

Second Quarter 2007 Consolidated Results

Milan, August 1st, 2007



▶ Second Quarter 2007 Highlights

▶ 2Q and 1H 2007 Financial Results

▶ Business Unit Analysis

▶ Changing regulations preview

Second Quarter 2007 Highlights

▶ 2Q07 performance

- Production from wind parks lower than expected due to low wind conditions in April and June (27 GWh; -12,7% compared to 2Q06)
- Ebitda curtailed by € 0.9 million due to one-off price reassessment on 2006 Green Certificate prices (reduced to €/MWh 115 from €/MWh 122)
- Ebitda from "continuing operations": € 3,8 million (+18,8% compared to 2Q06) before 2006 Green Certificate price reassessment; € 2,8 million IAS compliant (including 2006 GC price reassessment)
- Net Profit: € 0,4 million (-€3,9 million in 2Q06, due to the negative contribution of business divested in 2006)
- NFP: -€ 22,7 million (-€ 18,0 million as at December 31, 2006)

▶ Wind development program

- May – Placed order to Vestas for Faeto wind park turbines: 12 x 2MW Vestas V90; first turbines to be delivered in December 2007, construction and completion by end I Q 2008

▶ Water Services (Sodai)

- July – Notification to Trenitalia of the commencement of the arbitration procedure consequent to Trenitalia decision to exercise the put option for the sale to Enertad of the 49% participation in Sodai

▶ Financing

- April – Cash-in of € 1,1 mn, in addition to the sale price of WTE business to ACEA (due to contractual earn-out component)
- May – Cash-in of € 0,9 mn from sale back to Trenitalia of 3 Sodai Italia plants
- June – Signed project financing for the development of Faeto wind park (total value of €43 million)

II Q and I H 2007 Financial Results

Consolidated Profit and Loss

Figures stated using the same consolidation perimeter - € million

	2Q07 A	2Q06 A
Revenues (continuing operations)	7,0	7,0
<i>of which Wind</i>	5,5	5,7
EBITDA (continuing operations) (before 2006 GC price reassessment)	3,8	3,2
<i>of which Wind</i>	4,8	4,9
<i>EBITDA/REVENUES %</i>	54%	46%
EBITDA (continuing operations)	2,8	3,2
<i>of which Wind</i>	3,9	4,9
<i>EBITDA/REVENUES %</i>	40%	46%
EBIT (continuing operations)	0,8	0,3 *
EBT (continuing operations)	0,5	(1,3)
Result from continuing operations	0,4	(1,6)
Result from discontinued operations	0,0	(2,3)
TOTAL NET RESULT	0,4	(3,9)
<i>of which:</i>		
• Group Net Result	0,4	(4,0)
• Minority Interests	0,0	0,1

(+€0,6 million; +19%)

EBITDA reduction of €0,9 million due to one-off reassessment on 2006 Green Certificate price (from 122 to 115 €/MWh)

Depreciation and Amortization: € 2 million

- +€0,6 million vs. 2Q 2006 for S. Ciro wind park started up in February 2006

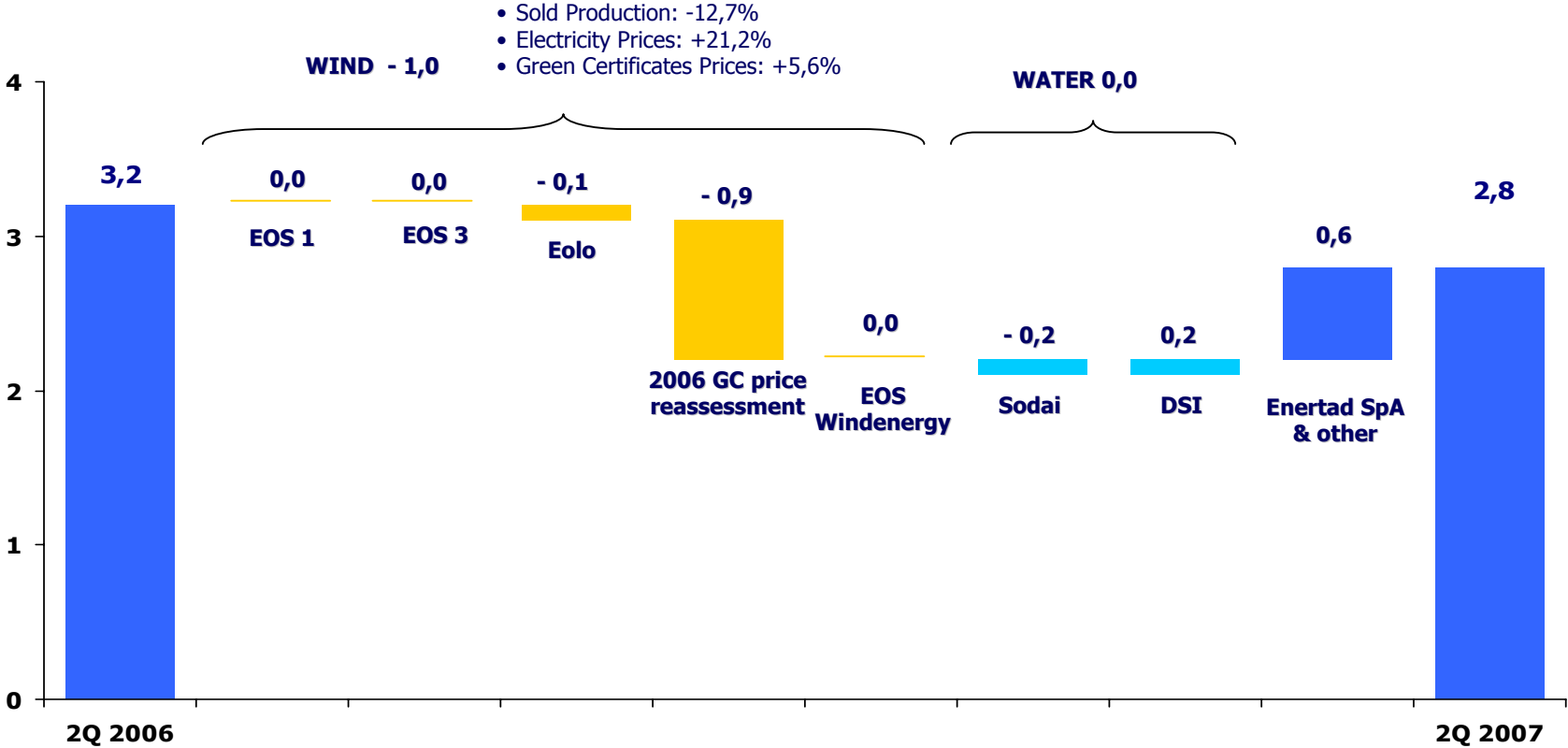
Net financial charges: €0,3 million

- Lower financial charges (-€1,3 million vs. 2Q 2006) due to cash in from sale of businesses during 2006 and reimbursement of convertible bond in November 2006

* Net of €1,5 million provision

EBITDA from "continuing operations" – II Q 2007

II Q 2007 EBITDA Bridge Analysis – €mn



Consolidated Profit and Loss

Figures stated using the same consolidation perimeter - € million

	IH07 A	IH06 A
Revenues (continuing operations)	18,6	16,5
<i>of which Wind</i>	15,5	13,5
EBITDA (continuing operations) (before 2006 GC price reassessment)	11,4	9,2
<i>of which Wind</i>	13,6	12,0
<i>EBITDA/REVENUES %</i>	61,3%	55,8%
EBITDA (continuing operations)	10,5	9,2
<i>of which Wind</i>	12,7	12,0
<i>EBITDA/REVENUES %</i>	56,5%	55,8%
EBIT (continuing operations)	6,4	4,7 *
EBT (continuing operations)	5,3	1,2
Result from continuing operations	3,2	0,6
Result from discontinued operations	0,0	0,3
TOTAL NET RESULT	3,2	1,0
<i>of which:</i>		
• Group Net Result	3,2	0,8
• Minority Interests	0,0	0,2

(+ €2,1 million; +12,7%)

(+ €2,2 million; +24%)

(+ €1,3 million; +14%)

Depreciation and Amortization:

- €4 million (+€1,0 million vs. IH 2006) mainly for S. Ciro wind park started up in February 2006

Net financial charges:

- See comments for 2Q

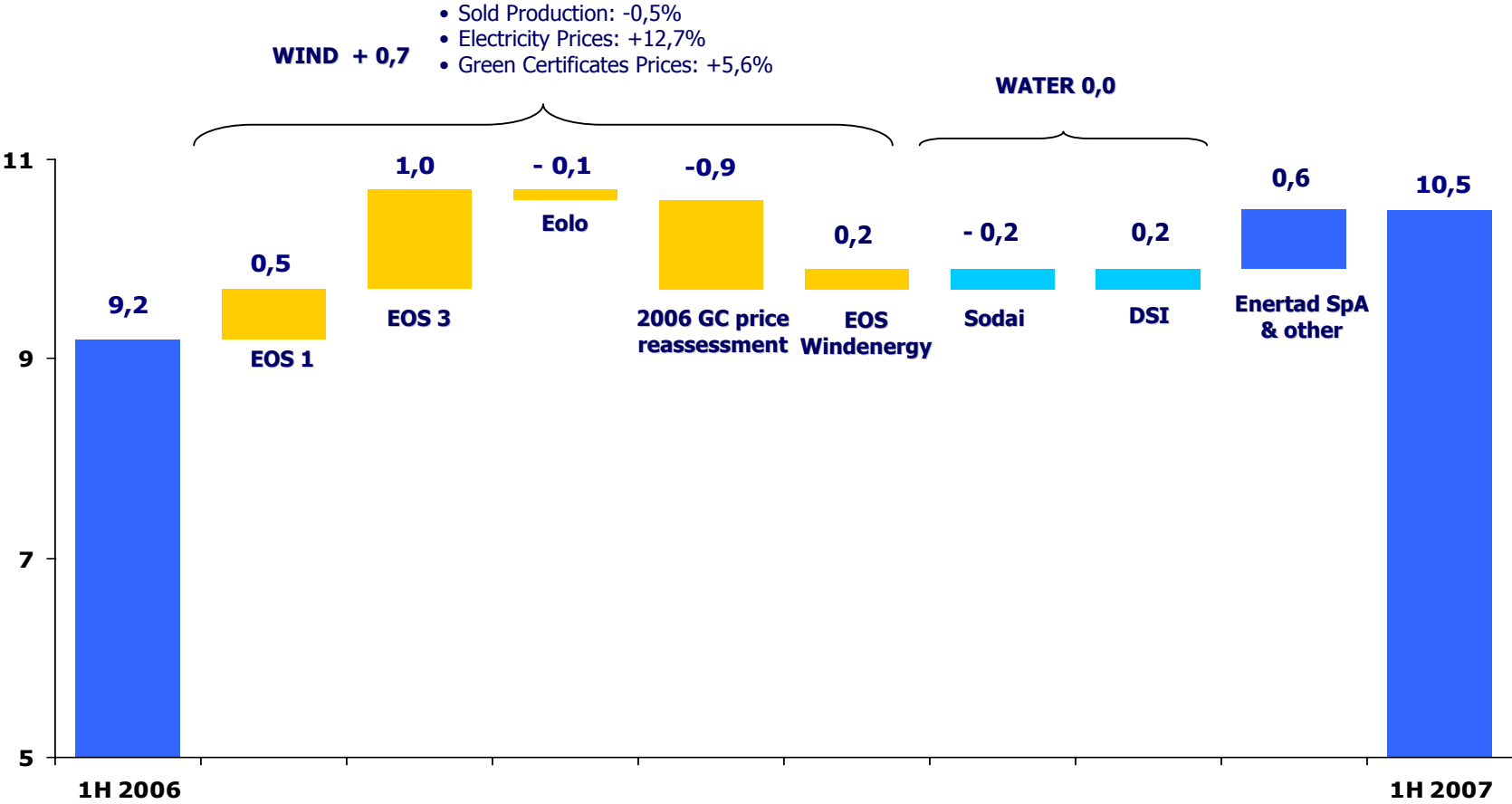
Taxes:

- €2,1 million taxes (+€1,6 million vs. IH 2006) due to compensation in 2006 with losses carried forward

* Net of €1,5 million provision

EBITDA from "continuing operations" – I H 2007

I H 2007 EBITDA Bridge Analysis – €mn



Balance Sheet and Net Financial Position

Balance Sheet

€ mn	30.06.07	31.12.06
Fixed assets	137,1	119,9
Staff leaving indemnities	(0,4)	(0,5)
Net working capital	31,2	40,3
Total invested capital	167,9	159,7
Third party interest	0,2	0,3
Group equity	145,0	141,4
Net financial position	22,7	18,0
Total financial resources	167,9	159,7

Net Financial Position

€ mn	30.06.07	31.12.06	Δ
Cash	78,3	64,6	13,7
Bank loans s.t. *	(16,6)	(30,7)	14,1
Bank loans m.l.t. *	(85,4)	(50,6)	(34,8)
Financial receivables	16,1	14,4	1,7
Fixed Financial assets	0,4	0,3	0,1
Other financial instruments	(15,5)	(16,0)	0,5
Net Financial Position	(22,7)	(18,0)	(4,7)
<i>* Total Bank loans of which non recourse</i>	<i>(102,0) (79,4)</i>	<i>(81,3) (58,8)</i>	<i>(20,7) (20,6)</i>

Business Unit Analysis

Wind: Operating and financial results

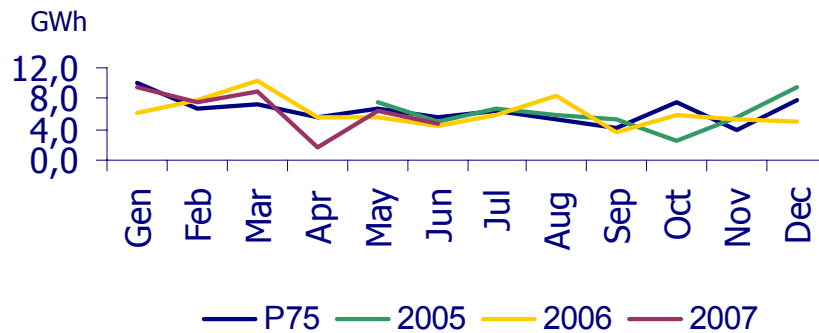
2Q 2007	2Q 2006	Δ % 07-06		1H 2007	1H 2006	Δ % 07-06
27,1	31,0	(12,7%)	Total sold production (GWh)	76,0	76,4	(0,5%)
			<i>of which:</i>			
12,9	15,3	(16%)	EOS 1 - Troia S. Vincenzo	38,8	39,7	(2%)
12,4	13,9	(11%)	EOS 3 - Troia S. Cireo	32,2	31,2	3%
1,8	1,8	0%	Eolo - Viticuso	5,0	5,5	(9%)
			Prices (€/MWh)			
79,0	65,2	21,2%	Electric energy	80,3	71,2	12,7%
115,0	108,9	5,6%	Green Certificates	115,0 *	108,9	5,6%
3,9	4,9	(20,4%)	Ebitda (€mn)	12,7	12,0	5,8%

* estimated

EOS 1 and EOS 3 operating performance

EOS 1 – Troia S. Vincenzo

Sold production

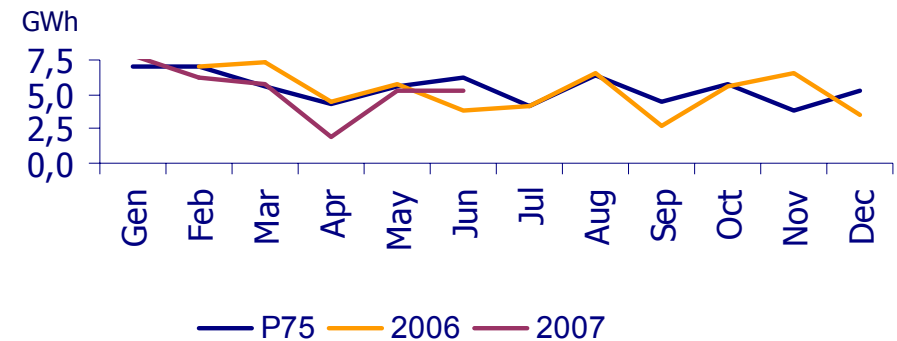


Technical performance

- Turbine "contractual" mechanical availability (hours):
2Q 2007 = 97,4% vs. 97% "guaranteed" availability
I H 2007 = 98,4%
- 2Q 2007 Transmission line losses (MWh): 2,4%
I H 2007: 2,1%

EOS 3 – Troia S. Ciro

Sold production



Technical performance

- Turbine "contractual" mechanical availability (hours)
2Q 2007 = 97,6% vs. 97% "guaranteed" availability
I H 2007 = 98,5%
- 2Q 2007 Transmission line losses (MWh): 2,9%
I H 2007: 3,0%
- Transmission line outages: production losses to be quantified

Water Services: operating and financial results

2Q 2007	2Q 2006	Δ % 07-06		1H 2007	1H 2006	Δ % 07-06
88,5	89,1	(0,7%)	Volumes (kmc/ktons)	190,5	196,5	(3,1%)
82,3	86,3	(5%)	- SODAI	179,3	187,5	(4%)
6,2	2,8	121%	- DSI	11,2	9,0	24%
1,6	1,3	23,1%	Revenues (€ mn)	3,1	2,9	6,9%
1,0	1,0	0%	- SODAI	2,1	2,2	(5%)
0,6	0,3	100%	- DSI	1,0	0,7	43%
0,0	0,0	n.a.	Ebitda (€ mn)	0,2	0,2	0%

SODAI

- Despite decreasing liquid waste volumes, Revenues and Ebitda are in line with 2006, due to other operating income and increase (+2%) in treatment tariff

DSI

- Total volumes treated doubled in 2Q 2007 vs. 2Q 2006
- More than 40% increase in I H 2007 Revenues
- Decreasing liquid waste volumes, partially compensated by an increase in solid waste volumes, treated at a higher tariff

Government (Ronchi) amendment to Bersani's draft energy law, DDL n° 691 (to be approved)

- Domestic demand for green certificates sustained by:
 - ✓ Increase in mandatory quota from renewable sources ("quota d'obbligo") to continue at an annual rate of 0,50% from 2007 to 2012;
 - ✓ More stringent rules on renewable "certifications" for energy imports
- From 2008, the GSE will assign green certificates to renewable plants multiplying the total energy production by a coefficient: for wind plants this is equal to **1.1**
- From 2008, where the production of green certificates in the previous year is higher than the mandatory production quota, the GSE will purchase these excess certificates at the average price realised in trading by the GME in the previous year. The above-mentioned price will be communicated by the GME to the GSE before January 31 of each year from 2008. Until 25% of domestic energy consumption derives from renewable sources, the GSE will have to purchase green certificates expiring during the year, if required by renewable energy producers
- The reference price for green certificates issued by the GSE is defined as the difference between 160 €/MWh and previous year average wholesale electricity price; subject to possible further adjustments by the Economic Development Ministry every 3 years
- Incentive period differentiated by electricity production from renewable sources: 15 years for Wind sources
 - ✓ Incentive scheme for repowering after first 10 years of operation, as per Ministry Decree 24 October 2005 (2nd article), is not amended

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