

**SUPPLEMENT NUMBER 1 DATED 26 MARCH 2019 TO THE BASE PROSPECTUS  
DATED 19 DECEMBER 2018**



**ERG S.p.A.**

*(incorporated in the Republic of Italy as a joint stock company)*

**€1,000,000,000**

**Euro Medium Term Note Programme**

This Supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 19 December 2018 (the "**Base Prospectus**") prepared by ERG S.p.A. (the "**Issuer**") in connection with its Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €1,000,000,000 in aggregate principal amount of notes ("**Notes**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC (as amended or superseded) (the "**Prospectus Directive**") and the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the "**Prospectus Act 2005**"), as a base prospectus supplement issued in compliance with the Prospectus Directive and the Prospectus Act 2005.

**Purpose of the Supplement**

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 13, paragraph 1, of the Prospectus Act 2005 for the purposes of (i) incorporating by reference in the Base Prospectus the audited consolidated financial statements for the financial year ended 31 December 2018 of the Issuer (the "**2018 Consolidated Financial Statements**"); including the auditors' report with respect to the 2018 Consolidated Financial Statements of the Issuer; (ii) incorporating by reference in the Base Prospectus the press release dated 11 January 2019; (iii) incorporating by reference in the Base Prospectus the press release dated 12 February 2019; (iv) incorporating by reference in the Base Prospectus the press release dated 13 March 2019; (v) incorporating by reference in the Base Prospectus the press release dated 25 March 2019; (vi) updating the "*Description of the Issuer and the ERG Group*" section; (vii) updating the "*Taxation*" section; and (viii) updating the significant or material change statement contained in the "*General Information*" section.

Copies of this Supplement and the documents incorporated by reference will be available without charge (i) from the registered office of the Issuer, (ii) from the specified office of the

Paying Agent for the time being in Luxembourg, and (iii) on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

The date of this Supplement is 26 March 2019.

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

## INFORMATION INCORPORATED BY REFERENCE

*The information set out below supplements the section of the Base Prospectus entitled "Documents Incorporated by Reference" on pages 43 to 45 of the Base Prospectus.*

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, the Base Prospectus:

- (a) the audited consolidated financial statements for the financial year ended 31 December 2018 of the Issuer (the "**2018 Consolidated Financial Statements**") including the information set out at the following pages in particular:

Statement of Financial Position	Page 219
Income Statement	Page 220
Statement of Comprehensive Income	Page 221
Statement of Cash Flows	Page 222
Statement of Changes in Equity	Page 223
Notes to the Consolidated Financial Statements	Pages 224-389
Independent Auditors' Report	Pages 390 - 396

Any other information not included in the cross reference list is not incorporated by reference in this Supplement, as it is either not relevant for investors or is covered elsewhere in the Base Prospectus;

- (b) the auditors' report with respect to the 2018 Consolidated Financial Statements of the Issuer:

Entire document

- (c) The press release issued by the Issuer on 11 January 2019 and entitled "*ERG pursues growth in solar power by acquiring a 78.5% stake in two photovoltaic plants (51.4 MW)*":

Entire document

- (d) The press release issued by the Issuer on 12 February 2019 and entitled "*ERG grows in Italian solar power reaching 140 MW installed - Finalised acquisition of 78.5% stake in two photovoltaic plants (51.4 MW)*":

Entire document

- (e) The press release issued by the Issuer on 13 March 2019 and entitled "*ERG S.p.A. has announced the early settlement of 36.6 million Euro, finalised today, under the vendor loan granted to api S.p.A. at the time of executing the agreement for the sale of TotalErg S.p.A.*"

Entire document

- (f) The press release issued by the Issuer on 25 March 2019 and entitled "*ERG increases installed capacity in France to 360 MW. Six new wind farms acquired totalling 52 MW*"

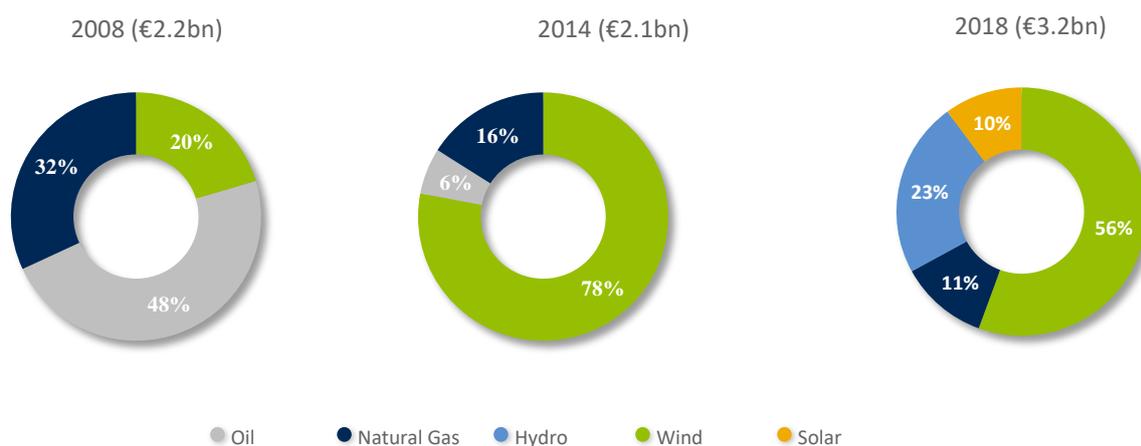
Entire document

Copies of documents incorporated by reference in this Supplement can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in 60 avenue J.F. Kennedy L-1855 Luxembourg and will be available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## DESCRIPTION OF THE ISSUER AND THE ERG GROUP

### 3.2 Entry into solar power business: Acquisition of 100% stake in Forvei

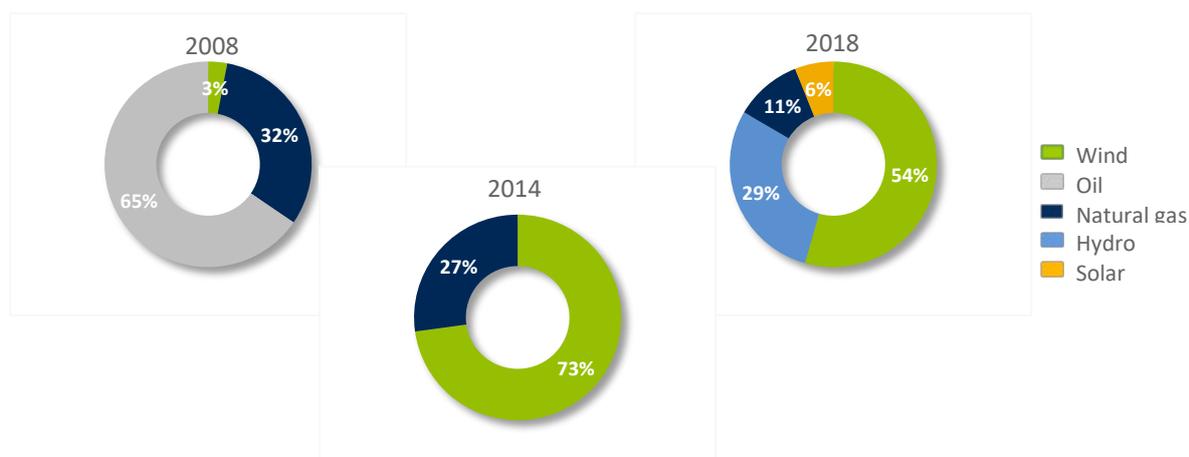
The graphic on page 96 of the Base Prospectus showing the transformation of ERG business profile from the Net Invested capital perspective is deemed to be deleted and replaced by the following graphic:



On page 96 of the Base Prospectus, the following paragraphs are deemed to be included as additional paragraphs immediately following the final paragraph of section 3.2:

"The following graphic shows the transformation of the business profile of ERG from an oil company to a renewables independent producer in terms of EBITDA.

## 2018-2014-2018 EBITDA (€mn)



The following graphic shows the transformation of the business profile of ERG from an oil company to a renewables independent producer in terms of the emission of CO2 avoided.

2018	3,029 kt
2014	1,020 kt
2008	125 kt

""

The following paragraphs are deemed to be included in the Base Prospectus as additional paragraphs immediately following paragraph 3.10 (Execution of two environmental social governance loans) on page 99 of the Base Prospectus:

### "3.11 Repayment of corporate acquisition loan

Following the drawdown of the two ESG Loans signed on 20 November 2018, the corporate acquisition loan of an original amount of EUR 350 million, arranged by a pool of seven Italian and international lenders concerning the acquisition of the entire hydroelectric business belonging to E.ON Produzione, was repaid early, on 8 February 2019.

### 3.12 Modification of corporate loans with UBI Banca and UniCredit

On 6 February 2019 and on 5 March 2019, respectively, two corporate loans with UBI Banca S.p.A. (EUR 100 million) and with UniCredit S.p.A. (EUR 75 million) were amended to modify the repayment profiles. Both corporate loans now have a bullet repayment profile on 2021 (UBI Banca S.p.a.) and 2022 (Unicredit S.p.A.)."

## 5. BUSINESS OF THE ERG GROUP

### 5.1 Introduction

The table entitled EBITDA Breakdown incentivised vs merchant on page 102 of the Base Prospectus shall be deemed to be deleted and replaced with the following:

EBITDA Breakdown incentivised vs merchant	FY 2018	FY 2017	FY 2016
%			
Incentivized	67%	69%	73%
PPA/TEE	8%	11%	9%
Merchant	25%	20%	18%

### 5.3 Business sectors

#### (a) Wind Power

The following sentence shall be deemed to be added at the end of paragraph 5.3 (a) Wind Power on page 104 of the Base Prospectus, immediately following the sentence: *In particular, ERG has a presence in France (276 MW) and Germany (216 MW) with smaller operations in Poland (82 MW), Romania (70 MW) and Bulgaria (54 MW).*:

"The wind assets have an incentive weighted average life of 7 years"

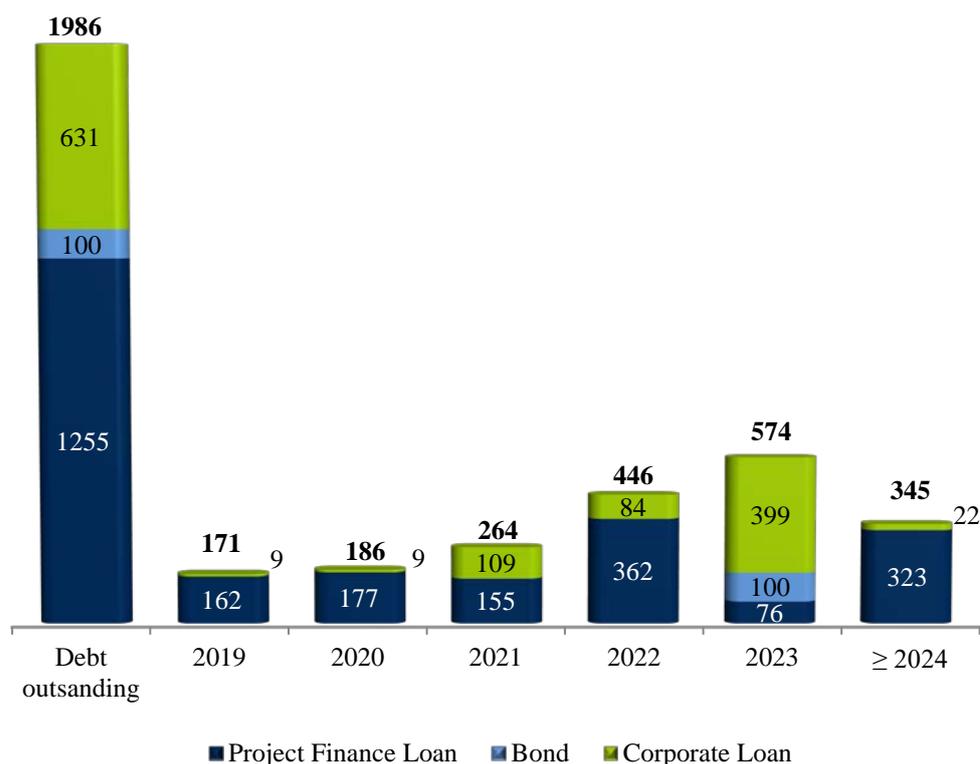
## 10. FUNDING STRUCTURE

### 10.1 Financial Indebtedness

The paragraph entitled "*ERG Group Debt as of 30 June 2018 and maturities for the incoming years*" on page 115 of the Base Prospectus shall be deemed to be deleted and replaced with the following:

***"ERG Group Debt as of 31 December 2018 (after ESG loans drawdown/repayment of hydro acquisition loan and after UBI/UniCredit corporate loan amendment) and maturities for the incoming years***

The medium long-term indebtedness including current portion value of EUR 1,986 million,



"

The paragraph entitled *ERG Group Debt Structure as of 30 June 2018* on pages 115-116 of the Base Prospectus shall be deemed to be deleted and replaced with the following:

"ERG Group medium long-term indebtedness including current portion (as of 31 December 2018 face value of EUR 2.157 million) consists of:

- corporate loans disbursed at ERG level;
- Private placement bond issued at ERG level; and
- Medium long-term non-recourse project financing spread all over the wind assets SPVs and solar assets SPVs and CCGT plant owned by ERG Power S.r.l..

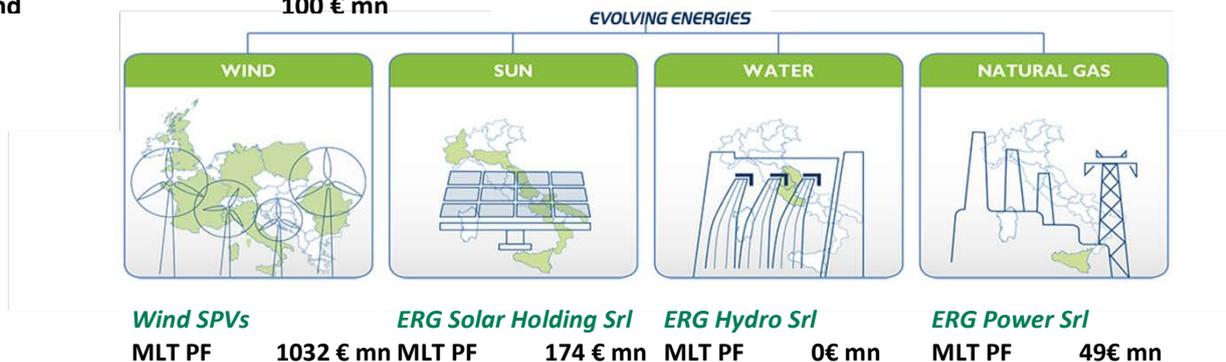
**ERG Group**

MLT Corporate Loan 802 € mn  
 MLT PF Loan 1255 € mn  
 Bond 100 € mn



**ERG S.p.A.**

MLT Corporate Loan 802 € mn  
 Bond 100 € mn



## TAXATION

- a) In the paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy*" on page 119 of the Base Prospectus, the following paragraph:

*"Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the imposta sostitutiva, on Interest if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 of 11 December 2016, as subsequently amended (Law No. 232)".*

shall be deemed to be replaced with the following paragraph (the underlined sentences show the amendments made):

*"Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the imposta sostitutiva, on Interest if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 of 11 December 2016 (Law No. 232) and Article 1, paragraphs 210-215 of Law No. 145 of 30 December 2018 (Law No. 145)".*

- b) In the paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy*" on page 120 of the Base Prospectus, the following paragraph:

*"Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232".*

shall be deemed to be replaced with the following paragraph (the underlined sentences show the amendments made):

*" Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 and Article 1, paragraphs 210-215 of Law No. 145".*

- c) The paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy – Capital gains tax*" on page 122 of the Base Prospectus shall be deemed to be modified by deleting the following sentence after the paragraph commencing with "*Under the so called "regime della dichiarazione" [...]*":

*"Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 published in the Official Gazette No. 143 of 23 June 2014 (Decree No. 66), capital losses realized from 1 January 2012 to 30 June 2014 may be offset against capital gains of the same nature realized after 30th June 2014 for an overall amount of 76.92 per cent. of the same capital losses".*

- d) The paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy – Capital gains tax*" on page 122 of the Base Prospectus shall be deemed to be modified by deleting the following sentence after the paragraph commencing with "*Alternatively to the Tax Declaration Regime [...]*":

*"Pursuant to Decree No. 66, capital losses realized from 1 January 2012 to 30 June 2014 may be offset against capital gains of the same nature realized after 30 June 2014 for an overall amount of 76.92 per cent. of the same capital losses".*

- e) The paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy – Capital gains tax*" on page 122 of the Base Prospectus shall be deemed to be modified by deleting the following sentence after the paragraph commencing with "*Special rules apply if the Notes [...]*":

*"Pursuant to Decree No. 66, depreciations of the managed assets registered from 1 January 2012 to 30 June, 2014 may be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of 76.92 per cent. of the same depreciations in value".*

- f) In the paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy – Capital gains tax*" on page 122 of the Base Prospectus, the following paragraph:

*"Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. imposta sostitutiva, if the Notes are included in a long-term individual savings account (piano individuale di risparmio a lungo termine) pursuant Article 1, paragraphs 100-114, of Law No. 232".*

shall be deemed to be replaced with the following paragraph (the underlined sentences show the amendments made):

*"Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. imposta sostitutiva, if the Notes are included in a long-term individual savings account (piano individuale di risparmio a lungo termine)*

pursuant Article 1, paragraphs 100-114, of Law No. 232 and Article 1, paragraphs 210-215 of Law No. 145".

- g) In the paragraph headed "*Italian resident Noteholders*" in the section "*Republic of Italy – Capital gains tax*" on page 123 of the Base Prospectus, the following paragraph:

*"Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232".*

shall be deemed to be replaced with the following paragraph (the underlined sentences show the amendments made):

*"Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 210-215 of Law No. 145".*

- h) The paragraph headed "*Inheritance and gift taxes*" in the section "*Republic of Italy*" on page 124 of the Base Prospectus shall be deemed to be supplemented by adding the following paragraph after the paragraph commencing with "*If the transfer is made [...]*":

*"The transfer of financial instruments (including the Notes) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term savings account (piano individuale di risparmio a lungo termine), that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 210-215 of Law No. 145".*

- i) In the section "*FATCA DISCLOSURE*" on page 126 of the Base Prospectus, the words:

*"1 January 2019 and the Notes"*

shall be deemed to be replaced by the following sentence:

*"the date that is two years after the date on which final regulations defining "foreign pass thru payments" are filed with the U.S. Federal Register and the Notes".*

## GENERAL INFORMATION

The paragraph entitled "*Significant or Material Change*" on page 133 of the Base Prospectus shall be deemed to be deleted and replaced with the following:

### **"Significant or Material Change**

Save as disclosed in this Base Prospectus in the section "*Description of the Issuer and the ERG Group – Recent Significant Transactions*" at pages 95-99 there has been no significant change in the financial or trading position of the Group since 31 December 2018 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2018."