9M Results 2010

12th November 2010

9M-2010 MARKET SCENARIO

- **Brent** reached an average price of 77.2 USD/bbl: an increase in the region of 34% compared to 9M 2009.
- **USD/€ exchange rate** stood at 1.32 in the first 9 months of 2010. 3% less compared to the same period of last year

	9M 2009	9M 2010	Δ %
Brent USD / bbl	57.6	77.2	34%
USD / €	1.36	1.32	-4%
Brent € / bbl	41.9	58.7	40%

- **Gas demand** up by 8% compared to 9M 2009 (when demand level was very low) but still below the 2008 level (-5%)
- **Pressure on margins** caused by oversupply on the spot market and by the mismatch between purchase and sale formulas due to USD/€ exchange rate.

	9M 2009	9M 2010	Δ %
Gas Demand (bcm)	53.8	58.0	8%
Gas Release 2*, € / 000 scm	273.1	293.8	8%
CCI, €/ 000 mc**	301.2	265.5	-12%

- **Electric Power demand** slightly increased by 1.7% but remains well below the levels of 2008 (-5%)
- **Price down** by 3% mainly due to weak demand.
- **Decrease in S.Spread** was worsened by its negative performance in the last 3 months compared to the exceptional high margins recorded on IPEX in Q3 2009.

	9M 2009	9M 2010	Δ %
Energy demand (Twh)	239.3	243.3	1.7%
PUN_{TWA} (€ /MWh)	66.4	64.6	-3%
CO_2 (€ /Ton.)	13.2	14.3	8%
Green Cert. (€ /MWh)	88.59	81.46	-8%

** At PSV of Snam Rete Gas.*
*** At the border, D. 134/06 AEEG updated according to D. 192/08, D. 40/09 and D. 64/09.*

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9M '10 KEY FIGURES

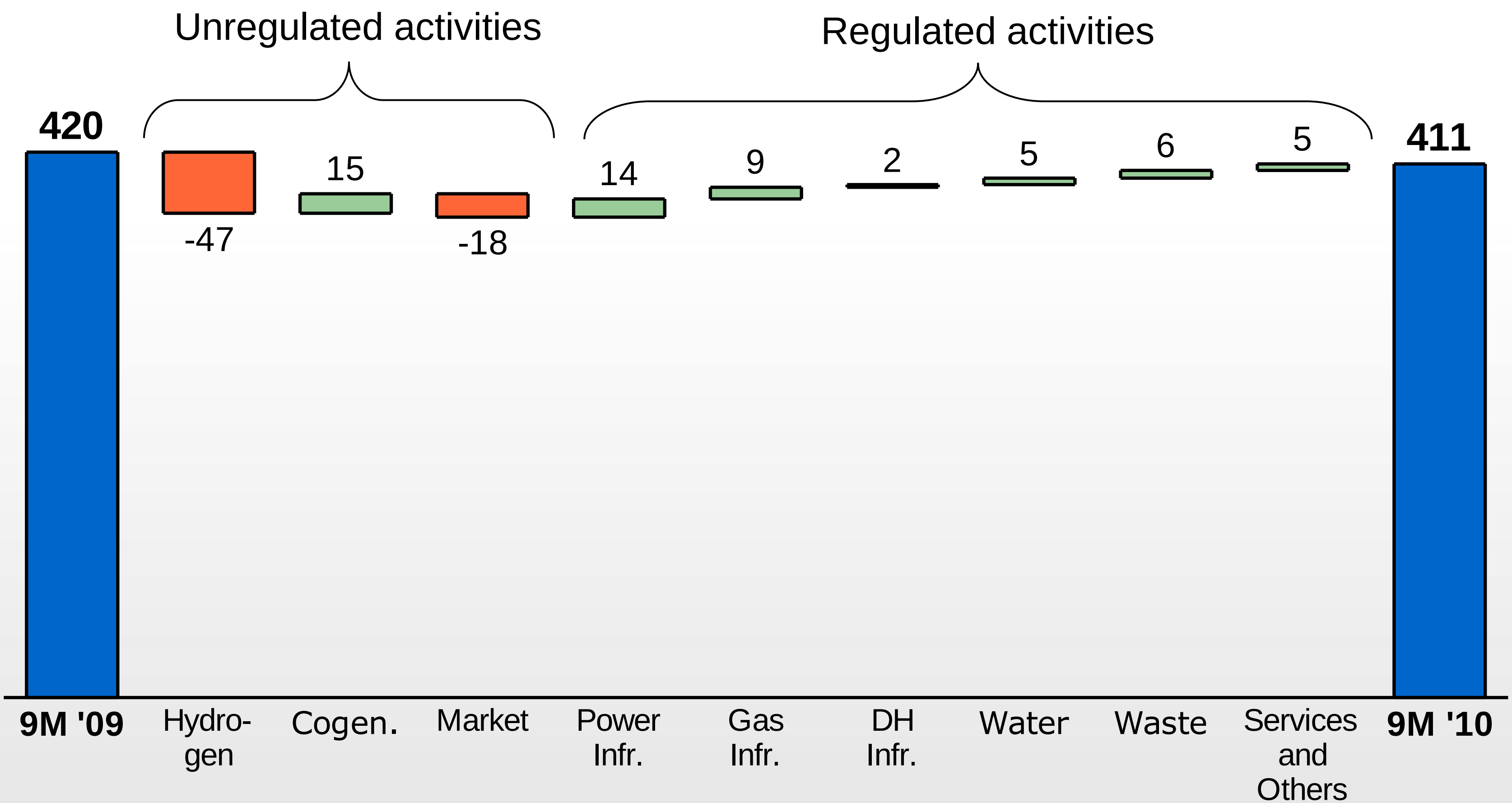
(*) *EURm*	9M 2009	9M 2010	Δ	Δ %
Revenues	2,414	2,385	*(29)*	*-1.2%*
EBITDA	420***	411	*(9)*	*-2.2%*
EBIT	248	210	*(38)*	*-15.5%*
NET PROFIT	15	110	*95*	*n.s.*
NET PROFIT adj.	119	110	*(9)*	*-7.1%*
NFP	2,056**	2,384	*328*	*16.0%*

- **REVENUES down by 1%** due to higher volumes that offset the decrease in prices, in particular in gas sales.
- **EBITDA steady (-2%)** thanks to results of regulated activities partially offset by hydro-gen and power sales.
- **EBIT down by 15%,** affected by higher D&A (shortening of average hydro-gen assets' life) and extraordinary accruals
- **NET PROFIT adj. down by 7%.** Gross of the 2009 fiscal moratorium impact, the Net Profit growth would have stood at 95 €m
- **NFP up by 16%**. The increase in NFP is mainly due to investment activities and seasonal NWC absorption.

(*) All data in this document are pro-forma

(**) As of 31st of Dec. 2009
(***) Pro-forma: Deconsolidation of Aquamet -4€m

EBITDA BRIDGE



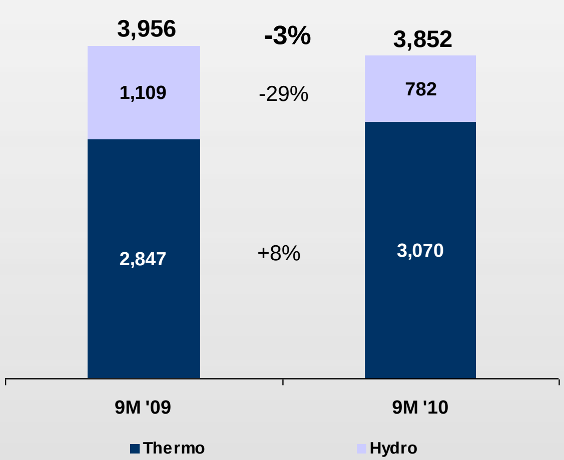
GENERATION OF ELECTRICITY AND HEAT

9M ‘10 vs 9M ‘09

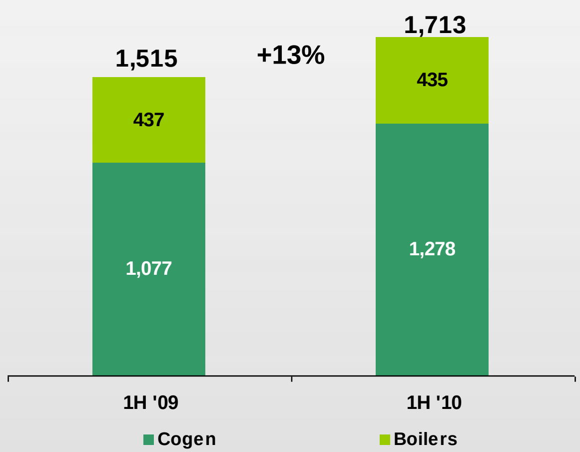
- **Significant decrease in Hydro contribution to Ebitda** due to planned unavailability of Valle Orco (repowering) and Pont Ventoux plants and to lower water availability in comparison with the exceptional production in the previous year.
- **Tighter spark-spread** in both Cogeneration and Heat
- **Strong growth in Heat** thanks to the combined effects of the increase in heated volumes and colder temperatures.

	9M '09	9M '10	Δ€MLN	Δ%
Revenues	498	449	(49)	-10%
EBITDA	131	98	(33)	-25%
EBIT	86	39	(47)	-54%

ELECTRICITY PRODUCTION (GWh)

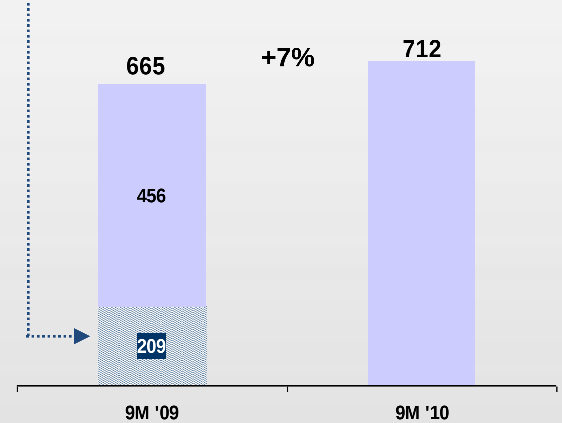


HEAT PRODUCTION (GWh)



One-off reduction of 2008 volumes accounted

GREEN CERTIFICATES (GWh)



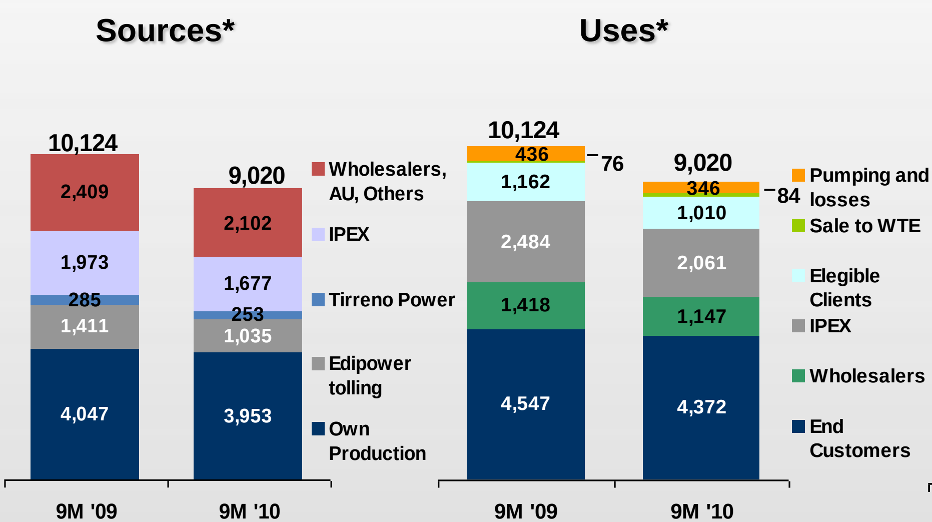
MARKET

9M ‘10 vs 9M ‘09

- **Gas and Heat Sales:** The temporary mismatch of purchase and sale formulas was partially offset by the increase in volumes sold.
- **Power Sales:** the decrease in EBITDA is due mainly to negative impact of Edipower tolling and lower margin on IPEX sales
- **+ 2,7% gas retail clients** thanks to cross-selling activities.

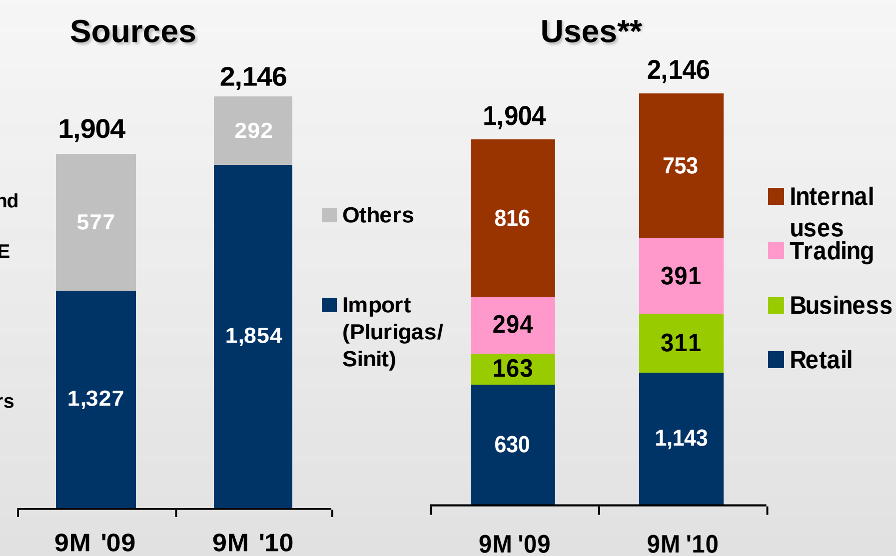
	9M '09	9M '10	Δ€MLN	Δ%
Revenues	**2,042**	**1,996**	**(46)**	**-2%**
EBITDA	**36**	**18**	**(18)**	**-50%**
Electricity	*19*	*3*	*(16)*	*-85%*
Gas & DH	*17*	*15*	*(2)*	*-10%*
EBIT	**25**	**9**	**(16)**	**-64%**

ELECTRICITY PORTFOLIO (GWh)



*net of “pass-through traded Ipex quantities”

GAS PORTFOLIO (MCM)



*Net of Plurigas and Sinit trading activities

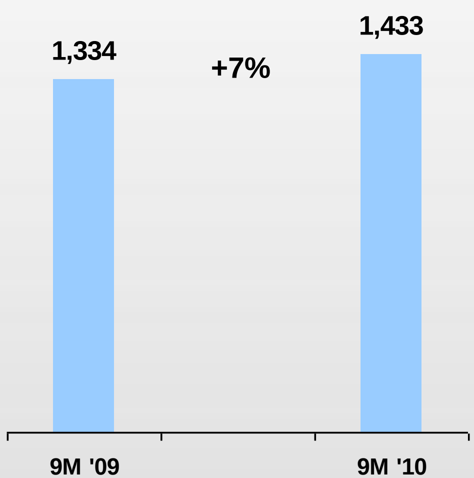
ENERGY INFRASTRUCTURES

9M '10 vs 9M '09

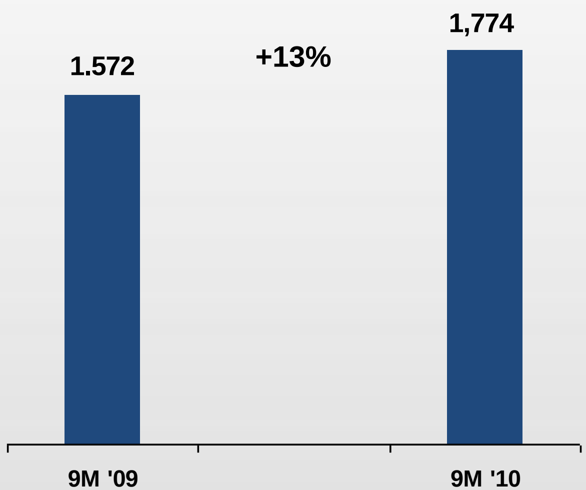
- **Energy Networks:** Significant increase in profitability thanks mainly to higher revenues, to positive impact of equalization and to the extraordinary contributions of the "bonus for service" 2008.
- **Gas Networks:** Growth in EBITDA thanks mainly to tariffs increase (including the positive impact of new regulation) and impact of positive one-off from previous years
- **DH Networks:** Ebitda contributions up by 6% because of the increase in volumes heated (+5%)

	9M '09	9M '10	Δ€MLN	Δ%
Revenues	**258**	**289**	**31**	**12%**
EBITDA	**139**	**164**	**26**	**18%**
Electricity	*50*	*64*	*14*	*28%*
Gas	*59*	*68*	*10*	*16%*
DH	*30*	*32*	*2*	*6%*
EBIT	**87**	**106**	**19**	**22%**

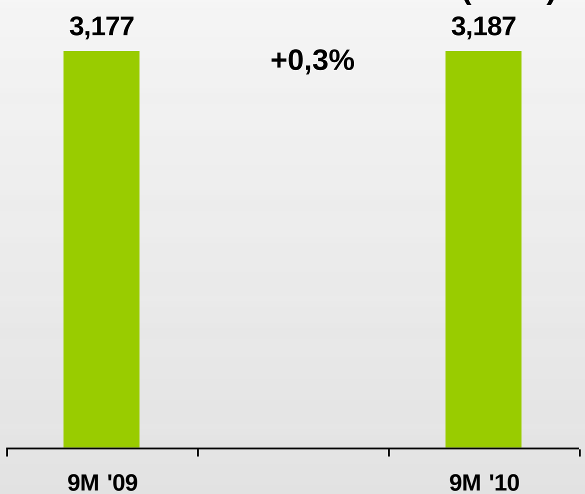
GAS DISTRIBUTED (MCM)



HEAT DISTRIBUTED



ELECTRICITY DISTRIBUTED (GWh)



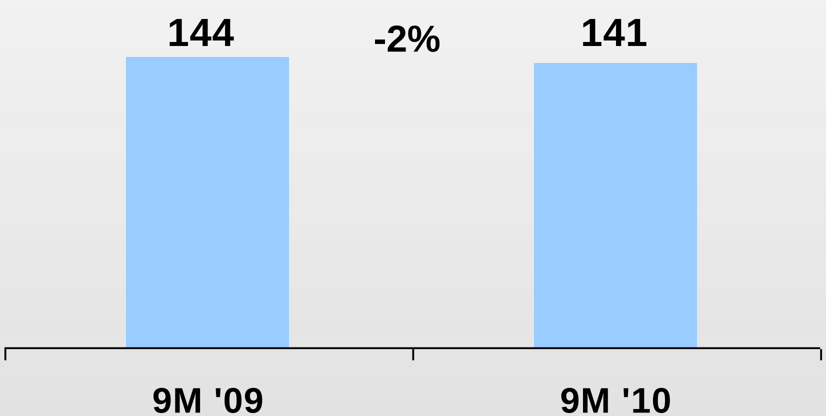
WATER

9M ‘10 vs 9M ‘09

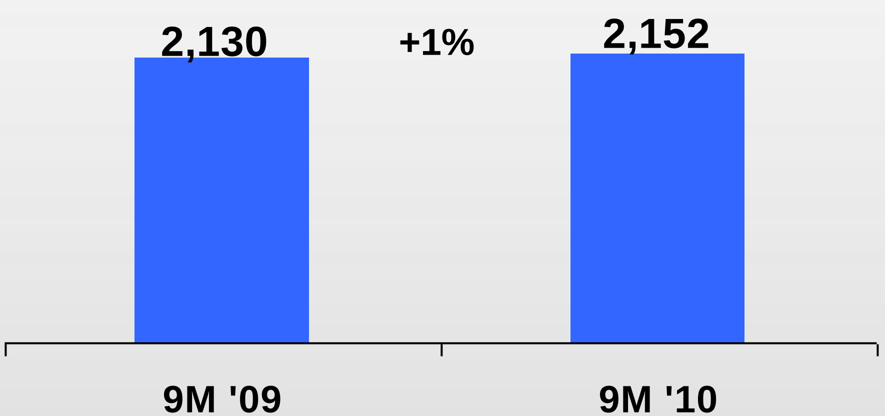
- **6% growth in Revenues and EBITDA pushed up by** tariffs increase in all the IREN reference areas that more than offset the decrease in volumes sold.
- **Ebit down by 15%** mainly due to higher D&A and Accruals (bad debt provisions)

	9M '09	9M '10	Δ€MLN	Δ%
Revenues	241	255	14	6%
EBITDA	78	83	5	6%
EBIT	36	30	(6)	-15%

WATER SOLD (MCM)



INHABITANTS SERVED (‘000)



WASTE

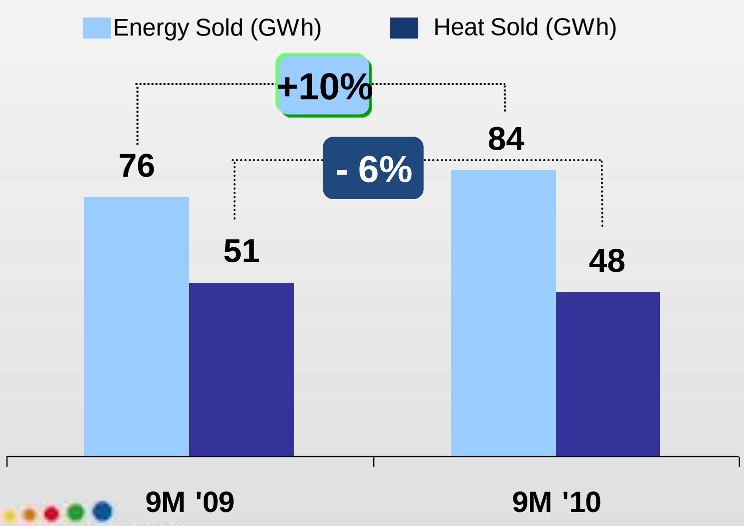
9M '10 vs 9M '09

- **EBITDA up by ~ 7 €m** mainly due to tariffs' increase, as agreed with local authorities, corresponding to an increase in service level.
  The growth of EBITDA includes higher collection costs, caused by the extension of the door to door collection system that brought the sorted waste percentage to 54.8% (53.4% in 1H 09).

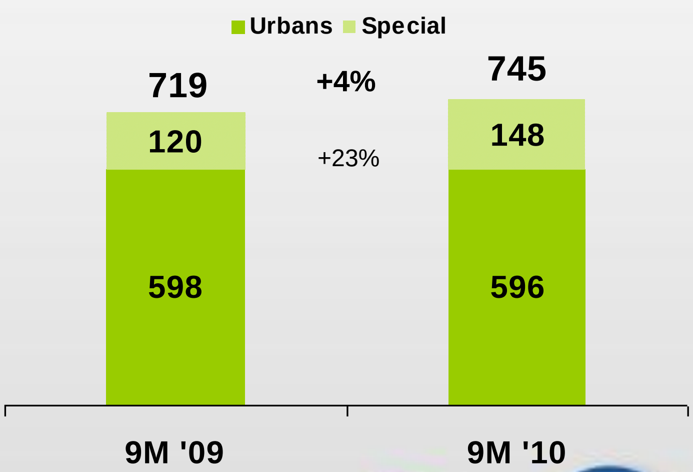
- **Special waste** up by +23% thanks mainly to an improvement in commercial activities and economic scenario recovery.

	9M '09	9M '10	Δ€MLN	Δ%
Revenues	158	171	13	8%
EBITDA	32	38	7	21%
EBIT	14	19	5	38%

WTE - Energy and Heat production



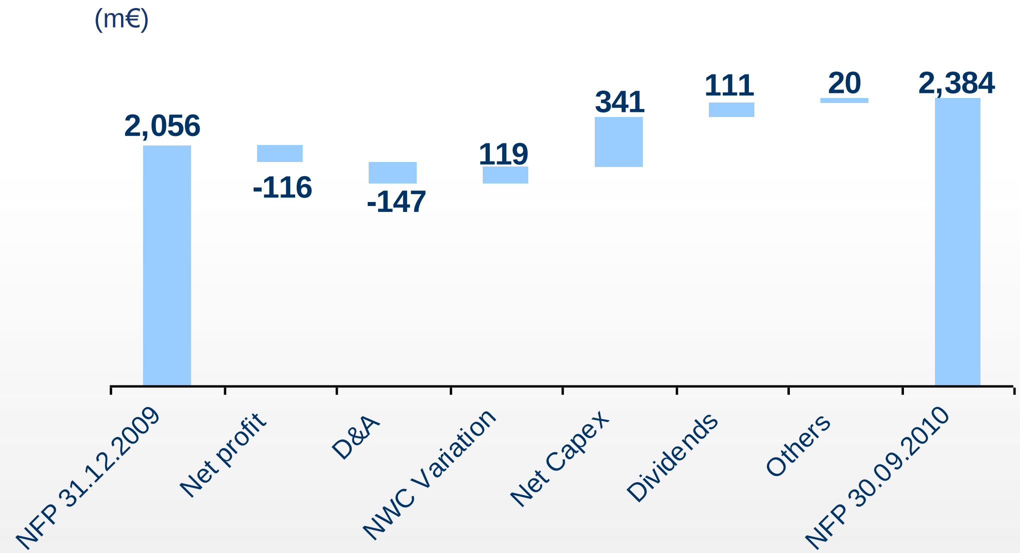
Waste (Kton)



CASH FLOW & INVESTMENTS

CAPEX € m	9M '09	9M '10
Generation	60	133
Networks	117	110
Water	72	65
Waste	20	22
Others	23	26
TOTAL	292	356

Changing in NFP 30.09.2010



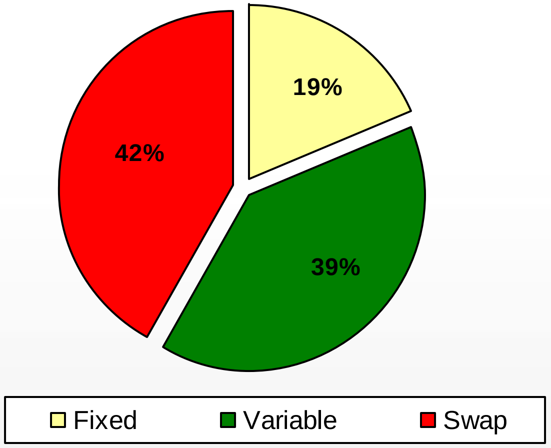
- The increase in NFP is due mainly to investment activities and to NWC absorption caused by the seasonality of payables and receivables.
- Lower NWC compared both to 1H '10 (286 €m) and to 9M 09 (272 €m)
- Investments in line with budget.

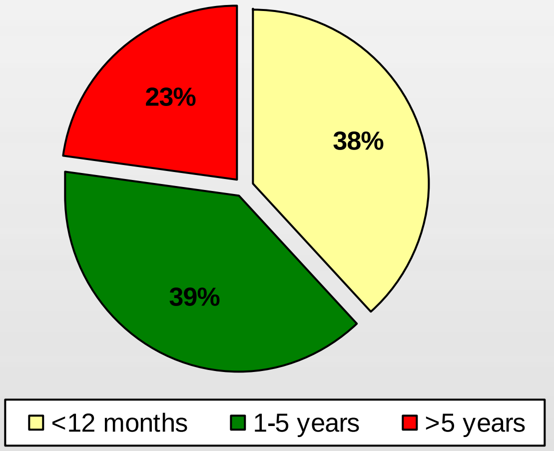
BALANCE SHEET & DEBT STRUCTURE

€ m	31.12. 2009	30.09.2010
Net fixed assets	4,288	4,466
Net Working Capital	122	241
Funds	(324)	(341)
Other activities and liabilities	(110)	(51)
Net invested Capital	3,976	4,314
Net Financial Position	2.056	2,384
Group shareholders equity	1,921	1,930
Total Funds	3,976	4,314
D/E	1.07	1.23

- Solid financial structure: average debt duration of about 4.5 years.
- Variable rate debt at 39%. 100 €m of variable rate debt swapped in 3Q '10.
- Average debt cost of about 2.66 % (vs. 3.25% FY 09).

Debt Structure and Interest rate





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