



# ERG HYDRO SITE VISIT

*SEPTEMBER 30, 2016*





# AGENDA



- ERG Group enters hydroelectric sector
- The value of ERG Hydro integrated system



# ERG GROUP ENTERS HYDROELECTRIC SECTOR

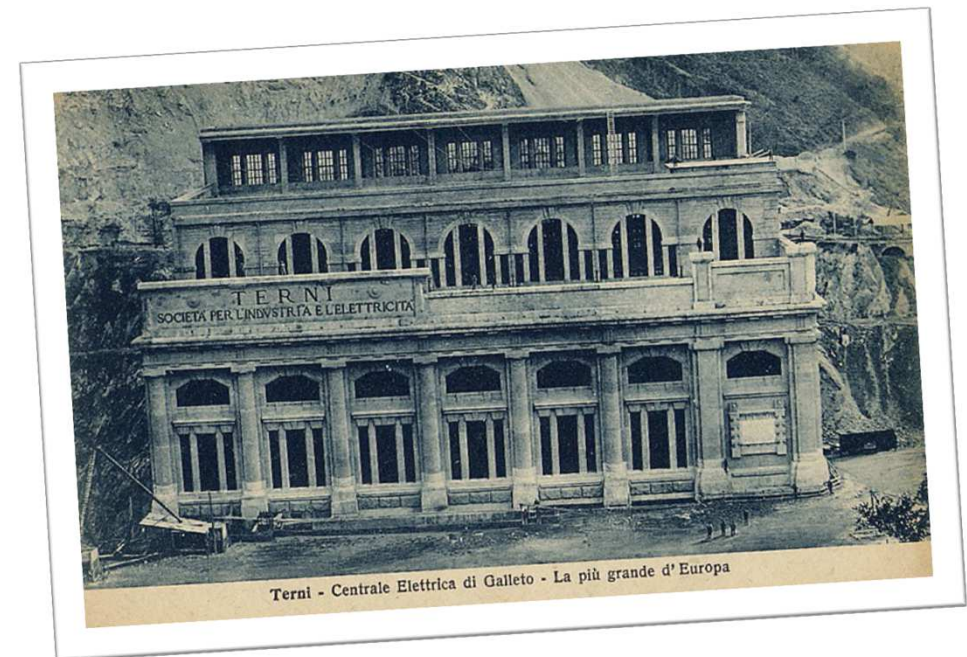


# ERG GROUP ENTERS HYDROELECTRIC SECTOR



Terni hydroelectric integrated system for nearly a century has been an essential piece in the national electricity system, perfectly integrated with the surrounding area

- Acquisition of Terni hydroelectric integrated system from E.ON on December 1, 2015
- Technological diversification
- Important diversification with notable dimensions in the simple and sustainable hydroelectric technology

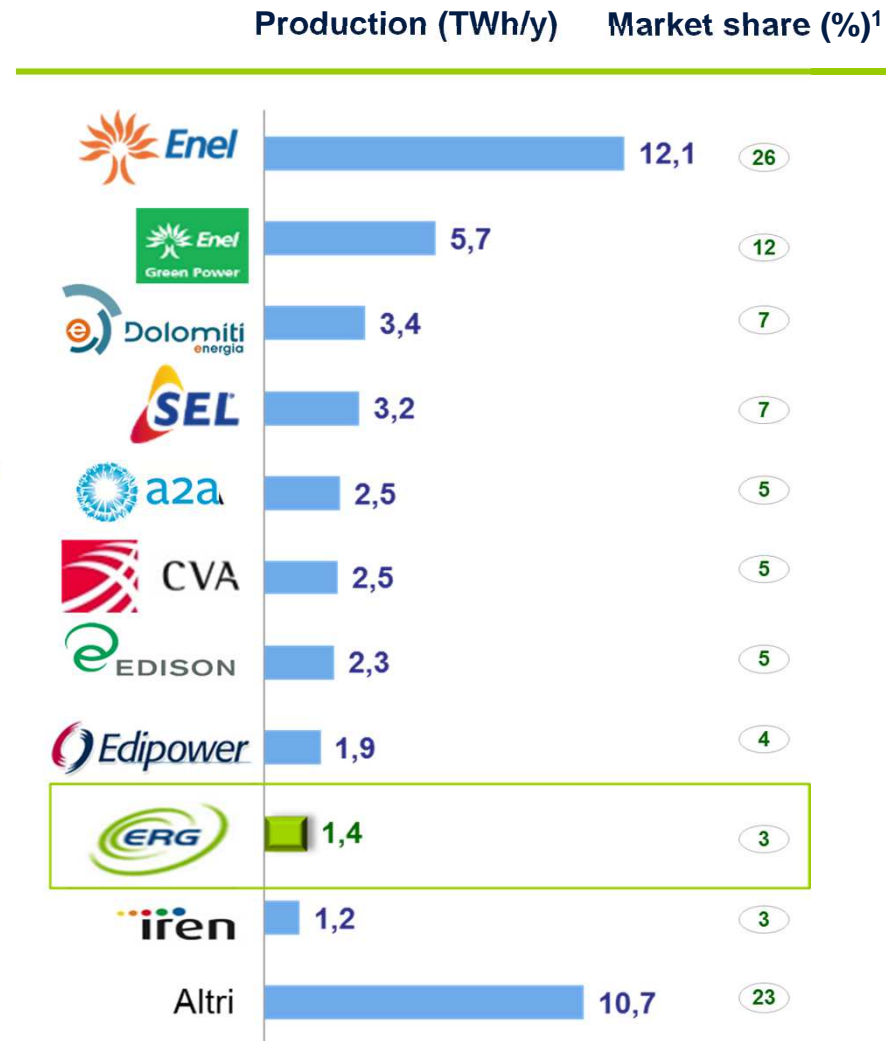




# ERG GROUP ENTERS HYDROELECTRIC SECTOR



Acquisition of a significant market share  
in a business with a low risk profile



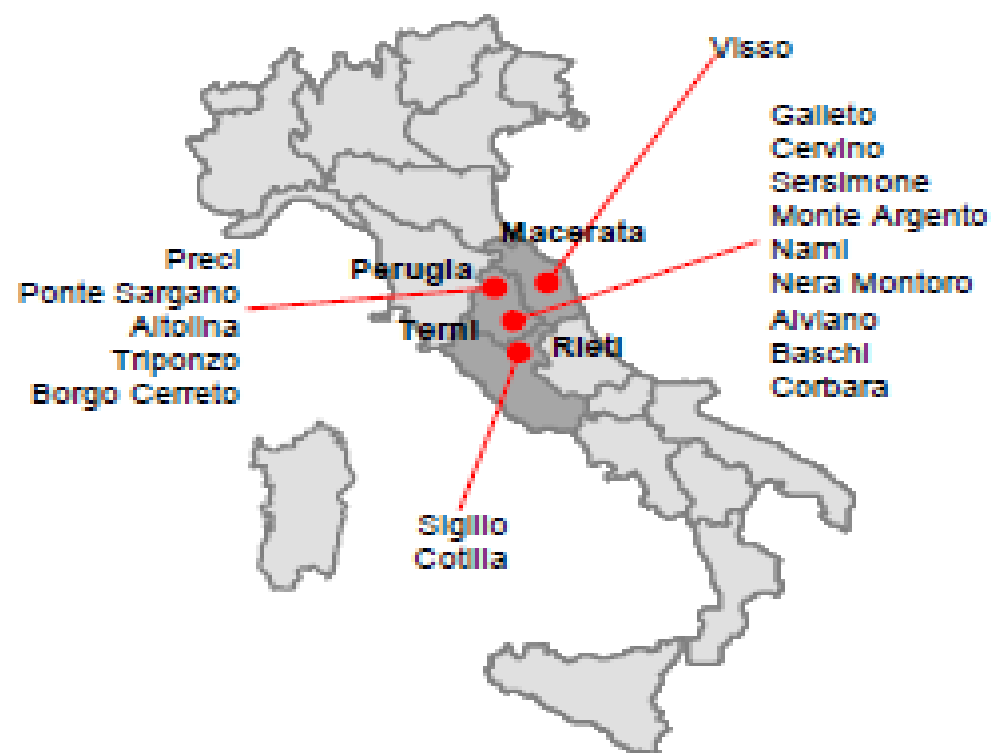
1: Source: AEEGSI «Annual Report 2015», Terna «Statistical data on the electricity market», peers websites, internal analysis. Data for SEL include SE Hydro production acquired during 2015.



# ERG GROUP ENTERS HYDROELECTRIC SECTOR

## Positioning of ERG Hydro integrated system power plants

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**ERG Hydro is an integrated system**



# ERG GROUP ENTERS HYDROELECTRIC SECTOR



**A system of power plants, channels, dams  
and tunnels with an integrated  
management of electricity production**

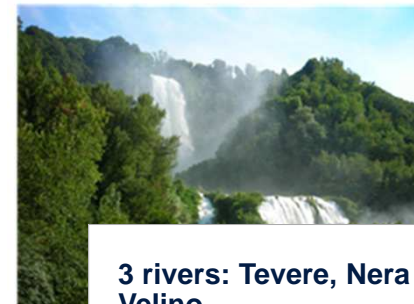
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**527 MW**

**Overall installed capacity  
in a system of production  
units, most of which have  
been revamped and  
refurbished**



**16 plants,  
7 dams, 3 reservoirs**



**3 rivers: Tevere, Nera and  
Velino**



**38 unit productions,  
100 people**

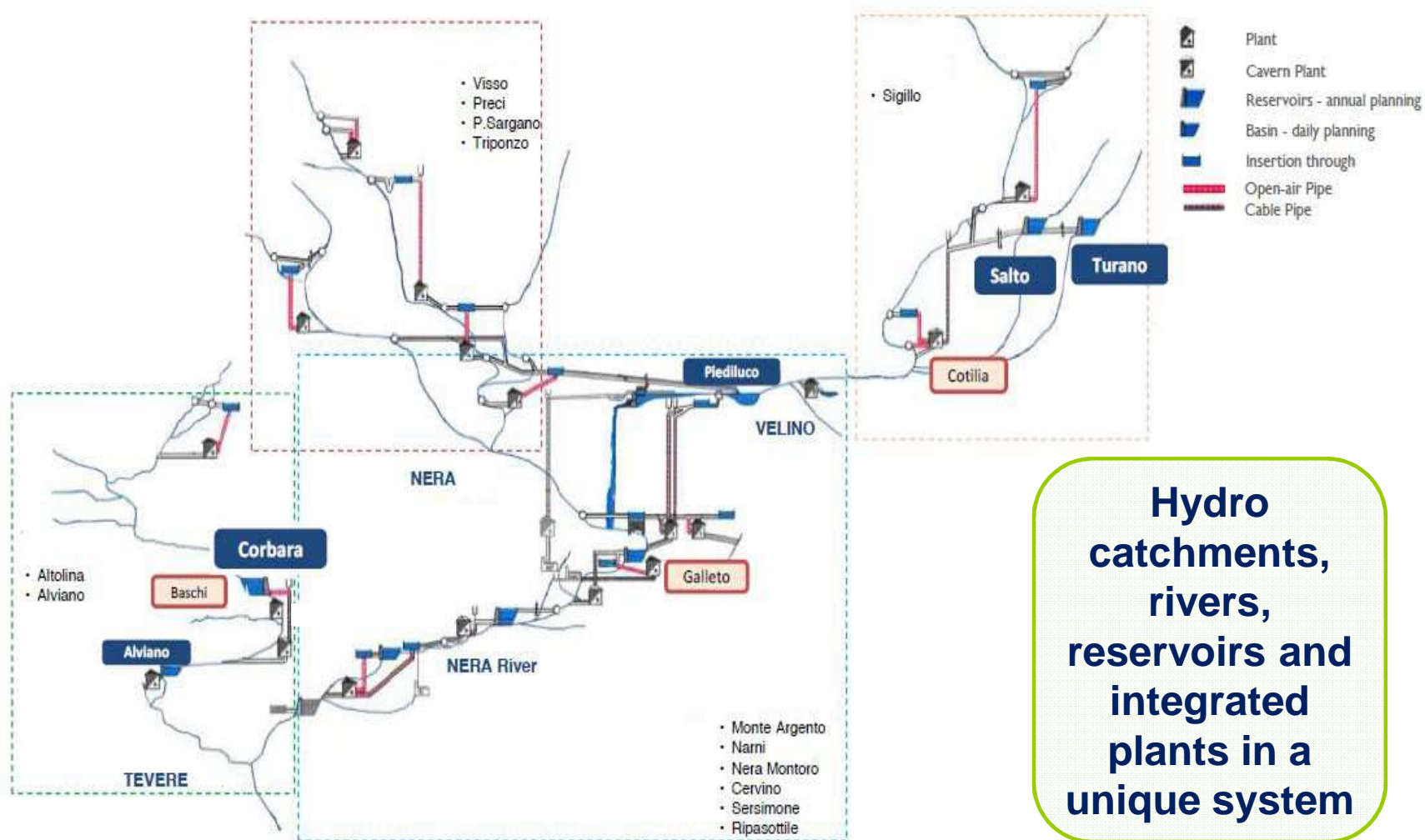


**Centralized and fully  
digital control at Terni**





# ERG GROUP ENTERS HYDROELECTRIC SECTOR





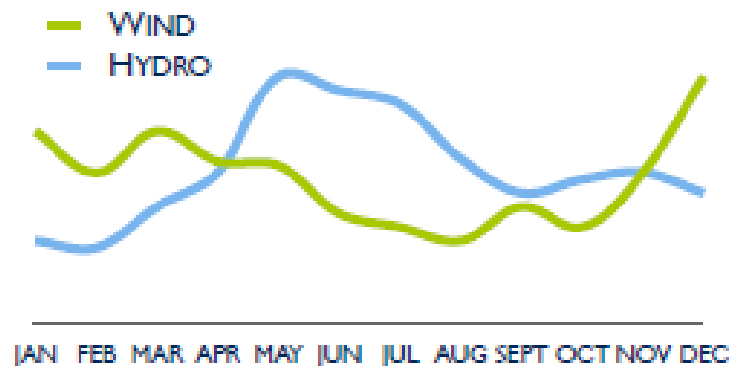


# THE VALUE OF ERG HYDRO INTEGRATED SYSTEM

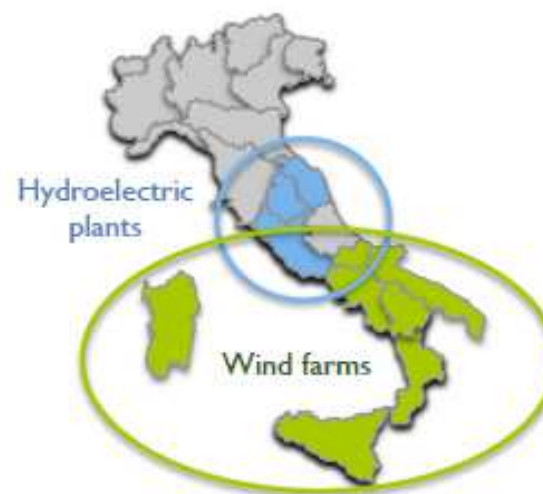


# THE VALUE OF ERG HYDRO INTEGRATED SYSTEM

## Seasonal complementarity



## Geographical complementarity



## Hydro production integrated in the Group electricity generation portfolio



**Portfolio 2018:  $\approx 8$  TWh <sup>(1)</sup>**

Portfolio value higher than “Sum of the Parts”

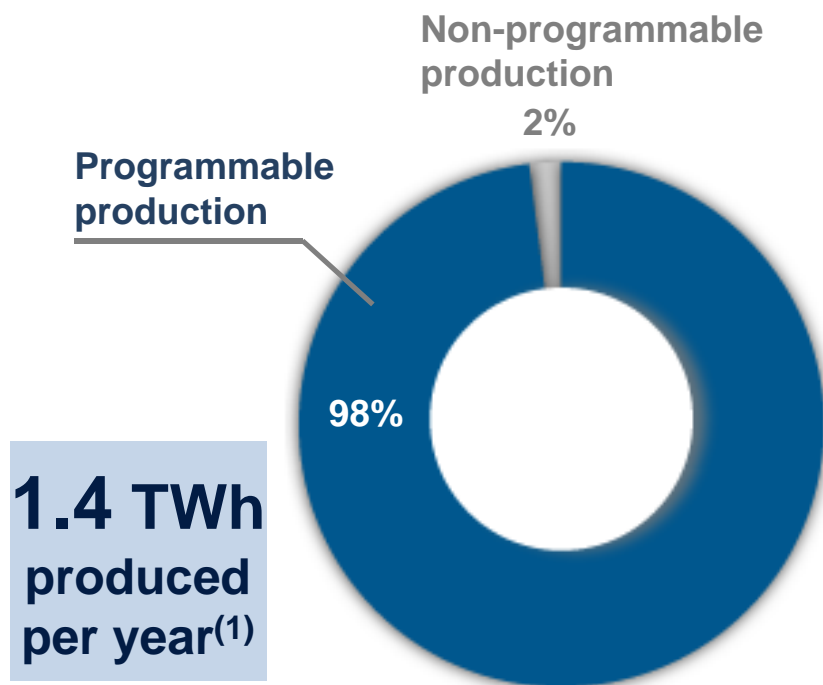
<sup>(1)</sup> It includes wind electricity production abroad



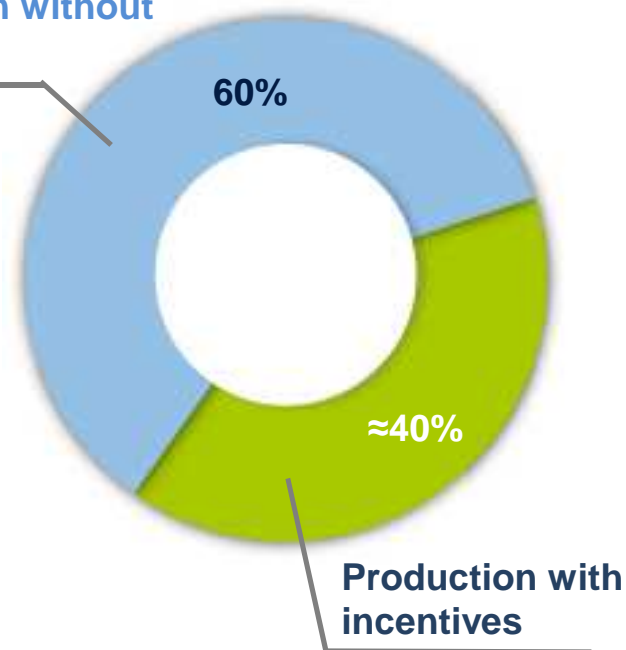
# THE VALUE OF ERG HYDRO INTEGRATED SYSTEM

**High capability to catch the highest prices in the electricity market**

**Ca. 40% of production is incentivised**



**Production without incentives**

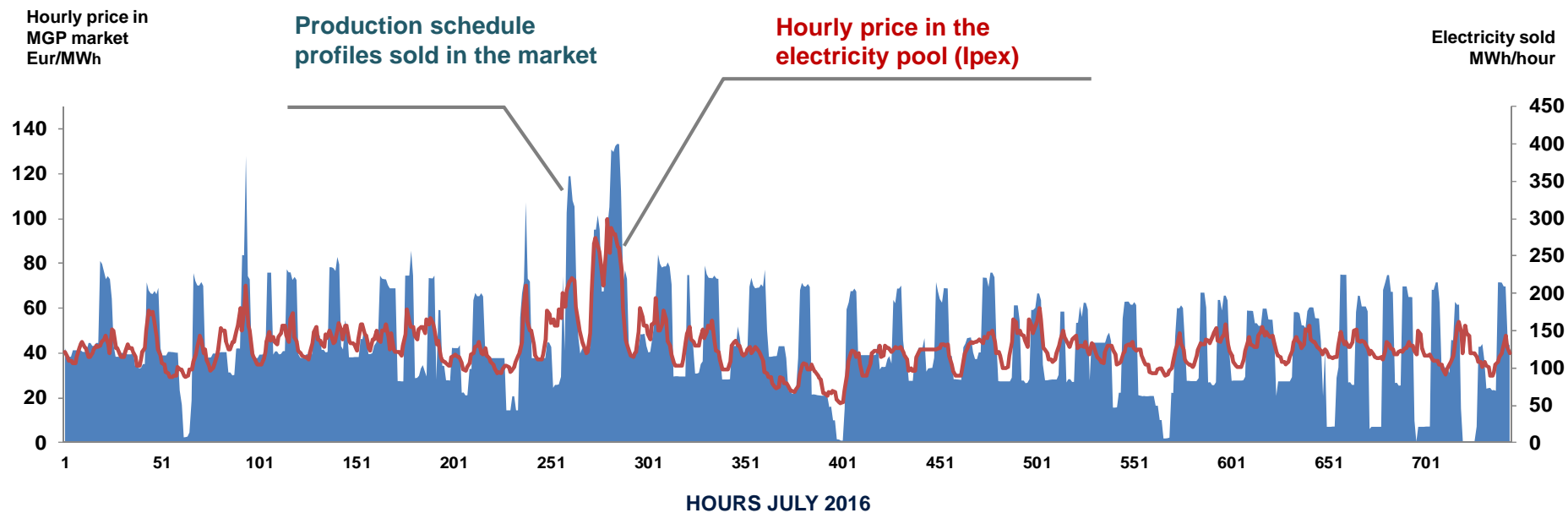


<sup>(1)</sup> Last 30 years average production



# THE VALUE OF ERG HYDRO INTEGRATED SYSTEM

Example of modulation: production during 744 hours in July 2016





## CONCLUSIONS

- Hydroelectric integrated system (16 plants, 7 dams and 3 reservoirs)
- High profitability, with an EBITDA profile stable in the m/l term thanks to:
  - ✓ Incentives for ca. 40% of production
  - ✓ High flexibility of the plant
  - ✓ Participation to the Dispatching Services Market