2006 Preliminary Results and Strategy Update

Milan, February 27th, 2007

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2006 Highlights

2006 Highlights

- **Main steps of restructuring/refocusing strategy implemented: successful dismissal of Steel and Waste Management/WTE; focused growth in Wind sector**
- **Superior production growth in wind energy compared to 2005 (+107% to 144 GWh in 2006)**
- **Strong Ebitda growth from "continuing operations" (from €3,9 to €21,4 million)**
- **Group net result at -€4,5 million (-€11,9 million in 2005) reflecting write-down and extraordinary provisions of €15,5 million (€1,4 million in 2005) mainly resulting from the impairment test of SODAI water business**
- **Financial structure rebalanced and strengthened to sustain growth in wind energy (year end net debt at €18 million vs. €235,5 million in 2005)**
- **3 new authorized wind farm projects (plus minor upgradings), totalling 133 MW, purchased**
- **Company ownership structure changed on October 16, 2006 with ERG acquisition of 51,3%**

2006 Main Operating and Financial Results

Major steps of portfolio restructuring and refocusing in 2006

EnerTAD

Enertad 2005

Wind (100%)
- EOS Windenergy
- EOS 1 - Troia
- EOS 2 - Nurra
- EOS 3 - Troia
- Eolo (51%)

Waste Management & To Energy (100%)
- TAD Energia Ambiente
- SAO
- Interpark
- Ergo En.A.
- Enercombustibili
- Terni En.A.
- EALL
- Ecoenergie
- (a)
- Energie Pulite 2000 (b)

Water Services
- SODAI Italia (51%)
- DSI (100%)
- Omnia
- Amatrice Servizi
- (c)

Steel (100%)
- EnerTAD France
- Metalli Marchelli Srl
- Presco (F)
- Sapim (F)
- Charron-Inox (F)
- Fim Inox Industrie (F)
- TCT Stainless Steel (USA)
- TCT Stainless Steel of
- TAD Inox Service (NL)
- TAD Inox Service (D)

Hydrogen R&D (6,70%)
- Ansaldo Fuel Cells

a) ***Divested***
July 4, 2006
b) Being divested 1Q 2007

c) ***Divested***
May 31, 2006

Divested
May 31, 2006

Enertad Today

Wind (100%)
- EOS Windenergy
- EOS 1 - Troia
- EOS 2 - Nurra
- EOS 3 - Troia
- Eos 4 - Faeto
- Eos 5 - Tursi
- Eos 6 - Joppolo
- Eos 7 - Ginestra
- Eolo (51%)

Water Services
- SODAI Italia (51%)
- DSI (100%)

Hydrogen R&D (4,78%)
- Ansaldo Fuel Cells

Focused accelerated growth

Reduce capital employed (2007/2008)

ERG

2006 Consolidation perimeter

	Continuing Operations		Discontinued Operations		
Business	Wind	Water Services: Sodai, DSI	Water Services: Omnia	Steel	WTE&Waste
Dismissal date	Ongoing business		May 31, 2006	May 31, 2006	July 04, 2007
Income Statement	Consolidated "Continuing operations"		Consolidated "Discontinuing operations"		
Balance Sheet	Consolidated		Deconsolidated		

Discontinued operations

Economic results (€mn)

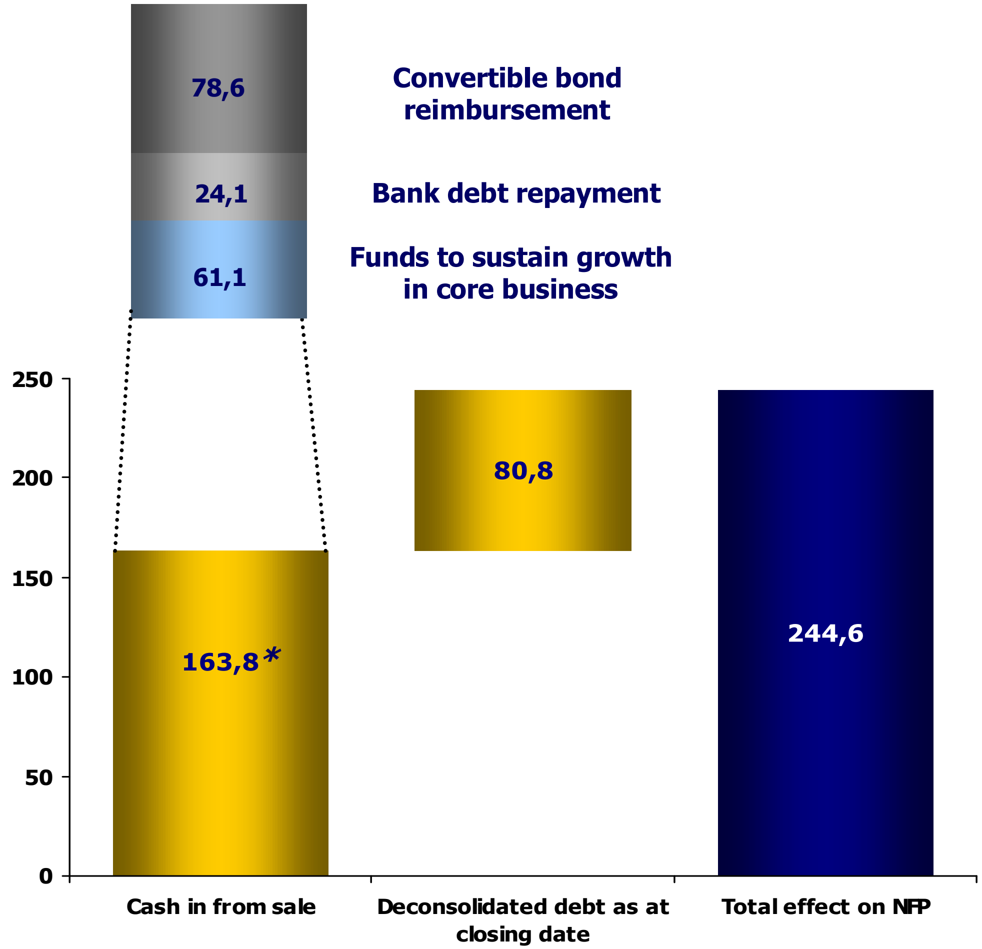
Net Result from discontinued operations in 2006

Total sale price (equity value) (1)	80,1
Carrying value	(74,2)
Consolidated results (2)	(1,7)
Gross gain on sale	**4,2**
Accessory costs on sale	(3,2)
Net result from discontinued operations	**1,0**

(1) Including earn out of about €1,2 million on Waste Management & WTE sale

(2)Net result of Waste Management/WTE plus net result of urban cycle water business from beginning of year to closing (net result of steel business, before dismissal, is included in the sale price)

Financial results* (€mn)



** Pro Forma - Cash in from equity value plus intercompany debt repayment net of accessory costs (€3,2 mn)*
€0,6 mn cashed in January 2007, €1,2 mn earn out cash in foreseen in March 2007

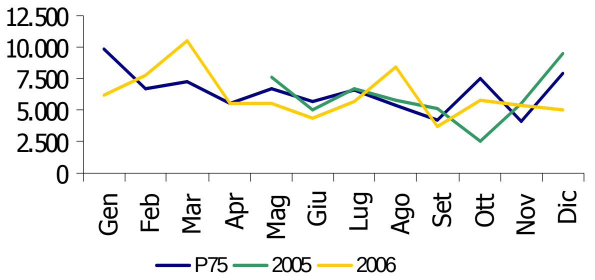
Continuing operations: Wind

4Q 2006	4Q 2005	Δ % 06-05		FY 2006	FY 2005	Δ % 06-05
34,7	**21,3**	***63%***	**Total sold production** *(Gwh)*	**144,0**	**69,6**	***107%***
16,2	18,0	*(10%)*	EOS 1 - Troia S. Vincenzo	73,9	63,1	*17%*
15,9	0,6	*n.a.*	EOS 3 - Troia S. Cireo	60,4	0,6	*n.a.*
2,6	2,7	*(4%)*	Eolo - Viticuso	9,7	5,9	*64%*
			Selling Prices *(€/MWh)*			
72,6	57,5	*26%*	Electric energy	72,0	55,0	*31%*
122,0	108,9	*12%*	Green Certificates	122,0	108,9	*12%*

EOS 1 – Troia S. Vincenzo (38 MW)
19 turbines REpower MM82 (2 MW)

- Estimated full load hours: 2.030 (P75)
- Full production since May 2005
- Technical availability: 98%
- Yearly production in line with P75

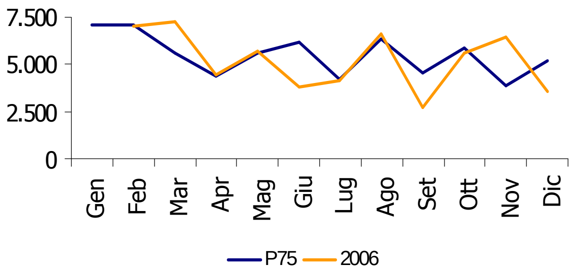
Monthly energy production (MWh)



EOS 3 – Troia S. Cireo (30 MW)
15 turbines Vestas V90 (2 MW)

- Estimated full load hours: 2.195 (P75)
- Full production since February 2006
- Technical availability: 98%
- Yearly production in line with P75

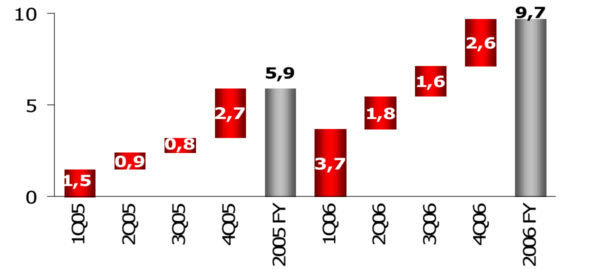
Monthly energy production (MWh)



EOLO – Viticuso (9 MW)
15 turbines Enercon E40 (0,6 MW)

- Estimated full load hours: 1.700 (P75)
- Production curtailed by transmission line limitation to 3,5 MW
- New production management system operating since end 2005/beginning 2006

Quarterly energy production (MWh)



Continuing operations: Water

Operating and financial results

4Q 2006	4Q 2005	Change		2006 FY	2005 FY	Change
89,0	**96,2**	***(7%)***	**Volumes (tons/mc'000)**	**381,5**	**353,4**	***8%***
84,2	93,6	*(10%)*	SODAI	363,0	349,7	*4%*
4,8	2,6	*85%*	DSI	18,5	3,7	*n.a.*
1,4	**1,4**	***0,0***	**Revenues (€'mn)**	**5,8**	**4,4**	***1,4***
0,9	**0,1**	***0,8***	**EBITDA (€'mn)**	**1,0**	**(0,3)**	***1,3***
0,9	0,1	*0,8*	SODAI	1,2	0,4	*0,8*
0,0	0,0	*0,0*	DSI	(0,2)	(0,7)	*0,5*

SODAI

- €0,9 mn gain on sale of 3 plants to Trenitalia

DSI

- Higher volumes treated at Frosinone plant
- Engineering and O&M activities transferred to DSI from Omnia in 2006

Summary of 2006 financial results

Figures stated using the same consolidation perimeter - € million	**FY2006 P**	**FY2005 A**
REVENUES (continuing operations)	**35,2**	**16,0**
of which Wind	*28,7*	*11,5*
EBITDA (continuing operations)	**21,4**	**3,9**
of which Wind	*25,6*	*9,8*
EBITDA/REVENUES %	*61%*	*24%*
Depreciation and Amortization	(6,1)	(2,9)
Extraordinary items	(15,5)	(1,4)
EBIT (continuing operations)	**(0,2)**	**(0,4)**
EBIT Adjusted (excluding extraordinary items)	**15,3**	**1,0**
EBIT Adjusted/REVENUES %	*43,5%*	*6,3%*

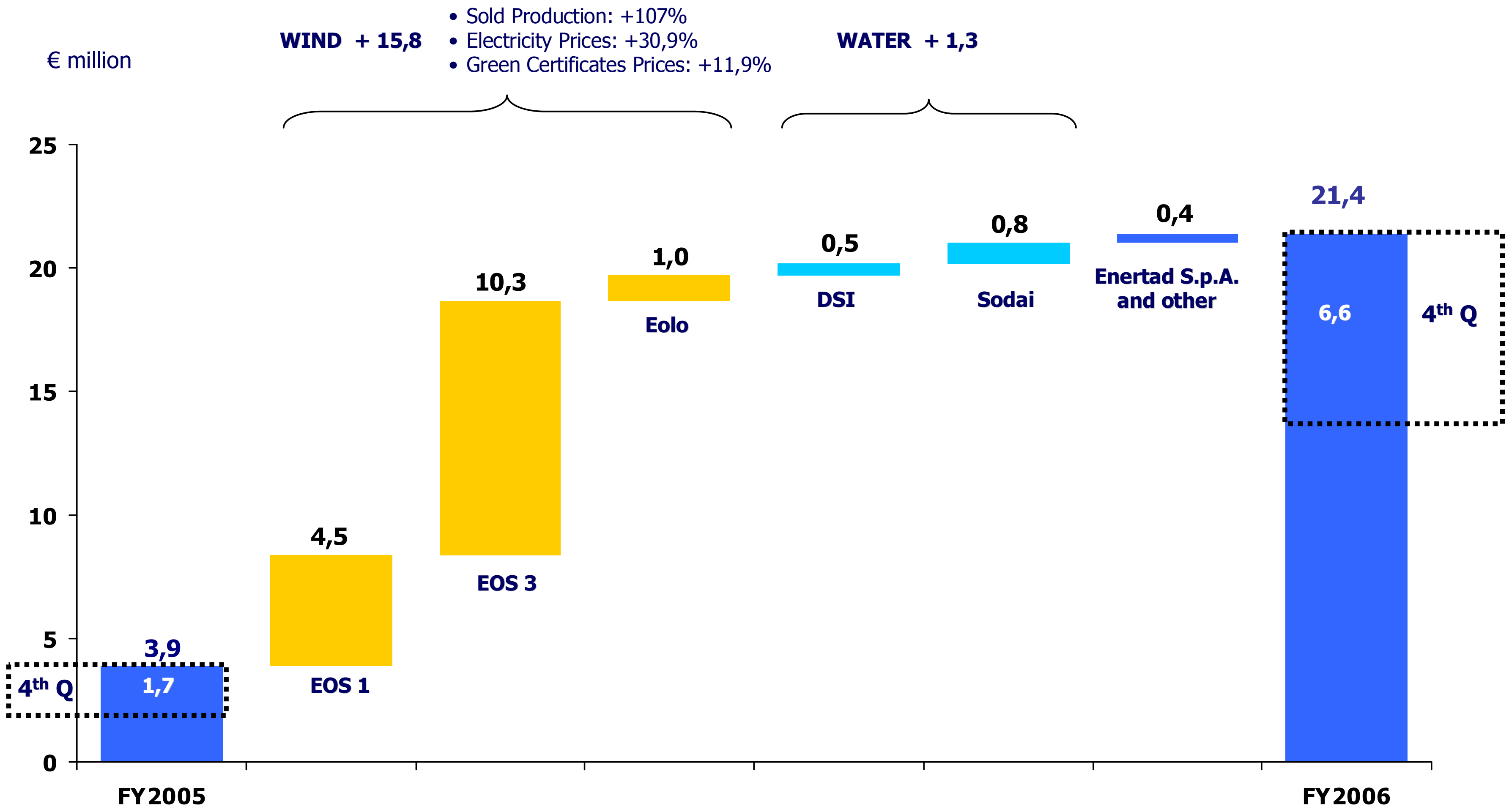
Depreciation and Amortization:

- Start up of S. Cireo wind park at the beginning 2006

Extraordinary items:

- Total provision of €3,1 mn for potential risks on business dismissals and other minor risks
- Write-down of €12,4 mn due to impairment test of Sodai participation:
  - New Business Plan, approved on February 21st, 2007, is based on one expansion project (previous plan was based on 4 expansion projects);
  - Impairment test value is €21,2 mn compared to consolidated carrying value of €33,6 mn

EBITDA from “continuing operations”



Summary of 2006 financial results

Figures stated using the same consolidation perimeter - € million	FY2006 P	FY2005 A
EBIT (continuing operations)	**(0,2)**	**(0,4)**
Net financial charges	(6,7)	(4,1)
of which:		
• *Financial income*	*4,2*	*6,3*
• *Financial charges*	*(10,9)*	*(10,4)*
Taxes	2,3	(0,9)
Result from continuing operations	**(4,7)**	**(5,3)**
Result from discontinued operations	**1,0** *	**(6,5)**
TOTAL NET RESULT	**(3,7)**	**(11,9)**
of which:		
• *Group Net Result*	*(4,5)*	*(11,9)*
• *Minority interests*	*0,8*	*0,0*
Employees	**62**	**824**

Net financial charges:

- Increasing financial charges in Wind business due to new investments

Taxes:

- Positive balance between current taxation (IRAP) €0,9 mn and deferred tax asset €3,2 mn

* See dismissal economic results on page 8

Balance Sheet and Net Financial Position

Balance Sheet

€ mn	31.12.06	31.12.05
Fixed assets	119,9	327,0
Staff leaving indemnities	(0,5)	(2,4)
Net working capital	40,3	62,7
Total invested capital	**159,7**	**387,3**
Third party interest	0,3	7,6
Group equity	**141,4**	**144,2**
Net financial position	18,0	235,5
Total financial resources	**159,7**	**387,3**

Net Financial Position

€ mn	31.12.06	31.12.05	Δ
Cash	64,6	42,0	22,6
Convertible bond	0,0	(76,1)	76,1
Bank loans s.t.	(30,7)	(92,2)	61,5
Bank loans m.l.t.	(50,6)	(106,3)	55,7
Financial receivables	14,4	3,4	11,0
Fixed financial assets	0,3	11,8	(11,5)
Other financial instruments	(16,0)	(18,1)	2,1
Net Financial Position *	**(18,0)**	**(235,5)**	**217,5**
** of which non recourse*	*(58,8)*	*(103,8)*	*45,0*
- Wind	*(58,8)*	*(49,9)*	*(8,9)*
- WTE	*0*	*(53,9)*	*53,9*
% on Total bank loans (s.t./m.l.t.)	*72,3%*	*52,3%*	

Strategy update

Strategy 2007 - 2010

Focus on growth in Wind energy

- **Satisfactory performance of existing wind farms (77 MW)**
- **Purchase of newly authorized wind farm project (40 MW at Ginestra, Campania) in February 2007**
- **Authorizations now totalling 169 MW**
- **Construction of wind farm delayed by longer negotiation and delivery time for new turbines**
- **Further growth up to 390 MW by 2010 (installed capacity year end)**
- **Capex in new wind investments 2007-2010 of about €460 million**
- **Project financing: more favourable economical and contractual conditions**
- **IRR new projects: 10 – 12%**

Continuing restructuring activities

- Water Business: restructure/reduce capital employed (2007-2008)
- Optimize debt structure

Wind Energy: Attractive Market/Regulatory scenario

Incentive scheme and electricity sale

- Green certificate period extended from 8 to 12 years (Dlgs 152, April 2006); incentives for repowering at the end of useful life
- Increase in Green Certificate demand/offer gap from 0,03TWh in 2005 to 0,5TWh in 2006
- GSE 2006 reference price of €125,28/MWh from 2005 to €108,92/MWh
- Enertad estimates sum of electricity plus green certificate price at current level in the short-medium term
- Low visibility for Green Certificate future values; possible changes of current incentive scheme
- Sale of energy to grid operator at the "single buyer" price; price setting formula improved as a result of Ministerial Decree (October 2005)
- Priority dispatch of energy and no "grid unbalance" fee

Authorization process

- National Decree 387/03 "Autorizzazione unica" principle being accepted by more and more regions (Puglia, Calabria, Campania)
- Regional guidelines for wind farm installation (still lacking coordination at national level)

Turbines

- Wind turbine market becoming more difficult in the last months due to strong demand, with delivery time increasing from 9-12 months to about 18 months; higher prices and tighter contractual conditions
- Power efficiency (particularly at lower wind speeds) expected to increase due to new technology

Wind Energy: Authorizations and construction plan

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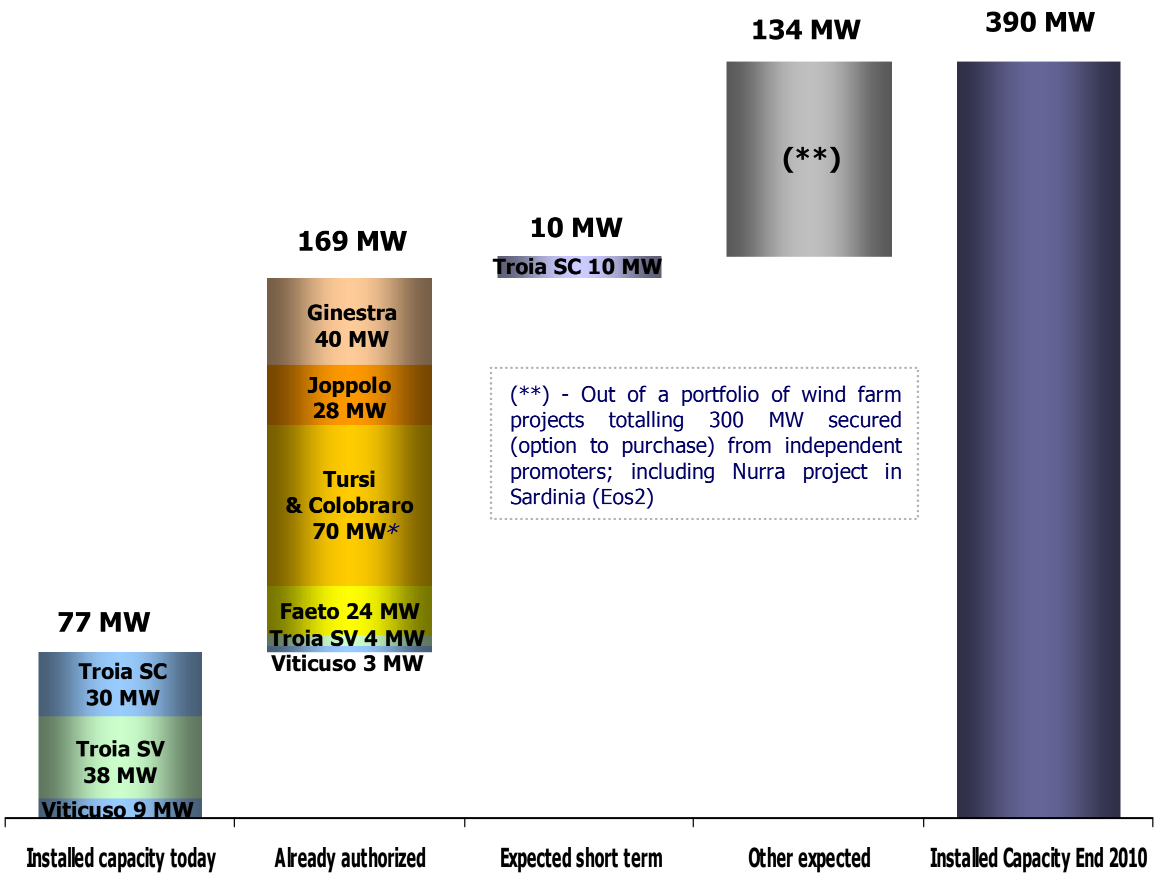
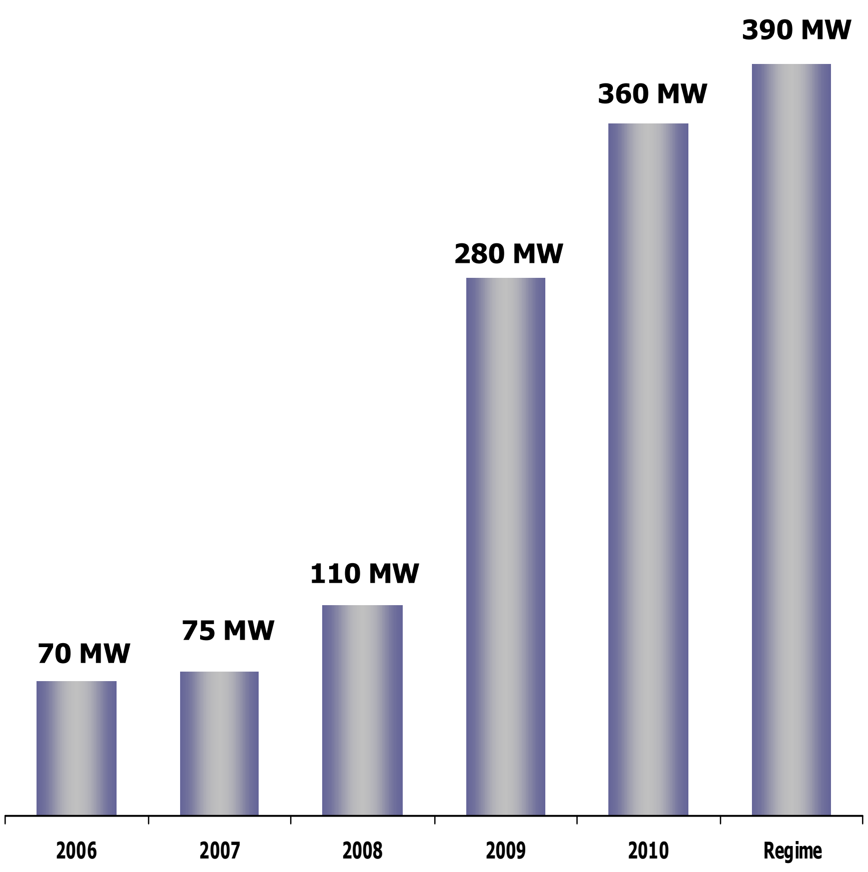
Authorization plan



(**) - Out of a portfolio of wind farm projects totalling 300 MW secured (option to purchase) from independent promoters; including Nurra project in Sardinia (Eos2)

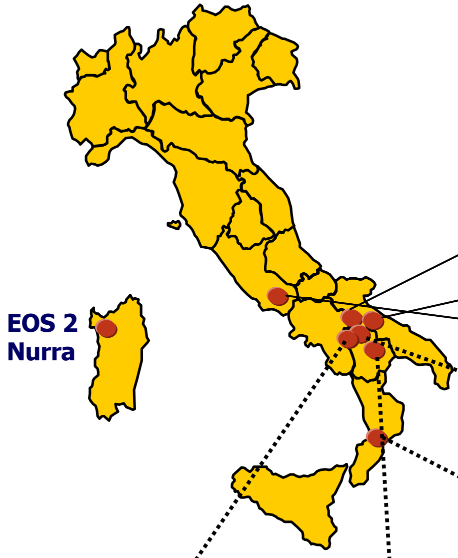
Average capacity on stream



** Rights for 4MW have been sold back to promoter*

ERG

Wind Energy: Operating and planned wind farms



EOS 1 – Troia S. Vincenzo

- Installed capacity: 38 MW
- Additional capacity authorized: 4 MW

EOS 3 – Troia S. Cireo

- Installed capacity: 30 MW
- Additional capacity: 10 MW (expected authorized shortly)

EOLO – Viticuso

- Installed capacity: 9 MW
- Additional capacity authorized: 3 MW
- New transmission line under construction (completion within mid 2007)

EOS 4 – Faeto

- Authorized capacity: 24 MW
- Full load hours/yr: 2.129 (P75)

EOS 5 – Tursi&Colos

- Authorized capacity: 70 MW
- Full load hours/yr: 2.187 (P75)

EOS 6 – Joppolo

- Authorized capacity: 28 MW
- Full load hours/yr: 2.020 (P75)

EOS 7 – Ginestra

- Authorized capacity: 40 MW
- Full load hours/yr: 1.973 (P75)

Project data for new wind farms

Capex*/MW: 1,5 €mn | **IRR: 10-12%**

** Includes promotion cost and capitalized financial charges*

Water Services

SODAI

- Original Sodai Business Plan was based on development of 4 industrial water treatment platforms, leveraging on existing Trenitalia sites and infrastructures
- Business Plan has been reviewed considering difficulties in authorization process on existing sites; new business plan includes only one new platform

DSI

- Technological/environmental investments allowed to exploit DSI treatment capacity from 2H 2006
- Started the procedure to obtain the Integrated Environment Authorization (Italian A.I.A.)

Reduce capital employed 2007 - 2008

Financial Structure

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Optimize debt structure

- Switch from short term to medium/long term debt (exit from expensive credit lines)
- Financial debt is expected to be almost entirely non-recourse

Project Financing

- New wind projects will be financed by project financing with a 75/25 Debt/Equity leverage. More favorable conditions applied in line with ERG project finance framework agreement
- Agreed term sheet for Faeto and Tursi wind farms (tenor: 12 years; interest: Euribor 6m + 90 bp); extension to Joppolo and Ginestra wind farms planned shortly

Other financial assumptions

- Equity in wind projects financed by existing cash, dividends from wind farms and potential capital increase

ERG

Enertad's Value Proposition

Enertad's Value Proposition

Attractive business environment

- Currently favourable market conditions (e.g. electricity and green certificate prices) and sector regulation
- Opportunity: increasing compulsory quota for renewable energy; risk: low visibility on future Green certificate pricing

"New" Enertad has a strong base for growth

- Business restructuring and refocusing: completed
- Financial position rebalanced and strengthened
- New financially strong main shareholder

Accelerated growth in wind sector (target: 390 MW installed by 2010 year end)

- Established player in the business (77 MW operating; 4% of Italian production).
- Bulk of target capacity already authorized (169 MW)
- Exploit synergies with ERG in order to accelerate plan implementation and reduce procurement and financing costs

Complete Group restructuring and improve operating and financial efficiency

- Water business: restructure/reduce capital employed (might require further costs in 2007)
- Reduce financing costs (project financing and corporate debt)

Strong platform for further growth

Appendix

Net Financial Position

€ mn	31.12.06		31.12.05		Change	
Cash	64,6		38,3		26,3	
Overdraft	(22,4)		(52,1)		29,7	
Other financial receivables	14,3		7,0		7,3	
Financial derivatives	1,2				1,2	
Total financial receivables	**57,7**		**(6,8)**		**64,5**	
Bank debts	(8,2)	**32,3**	(27,6)	**(125,1)**	19,4	**157,4**
Financial derivatives	(17,2)		(2,2)		(15,0)	
Other financial payables			(12,4)		12,4	
Convertible bonds			(76,1)		76,1	
Total current financial payables	**(25,4)**		**(118,3)**		**92,9**	
Total non current financial receivables	**0,3**		**11,8**		**(11,5)**	
Bank debts	(50,6)		(82,6)		32,0	
Other financial payables		**(50,3)**	(23,7)	**(110,4)**	23,7	**60,1**
Financial derivatives			(15,9)		15,9	
Total non current financial payables	**(50,6)**		**(122,2)**		**71,6**	
Net Financial Position*	**(18,0)**		**(235,5)**		**217,5**	
**** - of which non recourse***	***(58,8)***		***(103,8)***		***45,0***	

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