



## SECOND QUARTER 2018 RESULTS

3 AUGUST 2018

LUCA BETTONTE, CEO





## 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

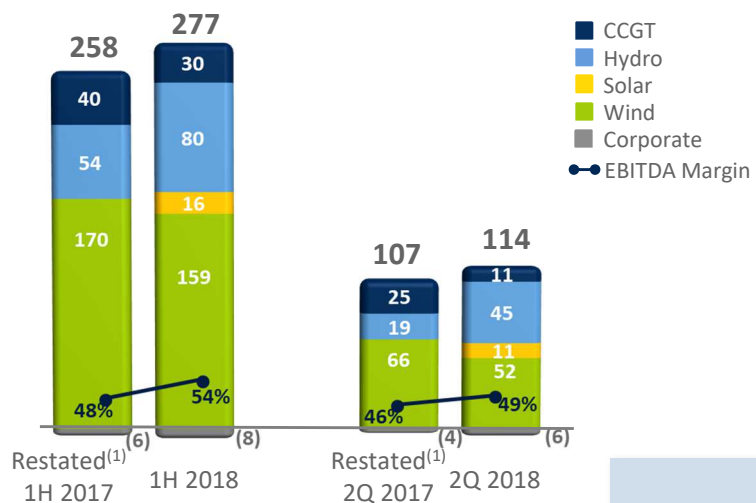


- ❑ 2Q 2018 Highlights
  - ✓ Key Figures
  - ✓ Recent Developments
- ❑ Results Review
  - ✓ Business Environment
  - ✓ 1H 2018 Group EBITDA
  - ✓ Results by Segments
- ❑ Key Financials
  - ✓ Profit & Loss
  - ✓ Investments
  - ✓ Cash Flow Statement
- ❑ 2018 Guidance and Conclusions
- ❑ Appendix

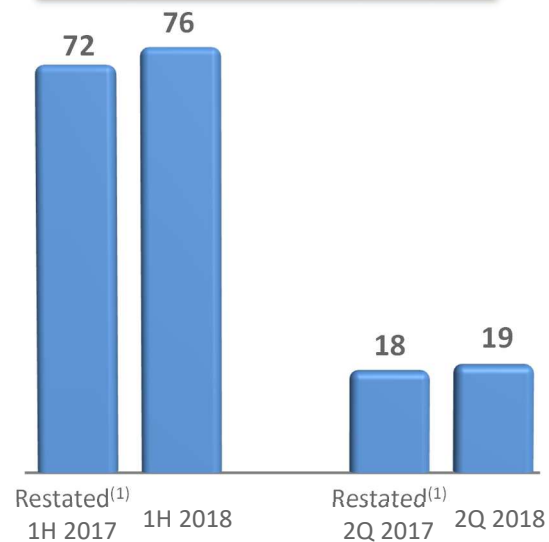


# HIGHLIGHTS: KEY FIGURES

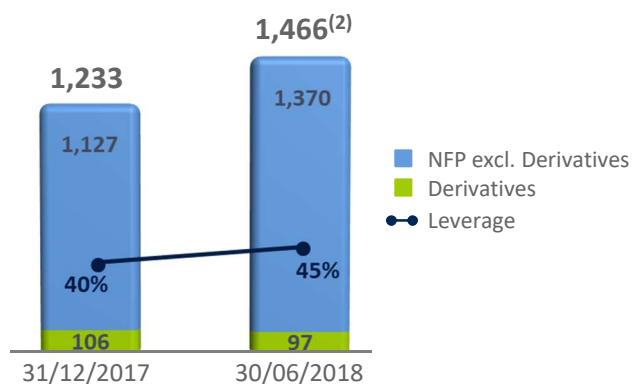
Adjusted EBITDA (€ mn)



Adjusted Net Profit (€ mn)



NFP (€ mn)



Good results thanks to ERG generation mix

<sup>(1)</sup> It excludes TE contribution for €8.6mn in 2Q 2017 and €14.8mn in 1H 2017

<sup>(2)</sup> It includes Vendor Loan to api for €36mn.



# LIABILITY MANAGEMENT IN 1H 2018

## Actions

- 1 Repricing of PFs for €190mn, mainly for solar assets
- 2 Early settlement of the lease agreements for solar assets and replacement with corporate loan for €70mn
- 3 Refinancing of ERG Eolica Adriatica PF for €98mn
- 4 Corporate loan refinancing for €150mn

## Results

- 1 Net KD reduction of 1% as of 2H 2018
- 2 1 year extension of debt duration
- 3 €4.5mn reduction of net financial costs per year

Liability Management for about €500mn in 1H 2018





# BOOSTED GROWTH IN UK

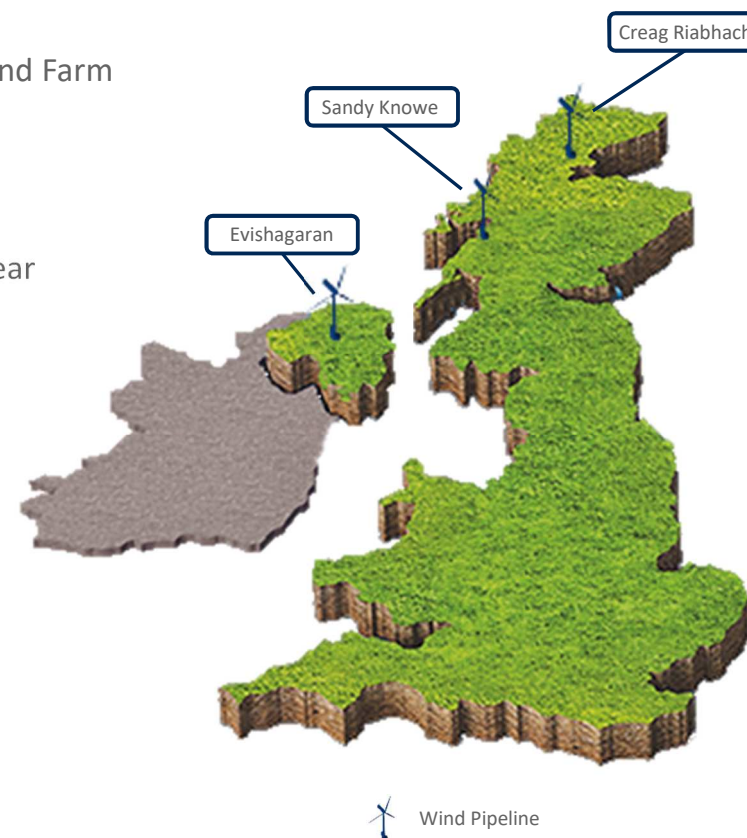
## Deal description

On August 2, 2018 ERG acquired 100% of Creag Riabhach Wind Farm

- 79.2MW authorized project in Scotland
- Construction to start in 2020
- Entry into operation by March 2022
- Expected production: 250GWh, more than 3,000 heq per year
- Total Capex: 89mn GBP (€98mn)

## Strategic rationale

- Boosting ERG growth strategy in UK
- Secured pipeline in UK to increase from 84MW to 163MW
- The project will enable to accelerate the path towards the 2018-2022 BP targets

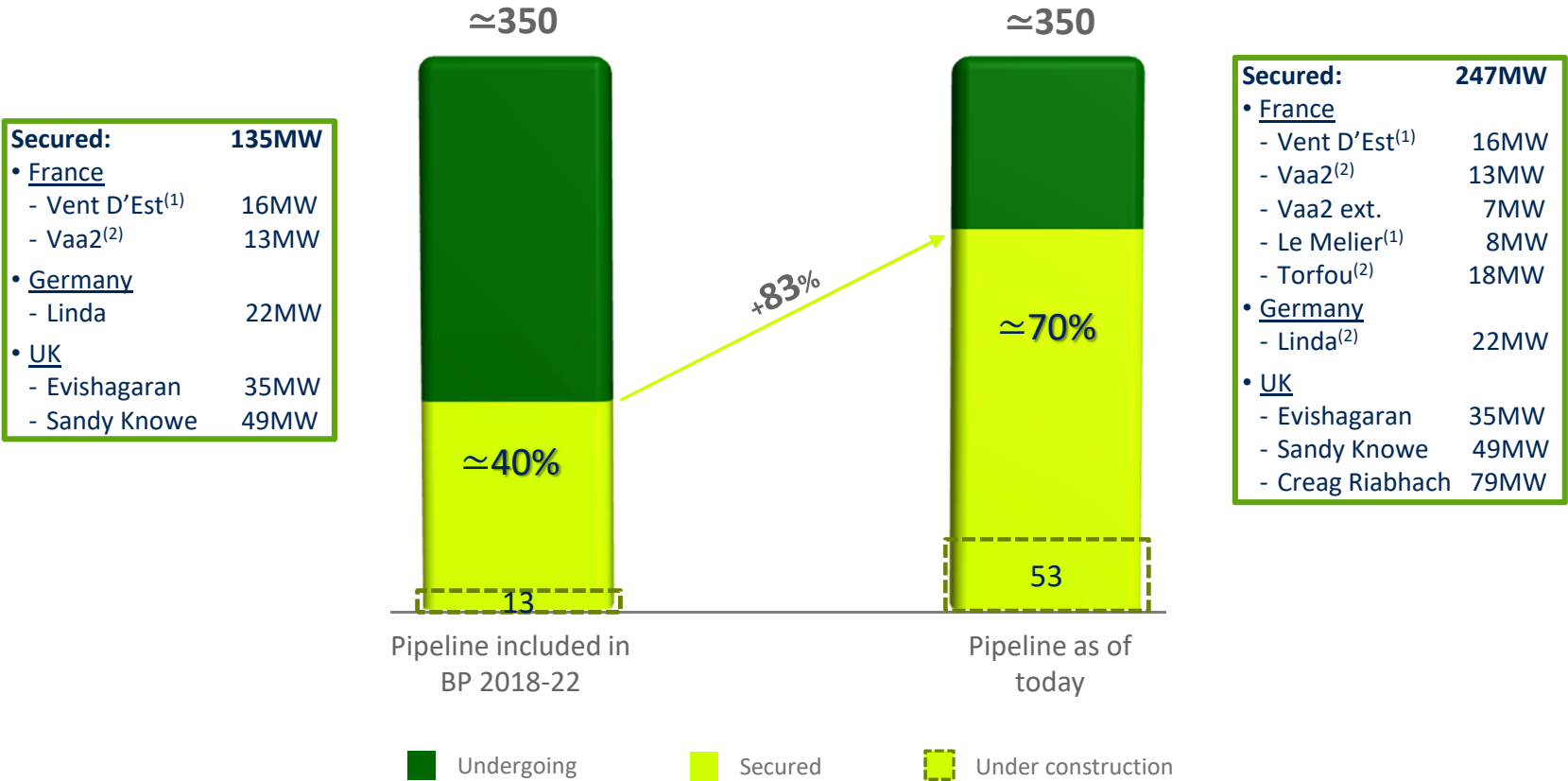


# GREENFIELD DEVELOPMENT WELL ON TRACK



Pipeline included in BP 2018-22

Pipeline as of today

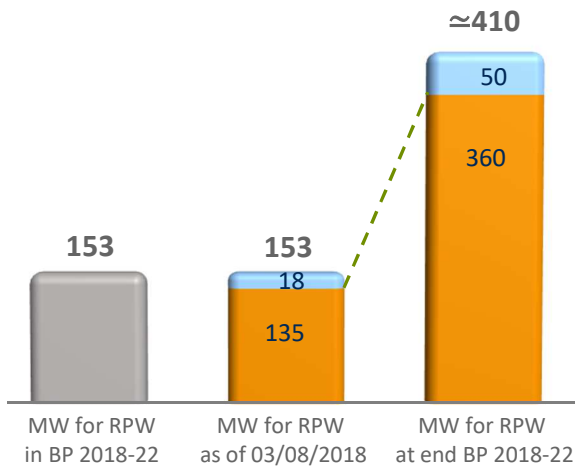


<sup>(1)</sup> In exercise  
<sup>(2)</sup> Under construction

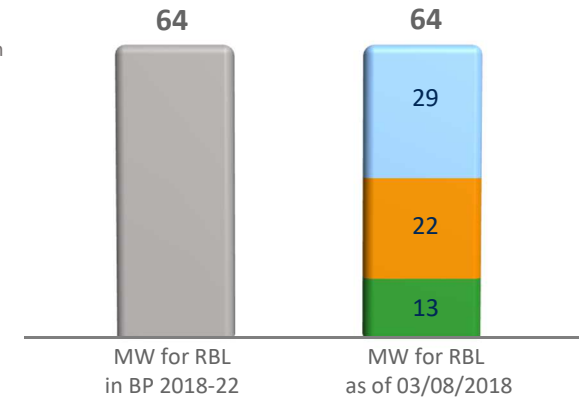
# REPOWERING & REBLADING IN PROGRESS



## Repowering



## Reblading



■ Engineering for Authorization  
■ Authorization process  
■ Construction

- 4 projects entered into the permitting phase
- 1 project to apply for authorization by 3Q 2018
- Engineering in course for 1 project, to start permitting by year end

- 1 project under construction
- 2 projects in the permitting phase
- 1 project in the engineering phase



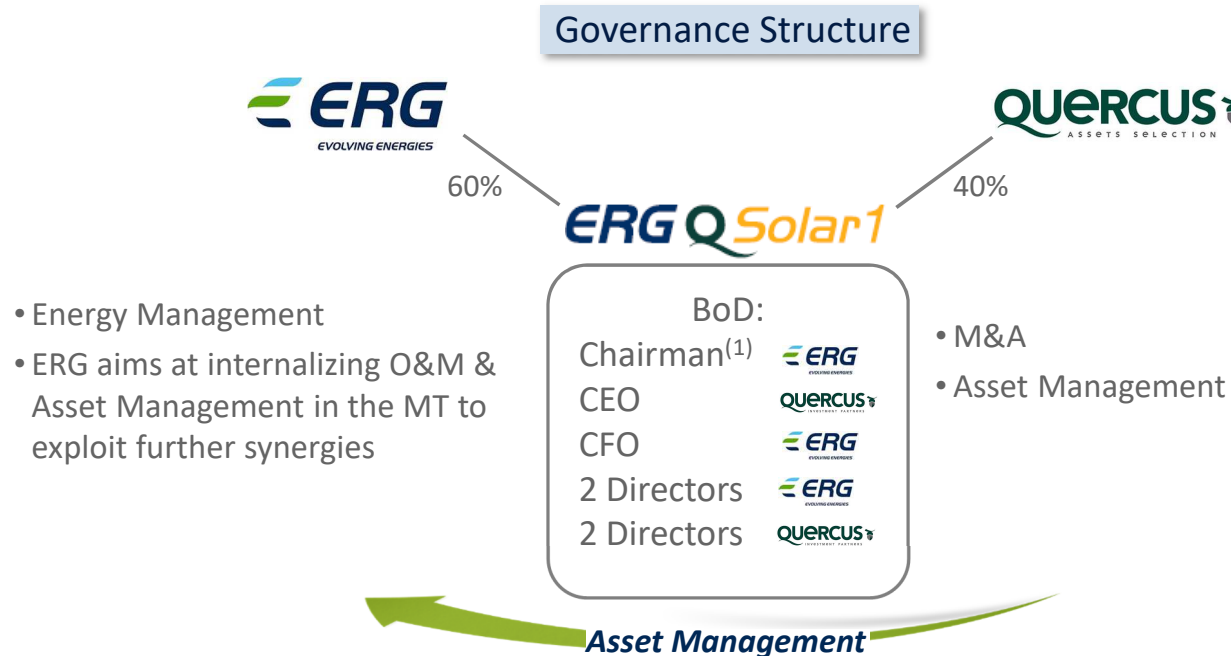
# NEWCO WITH QUERCUS IN THE SOLAR IN ITALY



## Deal description

On August 3, 2018 ERG and Quercus Assets Selection Sarl signed an agreement for the constitution of

- ERG Q Solar1 (60% ERG, 40% Quercus) active in the solar sector in Italy
  - ✓ focus on acquisition of small solar plants (below 1MW) for a total target up to 150MW by 2021
  - ✓ total expected CAPEX up to €350mn



- Energy Management
- ERG aims at internalizing O&M & Asset Management in the MT to exploit further synergies

- M&A
- Asset Management

<sup>(1)</sup> With casting vote

- Investment Approval based on predefined guidelines
- Low Double Digit target return on Equity (at premium vs traditional M&A)

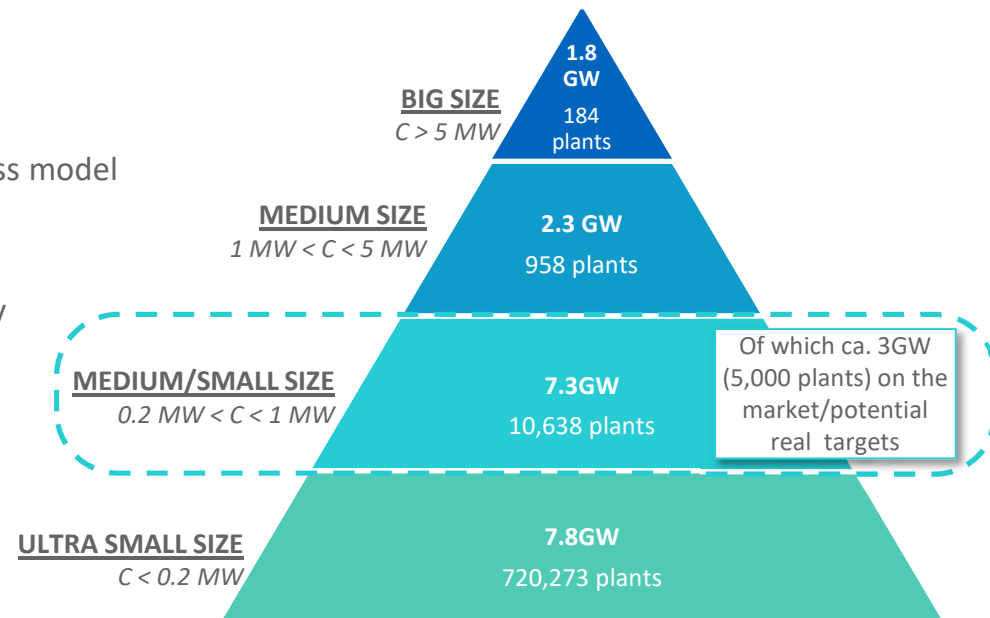
# NEWCO: STRATEGIC RATIONALE AND TARGETS



## Approach & Strategic rationale

- Dedicated M&A team, based on a standardized business model
- Quick & Efficient decision making process
- Focus on medium small plants sector, with low liquidity
- Competitive returns vs. large scale M&A
- Way out clause exercisable in 18 months
- Target up to 150MW

## Potential targets: 0.2-1.0MW plants





# RESULTS REVIEW

PAOLO MERLI, CFO



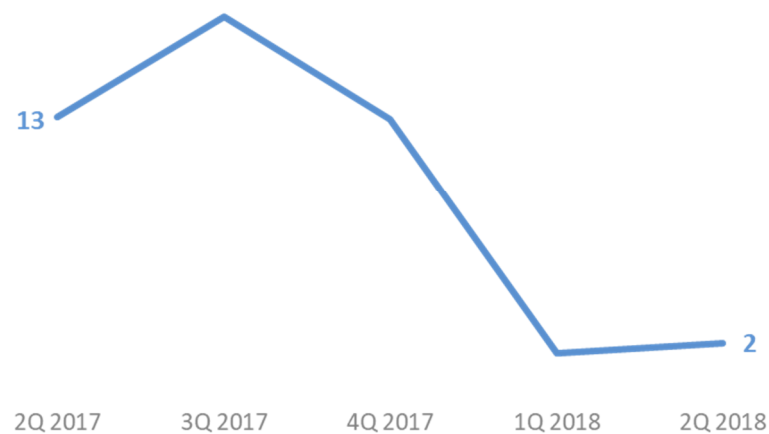


# BUSINESS ENVIRONMENT

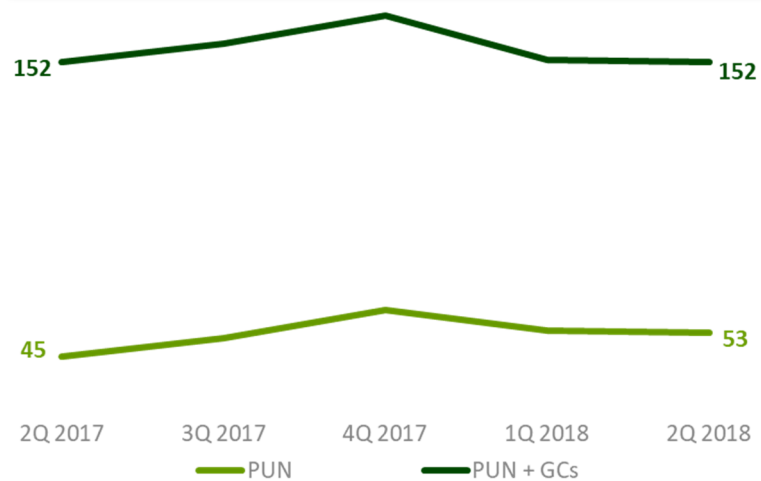
Italy: Electricity Production vs Demand (TWh)

	2Q 2017	2Q 2018	Delta %
Italian Electricity Demand	77	77	0%
Italian Electricity Production	69	67	-2%
<i>of which:</i>			
- Thermo	44	37	-16%
- Hydro	11	17	54%
- Solar	8	8	-6%
- Wind	4	4	0%

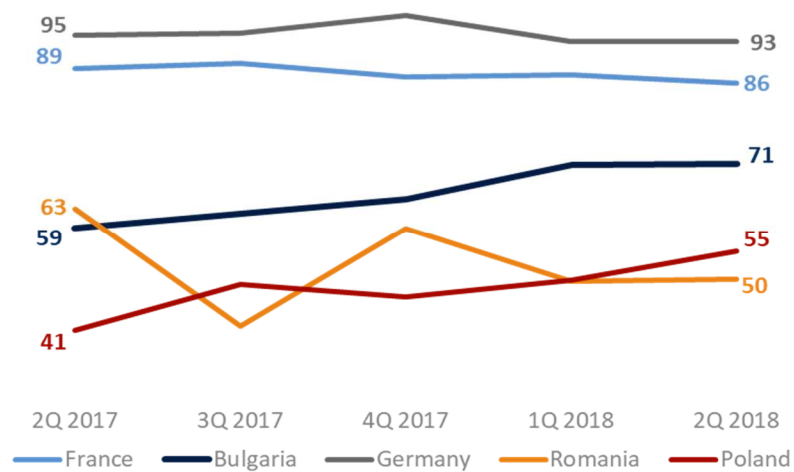
Clean Spark Spread in Italy (€/MWh)



Electricity Prices in Italy (€/MWh)

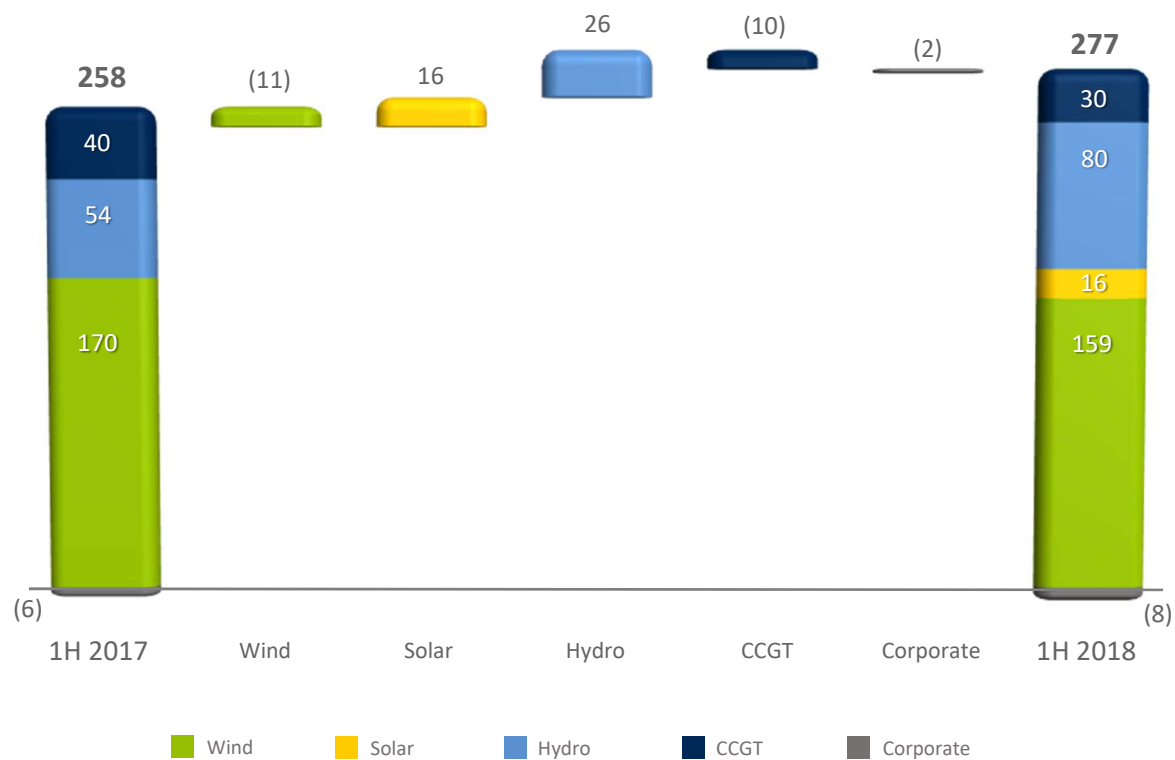


All-in Wind Prices abroad (€/MWh)



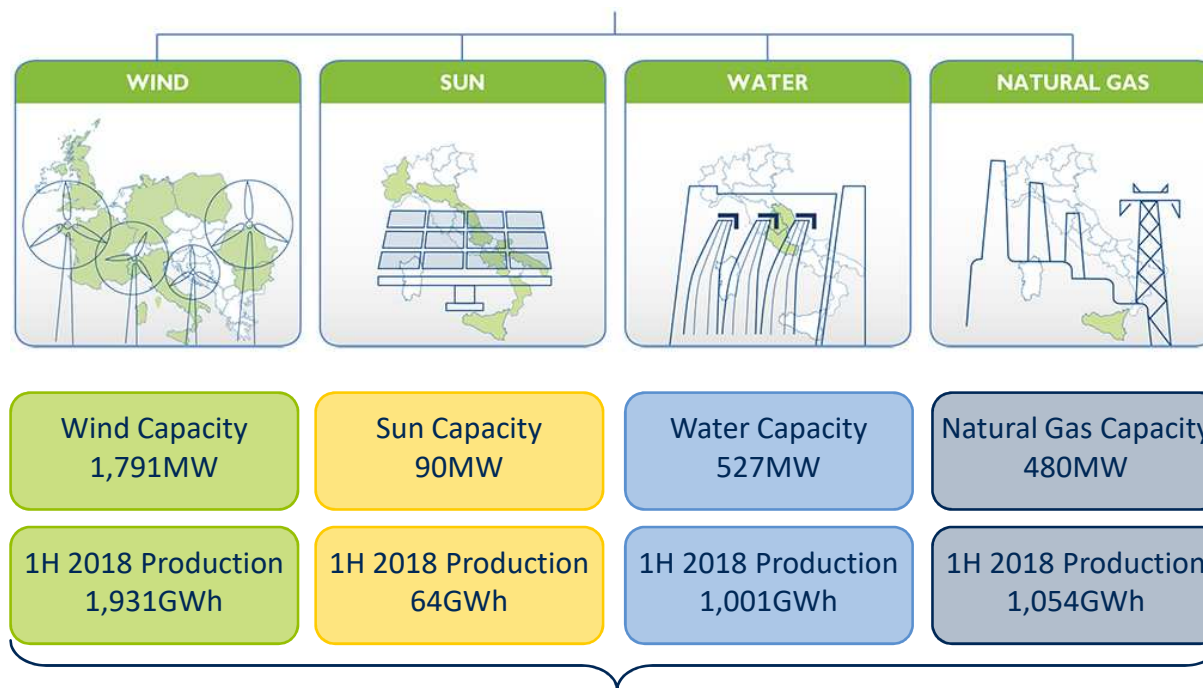


# 1H 2018 GROUP EBITDA EVOLUTION





# ENERGY PORTFOLIO

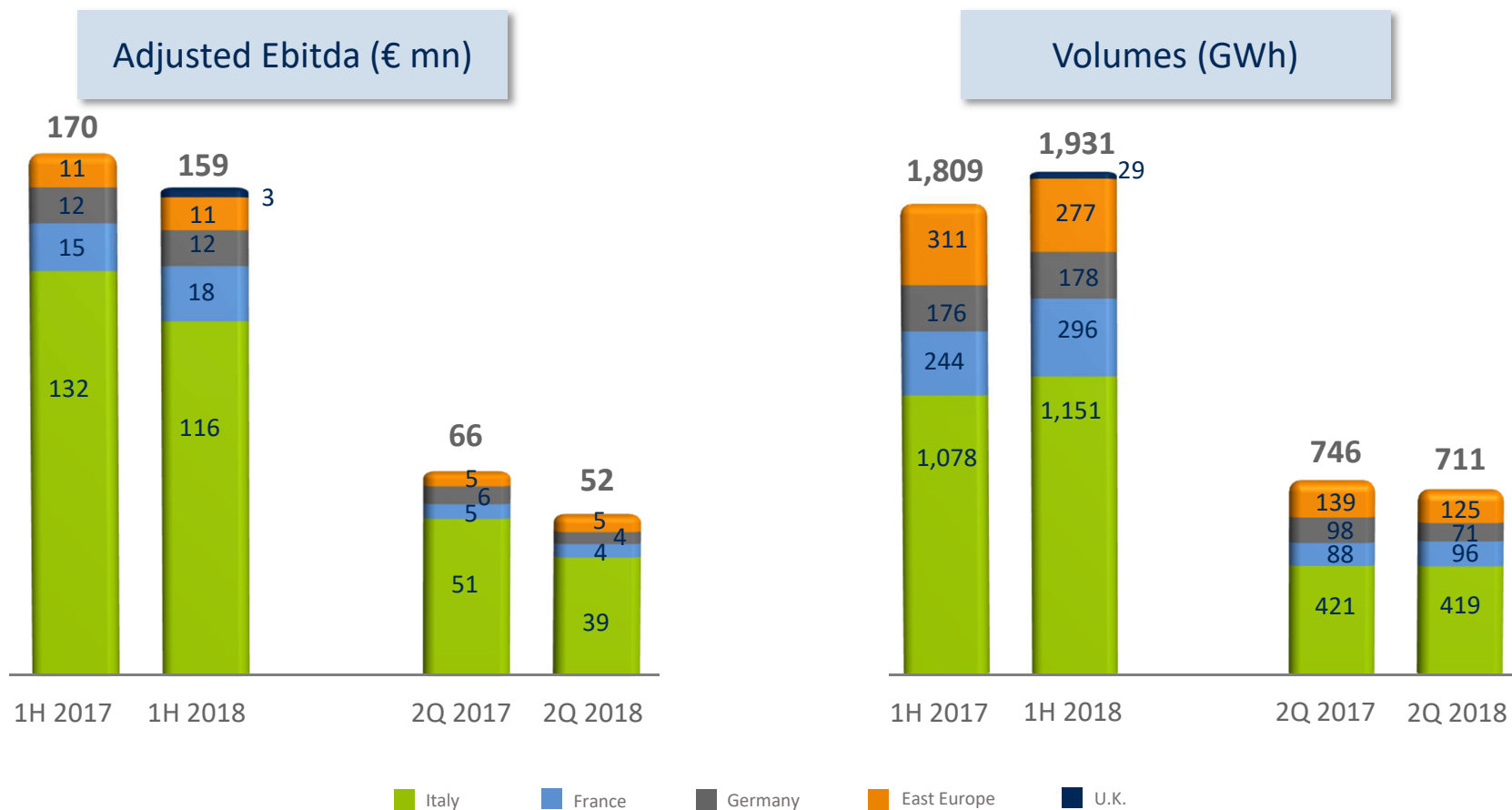


**Total 1H 2018 Production: 4.0TWh**

**Total Energy Portfolio including hedging & other sales: 7.1TWh**



# WIND RESULTS

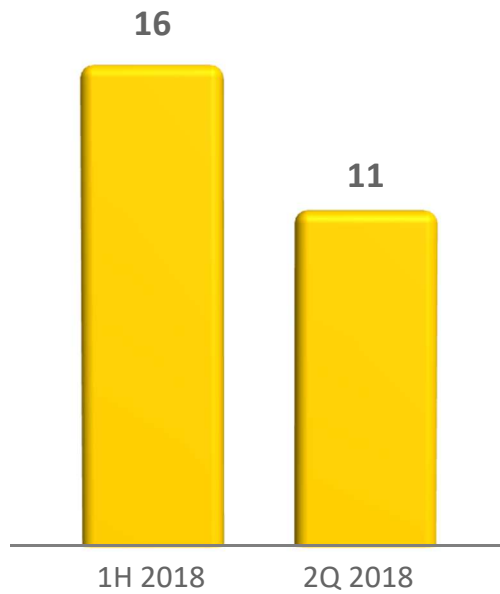


Generalized weak wind conditions, coupled with end of incentives in Italy

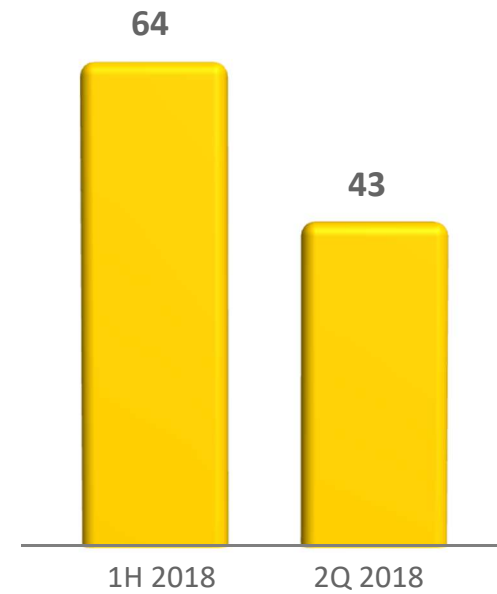
# SOLAR RESULTS



Adjusted Ebitda (€ mn)



Volumes (GWh)



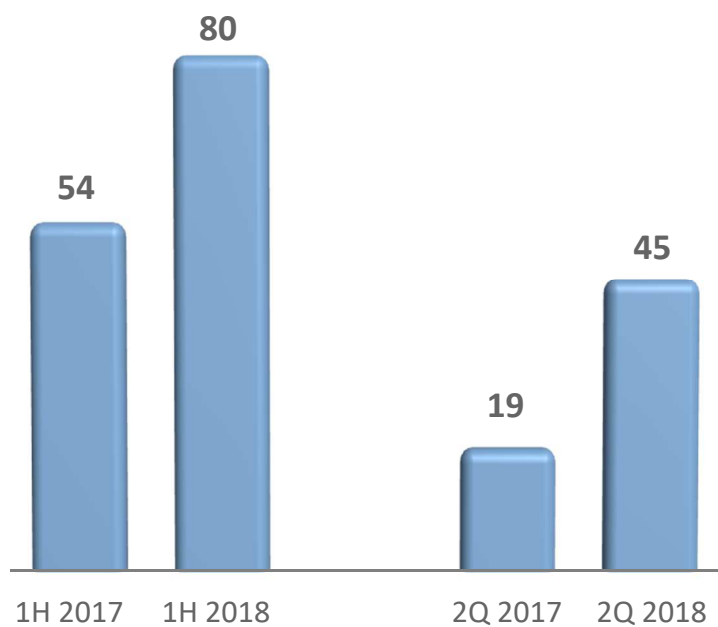
Solar consolidated as of 01/01/2018



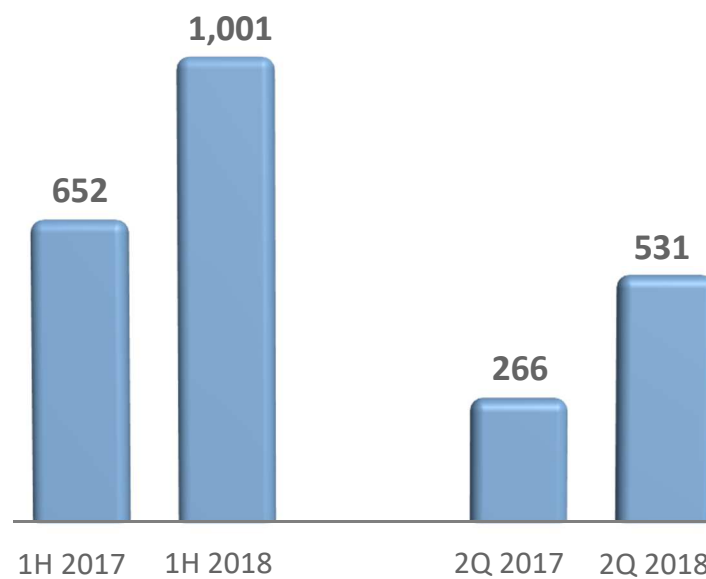


# HYDRO RESULTS

Adjusted Ebitda (€ mn)



Volumes (GWh)

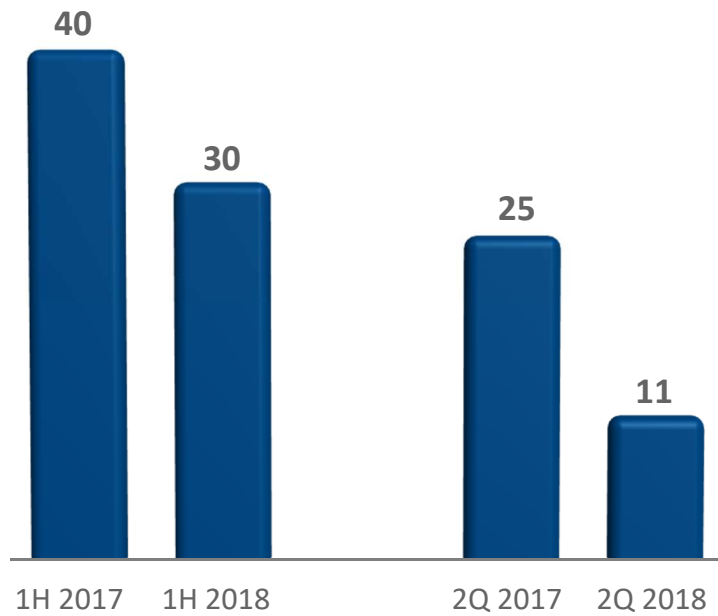


Strong hydro conditions

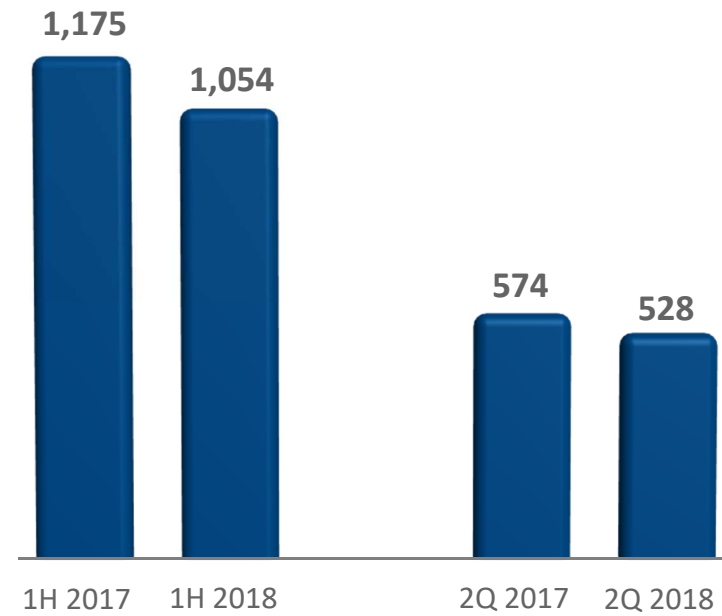
# CCGT RESULTS



Adjusted Ebitda (€ mn)



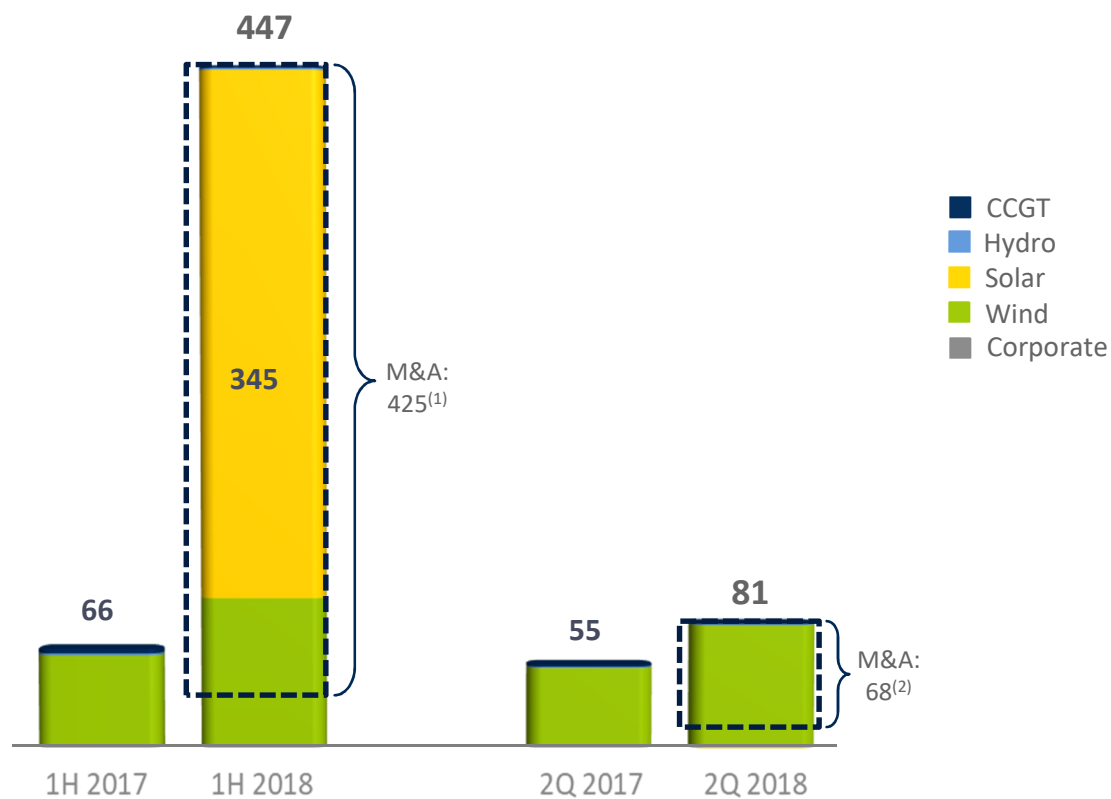
Volumes (GWh)



Tough trading environment



# INVESTMENTS



<sup>(1)</sup> M&A CAPEX include: Vent d'Est acquisition for €12mn, Epuron acquisition for €67.3mn, Valle de l'AA extension acquisition for €1mn and ForVEI consolidation for €345mn

<sup>(2)</sup> M&A CAPEX include: Epuron acquisition for €67.3mn and Valle de l'AA extension acquisition for €1mn



## KEY FINANCIALS





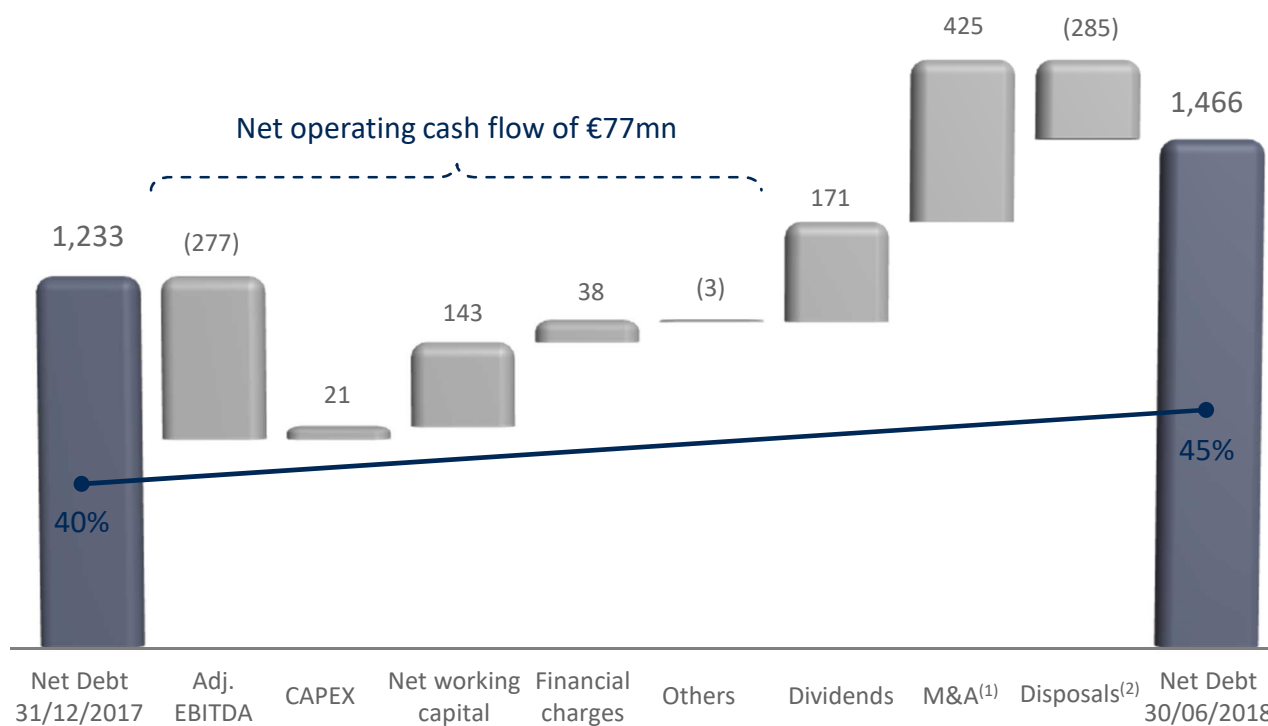
## ADJUSTED COSTS P&L

1H 2018	Restated 1H 2017	Euro millions	2Q 2018	Restated 2Q 2017
277	258	Adjusted EBITDA	114	107
(136)	(126)	<i>Amortization and depreciation</i>	(68)	(64)
140	133	Adjusted EBIT	47	43
(38)	(34)	<i>Net financial income (expenses)</i>	(20)	(18)
0	(0)	<i>Net income (loss) from equity investments</i>	(0)	(0)
103	99	Adjusted Results before taxes	27	25
(27)	(26)	<i>Income taxes</i>	(8)	(7)
76	72	Adjusted Results for the period	19	18
(0)	0	<i>Minority interests</i>	(0)	0
76	72	Adjusted Net Profit	19	18
26%	26%	Tax Rate	28%	28%

Note: figures based on NO GAAP measures



# 1H 2018 CASH FLOW STATEMENT



●—● Leverage

<sup>(1)</sup> Acquisitions include: Vent d'Est for €12mn, Vaa2 extension for €1mn, Epuron for €67.3mn and ForVEI consolidation for €345mn

<sup>(2)</sup> It includes €179mn referred to TotalERG disposal (on January 10, 2018), and €106mn referred to Brockaghboy disposal (on March 8, 2018)



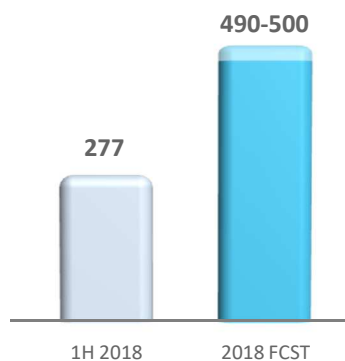
# 2018 GUIDANCE AND CONCLUSIONS

LUCA BETTONTE, CEO



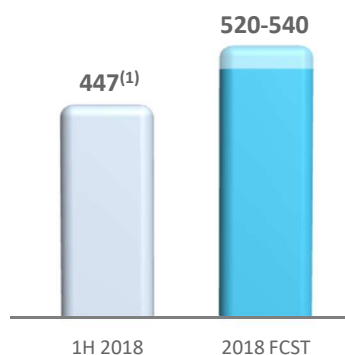


# 2018 GUIDANCE



Adj. EBITDA:

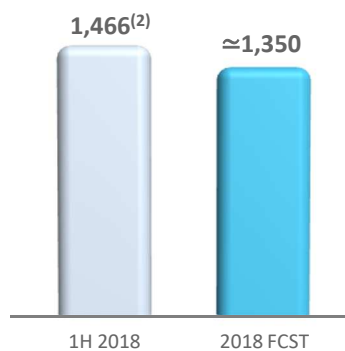
✓ Guidance raised from €475mn to €490-500mn range



CAPEX:

✓ Guidance increased to €520-540mn range to include recent agreement for further development in the solar business

■ Guidance range  
■ Guidance  
■ Actual



NFP:

✓ Guidance increased to €1.35bn

<sup>(1)</sup> CAPEX include the closing of Vent d'Est acquisition (which took place on March 22, 2018 amounting to €12mn), and ForVEI consolidation (whose acquisition took place on January 12, 2018) for €345mn

<sup>(2)</sup> It includes Vendor Loan to api for €36mn



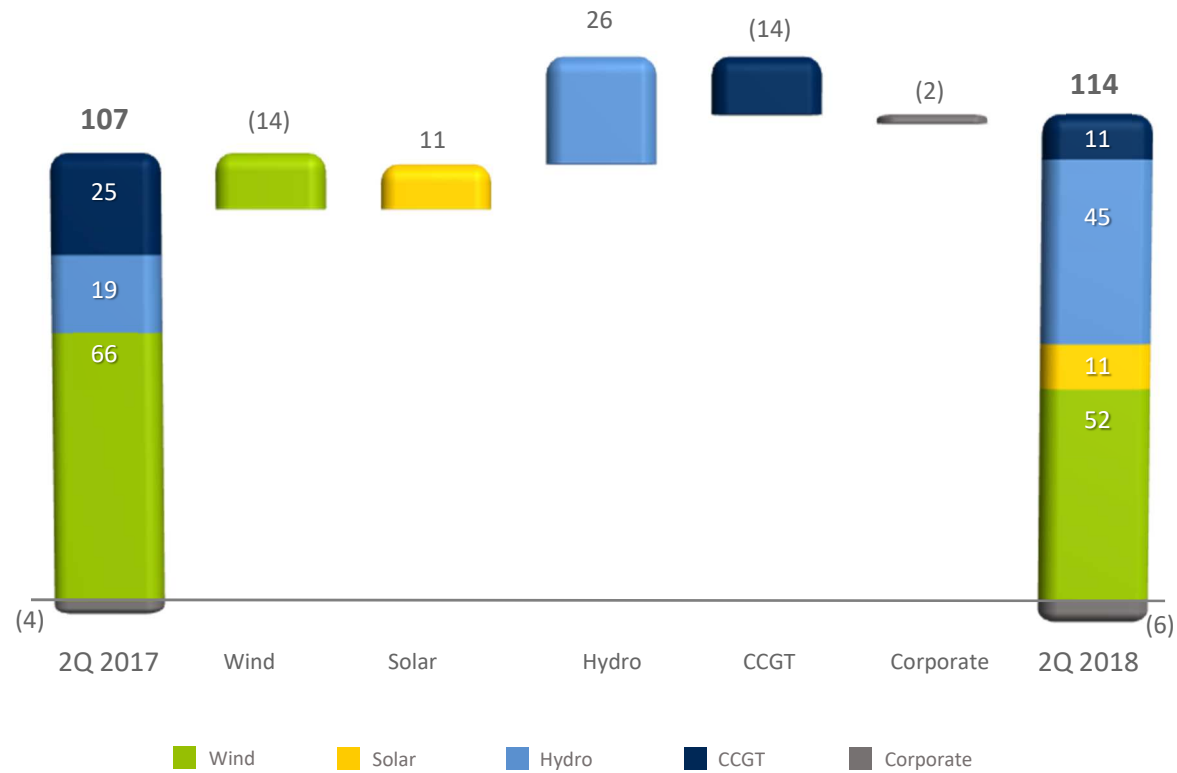


## APPENDIX



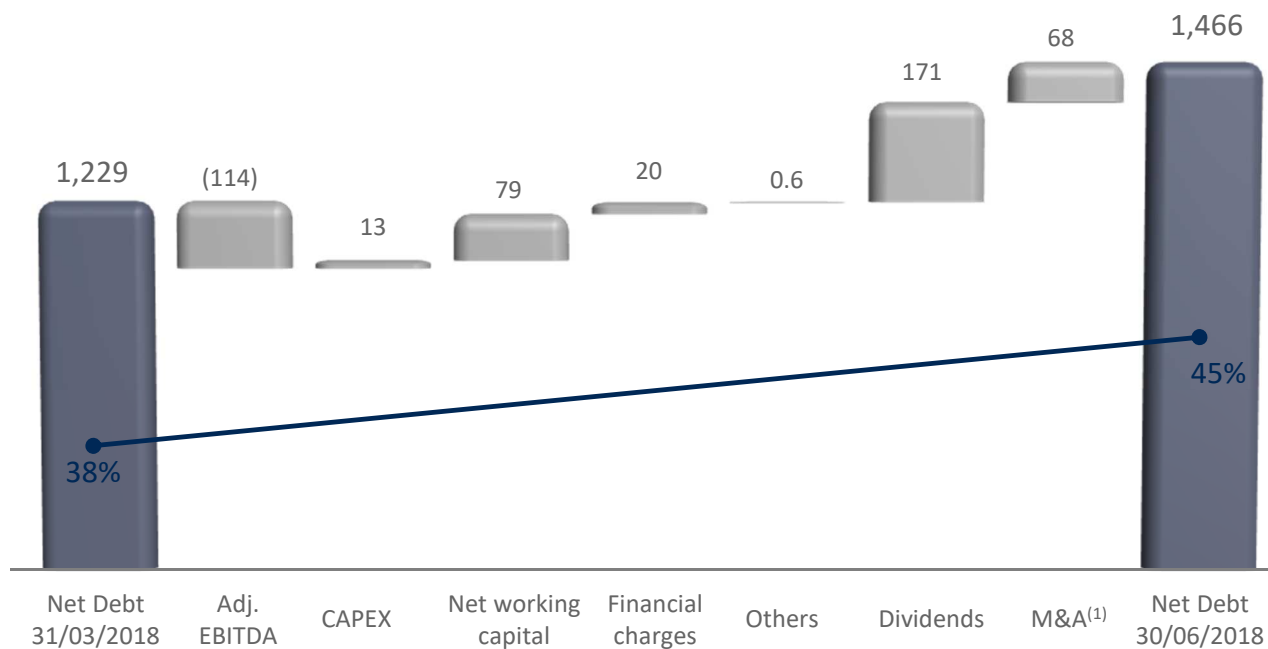


# 2Q 2018 GROUP EBITDA EVOLUTION





# 2Q 2018 CASH FLOW STATEMENT



●—● Leverage

<sup>(1)</sup> Acquisitions related to the closing of Vent d'Est (which took place on March 22, 2018 amounting to €12mn) and ForVEI consolidation (whose acquisition took place on January 12, 2018) for €345mn.



## WIND: KEY FIGURES (1/2)

1H 2018	1H 2017	Euro millions	2Q 2018	2Q 2017
1,839	1,768	Installed capacity (end-period, MW)	1,791	1,768
		<i>of which:</i>		
1,093	1,094	- Italy	1,093	1,094
276	252	- France	276	252
216	216	- Germany	216	216
82	82	- Poland	82	82
70	70	- Romania	70	70
54	54	- Bulgaria	54	54
48	0	- UK	0	0
1,931	1,809	Electricity Production (GWh)	711	746
		<i>of which:</i>		
1,151	1,078	- Italy	419	421
296	244	- France	96	88
178	176	- Germany	71	98
112	121	- Poland	51	58
91	112	- Romania	43	52
74	78	- Bulgaria	31	29
29	0	- UK	0	0



## WIND: KEY FIGURES (2/2)

1H 2018	1H 2017	Euro millions	2Q 2018	2Q 2017
Unitary Revenues (€/MWh):				
123	150	- Italy	118	158
87	89	- France	86	89
93	96	- Germany	93	95
52	42	- Poland	55	41
50	64	- Romania	50	63
71	71	- Bulgaria	71	79
100	n.a.	- UK	n.a.	n.a.
Adjusted EBITDA:				
116	132	- Italy	39	51
18	15	- France	4	5
12	12	- Germany	4	6
4	2	- Poland	2	0
3	6	- Romania	2	3
4	4	- Bulgaria	2	2
3	0	- UK	0	0
159	170	Total Adjusted EBITDA	52	66
(81)	(79)	Depreciation	(40)	(41)
78	91	Adjusted EBIT	13	26

# SOLAR: KEY FIGURES



1H 2018	1H 2017	Euro millions	2Q 2018	2Q 2017
64	n.a.	Electricity Production (GWh)	43	n.a.
290	n.a.	Unitary Revenues (€/MWh)	291	n.a.
16	n.a.	Adjusted EBITDA	11	n.a.
(10)	n.a.	Depreciation	(5)	n.a.
6	n.a.	Adjusted EBIT	6	n.a.

# HYDRO: KEY FIGURES



1H 2018	1H 2017	Euro millions	2Q 2018	2Q 2017
1,001	652	Electricity Production (GWh)	531	266
99	101	Unitary Revenues (€/MWh)	104	110
80	54	Adjusted EBITDA	45	19
(29)	(29)	Depreciation	(14)	(15)
51	25	Adjusted EBIT	31	4

# CCGT: KEY FIGURES



1H 2018	1H 2017	Euro millions	2Q 2018	2Q 2017
1,054	1,175	Electricity Production (GWh)	528	574
37	47	Unitary Revenues (€/MWh)	24	51
30	40	Adjusted EBITDA	11	25
(15)	(16)	Depreciation	(8)	(8)
14	24	Adjusted EBIT	3	17



# INVESTMENTS



1H 2018	1H 2017	Euro millions	2Q 2018	2Q 2017
97 <sup>(1)</sup>	60	Wind	80 <sup>(2)</sup>	52
345 <sup>(3)</sup>	n.a.	Solar	(1)	n.a.
1	1	Hydro	1	1
2	4	CCGT	1	2
1	1	Corporate	0	1
447	66	Total	81	55

<sup>(1)</sup> It includes: Vent d'Est acquisition for €12mn, Epuron acquisition for €67.3mn and Valle de l'AA extension acquisition for €1mn

<sup>(2)</sup> It includes: Epuron acquisition for €67.3mn and Valle de l'AA extension acquisition for €1mn

<sup>(3)</sup> It refers to ForVEI consolidation