



15th of November 2012

2012 – 9M Results

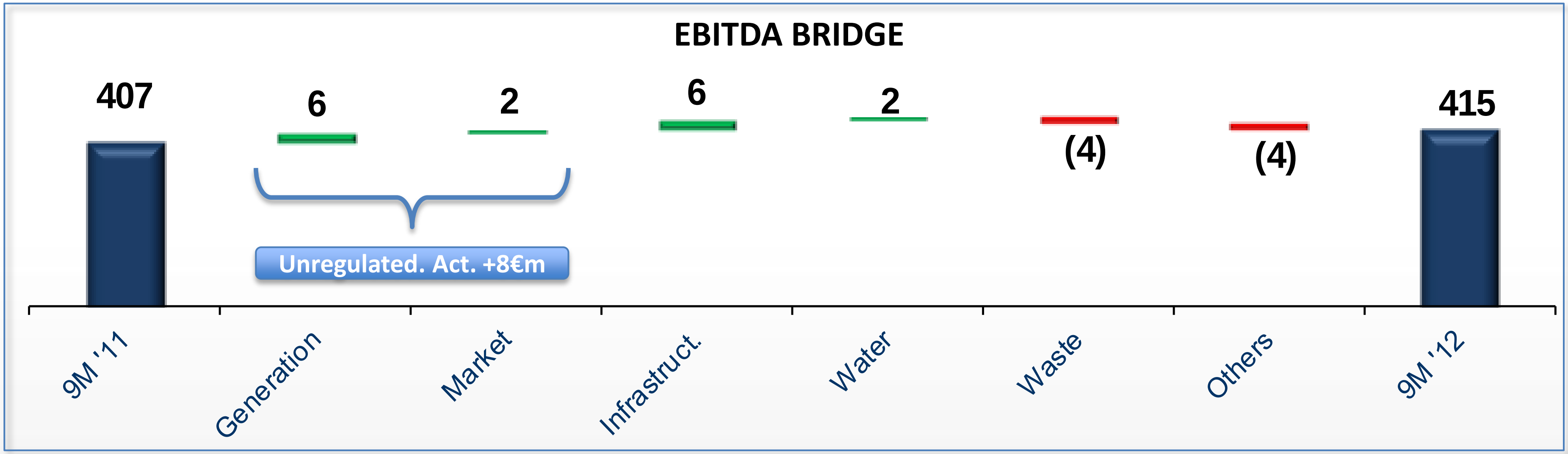
9M 2012 – Good operating results and stable debt.

EURm	9M '11	9M '12	Δ	Δ %
REVENUES	2,360	3,146	*+785.9*	*+33.3%*
EBITDA	407	415	*+7.6*	*+1,9%*
EBIT	215	206	*-8.1*	*-3.8%*
NET PROFIT	95	68	*-27.3*	*-28.7%*
CAPEX	324	207	*-117.0*	*-36.1%*
NFP	2,653*	2,617	*-35.6*	*-1.3%*

- **Revenues up by 33.3%:** The strong increase in revenues is mainly due to higher commodity prices and to higher energy volumes sold.
- **EBITDA +1.9%:** Growth in EBITDA was driven mainly by the excellent performance in Hydro, Heat and Gas sales together with synergies and the re-payment of Telessio stranded costs (+16€m), which were partially offset by a worsening in electricity scenario.
- **EBIT -3.8%:** EBIT reflects an increase in D&A which more than offset the good performance in EBITDA.
- **Net profit -28.7%:** Net profit was negatively impacted mainly by higher financial charges, due to higher cost of debt and one-offs.
- **Investments** stood at 207 €m: a strong decrease (-36.1%) compared to the first 9M 2011, in line with the planned cut in capex, marking the approach of the end of IREN's strategic investments cycle.
- **NFP -1.3%:** In spite of a remarkable growth in revenues, NFP slightly decreased, confirming FY 2011 and 1H 2012 level, thanks to the efforts of the Group in keeping working capital and debt under control.

**At 31.12.2011*

EBITDA BRIDGE: Increase in EBITDA driven by Generation and DH.



- **EBITDA bridge - Key Elements:**
  - Positive performance in unregulated activities thanks mainly to higher hydroelectric volumes (in countertrend compared to national production) sold at higher prices, together with the Telessio one-off (repayment for stranded costs) and good results in gas sales.
  - The EBITDA increase in infrastructure is driven by the expansion of DH networks.
  - Slight growth in Water cycle margins thanks mainly to tariff increase.
  - Drop in Waste is due mainly to positive non-recurrent revenues reported in first 9M 2011 (1,5€m), to lower energy volumes and lower revenues from sorted-waste materials.

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GENERATION OF ELECTR. AND HEAT: Higher volumes and a positive one-off more than offset the squeeze in margins in cogen.

9M ’12 vs. 9M ’11

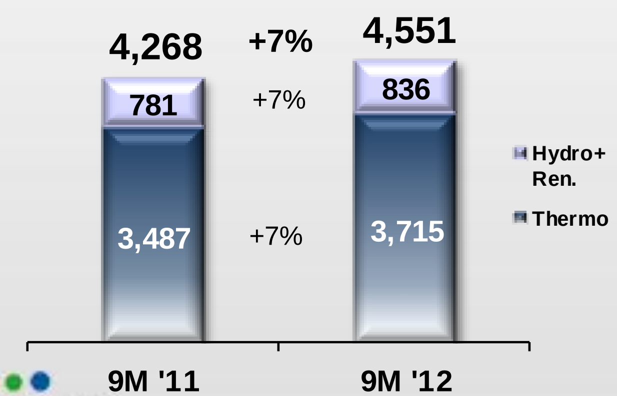
- **Higher volumes and profitability in Hydro.** IREN’s hydro production stood at 824 Gwh (+7% IREN vs -16% at national level) thanks also to the contribution of the fully repowered Valle Orco plant.
  Telessio’s positive one-off (stranded costs repayment) is worth 16€m.

- **Drop in electricity Cogen** due to lower spark-spread (in line with 1H 2012) and lower profitability on MSD market.

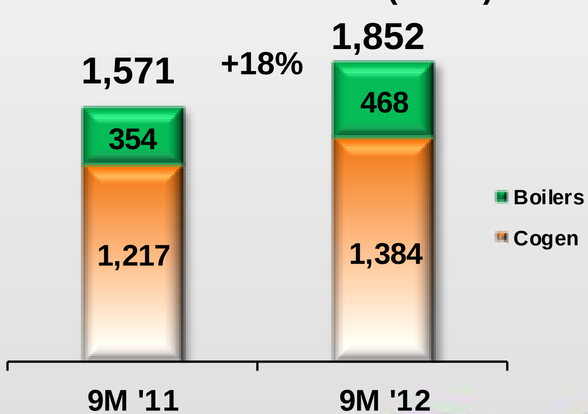
- **Strong improvement in DH** thanks mainly to higher volumes, linked to Turin North’s coming on stream and lower temperature reported during the winter season.

	9M '11	9M '12	Δ€m	Δ%
Revenues	485	650	165	34%
EBITDA	85	91	6	7%
EBIT	26	28	2	8%
CAPEX	87	16	(71)	-82%

ELECTRICITY PRODUCTION (GWh)



HEAT PRODUCTION (GWht)



MARKET: Improvement in gas sector offset the weaker performance in electricity market.

9M ’12 vs. 9M ’11

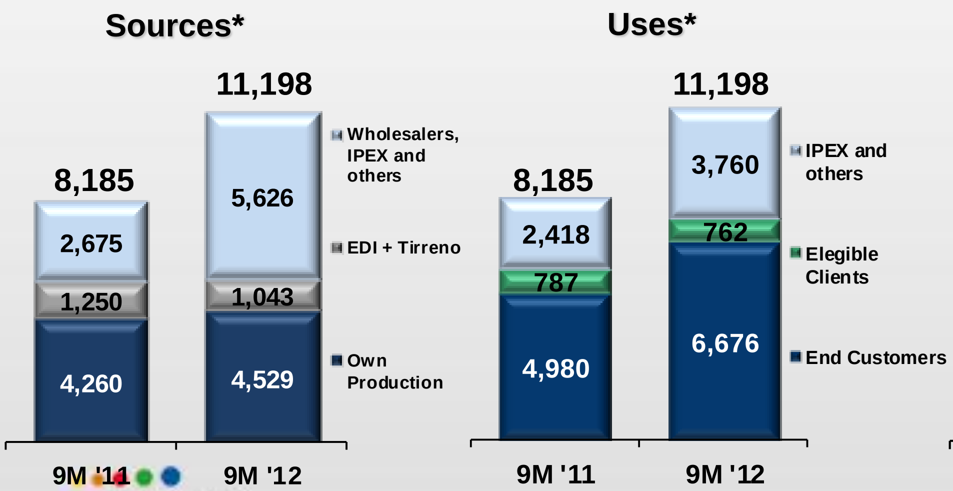
- **Gas and Heat Sales:** The positive trend reported in 1H 2012 continues thanks both to an optimized procurement, portfolio which exploited market liquidity, and to trading policy and increase in volumes.

- **Electricity sales: Increase in volumes sold and profitability** was more than offset by the negative impact of Edipower tolling.

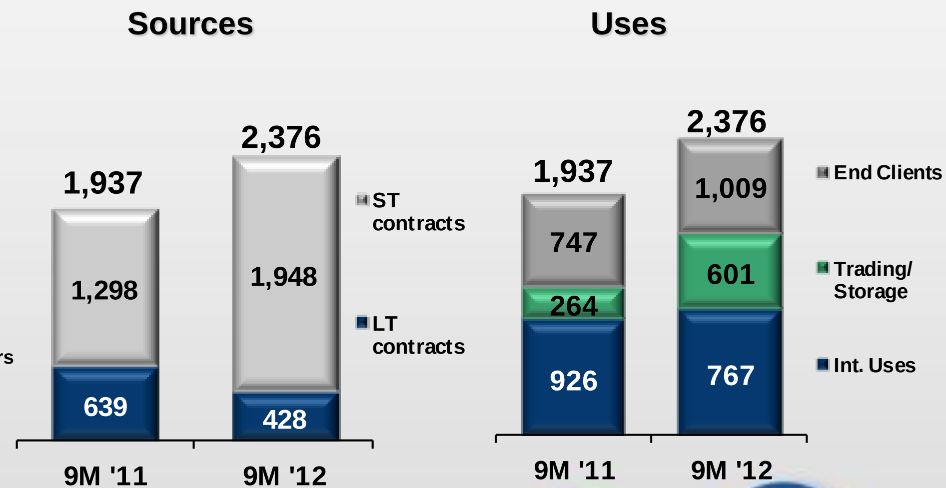
- **Market expansion**: steady increase (+7%) in the electricity client-base in 9M 2012, compared to 9M 2011.

	9M '11	9M '12	Δ€m	Δ%
Revenues	**2,030**	**2,981**	**951**	**47%**
EBITDA	**37**	**39**	**(2)**	**6%**
Electricity	*0*	*(10)*	*(10)*	*n.a.*
Gas & Heat	*37*	*49*	*12*	*32%*
EBIT	**24**	**21**	**(3)**	**-15%**

ELECTRICITY PORTFOLIO (GWh)



GAS PORTFOLIO (MCM)



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*net of “pass-through traded Ipex quantities”

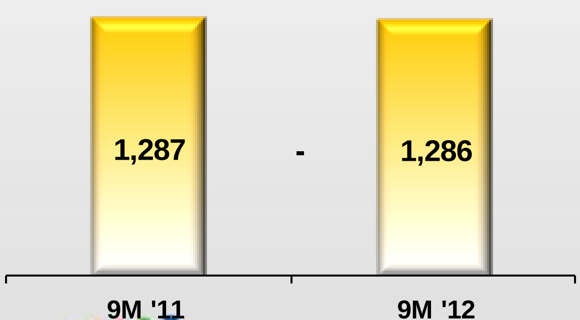
ENERGY INFR.: positive performance, especially in DH networks.

9M ’12 vs. 9M ’11

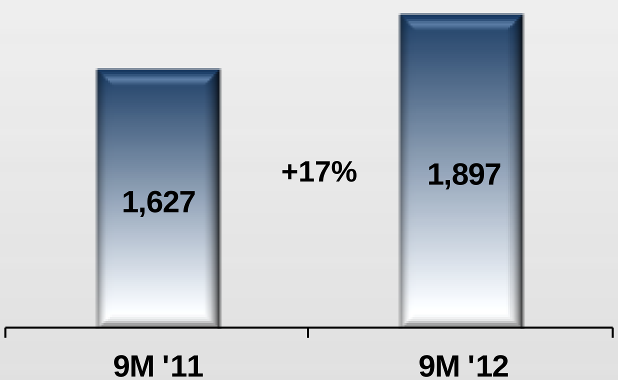
- **Gas networks:** Positive results based both on higher revenues and synergies.
- **Electricity networks:** Profitability was affected mainly by “White certificates” balance.
- **DH Networks:** The positive effects on EBITDA (+27%) of the development of DH network continues and it will underpin the SBU throughout the year.

	9M '11	9M '12	Δ€m	Δ%
Revenues	**311**	**321**	**10**	**3%**
EBITDA	**158**	**164**	**6**	**3%**
Electricity	*57*	*53*	*(4)*	*-7%*
Gas	*72*	*74*	*2*	*2%*
Heat	*29*	*37*	*8*	*27%*
EBIT	**112**	**115**	**3**	**3%**
CAPEX	**112**	**76**	**-36**	**-32%**

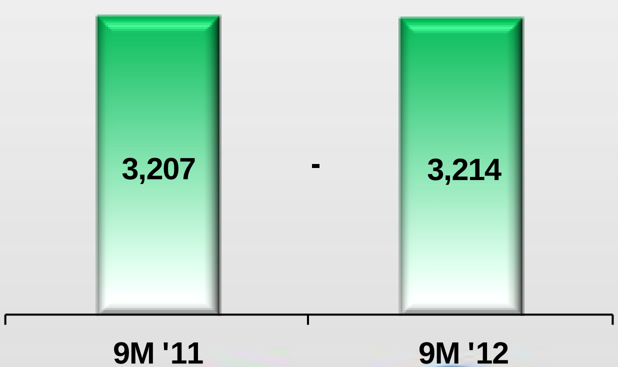
GAS DISTRIBUTED (MCM)



HEAT DISTRIBUTED (GWht)



ELECTRICITY DISTRIBUTED (GWh)



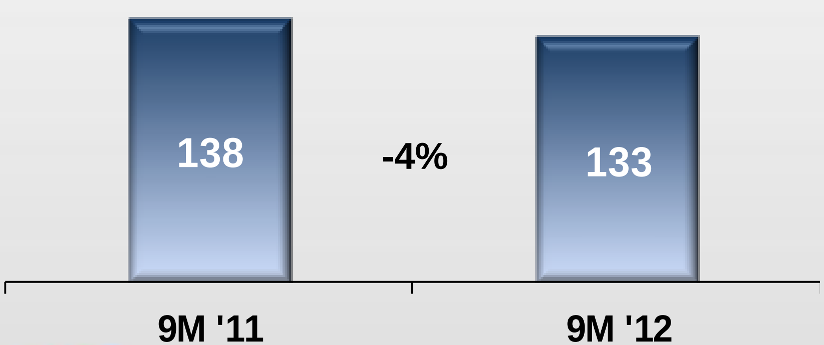
WATER: stable performance in spite of growth in electricity costs.

9M ’12 vs. 9M ’11

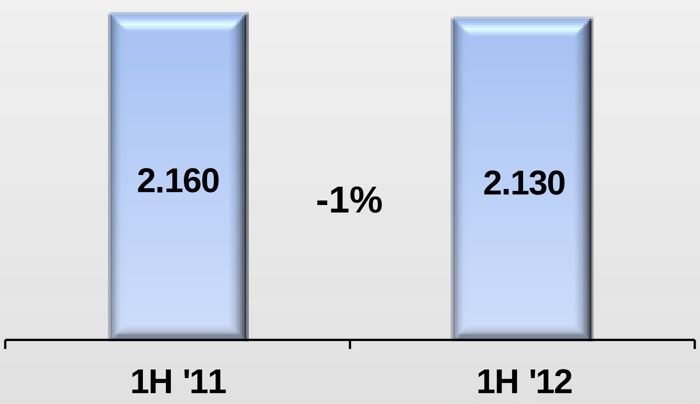
- **Stable Revenues:** Tariff increase in all the ATOs more than offset the change in consolidation perimeter (-4€m).
- **Slight increase in EBITDA** thanks to tariff growth and synergies, which more than offset higher costs for pumping.

	9M '11	9M '12	Δ€m	Δ%
Revenues	323	320	(3)	-1%
EBITDA	85	87	2	2%
EBIT	35	33	(2)	-6%
CAPEX	61	45	-17	-27%

WATER SOLD (MCM)*



INHABITANTS SERVED (‘000)*



** Net of the change in SAP consolidation perimeter volumes sold would have been substantially stable..*

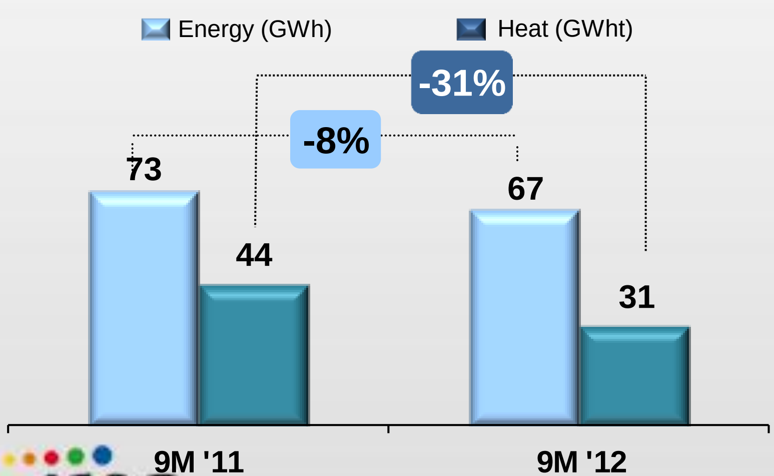
WASTE: Tariff increase did not completely offset lower electricity and GC volumes.

9M ’12 vs. 9M ’11

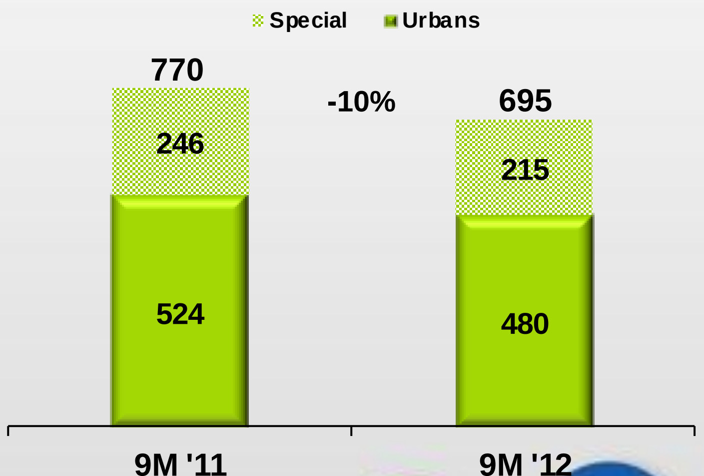
- **Slight decrease in revenues:** net of the change in consolidation perimeter (deconsolidation of Undis Servizi) revenues would have been stable.
- **Decrease in EBITDA** is mainly attributable to a positive non-recurrent element reported in the first nine months of 2011, to lower energy and Green certificates produced and to lower revenues from sorted-waste materials.
- Stable volumes of solid special waste.
- Sorted waste percentage very close to 60%.

	9M '11	9M '12	Δ€m	Δ%
Revenues	161	157	(4)	-2%
EBITDA	35	31	(4)	-11%
EBIT	15	10	(5)	-31%
CAPEX	46	40	-7	-14%

WTE - Energy and Heat production



Waste (Kton)



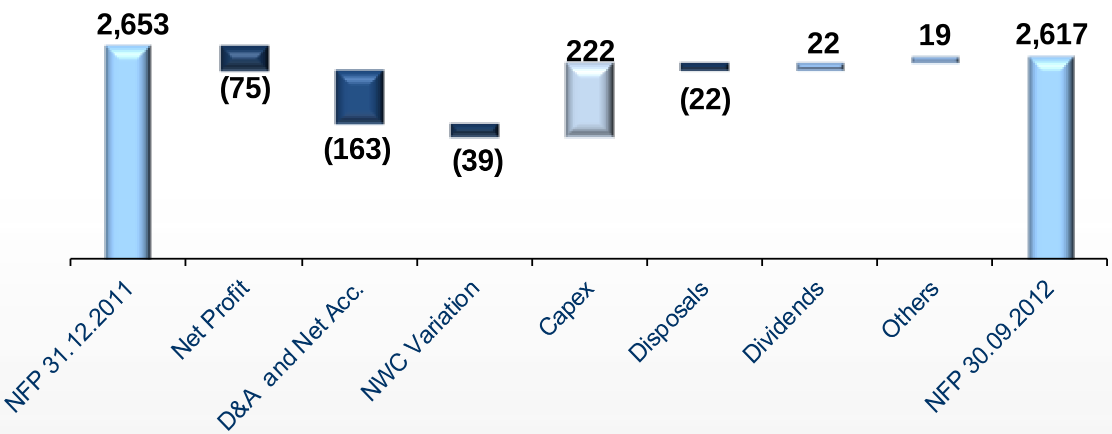
From EBIT to Net Profit

	9M '11	9M '12	Δ%
EBIT	214.6	206.4	-3.8%
Financial charges	*(48.9)*	*(71.4)*	
Companies consolidated with E.M.	*13.6*	*15.0*	
Adj. in participations	*-*	*(10.2)*	
EBT	179.3	139.8	-22.0%
Taxes	*(81.4)*	*(67.0)*	
Net profit from ceased activities	*2.7*	*2.4*	
Minorities	*(5.6)*	*(7.5)*	
Group net profit	95.0	67.7	-28.7%

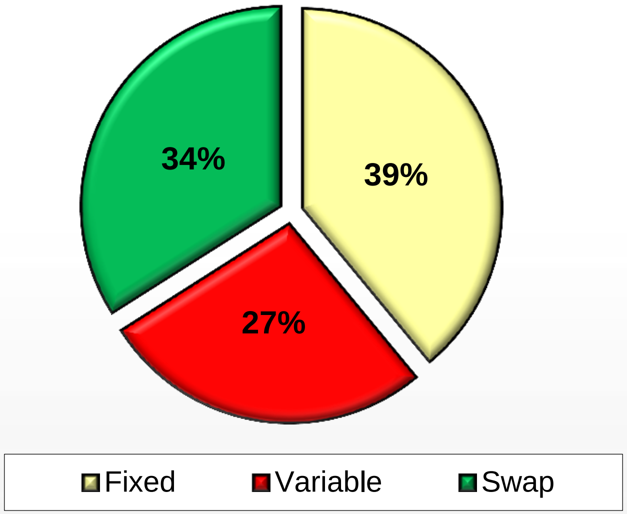
- **Increase in financial charges** caused by higher interest rate and debt.
- Write-down of Sinergie Italiane stake.

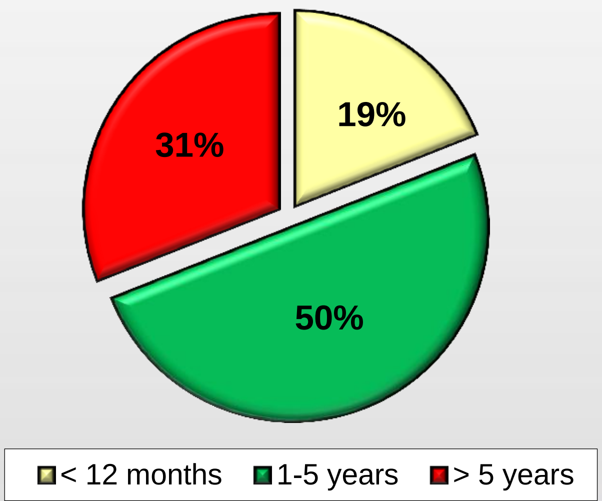
CASH-FLOW & DEBT STRUCTURE

NFP Bridge 30.09.2012



Interest rate* and Debt Structure**





- Stable NFP compared both to FY 2011 and to 1H 2012, thanks mainly to a remarkable improvement in NWC management and by the cut in capex, in line with budget.
- Average long-term debt duration of about 4.1 years.
- 27% of net debt at variable interest rate.
- 9M 2012 average cost of debt stood at 3.83%, (vs. 3.07% in the first 9M of 2011).

(*)related to net financial position (**)related to LT Debt

Annexes

Market Scenario

- **In the first 9M 2012 Brent average price** stood at 112.2 $/bbl, substantially stable compared to first 9M 2012.
- **USD/€ exchange rate** was 1.20, dropped by 9% YoY.

- **Gas demand fell by** 3%, mainly because of the drop in thermal usage (-10,1%).
- **Gas purchase formula is still higher than the sale one,** impacting margins on gas.

- **Energy demand negative trend continues, with a 2% decrease**. (far lower compared to the pre-crisis level
- -4.4%)
- **The 9M 2012 average pool-price** stood at 78.8 €/MWh with a significant growth in the region of 13%. This growth, however, is lower compared to the average gas purchase formula for fuelling CCGTs

	9M '11	9M '12	Δ %
Brent USD / bbl	112.0	112.2	-
USD / €	1.41	1.28	-9%
Brent € / bbl	79.6	87.6	10%
Gas Demand (bcm)	55.5	54.0	-3%
Gas Release 2*, € / 000 scm	338	446	32%
CCI, €/ 000 mc	314	396	26%
Energy demand (Twh)	251.5	245.7	-2%
PUN (€ /MWh)	70.0	78.8	13%
CO2 (€ /Ton.)	14.4	7.4	-49%
Green Cert. Hydro (€ /MWh)	83.3	76.4	-8%

Balance Sheet

€ m	30.09.2012	31.12.2011
Net fixed assets	4,667	4,653
Net Working Capital	249	288
Funds	(400)	(417)
Other assets and liabilities	(12)	(27)
Net invested Capital	4,504	4,497
Net Financial Position	2,617	2,653
Group shareholders' equity	1,887	1,844
Total Funds	4,504	4,497

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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