



Press Release

**The Board of Directors of ERG S.p.A.
approves the Interim Management Report as at 31 March 2016**

Consolidated EBITDA at replacement cost¹: €163 million, €111 million in the first quarter of 2015

Group net result at replacement cost²: €57 million, €34 million in the first quarter of 2015

Genoa, 13 May 2016 – At its meeting held yesterday, the Board of Directors of ERG S.p.A. approved the Interim Management Report as at 31 March 2016³.

Consolidated Financial Results at replacement cost

Performance highlights (million Euro)	First Quarter		Variation
	2016	2015	
EBITDA	163	111	+46%
EBIT	99	71	+40%
Group net result	57	34	+68%

	31.03.16	31.12.15	Variation
Net financial debt (million Euro)	1,741	1,448	+294
Leverage⁴	50%	46%	

Luca Bettonte, ERG's Chief Executive Officer, commented: “the first quarter results show a strong growth and are decidedly satisfactory, reflecting both the improved wind conditions recorded with respect to the previous year and, above all, the full contribution from the over 900MW of new capacity installed and acquired during the past twelve months. The technological diversification in the hydroelectric sector coupled with the increase in wind power capacity installed outside of Italy, within a situation of positive wind conditions and despite the low water availability, have made it possible to increase the volumes of energy output, abundantly offsetting an extremely weak energy price scenario. The results also benefitted from a positive contribution from the Energy Management business, the operational efficiency of the thermoelectric plant and the constant tight control over central costs. In view of the results achieved during the quarter and notwithstanding the energy scenarios which continue to be depressed, we confirm our guidance for 2016 which forecasts, for the end of the year, EBITDA of Euro 440 million and a net debt of Euro 1.73 billion, including both the investments in the United Kingdom and the extraordinary dividend.”

Preliminary remark

The Interim Management Report as at 31 March 2016, pending definition of the regulatory framework, has been prepared on a voluntary basis continuing along the same path as previous years' interim reports, in accordance with the valuation and measurement criteria laid down by the International Financial Reporting Standards (IFRS), and will therefore be published in line with the reports hitherto made to the market. The consolidation principles and valuation criteria are the same as those indicated in the Consolidated Financial Statements to which reference is made.

First quarter 2016

In the first quarter of 2016 **revenues from ordinary operations** totalled Euro 295 million, showing an increase over the Euro 275 million posted for the first quarter of 2015, following the significant growth in wind and thermoelectric power output in Italy, the contribution from the new wind power capacity which came on stream in France, Germany and Poland, as well as the contribution from the newly acquired hydroelectric hub. The higher volumes more than offset the falloff in average energy selling prices, with the exception of the thermoelectric business in Sicily.

Consolidated financial results

EBITDA at replacement cost came to Euro 163 million, with an increase compared to Euro 111 million for the first quarter of 2015.

- **Non Programmable Sources (wind power):** EBITDA, at Euro 117 million, showed a sharp upturn compared to the corresponding period a year earlier (Euro 95 million) following the notable growth in output, due to both the contribution from the new wind farms in France, Germany and Poland, and the good wind conditions during the period which more than offset the impact caused by the lower average selling prices.
- **Programmable Sources (thermoelectric and hydroelectric power):** EBITDA, at Euro 48 million, increased over the corresponding period in 2015 (Euro 22 million) following the improved result from thermoelectric power (Euro 27 million compared to Euro 22 million in the first quarter of 2015), thanks to the high efficiency of the plants and recovery of costs in accordance with current regulations for Essential Units, as well as the contribution from the Energy Management business. The newly acquired hydroelectric power hub contributed Euro 21 million to the result, despite the scarce availability of water recorded during the period.

EBIT at replacement cost came to Euro 99 million (Euro 71 million in the first quarter of 2015) after amortisation and depreciation totalling Euro 64 million (Euro 41 million in the first quarter of 2015).

Group net result at replacement cost was Euro 57 million, showing a growth compared to Euro 34 million for the first quarter of 2015, due above all to the reasons already described in the comment on the operating results, as well as to the improved equity method contribution from the TotalErg investment.

Net financial debt came to Euro 1,741 million, with an increase of Euro 294 million compared to 31 December 2015, mainly reflecting the acquisition of the French and German wind farms from the Impax Group (Euro 293 million) and the initial investment for entry to the United Kingdom (Euro 13 million). Operating cash flow partially offset the effects deriving from the said change in the scope of consolidation, despite the negative trend in working capital during the period (Euro -91

million), partly due to the change in Green Certificate regulations and to the Essential Unit regime, which should be absorbed by the end of the year.

Investments

(million)	First quarter	
	2016	2015
Non Programmable sources	2	11
Wind power	2	11
Programmable sources	2	2
Thermoelectric power	1	2
Hydroelectric power	1	-
Corporate	1	-
TOTAL INVESTMENTS	4	13

In the first quarter of 2016 the ERG Group carried out investments in tangible and intangible fixed assets totalling Euro 4 million (Euro 13 million in the corresponding period of 2015) of which Euro 3.3 million concerned property, plant and equipment (Euro 12 million in the first quarter of 2015) and Euro 0.7 million concerned intangible fixed assets (Euro 1 million in the first quarter of 2015).

Non Programmable Sources

Investments in the first quarter of 2016 mostly refer to some payments made to complete the new wind farms in Poland (overall 40 MW), all constructed directly by ERG Renew. More specifically, the Szydłowo wind farm comprising seven Vestas V100 2MW wind turbines (total capacity 14 MW) came on stream at the end of December 2015 and the Slupia wind farm, for which the project was increased during the year from 12 to 13 wind turbines following the extension of authorisations, equipped with Vestas V90 machines for a total capacity of 26 MW, was completed at the end of 2015 and started up during the first few days of 2016. Moreover, scheduled interventions continued in the area of Health, Safety and the Environment.

It should be mentioned that these figures do not include **two major acquisitions** completed during the period:

- the acquisition at the beginning of 2016, from a fund managed by Impax Management Group, **of eleven wind farms in France and six wind farms in Germany**, with a total installed capacity of 206 MW (and expected average annual output of around 410 GWh), as well as two companies which provide operational and commercial technical assistance to "captive" and third-party wind power operators in France, Germany and Poland, covering an overall 800 MW (of which, 206 MW concerned with the acquisition, another 83 MW owned by ERG Renew in Germany and over 500 MW belonging to third parties). The transaction's enterprise value amounts to around Euro 290 million, corresponding to a multiple of approximately Euro 1.4 million per MW. The wind farms are already entirely funded through limited recourse project financing. EBITDA, in 2016, is forecast at around Euro 30 million.
- the acquisition from TCI Renewables of Brockaghboy Windfarm Ltd ("BWF"), an English company holding authorisations to build a **wind farm in Northern Ireland**, with a scheduled capacity of approximately 45 MW and electricity output, when fully operational, estimated at around 150 GWh per year. ERG Renew expects to commence construction of the wind farm during the second quarter of 2016 and to complete construction at the end of the first quarter of 2017. The overall investment for implementation of the wind farm is estimated at around 60 million Pounds (approximately 80 million Euro), which already includes the initial consideration paid to acquire the company. As at 31 March 2016 the transaction has involved an investment of around Euro 13 million.

Programmable Sources

Investments in the first quarter of 2016 (Euro 1.5 million) mainly concerned ERG Power (Euro 0.9

million), which continued its investment activities aimed at maintaining the plants' operational efficiency, flexibility and reliability. Moreover, the scheduled interventions continued in the area of Health, Safety and Environment. The figure also includes the investments carried out by ERG Hydro (Euro 0.6 million).

Operational data

Electricity sales by the ERG Group, carried out in Italy through ERG Power Generation's Energy Management, refer to the electricity generated by its wind farms (ERG Renew), thermoelectric plants (ERG Power) and, starting from December 2015, hydroelectric plants (ERG Hydro), and to purchases on organised markets and via physical bilateral contracts. **During the first quarter of 2016, total electricity sales** came to 3.3 TWh (2.7 TWh in the corresponding period of 2015), against a total of 2.3 TWh produced by the Group's facilities, of which about 0.5 TWh abroad and 1.9 TWh in Italy. The latter figure corresponds to approximately 2.4% of overall domestic demand (1.6% in the first quarter of 2015).

In the first quarter of 2016 **electricity generated by Non Programmable Sources** (wind power) amounted to 1,226 GWh, showing a growth compared to the first quarter of 2015 (860 GWh), with output up by around 14% in Italy (from 680 GWh to 774 GWh) and by 151% abroad (from 180 GWh to 452 GWh). The increase in Italian output (+94 GWh) was due to the generally improved wind conditions compared to those of 2015, particularly in the regions of Campania, Puglia and Sardinia. Outside of Italy, the upturn of 272 GWh was mainly ascribable to the contribution from the new wind farms in France, Poland and Germany (approximately 260 GWh overall), and to the general growth in output as regards almost all countries, considering the same installed capacity.

During the first quarter of 2016 **net electricity output from Programmable Sources** amounted to 1,080 GWh. **ERG Power's** output was 695 GWh, with an increase over the first quarter of 2015 (614 GWh; March 2015 saw the start of the general maintenance programme for the CCGT plant's module 1). **ERG Hydro's** overall output during the period totalled 384 GWh.

Main events during the quarter

On **2 February 2016** ERG Renew finalised the agreement for the acquisition from a fund managed by Impax Asset Management Group of eleven wind farms in France, with an installed capacity of 124 MW, and six wind farms in Germany, with an installed capacity of 82 MW, representing an overall capacity of 206 MW. The wind farms, which came on stream between 2009 and 2014 in France and between 2004 and 2014 in Germany, have an expected average annual output of around 410 GWh. The transaction also includes two companies, one French and one German, which provide operational and commercial technical assistance, via a team of twenty-eight professionals, to "captive" and third-party wind power operators in France, Germany and Poland, covering an overall 800 MW (including 206 MW concerned with the acquisition and another 83 MW owned by ERG Renew in Germany).

On **29 February 2016** ERG Renew acquired from TCI Renewables ("TCI") a 100% equity interest in Brockaghboy Windfarm Ltd ("BWF"), an English company holding authorisations to build a wind farm in Northern Ireland, in the county of Londonderry, with a scheduled capacity of approximately 45 MW and electricity output, when fully operational, estimated at around 150 GWh per year, corresponding to about 3,300 equivalent hours and about 71 kt of avoided CO₂ emission.

Main events occurred after the end of the period

On **6 April 2016** ERG sold to Unicredit S.p.A. its entire investment in I-Faber S.p.A. (23%) for the amount of Euro 4.2 million.

On **13 April 2016** ERG exercised its call option on the remaining 20% equity interest in ERG Wind Investments Ltd (an 80% stake in the company, formerly called IP Maestrale Investments Ltd, having been acquired from International Power Consolidated Holdings), as set forth by the agreements signed with International Power Consolidated Holdings Ltd.

Business outlook

Non Programmable Sources (wind power)

ERG Renew continues to pursue its international growth strategy, thanks to which already at the beginning of 2016 it had achieved 626 MW of installed capacity abroad, corresponding to 37% of the overall 1,720 MW installed. The Group is today positioned as eighth operator at European level. The year 2016 will particularly derive benefit from the full contribution of the three new wind farms, whose construction in Poland has been completed with an overall installed capacity of 82 MW (construction was gradually completed by ERG during 2015), as well as from the acquisition in July 2015 of another six wind farms in France with an installed capacity of 63 MW and the 20 MW increase in installed capacity in Bulgaria and Romania (following the dissolution of the LUKERG Renew joint venture at the end of 2015). We should also mention the eleven wind farms acquired in France (124 MW) and six in Germany (82 MW) at the beginning of 2016, with a total installed capacity of 206 MW, enabling a further expansion of the Group's presence in the said countries which consider renewables an essential part of their energy policy, alongside the acquisition of two companies specialised in asset management activities, which will serve to achieve synergies and enhance ERG's presence as industrial operator in the two countries. These assets will be consolidated starting from 1 January 2016. Lastly, activities are continuing to promote the company's growth, by evaluating new investment opportunities, particularly abroad, as a result of which in 2016 the company will be engaged in the construction of a new plant, for around 45 MW, in Northern Ireland (UK). The results posted in 2016, in terms of EBITDA, are therefore expected to show a significant growth owing to the contribution from the new plants, despite being affected by the anticipated notable falloff in energy prices with respect to 2015. This impact, in 2016, will also be affected by the new incentive valuation mechanism in Italy which links the latter to the value of the final Single National Price (*PUN*) recorded the previous year (2015).

Programmable Sources

The ERG Group has completed an operation of enormous strategic importance, enabling it to diversify production sources by entering the hydroelectric sector with notable dimensions, consistent with its renewables growth strategy, through investments in high quality assets. Owing to this diversification, the 2016 results for programmable sources are expected to show an upturn with respect to 2015.

- **Hydroelectric power:** as a result of the transaction completed on 30 November 2015, ERG Power Generation acquired E.On's entire hydroelectric business, comprising a portfolio of facilities located in the regions of Umbria, Marche and Lazio, with an overall capacity of 527 MW; the contribution from the newly created ERG Hydro will allow a significant increase in economic results and cash generating capacity, while the notable expansion of the production portfolio will enable an improvement in results thanks also to the growth in Energy Management business.
- **Thermoelectric power:** insofar as concerns the ERG Power plant, results are expected to show a downturn once the Sorgente-Rizziconi transmission line comes into operation, currently anticipated by Terna on or before 30 June 2016. However, until such date, results are expected to be satisfactory and consistent with 2015. Moreover, the flexibility and efficiency of ERG Power's CCGT plant, the long-term supply contracts and the generation margin hedging interventions will allow profitability to be maintained above the average recorded for this type of facility in Italy.

On the whole 2016 EBITDA is expected to be around Euro 440 million, in keeping with the indications given to the Financial Community during the presentation of the 2015-2018 Business Plan (Euro 350 million in 2015).

Additional information

The Board of Directors – on the proposal of the Nominations and Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors – has determined for 2016, in accordance with the Company's Remuneration policy, the remuneration of Directors appointed to specific offices and members of the Strategic Committee who do not hold offices within the Board of Directors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting on 3 May 2016, has informed the Board of Directors regarding its positive evaluation of the independence of its members based on the criteria set forth by the Consolidated Finance Act, the principles of conduct of the Board of Statutory Auditors issued by the Italian National Councils of Professional and Certified Public Accountants (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) and the Corporate Governance Code promoted by Borsa Italiana S.p.A., such evaluation being confirmed by the Board of Directors based on the same criteria and the information provided by the members of the Board of Statutory Auditors.

The Interim Management Report as at 31 March 2016 reflects the impact of consolidation of the companies acquired in France and Germany. For this purpose a purchase price allocation exercise has been carried out based on the information available. In accordance with the guidelines provided by IFRS 3 and bearing in mind the limited period of time between acquisition and preparation of the document, this exercise should be considered provisional and susceptible to modification and improvement. Further details, including possible revisions concerning price and allocation of capital gains and the related accounting effects, will be indicated in the half-yearly financial report as at 30 June 2016 .

In reference to the estimates and forecasts provided, we point out that actual results may differ even significantly from the announced results due to a multitude of factors, including: future trends in prices, the operating performance of plants, the impact of regulations for the oil and energy industry and for the environment, other changes in business conditions and in the action of the competition.

The layout of the accounting statements corresponds to the format used in the Report on Operations. Appropriate explanatory notes illustrate the results at replacement cost.

Pursuant to Article 154-bis(2) of the Consolidated Finance Act, the manager responsible for preparing the company's financial reports, Paolo Luigi Merli, declares that the accounting information contained in this press release corresponds to the accounting documents, books and records.

The results for the first quarter of 2016 will be illustrated to analysts and investors today at 3.00 p.m. (CEST), during a conference call and simultaneous webcast, which may be viewed by visiting the Company's website (www.erg.eu); the presentation will be available on the said website, in the "Investor Relations/Presentations" section, at the offices of Borsa Italiana S.p.A. and on the Nis-Storage authorised storage mechanism (www.emarketstorage.com) 15 minutes before the conference call.

This press release issued at 7.45 a.m. (CEST) on 13 May 2016, has been prepared pursuant to the Issuers' Regulations. It is available to the public on the Company's website (www.erg.eu) in the section "Media/Press Releases", at the offices of Borsa Italiana and on the "Nis-Storage" authorised storage mechanism (www.emarketstorage.com). The Interim Management Report as at

31 March 2016 is available to the public at the Company's registered office at via De Marini 1, Genoa, on the Company's website (www.erg.eu) in the section "Investor Relations/Financial statements and reports", at the offices of Borsa Italiana and on the "Nis-Storage" authorised storage mechanism (www.emarketstorage.com).

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¹ Results at replacement cost **do not** include non-recurring items.

² Group net result at replacement cost **does not** include inventory gains (losses), non-recurring items or applicable theoretical taxes.

³ The unaudited Interim Management Report as at 31 March 2016 was prepared in accordance with the valuation and measurement criteria laid down by the International Financial Reporting Standards (IFRS) and based on the relevant guidelines contained in Article 154-ter, paragraph 5 of the Consolidated Finance Act, in application of directive 2004/109/EC (Transparency Directive).

⁴ The ratio of total net financial debt (including project financing) and net invested capital.

Performance highlights

FY 2015		1st quarter	
(EUR million)		2016	2015
Main Income Statement data			
944	Revenues	295	275
350	EBITDA at replacement cost	163	111
179	EBIT at replacement cost	99	71
24	Net income	51	40
21	of which Group net income	48	38
96	Group net profit (loss) at replacement cost ⁽¹⁾	57	34
Main Financial data			
3,124	Net invested capital	3,454	2,015
1,676	Shareholders' Equity	1,713	1,758
1,448	Total net financial indebtedness	1,741	335
1,285	of which non-recourse Project Financing ⁽²⁾	1,461	1,376
46%	Financial leverage	50%	13%
37%	EBITDA Margin %	55%	40%
Operating data			
1,506	Installed capacity at period end - wind farms	1,720	1,341
2,614	Electric power generation from wind farms	1,226	860
480	Installed capacity - thermoelectric plants	480	480
2,632	Electric power generation from thermoelectric plants	695	614
527	Installed capacity at period end - Hydroelectric plants	527	0
84	Electric power generation from hydroelectric plants	384	0
10,113	Total sales of electric power	3,281	2,666
106	Investments ⁽³⁾	4	13
666	Employees at period end	715	610
Market indicators			
52.3	Reference price of electricity ⁽⁴⁾	39.6	51.9
100.1	Feed In premium (former Green Certificates)	100.1	101.6
57.5	Sicily zone price	43.8	57.9
147.8	Average selling price per unit of ERG Wind energy in Italy	136.4	149.9
96.2	Feed In Tariff (Germany) ⁽⁵⁾	91.9	96.1
90.4	Feed In Tariff (France) ⁽⁵⁾	88.6	91.6
80.3	Feed In Tariff (Bulgaria) ⁽⁵⁾	96.7	96.6
37.1	Price of electricity - Poland	31.5	n.a.
26.0	Price of GCs - Poland	26.3	n.a.
29.7	Price of electricity - Romania ⁽⁶⁾	27.5	32.0
29.5	Price of GCs - Romania ⁽⁷⁾	29.5	29.6

In order to enhance the understandability of trends in the business segments, the financial results are shown at replacement cost, excluding non-recurring items. At the end of 2015, dissolution of the LUKERG Renew GmbH joint venture (50%) was completed, with the acquisition by ERG Renew of the Bulgarian wind farms and the Gebeleis (Romania) wind farm, whose results are fully consolidated from 1st January 2016. Considering the mentioned change in the scope of consolidation and in order to facilitate understanding of the comparison periods, the comparative data reflect the 2015 adjusted values, which included ERG's share (50%) of the financial results at replacement cost pertaining to the joint venture LUKERG Renew GmbH.

⁽¹⁾ does not include inventory gains (losses), non-recurring items and related applicable theoretical taxes.

⁽²⁾ including cash and cash equivalents and excluding the fair value of the related derivatives to hedge interest rates

⁽³⁾ intangible and intangible fixed assets excluding M&A investments amounting to Euro 306 million

⁽⁴⁾ Single National Price

⁽⁵⁾ The overseas Feed-in Tariff values refer to the prices obtained by ERG Renew plants

⁽⁶⁾ The price of electricity – Romania refers to the price set by the company via bilateral contracts

⁽⁷⁾ Price refers to the unit value of green certificates

Performance highlights by segment

FY 2015		1st quarter	
		2016	2015
(EUR million)			
Revenues from ordinary operations:			
345	Non Programmable Sources	145	118
345	Wind power	145	118
602	Programmable Sources	152	160
592	Thermoelectric power ⁽¹⁾	122	160
11	Hydroelectric power	30	0
22	Corporate	8	7
(25)	<i>Intra-segment revenues</i>	(9)	(10)
944	Total revenues	295	275
EBITDA:			
254	Non Programmable Sources	117	95
254	Wind power	117	95
115	Programmable Sources	48	22
107	Thermoelectric power ⁽¹⁾	27	22
8	Hydroelectric power	21	0
(19)	Corporate	(2)	(6)
350	EBITDA at replacement cost	163	111
Amortisation, depreciation and write-downs			
(134)	Non Programmable Sources	(41)	(33)
(134)	Wind power	(41)	(33)
(34)	Programmable Sources	(22)	(7)
(30)	Thermoelectric power	(7)	(7)
(5)	Hydroelectric power	(15)	0
(3)	Corporate	(1)	(1)
(171)	Amortisation and depreciation at replacement cost	(64)	(41)
EBIT:			
120	Non Programmable Sources	75	62
120	Wind power	75	62
81	Programmable Sources	26	15
78	Thermoelectric power ⁽¹⁾	20	15
3	Hydroelectric power	6	0
(22)	Corporate	(3)	(7)
179	EBIT at replacement cost	99	71
Investments on tangible and intangible fixed assets:			
95	Non Programmable Sources	2	11
95	Wind power	2	11
9	Programmable Sources	2	2
9	Thermoelectric power	1	2
0	Hydroelectric power	1	0
2	Corporate	1	0
106	Total investments	4	13

⁽¹⁾ Energy Management contribution is included

Reclassified Income Statement

Income Statement and Balance Sheet results include non - recurring items

FY 2015

1st quarter

	Reclassified Income Statement	2016	2015
	(EUR million)		
920.3	Revenues from ordinary operations	295.4	267.3
16.3	Other revenues and income	3.2	1.7
936.6	TOTAL REVENUES	298.5	269.0
(412.6)	Costs for purchase and changes in inventory	(73.3)	(118.6)
(157.5)	Costs for services and other operating costs	(48.9)	(31.7)
(58.2)	Cost of labor	(14.6)	(12.6)
308.3	EBITDA	161.8	106.1
(163.0)	Amortisation, depreciation and write-downs of fixed assets	(64.1)	(38.7)
145.2	EBIT	97.7	67.4
(54.8)	Net financial income (expenses)	(20.7)	(13.4)
(54.2)	Net income (loss) from equity investments	(5.5)	1.6
36.2	Profit before taxes	71.5	55.7
(12.6)	Income taxes	(20.6)	(15.3)
23.7	Profit for the period	50.9	40.4
(3.1)	Minority interests	(3.1)	(2.5)
20.6	Group's net profit (loss)	47.8	37.9

Reclassified Statement of Financial Position

Reclassified Statement of Financial Position	03/31/2016	12/31/2015
(EUR million)		
Fixed assets	3,508.7	3,223.9
Net working capital	294.2	202.1
Employees' severance indemnities	(5.9)	(5.5)
Other assets	375.3	324.7
Other liabilities	(718.3)	(621.1)
Net invested capital	3,454.0	3,124.2
Group Shareholders' Equity	1,660.1	1,626.0
Minority interests	52.6	50.3
Net financial indebtedness	1,741.4	1,447.9
Shareholders' equity and financial debt	3,454.0	3,124.2

Cash flow

FY 2015		1st quarter	
		2016	2015
	CASH FLOWS FROM OPERATING ACTIVITIES:		
	(EUR million)		
207.2	Adjusted cash flow from current operations ⁽¹⁾	145.4	81.0
(125.5)	Income tax paid	0.0	0.0
29.2	Change in working capital	(90.9)	(21.2)
81.2	Change in other operating assets and liabilities	(19.9)	32.8
192.1	TOTAL	34.7	92.7
	CASH FLOWS FROM INVESTING ACTIVITIES:		
(113.2)	Net investments on tangible and intangible fixed assets	(8.2)	(12.1)
(1.4)	Net investments in financial fixed assets	0.8	0.5
(0.5)	Adjustment for sale of ERG Oil Sicilia	0.0	0.0
(115.1)	Total	(7.4)	(11.6)
	CASH FLOW FROM SHAREHOLDERS' EQUITY:		
(71.4)	Distributed dividends	0.0	0.0
5.2	Other changes in equity ⁽³⁾	(14.5)	(1.4)
(66.2)	Total	(14.5)	(1.4)
(1,128.6)	CHANGES IN SCOPE OF CONSOLIDATION⁽²⁾	(306.3)	(6.9)
(1,117.8)	CHANGE IN NET FINANCIAL INDEBTEDNESS	(293.5)	72.8
330.1	INITIAL NET FINANCIAL INDEBTEDNESS	1,447.9	330.1
1,117.8	CHANGE IN THE PERIOD	293.5	(72.8)
1,447.9	FINAL NET FINANCIAL INDEBTEDNESS	1,741.4	257.3

⁽¹⁾ item does not include inventory gains (losses), and current income tax for the period.

⁽²⁾ the change in the scope of consolidation in the first quarter of 2016 reflects above all the full consolidation of the newly-acquired Impax Asset Management companies

⁽³⁾ the other changes in equity basically refer to the movements in cash flow hedge reserve connected with derivative financial instruments

Alternative performance indicators

In order to enhance the understandability of trends in the business segments, the financial results are also shown at replacement cost, excluding non-recurring items.

The results at replacement cost are indicators that are not defined in International Financial Reporting Standards (IAS/IFRS). Management deems that these indicators are important parameters for measuring the ERG Group's operating performance, and are generally used by operators in the petroleum and energy industry in their financial reporting. Since the composition of these indicators is not regulated by the applicable accounting standards, the method used by the Group to determine these measures may not be consistent with the method used by other operators and so these might not be fully comparable.

The components used to determine the calculation of results at adjusted replacement cost are described below.

Non-recurring items include significant but unusual earnings.

Inventory gains (losses)¹ are equal to the difference between the replacement cost of products sold in the period and the cost resulting from application of the weighted average cost. They represent the higher (lower) value, in the event of price increases (decreases), applied to the quantities corresponding to levels of inventories physically present at the beginning of the period and still present at the end of the period.

The contribution of the TotalErg joint venture is consolidated using the equity method

At the end of 2015 dissolution of the LUKERG Renew Gmbh joint venture (50%) was completed, with the acquisition by ERG Renew S.p.A. of the Bulgarian wind farms and the Gebeleisis (Romania) wind farm, whose results are fully consolidated from 1st January 2016. Considering the mentioned change in the scope of consolidation and in order to facilitate understanding of the comparison periods, the comparative data reflect the 2015 adjusted values, which included ERG's share (50%) of the financial results at replacement cost pertaining to the joint venture LUKERG Renew Gmbh.

¹ Inventory gains and losses refer exclusively to the item "income from investments" and concern the TotalErg joint venture.

Reconciliation with operating results at adjusted replacement cost

FY 2015	EBITDA	1st quarter	
		2016	2015
308.3	EBITDA	161.8	106.1
	<i>Exclusion of non-recurring items:</i>		
	Corporate		
1.3	- Ancillary charges - extraordinary operations	0.0	0.0
11.2	- Ancillary charges transactions concerning ERG Hydro	0.0	0.0
2.6	- Write-down of environmental certificates	0.0	0.0
0.0	- Ancillary charges - previous years	0.0	0.0
1.7	- Charges for company reorganisation	0.0	0.0
	Programmable Sources		
1.7	- Corporate reorganisation expenses	0.0	0.0
5.2	- Ancillary charges transactions concerning ERG Hydro	0.0	0.0
	Non Programmable Sources		
6.3	- Ancillary charges - extraordinary operations	0.8	0.2
338.1	EBITDA at replacement cost	162.6	106.3
11.9	LUKERG Renew 50% contribution at adjusted replacement cost	0.0	4.9
350.0	EBITDA at adjusted replacement cost	162.6	111.2
FY 2015	AMORTISATION, DEPRECIATION AND WRITE-DOWNS	1st quarter	
		2016	2015
(163.0)	Amortisation and depreciation at replacement cost	(64.1)	(38.7)
(7.8)	LUKERG Renew 50% contribution at adjusted replacement cost	0.0	(2.0)
(170.9)	Amortisation and depreciation at adjusted replacement cost	(64.1)	(40.7)
FY 2015	EBIT	1st quarter	
		2016	2015
175.1	EBIT at replacement cost	98.5	67.6
4.1	LUKERG Renew 50% contribution at adjusted replacement cost	0.0	3.0
179.1	EBIT at adjusted replacement cost	98.5	70.6
FY 2015	GROUP'S NET PROFIT (LOSS)	1st quarter	
		2016	2015
20.6	Group net result	47.8	37.9
21.9	<i>Exclusion of inventory gains / losses</i>	7.9	(1.4)
	<i>Exclusion of non-recurring items:</i>		
0.5	Exclusion for capital gain on sale of ERG Oil Sicilia	0.0	0.0
(2.9)	Exclusion of write-off resulting from Robin Tax on deferred tax assets and liabilities	0.0	0.0
13.1	Exclusion of ancillary charges - ERG Hydro acquisition	0.0	0.0
1.9	Exclusion of write-down of environmental certificates	0.0	0.0
1.6	Exclusion of TotalErg non-recurring items	0.1	(2.4)
0.0	Exclusion of contribution and other proceeds (charges) pertaining to prior years	0.0	0.1
0.0	Exclusion of Corporate loan prepayment effects	0.9	0.0
(8.4)	Exclusion of tax adjustment effects	0.0	0.0
6.4	Exclusion of ancillary charges - extraordinary operations	0.7	0.0
2.5	Exclusion of charges for company reorganisation	0.0	0.0
0.3	Exclusion of extraordinary gains - LukErg joint venture dissolution	0.0	0.0
0.9	Exclusion of provision for equity investment risks	0.0	0.0
38.0	Exclusion of financial charges on minorities option	0.0	0.0
96.3	Group net profit (loss) at replacement cost ⁽¹⁾	57.5	34.2

⁽¹⁾ For year 2015 it also corresponds to Group net profit (loss) at adjusted replacement cost.