



# ERG IR DAY

14 MAY 2021



## **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 non 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 Journey** - Alessandro Garrone, EVP
- ❑ **2021-2025 Business Plan** - Paolo Merli, CEO:
  - ERG Today
  - Trends & Outlook
  - ERG Tomorrow
  - Moving towards an Infrastructural Business Model
  - 2021-2025 Targets
- ❑ **2021-2025 Financial Strategy** - Michele Pedemonte, CFO
- ❑ **With ESG in our DNA** - Emanuela Delucchi, Chief ESG, IR & Comm.
- ❑ **1Q 2021 Results** - Michele Pedemonte, CFO
- ❑ **2021 Guidance & Final Remarks** - Paolo Merli, CEO



# A Successful Journey

Alessandro Garrone - EVP



# OUR TRACK-RECORD IN ENERGY TRANSITION

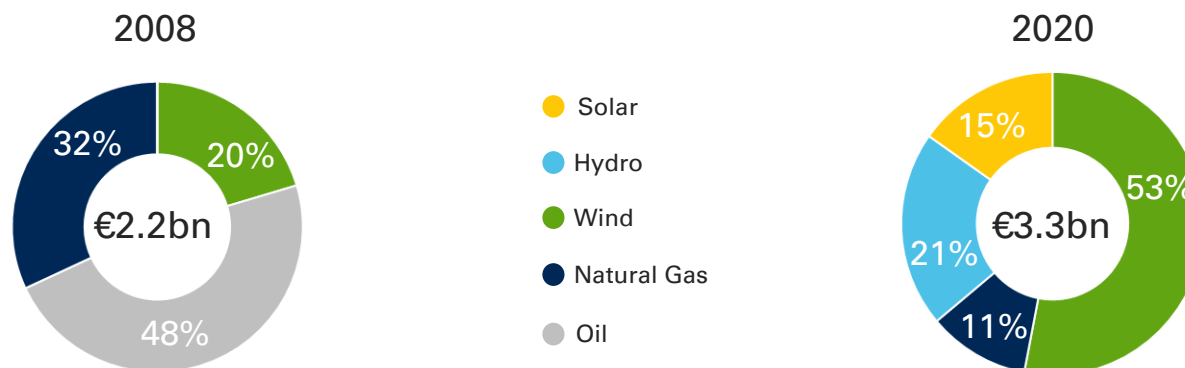
## RES GROWTH

- +342MW in 2018-2020: 141MW solar and 201MW wind
- +~400MW under construction/RTB abroad
- 143MW RPW fully permitted



## ENERGY TRANSITION

### Capital Employed evolution



## ACCESS TO DEBT CAPITAL MARKET

### Main evolutions in 2018-2020:

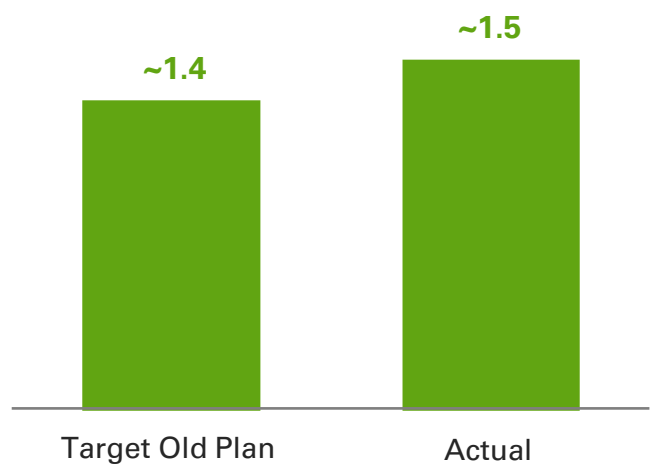
- Fitch assigned to ERG an investment grade (BBB-) rating
- €1.1bn Green Bonds issued
- €2bn Liabilities Management



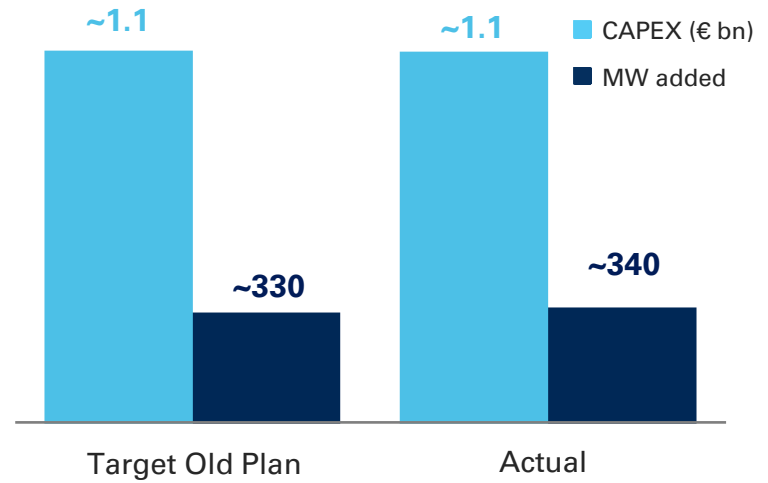


# 2018-2020: WE ACHIEVED WHAT WE SET OUT TO DO

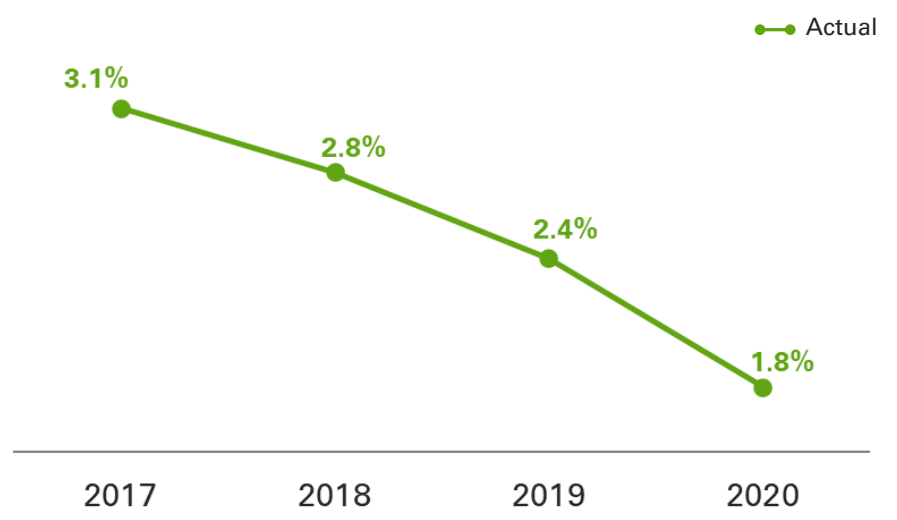
2018-2020 Adjusted EBITDA (€ bn)



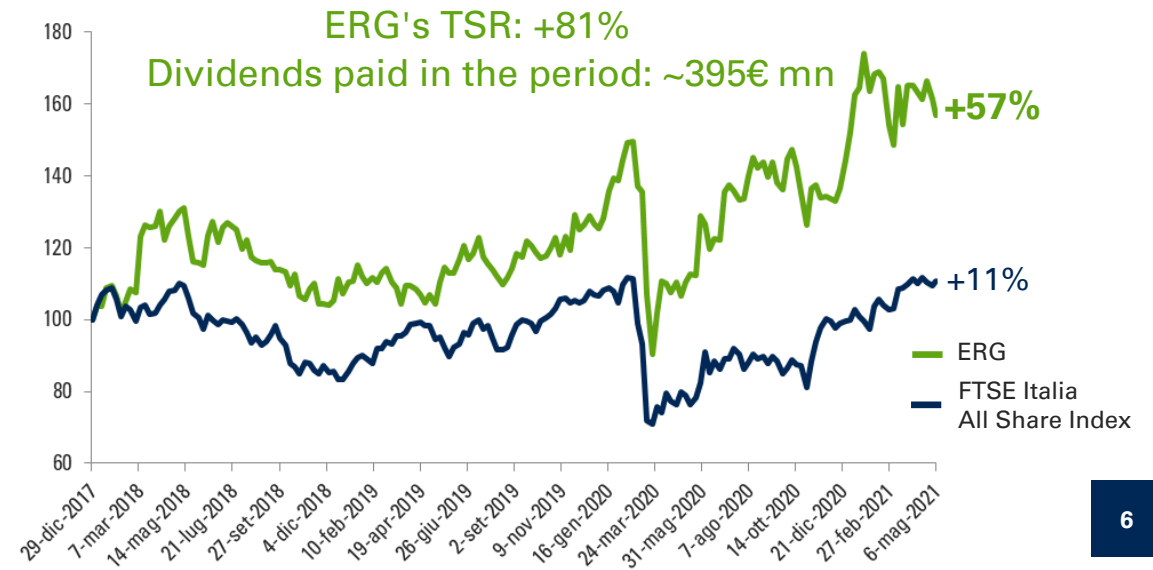
2018-2020 CAPEX (€ bn) and MW added



Cost of Gross Debt down 130bps (~40%)



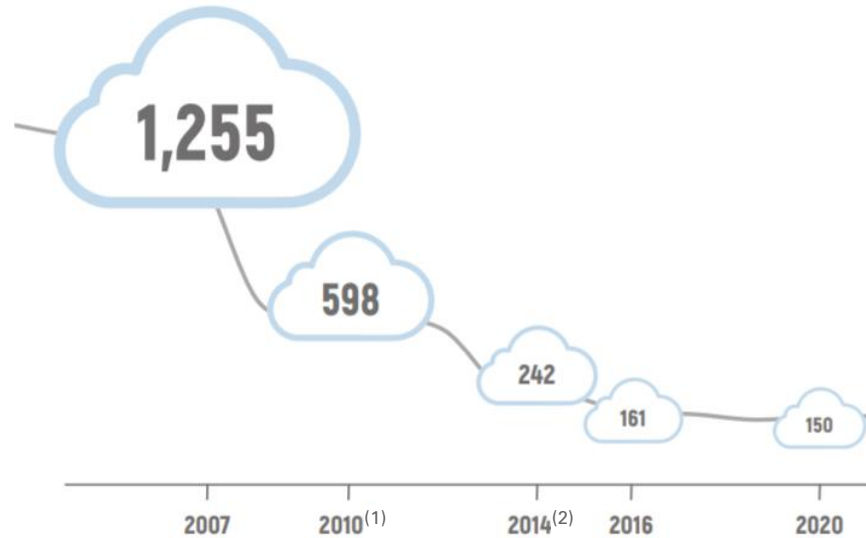
Performance: ERG vs. FTSE Italia All Share



# DECARBONIZATION OF ERG'S PORTFOLIO WELL ON TRACK

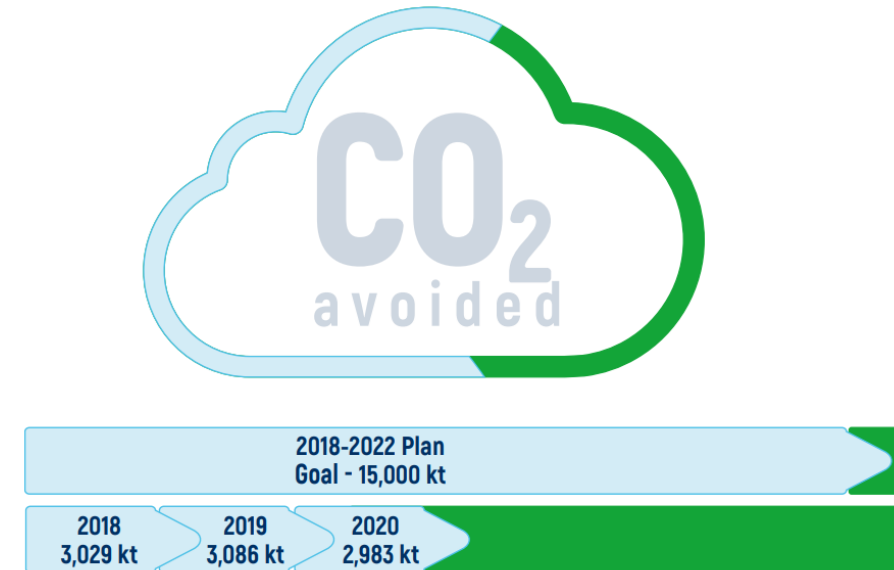


## Carbon Index



- Carbon index down 5% in 2018-2020 period

## CO<sub>2</sub> Avoided



- 2,983 kt of CO<sub>2</sub> avoided in 2020, in line with 2018-2022 Business Plan



ERG ranked 1st by Vigeo as 2019 best Climate-related financial disclosure



Source: non financial statements

<sup>(1)</sup> 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.

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



# A WELL RECOGNIZED AND REWARDED ESG PROFILE

ESG Rating Company	Rating
	
	
	74/100
	
	
	23.6 Medium Risk
	
	
	
	ESG Vulnerability Score <sup>(1)</sup> = Tier 1 <sup>(2)</sup>

**ERG included in S&P Global Clean Energy Index with a weight of 0.34%**

<sup>(1)</sup> The score issued on 24 March 2021

<sup>(2)</sup> With a score <10 [scale from 0 to 100] ERG is placed at the very top of the utility universe



# A REJUVENATED MANAGEMENT TEAM TO ENSURE SEAMLESS STRATEGY CONTINUATION



Our Mission: keep growing in RES acting as #SDGsContributor



A new BoD, a new CEO, a new COO to continue our journey



A rejuvenated and motivated Management Team mainly grown internally sharing the same values



A renewed remuneration policy linked to BP 21-25 execution



Strong commitment to ESG targets (included in both MBO and LTI schemes), at the core of ERG strategy

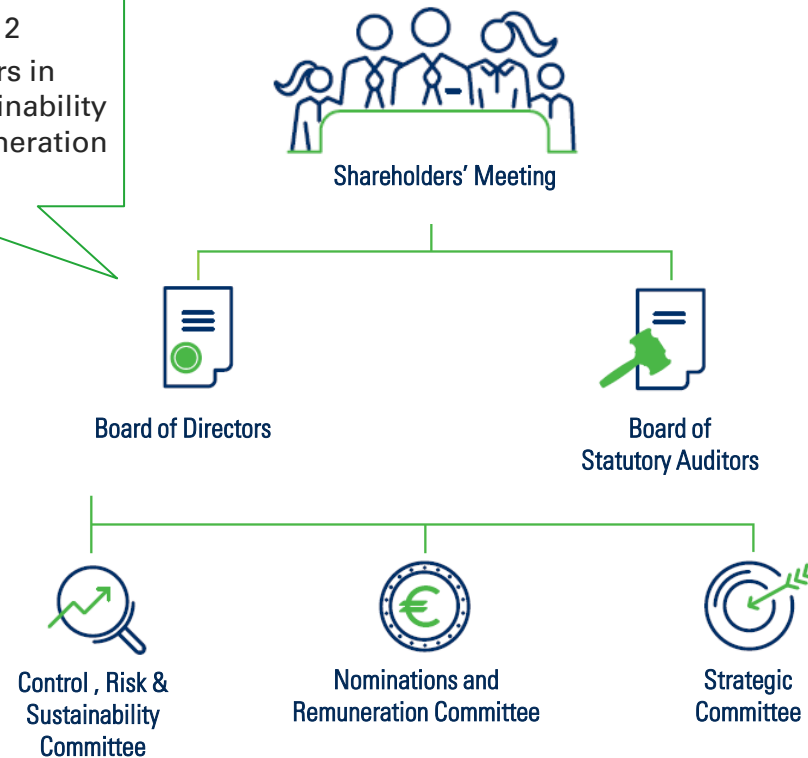
# A BEST IN CLASS GOVERNANCE MODEL WITH...



**Key elements of the new BoD:**

- 6 independent members out of 12
- 5 female members out of 12
- 100% independent members in both Control, Risk & Sustainability and Nominations & Remuneration Committees

## COMPOSED OF BOARD MEMBERS



## COMPOSED OF MANAGERS



- **A renewed Control, Risk and Sustainability Committee to ensure:**
  - a strong risk management policy
  - a focus on ESG at the core of ERG LT strategy
- **Strategic Committee committed to supervising Strategy Execution**

- **A strict financial discipline on investments (organic and M&A)**
- **An enhanced focus on Energy Sales through CFD and PPA**



# ... AN ADVANCED SYSTEM OF REWARD POLICY, SUCCESSION AND CAREER PLANNING



## Rewarding Policy:

- **MBO:** Short-Term objectives linked to EBT<sup>(1)</sup>, MW Growth and ESG targets
- **An enlarged<sup>(2)</sup> LTI system** based on shares with escalation mechanism based on stock performance and execution of ESG KPI
- **A revised remuneration system for CEO** to enhance correlation with strategy execution and share performance (60% MBO/LTI – 40% Fix)
- **100% of management** anchored to **ESG 2021-2025 Strategy**

## High Degree of satisfaction in AGM for the new Rewarding policy (96%<sup>(3)</sup> voted in favour)

(1) EBT: Earning Before Taxes  
 (2) LTI enlarged to more than 20 key leaders of the Group  
 (3) % on total votes in AGM

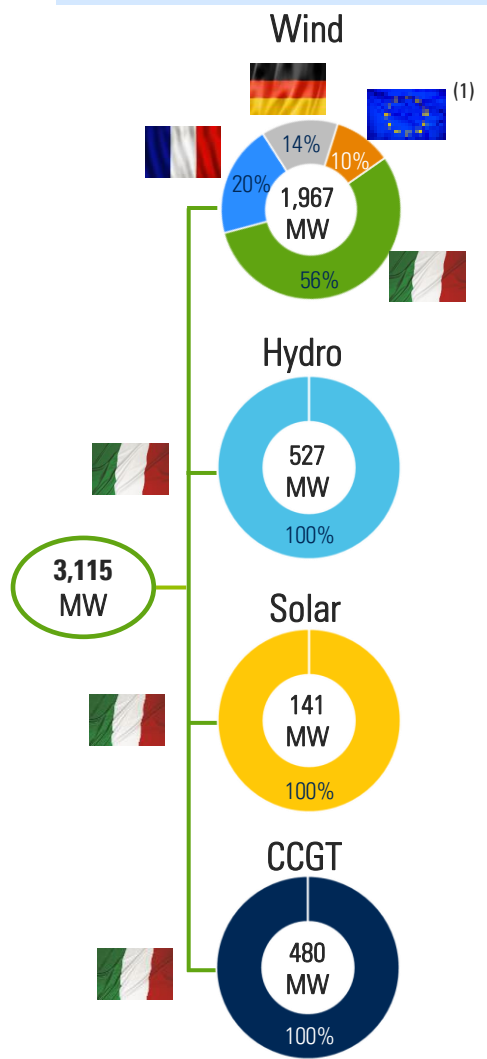
# 2021-2025 Business Plan

Paolo Merli - CEO

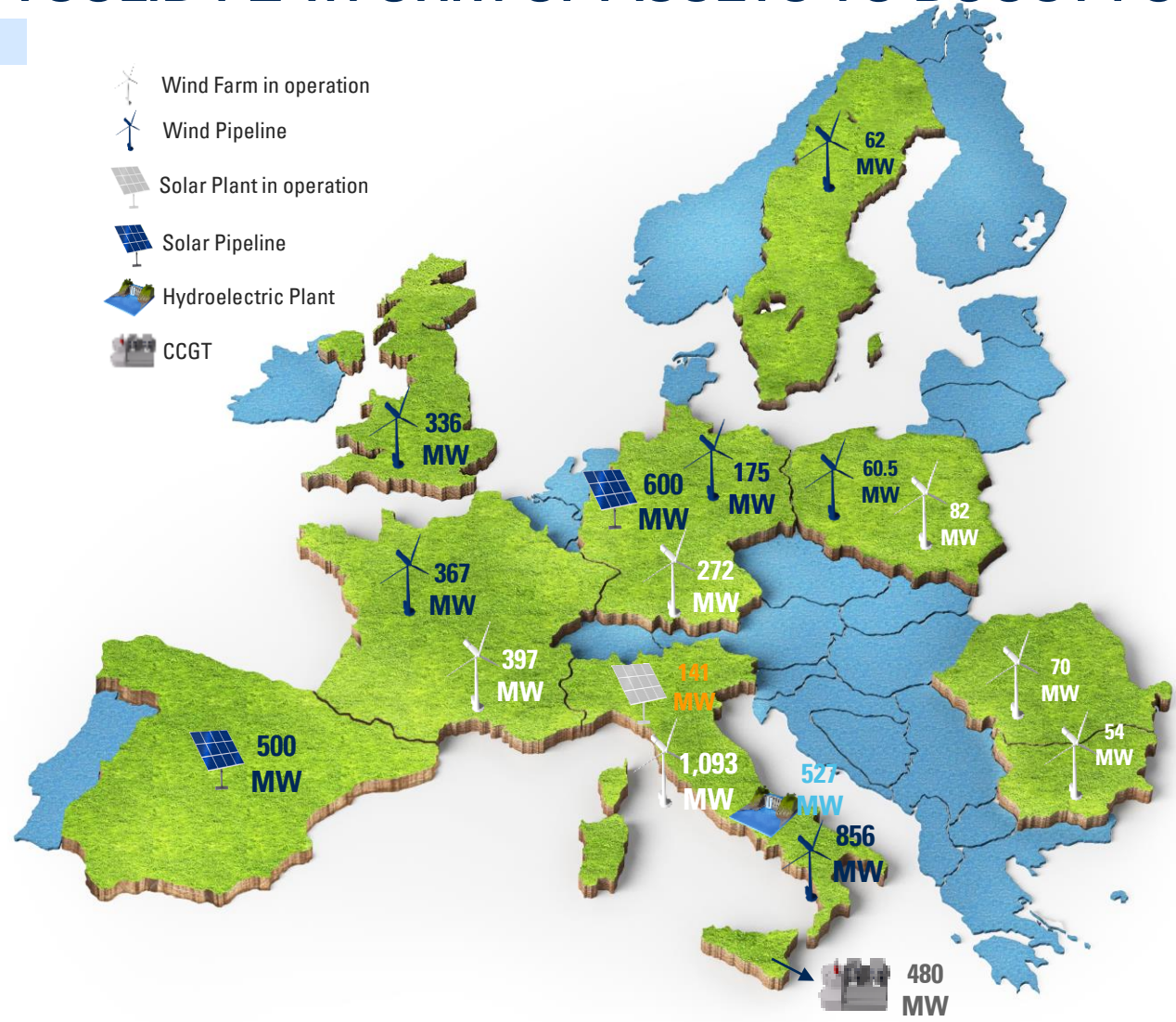


# ERG TODAY: A SOLID PLATFORM OF ASSETS TO BOOST FUTURE GROWTH...

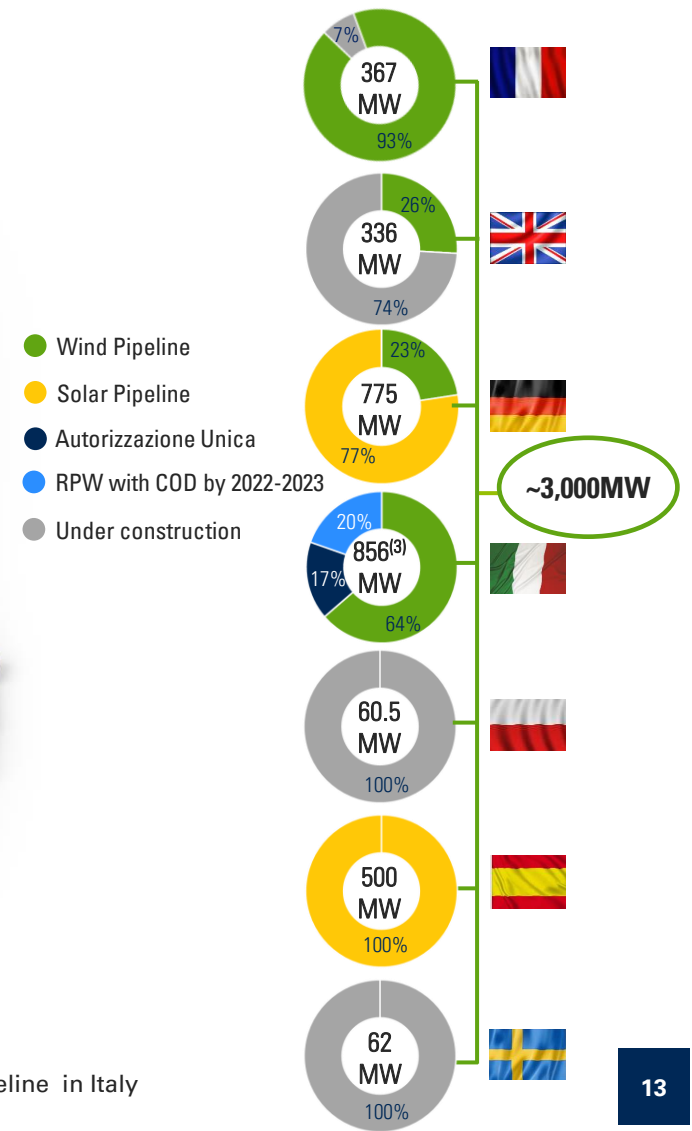
## Total installed Capacity



- Wind Farm in operation
- Wind Pipeline
- Solar Plant in operation
- Solar Pipeline
- Hydroelectric Plant
- CCGT



## Pipeline<sup>(2)</sup>

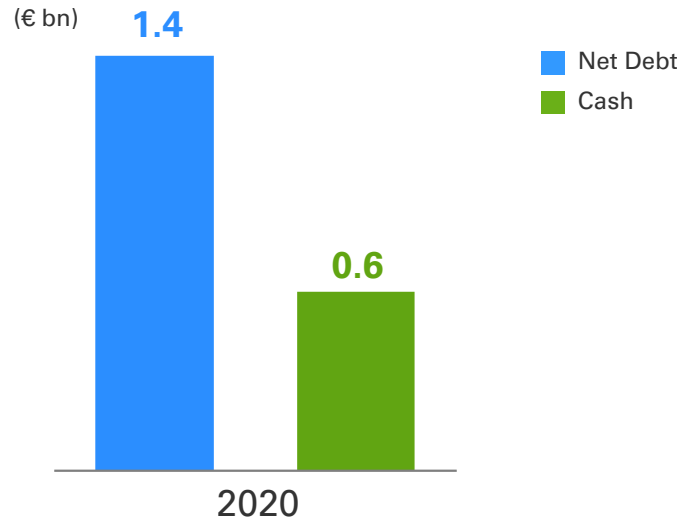


(1) It refers to Poland, Romania and Bulgaria  
 (2) Pipeline (~3,000MW) is on a gross basis and includes: ~400 MW in construction, repowering & greenfield pipeline in Italy and pipeline for solar & wind greenfield in EU  
 (3) Repowering is on a gross basis

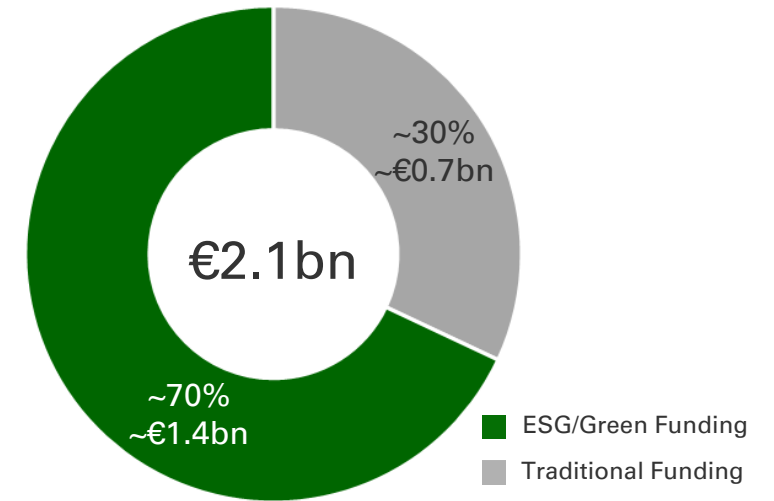


# ... WITH AN INVESTMENT GRADE CAPITAL STRUCTURE

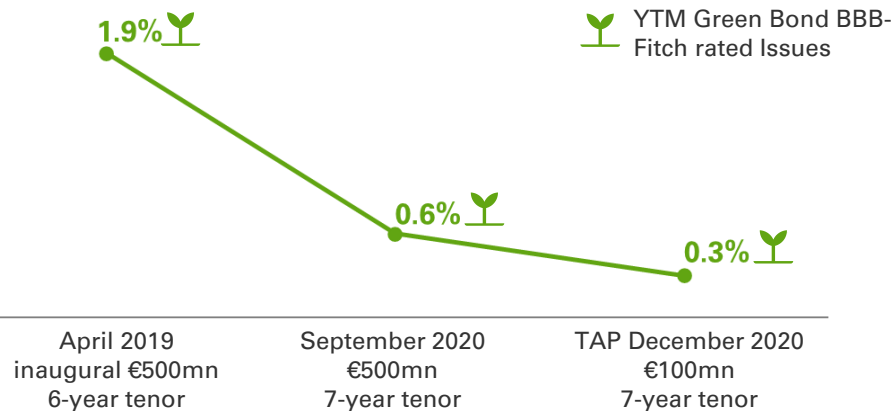
Hefty bulk of liquidity as fuel for growth



Capital structure aligned to ESG based business model



Debt Capital Market as key long term funding channel at competitive terms



Financial & Dividend policy:

- Target Net Debt/EBITDA ~3.5x
- **Maintaining Investment Grade rating (BBB-)**
- Sustainable dividend (€0.75/sh)

## Unique leading renewable player with financial firepower

# Trends & Outlook

The background is a solid blue gradient. It features several sets of parallel diagonal lines in cyan, green, and white, arranged in a pattern that suggests movement or data trends. The lines are positioned in the corners and along the right edge of the frame.



# KEY TRENDS IN THE RENEWABLES MARKET



An unprecedented business environment for RES



Permitting and Grid Connections remain bottlenecks



Shrinking returns for RES consistent with maturity of the Industry



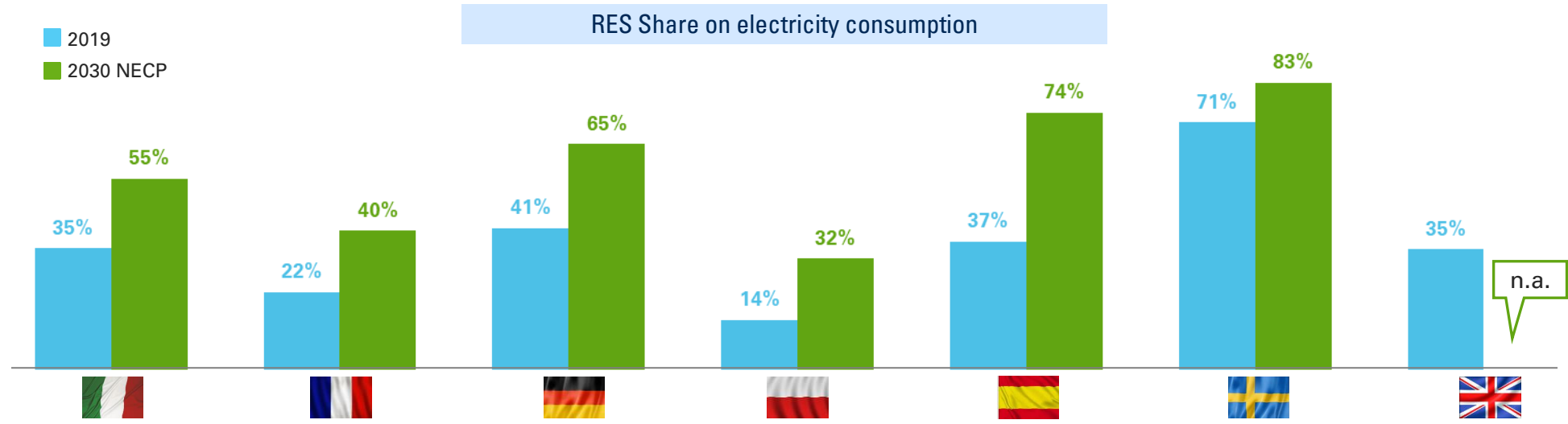
RES assets are shifting towards infrastructure (PPA/CFD)



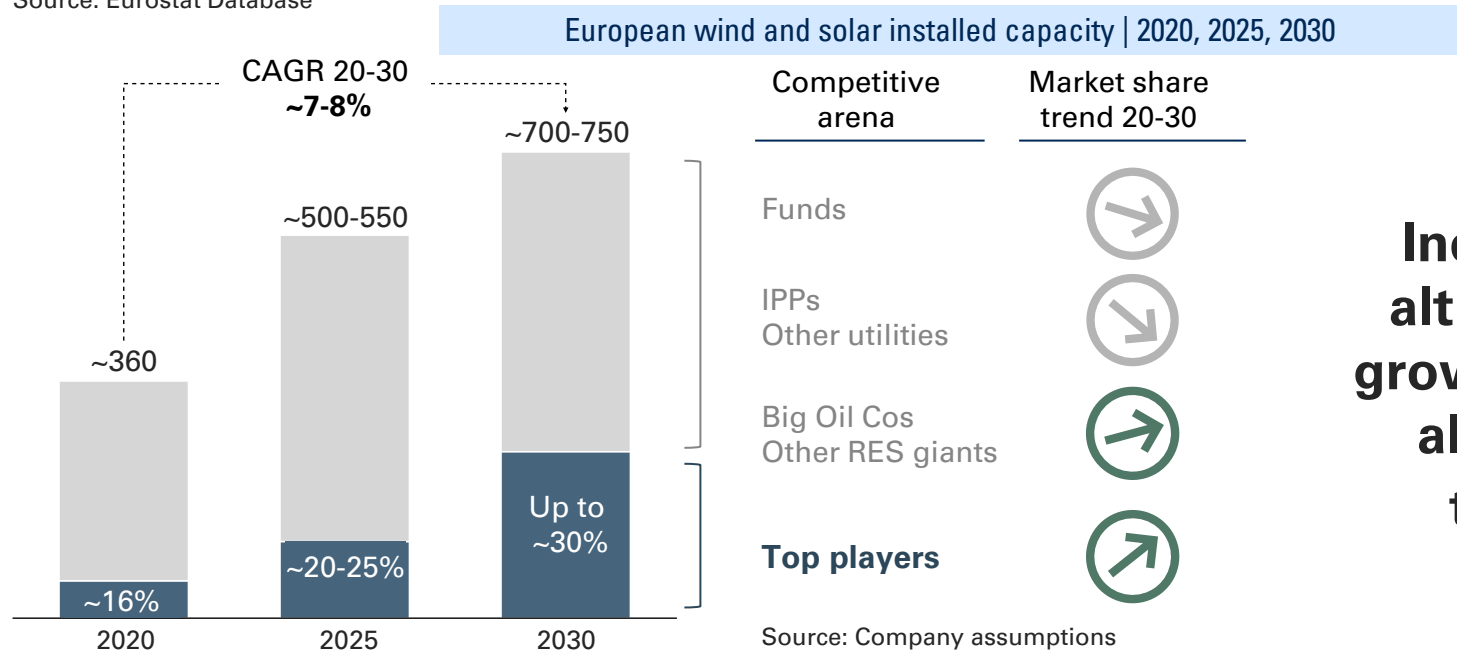
ESG has become a game changer



# FUNDAMENTALS ARE THERE WITH AGGRESSIVE 2030 RES TARGET



Source: Eurostat Database




**Increasing competition, although large projected growth and "local" context allows EU RES market to remain attractive**



# THE COMPLEXITY OF THE AUTHORIZATION PROCESS


When will 2030 targets be reached with the current permits release pace?

**NECP: 2050    NECP: 2080**  
**EU GD: 2070    EU GD: 2120**



How long is the average permitting process?

**4 years, 9 months    1 year, 5 months**




How many Regions approved an Energy Plan updated to the new targets?

**0 out of 20**

How many projects which have applied in the last three years got the final authorization?

**0%    3%**



**In April 2021: 3 ERG Projects**

How many VIA has the "National VIA Committee" issued since the establishment (2017)?

**4 out of 132 requests**



**4 ERG Projects**

How many wind projects request a modification after the AU?

**Around 60%**

**In Italy, the authorization system shows structural hardship  
ERG is the sole player which succeeded in obtaining authorization for 3 RPW projects in Sicily**



# MOVING AWAY FROM “LEGACY” INCENTIVES: PROGRESSIVE MARKET “COMMODITIZATION”, INCREASING COMPETITION ON MONETIZATION

Phase	Legacy		Transitioning		Commoditizing
	Before 2015		2015-2025		Towards 2030
<b>Market context</b>	<p><b>Low cost-competitiveness</b> of RES vs. conventional</p> <p><b>Incentive-driven</b> market</p> <p><b>Steep learning curve</b> on costs and efficiency</p>		<p><b>Approaching grid-parity</b> and increasing <b>spotlight on RES</b></p> <p>Higher <b>competition</b> on monetization (tech-specific auctions<sup>(2)</sup>)</p> <p>Continued <b>cost reduction</b></p>		<p><b>Grid-parity achieved</b> and total <b>RES-centricity</b></p> <p><b>Technology neutral</b> playing field on monetization (auctions/ PPAs)</p> <p><b>Cost maturity</b> and progressive shift towards “<b>infrastructural</b>” business</p>
<b>LCOE<sup>(1)</sup></b> (€/MWh)	~100 (wind)	~150 (solar)	~ 45-50 (wind)	~50-55 (solar)	~30-35 (wind & solar)
<b>Price reference<sup>(1)</sup></b> (€/MWh)	~150-250		~55-65		approaching LCOE
<b>IRR unlevered in Europe<sup>(3)</sup></b>	10+%		6-7%		<i>Down till</i> 4-5%






**Towards a more “infrastructural” business**

<sup>(1)</sup> Indicative price level based on internal analysis on public available data

<sup>(2)</sup> Technology specific auctions where available;

<sup>(3)</sup> Source: Bain, Wind Europe

# STRONG VISIBILITY ON CFD AUCTIONS ON ERG CORE COUNTRY

Country	Auctioned 2019-2020	Awr/Auct 2019-2020 (%)	Av Price (€/MWh)	Contract / Duration	Visibility
 <sup>(1)</sup>	2,400 MW	63%	63	CFD/20yrs	W/S 2021
	W: 1,880 MW S: 1,320 MW	W: 100% S: 100%	W: 64 S: 57	CFD/20yrs	W 2026 S 2024
	W: 7,076 MW S: 2,839 MW	W: 61% S: 100%	W: 61 S: 55	CFD/20yrs	W/S 2026
 <sup>(1)</sup>	160 TWh	75%	47	CFD/15yrs	W/S 2021
 <sup>(2)</sup>	W+S: =3,000 MW W: ≥1,000 MW	100%	W: 25 S: 25	CFD/12yrs	W/S 2025

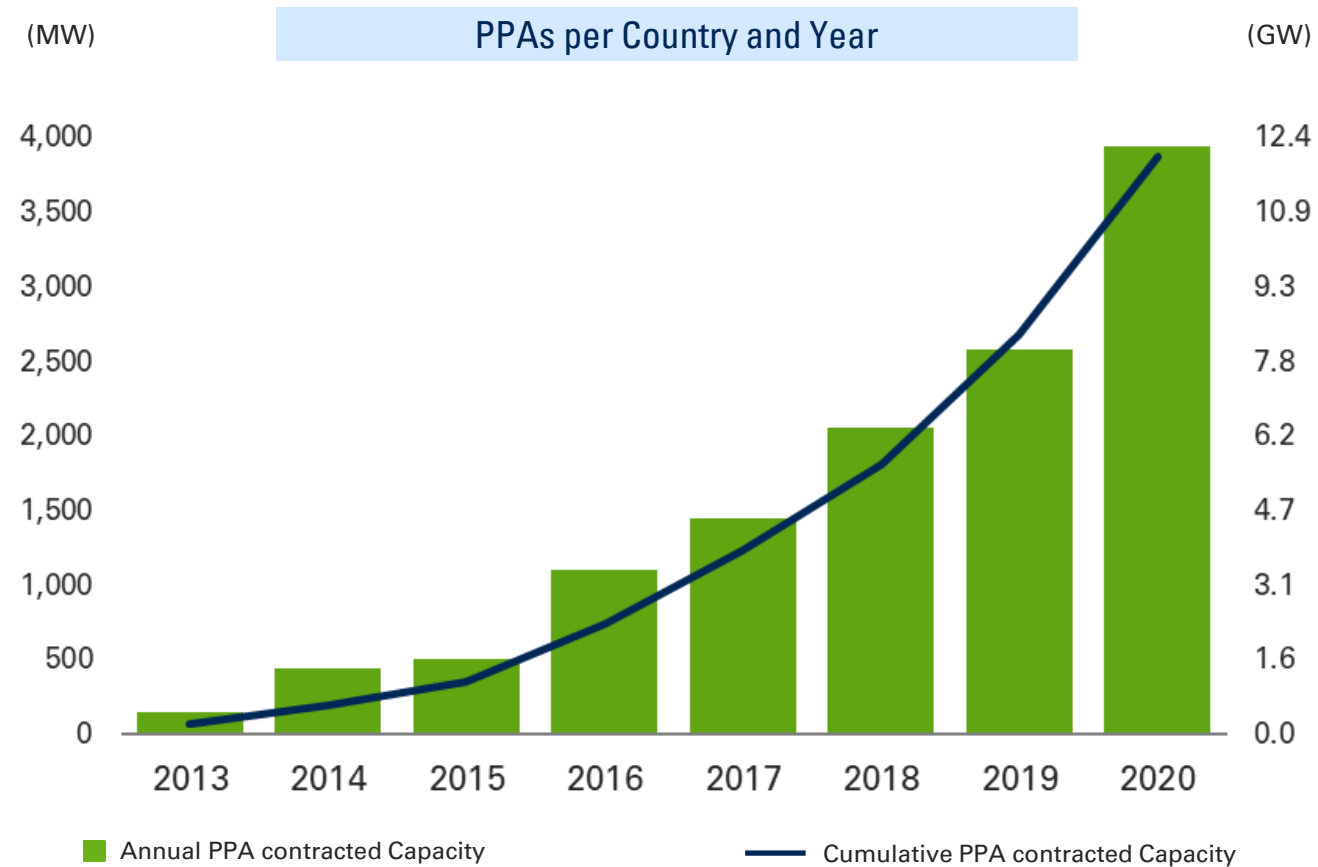
CFD/Auction may be included in the new Regulatory Framework in UK now under review

<sup>(1)</sup> Cluster >1MW

<sup>(2)</sup> New auction scheme in effect from 2020



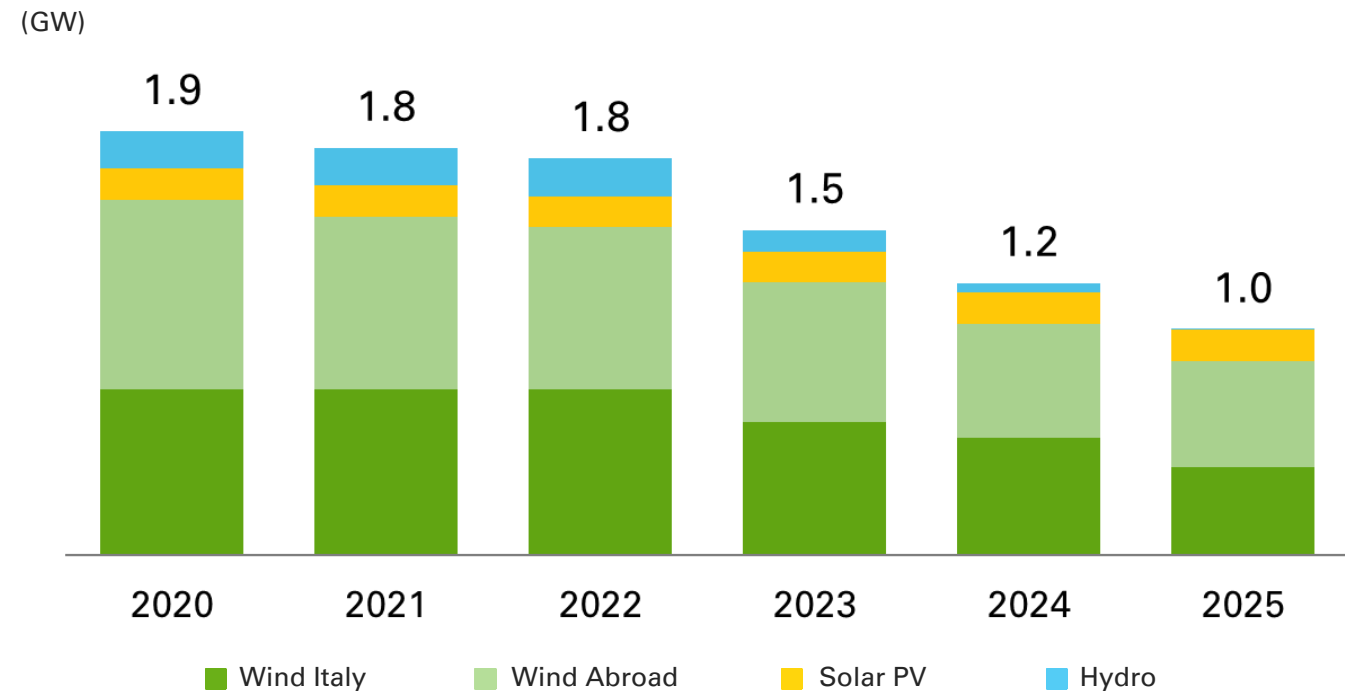
# PPA MARKET IS GAINING GROUND ACROSS EUROPE



**Towards a more “infrastructural” business**  
**Corporate PPA are on the rise with a clear prevalence of Nordics and Spain**



# ERG RES INCENTIVIZED CAPACITY EVOLUTION OF CURRENT ASSET BASE



**Progressive phase-out of incentives is part of our Energy Transition**

# ERG Tomorrow



# ERG'S 2021-2025 BP MAIN OBJECTIVES

## Key 2021-2025 Strategic Guidelines

## ERG's 2021-2025 Targets



### Growth in scale

Setting high growth ambition RES portfolio

**+1.5GW** through RPW, Greenfield and M&A



### Energy Sales / Mgmt

Securing energy sales through PPA/CfD

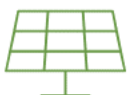
**80%** regulated



### Geographical diversification

Positioning over multiple geographies

**~10 countries (vs 7 @2020)**



### Solar as strategic pillar

Wind and solar as growth drivers, with solar gaining share

**+~0.5GW of solar PV**



### Seed in Innovation

Capturing opportunities in Storage & other technologies

**Scouting** of opportunities



### Conventional is "legacy"

RES-centricity on asset base and development.

**Opportunity of Asset Rotation**



### Integration of ESG

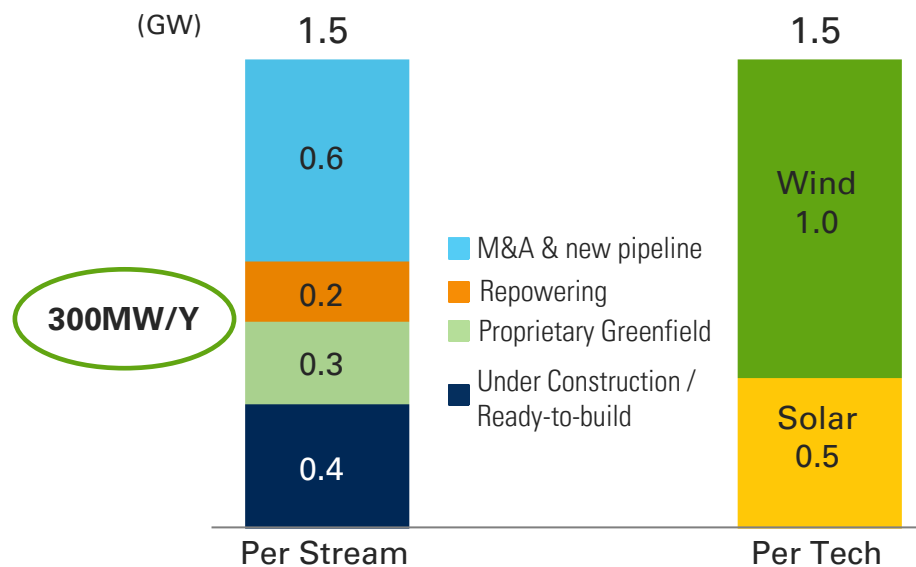
ESG fully integrated in business strategy

**ESG Plan**

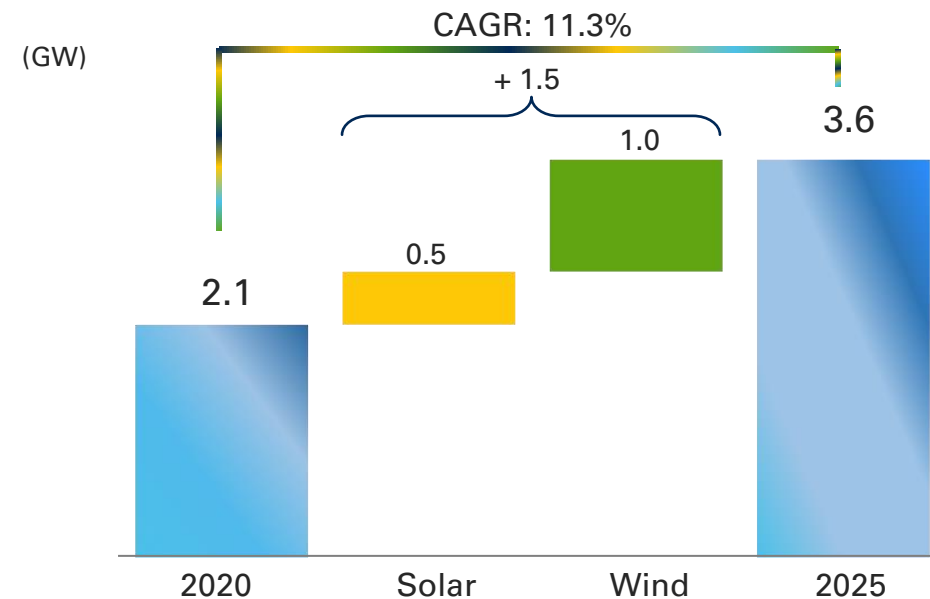


# 1.5GW ADDITIONAL THROUGH: REPOWERING, GREENFIELD & M&A

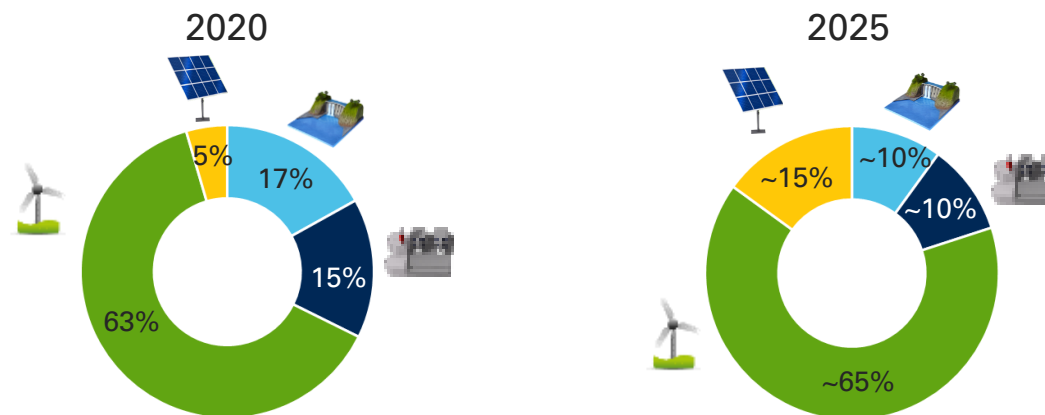
Cumulative RES additional installed Capacity 2021-2025



Wind & Solar installed Capacity



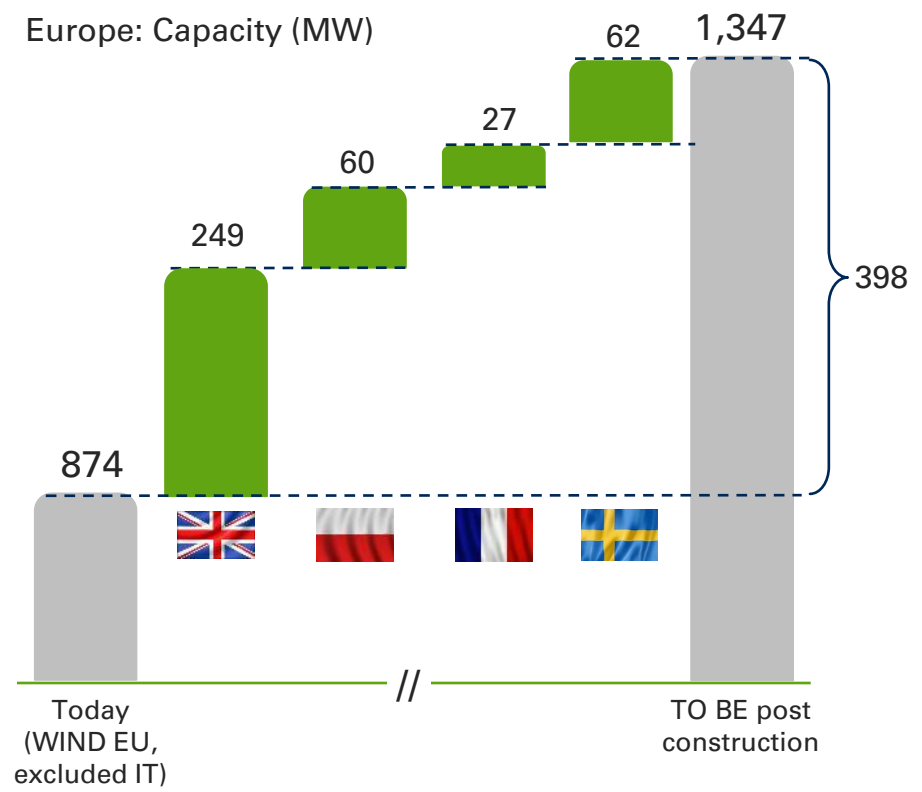
MW by business





# ~400MW GREENFIELD HIGH QUALITY PROJECTS IN CONSTRUCTION ABROAD

## Growth in installed capacity (MW) – Under construction/RTB



**~400MW under construction with a visible route to market through CFD or PPA**

**Evishagaran**

47MW

Construction started in January 2020  
COD: 4Q 2021  
Producibility: 3,700 heq

10 yr PPA under negotiation

**Craiggorr**

24MW

Construction started in 4Q 2019  
COD: 4Q 2021  
Producibility: 3,400 heq

10 yr PPA under negotiation

**Sandy Knowe**

86MW

Construction started in 4Q 2020  
COD: 1Q 2022 (50MW); 2H 2023 (36MW)  
Producibility: 3,100 heq

10 yr PPA under negotiation/CFD

**Creag Riabhach**

92MW

Construction started in 4Q 2020  
COD: 2H 2022  
Producibility: 2,900 heq

10 yr PPA under negotiation/CFD

**Laszki**

36MW

Construction to start in 2Q 2021  
COD: 1H 2022  
Producibility: 2,500 heq

15 yr CfD auction awarded

**Piotrkow**

24.5MW

Construction started in 4Q 2020  
COD: 1H 2022  
Producibility: 3,100 heq

15 yr CfD auction awarded

**Champagne I – Les Bouchats**

20MW

Construction to start in 3Q 2021  
COD: 1H 2022  
Producibility: 2,300 heq

20 yr CfD auction awarded

**Vaa2 ext.**

7MW

Construction to start in 3Q 2021  
COD: 4Q 2021  
Producibility: 2,100 heq

20 yr CfD auction awarded

**Erik**

62MW

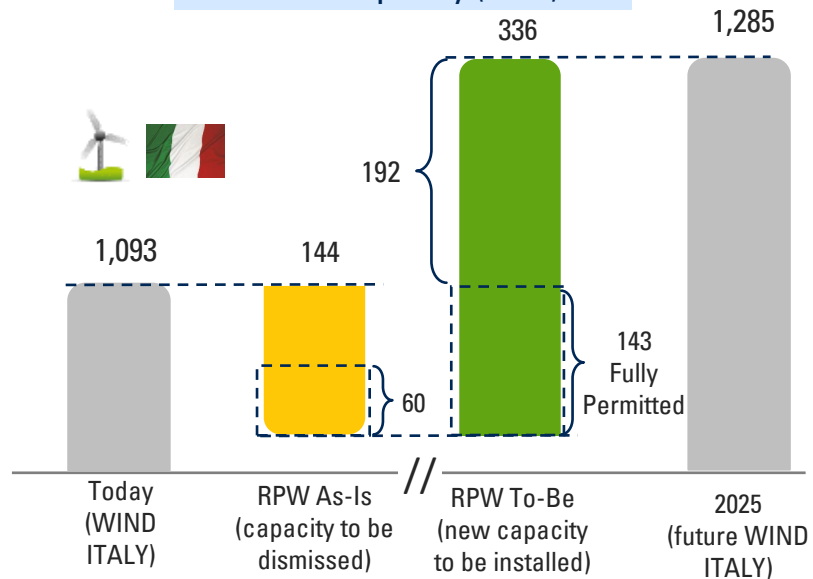
Construction to start in 1H 2021  
COD: 4Q 2022  
Producibility: 3,400 heq

10 yr PPA under negotiation

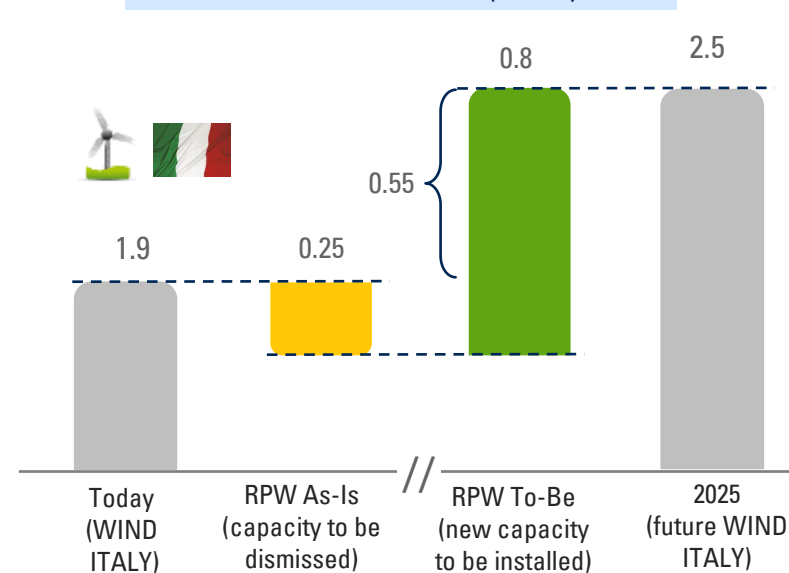





# OUR REPOWERING PROJECTS IN ITALY ARE GAINING VISIBILITY

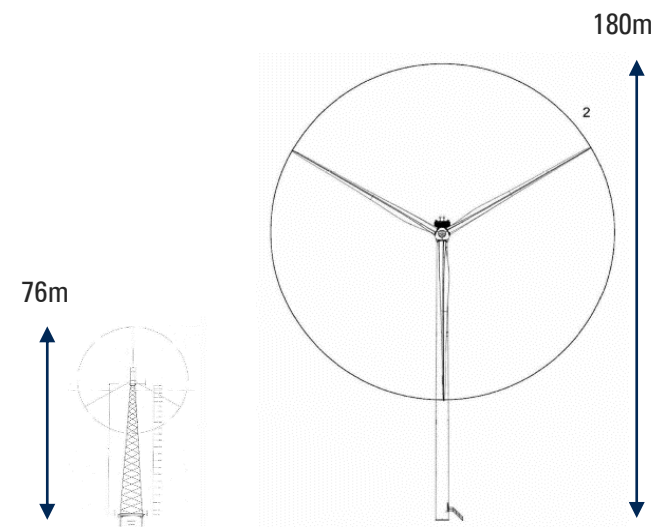
RPW: Capacity (MW)



RPW: Production (TWh)

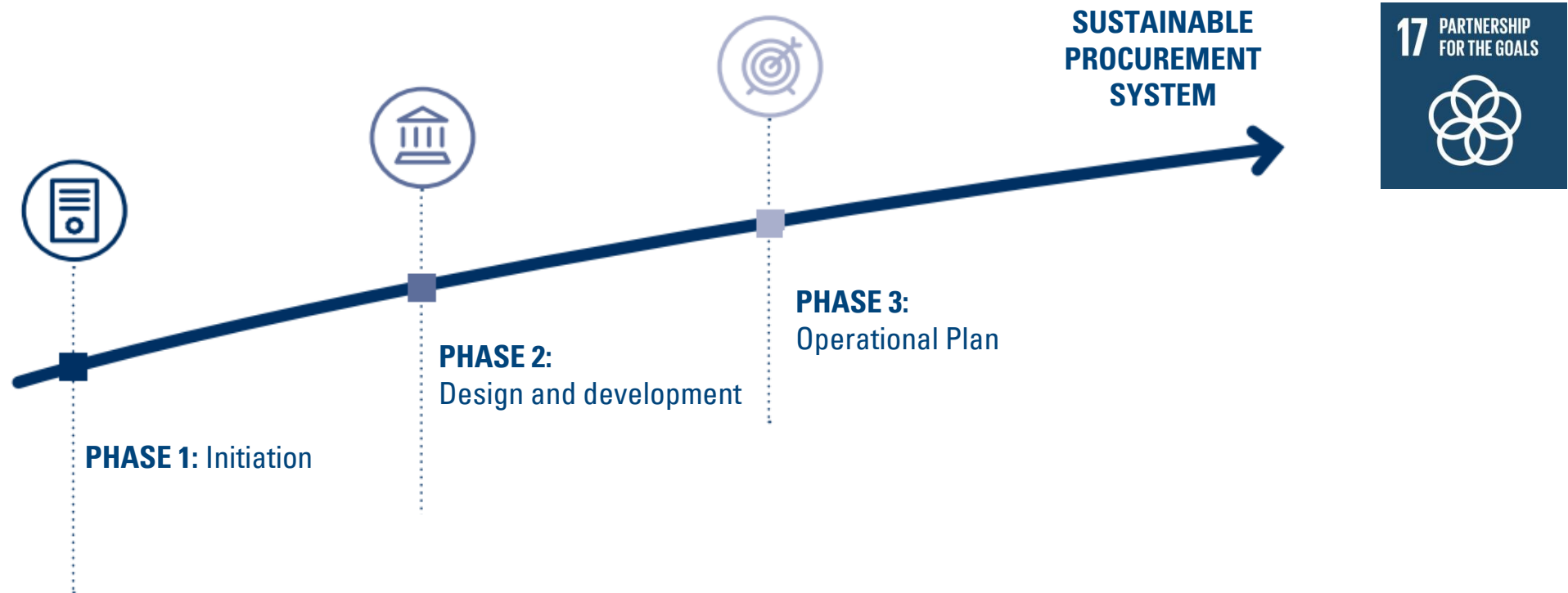


	N. WTG	→	0.5X
	MW	→	2.0X ÷ 2.5X
	PRODUCTION	→	3.0X ÷ 3.5X





# WTG SUPPLY FULLY SECURED FOR GREENFIELD AND REPOWERING PROJECTS

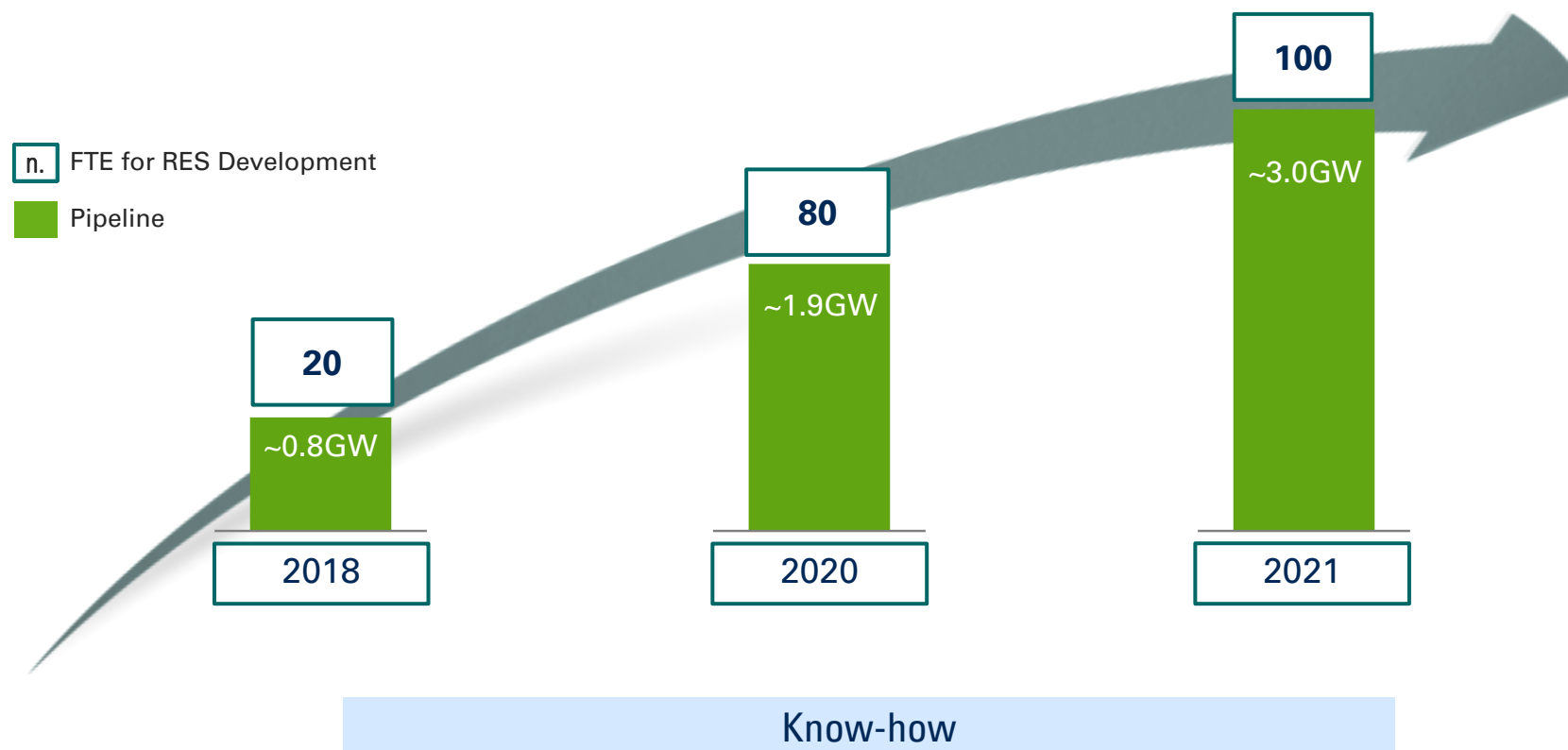


- ✓ Secured ~1GW through top suppliers contracts at competitive cost
- ✓ Contracts based on ESG criteria





# BUILDING-UP KNOW-HOW IN BUSINESS DEVELOPMENT CONSISTENTLY WITH A GROWING PIPELINE



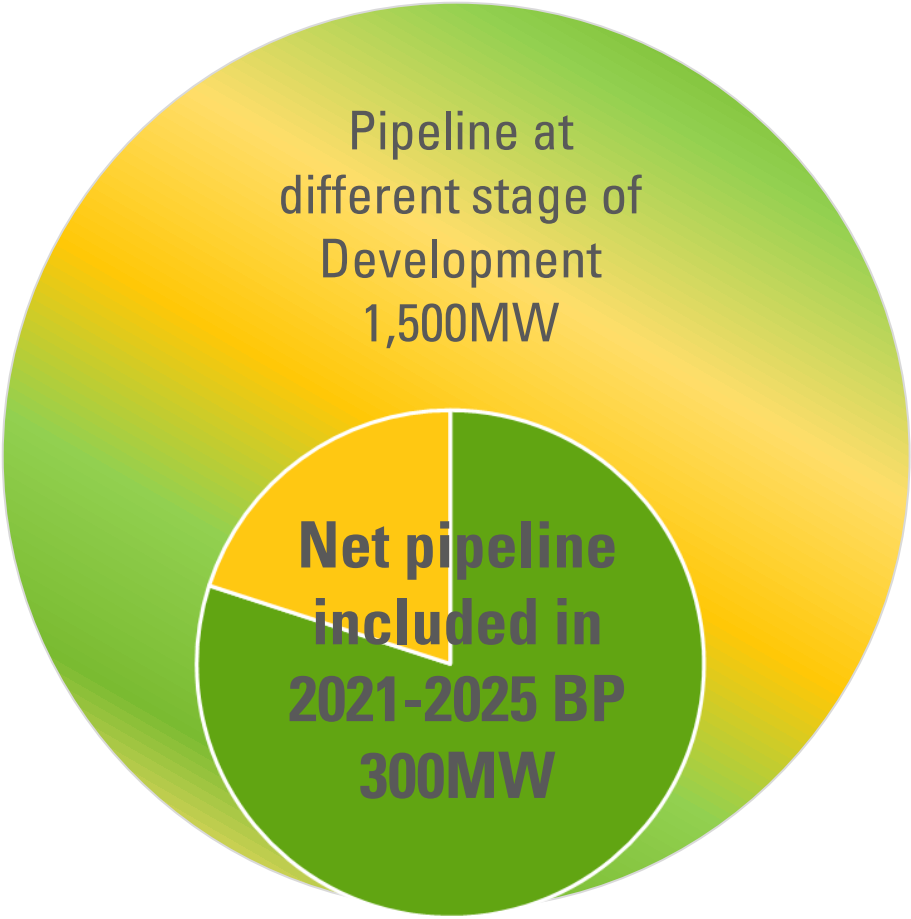
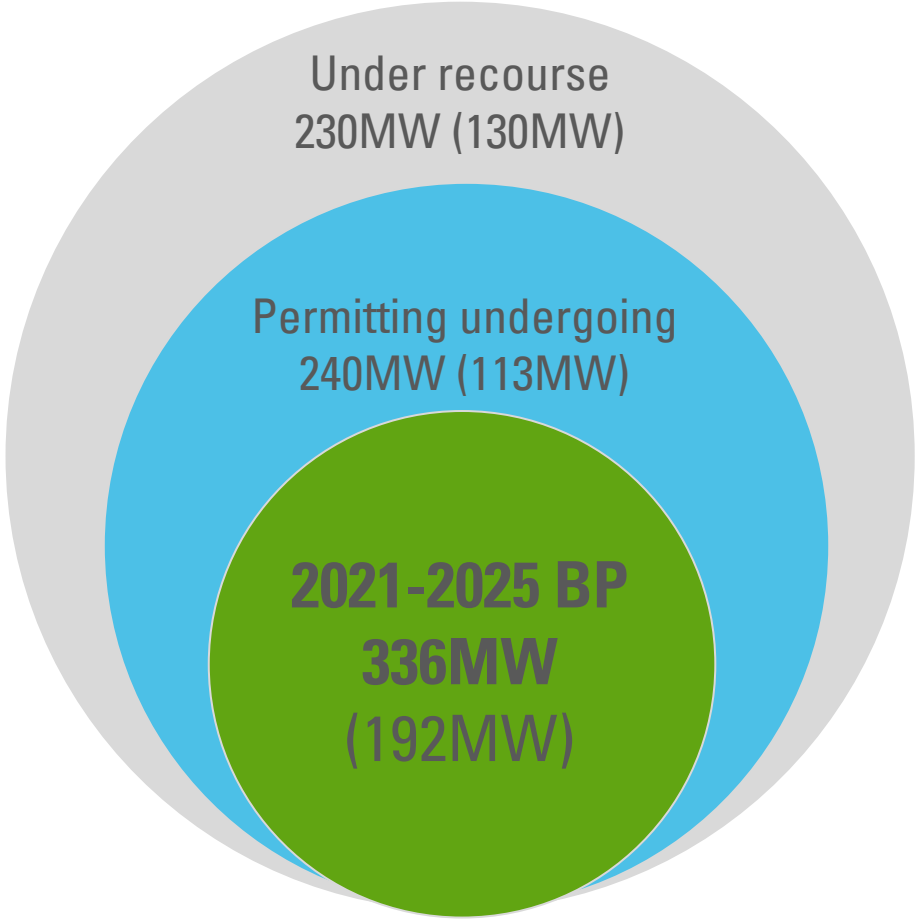
- Strengthening local teams in Key Countries
- Inclusion of new Engineering and Permitting skills for Solar development
- Co-development agreements in Germany and Spain in Solar expected to bring further know-how



# POTENTIAL UPSIDE FROM PIPELINE IN CASE OF PERMITTING SIMPLIFICATION

Gross (Net) Repowering Pipeline: >800MW <sup>(1)</sup>

Wind & Solar Pipeline: 1,800MW

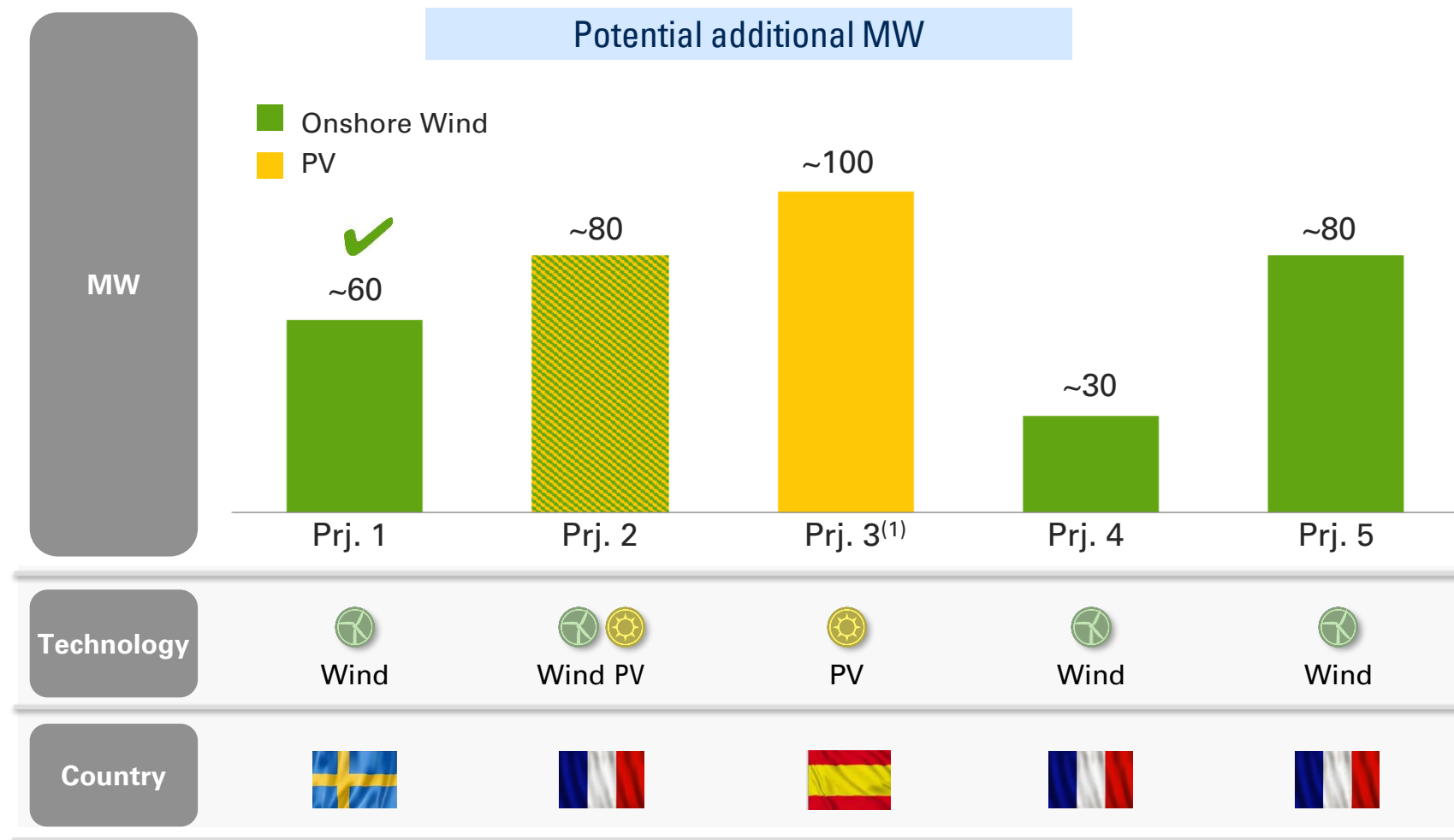


**Leveraging on owned pipeline to boost our growth**

<sup>(1)</sup> Net capacity of 440MW



# ONGOING M&A PROJECTS: POTENTIAL CONTRIBUTION IN 2021-2025



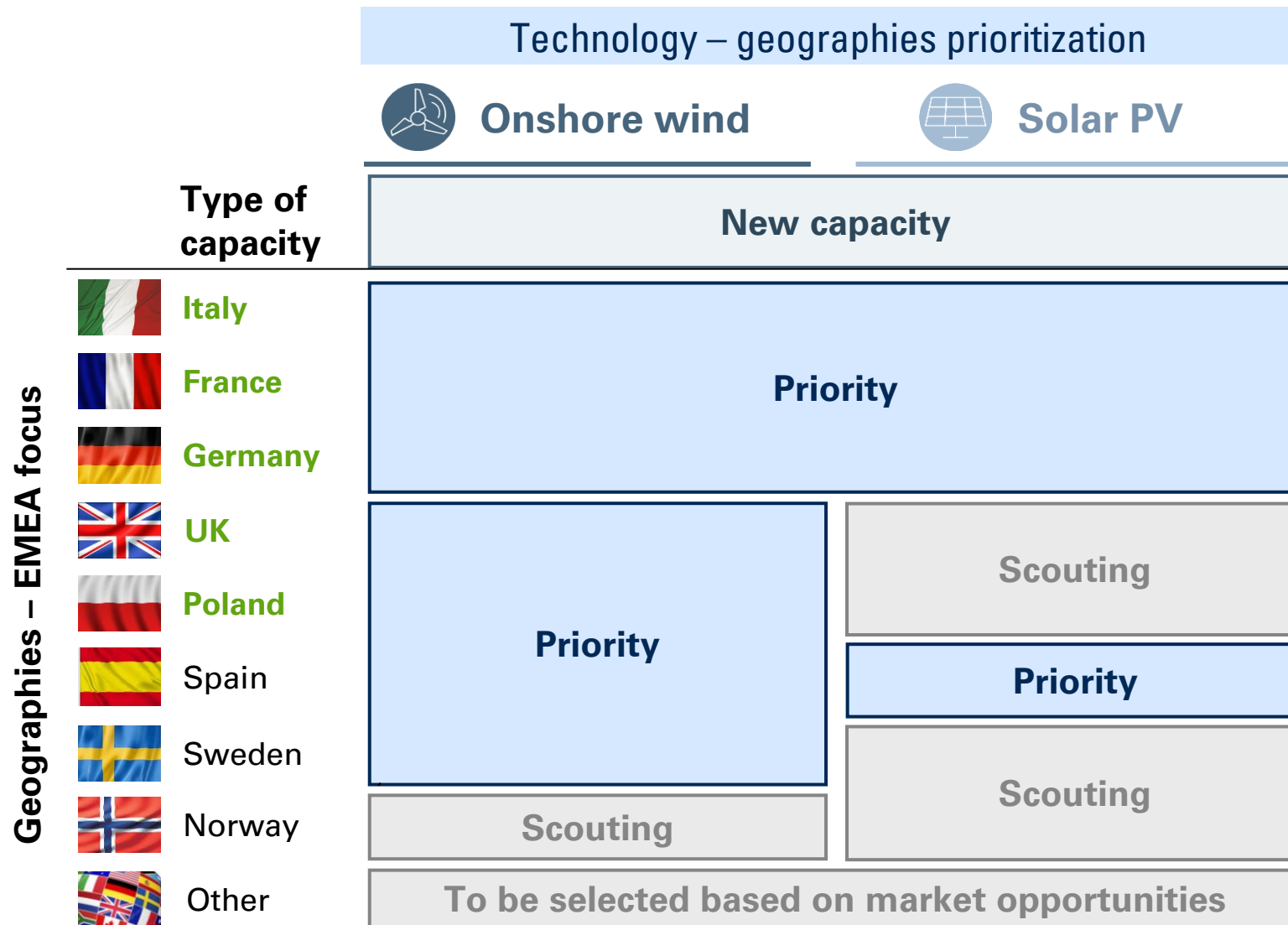
**Our unique M&A expertise and reputation well recognized on the market<sup>(2)</sup>**

<sup>(1)</sup> Prj. 3 includes 100MW plus a gross pipeline of ~1,000MW at different stage of development

<sup>(2)</sup> More than €10bn in terms of EV of executed transactions from 2008 to the present, both Sell and Buy Side



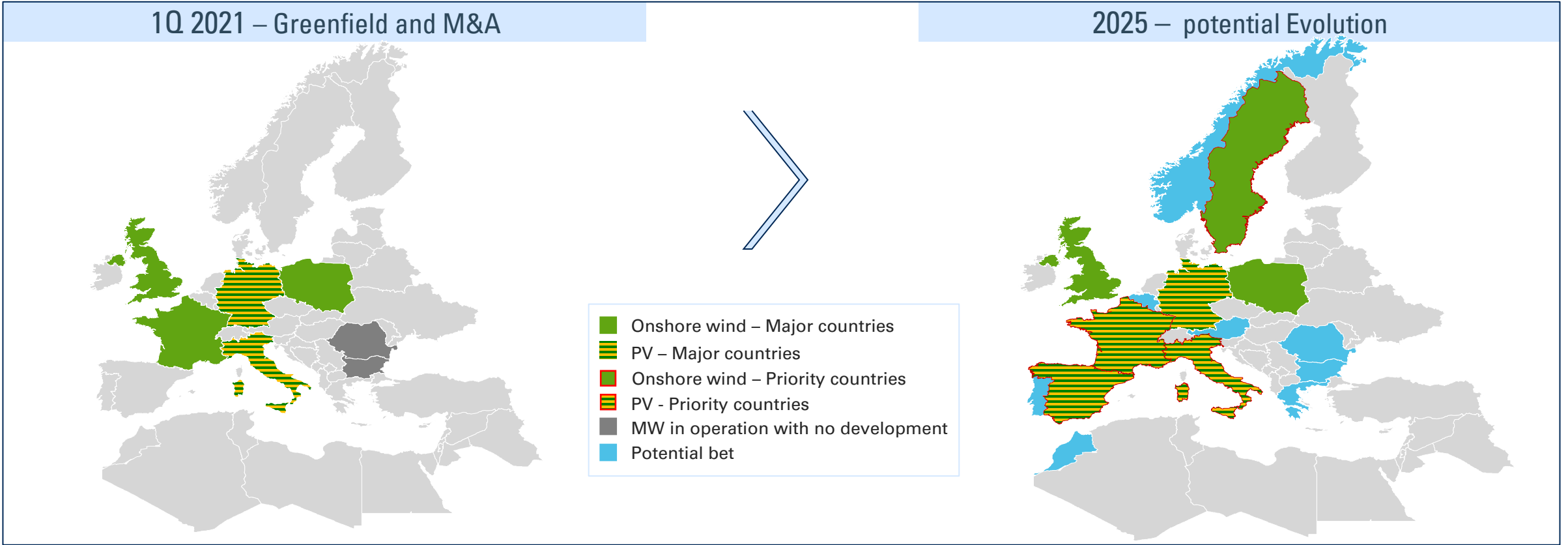
# ENLARGING GEOGRAPHY AND TECHNOLOGY SCOPE WITH AN OPPORTUNISTIC APPROACH...



... through a proven and consolidated model to scale-up progressively insourcing core activities



# THE EXPECTED EVOLUTION: MORE GEOGRAPHIES TO ADD DIVERSIFICATION



**Through a flexible and opportunistic approach we will select the most fitting and executable deals adding geographies in Wind & Solar technologies**

# RECENT DEVELOPMENTS: ENTRY IN THE NORDICS



## Transaction Overview

**Acquisition of Furukraft AB, SPV owning rights for 62MW** under construction located in Sweden, region SE4.

## Location & Nordic Regions



## Rationale

- **Enter a new strategic European country**
- **Fully permitted project**
- **Experienced** partner, Bay.WA r.e., for wind farm co-construction
- **Innovative** and **high-performance** wind technology
- Among the European most **liquid PPA market**
- Among the **Nordics most attractive regions: SE4**



## Wind Farm Overview

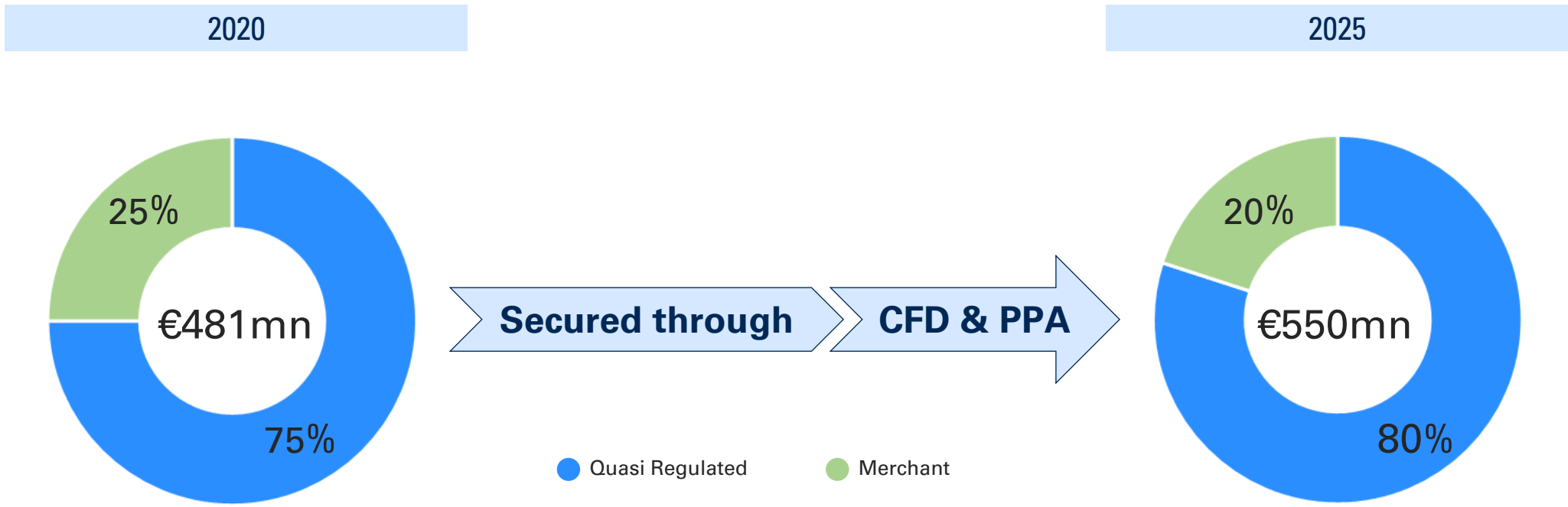
Total Capacity:	<b>62MW</b>
Energy Production:	<b>209GWh</b> (~40% load factor)
“Lump – sum” Enterprise Value:	<b>~€100mn</b>
Wind Technology:	<ul style="list-style-type: none"><li>• Siemens Gamesa SG-170</li><li>• WTG #: 10</li><li>• WTG Rated Power: 6.2MW</li></ul>
Expected COD:	<b>End of 2022</b>
Route to Market:	<b>10 years – PPA (to be negotiated)</b>



# **Moving towards an Infrastructural Business Model**



# AN EVOLUTION TOWARDS A QUASI REGULATED BUSINESS MODEL



**ERG targets 80% of quasi regulated EBITDA despite incentives phase-out**



# ERG PPA STRATEGY ALREADY IN PLACE

- PPA for newly built assets: 10-year tenor
- PPA for existing assets: 5-year tenor
- Strong rating counterparties
- Flexible pricing structures

Country & size	Plants & Capacity	Price range & structure	Tenor / start date	Industry and Rating Counterparty	Volume	Negotiation status
Asset Based FiP expired	Wind Italy Portfolio 77 MW	Fixed/ Collar structure	10 years/ Jan'22		~340 GWh Baseload / Pay as Produced	Contract signed
Asset Based FiT expired	Bois Bigot/ Bois de l'Arche 21 MW	Fixed Price	5 years/ May-Sep'21		~45 GWh p.a. Pay as Produced	Contract signed
Asset Based FiT expired	Theta portfolio 55 MW	Fixed Price	5 years / Oct-Dec'21	Corporate / Utilities	~100 GWh p.a. Pay as Produced	Offers to be received
Assets under construction	Evisagaran/ Craiggorr 70 MW	Fixed Price	10 years / Apr'22- Dec'22	Utilities	260 GWh Pay as Produced	Pricing defined Contract under negotiation
Assets under construction	Sandy Knowe/ Creag Riabach 178 MW	Fixed Price	10 years / Apr'22- Dec'22	Utilities	520 GWh p.a. Baseload / Pay as Produced	Contract under negotiation / possible CFD auction

PPA strategy already in place to deliver in 2021 a sizeable PPA stream to secure approx. 400MW



# WIND BEST PRACTICE EXAMPLES: LIFE TIME EXTENSION PLAN & REBLADING

## Life Time Extension

**What is it:** operational life extension of WTG over the design lifetime

**What we are doing:** Lifetime Certification extension, up to 40 years

**Deployment plan:** over 40% capacity covered by certification in 2025

*LTE Certification guarantees that the operation of the wind farm is compliant with regulations (IEC 61400-28 or DiBT 2012 for Germany) after the expiration of the type certificate*










## Reblading

**What is it:** replacement of the old WTGs' rotor, with innovative blades, both in the materials and aerodynamic profile

**What we are doing:** Currently ongoing the worksites in the Lacedonia wind farms (180 new blades).

**Deployment plan:** Planned in the others Wind Farms where the repowering is not made possible

**Dismantling consistent with ESG Strategy:** >98% circular

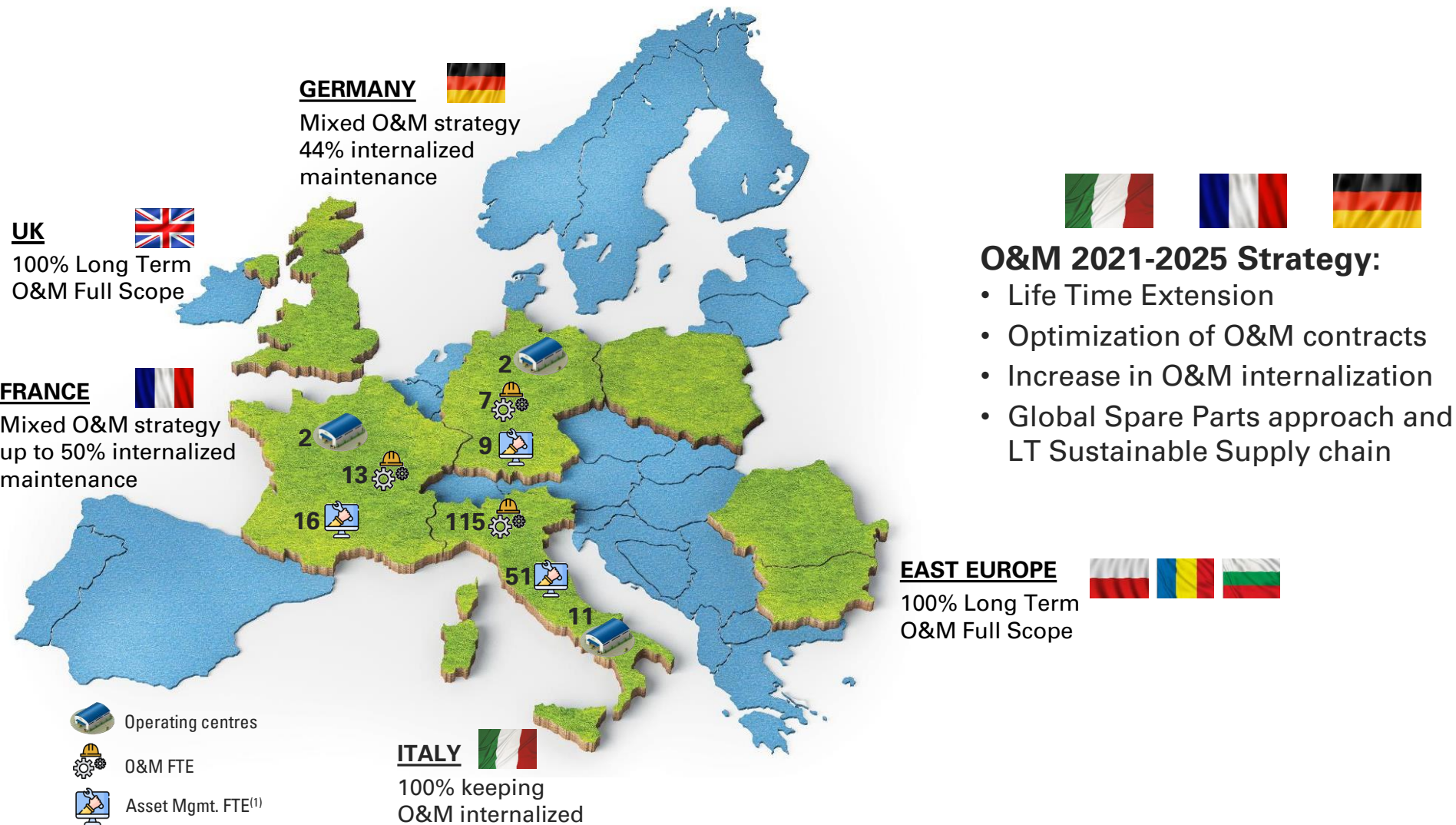
-  23 turbines certified with new blades and new controller
-  69 blades replaced
-  69 blade bearings replaced
-  total overhaul of all mechanical components accompanying the blades
-  5,800 man-hours for blade and controller assembly
-  400 man-hours in pre-assembly at blade factory
-  0 accidents/incidents



**Our in-depth knowledge of the plants and our industrial expertise enhance our assets**



# O&M CONTRACTS OPTIMIZATION IN EUROPE – "GLOBAL APPROACH"



**A strong industrial footprint with a flexible approach to O&M**

<sup>(1)</sup> It includes HSE and Warehouses

# SEEDING IN INNOVATION: STORAGE & HYDROGEN



## In general

- ✓ Scouting of technologies for storage & Hydro

## Storage

- ✓ 2 sites identified and ready for storage:  
**Fossa del Lupo (25MW) e Vicari (10MW)**

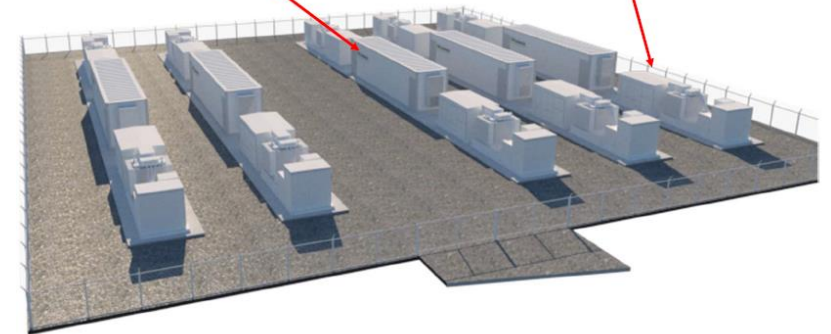
## Hydrogen

- ✓ Possible partnerships with off-takers and developers
- ✓ Green energy & site availability on ERG portfolio may bring opportunities and synergies



40' ENERGY STORAGE ENCLOSURE X 5

POWER ELECTRONICS INVERTER/ TRANSFORMER SKID X 10

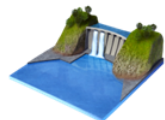


Leveraging on our asset base and technical skills



# OPPORTUNITY TO RESHAPE ASSET PORTFOLIO TOWARDS A PURE WIND & SOLAR PLAYER

## Hydro



**Efficient Capacity: 527MW (1.5TWh)**  
> 90% basin (modulable) with 19 hydro plants, 7 micro-hydro plants, 7 dams, 3 reservoirs and one pumping station



**Avg. EBITDA 2018–2020: €105mn**  
Incentives till 2025 on ~35-40% of production



**Upside**  
Revamping, PPA, Storage

## CCGT



**Installed Capacity: 480MW (2.5TWh)**  
High Efficiency Cogeneration (CAR) renewal for Module 1 on track to be completed by year-end 2021;



**Avg. EBITDA 2018–2020: €63mn**  
Premium asset based on Location, Captive, MGP, Capacity and MSD Markets as well as distribution revenues from RIU (Owned Internal Grid)



**Development Projects in BP 2021-2025**  
CAR Renewal for module 2<sup>(1)</sup>  
A new OCGT (57MW)<sup>(2)</sup> in ERG Power site with Permitting well advanced

<sup>(1)</sup> COD Module 2 expected in December 2024 with Capex for €17mn included in the 2021-2025 BP

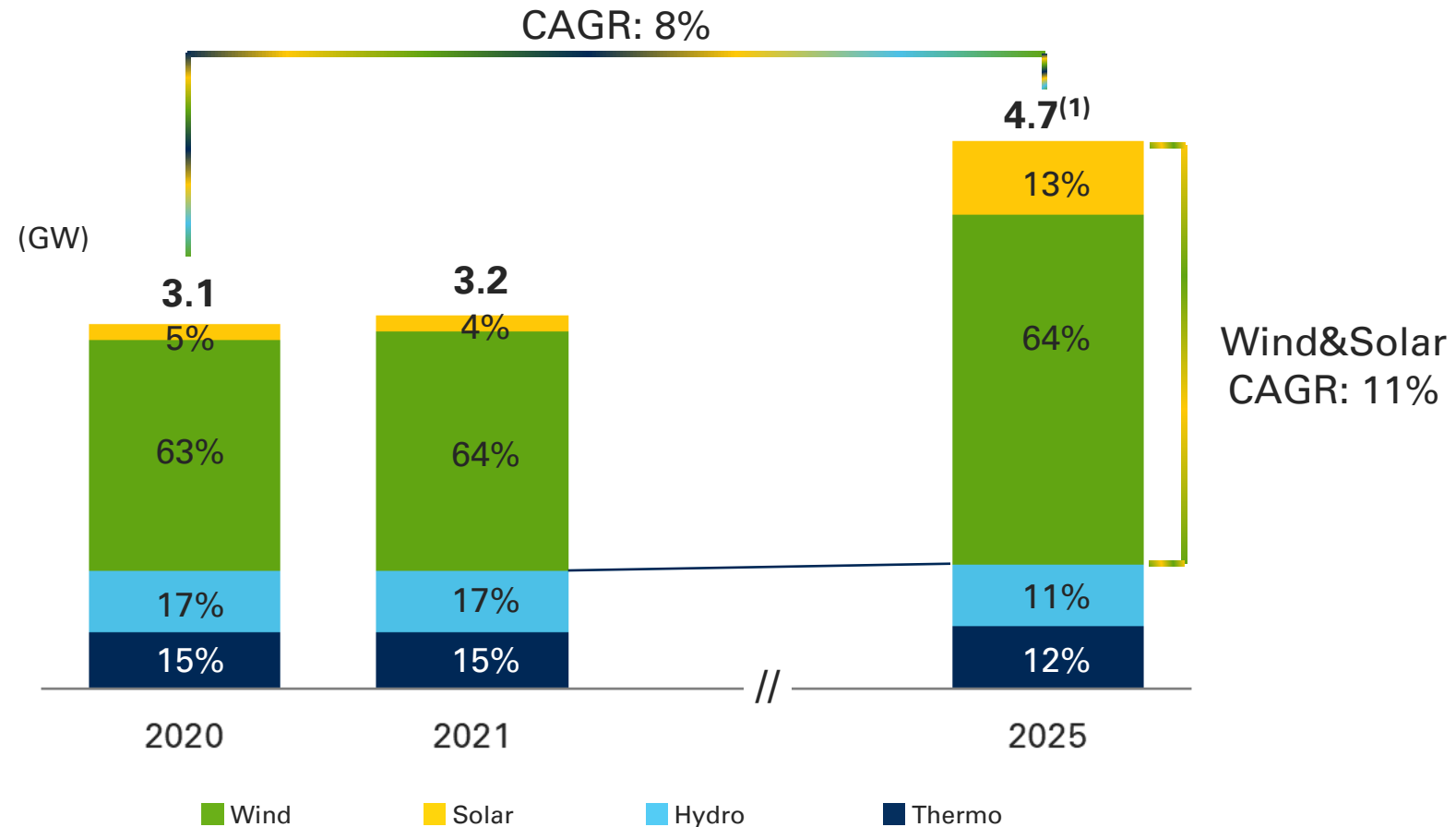
<sup>(2)</sup> OCGT COD expected in January 2024 with Capex for €31mn included in the 2021-2025 BP

# 2021-2025 Targets





# CAPACITY EVOLUTION IN 2021-2025



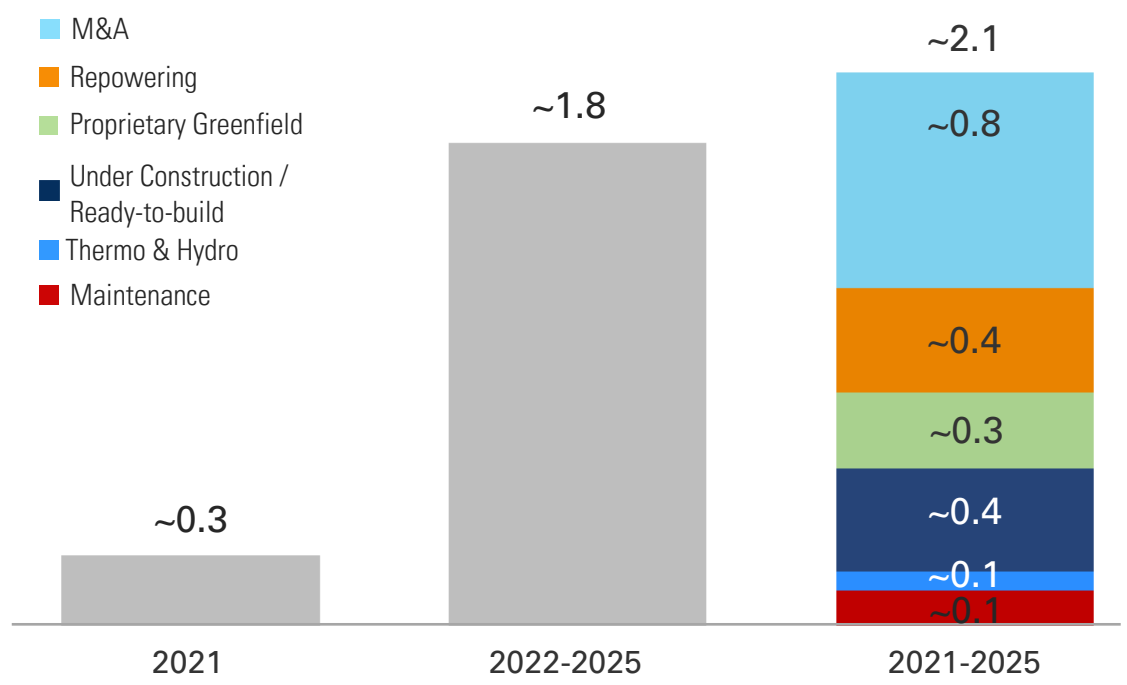
**+1,500MW added to strengthen ERG RES portfolio**

<sup>(1)</sup> 2025 Capacity Target includes 57MW of OCGT in ERG Power site

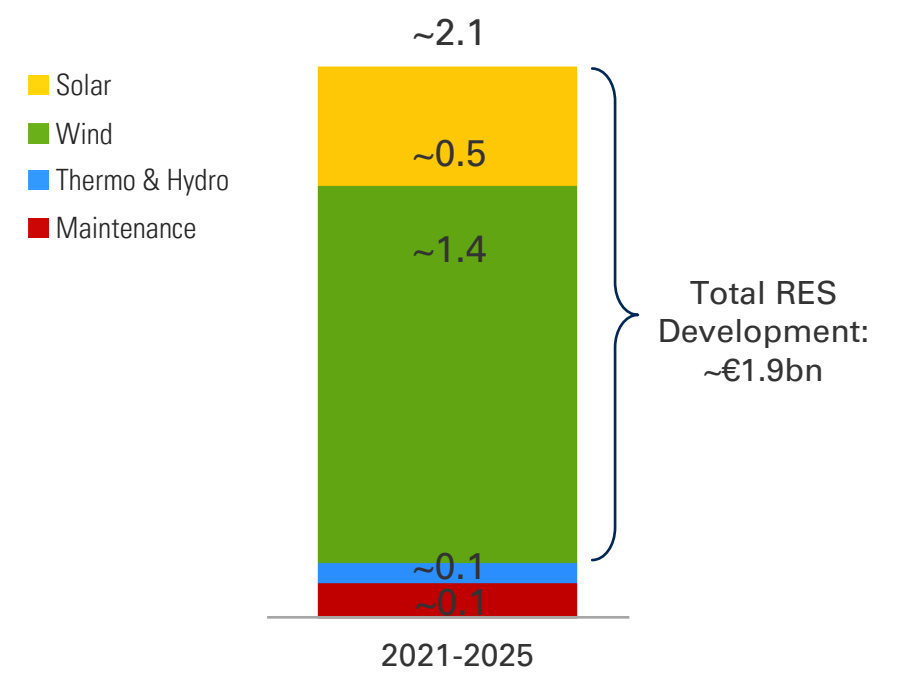


# CAPEX EVOLUTION IN 2021-2025

### Capex per Stream (€ bn)



### Capex per Technology (€ bn)

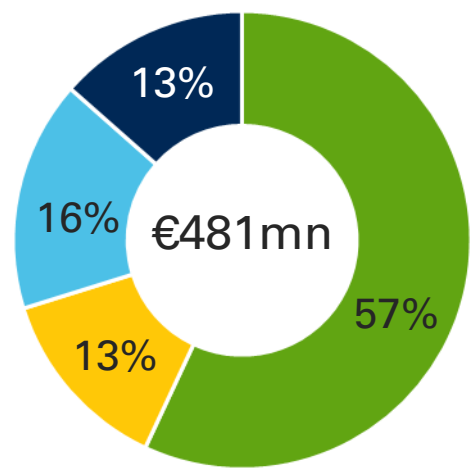


**More than 70% of total CAPEX abroad to enhance geographical diversification**

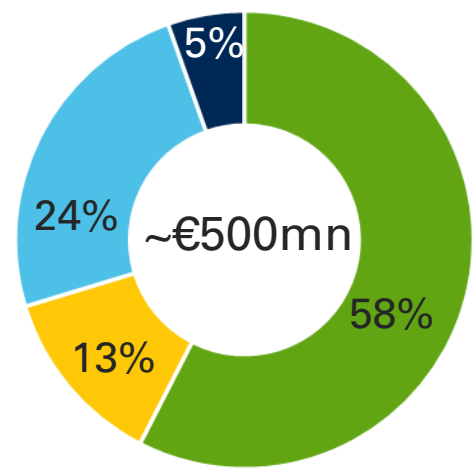


# EBITDA EVOLUTION IN 2021-2025

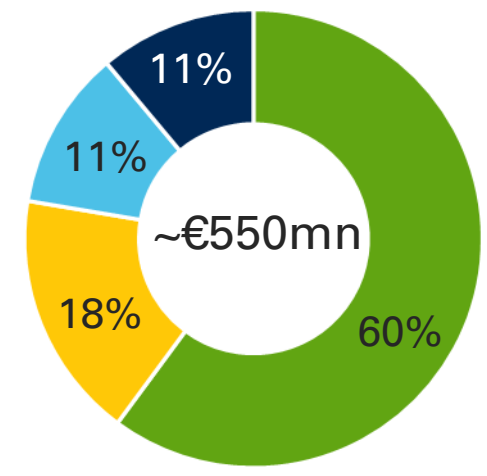
2020



2021



2025

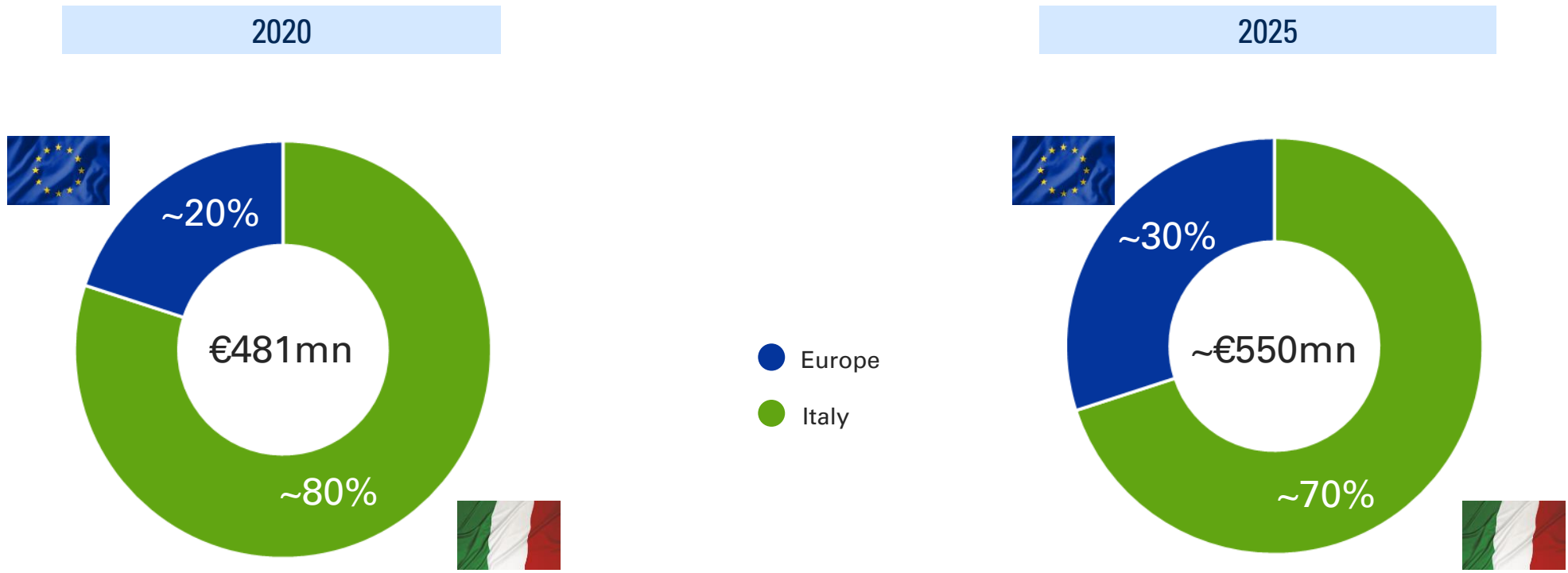


● Wind    ● Solar    ● Hydro    ● Thermo

**Increasing technological diversification**



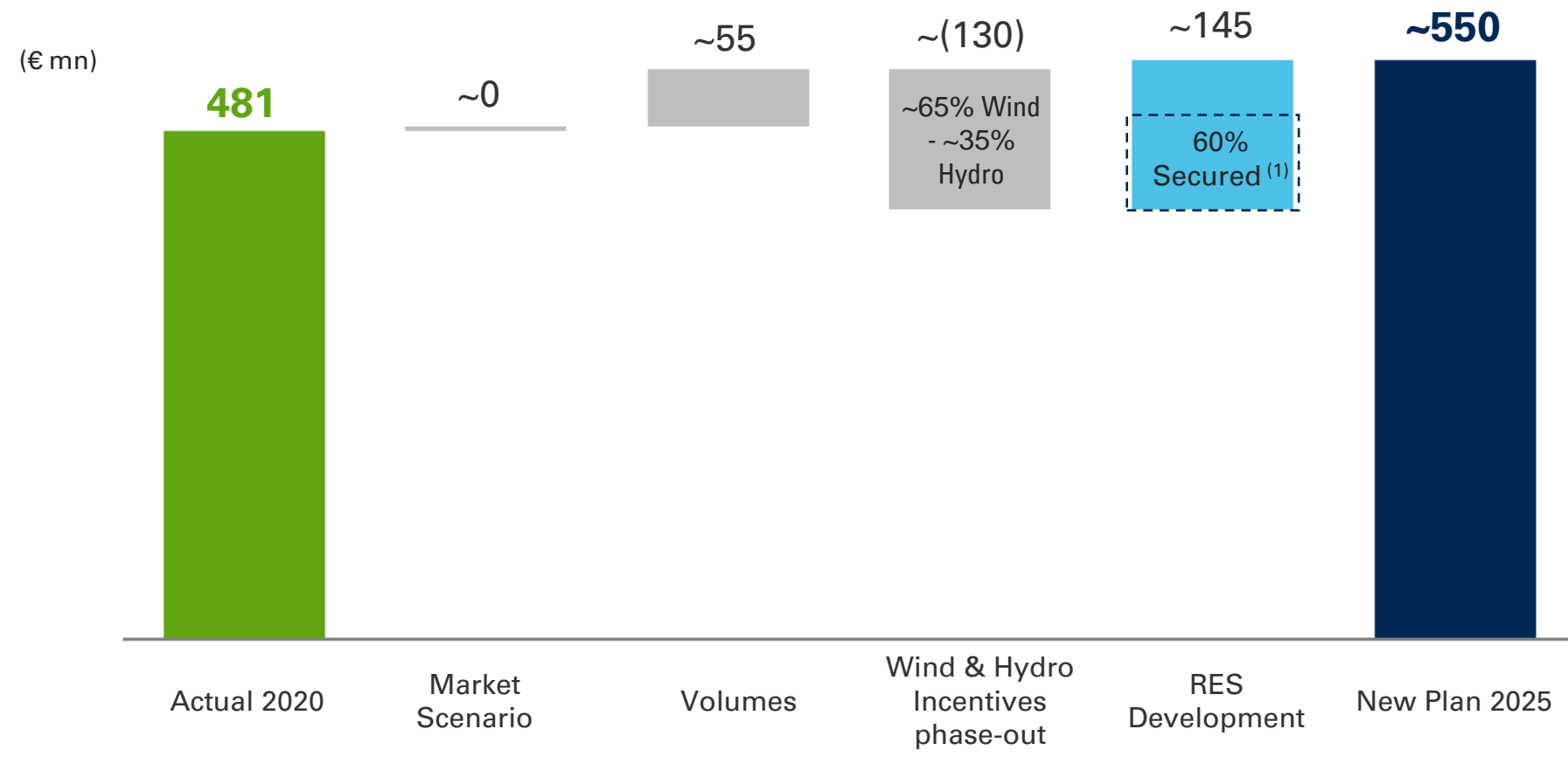
# EBITDA GEOGRAPHICAL DIVERSIFICATION



**EU assets to contribute over 30% of Group EBITDA in 2024-2025**



# GROWTH IN RES TO MORE THAN OFFSET PHASING OUT OF INCENTIVES



**RES development to more than offset the phasing out of incentives**

<sup>(1)</sup> Based on owned pipeline weighted for success rate

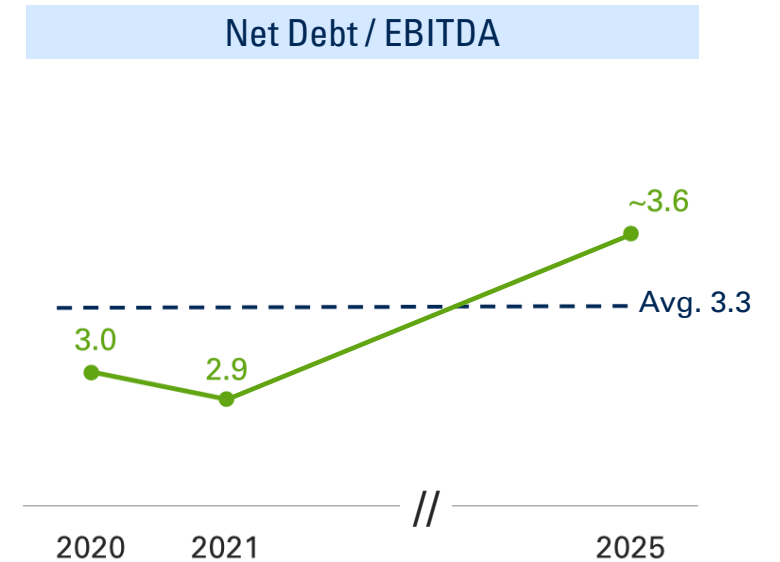
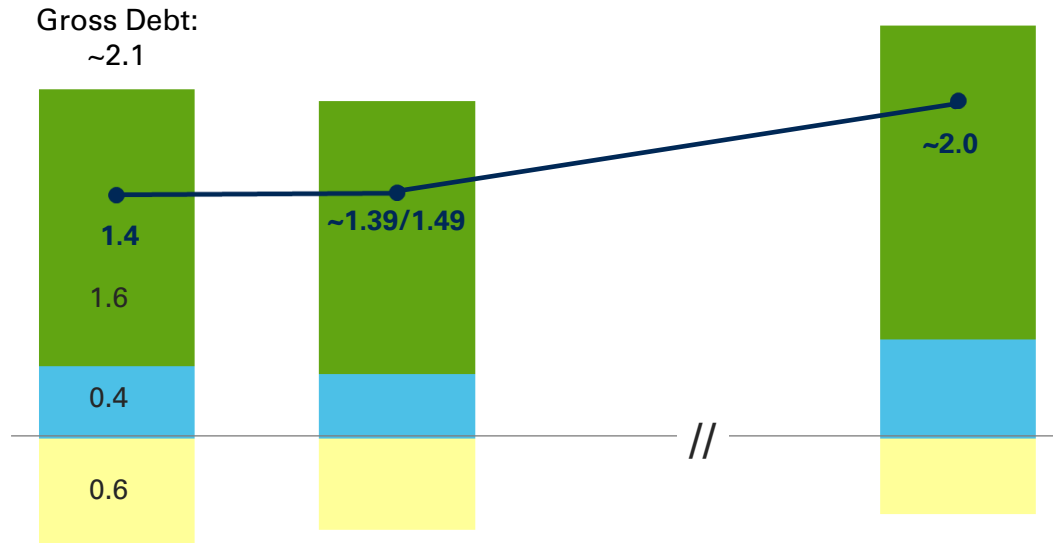
# 2021-2025 Financial Strategy

Michele Pedemonte - CFO



# SOLID FINANCIAL PROFILE PRESERVED OVER 2021-2025 BP PERIOD

(€ bn)



BP 2021-2025:	2020	2021	2025
Kd:	1.8% <sup>(1)</sup>	1.7%	1.5%

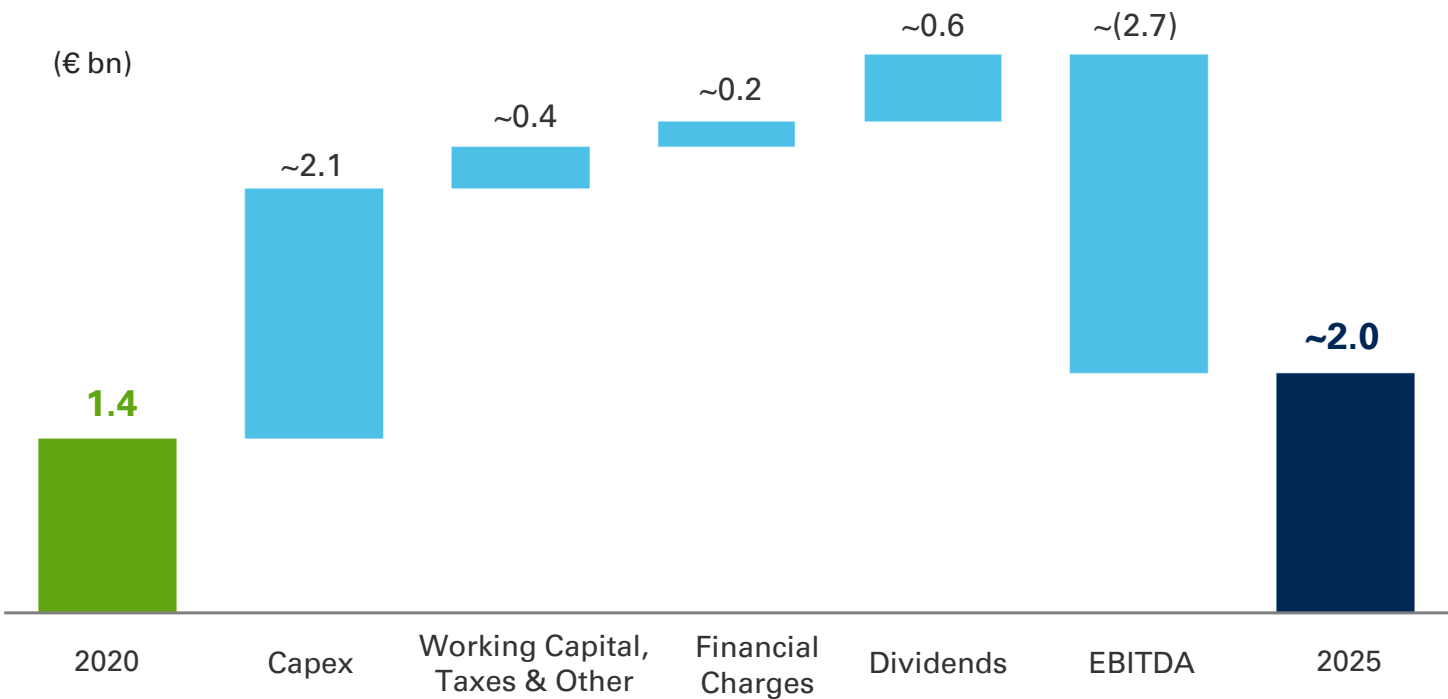
● NFP    ■ Cash & Other    ■ MLT PF    ■ Green Bonds & Corporate Loans

**Financial policy:**  
**maintaining BBB- investment grade rating and Net Debt/Ebitda @ ~3.5x**

<sup>(1)</sup> Kd proforma post Liabilities Management



# A RELEVERAGE TO BOOST RES PORTFOLIO

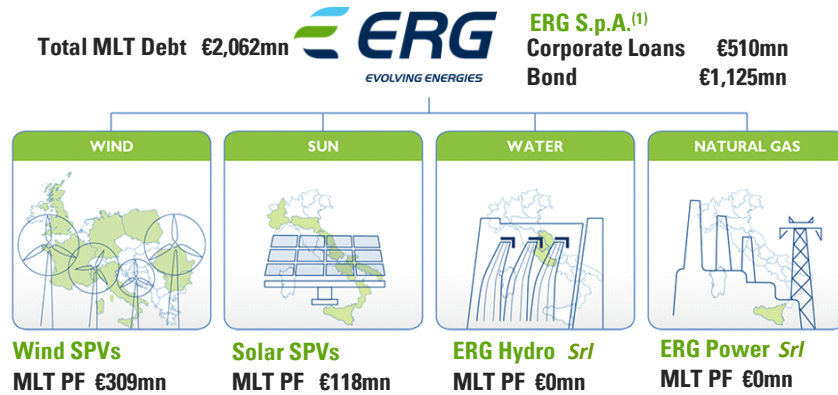


**Sustainable leverage increase consistent with current investment grade rating**

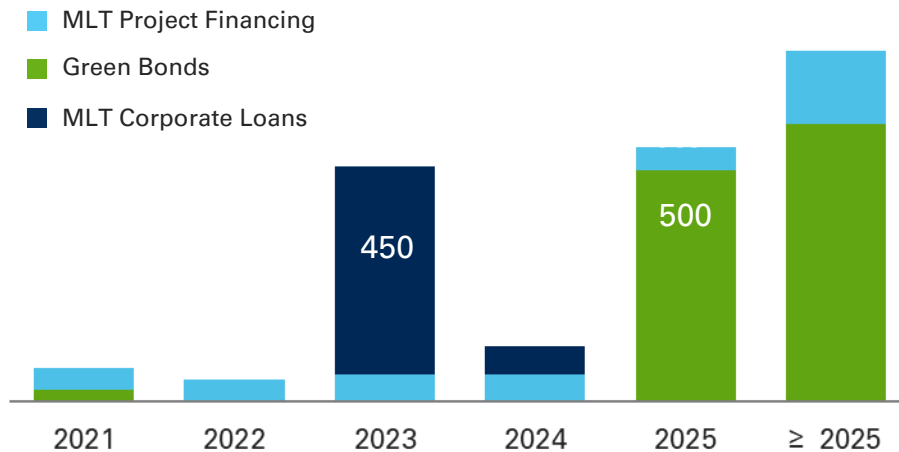


# A ROBUST FINANCIAL STRUCTURE

## Non programmable sources fully unlevered

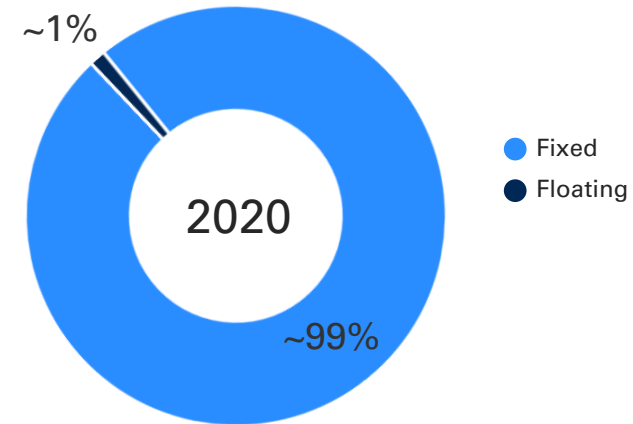


## No refinancing needs until mid 2023

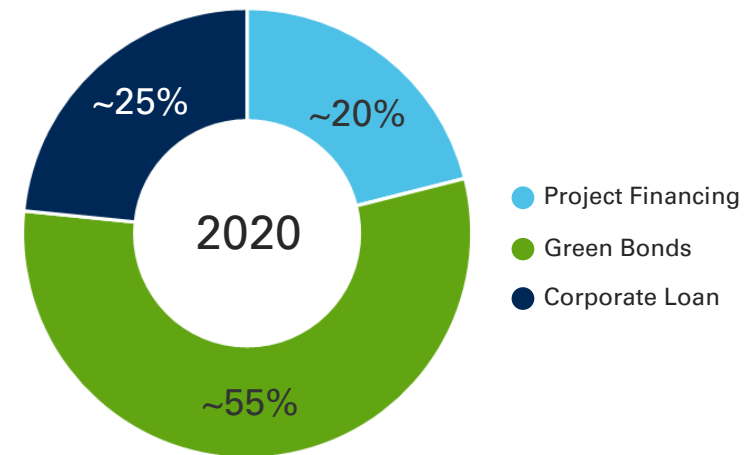


<sup>(1)</sup> ERG SpA owns operating subsidiaries via fully owned subholding ERG Power Generation (free of debt and in cash pooling with ERG S.p.A.)

## Interest rate risk fully offset




## Switch from PF to DCM funding completed





# ASSET ROTATION CAN OPEN FOR FURTHER DEBT CAPACITY STILL MAINTAINING THE INVESTMENT GRADE

	Business Profile	Financial Policy	Expected <sup>(1)</sup> Rating
 <b>ASSET ROTATION</b> towards Wind & Solar Assets	Target of quasi-regulated EBITDA up to 90%	from	
	Greener asset base	<b>3.5x</b>	
	Increased asset diversification	Up to	<b>BBB-</b> (stable outlook)
	Increased geographical diversification	<b>4.0x</b>	

**A pure W&S Portfolio with up to 90% secured revenues through PPA/CfD can strengthen the business profile and provide for further leverage capacity**

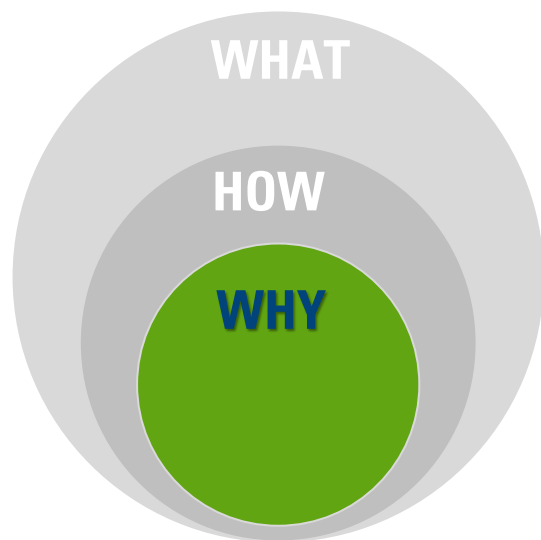
<sup>(1)</sup> Based on internal assessment

# **With ESG in our DNA**

Emanuela Delucchi - Chief ESG, IR & Communication



# ERG'S WHY



*We are #GreenEnERGMakers, one of the leading European producers of energy from renewable sources*

*We are #ClimateChangeFighters, at the forefront of the fight against climate change, and pioneers of the energy transition through the development of renewable energy production*

*We are #SDGsContributors, our Business model focuses on helping to achieve the Sustainable Development Goals (SDGs) set by the United Nations*





# ESG AT THE CORE OF ERG'S 2021-2025 STRATEGY



## ERG 8 KEY ESG PRIORITIES...



### Planet

- Carbon Neutrality
- >98% Circular



### Engagement

- Education for Next Generation
- >1% for the Community



### People

- Re-skilling & Agile Transformation
- Inclusion & Diversity



### Governance

- ESG objectives into MBO and LTI
- Enhancing Governance model

## ... BUT CONTINUOUS IMPROVEMENT on other 5 projects well on track



### Planet:

- Energy Efficiency



### Engagement:

- Trust & Reputation



### Governance:

- Tax Control Framework abroad
- Sustainable Procurement



### People:

- Health & Safety always

We identified 8 ESG priorities which will be the bulk of our ESG strategy



# ESG AS A COMPLEMENTARY LEVER ALONG THE VALUE CHAIN



## ESG Pillars fully integrated in ERG Strategy

• **Permitting & Local Communities**



• **Green financing**



• **Sustainable Procurement & Construction**



• **O&M; Route to market**



• **Circular Economy, Life Time Extension**




## 2021-2025 ESG Plan





**Target 2021-2025 ESG Plan based on measurable KPIs along the value chain**



# 2021-2025 ESG PLAN IN DETAILS



## PLANET

2025 Targets

- Carbon Neutrality:**
  - Scope 1 & 2 neutrality in BP period (scope 3 by 2040)
  - Carbon index down 30%
- >98% Circular Wind:**
  - <2% Wind Repowering waste in landfill
- Energy Efficiency:**
  - +260 kTEE (Thermo), +40 GWh (Minihydro), +8.7 GWh (Solar)




## ENGAGEMENT








2025 Targets

- Next Generation:**
  - 20,000 students involved (Italy and abroad)
- 1% for the Community:**
  - >1% revenues for social developments of local communities.
- Trust & Reputation:**
  - Scoring > 65/100 in Reputation Index



## PEOPLE



2025 Targets

- Agile Transformation:**
  - 75% people with individual development plan
  - 100% people involved in up-skilling and re-skilling
- Diversity & Inclusion:**
  - >20% women amongst the key leader (manager and senior manager)
  - >15% key leaders abroad
- Health & Safety, always:**
  - No fatalities, IF < 2, IG < 1



## GOVERNANCE

















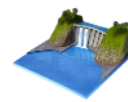









2025 Targets

- Sustainability Incentives:**
  - 100% incentives plan integrated with ESG objectives
- Enhancing Governance Model:**
  - BoD Independence & Diversity, revising the system of Powers in SPVs and TCF
- Tax Control Framework:**
  - Tax Control Framework abroad (FR, GE)
- Sustainable Procurement:**
  - +10 pts in average strategic suppliers scoring



# 100% OF 2021-2025 BP CAPEX CONSISTENT WITH UN SDGs

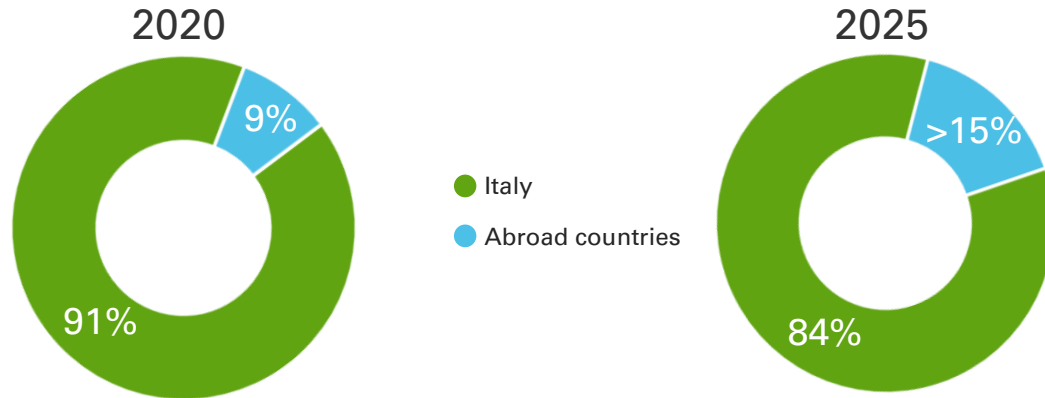
Business/Technology	EU Taxonomy <sup>(1)</sup>	SDGs contribution	% on TOTAL CAPEX	2021-2025 CAPEX
Wind 	100% 	 7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION	~68%	~€2.1bn  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE } 3%  12 RESPONSIBLE CONSUMPTION AND PRODUCTION } 6%  7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION <b>91%</b>
Solar 	100% 	 7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION	~22%	
Thermo 	Energy transition contributor Waiting for the final Taxonomy	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	~3%	
Hydro 	100% 	 7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION	~1%	
O&M 	~100% 	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	~6%	

We are #SDGscontributors

# ENHANCING DIVERSITY IN AN INTERNATIONAL INDUSTRIAL GROUP

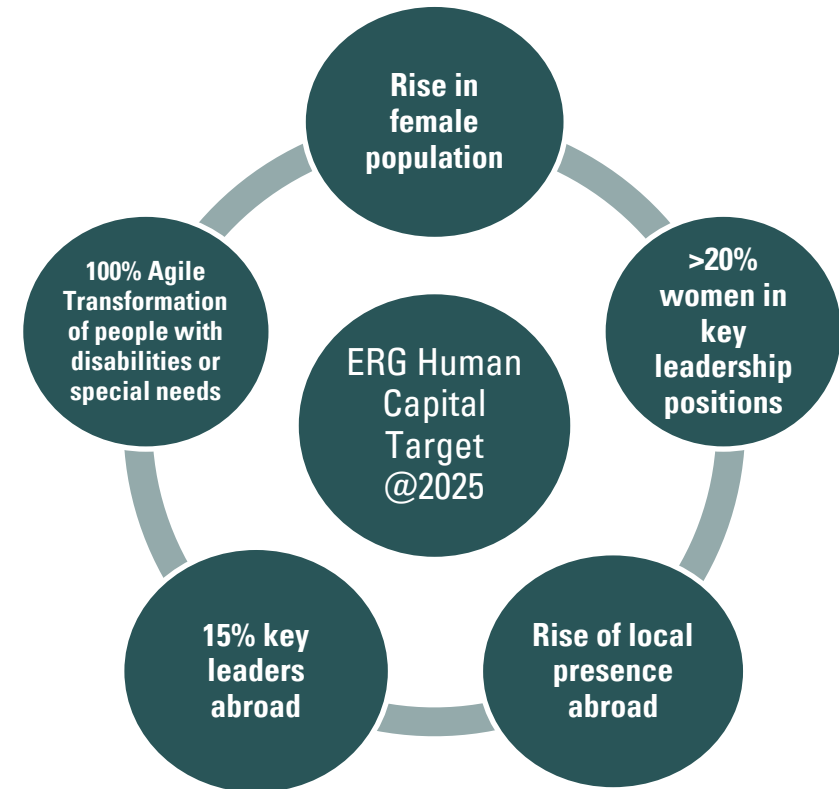
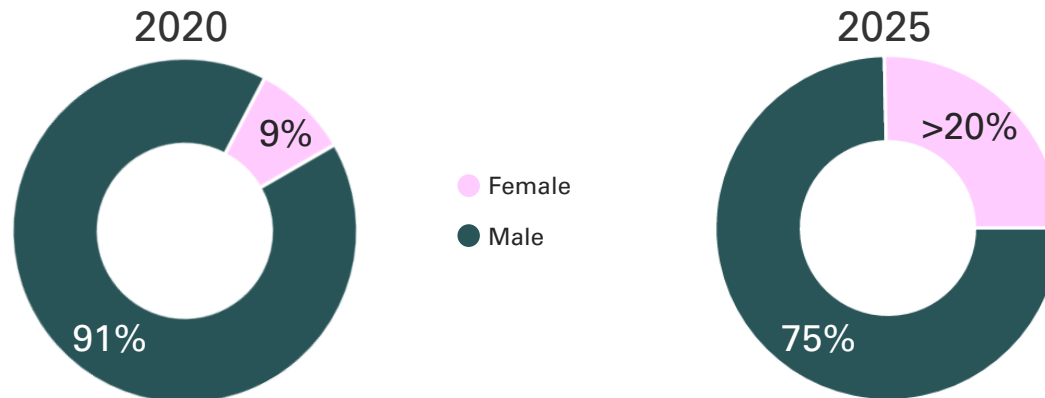


## Key Leaders abroad



## Women Key Leaders

Strengthening the female presence through +40% net female additions in 2021



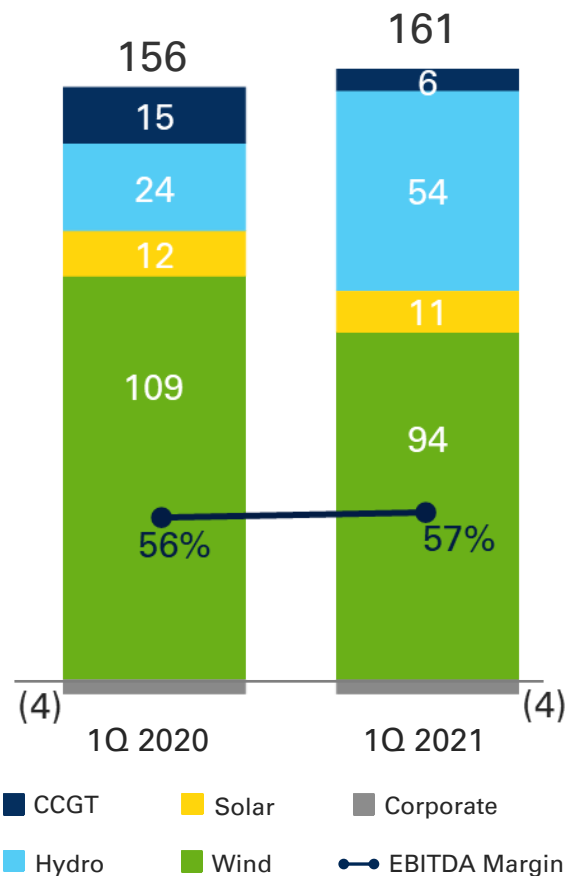
# 1Q 2021 Results

Michele Pedemonte - CFO

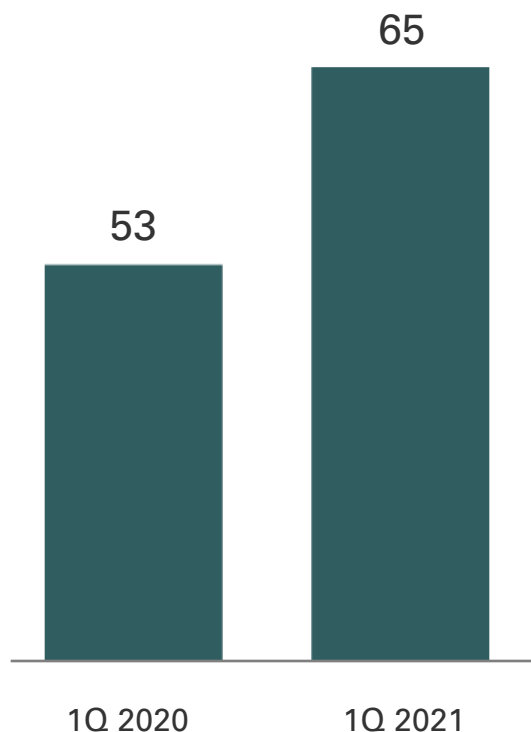


# HIGHLIGHTS FIGURES

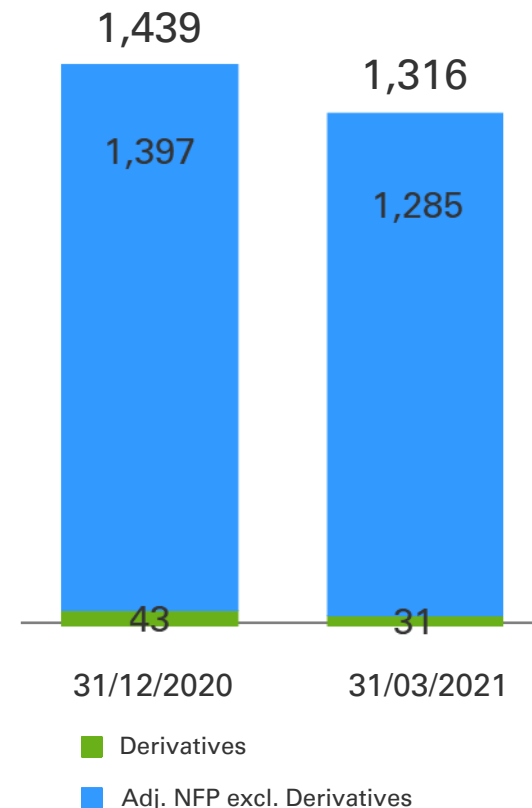
### Adjusted EBITDA (€ mn)



### Adjusted Net Profit (€ mn)



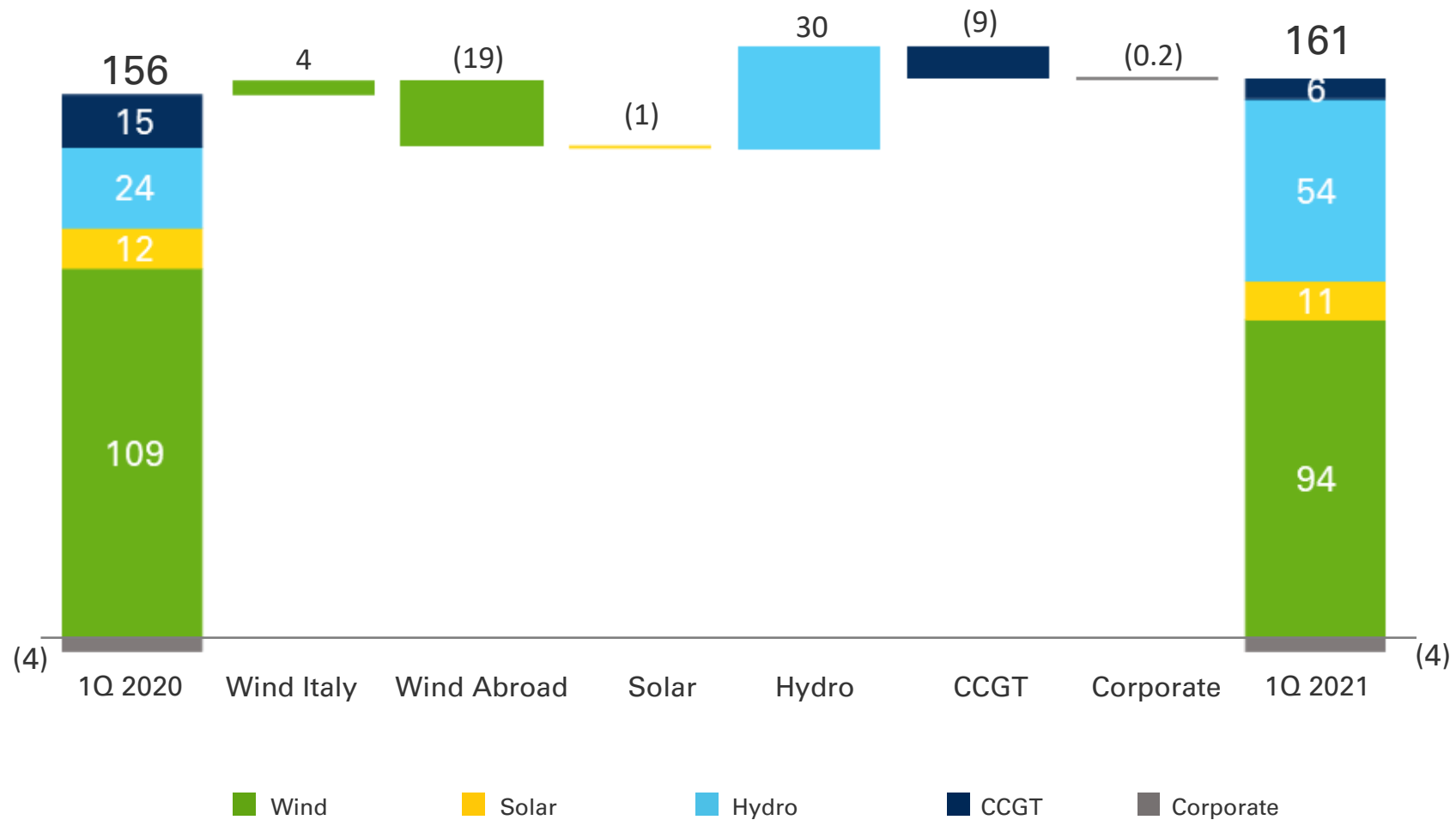
### Adjusted NFP (€ mn)



**Heavy rainfalls more than offset lower wind abroad and weaker CCGT  
Bottom line up YoY thanks mainly to lower financial charges**



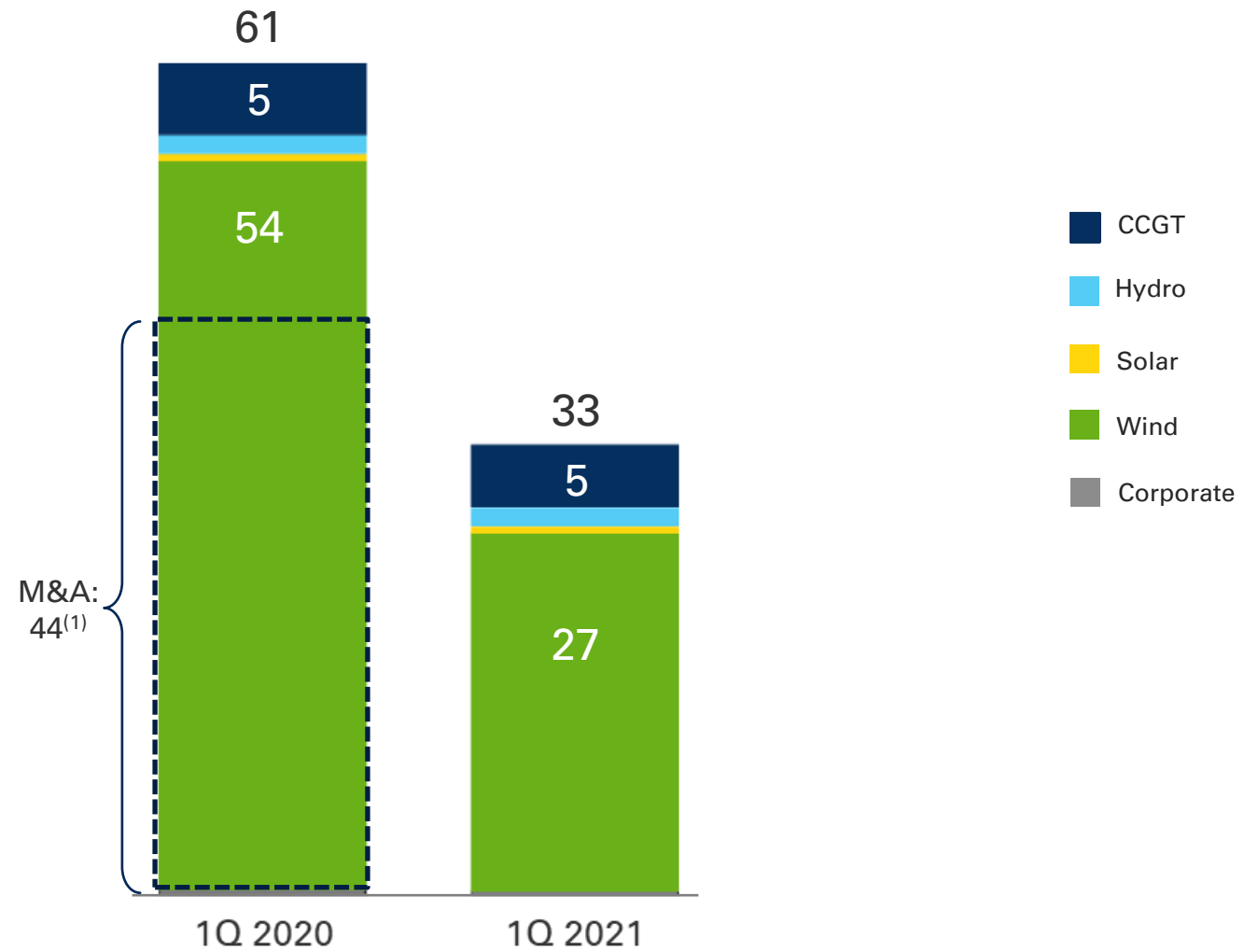
# 1Q 2021 GROUP EBITDA EVOLUTION



**Weaker wind abroad, strong recovery in hydro volumes and weaker CCGT due to end of CAR2**



# INVESTMENTS



<sup>(1)</sup> M&A CAPEX related to the closing of Trinity acquisition (which took place on February 24, 2020 for an amount of €42mn), and of Laszki acquisition (which took place on March 5, 2020) amounting to €2mn

# ADJUSTED P&L

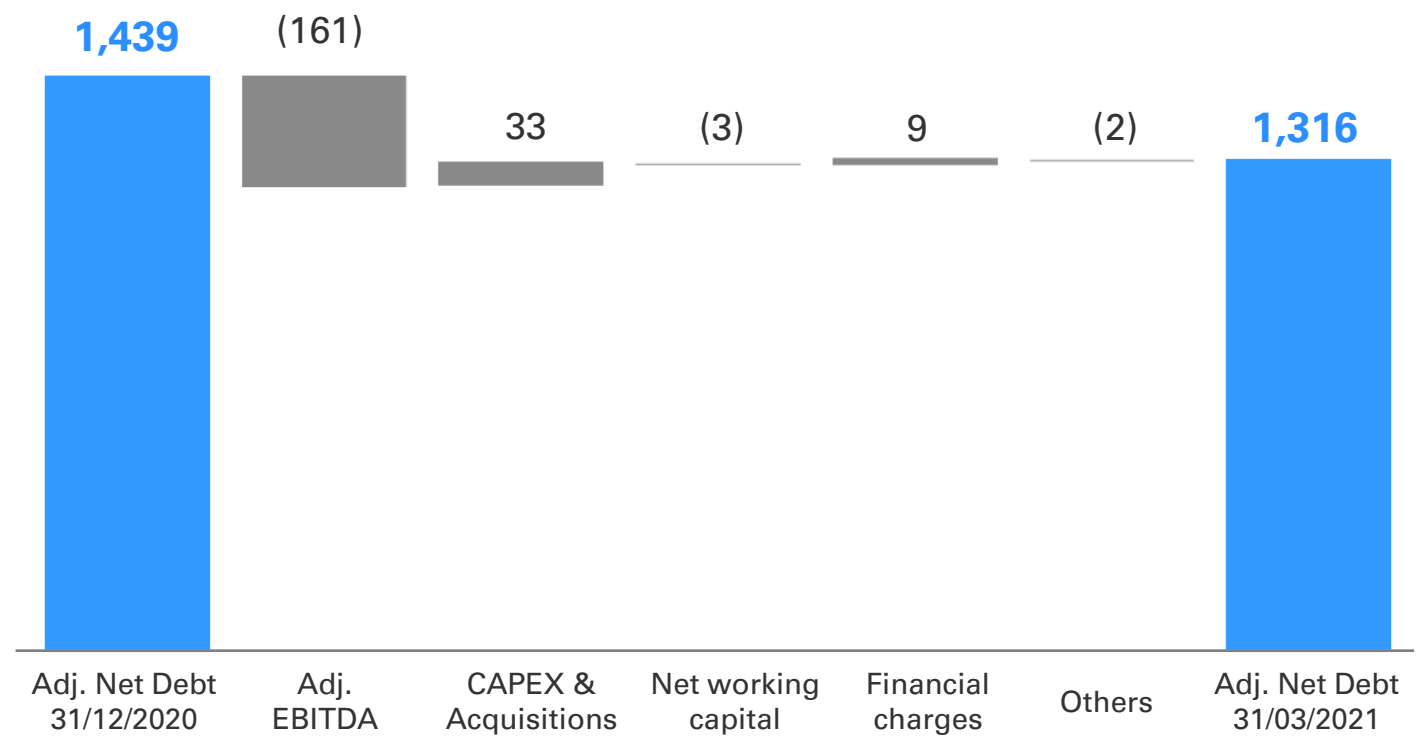
4Q 2020	Euro millions	1Q 2021	1Q 2020
119	Adjusted EBITDA	161	156
(74)	<i>Amortization and depreciation</i>	(68)	(75)
45	Adjusted EBIT	93	81
(9)	<i>Net financial income (expenses)</i>	(8)	(13)
0	<i>Net income (loss) from equity investments</i>	0	0
36	Adjusted Results before taxes	85	68
(9)	<i>Income taxes</i>	(21)	(15)
27	Adjusted Results for the period	65	53
0	<i>Minority interests</i>	0	0
27	Adjusted Net Profit	65	53
25%	Tax Rate	24%	22%



Note: figures based on NO GAAP measures



# 1Q 2021 CASH FLOW STATEMENT



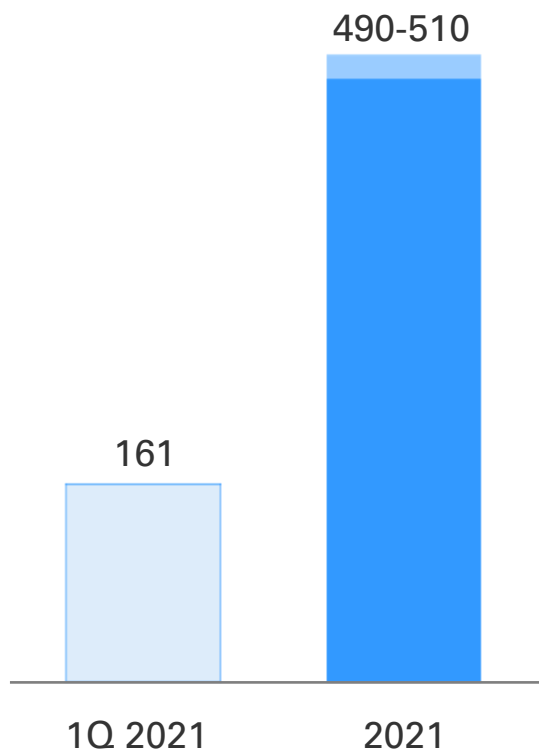
# 2021 Guidance & Final Remarks

Paolo Merli - CEO

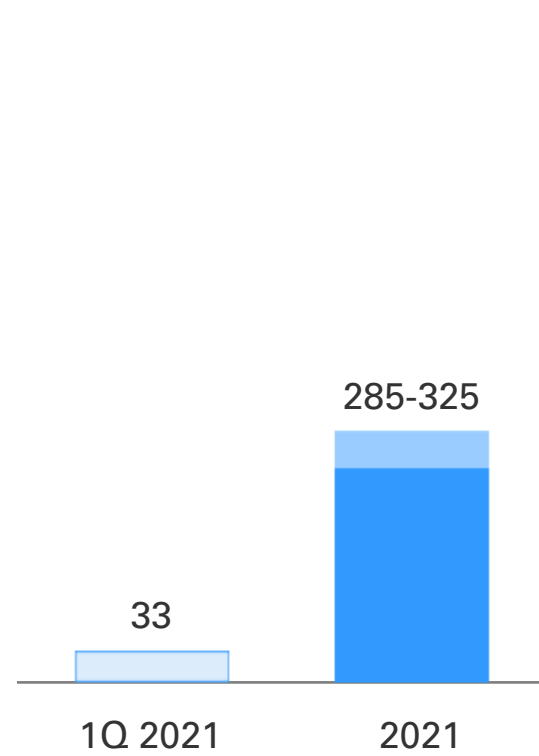


# 2021 GUIDANCE

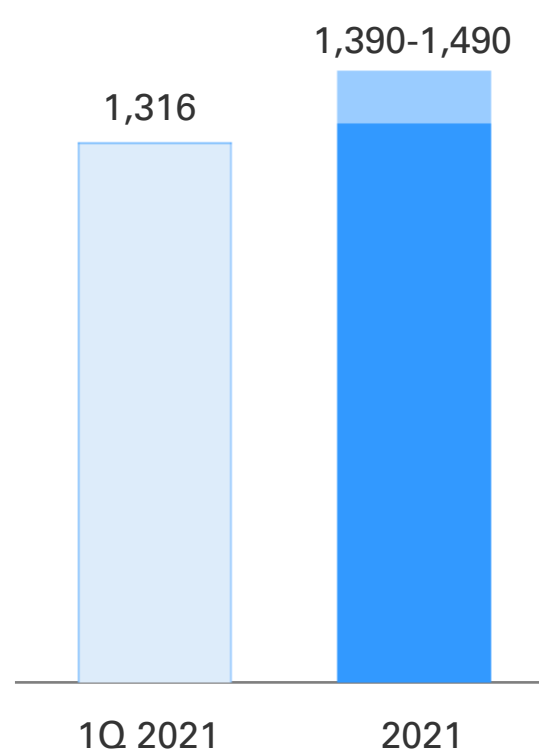
Adjusted EBITDA (€ mn)



CAPEX<sup>(1)</sup> (€ mn)



Adjusted NFP (€ mn)



Actual      Guidance      Guidance range

**Revised upwards to capture a solid Q1 and current water reservoir level**

<sup>(1)</sup> It includes about €50mn of Capex related to the construction Capex for ERIK project in Sweden



# 2021-2025 BP KEY TARGETS

**CAPACITY (GW)**

Year	Capacity (GW)
2020	3.1
2025	~4.7

- +1,500 MW through:
  - 0.4GW in construction
  - 0.5GW from owned Pipeline (RPW and GF)
  - 0.6GW from M&A and new Pipeline

**EBITDA (€ mn)**

Year	EBITDA (€ mn)
2020	481
2025	~550

- EBITDA at ~€550mn
  - 80% quasi regulated
  - 30% abroad

**CAPEX (€ bn)**

Year	Other	RES Development	Total
2025	~0.2	~1.7	~1.9

- €2.1bn CAPEX
  - ~€1.9bn of RES development
  - 100% CAPEX consistent with UN SDGs

**NFP (€ bn)**

Year	NFP (€ bn)
2020	1.4
2025	~2.0

- Releverage to fuel growth backed by a sustainable IG rating
- Leverage @ ~3.5x NFP/EBITDA

**DIVIDEND POLICY**

- A sustainable yearly dividend of €0.75/sh





# ACTION PLAN BASED ON 3 STRATEGIC PILLARS

## *R*<sup>3</sup> - Strategy



# ESG 3

The image features the letters 'ESG' in a large, dark blue, sans-serif font. The letter 'E' is solid dark blue. The letter 'S' is composed of four colored segments: a dark teal segment at the bottom left containing the word 'PEOPLE' and a person icon; a light blue segment at the top left containing the word 'ENGAGEMENT' and a handshake icon; a dark blue segment at the top right containing the word 'GOVERNANCE' and a scales of justice icon; and a green segment at the bottom right containing the word 'PLANET' and a globe icon. To the right of the 'S' is a large green number '3'. A vertical gradient bar on the left side of the page transitions from dark blue at the bottom to light blue at the top.

