Press Release

The Board of Directors of ERG S.p.A. approves the Interim Management Report at 30 September 2018

Third quarter of 2018
- ***Consolidato adjusted[1] EBITDA: €105 mln, restated[2] €98 mln in the 3rd qtr of 2017***
- ***Adjusted[1] Group net result: €17 mln, restated[2] €16 mln in the 3rd qtr of 2017***

Nine months of 2018
- ***Consolidated adjusted[1] EBITDA: €381 mln, restated[2] €356 mln in the 9 months of 2017***
- ***Adjusted[1] Group net result: €92 mln, restated[2] €88 mln in the 9 months of 2017***

Genoa, 14 November 2018 – At its meeting held yesterday, the Board of Directors of ERG S.p.A. approved the Interim Management Report at 30 September 2018.

Consolidated adjusted financial results

3rd Quarter			Performance highlights (million Euro)	First nine months		
2018	**2017**	**Var. %**		**2018**	**2017**	**Var. %**
105	98	7%	**EBITDA**	381	356	7%
38	36	5%	**EBIT**	178	168	6%
17	16	5%	**Group net result**	92	88	4%

	30.09.18	**31.12.17**	**Variation**
Net financial debt (million Euro)	1,389	1,233	+157
Leverage[3]	43%	40%	

Luca Bettonte, ERG's Chief Executive Officer, commented: **"The results during the quarter have continued to grow, confirming the trend observed since the start of the year. Again in these three months of the year characterised by scarce wind conditions and abundant water availability, the complementarity of the various energy sources and the contribution of additional capacity as regards Solar Power in Italy and Wind Power in Europe have played a key role in the achievement of improved results compared to a year ago. These factors, also supported by a favourable price scenario, more than offset, in the Wind Power sector, the poor wind conditions, the higher imbalance charges and the discontinuation of incentives as regards part of the Italian output and, in the Thermoelectric Power sector, the decline in value of White Certificates and reduction in generation margins due to the rise in the price of CO2. In the light of such results we feel confidently able to confirm the increased Guidance indicated at the time of the half-yearly report and therefore forecast, for the end of 2018, EBITDA between 490 and 500 million Euro and a net debt of 1,350 million Euro, after the distribution of dividends amounting to 171 million Euro, and including investments totalling between 520 and 540 million Euro."**

[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] For a definition and reconciliation of Restated amounts reference is made to the Preliminary Remarks section of this Press Release
[3] The ratio of total net financial debt (including project financing) to net invested capital

Preliminary remarks

Restated comparative data

The sale of **TotalErg**, completed on 10 January 2018, marked the definitive exit from the OIL industry on the part of the ERG Group, whose business starting from 2018 thus exclusively concerns the market for the generation of electricity from renewable sources. The comparison of 2018 results with those for the corresponding periods in 2017 is therefore affected by this variation in scope: consequently, in order to facilitate the understanding of performance and the comparability of the results during the two periods, and bearing in mind the Group's new strategic and industrial positioning, the comparative financial data for 2017 have been modified, excluding the adjusted results[4] pertaining to the TotalErg joint venture which were previously consolidated using the equity method and stated at the line "Net income (loss) from equity investments". In the first nine months of 2017 this contribution was positive by Euro 25 million (+Euro 24 million as regards FY2017).
Starting from 1 January 2018 accounting standard **IFRS 15 – Revenue from Contracts with Customers** has been applied, without significantly impacting the Group's Consolidated Financial Statements. More specifically, for some contracts ERG has been identified as "agent", providing for net revenue amounts to be reported showing just the total income.

Financial highlights	First nine months of 2017	*Deconsolidation of TotalErg*	*IFRS 15 reclassifications*	First nine months of 2017 restated
Revenues from ordinary operations	765	*0*	*(7)*	759
Adjusted EBITDA	**356**	***0***	***0***	**356**
Adjusted EBIT	**168**	***0***	***0***	**168**
Net result	114	*(26)*	*0*	88
Of which Group net result	114	*(26)*	*0*	88
Adjusted Group net result	**113**	***(25)***	***0***	**88**

Change in the scope of business during the third quarter of 2018

- **Wind power**

On **1 August 2018** ERG, through its subsidiary ERG Power Generation S.p.A., finalised the acquisition of a 100% stake in the company Creag Riabhach Wind Farm Ltd, a company incorporated under Scottish law, holder of authorisations for the construction of a wind farm in Scotland, to the north of Inverness, in the county of Sutherland. The wind farm will comprise 22 turbines, giving an authorised capacity of 79.2 MW and estimated electricity output, when fully operational, of around 250 GWh/year, corresponding to more than 3,000 equivalent hours and approximately 147 kt of avoided CO_2 emissions.
The works for construction of the wind farm are scheduled to commence during 2020 and the facility is expected to come into operation, after completion of the connection to the national grid, by the end of March 2022. The wind farm will participate in the UK's existing energy and capacity markets. The total estimated investment for construction of the wind farm is approximately £89 million (about 98 million Euro at the current exchange rate), which already includes the amount paid to purchase the investment.
By way of this transaction, ERG consolidates its organic growth path outside of Italy and more specifically in the UK, with a growth in secured capacity from 84MW to 163MW, and, also following the recent acquisitions in France, increases from 40% to around 70% the secured percentage of overall Plan objectives.

On **3 August 2018**, through its subsidiary ERG Eolienne France Sas, ERG acquired from Renvico France SAS a 25% equity interest in the companies Parc Eolienne de la Voie Sacrée Sas and Parc Eolienne d'Epense Sas, owners of two wind farms with an overall capacity of 16.25 MW, which came on stream respectively in 2007 and 2005; this follows the 75% stake already purchased from Vent d'Est in the first quarter of 2018.

[4] Net of special items and inventory gains (losses)

Considering the new acquisition of assets in the UK market, starting from this Report the development project companies ERG UK Holding LTD (in October, renamed Evishagaran Wind Farm LTD) and Sandy Knowe Wind Farm LTD, owners of two already authorised development projects in the United Kingdom respectively for 35 MW and 49 MW, which were previously valued using the cost method due to their non-significant dimensions and not-yet-operational status, have also been fully consolidated.

Third quarter

Consolidated financial results

In the third quarter of 2018 **revenues from ordinary operations** came to Euro 250 million, with an increase compared to Euro 225 million in 2017 following the contribution made by the new assets, particularly the solar power plants, within a general situation of strongly rising electricity prices in the reference markets, such effects being only partially offset by the expected phase-out of incentives on part of the productions.

Adjusted EBITDA, at Euro 105 million, showed an improvement with respect to Euro 98 million posted during the corresponding period in 2017. The positive variation of Euro 6 million reflects the following:

- **Wind Power (-17):** EBITDA amounted to Euro 40 million, with a downturn compared to the corresponding period a year earlier (Euro 57 million), following the poorer results of the Italian wind farms (Euro -16 million), due above all to the significantly less favourable wind conditions, as well as, to a lesser extent, the decrease in incentivised output (74% of the total compared to 82% in 2017), the lower unitary incentive value (99 Euro/MWh compared to 107 Euro/MWh) and the imbalance charges; the overseas wind farms posted just a slight downturn in results (Euro -1 milion) despite the very unfavourable wind conditions in all the reference geographical locations and the anticipated reduction from two to just one green certificate in Romania; these effects were almost entirely compensated by the improved price scenario recorded in Poland and Romania and by the growth in French installed capacity.

- **Solar Power (+12):** as regards the plants acquired from Forvei at the beginning of the year, EBITDA came to Euro 12 million, in line with forecasts, of which Euro 11 million for energy account revenues and Euro 3 million for market revenues, net of approximately Euro 2 million for overheads mostly pertaining to maintenance costs.

- **Hydroelectric Power (+19):** EBITDA, at Euro 38 million (Euro 19 million in 2017), showed a strong growth compared to the previous year, thanks to the period's abundant water availability and the utilisation of reservoirs during the quarter.

- **Thermoelectric Power (-5):** the result posted by thermoelectric power came to Euro 18 million, with a downturn of Euro 5 million compared to Euro 23 million in the third quarter of 2017, following above all the lower output due to maintenance on the steam turbines during the month of July and, to a lesser extent, the reduced contribution from sales, which reflected the less profitable trend in the spark spread.

Adjusted EBIT amounted to Euro 38 million (Euro 36 million in the third quarter of 2017) after amortisation and depreciation totalling Euro 67 million, up by Euro 5 million particularly following the new investments in Solar Power and acquisition of the new wind farms in France.

The **adjusted Group net result** of Euro 17 million showed an upturn compared to the restated figure of Euro 16 million for the third quarter of 2017, thanks to the already commented improvement in operating results.

The **Group net result** came to Euro 19 million (restated Euro 16 million in the third quarter of 2017) and reflects the already commented increase in net operating results, as well as the capital gain associated with refinancings during the period pursuant to accounting principle IFRS9.

Net financial debt, at **Euro 1,389 million**, showed a decrease of Euro 77 million with respect to 30 June 2018 and reflects the positive net operating cash flow, also following the positive trend in net working capital, which benefitted from the incentive payments received in connection with output for the first part of 2018

(Euro 91 million) and the Energy Efficiency Certificates generated in 2017 (Euro 27 million), partially offset by investments during the period (Euro 37 million) and the payment of taxes (Euro 8 million).

Nine months

In the first nine months of 2018 **revenues from ordinary operations** totalled Euro 766 million, essentially in line with the first nine months of 2017 (Euro 759 million).

Adjusted EBITDA came to Euro 381 million, with an increase compared to Euro 356 million posted in 2017. The positive variation of Euro 25 million reflects the following factors:

- **Wind Power (-28):** EBITDA amounted to Euro 199 million, with a decrease compared to the corresponding period a year earlier (Euro 227 million), reflecting the poorer results of the Italian wind farms (Euro -32 million), due above all to the less favourable wind conditions, the reduction in incentivised output (72% of the total compared to 85% in 2017), the lower unitary incentive value (99 Euro/MWh rispetto ai 107 Euro/MWh), as well as the imbalance charges, only partly compensated by the positive scenario of the energy market prices. The downturn in Italian results were only partially offset by the improved results outside of Italy (Euro +4 million) thanks to the increase in French installed capacity and the contribution during the first quarter from the Brockaghboy wind farm in the UK, despite the less favourable wind conditions.

- **Solar Power (+28):** as regards the plants acquired from Forvei at the beginning of 2018, EBITDA came to Euro 28 million, in line with forecasts, of which Euro 26 million for energy account revenues and Euro 6 million for market revenues, net of approximately Euro 4 million for overheads mostly pertaining to operation and maintenance costs.

- **Hydroelectric Power (+45):** EBITDA came to Euro 118 million (Euro 73 million in 2017), with a strong growth compared to the previous year which, *inter alia*, had benefitted from the recovery of prior incentives in the amount of Euro 8 million associated with cancellation of the RES-E (*IAFR*) status revocation for certain plants. Performance was favourably affected by both the abundant water availability recorded during the period, particularly starting from the month of March, and the utilisation of reservoirs during the third quarter.

- **Thermoelectric Power (-15):** the result posted by the thermoelectric sector, at Euro 48 million, was down by Euro 15 million with respect to Euro 63 million in the first nine months of 2017, following above all the lower contribution to results from Energy Efficiency Certificates, which in the first nine months of 2017 had also benefitted to the extent of around Euro 11 million from the revaluation of certificates accrued in 2016 and sold in 2017. The results also reflected the less profitable trend in the spark spread.

Adjusted EBIT came to Euro 178 million (Euro 168 million in the first nine months of 2017) after amortisation and depreciation totalling Euro 203 million, up by Euro 15 million mainly following the new investments in Solar Power and the wind farms acquired in France during the course of the year.

The **adjusted Group net result** amounted to Euro 92 million, with a growth over the restated figure of Euro 88 million for the first nine months of 2017, reflecting the already commented improvement in operating results and the increase in financial charges associated with the funding of the newly-acquired production capacity.

The **Group net result** of Euro 124 million (restated Euro 88 million in the first nine months of 2017) reflects, in addition to the already commented improvement in net operating results, the capital gain relating to the sale of Brockaghboy (Euro 26 million).

Net financial debt came to **Euro 1,389 million**, showing an increase (Euro 157 million) with respect to 31 December 2017 (Euro 1,233 million) and reflecting investments during the period (Euro 484 million), the distribution of dividends (Euro 171 million), the payment of a debt associated with previous years' OIL purchases (Euro 42 million) and the payment of taxes (Euro 8 million), partly offset by the positive cash flow during the period (Euro 262 million) and the payments received for the sale of TotalErg (Euro 180 million) and Brockaghboy (Euro 106 million).

Investments

3rd Quarter		Million Euro	Nine months	
2018	**2017**		**2018**	**2017**
32	7	Wind Power	130	66
0	n.a.	Solar Power	345	n.a.
2	2	Thermoelectric Power	4	5
2	2	Hydroelectric Power	3	4
1	0	Corporate	2	1
37	**11**	**Total investments**	**484**	**77**

Investments in the third quarter of 2018 totalled **Euro 37 million** (Euro 11 million in the third quarter of 2017) and concern the acquisition of Creag Riabhach Wind Farm Ltd, holder of authorisations for the construction of a wind farm in Scotland, and the acquisition from Renvico France SAS of the remaining 25% stake in the companies Parc Eolienne de la Voie Sacrée SAS and Parc Eolienne d'Epense SAS. Moreover, during the period investments were carried out **in property, plant and equipment and intangible fixed assets amounting to Euro 13 million,** of which 64% in the Wind Power sector (61% in 2017), primarily connected with development of the new wind farms in France and Germany, 13% in the Thermoelectric Power sector (15% in 2017), 15% in the Hydroelectric Power sector (21% in 2017) and 6% in the Corporate sector (3% in 2017), with reference to the ICT area.

Investments in the first nine months of 2018 totalled **Euro 484 million** (Euro 77 million in the first nine months of 2017) and mainly concern the acquisition of solar power plants in Italy (Euro 345 million), acquisition of the French wind farms from Impax New Energy (Euro 67 million), the acquisition of two wind farms in France (Euro 14 million) and the company Creag Riabhach Wind Farm Ltd, holder of authorisations for the construction of a wind farm in Scotland. Moreover, during the period investments were carried out **in property, plant and equipment and intangible fixed assets amounting to Euro 34 million,** of which 74% in the Wind Power sector (72% in 2017), primarily connected with development of the new wind farms in France and Germany, 11% in the Thermoelectric Power sector (15% in 2017), 9% in the Hydroelectric Power sector (10% in 2017) and 5% in the Corporate sector (4% in 2017), mainly with reference to the ICT area.

Wind Power: investments during the third quarter of 2018 (Euro 32 million) refer above all to the acquisition of Creag Riabhach Wind Farm Ltd, holder of authorisations for the construction of a wind farm in Scotland, the acquisition from Renvico France SAS of the remaining 25% stake in the companies Parc Eolienne de la Voie Sacrée SAS and Parc Eolienne d'Epense SAS, development costs pertaining to the Linda project for the construction of a 21.6 MW wind farm in Germany and the development of French wind farms acquired during the period.
Investments during the first nine months of 2018 (Euro 130 million) primarily refer to the acquisition of two wind farms in France (Euro 14 million), the acquisition of the French wind power companies from Impax New Energy (Euro 67 million) and the acquisition of Creag Riabhach Wind Farm Ltd, holder of authorisations for the construction of a wind farm in Scotland. Moreover, during the period investments were carried out **in property, plant and equipment and intangible fixed assets amounting to Euro 25 million**, mainly in connection with development of the new wind farms in France and Germany.

Solar Power: investments in the first nine months of 2018 concern the acquisition of 30 photovoltaic plants, which came on stream between 2010 and 2011 and are located in 8 regions of Northern and Southern Italy, with an installed capacity of 89 MW and annual output of around 136 GWh. The entire installed capacity is eligible for incentives, with an average expiry date of 2030. The transaction's enterprise value amounted to approximately Euro 345 million.

Hydroelectric Power: Investments in hydroelectric power, amounting to Euro 3 million, 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 2018 (Euro 2 million during the quarter and Euro 4 million in the first nine months of 2018) primarily concerned ERG Power's CCGT facility, which continued with its initiatives aimed at 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 third quarter of 2018, overall electricity sales amounted to 3.1 TWh (2.5 TWh in the corresponding period of 2017), against a total of around 1.6 TWh produced by the Group's facilities (1.6 TWh also in the corresponding period of 2017), of which approximately 0.2 TWh abroad and 1.4 TWh in Italy. The latter figure represents about 1.6% of overall domestic electricity demand (1.6% also in the third quarter of 2017).

During the first nine months of 2018, overall electricity sales came to 10.2 TWh (8.6 TWh in the corresponding period of 2017), against a total of around 5.7 TWh produced by the Group's facilities (5.2 TWh in the corresponding period of 2017), of which approximately 1.0 TWh abroad and 4,6 TWh in Italy. The latter figure represents about 1.9% of overall domestic electricity demand (1.8% in the first nine months of 2017).

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 third quarter of 2018 steam sales[5] carried out amounted to 154 thousand tonnes (178 thousand tonnes in the corresponding period of 2017); 498 thousand tonnes during the first nine months of 2018 (575 thousand tonnes in the corresponding period of 2017).

3rd quarter					Nine months			
2018	**2017**	**Δ**	**Δ%**	**Electricity Output (GWh)**	**2018**	**2017**	**Δ**	**Δ%**
578	**723**	**-145**	**-20%**	**Wind power output**	**2,509**	**2,532**	**-23**	**-1%**
338	*444*	*-106*	*-24%*	*- Italy*	*1,490*	*1,523*	*-33*	*-2%*
240	*279*	*-39*	*-14%*	*- Overseas*	*1,019*	*1,009*	*10*	*1%*
45	**n.a.**	**45**	**n.a.**	**Solar power output**	**109**	**n.a.**	**109**	**n.a.**
401	**232**	**169**	**73%**	**Hydroelectric power output**	**1,402**	**884**	**517**	**59%**
591	**638**	**-47**	**-7%**	**Thermoelectric power output**	**1,645**	**1,812**	**-167**	**-9%**
1,615	**1,593**	**22**	**1%**	**ERG Plants total output**	**5,665**	**5,228**	**437**	**8%**

With regard to output, in the **third quarter of 2018** we particularly report:

Wind Power: wind power output totalled 578 GWh, showing a decrease compared to the third quarter of 2017 (723 GWh), with output down by around 24% in Italy (from 444 GWh to 338 GWh) and 14% abroad (from 279 GWh to 240 GWh).
The downturn in Italian output (-106 GWh) reflects the poorer wind conditions compared to those recorded in the third quarter of 2017 in essentially all regions and especially in Campania, Sicily and Sardinia.
Outside of Italy, the decrease of 39 GWh is primarily ascribable to the lower output in France (-14 GWh) and Eastern Europe (-21 GWh), mainly following the particularly high productions recorded in Bulgaria and Romania in the third quarter of 2017.

Solar Power: output amounted to around 45 GWh, with a load factor of 23%.

Hydroelectric Power: ERG Hydro's output totalled 401 GWh, with a significant increase compared to the corresponding period in 2017 (232 GWh) thanks to the abundant availability of water and management of reservoir levels.

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

Thermoelectric Power: during the **third quarter of 2018,** ERG Power recorded a net electricity output of 591 GWh, with a downturn compared to the corresponding period in 2017 (638 GWh) in the presence of a less favourable market situation characterised by a decline in net generation margins following the progressive growth in CO2 and natural gas prices during the period not yet fully reflected in the sales prices. This trend was in line with the more general trend recorded in Italy for the entire thermoelectric sector.

In the first nine months of 2018:

Wind Power: wind power **electricity output** totalled 2,509 GWh, with a slight falloff compared to the corresponding period in 2017 (2,532 GWh), reflecting an approximately 2% downturn in Italian output (from 1,523 GWh to 1,490 GWh) and a 1% increase outside of Italy (from 1,009 GWh to 1,019 GWh).
The decrease in Italian output (-33 GWh) reflects the poorer wind conditions with respect to those recorded in the first nine months of 2017 in essentially all regions, except for Sicily, Sardinia and Basilicata.
Outside of Italy, the Increase of +10 GWh is ascribable to the contribution, up until 7 March 2018, of the facility in Northern Ireland (29 GWh) as well as the higher productions in France which also benefitted from the output of 24 GWh as regards the recently acquired French plants (Vent d'est and the former Epuron) which were not present in the corresponding period of 2017; these higher productions outside of Italy were partly mitigated by the lower output in Eastern Europe (-53 GWh) with respect to the particularly high productions seen in the first nine months of 2017.

Solar Power: output amounted to around 109 GWh, with a load factor of 19%

Hydroelectric Power: electricity output totalled 1,402 GWh, with an increase compared to both the corresponding period a year earlier (884 GWh) and the ten-year historical average

Thermoelectric Power: During the **first nine months of 2018** ERG Power recorded a net electricity output of 1,645 GWh, with a downturn compared to the corresponding period in 2017 (1,812 GWh) in the presence of a less favourable market situation characterised by a decline in net generation margins following the progressive growth in CO2 and natural gas prices during the period not yet fully reflected in the sales prices. This trend was in line with the more general trend recorded in Italy for the entire thermoelectric sector.

Main events during the quarter

On **1 August 2018** ERG acquired a 100% equity interest in **Creag Riabhach Wind Farm Ltd**, a company incorporated under Scottish Law, holder of authorisations for the construction of a wind farm in Scotland (see PR 3/8/2018).
On **3 August 2018** ERG acquired the remaining 25% stake in two companies, owners of two wind farms in France with an overall capacity of 16.25 MW; this follows the 75% stake already purchased from Vent d'Est SAS in March 2018 (see PR 3/8/2018).
On **3 August 2018** ERG signed an agreement with Quercus for the creation of a public limited company, **ERG Q Solar1**, under the joint ownership of Erg (60%) and the Quercus Italia Solar Fund sub-fund (40%), with the aim of consolidating the Italian photovoltaic market (see PR 3/8/2018). Activities for the establishment of ERG Q Solar 1 are underway.

Main events occurred after the end of the quarter

On **20 October 2018,** to mark the celebration of ERG's 80th anniversary, the parent company San Quirico S.p.A. and ERG S.p.A. signed an agreement providing for the gratuitous assignment of 80 ERG treasury shares in favour of each employee of the ERG Group's Italian companies, the cost of which (including the value of ERG's treasury shares) will be fully reimbursed by the aforesaid San Quirico S.p.A., the Garrone and Mondini families' holding company.
The assignment, to be finalised in January 2019, will concern an overall maximum number of 675 employees and 54,000 shares, currently held in the Company's portfolio, and will have an estimated total value of approximately 1.1 million Euro.
ERG also decided to allocate to the employees of all the Group's companies an extraordinary award in the amount of 1,500 Euro which, as regards the overseas company employees, will be increased by a sum corresponding to the value of the shares assigned to individual Italian company employees. The overall amount of this award is estimated at around 1.2 million Euro (see PR 20/10/2018).

Again as part of ERG's 80th anniversary celebrations, the Group offered to donate a contribution of 1 million Euro to the Municipality of Genoa towards the requalification and sustainable development projects in Valpolcevera following the collapse of the Morandi bridge.

On **25 October 2018,** ERG S.p.A., through its subsidiary ERG Power Generation S.p.A., and E.ON Energia S.p.A signed a framework agreement for the three-year supply of electricity destined for the Italian market, which may be renewed for an additional year.
The agreement provides for ERG to supply E.ON with an overall volume of electricity up to approximately 3TWh during the three years 2019-21, to meet the needs of customers who are increasingly sensitive to the issue of environmental sustainability. Under the agreement, ERG may supply the quantities of electricity requested by E.ON to cover its customers' hour-by-hour requirements (see PR 25/10/2018).

Business outlook

Set out below is the foreseeable trend in the main scenario and performance indicators during 2018:

Wind Power: ERG continues to pursue its international development strategy in the Wind Power sector; in fact following the acquisition of the Melier (8 MW) and Vent d'est (16.25 MW) wind farms, together with the Torfou (18 MW) and Vallée de l'Aa (13 MW) wind farms under construction and scheduled to come on stream during the year, by the end of 2018 installed capacity in France will exceed 300 MW. Regarding Italy, however, in keeping with the forecasts contained in the 2018 – 2022 Business Plan, a downturn in EBITDA is expected due to the negative impact of the new imbalance legislation, the progressive exit from the incentive system during the year of around 72 MW and the lower incentive price, the value of which is determined based on the average price of electricity recorded in 2017. Outside of Italy, the result is expected to be approximately in line with the previous year; the increase in installed capacity in France and the favourable scenario in Poland offset the discontinuation of the double green certificate in Romania.
Generally speaking, the Wind Power sector is therefore expected to post a net downturn in overall EBITDA, also in view of the poor wind conditions both in Italy and abroad during the first nine months of the year.

Solar Power: In 2018 ERG entered the Solar Power sector via the acquisition of FORVEI (89 MW), further consolidating its technological diversification strategy. Moreover, due to the significant size of the operation it will be possible to expand and optimise Energy Management's portfolio and capitalise on industrial skills in the management of assets.
Overall, EBITDA for the Solar Power sector will contribute towards improving the result compared to 2017, the year prior to the Group's entry into this technology.
For FY2018 EBITDA is expected to exceed Euro 30 million, in line with the Business Plan forecast.

Hydroelectric Power: During 2018, ERG will continue interventions to consolidate the Terni hydroelectric complex. Results are expected to show a strong growth due to the higher volumes anticipated compared to the previous year, such as to more than offset the lower price of the incentive provided for approximately 40% of output, and the revenues associated with the recovery of prior incentives totalling around Euro 8 million which had benefitted the hydroelectric power sector in 2017.
The hydroelectric power sector is expected to post a significant upturn in EBITDA.

Thermoelectric Power: During 2018, ERG will continue to improve the operating efficiency of ERG Power's CCGT plant. A sharp downturn in results is expected due to the less favourable price scenario and the decrease in the price of white certificates, partly mitigated by participation in the dispatching services market, recovery of operational efficiency and the Energy Management business.
The thermoelectric sector is expected to post a decline in EBITDA.

Overall FY2018 EBITDA therefore continues to be forecast within a range of between Euro 490 and 500 million, with a growth compared to 2017 (Euro 472 million) despite the decreasing incentivised perimeter in the Italian Wind Power sector and the lower incentive price as regards both Wind and Hydro. These effects are more than offset by the contribution of the new Solar Power assets and the new overseas wind farms, as well as the anticipated significant growth in volumes as regards the Hydro sector.
FY2018 investments are expected to be in a range of between Euro 520 and 540 million, in line with the previous indication. ERG's cash generation, both from operating activities and deriving from the sale of

TotalErg and Brockaghboy, will make it possible to limit the increase in debt to around Euro 1.35 billion (Euro 1.23 billion in 2017), partially offsetting investments during the period, as well as the distribution of an ordinary and extraordinary dividend of Euro 1.15 per share and the payment of financial charges.

In reference to the estimates and forecasts provided, 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, the impact of regulations for the oil and energy industry and for the environment, other changes in business conditions and in the action of the competition.

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

Pursuant to Article 154-bis(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 third quarter will be illustrated to analysts and investors today, at 11.00 a.m. (CET), 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 eMarket Storage authorised storage mechanism (www.emarketstorage.com) 15 minutes before the conference call.

This press release, issued at 7.45 a.m.(CET) on 14 November 2018, 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 eMarket Storage authorised storage mechanism (www.emarketstorage.com). The Interim Management Report at 30 September 2018 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 eMarket Storage authorised storage mechanism (www.emarketstorage.com).

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Performance highlights

3rd quarter 2018	3rd quarter 2017 restated	(EUR million)		9 months 2018	9 months 2017 restated
		Main Income Statement data			
250	225	Revenues from ordinary operations		766	759
105	**98**	**EBITDA adjusted**		**381**	**356**
38	**36**	**EBIT adjusted**		**178**	**168**
19	16	Net income		124	88
19	16	of which Group net income		124	88
17	**16**	**Group net profit (loss) adjusted** [(1)]		**92**	**88**
		Main Financial data			
3,209	**3,153**	**Net invested capital**		**3,209**	**3,153**
1,819	1,783	Shareholders' Equity		1,819	1,783
1,389	1,370	Total net financial indebtedness [(2)]		1,389	1,370
1,228	1,209	of which non-recourse Project Financing [(3)]		1,228	1,209
43%	43%	Financial leverage		43%	43%
42%	**44%**	**EBITDA Margin %**		**50%**	**47%**
		Operating data			
1,791	**1,768**	**Installed capacity at period end - wind farms**	*MW*	**1,791**	**1,768**
578	723	Electric power generation from wind farms	*milioni di KWh*	2,509	2,532
480	**480**	**Installed capacity - thermoelectric plants**	*MW*	**480**	**480**
591	638	Electric power generation from thermoelectric plants	*milioni di KWh*	1,645	1,812
527	**527**	**Installed capacity at period end - Hydoelectric plants**	*MW*	**527**	**527**
401	232	Electric power generation from hydroelectric plants	*milioni di KWh*	1,402	884
90	**n.a.**	**Installed capacity - solar plants**	*MW*	**90**	**n.a.**
45	n.a	Electric power generation from solar plants	*milioni di KWh*	109	n.a
3,132	**2,537**	**Total sales of electric power**	*milioni di KWh*	**10,218**	**8,601**
37	11	Investments [(4)]	*milioni di Euro*	484	77
742	**717**	**Employees at period end**	*Unità*	**742**	**717**
		Net unit revenues			
130.8	140.1	Wind Italy	*Euro/MWh*	125.0	147.0
95.2	94.4	Wind Germany	*Euro/MWh*	93.8	95.2
86.5	89.5	Wind France	*Euro/MWh*	86.9	88.9
57.7	49.3	Wind Poland	*Euro/MWh*	57.7	44.1
72.7	62.2	Wind Bulgaria	*Euro/MWh*	71.6	63.2
59.7	41.6	Wind Romania	*Euro/MWh*	52.9	57.7
n.a.	n.a.	Wind UK	*Euro/MWh*	100.4	n.a.
302.4	n.a.	Solar	*Euro/MWh*	295.3	n.a.
119.2	122.1	Hydroelectrict power	*Euro/MWh*	104.8	106.8
42.8	44.0	Thermoelectric power	*Euro/MWh*	39.2	46.2

To enhance an understanding of the Group's business performance, adjusted revenue and operating results are shown, therefore excluding special items. The restated comparative 2017 figures do not take account of the adjusted results of TotalErg, sold in January 2018.

(1) does not include special items and related applicable theoretical taxes

(2) includes the non-current financial loan to api S.p.A. (EUR 37 million) as deferred component of the TotalErg sale price.

(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. Including investments through Mergers & Acquisitions equal to EUR 449 million performed in the first nine months of 2018 for the acquisition of the companies of the ForVei Group (solar) and for the acquisitions of companies owning wind farms in France, Germany and the United Kingdom. In the first nine months of 2017, investments through Mergers & Acquisitions amounted to EUR 39.5 million for the acquisition of the DIF Group (wind) companies in Germany

Performance highlights by segment

3rd quarter 2018	3rd quarter 2017 restated	(EUR million)	9 months 2018	9 months 2017 restated
		Revenues from ordinary operations:		
70	87	Wind power	280	319
14	n.a	Solar	32	n.a
51	29	Hydroelectric power	151	104
115	108	Thermoelectric power [1]	302	335
8	10	Corporate	25	30
(8)	*(10)*	*Intra-segment revenues*	*(25)*	*(29)*
250	**225**	**Total revenues**	**766**	**759**
		EBITDA adjusted		
40	57	Wind power	199	227
12	n.a	Solar	28	n.a
38	19	Hydroelectric power	118	73
18	23	Thermoelectric power [1]	48	63
(3)	**(0)**	Corporate	(11)	(6)
105	**98**	**EBITDA adjusted**	**381**	**356**
		Amortisation, depreciation and write-downs		
(39)	(40)	Wind power	(120)	(119)
(5)	n.a	Solar	(15)	n.a
(14)	(15)	Hydroelectric power	(43)	(44)
(8)	(7)	Thermoelectric power [1]	(23)	(23)
(1)	(1)	Corporate	(2)	(2)
(67)	**(62)**	**Amortisation and depreciation adjusted**	**(203)**	**(188)**
		EBIT		
1	17	Wind power	79	108
7	n.a	Solar	13	n.a
23	4	Hydroelectric power	74	29
11	16	Thermoelectric power [1]	25	39
(4)	(1)	Corporate	(13)	(8)
38	**36**	**EBIT adjsuted**	**178**	**168**
		Investments [2]		
32	7	Wind power	130	66
0	n.a	Solar	345	n.a
2	2	Hydroelectric power	3	4
2	2	Thermoelectric power	4	5
1	0	Corporate	2	1
37	**11**	**Total investments**	**484**	**77**

(1) Includes residual contribution of minor portfolios managed by Energy Management not attributable to individual businesses

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

Adjusted Income Statement

To enhance an understanding of the Group's performance, the operating results are shown in this section excluding special items. As already indicated in the Introduction, the restated comparative data are shown in order to take account of the change in scope linked to TotalErg and Brockaghboy and the application of IFRS 15.For the definition of indicators, the composition of the financial statements and the reconciliation of the amounts involved, as well as for the restatement of the restated comparative figures, reference is made to that indicated in the section Alternative Performance Indicators below.

3rd quarter			9 months	
2018	**2017 restated**	*(EUR million)*	**2018**	**2017 restated**
250.3	224.5	Revenues from ordinary operations	766.0	758.7
2.8	2.3	Other revenues and income	16.8	7.1
253.1	**226.9**	**TOTAL REVENUES**	**782.9**	**765.8**
(93.8)	(77.4)	Costs for purchase and changes in inventory	(233.4)	(248.8)
(39.9)	(37.1)	Costs for services and other operating costs	(122.7)	(114.6)
(14.8)	(14.1)	Cost of labor	(45.4)	(45.9)
104.7	**98.2**	**EBITDA**	**381.4**	**356.4**
(67.1)	(62.4)	Amortisation, depreciation and write-downs of fixed assets	(203.3)	(188.1)
37.5	**35.8**	**EBIT**	**178.0**	**168.4**
(15.3)	(15.3)	Net financial income (expenses)	(53.1)	(49.3)
0.1	0.2	Net income (loss) from equity investments	0.1	0.1
22.3	**20.7**	**Profit before taxes**	**125.0**	**119.2**
(5.7)	(4.9)	Income taxes	(32.8)	(30.9)
16.6	**15.8**	**Profit for the period**	**92.2**	**88.3**
(0.0)	0.0	Minority interests	(0.1)	0.0
16.6	**15.8**	**Group's net profit (loss)**	**92.1**	**88.3**

Reclassified Statement of Financial Position

The reclassified statement of financial position contains the assets and liabilities of the financial statements, used to draft the interim financial report at 30 June, 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

09/30/2017	Reclassified Statement of Financial Position	09/30/2018	06/30/2018	12/31/2017
	(EUR million)			
3,280.8	Fixed assets	3,312.7	3,343.8	3,260.8
140.8	Net working capital	182.7	224.1	150.0
(6.6)	Employees' severance indemnities	(6.0)	(5.8)	(6.4)
319.7	Other assets	316.4	322.2	278.7
(582.2)	Other liabilities	(597.0)	(608.9)	(573.0)
3,152.6	**Net invested capital**	**3,208.7**	**3,275.4**	**3,110.1**
1,782.5	Group Shareholders' Equity	1,819.3	1,807.8	1,877.5
0.0	Minority interests	0.0	1.2	0.0
1,370.1	Net financial indebtedness	1,389.4	1,466.4	1,232.7
3,152.6	**Shareholders' equity and financial debt**	**3,208.7**	**3,275.4**	**3,110.1**

Cash Flow:

3rd quarter 2018	2017	(EUR million)	9 months 2018	2017
104.7	98.2	EBITDA adjusted	381.4	356.4
36.6	69.7	Change in working capital	(106.8)	16.0
141.2	**167.9**	**Operative Cash Flow**	**274.5**	**372.4**
(13.0)	(10.9)	Investments on tangible and intangible fixed assets	(34.4)	(35.1)
(24.1)	-	Acquisition of companies *(business combination)*	(449.4)	(39.5)
0.9	(0.4)	Investments on financial fixed assets	-	15.0
-	-	TotalErg transaction	179.5	-
-	-	Sale net asset Brockahgboy	105.7	-
0.0	-	Divestments and other changes	0.2	-
(36.1)	**(11.3)**	**Cash Flow from investments**	**(198.2)**	**(59.6)**
(15.3)	(15.3)	Net Financial income (expenses)	(53.1)	(49.3)
0.1	(0.0)	Net income (loss) from equit investments	0.1	(0.1)
(15.2)	**(15.3)**	**Cash Flow from financial management**	**(53.0)**	**(49.4)**
(8.1)	**-**	**Cash flow from tax management**	**(8.1)**	**(15.2)**
-	-	Distribution of dividends	(171.1)	(74.4)
(4.9)	2.7	Other changes in shareholders' equity	1.3	13.3
(4.9)	**2.7**	**Cash Flow from Shareholders'equity**	**(169.8)**	**(61.1)**
0.1	**-**	**Change in scope of consolidation**	**(2.1)**	**-**
1,466.4	**1,514.1**	**Initial net financial indebtedness**	**1,232.7**	**1,557.2**
(77.0)	*(144.0)*	*Change in the period*	*156.7*	*(187.1)*
1,389.4	**1,370.1**	**Final net financial indebtedness**	**1,389.4**	**1,370.1**

The **cash flow from operations** in the **first nine months of 2018** was a positive EUR 275 million, a decrease of EUR 98 million compared to the same period of 2017, primarily due to the settlement of a EUR 42 million debt in relation to oil purchases in previous years and precise trends in working capital also influenced by TotalErg’s exit from the group VAT consolidation scheme.
The **cash flow from operations** in the **third quarter** was a positive EUR 141 million, a decrease of EUR 26 million compared to the same period of 2017, as a result of the collections of incentives relating to production in the first quarter of 2018 (EUR 91 million) and the Energy Efficiency Certificates produced in 2017 (EUR 27 million).
The **cash flow used in investments** in the **first nine months of 2018** relates mainly to M&A activities and, in particular, to the acquisition of ForVei (EUR 345 million), of Vent d’Est SAS (EUR 14 million), of the French companies acquired by Impax New Energy (EUR 67 million) and of the company Creag Riabhach Wind Farm Ltd, holder of authorisations for the construction of a wind farm in Scotland (EUR 23 million), as well as investments in property, plant and equipment and intangible assets (EUR 34 million). A detailed analysis of investments in property, plant and equipment and intangible assets during the period may be found in the specific section.
The cash flow from divestments is mainly linked to the sale of the investment in TotalErg and of the UK Brockaghboy wind farm.
The **cash flow used in investments** in the **third quarter** reflects the acquisition of the company Creag Riabhach Wind Farm Ltd (EUR 23 million), holder of authorisations for the construction of a wind farm in Scotland, as well as investments in property, plant and equipment and intangible assets (EUR 13 million) relating primarily to the costs of development of wind farms in France and Germany.
The **cash flow used in financial management** refers to the higher liabilities linked to interest accrued during the period.
The **cash flow used in equity** relates mainly to the impact of the distribution of dividends to shareholders, the effects of the transition to IFRS 9 at the date of first application (1 January 2018), net of the related tax effects, and to changes in the hedging reserve.

The **change in the consolidation scope** relates to:

- the effects of the consolidation of equity investments previously measured using the cost method since they were not yet operational (WP France 6, Evishagaran and Sandy Knowe) or were not of a significant size (ISAB Energy Solare).

Alternative Performance Measures

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 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 enhance an understanding of the business segments' performance, the operating results are shown excluding special income items: these results are indicated with the term "Adjusted results".
Since the composition of these indicators is not regulated by the applicable accounting reporting 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:

- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment" 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 components (special items).
- **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 profit or loss components (special items), net of the related tax effects.
- **Investments** are obtained from the sum of investments in property, plant and equipment and intangible assets. Starting from the Interim Report at 31 March 2018, they also include the carrying amount of the acquisitions of net assets within the scope of M&A transactions.
- **Net working capital** is the sum of inventories, trade receivables and trade payables.
- **Net invested capital** is the algebraic sum of non-current assets, net working capital, liabilities related to post-employment benefits, other assets and other liabilities.
- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with CONSOB communication 15519/2006, also including the non-current loan to api S.p.A. (EUR 37 million) as a deferred component of the TotalErg sale price, as well as the non-current portion of assets relating to derivative instruments.
- **Financial leverage** is calculated by comparing total net financial liabilities (including Project Financing) to the net invested capital.
- The **special items** include significant atypical income items. These include:
    - income and expenses connected to events whose occurrence is non-recurring, i.e. those transactions or events that do 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 write-downs recorded 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.

Reconciliation with adjusted operating results

3rd quarter 2018	3rd quarter 2017 restated	EBITDA	Notes	9 months 2018	9 months 2017 restated
104.7	***98.2***	**EBITDA from continuing operations**		***378.1***	***356.4***
0.0	*0.0*	*Contribution of discontinuing operation (Brockahgboy)*	*1*	*3.3*	*-*
104.7	***98.2***	**EBITDA**		***381.4***	***356.4***
0.0	*0.0*	*Exclusion Special items:*		*0.0*	*0.0*
104.7	***98.2***	**Adjusted EBITDA**		***381.4***	***356.4***
		Amortization and depreciation and write-downs			
(67.1)	***(62.4)***	**Amortization and depreciation on continuing operations**		***(202.6)***	***(188.1)***
0.0	*0.0*	*Contribution of discontinuing operation (Brockahgboy)*	*1*	*(0.7)*	*-*
(67.1)	***(62.4)***	**Amortization and depreciation adjusted**		***(203.3)***	***(188.1)***
0.0	*0.0*	*Exclusion Special items:* *- Special Items*		*0.0*	*0.0*
(67.1)	***(62.4)***	**Amortization and depreciation adjusted**		***(203.3)***	***(188.1)***
		Group's net Profit (loss)			
19.2	**15.8**	**Group's net Profit (loss)**		**124.3**	**88.3**
0.0	*0.0*	*Exclusion of ancillary charges on extraordinary operations*		*-*	*0.0*
0.0	*0.0*	*Exclusion of capital gain of Brockaghboy sale*	*2*	*(26.2)*	*0.0*
(2.6)	*0.0*	*Exclusion of net proceeds (IFRS 9) on refinancing*	*3*	*(6.0)*	*0.0*
16.6	***15.8***	**Adjusted Group Net Profit (loss)**		***92.1***	***88.3***

1. The results of Brockaghboy, the subsidiary sold on 7 March 2018, are subject to the requirements of IFRS 5. In this Interim Report, to facilitate understanding of the figures, the results achieved in the period 1 January 2018 to 7 March 2018 by the assets sold are shown and commented on in ordinary operations, in line with the approach already adopted in the Directors' report in the 2017 Financial Statements and with the Interim Financial Report at 30 June 2018.

2. The aforementioned sale of Brockaghboy resulted in the recognition of a capital gain of EUR 26 million, net of the related tax effects and other ancillary components, which for the purposes of this Report is considered a special item.

3. 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 the recognition of a gain of approximately EUR 6 million in the first nine months of 2018 (EUR 3 million in the third quarter of 2018). 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, with the deferral of recognition of the benefits of the renegotiation over the residual term of the liability and not recognising all of them in one immediate entry at the time of the amendment. The aforementioned adjustment 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 financial statements and the adjusted statements shown and commented upon in this Report.

First nine months 2018

(EUR million)	Values in Consolidated Financial Statement	*Reversal of Broackaghboy IFRS 5 reclassification*	*Reversal of special items*	9 months Adjusted
Revenues from ordinary operations	763.1	*2.9*	-	766.0
Other revenues and income	16.0	*0.9*	-	16.8
TOTAL REVENUES	**779.0**	***3.8***	**-**	**782.9**
Costs for purchase	(234.6)	*(0.0)*	-	(234.6)
Changes in inventory	1.2	-	-	1.2
Costs for services and other operating costs	(122.2)	*(0.6)*	-	(122.7)
Cost of labor	(45.4)	-	-	(45.4)
EBITDA	**378.1**	***3.3***	**-**	**381.4**
Amortisation, depreciation and write-downs of fixed assets	(202.6)	*(0.7)*	-	(203.3)
EBIT	**175.4**	***2.6***	**-**	**178.0**
Net financial income (expenses)	(44.9)	*(0.6)*	*(7.6)*	(53.1)
Net income (loss) from equity investments	0.1	*26.7*	*(26.7)*	0.1
Profit before taxes	**130.7**	***28.7***	***(34.3)***	**125.0**
Income taxes	(34.7)	*(0.2)*	*2.2*	(32.8)
Net result from continued operations	**96.0**	***28.4***	***(32.2)***	**92.2**
Net result from asset sold	28.4	*(28.4)*	-	0.0
Profit for the period before minorities	**124.4**	**-**	***(32.2)***	**92.2**
Minority interests	(0.1)	-	-	(0.1)
Group's net profit (loss)	**124.3**	**-**	***(32.2)***	**92.1**

Restated comparative data for the first nine months of 2017

For the purposes of this Report, it was deemed necessary to amend the 2017 comparative data in order to take account of the following:

- the aforementioned **sale of TotalErg** on 10 January 2018, which marked the ERG Group's definitive exit from the OIL industry. Since 2018, its business has therefore been focused exclusively on the market for the generation of energy from renewable sources. The comparison of the 2018 results with those of the same periods of 2017 is therefore affected by this change in scope. As such, in order to enhance an understanding of the Group's performance in the two periods and in view of its new strategic and industrial positioning, comparative figures for the corresponding period of 2017 were restated so as to exclude the adjusted results[6] of the TotalErg joint venture which had previously been measured using the equity method and reported in the line "Net gains (losses) on equity investments". In the first nine months of 2017, this contribution was a positive EUR 25 million (EUR +24 million for the whole of 2017).
- IFRS 15 - **Revenue from Contracts with Customers** has been applied from 1 January 2018, with no significant impact on the Group's consolidated financial statements. In particular, for some contracts ERG has been identified as an "agent", requiring the netting of certain operating costs thereby reducing revenue

The table below presents a summary of the above effects:

(EUR million)	Values in Consolidated Financial Statement	*IFRS 15 reclassifications*	*Exclusion of inventory gain/losses*	*Exclusion TotalErg net result*	9 months 2017 adjusted RESTATED
Revenues from ordinary operations	765.3	*(6.6)*	-	-	758.7
Other revenues and income	7.1	-	-	-	7.1
TOTAL REVENUES	**772.4**	***(6.6)***	**-**	**-**	**765.8**
Costs for purchase	(250.0)	-	-	-	(250.0)
Changes in inventory	1.3	-	-	-	1.3
Costs for services and other operating costs	(121.2)	*6.6*	-	-	(114.6)
Cost of labor	(45.9)	-	-	-	(45.9)
EBITDA	**356.4**	**-**	**-**	**-**	**356.4**
Amortisation, depreciation and write-downs of fixed	(188.1)	-	-	-	(188.1)
EBIT	**168.4**	**-**	**-**	**-**	**168.4**
Net financial income (expenses)	(49.3)	-	-	-	(49.3)
Net income (loss) from equity investments	26.2	-	*(1.2)*	*(25.0)*	0.1
Profit before taxes	**145.3**	**-**	***(1.2)***	***(25.0)***	**119.2**
Income taxes	(30.9)	-	-	-	(30.9)
Net result from continued operations	**114.4**	**-**	***(1.2)***	***(25.0)***	**88.3**
Net result from asset sold	-	-	-	-	-
Profit for the period before minorities	**114.4**	**-**	***(1.2)***	***(25.0)***	**88.3**
Minority interests	-	-	-	-	-
Group's net profit (loss)	**114.4**	**-**	***(1.2)***	***(25.0)***	**88.3**

[6] *Net of special items and inventory gains (losses)*

3rd Quarter 2018:

	Values in Consolidated Financial Statement	*Reversal of Broackaghboy IFRS 5 reclassification*	*Reversal of special items*	3rd quarter 2018 adjsuted
Revenues from ordinary operations	250.3	-	-	250.3
Other revenues and income	2.8	-	-	2.8
TOTAL REVENUES	**253.1**	**-**	**-**	**253.1**
Costs for purchase	(94.3)	-	-	(94.3)
Changes in inventory	0.6	-	-	0.6
Costs for services and other operating costs	(39.9)	-	-	(39.9)
Cost of labor	(14.8)	-	-	(14.8)
EBITDA	**104.7**	**-**	**-**	**104.7**
Amortisation, depreciation and write-downs of fixed assets	(67.1)	-	-	(67.1)
EBIT	**37.5**	**-**	**-**	**37.5**
Net financial income (expenses)	(11.9)	-	*(3.4)*	(15.3)
Net income (loss) from equity investments	0.1	-	-	0.1
Profit before taxes	**25.7**	**-**	***(3.4)***	**22.3**
Income taxes	(6.5)	-	*0.8*	(5.7)
Net result from continued operations	**19.2**	**-**	***(2.6)***	**16.6**
Net result from asset sold	-	-	-	-
Profit for the period before minorities	**19.2**	**-**	***(2.6)***	**16.6**
Minority interests	(0.0)	-	-	(0.0)
Group's net profit (loss)	**19.2**	**-**	***(2.6)***	**16.6**

3rd Quarter 2017:

(EUR million)	Values in Consolidated Financial Statement	*IFRS 15 reclassifications*	*Exclusion of inventory gain/losses*	*Exclusion TotalErg net result*	3rd quarter 2017 adjsuted RESTATED
Revenues from ordinary operations	227.0	*(2.5)*	-	-	224.5
Other revenues and income	2.3	-	-	-	2.3
TOTAL REVENUES	**229.4**	***(2.5)***	**-**	**-**	**226.9**
Costs for purchase	(78.2)	*(0.5)*	-	-	(78.7)
Changes in inventory	1.3	-	-	-	1.3
Costs for services and other operating costs	(40.1)	*3.0*	-	-	(37.1)
Cost of labor	(14.1)	-	-	-	(14.1)
EBITDA	**98.2**	**-**	**-**	**-**	**98.2**
Amortisation, depreciation and write-downs of fixed	(62.4)	-	-	-	(62.4)
EBIT	**35.8**	**-**	**-**	**-**	**35.8**
Net financial income (expenses)	(15.3)	-	-	-	(15.3)
Net income (loss) from equity investments	14.3	-	*(4.0)*	*(10.1)*	0.2
Profit before taxes	**34.8**	**-**	***(4.0)***	***(10.1)***	**20.7**
Income taxes	(4.9)	-	-	-	(4.9)
Net result from continued operations	**30.0**	**-**	***(4.0)***	***(10.1)***	**15.8**
Net result from asset sold	-	-	-	-	-
Profit for the period before minorities	**30.0**	**-**	***(4.0)***	***(10.1)***	**15.8**
Minority interests	-	-	-	-	-
Group's net profit (loss)	**30.0**	**-**	***(4.0)***	***(10.1)***	**15.8**