



1st Half Results 2010

26 August 2010



1H-2010 MARKET SCENARIO

- **Brent price** fluctuated between 70 and 90. It has reached an average quote of 78,4 USD/bbl with a growth of 48,5% compared to 1H 2009.

- **Euro** decreased from 1,43 USD in January to 1,22 USD in June. Average quote 1H 10 is 1,33 USD at the same level of the previous year

	1H 2009	1H 2010	Δ %
Brent USD / bbl	52,8	78,4	48,5%
USD / €	1,33	1,33	0,0%
Brent € / bbl	39,5	59,0	49,4%

- **Gas demand** up by 10,5% from H1 2009 when demand level was very low but below the 2008 level (-4%)

- **Pressure on price level** due to excess of offering on spot market at prices lower than those charged under long-term gas supply contracts

Gas Demand (bcm)	39,9	44,1	10,5%
Gas Release 2*, € / 000 scm	306,4	285,9	-6,7%
CCI, € / 000 mc**	332,2	255,5	-23,1%

- **Electric Power demand** up by 1,9% but remains well below the levels of 2008 (-7%)

- **Price down** by 7,2% mainly due to lower gas price.

Energy demand, (Twh)	157,0	160	1,9%
PUN TWA (€ /MWh)	66,4	61,6	-7,2%
CO2 (€ /Ton.)	12,7	14,1	11%
Green Cert. (€ /MWh)	82,94	86,04	4%

* At PSV of Snam Rete Gas.

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

1H '10 KEY FIGURES

(*)	<i>Euro million</i>	H1 2009	H1 2010	Δ	Δ %
	Revenues	1.765	1.718	(47)	-3%
	EBITDA	310	324	14	5%
	EBIT	193	186	(6)	-3%
	NET PROFIT	61	105	44	73%
	NET PROFIT adj.	98	105	7	7%
	NFP	2.196	2.300	104	5%

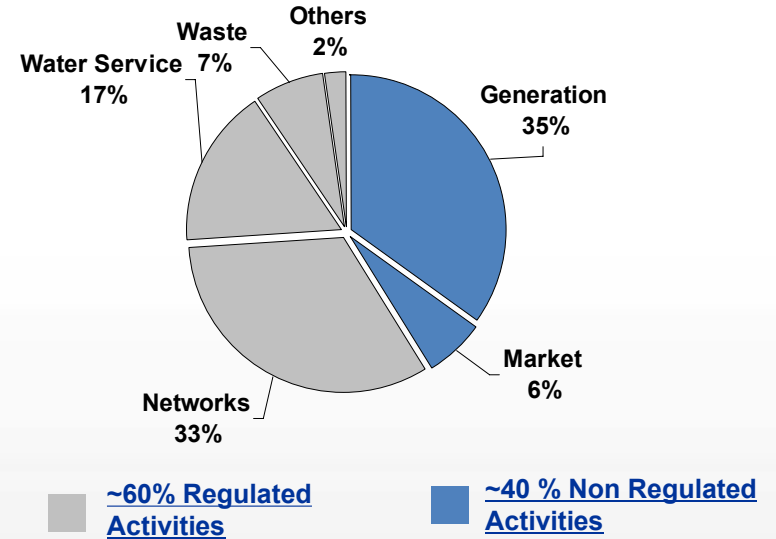
- **REVENUES down by 3%.** Higher volumes have been offset by a decrease in prices. (Prices -163 €m, Volumes +128 €m)
- **EBITDA up by 5%** thanks mainly to growth in Power Generation, Energy Networks and Water Cycle.
- **EBIT down by 3%** due to higher accruals (equalization and devaluation of trade receivables) and higher D&A.
- **NET PROFIT up by 73% (+7% vs. NP H1 09 adj.).** The high raise is due to 2009 one-off tax moratorium. Compared to 1H 09 Net Profit adj. the growth is still remarkable thanks to higher Delmi Dividends, lower average cost of debt and Tremonti-ter impact.
- **NFP up by 5%.** The increase in NFP is mainly due to investment activities and temporary needs in NWC, whose amount is lower compared to the same period of the previous year (286 €m 1H 2010 vs. 480 €m 1H 2009).

1H-2010 EBITDA OVERVIEW

EBITDA - SBUs' CONTRIBUTION

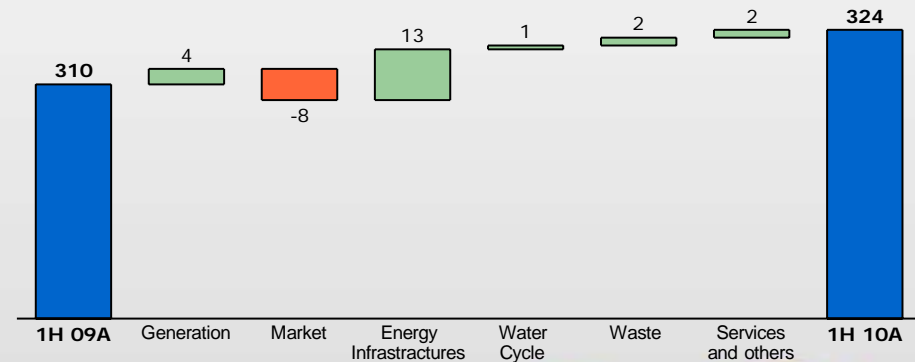
Ebitda stands at 324 €m.

Sbus that mainly contributed to it are Generation and Networks, followed by Water Service and Waste.



EBITDA BRIDGE

The raise in Regulated Activities and Generation offset the decrease in Market's Ebitda.



GENERATION OF ELECTRICITY AND HEAT

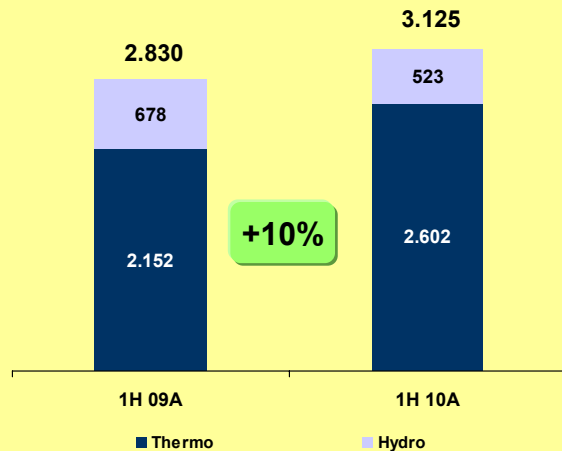
1H10 vs 1H09

↑ **Strong increase in Cogeneration and Heat** due to the combined effects of higher volumes, higher contributions of GC and higher spark-spread.

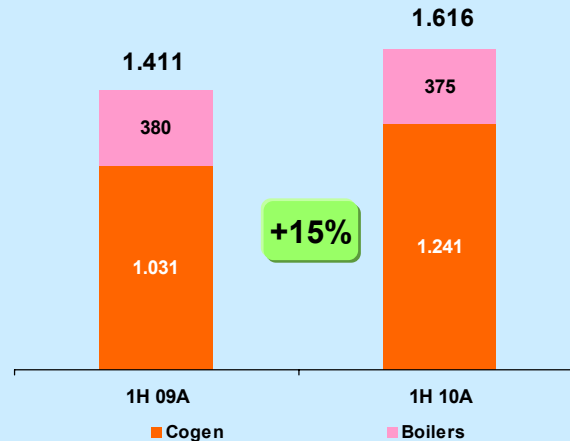
↓ **Decrease in Hydro contribution to Ebitda** due to planned unavailability of Valle Orco Plants for their repowering and to lower water availability.

	1H09	1H10	Δ€MLN	Δ%
Revenues	403	383	(20)	-5%
EBITDA	110	114	4	4%
EBIT	79	75	(4)	-5%

ELECTRICITY PRODUCTION (GWh)

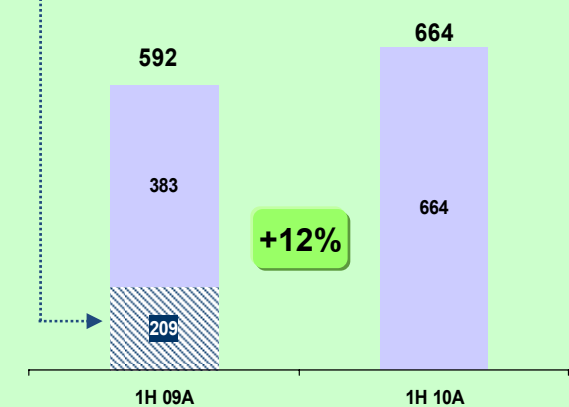


HEAT PRODUCTION (GWh)



GREEN CERTIFICATES (GWh)

One-off reduction of 2008 volumes accounted



MARKET

1H10 vs 1H09

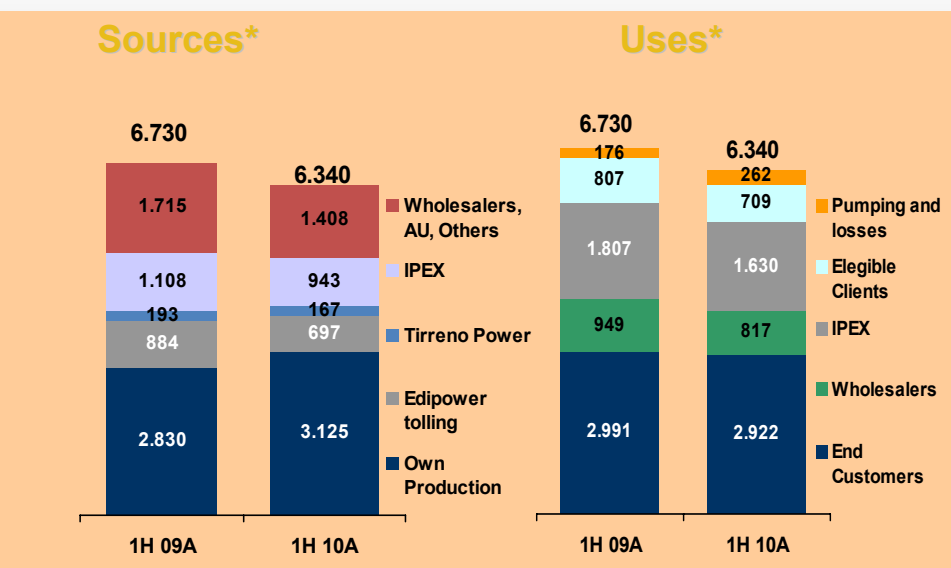
↓ **Gas Sales:** the effects of higher volumes sold has been overcome by the temporary mismatch between the purchase and sale formulas.

↓ **Power Sales:** the decrease in EBITDA is due mainly to the persisting overcapacity scenario, which has squeezed prices and margins and to lower Edipower generation also affected by the PUN's steadiness in the first half of 2010.

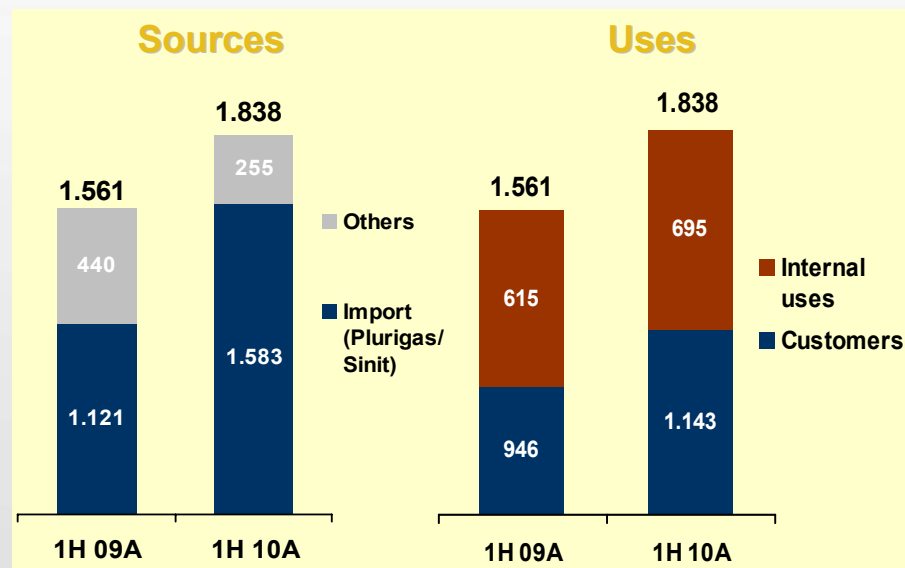
↑ **+ 27.000 gas retail clients** thanks to cross-selling.

	1H09	1H10	Δ€MLN	Δ%
Revenues	1.587	1.541	(46)	-3%
EBITDA	28	20	(8)	-29%
<i>Electricity</i>	8	3	(5)	-57%
<i>Gas & DH</i>	20	17	(3)	-18%
EBIT	20	13	(7)	-39%

ELECTRICITY PORTFOLIO (GWh)



GAS PORTFOLIO (MCM)



*net of "pass-through traded Ipe quantities"

ENERGY INFRASTRUCTURES

1H10 vs 1H09

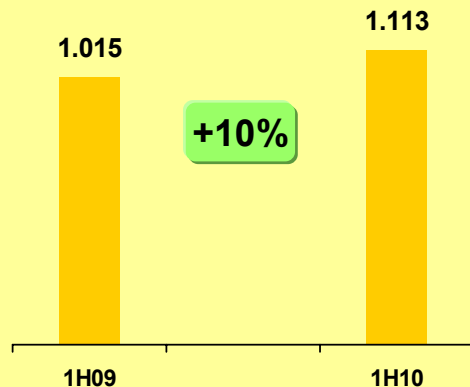
↑ **Energy Networks:** Very positive outcomes due mainly to the positive impact of equalization for previous years (+7 €m). Other contributions to the result are the prize for service 2008 and new network connections.

↑ **Gas Networks:** Growth in EBITDA despite the negative impact on the new tariff system (~3€m) that will be recovered in the last 2Qs of the years.

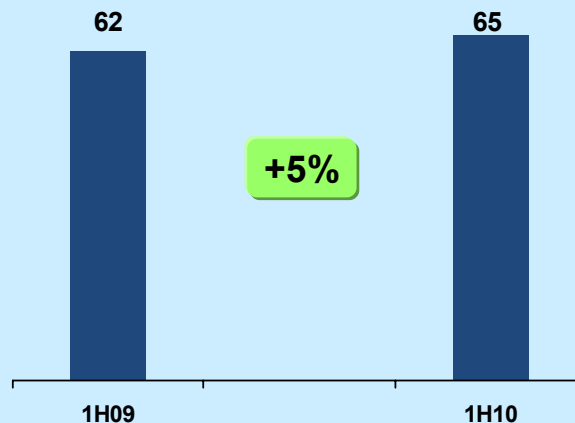
↔ **DH Networks:** In line with 1H 09.

	1H09	1H10	Δ€MLN	Δ%
Revenues	208	208	-	-
EBITDA	95	108	13	14%
<i>Electricity</i>	33	44	11	34%
<i>Gas</i>	42	43	1	2%
<i>DH</i>	20	21	1	4%
EBIT	60	66	6	10%

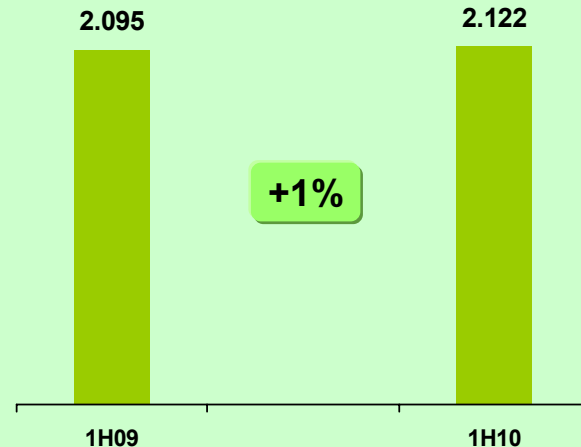
GAS DISTRIBUTED (MCM)



VOLUMES HEATED (MCM)



ELECTRICITY DISTRIBUTED (GWh)



WASTE

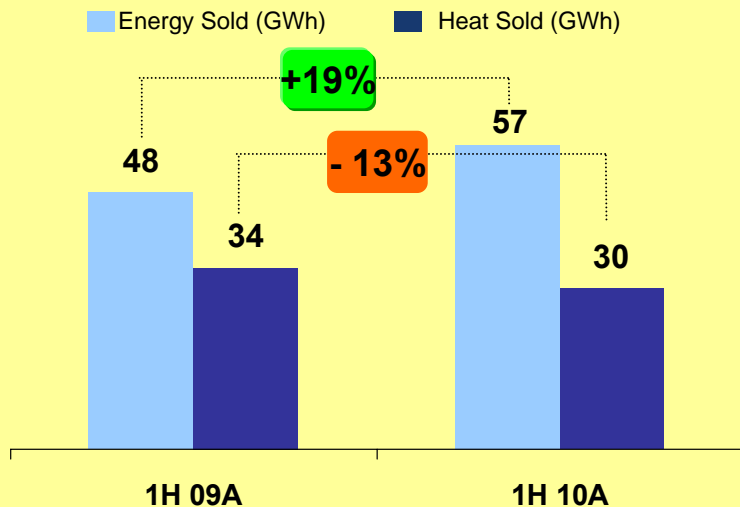
1H10 vs 1H09

↑ **EBITDA up by ~ 2,5 €m** mainly due to tariffs increase as agreed with local authorities. The growth of EBITDA includes higher collection costs, caused by the extension of the door to door collection system that brings the sorted waste percentage to 54,8% (53,4% in 1H 09).

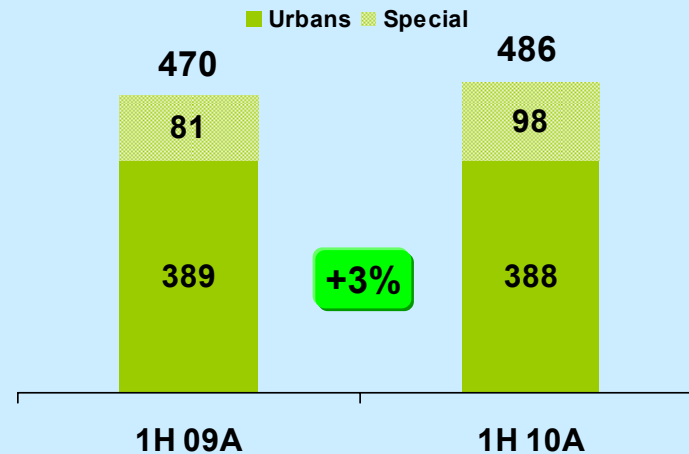
↑ **Special waste up by +21%** thanks mainly to an improvement in commercial activities.

	1H09	1H10	Δ€MLN	Δ%
Revenues	106	112	6	6%
EBITDA	22	24	2	11%
EBIT	9	11	2	20%

Energy and Heat sold



Waste (Kton)



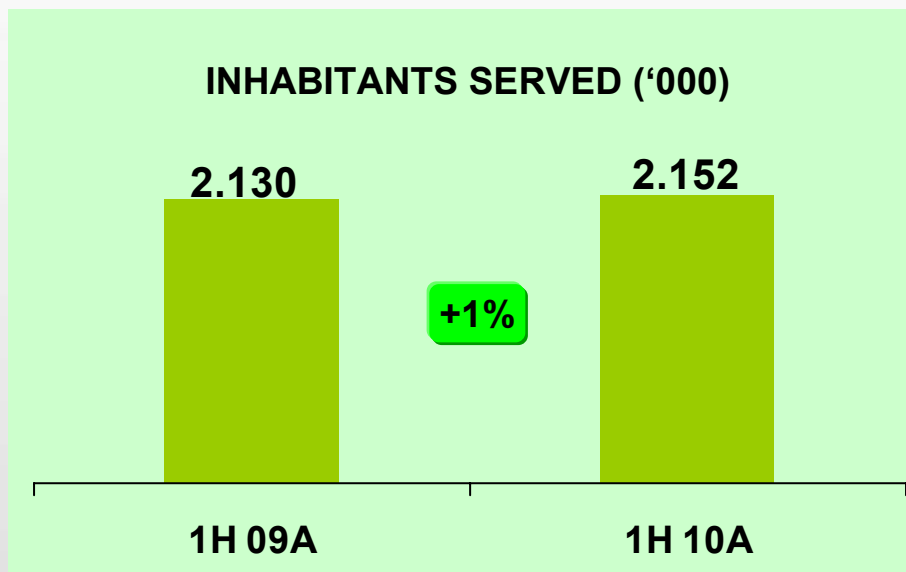
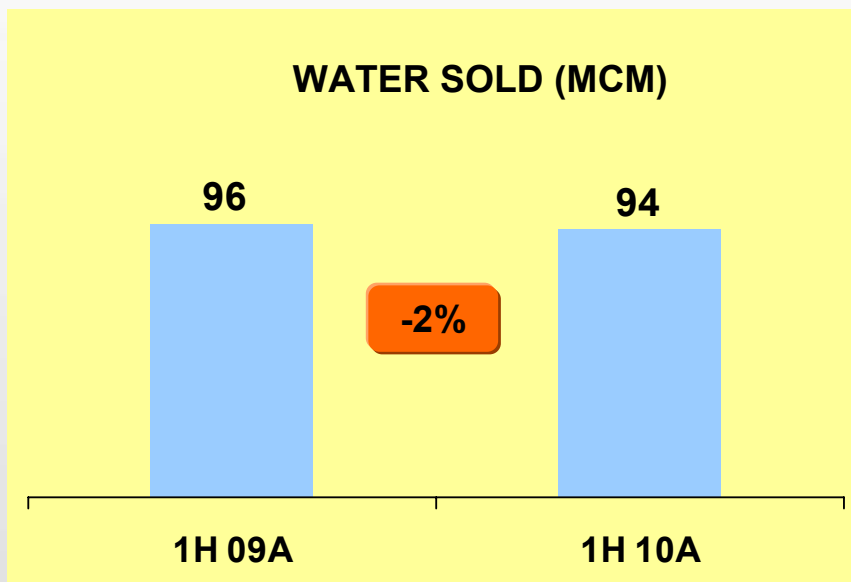
WATER

1H10 vs 1H09

↑ Revenues up by 2% and EBITDA up by 3% thanks mainly to Mediterranea delle Acque and Società Acque Potabili.

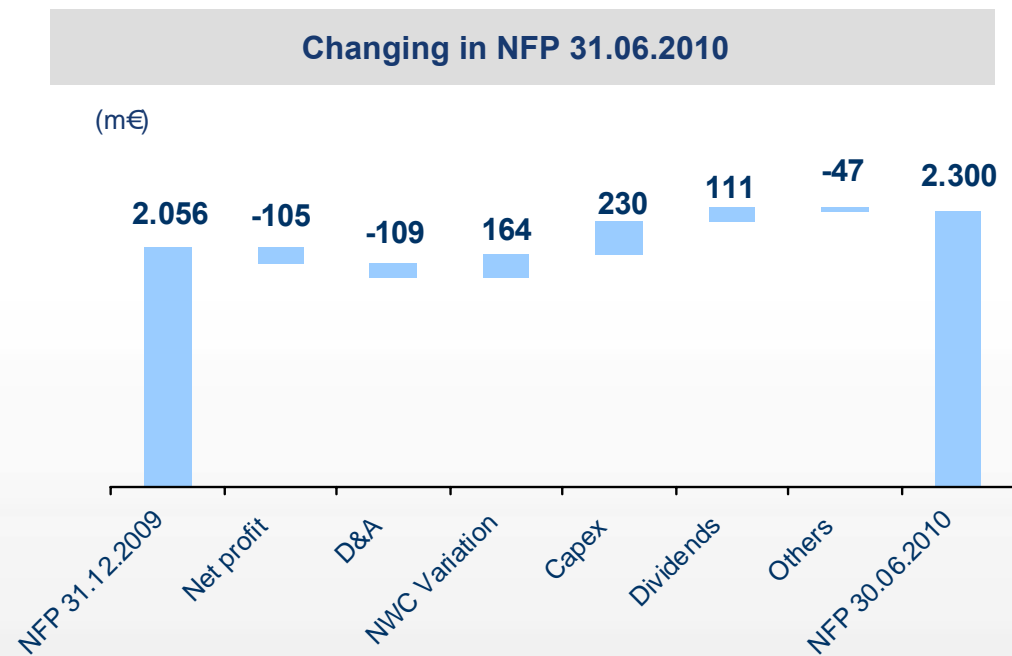
↔ Increase in inhabitants served and decrease in volumes sold.

	1H09	1H10	Δ€MLN	Δ%
Revenues	160	164	4	2%
EBITDA	53	54	1	3%
EBIT	24	22	(2)	-9%



CASH FLOW & INVESTMENTS

NET CAPEX	€ m	1H 09A	1H 10A
Generation		32	81
Networks		82	71
Water		47	41
Waste		9	14
Others		15	22
TOTAL		186	230



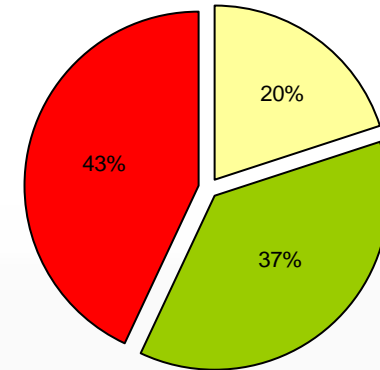
- The increase in NFP is due mainly to the investment activities and to the growth of NWC caused by the seasonality of payables and receivables. Worth notice is the lower level of NWC 1H 10 (286, €m) compared to the same period of 2009 (480 €m).
- Investments in line with budget.

BALANCE SHEET & DEBT STRUCTURE

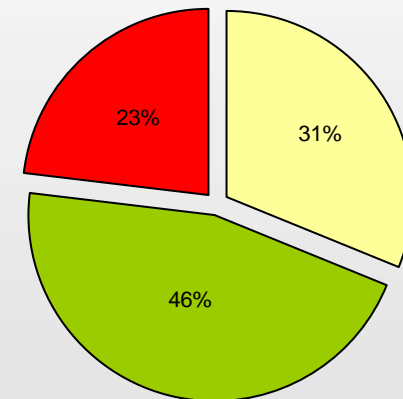
€ m	31.12. 2009	30.06.2010
Net fixed assets	4.271	4.366
Net Working Capital	122	286
Funds	(324)	(342)
Other activities and liabilities	(109)	(116)
Net invested Capital	3.960	4.194
<hr/>		
Net Financial Position	2.056	2.300
Group shareholders equity	1.904	1.894
Total Funds	3.960	4.194
<hr/>		
D/E	1,07	1,21

- Solid financial structure: average debt duration of about 4,5 years.
- Variable tax debt down at 37% thanks to new swap hedges.
- Average debt cost of about 2,87 % (vs. 3,25% 1H 09).

Debt Structure and Interest rate



Legend: Fixed (Yellow), Variable (Green), Swap (Red)

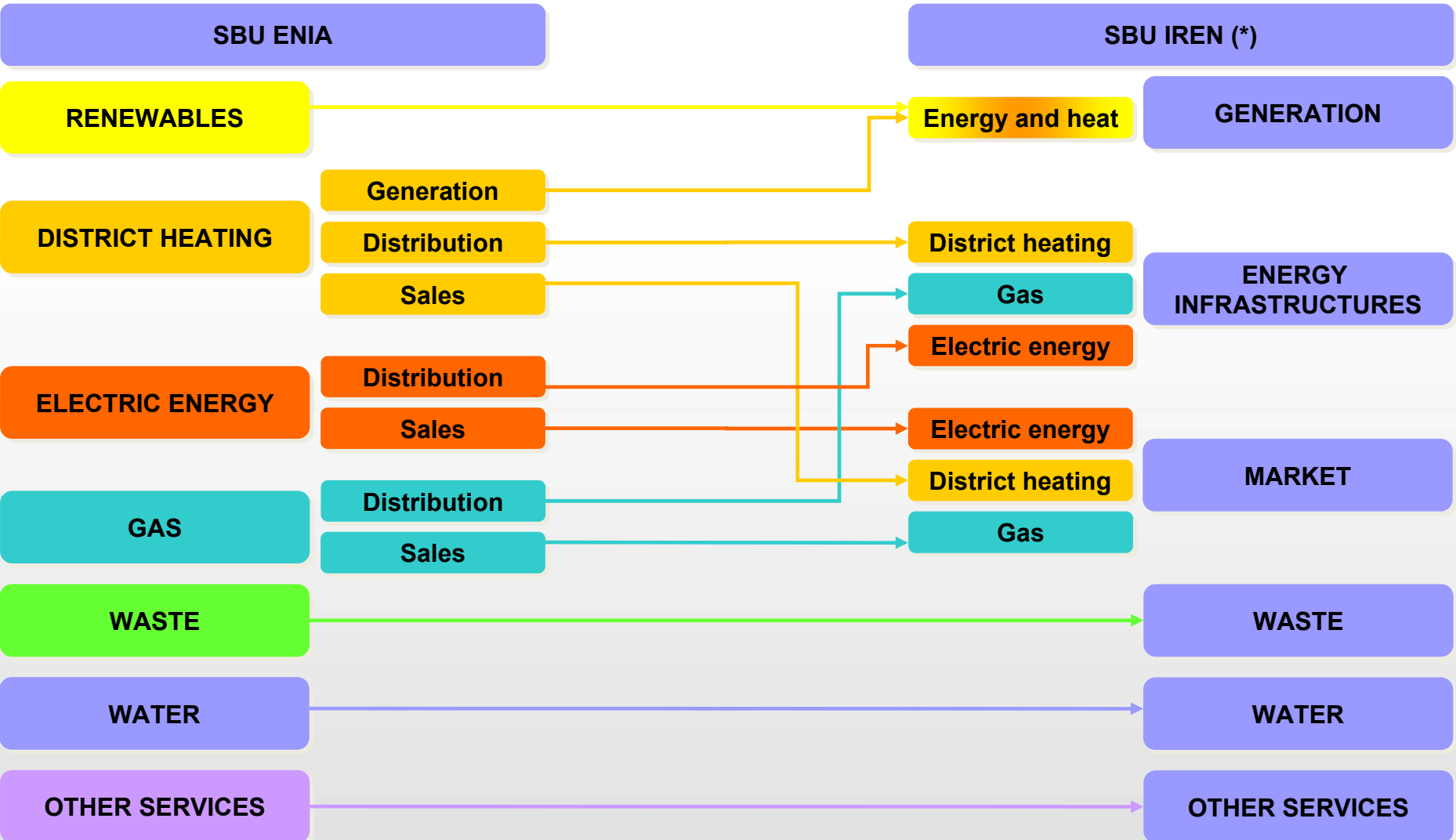


Legend: < 12 months (Yellow), 1-5 years (Green), > 5 years (Red)

ANNEXES



SBU STRUCTURE



(*) The same as former Iride SBUs

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