

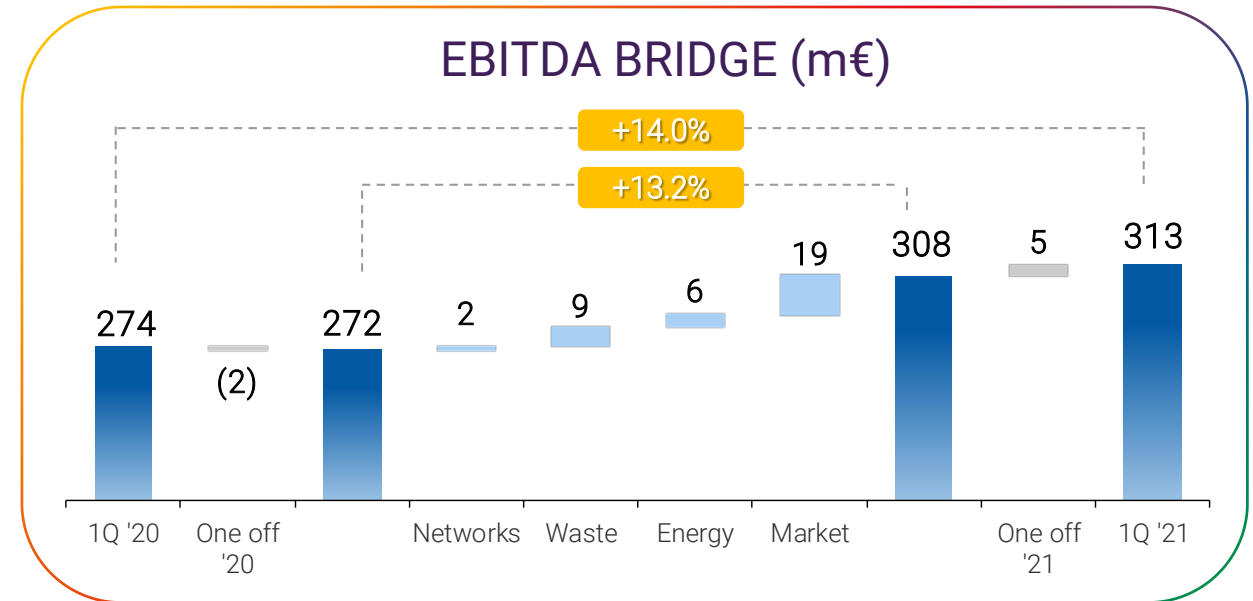
# IREN RESULTS

*1Q 2021*

*13<sup>th</sup> May 2021*

	KPIs				
	m€	1Q '20	1Q '21	Δ	Δ%
Revenues		1,077	1,140	63	5.8%
Ebitda		274	313	39	14.0%
Ebit		145	184	39	26.7%
Group net profit		84	121	37	44.2%
Tech. Capex		130	122	-8	-6.2%
NFP		2,948*	2,915	-33	-1.1%

\* FY 2020 data

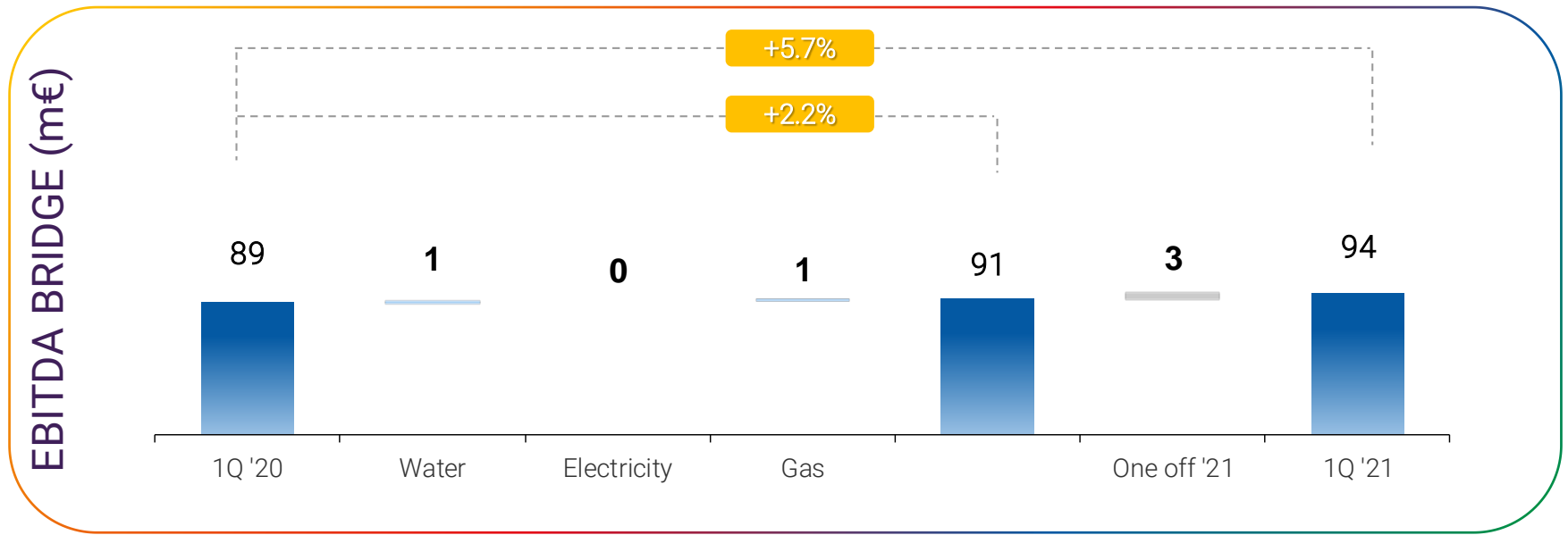


- **Revenues +5.8%:** favoured by higher energy prices and consolidated companies (I.Blu & Unieco) partially offset by Covid effects
- **Ebitda +14.0%:** positive results thanks to energy prices recovery, favorable climate, I.Blu and Unieco's contribution for 8m€, despite the recognition of Covid costs for 3m€
- **Ebit +26.7%:** lower provisions to bad debt (of which 5m€ related to Covid) offset by higher depreciations
- **Group net profit +44.2%:** mainly due to the optimization of the Unieco debt for 13m€
- **Tech. Capex -6.2%:** lower investments in this quarter. We expect a ramp up of capex in the coming months
- **NFP -1.1%:** the cash flow generation offset the NWC increase and the cash out for the acquisition of 20% of Futura and the related debt consolidation (25m€)

# NETWORKS | Ebitda rise through organic growth and synergies

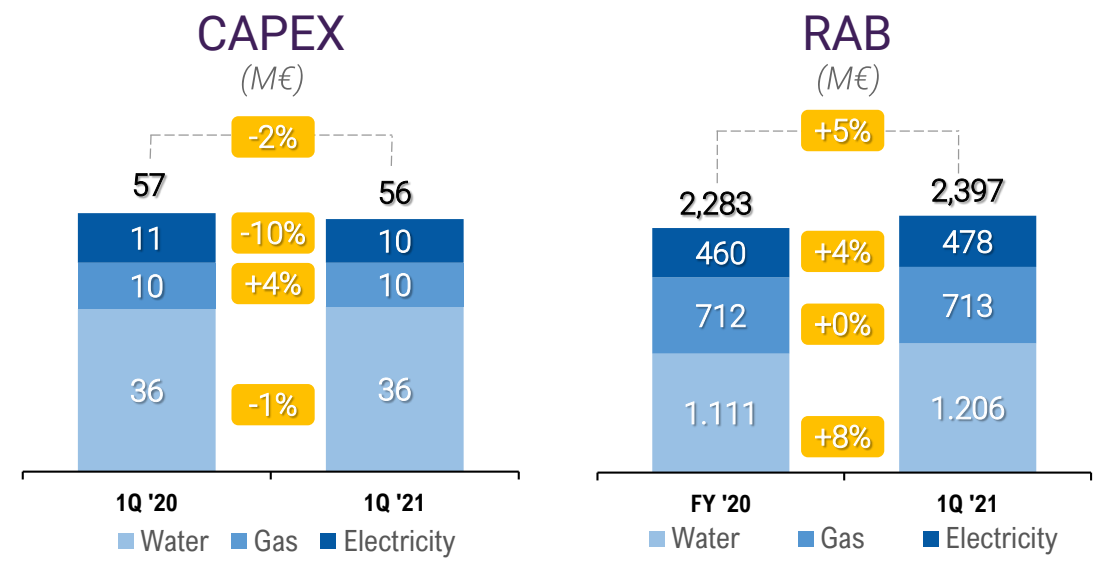


- + Increase led by higher **allowed revenues** (thanks to RAB growth) and **synergies**
- + Investments are in line with last year
- + **Districtization** activities continue by adding 28 more districts
- + Mass replacement of gas and water **smart meters** continues in line with targets
- + Decrease in water taken from the environment (-0,3 mcm vs. 1Q2020)

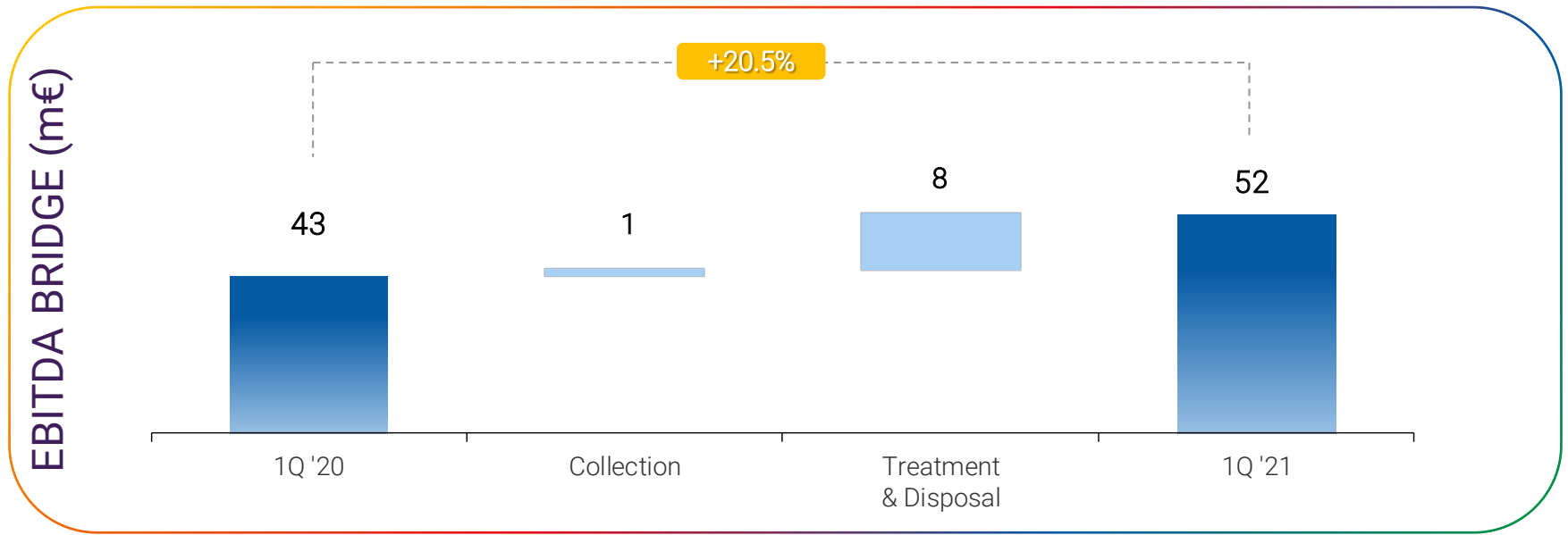


### OUTLOOK

Despite the absence of the extraordinary elements, that positively characterized 2020, Ebitda '21 is expected to be in line with last year leveraging on the increase in allowed revenues

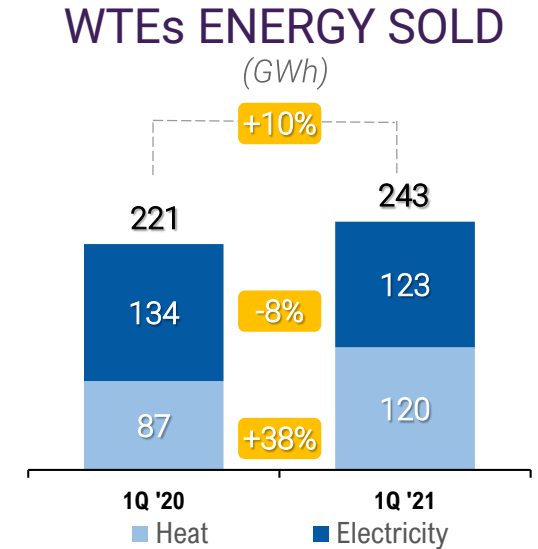
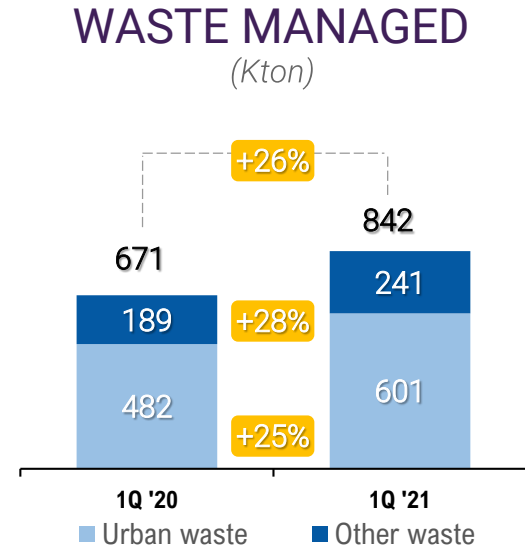


- + Higher margins on collection activities
- + I.Blu and Unieco positive contribution for 8m€
- + Higher PUN price supported the electricity sold for 3m€
- + Increase in waste managed (+26%) compared to 1Q 2020 mainly for the impact of I.Blu and Unieco
- Lower contribution from REI landfill. The extension capacity will be available from 2022
- + Sorted waste at 68.5% (vs 68.2% in 1Q 2020)

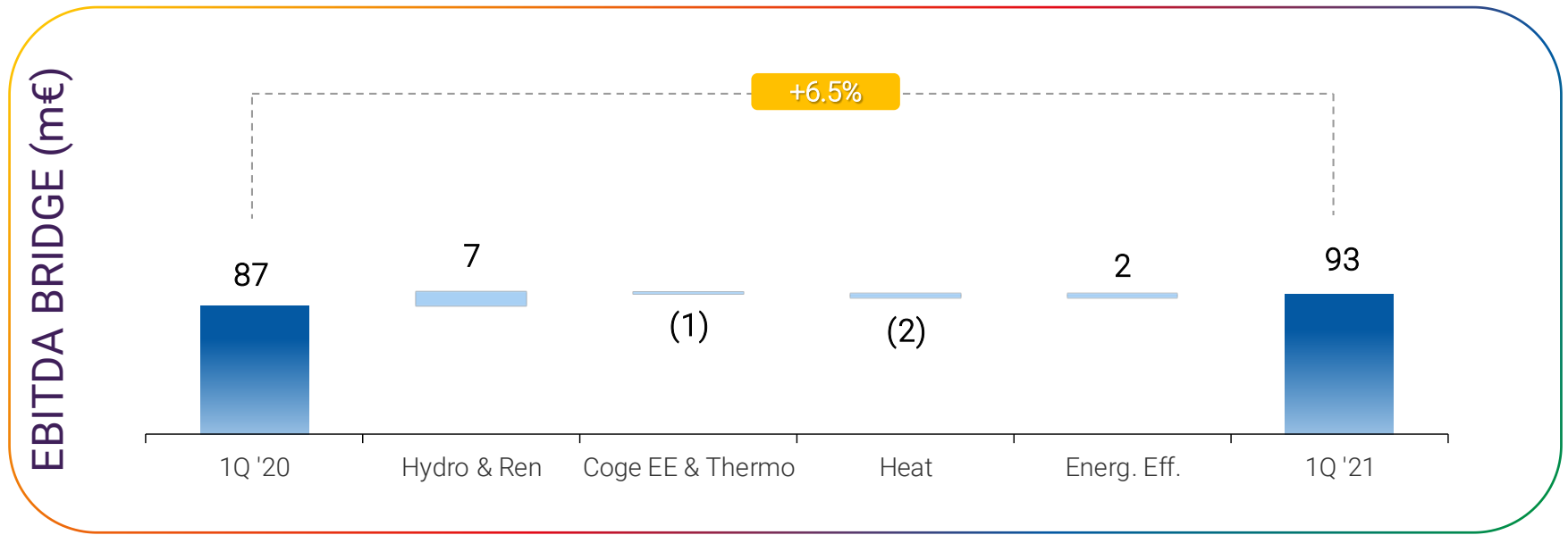


### OUTLOOK

Result slightly increase compared to last year, owing to consolidation that will offset the collection reduction, due to tenders participation, and minor use of REI landfill

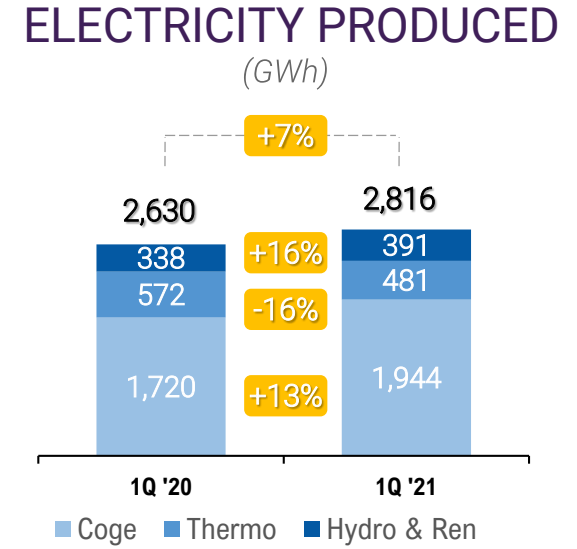
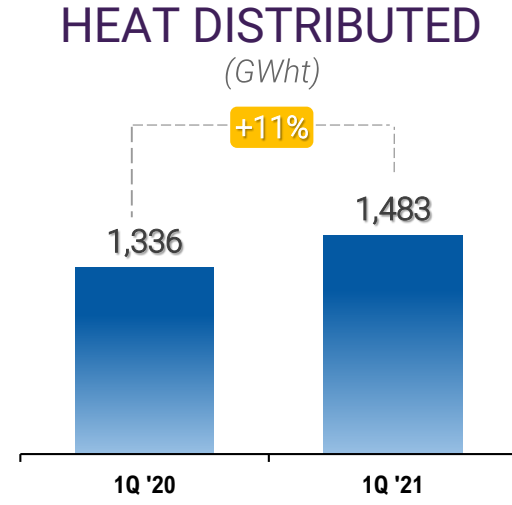


- + Higher **hydro** volumes and prices benefitting also of higher GCs
- + Increase in **heat** volumes distributed due to cold temperatures and networks expansion
- + Higher **rebuilding activities**
- + **MSD** in line with 1Q 2020 (16m€)
- + **Clean spark spread** in line with last year
- Lower **heat spark spread** due to energy scenario dynamic
- + **Production** increase from **renewable and high efficiency sources** at 81.3%

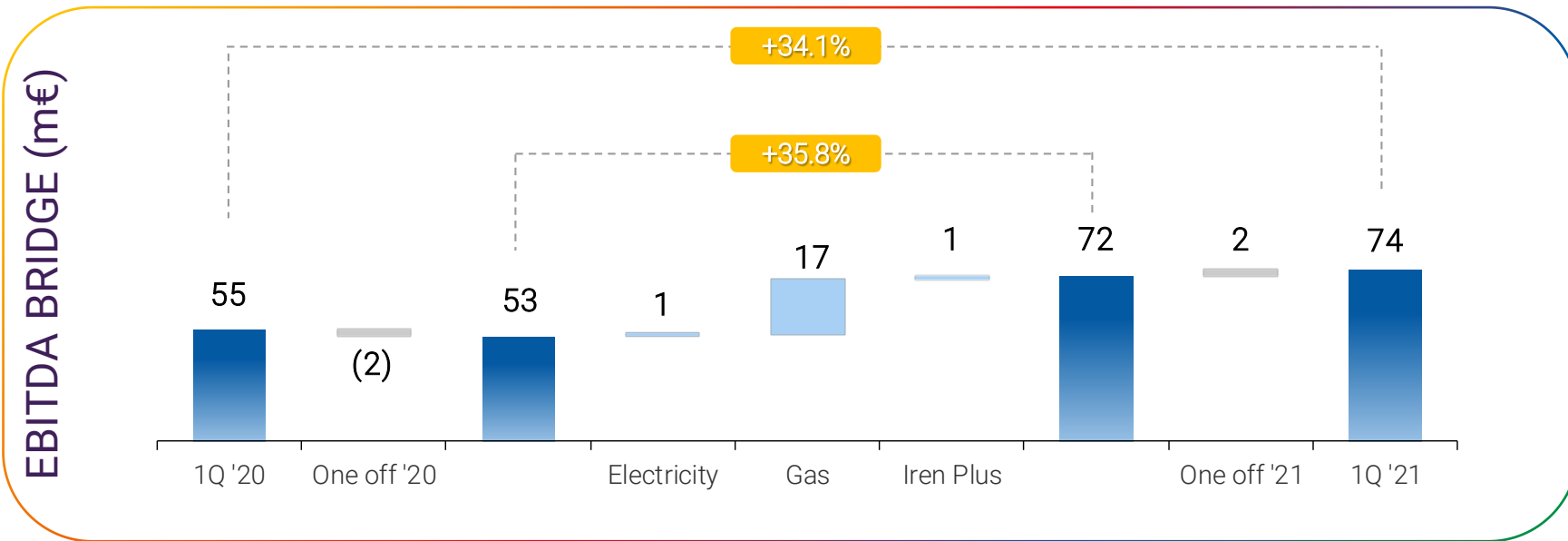


### OUTLOOK

The hydro contribution, thanks to higher volumes, prices and GCs (extra contribution in 4Q), along with the energy efficiency business will drive the growth



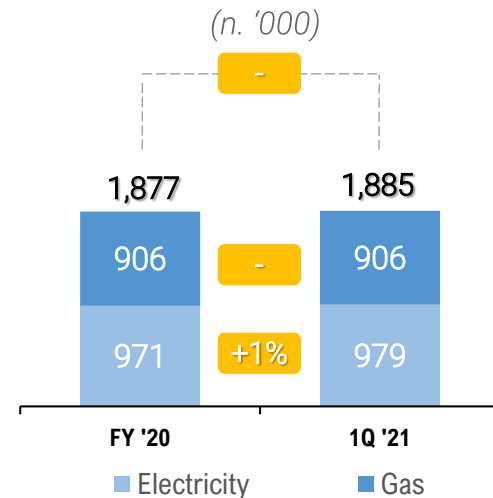
- + Lower costs of procurement and use of gas stored in 2020, led to margin growth (13m€)
- + Margins' enhancement thanks to commercial policy
- + Higher gas volumes thanks to favourable climatic conditions
- + Iren Plus positive contribution
- Structural emerging costs (5m€) related to digitalization and commercial activities
- Lower electricity & gas volumes in the SME sector due to the pandemic
- + Over 200 GWh of green energy sold to end clients



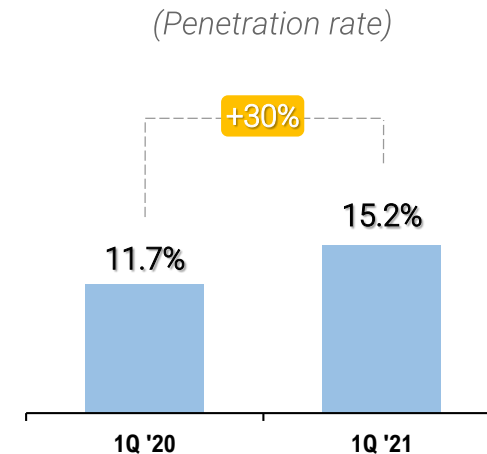
### OUTLOOK

The results will be slightly higher than 2020 if we exclude the extra return on commodity prices for over 10m€ reported last year

### RETAIL & SMEs CLIENTS



### IREN PLUS



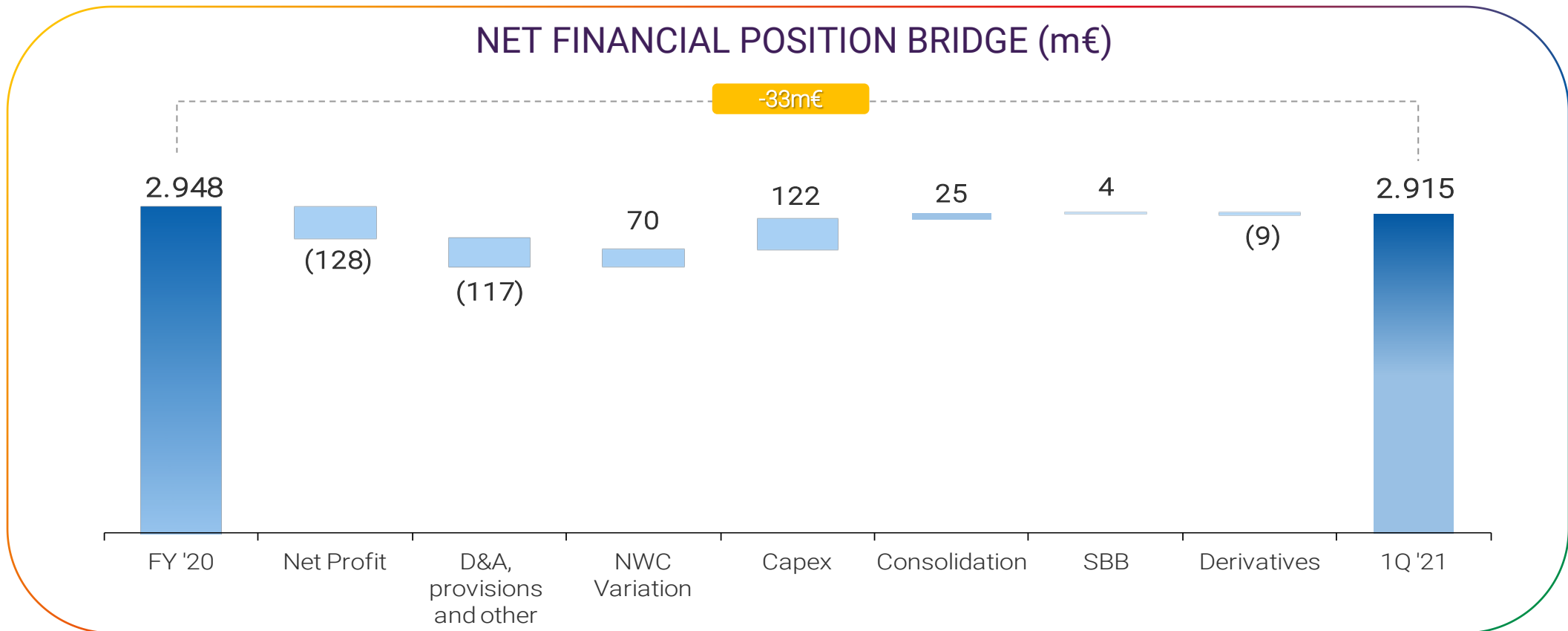
## FROM EBITDA TO GROUP NET PROFIT (m€)

	1Q '20	1Q '21	Δ	Δ%
EBITDA	274.4	<b>312.9</b>	38.5	14.0%
<i>Depreciations</i>	-102.5	<b>-112.1</b>		
<i>Provisions to bad debt</i>	-22.0	<b>-14.6</b>		
<i>Other provisions and write-downs</i>	-4.5	<b>-2.0</b>		
EBIT	145.4	<b>184.2</b>	38.8	26.7%
<i>Financial charges</i>	-15.2	<b>-16.3</b>		
<i>Companies cons with e.m.</i>	-0.2	<b>-0.2</b>		
<i>Other financial</i>	-3.3	<b>12.3</b>		
EBT	126.7	<b>180.0</b>	53.3	42.1%
<i>Taxes</i>	-37.3	<b>-52.2</b>		
<i>Minorities</i>	-5.7	<b>-7.1</b>		
Group net profit	83.7	<b>120.7</b>	37.0	44.2%

- Higher depreciations due to capital intensive capex and the I.Blu and Unieco consolidations
- Lower provisions to bad debt related to Covid emergency (5m€ vs 12m€ last year)

- Optimization of Unieco debt for 13m€
- Lower cost of debt offset by the increase of gross debt

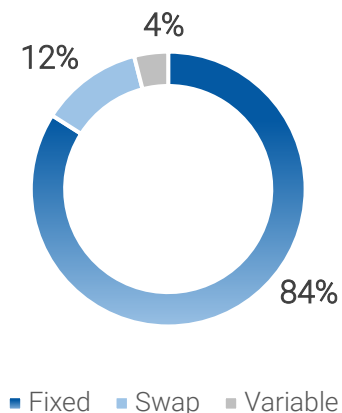
- Tax-rate at 29.0%



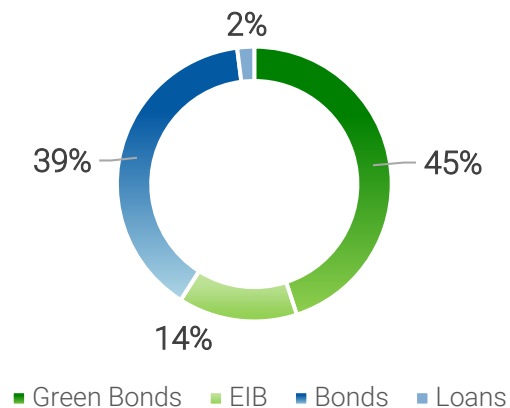
- The cash flow generation offset the NWC increase, the high level of capex and the cash out for consolidation
- Net working capital affected by Covid and seasonality
- Consolidation concerned the 20% acquisition of Futura and the related debt



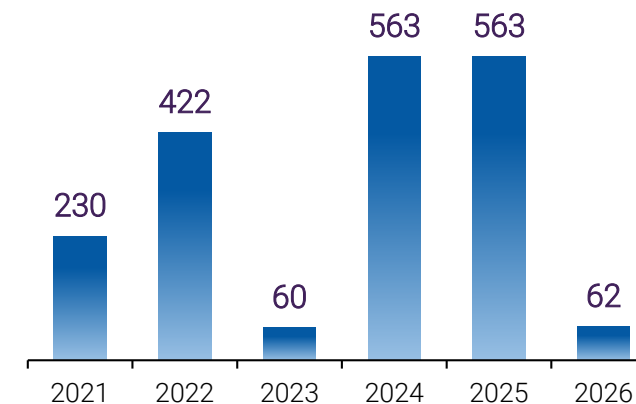
## INTEREST RATE



## DEBT STRUCTURE



## MATURITIES



- 96% of gross debt at fixed interest rate and 4% of gross debt at variable interest rate
- Average long-term debt **duration** of about **5.9 years** vs 5.6 years in 1Q 2020
- Reduction in the **average cost of debt** (1.8% vs. 2.2% in 1Q 2020)
- 59% of the Iren total debt is composed of green and

assimilated instruments (45% Green Bond, 14% EIB loans)

- On 10<sup>th</sup> December Iren issued its **fourth Green Bond** of 300m€
- Iren is the only Italian local multiutility to have issued **4 Green Bonds** for a total size of 1.8b€

**MAIN 1Q 2021 TAKEAWAYS**

- Stronger contribution of the whole energy value chain supported by a recovery in energy scenario exploited by an effective attitude in procurement and hedging activities
- Positive contribution from the last consolidated companies in the Waste BU (I.Blu and Unieco)
- Negative Covid impact on Ebitda of -3m€

**2021 NEXT MONTHS EXPECTATIONS**

- FY 2021 growth mainly driven by Energy activities at larger extent and by Waste activities.
- Organic growth led by capex acceleration over coming months offsetting the absence of one-offs reported in 2020
- COVID impacts on:
  - Ebitda not more than 10m€
  - Net working capital around 40m€ (from 60m€ in FY2020)
  - Credit losses up to 10m€

In light of the previous elements, we improve our guidance on FY 2021:

**GUIDANCE ON FY 2021**

- Ebitda: 970/980m€
- NFP/Ebitda: 3.3x / 3.4x
- Capex: 800m€

## GENERAL AND SECTOR REFORMS

IREN will **benefit from the general reforms**, but above all, **from the sector reforms** through the short implementation timeframe and clear guidelines in terms of:

- **simplification** of plant and infrastructure **authorization procedures**
- homogenization and revision of **criteria for awarding contracts and tenders** (hydroelectric, gas networks)
- **retail market full liberalization** by 2023
- Strengthening and increasing **coordination level** among **regulatory/competition Authorities**

Reforms represent a very important element for the **implementation of Iren's Business Plan**, strengthening its feasibility and the **visibility** of short and medium/long-term **sector dynamics**.

## SECTORIAL INCENTIVES FOR DEVELOPMENT

**Financial resources** activated (grants and loans) by the PNRR represent an important opportunity for the Group, in terms of:

- **general economic growth** they will generate (growth in demand for commodities and services)
- **specific interventions** in traditional sectors to boost the Group **leadership position**
- **new opportunities in more innovative sectors** already included in our strategy or in **highly innovative sectors** under evaluation like decarbonization technologies including hydrogen

**Acceleration** of the **development initiatives** already present in the Business Plan and **new opportunities** of **investments** for the Group in the **multicircle economy**

Approximately 70b€ are allocated to the *Green Revolution and Economic Transition* mission, which is *perfectly in line with Iren's strategy*.

## PNRR GUIDELINES

Current Iren presence

- Relevant
- Good
- Sufficient

## REFORMS

## OPPORTUNITIES

### CIRCULAR ECONOMY

- Circular economy national strategy
- Waste management national program

2.1b€

- Plant development acceleration
- Funds for innovative plants (waste-to-chemicals)
- Development of "critical" fractions treatment and recovery

### INTEGRATED WATER SERVICE

- Regulatory simplification
- National Plan reform
- Reform for industrial consolidation

3.5b€

- Possible funding for new projects

### DISTRICT HEATING

- Administrative simplification
- Incentives for renewable gas use/production

0.2b€

- Possible funding for new projects
- Access to fund to be evaluated

### BIOMETHANE DEVELOPMENT

- Administrative simplification

1.9b€

- Possible funding for new plants
- Development of integrated value chain of renewable gas

### DISTRIBUTION NETWORKS

- Administrative simplification
- Strengthening national fund

4.1b€

- New investment opportunity mainly on Turin
- Development line on resilience confirmed

### ENERGY EFFICIENCY

- Regulatory simplifications for small FER plants

21.2b€

- Development opportunities in line with our strategy (energy efficiency and public lights)
- Positioning strengthening on rebuilding

### ENERGY COMMUNITIES

- Regulatory simplifications
- PA responsibility rationalization

4.3b€

- Leverage experience from start-up projects
- Development new business, strongly rooted on urban environment

### E-MOBILITY

# ANNEXES

## NETWORKS

	m€	1Q '20	1Q '21	Δ	Δ%
Revenues		244	<b>252</b>	8	3%
Ebitda		89	<b>94</b>	5	6%
<i>Electricity</i>		19	<b>19</b>	0	2%
<i>Gas</i>		20	<b>22</b>	2	7%
<i>Water</i>		50	<b>53</b>	3	7%
Ebit		40	<b>48</b>	8	18%
Gross Capex		57	<b>56</b>	-1	-2%

## WASTE

	m€	1Q '20	1Q '21	Δ	Δ%
Revenues		179	<b>217</b>	38	21%
Ebitda		43	<b>52</b>	9	21%
<i>Collection</i>		15	<b>16</b>	1	7%
<i>Treatment &amp; disposal</i>		28	<b>36</b>	8	29%
Ebit		19	<b>25</b>	6	33%
Gross Capex		16	<b>22</b>	6	37%

## ENERGY

	m€	1Q '20	1Q '21	Δ	Δ%
Revenues		348	<b>397</b>	49	14%
Ebitda		87	<b>93</b>	6	7%
<i>Hydro&amp;Renewables</i>		13	<b>20</b>	7	54%
<i>Thermo/Coge, DH</i>		73	<b>70</b>	-3	-4%
<i>Energy efficiency</i>		1	<b>3</b>	2	n.s.
Ebit		52	<b>58</b>	6	10%
Gross Capex		38	<b>20</b>	-18	-47%

## MARKET

	m€	1Q '20	1Q '21	Δ	Δ%
Revenues		713	<b>721</b>	8	1%
Ebitda		55	<b>74</b>	19	34%
<i>Electricity</i>		12	<b>13</b>	1	8%
<i>Gas&amp;Heat</i>		43	<b>61</b>	18	42%
Ebit		34	<b>53</b>	19	58%
Gross Capex		11	<b>16</b>	5	44%

	1Q '20	1Q '21	Δ%
Gas Demand ( <i>bcm</i> )	23.9	25.2	5.8%
TTF <i>€/000 scm</i>	103	195	89.6%
PSV <i>€/000 scm</i>	120	198	65.3%
Energy Demand ( <i>Twh</i> )	77.0	78.6	2.2%
PUN ( <i>€/Mwh</i> )	39.6	59.2	49.6%
CO2 <i>€/Ton</i>	22.8	37.4	64.0%
Green Cert. Hydro ( <i>€/Mwh</i> )	99.1	109.4	10.4%
TEE ( <i>€/TEE</i> )	265	260	-1.9%

	FY '20	1Q '21
Net fixed assets	6,581	6,644
Net Working Capital	42	112
Funds	-657	-691
Other assets and liabilities	-254	-255
<b>Net invested capital</b>	<b>5,712</b>	<b>5,810</b>
Group Shareholders' equity	2,764	2,895
Net Financial Position	2,948	2,915
<b>Total Funds</b>	<b>5,712</b>	<b>5,810</b>



**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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