



# **FY 2010 - Results**

**25th of March 2011**



## FY 2010 - MARKET SCENARIO: a challenging environment

- **Brent** reported an average price of 79.3 USD/bbl: an increase in the region of 27% compared to FY 2009. In the 4Q the Brent price rose significantly (Dec. monthly average price was over 90 USD/bbl).

	2009 FY	2010 FY	Δ %
Brent USD / bbl	62.6	79.5	27%
USD / €	1.39	1.33	-4%
Brent € / bbl	44.9	60.0	34%

- **USD/€ exchange rate** stood at 1.33 (4% less compared to last year).  
December 2010 monthly average was 1.32

- **Gas demand** up by 7% even if it is still below the 2008 level (-2%)

Gas Demand (bcm)	77.8	83	7%
Gas Release 2*, € / 000 scm	260.2	295.4	14%
CCI, € / 000 mc**	282.4	270.0	-4%

- **Pressure on margins** caused by oversupply on the spot market and by the mismatch between purchase and sale formulas due both to the drop in USD/€ exchange rate and the sudden increase of Brent price.

- **Electric Power demand** slightly increased by 2% but remains below 2008 levels (-4%)

Energy demand (Twh)	320.3	326.2	2%
PUN (€ /MWh)	63.8	64.0	0%
CO2 (€ /Ton.)	13.3	14.2	7%
Green Cert. (€ /MWh)	88	84.4	-4%

- **Pool Price** in line with 2009.

- **S.Spread** suffered at national level, due to the low PUN level together with the increase in oil-linked gas price.

\* At PSV of Snam Rete Gas.

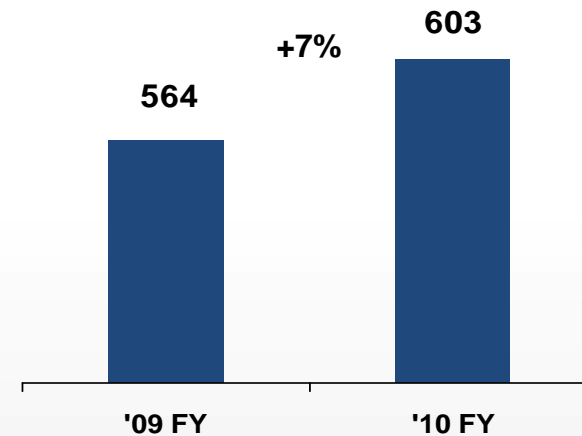
\*\* At the border, D. 134/06 AEEG updated according to D. 192/08, D. 40/09, D. 64/09 and D. 89/10.

## FY 2010 - KEY FIGURES: performing over targets

### EBITDA growth (+39 m€):

Thanks to IREN's ability to optimize its role in regulated activities and to remarkable performances in unregulated activities

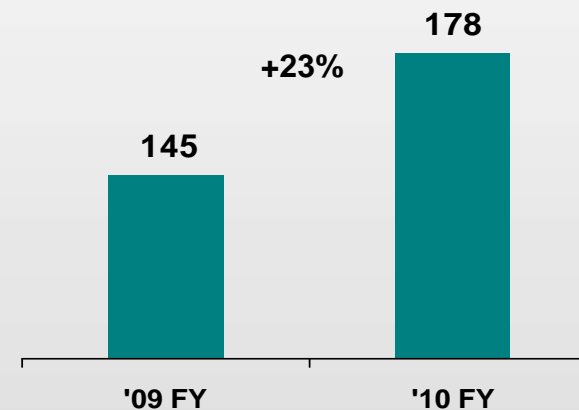
### '09-'10 EBITDA GROWTH (€m)



**EBIT up by 9 %** in spite of higher D&A and extraordinary accruals

**NET PROFIT adj. up by 23%** thanks to improvements in operational/financial management and to positive impact of Tremonti TER

### '09-'10 NET PROFIT adj. (€m)



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

(\*\*) Pro-forma: Deconsolidation of Aquamet -4€m

## FY 2010 – Strong results supports a 0.085 Dps

(*)	EURm	2009 FY	2010 FY	Δ	Δ %
	REVENUES	3,273	3,381	108	3%
	EBITDA	564**	603	39	7%
	EBIT	312	339	27	9%
	NET PROFIT	42	178	136	n.s.
	NET PROFIT adj.	145	178	33	23%
	NFP	2,056	2.260	204	10%

- **REVENUES up by 3%** thanks to increase in gas volumes sold and tariff variations
- **INCREASED PROFITABILITY**, in spite of a difficult scenario, both in unregulated and regulated activities
- **INCREASED EFFICIENCY**: 10€M synergies
- **STABLE EBITDA/DEBT RATIO** at 3.74 in spite of the fact that 2010 represents the peak in capex with 536 m€ (versus 454 m€ in 2009 and 480 m€ expected in 2011)

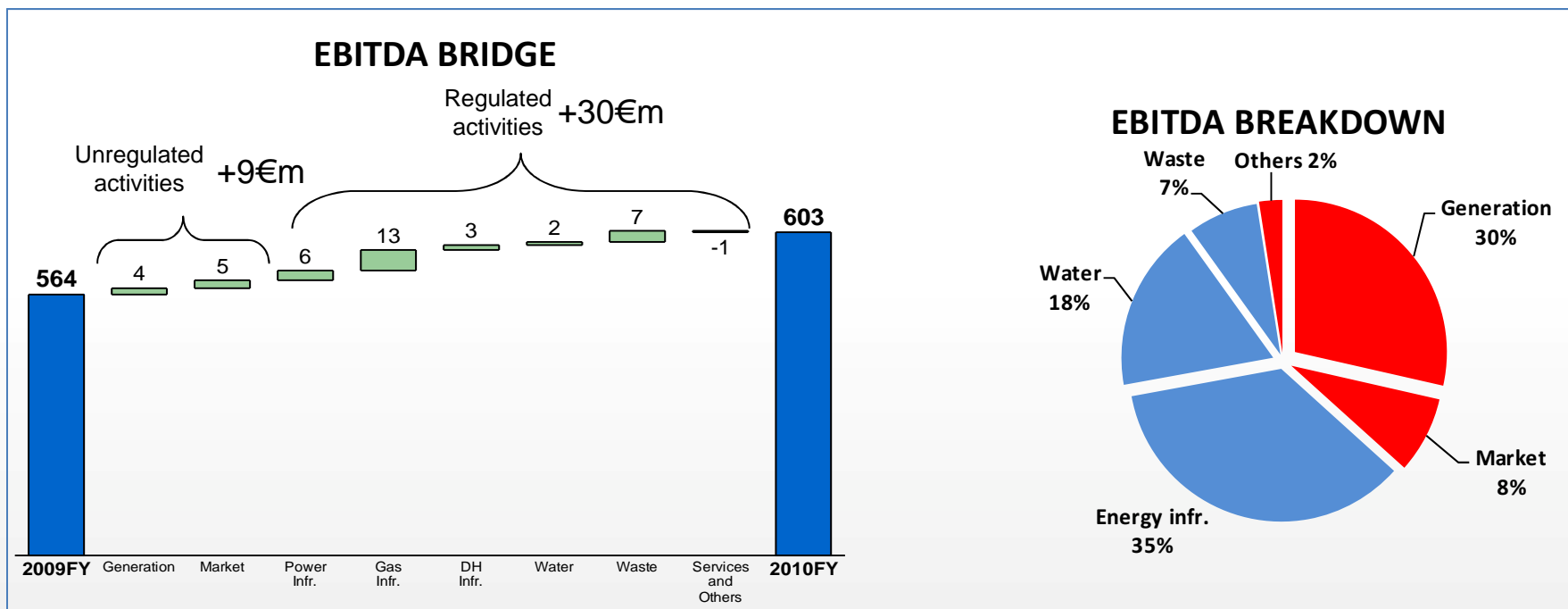
**DPS 2010 - 0.085€m** (Dividend Yield ~7%)



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

(\*\*) Pro-forma: Deconsolidation of Aquamet -4€m

# EBITDA BRIDGE & BREAKDOWN: increasing performances in all SBUs



- **EBITDA up by 7%** thanks to a well balanced and diversified portfolio

- **Ebitda growing in all business areas**

- To be underlined growth in unregulated activities (despite the tough energy scenario) underpinned by the high quality of the Generation Unit 's assets.
- Optimization of gas procurement policy and positive development of gas commercial activities.
- Growth in all the regulated activities thanks to punctual implementation of investment plan agreed with ATOs and focus on opex optimization

# GENERATION OF ELECTRICITY AND HEAT: flexibility and high performing plants as a key for profitability

## '10 FY – vs. '09 FY

↑ **Strong growth in Cogen** because of significantly higher margin compared to the average national level, thanks both to the efficiency of IREN's power plants (average load factor ~5.500 h/y) and the higher average selling price allowed by full coverage of the value chain.

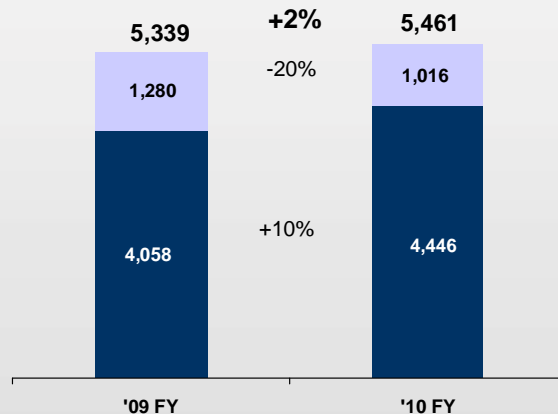
↑ **Increase in volumes heated**

↑ **Positive EUAs portfolio management**

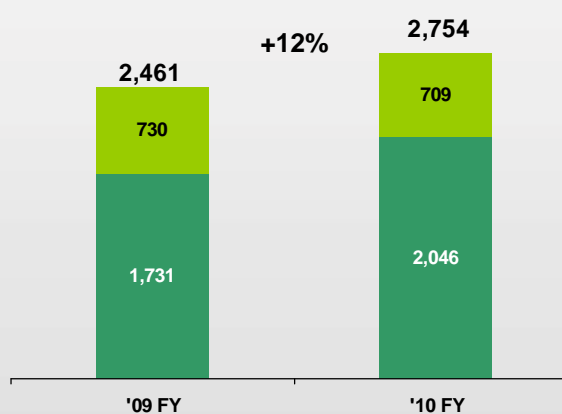
↓ **Decrease in Hydro contribution to Ebitda** due to planned unavailability of Valle Orco (repowering) and Pont Ventoux plants and to lower water volumes available compared to the exceptional production in the previous year.

	'09 FY	'10 FY	Δ€m	Δ%
Revenues	672	687	15	2%
EBITDA	168	172	4	2%
EBIT	98	99	1	1%
<b>CAPEX</b>	<b>90</b>	<b>181</b>	<b>91</b>	<b>101%</b>

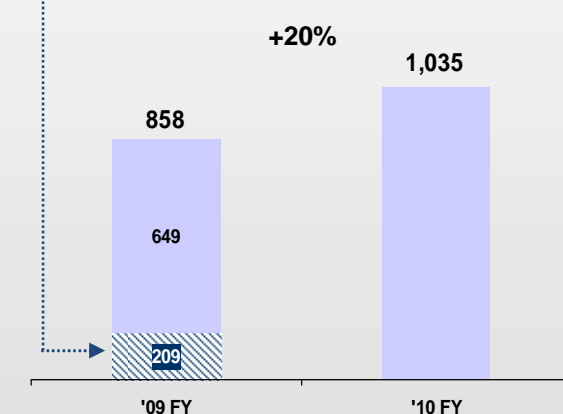
### ELECTRICITY PRODUCTION (GWh)



### HEAT PRODUCTION (GWht)



### GREEN CERTIFICATES (GWh)



# MARKET: increasing margins in a challenging environment

## '10 FY – vs. '09 FY

↑ **Gas and Heat Sales:** higher margin thanks to Company's low exposition to LT and to concluded re-negotiations.

↑ **Ability of taking advantage on the short-term contracts.**

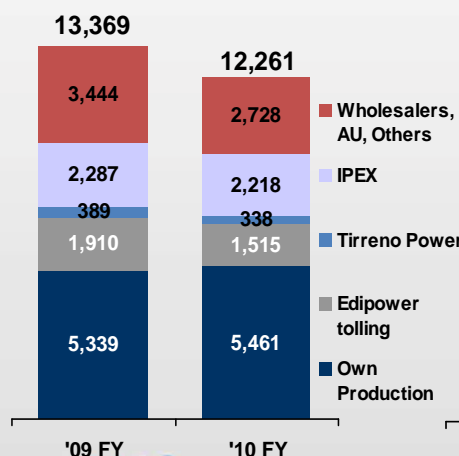
↑ **Market expansion** and consequent volumes increase thanks to cross-selling activities (+3% gas retail clients)

↓ **Power Sales:** the decrease in EBITDA is mainly due to negative impact of Edipower tolling.

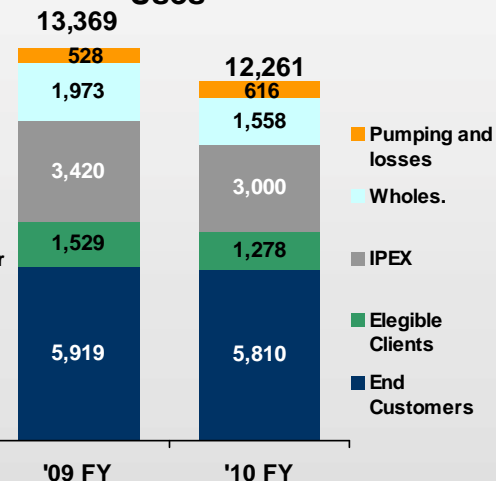
	'09 FY	'10 FY	Δ€m	Δ%
<b>Revenues</b>	<b>2,823</b>	<b>2,865</b>	<b>42</b>	<b>1%</b>
<b>EBITDA</b>	<b>44</b>	<b>49</b>	<b>5</b>	<b>11%</b>
<i>Electricity</i>	13	10	(3)	(23%)
<i>Gas &amp; DH</i>	31	39	8	26%
<b>EBIT</b>	<b>31</b>	<b>31</b>	<b>0</b>	<b>-</b>

## ELECTRICITY PORTFOLIO (GWh)

### Sources\*



### Uses\*



'09 FY

'10 FY

'09 FY

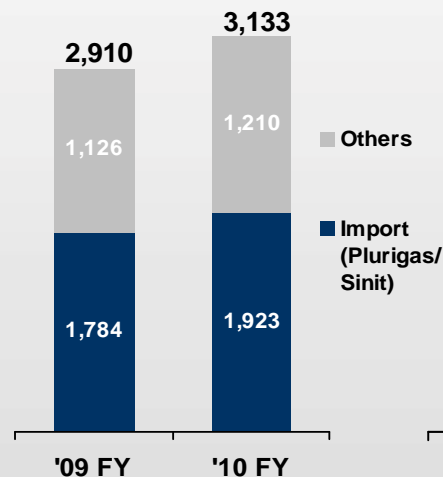
'10 FY

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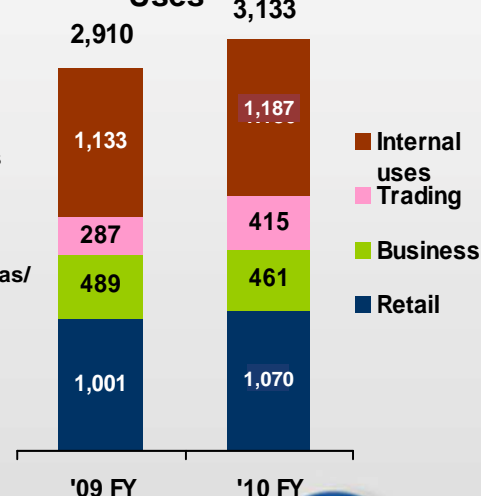
\*net of "pass-through traded Ipe quantities"

## GAS PORTFOLIO (MCM)

### Sources



### Uses\*\*



'09 FY

'10 FY

'09 FY

'10 FY

\*\*Net of Plurigas and Sinit trading activities

# ENERGY INFRASTRUCTURES: efficiency and activity expansion lead to outstanding performance in the group's main contributing SBU

## '10 FY - vs '09 FY

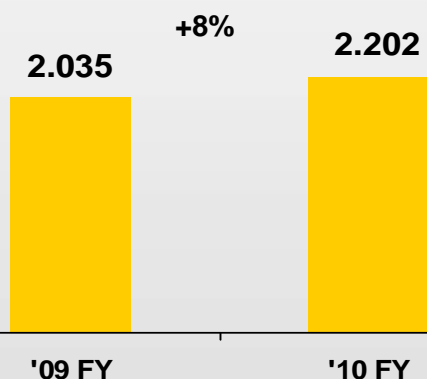
↑ **Electr. Networks:** significant increase in profitability thanks mainly to higher revenues, improved efficiency, positive impact of equalization and to the extraordinary contributions of the 2008 "bonus for service".

↑ **Gas Networks:** strong growth in EBITDA thanks mainly to tariffs increase (including the positive impact of new regulation) and cost reduction.

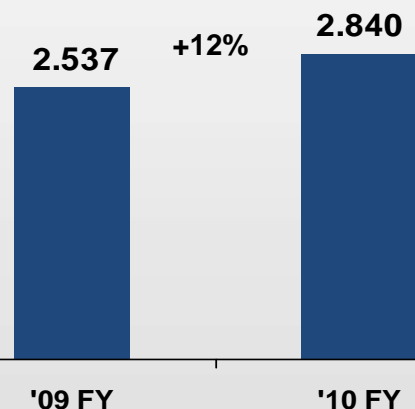
↑ **DH Networks:** Ebitda contributions up by 6% because of the increase in volumes heated (63 mcm in 2009 vs. 66 mcm in 2010, +5%)

	'09 FY	'10 FY	Δ€m	Δ%
<b>Revenues</b>	<b>399</b>	<b>428</b>	<b>29</b>	<b>7%</b>
<b>EBITDA</b>	<b>192</b>	<b>214</b>	<b>22</b>	<b>11%</b>
<i>Electricity</i>	73	79	6	8%
<i>Gas &amp; Regas.</i>	78	91	13	18%
<i>DH</i>	41	44	3	7%
<b>EBIT</b>	<b>120</b>	<b>142</b>	<b>22</b>	<b>18%</b>
<b>CAPEX</b>	<b>182</b>	<b>171</b>	<b>(11)</b>	<b>(6%)</b>

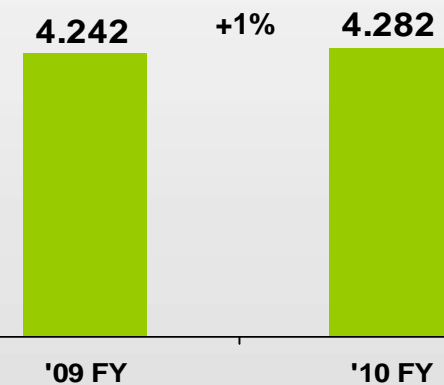
**GAS DISTRIBUTED (MCM)**



**HEAT DISTRIBUTED (GWht)**



**ELECTRICITY DISTRIBUTED (GWh)**





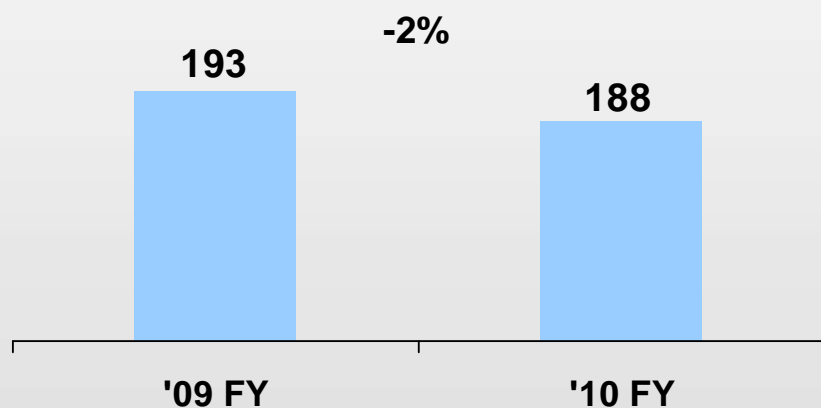
# WATER: positive performance thanks to tariff increase

## '10 FY - vs '09 FY

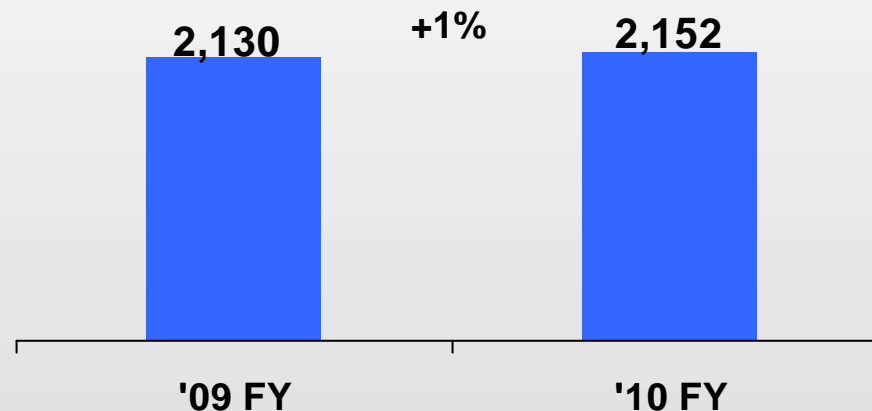
- ↑ **Revenues up by 9%** for the combined effect of IFRIC12 International accounting policy and tariffs increase.
- ↑ **Ebitda up by 2%** thanks to growth in tariffs agreed with Local Authorities, partially offset by the decrease in volumes sold. This effect will be recovered in the following regulatory period.
- ↓ **Ebit down by 7%** due to higher D&A and Accruals (bad debt provisions). Strong investments policy of the group (105€m in 2010)

	'09 FY	'10 FY	Δ€m	Δ%
<b>Revenues</b>	<b>398</b>	<b>434</b>	<b>36</b>	<b>9%</b>
<b>EBITDA</b>	<b>106</b>	<b>108</b>	<b>2</b>	<b>2%</b>
<b>EBIT</b>	<b>41</b>	<b>38</b>	<b>(2)</b>	<b>(7%)</b>
<b>CAPEX</b>	<b>107</b>	<b>105</b>	<b>(2)</b>	<b>(2%)</b>

**WATER SOLD (MCM)**



**INHABITANTS SERVED ('000)**



# WASTE: results improved thanks to increased service level and commercial activities

## '10 FY - vs '09 FY

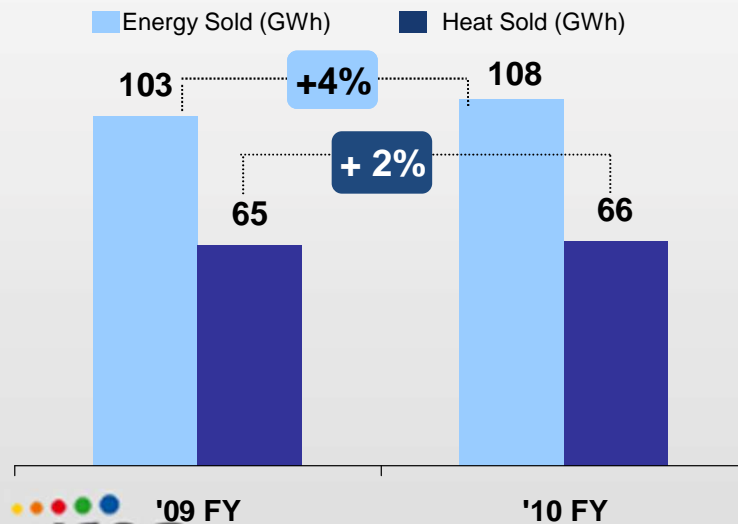
↑ **EBITDA up by ~ 7 €m** mainly due to tariffs increase, corresponding to an increase in service level: extension of the door-to-door collection system that brought the sorted waste percentage to 55.4% (53.3% in '09).

↑ **Lower cost** of waste disposal

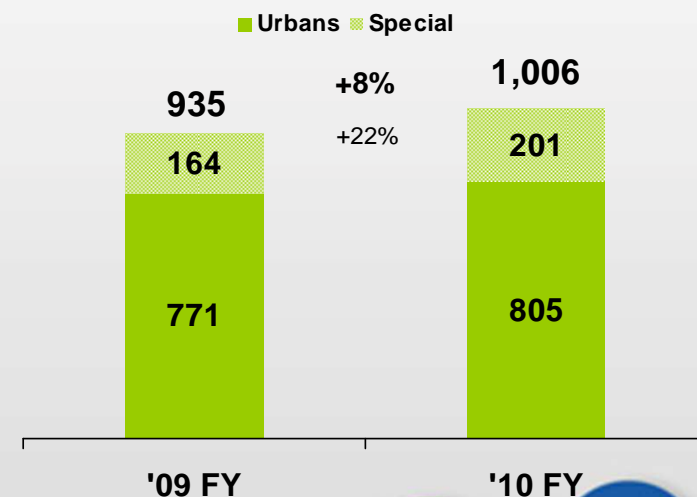
↑ **Special waste up by +22%** thanks mainly to an improvement in commercial activities and the recovery of the economic scenario.

	'09 FY	'10 FY	Δ€m	Δ%
<b>Revenues</b>	212	222	10	5%
<b>EBITDA</b>	38	45	7	18%
<b>EBIT</b>	14	18	4	29%
<b>CAPEX</b>	34	47	13	38%

### WTE - Energy and Heat production

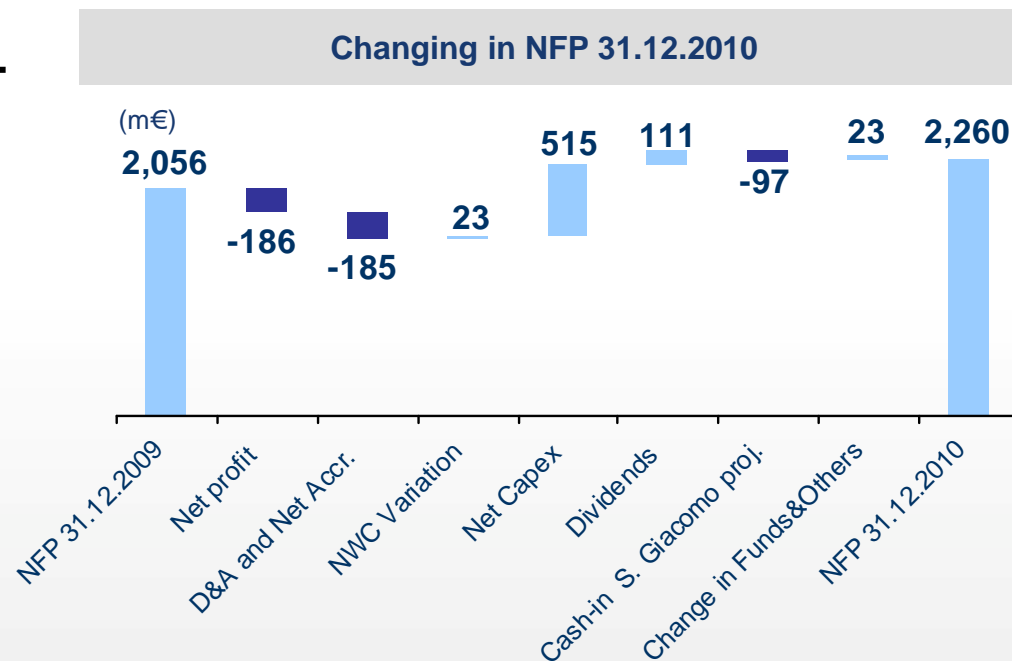


### Waste (Kton)



# CASH FLOW & INVESTMENTS

OPERATING CAPEX € m	'09 FY	'10 FY
Generation	90	181
Networks	182	171
Water	107	105
Waste	34	47
Others	41	32
<b>TOTAL</b>	<b>454</b>	<b>536</b>



- The increase in Capex (+18%) is due mainly to the investments in the three main IREN's project:
  - **Turin North power plant** – which accounts for ~75% of the total Generation capex
  - **Parma WTE** – which accounts for ~ 70% of the total of Waste capex
  - **OLT** – which accounts for ~ 25% of the total Energy Infrastructures capex
- The NFP takes into account investments of about 700€m that will start contributing to EBITDA from 2013 onwards.

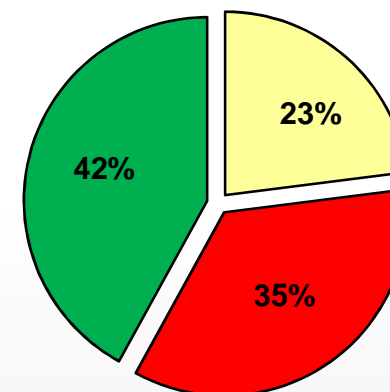
# BALANCE SHEET & DEBT STRUCTURE

€ m	31.12. 2009	31.12.2010
Net fixed assets	4,296	4,566
Net Working Capital	114	137
Funds	(324)	(325)
Other activities and liabilities	(110)	(36)
<b>Net invested Capital</b>	<b>3,976</b>	<b>4,342</b>
<hr/>		
Net Financial Position	2,056	2,260
Group shareholders equity	1,920	2,082
<b>Total Funds</b>	<b>3,976</b>	<b>4,342</b>
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<b>D/E</b>	<b>1.07</b>	<b>1.08</b>

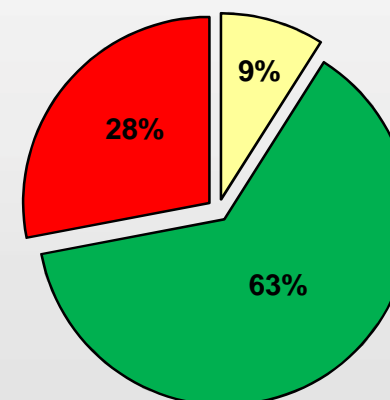
- Solid financial structure: average long term debt duration of about 4.8 years.
- 35% of debt at variable interest rate.
- Significant decrease in average debt cost: 2.73% vs. 3.12% FY 09



## Debt Structure and Interest rate



Fixed Variable Swap



< 12 months 1-5 years > 5 years

## 2010 – A REMARKABLE YEAR

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### **JULY THE 1<sup>ST</sup>**

Iren is the first  
multiregional  
utility in Italy

### **AUGUST**

Successful conclusion of the  
«San Giacomo Operation»

### **DECEMBER THE 13<sup>TH</sup>**

The first 5 year plan of the  
group :  
Doubling enterprise value by  
2015

### **DECEMBER THE 31<sup>ST</sup>**

- 10 m € synergies
- Ebitda + 7%
- Ebit + 22%
- +3% custom base increase

# DISCLAIMER

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**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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Notice is also given that projected data are valid only on the date they are produced. Except for those cases in which the applicable statutes require otherwise, IREN assumes no obligation to provide updates of the abovementioned estimates and projected data.

All data in this document are *pro-forma*.