

PRESS RELEASE

IREN Group: the Board of Directors approves the results at 31 December 2012.

- Revenues of 4,327.8 million euros (+22.9%)
- Gross Operating Profit (Ebitda) of 629.6 million euros (+6.3%)
- Operating Profit (Ebit) of 340.9 million euros (+10.5%)
- Net Profit of 152.6 million euros
- Net financial debt of 2,555 million euros, in reduction of 98 million euros compared to 31 December 2011
- Dividend proposal to the shareholders' meeting stands at 0.0523 euro per share.

Reggio Emilia, 10th April 2013 - The Board of Directors of IREN S.p.A. today approved the consolidated results and the draft consolidated annual financial report of the IREN Group at 31 December 2012.

In 2012, even in a difficult market scenario, IREN Group achieved remarkable results in all the key performance indicators, confirming not only a significant increase in EBITDA but also the downward trend in debt compared to 31 December 2011, already reported in the first nine months of the year. It allowed the Group to notably improve the net-debt/Ebitda ratio from 4.5 in 2011 to 4.06 in 2012.

A dividend of 0.0523 euro per share is proposed to the shareholders' meeting.

The above-mentioned results, still positive net of the one-offs reported in 2012, are even more significant taking into account the unfavorable market scenario characterised by considerable overcapacity in energy production. In fact, in spite of a drop in both national electricity demand (-2.8%) and in national gas demand (-4.0%) compared to the demand levels in 2011, the Group managed to increase its energy production: electricity (+5%), heat (+14%) and gas volumes sold (+2%).

IREN GROUP: CONSOLIDATED RESULTS AT 31 DECEMBER 2012

Consolidated **Revenues** in 2012 amounted to 4,327.8 million euros, a remarkable growth compared to the 3,520.5 million euros reported in 2011 (+22.9%). This result is mainly attributable to the increase in commodity prices and to the growth in electricity, gas and heat volumes sold. Such increase is linked to the higher availability of heat and electricity thanks to the coming on stream of the "Torino Nord cogeneration plant", to the development of the client-base and trading activities in electricity sector and to a favourable weather trend.

Gross operating profit (Ebitda), amounting to 629.6.5 million euros, shows a 6.3% growth compared to 592.1 million euros in 2011. The EBITDA for the period was positively affected

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by the achievement of planned synergies and by positive results in the electricity and district heating sector, mainly thanks to higher hydroelectric production (+9.9%), to the repayment of stranded costs relating to the Telesio hydroelectric plant and to a growth in district heated volumes. Gas sales also had a positive impact, thanks to the improved terms of procurement, to the optimisation of trading and storage operations and to exceptional market liquidity in the last quarter of the year. Performances in these segments more than offset the decrease reported in electricity sales margins (mainly caused by the management of the Edipower tolling) and in the Waste sector.

In addition, 2012 EBITDA also includes positive extraordinary items for approximately 31 million euros, deriving from the disposal of a number of non-strategic stakes that IREN owned mainly in GEA S.p.A, and Gesam S.p.A, from the transfer of part of IREN's real estate to the "FondoCore MultiUtilities" real estate fund and from the sale of the building located in Via Bertola in Turin. These operations are part of the 2012-2015 disposal plan of non-core assets aimed, along with other efforts, at the reduction of IREN's debt and the support of IREN's development projects.

Net of the above-mentioned extraordinary items, 2012 Ebitda would have stood at 598.9 million euros, +1.2% compared to 2011.

Operating profit (EBIT) totalled 340.9 million euros, a remarkable growth (+10.5%) on the 308.6 million euros for the previous year. The improvement in EBITDA and the lower D&A in the hydroelectric sector more than offset the increase in bad debt provisions that prudentially the Group made due to the persistence of the economic crisis.

Net profit for the period stands at 152.6 million euros, against a 110.9 million euro loss reported in 2011 which was largely attributable to write-offs linked to the Edison/Edipower reorganization. The IRAP reimbursement for previous years and better results from associated companies consolidated with the equity method partially offset higher financial charges reported in 2012.

Net financial debt at 31 December 2012 totalled 2.555 million euros, lower compared to the 2,653 million euros at 31 December 2011. During the year, the strategic investments linked to the regasification terminal in Livorno and to the Integrated Environmental Integrated Centre in Parma have been substantially completed. As far as other investments are concerned, they were optimized in order to limit the expenses. Financial management was characterized by the sound management of the working capital which allowed its reduction in spite of a strong increase in revenues. The completion of a number of extraordinary disposal operations further contributed to decrease the net financial position in spite of the acquisition of strategic stakes in AMIAT SpA and TRM SpA.

Gross investments for the period, net of AMIAT/TRM operation, amounted to 339.8 million euros.

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IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of Euros)	31/12/2012	31/12/2011	% Change
Revenues	4,327.8	3,520.5	+22.9%
Electricity and district heating	983.0	839.9	+17.0%
Energy infrastructures	385.2	382.5	+0.7%
Market	4,051.9	3,072.4	+31.9%
Integrated water service	431.8	438.4	-1.5%
Waste management	211.2	217.0	-2.7%
Services and other	131.4	112.1	+17.2%
Netting and adjustments	-1,866.7	-1,541.7	+21.1%
Gross Operating Profit	629.6	592.1	+6.3%
Electricity and district heating	210.3	197.3	+6.6%
Energy infrastructures	179.8	171.3	+4.9%
<i>from Electricity networks</i>	67.4	76.1	-11.4%
<i>from Gas networks and plants</i>	112.4	95.2	+18.0%
Market	52.4	52.5	-0.2%
<i>Electrical energy</i>	-27.7	-4.4	n.s.
<i>Gas and Heat</i>	80.1	57.0	+40.5%
Integrated water service	115.7	112.6	+2.8%
Waste management	38.9	41.8	-6.9%
Services and Other	32.5	16.4	+98.2%
Operating profit	340.9	308.6	+10.5%
Electricity and district heating	128.6	92.7	+38.7%
Energy infrastructures	126.2	120.4	+4.8%
Market	13.8	35.0	-60.6%
Integrated water service	39.6	36.0	+10.0%
Waste management	15.8	14.7	+7.5%
Services and Other	17.1	9.8	+74.5%

ELECTRICITY AND DISTRICT HEATING

Revenues from the electricity and district heating sector totalled 983.0 million euros, a strong increase (+17.0%) compared to the 839.9 million euros in 2011, thanks to higher electricity and heat volumes generated. The growth in volumes is mainly the result of the contribution from the Torino Nord cogeneration plant and the increase in hydroelectric production (the latter benefitting from the operational start-up of the Rosone and Telessio plants after repowering).

Gross operating profit (Ebitda) for this sector, positively affected by the repayment of the stranded costs related to the Telessio hydroelectric plant (net of it the margin would have been substantially stable) stood at 210.3 million euros, considerably higher (+6.6%) than the 197.3 million euros reported in 2011. The items that largely influenced margins, apart from the above-mentioned repayment, were the increase in electricity and heat volumes, the positive contribution from green certificates and the increase in district heated volumes (+5%).

The district heating distribution sector were included in this business unit in order to give an integrated view on the energy chain.

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In 2012 **electricity** volumes generated amounted to 6,339 GWh, up by 5.4% on the 6,012 GWh in 2011 as a result of the increase in hydroelectric and cogeneration production. In particular, hydroelectric production (+9.9%) is bucking the trend of national figures which were instead 8.2% down on 2011. The positive impact on cogeneration production (+4.5%) derives from the coming on stream of the Torino Nord plant and from higher production by other plants, here too bucking the trend in national production, which reported a fall of 6.3%. Production from renewable sources at 16 GWh, was also positive.

Heat production stood at 2,931 GWht, reporting a considerable growth (+14.0%) compared to 2011 thanks to weather conditions and to higher volumes heated (+4 million cubic metres).

In 2012 **gross investments** amounted to 68.9 million euros.

MARKET

Market segment **Revenues** stood at 4,051.9 million euros compared to 3,072.4 million euros in 2011 (+31.9%) as a result of the growth in electricity volumes sold and of the increase in commodity prices.

The **Gross operating profit (Ebitda)** for this segment was stable: 52.4 million euros in 2012 against 52.5 million euros reported in 2011, thanks to the positive performance in the gas and heat sectors (+40.5%) which benefitted from growth in the client base, from an improvement in procurement conditions linked mainly to a remarkable liquidity level in the gas market, grown in the last quarter of the year and from the optimization of storage and trading activities.

The above-mentioned result offset the fall in the electricity sector, mainly attributable to the reorganization of Edison/Edipower which caused a negative discontinuity in the tolling contract between the latter and IREN. The impact of this discontinuity derives both from a lower margin in electricity production reported in 2012 and from the higher costs associated with the tolling agreement until its expiry in 2013, considered as an onerous contract pursuant to IAS 37.

The **marketing strategy**, developed by IREN Group through targeted product promotions for different customer clusters and through the strengthening of promotion channels, continues to generate positive effects in terms of market expansion and customer loyalty: the customer base has increased overall compared to 2011, particularly in the electricity segment (+6%) where a strong increase (+26%) was seen for the free market customers.

In 2012 the Group directly marketed 14,302 GWh of **electricity**, a significant growth (+33.5%) compared to 2011, mainly due to the higher volumes sold on the free market (benefitting from the acquisition of a marketing business unit from Erg) and 3,169 million cubic metres of **gas**, slightly higher (+2.0%) than the 3,108 million cubic metres sold in 2011.

In 2012 **gross investments** amounted to 8.1 million euros.

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ENERGY INFRASTRUCTURES

Revenues in the Energy infrastructures segment - which includes the electricity and gas networks and the Livorno regasification plant - totalled 385.2 million euros, substantially stable compared to the 382.5 million euros reported in 2011.

Gross operating profit (Ebitda) amounted to 179.8 million euros, an increase (+4.9%) on the 171.3 million achieved in 2011, thanks both to the positive performance in gas networks (due to synergies achieved and higher revenues) and to the disposal of IREN's stake in Gea S.p.A.

These results more than offset the drop in electricity networks (-11.4%) caused mainly by the negative equalization for previous years.

In 2012 the Group distributed 4,241 GWh of **electricity** and 1,929 million cubic metres of **gas**, both in line with 2011.

Gross investments in the energy infrastructures segment amounted to 102.2 million euros, largely devoted to the development of the offshore regasification plant in Livorno, to the gas distribution network in the main areas served (Genoa, Parma, Reggio Emilia and Turin), and to the installation of new HV/MV substations in the electricity distribution network.

INTEGRATED WATER SERVICE

In 2012 the integrated water service segment achieved **Revenues** of 431.8 million euros, down slightly (-1.5%) on the 438.4 million euros in 2011 due to the fact that the tariff increase sanctioned by ATOs in reference areas didn't quite offset the reduction in revenues caused by the reporting (pursuant to IFRIC 12) of the investments made and by the lower volumes sold (-1.5 million cubic metres).

Gross operating profit (Ebitda) stood at 115.7 million euros (+2.8%) compared to 112.6 million euros reported in 2011 as a result of the updating of tariff plans and of operating synergies that more than offset the effect of the increase in electricity prices for pumping and treatment systems and of the lower volumes sold.

In the year to 31 of December 2012 IREN Group sold 179.0 million cubic metres of **water** compared to 180.5 million cubic metres sold in 2011.

Gross investments made in 2012 totalled 74.4 million euros, mainly used for the building of infrastructures for the development of distribution networks, sewerage networks and for treatment systems.

WASTE MANAGEMENT

Waste management sector **Revenues** in 2012 amounted to 211.2 million euros, down slightly (-2.7%) on the 217.0 million euros reported in 2011, and largely caused by a change in the scope of consolidation due to the disposal of Undis Servizi. The 2012 tariff update process did not lead to an increase in revenues as a non-recurring tariff recovery for previous years had been reported in 2011.

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The segment reported a **Gross operating profit (Ebitda)** of 38.9 million euros, compared to 41.8 million euros in 2011. This result was mainly impacted by the dismantling of the WTE in Reggio Emilia, in May 2012, because of the end of its operating life.

In 2012 the Group treated approximately 954,000 tonnes of **waste** compared to 1,017,000 tonnes in 2011. This decrease is mainly attributable to the industrial liquid waste treatment business which was hit by the economic slowdown. As a result of the widespread implementation of new waste collection methods, sorted-waste collection now accounts for 59.6% of the area served, growing against 2011.

Gross Investments in this segment amounted to 60.9 million euros, devoted mainly to the building of waste disposal plants, particularly the Parma Integrated Environmental Centre, and to equipment, transport and waste drop-off depots for waste collection services.

In addition, at the end of 2012, following the tender launched by the Turin Municipality, Iren acquired in Temporary Consortium of Enterprises a 49% stake in AMIAT SpA and in partnership with F2i infrastructural fund, the 80% of TRM SpA, strengthening Group's positioning in Waste sector and its industrial presence in a strategic geographical area.

SERVICES AND OTHER

The services sector reported **Revenues** of 131.4 million euros compared to 112,1 million euros in 2011.

In 2012 the **Gross operating profit (Ebitda)** for this segment amounted to 32.5 million euros, a strong growth compared to 16.4 million euro reported in 2011, thanks to the capital gains deriving from the sale of the building located in Turin, in Via Bertola, and from the transfer of part of IREN's real estate to the "FondoCore MultiUtilities" real estate fund.

BUSINESS OUTLOOK

The macroeconomic scenario in Euro area forecasts, after a stagnation phase in the first quarter 2013, a light recovery in GDP (+0.2) driven by the acceleration in global demand due to the dynamism of the emerging markets and to the recent agreement on fiscal cliff in United States, which should limit the possible negative effects on United States recovery. The loosening of tensions in the financial markets related to the sovereign debts crisis will determine a progressive stabilization of investments. In any case, forecasts remain currently negative.

In relation with our Country all the scenarios are extremely variable due to the future of the sovereign debt crisis and its impact on the availability of banks to offer loans, and also due to the possible lack of implementation of the reforms caused by the complex political phase deriving from the elections held in February 2013.

Energy consumption in retail sector will continue to be negatively affected by the fiscal consolidation process and by the worsening in the labor market. As far as the energy demand in the industrial sector is concerned, negative growth rates are still forecast,

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consolidating the consequences on the thermoelectric production, which will be affected also by competition deriving from renewables which should follow a reverse trend.

Group Iren's results will be in any case impacted by the evolution of the energy scenario, by the reference legislation, by the seasonality of sectors in which it operates, with particular reference to weather trend.

In 2013 the Group Iren will complete other extraordinary operations aimed at industrial development.

The process to exit Edipower, thanks to the put option, will be completed according to the terms and conditions included in the agreements between the shareholders.

Thanks to the exit from Edipower and the consequent acquisition of generation assets, Iren Group will get both higher strategic flexibility and higher synergies deriving from the direct management of the acquired plants, integrating them into Iren plants portfolio.

In the Waste sector, apart from the coming on stream of the Environmental Integrated Centre in Parma, the Group intends to complete the project to create a financial partnership for a further development in the sector.

In the third quarter of 2013 it is forecast the start-up of the regasification terminal in Livorno, owned by OLT Offshore Lng Toscana SpA, launched at the beginning of February in the shipyard in Dubai which will conclude in July the public procedure of regasification capacity offering.

DIVIDEND

The Board of Directors has resolved to propose to the shareholders' meeting the distribution of a dividend of 0.0523 euro per share, which shall be approved for payment on the 3rd of July 2013 (detachment date 1st July 2013).

CONFERENCE CALL

The 2012 results will be presented on the 11th of April 2013 at 10.30 (CET), during a conference call with the financial community, also broadcasted through web-casting in listen-only mode on the corporate website www.gruppoiren.it

The Manager in charge of drawing up the corporate accounting documents, Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information presented herein corresponds to the accounting documents, records and books.

The Report on Operations. the draft 2012 Annual Report. the 2012 Consolidated Annual Report. the Statutory Auditors' Report and the Independent Auditors' Reports will be made available to the public at the company's headquarters (Via Nubi di Magellano. 30 – Reggio Emilia) and through the NIS circuit at Borsa Italiana and will be published on the website www.gruppoiren.it as provided for by the law.

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Here below are the income statement, statement of financial position and statement of cash flows for the Iren Group that are under audit.

IREN is one of the leading multi-utility companies in Italy, established from the merger between Iride and Enià, 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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IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 31/12/2012

(Thousands Euro)	31.12.2012	31.12.2011 Restated	change %
Revenues			
Revenues from goods and services	4,003,654	3,254,248	23.0
Change in contract work in progress	669	632	5.9
Other revenues and income	323,518	265,719	21.8
<i>-of which non-recurrent</i>	<i>23,015</i>	<i>-</i>	<i>(*)</i>
Total revenues	4,327,841	3,520,599	22.9
Operating expenses			
Costs for raw materials, consumables, supplies and goods	(2,116,257)	(1,682,008)	25.8
Services and use of third-party assets	(1,236,254)	(940,605)	31.4
Other operating expenses	(105,250)	(71,563)	47.1
<i>-of which non-recurrent</i>	<i>(14,644)</i>	<i>-</i>	<i>(*)</i>
Capitalised expenses for internal work	20,667	28,208	(26.7)
Personnel expenses	(261,142)	(262,565)	(0.5)
Total operating expenses	(3,698,236)	(2,928,533)	26.3
Gross Operating Profit (EBITDA)	629,605	592,066	6.3
Amortisation, depreciation, impairment and provisions			
Amortisation/depreciation	(205,495)	(209,293)	(1.8)
Provisions and impairment	(83,179)	(74,140)	12.2
Total amortisation, depreciation impairment and provisions	(288,674)	(283,433)	1.8
Operating profit (EBIT)	340,931	308,633	10.5
Financial income			
Financial income	26,533	23,783	11.6
Financial expense	(129,610)	(93,704)	38.3
Net financial income	(103,077)	(69,921)	47.4
Share of profit (loss) of associates accounted for using the equity method	9,673	(3,806)	(*)
Impairment losses on investments	(105)	(224,308)	(100.0)
<i>-of which non-recurrent</i>	<i>-</i>	<i>(217,466)</i>	<i>(100.0)</i>
Profit before tax	247,422	10,598	(*)
Income tax expense	(85,251)	(113,013)	(24.6)
Profit for the period from continuing operations	162,171	(102,415)	(*)
Profit from discontinued operations	-	-	-
Profit for the period	162,171	(102,415)	(*)
attributable to:			
- owners of the Parent	152,559	(110,970)	(*)
- non-controlling interests	9,612	8,555	12.4

(*) Variation of more than 100%

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IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 31/12/2012

(Thousands Euro)	31.12.2012	31.12.2011	change %
Non-current assets	4,734,916	4,652,774	1.8
Other non-current assets (liabilities)	(116,258)	(118,297)	(1.7)
Net working capital	235,106	287,974	(18.4)
Deferred tax assets (liabilities)	105,197	60,412	74.1
Provisions and employee benefits	(457,291)	(416,909)	9.7
Assets (Liabilities) held for sale	7,718	31,427	(75.4)
Net invested capital	4,509,388	4,497,381	0.3
Equity	1,954,257	1,844,706	5.9
<i>Long-term financial assets</i>	<i>(116,168)</i>	<i>(132,299)</i>	<i>(12.2)</i>
<i>Medium and long-term financial indebtedness</i>	<i>2,197,827</i>	<i>2,051,413</i>	<i>7.1</i>
Medium and long-term net financial indebtedness	2,081,659	1,919,114	8.5
<i>Short-term financial assets</i>	<i>(301,591)</i>	<i>(421,993)</i>	<i>(28.5)</i>
<i>Short-term financial indebtedness</i>	<i>775,063</i>	<i>1,155,554</i>	<i>(32.9)</i>
Short-term net financial indebtedness	473,472	733,561	(35.5)
Net financial indebtedness	2,555,131	2,652,675	(3.7)
Own funds and net financial indebtedness	4,509,388	4,497,381	0.3

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IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 31/12/2012

(Thousands Euro)	31/12/2012	31/12/2012 Restated	change %
A. Opening cash and cash equivalents	44,758	144,112	(68.9)
Cash flow generated by operating activities			
Profit for the period	162,171	(102,415)	(*)
Adjustments:			
Amortisation and depreciation of intangible and tangible assets	205,495	209,293	(1.8)
(Capital gains) capital losses and other changes in equity	(33,073)	(11,975)	(*)
Net variation in post-employment and other employee benefits	818	(4,399)	(*)
Net variation in provision for risk and other charges	33,538	40,348	(16.9)
Loss from the sale of discontinued operations net of tax effects	-	-	-
Variation in deferred tax assets and liabilities	(30,683)	(30,073)	2.0
Variation in non-current assets (liabilities)	1,392	(623)	(*)
Dividends received	(656)	(558)	17.6
Portion of result of associates	(9,673)	3,806	(*)
Net impairment losses (reversals of impairment losses) on investments	(1,784)	230,553	(*)
B. Operating cash flow before NWC variations	327,545	333,957	(1.9)
Variation in inventories	(21,321)	(22,704)	(6.1)
Variation in trade receivables	(18,269)	(124,495)	(85.3)
Variation in tax assets and other current assets	(3,540)	(59,029)	(94.0)
Variation in trade payables	98,154	84,338	16.4
Variation in tax liabilities and other current liabilities	(3,998)	(29,044)	(86.2)
C. Cash flow generated by NWC variation	51,026	(150,934)	(*)
D. Operating cash flow (B+C)	378,571	183,023	(*)
Cash flows from (for) investing activities			
Investments in tangible and intangible assets	(339,749)	(493,254)	(31.1)
Investments in financial assets	(60,285)	(46)	(*)
Proceeds from the sale of investments and changes in assets held for sale	157,775	38,369	(*)
Transfer of discontinued operations net of cash disposed of	-	-	-
Dividends received	9,417	11,137	(15.4)
Other variations in financial activities	131	-	(*)
E. Total cash flows from investing activities	(232,711)	(443,794)	(47.6)
F. Free cash flow (D+E)	145,860	(260,771)	(*)
Cash flow from financing activities			
Dividends paid	(22,282)	(121,297)	(81.6)
Other changes in equity	-	1,042	(100.0)
New long term financing	440,250	655,758	(32.9)
Repayment of long term financing	(503,133)	(109,518)	(*)
Variation in financial receivables	118,438	(43,927)	(*)
Variation in financial payables	(195,850)	(220,641)	(11.2)
G. Total cash flow from financing activities	(162,577)	161,417	(*)
H. Cash flow for the period/year (F+G)	(16,717)	(99,354)	(83.2)
I. Closing cash and cash equivalents (A+H)	28,041	44,758	(37.3)

(*) Variation of more than 100%

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