



12th May 2016

2016 – 1Q Results

2016 1Q – Results on track with BP expectations

ORGANIC GROWTH

Organic growth of approximately 12m€, confirming the positive trend reported in the last quarters

SYNERGIES

7m€ of synergies already achieved thanks mainly to the effectiveness of the streamlining process

CONSOLIDATION

Coverage of the entire value chain in the waste collection and disposal process in the Turin province thanks to the **acquisition of a controlling stake in TRM (January 2016)**

FINANCIAL OPTIMIZATION

Net of TRM consolidation the **NFP would have been 50m€ less** than what was reported at the end of 2015

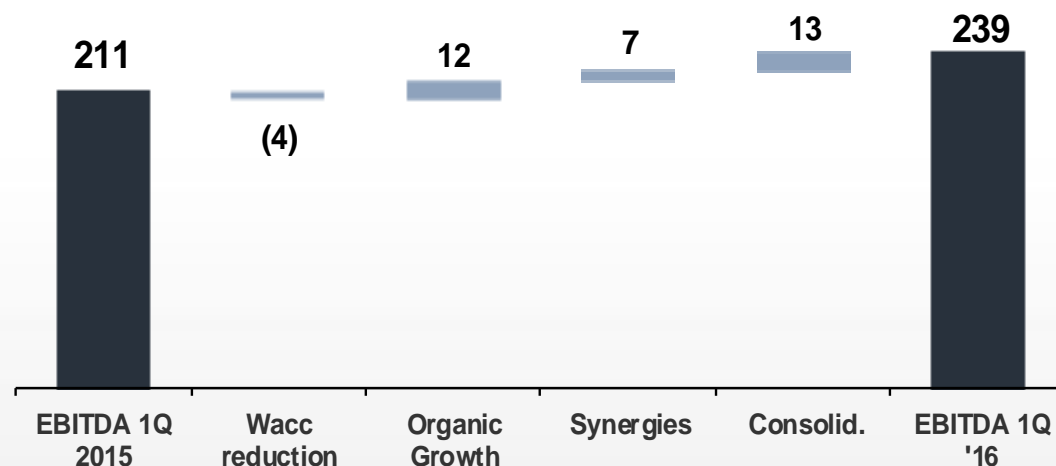


1Q 2016: Growing profitability in spite of a warm winter.

Income statement

	m€	1Q '15	1Q '16	Δ	Δ%
Revenues		919	886	-33	-3.6%
Ebitda		211	239	28	13.1%
Ebit		133	154	21	15.8%
Net profit		59	73	14	24.5%

Ebitda Bridge



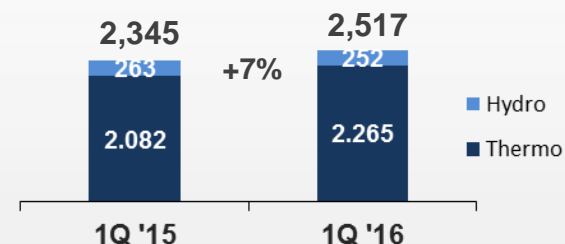
- **Revenues -3.6%:** due mainly to a sharp fall in commodity prices
- **Ebitda +13.1%:** benefitting both from organic growth (mainly in energy businesses and net of climate effect) and synergies (approx. 20m€). The contribution from the change in the consolidation perimeter amounts to 13m€ principally coming from TRM
- **Ebit +15.8%:** thanks to the gross operating margin's increase which more than offset D&A growth linked to TRM
- **Net profit +24.5%:** The significant growth comes after a +71% reported at the end of 2015 confirming the positive impact of the operating results down to the bottom line. The slight increase in financial charges derives from TRM consolidation

GENERATION AND DH – Significant increase in margins

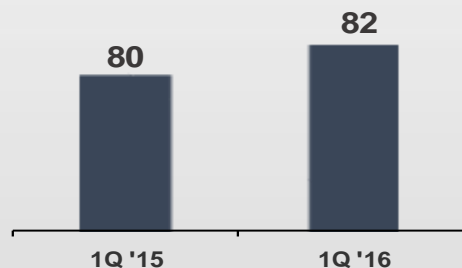
- Strong increase in EBITDA in spite of a reduction in revenues thanks mainly to a quick drop in gas prices compared to the PUN decreasing trend.
- **Generation sector** gained from higher spark-spreads, both in cogeneration and in thermoelectric production combined with an improved contribution from MSD market and a slight increase in production.
- **Hydroelectric sector** negatively impacted by both the fall in electricity price and a slightly lower production.
- **DH sector's** decrease in volumes linked to the warm winter season (-2% day-degrees) in spite of an additional 2mcm of volumes heated.
- **EBIT performances (+30%)** reflects the positive operating results plus the release of a number of provisions.

	m€	1Q '15	1Q '16	Δ	Δ%
Revenues		267	236	-31	-11%
Ebitda		70	80	10	15%
Ebit		39	51	12	32%
Gross Capex		4	7	3	76%

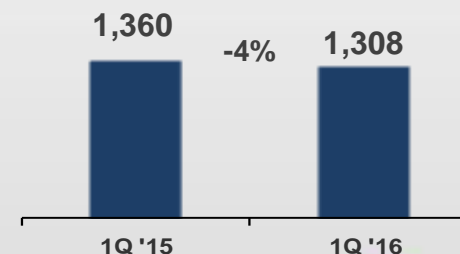
ELECTRICITY PRODUCTION (GWh)



DH VOLUMES HEATED (MCM)



HEAT PRODUCTION (GWht)

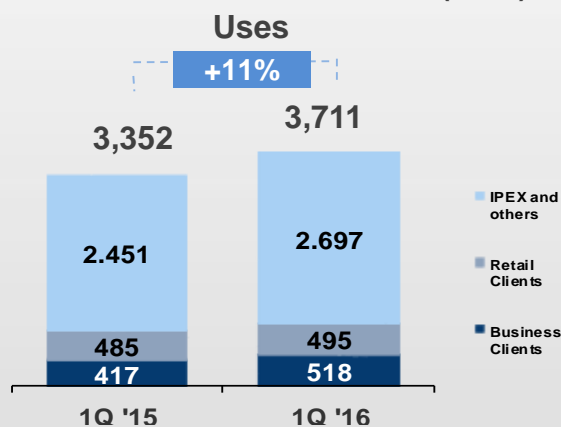


MARKET – Procurement/sale optimization offset climate effect.

- The significant growth in margins is linked to a **sound procurement strategy** both in gas and electricity together with **effective hedging and pricing actions**. In addition, positive effects come from regulatory changes both in regulated and free markets. These elements offset the decrease in gas volumes sold to end clients due mainly to a warmer winter season.
- The new marketing strategies launched in the second part of 2015 and involving **innovative offers** allowed the Group to gain approximately **10K energy clients in the first three months of the year**, keeping the churn rate as one of the lowest of the sector.
- Higher volumes sold to Business clients (+24%) underpinned the renewed interest of the company in this sector.

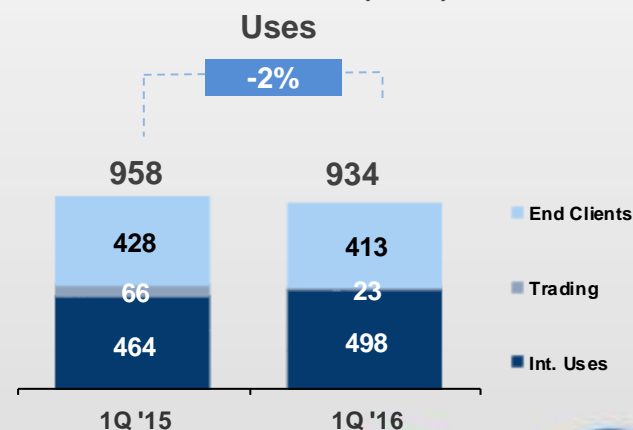
	m€	1Q '15	1Q '16	Δ	Δ%
Revenues		812	747	-65	-8%
Ebitda		49	53	4	8%
	<i>Electricity</i>	6	16	10	154%
	<i>Gas&Heat</i>	43	37	-6	-14%
Ebit		39	43	4	9%
Gross Capex		3	5	2	41%

ELECTRICITY PORTFOLIO* (GWh)



*net of "pass-through IpeX volumes"

GAS PORTFOLIO (MCM)



NETWORKS – Negative impact from wacc reduction offset by synergies

- **Electricity networks:** The decrease in EBITDA is mainly linked to 1Q 2015 extraordinary positive equalization, absent in the 1Q 2016.
- **Gas networks:** Synergies offset the reduction in Wacc, keeping operating results stable.
- **Water networks:** The change in consolidation perimeter (SAP concessions), and synergies more than offset the reduction in remunerations on invested capital.

	m€	1Q '15	1Q '16	Δ	Δ%
Revenues		197	192	-5	-3%
Ebitda		73	72	-1	-1%
	<i>Electricity</i>	20	16	-4	-18%
	<i>Gas</i>	17	18	1	1%
	<i>Water</i>	36	38	2	5%
Ebit		47	44	-3	-8%
Gross Capex		29	25	-4	-15%
<i>El. distr. (GWh)</i>		999	1,062		
<i>Gas distr. (mcm)</i>		575	548		
<i>Volume sold (mcm)</i>		34.9	40.2		

From January 2016, IRETI entered into full operation.

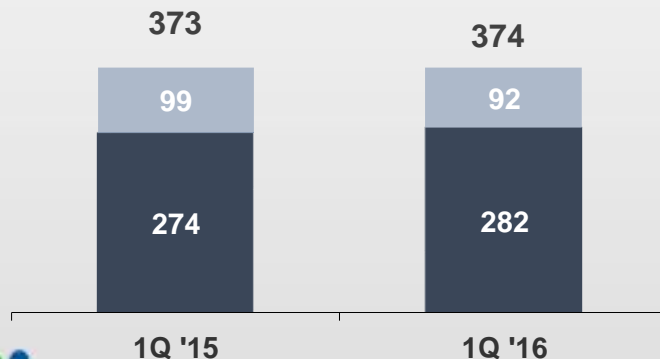
WASTE – TRM consolidation drove the growth

- The strong increase in the BU's margins is linked principally to the **contribution of TRM** (>10m€) was partially offset by a decrease of the contribution from electricity sold (lower prices).

	m€	1Q '15	1Q '16	Δ	Δ%
Revenues		116	127	11	10%
Ebitda		20	31	11	56%
Ebit		11	15	4	44%
Gross Capex		3	3	0	2%

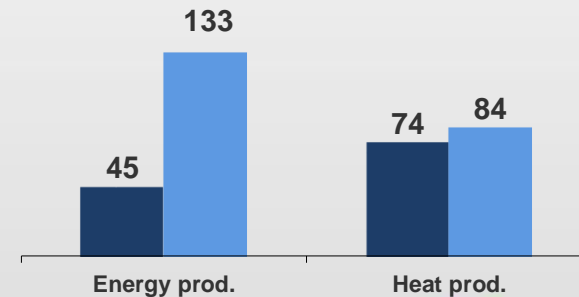
Waste (Kton)

■ Urban waste ■ Special waste



WTEs - Energy and Heat prod. (GWh)

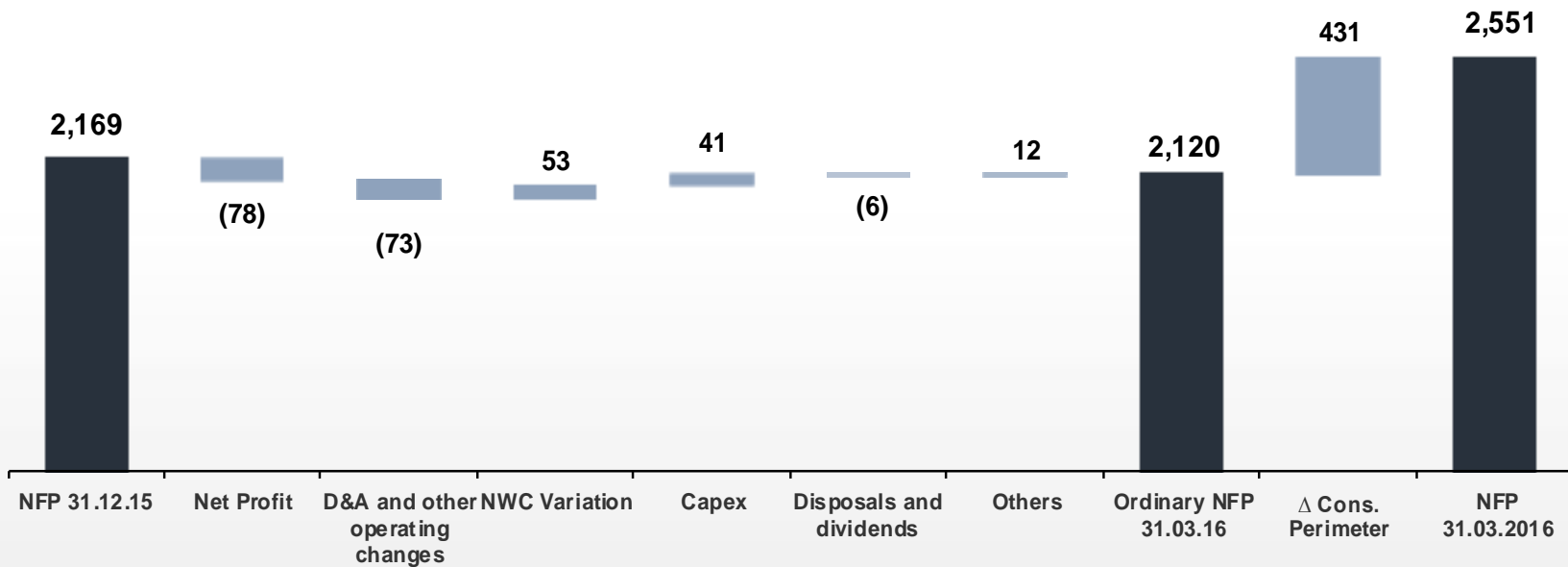
■ 1Q '15 ■ 1Q '16



From EBITDA to Net Profit.

	1Q '15	1Q '16	Δ	Δ%	
EBITDA	211.4	239.1	27.7	13.1%	
	<i>D&A</i>	<i>-65.7</i>	<i>-70.6</i>		<ul style="list-style-type: none"> • Higher D&A linked mainly to TRM consolidation
	<i>Provisions</i>	<i>-12.5</i>	<i>-14.3</i>		
EBIT	133.2	154.3	21.1	15.8%	
	<i>Financial charges for loans</i>	<i>-21.1</i>	<i>-23.6</i>		<ul style="list-style-type: none"> • Higher FC due to TRM consolidation
	<i>Other financial charges</i>	<i>-7.3</i>	<i>-6.7</i>		
	<i>Companies cons with e.m.and adj.</i>	<i>-2.9</i>	<i>-0.4</i>		
EBT	101.9	123.6	21.7	21.4%	
	<i>Taxes</i>	<i>-39.0</i>	<i>-45.9</i>		<ul style="list-style-type: none"> • Higher tax linked to the increase in EBT (1Q 2016 tax-rate approximately 38%)
	<i>Minorities</i>	<i>-4.2</i>	<i>-4.8</i>		
Group net profit	58.6	72.9	14.3	24.5%	

Cash-flow and NFP Bridge.

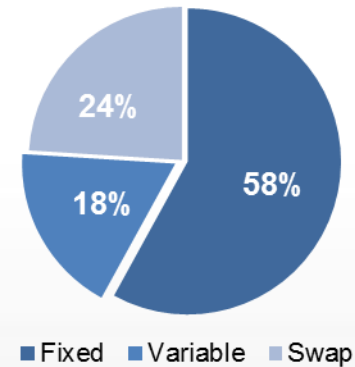


- NFP increase is completely ascribable to the change in the consolidation perimeter (TRM consolidation). Net of this the Net Debt would have experienced a further -50m€ decrease in respect to what was reported at the end of 2015.
- Seasonal NWC growth

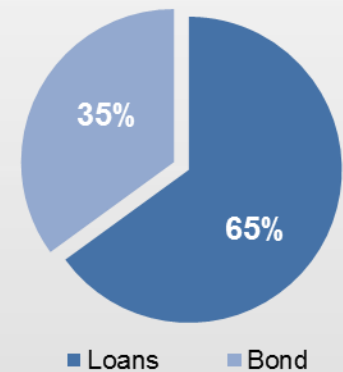
Interest rate and debt structure.

- 18% of gross debt at variable interest rate.
- Average long-term debt duration of about 5.1 years.
- Expected slight increase in cost of debt (3.6%) due to TRM consolidation.

Gross debt interest rate



Debt structure





Annexes



Market Scenario.

	1Q '15	1Q '16	Δ%
Brent <i>USD/bbl</i>	54.0	33.9	-37%
€/USD	1.1	1.1	-2%
Brent <i>€/bbl</i>	47.9	30.8	-36%
Gas Demand (<i>bcm</i>)	23.6	23.6	=
PSV <i>€/000 scm</i>	257	215	-34%
Energy Demand (<i>Twh</i>)	78.1	77.6	-1.0%
PUN (<i>€/Mwh</i>)	51.9	39.6	-24%
CO2 <i>€/Ton</i>	7.0	5.7	-19%
Green Cert. Hydro (<i>€/Mwh</i>)	97.9	100.1	+2%

- A sharp decrease in gas price has been followed by a 24% drop in PUN

Balance Sheet.

	1Q '16	FY '15
<i>Net fixed assets</i>	5,063	4,648
<i>Net Working Capital</i>	214	154
<i>Funds</i>	-538	-526
<i>Other assets and liabilities</i>	-65	-46
Net invested capital	4,674	4,231
<i>Group Shareholders' equity</i>	2,123	2,062
<i>Net Financial Position</i>	2,551	2,169
Total Funds	4,674	4,231

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