Press Release

The Board of Directors of ERG S.p.A. approves the Interim Report on Operations as at 31 March 2020

Consolidated adjusted[1] EBITDA: €156 mln, €164 mln in the 1st quarter of 2019.

Adjusted Group net result: €53 mln, €54 mln in the 1st quarter of 2019.

- COVID-19 crisis – Enhanced security at operations centres and production plants through continuous sanitisation, and distribution of personal protective equipment. Extension of smart working, which is currently utilised by 70% of employees. Business continuity guaranteed via the timely implementation of specific organisational measures, operating instructions and plans for the procurement of essential components and services.

- Quarterly results – Mitigated the effects of a weak price scenario worsened by the COVID-19 crisis, thanks to hedging transactions. Slight downturn in EBITDA for the quarter owing to the extremely low windiness in Italy, compared to the particularly high winds recorded a year ago. Profitability of overseas assets up by 50%.

- Development – Growth path in the overseas wind power sector continued during the quarter via the acquisition of 38 MW in France and authorisations for the development of a 36 MW wind farm in Poland. Construction of around 285 MW in Europe continues.

- 2020 Guidance – Also bearing in mind the potential impact of COVID-19, a downward adjustment of 4% has been made to expected EBITDA, within a range of between 480-500 million Euro, and investments have likewise been reduced by 35 million Euro, within a range of between 150-180 million Euro. Net financial debt between 1,350 and 1,430 million Euro is also down by about 10 million Euro compared to the previous forecast.

Genoa, 14 May 2020 – At its meeting held yesterday, the Board of Directors of ERG S.p.A. approved the Interim Report on Operations as at 31 March 2020.

Consolidated adjusted financial results

Performance highlights (million Euro)	**1st Quarter**		
	2020	**2019**	**Var. %**
EBITDA	156	164	-4%
EBIT	82	92	-11%
Group net result	53	54	-1%

	31.03.20	**31.12.19**	**Variation**
Net financial debt (million Euro)	1,415	1,476	- 61
Leverage[2]	43%	45%	

[1] In order to facilitate the understanding of business performance, the financial results are shown excluding significant income components of a non-recurring nature (special items): these results are indicated using the term "adjusted".
For a definition of the indicators and reconciliation of the amounts in question, reference is made to the specific section of this Press Release "Alternative Performance Indicators"

[2] The ratio of total net financial debt (including project financing) to net invested capital

Luca Bettonte, ERG's Chief Executive Officer, commented: **"The severe health crisis connected with the COVID-19 pandemic represents an unprecedented challenge to which we are endeavouring to respond in a timely and effective manner, ensuring business continuity and the best possible health and safety standards. We are making widespread use of smart working, which still now involves around 70% of the company's people.**

There has been a slight decline in EBITDA, reflecting the lack of windiness in Italy compared to the particularly high winds a year ago, only partly offset by the contribution from the excellent performance and increased installed wind power capacity outside of Italy. The contribution from the Solar power sector and the Hydroelectric power sector showed essentially no change; the latter, whilst recording a growth in output, continues to be penalised by the prolonged lack of water, with volumes well below the historical averages. Thermoelectric power showed a slight downturn due to the smaller amount of energy efficiency certificates following the discontinuation of the incentive period for part of the CCGT plant.

The results also generally reflected a sharp decrease in the price and margin scenario, particularly starting from the month of March, due to repercussions from COVID-19, the effects of which were largely mitigated by the cover arranged in keeping with the Group's hedging policy.

In view of the first quarter results, the continued lack of windiness and water availability recorded also during the early part of the second quarter and the foreseeable further deterioration in the price scenario, end-of-year EBITDA is now estimated at between 480 and 500 million Euro and net debt between 1,350 and 1,430 million Euro. Investments are forecast at between 150 and 180 million Euro as opposed to the previous range of 185-215 million, owing to some delays in the regular progress of construction works due to the effects of the lockdown on supplier activity, and on that of the TSOs for the network connections."

Covid-19 Crisis

The first quarter 2020 closing for administrative-accounting purposes was entirely managed and completed by personnel working remotely (smart working), via a Virtual Closing process. An analysis and an evaluation was primarily carried out of the complexities associated with the new methods of handling the closing and the potential weaknesses and discontinuities, consequently identifying Information Technology interventions (IT availability and integrity), in the financial closing procedures and the system of controls. Following the spread of the health crisis at global level, at the end of January 2020 the World Health Organisation qualified the COVID-19 epidemic as a public health emergency of international concern and then, on 11 March 2020, recognised COVID-19 as a Pandemic.

After the declarations by the World Health Organisation, in Italy via specific Decrees of the Presidency of the Council of Ministers (*DPCM*), a state of emergency was declared, currently in place until July 31st, and explicit measures were taken, firstly in the Lombardy Region and Northern Italy and subsequently extended throughout the national territory. From the end of March, a series of additional provisions were put in place for the suspension of industrial production activities, with the exception of those services considered essential, including in the latter the supply of electricity and related maintenance and interventions. This blockade was extended until May 3rd; from the following day, in accordance with *DPCM* dated 26 April 2020, the so-called "Phase 2" commenced.

The other European countries where the ERG Group operates, including France and Germany, albeit with different timing, have followed the same path taken by Italy and have gradually suspended activities, apart from those services deemed to be essential and of public utility, which again includes the supply of electricity.

At the first signs of emergency the company promptly took action, putting in place all necessary measures to guarantee, on the one hand, the health of its employees and, on the other, the operational continuity of its assets in conditions of safety.

This took place by way of recourse to smart working, which was introduced in advance with respect to the provisions of law, and was extended to all the Group's branches in Italy and abroad, involving over 70% of the company's people, corresponding to the entire "office-based" workforce, excluding only staff assigned to operational management and maintenance of plants with a view to safeguarding business continuity.

Again during Phase 2, whilst allowing potential access to respective offices ERG has confirmed and encouraged the continuation of remote working.

ERG has managed with extreme caution the personnel employed at its production sites, by adopting suitable safety measures from a perspective of both “organisation” (able to guarantee social distancing and the remodulation of operational and logistic activities) and “Prevention and Protection” (training and information, individual protection devices, personal hygiene measures and cleaning/sanitisation of work environments), in observance of the indications given by the Competent Authorities and in agreement with the Trade Union Organisations.

At all operational sites the organisational, logistic and facility actions for the protection of workers and to safeguard all essential activities for ensuring service continuity and the running of plants in conditions of safety were prepared and promptly updated. On the basis of safety protocols issued by the authorities, details were set out in two documents issued respectively on April 15th and April 30th, intitled “*Company Protocol for the regulation of measures to combat and contain the spreading of the COVID-19 virus in work environments*” (15 April) and “*Company Protocol for the regulation of measures to combat and contain the spreading of the COVID-19 virus in work environments – PHASE 2*” (30 April), which integrate the ERG Group Risk Assessment Document.

At Supply Chain level every appropriate action has been put in place to ensure the operational continuity of all production assets in Italy and abroad, via a structured Business Continuity Management approach and the definition of procurement plans covering supplies until at least the end of 2020, with identification of backup suppliers for all Main Components and primary services. The presence of our own staff on the field to perform O&M activities and our own warehouses close to production facilities has proved to be a successful strategy for guaranteeing business continuity and minimising our dependency on external suppliers.

A Task Force was immediately set up at Top Management level, in accordance with our Crisis Communication Management Policy: each day Top Management meets to take stock of the situation, with a view to being constantly updated and ready to review priorities on a daily basis, so as to promptly respond to any needs that may arise.

To date there has been no interruption of company activity, either in Italy or abroad, and in fact there have been no cases of contagion in the workplace, demonstrating the effectiveness of the measures taken.

During this period there have been no reductions in staff and none have been planned. Moreover, the company has not made use of social safety nets or compulsory short-time working. On the other hand, 14 new hires entered the Group from March until now and COVID-19 health insurance cover has also been taken out in favour of all employees. Engagement and partnership activities with the communities where ERG operates have gone ahead and appropriate funds have been allocated by the Group, by the Parent Company and by the employees themselves to meet the most urgent needs of healthcare facilities.

Once again during these critical circumstances the solidarity of the company and its people has been readily demonstrated. ERG allocated 2 million Euro to support the areas where its production sites are located that have been affected by the COVID-19 crisis, with a view to providing material support for the most urgent needs of the healthcare facilities. In addition to this initiative, on a proposal from the internal Social Partners, the Group’s employees donated a total of 2,300 work hours, the corresponding amount being destined in favour of the Civil Protection Department.
It should also be mentioned that San Quirico S.p.A., the Company’s majority shareholder, allocated one million Euro in favour of Genoa’s front-line hospitals engaged in the healthcare emergency.

In brief, ERG’s response to the COVID-19 crisis closely reflects its own business model, which has always been oriented towards the creation and sharing of sustainable value for shareholders, employees and the community in general.

With regard to the guidelines provided by the European Securities and Markets Authority (ESMA) on 11 March 2020 and subsequent communications, we therefore confirm that the Group’s management has set up a continuous monitoring of the actual and potential impacts of the COVID-19 crisis on the Group’s business activities, financial situation and economic performance.
More specifically, attention is being paid to the evolution of both the macroeconomic and the electricity scenario, in terms of the trend in demand and in electricity and gas prices, and the specific assessment of credit risk and liquidity risk, as better described in the following paragraphs.

It is well known that the ongoing international healthcare crisis has led to a significant overall downturn in electricity demand as regards all the reference markets, due above all to the restrictions imposed on the parties involved in production activities, by way of procedures that differ from country to country.
In this situation electricity spot prices have posted major decreases in all the Group's countries of operation. However, both thanks to the significant impact of regulated remuneration systems on the Group's revenues and because a predominant part of RES-E output and the Clean Spark Spreads associated with the current year's thermoelectric power production were already covered by forward sales in previous years, in keeping with the Group's three-year hedging policies, during the first quarter of 2020 the effects on the Group's results have been limited.

Insofar as concerns credit risk, the ERG Group has always implemented a strategy for mitigating such risk which, in keeping with the Risk Policy, envisages a portfolio primarily focused on large industrial customers, at both domestic and international level, considered to have a high level of soundness and reliability; therefore also during this historical moment, the credit risk vis-à-vis these counterparties continues to be limited. The evolution of the situation is being monitored as part of the Credit Committee's activities and top management is regularly updated during the COVID-19 task force sessions.

On the other hand, with regard to liquidity risk, which is constantly monitored by top management through the Risk Committee, ERG implements a strategy of mitigation in line with the Risk Policy, thereby allowing the Group to remain solvent during both normal operating conditions and emergency situations, via a careful planning and monitoring of its financial structure. This strategy aims on the one hand to ensure a sufficient level of liquidity is maintained, through systematic cash generation on the part of its business operations, and on the other to optimise the cost of funding, by maintaining a balance in terms of debt duration and composition. Even during the reference situation, post COVID-19, the liquidity risk continues to be limited, moreover without significant impacts being anticipated during the course of 2020.

With reference to the foregoing, no significant effects are reported on the results for the first quarter of 2020. As regards the guidance for FY 2020 short-term impacts are reported, as better described in the Business Outlook section.
However, in view of the continuing uncertainties and the critical elements characterising the reference macroeconomic situation, the Directors will continue to monitor developments in the health crisis and the possible impacts even on the medium/long-term scenarios and will evaluate whether such updates may represent an impairment indicator such as to require adjustment to the carrying value of assets recognised in the financial statements.

Change in the scope of business

- On **24 February 2020** ERG, through its subsidiary ERG Eolienne France SAS, acquired from the Luxembourg company LongWing Energy France SA a 100% equity stake in five companies incorporated under French law, owners of three wind farms located in the French regions of Hauts de France, Centre - Vallée de la Loire and Nouvelle Aquitaine.
  The wind farms, which have an overall installed capacity of 38 MW, came on stream between 2010 and 2012 and have a total annual output, based on historical average, of around 70 GWh, corresponding to over 1,840 equivalent hours and equal to approximately 37 kt of avoided CO2 emissions per year. For a period of 15 years, starting from the commercial operation date, the plants are entitled to benefit from an overall incentive tariff, which in 2019 averaged about 91 Euro/MWh.
  The purchase price in terms of Enterprise Value amounts to around 40 million Euro. Average annual EBITDA is forecast at about 4.5 million Euro. The French Ministry for the Economy and Finance has approved the transaction. This press release reflects the impact of consolidating the acquired companies as from 1 January 2020.

- On **5 March 2020** ERG, through its subsidiary ERG Power Generation S.p.A., finalised with Cameonio Limited, a Polish holding company based in Cyprus, the acquisition of a 100% equity stake in **Laszki Wind Sp. Z.o.o.**, the owner of authorisations for the construction of a 36 MW wind farm in South East Poland, following the successful outcome of the auction on 5 December 2019.
  In the last auction, the project was awarded a feed-in tariff for a period of 15 years. Annual output when fully operational is estimated at around 90 GWh, corresponding to about 77 kt of avoided CO2 emission. Construction is scheduled to commence during the second quarter of 2020 and the facility is expected to come on stream by the end of 2021. The overall investment for construction of the wind farm, including the price paid to acquire the building permits, amounts to approximately 48 million Euro.

First quarter 2020

In the first quarter of 2020 **adjusted revenues** came to 277 million Euro, with a downturn compared to the first quarter of 2019 (296 million Euro) due above all to the lower wind power output in Italy, as a result of the decidedly poorer wind conditions, and the trend in energy prices, which were far below those of the first quarter in 2019, only partly offset by the growth in wind power production outside of Italy and the expansion of the managed asset portfolio, together with the increase deriving from the higher unitary incentive value in Italy (from 92.1 to 99.0 €/MWh).

Adjusted EBITDA excluding special items, at 156 million Euro, was down by 7 million Euro compared to 164 million Euro posted in the first quarter of 2019. The variation reflects the following:

- **Wind Power (-6 million):** EBITDA, at 109 million Euro, showed a downturn compared to the corresponding period in 2019 (115 million Euro) mainly as a result of the decline in Italian output (-205 GWh), which was only partly offset by production outside of Italy (+243 GWh). More specifically, the result posted by the Italian wind farms (57 million Euro, with a downturn compared to 80 million Euro in the first quarter of 2019) reflected the poor wind conditions during the period compared to the particularly good conditions in the first quarter of 2019. Overseas results showed an upturn (+17 million Euro) reflecting both the contribution of 145 MW pertaining to the new wind farms in France and Germany and the high winds recorded during the period.

- **Solar power (-1 million):** EBITDA, at 12 million Euro, was slightly down compared to the corresponding period in 2019 (13 million Euro), with basically no change in volumes but a weaker price scenario compared to the first quarter of 2019.

- **Hydroelectric power (+1 million):** EBITDA at 24 million Euro (23 million Euro in the first quarter of 2019), was in line with the corresponding period a year earlier. Performance benefited by a higher output compared to the first quarter of 2019, albeit well below the average historical levels, but was partly offset by the negative scenario on the energy markets.

- **Thermoelectric power (-2 million):** EBITDA as regards the thermoelectric power sector, at 15 million Euro, showed a downturn compared to 17 million Euro in the first quarter of 2019 mainly following the expected decline in energy efficiency certificate production due to the discontinuation of the incentive period for the CCGT plant's module 1. Generation margins during the period benefited by the clean spark spread hedging transactions carried out in line with the Group's risk policies in the presence of a strongly deteriorated market situation during the month of March due to the lockdown for the COVID-19 health crisis.

Adjusted EBITDA is stated excluding the positive effects arising from application of IFRS 16, amounting to around 3 million Euro.

Adjusted EBIT amounted to 82 million Euro (92 million Euro in the first quarter of 2019) after amortisation and depreciation totalling 75 million Euro (up by 3 million Euro compared to 72 million Euro in the first quarter of 2019), mainly ascribable to the operating wind farms acquired in France and Germany during 2019 and in the first quarter of 2020.

The **Adjusted Group net result** came to 53 million Euro, in line with the figure posted in the first quarter of 2019, as a consequence of the previously commented operating results. Financial charges were notably lower compared to the first quarter of 2019 due to a reduction in the cost of debt thanks to the major liability management transactions carried out during 2019 and the simultaneous issuance of a Green Bond subject to more favourable conditions. Moreover, the effective tax rate was lower with respect to the first quarter of 2019 due to the reintroduction of tax benefits associated with economic growth (Allowance for Corporate Equity - ACE).

The **Group net result** came to 52 million Euro, compared to 49 million Euro in the first quarter of 2019. We mention that the difference with respect to the adjusted values is mainly ascribable to the donation of 2 million Euro made in support of the COVID-19 health crisis.

Adjusted net financial debt stands at **1,415 million Euro**, with a downturn (61 million Euro) compared to 31 December 2019 (1,476 million Euro). The variation reflects above all investments during the period (62 million

Euro), which were more than offset by the positive cash flow (113 million Euro[3]), also following a reduction in the timing of Italian incentive payments.
The adjusted net financial debt is shown net of the effects deriving from application of IFRS 16, therefore not including the discounting of future lease fee payments corresponding to around 77 million Euro as at 31 March 2020.

Investments

Million Euro	**First quarter**	
	2020	**2019**
Wind Power	54	10
Solar Power	1	220
Hydroelectric Power	1	1
Thermoelectric Power	5	2
Corporate	0	0
Total Investments	**61**	**233**

Investments in the first quarter of 2020, totalling **61 million Euro** (233 million Euro in the first quarter of 2019), mainly refer to the acquisition of operating wind farms in France (42 million Euro) and a project for the construction of a wind farm in Poland (2 million Euro). During the quarter investments were carried out **in property, plant and equipment and intangible fixed assets for the amount of 17 million Euro,** of which 55% in the Wind power sector (80% in the first quarter of 2019), associated above all with the commencement of construction as regards the wind farms in Poland and the UK, 30% in the Thermoelectric power sector (13% in the first quarter of 2019) following the launch of investments aimed at once again obtaining energy efficiency certificates for the CCGT plant's module 1, 8% in the Hydroelectric power sector (4% in the first quarter of 2019), 4% in the Solar power sector and 2% in the Corporate sector (3% in the first quarter of 2019), mainly in connection with the ICT area.

Wind Power: investments in the first quarter of 2020 **(54 million Euro**) mostly refer to the acquisition of wind farms in France (38 MW) and development of the wind farms in Poland and the UK.

Solar Power: investments in the first quarter of 2020 **(1 million Euro)** refer above all to contracts aimed at further enhancing plant efficiency.

Hydroelectric Power: investments in hydroelectric power, amounting to **1 million Euro**, refer above all to maintenance contracts and projects scheduled with regard to the seismic enhancement of infrastructures and in the area of Health, Safety and the Environment.

Thermoelectric Power: investments during the first quarter of 2020 **(5 million Euro)** primarily concerned the project aimed at once again obtaining energy efficiency certificates for the CCGT plant's module 1.
Initiatives also continued with a view to maintaining the plants' operational efficiency, flexibility and reliability. Moreover, the scheduled interventions went ahead in the area of Health, Safety and the Environment.

Operational data

Electricity sales by the ERG Group, carried out in Italy through ERG Power Generation S.p.A.'s Energy Management, refer to the electricity generated by its wind farms and its thermoelectric, hydroelectric and solar power plants, and to purchases on organised markets and via physical bilateral contracts.

During the **first quarter of 2020**, total electricity sales amounted to 4.2 TWh (4.1 TWh in the first quarter of 2019), against a total of around 2.4 TWh produced by the Group's facilities (2.3 TWh during the corresponding period in

[3] Includes adjusted EBITDA, the change in working capital and net financial income (expenses)

2019), of which about 0.8 TWh abroad and 1.6 TWh in Italy. The latter figure represents approximately 2.1% of overall domestic electricity demand (2.2% in the first quarter of 2019).

Electricity sold wholesale includes sales on the IPEX power exchange, in both the "Day-ahead Market" (*MGP*) and the "Intraday Market" (*MI*) and in the "Ancillary Services Market" (*MSD*), as well as sales to leading sector operators using the "over the counter" (OTC) platform. The latter are carried out by Energy Management with a view to developing forward contracting activities also for the purpose of hedging generation, in line with the Group's risk policy.

In the **first quarter of 2020** steam sales[4] carried out amounted to 336 thousand tonnes, with a sharp upturn compared to 313 thousand tonnes during the corresponding period of 2019.

	1st Quarter			
Electricity Output (GWh)	**2020**	**2019**	Δ	Δ%
Wind power output	**1,366**	**1,328**	**38**	**3%**
- *Italy*	*598*	*803*	*-205*	*-26%*
- *Overseas*	*768*	*525*	*243*	*46%*
Solar power output	**45**	**44**	**0**	**1%**
Hydroelectric power output	**324**	**301**	**22**	**7%**
Thermoelectric power output	**626**	**618**	**8**	**1%**
ERG plants total output	**2,361**	**2,292**	**69**	**3%**

With regard to output, in the first quarter of 2020 we particularly report:

Wind Power: wind power **electricity output** totalled 1,366 GWh, up by 3% compared to the corresponding period in 2019 (1,328 GWh), reflecting a strong decline of 26% in Italian output (from 803 GWh to 598 GWh) and a sharp overseas growth of 46% (from 525 GWh to 768 GWh).
The downturn in Italian production (-205 GWh) is associated with the poorer wind conditions compared to those recorded in 2019 in essentially all regions and particularly Campania, Puglia and Sicily.
Outside of Italy, the net increase of 243 GWh is ascribable to the higher output in France (+162 GWh, of which 80 GWh concerned the electricity produced by facilities recently acquired or acquired during the second quarter of 2019 and 82 GWh reflected the high winds recorded compared to the first quarter of 2019) and in Germany (+59 GWh, of which 49 GWh concerned the wind farms acquired or which came on stream during 2019, and 10 GWh reflected the improved wind conditions recorded).

Solar Power: output totalled around 45 GWh, showing a slight increase compared to the first quarter of 2019, with a related load factor of 14% (in line with 14% for the corresponding period in 2019).

Hydroelectric Power: ERG Hydro's overall output in the first quarter of 2020, totalling 324 GWh, benefited from a net unit revenue, considering the sales price of electricity, proceeds from *MSD* and from replacement incentives during the period and other minor components, amounting to around 102 Euro/MWh, with a slight decrease compared to 108 Euro/MWh in the first quarter of 2019.

Thermoelectric Power: net electricity output by ERG Power amounted to 626 GWh, with a slight increase compared to the corresponding period in 2019 (618 GWh) in the presence of a market situation that maintained positive generation margins, above all due to the significant reduction in gas prices, despite a small rise in CO_2 prices. This trend exceeded the more general one recorded in Italy for the entire thermoelectric power sector thanks to the Sicily price differential with respect to the *PUN* (Single National Price), which remained in line with the first quarter of 2019, notwithstanding the significantly lower prices in Sicily.
The net supply of steam to captive customers at the Priolo Gargallo petrochemical site amounted to 336 thousand tonnes, with an increase compared to 313 thousand tonnes in the corresponding period of 2019.

[4] Steam supplied to end users net of the steam quantities withdrawn by the same and pipeline leaks.

Main events during the quarter

On **22 January 2020** ERG S.p.A. was promoted to an “AA” rating, following the “A” rating assigned in 2018, by MSCI ESG Research Ltd. (“MSCI”), one of the leading research firms measuring companies’ performance on the grounds of environmental, social and governance (ESG) factors. ERG also ranked 35th place among the world’s TOP 50 companies in the Corporate Knights Global 100 Most Sustainable Corporations in the World Index and maintained its CDP-Climate Change “B” rating.

On **24 February 2020** a 100% equity stake was acquired in five companies incorporated in France, owners of three wind farms with a total installed capacity of 38 MW.

On **5 March 2020** a 100% equity stake was acquired in Laszki Wind Sp. Z.o.o., the holder of authorisations for the construction of a 36 MW wind farm, following its successful participation in the auction on 5 December 2019.

On **9 March 2020**, with regard to the Italian and worldwide COVID-19 emergency and the consequent restrictions on personal mobility, ERG proactively offered the possibility to operate remotely (in smart working) on all working days of the week. This possibility was gradually extended to employees of all the Group’s branches insofar as this form of working was compatible with the effective performance of respectively assigned responsibilities, giving maximum attention to ensuring business continuity and the security of production sites. This has involved approximately 70% of the company’s personnel, corresponding to all office employees.

Main events occurred after the end of the period

On **21 April 2020** the ERG S.p.A. Shareholders’ Meeting approved the 2019 Annual Accounts, resolved to pay a dividend of Euro 0.75 per share and approved an amendment to the Articles of Association to introduce the mechanism for increasing voting rights.
During his speech, the Chief Executive Officer provided full information regarding the actions and initiatives taken by the Group to deal with the COVID-19 crisis.
For the first time, the Shareholders’ Meeting was held exclusively using telecommunications systems and was attended by a number of shareholders representing 79.4% of the company’s capital.

Business Outlook

ERG continues to pursue its international Wind power development strategy and the Repowering programme as regards its Italian wind farms, under the new complicated and difficult health crisis situation associated with COVID-19. The social and economic implications deriving from containment of the infection are influencing the trend in energy prices, the normal course of activities on the part of the public administration and those of the industrial and financial operators with whom the Group interfaces on a regular basis.

Bearing in mind the foregoing, we therefore report the foreseeable trend in main scenario and performance indicators anticipated for 2020:

- **Wind Power:** The result outside of Italy will exceed that recorded in 2019, reflecting the improved wind conditions during the early months of the year, albeit with a downturn in prices, particularly in Eastern Europe, and thanks to the contribution from the higher installed capacity, including the newly-acquired wind farms in France (38 MW). Conversely, as regards Italy, EBITDA is expected to show a decline with respect to 2019, following the decrease in windiness recorded during the early months of the year, together with the unfavourable price scenario, partly offset by the higher incentive prices and price hedging interventions. It should be mentioned that a further 26 MW left the incentive system at the beginning of the year. **Overall EBITDA for the Wind Power sector is expected to show a downturn compared to the previous year.**

- **Solar Power:** In 2020, ERG will benefit by certain synergies arising from optimisation of the Energy Management portfolio and from the insourcing of some activities previously carried out by third parties, capitalising on its industrial skills in the operational enhancement of managed assets. **EBITDA for FY 2020 is expected to show an upturn with respect to 2019**.

- **Hydroelectric Power**: considering the low water availability recorded during the early months of the year, volumes below the average ten-year statistics are anticipated, albeit in any case above the particularly depressed volumes reported in 2019 also thanks to the higher level of the reservoirs as at 31 March with respect to a year ago. The said estimated increase in volumes will be accompanied by Energy Management's production optimisation intervention on the energy markets. Moreover, the result will benefit by the increased incentive price on around 40% of output and price hedging actions. **The hydroelectric power sector is therefore expected to post an increase in EBITDA compared to 2019.**

- **Thermoelectric Power:** The result forecast for 2020, compared to 2019, will reflect a downward trend in the price and margin scenario, and a decline in energy efficiency certificate quantities following the exit from the high efficiency cogeneration period of one of the two plant modules. **A reduction in overall EBITDA is estimated with respect to 2019.**

For FY2020 a downward adjustment of approximately 4% has been made to the consolidated EBITDA guidance, estimating an overall result within a range of between 480-500 million Euro, as opposed to the previous range of 500-520 million Euro. This forecast mainly reflects the poorer wind conditions recorded in Italy during the early part of the year and the scarce water resource availability, partly offset by the higher production volumes and the contribution from the new wind farms outside of Italy. This forecast is affected by the trend in energy prices, even though a predominant part of RES-E output and the Clean Spark Spreads associated with thermoelectric power productions has been covered by forward sales, in line with the Group's risk hedging policy.

FY2020 investments have been revised to within a range of between 150 and 180 million Euro, which is below the previous indication of 185-215 million Euro, reflecting some probable deferrals of spending until 2021 in connection with the potential slowdown of building activities and network connection caused by the lockdown in European countries. FY 2020 investment expenditures concern, above all, the progress in construction of the greenfield projects relating to the wind farms scheduled to come on stream in 2021/22 in Great Britain (about 200 MW), Poland (36 MW) and France (50 MW); also included are the initial capex for activities associated with the plant upgrade and simultaneous renewal of the High-Efficiency Cogeneration (HEC) status for the CCGT facility's module 1, the already mentioned acquisition of 38 MW in France and the usual fleet maintenance investments. The overall amount is less that the figure for 2019, which was characterised by major M&A transactions.

Cash generation, reflecting the variations described in terms of EBITDA and investments, will enable a reduction in end-of-year net debt to between 1.35 and 1.43 billion Euro, compared to the previous range of 1.36-1.44 billion and below the figure of 1.48 billion at the end of 2019. Also contributing towards this are the lower financial charges thanks to the full effect of liability management operations following the Green Bond issued during 2019.

Additional Information

The Board of Directors – following a proposal by the Nominations and Remuneration Committee and with the approval of the Board of Statutory Auditors – has determined for FY2020, in accordance with the Company's current Remuneration Policy, approved by the Shareholders' Meeting on 21 April last, the fees payable to the Chairman, the Executive Deputy Chairman, the Deputy Chairman and the members of the Strategic Committee who are not employees of the Group and do not hold offices within the Board of Directors. The Board of Directors – with the approval of the Nominations and Remuneration Committee and the Board of Statutory Auditors – has evaluated and deemed compliant with the Company's current Remuneration Policy the compensation payable for FY2020 to the General Manager and Manager responsible for preparing the Company's financial reports.

In reference to the estimates and forecasts contained in this section, 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, conditions pertaining to wind, water availability and irradiation, the impact of regulations for the oil and energy industry and the environment, other changes in business conditions and in the action of the competition.

The layout of the accounting schedules corresponds to the format used in the Interim Report on Operations. Appropriate explanatory notes illustrate the adjusted results.

Pursuant to Article 154-bis, paragraph 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 will be illustrated to analysts and investors today at 11 a.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 e-Market Storage authorised storage mechanism (www.emarketstorage.com) 15 minutes before the conference call.

This press release, issued at 7:30 a.m. (CEST) on 14 May 2020, 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 S.p.A. and on the e-Market Storage authorised storage mechanism (www.emarketstorage.com). The Interim Report on Operations at 31 March 2020 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 S.p.A. and on the e-Market Storage authorised storage mechanism (www.emarketstorage.com).

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Financial statements and Alternative Performance Indicators (APIs)

Alternative Performance Indicators (APIs) and adjusted results
Some of the APIs used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.
These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.
Finally, in order to facilitate an understanding of the business segments' performance, the operating results are also shown with the exclusion of significant special income components of an extraordinary nature (special items): these results are indicated with the term "**Adjusted results**".
A definition of the indicators and the reconciliation of the amounts involved, are provided in the "Alternative Performance Indicators" section.

IFRS 16
IFRS 16 - Leases has been applied from 1 January 2019.
The Group, as lessee, has recognised a new liability for leases and higher right-of-use assets related mainly to the Wind business and to the relative use of land, warehouses, buildings, equipment, substations and machine inventory.
The application of the standard has changed the presentation in the income statement of costs for operating leases: these costs are now recognised as depreciation of the right-of-use asset and as financial expense correlated to the liability linked to the discounting of future lease payments. Previously, the Group recognised costs for operating leases on a straight-line basis over the lease term, essentially when the relative lease payments were made.

The application of IFRS 16 in the first quarter of 2020 has therefore led to:

- an improvement in gross operating profit (EBITDA) in respect of the leasing payments that fall within the scope of IFRS 16, of approximately EUR 3 million;
- an increase (approximately EUR 77 million at 31 March 2020) in the net financial indebtedness and the net invested capital (approximately EUR 76 million) in relation to the application of the liability method indicated by the standard;
- greater depreciation expense (EUR 2 million) and greater financial expense (EUR 1 million) linked to the application of the above-mentioned method.

Based on the above, and given the typical nature of the item, in order to best present the business profitability, a decision was made to recognise, in the Adjusted Income Statement, lease costs within the Adjusted EBITDA, in continuity with the presentation of the previous years and in accordance with the financial expression (periodic instalment) of the same. Similarly, the adjusted net financial indebtedness and the adjusted net invested capital are represented net of the liability linked to the discounting of future lease payments. For a definition of the indicators and reconciliation of the amounts in question, reference is made to the specific section of this Press Release "Alternative Performance Indicators".

Performance highlights

Year 2019	(EUR million)		1st quarter 2020	1st quarter 2019
	Key economic data			
1,022	Revenues Adjusted		277	296
504	**EBITDA adjusted**		**156**	**164**
205	**EBIT adjusted**		**82**	**92**
33	Net Profit		52	49
32	of which profit attributable to owners of the parent		52	49
104	**Adjusted Net profit attirbutable to owners of the parent** (1)		**53**	**54**
	Key financial data			
3,264	**Net adjusted invested capital** (2)		**3,255**	**3,411**
1,787	Shareholders' Equity		1,839	1,897
1,476	Total net financial indebtedness (2)		1,415	1,514
812	of which non-recourse Project Financing (3)		831	1,327
45%	Financial leverage		43%	44%
49%	**EBITDA Margin %**		**56%**	**55%**
	Operating data			
1,929	**Installed capacity of wind farms at the end of the period**	*MW*	**1,967**	**1,822**
4,000	Electric power generation from wind farms	*milioni di KWh*	1,366	1,328
480	**Installed capacity of thermoelectric plants**	*MW*	**480**	**480**
2,504	Electric power generation from thermoelectric plants	*milioni di KWh*	626	618
527	**Installed capacity of hydroelectric plants at the end of the period**	*MW*	**527**	**527**
1,229	Electric power generation from hydroelectric plants	*milioni di KWh*	324	301
141	**Installed capacity of solar plants at the end of the period**	*MW*	**141**	**141**
226	Electric power generation from solar plants	*milioni di KWh*	45	44
15,121	**Total sales of electric power**	*milioni di KWh*	**4,246**	**4,070**
432	Capital expenditure (4)	*milioni di Euro*	61	233
754	**Employees at period end**	*Unità*	**757**	**752**
	Net unit revenues (5)			
118.1	Wind Italy	*Euro/MWh*	121.2	120.4
95.9	Wind Germany	*Euro/MWh*	97.6	100.6
89.3	Wind France	*Euro/MWh*	90.1	88.6
73.3	Wind Poland	*Euro/MWh*	72.2	68.9
78.7	Wind Bulgaria	*Euro/MWh*	67.4	81.2
67.0	Wind Romania	*Euro/MWh*	59.2	72.0
n.a.	Wind UK	*Euro/MWh*	n.a.	n.a.
313.9	Solar	*Euro/MWh*	309.9	326.8
102.1	Hydroelectric	*Euro/MWh*	102.1	107.6
39.9	Thermoelectric	*Euro/MWh*	28.1	34.7

To enhance the understanding of the business segments' performance, adjusted revenue and operating results are shown, therefore excluding special items.

(1) Does not include special items and related applicable theoretical taxes.
(2) Adjusted net financial indebtedness and the adjusted net invested capital are presented net of the effects deriving from the application of IFRS 16, therefore excluding the recognition of assets and the discounting of future lease payments of approximately EUR 77 million from net financial indebtedness and net invested capital at 31 March 2020 (EUR 76 million).
(3) Including cash and cash equivalents and excluding the fair value of the derivatives hedging interest rates.
(4) In property, plant and equipment and intangible assets. They also include M&A investments of EUR 44 million made in the first quarter of 2020 for the acquisition of companies owning wind farms in France (EUR 42 million) and a project for the construction of a wind farm in Poland (EUR 2 million). M&A investments in the first quarter of 2019 totalled EUR 220 million for the acquisition of two photovoltaic plants from Soles Montalto Gmbh with a total installed capacity of 51.4 MW.
(5) Net unit revenue is expressed in EUR/MWh and is calculated by dividing the technology output by the revenue achieved on energy markets, inclusive of the impact of hedges, of any incentives due and the relative variable costs associated to generation/sale including, for example, the cost of fuel and imbalance costs.

Performance by sector

Year 2019	(EUR million)	1st quarter 2020	1st quarter 2019	Δ
	Adjusted revenue			
414	Wind power	140	144	*(4)*
71	Solar	14	15	*(1)*
119	Hydroelectric power	33	32	*1*
418	Thermoelectric power [1]	91	106	*(15)*
37	Corporate	9	9	*(0)*
(37)	*Intra-segment revenues*	*(9)*	*(9)*	*0*
1,022	**Total adjusted revenue**	**277**	**296**	***(19)***
	Adjusted EBITDA			
301	Wind power	109	115	*(6)*
63	Solar	12	13	*(1)*
87	Hydroelectric power	24	23	*0*
69	Thermoelectric power [1]	15	17	*(2)*
(16)	Corporate	(4)	(4)	*1*
504	**Adjusted EBITDA**	**156**	**164**	***(7)***
	Amortisation, depreciation and write-downs			
(169)	Wind power	(42)	(40)	*(2)*
(41)	Solar	(10)	(10)	*(0)*
(57)	Hydroelectric power	(14)	(14)	*(0)*
(28)	Thermoelectric power [1]	(7)	(7)	*(0)*
(3)	Corporate	(1)	(1)	*0*
(299)	**Amortisation and depreciation adjusted**	**(75)**	**(72)**	***(3)***
	Adjusted EBIT			
132	Wind power	67	75	*(8)*
22	Solar	2	3	*(1)*
30	Hydroelectric power	9	9	*0*
41	Thermoelectric power [1]	8	10	*(2)*
(19)	Corporate	(4)	(5)	*1*
205	**Adjusted EBIT**	**82**	**92**	***(10)***
	Investments [2]			
189	Wind power	54	10	*43*
221	Solar	1	220	*(219)*
6	Hydroelectric power	1	1	*1*
15	Thermoelectric power	5	2	*4*
2	Corporate	0	0	*0*
432	**Total investments**	**61**	**233**	***(171)***

(1) Includes the residual contribution from minor portfolios managed by Energy Management not attributable to individual business units

(2) Includes investments in property, plant and equipment and intangible assets and M&A investments

Adjusted Income Statement

To enhance understandability of the Group's performance, as already indicated in the Introduction, the operating results are shown in this section excluding the impact relative to the application of the IFRS 16 - IFRS 9 standards and of special items.
It should be recalled that this section reflects the impacts of the consolidation, from 1 January 2019, of the companies acquired during the year.
For the definition of indicators, the composition of the financial statements and the reconciliation of the amounts involved, reference is made to that indicated in the section Alternative Performance Indicators below.

(EUR million)	1st quarter	
Adjusted Income Statement	**2020**	**2019**
Revenue	277.2	296.5
Other revenue	6.7	3.0
TOTAL REVENUE	**283.9**	**299.4**
Costs for purchase and changes in inventory	(70.6)	(78.1)
Costs for services and other operating costs	(41.0)	(41.9)
Personnel Expense	(16.0)	(15.8)
EBITDA	**156.3**	**163.7**
Amortisation, depreciation and write-downs of fixed assets	(74.8)	(71.9)
EBIT	**81.5**	**91.8**
Net financial income (expenses)	(13.4)	(17.6)
Net income (loss) from equity investments	0.0	0.0
Profit before taxes	**68.1**	**74.3**
Income taxes	(14.9)	(20.3)
Profit for the period	**53.3**	**53.9**
Minority interests	0.1	0.1
Group's net profit (loss)	**53.4**	**54.0**

Adjusted Statement of Financial Position

The reclassified statement of financial position contains the assets and liabilities of the mandatory financial statements, used in the preparation of the annual financial report, highlighting the **uses** of resources in non-current assets and in working capital and the related funding **sources**. For the definition of the indicators for the main items used in the Reclassified Statement of Financial Position, reference is made to that indicated in the "Alternative Performance Indicators" section below.
The adjusted reclassified Statement of Financial Position is shown below and does not include, at 31 March 2020, the impact deriving from the application of IFRS 16 of approximately EUR 77 million of increased net financial indebtedness with a balancing entry in Net invested capital amounting to approximately EUR 76 million.

03/31/2019	**Adjusted Statement of Financial Position**	**03/31/2020**	**12/31/2019**
	(EUR million)		
3,470.2	Non current assets	3,399.8	3,422.2
255.9	Net working capital	150.8	125.6
(5.8)	Provisions for employee benefits	(5.5)	(5.4)
318.6	Other assets	229.0	210.6
(627.6)	Other liabilities	(519.4)	(489.5)
3,411.3	**Net invested capital**	**3,254.7**	**3,263.5**
1,878.9	Group Shareholders' Equity	1,827.8	1,775.6
18.2	Non-controlling interests	11.4	11.5
1,514.2	Net financial indebtedness	1,415.5	1,476.4
3,411.3	**Equity and financial debt**	**3,254.7**	**3,263.5**
44%	**Financial Leverage**	43%	45%

Cash Flow

Year 2019	(EUR million)	1st quarter 2020	1st quarter 2019
503.7	Adjusted EBITDA	156.3	163.7
49.2	Change in net working capital	(30.1)	(85.1)
552.9	**Cash Flow from operations**	**126.2**	**78.6**
(67.9)	Investments in property, plant and equipment and intangible assets	(17.2)	(12.9)
(364.0)	Company acquisitions (business combinations)	(44.3)	(219.6)
-	Capital expenditure in financial non-current assets	(0.1)	-
2.1	Divestments and other changes	(0.0)	0.5
(429.8)	**Cash Flow from investments/divestments**	**(61.6)**	**(232.1)**
(61.2)	Financial income (expense)	(13.4)	(17.6)
(43.5)	Closure fair value ERG Wind loan	-	-
0.1	Net gains (losses) on equity investment	0.0	0.0
(104.6)	**Cash Flow from financial management**	**(13.4)**	**(17.6)**
(41.0)	**Cash Flow from tax management**	**-**	**-**
(112.4)	Distribution of dividends	-	-
1.2	Other changes in equity	9.6	(0.2)
(111.1)	**Cash Flow from Shareholders'equity**	**9.6**	**(0.2)**
0.2	**Change in the consolidation scope**	**-**	**-**
1,343.0	**Opening net financial indebtedness**	**1,476.4**	**1,343.0**
133.4	*Change in the period*	*(60.9)*	*171.2*
1,476.4	**Closing net financial indebtedness**	**1,415.5**	**1,514.2**

The **Cash Flow from operations** of the **first quarter of 2020** is positive by EUR 126 million, up by EUR 48 million compared to the corresponding period of 2019, mainly due to changes in working capital and in particular to the adjustment of the timelines for the collection of incentives in the Wind and Hydroelectric sectors, introduced in the third quarter of 2019.

The **Cash flows from investments** of the **first quarter of 2020** are tied mainly to the M&A activity and in particular to the acquisition of operational wind farms in France (EUR 42 million) and a project for the construction of a wind farm in Poland (EUR 2 million), and to the investments in the period (EUR 17 million).

Cash flows from financing activities refer to the interest accrued during the period. Cash flows for 2019 also include the effect of the closure of the fair value of the project financing of ERG Wind Investment Ltd.

The **Cash flows from Equity** refer to the changes in the hedging reserve tied to derivative financial instruments, as well as the translation reserve.

The **adjusted net financial indebtedness** totalled **EUR 1,415 million**, down (EUR 61 million) compared to 31 December 2019 (EUR 1,476 million). The change mainly reflects the investments in the period (EUR 62 million) as a result of the additional growth in the wind sector in France and Poland, more than offset by the positive cash flow of the period (EUR 113 million), also as a result of the reduction of the timelines for collection of incentives in Italy.

ALTERNATIVE PERFORMANCE INDICATORS

Definitions

On 3 December 2015 CONSOB issued Communication no. 92543/15, which transposes the Guidelines regarding the use and presentation of Alternative Performance Indicators in the context of regulated financial information, issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The Guidelines, which updated the CESR Recommendation on Alternative Performance Indicators (CESR/05 - 178b), aim to promote the usefulness and transparency of alternative performance indicators so as to improve their comparability, reliability and comprehensibility.
Some of the APIs used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.
These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.
Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an extraordinary nature (special items): these results are indicated with the term "Adjusted results".
Since the composition of these indicators is not regulated by the applicable standards, the method used by the Group to determine these indicators may not be consistent with the method used by other operators and so these might not be fully comparable.

Definitions of the APIs used by the Group and a reconciliation with the items of the financial statements templates adopted are as follows:

- **Adjusted revenue** is revenue, as indicated in the Financial Statements, with the exclusion of significant special income components of an extraordinary nature (special items);

- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment losses" to the net operating profit. EBITDA is explicitly indicated as a subtotal in the financial statements;

- **Adjusted EBITDA** is the gross operating margin, as defined above, with the exclusion of significant special income statement components of an extraordinary nature (special items) and with the adjustment of the impact tied to the IFRS 16 application;

- **Adjusted EBIT** is the net operating profit, explicitly indicated as a subtotal in the Financial Statements, with the exclusion of significant special income statement components of an extraordinary nature (special items) and with the adjustment of the impact tied to the IFRS 16 application;

- **EBITDA margin** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment;

- The **Adjusted tax rate** is calculated by comparing the adjusted values of taxes and profit before tax;

- **Adjusted profit attributable to the owners of the parent** is the profit attributable to the owners of the parent, with the exclusion of significant special income statement components of an extraordinary nature (special items), and with the adjustment of the impact tied to the IFRS 16 application, net of the related tax effects;

- **Investments** are the sum of investments in property, plant and equipment and intangible assets;

- **Net operating working capital** is the sum of Inventories, Trade Receivables and Trade Payables;

- **Net invested capital** is the sum of Non-current Assets, Net Operating Working Capital, Liabilities related to Post-employment Benefits, Other Assets and Other Liabilities;

- **Adjusted net invested capital** is Net invested capital, as defined above, with the exclusion of the impact relative to the application of IFRS 16 mainly linked to the increase in right-of-use assets;

- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with CONSOB communication 15519/2006, also including the portion of non-current assets relative to derivative financial instruments.

- **Adjusted net financial indebtedness** is the net financial indebtedness, as defined above, net of the liability linked to the discounting of future lease payments, following the application of IFRS 16.

- **Financial leverage** is calculated by comparing the adjusted net financial indebtedness (including Project Financing) to the adjusted net invested capital.

- **Special items** include significant special income components of an extraordinary nature. These include:
    - income and expenses connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
    - income and expenses related to events that are not typical of normal business activities, such as restructuring and environmental costs;
    - capital gains and losses linked to the disposal of assets;
    - significant impairment losses recognised on assets following impairment tests;
    - income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place.

COVID-19 emergency
In the first quarter of 2020, the only post related to the COVID-19 emergency relates to the EUR 2 million donation made by the Group. This post was isolated as a special item.

Reconciliation with adjusted operating results

Year 2019	EBITDA	1st quarter 2020	1st quarter 2019
495.9	**EBITDA**	**156.5**	**163.2**
	Special items exclusion		
	Corporate		
9.3	*- Reversal of ancillary charges on non-recurring operations* (1)	*0.4*	*2.3*
(0.9)	*- Adjustment for impact of IFRS 16* (2)	*(0.3)*	*(0.2)*
-	*- Reversal of COVID-19 donation* (3)	*2.0*	-
7.2	*- Reversal of HR and corporate reorganisation costs* (4)	-	-
(8.2)	*- Reversal for release of provision for disposed businesses* (5)	-	-
	Thermoelectric		
-	*- Reversal of ancillary charges on non-recurring operations* (2)	-	-
(1.0)	*- Adjustment for impact of IFRS 16* (2)	*(0.3)*	*(0.2)*
	Hydroelectric		
(0.2)	*- Adjustment for impact of IFRS 16* (2)	*(0.0)*	*(0.0)*
	Solar		
(0.4)	*- Adjustment for impact of IFRS 16* (2)	*(0.1)*	*(0.1)*
	Wind		
(6.5)	*- Adjustment for impact of IFRS 16* (2)	*(1.8)*	*(1.3)*
8.5	*- Reversal of allocations to tax-related provisions* (5)	-	-
503.7	**Adjusted EBITDA**	**156.3**	**163.7**

Year 2019	Amortisation, depreciation and impairment losses	1st quarter 2020	1st quarter 2019
(306.0)	**Amortisation and depreciation and impairment losses**	**(76.8)**	**(73.3)**
	Special items exclusion		
6.7	*- Adjustment for impact of IFRS 16* (2)	*1.9*	*1.5*
0.5	*- Reversal of amortisation and depreciation on disposed Businesses* (5)	-	-
(298.8)	**Adjusted depreciation and amortisation**	**(74.8)**	**(71.9)**

Year 2019	Profit attributable to owners of the parent	1st quarter 2020	1st quarter 2019
31.6	**Profit attributable to owners of the parent**	**52.4**	**49.2**
	Special items exclusion		
1.0	*Adjustment for impact of IFRS 16* (3)	*0.2*	*0.3*
-	*Exclusion of the impact of the COVID-19 donation* (3)	*1.5*	-
5.4	*Exclusion of impact of HR and corporate reorganisation costs* (4)	-	-
2.0	*Exclusion of ancillary charges on Corporate / Germany loan prepayments* (6)	-	*1.6*
49.4	*Exclusion of ancillary charges on ERG Wind loan prepayments* (6)	-	-
1.5	*Exclusion of ancillary charges on ERG Power loan prepayments* (6)	-	-
8.7	*Exclusion of ancillary charges on non-recurring operations* (2)	*0.4*	*2.2*
(5.1)	*Exclusion of expenses related to disposed Businesses* (5)	*(0.0)*	-
6.4	*Exclusion of expenses related to allocations to tax-related provisions* (5)	-	-
2.7	*Exclusion of the net gain on refinancing (IFRS 9)* (7)	*(1.1)*	*0.6*
103.6	**Adjusted profit attributable to the owners of the parent**	**53.4**	**54.0**

1. Ancillary charges pertaining to other non-recurring transactions mainly related to the acquisitions that took place in 2020 in relation to operational wind farms in France.

2. Adjustment for impact of IFRS 16. Reference is made to the comments made in the previous article.

3. Donation. Reference is made to the information provided in the specific section indicated in the Introduction to this Report.

4. Expenses related to corporate reorganisation of the Group, in particular to the simplification and rationalisation of the organisational-corporate structure of the Group in Italy and abroad.

5. Allocation that took place in the period, related to the reappraisal of the tax-related risks on the wind business and partial release on the Provision for Businesses disposed of by the Group.

6. Financial expenses correlated to the early closure of a Corporate loan and project financing as part of Liability Management activities concurrently with the launch of the first Green Bond in 2019.

7. The Group renegotiated a number of loans during the period. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in a net gain of approximately EUR 1 million being accounted for in the first quarter of 2020. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted income statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Below is the reconciliation between the condensed interim consolidated financial statements and the adjusted statements

Income Statement 1st quarter 2020

(EUR million)	Financial Statements	*Adjustment for impact of IFRS 16*	*Adjustment for impact of IFRS 9*	*Reversal of special items*	Adjusted income statement
Revenue	277.2	-	-	-	277.2
Other income	6.7	-	-	-	6.7
Total revenue	**283.9**	**-**	**-**	**-**	**283.9**
Purchases and change in inventories	(70.6)	-	-	-	(70.6)
Services and other operating costs	(40.9)	*(2.5)*	-	*2.4*	(41.0)
Personnel expense	(16.0)	-	-	-	(16.0)
EBITDA	**156.5**	***(2.5)***	**-**	***2.4***	**156.3**
Amortisation, depreciation and impairment of non-current assets	(76.8)	*1.9*	-	-	(74.8)
EBIT	**79.7**	***(0.6)***	**-**	***2.4***	**81.5**
Net financial expense	(12.8)	*0.9*	*(1.5)*	-	(13.4)
Net gains (losses) on equity investments	0.0	-	-	-	0.0
Profit (loss) before taxes	**66.9**	***0.3***	***(1.5)***	***2.4***	**68.1**
Income taxes	(14.7)	*(0.1)*	*0.4*	*(0.5)*	(14.9)
Profit (loss) from continuing operations	**52.2**	***0.2***	***(1.1)***	***1.9***	**53.3**
Net profit (loss) from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	**52.2**	***0.2***	***(1.1)***	***1.9***	**53.3**
Non-controlling interests	0.1	-	-	-	0.1
Profit (loss) attributable to the owners of the parent	**52.4**	***0.2***	***(1.1)***	***1.9***	**53.4**

Income Statement 1st quarter 2019

(EUR million)	Financial Statements	*Adjustment for impact of IFRS 16*	*Reversal of special items*	Adjusted income statement
Revenue	296.5	-	-	296.5
Other income	3.0	-	-	3.0
Total revenue	**299.4**	**-**	**-**	**299.4**
Purchases	(78.8)	-	-	(78.8)
Change in inventories	0.7	-	-	0.7
Services and other operating costs	(42.3)	*(1.8)*	*2.3*	(41.9)
Personnel expense	(15.8)	-	-	(15.8)
EBITDA	**163.2**	***(1.8)***	***2.3***	**163.7**
Amortisation, depreciation and impairment of non-current assets	(73.3)	*1.5*	-	(71.9)
EBIT	**89.9**	***(0.4)***	***2.3***	**91.8**
Net financial expense	(21.3)	*0.8*	*2.9*	(17.6)
Net gains (losses) on equity investments	0.0	-	-	0.0
Profit before taxes	**68.6**	***0.4***	***5.2***	**74.3**
Income taxes	(19.4)	*(0.1)*	*(0.8)*	(20.3)
Profit from continuing operations	**49.2**	***0.3***	***4.4***	**53.9**
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	**49.2**	***0.3***	***4.4***	**53.9**
Non-controlling interests	0.1	-	-	0.1
Profit attributable to the owners of the parent	**49.2**	***0.3***	***4.4***	**54.0**

Reclassified statement of financial position at 31 March 2020

(EUR million)	Reported Statement of financial position	*Adjustment for impact of IFRS 16*	Adjusted Statement of financial position
Intangible assets	1,099.9	-	1,099.9
Property, plant and equipment	2,323.8	*(78.3)*	2,245.5
Equity investments and other financial non-current assets	54.4	-	54.4
Non-current assets	**3,478.1**	***(78.3)***	**3,399.8**
Inventories	22.5	-	22.5
Trade receivables	201.4	-	201.4
Trade payables	(70.9)	-	(70.9)
Excise duties payable to tax authorities	(2.3)	-	(2.3)
Net working capital	**150.8**	**-**	**150.8**
Post-employment benefits	(5.5)	-	(5.5)
Other assets	226.9	*2.1*	229.0
Other liabilities	(519.4)	-	(519.4)
Net invested capital	**3,331.0**	***(76.2)***	**3,254.7**
Equity attributable to the owners of the parent	1,826.6	*1.2*	1,827.8
Non-controlling interests	11.4	-	11.4
Non-current financial indebtedness	2,115.6	*(70.1)*	2,045.5
Current net financial indebtedness	(622.6)	*(7.4)*	(630.0)
Equity and financial indebtedness	**3,331.0**	***(76.2)***	**3,254.7**

Reclassified statement of financial position at 31 December 2019

(EUR million)	**Statement of Financial Position**	***Adjustment for impact of IFRS 16***	**Adjusted Statement of financial position**
Intangible assets	1,110.7	-	1,110.7
Property, plant and equipment	2,336.3	*(78.5)*	2,257.9
Equity investments and other financial non-current assets	53.6	-	53.6
Non-current assets	**3,500.6**	***(78.5)***	**3,422.2**
Inventories	22.3	-	22.3
Trade receivables	193.5	-	193.5
Trade payables	(87.8)	-	(87.8)
Excise duties payable to tax authorities	(2.3)	-	(2.3)
Net working capital	**125.6**	**-**	**125.6**
Post-employment benefits	(5.4)	-	(5.4)
Other assets	323.9	*1.9*	325.9
Other liabilities	(604.8)	-	(604.8)
Net invested capital	**3,340.1**	***(76.5)***	**3,263.5**
Equity attributable to the owners of the parent	1,774.6	*1.0*	1,775.6
Non-controlling interests	11.5	-	11.5
Non-current financial indebtedness	2,100.9	*(70.1)*	2,030.8
Current net financial indebtedness	(547.0)	*(7.4)*	(554.4)
Equity and financial indebtedness	**3,340.1**	***(76.5)***	**3,263.5**

Reclassified statement of financial position at 31 March 2019

(EUR million)	**Reported Statement of financial position**	***Adjustment for impact of IFRS 16***	**Adjusted Statement of financial position**
Intangible assets	1,044.6	-	1,044.6
Property, plant and equipment	2,440.1	*(68.8)*	2,371.3
Equity investments and other financial non-current assets	54.3	-	54.3
Non-current assets	**3,539.0**	***(68.8)***	**3,470.2**
Inventories	22.2	-	22.2
Trade receivables	311.8	-	311.8
Trade payables	(76.8)	-	(76.8)
Excise duties payable to tax authorities	(1.3)	-	(1.3)
Net working capital	**255.9**	**-**	**255.9**
Post-employment benefits	(5.8)	-	(5.8)
Other assets	315.0	*3.6*	318.6
Other liabilities	(627.6)	-	(627.6)
Net invested capital	**3,476.5**	***(65.2)***	**3,411.3**
Equity attributable to the owners of the parent	1,878.6	*0.3*	1,878.9
Non-controlling interests	18.2	-	18.2
Non-current financial indebtedness	1,543.9	*(61.3)*	1,482.6
Current net financial indebtedness	35.8	*(4.2)*	31.6
Equity and financial indebtedness	**3,476.5**	***(65.2)***	**3,411.3**