



13th March 2015

2014 – FY Results

2014: A year characterised by significant operations.....

At the end of December, IREN, through the SPV, AmiatV, bought a further 31% in **AMIAT S.p.A.** (the Company managing waste collection in Turin) to now hold 80% of its share capital.

In May, IREN exercised the call option on a further 24% of **TRMV** (the SPV created with F2i, owning 80% of Turin WTE) to arrive at a 49% holding of the share capital of the company.

INDUSTRIAL OPERATIONS

In June Iren bought a further 49% of **Tecnoborgo** (the company owning and managing the Piacenza WTE) from Veolia, thereby attaining 100% of the share capital of the company.

The PTO launched by IREN Acqua Gas and SMAT which led to a holding of approximately 88% of the share capital of **SAP**.

Following the **AES Torino de-merger**, since July IREN has fully-owned the Turin district heating networks.

BONDS

During 2014 Iren continued its **bond issuing** activities for 450m€, taking advantage of the relatively low interests level on the market.

RETIREMENT PLAN

In order to foster generational staff turnover, Iren launched a 2014-2017 voluntary retirement plan, which will allow the Group to achieve significant synergies in the next years.



.... and significant one-offs.

CLIMATE

2014 was one of the warmest years of the last century, with a negative effect on both heat production and gas sales for a **total of approximately 40m€ (vs. 2013)**.

REGULATION

The revision of gas tariff brought a change in the calculation of CCI which **negatively impacted on both the gas and the DH sector**, as the latter's tariff is based on gas sales.

GREEN CERT.

Half of the GCs production deriving from the DH generation expired at the end of 2013, resulting in a **20m€ negative effect on 2014 margins**.

2015 will be the first year with none of the DH production benefitting from GCs, with a **further 20m€ negative impact**.

R.E. FUND

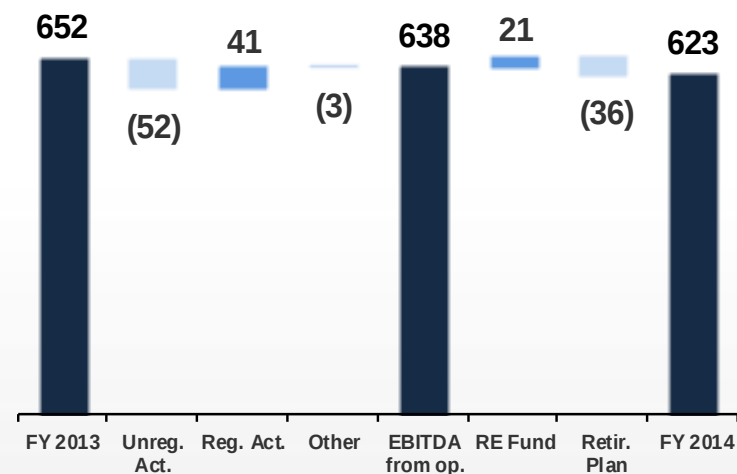
The residual share of the Real Estate Fund was sold in 2014 with a capital gain worth **approx. 20m€**.

External factors affecting 2014 operating results.

Income statement

	m€	FY '13 ¹	FY '14 ¹	Δ	Δ%
Revenues		3,373	2,902	-470.9	-14.0%
Ebitda		652	623	-29.7	-4.5%
Ebitda margin		19.3%	21.5%		
Ebit		331	325	-5.6	-1.7%
Net profit		89	69	-19.7	-22.2%

Ebitda Bridge



- **Revenues down by 14.0%:** Downward trend, linked mainly to extraordinary climate conditions and persistent economic slowdown.
- **Ebitda -4.5%:** The decrease in margins derives from a blend of different causes: Climate (extraordinary winter/autumn season), Regulation (gas tariff revision + GCs expiration), One-offs (voluntary retirement plan incentives). Nonetheless, IREN's well-balanced portfolio helped to limit the effects of the above-mentioned causes (regulated activities +41m€).
- **Ebit -1.7%:** Lower net provisions more than offset higher D&A.
- **Net profit:** The Net profit drop is attributable mainly to the cancellation of the RHT which negatively impacted on deferred taxes. Net of this and of the retirement plan, the net profit would have been approx. 100m€.
- **Dividend proposal:** €/c 5.23 per share, as in the last two years.

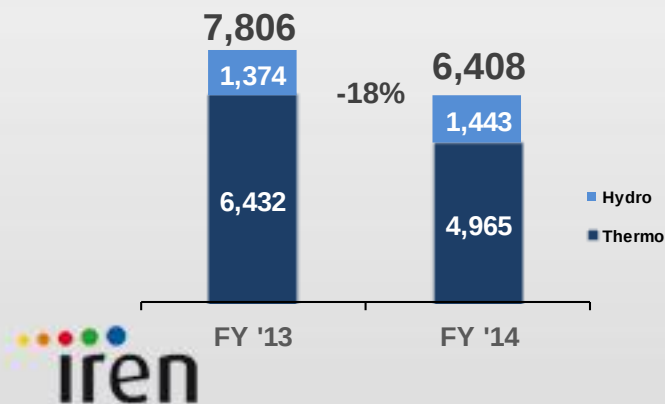
GENERATION AND DH – First 9M 2014 trend confirmed.

Lower margins led by:

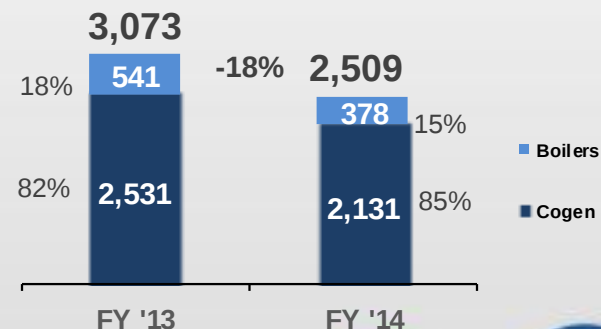
- **Lower volumes in the district heating sector** due to the extraordinary mild temperature, together with the GCs partial expiry (-20m€).
- **Lower profitability in hydroelectric sector** - slight reduction in margins, due to lower volumes (and lower GCs) from IREN's traditional basins, partially offset by the additional generation from Tusciano (approx. 300Gwh).
- **Slight growth in Cogen/Thermoelectric sector** in spite of a >15% drop both in volumes (mainly climate effect both in winter and autumn) and electricity price, thanks to positive **non-recurrent items** and the absence of the write-down reported in 4Q 2013.

	m€	FY '13	FY '14	Δ	Δ%
Revenues		1,048	827	-221	-21%
Ebitda		236	199	-37	-15%
Ebit		119	106	-13	-11%
Gross Capex		47	66	19	40%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



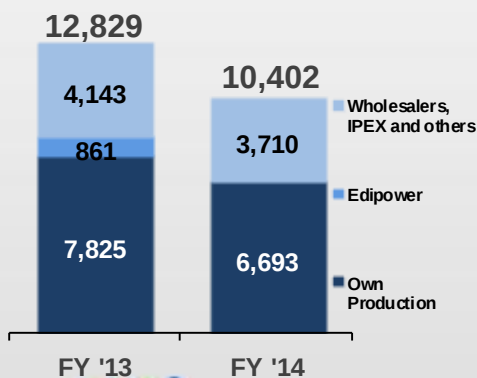
MARKET – Margins negatively impacted by external elements.

- The **Gas Sales**' trend reflects the negative impact of the new reg. framework (CCI) and of the extremely mild temperature, partially also recorded with relation to last autumn (climate effect -20m€).
- **Electricity sales**: benefitted from the expiry of the Edipower tolling agreement.
- Limited impact on EBIT thanks to **lower provisions**.

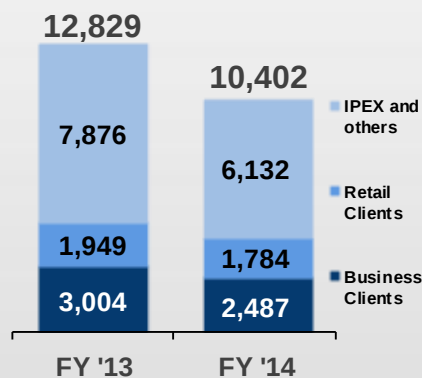
	m€	FY '13	FY '14	Δ	Δ%
Revenues		3,098	2,388	-710	-23%
Ebitda		107	91	-16	-15%
Electricity		14	25	11	79%
Gas&Heat		93	66	-27	-29%
Ebit		52	50	-2	-5%
Gross Capex		8	10	2	30%

ELECTRICITY PORTFOLIO (GWh)

Sources*

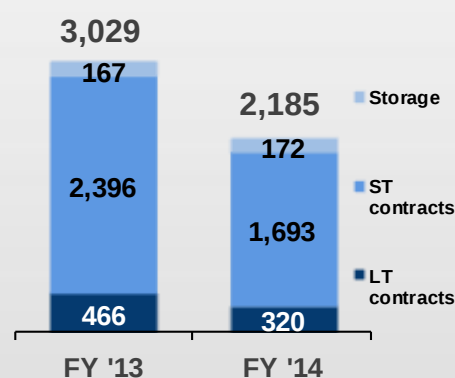


Uses*

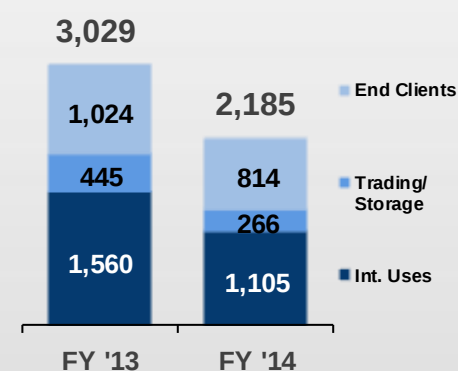


GAS PORTFOLIO (MCM)

Sources



Uses



*net of "pass-through IpeX volumes"

DISTRIBUTION – Cost-savings and one-offs.

ENERGY INFRASTRUCTURE

- **Electricity networks:** lower margins linked to the disposal of Turin extra-urban networks and fewer services to end clients.
- **Gas networks:** growth driven by cost-savings and the economic recognition of the efforts in achieving compulsory energy efficiency targets.

	m€	FY '13	FY '14	Δ	Δ%
Revenues		334	341	7	2%
Ebitda		154	152	-2	-1%
Electricity		80	74	-6	-8%
Gas		74	78	4	6%
Ebit		107	106	-1	0%
Gross Capex		56	61	5	8%
El. distr. (GWh)		4,136	3,848		
Gas distr. (mcm)		1,353	1,119		

WATER

- The outstanding results in the sector are linked to:
 - the tariff growth (in compliance with the new Tariff Method);
 - Balance for previous years;
 - the absence of the negative non-recurrent item reported in 2013 ("Water referendum").

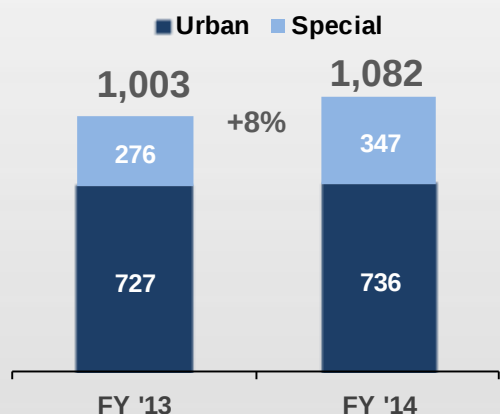
	m€	FY '13	FY '14	Δ	Δ%
Revenues		426	464	38	9%
Ebitda		118	150	32	28%
Ebit		49	76	27	53%
Gross Capex		73	83	11	15%
Volume sold (mcm)		149	147		

WASTE – Relevant improvement in performances.

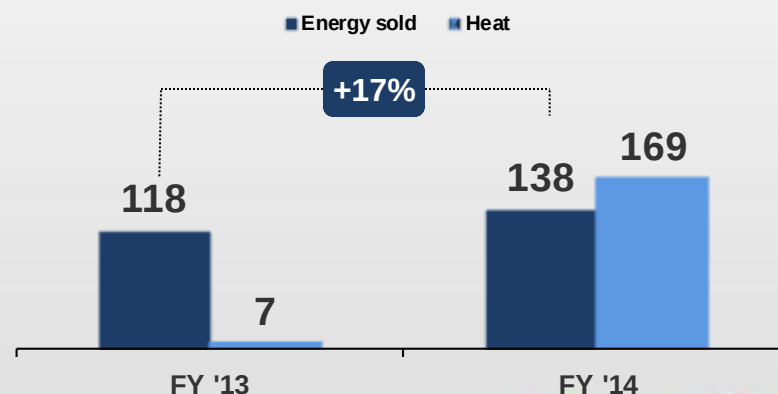
- **Revenues and EBITDA strongly benefitted mainly from:**
 - The coming on stream of the new WTE in Parma;
 - Strong increase in special waste collection +25%.
- Sorted waste collection percentage higher than 63% (up from 61% reported in FY 2013).
- Lower capex linked to the completion of the WTE in Parma.

	m€	FY '13	FY '14	Δ	Δ%
Revenues		214	238	24	11%
Ebitda		37	48	11	31%
Ebit		6	14	8	132%
Gross Capex		56	18	-38	-60%

Waste (Kton)



WTEs - Energy and Heat production (GWh-GWht)



From EBITDA to Net Profit.

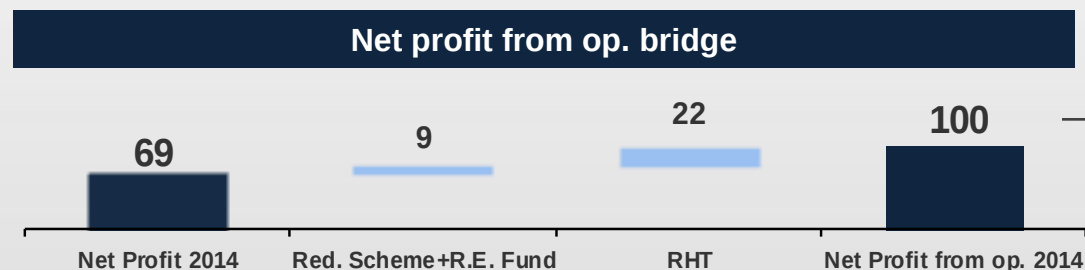
	FY '13	FY '14	Δ%
EBITDA from op.	652.3	638.0	-2.2%
Redundancy scheme a R.E. fund cap. gain		-36.0 21.0	
EBITDA	652.3	622.7	-4.5%
D&A	-217.3	-247.9	
Provisions	-104.1	-49.4	
EBIT	331.0	325.4	-1.7%
Financial charges	-87.5	-104.9	
Companies consolidated with e.m.	9.6	-10.6	
Adjustments in participations	-28.1	3.9	
EBT	224.9	213.7	-5.0%
Taxes	-125.1	-128.2	
Minorities	-11.2	-16.6	
Group net profit	88.6	68.9	-22.2%

- **Higher D&A** related mainly to the Tusciano and Turbigo plants and to WTE in Parma .
- Lower provisions.

The negative results in C.C.E.M. is **attributable mainly to OLT**.

Absence of 2013 negative effect in adj. in participations.

Stable tax-rate adjusted.

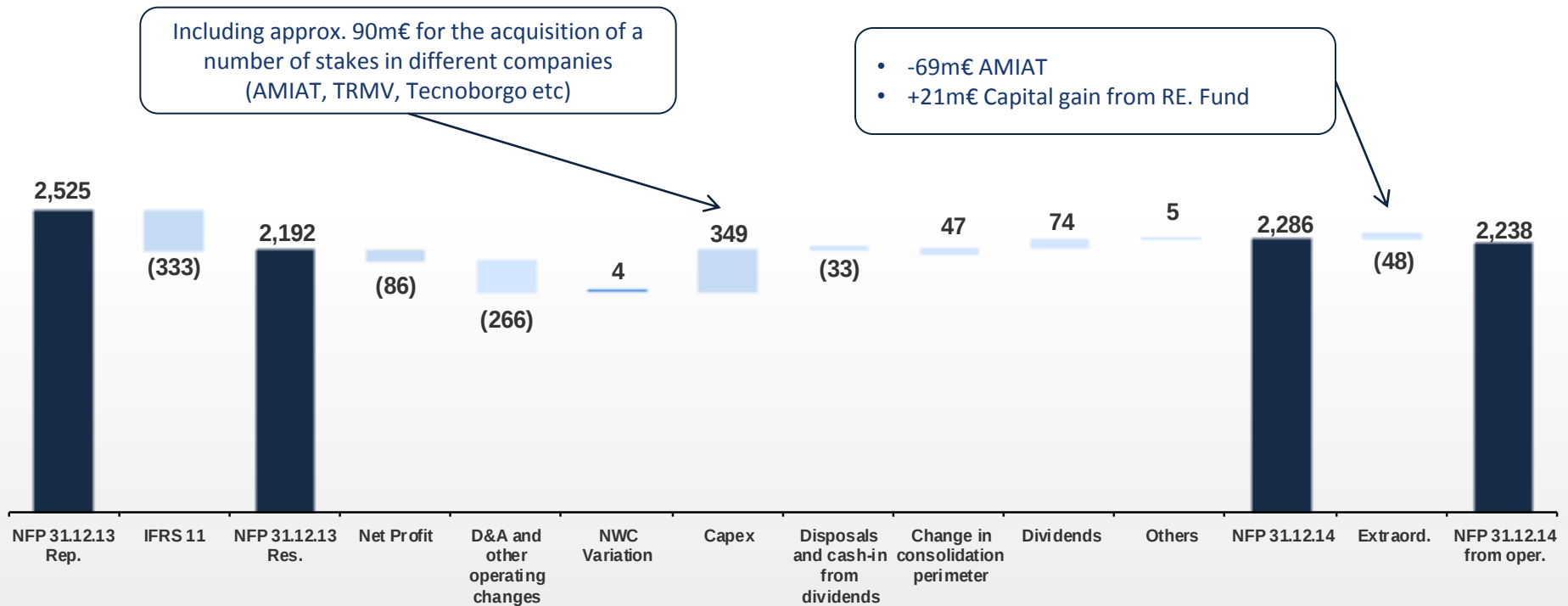


2014 Net Profit has been affected by **a number of extraordinary items**:

- Voluntary retirement plan execution.
- R.E. fund residual share sale.
- Robin hood tax cancellation (affecting estimated taxes).

Excluding these items, NP would have been ~30m€ higher.

Cash-flow and NFP Bridge.

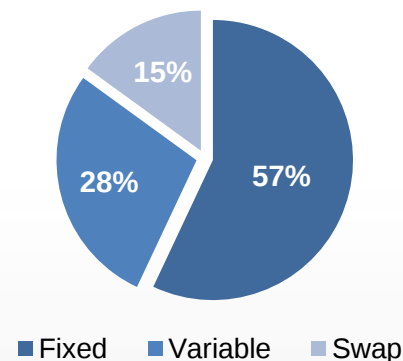


- The growth in NFP includes the cash-out for the acquisition of stakes in several companies such as AMIAT (+31% in capital share), TRMV (+24% in capital share) Tecnoborgo (+49% in share capital). Net of these acquisitions, the NFP would have been substantially stable compared to 2013.

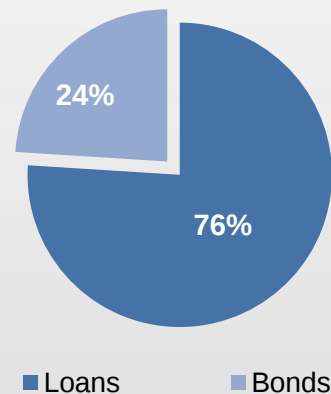
Interest rate and debt structure.

- 28% of gross 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 FY 2013).
- Strong increase in percentage of IREN's Debt funded through bonds: 24% compared to 9% reported in 2013 thanks to the 450m€ bond issue (both private and public placement).

Gross debt interest rate



Debt structure



Closing remarks.

In spite of the negative impact of a number of external extraordinary elements, Gruppo Iren:

- **managed to keep operating margins nearly stable**, thanks to its well-balanced business portfolio (EBITDA: 55% from regulated activities, 45% from unregulated activities).
- **prepared the ground for a deeper integration and modernization** of IREN Group, through the retirement incentives and a new organizational scheme presented at the end of the year.
- **strongly pursued development** in its reference areas through multiple industrial operations (AMIAT, TRM, AES, Tecnoborgo ecc.).
- **Reshaped its debt structure** through the emission of private and public bonds (which at the end of 2014 are worth approximately 25% of the total Iren debt).

The resilience in facing difficult scenarios together with the renewed streamlined organization in 2014 will allow the company to play a leading role in the years to come.



Annexes



Market Scenario.

	FY '13	FY '14	Δ%
Brent <i>USD/bbl</i>	108.7	99.2	-8.7%
USD/€	1.33	1.33	+0.1%
Brent <i>€/bbl</i>	81.8	74.7	-8.7%
Gas Demand (<i>bcm</i>)	69.5	61.4	-11.6%
PSV <i>€/000 scm</i>	296	246	-17.0%
Energy Demand (<i>Twh</i>)	319	309	-3.0%
PUN (<i>€/Mwh</i>)	63.0	52.1	-17.3%
CO ² <i>€/Ton</i>	4.5	5.9	+32.5%
Green Cert. Hydro (<i>€/Mwh</i>)	82.7	85.9	+3.9%

- The exceptional climatic conditions experienced throughout the year affected gas demand (-12%)
 - PUN reached its lowest level ever.

Balance Sheet*.

	FY '13	FY '14
<i>Net fixed assets</i>	4,541	4,619
<i>Net Working Capital</i>	151	238
<i>Funds</i>	-474	-550
<i>Other assets and liabilities</i>	-17	-28
Net invested capital	4,202	4,279
<i>Group Shareholders' equity</i>	2,010	1,994
<i>Net Financial Position</i>	2,192	2,285
Total Funds	4,202	4,279

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.

This document was prepared by IREN mainly for use during meetings with investors and financial analysts. This document does not constitute an offer to sell or a solicitation to buy or subscribe shares and neither this entire document or any portion of it may constitute a basis or provide a reference for any contract or commitment.

Some of the information contained in this document may contain projected data or estimates that are based on current expectations and on opinions developed by IREN and are based on current plans, estimates, projections and projects. Consequently, it is recommended that they be viewed as indicative only.

Projected data and estimates entail risks and uncertainties. There are a number of factors that could produce significant differences between projected results and actual results. In addition, results may be affected by trends that are often difficult to anticipate, are generally beyond IREN's control and could produce results and developments that are substantially different from those explicitly or implicitly described or computed in the abovementioned projected data and estimates. The non-exhaustive list that follows being provided merely by way of example, these risks include: significant changes in the global business scenario, fluctuations in the prices of certain commodities, changes in the market's competitive conditions and changes in the general regulatory framework.

Notice is also given that projected data are valid only on the date they are produced. Except for those cases in which the applicable statutes require otherwise, IREN assumes no obligation to provide updates of the abovementioned estimates and projected data.