



COMPANY OVERVIEW

4-5 DECEMBER 2019, SYDNEY

2nd MEDIOBANCA ITALIAN INFRASTRUCTURE 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 industrial Transformation
- ❑ 2018-2022 Strategy & Recent Developments
- ❑ 3Q 2019 Results & 2019 Guidance
- ❑ A focus on Sustainability
- ❑ Appendix
- ❑ Management Profiles



A SUCCESSFUL INDUSTRIAL TRANSFORMATION





A LONG HISTORY...

Production commences at the San Quirico Refinery in Genoa.



1947



The ERG share is listed on the Stock Exchange.

1997



ERG enters the renewables sector with the acquisition of EnerTAD.

2006

ERG Power's combined cycle power plant (480MW) fuelled by natural gas enters operation.



TotalERG is established, a joint venture for the sale of oil products.

2010

ERG transfers the ISAB Energy plant and the fuel network of ERG Oil Sicily.



2014



ERG enters the wind market in the United Kingdom with a 47.5MW project. At the end of 2016, installed wind capacity is 1,720MW.

2016

ERG enters the solar power sector (30 photovoltaic plants acquired, 89MW in operation).



Definitive exit from Oil with the sale of TotalERG.

2018

1938

Edoardo Garrone founds ERG in Genoa.



1975



Production commences at the ISAB Refinery in Priolo.

2000



ERG - through ISAB Energy - starts to produce and sell electricity from the gasification of the heavy residues from refining.

2008



ERG sells 49% of the ISAB Refinery to LUKOIL.

2013

ERG becomes the leading wind operator in Italy with an installed capacity of 1,087MW and among the top ten in Europe, and acquires a company for wind farm O&M activities.



ERG transfers the ISAB Refinery and completes its exit from refining.

2015

ERG enters the hydroelectric sector with plants in Umbria, the Marches and Lazio (527MW).



ERG acquires 6 wind farms in France (64MW) and constructs 3 wind farms in Poland for a total of 82MW. At the end of 2015, installed wind capacity is 1,506MW.

2017



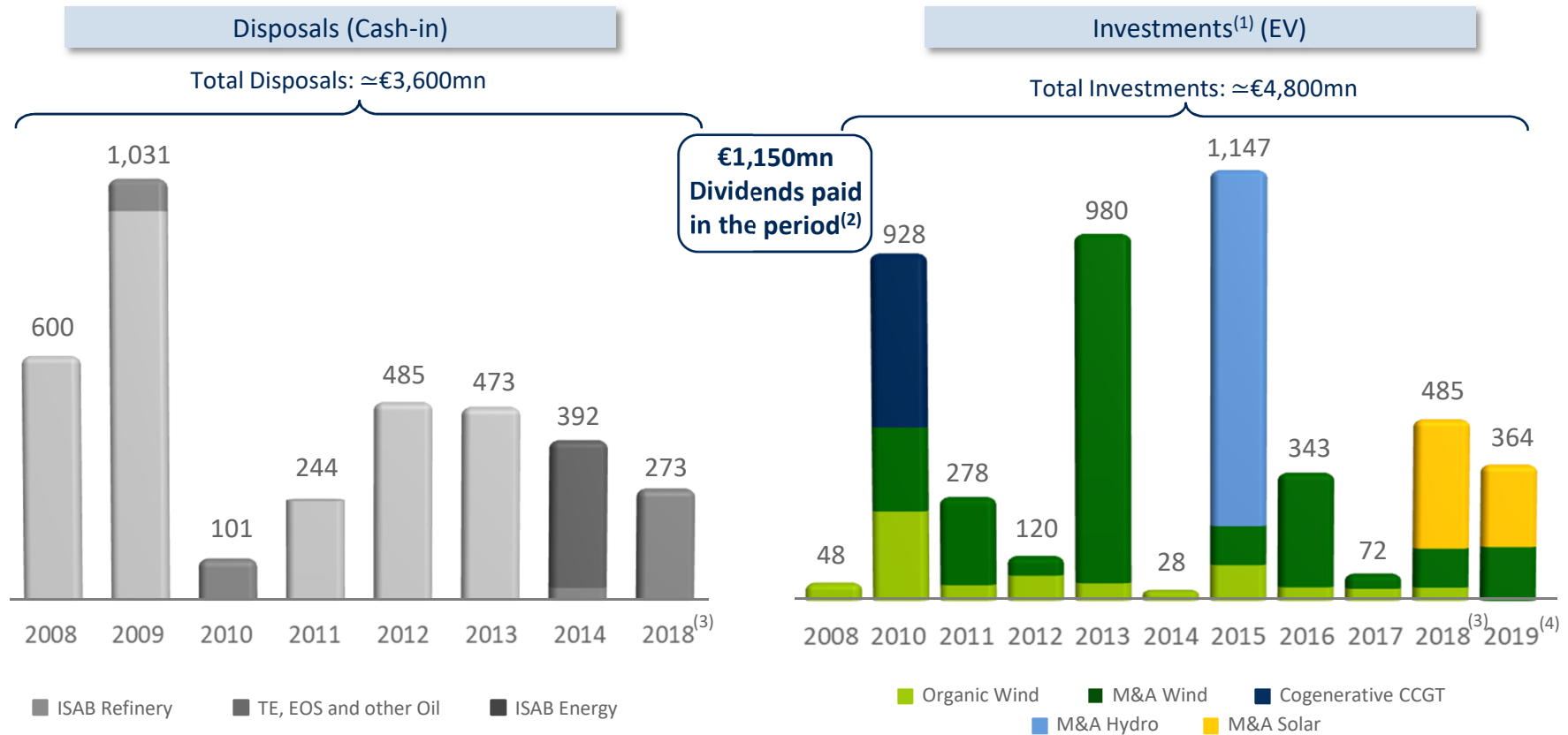
ERG's growth in the wind sector continues: 48MW in operation in Germany; 16MW in operation in France. At the end of 2017, installed wind capacity in Europe is 1,814MW.

2019



ERG closed the acquisition of Andromeda (51MW) assets, increasing its PV total capacity up to 141MW. Wind: ERG acquired 52MW in France and 34MW in Germany.

ERG INDUSTRIAL TRANSFORMATION



Renewable diversification financed through oil-linked disposals and strong cash generation

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

⁽²⁾ It includes dividends paid in May 2019 (ca. €112mn with ordinary DPS at €0.75/sh)

⁽³⁾ 2018 includes TotalERG Disposal whose closing took place on January 10, 2018 with a partial cash-in of €85mn in 2017, and ForVEI acquisition (EV €345mn) whose closing took place on January 12, 2018

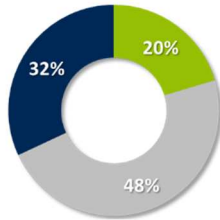
⁽⁴⁾ 2019 includes Andromeda acquisition for €220mn, Polaris acquisition for €52mn, Craiggore and Windwarts acquisitions - respectively for €6mn and €2mn - and Barkow acquisition (which took place on September 13, 2019) for €84mn



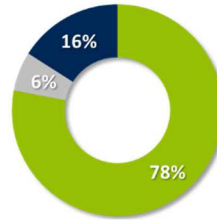
... BUT A RAPID TRANSFORMATION

Capital Employed

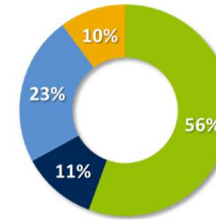
2008 (€2.2bn)



2014 (€2.1bn)

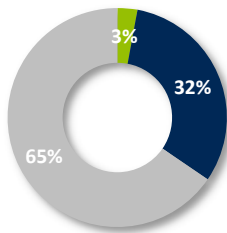


2018 (€3.2bn)

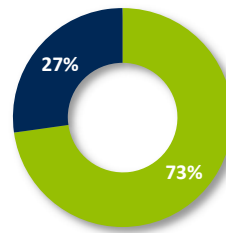


2008-2014-2018 EBITDA

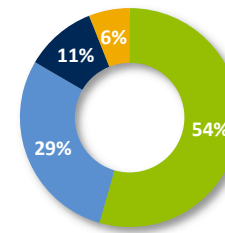
2008



2014



2018



● Oil ● Natural Gas ● Hydro ● Wind ● Solar

CO₂ Avoided

2008



2014



2018

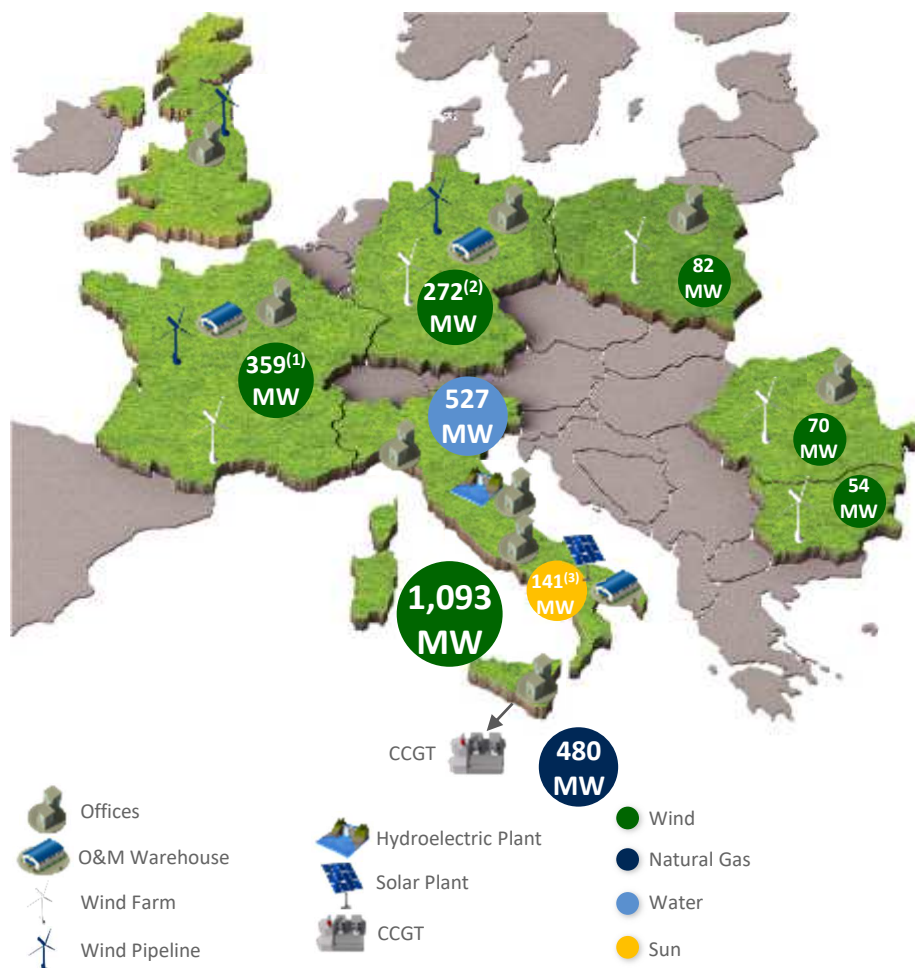


2008-2018

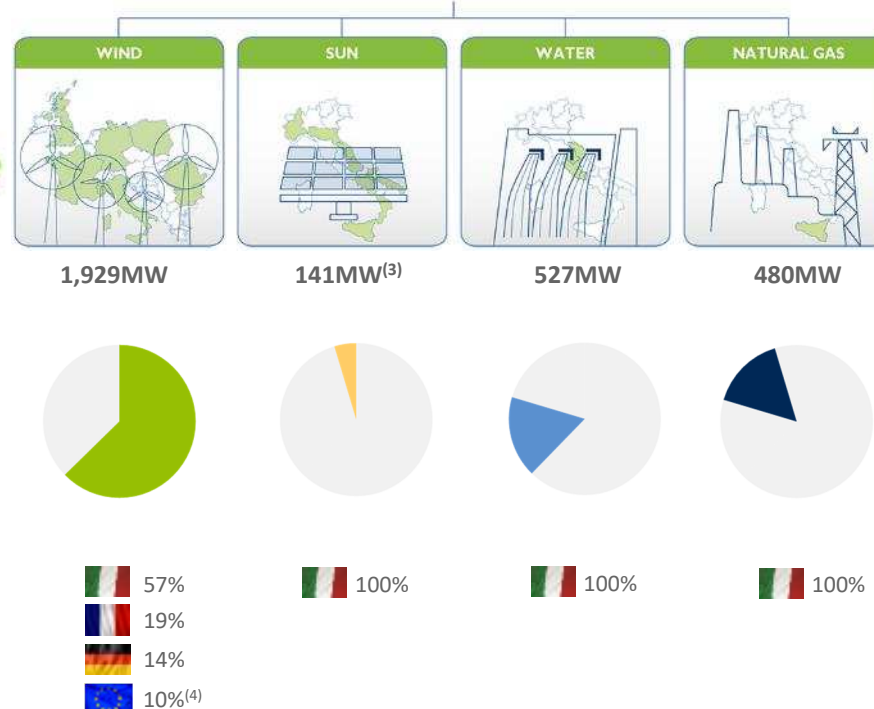




EU LEADING RENEWABLE IPP



Total installed Capacity as of today >3,000MW



(1) It includes Polaris acquisition of 52MW, whose closing took place on May 6, 2019

(2) It includes Linda project entered into operation in June 2019, and Barkow acquisition of 3 wind farms for 34MW, whose closing took place on September 13, 2019

(3) It includes Andromeda acquisition (51.4MW), whose closing took place on February 12, 2019

(4) It refers to Romania, Bulgaria and Poland

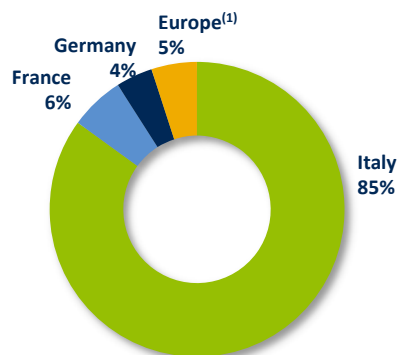


STEADY AND WELL BALANCED PORTFOLIO

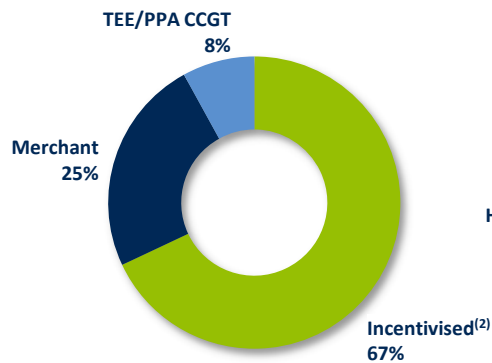
- Close to 70% of EBITDA from incentives
- EBITDA well balanced across different generation assets
- Geographical and seasonal diversification, allowing for complementarity of the different energy sources
- Earnings stability sustained by priority of dispatchment

EBITDA Breakdown FY18

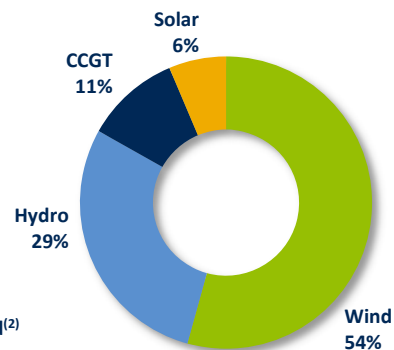
By geography



By incentive



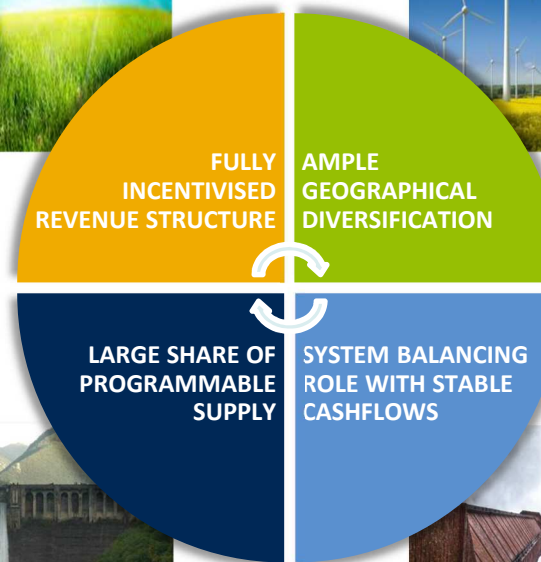
By business



SOLAR



WIND



HYDRO

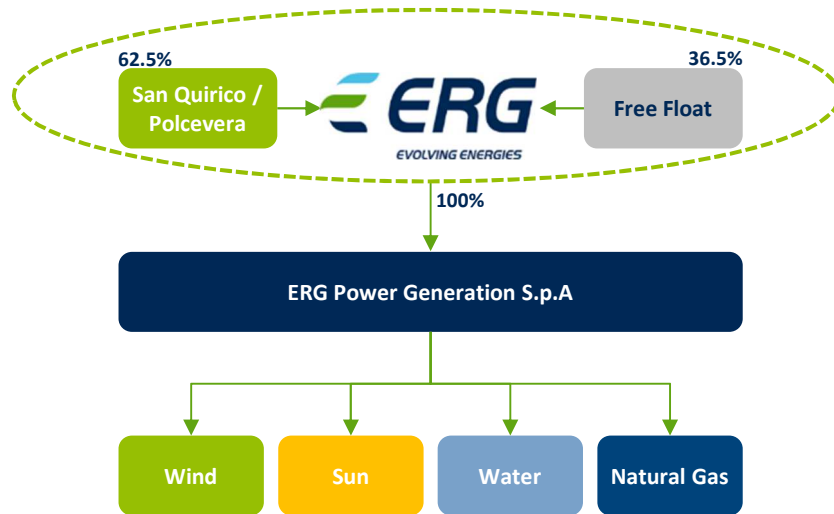


CCGT

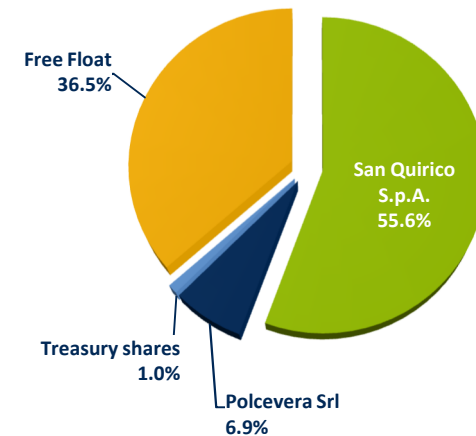
⁽¹⁾ It refers to UK, Romania, Bulgaria and Poland

⁽²⁾ Wind EBITDA with incentive, Hydro EBITDA with incentive, 100% Solar EBITDA

BALANCED GROUP STRUCTURE SERVING INTERESTS OF ALL STAKEHOLDERS



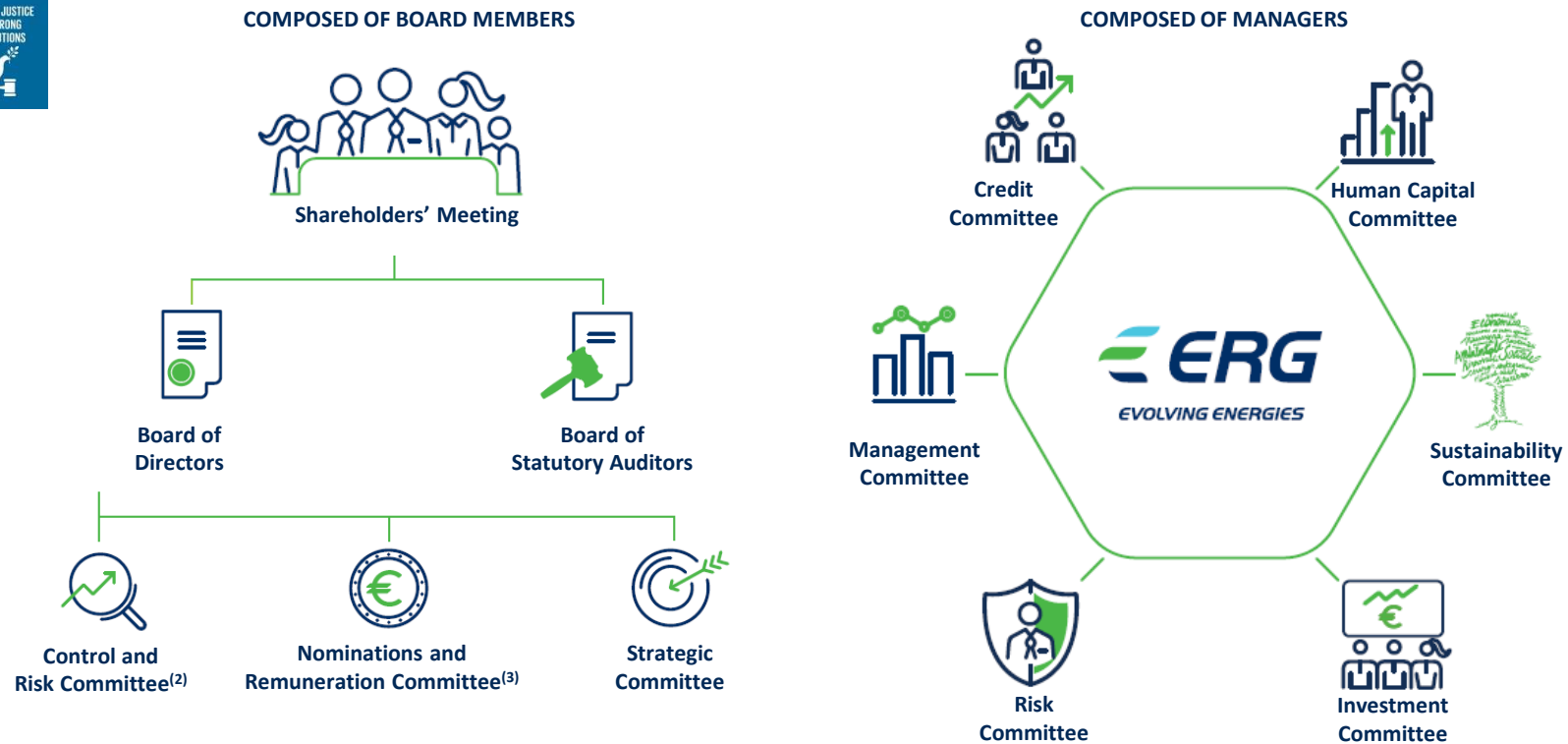
Shareholders' structure



Fully independent and experienced management team paired with a constructive involvement by majority shareholder

- San Quirico S.p.A. and Polcevera S.A. are **controlled by ERG founding family**
- **The Garrone family** holds key positions in ERG (Chairman and Executive Deputy Chairman) and **defines ERG long-term strategy along with the Top Management** through the Strategic Committee, whilst the Board of Directors is composed mainly (6 out of 12) of independent **directors** and it is fully committed to the interests of every stakeholder
- **The top management operates within a strict financial discipline**, while following a **strong risk management policy**

ERG STRICT CORPORATE GOVERNANCE MODEL



- A strict financial discipline on investments (organic and M&A) through:
 - **Strategic Committee** (EVP, VP, CEO, CFO, 2 Board Members⁽¹⁾)
 - **Investment Committee** (CEO, CFO, Management Team)
- **Strong risk management policy:**
 - **Best practice risk policy** to ensure the hedging policy of the generation portfolio
- **Full Alignment of interests between Top Management and shareholders through:**
 - Launch in 2018 of a 3 year **LTI compensation scheme fully based on shares**

⁽¹⁾ 1 non-executive and 1 independent referring to the Corporate Governance Code set out by the Italian Stock Exchange

⁽²⁾ Committee composed of 3 independent Board Members, of which 2 Independent referring to the Corporate Governance Code set out by the Italian Stock Exchange, and 1 Independent referring only to the Consolidated Finance Act («T.U.F.»).

⁽³⁾ Committee composed of 2 independent Board Members (referring to the Corporate Governance Code set out by the Italian Stock Exchange) and 1 non-executive Board Member



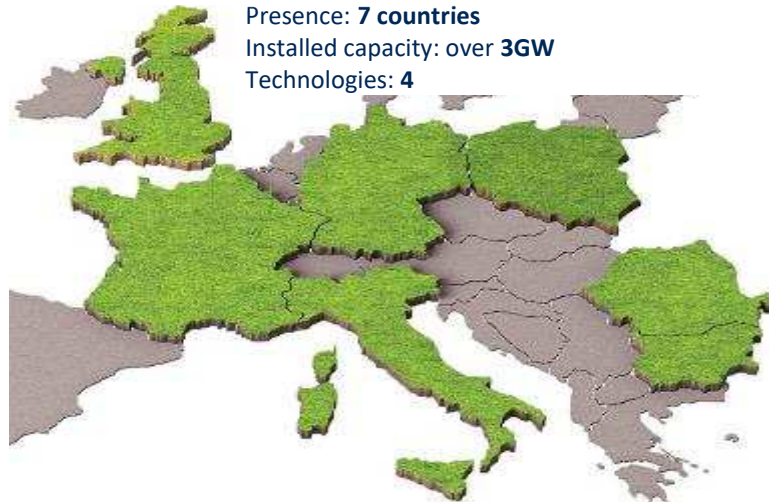
2018-2022 STRATEGY & RECENT DEVELOPMENTS



SUSTAINABLE GROWTH STRATEGY



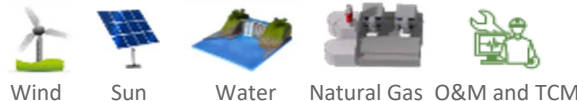
ERG Group current geographical presence



Geographical presence



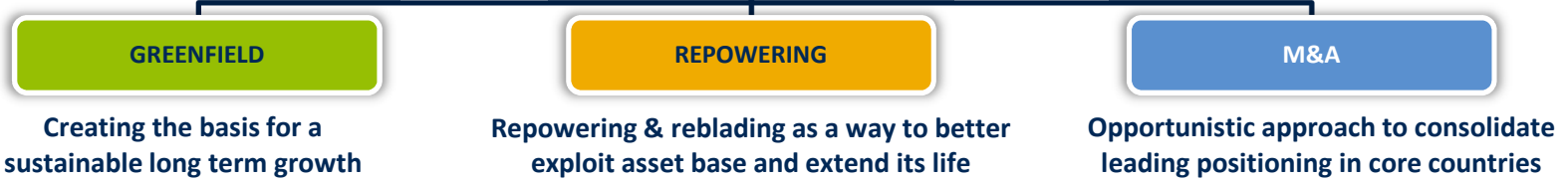
Business/Technology



Country/Business attractiveness for ERG

| Business/Technology | | Reference Geographies | | | |
|---------------------|---|-----------------------|---|---|---|
| | | | | | |
| Wind | Co-development & Greenfield | ✓ | ✓ | ✓ | ✓ |
| | Repowering & Reblading | ✓ | ✓ | ✓ | ✓ |
| Wind | M&A | ✓ | ✓ | ✓ | ✓ |
| | Sun | ✓ | ✓ | ✓ | ✓ |
| | Focus on technical operating efficiency | ✓ | ✓ | ✓ | ✓ |

Sustainable and flexible growth path focused on 3 main clusters and leveraging on low maintenance costs

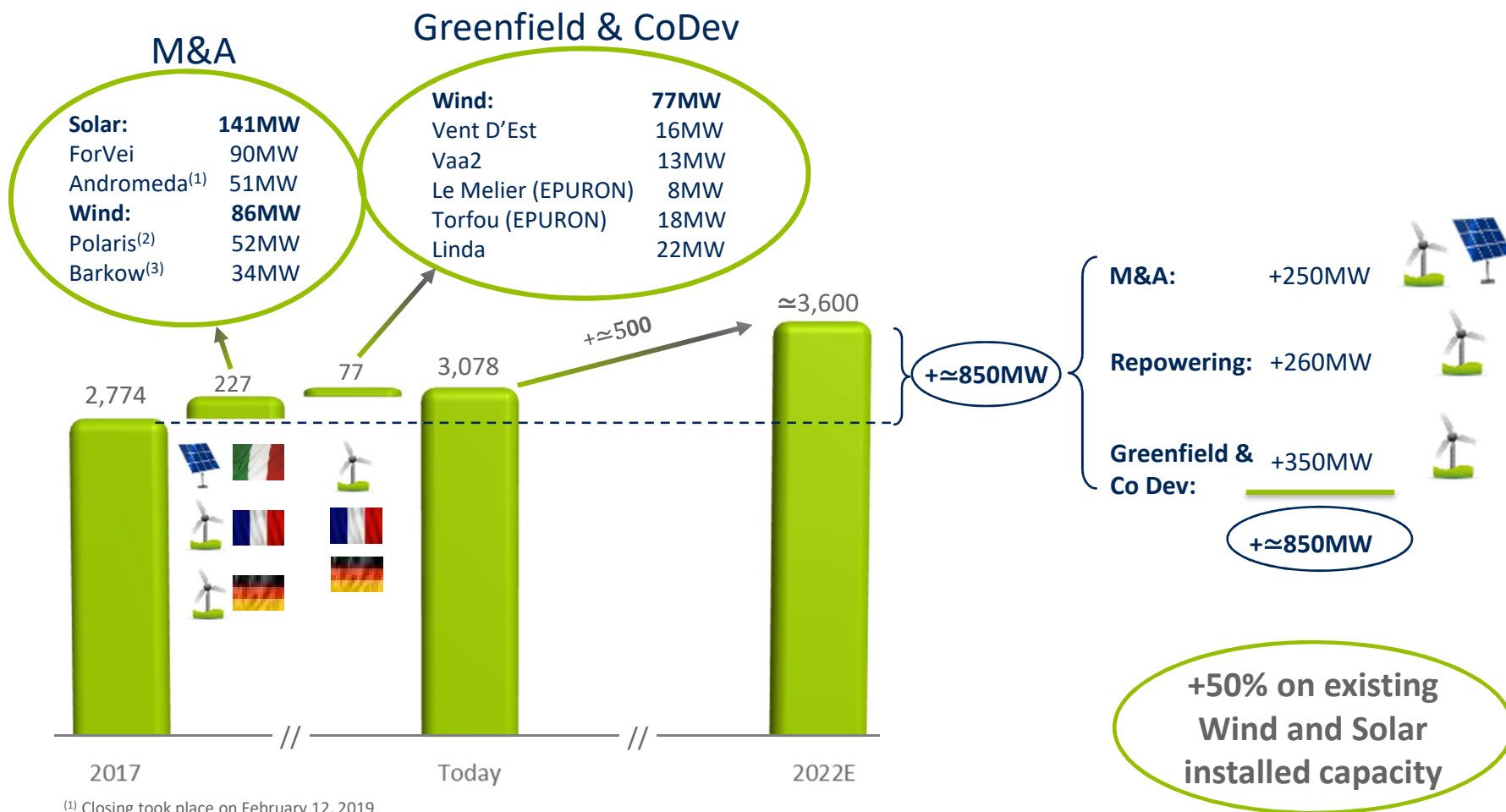




ERG 2018-2022 CAPACITY EVOLUTION

STRONG EXECUTION IN 2018

Growth in installed capacity (MW)



⁽¹⁾ Closing took place on February 12, 2019

⁽²⁾ Closing took place on May 6, 2019

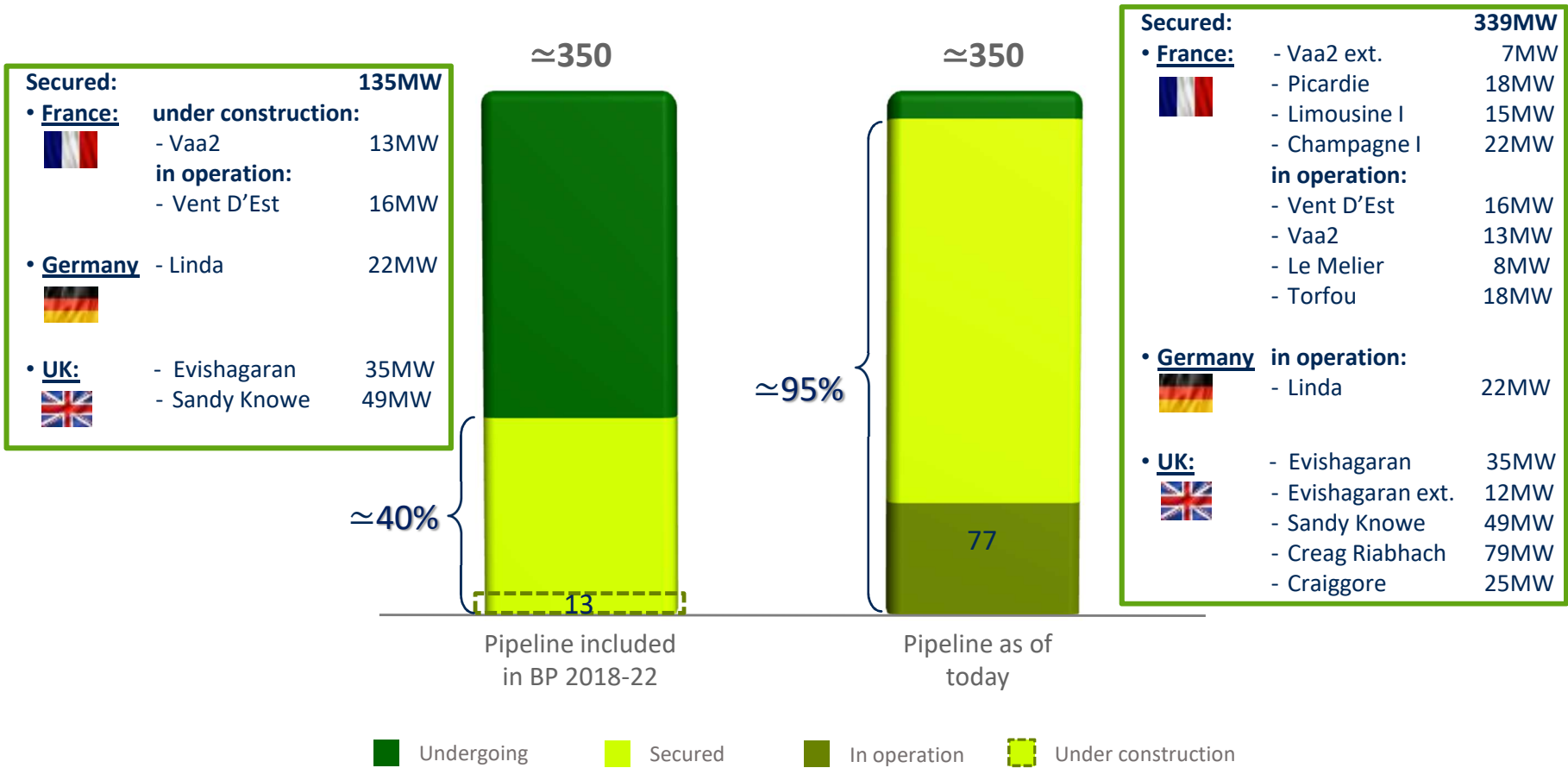
⁽³⁾ Closing took place on September 13, 2019

GREENFIELD DEVELOPMENT WELL ON TRACK

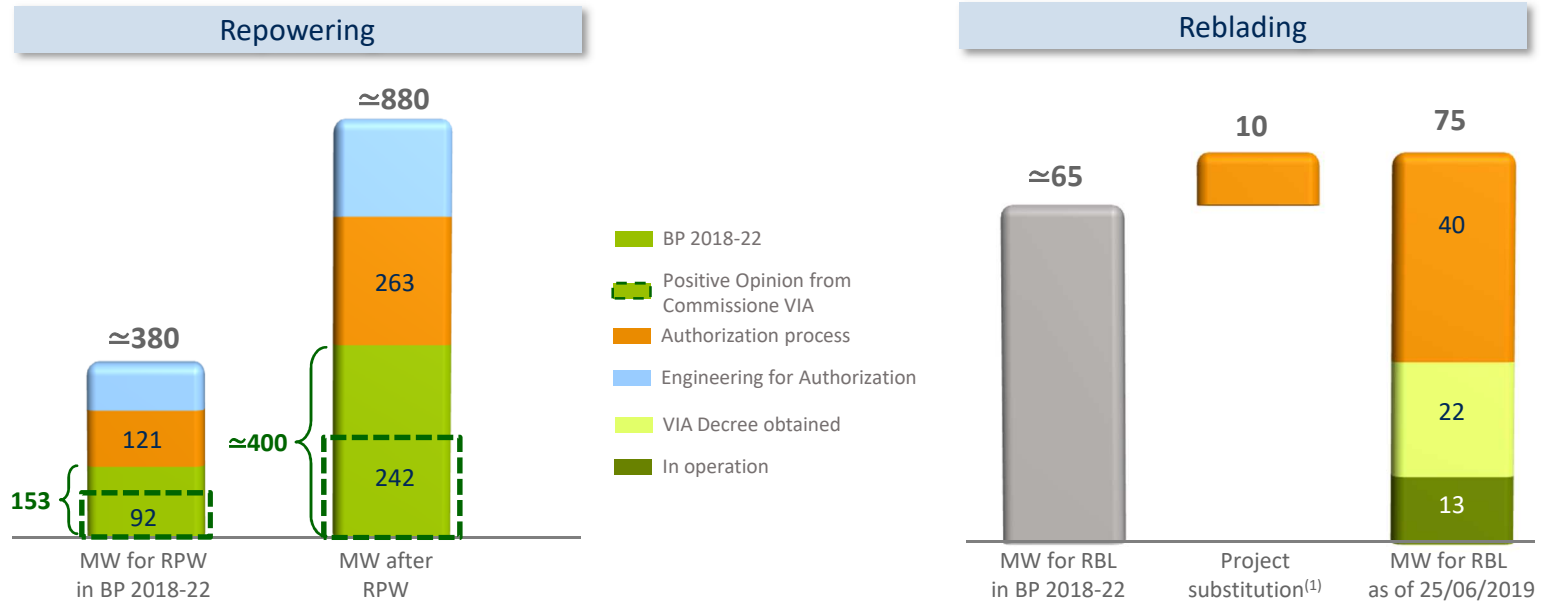


Pipeline included in BP 2018-22

Pipeline as of today



REPOWERING & REBLADING IN PROGRESS



- 153MW (ca. 400MW after RPW) included in BP:
 - 92MW (242MW after RPW) received positive opinion from “Commissione VIA”
- additional 121MW applied for authorization
- additional ca. 100MW in engineering phase

- New capacity under reblading is 75MW
- 13MW (Avigliano) on stream in 2Q 2019
- 22MW received VIA Decree
- additional 40MW applied for authorization
- Reblading of Avigliano wind factory carried out on:
 - April/May 2019
 - Capex €3.1mn
 - Production increased 19%

⁽¹⁾ Substitution of a 30MW project with another 40MW project

DRIVING INTO 2023



Pros

- Exploiting full potential of Repowering: focus on all the 500MW eligible in Italy
- Boosting growth abroad leveraging on more than 700MW of pipeline in France and of the co-development agreements under negotiation in UK and Germany
- Work in progress for a new cogeneration project at CCGT eligible for white certificates
- Keeping a sound and diversified financial structure aiming to confirm IG rating in the long term

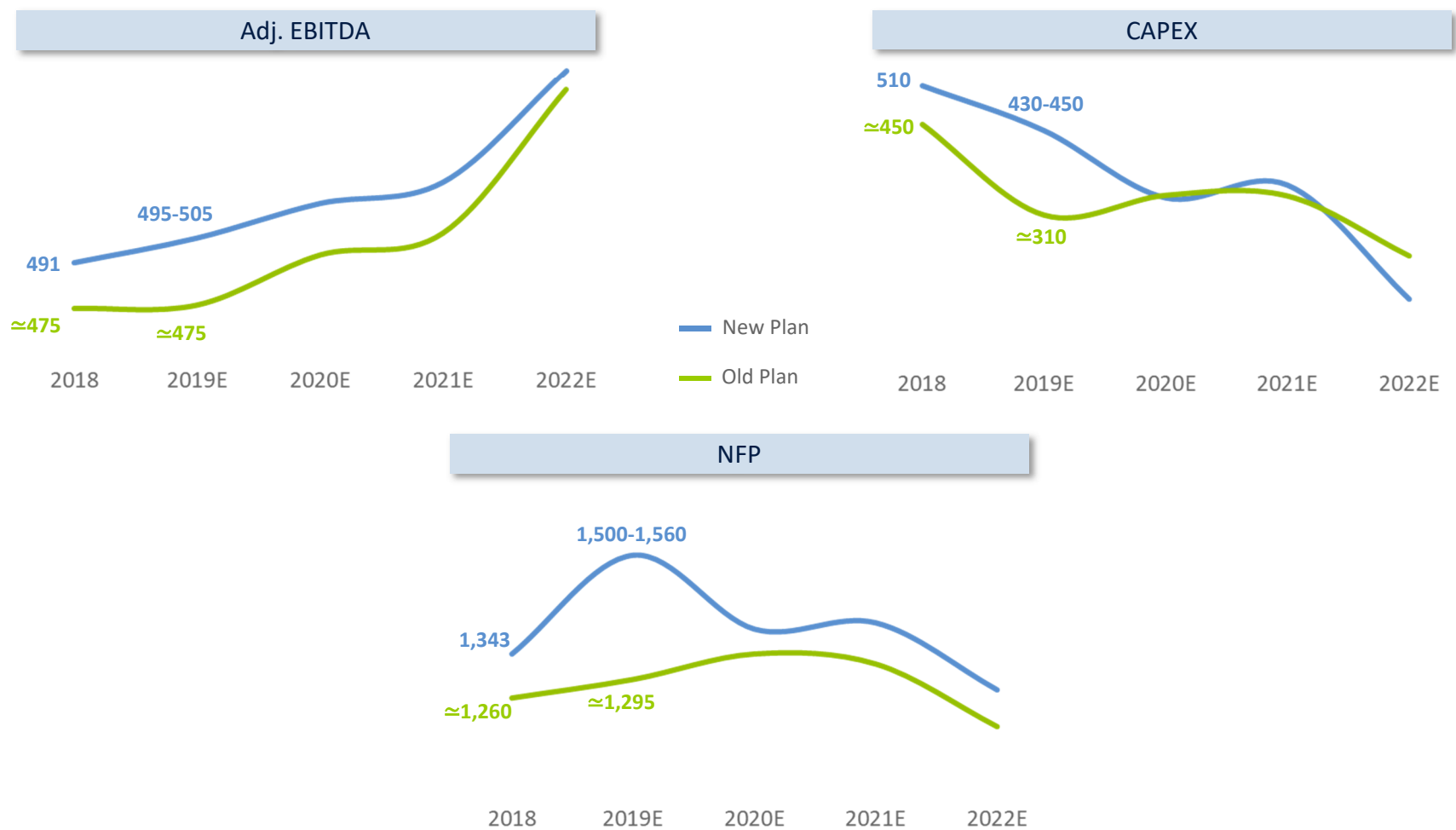
Cons

- Phase out of incentives will progressively continue beyond BP horizon (2023 +)

Keep growing leveraging on assets rejuvenation, larger capacity abroad and high quality financial structure



FINANCIALS – UPDATED PROJECTIONS



Acceleration of targets in the first years of BP



RATING AGENCY VIEW

Fitch Ratings

Long-term Issuer Default Rating (IDR): BBB-

EMTN Programme Rating: BBB-

Senior unsecured Rating: BBB-

Outlook: Stable

Last update: Affirmed 19 June 2019

Key Rating Drivers:

- Strategy confirmed
- Plan update in line with ratings
- Targeted M&A mostly executed
- Merchant Repowering
- Solid Pipeline in Greenfield
- Declining medium-term Incentives
- Solid 2018 Performance
- Progress in Centralising Funding Structure
- Sound liquidity

Key Considerations:

- *“Fitch Ratings has affirmed Italian renewable generation company ERG S.p.A.’s Long-Term Issuer Default Rating (IDR) and senior unsecured rating at ‘BBB-’. The Outlook on the IDR is Stable.*
- *“ERG’s ‘BBB-’ IDR affirmation mainly reflects its robust business profile, with quasi-regulated activities representing around 70% of the consolidated EBITDA, predictable regulatory frameworks and a clean asset base”*
- *“The rating also takes into account ERG’s growth ambition in the context of a clearly stated financial policy of up to 3.0x net debt/EBITDA”*
- *“Fitch expects that ERG’s credit ratio will remain consistent with the ratings, even including additional external growth in 2021 and 2022”*
- *“The forecasts lead to an average funds from operations (FFO) adjusted net leverage of 3.3x and FFO fixed-charge coverage of 7.4x over 2019-2022, compared with negative guidelines of 3.5x and 4.0x, respectively.”*



GROUP DEBT STRUCTURE

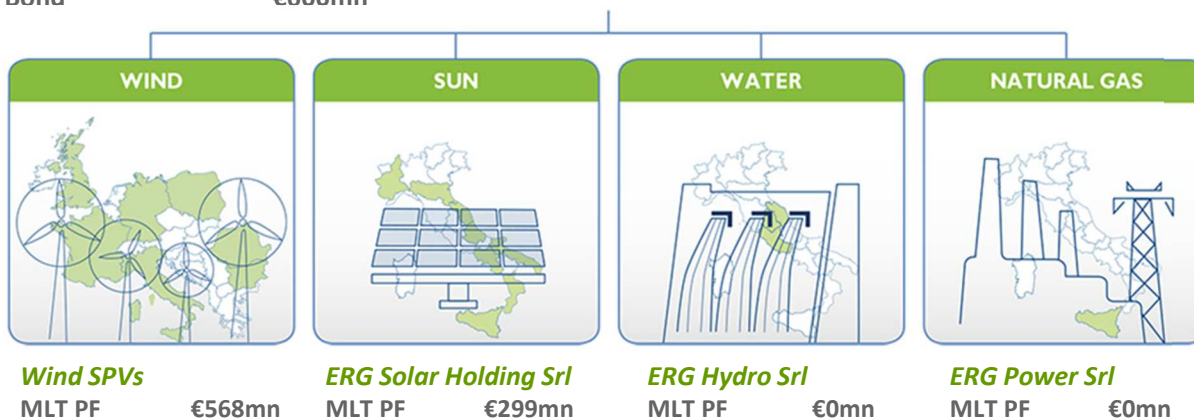
ERG Group

MLT Corporate Loan €686mn
 MLT PF Loan €867mn
 Bond €600mn

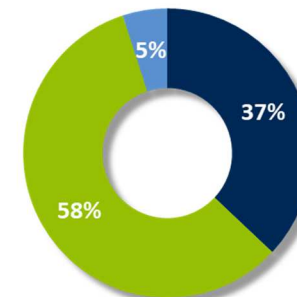


ERG S.p.A.⁽¹⁾

MLT Corporate Loan €686mn
 Bond €600mn

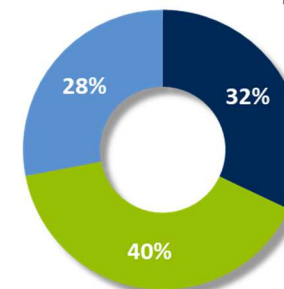


Debt Structure as of 31 Dec 2018



● Corporate Loan ● Project Finance ● Bond

Debt Structure as of 30 Sept 2019



- Debt structure mainly composed of medium term loans with **92% fixed rate portion**
- **ERG's operating assets grant a steady flow of cash upstream to ERG S.p.A.:**
 - **Hydro & Natural Gas assets fully unlevered** without any external financing constraints
 - **Wind & Solar SPVs financed by long term loans** with maturities consistent with incentive life and able to upstream a relevant amount of cash

New financial strategy completed: move from Project Financing to corporate/DCM financing

⁽¹⁾ ERG S.p.A. owns all the operating assets through ERG Power Generation S.p.A., a 100% owned operating subsidiary, free of debt and in cash pooling with ERG S.p.A.

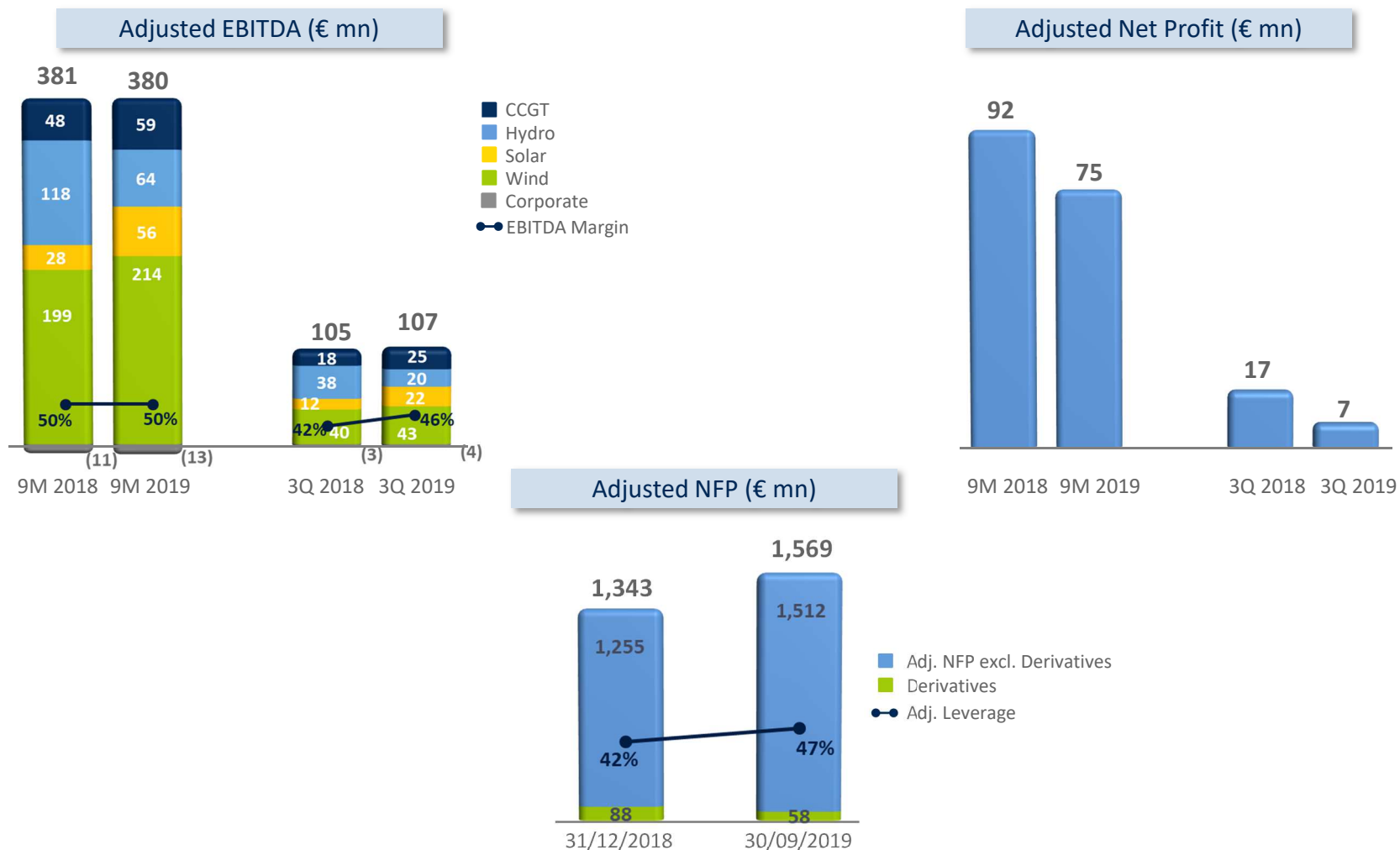


3Q 2019 RESULTS & 2019 GUIDANCE





HIGHLIGHTS: KEY FIGURES



Scarcity of Wind and Hydro mitigated by growth and generation mix

KEEP ON GROWING SUSTAINABLE



Recent Developments

GROWING INSTALLED CAPACITY

- Further expansion in Germany: +34MW⁽¹⁾ high quality asset acquired. Wind capacity to reach 272MW
- Organic growth: new authorisation for 22MW in France and 12MW in UK: overall secured capacity at 95%

ENHANCING REVENUES STABILITY

- Signed 2 PPA with ACEA Energia (1.5TWh over the next 3 years) paving the way for longer duration
- Capacity Market in Italy: awarded 340MW of our CCGT. Secured €11mn of 2022 revenues

ESG REWARD

Rating from Gaia⁽²⁾ and included in the Ethibel Excellence Investment and Pioneer Registers

⁽¹⁾ EV of €84mn, which brings the total M&A capex spent in 2018-2019 (ForVEI, Andromeda, Polaris and Barkow acquisitions) to roughly €700mn for a total capacity of 227MW, out of which 141MW in PV and 86MW in Wind

⁽²⁾ Score 78/100

ADJUSTED P&L

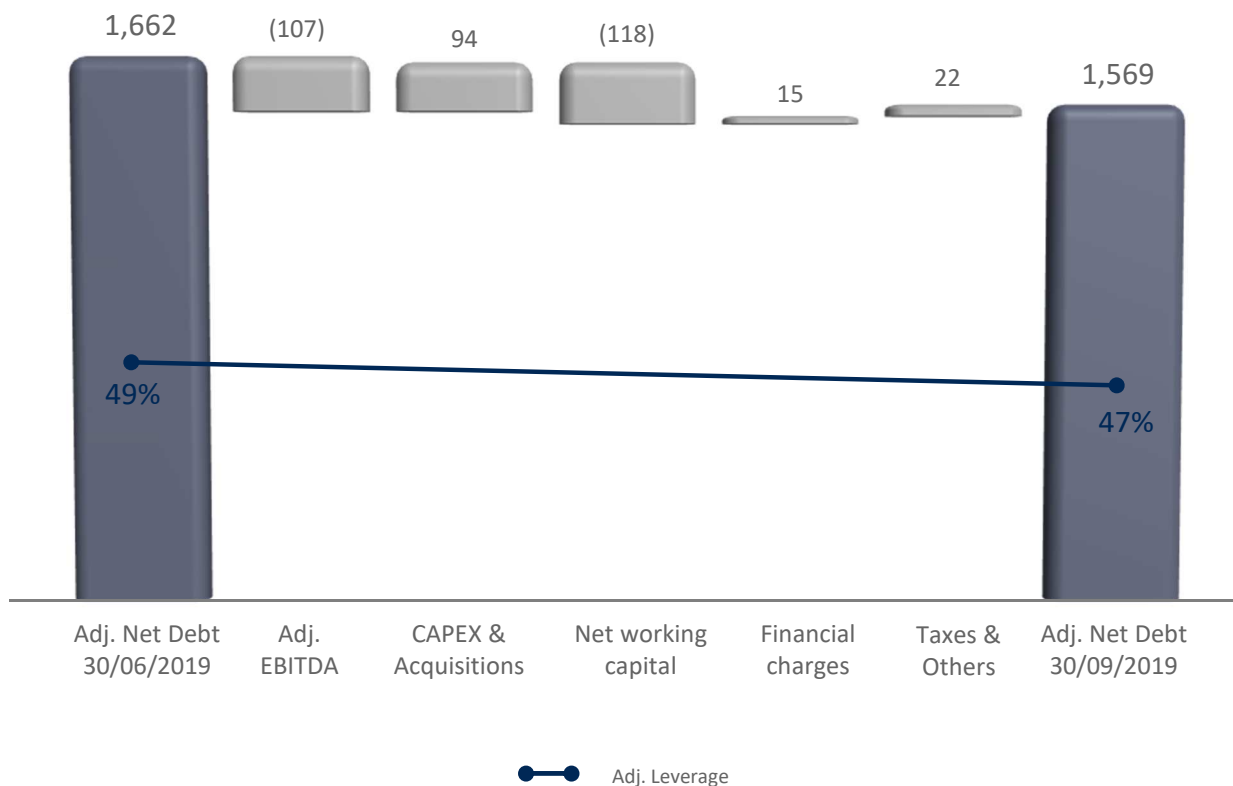


| 9M 2019 | 9M 2018 | Euro millions | 3Q 2019 | 3Q 2018 |
|---------|---------|--|---------|---------|
| 380 | 381 | Adjusted EBITDA | 107 | 105 |
| (223) | (203) | <i>Amortization and depreciation</i> | (78) | (67) |
| 157 | 178 | Adjusted EBIT | 29 | 38 |
| (48) | (53) | <i>Net financial income (expenses)</i> | (15) | (15) |
| 0 | 0 | <i>Net income (loss) from equity investments</i> | 0 | 0 |
| 109 | 125 | Adjusted Results before taxes | 14 | 22 |
| (33) | (33) | <i>Income taxes</i> | (6) | (6) |
| 76 | 92 | Adjusted Results for the period | 8 | 17 |
| (1) | (0) | <i>Minority interests</i> | (1) | (0) |
| 75 | 92 | Adjusted Net Profit | 7 | 17 |
| 30% | 26% | Tax Rate | 43% | 26% |

Note: figures based on NO GAAP measures

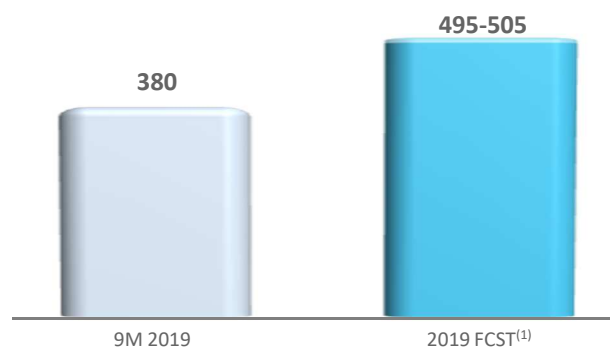


3Q 2019 CASH FLOW STATEMENT



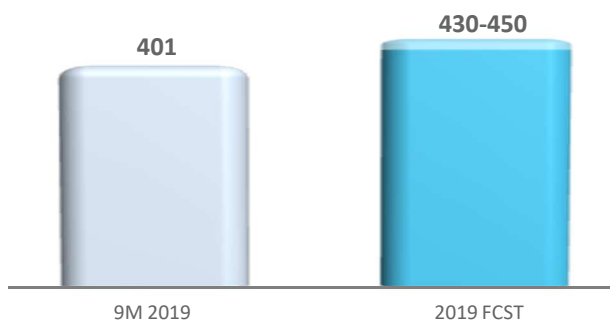


2019 GUIDANCE



Adj. EBITDA:

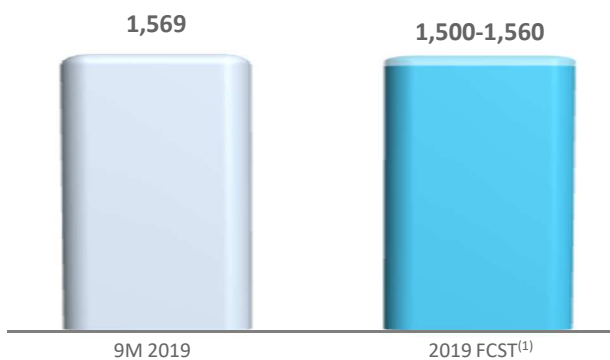
✓ Guidance confirmed at €495-505mn



■ Guidance range
■ Guidance
■ Actual

CAPEX:

✓ Guidance increased at €430-450mn



Adj. NFP:

✓ Guidance revised at €1.50-1.56bn

⁽¹⁾ 2019 Guidance does not include IFRS 16 effects



A FOCUS ON SUSTAINABILITY





2018-2022 CSR DRIVERS

The 2018–2022 Business Plan is focused on a continuous development of plants producing energy from renewable sources and sets targets on three main priority areas:

Tackling climate change

- Avoided CO₂: 15mtons
- Avoided TEP: 5m TEP
- Carbon Index⁽¹⁾: 14% decrease
- Continuous efforts on extracting value from our technology
- Enhancing our integrated generation portfolio



People enhancing

- New leadership model
- Human Capital Coverage
- Skills development



Sustainable thinking sustainable acting

- CDP reporting
- Integration of HSE certifications according to ONE Company Model
- Consolidating relations with communities
- Technological development



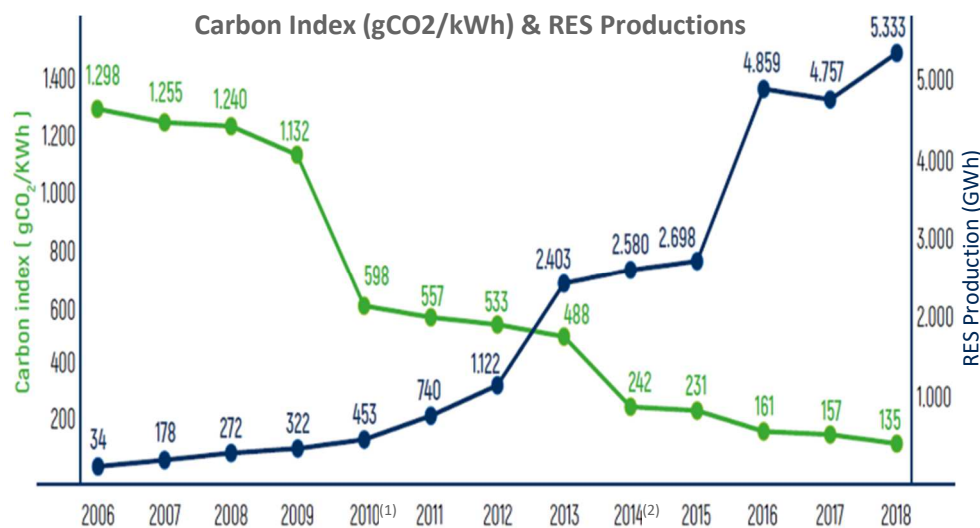
⁽¹⁾ Carbon index (gCO₂/kWh) reveals the quantity of CO₂ included in every kWh produced



ERG SUSTAINABLE EVOLUTION

Decarbonising ERG's electricity production

- ERG's business transformation: increasing production of electricity from renewable sources
- In this way, by the end of 2018 ERG had reduced the carbon intensity of its production by 90% since it entered the renewable energies sector and by 42% in the last 4 years



Source: non financial information statements

⁽¹⁾ The Carbon index drop in 2010 was due to the entrance into operation of the ERG Power plant which replaced the existing oil fed power plants.

⁽²⁾ The Carbon index drop in 2014 was due to the sale of the ISAB Energy plant.

ERG's Sustainability numbers



3,029kt

CO₂ avoided by production of electricity from renewable sources



2.5GW

Installed capacity from renewable sources



100%

ISO 14001 and/or OHSAS 18001 certified Italian companies consistent with their activities



ESG ACHIEVEMENTS AND RATINGS



- 1 ERG included in the ECPI Global Clean Energy Index
- 2 Achieved rating B from CDP
- 3 Ranked 16th worldwide in the Corporate Knights Global 100 Index
- 4 Obtained ESG rating Advanced from Vigeo
- 5 Achieved ESG rating A from MSCI
- 6 Signed 2 ESG Loans for €240mn

1938
201∞

| ESG Rating Company | Index | ERG Rating/score/rank | Notes / In a scale ranging from |
|--------------------|-------|--|--|
| | | Advanced | from Weak to Advanced |
| | | 16 th place | first and only Italian company in the Top 20 |
| | | B | vs. avg. scores for Utilities (C), and Europe (B-) |
| | | EE+ | from F (poor) to EEE (very good) |
| | | B Corporate ESG Performance RATED BY ISS ESG Prime | from D- (poor) to A+ (excellent) |
| | | ESG RATING A | from CCC (Laggard) to AAA (leader) |
| | | 69 Average Performer | from 0 (Laggard) to 100 (Leader) |
| | | sector leader in terms of ESG performance | |
| | | 78/100 | Well above the average for the reference panel |

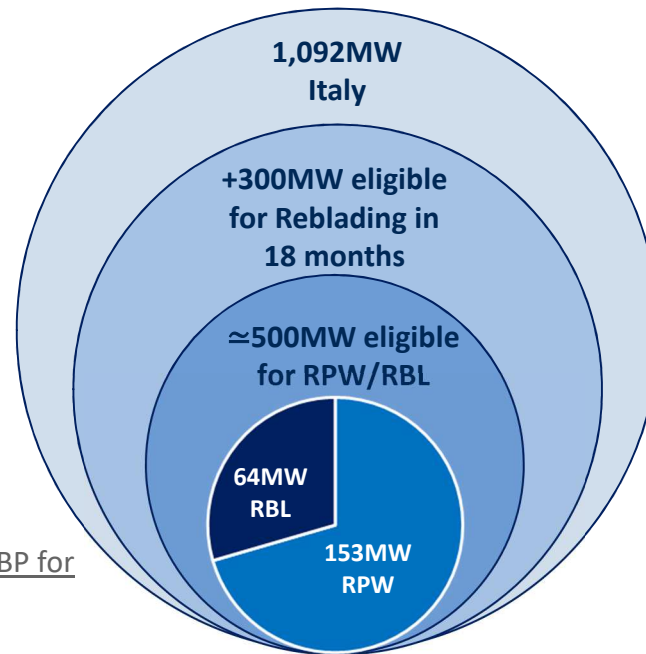


APPENDIX





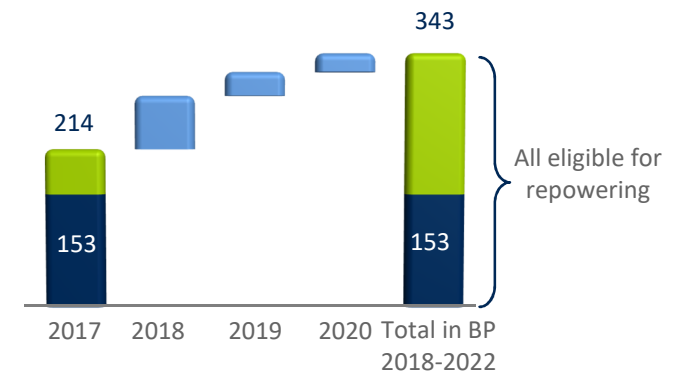
REPOWERING & REBLADING



Criteria to include MW in BP for Reblading:

- Incentives beyond BP
- technology fitting to V47 technology
- quite comfortable success rates
- low double digit returns

MW ending incentives in the Plan period



Criteria to include MW in BP for Repowering:

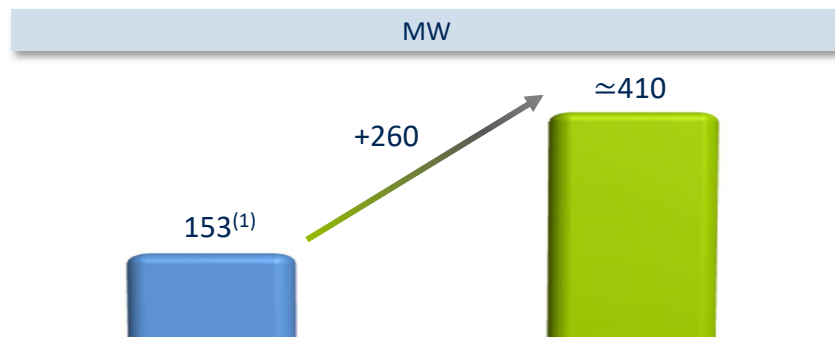
- end of incentives
- technology below 1MW
- quite comfortable success rates
- low double digit returns

Repowering & Reblading as a way to exploit asset base with new technologies and extend its technical life
Flexible investment plan potentially upgradable

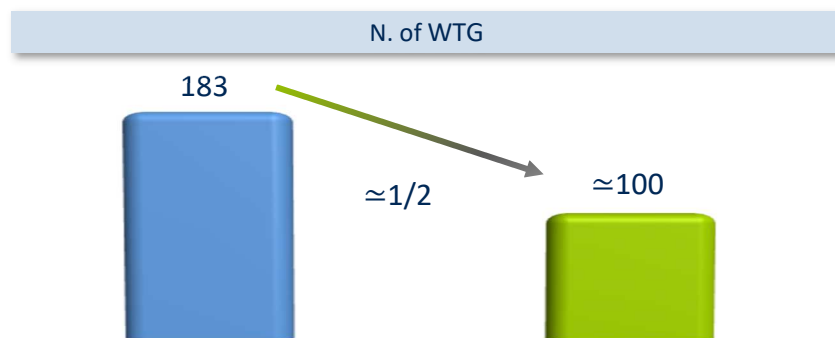
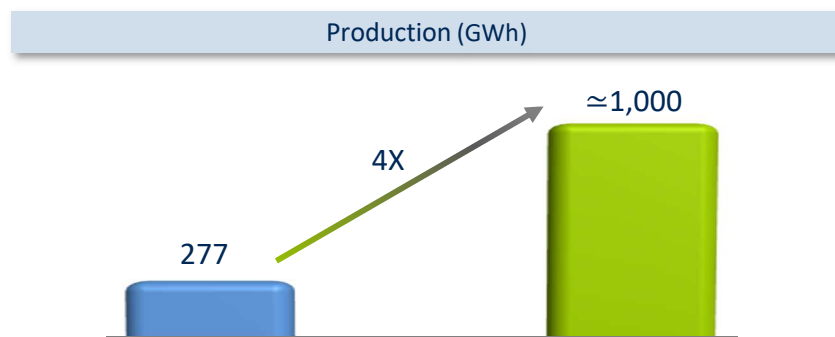


REPOWERING IN A NUTSHELL

2018-2022 CAPEX:
€402mn



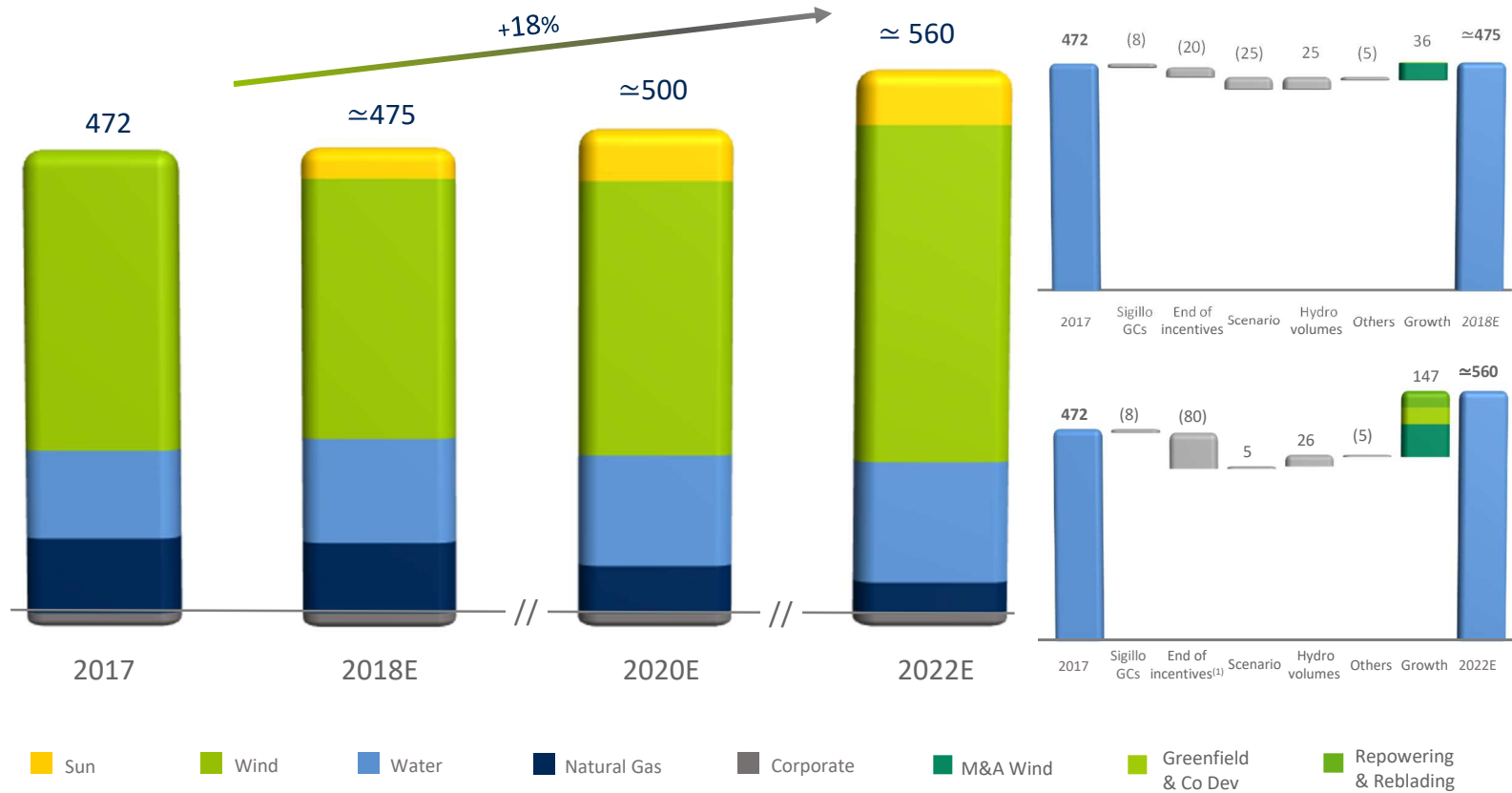
⁽¹⁾ Repowering on 6 wind farms



■ Post-Repowering
■ Pre-Repowering



2018-2022 EBITDA EVOLUTION

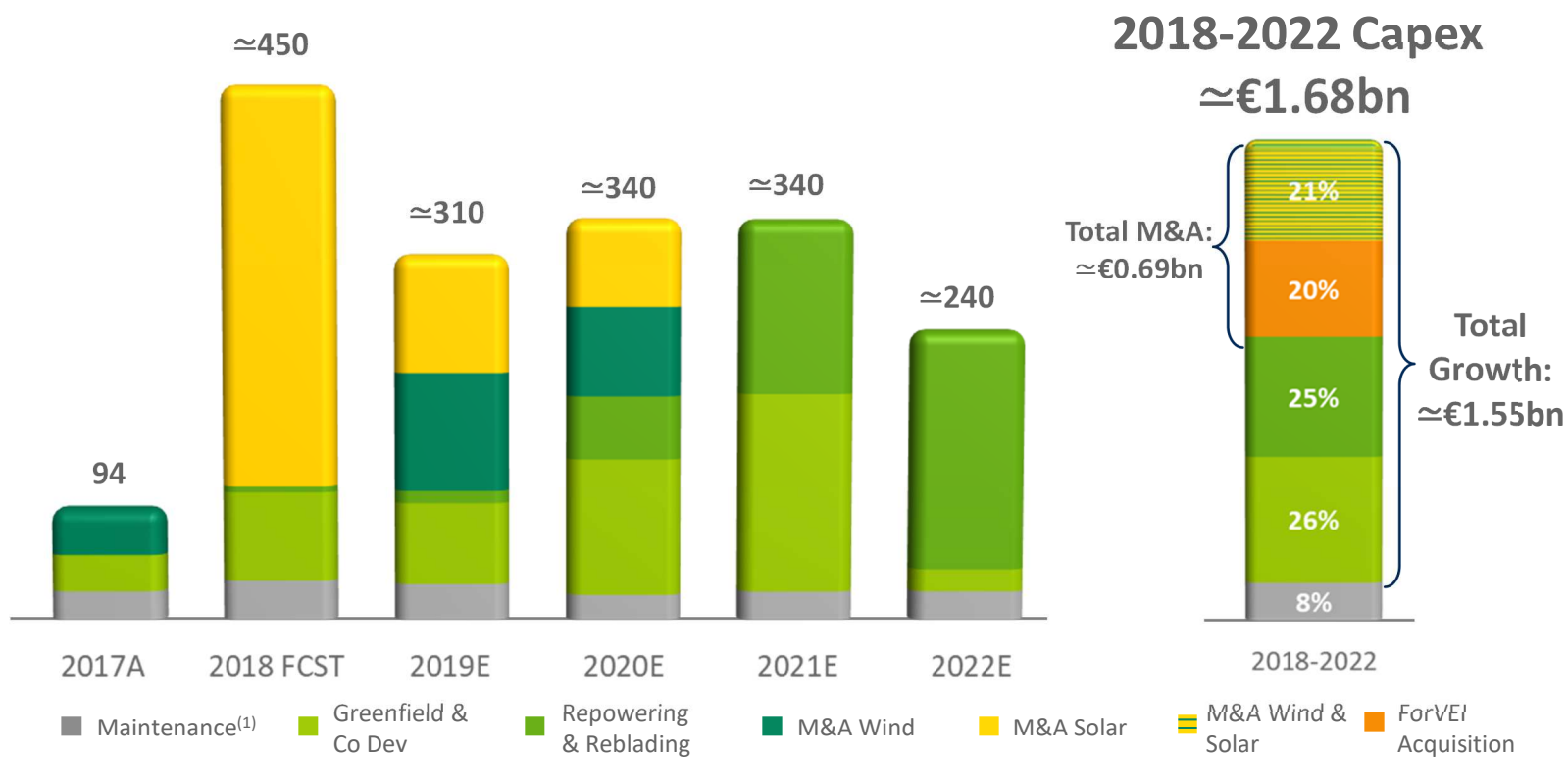


EBITDA growth based on industrial efficiency and strong rise in renewable asset base

⁽¹⁾ It includes wind incentives phasing out and white certificates termination as of 2020



CAPEX EVOLUTION



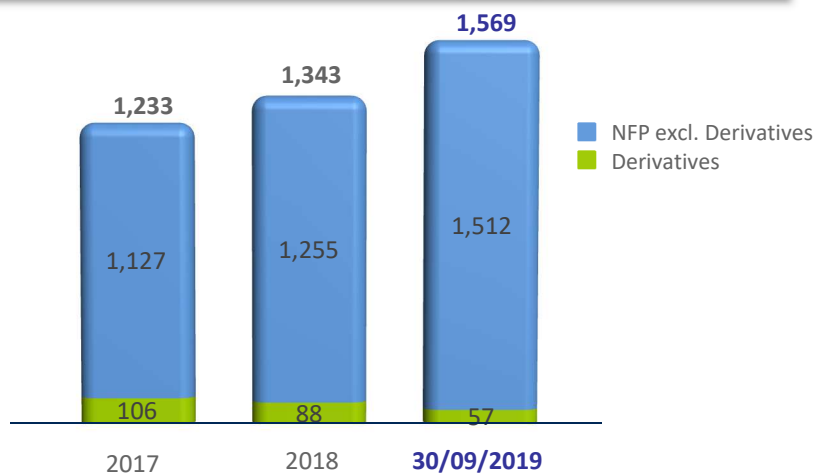
A massive and flexible investment plan for growth

⁽¹⁾ It includes CAPEX for Mini Hydro for €13mn

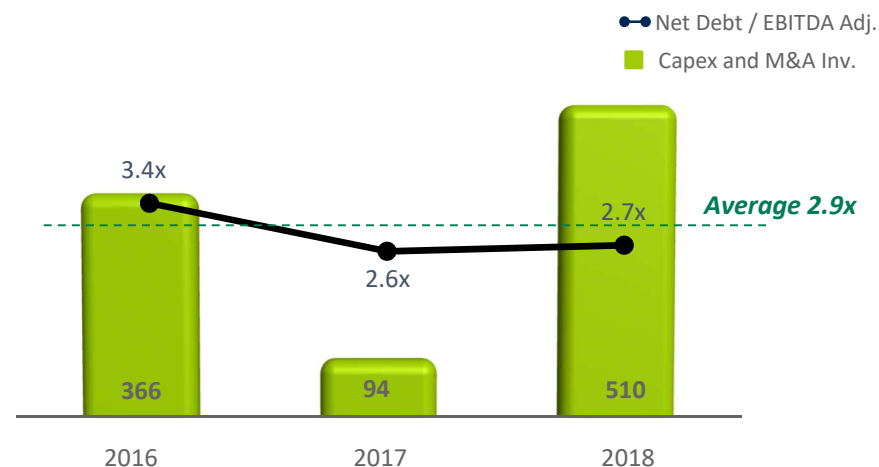
CONSERVATIVE FINANCIAL POLICY



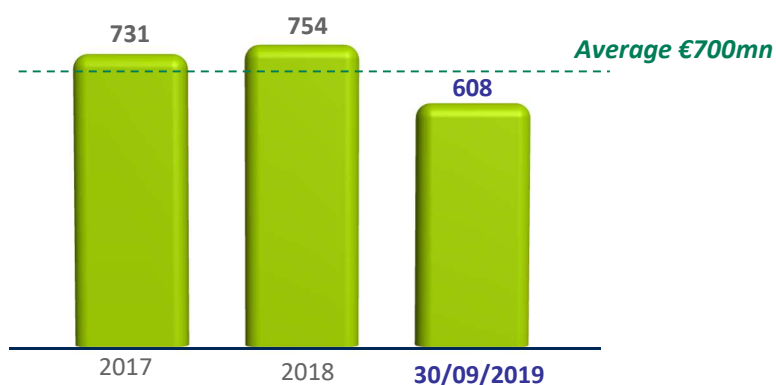
Net Debt Evolution (€ mn)



Net Debt/EBITDA Ratio and Capex Evolution



Liquidity Evolution (€ mn) ⁽¹⁾



Conservative financial policy focused on:

- consolidated Net debt / EBITDA to be **less than 3.0x**
- limited maintenance capex offering the flexibility to deleverage quickly when necessary (e.g. 2017)
- maintaining a solid liquidity profile with an average of €700m in the last three years

Prudent financial policy coupled with sizeable bulk of liquidity

⁽¹⁾ Liquidity is equal to the following components of the Net Financial Position: (i) short-term banking liabilities (ii) cash and cash equivalent



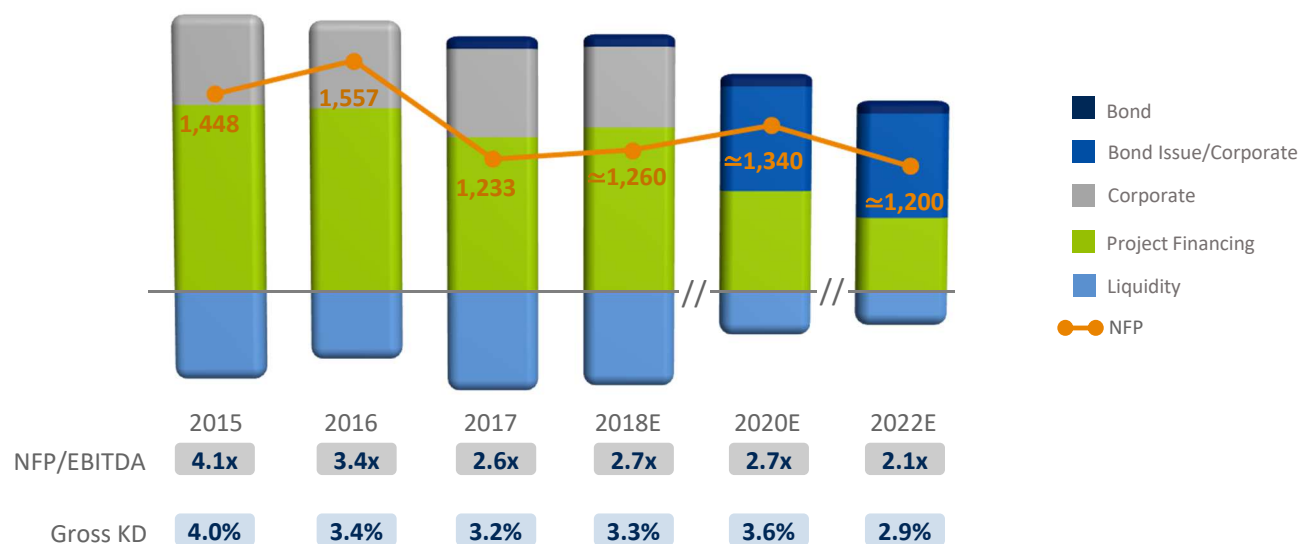
ERG 2018-2022: FINANCIAL STRATEGY

2015-2017 achievements

- 1 ERG Hydro Acquisition Loan = €700mn
- 2 DCM Debut – Private Placement = €100mn
- 3 New Funding Asset Base = €290mn
- 4 Liability Management = €670mn

... 2018-2022 Financial Strategy

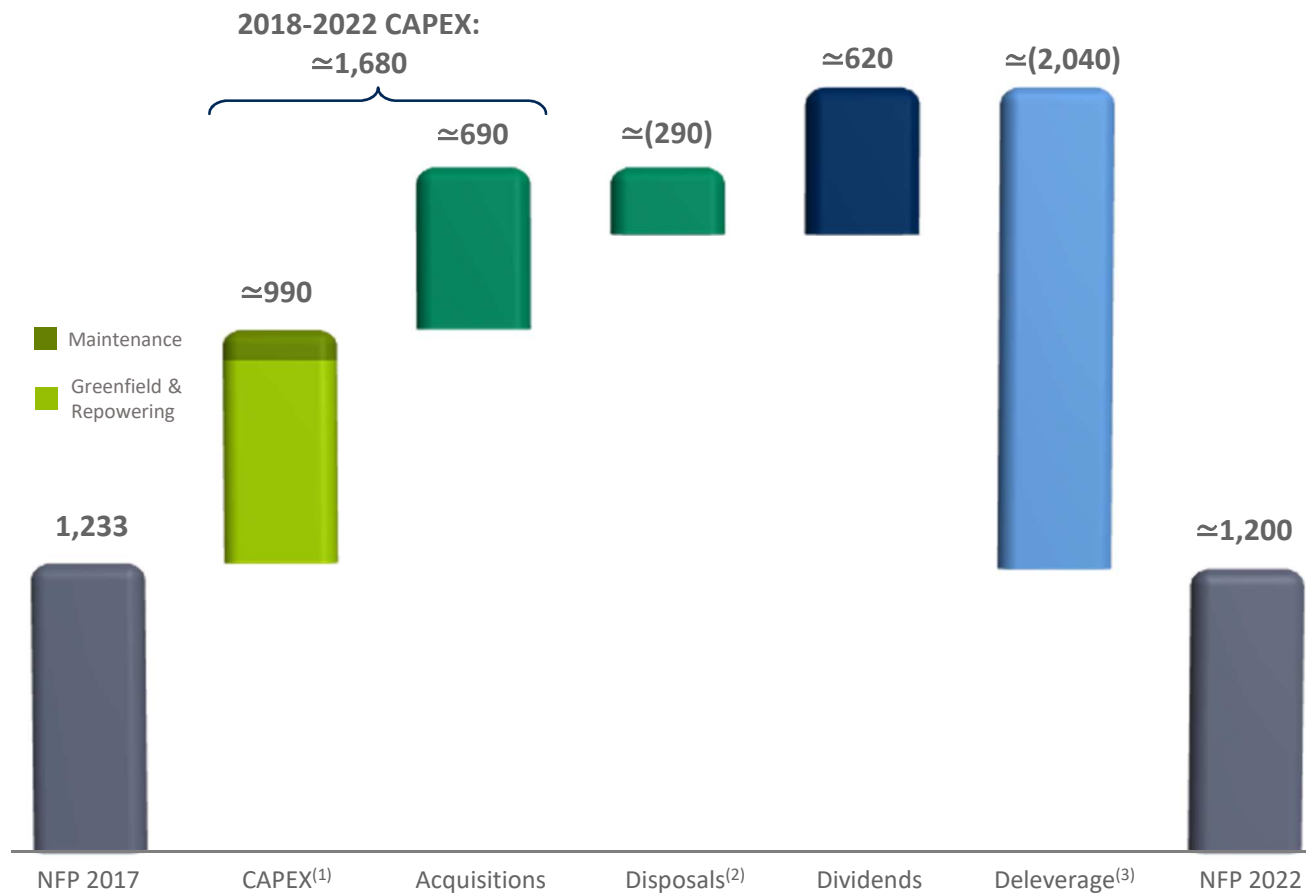
- 1 Corporate Loan / Bond Issue
- 2 Project Finance for incentivized assets
- 3 Liability Management



From an Asset based financing
to a Corporate/Debt Capital Market based financing



STRONG CASH GENERATION



Average annual FCF Yield⁽⁴⁾ at 16% in the plan period

⁽¹⁾ CAPEX includes Greenfield & co Development and Repowering

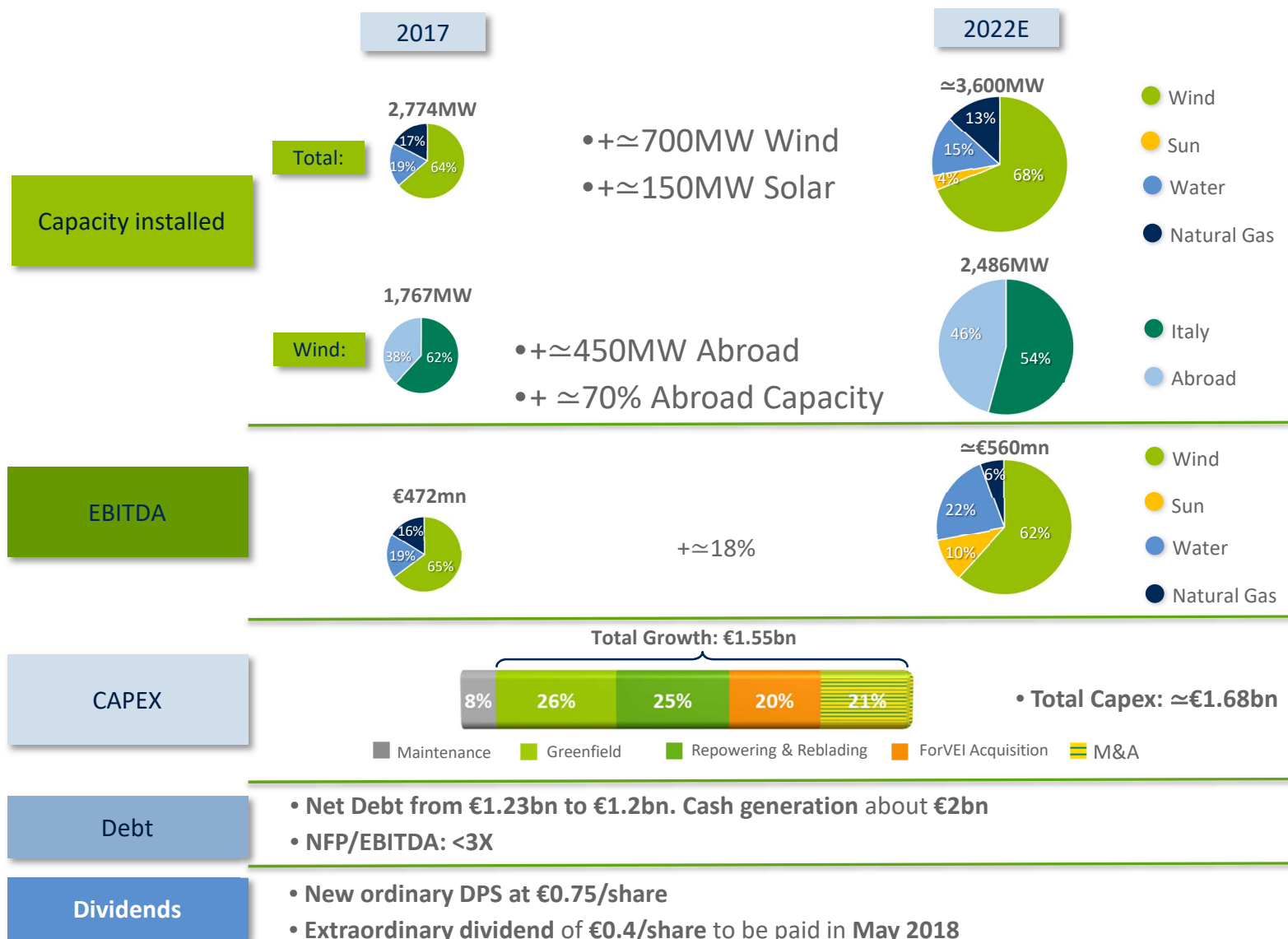
⁽²⁾ Disposals include: 2018 proceeds related to TotalErg Disposal (€180mn) and Brockaghboy wind farm disposal (ca. €108mn)

⁽³⁾ It includes net working capital, taxes and net financial costs

⁽⁴⁾ FCF Yield: EBITDA after working capital, taxes and net financial costs, deducted maintenance CAPEX, on market cap (share price at €16.4)



KPI IN THE PLAN PERIOD





MANAGEMENT PROFILES





ALESSANDRO GARRONE

EXECUTIVE DEPUTY CHAIRMAN



Born in Genoa on 28th April 1963, he graduated in Economics in 1991. He is married since 1989, and has three children.

Since April 2012 he has been **Executive Deputy Chairman** and **Chairman of the Strategic committee of ERG S.p.A.**

Since April 2015 he has been **Director responsible for overseeing the internal control and risk management system.**

From April 2012 to April 2016 Chairman of the Board of Directors of ERG Renew S.p.A.

From December 2002 to April 2012 Chief Executive Officer of ERG S.p.A.

From August 2002 to December 2002 Central Finance and Control Manager of ERG S.p.A.

From January 1999 to December 2001 he was responsible for Refining Management Control, within the Management Control Department

From January 1997 to December 1998, at ERG Petroli S.p.A. in Genoa, he took on assignments regarding the company restructuring, in connection with the company's quotation on the Stock Exchange.

Starting from 1988 to 1996 he held different positions within the ERG Group, managing international relations (at ERG Petroleum USA), dealing with operative programming of the Group refineries and Management Control (at ISAB S.p.A.), as well as ship freighting and crude oil purchasing for the Supply and Sales Management Department at ERG Petroli S.p.A.

Other positions currently held:

Chairman of Edoardo Garrone Foundation, Chairman of MUS-E Italia, Honorary Consul of Mexico in Genoa, Director of Banca Passadore & C. S.p.A., Vice Chairman of AIDAF Board of Directors (The Italian Association of Family Businesses).

Previous positions:

Vice Chairman of ERG Petroli S.p.A., Chairman of Garrone S.p.A., Chairman of Creditonline S.p.A., Director of BPC S.p.A., Member of the Executive Committee of BPC S.p.A., Vice President of i-Faber S.p.A., Director of FinecoBank, Director of MutuiOnline Group, Member of the Energy and Petroleum Trade Union Committee.

Sports and hobbies: Ski-ing, mountaineering, trekking, hunting, cycling; airplane pilot.

EMANUELA DELUCCHI – HEAD OF IR



Born in Genoa on 18th December 1975, she graduated in Economics from the University of Genoa in March 1999. She joined the ERG Group in February 2008 where she is currently Head of IR, reporting directly to the Corporate General Manager & CFO.

Other positions held in the past:

From February 2008 to January 2011 she was Head of IR and Planning & Control at ERG Renew.

She previously worked for 3 years as a financial analyst covering the Italian Utilities & Motorways sectors at Intermonte, a leading brokerage firm owned by the Monte dei Paschi Banking Group.

Prior to that she was a financial analyst covering European Utilities & Motorways sector at Lehman Brothers.

She is married, with three children.