



Press release

Agreement to sell its hydro portfolio to ENEL for €1.0bn

Genoa, 2 August 2021 - ERG has concluded today, through its subsidiary ERG Power Generation S.p.A., an agreement with Enel Produzione S.p.A for the sale of the entire share capital of ERG Hydro S.r.l.

In terms of enterprise value, the consideration at of 31/12/2021 is €1.0bn.

The asset portfolio owned by ERG Hydro S.r.l. consists of an integrated hydroelectric power generation system that spans Umbria, Lazio, and Marche. It comprises 19 hydroelectric plants, 7 mini-hydro plants, 7 dams, 4 reservoirs (specifically Salto, Turano, Corbara, and Piediluco), and a pumping station, with a capacity of 527 MW. Average annual production is around 1.5 TWh, of which 35-40% is subsidised until 2025.

The hydroelectric complex is operated by 114 people, including technicians that are highly specialised in plant operation, energy management specialists, and dedicated staff. Thanks to a constructive dialogue with the trade unions, and the buyers' earnest goodwill, the company has reached an innovative agreement for the electricity sector that provides significant employment protection to the ERG workers of the company being sold.

The closing, which is also subject to the approval of the Italian Antitrust Authority and to the successful completion of the golden power procedure at the Presidency of the Council of Ministers, is expected to take place in early 2022.

Paolo Merli, CEO of ERG, commented: *"This agreement with Enel is a significant initial step towards the further transformation of ERG into a pure Wind & Solar company, which we expect to complete with the sale of our thermo assets over the coming months. In addition to guaranteeing a correct valorisation of the assets sold, the transaction makes us particularly proud because it will enable the integration of our people within a leading global energy group with a deep-rooted presence in Italy. Asset rotation, one of the pillars of our 2021-2025 strategic plan, will allow us to accelerate the process of growth and geographical diversification with a better balance of our businesses between Italy and abroad.*

Rothschild & Co. and Mediobanca jointly acted as financial advisors in the transaction. DLA Piper acted as legal advisor, Ernst & Young as accounting and tax advisor, Arup as technical advisor, and Ref-e as market advisor.

This press release, issued on August, 2nd 2021, is available to the public at Borsa Italiana S.p.A., on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) and on the Company website (www.erg.eu) under the "Media/Press releases" section.

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