



Press Release

The Board of Directors of ERG Renew approves the Interim Management Report at 31 March 2011

Operating Revenues: Euro 23.9 million (+ 43.4% over the first quarter of 2010)

EBITDA: Euro 13.9 million (+ 31.1% over the first quarter of 2010)

Group Net Result: Euro – 2.8 million (Euro 1.1 million in the first quarter of 2010)

Genoa, 10 May 2011 - The Board of Directors of ERG Renew S.p.A., which met today, has approved the Interim Management Report at 31 March 2011. The first-quarter data, which have been approved by the Board of Directors, are not subject to audit.

Consolidated financial results

Financial highlights (million Euro)	First quarter		Variation
	2011	2010	
Operating Revenues	23.9	16.7	+ 43.4%
EBITDA	13.9	10.6	+ 31.1%
EBIT	5.3	4.7	
Group Net Result	(2.8)	1.1	

	31.03.11	31.12.10	Variation
Net financial debt	692.3	682.0	+ 1.5%
Leverage ¹	87.8%	87.9%	

Francesco Del Balzo, ERG Renew's Chief Executive Officer, commented: “**The first-quarter results benefited from the contribution of the two wind farms acquired last July, which more than offset the lower output on the part of our wind farms in Italy, due above all to the continuation of restrictions on the national transmission grid, and in France, as a result of the decline in windiness. We are proceeding with implementation of our organic investment programme and, during the current year, expect to see the coming on stream of the Fossa del Lupo and Ginestra wind farms.**”

¹ Ratio of total net financial payables (including Project Financing) to net invested capital.

First quarter 2011

Consolidated EBITDA for the first quarter of 2011 amounted to Euro 13.9 million, compared with Euro 10.6 million posted during the first quarter of 2010, showing an increase of 31.1%.

EBITDA (million Euro)	First quarter		Variation
	2011	2010	
Wind – Italy	14.6	9.2	+ 58%
Wind - France	2.2	2.2	- 1%
TOTAL WIND	16.8	11.5	+ 46%
Water services	0.4	0.7	- 36%
Holding division	(3.3)	(1.5)	- 115%
TOTAL EBITDA	13.9	10.6	+ 31%

Wind Italy

EBITDA posted by the Wind Italy business in the first quarter of 2011, amounting to Euro 14.6 million, showed an increase of 58% over Euro 9.2 million for the first quarter of 2010.

The growth in EBITDA mainly stemmed from the consolidation of the Ascoli Satriano and Rotello wind farms, acquired in July 2010.

The consolidation of these facilities more than offset the negative events that occurred during the period:

- the decline in windiness as regards the Vicari wind farm;
- the restrictions that continued to affect the Puglia wind farms;
- the downturn in the average selling price of electricity generated, from 67.06€/MWh in the first quarter of 2010 to 64.85€/MWh in the corresponding period of 2011;
- the decrease in the anticipated selling price of green certificates, down from 86.85€/MWh to 81.78€/MWh.

Wind France

The contribution to consolidated **EBITDA** on the part of the Wind France business in the first quarter of 2011 amounted to Euro 2.2 million, in line with the first quarter of 2010.

The trend in EBITDA is due to:

- the 2% decline in electricity output, from 35.7 GWh in the first quarter of 2010 to 35 GWh in the first quarter of 2011, despite the contribution of the new Plogastel wind farm, which came on stream in April 2010;
- the rise of 1.7% in the electricity selling price, from 84.86 €/MWh in the first quarter of 2010 to 86.31 €/MWh in the first quarter of 2011.

Water services

In the first quarter of 2011 the water services business posted a positive **EBITDA** of Euro 0.4 million, with a decrease of Euro 0.2 million with respect to the first quarter of 2010. The downturn is due, as regards DSI, to the reduction in quantities treated and tariffs applied, and as regards SODAI, to the decline in revenues associated with the new services provided for Trenitalia, only partly offset by the increase in quantities treated and tariffs applied by SODAI.

Holding division

In the first quarter of 2011 the holding division's **EBITDA** was negative by Euro 3.3 million, with a downturn of Euro 1.8 million compared with the negative result of Euro 1.5 million posted for the first quarter of 2010. This decline reflected above all the advisory activities pertaining to the pursuit of growth opportunities being conducted by the Company (Euro 1.3 million) and the rise in

personnel expenses as a result of the growth in headcount compared with the first quarter of 2010 (Euro 0.3 million).

EBIT in the first quarter of 2011 amounted to Euro 5.3 million, showing an increase over Euro 4.7 million in the first quarter of 2010, after deducting Euro 8.7 million for amortisation and depreciation (Euro 5.9 million in the first quarter of 2010).

The **Group net result** for the first quarter of 2011 was negative by Euro 2.8 million (+ Euro 1.1 million in the first quarter of 2010). The result reflects: financial charges totalling Euro 7.7 million, with an increase over Euro 2.9 million in the first quarter of 2010, due to the acquisition of ERG Eolica Adriatica; investment expenses of Euro 0.1 million concerning, above all, the 50% equity interest held by ERG Eolienne France in CITA Sas, a company measured at equity which performs wind business development activities in France, and, to a marginal extent, ERG Renew's 51% stake in ISAB Energy Solare, also measured at equity, which in December completed its construction of a photovoltaic plant at the Priolo Gargallo (Syracuse) industrial site; taxes totalling Euro 0.1 million.

Investments in the first quarter of 2011 totalled Euro 13.8 million (Euro 23.4 million in the first quarter of 2010) and almost exclusively concerned the wind business and, in particular, the Fossa del Lupo (Euro 11.6 million) and Ginestra (Euro 1.9 million) wind farms.

Net financial debt as at 31 March 2011 amounted to Euro 692.3 million, up by Euro 10.3 million over the figure of Euro 682 million as at 31 December 2010. This increase is mainly ascribable to the investments carried out.

Operational data

In the first quarter of 2011 the Italian wind farms recorded a growth of 66% in electricity output over the corresponding period in 2010, due to the consolidation of the new Ascoli Satriano and Rotello wind farms, without whose contribution Italian production would have been down by 13.7%. This positive contribution was once again penalised, during the period, by the continuation of restrictions on the National Transmission Grid in Puglia.

During the period, the French wind farms accounted for 35 GWh of electricity output, with a decline of 2% compared with the corresponding period in 2010, despite the full-quarter contribution of the Plogastel wind farm (9.2MW), which came on stream in April 2010.

Wind production (GWh)	First quarter		Variation
	2011	2010	
Wind – Italy	120.7	72.7	+ 66.0%
Wind – France	35.0	35.7	- 2.0%
TOTAL WIND	155.7	108.4	+ 43.6%

Significant events during the quarter

On **13 January** the Board of Directors of ERG Renew approved the Statement envisaged by Article 103, 3rd paragraph of Legislative Decree 58/98 (“Consolidated Finance Act - 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. The outcome of the said offer, for which the acceptance period, having commenced on 24 January last, closed on 18 February, confirmed ERG's attainment of a controlling interest of 94.641%. Having acquired a stake in ERG Renew's share capital of more than 90% but less than 95%, ERG will have the obligation to purchase from any shareholders so requesting the shares not surrendered under the Tender Offer, at a price to be determined by CONSOB.

On **23 February** the parent company ERG notified ERG Renew of its irrevocable commitment to continue supporting the company's financial requirements, albeit subject to terms and conditions currently being reviewed and defined.

On **2 March** the Board of Directors of ERG Renew approved the 2010 consolidated and draft Statutory Financial Statements.

On **8 March**, in accordance with CONSOB Regulations and the Procedure for Transactions with Related Parties, the Information Document concerning the loan transactions between ERG and ERG Renew was published, with some amendments to the agreement entered into on 25 May 2009. More specifically, the credit line was increased from Euro 231 million to Euro 307 million; the period of availment was extended until the end of December 2011; the maturity date was extended from 31 December 2011 to 31 December 2012.

Business outlook

Wind

The Ginestra wind farm (40 MW) is scheduled to come on stream by the end of the year, whereas construction of the Fossa del Lupo wind farm is expected to be completed during the first half of 2011, with start-up of production during the second six months of 2011.

Output relating to the San Vincenzo, San Cireo, Faeto and Ascoli Satriano wind farms could be penalised as a result of continued congestion on the National Transmission Grid in Puglia

The construction authorisation (*ZDE*) for the Greneville wind farm, originally anticipated within the first few months of 2010, is considered obtainable by the end of the current year, with consequent postponement of the date for coming on stream.

Water services

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

Photovoltaics

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

Holding division

ERG Renew will continue to implement the 2010-2013 business plan approved by the Board of Directors on 2 March 2010. This will be done with the backing of ERG, the latter having notified to ERG Renew its irrevocable commitment to continue supporting the company's financial needs by increasing, from Euro 231 million to Euro 307 million, the credit line intended to meet requirements for the implementation of the 2011 business plan and to cover ordinary and current operations. Moreover, an agreement has been reached to extend the credit line's availment period until the end of December 2011, and its maturity date from 31 December 2011 to 31 December 2012.

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.

The Board of Directors, with reference to the requirements set forth by both Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act) and the Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A., has confirmed its positive evaluation with regard to the independence of directors Italo Giorgio Alfieri, Lorenzo Caprio, Giorgio Mazzanti and Ernesto Monti based on the declarations and information provided by same. The Board of Statutory Auditors has verified the correct application of the criteria adopted by the Board of Directors in this respect.

The Board of Directors, pursuant to the provisions set forth by Article 144-*novies*, paragraph 1-*bis* of the Regulations implementing the Consolidated Finance Act, adopted by CONSOB under resolution 11971 of 14 May 1999, as subsequently amended, has ascertained that the members of the Board of Statutory Auditors appointed by the Shareholders' Meeting on 12 April 2011 hold the requisites of independence set forth by Article 148, paragraph 3, of the Consolidated Finance Act.

The manager responsible for preparing the company's financial reports, Luca Giorgerini, declares, pursuant to Article 154 bis, paragraph 2 of the Consolidated Finance Act 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 Interim Management Report at 31 March 2011, issued at 5.45 pm (CEST) on 10 May 2011, has been drawn up in accordance with the Regulations implementing the Consolidated Finance Act adopted by CONSOB under resolution no. 11971 dated 14 May 1999, as subsequently amended. 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

Year 2010	Key economic data (Euro thousands)	1° Quarter	
		2011	2010
	72.667 Total revenues	23.894	16.657
	38.520 EBITDA	13.922	10.619
	38.520 Adjusted EBITDA	13.922	10.619
	(10.949) EBIT	5.269	4.726
	(15.634) Net profit	(2.682)	1.153
	(219) <i>of which profit of third parties</i>	(88)	(86)
	(15.853) Group net profit	(2.770)	1.067

Key financial data (Euro millions)

	775,9 Net invested capital	788,8	456,1
	93,9 Shareholders equity	96,5	107,9
	682,0 Total net financial debt	692,3	348,2
	393,1 <i>of which non-recourse project financing</i>	393,7	187,7
	87,9% Financial leverage	87,8%	76,3%
	89,0 Investments	13,8	23,4

SUMMARY SECTOR RESULTS

Year 2010	(000/euro)	1° Quarter	
		2011	2010
Operating revenues:			
54.004	Wind - Italy	18.769	11.360
9.811	Wind - France	3.024	2.980
63.815	Total Wind	21.793	14.340
8.341	Water services	1.992	2.116
511	Holding	109	201
72.667	Total	23.894	16.657
EBITDA			
38.832	Wind - Italy	14.597	9.241
7.585	Wind - France	2.216	2.236
46.417	Total Wind	16.813	11.477
2.012	Water services	441	689
(9.909)	Holding	(3.332)	(1.547)
38.520	Total	13.922	10.619
Adjusted EBITDA			
38.832	Wind - Italy	14.597	9.241
7.585	Wind - France	2.216	2.236
46.417	Total Wind	16.813	11.477
2.012	Water services	441	689
(9.909)	Holding	(3.332)	(1.547)
38.520	Total	13.922	10.619
EBIT			
9.466	Wind - Italy	7.892	5.238
(11.918)	Wind - France	420	490
(2.452)	Total Wind	8.312	5.728
1.521	Water services	319	563
(10.018)	Holding	(3.362)	(1.565)
(10.949)	Total	5.269	4.726
Investments in property, plant and equipment and intangible assets			
86.787	Wind - Italy	13.688	22.726
1.419	Wind - France	-	472
88.206	Total Wind	13.688	23.198
339	Water services	21	108
409	Holding	75	53
88.954	Total	13.784	23.359

Year 2010	Consolidated Income Statement (Euro thousands)	1° Quarter	
		2011	2010
72.667	Operating revenues	23.894	16.657
2.011	Other revenues and income	136	804
74.678	TOTAL REVENUES	24.030	17.461
(544)	Raw, ancillary and consumables and goods for resale	(135)	(138)
(24.033)	Services	(7.720)	(4.885)
(5.131)	Personnel costs	(1.493)	(1.312)
(6.450)	Other operating expenses	(760)	(507)
38.520	EBITDA	13.922	10.619
(29.942)	Amortisation and depreciation	(8.653)	(5.893)
(19.527)	Provisions and write-downs	-	-
(10.949)	EBIT	5.269	4.726
(15.306)	Net financial income and charges	(7.748)	(2.902)
(674)	Net income (charges) from equity investments	(128)	(161)
(26.929)	Profit (loss) before taxes	(2.607)	1.663
10.342	Current and deferred taxes	(75)	(302)
(219)	Minority interest	(88)	(86)
953	Profit (loss) from discontinued operations	-	(208)
(15.853)	Group net profit (loss)	(2.770)	1.067

Consolidated Balance Sheet (Euro thousands)

31/03/2010	Description	31/03/2011	31/12/2010
419.144	Fixed assets	698.775	692.876
343.510	Property, plant and equipment	576.850	570.327
73.741	Intangible assets	117.028	118.444
1.893	Financial assets	4.897	4.105
37.438	Net operating working capital	90.682	83.686
-	- Inventories	-	-
10.663	Trade receivables	19.974	19.685
79.050	Other receivables	132.355	123.464
(18.937)	Financial payables	(13.909)	(14.201)
(7.268)	Provisions for risks and charges	(3.734)	(4.134)
(26.070)	Other payables	(44.004)	(41.128)
(494)	Employee leaving indemnities provision	(647)	(615)
456.088	Net invested capital	788.810	775.947
107.923	Total shareholders' equity	96.512	93.905
107.309	Group net equity	95.770	93.251
614	Minority interest equity	742	654
348.165	Net financial debt	692.298	682.042
456.088	Shareholders' equity and financial debt	788.810	775.947