



13th of November 2014

2014 – 9M Results

Key facts of the period.

○ Extremely mild winter season.

○ Extraordinary operations (AES de-merger, PTO on Società Acque Potabili, further stake acquisition in TRM and Tecnoborgo).

○ Application of the New IFRS 11: OLT, Società Acque Potabili, AES Torino, Iren Rinnovabili consolidated using the equity method.

○ Partial expiry of green certificates subsidy on the co-generative district heating production.

} 1H 2014

○ **300m€ public bond issue in July.**

○ **Revenues guarantee factor granted to OLT LNG.**

} Q3 2014

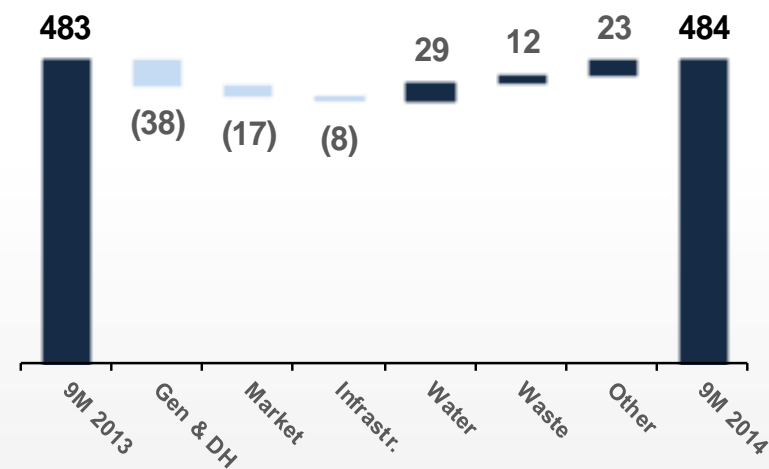
○ **Approval of the merger between SAP and Sviluppo Idrico.**

Recovery in operating results compared to 1H 2014.

Income statement

	m€	9M '13 ¹	9M '14 ¹	Δ	Δ%
Revenues		2,417	2,071	-345.2	-14.3%
Ebitda		483	484	1.5	0.3%
<i>Ebitda margin</i>		20.0%	23.4%		
Ebit		274	283	8.2	3.0%
Net profit		99	89	-10.6	-10.7%

Ebitda Bridge



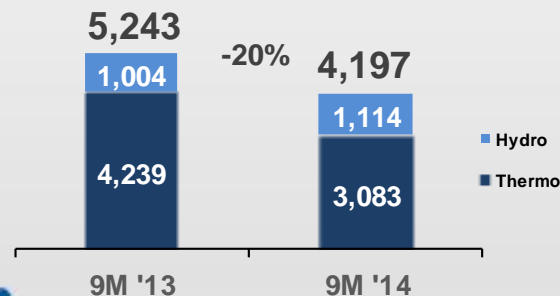
- **Revenues down by 14.3%:** extraordinary climate conditions and persistent economic slowdown already reported.
- **Ebitda:** Increase in profitability thanks to positive performances in regulated sectors and sale of the residual Real Estate funds quota (which together offset a fall in unregulated activities). Relevant impact of synergies/cost-cutting.
- **Ebit +3.0%:** Provisions release offsetting higher D&A.
- **Net profit -10.7%:** Strong improvement compared to 1H 2014, reflecting better operating performances and lower taxes.

GENERATION AND DH – 3Q 2014 performance in line with 3Q 2013.

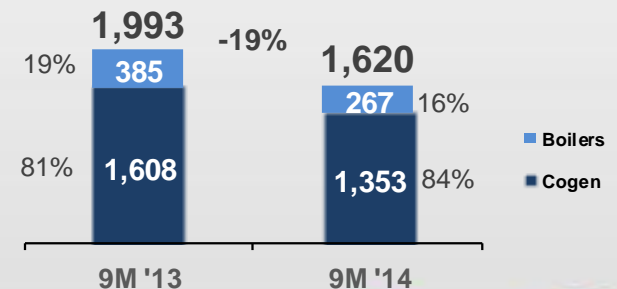
- **Cogen/Thermoelectric production sector: a 20% drop both in volumes (mainly climate effect) and electricity price** partially offset by positive **non-recurrent items** and sales to end clients.
- **Hydroelectric sector: +10% volumes** thanks mainly to the contribution of Tusciano hydroelectric plant. Basin levels in line compared to 30th September 2013.
- **District heating sector: the extraordinary mild temperatures** reported in 1H 2014 (plus GCs partial expiry and new CCI regulatory framework) affected the sector's production and margins.

	m€	9M '13	9M '14	Δ	Δ%
Revenues		708	572	-136	-19%
Ebitda		179	141	-38	-21%
Ebit		123	81	-42	-34%
Gross Capex		28	52	24	84%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET – Stable results compared to 1H 2014.

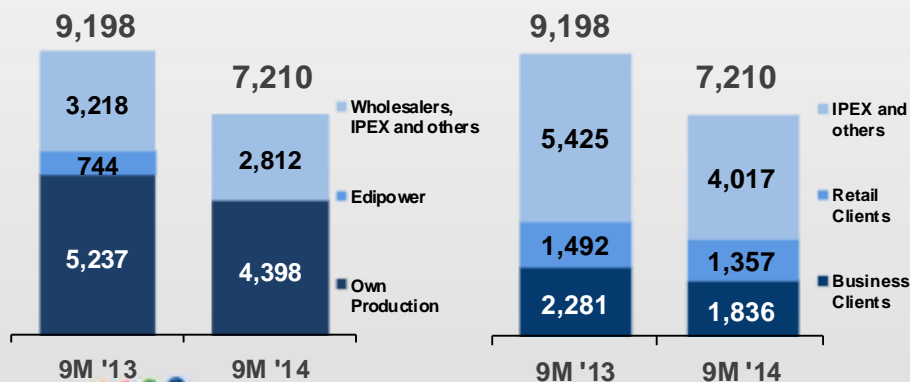
- **Gas Sales** affected by the new reg. framework (CCI) and by the extreme mild winter season (-15% volumes sold to end clients)
- **Electricity sales:** benefitted from the expiry of Edipower tolling agreement.

	m€	9M '13	9M '14	Δ	Δ%
Revenues		2,204	1,654	-550	-25%
Ebitda		73	56	-17	-23%
	<i>Electricity</i>	-1	16	17	<i>n.r.</i>
	<i>Gas&Heat</i>	74	40	-34	-46%
Ebit		28	28	0	-2%
Gross Capex		6	7	2	27%

ELECTRICITY PORTFOLIO (GWh)

Sources*

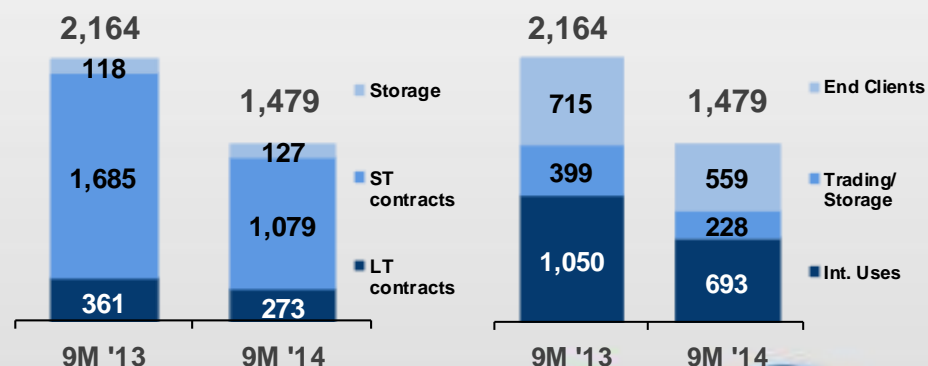
Uses*



GAS PORTFOLIO (MCM)

Sources

Uses



DISTRIBUTION – Efficiency and extraordinary items.

ENERGY INFRASTRUCTURE

- **Electricity networks: lower margin linked to the absence of 2013 positive extraordinary items and fewer services to end clients already reported in the 1H 2014.**
- **Gas networks:** Positive results linked to reduction in expenses and the economic recognition of the efforts in achieving compulsory energy efficiency targets.

	m€	9M '13	9M '14	Δ	Δ%
Revenues		238	241	3	1%
Ebitda		115	107	-8	-7%
	<i>Electricity</i>	61	52	-9	-16%
	<i>Gas</i>	54	55	1	3%
Ebit		81	75	-6	-8%
Gross Capex		34	43	9	28%
<i>El. distr. (GWh)</i>		3,134	2,880		
<i>Gas distr. (mcm)</i>		939	730		

WATER

- **The favorable trend in Revenues and Ebitda continues thanks mainly to:**
 - Tariff growth (in compliance with the new Tariff Method) and 2012-2013 balance.
 - The absence of negative non-recurrent item reported in 2013 (“Water referendum”).
 - The granting of higher volumes of energy efficiency certificates thanks to the implementation of energy efficiency projects.

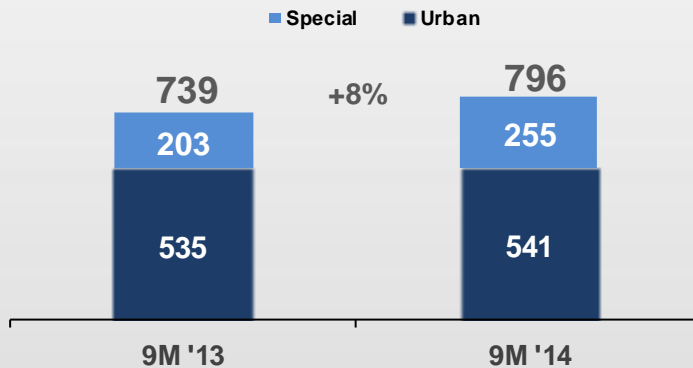
	m€	9M '13	9M '14	Δ	Δ%
Revenues		311	334	23	7%
Ebitda		89	118	29	33%
Ebit		39	66	27	69%
Gross Capex		45	48	3	7%
<i>Volume sold (mcm)</i>		113	108		

WASTE – Steady growth in the sector.

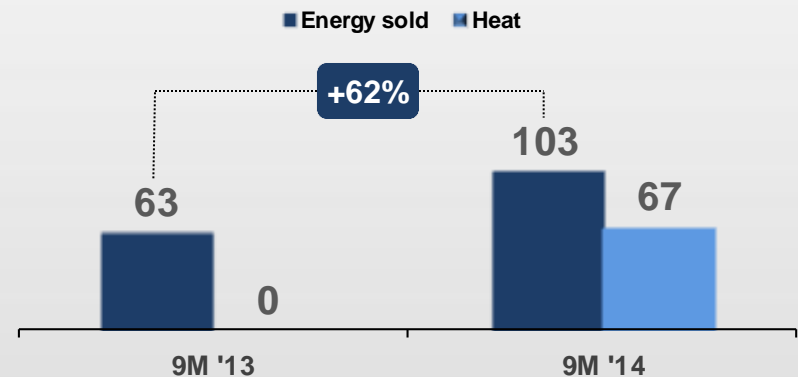
- **Higher revenues and EBITDA linked to an improvement in all the sub-sectors** (higher electricity and heat production volumes, rationalization in tariff for waste collection and disposal, strong increase in special waste collection +25%, and cost savings).
- Sorted waste percentage higher than 63% (up from 61% reported in 9M 2013).

	m€	9M '13	9M '14	Δ	Δ%
Revenues		158	169	11	7%
Ebitda		27	39	12	47%
Ebit		8	15	7	96%
Gross Capex		37	14	-22	-60%

Waste (Kton)



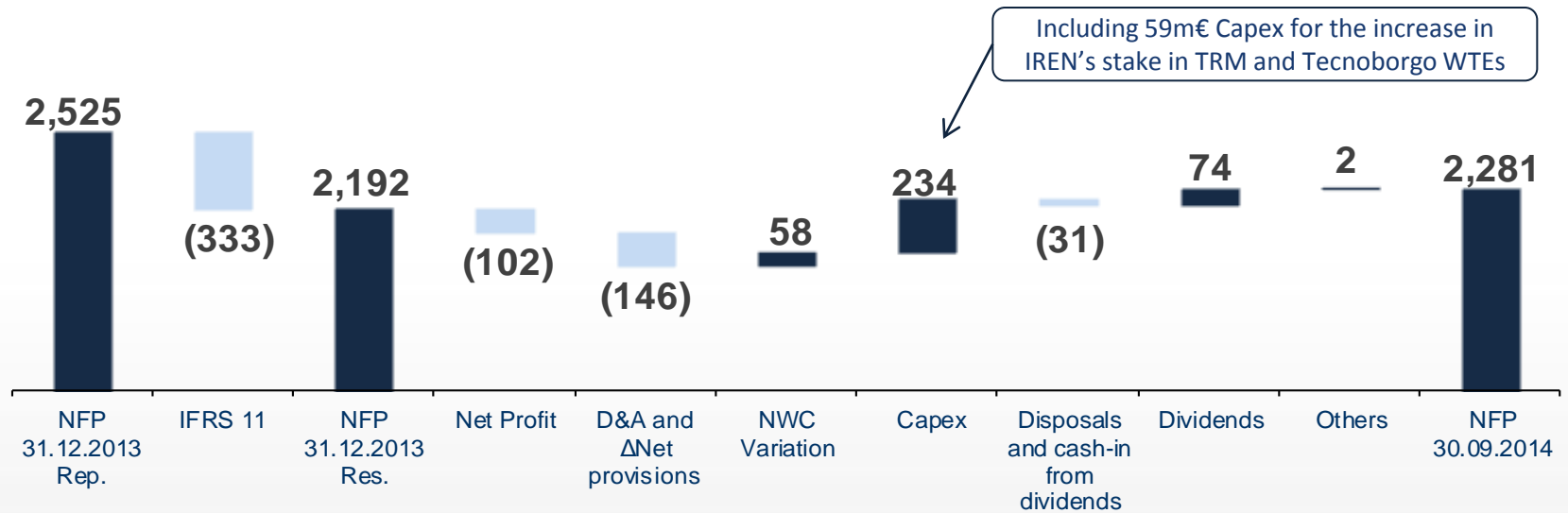
WTEs - Energy and Heat production (GWh-GWht)



From EBITDA to Net Profit.

	9M '13	9M '14	Δ%	
EBITDA	482.8	484.3	0.3%	
	<i>D&A</i>	<i>-152.6</i>	<i>-179.7</i>	Higher D&A related mainly to the Tusciano and Turbigo plants offset by risk provisions release and lower provisions.
	<i>Provisions</i>	<i>-55.7</i>	<i>-21.9</i>	
EBIT	274.5	282.7	3.0%	
	<i>Financial charges</i>	<i>-66.1</i>	<i>-76.7</i>	The negative results in C.C.E.M. is attributable mainly to OLT. Absence of 2013 negative effect in adj. in participations.
	<i>Companies consolidated with e.m.</i>	<i>8.9</i>	<i>-12.2</i>	
	<i>Adjustments in participations</i>	<i>-10.0</i>	<i>0.0</i>	
EBT	207.2	193.8	-6.5%	
	<i>Taxes</i>	<i>-99.2</i>	<i>-91.7</i>	Stable tax-rate.
	<i>Minorities</i>	<i>-8.6</i>	<i>-13.4</i>	
Group net profit	99.4	88.8	-10.7%	

Cash-flow and NFP Bridge.

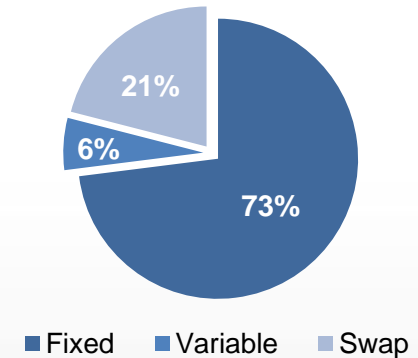


- More than 60% of the growth in NFP (approximately +60m€), is linked to non-operating capex, including the cash-out for the acquisition of further stake in TRM and Tecnoborgo S.p.A., (companies managing respectively Turin and Piacenza's WTEs)

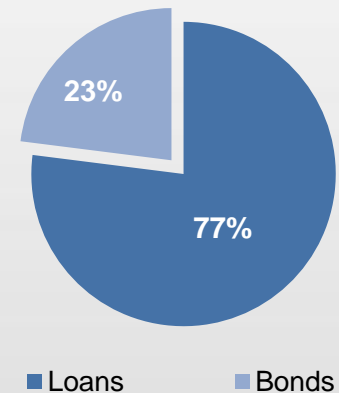
Interest rate and debt structure.

- 6% of net debt at variable interest rate.
- Average long-term debt duration of about 5.1 years.
- Slight reduction in cost of debt (3.8% compared to 3.9 in 1H 2014 and FY 2013)
- Strong increase in percentage of IREN's Debt funded through bonds: 23% compared to 13% reported in 1H 2014 thanks to the 300m€ bond issue in July.

Interest rate*



Debt structure





Annexes



Market Scenario.

	9M '13	9M '14	$\Delta\%$
Brent <i>USD/bbl</i>	108.5	106.5	-1.3%
USD/€	1.32	1.36	+2.9%
Brent <i>€/bbl</i>	82.3	78.6	-4.5%
Gas Demand (<i>bcm</i>)	49.5	43.6	-11.9%
PSV <i>€/000 scm</i>	294	237	-19.5%
Energy Demand (<i>Twh</i>)	239	232	-3.0%
PUN (<i>€/Mwh</i>)	62.3	49.8	-20.0%
CO ² <i>€/Ton</i>	4.4	5.7	+30.1%
Green Cert. Hydro (<i>€/Mwh</i>)	81.9	98.0	+19.7%

- The exceptional climatic conditions experienced in the first six months of the year affected gas demand (-12%)
 - PUN reached its lowest level ever.

Balance Sheet*

	FY '13	9M '14
<i>Net fixed assets</i>	4,526	4,537
<i>Net Working Capital</i>	151	210
<i>Funds</i>	-474	-445
<i>Other assets and liabilities</i>	-12	-25
Net invested capital	4,191	4,277
<i>Group Shareholders' equity</i>	1,999	1,996
<i>Net Financial Position</i>	2,192	2,281
Total Funds	4,191	4,277

DISCLAIMER

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.

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