

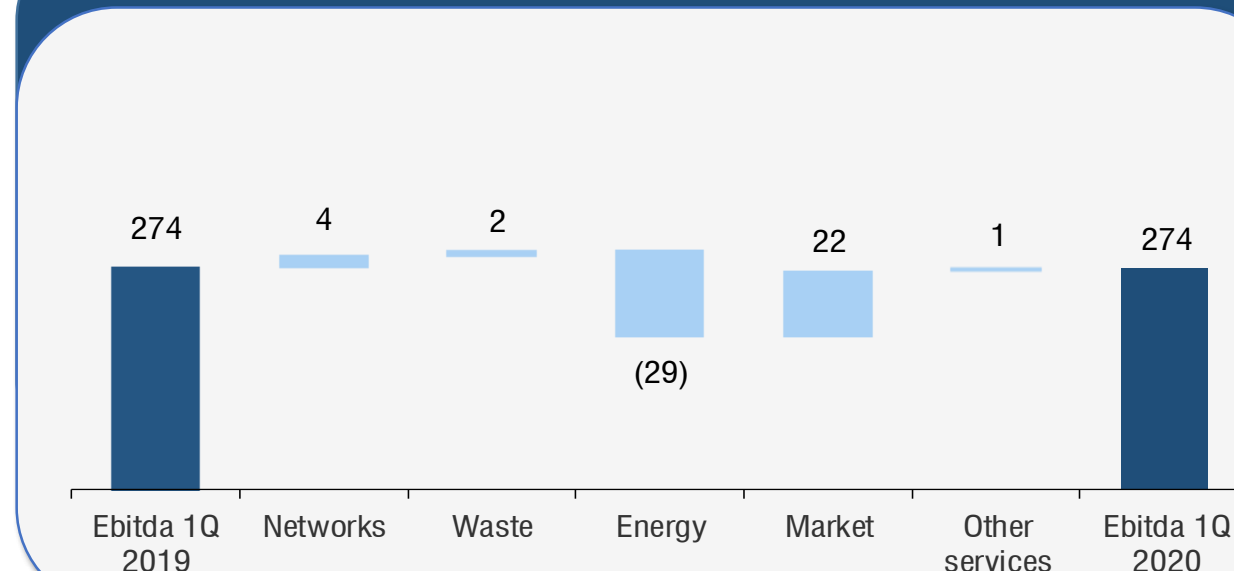
1Q 2020 RESULTS

12th May 2020

KPIs

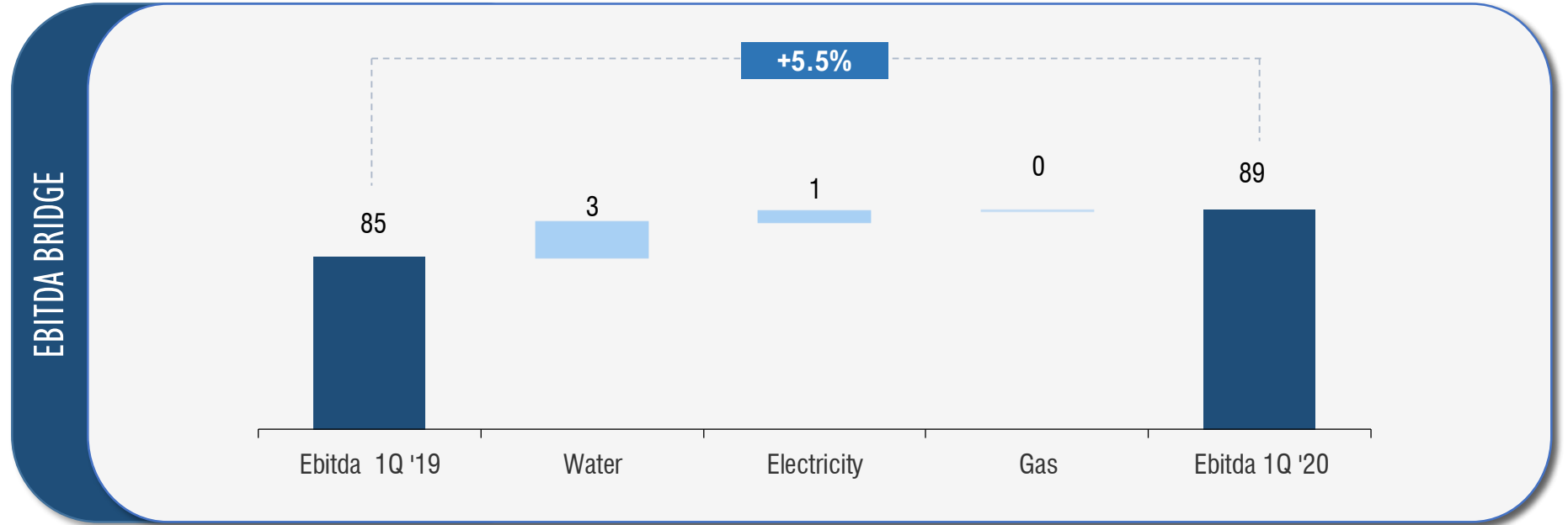
	m€	1Q '19	1Q '20	Δ	Δ%
Revenues		1.278	1.077	-201	-15,7%
Ebitda		274	274	0	0,1%
Ebit		172	146	-26	-15,3%
Group net profit		100	84	-16	-16,2%
Tech. Capex		85	130	45	52,0%

EBITDA BRIDGE (m€)



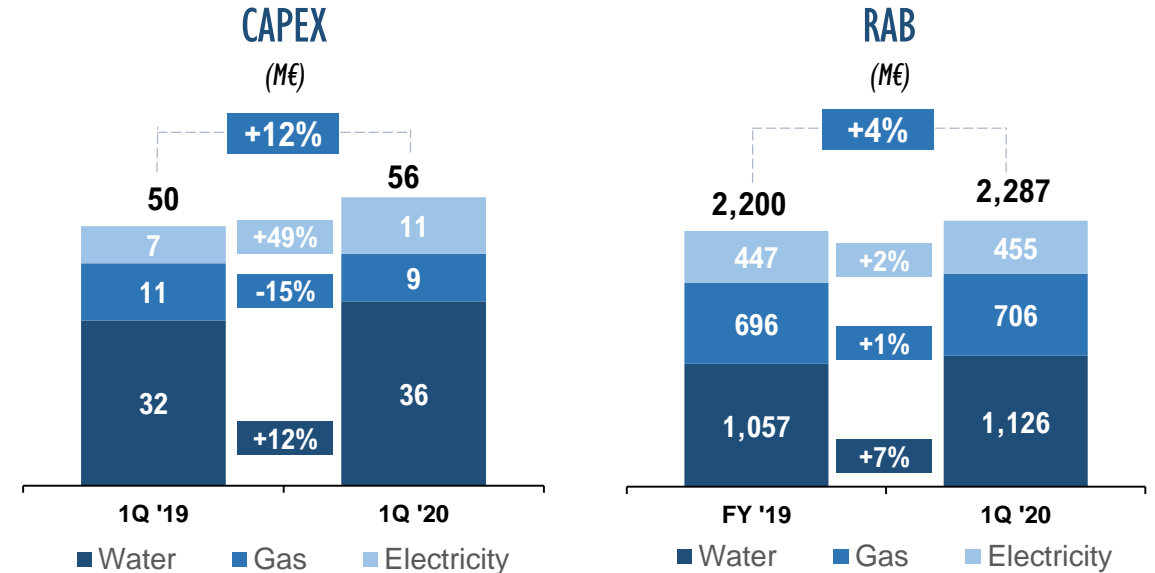
- **Revenues -15.7%:** decrease in the energy value chain revenues caused by lower volumes and prices.
- **Ebitda 0.1%:** margins normalization in market sector and the growth in networks and waste offset the lower prices and volumes in the energy business unit which was also affected by the absence of positive elements reported in 2019.
- **Ebit -15.3%:** higher depreciations related to investments and extraordinary provisions to bad debt related to COVID emergency.
- **Net profit -16.2%:** reflecting the Ebit downtrend despite an improved financial management.
- **Tech. Capex +52.0%:** acceleration in capex, also related to digital project, to sustain future organic growth and synergies.

- + **RAB growth** combined with synergies led the 5% Ebitda increase.
- + The positive **investments** trend in water and electricity distribution continues, in line with the business plan assumptions leading to increase allowed revenues.
- Negative impact from **regulation** due to lower costs recognized in tariffs, mainly in water and gas sector.

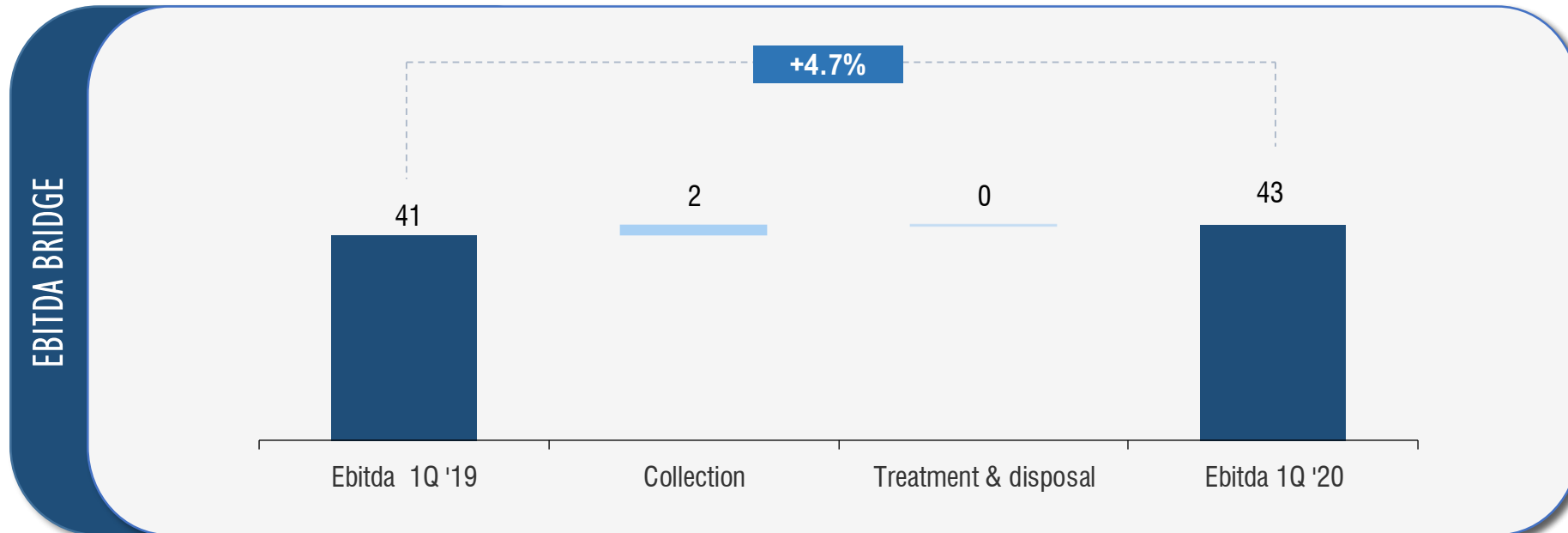


OUTLOOK

EBITDA 2020 will be in slightly reduction compare to last year result, which benefited from water balances and other for 18m€.

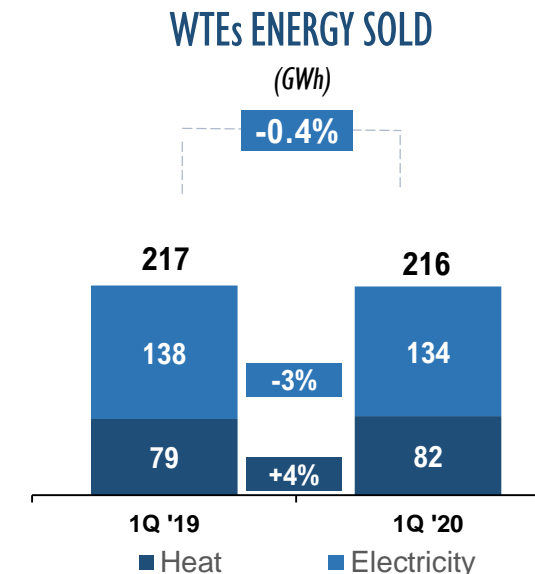
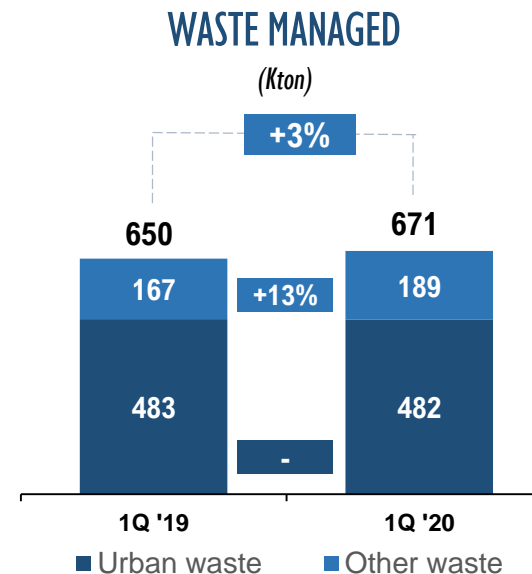


- + Higher efficiency of collection activities.
- + Saturation of WTE plants, through the reorganization of flows.
- + Increase in waste management (3%) compared to 1Q 2019. Sorted waste collection equal to 68.2%, +0.9 bps vs FY2019.
- Lower PUN price affected the electricity sold.

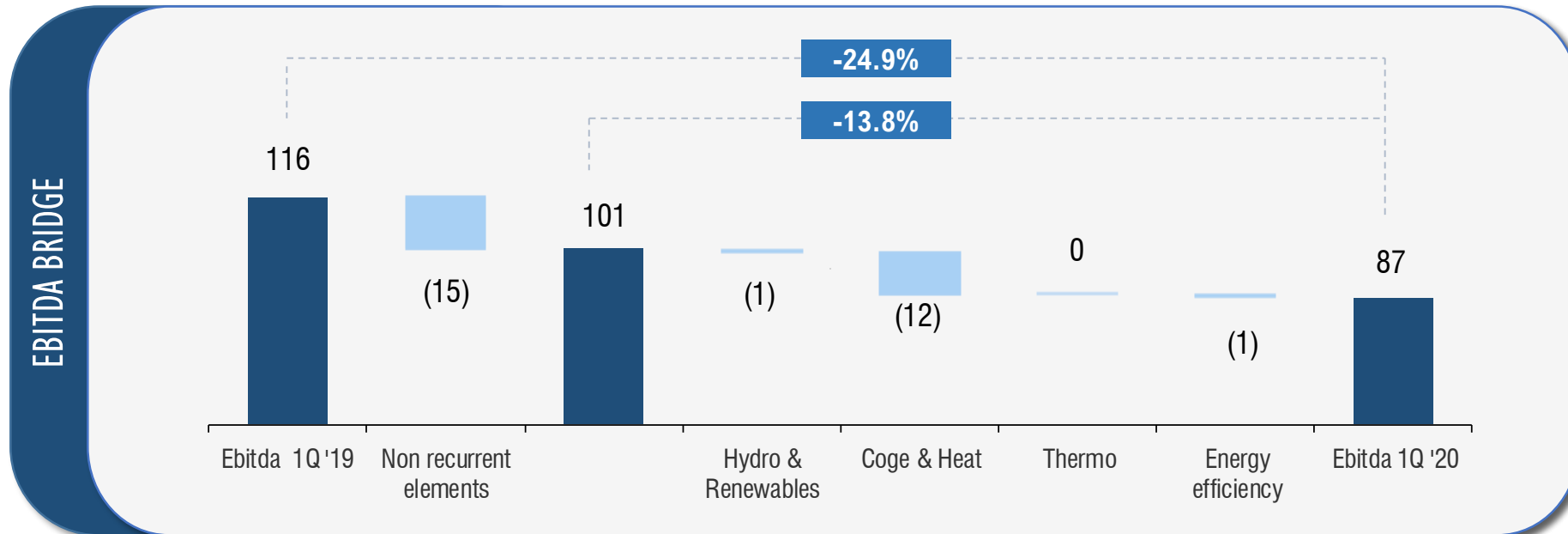


OUTLOOK

The consolidation activities will offset the COVID19 impacts (lower revenues and extra costs), obtaining a result in line with last year.

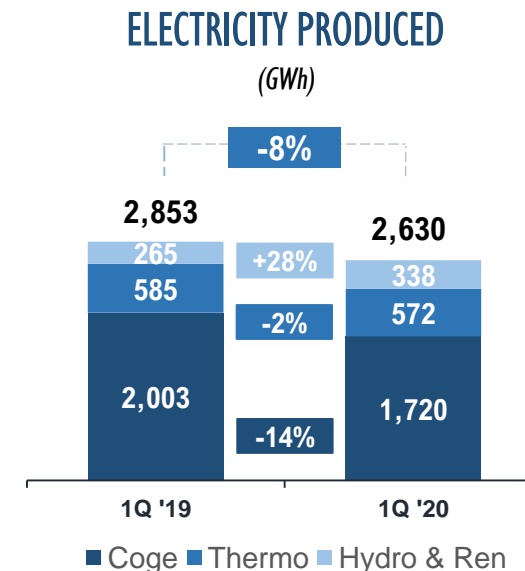
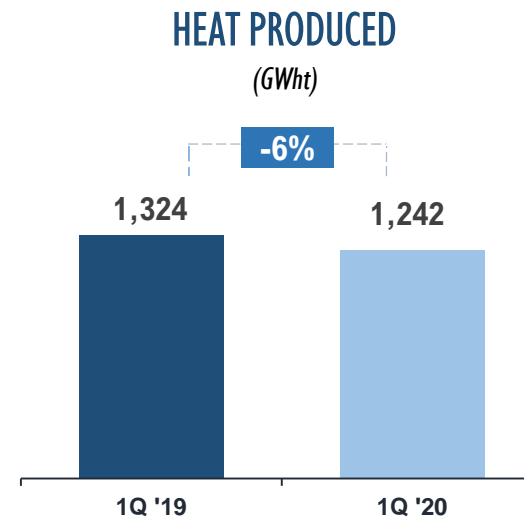


- + Higher hydro volumes
- + Positive results in the ancillary services market (18m€, +100% vs last year)
- Lower coge and thermo volumes
- Lower heat distributed due to mild temperature.
- Drop in PUN, in electricity clean spark spread and in heat spark spread.
- Negative non-recurrent elements for 15m€.

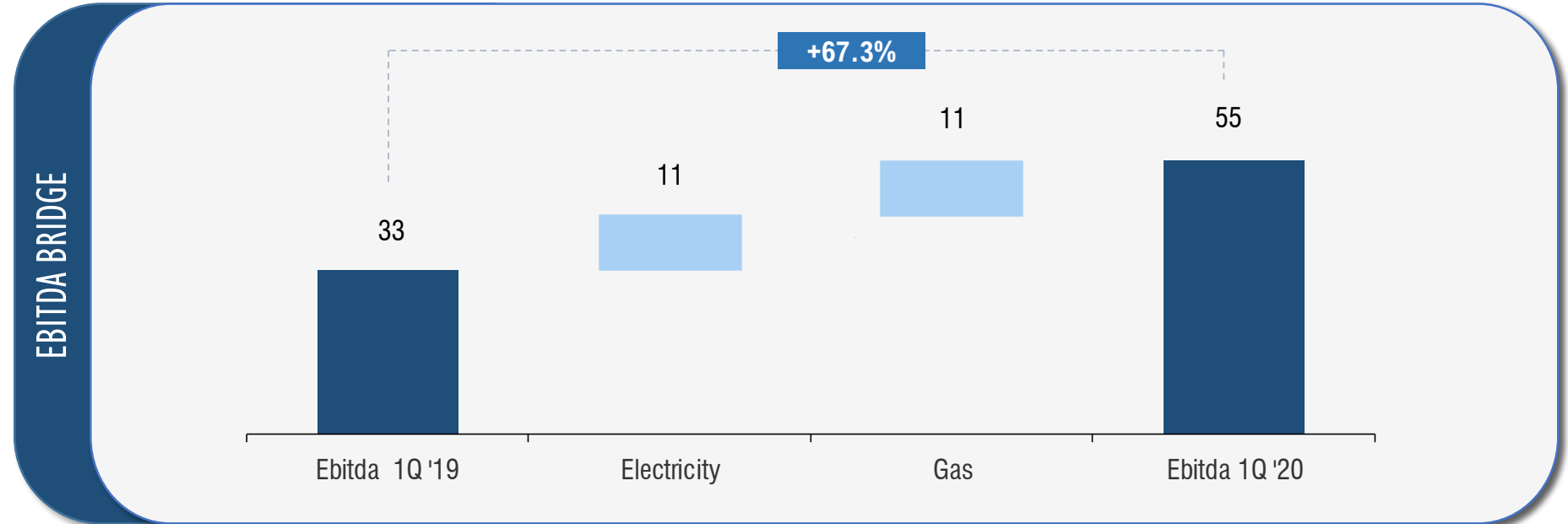


OUTLOOK

Strong downwards trend in energy scenario is expected to occur over the next 9 months.



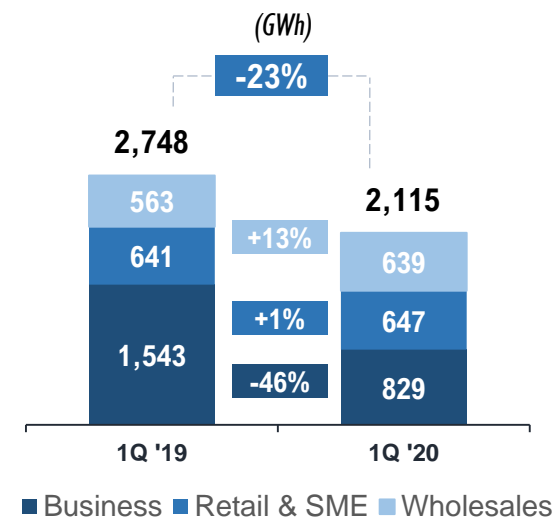
- + Higher electricity retail volumes
- + Positive repricing commercial policy and hedging activities in electricity and gas sectors which led to a margin normalization
- + Customer base at 1.842m clients (+27k vs FY2019 of which 21k of SanremoLuce acquisition)
- Lower electricity volumes mainly in SMEs and Business segment
- Lower gas volumes to end clients due to the winter mild temperature



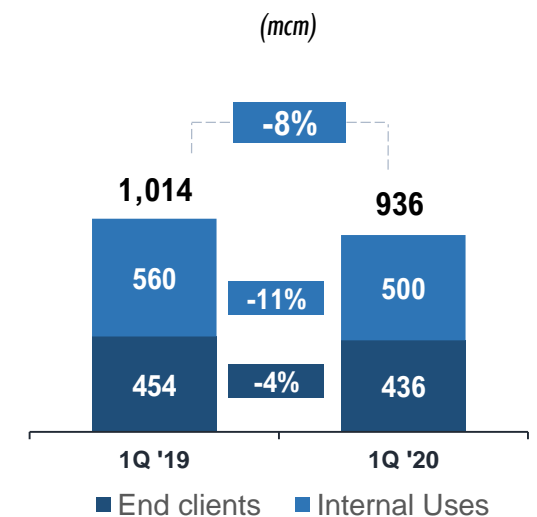
OUTLOOK

Stabilization of the recovery in gas and electricity margins. Growth trend of our customer base confirmed.

ELECTRICITY PORTFOLIO - USES



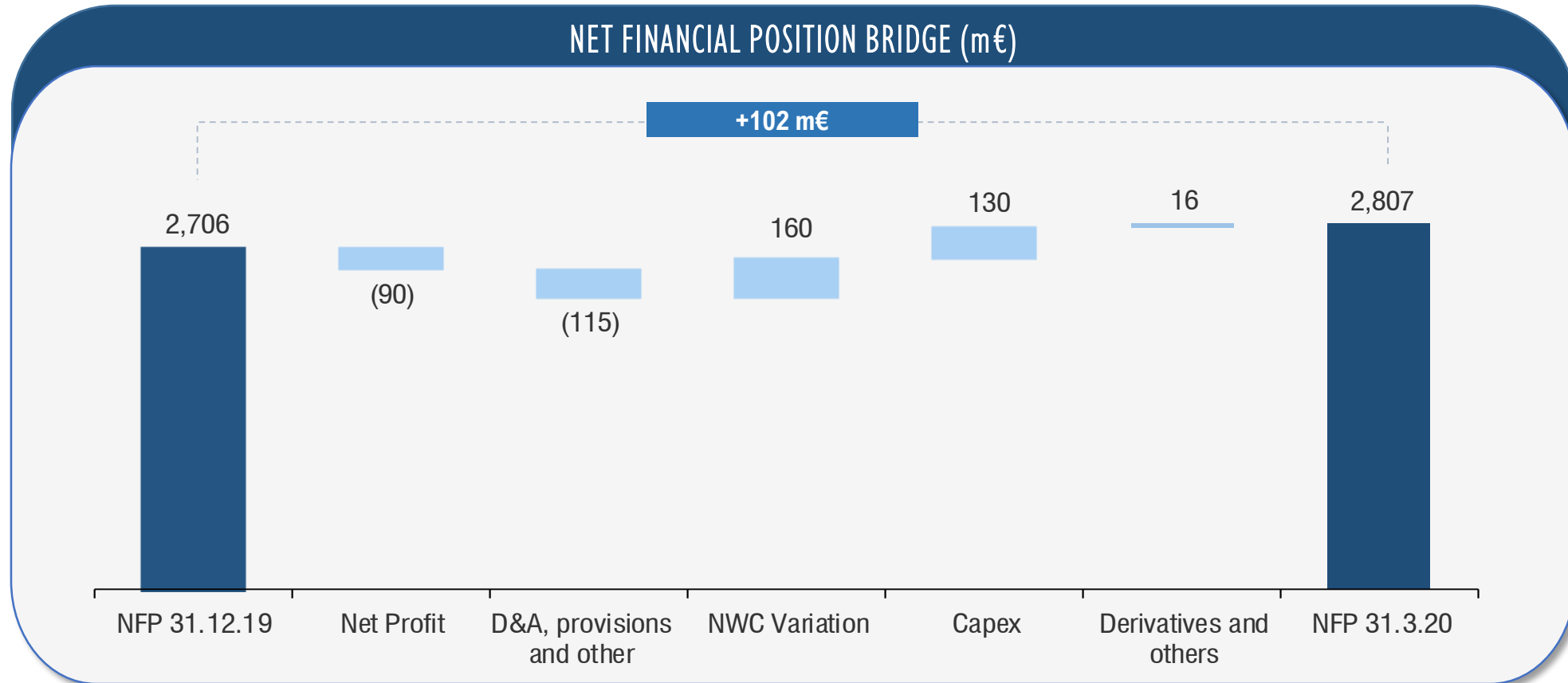
GAS PORTFOLIO - USES



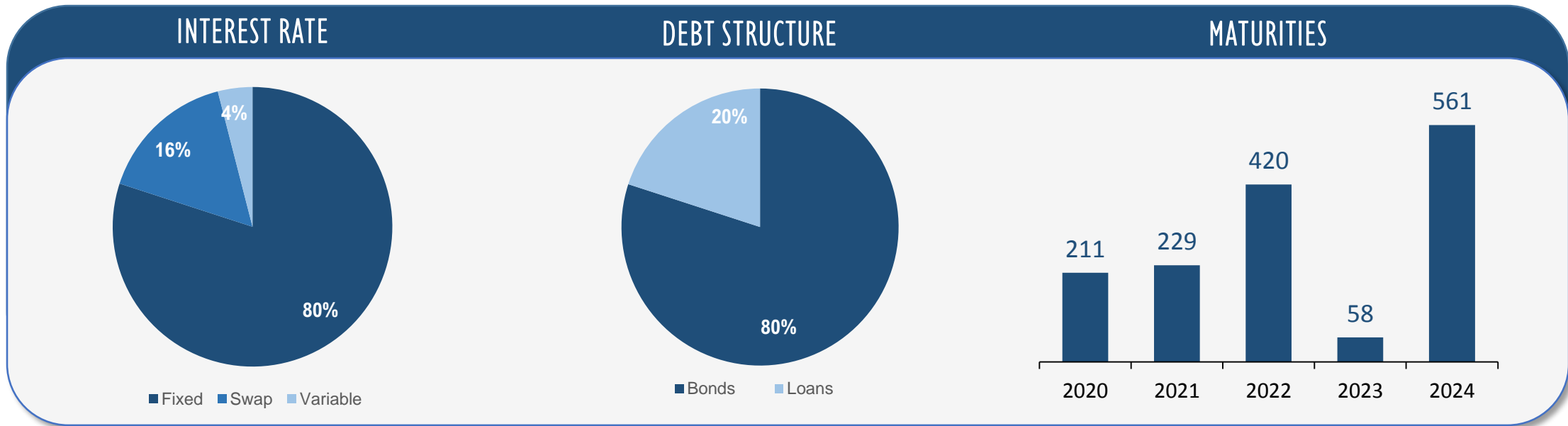
FROM EBITDA TO GROUP NET PROFIT (m€)

	1Q '19	1Q '20	Δ	Δ%
EBITDA	274.2	274.4	0.2	0.1%
<i>D&A and others</i>	-97.8	-106.9		
<i>Provisions to bad debt</i>	-4.7	-22.0		
EBIT	171.7	145.5	-26.2	-15.3%
<i>Financial charges</i>	-16.7	-15.2		
<i>Other financial</i>	-3.1	-3.2		
<i>Companies cons with e.m.</i>	-0.1	-0.2		
<i>Participations adjustment</i>	0.0	-0.1		
EBT	151.8	126.8	-25.0	-16.5%
<i>Taxes</i>	-45.3	-37.4		
<i>Minorities</i>	-6.6	-5.6		
Group net profit	99.9	83.8	-16.1	-16.2%

- Increase in **depreciations** related to capital intensive investments
- Higher **provisions** to bad debt mainly related to COVID emergency
- Lower **financial charges** mainly thanks to lower cost of debt despite the increase in gross debt
- Stable **tax-rate** at **29.5%**



- Slight increase in **net financial position** equal to 3.8% led by the worsening of the working capital and the capex growth according to business plan assumption.
- **Derivatives:** negative impact on debt caused by rates and commodities derivatives.



- 96% of gross debt at fixed interest rate and 4% of gross debt at variable interest rate.
- Average long-term debt duration of about 5.6 years vs 5.2 years in 1Q 2019.
- Reduction in the average cost of debt (2.2% vs. 2.6% in 1Q 2019).
- Sound liquidity after OLT disposal.

- 200m€ of undrawn committed long term credit lines (120m€ BEI loans and 80m€ CEB loans).
- 500m€ uncommitted lines.
- Iren is the only Italian local multiutility to have issued 3 Green Bonds for a total size of 1.5b€.

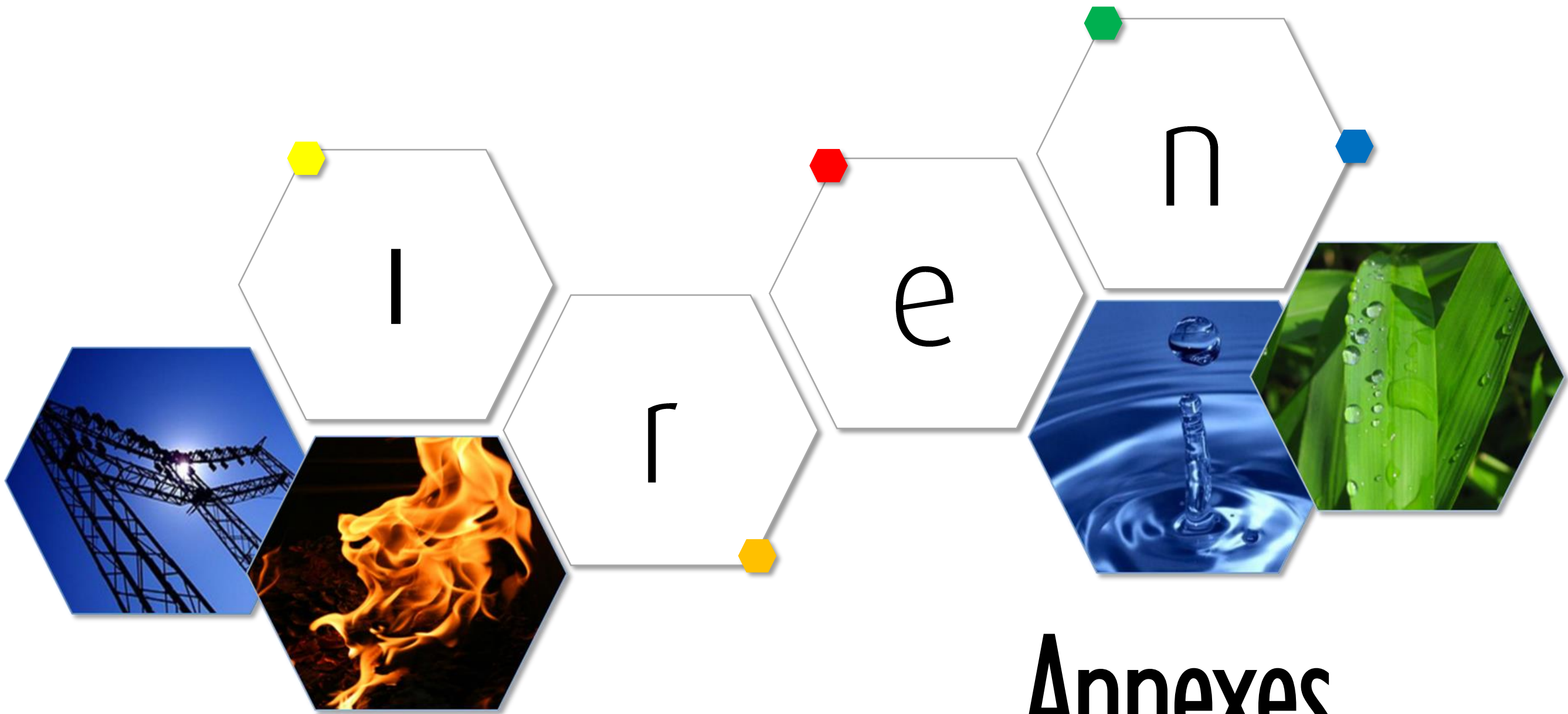
- In light of the 1Q results, we confirm the effectiveness of our growth path, organic and external in our reference areas, in an energy scenario downturn also impacted by heat volumes reduction.
- Further scenario weakness led by the COVID emergency, is expected in the next 9 months affecting mainly the energy business unit, due to the downward trend in energy prices.
- We've revised our estimates related to COVID emergency under the assumption that the emergency situation will be over by the end of June but with negative impacts lasting over the second half of the year at least. We expect the Covid emergency to have the following side effects compared with our last business plan estimates:
 - Ebitda impact for 25/30m€;
 - Net working capital increase for around 80m€
 - Credit losses for around 25m€
- We confirm our investments' plan for 2020 relying on the effectiveness of our medium/long terms targets.

GUIDANCE ON FY 2020

Ebitda: 880/890m€

NFP/Ebitda: 3.4/3.5x

Capex: ~650m€



Annexes

NETWORKS

	m€	1Q '19	1Q '20	Δ	Δ%
Revenues		233	244	11	5%
Ebitda		85	89	4	5%
<i>Electricity</i>		18	19	1	6%
<i>Gas</i>		20	20	0	0%
<i>Water</i>		47	50	3	7%
Ebit		46	40	-6	-11%
Gross Capex		50	56	6	12%

WASTE

	m€	1Q '19	1Q '20	Δ	Δ%
Revenues		175	179	4	2%
Ebitda		41	43	2	5%
<i>Collection</i>		13	15	2	15%
<i>Treatment & disposal</i>		28	28	0	0%
Ebit		19	19	0	0%
Gross Capex		7	16	9	n.s.

ENERGY

	m€	1Q '19	1Q '20	Δ	Δ%
Revenues		468	348	-120	-26%
Ebitda		116	87	-29	-25%
<i>Hydro&Renewables</i>		20	13	-7	-35%
<i>Thermo/Coge, DH</i>		94	73	-21	-22%
<i>Energy efficiency</i>		2	1	-1	-50%
Ebit		85	52	-33	-38%
Gross Capex		10	38	28	n.s.

MARKET

	m€	1Q '19	1Q '20	Δ	Δ%
Revenues		955	713	-242	-25%
Ebitda		33	55	22	67%
<i>Electricity</i>		1	12	11	n.s.
<i>Gas&Heat</i>		32	43	11	34%
Ebit		23	34	11	47%
Gross Capex		10	11	1	10%

	1Q '19	1Q '20	Δ%
Gas Demand (<i>bcm</i>)	25.5	23.9	-6.5%
TTF <i>€/000 scm</i>	195	103	-47.1%
PSV <i>€/000 scm</i>	220	120	-45.5%
Energy Demand (<i>Twh</i>)	80.3	77.0	-4.2%
PUN (<i>€/Mwh</i>)	59.4	39.6	-33.4%
CO2 <i>€/Ton</i>	22.2	22.8	2.6%
Green Cert. Hydro (<i>€/Mwh</i>)	92.1	99.1	7.5%
TEE (<i>€/TEE</i>)	259.9	265.0	2.0%

	FY '19	1Q '20
Net fixed assets	6,096	6,142
Net Working Capital	166	326
Funds	-625	-649
Other assets and liabilities	-280	-279
Net invested capital	5,357	5,540
Group Shareholders' equity	2,651	2,733
Net Financial Position	2,706	2,807
Total Funds	5,357	5,540

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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