



8th March 2018

2017 – FY Results

Abstract

3 YEARS GROWTH

- The FY 2017 Results are a further step along a growth path, started 3 years ago, leading the Company to strong achievements:
 - Ebitda up by 200 mil. (cagr>10%);
 - Nfp/Ebitda from 3.7x to 2.9x;
 - Net Profit more than tripled;
 - DPS cagr 10%;

PILLARS

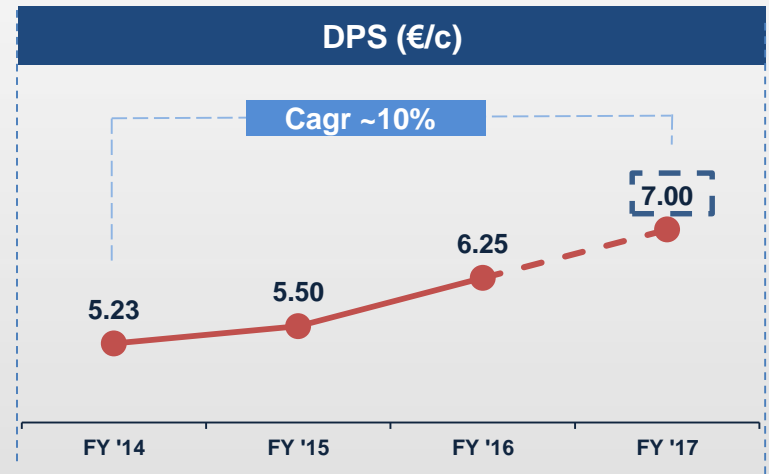
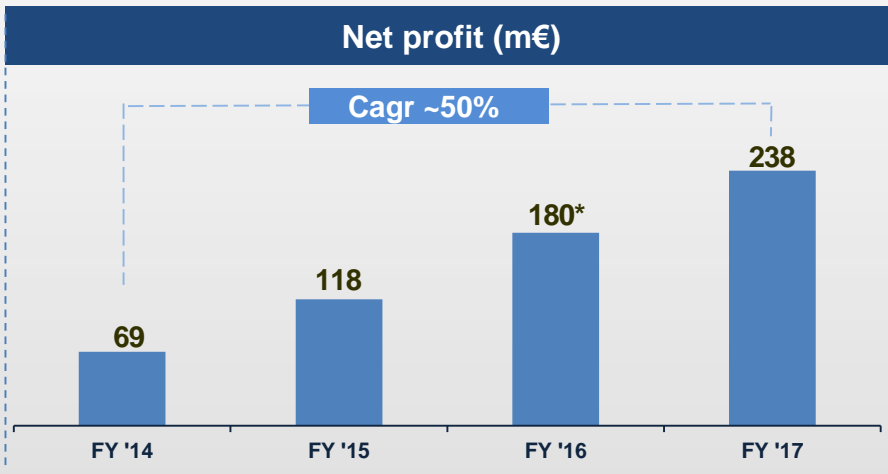
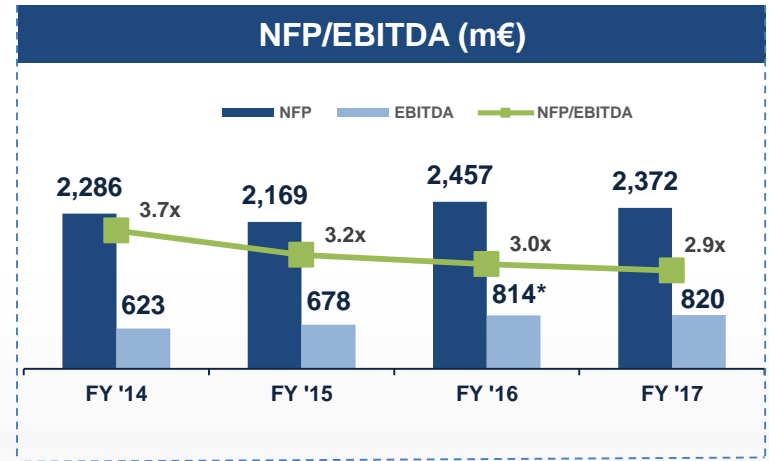
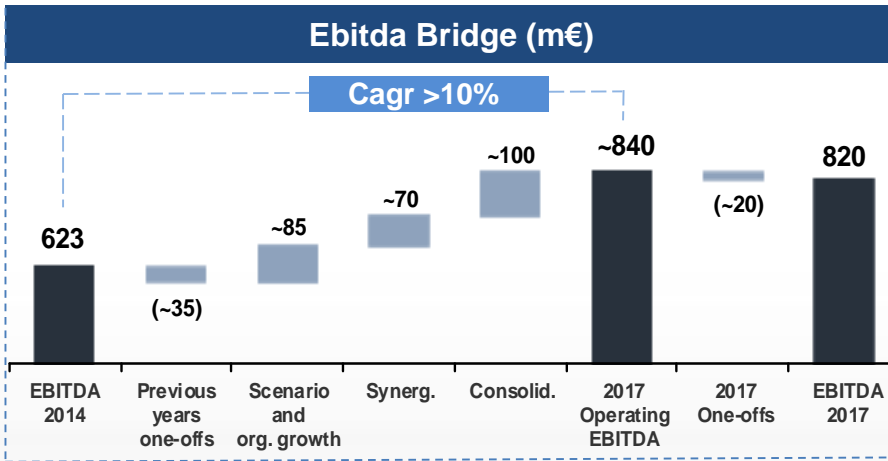
- From the industrial standpoint the Company has strengthened its positioning in all the activities thanks to a continuous results in:
 - Company rationalization; processes improvement; focus on knowledge
 - Organic growth supported by a strong investments' plan;
 - Consolidation activities through several M&A transactions;

FY 2017

- All these elements are also the drivers underpinning the FY 2017 results confirming the effectiveness of the Group strategy



FY 2017 results confirm 3 years of constant growth and financial improvement



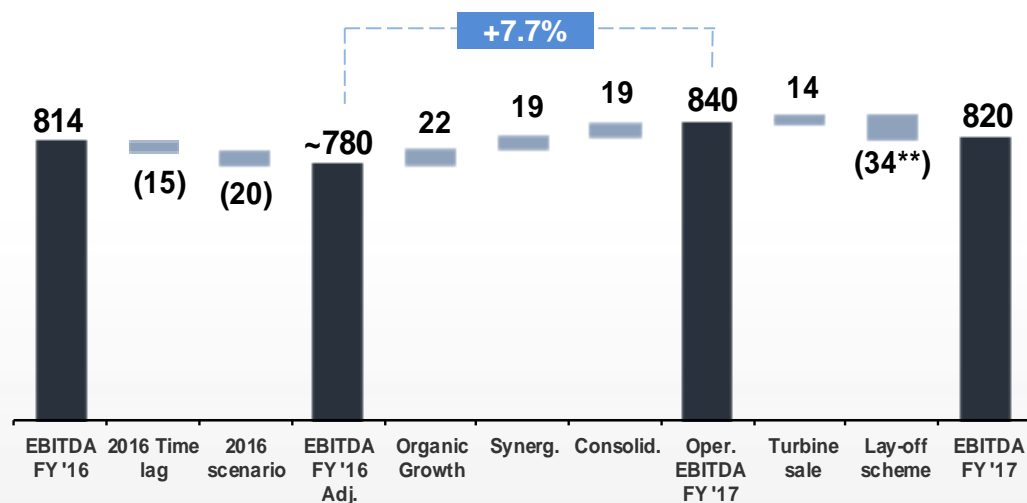
*Restated ex IFRS 3

FY 2017: EBITDA guidance confirmed

KPIs

	m€	FY '16*	FY '17	Δ	Δ%
Revenues		3,283	3,697	414	12.6%
Ebitda		814	820	6	0.7%
Ebit		427	420	-7	-1.5%
Net profit		180	238	58	32.2%
Tech. Capex		270	357	87	32.3%

Ebitda Bridge



- **Revenues +12.6%:** Growth in revenues linked mainly to higher commodity prices (PUN +26.2%).
- **Ebitda +0.7%:** The growth in Networks and the Waste sector offset both the expected worse scenario in the energy value chain and the negative impact deriving from the net balance of the capital gain from the sale of a gas turbine and the costs of the new lay-off scheme. In terms of operating EBITDA, the increase would have been higher than 7% if one-offs were excluded.
- **Ebit -1.5%:** mainly because of higher D&A linked to the change in the scope of consolidation.
- **Net profit +32.2:** Several items affected the growth in net profit: a significant decrease in financial charges, a lower tax rate and the assimilation of OLT's positive results. Dividend proposal 7€/c per share.
- **Tech. Capex +32.3%:** Strong increase, in particular in network-based business, in line with plans.

GENERATION AND DH – Positive results confirming the growth trend

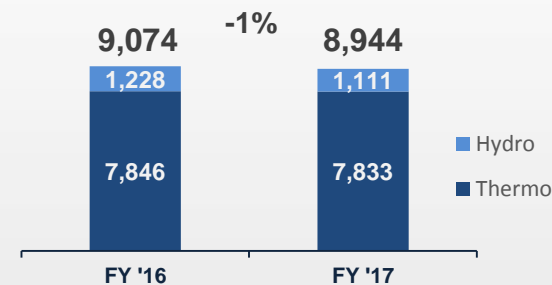
- The growth reported in EBITDA is linked to an active management of the generation plant portfolio which again proved its resilience.
- **Generation sector's** increase is linked mainly to better results in ancillary services and the sale of a turbine (+14m€) which offset the lower volumes produced by the Turbigio plants as a result of extraordinary maintenance in Q4.
- **Hydroelectric sector's** 10% lower production (due mainly to run-of-the-river plants) was more than offset by higher PUN.
- **Heat sector:** Continuous growth in the volumes heated, positively affecting the heat production trend.

	m€	FY '16	FY '17	Δ	Δ%
Revenues		908	1,104	196	22%
Ebitda		234	255*	21	9%
Ebit		104	138	34	34%

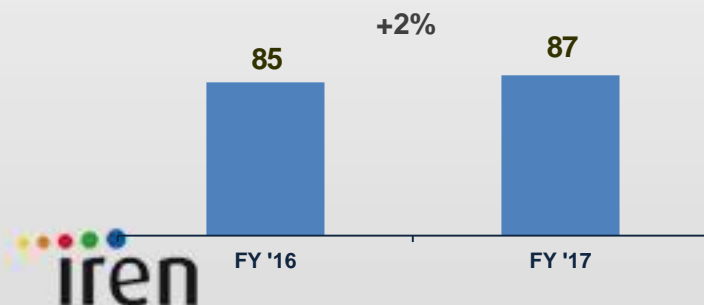
Gross Capex 60 56 -4 -7%

**Excluding 14m€ capital gains from the turbine sale, the increase in margin would have been 7m€.*

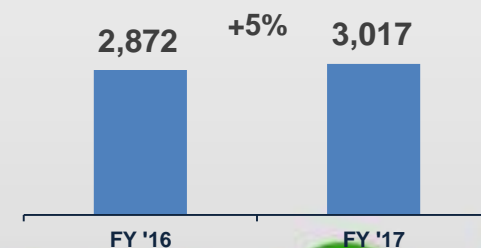
ELECTRICITY PRODUCTION (GWh)



DH VOLUMES HEATED (MCM)



HEAT PRODUCTION (GWht)



MARKET – Significant growth in the client base and volumes sold were more than offset by the negative scenario

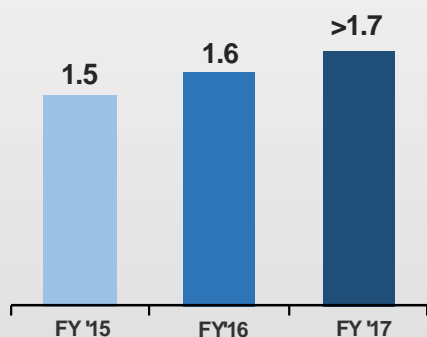
The overall negative scenario reported in the first nine months worsened further (as expected, the extraordinary conditions experienced in 2016 did not materialize in 2017). This trend was partially offset by:

- Active client management (**10 new downstream initiatives launched** in 18 months) and client-base growth: **+100K Clients; +29% electricity volumes sold to end clients.**
- Significant growth in the gas sector, thanks also to the utilization of stored gas bought during 2016 summer season.

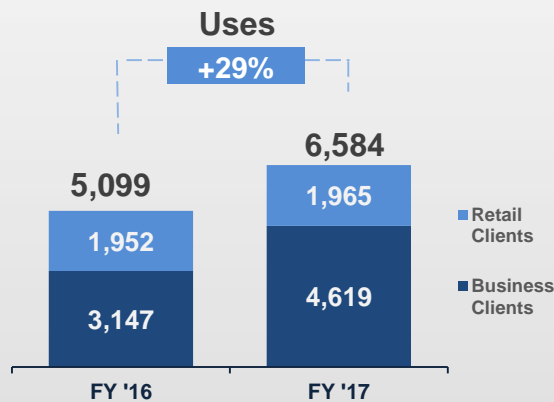
	m€	FY '16	FY '17	Δ	Δ%
Revenues		2,187	2,418	231	11%
Ebitda		135*	111	-24	-18%
	<i>Electricity</i>	52	20	-32	-62%
	<i>Gas&Heat</i>	83	91	8	10%
Ebit		79	69	-10	-13%
Gross Capex		16	20	4	26%

*Excluding non-recurring 20m€ deriving from 2016, the EBITDA would have been substantially stable.

ENERGY CLIENTS (million)

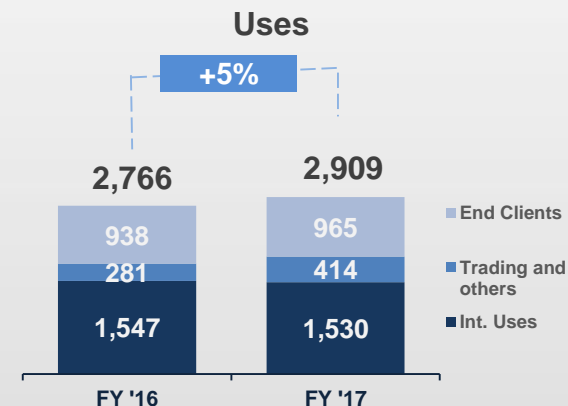


ELECTRICITY PORTFOLIO* (GWh)



*net of IpeX, wholesalers and other

GAS PORTFOLIO (MCM)

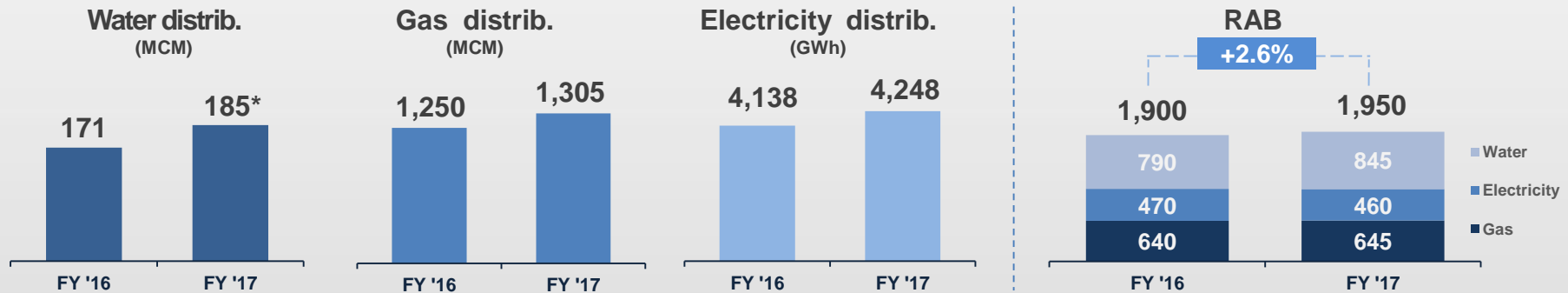


NETWORKS – Synergies, consolidation and an increase in RAB/Capex characterized the sector.

- **Energy networks:** The absence of the «time-lag» effects reported in Q4 2016 (electricity sector) has been more than offset by synergies achieved, a better than expected white certificates purchase policy for 2016 requirements (gas sector) and by higher revenues for the electronic meters replacement (gas sector).
- **Water networks:** the increase in EBITDA is linked mainly to the change in the scope of consolidation (Atena and SAP), allowing for higher revenues and synergies.
- **Increase in RAB (+2.6%)** thanks to a wider scope of consolidation and to significantly higher investments (+39%) in line with the BP strategy

	m€	FY '16	FY '17	Δ	Δ%
Revenues		854	937	83	10%
Ebitda		319*	336	17	5%
	Electricity	83	76	-7	-8%
	Gas	73	87	14	19%
	Water	163	173	10	6%
Ebit		183	179	-4	-2%
Gross Capex		149	207	58	39%

**Excluding 15m€ deriving from the “time lag”, the increase would have been higher and the electricity sector performance would have been positive*

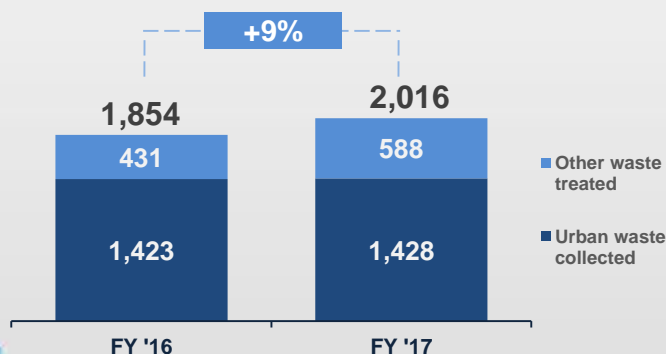


WASTE – Higher saturation and better scenario.

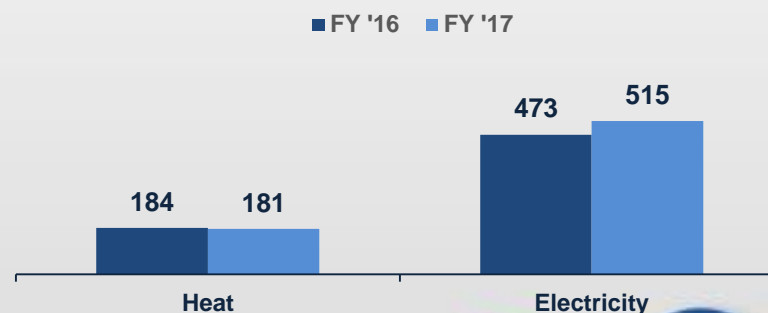
- **Significant contribution from WTEs**, (in particular from TRM) thanks to the full utilization of the plants, allowing for higher electricity and green certificates production.
- **Contribution from special waste (+36% in terms of volumes)**, part of which have been treated in REI, the new landfill in Collegno (Turin) for special waste which came on stream in May/June of this year (+4m€).

	m€	FY '16	FY '17	Δ	Δ%
Revenues		502	551	49	10%
Ebitda		120	149	29	24%
Ebit		53	67	14	27%
Gross Capex		23	27	4	17%

Waste (Kton)



WTEs - Electricity and Heat sold (GWh)

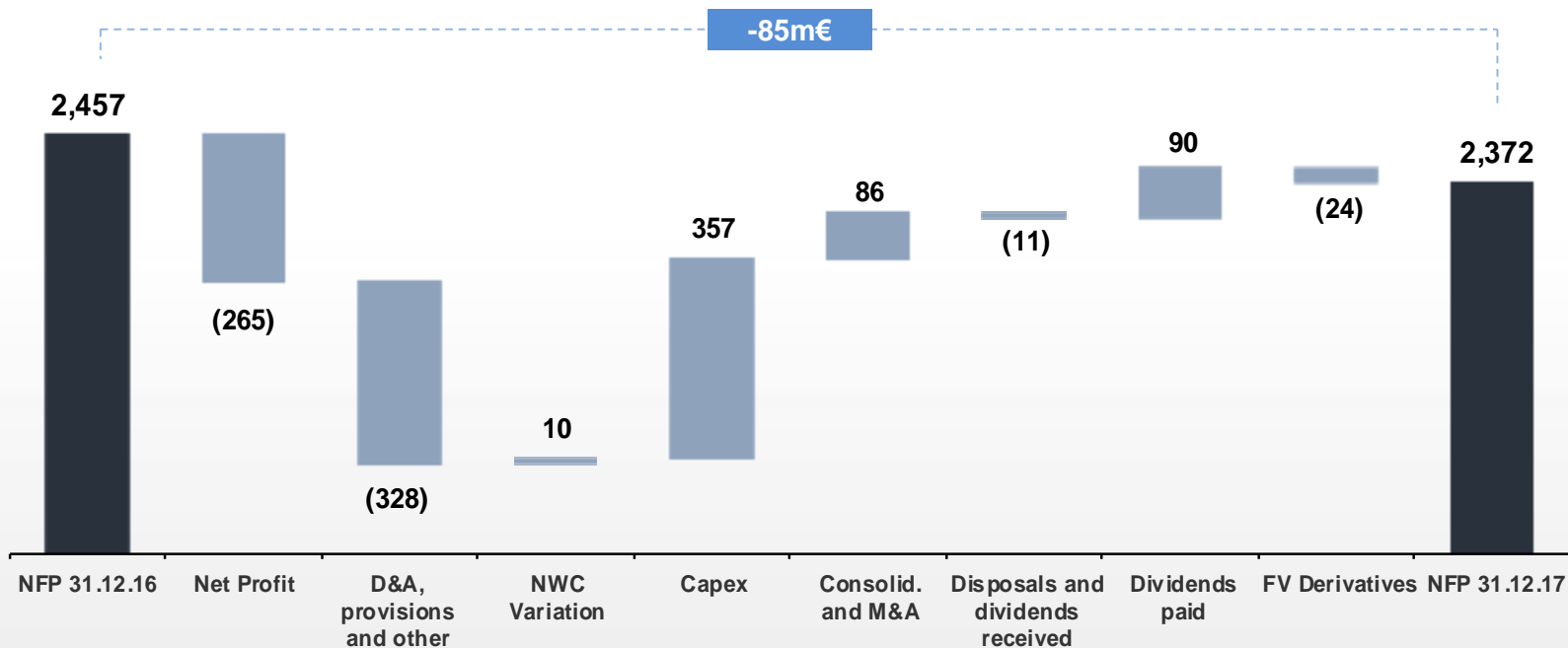


From EBITDA to Net Profit.

	FY '16*	FY '17	Δ	Δ%
EBITDA	814.2	820.2	6.0	0.7%
<i>D&A</i>	-304.6	-321.9		
<i>Provisions</i>	-82.9	-78.0		
EBIT	426.6	420.3	-6.3	-1.5%
<i>Financial charges</i>	-93.0	-79.4		
<i>Other financial costs</i>	-43.9	-3.0		
<i>Companies cons with e.m. and adj.</i>	19.4	31.2		
EBT	309.2	369.1	59.9	19.4%
<i>Taxes</i>	-118.1	-104.4		
<i>Minorities</i>	-11.2	-27.0		
Group net profit	179.9	237.7	57.8	32.2%

- **Higher D&A** linked mainly to ATENA/SAP consolidation and to the higher capex trend.
- **Provisions in line with expectations** (reduction in BDP thanks to Clients' improved credit rating)
- **Lower financial charges** thanks mainly to lower cost of debt and lower stock of debt
- **Lower other financial costs** due to lower liability management costs, the FV of derivatives and lower actualization charges.
- Higher contribution from companies consolidated with equity method mainly related to **OLT results (~15m€ non-recurring)**
- **Lower tax-rate** thanks to structural decrease in IRES and a number of non-taxable positive elements (ordinary tax rate 31%-32%).
- **Higher minorities** due to better results in our subsidiaries (TRM, IREN Acqua etc.)

Cash-flow and NFP Bridge.

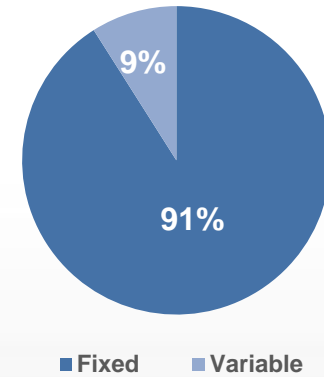


- Continuous debt reduction (-85m€) thanks to:
 - the robust operating cash-flow generation
 - a stable NWC in spite of a +414m€ in revenues
- Further company rationalization: expiry of the «IREN Rinnovabili» shareholders agreement and subsequent inclusion of the Company in IREN's consolidation perimeter.

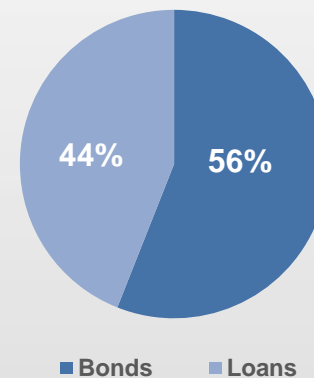
Interest rate and debt structure.

- >90% of gross debt at fixed interest rate.
- Average long-term debt duration of about 5.9 years (5.1 years at the end of 2016).
- Constant reduction in cost of debt (3.1% vs. 3.4% in FY 2016)
- IREN's debt is formed of:
 - 56% Bonds
 - 32% EIB loans
 - 12% other loans

Gross debt interest rate



Debt structure



Closing remarks

Effective full implementation of the strategic pillars has already led and will continue to lead the achievement of the business plan targets

- **Development** through a significant growth in investments (+32%) and in RAB (+2.6%)

- **Financial flexibility** target reached (NFP/EBITDA ratio <3x) making resources available for further territorial consolidation initiatives

- **M&A** activity gaining momentum (the acquisition of 100% of ACAM will be completed by May 2018)

- **Acceleration of generational turnover** thanks to the new lay-off scheme involving approximately 450 people

- **DPS** at 7€/c +12% against previous year. It will be the starting point for the 10% expected increase per year during the business plan time-frame.



Annexes



IREN at a glance

2017 data



>7 million

Inhabitants in
IREN's reference
areas

CUSTOMERS:

- >1.7M in the energy sector
- ~2.7M served inhabitants in the water service
- ~2.1M served inhabitants in the waste sector
- ~1.0M served inhabitants in district heating
- >3.5 services provided per clients

REGULATED ACTIVITIES (45% OF EBITDA)

● ENERGY INFRASTRUCTURE

- . Electricity distribution: 7,700km covered
- . Gas distribution: 8,000km covered

● WATER SERVICE

- . ~19,000km of water pipes
- . 185 mcm distributed volumes

● URBAN WASTE COLLECTION

- . 147 municipalities covered
- . 1.4m tons of Municipal waste collected
- . >60% of sorted waste
(vs. national avg. 52.5%)

QUASI REGULATED ACTIVITIES (28% OF EBITDA)

● HYDROELECTRIC GREEN CERT.

- . 560 GWh GCs produced through hydro generation

● DISTRICT HEATING

- . >900km of pipes and 870,000 inhabitants covered
- . 87mcm of district heated volumes
- . 3.0 Twht volumes produced

● URBAN WASTE DISPOSAL

- . 3 Waste To Energy plants (>800Kton/y)

UNREGULATED ACTIVITIES (27% 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 Turbigo plant
(the only thermoelectric plant running on merchant base)

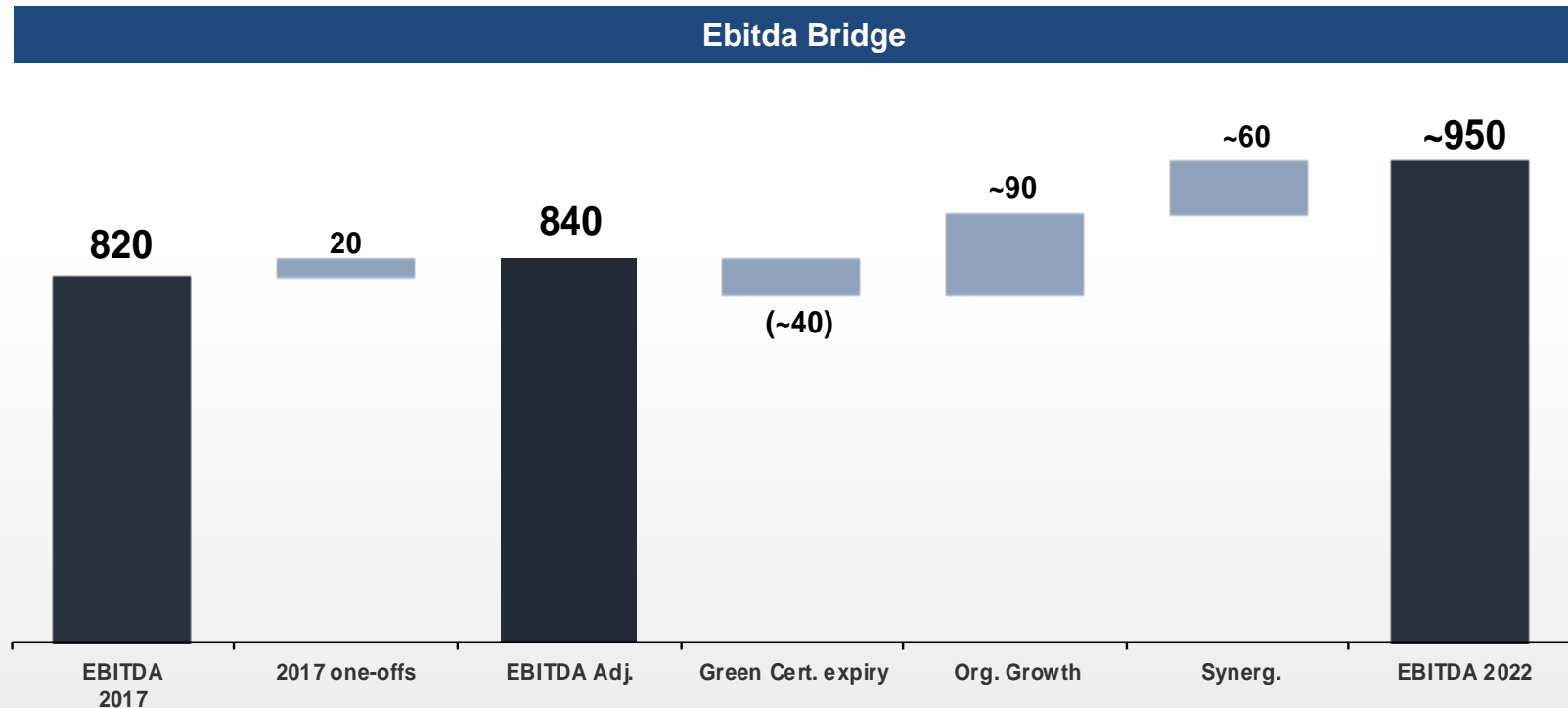
● ENERGY MARKET

- . ~10.0 TWh electricity uses; ~2.9 bcm gas uses

● SPECIAL WASTE

- . ~590K tons of special waste collected

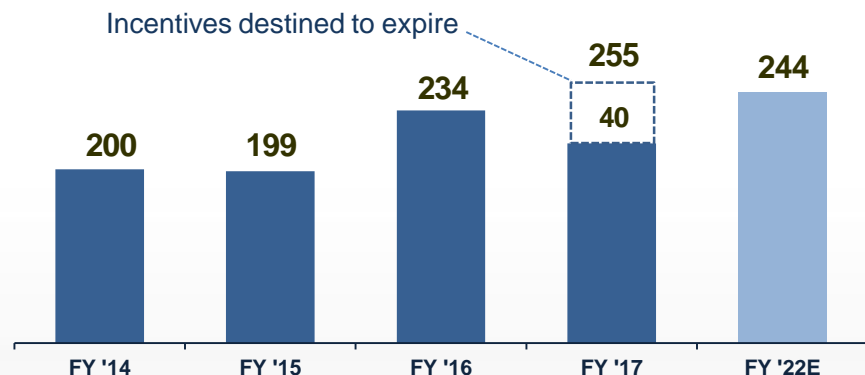
Actual progress vs. business plan targets.



- The results reported at the end of 2017 are in line with expectations
- The completion of the ACAM business combination, expected by the end of May 2018, will generate approximately 30 million euros EBITDA (by 2022).

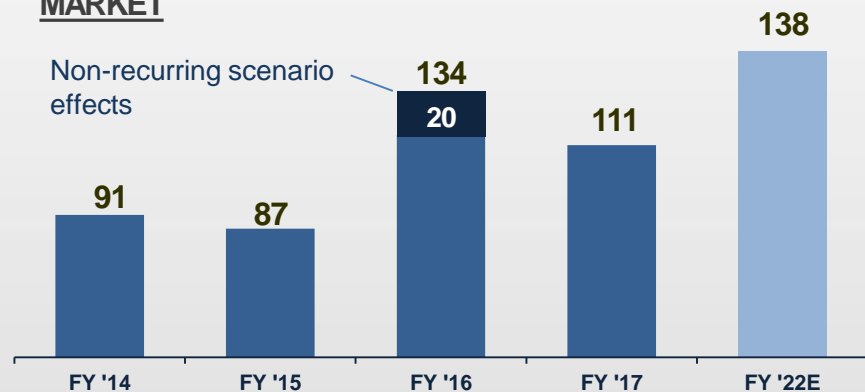
EBITDA progress by SBU

GENERATION AND DH



- Full utilization of existing heat production sources (Plants/WTEs) thanks to the increase in volumes heated (+10mcm).
- Additional volumes heated could come from a number of opportunities not included in the BP figures.
- Increase in IREN's generation fleet flexibility, in order to be more competitive in ancillary services (neutral impact of capacity market expected).

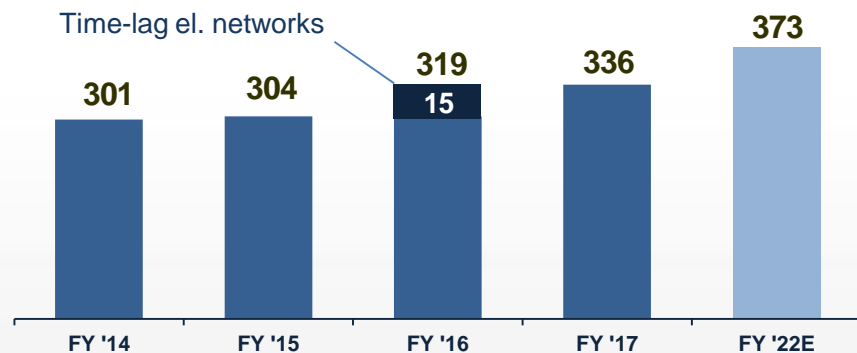
MARKET



- Full deployment of the “New Downstream” project: +22% increase in client base, keeping the churn rate as one of the lowest in the sector.
- Selective focus on Business Clients (S/M size companies and PA).
- Shift from being a commodities provider to an expert in high value added services.
- Digitalization will be one of the drivers of the reduction in cost-to-serve (50% of operations will be digitally carried out by 2022).

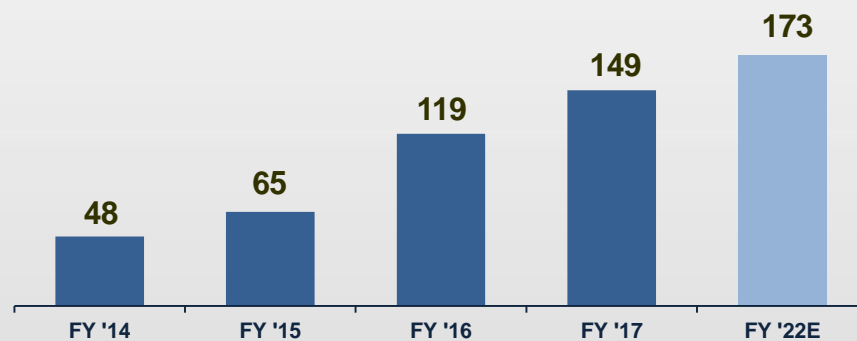
EBITDA progress by SBU

NETWORKS



- ~500m€ increase in RAB (+240m€ compared to the previous BP) thanks to higher investments.
- Additional ~150m€ RAB in water sector coming from ACAM business combination (by the end of May 2018).
- Maintaining all the gas and water concessions in which IREN is incumbent.
- Possible participation in tenders related to ATEMs in IREN's reference areas (not included in the business plan figures).
- Continuous improvement in asset/workforce management system, exploiting further synergies.

WASTE



- Significant increase in waste treatment capacity, starting from 2020 (plastic, organic fraction and paper) and consequently in profitability, also from special waste.
- Self-sufficiency in completing the entire waste cycle thanks to IREN's 3 WTEs which will be fully connected to DH networks.
- Confirming all the concessions currently owned. Possible participation in tenders within reference areas in which IREN is not incumbent (not included in BP figures).

Lay-off scheme

- IREN has launched a new lay-off scheme involving approximately 450 people (rather higher than originally forecast)
- The main objective of the new initiative is to further promote generational turnover, in line with the aim of doubling IREN workers <30y.o. by 2020
- The motivation, mind-set and knowledge of young talent will be essential in pursuing the challenging development targets set in the latest business plan
- The 2017 provision for the operation was approximately 34 million euros and it will be self-financed by the initiative itself.

Networks and waste concessions

GAS TENDERS			WASTE CONCESSIONS			WATER CONCESSIONS			ELECTR. CONCESSIONS		
ATEM	Expiry	Start	AREA	Expiry	Start	AREA	Expiry	Start	AREA	Expiry	Start
Genova 1	Expired	2018	Parma	Expired	On-going	Piacenza	Expired	2018	Torino	2030	
Parma	Expired	2018	Piacenza	Expired	On-going	Reggio Emilia	Expired	2018	Parma	2030	
Reggio Emilia	Expired	2018	Reggio Emilia	Expired	2018	Genova	>2030		Vercelli 1	2030	
Vercelli	Expired	2019	Torino	>2030		Parma	2025				
Piacenza 2 - Est	Expired	2019	Vercelli 1	2028		Vercelli 1	2023				
			Vercelli 2	2019							

ACAM waste concession will expire in 2028

ACAM water concession will expire in 2033

Regulated business wacc assumptions

	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)

	2017 - 2018	2019 - 2022	
Gas distribution	6.1%	5.9%	
Gas metering	6.6%	6.4%	
Electricity distrib. and metering	5.6%	5.6%	
	2017	2018 - 2019	2020 - 2022
Integrated water service	5.39%*	5.31%**	5.39%

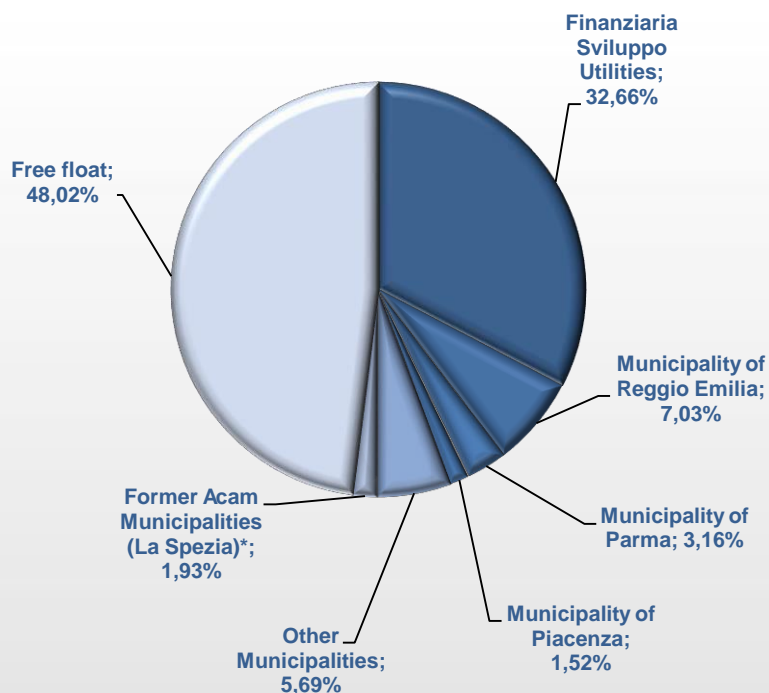
■ Already defined values

■ Assumptions

- Water, Gas, and Electricity distribution regulation is defined by ARERA (Independent Authority for the regulation of energy, networks and waste) .
- Starting from 1 January 2018, ARERA itself has been assigned the task of defining the regulation for the municipality waste collection. The process is ongoing.

Shareholding structure

SHAREHOLDING STRUCTURE



>50%

Public Shareholders

The majority of IREN's Shareholders are public entities: FSU (50% Turin/50% Genoa Municipalities) ~33%, Emilia Municipalities (Reggio Emilia, Parma, Piacenza and other minor Municipalities) ~17%, La Spezia Municipalities ~2%.

2

Shareholders Agreements

Two Shareholders' agreements, expiring in May 2019, (one between Emilia Shareholders and one between the latter, FSU and former ACAM Municipalities) 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 agreement, 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 28 million shares in 2017 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. 25.096.150 of these shares will be issued to finalize the IREN/ACAM business combination (1.93% of IREN's share capital).

Public entities/Shareholders

IREN SHAREHOLDING STRUCTURE

Shareholders	Total Shares	%
Finanziaria Sviluppo Utilities	424,999,233	32.66%
Municipality of Reggio Emilia	91,427,464	7.03%
Municipality of Parma	41,158,566	3.16%
Municipality of Piacenza	19,759,547	1.52%
Other Municipalities in Emilia	73,992,424	5.69%
Former ACAM Municipalities (La Spezia)*	25,096,150	1.93%
Shares owned by public entities	676,433,384	51.98%
Free float	624,888,443	48.02%
IREN's Share capital	1,301,321,827	100%

At present no public shareholder has a double voting right. Such right will mature 2 years after subscription in the Registered Shareholders list. Since June 2016 all the public entities which are parties to the shareholders agreement have subscribed to the Registered shareholders list.

TRADE REGIME OF PUBLIC SHAREHOLDERS' SHARES

Shareholders	Total Shares	Non-negotiable shares (until may 2019)	Negotiable shares (under specific policy to avoid overhang risk)	Freely negotiable shares (not included in the shareholders agreement)
Finanziaria Sviluppo Utilities	424,999,233	359,135,573	65,863,660	-
Municipality of Reggio Emilia	91,427,464	67,771,406	23,656,058	-
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 in Emilia	73,992,424	53,002,996	18,884,568	2,104,860
Former ACAM Municipalities (La Spezia)*	25,096,150	25,096,150	-	-
Shares owned by public entities	676,433,384	535,586,421	116,901,103	23,945,860

652,487,524 shares included in the shareholders agreement

140,846,963 negotiable shares equal to 10.8% of IREN's share capital



Scenario

ACTUAL

	FY '16	FY '17	Δ%
Gas Demand (bcm)	70.4	74.7	6.1%
TTF €/000 scm	148	180	22.0%
PSV €/000 scm	167	201	20.7%
Energy Demand (Twh)	314.3	320.4	2.0%
PUN (€/Mwh)	42.7	53.9	26.2%
CO2 €/Ton	5.4	5.8	8.7%
Green Cert. Hydro (€/Mwh)	100.1	107.3	7.2%

BP ASSUMPTIONS

	2017	2020	2022
PUN (€/Mwh)	53.9	54.7	58.3
PSV (€/000 scm)	201	207	213
CO2 (€/Ton)	5.8	11.0	15.0
Clean SS/PSV (€/Mwh)	6.0	5.0	6.0
Green Cert. Hydro (€/Mwh)	107.3	97.8	94.7
Energy Efficiency cert. (€/Mwh)	303	200	200.0

Balance Sheet.

	FY '17	FY '16*
<i>Net fixed assets</i>	5,412	5,244
<i>Net Working Capital</i>	181	171
<i>Funds</i>	-617	-570
<i>Other assets and liabilities</i>	-105	-91
Net invested capital	4,871	4,754
<i>Group Shareholders' equity</i>	2,499	2,297
<i>Net Financial Position</i>	2,372	2,457
Total Funds	4,871	4,754

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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