



Press Release

The Board of Directors of ERG Renew approves the Consolidated and draft Financial Statements for the year ended 31 December 2010

Full year 2010

- Revenues: Euro 72.7 million (+ 46% compared to 2009)
- EBITDA: Euro 38.5 million, (+ 67% compared to 2009)
- Net result: Euro -15.9 million (Euro - 28 million in 2009)

Fourth quarter 2010¹

- Revenues: Euro 27.8 million (+ 69% compared to fourth quarter 2009)
- EBITDA: Euro 18.5 million (+ 106% compared to fourth quarter 2009)
- Net result: Euro -12.1 million (Euro - 17.6 million in fourth quarter 2009)

Genoa, 2 March 2011 - The Board of Directors of ERG Renew S.p.A. met today to review the consolidated financial statements for the period ended 31 December 2010.

Consolidated financial results

IV Quarter			Financial highlights (million Euro)			Full year		
2010	2009	Var.	2010	2009	Var.	2010	2009	Var.
27.8	16.4	+ 69.4%	Revenues			72.7	49.9	+ 45.6%
18.5	8.9		EBITDA			38.5	23.0	
18.5	8.9	+ 106.5%	Adjusted EBITDA			38.5	23.0	+ 67.3%
(10.4)	(10.0)		EBIT			(10.9)	(12.9)	
(12.1)	(17.6)		Net profit (loss)			(15.9)	(28.0)	

	31.12.10	31.12.09	Variation
Net financial debt (million Euro)	682.0	291.0	+ 134.3%
Leverage ²	87.9%	73.1%	

Francesco Del Balzo, Chief Executive Officer of ERG Renew, commented: “EBITDA in 2010 was positive and posted a growth over 2009, thanks to the contribution of the two wind farms acquired last July and the increased output from the existing farms following the improved windiness recorded in Italy during the year. On the other hand, the operating result was heavily penalised by the write-down of equity investments concerning the wind sector in both Italy and France.

We are going ahead, albeit behind schedule, with the implementation of our organic investment plan and expect the Fossa del Lupo and Ginestra wind farms to come on stream during the current year.”

¹ Fourth quarter data, not subjected to approval by the Board of Directors and not audited, are to be considered pro forma and are shown to provide information completeness and continuity.

² Ratio of total net financial payables (including Project Financing) to net invested capital.

Introduction

The consolidated financial statements at 31 December 2010 show a loss of Euro 15.9 million compared to a loss of Euro 28 million in 2009, after recording:

- Write-downs of goodwill and equity investments amounting to Euro 19.3 million (17.4 million in 2009),
- Provisions for liabilities and charges totalling Euro 3.1 million (1 million in 2009),

Consolidated results as at 31/12/2010 and for the fourth quarter of 2010

Consolidated **EBITDA** in **2010** amounted to Euro 38.5 million compared to Euro 23 million in 2009 (+67.3%).

Consolidated **EBITDA** in the fourth quarter of **2010** posted a positive result of Euro 18.5 million, compared to Euro 8.9 million achieved during the corresponding period of 2009.

IV Quarter		EBITDA (million Euro)	Full year		Variation
2010	2009		2010	2009	
18.4	7.4	Wind – Italy	38.8	25.3	+ 53.5%
2.7	2.4	Wind – France	7.6	6.6	+ 14.2%
21.1	9.8	TOTAL WIND	46.4	31.9	+ 45.4%
0.9	0.5	Water services	2.0	1.1	
(3.5)	(1.4)	Holding division	(9.9)	(10.0)	
18.5	8.9	TOTAL EBITDA	38.5	23.1	+ 67.3%

Wind Italy

EBITDA in **2010** as regards the Wind Italy business, which amounted to Euro 38.8 million, was up by 53.5% compared to Euro 25.3 million in 2009. In the **fourth quarter of 2010** EBITDA was Euro 18.4 million compared to Euro 7.4 million for the corresponding period of 2009.

The trend in EBITDA is due to:

- consolidation of the Ascoli Satriano and Rotello wind farms (102 MW) acquired in July 2010;
- the decrease in the average selling price for electricity output;
- the decrease in the anticipated selling price of green certificates.

Wind France

In **2010** the contribution to consolidated **EBITDA** on the part of the Wind France business was Euro 7.6 million, up by 14.2% compared to Euro 6.6 million in 2009. In the **fourth quarter of 2010** the result was Euro 2.7 million compared to Euro 2.4 million for the corresponding period of 2009. The trend in EBITDA is due to the consolidation of the new Plogastel wind farm (9.2 MW), which came on stream in April 2010.

Water Services

In **2010**, the "Water Services" business posted a positive **EBITDA** of Euro 2 million, showing an increase over the positive result of Euro 1.1 million a year earlier. In the **fourth quarter of 2010** a positive EBITDA of Euro 0.9 million was recorded, compared to a positive result of Euro 0.5 million in 2009.

The trend in EBITDA is due to:

- the growth in volumes treated;
- the increase in tariffs applied;
- the new services provided by SODAI.

Holding Division

EBITDA in **2010** was negative by Euro 9.9 million, in keeping with the negative result of Euro 10 million posted in 2009. In the **fourth quarter of 2010** the result was negative by Euro 3.5 million compared to Euro 1.4 million, again negative, recorded for the corresponding period of 2009. This result also reflects non-recurring costs of approximately Euro 2 million, in connection with advisory services relating to the pursuit of growth opportunities and, in particular, the acquisition of the new Ascoli Satriano and Rotello wind farms completed in July 2010.

EBIT

EBIT in **2010** was negative by Euro 10.9 million (the 2009 result was also negative, by Euro 12.9 million), after amortisation and depreciation amounting to Euro 29.9 million and write-downs totalling Euro 19.3 million. More specifically, ERG Renew wrote down the value of goodwill and equity investments by Euro 11.7 million as regards the Wind France business and by Euro 7.6 million in relation to the Wind Italy business. In the **fourth quarter of 2010** the result was negative by Euro 10.4 million (negative by Euro 10.0 million in the corresponding period of 2009).

Consolidated net result

The **consolidated net result** in **2010** was negative by Euro 15.9 million, compared to a negative result of Euro 28 million in 2009. In the **fourth quarter of 2010** the result was negative by Euro 12.1 million (negative by Euro 17.6 million in the corresponding period of 2009).

Net financial debt as at 31 December 2010 amounted to Euro 682 million, with a growth of 391 million compared to Euro 291 million as at 31 December 2009. This increase in debt was primarily ascribable to the consolidation of ERG Eolica Adriatica's net debt (Euro 210 million, including 190.4 million in project financing) and secondly to the increase in debt towards the parent company ERG SpA, the latter having financially supported ERG Renew, by making available funds to cover investments, ordinary and current operational requirements, as well as a specific credit line for acquisition of the equity investment in ERG Eolica Adriatica.

Investments during 2010 totalled Euro 89 million (Euro 88.8 million in 2009), and almost exclusively concerned the wind business and, more specifically, the Fossa del Lupo (Euro 63.7 million) and Ginestra (Euro 22.1 million) wind farms.

Operational data

In **2010** the **Wind Italy business** recorded an increase of 59.1% in electricity production over the corresponding period in 2009, mainly due to the consolidation of the Ascoli Satriano and Rotello wind farms. The increase in Italian output, not considering the contribution from ERG Eolica Adriatica, amounted to 15.1%.

During the whole of 2010, the contribution of the **French wind farms** to electricity production amounted to 116.8 GWh, up by 8.5% over 107.6 GWh in 2009. The increase is primarily due to the consolidation of the new Plogastel wind farm which came on stream from the month of April.

IV Quarter			Wind output (GWh)	Full year		
2010	2009	Variation		2010	2009	Variation
134.1	70.8	+ 89.5%	Wind – Italy	333.4	209.6	+ 59.1%
34.2	38.7	- 11.8%	Wind - France	116.8	107.6	+ 8.5%
168.3	109.5	+ 53.7%	TOTAL WIND	450.2	317.2	+ 41.9%

Significant events during 2010

Wind Italy

On **26 January** ERG Eolica Ginestra executed the project finance loan agreement for the construction of its wind farm. Unicredit Mediocredito Centrale is Loan Arranger and co-arrangers are Barclays Bank and Centrobanca.

On **22 June** the Board of Directors of ERG Renew approved the acquisition of a 100% equity interest in the company IVPC Power 5 S.r.l., owner of 2 wind farms, one in Molise (40 MW), which became commercially operational in January 2010, and one in Puglia (62 MW), which started commercial operation in June 2010, with an overall installed capacity of 102 MW. The transaction closing was completed on 23 July by its subholding company ERG Eolica Italia. The acquisition was financially possible due to the backing provided by the parent company ERG S.p.A., the latter having increased the credit line in favour of ERG Renew from the original amount of Euro 231 million to Euro 311 million.

On **26 July 2010**, the areas where installation is underway as regards 4 of the 20 wind turbines which are to make up the Ginestra wind farm, currently under construction, were placed under preventive sequestration by the Benevento Judicial Authority. The order refers to alleged environmental torts arising from the execution of works in protected woodland areas, without the required authorisation. Again in this case the Company, considering its actions to be entirely correct, requested and obtained a hearing for re-examination of the order, which took place on 20 September last, following which the order was confirmed. The Company has already presented a motion of release from seizure. Moreover, we report that the same areas were already concerned with a regional temporary suspension order regarding the Single Authorisation which, following the appeal to the Campania Regional Administrative Tribunal (TAR), was provisionally suspended.

Wind France

The Plogastel wind farm, which has an installed capacity of 9.2 MW, entered into commercial operation ahead of schedule on **28 April**.

Photovoltaics

On **29 June** the Quotaholders' Meeting of investee company Energie Pulite 2000 S.r.l. passed a resolution to change both the company's name, to ERG Solare Italia S.r.l., and the articles of association. The company will become the subholding company for the photovoltaics business, with concentration under same of all future projects concerning the business in question.

On **23 July** ERG Renew increased, from 12.4% to 24.7%, its stake in the Dyepower Consortium, set up to perform research and development activities in the field of so-called organic photovoltaics.

Hydroelectric Power Plants

On **30 June** ERG Renew signed an agreement with a leading sector operator for the sale of the equity interests held in Ecopower S.r.l. and ISEA S.r.l., thereby carrying out the anticipated and previously announced disposal of what is no longer considered a core business. The closing for the sale of Ecopower was completed on the same date, while the sale of ISEA was completed on 30 July.

On **30 July**, following the agreement signed on 30 June with a leading sector operator concerning the sale of the equity investments held in Ecopower S.r.l. and ISEA S.r.l., ERG Renew completed the closing for the sale of the investment in ISEA S.r.l.. The sale of the investment in Ecopower had already been completed on 30 June, at the time of signing the agreement. As a result of this last action, the Company has fulfilled its anticipated and previously announced disposal of the hydroelectric power plant business, which is no longer considered core.

Water services

On **24 February** the Board of Directors of investee company SODAI Italia approved the new business plan, which is based on its ongoing contract with Trenitalia.

Holding Division

On **12 January** the Company's Board of Directors approved the 2010 investment budget for the amount of Euro 121 million. The budget's financial sustainability was guaranteed by an irrevocable commitment assumed on 8 January 2010 by parent company ERG S.p.A. up to the amount of Euro 169 million and also intended to cover possible financial requirements connected with ordinary and current operations.

On **14 January** the Company executed with the parent company ERG S.p.A. an extension to the line of credit signed between the parties on 25 May 2009, increasing the original amount of Euro 140 million to Euro 231 million; the aim is to support ERG Renew also during 2010 with regard to potential financial cover for investments planned as well as any funding requirements to cover ordinary and current operations.

On **21 January** a decision was issued by the Board of Arbitration appointed, as contractually provided, to settle various disputes that have arisen between the Company and ACEA S.p.A. regarding the sale to the latter of the "waste to energy/waste management" business in July 2006.

On **16 February** a new company was created under the name of ISAB Energy Solare S.r.l., owned 51% by ERG Renew and 49% by Princemark Ltd (a company belonging to the English group International Power), for the purpose of constructing a photovoltaic plant at the Priolo Gargallo (Syracuse) industrial site in Sicily, with a capacity equal to approximately 1 MW.

On **2 March** the Board of Directors approved the 2010-2013 Business Plan, which provides for investments totalling Euro 254 million and an installed capacity of 429 MW by the end of 2013. During the course of the meeting Raffaele Tognacca tendered his resignation as Chairman and Director of ERG Renew; the Board of Directors co-opted Pietro Muti to replace the resigning Director and appointed Pietro Giordano as Chairman of the Board.

On **12 April** the ERG Renew S.p.A. Shareholders' Meeting approved the 2009 financial statements and noted the consolidated financial statements at 31 December 2009.

The Shareholders' Meeting appointed Pietro Giordano as Chairman of the Board of Directors and Pietro Muti as Director of the Company, to replace the resigning Raffaele Tognacca. Both of these Executive Directors will remain in office until the Board's natural expiry, which will coincide with the approval of the Annual Financial Statements for the year 2011. Lastly, the Board of Directors appointed Vittorio Garrone as Executive Director entrusted with the task of supervising the functionality of the Internal Control system.

On **12 July** it was announced that ERG Renew and Lukoil had signed a Memorandum of Understanding with a view to setting the basic terms and conditions for a cooperation in the market of renewable energy sources, particularly in the wind energy sector. Above all, the two companies will be evaluating business opportunities in the Eastern European countries and Russia.

On **16 July** an agreement was finalised with ACEA S.p.A. for the repurchase of past due trade receivables claimed by TAD Energia Ambiente and its subsidiaries vis-à-vis third-party customers. This was in compliance with the agreement signed in May 2006 which provided for all trade receivables past due as at 31 December 2005 and not paid during the 24 months following the date of the closing (4 July 2006) to be repurchased by ERG Renew.

On **14 December** the parent company ERG S.p.A. announced its decision to launch a voluntary tender offer on all ordinary shares of ERG Renew not already owned, corresponding to 17.36% of share capital, at a price of Euro 0.97 per share.

Significant events after the end of the financial year

On **13 January 2011** the Board of Directors of ERG Renew approved the Statement envisaged by Article 103, 3rd paragraph of Legislative Decree 58/98 ("Consolidated Finance Law - *TUF*") and Article 39 of the Regulations adopted by CONSOB under resolution no. 11971 dated 14 May 1991 and subsequent amendments ("Issuers' Regulations"), in relation to the Voluntary Tender Offer launched by the parent company ERG S.p.A. ("Offeror") in accordance with Article 102 of the *TUF* on all shares of ERG Renew not already owned by the Offeror, corresponding to 17.36% of share capital. The Board of Directors also noted the fairness opinion issued by the independent financial advisor Merrill Lynch International, who declared that, from a financial standpoint, the price of Euro 0.97 Euro per share proposed by the Offeror is fair.

Business Outlook

ERG Renew will continue to follow up on the consequent actions for implementation of the 2010-2013 Business Plan approved by the Board of Directors on 2 March 2010. The funding necessary to cover the 2011 investments budget, as well as the Company's ordinary and current operations, will be supported through recourse to bank loans and a loan from the parent company ERG S.p.A., the latter, in February 2011, having formally undertaken to renew its financial backing for ERG Renew as previously provided in 2009 and 2010.

Wind Italy

The Ginestra wind farm (40 MW) will commence production during the first half of 2011. Construction of the Fossa del Lupo wind farm is scheduled for completion during the first six months of 2011.

The possible continuation of congestion on the National Transmission Grid in Puglia could penalise output as regards the wind farms in this region, in any case in line with the restrictions suffered during 2010. To a marginal extent, the phenomenon might also affect the Vicari wind farm in Sicily.

Wind France

The construction authorisation (ZDE) for the Grenelle wind farm is considered obtainable during the current year.

Photovoltaics

The next generation solar power (so-called organic photovoltaics) research and development activity, in partnership with Permasteelisa, Dyesol and some Italian Universities, will continue. More specifically, once the activities preparatory to planning the pilot line have been completed, the plan is to proceed with the implementation phase in the first half of 2011.

During the first six months of 2011 the approximately 1 MW photovoltaic plant at the ISAB Energy industrial site in Priolo Gargallo (Syracuse) will come on stream.

Water services

As already mentioned, the companies SODAI Italia and DSI, which are no longer considered strategic, are to be sold. The relative negotiations are at an advanced stage.

The Directors call attention to the possibility that facts, unknown as at the present time, may arise and could affect the implementation of some of the actions described above.

Additional information

The Board of Directors of ERG Renew, during its meeting held today, unanimously resolved to convene the Ordinary and Extraordinary Shareholders' Meeting at the offices of the Edoardo Garrone Foundation, at Via S. Luca 2, Genoa, on 12 April 2011 in first call and, if required, on 13 April 2011 in second call.

The Shareholders' Meeting, convened in extraordinary session, will be called upon to pass resolution on the changes and additions to the Articles of Association proposed by the Board of Directors, as highlighted in the Directors' Explanatory Report.

The dossier containing the draft Annual Financial Statements, complete with the Consolidated Financial Statements and related reports, the Directors' Explanatory Report regarding the items on the agenda, as well as the Corporate Governance Report, all as approved by the Board of Directors, will be made available, together with all other documents required, according to the terms and procedures set forth by the rules and regulations in force, at the Company's registered office, at Borsa Italiana S.p.A. and on the Company website, www.ergrenew.it.

The Manager Responsible for preparing the company's financial reports, Luca Giorgerini, declares, pursuant to Article 154 bis, paragraph 2 of the Consolidated Law on Finance that the accounting information contained in this press release corresponds to the document results, books and accounting records.

This press release, concerning the approval of the consolidated financial statements and the draft financial statements for the period ended 31 December 2010, issued at 3.00 p.m. (CET) on 2 March 2011, has been drawn up in accordance with the Regulations implementing Legislative Decree no. 58 of 24 February 1998, adopted by CONSOB under resolution no. 11971 dated 14 May 1999 and subsequent amendments.

It is available to the public at Borsa Italiana S.p.A. and on the Company's website www.ergrenew.it.

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SUMMARY RESULTS					
IV° Quarter		Key economic data (000/euro)		Year	
2010	2009			2010	2009
27.757	16.387	Total revenues		72.667	49.915
18.479	8.947	EBITDA		38.520	23.018
18.479	8.947	Adjusted EBITDA		38.520	23.018
(10.432)	(10.059)	EBIT		(10.949)	(12.887)
(11.995)	(15.761)	Net profit		(15.634)	(27.766)
(138)	(34)	<i>of which profit of third parties</i>		(219)	(186)
(12.133)	(17.633)	Group net profit		(15.853)	(27.952)
Key financial data (euro millions)					
----	----	Net invested capital		775,9	398,3
----	----	Shareholders equity		93,9	107,3
----	----	Total net financial debt		682,0	291,0
----	----	<i>of which non-recourse project financing</i>		393,1	182,6
----	----	Financial leverage		87,9%	73,1%
36,0	61,3	Investments		89,0	88,8

SUMMARY SECTOR RESULTS

IV° Quarter		(000/euro)	Year	
2010	2009		2010	2009
Operating revenues				
22.205	10.876	Wind - Italy	54.004	33.527
2.929	3.295	Wind - France	9.811	9.335
25.134	14.171	Total Wind	63.815	42.862
2.558	1.991	Water services	8.341	6.820
65	225	Holding	511	233
27.757	16.387	Total	72.667	49.915
EBITDA				
18.369	7.430	Wind - Italy	38.832	25.292
2.706	2.419	Wind - France	7.585	6.640
21.075	9.849	Total Wind	46.417	31.932
872	492	Water services	2.012	1.060
(3.468)	(1.394)	Holding	(9.909)	(9.974)
18.479	8.947	Total	38.520	23.018
Adjusted EBITDA				
18.369	7.430	Wind - Italy	38.832	25.292
2.706	2.419	Wind - France	7.585	6.640
21.075	9.849	Total Wind	46.417	31.932
872	492	Water services	2.012	1.060
(3.468)	(1.394)	Holding	(9.909)	(9.974)
18.479	8.947	Total	38.520	23.018
EBIT				
3.475	3.408	Wind - Italy	9.466	10.040
(11.176)	669	Wind - France	(11.918)	(351)
(7.701)	4.077	Total Wind	(2.452)	9.689
765	(12.734)	Water services	1.521	(12.501)
(3.496)	(1.403)	Holding	(10.018)	(10.075)
(10.432)	(10.060)	Total	(10.949)	(12.887)
Investments in property, plant and equipment and intangible assets				
35.459	53.987	Wind - Italy	86.787	77.711
323	6.580	Wind - France	1.419	8.572
35.782	60.567	Total Wind	88.206	86.283
107	643	Water services	339	1.940
75	91	Holding	409	295
35.964	61.301	Total	88.954	88.518

IV° Quarter		Consolidated Income Statement (000/euro)	Year	
2010	2009		2010	2009
27.757	16.387	Operating revenues	72.667	49.915
2.514	911	Other revenues and income	2.011	4.560
30.271	17.298	TOTAL REVENUES	74.678	54.475
(143)	(193)	Raw, ancillary and consumables and goods for resale	(544)	(591)
(9.208)	(5.460)	Services	(24.033)	(21.772)
(1.227)	(1.530)	Personnel costs	(5.131)	(5.891)
(1.214)	(1.168)	Other operating expenses	(6.450)	(3.203)
18.479	8.947	EBITDA	38.520	23.018
(9.394)	(5.885)	Amortisation and depreciation	(29.942)	(22.784)
(19.517)	(13.121)	Provisions and write-downs	(19.527)	(13.121)
(10.432)	(10.059)	EBIT	(10.949)	(12.887)
(2.662)	(2.399)	Net financial income and charges	(15.306)	(11.292)
(198)	(3.303)	Net income (charges) from equity investments	(674)	(3.876)
(13.292)	(15.761)	Profit (loss) before taxes	(26.929)	(28.055)
1.299	86	Current and deferred taxes	10.342	2.470
(138)	(34)	Minority interest	(219)	(186)
(2)	(1.924)	Profit (loss) from discontinued operations	953	(2.181)
(12.133)	(17.633)	Group net profit (loss)	(15.853)	(27.952)

Consolidated Balance Sheet (000/euro)

Description	31/12/2010	31/12/2009	30/09/2010
Fixed assets	692.876	401.908	685.141
Property, plant and equipment	570.327	325.541	545.156
Intangible assets	118.444	74.405	138.313
Financial assets	4.105	1.962	1.672
Net operating working capital	83.686	(3.124)	66.968
Inventories	0	0	0
Trade receivables	53.184	11.048	12.266
Other receivables	89.965	72.520	120.870
Assets held for sale	0	0	0
Financial payables	(14.201)	(52.430)	(16.019)
Provisions for risks and charges	(4.134)	(7.930)	(4.272)
Other payables	(41.128)	(26.332)	(45.877)
Liabilities held for sale	0	0	0
Employee leaving indemnities provision	(615)	(489)	(560)
Net invested capital	775.947	398.295	751.549
Total shareholders' equity	93.905	107.258	100.034
Group net equity	93.251	106.823	99.518
Minority interest equity	654	435	516
Net financial debt	682.042	291.037	651.515
Shareholders' equity and financial debt	775.947	398.295	751.549