

PRESS RELEASE

Iren Group presents the updating of the Business Plan to 2015.

2015 Ebitda will stand at around 670 million euros, with a C.a.g.r. of 3.2%

The net financial position will fall by around 700 million compared to 2011 level and it will be worth less than 2 billion euros by 2015.

Total investments for around 800 million euros in the period 2013-2015.

Strategic guidelines:

- **Consolidation and growth in reference areas, in the businesses in which IREN is already a sector leader: Waste, Integrated Water cycle and District Heating.**
- **Achievement of operational full potential through completion of the integration and rationalization process and the accomplishment of further significant synergies.**
- **Development of the client-base in reference areas, focusing on the retail and small business markets.**
- **Debt reduction through capex discipline, non-core asset disposals and decreasing net working capital.**
- **Setting up financial partnerships to exploit new opportunities, maintaining financial balance.**
- **Increasing the Group value and maintaining an adequate return for shareholders**

6th February 2013 – Iren Group today presents the updating of the Business plan to 2015 to financial community.

In the period 2013-2015 Iren Group intends to consolidate and strengthen its position in the Waste, Integrated Water Cycle and District Heating sectors through both organic and

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external growth, with a particular focus on its reference areas. Iren has an appreciable competitive edge in these sectors characterized by high profitability, and the evolving market scenario will offer further business opportunities.

In the unregulated sectors, the Group will continue to optimize its plant portfolio in order to maximize profitability even in a negative macroeconomic scenario. The exercise of the put-option, exchanging the stake in Edipower for the assignment to IREN of the Turbigo high-efficiency CCGT plant and the Tusciano hydroelectric plant, is part of this strategy. This operation will give the IREN Group greater strategic flexibility and increased synergies deriving from the direct management of the acquired plants, integrating them into Iren's plant fleet, with positive impacts on EBITDA and cash-flow.

The consolidation of the Group in reference areas will also be achieved through the widening of its client-base, mainly thanks to cross-selling and the promotion of dual-fuel offers. Attention will be focused on retail and small business clients.

Efficiency improvements, which have already allowed the Group to achieve synergies worth more than 40 million euros in 2010-2012, will continue to be a key objective. Such synergies will increase to around 80 million euros by 2015 thanks also to the pursuit of the operational full potential.

The strengthening of financial solidity completes the framework of objectives. This will be achieved mainly through cash generation (all the business areas will be cash-generating by the end of 2013) and through a reduction in net working capital.

In addition, there will be also a disposal plan of non-core assets, a considerable part of which has already been accomplished in the last quarter of 2012, and a number of specific financial partnerships which will free up further financial resources in order to be ready to exploit opportunities offered by the market.

On the basis of these strategic guidelines, Iren Group expects to achieve an EBITDA of 670 million euros in 2015 (C.a.g.r. 3.2%).

The Business Plan envisages a programme of cumulative investments to 2015 for around 800 million euros.

The Net Financial Position at the end of the period covered by the Plan will be worth less than 2 billion euros, achieving a 700 million euros reduction compared to 2011 level, and the Net debt/EBITDA ratio will decrease to 2.9x.

Details for each business area are shown below

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GENERATION AND DISTRICT HEATING

In the hydroelectric sector the focus will be on the optimization of Iren's plants and on the integration of the Tusciano plant acquired through the Edipower swap, aiming for an average production of 250 GWh/year.

The economic results of the entire District heating "product" (including the distribution networks) will be fully consolidated within the cogeneration and district heating business unit.

The completion of the district heating network connected with the Torino Nord plant, the full operating capacity of the already existing network in Turin and the development of the network connected with the WTE in Parma will allow for an increase of around 11 million cubic meters in district heated volumes, confirming Iren Group as the national leader in the sector and Turin as the most district heated town in Italy.

The integration of the Turbigio plant as a result of the Edipower swap will increase installed capacity by 800MW

The Generation and District Heating Sector is expected to account for around 35% of total EBITDA by the end of the period covered by the Plan, with around 125 million euros of cumulated investments to 2015.

MARKET

Besides the consolidation of the existing client base, with a view to developing customer loyalty, the Business Plan outlines an expansion strategy in reference areas directed mainly at retail and small business clients. Growth will be both internal, achieved through cross selling and dual fuel offers, and external, through the acquisition of small local companies operating in reference areas. A 14% increase in the client-base is forecast by the end of the period covered by the Plan, with a significant growth in dual-fuel clients (+48%).

As far as the industrial strategy is concerned, the exercise of the put-option on the Turbigio and Tusciano plants will allow Iren Group to exit from the tolling agreement with Edipower and increase margins in the business unit.

Furthermore, in a context characterized by persisting overcapacity, Iren will adopt a procurement strategy strongly oriented towards spot and annual contracts, thereby allowing for greater flexibility in the management of gas sources/uses.

The plan envisages total investments of around 13 million euros to 2015 and the Market sector's contribution to 2015 total EBITDA will be worth 7%.

ENERGY INFRASTRUCTURES (ELECTRICITY AND GAS NETWORKS, REGASIFICATION TERMINAL)

The Business Plan restructures investments on **electricity networks** according to the profitability guaranteed by the IV regulatory period.

The current perimeter will not change, with the exception of a small business branch related to extra-urban Turin networks which will be sold.

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Gas networks tenders in Turin, Reggio Emilia and Parma ATEMs are expected by the end of the period covered by the Plan. The objective is to take part in tenders in all catchment areas in which Iren Group is *incumbent* and owns a majority stake, and to extract values from ATEMs in which it has a minority stake.

The business plan also envisages the start of the **OLT LNG terminal** (launched in Dubai on 5th of February) in the next thermal season. The terminal has an authorized regasification capacity of 3.75 billion cubic meters of natural gas per year and a high possibility of intraday modulation. The Business Plan assumes the maintenance of the current stake in OLT and its consolidation with the equity method starting from 2014.

The plan envisages total investments of around 309 million euros to 2015 and a contribution of 25% to 2015 total EBITDA,

INTEGRATED WATER CYCLE

Over the period covered by the Business Plan Iren will focus on the consolidation of the partnership with the F2i fund in *Mediterranea delle Acque* and on the maintenance of concessions currently held by the Group.

The most immediate tenders relate to the Reggio Emilia and Piacenza provinces, while the concessions concerning Genova and Parma will expire after 2015.

In the business area, which is expected to contribute around 21% of Group Ebitda, total investments of around 217 million euros are planned to 2015.

WASTE

Iren Group's objectives are to maintain currently owned concessions and to increase treated waste volumes, thanks mainly to the completion of the disposal plant system in favour of the ATOs currently served and to the expansion of business in areas which are currently outside Iren's reference areas.

The first step in this direction has been taken with the awarding of the AMIAT/TRM tender, through which Iren acquired a 49% stake in AMIAT, the Company which manages soil sanitation and waste collection and disposal in Turin.

Furthermore, the special purpose vehicle created in partnership with F2i has purchased a 80% stake in TRM, the Company founded for the design, building and management of the WTE for urban and assimilated waste in the Turin province.

The growth in disposal plant capacity, together with an effective marketing campaign, will enable the Company to manage the special waste sector more effectively. Treated volumes will increase by around 30% by the end of 2015.

The Groups' objectives will be also be pursued through the creation of financial partnerships in order to guarantee the availability resources to be invested in the sector.

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The 11% of 2015 EBITDA will be supported by the Waste sector through planned investments of around 87 million euros to 2015.

IREN is one of the leading multi-utility companies in Italy, established from the merger between Iride and Enìa, and provides public utility services in the Provinces of Genoa, Turin, Reggio Emilia, Parma and Piacenza. With a multi-business portfolio and leading presence in all the industrial areas (electrical energy, gas, water, waste, district heating and renewable energy) in addition to a good balance between open market activities and regulated activities, IREN is in third place among the multi-utility companies, on a national basis in terms of revenue and Ebitda.

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