Press Release

The Board of Directors of ERG S.p.A. approves the Interim Management Report at 30 September 2019

Third quarter of 2019

- ***Consolidated adjusted[1] EBITDA: €107 mln, adjusted €105 mln in the 3rd quarter of 2018***
- ***Adjusted[1] Group net result: €7 mln, adjusted[1] €17 mln in the 3rd quarter of 2018***

Nine months of 2019

- ***Consolidated adjusted[1] EBITDA: €380 mln, adjusted[1] €381 mln in the 9 months of 2018***
- ***Adjusted[1] Group net result: €75 mln, adjusted[1] €92 mln in the 9 months of 2018***

Genoa, 14 November 2019 – At its meeting held yesterday, the Board of Directors of ERG S.p.A. approved the Interim Management Report at 30 September 2019.

Consolidated adjusted financial results

3rd Quarter			Performance highlights (million Euro)	First nine months		
2019	**2018**	**Var. %**		**2019**	**2018**	**Var. %**
107	105	2%	**EBITDA**	380	381	0%
29	38	-23%	**EBIT**	157	178	-12%
7	17	-58%	**Group net result**	75	92	-19%

	30.09.19	31.12.18	Variation
Net financial debt (million Euro)	1,569	1,343	+226
Leverage[2]	47%	42%	

Luca Bettonte, ERG's Chief Executive Officer, commented: **"The operating result for the third quarter of 2019, which shows a slight improvement compared to the previous year, benefited by both the growth in installed capacity as regards overseas wind power and the Italian solar power sector, and the good performance of the thermoelectric business. However, these results were also affected by the significant reduction in water availability following the extraordinary output a year earlier, as well as the particularly poor wind conditions in Italy during the summer months, in a situation of generally lower average unit energy prices, albeit mitigated by hedging interventions.**
We continue to pursue our growth path. During the period we increased installed capacity by 190 MW with respect to the corresponding period in 2018, including 138 MW of Wind power in France and Germany and 51 MW as regards the Italian Solar energy sector.
For FY2019, also due to the contribution from the expansion in installed power, we confirm our EBITDA guidance of between 495 and 505 million Euro, with an upturn compared to 2018. We forecast a growth in investments to between 430 and 450 million Euro following the recent acquisition of wind farms in Germany and are therefore revising our year-end net debt forecast to within a range of between 1,500 and 1,560 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] The ratio of total net financial debt (including project financing) to net invested capital

Preliminary remarks

Alternative Performance Indicators (APIs) and Adjusted Results
This press release uses certain Alternative Performance Indicators (APIs) which differ from the financial indicators explicitly set forth in the international financial standards (IAS/IFRS) adopted by the Group.
These alternative indicators are utilised by the Group to facilitate the communication of information regarding business performance and net financial debt.
Lastly we mention that, in order to enhance the understandability of trends in the business segments, the financial results are shown excluding significant income components of a non-recurring nature (special items): these results are indicated using the term "**Adjusted Results**".

IFRS 16
With effect from 1 January 2019, IFRS 16 has been applied.
In its capacity as lessee, the Group has recognised new liabilities deriving from leasing and from increased right-of-use assets amounting to around Euro 63 million as at 1 January 2019, mainly in connection with the Wind business and concerning the utilisation of land, warehouses, property, equipment, substations and machinery.
Application of the new standard has changed the nature of operating lease costs and how they are shown in the income statement: these costs are now recognised as amortisation of the rights of use and as financial charges relating to the debt associated with the discounting of future lease fee payments. Previously, the Group recorded the operating lease costs on a straight-line basis over the duration of the lease period, essentially in line with the actual cash movements pertaining to the related fees.
Application of IFRS 16 has therefore implied:

- an improvement in EBITDA insofar as the lease fees come within the scope of IFRS 16, amounting to Euro 6.4 million in the first nine months of 2019;
- an increase (around Euro 73 million at 30 September 2019) in net financial debt and net invested capital (approximately Euro 72 million) associated with application of the equity method as indicated by the new standard;
- an increase in amortisation and depreciation (Euro 5.0 million) and higher financial costs (Euro 2.4 million) associated with application of the equity method as mentioned above.

On first-time application, ERG availed itself of the option to use the modified retrospective method, without therefore carrying out a restatement of prior financial years shown for comparison purposes.
In view of the foregoing and considering the typical nature of the item, in order to represent the business segment margins in the best way possible it was deemed appropriate for the adjusted Income Statement to show the leasing expenses included in Adjusted EBITDA in continuity with the statement of previous years' cash movements and in keeping with the financial event associated with the same (periodical lease fee).
Consequently, **adjusted net financial debt** and **adjusted net invested capital** are also shown excluding the debt associated with the discounting of future lease fee payments.

Change in the scope of business during the third quarter of 2019

Wind power - Germany
On 19 August 2019 ERG, through its subsidiary ERG Windpark Beteiligungs GmbH, finalised an agreement with a company controlled by the German investment firm Aquila Capital regarding the acquisition of a 100% equity stake in three German companies, owners of a corresponding number of wind farms located in the Mecklenburg-Western Pomerania region of north-east Germany.
The wind farms, which have an overall installed capacity of 34 MW and are equipped with 11 Vestas V112 wind turbines, came on stream in 2014. Their average annual output during the past 4 years amounted to around 89 GWh, corresponding to more than 2,600 equivalent hours and approximately 67,000 t of avoided CO_2 emissions per year. The wind farms are entitled to benefit from an overall incentive tariff, which in 2018 averaged 97 Euro/MWh, for a period of 20 years from the time of coming on stream.
The transaction closing, which took place on **13 September 2019,** following authorisation by the German antitrust authorities, envisaged a price of 37 million Euro in terms of equity value, corresponding to an enterprise value of 84 million Euro.

Third quarter

Consolidated financial results
In the **third quarter of 2019 revenues from ordinary operations** came to Euro 231 million, with a downturn compared to the third quarter of 2018 (Euro 250 million), reflecting above all the much lower volumes in the Hydroelectric Power sector following the exceptionally high levels reported in the third quarter of 2018 and as regards the Italian Wind Power sector, owing to the extremely poor wind conditions during the summer months.

These effects were only partially compensated by a growth in the portfolio of assets managed outside of Italy and in the Italian solar power sector.

Adjusted EBITDA, at Euro 107 million, was essentially in line with Euro 105 million posted for the corresponding period in 2018. The variation reflects the following factors:

Wind power (+4 million): EBITDA amounted to Euro 43 million, with a growth over the corresponding period in 2018 (Euro 40 million), despite the less favourable wind conditions in Italy. More specifically, the results posted by the Italian wind farms (Euro 23 million, with a downturn compared to Euro 30 million a year earlier) in the presence of a decrease in overall average unitary prices, reflected the falloff in output, of which the incentivised component decreased from 74% to 72%. Insofar as concerns the Italian Portfolio, the negative impacts deriving from the Electricity price scenario, in sharp decline, together with the lower unitary incentive value (92 Euro/MWh compared to 99 Euro/MWh), were counteracted by hedging transactions. Overseas results posted a strong growth (+10 million) thanks above all to the contribution from 138 MW pertaining to the newly acquired farms in France and Germany.

Solar Power (+10 million): EBITDA, at Euro 22 million, was practically double the result for the corresponding period in 2018 (Euro 12 million) owing to the contribution from 51 MW of newly acquired solar power plants.

Hydroelectric Power (-18 million): EBITDA, at Euro 20 million (Euro 38 million in the third quarter of 2018), showed a sharp downturn compared to the corresponding period a year earlier. The performance reflected the significant decline in volumes due to the reduction in water availability during the period with respect to historical levels and to the particularly abundant availability recorded a year earlier. The lower Electricity price scenario and the lower incentive value (92 Euro/MWh compared to 99 Euro/MWh) were only partially compensated by way of hedging interventions.

Thermoelectric Power (+6 million): EBITDA posted by the thermoelectric power sector, amounting to Euro 25 million, showed an increase compared to Euro 18 million in the third quarter of 2018 following an improvement in the spark spread, including the effect of hedging interventions, due to the significant reduction in the cost of natural gas, which more than offset the upturn in CO2 prices, and the higher quantities sold to customers at the Priolo site, together with plant performance.

Adjusted EBIT came to Euro 29 million (Euro 38 million in 2018) after amortisation and depreciation totalling Euro 78 million, with an increase of Euro 11 million compared to the third quarter of 2018 (Euro 67 million) following new investments in the Solar Power sector and the operating wind farm acquisitions in France and Germany during the course of 2019.

The **adjusted Group net result** came to Euro 7 million, including approximately Euro 1 million pertaining to minority interests, with a downturn compared to Euro 17 million in the third quarter of 2018, reflecting above all the previously commented operating results and, to a lesser extent, the higher effective tax rate primarily due to the absence of tax benefits associated with economic growth (Aid for economic growth - ACE).

The **Group net result,** which takes into account the application of IFRS 16 and IFRS 9 as well as special items, came to Euro 4 million (Euro 19 million in the third quarter of 2018) and reflects the already commented downturn in net operating results. It should also be mentioned that the third quarter of 2018 included the capital gain associated with refinancings during the period pursuant to accounting principle IFRS 9.

Adjusted net financial debt stands at **Euro 1,569 million**, with a decrease of Euro 93 million compared to 30 June 2019 (Euro 1,662 million), and reflects the positive net operating cash flow (Euro 213 million) following the positive trend in working capital which further benefited by a reduction in the timing of incentive payments relating to the first seven months of 2019 (Euro 152 million) and the payment of Energy Efficiency Certificates generated in 2018 (Euro 26 million), partially offset by the wind farm acquisitions in Germany (Euro 84 million), tax payments (Euro 25 million) and investments during the period (Euro 11 million).

Nine months

In the **first nine months of 2019** **revenues from ordinary operations** totalled Euro 762 million, with a slight falloff compared to the first nine months of 2018 (Euro 766 million), mainly due to the much lower volumes in the hydroelectric power sector following the exceptionally high volumes recorded the previous year, partly offset by the growth in wind power and solar power production, both in Italy and overseas, also reflecting the expansion of the solar power and thermoelectric power asset management portfolio.

Adjusted EBITDA came to Euro 380 million, essentially in line with the figure of Euro 381 million recorded in 2018. The variation reflects the following factors:

Wind power (+15 million): EBITDA amounted to Euro 214 million, with an increase compared to the corresponding period in 2018 (Euro 199 million) in the presence of more favourable wind conditions in Italy. More specifically, the results posted by the Italian wind farms (Euro 140 million, with a downturn compared to

Euro 146 million a year earlier) reflect above all the lower unitary incentive value (92 Euro/MWh compared to 99 Euro/MWh), as well as a reduction in incentivised output. The unfavourable trend in energy prices was offset by hedging transactions. Outside of Italy, results showed an upturn (+21 million) thanks above all to the contribution from 138 MW pertaining to the new farms in France and Germany, the higher output by wind farms in all the overseas countries, as well as the improved price scenario in the Eastern European countries. We mention that the first nine months of 2018 had benefited by the contribution from the 48 MW Brockaghboy wind farm (+3 million), which was sold on 7 March 2018.

Solar Power (+28 million): EBITDA, at Euro 56 million, was double the figure posted for the first nine months of 2018 (Euro 28 million) thanks to the contribution from 51 MW of newly acquired solar power plants, given the favourable situation in terms of irradiation.

Hydroelectric Power (-54 million): EBITDA, at Euro 64 million (Euro 118 million in 2018), showed a sharp downturn compared to the previous year. The performance reflected the significant reduction in water availability during the period compared to historical levels and, more specifically, to the particularly abundant availability recorded a year earlier, which affected volumes and the *GRIN* incentive and, to a lesser extent, the *GRIN* price, which was lower compared to the previous year.

Thermoelectric Power (+11 million): EBITDA posted by the thermoelectric power sector, amounting to Euro 59 million, showed an increase compared to Euro 48 million in 2018 following an improvement in the spark spread, due to the significant reduction in the cost of natural gas, which more than offset the upturn in CO_2 prices, and the higher quantities sold to customers at the Priolo site, together with plant performance.

Adjusted EBIT came to Euro 157 million (Euro 178 million in 2018) after amortisation and depreciation totalling Euro 223 million, Euro 20 million higher than in the first nine months of 2018 (Euro 203 million), ascribable above all to the new investments in the Solar power sector and to the acquisitions of operating wind farms in France and Germany carried out during 2019.

The **adjusted Group net result** amounted to Euro 75 million, including around Euro 1.5 million pertaining to minority interests, with a downturn compared to Euro 92 million in the first nine months of 2018, due to the previously commented operating results and the higher effective tax rate reflecting above all the absence of tax benefits associated with economic growth (ACE). Despite a rise in debt, financial charges decreased significantly compared to the corresponding period in 2018 due to a reduction in the cost of debt, following the major liability management transactions carried out during the second quarter of 2019 and the simultaneous issuance of a Green Bond subject to more favourable conditions.

The **Group net result** came to Euro 6 million compared to Euro 124 million in the first nine months of 2018 and mainly reflects, in addition to the already commented adjusted Group net result, extraordinary charges associated with debt restructuring via the issuance of the first Green Bond and simultaneous closure of two important Project Financing facilities. It is also worth remembering that the first nine months of 2018 benefited from a capital gain on the sale of Brockaghboy wind farm in the United Kingdom (Euro 27 million).

Adjusted net financial debt stands at **Euro 1,569 million**, with an increase (Euro 226 million) compared to 31 December 2018 (Euro 1,343 million). The variation reflects above all investments during the period (Euro 401 million) following the further growth in the solar power sector as regards Italy and the wind power sector in France and Germany, the distribution of dividends (Euro 112 million), extraordinary charges incurred in connection with major liability management transactions (Euro 43 million), the increase in fair value of hedging derivatives (Euro 25 million), partially offset by the period's positive cash flow (Euro 372 million) also as a result of the reduction in the timing of Italian incentive payments.
As mentioned above, the adjusted net financial debt is shown net of the effects deriving from application of IFRS 16, therefore not including the discounting of future lease fee payments corresponding to around Euro 73 million at 30 September 2019.

Investments

3rd Quarter		Million Euro	Nine months	
2019	**2018**		**2019**	**2018**
92	32	Wind power	172	130
0	0	Solar Power	220	345
1	2	Thermoelectric Power	5	4
1	2	Hydroelectric Power	3	3
0	1	Corporate	1	2
94	**37**	**Total investments**	**401**	**484**

Investments in the third quarter of 2019 totalled **Euro 94 million** (Euro 37 million in the third quarter of 2018) and concern the acquisition of wind farms in Germany (Euro 84 million di Euro). Moreover, during the quarter investments were carried out **in property, plant and equipment and intangible fixed assets amounting to Euro 11 million,** of which 73% in the Wind Power sector (64% in the third quarter of 2018), 10% in the Thermoelectric Power sector (13% in 2018), 11% in the Hydroelectric Power sector (15% in 2018), 2% in the Solar power sector and 4% in the Corporate sector (6% in 2018), mainly with reference to the ICT area.

Investments in the first nine months of 2019 totalled **Euro 401 million** (Euro 484 million in 2018) and mainly concern the acquisition of two photovoltaic plants in Italy (Euro 220 million), operating wind farms in France and Germany (for respectively Euro 52 million and Euro 84 million), a project for the construction of a wind farm in the United Kingdom (Euro 6 million) and a pipeline of 224 MW in Germany (Euro 2 million). Moreover, during the period investments were carried out **in property, plant and equipment and intangible fixed assets amounting to Euro 37 million,** of which 75% in the Wind power sector (74% in 2018), primarily connected with completion of the German wind farm (Windpark Linda), 14% in the Thermoelectric Power sector (11% in 2018), 8% in the Hydroelectric Power sector (9% in 2018) and 3% in the Corporate sector (5% in 2018), mostly with reference to the ICT area.

Wind power: investments during the third quarter of 2019 (**Euro 92 million**) refer above all to the investment made in the period to acquire 34MW of operating wind farms in Germany.
Investments during the first nine months of 2019 (**Euro 172 million**) refer above all to the investment carried out to acquire 52MW of wind farms in France, as well as to develop the Windpark Linda wind farm in Germany, which came on stream at the end of June, and to the already mentioned acquisition of German wind farms. The first reblading intervention, carried out on a 13.2 MW Italian wind farm, was also successfully completed.

Solar Power: investments during the first nine months of 2019 concern the acquisition of 2 photovoltaic facilities, located in Montalto di Castro (Lazio Region), with an installed capacity of 51.4 MW and an estimated annual output of around 96 GWh, which are eligible for *Secondo Conto Energia* incentives for a period of 20 years until 2030. The transaction's enterprise value amounted to approximately Euro 220 million.

Hydroelectric Power: investments in hydroelectric power during the first nine months, 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 2019 (Euro 1 million during the quarter and Euro 5 million in the first nine months of 2019) primarily concern 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 2019**, overall electricity sales amounted to 3.5 TWh (3.1 TWh in 2018), against a total of around 1.8 TWh produced by the Group's facilities (1.6 TWh in the corresponding period of 2018), of which approximately 0.4 TWh abroad and 1.4 TWh in Italy. The latter figure represents about 1.6% of overall domestic electricity demand (1.6% in the third quarter of 2018).

During the **first nine months of 2019**, overall electricity sales came to 11.2 TWh (10.2 TWh in the corresponding period of 2018), against a total of around 5.8 TWh produced by the Group's facilities (5.7 TWh in the corresponding period of 2018), of which approximately 1.3 TWh abroad and 4,6 TWh in Italy. The latter figure represents about 1.9% of overall domestic electricity demand (1.9% in the first nine months of 2018).

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 2019 steam sales[3] carried out amounted to 186 thousand tonnes, with an increase compared to 154 thousand tonnes in the corresponding period of 2018; 679 thousand tonnes during the first nine months of 2019 (498 thousand tonnes in the corresponding period of 2018).

	3rd quarter				Nine months			
2019	2018	Δ	Δ%	Electricity Output (GWh)	2019	2018	Δ	Δ%
692	**578**	**114**	**20%**	**Wind power output**	**2,846**	**2,509**	**337**	**13%**
317	*338*	*-21*	*-6%*	*- Italy*	*1,575*	*1,490*	*85*	*6%*
374	*240*	*135*	*56%*	*- Overseas*	*1,271*	*1,019*	*252*	*25%*
75	**45**	**30**	**68%**	**Solar power output**	**194**	**109**	**85**	**77%**
274	**401**	**-127**	**-32%**	**Hydroelectric power output**	**867**	**1,402**	**-535**	**-38%**
725	**591**	**135**	**23%**	**Thermoelectric power output**	**1,941**	**1,645**	**297**	**18%**
1,767	**1,615**	**152**	**9%**	**ERG Plants total output**	**5,848**	**5,665**	**184**	**3%**

With regard to output, in the **third quarter of 2019** we particularly report:

Wind power: wind power output totalled 692 GWh, with an increase compared to the corresponding period in 2018 (578 GWh), following a 56% growth in overseas production (from 240 GWh to 374 GWh), partially offset by the approximately 6% downturn in Italy (from 338 GWh to 317 GWh).
The decline in Italian production (-21 GWh) reflects the poorer wind conditions compared to the corresponding period in 2018 as regards essentially all regions, except for Sardinia.
Outside of Italy, the net increase of 135 GWh reflects the higher output in Germany (+73 GWh, including the output also for the first six months of the year as regards the newly acquired 47 GWh facility in Germany) and France (+63 GWh), basically ascribable to the output of plants recently acquired or which became commercially operational during the second half of 2018.

Solar Power: output totalled around 75 GWh, of which 31 GWh concerned newly acquired plants; the overall load factor was 24% (23% in the third quarter of 2018).

Hydroelectric Power: ERG Hydro's total output in the third quarter of 2019, amounting to 274 GWh, benefited from a net unit revenue, considering the sales price of electricity, proceeds from MSD and from replacement incentives during the period (down by 7 Euro/MWh), as well as hedging interventions and other minor components, corresponding to approximately 106 Euro/MWh during the quarter, with a decrease compared to 119 Euro/MWh in the third quarter of 2018, reflecting both the price scenario and the reduction in the plant's modulation.

Thermoelectric Power: net electricity output by ERG Power amounted to 725 GWh, with an increase over the corresponding period in 2018 (591 GWh), in the presence of a more favourable market situation characterised by an upturn in net generation margins, due above all to the significant reduction in gas prices, despite the notable rise in CO_2 prices. This trend exceeded the more general one recorded in Italy for the entire thermoelectric sector.

In the first nine months of 2019:

Wind power: wind power output totalled 2,846 GWh, with an upturn compared to the corresponding period in 2018 (2,509 GWh), following a growth of approximately 6% in Italian production (from 1,490 GWh to 1,575 GWh) and 25% overseas (from 1,019 GWh to 1,271 GWh).
The increase in Italian production (+85 GWh) reflected the improved weather conditions with respect to those recorded for the corresponding period in 2018 in basically all regions, except for Sicily and Calabria.
Outside of Italy, the net increase of 252 GWh is ascribable to the higher output in France (+152 GWh, essentially reflecting the output of plants recently acquired or which became commercially operational during the second half of 2018), in Germany (+93 GWh due above all to the recent acquisitions), as well as Eastern Europe (+35 GWh), net of the discontinued UK production (-29 GWh) following the sale of the Brockaghboy wind farm.

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

Solar Power: solar power output amounted to around 194 GWh and the related load factor was 21% (19% in the first nine months of 2018).

Hydroelectric Power: ERG Hydro's total output in the first nine months of 2019, amounting to 867 GWh, benefited from a net unit revenue, considering the sales price of electricity, proceeds from MSD and from replacement incentives during the period and other minor components, corresponding to approximately 105 Euro/MWh during the nine months, in line with 105 Euro/MWh in the nine months of 2018.

Thermoelectric Power: ERG Power's net electricity output totalled 1,941 GWh, with an increase compared to the corresponding period of 2018 (1,645 GWh) given the more favourable market situation with increasing net generation margins, above all following the significant downturn in gas prices, despite the significant rise in CO2 prices. This trend exceeded the more general one recorded in Italy for the entire thermoelectric sector.

Main events during the quarter

On **2 August 2019** ERG S.p.A.'s Board of Directors appointed Paolo Luigi Merli to the position of General Manager with the title "Corporate General Manager & CFO" (see Press Release dated 2.08.2019).

On **19 August 2019** ERG signed an agreement with Aquila Capital regarding **the acquisition of a 100% equity stake in three German companies,** owners of a corresponding number of wind farms with a total installed capacity of 34 MW (see Press Release dated 19.08.2019). The transaction closing took place on **13 September** (see Press Release dated 13.09.2019).

Main events occurred after the end of the quarter

On **18 October 2019** ERG concluded two Power Purchase Agreements (PPAs) between ERG Power Generation and ACEA for the supply of power totalling 1.5 TWh during the period 2020-2022 (see Press Release dated 18.10.2019).

Business outlook

Set out below is the foreseeable trend in the main scenario and performance indicators during 2019:

Wind power: regarding Wind power **in Italy**, although a slight growth in output is anticipated compared to 2018, the expectations of a decline in electricity market prices, albeit largely mitigated by hedging interventions, together with the lower unit incentive revenue and higher production costs for certain maintenance activities, lead us to forecast a somewhat poorer result compared to a year earlier, Outside of Italy, on the other hand, a notable growth in results is expected compared to 2018, mainly reflecting:

- an increase of around 90 MW in French installed power, fully operational for the whole of FY2019
- a growth of 55 MW as regards installed power in Germany, owing to recent investments
- the improved performance of existing assets, both in terms of volume and due to the increase in electricity prices, partially offset by the reduced presence in Northern Ireland following the sale of a 48 MW wind farm in March 2018

Generally speaking, the Wind Power sector is expected to post an upturn in overall EBITDA compared to the previous year, thanks to the growth in overseas power and output, which more than offset the slight downturn in the results anticipated for Italy.

Solar Power: the results anticipated for 2019 show a significant improvement with respect to 2018, owing to the good performance of existing plants and the contribution from new facilities acquired in January of this year. For FY2019 **EBITDA is expected to more than double** with respect to 2018 (Euro 32 million).

Hydroelectric Power: regarding this asset results are expected to show a significant downturn compared those recorded in 2018, owing to a notable and persistent reduction in water availability compared to both the historical average and the extremely high values recorded during the previous year. This also adversely affects the possibility to modulate the plants and participate in the ancillary services market as occurred in 2018. For hydroelectric power **a sharp decline in EBITDA is therefore forecast** with respect to the exceptionally high figures recorded a year earlier.

Thermoelectric Power: we expect to see a significant improvement in **EBITDA** with respect to 2018 thanks to the extremely low natural gas prices and higher electricity prices in Sicily, which more than offset the rise in

CO_2 costs, with consequent growth in Clean Spark Spreads. Cost control and the increased production of White Certificates (EECs) will also contribute towards the said improvement in results.

In summary, for FY2019 at consolidated level **an increase in EBITDA is expected compared to 2018 (Euro 491 million), to within a range of between 495 and 505 million Euro**, confirming our earlier indication. This growth is anticipated, despite the reduced incentivised perimeter in the Italian wind power sector and the lower unit incentive price as regards both Wind power and Hydroelectric power, and notwithstanding the anticipated sharp decline in Hydroelectric power results compared to the exceptional results posted a year earlier. These effects are, in fact, more than compensated by the growth in installed capacity outside of Italy and by the improvement in results expected from all other generation assets and from energy management interventions.

FY2019 investments are expected to be within a range of between 430 and 450 million Euro, exceeding our previous indication (between 340 and 370 million), owing to our recent acquisition in the German Wind Power sector (Euro 83 million, 34 MW), about Euro 70 million less than in 2018 (510 million).

Operating cash generation will allow us to limit **the expected increase in Net Debt from 1.34 billion Euro in 2018 to an amount of between 1.5 and 1.56 billion Euro at the end of 2019** (our previous indication of between 1.39 and 1.47 billion was increased to take account of the higher investments) partially compensating the period's investments, the distribution of an ordinary dividend of €0.75 per share and the payment of financial charges.

In reference to the estimates and forecasts contained in this document and particularly in the Business Outlook section, we point out that actual results may differ from the announced results due to a multitude of factors, including: future trends in prices, the operating performance of plants, conditions pertaining to wind, water availability and irradiation, the impact of regulations for the oil and energy industry and the environment, other changes in business conditions and in the action of the competition.

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

Pursuant to Article 154-bis 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 9.30 a.m. (CET), during a conference call and simultaneous webcast, which may be viewed by visiting the Company's website (www.erg.eu); the related 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 2019, 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 2019 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).

Contacts:

Sabina Alzona Head of Media Relations - tel. + 39 010 2401804 mob. + 39 340 1091311 – salzona@erg.eu
Emanuela Delucchi IR Manager – tel. + 39 010 2401806 – e-mail: edelucchi@erg.eu - ir@erg.eu
Matteo Bagnara IR - tel. + 39 010 2401423 **-** e-mail: ir@erg.eu
www.erg.eu - @ergnow

Performance highlights

3rd quarter 2019	3rd quarter 2018	(EUR million)		9 months 2019	9 months 2018
		Main Income Statement data			
231	250	Revenues adjusted		762	766
107	**105**	**EBITDA adjusted**		**380**	**381**
29	**38**	**EBIT adjusted**		**157**	**178**
5	19	Net Profit		8	124
4	19	of which profit attributable to owners of the parent		6	124
7	**17**	**Adjusted profit attributable to owners of the parent** (1)		**75**	**92**
		Main Financial data			
3,320	**3,209**	**Net adjusted invested capital** (2)		**3,320**	**3,209**
1,751	1,819	Shareholders' Equity		1,751	1,819
1,569	1,389	Total net financial indebtedness (2)		1,569	1,389
843	1,228	of which non-recourse Project Financing (3)		843	1,228
47%	43%	Financial leverage		47%	43%
46%	**42%**	**EBITDA Margin %**		**50%**	**50%**
		Operating data			
1,929	**1,791**	**Installed capacity at period end - wind farms**	*MW*	**1,929**	**1,791**
692	578	Electric power generation from wind farms	*milioni di KWh*	2,846	2,509
480	**480**	**Installed capacity - thermoelectric plants**	*MW*	**480**	**480**
725	591	Electric power generation from thermoelectric plants	*milioni di KWh*	1,941	1,645
527	**527**	**Installed capacity at period end - Hydoelectric plants**	*MW*	**527**	**527**
274	401	Electric power generation from hydroelectric plants	*milioni di KWh*	867	1,402
141	**90**	**Installed capacity - solar plants**	*MW*	**141**	**90**
75	45	Electric power generation from solar plants	*milioni di KWh*	194	109
3,549	**3,133**	**Total sales of electric power**	*milioni di KWh*	**11,191**	**10,218**
94	37	Investments (4)	*milioni di Euro*	401	484
754	**742**	**Employees at period end**	*Unità*	**754**	**742**
		Net unit revenues (5)			
121.0	130.8	Wind Italy	*Euro/MWh*	119.5	125.0
94.8	95.2	Wind Germany	*Euro/MWh*	97.7	93.8
88.5	86.5	Wind France	*Euro/MWh*	88.8	86.9
72.5	57.7	Wind Poland	*Euro/MWh*	71.2	57.7
66.8	72.7	Wind Bulgaria	*Euro/MWh*	74.6	71.6
72.5	59.7	Wind Romania	*Euro/MWh*	68.6	52.9
n.a.	n.a.	Wind UK	*Euro/MWh*	n.a.	100.4
318.9	302.4	Solar	*Euro/MWh*	315.9	295.3
105.9	119.2	Hydroelectrict power	*Euro/MWh*	105.2	104.8
43.3	46.7	Thermoelectric power	*Euro/MWh*	39.7	42.8

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

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

(2) as already indicated in the Introduction, adjusted net financial indebtedness and the adjusted net invested capital are represented net of the effects deriving from the application of IFRS 16, therefore excluding the recognition of assets and the discounting of future payments of leasing instalments of approximately EUR 73 million on net financial indebtedness and approximately EUR 72 million on net invested capital at 30 September 2019.

(3) including cash and cash equivalents and excluding the fair value of the derivatives hedging interest rates.

(4) in property, plant and equipment and intangible assets. They also include M&A investments of EUR 364 million made in the first nine months of 2019 for the acquisition of two photovoltaic plants from Soles Montalto GmbH with a total installed capacity of 51.4 MW (EUR 220 million), for the acquisitions of companies owning wind farms in France and Germany (respectively, EUR 52 million and EUR 84 million), of a pipeline in Germany (EUR 2 million) and of a project for the construction of a wind farm in the United Kingdom (EUR 6 million). In the first nine months of 2018 M&A investments were equal to EUR 449 million in relation to the acquisition of the companies of the ForVei (Solare) Group and for the acquisitions of companies owning wind farms in France, Germany and United Kingdom.

(5) net unit revenue is expressed in EUR/MWh and is calculated by dividing the technology output by the revenues achieved on energy markets, inclusive of the impact of hedges, of any incentives due and the relative variable costs associated to generation/sale including, for example, the cost of fuel and imbalance costs.

Performance highlights by segment

3rd quarter 2019	3rd quarter 2018	(EUR million)	9 months 2019	9 months 2018
		Revenues adjusted:		
70	70	Wind power	298	280
24	14	Solar	61	32
28	51	Hydroelectric power	88	151
109	115	Thermoelectric power (1)	314	302
8	8	Corporate	26	25
(8)	*(8)*	*Intra-segment revenues*	*(26)*	*(25)*
231	**250**	**Total revenues adjusted**	**762**	**766**
		EBITDA adjusted		
43	40	Wind power	214	199
22	12	Solar	56	28
20	38	Hydroelectric power	64	118
25	18	Thermoelectric power (1)	59	48
(4)	(3)	Corporate	(13)	(11)
107	**105**	**EBITDA adjusted**	**380**	**381**
		Amortisation, depreciation and write-downs		
(45)	(39)	Wind power	(127)	(120)
(11)	(5)	Solar	(31)	(15)
(14)	(14)	Hydroelectric power	(43)	(43)
(7)	(8)	Thermoelectric power (1)	(21)	(23)
(1)	(1)	Corporate	(2)	(2)
(78)	**(67)**	**Amortisation and depreciation adjusted**	**(223)**	**(203)**
		EBIT		
(1)	1	Wind power	87	79
12	7	Solar	25	13
6	23	Hydroelectric power	21	74
18	11	Thermoelectric power (1)	38	25
(4)	(4)	Corporate	(15)	(13)
29	**38**	**EBIT adjsuted**	**157**	**178**
		Investments (2)		
92	32	Wind power	172	130
0	0	Solar	220	345
1	2	Hydroelectric power	3	3
1	2	Thermoelectric power	5	4
0	1	Corporate	1	2
94	**37**	**Total investments**	**401**	**484**

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

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

Adjusted Income Statement

To enhance understandability of the Group's performance, as already indicated in the Introduction, the operating results are shown in this section excluding the impact relative to the application of the IFRS 16 and IFRS 9 standards and of special items.

It should be recalled that this Report reflects the impact of the consolidation of the newly acquired companies in Germany as from 1 January 2019.

For the definition of indicators, the composition of the financial statements and the reconciliation of the amounts involved, reference is made to that indicated in the section Alternative Performance Indicators below.

3rd quarter			9 months	
2019	**2018**	*(EUR million)*	**2019**	**2018**
231.5	250.3	Revenues from ordinary operations	761.9	766.0
2.0	2.8	Other revenues and income	8.3	16.8
233.4	**253.1**	**TOTAL REVENUES**	**770.2**	**782.9**
(71.1)	(93.8)	Costs for purchase and changes in inventory	(217.7)	(233.4)
(40.2)	(39.9)	Costs for services and other operating costs	(125.0)	(122.7)
(15.5)	(14.8)	Cost of labor	(47.5)	(45.4)
106.6	**104.7**	**EBITDA**	**380.0**	**381.4**
(77.6)	(67.1)	Amortisation, depreciation and write-downs of fixed assets	(222.9)	(203.3)
29.0	**37.5**	**EBIT**	**157.1**	**178.0**
(15.0)	(15.3)	Net financial income (expenses)	(47.8)	(53.1)
0.0	0.1	Net income (loss) from equity investments	0.1	0.1
14.0	**22.3**	**Profit before taxes**	**109.3**	**125.0**
(6.0)	(5.7)	Income taxes	(33.2)	(32.8)
7.9	**16.6**	**Profit for the period**	**76.1**	**92.2**
(0.9)	(0.0)	Minority interests	(1.5)	(0.1)
7.1	**16.6**	**Group's net profit (loss)**	**74.6**	**92.1**

Adjusted Statement of Financial Position

The reclassified statement of financial position contains the assets and liabilities of the mandatory financial statements, used in the preparation of the annual financial report, highlighting the **uses** of resources in non-current assets and in working capital and the related funding **sources**.
For the definition of the indicators for the main items used in the Statement of Financial Position, reference is made to that indicated in the “Alternative Performance Indicators” section below.
The adjusted reclassified statement of financial position is shown below and does not include, at 30 September 2019, impact deriving from the application of IFRS 16 standard of approximately EUR 73 million on net financial indebtedness with a balancing entry in Net invested capital amounting to approximately EUR 72 million.

09/30/2018	Adjusted Reclassified Statement of Financial Position	09/30/2019	06/30/2019	12/31/2018
	(EUR million)			
3,312.7	Non current assets	3,491.3	3,472.1	3,273.6
182.7	Net working capital	107.1	225.5	179.3
(6.0)	Provisions for employee benefits	(5.5)	(5.6)	(5.8)
316.4	Other assets	337.5	333.8	291.7
(597.0)	Other liabilities	(610.8)	(622.4)	(567.0)
3,208.7	**Net invested capital**	**3,319.7**	**3,403.4**	**3,171.8**
1,819.3	Group Shareholders’ Equity	1,731.5	1,722.9	1,828.8
0.0	Non-controlling interests	19.0	18.2	0.0
1,389.4	Net financial indebtedness	1,569.1	1,662.4	1,343.0
3,208.7	**Equity and financial debt**	**3,319.7**	**3,403.4**	**3,171.8**
43%	**Financial leverage**	**47%**	**49%**	**42%**

Cash Flow

3°trimestre 2019	3°trimestre 2018	(importi in milioni)	Primi 9 Mesi 2019	Primi 9 Mesi 2018
106.6	104.7	Margine operativo lordo adjusted	380.0	381.4
118.4	36.6	Variazione capitale circolante	39.5	(106.8)
225.0	**141.2**	**Cash Flow Operativo**	**419.4**	**274.5**
(10.7)	(13.0)	Investimenti in immobilizzazioni materiali e immateriali	(37.3)	(34.4)
(83.7)	(24.1)	Acquisizioni di aziende *(business combination)*	(364.0)	(449.4)
-	0.9	Investimenti immobilizzazioni finanziarie	-	-
-	-	Cessione partecipazione TotalErg	-	179.5
-	-	Cessione net assets Brockaghboy	-	105.7
(0.1)	0.0	Disinvestimenti e altre variazioni	0.9	0.2
(94.5)	**(36.1)**	**Cash Flow da investimenti/dinvestimenti**	**(400.4)**	**(198.2)**
(15.0)	(15.3)	Proventi (oneri) finanziari	(47.8)	(53.1)
-	-	Chiusura fair value finanziamento ERG Wind	(43.5)	-
0.0	0.1	Proventi (oneri) da partecipazione netti	0.1	0.1
(15.0)	**(15.2)**	**Cash Flow da gestione finanziaria**	**(91.3)**	**(53.0)**
(25.5)	**(8.1)**	**Cash Flow da gestione Fiscale**	**(25.5)**	**(8.1)**
-	-	Distribuzione dividendi	(112.4)	(171.1)
3.2	(4.9)	Altri movimenti di patrimonio netto	(16.1)	1.3
3.2	**(4.9)**	**Cash Flow da Patrimonio Netto**	**(128.5)**	**(169.8)**
-	**0.1**	**Variazione area di consolidamento**	**-**	**(2.1)**
1,662.4	**1,466.4**	**Indebitamento finanziario netto iniziale**	**1,343.0**	**1,232.7**
(93.2)	*(77.0)*	*Variazione netta*	*226.1*	*156.7*
1,569.1	**1,389.4**	**Indebitamento finanziario netto finale**	**1,569.1**	**1,389.4**

The **Cash Flow from operations** of the third quarter of **2019** is positive by EUR 225 million, up by EUR 84 million compared to the corresponding period of 2018, mainly due to changes in working capital and to the adjustment of the timelines for the collection of incentives in the Wind and Hydroelectric sectors.

The **Cash Flow from operations** of the first nine months of **2019** is positive by EUR 419 million, up by EUR 145 million compared to the corresponding period of 2018, mainly due to changes in working capital and to the adjustment of the timelines for the collection of incentives in the Wind and Hydroelectric sectors, which led to the collection of the incentives relating to the first seven months of 2019. In addition, the cash flows of the first nine months of 2018 was affected by the payment of a debt position tied to OIL purchases in previous years.

The **Cash flow from investments** of the third quarter of **2019** is mainly tied to the M&A activity and in particular to the acquisition of operational wind farms in Germany (EUR 84 million).

The **Cash flow from investments** of the first nine months of **2019** is tied mainly to the M&A activity and in particular to the acquisition of two photovoltaic facilities with total installed capacity of 51.4 MW from Soles Montalto GmbH (EUR 220 million), of operational wind farms in France (EUR 52 million) and Germany (EUR 84 million), of a project for the construction of a wind farm in the United Kingdom (EUR 6 million) and of a pipeline in Germany (EUR 2 million), and to the investments in property, plant and equipment and intangible assets (EUR 37 million).

Cash flow from financial management refers to the interest accrued during the period. Financial management also includes the effect of the closure of the fair value of the project financing of ERG Wind Investment Ltd.

The **Cash flow from Equity** refers mainly to the changes of the cash flow hedge reserve tied to derivative financial instruments.

Adjusted net financial indebtedness totalled **EUR 1,569 million**, up by EUR 226 million compared to 31 December 2018 (EUR 1,343 million). The change mainly reflects the investments in the period (EUR 401 million) as a result of the additional growth in the solar sector in Italy and in the wind sector in France and Germany, dividend distribution (EUR 112 million), the extraordinary expenses incurred in the course of the significant liability management transactions (EUR 43 million), the increase of the fair value of hedging derivatives, the payment of taxes (EUR 25 million), partly offset by the positive cash flow of the period (EUR 372 million), also as a result of the reduction of the timelines for collection on incentives in Italy.

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 IAS/IFRS adopted by the Group.
These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.
Finally, in order to enhance understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an extraordinary nature (special items): these results are indicated with the term "Adjusted results".
Since the composition of these indicators is not regulated by the applicable 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:

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

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

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

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

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

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

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

- **Investments** are 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 determined by the algebraic sum of Non-current Assets, Net Working Capital, Liabilities related to Post-employment Benefits, Other Assets and Other Liabilities;

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

- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with CONSOB communication 15519/2006, also including the portion of non-current assets relative to derivative financial instruments. Until 31 December 2018 the indicator also included the non-current financial loan to api S.p.A. (EUR 36 million) as deferred component of the TotalErg sale price;

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

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

- **Special items** include significant special income components of an extraordinary nature. These include:
    - income and expenses connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
    - income and expenses related to events that are not typical of normal business activities, such as restructuring and environmental costs;
    - capital gains and losses linked to the disposal of assets;
    - significant 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 2019	3rd quarter 2018	EBITDA	Notes	9 months 2019	9 months 2018
107.1	***104.7***	**EBITDA from continuing operations**		***372.0***	***378.1***
-	-	*Contribution of discontinuing operation (Brockahgboy)*	***1***	-	*3.3*
107.1	***104.7***	**EBITDA**		***372.0***	***381.4***
		Special items exclusion and impact of IFRS 16			
		Corporate			
2.0	-	*- Reversal of ancillary charges on no recurring operations*	***2***	*8.4*	-
(0.2)	-	*- Adjustment for impact IFRS 16*	***3***	*(0.7)*	-
-	-	*- Reversal of HR and company reorganization costs*	***4***	*6.0*	-
0.0	-	*- Reversal liabilities/charges ERG 80*	***5***	*0.0*	-
		Thermoelectric			
(0.3)	-	*- Adjustment for impact IFRS 16*	***3***	*(0.7)*	-
		Hydroelectric			
(0.0)	-	*- Adjustment for impact IFRS 16*	***3***	*(0.1)*	-
		Solar			
(0.1)	-	*- Adjustment for impact IFRS 16*	***3***	*(0.3)*	-
		Wind			
(1.8)	-	*- Adjustment for impact IFRS 16*	***3***	*(4.6)*	-
106.6	***104.7***	**Adjusted EBITDA**		***380.0***	***381.4***

3rd quarter 2019	3rd quarter 2018	Amortisation, depreciation and impairment losses	Notes	9 months 2019	9 months 2018
(79.5)	***(67.1)***	**Amortisation and depreciation expense for continuing operations**		***(227.9)***	***(202.6)***
-	-	*Contribution of discontinued operations (Brockaghboy)*	***1***	-	*(0.7)*
(79.5)	***(67.1)***	**Amortisation and depreciation and impairment losses**		***(227.9)***	***(203.3)***
		Special items exclusion			
1.9	-	*- Adjustment for impact of IFRS 16*	***3***	*5.0*	-
(77.6)	***(67.1)***	**Adjusted depreciation and amortisation**		***(222.9)***	***(203.3)***

3rd quarter 2019	3rd quarter 2018	Profit attributable to owners of the parent	Notes	9 months 2019	9 months 2018
4.5	**19.2**	**Profit attributable to owners of the parent**		***6.4***	***124.3***
		Special items exclusion and impact of IFRS 16			
0.1	-	*Exclusion impact of IFRS 16*	***3***	*0.7*	-
-	-	*Exclusion of HR and company reorganization costs*		*4.5*	-
-	-	*Exclusion of ancillary charges on corporate loan prepayments*	***5***	*2.0*	-
-	-	*Exclusion of ancillary charges on ERG Wind loan prepayments*	***5***	*49.4*	-
-	-	*Exclusion of ancillary charges on ERG Power loan prepayments*	***5***	*1.5*	-
1.9	-	*Exclusion of ancillary charges on no-recurring operations*		*7.8*	-
-	-	*Exclusion of liabilities/charges ERG 80*		-	-
-	-	*Exclusion of capital gain from sale of UK equity investment*		-	*(26.2)*
0.6	*(2.6)*	*Exclusion of the net gain on refinancing (IFRS 9)*	***6***	*2.2*	*(6.0)*
7.1	***16.6***	**Adjusted profit attributable to the owners of the parent**		***74.6***	***92.1***

1. The accounting results of Brockaghboy, the subsidiary sold on 7 March 2018, are subject to the requirements of IFRS 5.
   In this Interim Financial Report, to facilitate understanding of the comparative figures, it was deemed necessary to show and comment the results achieved in the period 1 January 2018 to 7 March 2018 by the assets sold under ordinary operations, in line with the approach already adopted in the Report on Operations on the 2018 Financial Statements.
2. Ancillary charges relating to other operations of a non-recurrent nature related mainly to the acquisition in the period involving in 2019 to two photovoltaic plants in Italy and operational wind farms in France and Germany.
3. Adjustment for impact of IFRS 16. Reference is made to the comments made in the previous article.
4. Expenses related to corporate reorganisation of the Group, in particular to the simplification and rationalisation of

the organisational-corporate structure of the Group in Italy and abroad.

5. Financial expenses correlated to the early closure of a Corporate loan and project financing as part of Liability Management activities concurrently with the launch of the first Green Bond. Of particular note are the expenses recognised as a consequence of the closure of the ERG Wind Investment project financing and tied to the reversal (EUR 43 million[4]) of the positive adjustment, recognised upon first consolidation, of the fair value of the debt and to the prepayment of the related IRS instrument (EUR 23 million[14], net of the reversal of the first consolidation reserve).

6. The Group renegotiated a number of loans during the year. IFRS 9 does not allow the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in a net financial expense of approximately EUR 2 million being accounted for in the first nine months of 2019. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted income statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Below is the reconciliation between the condensed interim consolidated financial statements and the adjusted statements shown and commented upon in this Report.

Income Statement 3rd quarter 2019

(EUR million)	Values in Consolidated Financial Statement	*Adjustment for IFRS 16*	*Adjustment for IFRS 9*	*Reversal of special items*	Consolidated Financial Statement adjusted
Revenues	231.5	-	-	-	231.5
Other income	2.0	-	-	-	2.0
Total Revenue	**233.4**	**-**	**-**	**-**	**233.4**
Costs for purchase	(71.4)	-	-	-	(71.4)
Changes in inventory	0.3	-	-	-	0.3
Costs for services and other operating costs	(39.7)	*(2.5)*	-	*2.0*	(40.2)
Cost of labour	(15.5)	-	-	-	(15.5)
EBITDA	**107.1**	***(2.5)***	**-**	***2.0***	**106.6**
Amortisation, depreciation and write-downs of fix	(79.5)	*1.9*	-	-	(77.6)
EBIT	**27.6**	***(0.6)***	**-**	***2.0***	**29.0**
Net financial income (expenses)	(16.6)	*0.8*	*0.7*	-	(15.0)
Net income (loss) from equity investments	0.0	-	-	-	0.0
Profit before taxes	**11.0**	***0.2***	***0.7***	***2.0***	**14.0**
Income taxes	(5.6)	*(0.1)*	*(0.2)*	*(0.2)*	(6.0)
Net result from continued operations	**5.4**	***0.1***	***0.6***	***1.9***	**7.9**
Net result from asset sold	-	-	-	-	-
Profit for the period before minorities	**5.4**	***0.1***	***0.6***	***1.9***	**7.9**
Minority interests	(0.9)	-	-	-	(0.9)
Group's net profit (loss)	**4.5**	***0.1***	***0.6***	***1.9***	**7.1**

Income Statement 3rd quarter 2018:

(EUR million)	Values in Consolidated Financial Statement	*Reversal of Broackaghboy IFRS 5 reclassification*	*Reversal of special items*	3rd quarter 2018 adjsuted
Revenues	250.3	-	-	250.3
Other income	2.8	-	-	2.8
Total Revenue	**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 labour	(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**

[4] Before the tax effect

Income Statement First 9 Months 2019

(EUR million)	Values in Consolidated Financial Statement	*Adjustment for IFRS 16*	*Adjustment for IFRS 9*	*Reversal of special items*	Consolidated Financial Statement adjusted
Revenues	761.9	-	-	-	761.9
Other income	8.3	-	-	-	8.3
Total Revenue	**770.2**	**-**	**-**	**-**	**770.2**
Costs for purchase	(219.1)	-	-	-	(219.1)
Changes in inventory	1.4	-	-	-	1.4
Costs for services and other operating costs	(130.8)	*(6.4)*	-	*12.3*	(125.0)
Cost of labour	(49.6)	-	-	*2.1*	(47.5)
EBITDA	**372.0**	***(6.4)***	**-**	***14.4***	**380.0**
Amortisation, depreciation and write-downs of fixed assets	(227.9)	*5.0*	-	-	(222.9)
EBIT	**144.1**	***(1.4)***	**-**	***14.4***	**157.1**
Net financial income (expenses)	(121.8)	*2.4*	*2.8*	*68.7*	(47.8)
Net income (loss) from equity investments	(0.2)	-	-	*0.3*	0.1
Profit before taxes	**22.1**	***1.0***	***2.8***	***83.4***	**109.3**
Income taxes	(14.2)	*(0.3)*	*(0.7)*	*(18.1)*	(33.2)
Net result from continued operations	**7.9**	***0.7***	***2.2***	***65.3***	**76.1**
Net result from asset sold	-	-	-	-	-
Profit for the period before minorities	**7.9**	***0.7***	***2.2***	***65.3***	**76.1**
Minority interests	(1.5)	-	-	-	(1.5)
Group's net profit (loss)	**6.4**	***0.7***	***2.2***	***65.3***	**74.6**

Income Statement First 9 Months 2018

(EUR million)	Values in Consolidated Financial Statement	*Reversal of Broackaghboy IFRS 5 reclassification*	*Reversal of special items*	Consolidated Financial Statement adjusted
Revenues	763.1	*2.9*	-	766.0
Other income	16.0	*0.9*	-	16.8
Total Revenue	**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 labour	(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**

Reclassified statement of financial position as at 30 September 2019

(EUR million)	Values in Consolidated Financial Statement	*Adjustment for IFRS 16*	Consolidated Financial Statement adjusted
Intangible of non-current assets	1,062.0	-	1,062.0
Property, plant and equipment	2,449.6	*(74.9)*	2,374.8
Equity investments and other non current assets	54.5	-	54.5
Non current assets	**3,566.2**	***(74.9)***	**3,491.3**
Inventories	22.6	-	22.6
Trade receivables	150.1	-	150.1
Trade payables	(63.7)	-	(63.7)
Excise duties payables to tax authorities	(1.9)	-	(1.9)
Net working capital	**107.1**	**-**	**107.1**
Provisions for employee benefits	(5.5)	-	(5.5)
Other assets	334.6	*2.9*	337.5
Other liabilities	(610.8)	-	(610.8)
Net invested capital	**3,391.6**	***(71.9)***	**3,319.7**
Equity attributable to the owners of the parent	1,730.8	*0.7*	1,731.5
Non controlling interests	19.0	-	19.0
Medium-long term financial indebtedness	2,141.1	*(68.2)*	2,072.85
Short term net financial indebtedness	(499.3)	*(4.4)*	(503.70)
Equity and financial debt	**3,391.6**	***(71.9)***	**3,319.7**