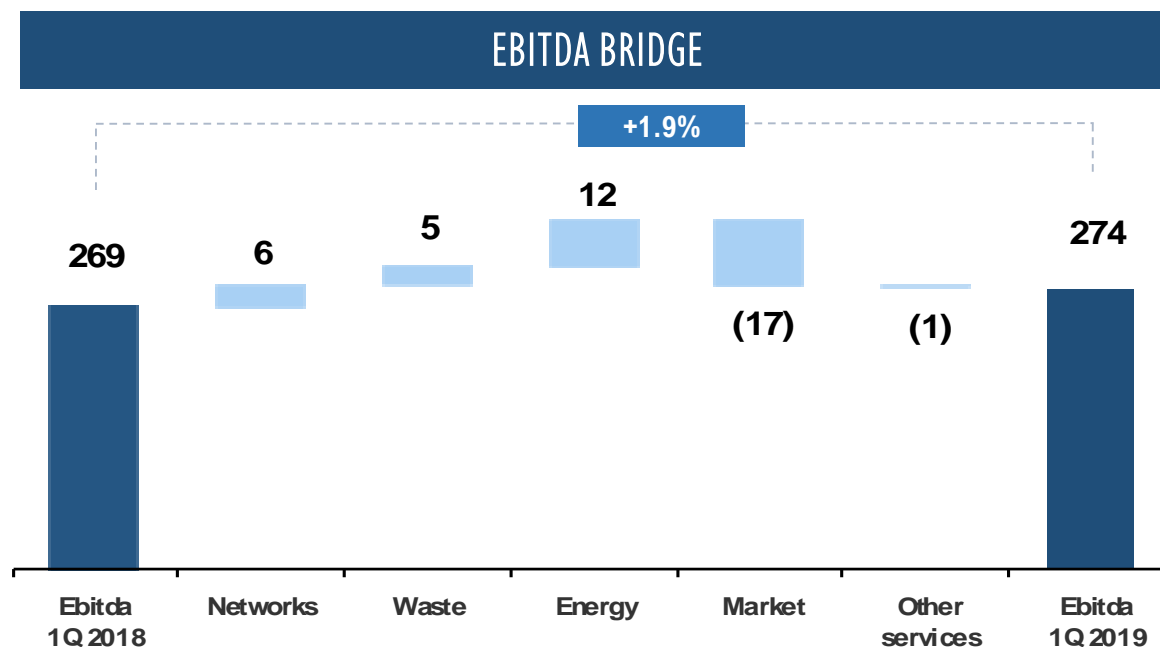


# 2019 1Q RESULTS

*13<sup>th</sup> May 2019*

	KPIs				
	m€	1Q'18	1Q'19	Δ	Δ%
Revenues		1,066	<b>1,278</b>	212	19.9%
Ebitda		269	<b>274</b>	5	1.9%
Ebit		177	<b>172</b>	-5	-3.1%
Net profit		103	<b>100</b>	-3	-3.2%
Tech. Capex		68	<b>86</b>	18	26.5%



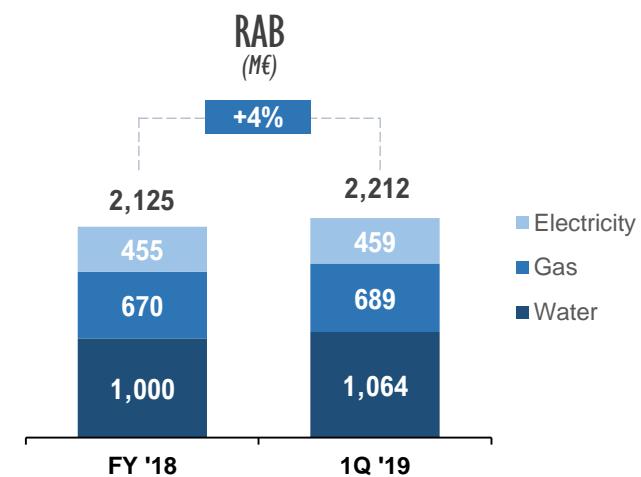
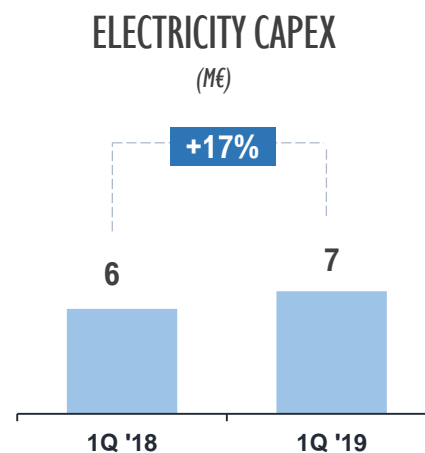
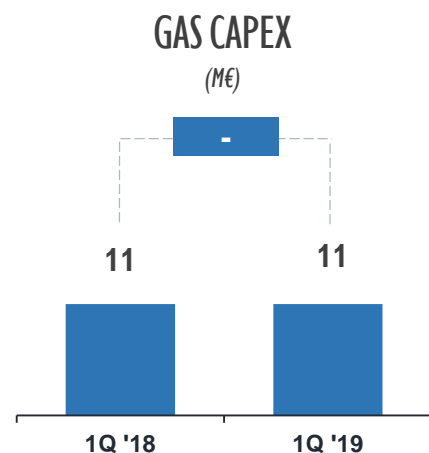
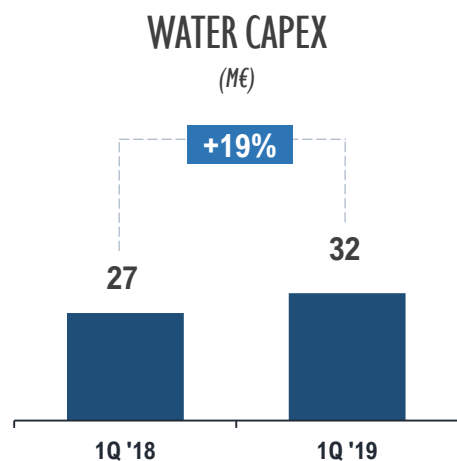
- **Revenues +19.9%:** thanks to higher revenues in electricity production and the inclusion in the scope of consolidation of ACAM, San Germano and SET.
- **Ebitda +1.9%:** the favorable generation scenario and all the strategic pillars have contributed positively to the growth: in detail, consolidation for 7m€, organic growth for 6m€ and synergies for 3m€.
- **Ebit -3.1%:** higher D&A related to capital-intensive investments and consolidation process.
- **Net profit -3.2%:** reflecting the Ebit reduction.
- **Tech. Capex +26.5%:** further acceleration in investments thanks to a strong cash flow generation.

## Organic growth and consolidation continue to be the main drivers

- **Energy and water networks:** RAB growth combined with the contribution in water sector of ACAM consolidation (started in April 2018).
- **Increase in Capex (+12%):** the positive trend in capex continues mainly for water networks, in line with the growth prospects outlined in the business plan.

**OUTLOOK:** the organic growth trend reported in 1Q 2019 is expected to continue during the year.

	m€	1Q '18	1Q '19	Δ	Δ%
Revenues		198	233	35	17%
Ebitda		79	85	6	6%
<i>Electricity</i>		17	18	1	4%
<i>Gas</i>		19	20	1	6%
<i>Water</i>		43	47	4	8%
Ebit		44	46	2	3%
Gross Capex		45	50	5	12%



- EBITDA
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- The **Ebitda growth** is affected by different positive elements:
  - Higher volumes disposed in our plants led to an increase in electricity sold. REI contribution is up, mainly due to the lack of availability of landfill in the first quarter 2018.
  - Positive contribution from ACAM and S. Germano in the waste management volumes and in operating results.
- Increase in waste management (+30%)** compared to 1Q 2018 (+8% with the same perimeter). Sorted waste collection equal to 65.5%, +1.3% compared to FY2018.

**OUTLOOK:** the development of door-to-door collection and the disposal plants saturation will be the main elements driving the sector's performance, which should be slightly better than 2018.

	m€	1Q '18	1Q '19	Δ	Δ%
Revenues		138	175	37	27%
Ebitda		36	41	5	15%
Ebit		18	19	1	6%
Gross Capex		4	7	3	80%

EBITDA

NETWORKS

WASTE

ENERGY

MARKET

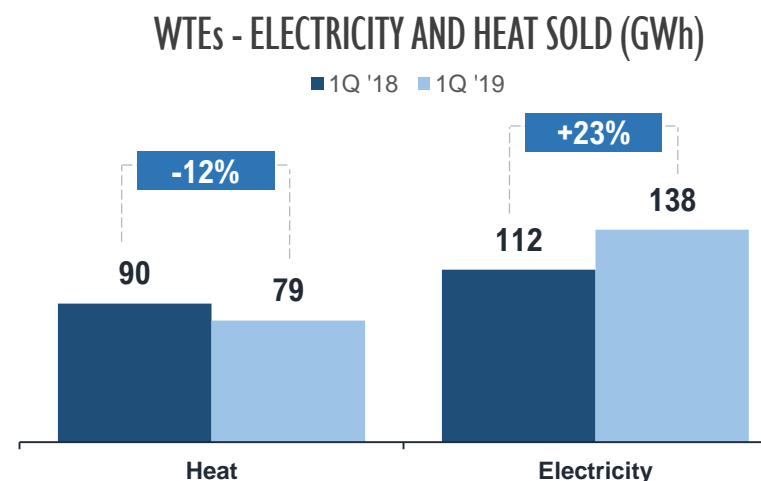
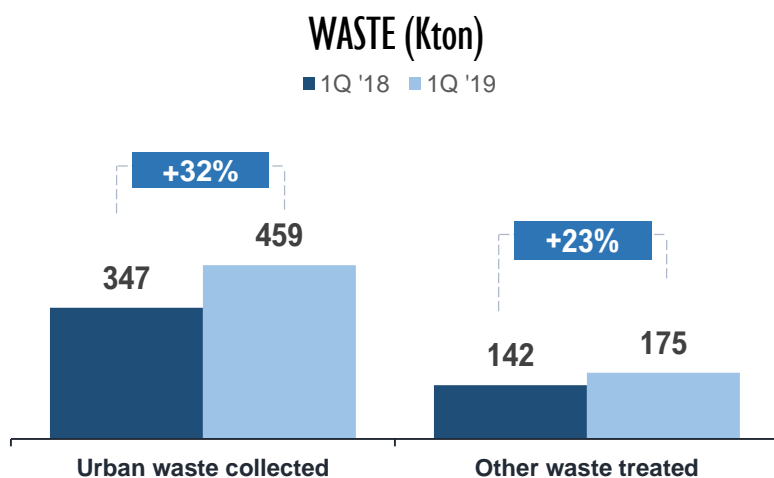
EBIT

CASHFLOW & NFP

DEBT STRUCTURE

CLOSING REMARKS

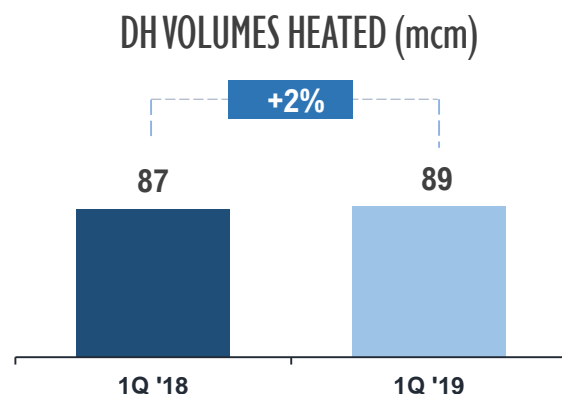
ANNEXES



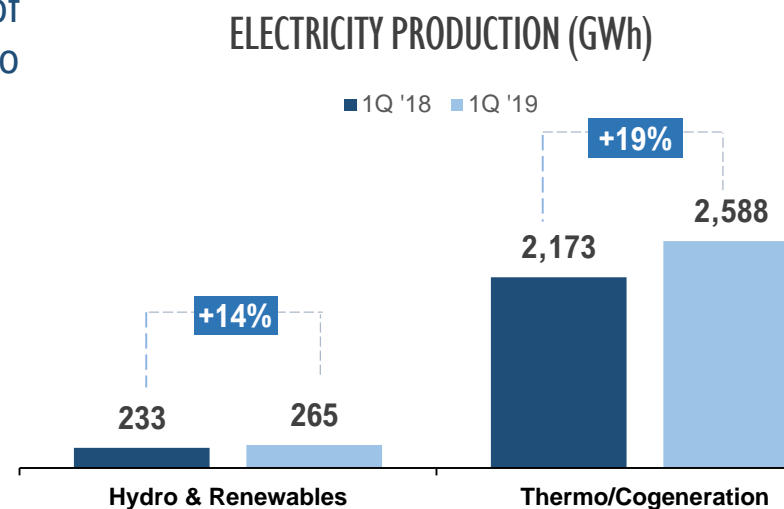
## Strong results in a normalized generation market with positive spark spreads

- **Generation sector** is impacted by higher volumes of electricity production compared to last year and a negative thermal impact (5m€). Some non-recurrent positive elements partially offset the absence of 14m€ relating to white certificate sales reported in 1Q 2018.
  - **Hydro sector:** growth led by a slightly increase in PUN price and higher volumes.
  - **Thermo/Coge sector:** the recovery in volumes and in spark spread, have made it possible to counterbalance the reduction in MSD market.
  - **District heating:** increase in heat spark spread partially offset by lower volumes due to mild temperatures.

**OUTLOOK:** the results are expected to be in line with last year, net of WCs' sales, in spite of the green certificates' expiry and normalized hydro volumes.



	m€	1Q '18	1Q '19	Δ	Δ%
Revenues		362	468	106	29%
Ebitda		103	115	12	13%
<i>Hydro&amp;Renewables</i>		14	20	6	43%
<i>Thermo/Coge, DH</i>		89	95	6	7%
Ebit		72	85	13	18%
Gross Capex		6	10	4	67%



- EBITDA
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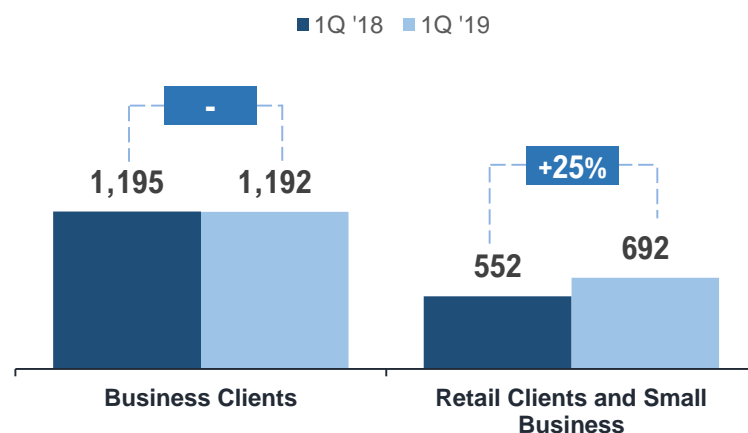
## Lower margins reported in 1Q which will be recovered during the year

- The **negative results** are due to a reduction in sale margins, a negative thermal impact and the absence of positive balances (8m€) reported in 1Q 2018 equally split in the two sectors. The lower profitability in both sectors is led by a negative scenario impact.
- Gas sale sector** is also affected by a thermal impact, which led to a reduction in volumes with a negative impact of ~5m€.
- +15K clients** compared to FY2018 (now at ~1,8m) thanks to an active commercial policy and to the offer of high value added services.

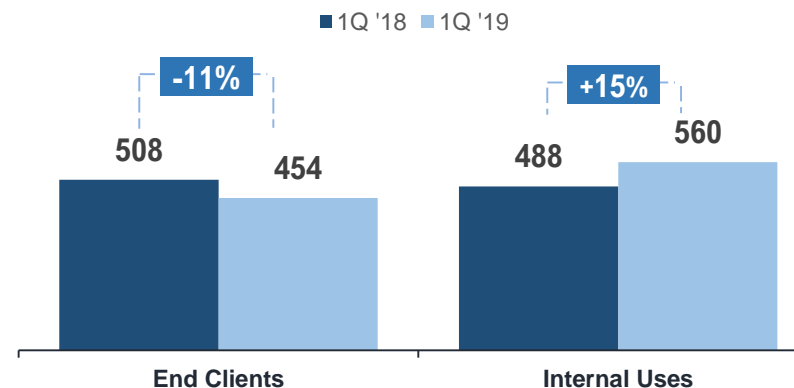
**OUTLOOK:** 2019 results are expected to be in line with 2018 recurrent results, thanks to a repricing policy and a recovery in margins in 4Q 2019.

	m€	1Q '18	1Q '19	Δ	Δ%
Revenues		791	<b>955</b>	164	21%
Ebitda		50	<b>33</b>	-17	-34%
<i>Electricity</i>		5	<b>1</b>	-4	-80%
<i>Gas&amp;Heat</i>		45	<b>32</b>	-13	-29%
Ebit		42	<b>23</b>	-19	-45%
Gross Capex		7	<b>10</b>	3	36%

### ELECTRICITY PORTFOLIO (GWh) - USES



### GAS PORTFOLIO (mcm) - USES



- EBITDA
- NETWORKS
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- ENERGY
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	1Q'18	1Q'19	Δ	Δ%
EBITDA	269.2	<b>274.2</b>	5.0	1.9%
<i>D&amp;A</i>	-86.7	<b>-97.7</b>		
<i>Provisions to bad debt</i>	-5.2	<b>-4.7</b>		
EBIT	177.3	<b>171.8</b>	-5.5	-3.1%
<i>Financial charges</i>	-17.1	<b>-16.7</b>		
<i>Other financial charges</i>	-1.6	<b>-3.1</b>		
<i>Companies cons with e.m.</i>	-0.6	<b>-0.1</b>		
<i>Participations adjustment</i>	-	<b>-</b>		
EBT	158.0	<b>151.9</b>	-6.1	-3.9%
<i>Taxes</i>	-48.2	<b>-45.4</b>		
<i>Minorities</i>	-6.6	<b>-6.6</b>		
Group net profit	103.2	<b>99.9</b>	-3.3	-3.2%

- Increase in D&A related to higher capex, consolidation process (ACAM and San Germano) and IFRS 16 application

- **Lower cost of debt.**

- **Increase in other financial charges** partially due to IFRS 16

- **Tax-rate (30%)** thanks to structural stabilization in IRES (ordinary tax rate 30%).

EBITDA

NETWORKS

WASTE

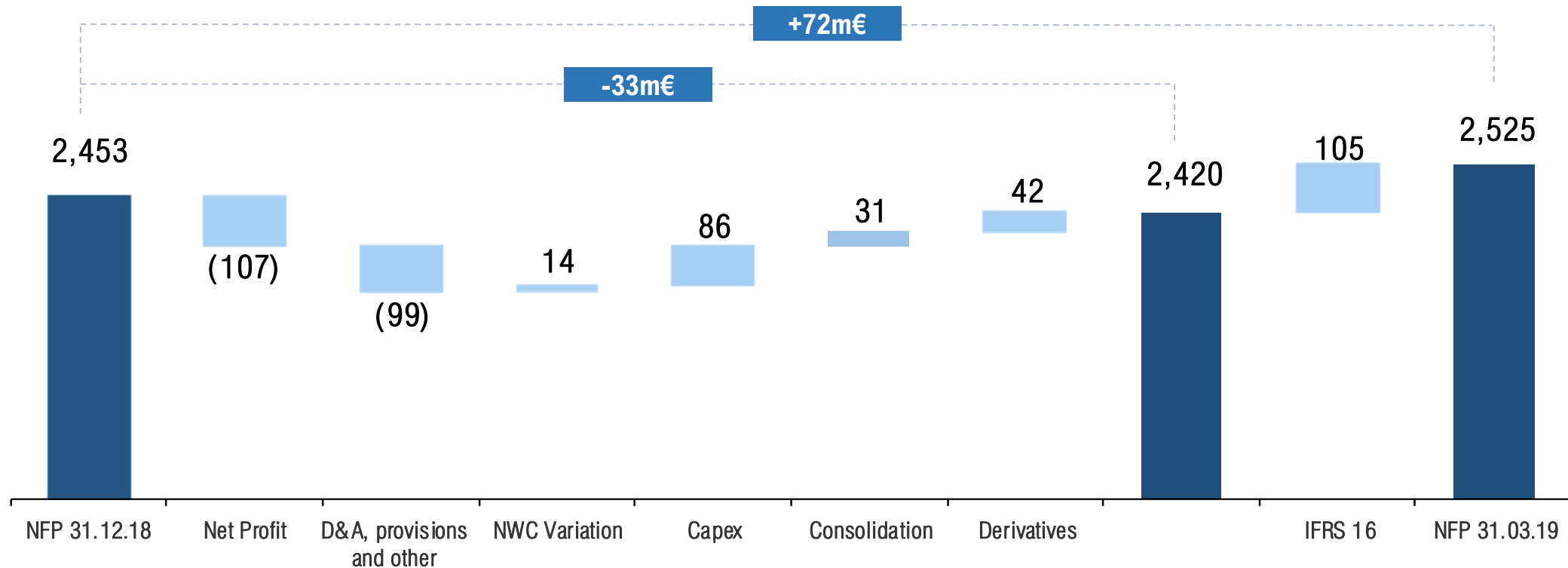
ENERGY

MARKET

EBIT

CASHFLOW  
& NFPDEBT  
STRUCTURECLOSING  
REMARKS

ANNEXES



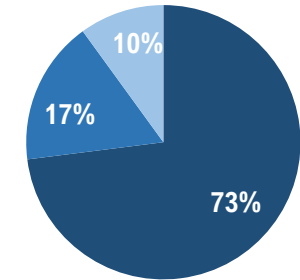
- Slight increase in **net financial position** equal to 2.9% led by the higher capex, the cash out for the consolidation of San Germano and Busseto, derivatives and the application of IFRS 16.
- **Derivatives:** negative impact on debt caused by rates and commodities derivatives.

- EBITDA
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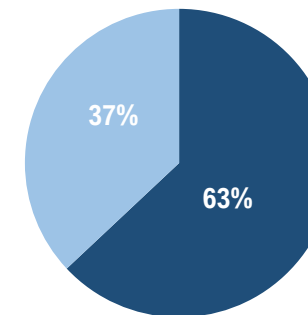
- 90% of gross debt at fixed interest rate and 10% of gross debt at variable interest rate.
- Average long-term debt duration of about 5.2 years (5.6 years in 1Q 2018).
- Reduction in the average cost of debt (2.6% vs. 2.9% in 1Q 2018).
- IREN's debt is formed of:
  - 63% bonds
  - 25% EIB loans
  - 12% other loans

### GROSS DEBT INTEREST RATE



■ Fixed ■ Swap ■ Variable

### DEBT STRUCTURE



■ Bonds ■ Loans

EBITDA

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Our diversified business model, based on an integrated energy supply chain, has been allowing us to deal successfully with a very volatile energy scenario. Furthermore, the investments made in recent years enabled to sustain the organic growth reported in this quarter.



We confirm the business plan targets mainly driven by the organic growth achieved from the capital-intensive investments sustained by the strong operative cash flow.



Launch of the first tranche of the treasury share buyback program of 20 million euros.

#### GUIDANCE ON FY 2019



In light of the FY 2018 results we confirm our FY 2019 guidance:

Ebitda: 880/890m€

NFP/Ebitda: ~2.9x

Capex: ~570m€

EBITDA

NETWORKS

WASTE

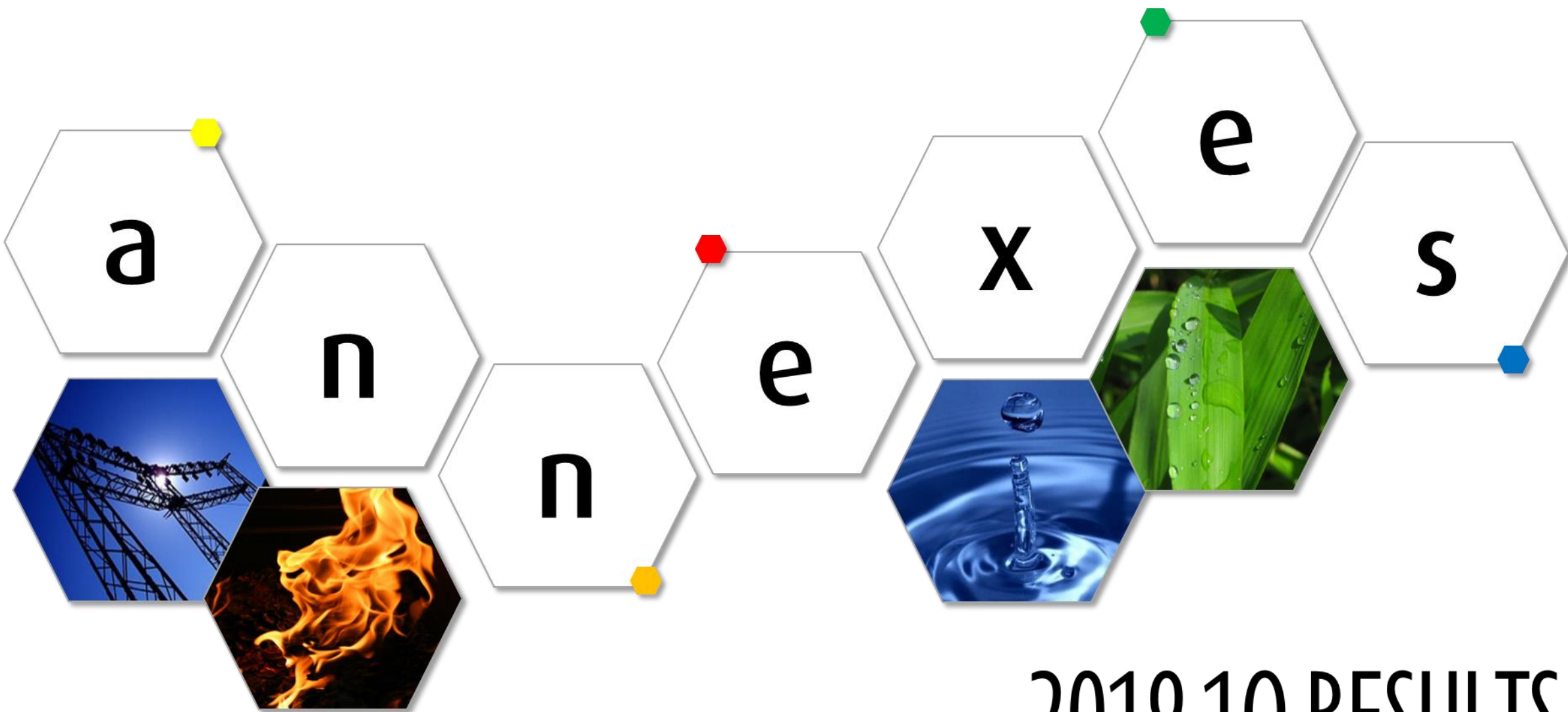
ENERGY

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CASHFLOW  
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STRUCTURECLOSING  
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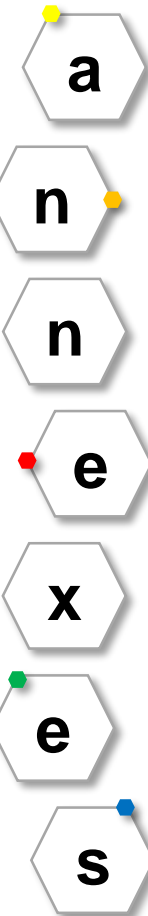


# 2019 1Q RESULTS

*13th May 2019*

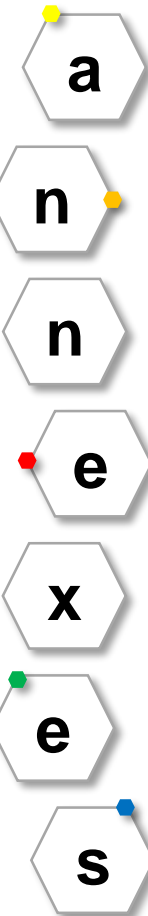
# Scenario

	1Q '18	1Q '19	Δ%
Gas Demand ( <i>bcm</i> )	26.0	<b>25.5</b>	-1.8%
TTF <i>€/000 scm</i>	223	<b>195</b>	-12.7%
PSV <i>€/000 scm</i>	231	<b>220</b>	-4.7%
Energy Demand ( <i>Twh</i> )	81.1	<b>80.3</b>	-1.0%
PUN ( <i>€/Mwh</i> )	54.3	<b>59.4</b>	9.4%
CO2 <i>€/Ton</i>	10.3	<b>22.2</b>	115.8%
Green Cert. Hydro ( <i>€/Mwh</i> )	99.0	<b>92.1</b>	-7.0%
TEE ( <i>€/TEE</i> )	250	<b>259.9</b>	3.9%



# Balance Sheet

	FY '18	1Q '19
Net fixed assets	5,786	5,939
Net Working Capital	132	147
Funds	-621	-638
Other assets and liabilities	-282	-278
<b>Net invested capital</b>	<b>5,015</b>	<b>5,170</b>
Group Shareholders' equity	2,562	2,645
Net Financial Position	2,453	2,525
<b>Total Funds</b>	<b>5,015</b>	<b>5,170</b>



# 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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