



Empowering our Circular Vision

Business Plan@2023

27 September 2018

4 years of strong delivery have confirmed the effectiveness in pursuing strategic pillars

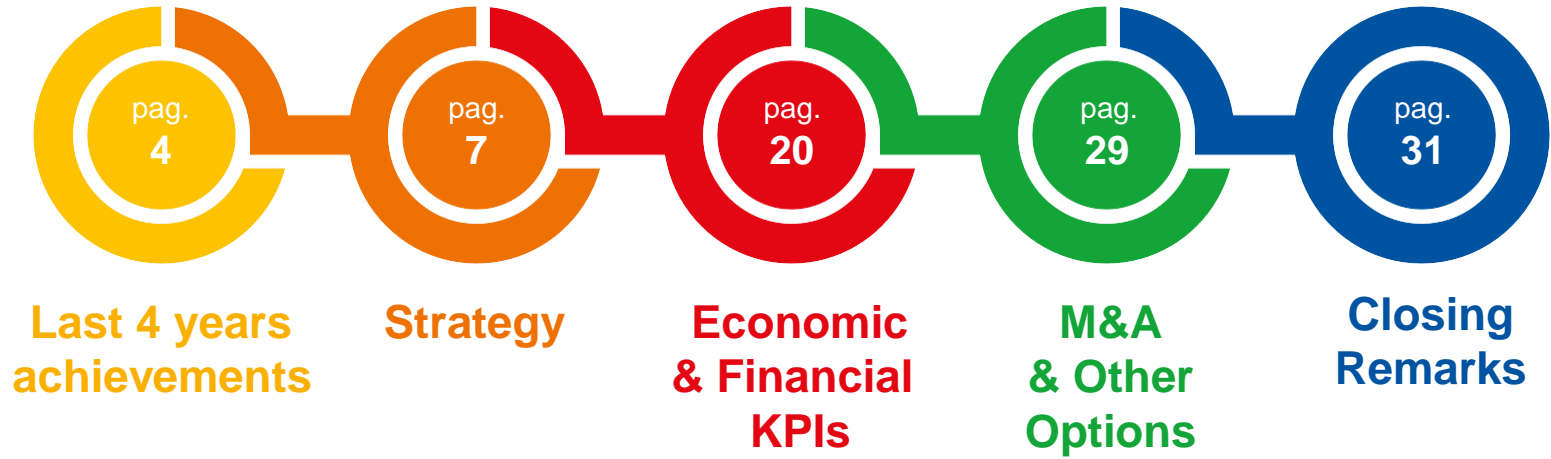
The increased cash-flow generation allows to further exploit the financial flexibility taking into consideration different opportunities

**WE CONFIRM
OUR PRIORITIES:**

Boosting growth

Improving the dividend policy

Maintaining the investment grade



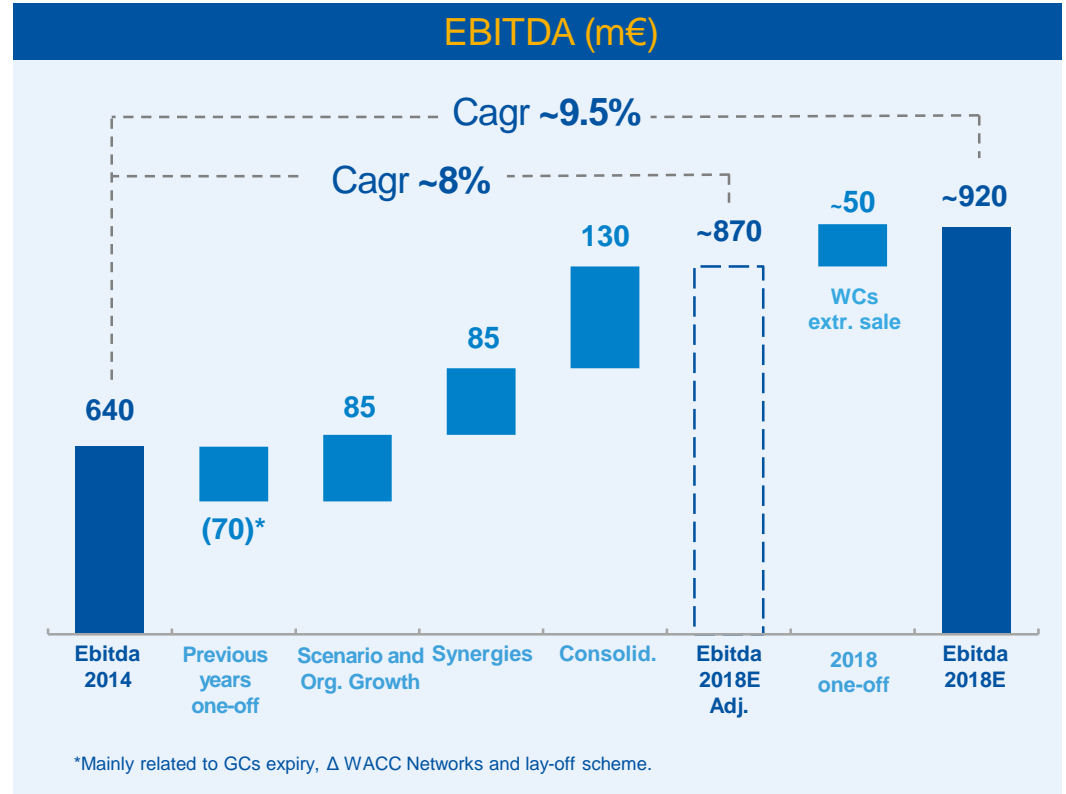
~280
Million Euro
 additional
 EBITDA

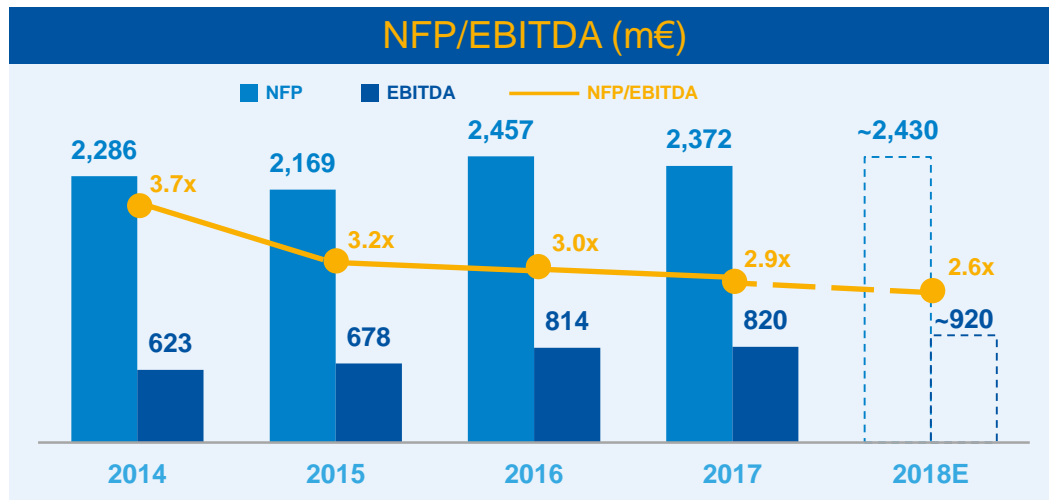
+44% EBITDA growth in 4 years.

Strong improvement in operating KPIs leading to a structural profitability increase.

Integration and company streamlining.

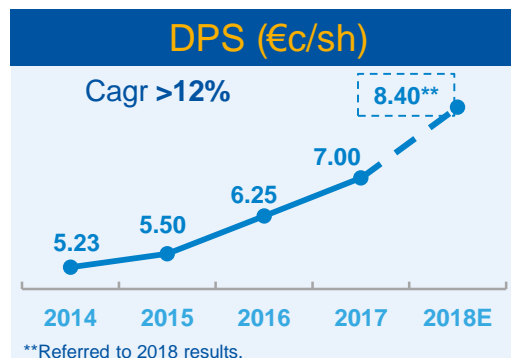
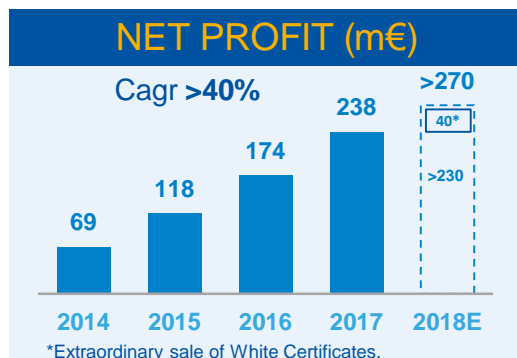
Significant M&A transactions confirming IREN as a consolidator leader in its territories.





2018 expected NFP/EBITDA ratio widely below IREN's financial flexibility threshold set at 3.0x.

Slight increase NFP in spite of several M&A acquisitions (TRM, AMIAT, SAP, ACAM, etc).



Constant growth in Net profit and DPS in the last 3 years, expected to recur also at the end of 2018.



Last 4 years
achievements

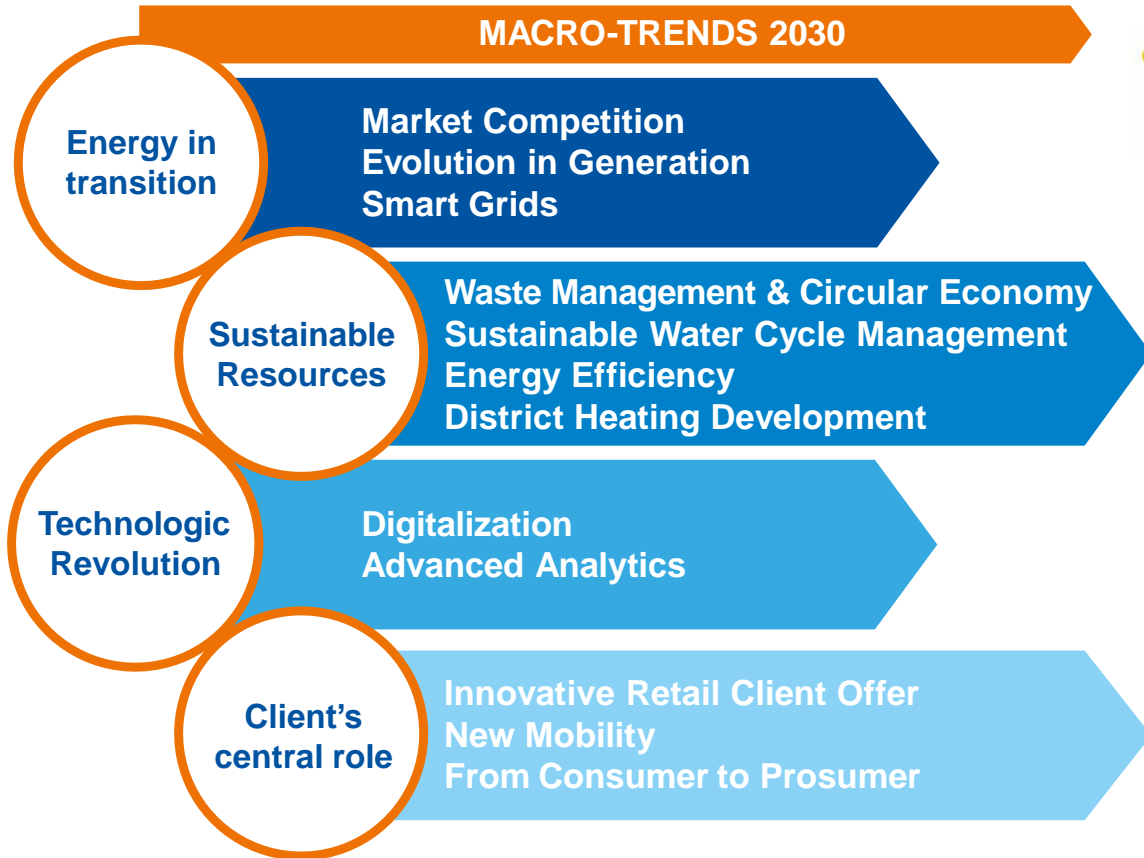
Strategy

Economic
& Financial
KPIs

M&A
& Other
Options

Closing
Remarks

MACRO-TRENDS 2030



iren@2030

IREN will keep pushing on the trends underlying the Company turnaround started 4 years ago.

The backbone of the strategy is the adoption of cutting-edge technologies to fulfil the Clients' needs and to support the organization's empowerment.

The Client, along with Environmental Sustainability, will continue to be at the centre of IREN's strategies.

Accelerated growth sticking to our strategy

SCENARIO	PILLARS
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Needs of investments in waste treatment plants and in new infrastructures for the integrated water cycle management.

Increased needs of power plants' flexibility led by the "energy transition" towards renewable energy.

Evolution of Client's central role pushed by digitalization and value added services demand.

Fragmented market in reference areas and upcoming tender season boosting sector consolidation.



**Higher Investments
& Growth**

+500
million Euro
CAPEX

mainly
in Networks
and in Waste

**Increased focus
on digitalization**



**Further
improvement
in people expertise
and organizational
effectiveness**



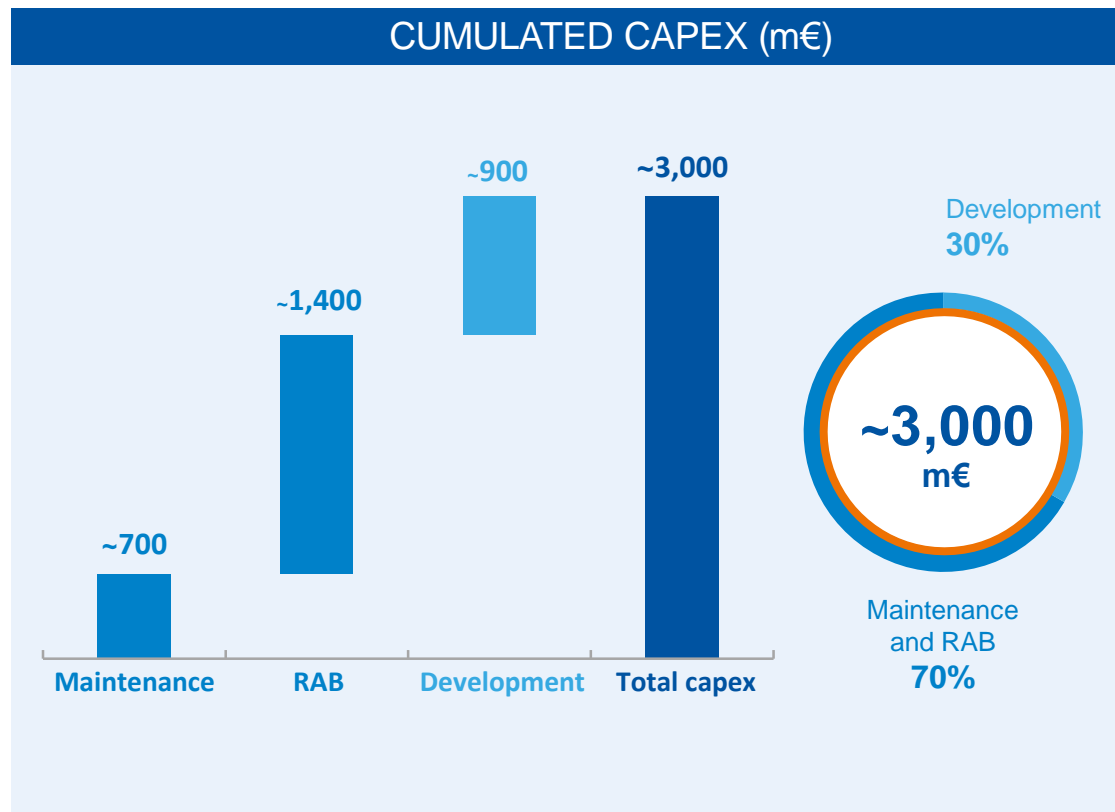
**Stronger
value creation
shared with
stockholders**

~3.0
billion Euro
Capex in
6 years

~1b€ in the Water Cycle Management.

~900m€ linked to development,
mainly in DH, Energy efficiency,
Waste and gas tenders.

~200 m€ devoted to digital projects
impacting all the Business Units.



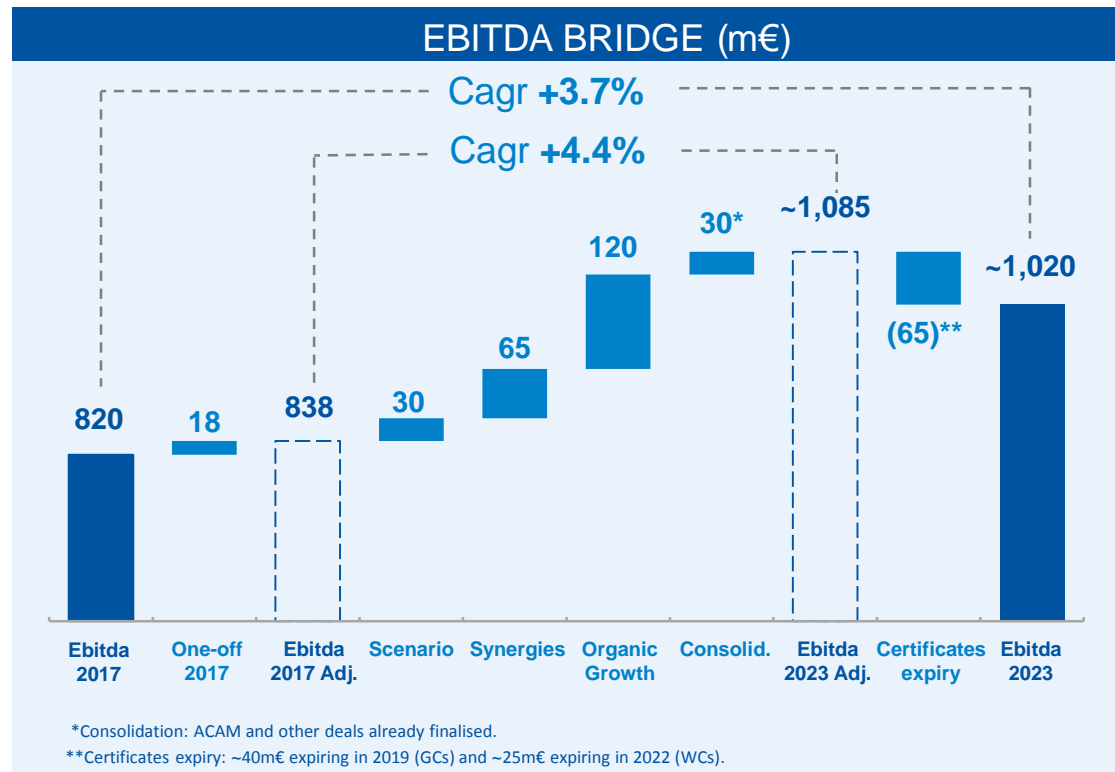
The new path is more focused on growth than on synergies

~200
million Euro
growth in 6
years

+4.4% EBITDA cagr excluding the effect of certificates expiry.

Combined effect of organic growth and consolidation is expected to be approximately 150m€.

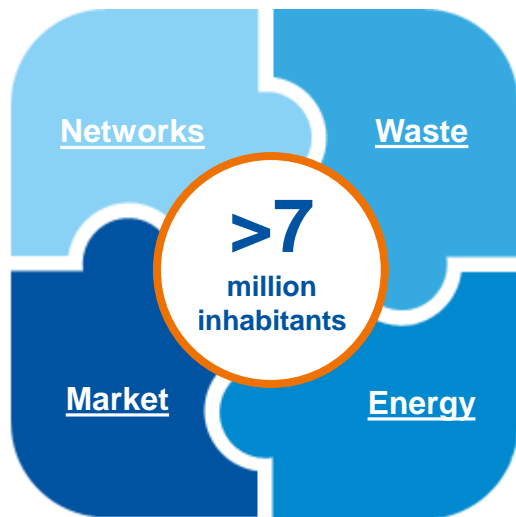
60% of EBITDA growth is due to organic growth sustained by higher investments.



Evolution and widening of Client concept, closely linked to the territory

~3M served inhabitants in the water sector

~2,3M served inhabitants in the waste sector



~2M retail Clients in the energy sector

~1M served inhabitants in district heating



Launched high value services,...

New Downstream

Energy efficiency

E-mobility

...easier digital approach across all activities...

...to reach:

Residential customers

Companies

Public administrations

Full digital E2E process based on 'always on' service and enrichment of the smart products portfolio



50%

Digital operations by 2021

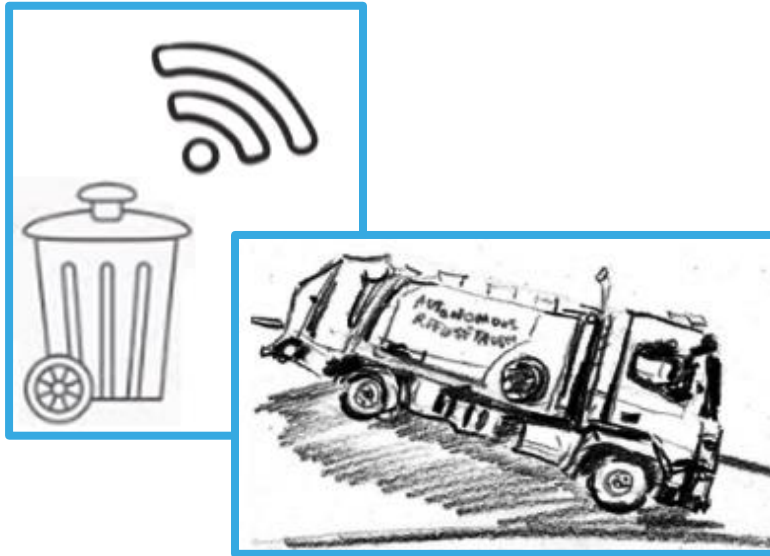
30%

Self care operations by 2021

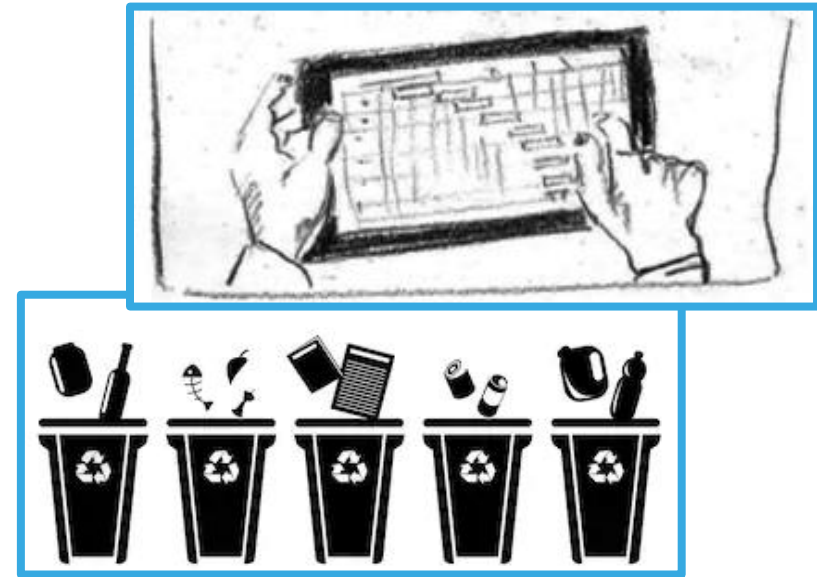
New concept of stores and front offices for a multichannel and fulfilling experience



Smart equipment, optimization of logistics and real time monitoring to address customer needs and improve quality of life in the cities



Easier interaction and full service traceability to improve citizens relationships



A structured plan of new initiatives to face the ongoing challenges

Competencies

Training and reskilling:
digital skills for employees

Hiring of **millennials** and **topic experts** for **new competencies**:
analytics, mechatronics, digital models

Agile & Smart Organization

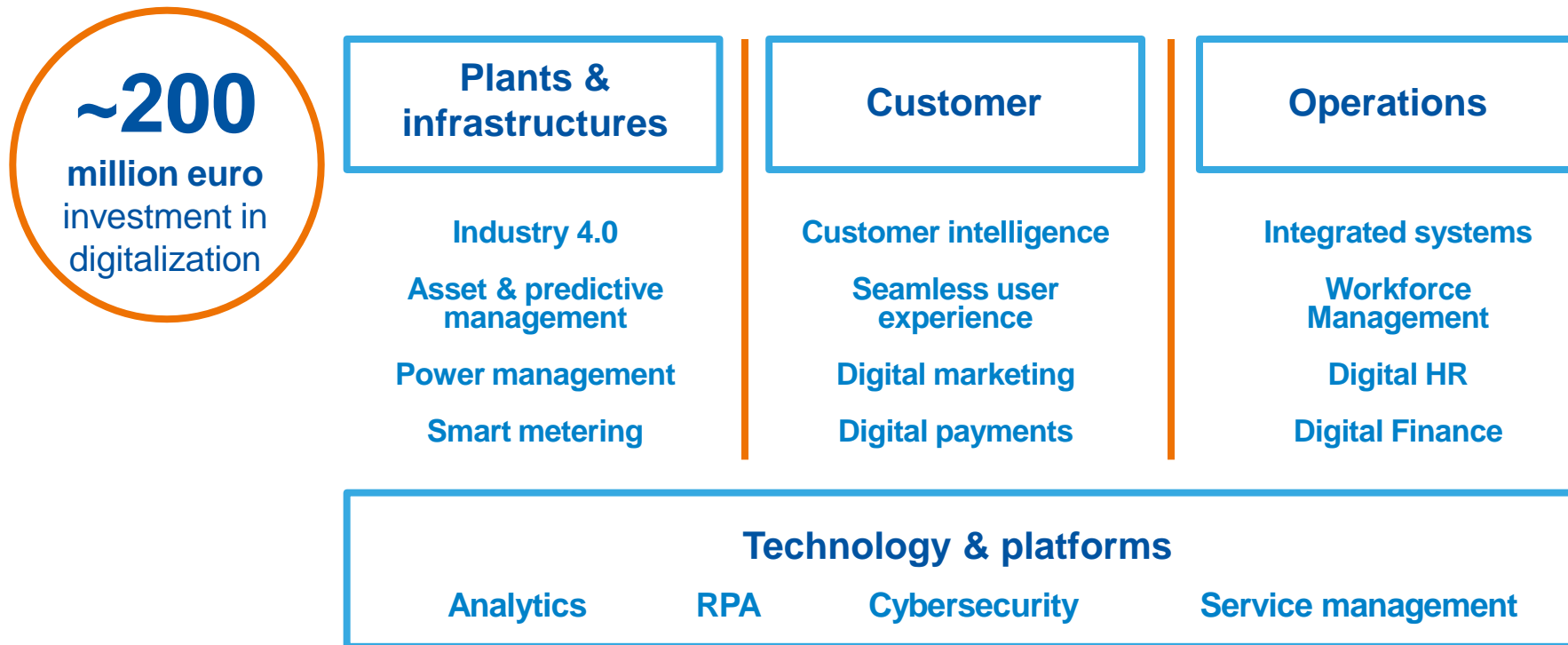
Lean processes and structure

Collaboration, smart working & diversity inclusion

Smart workflow & excellence

Talent & Performance Management

Targeted investments to build a data-driven organization



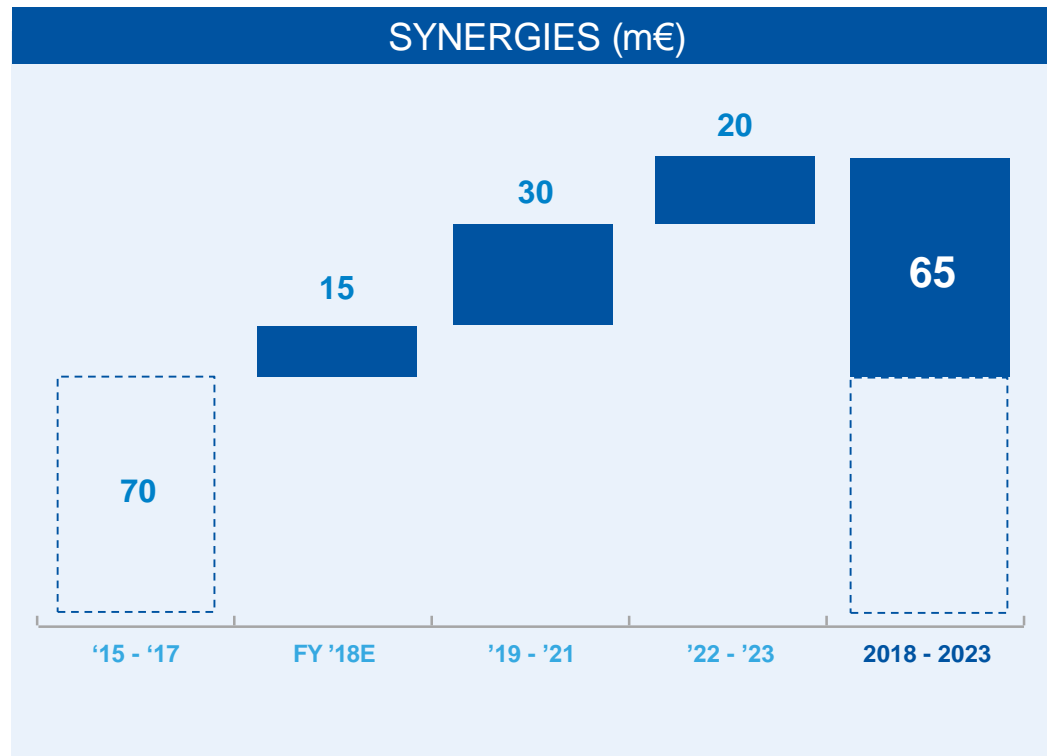
Further improvement in efficiency

65
million Euro
synergies
in 6 years

On-top of 70m€ synergies achieved in '15-'17.

Increased synergies target while sustaining significant investments and growth.

Synergies mainly related to Performance Improvement projects.



WATER SOURCES

CIRCULAR ECONOMY

DECARBONIZATION

RESILIENT TOWN



CLIMATE ACTION

- Excellence in water networks
- Reduction in network leaks
- Reduction in drinking water taken from the environment
- Higher purification capacity and quality
- Re-use of purified water for agriculture

- Higher sorted waste percentage
- Extension of «pay-as-you-throw» systems
- Higher recycling in Group's plants
- Energy production from non-recoverable waste
- Zero landfill for urban waste

- Reduction in GHG emission
- DH networks development
- Renewables
- Energy efficiency in production
- Energy efficiency services for Clients
- Education towards sustainability

- Electricity storage systems
- Smart grid
- Smart metering
- LED in public lighting
- Distributed photovoltaic generation
- Sustainable mobility
- Industry 4.0

2023 MAIN TARGETS

Wastewater treatment capacity

+14%

Recoverable waste treated in our plants

43%*

CO₂ emissions

-5%

District heated volumes

+11%

Reduction in network leaks

+5%

Sorted waste for inhabitant

+18%

Energy savings (KToE)

+10%

Eco-vehicles on the total fleet

26%*



>50% cumulated capex



Last 4 years
achievements



Strategy



**Economic
& Financial
KPIs**



M&A
& Other
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Closing
Remarks

NETWORKS

- Increased investments plan (>1.4 billion euros) to improve services quality and safety, with a strong growth in RAB.
- Focus on new plants and on networks efficiency. Projects are devoted to a greater push on leak reduction and technological innovation through the deployment of smart meters.
- Completion of ATEMs in which IREN is incumbent and possible opportunities in others.
- Continuous improvement in asset/workforce management systems exploiting further synergies.

ENERGY: GENERATION, DH & EN. EFFICIENCY

- Increase in plants portfolio flexibility, also through thermic storage development, due to the growing impact of renewables.
- Keep being the leading player in District heating sector (+10mcm of volumes heated) strengthening the stability of margins.
- Higher investments in energy efficiency with “Smart solutions” projects.

WASTE

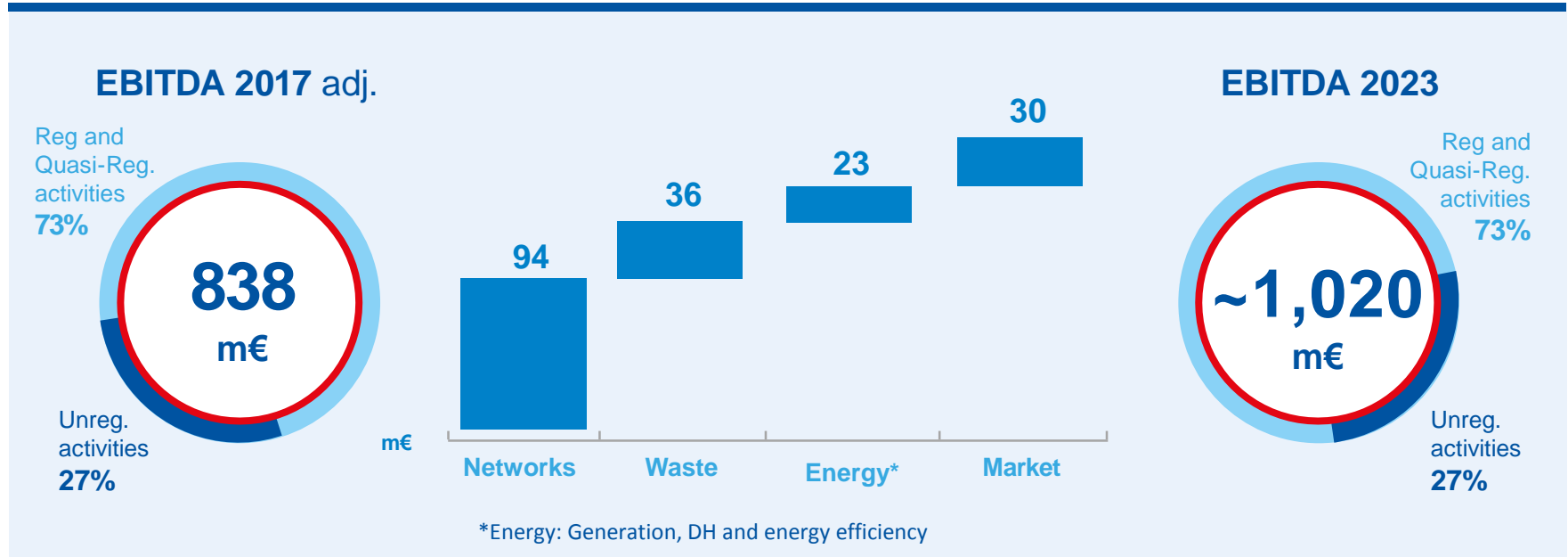
- The circular economy concept will drive the activity in the sector: higher capacity in waste treatment in particular in plastic/paper/organic waste sectors, producing also bio-methane.
- Management of the whole waste value chain thanks to new treatment and disposal plants to fulfil the circular economy concept aiming at the self efficiency in waste disposal.
- Strengthening of “Just IREN” project to improve services offered to the citizen.
- Selection of industrial opportunities while avoiding the “commodity risk”.

MARKET

- The New Downstream project is enhancing the positioning from a simple energy provider to an expert in high value added services also supported by an omni-channel approach.
- Strong focus on digitalization: 50% of operations will be managed through digital channels by 2021.
- The centrality of the Client and the increasing importance of customer experience and satisfaction are key aspects that will be managed with the new CRM system.
- Widening the range of services while adopting also ecofriendly e-mobility solutions.

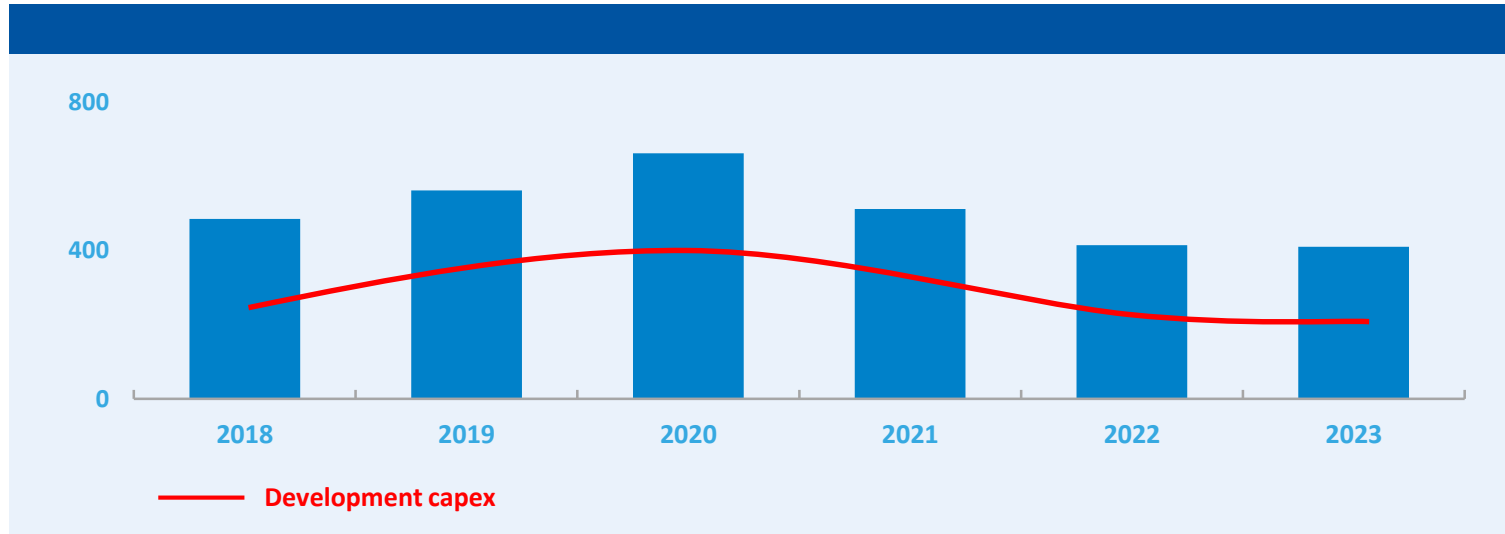
Growth is mainly driven by regulated activities, in particular water services.

Portfolio of activities confirmed at low-risk profile: regulated and quasi-regulated activities stable at 73% overall.



The Group will invest on average 500m€ per year, mainly in the first three years ('18-'20) due to significant development projects in District Heating, Energy Efficiency, Waste and gas tenders.

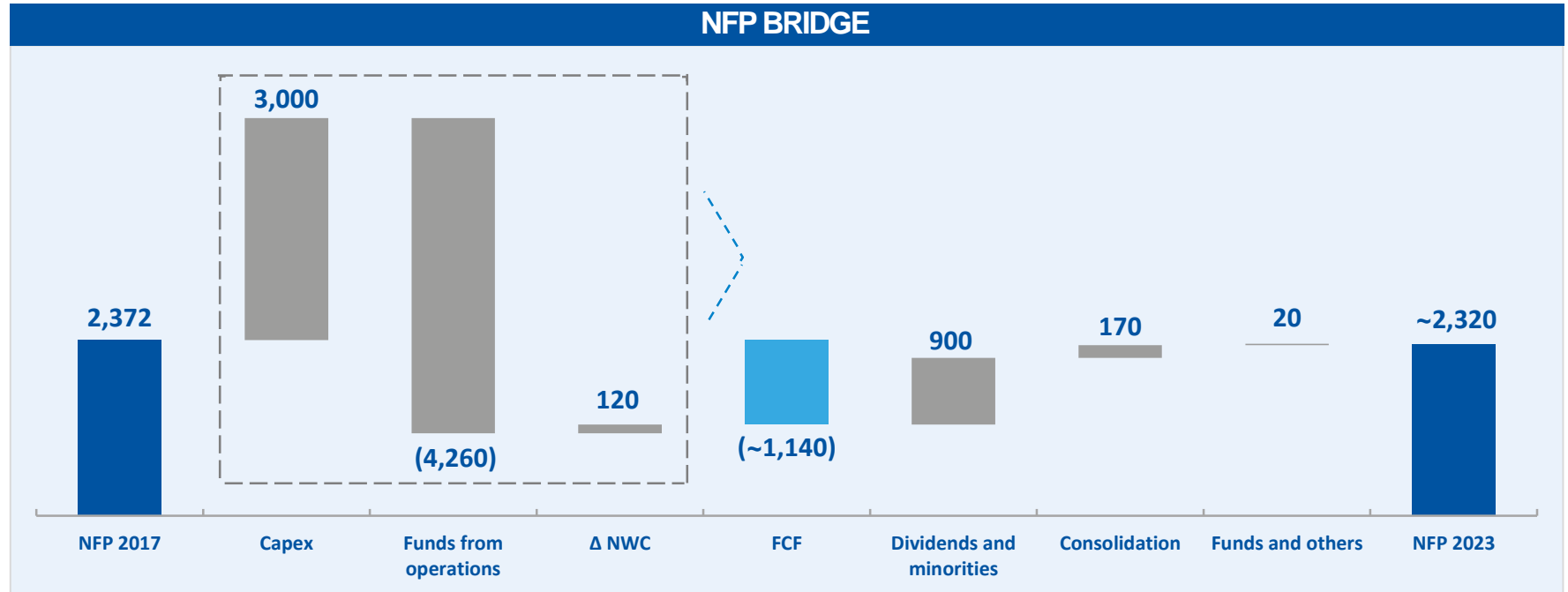
The adaptability of the investments' plan will enable to shift investments from one year to another in order to exploit potential future market opportunities.



FFO covers capex approximately 1.4 times

3.0x Net Debt / EBITDA ratio already achieved

Maintenance of financial flexibility despite higher investments

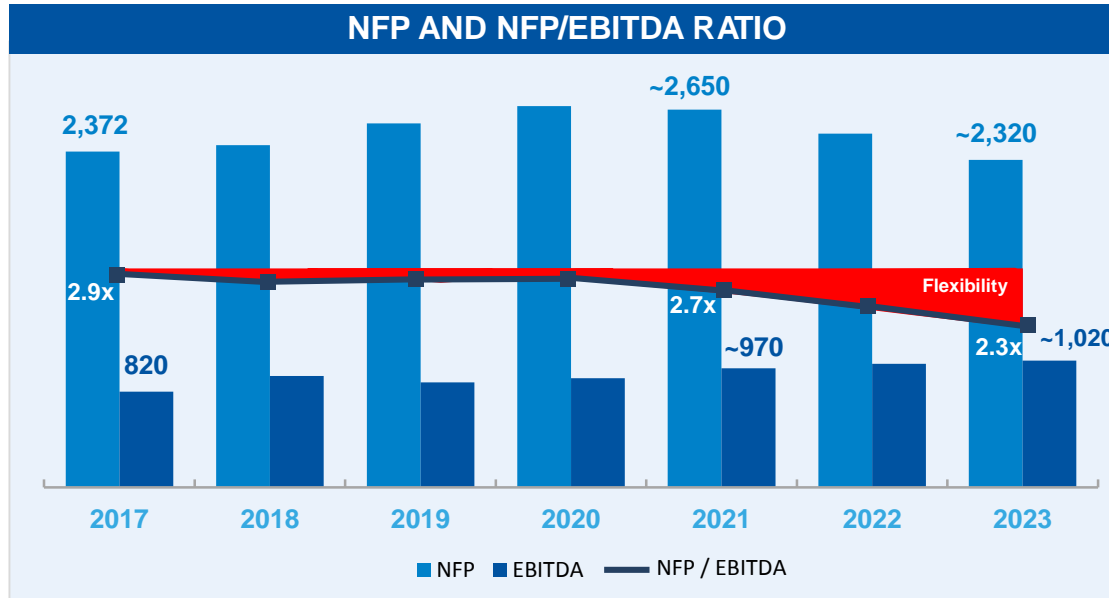


FitchRatings

BBB

Outlook: Stable

Keeping the sound investment-grade rating will be one of the key elements in IREN's financial strategy



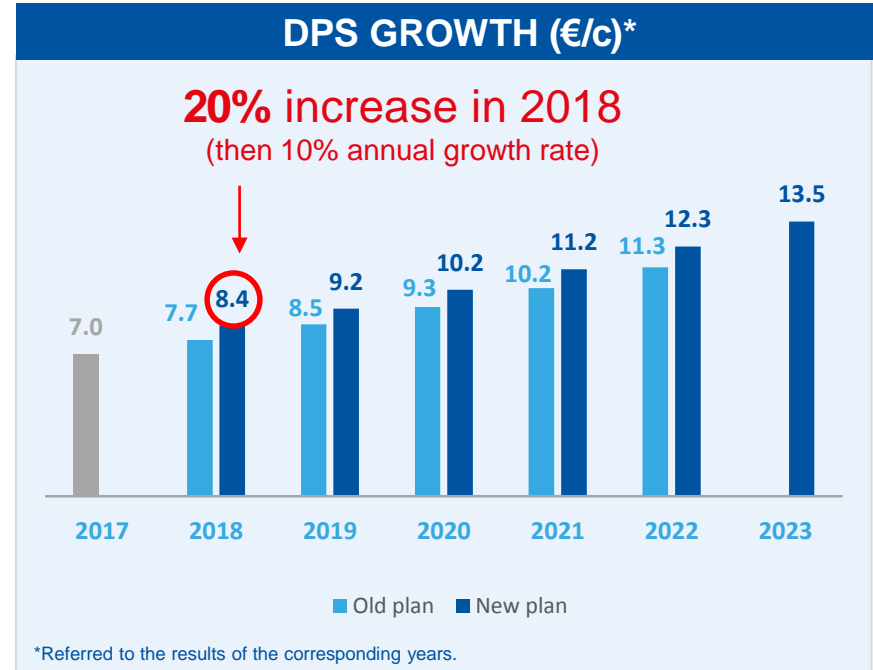
Financial flexibility target (NFP/EBITDA 3.0x) already achieved and planned to be maintained in the next years.

Part of this flexibility will be used to further develop the company business (through organic growth and M&A opportunities) **and the other part will go towards further improving dividend policy.**

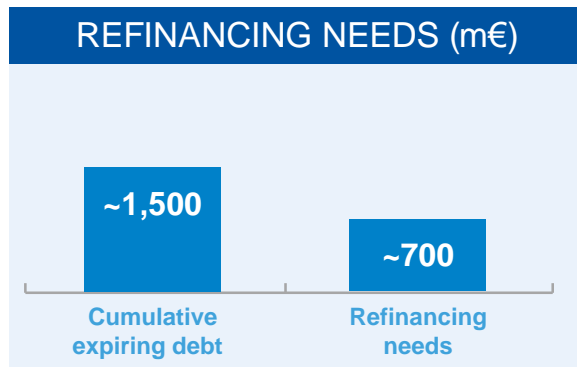
~1,140m€
 Cumulated FCF
 Significant positive cash-generation

900m€
 Cash out for dividends
 Improved Dividend Policy

<3.0x
 NFP/EBITDA
 Within IREN's financial flexibility zone

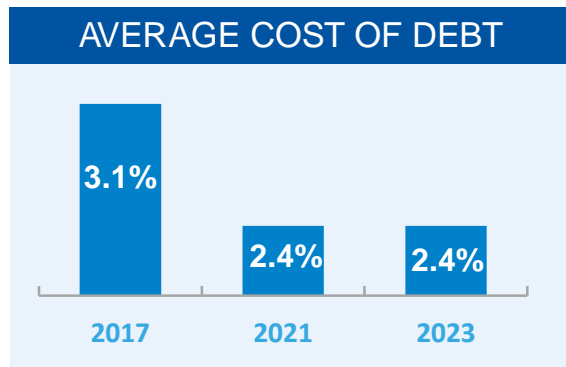


**Further improvement in dividend policy (+20% this year),
 with an avg. 50% pay-out ratio from 2019.**



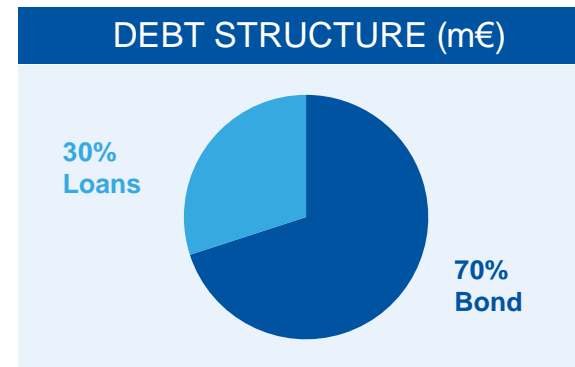
Only 47% of expiring debt is going to be refinanced mainly because of refunding already carried out.

In the next 2 years there will be no large debts maturity.



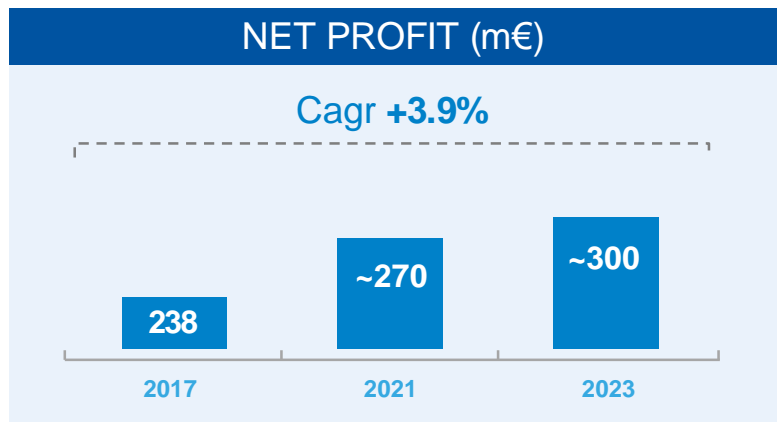
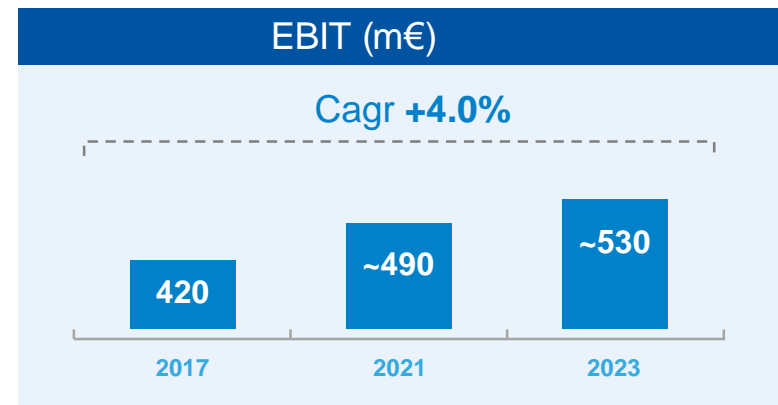
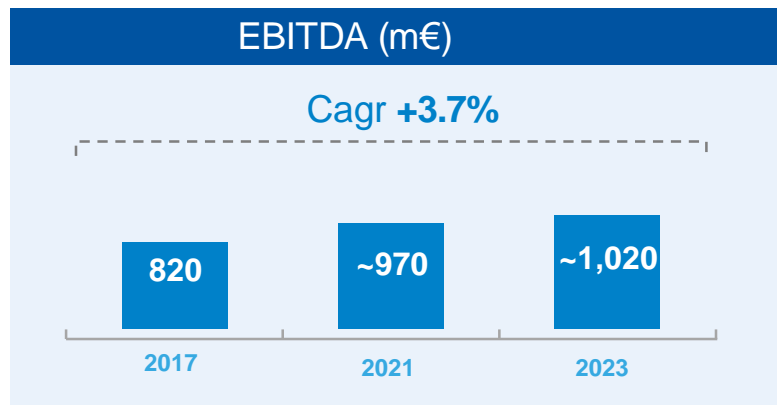
Significant reduction in cost of debt thanks to liability management operations.

IREN's LT debt avg. maturity is 5.6y.



The percentage of IREN's debt funded by bonds is now at 70%.

IREN is the only Italian local utility to have issued two Green Bonds with an overall size of 1b€.



+200m€ growth in EBITDA
excluding any out-of-the-plan upside option.

+60m€ growth in net profit supported also by
improved financial management.



Last 4 years
achievements

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Cash allocation prospects



Organic growth

NETWORKS

~340m€ CAPEX

Improving resilience and reliability

Gas distribution expansion in new areas

WASTE

~150m€ CAPEX

Upgrading of selection and treatment plants

New treatment plants

ENERGY

~500m€ CAPEX

DH development
Hydro

CCGT revamping
Flexibility & storage

MARKET

~75m€ CAPEX

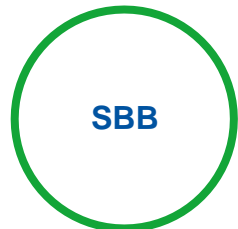
Electricity sales expansion on a wider scale



M&A

More than 20 potential M&A deals mainly in IREN reference areas (>90%).

Target EBITDA **100m€**
(including ~10m€ from transactions to be finalized)



SBB

Tactical, funded by excess cash when appropriate (authorisation to be requested at next AGM).



Last 4 years
achievements

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**Closing
Remarks**

After 280m€ Ebitda growth in the last 4 years, we are targeting

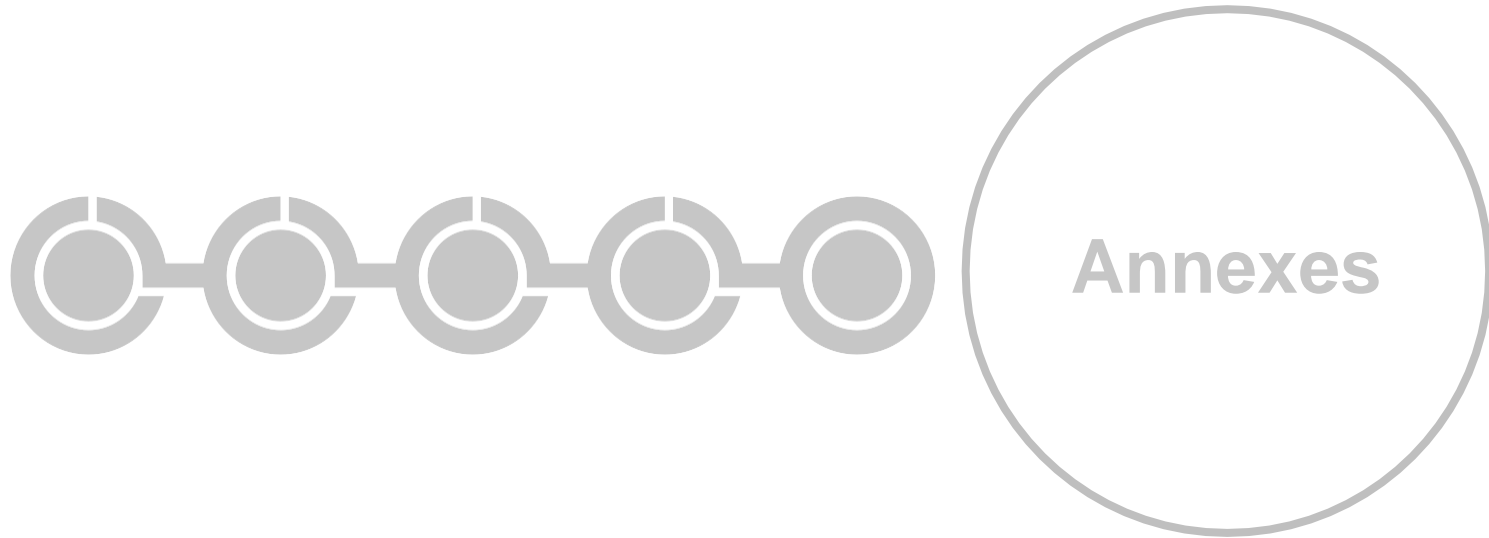


The financial flexibility target already achieved opens the door to M&A opportunities on top of over 1 billion€ of further industrial investments over all the Business Units, not included in Business Plan figures.

IREN can also provide a



Then a 10% growth in the following years





>7million
Inhabitants in IREN's reference areas

CUSTOMERS:

- ~1.7M in the energy sector
- ~2.9M served inhabitants in the water service
- ~2.3M served inhabitants in the waste sector
- ~0.9M served inhabitants in district heating
- >3.5 services provided per clients

REGULATED ACTIVITIES (47% OF EBITDA)

- **ENERGY INFRASTRUCTURE**
 - . RAB Electricity distribution: 460m€
 - . RAB Gas distribution: 645m€
- **WATER SERVICE**
 - . RAB water cycle management: 985m€ (of which RAB ACAM 140m€)
- **URBAN WASTE COLLECTION**
 - . 165 municipalities covered
 - . 1.3m tons municipal waste collected
 - . 60.6% of sorted waste (vs. national avg. 52.5%)

QUASI REGULATED ACTIVITIES (27% OF EBITDA)

- **HYDROELECTRIC GREEN CERT.**
 - . 600 GWh GCs produced through hydro generation
- **DISTRICT HEATING**
 - . >900km of pipes and 870,000 inhabitants served
 - . 87mcm of district heated volumes
 - . 2.9 Twhv volumes produced
- **URBAN WASTE DISPOSAL**
 - . 3 Waste To Energy plants (~800Kton/y)

UNREGULATED ACTIVITIES (26% OF EBITDA)

- **2,700 MW OF GENERATION CAPACITY**
 - . 1,300 MW from cogen. plants connected to DH networks
 - . 600 MW from hydroelectric plants
 - . 800 MW from Turbigio plant (the only thermoelectric plant running on merchant base)
- **ENERGY MARKET**
 - . ~10.3 TWh electricity uses; ~2.9 bcm gas uses
- **SPECIAL WASTE**
 - . ~580K tons of special waste collected

>800m€ increase in RAB thanks to higher investments (ACAM included).

Continuous improvement in asset/workforce management systems exploiting further synergies.

ACAM consolidation since April 2018 (Water RAB 140m€).

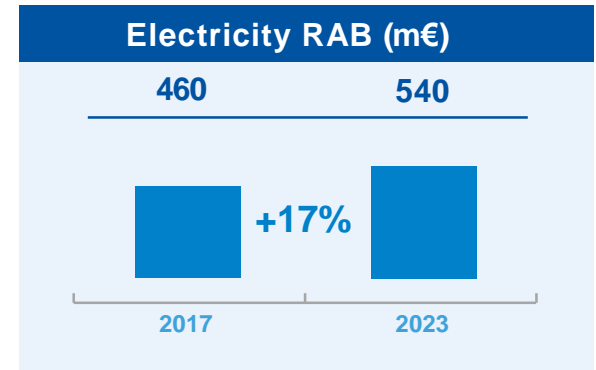
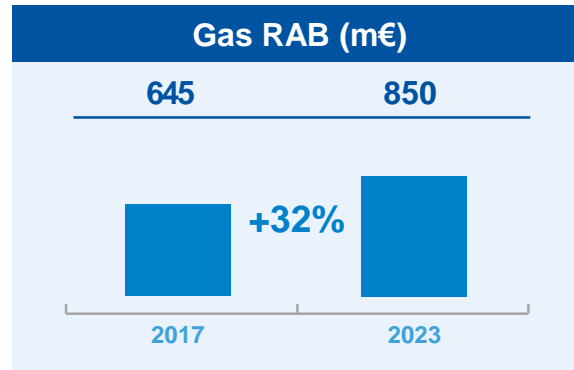
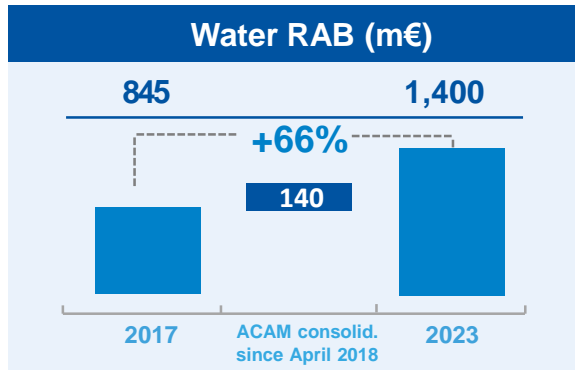
Almost 1 billion euro invested in water network efficiency and water treatment plants.

Maintaining all the gas and water concessions in which IREN is incumbent and on which a tender will be launched within the business plan horizon.

Possible participation in tenders within reference areas in which IREN is not incumbent (not included in BP figures).

m€	2017	2021	2023
Revenues	937	853	902
EBITDA	334	390	425
Cagr. '17-'23	4.1%		
Cumulated Capex	1,550*		

*Investments in reference areas and development



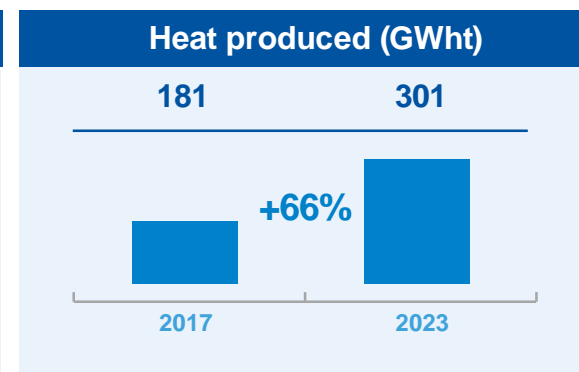
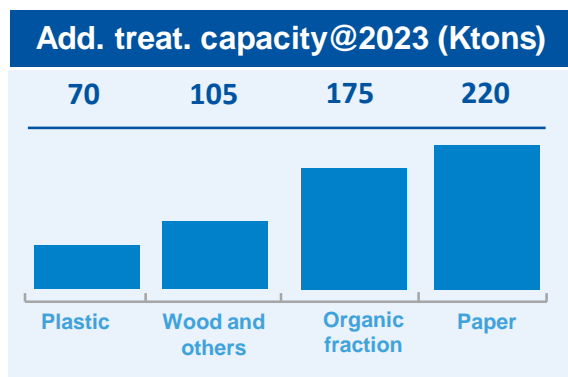
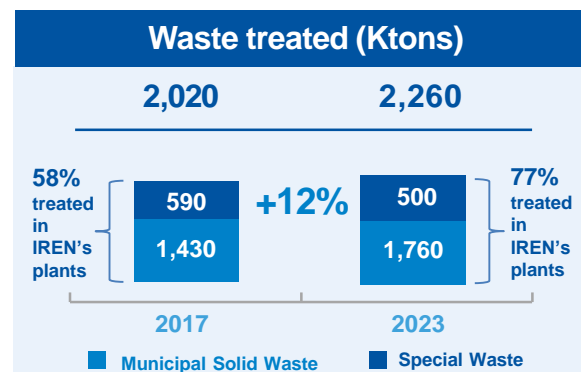
Significant increase in waste treatment capacity, starting mainly from 2021 (plastic, organic fraction and paper), and consequent growth in profitability, supported also by special waste.

Self-sufficiency in completing the entire waste cycle thanks to investments in new waste treatment plants.

Confirming all the concessions currently owned.

Possible participation in tenders within reference areas in which IREN is not incumbent (not included in BP figures).

m€	2017	2021	2023
Revenues	551	705	722
EBITDA	149	181	185
Cagr. '17-'23	3.7%		
Cumulated Capex	430		



Growth in margins in spite of the expiry of 40m€ of GCs on Hydro and 25m€ of WCs on Cogeneration (ebitda cagr of 5.4% net of certificates' expiry).

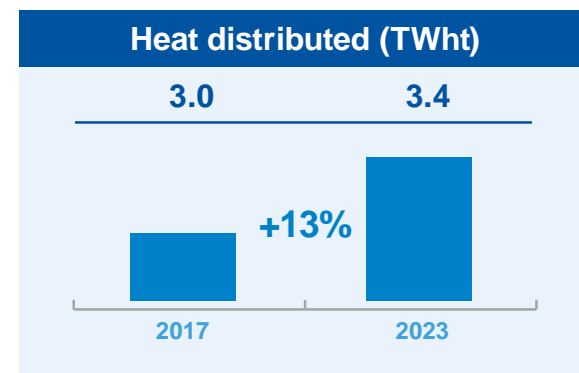
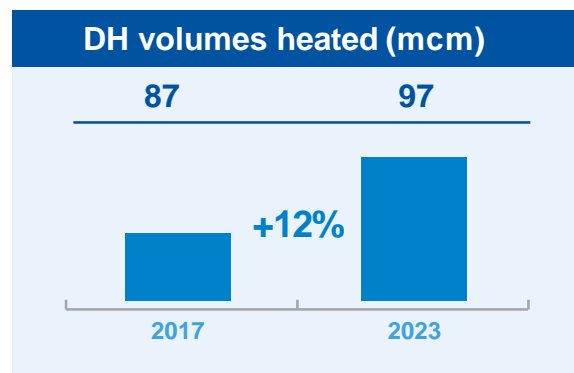
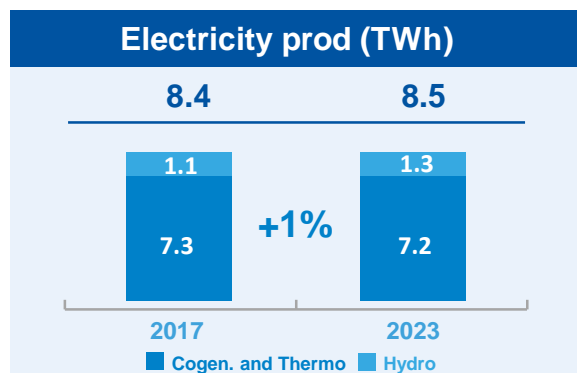
Full utilization of existing heat production sources (plants/WTEs) thanks to the increase in volumes heated (+10mcm).

Scenario: energy prices and spark spread are expected to recover increasing costs of gas and CO₂.

Increase in IREN's generation fleet flexibility, also through thermic storage development, in order to be more competitive in ancillary services (neutral impact of capacity market expected).

200m€ invested in energy efficiency projects.

m€	2017	2021	2023
Revenues	1,104	1,226	1,292
EBITDA	244	268	270
Cagr. '17-'23	1.7%		
Cumulated Capex	680		



Full deployment of the “New Downstream” project: moving from a commodity provider to an expert in high value added services (led bulbs, consumption remote controller, insurances, smart thermostat, home safety kit etc.).

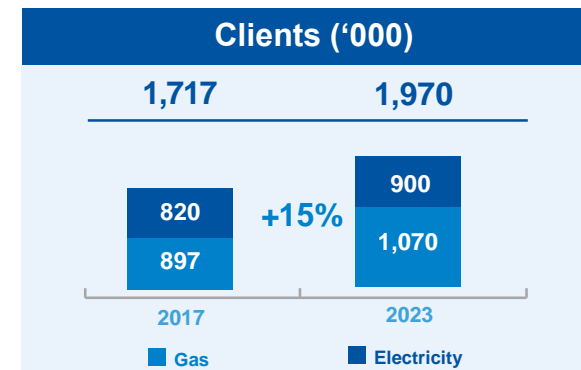
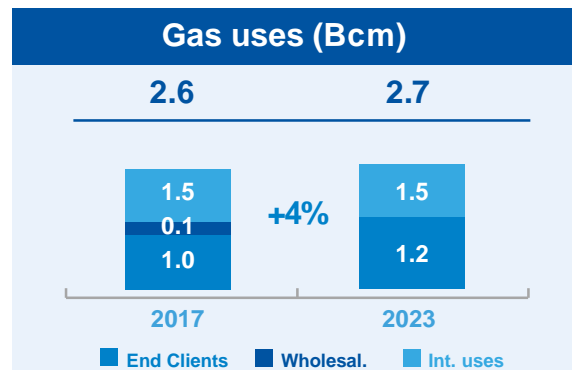
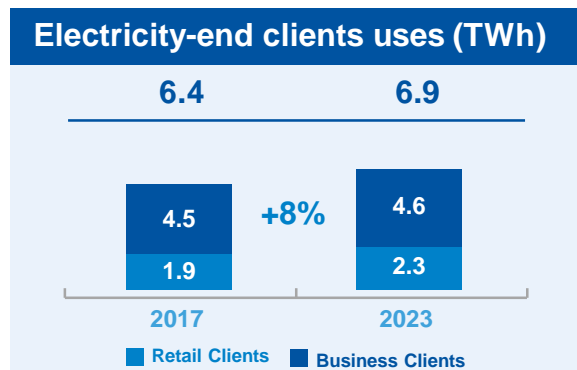
Client base expansion of +15% while keeping the churn rate as one of the lowest in the sector.

+8% of electricity sold to retail Clients and selective focus on Business Clients (S/M size companies and PA).

Digitalization will be one of the drivers of the reduction in cost-to-serve: 50% of operations will be digitally carried out by 2021.

15m€ invested in e-mobility to extend the range of innovative products and services offered.

m€	2017	2021	2023
Revenues	2,418	2,475	2,612
EBITDA	111	131	140
Cagr. '17-'23	3.9%		
Cumulated Capex	190		



GAS TENDERS

ATEM	Expiry
Genova 1	Expired
Parma	Expired
Reggio Emilia	Expired
Vercelli	Expired
Piacenza 2 - Est	Expired

WATER CONCESSIONS

AREA	Expiry
Piacenza	Expired
Reggio Emilia	Expired
Genova	2032
Parma	2025
Vercelli 1	2023
La Spezia	2033

ELECTR. CONCESSIONS

AREA	Expiry
Torino	2030
Parma	2030
Vercelli 1	2030

HYDROELECTRIC CONCESSIONS

AREA	Hydroelectric plant	Electric Power (MW)	Expiry
Piemonte 1	Pont Ventoux-Susa	157	2034
Piemonte 2	Valle Orco e S. Mauro	300	Expired 2010
Piemonte 3	S. Lorenzo, Moncalieri, La Loggia, valle Susa	25	---*
Campania	Nucleo Tusciano	108	2029
Liguria	Brugneto, Canate	10	Expired 2014

* The expiring date is not provided for electric power plants <10 MW

WASTE CONCESSIONS

AREA	Expiry
Parma**	Expired
Piacenza**	Expired
Reggio Emilia	Expired
Torino	2033
Vercelli 1	2028
Vercelli 2	2019
La Spezia	2028

**Ongoing tenders

	GAS DISTRIBUTION	ELECTRICITY DISTRIBUTION	WATER SERVICE
Regulatory period	6 years (2014 – 2019)	8 years (2016 – 2023)	4 years (2016 – 2019)
WACC methodology update	6 years (2016 – 2021)	6 years (2016 – 2021)	-
WACC update	every three years (2019)	every three years (2019)	every two years (2018)

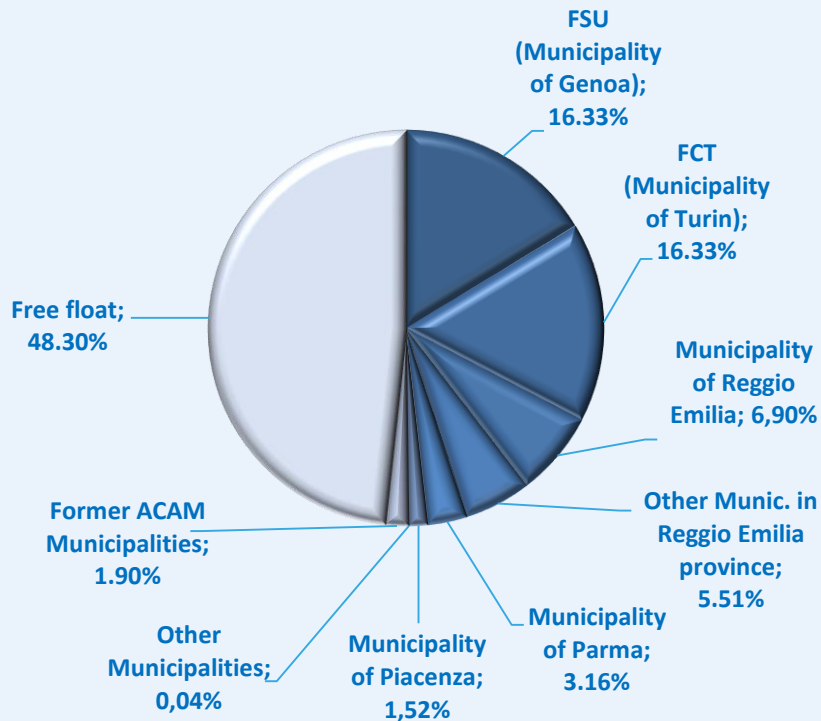
	2018	2019 - 2023
Gas distribution	6.1%	6.1%
Gas metering	6.6%	6.6%
Electricity distrib. and metering	5.6%	5.6%
	2018-2019	2020 - 2023
Integrated water service	5.32%	5.32%

■ Already defined values

■ Assumptions

	2017	2021	2023
PUN (€/MWh)	54	69	72
PSV (€/MWh)	19	25	26
ETS (€/Ton)	6	24	26
Clean spark spread - PSV (€/MWh)	6.0	5.5	6.5
Hydro Green Certificates (€/MWh)	107	86	84
Energy Efficiency Certificates (€)	250	225	225

SHAREHOLDING STRUCTURE



>50%

Public Shareholders

The majority of IREN's Shareholders are public entities: Municipality of Genoa ~16%, Municipality of Turin ~16%, Emilia Municipalities (Reggio Emilia, Parma, Piacenza and other minor Municipalities) ~17%, La Spezia Municipalities ~2%.

3

Shareholders Agreements

Three Shareholders' agreements:

- One between Emilia Shareholders (expiring May 2021)
- One between FSU (Municip. Of Genoa) and FCT (Municip. of Turin) – Expiring July 2021
- One between Emilia Shareholders, FSU, FCT and former ACAM Municipalities (expiring May 2021)

They guarantee that all the most important decisions relating to Corporate Governance are taken by agreement of all the public Shareholders. In particular, out of 13 members of IREN's BoDs, 11 are appointed by the members of the shareholders agreements, including the CEO, Chairman and Vice-Chairman which are unanimously appointed.

LSS

Loyalty Shares Scheme

The introduction of LSS in IREN's bylaws (May 2016) and the elimination of the obligation for Public shareholders to hold at least 51% of IREN's share capital, have already had the effect of increasing the free float (Public shareholders sold approximately 30 million shares in 2017/2018 plus the conversion of >80 million preferred shares into ordinary shares)

3%

Capital Increase
(1.1% residual after ACAM transaction)

In May 2016 the Shareholders' meeting authorized IREN's BoDs to proceed, within 3 years, with a possible 3% capital increase (39,470,897 shares) related to M&A operations. 24,705,700 of these shares have been issued to finalize the IREN/ACAM business combination (1.90% of IREN's share capital).

IREN SHAREHOLDING STRUCTURE				
Shareholders	Total Shares	%	Total Voting rights	%
FSU Municipality of Genoa	212,499,617	16.33%	424,999,233	21.54%
FCT Municipality of Turin	212,499,617	16.33%	424,999,234	21.54%
Municipality of Reggio Emilia	89,727,464	6.90%	179,454,928	9.09%
Other Municipalities of Reggio Emilia	71,724,802	5.51%	141,164,317	7.15%
Municipality of Parma	41,158,566	3.16%	82,317,132	4.17%
Municipality of Piacenza	19,759,547	1.52%	39,519,094	2.00%
Other Municipalities	534,070	0.04%	1,056,105	0.05%
Former ACAM Municipalities (La Spezia)	24,705,700	1.90%	24,705,700	1.25%
Shares/voting rights owned by public entities	672,609,383	51.70%	1,318,215,743	66.80%
Free float	628,321,994	48.30%	655,196,632	33.20%
IREN's Share capital	1,300,931,377	100%	1,973,412,375	100%

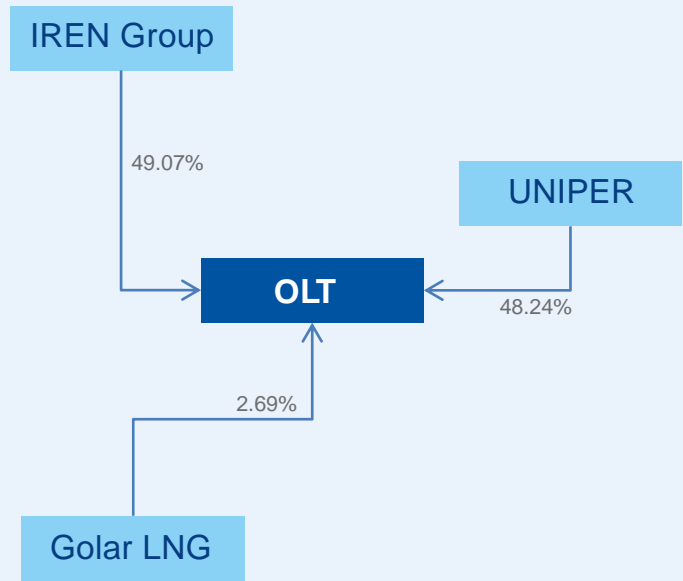
On the 1st June 2018, the "loyalty share scheme" came into force. All the Shareholders that have kept IREN shares for at least two years and have been registered in the proper list have now a double voting right for each shares (only in relation to specific matters, such as the appointment of the Board of Directors and of the Board of Statutory Auditors).

TRADE REGIME OF PUBLIC SHAREHOLDERS' SHARES				
Shareholders	Total Shares	Non-negotiable shares (until may 2022)	Negotiable shares (under specific policy to avoid overhang risk)	Freely negotiable shares (not included in the shareholders agreement)
FSU Municipality of Genoa	212,499,617	179,567,786	32,931,831	-
FCT Municipality of Turin	212,499,617	179,567,787	32,931,830	-
Municipality of Reggio Emilia	89,727,464	67,771,406	21,956,058	-
Other Municipalities of Reggio Emilia	71,724,802	52,640,651	16,844,064	2,240,087
Municipality of Parma	41,158,566	16,323,853	2,993,713	21,841,000
Municipality of Piacenza	19,759,547	14,256,443	5,503,104	-
Other Municipalities	534,070	362,345	165,261	6,464
Former ACAM Municipalities	24,705,700	20,722,977	-	3,982,723
Shares owned by public entities	672,609,383	531,213,248	113,325,861	28,070,274

141,396,135 negotiable shares equal to 10.9% of IREN's share capital

- IREN's stake in OLT is formed of 28m€ equity interest and a 411,5 m€ loan (HY 2018 value). 27,5 m€ loans have been refunded by OLT in first half 2018.
- The OLT Terminal has been recognised by the Italian Government as a national strategic asset; as a result OLT is entitled to the Guarantee Factor, a minimum level of revenues granted, equal to approximately 90-95 m€ per year.
- Gross RAB is approximately 900m€. The ordinary capital remuneration is set at 6.6% plus an additional remuneration of 3%.
- ARERA resolution n. 548/2017 published in July 2017 recognized the inclusion of additional remuneration for Guarantee Factor equal to 2% (floor) with the further 1% based on regasification terminal use.
- The inclusion of additional remuneration recognized by ARERA in Guarantee Factor implies, starting from 2019, the substantial break-even result for OLT.

OLT SHAREHOLDING STRUCTURE



The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act (Legislative Decree No 58/1998), that the accounting information contained in this presentation is consistent with the accounting documents, records and books.

This document was prepared by IREN mainly for use during meetings with investors and financial analysts.

This document does not constitute an offer to sell or a solicitation to buy or subscribe shares and neither this entire document or any portion of it may constitute a basis or provide a reference for any contract or commitment.

Some of the information contained in this document may contain projected data or estimates that are based on current expectations and on opinions developed by IREN and are based on current plans, estimates, projections and projects. Consequently, it is recommended that they be viewed as indicative only.

Projected data and estimates entail risks and uncertainties. There are a number of factors that could produce significant differences between projected results and actual results. In addition, results may be affected by trends that are often difficult to anticipate, are generally beyond IREN's control and could produce results and developments that are substantially different from those explicitly or implicitly described or computed in the abovementioned projected data and estimates. The non-exhaustive list that follows being provided merely by way of example, these risks include: significant changes in the global business scenario, fluctuations in the prices of certain commodities, changes in the market's competitive conditions and changes in the general regulatory framework.

Notice is also given that projected data are valid only on the date they are produced. Except for those cases in which the applicable statutes require otherwise, IREN assumes no obligation to provide updates of the abovementioned estimates and projected data.