15th March 2016

2015 – FY Results

2015 FY Results in line with BP@2020 objectives….

ORGANIC GROWTH

- **Organic growth of approximately 45m€, in line with BP estimates** led by the performance reported in electricity and gas sales and in DH networks expansion.

SYNERGIES

20m€ of synergies achieved (higher than 2015 targets) thanks to:

- **Centralization at "Holding level" of the main corporate functions;**
- Several projects of **performance improvement** already started;
- Standardization of the ICT systems.

CONSOLIDATION

Approximately **25m€ thanks** to:

- **AMIAT -** Waste collection company in Turin**:** Deal Closed Dec. 2014 - Consolidation from Jan. 2015.
- **Società Acque Potabili –** Deal closed in 1H 2015 – Consolidation from the 2H 2015.

FINANCIAL OPTIMIZATION

- **Financial profile reshaping** - "Investment grade" rating by Fitch (BBB-); Issue of a 500m€ bond under the 1bn€ EMTN programme; operations in liability management.

….in spite of several non-recurrent elements.

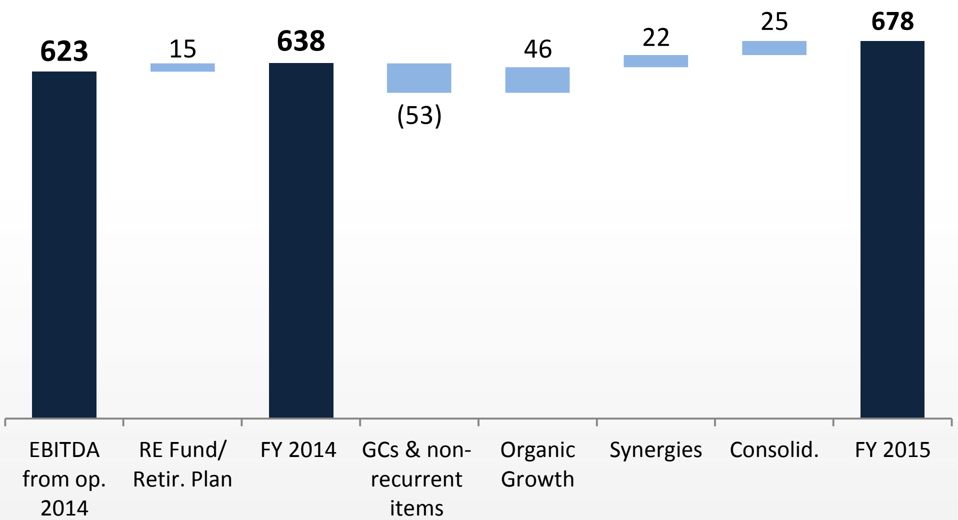
GREEN CERTIFICATES	The residual part of GCs on DH expired at the end of 2014, negatively **impacting 2015 for 20m€**
NEGATIVE NON-RECURRENT ELEMENTS BY SBU	2015 margins were negatively impacted by **approximately 50 m€** non-recurrent elements (of which approximately 30m€ linked to the absence of positive items occurred in 2014)
POSITIVE CONTINGENCY	**20m€ extraordinary positive contribution** non-allocated by SBU.

FY 2015: Significant growth in all the operating key indicators.

Income statement

m€	FY '14[1]	**FY '15**	Δ	Δ%
Revenues	2,902	**3,094**	192	6.6%
Ebitda	623	**678**	55	8.8%
Ebit	325	**347**	22	6.6%
Net profit	69	**118**	49	71.4%

Ebitda Bridge



- **Revenues up by 6.6%:** due mainly to AMIAT consolidation.
- **Ebitda +8.8%:** the organic growth together with synergies achievement and the consolidation process more than offset the expiry of GCs and a number of non-recurrent elements. Balanced business portfolio (regulated and quasi regulated activities account for ~76% of the total EBITDA).
- **Ebit +6.6%:** thanks to gross operating margin's increase which more than offset D&A growth (+20m€) mainly linked to AMIAT and to the absence of the release of provisions reported in FY 2014 (approx. -13m€)
- **Net profit +71.4%:** The significant growth derived both from the 2015 operating performances and from the absence of negative elements that had impacted 2014 Net profit. Nonetheless, also in this year deferred tax asset negatively affected net profit (-13m€) because of a decrease in IRES percentage (which will have a favorable impact starting from 2017).

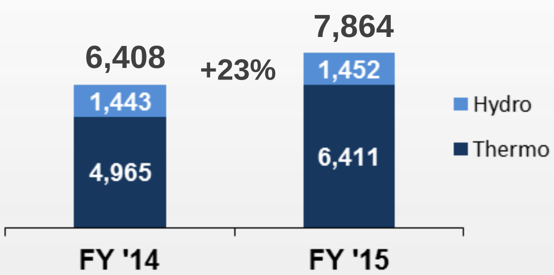
(1) Restated

GENERATION AND DH – Stable EBITDA results in spite of a number of non-recurring elements.

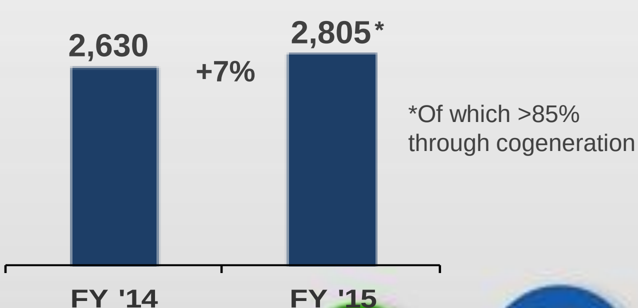
- The higher contribution coming from the improved utilization of the generation fleet and higher volumes produced offset the 20m€ GCs expiry and the absence of several positive non-recurrent elements reported in 2014 for approximately -21m€
- **Generation sector** exploited both the trend in commodity prices and the opportunities arisen in the MSD market thanks mainly to the contribution of Turbigo plant.
- **Hydroelectric sector** reported stable electricity volumes produced (vs. -14.5% at National level).
- **DH sector's** growth in volumes (+175Gwht), driven also by the continuous expansion in networks which reached 82mcm of volumes heated (+2%)
- **EBIT performances** were impacted by the absence of the release of significant provisions reported in 2014.

m€	FY '14	**FY '15**	Δ	Δ%
Revenues	827	**813**	-14	-2%
Ebitda	200	**199**	-1	0%
Ebit	106	**74**	-32	-30%
Gross Capex	66	**36**	-30	-45%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)

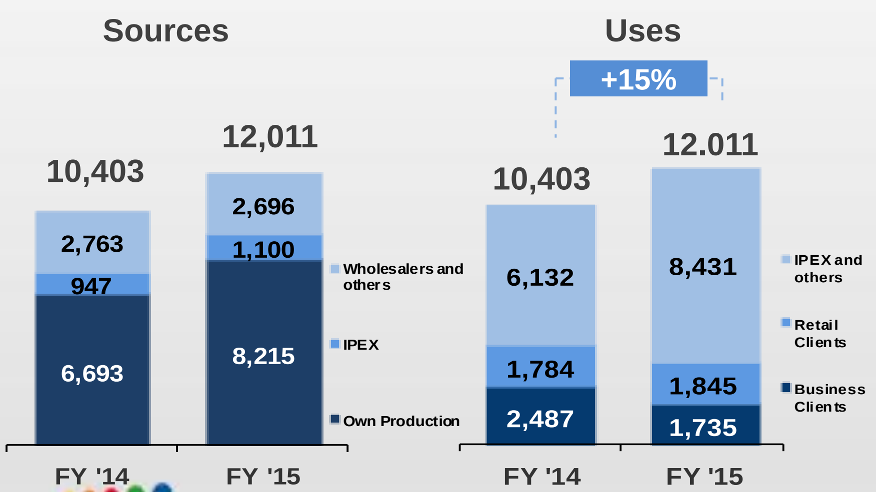


MARKET – Client-base exceeding 1.5mln.

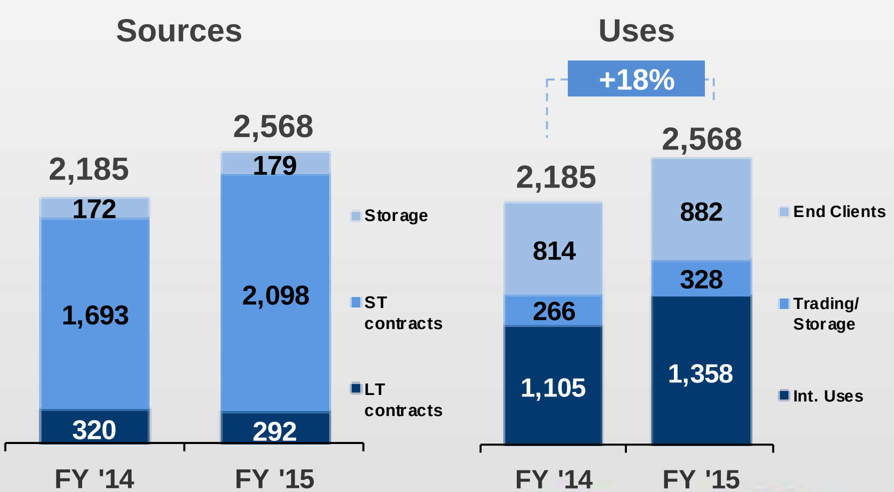
- The **growth in volumes** led by the enhanced market strategies together with the awarding of CONSIP tender (expect. 2016 positive contribution of approx. 1.4 TWh) together with the **improved profitability** allowed for the maintenance of margins despite of approx. -19m€ non recurrent elements.
- For the first time in IREN's history the **energy clients base exceeded 1.5m (free market >50%)** in line with the BP objectives. The acceleration in the second half of the year in implementing new marketing strategies towards increasing customer acquisition and improving loyalty allowed IREN to keep its churn rate among the lowest of the sector.

m€	FY '14	**FY '15**	Δ	Δ%
Revenues	2,388	**2,377**	-11	0%
Ebitda	91	**87**	-4	-4%
Electricity	*25*	***13***	*-12*	*-48%*
Gas&Heat	*66*	***74***	*8*	*12%*
Ebit	50	**41**	-9	-17%
Gross Capex	10	**14**	4	40%

ELECTRICITY PORTFOLIO* (GWh)



GAS PORTFOLIO (MCM)



*net of "pass-through Ipex volumes"

NETWORKS – Positive results partly offset by significant one-offs

- **Electricity networks:** The positive results of the sector is linked to cost-saving and the equalization for previous years.
- **Gas networks:** In spite of the significant synergies achieved, the sector reported a reduction in margins because of several one-offs (6m€)

m€	FY '14	**FY '15**	Δ	Δ%
Revenues	341	**373**	32	9%
Ebitda	152	**148**	-4	-3%
Electricity	*74*	***76***	*2*	*3%*
Gas	*78*	***72***	*-6*	*-8%*
Ebit	106	**102**	-4	-4%
Gross Capex	61	**63**	2	4%
El. distr. (GWh)	*3,848*	*3,995*		
Gas distr. (mcm)	*1,119*	*1,209*		

- **Water networks:** Synergies achievement together with positive tariff trend and the change in perimeter due to SAP deal drove the 4% annual EBITDA growth in the sector.
- Increase in investments linked to the “optimal area plans”, will contribute to RAB’s growth in the sector.

m€	FY '14	**FY '15**	Δ	Δ%
Revenues	464	**486**	22	5%
Ebitda	149	**156**	7	4%
Ebit	76	**94**	18	25%
Gross Capex	83	**98**	15	18%
Volume sold (mcm)	*146.6*	*162.1*		

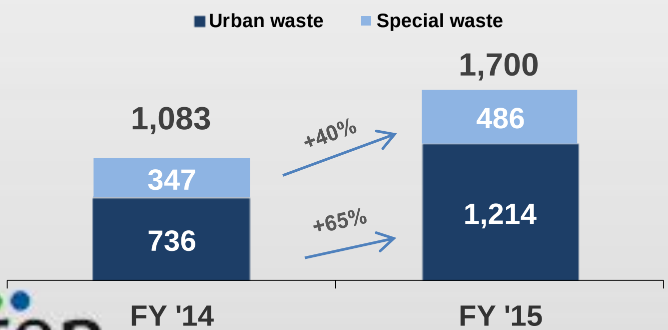
From January 2016, IRETI entered into full operation.
The 2015 related “Networks BU” EBITDA exceeded 300m€

WASTE – EBITDA growth driven by AMIAT consolidation

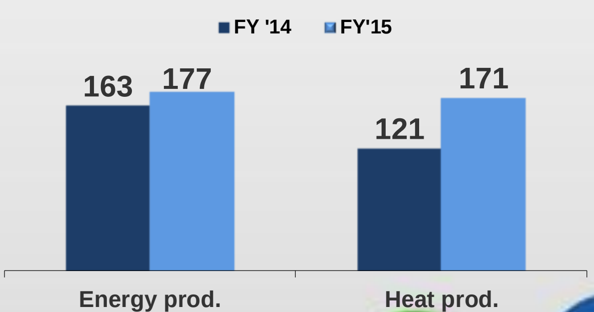
- The strong increase in the BU's margins is linked principally to the **contribution of AMIAT** (approximately 20m€) partially offset by were the temporary negative effect of the shut down of a landfill, which will be recovered in 2016
- **Strong increase in special waste** collection, (+40% in volumes) whose benefits will be enhances by the waste treatment development plant in pipeline.
- 2015 marked **the full implementation of the punctual tariff system in Parma, one of the most important projects of this kind in the Country:** more than 190k inhabitants involved**.**
- EBIT impacted by higher D&A due to the change in consolidation perimeter (-13m€) and to higher D&A and provisions linked to waste disposal plants (-8m€).

m€	FY '14	**FY '15**	Δ	Δ%
Revenues	238	**463**	225	95%
Ebitda	48	**65**	17	36%
Ebit	14	**10**	-4	-25%
Gross Capex	18	**21**	3	15%

Waste (Kton)



WTEs - Energy and Heat prod. (GWh)



From EBITDA to Net Profit.

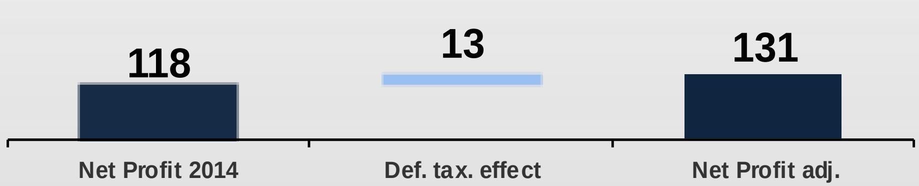
	FY '14	**FY '15**	Δ	Δ%
EBITDA	622,7	677,8	55,1	8,8%
D&A	*-247,9*	***-267,6***		
Provisions	*-49,4*	***-63,3***		
EBIT	325,4	**346,8**	21,4	6.6%
Financial charges for loans	*-89,0*	***-81,4***		
Other financial charges	*-15,9*	***-13,4***		
Companies cons with e.m.and adj.	*-6,8*	***-6,3***		
EBT	213,7	**245,7**	32,0	15.0%
Taxes	*-128,2*	***-105,6***		
Minorities	*-16,6*	***-21,9***		
Group net profit	68,9	**118,2**	49,3	71,4%

- **Higher D&A** impacting mainly on Waste BU.
- **Higher provision** due to the absence of the ~13m€ funds release reported in FY 2014.

- **Lower FC** due to lower cost of debt.

- **Lower tax-rate** linked to the **cancellation of RHT** and the **change in IRAP** regulatory framework.

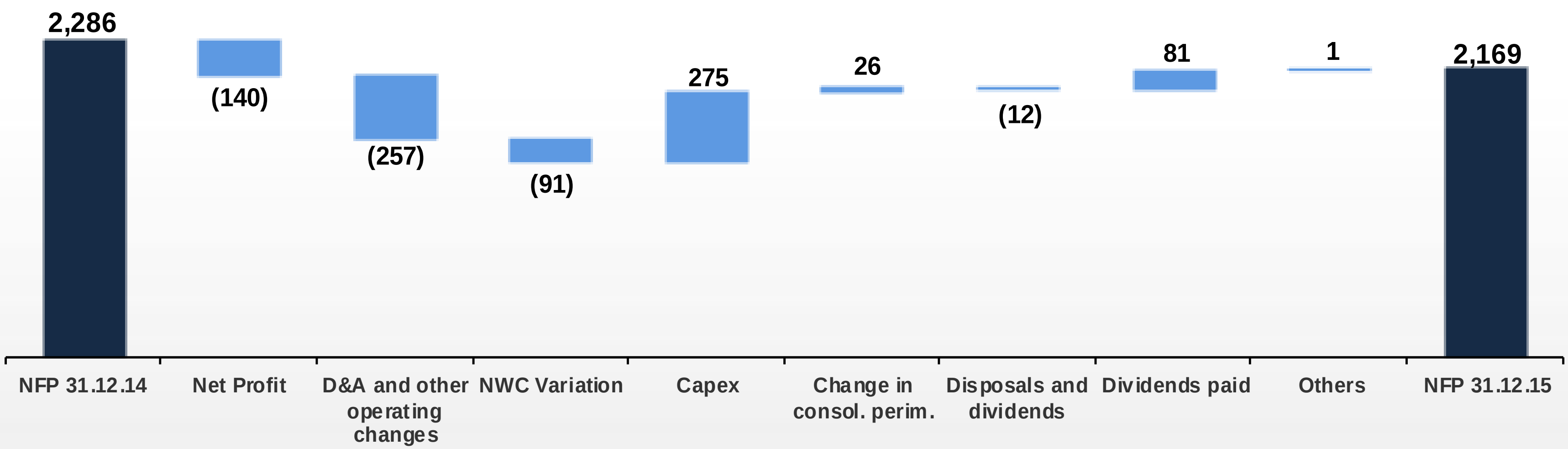
Net profit adj. bridge



The reduction in IRES tax-rate affected the deferred tax assets, resulting in a -13m€ negative impact on Net Profit.

This negative effect will be reverse from 2017 on.

Cash-flow and NFP Bridge.

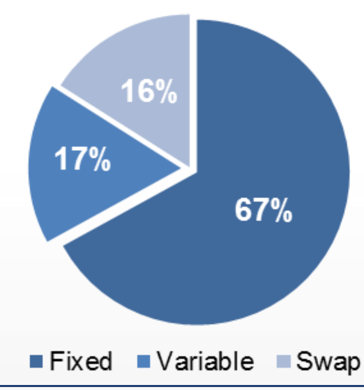


- The last quarter of the year confirmed the positive trend already reported in the first nine months (~130m€ reduction in NFP), thanks to a strong operating cash flow generation of approximately 500m€.

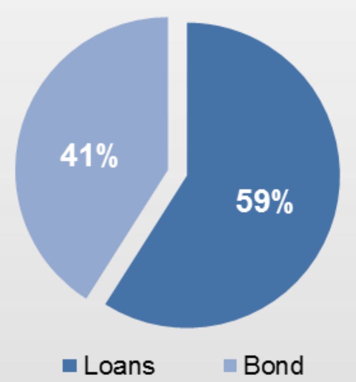
Interest rate and debt structure.

- 17% of gross debt at variable interest rate.
- Average long-term debt duration of about 5.1 years.
- Significant reduction in cost of debt (3.4% compared to 3.8% in FY 2014).
- More than 40% of Iren's total debt is funded through bonds (24% at the end of 2014). The residual part is evenly formed by EIB funds and other loans.
- Assignment of an investment-grade rating by Fitch Agency

Gross debt interest rate



Debt structure



Closing remarks.

The 2015 results are the starting points from which to achieve the key strategic elements outlined in the business plan pushing on with actions already put in place

- **Synergies:** the start of several performance-improvement projects and the IRETI set-up (which took place on the 29th of December through the merger of the business companies running the energy network and the integrated water cycle) will further speed-up the synergies achievement.

- **TRM deal** closed at the end of January 2016, a fundamental step taken towards the growth of the Group from provincial to regional level.

- Out of the 80 M€ potential target for M&A operations not included in our business plan figures, 2 deals have already been done (Atena and Ecoprogetto Tortona) and further operations are in the pipeline.

Annexes

Market Scenario.

	FY '14	**FY '15**	Δ%
Brent *USD/bbl*	99,2	**52,5**	-47%
€/USD	1,3	**1,1**	-17%
Brent €*/bbl*	74,7	**47,3**	-37%
Gas Demand *(bcm)*	61	**67**	+9%
PSV *€/000 scm*	273	**255**	-6%
Energy Demand *(Twh)*	309	**315**	+2%
PUN *(€/Mwh)*	52,1	**52,3**	0%
CO2 *€/Ton*	5,9	**7,7**	+30%
Green Cert. Hydro *(€/Mwh)*	98,0	**100,1**	+2%

- **The normalization of climate conditions, along with a recovery in Thermoelectric uses, led to a 9% growth in gas demand**
- **PUN level substantially stable compared to 2014.**

Balance Sheet.

	FY '14	**FY '15**
Net fixed assets	*4.619*	***4.648***
Net Working Capital	*238*	***154***
Funds	*-550*	***-526***
Other assets and liabilities	*-28*	***-46***
Net invested capital	4.279	**4.231**
Group Sharholders' equity	*1.993*	***2.062***
Net Financial Position	*2.286*	***2.169***
Total Funds	4.279	**4.231**

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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