



1Q 2011 - Results

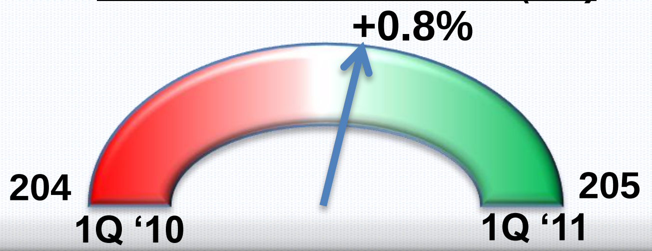
13th of May 2011

1Q 2011 – Improved performances in spite of tough scenario

EBITDA +0.8%

A well-balanced business portfolio and the coverage of the whole value chain allows IREN to keep its profitability even in a tough market scenario.

1Q '10 – 1Q '11 EBITDA (€m)



EBIT +2.8%

The higher growth compared to EBITDA derives from decrease in accruals.

1Q '10 – 1Q '11 EBIT (€m)

NET PROFIT +10.1%

High increase in net-profit reflects sound bottom-line management

1Q '10 – 1Q '11 Net profit (€m)

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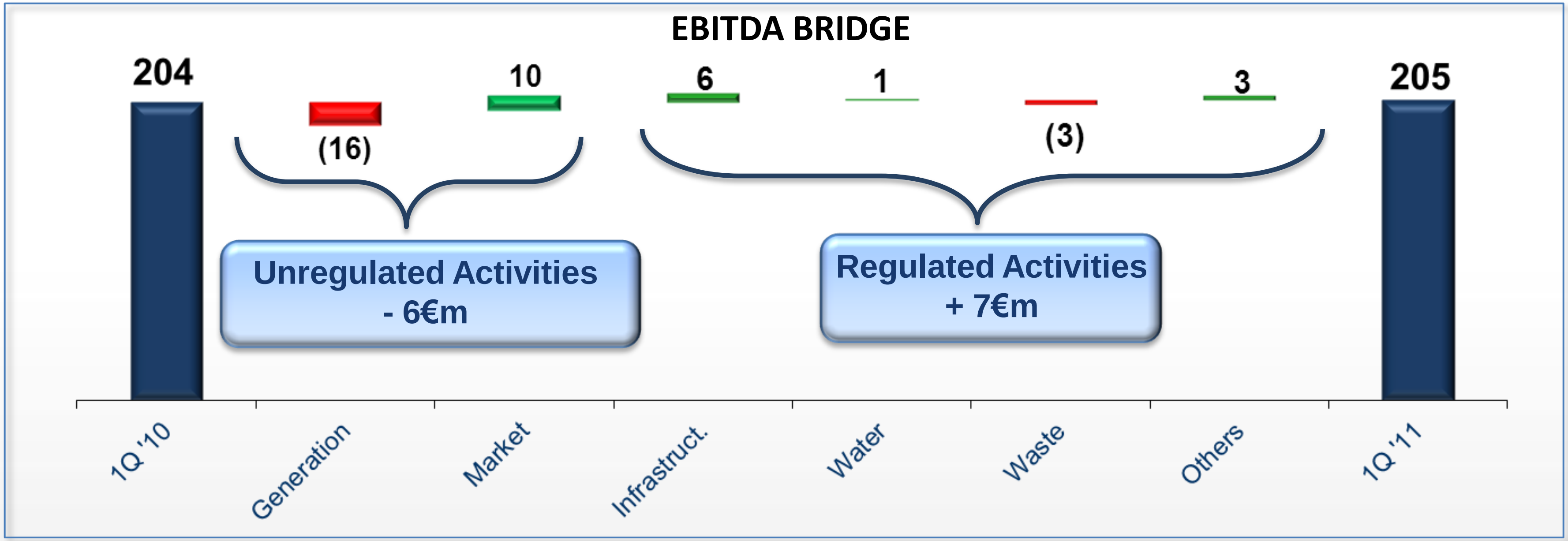
1Q 2011 – Increase in results

(*) EURm	1Q '10	1Q '11	Δ	Δ %
REVENUES	1,012	973	-39	-3.9%
EBITDA	204**	205	1	0.8%
EBIT	144	148	4	2.8%
NET PROFIT	76	84	8	10.1%
CAPEX	70	110	40	58.2%
NFP	2,260***	2,350	90	3.9%

- **Revenues down by -3.9%** due mainly to lower volumes exchanged on IPEX.
- **Stable EBITDA** underpinned mainly by a growth in distribution networks and gas sales offsetting lower results in generation. Further deployment of synergies for about 4€m. Net of 1Q 2010 positive one-offs, the EBITDA would have grown by 3.3%.
- **EBIT up by +2.8%** thanks to reduction in accruals.
- **Strong growth in net profit +10.1%** thanks mainly to improvement in financial operations and to better results from companies consolidated through equity method.
- **Investments** account for 110 €m, supporting the development of IREN's main strategic projects: OLT, Turin North CCGT and Parma WTE.

(*) All 2010 data are pro-forma
(**) Pro-forma: Deconsolidation of Aquamet -4€m
(***) as if 31/12/2010

EBITDA BRIDGE: Stable Ebitda with mixed results in SBUs



- **EBITDA in line with 1Q 2010 - Key Elements:**
  - The ability of the Company to cope with the worsened scenario conditions .
  - Generation suffered mainly from a loss in DH volumes (and in related green certificates) caused by mild winter.
  - Optimization of gas procurement policy started to deploy produce effects which will be felt throughout 2011.
  - Growth in all the Regulated Activities except Waste SBU affected by CIP6 expiration.

GENERATION OF ELECTRICITY AND HEAT: Weak scenario elements partially offset by hydro-gen.

1Q '11 vs. '1Q 10

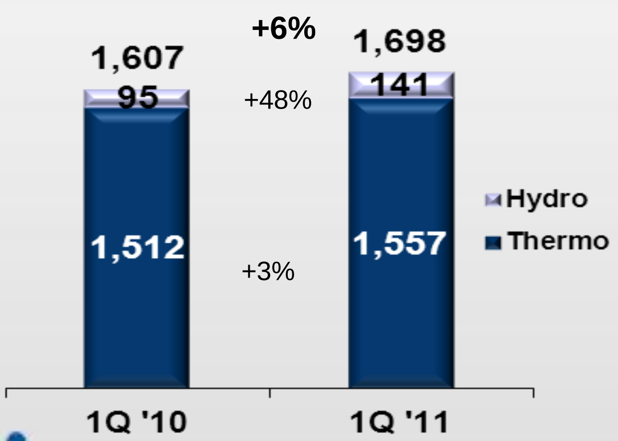
Significant increase in Hydro-gen thanks to the coming on stream of the Valle Orco repowered turbines (volumes +48%) .The Valle Orco hydro plant will be fully in exercise starting from end of May 2011.

Drop in Cogen because of higher temperatures which decreased heat volumes sold -8% (and DH GC production).

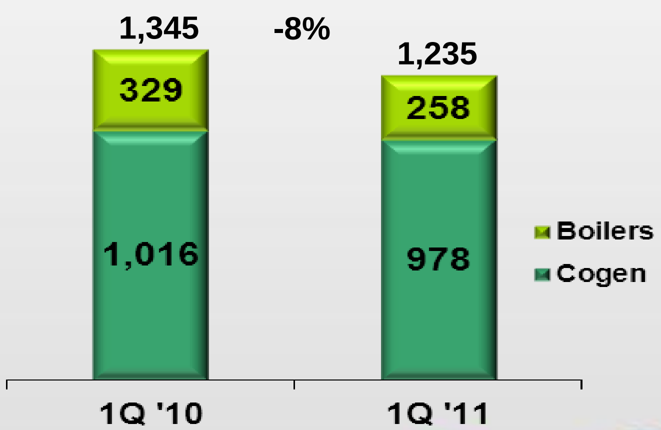
Strong Capex Growth, linked mainly to the development of Turin North CCGT, coming on-stream in 4Q 2011, as scheduled.

	1Q '10	1Q '11	Δ€m	Δ%
Revenues	227	231	4	1%
EBITDA	81	65	(16)	-20%
EBIT	63	49	(14)	-22%
CAPEX	14	34	20	143%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET: Increasing margins in a very tough scenario

1Q ’11 vs. ’1Q 10

Gas and Heat Sales: the drop in gas volumes sold, due to a mild winter, was more than offset by successful re-negotiations of gas contracts and the Company’s low exposure to LT procurement agreements.

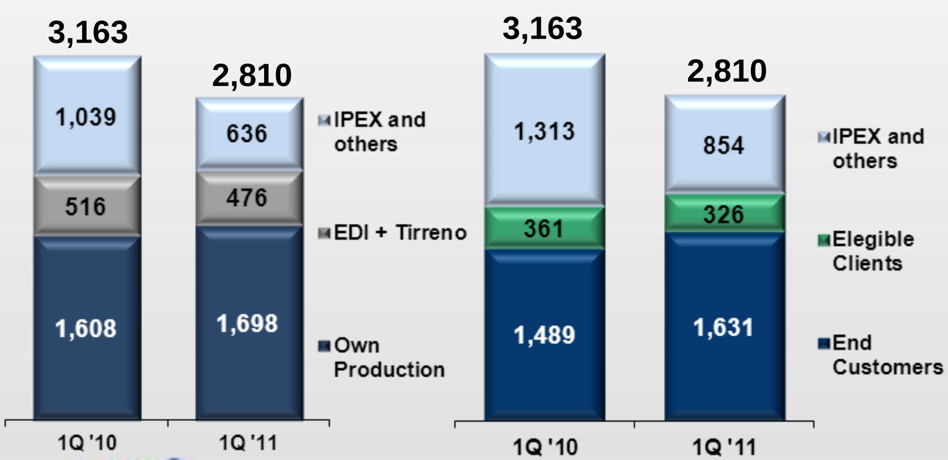
The decrease reported in electricity sales is due to accessory elements.

Market expansion of the Company continues thanks mainly to cross-selling activities : +1% both in gas and electricity customer base.

	1Q '10	1Q '11	Δ€m	Δ%
Revenues	**953**	**907**	**(46)**	**-5%**
EBITDA	**24**	**34**	**10**	**42%**
Electricity	*2*	*-1*	*(3)*	*-*
Gas & DH	*22*	*35*	*13*	*60%*
EBIT	**21**	**31**	**10**	**44%**
CAPEX	**-**	**1**		

ELECTRICITY PORTFOLIO (GWh)

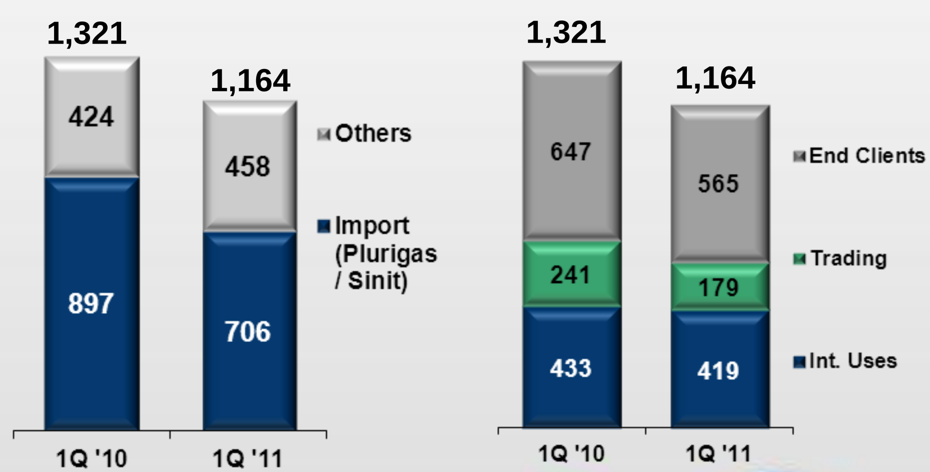
Sources* **Uses***



*net of “pass-through traded Ipex quantities”

GAS PORTFOLIO (MCM)

Sources **Uses****



**Net of Plurigas and Sinit trading activities

ENERGY INFR.: The Highest EBITDA increase among the Company's SBUs

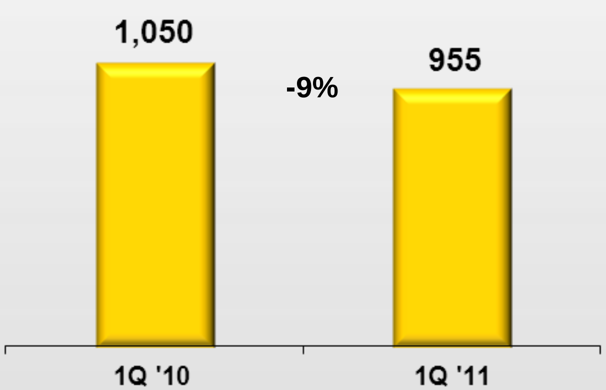
1Q '11 vs. '1Q 10

- **Electricity and Gas networks:** increase in profitability thanks mainly to higher revenues and improved efficiency.
- **DH Networks:** EBITDA up by 11% because of the increase in volumes heated. The development of DH networks will continue throughout the year.

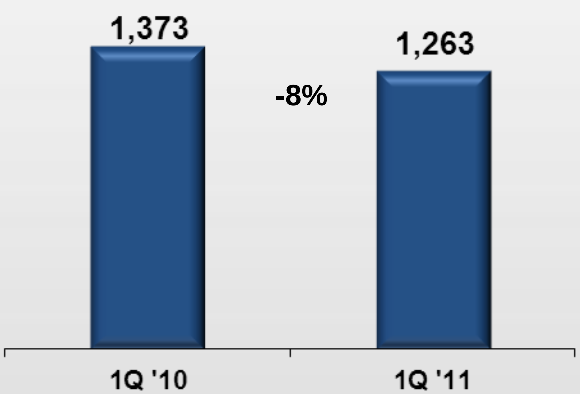
Capex, in line with 1Q 2011, include OLT investments.

	1Q '10	1Q '11	Δ€m	Δ%
Revenues	**103**	**106**	**3**	**4%**
EBITDA	**53**	**59**	**6**	**12%**
Electricity	*23*	25	*2*	*12%*
Gas & Regas.	*21*	24	*3*	*12%*
DH	*9*	10	*1*	*13%*
EBIT	**35**	**44**	**9**	**25%**
CAPEX	**33**	**37**	**3**	**10%**

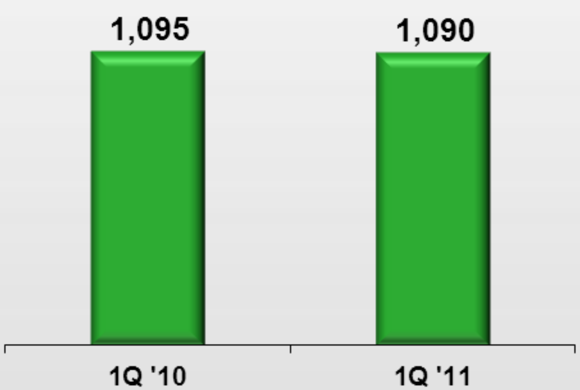
GAS DISTRIBUTED (MCM)



HEAT DISTRIBUTED (GWht)



ELECTRICITY DISTRIBUTED (GWh)



WATER: Positive performance thanks to tariff increase

1Q ’11 vs. ’1Q 10

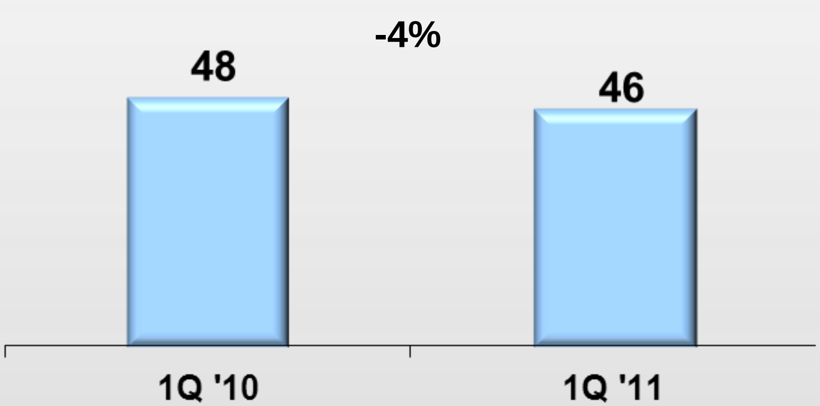
Revenues up by 5% thanks to an increase in tariffs in all the ATOs.

Ebitda up by 3%: the tariff increase was partially offset by the decrease in volumes sold. This effect will be recovered in the following regulatory period.

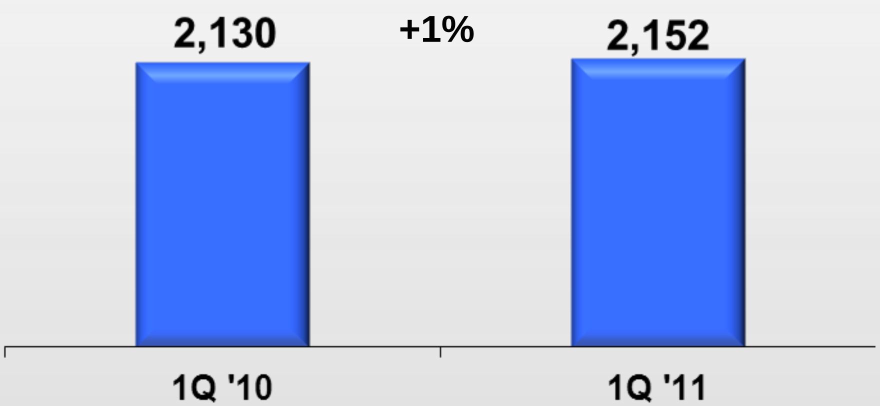
Capex in line with 1Q 2010.

	1Q '10	1Q '11	Δ€m	Δ%
Revenues	97	102	5	5%
EBITDA	30	31	1	4%
EBIT	15	15	-	6%
CAPEX	15	15	-	-1%

WATER SOLD (MCM)



INHABITANTS SERVED (‘000)



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WASTE: Extraordinary maintenance and CIP6 expiration

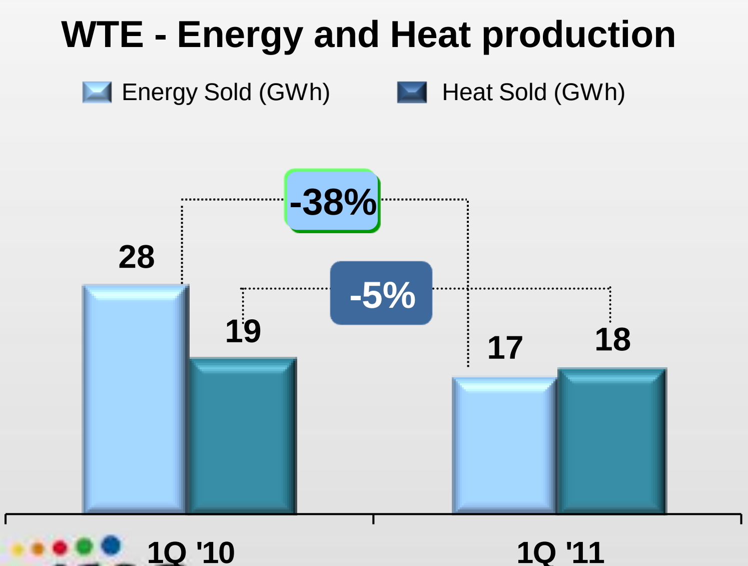
1Q ’11 vs. ’1Q 10

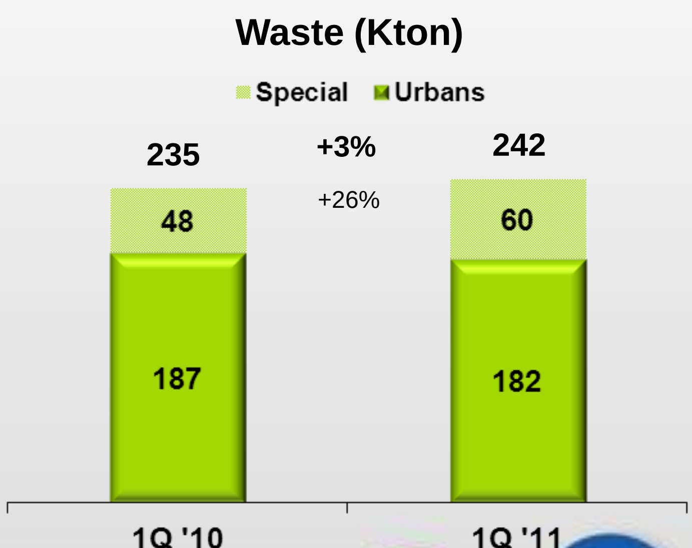
EBITDA DOWN 3€m: the significant increase in special waste (+26%), didn’t fully offset the loss in profitability caused mainly by the expiration of Piacenza WTE’s CIP6 and by extraordinary maintenance operations.

Steady Increase in extension of the door-to-door collection system bringing the sorted waste percentage to 56.2% vs. 53,5% in 1Q ‘10.

The Capex increase is linked mainly to the building of the new Parma’s WTE.

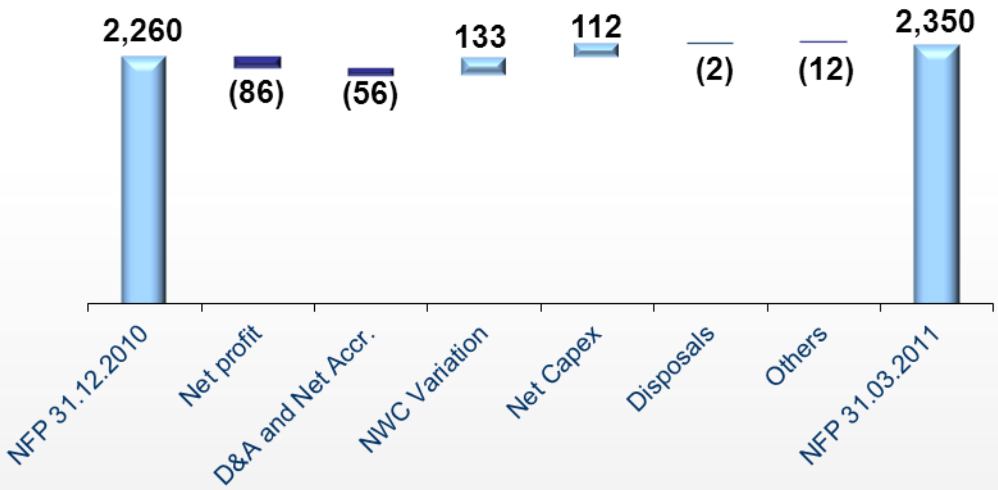
	1Q '10	1Q '11	Δ€m	Δ%
Revenues	57	53	(4)	-7%
EBITDA	15	12	(3)	-17%
EBIT	9	6	(3)	-35%
CAPEX	3	21	18	-





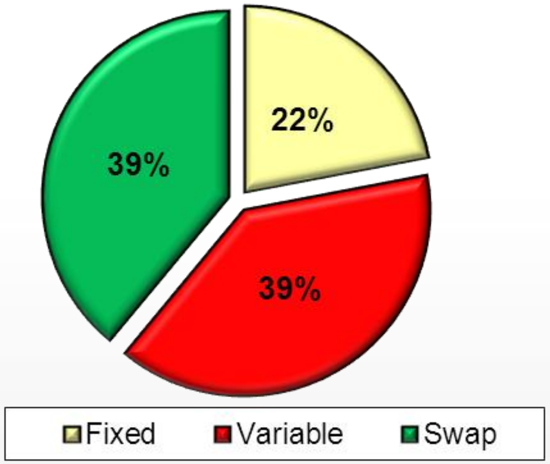
CASH-FLOW & DEBT STRUCTURE

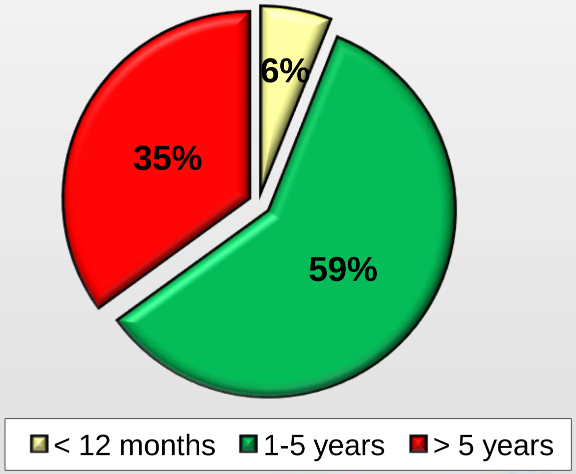
NFP Bridge 31.03.2011



- Rise in NFP caused mainly by the seasonal working capital trend.
- Solid financial structure: average long-term debt duration of about 4.6 years.
- 39% of debt at variable interest rate.
- 1Q 2011 average cost of debt stood at 2.82%, 13 bp lower compared to 1Q 2010 thanks to short-term financing at a lower interest rate.

Debt Structure and Interest rate





Annexes

Market Scenario

- **Brent 1Q 2011 average price** stood at 105,0 $/bbl, increased by 37% YoY.
- **USD/€ change rate** was 1,37 -1% YoY.

- **Gas demand dropped by** 2% (+ 1.2% de-seasonalized)
- **The gap between purchase and sale formulas decreased,** but it is still affected the margins on gas.

- **Energy demand increased** by 1,1% YoY even though it remains 4,1% lower compared to pre-crisis level
- **The 1Q average pool-price** stood at a 66,50€/MWh with a significant growth in the region of +5,6. This growth is lower though compared to average gas purchase formula for fuelling CCGTs

	1Q '10	1Q '11	Δ %
Brent USD / bbl	76.6	105	37%
USD / €	1.38	1.37	-1%
Brent € / bbl	55.4	76.7	38%
Gas Demand (bcm)	28.8	28.1	-2%
Gas Demand adj. (bcm)	27.9	28.3	1.2%
Gas Release 2*, € / 000 scm	266	309	16%
CCI, €/ 000 mc**	244	293	20%
Energy demand (Twh)	82.4	83.3	1%
PUN (€ /MWh)	63	66.5	6%
CO2 (€ /Ton.)	15	15.6	4%
Green Cert. Hydro (€ /MWh)	88.2	84.2	-5%
Green Cert. DH (€ /MWh)	87.7	84.3	-4%

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Balance Sheet

€ m	31.12.2010	31.03.2011
Net fixed assets	4,566	4,629
Net Working Capital	137	270
Funds	(325)	(327)
Other activities and liabilities	(36)	(44)
Net invested Capital	4,342	4,528
Net Financial Position	2,260	2,350
Group shareholders equity	2,082	2,178
Total Funds	4,342	4,528
D/E	1.08	1.08

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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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