

FOURTH QUARTER 2016 RESULTS

10 MARCH 2017

LUCA BETTONTE, CEO

DISCLAIMER

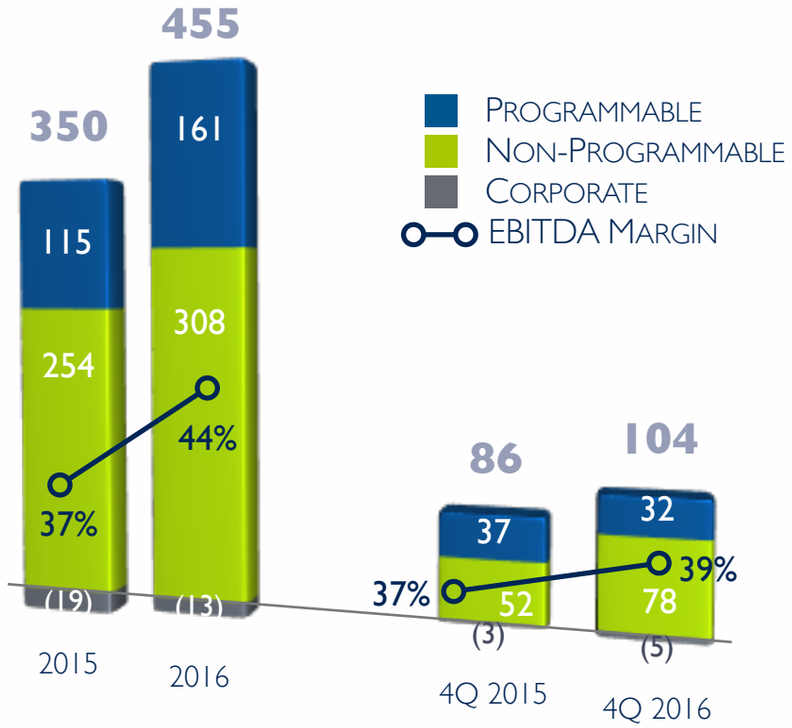
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AGENDA

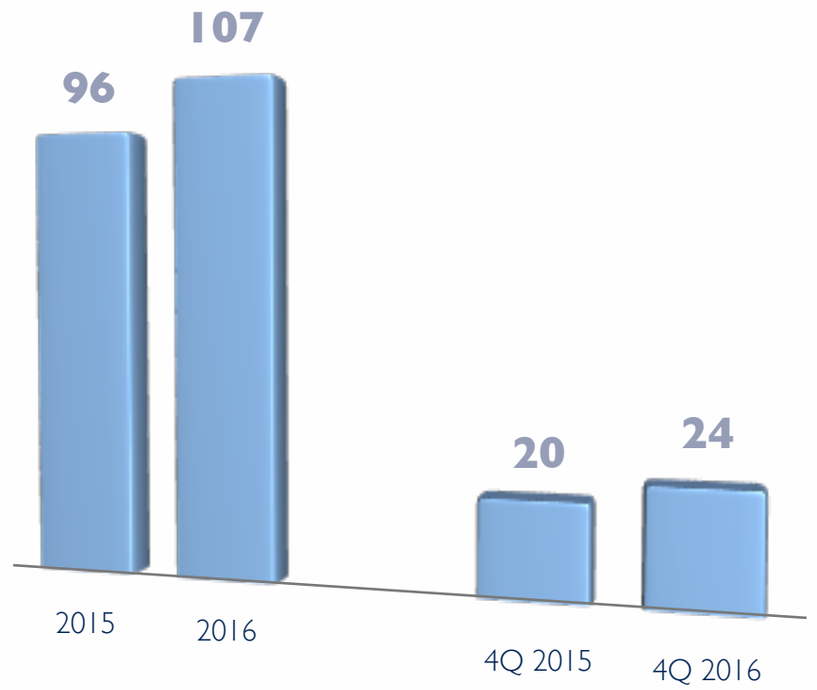
- 4Q 2016 Highlights
  - ✓ Key Figures
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- Results Review
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- Key Financials
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  - ✓ Cash Flow Statement
- 2017 Guidance and Conclusions
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HIGHLIGHTS: KEY FIGURES

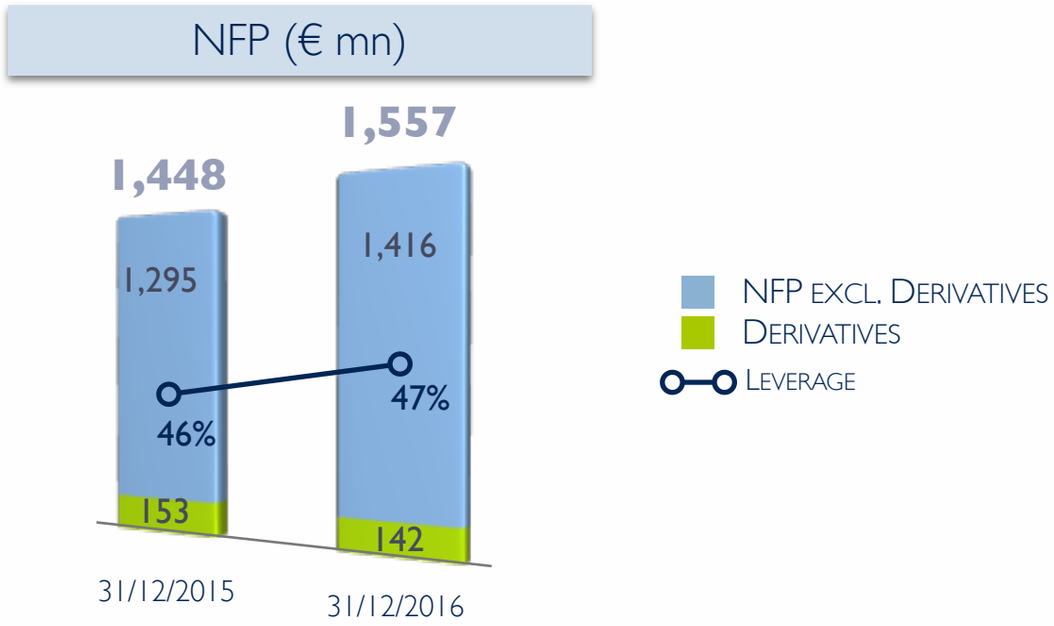
RC Ebitda (€ mn)



RC Net Profit (€ mn)

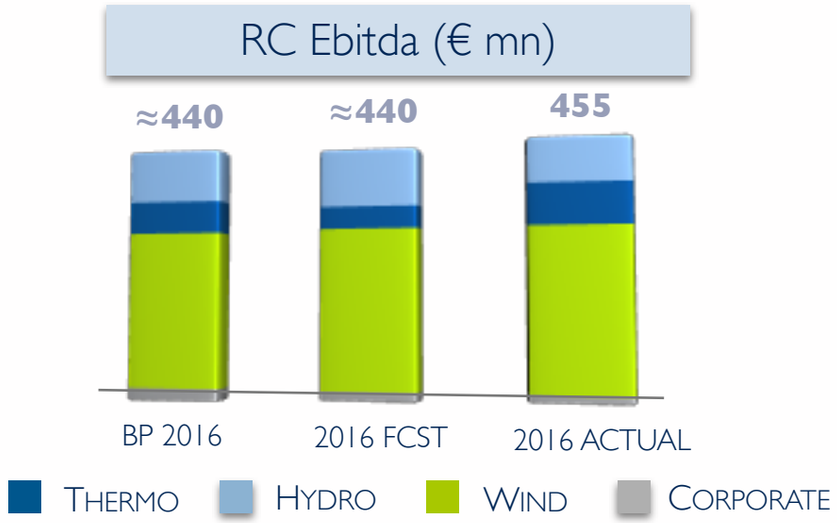


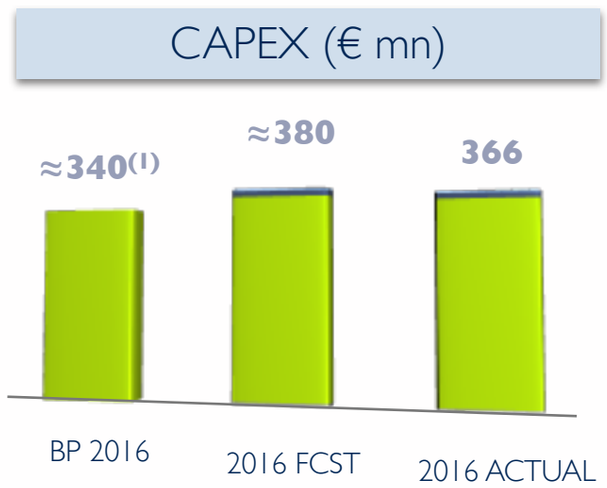
NFP (€ mn)

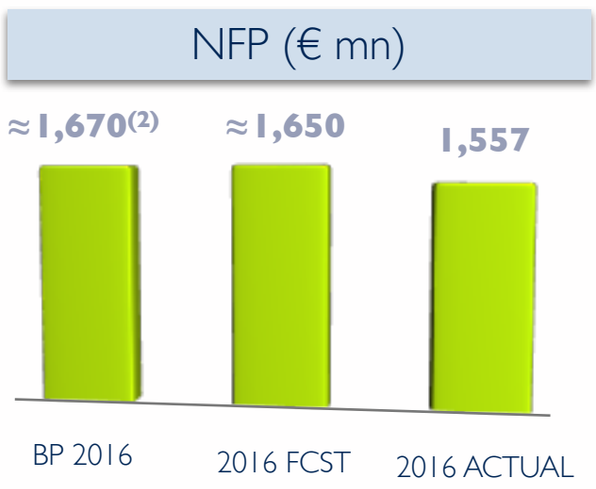


Strong set of results
thanks to enlarged and diversified electricity portfolio

HIGHLIGHTS: KEY FIGURES VS. GUIDANCE







(1) Business Plan 2016 CAPEX adjusted for IMPAX acquisition
(2) Business Plan 2016 NFP adjusted for extraordinary dividend

EBITDA:

- ✓ Good operating performance in Wind
- ✓ Better contribution of thermal generation
- ✓ 2016 RC EBITDA does not include roughly €26mn of revenues related to past GCs in the Hydro business, included in the Hydro PPA
- ✓ Improved corporate costs

CAPEX:

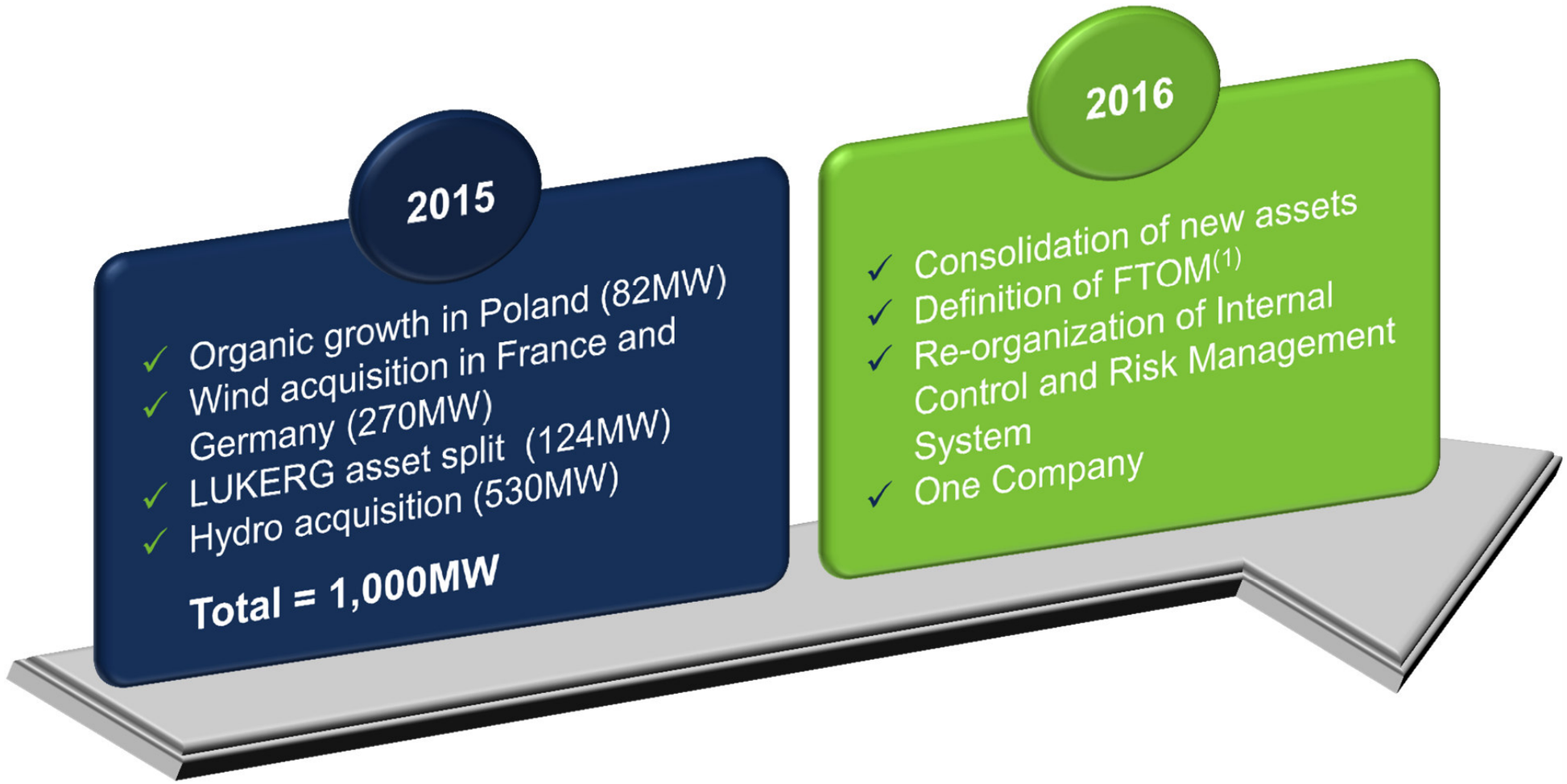
- ✓ Higher CAPEX vs Businesss Plan for acceleration in the U.K.
- ✓ Slightly below recent guidance due to different timeline in Brockaghboy wind farm construction

NFP:

- ✓ Higher cash generation (i.e. EBITDA)
- ✓ Higher cash-in from receivables inherited from Hydro acquisition in excess of €40mn (not included in the BP 2015-2018)
- ✓ Timing effects on working capital (reversal expected in 2017)

BP execution on track, financial delivery better

GROWTH AND CONSOLIDATION



(1) Financial Target Operations Model

FURTHER CONSOLIDATION IN GERMAN WIND GENERATION

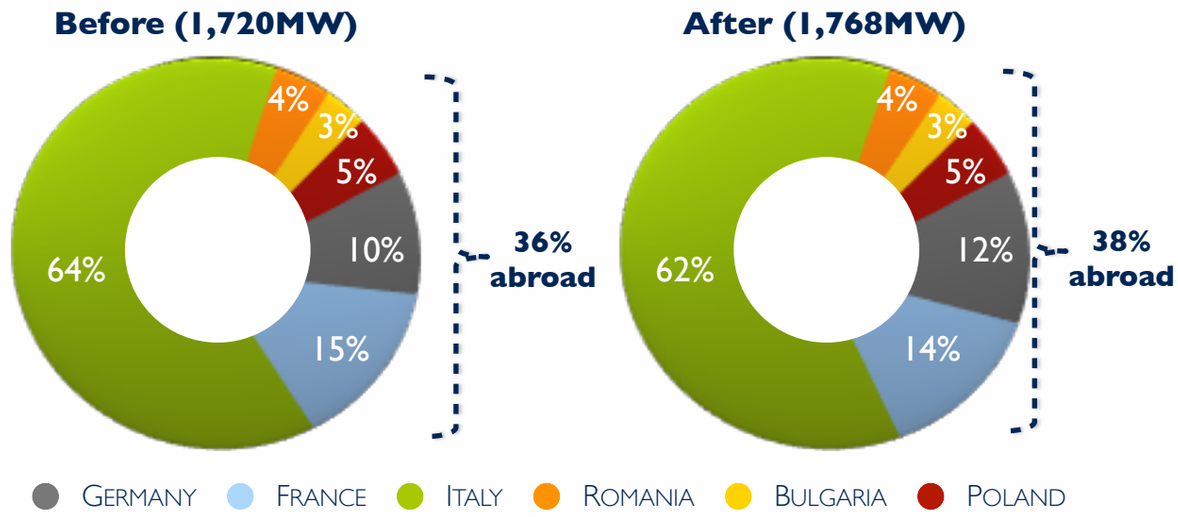
DEAL DESCRIPTION:

- ✓ On March 7, 2017 ERG signed an agreement to acquire 6 wind farms in Germany for a total installed capacity of 48.4MW
- ✓ Equity value of €14mn, EV ca. €40mn
- ✓ Parks in operation since 2007-2008
- ✓ Producibility slightly above 1,700heq
- ✓ EBITDA of ca. €5mn pa.
- ✓ Closing in 2Q 2017

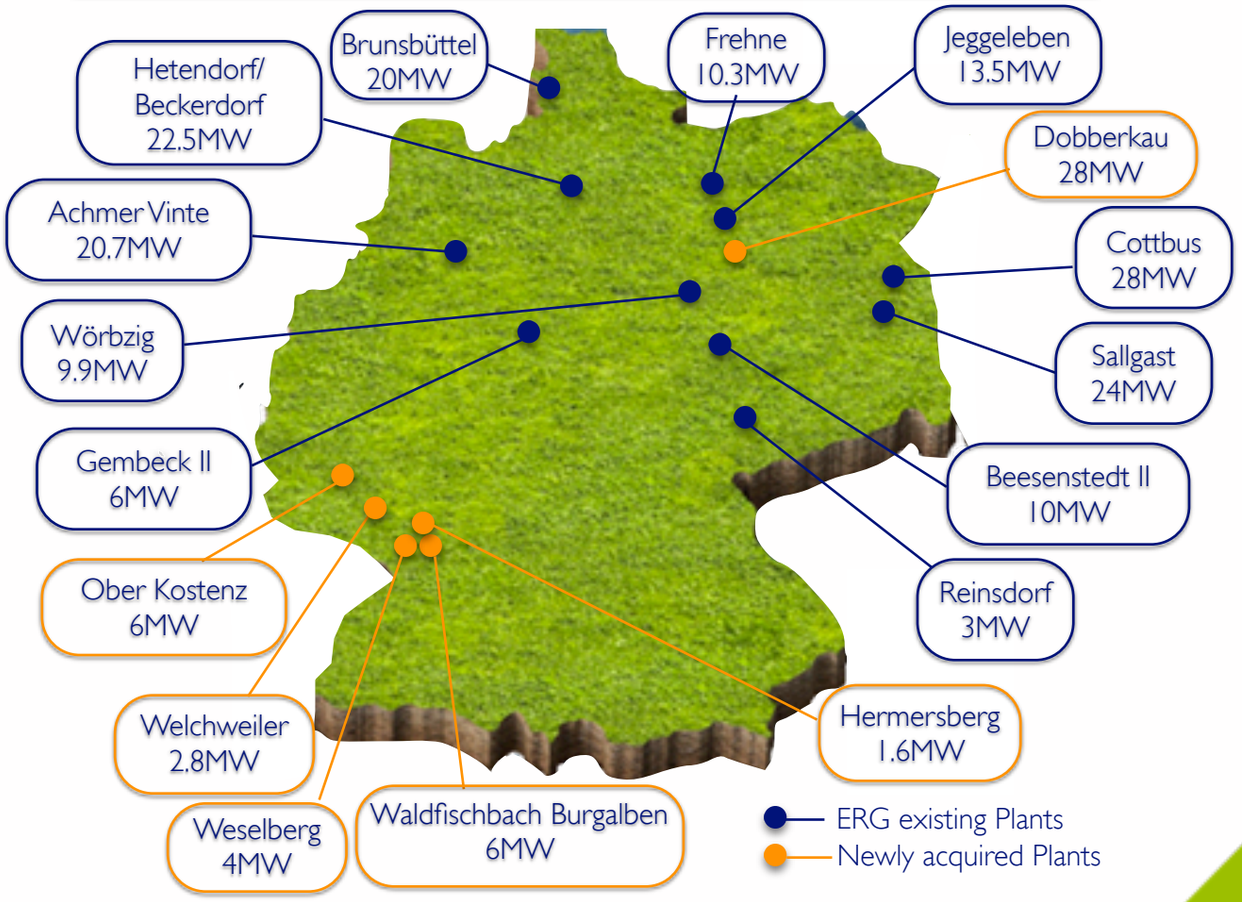
STRATEGIC RATIONALE:

- ✓ Further consolidation of ERG in Germany, with installed capacity to reach 216MW from 168MW
- ✓ ERG as one of the first wind onshore players in Germany
- ✓ Good localization, near to ERG wind farms
- ✓ Possibility to lever on the technical services developed by ERG in Germany

Wind capacity in Europe



Wind capacity in Germany = 216MW

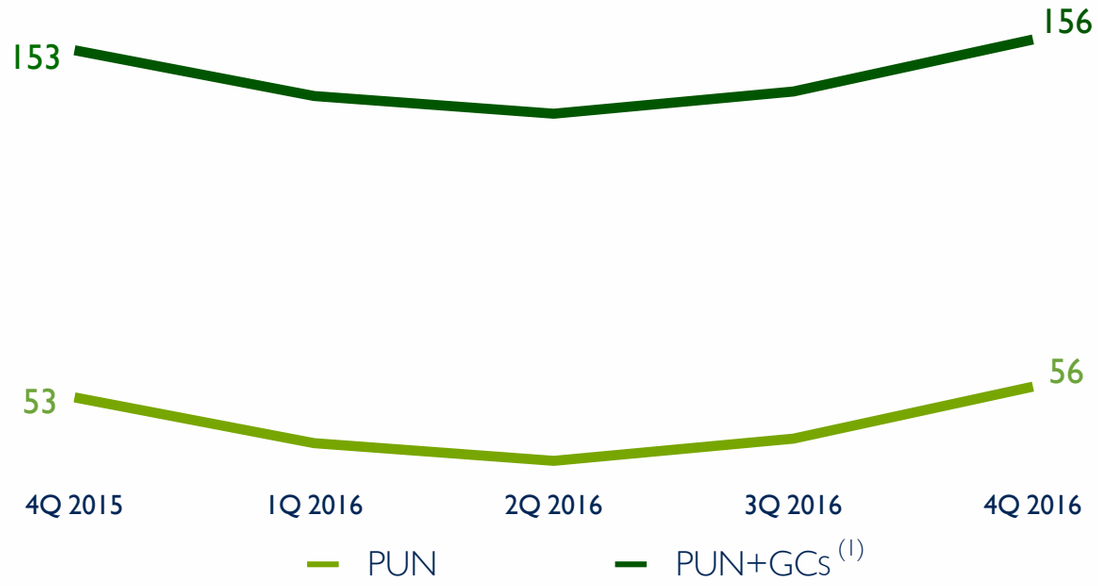


RESULTS REVIEW

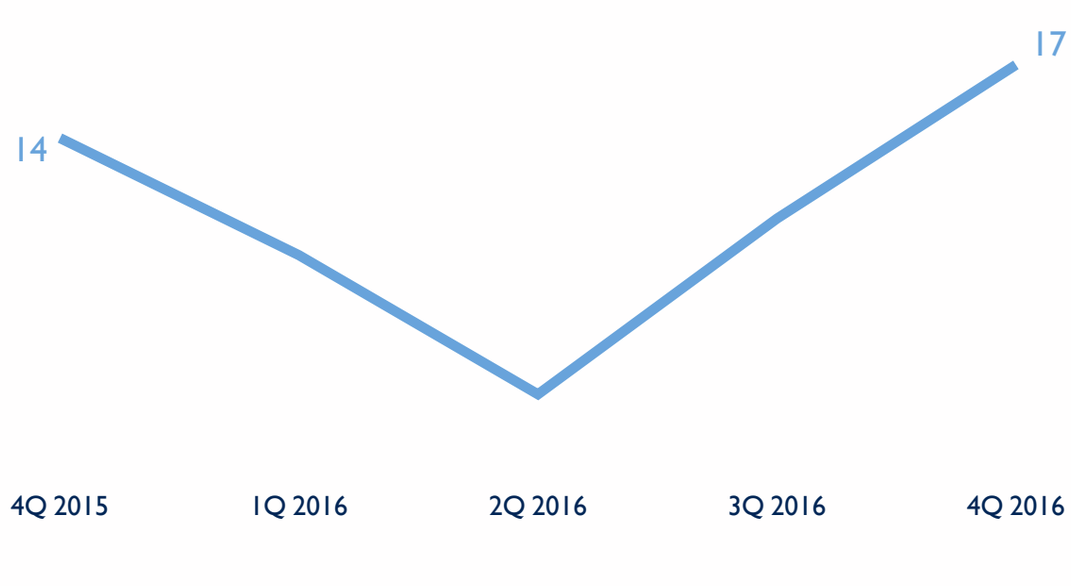
PAOLO MERLI, CFO

BUSINESS ENVIRONMENT

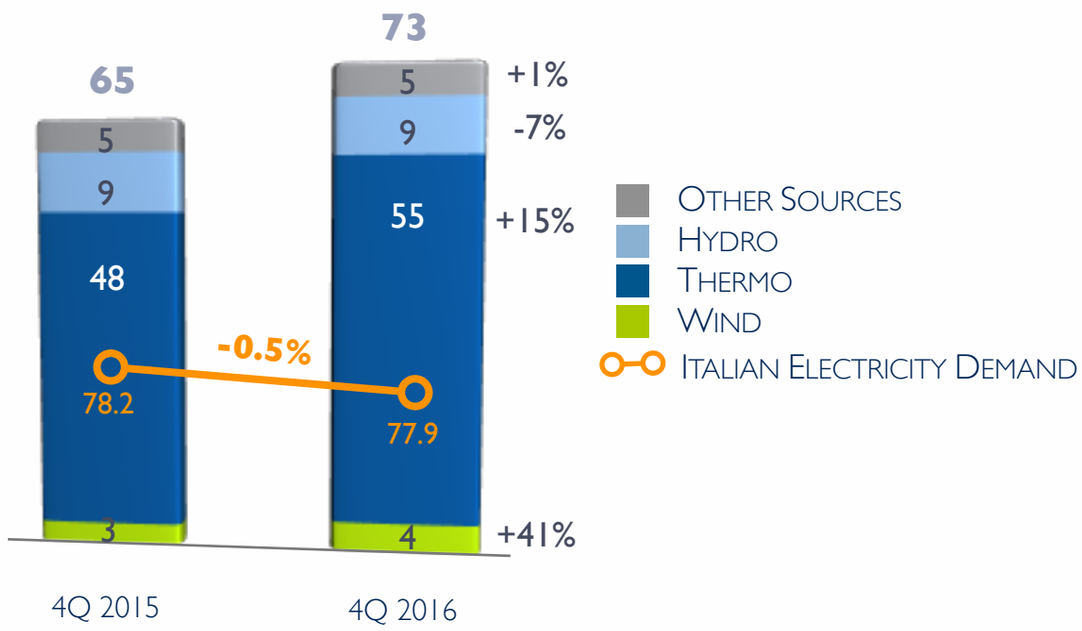
Electricity Prices in Italy (€/MWh)



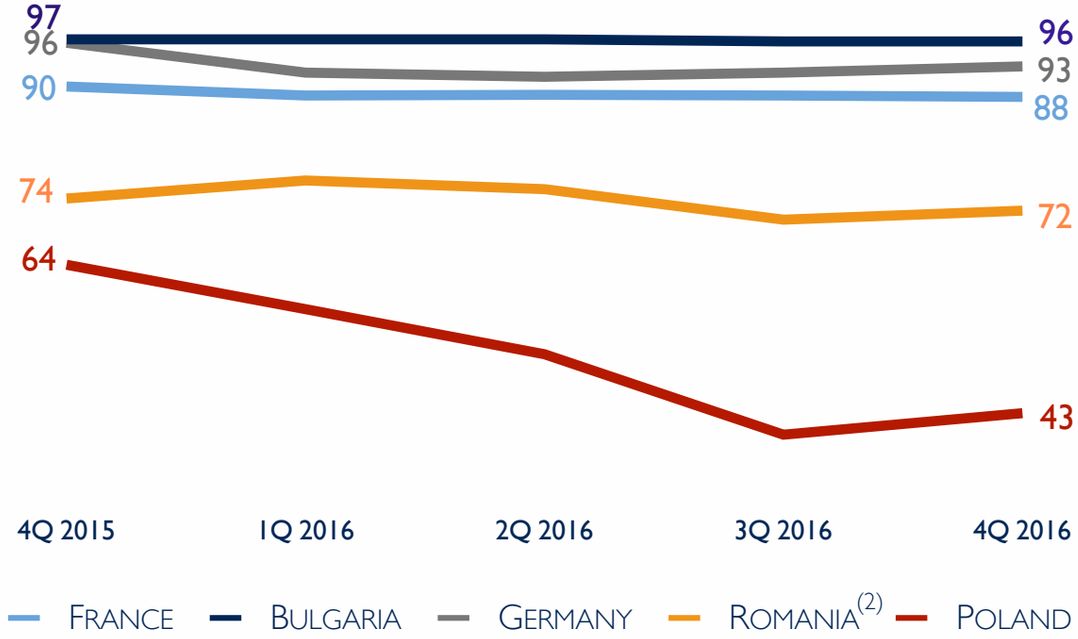
Baseload Spark Spread in Italy (€/MWh)



Italy: Electricity Production vs Demand (TWh)

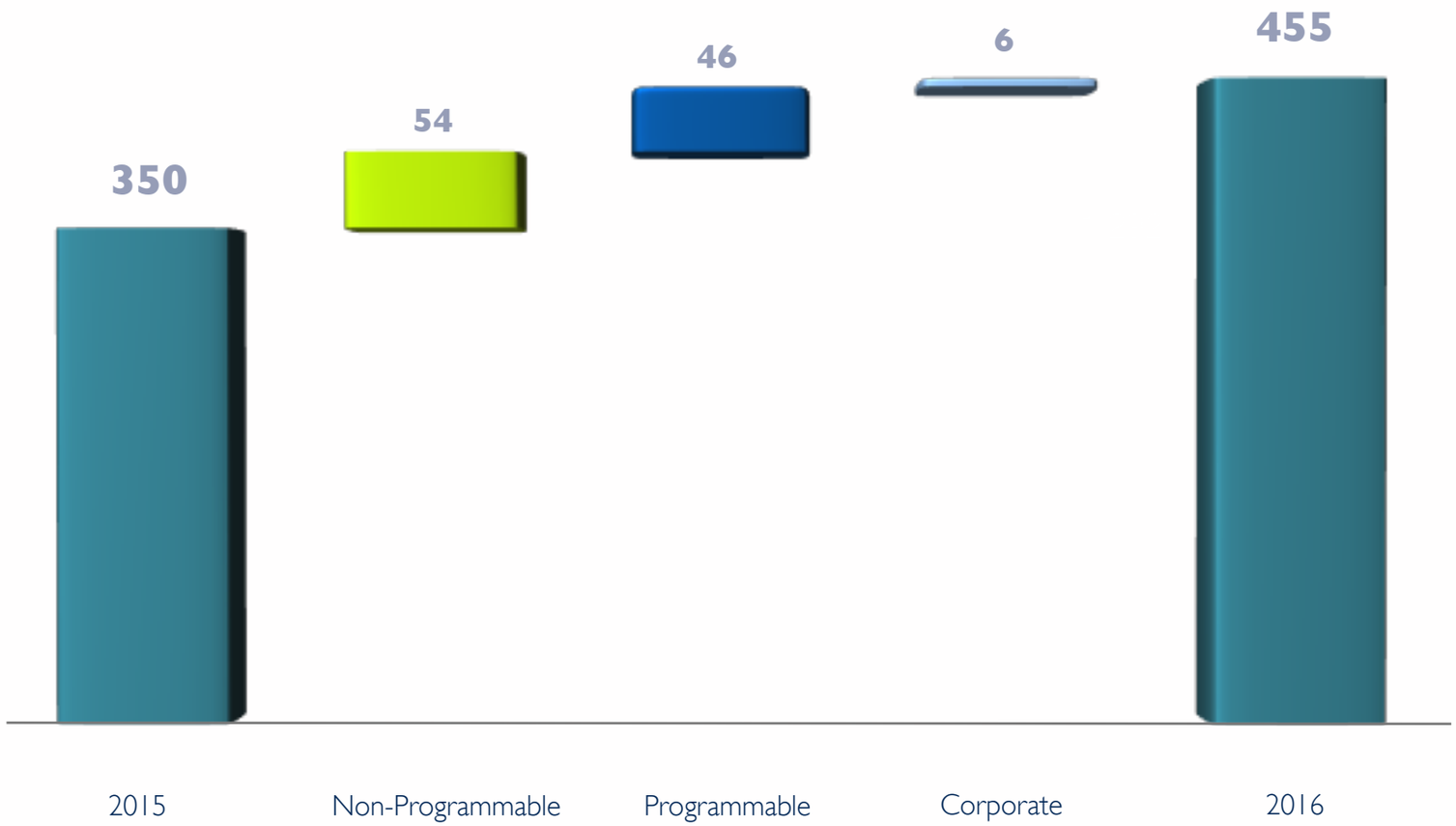


All-in Wind Prices abroad (€/MWh)



(1) Italian theoretical price based on National Average Electricity Price (PUN) in Italy + feed-in premium
(2) Figures refer only to Gebeleisis wind farm

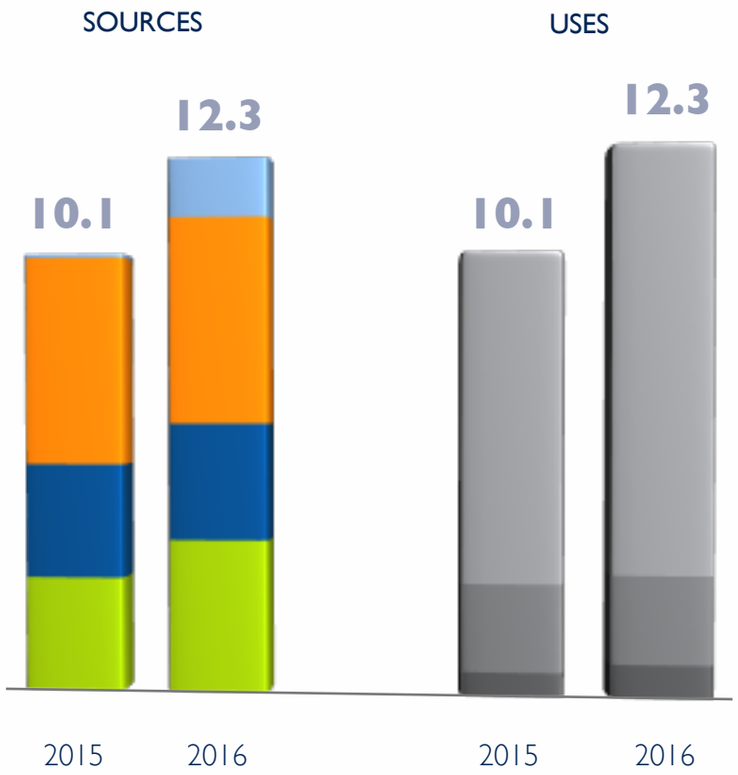
2016 GROUP EBITDA



Overall growth thanks to a diversified portfolio

ENERGY PORTFOLIO

2015 vs 2016 (TWh)



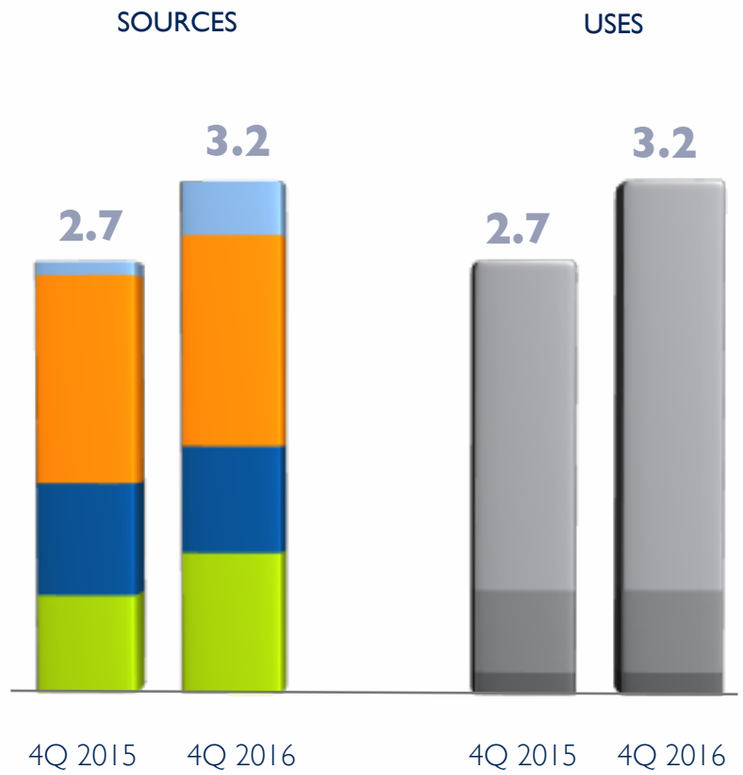
ELECTRICITY SOURCES:

- WIND PRODUCTION
- THERMO PRODUCTION
- HYDRO PRODUCTION
- PURCHASES

ELECTRICITY USES:

- SITE CLIENTS
- BILATERAL
- WHOLESALE

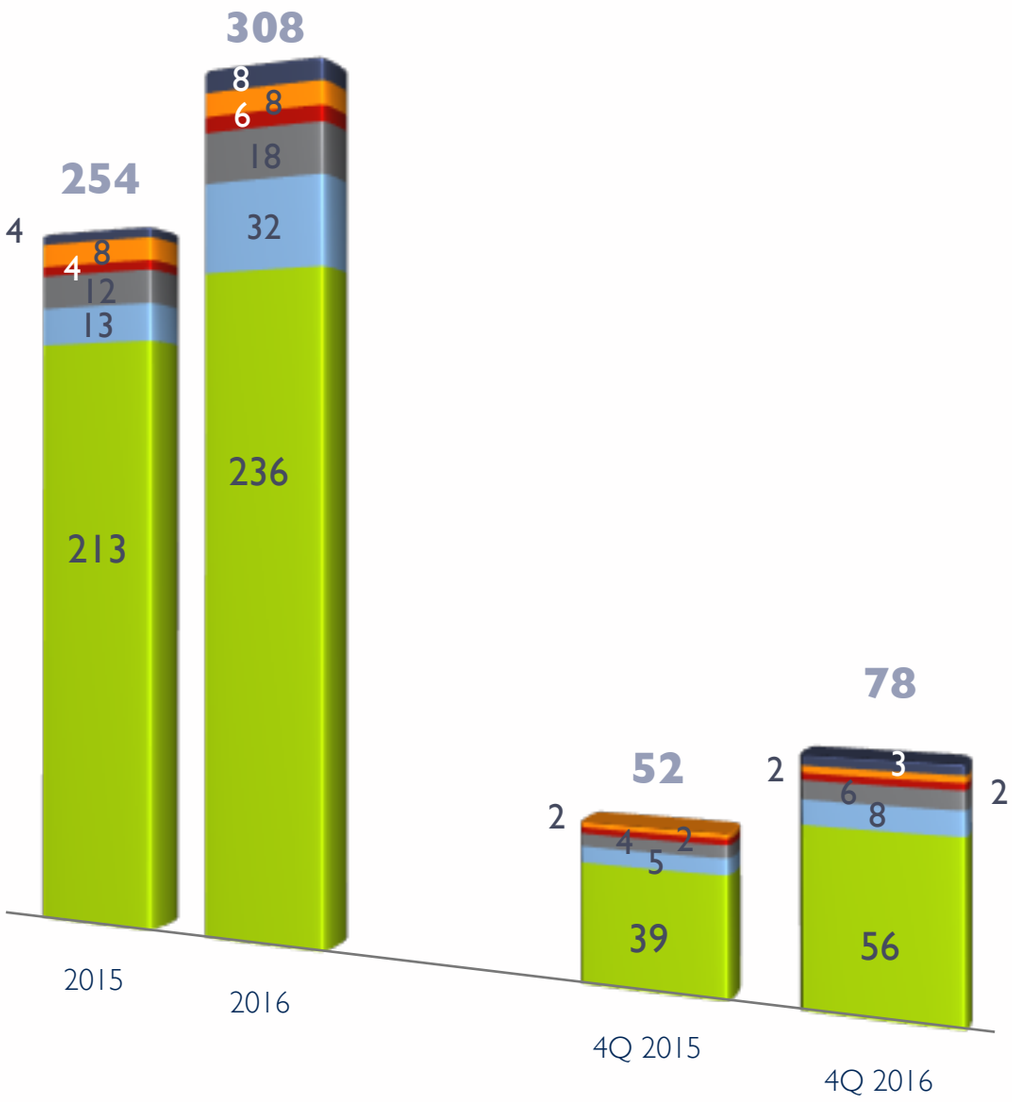
4Q 2015 vs 4Q 2016 (TWh)



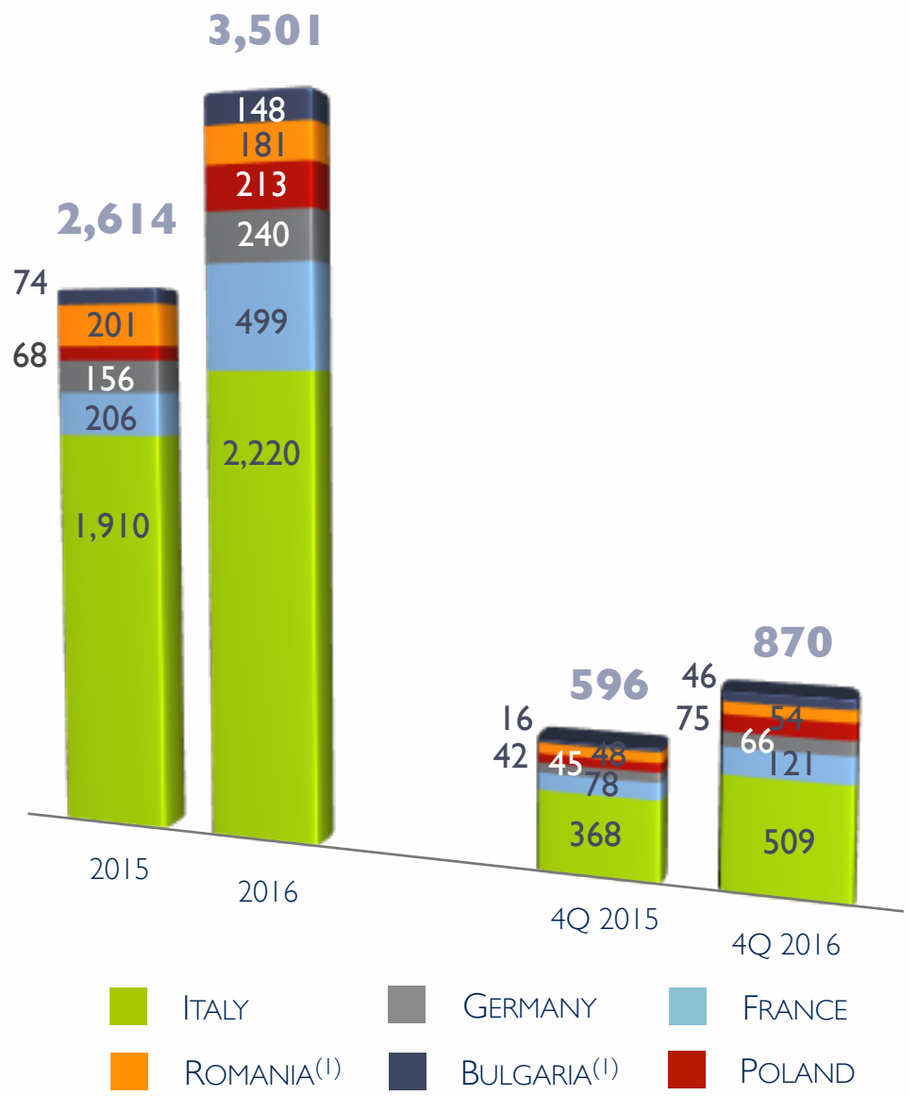
An enlarged and diversified electricity portfolio

NON-PROGRAMMABLE RESULTS

RC Ebitda (€ mn)



Volumes (GWh)

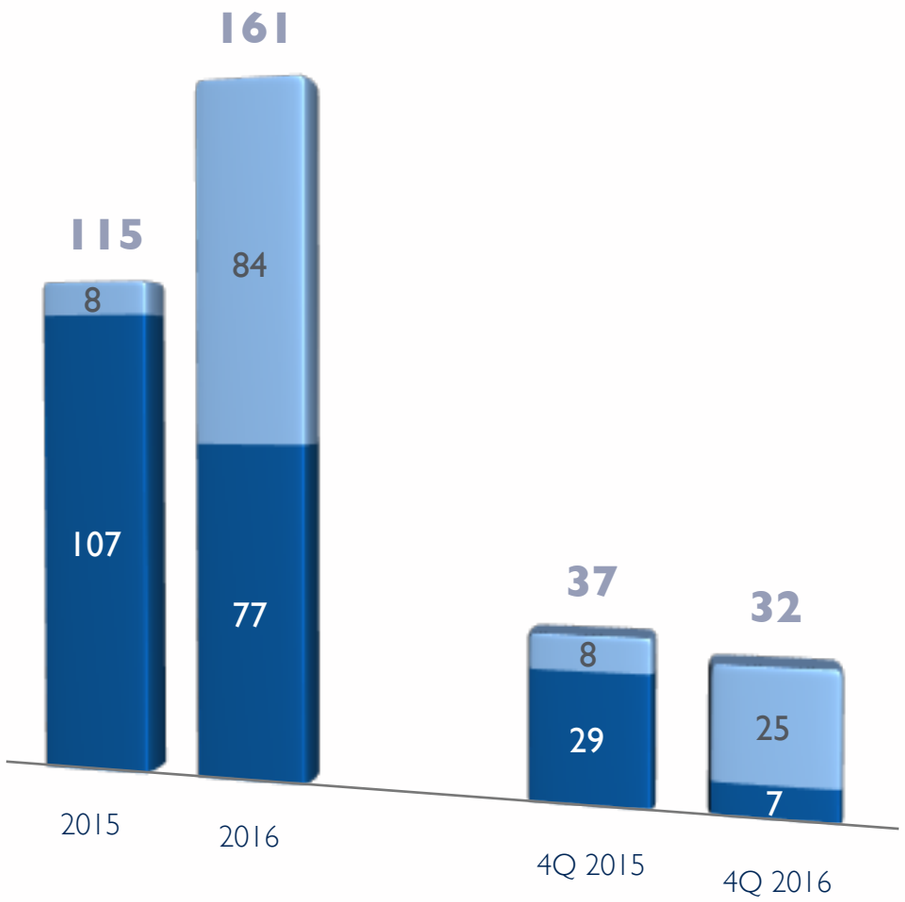


Sound Wind conditions coupled with consolidation of new assets

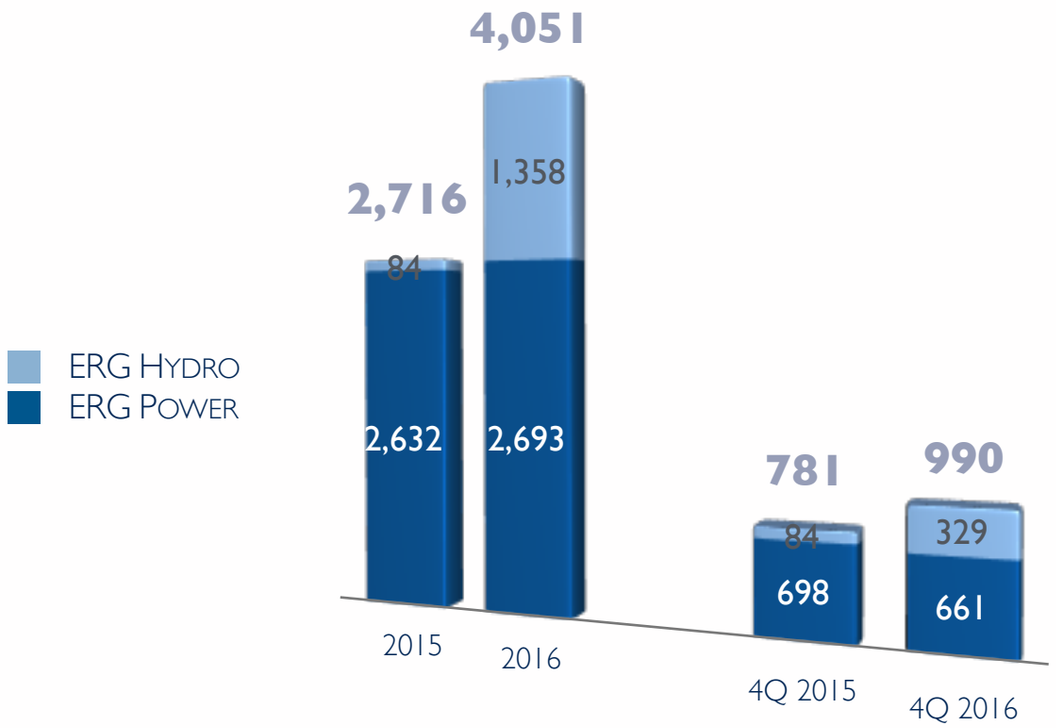
(1) As of December 23, 2015 LUKERG asset split became effective. From 1.1.2016 ERG Renew owns Tcherga and Hrabrovo wind farms in Bulgaria, and Gebeleisis wind farm in Romania.

PROGRAMMABLE RESULTS

RC Ebitda (€ mn)

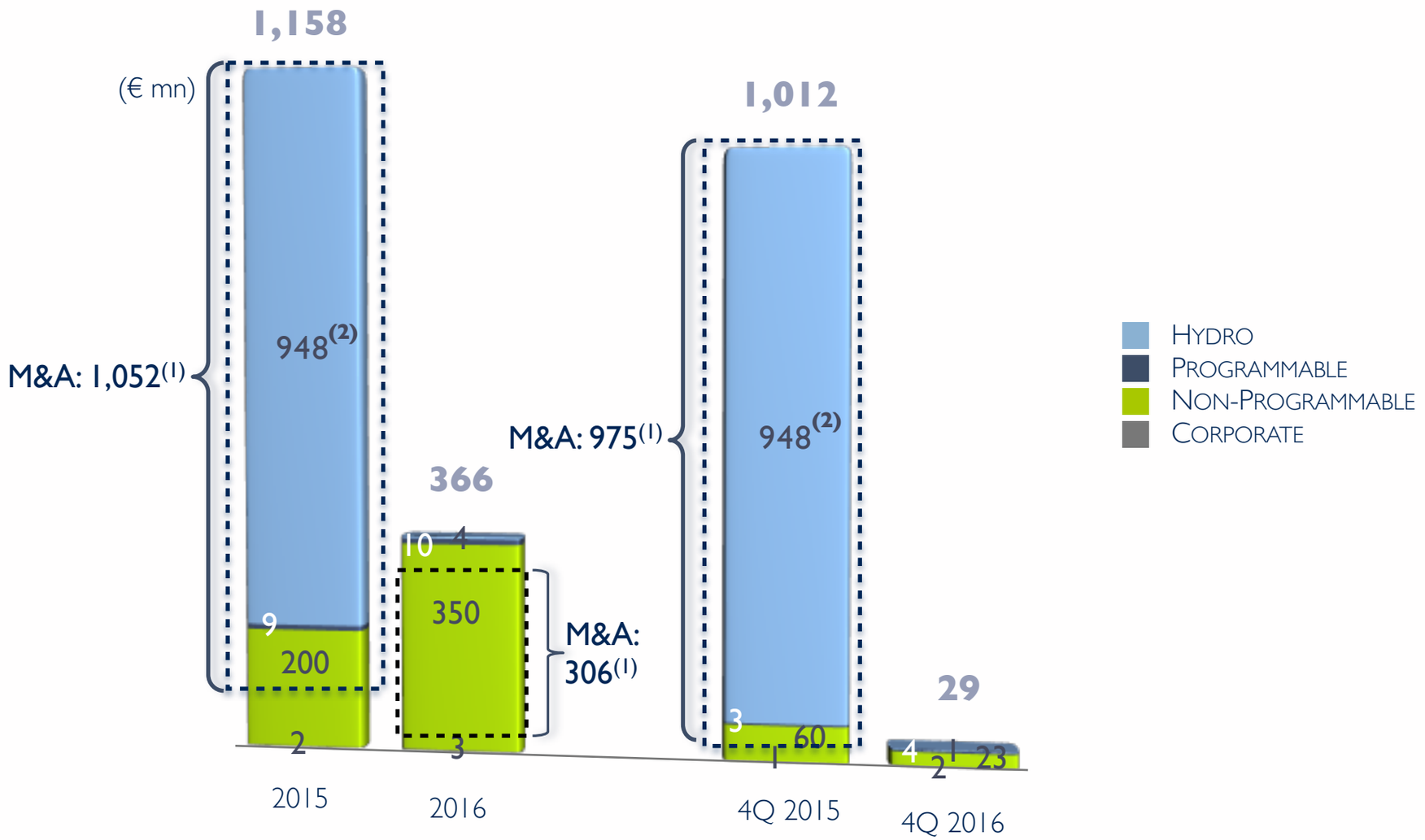


Volumes (GWh)



Results driven by consolidation of ERG Hydro and phasing out of Essential Unit Regime

INVESTMENTS

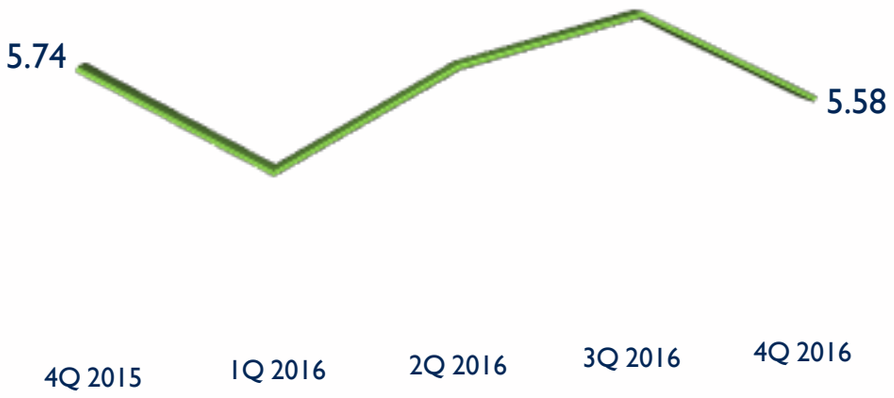


(1) Non-programmable M&A CAPEX include:
- in 2015: €7mn of equity consideration for the acquisition of two wind farms in Poland now in operation, plus wind acquisition in France (63.4MW) from Macquarie European Infrastructure Fund for ca. €70mn, plus €27mn for Lukerg asset split
- in 2016: investments related to the closing of IMPAX acquisition (which took place on February 2, 2016, amounting to €292mn) and Brockaghboy acquisition (€14mn)
- in 4Q 2015: ca. €27mn for Lukerg asset split

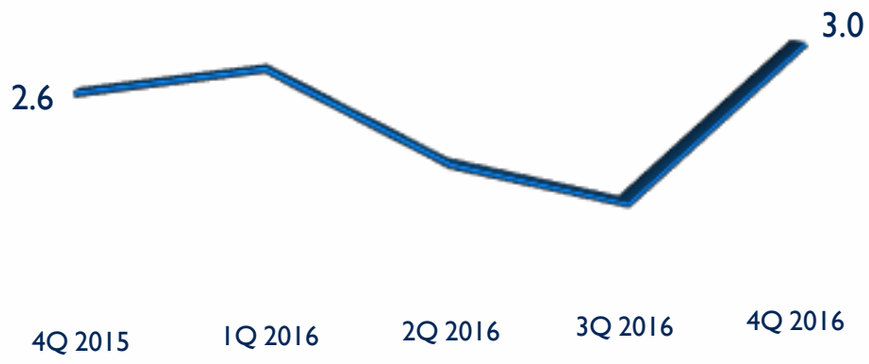
(2) It refers to Hydro acquisition

TOTALERG: KEY FIGURES[1]

Industry Retail Fuels Volumes (M tons)



EMC Margin ($/bbl)



2016	2015	Euro millions	4Q 2016	4Q 2015
135	144	RC EBITDA	38	29
60	61	RC EBIT	18	10
28	24	Net Profit	7	2
244	294	NFP	244	294
10.9%	10.6%	TOTALERG retail market share	10.9%	10.9%

[1] Figures refer to 100% of TOTALERG contribution

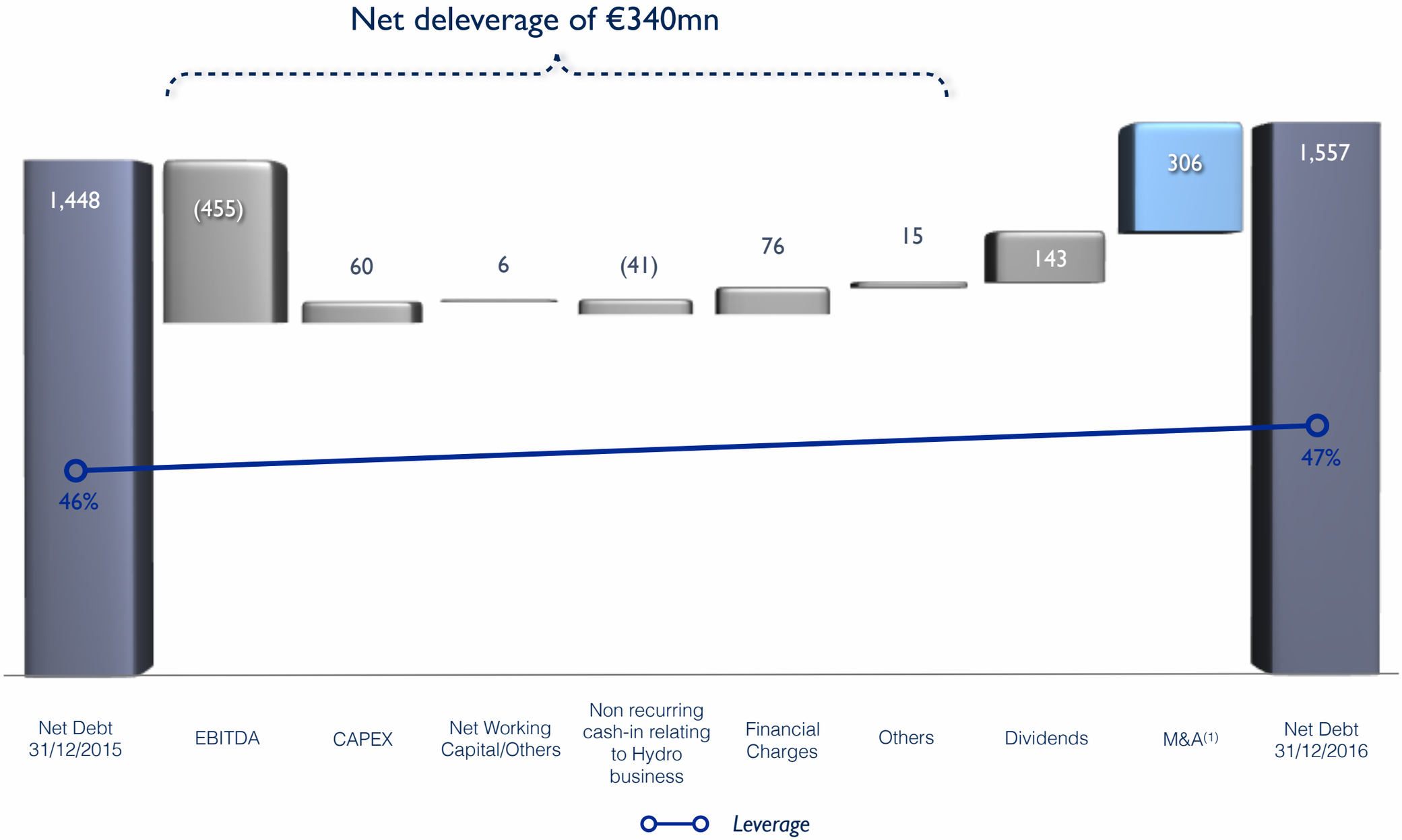
KEY FINANCIALS

PRO-FORMA REPLACEMENT COST P&L

2016	2015	Euro millions	4Q 2016	4Q 2015
455	**350**	**RC EBITDA**	**104**	**86**
(254)	*(171)*	*Amortization and depreciation*	*(60)*	*(48)*
202	**179**	**RC EBIT**	**44**	**38**
(76)	*(63)*	*Net financial income (expenses)*	*(20)*	*(18)*
15	*13*	*Net income (loss) from equity investments*	*4*	*2*
141	**129**	**RC Results before taxes**	**28**	**22**
(30)	*(30)*	*Income taxes*	*(3)*	*(1)*
110	**99**	**RC Results for the period**	**24**	**21**
(3)	*(3)*	*Minority interests*	*0*	*(0)*
107	**96**	**RC Net profit**	**24**	**20**
22%	**23%**	**Tax Rate**	**12%**	**4%**

Note: figures based on NO GAAP measures

2016 CASHFLOW STATEMENT

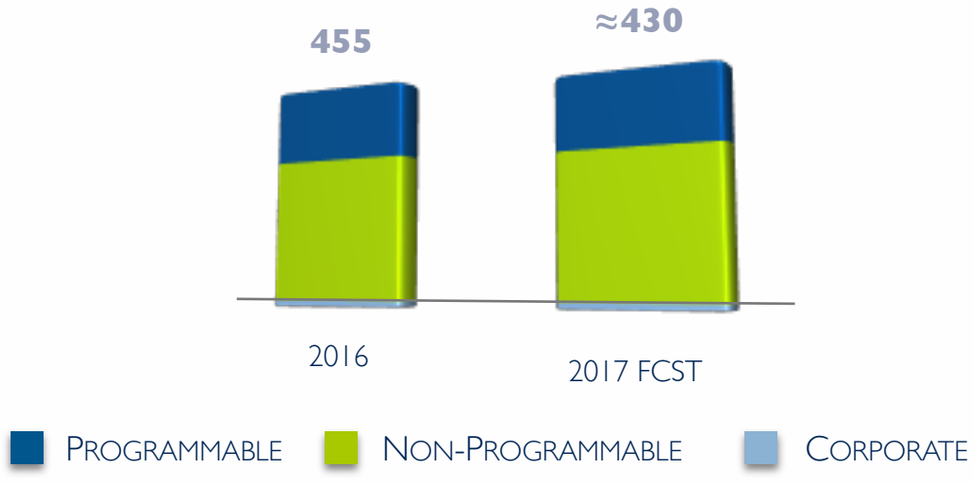


(1) Equity consideration for IMPAX acquisition (€292mn) and Brockaghboy acquisition for about €14mn

2017 GUIDANCE AND CONCLUSIONS

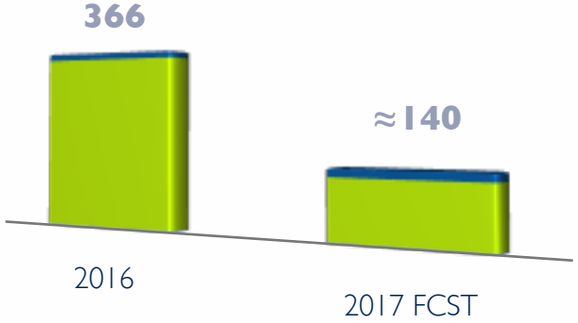
LUCA BETTONTE, CEO

2017 GUIDANCE



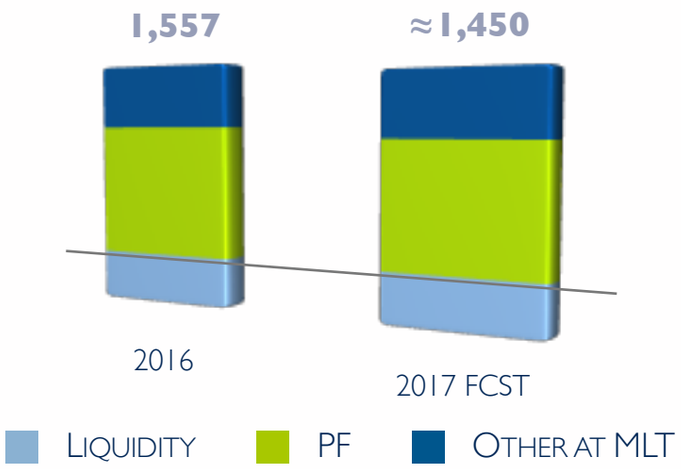
EBITDA:

- ✓ Wind: Phase-out of incentives for ca. 200MW throughout the year
- ✓ CCGT: lower contribution following the entry of Sorgenti-Rizziconi connection with Mainland as of June 1, 2016



CAPEX:

- ✓ Guidance at €140mn still consistent with Business Plan reflecting higher CAPEX in 2016 and some postponement to 2018 of organic growth
- ✓ 2016 CAPEX include about €290mn related to a single M&A transaction (France and Germany)



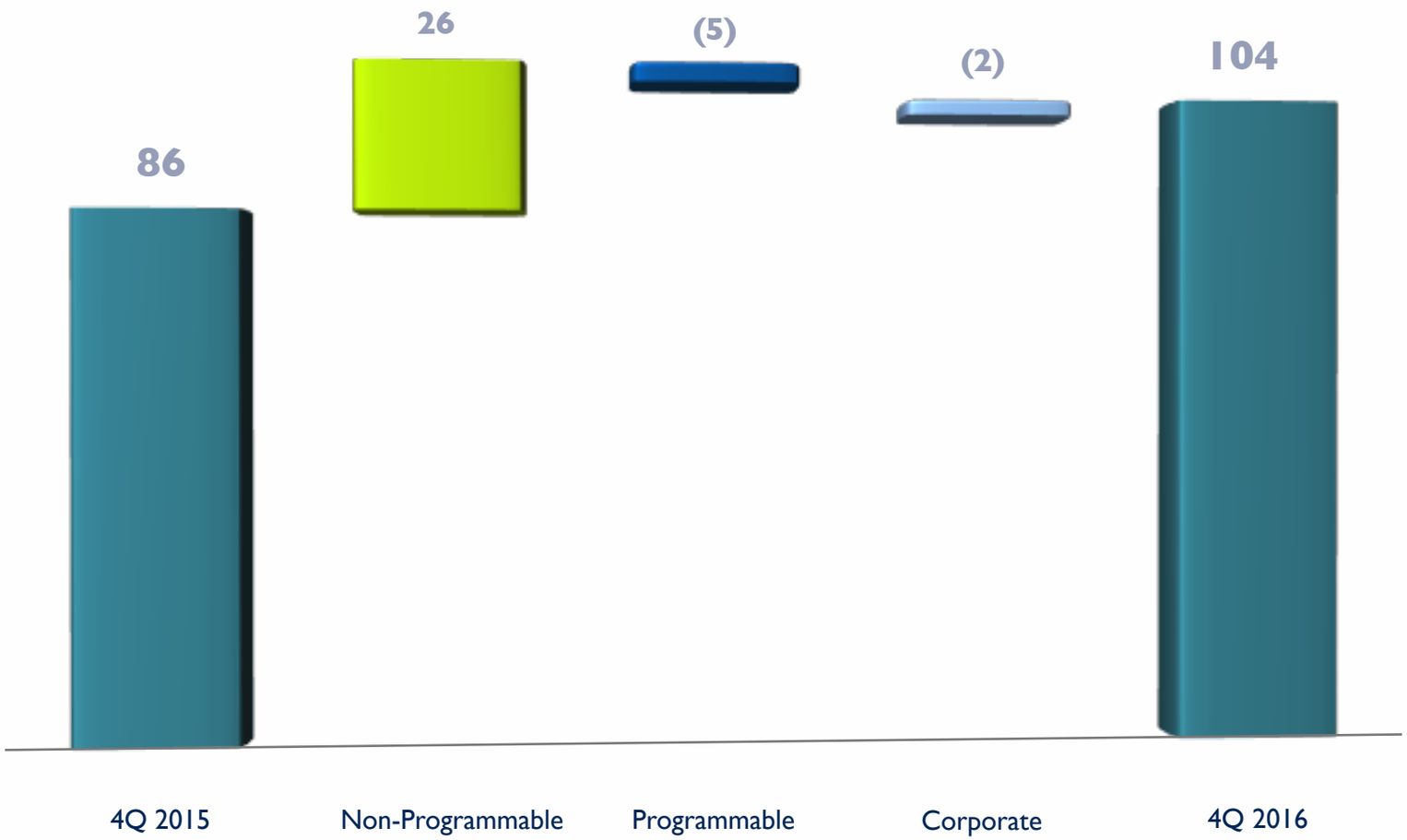
NFP:

- ✓ Guidance at €1.45bn

Business Plan to be presented in December 2017

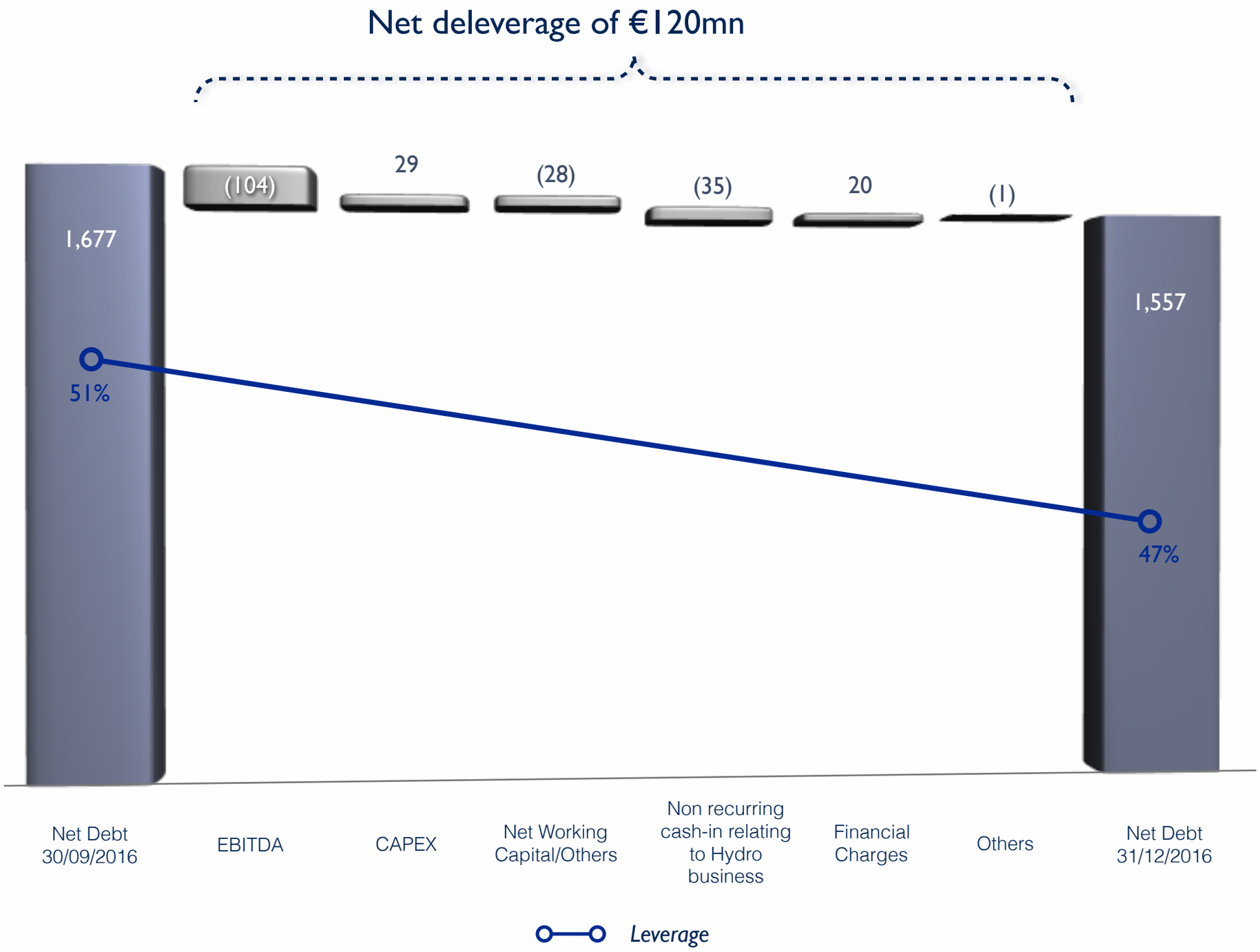
APPENDIX

4Q 2016 GROUP EBITDA



Overall strong results,
better Wind more than offset slight decrease of Programmable

4Q 2016 CASHFLOW STATEMENT



2016 AND 4Q 2016 RESULTS

2016	2015	Euro millions	4Q 2016	4Q 2015	
1,025	944	Revenues	268	231	
455	350	RC EBITDA	104	86	↑
308	254	- Non-Programmable	78	52	↑
		of which:			
235	*213*	*- Italy*	*56*	*39*	
72	*41*	*- Abroad*	*21*	*13*	
161	**115**	**- Programmable**	**32**	**37**	↓
		of which:			
77	*107*	*- Thermo*	*7*	*29*	
84	*8*	*- Hydro*	*25*	*8*	
(13)	**(19)**	**- Corporate**	**(5)**	**(3)**	↓

NON-PROGRAMMABLE: KEY FIGURES (1/2)

2016	2015		4Q 2016	4Q 2015
1,720	**1,507**	**Installed capacity (end-period, MW)**	**1,720**	**1,507**
		of which:		
1,094	*1,087*	*- Italy*	*1,094*	*1,087*
252	*128*	*- France*	*252*	*128*
168	*86*	*- Germany*	*168*	*86*
82	*82*	*- Poland (1)*	*82*	*82*
70	*70*	*- Romania (2)*	*70*	*70*
54	*54*	*- Bulgaria (2)*	*54*	*54*
3,501	**2,614**	**Electricity Production (GWh)**	**870**	**596**
		of which:		
2,220	*1,910*	*- Italy*	*509*	*368*
499	*206*	*- France*	*121*	*78*
240	*156*	*- Germany*	*66*	*45*
213	*68*	*- Poland (1)*	*75*	*42*
181	*201*	*- Romania (2)*	*54*	*48*
148	*74*	*- Bulgaria (2)*	*46*	*16*

(1) Production in Poland started in July 2015
(2) ERG 's stake = 50%

NON-PROGRAMMABLE: KEY FIGURES (2/2)

2016	2015	Euro millions	4Q 2016	4Q 2015
		RC EBITDA:		
235	213	Italy	56	39
32	13	France	8	5
18	12	Germany	6	4
6	4	Poland [1]	2	2
17	12	LUKERG [2]	5	2
		of which:		
8	*8*	*- Romania [2]*	*2*	*2*
8	*4*	*- Bulgaria [2]*	*3*	*0*
308	**254**	**Total RC EBITDA**	**78**	**52**
(163)	**(134)**	**Depreciation**	**(38)**	**(35)**
145	**120**	**RC EBIT**	**39**	**17**

[1] Production in Poland started in July 2015
[2] ERG 's stake = 50%

ERG POWER: KEY FIGURES

2016	2015	Euro millions	4Q 2016	4Q 2015
2,693	2,632	Electricity Production (GWh)	661	698
77	107	RC EBITDA	7	29
(30)	(30)	Depreciation	(8)	(8)
47	78	RC EBIT	(1)	21

ERG HYDRO: KEY FIGURES

2016	2015	Euro millions	4Q 2016	4Q 2015
1,358	84	Electricity Production (GWh)	329	84
84	8	RC EBITDA	25	8
(58)	(5)	Depreciation	(14)	(5)
26	3	RC EBIT	11	3

INVESTMENTS

2016	2015	Euro millions	4Q 2016	4Q 2015
350	200	Non-Programmable[1]	23	60
13	957	Programmable	5	952
		of which:		
10	*9*	*- Thermo*	*4*	*3*
4	*948*	*- Hydro[2]*	*1*	*948*
3	**2**	**Corporate**	**2**	**1**
366	**1,158**	**Total**	**29**	**1,012**

(1) M&A CAPEX include:
- in 2015: €7mn of equity consideration for the acquisition of two wind farms in Poland now in operation, plus wind acquisition in France (63.4MW) from Macquarie European Infrastructure Fund for ca. €70mn, plus €27mn for Lukerg asset split
- in 2016: investments related to the closing of IMPAX acquisition (which took place on February 2, 2016, amounting to €292mn) and Brockaghboy acquisition (€14mn)
- in 4Q 2015: ca. €27mn for Lukerg asset split

(2) 2015 and 4Q 2015 figures refer to Hydro acquisition