



2008 THIRD QUARTER RESULTS

Raffaele Tognacca

CEO



FORWARD LOOKING STATEMENTS

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Q3 AND 9 MONTHS 2008 PERFORMANCE

▶ Q3 2008

- Higher production of electricity (55.6 GWh up 35.7% on Q3 2007): lower (-24.6%) production in Italy, and consolidation of French wind parks (24.7GWh)
- Ebitda at €3.9mn, down 41% penalized by lower production in Italy, lower value for GCs (91€/MWh vs. 115€/MWh) and higher holding costs (ofwhich -€0.5mn as non recurring)
- Ebitda adjusted (net of non recurring and extraordinary items) was €4.4mn
- Group Net Result: -€ 2mn (-€3,5mn compared to Q307)
- CAPEX for 13.4€mn exclusively related to the wind business

▶ 9 months 2008

- Higher production of electricity (199.2GWh up 70% on 9M07): lower (-3.5%) production in Italy, and consolidation of French wind parks (86.4GWh)
- EBITDA at €10.8mn, down 36.7% YoY: lower domestic production, lower value for GCs (91€/MWh vs. 115€/MWh), non recurring items relative to IH08 for €2.4mn, 2006 and 2007 GCs write-down for €2.3mn and higher holding costs for €4.1mn (of which €1.2mn non recurring)
- Group Net Result: -€4.5mn (-€9.2mn compared to 9M07)
- CAPEX for €32.1mn
- NFP -€149.1mn (-€111.6mn as at December 31, 2007)

Q3 2008 COMPANY HIGHLIGHTS

Recent Company Developments

- **Next generation solar technology.** On September 10, ERG Renew signed with Permasteelisa an agreement to develop the organic photovoltaic cells (an innovative technology which utilises light sensitive organic pigments to generate electricity). Investments for ERG Renew are €2.5mn
- **Capital Increase.** On September 25, ERG Renew announced to defer the planned share capital increase in consideration of the difficult market conditions
- **Integration with ERG's renewable assets.** On October 1, the spin-off of the renewable energy assets of ERG Power & Gas to ERG Renew became effective, and ERG's stake in the company went to 77.4%
- **Expansion in the French wind market.** On October 10, Enerfrance signed an agreement to acquire a 50% stake in the wind developer Cita Wind: portfolio of projects for 288MW, 168MW advanced phase and 120MW early stage. Investments were €3mn
- **Arbitration with Trenitalia.** On October 16 ERG Renew and Trenitalia reached an agreement relative to the exercise of the put option on the 49% stake of Sodai. Following the agreement, ERG Renew paid €16.7mn rather than €17.5mn and it now controls 100% of SODAI. The amount was already provisioned in the company's balance sheet

2008 3Q AND 9 MONTHS RESULTS



Q3 2008 AND 9 MONTHS 2008 EBITDA

3Q 2008	3Q 2007	Euro Millions	30/09/2008	30/09/2007
10,3	10,2	Revenues	32,2	29,3
3,9	6,5	EBITDA	10,8	17,0
5,0	7,5	- Wind Italy	12,2	20,2
1,7	0,0	- Wind France	6,1	0,0
6,8	7,5	TOTAL WIND	18,3	20,2
(0,0)	0,0	- Water Services	0,1	0,2
(2,9)	(1,0)	- Holding	(7,5)	(3,4)
0,0	0,0	Regulator's Decision 48/08	(2,4)	0,0
0,0	0,0	Extraordinary Costs for ERG's assets integration	(0,7)	0,0
(0,5)	0,0	Extraordinary Costs for capital increase	(0,5)	0,0
4,4	6,5	ADJUSTED EBITDA	14,4	17,0

3Q 2008 EBITDA: down 41% at €3.9mn as a result of:

- Rise in production, from 40.9GWh to 55.6GWh, due to the consolidation of French activities which more than offset the decline in Italian production (due to Terna's extraordinary works to Puglia transmission line).
- Lower GCs price, from 115€/MWh to 91€/MWh
- -€0.5mn as non recurring costs for the integration with ERG's renewable assets
- Adjusted Q308 EBITDA was €4.4mn

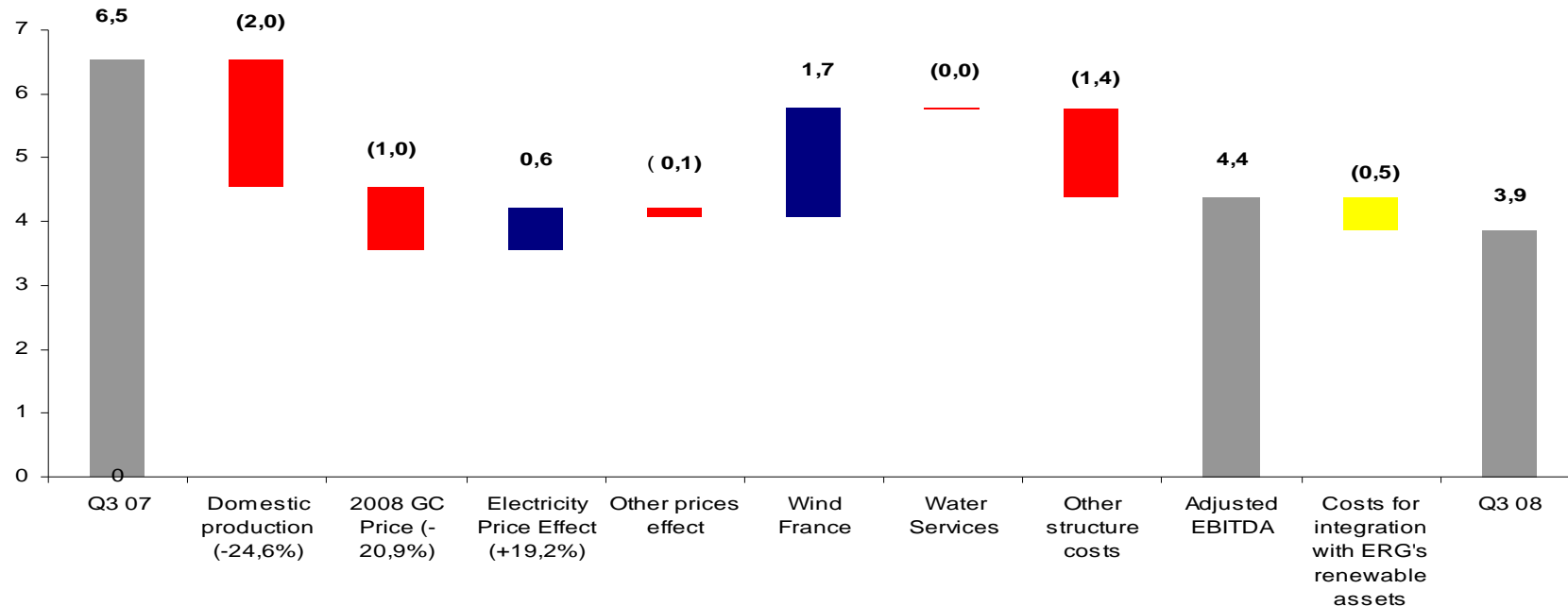
9M 2008 EBITDA: down 36.7% on 9M 2007:

- 70% rise in production, from 116.9GWh to 199.2GWh
- Lower GCs price, from 115€/MWh to 91€/MWh
- -€2.3mn relative to 2006 and 2007 GCs write down
- €2,4mn for Regulator's Decision 48/08
- €1.2 of non recurring costs related to the transfer of ERG's renewable assets
- Adjusted EBITDA was €14.4mn

French production partly offset decline at domestic wind parks



3Q 2008 EBITDA AT A GLANCE



WIND ITALY:

- down €2.5mn YoY: lower production (due to Terna's extraordinary works to Puglia transmission line), lower GCs price (from €115/MWh to €91/MWh) partly offset by higher electricity price (from €82.3/MWh to €98.1/MWh)

WIND FRANCE:

- Consolidated as of 1/11/07

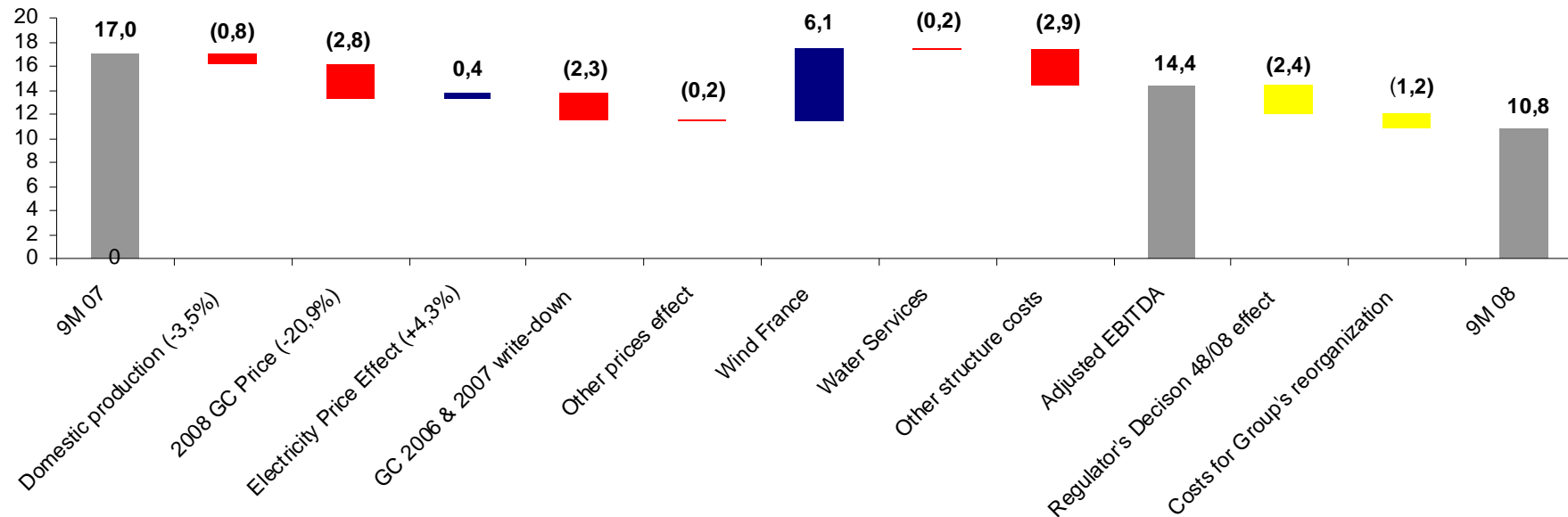
WATER SERVICES:

- down -€0.05mn, due to rise in volumes at both Sodai and DSI levels, offset by a non recurring cost at DSI

HOLDING:

- down -€2.4mn out of which €0.5mn as non recurring items due to integration with ERG's renewable assets

9MQ 2008 EBITDA AT A GLANCE



WIND ITALY:

- down €8.0mn YoY: lower production (due to Terna's extraordinary works to Puglia transmission line), lower GCs price (from €115/MWh to €91/MWh) partly offset by higher electricity price (from €81.6/MWh to €85.1/MWh)

WIND FRANCE:

- consolidated as of 1/11/07

WATER SERVICES:

- down-€0.2mn: rise in volumes, offset by a non recurring cost at DSI

HOLDING:

- down -€4.1mn out of which €1.2mn as non recurring item related to the integration with ERG's renewable assets

KEY FINANCIALS

3Q 2008	3Q 2007	Euro Millions	9M 2008	9M 2007
10,3	10,2	Revenues	32,2	29,3
3,9	6,5	EBITDA	10,8	17,0
37,3%	64,2%	<i>Margin</i>	33,5%	58,0%
(3,7)	(2,0)	Depr. Amort. & Prov.	(11,2)	(6,1)
0,1	4,5	EBIT	(0,4)	10,9
1,1%	44,5%	<i>Margin</i>	-3,8%	37,1%
(2,5)	(1,6)	Net Financial income (Expenses)	(5,2)	(2,7)
(2,4)	2,9	Pre-Tax Profit	(5,6)	8,2
0,3	(1,4)	Taxes	1,0	(3,6)
0,1	0,1	Minorities	0,1	0,1
(2,0)	1,5	Net Profit	(4,5)	4,7
<hr/>				
Net Debt			149,1	(29,6)
14,0	2,5	Capex	32,1	23,6

- Q3 08 Net loss at €2.0mn: higher depreciation and net financial costs for the consolidation of French wind parks
- Net debt at €149.1mn, after CAPEX of €32.1mn (of which €14.0mn in Q308)

BALANCE SHEET AND NET FINANCIAL POSITION

Balance Sheet

Euro Millions	30/09/2008	31/12/2007
Fixed assets	256,5	233,7
Staff Leaving Indemnities	(0,4)	(0,4)
Net Working capital	33,1	22,6
Net Invested capital	289,2	255,9
Third parties interest	0,03	0,13
Group Equity	140,1	144,3
Net Debt	- 149,1	111,7

Net Financial Position

Euro Millions	30/09/2008	31/12/2007
Cash	41,7	60,4
Bank Loans s/t	(26,1)	(22,8)
Bank Loans m/l/t	(166,9)	(151,5)
Financial Receivables	14,35	12,6
Fixed Financial Assets	0,4	0,4
Other Financial instruments	(12,6)	(10,8)
Net Financial Position	- 149,1	- 111,7

- Net Invested Capital at €289.2mn, vs. €256mn at the end of 2007
- Net debt at €149.1mn, vs. €112mn at 31/12/2007

Review by business



WIND ITALY: KEY FIGURES

3Q 2008	3Q 2007	% of change	Euro Millions	9M 2008	9M 2007	% of change
5,9	8,5	-30,1%	Revenues	17,4	24,0	-27,3%
5,0 11,0%	7,5 70,6%	-32,9%	EBITDA Margin (%)	12,2 62,0%	20,2 81,9%	-39,8%
0,0	0,0		Regulator's Decision 48/08	(2,4)	0,0	
5,0 85,3%	7,5 88,8%	-32,9%	EBITDA ADJUSTED Margin (%)	14,6 83,7%	20,2 84,4%	-27,9%
(1,9)	(1,9)		Depr., amort. & Prov.	(5,6)	(5,7)	
3,2 53,7%	5,6 66,3%	-43,4%	EBIT Margin (%)	6,6 37,8%	14,5 60,5%	-54,6%

3Q 2008 Revenues: down 30.1% YoY

- Lower volumes: -24.7% (due to Terna's extraordinary works to Puglia transmission line)
- Higher electricity price
- Lower GC price

3Q08 EBITDA: down 32.9% YoY

9M 2008 Revenues: down 27.3% YoY.

- Lower volumes: -3.5%
- Higher electricity price
- Lower 2008 GC price
- €2,4mn reimbursement according to Regulator's Decision 48/08

9M2008 EBITDA: down 39.8% YoY

- GC 2006 price write-down: from 98€/MWh to 78€/MWh
- GC2007 price write-down: from 98€/MWh to 85€/MWh

9M2008 Adjusted EBITDA is €14.6mn, vs. €20.2mn

Lower production and negative items relative to past years

WIND ITALY: PRODUCTION AND PRICES BY PARK

3Q 2008	3Q 2007	Δ % 08-07		9M 2008	9M 2007	Δ % 08-07
30,9	41,0	-24,7%	Total Sold Production (GWh)	112,8	117,0	-3,5%
			<i>of which</i>			
15,1	21,3	-29,1%	EOS 1 - Troia San Vincenzo	56,0	60,1	-7,0%
14,0	18,0	-22,6%	EOS 3 - Troia San Cireo	48,3	50,2	-3,8%
1,8	1,6	9,3%	Eolo . Viticuso	8,6	6,6	29,6%
			Prices (Eur/GWh)			
98,1	82,3		Electric Energy	85,1	81,6	
91	115		Green Certificates	91	115	

- Higher electricity price (+19.2%), from €82.3/MWh to €981/MWh

Partly Offset

- Lower production in 3Q08 (-24.7%) at Troia SV and Troia SC due to a temporary slow down deriving from Terna extraordinary works at the transmission line in the Puglia Region
- Lower GC prices, from 115€/MWh to 91€/MWh

WIND FRANCE: OPERATING & FINANCIAL RESULTS

3Q 2008	3Q 2007	% of change	Euro Millions	9M 2008	9M 2007	% of change
2,1	0,0		Revenues	7,2	0,0	
1,7	0,0		EBITDA	6,1	0,0	
82,2%			Margin (%)	83,7%		
(1,7)	0,0		Depr., amort. & Prov.	(5,2)	0,0	
(0,0)	0,0		EBIT	0,8	0,0	
-1,6%			Margin (%)	11,5%		
24,7	0,0		Total Sold Production (GWh)	86,4	0,0	
			<i>of which</i>			
4,7	0,0		Hetomesnil	17,2	0,0	
4,9	0,0		Le Mardeaux	16,5	0,0	
5,0	0,0		Le Carreau	17,3	0,0	
4,9	0,0		Lihus	17,5	0,0	
5,1	0,0		La Bruyere	17,8	0,0	
			Prices (Eur/GWh)			
83,9			Feed-in tariff	83,9		

3Q 2008 Revenues: at €2.1mn:

- Electricity produced 24.7GWh
- Feed-in tariff: 83.9€/MWh

3Q 2008 EBITDA: contributed to Group's 3Q results with €1.7mn

WIND FRANCE consolidated as of 1/11/08

9M 2008 Revenues:

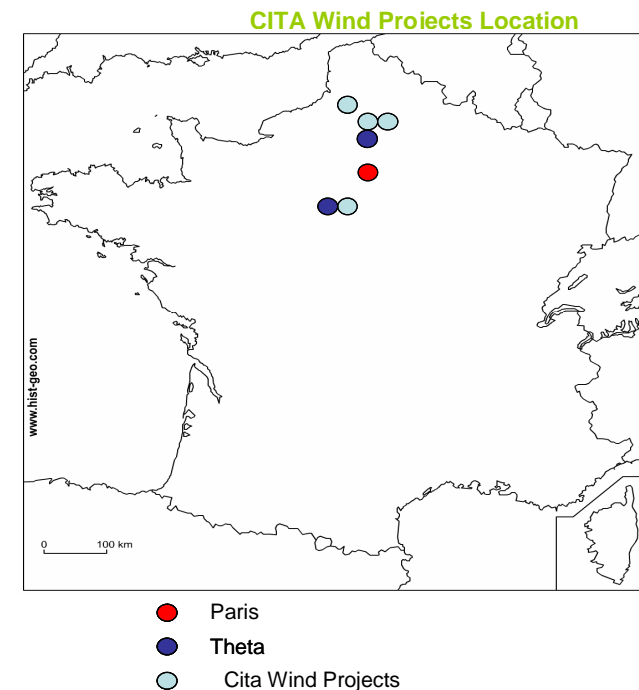
- Electricity Produced: 86.4GWh
- Feed-in tariff: 83.9€/MWh

9M2008 EBITDA: contributed to Group's results with €6.1mn

WIND FRANCE: ACQUISITION OF CITA WIND

On October 10, Enerfrance signed an agreement with the French Group GSEF to acquire a 50% stake in the wind developer Cita Wind.

- **Wind Projects:** 288MW, of which 168MW at an advanced phase and 120MW early stage
- **Location:** north –west of France, sound wind conditions and near to our existing parks
- **Investments:** €3mn for the 50% stake. Further possibility of increasing the stake in the projects to 90% only once obtained all the relevant authorizations



A further important step towards expansion in the French wind market

WATER SERVICES: OPERATING & FINANCIAL RESULTS

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3Q 2008	3Q 2007	% of change	Euro Millions	9M 2008	9M 2007	% of change
1,6	1,4	8,4%	Revenues	5,2	4,5	14,1%
(0,0) -2,7%	0,0 0,6%	-637,5%	EBITDA Margin (%)	0,1 1,2%	0,2 5,0%	-71,7%
(0,1)	(0,1)		Depr., amort. & Prov.	(0,3)	(0,4)	
(0,2) -9,7%	(0,1) -5,7%	83,1%	EBIT Margin (%)	(0,3) -5,1%	(0,2) -3,3%	74,0%
97,0	88,6	9,5%	Volumes	193,7	190,5	1,7%
73,7	68,1	8,3%	SODAI (liquid waste)	256,3	254,9	0,6%
4,4	4,4	0,3%	DSI (liquid waste)	13,8	10,9	27,1%
3,7	3,2	15,5%	DSI (solid waste)	11,6	7,9	46,6%

3Q 2008 Revenues: up 8.4% on 3Q 2007

- SODAI Volumes up 8.3%
- DSI volumes: liquid waste (+0.3%), solid waste (+15.5%).

3Q 2008 EBITDA: negative at €0.04mn

9M 2008 Revenues: up 14.1% YoY

- SODAI volumes up 0.6%
- DSI volumes: liquid waste (+27.1%), solid waste (+46.6%)

9M2008 EBITDA: down 71.7% YoY

- SODAI EBITDA was -€0.1mn, down €0.1mn vs. 9M07
- DSI EBITDA was €0.05mn, down €0.15 mn on a YoY as 9M07 benefited from some positive non recurring items

Final Remarks



SHORT TERM PRESSURE ON GC

- **Currently excess of GCs may continue in the short term**
 - Non alignment between demand and supply in terms of quantity and timing
 - Still possible asking for GC in advance, causing an excessive rise in GCs offer
 - Still a non efficient pricing system
- **New legislation should help in removing the GC's excess of offer**
 - Application Decree of 2008 Budget Law which should clarify the incentive scheme for GCs may be published soon
 - GC duration should be shortened (from 3 years to 1 year)
 - 2008, 2009 and 2010 GCs may be sold at more advantageous prices
 - Immediate positive reaction in the GME platform for GCs (prices moved up from €62/MWh to €88/MWh)
 - Still no clarity on 2006 and 2007GCs
- **ERG Renew's attitude towards GCs**
 - 2006 and 2007 GC's recent price write-downs to better reflect the current weak market conditions
 - proactive attitude with legislator and wind producers association to promote a clearer legislation on renewable sources

SHORT TERM OUTLOOK AND 2008 GUIDANCE

- **ERG Renew wind parks**

- Faeto (24MW): WTGs installation completed. Still need to complete the grid connection, within the end of the year it will start the commissioning phase
- Troia SV upgrade (4MW): in construction, it will be completed ahead of the business plan schedule, and therefore within the end of 2008
- Ginestra (40MW): within the end of 2008 the preliminary construction works will start and it will be in operation in 2010, in line with 2008-2011 business plan
- Tursi (70MW): still waiting for the “Corte Costituzionale” pronouncement. No news expected in the short term

- **On October 1 2008, the consolidation of ERG’s operating assets took place**

- Vicari (37.5MW): WTGs installation almost completed. Commissioning completed within the end of the year
- Fossa del Lupo (100MW): Calabria Region sent a communication confirming the adequacy of the documentation related to the authorization.

- **Guidance for 2008**

- FY2008 figures will be negatively affected by 2006 and 2007 GCs write-downs, by extraordinary items which took place in 9M08 and by lower production in Q308 (due to Terna’s extraordinary works to Puglia transmission line)
- 4Q 2008 should be a period with good wind conditions, although production slowdown at Troia SV and Troia SC wind parks may continue in 4Q08
- 2008 CAPEX will be in the range of €60mn, due mainly to delays at Fossa del Lupo

CONCLUSIONS

- **9M 08 Results.** Results penalized by negative one-offs mainly related to 2007, lower price for GCs and temporary slowdowns at our wind parks in Puglia
- **Slowdown in CAPEX.** Downward revision of 2008 CAPEX due to delays in some of our projects (mainly because of “Moratoria” in Calabria) and in the M&A activity
- **Acceleration of expansion in France.** With the acquisition of CITA Wind, ERG Renew made an important step towards its further expansion in France, in line with our business plan development
- **Positive newsflow may arise on regulation.** The awaited D.M. on GCs may be issued soon and should strongly reduce the current excess of offer in the GCs market, with a potential upside on GCs market prices
- **Tougher Financial Scenario.** Recent events in the financial market drastically changed the environment, making more difficult the financing of the projects. In this context, ERG Renew decided to postpone the capital increase
- **Company’s business plan.** The changed financial conditions are leading ERG Renew to make a deep analysis of the assumption of our business plan in order to update it on the basis of the new scenario. Strong commitment towards the expansion in the renewable sector remains a top priority