



## Press Release

### The Board of Directors of ERG S.p.A. approves the Half-Yearly Financial Report as at 30 June 2014

- Consolidated adjusted<sup>1</sup> EBITDA at replacement cost<sup>2</sup>: €300 mln, €293 mln in the first half of 2013
- Group net result at replacement cost<sup>3</sup>: €63 mln, €25 mln in the first half of 2013

**Genoa, 7 August 2014** – At its meeting held yesterday, the Board of Directors of ERG S.p.A. approved the Half-Yearly Financial Report as at 30 June 2014<sup>4</sup>. The figures for the second quarter, which are not subject to approval by the Board of Directors or to independent audit, are to be considered pro forma numbers and are presented here for the sake of completeness and continuity of the information provided.

#### Consolidated adjusted financial results at replacement cost

2nd Quarter			Performance highlights (million Euro)	1st Half		
2014	2013	Var. %		2014	2013	Var. %
132	120	+10 %	<b>EBITDA</b>	300	293	+2 %
66	47	+41 %	<b>EBIT</b>	170	150	+13 %
20	- 2	-	<b>Group net result</b>	63	25	+153 %

	30.06.14	31.12.13	Variation
<b>Net financial debt (million Euro)</b>	1,041	807	+ 233
<b>Leverage<sup>5</sup></b>	37%	29%	
<b>Adjusted net financial debt<sup>6</sup> (million Euro)</b>	1,234	1,015	+ 219
<b>Adjusted leverage</b>	41%	34%	

Luca Bettonte, ERG's Chief Executive Officer, commented: “**against the background of energy scenarios that remain complex, as regards both Italy and Europe, the growth in EBITDA and in the Group net result, which during the period returned to being widely positive, confirms the validity of the strategic choices made with the definitive exit from coastal refining and the significant development of the wind power sector, where our overseas expansion continues with the recent entry into the Polish market. Moreover, during the quarter the sale of the ISAB Energy plant was finalised, a transaction in keeping with the repositioning of our portfolio of activities which, with the early termination of the CIP6 agreement, will further strengthen our financial structure. For the second half of 2014 we confirm the indications already given to the market at the beginning of the year, with EBITDA at around 470 million Euro and a financial debt of approximately 800 million Euro.**”

## **Second quarter 2014**

### **Consolidated financial results**

In the second quarter of 2014, **adjusted revenues**<sup>7</sup> amounted to Euro 1,048 million, down from Euro 2,469 million in the corresponding period of 2013, mainly due to the exit from the Coastal Refining sector.

**Consolidated adjusted EBITDA at replacement cost** was Euro 132 million, with an increase over the figure of Euro 120 million posted for the corresponding period in 2013.

- **Renewables:** EBITDA was Euro 63 million, with an increase over Euro 58 million posted in the second quarter of 2013 thanks to the growth in overseas production and the decrease in imbalance charges due to the effects of the recent Council of State verdict, which more than offset the falloff in Italian output owing to the decline in wind conditions compared to 2013 and the downturn in the price of energy.
- **Power:** EBITDA was Euro 63 million, compared to Euro 85 million in the second quarter of 2013 mainly due to the sharp downturn in the *CIP 6* tariff at which the electricity generated by the ISAB Energy plant is sold and, to a lesser extent, to a more unfavourable merchant scenario.
- **Integrated Downstream:** a positive EBITDA of Euro 12 million was posted, compared to the negative result of Euro 14 million in the corresponding period of 2013; the increase was mainly associated with the sale of the Coastal Refining business, following the transfer of the remaining 20% stake in the ISAB Refinery, together with the improvement in TotalErg's results, despite the still unfavourable market situation.

**Consolidated adjusted EBIT at replacement cost** was Euro 66 million (Euro 47 million in the second quarter of 2013) after amortisation and depreciation totalling Euro 66 million (Euro 73 million in the second quarter of 2013), primarily as a result of the exit from the Coastal Refining sector.

The **Group net result at replacement cost** was positive by Euro 20 million (Euro - 2 million in the second quarter of 2013). The significant improvement in the result was principally associated with the upturn in operating results, the decrease in net financial charges and a lower tax rate, also following the reduction in additional corporate tax (*IRES*) from 10.5% to 6.5%.

## **First half of 2014**

### **Consolidated financial results**

In the first six months of 2014 **adjusted revenues** totalled Euro 2,086 million, with a downturn compared to Euro 4,763 million in the first half of 2013, due to the same factors that affected the second quarter of the year.

**Adjusted EBITDA at replacement cost** was Euro 300 million, with an increase over the figure of Euro 293 million posted in the first half of 2013.

- **Renewables:** EBITDA, at Euro 149 million, was in line with the result posted a year earlier (Euro 150 million) and reflected both the lower output in Italy due to the poorer wind conditions compared to those recorded in the first six months of 2013 and the decline in the price of energy, whilst it was favourably impacted by the growth in overseas production and the reduction in imbalance charges as a result of the recent Council of State verdict.

- **Power:** EBITDA, at Euro 147 million, was down compared to the figure of Euro 175 million posted in the first six months of 2013; the decline stemmed from the same factors that affected the result for the second quarter of the year.
- **Integrated Downstream:** EBITDA was Euro 17 million, with an improvement compared to the negative result (Euro -16 million) posted in the first six months of 2013; the increase is ascribable to the same factors that influenced the result for the second quarter of 2014.

**Consolidated adjusted EBIT at replacement cost** was Euro 170 million (Euro 150 million in the first six months of 2013) after amortisation and depreciation totalling Euro 129 million (Euro 143 million in the first six months of 2013).

The **Group net result at replacement cost** was Euro 63 million, compared to the result of Euro 25 million for the first six months of 2013. The notable improvement in the result was due above all to the decrease in amortisation and depreciation following the exit from Coastal Refining, the reduction in net financial charges and the drop in tax rate also due to the reduction in additional corporate tax (*IRES*) from 10.5% to 6.5%.

**Net financial debt** was Euro 1,041 million, up by Euro 233 million compared to the figure posted at 31 December 2013, reflecting above all the dividends paid by ERG (Euro 143 million) and by ISAB Energy to the minority quotaholder (Euro 22 million) and the acquisition of the minority stake in ISAB Energy and ISAB Energy Services (Euro 153 million). At 30 June 2014, the debt was also positively impacted by the inflow of Euro 50 million following UniCredit's entry into the shareholder body of ERG Renew. The net financial debt reflects financial liabilities relating to the fair value of interest rate hedging derivatives for approximately Euro 169 million (Euro 141 million at 31 December 2013).

**Adjusted net financial debt**, which includes ERG's share of net financial position pertaining to the TotalErg and LUKERG Renew joint ventures, came to Euro 1,234 million, with an increase of around Euro 219 million compared to the figure at 31 December 2013, primarily reflecting the above mentioned variations. Adjusted net financial debt reflects financial liabilities relating to the fair value of interest rate hedging derivatives for approximately Euro 176 million (Euro 147 million at 31 December 2013).

### **Adjusted investments**

<b>2nd Quarter</b>		<b>Million Euro</b>	<b>1st Half</b>	
<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>
4	10	Renewables*	13	20
4	6	Power	7	10
10	11	Integrated Downstream**	16	17
0	0	Corporate	1	1
<b>19</b>	<b>27</b>	<b>Total adjusted investments</b>	<b>37</b>	<b>48</b>

\* adjusted Renewables investments include ERG's share of investments made by LUKERG Renew;

\*\* adjusted Integrated Downstream investments include ERG's share of investments made by TotalErg.

In the first six months of 2014 the ERG Group carried out **adjusted investments** totalling Euro 37 million (Euro 48 million in the first six months of 2013), of which Euro 34 million referred to property, plant and equipment (Euro 42 million in the first six months of 2013) and Euro 3 million concerned intangibles (Euro 6 million in the first six months of 2013).

**Renewables:** insofar as concerns the construction of new wind power facilities for both the Palazzo San Gervasio (Potenza) wind farm in the Basilicata region, with an installed capacity of 34 MW, and the Topolog wind farm in Romania (installed capacity of 82 MW, ERG's share 41 MW), the works were in fact completed at the end of 2013, whereas testing activities were completed at the beginning of 2014 and both wind farms are fully operational. Investments in the first six months of the year mainly concerned the final commissioning activities for Palazzo San Gervasio, while for the Topolog wind farm they concerned the installation of a last turbine, taking the farm's overall capacity to 84 MW. It should be mentioned that during the second six months of the year construction work will commence on the new wind farm in Poland, with a capacity of 42 MW, which is scheduled to come on stream halfway through 2015.

**Power:** in the first six months of del 2014 targeted investment projects went ahead, at both ISAB Energy and ERG Power, with a view to maintaining the plants' operational efficiency, flexibility and reliability. Moreover, the scheduled inventions continued in the area of Health, Safety and Environment.

**Integrated Downstream:** as regards Integrated Downstream, during the first six months of 2014 investments for around Euro 16 million were carried out, almost entirely related to the 51% stake in TotalErg. Most of these investments (approximately 70%) concerned the retail network, primarily for development activities (refurbishments, new dealerships, expansion and automation of existing sales outlets, etc.) and activities connected with the optimisation and upgrade of the Rome logistics hub. A significant portion was also destined for maintenance and improvement investments with regard to Health, Safety and Environment aspects.

### ***Operational data***

Electricity sales for the ERG Group, **in the first six months of 2014**, mainly refer to the electricity produced by its wind farms (ERG Renew) and thermoelectric plants (ISAB Energy and ERG Power) and, to a lesser extent, to purchases made on organised markets and through physical bilateral contracts. Of the electricity sales carried out in Italy during the **first six months of 2014**, around 4.4 TWh concerned output by the Group's facilities, corresponding to approximately 2.8% of overall domestic demand, compared to 2.9% in the first six months of 2013 (in the **second quarter of 2014** the sales of electricity generated by the Group's facilities amounted to 2.1 TWh, in line with the corresponding period of 2013).

Overall, **in the first six months of 2014**, the Group's **electricity sales** reached 5.6 TWh, virtually in line with the figure of 5.5 TWh recorded in the first half of 2013 (in the **second quarter of 2014** the Group's electricity sales totalled 2.7 TWh, 2.6 TWh in the corresponding period of 2013).

In the **first six months of 2014** ERG Renew's electricity output amounted to 1.4 TWh, which was substantially in line with the figure of 1.4 TWh for the first six months of 2013 (in the **second quarter of 2014** output was 603 GWh compared to 591 GWh in the corresponding period of 2013); production in Italy was down from 1.2 TWh to 1.1 TWh (in the **second quarter of this year** output in Italy was 492 GWh, compared to 516 GWh in the corresponding period of 2013), offset by overseas production, which increased from 168 GWh to 280 GWh (in the **second quarter of 2014** overseas production was 112 GWh, compared to 75 GWh in the corresponding period of 2013). The downturn as regards Italy was due to the much poorer wind conditions compared to both the first half of 2013 and the historical average; the decline concerned all regions, but was particularly emphasised in Sicily and Calabria. This reflects the overall situation recorded for Italy, where wind power output was down by 8% with respect to 2013. On the other hand, the growth outside of Italy was mainly ascribable to the improved wind conditions in France and the contribution from the new wind farms in Romania and Bulgaria.

In the **first six months of 2014** output by **ISAB Energy** was 2 TWh, showing a slight falloff compared to 2.1 TWh in the corresponding period of 2013 (in the **second quarter of 2014** output totalled 1 TWh, substantially in line with the corresponding period in 2013), albeit with a high

utilisation factor (89% compared to 92% in the first six months of 2013).

In the **first six months of 2014** net electricity output by **ERG Power** was 1,2 TWh, with a falloff compared to 1.3 TWh in the corresponding period of the previous year (in the **second quarter of 2014** output was 585 GWh compared to 593 GWh in the second quarter of 2013). The downturn was primarily due to the decline in electricity prices on the market in a situation of increased volatility, giving rise to a more determined modulation of the plant, and the disposal, during 2013, of an insufficiently flexible plant section (SA1N3 unit) producing steam and electricity.

**Total oil product sales of the Integrated Downstream division in the first six months of 2014** amounted to 1.8 million tonnes compared to 3.4 million tonnes in 2013 (in the **second quarter of 2014** sales amounted to 0.9 million tonnes compared to 1.9 million tonnes in the corresponding period of 2013). The sharp drop in volumes sold was mainly due to the change in perimeter following the sale of the stake in the ISAB Refinery.

**Retail sales in Italy, in the first six months of 2014**, totalled 693 thousand tonnes, 763 thousand tonnes in the corresponding period of 2013 (in the **second quarter of 2014** sales totalled 345 thousand tonnes, 397 thousand tonnes in the corresponding period of 2013). It should be noted that these figures include the contribution from sales pertaining to 51% of TotalErg and ERG Oil Sicilia.

**Processing by the refineries in the first six months of 2014** (including the 51% share of TotalErg's processing), amounted to 348 thousand tonnes, compared to 1,369 thousand tonnes during the first six months of 2013 (in the **second quarter of 2014** processing by the refineries amounted to around 161 thousand tonnes, 721 thousand tonnes in the second quarter of 2013). The sharp falloff in processing in 2014 is due to the complete exit from the Coastal Refining sector. Processing carried out by TotalErg's inland refineries during the **first six months of 2014** amounted to 683 thousand tonnes, with a slight increase over the 670 thousand tonnes processed during the corresponding period of the previous year (316 thousand tonnes were processed in the **second quarter of 2014**, compared to 328 thousand tonnes in the corresponding period of 2013).

### ***Main events during the half year***

On **9 January 2014** LUKERG Renew, a joint venture between ERG Renew and LUKOIL-Ecoenergo, completed the construction and commissioning of the Topolog-Dorobantu wind farm in the Romanian region of Tulcea. The new facility, which comprises 42 Vestas V90-2 MW wind turbines, has an installed capacity of 84 MW. The last wind turbine, the construction of which was completed during the early months of 2014, entered into commercial operation on 29 April 2014. When fully operational, the facility will generate more than 200 GWh of electricity per year, corresponding to around 85 kt of avoided CO<sub>2</sub> emissions.

On **16 January 2014** the ERG Renew Shareholders' Meeting approved a reserved capital increase for a total amount of Euro 50 million, at the same time subscribed and paid up by UniCredit, corresponding to a 7.14% minority stake in ERG Renew's share capital. On the same date the Board of Directors co-opted a representative of UniCredit in accordance with the shareholder agreements.

On **20 January 2014** ERG Renew announced the coming on stream of its new wind farm at Palazzo San Gervasio (Potenza), which took place ahead of the original timetable. The new plant, comprising 17 Vestas V100 wind turbines each of 2 MW, has an installed capacity of 34 MW and an energy output of over 72 GWh per year, corresponding to approximately 30 kt of avoided CO<sub>2</sub> emissions.

On **2 April 2014** LUKERG Renew (50/50 JV of ERG Renew and LUKOIL Ecoenergo), through its subsidiary Corni Eolian, signed a project finance loan agreement with Raiffeisen Bank International AG and ING Bank NV as Mandated Lead Arrangers (MLA) to finance the Gebeleisis wind farm,

located in the Romanian region of Galati, with an installed capacity of 70 MW. The loan, for the total amount of Euro 67 million, has a duration of 11 years.

On **15 April 2014** ERG's Shareholders' Meeting, upon a proposal by the Board of Directors, resolved to pay a dividend of 1 Euro per share, which included a non-recurring component of Euro 0.50 per share, considering the successful conclusion of an essential phase of the strategic industrial reorganisation project commenced in 2008.

On **15 May 2014** ERG Renew signed an agreement to purchase from the Vortex Energy group a 100% equity interest in EW Orneta 2, a Polish company duly authorised to implement a wind farm project in Poland, in the region of Radziejów, with a planned capacity of 42 MW and an electricity output, when fully operational, estimated at more than 100 GWh per year, corresponding to 2,400 equivalent hours and approximately 85 kt of avoided CO<sub>2</sub> emissions. ERG Renew expects to commence construction of the wind farm in the third quarter of 2014 with a view to coming on stream by mid-2015. The total investment cost for implementation of the wind farm is estimated at approximately Euro 65 million, which already includes the sum to be paid for the company's enterprise value, amounting to around Euro 7.2 million.

On **23 May 2014** ERG Eolica Basilicata (100% ERG Renew) signed a project finance loan agreement in favour of its wind farm located in the province of Potenza, which entered into operation during the first quarter of 2014 with an installed capacity of 34 MW. The loan, for an overall amount of Euro 43 million and with a maturity of 17 years, has been subscribed by Mandated Lead Arrangers BNP Paribas and Crédit Agricole CIB, the latter also acting as agent bank, and Carispezia Crédit Agricole as Account Bank.

On **4 June 2014** LUKERG Renew, through its subsidiary Land Power, signed a project finance loan agreement with the European Bank for Reconstruction and Development (EBRD) and UniCredit as Hedging Provider and Account Bank, to finance the Topolog-Dorobantu wind farm located in the Romanian region of Tulcea. The loan, for the total amount of Euro 57 million, will have a maturity of 14 years.

On **16 June 2014** ERG closed the transaction with GDF SUEZ for the acquisition of shareholdings, corresponding to a 49% equity interest (indirectly held by GDF SUEZ and by Mitsui & Co.), in ISAB Energy, ISAB Energy Services and ISAB Energy Solare. In keeping with the agreements announced on 30 December 2013, the transaction was finalised following approval by the competent Antitrust Authority and the GSE's acceptance of early termination of the CIP6/92 agreement for the ISAB Energy plant, with effect from 1 July 2014.

On **30 June 2014** ERG closed the transaction with the LUKOIL Group subsidiary ISAB for the sale of the ISAB Energy and ISAB Energy Services business lines, comprising above all the IGCC production plant and the personnel concerned with its operation and maintenance.

### ***Main events occurred after the end of the period***

On **22 July 2014** ERG Renew finalised the closing with Vortex Energy group for the acquisition of a 100% equity interest in EW Orneta 2, a Polish company holding all permits for the construction of a wind farm in the Polish region of Radziejów, with a planned capacity of 42 MW and an electricity output, when fully operational, estimated at more than 100 GWh per year, corresponding to 2,400 equivalent hours and approximately 85 kt of avoided CO<sub>2</sub> emissions.

The construction of the wind farm will commence during the month of August 2014 with a view to entering into operation by mid-2015. The total investment cost for implementation of the wind farm project is estimated at approximately Euro 65 million, which already includes the sum payable for the company's enterprise value, amounting to around Euro 7.2 million (see PR 15 May 2014). The completion of this transaction allows ERG Renew to make a first step in a country that is considered strategic in terms of growth potential in the wind sector, while continuing to pursue its overseas growth path.

As an addendum to the Half-yearly Financial Report at 30 June 2014 and with reference to the enquiries into the alleged fiscal irregularities concerning TotalErg (51% ERG and 49% Total joint venture created from the merger between Total Italia and ERG Petroli, which took place on 1 October 2010) relating to FY2010, we mention that yesterday evening, following the close of the Board of Directors Meeting, the Company, in its capacity as tax consolidator, received a preliminary assessment report from the Rome Tax Police drawn up with regard to TotalErg S.p.A., the contents of which essentially refer to the earlier notifications. ERG confirms that it has always operated in full observance of the prevailing laws and regulations and is therefore confident that the correctness of its actions will be ascertained.

We also point out that, again yesterday evening, TotalErg received a preliminary notice of assessment concerning Total Italia for FY2007, FY2008 and FY2009, the nature and amounts of which are similar to those referred to above, in connection with periods prior to the establishment of the TotalErg joint venture. In this regard, however, we call attention to the appropriate reciprocal guarantee set forth by the joint venture agreement with Total.

## ***Business outlook***

### **Renewables**

2013 proved to be a particularly significant year for ERG Renew. Following the acquisition of IP Maestrale (now ERG Wind), the acquisitions in Eastern Europe through LUKERG Renew and the construction of new wind farms in Italy and Romania, the company more than doubled its installed capacity, becoming Italy's leading wind sector operator and extending its presence to include Germany and Romania. At the end of 2013, through its acquisition of ERG Renew O&M, the company began to perform operation and maintenance activities internally for approximately half of the Italian wind farms, the target being to extend this activity also to other wind farms in 2014, with a view to obtaining significant benefits in terms of operational efficiency, cost reduction and technical availability. During the second half of the year construction work will commence on the new wind farm in Poland, with an installed capacity of 42 MW, which is expected to come on stream halfway through 2015. Lastly, activities to enhance the company's expansion will continue in 2014, with the evaluation of potential new investment opportunities, particularly outside of Italy.

The new wind farms' full contribution to power generation, together with the anticipated operational synergies, should imply a further growth in 2014 results compared to those posted in 2013, notwithstanding the falling electricity price scenarios in the main reference countries.

### **Power**

The year 2014 is characterised by the major discontinuity as regards the agreements for early termination of the *CIP6* convention and simultaneous sale of the ISAB Energy plant, which took place on 30 June. The operating results for the year will therefore include ISAB Energy's contribution only in the first half of the year, although with a downturn owing to the sharp reduction in the *CIP6* tariff associated with the change in related laws and regulations, while in the second half of the year the Group will benefit from a major liquidity injection due to the payment arising from early termination of the *CIP6* convention expected in the third quarter. On the other hand, insofar as concerns the ERG Power plant, satisfactory results are forecast again in 2014, albeit below those recorded in 2013, despite the continuation of market conditions that are unfavourable for gas-fired plants, whose generation margins and utilisation factors remain depressed. In view of the plant's geographical location and flexibility, and the utilities supply contracts, it will in fact be possible to maintain profitability decidedly above the average recorded by other facilities in Italy of the same type.

### **Integrated Downstream**

As regards the Marketing sector, bearing in mind the weakness of the economic situation, the high cost of products on the international markets and the heavy burden of the tax component (VAT and excise duty), consumption levels are expected to remain depressed again in 2014. Against this background, the company's efforts will continue to be focused on achieving maximum operational efficiency and on implementation of the requalification plan for its retail network commenced in

2012, in order to make it more competitive in terms of average throughput and more sustainable in the long term. With the definitive suspension of refining operations at the Rome Refinery and the consequent transformation of the industrial site to a logistics hub, exposure in the sector has been significantly reduced, while the strategic role of the Group's logistic assets will be enhanced. Following the sale of the remaining 20% stake in ISAB, which took place at the end of 2013, the Group has completed its exit from the Coastal Refining sector, which in recent years has been characterised by high volatility and extremely negative results. On the other hand, the business as regards the sale and purchase of crude oil and products will continue also in 2014, with a view to taking advantage of potential profit opportunities available on the market for these commodities, but within the scope of very strict risk management operating policies. For the Integrated Downstream sector in general 2014 results are expected to show an improvement compared to those recorded in 2013.

**In view of the first half results and expectations for the rest of the year, we confirm the indication given to the financial community at the beginning of the year as regards FY2014 Group EBITDA at replacement cost of approximately Euro 470 million (Euro 569 million in 2013). The comparison with 2013 must be made bearing in mind the strong discontinuities in terms of perimeter that have occurred during 2014 as a result of the above mentioned transaction involving ISAB Energy; without taking this into account, we would see a further upward trend in the result.**

*Regarding the estimates and forecasts, we point out that actual results may differ even significantly from the announced results due to a multitude of factors, including: future trends in prices, the operating performance of plants, the impact of regulations for the oil and energy industry and for the environment, other changes in business conditions and in the action of the competition.*

*The layout of the accounting statements corresponds to the format used in the Interim Report on Operations. Appropriate explanatory notes illustrate the results at replacement cost and adjusted results at replacement cost.*

*Pursuant to Article 154-bis(2) of the Consolidated Finance Act, the manager responsible for preparing the company's financial reports, Paolo Luigi Merli, declares that the accounting information contained in this press release corresponds to the accounting documents, books and records.*

*The results for the second quarter and first six months of 2014 will be illustrated to analysts and investors today at 3.00 p.m. (CEST), during a conference call and simultaneous webcast, which may be viewed by visiting the Company's website ([www.erg.it](http://www.erg.it)); the presentation will be available on the said website, in the "Investor Relations/Presentations" section, 15 minutes before the conference call.*

*This press release issued at 7.30 a.m. (CEST) on 7 August 2014, has been prepared pursuant to the Issuers' Regulations. It is available to the public on the Company's website ([www.erg.it](http://www.erg.it)) in the section "Media/press releases", at the offices of Borsa Italiana S.p.A. and on the "1Info" authorised storage mechanism ([www.1info.it](http://www.1info.it)). The Half-Yearly Financial Report at 30 June 2014, together with the Independent Auditors' Report, is available to the public at the Company's registered office at via De Marini 1, Genoa, on the Company's website ([www.erg.it](http://www.erg.it)) in the section "Investor Relations/Financial statements and reports", at the offices of Borsa Italiana S.p.A. and on the "1Info" authorised storage mechanism ([www.1info.it](http://www.1info.it)).*

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- <sup>1</sup> Adjusted EBIT and EBITDA at replacement cost also include the contribution, as regards ERG's share, of the results of the TotalErg and LUKERG Renew joint ventures and of the investee company ISAB, whose adjusted contributions to the income statement not at replacement cost are reflected in the investment's equity valuation. For the definition and reconciliation of the adjusted results at replacement cost, reference should be made to the content of the chapter "Alternative performance indicators" attached to this press release.
- <sup>2</sup> Results at replacement cost **do not** include inventory gains (losses) and non-recurring items.
- <sup>3</sup> Group net result at replacement cost **does not** include inventory gains (losses), non-recurring items or applicable theoretical taxes and corresponds to the adjusted Group net result at replacement cost.
- <sup>4</sup> The Half-Yearly Financial Report at 30 June 2014 was prepared in accordance with the valuation and measurement criteria laid down by the International Financial Reporting Standards (IFRS) and based on the relevant guidelines contained in Article 154-ter of the Consolidated Finance Act. The independent auditor carried out a limited review within the terms prescribed by relevant regulations.
- <sup>5</sup> The ratio of total net debt (including Project Financing) to net invested capital
- <sup>6</sup> Also includes the contribution, as regards ERG's share, of the net financial position of joint ventures TotalErg and LUKERG Renew.
- <sup>7</sup> Adjusted revenues do not include the revenues from Supply & Trading activities shown as a reduction against purchase costs.

## Performance highlights

Year			1st half		2nd quarter	
2013	(EUR million)		2014	2013	2014	2013
	Main Income Statement data					
7,076	Total revenues <sup>(1)</sup>		1,432	3,221	986	1,686
380	EBITDA		417	226	257	81
493	EBITDA at replacement cost <sup>(2)</sup>		280	267	119	107
569	EBITDA at adjusted replacement cost <sup>(3)</sup>		300	293	132	120
283	EBIT at replacement cost <sup>(2)</sup>		176	163	67	55
278	EBIT at adjusted replacement cost <sup>(3)</sup>		170	150	66	47
85	Net income		141	30	89	(10)
28	of which Group net income		116	3	79	(22)
38	Group net profit (loss) at adjusted replacement cost <sup>(4)</sup>		63	25	20	(2)
	Main Financial data					
2,821	Net invested capital		2,850	3,189	2,850	3,189
2,014	Shareholders' Equity		1,809	1,955	1,809	1,955
807	Total net financial indebtedness		1,041	1,233	1,041	1,233
1,362	of which non-recourse Project Financing <sup>(5)</sup>		1,289	1,439	1,289	1,439
29%	Financial leverage		37%	39%	37%	39%
1,015	Total net adjusted financial indebtedness <sup>(6)</sup>		1,234	1,462	1,234	1,462
	Operating data					
1,340	Installed capacity at period end - wind farms	MW	1,341	1,232	1,341	1,232
2,403	Electric power generation from wind farms	millions of KWh	1,408	1,400	603	590
1,008	Installed capacity - thermoelectric plants <sup>(7)</sup>	MW	1,008	1,008	1,008	1,008
6,805	Electric power generation from thermoelectric plants	millions of KWh	3,227	3,423	1,572	1,630
10,631	Total sales of electric power	millions of KWh	5,569	5,518	2,729	2,625
1,544	Italian Retail sales <sup>(8)</sup>	thousands of tonnes	693	763	345	397
11.3%	TotalErg Retail market share	gasoline + diesel	10.9%	11.3%	10.7%	11.4%
0.8%	ERG Oil Sicilia Retail market share <sup>(9)</sup>	gasoline + diesel	0.6%	0.9%	0.6%	0.9%
360	Raw material and product inventories <sup>(10)</sup>	thousands of tonnes	494	708	494	708
2,922	Refinery Processing <sup>(8)</sup>	thousands of tonnes	348	1,369	161	721
74	Capital expenditures <sup>(11)</sup>	EUR million	19	23	7	12
778	Employees at period end <sup>(12)</sup>	Units	620	653	620	653
	Market indicators					
63.0	Reference price of electricity <sup>(13)</sup>	EUR/MWh	49.5	60.6	46.5	57.4
89.3	Green Certificates sale price (renewables)	EUR/MWh	97.7	90.7	97.7	90.7
118.7	Sale price of CIP6 (Thermoelectric - ISAB Energy)	EUR/MWh	97.8	114.8	97.8	114.8
92.0	Sicily zone price	EUR/MWh	72.9	86.9	71.3	86.5

For the definition and reconciliation of results to adjusted replacement cost, please refer to the section "Alternative performance indicators".

<sup>(1)</sup> net of excise taxes and, in the 1st quarter of 2014, sale and purchase transactions (2,096 million Euro). In the first six months of 2014, total revenues also include proceeds arising from the early termination of the *CIP 6* agreement.

<sup>(2)</sup> not including inventory gains (losses) and non-recurring items.

<sup>(3)</sup> adjusted values also include the contribution, attributable to ERG, of the results of TotalErg (joint venture with Total), of LUKERG Renew (joint venture with the LUKOIL Group). FY2013 included ERG's share of the contribution from ISAB's results.

<sup>(4)</sup> does not include inventory gains (losses), non-recurring items and related applicable theoretical taxes. The values also match the adjusted ones

<sup>(5)</sup> including cash and cash equivalents and excluding the fair value of the related derivatives to hedge interest rates

<sup>(6)</sup> it also includes the contribution attributable to ERG of the net financial position of the joint ventures

<sup>(7)</sup> In the first six months of 2014, installed capacity also comprises the full contribution of ISAB Energy. On 30 June 2014, following the sale of the ISAB Energy business line, installed capacity dropped by 528 MW.

<sup>(8)</sup> estimated data. Includes 51% of TotalErg and, in 2013, the processing carried out at the ISAB refinery.

<sup>(9)</sup> related to the sales outlets of the wholly owned subsidiary ERG Oil Sicilia

<sup>(10)</sup> including ERG's share of the TotalErg joint venture inventories.

<sup>(11)</sup> in tangible and intangible fixed assets

<sup>(12)</sup> already includes the transfer from ISAB Energy Services to ISAB of personnel concerned with the business line.

<sup>(13)</sup> Single National Price

## Performance highlights by segment

Year 2013		1st half		2nd quarter	
		2014	2013	2014	2013
	(EUR million)				
	<b>Revenues from ordinary operations:</b>				
339	Renewable Energy Sources	189	199	80	82
1,642	Power	694	795	339	391
9,002	Integrated Downstream <sup>(1)</sup>	1,569	4,051	828	2,157
6	Corporate	15	3	7	1
(621)	Intra-segment revenues	(381)	(285)	(206)	(163)
<b>10,368</b>	<b>Total adjusted revenues <sup>(2)</sup></b>	<b>2,086</b>	<b>4,763</b>	<b>1,048</b>	<b>2,469</b>
(189)	ERG share of ISAB S.r.l. contribution at adjusted replacement cost	0	(84)	0	(48)
(3,117)	TotalErg 51% contribution at adjusted replacement cost	(1,252)	(1,463)	(660)	(737)
(11)	LUKERG Renew 50% contribution at adjusted replacement cost	(11)	(3)	(4)	(1)
<b>7,051</b>	<b>Total revenues from ordinary operations</b>	<b>823</b>	<b>3,214</b>	<b>384</b>	<b>1,682</b>
	<b>EBITDA:</b>				
245	Renewable Energy Sources	149	150	63	58
358	Power	147	175	63	85
(5)	Integrated Downstream <sup>(1)</sup>	17	(16)	12	(14)
(30)	Corporate	(14)	(16)	(6)	(9)
<b>569</b>	<b>EBITDA at adjusted replacement cost <sup>(3)</sup></b>	<b>300</b>	<b>293</b>	<b>132</b>	<b>120</b>
(31)	ERG share of ISAB S.r.l. contribution at adjusted replacement cost	0	(15)	0	(8)
(39)	TotalErg 51% contribution at adjusted replacement cost	(13)	(9)	(10)	(5)
(7)	LUKERG Renew 50% contribution at adjusted replacement cost	(7)	(2)	(2)	(1)
<b>493</b>	<b>EBITDA at replacement cost <sup>(3)</sup></b>	<b>280</b>	<b>267</b>	<b>119</b>	<b>107</b>
(6)	Inventory gains (losses)	0	(8)	0	(7)
(107)	Non-recurring items	137	(33)	137	(19)
<b>380</b>	<b>EBITDA</b>	<b>417</b>	<b>226</b>	<b>257</b>	<b>81</b>
	<b>Amortisation, depreciation and write-downs</b>				
(126)	Renewable Energy Sources	(65)	(63)	(33)	(32)
(80)	Power	(39)	(38)	(20)	(19)
(83)	Integrated Downstream <sup>(1)</sup>	(24)	(41)	(12)	(22)
(3)	Corporate	(1)	(1)	(1)	(1)
<b>(291)</b>	<b>Amortisation and depreciation at adjusted replacement cost <sup>(3)</sup></b>	<b>(129)</b>	<b>(143)</b>	<b>(66)</b>	<b>(73)</b>
22	ERG share of ISAB S.r.l. contribution at adjusted replacement cost	0	11	0	6
56	TotalErg 51% contribution at adjusted replacement cost	22	27	11	15
4	LUKERG Renew 50% contribution at adjusted replacement cost	4	1	2	0
<b>(210)</b>	<b>Amortisation and depreciation at replacement cost <sup>(3)</sup></b>	<b>(104)</b>	<b>(104)</b>	<b>(52)</b>	<b>(52)</b>
	<b>EBIT:</b>				
119	Renewable Energy Sources	84	87	30	26
278	Power	108	137	44	66
(87)	Integrated Downstream <sup>(1)</sup>	(7)	(56)	(0)	(36)
(32)	Corporate	(15)	(17)	(7)	(10)
<b>278</b>	<b>EBIT at adjusted replacement cost <sup>(3)</sup></b>	<b>170</b>	<b>150</b>	<b>66</b>	<b>47</b>
(9)	ERG share of ISAB S.r.l. contribution at adjusted replacement cost	0	(4)	0	(2)
17	TotalErg 51% contribution at adjusted replacement cost	9	18	1	10
(3)	LUKERG Renew 50% contribution at adjusted replacement cost	(3)	(1)	(0)	(0)
<b>283</b>	<b>EBIT at replacement cost <sup>(3)</sup></b>	<b>176</b>	<b>163</b>	<b>67</b>	<b>55</b>
	<b>Capital expenditures on tangible and intangible fixed assets:</b>				
97	Renewable Energy Sources	13	20	4	10
26	Power	7	10	4	6
41	Integrated Downstream <sup>(1)</sup>	16	17	10	11
2	Corporate	1	1	0	0
<b>165</b>	<b>Total adjusted capital expenditures <sup>(4)</sup></b>	<b>37</b>	<b>48</b>	<b>19</b>	<b>27</b>
0	Capital expenditures of ISAB S.r.l. (ERG share)	0	0	0	0
(39)	Capital expenditures of TotalErg (51%)	(16)	(17)	(10)	(11)
(52)	Capital expenditures of LUKERG Renew (50%)	(2)	(8)	(2)	(5)
<b>74</b>	<b>Total capital expenditures</b>	<b>19</b>	<b>23</b>	<b>7</b>	<b>12</b>

For the definition and reconciliation of results to adjusted replacement cost, please refer to the section "Alternative performance indicators".

<sup>(1)</sup> In 2013, Integrated Downstream also includes the results of coastal refining.

<sup>(2)</sup> adjusted revenues take into account ERG's share of revenues generated by the TotalErg and LUKERG Renew joint ventures. FY2013 included ERG's share of the contribution from ISAB's results. The figures for the 1st half of 2014 do not include revenues from supply & trading activities (Euro 1,096 million), which are stated as a reduction against costs for purchases.

<sup>(3)</sup> replacement cost values do not include inventory gains (losses) and non-recurring items. Adjusted values also include the contribution, attributable to ERG, of the results of TotalErg, LUKERG Renew. FY2013 included ERG's share of the contribution from ISAB's results.

<sup>(4)</sup> they take into account ERG's share of the capital expenditures effected by TotalErg and LUKERG Renew.

## Consolidated Income Statement

Year		1st half		2nd quarter	
2013	Reclassified Income Statement*	2014	2013	2014	2013
	(EUR million)				
7,051.8	Revenues from ordinary operations	823.1	3,214.0	384.0	1,681.9
23.9	Other revenues and income	608.9	7.4	601.6	3.9
<b>7,075.7</b>	<b>TOTAL REVENUES</b>	<b>1,432.1</b>	<b>3,221.4</b>	<b>985.7</b>	<b>1,685.9</b>
(6,099.0)	Costs for purchase and changes in inventory	(422.7)	(2,736.8)	(213.9)	(1,475.1)
(596.8)	Costs for services and other operating costs	(592.5)	(258.5)	(515.2)	(129.7)
<b>379.8</b>	<b>EBITDA</b>	<b>416.9</b>	<b>226.2</b>	<b>256.5</b>	<b>81.1</b>
(210.1)	Amortisation, depreciation and write-downs of fixed assets	(103.7)	(104.2)	(52.3)	(52.3)
(72.8)	Net financial income (expenses)	(28.6)	(38.8)	(16.9)	(17.0)
97.1	Net income (loss) from equity investments	(5.8)	(7.1)	6.5	(12.9)
<b>194.0</b>	<b>Profit before taxes</b>	<b>278.7</b>	<b>76.0</b>	<b>193.8</b>	<b>(1.1)</b>
(108.8)	Income taxes	(137.7)	(46.3)	(104.4)	(8.8)
<b>85.2</b>	<b>Profit for the period</b>	<b>141.0</b>	<b>29.7</b>	<b>89.3</b>	<b>(10.0)</b>
(56.8)	Minority interests	(24.8)	(26.6)	(10.2)	(12.3)
<b>28.4</b>	<b>Group's net profit (loss)</b>	<b>116.2</b>	<b>3.1</b>	<b>79.1</b>	<b>(22.3)</b>

\*For a clearer disclosure, the reclassified data reported above also include the discontinued operations, which in the "Half-year condensed consolidated report" are indicated separately in accordance with IFRS 5. The related reconciliations are set out in the section "Alternative performance indicators".

## Consolidated Statement of Financial Position

06/30/2013	Reclassified Statement of Financial Position	06/30/2014	12/31/2013
	(EUR million)		
3,122.2	Fixed assets	2,272.4	2,795.0
248.4	Net working capital	345.2	278.7
(3.9)	Employees' severance indemnities	(3.9)	(5.0)
522.5	Other assets	909.9	410.7
(700.6)	Other liabilities	(673.7)	(658.4)
<b>3,188.6</b>	<b>Net invested capital</b>	<b>2,849.8</b>	<b>2,821.0</b>
1,744.3	Group Shareholders' Equity	1,760.4	1,773.6
211.0	Minority interests	48.6	240.0
1,233.2	Net financial indebtedness	1,040.8	807.5
<b>3,188.6</b>	<b>Shareholders' equity and financial debt</b>	<b>2,849.8</b>	<b>2,821.0</b>

## Cash flow

Year		1st half		2nd quarter	
2013		2014	2013	2014	2013
	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
	(EUR million)				
327.4	Adjusted cash flow from current operations <sup>(1)</sup>	177.3	176.1	45.6	70.6
(81.4)	Income tax paid	(17.8)	(42.5)	(17.8)	(42.5)
(33.3)	Change in working capital	(66.5)	(10.9)	(48.2)	323.1
39.1	Change in other operating assets and liabilities <sup>(2)</sup>	30.5	30.4	73.9	(13.1)
<b>251.8</b>	<b>TOTAL</b>	<b>123.5</b>	<b>153.1</b>	<b>53.4</b>	<b>338.0</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
(73.0)	Net capital expenditures on tangible and intangible fixed assets <sup>(3)</sup>	1.2	(23.1)	11.6	(12.4)
(61.5)	Net capital expenditures in financial fixed assets	(12.4)	(14.3)	(0.2)	(12.9)
434.7	Collection for the sale of ISAB shares	0.0	9.0	0.0	0.0
<b>300.2</b>	<b>Total</b>	<b>(11.3)</b>	<b>(28.4)</b>	<b>11.4</b>	<b>(25.3)</b>
	<b>CASH FLOW FROM SHAREHOLDERS' EQUITY:</b>				
(68.2)	Distributed dividends	(164.9)	(68.2)	(142.8)	(60.8)
25.4	Other changes in equity <sup>(4)</sup>	(180.7)	22.7	(218.4)	13.4
<b>(42.8)</b>	<b>Total</b>	<b>(345.6)</b>	<b>(45.4)</b>	<b>(361.2)</b>	<b>(47.4)</b>
<b>(804.1)</b>	<b>CHANGES IN SCOPE OF CONSOLIDATION <sup>(5)</sup></b>	<b>0.0</b>	<b>(799.9)</b>	<b>0.0</b>	<b>11.4</b>
<b>(294.9)</b>	<b>CHANGE IN NET FINANCIAL INDEBTEDNESS</b>	<b>(233.3)</b>	<b>(720.6)</b>	<b>(296.4)</b>	<b>276.7</b>
<b>512.6</b>	<b>INITIAL NET FINANCIAL INDEBTEDNESS</b>	<b>807.5</b>	<b>512.6</b>	<b>744.4</b>	<b>1,509.9</b>
<b>294.9</b>	<b>CHANGE IN THE PERIOD</b>	<b>233.3</b>	<b>720.6</b>	<b>296.4</b>	<b>(276.7)</b>
<b>807.5</b>	<b>FINAL NET FINANCIAL INDEBTEDNESS</b>	<b>1,040.8</b>	<b>1,233.2</b>	<b>1,040.8</b>	<b>1,233.2</b>

<sup>(1)</sup> item does not include inventory gains (losses), deferral of the CIP 6 tariff increase and current income tax for the period. Moreover, the item does not include the revenues arising from early termination of the CIP 6 agreement, the capital loss arising from the sale to ISAB of the ISAB Energy and ISAB Energy Services business line and the related ancillary proceeds and charges.

<sup>(2)</sup> item does not include capitalised costs for cyclical maintenance.

<sup>(3)</sup> This includes 50 million Euro received from Unicredit upon entering the shareholder body of ERG Renew, plus the variation in cash flow hedge reserve in connection with IRS derivatives;

<sup>(4)</sup> include l'acquisizione della quota di minoranza di ISAB Energy e ISAB Energy Services (153 milioni) e la variazione della riserva di cash flow hedge a fronte dei derivati IRS, in parte compensati dall'incasso di 50 milioni conseguente all'ingresso di Unicredit nell'azionariato di ERG Renew;

<sup>(5)</sup> the change in the scope of consolidation refers to the acquisition of ERG Wind, ERG Renew Operation & Maintenance and to the sale of Eolo.

## Alternative performance indicators

In order to enhance understandability of trends in the business segments, the financial results are also shown at **adjusted replacement cost**, excluding inventory gains (losses) and non-recurring items, and including the contribution, for the portion attributable to ERG, of the results at replacement cost of the joint ventures TotalErg and LUKERG Renew.

The results at replacement cost and the results at adjusted replacement cost are indicators that are not defined in International Financial Reporting Standards (IAS/IFRS). Management deems that these indicators are important parameters for measuring the ERG Group's operating performance, and are generally used by operators in the petroleum and energy industry in their financial reporting.

Since the composition of these indicators is not regulated by the applicable accounting standards, the method used by the Group to determine these measures may not be consistent with the method used by other operators and so these might not be fully comparable.

The components used to determine the calculation of results at adjusted replacement cost are described below.

**Inventory gains (losses)** are equal to the difference between the replacement cost of products sold in the period and the cost resulting from application of the weighted average cost. They represent the higher (lower) value, in the event of price increases (decreases), applied to the quantities corresponding to levels of inventories physically present at the beginning of the period and still present at the end of the period.

**Non-recurring items** include significant but unusual earnings.

The results also include the contribution of the joint ventures **TotalErg** and **LUKERG Renew**, for the portion attributable to ERG. To enhance understandability of the business' performance, the results of the business are also shown at adjusted replacement cost that takes into account, for the portion attributable to ERG, the results at replacement cost of TotalErg, LUKERG Renew whose contribution to the Income Statement not at adjusted replacement cost is reported in the value of the investment measured under the equity method of accounting.

Consistently with the above, net financial indebtedness is also shown at adjusted replacement cost that takes into account the portion attributable to ERG of the net financial position of the joint ventures TotalErg and LUKERG Renew, net of the relevant intra-group items.

Following the already commented sale of the stake in ISAB, starting from 1 January 2014 the adjusted values of economic data no longer take into account the said company's contribution.

With reference to the operations concerning ISAB Energy and ISAB Energy Services, already commented under Main events, we mention that in the Half-year condensed consolidated report the accounting results of the sold business lines (discontinued operations) and the economic impacts (non-recurring items) arising from the sale transactions in question are indicated separately under the item Net result from assets and liabilities sold in accordance with the requirements set forth by IFRS 5.

We also mention that only as regards the comparative data for the first six months of 2013, the item Net result from assets and liabilities sold also includes the reclassification of the costs and revenues pertaining to Coastal refining businesses, from which the Group exited at the end of 2013. For clearer disclosure, in this interim Report it has been decided to show and comment the results relating to the ordinary operations of the sold business lines during the first six months of 2014 and 2013. The related reconciliation schedules are shown at the foot of this section.

## Reconciliation with operating results at adjusted replacement cost

Year 2013	EBITDA	1st half		2nd quarter	
		2014	2013	2014	2013
554.3	EBITDA from continuing operations	156.9	164.8		
(174.5)	Contribution from 'Discontinued operations'	260.0	61.3		
379.8	EBITDA	416.9	226.2	256.5	81.1
6.3	Exclusion of inventory gains / losses	(0.0)	7.9	(0.1)	7.1
	Exclusion of non-recurring items:				
	<b>Corporate</b>				
0.0	- Ancillary charges - transactions concerning ISAB Energy and ISAB Energy Services	8.2	0.0	8.2	0.0
0.4	- Ancillary charges of sale of 20% of ISAB S.r.l.	0.0	0.0	0.0	0.0
2.9	- Ancillary charges ERG Wind acquisition	0.0	2.9	0.0	0.0
0.2	- Ancillary charges - other transactions	0.0	0.0		
4.3	- Charges for company reorganisation	0.0	0.0		
	<b>Power</b>				
0.0	- Termination of CIP 6 agreement	(514.5)	0.0	(514.5)	0.0
0.0	- Sale of IGCC	405.5	0.0	405.5	0.0
0.0	- Other ancillary proceeds (charges) concerning ISAB Energy and ISAB Energy Services	(36.5)	0.0	(36.5)	0.0
(4.3)	- Adjustment on commercial relations from previous years	0.0	0.0		
	<b>Renewable Energy Sources</b>				
10.2	- Ancillary charges - ERG Wind acquisition	0.0	9.6	0.0	0.0
	<b>Integrated Downstream</b>				
7.2	- Other charges on sales outlets in Sicily	0.6	3.7	0.0	2.1
	<b>Coastal refining</b>				
17.0	- Estimated liabilities on previous years' adjustments	0.0	17.0	0.0	17.0
80.0	- Charges from transactions related to previous years	0.0	0.0	0.0	0.0
(7.7)	- Derecognition of deferred expenses due to exit from Refining business	0.0	0.0	0.0	0.0
(3.4)	- Adjustment on commercial relations from previous years	0.0	0.0	0.0	0.0
492.9	EBITDA at replacement cost	280.2	267.2	119.2	107.2
30.6	ERG share of ISAB contribution at adjusted replacement cost <sup>(1)</sup>	0.0	15.3	0.0	8.0
39.0	TotalErg 51% contribution at adjusted replacement cost <sup>(1)</sup>	12.5	9.0	10.4	4.6
6.6	LUKERG Renew 50% contribution at adjusted replacement cost	6.9	1.8	2.4	0.7
569.1	EBITDA at adjusted replacement cost	299.6	293.3	132.0	120.4

  

Year 2013	AMORTISATION, DEPRECIATION AND WRITE-DOWNS	1st half		2nd quarter	
		2014	2013	2014	2013
(210.1)	Depreciation of continuing operations	(78.5)	(79.8)		
0.0	Contribution from 'Discontinued operation'	(25.2)	(24.5)		
(210.1)	Amortisation, depreciation and write-downs	(103.7)	(104.2)	(52.3)	(52.3)
0.0	Exclusion of non-recurring items:	0.0	0.0	0.0	0.0
(210.1)	Amortisation and depreciation at replacement cost	(103.7)	(104.2)	(52.3)	(52.3)
(22.0)	ERG share of ISAB contribution at adjusted replacement cost <sup>(1)</sup>	0.0	(11.0)	0.0	(5.8)
(55.7)	TotalErg 51% contribution at adjusted replacement cost <sup>(1)</sup>	(21.7)	(27.2)	(11.0)	(14.8)
(3.6)	LUKERG Renew 50% contribution at adjusted replacement cost	(3.9)	(0.8)	(2.2)	(0.4)
(291.4)	Amortisation and depreciation at adjusted replacement cost	(129.4)	(143.3)	(65.6)	(73.3)

  

Year 2013	EBIT	1st half		2nd quarter	
		2014	2013	2014	2013
282.8	EBIT at replacement cost	176.4	163.0	66.9	54.9
8.5	ERG share of ISAB contribution at adjusted replacement cost <sup>(1)</sup>	0.0	4.4	0.0	2.2
(16.7)	TotalErg 51% contribution at adjusted replacement cost <sup>(1)</sup>	(9.2)	(18.3)	(0.7)	(10.2)
3.1	LUKERG Renew 50% contribution at adjusted replacement cost	3.0	1.0	0.2	0.2
277.7	EBIT at adjusted replacement cost	170.2	150.0	66.4	47.1

<sup>(1)</sup> net of inventory gains (losses) and of any non-recurring items

Year 2013	GROUP'S NET PROFIT (LOSS)	1st half		2nd quarter	
		2014	2013	2014	2013
28.4	Group's net profit (loss)	116.2	3.1	79.1	(22.3)
8.4	Exclusion of inventory gains / losses	(0.3)	7.9	(6.2)	8.8
	Exclusion of non-recurring items:				
0.0	Exclusion of CIP 6 termination	(316.8)	0.0	(316.8)	0.0
0.0	Exclusion of IGCC sale	267.5	0.0	267.5	0.0
0.0	Exclusion of other ancillary proceeds (charges) concerning ISAB Energy and ISAB Energy Services	(3.9)	0.0	(3.9)	0.0
(9.0)	Exclusion of capital gain from sale of 20% of ISAB in 2012	0.0	(9.0)	0.0	0.0
(176.5)	Exclusion of capital gain and ancillary charges from sale of 20% of ISAB (2013)	0.0	0.0	0.0	0.0
12.3	Exclusion of liabilities for transactions on previous years	0.0	11.2	0.0	11.2
70.6	Exclusion of liabilities for site disputes	0.0	0.0	0.0	0.0
6.2	Exclusion of TotalErg non-recurring items	0.2	(1.6)	0.0	(0.8)
4.2	Exclusion of other charges on sales outlets in Sicily	0.4	2.2	0.0	1.2
11.8	Exclusion of ancillary charges on ERG Wind acquisition	0.0	11.2	0.0	0.0
1.9	Exclusion of fair value difference for derivatives on OIL inventories	0.0	0.0	0.0	0.0
21.3	Exclusion of reversal of tax assets from previous years	0.0	0.0	0.0	0.0
0.1	Exclusion of ancillary charges - other transactions	0.0	0.0	0.0	0.0
3.1	Exclusion of charges for company reorganisation	0.0	0.0	0.0	0.0
1.0	Exclusion of costs for Green Certificates from previous years	0.0	0.0	0.0	0.0
(3.7)	Exclusion of adjustment on commercial relations from previous years	0.0	0.0	0.0	0.0
58.4	Exclusion of non-recurring items - "TotalERG write-downs"	0.0	0.0	0.0	0.0
38.5	Group net profit (loss) at replacement cost <sup>(1)</sup>	63.3	25.0	19.7	(1.9)

<sup>(1)</sup> also corresponds to Group net profit (loss) at adjusted replacement cost

## Reconciliation with adjusted net financial indebtedness

06/30/2013		06/30/2014	12/31/2013
1,233.2	Net financial indebtedness	1,040.8	807.5
167.7	Net financial position of TotalErg	139.1	146.6
98.6	Net financial position of LUKERG Renew	140.1	135.2
(37.6)	Elimination of intra-group items	(86.3)	(74.2)
1,461.8	Adjusted net financial indebtedness	1,233.7	1,015.1

The adjusted figures for net financial indebtedness take into consideration the portion attributable to ERG of the net financial position of the joint ventures, net of the related intra-group items.



## Reconciliation with the amounts indicated in the Half-year condensed consolidated report

The following is a reconciliation between the reclassified schedules set out and commented in this interim Report and the amounts indicated in the Half-year condensed consolidated report.

For more detailed information reference is made to note 38 of the Half-year condensed consolidated report.

### Reclassified income statement for the 1<sup>st</sup> half of 2014

1st half of 2014	Values reported in the Half-year condensed consolidated	Reclassification revenues Supply&Trading	Reversal of IFRS 5 reclassification	Values reported in the Interim report on operations
(Euro millions)				
Revenues from ordinary operations	2,652.4	(2,096.4)	267.2	823.1
Other revenues and income	15.5	0.0	593.4	608.9
<b>TOTAL REVENUES</b>	<b>2,667.8</b>	<b>(2,096.4)</b>	<b>860.6</b>	<b>1,432.1</b>
Purchase expenses and changes in inventories	(2,396.3)	2,096.4	(122.8)	(422.7)
Services and other operating costs	(114.6)	0.0	(477.9)	(592.5)
<b>EBITDA</b>	<b>156.9</b>	<b>0.0</b>	<b>260.0</b>	<b>416.9</b>
Amortisation, depreciation and write-downs of fixed assets	(78.5)	0.0	(25.2)	(103.7)
Net financial income (expenses)	(29.3)	0.0	0.6	(28.6)
Net income (loss) from equity investments	(5.8)	0.0	0.0	(5.8)
<b>Result before taxes</b>	<b>43.3</b>	<b>0.0</b>	<b>235.4</b>	<b>278.7</b>
Income taxes	(36.3)	0.0	(101.4)	(137.7)
<b>Net profit (loss) from continuing operations</b>	<b>7.0</b>	<b>0.0</b>	<b>134.1</b>	<b>141.0</b>
<i>Net profit (loss) from discontinued operations</i>	<i>134.1</i>	<i>0.0</i>	<i>(134.1)</i>	<i>0.0</i>
<b>Result for the period</b>	<b>141.0</b>	<b>0.0</b>	<b>0.0</b>	<b>141.0</b>
Minority interests	(24.8)	0.0	0.0	(24.8)
<b>Group share of net income</b>	<b>116.2</b>	<b>0.0</b>	<b>0.0</b>	<b>116.2</b>

### Reclassified income statement for the 1<sup>st</sup> half of 2013

1st half of 2013	Values reported in the Half-year condensed consolidated financial statements	Reversal of IFRS 5 reclassification "Coastal refining"	Reversal of IFRS 5 reclassification "IGCC and personnel"	Valori indicati nella Relazione intermedia sulla gestione
(Euro millions)				
Revenues from ordinary operations	2,190.1	711.0	313.0	3,214.0
Other revenues and income	4.7	0.8	1.8	7.4
<b>TOTAL REVENUES</b>	<b>2,194.9</b>	<b>711.8</b>	<b>314.8</b>	<b>3,221.4</b>
Purchase expenses and changes in inventories	(1,904.7)	(688.2)	(143.8)	(2,736.8)
Services and other operating costs	(125.3)	(99.4)	(33.8)	(258.5)
<b>EBITDA</b>	<b>164.8</b>	<b>(75.8)</b>	<b>137.2</b>	<b>226.2</b>
Amortisation, depreciation and write-downs of fixed assets	(79.8)	0.0	(24.5)	(104.2)
Net financial income (expenses)	(37.9)	0.0	(1.0)	(38.8)
Net income (loss) from equity investments	(18.4)	11.2	0.0	(7.1)
<b>Result before taxes</b>	<b>28.8</b>	<b>(64.6)</b>	<b>111.8</b>	<b>76.0</b>
Income taxes	(33.3)	28.7	(41.8)	(46.3)
<b>Net profit (loss) from continuing operations</b>	<b>(4.4)</b>	<b>(35.9)</b>	<b>70.0</b>	<b>29.7</b>
<i>Net profit (loss) from discontinued operations</i>	<i>34.1</i>	<i>35.9</i>	<i>(70.0)</i>	<i>0.0</i>
<b>Result for the period</b>	<b>29.7</b>	<b>(0.0)</b>	<b>0.0</b>	<b>29.7</b>
Minority interests	(26.6)	0.0	0.0	(26.6)
<b>Group share of net income</b>	<b>3.1</b>	<b>(0.0)</b>	<b>0.0</b>	<b>3.1</b>