



2Q & 1H 2010 RESULTS

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# FORWARD LOOKING STATEMENTS

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There can be non assurance that the projections or forecasts will ultimately prove to be accurate; accordingly, the Company makes no representation or warranty as to the accuracy of such information or the likelihood that the Company will perform as projected.

# ACQUISITION OF IVPC POWER 5

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## ► Details of the deal

- Acquisition of IVPC Power 5 (now ERG Eolica Adriatica) on June 22 and closed on July 23
- Asset Value: €224mn + €4,4mn for future fiscal benefits, corresponding to €2,2mn/MW
- Equity value: €69,5mn, backed by ERG
- 2 wind farms operational and already financed: 40MW in Molise and 61,8MW in Puglia

## ► Strategic rationale

- First step towards the consolidation in the Italian wind sector, with the immediate effect to almost double installed capacity in Italy, from 144MW to 246MW
- 2013 target for total installed capacity to rise to 530MW
- Very good quality assets, with producibility higher than 2200heq
- Consolidation as of August 2010, thus contributing to 2010 EBITDA

# 2Q & 1H 2010 PERFORMANCE

## ▶ 2Q 2010

- Electricity production at 78,5GWh: +20,9% YoY
- Revenues at €12,6mn, up 28,8% YoY
- EBITDA at €4,6mn, up 29,2% YoY
- Group Net Result: €4,5mn vs. -€4,1mn in 2Q 2009
- CAPEX were €15,5mn

## ▶ 1H 2010

- Electricity production at 189,9GWh: +26,8% YoY
- Revenues at €29,3mn, up 27,3% YoY
- EBITDA at €15,1mn, up 67,6% YoY
- Group Net Result: €5,6mn vs. -€6,0mn in 1H 2009
- CAPEX were €38,9mn

# 2Q & 1H 2010 RESULTS

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## 2Q & 1H 2010 EBITDA

2Q 2010	2Q 2009	% of change	Euro Millions	1H 2010	1H 2009	% of change
12,6	9,8	28,8%	Operating Revenues	29,3	23,0	27,3%
<b>4,6</b>	<b>3,5</b>	<b>29,2%</b>	<b>EBITDA</b>	<b>15,1</b>	<b>9,0</b>	<b>67,6%</b>
4,9	5,1	-4,3%	- Wind Italy	14,1	11,7	20,3%
1,6	1,1	55,0%	- Wind France	3,9	3,1	23,8%
<b>6,5</b>	<b>6,1</b>	<b>6,0%</b>	<b>TOTAL WIND</b>	<b>18,0</b>	<b>14,9</b>	<b>21,1%</b>
0,0	0,3	-88,5%	- Water Services	0,7	0,4	68,9%
(2,1)	(3,0)	30,3%	- Holding Costs	(3,6)	(6,3)	42,5%

**2Q 2010 EBITDA** at €4,6mn vs. €3,5mn in 2Q09 as a result of:

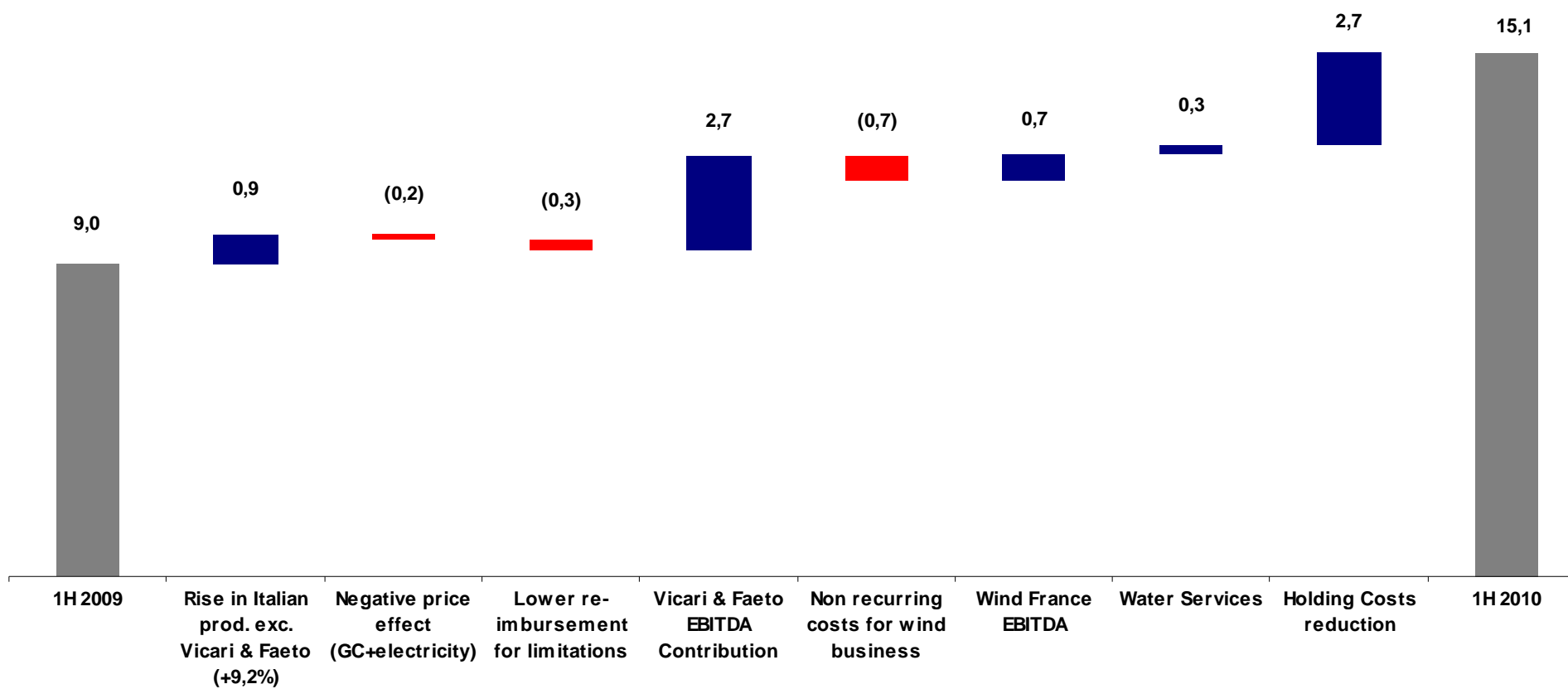
- Rise in domestic (+15,9%) and French production (+33,3%)
- Positive electricity price effect in Italy (+11,3%) and slightly negative in France (-1,4%)
- Mini-hydro assets disposed in the period
- 30,3% improvement at the Holding level thanks to cost savings

**1H 2010 EBITDA** at €15,1mn vs. €9,0mn in 1H09 as a result of:

- Rise in domestic (+25,8%) and French production (+28,9%)
- Negative electricity price effect in Italy (-3,6%) and in France (-1,4%)
- Mini-hydro assets disposed in the period
- 42,5% improvement at the Holding level thanks to cost savings

**Rise in production, and Holding costs savings**

# 1H 2010 EBITDA AT A GLANCE



**Positive contribution from Vicari and Faeto, recovery in France and Holding cost savings**



# KEY FINANCIALS

2Q 2010	2Q 2009	Euro Millions	1H 2010	1H 2009
12,6	9,8	Operating Revenues	29,3	23,0
<b>4,6</b>	<b>3,5</b>	<b>EBITDA</b>	<b>15,1</b>	<b>9,0</b>
36,1%	36,0%	<i>Margin</i>	51,5%	39,1%
(5,9)	(4,8)	Depreciation	(11,9)	(9,8)
0,0	0,0	Write-offs	0,0	0,0
<b>(1,4)</b>	<b>(1,3)</b>	<b>EBIT</b>	<b>3,2</b>	<b>(0,8)</b>
-10,9%	-13,0%	<i>Margin</i>	20,9%	-3,5%
(1,9)	(3,3)	Net Financial income (Expenses)	(4,8)	(5,8)
(0,2)	(0,3)	Net income from participations	(0,3)	(0,4)
<b>(3,4)</b>	<b>(4,8)</b>	<b>Pre-Tax Profit</b>	<b>(1,9)</b>	<b>(7,0)</b>
7,0	0,9	Taxes	6,7	1,4
(0,0)	0,0	Minorities	(0,1)	(0,1)
0,9	(0,2)	Results of Discontinued assets	0,9	(0,2)
<b>4,5</b>	<b>(4,1)</b>	<b>Net Profit</b>	<b>5,6</b>	<b>(6,0)</b>
<b>Net Debt</b>			<b>347,1</b>	<b>291,0*</b>
<b>15,5</b>	<b>12,6</b>	<b>Capex</b>	<b>38,9</b>	<b>15,9</b>

\* Net Debt at 31/12/2009



# BALANCE SHEET AND CASH FLOW

## Balance Sheet

Euro Millions	30/06/2010	31/12/2009
Fixed assets	419,2	401,7
Staff Leaving Indemnities	(0,5)	(0,5)
Net Working capital	40,5	(3,1)
<b>Net Invested capital</b>	<b>459,2</b>	<b>398,1</b>
Third parties interest	0,6	0,4
<b>Group Equity</b>	<b>112,0</b>	<b>107,3</b>
<b>Net Debt</b>	<b>347,1</b>	<b>291,0</b>
<b>Total Financial Resources</b>	<b>459,2</b>	<b>398,3</b>

## Consolidated Cash Flow

Euro Millions	30/06/2010
<b>Operating Profit</b>	<b>3,2</b>
Depreciation & Amort.	11,9
Working capital	(43,6)
Deferred taxes	7,1
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(21,4)</b>
CAPEX	(39,0)
Disposals	4,5
Discontinued Assets	4,6
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(29,9)</b>
Interests	(4,8)
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>(4,8)</b>
<b>TOTAL CASH FLOW</b>	<b>(56,1)</b>
NFP at 31/12/2009	(291,0)
NFP at 30/06/2010	(347,1)

- Net Invested Capital at €459,2mn, vs. €398.3mn at the end of 2009
- Cash Flow negative at €56,1mn
- Net debt at €347,1mn, vs. €291mn at 31/12/2009

# WIND ITALY: KEY FIGURES

2Q 2010	2Q 2009	% of change	Euro Millions	1H 2010	1H 2009	% of change
8,4	6,7	24,2%	<b>Revenues</b>	19,7	15,5	27,4%
4,9	5,1	-4,3%	<b>EBITDA</b>	14,1	11,7	20,3%
58,1%	75,4%		<i>Margin (%)</i>	71,5%	75,7%	
(4,0)	(3,0)		Depr., amort. & Prov.	(8,0)	(6,1)	
0,9	2,0	-56,2%	<b>EBIT</b>	6,1	5,6	8,8%
10,7%	30,4%		<i>Margin (%)</i>	31,1%	36,4%	

## 2Q 2010 Revenues: +24,2% YoY

- Higher volumes: from 46,2GWh to 53,5GWh
- €0.3mn reimbursement for Terna's limitations vs. €0.6mn in 2Q 2009 (out of which €0,1mn relative to 2H 2008)
- Higher electricity price, from 59,7€/MWh to 66,4€/MWh

## 2Q 2010 EBITDA: €4,9mn vs €5,1mn

- Full contribution of Vicari and Faeto
- €0,5mn provision for Vicari wind park
- €0,7mn non recurring costs related to M&A activities

## 1Q 2010 Revenues: +27,4% YoY

- Higher volumes: from 100,3GWh to 126,2GWh
- €0.3mn reimbursement for Terna's limitations vs. €0,6 in 1H 2009 (out of which €0.1mn relative to 2H 2008)
- Lower electricity price, from 69,3€/MWh to 66,8€/MWh

## 1H 2010 EBITDA: €14.1mn vs €11.7mn

- Full contribution of Vicari and Faeto
- €0.5mn provision for Vicari wind park
- €0.7mn non recurring costs related to M&A activities

**Higher production, lower limitations and non recurring items**



# WIND ITALY: PRODUCTION AND PRICES BY PARK

2Q 2010	2Q 2009	% of change		1H 2010	1H 2009	% of change
<b>53,5</b>	<b>46,2</b>	<b>15,9%</b>	<b>Total Sold Production (GWh)</b>	<b>126,2</b>	<b>100,3</b>	<b>25,8%</b>
			<i>of which</i>			
13,8	11,2	23,6%	San Vincenzo (42MW)	32,0	28,4	12,5%
12,9	11,1	16,1%	San Ciro (30MW)	27,3	24,6	11,1%
2,5	2,5	-0,4%	Viticuso (9MW)	7,7	8,0	-4,3%
14,3	14,6	-2,0%	Vicari (3,5MW)	38,7	32,1	20,7%
9,7	6,5	50,5%	Faeto (24MW)	20,0	6,5	
0,2	0,3	-16,5%	Pian dei Corsi (1,6MW)	0,5	0,7	-36,7%
			<b>Prices (Eur/GWh)</b>			
66,4	59,7	11,3%	Electric Energy	66,8	69,3	-3,6%
86,2	86,2	0,0%	Green Certificates	86,2	86,2	0,0%

- Higher electricity production in 1H 2010 (+25.8%): Vicari and Faeto wind parks full contribution, higher limitations
- Lower electricity price (-3.6%)

# WIND FRANCE: OPERATING & FINANCIAL RESULTS

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2Q 2010	2Q 2009	% of change	Euro Millions	1H 2010	1H 2009	% of change
2,3	1,6	40,3%	Revenues	5,2	4,4	19,9%
1,6	1,1	55,0%	EBITDA	3,9	3,1	23,8%
72,5%	65,6%		Margin (%)	74,0%	71,7%	
(1,9)	(1,8)		Depr., amort. & Prov.	(3,6)	(3,5)	
(0,3)	(0,7)	-62,7%	EBIT	0,2	(0,4)	
-11,4%	-42,8%		Margin (%)	4,4%	-8,1%	
<b>25,0</b>	<b>18,8</b>	<b>33,3%</b>	<b>Total Sold Production (GWh)</b>	<b>63,7</b>	<b>49,4</b>	<b>28,9%</b>
			<i>of which</i>			
4,4	3,6	24,0%	Hetomesnil (11,5MW)	11,3	9,7	16,5%
5,1	3,9	32,2%	Le Mardeaux (11,5MW)	12,4	10,2	21,1%
4,9	3,8	29,4%	Le Carreau (9,2MW)	11,8	9,8	20,3%
5,0	3,1	58,3%	Lihus (11,5MW)	11,2	8,7	28,6%
5,6	4,4	27,3%	La Bruyere (11,5MW)	13,2	11,0	20,2%
3,0	0,0		Plogastel (9,2MW)	3,8		
			<b>Prices (Eur/GWh)</b>			
84,8	86,0	-1,4%	Feed-in tariff	84,8	86,0	-1,4%

**2Q 2010 Revenues:** at €2.3mn, up 40,3% YoY

- Electricity produced 25,0GWh, up 33,3% YoY
- Feed-in tariff: 84,8 €/MWh, down 1,4% YoY

**2Q 2010 EBITDA:** at €1,6mn, up 55,0% YoY

**1H 2010 Revenues:** at €5.2mn, up 19,9% YoY

- Electricity produced 63,7GWh, up 28,9% YoY
- Feed-in tariff: 84,8 €/MWh, down 1,4% YoY

**1H 2010 EBITDA:** at €3,9mn, up 23,8% YoY



# WATER SERVICES: OPERATING & FINANCIAL RESULTS

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2Q 2010	2Q 2009	% of change	Euro Millions	1H 2010	1H 2009	% of change
2,0	1,5	36,0%	<b>Revenues</b>	4,1	3,2	31,2%
0,0	0,3	-88,5%	<b>EBITDA</b>	0,7	0,4	68,9%
1,6%	18,6%		<i>Margin (%)</i>	17,4%	13,5%	
(0,1)	(0,1)		Depr., amort. & Prov.	(0,3)	(0,2)	
<b>(0,1)</b>	<b>0,2</b>		<b>EBIT</b>	<b>0,5</b>	<b>0,2</b>	<b>97,4%</b>
			<i>Margin (%)</i>	11,1%	7,3%	
<b>Volumes</b>						
89,5	90,1	-0,7%	SODAI (liquid waste) (cm)	194,3	200,6	-3,1%
10,2	3,5	191,8%	DSI (liquid waste) (cm)	22,1	7,9	179,2%
2,5	1,3	89,2%	DSI (solid waste) (tons)	3,8	2,9	32,0%

**2Q 2010 Revenues:** at €2,0mn, up 36,0% YoY

- SODAI volumes down 0,7%, DSI volumes strongly up

**1H 2010 Revenues:** at €4,1mn, up 31,2% YoY

- SODAI volumes down 3,1%, DSI volumes strongly up

**2Q 2010 EBITDA:** at €32k, vs. €0,3mn in 2Q 2009

**1H 2010 EBITDA:** at €0.7mn, vs. €0,4mn in 1H 2009

**Water services non core assets to be disposed within the end of 2010**



# FINAL REMARKS

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# SHORT TERM OUTLOOK AND GUIDANCE FOR 2010

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## 2013 target for installed capacity at 530MW after the IVPC Power 5 acquisition:

- Ginestra (40MW): construction in progress, to be completed within first months of 2011
- Fossa del Lupo (90MW): construction in progress, to be completed between 2H 2010 and 1H 2011
- Plogastel (9,2MW): construction completed ahead of schedule, in exercise at the end of April
- Greneville (20MW): still waiting for the final authorization (so called ZDE)

## Guidance for 2010

- Production slowdowns at San Vincenzo, San Cireo, Faeto and Vicari wind parks may continue for the entire 2010, thus penalising FY 2010 results
- contribution of the two recently acquired wind parks (total installed capacity of 102MW) as of August 2010
- Economic contribution of 2010 additional capacity under construction to be mostly seen as of 2011
- 2010 CAPEX confirmed at €121mn

**Expansion plan on top of the above targets in definition and backed by ERG  
strong commitment to renewables**

