11th May 2018

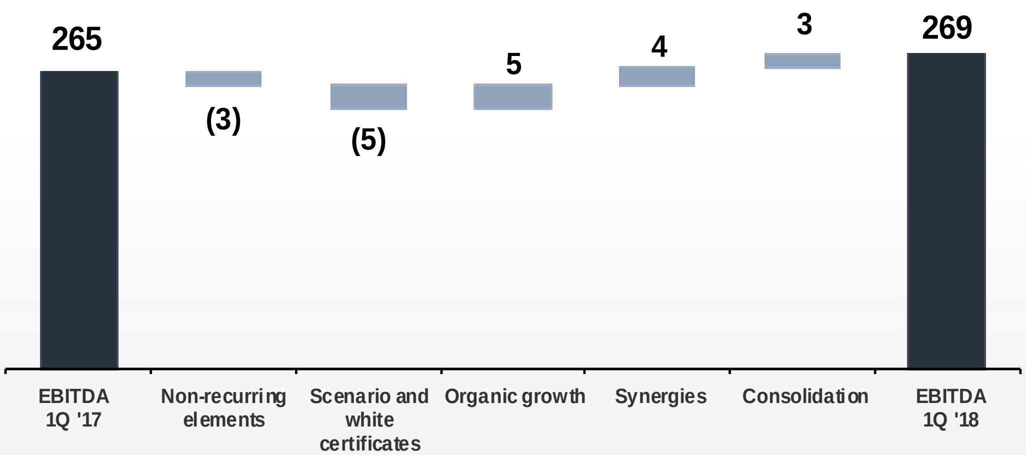
2018 – 1Q Results

1Q 2018: slight increase in all the operating results

KPIs

m€	1Q '17	**1Q '18**	Δ	Δ%
Revenues	1,047	**1,066**	19	1.8%
Ebitda	265	**269**	4	1.6%
Ebit	174	**177**	3	1.7%
Net profit	101	**103**	2	2.6%
Tech. Capex	47	**68**	21	45.2%

Ebitda Bridge



- **Revenues +1.8%:** substantially stable compared to 1Q 2017
- **Ebitda +1.6%:** the positive trend reported in the last few years continues thanks to the resilient and well-balanced IREN's business portfolio – a negative "2017/2018 non recurring elements" balance and a worse commodity scenario compared to the exceptional positive conditions reported in 1Q 2017 have been counterbalanced by organic growth, synergies and consolidation (deriving from M&A transactions completed in 2017).
- **Ebit +1.7%:** better operating results and lower provisions offset higher D&A
- **Net profit +2.6%:** including a further improvement in financial charges and lower tax rate.
- **Tech. Capex +45.2%:** strong increase, in particular in network-based business, in line with the business plan.

GENERATION AND DH – Positive results in spite of a worse commodity scenario

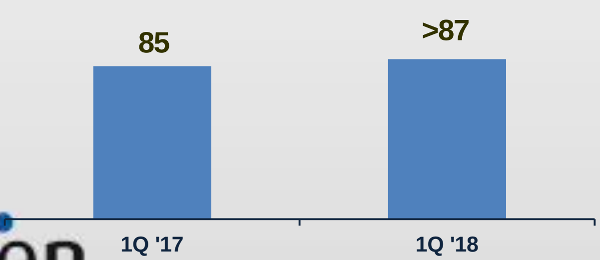
The normalization of the commodity scenario in 1Q 2018, compared to the exceptional positive conditions reported in 1Q 2017, led to lower margins which have been more than offset by the positive white certificates trend (~20m€, two third of which related to previous years).

- **Generation sector** results were affected by the reduction in spark-spreads due to the combination of lower PUN and higher gas price (impacting also on electricity volumes produced). Ancillary services in line with 1Q 2017.
- **Hydroelectric sector's** higher volumes were offset by lower sale prices.
- **Heat sector:** higher heat volumes thanks also to the structural increase in district heated volumes.

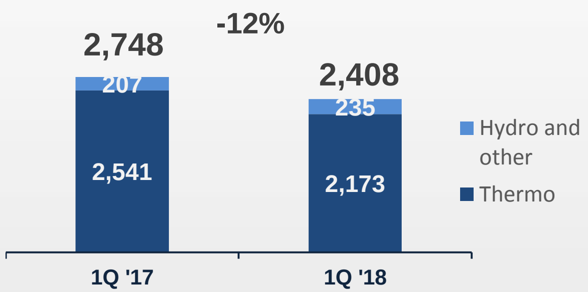
- **Outlook:** improved results in 2018 are expected by the end of the year thanks to a slight recovery in spark-spread, supportive hydroelectric reservoir levels and the positive trend in white certificates.

m€	1Q '17	**1Q '18**	Δ	Δ%
Revenues	341	**349**	8	2%
Ebitda	100	**102**	2	3%
Ebit	68	**72**	4	5%
Gross Capex	6	**6**	0	-2%

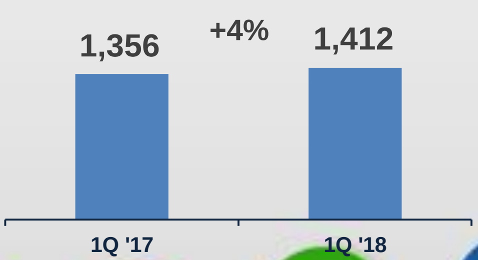
DH VOLUMES HEATED (MCM)



ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



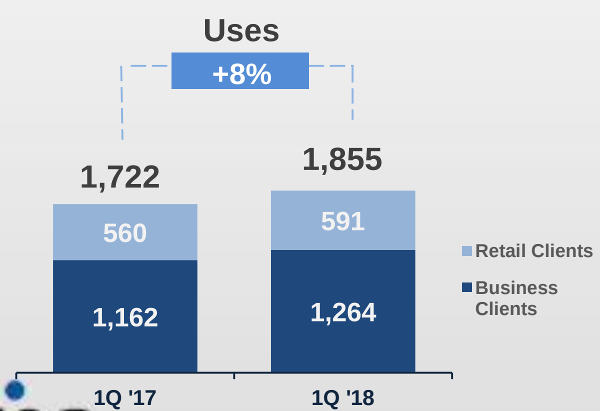
MARKET – Slight reduction in EBITDA linked to last year's utilization of stored gas.

- The margins of the business unit were impacted by two opposite non-recurring phenomena: the absence of the positive element reported in 1Q 2017 in gas sector (linked to the utilization of stored gas bought during 2016 summer season) which was not completely offset by previous years balances linked to commodity transport charges.
- **Launch of "IREN Go"** (e-mobility) and further enhancement of the New Downstream project.
- **Higher electricity volumes sold** both in the retail and business sector (mainly linked to Consip).

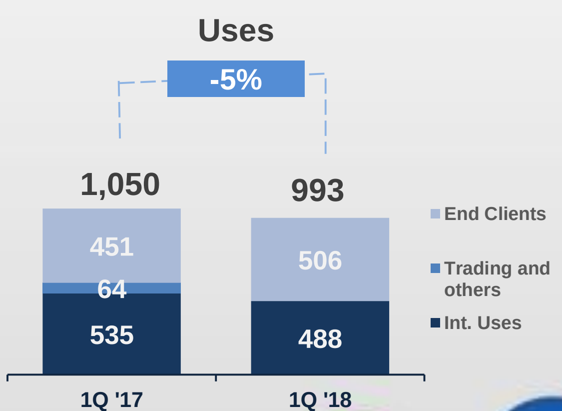
- **Outlook:** 2018 results are expected to be in line with 2017 thanks to a more favourable scenario in the next months (the negative scenario experienced in the last quarter of 2017 is not expected to recur).

m€	1Q '17	**1Q '18**	Δ	Δ%
Revenues	810	**791**	-19	-2%
Ebitda	54	**50**	-4	-8%
Electricity	*3*	***6***	*3*	*93%*
Gas&Heat	*51*	***44***	*-7*	*-14%*
Ebit	43	**42**	-1	-2%
Gross Capex	4	**7**	3	71%

ELECTRICITY PORTFOLIO* (GWh)



GAS PORTFOLIO (MCM)



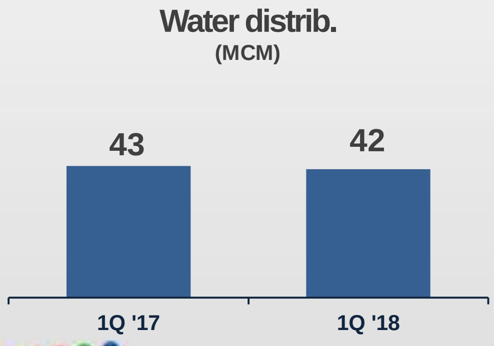
*net of Ipex, wholesalers and other

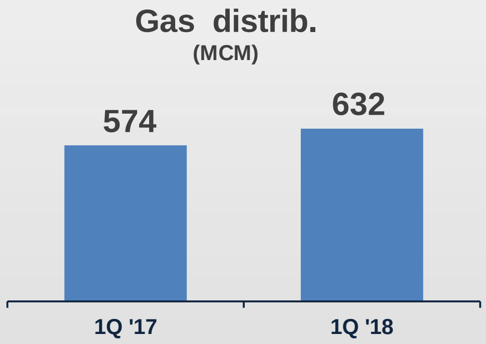
NETWORKS – Synergies and structural growth driven by higher capex

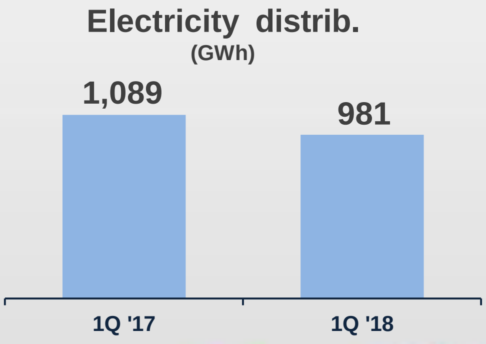
- **Energy networks:** Lower new connections to the electricity networks were offset by synergies and higher revenues thanks to the growth in RAB.
- **Water networks:** Higher synergies and organic growth, together with minor non-recurring elements led the increase in the sector's EBITDA.
- **Increase in Capex (+52.0%):** The positive trend in capex, already reported at the end of 2017 (+39%), continues, in line with the growth prospects outlined in the business plan

m€	1Q '17	**1Q '18**	Δ	Δ%
Revenues	195	**199**	4	2%
Ebitda	75	**80**	5	7%
Electricity	*18*	***17***	*-1*	*-5%*
Gas	*18*	***19***	*1*	*7%*
Water	*39*	***44***	*5*	*12%*
Ebit	41	**45**	4	10%
Gross Capex	29	**45**	16	52%

- **Outlook:** Further synergies exploitation and higher regulated revenues will more than offset the absence of a number of extraordinary elements reported in 2017 (on top of this there will be the positive effect of the ACAM full consolidation, starting from April)





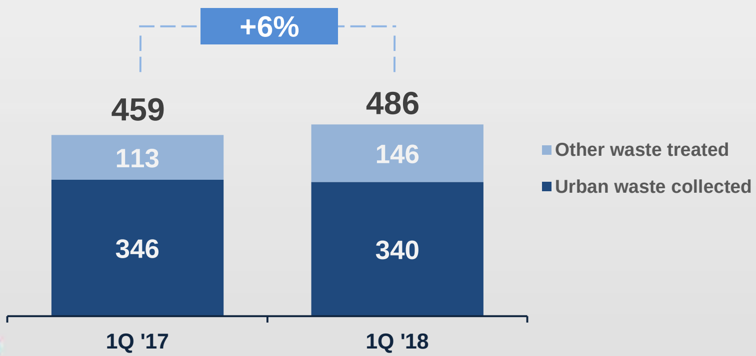


WASTE – Higher costs linked to wider scope of service

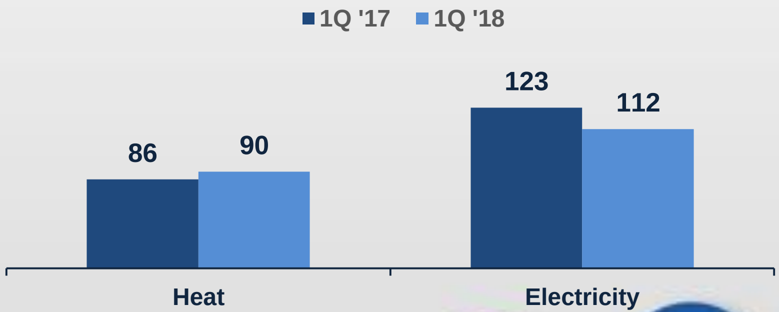
- **The slight reduction in profitability** derives mainly from higher start-up collection activities costs not yet included in tariffs and from worse electricity scenario.
- **Steady increase in special waste collection (+29%)** whose margins are not completely reflected in EBITDA as the REI landfill optimization process is ongoing and it will end by the first half or the year
- The decrease in EBIT stemmed **from higher D&A (linked to REI)** and lower provisions release compared to 1Q 2017
- **Outlook:** REI optimization, savings and a limited contribution from ACAM will be the main elements driving the sector's performance, which should be broadly in line with 2017.

m€	1Q '17	**1Q '18**	Δ	Δ%
Revenues	135	**138**	3	2%
Ebitda	38	**36**	-2	-5%
Ebit	24	**18**	-6	-25%
Gross Capex	3	**3**	0	6%

Waste (Kton)



WTEs - Electricity and Heat sold (GWh)



From EBITDA to Net Profit.

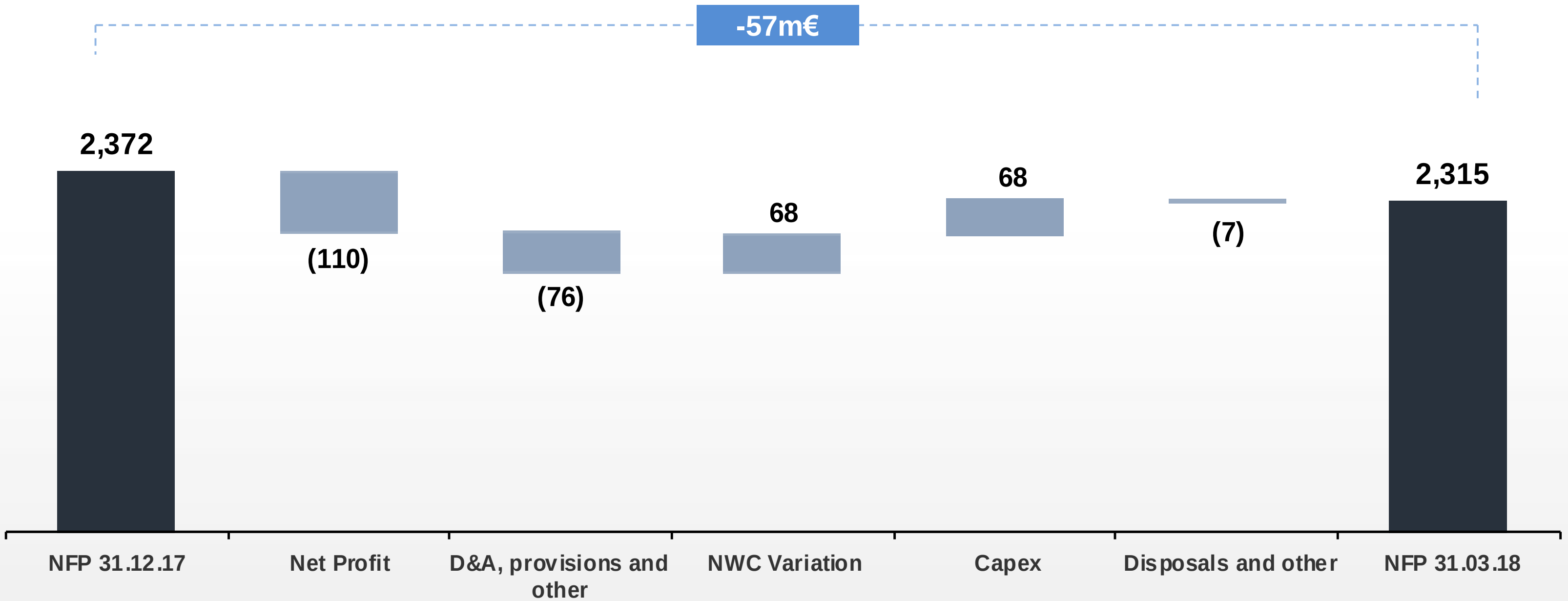
	1Q '17	**1Q '18**	Δ	Δ%
EBITDA	265.0	**269.2**	4.2	1.6%
D&A	*-76.4*	***-82.5***		
Provisions	*-14.2*	***-9.3***		
EBIT	174.4	**177.3**	2.9	+1.7%
Financial charges	*-21.5*	***-17.1***		
Other financial costs	*1.0*	***-1.6***		
Companies cons with e.m.	*4.9*	***-0.6***		
EBT	158.7	**158.0**	-0.7	-0.4%
Taxes	*-50.9*	***-48.2***		
Minorities	*-7.2*	***-6.6***		
Group net profit	100.6	**103.2**	2.6	2.6%

- **Higher D&A** stemmed mainly from changes in scope of consolidation and higher fixed assets offset by **non-recurring lower provision** linked to IFRS9

- **Lower financial charges** thanks mainly to lower cost of debt and lower stock of debt
- **Lower contribution from companies consolidated with E.M.** due to the absence of some 1Q 2017 non-recurring elements

- **Lower tax-rate** thanks to structural decrease in IRES (ordinary tax rate 31%-32%).

Cash-flow and NFP Bridge.

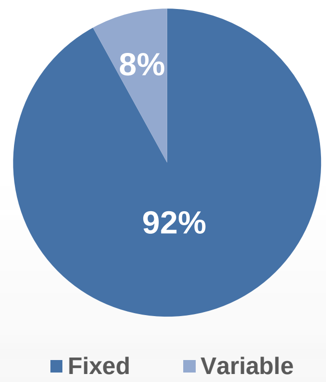


- **Continuous debt reduction (-57m€)** thanks to the robust operating cash-flow generation easily covering increasing capex.
- NWC seasonal increase

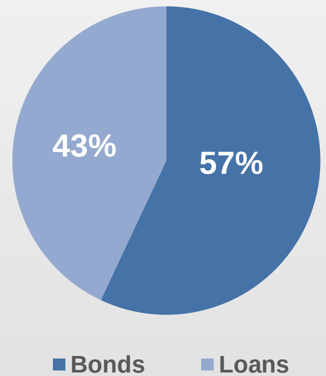
Interest rate and debt structure.

- >90% of gross debt at fixed interest rate.
- Average long-term debt duration of about 5.6 years
- Constant reduction in cost of debt (2.9% vs. 3.1% at the end of 2017)
- IREN's debt is formed of:
    - 57% Bonds
    - 32% EIB loans
    - 11% other loans

Gross debt interest rate



Debt structure



Focus on sustainability

- In 4Q 2017 IREN was awarded by the “Carbon Disclosure Project - Climate”, for **the second consecutive year,** with a **“A” score**.
- “A” score is the highest score attainable. **Only 5 companies out of 103** in Italy achieved this result in “CPD climate” and IREN is the **only Italian local utility company awarded with such score**.

- In April 2018 ISS-Oekom, one of the most important global independent companies involved in assigning sustainability ratings, rated IREN as **“Prime” (B-).**
- **Only 13%** of the utilities rated by ISS-OEKOM have received a “Prime” rating.
- It confirms IREN’s commitment in implementing sustainability profiles in all of its strategic decisions.

- In April 2018 IREN launched **“IREN Go”** a first important steps towards zero-emission mobility.

Closing remarks

Iren delivered **organic growth and synergies in line with the business plan objectives**;

These elements combined with some “non recurring positive items” made it possible to **offset the effects of the worse energy scenario** and the temporary unavailability of waste disposal plants;

In light of the positive 1Q results, despite the difficult scenario, and **taking into account the ACAM contribution** from 1st April the Company is confident **to exceed the FY 2018 Ebitda business plan target.**

Annexes

Scenario.

	1Q '17	**1Q '18**	Δ%
Gas Demand *(bcm)*	25.8	**26.0**	1%
TTF *€/000 scm*	200	**223**	11%
PSV *€/000 scm*	216	**231**	7%
Energy Demand *(Twh)*	78.9	**79.5**	1%
PUN *(€/Mwh)*	57.4	**54.3**	-5%
CO2 *€/Ton*	5.4	**10.3**	90%
Green Cert. Hydro *(€/Mwh)*	107.3	**99.0**	-8%

Balance Sheet.

	1Q '18	FY '17
Net fixed assets	***5,401***	*5,412*
Net Working Capital	***251***	*182*
Funds	***-628***	*-618*
Other assets and liabilities	***-242***	*-105*
Net invested capital	**4,782**	4,871
Group Sharholders' equity	***2,467***	*2,499*
Net Financial Position	***2,315***	*2,372*
Total Funds	**4,782**	4,871

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.

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