



13th November 2015

2015 – 9M Results

Implementation of the business plan key strategic points.



Process Streamlining

through the centralization at “Holding level” of the main corporate functions and through the standardization of the ICT systems.

Company rationalization

through the merger of approximately 15 subsidiaries, 100% owned by the Group, substantially completed. All the AGMs of the involved companies have already resolved upon the mergers and the project will be effective starting from the 1st January 2016.

Financial profile optimization

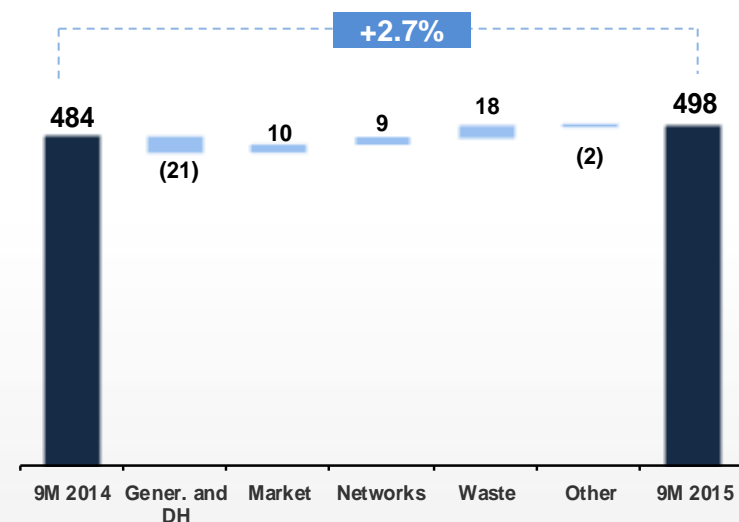
- “Investment grade” rating by Fitch (BBB-)
- Issue of a 500m€ bond under the 1bn€ EMTN programme.

9M 2015: +11% growth in Net Profit.

Income statement

	m€	9M '14 ¹	9M '15	Δ	Δ%
Revenues		2,071	2,219	148	7.1%
Ebitda		484	498	14	2,7%
Ebit		283	253	-30	-10.6%
Net profit		89	99	10	11.4%

Ebitda Bridge



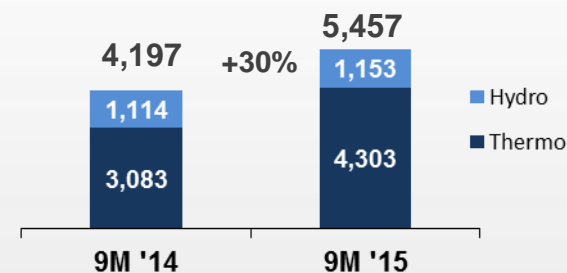
- **Revenues up by 7.1%:** The significant increase is mainly due to the change in the consolidation perimeter (AMIAT).
- **Ebitda +2.7%:** Regulated activities reported a significant growth (+27m€) driven also by the achievement of significant synergies (2015 target already reached). In the unregulated activities sector, the positive performance in Market BU (+10m€) was offset by the expiry of DH green certificates (approx. 13m€) and the absence of some 2014 positive one-offs (~19m€).
- **Ebit -10.6%:** The decrease is due to higher D&A (+18m€) mainly due to AMIAT full consolidation and to the absence of the release of provisions reported in 9M 2014 (approx. -25m€, the majority of which linked to Generation and DH BU).
- **Net profit +11.4%:** The lower financial charges, due to the lower cost of debt and lower debt itself, combined with an improvement in the results of Associates and tax-rate led to the significant growth in Net profit.

GENERATION AND DH – SBU hit mainly by exogenous elements.

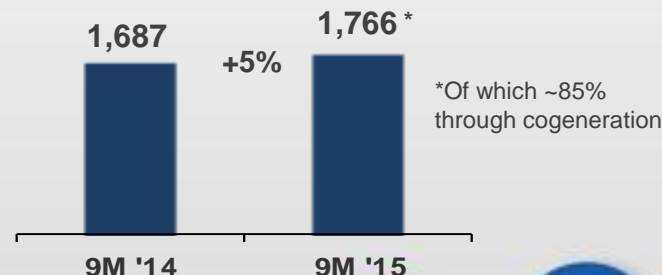
- The increase in MSD demand led the growth in the volumes of **Turbigo plant**, which was not mothballed.
- **Generation sector** benefitted from the growth in volumes sold and better MSD performance whose positive effect was more than offset by the absence of ~14m€ one-offs reported in 9M 2014.
- **Hydroelectric sector** continues to benefit from **higher production**, +3.5% (bucking the national trend, -13%). Nonetheless, the sector reported a slight decrease mainly because the absence of the 5m€ insurance reimbursement occurred in 2014.
- **DH sector** hit by the **green certificates expiry** (worth approx. 13m€ in the first 9 months of the year, 20m€ FY). Continuous network expansion trend (+1.9% in heated volumes)
- **EBIT performances** were impacted by the absence of the release of provisions (~30m€) reported in 9M 2014.

	m€	9M '14	9M '15	Δ	Δ%
Revenues		572	557	-15	-3%
Ebitda		141	120	-21	-15%
Ebit		81	25	-56	-69%
Gross Capex		52	22	-30	-58%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET – Significant results and prospects.

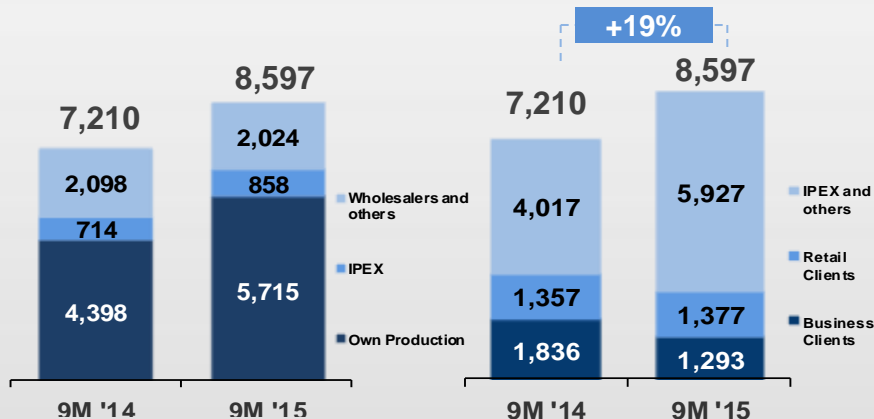
- Remarkable increase in EBITDA (+18%), supported by commercial activities and also by cost cutting, confirming the trend already reported in the last quarters.
- 1.484 mln Retail Client base (+1.2% vs 2014, of which >50% already in the free market) and a refocusing on 2016 sales to final industrial clients (+100% contracted on power thanks to Consip, +30% already contracted on gas) to reduce gross volume sold and risk of volatility

	m€	9M '14	9M '15	Δ	Δ%
Revenues		1,654	1,646	-8	0%
Ebitda		56	66	10	18%
<i>Electricity</i>		16	13	-3	-17%
<i>Gas&Heat</i>		40	53	13	33%
Ebit		28	37	9	34%
Gross Capex		7	10	3	38%

ELECTRICITY PORTFOLIO* (GWh)

Sources

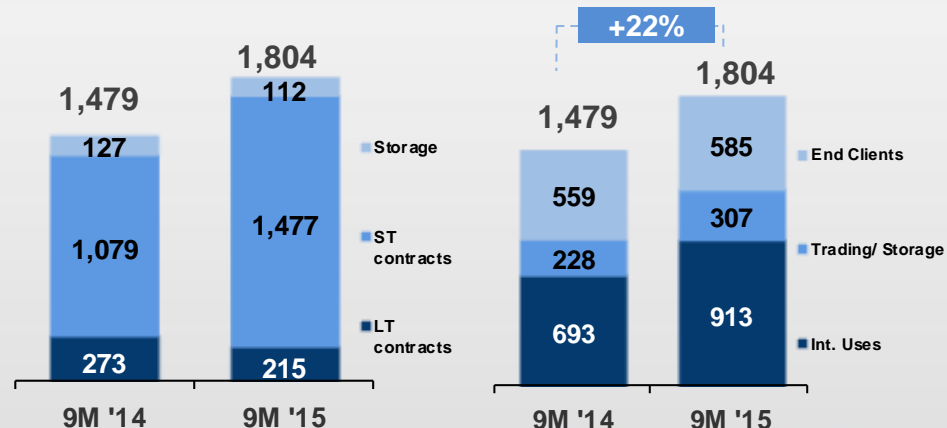
Uses



GAS PORTFOLIO (MCM)

Sources

Uses



*net of "pass-through IpeX volumes"

NETWORKS – Synergies extraction is one of the main drivers for the growth.

ENERGY INFRASTRUCTURE

- **Electricity networks:** The positive results of the sector is linked to synergies achievement and the equalization for previous years.
- **Gas networks:** margin in line compared to the same period of 2014 in spite of a number of negative one-offs (-1m€) thanks to synergies extraction.

	m€	9M '14	9M '15	Δ	Δ%
Revenues		241	261	20	8%
Ebitda		107	109	2	2%
	<i>Electricity</i>	52	54	2	4%
	<i>Gas</i>	55	55	0	0%
Ebit		75	75	0	0%
Gross Capex		43	42	-1	-3%
<i>El. distr. (GWh)</i>		2,880	2,977		
<i>Gas distr. (mcm)</i>		760	816		

WATER INFRASTRUCTURES

- The **increase in margins** reflects the positive tariff and synergy extraction trend together with the change in perimeter due to the transfer of the former SAP concessions (Savona province) to IREN, effective from the 1st of July of this year.

	m€	9M '14	9M '15	Δ	Δ%
Revenues		334	371	37	11%
Ebitda		118	125	7	5%
Ebit		66	73	7	11%
Gross Capex		48	60	12	24%
<i>Volume sold (mcm)</i>		108,9	114,1		

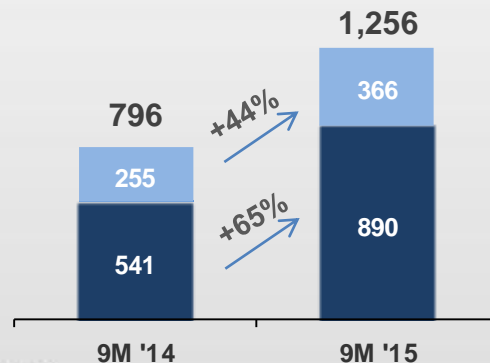
WASTE – Doubled revenues and approx. +50% EBITDA

- The significant increase in all the SBU KPIs is related both to internal items (**the full operation of Parma WTE**, the **strong increase in special waste** collection, >40% in volumes) and to the contribution of AMIAT.
- **The punctual tariff system has been fully implemented in Parma area** involving more than 190k inhabitants. Iren's efforts in **innovating the sector** is one of the drivers of **the growth in sorted waste collection** both in the provincial (67%) and metropolitan areas (42%).

	m€	9M '14	9M '15	Δ	Δ%
Revenues		169	348	179	105%
Ebitda		39	57	18	46%
Ebit		15	24	9	63%
Gross Capex		14	12	-2	-15%

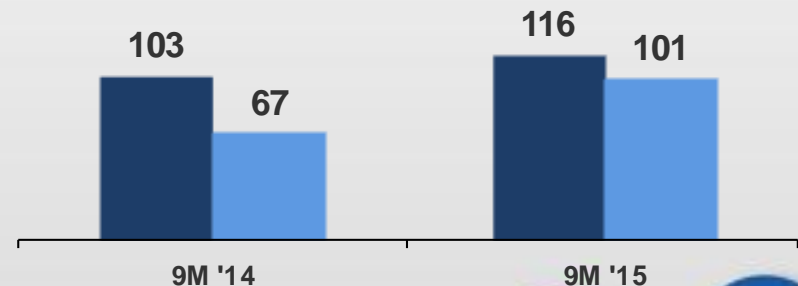
Waste (Kton)

■ Urban waste ■ Special waste



WTEs - Energy and Heat sold. (GWh)

■ Energy sold ■ Heat sold



From EBITDA to Net Profit.

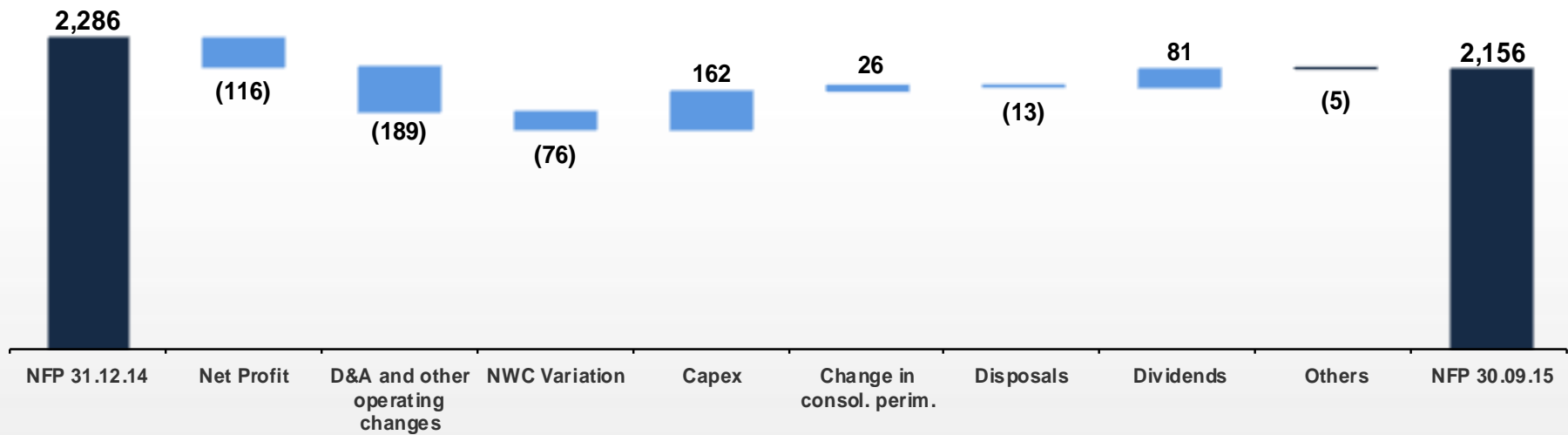
	9M '14	9M '15	Δ	Δ%
EBITDA	484.3	497.6	13.3	2,7%
<i>D&A</i>	-179.7	-198.1		
<i>Provisions</i>	-21.9	-46.7		
EBIT	282.7	252.8	-29.9	-10,6%
<i>Financial charges for loans</i>	-69.1	-63.3		
<i>Other financial charges</i>	-7.6	-4.4		
<i>Companies consolidated with e.m.</i>	-12.2	0.3		
EBT	193.8	185.5	-8.3	-4.3%
<i>Taxes</i>	-91.7	-69.8		
<i>Minorities</i>	-13.4	-16.9		
Group net profit	88.7	98.8	10.1	11.4%

- **Higher D&A** related mainly to Generation&DH and Waste sectors.
- **Higher provision** due to the absence of the ~25m€ funds release reported in 9M 2014.

- **Lower FC** due to lower cost of debt and lower actualization costs

- **Lower tax-rate** linked to the **cancellation of RHT** and the **change in IRAP** regulatory framework.

Cash-flow and NFP Bridge.

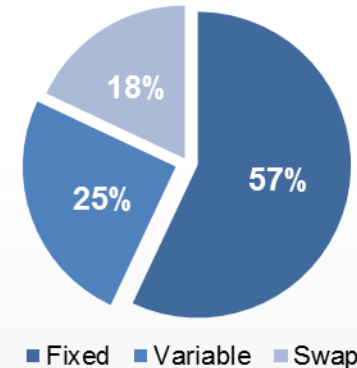


- The positive trend reported in the first half of the year is maintained (~130m€ reduction in NFP), thanks to a strong operating cash flow generation of approximately 400m€.

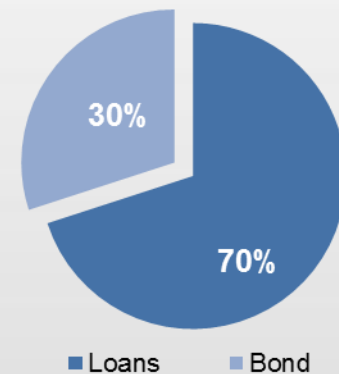
Interest rate and debt structure*

- 25% of gross debt at variable interest rate.
- Average long-term debt duration of about 4.5 years.
- Significant reduction in cost of debt (3.4% compared to 3.8% in FY 2014).
- Approximately one-third of Iren's total debt is funded through bonds.
- Assignment of an investment-grade rating by Fitch Agency

Gross debt interest rate



Debt structure





Annexes



Market Scenario.

	9M '14	9M '15	Δ%
Brent USD/bbl	106.5	55.4	-48.0%
€/USD	1.4	1,1	-17.8%
Brent €/bbl	78.6	49.7	-36.8%
Gas Demand (bcm)	44	47	+8.5%
PSV €/000 scm	237	244	+3.0%
Energy Demand (Twh)	233	237	1.9%
PUN (€/Mwh)	49.8	52.1	+4.7%
CO2 €/Ton	5.7	7.4	+29.5%
Green Cert. Hydro (€/Mwh)	98.2	99.9	+1.7%

- The normalization of climate conditions, along with a recovery in Thermolectric uses, led to a 8.5% growth in gas demand
 - PUN level marks a 4.7% growth thanks mainly to the exceptional hot weather during the summer season.

Balance Sheet.

	FY '14	9M '15
<i>Net fixed assets</i>	4,619	4,597
<i>Net Working Capital</i>	238	170
<i>Funds</i>	-550	-547
<i>Other assets and liabilities</i>	-28	-29
Net invested capital	4,279	4,191
<i>Group Shareholders' equity</i>	1,993	2,035
<i>Net Financial Position</i>	2,286	2,156
Total Funds	4,279	4,191

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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