



# 1Q08 Results

## Integration with ERG Renewable Activities

### Business Plan 2008 – 2011

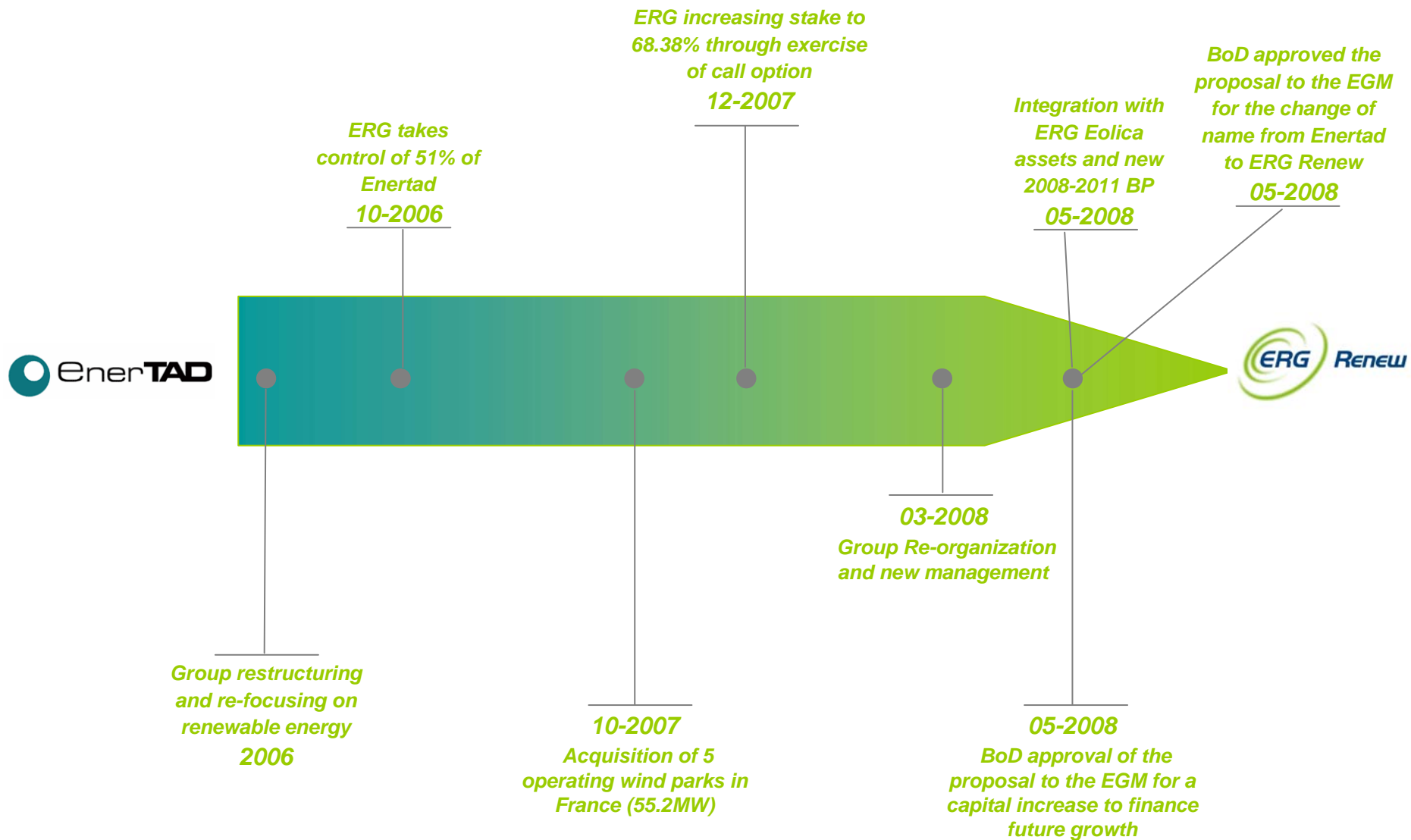
Milan, May 13<sup>th</sup>, 2008



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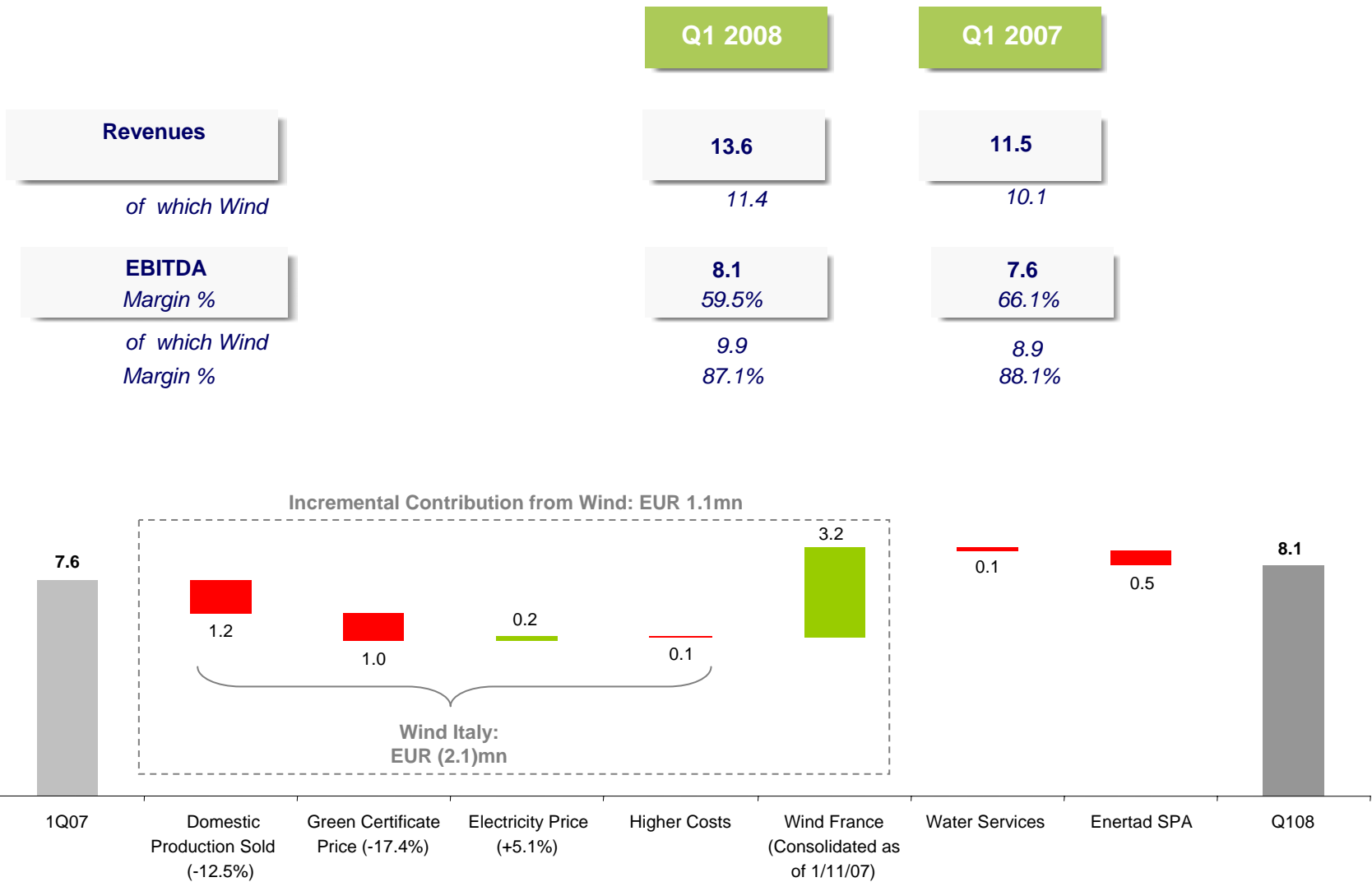
- **ERG Renew. Starting a new story**
- **First Quarter 2008 Results**
- **Integration with ERG Renewable Energy Assets**
  - De - Merger of ERG P&G's renewable energy assets in favor of Enertad
  - New 37.8mn Enertad shares issued to ERG
  - ERG stake in Enertad to increase to 77.4%
- **Business Plan 2008 – 2011**
  - Signing of turbine supply framework agreement with REpower
  - Rights issue up to EUR 200 mn to finance 2008 – 2011 Business plan
- **Final Remarks**





## First Quarter 2008 Results

# Q1 2008 EBITDA





# Key Financials

<b>Key Financials Data</b>	<b>Q1 2008</b>	<b>Q1 2007</b>
<i>EUR mn</i>		
Revenues	13.6	11.5
<b>EBITDA</b>	<b>8.1</b>	<b>7.6</b>
<i>Margin</i>	59.5%	66.1%
Depreciation, Amortization & Provisions	(3.7)	(2.1)
<b>EBIT</b>	<b>4.4</b>	<b>5.5</b>
<i>Margin</i>	32.5%	47.8%
Net Financial Income/(Expenses)	(2.0)	(0.7)
<b>Pre - Tax Profit</b>	<b>2.4</b>	<b>4.8</b>
Taxes	(0.8)	(2.0)
Minorities	(0.1)	(0.0)
<b>Net Profit</b>	<b>1.5</b>	<b>2.8</b>
<i>Margin</i>	11.3%	24.0%
<hr/>		
<b>Net Debt</b>	<b>120.7</b>	<b>21.3</b>
<b>Capex</b>	<b>9.9</b>	<b>9.7</b>

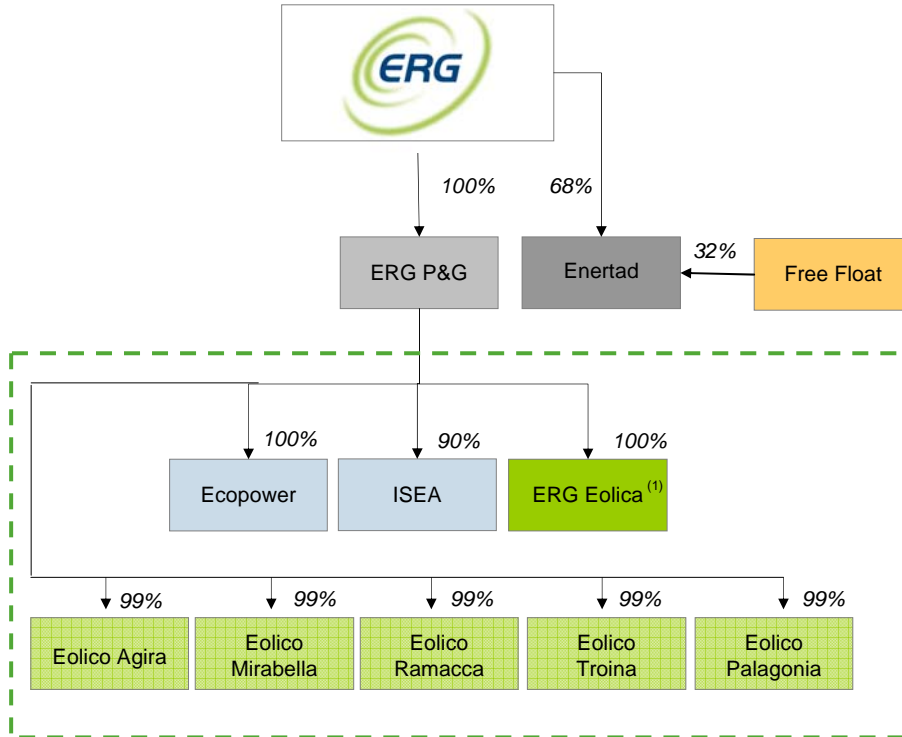


# Integration with ERG Renewable Energy Assets

- **Transfer of renewable energy assets owned by ERG to Enertad**
  - Deriving from ERG Cesa Eolica split together with other minor assets
  - De-merger of ERG P&G in favour of Enertad (the “Transaction”)
  - 37.8mn Enertad new shares issued to ERG: stake increased to 77.4%
  
- **Enertad rights issue to finance business plan 2008 – 2011**
  - Up to EUR 200mn
  - ERG intention to subscribe pro – quota
  - Completion expected by year end subject to market conditions
  
- **By end of June Enertad Extraordinary General Meeting to resolve upon**
  - Reserved capital increase to ERG
  - Granting to BoD the powers to increase the share capital
  
- **Closing of ERG P&G de-merger expected by October 1, 2008**

# Description of Assets to Be Transferred

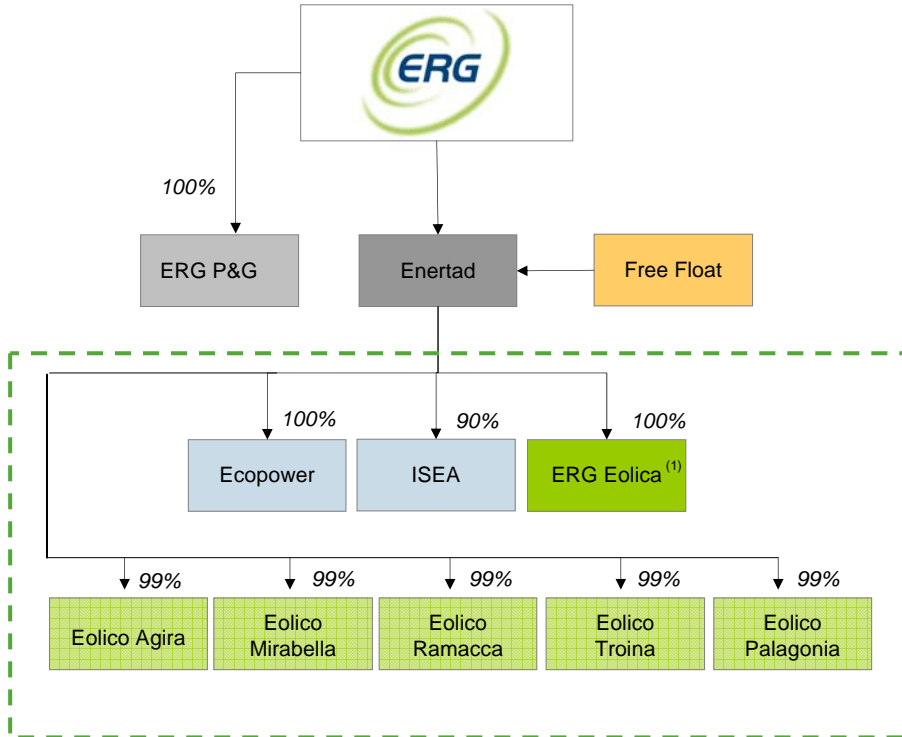
## Group Structure Pre – Transaction



*Perimeter to be transferred to Enertad*

■ Wind  
■ Hydro

## Group Structure Post – Transaction



*Perimeter to be transferred to Enertad*

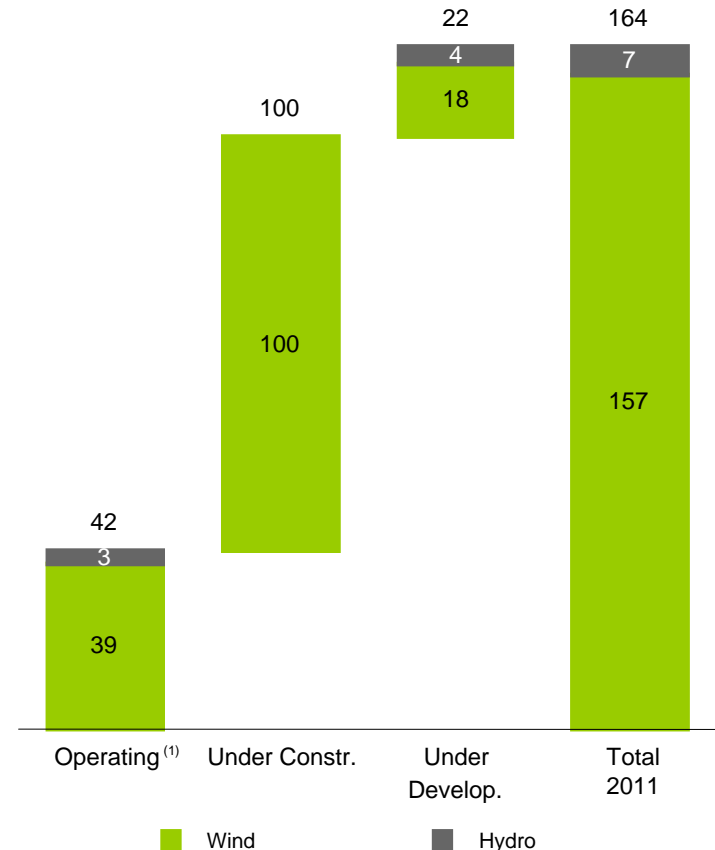
■ Wind  
■ Hydro

1. Deriving from the spin – off of ERG Cesa Eolica

## Assets Portfolio to Be Transferred

Company	Stake	Area of Activity	Gross Installed Capacity 2011	Start of Operations
ERG Eolica	100%	Wind	Operating (39MW)	
			- Pian dei Corsi (1.6MW), Vicari (37.5MW)	2002 - 2008
			Under Construction (100MW)	
			- Fossa del Lupo (100MW)	2010 - 2011
			Under Development (18MW)	2011
			Early Stage Projects (944MW)	2012 - 2014
ISEA	90%	Hydro	2.7MW	
			- Operating (2.7MW)	
Ecopower	100%	Hydro	4.4MW	
			- Operating (0.4MW)	
			- Under Development (4.0MW)	

## Projects Installed Capacity MW



- **Turbines for 100MW under construction secured by Nordex agreement**
- **Net debt pro-forma 2007 of EUR 79mn**

1. Including Vicari (37.5MW), commissioning in course

- **Creation of an established pure-player in the wind sector**
  - 171MW gross installed capacity as of today
  - 128MW currently under construction in Italy
  - 113MW authorized in Italy
  
- **Integrated business plan to support sustained and visible growth**
  - Additional 287MW under development for a total target of approx. 700MW by 2011
  - Projects at early stage of development in Italy in excess of 1,600MW
  
- **Balanced projects portfolio at regime**
  - Diversification of business risk
  - Reduction of regulatory/authorization risk
  - Geographical diversification
  
- **Value creation deriving from both operating and financial synergies**
  - Operating efficiency
  - Easier access to turbines and financing
  - Creating more competitive platform for external growth
  - ERG commitment on a single company in the renewable energy sector

## ▪ 12 May

- Enertad, ERG and ERG Power & Gas BoDs approved the Transaction

## ▪ Mid June

- Publication of Information Document related to the De-merger according to art. 70 of “Regolamento Emittenti”

## ▪ End of June

- Enertad EGM to resolve upon capital increase reserved to ERG
- 60 days creditors’ opposition period to start

## ▪ 1 October

- Closing of renewable assets transfer from ERG to Enertad
- ERG to receive new Enertad shares

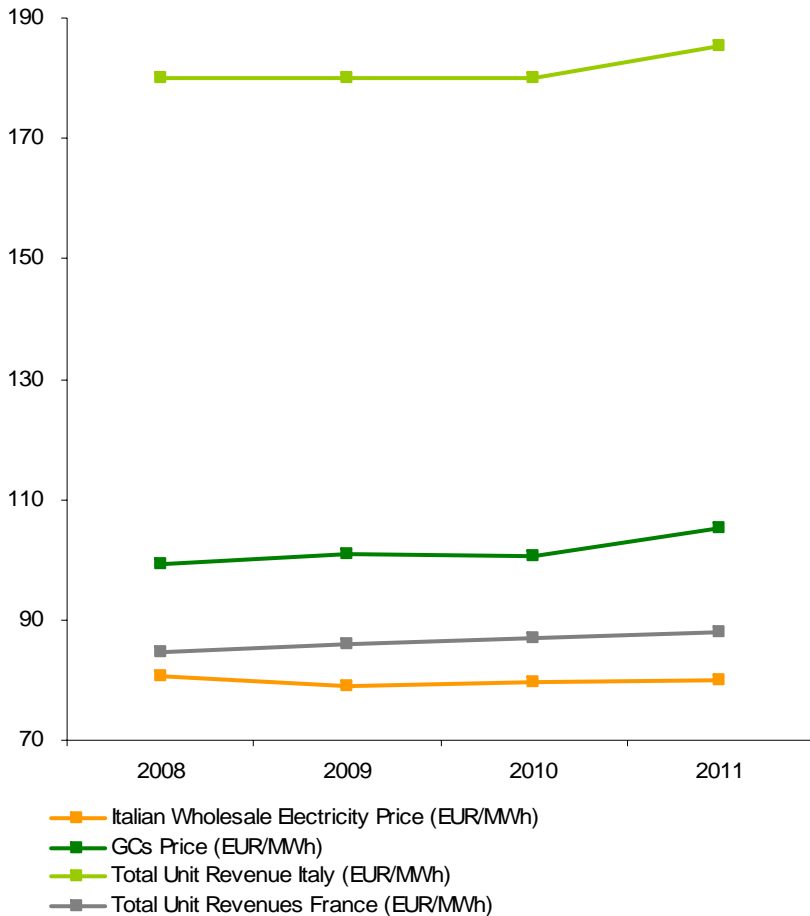


# Business Plan 2008 – 2011

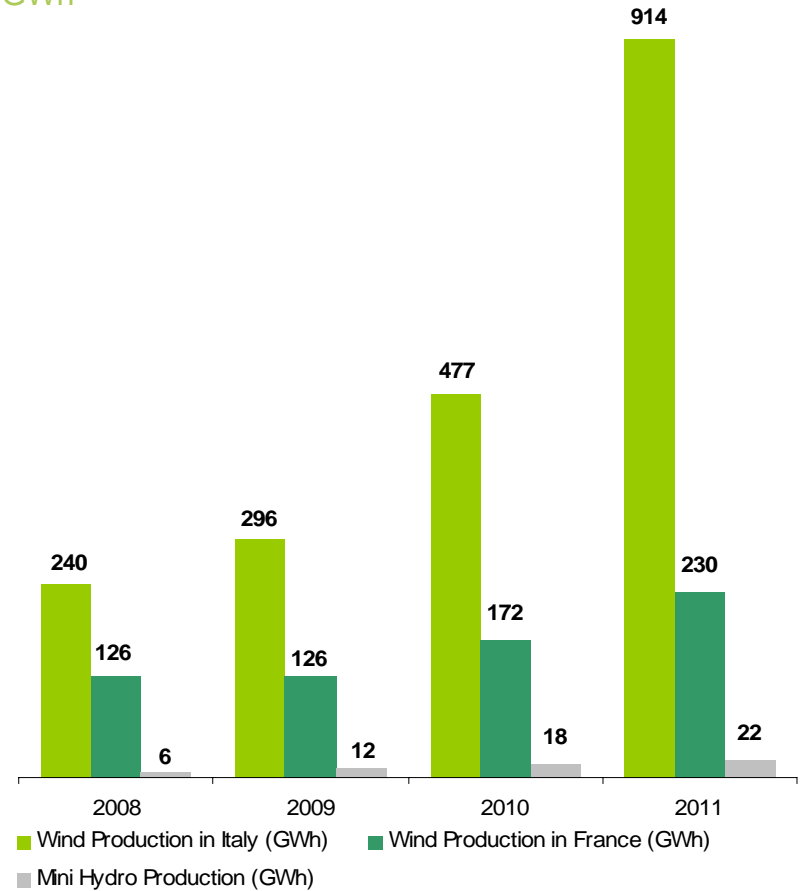
## Strong push towards the renewable sources from the EU

- **More visible incentive scheme for renewable sources**
  - Reference Price (GC + electricity price) at EUR 180/MWh
  - Incentive period from 12 to 15 years
  - Domestic demand for GCs be sustained by the increase in the mandatory quota at an annual rate of 0.75% from 2007 to 2012
  - GSE obliged to acquire expiring GCs at average market price
  
- **Currently excess of GCs offer negatively impacting GCs market price**
  - Reduced trading volume in GCs market organized by GME
  - In medium term an offer – demand balance and price alignment to reference value is expected given steep annual increase in mandatory quota
  
- **Authorization process still long and uncertain**

## Electricity and GCs Prices Evolution EUR/MWh



## Electricity Production GWh

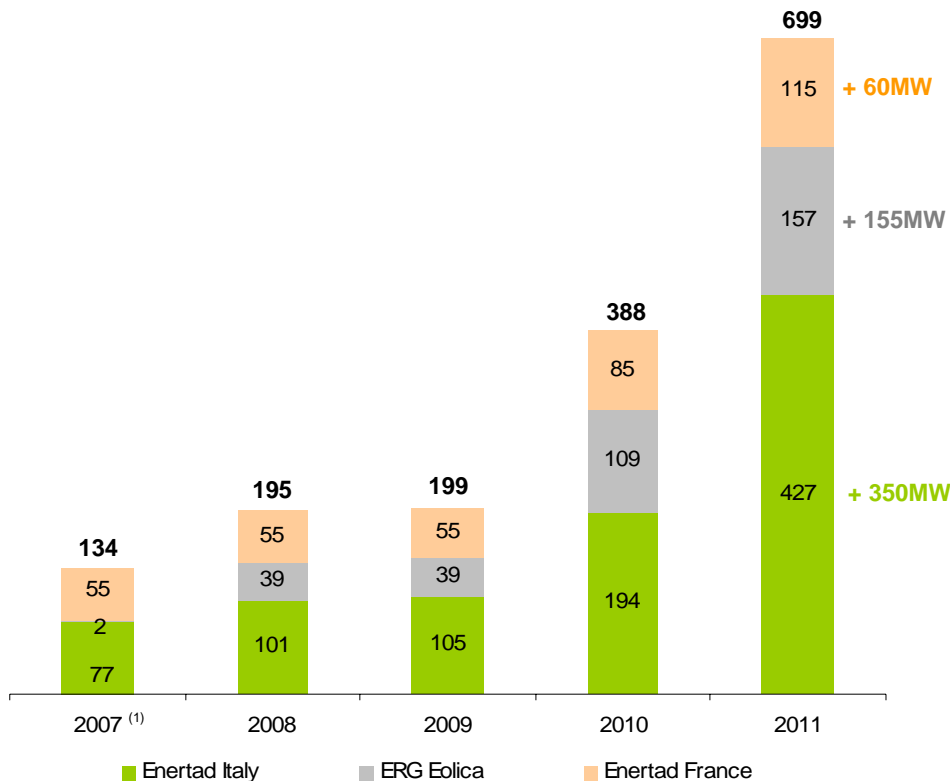


- **Enertad represents ERG's arm in the renewable energy sector**
  
- **Recent strong increase in installed capacity**
  - Acquisition of five wind parks in France (55.2MW) in November 2007
  - Commissioning of Vicari wind park (37.5MW) ongoing
  - Faeto (24MW) up and running in 2H2008
  - on 9 May 2008 a framework agreement with REpower for the supply of turbines was signed
  
- **Target market share in the Italian wind energy sector equal to 10-12%**
  
- **Pursuing other options to further expand presence in France**
  
- **Water activities to be disposed by end of 2009**

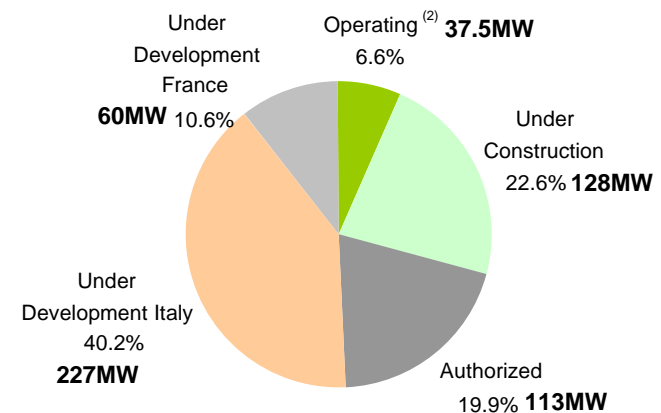
- **Enertad objective is the geographical diversification which may give a clear advantage in terms of: better wind conditions, diversification of regulatory risk and creation of economies of scale in the turbines supply**
  - **November 2007: acquisition of 5 operating wind parks (55.2MW) in France**
  - **Acquisition price at a significant discount (EUR1.49mn/MW) to sector average**
  - **Recent acquisition represents foothold for a further expansion in France**
  
- **French wind market is very fragmented and Enertad aims at taking part to the expected sector consolidation**
  
- **Enertad is exploring investment opportunities in other countries**

- **Total 2008-11 CAPEX: EUR 880mn, of which €200mn financed with rights issue:**
  - **Wind Capex EUR 863mn**
  - **Mini – Hydro Capex EUR 16mn**
  - **Water Services Capex EUR 1mn**
  
- **Gross installed capacity to increase at a CAGR 2007–11 of 51% to 699MW in 2011**
  
- **EBITDA to increase at a CAGR 2007 – 11 of 65% to over EUR 140mn in 2011, increasing to around EUR 200mn in 2012**

## Gross Wind Installed Capacity (MW)



## Additional Capacity 2008 – 2011: 565 MW



- **50% under construction and authorized or already in commissioning phase**
- **Additional early stage projects pipeline of 1.649 MW to be completed by 2015**
  - **ERG Eolica 944 MW**
  - **Enertad 705 MW**

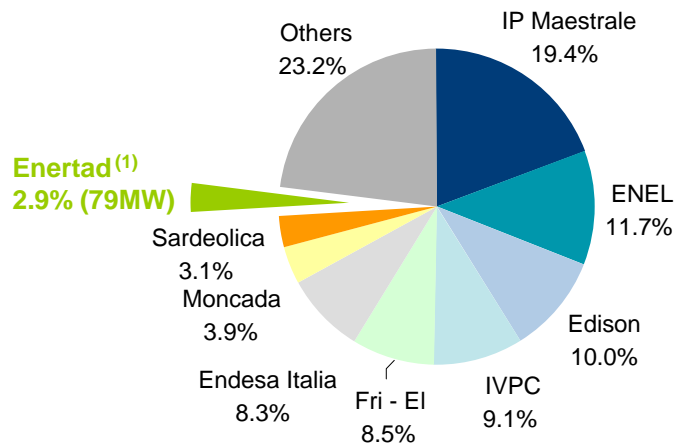
1. Viticuso wind farm (9 existing+3MW upgrade) ownership at 51%  
 2. Vicari (37.5MW), commissioning ongoing

- **Energad italian market share to increase to 10 – 12% by 2011**

## Italian Wind Electricity Market

### Market Share – 2007A

% Installed Capacity – EoY 2007 (MW)

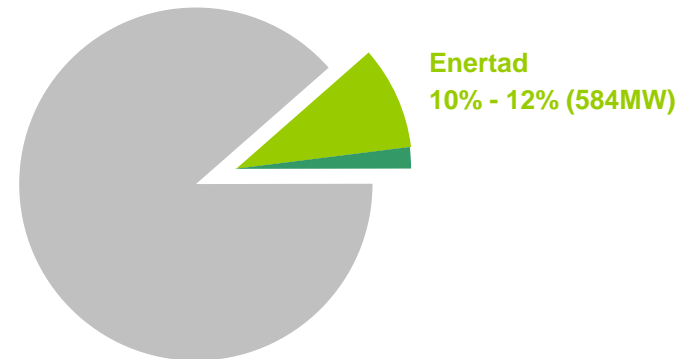


**Total MW: 2,726**

Source: ANEV

### Target Market Share – 2011E

% Installed Capacity – EoY 2011 (MW)



**Total MW: 5.000 – 6.000**

(Source: Energad Estimates)

# Operating Farms Projects Portfolio In Italy

- **Enertad has now 116MW in operation in Italy, made up as follows:**
  - **77MW relative to Enertad wind farms (Troia San Vincenzo 38MW, Troia San Cireo 30MW and Viticuso 9MW)**
  - **39MW relative to ERG Eolica (Vicari and Pian dei Corsi)**

## Pian dei Corsi 1.6MW

Municipality of Calice Ligure (SV)  
2 turbines (0.8MW)  
Full load hours: 1,250 P75



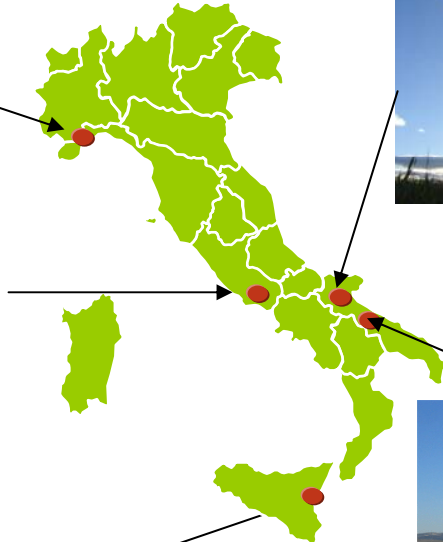
## Eolo – Viticuso 9MW

Municipality of Viticuso (Fr)  
15 turbines Enercon E40 (0.6MW)  
Full load hours: 1,700 P75



## Vicari - 37.5MW

Municipality of Vicari (Pa)  
15 turbines Nordex N90 (2.5MW)  
Full load hours: 2,090 P75



## Troia San Vincenzo 38MW

Municipality of Troia (Fg), San Vincenzo  
19 turbines Repower MM82 (2MW)  
Full load hours: 2,027 P75



## Troia San Cireo 30MW

Municipality of Troia (Fg), San Cireo  
15 turbines Vestas V90 (2MW)  
Full load hours: 2,195 P75



- **Production estimates in line with historical performance**

# Operating Farms Projects Portfolio In France

- Enertad, after the acquisition of Theta, has 55MW in operation in France



**Hetomesnil (11.5MW)**  
 Municipality of Oise  
 5 turbines Nordex (2.3MW)  
 Full load hours: 2,024



**Lithus (11.5MW)**  
 Municipality of Oise  
 5 turbines Nordex (2.3MW)  
 Full load hours: 2,080



**La Mardeux (11.5MW)**  
 Municipality of Beauce  
 5 turbines Nordex (2.3MW)  
 Full load hours: 2,319



**Le Carreaux (9.2MW)**  
 Municipality of Beauce  
 4 turbines Nordex (2.3MW)  
 Full load hours: 2,776



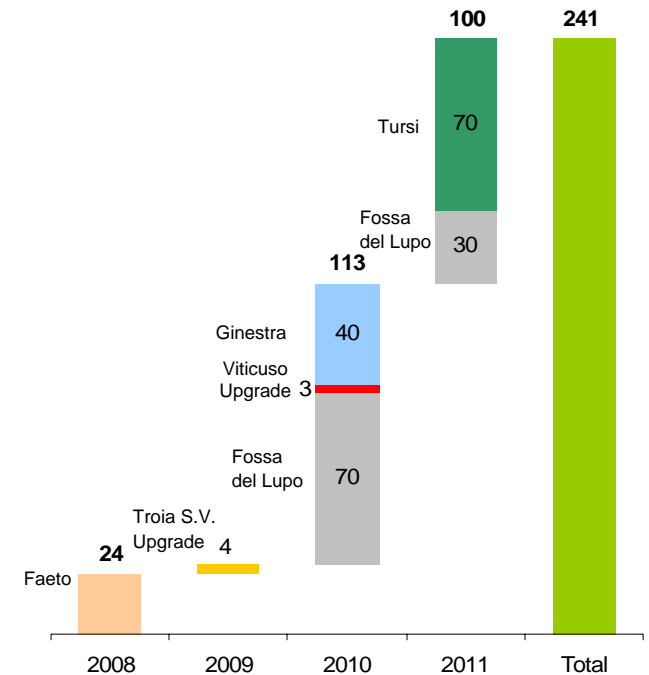
**La Bruyere (11.5MW)**  
 Municipality of Beauce  
 5 turbines Nordex (2.3MW)  
 Full load hours: 2,335

- Production estimates in line with historical performance

# Under Construction & Authorized Projects Portfolio

Name	% Ownership	Gross Capacity (MW)	Owned Capacity (MW)	Status	Start of Operations	Project Update
Faeto	100%	24	24	Under Construction	2H-08	WTGs installation started on 31 March 2008 Possible delay on 1 WTG
Troia SV Upgrade	100%	4	4	Under Construction	Apr-09	Civil works contracted Turbines order completed
Ginestra	100%	40	40	Authorized	Apr-10	Permitting integration requested for WTGs change
Fossa del Lupo	100%	100	100	Under Construction	2010-2011	WTG supply secured Civil works projecting contracted
Viticuso Upgrade	51%	3	1.5	Authorized	May-10	Authorization obtained WTGs order not completed
Tursi	100%	70	70	Authorized	Jul-11	Works suspension intimated by Basilicata Region Legal proceedings in course
<b>Total Under Construction / Authorized</b>		<b>241</b>	<b>239</b>			

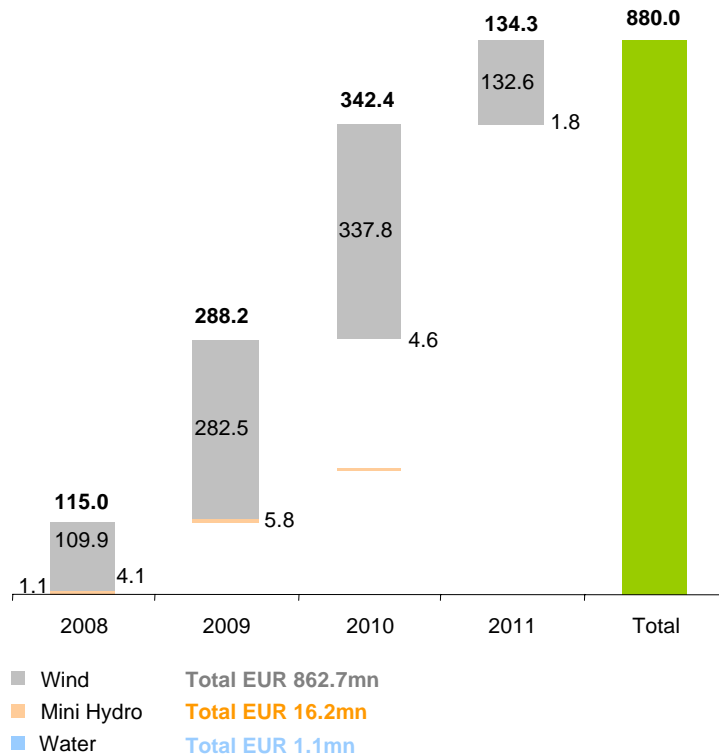
## New Installed Capacity Under Construction & Authorized <sup>(1)</sup> Year of Entry into Operations



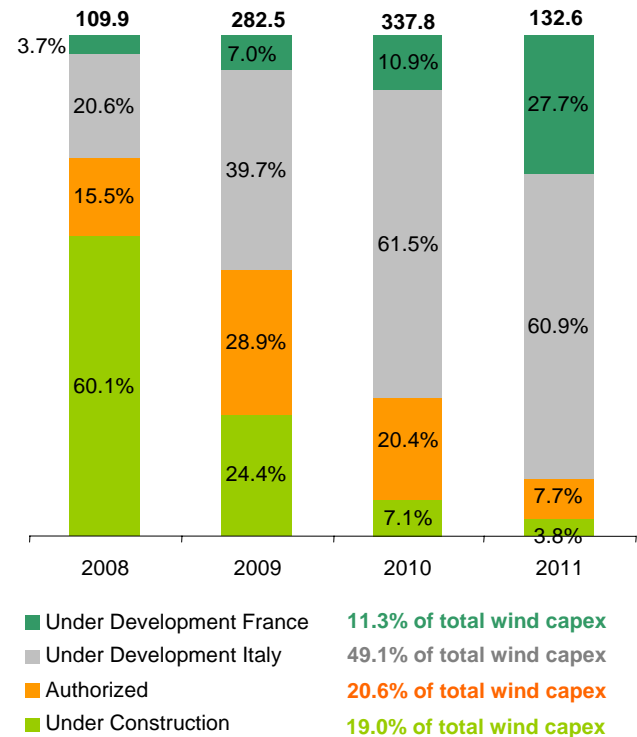
1. Projects capex already expensed in 2007 equal to EUR 61 mn (Faeto EUR 23 mn, Ginestra EUR 9 mn, Tursi EUR 5 mn, Fossa del Lupo EUR 24 mn)

- EnerTad is planning to invest EUR 880mn during 2008-2011 period, of which EUR 863mn in the wind sector

Capex – 2008 – 2011 (EUR mn)



% Wind Capex – 2008 – 2011



- On May 9, 2008 a framework agreement with REpower has been signed for the supply of maximum 80WTGs, corresponding to maximum 160MW

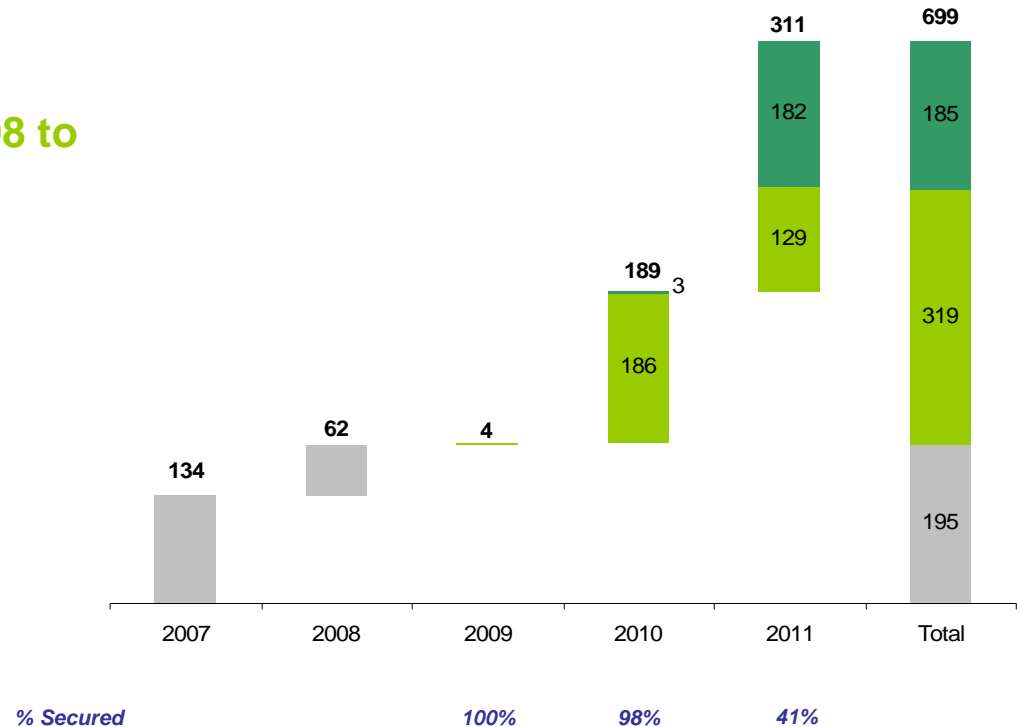
- Total turbines secured post 2008 to reach 319MW, high degree of certainty for turbines supply

- 2009: 100%
- 2010: 98%
- 2011: 41%

## WTGs Needs MW

Total MW Secured: 319MW

- Unsecured
- Secured



- **Rights issue to fund Enertad's equity portion of project companies' expected capital requirements to complete current projects portfolio**
  - **EGM at the end of June to resolve upon granting to BoD the powers to increase share capital up to EUR 200 mn**
- **ERG intention to fully subscribe its pro-quota portion of newly issued shares**
  - **ERG stake in Enertad post rights issue to remain at 77.4% post Transaction**
- **Offering to be completed by end of year**



## Final Remarks

- **Strong ERG commitment to grow in the renewable energy sector through Enertad**
  - Enertad restructuring and refocusing phase completed
- **Visible pipeline of projects**
  - Turbine already secured for 319MW
  - 241MW already under construction or authorized
- **Attractive market conditions and favourable outlook in Europe**
  - Increasing mandatory targets for renewable energy
  - Supportive regulatory framework
  - Reasonable level of complexity of permitting procedures
- **Sound financial performance**
  - High margin business, with substantial regulated revenues and contractually locked-in cost structure
  - Efficient financial structure benefiting weighted average cost of capital
  - Strong cash flow generation
- **Enertad at a U turn: a new management, a new name towards a cautious and visible development**