



DIGITAL SUSTAINABILITY WEEK

29 JUNE – 3 JULY 2020





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 no 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



- ❑ A successful industrial transformation
- ❑ 2018-2022 Business Plan and ESG Strategy
- ❑ A focus on Sustainability
- ❑ ERG Green Bond
- ❑ ERG in a nutshell at 31.12.2019



A SUCCESSFUL INDUSTRIAL TRANSFORMATION





A LONG HISTORY...

Production commences at the San Quirico Refinery in Genoa.



1947



The ERG share is listed on the Stock Exchange.

1997



ERG enters the renewables sector with the acquisition of EnerTAD.

2006

ERG Power's combined cycle power plant (480MW) fuelled by natural gas enters operation.



TotalERG is established, a joint venture for the sale of oil products.

2010

ERG transfers the ISAB Energy plant and the fuel network of ERG Oil Sicily.



2014



ERG enters the wind market in the United Kingdom with a 47.5MW project. At the end of 2016, installed wind capacity is 1,720MW.

2016

ERG enters the solar power sector (30 photovoltaic plants acquired, 89MW in operation).



Definitive exit from Oil with the sale of TotalERG.

2018

1938

Edoardo Garrone founds ERG in Genoa.



1975



Production commences at the ISAB Refinery in Priolo.

2000



ERG - through ISAB Energy - starts to produce and sell electricity from the gasification of the heavy residues from refining.

2008



ERG sells 49% of the ISAB Refinery to LUKOIL.

2013



ERG transfers the ISAB Refinery and completes its exit from refining.

ERG becomes the leading wind operator in Italy with an installed capacity of 1,087MW and among the top ten in Europe, and acquires a company for wind farm O&M activities.

2015



ERG acquires 6 wind farms in France (64MW) and constructs 3 wind farms in Poland for a total of 82MW. At the end of 2015, installed wind capacity is 1,506MW.

ERG enters the hydroelectric sector with plants in Umbria, the Marches and Lazio (527MW).

2017



ERG's growth in the wind sector continues: 48MW in operation in Germany; 16MW in operation in France. At the end of 2017, installed wind capacity in Europe is 1,814MW.

2019



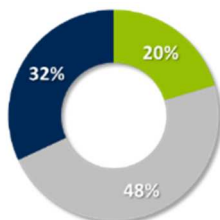
ERG closed the acquisition of Andromeda (51MW) assets, increasing its PV total capacity up to 141MW. Wind: ERG acquired 52MW in France and 34MW in Germany.



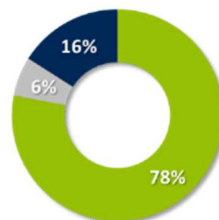
A RAPID TRANSFORMATION AND...

Capital Employed

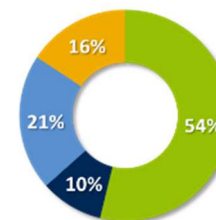
2008 (€2.2bn)



2014 (€2.1bn)

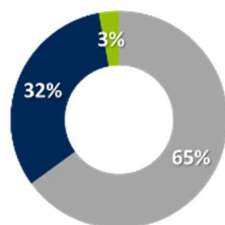


2019⁽¹⁾ (€3.3bn)

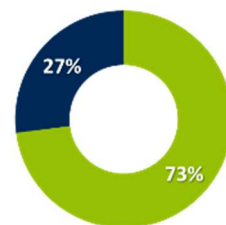


2008-2014-2019 EBITDA

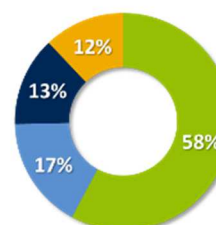
2008



2014



2019⁽¹⁾



● Oil ● Natural Gas ● Hydro ● Wind ● Solar

CO₂ Avoided

2008



2014



2019



2008-2019



⁽¹⁾ Adjusted figures, not including the effect of IFRS 16




... A SUSTAINABLE EVOLUTION


Decarbonising ERG's electricity production

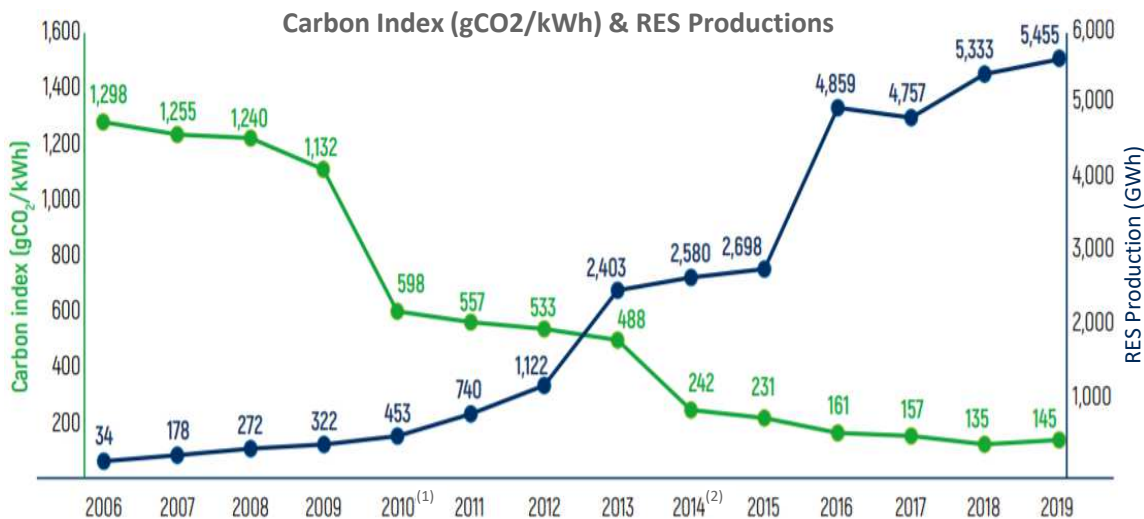
- ERG's business transformation: increasing production of electricity from renewable sources
- In this way, by the end of 2019 ERG had reduced the carbon intensity of its production by 90% since it entered the renewable energies sector and by 37% in the last 4 years

ERG's Sustainability numbers

 **3,086kt**
CO₂ avoided by production of electricity from renewable sources

 **2.6GW**
Installed capacity from renewable sources

 **100%**
ISO 14001 and/or OHSAS 18001 – ISO 450001 certified Italian companies consistent with their activities



Source: non financial information statements

⁽¹⁾ The Carbon index drop in 2010 was due to the entrance into operation of the ERG Power plant which replaced the existing oil fed power plants.

⁽²⁾ The Carbon index drop in 2014 was due to the sale of the ISAB Energy plant.

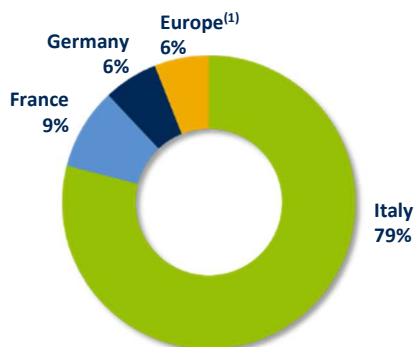


STEADY AND WELL BALANCED PORTFOLIO

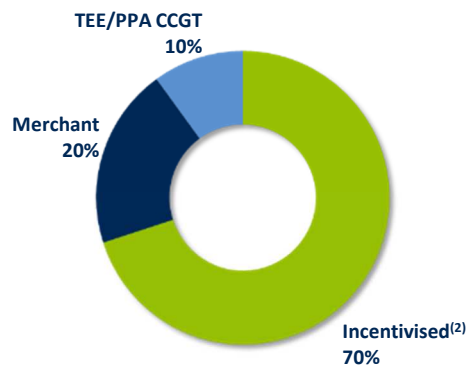
- 70% of EBITDA from incentives
- EBITDA well balanced across different generation assets
- Geographical and seasonal diversification, allowing for complementarity of the different energy sources
- Earnings stability sustained by priority of dispatchment

EBITDA Breakdown FY19

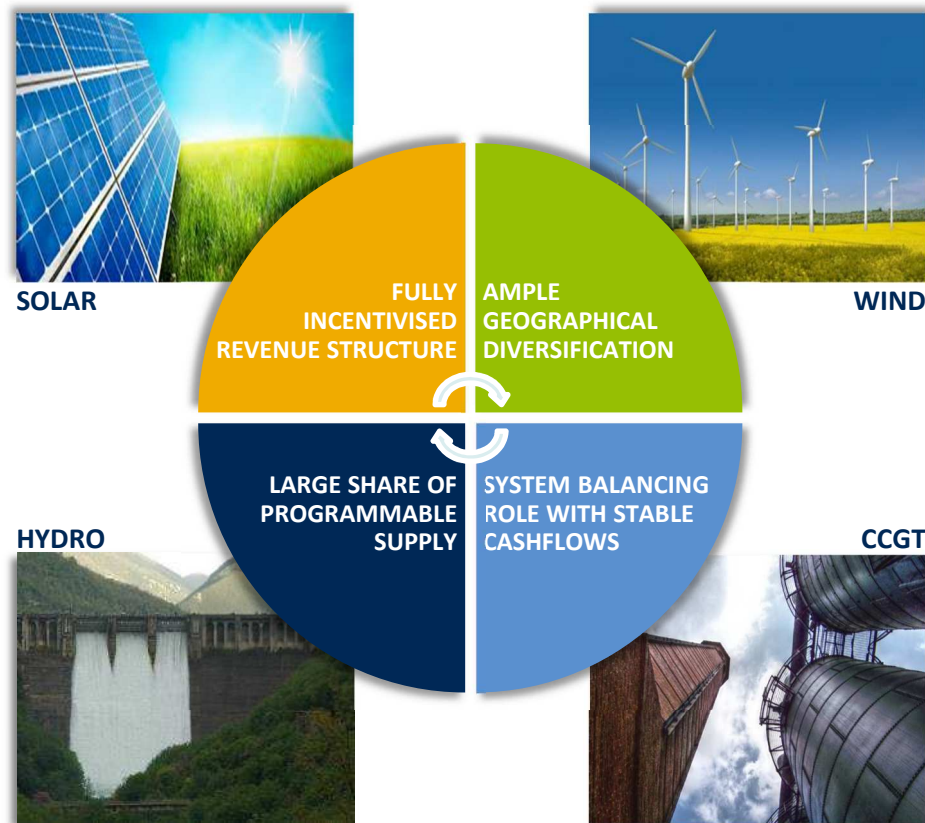
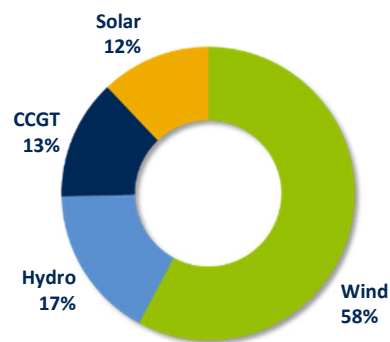
By Geography



By Incentive



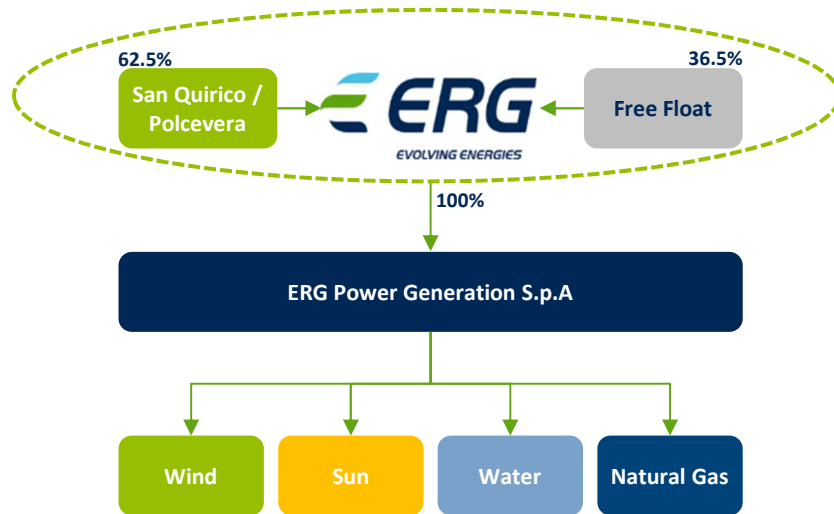
By Business



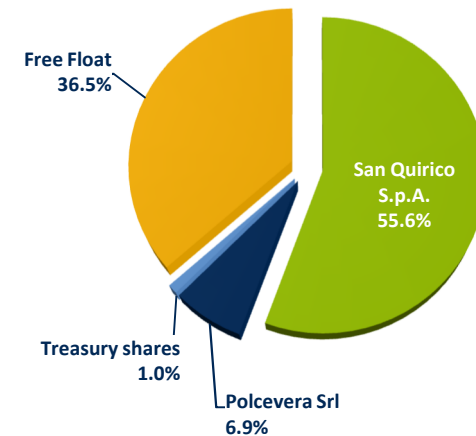
⁽¹⁾ It refers to Romania, Bulgaria and Poland

⁽²⁾ Wind EBITDA with incentive, Hydro EBITDA with incentive, 100% Solar EBITDA

BALANCED GROUP STRUCTURE SERVING INTERESTS OF ALL STAKEHOLDERS



Shareholders' structure



Fully independent and experienced management team paired with a constructive involvement by majority shareholder

- San Quirico S.p.A. and Polcevera S.A. are **controlled by ERG founding family**
- **The Garrone family** holds key positions in ERG (Chairman and Executive Deputy Chairman) and **defines ERG long-term strategy along with the Top Management** through the Strategic Committee, whilst the Board of Directors is composed mainly (6 out of 12) of independent **directors** and it is fully committed to the interests of every stakeholder
- **The top management operates within a strict financial discipline**, while following a **strong risk management policy**



ESG RATINGS

ESG Rating Company	Rating
	Advanced
	35 th place
	B
	EE+
	
	
	
	
	E+
	78/100

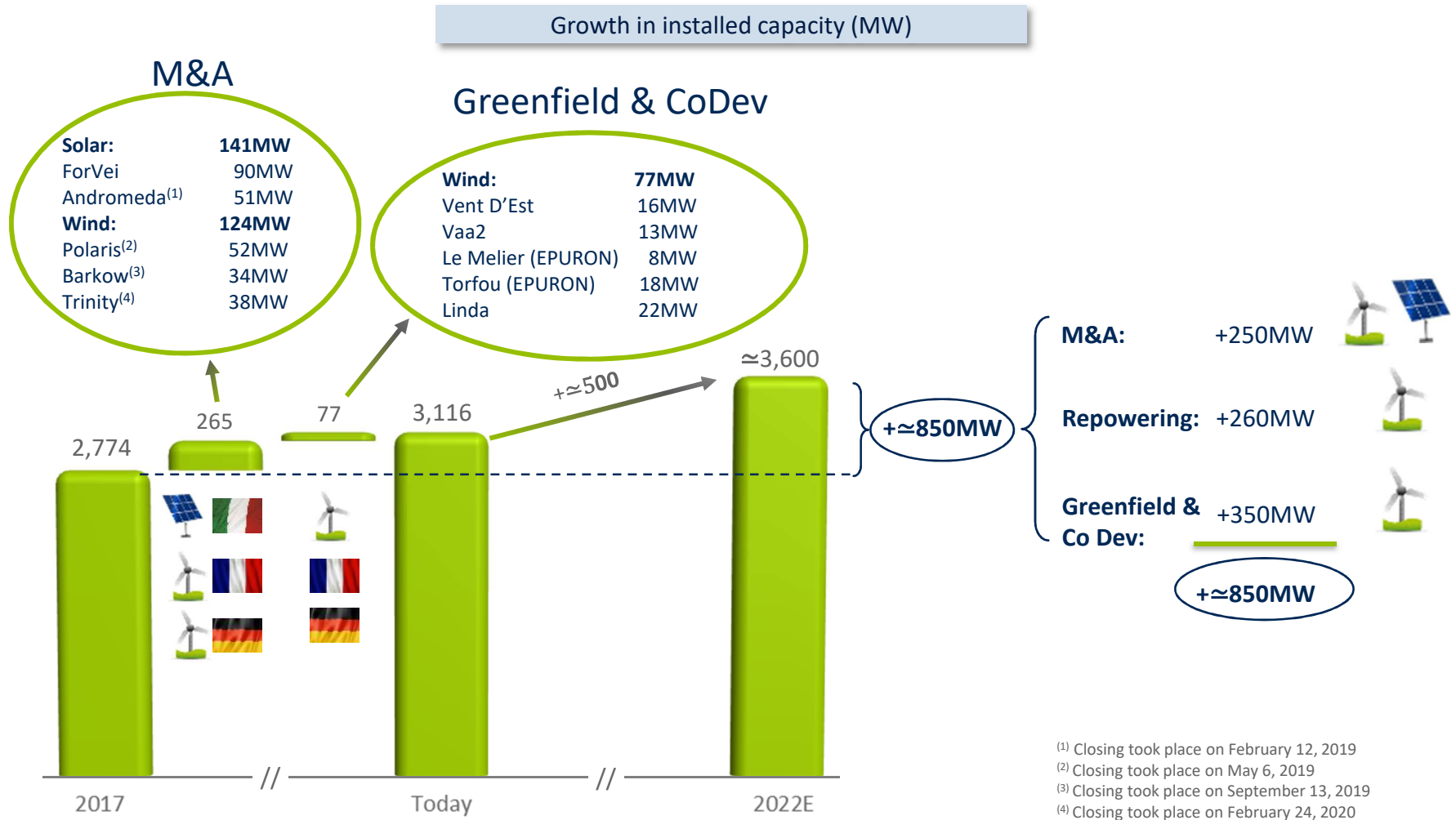


2018-2022 BUSINESS PLAN AND ESG STRATEGY



ERG KEEPS GROWING ON TRACK WITH BP TARGETS

STRONG EXECUTION FROM 2018 TO DATE





2018-2022 ESG TARGETS AND 2019 KPI

The 2018–2022 Business Plan is focused on a continuous development of plants producing energy from renewable sources and sets targets on three main priority areas:

Tackling climate change	Avoided CO ₂ : 15 m tons	More than 6 million tons of avoided CO₂ (3.086kt in 2019)	  
	Carbon Index ⁽¹⁾ : down 14% to 2022	Carbon index -7,4% (0,14 kgCO₂/kWh as at end 2019)	
	Continuous efforts on extracting value from our technology	64,04% CCGT plant CAR performance index 89% of indirect consumption supplied by "green" energy	
	Enhancing our integrated generation portfolio	2.597 MW installed capacity in renewable energy plants 91,8% capital invested in renewable energy plants	
People enhancing	New leadership model	Human Capital Coverage +3% compared to 2018	 
	Human Capital Coverage	More than 46thousand training hours, 7,8 days/man , 84% of training on technical and managerial topics, 98% of our employees	
	Skills development	Power of Diversity project supported by Valore D	
Sustainable thinking sustainable acting	Integration of HSE certifications according to ONE Company Model	100% ISO 14001 and/or OHSAS 18001-ISO 450001 certified italian companies consistent with their activities	  
	Technological development	Repowering & reblading projects for our Italian wind farms	
	CDP reporting	CDP Climate Change - Rating B ESG rating & indexes	
	Consolidating relations with communities	Sustainable Procurement and Suppliers Code of Conducts More than 10,500 students involved in our local activities	

⁽¹⁾ Carbon index (gCO₂/kWh) reveals the quantity of CO₂ included in every kWh produced

IMMEDIATE REACTION TOWARDS COVID-19



Employees

- **No reduction in staff and no mandatory temporary leaves**
- Collective bargaining on:
 - **adoption** of appropriate **safety measures for employees** in the production sites
 - **reorganization** of O&M activities, production plant & Control room
 - **smart working** extended to over 70% of corporate population, **nearly 100% of office staff**
 - crisis management scheme in event of mutual infection between employees into a shift
- **Enhanced IT resources**: 10X rise in remote meetings thanks to most advanced platforms
- **Covid-19 health insurance** for all the employees



Local Communities

- ERG allocated **€2mn to support the healthcare system** where its production sites operate
- ERG's people donated **2,300 hours of their work to the Civil Protection Department**
- ERG's majority shareholder, allocated **€1mn in favour of Genoa's front-line hospitals**
- ERG supports 2 projects of the **Fondation des Hopitaux de France in favour of healthcare professionals and of rest homes for the elderly**



ERG's Operations

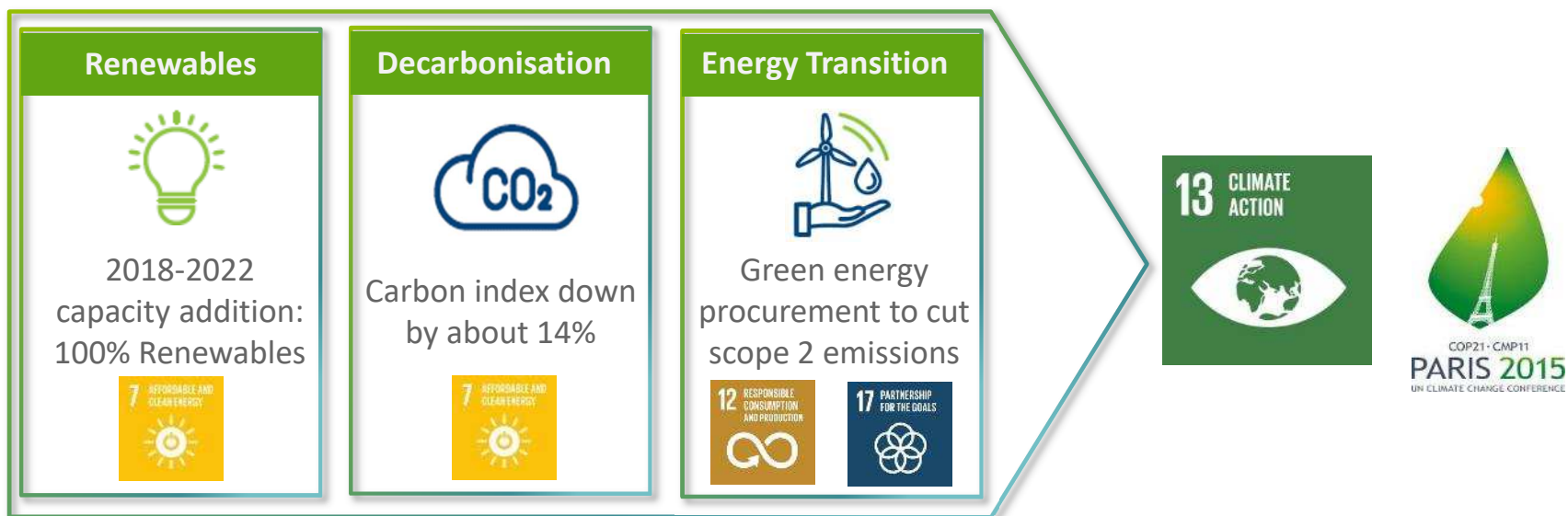
- **Set a Daily WAR-cabinet meeting with top-mgmt to ensuring business continuity**
- **Electricity supply among the essential services** in this period of emergency
- Put in place a set of **measures to guarantee the best-in-class H&S standards for ERG people**
- **Some delays in construction investment program and authorization process**
- **Tough trading environment, although most of the electricity production already hedged**





A STRONG ACTION TO FACE CLIMATE CHANGE

Strategy for Climate Change



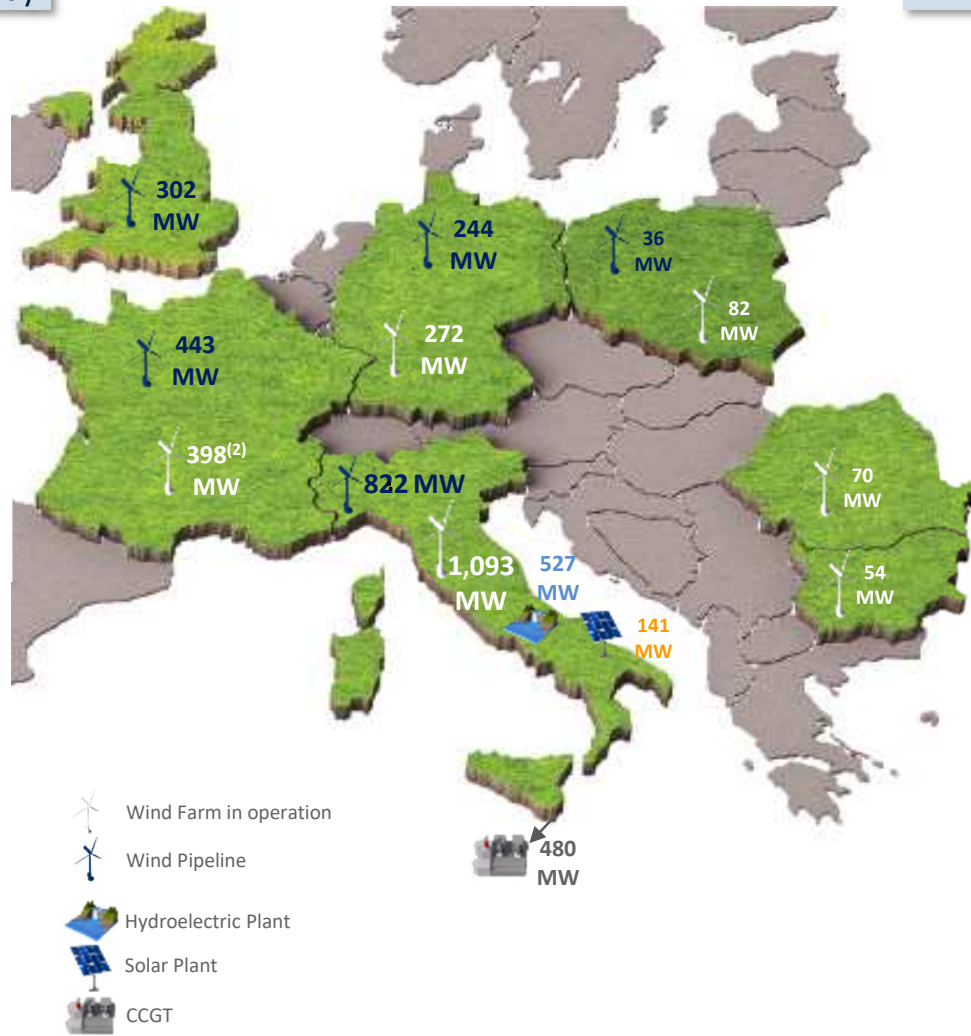
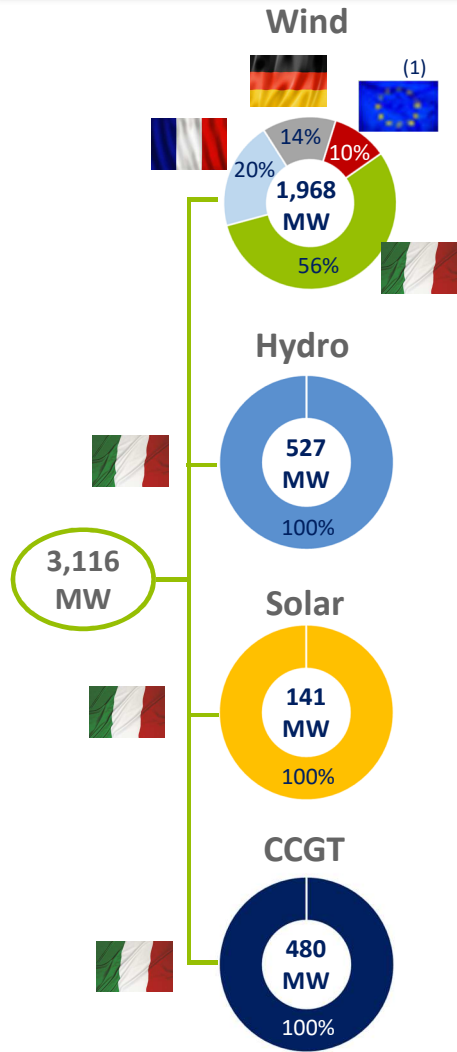
- April 2019: ERG signed the Commitment Letter
- May 2019: ERG submitted its targets for validation according to BP ratios
- **Full disclosure on climate change approach**
 - Governance divided between the Board (strategic view) and Management (operations)



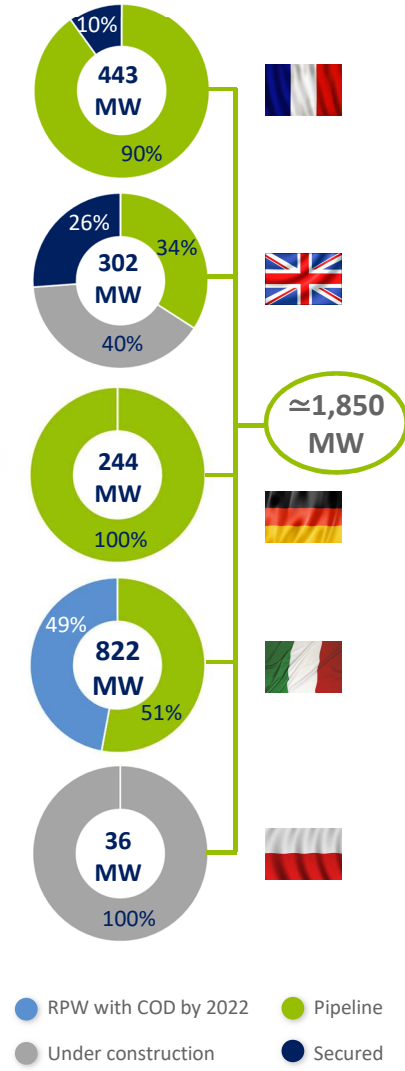
A SOLID PIPELINE TO BOOST FUTURE GROWTH



Total installed Capacity as of today



Wind Pipeline as of today



⁽¹⁾ It refers to Poland, Romania and Bulgaria
⁽²⁾ It includes Trinity acquisition of 38MW, whose closing took place on February 24, 2020

● RPW with COD by 2022 ● Pipeline
● Under construction ● Secured

REPOWERING & REBLADING IN PROGRESS



Repowering Project Portfolio in Italy

No. of projects	MW AS IS	MW post RPW	Grid Connection	Advancement of Authorization	Expected COD
3	92	218	Secured	Positive opinion Commissione VIA, positive opinion Fine Arts Ministry (F.A.M.)	2022
2	69	146	Secured	Positive opinion Commissione VIA, waiting for F.A.M. opinion	2022
2	21	42	Secured	Waiting for Commissione VIA opinion	2022
7	182	407	Secured	Projects well advanced with expected COD by 2022	
1	43	113	Secured	Positive opinion Commissione VIA, F.A.M. negative opinion under recourse	2023+
2	37	67	Applied ⁽¹⁾	Positive opinion Commissione VIA, waiting for F.A.M. opinion	2023+
4	92	195	Secured	Applied for Authorization to Commissione VIA	2023+
1	18	40	Applied ⁽¹⁾	Engineering for Authorization	2023+
8	190	415		Projects with expected COD 2023+	
15	372	822		TOTAL	

Reblading Project Portfolio

No. of projects	MW		Expected COD
1	13	In operation in 2Q 2019	2Q 2019
1	2	In construction	2Q 2020
1	20	Obtained VIA Decreee	1Q 2021
1	40	Applied for Authorization to Commissione VIA	2Q 2021
4	75		

Possible 3-6 months delay due to Covid-19 lockdown

⁽¹⁾ Waiting for TSO confirmation



A FOCUS ON SUSTAINABILITY



ERG SUSTAINABILITY GOVERNANCE MODEL



The CEO is responsible for CSR.

Our Principles:

- Code of Ethics
- Sustainability policy
- Human rights policy



Sustainability Committee⁽¹⁾

• composed by:

- Chairman
- Executive Deputy Chairman
- CEO
- Top management

• duties:

- defining the Group's sustainability guidelines
- approving and evaluating sustainability objectives
- approving the CSR initiatives and DNF contents

⁽¹⁾ The Sustainability Committee is also appointed as Green Bond Committee










ERG'S ESG COMMITMENTS 2018-2022 (1/3)

In alignment with the 2018-2022 Business Plan and with the UN SDG's, ERG had set up ERG's Sustainability Commitments for the same period. Some of them are presented below:

UN SDGs		Areas of commitment - 2018-2022 period	Status at 31/12/2019
 5 GENDER EQUALITY	 8 DECENT WORK AND ECONOMIC GROWTH	GOVERNANCE, ETHICS E SUSTAINABILITY APPROACH	
		<p>Pursue the internal and external dissemination of the Group's principles expressed in the Code of Ethics, the Sustainability Policy and the new Leadership Model.</p>	<p>Code of Ethics and Sustainability Policy updated. New Human Rights Policy approved.</p> <p>Training on sustainability issues continued at schools in the areas where the Group operates.</p>
 13 CLIMATE ACTION	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<p>Update the Enterprise Risk Management (ERM) risk catalogue with the analysis of the new 2018-2022 Business Plan.</p> <p>Implement an ERM risk dashboard with specific Key Risk Indicators (KRI) for their ongoing monitoring.</p>	<p>Group Risk Catalogue updated following 2018-2022 Business Plan risk assessment, implemented the assessment of the risks and opportunities generated by Climate Change according to the TCFD approach.</p> <p>ERM risk dashboard implemented to monitor any changes in the risk profiles set out in the Risk Catalogue.</p>
		<p>Keep the 231 Models of Italian companies updated.</p> <p>Implement an Anti-corruption Policy within the Group, by making the control system fully operational and continuously monitoring and training employees.</p>	<p>Risk assessment on regulatory changes that occurred during the year.</p> <p>An "Integrated Anti-Corruption Model" was adopted for all Italian and foreign companies in line with best practices.</p> <p>Anti-corruption policy and "key third-party due diligence" procedure approved.</p>
		<p>Implement the Environment - Safety certification for existing all Italian and foreign operating companies, in line with the "ONE Company" organisational structure.</p>	<p>Implementation of the project for integrating/updating existing certifications held by Italian companies.</p> <p>Health and safety certification of ERG S.p.A, in accordance with ISO 45001.</p>



ERG'S ESG COMMITMENTS 2018-2022 (2/3)

UN SDGs	Areas of commitment - 2018-2022 period	Status at 31/12/2019
 	BUSINESS STRATEGY Consolidate the Group's business leadership in the production of electricity from renewable sources and increase the efficiency of all of its plants according to the development lines of the 2018-2022 Business Plan. Support the Group's strategies through scouting activities by identifying and assessing innovative technologies, and developing partnerships with Universities and Research Institutes.	The increase in installed power continues thanks to the start-up of new plants in France (52 MW), Germany (56 MW) and the acquisition of photovoltaic plants (51 MW). Avigliano wind farm Reblading project; the repowering project for the Italian wind farms is in progress.
	SUPPLIERS Consolidate a supplier qualification and assessment system, with particular attention to Health, Safety, Environment and Sustainability.	Approximately 46% of new suppliers qualified according to HSE parameters. Project for the qualification of suppliers according to sustainability parameters started.
UN SDGs	Areas of commitment - 2018-2022 period	Status at 31/12/2019
   	EMISSIONS AND WASTE Group decarbonisation: - Avoid CO ₂ emissions for a total of 15 Mtons during the plan period; - reduce carbon index of electricity production by 14%; - cover energy requirements with energy from renewable sources.	During 2019 3,086 kt of emissions were avoided (more than 6 million tonnes since 2018). Reduction in the Group's energy production carbonisation factor: -37% in the last four years, -74% since 2018. 89% of energy requirements covered with energy produced from renewable sources.
	Implement activities to protect biodiversity in the areas where our plants are located.	Bird monitoring in our wind farms. Support to the activities of the WWF Oasis of Alviano and of the Marmore Falls natural park.
	Reduce the amount of waste produced by processes by maximising the percentage of waste sent to be recycled also through the use of materials and substances ensuring better environmental compatibility.	A recovery procedure for the waste produced by the grate cleaners and used as a resource for the timber from Lago di Corbara, was implemented in our hydroelectric plants.

ERG'S ESG COMMITMENTS 2018-2022 (3/3)

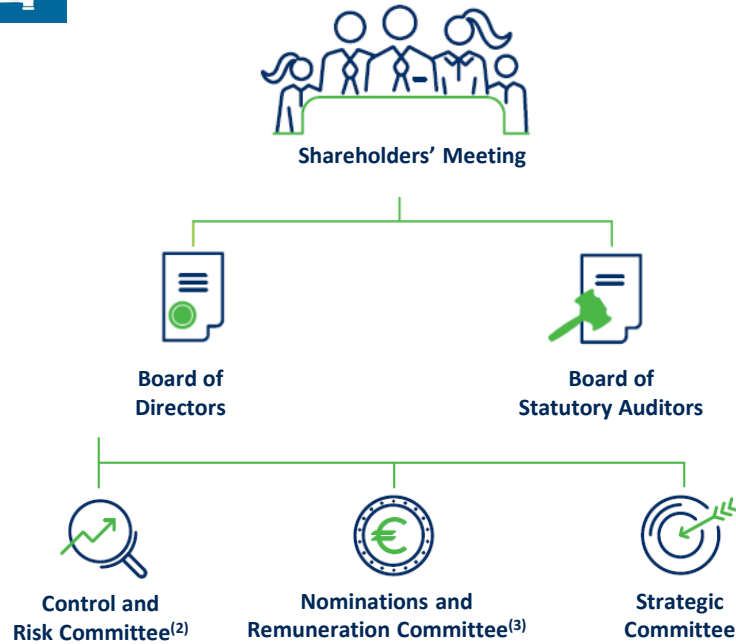


UN SDGs	Areas of commitment - 2018-2022 period	Status at 31/12/2019
	SAFETY Consolidate the safety culture inside and outside the company, pursuing the goal for zero accidents caused by safety deficits in plants and offices.	The Evolving Safety Project. Following the injuries in 2019, corrective actions were implemented to prevent the recurrence of similar events. A near-miss reporting system was promoted to increase prevention levels.
	 PEOPLE Define and implement training and development plans to increase the value of Human Capital Coverage (+3% at the end of the plan period).	Human Capital Coverage +3% compared to 2018. In 2019, around 46,000 hours of training provided at an average of approximately 8 days per employee. 98% of company staff took part in training courses. Around 84% of training concerned technical and managerial topics.
	Improve working environments and the employee welfare system.	"One Health" Project. Opening of a gym for Group employees.
	COMMUNICATION Make contact with and inform the Group's stakeholders in a complete, transparent and timely manner.	ERG received B rating from CDP. ERG is listed on various sustainability indices.
	 COMMUNITY Contribute to the development of communities through training activities at schools and universities and social responsibility initiatives at local level.	Activities were developed in local communities in keeping with the principles of the Sustainability Policy. "A tutta acqua!" and "Vai col vento!" were our leading projects for students living in the communities where our plants are located.

ERG STRICT CORPORATE GOVERNANCE MODEL



COMPOSED OF BOARD MEMBERS



COMPOSED OF MANAGERS



- A strict financial discipline on investments (organic and M&A) through:
 - **Strategic Committee** (EVP, VP, CEO, CGM&CFO, 2 Board Members⁽¹⁾)
 - **Investment Committee** (CEO, CGM&CFO, Management Team)
- **Strong risk management policy:**
 - **Best practice risk policy** to ensure the hedging policy of the generation portfolio
- **Full Alignment of interests between Top Management and shareholders through:**
 - Launch in 2018 of a 3 year **LTI compensation scheme fully based on shares**

⁽¹⁾ 1 non-executive and 1 independent referring to the Corporate Governance Code set out by the Italian Stock Exchange

⁽²⁾ Committee composed of 3 independent Board Members, of which 2 Independent referring to the Corporate Governance Code set out by the Italian Stock Exchange, and 1 Independent referring only to the Consolidated Finance Act.

⁽³⁾ Committee composed of 2 independent Board Members referring to the Corporate Governance Code set out by the Italian Stock Exchange, and 1 non-executive Board Member



REMUNERATION POLICY



Short-term Incentive Plans (MBO)

- Short-term Incentive Plans ✓
- Bonus Cap ✓

MBO Vehicles

- Cash ✓

MBO Parameters

- Group EBT⁽¹⁾ 30%
- Individual Objectives e.g. EBITDA, NFP, OPEX, etc. 70%

Long-term Incentive Plans (LTIP)

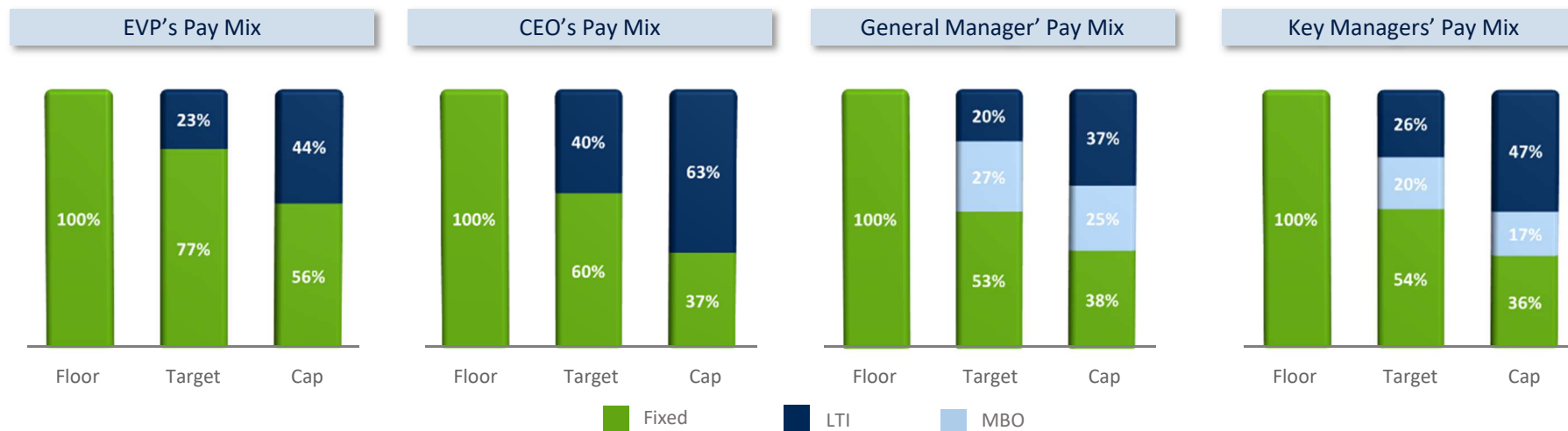
- Long-term Incentive Plans ✓
- Bonus Cap ✓
- On/Off Clause ✓

LTIP Vehicles

- Performance Share ✓

LTIP Parameters

- Cumulated EBITDA 2018-20 (On/Off Clause) 100%



⁽¹⁾ IAS pre-tax profit.



ENTERPRISE RISK MANAGEMENT



Identification
Risk Catalogue



Evaluation
Risk Profiles



Risk Management
Risk Policy and Procedures



Enterprise Risk Management (ERM) is responsible for:

- identifying and assessing the Group's main risks and defining strategies to mitigate them
- providing management dynamic risk mapping evolution
- providing Management with key information to make risk-informed decisions
- spreading over risk-aware culture across the Organization

ESG risks

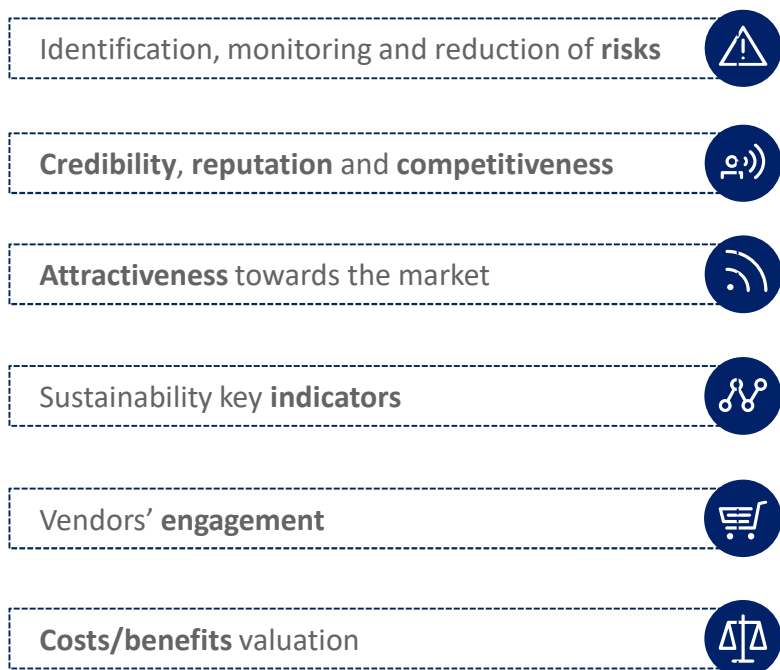
- Included in the ERM analysis with particular focus on Climate Change (availability of resources and black swan), health & safety, retention of employees and key figures.



SUSTAINABLE PROCUREMENT



- In 2019 ERG launched a “sustainable procurement project” focused on the introduction of new pillars to qualify and monitor the main vendors on:
 - environmental performance
 - human rights of the supplier and of his supply chain
 - field audit.
- The suppliers assessment will start in June 2020





NEW LEADERSHIP MODEL



ERG LEADERSHIP MODEL FOR THE STRATEGIC PLAN 18-22



The Business Plan shows the direction, Skills help people find the way and Values give us strength, unity and stability

A STRONG FOCUS ON HUMAN CAPITAL DEVELOPMENT



Gap Analysis

Current skills \times Labour cost = HC ROI

Expected skills

HCC
HUMAN CAPITAL COVERAGE

High change Management speed

«Fast-Steering» (2013)

ONE Company (2016)

Tailored Incentive Schemes

MBO LTI IQ

Role	Percentage
DIRECTOR	1%
SENIOR MANAGER	9%
MANAGER	8%
PROFESSIONAL	21%
SPECIALIST	64%

RATING: Exceptional, Acceptable

Empowerment & Self Accountability

1K€/person/year

FAI CRESCERE LA TUA ENERGIA

YouLearn

Continuously setting aspirations and expectations

MANAGEMENT FEEDBACK

Nurturing the leadership pipeline

SUCCESSION PLANNING



ERG PEOPLE & TRAINING



*“We are not looking for Talented People
but rather for the Talent hidden in each Person”*

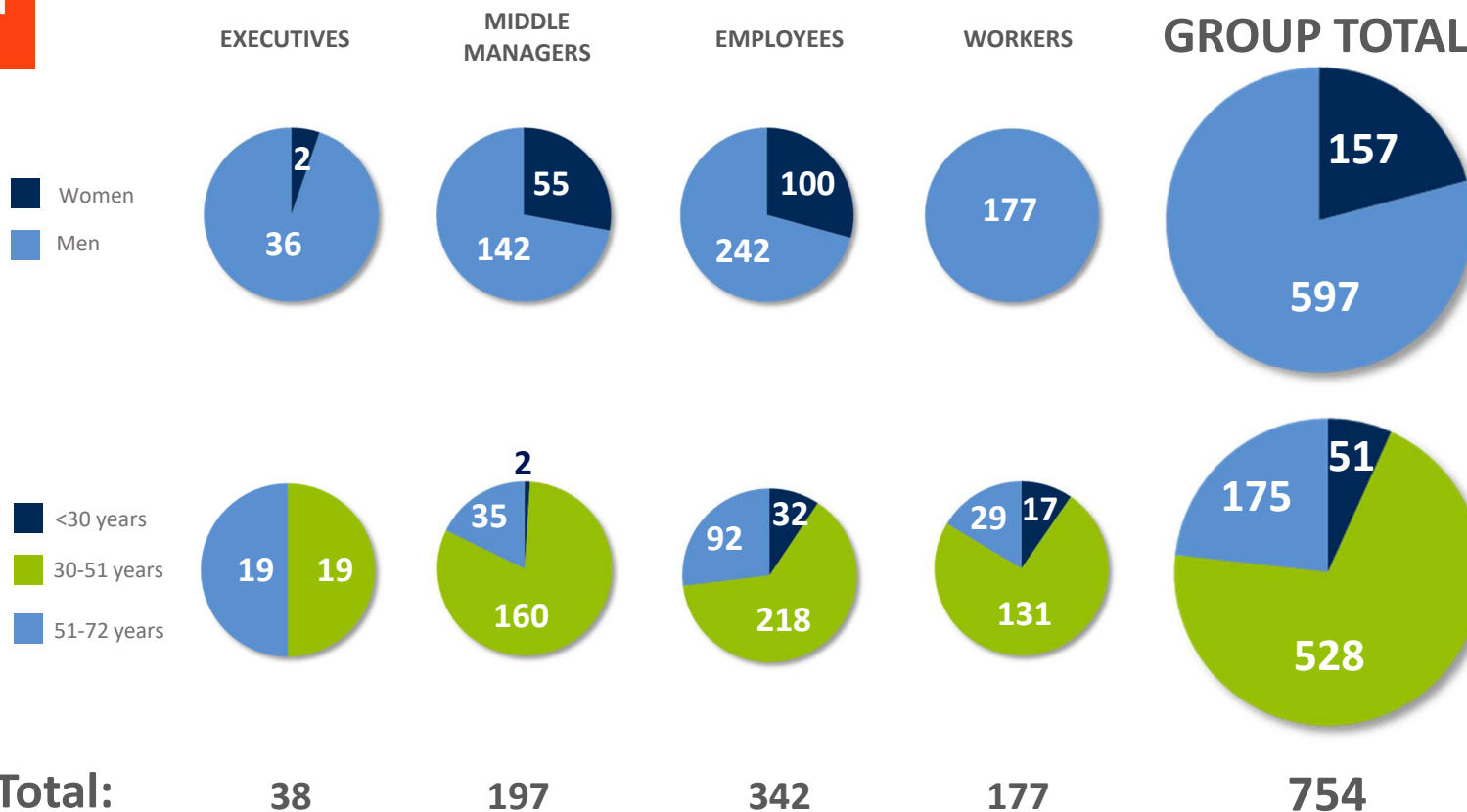
ERG Training in a nutshell

KPIs in our Training			
Year	Hours of Training provided	Days of Training provided per Person	Participants in the courses
2017	37,950	6.6	97%
2018	34,356	5.9	92%
2019	46,758	7.8	98%

Every year all of our people are invited to design their own training path.
A managerial attitude is required from all the employees.

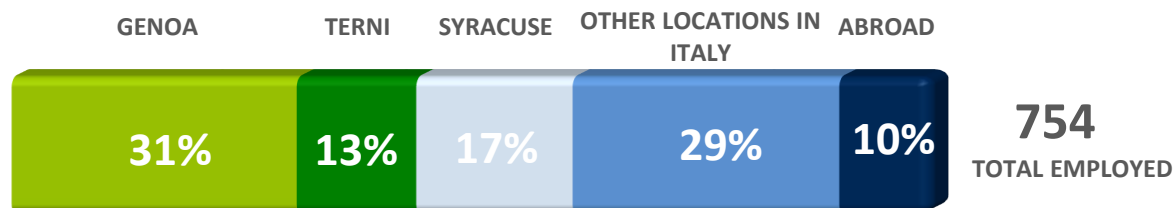


DATA BREAKDOWN ON PERSONNEL



Total:

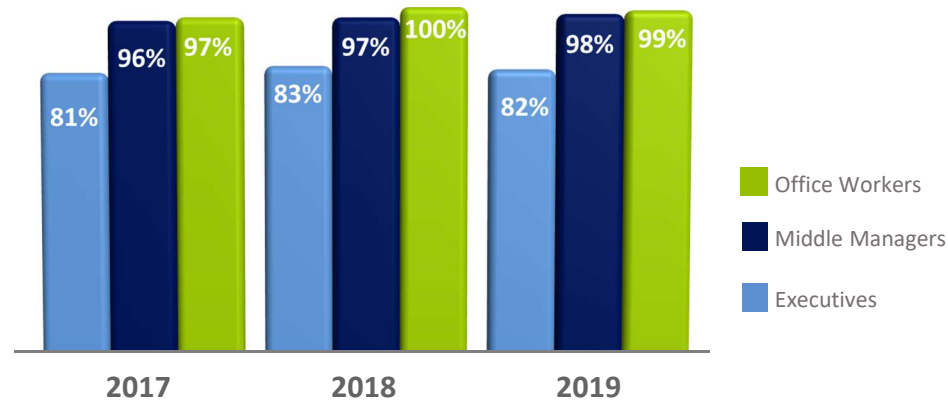
38 197 342 177 754



A DIVERSIFIED GROUP WITH EQUAL OPPORTUNITIES



Women/Men pay gap evolution⁽¹⁾



Inclusion

- **Inclusion** is a competence of **ERG's Leadership Model**
- **Partnership with ValoreD**, the greatest Italian association promoting gender balance and an inclusive culture in organisations and across the country:
 - first assessment of HR processes in D&I effectiveness
 - survey to verify ERG's and Employees' approach to Inclusion
- **Action plan to raise awareness about:**
 - inclusive communication
 - Inclusive leadership
 - women's empowerment



⁽¹⁾ Percentage ratio between the average fixed remuneration for women for each position they belong to and the average fixed remuneration for men for the same position

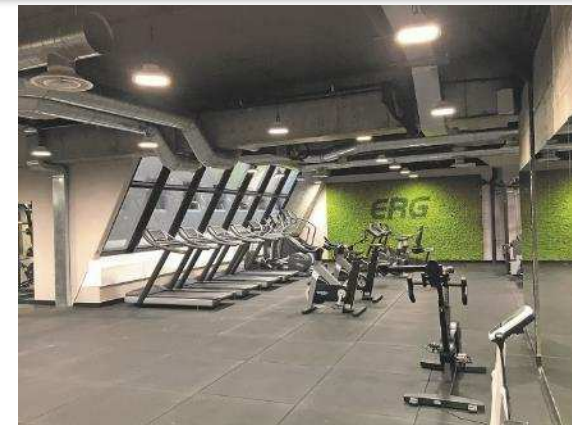


WELFARE PROJECTS FOR EMPLOYEES



CIONE HEALTH

- Medical check up for all the employees
- Specific checks for older employees
- Additional leaves for medical check-ups



- Gym at Genoa office open to all employees with trainer available on site
- Running and cycling team and other sport activities

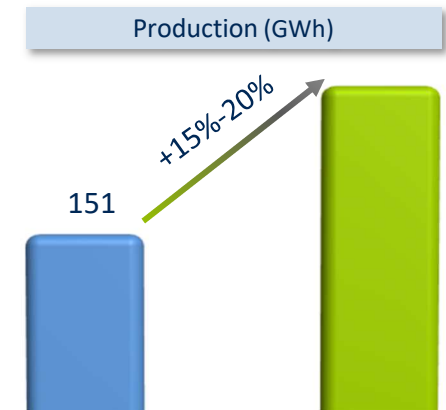
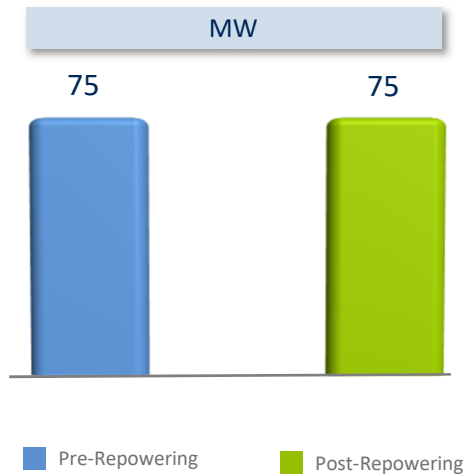


- Corporate volunteering
- Family Day
- Plant's open Day
- Summer camps for employee's children
- Cooperation with schools and universities
- "Holiday donation"

REBLADING: A TECHNOLOGICAL INNOVATION PROJECT



Reblading in a nutshell



Avigliano wind farm reblading: the project in a nutshell

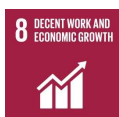
- **20** turbines certified with new blades and controllers;
- **60** blades replaced;
- **60** blade bearings replaced;
- full revision of all mechanical components connected to the blades;



- **5,800** hours/man for blade and controller assembly;
- **400** hours/man for pre-assembly at the blade production factory;
- **0** accidents/injuries.



ENGAGING LOCAL COMMUNITIES



ENVIRONMENTAL, HEALTH AND SOCIAL DEVELOPMENT



Participation loans



Clean Up the World

Community Ownership



CULTURE AND KNOWLEDGE



YOUNG PEOPLE AND SPORT



ENVIRONMENTAL AND SAFETY CERTIFICATIONS



- **Environmental certification** covering more than 70% of the installed capacity and about 60% of employees
- **Health & Safety certification** covering more than 90% of employees

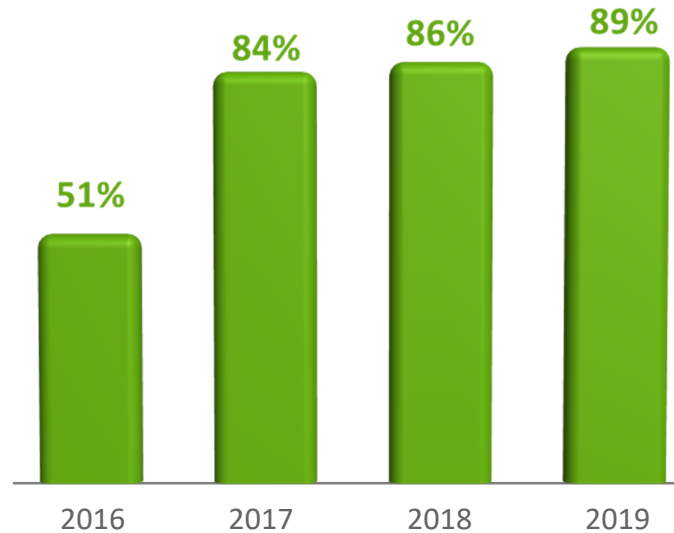
Source: ERG 2019 non-financial information reporting

REDUCTION OF ENVIRONMENTAL IMPACT OF OPERATIONS



Green Energy for our indirect Consumption⁽¹⁾

- As of 2016, ERG is committed to supply its offices and plants with **certified renewable energy**



Wood in Corbara: from waste to resource

- **Until 2019**, the significant accumulation of virgin wood (more than 2,600tonn/year) dragged by Tiber river into Lake Corbara was **considered by law as waste**.
- **In 2019** ERG received the **authorization** by the Umbria Region to manage such **woody biomass as reusable material** for activities such as **energy recovery**, wood industry and production of soil improvers.



⁽¹⁾ Figures are not on a like-for-like basis: they include all plants in exercise at each year-end



ERG GREEN BOND





GROUP DEBT STRUCTURE

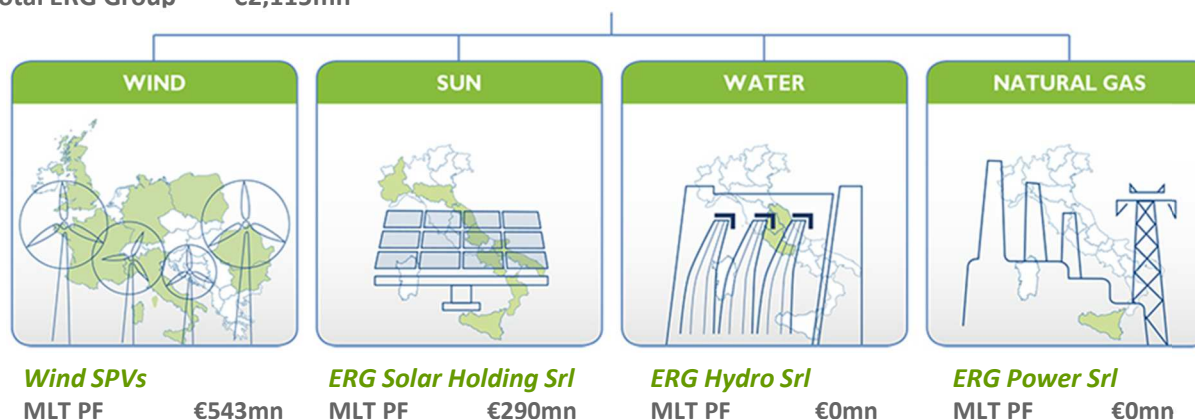
ERG Group

MLT Corporate Loan	€682mn
MLT PF Loan	€833mn
Green Bond	€500mn
Other Bond	€100mn
Total ERG Group	€2,115mn

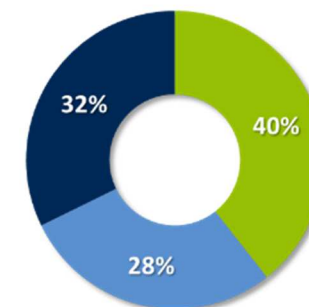


ERG S.p.A.⁽¹⁾

MLT Corporate Loan	€682mn
Green Bond	€500mn
Other Bond	€100mn



Debt Structure as of 31 Dec 2019



● Corporate Loan ● Project Finance ● Bond

- Debt structure mainly composed of medium term loans with **93% fixed rate portion**
- **ERG's operating assets grant a steady flow of cash upstream to ERG S.p.A.:**
 - **Hydro & Natural Gas assets fully unlevered** without any external financing constraints
 - **Wind & Solar SPVs financed by long term loans** with maturities consistent with incentive life and able to upstream a relevant amount of cash

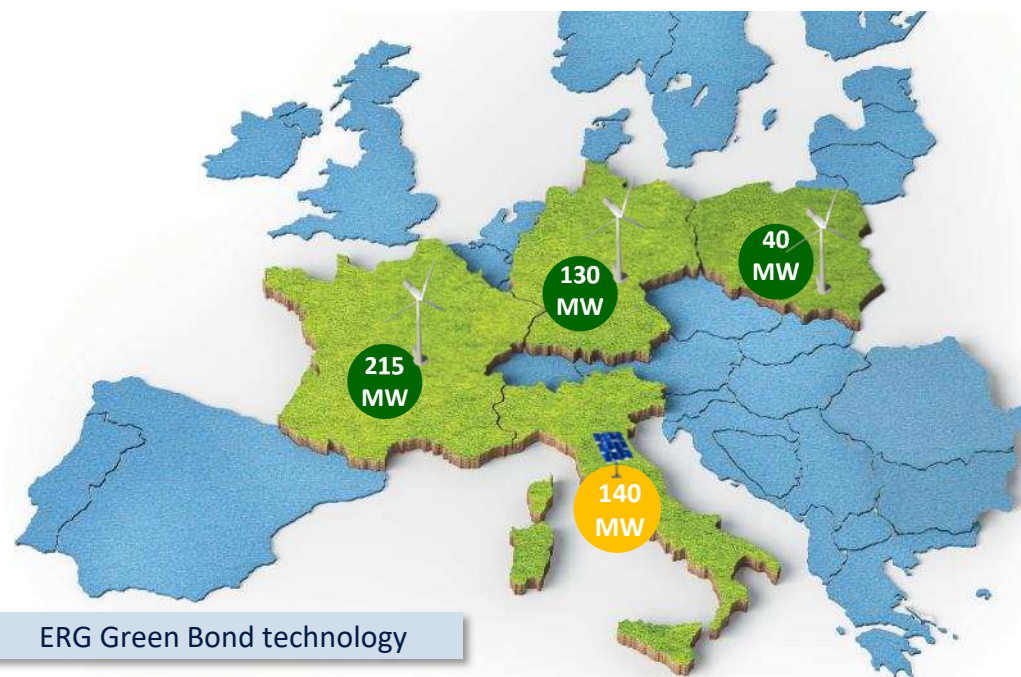
New financial strategy completed: move from Project Financing to corporate/DCM financing

⁽¹⁾ ERG S.p.A. owns all the operating assets through ERG Power Generation S.p.A., a 100% owned operating subsidiary, free of debt and in cash pooling with ERG S.p.A.

ERG GREEN BOND 2019: ALLOCATION SUMMARY



ERG Green Bond geographical



ERG Green Bond technology

- Sun Solar Plant
- Wind Wind Farm

 France	<ul style="list-style-type: none"> ● 215 MW Wind #20 Wind Farms A2019 Production 487.2 GWh CO2 Savings 271 ktCO2e
 Germany	<ul style="list-style-type: none"> ● 130 MW Wind #12 Wind Farms 2019 Production 203.2 GWh CO2 Savings 153 ktCO2e
 Poland	<ul style="list-style-type: none"> ● 40 MW Wind #2 Wind Farms 2019 Production 203.2 GWh CO2 Savings 104 ktCO2e
 Italy	<ul style="list-style-type: none"> ● 140 MW Solar #32 Solar Plants 2019 Production 225.1 GWh CO2 Savings 114 ktCO2e

Green Bond 2019 Highlights

Eu500mn Allocated Proceeds	# 66 Plants Eligible for Green Projects	526MW Total Capacity	1,037GWh Actual 2019 Production	641 ktCO2e CO2 2019 Savings
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RATING AGENCY VIEW

Fitch Ratings

Long-term Issuer Default Rating (IDR): BBB-

Senior unsecured Rating: BBB-

Outlook on the IDR: Stable

Last update: Affirmed 14 May 2020

Key Rating Drivers:

- Manageable Impact from the Pandemic
- Strategy Confirmed
- Preserving Incentivised Business Key
- Broadly Flat EBITDA
- Flexible Free Cash Flow
- Large Secured Greenfield Pipeline
- Increased Repowering
- Additional M&A
- Additional Capacity Incentivizes
- Track Record of Stability
- Solid Liquidity
- Progress in Centralising Funding Structure

Key Considerations:

- *“Fitch Ratings has affirmed Italian renewable generation company ERG S.p.A.’s Long-Term Issuer Default Rating (IDR) and senior unsecured rating at ‘BBB-’. The Outlook on the IDR is Stable.”*
- *“ERG’s ‘BBB-’ IDR affirmation reflects robust business profile, and a diversified and clean asset base, with quasi-regulated activities averaging 70%-75% of consolidated EBITDA”*
- *“The business is proving to be resilient in the current tough market environment, due to hedging, predominantly incentivised revenues and the absence of exposure to supply.”*
- *“The ratings also take into account ERG’s growth ambitions in the context of a clearly stated financial policy of up to 3.0x net debt/EBITDA”*
- *“Our forecasts lead to an average funds from operations (FFO) adjusted net leverage of 3.5x over 2020-2024, compared with a negative sensitivity of 3.8x, which we revised upward from 3.5x, due mainly to ERG’s business resilience and track record.”*



ERG IN A NUTSHELL AS AT 31.12.2019



FINANCIAL AND OPERATING PERFORMANCE AS AT 31.12.2019



Financial Highlights

	€504mn Adjusted EBITDA	€205mn Adjusted EBIT
€104mn Adjusted Group Net Result	€3,264mn Net Invested Capital	€1,476mn Net Financial Debt
	754 Employees	

Sustainability Highlights

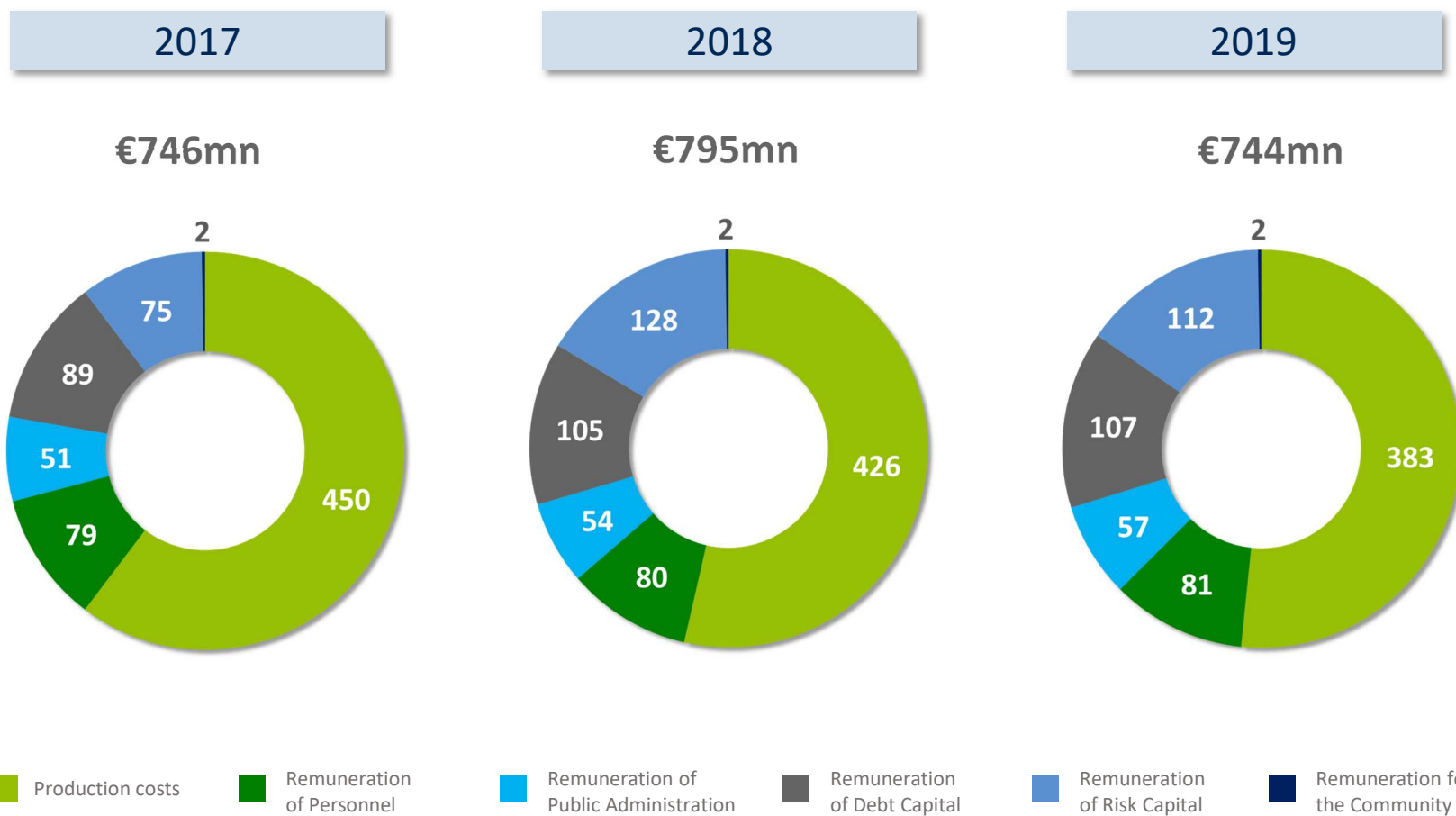
 3,086kt avoided	0.14kg CO ₂ /kWh Carbon Index	 7.8 days Training per employee
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Business Portfolio

	1,929MW Wind installed capacity	4,000Gwh Wind energy production
	141MW Solar installed capacity	226Gwh Solar energy production
	527MW Hydro installed capacity	1,229Gwh Hydro energy production
	480MW Thermo installed capacity	2,504Gwh Thermo energy production



ERG DISTRIBUTION OF ADDED VALUE





ERG

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