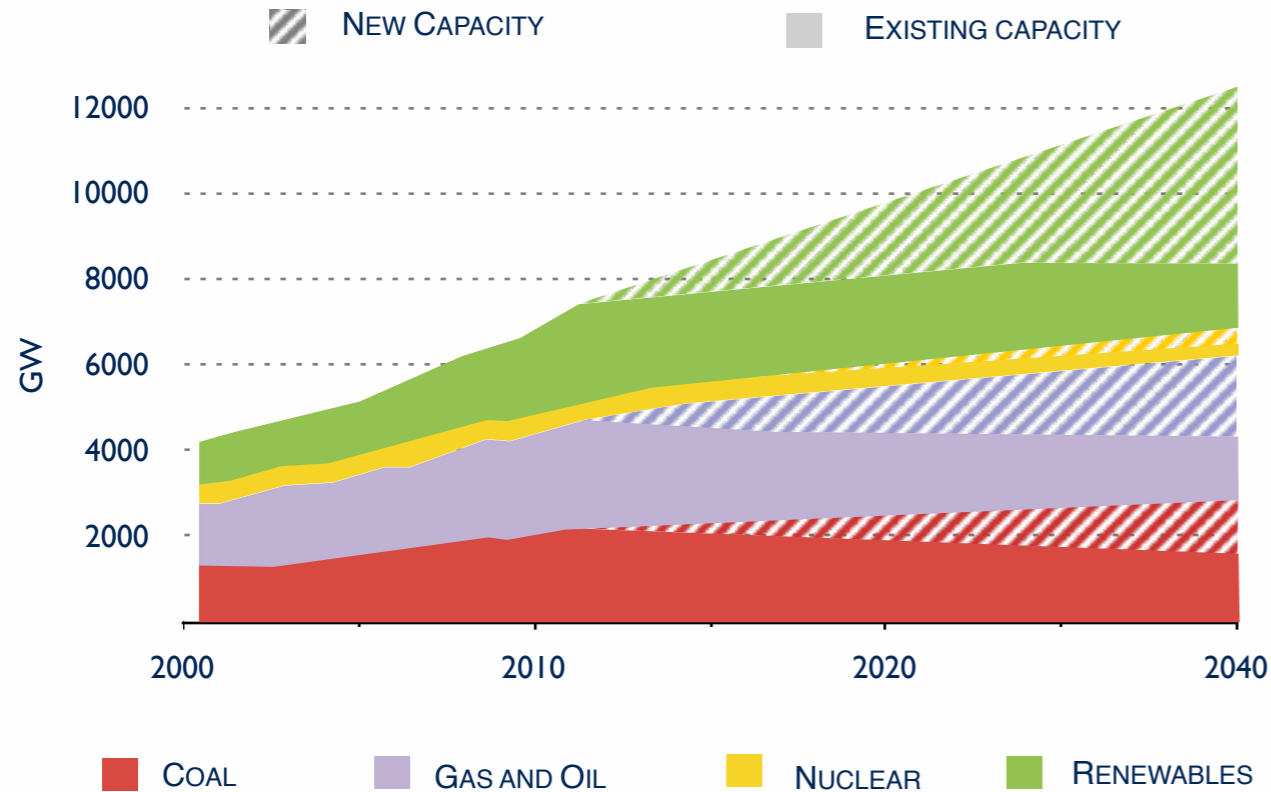


A SUCCESSFUL TRANSFORMATION INTO GREEN



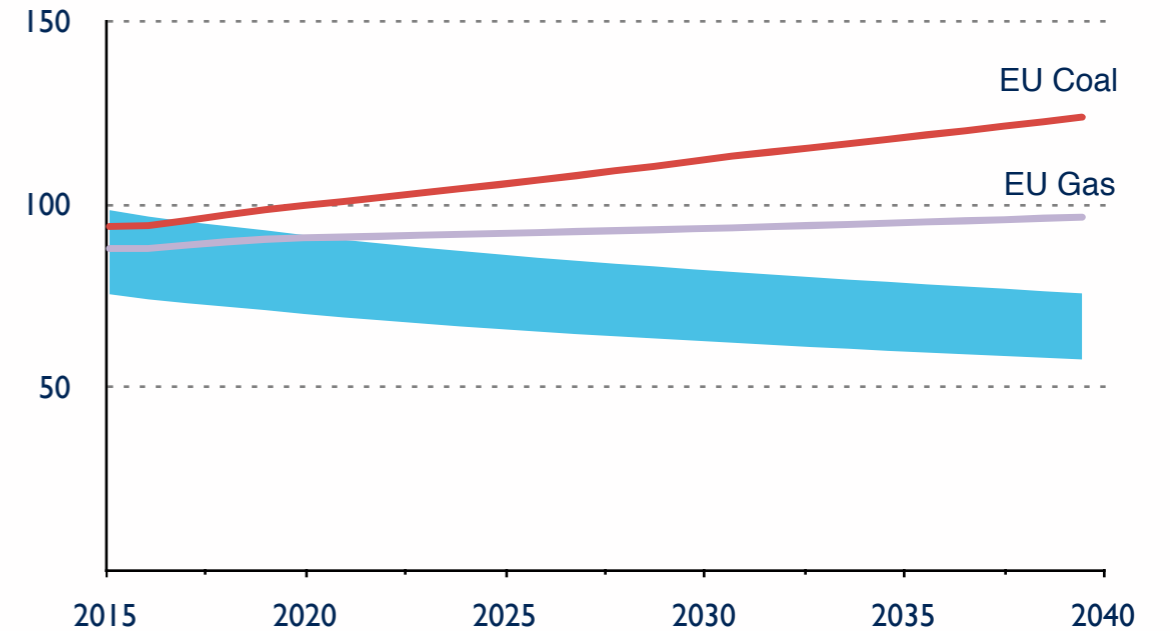
OUR STRATEGIC LONG-TERM VIEW DRIVEN BY RENEWABLES

Renewables to increase worldwide



Source: World Energy Outlook, IEA November 2015

Wind LCOE⁽¹⁾ (\$/MWh) cheaper than other sources



Source: New Energy Outlook 2015, Bloomberg

- ✓ **Worldwide wind** installed capacity: from 282GW in 2012 to 2,033GW in 2040⁽²⁾, more than 7x
- ✓ **Europe** to post a significant growth: from 110GW to 400GW⁽²⁾, almost 4x

EU 2030 Targets:

- ✓ 27% of Renewables
- ✓ 40% reductions of emissions

⁽¹⁾ Levelized Cost of Electricity: generation cost including initial investment, return on investment and OPEX

⁽²⁾ Sources: New Energy Outlook 2015, Bloomberg

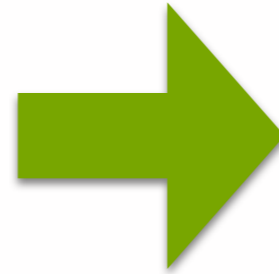


WINTER PACKAGE - POSITIVE ELEMENTS FOR RENEWABLES



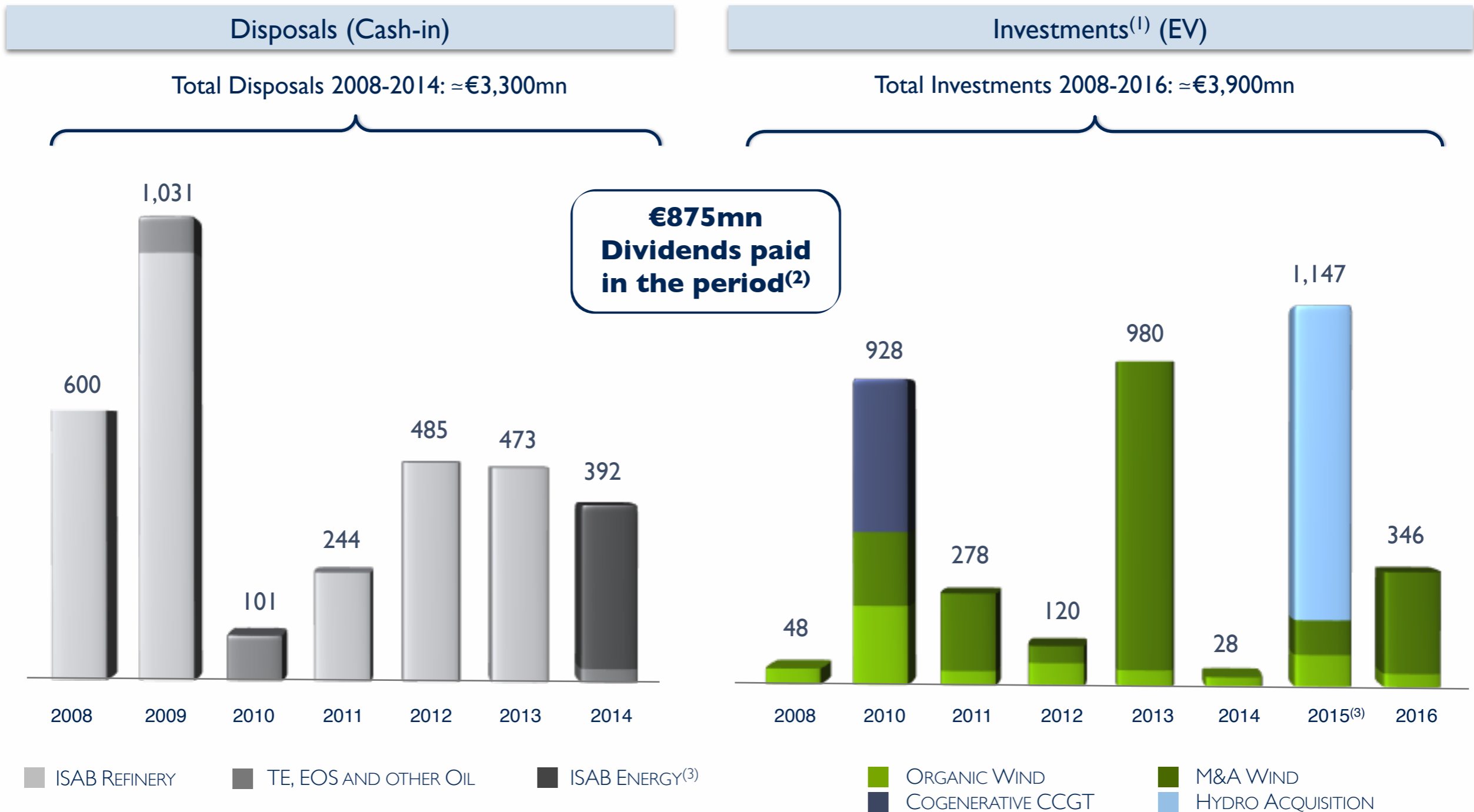
EU 2030 Target

27% RES share in gross final consumption



Develop and **integrate** renewable energy into the market

- + **Priority of dispatch** for existing wind energy installations
- + **Access to balancing and ancillary services** market
- + **3-year (minimum) tender schedule** for expected allocation of support
- + **Simplification** to the permit granting process for RES projects (including repowering)
- + **Grandfathering clause - no retroactive measures**



✓ **Proceeds from disposal of oil-linked assets fully re-invested into “green”**

⁽¹⁾ It refers only to M&A and organic growth CAPEX

⁽²⁾ It includes dividends to be paid in May 2017 (ca. €74mn)

⁽³⁾ Cash-in net of minorities buyback from GDF

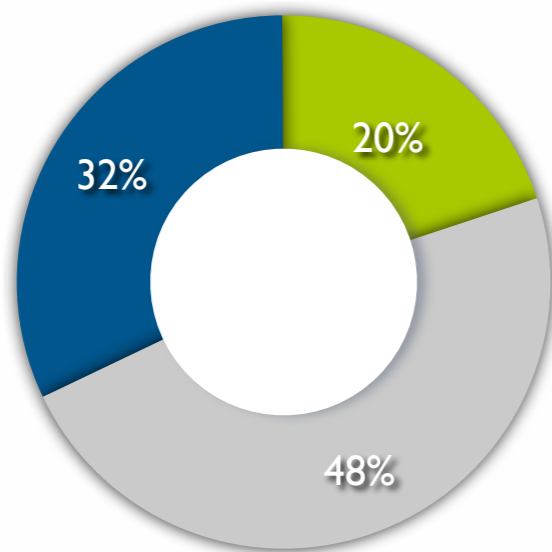


INVESTED CAPITAL ROTATION TOWARDS RENEWABLES



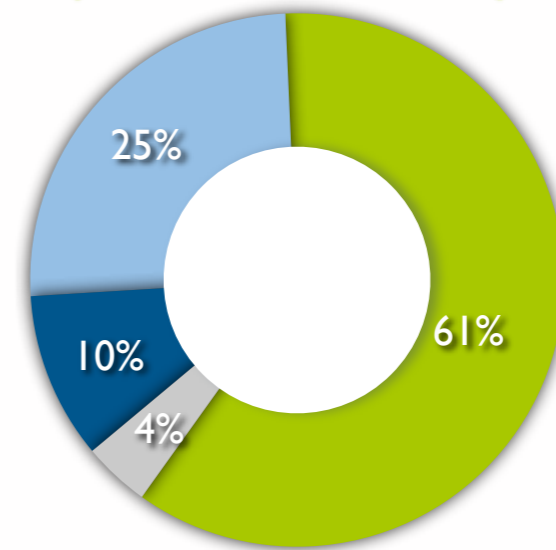
Capital employed

2008 (€2.2bn)



2016 (€3.3bn)

Renewables = 86%



- OIL
- THERMO
- HYDRO
- WIND

✓ **Built-up a solid platform of renewable assets in Europe**



A STRICT GOVERNANCE



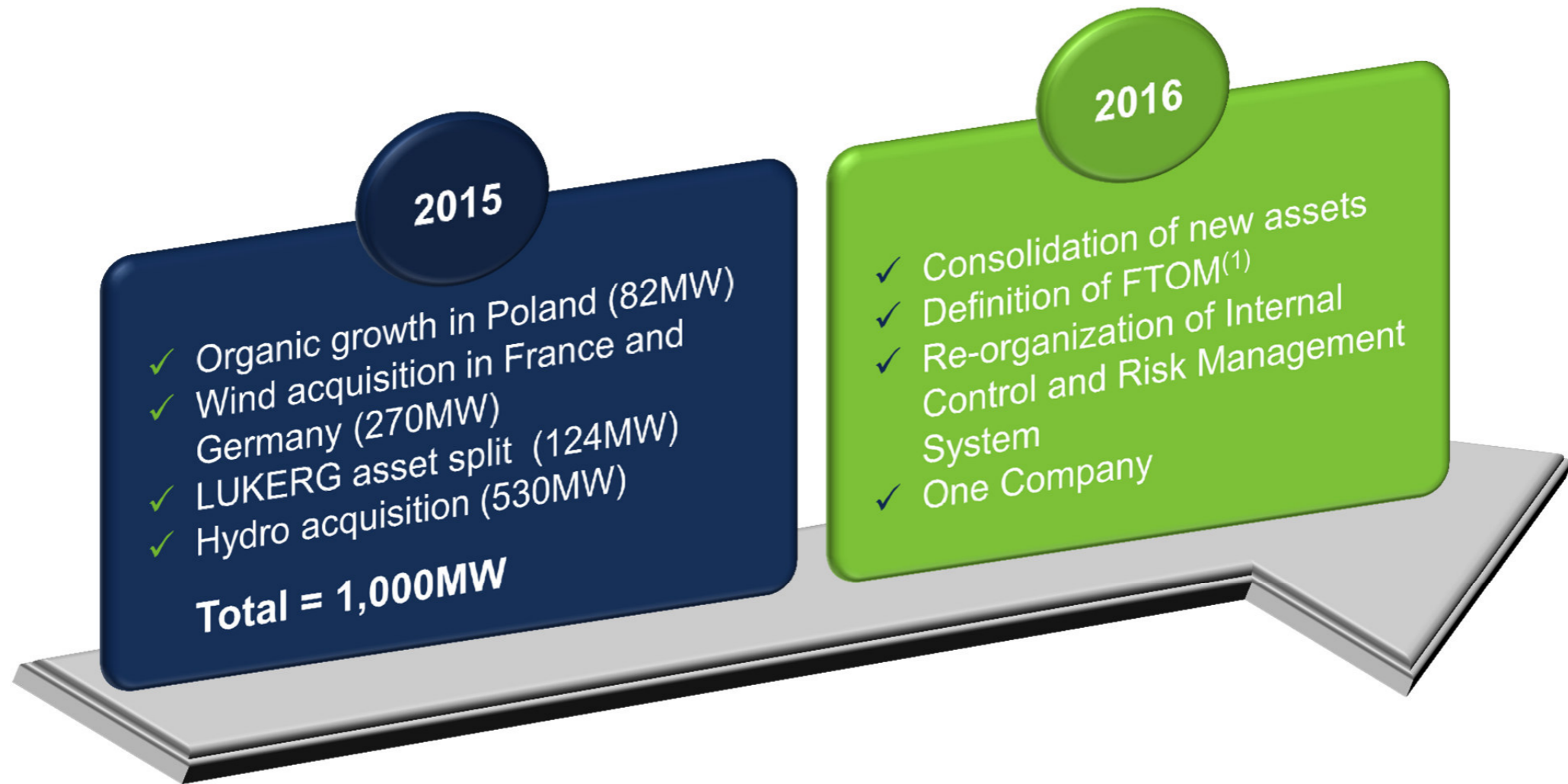
- Maintaining over time **a strict financial discipline on investments** (organic and M&A) through:
 - **Strategic Committee** (EVP, CEO, 3 Board Members)
 - **Investment Committee** (CEO, Management team)
- A **new BoD** in place as of April 24, 2015, with **7⁽¹⁾ Independent Board Members out of 12** (25% women)
- **Nominations and Remuneration Committee** composed by 3 Independent members⁽²⁾
- **Increasing focus on risk management:**
 - **Internal Control and Risk Committee** composed by **3 Independent members**⁽²⁾
 - **Strengthening Risk Committee** towards Energy Management
- BoD approved a **LTI compensation scheme** for Top Management, **40% based on TSR** (reference price based on last 6 months average price)

⁽¹⁾ Only 5 Independent referring to both the Finance Consolidation Act and the Self-Discipline Code set out by the Italian Stock Exchange

⁽²⁾ Only 2 Independent referring to both the Finance Consolidation Act and the Self-Discipline Code set out by the Italian Stock Exchange



GROWTH AND CONSOLIDATION



⁽¹⁾ Financial Target Operations Model

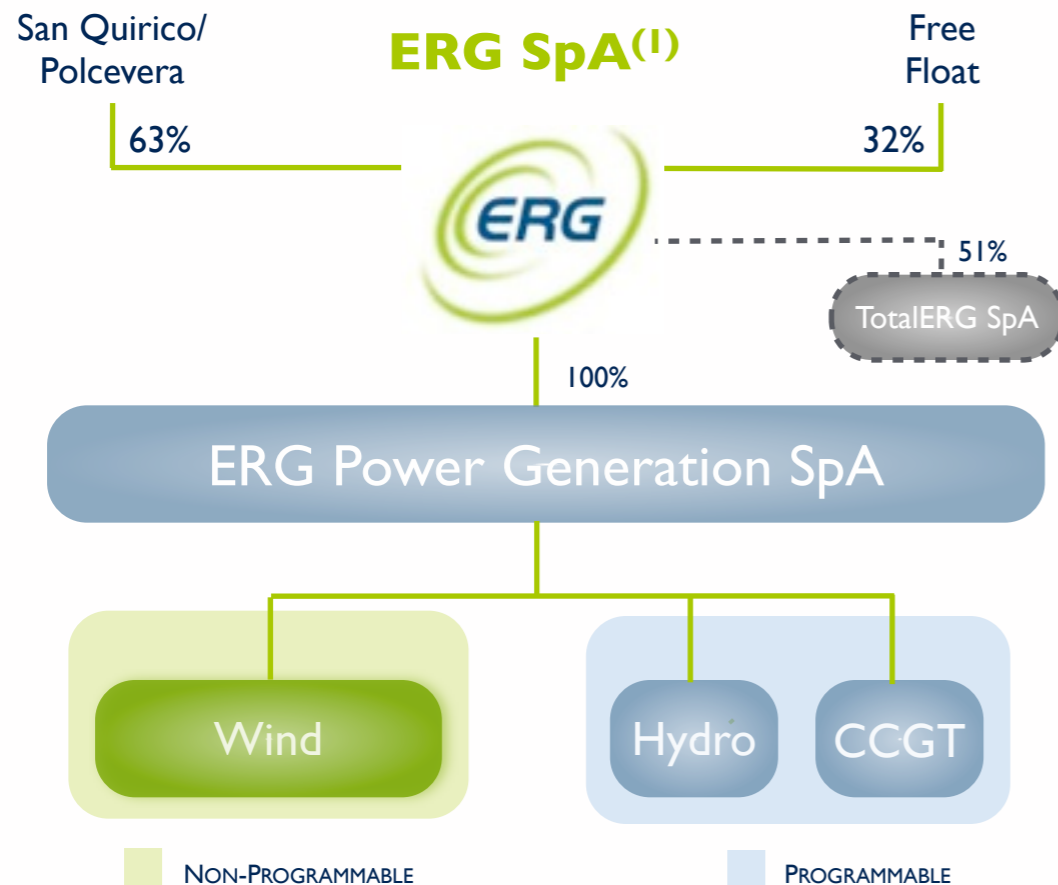


ONE COMPANY: A LEANER GROUP STRUCTURE



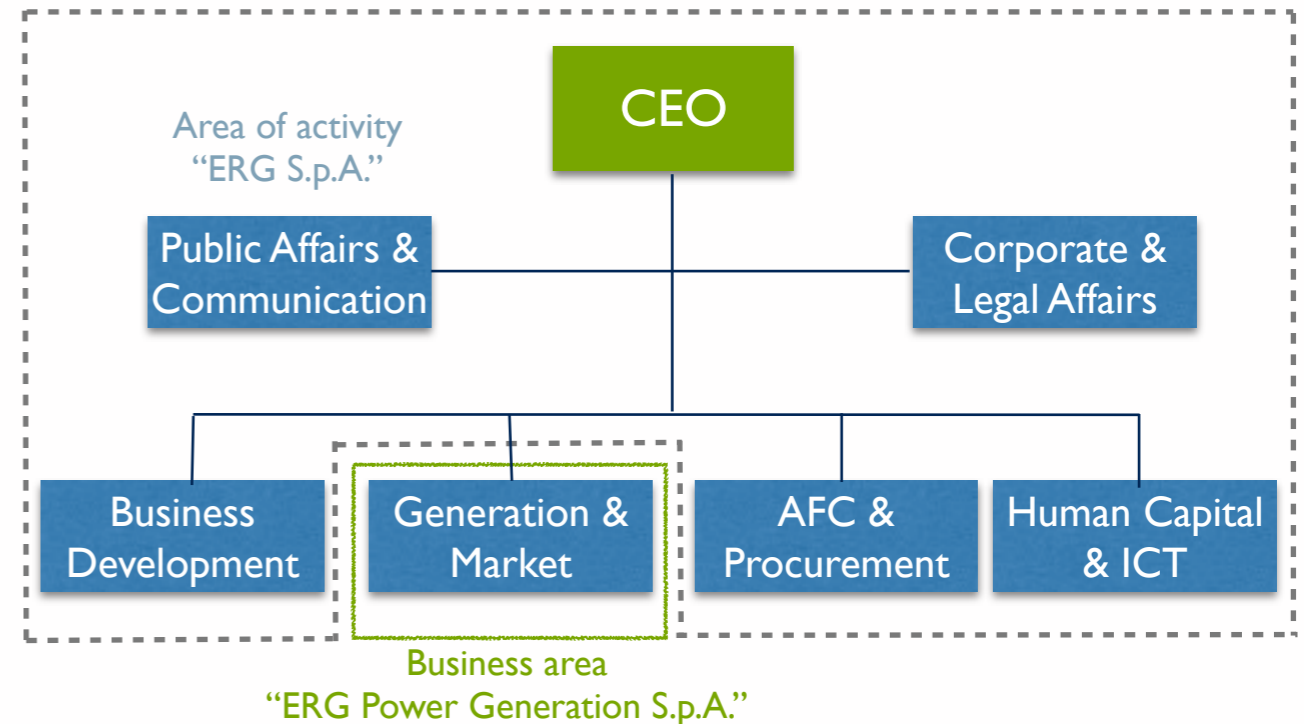
- One Company: a complete Group re-organization aimed at creating a leaner Group structure more consistent with the new business model (IPP mainly based on renewable sources)
- Board of Directors approved merger of ERG Services into ERG S.pA. effective as of January 1, 2017
 - creation of a Business Development Unit
 - creation of an integrated Risk Management Unit
 - centralization of the procurement, the Legal Services and the IT units
 - efficiency improvement, optimization of decisional processes and synergies expected
- ERG subsidiaries Board of Directors approved merger of ERG Renew and ERG Renew O&M into ERG Power Generation, effective as of January 1, 2017:
 - unique generation company for the 3 complementary technologies (CCGT, wind and hydro)
 - unique energy management

ERG Group Structure



(1) ERG owns 1% of own shares. Unicredit owns 4% of ERG

The new organizational/corporate model





FURTHER CONSOLIDATION IN GERMAN WIND GENERATION



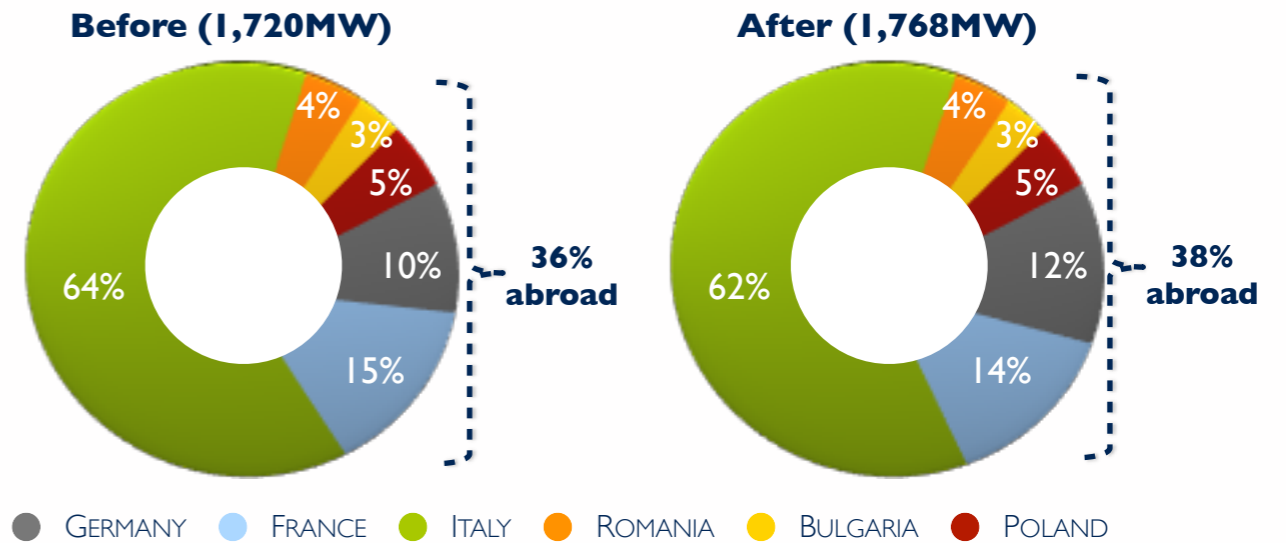
DEAL DESCRIPTION:

- ✓ On March 7, 2017 ERG signed an agreement to acquire 6 wind farms in Germany for a total installed capacity of 48.4MW
- ✓ Equity value of €14mn, EV ca. €40mn
- ✓ Parks in operation since 2007-2008
- ✓ Producibility slightly above 1,700heq
- ✓ EBITDA of ca. €5mn pa.
- ✓ Closing in 2Q 2017

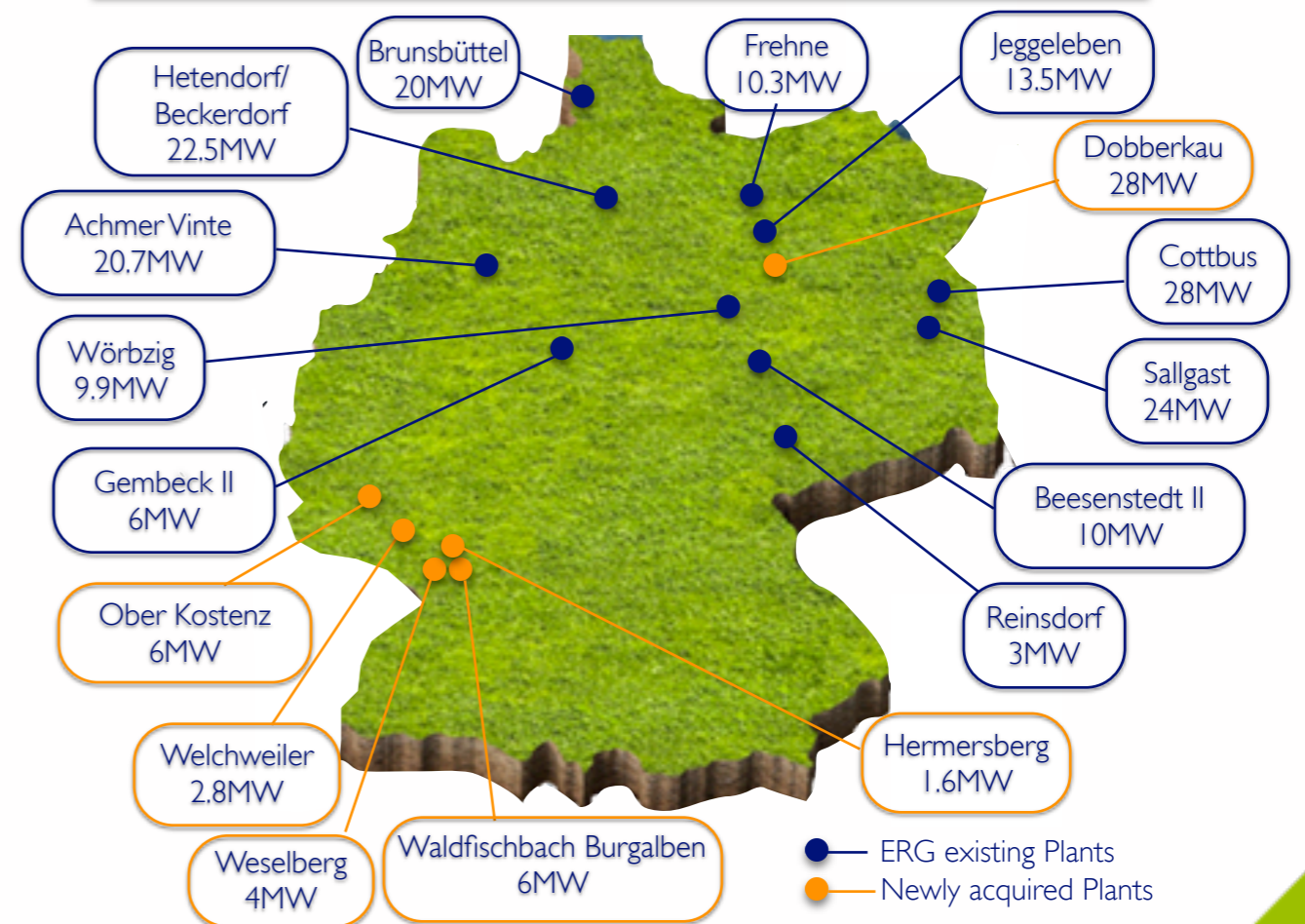
STRATEGIC RATIONALE:

- ✓ Further consolidation of ERG in Germany, with installed capacity to reach 216MW from 168MW
- ✓ ERG as one of the first wind onshore players in Germany
- ✓ Good localization, near to ERG wind farms
- ✓ Possibility to lever on the technical services developed by ERG in Germany

Wind capacity in Europe



Wind capacity in Germany = 216MW

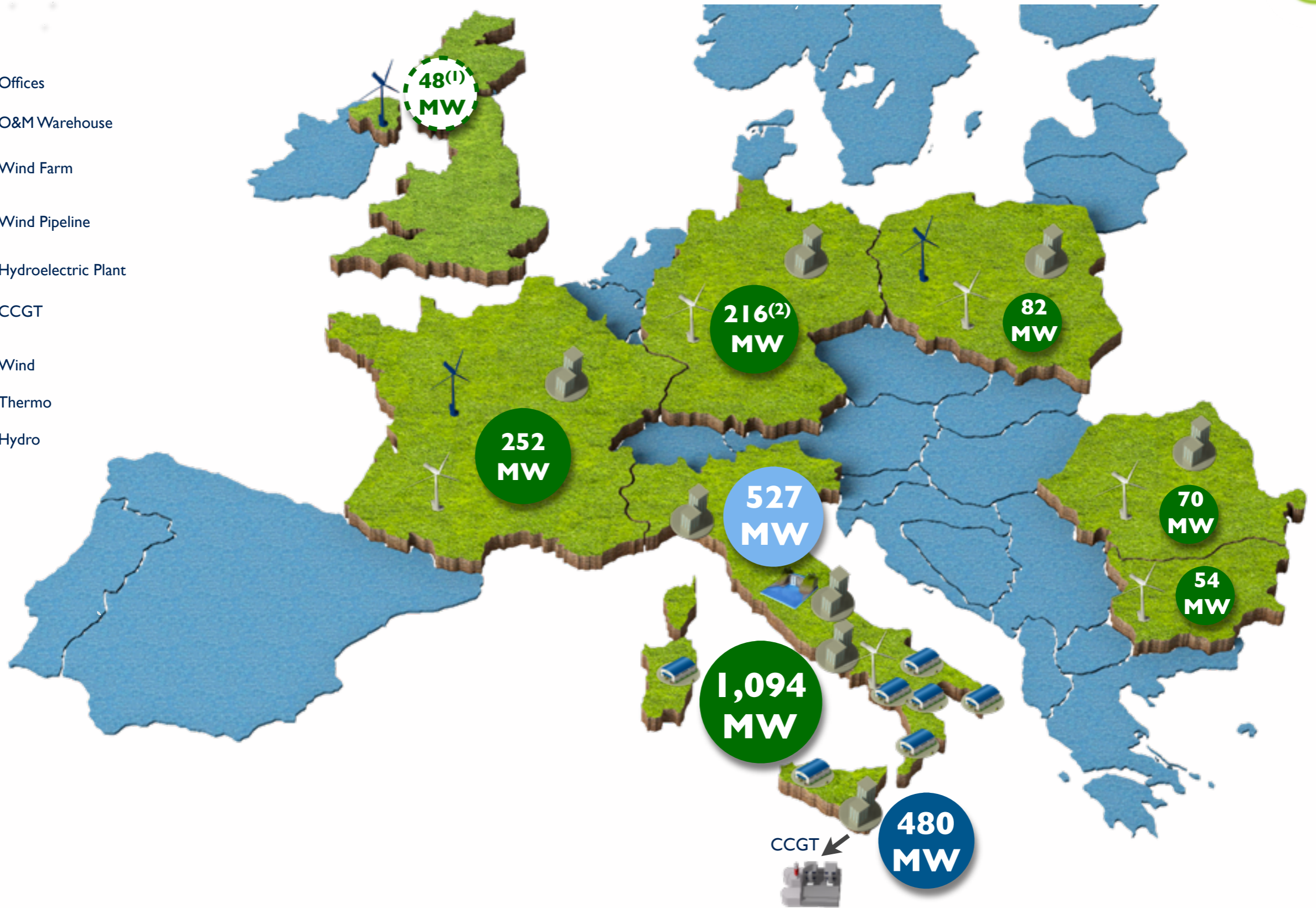




ERG: AN IPP WITH A EU ASSET PLATFORM



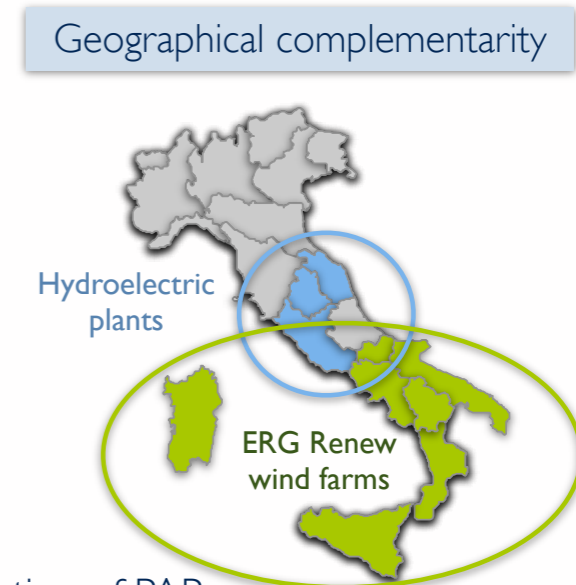
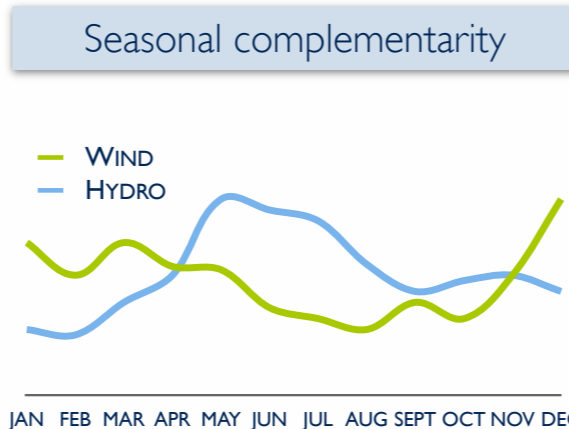
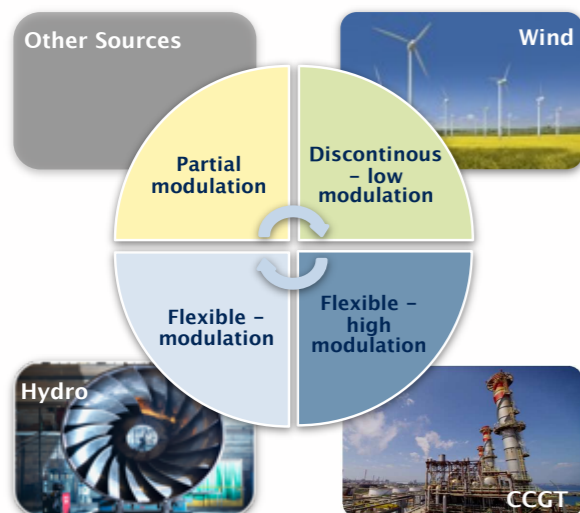
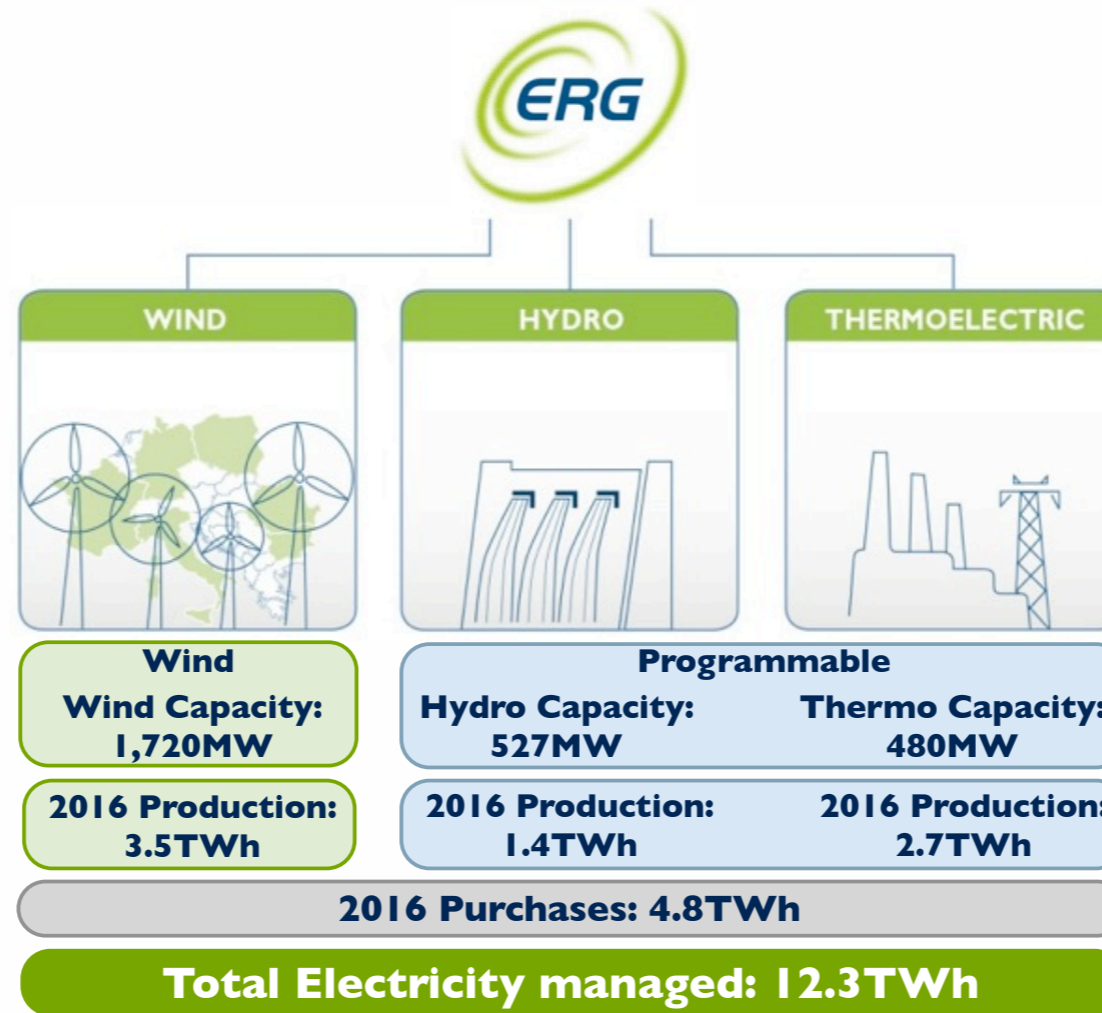
- Offices
- O&M Warehouse
- Wind Farm
- Wind Pipeline
- Hydroelectric Plant
- CCGT
- Wind
- Thermo
- Hydro



⁽¹⁾ It refers to Brockaghboy wind farm, currently under construction
⁽²⁾ It includes 48.4MW acquisition in Germany, whose closing will take place within 2Q 2017



A BIGGER AND DIVERSIFIED ELECTRICITY PORTFOLIO



- Energy Management based on a larger and diversified portfolio
- Development of a portfolio for electricity sales and modulation
- Integrated Energy Portfolio Management leads to a significant reduction of PAR

Adding value through enlargement of electricity portfolio



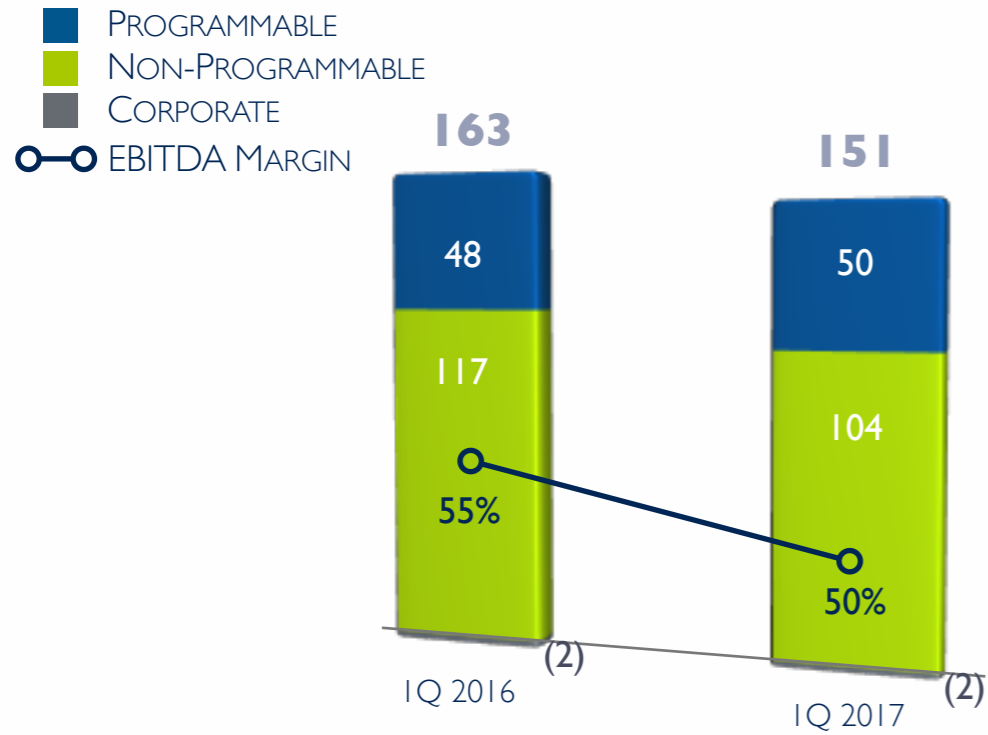
IQ 2017 RESULTS REVIEW



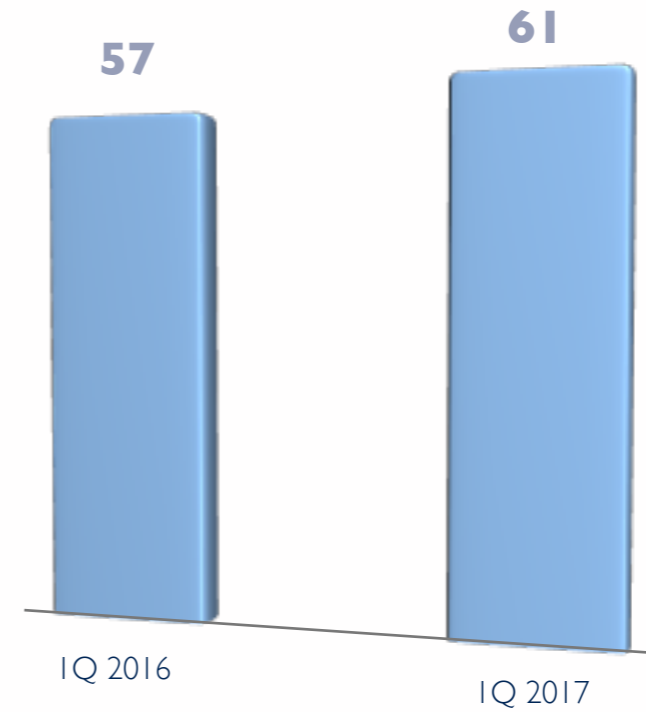
HIGHLIGHTS: KEY FIGURES



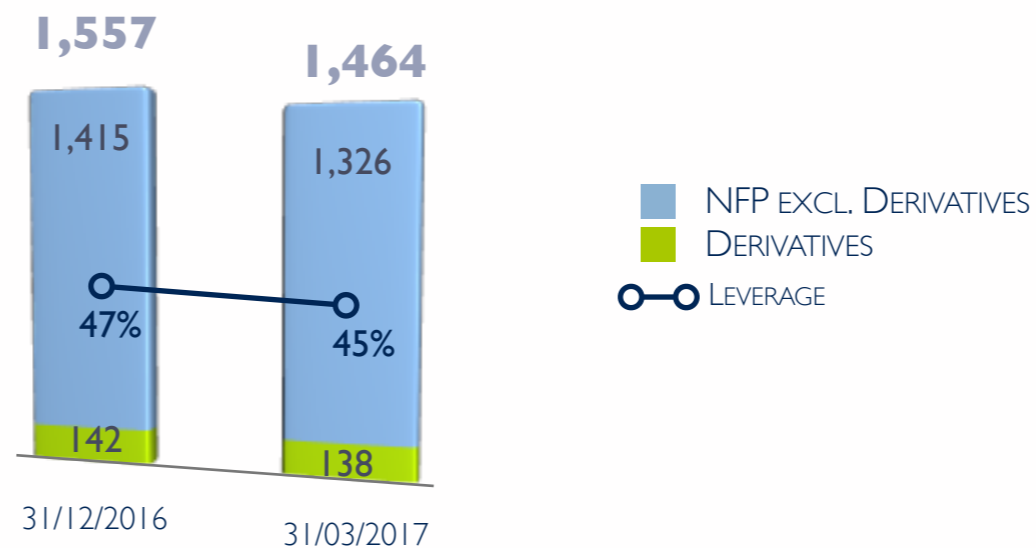
Recurring Ebitda (€ mn)



Recurring Net Profit (€ mn)



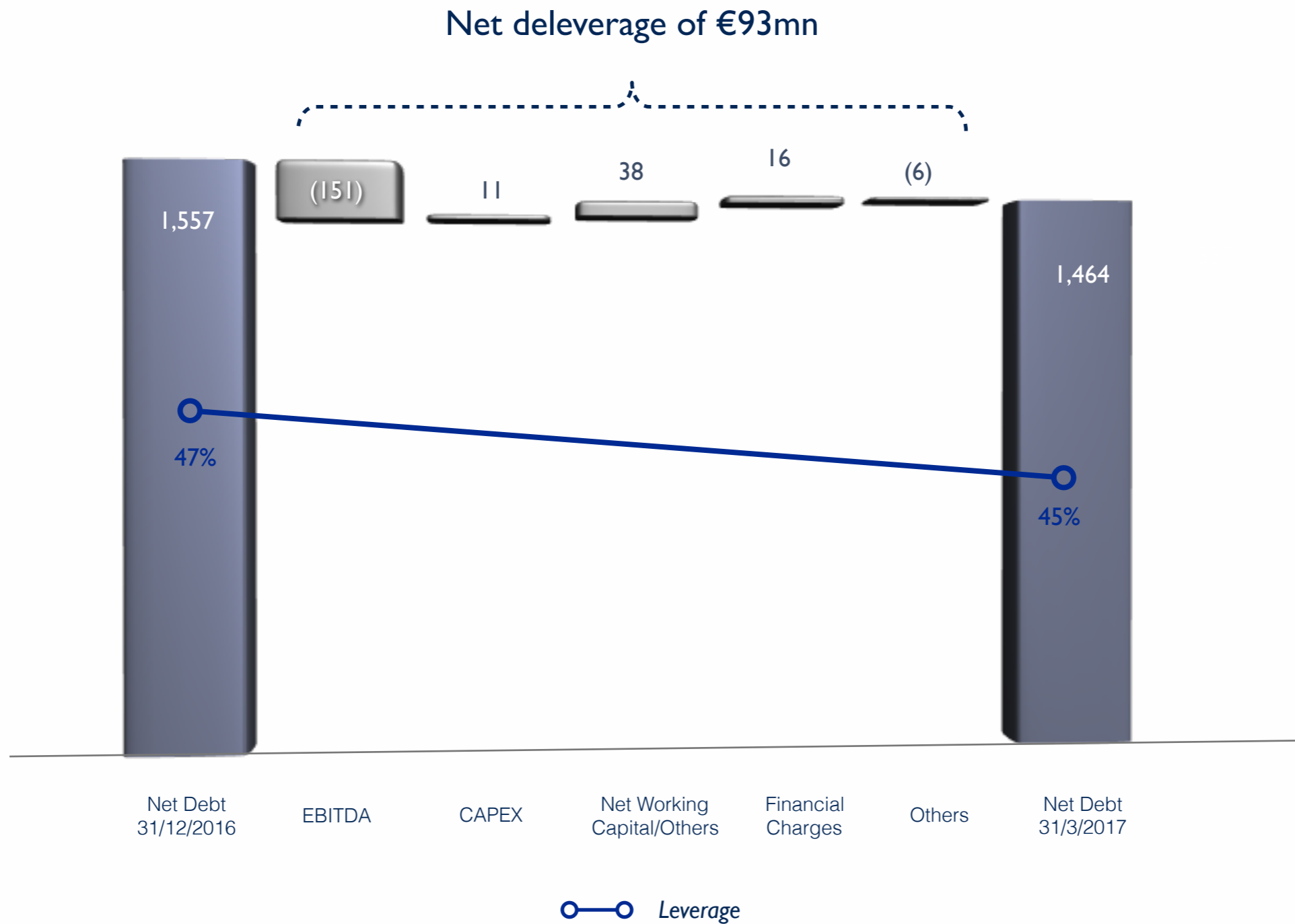
NFP (€ mn)



Earnings up despite worse Wind and CCGT, keep deleveraging

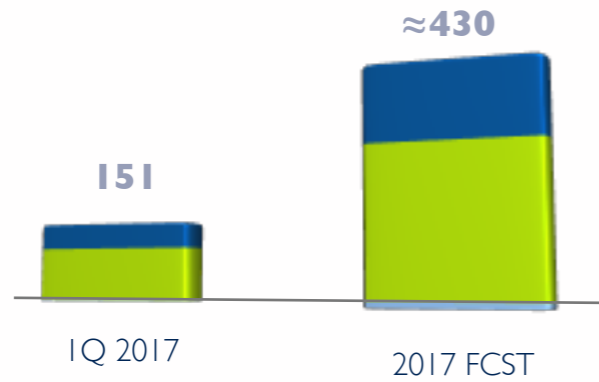


IQ 2017 CASHFLOW STATEMENT





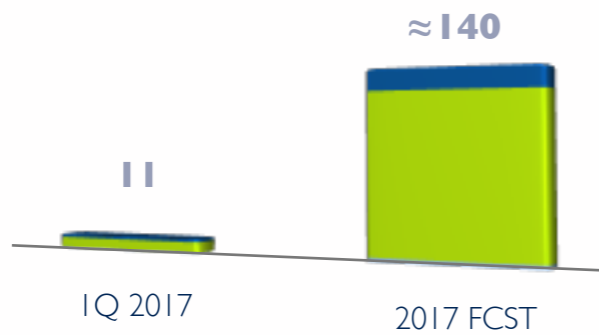
2017 GUIDANCE



EBITDA:

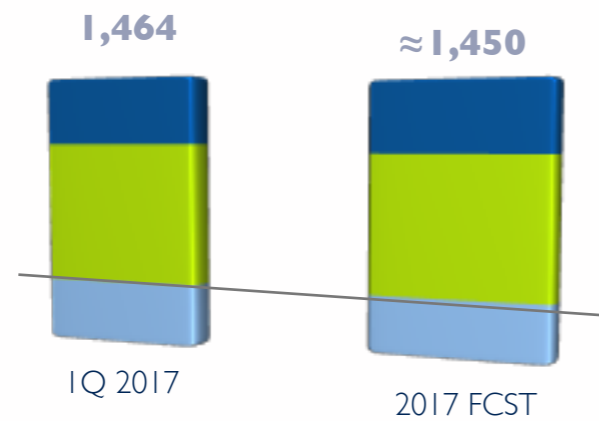
✓ Guidance confirmed at €430mn

■ PROGRAMMABLE
 ■ NON-PROGRAMMABLE
 ■ CORPORATE



CAPEX:

✓ Guidance confirmed at €140mn



NFP:

✓ Guidance confirmed at €1.45bn

■ LIQUIDITY
 ■ PF
 ■ OTHER AT MLT

Business Plan to be presented in December 2017



A SNAPSHOT OF 2015-2018 BUSINESS PLAN

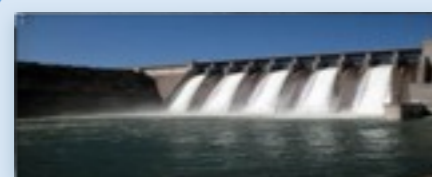


STRATEGIC GUIDELINES*



Wind (Intermittant):

- Shifting to a new growth business model: ORGANIC vs. M&A
- 2016: consolidation of new assets and operations
- Organic growth abroad of >200MW in 2017-18



Hydro (Programmable):

- Consolidation of Hydro Terni integrated hydroelectric system
- Extracting value from asset management and synergies



CCGT (Programmable):

- Continuous improvement of ERG Power CCGT plant efficiency
- Return to exploit CCGT generating flexibility and modulation



Energy Management:

- Portfolio diversification and better risk control through a single PAR
- Opportunities to enlarge the portfolio by including the foreign generation and to enter new segments of the value chain



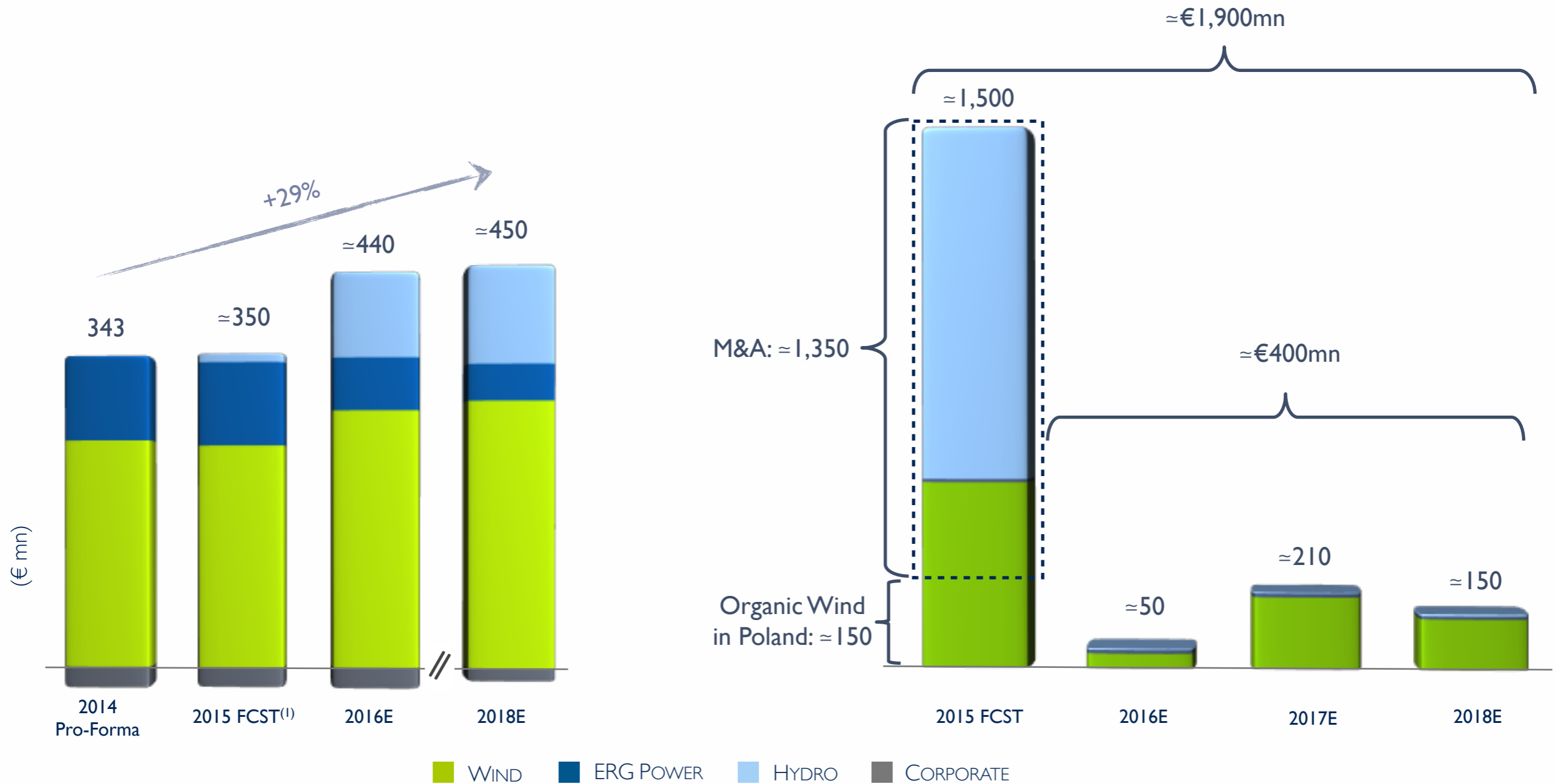
O&M and technical services:

- Integration of CSO (28 professionals in technical services) abroad
- Completion of O&M internalization across operations in Italy
- Potential development of technical services to third parties

* Slide presented to the Market on 16.12.2015



2015-2018 GROUP EBITDA & CAPEX EVOLUTION*



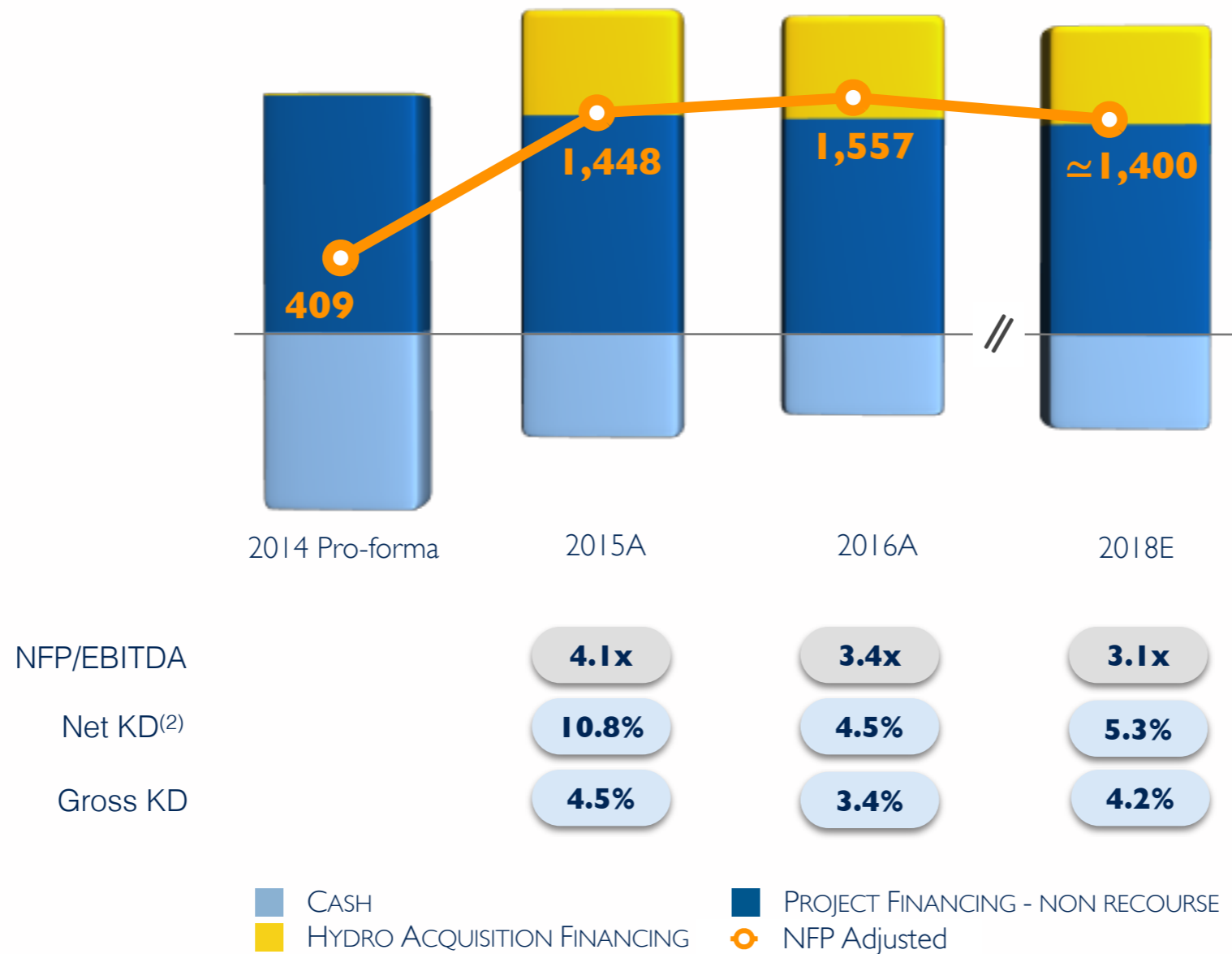
Solid EBITDA with a different breakdown
Wind organic investments for roughly €400mn in 2016-2018

* Slide presented to the Market on 16.12.2015

⁽¹⁾ 2015 FCST EBITDA includes €10mn from Hydro Terni consolidation as of 1.12.2015



2015-2018 NFP⁽¹⁾ EVOLUTION



De-leverage and further financial optimisation

⁽¹⁾ Assuming dividend distribution flat in the plan period at €0.5/share per year, and including special dividend paid in May 2016 and CAPEX anticipation in the U.K. for the Brockaghboy wind farm

⁽²⁾ Based on average NFP






ERG IN A NUTSHELL AS AT 31.12.2016



Financial Highlights

	€455 MN EBITDA at replacement cost	€202 MN EBIT at replacement cost
€107 MN Group net result at replacement cost	€3,286 MN Net Invested Capital	€1,557 MN Net Financial Debt
	715 EMPLOYEES	

Business Portfolio

	1,720 MW Wind installed capacity	3,501 GWh Wind energy production
	480 MW Thermo installed capacity	2,693 GWh Thermo energy production
	527 MW Hydro installed capacity	1,358 GWh Hydro energy production



ERG 2016 SUSTAINABILITY

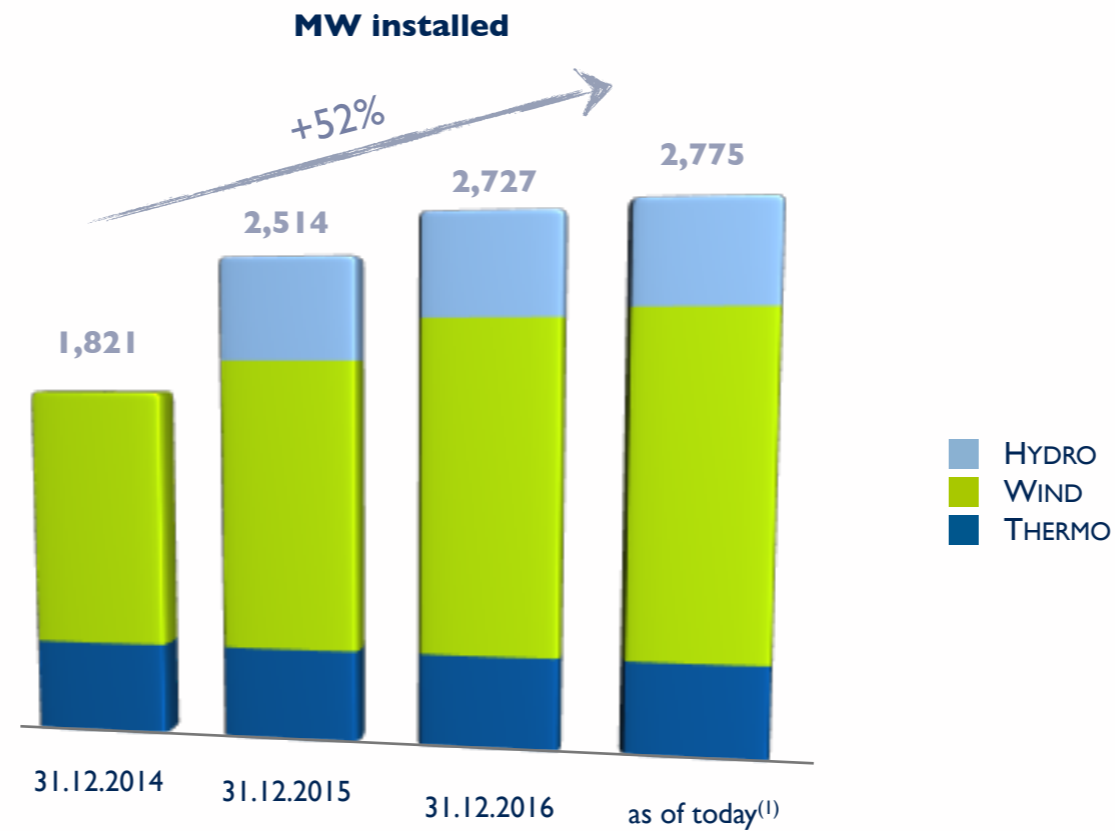




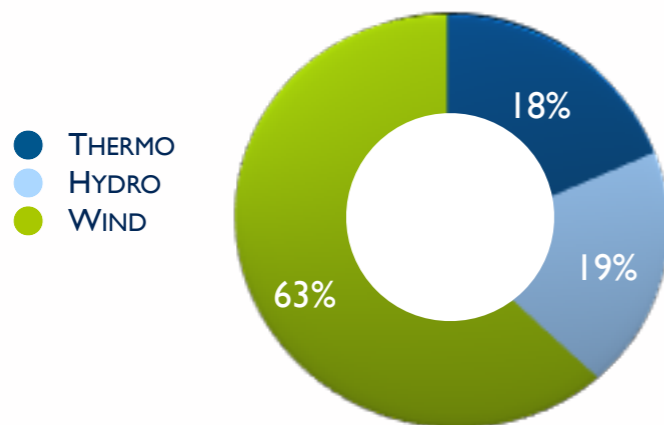
APPENDIX



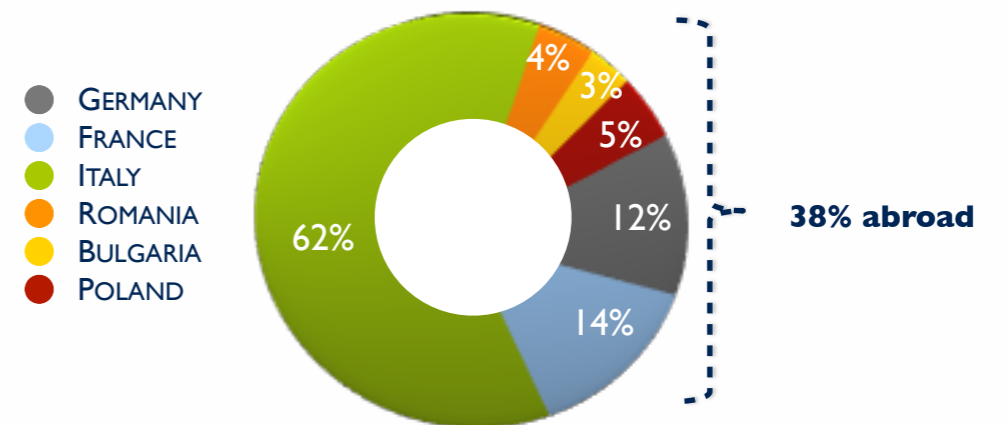
GROUP DIVERSIFICATION



2,775MW installed as of today⁽¹⁾



1,768MW Wind capacity in Europe as of today⁽¹⁾



⁽¹⁾ It includes 48.4MW acquisition in Germany, whose closing will take place within 2Q 2017

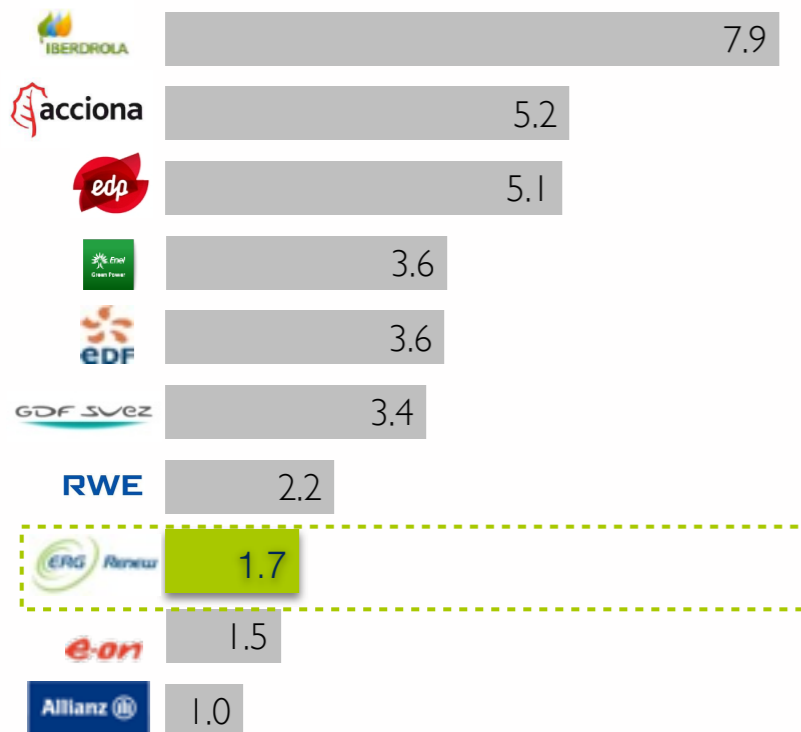


ERG TODAY: COMPETITIVE POSITIONING



Renewables

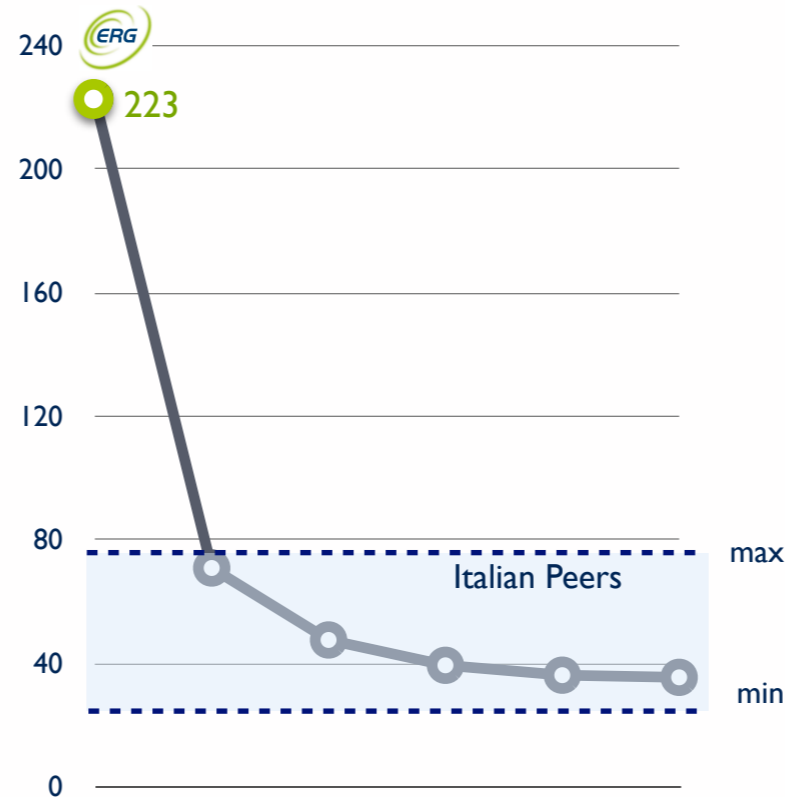
Installed wind capacity in Europe (GW)



Source: last available public information related to 2015

Thermoelectric

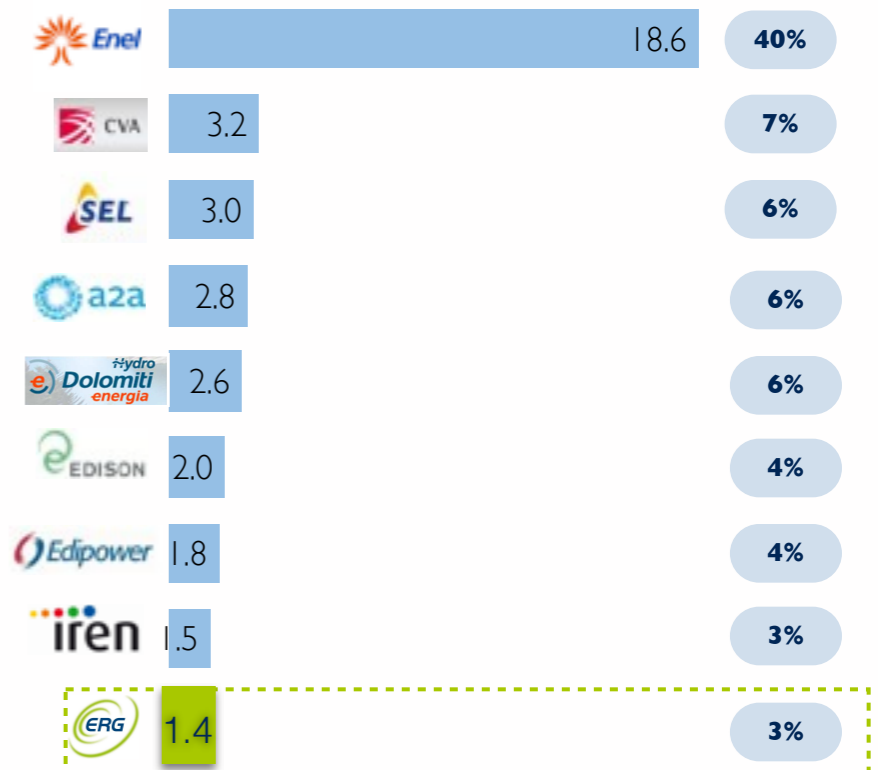
EBITDA k€/MW installed



Source: estimates based on 2015 Annual Reports

Hydro

Hydro Production in Italy (TWh/y)



Source: AEEGSI figures related to 2015

Asset quality as a key objective for our portfolio



PRO-FORMA RECURRING P&L



4Q 2016	Euro millions	IQ 2017	IQ 2016
104	Recurring EBITDA	151	163
(60)	<i>Amortization and depreciation</i>	(62)	(64)
44	Recurring EBIT	90	99
(20)	<i>Net financial income (expenses)</i>	(16)	(19)
4	<i>Net income (loss) from equity investments</i>	6	2
28	Recurring Results before taxes	80	82
(3)	<i>Income taxes</i>	(19)	(21)
24	Recurring Results for the period	61	61
0	<i>Minority interests</i>		(3)
24	Recurring Net profit	61	57
12%	Tax Rate	24%	26%

Note: figures based on NO GAAP measures



MANAGEMENT PROFILES



LUCA BETTONTE - CEO



Born in Rovigo on 30th September 1963.
Graduated in economics and business at the University of Bologna.
Chartered Accountant and Auditor.

Chief Executive Officer of ERG S.p.A.
Director of TotalErg S.p.A.

From July 2016 to December 2016 Chief Executive Officer of ERG Renew S.p.A.
From April 2012 to July 2016 Director of ERG Renew S.p.A.
From July 2011 to April 2012 Chairman of the Board of Directors of ERG Renew S.p.A.
From December 2009 to April 2012 General Manager Corporate and Director of ERG S.p.A.
From November 2007 to December 2009 CFO of ERG S.p.A.

As from 2003 up to 2007 he has been CFO of Atlantia S.p.A., Finance Director of Autostrade per l'Italia S.p.A., Chairman of Autostrade International US Holdings, Director of Impregilo S.p.A., Autostrade Sud America Srl and of Emittenti Titoli S.p.A.

As from 1998 up to 2003 he worked at Indesit Company S.p.A. both as Group Financial Controller at first and lately, starting from year 2000, as CFO, respectively.

As from 1990 up to 1998 he worked for Pricewaterhouse Coopers S.p.A. in Italy and Great Britain.

Professor at the Faculty of Economics and Commerce of the "Università Cattolica Sacro Cuore" in Milan from 2008 to 2010 and of the University of Bologna as from 2004 up to 2008, respectively.



PAOLO MERLI - CFO



Born in Milan on 24th June 1971, he graduated in Electrical Engineering from the University of Pavia in March 1996. After doing his national service at the Italian Red Cross, in June 1998 he was awarded an MBA in Finance from the Eni "Scuola Superiore Enrico Mattei".

He joined the ERG Group in September 2006 where he is currently Chief Financial Officer: reporting directly to the CEO, he is in charge of the Group Administration, Finance, Merger & Acquisitions, Procurement, Planning, Control & Reporting, Group Risk Management & Corporate Finance, Investor Relations.

He is a Board Director of ERG Power Generation S.p.A. and TotalErg S.p.A., beside being Secretary of the Strategic Committee and member of other internal committees such as Management Committee, Investment Committee, Risk Committee and Human Capital Committee. As from 2014 he is the Manager Responsible for preparing the Company's financial reports.

Other positions held in the past:

He previously worked for around 7 years as a financial analyst covering the European Energy and Motorways sectors at Intermonte, a leading brokerage firm owned by the Monte dei Paschi Banking Group. At Intermonte he was also a "specialist" in ERG stock when ERG joined the STAR segment.

From 1998 to 2000 he worked in the sales department at Snam S.p.A. (current Gas & Power division of Eni Group).

Outside of work, his biggest passion is sport, particularly cycling (racing and mountain biking) and skiing (alpine and cross-country).

He is married, with two children.