

Mediobanca CEO Conference

22th June 2022



2021 – 2030 Strategic plan ambitions



- Progressively decarbonize all activities
- Strengthen leadership in circular economy

Investments '21 – '30





- Extend footprint in legacy regions, also inorganically
- Evolve into preferred partner for local stakeholders







- Excel in networks performance and resilience
- Boost customer satisfaction across businesses

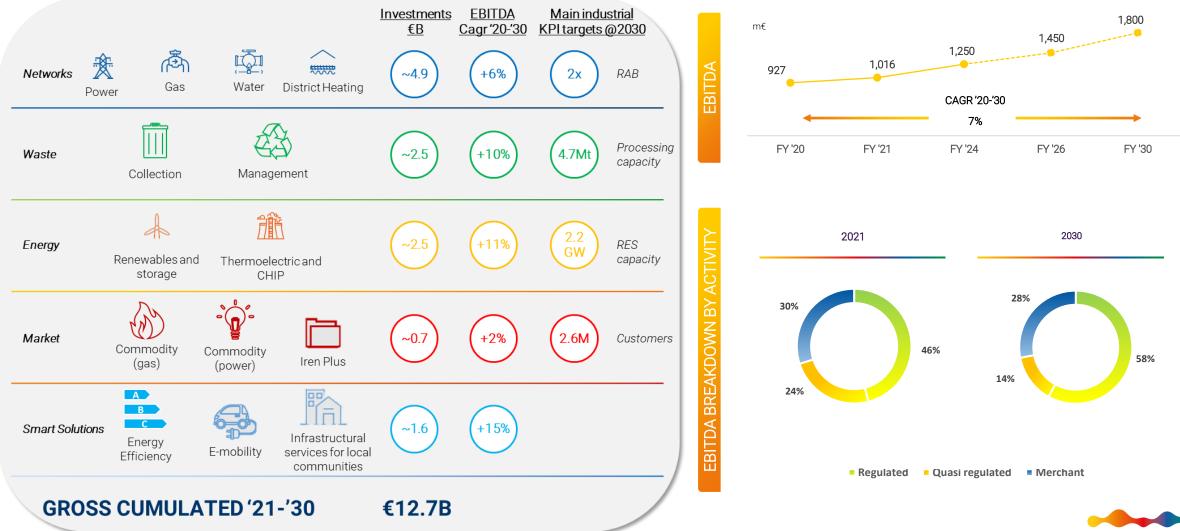






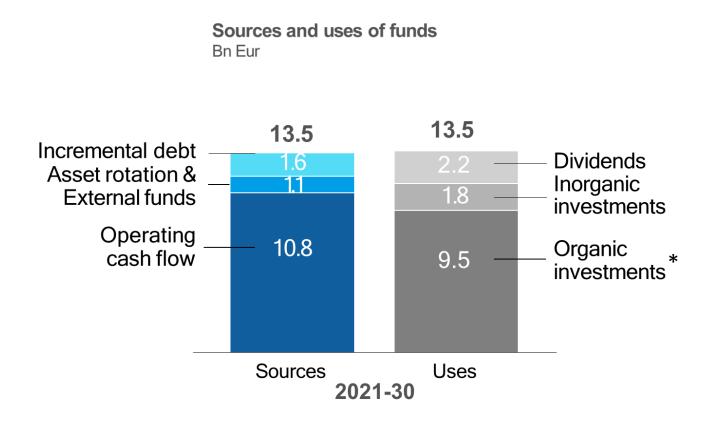
Business Plan@2030:

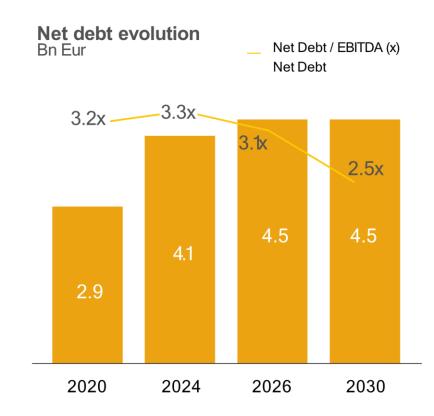
Strong growth led by the most ambitious Investment Plan ever





Strong cash flow generation underpinning sound capital structure profile & metrics



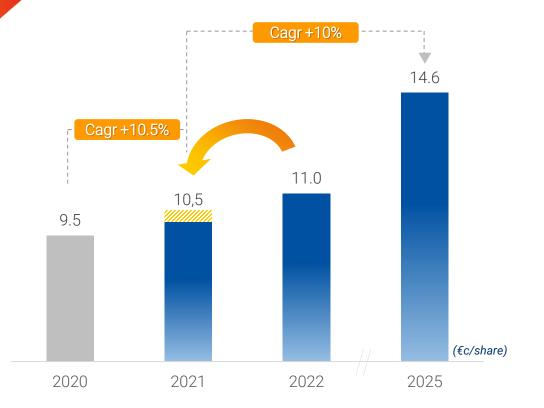




Dividend policy

Having closed 2021 ahead of our Plan, we are proposing to pull-ahead the dividend per share growth initially forecasted for the next year

DPS IMPROVED +10.5%





IREN reported solid 2021 results despite a very challenging market environment, thanks to the resilience of its business model & integrated energy value-chain and to the effectiveness of the measures taken during the year to counter the unexpected volatility of the energy scenario



Our 2021 achievements combined with the actions executed in the first few months of 2022, confirm the validity of our strategic framework and its consistency vis-à-vis the current sector mainstreams



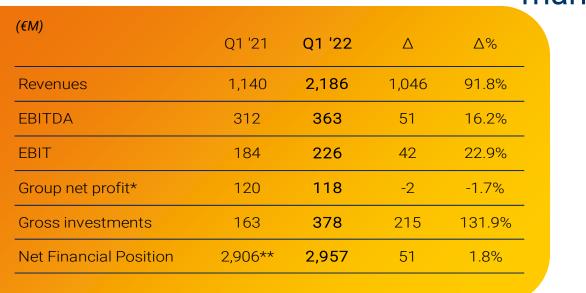
Continuous organic development combined with the planned additional consolidations / acquisitions will be the main catalysts of our growth in the next year, further sustained by an acceleration in our target renewable investments

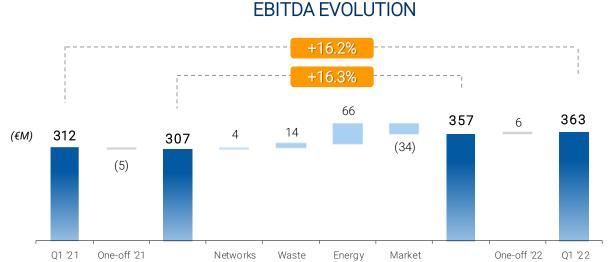




Sound Q1 2022 performance despite a very challenging energy & market scenario

Iren



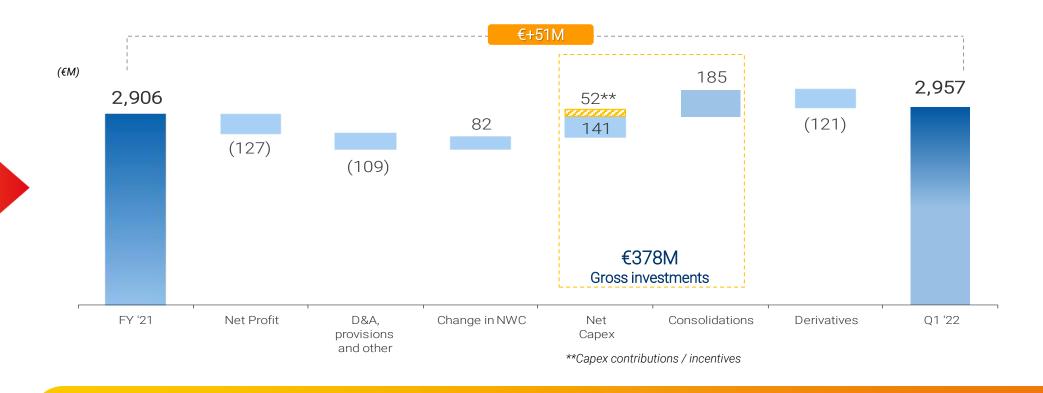




^{*} Q1 '21 affected by a €12M pre-tax positive one-off effect linked to Unieco debt optimization; Q1 '22 impacted by "Contributo di solidarietà - ex art. 37 DL Taglia Prezzi" decree for estimated €24M (including impact of new measures announced and approved by Government on May 2)

Net Financial Position Evolution (Q1 2022 vs FY2021)

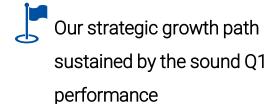


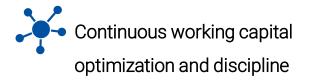


- Investments increase largely offset by the strong cash generation in the quarter
- Effective working capital management allows to overcome the increase in trade receivables linked to doubling in revenues, seasonality and the impact of government measures (bill instalment payments)
- Positive contribution from derivatives mainly related to commodities

Main takeaways from Q1 Results





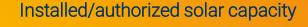


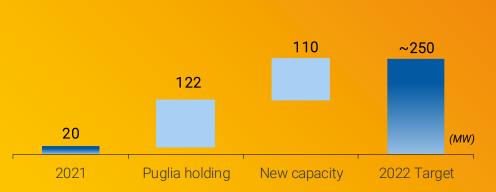


Strengthening of the integrated energy value chain strategy to tackle the scenario volatility

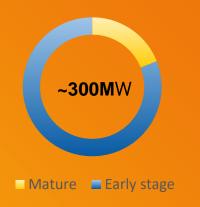


Well positioned to execute
our investment pipeline and
to accelerate in our
renewable investments
target

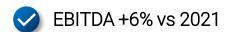




New renewable capacity pipeline

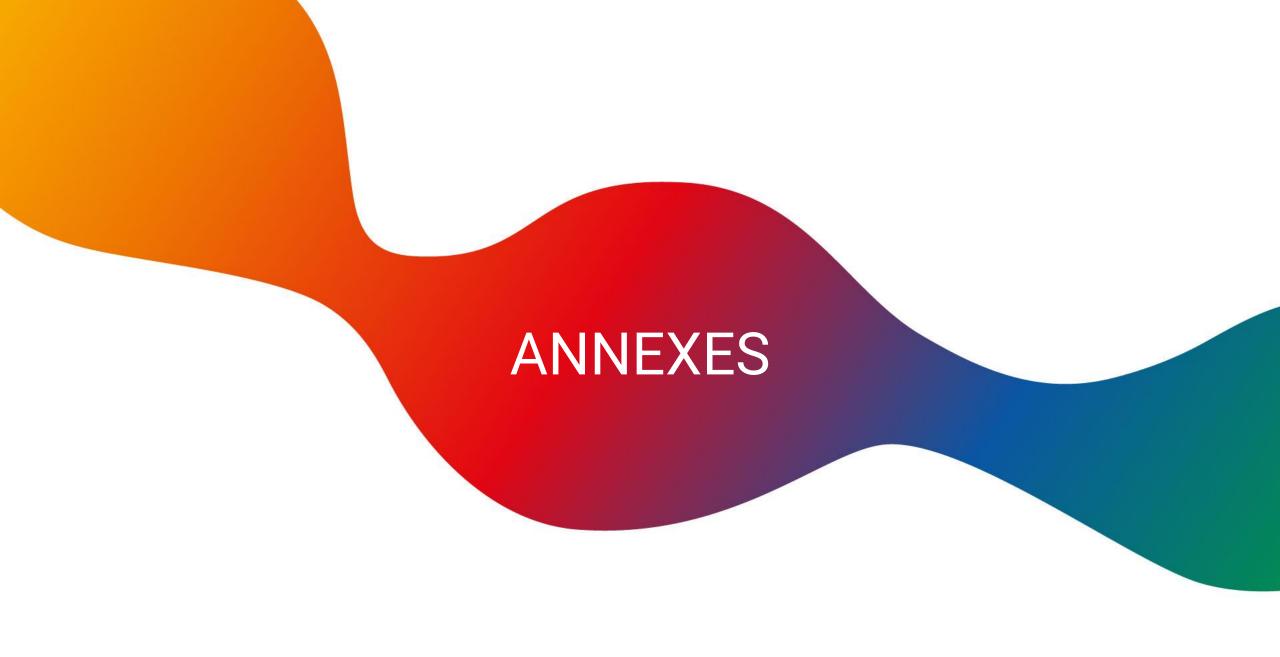


FY 2022 guidance confirmed



Gross investments ~€1.5B*

✓ NFP/EBITDA ~3.4X



Iren at a glance

iren



>7million

INHABITANTS IN IREN'S 3 LEGACY REGIONS

CUSTOMERS:

- ~2.0M in the energy sector
- ~2.7M inhabitants served in the water service
- ~3M inhabitants served in the waste sector
- ~0.6M inhabitants served in district heating















Energy Infrastructure

- O RAB Electricity distribution: 480m€
- RAB Gas distribution: 723m€
- 2.75% electricity network leaks (vs.) national avg. 6.4%)

Water Service

- RAB water cycle management: 1.199m€
- 32.6% water network leaks (vs. national avg. 42%)

Urban Waste Collection

- \circ ~1.7m tons of waste collected
- 70.3% of sorted waste collection (vs. national avg. 63%)

Hydroelectric Green Certificates

- 225 GWh GCs produced through hydro
- 560K tons CO2 emission avoided from hydro

District Heating

- 99.0 mcm of district heated volumes
- 750K tons CO2 emission avoided from cogeneration

Urban Waste Disposal

- 3 Waste To Energy plants (total capacity ~800Kton/y, 95MW of capacity)
- 100% energy or material recovery from waste managed

UNREGULATED ACTIVITIES

REGULATED

ACTIVITIES

(46% of Ebitda)

QUASI

REGULATED

ACTIVITIES

(24% of Ebitda)

(30% of Ebitda)

2021 Data

Generation

- 2,800 MW of generation capacity
- 76% of electricity produced by environmentally friendly sources

Energy Market

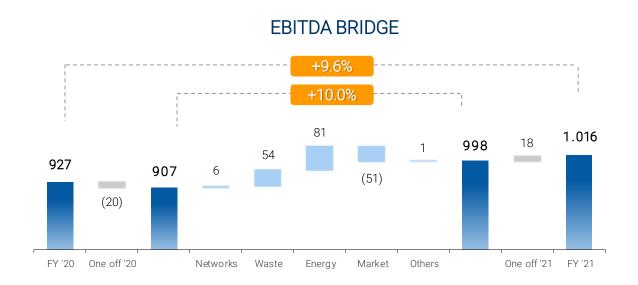
- ~6.0 TWh electricity sold to end clients
- ~1.0 bcm gas sold to end clients
- 92% customer satisfaction

Special Waste

- ~881K tons of special waste managed
- 223.9K tons special waste to energy recovery

FY 2021 Results: Robust growth despite unexpected challenges

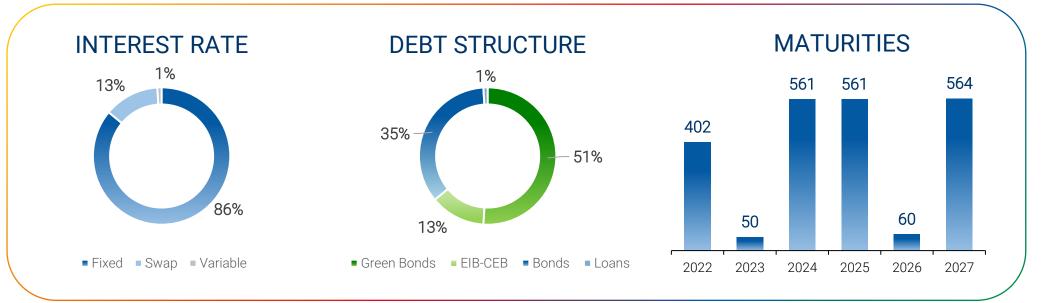
(m€)				
	FY '20	FY '21	Δ	Δ%
Revenues	3,726	4,956	1,230	33.0%
Ebitda	927	1,016	89	9.6%
Ebit	415	454	39	9.3%
Group net profit	239	303	64	26.7%
Gross investments	Gross investments 913 955 42		4.6%	
NFP	2,948	2,906	-42	-1.4%







Debt Structure



- 99% of gross debt at fixed interest rate
- Average long-term debt duration of about 5.4 years vs 5..9 years in Q1 2021
- Reduction in the average cost of debt (1.7% vs. 1.8% in Q1 '21)
- 64% of the Iren total debt is composed of green and assimilated instruments
- € 1,328 Mln liquidity position, of which:
 - € 553 Mln cash
 - € 775 Mln committed bank facilities

- New Sustainability Financing Framework published
- New credit rating from S&P and confirmed of rating Fitch

Outstanding Bonds

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Issuer	Cpn (%)	Issue Date	Maturity	Amount (EUR)		
IREN SPA	2.750	11/2/2015	11/2/2022	359,634,000		
IREN SPA	0.875	11/2/2016	11/4/2024	500,000,000		
IREN SPA	1.950	9/19/2018	9/19/2025	500,000,000		
IREN SPA	1.500	10/24/2017	10/24/2027	500,000,000		
IREN SPA	0.875	10/14/2019	10/14/2029	500,000,000		
IREN SPA	1.000	7/1/2020	7/1/2030	500,000,000		
IREN SPA	0.250	12/17/2020	1/17/2031	500,000,000		

Green bond in green



Q1 2022 Results: EBITDA to Group Net Profit reconciliation

(€M)				
	Q1 '21	Q1 '22	Δ	Δ%
EBITDA	312.3	362.8	50.5	16.2%
D&A	-112.0	-121.2		
Provisions to bad debt	-2.0	-1.6		
Other provisions and write-downs	-14.6	-14.3		
EBIT	183.7	225.8	42.1	22.9%
Financial charges	-16.3	-16.5		
Companies consolidated at equity method	-0.2	2.9		
Others	12.3	1.4		
EBT	179.5	213.5	34.0	19.0%
Taxes	-52.1	-86.4		
Minorities	-7.0	-8.8		
Group net profit	120.4	118.3	-2.1	-1.7%
Group net profit adjusted	111.9	142.3	30.4	27.2%



Higher depreciations linked to increased investments



- Decrease in average cost of debt (1.7% in Q1 2022 vs 1.8% in Q1 2021)
- 2021 affected by extraordinary element worth €12M (pre-tax)



- €24M estimated impact of "Contributo di solidarietà" decree (ex art. 37 DL Taglia Prezzi)
- Ordinary tax rate at 29.2%



Regulatory Framework

	Gas distribution	Electricity distribution	Water service	Integrated waste collection service & regulated plants ¹
Regulatory period	6 years (2020 – 2025)	8 years (2016 – 2023)	4 years (2020 – 2023)	4 years (2022-2025)
WACC methodology update	6 years (2022 – 2027)	6 years (2022 – 2027)	4 years (2020 – 2023)	6 years (2022-2027)
WACC parameters update	Every three years for general parameters (2025); specific parameters ² in 2023	Every three years for general parameters (2025); specific parameters ² in 2024	Every two years (2024)	General and specific parameters every three years (2025)
WACC	5.6%	5.2%	4.8%	5.6%

^{1.} Regulated Plants: methodology applied from 2022

^{2.} Specific Parameters: Beta and Gearing

Key Rating Agencies Messages

Rating Sensitivities

Overview of Iren Rating Positioning



Standard & Poor's (BBB- / Positive Outlook)

S&P Global

Ratings

- Iren's credit quality reflects its solid position in Italy as one of the largest multi-utilities and its high share of regulated activities
- The positive outlook on Iren reflects our expectation that it will continue to strengthen its position in the regulated segment, thanks to its ambitious capex plan, while improving its credit metrics
- If Iren successfully executes its plan, we believe it can maintain adjusted FFO to debt of about 20% over 2021-2023, with debt to EBITDA not increasing substantially above 4.0x

Factors that could lead to a positive Rating Action/ Upgrade:

- Adjusted FFO to debt increase above 20%
- Adjusted debt to EBITDA trends below 4.0x

Factors that could lead to a negative Rating Action/ Downgrade:

- Adjusted FFO to debt remains below 20%
- Adjusted debt to EBITDA does not decline below 4.0x

Fitch (BBB / Stable Outlook)

FitchRatings

- The affirmation of Iren S.p.A.'s Issuer Default Rating (IDR) reflects the company's updated business plan up to 2026-2030 that is broadly in line with its historical strategic pattern and has a focus on regulated and quasi-regulated activities
- Overall, the business plan's financial targets renew Iren's commitment towards a capital structure that is consistent with the current rating. Fitch Ratings deems Iren fairly placed for a 'BBB' rating, as Fitch expects funds from operations (FFO) net leverage to remain at 4.5x on average until 2026

Factors that could lead to a positive Rating Action/ Upgrade:

- FFO net leverage declining below 4.3x
- FFO interest coverage sustained above 5.0x

Factors that could lead to a negative Rating Action/ Downgrade:

- FFO net leverage above 5.0x
- FFO interest coverage below 4.0x over a sustained period
- Growing exposure to unregulated activities

Disclaimer

The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Ms. Anna Tanganelli, 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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