



# 2022 RESULTS AND STRATEGY UPDATE IR DAY

15 March 2023

## **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 non 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

- ❑ **Welcome and Agenda** - Emanuela Delucchi, Chief ESG, IR & Comm.
- ❑ **2022: another year of strong execution** - Paolo Merli, CEO:
  - Key Figures
  - Recent developments
- ❑ **Results review** - Michele Pedemonte, CFO:
  - Business environment
  - 2022 Production & EBITDA
  - Investments
  - Key Financials
- ❑ **2022-2026 Business Plan update** - Paolo Merli, CEO:
  - A context of high volatility
  - 2022-2026 Strategy confirmed
- ❑ **Capital structure** - Michele Pedemonte, CFO
- ❑ **ESG always at the core** - Emanuela Delucchi, Chief ESG, IR & Comm.
- ❑ **2023 Guidance & conclusions** - Paolo Merli, CEO

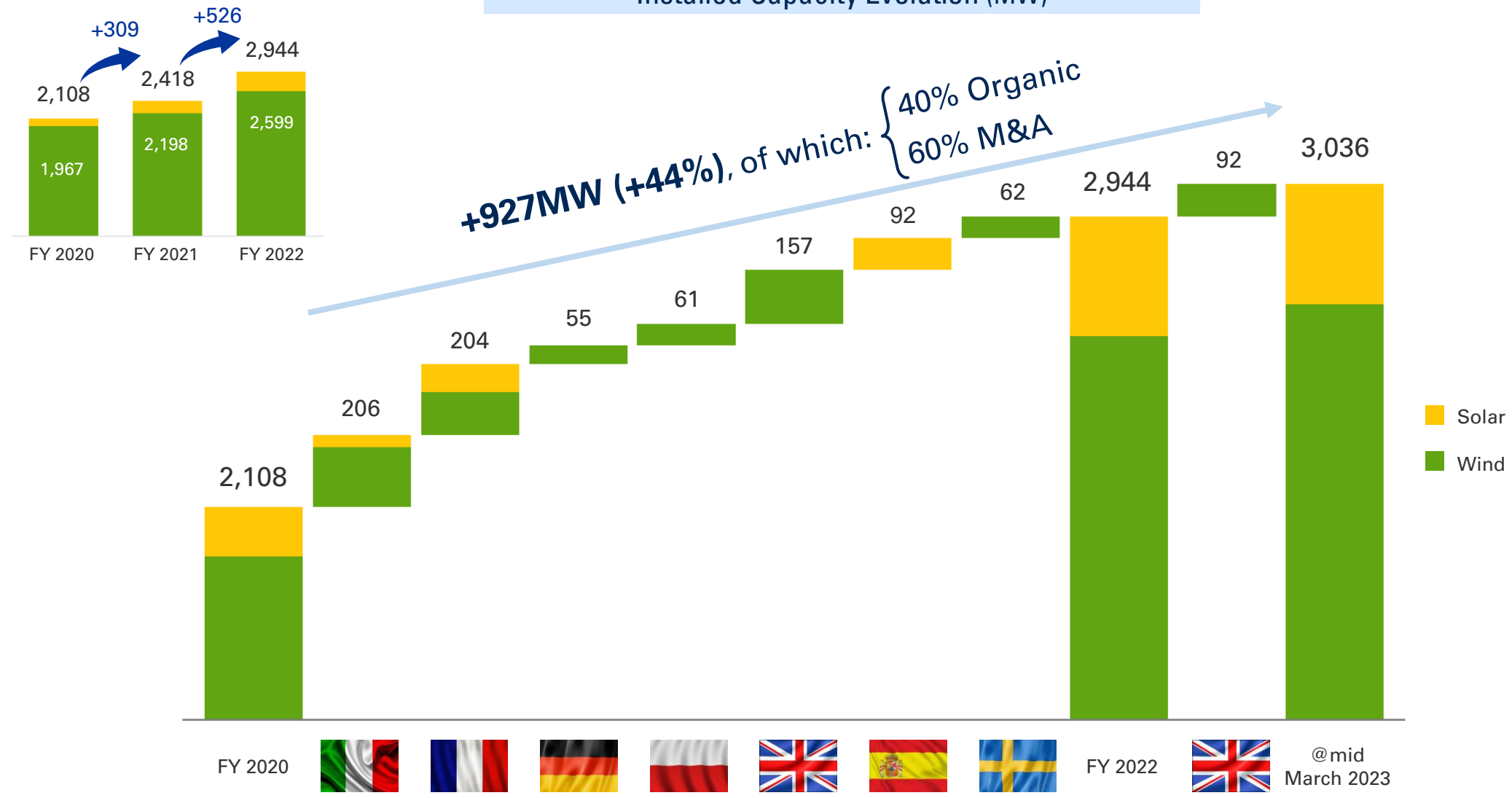


# 2022: ANOTHER YEAR OF STRONG EXECUTION

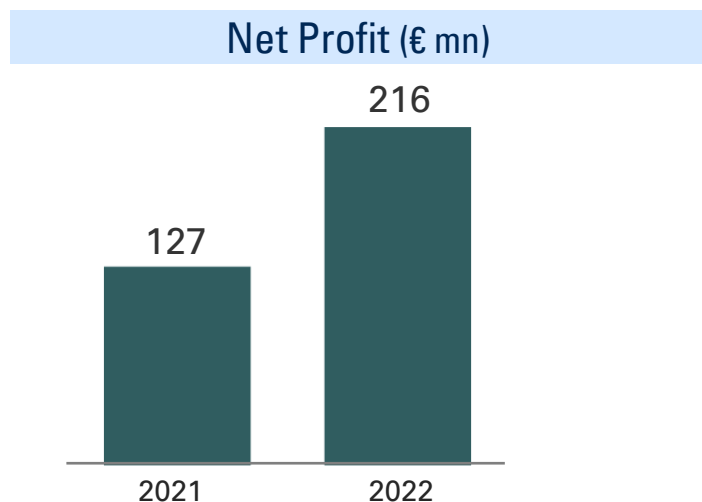
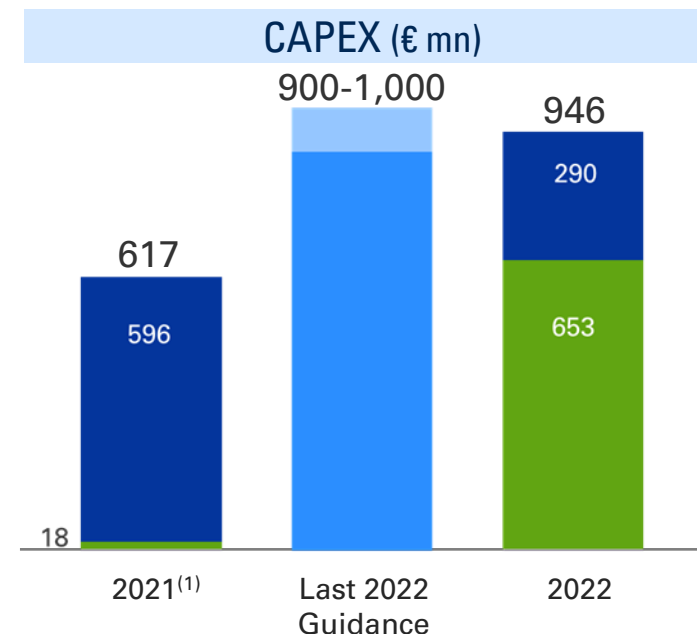
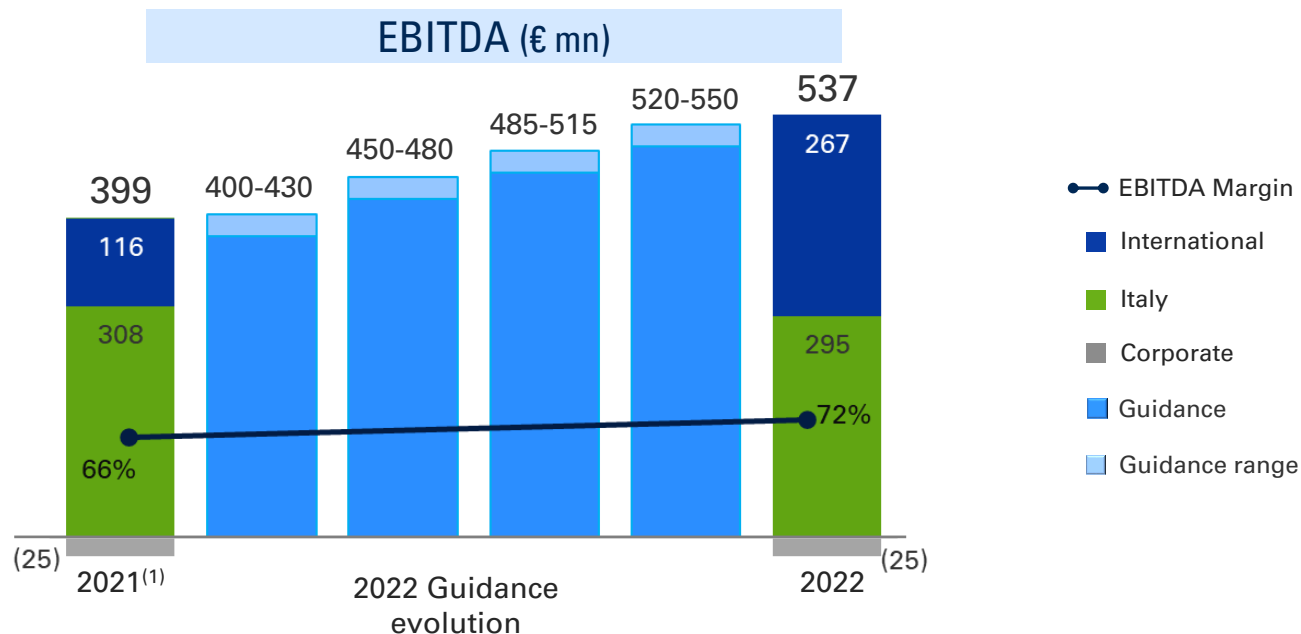
Paolo Merli - CEO

# SIGNIFICANT EXECUTION FROM 2020 TO DATE

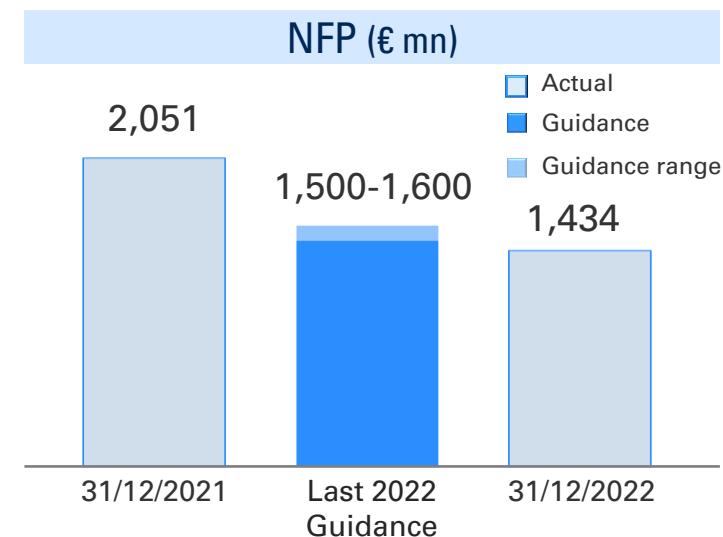
Installed Capacity Evolution (MW)



# A STRONG SET OF RESULTS IN 2022



Dividend from  
€0.9/sh  
to €1/sh



**Strong results driven by larger installed capacity**

<sup>(1)</sup> 2021 figures do not include Hydro and CCGT results, which are accounted under IFRS5 amongst the assets disposed/under disposal

# ACHIEVEMENTS IN 2022/EARLY 2023

## Growth



Built up 320MW in France (20MW), UK (178MW), Poland (60MW) and Sweden (62MW)



Pursuing Solar diversification: +151MW, in Spain (117MW) and in Italy (34MW)



Further consolidation in Wind in Italy through a 172MW good quality assets acquisition

## Revenue Securitization



Signed 2 PPAs for ca. 500GWh: in UK with Engie and in Italy with Luxottica



Awarded auction for ca. 100MW of repowering and greenfield in Italy

## Financing



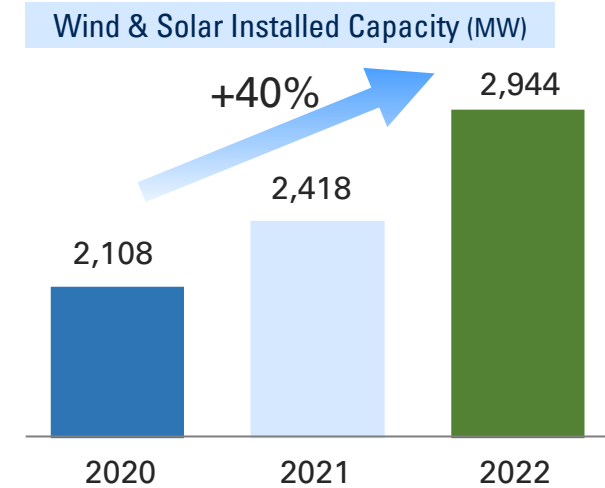
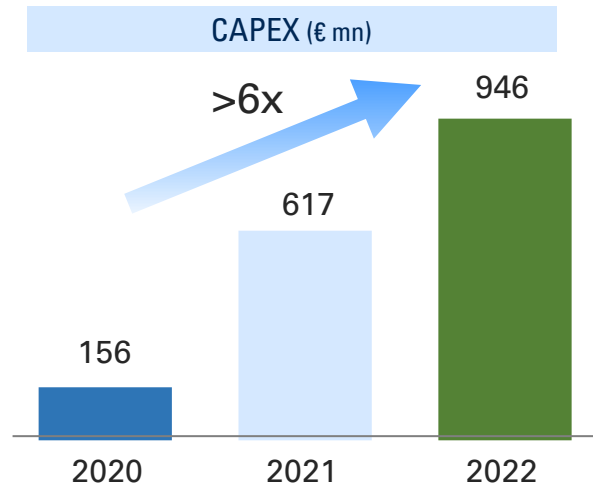
Fitch confirmed BBB- rating to reflect ERG's robust profile and diversified and clean asset base



€600mn ESG-linked revolving credit facility to increase financial flexibility of the Group

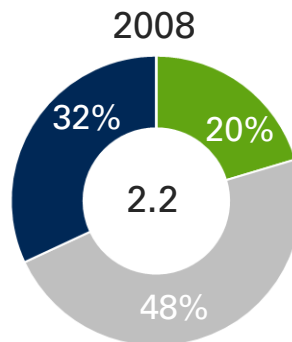
# A STRONG ACCELERATION IN OUR ENERGY TRANSITION

**STRONG EXECUTION**

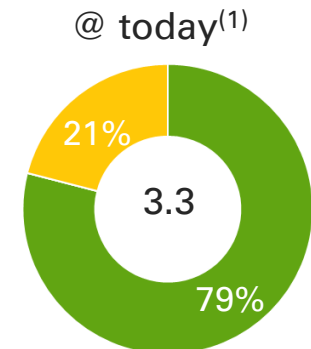
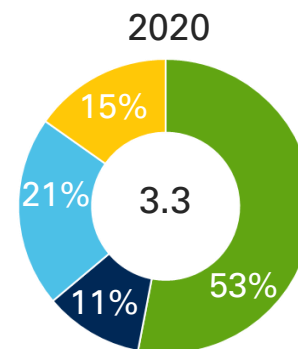


**COMPLETION OF ENERGY TRANSITION**

## Evolution of Capital Employed (€ bn)



- Solar
- Hydro
- Wind
- Natural Gas
- Oil



<sup>(1)</sup> Figures as of today do not include CCGT, which is accounted in FY 2022 under IFRS5 amongst the assets under disposal

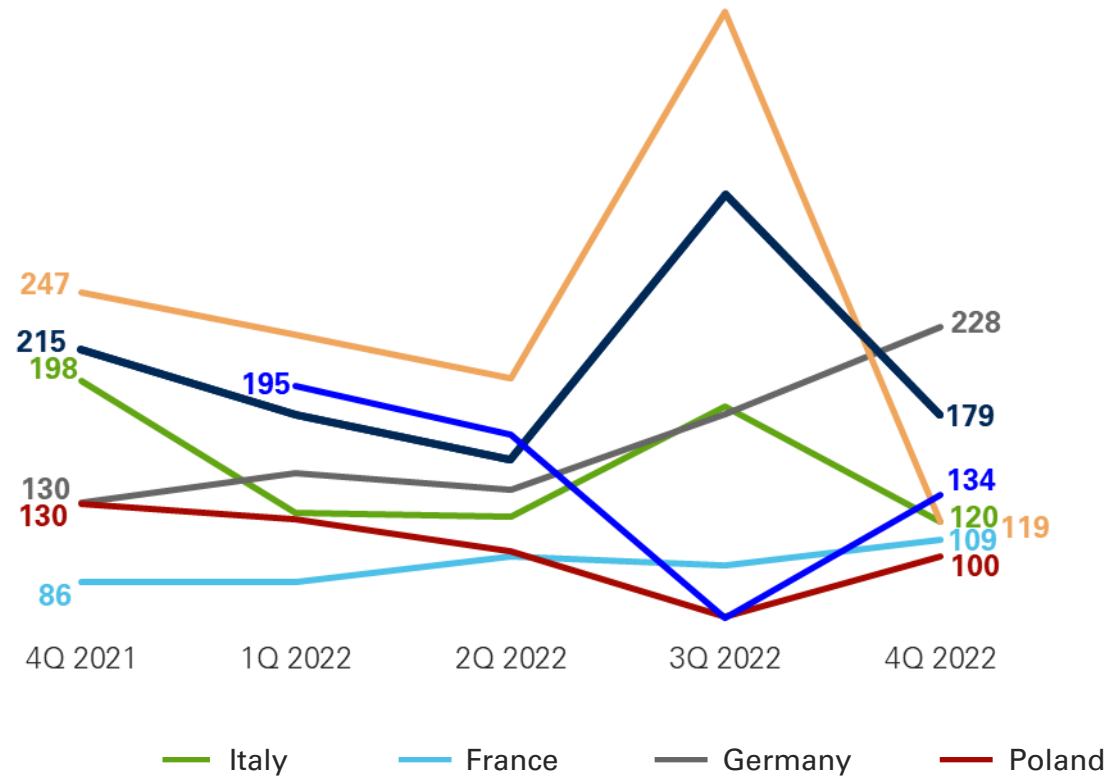


# RESULTS REVIEW

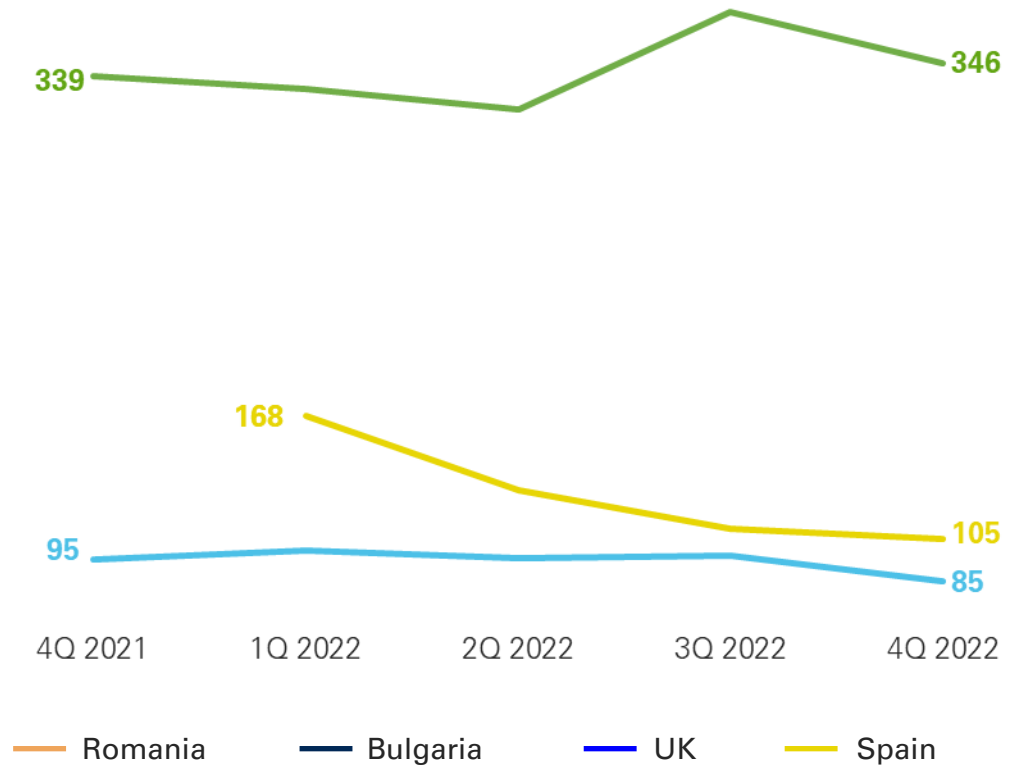
Michele Pedemonte - CFO

# BUSINESS ENVIRONMENT

All-in Wind Prices<sup>(1)</sup> (€/MWh)



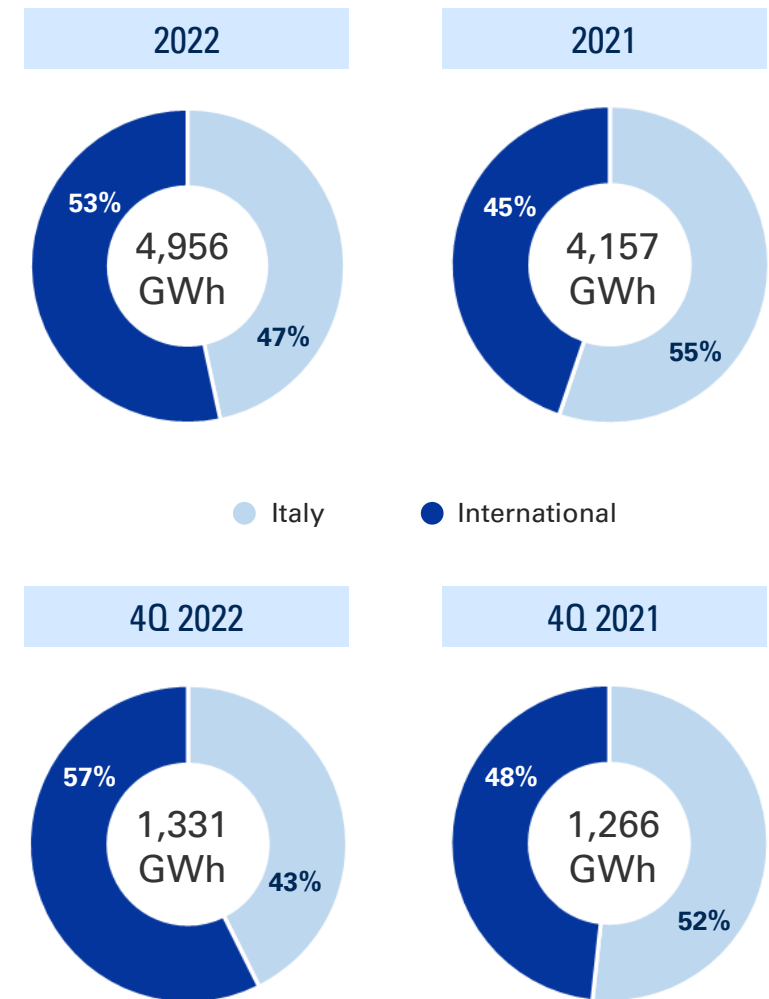
All-in Solar Prices<sup>(1)</sup> (€/MWh)



<sup>(1)</sup> Prices before application of clawback measures

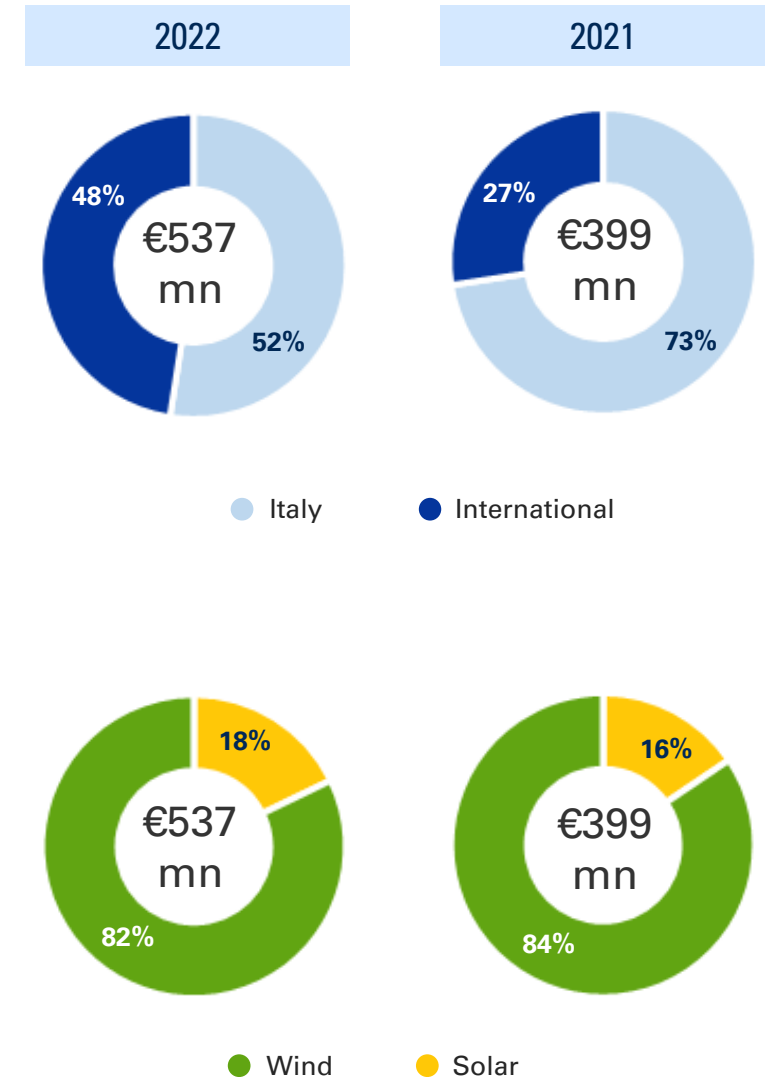
# A SNAPSHOT OF FY AND 4Q 2022 RESULTS: PRODUCTION

2022	2021	Δ		Energy Production (GWh):	4Q 2022	4Q 2021	Δ
2,312	2,295	17		Italy:	567	655	(87)
<i>2,062</i>	<i>2,078</i>	<i>(16)</i>		• Wind	<i>529</i>	<i>625</i>	<i>(95)</i>
<i>250</i>	<i>216</i>	<i>33</i>		• Solar	<i>38</i>	<i>30</i>	<i>8</i>
1,076	889	187		France:	343	292	51
<i>982</i>	<i>865</i>	<i>117</i>		• Wind	<i>331</i>	<i>277</i>	<i>54</i>
<i>94</i>	<i>24</i>	<i>70</i>		• Solar	<i>11</i>	<i>15</i>	<i>(4)</i>
556	428	129		Germany - Wind:	153	149	5
615	546	69		East Europe - Wind:	160	171	(10)
<i>256</i>	<i>216</i>	<i>40</i>		- Poland	<i>79</i>	<i>74</i>	<i>5</i>
<i>203</i>	<i>181</i>	<i>22</i>		- Romania	<i>45</i>	<i>51</i>	<i>(6)</i>
<i>155</i>	<i>148</i>	<i>7</i>		- Bulgaria	<i>37</i>	<i>46</i>	<i>(9)</i>
226		226		UK - Wind:	81		81
<i>171</i>		<i>171</i>		Spain - Solar:	<i>26</i>		<i>26</i>
<b>4,956</b>	<b>4,157</b>	<b>799</b>		<b>Total Energy Production</b>	<b>1,331</b>	<b>1,266</b>	<b>65</b>
903		903		of which, Perimeter effect:	239		239
<i>636</i>		<i>636</i>		• Wind	<i>204</i>		<i>204</i>
<i>267</i>		<i>267</i>		• Solar	<i>35</i>		<i>35</i>



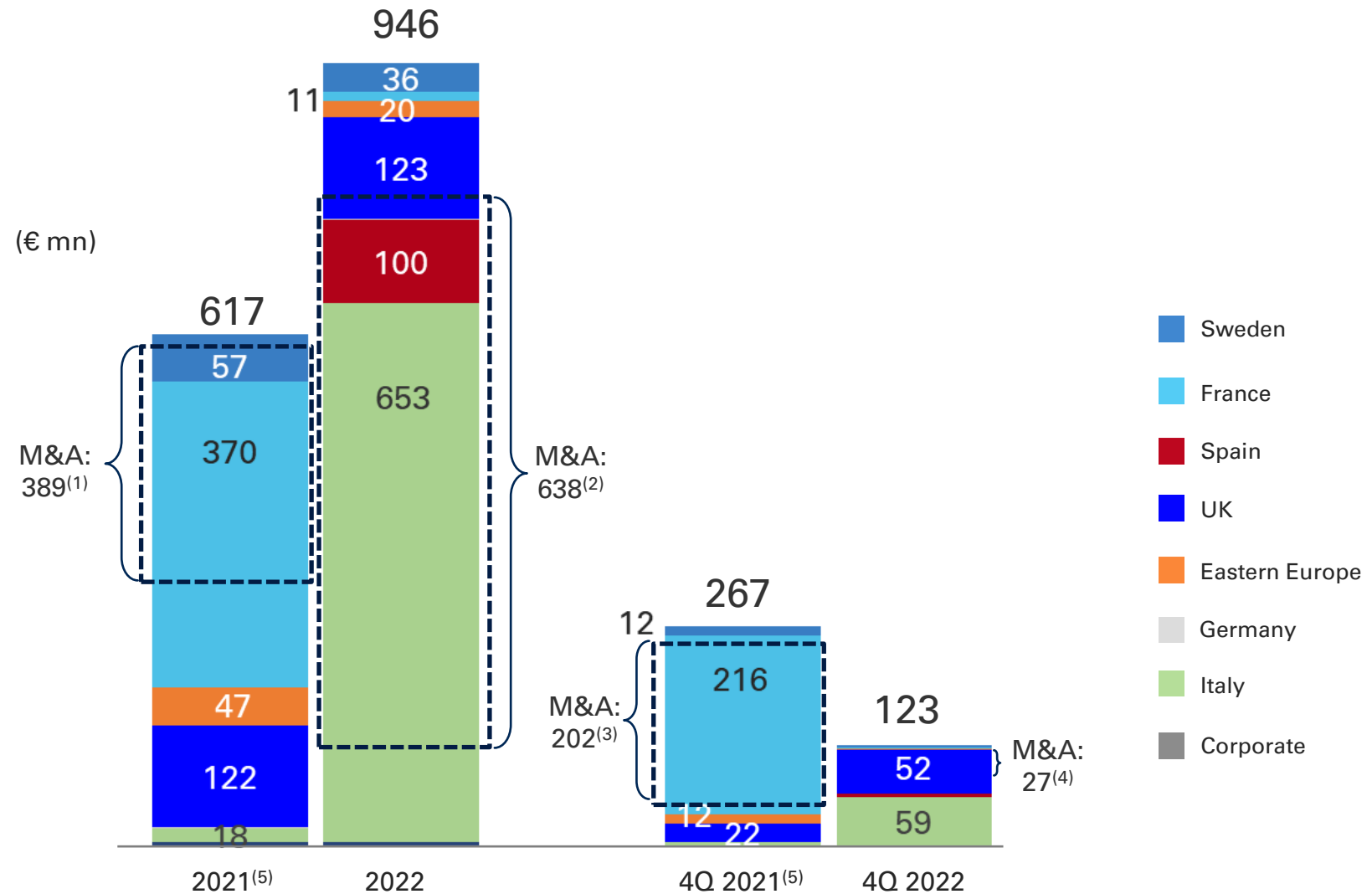
# A SNAPSHOT OF FY AND 4Q 2022 RESULTS: EBITDA

2022	2021	Δ		Adjusted EBITDA (€ mn):	4Q 2022	4Q 2021	Δ
295	308	(13)		Italy:	55	106	(51)
<i>218</i>	<i>243</i>	<i>(25)</i>		• Wind	<i>46</i>	<i>98</i>	<i>(52)</i>
<i>77</i>	<i>65</i>	<i>12</i>		• Solar	<i>10</i>	<i>8</i>	<i>2</i>
63	45	17		France:	26	15	10
<i>58</i>	<i>44</i>	<i>14</i>		• Wind	<i>26</i>	<i>14</i>	<i>11</i>
<i>5</i>	<i>1</i>	<i>4</i>		• Solar	<i>(0)</i>	<i>1</i>	<i>(1)</i>
72	28	44		Germany - Wind:	29	13	16
90	45	45		East Europe - Wind:	16	20	(5)
<i>19</i>	<i>16</i>	<i>3</i>		- Poland	<i>6</i>	<i>8</i>	<i>(2)</i>
<i>44</i>	<i>21</i>	<i>23</i>		- Romania	<i>4</i>	<i>11</i>	<i>(7)</i>
<i>28</i>	<i>8</i>	<i>19</i>		- Bulgaria	<i>6</i>	<i>1</i>	<i>5</i>
24	(2)	26		UK - Wind:	6	(1)	7
18		18		Spain - Solar:	2	0	2
(25)	(25)	0		Corporate:	(8)	(8)	1
<b>537</b>	<b>399</b>	<b>138</b>		<b>Total Adjusted EBITDA<sup>(1)</sup></b>	<b>126</b>	<b>145</b>	<b>(19)</b>
118		118		of which, Perimeter effect:	28		28
<i>83</i>		<i>83</i>		• Wind	<i>23</i>		<i>23</i>
<i>35</i>		<i>35</i>		• Solar	<i>4</i>		<i>4</i>



<sup>(1)</sup> It does not include CCGT Adj. EBITDA, amounting to €56mn (vs. €29mn in 2021) and €4mn (vs. €0mn in 4Q 2021)

# INVESTMENTS



(1) M&A CAPEX related to Erik wind acquisition in Sweden (€41mn), plus Joran wind and solar acquisition in France (€124mn and €23mn respectively), and Ventoux wind and solar acquisition in Germany and France (for a total amount of €202mn)

(2) M&A CAPEX related to Valentia solar acquisition in Spain (€100mn), plus Siena solar acquisition (€115mn) and Donatello wind acquisition (€396mn), both of them in Italy, and Corlacky wind acquisition in UK (€27mn)

(3) M&A CAPEX related to Ventoux wind and solar acquisition in Germany and France (for a total amount of €202mn)

(4) M&A CAPEX related to Corlacky wind acquisition in UK (€27mn)

(5) 2021 figures on pro-forma basis (Wind & Solar only)

# Key Financials

# ADJUSTED P&L

2022	2021	Euro millions	4Q 2022	4Q 2021
537	399	Adjusted EBITDA	126	145
(229)	(201)	Amortization and depreciation	(63)	(53)
308	198	Adjusted EBIT	64	92
(25)	(29)	Net financial income (expenses)	(7)	(6)
0	0	Net income (loss) from equity investments	0	(0)
284	169	Adjusted Results before taxes	57	86
(67)	(42)	Income taxes	(14)	(26)
216	127	Adjusted Results on continued operations	43	60
20	77	Adjusted Results on discontinued operations <sup>(2)</sup>	(1)	11
236	203	Adjusted Results for the period	42	72
(4)	(2)	Minority interests	0	0
232	202	Adjusted Net Profit	42	72
24%	25%	Tax Rate	24%	30%



Of which CCGT Results (€ mn)				
2022	2021	Euro millions	4Q 2022	4Q 2021
56	29	Adjusted EBITDA	5	0
(32)	(31)	Depreciation	(8)	(9)
25	(2)	Adjusted EBIT	(4)	(9)
19	(1)	Net Income	(2)	(6)

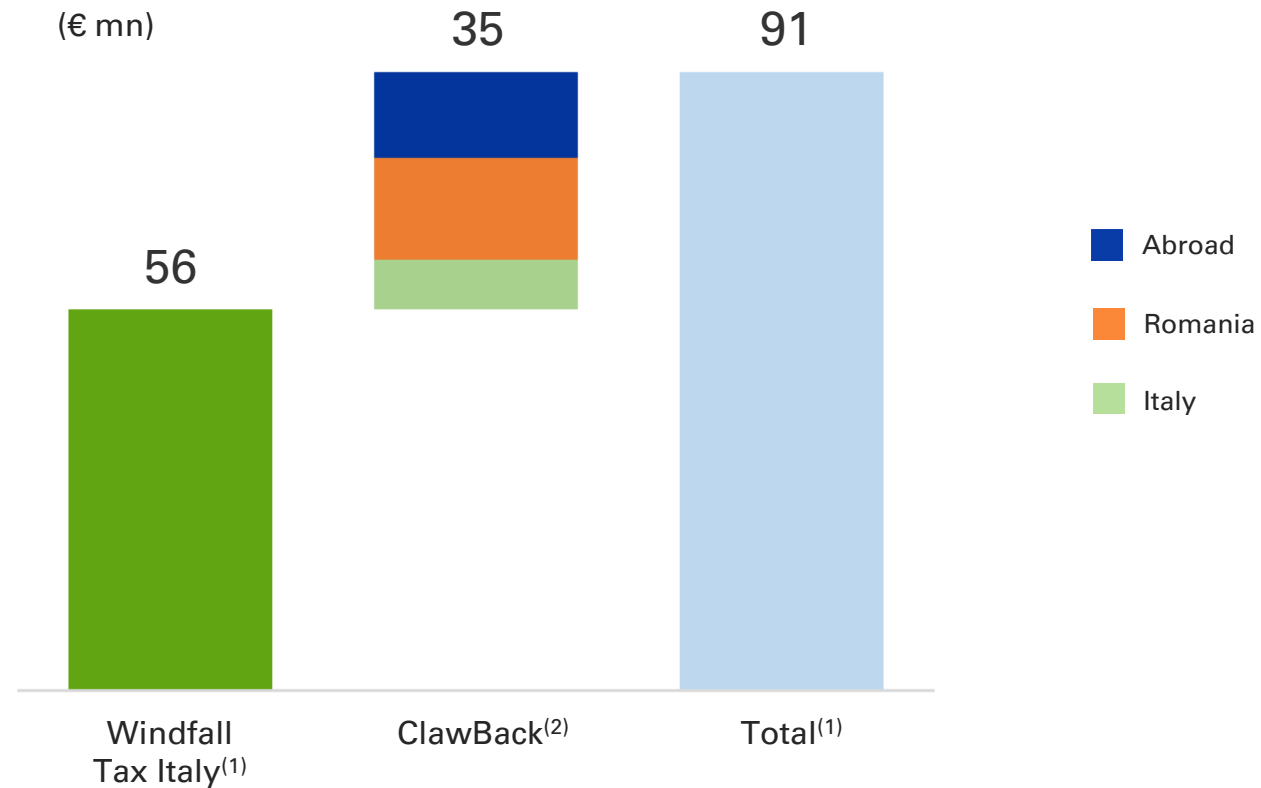


Note: figures based on NO GAAP measures

<sup>(1)</sup> 2021 figures on pro-forma basis (Wind & Solar only)

<sup>(2)</sup> 2022 figures refer to CCGT Results, whilst 2021 figures include both CCGT and Hydro Results

# TOTAL IMPACT ON 2022 P&L FROM EXTRAORDINARY MEASURES



## Items accounted as non recurring items

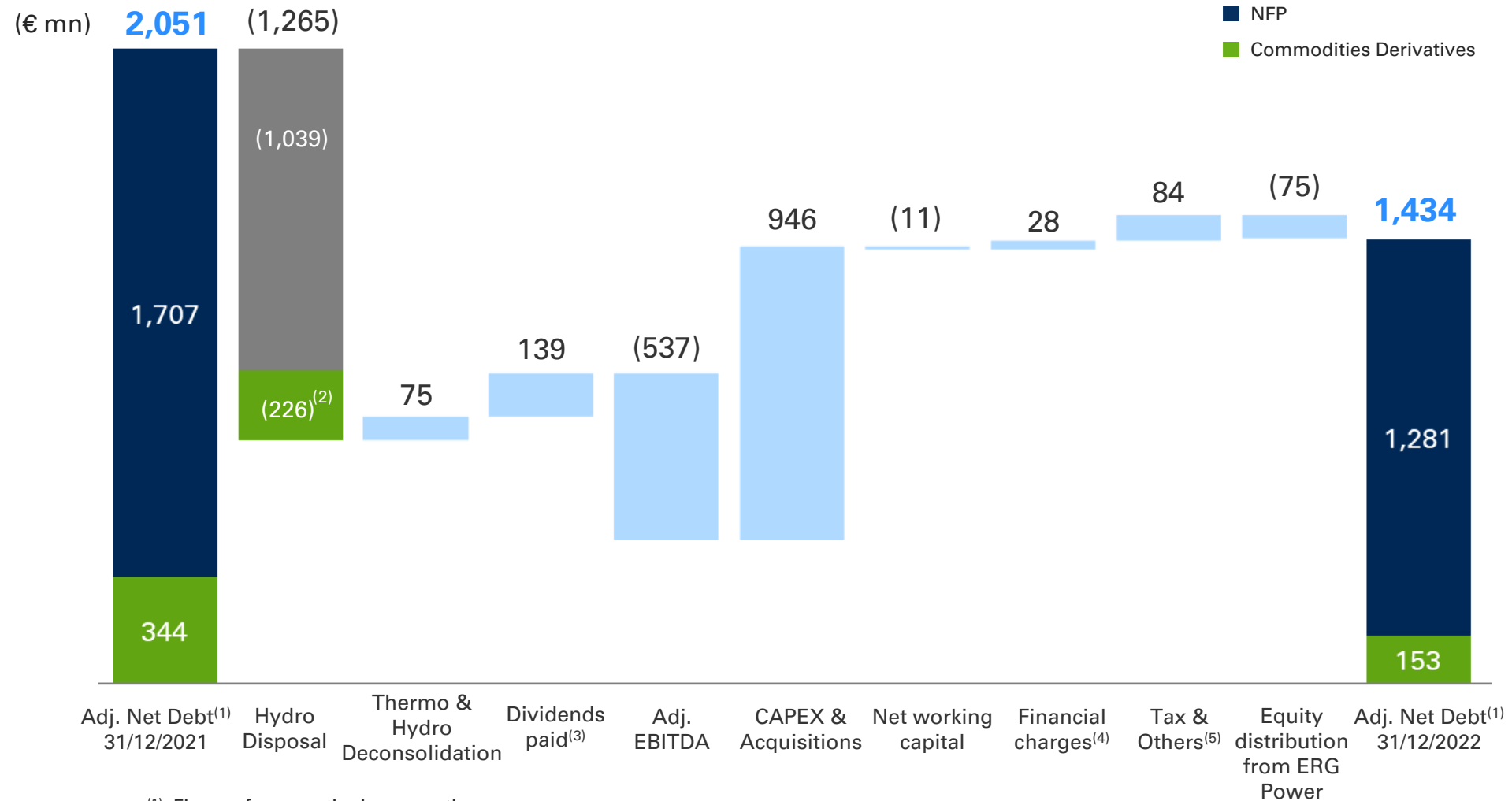
<sup>(1)</sup> It does not include Windfall Tax on CCGT (€4mn)

<sup>(2)</sup> It refers for €7mn to Italy, for €15mn to Romania and for €12mn to other countries abroad.

Note: 4Q 2022 figures are as follows: Windfall Tax Italy = €19mn, Windfall Tax Romania = €0mn (internalized in the tariff versus Q421), Price Cap = €14mn, Total 4Q 2022 windfall & clawback = €33mn



# 2022 CASH FLOW STATEMENT



(1) Figures from continuing operations

(2) It refers to €226mn of MtM derivatives transferred to ENEL with Hydro disposal

(3) It includes dividends paid to minorities

(4) It includes prepayment fee for €3mn related to corporate financing

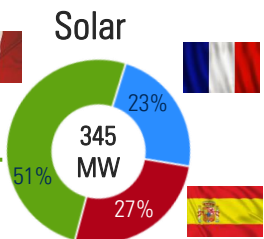
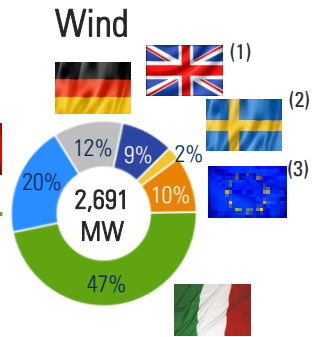
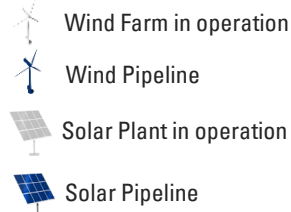
(5) It includes mainly €34mn fair value futures, -€76mn fair value IRS, €92mn tax cash-out, €15mn other reserves and €19mn others

# 2022-2026 BUSINESS PLAN UPDATE

Paolo Merli - CEO

# ERG AS OF TODAY: A SOLID PLATFORM OF ASSETS TO BOOST FUTURE GROWTH

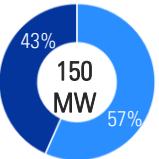
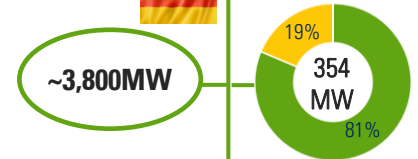
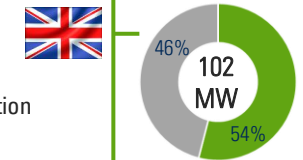
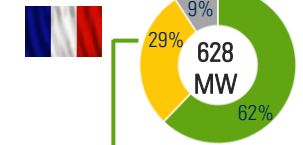
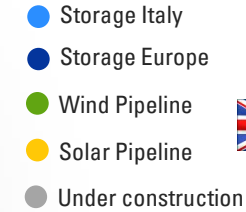
## Total installed Capacity



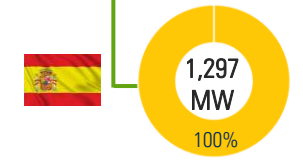
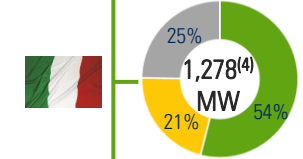
3,036MW



## Wind, Solar & Storage Pipeline



~3,800MW



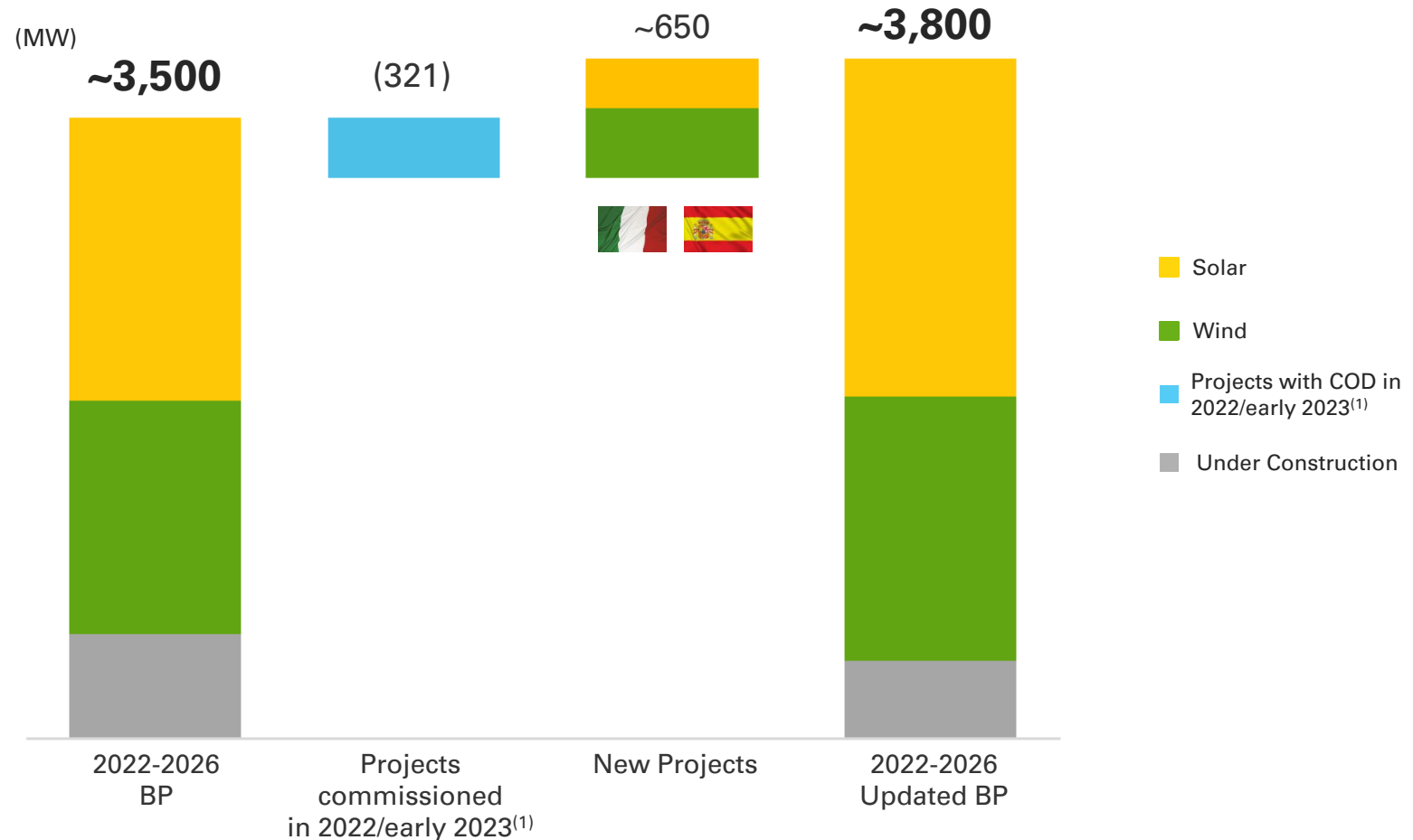
(1) It includes Creag Riabhach wind farm (92MW, commissioned on January 12, 2023) and Sandy Knowe wind farm (86MW commissioned in two phases, respectively on October 13, 2022 and on December 16, 2022)

(2) It refers to Furuby wind farm (62MW), entered into operation on November 25, 2022

(3) It refers to Poland, Romania and Bulgaria

(4) Repowering is on a gross basis

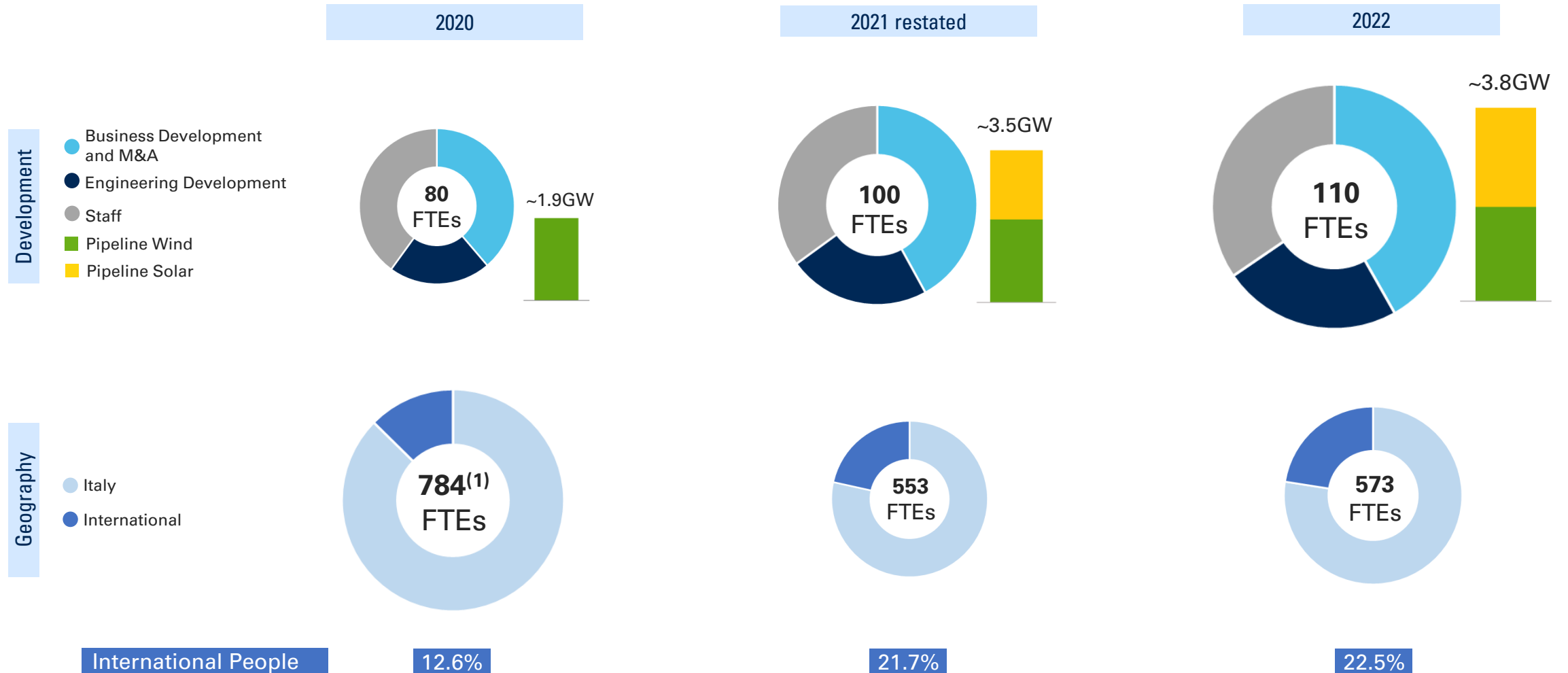
# A LARGER PIPELINE, BOOSTING SOLAR DIVERSIFICATION



**An increased and visible pipeline with expected possible COD in the next 5 years**

<sup>(1)</sup> Les Bouchats 20MW, Erik 62MW, Sandy Knowe 86MW, Piotrkow 25MW, Laszki 36MW and Creag Riabhach 92MW

# STRENGTHENING BUSINESS DEVELOPMENT TEAMS

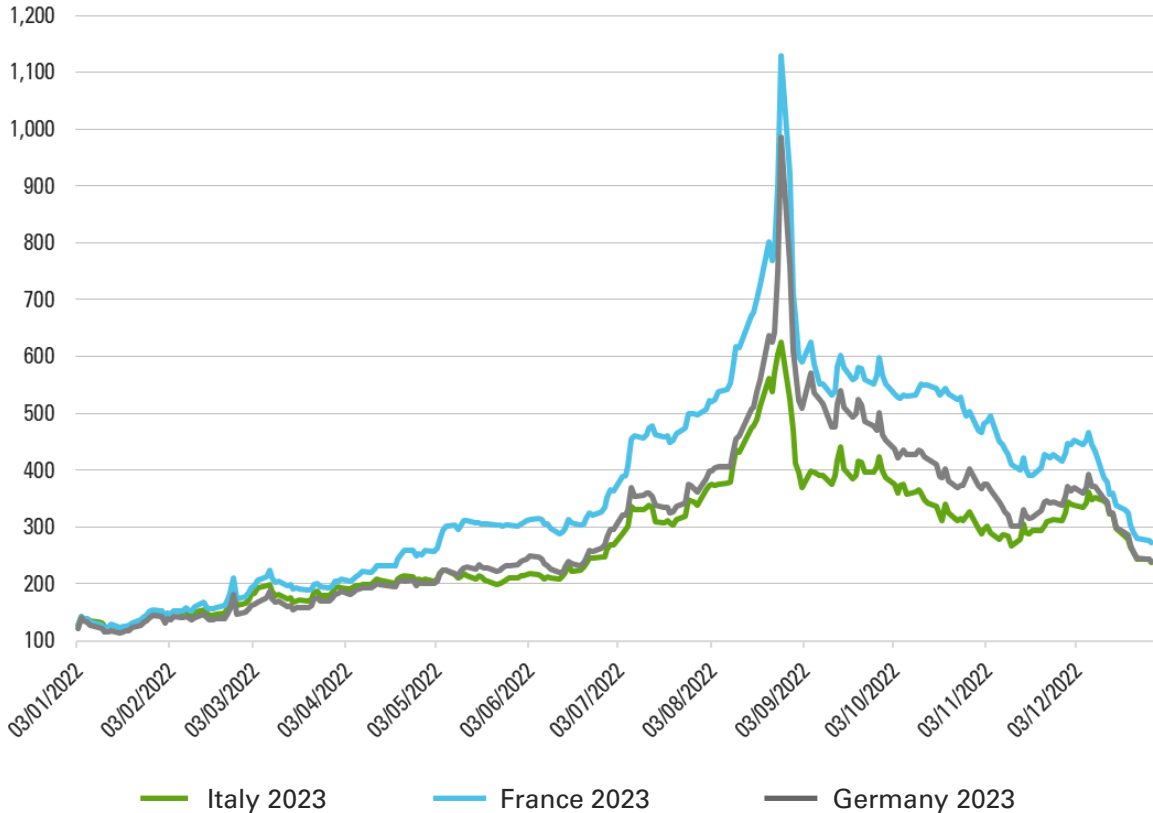


<sup>(1)</sup> FTE including CCGT & Hydro in 2020; only Wind & Solar perimeter in 2021, and 2022 following the Hydro sale and CCGT (144 FTE) accounted under IFRS5

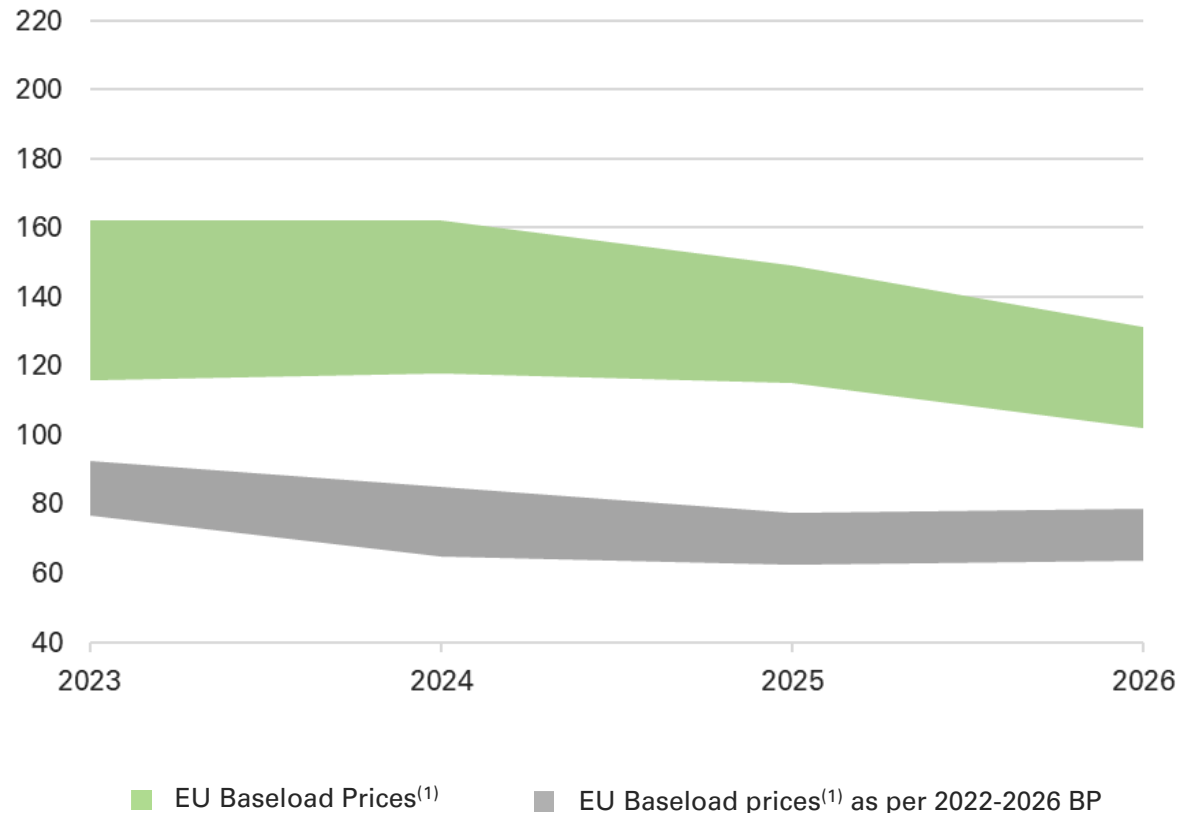
# A context of high volatility

# EXTREME VOLATILITY IN NATURAL GAS AND ELECTRICITY PRICES

Electricity prices – 2023 daily fwd prices evolution (€/MWh)



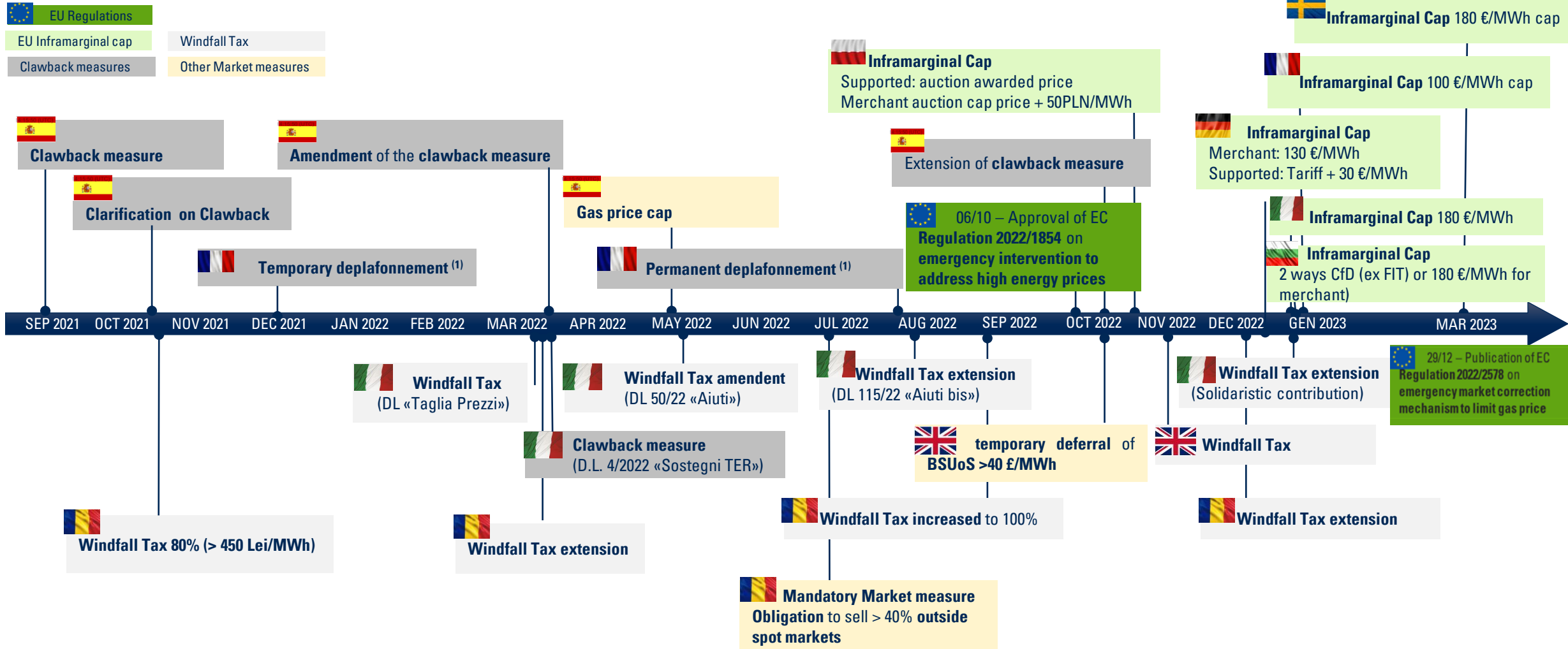
EU Electricity baseload price scenario (€/MWh)



## Higher prices and higher volatility

<sup>(1)</sup> It represents the range where expected prices in various ERG's reference countries fall. Sensitivity to prices is anyway limited by exposure to PPA, CfD mechanism and hedging

# REACTION TO HIGH ELECTRICITY PRICES IN EU: EMERGENCY MEASURES ON RES PRODUCERS



**An unprecedented set of measures to hit RES producers, exacerbating the sector risk perception**

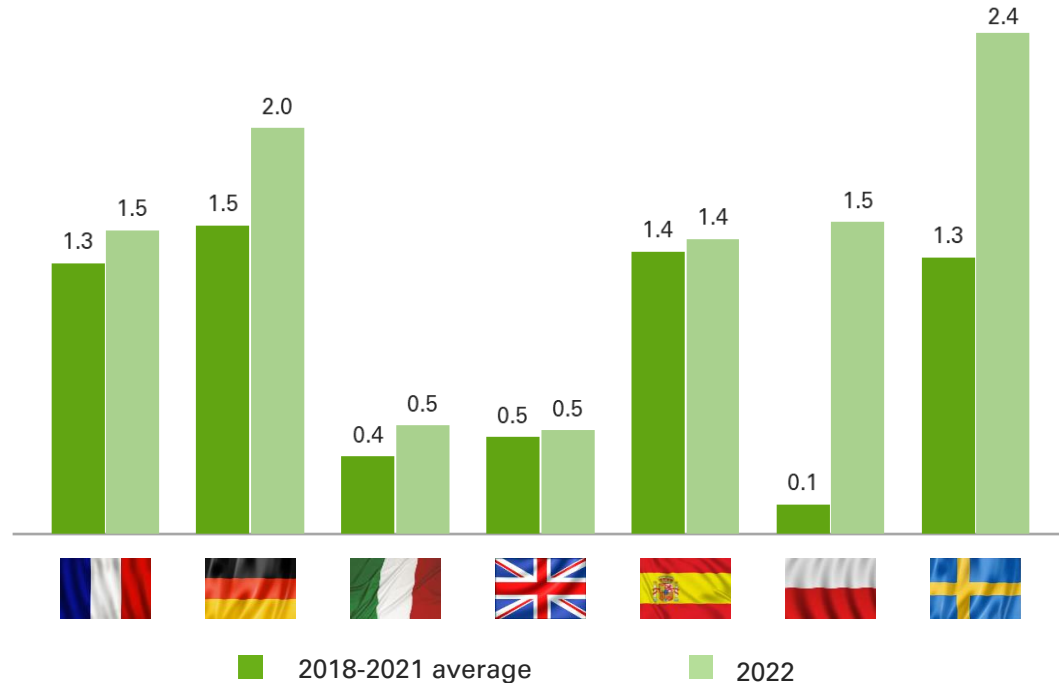
<sup>(1)</sup> With respect to FiP and CfD auctions (prior to July 2020), all contracts were transformed into a pure 2 ways CfD: the limit (plafond) to reimbursement in case of electricity prices higher than the tariff was removed



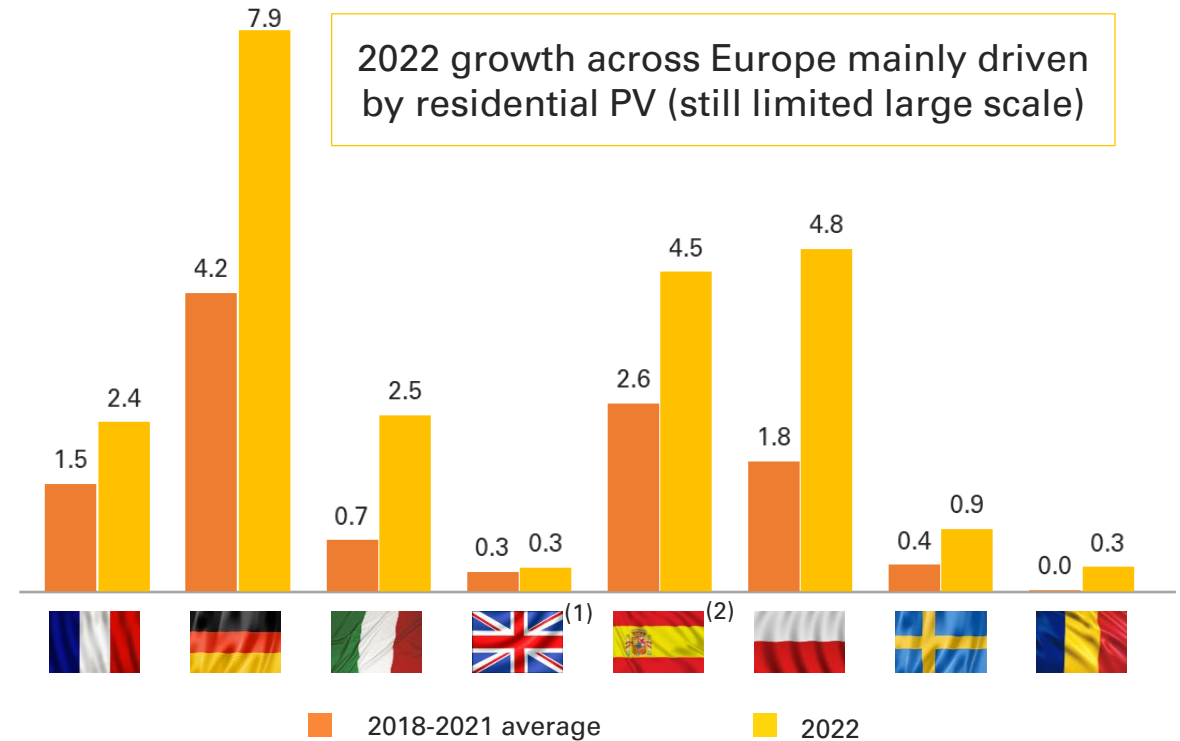
# RENEWABLES IN 2022: CAPACITY INCREASED AT A SLOWER PACE THAN EXPECTED



Onshore wind annual installed capacity (GW)



PV annual installed capacity (GW)



Source: ERG on data from Windeurope (Sweden and UK: waiting for BEIS figures), SolarPower Europe (for PV data referred to Germany, Poland, Romania and Bulgaria), Terna, RED Electrica, Ministère de la Transition Ecologique, BEIS

## Permitting bottlenecks still causing delays in EU decarbonization process

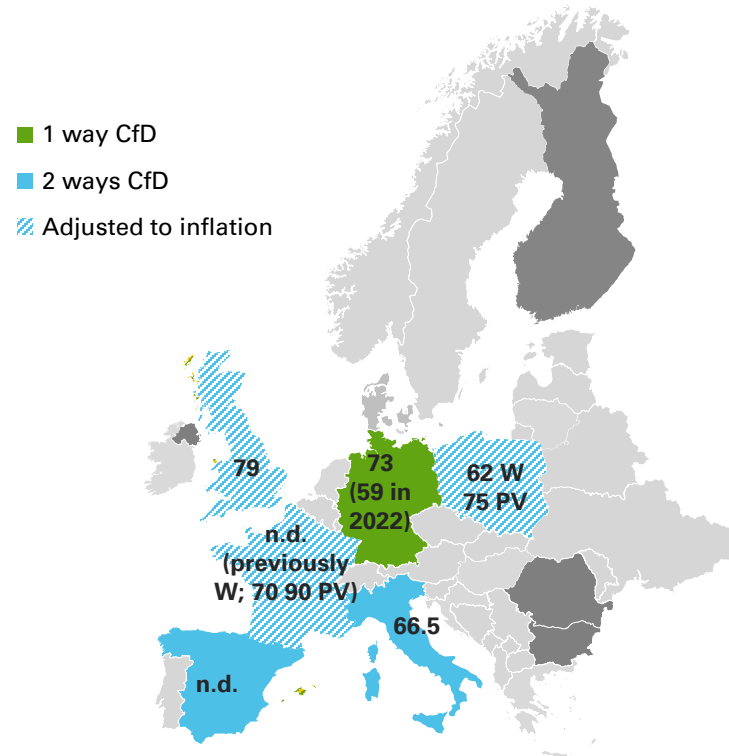
(1) UK: data updated as at September 30, 2022

(2) Spanish figures do not include self-consumption. According to SolarPower Europe preliminary figures, in 2022 4GW under self-consumption were installed (under verification) – spike vs. previous years

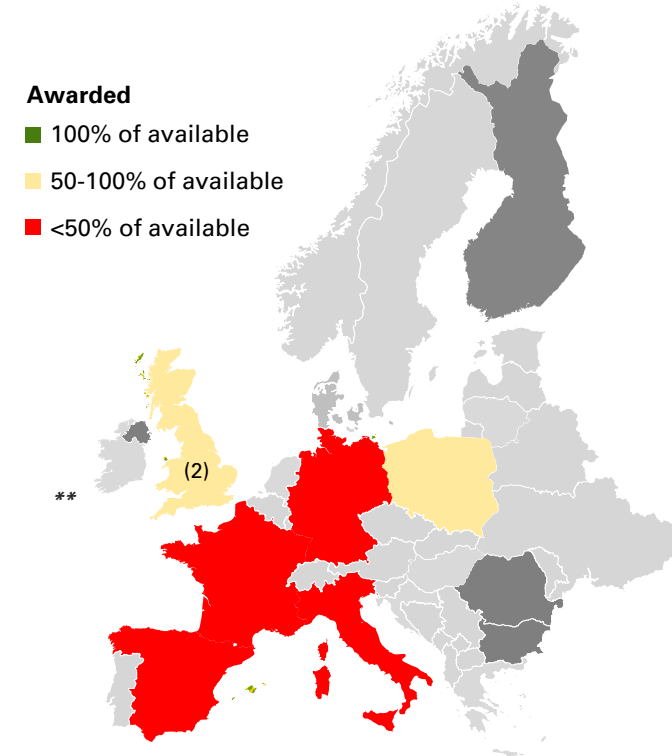


# COMPETITIVE AUCTIONS (CFD) ARE IN PLACE BUT RULES NEED TO BE UPDATED

CfD structure and 2023 cap level<sup>(1)</sup> (€/MWh)



2022 auctions: awarded vs. available capacity



## Streamlining of permitting and redesigning auctions key for RES deployment

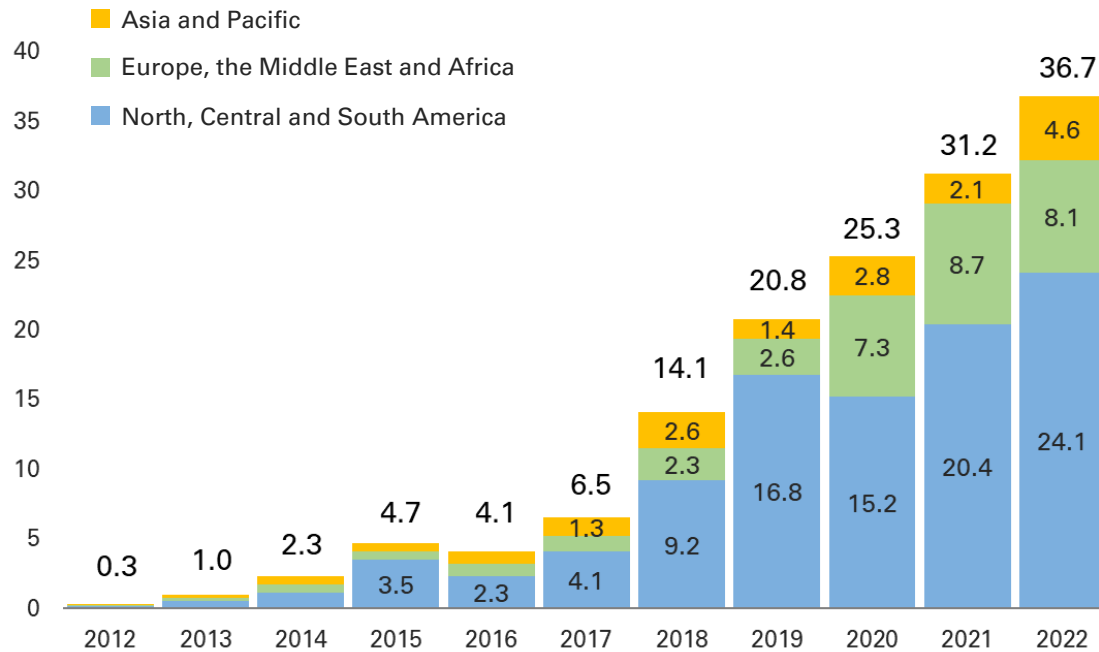
<sup>(1)</sup> Figures are referred to 2023 auctions cap levels. Cap is not disclosed in Spain and, from December 2022, in France

<sup>(2)</sup> Available budget in CfD AR 4 auction was totally awarded, but capacity cap was not exceeded (3.1GW awarded to PV + onshore Wind vs. 5GW capacity cap)

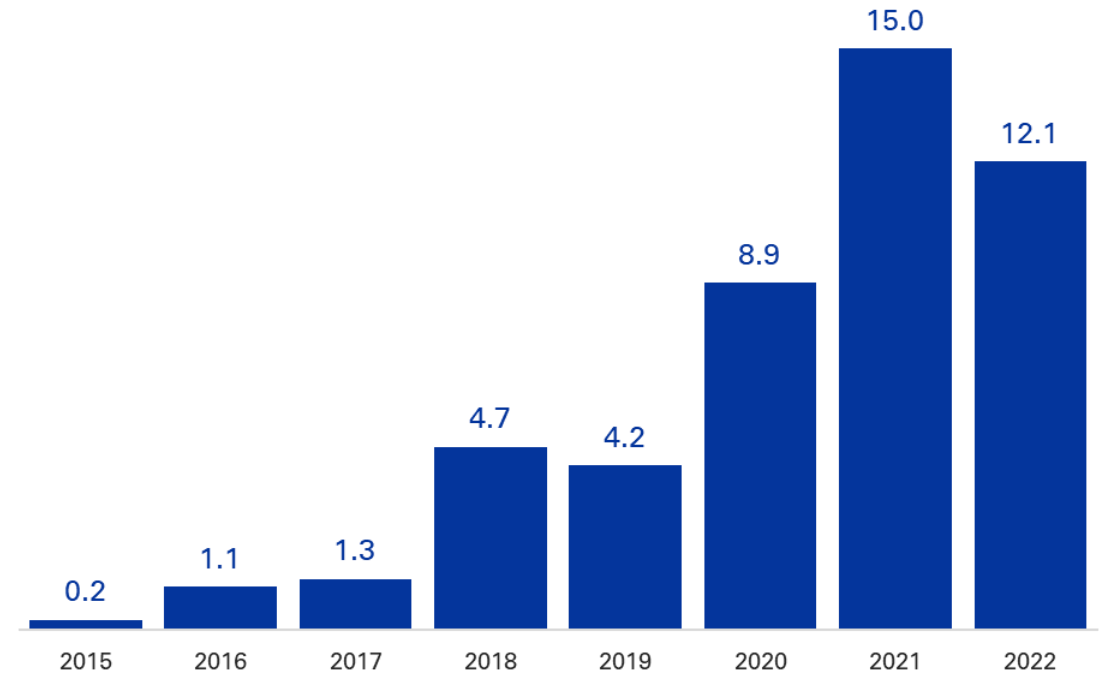
# PPAs ARE GAINING GROUND AS ALTERNATIVE ROUTE TO MARKET

Corporate PPAs (GW) - global

Annual volume














PPA in Europe (GW)



**PPAs still growing although recent volatility and regulatory uncertainty slowed down negotiations in EU**

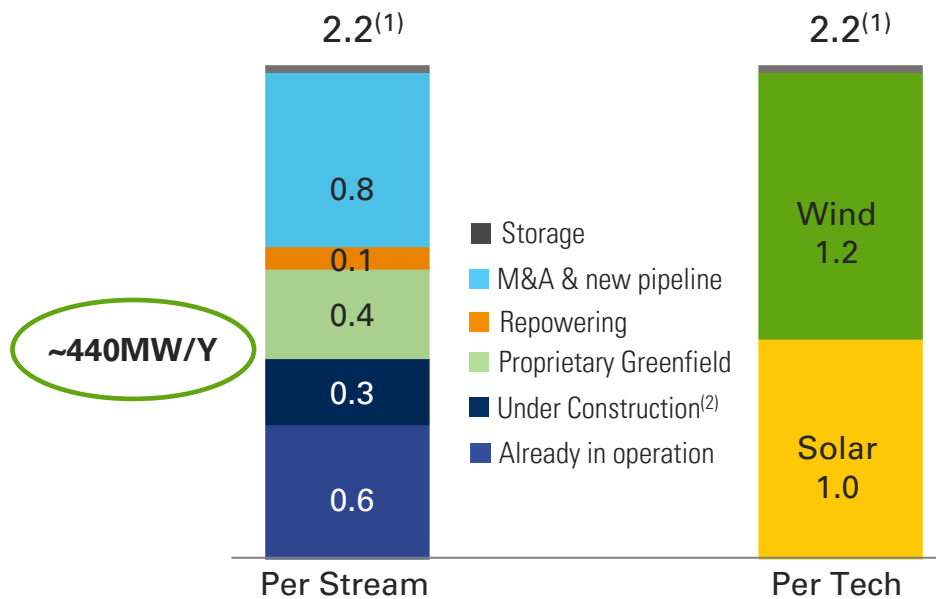
# 2022-2026 Strategy confirmed

# ERG'S CONFIRMED TARGETS TO 2026

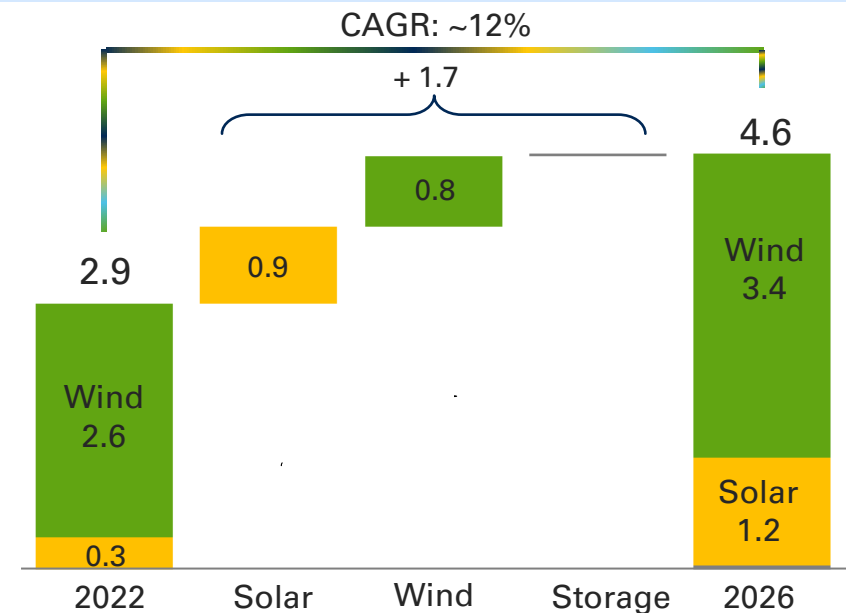
	ERG'S new targets to 2026	Vs. last year
 <b>Growth in scale</b>	<b>+2.2GW in 2022-2026</b> (+526MW in 2022) 4.6GW installed Capacity in 2026 ( <b>5GW in 2027</b> )	Confirmed
 <b>Investments/EBITDA</b>	<b>€3.5bn 2022-2026; &gt;€650mn @2026</b>	<b>↑ CAPEX, ↑ EBITDA</b>
 <b>Energy Sales/Mgmt</b>	<b>Confirmed target 85-90%</b> regulated on total EBITDA; PPAs vs auction	Confirmed
 <b>Geographical diversification</b>	<b>9 countries in 2022:</b> Spain and Sweden in operation	Confirmed
 <b>Solar as strategic pillar</b>	<b>~860MW of Solar PV (out of +2,200MW)</b> ~25% of Solar on group capacity @2026-2027	<b>+</b> 
 <b>Innovation</b>	Battery Storage; exploring floating offshore opportunities	Confirmed our commitment to new business lines
 <b>Conventional is "legacy"</b>	<b>Relaunch of the CCGT disposal process</b>	Asset Rotation confirmed
 <b>Integration of ESG</b>	Confirmed at the core of ERG's business model	<b>↑</b> 
 <b>Dividend Policy</b>	<b>1.0 € per share (+10% vs previous)</b>	<b>↑ +10%</b>

# CONFIRMED 2026 TARGET OF 4.6GW OF INSTALLED CAPACITY

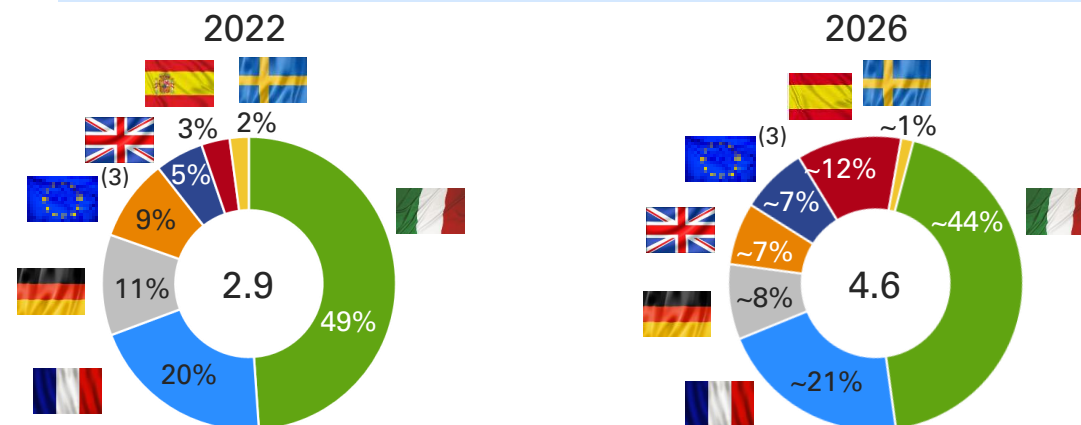
Cumulative RES additional installed Capacity 2022-2026 (GW)



Wind & Solar installed Capacity (GW)

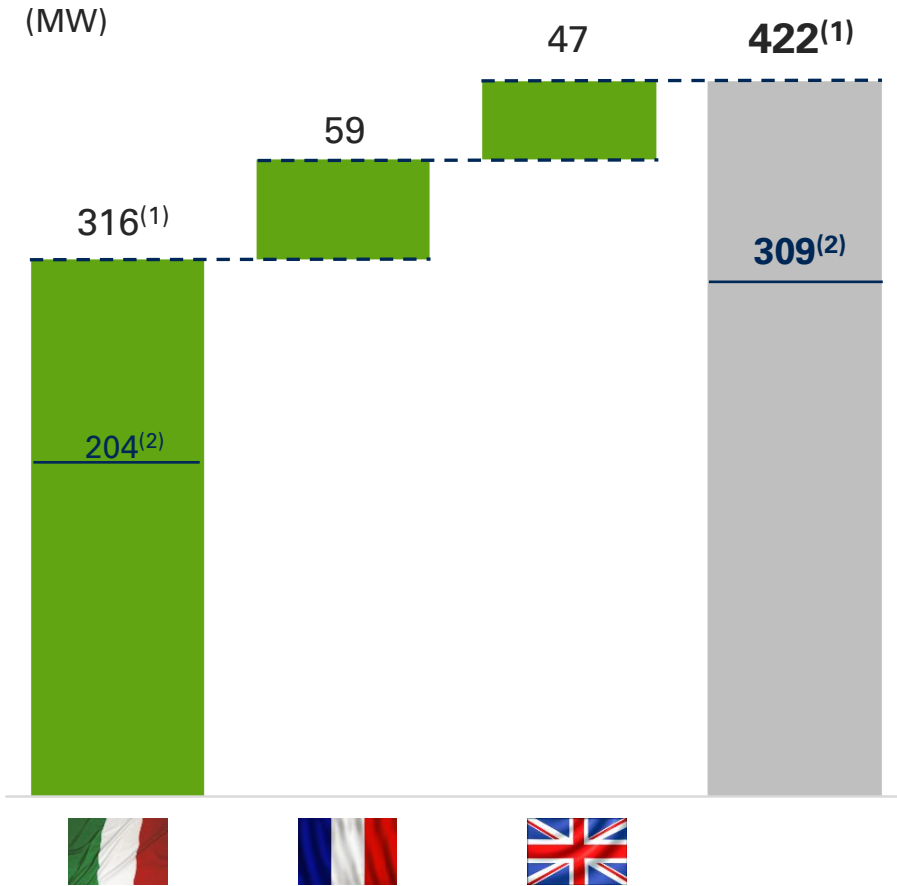




















GW by geography



(1) It corresponds to a gross growth of 2.4GW  
 (2) It includes about 160MW of Repowering under construction  
 (3) It refers to Poland, Romania and Bulgaria

# 422MW IN CONSTRUCTION/RTB THUS GIVING VISIBILITY TO ERG'S PIPELINE

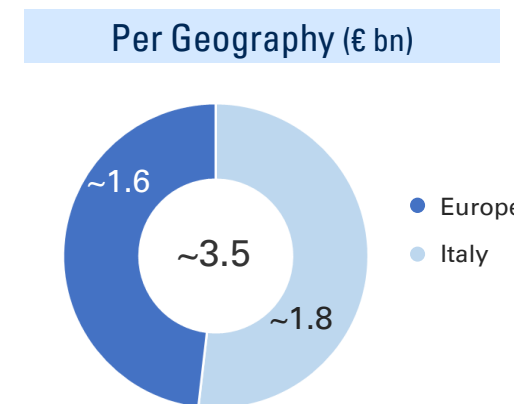
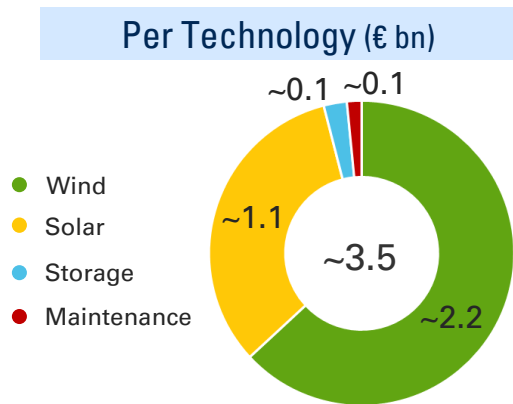
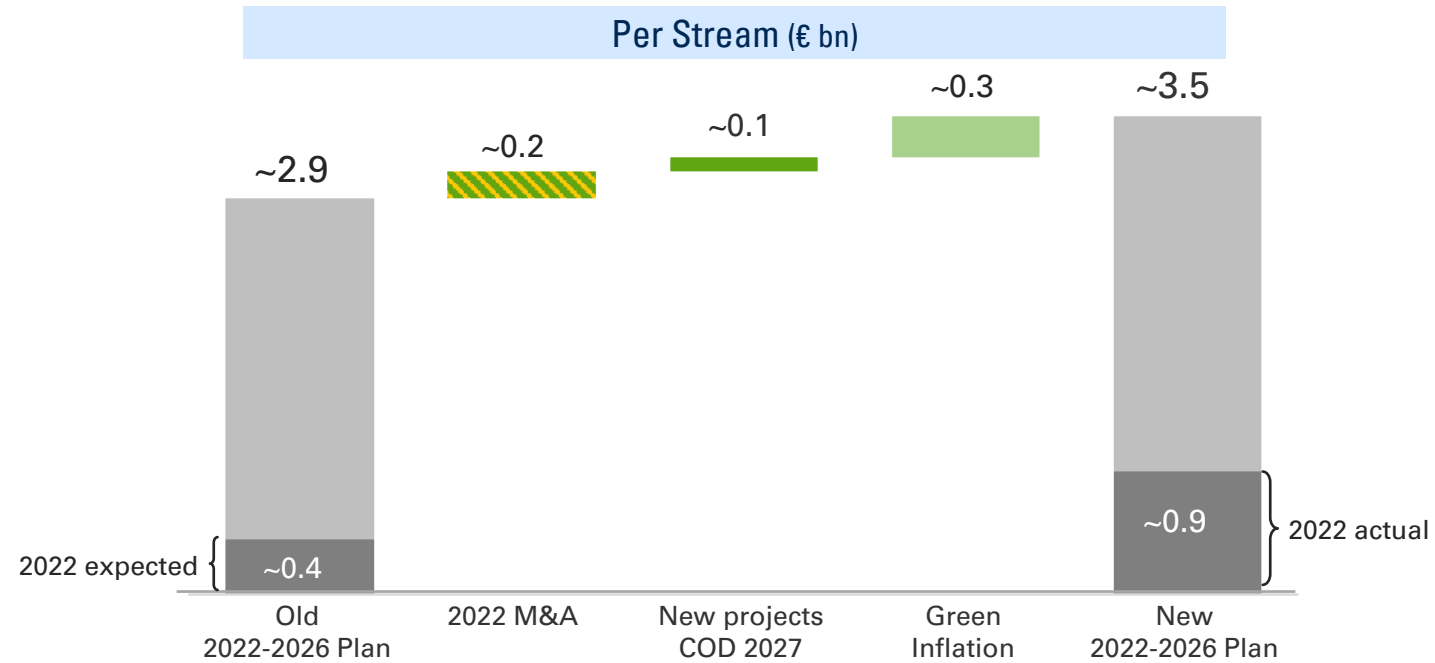


<p><b>Mineo-Militello-Vizzini</b></p> <p> 101MW to be, 51MW Δ vs as-is </p> <p>COD: 2Q 2024 Producibility: 2,300 heq</p>	<p><b>Monreale-Partinico</b></p> <p> 42MW to be, 26MW Δ vs as-is </p> <p>COD: 2Q 2023 Producibility: 2,200 heq</p>	<p><b>Camporeale</b></p> <p> 50MW to be, 30MW Δ vs as-is </p> <p>COD: 2Q 2023 Producibility: 1,700 heq</p>
<p><b>Roccapalumba</b></p> <p> 47MW </p> <p>COD: 4Q 2023 Producibility: 2,100 heq</p>	<p><b>Salemi-Castivetrano</b></p> <p> 76MW to be, 50MW Δ vs as-is </p> <p>COD: 4Q 2024 Producibility: 2,300 heq</p>	<p><b>Corlacky</b></p> <p> 47MW </p> <p>RTB COD: 4Q 2025 Producibility: 3,760 heq</p>
<p><b>Bourgogne 1</b></p> <p> 32MW </p> <p>COD: 4Q 2024 Producibility: 2,260 heq</p>	<p><b>Limousine 1</b></p> <p> 9MW </p> <p>COD: 4Q 2024 Producibility: 2,170 heq</p>	<p><b>Picardie 1</b></p> <p> 18MW </p> <p>RTB COD: 1Q 2025 Producibility: 2,670 heq</p>

(1) Tot. MW under construction on absolute basis  
(2) Tot. MW under construction on differential basis



# CAPEX EVOLUTION IN 2022-2026



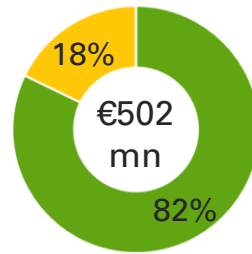
**Increase due 50-50 by higher quality and cost overruns (though limited versus greeninflation)**

# EBITDA EVOLUTION IN THE PLAN PERIOD

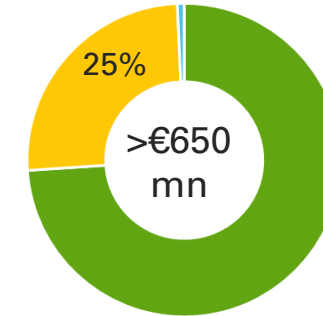
2022 net of clawback

2026

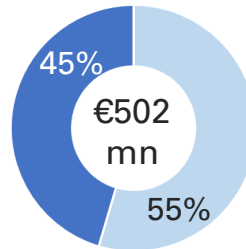
Technological diversification



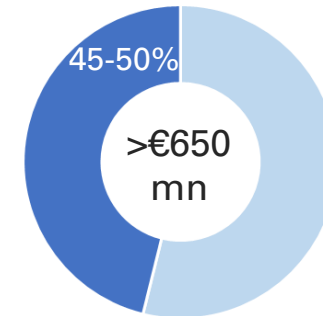
- Wind
- Solar
- Storage



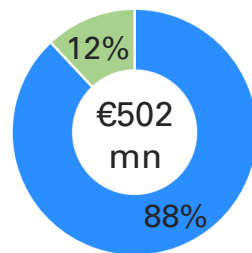
Geographical diversification



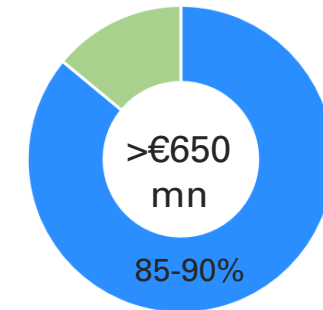
- Europe
- Italy



Revenue securitization



- Regulated
- Merchant



**Stronger EBITDA to more than offset overruns**

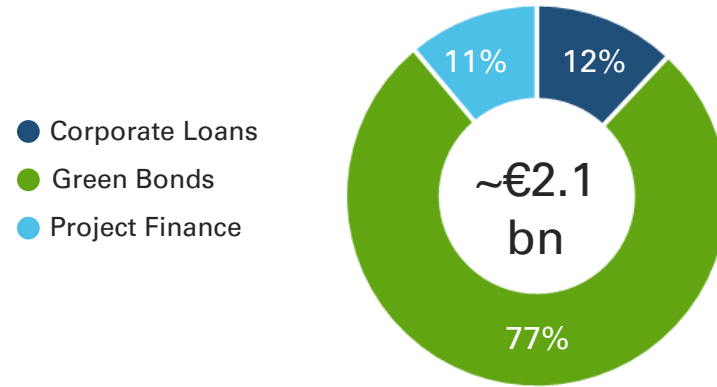
# CAPITAL STRUCTURE

Michele Pedemonte - CFO

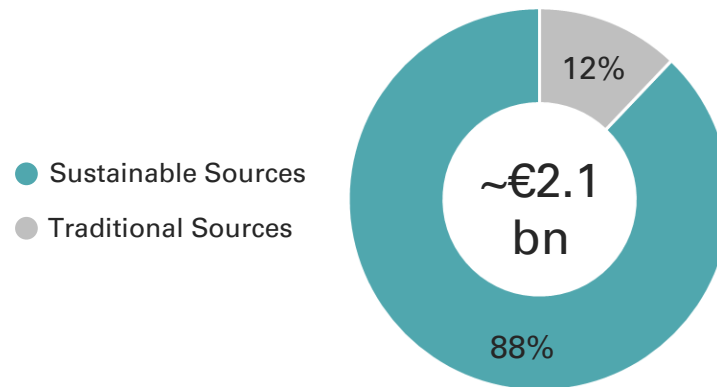
*"ERG's 'BBB-' IDR affirmation reflects robust business profile, and a diversified and clean asset base..."*

# FINANCIAL STRUCTURE

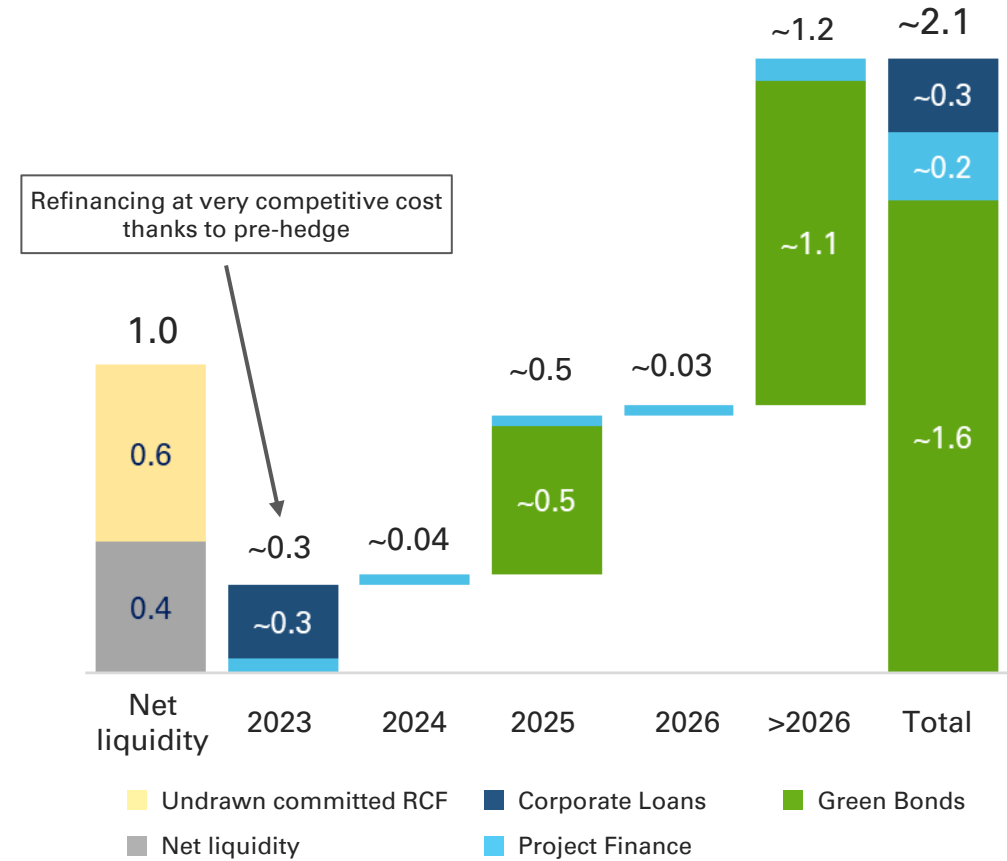
Gross debt at 31/12/2022



Sustainable vs Traditional Finance



Repayment Schedule based on stock as of December 2022 (€ bn)

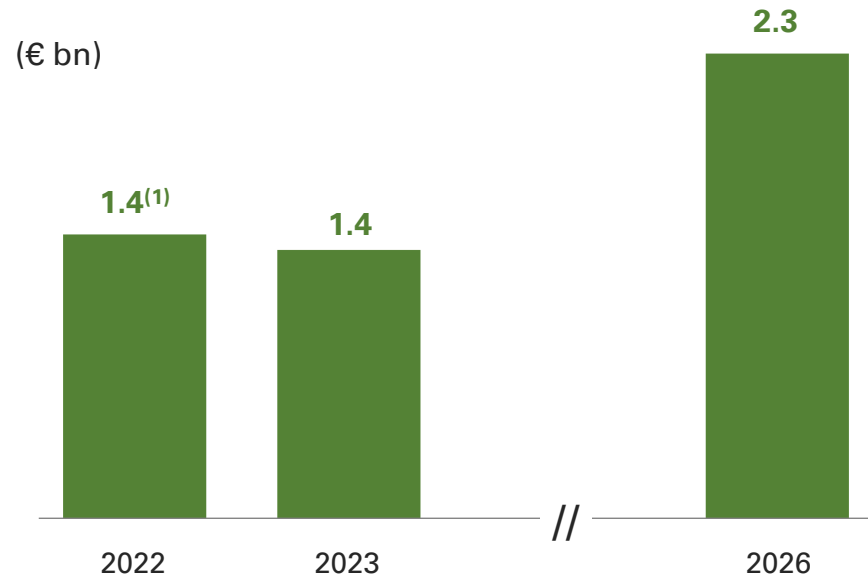


**Solid balance sheet with limited refinancing needs until 2025**

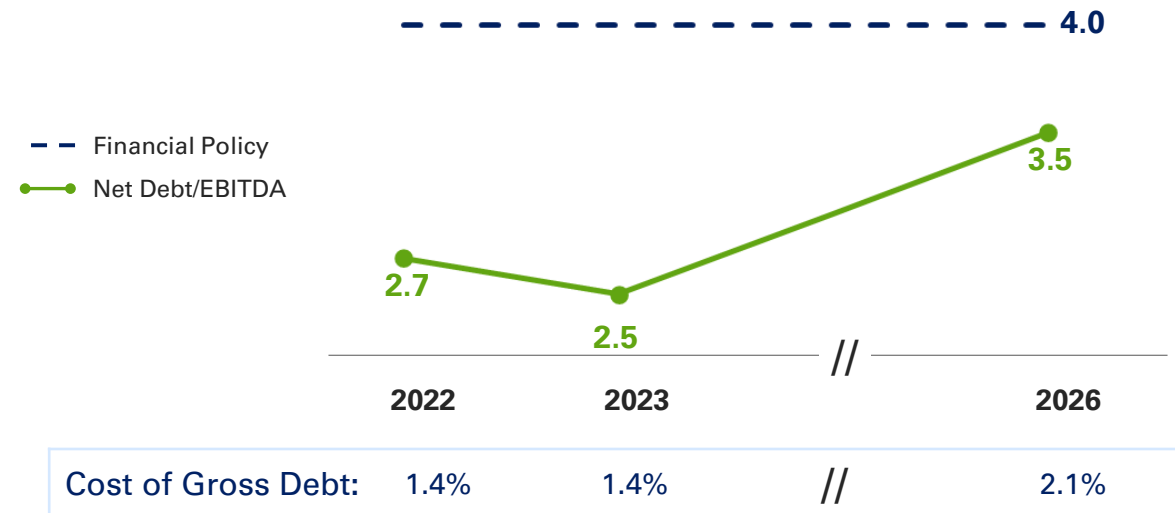
# SOLID FINANCIAL PROFILE OVER BP HORIZON

## Net debt & leverage over BP horizon

Net financial position



Leverage (NFP/EBITDA)



**Further room for re-leverage maintaining an IG rating at a competitive cost**

<sup>(1)</sup> It does not include €98mn NFP of Thermo business accounted under IFRS5

# ESG ALWAYS AT THE CORE

Emanuela Delucchi – Chief ESG, IR & Communication

# ESG AT THE CORE OF ERG'S 2022-2026 STRATEGY



## PLANET



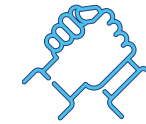
- Net Zero
- Circular Economy
- Energy Efficiency
- Biodiversity



## PEOPLE



- ERG Academy for ERG people
- Diversity & Inclusion
- Health & Safety always
- Employees' well-being



## ENGAGEMENT



- ERG Academy for Next Generation
- 1% for the Community
- Trust & Reputation
- Social Purpose for circular Solar



## GOVERNANCE



- ESG objectives in MBO/LTI
- Enhancing Governance Model
- Tax Control Framework abroad
- Sustainable Procurement
- ESG Finance
- Cyber Security



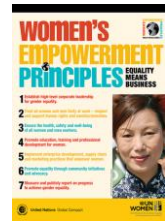
### ESG PLAN 2022-2026

(update 2023)

18 targets consistent with 14 out of 17 SDGs of United Nations

# CONTINUING OUR ESG JOURNEY FORWARD

ERG included in the **Bloomberg Gender Equality Index**



- ERG signs the **Women's Empowerment Principles** and enters the **United Nations Global Compact**
- **TOP 10** of "Integrated Governance Index 2022"
- **MSCI** confirms "AA" rating



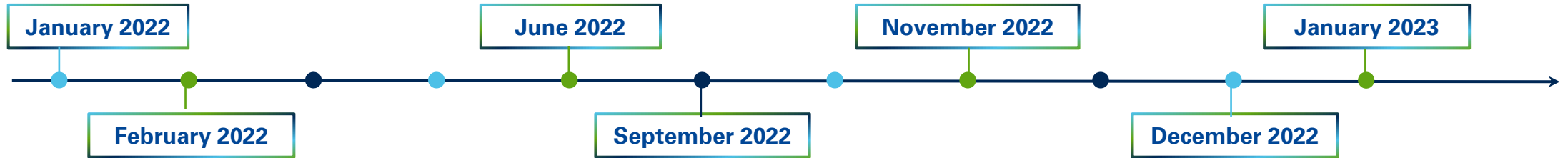
ERG wins the **Oscar di Bilancio** for the second consecutive year



- **Sustainalytics** upgrades ERG's rating to "Low Risk (14.6)": ERG fifth among Independent Power Producers



- ERG is 54<sup>th</sup> in the "**Global 100 most sustainable corporations in the world**" (**Corporate Knights**)
- The **Bloomberg Gender Equality Index** improves ERG's score, allowing it to enter the first quarter



ERG included in the **CDP Supplier Engagement Leaderboard** for the first time



ERG among the **Top 2%** in **Moody's ESG Solutions World Ranking**,



**CLIMATE**

ERG enters the **CDP Climate A list 2022**

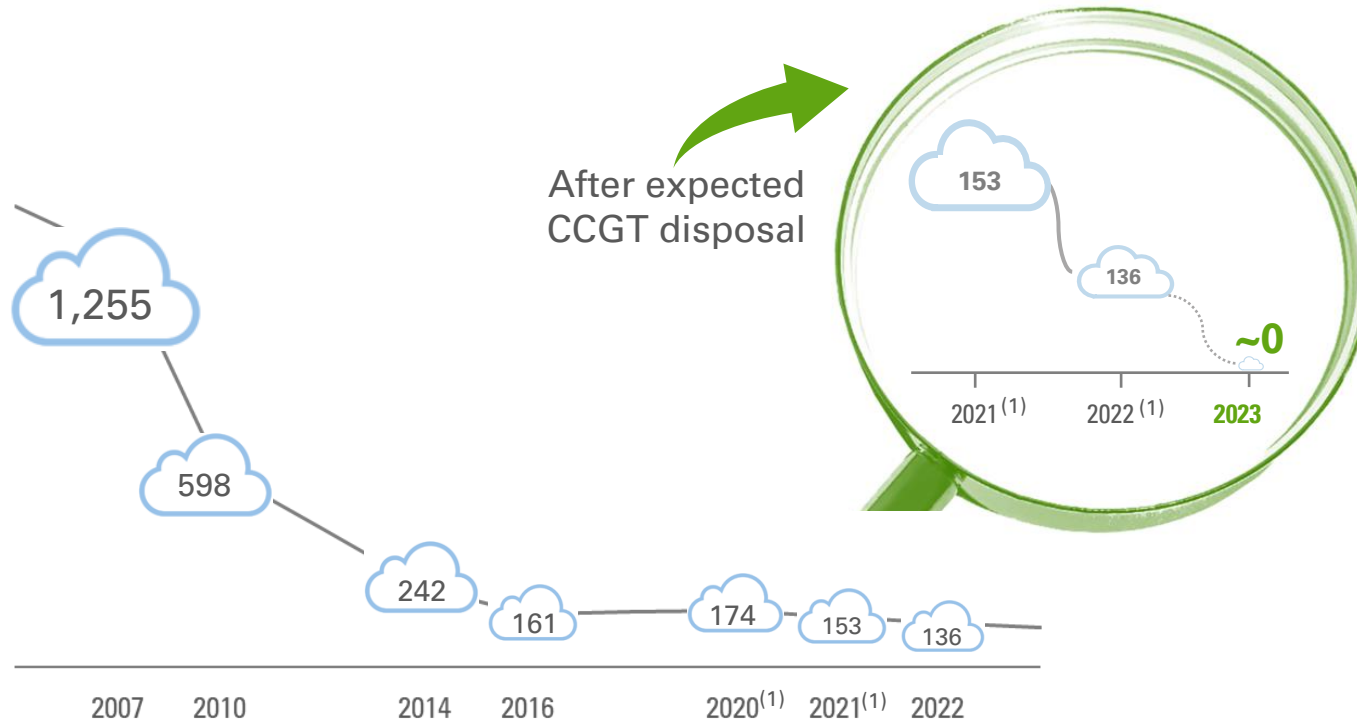
**Top tier in main ESG ratings**



# KEEP DECARBONIZING



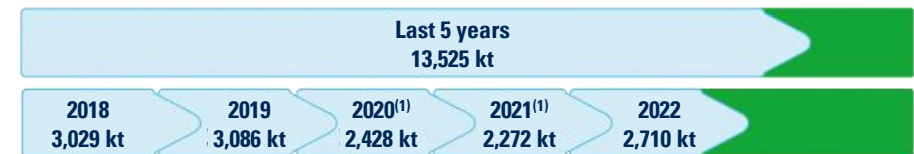
## Carbon Index



- Carbon index down 11% in 2022 (baseline 2021 restated)
- Carbon index down to «Zero» after Asset Rotation

<sup>(1)</sup> Data restated

## CO<sub>2</sub> Avoided



- >2.5mn t of CO<sub>2</sub> avoided in 2022 and >13mn t over the last 5 years

# "NET ZERO" TARGET CONFIRMED @2040

ERG will reach Net Zero Target  
@2040  
(to be approved by SBT)

The strategy to become Net Zero @2040

Asset Rotation  
CCGT

100% RES  
production

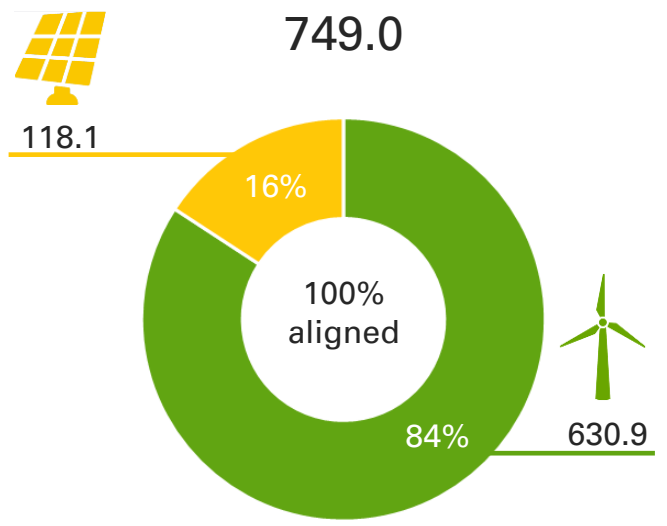
100% sales of  
Green Energy

>75% of  
Suppliers<sup>(1)</sup> with  
SBT target  
@2030

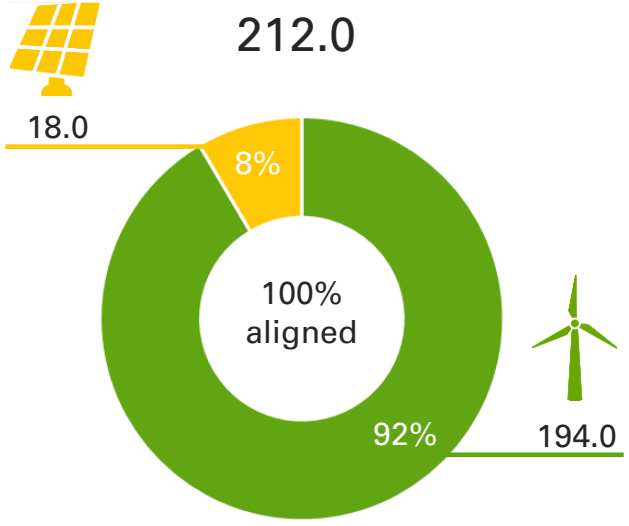
<sup>(1)</sup> Turnover greater than €1mn

# ERG PERFECTLY ALIGNED WITH EU GREEN TAXONOMY AFTER ASSET ROTATION

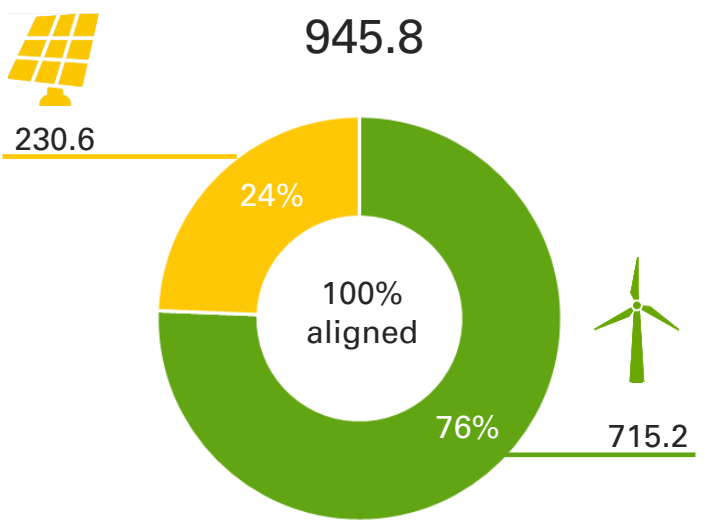
Revenues 2022 (€ mn)



Opex 2022 (€ mn)

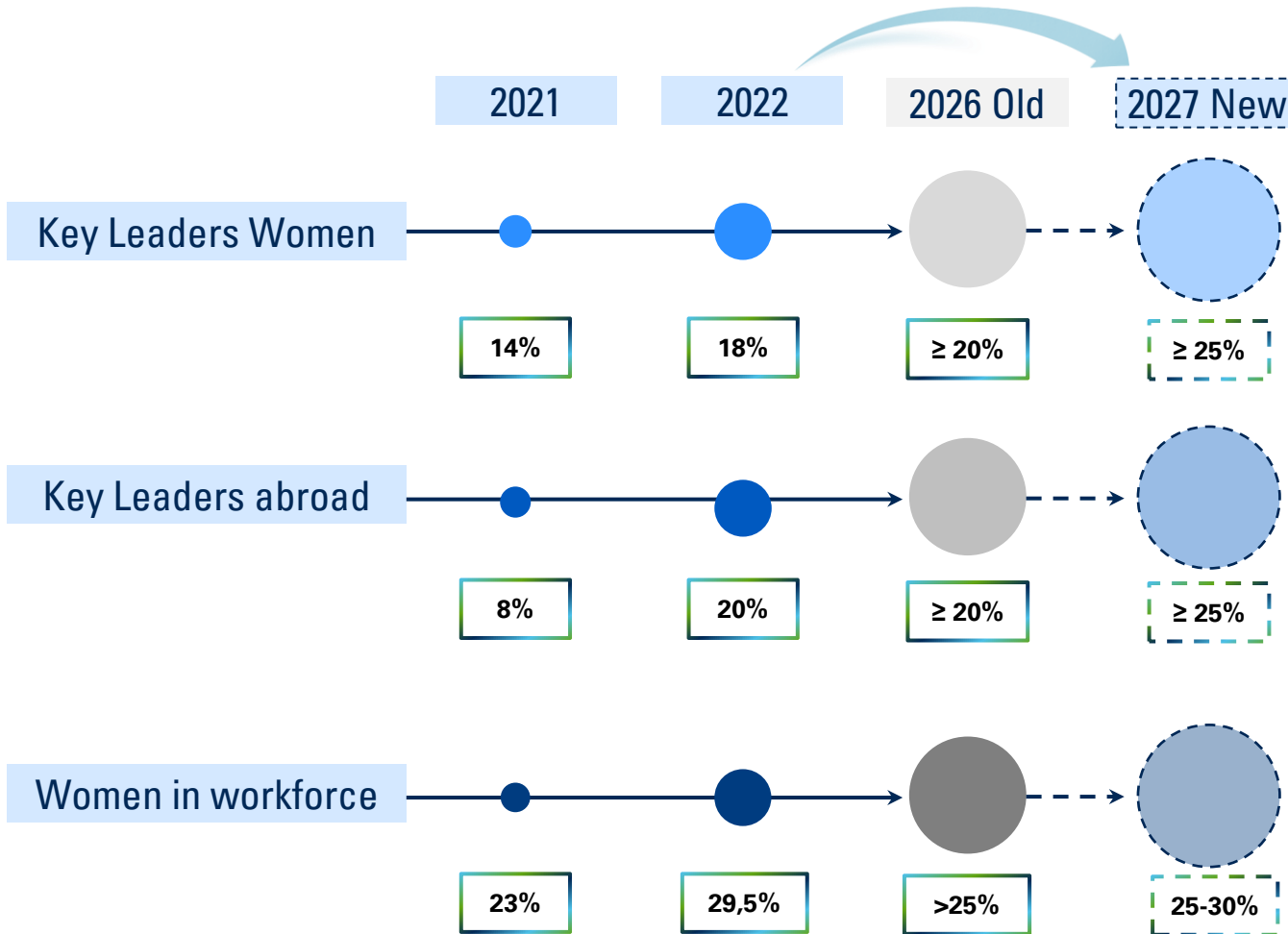


Capex 2022 (€ mn)



● Wind      ● Solar

# OUR PATH FOR AN EVEN MORE INCLUSIVE ERG



## GOVERNANCE

- ✓ Policy D&I
- ✓ Policy Anti-Harassment and Bullying
- ✓ D&I KPI into remuneration schemes
- D&I Certification

## PROCESSES

- ✓ People development processes in line with D&I policy
- ✓ Individual learning paths



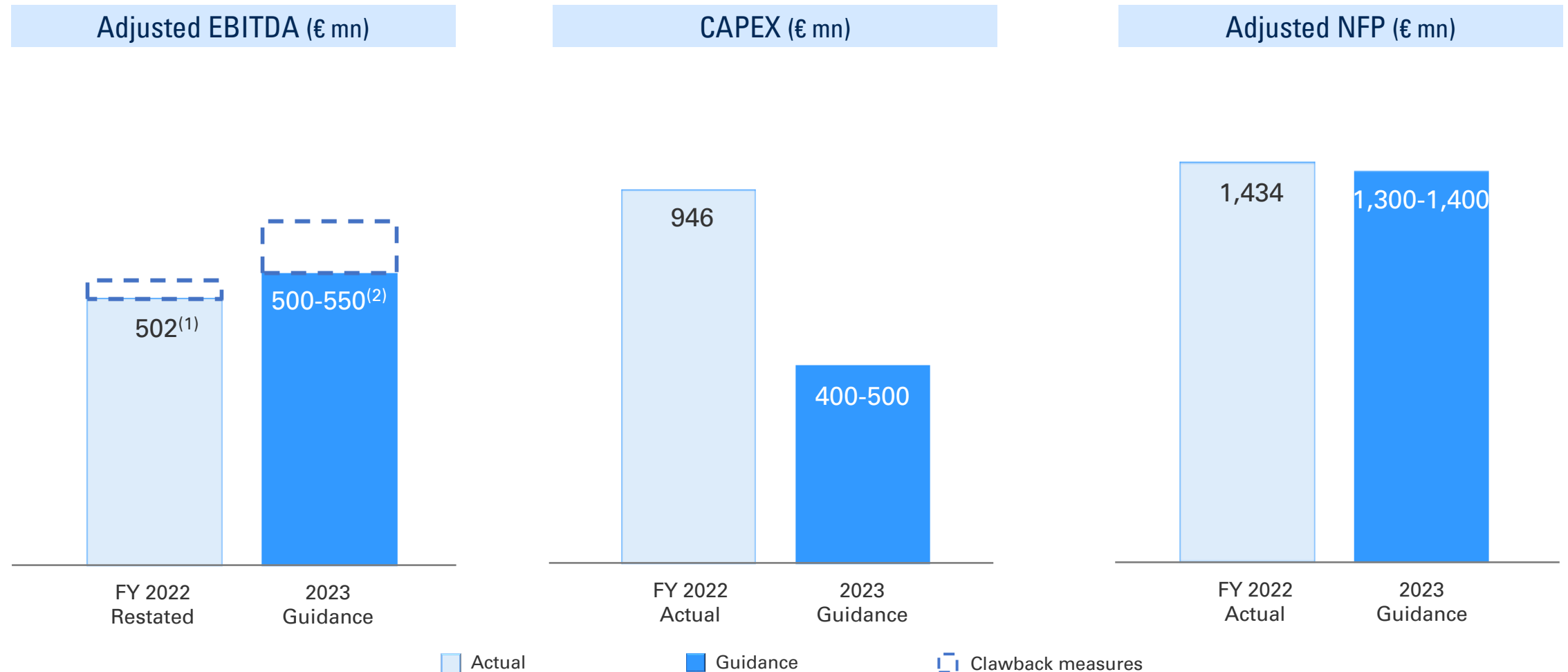
## COMPANY CULTURE

- ✓ Learning about inclusive mindset
- ✓ Mentorship
- ERG Academy
- Wellbeing programs

# 2023 GUIDANCE & CONCLUSIONS

Paolo Merli - CEO

# 2023 GUIDANCE



## Ebitda up like-for-like (net of clawbacks) with a stronger balance sheet

<sup>(1)</sup> It does not include clawback measures in FY 2022 for €35mn

<sup>(2)</sup> It does not include any contribution pro-tempore related to CCGT, which will be consolidated on a reported basis in the discontinued operations from January 1, 2022

# 2022-2026 BP UPDATED KEY TARGETS

