2008, First Half Results

1 September 2008

1H 2008 RESULTS - SUMMARY

- 1H 2008 MAIN FIGURES
- KEY GROWTH DRIVERS
- EBITDA BREAKDOWN
- FROM EBITDA TO NET PROFIT
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1H 2008 MAIN FIGURES

Remarkable growth confirming the Group's industrial development

1H08 market scenario:

- Italian Gas demand increased by 7.5% due to colder temperatures in comparison with the extraordinarily mild weather recorded in 1H07.
- The oil price increased (+72%), partially compensated by revaluation of Euro, boosting electricity prices (+24%).
- Green certificates price at the end of 1H08 was € 70.95/MWh (€80.9/MWh1H08 average price), lower than €114.42/MWh recorded in 1H07.

IRIDE Group:

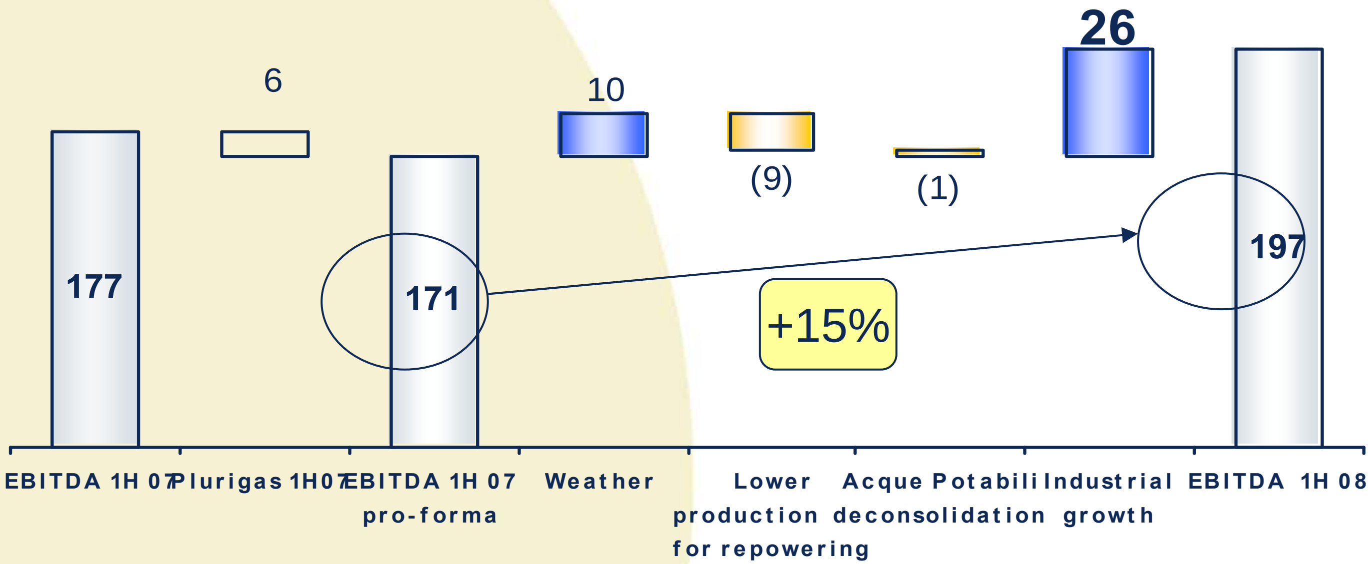
- EBITDA grew from € 171 to € 197 mln (+15.4%) and EBIT grew from € 112 to € 133 mln (+19.3%) driven by higher profits in the free market (75%), increase in co-generated heat and higher volumes in gas distribution and district heating.
- Hydro generation was affected by the Orco Valley plants repowering, almost fully operating as from the end of the 2Q08, and the lack of rainfall in 1Q08.

Euro million	1H08	1H07 (1)	Δ %
Revenues	1,193	1,102	8%
EBITDA	197	171	15%
EBIT	133	112	19%
Profit Before Taxes	111	93	19%
Net Profit from ongoing operations	93	52	78%
Net Profit	93	69	34%

	1H08	1H07	Δ
Brent ($/bbl)	109,5	63,5	72%
Exchange rate (€/$)	1,53	1,33	15%
Brent (€/bbl)	**71,4**	**47,7**	**50%**
PUN_{TWA} (€/MWh)	**81,1**	**65,5**	**24%**
Green Certificates (€/MWh)	**80,9**	**121,6**	**-33%**
PUN_{TWA} + Green Cert. (€/MWh	**162,0**	**187,1**	**-13%**

(1) Pro-Forma for Equity consolidation of Plurigas

4 KEY DRIVER OF GROWTH



1H 2008 results benefit from the delivery of the development plan

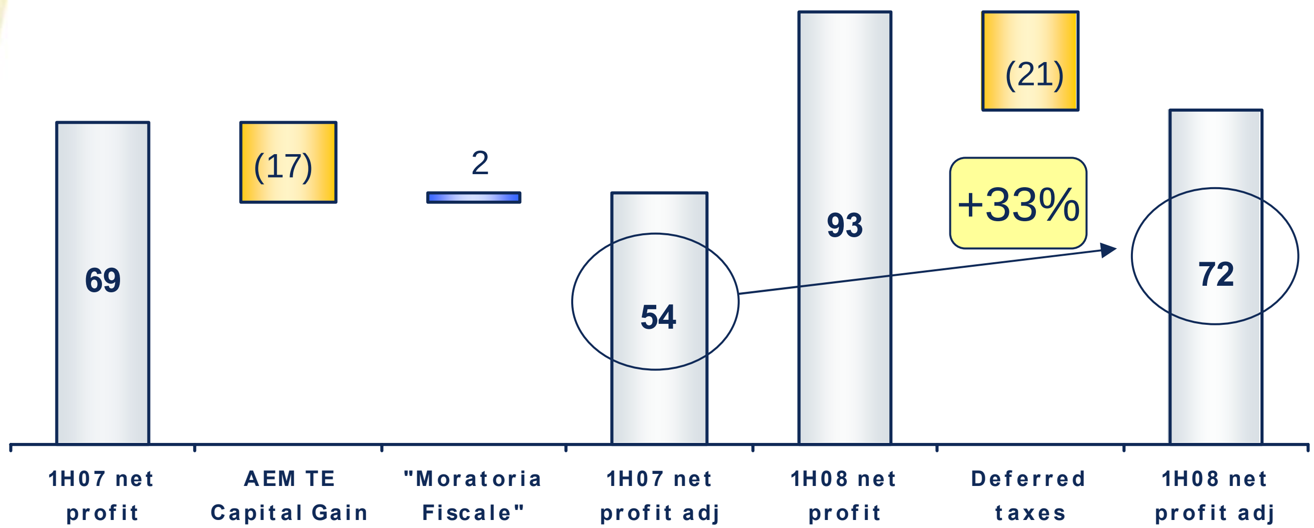
Net of extraordinary items, included the recover of mild weather of 2007, EBTDA grew by 15%

€ 18 mln Net profit growth driven by business development

Net of one-off capital gain of 2007 and fiscal extraordinary items, Net profit grew by 33%.

The net profit growth didn't benefit from extraordinary profits.

1H07 climate adjustments compensated by 1H08 lower productions for repowering.



5 DEVELOPMENT IN THE UP-STREAM

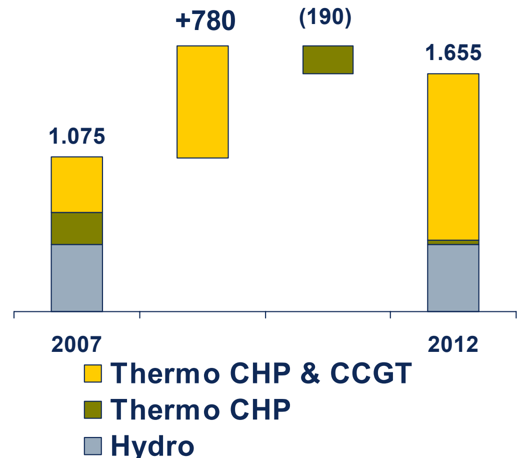
Investments in high-quality assets and focus in the free market are bringing an outstanding growth of profits.
Next development will further differentiate IRIDE asset mix among Italian Utilities

GENERATION OF ELECTRICITY AND HEAT AND REPOWERING OF HYDRO PLANT:

100% ECO-FRIENDLY PRODUCTION

- New 780 MW of CHP & CCGT plants
- Own production doubled to 7,1 TWh
- Further development of District Heating (+35%)
- Additional margin from Green Certificates and exemption from "environmental costs"

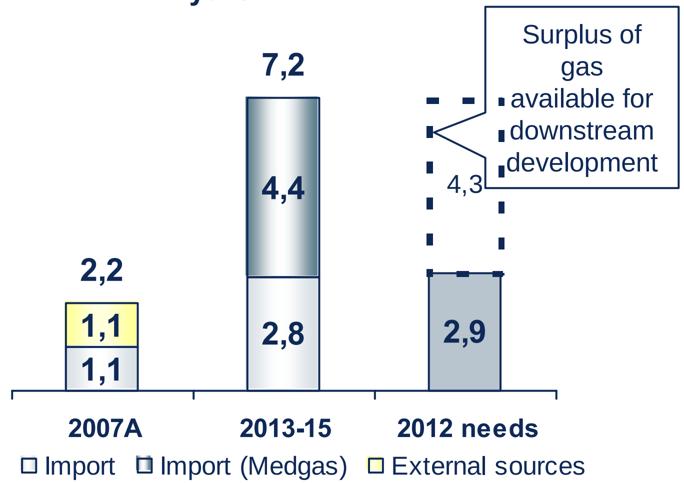
BP 08-12 TARGETS



GAS IMPORT:

INDEPENDENT IN GAS SOURCES

- 1,5 Bcm of gas from OLT Livorno LNG Terminal under construction and ~4 Bcm from Medgas Gioia Tauro LNG Terminal waiting final authorisation
- additional 300 mcm from 20 years gas contract with Gazprom in final stage of negotiation



1H 2008 EBITDA BREAKDOWN

MARKET AND NETWORKS DROVE +15% EBITDA GROWTH

Generation: increase in heat production (+30%), partially incentivised with green certificates related to Moncalieri 3rd, more than offset hydro electric lower production.

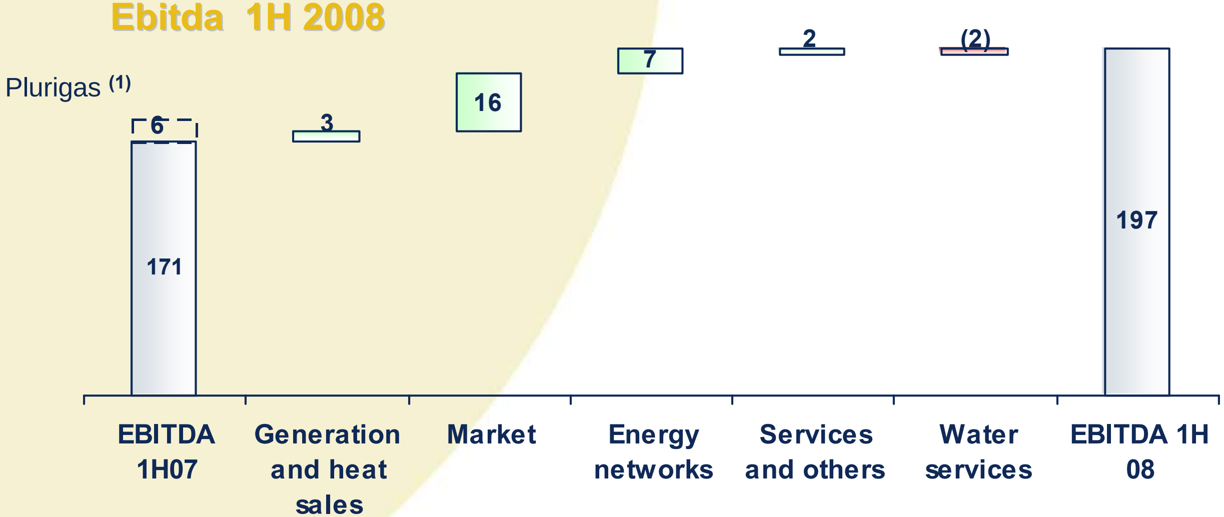
Market: 15% increase in gas sold to end customers and higher margins in electricity sales drove market EBITDA growth (+75%).

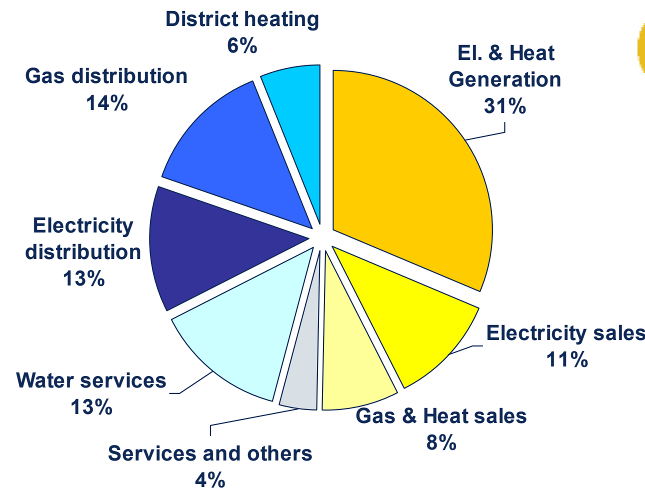
En. Networks: Gas distributed increased by 23% thanks to more favourable climate conditions and DH networks benefited from the completion of the "Torino Centro" network.

Water Services: decrease due to the dilution (from 44% to 31%) in proportional consolidation of Acque Potabili and lower volumes.

	1H08	1H07	Δ %
Generation	62	59	5%
Market	38	21	75%
En. Networks	64	57	11%
Water Cycle	26	28	(6)%
Services	8	6	32%
EBITDA	**197**	**171**	**15%**

Ebitda 1H 2008





(1) The economic/financial figures regarding 2007 are represented proforma, consolidating Plurigas using the equity method (in 2007 it was proportionately consolidated at 30%), rendering the consolidation method consistent with that used in the first half of 2008

1H 2008 GENERATION AND HEAT SALES

The full operation of Torino Centro DH compensate the one-off stoppage of Orco Valley Hydro Plants

Heat Generation benefited from higher production (+30%) due to the completion of the "Torino Centro" network and additional 13 €mln green certificates (Moncalieri 3rd Unit).

Programmed repowering of some Orco Valley plants limited the growth of hydro-production, partially compensated by higher production by the Pont Ventoux plant (+59%) .

Green certificates are factored taking into account current prices (2007 and 2008 show an excess of supply, but the obligation quota is increasing by 0,75% per year up to 2012).

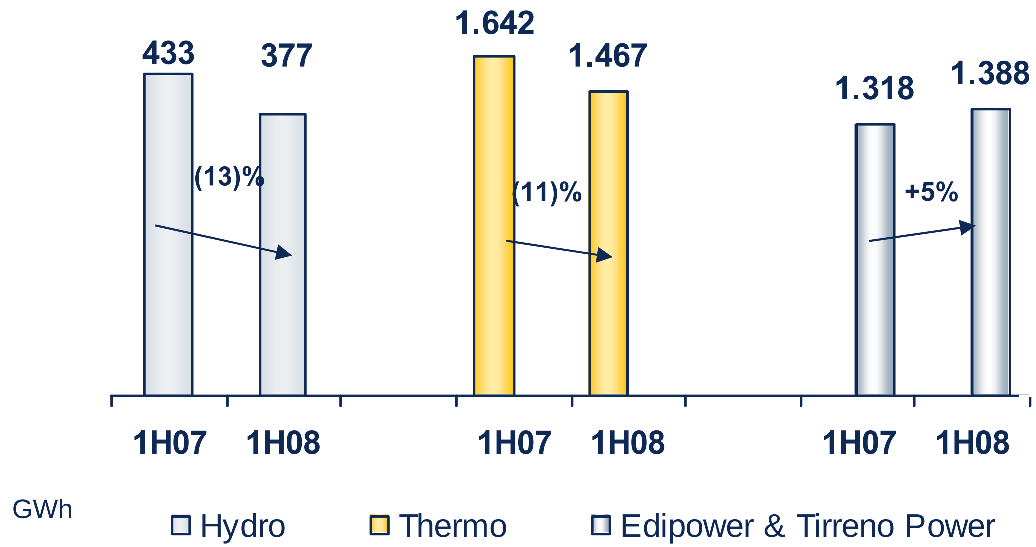
	1H08	1H07 (1)	Δ %
Revenues	253	239	6%
Ebitda	62	59	5%
Ebit	41	45	(8)%
Heat. Gen GWht	1,037	797	30%
Own plant Electr. Gen GWhe	1,845	2,076	(11)%
Iride Electr. Gen GWhe	3,232	3,393	(5)%

Key Drivers 2008

The repowering of Moncalieri GT2 (390 MW) is currently at 95% of total works progress.

Since 11 August the CHP CCGT unit has been connected to the National Grid and started the test production sections.

Final amount of green certificate volumes related to Moncalieri production is waited from GSE within September.



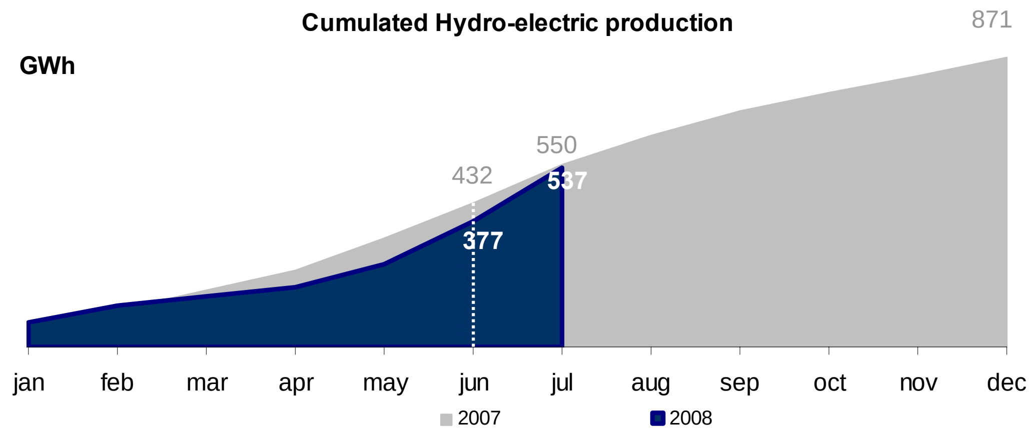
(1) Pro-Forma and Restated

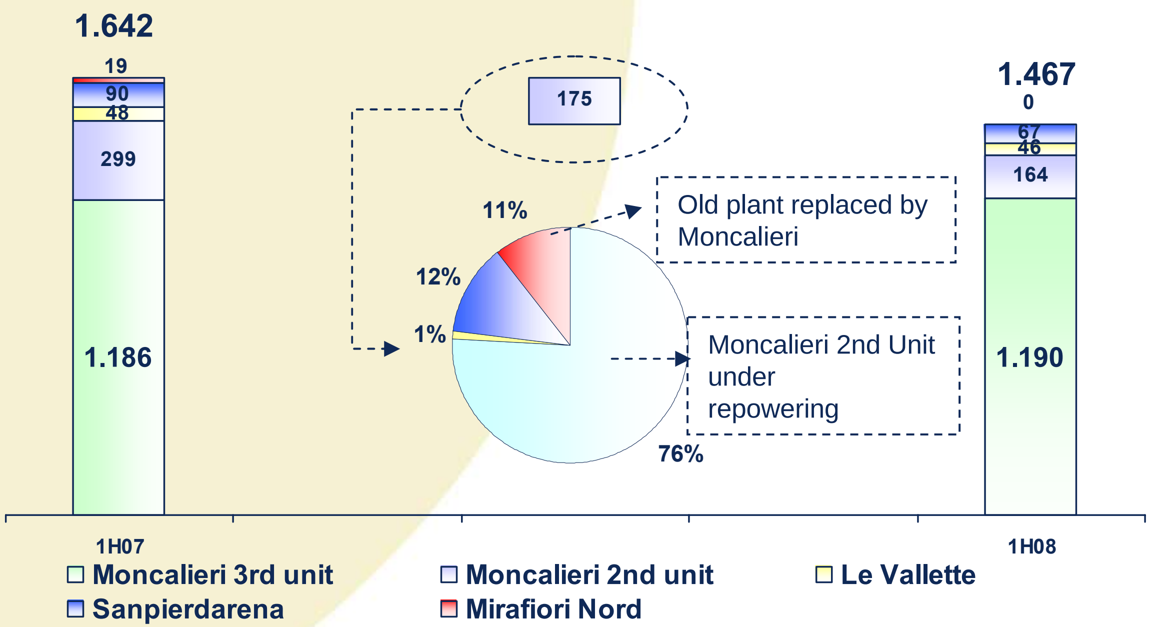
1H 2008 ELECTRIC PRODUCTION

Hydro-Electric Production

The Orco Valley Plants were mainly into operation as from 29 June.

Hydro Production of July and August almost offset the -13% decrease in 1H08.





Thermo-Electric Production

Moncalieri 3rd Unit production is stable (+0,3%)

The 175 GWh of thermo-electric production decrease is mainly due to:

- Stoppage of Moncalieri 2nd unit (repowering).
- Decommissioning of Mirafiori Nord (22MW) replaced by Moncalieri CHP units.

1H 2008 MARKET

Increased profitability of market activities

Electricity: EBITDA more than doubled, mainly due to higher margin in electricity sales, dispatching of Edipower plants and derivative on commodities.

Gas: increase in volumes (+15%), drove 33% EBITDA growth. The increase in volumes of gas was due to colder temperatures and additional volumes made available by Plurigas (+123 mln cm from Gazprom and +44 mln cm from the Eni gas release).

	1H08	1H07 (1)	Δ %
Revenues	1180	884	34%
Ebitda	38	21	75%
Gas & H Mgmt.	15	12	33%
Electricity	22	10	>100%
Ebit	34	16	>100%
M CM gas sold	485	424	15%
M CM gas thermo	524	520	1%
GWhe sold (*)	4,741	5.309	(11)%

Key Drivers 2008

IRIDE with A2A is dealing with Gazprom for a 20year contract to import 1 bcm of gas. The additional volumes (300 mcm on IRIDE's side) are expected as from next winter season.

OLT:

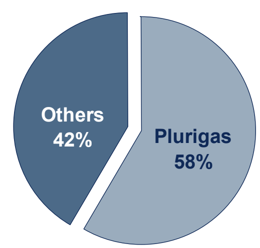
-Capex for Livorno (OLT) LNG regassification terminal carry on after the acquisition of the vessel

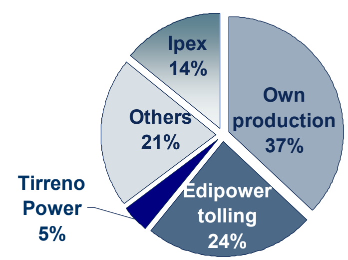
- The ruling of the Regional Administrative Court of Tuscany, reveals a procedural defect which will be overcome shortly through the issue of the state concession by the Ministry of Infrastructure and Transport

GAS
1,167M CM(**)

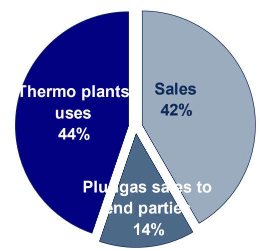
ELECTRICITY
4,741 GWhe (*)

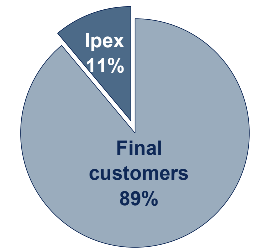
SOURCES





USES





(1) Pro-Forma and Restated

(*) Electricity net of IPEX pass through

(**) Including gas sold directly by Plurigas

1H 2008 ENERGY NETWORKS

Strong increase driven by higher volumes

District heating increase in volumes (+10%) related to the "Torino Centro" district heating network completion and colder winter temperatures.

Gas networks increase in volumes (+23%) recovered last year's drop in volumes.

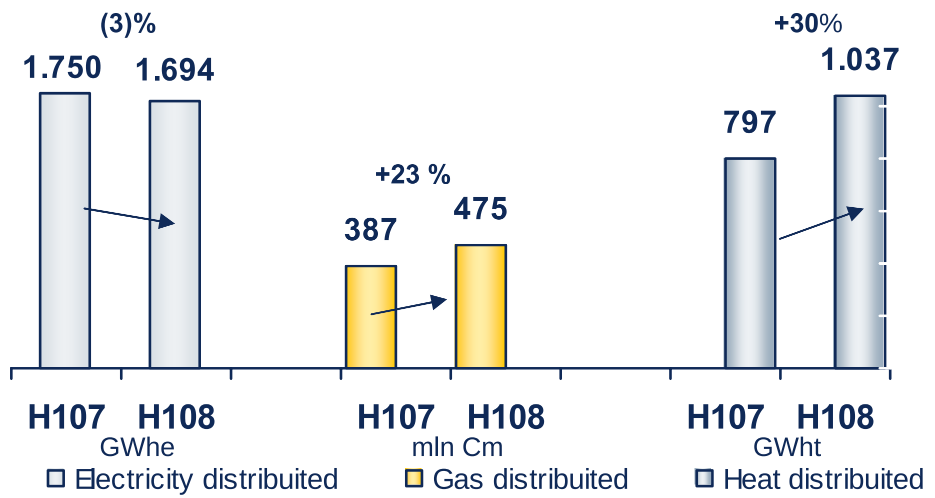
Electricity distribution suffered from a decrease in volume (-3%) and from the tariff of the new regulation period (effective since 2008).

	1H08	1H07 [1]	Δ %
Revenues	119	194	(39)%
Ebitda	64	57	11%
Gas	27	20	36%
Distr. Heating	12	10	15%
Electricity	25	27	(7)%
Ebit	37	32	18%
Gas distr (MMC)	475	387	23%
Electr. Distr. (GWh)	1,694	1,750	(3)%
DH conn. (MMC)	42.7	38.6	10%

Key Drivers 2008

Capex plan for efficiency improvements in the electricity grid and replacement of gray cast-iron pipe carries on.

Actions for efficiency gain are necessary to face sharp increase of inflation rates, that are slowly factored in tariffs.



[1] Pro-Forma and Restated

1H 2008 WATER CYCLE

Steady profits in a scenario of increased energy costs

Ebitda and volumes decrease mainly because of new consolidation perimeter of Acque Potabili (from 44% to 31%). Ebitda and volumes adjusted at the new consolidation percentage, are almost steady.

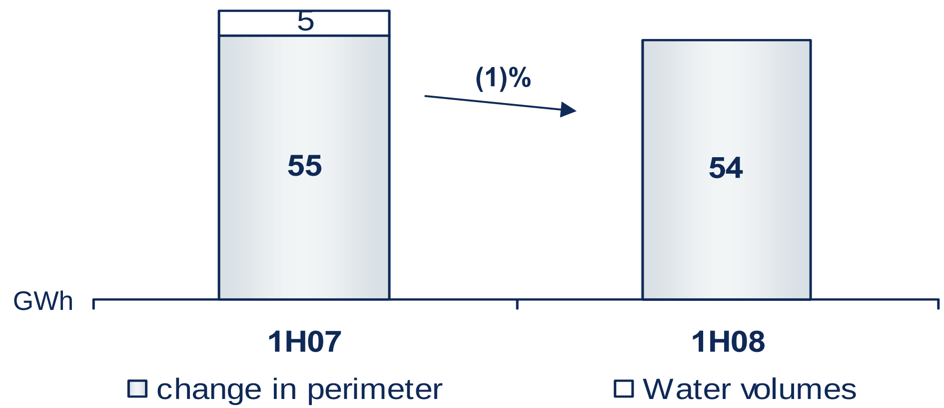
In 1H08 water tariffs of Acque Potabili are still linked to CIPE resolution 131/02 and not updated yet.

	1H08	1H07	Δ %
Revenues	77	80	(4)%
Ebitda	26	28	(6)%
Ebitda Adjusted [1]	26	27	(2)%
Ebit	15	16	(8)%
Ebit Adjusted [1]	15	15	(3)%
MMC water sold	54	60	(10)%
MMC water sold Adj.[1]	54	55	(1)%

Key Drivers 2008

As from 2H08 Acque Potabili will start to move to higher tariffs ("tariffa d'ambito") due to the agreements reached with ATOs.

The new regulation framework, sketched by art 23 bis of Law 113/08, will be clearer after the issuing of new laws and regulations. IRIDE and listed companies will exploit the new envisaged market scenario expanding their presence in other ATOs.



[1] Adjusted for the consolidation perimeter: Acque Potabili @ 30.855

1H 2008 SERVICES

Services: margins supported by technical activities

The segment includes services to public clients and other activities such as telecommunications provided by Sasternet and AEMNet.

The segment benefited from higher profits (EBITDA,+32%, Ebit +94%) in technical activities.

	1H08	1H07 [1]	Δ %
Revenues	49	47	4%
Ebitda	8	6	32%
Ebit	6	3	94%

[1] Pro-Forma and Restated

1H 2008 FROM EBITDA TO NET PROFIT

Growth progression down to the bottom line

EBIT benefited from industry growth (which offset lower hydro-production due to the Orco Valley repowering) partially compensated by higher depreciations (€53 mln) because Pont Ventoux-Susa plant entered into service since March 1st, 2008.

Financial expenses: the €3 mln increase is mainly due to higher indebtedness, while the increase of market interest rates has mainly been hedged by IRIDE debt structure.

Taxes benefited from the reduction of income tax rate for activities not affected by the Robin Hood Tax (generation and energy market activities) and from extraordinary tax items for €21 mln, relating to the reduction in deferred tax provisions. The tax rate, net of extraordinary items, decreased from 44% in 1H07 to 41% in 1H08.

Profit from continuing operations increased by 79%, to €93 mln, almost matching the figure for all of 2007 (€97 mln).

Group Net profit increased by 33%, €23 million higher than the 1H07 figure that included 17 mln capital gain from the sale of electricity transmission assets.

	1H08	1H07 (1)	Δ %
Ebitda	197	171	15%
D&A - Accruals	(64)	(59)	8%
Ebit	133	112	19%
Fin. exp.	(24)	(21)	13%
P&L of associates and write-off	2	3	(29)%
PBT	111	93	19%
Taxes	(18)	(41)	(56)%
Net Profit from ongoing operations	93	52	79%
Profit from Discontinued Op.	0.2	17	(99)%
Net Profit	93	69	34%
Group Net Profit	90	67	33%

(1) Pro-forma

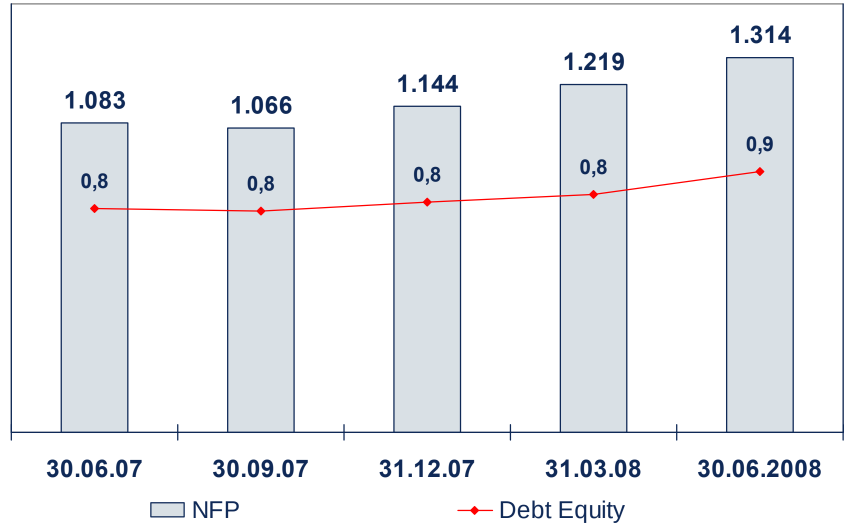
1H 2008 FINANCE

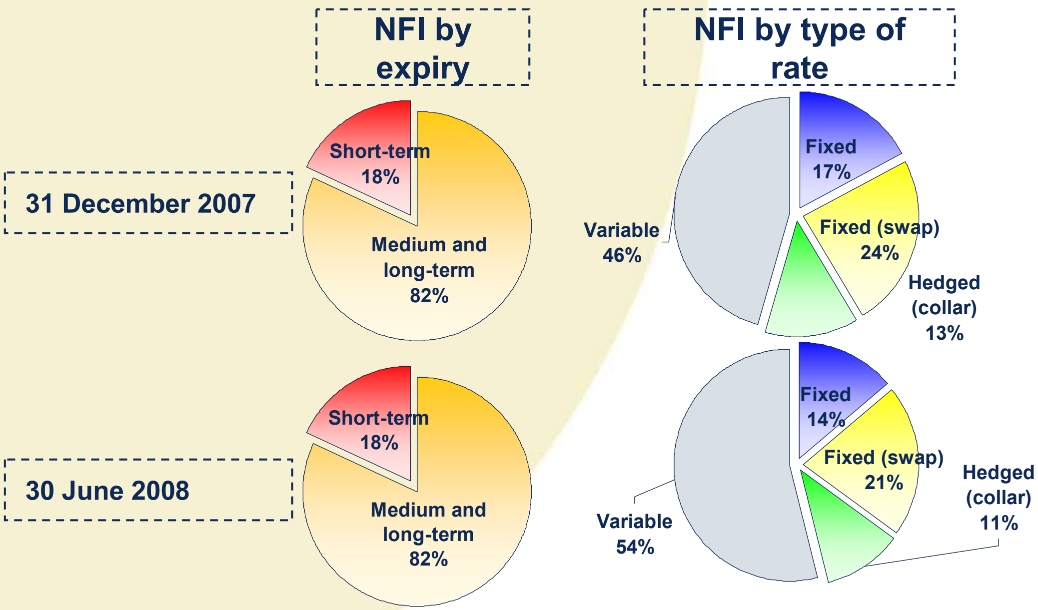
Debt/Equity @ 0,9

Cash earnigs (Net Profit + D&A) equal to € 157 mln (129 in 1H07) benefited from industrial growth

Working capital increased due to seasonal reasons and the increase in turnover.

Capex plan and dividends adsorbed, respectively € 138 mln and € 73 mln.





Net financial indebtedness

- Average cost of debt **4.5%** in 1H08 (4.3% 1H07).
- Given current hedging policy, an increase of 100 bps in market interest rates would increase cost of debt of €3.8 mln per year.
- In June and July IRIDE obtained a new 6 year term loan of €80 mln financed by **Cassa Depositi e Prestiti** and withdrew €120 mln from a financing with the **EIB.**
- Both loans were priced at very favourable spread, in line with past-year pricing.

1H 2008 CAPEX

Capex

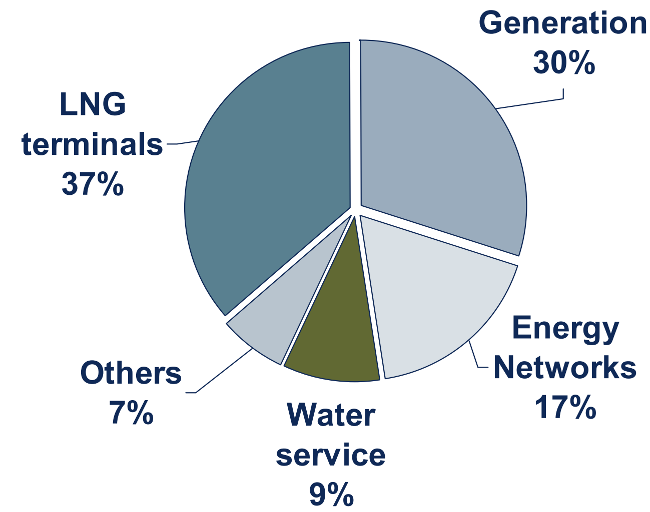
Electricity:

- Moncalieri 2nd unit repowering has reached 95% of total works progress and first production tests have been already successfully stood.
- Orco Valley repowering works involved Rosone and Bardonetto plants.
- Electricity distribution digital metering installation program continues in line with Business Plan.

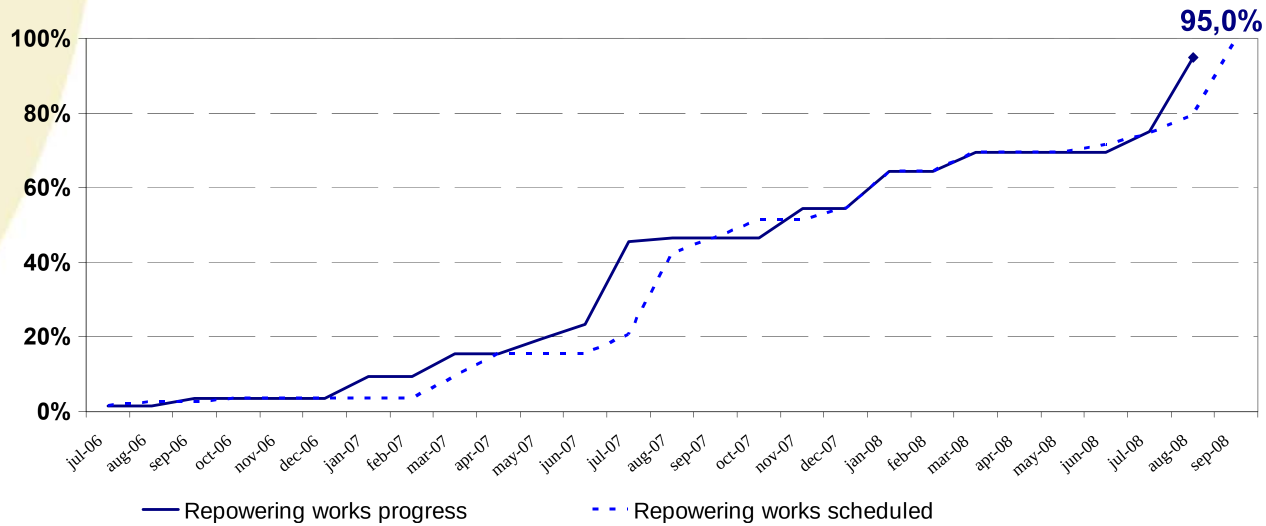
LNG terminals

- Livorno: Saipem awarded with EIPC contract in February and vessel acquisition from Golar on 30 June 2008; on July 1st E.On entered the project.

1H08 CAPEX BREAKDOWN: 138 € mln



2nd Unit Repowering works progress



PROJECTS UPDATE

Main Capex and Projects are under execution in line with the BP schedule

PROJECTS UPDATE

4Q 2008

GT2

- The 390 MWe 2° Unit will be in operation by the beginning of next winter season and will confirm IRIDE leadership in CHP production and district heating.
- 85% efficiency with CHP production, expected issuing of green certificates, no environmental cost to be paid (GC and ETS), dispatching priority.

2009/2010

ORCO VALLEY

- Repowering Program continues in line with the 2008 – 2012 BP, without delays and consistent expected stops in productions.
- Rosone-Bardonetto will start issuing green certificates in 2009.

OLT LNG Terminal

- The construction of main items carries on; the installation on the vessel will start on schedule in 2009

2010/2011

Torino Nord CHP CCGT Plant

- Torino Nord obtained the Regional authorisation on 12 June 2008 and the tenders for the entrustment of works have already been carried out.

2011

Expansion of AES in Turin suburbs and province

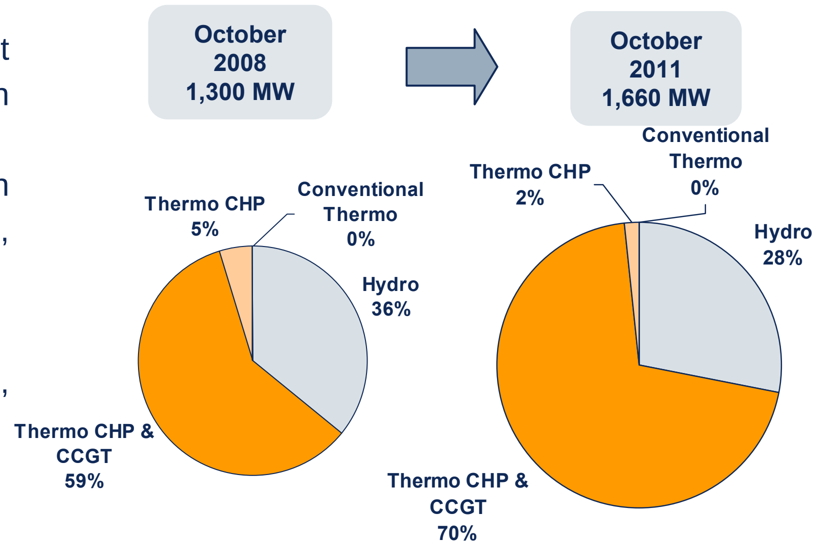
- IRIDE and Italgas will jointly take part in the future tenders for gas distribution concessions in the province of Turin and develop DH.

2013

Medgas LNG Terminal

- Gioia Tauro: in April obtained the national Environmental Impact Assessment (VIA).

GENERATION INSTALLED CAPACITY EVOLUTION



VI Annexes

RECLASSIFIED PROFIT AND LOSS ACCOUNT

2007 [1]	IRIDE GROUP - P&L	1H 08	1H 07 [1]	var %
2.256	**Consolidated Revenue**	**1.193**	**1.102**	**8,3**
(1.946)	Operating costs	(996)	(931)	7,0
(1.812)	-External expenseses	(925)	(864)	7,1
(133)	-Personnel expense	(71)	(67)	5,7
310	**EBITDA**	**197**	**171**	**15,4**
(120)	Depreciation, amortisation and provisions	(64)	(59)	8,2
190	**EBIT**	**133**	**112**	**19,3**
(43)	Total financial income/(expense)	(24)	(21)	13,2
2	Profit/(loss) of associates and write-off	2	3	(28,7)
149	**Profit/(loss) before tax**	**111**	**93**	**19,1**
(52)	Income tax expense	(18)	(41)	(56,3)
97	**Profit/(loss) for the period from continuing operations**	**93**	**52**	**78,5**
17,9	Profit/(loss) for the period from discontinued operations	0,2	17	(98,9)
115	**Profit/(loss) for the period**	**93**	**69**	**34,1**
107	- Consolidated profit/(loss) for the period	90	67	33,3
7	-Profit attributable to minority interest	3	2	58,1
0,13	*Earning per share*	*0,11*	*0,08*	*37,5*

(1)The economic/financial figures regarding 2007 are represented proforma, consolidating Plurigas using the equity method (in 2007 it was proportionately consolidated at 30%), rendering the consolidation method consistent with that used in the first half of 2008

RECLASSIFIED BALANCE SHEET

1H 07 (1)	IRIDE GROUP - BS	1H 08	2007 (1)	var %
2.436	Non-current assets	2.537	2.464	3,0
10	Other non-current assets (liabilities)	12	13	(7,3)
244	Net working capital	382	278	37,4
(89)	Deferred tax assets (liabilities)	(42)	(79)	(47,1)
(175)	Provisions and benefits	(148)	(173)	(14,1)
12	Assets (liabilities) held for sale	11	9	26,3
2.439	**Net invested capital**	**2.753**	**2.513**	**9,6**
1.379	**Equity**	**1.439**	**1.420**	**1,3**
891	Medium and long-term net financial indebtedness	1.001	935	7,1
169	Short-term net financial indebtedness	312	158	98,0
1.060	**Net financial indebtedness**	**1.314**	**1.093**	**20,2**
2.439	**Own funds and net financial indebtedness**	**2.753**	**2.513**	**9,6**

CASH FLOW STATEMENT

2007 (1)	IRIDE GROUP - CF	1H 08(1)	1H 07(1)	var %
82	**A. Opening cash and cash equivalents**	**27**	**82**	**(66,4)**
123.451	**B. Cash flow from operating activities**	**(20.794)**	**75.926**	**(*)**
115	-Profit/(loss) for the period/year	93	69	34,1
90	- Total adjustments: amortisation, depreciation, net provisions and impairment losses on investments	27	40	(33,3)
(16,47)	- Profit from discontinued operations	(0,05)	(16)	(99,7)
(14)	- Variation in deferred tax liabilities and non-current assets (liabilities)	(36)	(0,7)	(*)
(51)	- Total variation in net working capital	(104)	(16)	(*)
(105.456)	**C. Cash flows used in investment activities**	**(126.393)**	**(29.501)**	(*)
(174)	- Total investments	(138)	(87)	59,3
67,0	- Proceeds from the sale of investments and transfer of discontinued operations net of transfered cash flows ; changes in consolidation scope; assets held for sale	6,7	58	(88,6)
2	- Other variations in financial and non-current assets	5	(1)	(*)
17.995	**D. Free cash flow (B+C)**	**(147.187)**	**46.425**	**(*)**
(72.136)	**E. Total cash flow from financing activities**	**171.521**	**19.833**	**(*)**
(49.505)	- Distribution of dividends	(73.082)	(49.505)	47,6
560	- Share capital increase	2.055	524	(*)
151	- Other changes in equity	(3.050)	112.063	(*)
(51.689)	- Variation in financial payables (receivables)	154.137	79.134	94,8
210	- New loans	122	110	10,9
(182)	- Repayment of loans	(31)	(125)	(75,5)
(54.141)	**F. Cash flow for the period/year (D+E)**	**24.334**	**66.258**	**(63,3)**
27.457	**G. Closing cash and cash equivalents (A+F)**	**51.791**	**147.856**	**(65,0)**

(1)The economic/financial figures regarding 2007 are represented proforma, consolidating Plurigas using the equity method (in 2007 it was proportionately consolidated at 30%), rendering the consolidation method consistent with that used in the first half of 2008

(*) Variation of more than 100%